

EPSOG

CONSOLIDATED AND THE COMPANY'S CONDENSED
INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS
PERIOD ENDED 31 MARCH 2023 (UNAUDITED), PROVIDED
TOGETHER WITH CONSOLIDATED INTERIM REPORT

Translation note:

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

	PAGE
CONDENSED INTERIM FINANCIAL INFORMATION	
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	3
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME	4
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	6
CONDENSED INTERIM STATEMENTS OF CASH FLOWS	7
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	8
CONSOLIDATED INTERIM REPORT	22

The financial statements has been approved on 15 May 2023

Mindaugas Keizeris
Chief Executive Officer

Žydrūnas Augutis
Chief financier

	Notes	GROUP		COMPANY	
		At 31 March 2023	At 31 Dec 2022	At 31 March 2023	At 31 Dec 2022
ASSETS					
Non-current assets					
Intangible assets	5	8 895	8 422	57	57
Property, plant and equipment	6	656 572	655 721	3	3
Right-of-use assets	7	11 141	11 329	211	235
Investments in subsidiaries	8	-	-	324 120	324 120
Investments in associates	8	13 960	13 960	13 830	13 830
Deferred income tax assets		14 734	17 037	228	30
Granted non-current loans		-	-	2 700	2 700
Non-current amounts receivable		10	10		
Total non-current assets		705 312	706 479	341 149	320 975
Current assets					
Inventories		11 959	16 211	5	5
Prepayments and contract assets		12 108	9 916	49	40
Trade receivables		40 521	86 179	179	197
Other amounts receivable		74 075	71 664	49 125	21 059
Prepaid income tax		23 900	28 741	-	-
Other financial assets	9	229 488	54 664	200 000	-
Cash and cash equivalents		31 832	248 096	30 689	244 310
Total Current assets		423 883	515 471	280 047	265 611
Assets of the disposal group	10	67 398	203 778	-	-
TOTAL ASSETS		1 196 593	1 425 728	621 196	606 586
EQUITY AND LIABILITIES					
Share capital	11	189 631	22 483	189 631	22 483
Revaluation reserve		277	310	-	-
Legal reserve		16 600	16 600	2 248	2 248
Other reserves		40 864	59 546	50	50
Retained earnings		(29 536)	160 775	6 304	168 002
Equity attributable to shareholders of the parent company		233 347	217 028	196 517	197 443
Non-controlling interest		11 069	10 746	-	-
Total equity		244 416	227 774	196 517	197 443
Non-current liabilities					
Non-current borrowings	12	173 756	182 586	74 816	74 805
Lease liabilities		9 439	9 640	119	142
Congestion management funds		76 397	64 095	-	-
Provisions		2 956	2 956	-	-
Other non-current amounts payable and liabilities		36 436	35 663	-	-
Total non-current liabilities		298 984	294 940	74 935	74 947
Current liabilities					
Current portion of non-current borrowings	12	24 792	24 038	-	-
Current borrowings	12	1 902	1 550	347 726	332 888
Current portion of lease liabilities		1 741	1 721	94	94
Trade payables		44 406	117 362	743	222
Advance amounts received		38 602	52 359	-	-
Current portion of congestion management funds		251 825	287 400	-	-
Provisions		1 367	1 901	-	-
Other current amounts payable and liabilities		222 430	214 086	1 181	992
Total current liabilities		587 065	700 417	349 744	334 196
Liabilities of the disposal group	10	66 128	202 597	-	-
Total liabilities		952 177	1 197 954	424 679	409 143
TOTAL EQUITY AND LIABILITIES		1 196 593	1 425 728	621 196	606 586

(All amounts are in EUR thousands unless otherwise stated)

	Notes	GROUP		COMPANY	
		For the period of three months ended 31 March 2023	For the period of three months ended 31 March 2022 (reclassified)	For the period of three months ended 31 March 2023	For the period of three months ended 31 March 2022
Revenue	13	116 592	115 911	216	141
Other income	13	4 217	590	-	-
Total revenue , other income		120 809	116 501	216	141
Operating expenses					
Expenses for purchase of balancing and regulating electricity		(24 403)	(26 481)		
Expenses for electricity system services		(21 536)	(12 157)		
Expenses for electricity technological needs		(11 623)	(17 624)		
Expenses for other electricity services		(27)	(471)		
Expenses for natural gas system balancing service		(9 425)	(10 132)		
Expenses for natural gas technological needs		(4 272)	(1 448)		
Depreciation and amortisation	5,6,7	(8 565)	(8 813)	(30)	(30)
Wages and salaries and related expenses		(11 571)	(10 689)	(1 006)	(839)
Repair and maintenance expenses		(1 713)	(1 428)		
Levies and compulsory payments		(1 409)	(1 278)	(6)	(2)
Telecommunications and IT maintenance expenses		(1 268)	(1 061)	(50)	(31)
Transport expenses		(752)	(1 360)	(10)	(9)
Write-off expenses of property, plant and equipment		(17)	(97)		
Impairment expenses of property, plant and equipment		(97)	18		
Other expenses		(4 819)	(20 380)	(226)	(207)
Total operating expenses		(101 497)	(113 401)	(1 328)	(1 118)
Operating profit (loss)		19 312	3 100	(1 112)	(977)
Financing activities					
Interest income		1 642	6	1 239	28
Interest expenses		(1 659)	(657)	(1 251)	(198)
Total finance costs, net value		(17)	(651)	(12)	(170)
Profit before income tax		19 295	2 449	(1 124)	(1 147)
Income tax					
Current year income tax expenses	15	(349)	(722)		
Deferred income tax benefit/(expenses)	15	(2 304)	239	198	172
Total income tax		(2 653)	(483)	198	172
Profit (loss) for the period		16 642	1 966	(926)	(975)
Total other comprehensive income					
Total comprehensive income (cost) for the period		16 642	1 966	(926)	(975)
Profit (loss) for the period is attributable to:					
Shareholders of the parent company		16 319	1 862	(926)	(975)
Non-controlling interest		323	104		
		16 642	1 966	(926)	(975)
Total comprehensive income (cost) for the period is attributable to:					
Shareholders of the parent company		16 319	1 862	(926)	(975)
Non-controlling interest		323	104		
		16 642	1 966	(926)	(975)

The accompanying notes are an integral part of the financial statements

(All amounts are in EUR thousands unless otherwise stated)

GROUP	Equity attributable to shareholders of the Group							Total
	Share capital	Revaluation reserve	Legal reserve	Other reserves	Retained earnings	Subtotal	Non-controlling interest	
Balance at 1 January 2022	22 483	310	16 600	59 546	160 775	259 714	11 884	271 598
Comprehensive income								
Profit for the period	-	-	-	-	1 862	1 862	104	1 966
Total comprehensive income for the period	-	-	-	-	1 862	1 862	104	1 966
Depreciation of revaluation reserve and amounts written off	-	(9)	-	-	9	-	-	-
Other changes in equity	-	-	-	-	(3)	(3)	-	(3)
Balance at 31 March 2022	22 483	301	16 600	59 546	162 643	261 573	11 988	273 561
Balance at 1 January 2023	189 631	277	16 621	41 128	(30 629)	217 028	10 746	227 774
Comprehensive income								
Profit for the period	-	-	-	-	16 319	16 319	323	16 642
Total comprehensive income for the period	-	-	-	-	16 319	16 319	323	16 642
Depreciation of revaluation reserve and amounts written off	-	(6)	-	-	6	-	-	-
Balance at 31 March 2023	189 631	271	16 621	41 128	(14 304)	233 347	11 069	244 416
COMPANY	Share capital	Legal reserve	Other reserves	Retained earnings	Total			
Balance at 1 January 2022	22 483	2 248	50	168 002	192 783			
Profit for the period	-	-	-	(975)	(975)			
Balance at 31 March 2022.	22 483	2 248	50	167 027	191 808			
Balance at 1 January 2023	189 631	2 248	50	5 514	197 443			
Profit for the period	-	-	-	(926)	(926)			
Balance at 31 March 2023	189 631	2 248	50	4 588	196 517			

