AMBER GRID AB CONSOLIDATED ANNUAL REPORT 2023

Vilnius
2024

CONTENT

FOREWORD BY THE CHAIRMAN OF THE BOARD

2023 was a successful year for Amber Grid. The Company maintained stable revenue and profit performance, and achieved significant results in network modernisation projects. Employee and customer satisfaction with the Company and its services improved during the year. The Company continues to present itself as a reliable and responsible company that plays an important role in ensuring the energy security of Lithuania and the entire Baltic region.

Last year, despite the complicated geopolitical situation and high gas prices at the start of this year, Amber Grid successfully ensured uninterrupted gas supply to all its customers. The Company made further investments in the modernisation and development of the gas transmission system: during the year, upgraded five gas distribution stations and other gas transmission system facilities, as well as implemented the reconstruction of sections in the Vilnius-Kaunas gas pipeline.

The environment and climate change reduction remains the area of particular attention in the Company. In 2023, the Company's solar power plants generated even more electricity from renewable sources, and its car fleet was upgraded by replacing polluting cars with electric or hybrid vehicles. In addition, the Company approved future plans to switch the existing gas compressor from gas to electric.

Although a gas pipeline incident in Pasvalys district marked the beginning of the year, the Company and its customers did not suffer significant losses. On the contrary, internal diagnostics of gas pipelines were improved, and around 600 km of gas pipelines across Lithuania were tested. The Company also held the campaign to raise public awareness for safety at gas pipelines.

Amber Grid will continue to pursue its goals outlined in the Strategy: to ensure reliable and secure gas supply, to increase the diversification of gas supply and to actively contribute to the development of green energy by participating in the implementation of green hydrogen and other renewable gas projects. I am grateful to my colleagues for a successful past year and wish Amber Grid sustainable growth, strengthening the Baltic energy sector and creating benefits for Lithuania in the dynamically changing energy sector.

Yours faithfully
Dalius Svetulevičius
Chairman of the Board of Amber Grid

CEO'S FOREWORD

2023 was a year of events, achievements and changes. We successfully implemented numerous projects, strengthened our presence in the region and took significant steps towards energy transformation.

Last year, we transported more than 61 TWh of gas through our well-developed gas transmission infrastructure to meet national and regional needs. This period was accompanied by exceptionally large gas flows towards Latvia. During the year, we transported as much as 19 TWh of gas to the underground gas storage facility and to the Baltic States and Finland. The strategic ELLI project implemented on the territory of Lithuania in 2022 served for this, boosting gas transmission flows to Latvia by a third. Since the interconnection capacities were also enhanced on the territory of Latvia at the end of 2023, the ELLI project is considered complete.

This was one of the last projects increasing the integration of the gas market in the Baltic region. After implementing it, we achieved that gas flows in large quantities between the Baltic countries and Finland. The Klaipėda LNG terminal, and the recently implemented GIPL and ELLI projects have substantially increased the gas infrastructure possibilities of Lithuania and the Baltic States, created economic and geopolitical benefits.

One of the key projects implemented by the Company last year was the reconstruction of sections in the Vilnius-Kaunas gas pipeline. The project, which cost more than EUR 13 million, was implemented on schedule and improved reliability and security of the gas supply. As part of our investments in network modernisation, last year we completed the reconstruction of five gas distribution stations in Šiauliai, Telšiai, Grigiškės, Vievis and Kėdainiai, as well as the installation of the pressure relief valve in the main gas pipeline branch to the Marijampolė GDS.

The gas pipeline incident on 13 January last year has motivated us to reinforce action on the security of infrastructure. We carry out a complete diagnostics of gas pipelines, held national training exercise and launched a public awareness campaign "Protect yourself and the pipeline".

We also successfully completed an international transaction by selling a majority of shares in our subsidiary, gas exchange GET Baltic, to the German gas exchange EEX. The transaction strengthens the region's energy market and brings benefits to all its participants.

2023 was also notable for concrete steps towards hydrogen energy. We launched hydrogen transport activities, established an Energy Transformation Centre and, together with the Ministry of Energy of the Republic of Lithuania, drafted guidelines for the development of the hydrogen sector in Lithuania. We have also entered the preparatory phase of the Hydrogen Corridor, one of the biggest future projects: together with Scandinavian, Baltic and European partners we are developing a feasibility study enabling to plan the Nordic-Baltic Hydrogen Corridor project.

Last year was also a breakthrough year for biomethane: we connected a link dedicated for biomethane supply to the gas transmission system. In July, biomethane production was put into pilot mode, and in September the first biomethane plant connected to the Lithuanian network started operating. The plant is expected to feed around 100 GWh of biomethane into the transmission system each year. The biomethane will be granted green gas guarantees of origin.

Taken together, these achievements prove that Amber Grid is a reliable and responsible company committed to care for energy security and sustainability. We will continue working towards a reliable and secure gas supply, and we will invest in infrastructure modernisation and contribute to the development of national green energy.

As we have increased our focus on sustainability, we have expanded the list of sustainability indicators being assessed. We disclose them in the Sustainability Report that accompanies the Annual Report. Diligent work in the field of sustainability will allow us to be seen as a responsible and valuable part of a sustainable society.

I am thankful to all Amber Grid's employees and colleagues for their dedication and cooperation. Your professionalism and efforts have enabled us to achieve a very satisfactory outcome. I am also thankful to our clients, partners and shareholders for their trust and support. I do believe 2024 is going toe an even more successful year. We will continue to strengthen our presence in the region, invest in the security and renewal of infrastructure, and play an active role in the energy transformation.

Yours faithfully
Nemunas Biknius
Chief Executive Officer
Amber Grid

1. OVERVIEW

The Consolidated Annual Report covers the reporting period for the year 2023.

1.1. BASIC DETAILS

Name	Amber Grid AB (hereinafter "Amber Grid" or the "Company")
Legal form	Public limited liability company
Date of registration and name of register	25 June 2013, Register of Legal Entities
Legal entity code	303090867
Manager of the Register of Legal Entities	State Enterprise Centre of Registers
Issued capital	EUR 51,730,929.06
LEI code	097900BGMP0000061061
Registered office address	Laisvės ave. 10, LT-04215 Vilnius, Lithuania
Phone	+370 5 236 0855
Email address	info@ambergrid.lt
Website	www.ambergrid.lt

Amber Grid is the gas transmission system operator in Lithuania, which ensures reliable and safe transporting of natural gas to its consumers through high pressure gas pipelines. The Company is responsible for the operation, maintenance and development of the Lithuanian gas transmission infrastructure consisting of a network of nearly 2,300 km-long gas pipelines and two gas compressor stations. A well-developed gas transmission infrastructure in Lithuania is convenient for transporting large volumes of energy to Poland, the Baltic States and Finland.

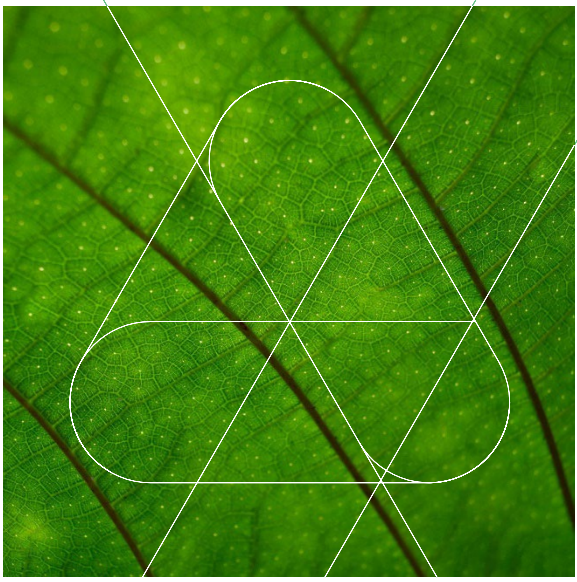
The Company has implemented two strategic energy projects, i.e. GIPL and ELLI, which interconnected the gas transmission systems of Poland and Lithuania, and fostered integration of the Baltic and Finnish gas markets into the pan-European gas trading market.

As part of its decarbonisation goals, Amber Gird takes active measures to look into innovative technological and market solutions and to facilitate adaptation of the Lithuanian gas transmission system to transporting green gas, including hydrogen. Amber Grid also administers the National Register of Guarantees of Origin for gas produced from renewable energy sources (RES).

Amber Grid is a part of the EPSO-G UAB group of companies (hereinafter "EPSO-G" or the "EPSO-G Group"). EPSO-G is a state-owned group of energy transmission and exchange companies, and EPSO-G UAB acts as a holding company of the EPSO-G Group, with its shareholder's rights and obligations implemented by the Ministry of Energy of the Republic of Lithuania. For more information about EPSO-G UAB and the EPSO-G Group, see www.epsog.lt.

Amber Grid holds 34% of shares in the GET Baltic UAB gas exchange. GET Baltic, a part of the EEX gas exchange, undertakes and develops gas exchange trade in Lithuania, Latvia, Estonia and Finland. For more information about GET Baltic, see www.getbaltic.com.

The Company has no branches and representative offices.



VISION

An environmentally friendly, innovative energy company in the integrated European gas network.

MISSION

To develop the system that enables competition and the use of climate-friendly energy.

1.2. PERFORMANCE INDICATORS

Table 1. The Company's performance indicators in 2021–2023

	2023	2022	2021
Quantity of gas transported to domestic exit point and used for own needs, GWh	14913	15576	24136
Quantity of gas transported to adjacent transmission systems [1], GWh	46326	48213	28595
Number of systems users at the end of the period	127	122	110
Length of main gas pipelines, km	2288	2288	2285
Gas distribution stations and gas metering stations (number of units)	68	68	67
Number of employees at the end of the period	340	332	324

1.3. SIGNIFICANT EVENTS

01 January

13 January. An incident in the Pasvalys district in the northern part of Lithuania on the gas pipeline of Amber Grid occurred, during which the fire broke out. There were no human injuries during the incident. The gas ignited during the incident and the fire ceased after 4 hours. The gas transmission system at the site of the incident consists of two parallel gas pipelines running towards the direction of Latvia. The incident occurred in one of them, while the other pipeline was not damaged. The gas transmission to the damaged pipeline was immediately

[1] The transmission systems in Latvia, Poland and the Karaliaučius Region

cut off. The gas transmission to the Pasvalys district and other consumers in Northern Lithuania is ensured through a parallel pipeline. The gas transmission to Latvia was also restored on the same evening. The damaged gas pipeline was repaired in few days, and the gas transmission to Latvia was fully restored on 16 January. The causes of the incident are being investigated.

02
February

8 January. Amber Grid started the reconstruction of one of the most important gas transmission arteries in Lithuania – Vilnius-Kaunas gas pipeline: almost 17 km of gas pipeline sections in Kaunas and Kaišiadorys districts. The reline of the section is planned to be completed in 2023.

03
March

16 March. European Energy Exchange AG (EEX) was awarded the contract following the conclusion of the international public tender to select a strategic partner for GET Baltic gas exchange. The Board of Amber Grid made a decision to approve the sale of 66% shares of GET Baltic to EEX for EUR 6.5 million. This price reflects GET Baltic' strong performance in 2022, with revenues of EUR 1.61 million and EBITDA of EUR 0.93 million, as well as future business prospects.

04
April

11 April. the ordinary General Meeting of Shareholders, elected Paulius Butkus, nominated by the parent company EPSO-G to the Board of Amber Grid for the remainder of its term of office.

11 April. The ordinary General Meeting of Shareholders of Amber Grid resolved to distribute the Company's profit for 2022 and to grant a dividend of EUR 0.0676 per share. In total, more than EUR 12 million in dividends was paid.

14 April. Amber Grid participating in the international Nordic-Baltic Hydrogen Corridor project, launched the international public procurement for developing the feasibility study. This is another important step in the development of Europe's hydrogen infrastructure, following the signing the cooperation agreement in December 2022 between the transmission system operators of six European Union countries for the implementation of a cross-border project – the Nordic-Baltic Hydrogen Corridor.

05
May

16 May. Amber Grid and the European Energy Exchange AG (EEX) have officially signed an agreement under which EEX will acquire a 66% stake in regional gas exchange GET Baltic. The gas exchange, which operates in the three Baltic countries and Finland, thus became part of the EEX Group. Amber Grid continues to hold the remaining 34% of shares.

23 May. Amber Grid set gas transmission service prices for 2024. The prices are based on the regulatory revenue cap approved by the Council. Compared to the average price of transmission services for Lithuanian consumers in 2023 (EUR 1.39/MWh), the price will increase by 7% to EUR 1.49/MWh in 2024. The gas transmission service price makes up only a few percent of the final price paid by consumers for gas.

06
June

2 June. As part of its internal investigation and assessment of available information, Amber Grid contacted the Prosecutor's Office regarding the GIPL pipeline connection fittings. The ongoing process does not have any impact on the normal operation of the GIPL pipeline.

Previous and new additional tests and investigations carried out on the pipeline and its components confirm that the pipeline is technically safe and reliable.

In June 2023, the internal diagnostics of the GIPL pipeline was carried out as previously planned.

07
July

25 June. Amber Grid has initiated a public awareness campaign “Saugok save ir dujotiekį” (Protect yourself and the pipeline) to encourage residents to pay attention to the main gas pipelines and surrounding infrastructure. It highlights important aspects of living or working near a main gas pipeline, as well as applicable rules, permits and restrictions.

08
August

1 August. Special land use conditions become applicable for areas within the location classes of trunk gas pipelines. This change will raise public awareness of the standards for property development near gas transmission system facilities, and will encourage people to plan their activities near gas pipelines more carefully, to check the applicable activity restrictions and to comply with the rules. From now on, the registered main gas pipelines' class location will be recorded in the extract of the land plot's legal registration from the real property register. This change is being made by Amber Grid to implement the provisions of the Law on Special Land Use Conditions of the Republic of Lithuania.

09
September

September 18. The first biomethane plant started operating in Pasvalys district. The plant feeds green gas into the transmission system, Tube green biomethane plant facilities were connected to the gas transmission system in the middle of the year as part of a joint project between Amber Grid and Tube green. Around 100,000 megawatt hours (MWh) of biomethane is expected to be injected into the transmission system from this plant each year. This will account for up to 0.6% of Lithuania's total gas demand. In the future, biomethane production is expected to increase to as much as 250,000 MWh.

10
October

October 9. As part of its contribution to a sustainable Lithuania, Amber Grid has launched hydrogen transport activities, develops hydrogen-related projects and aims to become the Lithuania's hydrogen infrastructure operator. This will allow timely integration into the European green hydrogen transport network currently under development. Amber Grid established the Energy Transformation Centre to accelerate the development of hydrogen transport activities. Its specialists are responsible for the development of the hydrogen gas transport network and market, and the adaptation of the existing gas transmission system to the transport of the gas-hydrogen mixture. They will also ensure the development of the Green Gas Guarantee Register and the creation of the necessary partnerships to enable energy transformation.

11
November

November 13. Amber Grid and Conexus Baltic Grid, Lithuanian and Latvian transmission system operators, respectively, has started to offer increased technical capacity at the Kiemėnai interconnection point. As a result of the accelerated implementation of ELLI project, the technical capacity was increased to 82 GWh/d from Latvia to Lithuania with a possible dynamic increase to around 100 GWh/d. Last year, the technical capacity was increased to 90 GWh/d from Lithuania to Latvia with a possible dynamic increase to around 100 GWh/d.

12
December

December 1. Amber Grid completed the reconstruction of sections of the Vilnius-Kaunas gas pipeline, one of the most important gas transmission arteries in Lithuania. The project cost more than EUR 13 million and involved the relining of almost 17 km of gas pipeline sections in Kaunas and Kaišiadorys districts.

December 8. Amber Grid modernised five gas distribution stations in Šiauliai, Telšiai, Grigiškės, Vievis and Kėdainiai, and installed a gas pressure limiting unit at the branch of the gas pipeline to the Marijampolė gas distribution station. The renewal works took one and a half years and the total investment in these projects amounts to EUR 14 million.

December 14. Amber Grid announced a public tender for the purchase of an electric compressor for gas transmission. The 5 MW electric compressor will be built on the territory of the Jauniūnai gas compressor station and will be used as required together with, or separately from, the three existing 11.5 MW gas compressors. This project will reduce compressor maintenance costs. Moreover, electric compressor will operate using only green energy, which will reduce air pollution.

Events after the reporting period

01
Janua

3 January. The European Gas Transmission System Operators Gasgrid Finland (Finland), Elering (Estonia), Conexus Baltic Grid (Latvia), Amber Grid (Lithuania), GAZ-SYSTEM (Poland) and ONTRAS (Germany) participating in the international project for the creation of the Nordic-Baltic Hydrogen Corridor signed a contract on the pre-feasibility study on the green hydrogen corridor. AFRY Management Consulting, the winner of the tender, will analyse the conditions for the development of cross-border hydrogen infrastructure from Finland, through the Baltic countries and Poland to Germany, as well as green hydrogen trends in the region. It is planned that the study, which will provide a comprehensive, fact-based framework to allow the optimal decisions to be made, will be prepared in six months, by the middle of 2024.

26 January. The ELLI project, a joint partnership between Amber Grid and Latvian gas transmission and storage system operator Conexus Baltic Grid, has been officially completed. The project increases the interconnection capacity in both directions, strengthening the security of natural gas supply in the region. The ELLI project was included in the BEMIP gas priority corridor in the list of projects of common interest adopted by the European Commission, and co-financed by the European Union.

1.4. MEMBERSHIP

The Company has membership in the following organisations: European Network of Transmission System Operators for Gas ENTSOG (www.entsog.eu), Association Polish and Lithuanian Chamber of Commerce, National Lithuanian Energy Association, Lithuanian Liquefied Natural Gas (LNG) Platform, EASEE-gas Association, European Renewable Gas Registry (ERGaR), European Clean Hydrogen Alliance, Lithuanian Hydrogen Platform, Lithuanian Hydrogen Energy Association, association INFOBALT, European Hydrogen Backbone initiative:

ENTSOG was established in accordance with Regulation No. 715/2009 of the European Parliament and of the Council, as an organisation facilitating cooperation between the gas transmission system operators at the European Community level.

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

The National Lithuanian Energy Association develops a common position of the energy sector, represents the interests of its members with the state authorities, public and international organisations, seeks to ensure development and improvement of electrical energy and gas supply conditions for the domestic consumers, and promotion of progress in the economic and technical energy sector.

LNG

The Lithuanian Liquefied Natural Gas (LNG) Platform partners seek to promote the use of LNG as a new, cleaner and less noisy fuel in the sectors of transport, industry and others, in order to build a single information and operation platform for all potential LNG market participants.

EASEE-gas association was set up to develop and promote business practices to simplify and streamline physical transporting of gas and trading across Europe.

The main purpose of **ERGaR Association** is to promote, develop and maintain a trustworthy system that meets the EU regulatory requirements and enables cross-border trade in certificates of origin for renewable gases via the European natural gas network while preventing double sale and double counting of renewable gases.

ECH2A

Amber Grid is a member of the **European Clean Hydrogen Alliance**, which aims to assist with the implementation of the goals of the EU Hydrogen Strategy in order to support the scaling up of renewable hydrogen value chain across Europe.

LHP

Amber Grid is a member of the **Lithuanian Hydrogen Platform** set up under the Ministry of Energy. The platform aims to help achieve the goals of the EU Hydrogen Strategy to create a full-fledged and affordable renewable hydrogen value chain. It also promotes the use of hydrogen as a clean fuel, energy source and carrier in the sectors of transport, industry and others, as well as promotes engagement of local businesses and organisations in the activities of the hydrogen value chain as they develop and manufacture products and prove services for the domestic and external needs.

Amber Grid is a member of the **Lithuanian Hydrogen Energy Association**. The Association joins the local scholars and business organisations and participates in the formation of national, regional and EU policy and goals, including the preparation of strategy and hydrogen development action plan during the legislative process of legal acts regulating the hydrogen energy sector in Lithuania; also contributes to proposition of legislative initiatives that would promote local development of hydrogen technology, thereby ensuring cross-sector hydrogen integration and implementation of related technologies; and promotes joined initiatives in research & development activities, innovations, etc.

Amber Grid is a member of **association INFOBALT**. INFOBALT is the information, communication and technology sector association aiming to create the best conditions for application of technologies, market expansion and export. In cooperation with partners of this association Amber Grid develops a think tank cooperation platform of the energy, science and IT field EnergyTech, which brings together energy companies, scientific community and the most advanced and experienced IT and technology companies. The EnergyTech platform develops in three directions: the bank of innovative ideas and the centre of exportable competences; the area for like-minded professionals for an effective dialogue to promote innovations in the energy sector; the leader bringing together the local, regional and international community to ensure a sustainable energy of the future.

Amber Grid is the member of the European hydrogen development initiative **European Hydrogen Backbone**. Members participating in the initiative create a shared vision for hydrogen transportation infrastructure across Europe.

AIB

Amber Grid is the member of **AIB**, the organization uniting bodies issuing guarantees of origin in Europe. AIB creates and develops a standardized system for the exchange of guarantees of origin of energy among the bodies issuing guarantees of origin of the European Union and the member states of the European Economic Area to ensure a reliable, transparent and economical cross-border exchange of guarantees of origin of energy.

In 2023, Amber Grid joined **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, to 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 FORECAST

In pursuit of full energy independence from the Russian gas, in response to Russia's blackmailing of Europe over energy and the outbreak of war in Ukraine, Lithuania has completely discontinued imports of Russian gas: the Lithuanian gas transmission system has been operating without imported Russian gas since 1 April 2022. Lithuania's entire gas demand is met through Klaipėda Liquefied Natural Gas (LNG) terminal, and Santaka entry point for gas from Poland, and Kiemėnai entry point for gas from Latvia.

Gas is continued to be transported to the Karaliaučius Region by transit through Lithuania, however, in an unusual technical mode, which ensures transmission of gas only to the extent necessary for the transit.

During 2023, 37.3 terawatt hours (TWh) of gas was supplied to Lithuania, excluding gas transported to the Karaliaučius Region. This was by 7.7% less than 40.4 TWh of gas transported to Lithuania in 2022. The pipeline connection to Latvia transported 19.1 TWh of gas for the needs of other Baltic States and Finland, which is by 3.9% more than 18.4 TWh transported towards the Baltic States in 2022. The pipeline connection to Poland transported 3.2 TWh of gas, which is by 49.3% less than 6.4 TWh transported towards Poland in 2022.

Decrease in gas consumption in Lithuania in 2023 was marginal. In total 14.9 TWh of gas was consumed in Lithuania during 2023, which was 4.3% less compared to 2022, when the demand was 15.6 TWh of gas. The lower gas consumption is due to the warm winter, high gas prices in the first months of the year and the resulting significant reduction in gas use for fertiliser production and urban heating.

Klaipėda LNG terminal continues to be the most important source of gas supply for Lithuania and the Baltic States.
During 2023, the terminal supplied 31.9 TWh of gas, or 84.6% of the total, 2.5 TWh, or 6.6%, from Latvia and 3.3 TWh, or 8.7%, from Poland. Klaipėda LNG terminal capacity is fully booked until 2033, i.e. 33 TWh of capacity will be allocated to the terminal's customers each year.

From end-2022, biomethane produced in EU countries meeting sustainability criteria has been imported to Lithuania. Guarantees of origin recognised in Lithuania were issued for this biomethane. In 2023, a total of 40 GWh of biomethane was imported to Lithuania.

The guarantees of origin were also issued for the biomethane which been produced in Lithuania since the summer of 2023. By the end of 2023, 47 GWh of biomethane was produced in Lithuania.

In the context of fight against climate change, adoption of more stringent requirements of the EU environmental policy, promotion and expansion of use of renewable energy sources, and more efficient use of energy – all these factors will contribute to lower consumption of natural gas for energy purposes and for the needs of the industry sector in Lithuania. However, due to the limited number of alternatives in some of the industries and segments of the transport sector, and due to competitiveness while rendering balancing, reservation services in the heat and electricity sectors, natural gas will play an important role as a transitional source of energy in pursuance of pan-European and national goals to reduce greenhouse gas emissions. At the same time, gas transported via the pipelines will change with an increasing share of green gas: biomethane and gas generated through the process of conversion of green electricity – green hydrogen and synthetic methane.

In its National Energy Independence Strategy, Lithuania has set ambitious goals that will contribute significantly to the implementation of the United Nations' 2030 Agenda for Sustainable Development, and implementation of the goals set forth in the Paris Agreement, and the goals set forth in the EU's 2030 Climate and Energy Framework. They aim to increase the share of renewable energy sources (including biomethane and other RES-produced gases) in the country's total final energy consumption: The Law on Energy from Renewable Sources of the Republic of Lithuania sets a target of at least 55% of renewable energy sources in the country's total final energy consumption by 2030, with a further increase in this share.

In Lithuania, similarly as in the EU, it is expected that natural gas will remain an important energy source at the time of transition to a low-carbon economy. The domestic annual demand for natural gas will reach around 20 TWh by 2030, of which more than 50% will represent demand for gas as a raw material in the fertilizer production industry.

There is an urgency to transform Europe's energy system:

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) has launched the RePowerEU plan in 2022 as a response to the difficulties and disruptions in the global energy market caused by Russia's invasion of Ukraine.

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

- energy savings,
- diversification of energy supplies,
- accelerated roll-out of renewable energy

The gas sector and networks can effectively contribute to the creation and development of the European hydrogen economy as envisaged in the EU Hydrogen Strategy. The European Commission envisages two phases – the transition period until 2030 and the 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 (hereafter the "Decarbonised Gas Package"). The package comprises a Regulation and a Directive. The aim of the initiative of the proposals stipulated in the Directive and the Regulation is to facilitate the integration of renewable and low-carbon gases, particularly hydrogen and biomethane, into the energy system. The objective is a 55% reduction in methane emissions compared to 1990 by 2030 and the achievement of the climate-neural economy in the EU by 2050.

One of the main objectives of the Gas Package is to create the hydrogen market, develop a proper environment for investments and facilitate the development of the related infrastructure and trade with the third parties. Firstly, the access to the hydrogen infrastructure, segregation of the hydrogen production and transport activities and setting the tariffs will be governed by the market rules.

Geopolitical circumstances and rise in energy prices caused a stronger focus on the importance of energy security, particularly at the time of volatile global markets. The European Commission has offered to improve resilience of the gas system and strengthen the existing supply security provisions. In case of shortage, none of the households in the European Union will be left without help, and the international automatic solidarity will be enhanced through new pre-agreed measures and revisions regarding control and compensations in the internal energy market. The Gas Package expands the current rules to ensure their application to renewable and low-carbon gases, and new provisions are stipulated to address the arising cyber security risk.

In 2020, the European Commission introduced the EU Strategy for Methane Emission Reduction, which, inter alia, aims to reduce the methane emission levels in the energy sector. At the end of December 2023, the agreement was reached regarding provisions of the Methane Regulation. In 2020, the Methane Strategy was published. The Strategy provides for that hydrogen generated from renewable energy sources will become of critical importance by the year 2050, thereby seeking to achieve climate-neutral economy in the EU. The above document, as well as the Gas Package, are expected to have a considerable impact on the gas transmission activities in the future.

2.2. REGULATORY ENVIRONMENT

The application of the network code on harmonised transmission tariff structures for gas (TAR NC) established by Commission Regulation (EU) 2017/460 of 16 March 2017 was started in 2020 for pricing of transmission services.

The changes in the existing regulation of the Council had an impact on the Company's operations and results. The regulatory period that started in 2019 resulted in a necessity for the Company to apply new Council-approved methodology for determining the rate of return on investments, and the rate of return on investment was significantly reduced (from 7.09% to 3.33-3.96%) as from the beginning of 2019. According to provisions of the said methodology, the rate of return on investments shall vary annually during the course of the regulatory period from the beginning of the current regulatory period. For 2023, it has so far been used by the Council for the determination of the Company's allowed revenue at 3.94 %, but will be adjusted to 3.96 %.

The new regulatory period of 2024-2028 is approaching and the related actions carried out 2023 were as follows:

- The public consultation on Amber Grid's pricing for the period from 2024 onwards was published by the Council from 1 December 2022 to 1 February 2023 (https://www.vert.lt/Puslapiai/bendra/viesosios-konsultacijos/vykstancios-viesosios-konsultacijos.aspx) and did not receive any comments from market participants.
- Following the public consultation on 31 March 2023, the Agency for the Cooperation of Energy Regulators (ACER) published its opinion with recommendations on gas transmission pricing in

Lithuania (acer.europa.eu/Publications/Agency_report-analysis_of_the_consultation_document_for_Lithuania.pdf).

- In H1 2023, the methodology for determining the revenues and prices of state-regulated natural gas transmission activities was amended.
- In May 2023, the Council set the Company's revenue cap (RC) for 2024, the first year of the new regulatory period.
- In May 2023, the transmission service prices for 2024 were set. The average transmission price for Lithuanian consumers will increase by 7% from EUR 1.39 to EUR 1.49 per MWh.
- As of July 2023, the updated methodology for determining the rate of return on investments apply.

The position that the next public consultation on the applicable pricing principles would be published in end-2024 in respect of the pricing methodology to be applied from the 2026 tariff period has also been discussed with the Council.

2.3. INFORMATION ON ACTIVITIES OF GET BALTIC IN 2023, IN WHICH AMBER GRID HOLDS SHARES

getbaltic

Name	GET Baltic UAB (hereinafter "GET Baltic" or the "Company")
Legal form	Private limited company
Date of registration and name of register	13 September 2012, Register of Legal Entities
Legal entity code	302861178
Manager of the Register of Legal Entities	State Enterprise Centre of Registers
Issued capital	EUR 580,450.00
Registered office address	Geležinio Vilko st. 18A, LT-08104 Vilnius, Lithuania
Phone	+370 5 36 0000
Email address	info@getbaltic.com
Website	www.getbaltic.com

GET Baltic, the 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 with Registered Reporting Market Operator (RRM) status granted by the ACER. The company operates the 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 developing 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.

In 2023, the results of GET Baltic reflect an upward trend. These successful results can be attributed to a consistent effort in the developing of the exchange, a growing community of exchange participants, and infrastructure projects that were developed in the region. One of the region's major infrastructure projects is the Inkoo LNG terminal in Finland, which received its first shipment in April 2023. In addition, the underground gas storage facility in Inčukalns, Latvia, played a significant role in 2023. The storage reached its almost full capacity in October, thus optimising region's preparation for the coming winter. Finally, tin 2023, the GIPL pipeline, connecting the gas transmission systems of Poland and Lithuania, in addition integrating Baltic countries and Finland into a unified European Union gas network, remained a crucial element of this growth. Noticeable increase in the attractiveness of the region led to the registration of new participants of neighbouring markets on the exchange, and a notable increase in their activity on the exchange trading system. All of these significant developments in the region reflected in GET Baltic's trading results through increased liquidity and competition.

The most significant change in 2023 was the sale of shares in GET Baltic. To ensure optimal use of the potential of the opening of the European gas market and to provide the opportunity to offer customers of the regional gas exchange GET Baltic the cutting-edge gas trading solutions, the Company's sole shareholder announced the selection of the strategic partner for the GET Baltic exchange early in 2022. On 16 March 2023, the EEX exchange was selected as GET Baltic's strategic partner following the conclusion of the international public tender. On 16 May 2023, Amber Grid and EEX have officially signed an agreement under which EEX will acquire a 66% stake in GET Baltic. GET Baltic, the gas exchange operating in three Baltic countries and Finland, thus became part of the EEX Group. Amber Grid continues to hold the remaining 34% of shares.

On 4 December 2023, EEX successfully launched REMIT inside information disclosure services for Baltic-Finnish natural gas markets, offered by GET Baltic until 27 December 2023. 23 customers have signed up to use EEX's inside information disclosure services for the Baltic-Finnish gas markets. It is the first joint accomplishment in the framework of the integration of the Baltic-Finnish gas markets into EEX.

Aiming to implement the client-focused strategy of the organisation, fulfil client expectations as well as improve the quality of products and service, the client satisfaction survey was conducted by the Company in September 2023. In the course of this survey, GET Baltic customers expressed their views on their experience of working with GET Baltic and provided their evaluation relating to the scope, quality of products, service, and employees as a knowledge and competence centre. The client satisfaction survey results showed that the clients of GET Baltic consider the company to be a stable entity that complies with the high standard of the market services.

In the upcoming year, GET Baltic will continue to drive the work forward, will strive to take advantage of the open opportunities in the European gas market, will continue to improve the quality of its services, and will meet market participants' and shareholders' expectations regarding the ambition to strengthen the Baltic and Finnish gas markets and foster integration into the pan-European gas trading markets. The partnership with the EEX Group will be aimed at harmonising GET Baltic's short- and long-term products with other trading zones by 2025, which will be offered under EEX's German exchange licence, and making use of the EEX trading infrastructure as well as state-of-the-art clearing services provided by European Commodity Clearing AG.

Gas Exchange GET Baltic performance in 2023:

- Trade turnover amounted to 9.1 TWh or 31% more compared to 2022 (6.9 TWh);
- Gas quantities traded through cross-border transactions amounted to 2.1 TWh or 15% less than last year (2023: 2.5 GWh);
- 49% of the total traded volume was purchased in Lithuania (4,481 GWh), 21% in the common Latvian-Estonian market area (1,949 GWh) and 29% in Finland (2,670 GWh);
- A total of 32,213 transactions were made on the exchange, i.e. 28% more compared to 2022 (25,101 transactions);
- Orders were submitted by 70 participants of the exchange, all of them concluded transactions successfully (in 2022, orders were successfully submitted by 66 participants of the exchange);
- At the end of 2023, there 118 registered participants on the exchange: 86 on the Lithuanian trading floor, 42 on the joint Latvian-Estonian trading floor and 38 in Finland.
- The cheapest transaction was recorded in November for EUR 10 per MWh, and the most expensive transaction was registered in February – for EUR 139 per MWh.
- In 2023, 9 new participants were registered on the Exchange.

118
Exchange participants

70
Active exchange participants

9,100 GWh
Trade turnover

32,213
Concluded transactions

Fig. 1. GET Baltic performance in 2023

Trade floor	Number of Exchange participants	Purchase turnover, GWh	Sale turnover, GWh
Finland	38	2.670	2.124
Latvia-Estonia	42	1.949	2.031
Lithuania	86	4.481	4.944

3. STRATEGY

3.1 VISION, MISSION, OBLIGATIONS AND PRIORITIES

The Company continued implementing the updated long-term Amber Grid strategy by 2030, which was approved by the Board at the beginning of 2023.

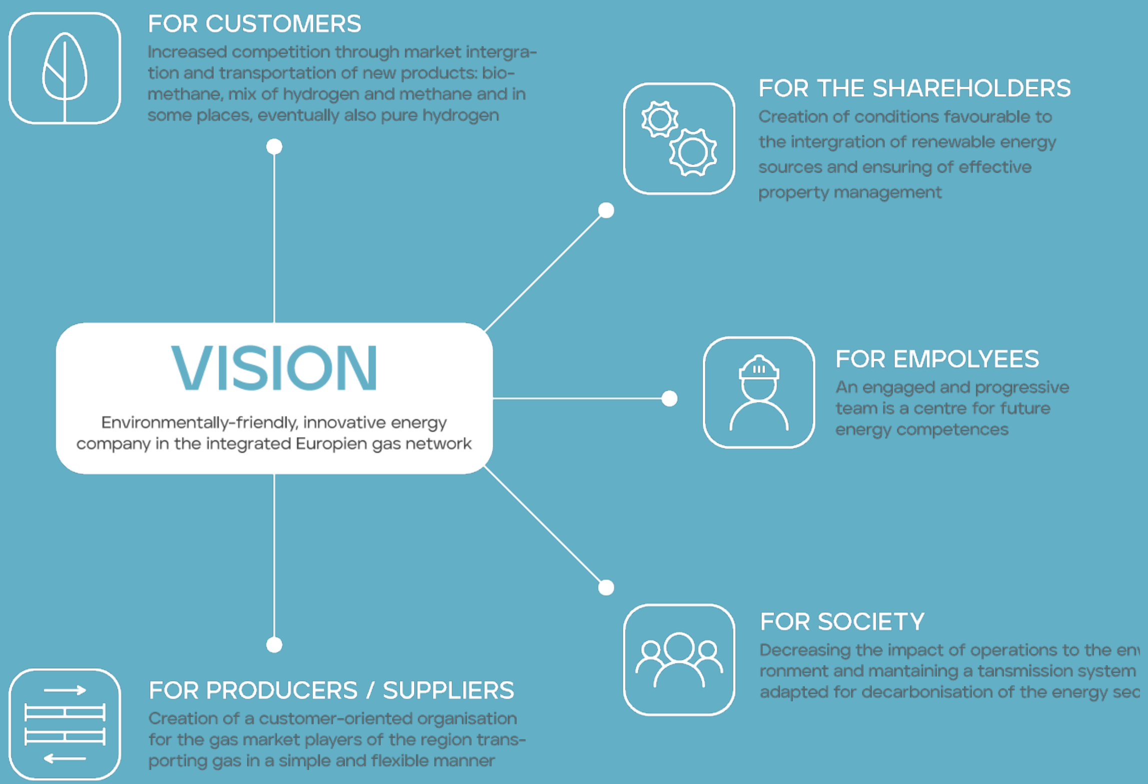
A key goal se in the Company's strategy is to work together on Lithuania's energy transformation towards a climate neutral economy. The natural gas transportation system, including main gas pipelines, gas distribution, metering and compressor stations, is an integral part of the Lithuanian energy system. It plays an important role in the creation of an environment-neutral economy and, more importantly, a cleaner and safer future. Amber Grid is ready to transform the natural gas system by adapting it to the safe transportation of renewable energy sources, that is biogas, a mix of methane and hydrogen and pure hydrogen, as well as to create a new system for hydrogen transportation. We aim to integrate into the single European market by creating a unified system that will help the country to follow the European Green Deal confidently, and consumers to benefit from clean energy at the best price.

Value for stakeholders is the axis of the strategy. Five stakeholders are in the focus of attention: customers, producers/suppliers, shareholders, the society and employees, and the Company is committed to create value for each of them.

For each stakeholder, we have defined obligations and the unifying mission thus identifying the main purpose as long-term obligations to the stakeholders.

Fig. 2. Amber Grid's commitments to stakeholders

Fig. 3. Amber Grid's strategic priorities for the period until 2030



Main guidelines for the implementation of the strategy during the 10-year period have been prepared for each stakeholder, with specific actions planned for each year of the period.

Based on the main strategy implementation guidelines, we have formulated objectives, measures and strategic performance indicators for the short term (3-year period).

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

Table 2. Long-term strategic objectives and main performance indicators of the Company

	Consumers	Producers / Suppliers	Founder	The public	For each other
Objectives	• Adapt the transmission system for green gas supply to the market	• Create the customer-centric organisation • Implement strategic projects provided for in the NEIS in a timely manner and to the envisaged extent	• Ensure sustainable returns to shareholders • Ensure efficient management of the system to accommodate RES integration	• Reduce the environmental impact of operations • Enable gas sector transformation through RES integration	• Create inclusive and advanced organisation • Create an advanced organisation - Centre of Excellence for Future Energy
Key performance indicators	• Implementation of the action plan for adapting the transmission system for the supply of green gas to the market on time and to the envisaged extent	• Customer satisfaction index, % • Implementation of strategic projects covered by the NEIS in a timely manner and to the envisaged extent	• ROE • Allowable return to be earned by the regulator (EUR m) • Quantity of RES gas in the system (TWh)	• Reduction of the environmental impact of operations (CO2, CH4 emissions, etc.) • Quantity of RES gas in the system (TWh)	• Employee engagement (%) • Recognised new gas experts are invited to deliver reports on this topic in at least two Lithuanian and international conferences each year
Result in 2030	• Created possibilities for transporting hydrogen and gas mixtures according to new national and transnational standards • Quantity of RES gas entering the gas system (with guarantees of origin) – 1.6 TWh	• •Customer satisfaction index in 2030 ≥80% • •Implemented NEIS projects on time and with 100% of the expected scope	• ROE not less than established by the RL Government • 100% of allowable return to be earned by the regulator • Quantity of RES gas entering the gas system (with guarantees of origin) – 1.6 TWh	• Environmental impact of operations (CO2, CH4 emissions, etc.) reduced by 2/3 compared with the established base year • Quantity of RES gas entering the gas system (with guarantees of origin) – 1.6 TWh	• Employee engagement by 70 % • Centre of Excellence for New Gas – shaping future energy trends, lawmaking, business model

To achieve the objectives set, Amber Grid continuously evaluates changes in the operating environment, the implementation and progress of the strategy, and updates the strategy document as necessary. More detailed information on the Company's strategy can be found at https://ambergrid.lt/strategy
Table 3 below shows the status of implementation of the strategy.

Table 3. Implementation of the Company's strategy

CONSUMERS	
Goal	
To adapt the transmission network to placing of green gas on the market	We are actively examining and creating options for transporting a methane-hydrogen mixture. With this objective, we are looking into the possibility of integrating a hydrogen production unit into the gas system. In 2023, preparations were made to implement a project for the blending of hydrogen into the natural gas system. In addition, favourable conditions for the connection of biomethane producers to the gas transmission system in 2023 have been created to ensure market access for green gas.
Indicator achieved in 2023 *The amount of RES gas entering the gas system (with guarantees of origin) was **0.09 TWh** (planned 0.05 TWh).*	

PRODUCERS/SUPPLIERS	
Objectives	
To create a customer-oriented organisation	The customer satisfaction survey, which was conducted for the third year in a row, showed very positive results (the GCSI index reached 83%). In 2023, we focused on active engagement with our customers to meet their expectations as expressed in the 2022 survey. The implementation of an automated solution platform for servicing contractors and other interested parties has been delayed in finding a suitable technical solution and negotiating the scope of work. To implement one of the objectives of this goal, an analysis was carried out together with Klaipėdos Nafta on the expansion of the LNG terminal capacity. Opinion polls revealed that the extension project is not yet relevant for market participants.
Indicator achieved in 2023 *Customer satisfaction indicator (GCSI) achieved – **83%** (planned ≥80)*	
To implement the strategic projects provided for in the National Energy Independence Strategy in a timely manner and within the planned scope	As part of the ELLI project, all scheduled work was completed, the capacity of the gas interconnection in the direction of Lithuania and Latvia was increased.
Indicator achieved in 2023 *Strategic projects under the NEIS/NECP were implemented in a timely manner and within the planned scope, i.e. **100%** achievement (as planned)*	
FOUNDER	
Objectives	
Ensure a sustainable return for the shareholder	A more detailed overview of the objective "To ensure a Sustainable Return to the Shareholder" is provided in section Financial results.
To ensure efficient management by adapting it to integration of renewable energy sources	A number of measures are foreseen to achieve this goal. The Estonian, Finnish, Latvian and Lithuanian natural gas transmission systems were assessed for their technical capabilities to supply and transport hydrogen; a study on the identification of the necessary modernisation measures and investments was carried out. Additionally, a study on the transformation of the Lithuanian energy system has been prepared together with the EPSO-G Group companies. The contract was signed with a study developer for the development of the Nordic-Baltic Cross-Border Hydrogen Corridor. A feasibility study was carried out on the optimisation of the gas compressor station capacities and ensuring continuity of their operation through the decarbonisation of the gas transport system, and preparatory work has been initiated for their reconstruction. Favourable conditions for the connection of biomethane producers have been created: easier connection to the transmission system, and the possibility to independently install both own and Amber Grid's part of the system. In September 2023, the first biomethane producer was connected to the natural gas transmission system. All sections of the main pipelines subject to diagnostics have been adapted for diagnostics. Continuous improvement of selected performance indicators through participation in a benchmarking initiative with transmission system operators from 12 countries in Europe The planned maturity to apply digital solutions/tools in the construction and operation of the transmission system has been achieved. The implementation of the actions laid down in the Company's information security management plan for 2023 was continued. The introduction of common IT systems in the companies of the group has been postponed upon the performance of a detailed analysis, a new concept is being developed. The implementation of the Law on Special Land Use Conditions of the Republic

	of Lithuania is carried out according to the timetable set by the legislation. Planned IT measures were implemented.
Indicator achieved in 2023 *The amount of RES gas entering the gas system (with guarantees of origin) was **0.09 TWh** (planned 0.05 TWh).*	
THE PUBLIC	
Objectives	
To enable the transformation of the gas sector by integrating renewable energy sources	Preparations are made for the integration of the national system of guarantees of origin for gas produced from RES (including hydrogen) into the European system by launching a self-service portal, testing in an operating environment.
Indicator achieved in 2023 *The amount of RES gas entering the gas system (with guarantees of origin) was **0.09 TWh** (planned 0.05 TWh).*	
To significantly mitigate the impact of operations on the environment	One of the top priorities for the Company is to significantly mitigate the impact of operations on the environment. An investment plan for the planned measures to reduce GHG emissions has been drawn up, and the measures set out in the GHG emission education plan are being implemented. In 2023, the reduction target was exceeded by 18,999 thousand t of CO_2. The Scope 3 emissions inventory took place in the Company.
Indicator achieved in 2023 *Reduction of GHG emissions: reduced by **18, 999 t CO_2** (planned by 14,1 thousand t CO_2)*	
EMPLOYEES	
Objectives	
To create an engaged organisation	The Company builds an engaged organisation through a number of measures and developments. The Company develops e-learning system, implements a motivating remuneration system in line with market trends, and has a plan for the improvement of the employer's image in place.
Indicator achieved in 2023 *The Company's employee engagement is 72% (planned ≥70)*	
To create a progressive organisation – a centre for future energy competencies	There is a slight delay in the deployment of the interactive learning and training platform. It has been decided to acquire this platform at EPSO-G group level. Both top managers and middle managers and professionals take an active part in conferences. Efforts to create a culture of efficiency resulted in the implementation of some planned initiatives, estimation of savings. The measures taken are not combined into a single systematic and continuous programme.
Indicator achieved in 2023 *Recognised new gas experts invited to deliver reports on this topic at least in 2 conferences held in Lithuanian and internationally on an annual basis **>2** (planned <2)*	

3.2. OPERATING AND FINANCIAL OBJECTIVES

The Board of the Company formulated and approved the annual operating objectives of the Company for the year 2023. Both financial and non-financial objectives set for the Company and the objectives of the Company's manager are identical. The Company's manager reports to the Board for the achievement of the set objectives.

The table below presents the status on the implementation of the Company's objectives set for the year 2023.

