



AB Amber Grid
Management Report
for the first half of 2024



2024

CONTENTS

- 1. OVERVIEW 3
- 2. BUSINESS ENVIRONMENT 3
- 3. STRATEGY 13
- 4. OPERATIONS 17
- 5. FINANCIAL RESULTS..... 30
- 6. RISKS AND THEIR MANAGEMENT 36
- 7. MANAGEMENT REPORT 422
- 8. SUSTAINABILITY REPORT 544
- 9. KEY EVENTS OF THE REPORTIG PERIOD..... 57



1. OVERVIEW

The consolidated annual report was drafted for the reporting period covering 1st Half of 2024.

1.1. BASIC DATA

Name	AB Amber Grid (hereinafter – Amber Grid, the Company)
Legal form	Public Limited Liability Company
Date of registration and register	25 June 2013, Register of Legal Entities
Legal entity code	303090867
Registrar of legal persons	State Enterprise Centre of Registers
Authorised capital	EUR 51.730.929,06
LEI code	097900BGMP0000061061
Registered office address	Laisvės pr. 10, LT-04215 Vilnius, Lithuania
Phone	+370 5 236 0855
Email address	info@ambergrid.lt
Website	www.ambergrid.lt

Amber Grid, the Lithuanian gas transmission system operator, ensures the reliable and secure transmission of natural gas to customers via high-pressure pipelines. The company is responsible for the operation, maintenance and development of Lithuania's gas transmission infrastructure, which consists of a network of nearly 2,300 km of gas pipelines and two gas compressor stations. Lithuania's well-developed gas transmission infrastructure is convenient for transporting large volumes of energy to Poland, the Baltic States and Finland.

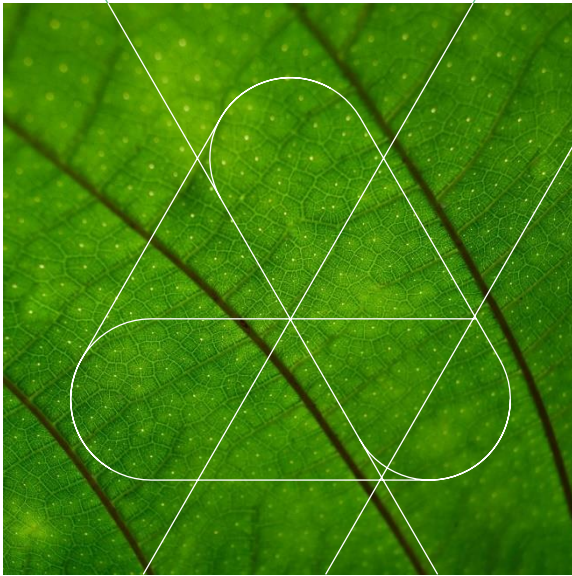
The Company implemented two strategic energy projects, GIPL and ELLI, which interconnected the Polish and Lithuanian gas transmission systems and strengthened the integration of the Baltic and Finnish gas markets into the single European Union market.

In order to achieve decarbonisation objectives of the gas sector, Amber Grid has been actively involved in exploring new technological and market solutions and creating the conditions for adapting the gas transmission system to transport green gas, including hydrogen. Amber Grid also manages the national register of guarantees of origin for gas produced from renewable energy sources (RES).

Amber Grid is a company of EPSO-G Group (hereinafter – EPSO-G, EPSO-G Group). EPSO-G is a state-owned group of energy transmission and exchange companies, while UAB EPSO-G acts as the management company of EPSO-G Group, with the Ministry of Energy of the Republic of Lithuania exercising its shareholder rights and obligations. For more information on UAB EPSO-G and the EPSO-G Group, see www.epsog.lt.

Amber Grid owns 34% of shares of the gas exchange UAB GET Baltic. GET Baltic, part of the gas exchange EEX, organises and develops natural gas trading in Lithuania, Latvia, Estonia and Finland. For more information on GET Baltic, visit www.getbaltic.com.

The Company has no branches or representative offices.



VISION

Environmentally friendly, innovative energy company in an integrated European gas network.

MISSION

Developing a system that enables competition and the use of climate-friendly energy.

1.2. PERFORMANCE INDICATORS

Table 1. Performance indicators of the Company, H1 2022 - H1 2024

	Half 1 2024	Half 1 2023	Half 1 2022
Gas transported to the internal discharge point and consumed for needs of Lithuania, GWh	9 189	6 289	9 564
Gas transported to adjacent transmission systems ¹ , GWh	16 858	24 274	22 715
Number of system users at the end of the period	130	127	119
Length of main gas distribution pipelines, km	2 288	2 285	2 285
Number of gas distribution stations and gas metering stations	68	68	68
Number of employees at the end of the period	340	327	327

¹ Transmission systems of Latvia, Poland and Kaliningrad Region of Russia

1.3. KEY DEVELOPMENTS

01

January

On 3rd of 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 Nordic-Baltic Hydrogen Corridor international project, signed an agreement on a feasibility study for a green hydrogen corridor. The successful tenderer, AFRY Management Consulting, will analyse the conditions for the development of cross-border hydrogen infrastructure from Finland, through the Baltics and Poland to Germany, as well as trends in green hydrogen in the region. The study, which will provide a comprehensive evidence-based framework for optimal decision-making, to be completed by June of 2024.

On 26th of January, the ELLI gas interconnection capacity expansion project between Latvia and Lithuania, jointly implemented by Amber Grid and the Latvian gas operator Conexus Baltic Grid, was officially completed. The project increased the interconnection's capacity in both directions and strengthened the security of natural gas supply in the region. ELLI, which was included in the BEMIP priority list of projects of common interest approved by the European Commission, was co-financed by the European Union.

02

February

On 1st of February, a new electronic system for the registry of guarantees of origin of green gas, administered by Amber Grid, was launched. The system will provide safe, reliable and convenient access to data on guarantees of origin for green energy producers, suppliers and other market participants. The system runs on the Certigy platform developed by the Czech company Unicorn Systems. In the Guarantee of Origin Register, market participants can create their own accounts, easily manage the guarantee of origin processes, monitor real-time guarantees of origin balances, transaction statistics, etc.

04

April

On 11th of April, Amber Grid applied to court for the award of damages from Alvora, the contractor for the construction of the GIPL gas pipeline, for improper performance of the GIPL construction contract. The damages total EUR 10.6 million. These funds are needed to fix the defects during the project's contractor works, including the replacement of parts of the pipeline and the related technological processes.

New members of the Board of Amber Grid were elected at Amber Grid's General Meeting of Shareholders held on **30th of April**. Peter Loof Helth and Alexander Feindt were elected as independent members of Amber Grid's Board for the remainder of their term of office. Darius Kašauskas was elected as a new member on the proposal of the parent company EPSO-G and Paulius Butkus was elected to continue his work on the Board. Karolis Švaikauskas, a civil servant who has been a member of the Board, was also confirmed.

The ordinary General Meeting of Shareholders of Amber Grid held on **30th of June** decided to distribute the Company's profit for 2023 and to grant a dividend of EUR 0.1131 per share, paying out a total of EUR 13.4 million in dividends.

05

May

On 10th of May, Paulius Butkus, a member of the Board of Amber Grid and Head of Development and Innovation at EPSO-G Group, was elected as Chairman of the Board at the meeting of the Board of Amber Grid. Paulius Butkus is responsible for strategy, innovation development, data analytics and management, and other development activities at EPSO-G Group.

On 21st of May, Amber Grid set gas transmission service prices for 2025. The prices are based on the regulatory revenue cap approved by VERT. Compared to the average price of transmission services for Lithuanian consumers in 2023 (EUR 1.39/MWh), the price will increase by 7.4% to EUR 1.60/MWh in 2025. The gas transmission service price makes up a merely few percent of the final gas price paid by consumers.

06

June

On 6th of June, it was announced that the further integration of GET Baltic into EEX will be followed by the transfer of gas trading in the Baltic States and Finland to the EEX platform. By the end of the first quarter of 2025, GET Baltic customers are expected to trade gas on the EEX trading platform. In the meantime, the GET Baltic team will continue to serve local customers and develop its product offering in line with market needs.

On 17th of June, nine gas transmission system operators (TSOs) from countries around the Baltic Sea signed a Memorandum of Understanding (MoU) to coordinate and facilitate the development of hydrogen infrastructure and to promote the development of the hydrogen market in the Baltic Sea region. The Memorandum establishes and implements cooperation between TSOs. The parties to the MoU are GAZ-SYSTEM of Poland, Elering of Estonia, Energinet of Denmark, Gasgrid Vetyverkot of Finland, Amber Grid of Lithuania, Nordion Energi of Sweden, GASCADE Gastransport of Germany, Conexus Baltic Grid of Latvia and ONTRAS Gastransport of Germany.

On 18th of June, Amber Grid's General Meeting of Shareholders approved humanitarian aid for Ukraine's energy sector. Amber Grid will hand over a humanitarian aid package consisting of five generators and ten pipeline reinforcement couplings to the Ukrainian energy sector. The total value of the assistance is nearly EUR 108,000.

On 28th of June, NBHC study has been completed. It identifies a possible trajectory for a hydrogen pipeline through the six Member States of the project, the preliminary technical characteristics of the pipeline, and the hydrogen compression capacities for different time periods up to 2050. The project partners are continuing their activities and preparing the documentation for the CEF application, which will request support to carry out in-depth feasibility studies and pre-project solutions in each of the participating countries. The deadline for the application is October 2024.

Events after the reporting period

07

July

On 1st of July, Amber Grid submitted a 10-year network development plan for the gas transmission system operator to VERT following a public consultation in June. Key elements of the plan include: upgrading existing gas infrastructure, ensuring security, increasing resilience to crisis situations, developing alternative energy sources, integrating renewable energy, developing a hydrogen transport network, synergies between the gas and electricity sectors, and reducing greenhouse gas (GHG) emissions.

On 26th of July, VERT has set the weighted average cost of capital (WACC) to be applied to Amber Grid from 2025. The WACC will increase from 5.04 to 5.63%.

1.4. MEMBERSHIP

The Company is a member of the European Network of Transmission System Operators for Gas (ENTSOG) (www.entsog.eu), the Polish-Lithuanian Chamber of Commerce, the National Energy Association of Lithuania, the Lithuanian Liquefied Natural Gas (LNG) Platform, the EASEE-Gas Association, the European Renewable Gas Guarantee Registry (ERGaR), the European Clean Hydrogen Alliance, the Lithuanian Hydrogen Platform, the Hydrogen Energy Association of Lithuania, the INFOBALT Association, and the European Hydrogen Backbone initiative:



ENTSOG was established under Regulation (EC) No 715/2009 of the European Parliament and of the Council as an organisation to ensure cooperation between gas transmission system operators at European Community level.



The Polish-Lithuanian Chamber of Commerce is a bilateral economic cooperation organisation between Lithuania and Poland. The Association collects information for its members on business opportunities in both countries, cooperates with organisations and individuals involved in business management and development, organises conferences and thematic events.



The National Energy Association of Lithuania forms a common position of the energy sector, represents interests of its members in state institutions, public and international organisations, strives for the development and improvement of the conditions of supply of electricity and gas to the Lithuanian consumers, and promotes the economic and technical progress of the energy economy.

LNG

The Lithuanian LNG 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 participants.



EASEE-Gas was founded to develop and promote simplified and streamlined physical gas transport and gas trading across Europe.



The objective of **ERGaR** is to promote, develop and maintain a reliable, EU compliant system to enable cross-border trading of guarantees of origin for gas produced from RES in the European natural gas system, avoiding double selling and double counting of renewable gas.

ECHA

Amber Grid participates in the **European Clean Hydrogen Alliance**, which aims to contribute to the objectives of the EU's Hydrogen Strategy to create a complete and affordable renewable hydrogen value chain.

LHP

Amber Grid is a member of the **Lithuanian Hydrogen Platform**, established under the Ministry of Energy. The Platform aims to contribute to the objectives of the EU Hydrogen Strategy to create a complete and affordable renewable hydrogen value chain. It also promotes the use of hydrogen as a clean fuel, energy source and carrier in the transport, industrial, energy and other sectors of the economy, as well as the involvement of Lithuanian companies and organisations in the hydrogen value chain, developing and manufacturing products and services for the needs of Lithuania and other countries.



Amber Grid is a member of the **Lithuanian Hydrogen Energy Association**. The association, which brings together the country's scientists and business organisations, participates in the formulation of national, regional and EU policies and objectives, including the preparation of a strategy and action plan for the development of hydrogen in the Lithuanian hydrogen energy sector, contributes to the proposal of legislative initiatives that would stimulate the development of hydrogen technologies in the country, ensures cross-sectoral integration of hydrogen and the deployment of related technologies, promotes joint research, experimental development and innovation activities, etc.



Amber Grid is a member of **INFOBALT**. INFOBALT is an association of the information, communication and technology sector, aiming to create the best conditions for technology application, market development and export. Amber Grid, together with other partners of this association, is developing EnergyTech, a think tank platform for energy, science and IT cooperation, bringing together energy businesses, the scientific community and the most advanced and experienced IT and technology companies. The EnergyTech platform sees itself in 3 directions: as a bank of innovative ideas and a centre of exportable competences; as a space of like-minded professionals for an effective dialogue to foster innovation in the energy sector; and as a leader engaging the Lithuanian, regional and international community to ensure a sustainable energy future.



Amber Grid is a member of the **European Hydrogen Backbone**. The initiative is developing a vision for Europe's hydrogen transport infrastructure.

AIB

Amber Grid is a member of the **AIB**, the European organisation of origin guarantee authorities. The AIB creates and develops a standardised system for the exchange of guarantees of origin between the issuing bodies of guarantees of origin in the European Union and the Member States of the European Economic Area, with the aim of ensuring a reliable, transparent and cost-effective cross-border exchange of guarantees of origin of energy.



In 2023, Amber Grid joined the **Oil & Gas Methane Partnership 2.0 (OGMP 2.0)**. This is the United Nations Environment Programme's (UNEP) flagship programme for oil and gas reporting and environmental impact reduction. OGMP 2.0 is the only comprehensive, measurement-based reporting framework for industry that improves the accuracy and transparency of methane emissions reporting. OGMP 2.0 directly engages oil and gas companies that have the power to address methane emissions.

It helps them to better understand their emission profiles and, most importantly, use this knowledge to reduce emissions in a cost-effective way, focusing their efforts on the largest emission sources.

2. BUSINESS ENVIRONMENT

2.1. BUSINESS ENVIRONMENT AND FORECASTS

As of 1 April 2022, Lithuania has completely switched away from Russian gas in order to achieve full energy independence from Russian gas, in response to Russia's energy blackmail in Europe and the war in Ukraine, and now Lithuania's gas transmission system operates without Russian gas imports. Lithuania's entire gas demand is met through the Klaipėda Liquefied Natural Gas (LNG) terminal and the Santaka intake point supplying gas from Poland or the Kiemėnai intake point supplying gas from Latvia.

Gas continues to be transported in transit through Lithuania for the needs of Königsberg, but under a different technical regime from the usual one, ensuring the transmission of only the volume of gas needed for transit.

In the first half of 2024, 13.4 terawatt hours (TWh) of gas were delivered to Lithuania, excluding transportation to the Kaliningrad region. This is 28.9% less than the 18.8 TWh of gas transported to Lithuania in the first half of 2023. For the needs of the other Baltic States and Finland 2.9 TWh of gas was transported through the interconnection with Latvia. It was 71% less than the 10 TWh of gas transported towards the Baltic States in the first half of 2023. 1.1 TWh of gas was transported via gas interconnection to Poland, it is a 53.7% decrease compared to 2.3 TWh transported to Poland in H1 2023.

Gas consumption in Lithuania was higher in the first half of 2024, when 9.2 TWh of gas was consumed, which is 46.1% more than in the first half of 2023, when gas demand was 6.3 TWh.

The Klaipėda LNG terminal continues to be the most important source of gas supply for Lithuania and the Baltic States.

In the first half of 2024, 9.2 TWh or 69.2% of the total gas injected came from the terminal, 3.1 TWh or 22.9% from Latvia and 1 TWh or 7.5% from Poland. By 2033, the Klaipėda LNG terminal will be at full capacity, i.e. 33 TWh of terminal capacity will be allocated to the terminal's customers annually.

Since the end of 2022, biomethane produced in EU countries meeting sustainability criteria has been imported into Lithuania. This biomethane has guarantees of origin recognised in Lithuania. In total, 40 GWh of biomethane will be imported into Lithuania in 2023.

Lithuanian biomethane was also covered by guarantees of origin when it was produced and fed into the transmission grid in the summer of 2023. By the end of 2023, 47 GWh of biomethane had been produced in Lithuania and injected into the Amber Grid system. In the first half of 2024, 55.5 GWh of biomethane was fed into the transmission system.

It is planned that in Q3 2024, the second biomethane producer will start supplying green gas to the transmission network of Amber Grid.

In the context of the fight against climate change, more stringent requirements of the European Union's environmental policy, the promotion and development of the use of renewable energy sources and more efficient use of energy will reduce the consumption of natural gas for both energy and industrial needs in Lithuania. However, due to the limited alternatives available in some industries and segments of the transport sector, as well as the competitiveness of balancing and reservation services in the heat and electricity sectors, natural gas will play an important role as a transitional energy in meeting European and national targets for reducing greenhouse gas emissions to the atmosphere. However, gas transported through pipelines will change. The share of green gases, namely, biomethane and gases produced from the conversion of green electricity - green hydrogen and synthetic methane - will gradually increase.



in 28 of June, 2024 The Seimas of the Republic of Lithuania approved the resolution on the approval of the National Agenda "National Energy Independence Strategy" (hereinafter - NENS). NENS Lithuania has set ambitious targets that will make a significant contribution to the implementation of the 2030 Agenda for Sustainable Development, the Paris Agreement and the EU's 2030 energy and climate policy goals. They aim to increase the share of renewable energy sources (including biomethane and other gases produced from RES) in the country's total final energy consumption. The Law on Renewable Energy sets a target of at least 55% of the country's total final energy consumption to be generated from renewable energy sources in 2030, further increasing this share.

In the energy sector, gas is expected to remain an important energy resource in Lithuania's transition to a low-carbon economy, as in the EU. By 2030, the country's annual gas demand will be around 20 TWh, of which more than 50% will come from the need for gas as a raw material in the fertiliser production industry.

Reform of Europe's energy system is planned for the following reasons:

In order to end the EU's dependence on Russian fossil fuels, which are used as an economic and political weapon to fight climate change, the European Commission (EC) launched the RePowerEU plan in 2022 as a response to the difficulties and disruptions in the global energy market caused by Russia's large-scale invasion of Ukraine.

As set out in the REPowerEU Plan, the objectives will be pursued by:

- saving energy,
- diversifying energy supply,
- accelerating the use of energy from renewable sources.

The gas sector and networks can effectively contribute to the creation and development of a European hydrogen economy as envisaged in the EU Hydrogen Strategy. The European Commission plans two stages – a transition period until 2030 and a period until the hydrogen market is established in 2050.

On 8 December 2023, the European Parliament and the Council of the European Union reached an agreement on the Hydrogen and Decarbonised Gas Package (hereinafter – the Decarbonised Gas Package), which was adopted by the Council in May 2024. The package includes a Regulation and a Directive. The initiative of the Directive and Regulation proposals aims to facilitate the integration of

renewable and low-carbon gases, in particular hydrogen and biomethane, into the energy system. The aim is to reduce methane emissions by 55% below 1990 levels by 2030 and to achieve climate neutrality in the EU by 2050.

One of the main objectives of the Gas Package is to create a market for hydrogen, the right environment for investment and the conditions for the development of infrastructure and trade with third countries. In particular, market rules will apply to access to hydrogen infrastructure, the unbundling of hydrogen production and transport activities and the setting of tariffs.

The geopolitical context and rising energy prices have highlighted the importance of energy security, especially at a time when global markets are volatile. The European Commission has proposed to improve the resilience of the gas system and strengthen existing security of supply provisions. In the event of shortages, no European household will be left alone, and cross-border automatic solidarity will be reinforced through new predefined measures and adjustments to controls and compensation in the internal energy market. The gas package extends the current rules to cover renewable and low-carbon gases and includes new provisions to cover emerging cyber-security risks.