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

	GROUP		COMPANY	
	For the period of three months ended 31 March 2023	For the period of three months ended 31 March 2022	For the period of three months ended 31 March 2023	For the period of three months ended 31 March 2022
Cash flows from operating activities				
Profit/(loss) for the period	16 642	1 966	(926)	(975)
Adjustments for non-cash items:				
Depreciation and amortisation expenses	8 565	8 813	30	30
Impairment of PPE		4		
Impairment (reversal) of other assets	97	(18)		
Income tax expenses	2 653	483	(198)	(172)
Profit on disposal/write-off of property, plant and equipment	17	93		
<i>Elimination of results of financing and investing activities:</i>				
Interest income	(1 642)	(2)	(1 239)	(28)
Interest expenses	1 659	505	1 251	198
Dividend income				
Other finance (income)/costs	(18)	148		
Changes in working capital:				
(Increase)/decrease in trade and other amounts receivables	50 118	38 023	(286)	144
Increase)/decrease in inventories, prepayments and other current assets	4 611	1 564	(9)	68
Increase/(decrease) in other amounts payable, advance amounts received, trade payables	(216 478)	(10 175)	709	159
Changes in other financial assets	161 097	(1 633)		
Income tax (paid)/received	(5)	(2 673)		(385)
Net cash flows from/(used in) operating activities	27 316	37 098	(668)	(961)
Cash flows from investing activities				
(Acquisition) of property, plant and equipment and intangible assets	(59 048)	(17 972)	(7)	
Disposal of property, plant and equipment and intangible assets	142	9		
(Acquisition) of current financial assets	(200 000)		(200 000)	
Congestion management funds received	20 566	30 070		
Grants received	3 001	2 415		
(Loans (granted)/loan repayments received			(27 760)	(1 827)
Interest received	1 642	2	1 239	28
Net cash flows from/(used in) investing activities	(233 697)	14 524	(226 528)	(1 799)
Cash flows from financing activities				
Proceeds from borrowings			14 262	53 207
Repayments of borrowings	(8 087)	(2 187)		
Lease payments	(477)	(381)	(23)	(23)
Overdraft/current borrowings				
Interest paid	(1 008)	(398)	(664)	(198)
Dividends paid	(2)	(3)		
Repayment of other financial liabilities		(84 275)		(84 128)
Net cash flows from/(used in) financing activities	(9 574)	(87 244)	13 575	(31 142)
Cash and cash equivalents increase / decrease in disposal group	(309)	-	-	-
Net increase/(decrease) in cash and cash equivalents	(216 264)	(35 622)	(213 621)	(33 902)
Cash and cash equivalents at the beginning of the period	248 096	41 284	244 310	36 868
Cash and cash equivalents at the end of the period	31 832	5 662	30 689	2 966

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

1. General information

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

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

Under the Resolution of the Government of the Republic of Lithuania of 23 August 2021, the Company was designated as an operator of the project of special importance to the state, i.e., the construction of the physical barrier at the border with Belarus (the “Project”). In performing the functions of the operator, the Company incurred the project administration expenses that are compensated by the client of the project – the State Border Guard Service under the Ministry of Interior of the Republic of Lithuania. Scopes of works performed and services provided (expenses incurred) by the Company and the Group until 31 March 2022 are disclosed in Note No. 16.

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

By decision of the General Meeting of Shareholders of 27 April 2022, the Company's authorised capital was increased from retained earnings to EUR 189,631,000 by issuing 576,373,467 new ordinary registered shares with a nominal value of EUR 0.29 each. As of 31 December 2022, the Company's authorised capital consisted of 653 900 000 ordinary registered shares with a nominal value of EUR 0,29 each. All shares, including the newly issued shares, were held by the Company's sole shareholder, the Republic of Lithuania, represented by the Ministry of Energy of the Republic of Lithuania.

As at 31 March 2023, the Company's share capital amounted to EUR 189,631,000.

As at 31 March 2023 and at 31 December 2022 all Company's shares were fully paid.

The Company's shareholder	At 31 March 2023		At 31 December 2022	
	Share capital (EUR)	%	Share capital (EUR)	%
Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania	189,631,000	100	189,631,000	100

As at 31 March 2023, the EPSO-G group had 1,262 employees (31 December 2022: 1,271 employees) and the Company had 60 employees (31 December 2022: 60 employees).

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

Company name	Registered office address	Ownership interest (%)		Profile of activities
		At 31 March 2023	At 31 December 2022	
SUBSIDIARIES				
LITGRID AB	Karlo Gustavo Emilio Manerheimo g. 8, Vilnius, Lithuania	97.5	97.5	Electricity transmission system operator
Amber Grid AB	Laisvės pr. 10, Vilnius, Lithuania	96.6	96.6	Natural gas transmission system operator
BALTPPOOL UAB	Žalgirio g. 90, Vilnius, Lithuania	67.0	67.0	Operator of the exchange for trading in energy resources (biomass products), the administrator of PSO funds
TETAS UAB	Senamiesčio g. 102B, Panevėžys, Lithuania	100	100	Transformer substation, distribution station and electricity line design, construction, reconstruction and maintenance services
GET Baltic UAB (controlled through Amber Grid AB)	Geležinio Vilko g. 18A, Vilnius, Lithuania	96.6	96.6	Organisation of trading on the natural gas exchange
Energy Cells, UAB	Ozo g. 12A-1, Vilnius	100	100	Installation and management of electricity storage facilities
ASSOCIATES				
TSO Holding AS	Lilleakerveien 2A, 0283 Oslo, Norway	39.6	39.6	Holding company holding a minority interest in equities of the electricity exchange operator and the market coupling operator
JOINT VENTURES				
Baltic RCC OÜ	Kadaka tee 42 12915 Tallinn Estonia	33.33	33.33	Provision of services ensuring safety and reliability of the electricity system and coordination between the transmission network operators of the Baltic region

The Group’s indirectly controlled subsidiary, after the selection of a strategic partner was finished and which will be permitted to acquire 66% of shares in GET Baltic, was recognised as at 30 September 2022 and accounted as at 31 December 2022 and as at 31 March 2023 as a disposal group.

Investments in subsidiaries are described in more detail in Note 8.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Group’s and the Company’s condensed interim financial statements for the period of three months, ended 31 March 2023 are presented below:

2.1 Basis of preparation

These condensed interim Company's and consolidated financial statements, for the period ended 31 March 2023 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union and applicable to interim financial statements (IAS 34 „Interim Financial Reporting“).

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

In order to better understand the data presented in these condensed interim financial statements, these financial statements should be read in conjunction with the audited Consolidated and Company's financial statements for the year 2022, prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union

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

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

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

The Group and the Company have been following the same accounting principles as the ones that were followed in the preparation of financial statements for the year 2022, including:

Accounting principles applying to system user's balancing

Following the amendments introduced in regulation of balancing services with effect from 1 March 2022, the Group transmission system operator (hereinafter – TSO) assessed whether it acts as a principal or as an agent in its transactions of balancing services. The Group's management concluded that with effect from 1 March 2022 it acts as an agent in its transactions of balancing services and therefore, the net result of the balancing services is reported in the financial statements, i.e. balancing income are offset against expenses. Before 1 March 2022, the Group TSO acted as a principal in its transactions of balancing services, and therefore, revenue and expenses from transmission and balancing services were reported in the financial statements. Due

Applying the agent principle to the balancing activity of the system users from 1 March 2022, the comparative data are reported by presenting the net result of the balancing activity and the impact of data reclassification is presented in Note 3.

The impact of the Russia's invasion of Ukraine on financial statements

Given that the Group companies have no significant transactions, no clients, no suppliers in the affected markets (Russia, Belarus, Ukraine), the events in Ukraine had no direct impact on the Group's financial results for the three months period of 2023.