Table 4. Status of the implementation of the Company's objectives for 2023

Annual goal	Target indicator	Weight of the goal	Assessment of goal achievement
Investment program implementation	(1) To implement the investments under the Company's budget (weight – 50%); (2) To implement EU co-financed projects (weight – 50%).	15%	15%
Financial sustainability	Annual target indicators until 31/12/2023: (a) adjusted ROE – 6.3% (weight – 30%); (b) adjusted EBITDA – EUR 27.5 million (weight – 30%); (c) regulated costs included in the tariffs (at least 96%) (weight – 40%).	20%	13.4%
Optimisation of gas compressor station capacities and costs	An analysis of the optimisation of gas compressor stations has been carried out, investment requirements have been identified and tenders for the reconstruction and expansion of compressor stations have been launched. The change has significant impact on the Company's business continuity.	10%	10%
Implementation of the strategic asset management plan	(1) Long-list assessment of technological assets to be repaired/reconstructed in 2024-2028 using PIMS and IMS risk assessment modules (weight – 30%); (2) Compressor reliability (*GTBI reliability – intrinsic availability*) (weight – 20%); (3) SAIDI/SAIFI – 0 (weight – 30%); (4) Diagnostics comprised 94% of pipelines subject to diagnostic (weight – 20%).	15%	14.9%
Implementation of environmental impact mitigation measures to the extent agreed with EPSO-G	(1) An investment plan for the planned measures to reduce GHG emissions has been drawn up (weight – 25%); (2) The measures set out in the GHG emission education plan are being implemented (emission reduction by 14.0 thousand t CO_2 in 2023 – 100%, the target of 9.8–14.0 thousand t CO_2 has been achieved by 70-100%, respectively) (weight – 50%); (3) The Scope 3 emissions inventory took place in the Company (weight – 25%).	15%	15%
Hydrogen programme implemented as planned	(1) Carrying out a study programme to assess the feasibility and conditions for transporting H_2 through the gas transmission systems of Estonia, Finland, Latvia and Lithuania: the maximum allowable concentration for blending hydrogen into the gas transmission system and related investments were identified (weight–50%); (2) The contract was signed with the developer for the development of the feasibility study for the Nordic-Baltic Cross-Border Hydrogen Corridor, a cross-border H_2 infrastructure corridor (weight – 50%).	15%	15%

Preparation of the Lithuanian energy system transformation study	(1) The transformation study was carried out by 30/06/2023, the findings were approved by the representatives of the shareholder. (2) Amber Grid's and the Group's strategic role in the transformation of the energy sector, including in the development of the concept of energy island, was made more clear (H2).	10%	10%

The Board of the Company annually assesses the progress achieved in respect of the implementation of the objectives. The result is used as one of the components when awarding annual financial incentive to both the Company's management and employees.

The Company's objectives are identical to those set for the CEO. They are available Amber Grid's website https://ambergrid.lt/tikslai

Based on the Board's assessment, the objectives set for the Company for 2023 were achieved at **93.3%.**

3.3. STRATEGIC INFRASTRUCTURE PROJECTS

In 2023, the project for the Enhancement of Latvia-Lithuania Interconnection (ELLI), a strategic gas transmission infrastructure project, was completed. This project was included in the European Network of Transmission System Operators for Gas (ENTSOG), the Ten-Year Network Development Plan (TYNDP), the Regional Gas Investment Plan of the Baltic Energy Market Interconnection Plan (BEMIP) announced in 2017, the Natural Gas Transmission System Operator's Ten-Year Network Development Plan (2022-2031), the Gas transmission Infrastructure Projects approved by the Government and the list of the EU Projects of Common Interest published on 19 November 2021.

The purpose of the project was to enhance the capacity of Latvia-Lithuania interconnection, ensure safe and reliable gas supply and achieve more effective utilisation of the infrastructure and a better integration of the Baltic gas markets. It also provided better conditions for the utilisation of the Latvian Inčukalns underground gas storage facility. The project promoters were Amber Grid and the Latvian transmission system operator Conexus Baltic Grid AS.

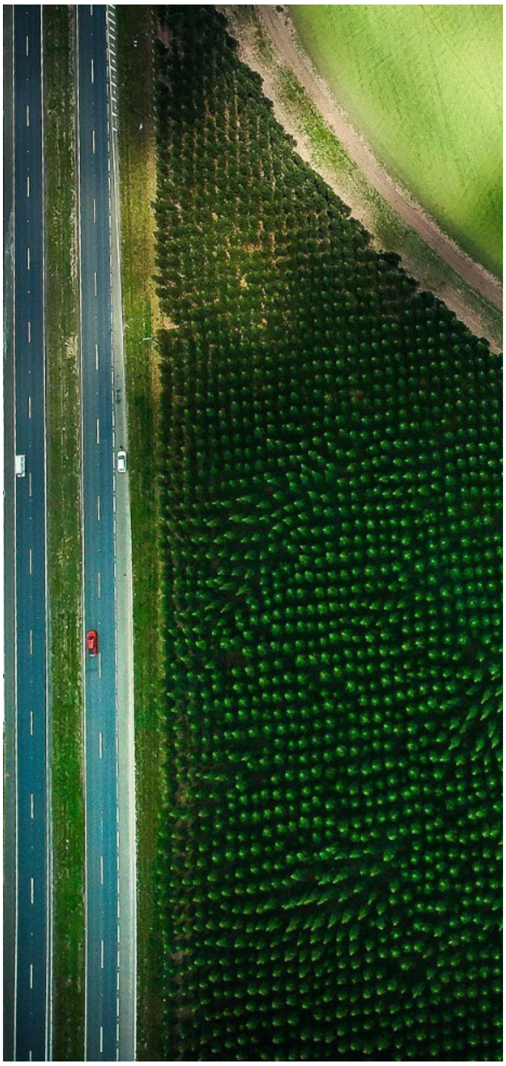
Fig 4. Project for the Enhancement of Latvia-Lithuania Interconnection (ELLI)

In 2022, Amber Grid expanded the Kiemėnai gas metering station in the Pasvalys district and enhanced its capacity. It also carried out the reconstruction of the pipelines at the Panevėžys gas compressor station that allowed transporting a larger volume of gas from the Klaipėda LNG terminal to Latvia. From November 2022, the pipeline allows transporting 90 gigawatt-hours (GWh) of gas per day in the Latvian direction, and 82 GWh per day in the Lithuanian direction, after the Latvian transmission system operator completed works on the Latvian side in 2023. The ELLI project was financed from own funds of Amber Grid and AS Conexus Baltic Grid, as well as in a form of the EU financial support under the European infrastructure network facility (Common European Framework).

In 2022, KN Energies, an international energy terminal operator, and Amber Grid launched a project actions to assess the possibility of expanding current Klaipėda LNG terminal regasification capacity and expansion of gas transmission system capacity in relevant entry and exit points, and thereby creating opportunities to reserve additional LNG import capacity in the future The implementation of the project should create additional LNG import capacity up to 1.25 bcm/year (by increasing current capacity from 3.75 bcm/year to 5 bcm/year) preliminary from the beginning of 2029.

In September 2023, KN Energies completed the capacity allocation procedure, which revealed that Klaipėda LNG terminal capacity is fully booked until 2033, i.e. 33 TWh of capacity will be allocated to the terminal's customers each year. During the capacity allocation procedure, KN Energies also offered to reserve the terminal's capacity for the period 2033-2044. However, this offer received less market interest. Given the little interest in long-term capacities beyond 2033, as well as the potential growth of LNG supply in the region and other risks, the decision was made to suspend the terminal capacity expansion project. In the future, if there is a market demand for additional Klaipėda LNG terminal capacity without increasing Amber Grid's transmission cost, KN Energies and Amber Grid may resume the project.

3.4. REGIONAL MARKET



Already on 1 July 2017, Amber Grid started, jointly with the transmission system operators from Latvia and Estonia, using the implicit capacity allocation model at the Baltic cross-border interconnection points, thereby allocating part of the day-ahead capacity via the GET Baltic gas exchange. As from 1 July 2018, the Company started using the within-day capacity allocation model. It is a transitional instrument for the integration of the Baltic gas, which is intended to improve competitiveness of the gas markets and promote cross-border trade in gas.

In 2020, a single gas market area was created by Latvia and Estonia, which together with Finland formed a common tariff zone. As from 2020, a zero transmission price has been introduced for the interconnection with Finland, and the common tariff zone entry prices have been aligned.
In 2020-2021, the studies regarding alternative option of the integration of the Lithuanian, Latvian, Estonian and Finnish natural gas markets were carried out and an alternative analysis was prepared in relation to potential Inter-TSO Compensation (ITC) mechanism. However, upon the occurrence of new geopolitical circumstances, such as the war in Ukraine, suspension of gas flows from Russia for the needs of the EU, development of infrastructure in the EU countries for alternative supply sources (for example, a new LNG terminal in Finland), lower transmission tariffs due to higher prices of gas, the countries decided to postpone the creation of the common tariff zone, which will also include Lithuania. On 26 October 2022, the national regulatory authorities of the Baltic States and Finland issued a public statement informing about the postponement of the creation of the common gas transmission tariff zone (https://www.vert.lt/Puslapiai/naujienos/2022-metai/2022-10-26/atidetas-baltijos-suomijos-gamtiniu-duju-rinkos-sujungimas.aspx).

It is not excluded that when the geopolitical situation becomes stable and additional infrastructure is created (the LNG terminal in Finland-Estonia, enhancement of Lithuania-Latvia interconnection, enhancement of the capacity of the Latvian Inčukalns underground gas storage facility as well as development of the LNG terminals and cross-border interconnection in Europe), and when the gas market will operate normally under new conditions, the Baltic States and Finland will renew the coordination of their positions regarding a further market integration in order to create the cooperation model for the operators that would be acceptable to all parties. At present, Amber Grid is focused on capacity expansion, strengthening of cross-border interconnections, increasing access to the system (for connection of green gas producers), and servicing a customer base that has expanded to foreign markets.

4. OPERATIONS

4.1. TRANSMISSION SYSTEM

The natural gas transmission system consists of the gas transmission pipelines, gas compressor stations, gas distribution stations, gas metering stations, anti-corrosion equipment for protection of pipelines, data transmission and communication systems, and other facilities belonging to the transmission system. The Lithuanian gas transmission system is connected to 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 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 operated pipelines is 2,288 km, and the diameter ranges between 100 and 1220mm. The design pressure in the larger part of the transmission system is 54 bar.

5.Fig. The gas transmission system in Lithuania.

4.2. MAINTENANCE, RECONSTRUCTION AND MODERNISATION

Maintenance of the main gas pipelines is regulated under the legal acts and is carried out strictly in compliance with the requirements set forth therein. Maintenance and repair works are conducted continuously to ensure a reliable and safe transmission system. In H1 2023, 451 km of the main gas pipelines were inspected through internal diagnostics: Ryga-Panevėžys-Vilnius, Klaipėda-Kuršėnai, GIPL, and Minskas-Vilnius-Vievis.

During 2023, the Company carried out the following reconstruction and modernisation works:

- installation of pig launchers of the control device in Ivacevičiai-Vilnius-Riga interconnector with the main gas pipeline of Vilnius-Kaunas;
- deep trenching of separate sections of the main gas pipeline in the branch to the Alytus GDS, Karaliaučius, the Marijampolė GDS, the Panevėžys GDS, in the main gas pipelines Vilnius-Kaunas, Ivacevičiai-Vilnius-Ryga, Šiauliai-Klaipėda, and the looping to the Jonava GDS;

- replacement of inserts in the main gas pipeline in view of the technical condition and diagnostics results of the gas pipelines;
- installation of the pressure relief valve in the main gas pipeline branch to the Marijampolė GDS;
- reconstruction works in individual sections of the main gas pipeline Vilnius-Kaunas (about 16.9 km);
- replacement of shut-off devices and connection to the remote control system in the branches to: the Alytus GDS, the Prienai GDS, the Birštonas GDS, the Vilkaviškis GDS, the Batniava GDS, the Miežiškiai GDS, the Šiauliai GDS, the Pajiešmeniai GDS, the Panevėžys GDS, the A. Paneriai GDS I, the A. Paneriai GDS II; in the main gas pipelines: Ivacevičiai-Vilnius-Riga, Vilnius-Panevėžys-Riga, Panevėžys-Šiauliai line II, Vilnius-Kaunas; and in the technological connector to Klaipėda;
- renovation of buildings and other structures at the Panevėžys gas compressor station;
- design works for the reconstruction of the control-room building;
- modernising the control of gas compressor stations and installing a data centre;
- works of reconstruction and extension of 5 gas distribution stations.

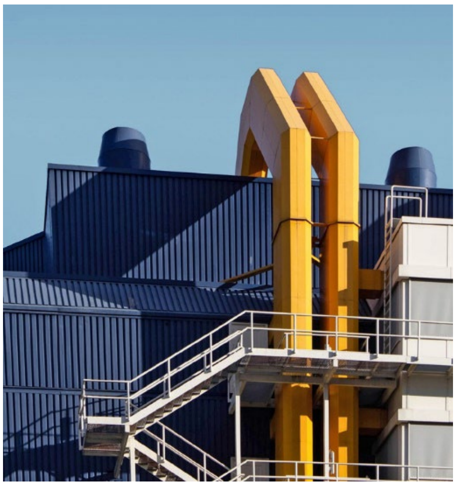
4.3 MARKET FOR THE SERVICES PROVIDED

Amber Grid provides natural gas transmission services to the system users, other operators, biogas producers and gas market participants in the territory of Lithuania: it transmits gas to the domestic consumers, also transports natural gas to Latvia, Poland and the Kaliningrad Region of the Russian Federation. Gas is supplied to the system via the LNG terminal in Klaipėda and gas entry points from Latvia, Poland and Belarus. As of the summer 2023, the biomethane produced in Lithuania has also been injected into the transmission system. With effect from 1 April 2022, gas supply for domestic consumption was discontinued from Russia.

In addition, Amber Grid is responsible for balancing natural gas flows in the transmission system and for administering the funds intended for compensation of construction costs and fixed operating costs of the LNG terminal, its infrastructure and the connector, as well as for compensation of natural gas supply costs incurred by the designated supplier. The Company actively works with its partners to create conditions for efficient functioning of the natural gas market by increasing the competitiveness and liquidity of the gas market and by ensuring attractive conditions for customers to operate in the natural gas market.

Amber Grid administers the National Register of Guarantees of Origin for gas produced from renewable energy sources, i.e. fulfils the following functions: issuance, transfer and cancellation of the guarantees of origin, supervision and monitoring of the use of the guarantees of origin, and recognition of the guarantees of origin issued in other states as acceptable in Lithuania. Green gas is produced from biomass and other RES. The guarantee of origin is granted per unit of energy: one megawatt-hour (MWh) supplied to the gas transmission and distribution network. The guarantee of origin system enables identification, registration and monitoring of the biomethane produced, while the end-users of such fuel can be assured that the gas they use is produced from renewable energy sources.

4.4. CUSTOMERS



The customers of Amber Grid's services of natural gas transmission via gas transmission pipelines and balancing of natural gas flows in the transmission system are large Lithuanian electricity and district heating companies, industrial and medium-size businesses in Lithuania, energy and natural gas supply companies in the Baltic and third countries that receive natural gas transmission services.

At the end of 2022 and H1 2023, the Company received a number of requests from biomethane producers for the issuance of preliminary connection conditions, following the adoption of amendments to Article 32 of the Law of the Republic of Lithuania on Renewable Energy Resources in 2022, which entered into force on 1 November 2022, which provide that a biogas producer, after coordinating with the gas system operator, shall have the right to design and/or construct / install and perform works in the gas system on behalf of the gas system operator, according to the procedure, terms and conditions set out in the gas system service agreement for connection of the biogas production facilities to the gas system.

4.5. SERVICES PROVIDED

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

- gas transmission in the territory of Lithuania;
- balancing gas flows in the transmission system;
- administering the funds allocated for the costs of installation and fixed operating costs of Klaipėda LNG terminal, its infrastructure, the interconnection well as for the compensation of reasonable costs of supplying the required quantity of liquefied natural gas by the designated supplier;
- administering 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 QUANTITIES

In 2023, 31,891 GWh of natural gas was injected into Amber Grid's gas transmission system from Klaipėda LNG terminal for consumers of Lithuania and EU Member States; 2,491 GWh was transported from Latvia to Lithuania and 3,258 GWh – from Poland to Lithuania. Klaipėda LNG terminal supplied 84.6% of the total required quantity of gas for consumers of Lithuania and EU Member States.

In 2023, 14,913 GWh of gas was transported up to the domestic exit point for the gas consumers in Lithuania. Compared to 15,576 GWh of gas transported during 2022, gas transmission quantities decreased by 4.3%.

In 2023, 19,140 GWh of gas was transported from the Lithuanian transmission system to Latvia through the Kiemėnai gas metering station, i.e. 3.9% more than in 2022 (18,428 GWh).

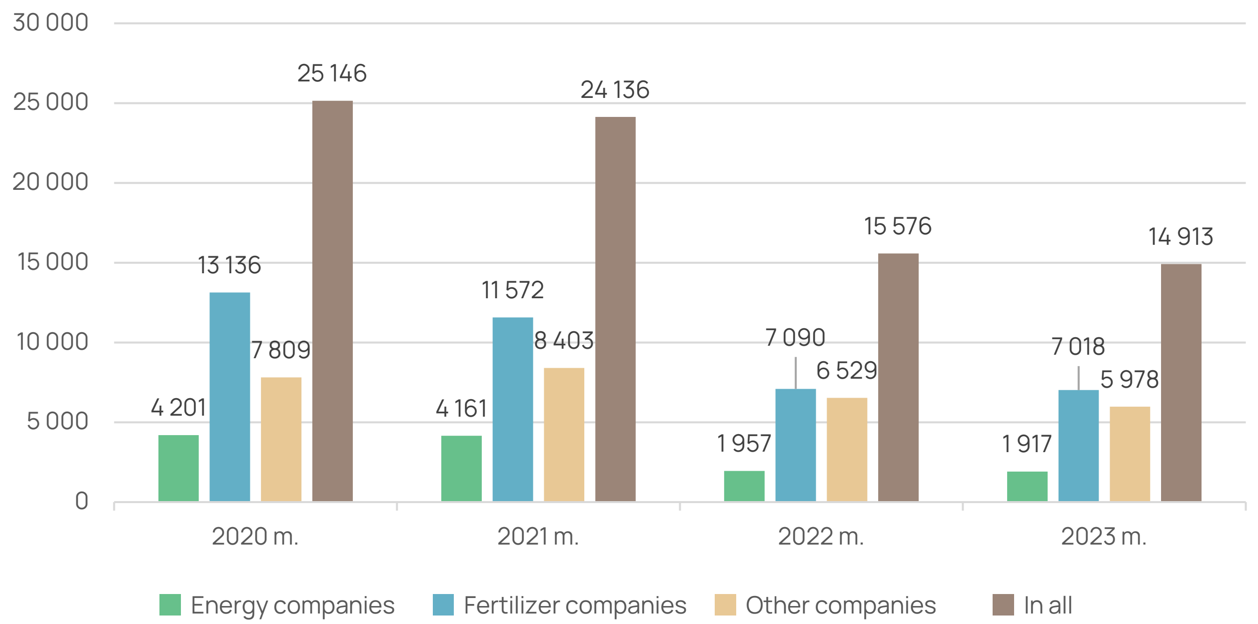
In 2023, 3,240 GWh of gas was transported from the Lithuanian transmission system to Poland via Santaka gas metering station, i.e. 49.3% more than in 2022 (6,386 GWh).

During the reporting period, 23,946 GWh of gas was transported to the Kaliningrad Region of the Russian Federation (2022: 23,399 GWh).

As at 31 December 2023, the Company had 127 agreements on natural gas transmission services with the transmission system users (gas consumers, gas distribution system operators, importers, gas suppliers supplying gas up to the consumer systems), of which 63 system users used the transmission capacity during the reporting period. The Company had 1 natural gas balancing agreement with the market participants trading natural gas via the virtual trading point, but not transporting it via the transmission system.

Transmitted gas quantities at the domestic exit point by type of transmission system users is illustrated below in Fig. 6.

Fig. 6. Transmitted gas quantities by type of transmission system users in Lithuania 2020–2023, GWh



REGULATION OF PRICES FOR THE GAS TRANSMISSION SYSTEM OPERATOR'S SERVICES

Regulation of gas transmission prices is conducted by the Council through setting the revenue cap, the pricing methodology, and through approval of the specific prices set by the Company. The revenue caps for regulated activities can be annually adjusted by the decision of Council in accordance with the procedure established in the Methodology for determining revenue from and prices for regulated natural gas transmission activities.

In May 2022, the Council set the cap on Amber Grid's natural gas transmission revenue (NTR) effective from 1 January 2023. The NTR for the regulated activities for 2023, the last year of the current regulatory period, was set by the Council at EUR 64.17 million, which exceeds the revenue cap approved for 2022 by 58.7%. The increase in the revenue cap compared to 2022 is mainly due to the increase in technological costs (due to the significant increase in natural gas prices), the lower correction returned to the market for the excess revenue collected in 2021 and the partial inclusion of the higher compensation paid to the Polish operator GAZ System for the implementation of the GIPL project of common interest. The NTR for regulated activities for 2024 set by the Council in May 2023 is EUR 67.01 million, which is by 4.4% higher than the NTR of EUR 64.17 million approved for 2023. The increase in the NTR is a result of the increase in total costs. Detailed information on the prices of gas transmission services is available on Amber Grid's website.

In 2024, 66.2 TWh of natural gas is planned to be transported via Lithuania's gas transmission system, which is by 0.6 % less than estimated for 2023. The projected level for ordered capacity, consumption capacity and transported gas volume was determined with reference to the historical data and the needs of the existing and potential system users, as well as in view of Russia's military actions in Ukraine, the resulting sanctions imposed by the Western countries, and gradual withdrawal from Russian gas in Europe. Lithuania discontinued imports of Russian gas with effect from April 2022. The pricing of gas transmission services in 2024 was influenced by results of the public consultation on Amber Grid's transmission service reference price methodology and the survey on multipliers, seasonal factors and discounts to be applied in the transmission price structure for the remainder of the regulatory period, held in early 2023.

In 2024, transmission prices at all entry points (including the entry point of Klaipėda) are expected to remain aligned with entry prices in the adjacent tariff zone of Latvia, Estonia and Finland.

In 2023, the average price of gas transmission services for Lithuanian consumers (taking into account both long- and short-term services) amounts to EUR 1.39/MWh, which is an increase of about 39% compared to the average price for 2022 (EUR 1/MWh). It should be noted that the average price of transmission services for Lithuanian consumers in 2022 was particularly low and was due to a one-off adjustment, returning to consumers the additional revenues earned and cost savings for 2019 and 2020. In 2024, the average gas transmission price to meet the domestic consumption needs in Lithuania was set at 1.49 EUR/MWh, Compared to the average price for 2023 (1.39 Eur/MWh), the price for 2024 will increase by 7%. Debates regarding Lithuania's entry into the adjacent tariff zone of Latvia, Estonia and Finland (the FINESTLAT tariff zone) and the applicable gas market integration measures of the Baltic States and Finland were postponed on mutual agreement, given the actual geopolitical climate and situation in the gas market.
Close cooperation with the Polish transmission system operator Gaz-System allows creating favourable conditions for cross-border flows between Lithuania and Poland with effect from 2022, i.e. upon launching the new GIPL interconnection. As a result of changes in geopolitical and commercial situation and in view of higher importance of supply security across the EU, in May 2022 the GIPL interconnection was launched, which is actively used by the market participants without any commercial incentive measures.

4.5.2. BALANCING OF GAS FLOWS IN THE TRANSMISSION SYSTEM

Amber Grid ensures the balancing of natural gas flows in the transmission system. By following the Rules for Natural Gas Transmission System Balancing, the Company purchases balancing gas from a gas market participant when there occurs gas surplus in the transmission system, and the Company sells balancing gas to a gas market participant when there occurs gas shortage in the transmission system.

The Rules for Balancing the Natural Gas Transmission System enforced on 1 March 2022 stipulate that the virtual trading point cannot trade in day-ahead products, which has increased the number of market participants causing imbalances. The Transmission system operator calculates a neutrality fee for each market participant to ensure financial neutrality for the reporting period. The amendments have been drafted in accordance with the provisions of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks.

During 2023, due to the imbalance caused by the system users, the Company bought 333.8 GWh and sold 246.1 GWh of gas.

Following the amendments to Amber Grid's Rules for Balancing the Natural Gas Transmission System rules enforced on 1 March 2022, Amber Grid calculates a neutrality fee for market participants to ensure financial neutrality. During March-December 2023, the amount refunded to system users totalled EUR 854.6 thousand and the amount collected – EUR 68.8 thousand.

Transmission of gas by transit from/to third countries causes mixing of physical gas flows in the transmission system, which in turn results in a difference between the gross calorific value of gas at the entry and exit points of the gas transmission system. In 2023, transmission of gas to the Karaliaučius Region resulted in a 264.9 GWh difference at the entry and exit points of the transmission system, which was compensated to the Company through payment for the transmission services from/to third countries.

Apart from balancing of gas flows of the system users and other gas market participants, the quantity of natural gas contained in the pipelines of the Company's transmission system fluctuates due to technical and technological characteristics of the transmission system.

4.5.3. ADMINISTRATION OF FUNDS INTENDED FOR COMPENSATION OF CONSTRUCTION COSTS AND FIXED OPERATING COSTS OF THE LNG TERMINAL, ITS INFRASTRUCTURE AND THE CONNECTOR, AND FOR COMPENSATION OF REASONABLE COSTS INCURRED BY THE DESIGNATED SUPPLIER

In order to ensure compliance with the requirements of the legal acts (the Law on Liquefied Natural Gas Terminal and the supplementing legal acts), the Company collects, administers and pays out the LNG terminal funds to the terminal operator (KN Energies AB) and to the designated supplier (Ignitis UAB) in accordance with the procedure prescribed by laws, and these funds are used to compensate Amber Grid for the costs of administration of the LNG terminal funds.

On 25 November 2022, the Council approved the extra charge for gas security of EUR 0 per MWh/(MWh/day/year) for the period from 1 January to 30 June 2023 (the last surcharge in force until then was EUR 102.98 per MWh/day/year in the period from May to December 2022). By Resolution of the Council of 29 May 2023, the extra charge for gas security was set at EUR 152.45 per MWh/day/year. It applies from 1 July 2023 to 31 December 2023.

For 2024, the extra charge for gas security is set at EUR 205.93 per MWh/day/year (pursuant to Resolution of the Council No O3E-1694 of 22 November 2023, replacing Resolution No O3E-713 of 29 May 2023). It applies from 1 January 2024.

The proportions of the allocation of funds of the LNG terminal to the beneficiaries of the SGD terminal's funds (applicable in 2023 and from 1 January 2024, respectively), as agreed with the Council, are presented in Table 3.

Table 5. Information on the allocation of funds collected by the LNG terminal in 2023-2024 among their beneficiaries

Components	Proportion applicable between 01/01/2023 and 30/06/2023	Proportion applicable between 01/07/2023 and 31/12/2023	Proportion applicable from 01/01/2024
Liquefied natural gas regasification component	0%	0%	0.000%
Administrative cost component	0%*	0%	0.401%
Reasonable costs' component for supplying the necessary quantity to the LNG terminal	0%	100%	99.599%
Total	-	**100%**	**100%**

*In line with the Council's decision, the costs of administering the funds for 2023 were reimbursed by the designated supplier

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

By the decision of Kaunas Regional Court of 20 January 2022, the proceedings were suspended in respect of the claimed LNG extra charges of EUR 4,678 thousand and late interest of EUR 55 thousand arising from the natural gas transmission service contract of 22 December 2014, as it was pending the decision of the European Commission regarding the compatibility of the LNG extra charges, collected during the period from 1 January 2016 to 31 December 2018, with the state aid rules under the EU law. By decision of 17 March 2022, the Lithuanian Court of Appeal left the decision of Kaunas Regional Court of 20 January 2022 unchanged.

By the decision of Kaunas Regional Court of 20 September 2022, the proceedings were also suspended in respect of late interest of EUR 763 thousand arising from the natural gas transmission service contract of 21 December 2012 and a counterclaim, whereby Achema AB requested to declare as unlawful the Company's actions when calculating late interest under the natural gas transmission service contract of 21 December 2012 and when allocating the payments collected from Achema AB under the contract for offsetting against late interest, as it was pending the decision of the European Commission regarding the compatibility of the LNG terminal funds, charged during the period from 1 January 2016 to 31 December 2018, with the state aid rules under the EU law. As the Company disagreed with the decision of Kaunas Regional Court of 20 June 2022, it filed a separate appeal regarding the annulment of the aforementioned part of the decision. As the Lithuanian Court of Appeal investigated the Company's separate appeal, it made a decision on 8 September 2022, by which the decision of Kaunas Regional Court of 20 June 2022 was left unchanged.

On 12 September 2023, the Company submitted a statement to the Kaunas District Court regarding the increase of the claim (hereinafter the "Statement"), asking the court to award EUR 763,119.55 of late interest from Achema AB in favour of the Company based on the natural gas transmission service contract dated 21 December 2012, EUR 6,024,286.30 of LNG extra charges and EUR 211,023.02 of late interest under the natural gas transmission service contract dated 22 December 2014. The issue of acceptance of the Company's Statement will be decided by the Kaunas District Court after resuming the proceedings.

4.6. 10-YEAR NETWORK DEVELOPMENT PLAN

In accordance with the provisions of the Law on Natural Gas, Amber Grid prepares the Ten-Year Network Development Plan of the transmission system operator every two years. In June 2022, Amber Grid prepared the Ten-Year Network Development Plan (2022-2031) and submitted it for the Council approval. The total amount of investments in the gas transmission system development projects over the next ten years is expected to reach EUR 264 million. The gas consumption in Lithuania is expected to remain stable over the next ten years, besides, there will be a possibility to transport gas towards new directions – through Poland-Lithuania interconnection. Given the geopolitical situation, the gas flows through the Klaipėda LNG terminal and cross-border interconnection points with Latvia and Poland are expected to grow. The Network Development Plan also sets out the main directions for the development of the transmission system, including a focus on innovation and the development of green energy

On 6 September 2022, the Council gave its consent for publishing the Ten-Year Network Development Plan (2022-2031) prepared by Amber Grid. The Plan is available on the Company's website.

In 2024, the ten-year network development plan is scheduled to be updated by preparing the plan for the period of 2024-2033.

4.7. GREEN GAS ACTIVITIES

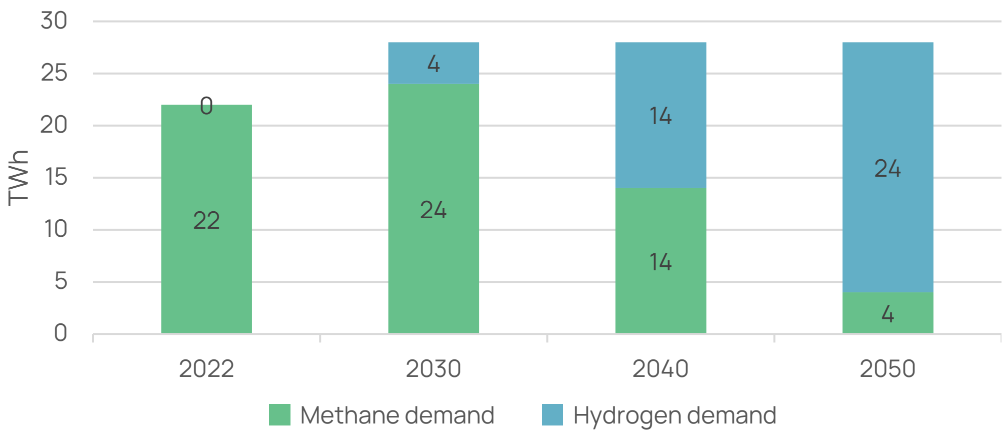
Amber Grid is active in these green gas areas:
- **Green gas development,**
- **Administration of guarantees of origin.**

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 total 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 (P2G) green hydrogen produced 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. Therefore, in order to assess the relevance and applicability of hydrogen gas and Power-to-Gas technologies in Lithuania, the Company, together with its regional partners (the Baltic and Finnish gas transmission system operators), in 2023 completed the technical feasibility study in order to adapt gas transmission networks for transporting methane and hydrogen mixtures, which also provided the investment requirements for the system based on different hydrogen concentrations.

In H3 2023, the Lithuania energy system transformation to 2050 study has been developed by EPSO-G together with the consultancy company DNV. The study is aimed at modelling the potential Lithuanian energy system development scenarios taking into account development projects, opportunities, changes in energy consumption, and responsible parties. The Study recommendations play significant role in further development of Amber Grid's operations, and planning the 2050 long-term strategy. The decarbonisation of industry will lead to a steep increase in demand for hydrogen and decrease in demand for natural gas. Biomethane is projected to account for all methane used in Lithuania by 2050. The forecasts in the Transformation Study suggest that the demand for methane will remain stable up to 2030, and, from 2030 to 2050, it will be gradually substituted by the demand for hydrogen or its derivatives. In response to these trends, Amber Grid launched hydrogen transport activities in 2023: 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 the integration into the European green hydrogen transport network.

Fig 7. Methane and hydrogen demand forecast by 2050

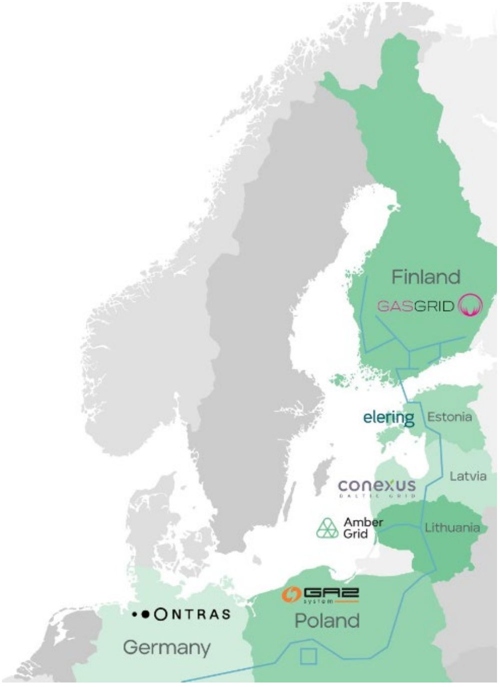


Source: Lithuania Energy System Transformation to 2050, DNV, 2023

In order to contribute more significantly to the promotion of hydrogen and Power-to-Gas technologies at local and regional level, the Company further participates 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 to participate 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/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), Amber Grid AB, GAZ-SYSTEM S.A. (Poland) and Ontras Gastransport GmbH (Germany) signed the agreement with the consultancy company whereby they decided to draw up the feasibility study for a Finnish-Baltic green hydrogen transport corridor (Nordic-Baltic Hydrogen Corridor) linking the hydrogen production and consumption centres of the Member States between Finland and Germany. The objective of the feasibility study is to assess the main business opportunities for a crossborder hydrogen corridor and the main infrastructure parameters and implementation conditions. The study is scheduled to be completed by mid-2024.



The goal of the Nordic-Baltic Hydrogen Corridor project is to create the connection between green energy production regions in Northern Europe with the main consumption centres in Central Europe. This project is scheduled to be implemented by 2030. The hydrogen corridor is expected to boost the development of energy and related ecosysems. It will promote the development of renewable electricity production, utilisation of renewable energy sources, accelerate the hydrogen economy development and contribute to the implementation of European climate goals. Furthermore, it will create conditions for investment in industrial and technological innovation along the entire pipeline route, reduce energy transportation costs, create jobs, and generate additional income for the states.

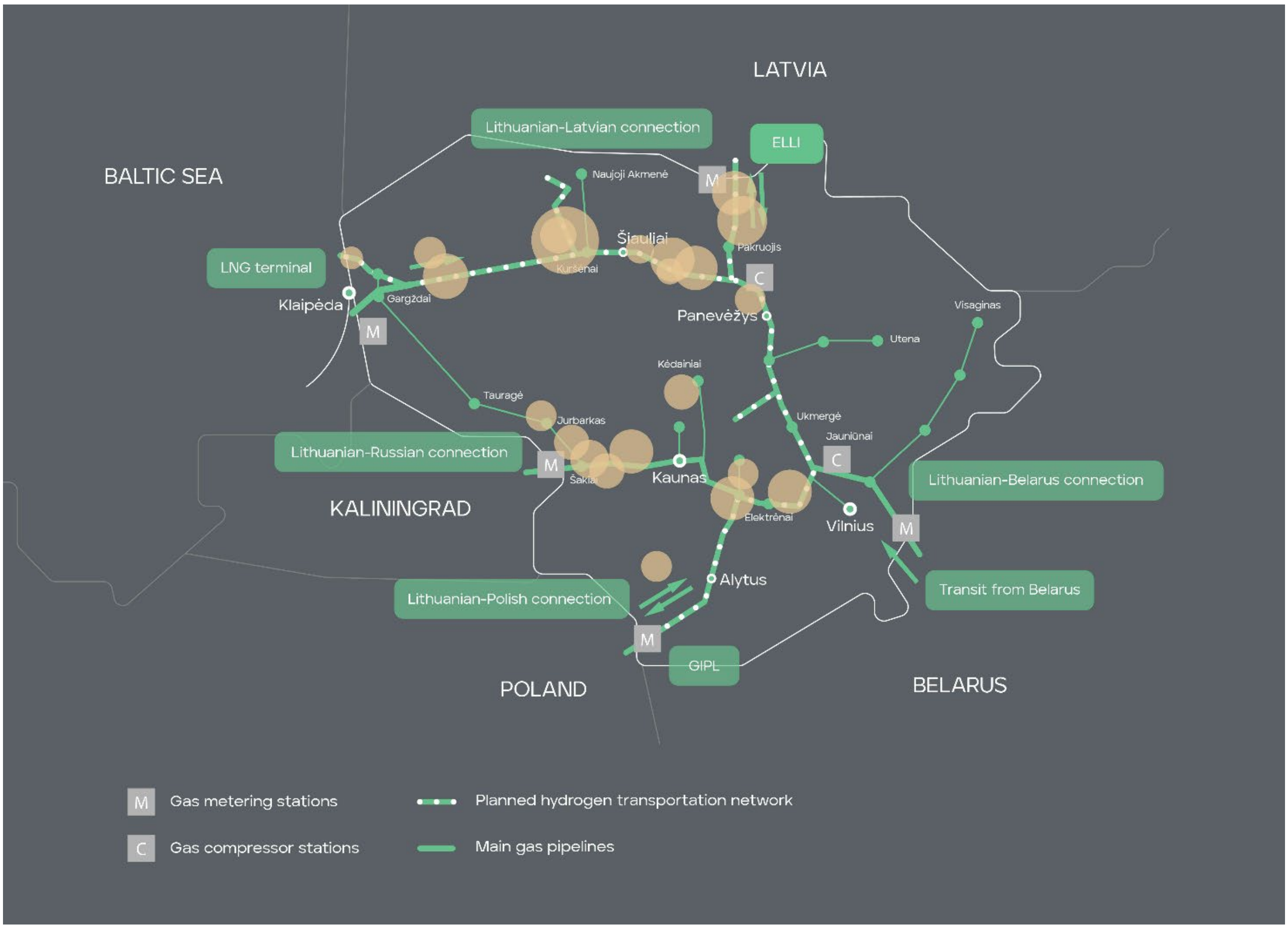
The Nordic-Baltic Hydrogen Corridor project aims to strongly support the regional and EU climate targets. Based on the recommendations of the pre-feasibility study on the hydrogen corridor, the project partners will make decisions on the further development of the project.

- In December 2022, six gas transmission system operators, the project partners, signed a cooperation agreement on promoting the project together.
- In November 2023, the Nordic-Baltic Hydrogen Corridor was granted the status of the project of common interest (PCI) by the European Commission.

In Lithuania, investments in biomethane production is also growing rapidly. Large industrial companies and new entrants are actively exploring the possibility of installing biomethane plants, connecting them to the gas transmission system, and supplying the biomethane produced to the domestic and foreign markets through the Green Gas Guarantee of Origin (GO). The integration of biomethane into the common energy system is now a key energy objective for European countries, and is therefore a major future opportunity for the Company's customers.

The development potential of the Lithuanian biomethane sector is reinforced by the adoption of the Alternative Fuels Law in 2021. It sets a target of 15% renewable energy use in the transport sector by 2030, by increasing the electrification of transport, promoting the use of gaseous fuels and hydrogen gas produced from biomass, and increasing the blending requirements for biofuels. This will encourage investors to build biomethane plants, connect them to the gas grid and produce green energy.

Fig. 8. Potential of biomethane producers willing to connect to the transmission network based on the issued preliminary conditions for connection



In December 2023, 14 preliminary conditions for connection were effective, of which several customers applied for a connection contract. 3-4 connection contracts are expected to be signed in 2024.

The first biomethane plant in the Baltics started operating in Pasvalys district in September 2023. The plant feeds green gas into the transmission system, which is expected to feed around 100,000 megawatt hours (MWh) of biomethane each year. In addition, during 2023, four connection agreements were signed with potential biomethane suppliers with a total biomethane injection capacity of around 500,000 MWh/year.

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 recognizing in Lithuania of the guarantees of origin issued in other countries. This system is useful for energy consumers who want to use green energy produced in Lithuania or in another EU Member State. The Company cooperates with designated bodies in other countries and with organizations in the RES gas sector. In 2023, more than 40 GWh of green gas with guarantees of origin were imported into Lithuania through the Guarantee of Origin system. This biomethane is used in transport as fuel and the guarantees of origin are used in the Renewable Energy Fuel Units (REFU) system to cover the obligations of fuel suppliers regarding the share of renewable fuels in the final fuel blend.

Feeding of green gas produced in Lithuania from RES into the country's gas transmission network started in 2023. The newly opened Tube green biomethane plant in Pasvalys district feeds biomethane to the transmission network. In 2023, guarantees of origin were issued for 47 GWh of biomethane produced and fed into the transmission network.

Fig 9. Biomethane with guarantees of origin produced in Lithuania in 2023, GWh

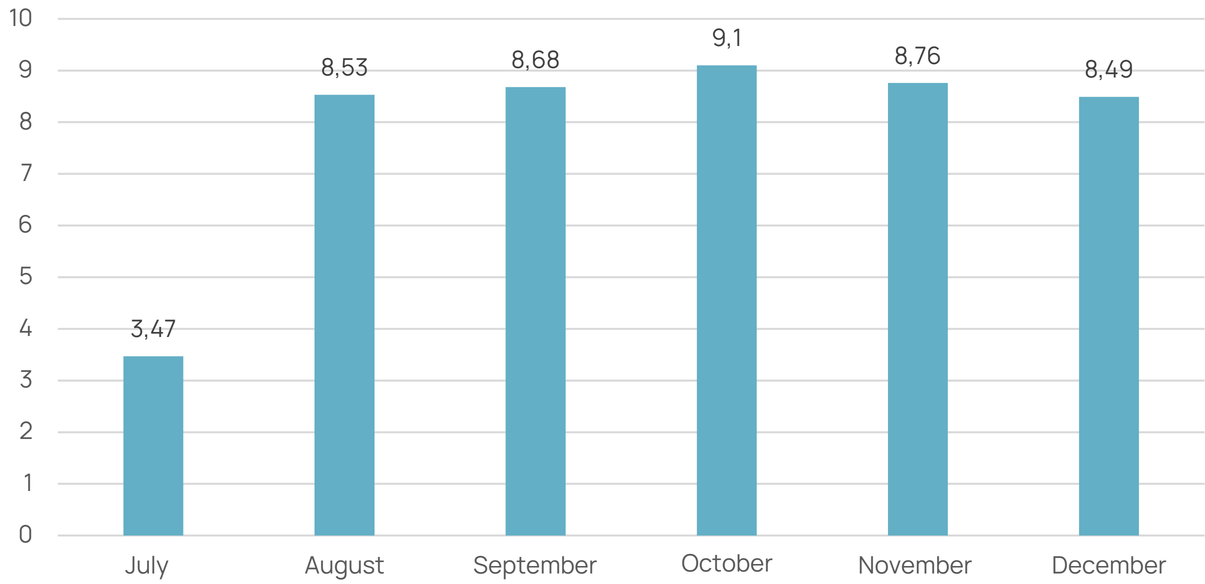
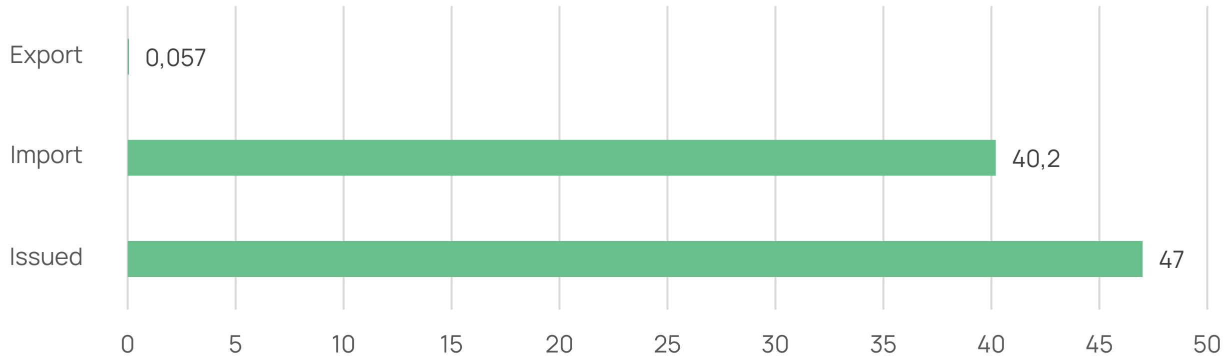


Fig. 10. Fed, imported and exported with guarantees of origin in 2023, GWh



In order to ensure that the guarantees of origin market participants receive user-friendly, transparent services that meet the European best practice, the Company upgrades the IT system of the Register of Guarantees of Origin. The upgrading will also allow integration of the Company's existing system with the systems in other countries or with pan-European solutions for the exchange of guarantees of origin, thereby facilitating and automating the exchange of guarantees of origin with other European countries.

4.8 RESEARCH & DEVELOPMENT ACTIVITIES

To assess prospects for hydrogen transport potential, the Company completed the technical feasibility study on adapting gas transmission networks in the Baltic States and Finland for transporting methane and hydrogen mixture in 2023, as well as study on modernisation measures and the investment requirements. Following in-depth examination of the situation, independent foreign experts have provided estimates of the required investments in the natural gas transmission network to ensure technical capacity for the transport of the methane-hydrogen mixture. The investment requirement has been estimated by examining different scenarios based on the percentage of hydrogen/methane in the mixture that has a direct impact on the characteristics of the components of the existing technological equipment. The P2G (Power-to-Gas) project for hydrogen blending in the gas network is expected to be implemented by 2027 in cooperation with the gas distribution system and electricity transmission system operators as part of a research programme to assess the technical parameters for adapting the natural gas infrastructure for transporting the hydrogen/methane mixtures, the economic feasibility, the need for legislative changes, and the potential for adapting the P2G technology to ensure energy system flexibility. The specific potential amount of hydrogen to be blended and the investment in the natural gas network will be determined after taking into account the results of the planned studies, the infrastructure capacities of the neighbouring countries, the EU requirements and the results of the economic analysis. In the period up to 2030, gas transmission and distribution systems is expected to be adapted to transport methane/hydrogen mixtures of a set level.

