Translation note: This version of the interim report is a translation from the original, which was prepared in Lithuanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views the original language version of the document takes precedence over this translation

EPSOG

2024

First Six Months

Management Report

Consolidated interim management report, consolidated and condensed interim financial information (unaudited) of the Company for the six-month period ended 30 June 2024, prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Amber Grid Baltpool ENERGY CELLS EPSOG Invest Litgrid TETAS

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CONSOLIDATED MANAGEMENT REPORT OF EPSO-G AND THE GROUP COMPANIES FOR FIRST HALF OF 2024

The consolidated report of the holding company EPSO-G and the Group companies was prepared for the first six months period ended on 30 June 2024.

1. GENERAL INFORMATION ON EPSO-G GROUP COMPANIES

Company name	EPSO-G UAB
Legal form	Private limited company
Date and place of	25 July 2012, the Register of Legal Entities of the Republic of Lithuania
Company code	302826889
Registered office address	Laisvės ave. 10, LT-01103 Vilnius
Telephone	+370 685 84866
Email	info@epsog.lt
Website	www.epsog.lt
Issued capital	EUR 189631000
Sole shareholder	The Republic of Lithuania, the property and non-property rights of which are implemented by the Ministry of Energy of the Republic of Lithuania

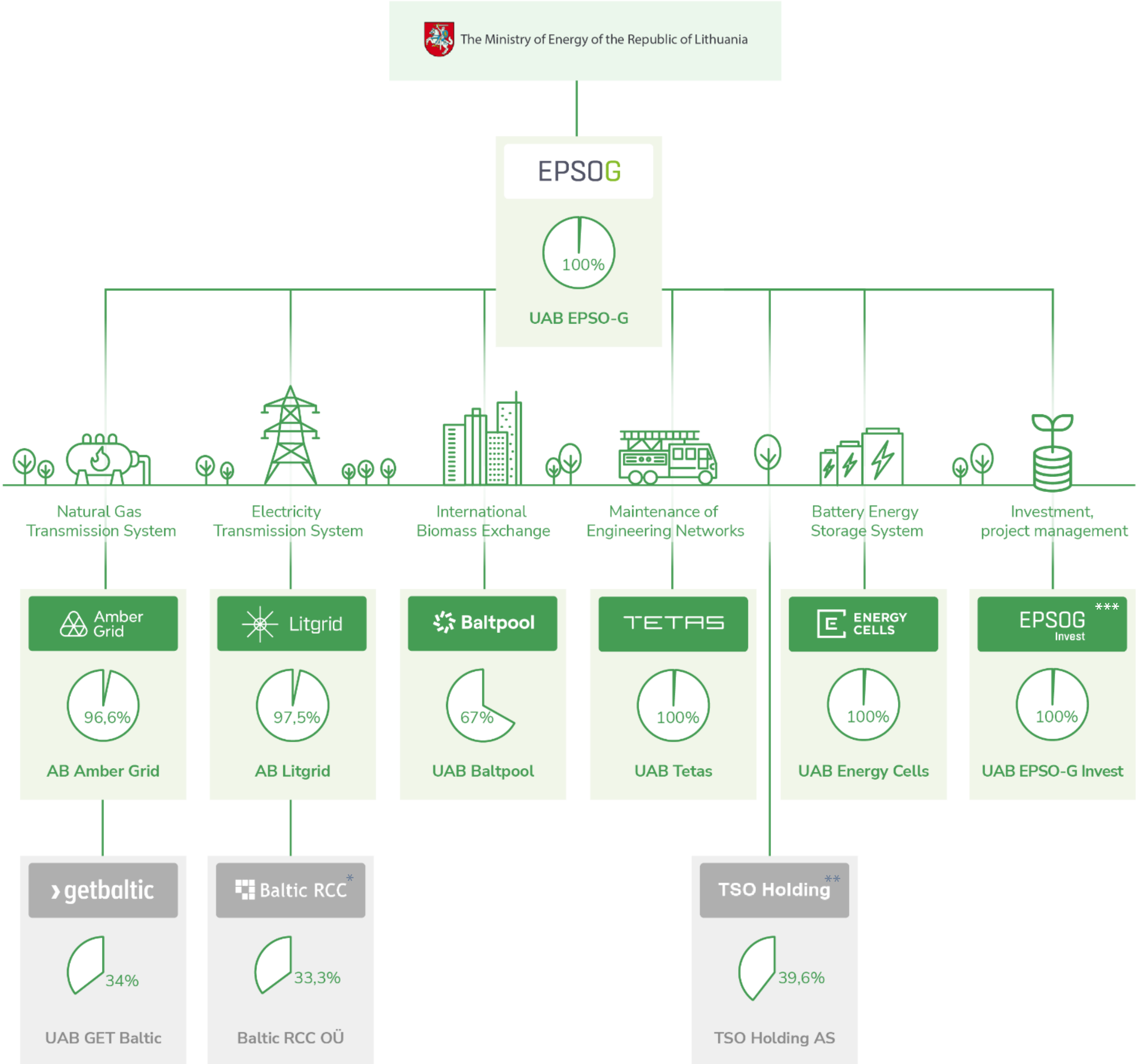
EPSO-G is a 100 % state-owned Group of energy transmission and exchange companies. The rights and obligations of EPSO-G holding shareholder are implemented by the Ministry of Energy of the Republic of Lithuania.

The main activity of the EPSO-G Group is to ensure uninterrupted, stable electricity transmission through high voltage grids and natural gas transportation through high-pressure pipelines, and efficient management, maintenance, subcontracting and development of these transmission systems. The Group also manages and develops the biofuel, natural gas and timber trade platforms designed to ensure competition in the market of energy resources and roundwood. It also carries out electricity subcontracting projects and provides infrastructure operation services for low, medium and high voltage grid operators.

All the companies belonging to the EPSO-G Group are responsible for effective and timely implementation of the projects of energy transmission and exchange infrastructure development that are important for the state by contributing to the implementation of the goals set in the National Energy Strategy thus creating a sustainable long- term value for the shareholder – the State of Lithuania, people and the economy of the country.

As at 30 June 2024, the EPSO-G Group (the Group) consisted of the holding company EPSO-G UAB (EPSO-G or the Company), five directly controlled companies of the Group (LITGRID AB (Litgrid), Amber Grid AB (Amber Grid), BALTPOOL UAB (Baltpool), TETAS UAB (Tetas), Energy Cells UAB (Energy Cells). EPSO-G and the Group companies also hold shares in GET Baltic UAB, Baltic RCC OÜ and TSO Holding AS. In 18 July 2024 EPSO-G has established a new company, EPSO-G Invest, whose main planned activities are project management and investments.

EPSO-G Group



* **Baltic RCC OÜ** is the Baltic electricity transmission system operator established in 2022 to provide services ensuring safety and reliability of the electricity system and to coordinate between the transmission grid operators of the Baltic region.
****TSO Holding AS** is the minority shareholder of Norwegian company Nord Pool Holding that holds 34% of shares in the company. Nord Pool Holding holds 100% of shares in the Nord Pool electricity exchange, which provides the electricity exchange services in Central and Western Europe, the United Kingdom, Nordic and Baltic countries. The exchange provides electricity trading services, as well as clearing and settlement services. In 2022, EPSO-G increased its interest in the shareholding of TSO Holding to 39.6%.
*****EPSO-G Invest** was established in 18 July 2024.

Name	Amber Grid AB	LITGRID AB	BALTPOOL UAB	TETAS UAB	Energy Cells UAB	EPSO-G Invest, UAB
Legal form	Public limited company	Public limited company	Private limited company	Private limited company	Private limited company	Private limited company
Date and place of incorporation	11 June 2013, the Register of Legal Entities of the Republic of Lithuania	16 November 2010, the Register of Legal Entities of the Republic of Lithuania	10 December 2009, the Register of Legal Entities of the Republic of Lithuania	8 December 2005, the Register of Legal Entities of the Republic of Lithuania	26 January 2021, the Register of Legal Entities of the Republic of Lithuania	18 July 2024, the Register of Legal Entities of the Republic of Lithuania
Company code	303090867	302564383	302464881	300513148	305689545	306949519
Registered office address	Laisvės ave. 10, LT-04215 Vilnius	Karlo Gustavo Emilio Manerheimo st. 8, LT-05131 Vilnius	Žalgirio st. 90, LT-09303 Vilnius	Senamiesčio st. 102B, LT-35116 Panevėžys	Ozo st. 12A-1, LT-08200 Vilnius	Laisvės ave. 10, LT-04215 Vilnius
Telephone	+370 5 236 0855	+370 707 02171	+370 5 239 3157	+370 45 504 670	+370 659 00748	+370 699 89818
Email	info@ambergrid.lt	info@litgrid.eu	info@baltpool.eu	info@tetas.lt	info@energy-cells.eu	info@epsoginvest.lt
Website	www.ambergrid.lt	www.litgrid.eu	www.baltpool.eu	www.tetas.lt	www.energy-cells.eu	www.epsog.lt
Nature of activities	Natural gas transmission system operator	Electricity transmission system operator	Energy exchange operator, administrator of the funds of services of public interest	Specialised services of maintenance, repair and installation of transformer substations and distribution points, works of testing and tests, design of energy objects	Providing the electricity transmission system operator with the electricity reserve guarantee service required for the isolated operation of electricity system	Project management, investment
Shares held by EPSO-G	96,6%	97,5%	67,0%	100,0%	100,0%.	100,0%

1.1. Holding company EPSO-G

EPSO-G UAB is a holding company with the objective of the sole shareholder – the Ministry of Energy of the Republic of Lithuania – to create a group of energy transmission system and exchange operators providing advanced, efficiently managed and generating long-term benefits to shareholders, which ensures the implementation of the strategic Lithuanian energy interests and contributes to the expansion of the State's competitiveness and building the public well-being.

By implementing the activities outlined in the National Energy Independence Strategy (NEIS) and the Letter of Expectations of the Shareholder, the holding company establishes the strategic goals and tasks of the Group and its constituent companies, supervises their implementation, identifies and manages operational risks and implements measures to increase the efficiency of the Group companies. The holding company also lays down the operating rules that are in line with a good business practice and coordinates the activities of the companies which are part of the Group in the fields of audit, human resources, risk management, social responsibility, innovation, communication and in other fields increasing operational transparency and accountability in order to create sustainable and long-term value for Lithuania's people and business.

The uniform good corporate governance practice of the EPSO-G Group is implemented in accordance with the Corporate Governance Policy, joined by the companies of the Group, and by the direct involvement of the representatives nominated by the holding company in the work of the boards of the subsidiaries.

The holding company EPSO-G carries out its supervisory and control functions with the help of these measures:
- By making decisions in its subsidiaries within the competence of the General Meeting of Shareholders, thus ensuring interconnection among policies, objectives, targets and measures;
- By nominating the employees of EPSO-G to the Boards of the companies of the Group, thus ensuring the targeted implementation of the goals set by the shareholder, coordinating the operating strategies of the subsidiaries of the Group with the directions of the Group's strategy;
- By organizing and carrying out the activities of the Audit Committee, thus ensuring the transparency, control and accountability of the decisions made in the Group;
- By organizing and carrying out the activities of the Remuneration and Nomination Committee, thus ensuring equal principles of nomination and remuneration in the Group;
- By setting up a centralized Group-wide internal audit that is accountable to the Audit Committee and the Board of the Company and is not subordinate to the administration of the companies;
- By adopting the Group's policies that regulate various areas of activity, thus implementing good sustainable development practices in the Group;
- By drafting representative, standardised documents that unify the activities of the Group companies;
- By implementing functional mentoring of activities in the Group;
- By providing consulting services to the companies of the Group.

For more details please refer to www.epsog.lt

1.2. Litgrid

Litgrid

Litgrid is the electricity transmission system operator, which ensures reliable electricity transmission and the balance of electricity, manages and operates the high-voltage electricity transmission grid and the direct-current interconnectors LitPol Link and NordBalt. The company oversees the development of the transmission grid and the electricity market, coordinates electricity flows and maintains the stable operation of the country's energy system.

In line with the long-term goals identified in the National Energy Independence Strategy, the most important activity areas and responsibilities of Litgrid are the following: maintenance of the country's electricity infrastructure and its integration with the Western and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a single electricity market of the Baltic and European countries; and integration of the electricity systems of Lithuania and continental Europe for synchronous operations.

Services provided by Litgrid:

- Electricity transmission over high voltage (110 and 330 kV) electrical installations. The transmission system operator (TSO) transmits electricity from producers to consumers that are connected to the transmission grid, and to the operators of the distribution grid. Electricity transmission is an activity regulated by the State. The main activities of the TSO include the management of the high voltage electricity transmission grid and securing reliable, effective, high-quality, transparent and safe transmission of electricity.

- **Ancillary (previously known as system) services to maintain reliable system functioning.** The TSO Litgrid purchases from energy generating companies the services for the capacity reserve assurance at the electricity generation facilities, reactive power and voltage management, and emergency, disruption prevention and response services, and provides consumers with system services. The capacity reserve is needed when electricity production suddenly and unexpectedly falls or its consumption increases.

- **Trade in imbalance and balancing electricity to ensure a balance between production and consumption.** The TSO organises trade in imbalance electricity, buys and sells imbalance electricity that is necessary to ensure the country's electricity production and consumption balance. Balancing electricity is electricity that is bought and/or sold on instruction of the transmission system operator as electricity necessary for performing the function of balancing the country's electricity consumption and production. The TSO organises trading in balancing electricity by auction. Litgrid, together with Estonian and Latvian operators, organizes a common Baltic balancing energy market, in which the single Baltic balancing is managed, and balancing energy is traded on equal terms and conditions.

- **Services under public service obligation (PSO) scheme.** These are the services that ensure and enhance the national energy security and promote integration and use of electricity produced from renewable energy sources. The list of PSO services, their providers and procedures for the provision of PSO services are approved by the Government of the Republic of Lithuania, or an institution authorised by it, having regard to the public interests in the electricity sector. PSO funds are funds that are paid to the providers of PSO services. Litgrid provides the following PSO services: connection of power generation equipment that uses wind, biomass, solar energy, or hydropower to the transmission grid as well as the transmission grid's optimisation, development and/or reconstruction related to the acceptance and transmission of electricity generated by producers that use renewable energy sources; balancing of electricity produced from renewable energy sources connected to the transmission grid for which the measure to promote the exemption from balancing responsibilities is intended.

- **Technical maintenance, operation and management services for high voltage direct current connections.**

For more details, please refer to www.litgrid.eu

1.3. Amber Grid

Amber Grid is a natural gas transmission system operator, responsible for the natural gas transmission and operation of trunk gas pipelines, secure and reliable operation and development of gas transmission system. Amber Grid also administers the National Register of Guarantees of Origin for gas produced from renewable energy sources (RES).

The company's mission is to provide efficient and reliable gas transmission, facilitating competition in the gas market and the development of renewable energy sources.

The transmission system managed by Amber Grid consists of a grid of nearly 2,300 km of main gas pipelines, two gas compressor stations, gas distribution stations, gas metering stations, anti-corrosion equipment for gas pipelines, data transmission and communication systems, and other assets attributed to the transmission system.

The Lithuanian gas transmission system is interconnected with the natural gas transmission systems of Latvia, Poland, Belarus and the Kaliningrad region of the Russian Federation, the Klaipėda LNG terminal, the distribution systems of the Lithuanian distribution system operators, and the systems of consumers connected directly to the transmission system.

Services

Amber Grid provides system users, other operators and participants of the gas market with natural gas transmission services in the territory of Lithuania: it transmits gas to domestic consumers, as well as transports natural gas to Latvia, Poland and Kaliningrad District of the Russian Federation.

The company renders the following services to the system users, other operators, the participants of the gas market:

- Gas transmission in the territory of Lithuania;

- Gas flow balancing in the transmission system;
- Administration of the funds intended for the installation of the LNG terminal, its infrastructure and connections, and for the constant operating costs, and for the compensation of the reasonable costs of supply of the necessary amount of liquefied natural gas of the appointed supplier;
- Administration of the register of guarantees of origin of gas produced from RES.

Customers

Amber Grid's customers are large Lithuanian industrial companies and medium-sized Lithuanian business companies, electricity and district heating generation companies. It also provides natural gas transmission services to Baltic and third country energy and natural gas supply companies.

The company's system users are electricity, heating generation companies, large industrial companies plants connected to the gas transmission network, gas suppliers, etc.

GET Baltic

Amber Grid holds 34% of shares in the GET Baltic gas exchange. GET Baltic, a part of the EEX gas exchange, undertakes and develops gas exchange trade in Lithuania, Latvia, Estonia and Finland. For more details, please refer to www.getbaltic.lt

For more details, please refer to www.ambergrid.lt

1.4. Baltpool

Baltpool is the operator of the Energy Exchange and the administrator of the Timber Exchange, which, by organising the trading of biofuels, heat and timber and administering the Timber Exchange, creates a level playing field for market participants to purchase biofuels and timber and to supply heat to consumers under competitive conditions, while ensuring the best possible benefits for consumers and returns for the State. The Company also administers the public service obligation funds in the electricity sector (hereinafter referred to as PSO funds) in compliance with a special obligation by Government of the Republic of Lithuania. Further information is provided for in section "9.1 PSO funds administration activities".

Since 1 January 2022, Baltpool has been acting as the manager of the Renewable Energy Fuel Units (REUs) metering system, and by the Law of 15 December 2022 implementing Regulation (EU) 2022/1854 the company was also entrusted with the task of collecting funds of part of the surplus market revenue received from electricity producers that meet the established legislative requirements in the period from 1 December 2022 until 30 June 2023, and to collect a solidarity contribution from companies operating in crude oil, natural gas, coal and oil refining sectors, calculated in accordance with the procedure established by the aforementioned Regulation (EU) 2022/1854 and the Law implementing Regulation (EU) 2022/1854 from the taxable profit share of such entities for the tax year beginning in 2023 (hereinafter jointly referred to as Emergency Response Funds). The emergency costs (including the set profit margin) incurred by Baltpool in performing the functions of the administrator of emergency response funds will be reimbursed from the collected Emergency Response Funds in accordance with the procedure established by legislation. From 1 May 2023, the company has also been delegated the implementation of a voluntary national scheme to ensure that biomass fuels meet sustainability and greenhouse gas emission reduction criteria.

The target set for the company is to create equal and transparent conditions for market participants to trade in biofuel and timber products, as well as thermal energy, and thus create conditions for the formation of prices that reflect the relationship between supply and demand. The objective of the administration of the PSO funds is to ensure the proper and legal collection, payment, recovery and administration of the PSO funds in strict compliance with the statutory requirements (further information on specific targets for such activities is provided in section "9.1 PSO funds administration activities"). By administering emergency response funds, Baltpool contributes to the objectives of the European Union and the Republic of Lithuania to mitigate the impact of high energy prices on consumers.

The Biofuels Exchange currently has more than 600 participants from Lithuania, Latvia, Estonia, Poland, Finland, Sweden, Denmark, Germany, Bulgaria, Spain and the UK.

Baltpool customers by activities carried out:

- The customers **in the activity of the biofuel exchange** are the biofuel buyers (district heating companies, independent heat generating entities and other companies using in their activity the biofuel products traded in the exchange) and biofuel suppliers (manufacturers and suppliers of wood pellets and chips);

- Timber sellers, specifically the State Forestry Enterprise and its territorial subdivisions, are the key customers i**n the activity of timber auction organising**. Timber buyers are the companies using timber products in their activity: from timber processing companies to biofuel supply companies.
- The most important customers **in the activity of heat auction organising** are heat supply companies, which are obliged to buy the necessary quantity of heat from independent heat suppliers at heat auctions and independent heat suppliers connected to the heat supply systems and sell heat at the auction.
- The customers **in the activity of administration of the PSO funds** are the electricity consumers, which as per the valid legal regulation must pay the PSO funds for the electricity consumed by them. The PSO funds are collected from the electricity consumers connected to the electricity distribution grid through the distribution grid operator. The consumers connected to the electricity grid managed by the transmission system operator transfer the PSO funds directly to the administrator. The Company's customers are also energy companies providing services of public interest in accordance with the procedure established by the legislation, such as electricity generation from renewable energy sources supported by the PSO funds, as well as companies providing other services directly or indirectly related to the energy and/or public security of the state, safety and reliability of the electricity system, reduction of the negative impact of the electricity sector on the environment, diversification of energy resources, and other objectives of sustainable development of the electricity sector provided for by the legislation.
- The customers of **REUs administration activities** are fuel suppliers operating in the country, who are obliged to register with the Renewable fuel accounting units system and to declare data on the fuel supplied to the market and used by drivers, according to its type, origin and energy value.
- The customers of the **Emergency Response Fund Management activities** are electricity generators and companies active in the crude oil, natural gas, coal and oil refining sectors.

For more details, please refer to www.baltpool.eu

1.5. Tetas

The principal activity of the company Tetas is construction and operation of electrical equipment up to 400 kV voltage: construction, reconstruction, maintenance and repair of power lines, switchgears and substations up to 400 kV, power transformers and other facilities. The company carries out construction work; building and erecting building structures, installing power supply and distribution equipment, laying power grids, and installing electrical engineering systems in buildings.

Tetas also carries out the construction of power grids: construction, maintenance and reconstruction of new 0.4-110 kV cable lines; connection of new electricity consumers' electrical equipment to the grid, including the installation of power grids on the consumer's property; configuration and launching/adjustment of relay protection and automation (RPA) systems.

The company is well established in the market as a provider of unique testing and diagnostic services for electrical equipment. Tetas' laboratory tests electrical equipment, cables, safety equipment, chemical analysis of transformer oil and chromatographic analysis of oil for dissolved gases (hydrogen, methane, acetylene, ethylene, ethane, carbon monoxide, carbon dioxide, oxygen, nitrogen), and tests wind farms.

The company has a design services division that ensures the delivery of highly intellectual and value-added services.

For more details, please refer to www.tetas.lt

1.6. Energy Cells

The principal role of Energy Cells, the operator of the energy storage system, is to ensure the provision of the isolated standby power system operation service to Litgrid, the transmission system operator. Energy cells provides this service at a full planned capacity of 200 MW from October 2023.

The system of electricity storage facilities managed by the company consists of four battery farms with an equal capacity of 50 MW and power of 50 MWh each in Vilnius, Šiauliai, Alytus and Utena districts. The operation of the system consisting of four battery farms is monitored without interruption (24/7) from a control centre in Vilnius. In the event of disruptions in the transmission system grid, the energy storage system can automatically, within 1 second, respond to the transmission system operator Litgrid's need to ensure the security and stability of the electricity system by injecting or withdrawing power into or out of the grid within 1 second, thereby helping to regulate the frequency of the transmission system's grid. Once activated, the instant energy reserve service would continue to be available until the start up of power generation sources of the other market participants.

Additionally, Energy Cells carries out the function of reducing the cost of technological losses incurred by Litgrid, the transmission system operator, as provided for in the Law on Synchronisation of the Republic of Lithuania.

The Energy Cells' battery storage system was installed in 2021–2023 by a consortium of Siemens Energy and Fluence. On the basis of Joint Activity, the companies implementing the project won an international public tender (announced in January 2021) for the purchase of system installation services and energy storage technologies. According to the signed EUR 109 million worth contract, the consortium will provide warranty and maintenance service for 15 years after the system is switched on.

Energy Cells has been granted EUR 87.6 million to install the energy storage system under the NextGenerationEU plan of the EU's recovery and resilience facility (RRF) "Next Generation Lithuania".

The Lithuanian Law on Synchronisation provides that Energy Cells will have to provide the isolated standby power system operation service and thus help to ensure reliable, stable and user-friendly operation of the Lithuanian power system until the synchronisation with the continental European network. After synchronisation, the battery farms will be available for transfer (subject to qualifying offer/s) to market players meeting national security and other government requirements to provide other services to and contribute to the integration of energy produced from RES.

For more details, please refer to www.energy-cells.eu

1.7. EPSO-G Invest

EPSO-G Invest main activities are project management and investment.

For more details, please refer to www.epsog.lt

2.

OPERATING AND REGULATORY ENVIRONMENTS

2.1 Operating Environment
2.2 Regulatory Environment
2.3 Pricing of Regulated and Other Services
2.4 Other Important Factors

2. OPERATING AND REGULATORY ENVIRONMENTS

2.1. Operating Environment

Energy markets were more stable in the first half of 2024 than in 2021-2023, but gas and electricity prices remain higher than they were before the onset of the energy crisis and the Russian invasion of Ukraine.

The main impact on the energy sector has been the further diversification of raw material (natural gas) supply chains in the European Union (EU) and the sufficient filling of natural gas storage facilities, which in some countries reached as much as 100% by the onset of winter, in line with the EU's requirement to reach at least 90% filling by 1 November of the current year.

At the same time, the further rapid development of renewable energy sources (RES) in Lithuania has also had an impact on electricity prices. As of 30 June 2024, the generation capacity of wind and solar power plants (both on the distribution and transmission grids) was 2885 MW, an increase of 549 MW since the beginning of the year. The rapid growth of RES allows Lithuania to increasingly source its electricity from local generation. At the end of the first half of 2024, Lithuania's electricity system demand was 58% covered by domestic generation. As much as 43% of the system's demand was covered by the generation of RES.

Looking at the Nord Pool results, the monthly electricity price in the Lithuanian price zone in the first half of 2024 ranged from a high in January (EUR 117.41/MWh) to a low in April (EUR 60.25/MWh). Price levels were similar to the first half of 2023, with prices ranging from a high of €114.7/MWh in February to a low of €67.27/MWh in April.

During January-June 2024, Latvia and Estonia showed similar trends, but the average price (note - the average half-year price in this section is an arithmetic, not a weighted average) was the lowest in Lithuania (EUR 81.36/MWh) and Latvia (EUR 81.32/MWh), while in Estonia – EUR 83.02/MWh. In comparison, in the first half of 2023, prices in Lithuania were €91.74/MWh, in Latvia €90.65/MWh and in Estonia €87.18/MWh. The lower prices in Lithuania and Latvia than in Estonia in the first half of 2024 are due to the unscheduled unavailability of the "Estlink 2" link between Finland and Estonia due to a fault in January-June 2024, which reduced the availability of cheaper electricity imports from Finland. In Lithuania, the slightly lower prices are due to the increasing local generation from wind and solar power plants, which makes it possible to be fully self-sufficient in locally produced electricity during particularly windy or sunny periods.

Comparing Lithuanian and Swedish Zone 4 (SE4) prices, the average SE4 price in the first half of 2024 was EUR 55.44/MWh, which is more than EUR 25/MWh lower than the Lithuanian wholesale electricity price. The higher difference is mainly due to interconnection restrictions in the region (including the aforementioned restriction of the Estonia-Finland interconnector), but in some months (such as May) the NordBalt electricity interconnector between Lithuania and Sweden was also partially restricted. Usually, the Nordic countries have the lowest electricity prices in Europe. Poland's wholesale electricity price was higher than that of Lithuania and the other Baltic countries, at EUR 86.05/MWh.

Lithuania's natural gas consumption grew compared to the first half of 2023 due to a colder first month of the year, a lower gas price on the market and an almost doubling of gas consumption in the Amber Grid network. The reason for this is that at the end of 2023, AB "Achema" resumed the operation of Ammonia Plant II after a break of more than a year. The recovery in consumption was mainly driven by falling natural gas prices. In January-June 2024, the monthly average prices on "GET Baltic" Baltic-Finland trading floor ranged between the most expensive EUR 41.46/MWh (January) and the cheapest EUR 30.73/MWh (March). Compared to the corresponding period in 2023, the price in 2013 fluctuated between the most expensive EUR 69.15/MWh (January) and EUR 36.31/MWh (June). Natural gas prices are more stable in 2024, thanks to the sufficient supply of natural gas in EU storage facilities and the development of alternative import routes for natural gas.

In 2024, "Auga Group", the second biomethane producer in Lithuania, was also connected to Amber Grid's network. However, Amber Grid gas transportation activities were also affected by the scheduled inspection and repair of the Klaipėda LNG terminal, which took place in May-June 2024. During the inspection and repair, Lithuania's natural gas demand was covered by the Gas Interconnection Poland–Lithuania (GIPL) and gas supplies from Latvia. Accordingly, with alternative import/export routes to the LNG terminal, the effect on natural gas exchange prices was negligible.

The Estonia-Finland gas interconnector (Balticconnector) was also out of service from October 2023 to April 2024 due to an incident in which a Chinese ship, possibly at anchor, damaged the pipeline. This has had an impact on the transit needs of natural gas to the north, especially with higher demand in the winter season. The repair of the interconnector is likely to result in increased demand for gas transport through the Baltic States to Finland in the second half of 2024.

Lithuania has become an important gas transmission partner for its neighbours by exploiting the established gas transmission infrastructure and meeting the needs of the region. Supplying other countries with gas also has the added benefit of increasing the use of gas transmission infrastructure, which leads to more favourable gas transmission prices for transmission system users.

According to the Bank of Lithuania's macroeconomic forecasts published in June 2024, Lithuania's GDP growth (at constant prices) is projected at 1.9% in 2024, 3.1% in 2025 and 3.3% in 2026. Growth compared to the mild recession experienced in 2023 may imply higher consumption of energy resources in the country.

2.2. Regulatory Environment

The activities and strategic directions of the EPSO-G Group are significantly influenced by legislative initiatives at national and EU level, regulatory developments in energy markets and strategic planning documents:

- At the national level, the most important strategic planning documents for EPSO-G are the updated National Energy Independence Strategy (NEIS), approved by the Seimas of the Republic of Lithuania in June 2024, as well as the updated National Energy and Climate Plan (NECP), approved in 2020, which was published for public consultation for one month at the beginning of July 2024, and which is to be submitted to the European Commission. In the NEIS Lithuania has set ambitious goals to enable the transformation of Lithuania's energy sector. NEIS is publicly available here.

- In the EU context, the Green Deal - the EU's umbrella strategy and action plan covering different sectors of the economy - is of particular importance to EPSO-G. The aim is to make Europe a climate-neutral continent by 2050, while reducing CO2 emissions by 55% in 2030 compared to 1990 levels. The Energy Systems Integration, Hydrogen and Offshore Wind strategies, presented in the scope of the Green Deal, are a direct consequence of the Group's companies' (especially the TSOs') plans and their long-term objectives, and emphasise the integration of new technologies and the importance of cross-sector initiatives. For more details on national hydrogen initiatives, see "2.4. Other important factors".

- Also important in the EU context, and with significant implications for EPSO-G Group and in particular for Amber Grid, is the formal adoption in the first half of 2024 (May) of the EU legislative package (already published at the end of 2021 in the form of a set of proposals), which aims at decarbonising the EU gas market by facilitating the uptake of renewable and low-carbon gases, including hydrogen, to reduce methane emissions, and to ensure security of supply for all European citizens: Regulation (EU) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on internal markets in gas from renewable sources, natural gas and hydrogen, Directive (EU) 2024/1788 of the European Parliament and of the Council of 13 June 2024 on common rules for the internal markets in gas from renewable sources, natural gas and hydrogen, Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13 June 2024 on the reduction of methane emissions from energy. The Regulation on methane emission reductions in the energy sector lays down rules on the accurate measurement, quantification, monitoring, reporting and verification of methane emissions in the EU's energy sector, as well as on the mitigation of methane emissions, including leakage detection and repair investigations, repair obligations, and the restrictions to be imposed on the release of gases and on the flaring of gases, and lays down rules on the means of ensuring the transparency of information on methane emissions.

- As a continuation of the EU initiatives launched in 2022 and 2023, and to avoid significant fluctuations in electricity prices in the future, a reform of the EU's Electricity Market Design (EMD) started in 2023. The adoption of the EMD package (Regulation (EU) 2024/1747 of the European Parliament and of the Council of 13 June 2024 on the improvement of the EU electricity market design and Directive (EU) 2024/1711 of the European Parliament and of the Council of 13 June 2024 on the improvement of the EU electricity market design) has been published in the Official Journal of the European Union on 26 June 2024. These changes will have an impact on the Group's operations and Litgrid and Energy cells decisions.

2.3. Pricing of Regulated and Other Services

The electricity and natural gas transmission and energy storage activities of the EPSO-G Group companies, as well as the activities of energy resources and gas market operators, are licensed. Licences grant exclusive rights to provide transmission and market operator services in the territory of the Republic of Lithuania.

The electricity and natural gas transmission system operators belonging to the EPSO-G Group of companies, as well as the designated storage system operator, are the only ones in Lithuania able to provide these services. They operate under a natural monopoly, so the prices of their activities are regulated by the State. The energy and gas market operators belonging to the EPSO-

G Group set their exchange trading fees in coordination with the regulator. The regulatory function and supervision of licensed activities in Lithuania is carried out by the National Energy Regulatory Council (hereinafter - the Council or NERC).

The decisions taken by the regulator determine the financial performance of the regulated companies in the EPSO-G Group, the allocation of funds for necessary operating costs, investments to ensure the reliability of the electricity and gas transmission systems, and the availability of own or borrowed funds to fund strategic projects.

The prices of electricity and natural gas transmission and of the isolated operation reserve service of the designated storage system operator are regulated by setting price and/or revenue caps. The level of allowed revenue is based on reasonable necessary costs, including a reasonable return on investment that meets the criterion of reasonableness. The specific prices for services within the caps are set by the service providers (operators) and approved by the Council, after verifying and establishing that they have been calculated in accordance with the requirements for setting prices and/or tariffs as set out in NERC's methodologies (procedures) for calculating the price/revenue cap and the operators' methodologies/procedures, and that they do not discriminate against consumers and are not erroneous.

Price and/or revenue caps for electricity and natural gas transmission services are set for a regulatory period of five years (the duration of the period may be changed by reasoned decision of NERC). They may be adjusted when there are significant changes in one or more of the factors on the basis of which they were set, including changes in the volume of services, inflation, taxes, or other objective factors beyond the control of the operators. Electricity transmission price caps can be adjusted at most twice a year, while natural gas caps can be adjusted once a year. For the designated accumulation system operator, there is no regulatory period, taking into account the specificities of its activities.

Amber Grid and Litgrid regulated activity prices

The average price of gas transmission services charged by Amber Grid for the needs of Lithuanian consumers in 2024 increased by 7% and amounted to 1.49 Eur/MWh compared to the average price of 1.39 Eur/MWh charged in 2023. The change in the 2024 price is due to a 4.4% increase in the natural gas transmission revenue cap approved by NERC for 2024, which was driven by an increase in all operating cost categories. The revenue cap was lowered by market refunds (repayment of collected excess revenues for 2021 and 2022, in line with the regulatory principles) and the share of the previously established compensation to Poland for the GIPL project of common interest, which is significantly lower in 2024 than in 2023. The 2024 prices were also influenced by the fact that in 2024, 66.2 TWh of natural gas was planned to be transported through the Lithuanian natural gas transmission system, which is 1% less than estimated for the 2023 prices.