The natural gas transmission system in Lithuania operates totally free of imports of Russian gas. Gas from the Klaipėda LNG terminal by the transmission system is transporting to the internal trading point of Lithuania, also to/from the directions of Latvia and Poland. Also, gas is admitted to Lithuania by transferring from Latvia and Poland. Gas prices in the markets decreased in the Q1 2023, compared to 2022 year. In March, the BGS1 natural gas price index of the Baltic countries and Finland, which captures the changes in natural gas prices in the daily market, reached 49.24 EUR/MWh, i.e. the lowest average price during the last 18 months. The natural gas price in GET Baltic gas exchange from August 2022, when the highest average price was fixed since the beginning of the war in Ukraine (241.69 EUR/MWh), decreased by 80 percent. Warmer-than-usual weather, high quantities of gas in storages and increased import volumes of liquefied natural gas (LNG) contributed to the fall in natural gas prices.

The effects of events in Ukraine influenced significant rise in prices of electric energy and increase in expenses for electricity system services expenses.

Preparing these condensed interim financial statements no new standards, interpretation of standards or explanations enforced from 2023 were adopted with significant influence to Company's or Group's financial information.

2.2 Principles of consolidation

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

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

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

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

Preparing these condensed interim financial statements management used significant estimates and assumptions for accounting policies were the same as used preparing financial statements for the year 2022.

3. Reclassification of comparative figures in the financial statements

Applying the agent principle to the balancing activity of the system users from 1 March 2022, the net result of the balancing services should be reported in the consolidated Income (loss) statement, i.e. balancing income are offset against expense.

Hereinafter the impact of the income reclassification to the consolidated income (loss) statement items and detailed classification of revenue is presented below:

Group	For the period of three months ended 31 March 2022		
	Before reclassification	Impact of reclassification	After reclassification
Revenue			
Revenue from natural gas transmission and related services			
Revenue from balancing services in the transmission system	13 399	(2 300)	11 099
Total revenue from natural gas transmission and related services	28 787	(2 300)	26 487
Total revenue , other income	118 801	(2 300)	116 501
Operating expenses			
Expenses for natural gas system balancing service	(12 432)	2 300	(10 132)
Total operating expenses	(115 701)	2 300	(113 401)

4. Segment information

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

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

- The electricity transmission segment comprises the activities conducted by LITGRID AB:

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

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

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

For the three months period ended 31 March 2023, revenue from the Lithuanian clients accounted for 87% of the Group’s total revenue (for three months ended 31 March 2022: 85%).

The table below contains the Group’s information on segments for the three months period ended 31 March 2023:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	86 811	25 529	11 703	(3 234)	120 809
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses	(9 369)	(6 415)	(8 888)	3 140	(21 532)
EBITDA	19 853	5 417	2 816	(94)	27 992
Total adjustments to profit (loss) for the period	(6 941)	(3 618)	(249)	(542)	(11 350)
Depreciation and amortisation	(4 933)	(3 193)	(439)	-	(8 565)
Assets write-offs, impairment	(117)	5	(2)	-	(115)
Interest income	480	3	1 543	(384)	1 642
Interest expenses	(126)	(385)	(1 532)	384	(1 659)
Income tax	(2 245)	(590)	182	-	(2 653)
Dividend income and gain on disposal of associates	-	542	-	(542)	-
Profit (loss) for the period	12 912	1 799	2 567	(636)	16 642
Total assets	671 132	329 580	920 008	(724 127)	1 196 593
Net debt	(46 089)	(94 617)	(436 367)	397 275	(179 798)
Additions in Property, plant and equipment and Intangible assets	(18 690)	(7 628)	(32 825)	95	(59 048)

The table below contains the Group's information on segments for the three months period ended 31 March 2022:

	Transmission of electricity	Transmission of natural gas	Other activities	Elimination of intersegment transactions	Total
Revenue and other income	67 266	29 081	24 092	(2 138)	118 801
Operating expenses, excluding electricity, gas and related expenses, depreciation, write-off and impairment expenses	(7 650)	(6 048)	(24 598)	2 100	(36 196)
EBITDA	3 383	9 153	(506)	(40)	11 990
Total adjustments to profit (loss) for the period	(26 193)	(11 344)	14 323	(16 607)	(39 821)
Depreciation and amortisation	(5 225)	(3 193)	(395)	-	(8 813)
Assets write-offs, impairment	(91)	18	(4)	-	(77)
Interest income	2	2	30	(28)	6
Interest expenses	(307)	(102)	(276)	28	(657)
Income tax	(223)	(849)	143	-	(483)
Profit (loss) for the period	(2 015)	5 029	(1 008)	(40)	(1 966)
Total assets	476 551	315 424	585 539	(482 427)	895 087
Net debt	(69 075)	(104 202)	(157 053)	160 781	(169 549)
Additions in Property, plant and equipment and Intangible assets	(12 736)	(2 092)	(477)	238	(15 067)

5. Intangible assets

Group	Intangible assets
Net book amount at 31 December 2021	9 754
Additions	172
Amortisation charge	(659)
Net book value at 31 March 2022	9 267
Net book value at 31 December 2022	8 422
Additions	901
Reclassification from PPE	10
Reclassification to disposal group assts	44
Amortisation charge	(482)
Net book value at 31 March 2023	8 895

Intangible assets is accounted at cost, less accumulated depreciation and estimated impairment loss, if any. The Company's intangible assets amounted to EUR 57 thousand as at 31 March 2023 (at 31 December 2022: EUR 57 thousand).

6. Property, plant and equipment

Group	Property, plant and equipment
Net book amount at 31 December 2021	603 103
Additions	7 417
Prepayments for PPE	7 476
Disposals and write-offs	(97)
Reclassification to inventories	(4)
Offsetting with grants	(12 732)
Depreciation charge	(7 760)
Net book value at 31 March 2022	597 403
Net book amount at 31 December 2022	655 721
Additions	22 723

Prepayments for PPE	2 534
Disposals and write-offs	(145)
Reclassification to inventories	(142)
Reclassification to intangible assets	(10)
Offsetting with grants	(16 487)
Depreciation charge	(7 622)
Net book value at 31 March 2023	656 572

PPE is accounted at revalued amount of assets, less accumulated depreciation and estimated impairment loss, if any. The carrying amount of PPE is reduced by grants received for acquisition of those assets from government and EU structural, funds for the connection of new customers/generators to the electricity transmission network (in accordance with the accounting policy in force before 1 July 2009), public service obligations (PSO) funds and congestion management funds.

The Company's PPE amounted to Eur 3 thousand at 31 March 2023 (Eur 3 thousand at 31 December 2022).

7. Right-of-use-assets

Group	
Net book amount at 31 December 2021	11 127
Additions	102
Depreciation charge	(399)
Net book value at 31 March 2022	10 830
Net book amount at 31 December 2022	11 329
Additions	278
Write-offs	(11)
Reclassification to disposal group assts	5
Depreciation charge	(460)
Net book value at 31 March 2023	11 141

The Group recognised in right-of-use assets the following assets held under lease agreements: buildings, vehicles, other assets and public land held under non-auction leases from municipalities. As the useful life of the right-of-use assets is longer than the lease term, depreciation is calculated from the commencement date of the lease to the end of the lease term. As at 31 March of the years 2023 and 2022 the additions were due conclusion of new contracts for the lease of office premises and motor vehicles, also due indexation for office premises, as the average consumer price index was higher than indicated in the lease contracts.

8. Investments in subsidiaries and associates

As at 31 March 2023 and at 31 December 2022 the Company had a shareholding in the following Group companies:

Group company	Acquisition cost	Impairment	Carrying amount	Ownership interest (%)
As at 31 March 2023				
Subsidiaries				
LITGRID AB	217 215	26 090	191 125	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	7 150	3 447	3 703	100
Energy cells, UAB	2 375	-	2 375	100
Iš viso	353 657	29 537	324 120	
Associates				
TSO Holding AS	13 830	-	13 830	39,6

As at 31 December 2022				
Subsidiaries				
Group company	Acquisition cost	Impairment	Carrying amount	Ownership interest (%)
LITGRID AB	217 215	26 090	191 125	97,5
AB „Amber Grid“	126 529	-	126 529	96,6
UAB „Baltpool“	388	-	388	67
UAB „TETAS“	7 150	3 447	3 703	100
Energy cells, UAB	2 375	-	2 375	100
Iš viso	353 657	29 537	324 120	
Associates				
TSO Holding AS	13 830	-	13 830	39,6

9. Other financial assets

	Group	
	As at 31 March 2023	As at 31 December 2022
Administered PSO funds	-	33 000
Administered Emergency intervention funds	11 240	-
Funds deposited for guarantees and deposits	5 809	7 758
Funds of the exchange participants	12 439	13 906
Term deposits and short-term investments	200 000	
Carrying amount	229 488	54 664

The Company and the Group on February and March of the year 2023 concluded term deposit agreement with OP Corporate Bank plc Lietuvos filialas in amount of 150 000 000 Eur with maturity up to 90 days. On 13th of February 2023 the Company and the Group also acquired German Treasury Bill with maturity up to 90 days for 49 999 868,10 Eur. Short term investments were made with the aim of optimizing return on excess cash balances, taking into account projected need for cash and liquidity forecasts.