4.9 BUSINESS PLANS AND PROSPECTS

The regional gas market is expected to develop gradually. Agreement on a single gas market as from 2020 has been reached only between Latvia and Estonia, which together with Finland formed a common tariff zone as from 2020. At the beginning of 2022, in the wake of the Russian-led war in Ukraine, the Baltic countries focused their attention and efforts on gas supply and its security. This has led to the opening of another LNG terminal in Finland from the end of 2022, the GIPL interconnection, which became operational in 2022, and the expansion of gas transmission capacity between Lithuania and Latvia. Later, as the situation stabilizes under new circumstances (gas prices stabilizing, consumption reaching a new stable level, flow trends in the region becoming clearer), discussions with regional partners could be reopened with a view to ensuring that all countries participate in the single gas market on mutually beneficial terms.

By contributing to Lithuania's ambitious goals for a greater share of renewable energy in the domestic energy balance, the Company participates in a number of initiatives and projects that enable its specialists to develop competencies in the field of RES gas. The Company's membership in the ERGaR (European Renewable Gas Registry) association and in the Association of Issuing Bodies (AIB), besides the aforementioned goals, enables to develop new competencies that will contribute in future to the promotion of green gas production and market development in Lithuania, safeguarding the business continuity of the Company, and implementation of the National Energy Strategy.

Looking at the outlook for gas transmission, in 2024, the Company is expected to transport about 17.7 TWh to domestic gas exit points, 8.6 TWh to Poland, around 26 TWh to Kaliningrad Region. The Company is expected to transport 2.4 times less gas to Latvia than forecasted for 2023, i.e. 7.9 TWh. As estimated for 2023, the bigger part of the natural gas quantity for consumers of Lithuania and other Baltic States is forecast to come from Klaipėda LNG terminal.

5. FINANCIAL RESULTS

The figures presented in the financial results section reflect the financial performance of the Amber Grid Group, which as at 31 December 2023 consisted of Amber Grid AB and the associated company GET Baltic UAB (Amber Grid owns a 34% stake in the gas exchange GET Baltic).

5.1. FINANCIAL INDICATORS[2]

Table 4. Financial indicators

Financial results (EUR thousand)	2023	2022	2021
Financial results (EUR thousand)			
Revenue	82229	98206	68595
EBITDA	26307	31894	35372
Profit (loss) before tax	13720	18130	22777
Net profit (loss)	13013	15665	23211
Net cash flows from operating activities	40434	19768	29068
Investments	35703	42852	45774
Financial debt	92046	100962	104849
Profitability indicators (%)			
EBITDA margin	32.0	32.5	51.6
Net profit (loss) margin	15.8	16.0	33.8
Average return on assets (ROA)	3.0	3.5	6.9
Average return on equity (ROE)	7.0	8.7	13.9
Liquidity indicators			
Total liquidity ratio	0.36	0.89	1.04
Fixed assets turnover	0.29	0.35	0.26
Capital structure indicators			
Equity-to-assets ratio	0.58	0.34	0.49
Financial debt-to-equity ratio	0.49	0.55	0.59
Financial debt-to-EBITDA ratio, times	3.5	3.2	3.0
Market value indicators			
Share price/earnings per share ratio (P/E), times	15.08	14.29	9.38
Net earnings (loss) per share, EUR	0.07	0.09	0.13

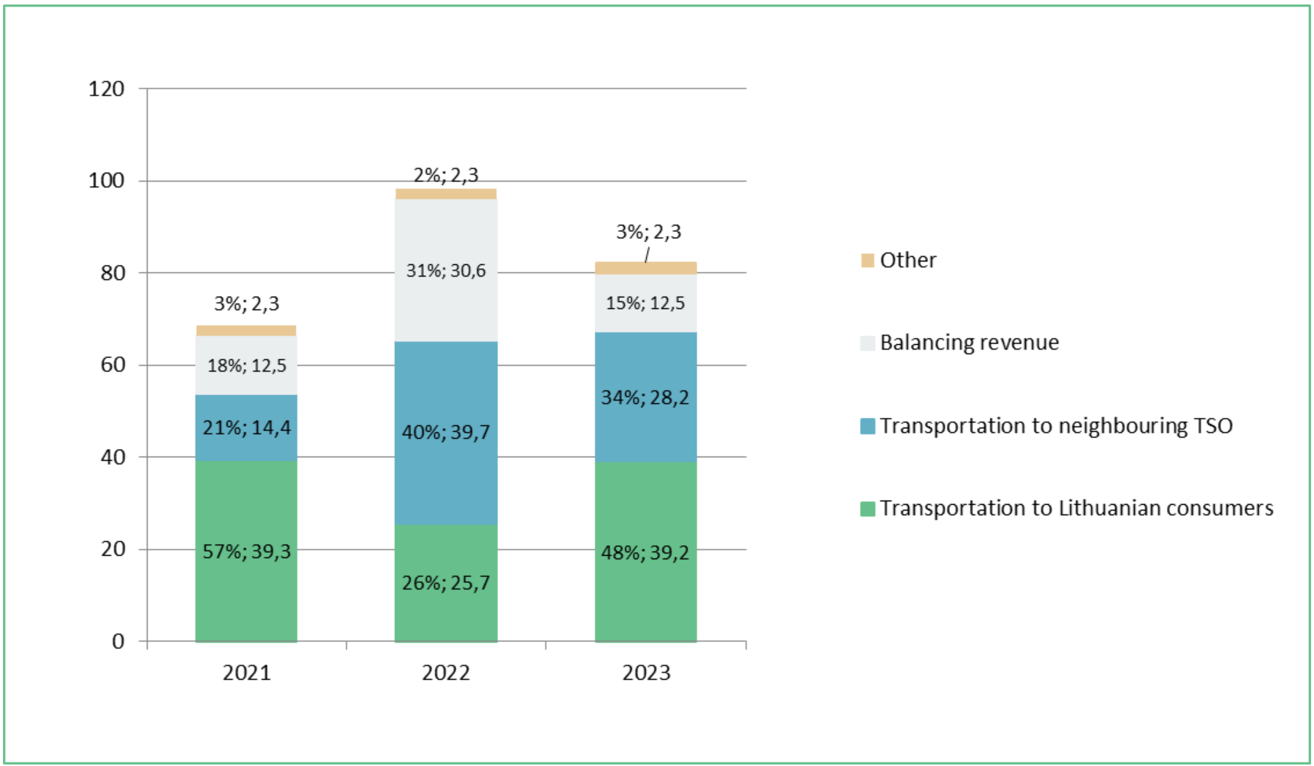
Formulas for calculating indicators:
EBITDA margin = EBITDA/revenue
Net profit (loss) margin = net profit (loss)/revenue
ROA = net profit (loss)/average asset value
ROE = net profit (loss)/average equity value
Current ratio = current assets/current liabilities
Turnover of non-current assets =revenue/property, plant and equipment 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 period/(net earnings/number of shares)

[2] The financial indicators are presented after elimination of assets or liabilities arising from the LNG terminal funds.

5.2. REVENUE

In 2023, the Group's revenue totalled EUR 82.2 thousand, i.e. increased by 16% compared to 2022. The decrease in revenue was due lower gas prices and the application of the agent principle for the accounting of system users' balancing activities as from 1 March 2022 (net result in the financial statements, balancing revenue netted against costs). Revenue from gas transmission amounted to EUR 67.4 million and increased by 3% compared to 2022, as a result of higher gas transmission prices set in 2023.

Fig 11. Revenue structure, %; EUR million



Balancing products generate revenue:

- By balancing gas flows between system users and other gas market participants involved in balancing the transmission system (until 1 March 2022);
- As a result of technological balancing of the transmission system due to technological features of the transmission system and gas flow deviations (imbalances) caused by technical reasons.

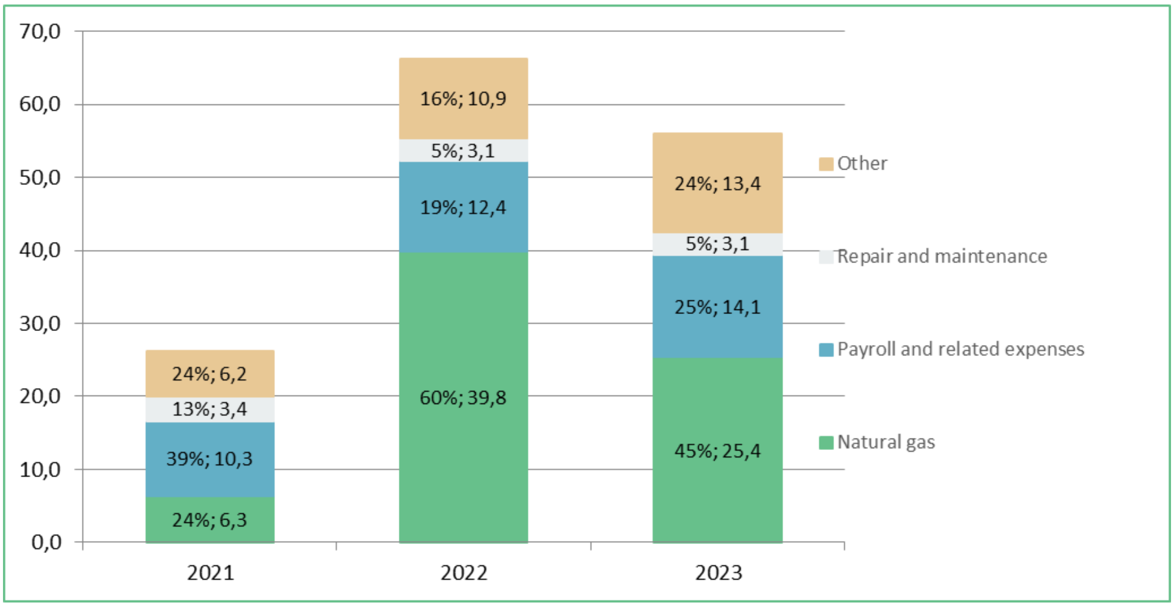
5.3. EXPENSES

In 2023, costs (except for PP&E depreciation, revaluation, other non-cash items) amounted to EUR 55.9 million and were by 16% lower than in 2022. The decrease was caused by drop in gas prices leading to lower gas costs.

Payroll and related costs amounted to EUR 14.1 million (25% of the total costs), an increase of 13% compared to 2022 due to increasing salary in the market. Repair and maintenance costs amounted to EUR 3.1 million (5% of the total costs).

Natural gas costs amounted to EUR 25.4 million and represented 45% of the total costs. Natural gas costs decreased by 36% compared to 2022 due to lower gas prices.

Fig. 12. Cost Structure, %; EUR million



5.4. PERFORMANCE

In 2023, net profit totalled EUR 13.0 million, i.e. decreased by 17% compared to 2022 (EUR 15.7 million). The Company's earnings before taxes, interest, depreciation and amortisation (EBITDA) amounted to EUR 26.3 million (2022: EUR 31.9 million).

The lower earnings are explained by weaker revenue in 2023 due to drop in gas prices in the market and negative PP&E revaluation result (EUR -7.9 million).

Fig. 13. Financial performance, EUR million

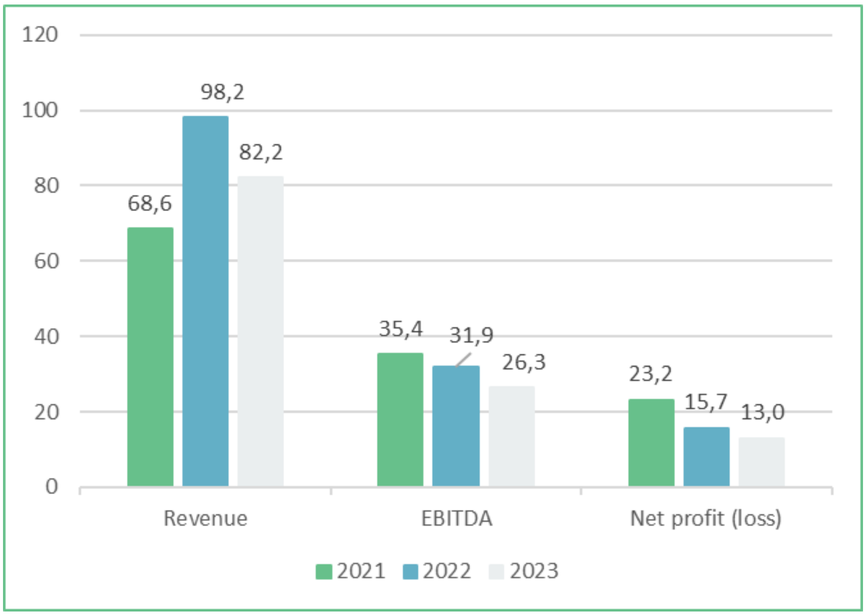
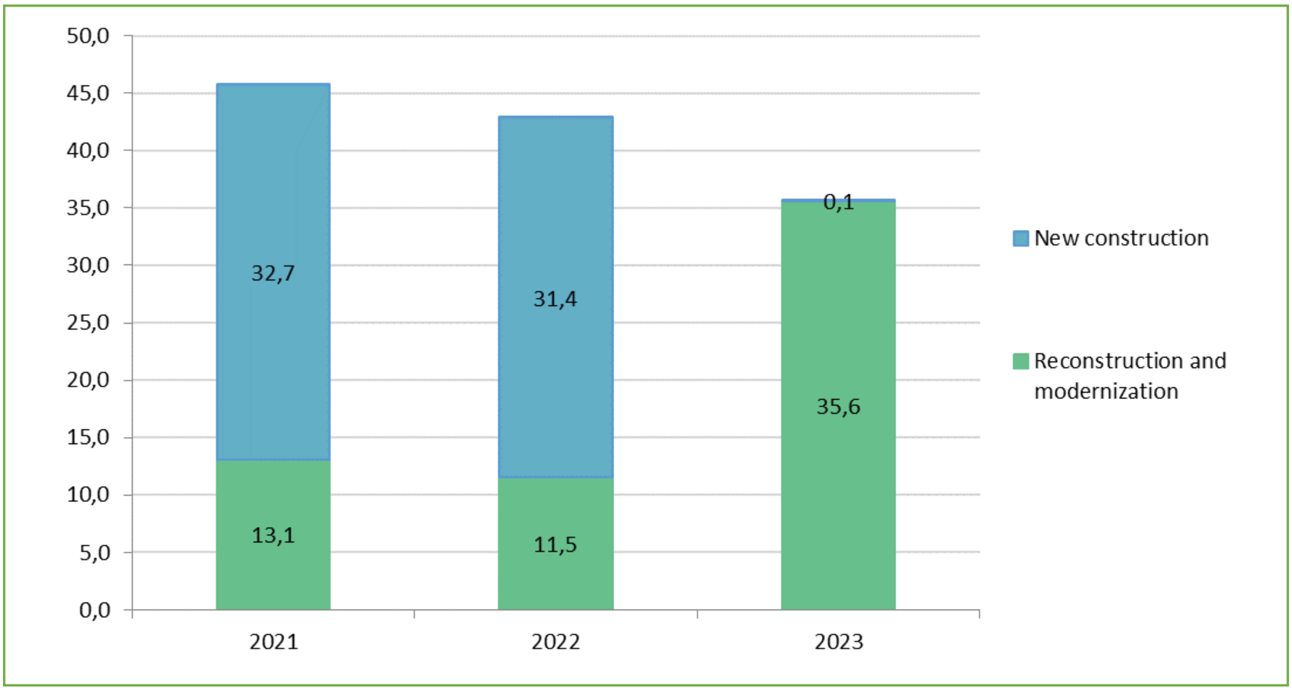


Fig 14. Profitability, %

5.5. INVESTMENTS

The completion of the GIPL pipeline resulted in a decrease in investments to EUR 35.7 million in 2023 (2022: EUR 42.9 million). However, reconstruction volumes increased in 2023: EUR 13.2 million for the reconstruction of separate sections of the main gas pipeline Vilnius-Kaunas, EUR 3.2 million for the replacement of overground passes with the underground passes and deepening of not deepened sections, EUR 6.7 million for the reconstruction of the Grigiškės, Kėdainiai, Vievis, Šiauliai, Telšiai GDSs.

Fig. 15. Investments, EUR million



5.6. ASSETS

As at 31 December 2023, the value of assets amounted to EUR 333.4 million: non-current assets accounted for 90% and current assets 10% of the total assets.

Non-current assets increased by 2% to EUR 299.0 million in 2023 due to investments above depreciation. The value of current assets as at 31 December 2023 was EUR 34.4 million, i.e. decreased by 7.4 times over the year due to disposals (66%). Shares in GET Baltic UAB, which were accounted for under current assets held for sale in 2022, amounted to EUR 203.8 million.

5.7. EQUITY AND LIABILITIES

During 2023, equity increased by 2% due to revaluation reserve recognised, and, at the end of the reporting period, amounted to EUR 187.5 million. At the end of the reporting period, equity represented 56% of the total assets.

As at 31 December 2023, payables and liabilities amounted to EUR 145.9 million, i.e. decreased by 2.5 fold during the year. The change was caused by the sale of shares in GET Baltic UAB, which were accounted for under current assets held for sale in 2022 (EUR 202.6 million).

As at 31 December 2023, the financial debt (loans) amounted to EUR 92.0 million, a decrease of EUR 8.9 million over the reporting period. The financial debt-to-equity ratio was 49%.

5.8. CASH FLOWS

In 2023, net cash flows from operating activities amounted to EUR 40.4 million (2022: EUR 19.8 million). The increase in cash flow from operating activities is due to a decrease in inventories and trade receivables. Capital investments amounted to EUR 37.6 million (2022: EUR 14.5 million). In 2023, the EU financial support obtained to finance the investment projects amounted to EUR 14.3 million (2022: EUR 9.4 million).

5.9. ADJUSTED INDICATORS

Adjusted performance indicators are presented to reflect the Company's performance more accurately in a given period and to provide a more objective comparison with prior periods. The adjustments to the regulated revenue, cost and profitability indicators are due to temporary regulatory deviations from the regulatory profitability approved by the Council. Non-ordinary/one-off transactions are also eliminated.

The adjustments to the indicators take into account:

- The profitability adjustment (temporary regulatory differences for previous periods) approved by the Council's decision for the reporting period;
- A projected Council's adjustment for the next period due to deviations in the current period's regulated profitability (temporary regulatory differences for reporting period);
- Other non-ordinary transactions, income tax adjustments.

Table 6. Company's adjusted indicators, Eur million

	2023	2022
EBITDA	25.7	31.0
Temporary regulatory differences for previous periods	-2.9	8.8
Temporary regulatory differences for reporting period	1.9	-4.8
Adjusted EBITDA	24.7	35.0
Net profit	13.4	15.7
Temporary regulatory differences for previous periods	-2.9	8.8
Temporary regulatory differences for reporting period	1.7	-4.3
Other (non-ordinary transactions, income tax adjustments)	-3.0	-0.7
Adjusted net profit	9.2	19.5
Adjusted return on equity (ROE)	5.0%	10.8%

5.10. REFERENCES TO AND ADDITIONAL EXPLANATIONS OF DATA REPORTED IN THE FINANCIAL STATEMENTS

Other information has been disclosed in the notes to the financial statements of Amber Grid for the year 2023.

5.11. INFORMATION ON SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Significant events after the end of the reporting period have been disclosed in the notes to the financial statements of Amber Grid for the year 2023.

5.12. INFORMATION ON ANY FINANCIAL ASSISTENCE

On 11 April 2023, the Company's General Meeting of Shareholders allocated EUR 471 thousand of distributable profit to support. However, in 2023, the Company did not grant any support to any natural or legal person or to any organization having the status of a beneficiary (charity). The Company's support policy is publicly available at:
https://www.epsog.lt/uploads/documents/files/Politikos/20220527_Paramos%20politika.pdf.

5.13. INFORMATION ON RELATED-PARTY TRANSACTIONS, SIGNIFICANT ARRANGEMENTS AND DETRIMENTAL TRANSACTIONS

Information on related-party transactions is presented in the financial statements of Amber Grid for the year 2023.

The Company is a party to the following significant arrangements entitling the counterparties to terminate the transactions concluded with the Company as a result of changes in the Company's control:

- Loan agreement of 19 August 2015 with the Nordic Investment Bank;
- Long-term loan agreement of 30 June 2020 with the European Investment Bank.

The terms of the loan agreements are deemed to constitute bilateral confidential information of the parties to the respective agreements, and their disclosure could inflict damage on the Company.

During the reporting period, the Company neither entered into any detrimental transactions (transactions that are inconsistent with the Company's objectives or standard market terms, that infringe on interests of shareholders or any other stakeholders, etc.), nor into any transactions giving rise to conflict of interests in respect of responsibilities fulfilled by the Company's management, controlling shareholders or any other related parties, also in respect of the Company's interests and their private interest and/or other responsibilities.

The Audit Committee of EPSO-G, which operates at the group level and performs the functions of the Audit Committee of Amber Grid, expresses opinion on each related-party transaction of Amber Grid. The Audit Committee assesses whether the respective related-party transaction has been concluded on market terms, and whether the transaction is fair from the standpoint of all the shareholders.

Table 7. Amber Grid related-party transactions, 2023

Agreement No	Type of relationship	Name of related party	Details of related party	Agreement effective date	Type	Subject of agreement	Estimated value, excl. VAT
VPP-3245	SOE	Transporto Valdymas UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	03/03/2023	Purchase of services	Periodic replacement services for vehicle tyres and fire extinguishers	4,999.00
23-05962	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	17/03/2023	Other than public procurement contracts	Service of connecting the LČ-4M/5M line of the MGP Panevėžys-Šiauliai II (Galeliai vlg., Rozalimas Eld., Pakruojis D.) to ESO AB electricity network	9,763.06
23-06179	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	17/03/2023	Other than public procurement contracts	Service of connecting the LČ-6M line of the MGP Panevėžys-Šiauliai II (Beniuliai vlg, Lygumai Eld., Pakruojis D. Municip.) to ESO AB electricity network	15,718.69
23-06199	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	17/03/2023	Other than public procurement contracts	Service of connecting the main line to Kužiai GDS LČ-1-II (Kužiai vlg., Kurkliai Eld., Anykščiai D.) to ESO AB electricity network	6,615.40
23-06208	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	17/03/2023	Other than public procurement contracts	Service of connecting the main line to Daugėliai GDS LČ-1-II (Liepkalnis vlg., Kuršėnai Eld., Šiauliai D.) to ESO AB electricity network	18,843.70
23-06247	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	17/03/2023	Other than public procurement contracts	Service of connecting the main line to Pajiešmeniai and Biržai GDS LČ-1-I/1-II (Tetirvinai vlg., Vaškai Eld., Pasvalys D.) to ESO AB electricity network	7,928.81
23-06337	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	17/03/2023	Other than public procurement contracts	Service of connecting the main line Klaipėda-Kuršėnai ČA-20M (Saulažoliai vlg., Klaipėda D.) to ESO AB electricity network	12,820.13
PS-1959 (10.46 E)/23	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	23/03/2023	Other than public procurement contracts	Provision of data for the Beneficiary Subsystem of the Legal Entity Participants Information System	Value not established

22-24879	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	16/01/2023	Other than public procurement contracts	Service of connecting ČA-11D (Grabučiškiai vlg., Rumšiškės Eld., Kaišiadorys D.) to ESO AB electricity network	7,796.35
21-96868	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	30/01/2023	Other than public procurement contracts	Service of relocating electrical equipment in Neveronys village, Neveronys Eld., Kaunas D. Municip.)	402.14
21-96863	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	30/01/2023	Other than public procurement contracts	Service of relocating electrical equipment in Romaškiai village, Domeikava Eld., Kaunas D. Municip.	748.60
639306	EPSO-G Group	TETAS UAB	Company code 300513148, Senamiesčio st. 102B, LT-35116 Panevėžys	16/01/2023	Purchase of services	(PPP-2583) Verification services for electrical protection measures	12,000.00
	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	09/02/2023	Other than public procurement contracts	Guarantee of origin service contract	Value not established
	EPSO-G Group	GET BALTIC UAB	Company code 302861178, Geležinio vilko st. 18A, LT-08104 Vilnius	27/06/2023	Purchase agreements	On the reimbursement of costs	3,660.00
22/EPST-3420/S-2	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	19/04/2023	Purchase agreements	Special conditions for a contract for the provision of electronic delivery services by means of the national information system for the delivery of electronic items by means of the postal network, where payment is made after the provision of these services	0.00
AF2023-16	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	01/10/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	0.00
23-67864	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	18/09/2023	Other than public procurement contracts	Service of connecting Šiauliai GDS electrical equipment to ESO AB electricity network	646.76
23-68044	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	12/09/2023	Other than public procurement contracts	Service of connecting Kėdainiai GDS electrical equipment to ESO AB electricity network	161.92
23-68055	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	12/09/2023	Other than public procurement contracts	Service of connecting Vievis GDS electrical equipment to ESO AB electricity network	80.96
528808	EPSO-G Group	EPSO-G UAB	Company code 302826889, A. Juozapavičiaus st. 13, LT-09311 Vilnius	19/07/2023	Purchase of services	Supplement to the holding management services agreement No 528808 of 25 February 2021	0.00

676194	EPSO-G Group	EPSO-G UAB	Company code 302826889, A. Juozapavičiaus st. 13, LT-09311 Vilnius	21/07/2023	Purchase of services	(VPP-3328) Management (holding) services	676194
2023-302431	EPSO-G Group	EPSO-G UAB	Company code 302826889, A. Juozapavičiaus st. 13, LT-09311 Vilnius	12/07/2023	Financial agreements	Lending and borrowing	2023-302431
AF2023-41	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	01/10/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	AF2023-41
AF2023-62	SOE	Ignitis Gamyba UAB	Company code 302648707, Elektrinės st.21, LT-26108 Elektrėnai	21/09/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	AF2023-62
AF2023-107	SOE	Ignitis Polska sp. z o.o.	C.C.681577, Puławska st, 2B, 02-566 Warsaw, Poland	01/10/2023	Natural gas transmission services	Agreement on the right to use the Electronic Transmission Service Booking and Administration system	AF2023-107
3396	SOE	PROJEKTŲ EKSPERTIZĖ UAB	Company code 120091161, A. Vienuolio st. 6-11, Vilnius	28/09/2023	Design/works /contracting services purchase agreements	General expert services for main pipeline projects	3396
597339/4	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part IV)	597339/4
597339/3	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part III)	597339/3
597339/2	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part II)	597339/2
597339/1	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part I)	597339/1
23-06309	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	19/10/2023	Other than public procurement contracts	Service of connecting the main line Klaipėda - Kuršėnai ČA-18M (Stalgas vlg., Stalgėnai Eld., Plungė D.) to ESO AB electricity network	23-06309
CPO271503	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	06/11/2023	Purchase of goods	Electricity 2024	CPO271503
CPO274751	SOE	Lietuvos Paštas AB	Company code 121215587, J.Balčikonio	07/11/2023	Purchase of services	Courier services	CPO274751

			st.3, LT-03500, Vilnius				
12	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	01/11/2023	Natural gas transmission services	Additional agreement No 12 (on an uninterrupted gas supply)	12
AF2023-36	EPSO-G Group	GET Baltic UAB	Company code 302861178, Geležinio vilko st. 18A, LT-08104 Vilnius	01/10/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	AF2023-36
23-01253	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	20/11/2023	Other than public procurement contracts	Relocation of electricity meter in Anykščiai GDS	23-01253
2023-SUT-126	EPSO-G Group	EPSO-G UAB	Company code 302826889, Laisvės ave. 10, LT-04215 Vilnius	22/12/2023	Other than public procurement contracts	Assessment of the payment for the search and selection of candidate(s) for independent member(s) of the Board of Litgrid AB, Amber Grid AB and Baltpool AB	2023-SUT-126
23-94945	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	21/12/2023	Other than public procurement contracts	Service of connecting the main line Jurbarkas-Tauragė LČ-7 (Mikutaičiai II vlg. 2, Jurbarkai Eld., Jurbarkas D. Municip.) to ESO electricity network	23-94945
23-94948	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	21/12/2023	Other than public procurement contracts	Service of connecting Tauragė-Klaipėda LČ-12 (Spiečiai vlg, Žemaičių Naumiestis Eld., Šilutė D. Municip.) to the electricity grid of ESO	23-94948
23-94953	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line to Šakiai GDS LČ 1-II ir 1-I (Galeliai vlg., Rozalimas Eld., Pakruojis D.) to the electricity grid of ESO	23-94953
23-94956	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė-Visaginas LČ-5 (Bajorai k., Švenčionys Eld., Švenčionys D.) to ESO AB electricity network	23-94956
23-94957	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė - Visaginas LČ-6 (Naujasalis vlg., Ignalina Eld., Ignalina D.) to ESO AB electricity network	23-94957
23-94959	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė - Visaginas LČ-7 (Ožionys vlg., Ignalina Eld., Ignalina D.) to ESO AB electricity network	23-94959
23-94972	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė-Visaginas LČ-8 (Pečiūniškės vlg., Ignalina Eld., Ignalina D.) to ESO AB electricity network	23-94972
23-94976	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	02/01/2024	Other than public procurement contracts	Service of connecting the main line Vilnius – Karaliaučius LČ-18/19B (Smiltynai I vlg., Domeikava Eld., Kaunas D.) to ESO AB electricity network	23-94976

676194	EPSO-G Group	EPSO-G UAB	Company code 302826889, A. Juozapavičiaus st. 13, LT-09311 Vilnius	21/07/2023	Purchase of services	(VPP-3328) Management (holding) services	676194
2023-302431	EPSO-G Group	EPSO-G UAB	Company code 302826889, A. Juozapavičiaus st. 13, LT-09311 Vilnius	12/07/2023	Financial agreements	Lending and borrowing	2023-302431
AF2023-41	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	01/10/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	AF2023-41
AF2023-62	SOE	Ignitis Gamyba UAB	Company code 302648707, Elektrinės st.21, LT-26108 Elektrėnai	21/09/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	AF2023-62
AF2023-107	SOE	Ignitis Polska sp. z o.o.	C.C.681577, Puławska st, 2B, 02-566 Warsaw, Poland	01/10/2023	Natural gas transmission services	Agreement on the right to use the Electronic Transmission Service Booking and Administration system	AF2023-107
3396	SOE	PROJEKTŲ EKSPERTIZĖ UAB	Company code 120091161, A. Vienuolio st. 6-11, Vilnius	28/09/2023	Design/works /contracting services purchase agreements	General expert services for main pipeline projects	3396
597339/4	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part IV)	597339/4
597339/3	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part III)	597339/3
597339/2	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part II)	597339/2
597339/1	SOE	State Enterprise Centre of Registers	Company code 124110246, Lvovo st. 25-101, LT-09320 Vilnius	04/09/2023	Purchase of services	Additional agreement No 1 (MD VK Part I)	597339/1
23-06309	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	19/10/2023	Other than public procurement contracts	Service of connecting the main line Klaipėda - Kuršėnai ČA-18M (Stalgas vlg., Stalgėnai Eld., Plungė D.) to ESO AB electricity network	23-06309
CPO271503	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	06/11/2023	Purchase of goods	Electricity 2024	CPO271503
CPO274751	SOE	Lietuvos Paštas AB	Company code 121215587, J.Balčikonio	07/11/2023	Purchase of services	Courier services	CPO274751

			st.3, LT-03500, Vilnius				
12	SOE	Ignitis UAB	Company code 303383884, Laisvės ave. 10, LT-04215 Vilnius	01/11/2023	Natural gas transmission services	Additional agreement No 12 (on an uninterrupted gas supply)	12
AF2023-36	EPSO-G Group	GET Baltic UAB	Company code 302861178, Geležinio vilko st. 18A, LT-08104 Vilnius	01/10/2023	Natural gas transmission services	Agreement for access to the electronic system for ordering and managing gas transmission services	AF2023-36
23-01253	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	20/11/2023	Other than public procurement contracts	Relocation of electricity meter in Anykščiai GDS	23-01253
2023-SUT-126	EPSO-G Group	EPSO-G UAB	Company code 302826889, Laisvės ave. 10, LT-04215 Vilnius	22/12/2023	Other than public procurement contracts	Assessment of the payment for the search and selection of candidate(s) for independent member(s) of the Board of Litgrid AB, Amber Grid AB and Baltpool AB	2023-SUT-126
23-94945	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	21/12/2023	Other than public procurement contracts	Service of connecting the main line Jurbarkas-Tauragė LČ-7 (Mikutaičiai II vlg. 2, Jurbarkai Eld., Jurbarkas D. Municip.) to ESO electricity network	23-94945
23-94948	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	21/12/2023	Other than public procurement contracts	Service of connecting Tauragė-Klaipėda LČ-12 (Spiečiai vlg, Žemaičių Naumiestis Eld., Šilutė D. Municip.) to the electricity grid of ESO	23-94948
23-94953	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line to Šakiai GDS LČ 1-II ir 1-I (Galeliai vlg., Rozalimas Eld., Pakruojis D.) to the electricity grid of ESO	23-94953
23-94956	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė-Visaginas LČ-5 (Bajorai k., Švenčionys Eld., Švenčionys D.) to ESO AB electricity network	23-94956
23-94957	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė - Visaginas LČ-6 (Naujasalis vlg., Ignalina Eld., Ignalina D.) to ESO AB electricity network	23-94957
23-94959	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė - Visaginas LČ-7 (Ožionys vlg., Ignalina Eld., Ignalina D.) to ESO AB electricity network	23-94959
23-94972	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	22/12/2023	Other than public procurement contracts	Service of connecting the main line Pabradė-Visaginas LČ-8 (Pečiūniškės vlg., Ignalina Eld., Ignalina D.) to ESO AB electricity network	23-94972
23-94976	SOE	Energijos Skirstymo Operatorius AB (ESO)	Company code 304151376, Aguonų st. 24, LT-03212 Vilnius	02/01/2024	Other than public procurement contracts	Service of connecting the main line Vilnius – Karaliaučius LČ-18/19B (Smiltynai I vlg., Domeikava Eld., Kaunas D.) to ESO AB electricity network	23-94976

5.14. INFORMATION ON SIGNIFICANT DIRECT AND INDIRECT HOLDINGS

As at 31 December 2023, the Company held 34% of shares in the associate GET Baltic UAB. More details on the associate are provided in Amber Grid's financial statements.

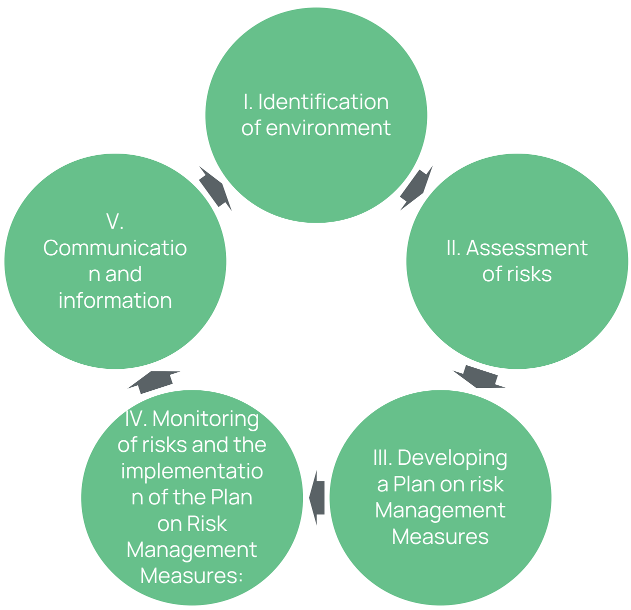
6. RISKS AND RISK MANAGEMENT

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 2023, 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 key risk management principles and responsibilities for the EPSO-G Group companies to ensure a unified corporate risk management process based on common principles. The EPSO-G Group companies define risk management principles and responsibilities in the Risk Management Policy. The Policy is publicly available on EPSO-G website.

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



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

I. Identification of environment. The Company identifies aspects that may have an impact on the Company's failure to achieve its goals based on the Company's internal and external environment, planning documents, the Risk Assessment history and the monitoring of the implementation of the risk management measures. Regular environmental assessments are carried out to adapt to changes and to prepare in advance for unexpected threats.

II. Assessment of risks. The Company identifies, analyses and assesses risks on regular basis, identifies Key Risk Indicators, and prepares the List of Risks. The Company also identifies the risk appetite, and categorizes risks according to their priority and the appetite identified.

III. Developing a Plan on risk Management Measures. The Company develops a Plan on Risk Management Measures for risks exceeding risk appetite.

IV. Monitoring of risks and the implementation of the Plan on Risk Management Measures. This process involves continuous monitoring of the Company's List of Risks and the Plan on Risk Management Measures, as well as monitoring of the Group-level risks and the list of the Group-level risks management measures. The monitoring results are communicated to the Company's manager, the Board, the Audit Committee, in accordance with the remit of each of them.

V. Communication and information. Regular and effective sharing of information among the participants in the Risk Management process that has impact on the assessment of the Company's risks and their management. Relevant information on risks and their management is communicated to the Company's employees during staff meetings.

The Company identified operational risks for 2023, assessed them, set risk monitoring indicators and provided risk management measures.

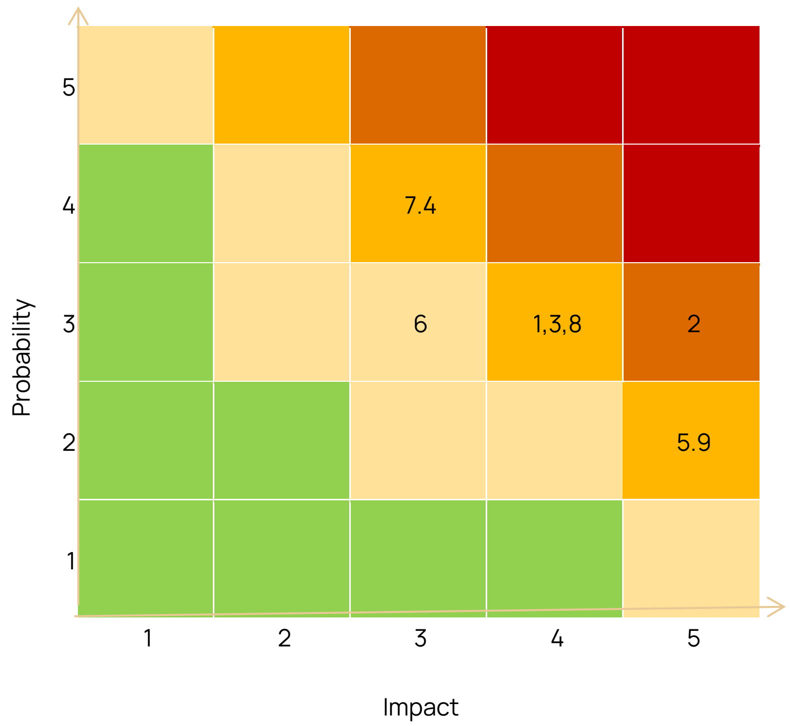
After assessing the risks identified and managed in the Company and their level (impact on the Company's activities), the Board of Amber Grid approved the EPSO-G group-level risk list.

In each quarter of 2023, the Audit Committee of EPSO-G assessed the changes in the key risk indicators of the Company, the effectiveness of risk management, and presented its conclusions and recommendations to the Boards of Amber Grid.

During 2023, to improve risk management and integrity within the Group, the Risk Management Information System, was installed.

6.2 KEY RISKS AND THEIR MANAGEMENT

The Company is exposed to the following key risks:



1. Risk of delays in strategic projects

There are risks related to non-compliance with the project portfolio execution plan, delays in asset renewal and development are possible. The Company minimises these risks by confirming the next year's project portfolio as early as possible, so that resources can be planned in advance. Investment projects are approved by the committee after a prior analysis of the Company's available resources.

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

2. Long-term funding risk

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

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

3. Regulatory risk

The prices of natural gas transmission and related services are regulated, the price caps are set by the Council. Those decisions directly affect Amber Grid's performance, allocation of funds to cover the required operating expenses, investments to maintain reliability of the transmission network, and possibilities to finance the strategic projects from its own or borrowed funds.

Management measures:
- To achieve clear and consistent regulation that does not adversely affect performance, the Company actively communicates with the Council, participates in the discussions on amendments to legislation, and submits its comments on the improvement of the legislation, arguing the impact of future decisions and the importance of the Company' long-term strategic objectives. Proactive engagement with the Council will also be crucial in coordinating decisions on the costs of climate neutrality activities.

4. Technological risks

One of the most important functions and responsibilities of Amber Grid is to ensure secure, reliable and efficient operation of the natural gas transmission systems. Technological risk management aims to avoid disruptions to operations and the disconnection of gas to consumers.

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

5. Risks of non-compliance with occupational safety requirements

The Company places great emphasis on occupational safety. Given the applicable and most 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 workstations, timely maintenance and control of systems, equipment, work tools.
- Internal documents on health and safety have been approved.
- Staff training, certification and briefings on safety and health issues.
- Continuous monitoring and supervision of employees' and contractors' compliance with OHS requirements.

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

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

Management measures:
- The Company is improving shift plans for critical positions. Over the next few years, the focus will be on updating the competency model, improving employer branding and developing talent.

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

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

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

8. Cybersecurity risk

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

Management measures:

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

9. Risk of failing to meet the budget

There is a risk that Amber Grid will fail to meet its budget and financial plans, which will adversely affect their ability to meet the commitments of the Company, as well as ability to meet financial covenants and other obligations, and to pay dividends.

Management measures:

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

10. Environmental impact mitigation risk

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

Management measures:

- In line with EPSO-G's Sustainability Policy, the Company is required to collect and, at least annually, publish sustainability-related data in accordance with the global GRI and/or other disclosure standards.
- The Company is provided with the list of ESG indicators to be selected
- The Company is required to develop and implement cost-effective mitigation plans and related measures.

6.3 SUSTAINABILITY RISK MANAGEMENT

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

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

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

In 2023, the following risks were assigned to sustainability (environmental, social and governance) risks:

Risks that meet environmental criteria:
- Risks of reducing the environmental impacts.

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

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

Descriptions of the Company's sustainability risks listed above and their management measures are provided in section 6.1 (see "Key risks and their management").
In 2023, corruption, compliance, going concern risks are included in the Company's key risk register. All of these risks are medium or low level because of applied effective risk management measures. Being aware of the importance of these risks for the achievement of the sustainability objectives, the Company pays particular attention to the management and disclosure of these risks.

6.4 CLIMATE CHANGE RISKS

Given the importance of climate-change challenges in the energy sector, the EU regulations (the EU Taxonomy Regulation, the European Sustainability Reporting **Standards (ESRS)**, etc.), climate-related risk disclosures and to improve related risk management, in 2023, Amber Grid AB together with other EPSO-G Group companies and in partnership with consulting firm Deloitte conducted a comprehensive analysis of the Group's climate-related risks (physical and transition), opportunities and climate scenarios (based on IPCC climate change scenarios) in the short-term (2026), medium-term (2030) and long-term (2050).

The evaluation was carried out in the Group for the first time and was guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The evaluation report and methodology drawn up will help to improve the assessment and management of climate change risks, improve disclosures to the Group's stakeholders and strengthen the sustainability risk management in the Group.

The evaluation comprised climate-related **physical** risks (impact of occurrence of extreme weather events on transmission infrastructure, buildings, offices) and **transition** risks (regulatory, technology, reputation, market, public pressure), measures and indicators were developed to manage these risks.

7. MANAGEMENT REPORT

7.1. INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company complies with the Corporate Governance Code for Companies Listed on NASDAQ Vilnius Stock Exchange (available at www.nasdaqbaltic.com; hereinafter "the Code"). The Code applies to the extent that the Articles of Association of the Company do not provide otherwise. The Company has disclosed its compliance with the requirements of the Code, and such information is available on the Company's website at http://www.ambergrid.lt, and on the Central Storage Facility at www.crib.lt.

7.2. ISSUED CAPITAL

The Company's issued capital amounts to EUR 51,730,929.06. It is divided into 178,382,514 ordinary registered shares with nominal value of EUR 0.29 each. One ordinary registered share with the nominal value of EUR 0.29 gives one vote at the General Meeting of Shareholders. All shares are fully paid up.

The shareholder structure of the Company remained unchanged in 2023. EPSO-G UAB retained its 96.58% shareholding in the Company and was the only shareholder holding more than 5% of the Company's shares. EPSO-G UAB has a casting vote in the decision-making process at the General Meeting of Shareholders.

7.3. SHARES AND SHAREHOLDER RIGHTS

The number of the Company's shares that entitle their holders to vote at the General Meeting of Shareholders matches the number of shares in issue, which is equal to 178,382,514 shares. All property and non-property rights conferred by the shares of Amber Grid are equal, and none of the Company's shareholders has special control rights. Pursuant to Article 20 of the Law on Companies of the Republic of Lithuania (hereinafter the "Law on Companies"), 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. There are no restrictions imposed on the voting rights at the Company.

In 2023, the Company did not acquire any own shares and did not enter in any transactions involving the acquisition or disposal of own shares.

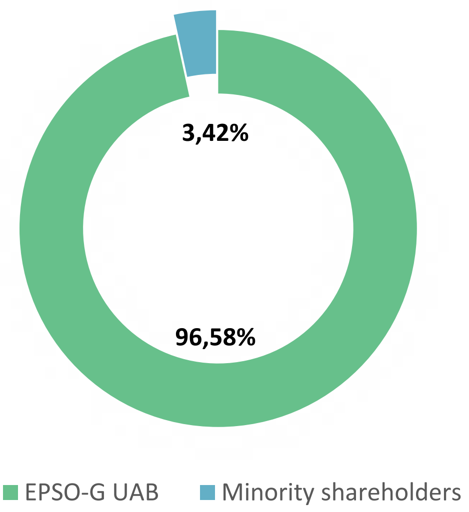
7.4. SHAREHOLDERS

As at 31 December 2023, Amber Grid had over 2,500 shareholders (Lithuanian and foreign natural and legal persons), whereof 1 (one) shareholder held more than 5% of the Company's shares.

Table 8. Shareholders of the Company

Shareholder	Registered office address/company code	Ownership interest, number of shares
EPSO-G UAB	Laisvės ave. 10, Vilnius, Lithuania, 302826889	172,279,125
Minority shareholders		6,103,389
Total		**178,382,514**

Fig 16. Shareholder structure as at 31 December 2023



7.5. DATA ON TRADING IN SECURITIES ON REGULATED MARKETS

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

Table 9. Main data on Amber Grid's shares

Main data on Amber Grid's shares	
ISIN code	LT0000128696
LEI code	097900BGMP0000061061
Ticker	AMG1L
Issue size (units)	178,382,514

In 2023, the Company's turnover of trading in shares amounted to EUR 0.41 million (2022: EUR 0.40 million), 337,659 shares were transferred by way of transactions (2022: 338,463 shares).