In May 27, 2024 The EU Council finally approved the long-awaited EU regulation on reducing methane emissions in the energy sector, which officially entered into force on August 4. The requirements set out in this regulation aim to increase the transparency of imports of fossil energy (such as natural gas, oil and coal) into the EU, promote the wider application of measures to reduce methane emissions in the energy sector, and harmonize comprehensive standards for the measurement, reporting and verification (MRV) of methane emissions and guidelines. The requirements of this Regulation will have a great impact on the organization of the Company's activities.



2.2. REGULATORY ENVIRONMENT

A new regulatory period of 5 years started in 2024. Accordingly, for the new regulatory period, amended provisions of the Methodology for Setting Income and Prices of State Regulated Natural Gas Transmission Activities and the Methodology for Setting the Rate of Return on Investment come into full force. In the assessment of the Revenue and Pricing Methodology revised principles for assessing the efficiency of natural gas undertakings will apply, which will make it easier to defend a part of the operational cost savings. The Methodology for Setting the Rate of Return on Investment foresees an annual review of the cost of borrowed capital and the return on equity (previously only the cost of borrowed capital was reviewed).

The position that the next public consultation on applicable pricing principles is to be announced at the end of 2024 on the pricing methodology to be applied from the 2026 tariff period was also discussed with VERT.

2.3. INFORMATION ON THE ACTIVITIES OF GET BALTIC IN 2024, IN WHICH AMBER GRID HAS A SHAREHOLDING



Name	UAB GET Baltic (hereinafter – GET Baltic)
Legal form	Private Limited Liability Company
Date of registration and register	13 September 2012, Register of Legal Entities
Legal entity code	302861178
Registrar of legal persons	State Enterprise Centre of Registers
Authorised capital	EUR 580 450,00
Registered office address	Geležinio Vilko g. 18 A, LT-08104 Vilnius, Lithuania
Phone	+370 5 36 0000
Email address	info@getbaltic.com
Website	www.getbaltic.com

GET Baltic, a gas exchange owned by the European Energy Exchange (EEX) and the Lithuanian gas transmission system operator Amber Grid, is a licensed natural gas market operator having the status of a Registered Reporting Entity (RRE) granted by ACER. The company operates an electronic trading system for short-term and long-term (one-month) natural gas products with physical delivery on virtual trading venues in Lithuania, Latvia, Estonia and Finland. By providing tailor-made solutions for natural gas trading, GET Baltic aims to increase the liquidity, competitiveness and transparency of the wholesale natural gas market in the Baltic States and Finland.

Previously the sole shareholder of GET Baltic, Amber Grid announced the selection of a strategic partner for GET Baltic as early as the beginning of 2022 in order to exploit the potential of the opening European gas market and to enable GET Baltic to offer its customers the most advanced gas trading solutions. In 2023, following a public international tender, EEX was selected as GET Baltic's strategic partner. In the same year, Amber Grid and EEX officially signed an agreement under which EEX acquired 66% of GET Baltic. GET Baltic, a gas exchange operating in the three Baltic States and Finland, thus became part of the EEX Group. Amber Grid continues to hold the remaining 34%.

As part of its transformation, GET Baltic updated its logo and visual identity in February 2024. The move reflects GET Baltic's close relationship with the EEX Group companies. At the same time, it has strengthened ties with the pan-European gas markets where EEX already operates. This has revealed new potential and opened a new path for the joint development of the Baltic and Finnish gas markets. The renewed corporate brand maintains the identity of GET Baltic and at the same time fits in the context of the EEX Group as a whole.

In the implementation of GET Baltic's operational objectives and in order to achieve smooth integration, in the first half of 2024, GET Baltic started holding a series of seminars for clients of the Exchange. The first seminar took place on 19 March 2024, where customers were introduced to the registration and

connection models for EEX and the clearing house European Commodity Clearing AG (ECC). The second seminar was held on 8 May, where trading and settlement principles, collateral management, indices and examination procedures were presented. In order to educate market participants as widely as possible, the Company publishes recordings of the webinars on its website: [Integration of the Baltic-Finnish gas markets into EEX](#).

With the launch of natural gas trading in Lithuania, Latvia, Estonia and Finland on the EEX platform, the natural gas markets will continue to offer secure trading with a larger number of market participants and an even wider range of business solutions, which will lead to a greater liquidity and more competitive gas prices. GET Baltic's customers are expected to trade gas on the EEX trading platform by the end of Q1 2025, while the GET Baltic team will continue to serve local customers and develop the product offering in line with market needs.

In the near future, GET Baltic will continue the work it has started, seeking to exploit the open opportunities of the European gas market, will continue to improve the quality of its service and the quality of the services it provides, and will meet market participants' and shareholders' expectations regarding the ambition to strengthen the gas markets in the Baltics and Finland and to foster the integration of the Baltic and Finnish gas markets into the pan-European gas trading markets. Together with the EEX Group, the aim will be to harmonise GET Baltic's short- and long-term exchange products with other trading areas in 2025, trading under the EEX German Exchange Licence, using EEX's trading infrastructure and state-of-the-art clearing services provided by ECC.:

- The trade turnover totalled 4.4 TWh, which is half of the total annual trade turnover in 2023 (9 TWh);
- In the first half of 2024, 0.5 TWh were traded cross-border, 59% less than at the same time last year (1.3 GWh in the first half of 2023), due to the Balticconnector, which was out of service until the end of April this year;
- 41% of the total volume of gas traded was purchased in Lithuania (1,832 GWh), 29% on the joint Latvian-Estonian trading platform (1,296 GWh) and 29% in Finland (1,289 GWh);
- In total, 16,031 transactions were made on the exchange, which is nearly the same amount as in the first half of 2023 (15,872 transactions);
- 69 exchange participants submitted their orders. There were 70 participants actively placing orders throughout 2023;
- At the end of the first half of 2024, there were a total of 119 registered participants on the exchange: 84 on the Lithuanian trading floor, 45 on the joint Latvian-Estonian trading floor and 39 in Finland.
- The cheapest transaction was recorded in February at EUR 5.00/MWh and the most expensive – in January at EUR 100.00/MWh.
- In the first half of 2024, 3 new participants registered on the exchange.

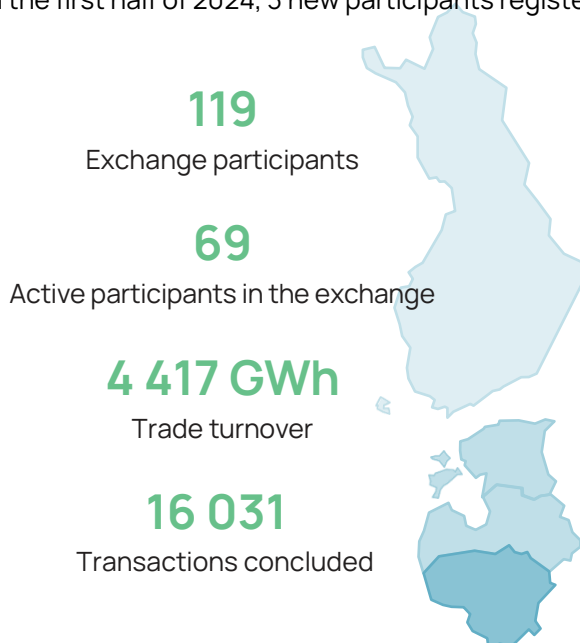


Figure 1. GET Baltic performance results in H1 2024

Trading platform	Number of exchange participants	Purchase turnover, GWh	Sales turnover, GWh
Finland	39	1,289	1,320
Latvia-Estonia	45	1,296	1,486
Lithuania	84	1,832	1,610

3. STRATEGY

3.1. VISION, MISSION, COMMITMENTS, PRIORITIES

The Company continued to implement the updated long-term Amber Grid’s Strategy till 2030, which was approved by the Board in early 2024. The updated strategy provides for the clarification of the main strategic directions, the new activities to be developed, and a strong focus on linking sustainability to strategic activities.

The Company’s strategy now focuses on acting together in Lithuania’s energy transformation towards a climate-neutral economy. The natural gas transportation system – main gas transmission pipelines, gas distribution, metering and compressor stations – is an integral part of Lithuania’s energy system, which plays an important role in creating a climate-neutral economy and, most importantly, a cleaner and safer future. Amber Grid is ready to transform the natural gas system to safely transport renewable energy sources such as biogas, methane and hydrogen, as well as to develop a new system for transporting pure hydrogen, and opportunities are being analysed for the development of carbon dioxide activities. We are working to integrate into the single European market, creating a unified system that will help the country to confidently pursue the European Green Deal and consumers to enjoy clean energy at the best price.

The core of the Strategy is value to all stakeholders. We focus on five stakeholders – consumers, producers/suppliers, the founder, society and employees – to whom we have committed to create value.

For each stakeholder, we have defined commitments and a unifying mission, thus identifying a core purpose and identity, describing them as long-term commitments to stakeholders.

Figure 2. Amber Grid’s commitments to stakeholders.

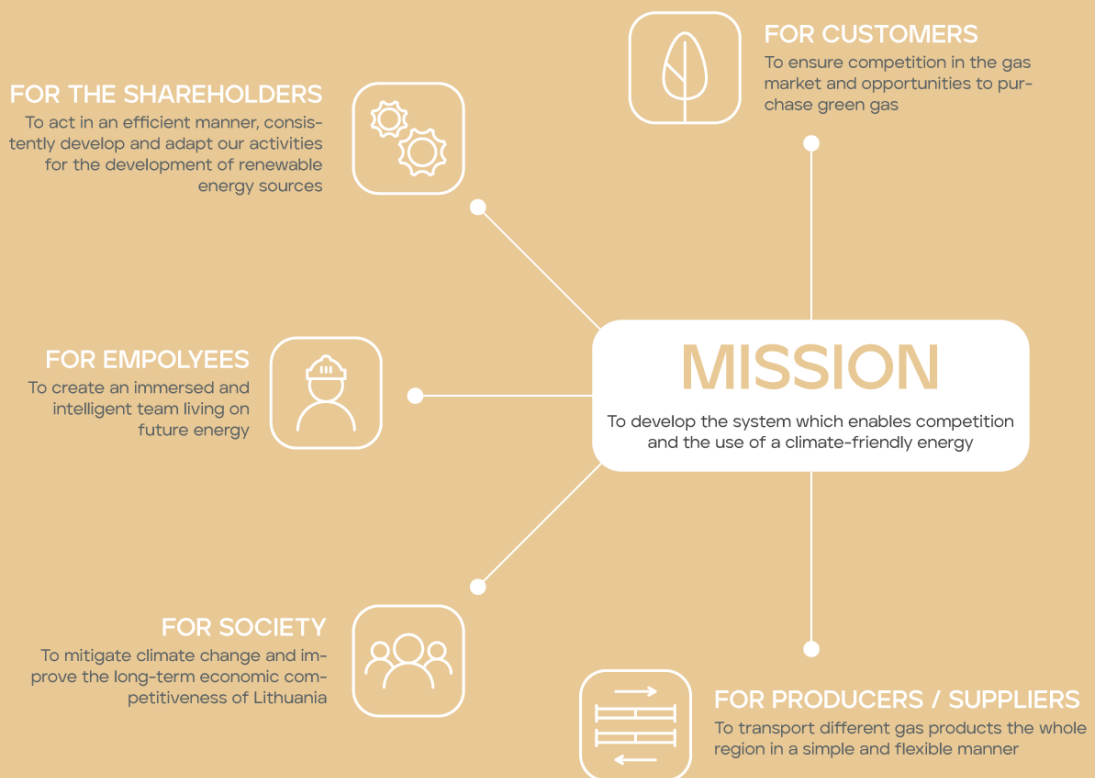
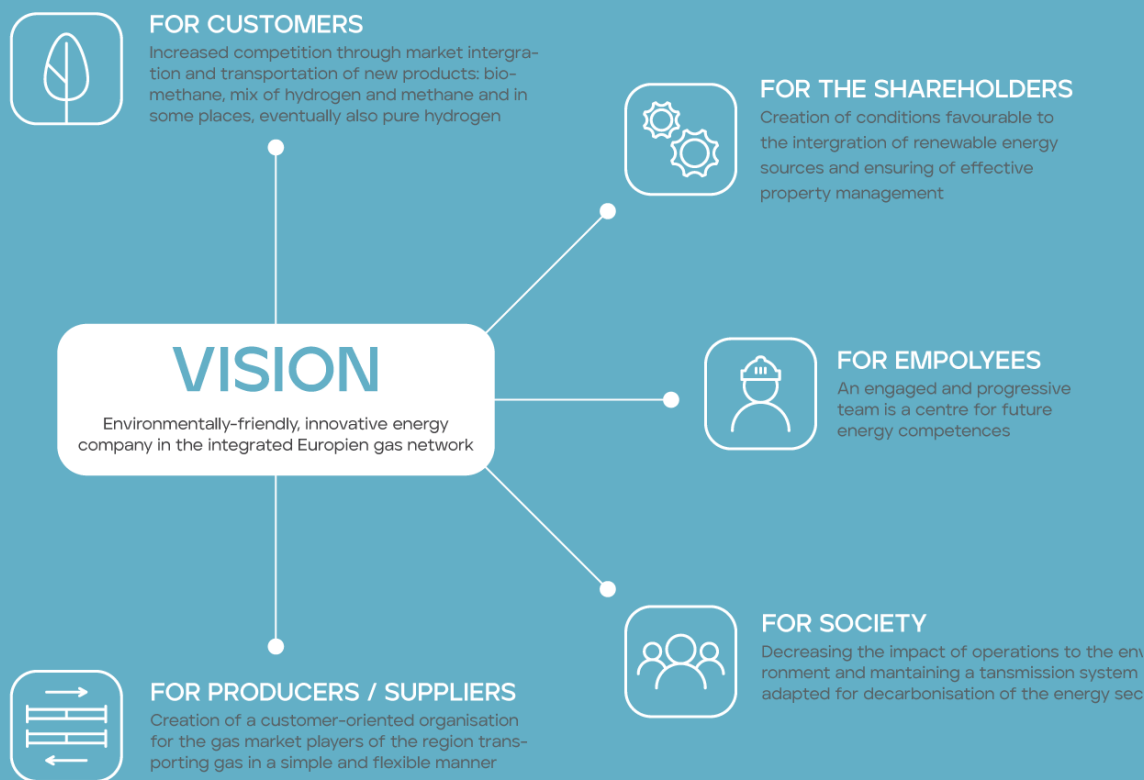


Figure 3. Amber Grid's strategic priorities for 2030



For each stakeholder, key milestones for the implementation of the strategy have been drawn up for a 10-year period, listing specific actions for each year.

Based on the key milestones for the implementation of the strategy, objectives, measures and strategic performance indicators have been formulated for a shorter 3-year period.

The achievement of the mission, the pursuit of the vision and all of the Company's activities are based on the fundamental human and professional values of professionalism, cooperation and progress.

Table 2. Company's long-term strategic objectives and key performance indicators

	Consumers	Producers / Suppliers	Founder	Society	Employees
Objectives	<ul style="list-style-type: none"> Adapt the transmission system for the supply of green gas to the market 	<ul style="list-style-type: none"> Create a customer-focused organisation Implement strategic projects provided for in the NEIS and identified by the Company in a timely manner and to the planned scope 	<ul style="list-style-type: none"> Ensure sustainable return to the shareholder Ensure efficient management of the system and adapt the system to RES integration 	<ul style="list-style-type: none"> Significantly mitigate impact of operations on the environment Enable gas sector's transformation by integrating RES 	<ul style="list-style-type: none"> Create immersed and intelligent organisation Create intelligence organisation – energy competence centre of the future
Key performance indicators	<ul style="list-style-type: none"> Volume of RES gas supplied to the gas system (with guarantees of origin) – 1.5 TWh Number and duration of unplanned interruptions under 	<ul style="list-style-type: none"> Customer satisfaction indicator, % Implementation of strategic projects provided for in the NEIS and identified by the Company in a 	<ul style="list-style-type: none"> Adjusted ROE Adjusted EBITDA OPEX RES volume in the system (TWh) 	<ul style="list-style-type: none"> GHG emissions reduction RES volume in the system (TWh) 	<ul style="list-style-type: none"> Employee engagement (%) Recognised experts of new gas annually invited to give presentations on the topic in at least two Lithuanian and

	the operator's responsibility	timely manner and to the planned scope			international conferences
					<ul style="list-style-type: none"> Employee safety
Result in 2030	<ul style="list-style-type: none"> Created opportunities to transport hydrogen and gas blend according to new national and international standards Volume of RES gas supplied to the gas system (with guarantees of origin) - 1.5 TWh Number and duration of unplanned interruptions under the operator's responsibility - 0 	<ul style="list-style-type: none"> Customer satisfaction indicator, $\geq 80\%$ 100% of strategic projects provided for in the NEIS and identified by the Company implemented on time and to the planned scope Regional integration with neighbouring countries (LV, EE, FI and PL) improved 	<ul style="list-style-type: none"> Adjusted ROE no lower than set by the LRG Adjusted EBITDA no lower than planned Actual VERT OPEX/ set by VERT $\leq 100\%$ Volume of RES gas supplied to the gas system (with guarantees of origin) - 1.5 TWh 	<ul style="list-style-type: none"> By 2030, mitigate environmental impact by 2/3 compared to the level of 2019 Volume of RES gas supplied to the gas system (with guarantees of origin) - 1.5 TWh 	<ul style="list-style-type: none"> Employee engagement 70 % New Gas competence centre - shaping the trends of future energy and the business model Number of serious and fatal accidents, both among employees of the company and contractors - 0

Amber Grid continuously evaluates the implementation and progress of the strategy to achieve its objectives. Detail information on the Company's strategy is available online at www.ambergrid.lt/strategija.

3.2. OPERATIONAL AND FINANCIAL OBJECTIVES

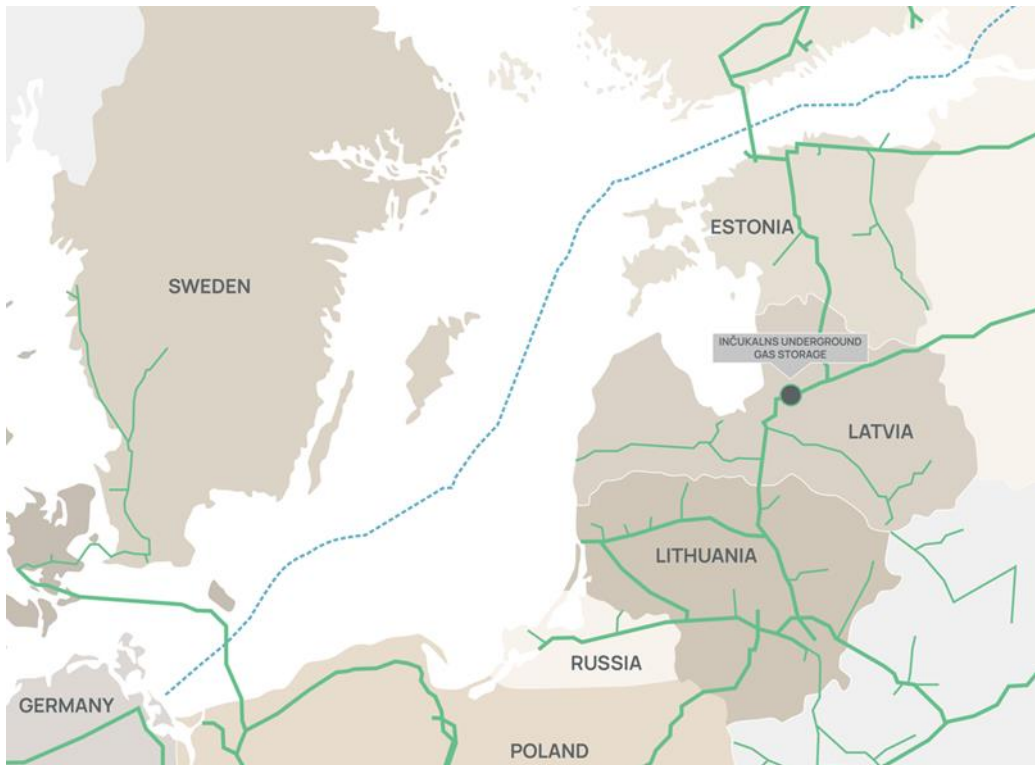
Amber Grid's Board has set and approved the Company's annual performance targets for 2024. The financial and non-financial objectives for the Company are identical to those set for the CEO of Amber Grid. The CEO is accountable to the Board for the achievement of these objectives. They are published on Amber Grid's website <https://ambergrid.lt/tikslai>

Each year, the Company's Board conducts an assessment of the achievement of the objectives. The result is one of the components taken into account in the annual financial incentives for both the Company's management and employees.