Funds of the exchange participants consist of their cash deposits and prepayments (alternative – provision of bank guarantees) ensuring the possibility to participate in the trading on the exchange. Due to the possibility of short-term disposal of these funds and their use only for settlements for products purchased on the exchange, they are not included in cash and cash equivalents.

10. Assets and liabilities of the disposal group

As indicated in the Note 1, due organised selling process of 66% of shares of GET Baltic, the following assets and liabilities of Get Baltic have been reclassified to the disposal group assets and liabilities items in the statement of financial position as at 31 March 2023 and 31 December 2022. As indicated in the Note of the Events after the reporting period, decision of shareholder of „GET Baltic“ was adopted to approve the sale of shares transaction and essential conditions of the sale of shares.

	Group	
	At 31 March 2023	At 31 December 2022
Non-current assets		
Intangible assets	430	474
Property, plant and equipment	4	4
The right of use assets	78	85
Other non current financial assets	4	4
Current assets		
Trade receivables	32	26
Other receivables	12 649	13 399
Other financial assets	53 075	188 969

Cash and cash equivalents		1 126	817
Total assets of the disposal group		67 398	203 778
Non-current liabilities			
Lease liabilities	51	57	
Current liabilities			
Current portion of lease liabilities	28	29	
Trade payables	17 013	56 415	
Advance amounts received	48 605	145 932	
Income tax liability	126	15	
Payroll related liabilities	177	136	
Other current amounts payable and liabilities	129	13	
Total liabilities of disposal group:	66 129	202 597	

11.Share capital

As at 31 March 2023 and at 31 December 2022 the share capital of the Company amounted to EUR 189 631 000 Eur and it was divided into 653 900 000 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares as at 31 March 2023 and at 31 December 2022 were fully paid.

12.Borrowings

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

	Group		Company	
	At 31 March 2023	At 31 December 2022	At 31 March 2023	At 31 December 2022
Non-current borrowings				
Bonds issued	74 816	74 805	74 816	74 805
Bank borrowings	98 940	107 781	-	-
Current borrowings				
Current portion of non-current borrowings	24 792	24 038	-	-
Overdraft	1 902	1 550	1 902	1 326
Current borrowing from the Group companies			345 824	331 562
Total borrowings	200 450	208 174	422 542	407 693

Non-current borrowings by maturity:

	Group		Company	
	At 31 March 2023	At 31 December 2022	At 31 March 2023	At 31 December 2022
Between 1 and 2 years	11 792	12 251	-	-
Between 2 and 5 years	105 906	107 272	74 816	74 805
Over 5 years	56 058	63 063	-	-
Total	173 756	182 586	74 816	74 805

On 1 June 2022, the Company issued EUR 75 million sustainability-related bonds with a five year term to maturity. The bonds will bear interest at 3.117% per annum. As at 31 March 2023, the net cash proceeds from the bonds amounted to EUR 74 816 thousand or 99.8% of the nominal value of the bond issue. During the three months period ended 31 March 2023, the interest expense on the bonds issued amounted to EUR 587 thousand and the accrued amount of coupon payable amounted to EUR 1 902.2 thousand as at 31 March 2023.

To balance the liquid funds, Group companies under the cashpool agreements had borrowed from EPSO-G Eur 48,571 thousand as at 31 March 2023.

Borrowings received by the Company from the subsidiaries under the cashpool agreements amounted to EUR 345,824 thousand as at 31 March 2023.

13.Revenue

The Group's revenue included as follows:

	Group	
	As at 31 March 2023	As at 31 March 2022 (reclassified)
The Group's revenue from contracts with customers		
Revenue from electricity transmission and related services		
Electricity transmission services	53 146	20 372
Trade in balancing/imbalance electricity	24 325	21 182
System services	7 436	19 686
Revenue from other sales of electricity and related services	1 374	50
Total revenue from electricity transmission and related services	86 281	61 290
Revenue from natural gas transmission and related services		
Natural gas transmission services	19 520	15 388
Revenue from balancing services in the transmission system	5 897	11 099
Revenue from connection of new customers	10	-
Total revenue from natural gas transmission and related services	25 427	26 487
Other revenue from contracts with customers		
Revenue from construction, repair and technical maintenance services	3 921	21 478
Revenue from trading on the gas exchange and related services	637	464
Revenue from the biofuel exchange, thermal energy auctions, PSO funds administration and other income	283	217
Total other revenue	4 841	22 159
The Group's total revenue from contracts with customers	116 549	109 936
The Group's revenue not attributable to contracts with customers		
PSO services*	-	5 473
Congestion revenue	27	171
Other services related to electricity	-	328
Revenue from connection of producers and relocation of electrical installations	16	3
Total revenue not attributable to contracts with customers:	43	5 975
Total revenue	116 592	115 911

The Company's revenue from contracts with customers comprised revenue from the provision of management services and it amounted to EUR 216 thousand in three months period ended 31 March 2023 (31 March 2022: EUR 141 thousand).

The Group's other income comprised as follows:

	Group	
	As at 31 March 2023	As at 31 March 2022
Income from lease of assets	207	169
Penalties and default charges	3 820	38
Other income	190	383
Total other income	4 217	590

14.Dividends

On 13 April 2023, the Ordinary General Shareholders Meeting of UAB EPSO-G, when approving the distribution of profit for 2022, resolved to pay a dividend of EUR 65.39 thousand, i.e. EUR 0.0001 per share.

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

15.Income tax

Profit (loss) for the three months period ended 31 March 2023 is subject to corporate income tax at a rate of 15 per cent (2022: 15 per cent) in accordance with the tax legislation of the Republic of Lithuania.

16.Related – party transactions

As at 31 March 2023 and 31 December 2022, the Group's and the Company's ultimate controlling party was the Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania. For the purposes of the related-party disclosure the Republic of Lithuania excludes central and local government authorities. Disclosures comprise transactions and balances on transactions with the shareholder, the subsidiaries (in the Company's transactions), all state-controlled or significantly influenced companies (the list of such companies is published at <https://vkc.sipa.lt/apie-imones/vvi-sarasas> and transactions are disclosed only when the amount of transactions exceeds EUR 100 thousand during a calendar year) and the management and their family members.

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

The Group's related party transactions and balances for the three-month period ended 31 March 2023 were as follows

Related party	Purchases of services	Purchases of gas in exchange, PSO funds, LNG funds *	Sales of services	Sales of gas in exchange, PSO funds, LNG funds*	Amounts payable for services	Accounts payable for gas, PSO funds, LNG fund*	Amounts receivable for services	Receivables for gas, PSO funds, LNG funds	Finance costs
Ignitis group companies:									
AB „Ignitis grupė“							-		
AB Energijos skirstymo operatorius	409	21 790	26 362	1	1 089	1	13 022	485	-
UAB Ignitis	1 963	76 368	3 260	2 768	588	2 617	1 065	-	-
AB Ignitis gamyba	28 271	30 950	1 923	63 202	11 716	6 167	2 256	8	-
UAB Ignitis grupės paslaugų centras	1	-	72	-	-	-	27	-	-
UAB Vilniaus kogeneracinė jėgainė	84	-	9	-	146	150	2	-	-
UAB Kauno kogeneracinė jėgainė	56	-	40	-	43	-	14	-	-
UAB Transporto valdymas	120	-	-	-	55	-	-	-	-
Other state-owned companies::									
VĮ Ignalinos atominė elektrinė	-	102	143	-	-	41	58	-	-
AB Klaipėdos nafta	-	-	2	-	-	3 975	-	-	-
VĮ Geoterma	-	-	-	-	-	-	-	-	-
AB „LTG Infra“	-	-	83	-	15	-	32	-	-
State Border Guard Service under the Ministry of the Interior	-	-	-	-	-	-	-	-	-
Other state-owned companies	24	-	422	-	710	-	151	-	-
Total	30 928	129 210	32 316	65 971	14 362	12 950	16 627	493	-