Fig. 17. Share price dynamics on NASDAQ Vilnius, 2023

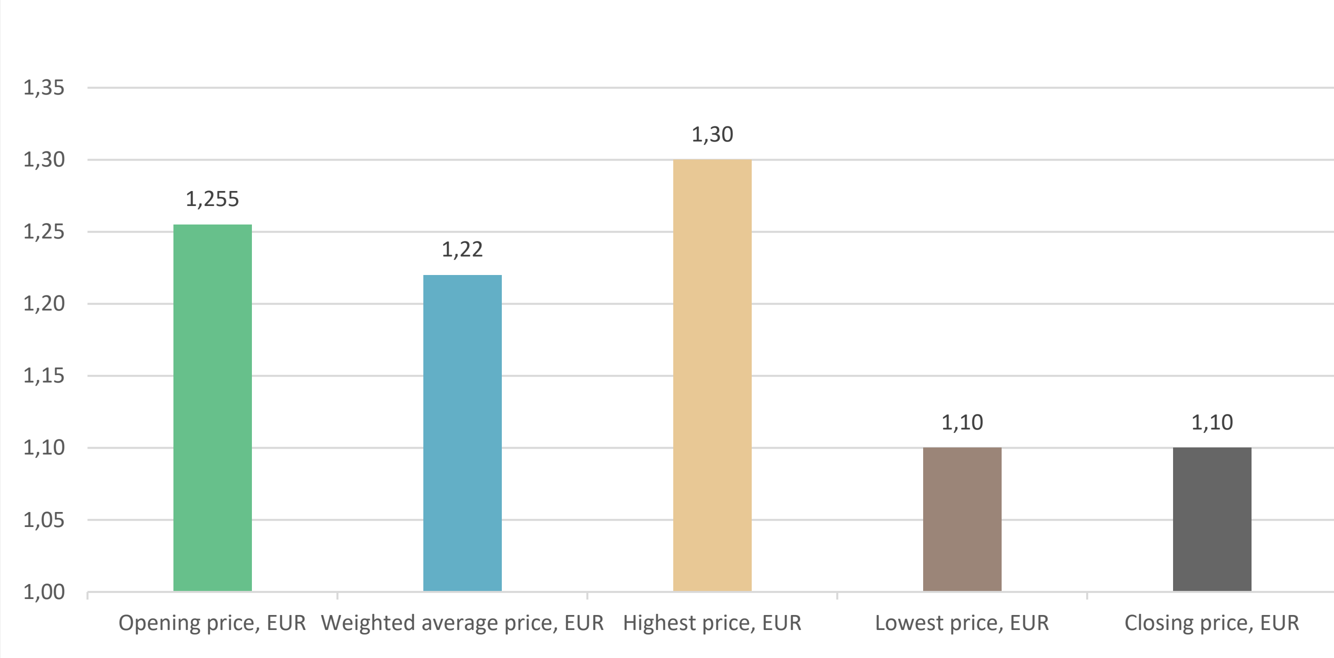
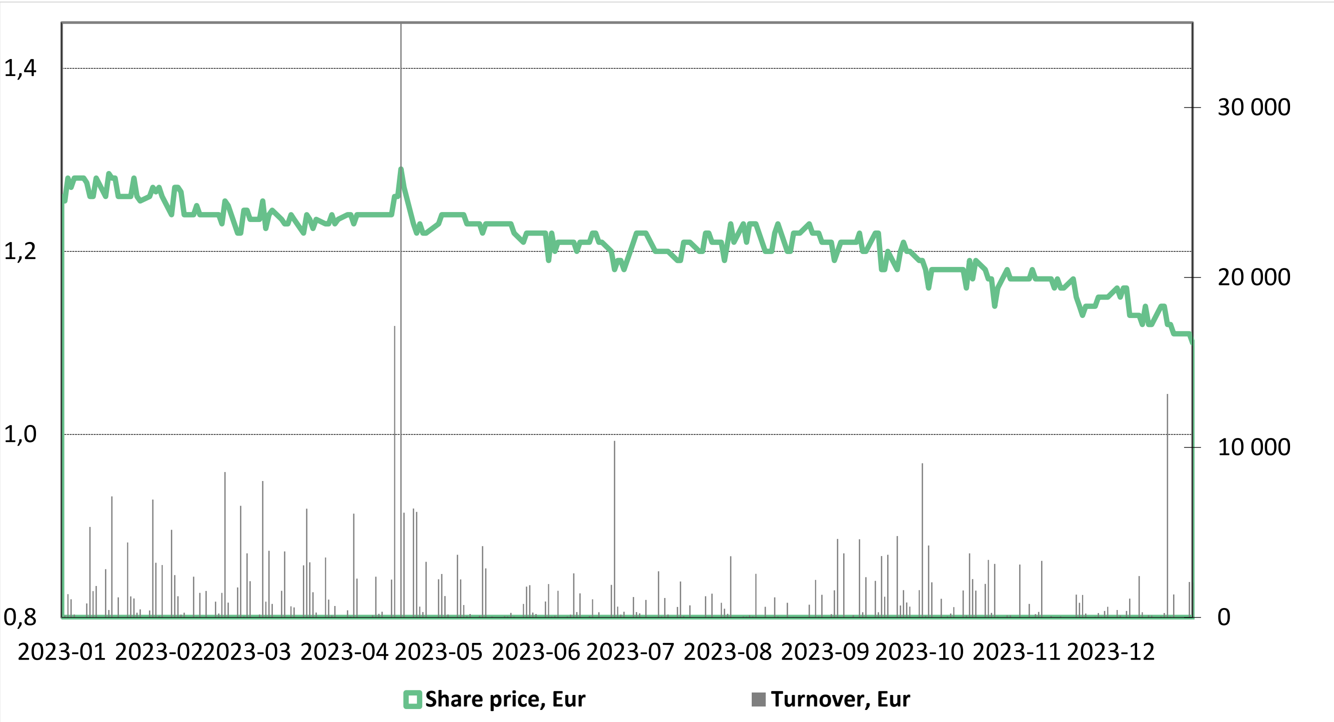


Fig. 18. Amber Grid's share price and turnover, 2023



As at 31 December 2023, Amber Grid's share market capitalisation amounted to EUR 196.22 million. The quoted price per share and the market capitalisation decreased by 12% in 2023.

7.6. DIVIDENDS

The Group's and the Company's Dividend Policy[3] stipulates uniform rules for estimation, payment and declaration of dividends across all companies of the EPSO-G Group.

The main purpose of the Dividend Policy[4] is to set clear guidelines regarding the expected return on equity for the existing and potential shareholders through sustainable corporate value growth of the Group and its companies, and development of the strategic projects, thereby consistently strengthening trust in the whole group of energy transmission and exchange companies.

On 11 April 2023, the Ordinary General Meeting of Shareholders made the decision to pay out dividends in total amount of EUR 12.1 million or EUR 0.0676 per share.

On 20 April 2022, the Ordinary General Meeting of Shareholders made the decision to pay out dividends in total amount of EUR 9.9 million or EUR 0.0555 per share.

7.7. AGREEMENTS WITH INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES

Amber Grid has an agreement with SEB Bankas AB for provision of accounting and related services of the Company's securities.

On 30 April 2021, the Company concluded an agreement with AB SEB Bank on the payment/distribution of dividends to minority shareholders, under which AB SEB Bankas calculates and pays out dividends to all the shareholders of the Company, except for EPSO-G UAB.

Table 10. Bank details

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

7.8. MANAGEMENT STRUCTURE

The Company's activities are governed by 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 enforcement are defined in the Law on Companies and in the Company's Articles of Association. The Company's Articles of Association are available at www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/istatai.

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

[3] The Company's Dividend Policy is available at https://www.ambergrid.lt/uploads/documents/EPSO-G%20Dividendu%20politika_2020-02-07(2).pdf

The management bodies of the Company specified in the Articles of Association:

- The general meeting of shareholders (hereinafter – the Meeting),
- The Board – a collegial management body,
- The Manager of the Company – the single-person management body.

General Meeting of Shareholders

The Company's procedure for convening the General Meeting of Shareholder, decision-making process, and the powers of the General Meeting of Shareholders are consistent with those stipulated in the Law on Companies, except for the additional powers of the General Meeting of Shareholders stipulated in Article 25 of the Company's Articles of Association.

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

(i) appointment and removal of the Board members, remuneration of the Board members, conclusion of contracts with the Board members and standard terms and conditions;
(ii) suspension or non-suspension of members of the Board and the adoption of a decision 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[4];
(iii) approval of 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[5].

The Board

The Articles of Association of Amber Grid stipulate that the Company's Board consists of five members appointed by the General Meeting of Shareholders for a term of four years. Two members of the Board shall be independent members. A continuous term of office of a Board member shall be no longer than two consecutive terms of office and, in any case, may not hold the Board member's position for more than 10 (ten) consecutive years.

The selection of the Board members shall be carried out in accordance with the Description of the Procedure for the Selection of Candidates to the Collegial Supervisory Body or Management Body of Municipal Enterprise, State or Municipal Company or Subsidiary approved by Resolution No 631 of 17 June 2015 of the Government of the Republic of Lithuania.

The powers of the Board of the Company are consistent with those stipulated in the Law on Companies, except for the additional powers stipulated in Articles 34–41 and Article 43 of the Articles of Association.

Additional powers of the Board encompass approval of the fundamental documents of the Company (strategy, annual performance targets, budget, etc.), determination of employment terms and conditions of the Company's manager, determination of prices for gas transmission services and other regulated services, approval of disposal of the Company's assets, conclusion of material transactions stipulated in the Articles of Association.

The Board of the Company also fulfils the following supervisory functions:

(i) approves or opposes the conclusion of related party transactions, considering the opinion of AC;
(ii) approves the description of the procedure and conditions for the valuation of transactions with related parties concluded on an arm's length basis in the ordinary course of business, as provided for in the Law on Companies;
(iii) supervises the performance of the Manager, provides feedback and proposals to the Meeting on the Manager's performance;
(iv) considers whether the Manager is fit to hold the office in case the Company is operating at a loss;

(v) proposes to the Manager to revoke his decisions that are contrary to laws and regulations, the Articles of Association, decisions of the Meeting or the Board;
(vi) decides on other matters pertaining to supervision of activities of the Company and the CEO that are assigned to the authority of the Board under the Articles of Association or by the decision of the Meeting.

[4] If the Board is unable to take a decision which is also related (directly or indirectly) to 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.

[5] 36. (iii) the acquisition of fixed 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 is required); (v) pledging or mortgaging (calculated on the aggregate amount of transactions) of the Company's assets with a carrying amount exceeding EUR 2,000,000 (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 the 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 mentioned 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 objects and assets of importance to ensuring national security provided for in the Law of the Republic of Lithuania on Protection of Objects of Importance to Ensuring National Security, if the value of the said objects exceeds 1/20 of the Company's authorised capital; (ix) the transfer of shares or other encumbrances on the disposal of shares or the rights conferred by such shares or other encumbrances on the disposal of the objects referred to in point (viii) of this Article, the increase or decrease of the authorised capital of such companies or any other action that may change the structure of the authorised capital of such companies (e.g., the issue of convertible bonds), and decisions on the reorganisation, spin-off, restructuring, liquidation, restructuring or any other action which changes the legal status of the undertakings referred to in this point.

Table 11. Information on Amber Grid's Board members, Manager and Chief Accountant

Full name	Position	Term of office	Other positions held	Share-holding in Amber Grid	Qualification[5]
Dalius Svetulevičius	Chairman of the Board	Board member since 20/04/2022 (elected on 20/04/2022) Chairman of the Board elected since 22/11/2022	EPSO-G UAB, Technical Manager	None	Kaunas University of Technology, Bachelor in Electrical Engineering; Master in Measurement Engineering; Vilnius University, Master in Management and Business Administration
Karolis Švaikauskas	Board member	Since 20/04/2020 (elected on 20/04/2022)	Head of the Group for Competition in Energy Sector, Ministry of Energy	None	Vytautas Magnus University, Bachelor in History, Master in Political Science and Baltic Studies; Humboldt University of Berlin, Scandinavian and North European Studies
Ignas Degutis	Independent member of the Board	From 20/04/2020	CFO, RB Rail AS (Rail Baltica)	None	ISM University of Management and Economics, Master in Economics; Baltic Institute of Corporate Governance, Education Programmes for Council/Board Members and Chairs

[5] Information on the professional experience of the members of the Board is available on the Company's website at https://www.ambergrid.lt/lt/apie_mus/valdymas/valdyba, and on the professional experience of the CEO and other senior executives at https://www.ambergrid.lt/lt/apie_mus/valdymas/vadovybe

Full name	Position	Term of office	Other positions held	Share-holding in Amber Grid	Qualification[5]
Sigitas Žutautas	Independent member of the Board	From 20/04/2020	Council member, the Faculty of Economics and Business Administration, Vilnius University	None	Vilnius University, Master in Business Management and Administration; ESMT European School of Management and Technology, Berlin, Post-graduate Studies
Paulius Butkus	Board member	From 11/04/2023	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.
Nemunas Biknius	Company's Manager	From 08/04/2020	Chairman of Supervisory Council, Klaipėda State Seaport Authority	Holds 0.001505% of shares in Amber Grid	Vilnius Gediminas Technical University, Master in Energy and Thermal Engineering; Aalborg University, Denmark, Environmental Management Studies; ISM MBA Management Studies
Rasa Baltaragienė	Head of Accounting Department	From 02/12/2019	-	None	

18 Board meetings were held in 2023.

Attendance at the Board meetings in 2023:

- **Attended**
- **Absent**

Table 12. Statistics of attendance at the Board meetings of Amber Grid

No	Meeting date	Dalius Svetulevičius	Karolis Švaikauskas	Sigitas Žutautas	Ignas Degutis	Paulius Butkus
1	Jan 10	●	●	●	●	Not yet elected
2	Jan 24	●	●	●	●	Not yet elected
3	21 February	●	●	●	●	Not yet elected
4	7 March (extraordinary)	●	●	●	●	Not yet elected
5	17 March	●	●	●	●	Not yet elected
6	28 March	●	●	●	●	Not yet elected
7	25 April	●	●	●	●	●
8	12 May (extraordinary)	●	●	●	●	●
9	23 May	●	●	●	●	●
10	20 June	●	●	●	●	●
11	July 25	●	●	●	●	○
12	8 August (extraordinary)	●	●	●	●	●
13	August 22	●	●	●	●	●
14	September 19	●	●	●	●	●
15	October 24	●	●	●	●	●
16	14 November (extraordinary)	●	●	●	●	●
17	November 21	●	●	●	●	●
18	December 12	●	●	●	●	●

Key decisions of the Board in 2023:

01
January

10 January. Approval of Amber Grid's revised Strategy for 2021–2030, Operating Plan for 2023–2025 and the CEO's performance targets for 2023.

02
Februar

21 February. Approval of the preliminary material terms and conditions of the transaction for the sale of GET Baltic UAB shares. Joining the updated Compliance Management Policy of the EPSOG Group.

03
March

7 March. Convening the extraordinary meeting of the Board. Approval, by a written vote, of the contract for the purchase of ball and stop taps (Reconstruction works for the replacement of main gas pipeline shut-off devices and connection to the SCADA remote control system (Phase 3, Part 3, Materials)) and of the essential terms and conditions of the contract. Approval of the new version of the Rules for the use of the natural gas transmission system of Amber Grid.

17 March. Approval of the sale of shares in UAB GET Baltic and the essential terms and conditions thereof. Approval of updated report on implementation of Amber Grid Strategy for 2021-2030 for the year 2022. Approval of the Annual Report and of the set of annual financial statements of Amber Grid. Approval of the draft profit distribution and decision to submit it to the General Meeting of Shareholders.

28 March. Approval of the assessment of the achievement of 2022 goals set for the CEO of Amber Grid. Approval of the updated plan of risk management measures of Amber Grid for 2023. Approval of the conclusion of vehicle operating lease contracts under 6 (six) separate procurement object lots and of the material terms and conditions of the contracts.

04
April

11 April. Convening the ordinary general meeting of shareholders of Amber Grid. Approval of the set of consolidated and the Company's financial statements for 2022. Approval of the distribution of Amber Grid's profit for 2022. Approval of the remuneration report of Amber Grid for 2022. Election of Paulius Butkus to Amber Grid Board member's position. Approval of the new version of Articles of Association. Approval of the sale of shares in GET Baltic and the essential terms and conditions thereof.

05
May

12 March. Convening the extraordinary meeting of the Board. Approval, by a written vote, of the 2022 tax loss transfer and takeover transaction with the related party EPSO-G UAB and of the essential terms and conditions thereof.

23 May. Amendment to the terms and conditions of the employment contract of Amber Grid AB CEO by changing the monthly remuneration and the position title from "Chief Executive Officer" to "Manager of the Company". Approval of the prices for gas transmission services set by Amber Grid. Approval of the updated management structure of Amber Grid. Approval of the decision of the Manager of Amber Grid to join the Association for HR Professionals.

06
June

20 June. Approval of the conclusion of the transaction for the provision of services of management holdings with EPSO-G UAB and of the essential terms and conditions of the transaction. Amendment to some of the essential terms and conditions of the P2P Lending and Borrowing Agreement between Amber Grid and EPSO-G. Approval of entering into reconstruction contract for replacement of shut-off devices of the main gas pipeline and connection to the remote control system SCADA, and approval of the essential terms and conditions thereof.

07
July

25 June. Approval of amendment to the essential terms and conditions of the procurement contract in relation to the implementation of remote control of gas transmission system (Replacement of shut-off devices and connection to the remote control system SCADA) (the deadline for works extended to 31 December 2023). Approval of amendments to the essential terms and conditions of the construction contract in relation to the project Installation of launching and receiving chambers for the monitoring device and installation of remote control of gas transmission system (phase II) - the deadline for works extended to 31 December 2023, the new contract price is set at: EUR 12,534,832.45 excl. VAT. Approval of new management job levels and new version of the Company's List of Risks and the Plan on Risk Management Measures for 2023. The Company's manager is obliged to seek the opinion of the Audit Committee prior to entering into any related party transactions for the investment, acquisition, transfer, lease, pledge and mortgage of assets, guaranteeing or guaranteeing the performance of obligations, where the amount of such transactions or the total amount of such transactions during a financial year does not exceed 1/10 of the value of the assets in the Company's most recently drawn up audited balance sheet and where the latter transactions are in the ordinary course of business and/or in standard market conditions. The Company's Manager is responsible for ensuring adequate disclosure of related party transactions on the Company's website and in annual reports.

08
August

8 August. Convening the extraordinary meeting of the Board. Decision to convene the extraordinary General Meeting of Shareholders regarding the election of the audit company and the terms of remuneration for the audit services for 2023-2025.

22 August. No decisions were adopted.

30 August. Convening the Extraordinary General Meeting of Shareholders. Selection of PricewaterhouseCoopers UAB, company code 111473315, as the audit firm to perform the audit of the Company's financial statements and annual report for 2023–2025. The fee for the services will not exceed EUR 432.9 thousand (excl. VAT) (including the EUR 143.4 thousand fee for the audit of interim financial statements).

09
September

19 September. Adoption of the decision to launch hydrogen transport activities on 1 October 2023. Approval of the Company's updated organisation structure (as from 1 April 2024) and updated list of job positions. Approval of the Company's list of risks and the plan on risk management measures for 2023. Granting a financial incentive of 1.5 times average remuneration to the Company's manager.

10
October

24 October. No decisions were adopted.

11
November

14 November. Convening the extraordinary meeting of the Board. Approval, by a written vote, of the draft version of the Company's Strategy 2030 and its submission to public undertaking Governance Coordination Centre for review.

12
December

12 December. Approval of the Company's Board meeting calendar and action plan for 2024. Approval of the monthly remuneration bands for the Company's employees as of 1 January 2024. Approval of the monthly remuneration bands for the Company's employees in IT positions at 14-17 grades and for employees in engineering positions at 11-14 grades. The remuneration exceeds the Company's basic remuneration bands by 20%. Determination of the Company's risk appetite and approval of the plan of risk management measures for 2024.

The Remuneration and Appointment Committee discussed the results of the self-evaluation of the collegial bodies (CO) and identified the following areas and areas for improvement of the CO's activities in 2023:

- to organize strategic sessions companies belonging to EPSO-G group, focusing on strategic planning and discussion of shareholder expectations;
- to organize the meetings of the new term EPSO-G Board and group management bodies, the Group committees (within H1 2023, after the appointment of the new EPSO-G Board).

Based on the Company's Articles of Association, the Audit Committee's functions at Amber Grid are fulfilled by the Audit Committee of the parent company EPSO-G UAB.

Amber Grid has the following committees acting jointly within the EPSO-G Group:

- Remuneration and Nomination Committee
- Audit Committee

Full details about the Committees of Amber Grid are available in the consolidated annual report of the EPSO-G Group and via 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

To ensure transparency and efficiency of its operations, the EPSO-G Group has implemented a centralised internal audit system. It means that the internal audit unit fulfils the assigned functions at the Group level, and is directly accountable to the Board of EPSO-G UAB, the majority of which are independent members. The auditors of EPSO-G UAB are not subordinate to the administration personnel of the auditee.

Audit of the financial statements

PricewaterhouseCoopers, UAB conducted audit of the Company's and its subsidiaries' annual financial statements (including verification for regulated activity reports) for the year ended 31 December 2021, 2022 and 2023.

The fee for the audit services of PricewaterhouseCoopers UAB for the years ended 31 December 2021 and 2022 was EUR 50.5 thousand per year.

The fee for the audit services of PricewaterhouseCoopers UAB for the years ended 31 December 2023 was EUR 92 thousand.

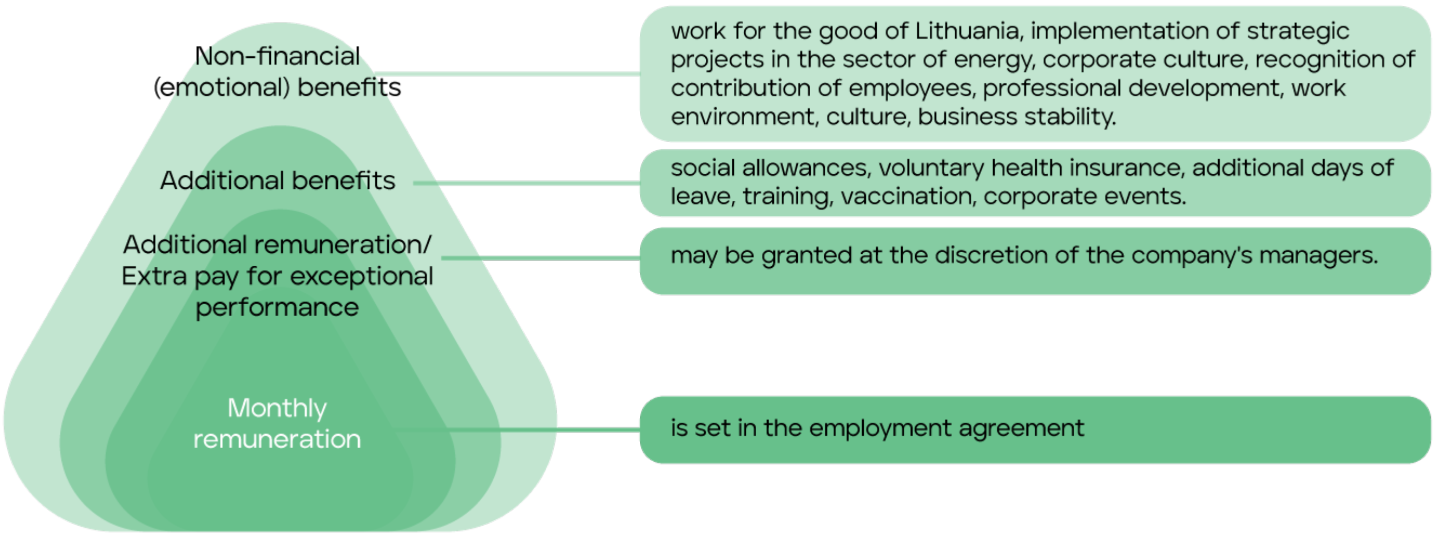
During 2023, PricewaterhouseCoopers UAB did not provide to the Company any services other than audit, and did not receive any fee other than for audit services.

Remuneration management

On 25 October 2022, Amber Grid joined the updated EPSO-G Group Employee Remuneration, Performance Appraisal and Self-development Policy (hereinafter the "Policy"), which applies to all employees of the Company and is available on the Company's website. The Policy is approved/joined by decision of the Company's Board considering the recommendations of the EPSO-G Remuneration and Nomination Committee. The Remuneration and Nomination Committee of EPSO-G periodically evaluates 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 remuneration; fringe benefits provided for in the Labour Code of the Republic of Lithuania, internal regulations and collective agreements of the Companies; financial incentives; project incentives; one-off bonuses for exceptional performance and innovation; fringe benefits; non-financial remuneration.

Fig 19. Remuneration structure



Components of remuneration

Monthly remuneration is the largest and most important part of the monetary remuneration, which depends on the level of the post, determined for each post according to a methodology used in international practice. The monthly remuneration of staff members is set within the limits of the remuneration scales for the grade of the post concerned, taking into account the staff member's experience, competence, level of expertise and independence in performing the functions assigned to the post, and the remuneration budget for the relevant year.

Financial incentives are determined by reference to the following standard criteria for assessing the employee's performance: the results of the assessment 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 for the Company's Manager are allocated by the Board of the Company, and for other employees – by the Company's Manager. The financial incentive is paid once a year when the Board of the Company approves the audited financial results of the Company and when they are confirmed by the resolution of the General Meeting of Shareholders.

A one-off bonus for exceptional performance may be payable by the decision of the Company's Manager. For the purpose of maintaining continuous progress, different incentives may be payable to encourage innovation initiatives across the EPSO-G UAB Group. Such incentives may be payable for innovation-driven approach and creativity of employees as they present their innovative ideas.

Table 13. Amber Grid's average remuneration by category of employees in 2023:

Groups of job positions	2023	2022
Company's Manager	15,612	13,264
Top Management	9,906	8,432
Middle and First-Level Managers	5,060	4,534
Expert professionals	3,171	2,790
Workers	1,768	1,639
Total:	**3,078**	**2,743**
Total annual wage guarantee fund, EUR thousand	**13,755**	**11,612**

Remuneration policy for members of collegial management bodies and the Manager

On 20 April 2020, the General Meeting of Shareholders of the Company approved the Remuneration Policy for the Manager and Board Members of Amber Grid (the updated policy was approved by decision of the Company's General Meeting of Shareholders of 23 June 2022)[1]aimed at establishing common, clear and transparent principles of monetary reward for work of the Company's Manager and Board members and the remuneration system based on these principles in order to effectively manage the Company's operating costs and to create motivational incentives for the CEO and Board members to contribute to the achievement of the Company's mission, vision, values and objectives.

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 management bodies of the EPSO-G Group companies approved by a decision of the sole shareholder of EPSO-G.

When determining the remuneration for the management bodies, the Company follows a principle that the size of the remuneration and its payment procedure should: promote creation of a long-term and sustainable corporate value of the Company and the entire EPSO-G Group; match the workload of individual bodies of the Company and their individual members; reflect as much as possible the actual situation in the market, i.e. it has to be competitive in terms of the work pay offered in the market for the professionals in the respective fields; ensure remuneration for responsibility undertaken by the management bodies; ensure independence of the independent Board members; encourage attraction of high-level professionals from the respective areas to join the Company's management.

Remuneration for the functions fulfilled in the Company's Board may be payable only to those Board members of the Company who meet the criteria set forth in the effective legal acts of the Republic of Lithuania and the Guidelines for Determining the Remuneration for Fulfilment of Functions in the Bodies of EPSO-G UAB and the EPSO-G UAB Group.

By decision of the Extraordinary General Meeting of Shareholders of 22 December 2022, the following fixed monthly remunerations, before tax, were fixed as from the date of adoption of the decision of the General Meeting of Shareholders:

Table 14. Monthly fixed remuneration before tax

Job position	Monthly fixed pay component (EUR)
Chairman of the Board (independent)	4097
Member of the Board (independent)	3073
Member of the Board (civil servant), if the civil servant neither holds the position nor engages in activities of the collegial body of another SE/SOE and/or ME/MOE[6]	2458
Member of the Board (civil servant), if the civil servant holds the position and engages in activities of the collegial body of another SE/SOE and/or ME/MOE	1536

In addition, by the said decision of the General Meeting of Shareholders of 22 December 2022, the total annual budget for 2023 for the remuneration of the Company's Board members and additional expenses to ensure activities of the Board were set at EUR 101.4 thousand.

The tables below present information on remuneration of the members of the management bodies, and annual changes in the remuneration amounts:

Table 15. Remuneration of the Chief Executive Officer

Position	Full name	Date of appointment	Parts of gross wage	Gross wage (EUR)				
				2019	2020	2021	2022	2023
CEO	Nemunas Biknius	October 2019	Total (EUR)	20,075	117,192	148,586	159,410	188,090
			Variable part (EUR)	0	4,581	33,488	38,603	55,462
			Variable part %	0%	4%	23%	24%	29%

The proportions of the remuneration of the Company's Chief Executive Officer were in line with the Remuneration Policy and the variable part of the remuneration was set in line with the achievement of the annual goals set by the Board of the Company.

The Chief Executive Officer is not remunerated in shares of the Company.

Table 16. Remuneration of Board members

Position	Full name	Remuneration for work in the Board (EUR)					
		2018	2019	2020	2021	2022	2023
Member of the Board since 20/04/2022, Chairman of the Board since 22/11/2022	Dalius Svetulevičius	-	-	-	-	-	-
Board member	Paulius Butkus	-	-	-	-		

[6] SE - state enterprise, SOE - state-owned enterprise, ME - municipal enterprise, MOE - municipality-owned enterprise

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
Board member	Karolis Švaikauskas	-	-	-	-	439	18,432

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

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

8. SUSTAINABILITY REPORT

8.1. ABOUT THE SUSTAINABILITY REPORT

The following Sustainability Report 2023 of AB Amber Grid (hereinafter the 'Company' or 'Amber Grid') is an integral part of the Company's consolidated annual report for 2023. This Sustainability Report 2023 was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option. The disclosures are made on a materiality basis and reflect the Amber Grid's progress in implementing the principles of the United Nations Global Compact (UNGC) and the Company's contribution to the United Nations Sustainable Development Goals (SDGs). The Report complies with the requirements for social responsibility reports, as provided for in Lithuanian legislation. The Report takes into account Nasdaq's ESG (Environmental, Social and Governance) Reporting Guide and other recommendations. The following information covers the period from 1 January to 31 December 2023. The Sustainability Report should be read in conjunction with the Company's consolidated annual report.
The report contains the most recent information available at the time of publication but it has not been formally audited. The previous Sustainability Report and other information on the Company's sustainability management and activities is available on the website of Amber Grid (www.ambergrid.lt).
For any questions regarding the content of the Report or the Company's sustainability activities, please contact r.kazlauskiene@ambergrid.lt.

8.2. SUSTAINABLE PERFORMANCE MANAGEMENT, PRINCIPLES AND PRIORITIES

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

Sustainability directions:

ENVIRONMENTAL AREA	SOCIAL AREA	GOVERNANCE AREA
Enabling climate-neutral energy by reducing the environmental impact of activities	Building a progressive organisation which acts in observance of principles of sustainability	Transparent and efficient management and development of the energy exchange platform

It also aims to contribute directly to the implementation of United Nations Sustainable Development Goals by 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 the following actions:

GOAL 1.

Affordable and clean energy:

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

Goal 2.

Appropriate work and economic growth:

- We take a proactive approach to employee health and safety.
- We are building an organisational culture based on human rights.
- We invest in the professional and personal development of our employees.
- We ensure clear and transparent remuneration principles.
- We support the unionisation of workers.

Goal 3.

Industry, innovation and infrastructure:

- We ensure reliable and safe operation of gas transmission systems.
- We associate corporate structure and incentive systems with promotion of innovation.

Goal 4.

Responsible consumption and production:

- We apply not only qualitative criteria, but also fairness and sustainability criteria to our partners.
- We ensure responsible waste sorting and management.
- We use green criteria in public procurement.

Goal 5.

Combating climate change:

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

Key Long-Term Objectives of the Company

A key goal se in the Company's strategy is to work together on Lithuania's energy transformation towards a climate neutral economy. The natural gas transportation system, including main gas pipelines, gas distribution, metering and compressor stations, is an integral part of the Lithuanian energy system. It plays an important role in the creation of an environment-neutral economy and, more importantly, a cleaner and safer future. Amber Grid is ready to transform the natural gas system by adapting it to the safe transportation of renewable energy sources, that is biogas, a mix of methane and hydrogen and pure hydrogen, as well as to create a new system for hydrogen transportation. We aim to integrate into the single European market by creating a unified system that will help the country to follow the European Green Deal confidently, and consumers to benefit from clean energy at the best price.

One of the top priorities for the Company is to significantly mitigate the impact of operations on the environment. An investment plan for the planned measures to reduce GHG emissions has been drawn up, and the measures set out in the GHG emission education plan are being implemented. In 2023, the reduction target was exceeded by 18,999 thousand t of CO2. The Scope 3 emissions inventory took place in the Company.

We are actively examining and creating options for transporting a methane-hydrogen mixture. With this objective, we are looking into the possibility of integrating a hydrogen production unit into the gas system. In 2023, preparations were made to implement a project for the blending of hydrogen into the natural gas system. In addition, favourable conditions for the connection of biomethane producers to the gas transmission system in 2023 have been created to ensure market access for green gas.
The customer satisfaction survey, which was conducted for the third year in a row, showed very positive results (the GCSI index reached 83%). In 2023, we focused on active engagement with our customers to meet their expectations as expressed in the 2022 survey. The implementation of an automated solution

platform for servicing contractors and other interested parties has been delayed in finding a suitable technical solution and negotiating the scope of work. To implement one of the objectives of this goal, an analysis was carried out together with Klaipėdos Nafta on the expansion of the LNG terminal capacity. Opinion polls revealed that the extension project is not yet relevant for market participants.
The Company builds an engaged organisation through a number of measures and developments. The Company develops e-learning system, implements a motivating remuneration system in line with market trends, and has a plan for the improvement of the employer's image in place. There is a slight delay in the deployment of the interactive learning and training platform. It has been decided to acquire this platform at EPSO-G group level. Both top managers and middle managers and professionals take an active part in conferences.

16 table. Amber Grid sustainability directions and goals

Line	Goal	Performance in 2023	Performance in 2022	Performance in 2021	Sustainability lines of the UN sustainable development goals
Environmental area					
Enabling climate-neutral energy by reducing the environmental impact of activities	By 2030, the negative environmental impact of activities will be reduced by 2/3 (66.67%) compared to 2019	- 27.38%	- 47.70%	-2,77%	**Goal 1.** Affordable and clean energy **Goal 5.** Combating climate change
	0 significant environmental incidents in operations	1	0	0	
	Gas transmission systems are adapted to hydrogen transportation	Together with the Baltic and Finnish gas transmission system operators, the Company has carried out a technical condition and capability assessment of adapting the gas transmission grid to transporting the methane-hydrogen mixtures.	A study on Lithuania's hydrogen sector roadmap and implementation plan was conducted. A study on the adaptation of gas transmission infrastructure to transport the methane-hydrogen mixture was launched in cooperation with transmission operators in neighbouring countries.	A feasibility study on hydrogen development was launched.	
	Favourable conditions for connecting green energy producers to the energy infrastructure	The connection of biomethane producers to the transmission system relaunched to connect biomethane producers within a 12-month timeframe from the submission of the application. In	Import of biomethane from the Netherlands to Lithuania with guarantees of origin was launched. A total of 4.5 GWh of biomethane was imported.	A system of guarantees of origin of biomethane was launched, but no biomethane entered the system in 2021.	

		2023, changes were made to the rules applicable in Lithuania enabling biomethane injection into the gas grid produced in facilities remote from the gas transportation network. In the summer of 2023, the first guarantees of origin were issued for biomethane produced in Lithuania and injected into the gas transmission system. By the end of 2023, 47 GWh of biomethane was produced in Lithuania.			
Social area					
Building a progressive organisation which acts in observance of principles of sustainability	0 cases of human rights violations or discrimination	0	0	0	**Goal 2.** Appropriate work and economic growth
	0 serious or fatal accidents of employees and contractors serious or fatal accidents	0	0	0	
	Customer satisfaction (GCSI) – at least 80% under the GCSI methodology	83%	82%	83%	
	≥ 21% of women in top management (Board + TLE) by 2027 (compared to 2022)	9%	9%		
Governance area					
Transparent and efficient management and development of the energy exchange platform	0 cases of corruption	0	0	0	**Goal 3.** Industry, innovation and infrastructure **Goal 4.** Responsible consumption and production
	A+ Good Governance Index of the GCC	A+	A+	A	
	100% green procurement every year from 2023	>95% (some procurements were carried over from 2022, therefore the result is below 100%)	50%	10%	
	Reliable and secure operation of gas transmission system	The proportion of removed critical gas leaks in the number of	The proportion of removed critical gas leaks in the number of	The proportion of removed critical gas leaks in the number of	

		identified critical gas leaks 1	identified critical gas leaks 0	identified critical gas leaks 0	
	Sustainability criteria integrated into the requirements for contracting companies	More than 95% of the Company's procurements (by value) were green.	More than 50% of the Company's procurements (by value) were green. The target for 2023 is that 100% of the Company's public procurements by value should be green	More than 10% of green procurements of the procurement value of the public procurements that took place	
	Innovation projects are financed as a share of the transfer revenue - at least 0.5% by 2025	The Company proposed 19 innovative ideas, 14 of which have been turned into projects or tasks to be implemented by 2025. In total, the Company allocated EUR 76.8 thousand to innovation development in 2023, which represents 0.35% of transmission revenues	The Company proposed 26 innovative ideas, 24 of which have been turned into projects or tasks to be implemented by 2025. In total, the Company allocated over EUR 800,000 to innovation development in 2022.	The Company has approved 16 innovative projects to be implemented by 2025	

Sustainability and risk management

The Company has integrated sustainability principles into its business processes, and the management of sustainability domains by competency covers all levels.
The Company's Board is responsible for setting, reviewing the long-term strategic sustainability objectives and monitoring indicators. The Board also approves policies on the environment, equal opportunities, health and safety of employees, anti-corruption, remuneration, performance evaluation and development. Within its remit, the Board also approves the Company's annual objectives, which include sustainability-related objectives.
EPSO-G Sustainability Development Manager is responsible for monitoring and coordinating the achievement of sustainability objectives. Meanwhile, within the Company, the relevant environmental, social and governance objectives are delegated to the Company's different functional units (e.g. environmental, occupational safety, human resources, risk and compliance management, etc.) according to their competences. The Company has delegated a separate person responsible for ensuring equal opportunities within the Company.

The Company aims to integrate sustainability principles into all its activities and processes.

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

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

Disclosures on compliance with the EU Taxonomy Regulation that relate to Amber Grid's taxonomic economic activities are provided in the consolidated annual report of EPSO-G.

Since the average annual number of employees of the Company does not reach 500 employees, the Taxonomy Regulation does not provide for the obligation for the Company to publish indicators of taxonomic activities.

In 2023, the following risks were assigned to sustainability (environmental, social and governance) risks:

Risks that meet environmental criteria:
- Risks of reducing the environmental impacts.

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

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

In 2023, corruption, compliance, going concern risks are not included in the Company's key risk register. All of these risks are medium or low level because of applied effective risk management measures. However, the Company, being aware of the importance of these risks for the achievement of the sustainability objectives, pays particular attention to the management and disclosure of these risks (see 'GOVERNANCE SUSTAINABILITY').

More details on the main risks, their description and management measures can be fount the section 'Key risks and their management' of the Company's consolidated annual report.

The sustainability-related policies referred to in this report are publicly available on the Company's website.

Sustainability Policy. In 2021, the Board of EPSO-G approved a new Sustainability Policy, replacing the previous Social Responsibility Policy. The new Sustainability Policy defines sustainability guidelines and principles common to all the Group's companies and guides the Group's activities. By adopting an umbrella policy governing sustainability and other sustainability-related areas (environment, occupational health and safety, equal opportunities, etc.), the EPSO-G Group is reinforcing its management of sustainability at a strategic level, defining the key directions and principles for the development of sustainability, which guide the Group's activities and the creation of a progressive organisational culture. The implementation of this Policy is the responsibility of managers of the EPSO-G Group's corporate managers and sustainability functionaries.

Environmental policy. EPSO-G Group aims to contribute to the achievement of the environmental and climate change goals set out in the United Nations 2030 Agenda for Sustainable Development, as well as the commitments set out in the Paris Agreement, the European Green Deal, the National Strategy for Energy Independence and the National Climate Change Management Agenda. This policy defines the key environmental principles that apply throughout the Group to minimise the environmental impact of its activities and to promote a culture based on sustainable development in EPSO-G and its environment The implementation of the environmental policy is the responsibility of the Group's corporate managers and environmental functionaries, who ensure that environmental aspects are identified in a timely manner, that environmental objectives are set, that plans are drawn up, that targets are set to improve the environmental situation and that sufficient resources are allocated to their implementation, that the results are monitored periodically, and that the processes, technologies and working methods used are subject to auditing.

The Occupational Safety and Health Policy (OSH Policy) defines the general principles of occupational safety and health and the basic guidelines for their implementation. The implementation of this policy is the responsibility of the Group's corporate managers and functional supervisors of the OSH area, who ensure that OSH aspects are identified in a timely manner, OSH objectives are set, plans are drawn up, that targets are set to improve the OSH status and sufficient resources are allocated to their implementation, that the results are monitored periodically, and that the processes, technologies and working methods used are subject to auditing. The functional supervisors of the OSH area of the Group periodically provide the Group's managers and the OSH functional curator of EPSO-G with reports and data on Incidents, Accidents, Occupational Accidents and OSH violations to assess the status of OSH, the effectiveness of the policy and to make decisions to improve OSH.

The Prevention of Corruption Policy defines the principles and requirements for the prevention of corruption and the guidelines for ensuring compliance with them, the implementation of which creates the preconditions and conditions for the implementation of the highest standards of transparent business conduct.

The Support Policy defines the key principles of support, clear and transparent criteria for selecting projects and activities to be supported, and essential requirements for the transparency and public awareness of the support provided.

The Equal Opportunities Policy defines the key principles to ensure that equal opportunities and non-discrimination are respected in all areas of employment relationships.

The **Selection Policy**, which was updated on 01/08/2022, defines the Group's overall selection principles and practices to select transparently the best candidates who have the right qualifications, skills, experience, and values for collegial bodies and for managerial and professional positions at all levels and who will contribute effectively to the achievement of the Group's objectives.

Employee Remuneration, Performance Assessment and Education Policy. On 25/10/2022, Amber Grid signed up to a new Group policy that defines clear and transparent principles for the remuneration and performance assessment of the Group's employees, and the corresponding employee remuneration system, the principles of learning, refresher courses, and professional development.

The Procurement Policy, which was updated on 21/02/2022, defines the key principles and objectives of procurement, guidelines for procurement planning and preparation, the conduct and coordination of group procurement, implementation of procurement principles and best practices, supply and supplier management, contract management control, and review of disputes and decisions.

The Supplier Code of Conduct, which was approved on 25/11/2022, defines the standards of conduct that the Company expects all its Suppliers and Sub-suppliers to adhere to in order to promote legitimate, professional, sustainable and fair business practices that incorporate the objectives of environmental protection, human rights, labour standards, and business ethics. The Supplier Code of Conduct is based on the principles of the United Nations Global Compact.

The Code of Ethics defines the principles and standards of business ethics the Company adheres to and the behaviour it expects from its employees and partners in their daily work.

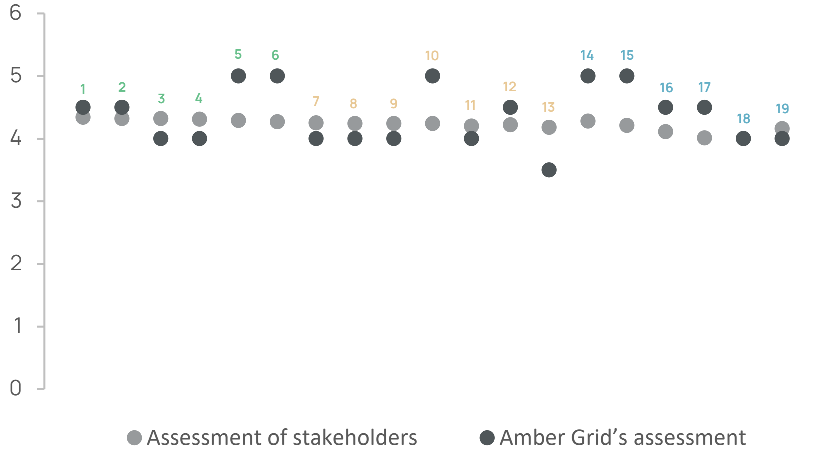
Stakeholder relations

When designing and implementing its sustainable development actions, the Company seeks the full engagement of its stakeholders and promotes open and fair cooperation with consumers, producers and suppliers, the founder, society, employees and other stakeholders.
It is important to us that the Company's sustainable development directions and goals meet the needs of the stakeholders, therefore, the materiality assessment was performed in 2021 prior to choosing the strategic directions of sustainable development and setting the goals envisaged in the Company's strategy. The Company's stakeholders took part in the materiality assessment (by way of opinion polling).

8.3. THE MOST SIGNIFICANT IMPACTS ON SUSTAINABILITY

We are continuously developing our sustainability goals and their implementation programmes in priority areas. This Report disclose the information on the implementation of the sustainability principles in the Company and its progress in 2023 through each of the following priorities identified in the materiality assessment. The content of the Report has been prescribed by analysing the views, opinions and expectations of key stakeholders and taking into account the current business objectives as set out in the Company's strategy and strategic plan. The Report contains material information that is relevant to the stakeholders in assessing the Company's performance or in making decisions concerning the Company.
A double materiality assessment will be carried out in 2024, replacing the materiality matrix of sustainability topics that the Company has used to date.

Figure 20. Matrix of significance of Amber Grid's sustainability topics



5 means that the topic of sustainability should be very important to the company, and 1 - not important at all.

Environmental area

1. Reducing environmental impact GH emissions in operations
2. Preserving biodiversity and ecosystems
3. Sustainable and efficient use of resources in operations
4. Reducing waste amounts, responsible sorting and management
5. Creating favourable conditions for increasing the share of RES
6. Adapting energy systems for decarbonisation

Social area:

7. Ensuring human rights and equal opportunities for employees
8. Ensuring professional development for employees
9. Employee well-being and job satisfaction
10. Occupational safety and health
11. Dialogue and involvement of local communities
12. Customer satisfaction with services
13. Public activities, volunteering, and social partnerships

Governance area:

14. Reliability and security of transmission networks
15. Transparent governance and creation of anti-corruption environment
16. Cybersecurity and data protection
17. Sustainable value for the economy and financial return for the State
18. Implementation of innovation, research, digitization
19. Sustainable management of the supply chain

A total of 180 respondents participated in the survey.