Litgrid's average non-differentiated electricity transmission service price of 1.329 ct/kWh applicable as of 1 January 2024 compared to the 2023 price (0.654 ct/kWh) is 103% higher and is in line with the adjusted price cap approved by the Council on 29 September 2023. The main contributor to this change was the use of accumulated congestion management revenues to amortise the 2023 transmission price increase. Excluding the impact of the use of congestion management revenues, the price cap for 2024 is 32% lower than that for 2023. The volume of electricity transmitted to Lithuanian consumers in 2024, which is projected to be around 15% lower than projected for 2023 prices (a factor contributing to the increase of the price cap), was also affected.

As from 1 January 2024, the undifferentiated ancillary services acquisition component to the transmission service price approved by NERC in October 2023 shall apply for 2024 at 1.3091 ct/kWh. The 2024 price increases by a factor of around 5.5 compared to the 2023 price (0.239 ct/kWh) and decreases by a factor of around 1.3 compared to the price for the second half of 2022 (1.723 ct/kWh). The main reason for the change in the 2024 price (compared to 2023) is an overly conservative price forecast for 2023, as the cost of the Generating Facility Availability Service in 2023 has increased (as compared to the projected cost of the generating facility availability service in the ancillary services price for 2023) by a factor of around 3.

On 30 May 2024, the Council approved the natural gas transmission service prices approved by the Head of Amber Grid's on 23 May 2024, effective from 1 January 2025.

It has been confirmed that the average price of gas transmission services for the needs of Lithuanian consumers in 2025 will increase by 7.4% to EUR 1.60/MWh compared to the average price of EUR 1.49/MWh in 2024. The change in the 2025 price is due to the declining demand for transmitted gas in Lithuania, which is projected to decrease more in 2025 (i.e. by 19.6 % - from 21 TWh evaluated in 2024 prices to 16.9 TWh evaluated in 2025 prices) than the 4.75% lower Amber Grid's revenue cap for 2025, as approved by the Council on 10 May 2024 (compared to the 2024 revenue cap). The decrease of the revenue cap in 2025 is mainly due to the 41.7% lower technology costs (mainly due to the decreasing natural gas prices in the market).

Litgrid's electricity transmission allowed revenue level and price cap will be adjusted and differentiated electricity transmission prices for 2025 will be set by 31 October of this year, while the cap on ancillary services revenue and price for 2025 will be set by 20 October of this year (in accordance with the Law on Electricity of the Republic of Lithuania).

The following Baltpool and GET Baltic tariffs (excluding VAT) have been retained and/or introduced from 2024 and/or 2023:

Baltpool regulated and licensed activities

In 2024, the biofuel exchange trading fee for transactions where biofuel is supplied in Lithuania is EUR 41.27/1000 MWh (excluding VAT). This tariff, which was set by a decision of NERC in August 2020 and applied as from 1 September 2020, corresponds to the tariff of EUR 0.48/tonne applied until 1 September 2020, when it was extended as from 1 September 2020 by converting the tariff into a different unit - MWh. In 2024, the timber exchange fee will be 0.12% of the value of timber sales and purchases made in the ETTS (Electronic Timber Trade System).

In 2024, the heat auction segment trading fee applicable from 1 December 2021 is EUR 15.65/1000 MWh for the specified heat volume. The Company, having assessed the need for an adjustment of this tariff, approached NERC for a revision of this tariff.

The fee of the settlement system for fuel from renewable energy sources (FRES) of EUR 0.017 per thousand FRES settlement units, which was set on 15 January 2022, was also applicable in 2023

Unregulated activities of Baltpool

In 2024, the biofuel exchange trading fee for biofuel supplied outside Lithuania is 0.5% of the transaction value.

The following fees and charges are also in force in 2024 and applicable as of 10 July 2023: a fee for the execution of a directly concluded agreement of 0.5% of the agreed value of the biofuel actually delivered under the directly concluded (over-the-counter) agreement, as well as an annual fee of €2,500 (excluding VAT) for the use of the e-trading system for informational purposes, without the possibility to trade.

Detailed information on the fees for Baltpool services, including data reporting, is available on Baltpool website.

GET Baltic

The annual membership fee for 2024 is a fixed fee per calendar year of €5,000 per year for Plan No. 1 and €0 for Plan No. 2.

In 2024, the variable trading rate for the volume of product purchased or sold on the exchange is 0.08 Eur/MWh for Plan No. 1 and 0.12 Eur/MWh for Plan No. 2. These rates are the rates approved by NERC in December 2015 and applicable from 2016.

Detailed information on the fees for other services provided by GET Baltic, including the REMIT data service, the data exchange service and other services, is available on GET Baltic website.

Energy cells

Energy cells – the designated energy storage system operator (hereinafter - SSO) - is regulated by the State during the period of appointment until the completion of the project of synchronisation of the electricity system of the Republic of Lithuania with the electricity networks of continental Europe, including the prices of services.

The price of the Energy cells isolated working reserve service from 1 January 2024 is EUR 4.19/Mw/hour (excluding VAT) which is 12% lower than the 2023 level. The 2024 price is in line with the price cap for the Energy Cells isolated operation reserve service of EUR 4.19/MW/hour approved by the Council in November 2023 (excluding VAT). The price decrease is due to a 12% lower allowed revenue level (EUR 7.37 million) for NERC Energy cells in 2024 than in 2023 (EUR 8.37 million). The main reason for the decrease in the price of the isolated operation reserve service is that Energy Cells' costs related to the purchase of electricity are projected to be lower in 2024 compared to the costs used for the pricing of the service in 2023 (2024 - EUR 1.03 million, 2023 - EUR 3.03 million). This cost of the isolated working reserve service is included in the additional services acquisition component of Litgrid's transmission service price approved by NERC for 2024.

2.4. Other Important Factors

In June 2024, the Council approved an updated description of the procedures for using Litgrid's transmission networks. The main objective of the update is to help RES developers to smoothly and successfully implement their projects and to simplify the necessary procedures for new entrants. This has led to a refinement of the most relevant provisions of the inventory, reducing risks for developers and financiers by detailing the processes of plant management, removing intermediate steps or requirements, and simplifying the process of RES development.

In April 2024, the Guidelines for Hydrogen Development in Lithuania 2024-2050 were approved by Order of the Minister of Energy of the Republic of Lithuania. It is the first document regulating the development of the hydrogen sector in Lithuania and provides strategic directions for the development of the hydrogen sector in Lithuania. For more details, see “3.2. Progress in implementing the strategy”.

As of 1 May 2024, new electricity transmission service contracts concluded by market participants with Litgrid entered into force. One of the most important changes is that electricity production and consumption will be calculated in 15-minute periods instead of one hour. The change of the time unit to 15 minutes implements the provisions of Commission Regulation (EU) 2017/2195 of 23 November 2017 laying down guidelines for electricity balancing (hereinafter - the Balancing guidelines). The approval and entry into force of the amendments to the Imbalance and Balancing Services Agreements is expected in 2024.

In the first half of the year, Litgrid drafted a new electricity imbalance settlement agreement. If the new draft is approved, the cost of ordering balancing capacity will be shifted from the ancillary services purchase component to the cost of transmission services from July 2025 to the parties responsible for the balancing capacity, i.e. the electricity suppliers and generators. The new regime will encourage electricity suppliers and producers to plan their production and consumption more accurately. The parties responsible for the balance continue to pay the cost of balancing energy when their responsibility creates imbalances. In the event of a change (imbalance), the parties responsible for the balance will also bear the cost of the balancing capacity service.

The electricity transmission system operators in the Baltic region (Estonia, Latvia, Poland, Lithuania, Finland and Sweden) are planning to apply the updated “Day-ahead and Intraday Capacity Calculation Methodology” and the newly developed “Long-term Capacity Methodology” after the Baltic countries' synchronisation with the Continental European network (CEN). In the first half of 2024, the methodologies were submitted for approval to the national regulators of the Baltic TSO, after taking into account the related public consultations held in November 2023 and January-June 2024.

In March 2024, NERC approved all the ground rules for the operation of the Baltic balancing markets:

- a proposal (methodology) for the Baltic balancing capacity market in accordance with Articles 33(1) and 38(1) of the Balancing guidelines (EBGL), translated into Lithuanian. This methodology describes the rules of the common Baltic balancing capacity market, which enable Baltic balancing service providers to participate in the common Baltic balancing capacity market;
- rules on the exemption that prevents balancing service providers from transferring their obligations to provide manual frequency restoration reserve (mFRR) and automatic frequency restoration reserve (aFRR) balancing capacity between the trading zones of the Baltic States, in accordance with Article 34(1) of the EBGL;
- the methodology for calculating the inter-zonal balancing period inter-zonal capacity of TSOs in the Baltic Capacity Calculation Region in accordance with Article 37(3) of the EBGL.

Litgrid, together with the Baltic TSOs, has updated the Baltic Balancing Roadmap, taking into account that major changes are foreseen for the Baltic balancing model in 2025 to ensure compliance with European regulations and to ensure that the Baltic TSOs will take into account the rules and agreements of the Continental European Synchronous Area once synchronisation with the CEN has been achieved. The latest Baltic Balancing Market Development Plan (2024) is available on Litgrid’s website. According to this plan, Litgrid plans to connect to the European Manual Frequency Restoration Reserve (mFRR) and Automatic Frequency Restoration Reserve (aFRR) standardised exchange platforms for balancing energy products, MARI and PICASSO, in October and December 2024 respectively.

In line with ACER's 2019 decision on the application of a single EU-wide methodology for pricing of intraday cross-zonal electricity capacity, and in order to enhance electricity trading and the further development of the EU's internal electricity market, separate auctions of intraday electricity products started to be organised from 13 June 2024, with three additional auctions to be traded after the day-ahead auctions each day, namely at 4 pm, at 11 pm, and at 11 am (Lithuanian time).

At the end of July 2024, NERC has published public consultations on Litgrid's 10-year (2024-2033) 400-110 kV network development plan (which also includes assessments of the national adequacy of Lithuania's electricity system for the period 2024-2033 and the ENTSO-E scale) and on Amber Grid's 10-year (2024-2033) natural gas transmission network development plan for 2024-2033. For more information see “3.5. Ten-year network development plans, planned investments”.

An important development after the end of the reporting period is the publication by NERC in July 2024 of data on the rate of return on investment of Amber Grid, Energy cells and Litgrid in 2025. NERC, taking into account the provisions of the NERC Methodology for the determination of the Rate of Return on Investments and the situation on the financial markets, has announced on its website that the applicable rate of return on investments (on the value of the regulated asset base, the RAB) for the calculation of the regulated prices of Amber Grid, Energy Cells and Litgrid in 2025 will be respectively 5,63 %, 5,69 % and 5.72 %. (5.04%, 4.97% and 5.00% respectively in 2024).

3.

OPERATIONAL STRATEGY AND ITS IMPLEMENTATION PROGRESS

3. OPERATIONAL STRATEGY AND ITS IMPLEMENTATION PROGRESS

VISION

We will enable security, integration, and transformation of the Lithuanian energy sector.

MISSION

To enable sustainable and efficient energy exchange.

EPSO-G has a key role to ensure a smooth and reliable Lithuania's transition to the energy system integrating high volumes of RES, enabling decarbonisation of the sector, initiating system interconnection projects and facilitating climate-neutral energy exchanges.

Implementation of the mission, pursuit of the vision and all activities of the EPSO-G Group are based on the fundamental human and professional values: professionalism, cooperation, and progress.

PROFESSIONALISM	PROGRESS	COOPERATION
We strive for every employee in the Group to be recognized and be able to grow as a professional in their field of activity. We understand what an important role professional knowledge, hands-on experience and continuous learning play in terms of the results of the Group and ensuring continuity of activity.	Openness to new business practices and ideas promotes the creation, renewal, implementation of meaningful changes and leads us forward.	We emphasize sincere and constructive cooperation with each other which makes it possible to pursue the goals set in a concerted manner.

3.1. Operational Strategy

EPSO-G has a key role in implementing the transformation of the Lithuanian energy sector to ensure a smooth and reliable Lithuania's transition to the energy system integrating high volumes of RES, enabling decarbonisation of the sector, initiating system interconnection projects and facilitating climate-neutral energy exchanges.

EPSO-G's activities are seen through the platform's business model with the following key features: enabled value-creating interactions between suppliers and customers; an open, participatory infrastructure for those interactions and common rules.

The axis of the strategy is the creation of value for interested parties - customers, producers and suppliers, the shareholder, society and employees. Therefore, the Group's activities create a sustainable, transparent ecosystem based on uniform standards, which facilitates the exchange between producers/suppliers and customers, and creates value for society through the empowerment of sustainable energy choices and its contribution to the country's competitiveness.

EPSO-G's strategy until 2030 has been prepared with respect to the letter on the state objectives and expectations for EPSO-G, which was approved by the order of the Minister of Energy, and is updated annually with reference to market changes, regulatory changes and other relevant factors.

The Group's commitments and unifying mission are identified for each stakeholder. The Group's strategic directions are formulated and the objectives to be achieved until 2030 are determined with respect to the long- term vision of EPSO-G, i.e. to enable security, integration, transformation of the Lithuanian energy sector.

	To producers / suppliers	To customers	To shareholders	To society	To each other
Commitment	Develop a credible and transparent platform, where it is easy and fast to enable energy products on a liquid market	Develop a credible and transparent platform providing a wide range of energy options at competitive prices	To ensure a balanced and integrated energy exchange system	To promote climate-neutral energy choices for the long-term economic Competitiveness of Lithuania	To build an open and progressive team living the energy future
Strategic direction	A liquid regional market and infrastructure attractive for investment in production	Created customer-focused organisation that creates new opportunities	Integrated development of Lithuania's energy system	A targeted reduction in the environmental impact of activities and energy systems adapted to the decarbonisation of the energy sector	Recognised as future energy leaders in the region
Strategic objectives	• Ensure reliable and stable operation of transmission systems • Respond to customer needs and create a customer-focused organization • Implement strategic projects on time and to the agreed scope		• Ensure a sustainable return for the shareholder • Ensure efficient management of transmission systems • Increase the integrity of the Lithuanian energy system	• Reduce the environment impact and adapt transmission systems for RES integration	• Create an engaged and progressive organization
Strategic performance indicators	• AIT – 0.93 min., ENS – 27.25 MWh; (values not higher than those set by the Council for the respective year) • Number of unplanned interruptions due to operator responsibility - 0, • Duration of unplanned interruptions due to operator responsibility - 0 • Implementation of strategic projects on time and in the expected scope according to the project portfolio • Customer satisfaction index (GCSI) ≥80 The average price of energy transmission services for the needs of Lithuanian consumers (EUR/MWh) ≤ for the average		• ROE not lower than the one set by the Government of the Republic of Lithuania; • Net Debt-to-EBITDA Ratio at the end of the period <6.3 • Implemented cross-sectoral systems' integration projects (cumulative indicator - such as P2G, P2H) – 3 until 2030. • Actual OpEx (excluding tax costs)	• Reduction of GHG emissions generated by the Group's activities by 2/3 compared to 2019. • The electricity transmission grid was prepared for the integration of 9.4 GW of RES in Lithuania • The capacity created in the gas system for the integration of RES	• Engagement of the Group employees ≥72% • Up to 15.5% of the Group's revenue structure consists of revenue from unregulated activities and foreign markets

	in the region (LV, EE, FI, PL (electricity TSO: and SE))		(EUR/year) /transmission service OpEx set by the Council (excluding tax costs) (EUR/year)≤100% • Actual CapEx (EUR/year) / planned CapEx (EUR/year), 90-110%	gas (with guarantees of origin) in the volume of 1.6 TWh.	
Key results on the way to 2030	• Synchronization with CEN was implemented • After the completion of GIPL, capacities are sold through PL and LT exchanges • 200 MW energy storage facilities were installed • Preparations for offshore RES integration are complete • Operating system services market of the Baltic countries, later the Baltic Sea region	• The Centre of Renewable Energy was established and formed • The system of guaranteeing the origin of green gas (including hydrogen) common with other European countries is functioning smoothly • A data-driven ecosystem was created • The infrastructure for railway electrification is ready	• Sustainable return to the shareholder • Cross-sectoral systems integration projects were implemented (P2G, P2H) • Lithuania's national REDII implementation scheme active	• Electricity transmission grid prepared for RES integration of 9.4 GW in Lithuania • The gas system was adapted for hydrogen transportation • Plans for reducing the environmental impact of the Group companies are consistently implemented • Measures necessary for the implementation of the "Anti-Astravets" Law were implemented under the competence	• Programs for improving the employer's image and ensuring equal Opportunities were implemented. • Maturity of the data-driven organization was achieved

3.2. Progress in Implementing the Strategy

To consumers: a consumer-oriented organization to create new opportunities

Improving customer satisfaction is one of the EPSO-G Group's strategic objectives, contributing to the smooth implementation of EPSO-G's strategy to create a customer-driven organisation. Group-wide customer satisfaction surveys based on a common methodology will be conducted for the third time in 2023. 211 customers using Amber Grid, Baltpool, Litgrid and Tetas services participated.

Using the GCSI (Global Customer Satisfaction Index) and the NPS (Net Promoter Score) methodologies, we analysed the satisfaction of EPSO-G Group companies' customers with the services they receive, the extent to which these services are in line with customers' expectations, and their willingness to recommend them to others. The Group's corporate indices according to the GCSI methodology ranged from 68 to 83. The Group's strategy has a long-term goal of achieving a customer satisfaction index of ≥80 across the Group's companies, i.e. a market-leading corporate performance. The survey results showed that, as in 2022, Baltpool, Litgrid and Amber Grid received the highest customer satisfaction scores (>80), while Tetas improved its score by five points from 63 to 68. In terms of the NPS index performance, Tetas' score improved by as much as 18% points, although it remained negative. The NPS indices of the Group's other companies Amber Grid, Litgrid and Baltpool declined slightly by 7, 2 and 4 percentage points respectively.

As Lithuania pursues its ambitious renewable energy targets and the implementation of the Breakthrough Package, as well as in the context of a tense geopolitical situation, the role of transmission operators in enabling the green transformation is becoming particularly relevant. As of 30 June 2024, the amount of RES connected to the electricity system (distribution and transmission grids) under RES developers' commitments reached 2.93 GW. More than 11.4 GW of renewable energy projects are expected to be connected by 2030. A 200 MW energy storage project, to be completed in 2023, will also contribute to smoother integration of RES. Its main objective is to ensure the national security of the electricity system at the start of its operation, and to provide flexibility services in a later phase after 2025.

In order to assess and define the steps to be taken in order to carry out hydrogen development in Lithuania, the Guidelines for Hydrogen Development in Lithuania 2024-2050 were approved by the Order of the Minister of Energy of the Republic of Lithuania of 26 April 2024, No. 1-81 “On the Approval of the Guidelines for the Development of Hydrogen Development in Lithuania for the Period of 2024-2050”. It is the first document regulating the development of the hydrogen sector in Lithuania. The guidelines provide strategic directions on how the hydrogen sector will be developed in Lithuania and will contribute to the reduction of CO2 emissions in the industrial and transport sectors, helping them to move towards climate neutral solutions.

As part of its efforts to strengthen its position in hydrogen research and development, gas transmission system operator Amber Grid has joined Europe's largest hydrogen initiative, the European Hydrogen Backbone, in 2022. In the same year, the Nordic-Baltic Hydrogen Corridor project was set up, bringing together six countries - Finland, Estonia, Latvia, Lithuania, Poland and Germany - to assess the potential for green hydrogen production and transmission in the region. Following a feasibility study for a green hydrogen corridor in 2024, the Baltic Sea region's gas transmission system operators have agreed to jointly develop hydrogen infrastructure and signed a Memorandum of Cooperation. The coordinated development of hydrogen infrastructure in the Baltic Sea Region will contribute to a flexible, secure, resilient, sustainable and integrated pan-European energy system. Several large-scale studies are currently being launched to assess the feasibility of a cross-border hydrogen infrastructure and market, regional targets, national strategies and the vision of a European hydrogen corridor. Currently, these hydrogen infrastructure projects around the Baltic Sea consist of the Nordic-Baltic Hydrogen Corridor, the Baltic Sea Hydrogen Collector and the Nordic Hydrogen Road cross-border infrastructure projects. In addition, the development of a national network for the transport of green hydrogen is one of the key aspects of the 10-year gas transmission network development plan.

The Group is focusing on preparing for the opening up of market-relevant data and increasing the maturity of digitisation. In 2023, pilot transmission system operator data was opened under a pilot data opening plan. In addition, the maturity of data governance in the Group's companies continued to increase. The value created by the Group's services and the increased choice of sources (e.g. regional integration of the gas market through the GIPL), suppliers, services (e.g. adaptation of the gas transmission system for the transport of hydrogen, trading of energy certificates of origin, preparation of the electricity infrastructure for the electrification of the railways), will contribute to the well-being of the population, to the creation of a climate-neutral energy system, and thus to the improvement of the country's economic competitiveness through competitive energy prices.

To producers and suppliers: a developed liquid regional market and an infrastructure attractive for investment in energy production

One of the key strategic objectives is to maintain the high reliability of transmission systems and digitise technological assets. This is relevant for all participants in the platform - the identified key stakeholders. Accordingly, we consider the transmission reliability indicators set annually by VERT to be strategic objectives. In the electricity sector, the AIT (average interruption time in minutes) and ENS (amount of electricity not transmitted through the transmission grid in kWh) indicators for the first half of 2024 were within the acceptable range, at 0.375 minutes and 10.664 MWh respectively. In the gas sector, there were no unplanned outages in 2024 due to the responsibility of the transmission system operator.

During the strategy period, it is important to improve long-term system development planning in order to reduce capacity constraints in the transmission networks, ensuring efficient implementation of international interconnections, internal network development projects and the connection of new generating sources and new customers.

To society: targeted reduction of the environmental impact of activities and energy systems adapted to the decarbonisation of the energy sector

The Group aims to reduce greenhouse gas (GHG) emissions from its operations by 50% by 2030. A Scope 3 emissions inventory has been carried out at group level. EPSO-G Group joined the Science Based Targets initiative (SBTi) in 2024. By joining, the Group has committed itself to setting science-based greenhouse gas (GHG) emission reduction targets by 2030.

According to our assessment, the Group companies play an important role in enabling the streamlined transformation of the Lithuanian energy sector into a system based on green energy. RES integration management while ensuring system stability is an important challenge for which the Group is getting ready by identifying priority areas for new competencies required to acquire and by preparing for the integration of large volumes of offshore wind, the development of systems of guarantees of origin to facilitate the exchange of energy from RES, and the connection of biomethane and hydrogen producers. The adaptation of the Lithuanian gas transmission system to hydrogen transportation will be pursued, which is a strategically important and complex task with regard to the EU Hydrogen Strategy and the Strategy for Energy System Integration.

To each other: recognized regional future energy leaders

The EPSO-G Group having an extensive know-how on international projects employs a large number of highly qualified staff. The development of a sustainable employer-employee partnership aims to strengthen and further nurture corporate governance and energy competencies that will be relevant to the strategic goals relating to the implementation of strategic projects under the NEIS, decarbonisation, cross-sectoral integration of energy systems, to remain competitive in order to significantly increase the share of the Group's revenue from unregulated activities and the expansion of foreign markets and sustainable growth of regulated activities.

In 2023, the Group Executives' Committee was formed, changes to the operating model in the identified functional areas have been introduced using matrix management. From 2023, a new Group's employee remuneration and motivation system is in place, with the aim of better performance and more active contribution of employees to the Company's goals, the promotion of innovative solutions and the attraction and retention of qualified employees.

Results of the Engagement survey has revealed that the EPSO-G group result (74%) has substantially exceeded that of Lithuania (64%), state owned enterprises (65%) and international companies operating in Lithuania (65%) results.

To the shareholder: an integrated development of the entire Lithuanian energy system

The Group's strategy emphasises the need to create favourable conditions for the connection of green energy producers to the infrastructure managed by the Group, such as the development of a system for the blending of biomethane and hydrogen, and the adaptation of the electricity transmission system to the further development of onshore and offshore wind, as well as solar energy.

There is also the important aspect of promoting the integration of different sectors, so as to achieve an optimal balancing of the system. Pilot demonstration projects were continued with partners to integrate the electricity and district heating sectors (power-to-heat). Energy cooperation between different sectors of the economy, both domestically and regionally, will optimise the use of existing infrastructure, reduce the need for future RES curtailment, and increase overall system efficiency.

At the beginning of 2024, a new long-term strategy for the Group was launched, reflecting the transformation of Lithuania's energy sector and the expectations of its stakeholders, to ensure sustainable and innovative development of the Group's companies.

3.3. Operational and Financial Goals

Based on the lines of action set out in the shareholder's letter of expectations and confirmed in the strategy, the Board of Directors of EPSO-G has set the following objectives for the company in 2024.

No.	Annual objective	Target indicator level	Target weight
1.	Implementation of the CEN synchronisation programme	1. Synchronisation actions and measures implemented 2. Preparing for synchronisation with CEN	25%
2.	Enabling energy transformation	1. The product deliverables set out in the Offshore wind farm connection project implementation plan were achieved on time and to the extent foreseen 2. Implementation of flexibility measures 3. Implementation of the hydrogen programme to the extent foreseen 4. RES development 5. New long-term strategy for the Group developed, reflecting the results of the Lithuanian Energy Sector Transformation Study	30%
3.	Growth and development	1. Increase in profitability of contracting activities 2. New unregulated activities are launched	20%
4.	Sustainable finance and operations	1. Sustainable finance 2. Sustainable development of operations	15%
5.	Enabling an effective group organisational structure	1. Developing future competences 2. List of functions and the operating model, targets and indicators for the functions approved by the Group Management Committee 3. Continued implementation of the EPSO-G cultural change programme	10%

The Chief executive officer (CEO) of EPSO-G is accountable to the Board for the achievement of the goals set. The company's financial and non-financial objectives are identical to those of EPSO-G's CEO. The Board of the Company carries out an annual evaluation of the achievement of the goals.

The EPSO-G Board carries out an annual evaluation of the achievement of the goals. The result of this exercise determines the level of the variable remuneration component, up to the proportion set in the remuneration policy.

3.4. Summary of Significant Infrastructure Projects

3.4.1. Preparation of the Power Grid for a Synchronous Operation with the Continental European Network

One of the key directions of the implementation of the National Energy Independence Strategy of the Republic of Lithuania is the interconnection of the electricity system of the Republic of Lithuania in synchronous mode with the Continental European network (hereinafter - Synchronisation). When Lithuania becomes a full and complete member of the European electricity system in 2025, the electricity sector will be equipped with European standards for system management, market-based management of electricity flows and participation in the maintenance of system frequency.

Synchronous operation with the continental European electricity network will ensure:

- reliable operation of energy systems and safe transmission of electricity;
- coordinated actions to maintain facilities and plan network expansion;
- common rules for the management of energy systems - network codes - that will be applied uniformly in all EU countries;
- the availability of electricity from Western European power systems.

The Lithuanian Government has approved a list of energy projects to be implemented as part of the synchronisation of the electricity system. Litgrid is responsible for the implementation of 19 of the 21 projects on the list.

More information on synchronisation projects can be found on Litgrid's website.

Progress in implementing the programme

In accordance with the Action and Measures Plan of the Electricity System Synchronisation Project (hereinafter - the Action and Measures Plan of the Synchronisation Project or AMP), approved by the Government of the Republic of Lithuania on 4 September 2019 by Resolution No. 918, the majority of the actions and measures, with the deadlines for the implementation of these actions and measures foreseen for the first six months of 2024, have been implemented.

At the end of the reporting period, 8 projects have been completed and 11 more are under implementation. In 2024, contracting works for the construction of the 330 kV power transmission lines Kruonio HAE-Bitėnai and Darbėnai-Bitėnai Phase II, as well as for the construction of the 330 kV power transmission line Vilnius-Neris, and the 330 kV switchyards Darbėnai and Mūša continue. In April 2024, Phase I of the 330/110/10 kV Neris transformer substation reconstruction project was completed and the substation was put into operation. The Neris synchronous compensator equipment was delivered to Lithuania, and the installation of the building is completed. A new project concept for the construction of the Harmony Link has been developed, the construction of the onshore link is underway and preparatory work is ongoing.

Procurement of the NordBalt interconnector control system modernisation project is completed. In the Frequency Stability Assessment System (FSAS) project, Baltic operators have agreed on a common methodology for assessing the frequency stability of Baltic electricity systems. The first processes of the New Energy Balance Information System are tested and commissioned.

The completion rate of the Synchronisation Strategic Projects Programme, excluding the Harmony Link re-planning project, is 79% at the end of the first half of 2024.

3.4.2. Preparation for the Offshore Wind Farm Tenders

Offshore wind farms in Lithuania are among the country's most important energy independence projects. The installation of the parks will significantly increase the production of electricity from renewable energy sources and thus reduce Lithuania's dependence on electricity imports.

Two offshore wind farms with a capacity of around 1.4 GW in the Baltic Sea Exclusive Economic Zone (EEZ) of the Republic of Lithuania near Palanga, which will begin operation in 2028, are expected to generate up to 6 TWh of green electricity per year, which would provide up to half of the country's current electricity demand, as well as to attract investments of almost €3 billion and create at least 1.3 thousand new jobs.

The 700 MW offshore wind farm (Phase I - Spring tender) covers an area of around 120 km2 in the Baltic Sea. The park will be about 36 kilometres from the coast.
The area of the 700 MW offshore wind farm (Phase II - to be re-tendered) in the Baltic Sea is approximately 136.39 km2. The park will be about 30 kilometres from the coast.

EPSO-G, together with the Ministry of Energy of the Republic of Lithuania and the Lithuanian Energy Agency, is implementing a project to prepare for Phase II of the competition by carrying out the necessary assessments, studies and procedures to ensure proper preparation for the development of offshore wind farms.

Progress on project implementation

- On 15 January 2024, a call for tenders for the selection of a developer for Offshore Wind Farm II was launched. On 19 April 2024, after the deadline for the registration of tenders had expired and only one request to participate had been received, NERC took a decision on 19 April 2024 to declare the call for tenders unsuccessful. At this stage, preparatory work is underway for the re-tendering.
- On 17 May 2024, the coordination phase of the cross-border consultation on the Engineering Infrastructure Development Plan and the SPAV report was completed. The final stages of the alignment of the development plan concept and the SPAV with the State Service for Protected Areas are currently underway, and a final conclusion on the alignment of these documents is expected by the end of July.
- On 10 June 2024, it was announced that the first offshore wind farm to be built in Lithuania by the winner of the "Pavasario konkursas" contest will be called "Curonian Nord". Regarding the development of the park, ongoing meetings are being held with representatives of Ignitis Renewables and Litgrid to provide technical and consultancy support to the successful bidder and to work out solutions for the park's connection conditions that are acceptable to all parties.

3.5. Ten-year Grid Development Plans

3.5.1. Natural Gas Transmission System Operator's Ten-Year Grid Development Plan

According to the provisions of the Law on Natural Gas of the Republic of Lithuania, Amber Grid, the transmission system operator, shall prepare and submit to the Council, in accordance with the procedure laid down by the NERC, a 10 (ten) year network development plan for the transmission system operator every two years before 1 July of the current year, after consultation with stakeholders, which is based on the current and projected supply and demand. The Network Development Plan shall include effective measures to ensure the adequacy of system capacity and security of supply.

In June 2024, Amber Grid prepared and submitted to NERC a 10-year (2024-2033) network development plan. It foresees planned investments of around €214 million. Of these, investments over the next five years will amount to around €150 million. It will be channelled into projects to adapt the transmission system to transport hydrogen and gas mixtures and to upgrade and modernise existing transmission infrastructure.

NERC has published a public consultation on Amber Grid's 10-year network development plan (2024-2033) until 23 August 2024.
VERT consultation document

3.5.2. Electricity Transmission System Operator's Ten-Year Grid Development Plan

In accordance with the provisions of the Law on Electricity of the Republic of Lithuania, the electricity transmission system operator Litgrid shall, at least every two years before 1 July of the current year, submit to NERC a 10-year plan for the development of the transmission network, in consultation with the institutions concerned in the field of the management of the activities of the electricity sector, as well as with the other interested persons. It provides an assessment of current and projected electricity supply and demand, draws conclusions from a probabilistic assessment of the adequacy of the electricity system, and identifies effective measures to ensure the adequacy of the system's capacity and security of supply.

In 2024, Litgrid prepared and submitted to NERC a ten-year (2024-2033) development plan for Lithuania's 400-110 kV electricity system. It estimates that around €2.7 billion could be needed over the next 10 years to rebuild and develop the transmission network (excluding grid users' projects, the investment would be around €2.3 billion). These indicative investments are planned to be used for the implementation of strategic state projects, for the efficient use and systematic renewal of the electricity transmission network managed by the Company, taking into account the needs of generators and consumers, and for ensuring the system reliability indicators (END and AIT).

VERT has published a public consultation on Litgrid's 10-year (2024-2033) 400-110 kV grid development plan until 24 August 2024. VERT consultation document

4.

PERFORMANCE REVIEW

4. PERFORMANCE REVIEW

4.1. Performance Indicators

In 2024, the EPSO-G Group's financial performance was mainly driven by lower electricity and natural gas prices than those included in the tariff, which lowered the cost of acquiring gas and electricity for process and captive use, as well as by higher capacity reservation revenues.

4.7 terawatt hours (TWh) of electricity were transmitted through the country's high-voltage electricity transmission networks to serve the needs of the country's population and businesses during the period, an increase of 0.5% compared to the same period in 2023. Electricity consumption remained stable.

Litgrid has met its targets for the reliability of electricity supply by supervising and managing the electricity transmission system. The Average Interruption Time (AIT) was 0.38 minutes, including 0.37 minutes for reasons attributable to the Transmission System Operator (TSO) (0.31 and 0.09 minutes in 2023 respectively) and the Energy Not Supplied (ENS) indicator was 10.64 MWh, including 10.60 MWh due to reasons attributable to the TSO (9.00 MWh and 2.63 MWh in 2023 respectively). The transmission operator experienced three events leading to non-transmission of electricity between January and June 2024, which were attributable to the transmission operator. The NERC has set the AIT per year not to exceed 0.934 minutes and the ENS at 27.251 MWh.

The overall availability of the NordBalt and LitPol Link interconnectors with Sweden and Poland was 98.9% and 97.4% respectively in 2024. The most significant impact on the availability of the links was due to planned works - the annual maintenance of LitPol Link (110.8 hours). NordBalt availability was reduced by unplanned fault repairs on the Swedish side (49.9 hours).

According to the data of the electricity transmission operator, in the first half of 2024, the permitted generation capacity of solar power plants connected to Lithuania's electricity transmission and distribution grids increased by 455 MW (from 1,108 MW to 1,563 MW), while the permitted generation capacity of wind power plants increased by 94 MW (from 1,228 MW to 1,322 MW). The total capacity of solar and wind resources increased by 549 MW, from 2,336 MW to 2,885 MW.

Lithuania is an important gas transmission hub for neighbouring countries. In total, 13.4 TWh of natural gas was transported through the Lithuanian gas transmission system in the first half of 2024 (18.8 TWh in the corresponding period of 2023), excluding transit to the Königsberg region.

In January-June 2024, the gas transmission operator transferred 9.2 TWh of gas to Lithuanian gas consumers, or 46% more than in the corresponding period of 2023 (6.3 TWh). Demand for gas increased due to slightly colder winter weather than last year, electricity generation and lower gas prices on the market. The latter has led to higher gas consumption in fertiliser production.