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

The Group's related party transactions and balances for the three months period ended 31 March 2022 were as follows:

Susijusios šalys-	Purchases of services	Purchases of gas in exchange, PSO funds, LNG funds*	Sales of services	Sales of gas in exchange, PSO funds, LNG funds*	Amounts payable for services	Accounts payable for gas, PSO funds, LNG fund*	Amounts receivable for services	Receivables for gas, PSO funds, LNG funds	Finance costs
Ignitis group companies:									
AB „Ignitis grupė“	-	-	-	-	-	-	-	-	67
AB Energijos skirstymo operatorius	311	(697)	39 909	8 859	1 151	-	17 081	4 512	-
UAB Ignitis	20 157	5 314	33 313	2 820	6 622	3 178	9 678	912	-
AB Ignitis gamyba	18 242	(12 929)	14 006	2 637	13 396	-	3 009	5 875	-
UAB Ignitis grupės paslaugų centras	(2)	-	69	-	1	-	26	-	-
UAB Vilniaus kogeneracinė jėgainė	72	-	22	-	132	-	1	-	-
UAB Kauno kogeneracinė jėgainė	86	-	23	-	39	-	-	-	-
UAB Transporto valdymas	147	-	-	-	93	-	-	-	-
Other state-owned companies:									
AB Lietuvos geležinkeliai	-	-	-	-	-	-	-	-	-
VĮ Ignalinos atominė elektrinė	223	48	-	-	10	-	98	20	-
AB Klaipėdos nafta	-	8 549	-	-	-	6 776	-	-	-
VĮ Geoterma	-	-	-	-	-	-	45	65	-
AB „LTG Infra“	-	23	123	-	-	-	42	-	-
State Border Guard Service under the Ministry of the Interior	-	-	20 097	-	11 271	-	7 746	-	-
Other state-owned companies	197	-	-	-	517	-	-	-	-
Total	39 433	308	107 562	14 316	33 232	9 954	37 726	11 384	67

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

The Company's transactions conducted with the related parties during the three months period of 2023 and balances arising on these transactions as at 31 March 2023 were as follows:

Related party	Accounts receivable and accrued income		Sales	Purchases	Loans granted	Income from financial activities	Costs of financial activities
	Accounts payable and accrued costs						
AB „Ignitis grupė“	-	-	-	-	-	-	-
State controlled companies							
UAB „Transporto valdymas“	-	-	-	-	-	-	-
State Border Guard Service under the Ministry of the Interior	-	-	-	-	-	-	-
Group companies							
Litgrid AB	-	57	76	-	(231 388)	-	479
AB Amber Grid	-	58	50	-	7 923	50	-
UAB Tetas	-	74	36	-	5 453	100	-
UAB Baltpool	181	10	20	-	(114 876)	-	-
UAB GET Baltic	-	2	5	-	-	-	-
Energy cells, UAB	-	-	29	-	35 376	175	-
Total:	181	201	216		(297 512)	325	479

The Company's transactions conducted with the related parties during the three months period of 2022 and balances arising on these transactions as at 31 March 2022 were as follows:

Related party	Accounts receivable and accrued income		Sales	Purchases	Loans granted	Income from financial activities	Costs of financial activities
	Accounts payable and accrued costs						
AB „Ignitis grupė“	-	-	-	-	-	-	67
State controlled companies							
UAB „Transporto valdymas“	3	-	-	7	-	-	-
Group companies							
Litgrid AB							
AB Amber Grid	-	36	54	-	(58 891)	-	-
UAB Tetas	-	24	31	-	(5 564)	7	-
UAB Baltpool	-	14	10	-	5 099	7	-
UAB GET Baltic	-	8	17	-	(83 405)	-	-
State Border Guard Service under the Ministry of the Interior	-	2	6	-	-	-	-
Energy cells, UAB	-	14	25	-	7 823	13	-
Total:	3	210	400	7	(134 938)	27	67

Payments to key management personnel	Group		Company	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Payments to key management personnel	770	639	177	192
Employment-related payments	-	69	-	69
Whereof: termination benefits	33	29	7	6

During the three months of 2023 and 2022, there were no loans, guarantees, other disbursements or accruals or transfers of assets to the management of the Group and the Company.

Management is defined as the heads of administration and departmental directors. During the three months period of 2023, the benefits paid to members of the collegiate management bodies amounted to EUR 88 thousand (EUR 57 thousand for the three months of 2022).

17. Events after the end of the reporting period

On 13 April 2023 the general meeting of shareholders approved the UAB “EPSO-G” consolidated annual report and the set of consolidated and the Company's financial statements for 2022, as well as made decisions on the allocation of the profit. According to the decision of the general meeting of shareholders the share of profit in amount of EUR 275 thousand were allocated to legal reserve, EUR 165 thousand were allocated for donation, EUR 65 thousand were allocated to dividends and EUR 5.007 thousand remained in retained earnings.

European Energy Exchange AG (hereinafter -EEX) was approved as the winner of the international public tender aimed at choosing a strategic partner of the gas exchange GET Baltic. As at 11 April 2023 by general meeting of shareholders of parent company AB Amber Grid, a decision was adopted to approve the sale of shares of “GET Baltic” transaction and the essential conditions of the sale of shares. Was approved the sale of 66% (sixty-six percent) stake in UAB GET Baltic to EEX for the sale price EUR 6 500 thousand. The strategic partner who offered the highest price for GET Baltic shares met all the requirements of the public tender. The rest of the shares – 34% can later be sold via an option to the same partner, after he fulfills the investor obligations included in the contract, related to ensuring benefits for the market of the Baltic states and Finland.

EPSO-G CONSOLIDATED THREE-MONTH INTERIM REPORT OF 2023

The consolidated interim report of the holding company EPSO-G and the Group companies was prepared for the three-month period ended on 31 March 2023

General information about the EPSO-G Group

Company name	EPSO-G UAB
Legal form	Private limited company
Date and place of incorporation	25 July 2012, the Register of Legal Entities of the Republic of Lithuania
Company code	302826889
Registered office address	Gedimino pr. 20, LT-01103 Vilnius
Telephone	+370 685 84866
Email	info@epsog.lt
Website	www.epsog.lt
Authorised share capital	EUR 189 631 000
Sole shareholder	The Republic of Lithuania, the property and non-property rights of which are implemented by the Ministry of Energy of the Republic of Lithuania

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

The core business of the 1,262-strong EPSO-G Group is to ensure the uninterrupted, stable transmission of electricity via high-voltage networks and natural gas via high-pressure pipelines, and the efficient management, maintenance, contracting and development of these transmission systems. The Group's companies operate and develop trading platforms for biofuels, natural gas and timber to ensure transparent competition in the energy and timber markets. It also carries out electricity contracting projects and provides infrastructure operation services to low-, medium- and high-voltage grid operators.

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

As at 31 December 2022, the EPSO-G Group (the “Group”) consisted of the holding company EPSO-G UAB (“EPSO-G” or the “Company”), five directly controlled companies of the Group: (LITGRID AB (“Litgrid”), Amber Grid AB (“Amber Grid”), BALTPPOOL UAB (“Baltpool”), TETAS UAB (“Tetas”), Energy Cells UAB (“Energy Cells”), and the indirectly controlled company GET Baltic UAB (“GET Baltic”).