Explanation of environmental, social, and economic impacts.

Amber Grid assessed the materiality of 19 impacts, which were determined in accordance with the specifics of the Company's operations, its long-term strategy until 2030, and the Sustainability Accounting Standards Board's (SASB) and GRI guidelines for determining the materiality.

High and medium values

ENVIRONMENTAL IMPACTS:

- Reducing environmental impact and greenhouse gas (GHG) emissions in operations – reducing environmental impacts (air, water, soil quality), pollution by sewage and GHG emissions (CO2, CH4, etc.) from the Company's operations.
- Preserving biodiversity and ecosystem – protecting terrestrial and aquatic wildlife, natural vegetation, and habitats of high ecological value through activities.
- Sustainable and efficient use of resources in the Company's operations – use of green energy in the Company's operations, efficient consumption of water and other resources.
- Reducing waste amounts, responsible sorting and management – reducing the amount of waste generated by operations and ensuring the safe and proper management of hazardous and non-hazardous waste.
- Creating favourable conditions for increasing the share of renewable energy sources (RES) – ensuring efficient connection of renewable energy producers to the grid, smooth operation of the energy guarantees of origin system.
- Adapting energy systems for decarbonization – adapting transmission grids for reliable transportation of the quantity of new and increased renewable energy sources (electricity /biogas, methane and green hydrogen).

SOCIAL IMPACTS:

- Ensuring human rights and equal opportunities for employees – ensuring human rights, creating culture based on equal opportunities and non-discrimination within the Company.
- Ensuring professional development for employees – providing professional and personal development opportunities for employees and actively developing the necessary competences.
- Employee well-being and job satisfaction – creating the environment that enhances employee well-being and satisfaction and ensures work-life balance.
- Occupational safety and health – Ensuring that employees of the Company and its contractors comply with safety requirements when carrying out work, and actively taking care of their good health.
- Dialogue and involvement of local communities – actively informing local communities about the activities taking place in their environment, fostering a culture of dialogue and community involvement.
- Customer satisfaction with services – the quality of services provided to customers, improving customer-centric services.
- Public activities, volunteering, and social partnerships – promotion of volunteering, educational activities and targeted cooperation with non-governmental organisations (NGOs), academic and government institutions.

GOVERNANCE IMPACTS:

- Reliability and security of transmission networks – ensuring the safe, reliable, and efficient operation of energy transmission systems.
- Transparent governance and creation of anti-corruption environment – compliance with standards of transparency and business ethics, zero-tolerance of corruption and active fight against all its forms.
- Cybersecurity and data protection – ensuring the security of critical data, building a cyber-attack resistant IT infrastructure, and creating the organizational culture.
- Sustainable value for the economy and financial return for the State - meeting shareholders' financial return targets, ensuring return on investment, economic and social returns.
- Implementation of innovation, research, digitization – creating the organizational culture that fosters innovation, ensuring the appropriate funding for the implementation of innovations.
- Sustainable management of the supply chain – increasing the share of public procurement of goods and services that meet environmental and sustainability standards, actively encouraging contractors, suppliers, and other partners to follow the recognized environmental, anti-corruption and social standards.

8.4. ENVIRONMENTAL SUSTAINABILITY

Our Approach

In the environmental field, the Company's main objectives are to enable climate-neutral energy and to reduce the environmental impacts of its operations, including greenhouse gas emissions. In its environmental policy adopted in 2021, the Company committed to monitoring the environmental impact of its activities, and to introducing modern technologies and measures to reduce significant environmental impacts. The Company is committed to ensuring the protection of biodiversity when operating, expanding or modernising the infrastructure of transmission systems. Amber Grid has the objective of ensuring zero tolerance of environmental incidents. We also aim to hold contractors and other business partners accountable for the environmental impacts of their activities and to seek to reduce them. In 2023, 212 in-house safety and environmental inspections and 197 safety and environmental inspections of contractors were carried out at the Company's sites.
The Company also follows the precautionary principle of carrying out environmental impact assessment procedures in accordance with legal requirements before undertaking projects that may have a significant impact on the environment, including biodiversity or society. The implementation of the environmental policy is the responsibility of the head of the Company and its environmental functionaries, who ensure

that environmental aspects are identified in a timely manner, that environmental objectives are set, that plans are drawn up, that targets are set to improve the environmental situation and that sufficient resources are allocated to their implementation, that the results are monitored periodically, and that the processes, technologies and working methods used are subject to auditing.

Environmental and Occupational Health and Safety Management System

Since 2014, the Company has had an environmental management system compliant with the international standard ISO 14001, and since 2016, an occupational health and safety management system compliant with the OHSAS 18001 standard has been in place. The environmental and occupational health and safety management system is integrated into all planning, organisation, and management processes of Amber Grid's operations and is applied to all employees of the Company.

In 2022, the Company's management system was re-certified for the third time in accordance with ISO 14001 and re-certified in accordance with the occupational health and safety management system standard ISO 45001. In 2023, the external supervision audit of the Company's management systems did not identify any non-compliances.

The management pays close attention to environmental protection and occupational health and safety issues, which are closely linked to the Company's strategic objectives. The Company continuously invests in new equipment, information management and production process technologies to improve the environment and working conditions: periodic health checks are carried out in accordance with the identified occupational risk factors, employees are given prophylactic vaccinations against influenza and tick-borne encephalitis, and only reliable collective and personal protective equipment that complies with quality standards is selected. The management has set a goal to contribute to the development of green energy, aiming at climate-neutral operations, and it has set a target to reduce the environmental impact (including, but not limited to GHG emissions) of the Company's operations by 2/3 by the year 2030.

Employees are kept informed and educated on environmental protection and occupational health and safety issues, thereby ensuring social cooperation and partnership.

The management system is subject to continuous monitoring and periodic reviews in light of the changing natural environmental conditions and the dynamics of external and internal factors, in direct relation to the Company's environmental and occupational health and safety policy, the Company's strategy, and the goals and objectives of its implementation.

When outlining its long-term commitments, strategic directions (priorities) and objectives, the Company drew on the IESE Business School's approach to **governance through the organisation's mission and stakeholder theory**. The stakeholder theory approach encourages a broader view of the value created by the organisation than just through the prism of shareholders, but by defining the value created for the key stakeholders and focusing on their well-being.

Procedures for recording incidents and potential incidents are in place to manage unsafe situations. Incidents and potential incidents (unsafe workplaces) recorded by the Company are discussed by the Incident Prevention Committee, including employees from different areas in the discussion. A mobile app and access at all workplaces have been developed for easy recording of occupational safety and environmental incidents and unsafe situations.

Emergency Management

The Company is a facility of national importance and an entity of national security significance – the Company is registered in the Register of Facilities of National Importance and Hazardous Facilities as a facility of national importance and is included in the list of Critical Information Infrastructure and its managers.

The Company's Emergency Management Plan (hereinafter the 'Plan') is regularly reviewed, adjusted, supplemented, and coordinated with the Fire and Rescue Department under the Ministry of the Interior and with the National Energy Regulatory Council.

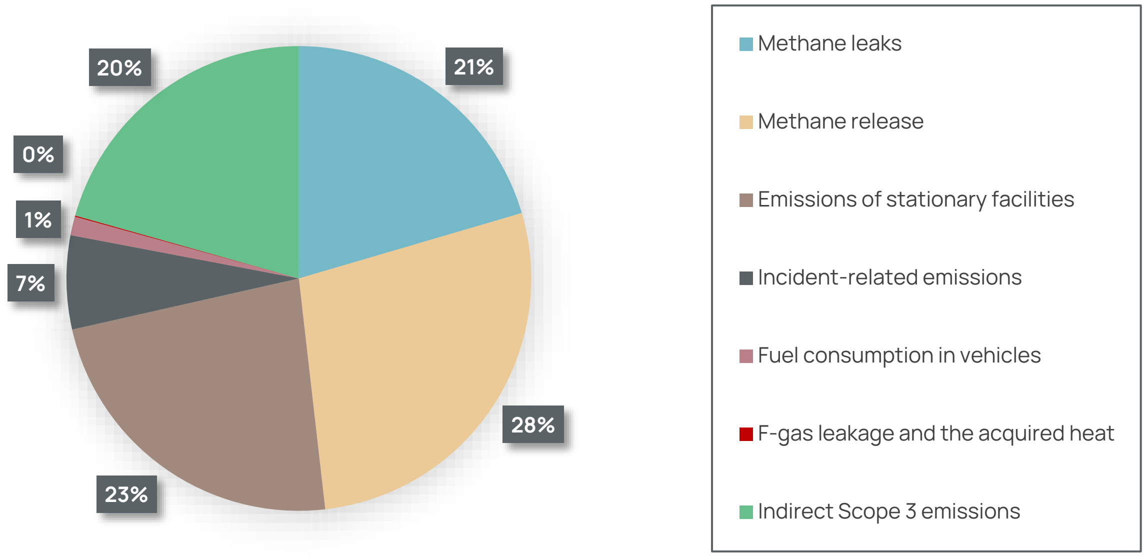
All employees of the Company are introduced to the Plan by organising civil protection training in the Company's remote education system. The employees involved in the emergency management process are made familiar with the Plan against their signature. Staff members involved in the management and recovery of emergencies, related to natural gas transmission system, are trained and each year undergo emergency response and preparedness drills of different levels to maintain their practical skills.

Actions and Initiatives in 2023

In 2023, the Company focused on protection against potential radiological hazards. All the Company's employees received training on how to deal with radiation hazards. Approx. 140 employees responsible for ensuring the uninterrupted transmission of natural gas to consumers received additional training on safe operation of transmission system facilities in the event of a radiological emergency. The Company also purchased radiation protection measures to equip its employees.
In 2023, the Company initiated an interagency exercise to test the preparedness of the Company, other operators and public authorities to respond to a serious accident in the natural gas transmission system, shutting down or severely restricting the transmission of natural gas to consumers.

Environmental Aspects

In order to reduce negative environmental impacts, the Company carried out a greenhouse gas inventory and a general environmental impact assessment in 2021, and in 2022, based on the results of the inventory, an Environmental Impact Mitigation Plan was prepared and approved until 2030. In order to ensure timely implementation of mitigation measures, an investment and cost plan for mitigation measures until 2030 was drawn-up, assessed and agreed in 2023. The plan of measures to be implemented was also reorganised to prioritise the measures in terms of both the highest mitigation potential and value for money.
The inventory of direct and indirect greenhouse gas emissions in 2023 shows that the most significant environmental aspects have changed compared to 2022 and include new indirect Scope 3 emissions, and emissions from natural gas combusted during the incident in Pasvalys district on 13 January 2023. The incident was not originally planned, and significant environmental impact which, if every effort is made to prevent such incidents, should not happen again in future and should be eliminated from the assessment of significant environmental aspects. The impact of purchased non-renewable electricity is also eliminated from the significant environmental aspects, as all the electricity consumed by the Company comes from renewable sources.



Actions and Initiatives in 2023

The inclusion of Scope 3 GHG emissions and emissions from the incident in the environmental aspects has slightly changed the significance of the remaining ones compared to 2022: the overall significance of methane leakages and releases has decreased by 2%, the significance of stationary combustion emissions has decreased by 21%, the significance of methane releases has decreased by 7%, the significance of transport fuel consumption has decreased by 1%, and the significance of F-gas leakages and purchased heat has remained negligible (less than 1%). The significance of the previously assessed aspects should again increase slightly with the disappearance of the gas consumption during the event. However, no significant change in materiality is expected as indirect emissions in Scope 3 will now be assessed in the future as well, as their materiality is as high as 21%. Emissions in this scope consist of employee travel, Company costs, repairs, upgrades, employee commuting and waste. Scope 3 emissions are treated in the Greenhouse Gas Protocol as indirectly caused by activities and the most difficult to reduce GHG emissions. However, the Company intends to monitor this significant aspect and seek ways to reduce it.
The environmental damage caused by the Company's incident on 13 January 2023 in the Pasvalys district is still under investigation and the surrounding area was returned to the original state. According to the Company's former definition of a significant environmental incident, the event was not classified as a significant incident. Following the incident, the definition of a significant environmental incident was revised. Among the Company's other significant GHG emissions, the gas combusted during the incident account for only 7%. No other breaches of environmental law or significant environmental incidents were identified in 2023.

Water and Wastewater Management

In order to meet the water needs of the Company's operations, water resources are obtained from municipal water supply or extracted from 7 underground freshwater boreholes located at 5 of the Company's sites. The 25-year assessment of the use of the resources in the 2017 Inspection Report for the Piniava water extraction point and the 2019 Hydrogeological Report for the Jauniūnai GCS and Šakiai GMS concluded that there will be no significant adverse impact on the environment and other water extraction points. Surface water and rainwater is not used in the Company.

Actions and Initiatives in 2023

As the in-house Environmental Communication Campaign continued in 2023, one of the priority areas was water resource conservation. Therefore, during the annual 'Environmental minute', employees were reminded of the importance and specific characteristics of drinking water in Lithuania, the need to conserve its resources. Employees are also introduced to simple ways to save water both at home and work. In addition to water saving, employees are encouraged to minimise the generation of wastewater and to gain understanding of the interrelation between water consumption and wastewater generation. For this purpose, a new visual communication tool has been developed - toilet flush stickers. As the toilets in the Company's restrooms are equipped with a dual flush button feature, stickers with a 6 litre and 3 litre drop signs were affixed to each button in all the Company's restrooms. The stickers encouraged employees to think and choose a button that uses less water and generates less wastewater. In 2023, for the first time, visual posters at toilets drew employees' attention not only to wastewater reduction in quantitative terms, but also to reduction of contamination in wastewater by educating employees not to consider the toilet as a garbage disposal and to avoid throwing toilet paper, coffee grounds, or other food waste.
The Company's surface and domestic wastewater is treated in wastewater treatment plants: the Labko Biokem 30 biochemical reactor, sludge seling tanks and the NGP-S-30 oil traps. After treatment, the wastewater is discharged to the natural environment or to centralised networks.

17 table. Amounts of water consumed

Indicator	Units of Measurement	2023	2022	2021
Water consumption:	m^3	3,850.3	3,220	3,037
Municipal water supply		1,735.3	908	801
Boreholes		2,115	2,312	2,236
Treated wastewater discharged to centralised networks:		1,547	676	693
Surface		0	0	0
Domestic		1547	676	693
Untreated wastewater discharged to centralised networks		2,450.28	4,825.68	1,665
Treated wastewater discharged environment:		12,307	12,297	11,741
Surface		11,494	11,556	11,062
Domestic		813	741	679
Total wastewater generated		16,304	17,799	14,099

In 2023, repair of buildings commenced at the Company's facilities, resulting in an unusual increase in water consumption. Drinking water was used not only to satisfy the needs of employees, but also during and after repair works and for cleaning the premises. This increase in consumption is not the result of the Company's ordinary activities and is therefore expected to be temporary and to decrease next year. For the above reason, an increase in domestic wastewater is also observed in 2023 compared to 2022. Meanwhile, the amount of untreated surface wastewater transferred to centralised wastewater treatment networks decreased by 68% compared to data in 2022. This decrease is attributed to the revised methodology for estimation of the surface wastewater volumes of UAB Vilniaus Vandenys. To ensure more accurate wastewater accounting at the Company's facilities, in future periods surface wastewater will be separated from domestic wastewater and accounted for separately in one of the Company's largest departments.
To ensure the quality of the treatment of wastewater discharged into the natural environment, periodic monitoring of wastewater pollution is carried out. The results of the wastewater pollution measurements are published on a quarterly basis on the Company's publicly accessible website at www.ambergrid.lt, under the heading 'Environmental Pollution Monitoring'. The monitoring ensures that only treated and clean wastewater compliant with the environmental legislation of the Republic of Lithuania is discharged into the natural environment.

Waste management

Waste sorting is carried out in the Company's units. Employees can sort household waste such as paper, plastic, metal, glass, deposit containers, small electrical and electronic waste, and batteries. In addition, hazardous waste is separated by type of waste and stored in marked containers protected from environmental impacts prior to removal. Specialised waste carriers and handlers are contracted for the safe removal, handling, and disposal of waste generated by the Company's operations.

18 table. Amounts of waste

Waste category	2023			2022			2021		
	Waste generated, t	Sent to recycling, t	Sent to disposal, t	Waste generated, t	Sent to recycling, t	Sent to disposal, t	Waste generated, t	Sent to recycling, t	Sent to disposal, t
Wastes from coatings (paint and varnish)	0.171	0.171	0	0.077	0	0.077	0.004	0	0.004
Wastes from inorganic chemical processes	0	0	0	0.594	0	0.594	0.077	0	0.077
Municipal wastes	7.20	1.61	5.59	46,403	2,986	43,417	6,358	1.86	4,498

Wastes from shaping and physical and mechanical surface treatment of metals and plastics	0	0	0	0.06	0	0.06	0	0	0
Oil wastes and wastes of liquid fuels	16.97	11.45	5.52	11.156	11.148	0.008	27	23.462	3.538
Waste packaging	6.135	4.59	1.545	5.114	2.974	2.14	3,395	1,691	1,704
Construction and demolition wastes	3042.92	3020.805	22,115	1099.261	1082.3	16,961	31,139	30.01	1,039
Wastes not otherwise specified in the list	3.35	3.00	0.35	7,578	3,216	4,362	7,084	4,762	2,322
Wastes from petroleum refining, natural gas purification	0	0	0	0	0	0	3.172	0	3.172
Total:	**3076.75**	**3041.63**	**35.12**	**1170.24**	**1102.62**	**67.62**	**78.23**	**61,785**	**16.35**

According to the information submitted by the waste management facilities, the Company's hazardous and non-hazardous waste were treated as indicated in the table below.

19 table. Type of waste / Management method

Type of waste/treatment option	**Volume, t**		
	2023	**2022**	**2021**
WASTE:	**3076.75**	**1170.24**	**78.23**
Hazardous sent for:	40.76	28,665	38,106
Reuse	0	0	0
Recycle	13.79	12,527	26,747
Combustion with energy recovery	26.97	16,138	11,359
Combustion without energy recovery	0	0	0
Disposal in landfills	0	0	0
Non-hazardous sent for:	3035.99	1141.578	40,123
Recycle	3027.84	1090.107	35,128
Composting	0	0	0
Combustion with energy recovery	5.80	23,433	2,524
Combustion without energy recovery	0	0	0
Disposal in landfills	2.35	28,038	2,471

In 2022 and 2023, the volume of hazardous and non-hazardous construction and demolition waste sent to waste management facilities increased significantly. In 2022, volumes of this type of waste were higher than in the previous years due to the completion of the GIPL pipeline. On 13 January 2023, a major gas leak occurred in a pipeline operated by the Company, which led to an unplanned repair of this section of the gas pipeline. Additional diagnostics on similar sections of the gas pipeline and unplanned repairs to the pipeline were carried out in response to this incident. In addition to the incident, planned extensive reconstruction projects were implemented in 2023: reconstruction of a 16 km section in the Vilnius-Kaunas gas pipeline, reconstruction of five gas distribution stations (Šiauliai, Telšiai, Grigiškės, Kėdainiai and Vievis) and reconstructions of a pressure relief valve in the main gas pipeline branch to the Marijampolė gas distribution station. As a result of these works and high weight/mass of construction and

demolition waste compared to other types of waste, the Company has generated ~3 times more waste in recent years. Above all, as much as 99% of this waste was managed by recycling.
The data presented above show that there was a decrease in the municipal waste sent to waste management facilities in 2023, while packaging waste increased. The data show increased waste sorting efforts in the Company. All the environmental communication measures implemented in 2023 invite employees to get involved, educate them, and change attitudes and habits, not only within the Company, but also beyond. This is why the company has seen an increase in the amount of waste sorted each year. The aim is to maintain these trends in the future.

Actions and Initiatives in 2023

By removing individual bins from offices in 2021, the Company uses fewer bin bags and employees take short breaks more frequently and exercise while carrying waste to the sorting bins in common areas. In 2023, the Company launched the Environmental Representatives Initiative to increase its employees' involvement in the process of environmental decision-making and resource saving, both inside and outside the Company. An environmental representative is an exemplary employee who voluntarily and responsibly represents the environmental interests in his/her department and across the organisation. During the initiative, 16 non-environmental professionals from different departments volunteered for the initiative. In 2023, the representatives improved their environmental knowledge by visiting waste (Vilnius Combined Heat and Power Plant, Vilnius Mechanical Biological Waste Treatment Plant) and wastewater (Vilnius City Wastewater Treatment Plant) management facilities. Live employee training enhanced their understanding of waste disposal outside the Company and importance of proper waste sorting. And after the visits, the representatives shared their impressions with colleagues via intranet, an internal communication channel. In addition to direct education, environmental representatives carried out a secret audit of Amberiukas waste sorting at the Company's facilities, following which they shared the results and matters to be corrected with all the Company's employees. Once the environmental representative initiative has been developed, the reminders of waste prevention, sorting and management importance intensified through live on-site education, articles on the Company's intranet, the updated column accessible to all employees, a weekly newsletter, and in-house training.
On 21 April 2023, the DAROM campaign was organised in the Company's units. Every year it receives considerable attention from employees and their families. In 2023, more than 100 employees took part in the campaign. During the campaign, employees, together with family, were cleaning the Gudeliai forest (within Vilnius city and Vilnius district) and other areas (Panevėžys district).

Engaging the Public in Environmental Protection

When planning new economic activities or upgrades, the Company assesses their potential environmental impact and identifies potential pollution mitigation measures early in the project. In the context of the environmental impact assessment procedures, the public is given early access to the planned economic activities and pollution mitigation measures, and it is given the opportunity to submit comments and proposals. The Company is actively concerned about the environment and public well-being, it is open to providing information to interested authorities, public organisations, and residents. For many years, the Company has focused on strengthening relations with communities. There were no meetings with communities in 2023 on environmental impact assessment as no activities requiring environmental impact assessment were planned.

Actions and Initiatives in 2023

In 2023, the Company uploaded approximately 50 individual public information notices on its publicly accessible website at www.ambergrid.lt, under the heading 'Announcements', related to environmental protection, protection zones for infrastructure in operation, special and local class area plans, their preparation, decision-making on the plans, and other relevant information.

Ambient Air Pollution

The Company's operations use a variety of combustion plants, such as compressors, boilers, power generators, etc., which emit nitrogen oxides and carbon monoxide into the air.
Although ambient air pollution is not very significant compared to the impact of greenhouse gases, it is an environmental impact that needs to be monitored and reduced.

20 table. Air Pollution

Ambient Air Pollutant	Units of Measurement	2023	2022	2021
Nitrogen oxide, NOX	T	35.0	58.6	27.3
Carbon monoxide, CO	T	51.01	73.3	35.21

Actions and Initiatives in 2023

Emissions into ambient air have been lower in recent years than in 2022.
In 2022, after completing the construction of GIPL pipeline, the operation of plants was not yet well established and clear, leading to higher fuel consumption in the stationary installations and, consequently, increase in emissions into ambient air. In 2023, stationary installations at gas compressor stations, gas distribution stations and Vilnius unit were operating more steadily, resulting in a more efficient use of fuel.
In 2023, an efficiency improvement analysis carried out by external consultants at the Jauniūnai and Panevėžys gas compressor stations showed that the most appropriate way to reduce fuel consumption and emissions into ambient air at the stations is through the installation of new electric units. The public tender for the purchase of a new electric compressor for the Jauniūnai Compressor Station was initiated in 2023, and the public tender for the purchase of design and installation works for a new compressor is scheduled for 2024. The new electric compressor will operate without fossil fuel and will take over most of the workload from the gas compressors, which should result in significant reductions of both GHG emissions and air pollution from the facility. In the future, a similar upgrade is planned for the Panevėžys Gas Compressor Station. As in the past, the reconstruction of gas distribution stations in 2023 involved the replacement of conventional combustion installations with condensing installations, which reduce fuel consumption and thus emissions into ambient air. In addition, the potential of replacing some fossil fuel boilers with electric boilers is being explored, with a first pilot project scheduled for 2024.

Reducing Greenhouse Gas Emissions

The Company has set an ambitious target to reduce its environmental impact (including, but not limited to, GHGs) by 2/3 by 2030, compared to a base year of 2019, based on the goals of the Paris Climate Accords of 12 December 2015, and the European Union and national ambitions to halt climate change. In order to achieve this goal and to contribute to the global targets, the Company launched a group-wide (including the Company) inventory of GHG emission sources and assessment of the overall environmental impact of its operations in 2021. The aim was to identify the group-wide environmental impacts, to identify impact mitigation measures, and to assess the realistic feasibility of implementing the measures. In 2022, an Environmental Impact Mitigation Plan up to 2030 was prepared in cooperation with external experts, which was updated in 2023 by highlighting the priority of cost-effective measures and the planned date of first results. In the same year, an Investment and Cost Plan for Mitigation Measures until 2030 was also drawn-up, thus providing for the potential initial investments required for the implementation of the measures and consistent annual support costs. The overall plan was introduced to the Technical and Innovation Committee and to the Board, which support the implementation of the plans and are willing to examine the conditions for the implementation of each measure.

21 table. Greenhouse gas emissions and leakages

Indicator	Units of Measure ment	2023	2022	2021	Notes
Greenhouse Gas Emissions					
Direct Scope 1 Emissions, including:	kg CO_2e	50 397 889.8	35 108 527	58 788 621	
Emissions from stationary combustion plants		18 927 262.4	15 997 750.8	6 572 705	
Emissions from mobile combustion plants (transport, mobile compressor)		825 562.4	666 451	794 364	
Renewable electricity generation emissions		0	0	0	
Controlled emissions of leaked (vented out) gas (methane)		17 607 814.3	4 946 190.8	39 063 161	angl. *Vented out*
Uncontrolled emissions of leaked (escaped) gases (methane, f-gases)		13 037 250.7	13 498 134.6	12 358 391	angl. *Escaped*
Indirect Scope 2 Emissions, including (market approach) *:	kg CO_2e	2 829	1 188 994	1 741 779	
Non-renewable electricity consumption acquired		0	1 185 589	1 736 424	There no non-renewable electricity acquired in 2023
Non-renewable electricity consumption acquired		0	0	–	There no renewable electricity acquired in 2021
Non-renewable electricity costs for electric vehicles		0	48.4	–	Use of electric vehicles started in 2022
Thermal power consumption acquired		2 829	3 356.3	5 355	
Indirect Scope 3 Emissions, including:		12 986 341,6	7 972 994,8	–	Scope 3 Emissions were not assessed in 2021
Category 1		1 670 538.8	936 491.9	–	
Category 2		8 159 853.6	3 706 969.7	–	
Category 3		2 815 618,5	2 975 500,8	–	
Category 5		66 522.4	32 732. 3	–	
Category 6		24 692.0	53 976. 2	–	
Category 7		249 116.2	267 323. 9	–	
Total Scope 1–2 GHG emissions		50 400 719	36 297 521	60 530 400	
Total Scope 1–3 GHG emissions (direct and indirect)		63 387 060	44 270 516	–	
Excluded emissions of biogenic origin		29 791	26 925	29 452	
Scope 1–2 GHG emissions compare to the 2019 base year	%	27.38	47.70	12.77	
Relative performance indicator (GHG intensity)	kg CO_2e/kWh	0.00086	0.00061	0.00115	Only Scope1–2 emissions are used in assessment
Leaks					
Natural gas loss, including:	m^3	1 801 471	1 025 999	2 864 945	
Controlled releases of methane into the environment	t	704.3	197.8	1 562.5	
Uncontrolled leakage of methane into the environment		519.7	538.1	492.4	

* For the market-based emissions calculation, the company has chosen to use the derived emission factors (factors) calculated by the One Click LCA - Life Cycle Metrics software, which are derived from the IPCC Emission Factor Database (EFDB) and the AIB

reports. The market-based emission factors were provided to EPSO-G by independent third party consultants licensed to use the One Click LCA software. Using the 'location based method', i.e. based on the country-specific nature of energy production, Amber Grid's GHG emissions are 795 tCO2e in 2021, 515.4 tCO2e in 2022 and 455 tCO2e in 2023. Emission factors (factors) were used to calculate the local approach, based on data published by the Association of Issuing bodies (AIB).

Actions and Initiatives in 2023

The Company signed a memorandum of understanding with the United Nations Environment Programme (UNEP) on 24 February 2023 to join the Oil and Gas Methane Partnership 2.0 (OGMP 2.0) to further reduce methane emissions – the Company's largest source of GHG emissions. This is the United Nations Environment Programme's (UNEP) flagship programme for oil and gas reporting and environmental impact reduction. It is the only comprehensive, measurement-based reporting framework for industry that improves the accuracy and transparency of methane emissions reporting. Being part of the OGMP 2.0 partnership and willing to meet the organisation's targets, the Company has committed to report annually its methane emissions at a higher level and to reduce its methane emissions by 20% by 2028 compared to 2022. For the data of 2022 reported in 2023, Amber Grid, among the other operators, was awarded the Gold Standard Pathway, the highest possible rating, given the Company's reasonable plan to achieve the highest level of reporting and the accuracy/clarity of the data reported.

A Scope 3 emissions inventory for 2022 was also carried out in 2023, which formed the basis for Scope 3 emission calculations in 2023. Following the inventory of all three Scope emissions, the Company's direct and indirect GHG emissions and their sources were identified under the Greenhouse Gas Protocol. Currently, the Company's main target is to reduce its environmental impact (including but not limited to Scope 1 and 2 GHG emissions) by 2/3 by 2030, compared to a base year of 2019, however, the Company intends to adjust the target to include Scope 3 GHG emissions in the future.

Comparison of Scope 1 and 2 GHG data in 2023 with a base year of 2019 shows a 27.38 reduction in emissions. Such reduction in emissions was mainly due to a shift in consumption of electricity generated from non-renewable resources to 100% green electricity and targeted reductions in controlled and uncontrolled methane emissions. Although fuel consumption for stationary installations, transport and a mobile compressor rose compared to 2022 due to an unplanned natural gas combustion in Pasvalys district on 13 January 2023 and the implementation of major projects (the reconstruction of a 16 km section in the Vilnius-Kaunas gas pipeline, the reconstruction of five gas distribution stations (Šiauliai, Telšiai, Grigiškės, Kėdainiai and Vievis) and a pressure relief valve), it was still below a base year of 2019.

Emission reduction measures adopted include the use of the mobile compressor wherever possible, the replacement of gas boilers at gas distribution stations with condensing boilers, and expansion of EV fleet. Use of the mobile gas compressor for repair and reconstruction works in 2023 resulted in savings of more than 3.2 million m3 of natural gas, or approx. 54.6 thousand tonnes of CO2 equivalent. All of the above reasons and the measures applied have contributed to a reduction in Scope 1 and 2 GHG emissions in the Company.

The assessment of Scope 3 indirect emissions in 2023 indicates that Category 2 (non-current assets) and Category 3 (fuel extraction and transport) emissions remain a priority, as was the case in 2022. Therefore, the Company's will focus on reducing fuel consumption, improving fuel efficiency in facilities and replacing fossil fuels with cleaner solutions such as renewable electricity, biofuel and hydrogen. Category 2 indirect emissions are related to the Company's capital expenditures: reconstruction, repair of facilities, acquisition of new machinery, software upgrades. Scope 2 emissions in 2023, compared to 2022, show increase of more than 2.2 times. As with Scope 1 emissions, Scope 3 Category 2 emissions have increased due to major reconstruction and repair projects in 2023, and upgrades that were not carried out in previous years. Termination or reduction of upgrades in facilities and installations are not expected in the near future, as they are essential for the adequate maintenance and safe operation of infrastructure. In addition, the acquisition of new, more environmentally friendly installations, replacing outdated and inefficient equipment, contributes to the reduction of direct and indirect emissions related to fuel consumption, however, can increase Scope 2 indirect emissions related to investments.

The Company also plans to focus on reducing less significant Scope 3 emissions: purchased goods and services (Category 1), waste (Category 5), business travel (Category 6) and employee commuting (Category 7).

Energy

The consumption of non-renewable energy sources and the emissions associated with their use are among the main drivers of climate change in the Company's operations. Therefore, the reduction of energy consumption, the efficient use of energy resources, the substitution of non-renewable energy with renewable energy or the application of other more environmentally friendly and innovative solutions are essential to reduce the Company's GHG impact on the environment.

22 table. Energy consumption

Indicator		Units of Measurement	2023	2022	2021
Fuel for transport					
Diesel fuel	Light-duty	l	59 989.42	52 760.61	Diesel fuel
	Heavy-duty		168 848.87	151 110.99	171 305,53
	Machinery		10 932.27	13 150.42	10 657,89
Petrol	Light-duty		39 292.419	34 084.38	Petrol
	Heavy-duty		0.00	2 260.90	412,29
	Machinery		0.00	38.00	0
Natural gas		MWh	642,506	178.61	474,105
Fuel for other purposes					
Diesel fuel		l	10 362.15	7 627.48	7 060.65
Petrol			3 367.93	3 052.39	585.27
Natural gas	Technological needs	MWh	69 855.69	75 539.70	Natural gas
	Combusted during the incident*		20 200.776	–	–
	Gas, water, space heating		2 107.287	2 370.92	2 470,95
Cooling/Conditioning					
Šaltnešys R410A		kg	21,50	22,30	23,40
Šaltnešys R32			0,00	0,00	0,20
Energy Generation					
Solar		MWh	1 478.375	1 426.195	70.08
Other			–	–	–
Energy Usage					

Renewable electricity acquired	MWh	1 913.18	23.24	0
Non-renewable electricity acquired		0	2 143.97	3 139.94
Renewable electricity produced and consumed		492.711	288.509	0
Heat acquired from AB Vilniaus šilumos tinklai		57.30	67.98	93.45

* The incident in the line item of fuel consumption and emissions refers to an explosion of an underground gas pipeline on 13 January 2023 resulting in natural gas combustion.

Actions and Initiatives in 2023

The Company aims to manage its transport fleet efficiently. Employees are encouraged to use car-sharing, public transport, taxis, and to co-operate during business trips or other journeys, whenever it is possible to travel together. The Company encourages its employees to organise meetings between different companies and departments of the Company by videoconferencing, thus reducing transport costs and environmental emissions.

The Company's car fleet is being upgraded and following the changes, in Q1 2024, the fleet will comprise 128 cars (including 20 electric vehicles, 50 plug-in hybrid vehicles) and 53 special vehicles (special heavy-duty vehicles, machinery, trailers). Partial renewal of a special fleet and partial replacement of the old fleet with a new one, and a purchase of additional utility vehicles were scheduled for 2024 and 2025 (with the acquisition of 5 additional vehicles and the replacement of 6 vehicles currently in operation with new vehicles). In 2023, the Company installed 4 charging stations for electric vehicles at its production bases in Vilnius and Piniava. The Company has planned to expand the electric vehicle charging network which will take place in two stages. 10 charging stations are scheduled for installation in 2024 and 2025, and 18 charging stations at the production bases in Vilnius, Širvintos and Piniava in 2026. In 2024, as in 2023, renewable electricity will be used to charge the electric vehicles.

Major reconstructions and repairs of the main gas pipeline and reconstructions of gas distribution stations were carried out in 2023, as a result both light and heavy duty vehicles travelled longer distances to work sites than in 2022, when repair and reconstruction works were of smaller quantity and scope In addition, gasoline-powered heavy-duty vehicles were not used at all, which led to an increase in the use of diesel-powered heavy-duty vehicles and fuel costs. As the Company's fleet is gradually shifting to electric and hybrid vehicles, fossil fuel costs are expected to decrease, while electricity and clean fuel costs are expected to increase.

The data shows that the consumption of natural gas for technological needs in 2023 was lower than in 2022, however the total consumption of natural gas increased due to the incident on January 13. Meanwhile, fuel consumption for technological needs is planned to be reduced even further in accordance with the Environmental Impact Mitigation Plan in place. In 2023, the study on increasing the efficiency of compressor stations analysed different fuel cost efficiency alternatives, of which the construction of a new electric compressor was chosen for the optimisation of the Jauniūnai Gas Compressor Station. The new electric compressor should take the majority of the load off the gas compressors and, using renewable electricity, should significantly reduce GHG and air pollution. In the light of the results of the study, the Company's further steps will be to increase fuel consumption efficiency of the Panevėžys Gas Compressor Station.

In 2021, 1.45 MWh solar parks were built at three sites of the Company. In February 2022, the renewable energy parks became fully operational. In addition to renewable electricity, the Company plans to use green hydrogen and biogas for its own needs in the future, which will also contribute to reducing the fossil fuel consumption and the negative environmental impact. Analysis of the data for 2023 shows that the Company completely phase out non-renewable electricity, and has increased the consumption of electricity generated by its own solar farms.

In recent years, the Environmental Representatives have also focused on educating employees about electricity saving. This time, they were taught to unplug electric kettles and other small electronics when not in use. Employees were reminded about 'phantom' power consumers through presentations and special stickers placed near power outlets: 'You are done? Don't forget to unplug' with the symbol of 'Amberiukas'. Employees have grown to like the Company's animated character 'Amberiukas' and, once they set it, they are reminded of environmental issues and developing new habits.

Biodiversity

A balance of vegetation, greenery, and impermeable surface areas is maintained on and around most of the Company's sites. The sites are not fully surfaced with asphalt, most use water permeable crushed rock; vegetation is maintained to the extent permitted by pipeline operation, fire safety and legal requirements.
In accordance with the national Cadastre of Protected Areas, the table below provides information on the Company's stations (compressor, gas metering, gas distribution stations) and gas pipelines that (including a 25-metre protection zone) enter, border, or cross the protected areas and objects. In total, the Company's stations border 3 protected areas and, according to the Cadastre of Rivers, Lakes and Ponds of the Republic of Lithuania, they cross the Luponė stream. Meanwhile, the Company's Lithuania-wide main gas pipeline crosses 414 rivers, 9 ponds, enters the territory of 41 nature reserves, 2 botanical objects of natural heritage, 5 biosphere polygons, and 52 territories important for the protection of habitats.

23 table. Biodiversity

	Stations and protection zones	Gas pipeline and protection zone
Territories important for the protection of habitats	Out of scope	Valley of Minija River, Gerviraistis Swamp II, Anykščiai Pinewood, Daugyvenės neighbouring areas, Alioniai Swamp II, Marijampolis neighbouring areas, Gižai neighbouring areas, Noris River, Novėžis lower reaches, Kiemeliškės village neighbouring areas, Visinčia River near Gudeliai, Lapynai neighbouring areas, Karšuva Forest, Šešuvis River below Pašešuvis, Verknė middle reaches II, Rietavas Forests, Merkys River, Šventoji River midstream, Minijos River, Žalioji Forest, Pamūšiai, Žeimena river, Babtai-Varluva Forests, Būda and Pravieniškės Forests, Prienai Pinewood II, Noris loop neighbouring areas, Virinta River, Kazlų Rūda Forest IV, Minija River upper reaches, Žėbiškiai and Lomanka Forests, Veiviržas and Šalpė Rivers and valleys, Sabališkiai Forest, Kaunas Lagoon, Nomunas loops, Mera River and its valley, Širvinta River valleys II, Taujėnai-Užulėnis Forests, and Karajimiškis village neighbouring areas, Labūnava Forest, Laukesa I, Pagramantis Regional Park, Ąžuolija Forest, Lavoriškiai Forest, Čerkiškė neighbouring areas, Strošiūnai Pinewood, Gubernija Forest, Naujakiemis neighbouring areas, Naujasis Lentvaris neighbouring areas, Kernavė neighbouring areas, Strošiūnai Pinewood II, Būdai Forest, Šešuoliai Forest
Biosphere polygons	Out of scope	Babtai-Varluva Forest Biosphere Polygon, Gubernija Forest Biosphere Polygon, Labunava Forest Biosphere Polygon, Būda-Pravieniškės Forest Biosphere Polygon, Taujėnai-Užulėnis Forest Biosphere Polygon
Biosphere reserves	Out of scope	Out of scope
Botanical objects of natural heritage	Out of scope	The areas of the Uogintai oak and Triliemenis oak.
Reserves	Karajimiškis landscape reserve	Veiviržas Ichthyological Reserve, Anykščiai Pinewood Landscape Reserve, Jūra Landscape Reserve, Kurkliai Geomorphological Reserve, Geomorphological Reserve of Vokė Old Valley Slopes, Punia Landscape Reserve, Merkys Ichthyological Reserve, Drubengis Botanical Reserve, Landscape Reserve of Minija Old Valley, Novėžis Landscape Reserve, Strošiūnai Landscape Reserve, Šventoji Ichthyological Reserve, Minija Ichthyological Reserve, Karajimiškis Landscape Reserve, Kulis (Grabijolai) Landscape Reserve, Judinis Geomorphological Reserve, Žeimena Ichthyological Reserve, the Great Nomunas Loops Hydrographic Reserve, Upytė Hydrographical Reserve, Šventininkai Botanical Reserve, Virinta Landscape Reserve, Daumėnai Geological Reserve, Tatula Landscape Reserve, Sabališkės Pedological Reserve, Pamūšiai Landscape Reserve, Minija River Breach Landscape Reserve, Praviena Hydrographical Reserve, Baravykinė Landscape Reserve, Daugyvenė Hydrographical Reserve, Verdeikiai Geomorphological Reserve, Jūra Ichthyological Reserve, Vokė

		Hydrographical Reserve, Būda Botanical-Zoological Reserve, Ąžuolija Botanical-Zoological Reserve, Scot pine I Genetic Reserve, Nomajūnai Landscape Reserve, Aliosia Hydrographical Reserve, Naravai village Landscape Reserve, Prienai Pinewood Landscape Reserve, Karčiupis Hydrographical Reserve, Naujasis Lentvaris Botanical Reserve
Parks	Biržai Regional Park Anykščiai Regional Park	Noris Regional Park, Biržai Regional Park, Varniai Regional Park, Anykščiai Regional Park, Sirvėta Regional Park, Nomunas Loops Regional Park, Pagramantis Regional Park, Kaunas Lagoon Regional Park

Actions and Initiatives in 2023

After the completion of the GIPL (Gas Interconnection Poland-Lithuania) project in 2022, post-construction monitoring of the individual phases will be carried out for 4 years. The monitoring is carried out in accordance with the environmental monitoring programme agreed with the Environmental Protection Agency in 2016. During this monitoring, how the local flora, fauna, and species diversity characteristic of the area are recovering from the construction of the pipeline is monitored and it is decided whether additional measures are needed to restore or improve the pre-construction situation. The monitoring area covers the route of gas pipeline from the connection – valve site No 20B at the Jauniūnai Gas Compressor Station, Jauniūnai st., Širvintai district, to the border crossing between the Republic of Lithuania and the Republic of Poland, Būdvietis st., Galiniai vlg., Lazdijai district municipality.
The monitoring plan includes not only monitoring the status of surface water bodies (Musė River, Strėva River and Lapainia River), but also the status of the landscape, ornitofauna (Reed Bunting, Montagu's Harrier, Spotted crake, Grey Crane, Lesser Spotted Eagle, Black Stork, Middle Spotted Woodpecker), ichthyofauna (protected species in the Strėva, Verknė and Lapainia rivers: Grayling, Schneider, Bitterling, Spined Loach, Freshwater Sculpin), entomofauna (Geranium Argus, False Heath Fritillary, Woodland Brown, Large White-Faced Darter, Large Copper), herpetofauna (Painted Turtle, Fire-Bellied Toads), and the introduction and spread of invasive alien species (Sosnowsky's Hogweed, Manitoba Maple, Garden lupine, Canada goldenrod), and vegetation cover. According to the data of one-to three-year monitoring period, the construction of the Poland-Lithuania gas interconnection (GIPL) has not had a significant negative impact on and did not affected the environment. As expected, biodiversity is recovering naturally.
Changes to natural habitats of European Community (EC) interest in the exposure zone of the pipeline are also recorded and assessed following the construction of the GIPL. The parameters of natural habitats of EC interest are being monitored: projection covering of vegetation cover, species composition and abundance in semi-permanent monitoring plots. The monitoring helps to determine whether short-term changes in vegetation (following mechanical damage during pipeline construction) are followed by renaturalisation, which enables the recovery of natural habitats of European interest. The natural habitat meadows of EC interest close to the Skodiškės and Slabada villages, surveyed in 2023, were damaged during the construction, therefore the soil was ploughed, leveled, and the grass mixtures were overseeded after the construction. During the monitoring period of 2022-2023, no significant changes occurred in the vegetation of the Fennoscandian lowland species-rich dry to mesic grasslands (code 6270) close to the Skodiškės village. The stability of the herbaceous layer is controlled by cattle grazing in the habitat. The number of plant species remained almost constant during the monitoring period, and no significant changes in the composition of the flora were detected. This indicates that the previously damaged area of the habitat meadow is recovering and that the renaturalisation has already started.

Green Gas Initiatives

We are ready to transform the natural gas system to transport renewable energy sources, such as biomethane/hydrogen mixtures and pure green hydrogen, safely. We are ready to transform the natural gas system to transport renewable energy sources, such as biomethane/hydrogen mixtures and pure green hydrogen, safely, and to contribute to the development of a green or low-carbon hydrogen value chain, to participate in the raising a clear need for, and the Company's role in, capturing, storing, transporting and using CO2, and to participate in the development of the chain of synthetic methane production and use.

In 2023, the Lithuania energy system transformation to 2050 study has been developed by EPSO-G together with other Group companies experts from international consultancy DNV. The study is aimed at modelling the potential Lithuanian energy system development scenarios taking into account development projects, opportunities, changes in energy consumption, and responsible parties. The study recommendations are very important for the further development of Amber Grid's business and for establishing the 2050 long-term strategy. The forecasts in the Transformation Study suggest that the demand for methane will remain stable up to 2030, and, from 2030 to 2050, it will be gradually substituted by the demand for hydrogen or its derivatives. In response to these trends and taking into account the energy transformation towards economic decarbonisation and the implementation of the European Green Deal, Amber Grid launched its hydrogen transport activities in 2023 with the aim to become Lithuanian hydrogen grid operator. This will allow for the timely development of new infrastructure, the adaptation of existing gas infrastructure for hydrogen transport and the integration into the European green hydrogen transport network.

The intensive development of RES production 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, i.e. 'Power-to-Gas', a green hydrogen technology produced from renewable electricity. By converting surplus electricity into green hydrogen, it can be fed into the gas transmission system: stored in pipelines and, where necessary, can be reused for generation of a clean electrical or thermal energy, used as a fuel in the transport sector, or used as a raw material for a variety of industrial applications. This creates opportunities for the development of green hydrogen production capacity and hydrogen transport infrastructure.