While domestic consumption grew, the amount of gas transported to Lithuania declined. Most notably, the Balticconector gas pipeline linking Estonia and Finland was not operational until the end of April this year. For this reason, the gas supply to Finland was not organised through the Lithuanian gas transmission system, but through the LNG terminal in Finland. In addition, the LNG terminal in Klaipėda was closed for more than a month as a result of the inspection.

The Klaipėda LNG terminal, the main source of gas imports for Lithuania and the other Baltic countries, supplied 69% or 9.2 TWh of the total gas transported into the system in January-June 2024, compared to 87% or 16.4 TWh in the corresponding period in 2023. 2.9 TWh of gas was transferred to the Inčukalnis Underground Gas Storage Facility for the needs of Latvia and Estonia and for gas storage. The storage is currently at the same level as in mid-summer last year - 60% or 15 TWh. 1.1 TWh of gas was transported to Europe via the GIPL pipeline linking Lithuania and Poland.

When Lithuania stops importing Russian gas in 2022, only gas destined for Königsberg will be transported via the Lithuanian-Belarusian interconnector. Gas transit to the Königsberg region amounted to 12.9 TWh in January-June 2024 (13.2 TWh in the corresponding period in 2023).

Key performance indicators for EPSO-G Group companies

	January-June 2024	January-June 2023	Change +/-	Change %	January-June 2022
Electricity					
Electricity transmitted, GWh	4,739	4,718	21	0.5	5,306
ENS (electricity not transmitted), MWh *	10,60	2,63			8,24
AIT (average interruption time), min. *	0,37	0,09			0,26
ENS (electricity not transmitted), MWh **	10,64	9,00			36,11
AIT (average interruption time), min. **	0,38	0,31			1,16
NordBalt availability, %***	98,9	99,9			100
LitPol Link availability, %***	97,4	97,5			96,7
Natural gas					
Amount of gas transported to the internal discharge point, GWh	9,189	6,289	2 900	46.1	9,564
Gas transported to adjacent transmission systems, GWh****	16,858	24,274	-7 416	-30.6	22,715
Number of unplanned gas transmission outages due to operator liability	0	0	0	-	0
Total duration of unplanned gas transmission interruptions due to the operator's responsibility, hours and minutes	0	0	0	-	0
Biofuel					
Biofuel volumes traded on the Energy Exchange in Lithuania, GWh	2,972	3,039	-67	-2.2	2,587
Biofuel sold on the Energy Resources Exchange to foreign markets, GWh	738	842	-104	-12.4	142

* For reasons attributable to the operator only.
** For all reasons (including force majeure and external influences).
*** Overall availability of the interconnector LPL/NB - availability of the interconnector on both the Lithuanian and the other side.
**** Transmission systems of Latvia, Poland and the Königsberg region of the Russian Federation.

In the first half of 2024, biofuels trading on the Baltpool energy exchange fell by 1.8%. - In the first half of 2024, 3.7 TWh were traded and in January-June 2023, 3.8 TWh were traded.

Nearly 4.7 thousand transactions worth almost €72 million were made on the exchange. The drop in biofuel sales was partly due to reduced activity on the Estonian and Latvian markets, while in Lithuania the volume of biofuel sold grew by 1.2% compared to the first half of 2023. Foreign trade has been declining, as transactions for the upcoming heating season are not yet active. Calendar year 2024 continues the trend of 2023, with prices on the Lithuanian biofuel market continuing to decline. Since the beginning of the year, the price of biofuels has fallen by almost 12%.

In the first half of 2024, 2.8 TWh of heat sales and purchases were transacted in the Baltpool heat auction data management system (2.5 TWh in January-June 2023), and more than 4.2 thousand transactions were transacted in the electronic timber sales system, involving 1.9 million ktoe (3.4 thousand transactions in the first half of 2023 - 1.3 million ktoe).

4.2. Consolidated Financial Performance Indicators

Financial indicators, EUR million	January-June 2024	January-June 2023	Change		January-June 2022
			+/-	%	
Income	246.4	221.1	25.3	11.5	230.2
Operating costs [9]	213.9	194.1	19.8	10.2	234.3
EBITDA[1]	52.4	44.2	8.2	18.5	13.7
Adjusted EBITDA [2]	38.4	31.3	7.1	22.4	33.6
Net profit	30.4	31.5	-1.1	-3.6	-4.5
Adjusted net profit [2]	18.5	11.4	7.1	62.9	12.7
Cash flow from operations (FFO) [3]	53.0	44.6	8.4	18.9	5.8
Investments [4]	94.1	79.9	14.2	17.7	53.5
Relative financial indicators					
EBITDA margin [5]	21.3	20.0			10.3
ROE (last 12 months), %	17.2	-2.5			2.6
ROE adjusted (last 12 months), %	10.0	9.5			9.8
Balance sheet financial ratios, thous. Eur	**30 June 2024**	**31 December 2023**			**31 December 2022**
Assets	1,120.8	1,078.5	28.7	9.3	1,425.7
Fixed assets	771.2	756.2	15.0	2.0	709.5
Current assets	349.6	322.3	27.3	8.5	515.5
Property	336.5	307.9	28.7	9.3	227.8
Obligations	784.2	770.6	13.7	1.8	1,198.0
Net debt[6]	16.6	83.5	-66.9	-80.1	-28.3
Working capital[12]	-67.3	-25.7	-41.5	n/a	-21.5
Relative financial indicators					
Asset turnover[7]	44.9	47.5			44.3
Net debt to equity ratio	4.9	27.1			n/a
FFO to net debt ratio [10]	641.6	19.6			n/a
Net debt to EBITDA ratio [11]	0.2	4.0			n/a
Net debt to adjusted EBITDA ratio	0.3	1.3			n/a
Equity to assets ratio	30.0	20.4			16.0
Total liquidity ratio[8]	1.14	0.84			0.74

(1) EBITDA = profit (loss) before tax + finance operating costs - finance operating income + depreciation and amortisation charges + asset impairment charges (including negative revaluation of tangible fixed assets) + asset write-down charges

(2) Recalculations of regulated revenue, cost and profitability indicators shall be made for temporary regulatory deviations from the regulated profitability approved by the NERC, the result of the revaluation of fixed assets, and other atypical gains or losses.

3) Cash flow from operations (FFO) = EBITDA + interest earned - interest paid - income tax paid

4) Investments = Acquisitions of tangible fixed assets + Acquisitions of intangible fixed assets, net of any offsetting against grants received/receivable for the acquisition of those assets + Movement in the balance of prepayments during the year

5) EBITDA margin = EBITDA/Revenue

6) Net debt = Long-term financial debt + Short-term financial debt + Lease liabilities - Short-term investments - Time deposits - Cash and cash equivalents

7) Asset turnover = Income (last 12 months)/Assets

8) Total liquidity ratio = Current assets/Current liabilities

9) Depreciation of assets is included in operating expenses

10) FFO to net debt ratio = FFO (last 12 months)/net debt

11) Net debt/EBITDA ratio = Net debt/EBITDA (last 12 months)

(12) Working capital = inventories + prepayments and contract assets + trade receivables + other receivables + corporation tax paid in advance + trade debts + prepayments received + provisions + other current payables and liabilities - PICS payables - PICS and SIP accruals - PICS receivables

4.2.1. Revenue

Consolidated revenues of the EPSO-G Group for the first half of 2024 increased from €221.1 million to €246.4 million, an increase of €25.3 million, or 11.5%, compared to the same period in 2023. Revenues from regulated activities remained at a similar level, accounting for around 96% of the Group's total revenues.

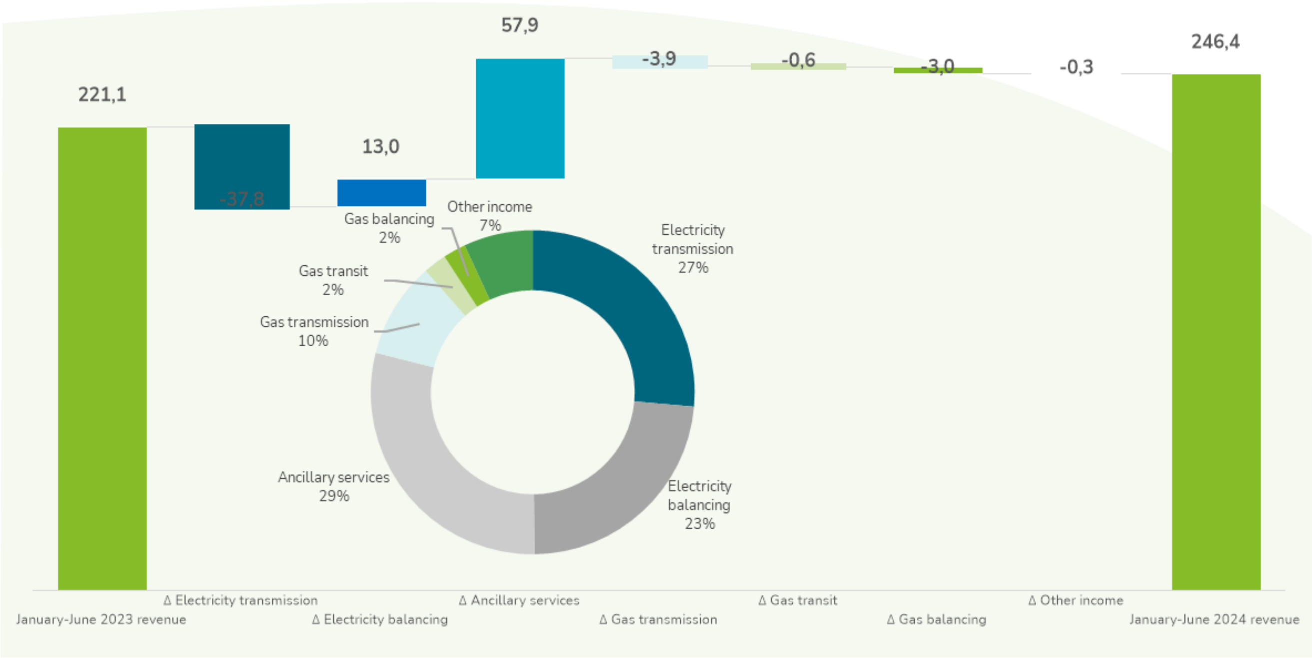
Revenue by segment, EUR million	January-June 2024	January-June 2023	Change	
			+/-	%
Group revenue:	246.4	221.1	25.3	11.5
Litgrid	197.7	166.9	30.8	18.5
,Amber Grid	35.0	42.7	-7.7	-18.0
Elimination of other and reciprocal transactions	13.7	11.5	2.2	18.8

Litgrid revenue from electricity transmission and related services in January-June 2024 was 18.5% higher than in the corresponding period of 2023, amounting to €197.7 million and accounting for 80.2% of the total revenue of the EPSO-G group. Despite the stable transmission of electricity in the first half of 2024, transmission revenues declined by 37% to EUR 65.1 million, due to EUR 71.2 million of congestion management revenues used to reduce the 2023 electricity tariff during the half-year. Despite the decrease in transmission revenues, the overall increase in revenues was driven by revenues from ancillary services, which increased from EUR 13.8 million to EUR 71.7 million (almost 5.2 times), due to the higher ancillary services purchase levy set by the NERC, as well as by an increase in imbalance and balancing electricity revenues from EUR 44.7 million to EUR 57.7 million (+29.0%), which grew due to the increase in the amount of electricity transmitted by 86%. The change in these revenues has no impact on the Company's profitability as, under regulated imbalance pricing, the current year's revenues compensate for the costs, including the Company's internal costs, attributable to these activities in accordance with the Regulatory Accounting Description.

In the first half of 2024, the EPSO-G Group generated €35.0 million or €7.7 million less revenue from natural gas transportation and related services, which represents 14.2% of the EPSO-G Group's total revenue. Natural gas transmission revenues for the reporting period decreased by EUR 3.9 million or 14.1% to EUR 23.6 million compared to the corresponding period in 2023. This was due to a 15% decrease in the volumes of natural gas transferred to the transmission systems of neighbouring countries, which was not offset by an increase in the volume of natural gas transported at the internal point. Another reason for the decline in revenues was a 1.5-fold decrease in revenues from balancing products, from €8.6 million to €5.6 million, due to the fall in gas prices.

The other group's revenue increased by 18.8% or EUR 2.2 million to EUR 13.7 million. This was mainly due to the launch of Energy Cells, which generated revenues of EUR 3.7 million in the first half of the year.

Revenue, EUR million

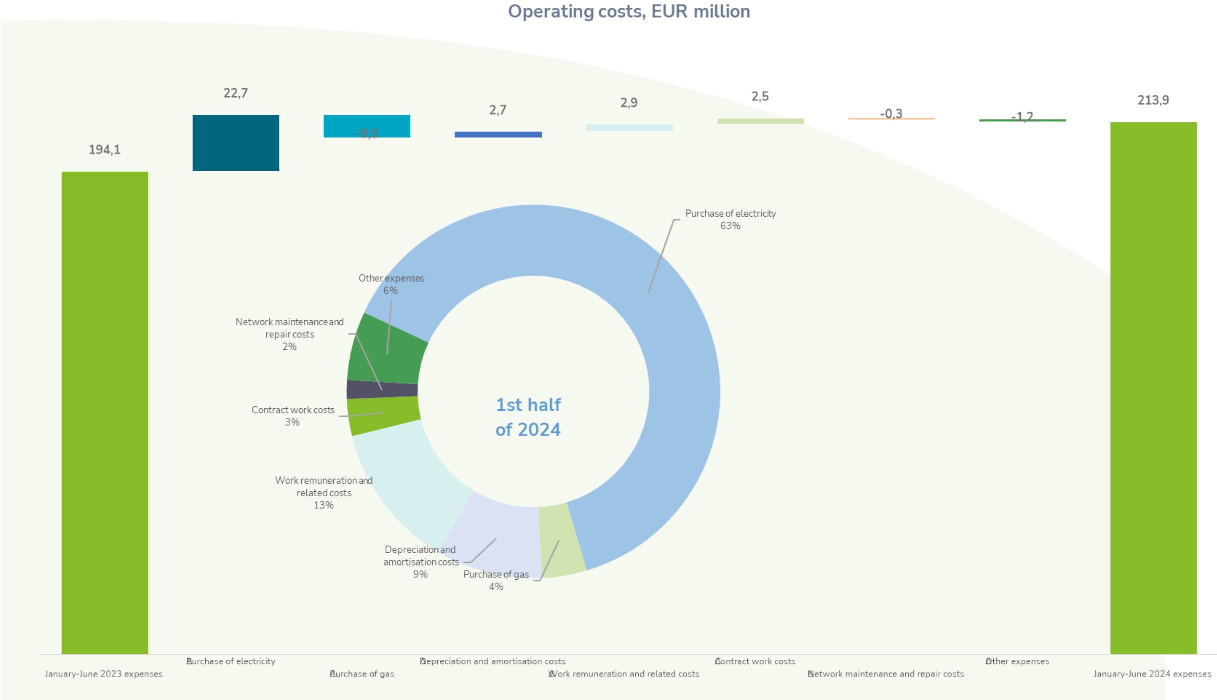


4.2.2. Operating Costs

The Group's operating expenses for the period January-June 2024 amounted to EUR 213.9 million, an increase of EUR 19.8 million, or 10.2%, compared to the corresponding period in 2023 (EUR 194.1 million). The increase is mainly due to the cost of electricity purchases due to significant overcapacity (colder weather in January) and the cost of Tetas's contracted works (higher volumes than last year).

The largest part of operating costs was the purchase of energy resources and related services for technological purposes - EUR 140.8 million or 66% of the total. Salaries and related costs amounted to EUR 26.9 million, depreciation and amortisation to EUR 19.8 million, contracting and subcontracting and materials to EUR 6.8 million, network maintenance and repair to EUR 3.5 million, and the rest to EUR 16.1 million.

Operating costs, EUR million



Operating costs by segment, EUR million	January-June 2024	January-June 2023	Change	
			+/-	%
Group operating costs:	213.9	194.1	19.8	10.2
Litgrid	168.2	146.5	21.7	14.8
Cost of electricity and related services	135.7	113.0	22.7	20.1
Salary	9.9	8.7	1.2	13.5
Depreciation and amortisation	11.0	9.9	1.0	10.4
Other	11.6	14.9	-3.2	-21.8
Amber Grid	30.5	38.3	-7.8	-20.3
Natural gas acquisition costs	8.4	17.9	-9.5	-52.9
Salary	7.5	7.1	0.4	6.2
Depreciation and amortisation	7.4	6.3	1.1	18.1
Other	7.1	7.0	0.1	1.8
Other segments and elimination of inter-segment transactions	15.2	9.3	5.9	63.8
Including Tetas (sub)contract works and materials	6.8	4.3	2.5	59.2

Litgrid operating costs increased by EUR 21.7 million or 14.8% and amounted to EUR 168.2 million or 79% of the Group's operating costs. The increase was mainly driven by the cost of purchasing electricity and related services due to overcapacity.

Amber Grid's operating expenses decreased by EUR 7.8 million or 20.3% and amounted to EUR 30.5 million or 14% of the Group's operating expenses. This is mainly due to lower procurement costs of natural gas for process use as a result of lower gas prices on the market, as well as lower gas consumption for process use due to lower flows to Poland. The weighted average price of natural gas on the GET Baltic day traded market in the first half of 2024 (EUR 36/MWh) decreased by 32% compared to the same period in 2023 (EUR 53/MWh).

Costs in the other segments of the Group increased by EUR 5.9 million or 63.8% to EUR 15.2 million or 7% of the Group's operating costs. The increase was mainly due to contracting and subcontracting by Tetas.

4.2.3. Results of Operations

The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first half of 2024 amounted to EUR 52.4 million (EBITDA for the corresponding period in 2023 was EUR 44.2 million).

EBITDA margin for January-June 2024 was 21.3%. (20.0% for the same period in 2023).

Financial results by segment, EUR million	January-June 2024	January-June 2023	Change	
			+/-	%
Group's EBITDA:	52.4	44.2	8.2	18.5
Litgrid	40.6	35.0	5.6	16.0
Amber Grid	12.0	10.7	1.3	11.7
Other segments and elimination of inter-segment transactions	-0.2	-1.5	1.3	-89.7
Group's net profit (loss):	30.4	31.5	-1.1	-3.6
Litgrid	28.1	23.0	5.2	22.5
Amber Grid	3.4	12.6	-9.1	-72.6
Other segments and elimination of inter-segment transactions	-1.2	-4.1	2.8	n/a

Litgrid's EBITDA increased by EUR 5.5 million, or 16%, to EUR 40.5 million in the first half of 2023 compared to the same period of the previous year, and accounted for almost 77% of the EPSO-G Group's EBITDA. This was due to an increase in revenues from electricity imbalance and balancing and ancillary services activities.

Amber Grid's EBITDA increased by EUR 1.3 million or 12% to EUR 12.0 million and accounted for 23% of the Group's EBITDA mainly as a result of a lower loss from balancing activities, which is directly impacted by the decrease in natural gas market prices.

4.2.4. Adjusted Results of Operations

Recalculations of regulated revenue, cost and profitability indicators are made for temporary regulatory deviations from the regulated profitability approved by NERC. The calculation of the adjusted ratios shall take into account the adjustment of deferred income, which has already been approved by decision of NERC for the purpose of setting the regulated prices for transmission services for the period under review, as well as the deviation between the profitability approved by NERC for the period under review and the actual profitability, which will be taken into account by NERC for the purpose of setting the transmission prices for the following period, and the results of the revaluation of the assets as well as any other abnormal gains or losses.

- Adjusted EBITDA for the first half of 2024: EUR 38.4 million (first half of 2023: EUR 31.3 million).
- Adjusted net profit for the first half of 2024: EUR 18.5 million (first half of 2023: EUR 11.4 million).
- Adjusted average return on equity (ROE) for the last twelve months of 10.0% (9.5% in 2023)

The Group's adjusted EBITDA increased due to a higher return on investment approved by the regulator (the WACC for both the natural gas transmission operator and the electricity transmission operator increased by approximately 1 percentage point) as well as to the additional tariff component approved by the NERC for the financing of the investments for the electricity transmission system operator. Adjusted financial results by segment. In addition, the Group's adjusted net profit was boosted by the result of associates (TSO Holding).

Adjusted financial results by segment, EUR million	January-June 2024	January-June 2023	Change	
			+/-	%
Group's adjusted EBITDA:	38.4	31.3	7.1	22.4
Litgrid	24.8	20.2	4.6	22.8
Amber Grid	13.7	12.6	1.2	9.3
Elimination of other and reciprocal transactions	-0.2	-1.4	1.2	n/a
Group's adjusted net profit(loss):	18.5	11.4	7.1	62.9
Litgrid	14.7	10.4	4.3	41.1
Amber Grid	5.1	5.0	0.1	0.4
Elimination of other and reciprocal transactions	-1.2	-4.0	2.8	n/a

Detailed adjustments to calculate adjusted EBITDA and adjusted net profit (loss) are disclosed below.

Adjusted EBITDA, EUR million		January-June 2024	January-June 2023
	Group’s EBITDA	52.4	44.2
Amber Grid	Repayment of investment return discrepancies for prior periods	3.8	5.4
	The payment to Poland for the GIPL has been included in 2022 revenue	-2.8	-6.9
	Current year difference between actual revenue and revenue determined by NERC	3.5	-1.1
	Actual balancing result for the current year	0.9	4.9
	Current year difference between actual technological losses and those set out in the price	-4.5	-0.6

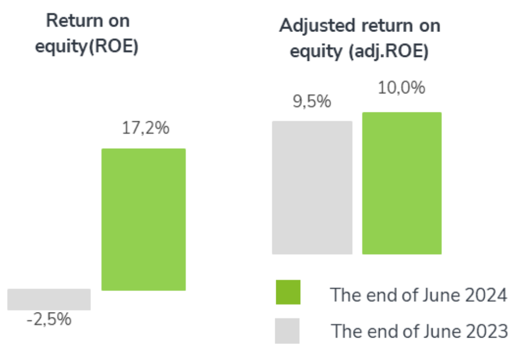
	Other adjustments of the actual and price levels for the current year	0.8	0.2
Litgrid	Repayment of discrepancies in the return on investment of transmission activities for previous periods	6.6	-2.0
	Current year difference between actual technological losses and those set out in the price	-4.1	-51.1
	Discrepancies in return on investment for other transmission activities	-6.4	3.9
	Repayment of investment return discrepancies on ancillary services for previous periods	0.0	13.6
	Current year regulatory return margin for ancillary services	-11.8	20.9
	Adjusted group's EBITDA	**38.4**	**31.3**

Adjusted net profit (loss), EUR million		January-June 2024	January-June 2023
	Group's net profit (loss)	30.4	31.5
Amber Grid	Adjustment of EBITDA	1.8	1.9
	Current year difference between regulatory and financial depreciation of tangible fixed assets	0.4	-0.3
	The difference between the current year's actual taxes and the price charged	-0.6	0.0
	Influence of IMT assessment and atypical events	0.0	-9.1
Litgrid	Adjustment of EBITDA	-15.7	-14.8
	The difference between the current year's actual taxes and the price charged	2.2	2.2
	Influence of IMT assessment and atypical events	0.0	0.0
	Adjusted group's net profit (loss)	**18.5**	**11.4**

4.2.5. Return on Equity

The return on equity was 17.2% in 2024, an increase of 19.7 percentage points compared to the corresponding period in 2023 due to an increase in net profit. The 2023 return on equity indicator was negative due to the loss-making period July-December 2022 included in the calculation of the indicator.

The adjusted return on equity in 2024 increased by 0.5 percentage points compared to the corresponding period in 2023 due to higher regulatory returns. The increase in regulatory return is due to an increase in the rate of return on investment set by NERC for 2024 compared to that for 2023, as well as a higher booked TSO result.



4.2.6. Statement of Financial Position

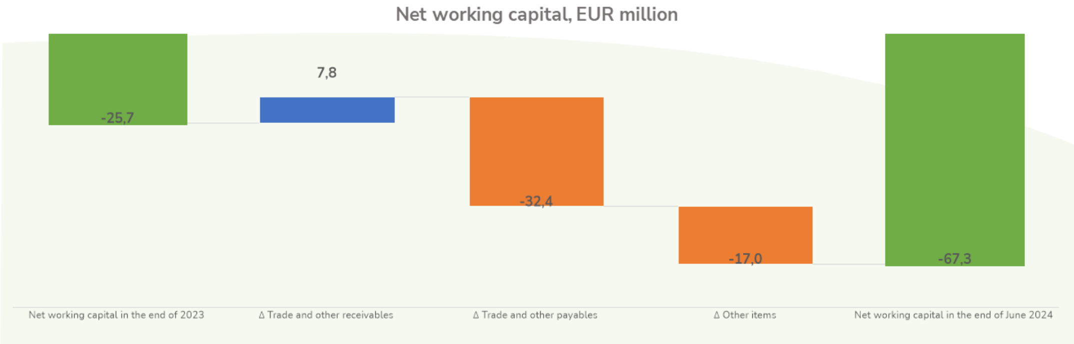
As at 30 June 2024, the Group's assets amounted to EUR 1 120.8 million. Compared to the end of 2023, the increase is 9.3% or €28.7 million. This is mainly due to an increase in cash and cash equivalents (+€16.9 million), driven by the profitable performance in the first half of the year as well as by the congestion management revenue received.

The Group's non-current assets amounted to EUR 771.2 million and accounted for 68.8% of the Group's total assets. Fixed assets increased by 2.0% or EUR 15.0 million compared to the end of 2023, due to investments made in the electricity transmission system.

As at 30 June 2024, long-term liabilities amounted to EUR 478.3 million, an increase of 7.9% or EUR 34.9 million compared to 31 December 2023. The increase is due to the long-term congestion management revenue liability of the electricity transmission operator (+€37.3 million), which is a result of the congestion management revenue received in the first half of 2024 (€53 million).

Shareholders' equity increased by 9.3% or EUR 28.7 million to EUR 336.5 million compared to the end of 2023 due to the net profit generated during the reporting period, and the share of equity in the Group's assets at the end of June 2024 was 30.0%.

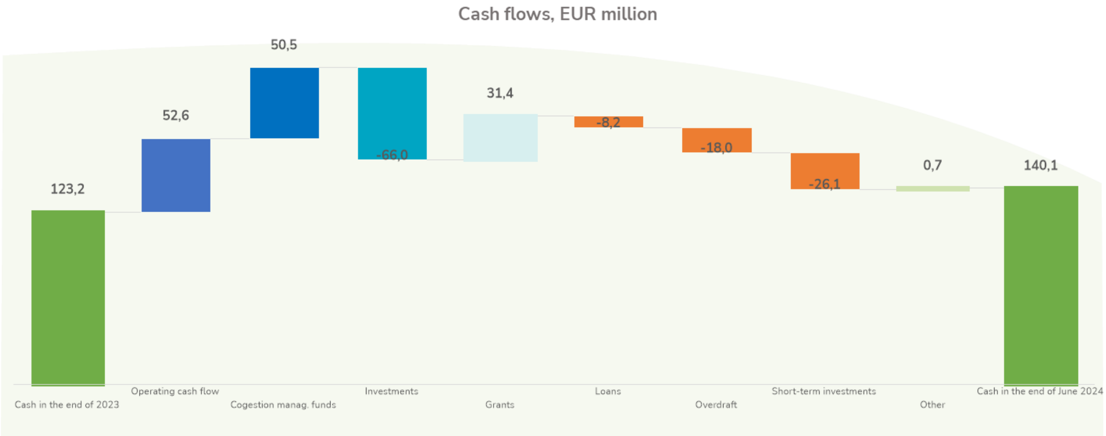
During the first half of 2024, the decrease in working capital investment is mainly due to an increase in the electricity transmission operator's trade debts for fixed asset investments.



At the end of June 2024, the Group's net financial liabilities to creditors, including lease liabilities, amounted to EUR 182.6 million. Mainly due to Litgrid's cumulative congestion revenue, cash and cash equivalents and term deposits and short-term investments at the end of the period amounted to EUR 165.9 million, while net financial debt decreased by EUR 66.9 million to EUR 16.6 million.

Net debt, million EUR	30 June 2024	31 December 2023	Change	
			+/-	%
Group's net debt:	**16.6**	**83.5**	-66.9	**-80.1**
Long-term and short-term loans	170.6	195.9	-25.3	-12.9
Lease liabilities	12.0	10.9	1.1	10.0
Cash and cash equivalents, deposits, bonds	165.9	123.2	42.7	34.6

4.2.7. Cash Flows



In the first half of 2024, the Group's cash flow from operating activities amounted to EUR 52.6 million (EUR 44.1 million in the corresponding period in 2023). The group has allocated EUR 66.0 million for investments in fixed assets (EUR 100.3 million in the same period in 2023). In the reporting period 2024, €31.4 million of EU funding was received for investment projects (€41.3 million in the first quarter of 2023).

In January-June 2024, Litgrid received congestion management revenues of EUR 50.5 million, almost 1.5 times higher than in the corresponding period of 2023, due to higher regional electricity price differences. These revenues are not accounted for as revenue and do not directly contribute to the Company's operating result, and their use is governed by Regulation (EC) No. 2019/943 of the European Parliament and of the Council and the methodology adopted by the Agency for the Cooperation of Energy Regulators of the European Union (ACER). Congestion management revenues are mainly used to part-finance the company's investments to increase interconnection capacity. The use of congestion management revenue for investments in the reporting period amounted to EUR 13.8 million.

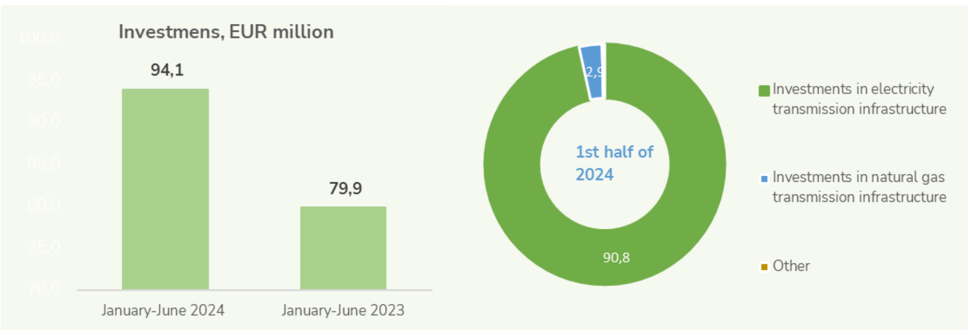
In January-June 2024, the Group repaid EUR 8.2 million of long-term loans (EUR 27.5 million in the corresponding period of 2023) and no new long-term loans were obtained. In the first half of 2024, the Group repaid EUR 18 million of the overdraft which was temporarily used at the end of 2023. The Group's efficient cash balance management led to an increase in short-term financial instruments (deposits and bonds) of EUR 26.1 million during the half-year.

4.2.8. Investments

In the first half of 2024, the EPSO-G Group's investments (fixed assets accounted for at acquisition cost, without offsetting against grants received/receivable for the acquisition of those assets) amounted to €94.1 million, an increase of €14.2 million, or 17.7%, compared to the same period of 2023 (€79.9 million).

Litgrid's investments amounted to EUR 90.8 million (62% of which was spent on strategic and nationally important electricity projects and 38% on the reconstruction and development of the transmission network and operational support).

Amber Grid investments in the reconstruction and modernisation of the backbone network amounted to almost EUR 2.9 million (including EUR 0.6 million for the upgrade of cathodic protection systems, EUR 0.7 million for the reconstruction of the control room building, EUR 1.0 million for the installation of the gas pipeline shutoff devices and the installation of the Scada, and others).



4.3. Research and Development Activities

The ambitious goals of the National Energy Independence Strategy regarding the integration of renewable energy sources, alongside the ongoing programme of synchronisation with the continental European grids and the processes of regional gas market integration, are encouraging the companies of the EPSO-G Group to look for new innovative solutions for the reliable operation of Lithuania's energy system both now and in the future. Research and studies, and the planning and implementation of innovation activities, encourage the Group's companies to improve the efficiency of their operations by applying new methods, tools and best practices.

EPSO-G Groups are guided by the Guidelines for Research and Experimental Development and Innovation Activities (hereinafter - MTEPI Guidelines). The objective of the MTEPI guidelines is to ensure, through research, innovation and new solutions, the continuity and efficiency of the activities of the companies in the EPSO-G group, to be competitive or to create the conditions for competition, in order to achieve the objectives of the NEIS and to create greater added value for society.

On 18 April 2024, the Group Management Committee approved the direction of the EPSO-G Group's innovation function for 2024, as well as its objectives and targets. Key points:

1. increased cooperation (seeking synergy) and a focus on initiating significant, value-creating innovation projects;
2. proactively engaging in international projects and securing funding for such projects through European Union and/or other funds;
3. an orientation towards the development of (un)regulated activities through the creation of new services and/or products.

EPSO-G Group's research, development and innovation activities aim to implement the energy transformation and the transition to a climate-neutral economy, while at the same time fostering greater energy efficiency and cross-sectoral cooperation for the benefit of the Lithuanian people and business. Taking into account the decisions of the Group Management Committee and the need to strengthen research, development and innovation activities in the areas of RES capacity development, sectoral integration and flexibility, green gas energy, and efficiency of transmission system operators, it is planned to update the provisions of the MTEPI Guidelines accordingly by the end of 2024.

In the first half of 2024, the Group implemented 7 innovation projects and launched 13 new initiatives. The Group's innovation portfolio currently consists of 33 ongoing projects. Highlights from the first half of the year are listed below:

Nordic-Baltic Hydrogen Corridor Feasibility Study

A preliminary feasibility study for the development of cross-border hydrogen infrastructure from Finland to Germany via the Baltic States and Poland was completed in June 2024. On the basis of the study, the transmission system operators of the six countries agreed to take the next step by carrying out a more in-depth feasibility study as a basis for the design and construction of a pipeline from Finland to Germany.

Contract signed for virtual network feasibility study

Litgrid and Energy cells, together with the Lithuanian Energy Institute, will carry out a study on the virtual grid as an electricity market product. This innovation, the virtual grid, would contribute to the reliability of the electricity system, increase the capacity of power lines, and at the same time expand the grid's ability to integrate energy from renewable sources such as solar and wind farms.

4.4. Significant Events of the Reporting Period

01

JANUARY

3 January. The European gas transmission system operators Gasgrid Finland (Finland), Elering (Estonia), Conexus Baltic Grid (Latvia), Amber Grid (Lithuania), GAZ-SYSTEM (Poland), and ONTRAS (Germany), which are involved in the international Nordic-Baltic Hydrogen Corridor project, signed an agreement on a feasibility study for a green hydrogen corridor.

12 January. Litgrid and KTU have completed innovative battery and thermal storage tests.

15 January. Litgrid has signed a cooperation agreement to prepare the electricity transmission network for the electrification of Rail Baltica.