Name	LITGRID AB	Amber Grid AB	BALTPOOL UAB	TETAS UAB	GET Baltic UAB	Energy cells UAB
Legal form	Public limited company	Public limited company	Private limited company	Private limited company	Private limited company	Private limited company
Date and place of incorporation	16 November 2010, the Register of Legal Entities of the Republic of Lithuania	11 June 2013, the Register of Legal Entities of the Republic of Lithuania	10 December 2009, the Register of Legal Entities of the Republic of Lithuania	8 December 2005, the Register of Legal Entities of the Republic of Lithuania	13 September 2012, the Register of Legal Entities of the Republic of Lithuania	26 January 2021, the Register of Legal Entities of the Republic of Lithuania
Company code	302564383	303090867	302464881	300513148	302861178	305689545
Registered office address	Karlo Gustavo Emilio Manerheimo g. 8, LT-05131 Vilnius	Laisvės pr. 10, LT-04215 Vilnius	Žalgirio g. 90, LT-09303 Vilnius	Senamiesčio g. 102B, LT-35116 Panevėžys	Geležinio Vilko g. 18 A, LT-08104 Vilnius	Ozo g. 12A-1, 08200 Vilnius
Telephone	+370 707 02171	+370 5 236 0855	+370 5 239 3157	+370 45 504 670	+370 5 236 0000	+370 659 00748
Email	info@litgrid.eu	info@ambergrid.lt	info@baltpool.eu	info@tetas.lt	info@getbaltic.com	info@energy-cells.eu
Website	www.litgrid.eu	www.ambergrid.lt	www.baltpool.eu	www.tetas.lt	www.getbaltic.com	www.energy-cells.eu
Nature of the activity	Electricity Transmission System Operator	Natural Gas Transmission System Operator	Energy exchange operator, administrator of the funds of services of public interest	Specialised services of maintenance, repair and installation of transformer substations and distribution points, works of testing and tests, design of energy objects	Operator of Natural Gas Exchange	Providing the electricity transmission system operator with the electricity reserve guarantee service required for the isolated operation of electricity system
Shares held by EPSO-G	97.5%	96.6%	67.0%	100.0%	96.6% (shares held by Amber Grid - 100%)	100.0%

Significant events of the reporting period

January

2 January. Ministry of Energy announces the selection of EPSO-G's Board members for the new term of office.

2 January. EPSO-G opens the selection process for the Board of Tetas.

5 January. The new version of EPSO-G's statutes is registered in the Register of Legal Entities. The new version of the Articles of Association provides for clarification of how EPSO-G carries out its patronage functions, revision of competences of EPSO-G's General Meeting of Shareholders, the Board and the CEO, clarification of the provisions relating to the formation of EPSO-G management committees, clarification of the provisions concerning the composition of the Board and the organisation of its activities, the possibility for the EPSO-G's Board to set up a Group Management Committee.

13 January. An incident in Pasvalys district damaged Amber Grid's main gas pipeline and ignited the gas it contained. The incident did not cause any injuries and was localised the same day. The gas supply was provided by a parallel gas pipeline. Following the rehabilitation of the damaged pipeline, the gas supply was restored on 16 January.

16 January. Darius Kašauskas takes up the post of the Head of Finance and Operational Planning at EPSO-G.

February

3 February. Initial testing of the energy storage system of Energy Cells was completed.

3 February Litgrid has published an update of its strategy until 2030.

9 February. EPSO-G's sustainability-related bond issue at the Nasdaq Baltic Market Awards 2023 was recognised as a key event in the Baltic capital market.

9 February Litgrid has provided support to Ukraine with EUR 3.6 million worth of transmission grid equipment.

20 February. Paulius Butkus started its office as Head of Development and Innovation at EPSO-G.

24 February EPSO-G has opened the selection process for the members of the Board of Litgrid and Amber Grid.

March

16 March Amber Grid's subsidiary, the regional gas exchange GET Baltic, has chosen the European Energy Exchange as its strategic partner. The European Energy Exchange public tender offered 66%. The acquisition value of the GET Baltic shares is EUR 6.5 million. The transaction will be finalised in May-June following the signing of the necessary contracts and other formal closing steps.

13 March. EPSO-G has published a vacancy for a member of the Board of the Innovation and Business Development Competence Area of the subsidiary Energy cells, nominated by the parent company.

24 March. The Ministry of Energy of the Republic of Lithuania has appointed the new EPSO-G Board, which will consist of three independent members Robertas Vyšniauskas, Asta Sungailienė and Liudas Liutkevičius, and the Ministry of Energy's delegates Dainius Bražiūnas and Tomas Daukantas.

30 March Darius Kašauskas, Head of Finance and Operational Planning at EPSO-G Group, has been elected Chair of the Board of Tetas. The Board, which began its four-year term in March, also includes an

(EUR THOUSANDS UNLESS OTHERWISE STATED)

independent board member, Tomas Astrauskas, and two board members delegated by EPSO-G, the sole shareholder of Tetas, Elida Drapienė and Ieva Kuodė. The selection of the fifth member of the Tetas Board is expected to be finalised in April.

Significant events after the end of the financial period

April

5 April. Vytautas Lisauskas was appointed as an independent member of the Board of Tetas, thus finalising the five-member Board of Tetas.

7 April. Robertas Vyšniauskas, an independent member of the EPSO-G Board, is elected the Chair of the Board. The new five-member EPSO-G Board, which will serve for four years, was formed at the end of March. R. Vyšniauskas also served on the company's Board in the previous term of office, and has been its Chair since February 2022.

7 April. The Remuneration and Nomination Committee was formed at the Board meeting and Board members Asta Sungailienė and Tomas Daukantas were elected as its members. The selection of an independent committee member has also been announced.

On 11 April, Amber Grid's General Meeting of Shareholders approved the signing of agreements with GET Baltic's strategic partner and the sale of 66% of the shares to the winner of the public tender - European Energy Exchange. The transaction with the European Energy Exchange will be finalised in May-June following the signing of the necessary contracts and other formal closing steps.

11 April. Paulius Butkus, Head of Development and Innovation at EPSO-G, has been confirmed as a member of the Board for the Innovation and Green Transformation Competency Area of Amber Grid, nominated by the parent company.

14 April. Amber Grid has launched an international tender for a feasibility study on the hydrogen corridor.

21 April. The Ministry of Energy of the Republic of Lithuania has appointed Dainius Bražiūnas, a member of the Board, as a member of EPSO-G's Audit Committee.

22 April. Litgrid has successfully completed the isolated operation test - Lithuania's electricity system is ready to operate independently.

24 April. Simona Grinevičienė took up her new position as Head of Organisation Development and Culture at EPSO-G.

24 April. Litgrid and PSE will re-launch the Harmony Link procurement .

May

3 May. Moody's Investors Service, the rating agency, confirmed EPSO-G's Baa1 credit rating with a stable outlook following a periodic review.

5 May. Approved amendments to the Synchronisation Law obliged the storage system operator Energy Cells to allow Litgrid, the Lithuanian electricity transmission system operator, to use a part of the 200 MW capacity of the energy storage system, free of charge, to reduce the cost of technological losses and for other functions necessary to ensure the security and reliability of the country's electricity system.

9 May. Ernesta Dapkienė took up her post as Head of Communication at EPSO-G.

(EUR THOUSANDS UNLESS OTHERWISE STATED)

Performance indicators

The volume of electricity transmitted via high voltage transmission networks to households and businesses during the period was 2.6 terawatt hours (TWh), which was 9% less compared to the same period last year. Electricity consumption decreased due to household and business savings and the growth of prosumers from renewable sources connected to the distribution network.

In the first three months of 2023, the key reliability indicators for the electricity transmission system - average interruption time (AIT) and energy not supplied (ENS) - were lower compared to the first three months of last year. The AIT was 0.006 min, compared to 0.083 min the previous year. Meanwhile, ENS amounted to 0.195 MWh this year compared to 2.956 MWh last year. The NERC has set the AIT for the whole year at 0.934 minutes and the ENS at 27.251 MWh.

The three-month overall availability of the NordBalt and LitPol Link interconnectors with Sweden and Poland was 99.8% and 99.9% respectively.