Actions and Initiatives in 2023

In 2023, the Company, together with its regional partners (the Baltic and Finnish gas transmission system operators), completed a technical feasibility study on the adaptation of the gas transmission network for the transport of methane/hydrogen mixtures, which will also lead to the identification of the system investment needs for different hydrogen concentrations. The adaptation of the gas infrastructure for the transport of hydrogen is expected to take place in several phases. By 2027, a P2G project for hydrogen blending in the natural gas network will be implemented in cooperation with the gas distribution system and electricity transmission system operators as part of a research programme to assess the technical parameters for adapting the natural gas infrastructure for transporting the hydrogen/methane mixtures, the economic feasibility, the need for legislative changes, and the potential for adapting the P2G technology to ensure energy system flexibility. The specific potential amount of hydrogen to be blended and the investment in the natural gas network will be determined after taking into account the results of the planned studies, the infrastructure capacities of the neighbouring countries, the EU requirements and the results of the economic analysis. In the period up to 2030, gas transmission and distribution systems will be adapted to transport methane/hydrogen mixtures of a set level.

In 2022, Amber Grid together with gas transmission system operators in Finland, Estonia, Latvia, Poland and Germany has initiated the Nordic-Baltic Hydrogen Corridor project to create a green H2 transport corridor between Finland and Germany as a way to connect H2 production, supply and storage hubs in Finland, Sweden, Estonia, Latvia, Lithuania, Poland and Germany. This project is expected to be implemented by 2030. In 2023, this project was granted the status of the infrastructure project of European interest (project of common interest) by the European Commission. A feasibility study for this project was launched at the end of 2023.

The European Commission's REPowerEU plan envisages an important role for biomethane in reducing the EU's dependence on Russian fossil fuels, as well as in addressing the significant volatility in energy prices. In 2022-2023, about 20 companies have applied for the opportunity to supply biomethane to Amber Grid's network and received preliminary conditions for connection to the transmission network. Some of them have already signed connection agreements. A significant number of the companies that have applied are planning to connect to the transmission grid in 2024-2025. In order to make the conditions more flexible for the companies, Amber Grid also offers a standard biomethane connection agreement in which the biomethane producer undertakes to independently build a section of the long-distance pipeline to be connected to the transmission system by the operator. It is estimated that if all the projects planned to be connected to the transmission system were to come to fruition, the grid would be able to receive around 2 TWh of biomethane per year. In the long term, Lithuania's biomethane production could increase to as much as 2.5 TWh/year.

As from 2019, the Company administers the National Register of Guarantees of Origin for gas produced from RES, which performs the functions of issuing, transferring and cancelling guarantees of origin, supervising and controlling the use of guarantees of origin and recognizing in Lithuania of the guarantees of origin issued in other countries. The register is useful for energy consumers using green gas produced in Lithuania or other EU Member States. The Company cooperates with designated bodies in other countries and with organizations in the RES gas sector and their associations to facilitate the exchange of guarantees of origin between EU Member States.

From the end of 2022, biomethane with guarantees of origin is imported from the Netherlands. This biomethane is used in transport as fuel and the guarantees of origin are used in the Renewable Energy Fuel Units (REFU) system to cover the obligations of fuel suppliers regarding the share of renewable fuels in the final fuel blend.

In the summer of 2023, the first guarantees of origin were issued for biomethane produced in Lithuania and injected into the gas transmission system. By the end of 2023, 47 GWh of biomethane with guarantees of origin were produced.

In 2023, Amber Grid took active part in the preparation of the draft Guidelines for the Development of the Hydrogen Sector in Lithuania until 2050, initiated by the Ministry of Energy, which presents the vision of the Lithuanian hydrogen sector development, defines the strategic directions and stages of hydrogen development, the business environment and tasks. The draft guidelines identifies the hydrogen pipeline from Finland to Germany through Lithuania as one of the main hydrogen transport projects, which enable the export or import of hydrogen to/from other EU countries. The project will provide Lithuania with the access to underground hydrogen storage facilities planned to be installed in other countries. The draft guidelines defines the hydrogen blending in the natural gas network as a transitional measure to promote the emergence of a green hydrogen market and to create the first hydrogen transport capacity.

8.5. SOCIAL SUSTAINABILITY

Our Approach

Integral elements of this culture include the well-being and development of employees, the promotion of a culture of safe working practices, equal opportunities, the development of open and mutually trusting relationships with local communities and ensuring customer satisfaction with the services provided. The Company aims to become an organisation that is perceived by the majority of its suppliers, producers, consumers, employees, communities, and other stakeholders as a sustainable organisation.

As at 31 December 2023, the Company had 345 employees (excluding employees on childcare leave).

24 table. Distribution of employees by job title categories (excluding employees on childcare leave)

Job title category	Gender	Number of employees as at 31/12/2023	Number of employees as at 31/12/2022	Number of employees as at 31/12/2021
Whole Company	Men	264	255	252
	Women	81	77	72

Top Management	Men	5	5	5
	Women	1	1	1
Middle Management	Men	27	27	26
	Women	15	13	11
Professionals	Men	136	129	132
	Women	64	62	59
Workers	Men	96	94	89
	Women	1	1	1

From the data in table, it may be concluded that, in 2023, the largest increase is observed in professionals (+7 men and +2 women), with an increase of 2 in the number of workers men, while the number of top and middle level employees remains unchanged.

25 table. Staff Turnover Indicators (incl. employees on childcare leave):

Year	Number of Staff at the beginning of the year	Number of Staff at the end of the year	Average Number of staff	FTEs (full-time equivalent) at the end of the year	Number of staff under fixed-term contracts	Number of part-time staff
2021	317	329	320	326	9	3
2022	327	342	326	338	12	5
2023	342	351	339	349	6	3

In 2023, the number of staff under fixed-term contracts decreased, respectively due to the return of female employees from a long-term maternity/parental leave, or the termination of employment with the Company after such leave, or the expiry of fixed-term contracts.
Respectively, the decrease in number of fixed-term contracts was also influenced by fewer women taking long-term maternity leave in 2023.
The higher number of employee on parental leave is observed among women than among men (the number of men on long-term paternity leave is generally equal to zero), and thus the distribution of female employees under fixed-term contracts is proportionally higher.

Data by gender (incl. employees on childcare leave):

26 table. The women working on the Amber Grid

WOMEN																				
	TOTAL number of women	TOTAL number of women	FTE (full-time equivalent)	Average number of women	Women on maternity leave	Women returned from maternity leave	Women under fixed-term contracts	Women under a part-time employment contract	Women working at the end of the year			Women employed during the year			Women resigned/dismissed during the year			Women with more than one year service at the end of the year		
	at the beginning of the year	at the end of the year	at the end of the year						< 30 years	30-50 years	50+ years	< 30 years	30-50 years	50+ years	< 30 years	30-50 years	50+ years	< 30 years	30-50 years	50+ years
2021	65	77	77	66	4	0	6	0	8	50	19	6	13	2	0	8	1	6	5	2
2022	77	85	84	73	5	1	9	1	10	55	20	5	15	1	1	10	2	3	10	0
2023	85	87	85	76	2	2	5	2	12	55	20	5	6	0	2	5	2	5	5	0

27 table. The men working on the Amber Grid

	MEN																			
	TOTAL number of men	TOTAL number of men	FTE (full-time equivalent)	Average number of men	Men on paternity leave	Men returned from paternity leave	Men under fixed-term contracts	Men under a part-time employment contract	Men working at the end of the year			Men employed during the year			Men resigned/dismissed during the year			Men with more than one year service at the end of the year		
	at the beginning of the year	at the end of the year	at the end of the year						<30 years	30-50 years	50+ years	<30 years	30-50 years	50+ years	<30 years	30-50 years	50+ years	<30 years	30-50 years	50+ years
2021	252	252	249	241	0	0	3	3	12	147	93	6	17	2	2	16	9	4	7	0
2022	250	257	254	240	0	0	3	4	16	145	96	8	19	3	1	16	6	5	15	2
2023	257	264	264	249	0	0	1	1	16	150	98	7	23	4	4	14	9	6	21	4

The Company ensured the rights of employees returning from parental leave in accordance with the provisions of the Labour Code of the Republic of Lithuania: offering the same or equivalent workplace/position under terms of employment no less favourable than those previously, including remuneration, and to make use of all improved conditions, including the right to increased remuneration which the employee would have been entitled to had he or she been working.

The Company employs employees with a wide range of background (excluding employees on childcare leave):

Table 28. "Distribution of Amber Grid employees by education

Education	Number of employees as at 31/12/2023	Number of employees as at 31/12/2022	Number of employees as at 31/12/2021
Higher Education	238	222	211
Higher Education by Gender, Men/Women, %	69.3/30.7	69.4/30.6	71/29
Post-Secondary Education	28	38	42
Post-Secondary Education by Gender, Men/Women, %	85.7/14.3	84.2/15.8	81/19
Secondary and Vocational Education	79	72	71
Secondary and Vocational Education by Gender, Men/Women, %	94.9/5.1	95.8/4.2	95.8/4.2

Employee education indicators (incl. employees on childcare leave):

Table 29. "Distribution of Amber Grid employees by education

Year	Employee WOMEN	Employee MEN
	Number of WOMEN by education (year end)	Number of MEN by education (year end)

	Higher Education	Post-Secondary Education	Secondary Education	Basic Education	Higher Education	Post-Secondary Education	Secondary Education	Basic Education
2021	66	8	3	0	150	34	68	0
2022	75	5	5	0	156	33	68	0
2023	79	4	4	0	165	24	75	0

From the data in table, it may be concluded that, in 2023, the number of employees with post-secondary education decreased, but there is an exponential increase in the number of employees with higher education. Among male employees, the number of employees with secondary education has also increased.
By valuing the contribution of every employee, we aim to retain and attract staff in a competitive market environment. Staff turnover in 2023 was slightly lower than in the preceding year and is assessed by the Company as normal.

30 table. Amber Grid employee turnover rates

	2023	2022	2021
Turnover, %	9.7	11.04	11.21
Turnover by Gender, Men/Women, %	73/27	64/36	75/25

The turnover of part-time employees and staff employed under fixed-term contracts is monitored. No significant changes in the statistical indicators were recorded according to the criteria selected for monitoring.

31 table. Amber Grid employee turnover rates

	2023	2022	2021
Number of Part-Time Employees/Number of Part-Time Employees who Resigned	3/0	3/1	3/0
% of Part-Time Employees by Gender, Men/Women	33.3/66.7	66.7/33.3	100/0
% of Part-Time Employees who Resigned by Gender, Men/Women	0/0	100/0	0/0
Number of Staff Employed under Fixed-Term Contracts/Number of Staff Employed under Fixed-Term Contracts who Resigned	6/2	15/5	9/2
% of Staff under Fixed-Term Contracts by Gender, Men/Women	16.7/83.3	20/80.	33.3/66.7
% of Staff under Fixed-Term Contracts who Resigned by Gender, Men/Women	0/100	40/60	100/0

The average age of employees in 2023 was 44.8 years (42.2 for women; 45.6 for men).

32 table. Amber Grid employee age indicators

Age of Employees	Number of Employees (%) in 2023	Number of Employees (%) in 2022	Number of Employees (%) in 2021	Age Group Distribution by Gender (Men/Women, %) in 2023	Age Group Distribution by Gender (Men/Women, %) in 2022	Age Group Distribution by Gender (Men/Women, %) in 2021
<20-30	8.1	7	6.2	57.1/42.9	58.3/41.7	60/40
30-40	27	28	31.2	73.1/26.9	68.2/31.8	76.2/23.8

40-50	30.7	30	28	77.4/22.6	77.6/22.4	76.9/23.1
50-60	22.6	24	23.8	80.8/19.2	78.8/21.2	80.5/19.5
>60	11.6	11	10.8	87.5/12.5	91.7/8.3	88.6/11.4

The majority of the company's employees are men. This is strongly influenced by the specific nature of the activities carried out: women are less likely to opt for technical engineering and field-based technological work and directly related professions.

Initiatives and actions implemented in 2023:

- The hybrid work model has been reviewed. Teamwork is a key to Amber Grid's internal culture, and is considered as the organization's strengths and advantages by the employees. This is one of the core values that we want to preserve by enabling teams to have more real-life interactions. Based on the employee survey findings, the Company shifted to another hybrid work model, i.e. requesting to work in the office two days a week instead of one (bearing in mind the type of work);
- Employer branding measures have been implemented to create an employer value proposition for potential and existing employees. Efforts were made in the key areas of compensation, additional benefits, career and growth, work environment, and organisation culture;
- Individual coaching sessions were held for employees. Coaching sessions help employees to better understand their strengths, challenges and opportunities, and to develop new skills to achieve both individual and professional goals. Coaching sessions are useful for employees willing to manage stress and emotional tension at work. By implementing strategies and developing skills that help manage stress, employees can better respond to challenges and improve their own well-being.

Cooperation with educational institutions:

- Staff visited schools to raise awareness of energy sector and career in energy (10 presentations);
- We attended the defence of student's final thesis at the Panevėžys College. To raise interest in career opportunities, Amber Grid attended the defence of student's final thesis, making presentation about the Company and interesting and meaningful career opportunities in energy;
- We participated in the Vilnius Tech event, where we had a discussion with students about innovation;;
- We took part in two career fairs, and introduced our Company to stimulate young people's willingness to take up a career in energy engineering;
- The GROWING ENERGY PROFESSIONALS traineeship (paid) project has been launched. We aim to demonstrate to energy students the versatility of the energy profession, to present Amber Grid as an attractive employer, and to give students the opportunity to learn practical skills while being paid a salary. We had two trainees. We intend to continue this project in 2024

Digitalisation solutions for people management:

- A digital tool for the analysis and mapping of staff data has been put in place;
- The Talent Acquisition and Management (TAM) information system has been set up and put in use. The system provides an opportunity to improve the candidates' recruitment experience, ensure data protection, perform data analysis, automate processes, etc.);
- Workers' performance appraisal has been changed by including workers in the overall performance appraisal system. Annual appraisal meetings have been introduced for workers to ensure equal performance appraisal and the opportunity to receive and give feedback;
- The procurement of a distance e-training information system was completed. We strive to be innovative, deliver employee training in a way that makes the information accessible, clear, engaging and easy-to-remember. This will allow to monitor employee progress and will facilitate training process management.

Staff surveys and studies:

- Hybrid working model survey. To better respond to the needs of employees working under a hybrid work model and to make the best decision, we invited employees to take the survey and express their views on the most appropriate working method for organisation;
- The Exit interviews-surveys.
- Although the organisation's turnover rate is low, the experience of employees leaving the organisation and reasons behind it are monitored and analysed. This information complements other measures related to employee motivation, rewards, development, working environment, etc.;
- Newcomer surveys. The organisation focuses on the successful adaptation from the very first day of a newcomer's employment. The surveys provide an insight into the newcomer's experience, which makes the basis for relevant upgrades and changes in the adaptation system;
- Intern and trainee surveys. Our goal is for students/trainees to have a positive experience at Amber Grid, and this is how we want to improve, therefore their feedback is a great tool to improve the standard of practice;
- Executive 360 Assessment. The organisation periodically conducts a 360 feedback survey to build trust, a better workplace culture, a culture of equal opportunities, where the feedback is shared by both the manager and the employee, and to enable managers develop self-awareness and plan self-development, etc.;
- Engagement survey. The organisation conducts a periodic engagement survey to analyse various aspects of the organisation's performance that have effect on the employee engagement and motivation. Survey findings provide basis for improvements in relevant areas to increase employee motivation and, at the same time, create a success story for the organisation and for all its employees. The employee engagement rate increases steadily each year: 65% in 2021, 70% in 2022 and 72% in 2023

Cooperation with the Trade Union

The aim of the trade union is to represent the professional, labour, economic, and social rights and legitimate interests of its members. Periodic meetings are organised between Trade Union representatives and the Company's management to discuss topical issues.
The Company cooperates closely with the Trade Union and develops a constructive social dialogue. In 2023, the Company actively cooperated with the representatives of the Trade Union Council, jointly implementing initiatives, sharing best practices, and seeking the best solutions:

- In 2023, periodic meetings with the Trade Union Council were held by the Company on quarterly basis to touch on relevant issues such as the findings of the Employee Engagement Survey, changes in remuneration, the fulfilment of obligations under the collective agreement, and the Company's employee initiatives implemented and to be implemented.
- In 2023, one request was submitted in accordance with the collective agreement's principles for granting material assistance to employees in the event of accidents and illnesses. The request was upheld and the material was granted.

Remuneration

From the beginning of 2023, the Company applies the remuneration, performance appraisal and training policy of the EPSO-G Group (the 'Policy) that applies to all employees of the Company and is made available to public on its official website. 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.

In 2021–2023, the remuneration consistently grew for employees in all job title categories. The average remuneration of the Company's employees increases by 14.3% in 2022 and by 12.2% in 2023.

Average remuneration in 2021-2023 by job title category, gender:

Table 33. Average Amber Grid. salaries by employee group

Job title category	Gender	Average remuneration in 2023	Average remuneration in 2022	Average remuneration in 2021
Whole Company	Men	3107.59	2768.46	2452.28
	Women	3024.38	2580.36	2263.62
Top Management	Men	11111.71	9380.82	8422.37
	Women	No data*	No data*	No data*
Middle and First-Level Managers	Men	5316.23	4984.59	4260.83
	Women	4120.13	3458.15	3154.87
Professionals	Men	3112.73	2723.23	2316.81
	Women	2684.04	2317.90	2006.50
Workers	Men	2065.19	1901.03	1786.76
	Women	No data*	No data*	No data*

* Consists of one employee, therefore the data cannot be disclosed to the public due to GDPR requirements.

The average remuneration paid to male managers is slightly higher than that paid to female managers, since more men work in higher-level positions. Moreover, the average remuneration paid to male professionals is higher than that paid to female professionals as relatively more men work outside the standard work schedule and are paid the bonuses established in the Labour Code of the Republic of Lithuania, the Company's internal regulations and collective agreements.

Average remuneration in 2021–2023 by gender and age groups:

Table 34. Average Amber Grid. salaries by gender and age group

Job title category	Age	Average remuneration in 2023	Average remuneration in 2022	Average remuneration in 2021
Women	<30 years	2042.50	1568.03	1084.69
	30-50 years	3147.32	2675.34	2506.78
	50+ years	3318.56	2842.01	2074.64
Men	<30 years	2452.56	1773.68	1449.98
	30-50 years	3391.31	3041.55	2643.02
	50+ years	2736.36	2500.83	2042.50
Whole Company	<30 years	2276.82	1691.42	1296.17
	30-50 years	3348.74	2941.68	2607.95
	50+ years	2832.50	2558.22	2223.66

In the Company, remuneration is determined and reviewed irrespective of an employee's age. The average remuneration of women in the Company is increasing with each age category due to growing experience and competence, while the average remuneration of men in the 50+ age category is lower than in the 30-50 age category as the lowest job categories are predominantly occupied by men (in 2023, we had 96 male and 1 female worker). Employees under 30 years of age earn on average less among both women and men, because this age category mostly comprises workers who are in entry/associate professional/worker-level positions and have recently entered the labour market or changed their field of work.

Collective Agreement and Additional Benefits

The Company supports cultural and health activities, various festive events and individual team events and other social activities in which all employees of the Company are entitled to participate without discrimination or restriction. The collective agreement establishes working, remuneration, social, economic, and professional conditions and guarantees, which are not regulated by law or other normative legal acts. Employees are entitled to additional financial guarantees (payments in the event of accidents, illness, death of relatives, support for the birth of a child, support for raising three or more children or a disabled child), additional days of vacation (after the birth of a child, the death of a relative, etc.), and other guarantees.

All the Company employees are entitled to additional benefits.

ADDITIONAL BENEFITS TO ITS EMPLOYEES

HEALTH

- Area for active and passive recreation
- Health insurance with plan options
- Seminars on the topics of health, emotional wellbeing, physical education
- Vaccination against influenza and tick-borne encephalitis
- Up to 4 working days of absence from work per year, without consulting the medical institution

FINANCIAL SUPPORT

- Birth of a child
- 3 children or a child with disability
- Death of a close relative
- Termination of employment on retirement
- Accidents

FLEXIBLE WORKING HOURS

- Individual start and end times of the workday
- Remote work

ADDITIONAL DAYS OF LEAVE

- Additional 3 working days of annual holiday – in total 23 days per year
- Additional 1 working day oh holiday after 5 years of service
- Additional 3 working days of leave in case of death of close relative

CORPORATE EVENTS

- Summer event, Christmas event, presents for employees and their children
- Volleyball tournament, cycling tours and canoeing to encourage physical activity
- Professional events and national holidays
- Teambuilding activities of subdivisions

PROFESSIONAL AND PERSONAL DEVELOPMENT

- Incentives for innovations and exceptional performance
- Financial support for studies
- Incentives of annual performance appraisal
- Training, professional and personal development, qualification upgrading courses, seminars, conferences, secondments in Lithuania and abroad
- Internal lecture programme and training
- Internal career opportunities

OTHER ADDITIONAL BENEFITS

- Fruit days at the office
- Parking place near the office
- Drive home service in case of return from an object after business hours
- Modern office premises and ergonomic place of work

ĮPRASMINK MANIFESTAS VEIKSMAIS.

The Company encourages employees whose nature of activity and technical conditions allow them to work remotely to use this form of work organisation to carry out their assigned functions as necessary. As of May 2022, remote work was replaced by a hybrid model of work organisation, in which the employee works part of the time from home and part of the time at the office.

A Learning Organisation – Developing Competences

In order to successfully develop the organisation's activities, to remain competitive on the market, and to have motivated and committed employees who are successful, we set high competences development goals. In a context of rapid change and in order to be ready to take on new challenges, to focus on new quality, to apply new ways of working, to innovate, to make flexible and appropriate decisions at different levels, we need to have the necessary knowledge and competences, to keep learning and improving.

We have refined the educational orientations that will guide us in the coming years:
- Strengthening of professional competences;
- Efficiency of activities (innovation and digitalisation);
- energy transformation;
- Management and leadership;
- Emotional well-being of employees.

Staff learning is guided by the following general principles:
- The principle of linking to the Group's and the Company's strategy, values, performance assessment, competences model, shift work planning, assessment of professional and technical qualifications;
- The principle of personal responsibility, where the employee is responsible for their own learning outcomes, with the employer providing the conditions and opportunities for learning and development.

The 70-20-10 principle, whereby 70% of development, improvement, and learning activities come from the employee's work experience, 20% come from interaction and collaboration with colleagues and executives with diverse experiences and competences, and 10% come from structured training events.

The consistent application of this model not only strengthens professional competences, but also inter-departmental cooperation, and improves relations with colleagues and stakeholders.

In order to build an effective, competent, progressive leadership organisation based on shared values, the Company's general and leadership competency model identifies the strategic skills and capabilities of employees, the competences that have the greatest impact on the success of the organisation, the achievement of its strategic goals, and the development of leadership. The Company's ambition is to become a competence centre for the energy of the future, shaping future energy trends, legislation, and business models.

Based on the organisation's strategic goals, development orientations, and each employee's objectives and development needs, a development plan is drawn up for each employee, which is regularly reviewed and the employee's personal progress is monitored.

Actions and Initiatives in 2023

In 2023, various initiatives were implemented in the area of staff development/learning:
- An ongoing training programme for executives at all levels to improve theoretical and practical leadership skills;
- Continuous micro-learning using the EMOTIKA app;
- 'Growing with AG' training with in-house lecturers;

- relaunched initiative to give employees a better insight into the activities of other units and the Company, where employees from different departments present their activities;
- A new staff onboarding programme;
- A series of seminars on emotional well-being;
- English language skills development programme, depending on every employee's individual level of English;
- Acquisition of e-training platform.

We aim to train executives at all levels, develop a programme of in-house lecturers, and foster leadership and professional development by finding different ways of learning and applying them in practice. Staff are familiar with microlearning, use e-learning platforms, and participate in remote and live training.

The Company gives its employees the opportunity to participate in seminars and conferences both in Lithuania and abroad, where employees improve their work-related skills, learn about innovations in their field and best practices of other companies. Employee development and creativity are encouraged through hackathons.
The Company carries out its core business in a regulated energy environment, where there are clear requirements for the professional training and certification of staff to perform main and additional functions. In accordance with the legal framework, the Company organises professional and other compulsory training for staff as well as certification of energy personnel.

The Company ensures that all mandatory training is organised in a timely manner (fire safety, civil protection, first aid, manual cargo handling) and that participating employees receive not only theoretical knowledge, but also practical skills. In order to maintain a high level of emergency readiness among employees, the Company periodically organises fire and emergency response and civil protection table-top exercises and functional drills.

To develop employees' professional competences, the Company organises additional training on safety, technical and environmental issues (working with chemicals, using and checking lifting equipment, using fall protection equipment, etc.).

Every year, the Company's Occupational Safety and Environment Department organises a Safety Week and a Health Week, during which occupational safety and health training is provided. In 2023, a presentation on the adequate and intended use of personal protective equipment and a Safety Hackathon were organised. During Health Week, staff received training on healthier diets for people of working age and infection-free travel. Employees were also provided with live training on stress, emotions and professional burnout.

At least once a year, environmental awareness training is organised for staff. In 2023, during an environmental awareness lesson the employees were introduced to the drinking water's importance, water saving and received practical tips on how to reduce water usage at home and in the workplace. The second part of the presentation debunked myths related to waste sorting and answered the frequently asked questions on this matter, proving that sorting is both useful and financially rewarding.

To educate staff, the Environmental Representatives Initiative was developed, with 16 non-environmental volunteering staff members travelling to environmental facilities (Vilnius Combined Heat and Power Plant, Vilnius Mechanical Biological Waste Treatment Plant, Vilnius City Wastewater Treatment Plant) and improving their environmental knowledge by live experience and sharing impressions with colleagues. Environmental representatives conducted an employee survey on environmental relevance and engagement, and delivered the findings in an animated video with voice-over created using Animaker program. They also invited Rima Aukštuolytė, host of the Žinių Radio programme 'What's Your CO2

Footprint?', to give a presentation on 'Greenwashing' and ability to spot and avoid it. The event was attended by more than 100 employees of the Company.

Number of Employees Trained:

Table 35. Number of staff who have received training

Type of Training	Number of Trainees			Number of Employees Trained			Duration of Training, hrs			% of Employees Trained Compared to the Total Number* of Employees		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Vocational Training	466	382	215	166	167	130	9516	6148	3866	50	51	67
Certification of Energy Personnel	352	204	346	171	127	199	352	226	346	50	39	62
Compulsory Training	759	404	360	356	331	321	2709	1462	1289	105	101	100
Technical Training	172	251	206	126	153	141	2491	1182	577	45	47	64
General Training	2415	2477	2005	372	283	289	11290	11027	3952	110	87	90

** Calculated as a % of the average annual number of employees (339 employees in 2023, 326 employees in 2022; 321 employee in 2021)*

Average training hours by job title category:

Table 36. Number of staff trained by function

Job title category	Average training hours in 2023	Average training hours in 2023	Average training hours in 2023
Top Management	83.20	139.60	136.30
Middle and First-Level Managers	84.46	122.35	134.63
Professionals	67.18	54.85	44.43
Workers	67.47	35.50	36.38

The average training hours for the Company's management in 2021-2022 are significantly higher than those for employees in other categories, as the Company focused on strengthening leadership competencies and has organised continuous leadership development programs for entry, middle and senior management positions. In 2023, the number of training hours for management was lower, resulting in an insignificant difference in average training hours for managers, professionals and workers. In 2021-2023, training hours for workers and professionals increased by more than 50%.

Average training hours by gender:

Table 37. Number of staff trained by gender

Job title category	Average training hours in 2023	Average training hours in 2023	Average training hours in 2023
Women	66.6	59.5	34.83
Men	78.29	61.54	43.9

For both men and women, average learning hours have been rising between 2021 and 2023.

Staff Succession

The succession process is a series of actions to mitigate the risk of disruption to operations and to ensure continuity of critical and management functions. The relevance of critical and management functions is reviewed annually by adding new and removing obsolete posts. After the identification of critical posts and the review of the list of managerial positions, the employees ready to take over and ensure business continuity, when needed, are determined. Succession readiness is subject to monitoring and periodic evaluation. The organisation aims to provide every opportunity for the line manager to ensure availability of high-potential employees on a shift. The main methods of knowledge transfer and development for shift positions are the design and implementation of a personal development plan, the assessment of leadership competences (360-degree feedback survey), management training, conferences, projects, substitution, representation of the organisation, etc.

Employee selection

The Company's Selection policy and selection process are two documents setting out the general principles and practices for the recruitment of employees, which helps to select transparently the best candidates with the right qualifications, skills, experience and values to contribute effectively to the achievement of the Company's objectives.

All selections are made on the basis of the principles of transparency, objectivity, non-discrimination, confidentiality, zero tolerance of nepotism and cronyism, clear accountability, promotion of internal career development, and the widest possible search for the best candidates. The selection process aims to ensure the most equal treatment possible for all candidates, and it is the direct responsibility of the hiring manager.

In 2023, to improve the candidate experience and ensure even better protection of personal data, a selection management platform was set up and put in use, and a path of a candidate's experience was reviewed by ensuring a candidate-centred 'one-stop-shop' experience.

Career

Given that career opportunities are one of the key motivational factors for employees, the Company encourages employees to take part in selections for open vacancies and to grow their career horizontally or vertically, both within the Company and within the Group. When creating career opportunities for employees and making information on vacancies more easily accessible, great deal of attention has been paid to the dissemination of job vacancies within the Company and the Group.

Table. 38. Amber Grid job change

Change at Post Level	2023	2022	2021
Executives-Executives	0	2	0
Experts-Executives	5	2	7
Experts-Experts	14	11	9
Workers-Experts	1	0	2
Workers-Workers	0	6	1

Adaptation of Newcomers

The organisation takes a responsible approach to the adaptation and integration of new employees. The newcomer adaptation process is designed to help newcomers get acquainted with the Company's organisational culture faster, integrate into the team, establish and feel comfortable in their role. The successful adaptation of the employee in the organization consists of two elements:

1) Employee adaptation to the workplace. Manager and immediate colleagues (where possible, a mentor is assigned) are responsible for an employee's adaptation to the workplace according to an agreed adaptation plan. The employee is introduced to the main functions, duties and responsibilities, etc.;
2) Employee adaptation to the organisation. Employee adaptation to the organisation is handled by a team of newcomer trainers who introduce the newcomers to the organisation, its initiatives, relevant information, information systems, people, culture, values, energy innovations, etc. The trainers review and update the training content annually to address the needs of newcomers.

After the adaptation period, newcomers are invited to complete an e-survey, to gather their feedback and to improve the process in line with their needs. The results of the adaptation survey show that 80% of the respondents rate the adaptation process as positive and very positive (areas of assessment: induction, familiarisation with the organisation, tasks during the adaptation period, training of new recruits, discussion of adaptation with the manager). Also, the aspects that contributed to a successful adaptation were: engaged colleagues, the team, the culture of the organisation.

Staff Performance Assessment System

Performance assessment is one of the most important management and effective leadership techniques for achieving organisational goals, building positive relationships between executives and their subordinates, planning the employees' careers, and increasing their motivation. A new StaffRemuneration, Performance Assessment and Learning Policy and a Description of the StaffRemuneration and Performance Assessment Procedure were approved at the end of 2022. The new performance assessment system became effective in 2023. The annual appraisal meeting is an employees' performance management tool that provides a framework for setting, assessing, and holding employees accountable for their individual goals, linked to value behaviours and the remuneration system and contributing to a progressive, results-oriented organisational culture. The Company aims to set individual strategy-related goals for each employee, which they pursue in line with the Company's values of professionalism, cooperation, and progress. Goals must be measurable, specific, time-bound, achievable, and motivating. The annual appraisal meeting helps to assess how well the employee has achieved their goals and to set new ones; it creates a culture of feedback between executives and subordinates. During the meeting, the employee's competences, learning and career opportunities, and the employee's expectations are discussed as well. In 2021-2022, the employees in the category 'Workers' were subject to quarterly performance appraisals, and from 2023, workers have been included in a common appraisal system and annual performance appraisal meetings are held for all employees of the Company.

Table 39. . Annual evaluation of Amber Grid employees

Year	Top Management	Middle and First-Level Managers	Professionals	Workers	Number of WOMEN who undergone a formal performance appraisal/annual appraisal meetings (annual/quarterly/etc.)	Number of MEN who undergone a formal performance appraisal/annual appraisal meetings (annual/quarterly/etc.)
2021	6	37	182	90	72	253
2022	6	40	182	92	76	256
2023	6	42	192	94	73	255

Protection of Human Rights and Equal Opportunities

Last year, the Company updated its Equal Opportunities Policy.
This policy is the Company's equal opportunities 'code', establishing the principles of equal opportunities and diversity that are binding on all, specifying how they are to be implemented and how, in the event of a violation of equal opportunities, reports are made and dealt with. The principles of equal opportunities and diversity are enshrined not only in a separate dedicated policy, but also integrated into our other internal legislation: Code of Ethics, Sustainability Report, Remuneration Policy.

The Company conducted an employee survey called 'Equal Opportunity Ruler' that measures the status of equal opportunities at the workplace in different dimensions, namely organisational culture, discriminatory attitudes, HR processes and the Company's policy on diversity and inclusion. The Equal Opportunity Ruler is certified and managed by the Office of the Equal Opportunities Ombudsperson of Lithuania. After evaluating the results, the Office awarded the Company with a score of 8.5 out of 10, and that evidences that equal opportunities are ensured in the Company.

Actions and Initiatives in 2023

To maintain and foster organisational culture based on the principle of equal opportunities and to build a good working environment that everyone enjoys regardless of their gender, nationality, religion, beliefs, age, sexual orientation, disability, religion and other non-discrimination grounds, the Company has organised a number of trainings on what is equality and equal opportunities and what attitudes and stereotypes contribute to inequality. Participants learned about the concept of discrimination, its grounds and forms. Explored the principles of a safe and respectful workplace. Discussed how to build a culture based on equal opportunities and create a diversity-friendly environment in your organisation. 80% of the Company's employees attended the trainings.

The Company had no discrimination incidents or other incidents related human rights abuses in 2023 (and none from 2021 to 2022).

Occupational Safety

Actions and Initiatives in 2023

In 2023, the Occupational Health and Safety Information System (DARSIS), which does not have an equivalent in Lithuania, was designed and implemented to ensure the consistent assessment and structured management of occupational risks to which employees are exposed. DARSIS is based on an occupational risk assessment, taking into account an employee's role, work to be done, environment, equipment to be used and chemicals. The DARSIS algorithm helps to structurally provide all occupational risk reduction and management measures depending on the risk and its magnitude. DARSIS will make risk management and internal control related to occupational safety and health (such as the provision of personal protective equipment, coaching, training and certification, health examination, personal protective equipment inspection, incident recording) simple and limited to a single platform.

In 2023, the Company had one minor accident resulted in a minor injury to an employee (2 minor accidents in 2022, 1 minor occupational accident in 2021). In total, throughout the Company's history since 2013, there have been 6 occupational accidents, all classified as minor.

Since 2014, the Company has had an Occupational Safety and Health Committee, which consists of two safety and health representatives elected by the employees and two committee members appointed by the employer. The employees' safety and health representatives and the members of the committee are elected for a two-year term. On 1 February 2023, elections for 15 new safety and health representatives and committee members were held. The committee meetings are held at least every quarter. The agenda and the frequency of the meetings of the committee depend on the reports of the employees' safety and health representatives, the Company's processes, accidents, and other matters relating to the employees' safety and health. All the employees' safety and health representatives and members of the Committee received training for a better understanding of the rights and obligations of employees and employees' safety and health representatives, as well as the basic knowledge of occupational safety necessary for the performance of their functions.

To ensure social cooperation and partnership on environmental protection and occupational safety and health issues, all employees of the Company are continuously informed and educated by organising various events, distributing information materials, and providing internal training.

The Incident Prevention Committee, established in 2018, operates in the Company. Its main activity is examining potential risks and unsafe situations and safety incidents, identifying and eliminating the causes of such incidents, and providing for preventive measures. In 2023, the employees were more proactive in observing and reporting potential and actual incidents, the number of reported actual and potential incidents was 27, of which 8 were investigated (compared to 8 in 2022, 15 in 2021 and 19 in 2019). The mobile app is used for the convenience of employees and for easier and quicker management of information on safety incidents.

Occupational Health

The Company cares about the health of its employees, so it continuously promotes a healthy lifestyle and exercising, it organises compulsory preventive health check-ups and preventive vaccinations for the employees.

Table 40.. Amber Grid employee health prevention

Measure	Number of employees in 2023	Number of employees in 2022	Number of employees in 2021
Compulsory preventive health check-ups	248	141	263
Vaccinations against tick-borne encephalitis	75	69	110
Vaccinations against influenza	92	96	101

The Company provides regular first-aid training, training in the use of automated defibrillators and trainings for resuscitation volunteers, general leaflets on a balanced diet, correct sitting posture, work activities, specific mobility exercises, and measures to promote physical activity.

In 2023, the new health insurance is a company-funded employee health insurance that gives insured employees faster and more convenient access to health services: medical treatment at selected public or private healthcare institutions, doctors' appointments, various tests, medicines, and other health promotion services.

Support and Public Relations

Financial support may be allocated to:

- Developing cooperation with the communities in which the Company operates or implements projects or programmes, as well as with other groups whose interests are affected by the Company's activities, including projects or programmes to improve the well-being of the communities where the Company operates. The Company encourages voluntary and unpaid involvement of employees in such activities;

- Educational activities, studying at universities or other higher education institutions in programmes closely linked to the Company's activities;
- In exceptional cases, with the approval of the Company's board, support may be granted for other purposes set out in the legislation to targeted groups of beneficiaries.

Actions and Initiatives in 2023

Investing in the most sought-after professions of the future, Amber Grid signed cooperation agreements with Vilnius Tech University and Panevėžys College in 2022 and provided EUR-50,000 in financial support for engineering students' scholarships. In 2023, our scholarships, established in 2022, were given to 14 Vilnius Tech students (1 in automation and 13 in mechanics) and 6 Panevėžys College students (3 in electro-automation and 3 in electro-mechanics).

To ensure the safety of people living close to gas pipelines and to raise the awareness of the population, Amber Grid implemented a public awareness campaign 'Protect yourself and the pipeline' in 2023. The campaign was designed to draw the attention of people living or working, or having a property close to the main gas pipeline to the gas pipeline, its protection zones, and class territory of the area ensuring safety. The campaign raised public awareness of the standards for property development near gas transmission system facilities, encouraged people to plan their activities near gas pipelines more carefully, to check the applicable activity restrictions and to comply with the rules.

This security awareness campaign used a stylised Amber Grid logo symbol. It was coiled around by a grass-snake revered by Lithuanians, which is a symbol of a clean environment and a safe home, as well as energy and life. The shape of the grass-snake resembles a pipeline beneath the ground that keeps the energy that powers the economy flowing. Grass-snakes are symbols of stability, order and respect, and are welcomed in people's homes, and they are genuinely cared for.
By making visual association between the pipeline to the grass-snake, we wanted to convey a message to residents that the pipeline ensures energy flow and security, and to emphasise that the pipeline is safe when cared for.

As part of the 'Protect yourself and the pipeline' campaign, Amber Grid has updated the 'For Landowners' section of its website to provide concentrated visual and textual information on the applicable requirements for landowners. Additionally, videos were produced on the protection zones and classes of the area. The posters informing about the classes of the area and the protection zones of the pipelines have been displayed in the most populated areas close to the pipelines and in the protection zones. The municipalities through whose territory the pipeline runs published articles on their websites on the applicable special conditions on land use set for the classes of the area, as well as awareness campaigns to help people find answers to their questions. Furthermore, the campaign included outdoor advertising in major Lithuanian cities, encouraging people to protect themselves and the pipeline. Digital marketing tools were also used on Google, Youtube channels, the most popular classifieds portals and real estate marketplaces to encourage people seeking to buy real estate to check whether their land plot is not subject to restrictions related to main gas pipeline infrastructure.

During Amber Grid's largest infrastructure project in 2023, i.e. the reconstruction of sections in the Vilnius-Kaunas gas pipeline, high priority was given to the local community. Kaunas and Kaišiadorys district municipalities, elders and residents were kept informed through direct interpersonal communication and information posters about the start of the work, the main planned stages of the work and related temporary inconveniences, as well as about the completion of the work. The project involved cooperation with local residents and contractors on the repair of roads.

In 2023, five meetings of the 'Security Conversations' series of events for communities took place. The initiative aims to build a sustainable relationship with citizens living or having property close to the pipeline, to explain the importance of the protection zones and the steps we are taking to ensure the safety and reliability of the pipeline. During the meetings, we introduced measures Amber Grid takes to ensure safety of the main gas pipeline, described pipeline protection zones and classes of the areas, and discussed energy independence. Kęstutis Kilinskas, a military historian, PhD, former participant in special missions, shared his insights on the national security, touched upon the local historical facts of the communities, and presented future perspectives. The aim of these events is to show interest and empathy towards the history, culture and lifestyle of local communities, to raise peoples' awareness of actions taken by Amber Grid to ensure safety of the main pipeline, to update them on global geopolitical developments and the impact they have on Lithuania and the local communities, and to present the potential future scenarios and the role off the region therein.

The Company encourages its employees to volunteer. In 2023, 37% of the Company's employees joined volunteering activities, participating in Darom, Blood Donation, Favourable Pinwheel campaigns, etc.

8.6. GOVERNANCE SUSTAINABILITY

Our Approach

Amber Grid aims to ensure transparent and efficient management and development of the energy exchange platform. This includes the reliable and secure operation of the gas transmission system, the development of an anti-corruption culture, the improvement of the supply chain based on sustainability standards, and the promotion and implementation of innovation in operations.

Anti-Corruption and Transparency

The Company's anti-corruption activity is based on the zero tolerance to corruption principle, i.e. Corruption and any related behaviour is not tolerated in the Company and the following anti-corruption measures of the Group are implemented to manage corruption risks:

- setting restrictions on the acceptance and provision of Gifts, and procedures for making donations;
- using measures to manage interests of employees and members of the collegial bodies to ensure the primacy of interests;
- screening of business partners;
- ensuring the credibility of staff;
- operating a Helpline;
- conducting internal investigations;
- transactions between Group companies are subject to transparency measures;
- training, communication and other targeted actions are used to raise the anti-corruption awareness of Employees;
- ensuring transparency of procurement.

Actions and Initiatives in 2023

The Company's anti-corruption activities are based on corruption risk assessment and management. Corruption risks in the Company are identified by establishing adequate management measures on an annual basis, and assessing the implementation of the management measures and the risk status on quarterly basis. In 2023, the following corruption-related risks were identified at the Company's Prevention Department level:

- The risk that the Company's employees will abuse and misuse their powers, and will act arbitrarily;

- The risk that the Company's employee, in the exercise of his/her powers or duties, will act unlawfully and misuse his/her office/authority, acquaintance or other potential influence to leverage another company (contractor's employee, etc.), institution, organisation, civil servant or equivalent to take unlawful actions or refrain from actions in the exercise of his/her powers or duties;
- Risk of the Company's employees engaging in bribery (accepting/offering).

In creating an anti-corruption environment in the Company, a great emphasis is paid one the development of anti-corruption awareness among employees through various means and methods. In 2023, the Company organised anti-corruption training, attended by 44 newcomers, i.e. 13% of the Company's total workforce. 4 (8%) managers and 40 (14%) professionals participated in the training. The Company employees' corruption resilience is also enhanced through other measures, such as internal communication, and by bringing to the attention of employees and members of management bodies to the most important Group's and the Company's internal anti-corruption legislation. In 2023, the internal documents were made available to 345 employees or 100% of the total number of the Company's employees, of these, 51 (15%) were managers and 294 (85%) were staff members.

In 2023, as every year, the Company conducted an anonymous employee tolerance to corruption survey to identify the employees' perception of corruption and their willingness (not) to tolerate any forms of corruption. 134 employees participated in the survey (2022: 147 employees). The survey shows that 131 (98%) employees have not encountered any forms corruption in their work in the last 3 years (2022: 143 (97%)), and 127 (95%) of them whom to contact if encounter corruption (2022: 137 (93%)). The trend in the survey results shows that the anti-corruption objectives are being implemented purposefully.

During the reporting period, the Group's key anti-corruption legislation applicable to the Company was updated: the Group's Anti-Corruption Policy and the Group's Policy of Management of Interests of Members of Collegial and Supervisory Bodies and Employees. The Group's anti-corruption policy has established that the Group's anti-corruption activities are based on the Anti-Corruption Management System in accordance with the international standard ISO 37001:2016 'Anti-bribery management systems. Requirements with guidance for use'. The anti-corruption management system is fully implemented in the Company. In 2023, the Company made preparations and implemented the standard, and in 2024 will seek certification under LST ISO 37001:2017 'Anti-Bribery Management Systems – Requirements with Guidance for Use'. To this end, the procurement of external certification audit services has been already initiated.
In 2023, employees were invited to participate in a non-traditional training, a lecture on modern corruption.

Key anti-corruption indicators:

Table 41. Anti-corruption indicators

Indicator	2021	2022	2023
Cases of corruption identified	0	0	0
Staff members sanctioned and dismissed for corruption	0	0	0
Corruption-related cases filed against the Company/employees	0	0	0
Corruption identified due to which contracts with business partners were not concluded/renewed	0	0	0

The Company also has the Helpline - https://ambergrid.lt/mes/atsakomybe/pasitikejimo-linija/807, sauga@ambergrid.lt, +370 699 68653, +370 666 06084, where employees and other stakeholders can directly or anonymously report, without fear of negative consequences, potential violations, unethical or unfair behaviour. In 2023, the Helpline received total of 2 reports. The reports received were not related to manifestations of corruption, thus were referred to the Asset Management and Operations Departments for resolution. (10 reports in 2022; 5 reports in 2021).

Interest management

The management of conflicts of interest in the Company is guided by the Group's Policy of Management of Interests of Employees and Members of Collegial Bodies, which was updated on 2023. The Policy, which aims to ensure the priority of the Group's interests and the timely identification and appropriate management of potential conflicts of interest, defines three main groups of conflict of interest management measures to be implemented in the Company: the declaration of private interests; the monitoring, surveillance and control of interests; and the management of conflicts of interest (abstention and recusal). These measures are provided in more detail in internal legislation. The Company periodically provides training or other awareness-raising activities to raise awareness of the management of conflicts of interest and related measures.

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

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

Personal Data Protection

In ensuring the protection of personal data, the Company is guided by the Group's Personal Data Protection Policy and the Description of the Personal Data Management Procedure outlining the basic requirements for the processing of personal data in the Company. All employees of the Company are introduced to the Description. The protection of personal data in the Company is ensured by documenting personal data processing activities, conducting a data protection impact assessment, evaluating technical and organisational data security measures in place, and managing risks and incidents related to the protection of personal data. In addition, the Company conducts periodic training and knowledge tests for its employees to ensure compliance with personal data protection requirements in practice and to promote a culture of personal data protection.