26 January. Amber Grid and the Latvian gas operator Conexus Baltic Grid have completed the ELLI project, a strategic project to increase the capacity of the gas pipeline interconnector between Latvia and Lithuania.

02

FEBRUARY

1 February. A new electronic system for the registry of guarantees of origin of green gas, administered by Amber Grid, became operational.

8 February. Litgrid has completed the 8th synchronisation project: the electricity transmission network has been reinforced with a new Automatic Generation Management System.

12 February. According to Litgrid, electricity generation in Lithuania grew by one-third in 2023, the highest since 2010, and renewable energy plants produced a record high amount of electricity, accounting for 70 percent of the country's total generation.

03

MARCH

13 March. On 12 March 2024, Mrs Asta Sungailienė, an independent member of the EPSO-G Board, announced her resignation as a member of the EPSO-G Board and as Chairperson of the Remuneration and Nomination Committee, with effect from 27 March 2024 for personal reasons.

15 March. The updated version of EPSO-G's Articles of Association is registered in the Register of Legal Entities.

04

APRIL

9 April. Litgrid has connected to the grid a solar park under construction in Molėtai district, with an authorised generation capacity of 80 MW and installed capacity of 100 MW. It is the second solar park in the country connected to the electricity grid and the largest in terms of authorised generation capacity.

25 April. Litgrid has completed the reconstruction of the 330 kV Klaipėda-Šyša line.

As of 30 April 2024, members have been elected to the Boards of the companies within EPSO-G Group Amber Grid, Baltpool and Litgrid for a term of 4 (four) years.

30 April. EPSO-G's General Meeting of Shareholders decided on the distributable profit. Dividend payments amounted to EUR 196.170 thousand.

05

MAY

On 9 May, Litgrid's planned development of the north-western electricity transmission network was granted the status of particular importance.

On 10 May, the Board of Directors of Amber Grid elected Paulius Butkus, a member of Amber Grid's Board of Directors and Head of Development and Innovation at EPSO-G Group, as Chairman of the Board.

On 22 May, Tomas Varneckas, the Head of Infrastructure and Project Management at EPSO-G Group, was elected Chairman of the Board of Litgrid for a second term of office.

On 23 May, Simona Grinevičienė, the Head of Organisation Development and Culture of the EPSO-G Group, was elected as the new Chair of the Board of Baltpool.

On 28 May, EPSO-G joined the Science Based Targets initiative (SBTi). By joining, the Group has committed itself to setting science-based greenhouse gas (GHG) emission reduction targets by 2030.

06

JUNE

On 6 June, Tetas became the Baltic representatives of “Maschinenfabrik Reinhausen GmbH”, a world leader in transformer solutions.

On 12 June, Litgrid and Energy cells, together with the Lithuanian Energy Institute (LEI), will conduct a study on the virtual grid as an electricity market product.

On 20 June, Amber Grid and Litgrid, companies of the EPSO-G Group, hand over humanitarian aid packages to Ukraine's energy sector. Litgrid is sending a third support package consisting of an autotransformer and transmission network equipment. The second Amber Grid contribution consists of five generators and ten pipeline reinforcement couplings. The total value is more than €4.1 million.

Significant events after the end of the financial period

07

JULY

On 4 July, Litgrid switched on a new 330 kV switchyard in Tytuvėnai, which will allow wind farms to be connected to the transmission grid. The switchyard will transmit the largest amount of electricity generated from renewable energy sources in Lithuania - over 600 MW.

On 15 July in Vilnius, four Lithuanian companies - Amber Grid, Elektros skirstymo operatorius (ESO), Ignitis gamyba and Tetas - signed agreements for the supply of humanitarian aid to Ukraine, as well as for measures to help rebuild the country's energy infrastructure, which had been destroyed by the war. In market value terms, the amount of humanitarian aid planned for these and other Lithuanian energy companies will exceed EUR 50 million.

On 16 July, the Baltic electricity transmission system operators sent a notice to representatives of Russia and Belarus regarding the withdrawal from the Russian-controlled electricity system in February 2025 and the non-renewal of the BRELL contract.

On 18 July, EPSO-G set up a new company, EPSO-G Invest. EPSO-G will hold 100% of the shares in the new company, whose main planned activities are project management and investments.

On 25 July, Moody's Ratings affirmed the Baa1 credit rating with a stable outlook for the EPSO-G group of power transmission and interconnection companies following the periodic review of its credit rating. The rating reflects the Group's strong financial position, moderate and balanced debt levels and stable and diversified income stream.

On 29 July, NERC published data on the allowable rate of return on investments for Amber Grid, Energy cells and Litgrid in 2025. Taking into account the provisions of the NERC Methodology for Determination of the Rate of Return on Investments and the situation on the financial markets, NERC announced on its website that the applicable rate of return on investments (on the value of regulated assets, RAB) for the calculation of the regulated prices of Amber Grid, Energy Cells and Litgrid in 2025 will be respectively 5.63%, 5.69% and 5.72% (in 2024 it was 5.04%, 4.97% and 5.00% respectively).

4.5. Membership in Organisations

In first half of 2024, the holding company EPSO-G and the transmission system operators actively participated in the activities of the national (Lithuania's National Energy Association - Lith. NLEA) and various international organisations and associations, such as the European Association of Transmission System Operators for Electricity (ENTSO-E) and the European Association of Transmission System Operators for Gas (ENTSO-G), as well as in the activities of TSOs and other associations of electricity undertakings. The involvement in the activities of Lithuanian and foreign organisations allows the Group companies to build their competences, share best practices, and participate in joint projects with other countries that contribute to strengthening Lithuania's energy independence.

Organisation	Representing company	Link	Organisation description
Bioenergy Europe	Baltpool	www.bioenergyeurope.org	The association bringing together national bioenergy associations and bioenergy companies based in Europe, as well as academic and research institutions in Europe.
EASEE-gas	Amber Grid	www.easee-gas.eu	The association established to develop and promote simplified and streamlined physical transportation and trade of gas throughout Europe.
ENTSO-E	Litgrid	www.entsoe.eu	The organisation bringing together European electricity transmission system.
ENTSO-G	Amber Grid	www.entsog.eu	The organisation bringing together European natural gas transmission
European Green Hydrogen Alliance (European Green Hydrogen Alliance)	Amber Grid	www.ech2a.eu	An alliance for the development of hydrogen technology in Europe.
European Renewable Gas Registry	Amber Grid	www.ergar.org	An organization with the objective to develop trade in guarantees of origin for gas produced from renewable energy
European Hydrogen Backbone	Amber Grid	www.ehb.eu	Members participating in the initiative create a shared vision for hydrogen transportation infrastructure across Europe.
Infobalt	EPSO-G, Amber Grid, Litgrid	www.infobalt.lt	DigiTech Sector association to create the best conditions for technology application, market development and export. EnergyTech Digital, a group set up by Infobalt and the EPSO-G Group companies to promote the wider use of digital technologies in the energy sector.
International Council on Large Electric Systems (CIGRE)	Litgrid	www.cigre.org	Global non-profit organization, the scope of the activities, of which includes the technical and economic aspects of the electrical grid, as well as the environmental and regulatory
AIB, the organization uniting bodies issuing guarantees of origin in Europe	Amber Grid	www.aib-net.org	Creates and develops a standardized system for the exchange of guarantees of origin of energy among the bodies issuing guarantees of origin of the European Union and the member states of the European Economic

			Area to ensure a reliable, transparent and economical cross-border exchange of guarantees of origin of energy.
Polish-Lithuanian Chamber of Commerce	Amber Grid, Litgrid	www.plcc.lt	The organisation seeking to improve economic cooperation between Lithuania and Poland.
Lithuanian Project Management Association	EPSO-G	www.ipma.lt	The association bringing together project management professionals
Lithuanian LNG platform	Amber Grid		The Platform partners aim to promote the use of LNG as a new, cleaner and quieter fuel in the transport, industrial and other sectors of the economy and to create a common information and working platform for all potential LNG market players.
Lithuanian Hydrogen Energy Association	Amber Grid	www.h2lt.eu	The association uniting the country's scientists and business organizations that participates in the formation of national, regional and EU policies and objectives, including the preparation of the strategy and action plan for the development of hydrogen in the legislative process regulating the Lithuanian hydrogen.
Lithuanian Hydrogen Platform	Amber Grid, EPSO-G		The platform aims to help achieve the goals of the EU Hydrogen Strategy to create a full-fledged and affordable renewable hydrogen value chain. It also promotes the involvement of Lithuanian companies and organizations in the value chain activities of the hydrogen sector, in developing and producing products and providing services for the needs of Lithuania and other countries.
Lithuania's National Energy Association (Lith. NLEA)	EPSO-G, Amber Grid, Litgrid	www.nlea.lt	The association bringing together Lithuanian companies operating in the electricity and natural gas sectors, as well as scientific establishments.
Association of Personnel Management Professionals (Lith. PVPA)	EPSO-G	www.pvpa.lt	An association uniting personnel management professionals.
Lithuanian Responsible Business Association LAVA	EPSO-G	Asociacijajava.lt	LAVA is in the center of sustainable business ecosystem, connecting companies and organizations at the national level.
Kaunas Chamber of Commerce, Industry and Crafts	Tetas	www. chamber.lt	An association uniting business enterprises and the scientific community.

Oil & Gas Methane Partnership 2.0 (OGMP 2.0)	Amber Grid	www.ogmpartnership.com	The flagship oil and gas reporting and mitigation programme of the United Nations Environment Programme (UNEP), directly involving oil and gas companies that could decide on methane emission issues

4.6. Transactions with Related Parties

After considering the amendments to the Law on Companies of the Republic of Lithuania, EPSO-G Board abolished the Policy of Transactions with Related Parties on 29 June 2023. To ensure compliance with the requirements of the Law and proper oversight and disclosure procedures of the transactions carried out by EPSO-G Group companies with related parties, the Group's boards (of Litgrid and Amber Grid) are obliged to seek the opinion of EPSO-G's Audit Committee prior to entering into any related party transactions that meet the criteria of the Law, and ensure publication of such transactions in accordance with a procedure prescribed by the Law.

Information on transactions with related parties is disclosed in the financial statements of this Annual Report.

5.

COMPLIANCE AND RISK MANAGEMENT AND AUDIT

5. COMPLIANCE AND RISK MANAGEMENT AND AUDIT

5.1. Risk Management Framework

The EPSO-G Group understands risk management as a structured approach to uncertainties management by methodologically evaluating risk effect and probability, and by applying the proper measures of management.

In 2024 the EPSO-G Group followed the Group's Risk Management Policy and Risk Management Methodology. These documents embedded a uniform risk management system that is based on common principles and meeting good practice according to COSO ERM (Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management) methodology applicable in the international practice.

The Risk Management Policy defines the key risk management principles and responsibilities for the EPSO-G Group companies to ensure a unified corporate risk management process based on common principles. The EPSO-G Group companies define risk management principles and responsibilities in the Risk Management Policy. The Policy is published on EPSO-G website.

The Company's risk appetite, as defined in the Risk Management Policy, is the level of risk that is below the highest level of risk that is equal to or greater than a score of 15 (the product of the probability and the impact of the risk on the Company), or the level of risk the Company's governing bodies willing to accept to achieve the strategy and performance objectives set. Risks exceeding the score set for the risk appetite are subject to additional management measures

The Group has in place the following risk management process (stages):

1 Business environment understanding. The Company identifies aspects that may have an impact on the Company's failure to achieve its goals based on the Company's internal and external environment, planning documents, the Risk Assessment history, and the monitoring of the implementation of the risk management measures. Regular environmental assessments are carried out to adapt to changes and to prepare in advance for unexpected threats.
2 Risk assessment. The Company identifies, analyses, and assesses risks on regular basis, identifies Key Risk Indicators, and prepares the List of Risks. The Company also identifies the risk appetite and categorizes risks according to their priority and the appetite identified.
3 Developing a Plan on risk Management Measures. The Company develops a Plan on Risk Management Measures for risks exceeding risk appetite.
4 Monitoring of risks and the implementation of the Plan on Risk Management Measures. This process involves continuous monitoring of the Company's List of Risks and the Plan on Risk Management Measures, as well as monitoring of the Group-level risks and the list of the Group-level risks management measures. The monitoring results are communicated to the Company's manager, the Board, the Audit Committee, in accordance with the remit of each of them.
5 Communication and information. Regular and effective sharing of information among the participants in the Risk Management process that has impact on the assessment of the Company's risks and their management. Relevant information on risks and their management is communicated to the Company's employees during staff meetings.

The Group companies identified operational risks for 2024, assessed them, set risk monitoring indicators and provided risk management measures.

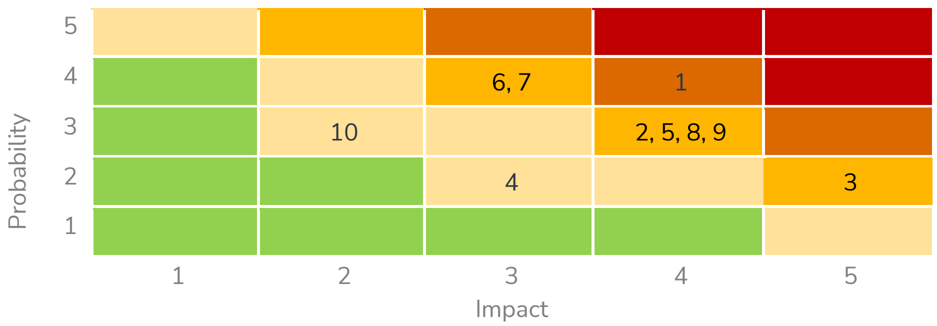
After assessing the risks identified and managed in the Group companies and their level (impact on the Company's activities as well as on the EPSO-G Group as a whole), the Board of EPSO-G approved the EPSO-G group-level risk list.

In each quarter of 2024, the Audit Committee of EPSO-G assessed the changes in the key risk indicators of each company of the Group, the effectiveness of risk management and presented its conclusions and recommendations to the Boards of the companies.

In order to improve risk management and integrity within the Group, Power App, the Risk Management Information System, has been installed. Using the tool, users can enter relevant risk information, depending on their role, to generate relevant content from a common dataset, and to send reminders or comments related to risk management.

5.2. Key Risks and Their Management

The following key risks were included in the group-level risk list for 2024:



1. Risk of delays in strategic projects

EPSO-G implements complex, large-scale projects included in strategic planning documents at national level, which are crucial for the development of Lithuania's energy system, the smooth integration of RES, and the creation of additional opportunities for market participants to choose to consume climate-neutral energy. Delays in government and Group projects have a negative impact on the achievement of the Company's and/or the Group's strategic objectives. Delays in the implementation of public projects will prevent timely synchronisation with the KETs and preparation for large-scale RES integration.

Management measures:
- The companies, together with the Group's Project Management Officer (PMO), monitor and control government projects.
- Ongoing (passive and active) controls are in place, such as monitoring of automated State and Group project reports and KPIs, and active involvement in risk management and problem solving.
- The companies, together with the Group's PMO, participate in meetings between the programme, the project team and the project developer and contractors, joint problem solving and risk assessment.
- Project process audits are carried out to review in detail risks, issues, benefits, timeliness and compliance with approved processes.

2. Long-term funding risk

There is a risk that EPSO-G (and/or its Group companies) will face difficulties in attracting new funding and/or will be forced to pay significantly higher than normal prices for new funding, which would jeopardise the implementation of its strategic plans. Risks may arise from unsustainable financial conditions (e.g., overleveraging, underperformance), adverse changes in the business environment (e.g., downgrading of a country's credit rating, unfavourable regulatory developments), or inability to achieve the intended strategic objectives.

Management measures:

- The Treasury and financial risk management policy guides day-to-day operations and decision-making, aiming at ensuring a sustainable financial position, maintaining a rating of at least investment grade (BBB-/Baa3 or above), and ensuring compliance with non-financial commitments and financial indicator commitments.
- Regular monitoring of budgets and long-term financial forecasts to ensure that the long-term financial targets (e.g., debt/EBITDA, ROE) set in the operational strategy are met.
- When drawing up short-term and/or long-term business plans, decisions on dividends must take into account the potential impact of the decisions on the long-term financial sustainability of EPSO-G and/or its Group companies, the fulfilment of financial targets and liquidity.

3. Regulatory risk

The prices of electricity and natural gas transmission and related services are regulated, the price and/or revenue caps are set by the Council. These decisions have a direct effect on the EPSO-G Group's performance and the allocation of funds for necessary operating costs, investments to ensure the transmission grid's reliability, as well as the possibility of financing strategic projects with own or borrowed funds.

Management measures:

- In order to achieve clear and consistent regulation that does not adversely affect performance, the Group companies actively communicate with the Council, participate in the discussions on amendments to legislation, and submit their comments on the improvement of the legislation, arguing the impact of future decisions and the importance of the companies' long-term strategic objectives. Proactive engagement with the Council will also be crucial in coordinating decisions on the costs of climate neutrality activities.

4. Risk of disruption to systems used in core business

One of the key roles and responsibilities of the EPSO-G Group companies is to ensure secure, reliable, and efficient operation of natural gas and electricity transmission systems. Risk management aims to avoid disruptions to operations and the disconnection of gas or electricity to consumers.

Management measures:

- To ensure reliable operation of transmission systems, the Group companies implement specialized information systems, modern business management systems, update accident and technological disruption and emergency management, business continuity plans on a continuous basis, and set high standards for the contractors.
- To avoid disruptions to the transmission systems, the systems are continuously monitored, maintenance plans are drawn up accordingly, and the necessary new investments in grid upgrades are planned in time.

5. Risk of non-compliance with occupational safety requirements

Group companies place great emphasis on occupational safety. Given the applicable and most relevant occupational safety requirements and the current implementation situation, there is a risk of non-compliance with the OHS requirements.

Management measures:

- Proper installation of workstations, timely maintenance and control of systems, equipment, work tools.
- Internal documents on health and safety have been approved.
- Staff training, certification and briefings on safety and health issues.
- Continuous monitoring and supervision of employees' and contractors' compliance with OHS requirements.

6. Risk of lack of relevant qualification employees, employee turnover and motivation

Companies managed by EPSO-G are facing challenges on the labour market and competition for highly skilled professionals is intensifying.

Management measures:

- Group companies are improving shift plans for critical positions. Over the next few years, the focus will be on updating the competency model, improving employer branding and developing talent.

7. Risk of too little competition in procurement procedures carried out

The EPSO-G Group companies carry out large-scale projects as part of NEIS. There is a risk that insufficient competition from suppliers will lead to economically unfavourable tenders exceeding the planned budget/not meeting the company's needs or to the procurement having to be cancelled and re-tendered.

Management measures:

- There is a requirement to publish all purchases on the CPP IS.
- Requirement for promoters to identify at least 3 Suppliers in their application or justify a smaller number.
- Requirement to carry out a market consultation in all simplified and international procurement. The principle of "4-eye" control is set as a minimum.

8. Cybersecurity risk

The information and data managed by the EPSO-G Group are of strategic importance for the security of Lithuania, therefore, loss of such information or data, illegal change or disclosure, damage thereof, or termination of the data flow which is necessary for a secure operation of transmission systems may cause disturbances of the activities of the EPSO-G Group companies, cause damage to other natural persons and legal entities.

Management measures:

- In order to prevent cyber incidents, threats to the information systems, physical protection and security management systems of the EPSO-G Group companies are regularly assessed, existing security measures, systems and/or tools are constantly updated and new ones are introduced to comply with the strict requirements of the EU and the Republic of Lithuania's legislation on information security.
- EPSO-G staff actively participate in cybersecurity exercises to train how to manage and respond to cyber incidents targeting critical information systems and networks, and to ensure the functioning of their services.

9. Risk of failing to meet the Group companies' budget

There is a risk that Group companies will fail to meet their budgets and financial plans, which will adversely affect their ability to meet the commitments of specific companies and EPSO-G as the Group's, as well as ability to meet financial covenants and other obligations, and to pay dividends.

Management measures:

- Performance control (monitoring by EPSO-G, the Boards) as part of the Integrated Planning and Monitoring Policy.
- For the purpose of regulated activities, comments and recommendations, as appropriate, on decisions related to recognition of expenses, changes in a methodology, and development of a common Group position.
- For the purpose of non-regulated activities, review of, amendments to the action plan, where appropriate.

10. Environmental impact mitigation risk

Untimely or inaccurate recording and reporting of sustainability-related indicators, inaccurate calculation of GHG emissions from the Group's operations, or delays in reporting compliance with requirements to institutional investors may result in sanctions from the exchange authorities, and fines for defaulting on commitments to investors. There is also a risk of non-achievement of EPSO-G's long-term strategic objectives and its commitments (sustainability indicators) related to the issued bonds when the regulatory approval for the necessary investments to reduce environmental impacts (GHG emissions) is not obtained due to regulatory restrictions or lack of cost-effectiveness.

Management measures:

- The Group companies are provided with the list of ESG indicators to be selected Additional measures are also being put in place: ESG system (IT solution) is developed for the timely collection of sustainability-related indicators.
- Group companies are required to develop and implement cost-effective mitigation plans and related measures.

5.3. Sustainability Risk Management

The Group aims to integrate sustainability principles into the operations and processes of all Group companies.

The Group aims to transform the energy sector by striking a sustainable balance between environmental, social, and economic objectives.

Sustainability risks are treated as an integral part of the Group's day-to-day operations and are integrated into the risk management process. The Group assess all the risks against the criteria set for the sustainability risks. Risks that meet these criteria are assigned to the relevant sustainability risk type.

In 2024 the following risks were assigned to sustainability (environmental, social and governance) risks in the Group::

Risks that meet environmental criteria:
- Environmental impact mitigation risk.

Risks that meet social criteria:
- Risk of non-compliance with occupational safety requirements.
- Risk of lack of relevant qualification employees, employee turnover and motivation.

Risks that meet governance criteria:
- Risk of regulatory change.
- Risk of – too little competition in procurement procedures carried out.
- Cybersecurity risk.

Descriptions of the Group's sustainability risks listed above, and their management measures are provided in chapter 5.2 (see “Key risks and their management”).

5.4. Compliance Management

We seek to establish a uniform compliance management system in the Group companies that would:

1. Enable to protect the Group companies from financial or reputational damage that may result from behaviour that does not meet internal and external requirements;
2. Enable to manage the risks of non-compliance and mitigate their impact and likelihood of occurrence;
3. Promote a culture of compliance, i. e. encourage the Group's employees to work in accordance with the set requirements and to justify their application on the Group's values.

Compliance activities are governed by the Group's Compliance Management Policy. Compliance is based on the Three Lines Principle and principle governing the use of the risk-based approach. It focuses the Group companies' attention and resources on priority areas of compliance, i.e. areas where most instances of non-compliance occur or are likely to occur, and/or where there is the greatest likelihood of the realisation of non-compliance risks, which could have a material adverse effect on the Group company and/or the Group. In 2024, the following priority areas for compliance were approved by the Group companies:

<table>
<tr><th>Litgrid</th><th>Tetas</th><th>EPSO-G</th><th>Amber Grid</th><th>Baltpool</th></tr>
<tr><td colspan="5">Protection of personal data</td></tr>
<tr><td colspan="4">Projects implementation</td><td></td></tr>
<tr><td colspan="4">Compliance with sustainability requirements</td><td>Accounting, financial information, and information on the administration of PSO funds to be published and submitted publicly (from 2022</td></tr>
<tr><td colspan="3"></td><td>Operation/Materials Control</td><td>Information related to the performance of the functions of an exchange operator and other trading/accounting systems' administrator to be published and submitted publicly (from 2022)</td></tr>
<tr><td>Information of Litgrid as TSO to be published publicly</td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td>Integration of renewable energy sources</td><td colspan="2"></td><td colspan="2"></td></tr>
</table>

The Group is guided by the principle that compliance is everyone's responsibility - each employee has a responsibility to ensure compliance. In addition to complying with and ensuring compliance with applicable requirements in their daily activities, the aim is for employees to participate in compliance training, to report non-compliances observed and to make proposals for compliance process improvement. Training and targeted communication activities are carried out to promote employee contribution to compliance management activities. We encourage both employees and third parties to report non-compliances observed to the Helpline www.epsog.lt using available contacts.

5.5. Anti-corruption Activities and Interest Management

EPSO-G Group's anti-corruption activities are based on the principle of zero tolerance, which means that the Group does not tolerate corruption or any related behaviour, and the measures set out in the Group's anti-corruption policy are implemented to manage risks of corruption:

- restrictions on the acceptance and provision of gifts, and procedures for making donations;
- measures to manage the interests of staff and members of collegiate bodies to ensure the primacy of interests;
- verification of operating partners;
- ensuring the reliability of staff;
- there is a Helpline;
- conducting internal investigations;
- transactions are subject to transparency measures;
- increasing staff anti-corruption awareness through training, communication and other targeted actions;
- ensuring transparency in procurement.

The Group's anti-corruption activities are based on corruption risk assessment and management. Corruption risks in the Group are identified, with appropriate management measures in place, on an annual basis and the implementation of the management measures and the status of the risks are assessed quarterly.

In creating an anti-corruption environment at EPSO-G, great attention is paid to the development of anti-corruption awareness among employees, which is carried out through various means and methods, such as training, communication, and familiarisation of employees with the Group's most important internal legislation regulating anti-corruption activities, its requirements, and the rules of anti-corruption behaviour (e.g., what gifts employees can accept and give at work, how to declare their private interests, etc.). In order to improve their knowledge on corruption prevention, representatives of Group companies participate in the "Transparency Academy" organised by the Special Investigation Service together with its partners, where they both improved their own competences and shared their knowledge with other institutions.

In order to improve the ongoing anti-corruption activities, the internal legislation implementing the Group's interest management policy was updated during the reporting period to ensure an effective conflict of interest management system. In the first half of 2024, the Group companies EPSOG, Litgrid and Amber Grid were actively preparing for the certification of the anti-corruption management system - the Boards of the companies were assessing the effectiveness of the anti-corruption activities, and the necessary internal legislation was being prepared.

5.6. Management of Interests

The management of conflicts of interest in the Group companies is guided by the Group's Policy of Management of Interests of Employees and Members of Collegial Bodies, which was updated on 2023. The Policy, which aims to ensure priority of the Group's interests, timely identification and adequate management of potential conflicts of interest, defines three main categories of measures for conflict of interest management to be implemented in the Group companies:

- declaration of private interests;
- monitoring, surveillance and control of interests;
- conflict of interest management (abstention and recusal).

The Policy also provides for the procedure for independence assessment of the independent members of the Group's collegial bodies against the criteria set out in the laws, and defines the rules for submitting internal declaration of private interests. The Group's Policy of Management of Interests of Employees and Members of Collegial Bodies is available on website at www.epsog.lt in the section "Operating policies" (in Lithuanian, "Veiklos politikos").

The Group has an integral model of declaration of private interests, which includes declaration via the PINREG, a register managed by the State Ethics Commission, where required by the Law on the Alignment of Public and Private Interests of the Republic of Lithuania and submission of internal declarations, the form of which has been approved in the Group's Policy of Management of Interests of Employees and Members of Collegial Bodies. The responsible persons of the Group companies periodically verify whether all employees have declared their private interests, and whether they have done it properly, and if needed make the necessary recommendations. The declaration of private interests is one of the critical responsibilities of employees, enabling to ensure early management of conflicts of interest.

The Group companies' employees are encouraged to avoid situations where their private interests are, or may be, in conflict (conflict of interest), and, if conflict, to recuse themselves. Conflicts of interest between staff members are reported to the parties concerned: the line manager and the head of department. Conflicts of interest arising for the Company's management and members of the collegiate bodies are disclosed to the Group's senior management.

At the end of the reporting period:

- The members of the collegiate management bodies and administration have not acquired any shares in EPSO-G group companies, except for Nemunas Biknius, CEO of Amber Grid, who holds 0.001055 % of shares in Amber Grid. His shareholding remained unchanged during the reporting period.
- The declarations of interests of EPSO-G board members and the CEO are submitted and published in the Register of Private Interests (PINREG) on the website of the Chief Official Ethics Commission (COEC) and at www.epsog.lt. All executives of EPSOG Group companies have submitted declarations of interest to the holding company to the extent and according to the procedure set out in EPSO-G's Policy on Management of Interests, which is available at www.epsog.lt in the menu item "Operating Policies".
- Members of the collegiate management bodies and executives of the companies have not been involved in any conflicts of interest as regards their obligations to EPSO-G and their private interests and/or other duties.
- There were no family relationships between members of the collegiate management bodies and administrative staff.
- Members of the collegiate management bodies and executives of the companies have not been convicted of any criminal offence, have not been subject to any indictment or sanction by any regulatory authority in the last five years, have not been barred by a court from holding any office as a member of the administrative, management or supervisory bodies of the Company or from holding any managerial position or from managing the affairs of any issuer.
- EPSO-G has not entered into any transactions with the above-mentioned persons which are outside the operating activities of the company or which have not been duly notified to and authorised by EPSO-G collegiate management bodies.

All employees of the EPSO-G management company have declared public interests in accordance with requirements of the Law on Alignment of Public and Private Interests.

5.7. Information on the Internal Audit

EPSO-G's internal audit mission is to add value to all Group companies and contribute to the achievement of their business objectives by systematically and comprehensively assessing and helping to improve the effectiveness of governance, risk management and control processes. These functions are carried out through independent and objective assurance and advisory activities.

Ensure transparency and efficiency, the EPSO-G Group has a centralised internal audit function, which carries out its functions on a Group-wide basis and reports directly to the EPSO-G Board, which is composed of a majority of independent members.

The auditors of the EPSO-G management company are not subordinate to the management of the audited company. This allows you to spot potential weaknesses in performance, eliminate them and identify areas to improve efficiency.

As part of their role, the Unit's staff carry out internal audits on a planned basis and regularly monitor the implementation of internal audit recommendations. They also monitor the correction of other internal control weaknesses identified by external auditors, the regulator, public audit bodies, etc.

The activities of the centralised internal audit unit covered the following areas, which were selected on the basis of a risk assessment and the prioritisation of the companies and/or processes to be audited, or on the basis of a specific Board instruction:

- Assessment of transmission system operators' management of technology costs.
- Assessing the adequacy of maintenance of the gas transmission network.
- Assessing the reliability of data on the progress of synchronisation projects.
- Evaluating the management of investment in information technology.

The internal audits on technology inputs also assessed the controls put in place to prevent corruption. It also focused on monitoring how companies have implemented internal audit recommendations and assessing the impact of implemented actions.

Internal audit reports with recommendations for improvement are presented to the management of the audited companies and to the boards of the Group companies, as well as to EPSO-G's Board and Audit Committee. An annual assessment of the effectiveness of the internal control system is also carried out in all Group companies, identifying the strengths and weaknesses of the system, discussing them with the Boards of the respective companies and planning actions to strengthen internal control. The overall effectiveness of the internal control system is assessed as strong. The change in the level of control in the elements of this system will be assessed in the following year's survey.

5.8. Information on the External Audit

In 2023, Amber Grid, the EPSO-G Group company, carried out a joint procurement of audit services for the audit of the financial statements of the Group companies for the period 2023-2025, through a negotiated procedure. With regard to the results of the public procurement of external audit services, the offer of PricewaterhouseCoopers was recognized as the winner.

The Audit Committee of EPSO-G, having assessed the results of the selection procedure for the audit firm, decided to recommend the boards of the Group companies to propose to their General Meetings of Shareholders to select PricewaterhouseCoopers as an audit firm to perform the audit of financial statements for the period 2023-2025 by paying the remuneration for the audit services specified in the offer of this audit firm.

At the General Meetings of Shareholders of the Group companies, decisions were made to select PricewaterhouseCoopers as the audit firm to perform the audit of financial statements for the period of 2023-2025 and to set the annual remuneration for the audit services of financial and related statements specified in the offer of the audit firm.

Information on the external audit firms of the EPSO-G Group companies and their remuneration for audit services

Company	Firm that performed the audit of the financial statements 2024	Remuneration for the audit firm for the audit of the financial statements 2024, EUR (VAT excluded)	Firm that performed the audit of the financial statements 2023	Remuneration for the audit firm for the audit of the financial statements 2023, EUR (VAT excluded)
EPSO-G	PricewaterhouseCoopers UAB	100,000	PricewaterhouseCoopers UAB	56,000
Litgrid		85,000		86,000
Amber Grid		75,000		77,000
Baltpool		19,000		18,000
Tetas		32,000		31,000
Energy Cells		17,000		16,000

In first six months of 2024, PricewaterhouseCoopers provided uninsured non-audit services for EUR 36,500 (2023: EUR 65,690) to the EPSO-G Group companies. Non-audit services consisted of assurance services for banks on financial ratios, real-time monitoring of sustainability performance indicators, and verification for regulated activity reports. The services were procured in accordance with the provisions of the EPSO-G Group's Policy on Acquisition of Non-Audit Services from an audit firm or any network to which the audit firm belongs.

6.

SHAREHOLDERS AND DIVIDENDS

6. SHAREHOLDERS AND DIVIDENDS

6.1. Shareholders

The Republic of Lithuania is the sole shareholder of EPSO-G (100% of the shares). The property and non-property rights of the shareholder, in accordance with Clause 2.3 of the Resolution No 826 On the Establishment of a Private Limited Liability Company and Investment of State-Owned Capital of the Government of the Republic of Lithuania of 4 July 2012, are implemented by the Ministry of Energy of the Republic of Lithuania represented by the Minister of Energy of the Republic of Lithuania.

In the first half of 2024, there were no changes in the shareholder structure of EPSO-G.

As of 30 June 2024, the issued capital of EPSO-G amounted to EUR 189,631,000.

The Company's shareholder	Number of shares	Nominal value per share, EUR	Share capital, EUR	Shareholding
The Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania	653,900,000	EUR 0.29	189,631,000	100%

Restrictions on the transfer of securities other than those stipulated in the legal acts are not applied for the shares of EPSO-G. Neither EPSO-G nor the Group companies have issued the convertible securities. EPSO-G has not acquired own shares. EPSO-G has neither acquired nor transferred own shares during the reporting period. The subsidiaries of the Company have not acquired the shares of the Company either. The shareholder of EPSO- G does not have special rights of control other than those stipulated by the legal acts of the Republic of Lithuania.

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

Company	ISIN kodas	Ticker	Trading list	Securities manager
LITGRID AB	LT0000128415	LGD1L	BALTIC SECONDARY	SEB bankas AB
Amber Grid AB	LT0000128696	AMG1L	BALTIC SECONDARY	SEB bankas AB

In early June 2022, sustainability-related bonds issued by EPSO-G have been listed on Nasdaq's Baltic Debt Securities List.

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

6.2. Dividends

On the basis of Resolution No 208 of the Government of the Republic of Lithuania of 29 March 2023 On the payment of dividends by EPSO-G UAB for the shares held by the State by the right of ownership, until 2026, EPSO-G must pay to the state budget dividends equal to 0.5% of profit available for direct distribution, if the conditions set in the resolution are met.

On the basis of the resolution of the Government of the Republic of Lithuania, EPSO-G paid directly to the state budget dividends amounting to EUR 196 thousand for the year 2023 (EUR 66 thousand for 2022) at the same time ensuring a sustainable financial position of the Group.