Key performance indicators of the EPSO-G Group

	January- March 2023	January- March 2022	Change		January- March 2021
			+/-	%	
ELECTRICITY					
Volume of electricity transmitted, GWh	2,627	2,886	-259	-9.0	2,897
ENS (amount of electricity not transmitted due to disconnections), MWh*	0.195	2.956			1.104
AIT (average interruption time), min.*	0.006	0.083			0.035
NordBalt availability, %**	99.8	100.0			100.0
LitPol Link availability, %**	99.9	99.9			93.0
GAS					
Volume of natural gas transported to the domestic exit point, GWh	3,214	5,720	-2,506	-43.8	8,702
Volume of natural gas transported to the adjacent transmission systems, GWh***	14,221	10,932	3,289	30.1	7,742
Traded volume on natural gas exchange, GWh	3,308	2,411	897	37.2	2,999
BIOFUELS					
Traded volume of biofuel on energy exchange, GWh	1,267	1,726	-459	-26.6	1,128
Biofuels sold on the Energy Exchange to foreign markets, GWh****	237	45	192	427%	30

* For reasons attributable to the operator's responsibility only and for unspecified reasons.

** Overall availability of LPL/NB interconnection – availability of interconnection at both sides, Lithuania and the other country.

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

****Latvian, Polish, Estonian markets.

(EUR THOUSANDS UNLESS OTHERWISE STATED)

In the first quarter of 2023, Lithuania consumed 3.2 terawatt hours (TWh) of gas, or 44% less than in the winter of 2022, when the country's gas demand reached 5.7 TWh. The fall in gas demand was mainly due to the warm winter weather, high gas prices, a significant reduction in the use of gas for fertiliser production and the choice of fuel oil for heating the capital.

Despite lower domestic consumption, the volume of gas transported to Lithuania has increased. In the first three months of this year, 9.9 terawatt-hours (TWh) of gas were delivered to Lithuania, excluding transit to Kaliningrad. This is 18.5% more than at the same time last year, when 8.4 TWh of gas was transported to Lithuania. Most of these imports (around 70%) were transited to other EU countries.

The GIPL pipeline connecting Lithuania and Poland transported 1.5 TWh of gas to Europe in January-March 2023 and 0.4 TWh to Lithuania. Following the expansion of the gas pipeline interconnection with Latvia in November last year, 5 TWh of gas was transferred in the first three months of this year to meet the needs of the Baltic States and Finland, as well as to the gas storage in the Inčukalns Underground Gas Storage Facility. This is a 95% increase compared to the same period in 2022.

The Klaipėda LNG terminal, the main source of gas supply to Lithuania and the other Baltic countries, supplied 90.1% (8.9 TWh) of the total gas transported into the system in the first quarter of 2023. Flows from Latvia accounted for 6.2% (0.6 TWh) and from Poland for 3.7% (0.4 TWh).

In the first quarter of 2023, 9,308 transactions were executed on the GET Baltic exchange, with a volume of natural gas traded of 3 terawatt hours (TWh). This is an increase of 37% compared to the same period in 2022 (Q1 2022: 2.4 TWh). The volume traded on the monthly transactions market in the first quarter of the year exceeded 572 GWh, 3 times more than in the whole of the previous year 2022 (167 GWh). The steadily growing activity on the exchange has encouraged the registration of new exchange participants, with 5 new exchange participants from the Netherlands, Latvia, Poland and Finland registered in the first quarter of 2023.

In the first three months of 2023, district heating companies, Lithuanian independent heat producers and industrial companies purchased 1.27 TWh of biofuel on the Baltpool Energy Exchange. This is a 26.6% decrease compared to the same period in 2022, when 1.73 TWh of biofuels were purchased. This difference is partly due to the warm winter season, which did not require a higher than usual amount of biofuels for heat production in the second half of the heating season. The exchange had 3.1 thousand transactions with a value of EUR 107 million. More than 2.1 GWh of heat sales and purchases were transacted in the company's heat auction data management system, while just over 1,000 transactions were transacted in the electronic timber sales system for 0.26 million Ktm.

Consolidated financial indicators

Financial Indicators, EUR thousand	2023	2022	Change		2021 January- March
	January-March	January-March	+/-	%	
Revenue	120.809	116.501	4.308	3,7%	83.830
Operating expenses	101.497	113.401	-11.904	-10,5%	61.896
EBITDA ¹	27.992	11.992	16.000	133,5%	30.896
Adjusted EBITDA ²	19.965	18.133	1.832	10,1%	16.474

(EUR THOUSANDS UNLESS OTHERWISE STATED)

Net profit	16.642	1.966	14.676	746,5%	19.299
Adjusted net profit ²	9.867	7.260	2.607	35,9%	7.214
Cash flow from operating activities (FFO) ³	23.569	10.777	12.792	118,7%	27.882
Investments ⁴	23.624	13.015	10.609	81,5%	19.659
Financial ratios					
EBITDA margin ⁵	23,2%	10,3%			36,7%
ROE (last 12 months), proc.	-10,7%	8,4%			20,7%
Adjusted ROE (last 12 months), proc.	9,4%	10,5%			
Financial Indicators of the Balance sheet,	2023	2022	Change		2021
EUR thousand	31st of March	31st of December	+/-	%	31st of December
Assets	1.196.593	1.425.728	-229.135	-16,1%	962.606
Non-current assets	705.312	706.479	-1.167	-0,2%	651.787
Current assets	491.281	719.249	-227.968	-31,7%	310.819
Equity	244.416	227.774	16.642	7,3%	271.598
Liabilities	952.177	995.357	-43.180	-4,3%	691.008
Net debt ⁶	-22.247	-28.561	-6.314	-22,1%	220.509
Financial ratios					
Asset turnover ratio ⁷	49,5%	44,3%			35,5%
Net-debt-to-equity ratio	-9,1%	-12,5%			81,2%
Equity-to-assets ratio	20,4%	16,0%			28,2%
Liquidity ratio ⁸	0,84	0,74			0,70

1) EBITDA = profit (loss) before tax + finance costs – finance income + depreciation and amortization charges + impairment charges (including a negative revaluation of non-current tangible assets) + asset write-offs - impact of atypical activities

2) Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated profitability indicator approved by the NERC.

3) Cash flows from operating activities (FFO) = net profit/(loss) + depreciation and amortisation charges – interest income.

4) Investments = additions in PP&E + additions in non-current intangible assets, before consideration of offsets with grants received/receivable intended for acquisition of the related assets.

5) EBITDA margin = EBITDA/Revenue

6) Net debt = non-current borrowings + current borrowings + lease liabilities + liability to Ignitis UAB for the acquisition of shares of Litgrid AB – short-term investments – term deposits – cash and cash equivalents

7) Asset turnover = Revenue/Assets

8) Total liquidity ratio = Current assets/Current liabilities

(EUR THOUSANDS UNLESS OTHERWISE STATED)

Revenue

In the first quarter of 2023, the consolidated revenues of the EPSO-G Group increased from EUR 116.5 million to EUR 120.8 million, an increase of 3.7% or EUR 4.3 million compared to the same period in 2022.

During the reporting period, EPSO-G's revenues from electricity transmission and related services increased by 27.7%, from EUR 67.6 million to EUR 86.3 million. This accounted for almost 72% of EPSO-G's total revenue. Revenue from electricity transmission increased 2.6-fold to EUR 53.1 million. This is due to the 2023 transmission price approved by NERC, which was more than 5 times higher than in 2022 due to the projected electricity price and technology costs. Nevertheless, the transmission tariff for consumers decreased by 4.3%, as congestion management revenues of EUR 35.6 million were used to reduce the tariff in the first quarter. Revenue from ancillary services fell by 62% to EUR 7.4 million. The main reason for the decrease is the 59% reduction in the price of ancillary services set by NERC. Imbalance and balancing electricity revenues increased by 14.8% to EUR 24.3 million, but Litgrid's system balancing service is always zero-marginal, i.e. an increase or decrease in revenues has no impact on the result, they only cover the actual costs incurred.

In the first three months of 2023, the EPSO-G Group generated revenues of EUR 26.1 million from natural gas transportation and related services. This accounted for 22% of the total consolidated revenues of the EPSO-G Group. Revenue from natural gas transmission increased by 26.6% or EUR 4.1 million to EUR 19.5 million of which EUR 6.2 million was earned from transmission services provided to Lithuanian system users, and EUR 13.3 million from transmission to adjacent gas systems compared to the same period in 2022. Income from balancing activities decreased to EUR 5.9 million. Revenue from the natural gas exchange GET Baltic amounted to EUR 0.6 million.