In 2023, no any personal data breaches were identified in the Company.

The Company did not receive any complaints related to the protection of personal data, neither from external organisations, nor from regulators.

Compliance Management

The Company has compliance measures in place to ensure the Company's compliance with the requirements of the legal acts of the European Union and Republic of Lithuania, internal documents, other legally binding instruments, good practices and standards in the energy sector critical to national security.

The Company's compliance activities are governed by the Group's Compliance Management Policy. In ensuring compliance, the Company is guided by the Three Lines Principle and principle of the risk-based approach. It focuses the Company's attention and resources on priority areas of compliance, i.e. areas where most instances of non-compliance occur or are likely to occur, and/or where there is the greatest likelihood of the realisation of non-compliance risks, which could have a material adverse effect on the Company and/or the Group. In 2023, the following priority areas were approved by the Company:

- Area of inside information;
- Personal Data Protection area;
- Procurement area;
- Area of the transmission system operator's independence.

The Company's is guided by the principle that compliance is everyone's responsibility - each employee has a responsibility to ensure compliance. In addition to complying with and ensuring compliance with applicable requirements in their daily activities, the aim is for employees to participate in compliance training, to report non-compliances observed and to make recommendations for non-compliance process improvement. Training and targeted communication activities are carried out to promote employee contribution to compliance management activities. Both employees and third parties are encouraged to report non-compliances observed to the Helpline: https://ambergrid.lt/mes/atsakomybe/pasitikejimo-linija/807.

In 2023, no significant non-compliance with laws was identified in the Company. During the reporting period, the Company did not pay any penalties both for 2023 and for previous periods.

Cybersecurity

The Company's operations are directly dependent on the proper functioning of the Company's core Information Technology (IT) and Operational Technology (OT). A disruption in IT and OT, a data breach or a cyber-attack may disrupt the Company's operations. Cybersecurity is therefore an essential component of the overall safety and security of the Company's operations.

We manage cybersecurity risks by periodically assessing the information security risks of vital processes, IT and OT systems. To ensure information security, we systematically respond to information security incidents and vulnerabilities. The Company has designated owners of information assets, IT and OT systems, and vital business processes.

The Company ensures information security by acting in accordance with international information security standards (ISO 27001, IEC 62443) and best global information security practices. On 23 February 2022, the Company's information security management system was certified in accordance with ISO 27001:2017, which forms the basis for the overall data protection management strategy and objectives.

Information security obligations are included in contracts with third parties, who must ensure the same level of information security as the Company.

We pay close attention to safe remote work and awareness-raising of the employees by organising periodic information security training, which is compulsory for all employees, and by conducting periodic tests involving mock attacks against our employees.

Particular attention is paid to infrastructure and services, the disruption of which would be detrimental not only to the Company, but also to the Republic of Lithuania. To ensure their cybersecurity, we constantly cooperate with the National Cybersecurity Centre and other authorised authorities.

Public Procurement

In planning and performing procurements and procurement contracts, the Company is guided by the provisions of the Law of the Republic of Lithuania on Procurement by Entities Operating in the Field of Procurement, Waste Water Management, Energy, Transport or Postal Services (the 'Law'), other legal acts regulating procurement and applicable to the Company, or by good commercial practice where the Law does not apply to certain procurements.

The Company implements projects of regional and national importance. These are projects require large investments. Their success depends on the understanding, trust, and support of shareholders, partners, controlling and regulatory authorities, and the people of Lithuania. Therefore, in its operations, the Company focuses on oversight of public procurement processes and prevention of corruption. The Company has effective measures in place to ensure that procurement is carried out in a transparent manner, in accordance with the requirements of equality, non-discrimination, mutual recognition and proportionality, and does not accept fraud, bribery or other illegal, anti-competitive practices. Information on the procurement plans for the year, their implementation and the persons responsible is made public on the Company's website. In order to ensure fair competition, the Company makes available to potential suppliers information on the projects to be implemented and the planned works for which it intends to organise tenders for contract works.

Supply Chain Management

The success of the Company's activities and its projects depends on transparent and fair procurement of goods, services and works.

Green procurement criteria are integrated into the Company's procurement policy. The Company is committed to reducing its environmental impact and is therefore committed to prioritising green procurement. Amber Grid undertakes to carry out at least 100% of green procurements every year since 2023.

It should be noted that the Company has developed a green procurement tool facilitating the selection of the most appropriate green criteria in procurement processes. The Company also provides green procurement training at regular intervals.

Actions and Initiatives

In 2022, the Company adopted a Supplier Code of Conduct. The Supplier Code of Conduct has been developed in conformity with the Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises, the principles of the United Nations Global Compact, and the best sustainability practices of international energy companies.

From the end of 2023, organisations participating in the Company's public procurements will have to commit to the Supplier Code of Conduct. As part of the Company' monitoring of compliance with the Code, form 2024, the Company will invite suppliers to provide information on their value chain and geography, policies, employment, anti-corruption and environmental practices. Suppliers and their employees will also be able to report to the Company any behaviour that violates the Code through the Helpline channel.

Social Criteria

In 2023, Amber Grid set a target for at least 5% of its purchases to include social criteria. For the proper application of these criteria appropriately, a tool for socially responsible procurement has been developed facilitating the selection of the most appropriate social criteria in procurement processes. Training on socially responsible procurement is also available.

In all its public procurements publicly advertised (›95% of procurements by value in 2023), the Company also verifies grounds for exclusion of suppliers, including social criteria such as offences concerning trafficking in human beings, failure to perform obligations arising from the payment of taxes, including social security premiums, non-compliance with environmental, social and labour law obligations, etc.

The social criteria to be applied by the Company in 2024 will be introduced to its suppliers at a 'Suppliers' Day' event. Suppliers will be consulted on the application of social criteria.

Procurement from Lithuanian and Foreign Suppliers

In 2023, more than 96% of Amber Grid's public procurements contract (by value) were awarded to Lithuanian suppliers. This keeps supply chains short and avoids unnecessary logistical costs and environmental impacts.

Innovations

In order to foster innovation and the search for potential new activities, the Company, together with other companies in the EPSOG Group, followed a functional action plan for the creation of an innovation ecosystem in the EPSOG Group for the period from 2022 to 2024, and the activities set out in the plan are planned to be implemented in 2024.

In view of the prospects for hydrogen development and its importance in the green energy transition, the Company has completed the technical feasibility study on adapting gas transmission networks in the Baltic States and Finland for transporting methane and hydrogen mixture in 2023, as well as study on modernisation measures and the investment requirements.

Following in-depth examination of the situation, independent foreign experts have provided estimates of the required investments in the natural gas transmission network to ensure technical capacity for the transport of the methane-hydrogen mixture.

This is the fifth year that the Company has participated in the Juran Benchmarking initiative, the European efficiency benchmarking for gas transmission system operators. The Company's operations were improved based on the analysis results provided by this initiative in 2020 and 2021. This is a long-term project, and in 2024 we will further increase the efficiency of our operations based on the analysis.

8.7. NASDAQ ESG INDICATORS

The information provided covers the period from 1 January to 31 December 2023 and the indicators should be considered in conjunction with the Sustainability Report. The data for the ESG (Environmental, Social and Governance) indicators presented below have not been verified by external organisations and reflect information available at the time of disclosure.

Environmental Indicators

	2023	2022	2021
E1. Greenhouse Gas Emissions, kg			
Scope 1	50 397 889.8	35 108 527	58 788 621
Scope 2	2 829.02	1 188 994	1 741 780
Total Scope 1–2	**50 400 719**	**36 297 521**	**60 530 400**
Scope 3	12 986 341,5	7 972 994,8	–
Total Scope 1–3	**63 387 060**	**44 270 516**	**–**
Of biogenic origin	29 791	26 925	29 452
E2. GHG Emission Intensity, g of CO_2 eq./kWh			
	0.86	0.61	1.15
E3. Energy Usage			
Renewable Electricity Generated, MWh	1 478.4	1 426.2	70.1
Renewable Electricity Produced and Consumed, MWh	492.7	288.5	0
Renewable Electricity Purchased, MWh	1 913.18	23.24	0
Non-Renewable Electricity Purchased, MWh	0.0	2 143.97	3 139.94
Natural Gas, MWh:	92 806.3	78 089.2	32 442.6
Transport	642.5	178.61	474.11
Technological needs	69 855.7	75 539.70	2 9497.54
Gas, water, space heating	2 107.3	2 370.92	2 470.95
Combusted during the incident	20 200.8	–	–
Diesel Fuel, l:	250 132.71	224 649.50	244 751.47
Light Duty Vehicles	59 989.42	52 760.61	55 727.40
Heavy Duty Vehicles	168 848.87	151 110.99	171 305.53
Machinery	10 932.27	13 150.42	10 657.89
Other Purposes	10 362.15	7 627.48	7 060.65
Petrol, l:	42 660.35	39 435.67	43 744.73
Light Duty Vehicles	39 292.42	34 084.38	42 747.17
Heavy Duty Vehicles	0.00	2 260.90	412.29
Machinery	0.00	38.00	0
Other Purposes	3 367.93	3 052.39	585.27
Thermal Power, MWh	57.30	67.98	93.45
E4. Energy Intensity, GJ/MWh			
	0.0066	0.0056	0.0033
E5. Energy Mix			
Renewable Electricity, %	100	12.62	0
Non-Renewable Electricity, %	0	87.38	100
E6. Water Usage, thousands of m^3			
	3.850	3.220	3.037
E7. Environmental Operations			
Does the Company comply with a formal environmental policy? Yes/ No	Yes	Yes	Yes
E8. Climate Oversight/Board			
Does the Board oversee and/or manage climate-related risks?	Yes	Yes	Yes
E9. Climate Oversight/Management			

Does the top-level executive team oversee and/or manage climate-related risks?	Yes	Yes	Yes
E10. Climate Risk Mitigation			
Total annual investment in climate-related infrastructure, resilience, and product development:			
Green Production, MEUR	0	0.615	0.314
Modernisation of Gas Networks, MEUR	24.9	3.7	9.6

Social Responsibility Indicators

	2023	2022	2021	2020
S1. CEO/Staff Pay Ratio				
Ratio of the CEO's salary and bonuses (X) to the average salary of full-time staff X:1	5.1	4.9	5.1	4.42
S2. Gender Pay Ratio				
Ratio of the average total salary of men (X) to the average salary of women X:1	0.95: 1	0.95:1	0.91:1	0.85:1
S3. Employee Turnover				
Total staff turnover during the period, %	9.7	11.04	11.21	10.69
Turnover of part-time staff during the period, %	0	0.31	0	0.63
Turnover of staff employed under fixed-term contracts during the period, %	6	1.53	0.62	1.57
S4. Gender Diversity				
Total share of women and men actually in employment, %	76.5 % Men 23.5 % Women	77 % Men 23 % Women	78 % Men 22 % Women	80 % Men 20 % Women
Worker posts held by men and women, %	99 % Men 1 % Women	99 % Men 1 % Women	99 % Men 1 % Women	98 % Men 2 % Women
Expert posts held by men and women, %	68 % Men 32 % Women	68 % Men 32 % Women	69 % Men 31% Women	71 % Men 29 % Women
Middle management (MM and UM from 2021 onwards) posts held by men and women, %	64.3 % Men 35.7% Women	68 % Men 32 % Women	77 % Men 23 % Women	69 % Men 31 % Women
Top-level executive (TLE) posts held by men and women, %	83 % Men 17 % Women	83 % Men 17 % Women	83 % Men 17 % Women	83 % Men 17 % Women
S5. Temporary Worker Ratio				
Share of part-time staff, %	0.87	0.9	0.93	0.63
Share of staff employed under fixed-term contracts/consultancy contracts, %	1.7	3	2.8	1.57
S6. Non-Discrimination				
Does the Company comply with a policy to prevent sexual harassment and/or discrimination?	Yes	Yes	Yes	Yes
S7. Injury Rate				
Injury frequency per number of employees, %	0.3	0.6	0.3	0.3
S8. Global Health & Safety				
Does the Company publish and comply with an occupational health and safety	Yes	Yes	Yes	Yes

policy and/or a general health and safety policy?				
S9. Child & Forced Labour				
Does the Company comply with a child labour policy?	Yes	Yes	Yes	Yes
Does the Company comply with a policy on forced labour?	Yes	Yes	Yes	Yes
If so, does the child and/or forced labour policy also apply to suppliers and vendors?	No	No	No	No
S10. Human Rights				
Does the Company publish and follow a human rights policy?	Yes	Yes	Yes	Yes
If so, does the human rights policy also apply to suppliers?	Yes	Yes	No	No

Governance Indicators

	2023	2022	2021	2020
G1.				
Total share of board posts held by women (compared to men), %	0%	25% until 20 April 2022 0% from 20 April 2022	25%	Until 20 April 2020 - 4(0) (4 out of 4 members were men); 0% From 20 April 2020 to 31 August 2020 - 5(1) (1 woman out of 5 members of the board); 20% From 31 August 2020 - 4(1) (1 woman out of 4 members of the board); 25%
G2. Board Independence				
Does the Company forbid its director from holding the post of the chairperson of the Board?	Yes	Yes	Yes	Yes
Total number of independent members of the Board, %	40%	50% until 20 April 2022 40% from 20 April 2022 to 18 November 2022 50% from 18 November 2022	50%	50% until 20 April 2020 20% from 20 April 2020 to 31 August 2020 50% from 31 August 2020
Total number of independent members of the Supervisory Council, %	There is no Supervisory Council	There is no Supervisory Council	There is no Supervisory Council	There is no Supervisory Council
G3. Incentivized Pay				
Are executives formally incentivised to obtain sustainability results?	Yes	Yes	Yes	No
G4. Collective Bargaining				
Total share of employees with collective agreements compared to the total number of employees, %	100	100	100	100
G5. Supplier Code of Conduct				
Are suppliers required to comply with the Code of Conduct?	In part	No	No	No

G6. Ethics & Anti-Corruption				
Does the Company comply with the Anti-Corruption Policy? Yes/No	Yes	Yes	Yes	Yes
If it does, what percentage of employees have formally confirmed their compliance with the policy? %	100	100	100	100
G7. Data Privacy				
Does the Company comply with the Personal Data Policy? Yes / No	Yes	Yes	Yes	Yes
Has the Company taken steps to comply with the GDPR? Yes / No	Yes	Yes	Yes	Yes
G8. ESG Reporting				
Does the Company publish a Sustainability Report? Yes / No	Yes	Yes	Yes	Yes
Are sustainability data included in reporting to supervisory authorities?	Yes	Yes	Yes	Yes
G9. Disclosure Practices				
Does the Company provide sustainability data to sustainability reporting systems? Yes/No	Yes	Yes	Yes	In part
Does the Company focus on specific Sustainable Development Goals (SDGs)? Yes / No	Yes	Yes	Yes	In part
Does the Company set targets and report on progress towards SDGs of the UN?	Yes	Yes	Yes	In part
G10. External Assurance				
GRI indicators of sustainability? Yes / No	In part	In part	In part	In part

8.8. GRI INDICATORS OF SUSTAINABILITY

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9. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

In fulfilling its obligations under legal acts governing the securities market applicable to it, the Company publishes significant events and other regulated information at the EU level. This information is accessible on the Company's website (www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/esminiai-ivykiai) and on the website of NASDAQ Vilnius Stock Exchange (www.nasdaqbaltic.com).

Significant events during the reporting period 2023:

Table 42. Significant events of Amber Grid during 2023

Date	Significant events during the reporting period
16/01/2023	Regarding the gas pipeline incident in Pasvalys district
06/02/2023	Consolidated operating results of Amber Grid Group of 2022
07/03/2023	Adjusted Amber Grid's investor calendar for 2023
16/03/2023	Regarding the selection of a strategic partner for Amber Grid's subsidiary gas exchange GET Baltic
17/03/2023	Correction: updated Amber Grid's investor calendar for 2023
17/03/2023	Notice of the convening the ordinary General Meeting of Shareholders of Amber Grid AB
11/04/2023	Decisions taken at the ordinary General Meeting of Shareholders of Amber Grid AB
11/04/2023	Annual Information of Amber Grid for 2022

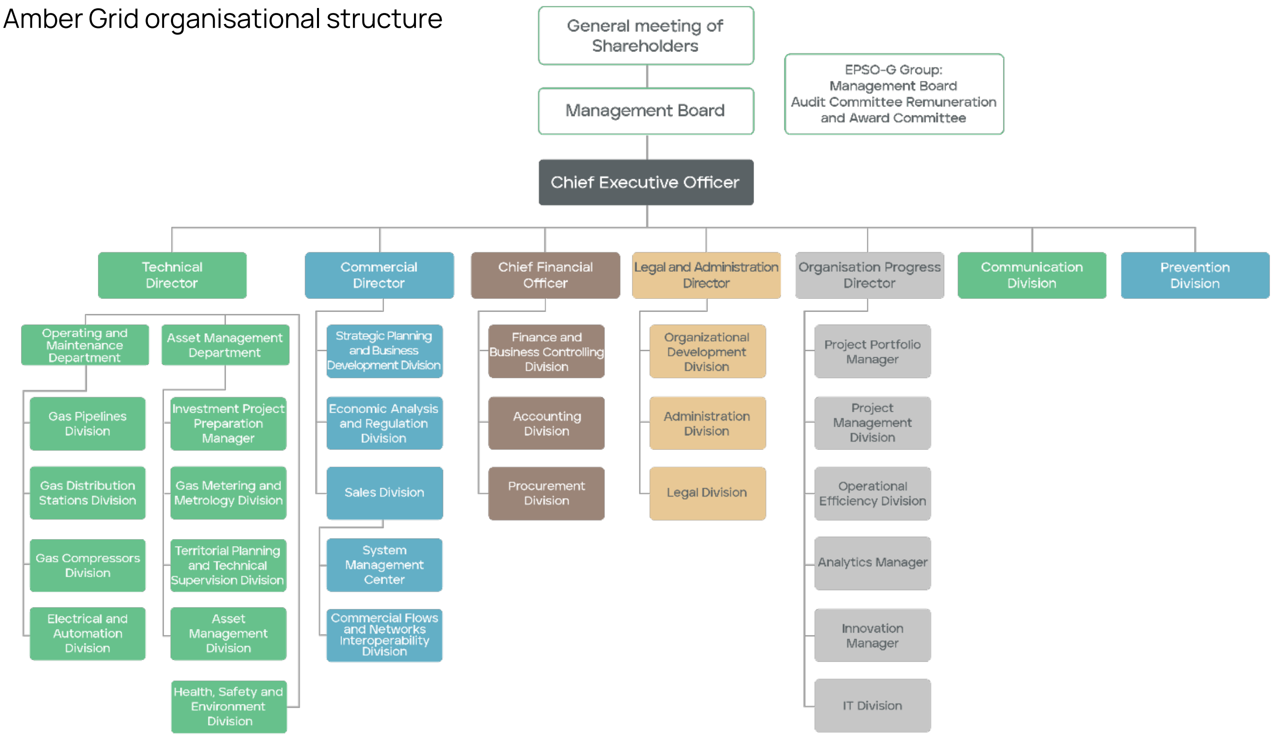
20/04/2023	Ex-dividend date
25/04/2023	Procedure for the payment of Amber Grid dividends for 2022
02/05/2023	Amber Grid Group Consolidated Operating Results for the 1st Quarter of 2023
09/05/2023	On Natural Gas Transmission System Operator's Revenue Cap of Regulated Activities for 2024
09/05/2023	GET Baltic UAB, a subsidiary of Amber Grid AB, intends to conclude a 2022 tax loss transfer transaction with EPSO-G UAB
16/05/2023	Amber Grid and EEX signed an agreement on the sale of shares of the gas exchange GET Baltic
23/05/2023	Regarding new prices for natural gas transmission services
29/05/2023	New prices for natural gas transmission services have been approved
31/05/2023	Amber Grid and EEX closed an agreement on the sale of shares of the gas exchange GET Baltic
02/06/2023	Amber Grid applied to the Prosecutor Office regarding the fittings of GIPL
31/07/2023	Correction: updated Amber Grid Investor's Calendar for 2023
08/082023	Notice on Convening an Extraordinary General Meeting of Shareholders of Amber Grid AB
25/08/2023	Amber Grid Group Consolidated Operating Results for the 1st half of 2023
30/08/2023	Decisions adopted in the Extraordinary General Meeting of Shareholders of Amber Grid A
06/11/2023	Amber Grid Group Consolidated Operating Results for 9 months of 2023

All notices that are made available to public according to the procedure defined in legal acts can be found in an electronic publication of the Manager of the Register of Legal Entities. All notices on convening the Company's General Meeting of Shareholders and other material events are announced on the Central Storage Facility at www.crib.lt and on the Company's official website www.ambergrid.lt in accordance with the procedure established in the Law on Securities. The shareholders whose shares entitle them to at least 10% of total voting rights, receive notices on convocation of the General Meetings of Shareholders in accordance with the procedure established in the Company's Articles of Association.

10. ANNEXES

Annex 1

Amber Grid organisational structure



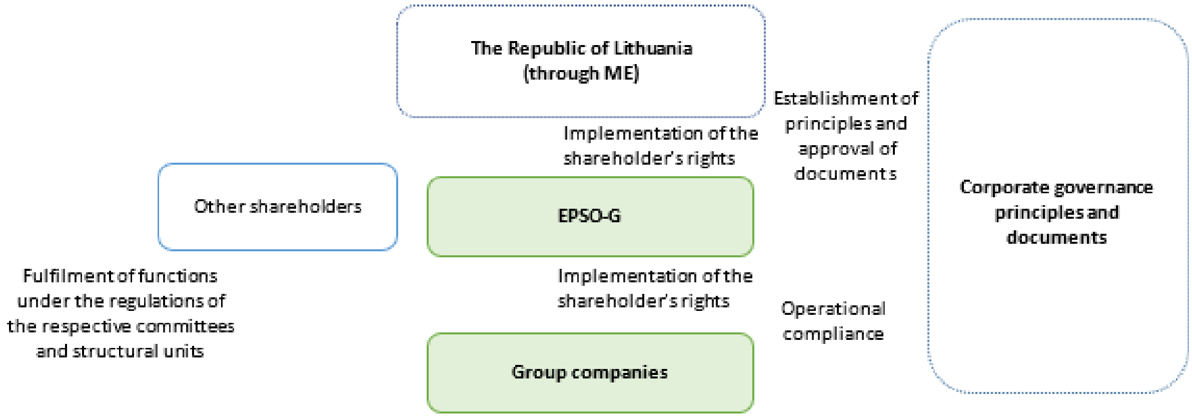
Annex 2

Amber Grid AB statement of compliance with the Corporate Governance Code for the Companies Listed on NASDAQ OMX AB

In line with Article 12(3) of the Law on Securities of the Republic of Lithuania and paragraph 24.5 of the Listing Rules of Nasdaq Vilnius AB, Amber Grid AB (the "**Company**") has disclosed its compliance with the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius and its specific provisions or recommendations. In case of non-compliance with the Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated, the reasons for such non-compliance must be specified, and other explanatory information indicated in this form must be presented.

1 Summary of the Company's Corporate Governance Report:

Amber Grid AB is a part of the EPSO-G Group companies ("the Group"). The Company's management structure and governance model are determined by the Company's Articles of Association, the Corporate Governance Guidelines of the EPSO-G Group approved on 24 April 2018 by the Ministry of Energy (the ME), the sole shareholder of the parent company EPSO-G UAB, and the Corporate Governance Policy of the EPSO-G Group. All these documents are available on the Company's website (www.ambergrid.lt) and EPSO-G's website (www.epsog.lt).



Pic 1. Main scheme of the implementation of corporate governance at the Group level.

Being a part of the Group does not affect the Company's independence. The Company operates independently as it seeks to achieve the objectives set in the Company's Articles of Association, and it has the obligation to independently assess whether compliance with the Group's corporate governance documents does not harm the interests of the Company, its creditors, shareholders or other stakeholders.

Corporate governance structure:

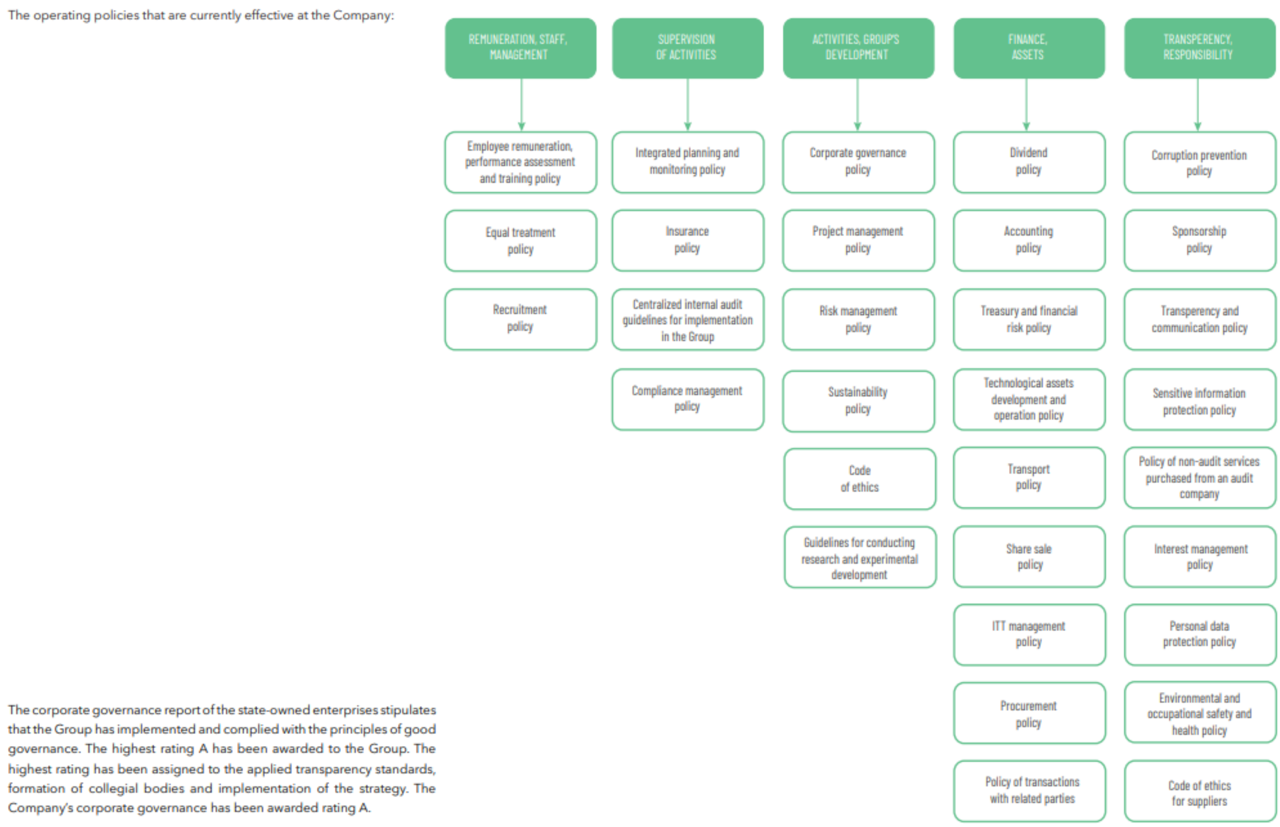
- The General Meeting of Shareholders;
- The Board (five members, of which two are independent members, two are nominated by the shareholder EPSO-G UAB (currently one member), and one is a civil servant);
- The Committees operating at the Group level:
  - The Remuneration and Nomination Committee (mainly composed of independent members);
  - The Audit Committee (mainly composed of independent members).
  - The Innovation and Development Committee (until 1 December 2022);
- CEO.

The Group has a centralised internal audit function. In order to ensure the independence of the internal audit, it is established that the head of the internal audit function is appointed and dismissed by the Board of EPSO-G UAB, which is mainly composed of independent members. The internal audit function is also accountable to the Audit Committee, which also consists mostly of independent members. The internal audit recommendations are analysed by the Company's Board, which also approves the plan of measures for implementation of audit recommendations.

On the basis of the Risk Management Policy of the EPSO-G Group, a uniform risk management system of the Group has been implemented at the Company according to the COSO ERM standards applicable in a global practice, which set out the risk identification, assessment and management principles and responsibilities. Risk management coordination is performed at the Group level.

The purpose of the Group's operating policies is to introduce a consistent and effective organisation management system that helps employees successfully implement important strategic projects and create value to local private and business customers in a transparent and effective manner. To ensure the effectiveness of the operating policies, the Company annually reports on the progress achieved with the implementation of the operating policies.

The operating policies that are currently effective at the Company:



The corporate governance report of the state-owned enterprises stipulates that the Group has implemented and complied with the principles of good governance. The highest rating A has been awarded to the Group. The highest rating has been assigned to the applied transparency standards, formation of collegial bodies and implementation of the strategy. The Company's corporate governance has been awarded rating A.

Principles/recommendations	Yes/No/Not Applicable	Comments
Principle 1: General Meeting of Shareholders, fair treatment of shareholders and shareholders' rights The corporate governance system should ensure fair treatment of all shareholders. The corporate governance system should protect shareholders' rights.		
1.1. All shareholders should have equal access to the information and/or documents provided for by law and should be able to participate in decisions that are important for the company.	**Yes**	Pursuant to the Law on Companies of the Republic of Lithuania and Chapter IX of the Company's Articles of Association, information on general meetings of shareholders being convened, their draft decisions and decisions made is published on the Company's website and on NASDAQ OMX Vilnius stock exchange in the Lithuanian and English languages. The Company ensures equal opportunities to its shareholders to vote on the adoption of relevant decisions at the General Meetings of Shareholders (by completing the general voting ballot, representing a shareholder by proxy, etc.).
1.2. It is recommended that a company's capital should consist only of shares that give their holders equal voting, ownership, dividend and other rights.	**Yes**	The Company's issued capital is divided into ordinary registered shares with the nominal value of EUR 0.29 each. All the shares grant the same rights to voting, ownership, dividend and other rights to their holders in proportion to the number of shares held. All shares are intangible and recorded in the personal securities accounts of the shareholders managed by the securities account manager contracted to manage the share accounting.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	**Yes**	The rights and obligations of the shareholders are stipulated in Chapter IV of the Company's Articles of Association that are made available to public.
1.4. Exceptional transactions of major importance, such as the disposal of all or almost all of the company's assets, which would effectively amount to a disposal of the company, should be subject to the approval of the General Meeting of Shareholders.	**Yes**	Paragraph 38 of the Company's Articles of Association specifies the cases when a transaction requires approval of the Board or the General Meeting of Shareholders.
1.5. The procedures for organising and participating in the General Meeting of Shareholders should give shareholders equal opportunities to participate in the General Meeting of Shareholders and should not prejudice the rights and interests of shareholders. The choice of the place, date and time of the General Meeting should not preclude the active participation of shareholders in the General Meeting. In the notice of the General Meeting, the company should indicate the latest date on which the proposed draft resolutions can be submitted.	**Yes**	The Company convenes the General Meetings of Shareholders and implements other meeting-related procedures in accordance with the procedure established in the Law on Companies of the Republic of Lithuania. In addition, each time the General Meeting of Shareholders is convened, the general rights of the shareholders and the deadlines for exercising such rights are published on the Notice of Convening the General Meeting of Shareholders and on the Company's website.

1.6. In order to ensure the right of shareholders living abroad to access information, it is recommended that, where possible, the documents prepared for the General Meeting of Shareholders be made public in advance not only in Lithuanian, but also in English and/or in other foreign languages. It is also recommended that the minutes of the General Meeting of Shareholders, after signing, and/or the decisions adopted be made public not only in Lithuanian but also in English and/or other foreign languages. It is recommended that this information be published on the company's website. Not all documents may be made publicly available if their public disclosure would be prejudicial to the company or would disclose the company's business secrets.	**Yes**	Information on the general meetings of shareholders being convened, their draft decisions and decisions made are published on the Company's website and on NASDAQ Vilnius stock exchange in the Lithuanian and English languages, by indicating location, date and time of the meeting.
1.7. Shareholders entitled to vote should be able to vote at the meeting of shareholders, either present or absent in person. Shareholders should not be prevented from voting in advance in writing by completing a single ballot paper.	**Yes**	A notice of convening the General Meeting of Shareholders always indicates a possibility for the shareholders to vote in writing by filling in the attached form of a voting ballot or to vote by proxy.
1.8. In order to increase shareholders' ability to participate in General Meetings of Shareholders, it is recommended that companies should make greater use of modern technology to enable shareholders to participate and vote in General Meetings of Shareholders by electronic means. In such cases, the security of the information transmitted must be guaranteed and the identity of the person who participated and voted must be identifiable.	**No**	Given the challenges in ensuring the security of the information transmitted and the establishment of the identity of shareholders, these options are not yet available to shareholders. However, shareholders are provided with other opportunities to exercise their rights: to vote in the General Meeting of Shareholders in person; to vote by proxy; to vote by concluding voting rights entrustment agreement; voting in writing in advance by completing the general voting ballot.
1.9. It is recommended to disclose in the notice of the draft decisions of the convened General Meeting of the Shareholder the new nominations of the members of the collegial body, the remuneration proposed for them, the proposed appointment of the audit company, if these issues are included in the agenda of the General Meeting of Shareholders. When proposing to elect a new member of the collegial body, it is recommended that the member's educational background, work experience and other management positions held (or proposed to be held) be disclosed.	**Yes**	A notice of convening the General Meeting of Shareholders always specifies the draft decisions containing information required by the Law on Companies of the Republic of Lithuania, including new candidatures of members of the collegial bodies, the proposed remuneration, the proposed audit firm and the proposed audit fee.
1.10. Members of the Company's collegial management body, heads of the administration[7] or other competent persons related to the Company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. 1.11. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	**Yes** **No**	Relevant competent persons who can provide information related to the agenda of the General Meeting of Shareholders always attend the General Meeting of Shareholders. The proposed candidates to the members of the collegial bodies do not always attend the General Meetings of Shareholders.

[7] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.

2.1. Establishment of the Supervisory Council The procedure for the establishment of the Supervisory Council should ensure that conflicts of interest are properly managed and that the company is governed efficiently and fairly.		
2.1.1. The members of the Supervisory Council elected by the General Meeting of Shareholders should collectively ensure a diversity of qualifications, professional experience and competences, as well as a gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Supervisory Council, it should be ensured that the members of the Supervisory Council as a whole have a broad range of knowledge, views and experience to perform their tasks properly.	**Not applicable**	Supervisory Council is not formed at the Company.
2.1.2. Members of the Supervisory Council should be appointed for a fixed term, with the possibility of individual re-election for a new term, in order to ensure the necessary growth in professional experience.	**Not applicable**	Supervisory Council is not formed at the Company.
2.1.3. The Chair of the Supervisory Council should be a person whose current or former position would not be an obstacle to the impartial exercise of his/her functions. A former Manager or the Board member of the company should not immediately be appointed as a Chair of the Supervisory Council. Where a company chooses not to comply with these recommendations, information should be provided on the measures taken to ensure operational impartiality.	**Not applicable**	Supervisory Council is not formed at the Company.
2.1.4. Each member should devote sufficient time and attention to his/her duties as a member of the Supervisory Council. Each member of the Supervisory Council should undertake to limit his/her other professional commitments (in particular management positions in other companies) in such a way that they do not interfere with the proper performance of his/her duties as a member of the Supervisory Council. If a member of the Supervisory Council attended less than half of the Supervisory Council meetings during the company's financial year, the company's shareholders should be informed.	**Not applicable**	Supervisory Council is not formed at the Company.
2.1.5. Where the appointment of a member of the Supervisory Council is proposed, it should be disclosed which members of the Supervisory Board are considered independent. The Supervisory Council may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	**Not applicable**	Supervisory Council is not formed at the Company.
2.1.6. The amount of remuneration for members of the Supervisory Council should be approved by the company's General Meeting of Shareholders for their activities and participation in the meetings of the Supervisory Council.	**Not applicable**	Supervisory Council is not formed at the Company.

2.1.7.The Supervisory Council should carry out an evaluation of its own performance each year. It should include an assessment of the structure, organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Supervisory Council and an assessment of whether the Supervisory Council has achieved its stated performance objectives. The Supervisory Council should publish, at least once a year, relevant information on its internal structure and operating procedures.	**Not applicable**	Supervisory Council is not formed at the Company.
Principle 3: The Board **3.1. Functions and responsibilities of the Board** The Board should ensure the implementation of the company's strategy, as well as good corporate governance, taking into account the interests of shareholders, employees and other stakeholders.		
3.1.1. The Board should ensure the implementation of the company's strategy, as approved by the Supervisory Council, if it is established. In cases where the Supervisory Council is not established, the Board is also responsible for approving the company's strategy.	**Yes**	Paragraph 34 of the Company's Articles of Association stipulates the power of the Company's Board to approve the Company's strategy and supervise its implementation.
3.1.2. The Board, as the collegial management body of the company, performs the functions assigned to it by the Law and the company's Articles of Association and, in cases where the company does not have a Supervisory Board, also performs the supervisory functions provided for in the Law. In carrying out its functions, the Board should take into account the needs of the company, shareholders, employees and other stakeholders, as appropriate, in order to build a sustainable business.	**Yes**	Section 7.3 of the Company's Articles of Association stipulates that the Company's Board undertakes the supervisory functions. By performing the functions assigned to it, the Board takes into account the Audit Committee's recommendations, as well as the needs of the company's shareholders, employees and other stakeholders.
3.1.3. The Board should ensure compliance with the laws and internal company policies applicable to the company or group of companies to which it belongs. It should also put in place appropriate risk management and control measures to ensure regular and direct accountability of executives.	**Yes**	Article 36(xxi) of the Company's Articles of Association provides that the Board takes decisions on the non-application to the Company or the application with exceptions of the documents applicable at the level of the Group of companies approved by the Board of the parent company. The Board ensures and regularly monitors the implementation of the documents it approves (strategy, performance plans, budget, etc.) within the Company.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance[8] on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	**Yes**	The Company's Board ensures and monitors implementation of internal controls, ethics and compliance measures as follows: -there is an internal audit function at the group level; -the Audit Committee is formed at the group level, mostly consisting of independent members, with the internal audit function accountable to it; -there is the Code of Conduct and the EPSO-G Group Anti-Corruption Policy, the EPSO-G Group Sponsorship and Charity Policy, Sponsorship and Charity Policy, and the EPSO-G Group Conflict of Interest Management Policy in place.

[8] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.
For the purposes of this Code, the criteria of independence of members of the supervisory council are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.

3.1.5. In appointing the company's manager, the Board should take into account the appropriate balance of qualifications, experience and competence of the candidate.	**Yes**	When the Board appoints the head of the Company, it follows the procedure approved by Resolution of the Government of the Republic of Lithuania for the selection of candidates to a collegial supervisory or management body of a state-owned or municipal enterprise or of a company or its subsidiary owned by a state-owned or municipal enterprise, also takes into account the recommendation of the Remuneration and Nomination Committee, and the appropriate balance between the candidate's qualification, experience and competence. Article 55 of the Company's Articles of Association provides that, when assessing the suitability of a candidate for the position of the Manager, the Board shall assess the candidate's compliance with the requirements set out in the Articles of Association and applicable legislation and may, for that purpose, require the candidate to submit documents substantiating such compliance and/or request the competent public authorities to provide the necessary information about the candidate.
3.2.Establishment of the Board		
3.2.1. The members of the Board elected by the Supervisory Board or by the General Meeting of Shareholders if no Supervisory Council is established should collectively ensure a diversity of qualifications, professional experience and competences, and strive for gender balance. In order to maintain an appropriate balance between the qualifications of the members of the Board, it should be ensured that the members of the Board as a whole have a wide range of knowledge, views and experience to perform their tasks adequately.	**Yes**	Paragraph 27 of the Company's Articles of Association stipulates that in the process of selection of the Board members it is ensured that the Board consists of at least 2 (two) independent members. Their independence is established in accordance with the criteria laid down in the Corporate Governance Code and the Policy for Management of Interests of Members of Collegial Bodies, Executives and Employees of the Group, as well as the requirements set forth in other applicable legal acts. It is aimed that the Board members have competences that are required in the areas of responsibility and functions of the Board. The selection of the Company's Board members is carried out by the Remuneration and Nomination Committee in accordance with the approved matrix of the Board competences. The Board members carry out their performance assessment on annual basis. In addition, the Remuneration and Nomination Committee evaluates the performance of the Board on an annual basis and provides recommendations on performance improvement.
3.2.2. The names of the candidates for election to the Board, their education, qualifications, professional experience, positions held, other relevant professional commitments and potential conflicts of interest should be disclosed, without prejudice to the requirements of the legislation governing the processing of personal data, at the meeting of the Supervisory Council at which the Board or its individual members will be elected. If the Supervisory Council is not established, the information set out in this point should be submitted to the General Meeting of Shareholders. The Board should compile the data on its members referred to in this point each year and disclose it in the company's annual report.	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.

3.2.3. All new members of the Board should be briefed on their duties, the company's structure and its activities.	**Yes**	The Board members are introduced to their duties, the structure and activities of the Company by sharing with them the Company's corporate documents – a set of such documents is sent by email to the newly elected Board members.
3.2.4. Members of the Board should be appointed for a fixed term, with the possibility of individual re-election, in order to ensure the necessary growth in professional experience and sufficiently frequent reconfirmation of their status.	**Yes**	Paragraph 26 of the Company's Articles of Association stipulates that the Board is a collegial management body of the Company consisting of five members. The members of the Board are elected for a four-year term of office by the General Meeting of Shareholders, to which the Board is accountable. A member of the Board may not serve as a member of the Board for more than two consecutive full Board terms and in any case may not serve as a member of the Board for more than 10 (ten) consecutive years.
3.2.5. The Chair of the Board should be a person whose current or former position would not be an obstacle to the impartial conduct of business. A former manager of the company should not immediately be appointed as a Chair of the Board. Where a company chooses not to comply with these recommendations, information should be provided on the measures taken to ensure operational impartiality.	**Yes**	Paragraph 28 of the Company's Articles of Association stipulates the criteria prohibiting a person to be elected as a member of the Board. One of the measures for ensuring impartiality of the chairperson of the Board is established in paragraph 46 of the Company's Articles of Association, i.e. he/she should be elected from among the Board members nominated by the parent company.
3.2.6. Each member should devote sufficient time and attention to his or her duties as a Board member. If a member of the Board has attended less than half of the meetings of the Board during the company's financial year, the company's Supervisory Council should be informed, or, if there is no Supervisory Council, the General Meeting of Shareholders.	**Yes**	The Board members actively attend the meetings, and the minutes of the meetings provide records of attendance and voting by the Board members during the decision-making process. During 2023, none of the Board members, who was elected and performing the duties, missed any of the Board meetings. As provided for in Paragraph 51 of the Company's Articles of Association, the Board of the Company shall account for its activities by providing the General Meeting of Shareholders with its annual report of activities on the Board, including information about adopted resolutions and the annual self-assessment. The report can be submitted within the framework of the annual report of the Company.
3.2.7. If, in the cases provided for in the Law, when the Board is elected in the absence of a Supervisory Council, some of the members of the Board will be independent[i], it should be published which members of the Board are considered independent. The Board may decide that a particular member of the Board, although fulfilling all the criteria for independence set out in the Law, may not be considered independent because of special personal or company-related circumstances.	**Yes**	The Company's website and the annual report contain information about the Company's Board members, with specific indication of which members are independent. At each Board meeting, the Board members are required to declare potential conflicts of interest related to the agenda items.
3.2.8. The amount of remuneration to be paid to members of the Board for their activities and participation in Board meetings should be approved by the company's General Meeting of Shareholders.	**Yes**	The General Meeting of Shareholders decides on the appointment and removal of Board members, fixing the remuneration of Board members, conclusion of contracts with Board members and their standard terms and conditions. Based on the decision of the General Meeting of Shareholders, a fixed monthly pay for service at the Board and for activities at the group's committees has been set only for independent Board members.

3.2.9. Board members should act honestly, diligently and responsibly in the best interests of the company and its shareholders and represent their interests, taking into account other interest holders. They should not pursue personal interests in their decision-making, should be subject to non-competition agreements, and should not, to the detriment of the company's interests, take advantage of business information and opportunities that are relevant to the company's activities.	**Yes**	Taking into account the objective to monitor the absence of conflicts of interest of the Company's Board members, each year the Board members update their declarations of interests, and the independent members are assessed for their independence. In addition, paragraph 31 of the Company's Articles of Association stipulates that the Board members may be employed elsewhere or hold other job position compatible with their activities in the Board, including but not limited to executive positions in other legal entities, a job in a state or statutory service, duties at the Company and other legal entities (in view of the restrictions set in paragraph 28 of the Articles of Association), as well as in legal entities where the Company or the parent company acts as a member, only by providing a prior notice to the Company's Board. The Company has adopted the Policy of Management of Interests of Members of Collegial Bodies, Executives and Employees of EPSO-G Group. Members of the Boards have signed commitments to protect the information confidential. No-compete agreements are not concluded with the members of the Board. The need for such agreements was not established because the Company conducts a monopoly business.
3.2.10.Every year the management board should carry out an assessment of its activities. It should include an assessment of the structure, organisation and ability to act as a group, as well as an assessment of the competence and effectiveness of each member of the Board and an assessment of whether the Board has achieved its stated performance objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	**Yes**	The Board carries out a self-assessment of its activities annually, and on its basis prepares a performance improvement plan. In addition, the Remuneration and Nomination Committee and the Audit Committee, acting at the EPSO-G Group level, evaluate annually decisions made by the Board and provide recommendations on performance improvement The results of assessment of the Board's activities are presented in the Company's annual report.