3.3. STRATEGIC INFRASTRUCTURE PROJECTS

In 2022-2023, the Company completed the implementation of strategic natural gas infrastructure projects - the construction of the Lithuanian-Polish gas pipeline interconnector (GIPL) and the enhancement of the capacity of the gas pipeline interconnector between Latvia and Lithuania (ELLI). The Lithuanian natural gas transmission system has become an important part of the integrated infrastructure of the Baltic region, connecting the Lithuanian transmission system to the European natural gas transmission system and creating broader opportunities for Baltic and Finnish market participants to access diversified sources of gas supply, as well as ensuring security and reliability of gas supply.

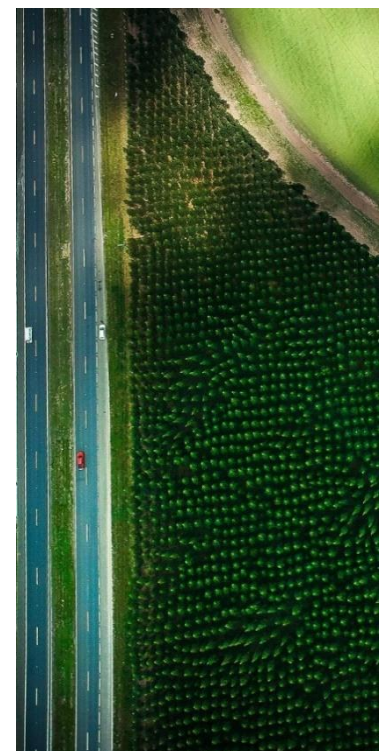
Figure 4. Gas infrastructure in the Baltic region (source: ENTSOG) in 2024



3.4. REGIONAL MARKET

In 2020-2021, a study on alternatives to the integration of the Lithuanian, Latvian, Estonian and Finnish natural gas markets was prepared to analyse the potential *Inter-TSO Compensation (ITC)* mechanism. However, due to new geopolitical circumstances, such as the war in Ukraine, the halt of gas flows from Russia to the EU, the development of infrastructure in EU countries for alternative sources of supply (e.g. a new LNG terminal in Finland), and the reduced importance of transmission tariffs due to the increase in gas prices, the countries have decided to delay the creation of a tariff area, which would also include Lithuania. On 26 October 2022, a public announcement was made by the national regulatory authorities of the Baltic States and Finland that the creation of a common gas transmission tariff area had been postponed (<https://www.vert.lt/Puslapiai/naujienos/2022-metai/2022-10-26/atidetas-baltijos-suomijos-gamtiniu-duju-rinkos-sujungimas.aspx>).

However, it is possible that the Baltic States and Finland will continue to coordinate their positions on further market integration with the aim of establishing a model of cooperation among operators that is acceptable to all countries once the geopolitical situation becomes more stable, additional infrastructure is in place (the LNG terminal in Finland-Estonia, the increase of the capacity of the Lithuanian-Latvian interconnector and of the Latvian Inčukalnis storage facility, as well as the development of LNG terminals and cross-border interconnectors in Europe) and new conditions have been established on the gas market. In the meantime, Amber Grid is focusing on capacity expansion, strengthening cross-border interconnections, system



access (for connections of green gas producers), servicing a customer base that has expanded abroad, and implementation of the EU decarbonisation package.

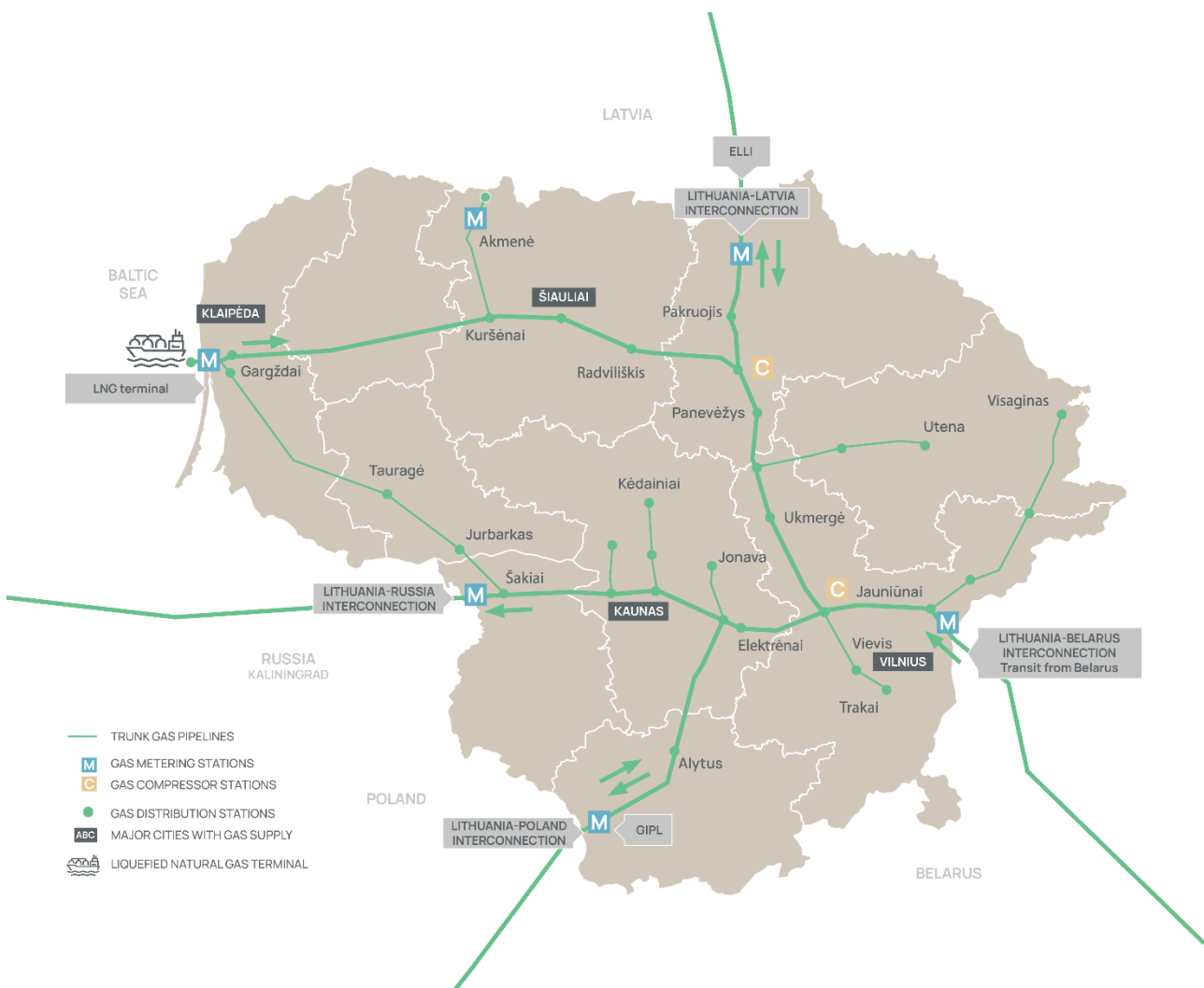
4. OPERATIONS

4.1. TRANSMISSION SYSTEM

The natural gas transmission system consists of main gas pipelines, gas compressor stations, gas distribution stations, gas metering stations, pipeline corrosion protection equipment, data transmission and communication systems and other assets that are a part of the transmission system. The Lithuanian gas transmission system is interconnected with the gas transmission systems of the Republic of Poland, the Republic of Latvia, the Republic of Belarus, the Kaliningrad region of the Russian Federation and the Klaipėda liquefied natural gas (LNG) terminal.

The Company operates 64 gas distribution stations (GDS), 4 gas metering stations (GMS) and 2 gas compressor stations (GCS). The length of the pipelines in operation is 2288 km, with diameters ranging from 100 to 1220 mm. The majority of the transmission system has a design pressure of 54 bar.

Figure 5. Lithuanian gas transmission system



4.2. OPERATION, RECONSTRUCTION AND MODERNISATION

The operation of main gas transmission pipelines is regulated by regulatory legislation and is carried out strictly in accordance with the requirements laid down therein. Maintenance and repair works are conducted on an ongoing basis to ensure the reliability and safety of the transmission system. In the first half of 2024, 110.5 km of the main gas transmission pipelines Panevėžys – Šiauliai, Pabradė – Visaginas, Santaka – Lithuania-Poland border were inspected by way of internal diagnostics.

In 2024, the Company carried out the following reconstruction and modernisation works:

- replacement of insertions of main gas transmission pipelines, taking into account the technical condition of main gas transmission pipelines and the results of diagnostics;
- reconstruction works on individual sections of the Vilnius-Kaunas trunk gas transmission pipeline (about 16.9 km);
- replacement of shut-off devices and connection to the remote control system in the branches to Alytus GDS, Prienai GDS, Birštonas GDS, Vilkaviškis GDS, Batniava GDS, Miežiškės GDS, Šiauliai GDS, Pajiešmenys GDS, Panevėžys GDS, A. Paneriai-I GDS, A. Paneriai-II GDS, in the main gas transmission pipelines Ivacevičiai-Vilnius-Riga, Vilnius-Panevėžys-Riga, Panevėžys-Siauliai in the 2nd strand, Vilnius-Kaunas and in the technological interconnection to Klaipėda;
- renovation of buildings and other structures at the Panevėžys Gas Compressor Station;
- reconstruction works of the dispatcher building;
- upgrading control metering stations.

4.3. MARKET FOR THE SERVICES PROVIDED

Amber Grid provides natural gas transmission services to system users, other operators, biogas producers, and gas market participants in the territory of Lithuania: it transmits gas to Lithuanian consumers, and transports natural gas to Latvia, Poland, and Russia's Kaliningrad region. Gas is fed into the system via the LNG terminal in Klaipėda and gas intake points from Latvia, Poland and Belarus, and from summer 2023, biomethane produced in Lithuania has also been fed into the transmission system. On Lithuania's initiative, gas from Russia has no longer been supplied to the country's needs since 1 April 2022.



Amber Grid is also responsible for balancing gas flows in the transmission system and administering the LNG terminal, its infrastructure, installation of the interconnector and the funds to compensate for fixed operating costs and the nominated supplier's reasonable costs of supplying the necessary volume of liquefied natural gas. The Company is actively working with its partners to create the conditions for efficient functioning of the natural gas market, to increase the competitiveness and liquidity of the gas market, and to ensure attractive conditions for its customers to operate on the natural gas market.

Amber Grid administers the national register of guarantees of origin for gas produced from renewable energy sources, i.e. it provides the functions of issuing, transferring and cancelling guarantees of origin, supervising and controlling the use of guarantees of origin, and of recognising guarantees of origin issued in other countries in Lithuania. Green gas is produced from biomass and other RES. The guarantee of origin is granted for one unit of energy – one megawatt-hour (MWh) delivered to the gas transmission and distribution network. The system of guarantees of origin allows the origin of the biomethane produced to

be identified, recorded and monitored, and consumers of this fuel can be assured that the gas they consume has been produced from renewable energy sources.

4.4. CUSTOMER

Customers of services of natural gas transmission via main gas transmission pipelines and gas flow balancing services in the transmission system provided by Amber Grid are large Lithuanian electricity and district heating companies, as well as industrial companies and medium-sized Lithuanian businesses, energy and gas supply companies from the European Union and from third countries, which are provided with natural gas transmission services.

During the period from the end of 2022 till the first half of 2023, the Company received a number of inquiries from biomethane producers regarding the issuance of preliminary connection conditions, following the adoption of amendments to Article 32 of the Law on Renewable Energy of the Republic of Lithuania in 2022, which came into force on 1 November 2022, establishing that a biogas producer, in agreement with the gas system operator, shall have the right to design and/or construct (install) and carry out works on behalf of the gas system operator in the gas system in accordance with the procedure and under the conditions set out in the service contract for the connection of biogas production facilities to the gas system.

The new legal framework has significantly boosted the initiatives of biogas producers to connect to Amber Grid's gas transmission system. More information thereon is available in the Section "Green gas activities".



4.5. SERVICES PROVIDED

The Company provides the following services to system users, other operators and gas market participants:

- gas transmission in Lithuania;
- balancing gas flows in the transmission system;
- administration of the funds allocated for the Klaipėda LNG terminal, its infrastructure, installation of the interconnector and the fixed operating costs, as well as for the compensation of the reasonable costs of supplying the necessary volume of liquefied natural gas by the designated supplier;
- administration of the register of guarantees of origin for gas produced from renewable energy sources;
- connecting new consumers, including biomethane producers, to the transmission system.

4.5.1. GAS TRANSMISSION

Gas transmission volumes

In the first half of 2024, 9,241 GWh of natural gas was injected into Amber Grid's gas transmission system from the Klaipėda LNG terminal to Lithuanian and EU consumers, 3,061 GWh was transported from Latvia to Lithuania and 1,002 GWh from Poland to Lithuania. The Klaipėda LNG terminal supplied 69.2% of the total gas demand to consumers in Lithuania and other EU countries.

In the first half of 2024, 9,189 GWh of gas was transported to the internal release point for Lithuanian consumers. Compared to H1 2023, when 6,289 GWh of gas was transported, the transport volumes increased by 46.1%.

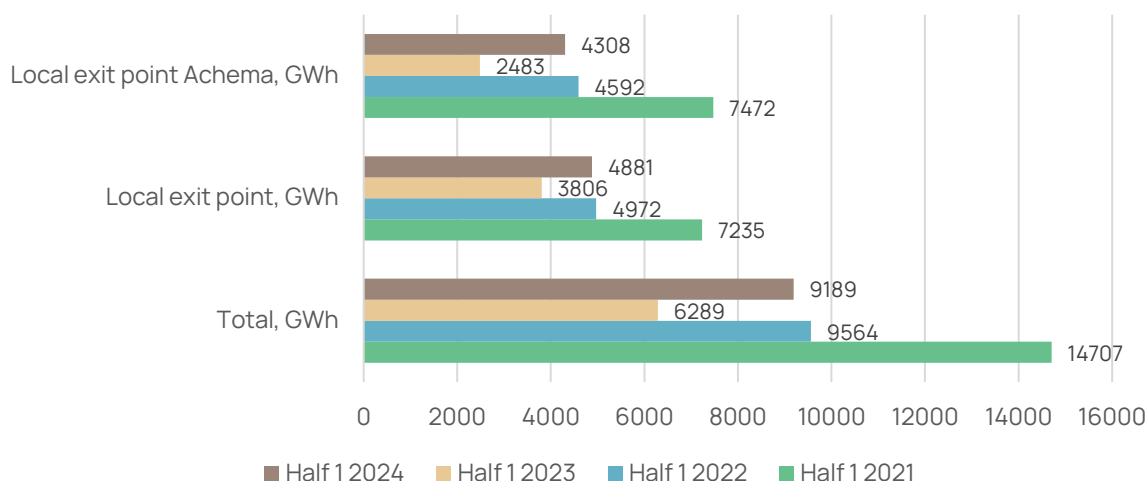
In the first half of 2024, 2,896 GWh of gas was transported from the Lithuanian transmission system to Latvia via the Kiemėnai gas metering station, i.e. 71.0% less than in 2023 (9,974 GWh).

In the first half of 2024, 1,056 GWh of gas was transported from the Lithuania to Poland via the Santaka gas metering station, i.e. 53.7% less than in 2023 (2,280 GWh).

During the reporting period, 12,906 GWh of gas was transported to Russia's Kaliningrad region (12,021 GWh in 2024).

Till 30 June 2024, the Company had concluded 130 gas transmission service contracts with transmission system users (gas consumers, gas distribution system operators, importers, gas supply companies supplying gas to consumer systems), of which 60 system users used the transmission capacity during the reporting period. The Company had 1 gas balancing contract with market participants that trade gas on a virtual trading platform but do not transport it through the transmission system.

Figure 6. Illustrates the structure of gas volumes transported at the local exit point by transmission system user



Regulating prices of gas transmission system operator services

As of 2020, the setting of gas transmission prices has been subject to the European Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code for a harmonised gas transmission tariff structure (TAR NC).

The VERT regulates gas transmission service prices by setting the revenue cap, the price calculation methodology and approving the specific prices set by the Company. The revenue cap for the regulated activities may be adjusted annually by decision of VERT in accordance with the procedure laid down in the Methodology for Setting Revenues and Prices for State-Regulated Natural Gas Transmission Activities.

In 2024, a new 5-year regulatory period began, which will end at the end of 2028. In May 2003, VERT set a cap on Amber Grid's natural gas transmission revenues (RC) effective from 1 January 2024. The RC set by VERT for the regulated activity for 2024, the first year of the current regulatory period, was EUR 67.01 million, which is 4.43% more compared to the revenue cap approved for 2023. The increase in the revenue cap compared to 2023 was due to the increase in total costs. The RC for regulated activities for 2025 set by VERT in May 2024, amounts to EUR 63.83 million, which is 4.75% lower than the approved RC for 2024 of

EUR 67.01 million. The decrease in the RC is due to lower forecasted technological costs. Detailed information on the prices of gas transmission services is available on Amber Grid's [website](#).

In 2025, 65.3 TWh of natural gas is planned to be transported through the Lithuanian gas transmission system, which is 1.4% less than the estimate for 2024 (66.3 TWh). The projected level of booked capacity, consumption capacity and transported gas volumes has been determined taking into account historical data, the needs of existing and potential system users.

In 2024, the average price of gas transmission services for Lithuanian consumers (considering both long- and short-term services) is EUR 1.49/ MWh, which is an increase of about 7.4% compared to the average price for 2023 (1.39 Eur/MWh). The average price of gas transmission services approved for Lithuanian consumers for 2025 is 1.60 Eur/MWh. Compared to the average price for 2024 (1.49 Eur/MWh), the price for 2025 increased by 7.4%.

In 2024, transmission prices at all entry points (including the Klaipėda entry point) are aligned with entry prices in the neighbouring tariff area of Latvia, Estonia and Finland.

4.5.2. BALANCING GAS FLOWS IN THE TRANSMISSION SYSTEM

Amber Grid ensures the balancing of gas flows in the transmission system. In accordance with the Rules for Balancing the Natural Gas Transmission System, the Company purchases balancing gas from a gas market participant if the market participant has caused a surplus of gas in the transmission system and sells balancing gas to a market participant if the market participant has caused a shortage of gas in the transmission system.

The Natural Gas Transmission System Balancing Rules entered into force on 1 March 2022, providing that trade in day-ahead products is not possible at the virtual trading point. This has led to an increased number of market participants causing the imbalances. The TSO calculates a neutrality fee for each market participant to ensure financial neutrality for the reporting period. The amendments are made in accordance with the provisions of Commission Regulation (EU) No 312/2014 laying down a balancing code for gas transmission networks of 26 March 2014.

In the first half of 2024, due to imbalances caused by system users, the Company purchased 187.5 GWh and sold 205.5 GWh of gas.

Following the amendments to Amber Grid's natural gas transmission system balancing rules that entered into force on 1 March 2022, Amber Grid calculates a neutrality fee for market participants to ensure financial neutrality. During January-June 2024, EUR 1.4 million was refunded to system users and EUR 0.03 million was collected from them.

In the case of gas in transit from a third country to a third country, the mixing of physical flows in the transmission system results in a difference between the calculated energy value of the gas at the entry and exit points of the gas transmission system. In the first half of 2024, the gas transmission to the Kaliningrad region resulted in a difference of 176,8 GWh at the entry and exit points of the transmission system, which was bought from the Company through the settlement of the third country to third country transmission services provided.

In addition to balancing the flows of system users and other gas market participants, the volumes of gas in the Company's transmission pipelines fluctuate due to the technical and technological features of the transmission system.

4.5.3. ADMINISTRATION OF THE FUNDS ALLOCATED FOR THE LNG TERMINAL, ITS INFRASTRUCTURE, INSTALLATION OF THE INTERCONNECTOR AND THE FIXED OPERATING COSTS AS WELL AS REIMBURSEMENT OF THE DESIGNATED SUPPLIER'S REASONABLE COSTS

In the performance of legislative requirements (the Law on Liquefied Natural Gas Terminal and supplementary legal acts), the Company collects, administers and disburses the LNG terminal funds to the terminal operator (AB KN Energies) and the designated supplier (UAB Ignitis) in accordance with the procedure established by legal acts, and the costs of administration of the LNG terminal funds are compensated to Amber Grid from the said funds.