6.3. Dividend Policy

The Dividend Policy of EPSO-G that governs the procedure of determining the dividend amount, pay-out and publication on dividends for all companies forming the Group, establishes clear guidelines of expected return on equity and return on investment for the existing and potential shareholders while at the same time ensuring a sustainable long-lasting growth of corporate value, timely implementation of strategic projects that are of great importance for the country, thereby gradually strengthening confidence in the entire Group of energy transmission and exchange.

The Dividend Policy of EPSO-G directly links the amount of payable dividends with the efficiency of use of the Company's equity - the bigger benefit is created by the Company for the shareholder, the bigger share of profit it may allocate for the further development and implementation of other important projects.

The Dividend Policy is published on the website of EPSO-G in the menu item Operating Policies.

6.4. Ratings

After a periodic review for EPSO-G, on 24 July 2024, the rating agency Moody's Ratings affirmed its Baa1 credit rating with a stable outlook.

7.

GOVERNANCE REPORT

7. GOVERNANCE REPORT

In the first six months of 2024, the EPSO-G Group's corporate governance was exercised in accordance with the updated version of the Guidelines on Corporate Governance of the EPSO-G Group, approved by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of the EPSO-G, on 29 December 2022. The guidelines establish corporate governance principles uniformly applied to all companies of the EPSO-G Group, regulate the management organization model, management structure, the system of management and control and accountability assurance.

The updated version of the Guidelines on Corporate Governance establishes seven main principles of corporate governance:

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

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

In an effort to purposefully build trust in ongoing strategic projects and extremely focus on transparency and accountability, the joint governance quality of the EPSO-G Group companies has been rated A. This was evidenced by the Good Governance Index of State-Owned Enterprises (SOE) 2022/23 published by the Public Enterprise Governance Coordination Centre (GCC). GCC's Good Governance Index is the most comprehensive tool for evaluating the quality of management of all SOEs. The index consists of three main assessment dimensions: transparency, collegial bodies, and strategic planning and implementation.

In terms of the transparency dimension, EPSO-G received the rating A+.

The rating A was awarded for the work of collegial bodies, the process of selection of their members, competence and engagement in identifying areas for improvement.

EPSO-G's strategic planning and implementation received the rating A-

In preparation of the action plan for 2024, the holding company EPSO-G will proceed with further implementation of measures and improvement of the governance quality in line with GCC recommendations with a strong focus on improving the practices of collegial bodies, strategic planning and sustainability.

7.1. Articles of Association of EPSO-G

In the first half of 2024, EPSO-G's Articles of Association were revised 1 time.

On 27 February 2024, a new version of EPSO-G's Articles of Association was approved by a decision of the sole shareholder and registered in the Register of Legal Entities on 15 March 2024. The following substantive changes were made to the new version of the Articles of Association:

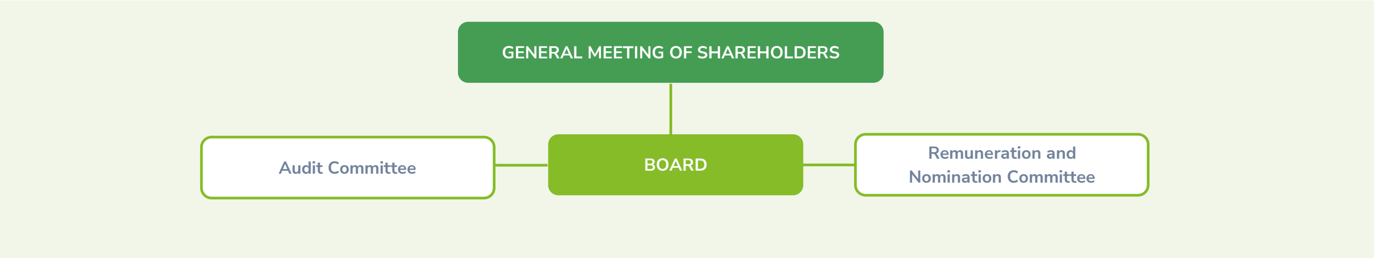
- reviewing the competences of EPSO-G's General Shareholders' Meeting, the Board, the Chief Executive Officer (CEO) and the Committees.

The current corporate governance model ensures that the EPSO-G Group's organisational and management structure is efficient and meets the highest standards of governance.

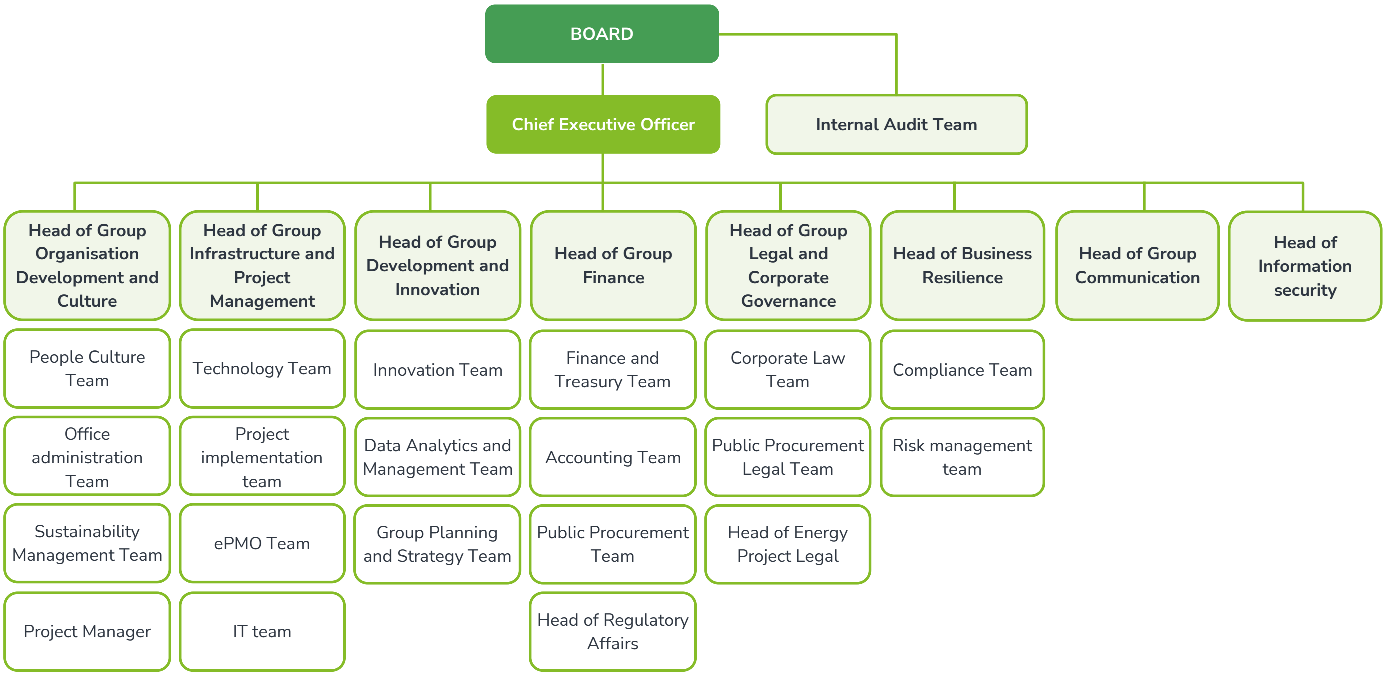
You are welcome to get acquainted EPSO-G's Articles of Association in the Corporate Governance section of www.epsog.lt

7.2. Supervisory and Management System and Functions of EPSO-G

EPSO-G's management, supervisory and organisational structure ensures optimal organisation, accountability, process efficiency and responsibility.



Organisational structure of EPSO-G



The EPSO-G Group's corporate governance documentation system consists of the following:

- Guidelines on Corporate Governance of the EPSO-G Group companies;
- Articles of Association of the holding company and its subsidiaries;
- Corporate Governance Policy;
- Rules of Procedures of the Board;
- Regulations of the Audit Committee;
- Regulations of the Remuneration and Nomination Committee;
- Other corporate governance documents of the Group companies.

All the above documents are available at the website of the holding company EPSO-G: www.epsog.lt.

7.3. General Meeting of Shareholders of EPSO-G

The rights and obligations of the sole shareholder of the holding company EPSO-G are implemented by the Ministry of Energy of the Republic of Lithuania. The sole shareholder of EPSO-G adopts decisions on strategic issues of operational activities, approves key operational guidelines (guidelines on corporate governance, collegial body remuneration, etc.).

During the first half of 2024, EPSO-G's sole shareholder took the following key decisions:

Date	Key decisions
27 February 2024	Approved the new version of EPSO-G's Articles of Association.
26 April 2024	Approved the new version of the guidelines for determining the remuneration of EPSO-G and EPSO-G group company bodies.
30 April 2024	Approved EPSO-G's consolidated and company financial statements for 2023. Approved the decision on the distribution of profits.
21 April 2024	Removed Tomas Daukantas from the Audit Committee and elected Dainius Bražiūnas as a member of the Audit Committee until the end of the current term of office of EPSO-G.
4 July 2024	Approved the decision of the Board of UAB EPSO-G of 28 June 2024 to establish a new legal entity, UAB EPSO-G Invest, for the purpose of carrying out the new activities.

7.4. The Board of EPSO-G

Under the current version of EPSO-G's Articles of Association, the Board consists of five members. The members of the Board are elected by the General Meeting of Shareholders for a 4-year term and are accountable to the General Meeting of Shareholders. The remuneration and nomination committee shall make a recommendation on the appointment of the members of the Board, following a request by the General Meeting of Shareholders.

A member of the Board may not serve as a member of the Board for more than 2 consecutive full Board terms, and in any event may not serve as a member of the Board for more than 10 years consecutively. The members of the Board are elected in accordance with the description of the selection of candidates to the Board of a state-owned enterprise or a municipal enterprise and the selection of candidates to the Collegial Supervisory or Management Body of a state-owned company or a municipally-owned company to be elected by the General Shareholders' Meeting, which was approved by the Government's resolution No. 631 dated 17 June 2015.

On 24 March 2023, the new EPSO-G Board was elected for a new term of office, consisting of three independent members, Robertas Vyšniauskas, Asta Sungailienė and Liudas Liutkevičius, as well as board members Dainius Bražiūnas and Tomas Daukantas, who are delegated by the Ministry of Energy. In April 2023, Robertas Vyšniauskas, an independent member of the EPSO-G Board, was elected as Chair of the Board, having served as Chair of the previous Board since February 2022. Until then, Gediminas Almantas has held the post since March 2019.

Asta Sungailien, an independent member of the Board, has resigned as a member of the EPSO-G Board as of 27 March 2024.

EPSO-G Board:
- forms the Group's overall corporate governance policy;
- is responsible for the organisational and systemic development and management of the Group within the area and scope of its competence;
- approves the Group's strategy and monitors its implementation;

- supervises and controls the management of strategic projects implemented by the Group's companies, which are included in the national energy strategy, projects of particular national importance, and economic projects of national importance;
- approves key Group-level documents: guidelines, policies, etc.
- performs supervisory functions as provided for in the Law on Companies of the Republic of Lithuania.

During the reporting period, 12 Board meetings were held, of which 2 decisions were taken by written ballot.

The Board has prepared a Board Plan 2024, following a self-assessment of its performance for 2023 and the identification of areas for improvement of the Board's performance in terms of the joint work of the Board and the Chief Executive Officer, expectations and objectives, and the review and updating of the Company's strategy and structure, in the context of the Letter of Expectations of the shareholder.

EPSO-G's Board composition

Member of the Board	Position	Term of office	Other functions	Education
Robertas Vyšniauskas	Independent member, Chair (from February 2022 to 20-03-2023, and from April 2023)	From 24-03-2023 (also from 20-03-2019 to 20-03-2023)	CEO of Valstybės Investicinis Kapitalas UAB; Member of the Board of Vilniaus Vystymo Kompanija UAB Lecturer at Vilnius University Member of the Supervisory Council at KN Energies Member of the Audit Committee at KN Energies Member of the Remuneration and Nomination Committee at KN Energies	Mykolas Romeris University, Master in Law
Liudas Liutkevičius	Independent member	From 24-03-2023	Managing Partner at INVL Renewable Energy Fund I	Vilnius University, Master in International Finances.
Asta Sungailienė	Independent member	From 24-03-2023 to 26-03-2024	-	Vytautas Magnus University, Master in Business and Management
Dainius Bražiūnas	Member	From 24-03-2023 (also from 20-03-2019 to 20-03-2023)	Head of Energy Security Group at the Ministry of Energy of the Republic of Lithuania	Vilnius Gediminas Technical University, Bachelor in Energy Sciences
Tomas Daukantas	Member	From 24-03-2023 (also from 06-05-2022 to 20-03-2023)	Head of Legal and HR Group at the Ministry of Energy of the Republic of Lithuania	Mykolas Romeris University, Master in Law.

Participation statistics of board meetings in the first half of 2024

No	Meeting date	Dainius Bražiūnas	Tomas Daukantas	Robertas Vyšniauskas	Liudas Liutkevičius	Asta Sungailienė*
1.	01-11	●	●	●	●	●
2.	02-02	●	●	●	●	●
3.	02-07	●	●	●	●	●
4.	02-14	●	●	●	●	●
5.	03-15	●	●	●	●	●
6.	04-23	●	●	●	●	-
7.	04-26	●	●	●	●	-
8.	05-10	●	●	●	●	-
9.	05-21	●	●	●	●	-
10.	05-31	●	●	●	●	-
11.	06-06	●	●	●	●	-
12.	06-28	●	●	●	●	-

* The term of office of board member A. Sungailienė ended on 03-26-2023.

● Attended
○ Did not attend
- The member did not attend meeting of the Board because he/she was not elected during the period or his/her term of office expired.

Board decisions taken in the first half of 2024

01-2024	02-2024	03-2024	04-2024	05-2024	06-2024
11-01 The updated strategy of the EPSO-G group until 2030 is approved. EPSO-G's operational objectives for 2024, which are identical to those of the EPSO-G Manual, have been approved. EPSO-G's budget for 2024 is approved. A decision is taken to initiate the selection of the Baltpool Board. EPSO-G's risk appetite for 2024 has been identified and a risk management action plan has been approved. The terms and conditions of	**02-02** The report on the implementation of the company's 2023 performance targets is approved. It was agreed that EPSO-G, as the sole shareholder of Tetas, should decide on the transaction. The Extraordinary General Meeting of Shareholders of EPSO-G is convened to approve the new version of EPSO-G's Articles of Association. **07-02** The decision to vote at Litgrid's Extraordinary General Meeting of Shareholders on 12 February 2024 has been adopted. The policy on material terms and conditions for EPSO-	**15-03** Report on the implementation of the UAB EPSO-G Group's strategy for the period up to 2030 is approved for 2023. A plan to improve the Board's performance in 2024 is in place. The new version of the EPSO-G Compliance Priority List is approved.	**23-04** The Audit Committee activity report is adopted. The annual report of the company and the consolidated annual report for 2023 was approved, the annual accounts of the company and the consolidated annual report for 2023 were approved, the draft distribution of profits for 2023 was approved, and the Ordinary General Meeting of Shareholders was convened.	**21-05** A decision has been taken to change the material term of the lending and borrowing agreement between Litgrid and EPSO-G. **31-05** Decision taken to vote at the Ordinary General Meeting of Shareholders of TSO Holding AS on 07-06-2024 A decision is taken to vote at the Extraordinary General Meeting of Shareholders of Amber Grid to approve the decision of the Board of Directors of Amber Grid to	**06-06** A decision is taken to launch a new activity to set up a counselling service centre. A decision is taken to launch a new activity to provide project coordination, investment and related services. Establish a new legal entity, EPSO-G Invest, to carry out the new activities and convene an Extraordinary General Meeting of Shareholders. A decision is taken to adopt EPSO-G's organisational structure and list of posts from 1 July 2024.

employment of the CEO of EPSO-G are updated.	G Group transactions is adopted. **14-02** A decision has been taken to change the term of the lending and borrowing agreement between Litgrid and EPSO-G.		A decision is taken to conclude an overdraft facility agreement and to approve the material terms of the agreement. **26-04** A decision is taken on the review of the performance appraisal, financial incentives and remuneration of the EPSO-G CEO for 2023. Decisions on voting at the Ordinary General Meetings of Shareholders of Litgrid, Amber Grid, Tetas, Energy cells, Baltpool. A decision is taken to approve the updated internal audit plan for the centralised internal audit of the EPSO-G Group for the period 2024-2026. A decision is taken to launch a public selection procedure for an independent member of the EPSO-G Audit Committee.	enter into a humanitarian aid agreement.	A decision is taken to enter into inter-group lending and borrowing agreements.

7.5. The Remuneration and Nomination Committee of EPSO-G

Under the current Articles of Association of EPSO-G, the Remuneration and Nomination Committee (RNC) shall be composed of at least three members appointed by the Board for a period of up to four years by a reasoned decision. The nomination of members of the Remuneration and Nomination Committee ensures that this Committee has at least one independent member. The continuous term of office of a member of the Remuneration and Nomination Committee shall not exceed two consecutive terms of office. The term of office of RNC coincides with the term of office of the Board.

During the reporting period, the Remuneration and Nomination Committee had three members: Asta Sungailienė (till 26-03-2024), Tomas Daukantas ir Ramūnas Bagdonas.

The Remuneration and Nomination Committee of EPSO-G:

- Assists in carrying out the selections of candidates to the members of the bodies in all companies of the Group;
- Provides the companies of the Group with recommendations regarding the nomination of the members of the management bodies, entry into contracts with them and setting remuneration;
- makes recommendations on the Group's corporate governance documents relating to the selection, appointment and determination of independence criteria for the governing bodies, senior management;
- makes recommendations on the system for succession of the Group's managers and critical positions;
- makes recommendations on the system of equal opportunities, inclusion and diversity promotion within the Group;
- and etc.

In the first half of 2024, 8 meetings of the Remuneration and Nomination Committee were held.

Remuneration and Nomination Committee composition

Committee member	Position	Term of office	Other positions	Education
Asta Sungailienė	Independent member, Chair	From 07-04-2023 To 26-03-2024	–	Vytautas Magnus University, Master in Business and Management
Tomas Daukantas	Member	From 07-04-2023	Head of Legal and HR Group at the Ministry of Energy of the Republic of Lithuania	Mykolas Romeris University, Master in Law
Ramūnas Bagdonas	Independent member	From 06-06-2023	Head of HR at Telia Lietuva Founder of the Association of Personnel Management Professionals and chair of the Board	Vytautas Magnus University, Master degree in Business Administration and Management Baltic Management Institute, EMBA

Attendance and key decisions of the Remuneration and Nomination Committee in first half of 2024

N0	Meeting date	Asta Sungailienė	Tomas Daukantas	Ramūnas Bagdonas
1.	01-18	●	●	●
2.	02-06	●	●	●
3.	03-07	●	●	●
4.	03-13	●	●	●
5.	03-21	●	●	●

6.	04-11	-	●	●
7.	06-17	-	●	●
8.	06-26/27	-	●	●

● Attended
○ Did not attend
- The member did not attend meeting of the Remuneration and Nomination Committee because he/she was not elected during the period or his/her term of office expired

Substantive decisions taken by the Remuneration and Nomination Committee in the first half of 2024, substantive issues discussed

01-2024	02-2024	03-2024	04-2024	06-2024
01-18 Recommendations on candidates for the positions of members of the Boards of Amber Grid and Litgrid	**06-02** The report on the activities of the RNC for 2023 was approved; The remuneration of the Boards of the Group's subsidiaries was discussed; Recommendations were made on the candidates for the Boards of Amber Grid and Baltpool; Assessment of the activities of the RNC for 2023	**07-03** Recommendation on the remuneration policy for Amber Grid and Litgrid CEOs and Board members; Revision of the EPSO-G annual report as far as the competence of the RNC is concerned **13-03** Recommendation on the review of the remuneration of the Group's CEOs **21-03** A recommendation is made for a review of the remuneration of the CEO of EPSO-G; The remuneration of the Group's collegial bodies was discussed; Discussed the process of evaluating the performance of the Group's collegial bodies and agreed on common areas for improvement of the Group's performance	**11-04** Recommendation on a candidate for the position of member of the Board of Baltpool	**17-06** Recommendation on the appointment of a candidate for the position as the CEO of EPSO-G's newly established company, and the definition of his working conditions 26/27-06 Recommendation on the candidates for the position of independent member of the EPSO-G Audit Committee

7.6. The Audit Committee of EPSO-G

According to the current version of the Articles of Association of EPSO-G, the Audit Committee shall be composed of at least three members appointed by the sole shareholder of EPSO-G for a maximum period of four years, subject to the recommendations (if any) of the Remuneration and Nomination Committee. The continuous term of office of a member of the Audit Committee shall not exceed two consecutive terms. Only an independent member may be elected to chair the Audit Committee.

During the reporting period, the Audit Committee had two independent members: Gediminas Šiušas and Robertas Vyšniauskas. Dainius Bražiūnas was nominated by the Ministry of Energy as a member of the Audit Committee.

The Audit Committee of EPSO-G:

- Carries out the monitoring of the preparation and auditing of the financial statements of the Group companies;
- Is responsible for the ensuring of the observance of the independence and objectivity principles by the auditors of the Group companies and of audit firms;
- Is responsible for the monitoring of effectiveness of the internal control of the Group companies, compliance and risk management, and internal audit systems, activity processes;
- Is responsible for the control of provision of non-audit services by the auditor of the Group companies and / or audit firm;
- Evaluates the transactions concluded by the Group companies, the shares of which are admitted to trading on a regulated market, with the parties concerned.

During the reporting period, 10 meetings of the Audit Committee were held in which 5 decisions were adopted by a written vote. EPSO-G' Audit Committee composition as at 30 June 2023.

Full name	Position	Term of office	Other positions	Education
Gediminas Šiušas	Independent member, Chair	From 22-10-2020	CFO and CEO at Convera Europe Financial S.A.	Stockholm School of Economics in Riga, Bachelor in Economics and Business Administration Vilnius University, Bachelor in Management and Business Administration; Vilnius University, Master in Economics
Robertas Vyšniauskas	Independent member	From 22-10-2020	CEO of Valstybės Investicinis Kapitalas UAB; Member of the Board of Vilniaus Vystymo Kompanija UAB Lecturer at Vilnius University Member of the Supervisory Council at KN Energies Member of the Audit Committee at KN Energies Member of the Remuneration and Nomination Committee at KN Energies	Mykolas Romeris University, Master in Law
Dainius Bražiūnas	Member	From 22-04-2023	Head of Energy Security Group at the Ministry of Energy of the Republic of Lithuania; Director of the association Koturna	Vilnius Gediminas Technical University, Bachelor in Energy Sciences

Attendance of the Audit Committee members at meetings in the first half of 2024

Gediminas Šiušas	Robertas Vyšniauskas	Dainius Bražiūnas
10/10	10/10	10/10

Key decisions taken by the Audit Committee in the first half of 2024

01-2024	02-2024	03-2024	04-2024	05-2023	06-2023
01-15 Recommendation to the Boards of Group companies to strengthen internal control. Recommendation to the EPSO-G Board on the maturity level of information systems management.	**26-02** The new version of the list of compliance priorities for Litgrid, Baltpool, EPSO-G was approved. The updated plan for centralised internal audits of the EPSO-G Group for the period 2024-2026 is approved. AK Improvement Plan for 2024 is approved.	**05-03** The AK's conclusion on Tetas audited financial statements for 2023 is approved. **18-03** The conclusions of the AK on the audited financial statements of Energy cells for 2023 are approved. **22-03** The conclusions of the AK on EPSO-G's separate and consolidated financial statements are adopted. **25-03** Amber Grid and Tetas new version of the list of compliance priorities has been approved. It was recommended to the EPSO-G Board to include the proposed priority risks in the list of EPSO-G group level risks for 2024. The report on the activities of the EPSO-G Audit Committee for 2023 was approved. Approve the report on the achievement of EPSO-G's 2023 objectives by the Head of Internal Audit. **27-03** Approved Amber Grid's audited separate and consolidated financial statements for 2023	**22-04** Recommendation to Amber Grid on the adoption of a management action plan and periodic reporting to the Audit Committee.	**27-05** Assessing the independence of independent AK members.	**26-06** Recommendation to the Litgrid Board on KPI related to project management.

		29-03 Litgrid's audited financial statements for 2023 are approved.			

7.7. Chief Executive Officer

The Chief Executive Officer of EPSO-G is appointed by the Board of the Company taking into account the recommendations of the Remuneration and Nomination Committee. The Chief Executive Officer is accountable to the Board.

Mr. Keizeris was elected as the CEO of EPSO-G from 22 August 2022.

After the registration of the new version of the Articles of Association of EPSO-G on 5 January 2023, the title of the position of the Company's General Manager was changed to the CEO.

The competence of the CEO of EPSO-G shall be as prescribed for the CEO of the company by the Law on Companies, except for the additional competence of the CEO provided by the Articles of Association. CEO of EPSO-G:

- arranges and controls the implementation of the Group's strategy, approves the Group strategy's action plan, and ensures the implementation of the Group's strategy, within the limits set by law;
- Controls the activities of the subsidiaries, makes suggestions and conclusions to the Board of EPSO-G regarding the organization of the Group's activities and development thereof;
- implements the guidelines, procedures, policies, codes and other documents approved by the Board in relation to the Group's activities and functioning within the Company, and, within the scope of his/her authority, takes measures to ensure their implementation in the Group companies;
- approves Group-wide procedures, rules, descriptions and other Group-level documents, if the relevant areas of the Group are not governed by Group-level documents approved by the Board or the relevant Group-level documents approved by the Board confer the relevant competences on the CEO;
- and etc.

Mr. Keizeris has been the member of the Board of Litgrid since December 2022 and since April 2024.

7.8. Additional information on the Chairman of the Board, the Manager, the Chief Financial Officer and the Head of the Internal Audit

Robertas Vyšniauskas (chair of the Board from February 2022 to 20 March 2023 and from April 2023) Mr. Vyšniauskas also holds the position of the CEO at the company Valstybės Investicinis Kapitalas (State Investment Capital), is the member of the Board of the company Vilniaus Vystymo Kompanija (Vilnius Development Company), the Chairman of the Supervisory Board of KN Energies, and is a consultant in the field of corporate governance, law and taxes.

Mindaugas Keizeris (CEO) holds this position from 22 August 2022. Mr. Keizeris has been the member of the Board of Litgrid since December 2022 and since April 2024. Mr. Keizeris graduated from Vilnius University with completed studies of business administration and management and a master's degree in international business, and also completed the training program for professional board members at Baltic Institute of Corporate Governance.

Darius Kašauskas took up his duties as **the Head of Finance of the EPSO-G Group** from 16 January 2023. From 30 March 2023 Darius Kašauskas is Chairman of the Board of Tetas. Mr. Kašauskas holds Master in Economics and Management at Vilnius University and ISM University of Management and Economics, and also studied for his doctoral degree in Social Sciences and Economics at the latter university.

Žydrūnas Augutis, Chief Financier. Mr. Augutis has more than 20 years of experience in financial accounting and taxation and holds the position of the Chief Financial Officer of EPSO-G from April 2019. Before joining EPSO-G, he held the position of the Chief Financial Officer of the subsidiary Litgrid for two years, was the head of the Accounting Department of Lietuvos Dujos AB (following the separation of the transmission activities from it, Amber Grid was established). In 2017-2019, Mr. Augutis was a member of the Board of EPSO-G's subsidiary Tetas. Mr. Augutis holds a Master's degree in Accounting and Auditing in Economics from Vilnius University.

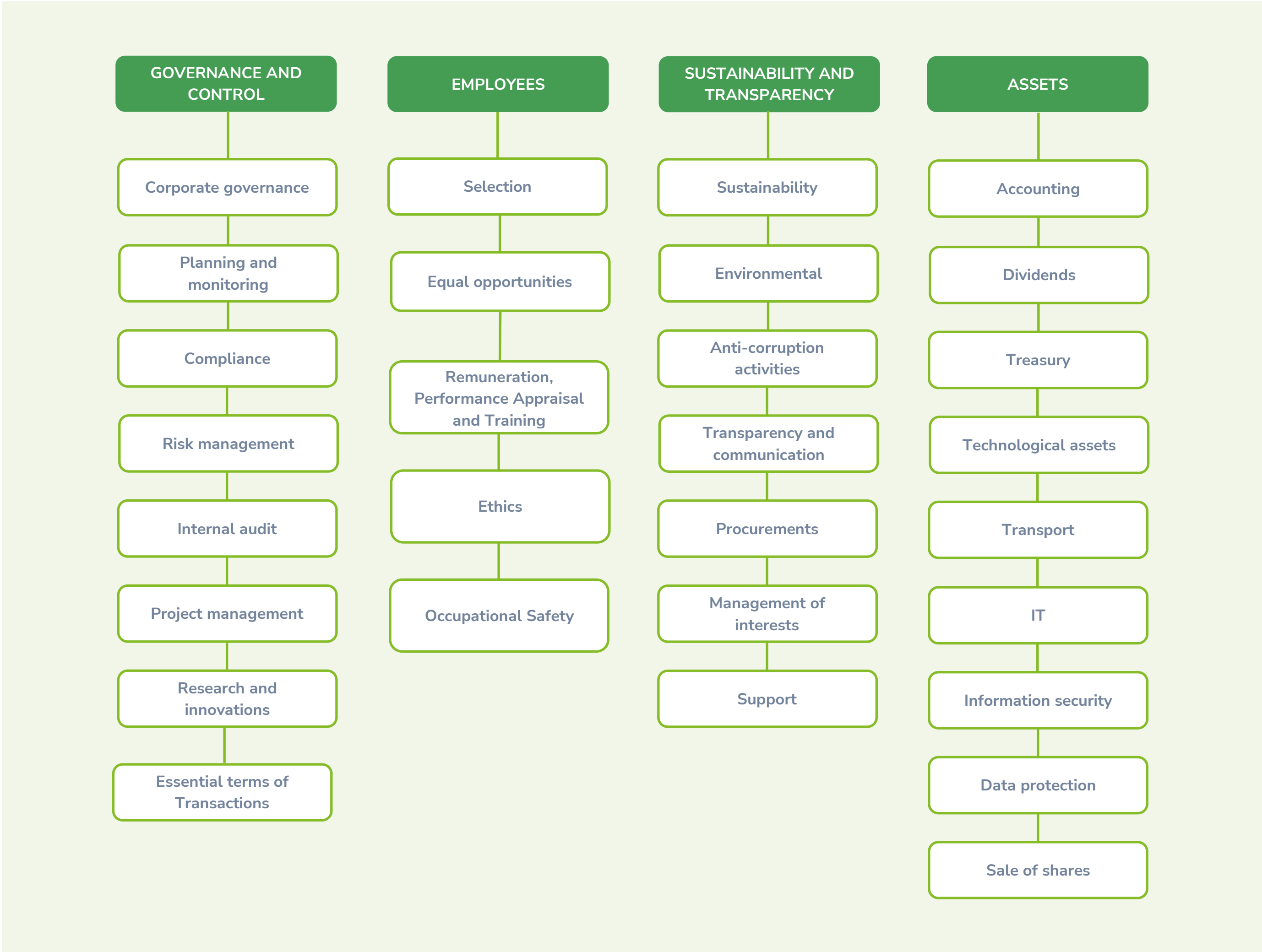
Ms. Rasa Juodelytė, Head of Internal Audit. Holds the position of the Head of Internal Audit Unit at EPSO-G from January 2017. Before starting to serve in this position, she was responsible for the Internal Audit Unit's activities at the subsidiary Litgrid for four years; she held the same position at the international company of wholesale and retail trade in petroleum products. In 2020, Ms. Juodelytė was also a member of the Audit and Risk Committee of SE Ignalina Nuclear Power Plant. Ms. Juodelytė holds a Master in Accounting and Auditing from Vilnius University.

The CVs of the members of the Board, the Committees and the Chief Executive Officer of the Company are published on the website of EPSO-G at www.epsog.lt.

7.9. Operating Policies

Good governance practices in the EPSO-G Group were implemented during the reporting period through the application and continuous targeted improvement of the operating policies approved by the Board, applicable to all the Group companies. The operating policies of the EPSO-G Group are intended to implement a consistent and effective organizational management system helping the employees in successful implementation of important strategic projects and transparent and effective benefit creation for both the people of the country and the business.

In order to meet the objectives set out in the Shareholder's Letter of Expectations, the holding company EPSO-G has established guiding principles and, where appropriate, specific rules in the following areas of activity across the Group:



During the reporting period new Policy on Material Terms and Conditions of Transactions was approved.

7.10. Functional Area Governance

In the first half of 2024, EPSO-G, the management company, applied a functional management model, which, according to international practice, creates the most value for corporate groups. EPSO-G Management Company uses a functional management model:

- focuses on operational efficiency, shared resources and centralised services;
- allocates resources and builds expertise in key areas that create value in the long term - strategy development, investment management and innovation;
- sets Group policies and standardises key Group processes;
- promotes the sharing of best practices between subsidiaries and supports performance improvement initiatives.

EPSO-G measures the effectiveness of its governance model through an employee engagement survey. Based on the results of the study, areas for improvement are identified and the future action plan for organisational development is adjusted accordingly.

In accordance with the provisions of the new version of the Corporate Governance Policy approved by the Company's Board on 29 June 2023, the governance model of the EPSO-G Group is implemented on the basis of two main governance mechanisms: (i) corporate governance and (ii) functional governance.

7.11. Performance Assessment and Results of the Activities of the Collegial Supervisory and Management Bodies

In accordance with the guidelines drawn up by the Remuneration and Nomination Committee, at the beginning of 2024, the governing bodies of EPSO-G's management company and of the Group's subsidiaries, the Group's Committees, carried out an self-assessment of their performance in 2023. The summarised evaluations of the members of each collegial body and the Group's committees were discussed at each collegial body meeting. Areas for improvement have been identified and directions for improving business processes have been identified, with a coherent plan of actions and tasks for 2024.

The results of the self-evaluation of the collegiate bodies' performance were summarised by EPSO-G's Remuneration and Nomination Committee. The Committee has identified the following key areas for improvement for the Group's collegial bodies in 2024:

- Cooperation between EPSO-G group bodies;
- Strengthening knowledge on sustainability.

7.12. Information on Compliance with the Code of Conduct

The holding company EPSO-G complies with the provisions of the Corporate Governance Code of the Companies listed on NASDAQ Vilnius. The Code applies to the extent that the Articles of Association of the Company do not provide otherwise. The Company discloses its compliance with the provisions of the Corporate Governance Code in Annex 4 of the Annual Report

7.13. Information on Compliance with Transparency Guidelines

The EPSO-G Group complies with Resolution No 1052 of the Government of 14 July 2010 On the Approval of the Description of the Guidelines for Ensuring the Transparency of the Activities of State-Owned Enterprises (the “Transparency Guidelines”). The application of the Transparency Guidelines is mandatory for the holding company EPSO-G.

In order to ensure compliance with the Transparency Guidelines at the EPSO-G Group, the Business Transparency and Communication Policy is effective at the Group, which considers in detail the requirements set forth in the Transparency Guidelines, and defines their applicability to the companies of the Group.