Other group revenue amounted to EUR 8.4 million.

Operating expenses

The Group's operating costs for the first three months of 2023 amounted to EUR 101.5 million. Compared to the same period, costs in 2022 were EUR 11.9 million or 10.5% lower due to the Physical Barrier project, which was implemented last year and increased operating costs.

The major item of operating expenses represented purchase of energy resources and related services for technological needs amounting to EUR 71.3 million (expenses of purchase of electricity and related services amounted to EUR 57.6 million, expenses of purchase of natural gas amounted to EUR 13.7 million) or 70 % of total operating expenses. Wages and related costs amounted to EUR 11.6 million, depreciation and amortisation to almost EUR 8.6 million, network maintenance and repair to EUR 1.7 million, contracting and subcontracting and materials to EUR 1.4 million, telecommunications and ITT to EUR 1.3 million, and the remaining costs to EUR 5.6 million.

Results of operations

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) for the first quarter of 2023 amounted to EUR 28 million. EBITDA increased 2.4 times compared to the same period in 2022. The EBITDA margin at 31 March 2023 was 23.2% (10.3% in the same period in 2022).

EBITDA related to transmission of the electricity increased by EUR 16.5 million to EUR 19.9 million comparing to the first quarter of prior year and accounted for 71% of total EBITDA generated by the EPSO-G group, driven by lower technological expenses included in the tariff than the expenses defined by NERC.

(EUR THOUSANDS UNLESS OTHERWISE STATED)

EBITDA of natural gas transmission decreased by EUR 3.7 million to EUR 5.4 million and accounted for 19% of the group's EBITDA.

The net profit of the EPSO-G group companies for the three months of 2023 was EUR 16.6 million, compared to a net profit of EUR 2.0 million for the same period of 2022.

Adjusted results of operations

Regulated revenue, expenses and profitability indicators are recalculated due to temporary regulatory deviations from the regulated profitability indicator approved by the NERC. Calculation of adjusted indicators involves estimation of adjustment for previous period revenue, which has already been approved by the decision of the NERC when determining regulated transmission prices for the reporting period, and estimation of deviation of the actual profitability from the regulated profitability approved by the NERC, which will be considered when determining the transmission prices by the NERC for future period.

- Adjusted EBITDA in Q1 2023: EUR 20.0 million (Q1 2022: EUR 18.1 million).
- Adjusted net profit in 2023: EUR 9.9 million (Q1 2022: EUR 7.3 million).
- Adjusted average return on equity (ROE) for the last twelve months of 9.4% (10.5% in 2022).

Adjusted EBITDA, EUR '000 000		January-March 2023	January-March 2022
	Group's EBITDA	28.0	12.0
	Refunding of ROI deviation in relation to previous periods	2.7	4.3
	Payment to Poland for GIPL was included in 2022 revenue	-3.4	-2.1
	Current year difference between actual revenue and revenue set by the NERC	-2.1	-1.9
Amber Grid	Current year actual balancing result	3.5	-1.0
	Current year difference between actual technological losses and those set in the pricing	1.7	1.0
	Other adjustments for difference between current year actual rates and those set in the pricing	0.0	-0.1
	Refunding of ROI deviation from transmission activities in relation to previous periods	-1.0	3.8
	Current year difference between actual technological losses and those set in the pricing	-23.7	11.1
Litgrid	Other ROI deviations from transmission activities	0.2	-1.6
	Refunding of ROI deviations from additional services in relation to previous periods	6.8	1.1
	Current year difference in regulatory rate of return from additional services	7.3	-8.5
	Group's adjusted EBITDA	20.0	18.1

Adjusted net profit/(loss), EUR '000 000		January-March 2023	January-March 2022
	Group's net profit/(loss)	16.6	2.0
	Adjusted EBITDA	2.4	0.2
Amber Grid	Current year difference between regulatory and financial depreciation of PP&E	0.0	0.2
	Current year difference between actual taxes and those set in the pricing	-0.3	-0.1
Litgrid	Adjusted EBITDA	-10.4	5.9

(EUR THOUSANDS UNLESS OTHERWISE STATED)

Current year difference between actual taxes and those set in the pricing	1.6	-0.9
Group's adjusted net profit/(loss)	9.9	7.3

Statement of financial position

As of 31 March 2023, the Group's assets amounted to EUR 1,196.6 million. The decrease of 16.1% compared to the end of 2022 is mainly due to lower funds deposited by natural gas exchange participants for guarantees and deposits.

The Group's non-current assets amounted to EUR 705.3 million and represented 58.9% of the Group's total assets. Compared to the end of 2022 remained at the same level.

Shareholders' equity decreased by 7.3% to EUR 244.4 million compared to the end of 2022 due to the profit earned, while the share of equity in the Group's assets at the end of March 2023 was 20.4%.

At the end of the first quarter of 2023, the Group's net financial liabilities to creditors, including lease liabilities, amounted to EUR 209.6 million. As a result of Litgrid's cumulative congestion revenues, cash and cash equivalents and deposits at the end of the period amounted to EUR 231.8 million, resulting in a negative net financial debt of EUR -22.2 million. The EPSO-G Group's net debt (including lease liabilities) to equity ratio was -9.1%, due to the accumulation of temporarily available surplus funds.

Investments

In the first three months of 2023, the EPSO-G Group's investments amounted to EUR 23.6 million, EUR 10.6 million more for the same period of 2022.

Litgrid's investments amounted to EUR 14.4 million (thereof 61% was spent on strategic and nationally important electricity projects, 39% on transmission network reconstruction and development and operational support).

Amber Grid's investments in the reconstruction and modernisation of the trunk network amounted to EUR 9 million (thereof EUR 3 million for the reconstruction of individual sections of the Vilnius-Kaunas trunk pipeline, EUR 2 million for the replacement of above-ground crossings with underground ones and the dredging of sections of the main gas pipeline that are not deepened (MD A2 stage II), EUR 2.5 million for reconstruction of Grigiškės, Kėdainiai, Vievis, Telšiai, Šiauliai Gas distribution stations, EUR 0.5 million for replacement of closing devices and connection to Scada, etc.).

Investments of Energy Cells in the system of energy storage facilities amounted to EUR 0.2 million.

Staff and remuneration

The EPSO-G group had 1,262* staff as of 31 March 2023 (1,336 on 31 March 2022):

- EPSO-G – 60 (79),
- Amber Grid – 339 (327),
- Baltpool – 18 (19),
- Energy Cells – 45 (31),
- GET Baltic – 9 (8),
- Litgrid – 397 (352),
- Tetas – 394 (520).

Salary information as of 31
March 2023

Group

(EUR THOUSANDS UNLESS OTHERWISE STATED)

Average monthly pay by category of employees	Company			
	Number of employees (end of period)	Average monthly salary	Number of employees (end of period)	Average monthly salary
Chief Executive Officer	7	8,913	1	10,700
Senior management	27	7,361	6	8,063
Middle-level management	144	4,826	15	6,225
Specialists	781	2,955	38	3,688
Workers	303	1,583		
Total	1,262	2,986	60	4,877

* Due to the specifics of the project work, most of the employees of Energy Cells work under fixed-term contracts and part-time. As at 31 March 2023, the conditional number of employees in the company was 20.7 employees (31 March 2022: 14,6 employees).

Shareholders

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

There were no changes to EPSO-G's shareholder structure in 2023.

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

EPSO-G shares are not subject to any restrictions on the transfer of securities other than those provided for by law.

No convertible securities have been issued by EPSO-G or Group companies. EPSO-G has not acquired any of its shares. EPSO-G did not acquire or dispose of any of its shares during the reporting period. The Company's subsidiaries have also not acquired shares in the Company.

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

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

Company	ISIN code	Securities	Trading list	Securities manager
LITGRID AB	LT0000128415	LGD1L	BALTIC SECONDARY LIST	SEB bankas AB

Amber Grid, AB	LT0000128696	AMG1L	BALTIC SECONDARY LIST	SEB bankas AB
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The securities of other companies owned by EPSO-G are not traded on the stock exchange.