The security component set for 2024 is EUR 205.93/ MWh/ day/ year (in accordance with Council Resolution No O3E-1694 of 22 November 2023). It applies from 1 January 2024.

The proportions of the allocation of the LNGT funds to the beneficiaries of the LNGT funds approved with VERT, which applied in 2023 and are applicable since 1 January 2024, are presented in Table 3.

Table 3. Information on the allocation of the LNGT funds collected in 2023-2024 among the beneficiaries of LNGT funds.

Components	Proportion applicable from 1 January 2023 to 30 June 2023	Proportion applicable from 1 July 2023 to 31 December 2023	Proportion applicable from 01.01.2024
Liquefied natural gas regasification component	0%	0%	0,000%
Administrative cost component	0%*	0%	0,401%
Component of justified costs of LNGT mandatory volume supply	0%	100%	99,599%
Total:	-	100%	100%

* pursuant to the VERT decision, the designated supplier reimbursed costs of administering the funds in 2023

Due to the unpaid LNG terminal funds, the Company currently has one civil case regarding the award of LNG terminal funds and default interest from AB Achema.

By its decision of 20 January 2022, the Kaunas Regional Court suspended the part of the case concerning the claims for EUR 4,678,000 of LNG terminal surcharge funds and EUR 55,000 of interest on late payment claims arising under the natural gas transmission services contract of 22 December 2014, pending the European Commission's decision on the compatibility of the LNG terminal surcharge funds collected for the period from 1 January 2016 to 31 December 2018 with the State aid rules under European Union law. By its decision of 17 March 2022, the Court of Appeal of Lithuania upheld the decision of the Kaunas Regional Court of 20 January 2022.

The other part of the case concerning the default interest of EUR 763,000 under the natural gas transmission services contract of 21 December 2012 and the counterclaim, by which AB Achema requests that the actions of the Company in calculating the liquidated damages under the contract of 21 December 2012 be declared unlawful and void was also suspended by decision of the Kaunas Regional Court of 20 September 2022, until the decision of the European Commission on the compatibility of LNG terminal funds applied for the period from 1 January 2016 to 31 December 2018 with the State aid rules under European Union law is adopted. Disagreeing with the decision of the Kaunas Regional Court of 20 June 2022, the company lodged a separate appeal for the annulment of the decision. On 8 September 2022, having examined the Company's separate appeal, the Court of Appeal of Lithuania adopted a ruling by which it upheld the decision of the Kaunas Regional Court of 20 June 2022.

On 8 March 2024, the Company submitted a statement of claim increase (hereinafter – the Statement of Claim) to the Kaunas Regional Court, whereby it requests the court to order the Company to pay to AB Achema EUR 763,119.55 pursuant to the contract for natural gas transmission services of 21 December 2012 and EUR 6,590,765.87 of the funds of the liquefied natural gas terminal surcharge, as well as to order the Company to pay EUR 96,929.64 in default interest pursuant to the contract for natural gas transmission services of 22 December 2014. The Kaunas Regional Court will decide on the issue of acceptance of the Company's Statement of Claim after the resumption of the proceedings.

4.6. 10-YEAR NETWORK DEVELOPMENT PLAN

According to the provisions of the Law on Natural Gas, Amber Grid prepares a 10-year network development plan of the transmission system operator every two years. In June 2024, Amber Grid prepared a 10-year (2024-2033) network development plan and submitted it to the VERT.

The main aspects of Amber Grid's 10-year network development plan include:

- Modernising existing gas infrastructure, ensuring security and increasing resilience to crisis situations,
- Developing alternative energy sources, integrating renewable energy,
- Building a hydrogen transport network, synergies between the gas and electricity sectors,
- Reducing greenhouse gases (GHGs).

One of the Company's commitments mentioned in the plan is to modernise the national gas transmission infrastructure, taking into account Lithuania's energy independence goals, European energy and decarbonisation provisions, and the needs of green energy project developers and market players. Considerable attention is paid to the integration and diversification of renewable energy sources (RES) such as biomethane and green hydrogen. The needs of potential customers have been taken into account in the development of the integrated hydrogen network in the 10-year network development plan. Possible network solutions were coordinated with the electricity transmission system operator Litgrid and its network development plans.

Investments of around EUR 213 million are planned in gas transmission system development projects over the next decade in the Plan, of which investments over the next five years will amount to around EUR 150 million. They will be directed towards projects to adapt the transmission system to the transport of hydrogen and gas mixtures and to upgrade and modernise the existing transmission infrastructure.

4.7. GREEN GAS ACTIVITIES

Amber Grid has been actively operating in the following green gas areas:

- Green gas development,
- Administration of guarantees of origin.

4.7.1. GREEN GAS DEVELOPMENT

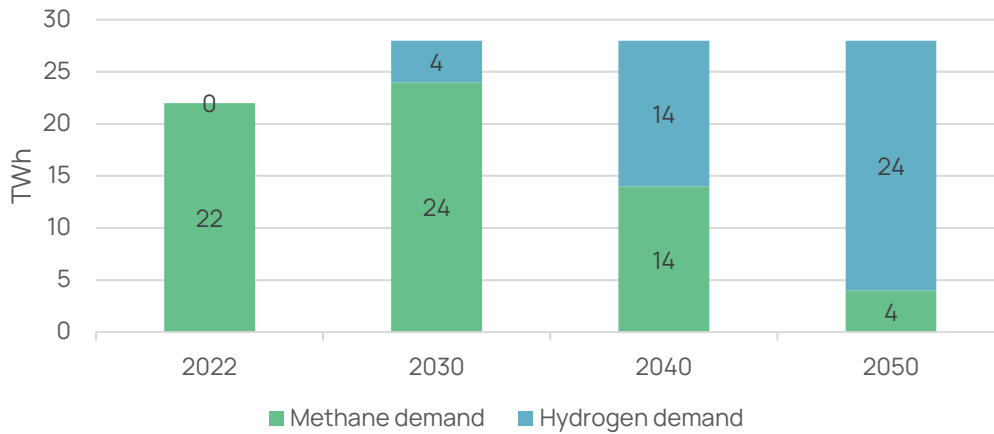
The intensive development of renewable energy sources (RES) and the significant increase in the share of RES in the overall energy balance, as well as the current and future challenges of balancing the electricity grid and integrating it into the electricity transport system, create opportunities for the development of one of the most potential technologies "Power-to-Gas" technology for producing green hydrogen from renewable electricity. It will enable high-capacity storage of the energy generated by RES

and will help to meet these challenges. This technology can transform electricity generated from RES into a gaseous form of energy (hydrogen or synthetic methane) and transport it through gas transmission and distribution networks to energy storage and consumption sites, thus contributing to the decarbonisation of energy and transport sectors. The adaptation of the natural gas infrastructure to hydrogen transport is expected to take place in stages. As a first step, a survey of market players planning P2G projects was carried out in Q2 2024. In addition, the TSOs of neighbouring countries have been inquired about hydrogen blending into natural gas in their countries. Technical measures are planned to be put in place to monitor hydrogen concentrations in the natural gas network, i.e. chromatographs will be installed to measure hydrogen concentrations, and hydrogen separators will be installed upstream of hydrogen-sensitive natural gas consumers, if necessary. The specific scope of the natural gas network investment programme will be determined after taking into account the plans of the local P2G project developers, the infrastructure capacity of neighbouring countries, the potential hydrogen blending rate and EU requirements, and the results of the cost-benefit analysis.

Guidelines for hydrogen development in Lithuania in 2024-2050. The Guidelines for Hydrogen Development in Lithuania 2024-2050 (hereinafter – H2 Guidelines) were approved by Order No 1-81 of the Minister of Energy of the Republic of Lithuania of 26 April 2024. The H2 Guidelines set out a vision for hydrogen development in Lithuania, defining strategic directions and stages of hydrogen development, the business environment and challenges. The H2 Guidelines document identifies the hydrogen network from Finland to Germany as one of the main hydrogen transport projects, which will run through Lithuania and will enable the export or import of hydrogen from other EU countries. The implementation of this project will allow Lithuania to benefit from underground hydrogen storage facilities planned in other Member States. Hydrogen blending in the natural gas network is identified in the H2 Guidelines as a transitional measure to stimulate the emergence of a green hydrogen market and to create the first hydrogen transport capacities. In order to exploit the potential of green hydrogen and its derivatives in the Lithuanian economy and export markets, at least one hydrogen valley is planned to be established in the first stage, later increasing this number to two. According to the H2 Guidelines, the installation of a 1.3 GW electrolysis plant in Lithuania would produce 129,000 tonnes of green hydrogen per year from 2030. Taking into account Lithuania's GHG reduction targets and its international commitments, it is estimated that the demand for green hydrogen in Lithuania could reach 110,000 tonnes per year in 2030. In addition, around 33,000 tonnes could be available for export.

Transformation study. In Q3 2023, in cooperation with the consultancy firm DNV EPSO-G prepared a Transformation Study of the Lithuanian energy system until 2050. The purpose of the study is to simulate scenarios for the possible development of the Lithuanian energy system, taking into account development projects, opportunities, changes in energy consumption and responsible parties. The recommendations of the study are very important for further development of Amber Grid's operations, planning its long-term strategy until 2050. The decarbonisation of the industry will lead to a rapid increase in the demand for hydrogen and a decrease in the demand for natural gas. In 2050, it is projected that biomethane will account for all the methane consumed in Lithuania. According to the projections in the Transformation Study, methane demand will remain stable until 2030. From 2030 to 2050, methane demand will be gradually replaced by hydrogen or hydrogen derivatives. In response to these trends, Amber Grid started hydrogen transportation activities in 2023 and will aim to become the Lithuanian hydrogen grid operator. This will allow for the timely development of new infrastructure, the adaptation of existing gas infrastructure for hydrogen transport and integration into the European green hydrogen network.

Figure 7. Methane and hydrogen demand forecast till 2050



Source: Lithuania Energy System Transformation to 2050, DNV, 2023

In order to contribute more broadly to the development of hydrogen and Power-to-Gas technologies in the country and the region, the Company continues to participate in the Lithuanian Hydrogen Platform established by the Ministry of Energy, and is a member of the European Clean Hydrogen Alliance and the Lithuanian Hydrogen Energy Association. Since 2022, the Company has continued its participation in the European Hydrogen Backbone initiative, which brings together 33 transmission system operators from across Europe to develop a vision, analyse alternatives, and draw up implementation plans for a nationwide interconnected hydrogen transport and storage infrastructure.

Nordic-Baltic Hydrogen Corridor project.

In January 2024, the Baltic Sea Region gas transmission system operators Gasgrid Finland Oy (Finland), Elering AS (Estonia), AS Conexus Baltic Grid (Latvia), AB Amber Grid, GAZ-SYSTEM S.A. (Poland) and Ontras Gastransport GmbH (Germany) signed a contract with a consultant to prepare a feasibility study for a Finnish-Baltic Green Hydrogen Transport Corridor (Nordic-Baltic Hydrogen Corridor) linking the hydrogen production and consumption hubs in the Member States between Finland and Germany. The objective of the feasibility study was to assess the main business opportunities for a cross-border hydrogen corridor and the main infrastructure parameters and implementation conditions.

The project aims to connect the green energy production regions in Northern Europe with the main consumption centres in Central Europe. The hydrogen corridor is expected to offer significant opportunities for the development of energy and related ecosystems. It will stimulate the development of green electricity generation, the use of renewable energy sources, accelerate the development of hydrogen and contribute to the European climate goals. It will also enable investment in industrial and technological innovation along the entire pipeline route, reducing energy transport costs, creating jobs and generating additional revenues for countries.



The project aims to connect the green energy production regions in Northern Europe with the main consumption centres in Central Europe. The hydrogen corridor is expected to offer significant opportunities for the development of energy and related ecosystems. It will stimulate the development of green electricity generation, the use of renewable energy sources, accelerate the development of hydrogen and contribute to the European climate goals. It will also enable investment in industrial and technological innovation along the entire pipeline route, reducing energy transport costs, creating jobs and generating additional revenues for countries.

The Nordic-Baltic Hydrogen Corridor project aims to strongly support regional and EU climate goals. Based on the recommendations of the Hydrogen Corridor Pre-Feasibility Study, project partners will decide on further development of the project.

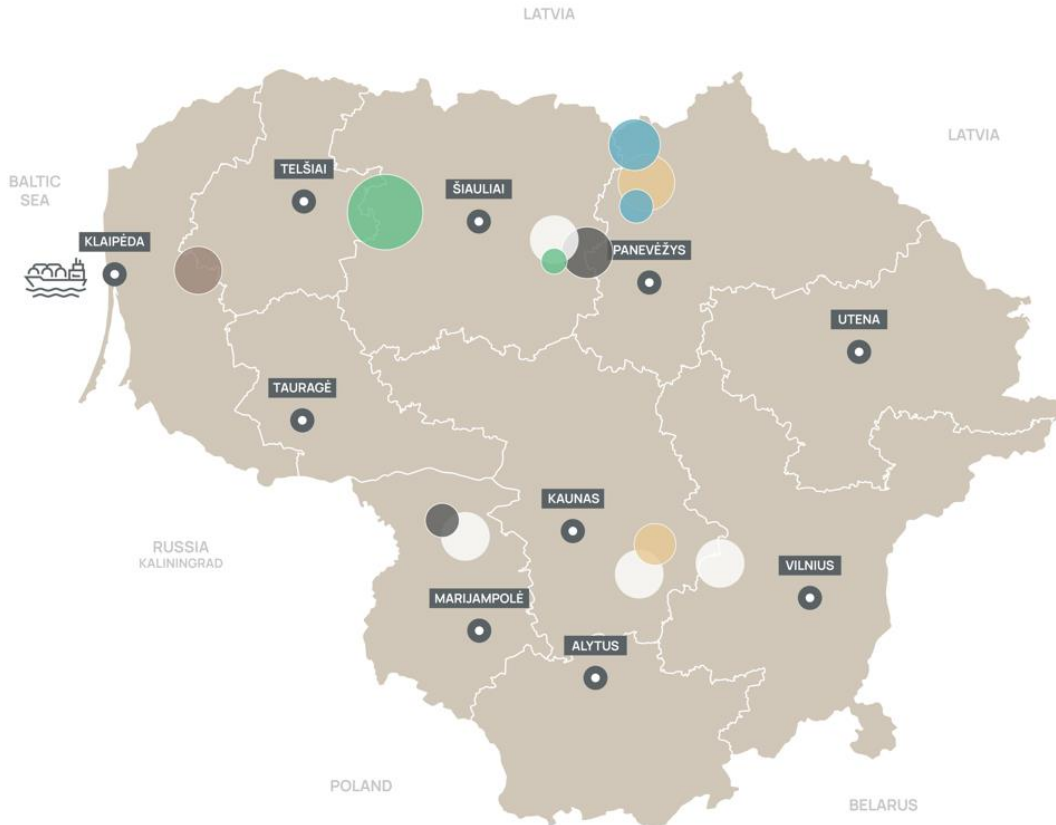
- In December 2022, the six partner gas transmission system operators signed a cooperation agreement to jointly implement the project.
- In November 2023, the European Commission granted the Nordic-Baltic Hydrogen Corridor the status of a Project of Common Interest (PCI).

Investment in biomethane production is also growing rapidly in Lithuania. Large industrial companies and new market participants are actively exploring the possibility of installing biomethane plants, connecting them to the gas transmission system, and supplying the biomethane produced to the local and foreign markets by participating in the Green Gas Guarantee of Origin (GOGO) trade. The integration of biomethane into the common energy system is now one of the most important energy goals of European countries and therefore represents a major future opportunity for the Company's customers.

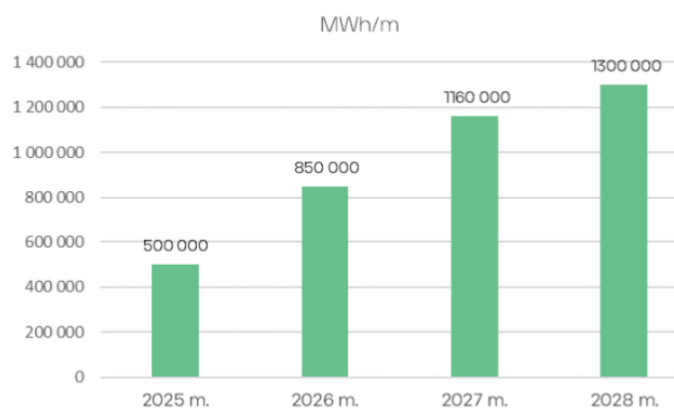
The development potential of Lithuania's biomethane sector is strengthened by the adoption of the Law on Alternative Fuels in 2021. It aims to achieve 15% renewable energy use in the transport sector by 2030

by increasing electrification of transport, promoting the use of gaseous fuels and hydrogen gas produced from biomass, and increasing biofuel blending requirements. This will encourage investors to build biomethane plants, connect them to the gas network and produce green energy.

Figure 8. Distribution of biomethane connection conditions by location and projected scope of biomethane inlet into the transmission network in 2025-2028, MWh/m.



In 2023, green gas produced from RES in Lithuania will be fed into Amber Grid's gas transmission network. Biomethane is fed into the transmission network by the newly opened biomethane plant of UAB Tube Green in Pasvalys district. In September 2023, the first biomethane plant in the Baltics to supply green gas to the transmission grid was opened in Pasvalys District. Around 100,000 MWh of biomethane is expected to be injected into the transmission system from this plant each year.



According to data of the first half of 2024, 13 connection conditions have been issued, of which 7 customers have already signed connection agreements with Amber Grid. Most of them are planning to connect their systems in 2025, with an expected biomethane volume of ~0.5 TWh/m to be transferred to the transmission network. Later on, a steady increase in biomethane feed-in capacity is planned, based on the submitted applications, reaching ~1.3 TWh in 2028.

4.7.2. ADMINISTRATION OF GUARANTEES OF ORIGIN

The Company administers the National Register of Guarantees of Origin for gas produced from RES, established in 2019, which performs the functions of issuing, transferring and cancelling guarantees of origin, supervising and controlling the use of guarantees of origin and recognising guarantees of origin issued in other countries in Lithuania. This system is useful for energy consumers who want to use green energy produced in Lithuania or in another EU country. The Company cooperates with designated bodies in other countries and with organisations in the RES gas sector. In the first half of 2024, more than 26.2 GWh of green gas with guarantees of origin were imported into Lithuania through the Guarantee of Origin system. This biomethane is used as a transport fuel and the Guarantees of Origin are used in the Renewable Energy Units (REUs) scheme, thus covering the obligations of fuel suppliers regarding the share of renewable fuels in the final fuel blend.

In the first half of 2024, 55.5 GWh of green gas produced from RES in Lithuania and fed into the transmission system was covered by guarantees of origin. Biomethane is fed into the transmission network by the biomethane plant of UAB Tube Green in Pasvalys district, as well as by two other producers using the same interconnection to the transmission system.