The implementation of the Transparency Guidelines is largely ensured through disclosure of information in the annual report and on the official websites, where information is disclosed in the format that is acceptable and comprehensible to the stakeholders.

Structured information on the implementation of the Transparency Guidelines is presented in Annex 3 to the Annual Report.

8.

REPORT ON THE IMPLEMENTATION OF THE

8. REPORT ON THE IMPLEMENTATION OF THE REMUNERATION POLICY

We create an open, progressive organization guided by the objectives of sustainable development, where the professional partnership between an employer and employees prevails, where everyone has opportunities for self-realization, grows together with the organization and can take responsibility for their decisions and actions. In our activities we are guided by these values: professionalism, cooperation, and progress.

When implementing the strategic and business goals set by the shareholder: to create an energy transmission and exchange platform interconnected with the European Union countries and enabling sustainable and efficient energy exchange for regional consumers, and thus increasing the competitiveness of the country's business and the well-being of Lithuanian people, we seek to attract and retain competent, responsible professionals following the provisions of the Group's Code of Conduct and reaching their targeted goals.

We constantly foster employee improvement and upgrade of their skills. We develop employees' professional (functional) and general (values-based) competencies. We encourage the development of managerial competencies.

We set goals related to the strategy for employees and evaluate their achievement. We encourage all employees to propose and implement innovations in their activities: from innovative work methods and tools that facilitate everyday processes to breakthrough innovations that lead to new activities.

We operate efficiently, ensure optimal operating costs and investments based on the best possible cost-benefit ratio, and we are responsible in managing the remuneration budget. We pay employees a performance-based salary, offer incentives for achieving goals that require additional efforts.

8.1. Formation and Monitoring of the Remuneration and Nomination Policy

The Board of the Company is responsible for the formation and implementation supervision of the Remuneration and Nomination Policy of EPSO-G. In order to ensure the proper formation, monitoring and management of the remuneration fund, the EPSO-G Group has a three-member Remuneration and Nomination Committee, the majority of which are independent members.

When performing this function, the Remuneration and Nomination Committee of EPSO-G:

- in the cases provided for in the company's articles of association, or at the request of the bodies of the company or of the Group companies, makes recommendations to them on the appointment of the members of the collegial bodies and on the terms of their contracts, including on the level of their remuneration in accordance with the remuneration guidelines;
- makes recommendations on the appointment of managers of the Group companies, the forms of standard employment contracts and the terms of contracts with managers being appointed, including the remuneration and/or its band;
- at least once a year, assesses the structure, size, composition and performance of the management bodies of the Group companies, and may assess the skills, knowledge and expertise of individual members of the management body, and makes recommendations for improvement;
- makes recommendations on the structure, amount of remuneration of managers of the Group companies, on key performance assessment criteria and the remuneration review in accordance with the Group's remuneration, performance assessment and training policy;
- can make recommendations on the implementation of the Group's Remuneration Policy and measures necessary for its implementation;
- makes recommendations on the Group's remuneration policy for senior management and board members, its implementation, including the transparency of the remuneration system;
- assesses the level and structure of remuneration of the members of the Group's collegial management bodies, and oversees the implementation of the remuneration guidelines;
- at the request of General Meeting of Shareholders, can make recommendations on the remuneration guidelines.
- makes recommendations on the system for succession of the Group's managers and critical positions;
- makes recommendations on the system of equal opportunities, inclusion and diversity promotion within the Group;
- The management bodies of the Group companies have the right to obtain from RNC recommendations, conclusions on specific issues raised by them, if these issues fall within the competence of the RNC.

8.2. Remuneration Policy

The EPSO-G Group has a uniform remuneration policy based on the principles of responsibility and accountability. Its aim is to effectively manage the Group's payroll costs and to create motivational incentives to ensure that the level of remuneration is directly linked to the achievement of the objectives set for the company and for each employee.

This means that performance appraisals are taken into account in determining remuneration. The remuneration of EPSO-G's management and staff therefore consisted of two main components: monthly remuneration and financial incentives. The monthly remuneration depends on the level of responsibility of the job position, which is determined according to a methodology used in international practice. As of 1 January 2023, a new remuneration policy is in force in the EPSO-G Group, which stipulates that a financial incentive is paid when the annual targets of the relevant Group company are achieved by at least 80%. Financial incentives for individual staff members depend on their individual performance. Individual performance assessment results depend on the achievement of the staff member's annual objectives, value behaviours and performance criteria.

Based on international good governance practice, the Remuneration Policy of EPSO-G is approved or changed by the Board only after the Remuneration and Nomination Committee, which includes independent members, provides its recommendations.

All companies of the Group are subject to the same principles of the Remuneration Policy:

- The principles of the remuneration policy are identical for executives and employees.
- The remuneration fund is approved by the Boards of the companies. The Remuneration and Nomination Committee monitors whether there is a balanced control of salary costs with motivation of the employees who are properly performing their duties;
- The remuneration of EPSO-G's management and staff consists of two parts: monthly remuneration and financial incentives.
- Monthly salary depends on the level and competencies of the employee, while financial incentives depend on the achievement of the Group's annual targets and on the individual performance of the employee.
- No financial incentive is payable if performance does not meet expectations according to the established evaluation criteria.
- The amount of a financial incentive is estimated in the Company's budget and recorded in the financial result, which is audited and made public;
- The financial incentives of the company's manager depend on the outcome of the company's annual objectives, which are linked to the implementation of the company's strategy and published on the company's website.
- Members of the collegiate bodies are not paid a financial incentive.
- The termination benefits for executives and staff do not exceed the amount set by the legislation of the Republic of Lithuania.
- A premium may be awarded for outstanding performance.
- The relevant board of the Group company must be informed about the financial incentive to be granted at its next meeting.
- Prior agreements on severance pays, except for companies' managers whose terms of employment are determined by the Board, are not concluded;
- Severance pays are paid to employees in accordance with the procedure laid down in the Labour Code of the Republic of Lithuania and in employment contracts;
- The Remuneration Policy does not provide for any remuneration entitling the company manager, a member of the collegial body or an employee to shares, stock options or to receive remuneration based on changes in share prices other financial instruments;
- To promote employee engagement and loyalty, the EPSO-G Group companies provide non-financial rewards, including voluntary health insurance, seminars on wellness and psychological well-being, seasonal vaccinations, employee events, recognition, and career advancement within the Group.

In order to ensure the effectiveness of the Remuneration Policy, the fixed and variable pay components of remuneration are made public by groups of posts. This creates assumptions for the companies of the EPSO-G Group companies to adequately remunerate the employees, who reach the objectives and exceed expectations, on the basis of the average market value. The assessment of the competitiveness of companies and employees' remuneration is based on market research data. External consultants were not engaged to prepare the Remuneration Policy of EPSO-G.

8.3. Employee Performance Assessment

Employee performance assessment is one of the most important conditions of management and effective leadership that helps achieving the objectives of the EPSO-G Group companies and creating a positive relationship between the leaders and their subordinates, allows planning employee careers, increasing their motivation and engagement.

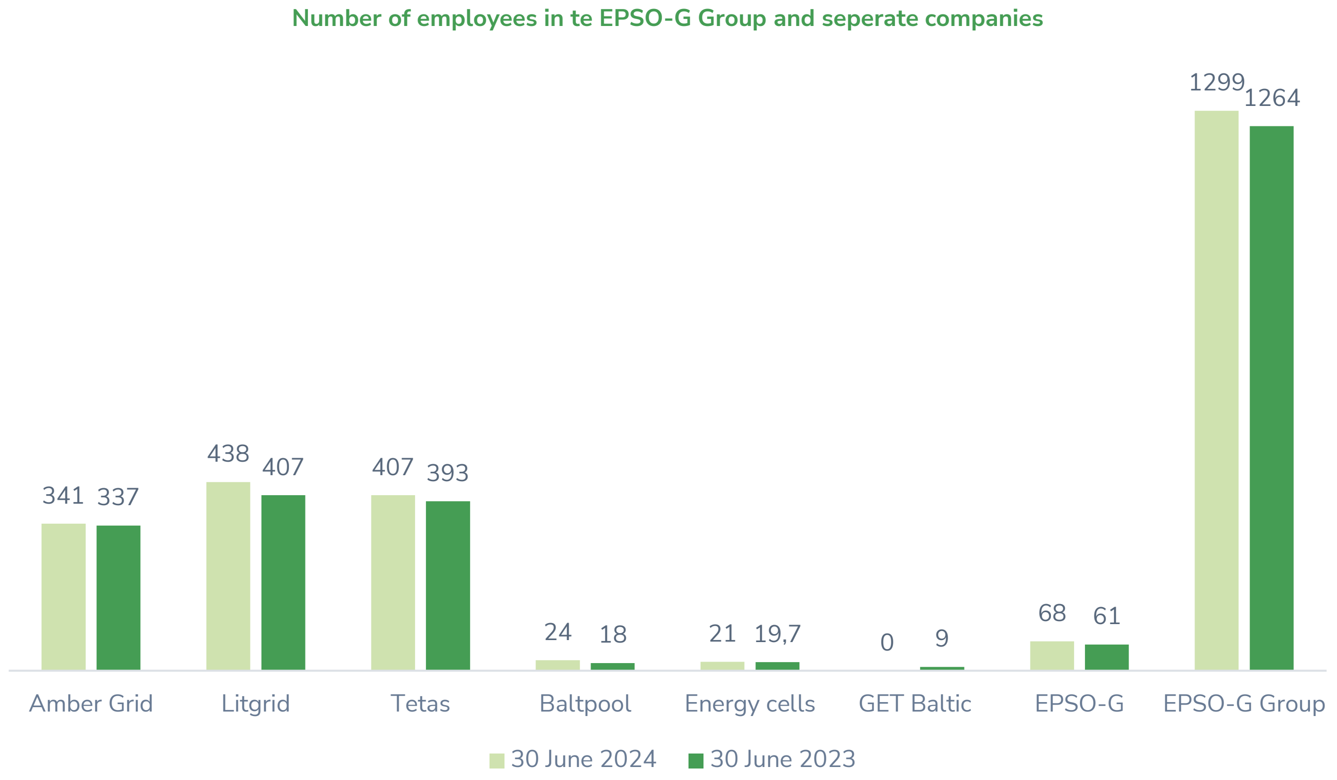
The annual and interim performance appraisal meetings are a performance assessment tool ensuring that personal objectives of EPSO-G employees are tailored to the objectives of the Company. The meetings are intended to discuss and set measurable, time-defined and motivating objectives for the employees, to discuss and assess an employee's performance compliance with the value behaviours and quality criteria.

The annual and interim performance appraisal meetings are intended to assess the achievement of objectives set for an employee of EPSO-G and to set the new ones, forms a feedback culture between a leader and a subordinate. The need for the employee's competence development and further professional growth, and career opportunities are also discussed during the meetings.

In the companies of the EPSO-G Group, individual objectives are discussed with each employee and set annually. Their implementation has a direct impact on the variable pay component, which also depends on the overall achievement of the Company's objectives.

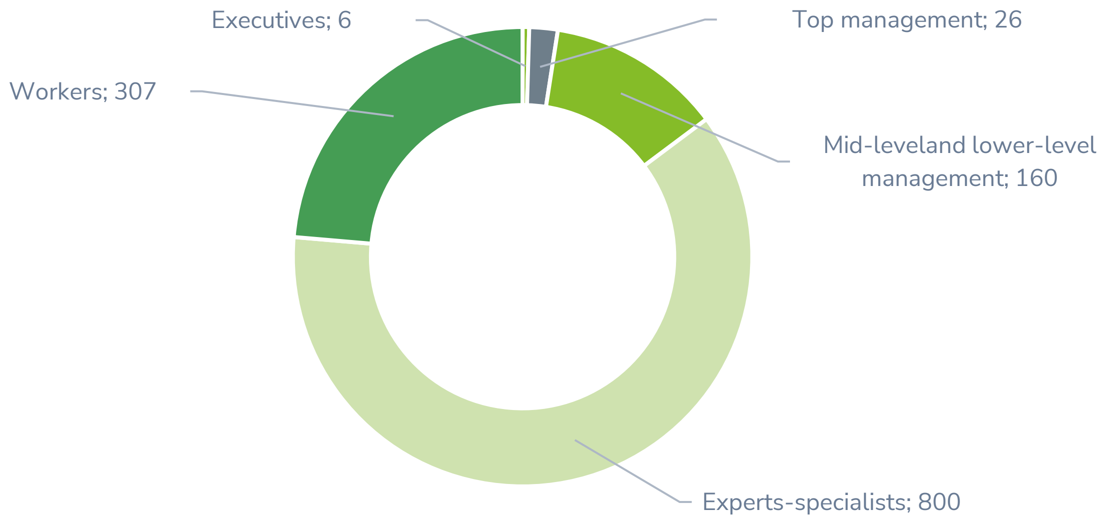
After the Employee Remuneration, Performance Review and Training Policy of the EPSO-G Group companies was adopted, the principles of setting individual objectives for employees did not change – result and quality orientation remained, the performance assessment process was complemented by the assessment of compliance with performance quality criteria.

8.4. Employees



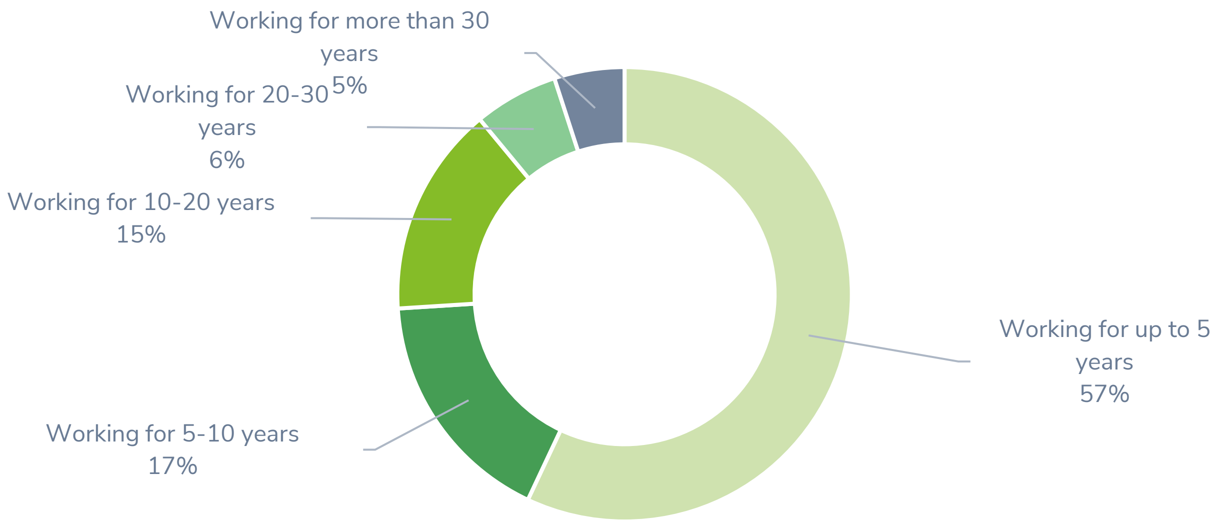
Due to the specifics of the project work, most of the employees of Energy Cells work under fixed-term contracts and part-time in 2021-2022. In FTE terms, the Company had 19.5 FTEs as at 31 December 2022 and 11 FTEs as at 31 December 2021. In 2024, in full-time terms, June 30 the company Energy cells had 17.85 full-time positions.

Distribution of staff by grade at 30 June 2024

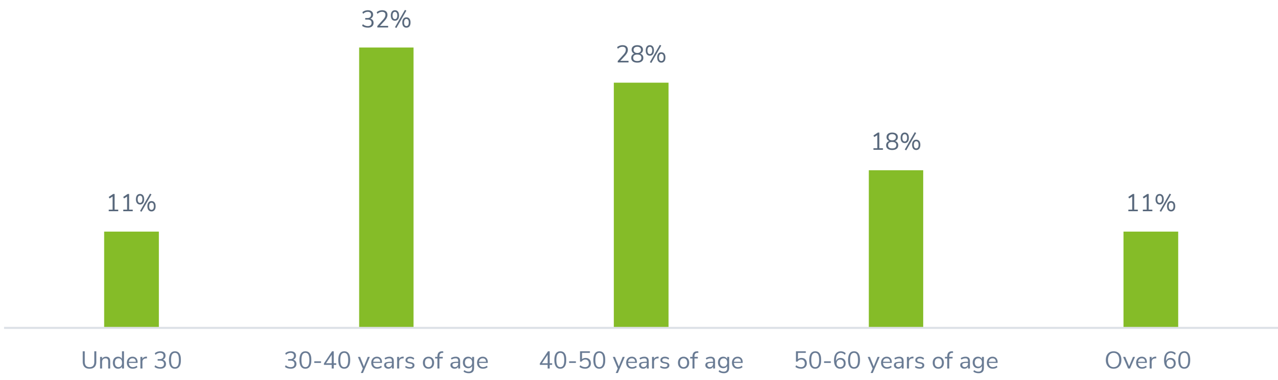


Distribution of employees by service record, age group, educational background, gender as of 30 June 2024

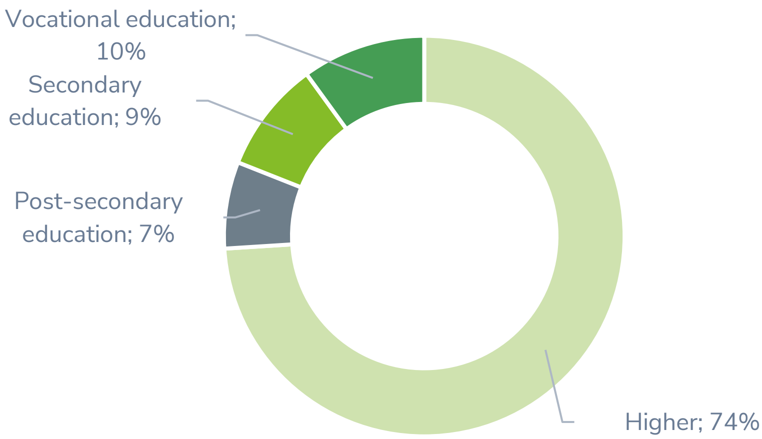
Distribution by service record



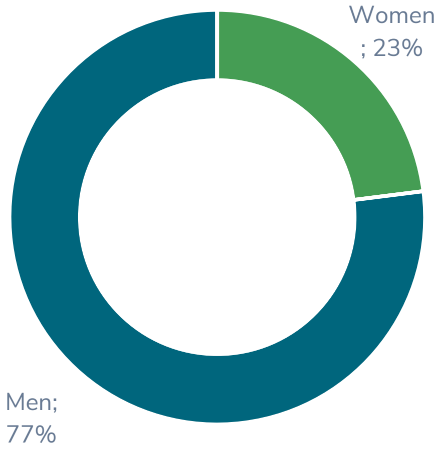
Distribution by age group



Distribution by educational background



Distribution by gender



8.5. Information on Remuneration

As at 30 June 2024, the EPSO-G Group companies had 1,299 employee (as at 30 June 2023: 1,264 employee). Wage Guarantee Fund of the EPSO-G Group for the first six months of 2024 was EUR 26,639 thousand (EUR 25,470 thousand for the first six months of 2023).

Information on remuneration

Remuneration by category of employees	Group			
	Number of employees (at the end of the period)		Average monthly pay (including the variable pay component)	
	January-June 2024	January-June 2023	January-June 2024	January-June 2023
Executives	6	7	12 256	10 807
Top Management	26	27	9 121	8 660
Middle Management	160	146	5 706	5 665
Professionals	800	786	3 554	3 301
Workers	307	298	2 247	1 742
Total	1 299	1 264	3 645	3 339
Wage Guarantee Fund, EUR thousand			28 639	25 470

Information on the holding company EPSO-G's fixed and variable pay components

Remuneration by category of employees	Company			
	Number of employees (at the end of the period)		Average monthly salary (including variable pay components)	
	January-June 2024	January-June 2023	January-June 2024	January-June 2023
Chief Executive Officer	1	1	14 777	12 848
Top Management	6	6	9 735	9 363
Middle Management	18	17	6 841	7 719
Professionals	43	37	4 140	4 209
Total	68	61	5 515	5 738
Wage Guarantee Fund, EUR thousand			**2 318**	**2 132**

8.6. Information on Remuneration of Collegial Members

The members of EPSO-G's collegial bodies, the Board, RNC and AC, are appointed for the term of office of four years. Civil contracts have been signed with members, detailing their responsibilities, duties, rights and functions.

The sole shareholder of the company, the Ministry of Energy of the Republic of Lithuania, approved the new version of the Guidelines for Determining the Remuneration for Activities in the Management Bodies of EPSO-G UAB and the EPSO-G Group of Companies (hereinafter the "Remuneration Guidelines") on 21 October 2022.

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

independent members the independence of whom is determined in accordance with applicable normative legal acts and internal documents;
members who are civil servants.

Remuneration is not paid to employees of the Group companies and/or employees of shareholders of the Group companies.

21 October 2022 Revision of the Remuneration Guidelines:

	EPSO-G	Subsidiaries and downstream subsidiaries
Chair of the Board	1/3 AMP (CEO)*	1/3 AMP (CEO)
Member of the Board	1/4 AMP (CEO)	1/4 AMP (CEO)
Member of the Board (civil servant)	1/4 AMP (CEO)**	1/5 AMP (CEO)**
Chair of the Group's AC and RNC	1/3 AMP (CEO) less 400 EUR	-
Member of the Group's AC and RNC	1/4 AMP (CEO) less 400 EUR	-

* AMP (CEO) means average monthly pay of the CEO of EPSO-G or the CEO of a subsidiary or downstream subsidiary.

** In the event that a Board member (civil servant) holds the position and is engaged in activities of the collegial body of another state enterprise/state-owned enterprise and/or municipal enterprise/municipally-owned enterprise, they are paid 1/8 of the average monthly salary of the head of the relevant Group company. The Board member (civil servant) is not remunerated for activities in the Board Committee.

Wording of the Remuneration Guidelines of 26 April 2024:

The General Meetings of Shareholders and/or other bodies of EPSO-G and Group companies shall, within the scope of their powers, decide on the determination of the specific fixed monthly remuneration and the procedure for its payment to members of KO, taking into account the amounts set out in the table below (before taxes), and shall have the right to round up the amount of the fixed monthly remuneration calculated on the basis of these amounts, within the limit of up to EUR 200 (two hundred Euro):

	EPSO-G	Subsidiaries and downstream subsidiaries
Chair of the Board	1/3 AMP(CEO)*	1/3 AMP(CEO)
Member of the Board	1/4 AMP(CEO)	1/4 AMP(CEO)
Member of the Board (civil servant)	1/5 AMP(CEO)**	1/5 AMP(CEO)**
Chair of the Group's AC and RNC	1/3 AMP(CEO) less 1300 EUR	-
Member of the Group's AC and RNC	1/4 AMP(CEO) less 1100 EUR	-

* AMP (CEO) means average monthly pay of the CEO of EPSO-G or the CEO of a subsidiary or downstream subsidiary.

A fixed monthly remuneration for EPSO-G collegial body members is calculated from the average monthly salary calculated and paid by the CEO of the Company for the previous calendar year at the time of remuneration determination and is not recalculated for the entire term of office of the CO member, except if the previously determined remuneration no longer meets the requirements established in legal acts.

By the decision of the sole shareholder of 21 October 2022, the following fixed monthly pay components (excluding payable taxes) were established for the members of EPSO-G Board and the Audit Committee, which apply from 1 October 2022:

Position	Monthly fixed pay component (EUR)
Chair of the Board	3 406
Member of the Board	2 555
Member of the Board (civil servant), if the civil servant does not hold the position and is not engaged in activities of the collegial body of another SE/SOE and/or ME/MOE*	2 044
Member of the Board (civil servant), if the civil servant holds the position and is engaged in activities of the collegial body of another SE/SOE and/or ME/MOE	1 277
Chair of the Audit Committee	3 006
Member of the Audit Committee	2 155

* SE - state enterprise, SOE - state-owned enterprise, ME - municipal enterprise, MOE - municipality-owned enterprise

By the decision of the Board of EPSO-G of 25 November 2022, the following amounts of remuneration were set for the members of the Remuneration and Nomination Committee (excluding payable fees): the Chair – EUR 3 006, the member – EUR 2 155. The variable pay component for CO members is not set.

By the decision of the sole shareholder of 26 April 2024, the following fixed monthly pay components (excluding payable taxes) were established for the members of EPSO-G Board, which apply from 1 May 2024:

Position	Monthly fixed pay component (EUR)
Chair of the Board	4 400
Member of the Board	3 300
Member of the Board (civil servant), if the civil servant does not hold the position and is not engaged in activities of the collegial body of another SE/SOE and/or ME/MOE*	2 600
Member of the Board (civil servant), if the civil servant holds the position and is engaged in activities of the collegial body of another SE/SOE and/or ME/MOE	1 700

* SE - state enterprise, SOE - state-owned enterprise, ME - municipal enterprise, MOE - municipality-owned enterprise

In the event that a member of the Board of the Company is elected as a member of the Board Committee formed in the Group and/or the Chairman of the Board, or a member of the Board of the Company is revoked/resigns from the position of a member of the Board Committee formed in the Group and/or the Chairman of the Board, the remuneration of such member of the Board of the Company shall be changed without a separate decision of the Company's shareholder with reference to a salary set by the Company shareholder's decision depending on the position held.

10% from the total relevant collegial body's budget of the Company is allocated to the additional costs of the Company intended to ensure the activities of the collegial body. The budget allocated to the costs of ensuring the activities of the collegial body can be used for the organization of joint collegial bodies' trainings, cooperation sessions or joint events of collegial bodies organized in any other form, where knowledge and good practices are exchanged. The Company's collegial bodies' training budgets are not used for individual training of collegial bodies' members.

The contracts entered into with the members of supervisory and management bodies do not grant any rights to the shares of the companies of the EPSO-G Group, other forms of remuneration or additional benefits. The contracts do not provide for any severance pays and notice periods.

Information on activities and pay-outs for the members of the holding company EPSO-G's collegial supervisory and management bodies

	As at 30 June 2024	As at 30 June 2023
Number of meetings of collegial supervisory and management	30	32
Number of members of collegial bodies remunerated (persons)*	7	9
Pay-outs related to members of management bodies (thousand EUR)	125,7	119,8

Information on individual payments to members of collegial supervisory and management bodies

Member's full name	As at 30 June 2024	As at 30 June 2023
Robertas Vyšniauskas*	35 354	32 647
Gediminas Almantas*	-	12 459
Asta Sungailienė*	15 786	14 415
Liudas Liutkevičius*	16 820	8 324
Tomas Daukantas*	13 376	12 066
Dainius Bražiūnas*	13 376	12 066
Gediminas Šiušas**	18 036	18 036

Ramūnas Bagdonas**	12 930	1 796
Jolita Lauciuvienė**	-	7 951

* A total remuneration for activities as an independent member of the Board and a member of a corresponding the EPSO-G Group's Board Committee.
** A remuneration for activities as a member of the EPSO-G Group's Board Committee.

8.7. Legal disputes and uncertainties

Information on legal disputes and uncertainties is disclosed in the annual financial statements.

9.

INFORMATION ON SPECIAL OBLIGATIONS

9. INFORMATION ON SPECIAL OBLIGATIONS

9.1. PSO funds administration activities

In the electricity sector of the Republic of Lithuania, in order to satisfy the interests of all electricity consumers, inter alia, by ensuring the reliability and security of electricity supply, diversification of the resources from which electricity is produced, and increasing Lithuania's energy independence, the Public Interest Service Obligations (hereinafter - PSO) are provided in accordance with the procedure set out in the legislation.

Baltpool, a company belonging to the EPSO-G group, has been appointed by the Resolution of the Government of the Republic of Lithuania No. 1338 of 7 November 2012 “On the Appointment of the Administrator of the Funds for Public Interest Services in the Electricity Sector” to perform the special obligation of the Administrator of the Funds for Public Interest Services in the Electricity Sector from 1 January 2013.

Baltpool carries out these activities, which are included in the list of special obligations to be performed by State-owned enterprises and their subsidiaries (hereinafter - the List of Special Obligations), approved by the Order No. 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania of 16 March 2021, in accordance with the Law on Electricity of the Republic of Lithuania, the Law on Energy from Renewable Sources of the Republic of Lithuania, the Description of the Procedure for Provision of Public Interest Services in the Electricity Sector and Determination of Their Scope, approved by the Resolution of the Government of the Republic of Lithuania No. 916 of 18 July 2012, the Description of the Procedure for Administration of Funds for Public Interest Services in the Electricity Sector, approved by the Resolution of the Government of the Republic of Lithuania No. 1157 of 19 September 2012 (hereinafter - the Description of the Procedure for Administration of Funds for PSO), as well as other legal acts regulating the administration of the funds for PSO.

The objective of the activities of the administration of the funds for PSO is to ensure the proper and lawful collection, disbursement, reimbursement and administration of the funds for PSO. In order to ensure the proper fulfilment of this objective, Baltpool shall pay particular attention to the proper safeguarding of the balance of the funds for PSO, the smooth and transparent collection and disbursement of the funds for PSO, and the proper representation of Baltpool in legal disputes related to the administration of the funds for PSO. In this context, Baltpool has identified in its planning, compliance and risk management documents, and in the first half of 2024 (as well as in 2023), and in the second half of 2024, it has carried out and will continue to carry out, on a regular basis, a regular monitoring of the proper fulfilment of these target performance indicators:

- Information related to the administration of funds for PSO shall be made public and/or provided to the National Energy Regulatory Council (hereinafter - the Council) in accordance with the deadlines set out in the applicable legal acts (target delay value: 0 days);
- Ensuring the balance of the funds for PSO by forecasting PSO flows, controlling the balance of funds for PSO, and entering into borrowing agreements which, in the event of a shortfall in the balance of PSO funds, can be activated in order to allow for the immediate and proper fulfilment of the obligations of Baltpool in relation to the payment of PSO funds;
- Baltpool involvement in legal disputes related to the administration of funds for PSO (target value: 100%).

The legislation governing the administration of funds for PSO does not entitle Baltpool to profit from its activities. The costs incurred by Baltpool in carrying out the activities of administering the funds for PSO, in accordance with the provisions of the description of the procedure for the administration of the funds for PSO, shall be covered from the collected PSO funds, up to a maximum of 1/12th of the amount of the administration of the PICS funds approved by the Council for the calendar year in question, which shall be determined on an annual basis, in accordance with the methodology for the determination of the price for the PSO funds as adopted by the Council by its resolution No. O3-279 of 28 September 2012 (hereinafter - PSO methodology). Baltpool accounts for its activities related to the administration of PSO funds separately from its other activities. The prices of the PSO for the coming calendar year and the amounts of the PSO funds to be paid to the PSO providers in the current calendar year shall be set by the Council in accordance with the PSO methodology.

In the course of 2023, Baltpool has provided the Council with the data necessary to determine the need for and the prices of PSO for 2024 in accordance with the PSO methodology. The Council, by Resolution No. O3E-1480 of 12 October 2023, allocated EUR 245 thousand (EUR 181 thousand in 2023) to Baltpool to cover the costs of administering the PICS funds in 2024, and set the price of the PSO at 0 ct/kWh excluding VAT in 2024. The cash flow forecast of the PSO funds, together with other reports on the administration of the PSO funds, including those relating to the PSO granted and accounted for in the first half of 2024, as well as detailed information on the PSO, shall be made publicly available on the Baltpool website at: reports and administration of the PSO funds.

Balance sheet of the activities for the administration of the PICS funds for 30 June 2024 and 31 December 2023: The cash balance of the PICS funds, the PICS receivables and the related liabilities are shown in the table below:

(All amounts are in EUR thousands unless otherwise stated)

	30 June 2024	2023	Change	
			+/-	%
Administered PSO receivables	32 342	33 427	-1 085	-3
Cash balance of PSO funds	16 664	35 571	-18 907	-53
	49 006	**68 998**	**-19 992**	**-29**
Short-term financial debts	-	-	-	-
PSO funds payable	3 734	12 636	-8 902	-70
VAT payable	0	0	-0	0
Accrued PSO payables	45 272	56 362	-11 090	-20
	49 006	**68 998**	**-19 992**	**-29**

In the course of EPSO-G's PICS administration activities, Baltpool incurred the following costs in first half of 2024 and first half of 2023, which were reimbursed in accordance with the NERC methodology. The reimbursed costs were recognised as income and, accordingly, the income and expenses related to the PICS activity and the financial result were reflected in the following lines of EPSO-G's profit and loss account:

(All amounts are in EUR thousands unless otherwise stated)

	The six-month period ending in 2024 June 30	The six-month period ending in 2023 June 30	Change	
			+/-	%
Income	123	90	32	35
Total revenue and other income:	**123**	**90**	**32**	**35**
Salaries and related costs	-58	-46	**-12**	**27**
Legal services and stamp duty	-24	-23	-1	2
Other costs	-13	-10	-3	25
Total costs:	**-94**	**-79**	**-15**	**19**
EBIDTA	28	11	17	148
Depreciation and amortisation	-9	-8	-1	13
Operating profit (loss) EBIT	19	3	16	491
Income tax	0	0	0	0
Net profit (loss)	19	3	16	491

9.2. Implementation of the functions of the project executor for the installation of a physical barrier at the border with Belarus

In the framework of the implementation of the Law on the Installation of a Physical Barrier on the Territory of the Republic of Lithuania on European Union's External Border with the Republic of Belarus (hereinafter - the Law on Physical Barrier), by the Resolution of the Government of the Republic of Lithuania of 23 August 2021 No. 680 "On the Implementation of the Law on the Installation of a Physical Barrier on the Territory of the Republic of Lithuania on European Union's External Border with the Republic of Belarus", UAB EPSO-G was appointed to implement the specific obligation of the Project Implementer of the installation of a Physical Barrier, as it is defined in the Article 2(1) of the Law on Physical Barrier. EPSO-G used legal entities under its control to carry out the functions assigned to it.

The physical barrier was completed on time (30 December 2022) and within budget.

For more information on the physical barrier project and its objectives, see EPSO-G website.

Taking into account that EPSO-G has already fulfilled the functions of the project implementer of the physical barrier at the border with Belarus, the fulfilment of the functions of the project implementer of the physical barrier at the border with Belarus, as a special obligation for EPSO-G, has been removed from the List of Special Obligations by Order No. 4-198 of the Minister of the Economy and Innovation of the Republic of Lithuania dated 11 April 2024.

Information on the specific obligations of EPSO-G and its subsidiaries can be found in the List of Specific Obligations (available here), which currently includes only one obligation - the activity of administering funds for Public Interest Service Obligations (Baltpool, UAB).

10.

SUSTAINABILITY INFORMATION

10. SUSTAINABILITY INFORMATION

10.1. Sustainability highlights

In the first half of 2024, EPSO-G is steadily implementing planned operational initiatives, projects and other improvements in line with its sustainability priorities. The process of preparing the new long-term strategy for the Group was launched in early 2024. The preparation will update and identify the main new sustainability orientations and priorities.