Figure 9. Guarantees of origin issued for biomethane produced in Lithuania, GWh, H1 2024

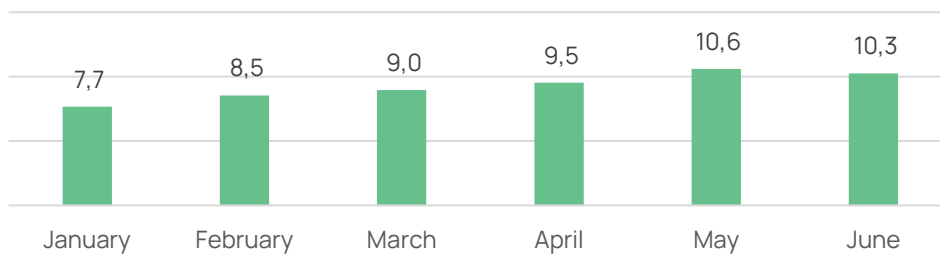
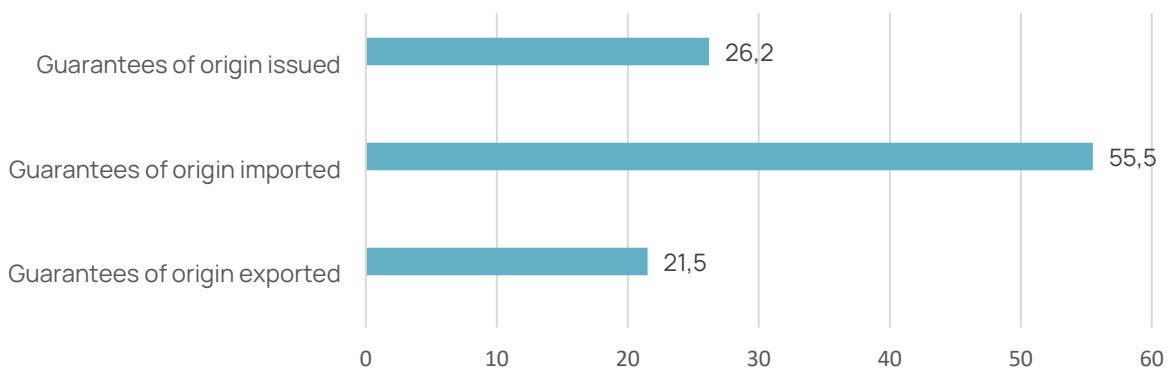


Figure 10. Guarantees of origin issued, imported and exported, GWh, H1 2024



4.8. COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES

In 2022, Amber Grid, together with the gas transmission system operators of Finland, Estonia, Latvia, Poland and Germany, initiated the Nordic-Baltic Hydrogen Corridor project, which aims to create a green H₂ transport corridor between Finland and Germany, linking H₂ production, supply and storage centres in Finland, Estonia, Latvia, Lithuania, Poland and Germany. The project is expected to be completed in 2030. In 2023, the European Commission granted the project the status of a project of European interest (project of common interest). The preparation of a pre-feasibility study for the project was started at the end of 2023 to assess the main business opportunities and key infrastructure parameters of the cross-border hydrogen corridor, as well as the implementation conditions. In June 2024, the pre-feasibility study was finalised and the six TSOs agreed to take the next step by carrying out a more in-depth feasibility study as a basis for the design and construction of the pipeline from Finland to Germany.

4.9. COMPANY'S BUSINESS PLANS AND FORECASTS

Contributing to Lithuania's ambitious goals, aiming to increase the share of renewable energy sources in the country's energy balance, the Company has been participating in a number of initiatives and projects that enable its specialists to develop their competences in the field of gas produced from RES. In addition to the aforementioned objectives, the Company's membership in ERGaR (European Renewable Gas Registry) and AIB (Association of Issuing Bodies) enables the development of new competences that will contribute to the promotion of green gas production and market development in Lithuania, the Company's continuity of its operations and the implementation of the National Energy Strategy.

When it comes to gas transmission prospects, it is forecasted that the Company will transport around 17.5 TWh of gas to its internal outlets, 6.2 TWh to Poland, 26 TWh to the Kaliningrad region and 9.5 TWh to Latvia in 2024. According to estimates for 2023, the Klaipėda LNG terminal is expected to provide most of the gas to Lithuanian and other Baltic consumers.



5. FINANCIAL RESULTS

The figures of Amber Grid AB in the financial performance section.

5.1. FINANCIAL INDICATORS

Table 4. Financial indicators

Company	Half 1 2024	Half 1 2023	Half 1 2022
Financial performance (EUR thousand)			
Revenue	35 049	42 705	42 200
EBITDA	11 952	10 697	15 020
Profit (loss) before tax	3 986	13 207	9 012
Net profit (loss)	3 447	12 577	7 800
Net cash flow from operating activities	22 001	23 726	13 579
Investments	2 922	18 890	30 777
Financial debt (loans)	92 902	94 913	104 378
Profitability indicators (%)			
EBITDA margin, per cent	34,10	25,05	35,59
Net profit (loss) margin	9,83	29,45	18,48
Average return on assets (ROA)	1,05	3,73	2,40
Average return on equity (ROE)	1,92	6,85	4,42
Liquidity ratios			
Total liquidity ratio	0,32	0,39	0,51
Non-current asset turnover	0,12	0,15	0,15
Capital structure indicators			
Equity to asset ratio	0,53	0,56	0,53
Financial debt to equity ratio	0,54	0,52	0,59
Financial debt to EBITDA ratio, in times	7,77	8,87	6,95
Market value indicators			
Share price to earnings per share ratio (P/E), in times	59,00	16,74	27,90
Net profit (loss) per share, EUR	0,02	0,07	0,04

Indicator calculation formulas:

EBITDA margin = EBITDA/revenue

Net profit (loss) margin = net profit (loss)/revenue

ROA = net profit (loss)/average asset value

ROE = net profit (loss)/average equity

Total liquidity ratio = current assets / current liabilities

Non-current asset turnover = revenue/ non-current tangible and intangible assets

Equity to assets ratio = equity / assets

Financial debt to equity ratio = financial debt / equity

Financial debt to EBITDA ratio = financial debt / EBITDA

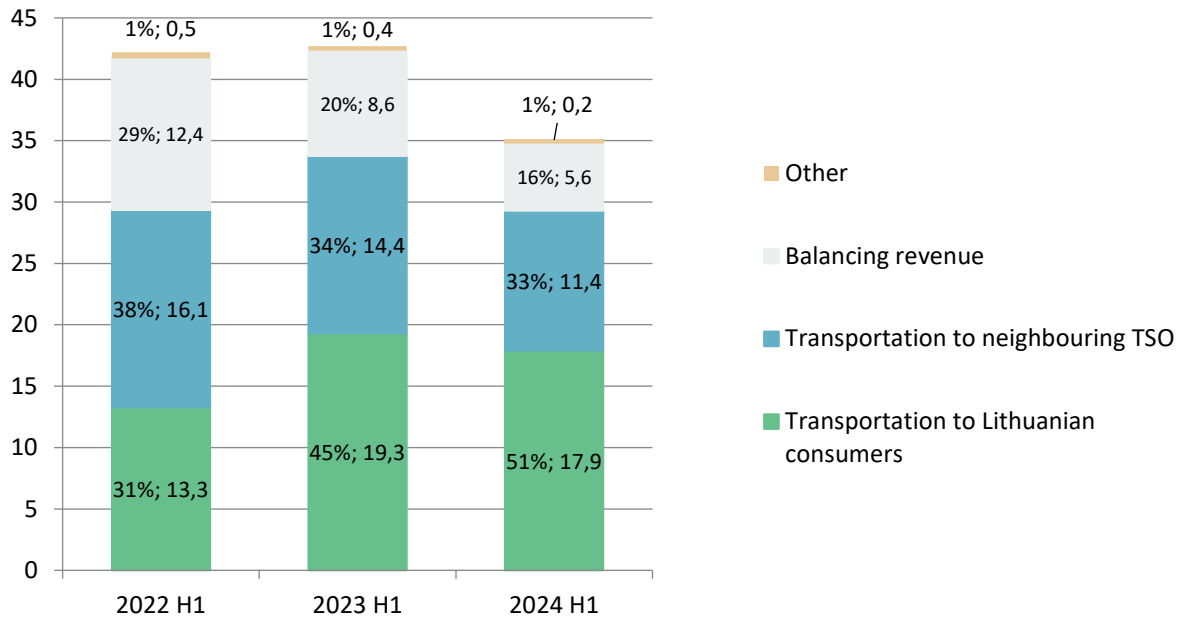
Share price/earnings per share ratio = share price at the end of the period / (net profit/number of shares)

5.2. REVENUE

Revenues in the first half of 2024 amounted to EUR 35.0 million and decreased by 18% compared to the first half of 2023. The decrease in revenues was mostly due to a 15% decrease in the volume of gas transported compared to the corresponding period of 2023. The decrease in balancing product revenues

was due to the lower level of gas prices. Balancing product revenues were generated from technological balancing of the transmission system caused by the technological transmission system features and the deviations in gas flows (imbalances) for technical reasons.

Figure 11. Revenue structure, %; EUR million.



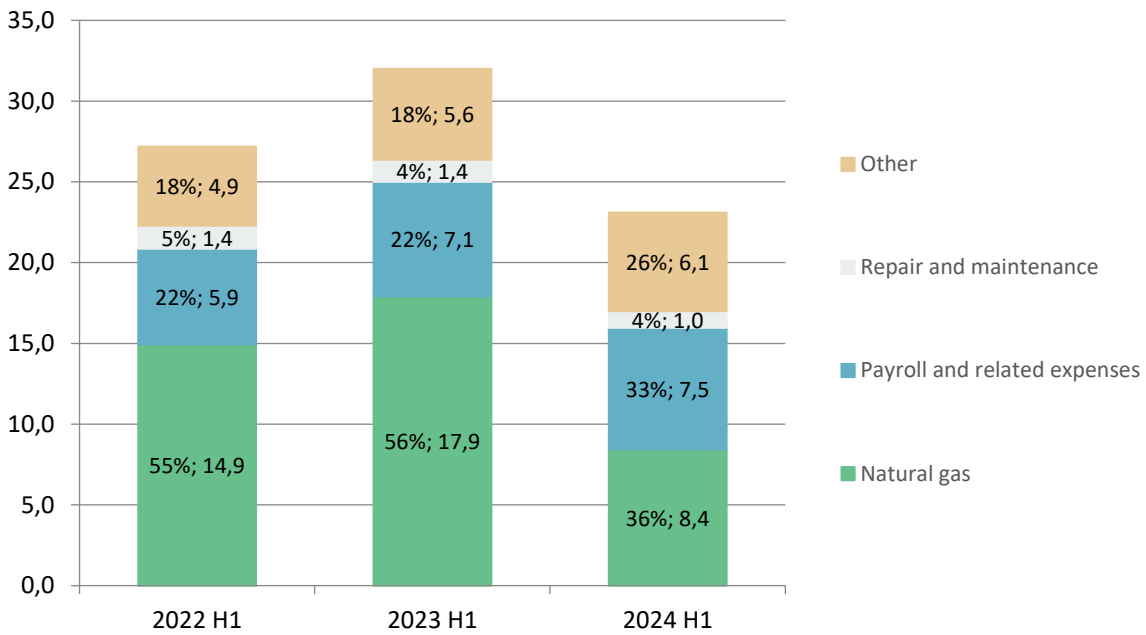
5.3. EXPENSES

Operating expenses (excluding depreciation, other non-cash items) amounted to EUR 23.1 million in the first half of 2024, a decrease of 28% compared to the first half of 2023. The decrease was due to the fall in gas prices and the corresponding decrease in gas expenses.

Salary and related expenses amounted to €7.5 million (33% of total expenses), an increase of 6% compared to the first half of 2023. Repair and maintenance expenses amounted to €1.0 million (4% of total expenses).

Natural gas expenses amounted to EUR 8.4 million and accounted for 36% of total expenses. Compared to the first half of 2023, the cost of natural gas was lower than in the first half of 2023. Due to lower gas prices and volumes, costs decreased by 53%.

Figure 12. Expense structure, %; EUR million.



5.4. OPERATING RESULTS

The net profit of the first half of 2024 was EUR 3.4 million, 73% lower than in the first half of 2023 (EUR 12.6 million). The Company's earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 12.0 million (H1 2023: EUR 10.7 million).

The drop in net profit in 2024 is due to the recognition of a gain on the disposal and revaluation of a subsidiary in the first half of 2023 (one-off effect of - EUR 9.1 million).

Figure 13. Financial results, EUR million.

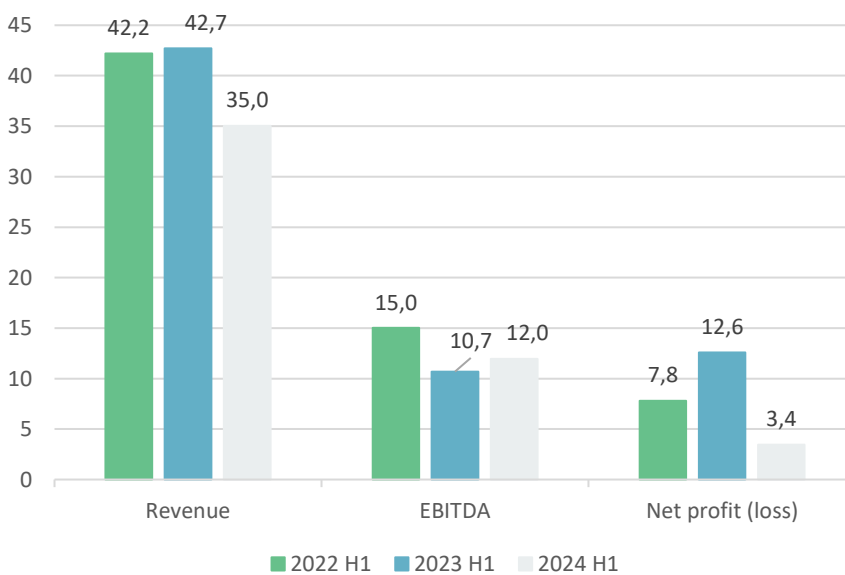
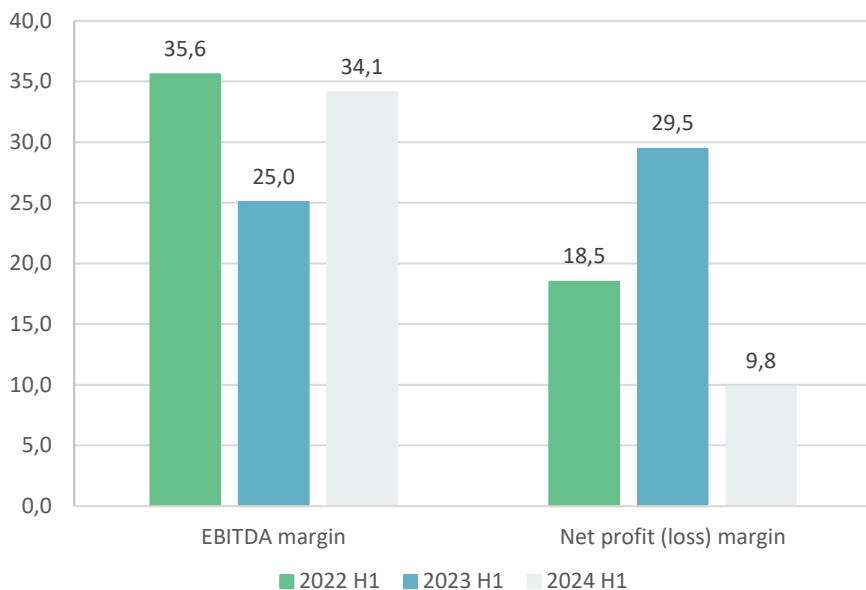


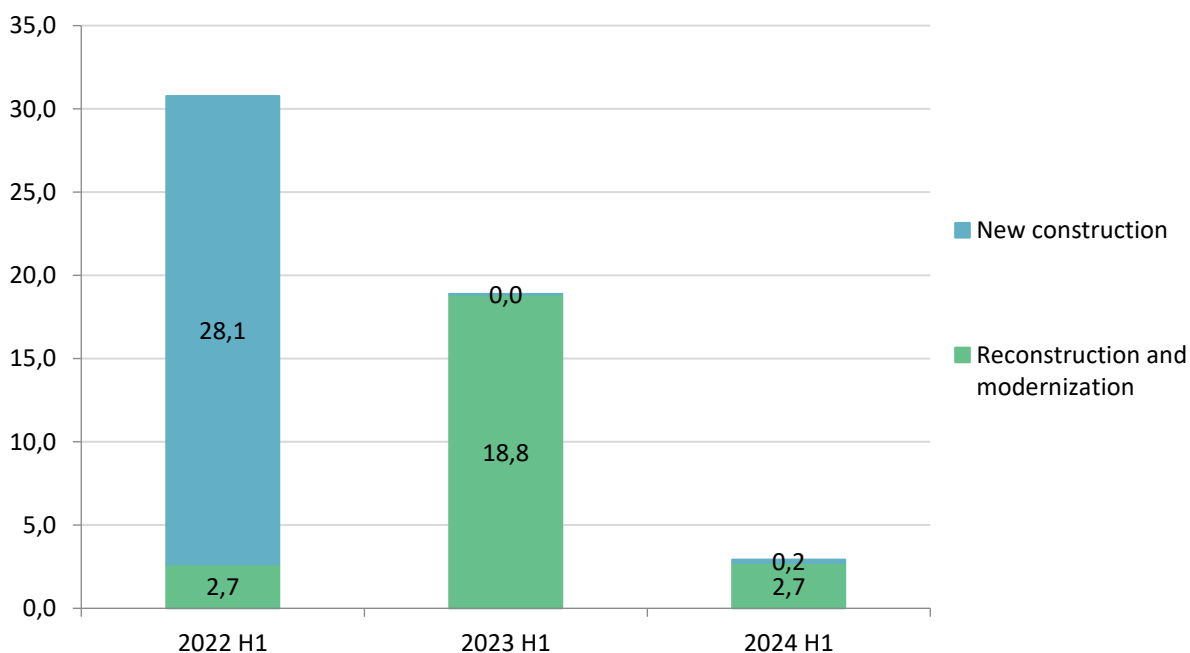
Figure 14. Profitability, %



5.5. INVESTMENT

Following the implementation of major projects in 2023 – the reconstruction of individual sections of the Vilnius-Kaunas main gas transmission pipeline, the reconstruction of the Grigiškės, Kėdainiai, Vievis, Šiauliai and Telšiai GDSs - investments in the first half of 2024 were lower and amounted to EUR 2.9 million (in the first half of 2023: EUR 19.9 million).

Figure 15. Investments, EUR million.



5.6. ASSETS

As at 30 June 2024, the value of assets amounted to EUR 324.1 million: non-current assets accounted for 91% of total assets and current assets for 9%.

Non-current assets decreased by 1% to EUR 295.8 million in the first half of 2024, due to investments below depreciation. The value of current assets as at 30 June 2024 amounted to EUR 28.3 million, a decrease of 18% in the first half of the year due to grants received.

5.7. EQUITY AND LIABILITIES

In the first half of 2024, equity after dividends decreased by 9% and totalled EUR 170.8 million at the end of the reporting period, with equity accounting for 53% of total assets.

As at 30 June 2024, amounts payable and liabilities amounted to EUR 153.3 million and increased by 5% over the half-year.

At 31 December 2023, financial debt (loans) amounted to EUR 92.9 million, an increase of EUR 1.3 million over the reporting period. The ratio of financial liabilities to equity was 54%.

5.8. CASH FLOWS

In the first half of 2024, cash flows from operating activities amounted to EUR 22,000 (EUR 23.7 million in the first half of 2023). Investments in non-current assets amounted to EUR 3.1 million (EUR 19.0 million in the first half of 2023). In the first half of 2024, EU funding of EUR 6.9 million (H1 2023: EUR 7.4 million) was received for financing investment projects.

5.9. ADJUSTED INDICATORS

Adjusted performance indicators are presented to more accurately reflect the Company's operating results in a given period and to provide a more objective comparison with prior periods. Regulated revenue, expense and profitability indicators were adjusted due to temporary regulatory deviations from the regulatory profitability approved by VERT, also eliminating atypical/one-off transactions (sale of shares in UAB GET Baltic).

When adjusting indicators, the following is taken into account:

- profitability adjustment for the period approved by VERT decision (temporary regulatory differences for the previous period);
- adjustment of the upcoming period for regulatory profitability deviations in the current period by VERT (temporary regulatory differences for the current period);
- other atypical transactions, income tax adjustment.

Table 5. Adjusted indicators of the Company, EUR million.

	Half 1 2024	Half 1 2023
EBITDA	12,0	10,7
Temporary regulatory differences for the previous period	1,0	-1,4
Temporary regulatory differences for the current period	0,7	+3,3
Adjusted EBITDA	13,7	12,6

Net profit	3,4	12,6
Temporary regulatory differences for the previous period	1,0	-1,4
Temporary regulatory differences for the current period	1,2	3,2
Other (atypical transactions, income tax adjustments)	-0,5	-9,4
Adjusted net profit	5,1	5,0
Adjusted return on equity (ROE)	2,8%	2,7%

5.10. REFERENCES AND ADDITIONAL EXPLANATORY NOTES TO THE DATA PRESENTED IN THE FINANCIAL STATEMENTS

Further information is provided in the Notes to Amber Grid's financial statements for Half 1 2024.

5.11. INFORMATION ON SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Significant events after the end of the financial year are disclosed in the Notes to Amber Grid's financial statements for Half 1 2024.

5.12. INFORMATION ON ANY FINANCIAL ASSISTANCE

On 30 April 2024, the Company's General Meeting of Shareholders allocated EUR 403,000 for the distribution of distributable profit. However, during the first half of 2024, the Company did not grant any donation to any natural or legal entity or to any organisation having the status of a beneficiary (charity). The Company's donation policy is publicly available at:

https://www.epsog.lt/uploads/documents/files/Politikos/20220527_Paramos%20politika.pdf.

5.13. INFORMATION ON RELATED PARTY TRANSACTIONS, MATERIAL ARRANGEMENTS AND DETRIMENTAL TRANSACTIONS

Information on related party transactions is provided in Amber Grid's financial statements for 2024.

The Company has entered into the following material agreements giving the counterparties the right to terminate transactions concluded with the Company in the event of a change of control of the Company:

- a loan agreement concluded with Nordic Investment Bank of 19 August 2015;
- a long-term financing agreement with the European Investment Bank (EIB) of 30 June 2020.

The terms of these agreements are considered to be bilateral confidential information of the signatories and disclosure of such information could cause damage to the Company.

During the period under review, the Company did not enter into any detrimental transactions (inconsistent with the Company's objectives, current normal market conditions, prejudicial to the interests of its shareholders or other groups of persons, etc.) and no transactions involving a conflict of interest between the Company's directors, controlling shareholders, or other related parties' duties to the Company and their private interests and/or other duties.

EPSO-G Audit Committee, which operates on a group-wide basis and performs the functions of Amber Grid’s Audit Committee, provides opinions on each of Amber Grid’s related party transactions. The Audit Committee assesses whether a respective related-party transaction is concluded under market conditions and whether the transaction is fair to all shareholders.

Table 6. Amber Grid’s transactions with related parties, 2024

Agreement number	Relation	Name of the related party	Data on the related party	Date of entry into force of the agreement	Type	Object of the agreement	Estimated transaction value, excluding VAT
686899	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo g. 25-101, LT-09320 Vilnius	09 01 2024	Service procurement	Preparation of plans for the revision of territories subject to special land use conditions	224 000,00
Additional agreement No 14	SOE	UAB Ignitis	Company code 303383884, Laisvės pr. 10, LT-04215 Vilnius	01 04 2024	Natural gas transmission services	Additional Agreement on Uninterrupted Natural Gas Supply	0,00
Additional agreement No 13	SOE	UAB Ignitis	Company code 303383884, Laisvės pr. 10, LT-04215 Vilnius	01 12 2023	Natural gas transmission services	Additional Agreement on Uninterrupted Natural Gas Supply	0,00
	SOE	KN Energijos, AB	Company code 110648893, Burių g. 19, LT-92276 Klaipėda		Cooperation agreements	Due to the end of cooperation on the Lithuanian liquified natural gas platform	0,00
1_CPO2715 03	SOE	UAB Ignitis	Company code 303383884, Laisvės pr. 10, LT-04215 Vilnius	23 04 2024	Purchase of goods	Electricity (compensation)	0,00
24-12547	SOE	AB Energijos skirstymo operatorius, ESO	Company code 304151376, Aguonų g. 24, LT-03212 Vilnius	15 04 2024	Other non-public procurement contracts	Birštonas DSS power increase service	60,72

5.14. INFORMATION ON SIGNIFICANT DIRECT AND INDIRECT SHARE HOLDINGS

As at 30 June 2024, the Company held 34% of shares of the associated company UAB GET Baltic. More detailed information on the associate is provided in financial statements of Amber Grid.

6. RISKS AND THEIR MANAGEMENT

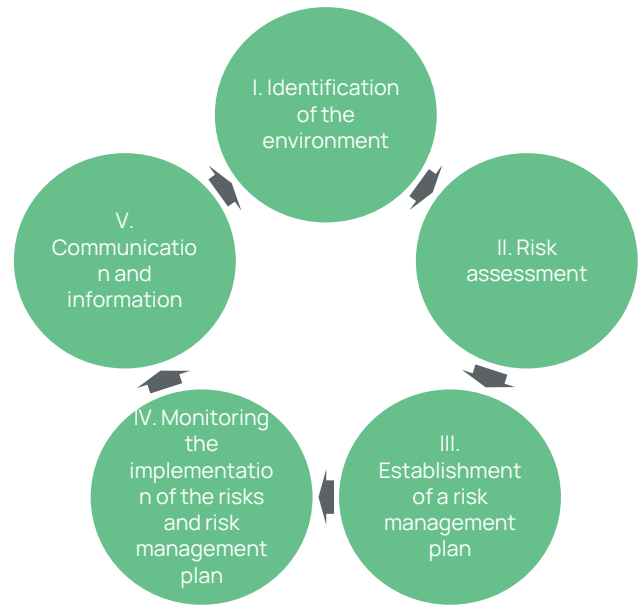
6.1. RISK MANAGEMENT FRAMEWORK

The Company views risk management as a structured approach to managing uncertainties by methodically assessing the impact and likelihood of risks and applying appropriate risk management tools.

In the first half of 2024, the Company followed the Risk Management Policy and Risk Management Methodology of the EPSO-G Group approved by the Board. These documents provide the Company with a best practice risk management framework based on the internationally accepted COSO ERM (Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management) methodology. The Risk Management Policy defines the main principles and responsibilities of the EPSO-G Group’s risk management and, in order to ensure a unified and common risk management process for companies, the

principles and responsibilities of the EPSO-G Group's risk management are defined in the Risk Management Policy. The policy is publicly available on [EPSO-G's website](#).

The risk appetite of the Company defined in the Risk Management Policy is the level of risk that is no greater than the highest level of risk that is equal to (the product of the probability and the impact of the risk on the Company) or greater than 15 points, or that the Company's governing bodies agree to accept in order to achieve the intended strategy and the stated operational objectives. Risks that exceed the established risk appetite require additional management measures.



The Company applies the risk management process (steps) set out below:

I. Identification of the environment: based on the Company's internal and external environment, planning documents, historical results of the risk assessment and the monitoring of the implementation of the risk management measures, the aspects that may influence the failure to achieve the Company's objectives are identified. Periodic assessments of the environment aim at adapting to changes and preparing for unforeseen threats in advance.

II. Risk assessment: regular identification, analysis and assessment of risks, establishment of PRRs and the List of Risks of the Company'. The risk appetite is also determined and the risks on the risk list are prioritised according to their level and the identified risk appetite.

III. Establishment of a risk management plan: for Risks exceeding the Risk Appetite, the Company's Risk Management Plan is established.

IV. Monitoring the implementation of the Risks and Risk Management Plan: regular monitoring of the implementation of the Company's List of Risks and the Risk Management Plan, as well as of the list of Group-level risks and their management measures is conducted. The results of the monitoring are regularly reported to the CEO of the Company, the Board and the Audit Committee, in accordance with the competence of each of them.

V. Communication and information: regular and prompt sharing of information among the participants in the risk management process that has an impact on the assessment and management of the Company's risks. Relevant information on risks and their management is communicated to the Company's employees in staff meetings.

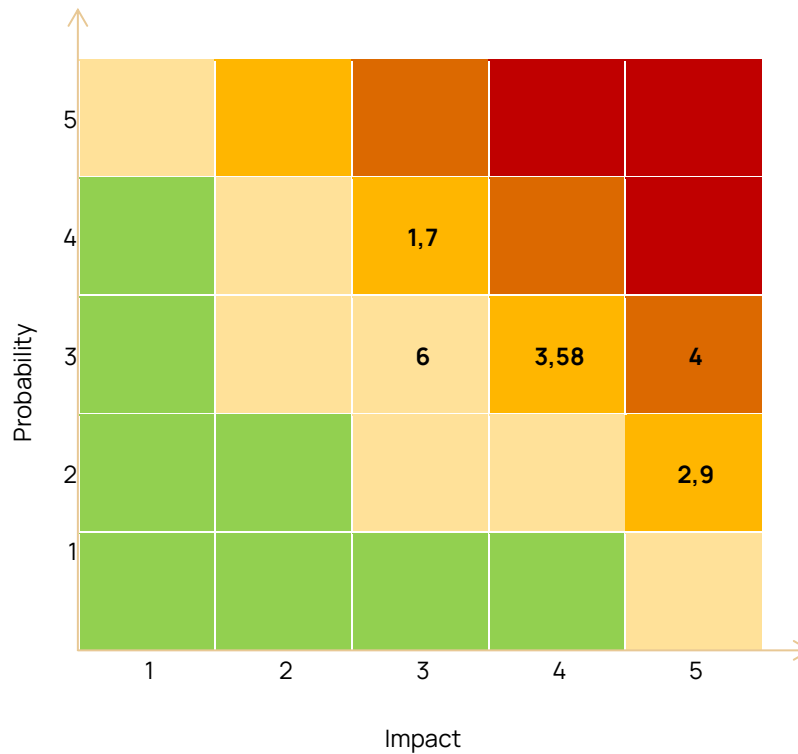
The Company has identified the operational risks for 2024, carried out a risk assessment, established risk monitoring indicators and planned risk management measures.

Having assessed the risks identified and managed by the Company and their level (impact on the Company's operations), the Board of Amber Grid approved the Risk Management Plan.

Every quarter of 2024, EPSO-G's Audit Committee assesses changes in the Company's key risk indicators and the effectiveness of risk management, and presents its findings and recommendations to Amber Grid's Board.

6.2. MAIN RISKS AND THEIR MANAGEMENT

Main risks faced by the Company:



1. Risk of delays in strategic projects

There is a risk of non-compliance with the execution plan for the project portfolio, delays in asset renewal and development. The Company minimises these risks by confirming the next year's project portfolio as early as possible to allow for advance resource planning. Investment projects are approved by the Committee after a prior analysis of the Company's available resources.

Management tools:

- The Company monitors and controls projects together with the Group's Project Management Office (PMO).
- Ongoing (passive and active) control measures are applied – monitoring of the Company's project reports and KPIs, active involvement in risk management and problem solving.
- The Company and 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, problems, benefits, schedules and their compliance with approved processes.

2. Long-term funding risk

There is a risk that Amber Grid will face difficulties in attracting new financing and/or will be forced to pay a significantly higher price than normal, which would jeopardise the implementation of its strategic plans. Risks may arise from an unsustainable financial position (e.g. over-leveraging, underperformance),

adverse changes in the business environment (e.g. downgrading of a country's credit rating, unfavourable regulatory developments) or the inability to achieve the intended strategic objectives.

Management tools:

- The Treasury and Financial Risk Management Policy is followed in day-to-day operations and decision-making, aiming to ensure a sustainable financial position, maintain a rating of at least investment grade (BBB-/Baa3 or above), and ensure compliance with non-financial commitments and financial indicator commitments.
- Budgets and long-term financial forecasts are regularly controlled to ensure that the long-term financial targets (e.g. debt/EBITDA, ROE) set in the operational strategy are achieved.
- When drawing up short-term and/or long-term business plans, making decisions on dividends, the potential impact of the decisions on Amber Grid's long-term financial sustainability, the fulfilment of the assumed financial obligations and the liquidity of the company is assessed.

3. Risk of regulatory change

Prices for natural gas transmission and related services are regulated, with price caps set by VERT. These decisions directly determine Amber Grid's operating results and the funds available for necessary operating costs, investments to maintain the reliability of the transmission network, and the ability to finance strategic projects from own or borrowed funds.

Management measures:

- In order to achieve clear and consistent regulation that does not adversely affect operating results, the Company actively communicates with the VERT, participates in discussions on pending amendments to legislation, and submits its comments on improvements to the legislation, arguing the impact of future decisions and the importance of the Company's long-term strategic goals. Proactive cooperation with VERT will also be crucial in coordinating decisions on the costs of climate neutrality activities.

4. Risk of disruption to systems used in the core activity

One of the key functions and responsibilities of AB Amber Grid is to ensure the safe, reliable and efficient operation of natural gas transmission systems. Technological risk management is aimed at avoiding operational disruptions and disconnection of gas to consumers.

Management measures:

- To ensure reliable operation of transmission systems, the Company implements specialised information systems, modern business management systems, continuously updates emergency and technological failure recovery and emergency management plans, business continuity plans, and sets high standards for contractors.
- To avoid disruptions to the transmission systems, the systems are continuously monitored, maintenance plans are drawn up accordingly, and the necessary new investments to upgrade the transmission system are planned in a timely manner.

5. Risk of non-compliance with occupational safety requirements

The Company places great emphasis on employee safety. In view of the applicable and relevant occupational safety and health requirements and the current implementation situation, there is a risk of non-compliance with these requirements.

Management measures:

- Proper installation of work places, timely maintenance and control of systems, equipment, work tools.

- Approved internal documents on health and safety.
- Staff training, certification and safety and health briefings.
- Ongoing monitoring and supervision of employees' and contractors' compliance with occupational health and safety requirements.

6. Risk of lack of adequate employee skills, turnover and motivation

The Company is facing challenges on the labour market, with competition for highly skilled professionals intensifying.

Management measures:

- The Company is improving shift plans for critical positions. Over the next few years, a strong focus is planned on updating the competency model, improving the employer image and developing talent.

7. Risk of too little competition in procurement

Amber Grid is implementing large-scale projects as part of NENS. There is a risk that insufficient competition from suppliers could lead to uneconomic 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 procurement procedures on 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. Establishment of a "4-eye" control principle as a minimum.

8. Cybersecurity risks

The information and data managed by Amber Grid is of strategic importance for the security of Lithuania, therefore, loss, unauthorised alteration or disclosure of such information and/or data, damage or interruption of data flow required for the secure operation of transmission systems may cause disruption of Amber Grid's operations and cause damage to other natural and legal persons.

Management measures:

- In order to prevent cyber incidents, threats to Amber Grid's information systems, physical protection and security management systems are regularly assessed, existing security measures, systems and/or tools are constantly updated and new ones that comply with the strict requirements of the EU and Lithuanian legislation regulating information security are implemented.
- Employees of Amber Grid actively participate in cyber security exercises to train how to manage and respond to cyber incidents against critical information systems and networks and ensure the functioning of their services.

9. Risk of non-implementation of the budget

There is a risk that Amber Grid will fail to meet its budget and financial plan, which will adversely affect the ability to meet the Company's obligations, covenants and other financial obligations, and to pay dividends.

Management measures:

- Monitoring financial performance as part of an integrated planning and monitoring policy.

- Commenting and proposing, where necessary, on decisions related to cost recognition, changes in methodology, and developing a common Group position.

10. Risk of mitigation of environmental impacts

Untimely or inaccurate collection and reporting of sustainability-related indicators, inaccurate calculation of GHG emissions from the Company's operations, or delays in reporting compliance with its commitments to institutional investors may result in sanctions from the exchange's regulators, and in financial penalties for the breach of the commitments to investors. There is also a risk that failure to obtain the regulator's approval for the required investments in environmental impact (GHG emissions) mitigation measures due to regulatory constraints or economic unviability will result in the failure to achieve Amber Grid's long-term strategic objectives and commitments (sustainability indicators).

Management measures:

- Implementation and monitoring of the GHG Reduction Action Plan.
- EPSO-G's Sustainability Policy requires the Company to collect and publish sustainability-related information in accordance with the GRI and/or other reporting disclosure standards at least once a year.
- ESG data collection concept (list of indicators) in line with GRI, ESRB (from 2024 onwards) and other reporting standards has been prepared and is under continuous development.

6.3. SUSTAINABILITY RISK MANAGEMENT

Amber Grid strives to integrate sustainability principles into all its activities and processes.

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

Sustainability risks are treated as an integral part of the Company's day-to-day operations and are integrated into the risk management process. The Company assesses risks for compliance with the criteria for sustainability risks. Risks that meet these criteria are assigned to the appropriate sustainability risk type.

In the first half of 2024, the Company's sustainability areas (environment, social responsibility and governance) are classified as risks:

Risks meeting environmental criteria:

- Risk to mitigate environmental impacts.

Risks that meet the social responsibility criteria:

- Risk of non-compliance with occupational safety requirements.
- Risk of lack of appropriate skills, turnover, motivation of staff.

Risks in line with governance criteria:

- Risk of regulatory change.
- Risk of insufficient competition in procurement.
- Cybersecurity risks.

Descriptions of the risks listed above in the Company's sustainability areas and the measures to manage them are set out in Section 6.1 (*see Principal risks and their management*).

In the first half of 2024, corruption, compliance, failure to ensure business continuity were included in the Company's main risk register. Due to the effective risk management measures applied, all of them are at medium or low risk level. The Company, aware of the importance of these risks for the achievement of its sustainability objectives, pays particular attention to the management and disclosure of these risks.

6.4. CLIMATE CHANGE RISKS

Taking into account the importance of climate change challenges in the energy sector, EU regulations (Taxonomy Regulation, European Sustainability Reporting **Standards (ESRS)**, etc.) related to disclosure of climate change risks, and to improve the associated risks, in 2023, AB Amber Grid, together with the other companies of the EPSO-G Group and the business consultants Deloitte, conducted a detailed analysis of climate-related risks (physical and transitional), opportunities and climate scenarios (according to the IPCC climate change scenarios) in the short (2026), medium (until 2030) and long term period until 2050 for the Group.

This was the first time the Group's assessment was conducted following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The prepared assessment and methodology will help to improve the assessment and management of climate-related risks, improve disclosure to the Group's stakeholders and strengthen the Group's management of sustainability risks.

Physical (likelihood of extreme events affecting infrastructure, buildings, offices) and **transitional risks** (regulatory, technological, reputational, market, societal pressures) associated with climate change were assessed, and measures and indicators to manage these risks were developed.

7. MANAGEMENT REPORT

7.1. INFORMATION ON COMPLIANCE WITH THE GOVERNANCE CODE

Amber Grid applies the Code of Corporate Governance for NASDAQ Vilnius Listed Companies (available at www.nasdaqbaltic.com; hereinafter – the Code). The Code shall apply to the extent that the Company's Articles of Association do not provide otherwise. The Company has disclosed its compliance with the provisions of the Code, and this information is available on the Company's website at <http://www.ambergrid.it/en> and on the Central Regulatory Information Database at www.crib.it.

7.2. SHARE CAPITAL

The Company's authorised capital is EUR 51,730,929.06, divided into 178,382,514 ordinary registered shares with a nominal value of EUR 0.29 per share. One ordinary registered share with a value of EUR 0.29 per share entitle its holder to one vote at the General Meeting of Shareholders. All shares are fully paid up.

In the first half of 2024, the Company's shareholder structure remained unchanged. UAB EPSO-G retained a 96.58% shareholding in the Company and was the only shareholder holding more than a 5% stake in the Company. EPSO-G has a casting vote at the General Meeting of Shareholders.

7.3. SHARES AND SHAREHOLDER RIGHTS

The number of the Company's shares carrying votes at the General Meeting of Shareholders is the same as the number of shares in issue and amounts to 178,382,514 units. The property and non-property rights conferred by shares of AB Amber Grid are equal, and no shareholder of the Company has any special control rights. Pursuant to Article 20 of the Law on Companies of the Republic of Lithuania, only the General Meeting of Shareholders of the Company may take decisions on the issuance of new shares and the purchase of its own shares.

The Company is not aware of any arrangements between shareholders that may restrict the transfer of securities and/or voting rights. The Company has no restrictions on voting rights.

The Company has not acquired its own shares and has not entered into any transactions related to the acquisition or disposal of own shares in the first half of 2024.