Environment

In the first half of 2024, there were no environmental incidents or breaches at Group companies. On 14 June 2024, Amber Grid received the National Energy Regulatory Council's conclusion and investigation report on the incident of 13 January 2023, in which a defect in the construction of the pipeline, i.e. the quality of the welding joint and its gradual degradation, resulted in the rupture of the welding seam and the ignition of gas. Based on the findings of the NERC, the law enforcement authorities closed the pre-trial investigation. Amber Grid is currently awaiting the conclusions of the Department of Environmental Protection Under the Ministry of Environment on the determination of potential environmental damage.

In the first half of this year, Litgrid's ISO 45001 environmental management systems were annually externally audited.

In order to comply with the Regulation on Methane Emissions Reduction in the Energy Sector (Regulation (EU) 2019/942), which will enter into force in August 2024, in the first half of this year Amber Grid started monitoring methane leakages in its gas trunklines and has been active in its leakage detection and repair monitoring programme. The Regulation aims to increase transparency of fossil fuel imports into the EU, to promote the wider application of methane emission reduction measures in the energy sector, and to harmonise detailed standards and guidelines for measuring, reporting and verifying methane emissions.

Social

During the first half of 2024, the Group recorded no cases of human rights violations or discrimination, serious or fatal accidents. In order to further ensure occupational safety and health, transparent and efficient processes in the areas of safety incidents, internal and contractor control, the Group has launched the DARSIS Occupational Safety and Health Information System.

Amber Grid and Litgrid provided EUR 156,000 for scholarships for engineering students. In the academic year 2024-2027, first and second year students of VILNIUS TECH, Kaunas University of Technology and Panevėžys College will be able to apply for the incentive scholarships established by Amber Grid and Litgrid. This is the third year in a row that EPSO-G Group companies will be awarding long-term scholarships to bright and motivated engineering students.

Governance

As part of its continued commitment to achieving its long-term sustainability goals, EPSO-G joined the Science Based Targets initiative (SBTi) in 2024. The Group has committed itself to setting science-based greenhouse gas (GHG) emission reduction targets by 2030. EPSO-G Group companies will ensure that the targets and reduction measures are in line with the latest scientific advice and contribute to the global goal of limiting climate warming to 1.5°C above pre-industrial levels.

The Group has a Supplier Code of Conduct, which EPSO-G Group companies have previously encouraged their business partners to read and follow. In order to further strengthen cooperation and relationships with business partners, a system of verification of operational partners has been introduced in 2024 and integrated into the procurement process. This system will allow to know and collect information about the Group's business partners and to assess their compliance with business ethics, environmental protection, social responsibility and other sustainable practices.

In 2024, the Group began implementing the ISO 37001 anti-corruption management standard to ensure proper management of corruption-related risks within its companies, timely detection of corruption, the application of countermeasures, and the establishment of an anti-corruption management system in accordance with the standard's requirements.

In order to comply with the provisions and guidelines of the Corporate Sustainability Reporting Directive, as well as the European Sustainability Reporting Standards, the Group's sustainability report for 2024 will be prepared as a consolidated report covering all Group companies. In 2026, sustainability reports for Amber Grid, Litgrid and EPSO-G Group (consolidated) for 2025 will be prepared in accordance with national law.

The Group's double materiality assessment commenced in July 2024. The Group's consolidated Group Sustainability Report will undergo limited assurance from a third party.

10.2. Sustainability goals and progress

Area	Long-term sustainability targets until 2030 *	2022	2023	For the first half of 2024
Environment	0 significant environmental incidents in operation	0	1	0
Social	0 cases of human rights violations or discrimination	0	0	0
	≥ 21% of women in top management positions by 2027 (compared to 2022)	84% of the Board and top management were men and 16% women	85% of the Board and top management were men and 15% women	86% of the Board and top management were men and 14% women
	0 serious or fatal accidents	0	0	0
	Customer satisfaction - at least 80 according to GCSI methodology	The GCSI indices of the Group companies ranged from 63 (Tetas) to >80 (Baltpool, Litgrid and Amber Grid).	The GCSI indices of the Group companies ranged from 68 (Tetas) to >80 (Baltpool, Litgrid and Amber Grid).	Customer satisfaction assessment not yet carried out
Governance	0 cases of corruption	0	0	0
	Good Governance Index - A+	EPSO-G Group companies' Good Governance Index for 2020/21 was A	EPSO-G Group companies' Good Governance Index for 2022/23 was A	The valuation of the EPSO-G Group companies will be revealed at the end of 2024
	100% of public procurement is green	83,2%	>95% (some of the purchases have been carried over from 2022, so the result is below 100%)	100%

*Full achievement of all long-term objectives is disclosed in the Group's consolidated sustainability reports..

11.

CONDENSED INTERIM FINANCIAL INFORMATION

11. CONDENSED INTERIM FINANCIAL INFORMATION

11.1. Condensed Interim Statements of Financial Position

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (all amounts are in EUR thousand unless otherwise stated)

		Group		Company	
	Notes	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
ASSETS					
Non-current assets					
Intangible assets	4	7 062	8 175	65	77
Property, plant and equipment	5	726 391	707 229	76	83
Right-of-use assets	6	11 852	10 810	616	694
Investments in subsidiaries	7	-	-	351 526	351 526
Investments in associates	7	17 695	17 677	13 830	13 830
Deferred tax assets		7 986	12 105	51	45
Receivables after one year		10	10	-	-
Other non-current financial assets		166	166	-	-
Total non-current assets		**771 162**	**756 172**	**366 164**	**366 255**
Current assets					
Inventories	8	5 948	7 556	-	-
Prepayments and contract assets	9	7 175	6 148	55	69
Trade receivables	10	48 190	41 888	504	383
Other receivables	11	99 071	98 643	53 731	46 225
Prepaid income tax		9 780	28 916	-	-
Other financial assets	12	39 345	15 898	20 000	-
Cash and cash equivalents	13	140 090	123 236	138 644	120 015
Total current assets		**349 599**	**322 285**	**212 934**	**166 692**
TOTAL ASSETS		**1 120 761**	**1 078 457**	**579 098**	**532 947**
EQUITY AND LIABILITIES					
Issued capital	14	189 631	189 631	189 631	189 631
Revaluation reserve	15	25 102	26 504	-	-
Legal reserve		18 040	14 341	3 765	2 524
Other reserves		29 036	38 993	28 614	50
Retained earnings (loss)		62 893	25 874	46 832	30 001
Equity attributable to shareholders of the parent company		**324 702**	**295 343**	**268 842**	**222 206**
Non-controlling interest		11 841	12 546	-	-
Total equity		**336 543**	**307 889**	**268 842**	**222 206**
Non-current liabilities					
Non-current borrowings and issued bonds	18	158 079	163 954	74 871	74 849
Lease liabilities	19	9 866	9 282	478	552
Congestion management revenue	21	301 445	264 173	-	-
Provisions	22	2 528	2 528	-	-
Other non-current payables and liabilities		6 363	3 411	-	-
Total non-current liabilities		**478 281**	**443 348**	**75 349**	**75 401**
Current liabilities					
Current portion of non-current borrowings	18	11 792	11 792	-	-
Current borrowings	18	700	20 147	233 598	234 114
Current portion of lease liabilities	19	2 107	1 599	149	149
Trade payables	23	80 184	68 341	84	153
Prepayments received	24	37 174	44 412	-	-
Current portion of congestion management funds	21	36 901	36 901	-	-
Provisions	22	16 725	12 210	-	-
Other current payables and liabilities	26	120 354	131 818	1 076	924
Total current liabilities		**305 937**	**327 220**	**234 907**	**235 340**
Total liabilities		**784 218**	**770 568**	**310 256**	**310 741**
TOTAL EQUITY AND LIABILITIES		**1 120 761**	**1 078 457**	**579 098**	**532 947**

11.2. Condensed Interim Statements of Comprehensive Income

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (all amounts are in EUR thousand unless otherwise stated)

		GROUP			
	Notes	**For the period of six months ended 30 June 2024**	**For the period of six months ended 30 June 2023**	**For the period of three months ended 30 June 2024**	**For the period of three months ended 30 June 2023**
Revenue	27	245 594	219 198	105 583	102 438
Other income	27	820	1 875	462	(2 174)
Total revenue and other income		**246 414**	**221 073**	**106 045**	**100 264**
Purchase of electricity and natural gas services	28	(140 831)	(130 882)	(64 063)	(59 596)
Purchase of contracting services		(6 847)	(4 300)	(3 358)	(2 928)
Wages and salaries and related expenses		(26 926)	(24 044)	(13 919)	(12 473)
Purchases of repair and maintenance services		(3 512)	(3 794)	(1 907)	(2 081)
Other expenses	28	(15 902)	(13 832)	(8 690)	(6 956)
Total expenses		**(194 018)**	**(176 852)**	**(91 937)**	**(84 034)**
EBITDA		**52 396**	**44 221**	**14 108**	**16 230**
Dividend income		-	-	-	-
Result on loss of control and revaluation of shares in associates		-	8 419	-	8 419
Depreciation and amortisation	4,5,6	(19 801)	(17 102)	(9 958)	(8 537)
Impairment of non-current assets		-	(23)	80	73
Loss on write-off of non-current assets		(83)	(91)	6	(73)
Operating profit (loss) (EBIT)		**32 512**	**35 424**	**4 236**	**16 112**
Share of results of associates	7	2 923	-	2 722	-
Total finance costs, net	29	(700)	(228)	21	(211)
Profit (loss) before income tax		**34 735**	**35 196**	**6 979**	**15 901**
Income tax					
Current year income tax expenses	25	(265)	(1 415)	47	(1 066)
Deferred tax (expenses)	25	(4 118)	(2 318)	(197)	(14)
Total income tax		**(4 383)**	**(3 733)**	**(150)**	**(1 080)**
Net profit (loss)		**30 352**	**31 463**	**6 829**	**14 821**
Other comprehensive income		-	-		-
Total comprehensive income for the period		**30 352**	**31 463**	**6 829**	**14 821**
Net profit (loss) attributable to:					
Shareholders of the parent company		29 556	30 890	6 733	14 571
Non-controlling interest		796	573	96	250
		30 352	**31 463**	**6 829**	**14 821**
Comprehensive income attributable to:					
Shareholders of the parent company		29 556	30 890	6 733	14 571
Non-controlling interest		796	573	96	250
		30 352	**31 463**	**6 829**	**14 821**

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (all amounts are in EUR thousand unless otherwise stated)

	Notes	COMPANY			
		For the period of six months ended 30 June 2024	For the period of six months ended 30 June 2023	For the period of three months ended 30 June 2024	For the period of three months ended 30 June 2023
Revenue	27	1 105	482	616	266
Other income	27	-			-
Dividend income		50 632	13 357	50 632	13 357
Total revenue , other income and dividend		**51 737**	**13 839**	**51 248**	**13 623**
Wages and salaries and related expenses		(2 479)	(2 107)	(1 278)	(1 101)
Other expenses	28	(598)	(637)	(390)	(345)
Total expenses		**(3 077)**	**(2 744)**	**(1 668)**	**(1 446)**
EBITDA		**48 660**	**11 095**	**49 580**	**12 177**
Depreciation and amortisation		(105)	(61)	(53)	(31)
Operating profit (loss) (EBIT)		**48 555**	**11 034**	**49 527**	**12 146**
Total finance costs, net	29	(1 729)	(871)	(553)	(859)
Profit (loss) before income tax		**46 826**	**10 163**	**48 974**	**11 287**
Income tax					
Current year income tax expenses	25	-	-	-	-
Deferred tax benefit (expenses)	25	6	612	-	415
Total income tax		**6**	**612**	**-**	**415**
Net profit (loss)		**46 832**	**10 775**	**48 974**	**11 702**
Total comprehensive income for the period		**46 832**	**10 775**	**48 974**	**11 702**

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

11.3. Consolidated and the Company's Statements of Changes in Equity

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (all amounts are in EUR thousand unless otherwise stated)

GROUP	Notes	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Subtotal	Non-controlling interest	Total
Balance as at 31 December 2022		**189 631**	**277**	**16 621**	**41 128**	**(30 629)**	**217 028**	**10 746**	**227 774**
Comprehensive income (expenses)									
Net profit (loss) for the year		-	-	-	-	30 890	30 890	573	**31 463**
Total comprehensive income (expenses) for the period		**-**	**-**	**-**	**-**	**30 890**	**30 890**	**573**	**31 463**
Depreciation of revaluation reserve and amounts written off		-	(12)	-	-	12	-	-	-
Transfers to/from reserves				(2 498)	(41 128)	43 626			
Dividends						(65)	**(65)**	(564)	**(629)**
Balance as at 30 June 2023		**189 631**	**265**	**14 123**	**0**	**43 834**	**247 853**	**10 755**	**258 608**
Balance as at 31 December 2023		**189 631**	**26 504**	**14 341**	**38 993**	**25 874**	**295 343**	**12 546**	**307 889**
Comprehensive income (expenses)									
Net profit (loss) for the year		-	-	-	-	29 555	**29 555**	797	**30 352**
Total comprehensive income (expenses) for the period		**-**	**-**	**-**	**-**	**29 555**	**29 555**	**797**	**30 352**
Depreciation of revaluation reserve and amounts written off	15	-	(1 402)	-	-	1 402	-	-	-
Transfers to/from reserves				3 699	(9 957)	6 258			
Dividends						(196)	**(196)**	(1 502)	**(1 698)**
Balance as at 30 June 2024		**189 631**	**25 102**	**18 040**	**29 036**	**62 893**	**324 702**	**11 841**	**336 543**

COMPANY	Notes	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as at 31 December 2022		**189 631**	**2 248**	**50**	**5 514**	**197 443**
Profit for the period		-	-	-	10 775	**10 775**
Total comprehensive income for the period		**-**	**-**	**-**	**10 775**	**10 775**
Dividends					(65)	**(65)**
Transfers to reserves			276		(276)	-
Balance as at 30 June 2023		**189 631**	**2 524**	**50**	**15 948**	**208 153**
Balance at 31 December 2023		**189 631**	**2 524**	**50**	**30 001**	**222 206**
Profit for the period		-	-	-	46 832	**46 832**
Total comprehensive income for the period		**-**	**-**	**-**	**46 832**	**46 832**
Dividends					(196)	**(196)**
Transfers to reserves			1 241	28 564	(29 805)	-
Balance as at 30 June 2024		**189 631**	**3 765**	**28 614**	**46 832**	**268 842**

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

11.4. Condensed Interim Statements of Cash Flows

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (all amounts are in EUR thousand unless otherwise stated)

	Notes	Group		Company	
		As at 30 June 2024	As at 30 June 2023	As at 30 June 2024	As at 30 June 2023
Cash flows from operating activities					
Net profit (loss)		30 352	31 463	46 832	10 775
Adjustments for non-cash items:					
Depreciation and amortisation expenses	4,5,6	19 801	17 102	105	61
Impairment of property, plant and equipment					
Loss on write-off of property, plant and equipment		83	91	-	-
Loss on impairment and write-off of inventories, trade receivables and other assets		174	23	-	-
Profit (loss) on disposal/write-off of property, plant and equipment					
Income tax expenses	25	4 383	3 733	(6)	(613)
Grant income (amortisation)		(4)	(129)	-	-
Elimination of results of financing and investing activities:					
Dividend income				(50 632)	(13 357)
Total finance costs, net		700	228	1 729	871
Elimination of share of results of associates		(2 923)	-	-	-
Result on loss of control and revaluation of shares in associate		-	(8 419)	-	-
Changes in working capital:					
(Increase) decrease in trade and other receivables		(2 191)	64 227	244	(621)
(Increase) decrease in inventories, prepayments and other current assets		(1 895)	2 831	14	14
Increase (decrease) in trade and other payables, grants, deferred income and prepayments received		3 679	(296 867)	(73)	350
Increase in congestion management revenue		-	35 473	-	-
Changes in other financial assets		2 639	192 982	-	-
Income tax received (paid)		(8)	(19)	-	115
Net cash flows from operating activities		**54 790**	**42 719**	**(1 787)**	**(2 405)**
(Acquisition) of property, plant and equipment and intangible assets		(66 005)	(100 325)	(8)	(8)
Disposal of property, plant and equipment and intangible assets		-	171	-	-
Grants received	17	31 387	41 317	-	-
Congestion management funds received	21	50 513	-	-	-
Loans (granted)/recovered		-	-	(5 532)	(23 301)
Loss of control in subsidiary/(acquisition) of associates and joint ventures		-	6 500	-	-
Dividends received		564	1 406	48 290	13 357
Acquisition of short-term financial investments		(116 074)	(210 000)	(109 989)	(210 000)
Repayment of short-term financial investments		89 989	-	89 989	-
Interest received		2 180	2 733	3 222	2 982
Net cash flows used in investing activities		**(7 446)**	**(258 198)**	**25 972**	**(216 970)**
Issue of bonds		-	-	-	-
Proceeds from borrowings	20	-	-	18 725	-
Loans repaid		(8 235)	(27 496)	(2 338)	(2 338)
Repayment of lease liabilities		(1 122)	(645)	(74)	(47)
Overdraft	19	(17 981)	-	(17 981)	(18 666)
Interest paid		(1 558)	(1 722)	(3 692)	(2 672)
Dividends paid		(1 594)	(622)	(196)	(65)
(Net cash flows from/used in financing activities		**(30 490)**	**(30 485)**	**(5 556)**	**(23 788)**
Change in cash and cash equivalents in disposal group		-	(376)	-	-
Increase/(decrease) in cash and cash equivalents		16 854	(246 340)	18 629	(243 163)
Cash and cash equivalents at the beginning of the period		123 236	248 096	120 015	244 310
Cash and cash equivalents at the end of the period		140 090	1 756	138 644	1 147

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

11.5. Notes to the Condenced Consolidated and the Company's Financial Statements

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

1. General information

EPSO-G UAB is a private limited liability company registered in the Republic of Lithuania. Registered office: Gedimino ave. 20, LT-01103 Vilnius, Lithuania. EPSO-G UAB (hereinafter "EPSO-G" or 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 by ensuring the uninterrupted, stable transmission of electricity over high voltage networks and transportation of natural gas via high pressure gas pipelines, as well as by ensuring the management, maintenance and development of these transmission systems and organisation of trade on the natural gas and biofuel exchanges; 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.

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.

As at 30 June 2024 and 31 December 2023, the Company's issued capital consisted of 653,900,000 ordinary registered shares with the nominal value of EUR 0.29 each. All shares, including 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 30 June 2024 and 31 December 2023, all shares of the Company were fully paid.

The Company's shareholder	As at 30 June 2024		As at 31 December 2023	
	Issued capital, EUR	%	Issued capital, EUR	%
Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania	189 631 000	100	189 631 000	100

As at 30 June 2024 the EPSO-G Group had 1,299 employee (as at 31 December 2023, 1,261 employee), and the Company had 68 employees (as at 31 December 2023, 66 employees).

The EPSO-G group (hereinafter the "Group") consists of the Company, directly and indirectly controlled subsidiaries, associates and joint ventures, as listed below:

Company name	Registered office address	Ownership interest (%)		Profile of activities
		As at 30 June 2024	As at 31 December	
SUBSIDIARIES				
„Litgrid" AB	Karlo Gustavo Emilio Manerheimo st. 8, Vilnius, Lithuania	97,5	97,5	Electricity transmission system operator
AB „Amber Grid"	Laisvės ave. 10, Vilnius, Lithuania	96,6	96,6	Natural gas transmission system operator
BALTPOOL UAB	Žalgirio st. 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 st. 102B, Panevėžys, Lithuania	100	100	Transformer substation, distribution station and electricity

Company name	Registered office address	Ownership interest (%)		Profile of activities
		As at 30 June 2024	As at 31 December 2023	
Energy cells, UAB	Ozo st. 12A-1, Vilnius	100	100	Installation and management of electricity storage facilities
		ASSOCIATES		
GET Baltic UAB (controlled through Amber Grid AB)	Geležinio Vilko st. 18A, Vilnius, Lithuania	34,0	96.6	Organisation of trading on the natural gas exchange
TSO Holding AS	Lilleakerveien 2A, 0283 Oslo, Norway	39,6	39,6	Holding company holding a minority interest in equities of the electricity exchange operator and the market coupling operator
		JOINT VENTURES		
Baltic RCC OÜ	Kadaka tee 42 12915 Tallinn Eesti	33,33	33,33	Provision of services ensuring safety and reliability of the electricity system and coordination between the transmission network operators of the Baltic region

As indicated in the note of the events after the reporting period, on 18 July 2024, the Company established a new 100% controled subsidiary EPSO-G Invest, UAB, whose expexted main activity is managments of projects and investments. Investments in subsidiaries and associates are described in more detail in note 7.

2. Basis of preparation of Financial Statements

The Group's and the Company's financial statements for the six months period, ended 30 June 2024 were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. 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, grants are accounted for by reducing the carrying amount of the related asset.

These condensed interim consolidated and separate financial statements have not been audited. PricewatehouseCoopers UAB carried out an audit of Consolidated and separate Financial Statements for the period ended on 31 December 2023.

For a better understanding of the information presented in these financial statements, these interim condensed consolidated and separate financial statements should be read together with the annual consolidated and separate financial statements for the period ended 31 December 2023.

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 2023.

Amounts in these financial statements are presented in thousands of euro (EUR), unless otherwise stated.

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

3. 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 until 31 May 2023;
- activities conducted by energy facilities construction and contracting company TETAS UAB;
- activities conducted by operator of electricity storage facilities Energy Cells UAB;
- activities conducted by parent company EPSO-G UAB.

Considering that revenue, profit measure (EBITDA) and total assets after consolidation adjustments of the individual elements 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 are insignificant for the Group.

The key performance indicators are profit before interest, taxes, depreciation (amortisation), loss on impairment and write-off of property, plant and equipment (EBITDA), and net profit operating expenses, excluding electricity, gas and related expenses. These indicators are calculated on the basis of data reported in the financial statements.

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

Management also analyses investments and net debt of each individual segment.

Over six months period of 2024, revenue from the Lithuanian clients accounted for 89% of the Company's total revenue (during six months period of 2023: 87%).

The table below contains the Group's information on segments for the six monts period ended 30 June 2024:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	197 733	35 049	79 829	(66 197)	246 414
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment	(21 440)	(14 669)	(13 594)	3 363	(46 340)
EBITDA	**40 599**	**11 952**	**51 096**	**(51 251)**	**52 396**
Adjusted EBITDA	**24 791**	**13 736**	**51 096**	**(51 251)**	**38 372**
Temporary regulatory differences for previous periods	6 550	1 003	-	-	7 553
Temporary regulatory differences for reporting period	(22 358)	781	-	-	(21 577)
Overall effect of management's adjustments on EBITDA	**(15 808)**	**1 784**	**-**	**-**	**(14 024)**
Reconciliation of EBITDA and net profit/loss	**(12 476)**	**(8 505)**	**(1 063)**	**-**	**(22 044)**
Depreciation and amortisation	(10 974)	(7 430)	(1 397)	-	(19 801)
Loss on impairment and write-off of non-current assets	(82)	(1)	-	-	(83)
Total finance costs, net	2 698	(1 057)	(2 341)	-	(700)
Share of results of associates	-	284	2 639	-	2 923
Derivatives result	-	238	(238)	-	-
Income tax	(4 118)	(539)	274	-	(4 383)
Net profit (loss)	**28 123**	**3 447**	**50 033**	**(51 251)**	**30 352**
Total assets	730 488	324 086	706 873	(640 686)	1 120 761
Net financial debt	(36 420)	(98 236)	(191 714)	283 916	(42 454)
Investments (additions of property, plant and equipment and intangible assets)	92 085	2 922	333	(1 254)	94 086

The Group's information on segments for the six monts period ended 30 June 2023:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	166 884	42 705	18 740	(7 256)	221 073
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment	(18 845)	(14 183)	(20 036)	7 094	(45 970)
EBITDA	**34 956**	**10 697**	**12 089**	**(13 521)**	**44 221**
Adjusted EBITDA	**20 193**	**12 571**	**12 089**	**(13 521)**	**31 332**
Temporary regulatory differences for previous periods	11 505	(1 442)	-	-	10 063
Temporary regulatory differences for reporting period	(26 268)	3 316	-	-	(22 952)
Overall effect of management's adjustments on EBITDA	**(14 763)**	**1 874**	**-**	**-**	**(12 889)**
Reconciliation of EBITDA and net profit/loss	**(11 995)**	**1 880**	**(2 100)**	**(543)**	**(12 758)**
Depreciation and amortisation	(9 943)	(6 290)	**(869)**	**-**	**(17 102)**
Asset write-offs, impairment	(81)	-	(33)	-	(114)
Dividend income	-	543		(543)	-
Net financial debt	1 649	(822)	(1 055)	-	(228)
Result on loss of control and revaluation of shares in associates	-	9 079	(660)	-	8 419
Income tax	(3 620)	(630)	517	-	(3 733)
Net profit (loss)	**22 961**	**12 577**	**9 989**	**(14 064)**	**31 463**
Total assets	661 147	333 389	773 492	(684 177)	1 083 851
Net financial debt	(43 020)	(98 238)	(405 572)	360 000	(190 830)
Investments (additions of property, plant and equipment and intangible assets)	59 414	18 890	1 775	(163)	79 916

4. Intangible assets

Group	**Goodwill**	**Patents and licences**	**Computer software**	**Other intangible assets**	**Statutory servitudes and protection zones**	**Total**
Net book amount as at 31 December 2022	**61**	**322**	**4 805**	**253**	**2 981**	**8 422**
Additions	-	7	2 054	9	-	2070
Reclassification between categories	-	733	(723)	-	-	(10)
Off-set of grants against non-current assets			(134)			(134)
Amortisation charge	-	(148)	(617)	(57)	-	(822)
Net book amount at 30 June 2023	**61**	**914**	**5 385**	**205**	**2 981**	**9 546**
Acquisition cost	61	1 686	16 318	485	2 981	21 531
Accumulated amortisation	-	(772)	(10 933)	(280)	-	(11 985)
Net book amount at 30 June 2023	**61**	**914**	**5 385**	**205**	**2 981**	**9 546**
Net book amount as at 31 December 2023	**61**	**884**	**3 949**	**187**	**3 094**	**8 175**
Additions	-	31	820	7		858
Reclassification between categories	-		(1 163)			(1 163)
Amortisation charge	-	(208)	(547)	(53)	-	(808)
Net book amount at 30 June 2024	**61**	**707**	**3 059**	**141**	**3 094**	**7 062**
Acquisition cost	61	1 872	12 710	530	3 094	18 267
Accumulated amortisation	-	(1 165)	(9 519)	(366)	-	(11 050)
Accumulated impairment			(132)	(23)	-	(155)
Net book amount at 30 June 2024	**61**	**707**	**3 059**	**141**	**3 094**	**7 062**

Intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses, if any.

As at 30 June 2024, the Company's intangible assets amounted to EUR 65 thousand (as at 31 December 2023, EUR 77 thousand).

5. Property, plant, and equipment

Group	Land	Buildings	Structures and machinery	Vehicles	Other property, plant and equipment	Construction in progress	Total
Net book amount as at 31 December 2022	**682**	**26,062**	**536,679**	**1,473**	**13,327**	**77,497**	**655,720**
Additions	-	128	3 524	21	2 029	71 744	77 446
Prepayments for PPE	-	-	-	-	-	399	399
Sales	-	-	(110)	(20)	(15)	-	(145)
Write-offs	-	-	(98)	-	(9)	-	(107)
Put into operation (from construction work in progress)	-	114	2 429	-	459	(3 002)	-
Reclassification to/from inventories	-	-	-	-	(169)	-	(169)
Reclassification (from intangible assets)	-	-	-	-	-	(10)	(10)
Off-set of grants against non-current assets	-	(128)	(3 481)	-	(232)	(35 558)	(39 399)
Depreciation charge	-	(475)	(12 827)	(200)	(1 771)	-	(15 273)
Net book amount at 30 June 2023	**682**	**25 701**	**526 116**	**1 274**	**13 620**	**111 070**	**678 463**
Net book amount as at 31 December 2022	**682**	**26 062**	**536 679**	**1 473**	**13 327**	**77 497**	**655 720**
Acquisition/revaluation amount	682	28 823	605 059	3 235	24 447	111 070	773 316
Accumulated depreciation	-	(3 122)	(78 943)	(1 961)	(10 827)	-	(94 853)
Net book amount at 30 June 2023	**682**	**25 701**	**526 116**	**1 274**	**13 620**	**111 070**	**678 463**
Net book amount as at 31 December 2023	**691**	**28 155**	**564 847**	**1 588**	**16 477**	**95 472**	**707 230**
Additions	-	295	4 617	28	1 825	92 070	98 835
Change in prepayments for PPE	-	-	-	-	-	(5 607)	(5 607)
Sales	-	-	-	-	(1)	-	(1)
Write-offs	-	-	(89)	-	-	(63)	(152)
Put into operation (from construction work in progress)	-	1 438	4 142	-	5	(5 585)	-
Reclassification to/from inventories	-		84	-	42	763	889
Reclassification to intangible assets	-	-	-	-	143	1 020	1 163
Off-set of grants against non-current assets	-	(290)	(4 537)	-	(271)	(53 048)	(58 146)
Depreciation charge	-	(490)	(15 061)	(215)	(2 054)	-	(17 820)
Net book amount at 30 June 2024	**691**	**29 108**	**554 003**	**1 401**	**16 166**	**125 022**	**726 391**
Net book amount as at 31 December 2023	**691**	**28 155**	**564 847**	**1 588**	**16 477**	**95 472**	**707 230**
Acquisition/revaluation amount	691	29 601	569 299	1 626	18 295	125 022	744 534
Accumulated depreciation after revaluation	-	(493)	(15 296)	(225)	(2 129)	-	(18 143)
Net book amount at 30 June 2024.	**691**	**29 108**	**554 003**	**1 401**	**16 166**	**125 022**	**726 391**

The Group's property, plant and equipment is carried at a revalued amount, less accumulated depreciation and impairment loss.

Prepayments for property, plant, equipment (PPE), included in the under "Construction work in progress":

	As at 30 June 2024	As at 31 December 2023
Carrying amount at the beginning of the period	**17 725**	**26 304**
Prepayments paid for PPE over the period	599	15 386
Transfer to construction work in progress	(4 599)	(23 965)
Carrying amount at the end of the period	**13 725**	**17 725**

The table below presents the net book amounts of the Group's property, plant and equipment, which would have been recognised had the historical cost method been used, less grants received and negative revaluations that would be treated as an impairment equivalent, as at 30 June 2024 and 31 December 2023:

	Land	Buildings	Structures and machinery	Transport	Other property, plant and equipment	Construction in progress	Total
As at 30 June 2024	680	27 970	526 744	1 390	11 661	97 893	666 338
As at 31 December 2023	680	27 001	535 424	1 567	16 398	61 762	642 832

Had the value of the Group's property, plant and equipment not been reduced by the amount of grants, its carrying amount would have been EUR 715 985 thousand higher as at 30 June 2024 (EUR 672 845 thousand as at 31 December 2023). The following table shows information on property, plant and equipment, the value of which was reduced by the amount of grants received/receivable:

	As at 30 June 2024	As at 31 December 2023
Carrying amount at the beginning of the period	**672 845**	**532 859**
Additions	57 043	157 942
Depreciation charge	(13 894)	(17 594)
Write-off	(9)	(362)
Carrying amount at the end of the period	**715 986**	**672 845**

As at 30 June 2024, the Company's property, plant and equipment amounted to EUR 76 thousand, as at 31 December 2023 – EUR 83 thousand. The Company's other property, plant and equipment comprised computer hardware and furniture.

6. Right-of-use assets

Group	Land	Buildings	Vehicles	Total
Net book amount as at 31 December 2022	**5 834**	**2 426**	**3 069**	**11 329**
New contracts	-	109	180	289
Indexation	-	75	105	180
Write-offs	-	(19)	(2)	(21)
Depreciation charge	(32)	(311)	(569)	(912)
Net book amount as at 30 June 2023	**5 802**	**2 280**	**2 783**	**10 865**
Acquisition cost	6 070	4 036	5 554	15 660
Accumulated depreciation	(268)	(1 756)	(2 771)	(4 795)
Net book amount as at 30 June 2023	**5 802**	**2 280**	**2 783**	**10 865**
Net book amount as at 31 December 2023	**5 833**	**2 577**	**2 401**	**10 810**
New contracts		133	2 039	2 172
Indexation	-	45	(3)	42
Depreciation charge	(31)	(372)	(769)	(1 172)
Net book amount as at 30 June 2024	**5 801**	**2 383**	**3 668**	**11 852**
Acquisition cost	6 131	4 429	6 696	17 256
Accumulated depreciation	(330)	(2 046)	(3 028)	(5 404)
Net book amount as at 30 June 2024	**5 801**	**2 383**	**3 668**	**11 852**

Company		Buildings	Vehicles	Total
Net book amount as at 31 December 2022		**135**	**100**	**235**
Depreciation charge	-	(34)	(13)	(47)
Net book amount as at 30 June 2023	**-**	**101**	**87**	**188**
Acquisition cost	-	369	107	476
Accumulated depreciation	-	(268)	(20)	(288)
Net book amount as at 30 June 2023	**-**	**101**	**87**	**188**
Net book amount as at 31 December 2023	**-**	**608**	**86**	**694**
Depreciation charge	-	(63)	(15)	(78)
Net book amount as at 30 June 2024	**-**	**545**	**71**	**616**
Acquisition cost	-	629	125	754
Accumulated depreciation	-	(84)	(54)	(138)
Net book amount as at 30 June 2024	**-**	**545**	**71**	**616**

7. Investments in subsidiaries and associates

As at 30 June 2024 and 31 December 2023, the Company had a shareholding in the following Group companies:

Group companies	Acquisition cost	Impairment	Carrying amount	Ownership interest (%)
	As at 30 June 2024			
	Subsidiaries			
LITGRID AB	217 215	-	217 215	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	16 150	11 130	5 020	100
Energy cells, UAB	2 375	-	2 375	100
Total	**362 656**	**11 130**	**351 526**	
	Associates			
TSO Holding AS*	**13,830**		**13,830**	39.6
	As at 31 December 2023			
	Subsidiaries			
LITGRID AB	217 215	-	217 215	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	16 150	11 130	5 020	100
Energy cells, UAB	2 375	-	2 375	100
Total	**362 656**	**11 130**	**351 526**	
	Associates			
TSO Holding AS	**13,830**		**13,830**	39.6

The Group's investments in associates and joint ventures in the consolidated financial statements included the following:

Company name	Nature of investment	Ownership interest (%)	Investment value as at 31 December 2023	Fair value of the investment after loss of control	Dividends received	Share of results of associate	Investment value as at 30 June 2024
„TSO Holding“ AS	Associate	39.6	13,989	-	(2 342)	2 639	14 286
UAB „GET Baltic“	Associate	34	-	3,644	(564)	284	3 364
Baltic RCC OU	Joint venture	33.3	45	-	-	-	45
Total investments:			**14 034**	**3,644**	**(2 906)**	**2 923**	**17 695**

Below is the summarized statement of comprehensive income of TSO Holding, given the operating results of the Group of Nord Pool Holding AS (shareholding of 34%) for the six months period ended 30 June 2024 and for the period of the year 2023. This information represent the management's estimates made based on the available unaudited financial information of the said companies presented in their reports:

	1 January – 30 June 2024	1 June – 31 December 2023
Revenue	10 005	16 535
Profit before income tax	5 685	4 740
Income tax benefit (expenses)	(1 260)	(998)
Net profit (loss)	**4 425**	**3 742**
Other comprehensive income	-	-
Total comprehensive income for the period	**4 425**	**3 742**
Comprehensive income attributable to non-controlling interest	1 752	1 482
Recognized comprehensive income of previous periods attributable to non-controling part of the Group	887	-
Total comprehensive income for the period	**2 639**	**1 482**

In June 2024, the Company recognised EUR 2,342 thousand dividend income, based on TSO Holding announced dividends and Company's part of ownership in TSO Holding. In the Consolidated financial statements by indicated amount of dividends was reduced the value of the investment in associates.