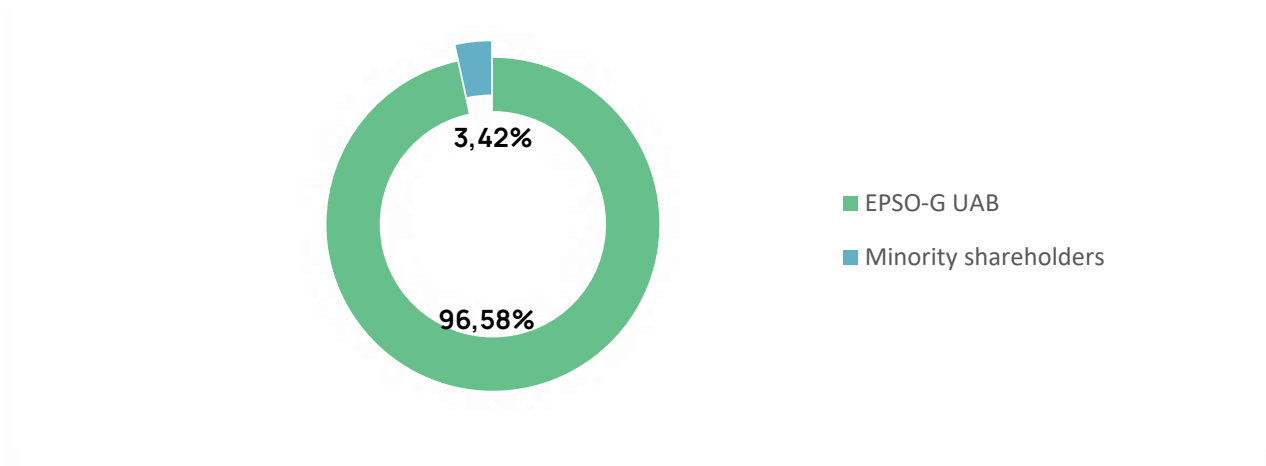
7.4. SHAREHOLDERS

According to data of 30 June 2024, Amber Grid's shareholders included more than 2,600 natural and legal persons, both Lithuanian and foreign, of which 1 (one) shareholder held more than 5% of the Company's shares.

Table 7. Shareholders of the Company

Shareholder	Registered office address / legal entity code of the Company	Number of shares owned, pcs.
UAB EPSO-G	Laisvės ave. 10, Vilnius, Lithuania, 302826889	172 279 125
Minority shareholders		6 103 389
Total:		178 382 514

Figure 16. Shareholder structure in 30 June 2024



7.5. DATA ON TRADING IN SECURITIES ON REGULATED MARKETS

From 1 August 2013, the Company's shares have been traded on a regulated market and listed on the NASDAQ Vilnius Supplementary List of the NASDAQ Vilnius Stock Exchange.

Table 8. Key data on Amber Grid shares

Key data on Amber Grid shares	
ISIN	LT0000128696
LEI	097900BGMP0000061061
Symbol	AMG1L
Issue size (units)	178.382.514

In the first half of 2024, the Company's share trading turnover amounted to EUR 0.258 million (EUR 0.268 million in the first half of 2023) and 231,362 shares were transferred by way of concluded transactions (216,093 in the first half of 2023).

Figure 17. Share price dynamics on NASDAQ Vilnius, H1 2024

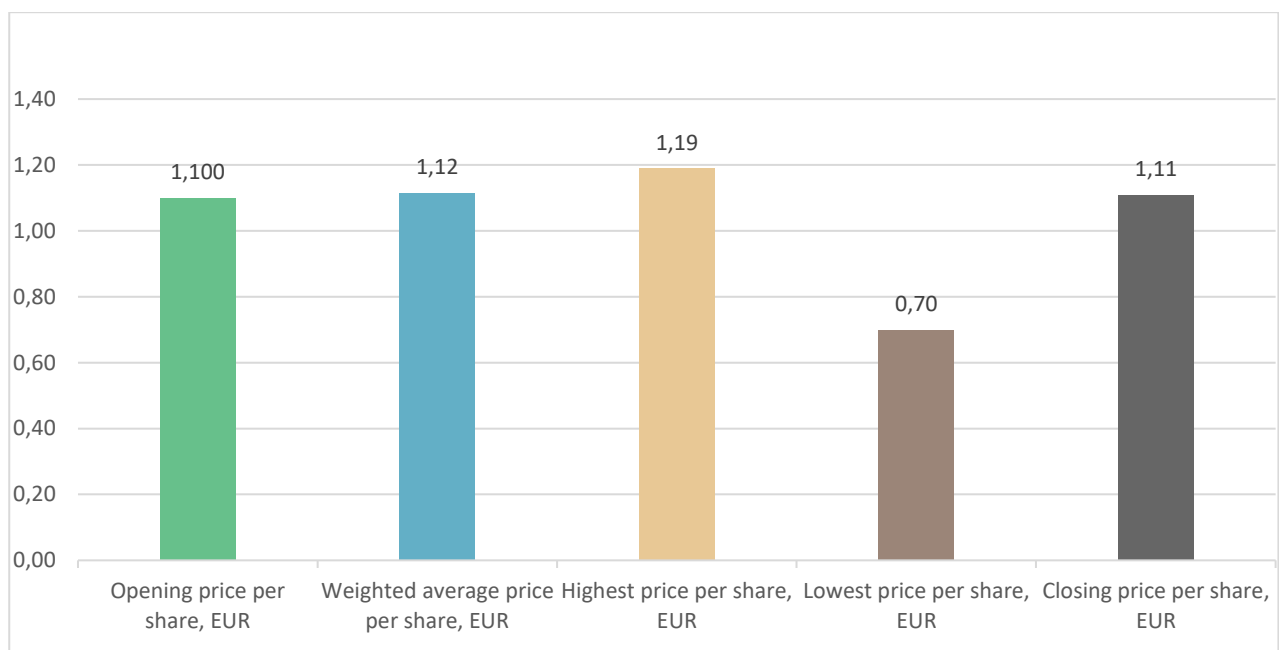
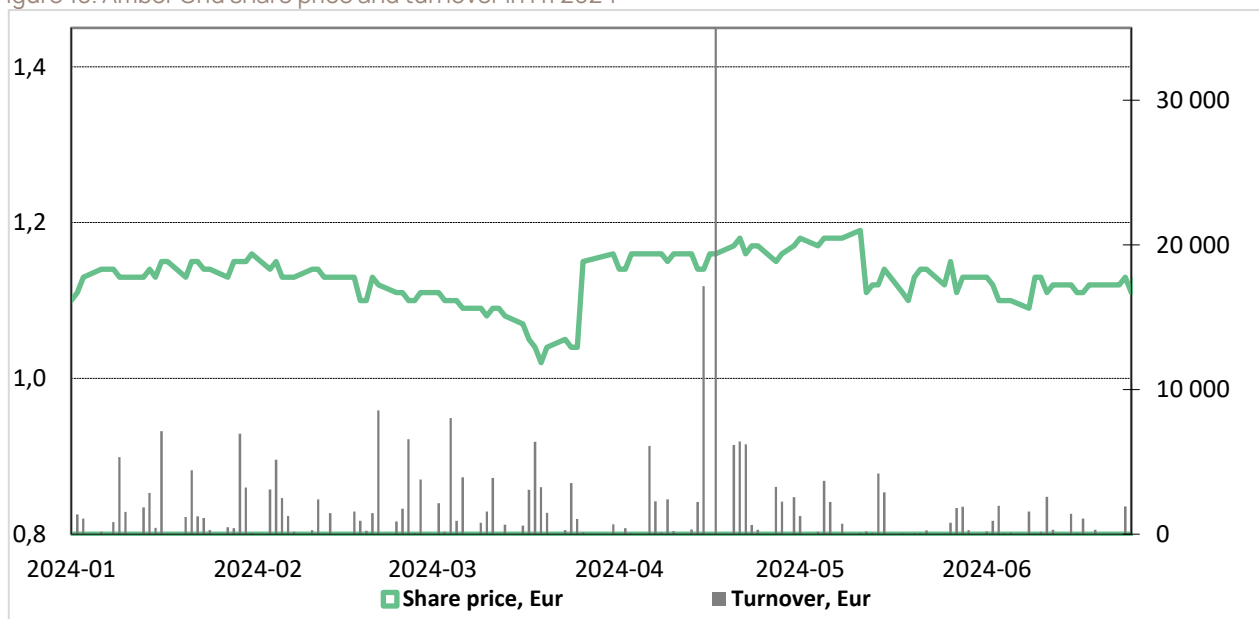


Figure 18. Amber Grid share price and turnover in H1 2024



7.6. DIVIDENDS

The Dividend Policy² of the EPSO-G Group and Amber Grid sets out identical Rules for Determining, Payment and Declaration of Dividends for all companies in the EPSO-G Group.

The main objective of the Dividend Policy³ is to set clear guidelines for the expected return on equity for existing and potential shareholders, ensuring sustainable growth in the value of the Group and its constituent companies and the development of strategic projects, thus consistently strengthening confidence in the group of energy transmission and exchange companies.

The ordinary General Meeting of Shareholders held on 30 April 2024 decided to pay dividends of EUR 20.17 million or EUR 0.1131 per share.

The ordinary General Meeting of Shareholders held on 11 April 2023 decided to pay dividends of EUR 12.1 million or EUR 0.0676 per share.

7.7. CONTRACTS WITH PUBLIC SECURITIES INTERMEDIARIES

Amber Grid has concluded an agreement with AB SEB Bank for the accounting of securities issued by the Company and the provision of services related to accounting of securities.

On 1 May 2024, a new agreement between the Company and AB SEB Bank on dividend payment/distribution to minority shareholders came into force, under which AB SEB Bank calculates and pays dividends to all shareholders of the Company.

Table 9. Bank details

AB SEB bank details	
Company code	112021238
Registered office address	Konstitucijos pr. 24, LT-08105 Vilnius, Lithuania
Phone	+370 5 268 2800
Email	info@seb.lt
Website	www.seb.lt

7.8. GOVERNANCE STRUCTURE

In its activities, the Company follows the Law on Companies and the Law on Securities, the Company's Articles of Association and other legal acts of the Republic of Lithuania. The competence of the General Meeting of Shareholders, the rights of shareholders and their implementation are defined in the Law on Companies and the Articles of Association of the Company. The Company's Articles of Association are available on the Company's website: www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/istatai.

The Articles of Association establish that they may be amended in accordance with the procedure laid down in the Law on Companies.

² Dividend Policy of the Company and the Group [https://www.ambergrid.lt/uploads/documents/EPSO-G%20Dividendu%20politika_2020-02-07\(2\).pdf](https://www.ambergrid.lt/uploads/documents/EPSO-G%20Dividendu%20politika_2020-02-07(2).pdf)

The Articles of Association provide for the following bodies of the Company:

- General Meeting of Shareholders (hereinafter – the Meeting),
- Collegial management body – the Board,
- The Company's sole management body – the Chief Executive Officer.

General Meeting of Shareholders

The procedure for convening, decision-making and competence of the General Meeting of Shareholders of the Company is the same as the procedure for convening, decision-making and competence of the General Meeting of Shareholders set out in the Law on Companies, except for the additional competence of the Meeting as provided for in Article 25 of the Articles of Association of the Company.

Article 25 of the Articles of Association establishes that the General Meeting of Shareholders shall also decide on (additional competence of the Meeting):

- Appointment and removal of Board members, remuneration of Board members, conclusion of contracts with Board members and their standard terms and conditions;
- Removal or non-removal of members of the Board and decision-making when decisions are made in the event of a conflict of interest between members of the Board, in the cases provided for in Article 48 of the Articles of Association;
- Approval of the decisions of the Board referred to in Article 36 (iii) to (vii) of the Articles of Association, if the value, price or amount of the transaction concerned exceeds EUR 20,000,000 (twenty million euro), and the decisions referred to in Article 36 (viii) to (ix) of the Articles of Association.

The Board

Amber Grid's Articles of Association stipulate that the Company's Board consists of five members appointed by the General Meeting of Shareholders for a term of office of four years. Two members of the Board are independent. A member of the Board serves for a maximum of two consecutive terms, and in no case may serve as a member of the Board for more than ten (10) consecutive years.

Members of the Board are selected in accordance with the Description of the Selection of the Collegial Supervisory or Management Body of a State or Municipal Enterprise, a State- or Municipality-Owned Enterprise or its Subsidiary approved by Resolution No. 631 of the Government of the Republic of Lithuania of 17 June 2015.

The competence of the Board of the Company is the same as the competence of the Board of the Company as set out in the Law of Companies, except for the additional competence provided for in Articles 34-41 and Article 43 of the Articles of Association.

Additional competence of the Board relates to the approval of the Company's key operational documents (strategy, annual performance targets, budget, etc.), the determination of the terms of employment of the Company's CEO, the setting of the prices of gas transmission and other regulated services, the approval of the transfer of the Company's assets, and the conclusion of significant transactions as provided for in the Articles of Association.

The Company's Board also performs supervisory functions:

- approves or opposes the conclusion of related-party transactions, taking into account the opinion of the AC;
- approves the description of the procedures and conditions for the valuation of transactions with related parties which are concluded under standard market conditions in the ordinary course of business, as provided for in the Law on Companies;

- supervises activities of the CEO and provides feedback and suggestions to the Meeting on the CEO's performance;
- considers whether the CEO is fit for office if the Company is operating at a loss;
- makes proposals to the CEO to revoke decisions of the CEO that are contrary to laws and regulations, the Articles of Association, and decisions of the Meeting or the Board;
- decides on other matters of supervision of the Company and the Company's CEO's activities which are within the competence of the Board under the Articles of Association and the decisions of the Meeting.

⁴If the Board is unable to make a decision which is also related (directly or indirectly) to the personal interests of the Board member concerned, because no Board member can vote on the matter due to a conflict of interest, the General Meeting of Shareholders shall take the relevant decision.

⁵36. (iii) the acquisition of non-current assets for a price exceeding EUR 2,000,000 (two million euro) (if the price exceeds EUR 20,000,000 (twenty million euro)); (iv) the investment, disposal, lease of the Company's assets with a carrying amount exceeding EUR 2,000,000 (two million euro) (calculated separately for each type of transaction) (if the value exceeds EUR 20,000,000 (twenty million euro), the Meeting's approval shall be required); (v) pledging or mortgaging (calculated on the aggregate amount of the transactions) of the Company's assets with a carrying amount exceeding EUR 2,000,000,000 (two million euro) (if the value exceeds EUR 20,000,000 (twenty million euro), the Meeting's approval shall be required); (vi) guaranteeing or indemnifying the performance of other persons' obligations in an amount of more than EUR 2,000,000 (two million euro) (if the value exceeds EUR 20,000,000 (twenty million euro)); (vii) enter into any other transactions/agreements (not referred to in separate articles of the Articles of Association) on the basis of which the Company acquires goods, services, works, the value of which, in a specific monetary expression, exceeds EUR 2 000 000 (two million euro) (if the value exceeds EUR 20 000 000 (twenty million euro)); (viii) on the transfer, pledge, change of legal status or encumbrance of disposal of the Company's assets included in the list of facilities and assets of importance for national security provided for in the Law on Protection of Facilities of Importance to National Security of the Republic of Lithuania, if the value of the said facilities exceeds 1/20 of the Company's authorised capital; (ix) on the transfer or a different encumbrance of shares or the rights granted by shares of directly and indirectly controlled companies that own the facilities listed in clause (viii) hereof or that develop, manage, use or otherwise dispose of them on any grounds, on the increase or decrease of authorised capital of such companies, or other actions that may change the structure of authorized capital of such companies (e.g., the issue of convertible bonds), and decisions on the reorganisation, spin-off, restructuring, liquidation, reformation or any other action which changes the legal status of the companies referred to in this clause.

Table 10. Information on Amber Grid's Board members, the Company's CEO and the Head of Accounting Department.

Name, surname	Position	Term of office	Other positions held	Shares held in Amber Grid	Qualification ^[1]
Dalius Svetulevičius	Chairman of the Board	Since 20 04 2022 (elected 20 April 2022) – Member of the Board Since 22 11 2022 elected Chairman of the Board. The term of office ended on 20-04-2024	Technical Manager at UAB EPSO-G	None	Kaunas University of Technology, Bachelor of Electronics Engineering, Master of Science in Measurement Engineering; Vilnius University, Master of Management and Business Administration
Karolis Švaikauskas	Member of the Board	Since 20 04 2020 (elected 20 04 2022) The term of office ended on 20 04 2024 Elected as a member of the Board for a new term of office from 30 04 2024	Head of the Energy Competitiveness Group, Ministry of Energy	None	Vytautas Magnus University, Bachelor in History, Master's Degree in Political Science and Master's Degree in Baltic Studies; Humboldt University of Berlin, Scandinavian and Northern European Studies.
Ignas Degutis	Independent Board member	Since 20 04 2020 The term of office ended on 20 04 2024	CFO of RB Rail AS (Rail Baltica)	None	ISM University of Management and Economics, Master's Degree in Economics; Baltic Institute of Corporate Governance, Chairman and Member of the Board

Sigitas Žutautas	Independent Board member	Since 20 04 2020 The term of office ended on 20 04 2024	Member of the Council of the Faculty of Economics and Business Administration, Vilnius University	None	Vilnius University, Master of Business Management and Administration; ESMT European School of Management and Technology, Berlin, postgraduate studies
Paulius Butkus	Chairman of the Board	From 11 04 2023 till 20 04 2024 – Member of the Board Elected for a new term of office on 30 04 2024 From 10 05 2024 – Chairman of the Board	Head of Development and Innovation at EPSO-G UAB	None	Vilnius University, Bachelor in Nuclear Physics; Vilnius Gediminas Technical University, Master in Electrical Engineering and PhD in Electrical and Electronic Engineering.
Peter Loof Helth	Member of the Board	From 30 04 2024		None	Master's degree in Mathematics and Economics; Copenhagen Business School Executive Leadership Studies
Darius Kašauskas	Member of the Board	From 30 04 2024	CFO of UAB EPSO-G Group	None	Master's degree in Economics, Vilnius University; ISM University of Management and Economics and BI Norwegian Business School, Master's degree in Management and PhD in Economics in Social Sciences.
Alexander Feindt	Member of the Board	From 30 04 2024		None	University of Konstanz, Master's degree in Politics and Management.
Nemunas Biknius	CEO of the Company	From 08 04 2020	AB Klaipėda State Seaport Authority, Chairman of the Supervisory Board	Holds 0.001505 % of shares in Amber Grid	Vilnius Gediminas Technical University, Master's Degree in Energy and Thermal Engineering; Aalborg University, Denmark, Environmental Management Studies; ISM MBA in Management
Rasa Baltaragienė	Head of Accounting Department	From 02 12 2019	-	None	

The Board held 9 meetings in the first half of 2024.

Attendance of Board meetings in 2024

- Participated
- Did not participate

Table 11. Amber Grid Board meeting attendance statistics

No.	Date of the meeting	Dalius Svetulevičius	Karolis Švaikauskas	Sigitas Žutautas	Ignas Degutis	Paulius Butkus	Alexander Feindt	Darius Kašauskas	Peter Loof Helth
1	11 January	●	●	●	●	●	Not elected	Not elected	Not elected
2	30 January	●	●	●	●	●	Not elected	Not elected	Not elected
3	29 February	●	●	●	●	●	Not elected	Not elected	Not elected
4	19 March	●	●	●	●	●	Not elected	Not elected	Not elected
5	27 March (extraordinary)	●	●	●	●	●	Not elected	Not elected	Not elected
6	10 May	Not elected	●	Not elected	Not elected	●	●	●	●
7	20 May (extraordinary)	Not elected	●	Not elected	Not elected	●	●	●	●
8	28 May	Not elected	●	Not elected	Not elected	●	●	●	●
9	18 June	Not elected	●	Not elected	Not elected	●	●	●	●

Decisions adopted by the Board in the first half of 2024:

01
January

On 11th of January, the updated strategy of Amber Grid for 2021-2030 and the budget for 2024 was approved, also setting the objectives for the Company's CEO for 2024.

On 29th of January, the working conditions of the Company's CEO were defined and the achievement of the objectives of the CEO of 2023 was assessed.

02
February

On 27th of February, the new version of the list of compliance priority areas was approved, also adopting a decision on voting at the General Meeting of Shareholders of GET Baltic, a decision on the review of the evaluation of the performance of the Company's CEO, his motivation and remuneration procedure, approving the Report on the Implementation of the Company's Strategy for 2021-2030, the Annual Report, as well as the set of annual financial statements of Amber Grid, and approving the draft profit distribution and the submission of proposals and feedback to the General Meeting of Shareholders.

04
April

On 30th of April, Amber Grid's Ordinary General Meeting of Shareholders was convened, and Board of Amber Grid was approved. Paulius Butkus, Darius Kašauskas, Karolis Švaikauskas, Alexander Feindt and Peter Loof Helth were elected as members of the Board of Amber Grid. Amber Grid's set of consolidated and Company financial statements for 2023 and Amber Grid's 2023 profit allocation was approved, also approving Amber Grid's remuneration report for 2023. The new Remuneration Policy for the Chief Executive Officer and members of the updated standard contract for Board members to serve on the Amber Grid Board was approved. Amber Grid's remuneration levels and the Board's operating budget for 2024 and

subsequent years were set. A new version of Amber Grid's Articles of Association was approved.

05

May

On 10th of May, Paulius Butkus was elected the Chairman of the Board, also confirming independence of the Board members.

On 20th of May, approved Amber Grid's gas transmission service prices for 2025.

On 28th of May, approval was given to the conclusion of the Asset Management Information System Development Services and Hosting Services contracts, also approving their key terms and conditions. The provision of humanitarian aid to Ukraine was approved and a decision was made to convene an Extraordinary General Meeting of Shareholders.

06

June

On 18th of June, the granting of support to Vilnius Gediminas Technical University and Panevėžys University of Applied Sciences was approved. The draft Amber Grid ten-year (2024-2033) natural gas transmission network development plan was approved.

On 18th of June, an Extraordinary General Meeting of Shareholders of Amber Grid was convened, also making a decision to conclude a humanitarian aid agreement.

The Remuneration and Nomination Committee discussed the results of the evaluation of the collegial bodies (CBs) and identified the following areas and directions for improvement for the CBs in 2023:

- Strengthening cooperation between the CBs of the EPSO-G group, with particular emphasis on the cooperation between CBS on the implementation of strategic objectives, refining strategic directions, expectations and priorities
- Strengthening knowledge of collegial bodies of EPSO-G Group in the field of sustainability and including sustainability as an element in the CBs agendas.

In accordance with the Company's Articles of Association, the Audit Committee of the parent company UAB EPSO-G performs the functions of the Audit Committee of Amber Grid.

Amber Grid has the following joint committees within the EPSO-G Group in place:

- Remuneration and Nomination Committee
- Audit Committee

More detailed information on the committees of Amber Grid is available under the following links:

- <https://www.epsog.lt/lt/apie-mus/valdymas/atlygio-ir-skyrimo-komitetas>
- <https://www.epsog.lt/lt/apie-mus/valdymas/audito-komitetas>
- <https://www.epsog.lt/lt/apie-mus/valdymas/vidaus-auditas-1>

The EPSO-G Group has a centralised internal audit system to ensure transparency and efficiency. This means that the internal audit function is group-wide and reports directly to the Board of UAB EPSO-G, which is mainly composed of independent members. Auditors of UAB EPSO-G are not subordinate to the administration of the audited company.

^[1] For information on the professional experience of the members of the Board, the Company's CEO and other senior executives, see <https://ambergrid.lt/mes/amber-grid/vadovybe/3>

Audit of the Company's financial statements

PricewaterhouseCoopers, UAB audited the annual financial statements of the Company and its subsidiaries (including the audit of statements of regulated activities) for the years ended 31 December 2021, 31 December 2022 and 31 December 2023.

Audit fees paid for the audit services for the years ended 31 December 2021 and 31 December 2022 to PricewaterhouseCoopers, UAB amounted to EUR 50,500 per year.

Audit fees for the year ending 31 December 2023 paid to PricewaterhouseCoopers, UAB totalled EUR 92,000.

During 2023 PricewaterhouseCoopers, UAB did not provide any services to the Company other than audit services and did not receive any remuneration other than for audit services.

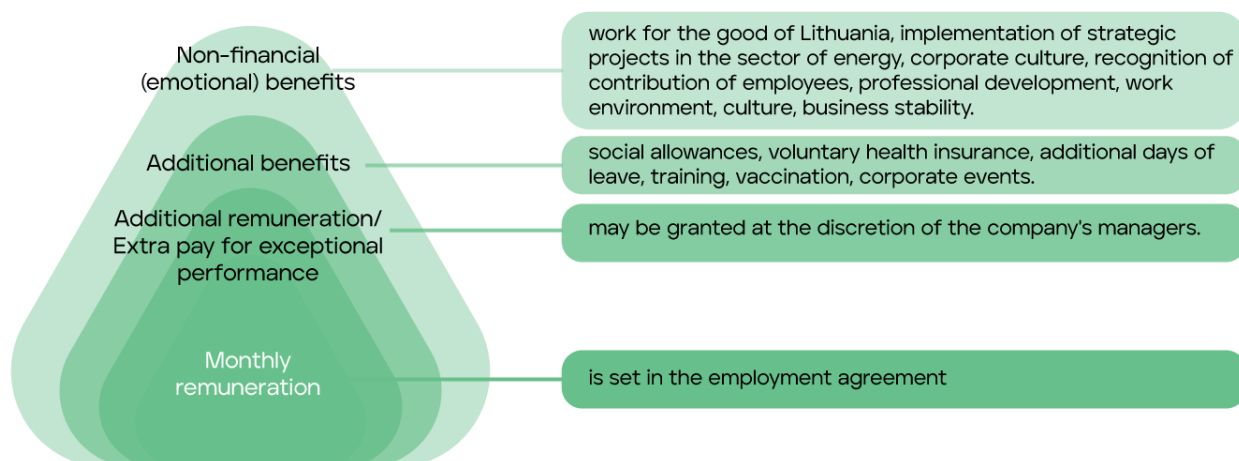
In 2024 the audit company of Amber Grid does not change and remains PricewaterhouseCoopers, UAB. In 2023 August 30 the general meeting of shareholders elected the audit company for 2023-2025 period and determined EUR 143.4 thousand annual remuneration.

Remuneration

On 25 October 2022, Amber Grid joined the updated EPSO-G Group Employee Remuneration, Performance Appraisal and Development Policy (hereinafter – the Policy), which applies to all employees of the Company and is publicly available on the website. The Policy is approved (joined) by a decision of the Board of the Company, taking into account the recommendations of the EPSO-G Remuneration and Nomination Committee. The Remuneration and Nomination Committee of EPSO-G periodically assesses the provisions of the remuneration policy, its effectiveness, implementation and application. The aim of the Policy is to manage remuneration costs in an efficient, clear and transparent way and, at the same time, to create motivational incentives and to encourage staff to perform better, to contribute more actively to the achievement of objectives, to go beyond the formal performance of their duties, to develop innovative, out-of-the-box solutions, and to improve performance.

The remuneration of EPSO-G Group employees consists of the following components: monthly salary; bonuses provided for in the Labour Code of the Republic of Lithuania, the Companies' internal regulations and collective agreements; financial incentives; project incentives; one-off bonuses for outstanding performance and innovation; fringe benefits; and non-financial remuneration.

Figure 19. Remuneration structure



Components of remuneration

Monthly salary is the largest and most important part of the monetary remuneration, which depends on the level of the position, determined for each position according to a methodology used in international practice. The monthly salary of employees is set within the limits of the remuneration scales for the grade of the respective position, taking into account the experience of the employee, competence, level of expertise and independence in performing the functions assigned to the position, as well as the remuneration budget for the relevant year.

Financial incentives are set in light of the compliance of employee's performance with the following standard criteria: results of the evaluation of the employee's achievement of his/her objectives, the assessment of the employee's values, the results of the assessment of the employee's quality of performance. Financial incentives are granted to the CEO of the Company by the Board of the Company and to other employees – by the CEO of the Company. A financial incentive is paid once a year after the Company's audited financial results have been approved by the Company's Board and endorsed by a resolution of the General Meeting of Shareholders.

A one-off bonus may be awarded for outstanding performance at the discretion of the Company's CEO. In order to achieve continuous progress, the Group may establish separate innovation incentives. These may be awarded for the implementation of innovative ideas and the creativity of employees in proposing innovative ideas.

Table 12. Average monthly salary at AB Amber Grid in 2023 (Eur/month) by employee group:

Group of job position	Half 1 2024	Half 1 2023
Company's CEO	13 833	13 121
Top-level managers	9 442	9 203
Middle and primary level managers	4 876	4 990
Experts – specialists	3 200	3 122
Workers	1 833	1 737
Total:	3 131	3 006
Total annual salary budget, EUR thousand	7 141	6 642

Remuneration policy of members of the collegial management body and the CEO

On 20 April 2020, the Company's General Meeting of Shareholders approved the Remuneration Policy for Amber Grid's Chief Executive Officer and members of the Board (the updated policy was approved by a resolution of the Company's General Meeting of Shareholders on 30 April 2024).^[1], the purpose of which is to establish common, clear and transparent principles for the monetary remuneration of the Company's CEO and members of the Board and a remuneration system based on them, which will effectively manage the Company's operating costs and create motivational incentives for the Company's CEO and members of the Board to contribute to the achievement of the Company's mission, vision, values and goals.

The principles of remuneration of members of the Company's management bodies are also regulated by the Guidelines for determining the remuneration of members of the bodies of UAB EPSO-G Group companies, approved by a decision of the sole shareholder of UAB EPSO-G.

The remuneration of the management bodies is based on the principle that the level of remuneration and the way it is paid must promote the creation of long-term and sustainable value for the Company and the EPSO-G Group as a whole; be in line with the workload of the Company's individual bodies and their members; be as close as possible to the prevailing market situation in the field, i.e. remain competitive with

the remuneration levels offered to professionals in their respective fields on the labour market; ensure that the management bodies are compensated for the responsibility they take on; ensure the independence of the independent members of the Board; and encourage the attraction of high-calibre professionals in their field of competence for the Company's management.

The remuneration for the activities on the Company's Board may be paid only to such members of the Company's Board who meet the criteria set out in the applicable legislation of the Republic of Lithuania and in the Guidelines for determining the remuneration for activities in bodies of UAB EPSO-G and UAB EPSO-G Group of companies.

By decision of the Extraordinary General Meeting of 22 December 2022, the following fixed gross monthly salaries were set as from the date of the decision of the General Meeting:

Table 13. Fixed monthly salary before tax

Position	Fixed monthly salary (EUR)
Chairman of the Board (independent)	4097
Member of the Board (independent)	3073
Member of the Board (civil servant), if the civil servant <u>does not serve or act in the</u> collegial body of another SE/ SOE and/or ME/ MOE* 4	2458
Member of the Management Board (civil servant), if the civil servant <u>serves or acts in the</u> collegial body of another SE/ SOE and/or ME/ MOE	1536

The aforementioned decision of the General Meeting of Shareholders of 22 December 2022 also set the total annual budget for 2023 for the remuneration of the members of the Company's Board and the Company's additional expenses to ensure the Board's activities at EUR 101,400.

Information on the remuneration of members of the management bodies and the annual changes in the remuneration are presented in the tables below:

Table 14. Remuneration of the Company's CEO

Position	Name, surname	Date of appointment	Salary component	Accrued remuneration (Eur)				
				2019	2020	2021	2022	2023
CEO of the Company	Nemunas Biknius	October 2019	Total, EUR	20 075	117 192	148 586	159 410	188 090
			Variable component, Eur	-	4 581	33 488	38 603	55 462
			Variable component, %	-	4%	23%	24%	29%

The proportions of the remuneration of the Company's CEO were in line with the remuneration policy, and the variable remuneration component was set in line with the achievement of the annual objectives set for the Company by the Board.

The remuneration in the form of granting shares of the Company is not paid to the Company's CEO.

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

Table 15. Remuneration of Board members

Position	Name, surname	Remuneration for service on the Board (Eur)					
		2018	2019	2020	2021	2022	2023
Member of the Board from 20 April 2022, Chairman of the Board from 22 November 2022	Dalius Svetulevičius	-	-	-	-	-	-
Member of the Board	Paulius Butkus	-	-	-	-	-	-
Independent member of the Board	Ignas Degutis	-	-	11 713	16 800	17 278	36 876
Independent member of the Board	Sigitas Žutautas	3 850	14 125	21 000	30 535	30 078	36 876
Member of the Board	Karolis Švaikauskas	-	-	-	-	439	18 432

The fixed monthly remuneration paid to the members of the Board of the Company is not dependent on financial or non-financial performance of the Company. No variable remuneration or other bonuses are paid to members of the Board of the Company. The remuneration in the form of granting shares of the Company is not paid to members of the Board of the Company.

[1] The Policy is available on the Company's website www.ambergrid.lt

8. SUSTAINABILITY REPORT

8.1. MANAGEMENT, PRINCIPLES AND PRIORITIES OF SUSTAINABLE ACTIVITIES

Sustainability is at the heart of the Company's strategy and strategic plan. The Company is committed to implementing its strategic activities along the following sustainability lines:

Sustainability lines:

<p>ENVIRONMENTAL AREA Enabling climate-neutral energy by reducing the environmental impact of activities</p>	<p>SOCIAL AREA Building a progressive, sustainable organisation</p>	<p>GOVERNANCE AREA Transparent and efficient management and development of the energy exchange platform</p>
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The Company also aims to contribute directly to the Sustainable Development Goals of the United Nations, focusing on ensuring access to clean and modern energy, combating climate change, developing

modern infrastructure and innovation, safe and decent working conditions, employee well-being and a sustainable supply chain.

The Company contributes to each of the United Nations Sustainable Development Goals through:

OBJECTIVE 1.

Affordable and clean energy:

- We aim to facilitate the connection of renewable energy producers to the natural gas transmission infrastructure.
- We are developing a green gas origin guarantee exchange system and supporting the energy origin guarantee system.
- We aim to adapt gas transmission systems to transport hydrogen.

OBJECTIVE 2.

Decent work and economic growth:

- We actively care about health and safety of our employees.
- We are building an organisational culture based on respect for human rights.
- We invest in the professional and personal development of our employees.
- We ensure clear and transparent principles for employee remuneration.
- We support employees voluntarily joining trade unions.

OBJECTIVE 3.

Industry, innovation and infrastructure

- We ensure the reliable and safe operation of gas transmission systems.
- We aim to adapt the Company's structure and incentive systems to promote innovation.
- We actively explore the market for technological innovations to improve the gas transmission system.
- We run innovation pilot projects.

OBJECTIVE 4.

Responsible consumption and production

- We aim to subject our business partners not only to quality criteria, but also to criteria of fairness and sustainability.
- We ensure responsible sorting and management of the waste generated by the Company's operations.
- We use green criteria in public procurement.

OBJECTIVE 5.

Fighting climate change

- We assess the environmental impacts of our activities and develop plans to reduce them.
- We implement advanced environmental management systems and prevention measures.
- We aim to increase the use of green energy in our operations.

The Company's key long-term objectives

The Company's strategy sets out the main goal of acting together on Lithuania's energy transformation towards a climate-neutral economy. The natural gas transportation system – main gas transmission pipelines, gas distribution, metering and compressor stations – is an integral part of Lithuania's energy system, which plays an important role in creating a climate-neutral economy and, most importantly, a cleaner and safer future. Amber Grid is ready to transform the natural gas system to safely transport

renewable energy sources such as biogas, methane and a mixture of methane and hydrogen, as well as to develop a new system for transporting pure hydrogen. We aim to integrate into the single European market by creating a unified system that will help the country to follow Europe's green course with confidence and consumers to benefit from clean energy at the best price.

One of the Company's highest priorities is to significantly reduce the environmental impact of its activities. To this end, an investment plan has been prepared for the planned GHG reduction measures and the measures set out in the GHG reduction plan are being implemented. TO create an engaged organisation, the Company has been implementing a series of measures and changes. A remuneration system that motivates and is in line with market trends has been put in place, also implementing the action plan to improve the employer's image and introducing an interactive e-learning and e-coaching platform.

Key sustainability-related events

Environment

There have been no environmental inspections in the last six months and no environmental incidents or infringements have been identified. On 14 June 2024, the Company received the conclusion and the investigation report of the State Energy Regulatory Board on the incident that happened on 13 January 2023, when a construction defect in the pipeline, i.e. the quality of the welding joint and its gradual degradation, resulted in the rupture of the weld and the ignition of gas. Following the findings of the State Energy Regulatory Board, the law enforcement authorities closed the pre-trial investigation. The Company is currently awaiting the conclusions of the Department of Environmental Protection on the calculation of potential environmental damage.

In order to comply with the Methane Regulation, which will come into force in August, we are already monitoring methane leaks in gas main pipelines and are actively pursuing a Leak Detection and Repair Programme (LDP). We are also in the process of preparing documents and communicating with service providers in the Netherlands, Germany and France for the identification, inventory and detection of potential sources of methane pollution and monitoring of uncontrolled methane leaks at all of our facilities.

As part of the implementation of the GHG Emission Reduction Measures Plan, we had the opportunity to compare the performance of the acoustic and optical gas imaging (OGI) cameras in simulated and repaired leaks. The best type of OGI cameras to measure methane leaks as accurately as possible is still being sought in light of the results of the demonstration.

Social area

To ensure occupational safety and health, transparent and efficient processes in the areas of safety incidents, internal and contractor control, the Company has launched DARSIS, a group-wide occupational safety and health information system.

As the Company is not only concerned about the safety of its own employees, to ensure compliance with contractors' occupational safety and health requirements, the Company has engaged an external service provider, UAB SDG, to inspect contractors' works at the Company's facilities for compliance with occupational safety, environmental and fire safety requirements.

Governance

In 2024, Amber Grid joined the Science Based Targets initiative (SBTi). By joining, the Company has committed to set science-based targets for reducing greenhouse gas (GHG) emissions by 2030. "The Company will ensure that the targets and reduction measures it sets are in line with the latest scientific advice and contribute to the global goal of ensuring that global warming does not exceed 1.5° C.

A new Strategy till 2035 is under preparation, which will adopt updated strategic directions for sustainability.

Progress of implementation of the Sustainability Objectives

Area	Amber Grid's long-term sustainability targets until 2030	Value in 2022	Value in 2023	Progress in Half 1 2024
Environment	0 significant environmental incidents in operations	0	1	0
Social area	0 cases of human rights violations or discrimination	0	0	0
	≥ 21% of women in top management positions by 2027 (compared to 2022)	9	9	9
	0 serious or fatal accidents	0	0	0
	Customer satisfaction - at least 80 according to GCSI methodology	82	83	Annual indicator calculated
Governance area	0 cases of corruption	0	0	0
	SCC Good Governance Index - A+	A+	A+	Annual evaluation of the SCC at the end of 2024
	100% of public procurement is green	50	>95% (some of the procurement procedures have been carried over from 2022, so the result is below 100%)	100

9. KEY EVENTS OF THE REPORTING PERIOD

The Company publishes key events and other regulated information on an EU-wide basis in order to comply with its obligations under applicable securities legislation. This published information is available on the Company's website (www.ambergrid.it/en/about_us/rubrics-for-investors/essential-events) and on the website of the *NASDAQ Vilnius* Stock Exchange (www.nasdaqbaltic.com).

Key events in the first half of 2024:

Table 16. Key events of Amber Grid in 2024

Date	Key events of the reporting period
02 02 2024	Amber Grid's Investor Calendar for 2024
29 02 2024	Consolidated performance results of AB Amber Grid Group for 2023
28 03 2024	Notice of the convening of the Ordinary General Meeting of Shareholders of AB Amber Grid
28 03 2024	Correction: Amber Grid's Investor Calendar for 2024
26 04 2024	Proposal received from UAB EPSO-G on the election of members of the Board of AB Amber Grid, the determination of the remuneration of members of the Board, and of the Board's operating budget for the year 2024 and the following years
30 04 2024	AB Amber Grid's Annual Information for 2023
30 04 2024	Decisions taken at the Ordinary General Meeting of Shareholders of AB Amber Grid
09 05 2024	On the cap on the revenue from the regulated activities of the gas transmission system operator in 2025
10 05 2024	Dividend ex-dividend day
10 05 2024	AB Amber Grid dividend payment procedure 2023
10 05 2024	On the election of the Chairman of the Board of Amber Grid
10 05 2024	Amber Grid's performance results of Q1 2024
21 05 2024	On new prices for natural gas transmission services
21 05 2024	Registered new version of Amber Grid's Articles of Association
28 05 2024	Notice of the Extraordinary General Meeting of Shareholders of AB Amber Grid
30 05 2024	New prices for natural gas transmission services approved
18 06 2024	Decisions taken at the Extraordinary General Meeting of Shareholders of AB Amber Grid

Public notices to be published in accordance with the procedure laid down by legislation are published in the electronic publication of the Registrar of Legal Entities. Notices of the convening of the General Meeting of Shareholders of the Company and other material events are published in accordance with the procedure established by the Law on Securities in the Central Regulated Information Database www.crib.it and on the Company's website www.ambergrid.it. Notices on a General Meeting of Shareholders to be convened are sent to shareholders holding shares conferring at least 10% of the voting rights in accordance with the procedure laid down in the Company's Articles of Association.