The Group increased the investment in TSO Holding AS by EUR 2 639 thousand and recognised income.

Summarized statement of comprehensive income of GET Baltic for the six months period ended 30 June 2024 and for the period of loss of control moment to 31 December 2023:

	1 January – 30 June 2024	1 June – 31 December 2023
Revenue	1 001	1 111
Profit before income tax	989	1 027
Income tax benefit (expenses)	(154)	(159)
Net profit (loss)	**835**	**868**
Other comprehensive income	-	-
Total comprehensive income for the period	**835**	**868**
Comprehensive income attributable to non-controlling interest	284	295
Dividends paid to the Company/Group	564	-

8. Inventories

	Group	
	As at 30 June 2024	As at 31 December 2023
Materials, inventories and assets held for sale	4 292	4 364
Natural gas	2 949	4 339
Less: impairment	(1 293)	(1 147)
Carrying amount	**5 948**	**7 556**

The natural gas inventories as at 30 June 2024, compared to 31 December 2023, was 32% lower. Changes in the value of natural gas inventories mostly influenced by the decrease in natural gas prices.

Movements in write-down allowance for inventories for six months period ended 30 June 2024 and for the year 202 3are indicated below:

	Group	
	As at 30 June 2024	As at 31 December 2023
Carrying amount at 1 January	1 147	810
Change in write-down allowance	146	337
Carrying amount at 30 June	**1 293**	**1 147**

9. Prepayments and contract assets

	Group	
	As at 30 June 2024	As at 31 December 2023
Prepayments	**1 959**	**699**
Deferred expenses	**2 807**	**2 842**
Contract assets	**2 409**	**2 607**
Accrued revenue from contract works	*2 409*	*930*
Accrued revenue from natural gas transmission and related services	-	*1 677*
Carrying amount	**7 175**	**6 148**

10. Trade receivables

Trade receivables comprised:

	Group		Company	
I. Trade receivables under contracts with customers	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
I.1. Trade receivables after one year	*10*	*10*	-	-
Less: expected credit losses of non-current receivables	-	-		
Net book amount of receivables after one year:	**10**	**10**	**-**	**-**
I.2. Current trade receivables				
Receivables for electricity transmission and related services	32 586	19 058	-	-
Receivables for transmission and transit of natural gas	6 004	6 770	-	-
Receivables for contract works and other services	5 081	5 195	504	383
Less: expected credit losses of trade receivables	(10)	(249)	-	-
Net book amount of trade receivables under contracts with customers	**43 661**	**30 774**	**504**	**383**
	-	**-**	**-**	**-**
II. Trade receivables under other contracts:	**-**	**-**	**-**	**-**
Accrued receivables for the services related to electricity transmission	2 163	10 270	-	-
Congestion management revenue receivable	1 871	770		
Other trade receivables	759	74		
Less: expected credit losses of trade receivables	(264)	-	-	-
Net book amount of trade receivables under other contracts:	**4 529**	**11 114**	-	-
Total current trade receivables:	**48 190**	**41 888**	**504**	**383**

Current trade receivables/Expected credit losses of trade receivables

In six monts period, ended 30 June 2024, the Group accounted for expected credit losses of EUR 25 thousand with regard to late payments.

As at 30 June 2024, trade receivables for electricity transmission and related services from contracts with customers were 75% higher than as at 31 December 2023. Trade receivables for electricity transmission and related services at 30 June 2024 compared to 31 December 2023 increased as the price for ancillary services was 5,2 times higher and the price for electricity transmission was 2 times higher.

The Company did not recognise any doubtful debts.

The Group applies a simplified credit risk assessment approach as required by IFRS 9 and accounts for loss allowances for lifetime credit losses from initial recognition of receivables. To determine credit losses of receivables, the Group applies the individual assessment and a loss coefficient matrix. The loss ratio matrix is based on historical data for a period exceeding 36 months on settlements of debts by customers. The loss ratios may be adjusted in view of macroeconomic forecasts. The loss ratios are classified into separate groups of receivables on the basis of credit risk characteristics and overdue period.

Trade receivables	**Not past due**	**Past due**				**Total**
		1-30 days	**31-90 days**	**91-180 days**	**181 and more days**	
As at 30 June 2024						
Current portion of trade receivables, of which:	**55 768**	**667**	**9**	**502**	**-**	**56 946**
State-owned companies	40 086	452	-	-	-	40 538
Expected credit losses, %	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Other customers	15 682	215	9	502	-	16 408
Trade receivables assessed individually	*12 479*	*152*	*9*	*502*	*0*	*13 142*
Impairment	*36*	*152*	*2*	*230*	-	*420*
Trade receivables assessed collectively	*3 203*	*63*	*0*	*0*	*0*	*3 266*
Expected credit losses, %	*0*	*1%*	*0%*	*0%*	*0%*	
Impairment	-	*1*	*0*	*0*	*0*	*0*
Total expected credit losses	***36***	***153***	***2***	***230***	***0***	***420***

Movements in impairment recognised for the Group's trade receivables during the six months period of 2024 and the year 2023 were as follows:

	2024	2023
Carrying amount at the begining of period	**249**	**17**
Increase in impairment (reversal of impairment)	25	232
Carrying amount at the end of period	**274**	**249**

11. Other receivables

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Administered PSO funds receivable	32 291	33 429	-	-
Administered LNG terminal funds receivable	10 381	9 377	-	-
VAT receivable from the state budget	476	1 050	-	-
Grants receivable	51 920	52 199	-	-
Loans to subsidiaries	-	-	50 685	44 889
Other receivables	4 003	2 611	3 046	1 336
Less: expected credit losses of other receivables	-	(23)	-	-
Carrying amount	**99 071**	**98 643**	**53 731**	**46 225**

The fair value of other receivables approximates their carrying amount.

One major part of the Group's other receivables and receivables past due consisted of PSO and LNG terminal funds receivable. The Group is not exposed to credit risk in collecting PSO and LNG terminal funds as its acts as an administering entity, therefore expected credit losses are not formed for these past due amounts.

The line item of grants receivable includes grants receivable from the EU structural funds for the projects being implemented by the Group. The essential amounts of receivable grants as at 30 June 2024 included: grant of EUR 40 527 thousand receivable under the instrument Connecting Europe Facility (CEF) for the compensation of expenses incurred in the synchronisation projects; receivable support of EUR 10,833 thousand under the Recovery and Resilience Facility (RRF) for the installation of electricity storage facilities; EUR 560 thousand for the implementation of the projects on the development of the natural gas transmission network.

12. Other financial assets

	Group	
	As at 30 June 2024	**As at 31 December 2023**
Administered LNG terminal funds	2	-
Funds deposited for guarantees and deposits	13 528	15 898
Term deposit and short-term investments	25 815	-
Funds of the exchange participants	-	-
Carrying amount	**39 345**	**15 898**

As at 30 June 2024 the Group's the main part of other financial assets comprised of longer than 3 months period term deposits (EUR 5,815 thousand) and other short term investments (less than 3 months period) (EUR 20 000 thousand).

13. Cash and cash equivalents

	Group		Company	
	As at 30 June 2024	**As at 31 December 2023**	**As at 30 June 2024**	**As at 31 December 2023**
Cash at bank	140 090	123 236	138 644	120 015
Carrying amount	**140 090**	**123 236**	**138 644**	**120 015**

The fair value of cash and cash equivalents is equal to their nominal and carrying amounts.

As at 30 June 2024, the Company had term deposit agreement with the credit institution of the Bank of Lithuania in amount of EUR 120 000 thousand (as at 31 December 2023 – EUR 120,000 thousand) with maturity up to 90 days. Short-term investments were made with the aim of optimizing return on excess cash balances, taking into account projected need for cash and liquidity forecasts. In management's assessment, short-term deposits (up to 90 days) should be accounted for under cash equivalents, since they can be used to finance the Group's and the Company's operations in the short term without significant financial costs.

14. Issued capital

As at 30 June 2024 and 31 December 2023, the issued capital of the Company amounted to EUR 189,631 thousand and was divided into 653,900,000 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares as at 30 June 2024 and as at 31 December 2023 were fully paid.

15. Revaluation reserve

Group	Revaluation reserve	Deferred income tax	Less: deffered tax
Balance as at 31 December 2022.	**292**	**(15)**	**277**
Revaluation of property, plant and equipment	30 897	(4 639)	26 264
Depreciation of revaluation reserve	(38)	6	(38)
Balance as at 31 December 2023 d.	**31 151**	**(4 648)**	**26 503**
Depreciation of revaluation reserve	(1 619)	230	(1 389)
Write-off of revaluation reserve	(14)	2	(12)
Balance as at 30 June 2024	**29 518**	**(4 416)**	**25 102**

16 Dividend

2024 On 30 April, the Ordinary General Meeting of Shareholders of EPSO-G UAB approved the distribution of the Company's profit (loss) for 2023. EUR 196,2 thousand was allocated to dividends for the year ended 31 December 2023. Dividends per share amounted to EUR 0.0003.

2023 On 13 April, the Ordinary General Meeting of Shareholders of EPSO-G UAB approved the distribution of the Company's profit (loss) for 2022. EUR 66 thousand was allocated to dividends for the year ended 31 December 2022. Dividends per share amounted to EUR 0.0001.

17. Grants

Grants comprise grants for the acquisition of non-current assets and compensation of expenses. During 2024 June 30 and 2023 December 31 grant movement consisted of:

	Group	
Opening balance	**As at 30 June 2024**	**As at 31 December 2023**
Grants receivable (Note 11)	52 199	32 726
Grants received in advance (non-current liabilities)	-	(32 802)
Grants received in advance (current liabilities) (Note 24)	(28 583)	(35 193)
	23 616	**(35 269)**
Recognised grants		
Transferred to property, plant and equipment (Note 5)	58 146	157 942
Transfer to intangible assets (Note 4)	-	2 415
Grants used for compensation of expenses	60	315
	58 206	**160 672**
Grants received		
Monetary grants (CFS)	(31 387)	(71 455)
Congestion receipts transferred to grants (Note 21)	(13 759)	(13 457)
	(45 146)	**(84 912)**
Grants received in the form of assets	**(5 300)**	**(16 875)**
Closing balance		
Grants receivable (Note 11)	51 920	52 199
Grants received in advance (non-current liabilities)	-	-
Grants received in advance (current liabilities) (Note 24)	(20 544)	(28 583)
	31 376	**23 616**

18. Borrowings

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

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Non-current borrowings				
Bonds issued	74 871	74 849	74 871	74 849
Bank borrowings	83 208	89 105	-	-
Current borrowings				
Current portion of non-current borrowings	11 792	11 792	-	-
Accrued interest	700	2 166	731	1 992
Current borrowing from the Group companies	-	-	232 867	214 141
Overdraft	-	17 981	-	17 981
Total borrowings	**170 571**	**195 893**	**308 469**	**308 963**

Non-current borrowings by maturity:

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Between 1 and 2 years	10 720	11 792	-	-
Between 2 and 5 years	103 819	103 900	74 871	74 849
More than 5 years	43 540	48 262	-	-
Total	**158 079**	**163 954**	**74 871**	**74 849**

On 1 June 2022, the Company placed a EUR 75 million worth five years' duration sustainability-linked bond issue. The bonds pay an annual yield of 3.117%. During six months period ended 30 June 2024, expenses related to interest on the bonds issued amounted to EUR 1,159 thousand. Borrowings received by the Company from the subsidiaries under the cash pool agreements amounted to EUR 232 867 thousand as at 30 June 2024.

19. Lease liabilities

The Group's and the Company's lease liabilities and their movements:

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Carrying amount at the beginning of the period	**10 881**	**11 361**	**701**	**236**
Concluded lease contracts	2 172	1 254	-	629
Terminated lease contracts	-	(120)	-	(74)
Interest charged	116	154	13	6
Lease payments (principal and interest)	(1 238)	(1 994)	(87)	(115)
Indexation	42	226	-	19
Carrying amount at the end of the period	**11 973**	**10 881**	**627**	**701**
Non-current lease liabilities	9 866	9 282	478	552
Current lease payments	2 107	1 599	149	149

Future lease payments under non-cancellable lease contracts are as follows:

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Total lease liabilities:	**11 973**	**10 881**	**627**	**701**
Current portion	2 107	1 599	149	149
Repayment terms of non-current liabilities:	**9 866**	**9 282**	**478**	**552**
Between 1 and 2 years	1 877	1 211	157	154
Between 2 and 3 years	1 097	961	137	150
Between 3 and 5 years	622	743	184	248
Over 5 year	6 270	6 367	-	-

The Group's interest calculated on lease liabilities and included in finance costs amounted to EUR 116 thousand during six months period ended at 30 June 2024.

20. Net debt

Reconciliation of net debt balances and cash flows from financing activities as at 30 June 2024 and 31 December 2023.

Group	Cash	Borrowings	Lease liabilities	Total
Net debt at 31 December 2022	**248 096**	**(208 174)**	**(11 361)**	**28 561**
New Leases			(349)	(349)
Increase (decrease) in cash and cash equivalents	(245 964)			(245 964)
Repayment of borrowings		27 496		27 496
Terminated lease contracts			75	75
Lease payments			645	645
Transfer to disposal group	(376)		86	(290)
Other changes				
Interest charged (included in expenses and capitalised)		(2 726)	(74)	(2 800)
Interest payments		1 722	74	1 796
Net debt at 30 June 2023	**1 756**	**(181 682)**	**(10 904)**	**(190 830)**
Net debt at 31 December 2023	**123 236**	**(195 893)**	**(10 881)**	**(83 538)**
New Leases			(2 172)	(2 172)
Lease indexation			(42)	(42)
Increase (decrease) in cash and cash equivalents	16 854			16 854
Repayment of borrowings		26 216		26 216
Terminated lease contracts			1 122	1 122
Interest charged (included in expenses and capitalised)				
Interest payments		(2 336)	(116)	(2 452)
Interest charged (included in expenses and capitalised)		1 442	116	1 558
Net book amount at 30 June 2024	**140 090**	**(170 571)**	**(11 973)**	**(42 454)**

Company	Cash	Borrowings	Lease liabilities	Total
Net debt at 31 December 2022	**244 310**	**(407 693)**	**(236)**	**(163 619)**
(Decrease) in cash and cash equivalents	(243 163)	-	-	(243 163)
Lease payments	-	-	47	47
Change in Group cash pool account	-	21 003	-	21 003
Other changes				
Interest charged (included in expenses and capitalisation)	-	(3 853)	-	(3 853)
Interest payments	-	2 672	-	2 672
Net debt at 30 June 2023.	**1 147**	**(387 871)**	**(189)**	**(386 913)**
Net debt at 31 December 2023	**120 015**	**(308 963)**	**(701)**	**(189 649)**
Increase in cash and cash equivalents	18 629	-	-	18 629
Lease payments	-	-	74	74
Change in Group cash pool account	-	(17 546)	-	(17 546)
Repayment of borrowings		17 981		17 981
Other changes				
Interest charged (included in expenses and capitalisation)	-	(3 613)	(13)	(3 626)
Interest payments	-	3 672	13	3 685
Net debt as at 30 June 2024	**138 644**	**(308 469)**	**(627)**	**(170 452)**

21. Congestion management funds liabilities

	1 January – 30 June 2024	1 January – 30 June 2023
Congestion management funds liabilities as at 1 January	**301 074**	**351 495**
Congestion management funds received during the period	53 018	35 473
Used to finance property, plant and equipment	(13 759)	(25 289)
Congestion management funds recognised as income during the period*	(1 987))	(71 397)
Congestion management funds liabilities as at 31 December	**338 346**	**290 282**
Non-current portion of congestion management funds liabilities	301 445	134 622
Current portion of congestion management funds liabilities	36 901	155 660

*Under the Council's Resolution No O3E-1330 of 30 September 2022 „On the Adjustment of the Service Price Cap of Litgrid AB in 2023" for six months period ended 30 June 2023, EUR 71,397 thousand of congestion management revenue was used to reduce the transmission tariff. Accordingly, in the cash flow statement for the period, ended 30 June 2023 CMF received on this period are presented as cash flows from main activity.

22. Provisions

	Group	
	As at 30 June 2024	As at 31 December 2023
Provisions for pension benefits to employees	1 341	1 341
Provisions for servitude liabilities	336	419
Provisions for registration of protection zones	532	532
Provisions for litigations/claims	15 592	11 054
Provisions for warranties	1 452	1 392
Carrying amount	**19 253**	**14 738**
Non-current provisions	2 528	2 528
Current provisions	16 725	12 210

Provisions for litigations / claims

In the light of ongoing litigation, the additional provision of EUR 4,537 thousand by Group electricity transmission system operator was recognised for litigations / claims as at 30 June 2024.

23. Trade payables

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Payables for electricity	29 363	26 684	-	-
Payables for natural gas	638	1	-	-
Payables in performing natural gas balancing	813	2 416	-	-
Payables for property, plant and equipment	39 905	29 530	-	-
Payables for repairs, services	8 425	9 414	-	-
Other trade payables	1 040	296	84	153
Carrying amount	**80 184**	**68 341**	**84**	**153**

On 30 June 2024, trade payables increased by 1.2 times compared to 31 December 2023, mainly due to an increase in debts for property, plant and equipment due to increased investments made in the implementation of the synchronisation project with the continental European networks. The fair values of amounts payable in trading are approximately equal to their carrying amount.

24. Prepayments received

	Group	
	As at 30 June 2024	As at 31 December 2023
Security deposits received	12 976	14 343
Grants received in advance	20 544	28 583
Prepayments received from new consumers	133	217
Other prepayments received	3 521	1 269
Carrying amount	**37 174**	**44 412**

As at 30 June 2024, grants received in advance mainly comprise monetary funds received from the CEF (Connecting Europe Facility) fund, which amounted to EUR 20 544 thousand and will be used to finance investment in electricity transmission network in 2024.

25. Current and deferred income tax

Group's profit for six monts period ended 30 June 2024 and 2023 was taxed by 15% Corporate Income Tax in accordance with the tax laws of the Republic of Lithuania. When calculating Corporate Income tax (hereinafter – CIT) for the six month period of 2024, taxable profit of electricity transmission system operator was reduced by EUR 11,859 thousand (15% - EUR 1,779 thousand) of tax losses for previous periods and was reduced by tax relief for investments, performed in previuos periods by EUR 21,100 thousand (15% - 3,165 thousand) and performed in the year 2024 – EUR 2,026 thousand Eur (15% - EUR 304 thousand). When calculating CIT for the six months period of 2024 the natural gas transmission operator's taxable profit was reduced by EUR 2,983 thousand (15% - EUR 447 thousand) tax relief for investments, performed in previous periods and by EUR 29 thousand (15% - EUR 4 thousand), performed in the year 2024.

Income tax expenses consisted of:

	Group		Company	
	As at 30 June 2024	As at 30 June 2023	As at 30 June 2024	As at 30 June 2023.
Income tax benefit for the period	265	1 415	-	-
Deffered income tax expenses	4 118	2 318	(6)	(612)
Income tax expenses/(benefit) for the reporting period	**4 383**	**3 733**	**(6)**	**(612)**

The reported amount of current income tax expenses can be reconciled to the income tax expenses that would result from applying a standard income tax rate of 15% to profit before tax:

	Group		Company	
	As at 30 June 2024	As at 30 June 2023	As at 30 June 2024	As at 30 June 2023
Profit (loss) before income tax	**34 735**	**35 196**	**46 826**	**10 163**
Income tax calculated at a rate of 15%	5 210	5 279	7 024	1 524
Effect of investment incentive	(308)	(57)	-	
Deferred income tax (unused investment incentive)	-		-	
Tax effect of non-taxable income and non-deductible expenses	(946)	(313)	(7 595)	(2 136)
Prior year adjustment due to recognition of investment incentive		(1 361)	-	-
Adjustment to previuos year income tax	(150)	185	-	-
Impact of unrecognized tax losses	577		577	-
Income tax expenses/(benefit) through profit or loss	**(4 383)**	**(3 733)**	**(6)**	**(612)**
Income tax expenses/(benefit) through other comprehensive income	**-**	**-**	**-**	**-**

The income tax calculated by the Company in 2024 included income not subject to tax representing dividends received from the subsidiaries of EUR 48,291 thousand (2023: EUR 13,357 thousand).

26. Other current payables and liabilities

	Group		Company	
	As at 30 June 2024	As at 31 December 2023	As at 30 June 2024	As at 31 December 2023
Non-financial liabilities				
Administered PSO funds payable	49 006	68 998	-	-
Administered LNG terminal funds payable	10 378	8 906	-	-
Accrued administered LNG terminal funds	2	471	-	-
Accrued administered Emergency intervention funds	12 528	12 348	-	-
Employment-related liabilities	5 441	3 986	550	402
Accrued expenses relating to vacation reserve	5 334	4 755	338	297
Real estate tax payable	-	753	-	-
VAT payable	165	135	78	35
Non-financial liabilities, total:	**82 854**	**100 352**	**966**	**734**
Financial liabilities				
Dividends payable	667	561	-	-
Payable CBCA contribution	27 450	27 450	-	-
Accrued other expenses	6 031	1 667	89	190
Other payables	3 352	1 788	21	-
Total financial liabilities:	**37 500**	**31 466**	**110**	**190**
Other amounts due, total:	**120 354**	**131 818**	**1 076**	**924**

27. Revenue

The Group's revenue included as follows:

	Group	
	As at 30 June 2024	As at 30 June 2023
Group's revenue from contracts with customers		
Revenue from electricity transmission and related services		
Electricity transmission services	65 006	102 921
Trade in balancing/imbalance electricity	57 553	44 739
Electricity ancillary services	71 642	13 809
Revenue from other sales of electricity and related services	1 235	2 845
Total revenue from electricity transmission and related services:	***195 436***	***164 314***
Revenue from natural gas transmission and related services		
Natural gas transmission services	29 298	33 764
Revenue from transmission system balancing service	5 550	8 589
Revenue from connection of new customers	50	17
Total revenue from natural gas transmission and related services:	***34 898***	***42 370***
Other revenue from contracts with customers		
Revenue from construction, repair and technical maintenance services	13 039	10 162
Revenue from trading on the gas exchange and related services	-	833
Revenue from the biofuel exchange, thermal energy auctions, PSO funds administration and other revenue	972	1 262
Total other revenue:	***14 011***	***12 261***
Total Group's revenue from contracts with customers:	***244 345***	***218 945***

Group's revenue not attributable to contracts with customers

Congestion revenue recognised compensating for the cost incurred	1 988	247
Other services related to electricity	(808)	-
Revenue from connection of producers and relocation of electrical installations	7	6
Other income	62	
Total revenue not attributable to contracts with customers:	***1 249***	***253***
Total Group revenue:	***245 594***	***219 198***

Revenue from electricity transmission and related services in six months 2024 compared to the first six months 2023 increased by 19% as:

- The revenue from balancing/imbalance energy sale increased by 29% due to increase the volume of electricity sold increased by 86% although decrease in the electricity sale price by 30%;
- Revenue from ancillary services increased 5,2 times for higher ancillary services acquisition component to the transmission service price;
- The electricity transmission revenue (excludes the congestion management funds used to reduce transmission tariff) decreased by 37% though the actual transmission price increase by 2 times, volume of electricity transmitted increase in 0,5%, because for the transmission's services tarifr the transmission's services tariff reducing was used the congestion management revenue amounted to EUR 71,20 million.

The Company's revenue from contracts with customers for six months period of 2024 comprised revenue from the provision of management and professional services, which amounted to EUR 1 105 thousand (EUR 482 thousand in 2023).

	Group	
	As at 30 June 2024	**As at 30 June 2023**
Revenue recognised over time		
Electricity transmission and related services	196 695	164 779
Natural gas transmission and related services	34 848	42 506
Revenue from performance of construction contracts	5 082	2 495
Other income	198	353
Total revenue recognised over time:	**236 823**	**210 033**
Revenue recognised at a point in time upon provision of services		
Revenue from repair and maintenance services	7 957	7 667
Revenue from trading on the exchanges	814	1 498
Total revenue recognised at a point in time upon provision of services:	**8 771**	**9 165**
Total revenue:	**245 594**	**219 198**

The Group's other income comprised as follows:

	Group	
	As at 30 June 2024	**As at 30 June 2023**
Revenue grants	4	-
Income from lease of assets	346	421
Interest on late payment and default charges	342	1 407
Other income	124	47
Total other revenue:	**820**	**1 875**

28. Costs

The Group's electricity, natural gas and contract service purchase expenses comprised the following:

	Group	
	As at 30 June 2024	As at 30 June 2023
Expenses for purchase of electricity services		
Expenses for purchase of balancing and imbalance electricity	(57 715)	(44 754)
Expenses for electricity ancillary (system) services	(53 254)	(48 406)
Expenses for electricity technological needs	(17 190)	(19 572)
Expenses for electricity and related services	(4 244)	(247)
Total expenses for purchase of electricity services:	***(132 403)***	**(112 979)**
Expenses for purchase of natural gas services		
Expenses for natural gas system balancing service	(6 476)	(13 472)
Expenses for natural gas technological needs	(1 952)	(4 431)
Total expenses for purchase of natural gas services:	***(8 428)***	***(17 903)***
Total expenses for purchasing electricity and natural gas services	**(140,831)**	**(130,882)**
Total expenses for subcontracting services and raw materials acquisitions:	***(6,847)***	***(4,300)***

In the first half of 2024, compared to the first half of 2023, purchases of electricity transmission and related services increased due to:

The cost of additional services increased by 18 % to EUR 56.9 million;

Balancing and imbalances, electricity costs increased by 29% to EUR 57.8 million due to an 86% increase in volume despite a 30% lower price;

The cost of compensation for technological losses in the transmission network decreased by 15% to EUR 16.7 million. Due to the 13.6% decrease in the average purchase price of electricity and a decrease of 1.1 %;

The decrease in the cost of purchasing natural gas in the first half of 2024, compared to the first half of 2023, was due to the lower purchase price of natural gas.

Other expenses		
Taxes and charges	(4 801)	(4 718)
Telecommunication and IT expenses	(2 632)	(2 661)
Transport expenses	(1 653)	(1 542)
Premise expenses	(900)	(686)
Business protection expenses	(737)	(683)
Insurance expenses	(870)	(600)
Consultation service expenses	(495)	(316)
Business trip expenses	(608)	(450)
Market coupling costs	(362)	(311)
Personnel development costs	(345)	(300)
Membership fee	(428)	(387)
Expenses of governing bodies	(299)	(264)
Public relations	(184)	(185)
Scientific and research works	(164)	(117)
Other expenses	(1 424)	(612)
Total other expenses:	***(15 902)***	***(13 832)***

29. Finance expenses, net

	Group		Company	
	As at 30 June 2024	As at 30 June 2023	As at 30 June 2024	As at 30 June 2023
Finance income				
Interest income	2 240	2 733	3 222	2 982
	2 240	**2 733**	**3 222**	**2 982**
Finance costs				
Interest on borrowings	(2 660)	(2 961)	(4 787)	(3 853)
Other finance expenses	(280)	-	(164)	
	(2 940)	**(2 961)**	**(4 951)**	**(3 853)**
Total finance costs, net	**(700)**	**(228)**	**(1 729)**	**(871)**

30. Related-party transactions

As at 30 June 2024 and 30 June 2023, the Group's and the Company's parent 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://governance.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 under market conditions, 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 six-month period ended 30 June 2024 were as follows:

Related party	Purchases of services	Purchases of gas on exchange, LNG terminal funds and PSO funds*	Sales of services	Sales of gas on exchange, LNG terminal funds and PSO funds*	Payables for services	Payables for gas, LNG terminal funds and PSO funds*	Receivables for services	Receivables for gas, LNG funds and PSO funds
Ignitis group companies:								
AB „Ignitis grupė“								
AB Energijos skirstymo operatorius	1 305	11 332	130 887	75	1 201	3 702	23 503	15
UAB Ignitis	4 877	16 187	19 268	3 508	280	6 404	3 852	710
AB Ignitis gamyba	67 826	-	3 311	4 284	9 758	-	709	864
UAB Ignitis grupės paslaugų centras	2	-	143	-	1	-	31	-
Ignitis Polska Sp.z.o.o.	-	-	-	-	-	-	-	-
UAB Vilniaus kogeneracinė jėgainė	1 654	-	347	-	204	-	31	-
UAB Kauno kogeneracinė jėgainė	140	-	38	-	-	-	3	-
UAB Transporto valdymas	71	-	-	-	8	-	-	-
Other state-owned companies:								
VĮ Ignalinos atominė elektrinė	2	-	628	-	18	-	116	-
AB KN Energies	-	-	-	-	-	3 975	-	-
AB „LTG Infra“	-	-	415	-	75	-	71	-
Other state-owned companies	114	-	129	-	65	-	14	-
Total	**75 991**	**27 519**	**155 166**	**7 867**	**11 610**	**14 081**	**28 330**	**1 589**

* Purchases and sales of LNG terminal funds and PSO funds are not presented in the Group's statement of profit or loss, as the Group acts as an agent in respect of these funds when collecting and allocating these funds.

The Group's related party transactions and balances for the six-month period ended 30 June 2023 were as follows:

Related party	Purchases of services	Purchases of gas on exchange, LNG terminal funds and PSO funds*	Sales of services	Sales of gas on exchange, LNG terminal funds and PSO funds*	Payables for services	Payables for gas, LNG terminal funds and PSO funds*	Receivables for services
Ignitis group companies:							
AB „Ignitis grupė“	-	-	-	-	-	-	-
AB Energijos skirstymo operatorius	1 227	47 484	49 388	-	1 001	10 399	11 248
UAB Ignitis	6 726	-	18 187	-	1 010	1 782	3 139
AB Ignitis gamyba	59 246	24	3 724	-	11 600	-	2 425
UAB Ignitis grupės paslaugų centras	2	-	142	-	-	-	27
UAB Vilniaus kogeneracinė jėgainė	193	-	21	-	250	-	5
UAB Kauno kogeneracinė jėgainė	103	-	47	-	-	-	6
UAB Transporto valdymas	233	-	-	-	51	-	-
Other state-owned companies:							
VĮ Ignalinos atominė elektrinė	-	194	275	-	-	36	51
AB Klaipėdos nafta	-	-	2	-	-	3 975	-
VĮ Geoterma	-	-	-	-	-	-	-
AB „LTG Infra“	-	-	209	-	-	-	26
Valstybės sienos apsaugos tarnyba prie VRM	-	-	-	-	129	-	-
Other state-owned companies	436	-	647	-	709	-	195
Total	**68 166**	**47 702**	**32 316**	**-**	**14 750**	**16 192**	**17 122**

* Purchases and sales of the gas product of the gas exchange operator as well as the Group's purchases and sales of LNG terminal funds and PSO funds are not presented in the Group's statement of profit or loss, as the Group acts as an agent in respect of these funds when collecting and allocating these funds.

The Company's transactions conducted with the related parties during the six-months period of 2024 and balances arising on these transactions as at 30 June 2024 were as follows:

Related parties	Payables and accrued expenses	Receivables and accrued revenue	Sales	Purchases	Loans granted /(received)	Finance income /dividend income	Finance costs
State-owned companies							
Ignitis UAB	1			3			
Group companies							
Litgrid AB	502	169	442	-	(204 039)	28 521	2 986
AB Amber Grid	-	308	371	-	29 116	19 944	-
UAB Tetas	-	101	142	-	6 890	228	-
UAB Baltpool	82	39	95	-	(28 828)	169	606
UAB GET Baltic	-	-	-	-	-	-	-
Energy cells, UAB	-	151	149	-	14 415	481	-
Total:	**585**	**768**	**1 199**	**3**	**(182 446)**	**49 343**	**3 592**

The Company's transactions conducted with the related parties during the six-months period of 2023 and balances arising on these transactions as at 30 June 2023 were as follows:

Related parties	Payables and accrued expenses	Receivables and accrued revenue	Sales	Purchases	Loans granted/(received)	Finance income/dividend income	Finance costs
Group companies							
Litgrid AB	453	71	156	-	(207 801)	-	1 813
AB Amber Grid	-	111	117	-	25 609	11 806	-
UAB Tetas	-	158	68	-	8 860	217	-
UAB Baltpool	234	13	41	-	(105 095)	305	843
UAB GET Baltic	-	-	9	-	-	-	-
Energy cells, UAB	-	97	90	-	12 523	397	-
Total:	**687**	**450**	**481**		**(265 904)**	**12 725**	**2 656**

Payments to key management personnel	Group		Company	
	As at 30 June 2024	As at 30 June 2023	As at 30 June 2024	As at 30 June 2023
Employment-related payments	2 012	1829	485	412
Whereof: termination benefits	155	-	-	-
Number of key management personnel (average)	32	34	7	7

During the six months of 2024 and 2023, there were no loans, guarantees, other disbursements or accruals or transfers of assets to the management of the Group and the Company.

Key management personnel consists of the heads of administration and departmental directors. During the six months period of 2024, the benefits paid to members of the collegiate management bodies amounted to EUR 289 thousand (EUR 262 thousand for the six months of 2023).

31. Events after the reporting period

On 18 July 2024, the company established new 100% controlled subsidiary EPSO-G Invest, UAB, whose expected main activity is management of projects and investments.

12.

RESPONSIBILITY STATEMENT

12. RESPONSIBILITY STATEMENT

12.1. Responsibility Statement

20-08-2024

Following the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Mindaugas Keizeris, Chief Executive Officer of UAB EPSO-G, Darius Kašauskas, Chief Financial Officer of the Group and Žydrūnas Augutis, Chief Financier, hereby confirm that, to the best of our knowledge, the attached unaudited UAB EPSO-G consolidated and separate interim financial statements, for the period ended 30 June 2024, prepared in accordance with International Financial Reporting Standards adopted by the European Union, give a true and fair view of the UAB EPSO-G and Group assets, liabilities, financial position, profit and cash flows. The interim management report for the six months period ended 30 June 2024 gives a true and fair view of UAB EPSO-G of performance review.

Chief Executive Officer	Mindaugas Keizeris
Chief Financial Officer	Darius Kašauskas
Chief Financier	Žydrūnas Augutis