Principle 4: Working procedures of the Company's Supervisory Council and the Board The company's procedures for the work of the Supervisory Council, if established, and the Board should ensure the effective work and decision-making of these bodies and promote active cooperation between the company's bodies.		
4.1. The Board and the Supervisory Council, if established, should work closely together for the benefit of both the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The Board should regularly and, if necessary, promptly inform the Supervisory Council of all matters of importance to the company in relation to planning, business development, risk management and control, and compliance with the company's obligations. The Board should inform the supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	**Not applicable**	The Supervisory Council is not formed at the Company.
4.2. It is recommended that meetings of the company's collegial bodies be held at appropriate intervals in accordance with a pre-approved schedule. It is up to each company to decide on the frequency of meetings of the collegial bodies, but it is recommended that they should be held at such a frequency as to ensure the uninterrupted discussion of the company's key governance issues. Meetings of the company's collegiate bodies should be convened at least once a quarter of the year.	**Yes**	Article 45 of the Company's Article of Association provides that the Board shall adopt its resolutions at the meetings of the Board. The regulation of the convocation of Board meetings and the voting procedure, as well as other procedural issues shall be as provided by the Law on Companies and related legal acts, and shall be defined in detail in the rules of procedure of the Board, which shall be approved by the Board. At the end/beginning of each year, the Company's Board approves the schedule and activity plan (a preliminary agenda for the respective Board meeting) for the upcoming/current year.
4.3. The members of the collegial body should be informed in advance of the convening of the meeting in order to allow sufficient time for adequate preparation of the issues to be discussed at the meeting and for the discussion leading to the adoption of decisions. The members of the collegial body should be provided with all relevant material relating to the agenda of the meeting together with the notice of the meeting. The agenda should not be amended or supplemented during a meeting unless all members of the collegiate body are present and agree to such amendment or supplementation or unless there is an urgent need to deal with important matters of the company.	**Yes**	The work of the Board is guided by the Rules of Procedure of the Board, governing the convening of meetings, the information of the Board members, the submission of material and other procedural issues. The Board follows the recommendation to amend the agenda.
4.4. In order to coordinate the work of the company's collegial bodies and to ensure an efficient decision-making process, the chairpersons of the company's collegial supervisory and management bodies should coordinate the dates and agendas of the meetings to be convened and should cooperate closely on other issues related to the company's management. Meetings of the company's Supervisory Council should be open to the members of the company's Board, in particular where the meeting deals with matters relating to the removal of members of the Board, their liability and the determination of remuneration.	**Not applicable**	The Supervisory Council is not formed at the Company.

Principle 5: Nomination, Remuneration and Audit Committees

5.1. Purpose and composition of committees

The committees established within the company should enhance the effectiveness of the Supervisory Council and, if the Supervisory Council is not established, of the Board, which performs supervisory functions, by ensuring that decisions are taken after due deliberation and by helping to organise the work in such a way as to ensure that decisions are not affected by material conflicts of interest.
The Committees should act independently and in a principled manner and make recommendations related to the decision of the collegial body, but the final decision is taken by the collegial body itself.

5.1.1. Depending on the specific circumstances of the company and the governance structure chosen, the company's Supervisory Council and, if the Supervisory Council not established, the Board, which performs the supervisory functions, form committees. It is recommended that the collegial body form Nomination, Remuneration and Audit committees[9].	**Yes**	The Company has the Remuneration and Nomination Committee at the Group level, which is formed by the Board of EPSO-G UAB and acts in accordance with the regulations approved by the body that forms it, and the Audit Committee at the Group level, which is formed by the sole shareholder EPSO-G UAB and acts in accordance with the regulations approved by the body that forms it. Given the close links between remuneration and nomination issues and the need for experts with the same qualifications, it has been decided to form a single Remuneration and Nomination Committee.
5.1.2. Companies may decide to have fewer than three committees. In this case, companies should provide an explanation as to why they have chosen the alternative approach and how the chosen approach meets the objectives set by the three separate Committees.	**Yes**	
5.1.3. The functions assigned to the committees formed in companies may be performed by the collegial body itself in the cases provided for by law. In such a case, the provisions of this Code relating to committees (in particular as regards their role, functioning and transparency) should, where appropriate, apply to the collegiate body as a whole.	**Not applicable**	Please see par. 5.1.1.
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	**Yes**	Paragraphs 7.8 and 7.9 of the Articles of Association of EPSO-G UAB regulate the formation of committees at the EPSO-G Group level and the areas of their competence. The aforementioned statutes state that the Remuneration and Nomination and Audit Committees shall consist of at least three members. It is ensured that from among three members there is at least one independent member in the Remuneration and Nomination Committee, and more than half of the members in the Audit Committee. Not all members of the Remuneration and Nomination Committee and the Audit Committee are appointed from the Board of EPSO-G. One member to each of the committees is appointed on the basis of competence when performing the external selection of an independent member of the committee.

[9] The legal acts may provide for the obligation to form a respective committee. For example, the Law on the Audit of Financial Statements of the Republic of Lithuania provides that public-interest entities (including but not limited to public limited liability companies whose securities are traded on a regulated market of the Republic of Lithuania and/or of any other Member State) are under the obligation to set up an audit committee (the legal acts provide for the exemptions where the functions of the audit committee may be carried out by the collegial body performing the supervisory functions).

5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly report to the collegial body on their activities and performance on a regular basis. The Rules of Procedure of each committee, defining its role and specifying its rights and duties, should be published at least once a year (as part of the information that the company publishes annually about its governance structure and practices). Companies should also publish each year in their annual report, without prejudice to the requirements of the legislation on the processing of personal data, the composition, number of meetings and attendance of members of the existing committees during the previous year, as well as the main lines of their activities and their performance.	**Yes** **Yes**	The authority of the committees is determined in the Articles of Association of EPSO-G UAB and under the decision of the body forming the committee – the Regulations of the Remuneration and Nomination Committee are approved by the decision of the Board of EPSO-G UAB, and the Regulations of the Audit Committee are approved by the decision of the sole shareholder EPSO-G UAB, as it is permitted by the Requirements for Members of the Audit Committee approved by the Bank of Lithuania (Article 10). The Regulations of the Committees are available on EPSO-G UAB website. Information about the composition, activities of the committees and other information is presented in the consolidated Group's annual report.
5.1.6. In order to ensure the independence and objectivity of committees, members of the collegial body who are not members of the committee should normally be entitled to attend committee meetings only at the invitation of the committee. The Committee may invite or require the attendance of certain employees or experts of the Company. The Chair of each committee should be able to communicate directly with shareholders. The cases in which this should be done should be specified in the rules governing the operation of the Committee.	**Yes**	The Regulations of the Committees provide for the right of the members of the Committees to invite, at their discretion, to their meetings the members of the bodies of the companies of the EPSO-G UAB group of companies, employees, representatives, candidates for certain positions or other persons and to obtain from them the necessary explanations within their competence as well as require for that purpose that necessary actions would be carried out needed for the performance of the functions of the Committees.
5.2. Nomination committee.		
5.2.1. The key functions of the nomination committee should be the following: (1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The Nomination Committee should assess the balance of skills, knowledge and experience in the governing body, develop a description of the functions and skills required for the specific position and assess the time required to complete the assignment; (2) to assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; (3) to devote the attention necessary to ensure succession planning.	**Yes**	The Remuneration and Nomination Committee of EPSO-G UAB serves as the advisory body to the Board of EPSO-G UAB and to the Company's Board. The main functions of the Committee are as follows: - assistance in the selection of candidates to members of the bodies in all the group companies; - provision of recommendations for the group companies on appointment of members to the management bodies, conclusion of contracts with them and determination of remuneration for them; - provision of recommendations on the policies of the group companies that govern the remuneration policy and employee performance assessment; - provision of recommendations on the system for succession planning in the critical job positions.
5.2.2.The Company's Manager should be consulted on matters relating to members of the collegial body who have an employment relationship with the company and to the Senior Management, with the right to make proposals to the Nomination Committee.	**Yes**	The Regulations establish that the right of initiative to convene the Remuneration and Nomination Committee is exercised by the boards or general managers of the group of companies that also propose the agenda of the meeting by submitting issue-related materials and draft resolutions. Currently, the Company's Board has no members who have employment relations with the Company.
5.3. Remuneration Committee.		

The main functions of the Remuneration Committee should be: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policies should cover all forms of remuneration, including fixed remuneration, performance-related remuneration, financial incentive schemes, pension schemes, severance payments, as well as conditions that would allow the company to recover amounts or suspend payments, indicating the circumstances that would make it appropriate; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	**Yes**	The Company has a single Remuneration and Nomination Committee, with functions described in detail in point 5.2.1.
5.4. Audit Committee.		
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee[10].	**Yes**	The Audit Committee of EPSO-G UAB serves as the advisory body to the Board of EPSO-G UAB and to the Company's Board. The main functions of the Committee are as follows: - supervision of the preparation of the financial statements of the companies of the Group and performance of their audit; - ensuring compliance with the principles of independence and objectivity by the auditors and audit firms of the companies of the Group; - oversight of the effectiveness of the Group companies' internal control, risk management and internal audit systems and business processes; - responsibility for control over provision of non-audit services by the auditor and/or audit firm of the Group companies; - ensuring the functioning of the complaints system and complaints handling; - evaluation of transactions with related parties.
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The Audit Committee should be informed by the company's executives of the accounting treatment of significant and unusual transactions, which may be accounted for in different ways.		

[10] For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions.
For the purposes of this Code, the criteria of independence of members of the supervisory council are interpreted as the criteria of unrelated parties defined in Article 31(7) and (8) of the Law on Companies of the Republic of Lithuania.
Issues related to the activities of audit committees are regulated by Regulation No 537/2014 of the European Parliament and the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities, the Law on the Audit of Financial Statements of the Republic of Lithuania, and the Rules Regulating the Activities of Audit Committees approved by the Bank of Lithuania.

5.4.3. The Audit Committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The Committee should be able to meet the persons concerned, if necessary, without the presence of members of the management bodies.	**Yes**	The Regulations of the Audit Committee stipulate that the members of the Committee, at their own discretion, may invite to their meetings the members of the bodies of the companies of the group, their employees, representatives, candidates for certain positions or other persons, and obtain from them the necessary explanations within their competence, as well as require for that purpose that necessary actions would be taken for the performance of the functions of the Committee.
5.4.4. The Audit Committee should be informed about the internal auditor's work programme and should be furnished with internal audit reports or periodic summaries. The Audit Committee should also be informed of the work programme of the external auditors and should receive a report from the audit firm describing any relationship between the independent audit company and the company and its group.	**Yes**	Please see par. 5.4.3. The Audit Committee organises a meeting with the auditors to discuss the audit plan.
5.4.5. The Audit Committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	**Yes**	The Audit Committee ensures the functioning of the complaints system and the handling of complaints.
5.4.6. The Audit Committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	**Yes**	The Regulations of the Audit Committee stipulate that the Audit Committee submits quarterly activity reports to the Board. In addition, it submit a consolidated activity report to the Ordinary General Meeting of Shareholders and to the Board of EPSO-G UAB.
Principle 6: Avoidance and disclosure of conflicts of interest The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies. The corporate governance system should recognise the rights of stakeholders as established by law and promote active cooperation between the company and stakeholders to create wealth, jobs and financial stability. In the context of this principle, stakeholders include investors, employees, creditors, suppliers, customers, the local community and others with an interest in the company.		
A member of a company's supervisory and management body should avoid a situation where his or her personal interests conflict or may conflict with the interests of the company. If such a situation does arise, a member of the supervisory or management body of the company should, within a reasonable period of time, inform the other members of the same body, or the body of the company that elected him or her, or the shareholders of the company of the existence of such a conflict of interests, indicating the nature of the interests and, where possible, the value.	**Yes**	This obligation is set out in paragraphs 56-57 of the Company's Articles of Association, the Regulations of the management bodies, and the Policy of Management of Interests of Members of Collegial Bodies, Executives and Employees of EPSO-G Group.
Principle 7: Company's remuneration policy The company's remuneration policy and the procedures for its review and disclosure should prevent potential conflicts of interest and abuse in determining the remuneration of the members of the collegiate bodies and of the executives, and ensure the openness and transparency of the company's remuneration policy, as well as the company's long-term strategy.		

7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	**Yes**	The Company applies the Guidelines for Determining the Remuneration for Service at the Bodies of EPSO-G UAB and EPSO-G UAB Group Companies, which are approved by the sole shareholder EPSO-G UAB and are available to public. The Company applies in full EPSO-G Group's Remuneration, Performance Appraisal and Training Policy. The Remuneration Policy is available to the public.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	**Yes**	These forms of remuneration are defined in the Remuneration, Performance Appraisal and Training Policy of EPSO-G Group.
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	**Yes**	The Company applies the Guidelines for Determining the Remuneration for Service at the Bodies of EPSO-G UAB and the EPSO-G Group Companies, which define a fixed remuneration for independent members of the collegial bodies. The members of the Board do not receive remuneration (bonuses) based on the Company's performance.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual salaries and should generally not exceed a fraction of two years' fixed remuneration or its equivalent. Termination payments should not be paid if the contract is terminated because of poor performance.	**No**	The Remuneration, Performance Appraisal and Training Policy of the EPSO-G Group stipulates that the Group companies do not enter into advance agreements on the amounts of termination benefits (except for the heads of the companies whose terms of employment are determined by the Board). The amounts of termination benefits are determined by taking into account the mandatory minimum amounts of such benefits established by the provisions of labour law, except for exceptional cases when there are objective reasons for the agreement on higher amounts of benefits. The Board of the company shall be informed about the payment of such benefits and the grounds for their payment during the upcoming meeting
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. In the case of a share-based award, the shares should not vest for at least three years after the award. After vesting, members of the collegiate bodies and executives should retain a certain number of shares until the end of their term of office, depending on the need to cover any costs associated with the acquisition of shares.	**Not applicable**	No such schemes are applied at the Company.
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also provide an overview of how the remuneration policy was implemented in the previous financial year. This type of information should not contain information of commercial value. Particular attention should be paid to significant changes in the company's remuneration policy compared to the previous financial year.	**Yes**	General information on the implementation of the Remuneration Policy and average salary levels by each category of employees are disclosed to public in the Company's annual report. According to Article 25(5) of the Law on Energy of the Republic of Lithuania, the Company discloses remuneration of the members of the Company's management bodies, and other benefits related to the functions of the members of the management bodies. Information on employee remuneration is made available to public on a quarterly basis on the Company's website.

7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. Schemes where members of the collegial body and employees are remunerated in shares or share options should be approved by the General Meeting of Shareholders.	**Yes** **No**	The remuneration of the members of the Company's Board is determined by the General Meeting of Shareholders of the Company. When determining the remuneration, the Company follows the Guidelines for Determining the Remuneration for Service at the Bodies of EPSO-G UAB and the EPSO-G Group Companies, which are approved by the sole shareholder EPSO-G UAB. No such schemes are applied at the Company.
Principle 8: Role of stakeholders in corporate governance The corporate governance framework should recognise the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between the company and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle, stakeholders include investors, employees, creditors, suppliers, customers, the local community and others with an interest in the company.		
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	**Yes**	The Company has adopted the Transparency and Communication Policy of the EPSO-G Group of Companies, which establishes goals to increase awareness and understanding of stakeholders about the activities of the EPSO-G Group of companies and individual group companies; to ensure employee engagement; to create and maintain sustainable relationship with stakeholders based on mutual respect.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorised capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	**Yes**	The Company, together with the representatives of the Company's employees, conducts consultations, negotiations and briefings on the processes for improving efficiency of the Company's operations. Stakeholders can take part in the corporate governance to the extent permitted by law.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	**Yes**	The stakeholders are provided with the conditions to familiarise themselves with the required information.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	**Yes**	The Company's Trust Line contacts are available to public on the Company's official website. The contacts can be used by the stakeholders to report any incidents of violation of environmental, occupational health and safety requirements, unethical or inappropriate work practices, violation of anti-corruption requirements. The stakeholders are introduced to the possibility to contact directly the head of the Company or the chairperson of the Board.
Principle 9: Disclosure of information The corporate governance framework should ensure that timely and accurate disclosures are made on all material matters concerning the company, including its financial position, performance and corporate governance.		
9.1. Without prejudice to the Company's procedures for confidential information and trade secrets, as well as to the requirements of the legislation governing the processing of personal data, the Company's public disclosures should include, but not be limited to:	**Yes**	The Company applies the Transparency and Communication Policy of the EPSO-G Group, based on which the essential financial and non-financial information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.2. the company's performance and financial results;	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.

9.3. the company's business objectives and non-financial information;	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.4. the persons owning or controlling a shareholding in the company, directly and/or indirectly and/or jointly with associated persons, as well as the structure of the group of companies and the interrelationships between them, with an indication of the ultimate beneficial owner;	**Yes**	Information is disclosed to public in the Company's interim and annual reports and on the Company's and/or the Group companies' website.
9.5. the members of the company's supervisory and management bodies, which of them are considered independent, the company's manager, their shareholdings or votes in the company, and their involvement in the management of other companies, their competence and remuneration;	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.6. reports from existing committees on their composition, number of meetings and attendance of members during the previous year, as well as on their main activities and results;	**Yes**	Information is disclosed to public in the Company's interim and annual reports and on the Company's and/or the Group companies' website.
9.7. the potential key risk factors, the company's risk management and supervision policy;	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.8. the company's transactions with related parties;	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.9. key issues relating to employees and other stakeholders (e.g. human resources policies, employee participation in the management of the company, incentives in the form of shares or share options, relations with creditors, suppliers, the local community, etc.);	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.10. the company's governance structure and strategy;	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.11. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not relieve a company of its obligation to disclose information as required by law.	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.

9.12. When disclosing the information specified in Item 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	**Yes**	EPSO-G UAB, as a parent company, discloses consolidated information in the consolidated annual report.
9.13. When disclosing the information specified in Item 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	**Yes**	Information is disclosed to public in the Company's interim and annual report and on the Company's official website.
9.14. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	**Yes**	The Company discloses the information via the information disclosure system used by the NASDAQ Vilnius stock exchange in the Lithuanian and English languages simultaneously. The Company discloses information prior to or after a trading session at NASDAQ Vilnius Stock Exchange and presents it simultaneously to all the markets in which the Company's stock is traded. The Company does not disclose information that may affect the price of its stock in any comments, interviews or by any other means until such information is provided through the information disclosure system of the stock exchange.
Principle 10: Selection of the Company's audit firm The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.		
10.1. With a view to obtain an objective opinion on the company's financial position and financial performance results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	**Yes**	The Company's financial information is audited by an independent audit firm.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	**Yes**	The Audit Committee operating at the Group level takes part in the selection process of an auditor, by recommending a candidate for the independent auditor to the Company's Board. As the Board assesses the candidate proposed by the Audit Committee, it proposes the candidate for the approval by the General Meeting of Shareholders.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the Supervisory Council or, if the Supervisory Council is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	**Yes**	The fee for non-audit services received by the audit firm is made available to public by the Company. The non-audit services provided by the audit company shall be in accordance with the policy approved by the Audit Committee of EPSO-G Group on the purchase of non-audit services from the audit company or from any network to which the audit company belongs. The latter policy is approved by the Audit Committee. The provision of non-audit services is supervised by the Audit Committee operating at the Group level, which has in its disposal of the necessary information about the auditor as it recommends a candidate for the independent auditor to the Board.

Annex 3

INFORMATION ON COMPLIANCE WITH TRANSPARENCY GUIDELINES

EPSO-G UAB and its subsidiaries comply[11] with Resolution No 1052 of the Government of 14 July 2010 On the Approval of the Description of the Guidelines for Ensuring the Transparency of the Activities of State-Owned Enterprises (hereinafter the "Transparency Guidelines"). The application of the Transparency Guidelines is mandatory to EPSO-G as it is a state-owned enterprise (hereinafter the "**SOE**"). In order to ensure compliance with the Transparency Guidelines across EPSO-G Group, the Business Transparency and Communication Policy of the EPSO-G Group was approved at the Group level, which considers in detail the requirements set forth in the Transparency Guidelines, and defines their applicability to the EPSO-G Group companies.

Implementation of the Transparency Guidelines is largely ensured by Amber Grid AB through disclosure of information in the annual report and on the official website of Amber Grid, where information is disclosed in the format that is acceptable and comprehensible to the stakeholders.

Article 3 of the Transparency Guidelines stipulates that SOE complies with the provisions of the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius AB[12] that are related to public disclosure of information. Information on how Amber Grid complies with the provisions of the Code is provided in Annex to Amber Grid's Annual Report - Amber Grid Notice of Compliance with the Corporate Governance Code for the Companies Listed on Nasdaq Vilnius AB.

Below is structured information on the implementation of the Transparency Guidelines:

The following information must be published/other requirements must be implemented on Amber Grid's website (www.ambergrid.lt):	
Company name, company code and the register in which the data on the Company is collected and stored, registered office (address)	Implemented
Legal form, in case Amber Grid is restructured, reorganised (the way of reorganisation is to be indicated), under liquidation, in the process of bankruptcy or bankrupt	Not applicable
Information on the authority representing the State, i.e. the Ministry of Energy, and link to its official website	Implemented
Operational objectives, vision and mission	Implemented
Structure	Implemented
Manager's details*	Implemented
Data on the chairperson and members of the Board*	Implemented
Details of the Chair and members of the Supervisory Council*	Not applicable
Names of committees, their chairs and members*	Not applicable
* *The following details are published: name, surname, date of commencement of duties, other management positions held in other legal entities, education, qualifications, professional experience; whether the member of the collegial body is elected or appointed as an independent member.*	
Total amount of the nominal values of the shares owned by the State (to the nearest euro cent) and the percentage of Amber Grid's issued capital	Implemented

[11] *Under Article 17.11 of the Transparency Guidelines, in the event of failure to comply with the Transparency Guidelines, the reasons for such non-compliance must be explained.*
[12] *Corporate Governance Code for the Companies Listed on Nasdaq Vilnius approved at the Board meeting of Nasdaq Vilnius AB on 15 January 2019, Minutes No 19-63.*

Implementation of special obligations established under the recommendations approved by the Minister of Economy and Innovations of the Republic of Lithuania: the purpose of special obligations, budget allocations in the current calendar year for fulfilment of special obligations, and the legal acts under which the SOE is assigned to fulfil special obligation, the terms for fulfilment of special obligation and/or the regulated pricing	Implemented
Information on corporate social responsibility initiatives and measures, major investment projects underway or planned	Implemented
If Amber Grid is a member of other legal entities (not applicable to subsidiaries and second-tier subsidiaries), the name, code, and register in which data on the Company is compiled and stored, registered address, and official websites of such legal entities	Not applicable
A set of Amber Grid's annual financial statements, Amber Grid's annual report, as well as an auditor's report on Amber Grid's annual financial statements must be published on Amber Grid's website within 10 working days from the date of approval of the set of annual financial statements	Implemented
The sets of Amber Grid's interim financial statements and Amber Grid's interim reports must be published on website not later than within 2 months after the end of the reporting period	Implemented
Since Amber Grid is a parent, the following additional information must be provided on Amber Grid official website (www.ambergrid.lt):	
Amber Grid Group structure	Implemented
Information on subsidiaries and second-tier subsidiaries of Amber Grid:	
Company name, company code and the register in which the data on the Company is collected and stored, registered office (address)	Implemented
Website addresses	Implemented
Amber Grid's interest (percentage) held in the share capital of the companies	Implemented
Annual consolidated financial statements and consolidated annual reports	Implemented
The following documents must be provided/other requirements must be implemented on Amber Grid's website (www.ambergrid.lt):	
Amber Grid's Articles of Association	Implemented
Official Letter of the Ministry of Energy on determining the State's goals and expectations for Amber Grid	Not applicable
The business strategy or a summary thereof where the business strategy contains confidential information or information considered to be a commercial/industrial secret	Implemented
Remuneration policy that covers determination of remuneration for CEO and members of collegial bodies and committees of Amber Grid	Implemented
Amber Grid annual and interim reports	Implemented
Sets of annual and interim financial statements for a period of at least five years and auditor's reports on the annual financial statements	Implemented
The above documents are published in PDF format and are technically printable	Implemented
Other requirements must be met/published in the financial statements and reports:	
Amber Grid keeps its accounting records in a way that ensures preparation of the financial statements in accordance with the International Accounting Standards	Implemented
Amber Grid prepares a set of financial statements for the period of 6 months.	Implemented
In addition to annual report, Amber Grid prepares an interim report for the period 6 months.	Implemented
In addition to the content requirements set forth in the Law on Financial Reporting by Undertakings of the Republic of Lithuania, the following information must be disclosed by Amber Grid :	
Brief description of Amber Grid's business model	Implemented
Information on significant events occurring during the financial year and after the end of the financial year (until the date of preparation of annual report) that had material impact on the activities of Amber Grid	Implemented
Results for the objectives set out in the Operational Strategy	Implemented
Profitability, liquidity, asset turnover, debt ratios	Implemented

Compliance with specific obligations	Implemented
Implementation of the investment policy, ongoing and planned investment projects and investments during the year under review	Implemented
Implementation of the risk management policy applied by Amber Grid	Implemented
Implementation of the dividend policy	Implemented
Implementation of the remuneration policy	Implemented
Total annual salary bill, average monthly salary by position and/or department	Implemented
It is recommended that SOEs that are not required to prepare a corporate social responsibility, include information on environmental, social and human resources, human rights, anti- corruption and anti-bribery issues in their annual report or annual activity report, as appropriate	Implemented
The consolidated annual report shall include the structure of the group, the name, code and register number of each subsidiary company in which data on the Company are collected and stored, the registered office (address), the percentage of shares held in the subsidiary company's issued capital, and the financial and non-financial performance of the financial year	Implemented
The interim report of Amber Grid includes the following information: a brief description of Amber Grid's business model, analysis of financial performance during the reporting period, information on significant events occurring during the reporting period, profitability, liquidity, asset turnover and debt ratios and changes therein compared to the respective period in the previous year	Implemented

AMBER GRID AB

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS,

CONSOLIDATED ANNUAL AND THE INDEPENDENT AUDITOR’S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

Amber Grid

Contents

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.

Consolidated and separate statement of financial position

(All amounts are in EUR ’000 unless otherwise stated)

		Notes	Group		Company	
			At 31 December 2023	At 31 December 2022	At 31 December 2023	At 31 December 2022
ASSETS						
A.	**Non-current assets**		**298,968**	**292,179**	**298,968**	**292,179**
I.	Intangible assets	6	2,559	2,584	2,559	2,584
II.	Property, plant and equipment	7	284,353	281,089	284,353	281,089
II.1.	Land		136	125	136	125
II.2.	Buildings		7,647	6,526	7,647	6,526
II.3.	Structures and equipment		228,189	229,892	228,189	229,892
II.4.	Plant and machinery		37,702	33,831	37,702	33,831
II.5.	Vehicles		135	220	135	220
II.6.	Other PP&E		4,668	3,849	4,668	3,849
II.7.	Construction work in progress		5,876	6,646	5,876	6,646
III.	Right-of-use assets	9	3,100	3,365	3,100	3,365
IV.	Non-current financial assets		4,870	-	4,870	-
IV.1.	Investments in subsidiaries and associates	8	3,644	-	3,644	-
IV.2	Derivatives	10	1,226	-	1,226	-
V.	Deferred tax assets	34	4,086	5,141	4,086	5,141
B.	**Current assets**		**34,421**	**256,177**	**34,421**	**53,168**
I.	Inventories and prepayments		5,668	13,735	5,668	13,735
I.1.	Inventories	11	4,874	12,833	4,874	12,833
I.2.	Prepayments		794	902	794	902
II.	Receivables		28,104	38,220	28,104	38,220
II.1.	Trade receivables	12	9,030	18,498	9,030	18,498
II.2.	Other receivable	13	19,074	19,722	19,074	19,722
III.	Prepaid income tax		-	-	-	-
IV.	Other financial assets	14	528	423	528	423
V.	Cash and cash equivalents	15	121	21	121	21
VI.	Assets held for resale (assets of disposal group)	16	-	203,778	-	769
	Total assets		**333,389**	**548,356**	**333,389**	**345,347**

The accompanying notes form an integral part of these financial statements. (cont’d on the next page)

Consolidated and separate statement of financial position
(All amounts are in EUR '000 unless otherwise stated)

		Notes	Group At 31 December 2023	Group At 31 December 2022	Company At 31 December 2023	Company At 31 December 2022
EQUITY AND LIABILITIES						
C.	**Equity**		**187,526**	**183,804**	**187,526**	**183,392**
I.	Issued capital	17	51,731	51,731	51,731	51,731
II.	Reserves		122,370	115,999	122,370	115,941
II.1.	Legal reserve	19	5,173	5,231	5,173	5,173
II.2.	Other reserves	19	114,430	110,768	114,430	110,768
II.3.	Revaluation reserve	7,19	2,767	-	2,767	-
III.	Retained earnings (deficit)		13,425	16,074	13,425	15,720
D.	**Payables and liabilities**		**145,863**	**364,552**	**145,863**	**161,955**
I.	Payables after one year and non-current liabilities		66,092	78,777	66,092	78,777
I.1.	Non-current borrowings	21	60,962	73,496	60,962	73,496
I.2.	Lease liabilities	22	2,933	3,012	2,933	3,012
I.3.	Contract liabilities	23	1,530	1,271	1,530	1,271
I.4.	Provisions	24	667	998	667	998
II.	Payables within one year and current liabilities		79,771	285,775	79,771	83,178
II.1.	Current borrowings	21	25,435	9,571	25,435	9,571
II.2.	Current portion of non-current borrowings	21	5,649	17,895	5,649	17,895
II.3.	Current portion of lease liabilities	22	317	502	317	502
II.4.	Trade payables	25	5,335	13,668	5,335	13,668
II.5.	Prepayments received and contract liabilities	26	622	882	622	882
II.6.	Income tax liability		-	-	-	-
II.7.	Employment-related liabilities		2,853	2,754	2,853	2,754
II.8.	Other payables and current liabilities	27	39,097	37,142	39,097	37,142
II.9.	Provisions	24	463	764	463	764
II.10.	Liabilities of disposal group	16	-	202,597	-	-
	Total equity and liabilities		**333,389**	**548,356**	**333,389**	**345,347**

The accompanying notes form an integral part of these financial statements.

Consolidated and separate statement of comprehensive income
(All amounts are in EUR '000 unless otherwise stated)

		Group		Company	
	Notes	2023	2022 (reclassified)	2023	2022 (reclassified)
Revenue	28	80,921	97,600	80,029	96,046
Other income	29	1,308	606	1,308	606
Total revenue and other income		**82,229**	**98,206**	**81,337**	**96,652**
Purchases of natural gas and other services	31	(25,352)	(39,834)	(25,352)	(39,834)
Payroll and related expenses		(14,096)	(12,423)	(13,840)	(11,942)
Purchases of repair and maintenance services	4	(3,055)	(3,149)	(3,055)	(3,149)
Other expenses	4,32	(13,419)	(10,906)	(13,351)	(10,762)
Total expenses:		**(55,922)**	**(66,312)**	**(55,598)**	**(65,687)**
EBITDA		**26,307**	**31,894**	**25,739**	**30,965**
Dividend income	30	-	-	542	598
Result on loss of control and revaluation of associates	8	9,489	-	10,146	-
Gain (loss) on derivatives		(208)	-	(208)	-
Depreciation and amortisation	6,7,9	(12,680)	(13,045)	(12,595)	(12,854)
Revaluation of property, plant and equipment	7	(7,940)	-	(7,940)	-
Loss on impairment and write-off of property, plant and equipment	4	(229)	-	(229)	-
Operating profit (loss) (EBIT)		**14,739**	**18,849**	**15,455**	**18,709**
Finance income		**467**	**45**	**22**	**21**
Finance costs		**(1,781)**	**(764)**	**(1,780)**	**(642)**
Total finance costs, net	33	**(1,314)**	**(719)**	**(1,758)**	**(621)**
Share of results of associates	8	**295**	**-**	**295**	**-**
Profit (loss) before income tax		**13,720**	**18,130**	**13,992**	**18,088**
Income tax					
Current year income tax expenses		(140)	(98)	-	(1)
Deferred tax benefit (expenses)		(567)	(2,367)	(567)	(2,367)
Total income tax	34	**(707)**	**(2,465)**	**(567)**	**(2,368)**
Net profit (loss)		**13,013**	**15,665**	**13,425**	**15,720**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gain on revaluation of non-current assets		3,255	-	3,255	-
Deferred tax (expenses)		(488)	-	(488)	-
Total other comprehensive income		**2,767**	**-**	**2,767**	**-**
Total comprehensive income for the period		**15,780**	**15,665**	**16,192**	**15,720**
Basic and diluted earnings /(loss) per share (EUR)	35	**0.07**	**0.09**	**0.08**	**0.09**

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity
(All amounts are in EUR ’000 unless otherwise stated)

	Issued capital	Legal reserve	Other reserves	Revaluation reserve	Retained earnings	Total
Balance as at 31 December 2021	**51,731**	**5,210**	**97,505**	**-**	**23,594**	**178,040**
Reserves established	-	21	13,263	-	(13,284)	-
Dividends declared	-	-	-	-	(9,901)	(9,901)
Total transactions with owners	-	21	13,263	-	(23,185)	(9,901)
Net profit (loss) for the year	-	-	-	-	*15,665*	*15,665*
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income /(loss) for the period	-	-	-	-	15,665	15,665
Balance as at 31 December 2022	**51,731**	**5,231**	**110,768**	**-**	**16,074**	**183,804**
Reserves established	-	-	3,662	-	(3,662)	-
Dividends declared	-	-	-	-	(12,058)	(12,058)
Eliminating the impact of loss of control	-	(58)	-	-	58	-
Total transactions with owners	-	(58)	3,662	-	(15,662)	(12,058)
Net profit (loss) for the year	-	-	-	-	*13,013*	*13,013*
Other comprehensive income	-	-	-	2,767	-	2,767
Total comprehensive income/(loss) for the period	-	-	-	2,767	13,013	15,780
Balance as at 31 December 2023	**51,731**	**5,173**	**114,430**	**2,767**	**13,425**	**187,526**

The accompanying notes form an integral part of these financial statements.

Separate statement of changes in equity
(All amounts are in EUR ’000 unless otherwise stated)

	Issued capital	Legal reserve	Other reserves	Revaluation reserve	Retained earnings	Total
Balance as at 31 December 2021	**51,731**	**5,173**	**97,505**	**-**	**23,164**	**177,573**
Reserves established	-	-	13,263	-	(13,263)	-
Dividends declared	-	-	-	-	(9,901)	(9,901)
Total transactions with owners	-	-	13,263	-	(23,164)	(9,901)
Net profit (loss) for the year	-	-	-	-	*15,720*	*15,720*
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income /(loss) for the period	-	-	-	-	15,720	15,720
Balance as at 31 December 2022	**51,731**	**5,173**	**110,768**	**-**	**15,720**	**183,392**
Reserves established	-	-	3,662	-	(3,662)	-
Dividends declared	-	-	-	-	(12,058)	(12,058)
Total transactions with owners	-	-	3,662	-	(15,720)	(12,058)
Net profit (loss) for the year	-	-	-	-	*13,425*	*13,425*
Other comprehensive income	-	-	-	2,767	-	2,767
Total comprehensive income/(loss) for the period	-	-	-	2,767	13,425	16,192
Balance as at 31 December 2023	**51,731**	**5,173**	**114,430**	**2,767**	**13,425**	**187,526**

The accompanying notes form an integral part of these financial statements.

Consolidated and separate statement of cash flows
(All amounts are in EUR '000 unless otherwise stated)

			Group		Company	
		Notes	2023	2022	2023	2022
I.	**Cash flows from operating activities**					
I.1.	Net profit/(loss)		13,013	15,665	13,425	15,720
	Adjustments for non-cash items and other corrections:					
I.2.	Depreciation and amortisation	6,7,9	12,680	13,045	12,595	12,854
I.3.	Revaluation of property, plant and equipment	7	7,940	-	7,940	-
I.4.	Loss on impairment and gain/loss on disposal/write-off of property, plant and equipment		(78)	(44)	(78)	(44)
I.5.	Gain/loss on impairment and write-off of inventories, trade receivables		(31)	142	(31)	142
I.6.	Income tax expenses (benefit)	34	707	2,465	567	2,368
I.7.	Grants recognised as income		(54)	(101)	(54)	(101)
I.8.	Increase (decrease) in provisions		37	-	37	-
I.9.	Elimination of other non-cash items		3	(8)	-	(8)
	Elimination of results of financing and investing activities:					
I.10.	Dividend income	30	-	-	(542)	(598)
I.11.	Result on loss of control and revaluation of associate	8	(9,489)	-	(10,146)	-
I.12.	Gain/loss on derivatives		208	-	208	-
I.13.	Share of results of associate	8	(295)	-	(295)	-
I.14.	Interest expenses	33	1,778	757	1,778	635
I.15.	Interest income	33	(454)	-	(9)	-
	Changes in working capital:					
I.16.	(Increase) decrease in inventories, prepayments and other current assets		8,173	(4,822)	8,167	(4,822)
I.17.	(Increase) decrease in trade receivables		18,664	(9,845)	9,466	(7,757)
I.18.	(Increase) decrease in other receivables		(1,277)	655	1,109	1,286
I.19.	(Decrease) increase in trade payables		(52,811)	36,567	(6,079)	4,189
I.20.	(Decrease) increase in other payables and current liabilities		(114,248)	103,338	1,484	(5,754)
I.21.	(Increase) decrease in other financial assets		156,063	(137,878)	398	882
I.22.	Income tax (paid)		(95)	(168)	-	-
	Net cash flows from operating activities	8	**40,434**	**19,768**	**39,940**	**18,992**

The accompanying notes form an integral part of these financial statements.
(cont'd on the next page)

Consolidated and separate statement of cash flows (continued)
(All amounts are in EUR '000 unless otherwise stated)

		Notes	Group 2023	Group 2022	Company 2023	Company 2022
II.	**Cash flows from investing activities**					
II.1.	(Acquisition) of property, plant and equipment and intangible assets		(37,633)	(14,467)	(37,625)	(14,363)
II.2.	Proceeds from disposal of property, plant and equipment		749	69	749	69
II.3.	Grants received	20	14,259	9,429	14,259	9,429
II.4.	Sale (acquisition) of subsidiaries (associates)	8	5,307	-	6,500	-
II.5.	Loans granted (repayments received)		-	-	-	-
II.6.	Interest received		453	-	8	-
II.7.	Dividends received		-	-	542	598
II.8.	Decrease (increase) in deposits	14	(503)	-	(503)	-
	Net cash flows used in investing activities	8	**(17,368)**	**(4,969)**	**(16,070)**	**(4,267)**
III.	**Cash flows from financing activities**					
III.1.	Dividends (paid)		(12,051)	(9,900)	(12,051)	(9,900)
III.2.	Proceeds from borrowings		-	-	-	-
III.3.	(Repayments) of borrowings		(24,780)	(10,174)	(24,780)	(10,174)
III.4.	Change in overdraft		15,437	6,287	15,437	6,287
III.5.	Interest (paid)		(1,864)	(664)	(1,864)	(542)
III.6.	Liabilities settled in relation to right-of-use assets		(525)	(416)	(512)	(387)
III.7.	Other cash flows from financing activities		-	-	-	-
	Cash flows from/used in financing activities	8	**(23,783)**	**(14,867)**	**(23,770)**	**(14,716)**
IV.	**Change in cash and cash equivalents included in disposal group**	16	**817**	**(817)**	-	-
V.	**Net increase (decrease) in cash and cash equivalents**		**100**	**(885)**	**100**	**9**
VI.	**Cash and cash equivalents at the beginning of the year**	15	**21**	**906**	**21**	**12**
VII.	**Cash and cash equivalents at the end of the period**	15	**121**	**21**	**121**	**21**

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated and separate financial statements
(All amounts are in EUR '000 unless otherwise stated)

1. General information

Amber Grid AB (hereinafter the "Company") is a public limited liability company registered in the Republic of Lithuania.
Its registered office address is as follows:
Laisvės pr. 10,
LT – 04215, Vilnius,
Lithuania.

Amber Grid AB was registered on 25 June 2013 as a result of unbundling of natural gas transmission activity (including assets, rights and obligations attributed thereto) from Lietuvos Dujos AB. The Company has been actively operating since 1 August 2013. After obtaining a favourable decision from the European Commission, on 10 April 2015 the National Control Commission for Prices and Energy (the National Energy Regulatory Council (NERC) as from 1 July 2019) granted to the Company an energy operator licence No L2-3 (GDP) to engage in natural gas transmission activities for indefinite term in the territory of Lithuania.

Acting as a natural gas transmission system operator, the Company provides the following services to the system users, other operators and gas market participants:
natural gas transmission in the territory of Lithuania;
natural gas flow balancing within the transmission system;
administration of funds intended to compensate the construction and fixed operating expenses of the liquefied natural gas (LNG) terminal, its infrastructure, connector, and the reasonable supply costs of the required quantity of liquefied natural gas incurred by the designated supplier;
administration of the register of guarantees of origin of gas produced from renewable energy sources.
The Company's clients are large companies (operating in the sectors of electricity, district heating, and industry) and medium-sized local businesses, as well as natural gas suppliers receiving natural gas transmission services.
All the shares of the Company are ordinary registered shares with the par value of EUR 0.29 each. As at 31 December 2022 and 2021, all the shares had been fully paid. The Company had no its own shares. Since 1 August 2013, the Company's shares have been traded on stock exchange and have been quoted on the Baltic Secondary List of NASDAQ Vilnius. (ISIN – LT0000128696, LEI code 097900BGMP0000061061, ticker AMG1L).

As at 31 December 2023 and 2022, the Company's shareholders were as follows:

	Number of shares held	Ownership interest, (%)
EPSO-G UAB (company code 302826889, Laisvės ave. 10, Vilnius)	172.279.125	96.58
Other shareholders	6.103.389	3.42
	178.382.514	100

EPSO-G UAB (hereinafter "EPSO-G") is a state-owned group of energy transmission and exchange companies (www.epsog.lt). The rights and duties of the sole shareholder of the holding company EPSO-G UAB are exercised by the Ministry of Energy of the Republic of Lithuania (www.enmin.lt).
The Group consists of the parent company Amber Grid AB and its subsidiary GET Baltic. On 31 May 2023, upon sale of 66% shares in GET Baltic UAB (hereinafter "GET Baltic"), the Company lost control in GET Baltic. The retained investment in GET Baltic is accounted for as investment in associate. The more detailed information about the loss of control and accounting for the retained shareholding is provided in Note 8.
In the Group's financial statements for the year ended 31 December 2022, the Company's investment in the subsidiary was accounted for as asset held for sale (disposal group) at the carrying amount of the investment that was lower than the fair value of the investment.

Information on the subsidiary as at 31 December 2023 and 2022 is presented below:

Company name	Company's registered office	Shareholding		Profile of activities
		As at 31 December 2023	As at 31 December 2022	
GET Baltic UAB	Geležinio Vilko st. 18A, LT-08104 Vilnius, the Republic of Lithuania	34%	100%	Licensed activities of natural gas market operator trading natural gas short-term and long-term products.

As at 31 December 2022 and 2022, the share capital of GET Baltic amounted to EUR 580,450, and it was divided into 3,055,000 shares with a par value of EUR 0.19 each.
As at 31 December 2023, the average number of employees on payroll at the Company was 340 (31 December 2022: 328).

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of the Company's and the Group's financial statements for the year ended 31 December 2023 are set out below:

2.1 Basis of preparation

The Group's and the Company's financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and corresponds to them.

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

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

The Group's and the Company's financial year coincides with the calendar year.

The Company's management approved these financial statements on 27 March 2024. The shareholders of the Company have a statutory right to approve these financial statements or not to approve those and request for a preparation of the new financial statements.

The accounting policies applied in the preparation of the financial statements are consistent with those of the previous financial year except as follows:

a) *Adoption of new and/or amended IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)*

The following IFRSs, amendments and IFRIC interpretations were adopted by the Group and the Company for the first time in the financial year ended 31 December 2023:
IFRS 17 "Insurance contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. Based on the Group's and the Company's assessment, these amendments have no material impact on the financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group and the Company have evaluated the following changes in the preparation of the 2023 financial statements and in adjusting accounting policy disclosures and opting not to disclose immaterial accounting policy information.

b) *Standards, interpretations and amendments that have been endorsed by the European Union, yet they have not been early adopted by the Group and the Company:*

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to sale and leaseback transactions which satisfy the requirements of IFRS 15 to be accounted for as a sale. Based on the Group's and the Company's management assessment, these amendments will not have a material impact on the financial statements.

Amendments to IAS 1: Classification of liabilities as current or non-current (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity "Settlement" is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. Based on the Group's and the Company's management assessment, these amendments will not have a material impact on the financial statements.

2.2 Presentation currency

All amounts in these financial statements have been measured and presented in the euros (EUR), which is an official currency of the Republic of Lithuania.

2.3 Basis of consolidation

The Group's consolidated financial statements included Amber Grid AB and its subsidiary GET Baltic UAB until the loss of control. The financial statements of GET Baltic UAB have been prepared for the same reporting period and using the same accounting policies consistent with those applied by the parent company.

2.4 Investments in subsidiaries and associates in the Company's separate financial statements

Investments in subsidiaries are accounted for in the parent company's balance sheet at cost less impairment loss, when the carrying amount of investment reported in the parent company's balance sheet exceeds the expected recoverable amount.

Investments in associates are recorded in the subsidiary's separate financial statements using the equity method. Under the equity method, the carrying amount of investment in associate is subsequently increased or decreased by the post-acquisition change in the share of the associate's net assets, less any impairment of investments.

The Group's and Company's share of the acquired associate's post-acquisition profits or losses is recognised in profit or loss in the statement of comprehensive income, and the Group's and Company's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The carrying amounts of investments in associates are adjusted by these amounts.

2.5 Intangible assets

The Group's and the Company's intangible assets are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. Intangible assets are carried at cost, see Note 6.

The useful lives of intangible assets other than those with indefinite useful lives are 4 to 8 years.

After initial recognition, intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Intangible assets mainly consist of software, licences and other intangible assets used in the Group's and the Company's activities.

Special land use conditions (protected areas)

In its financial statements for the year ended 31 December 2020, the Company recognised as intangible assets a commitment to register and a right to use the land parcels of third parties on the basis of the special land use conditions. The special land use conditions mean conditions involving certain restrictions or limitations on the activities carried out on the land parcel, which depend on the geographic location, the principal purpose of use, the method of use of the land parcel, and on the environmental and public health needs. The special land use conditions apply for as long as there is an object, in respect of which the protected areas have been established, irrespective of the physical condition of such object. Special land use conditions may be established when there is an intention to implement a project. The special land use conditions remain in force for indefinite period. Since the useful life of the intangible assets is indefinite, such assets are not amortised. The useful life is not limited because the special land use conditions are established for the land parcels for indefinite period.

A provision for non-current liabilities in relation to the commitment to register the special land use conditions (protected areas) has been formed under IAS 37 (see Note 24).

Maintenance costs and other subsequent expenditures of intangible assets

Maintenance costs of intangible assets are recognised as expenses in the reporting period when they are incurred. Updating and development costs of intangible assets incurred subsequent to their acquisition or creation are recognised as expenses in the reporting period when they are incurred, except for software updating, modification, upgrading or new version installation costs that are capitalised by adding them to the cost of that software or recognising as a separate item of non-current intangible assets. In such case, the remaining useful life of the former software is re-measured and impairment is recognised for the remaining net book amount, if any.

2.6 Property, plant and equipment

Assets with a useful life longer than one year are classified as property, plant and equipment.

The Company's items of property, plant and equipment are stated at revalued amounts, based on periodic (at least every 5 years) valuations performed by independent valuers, less accumulated depreciation and impairment losses (Note 7).

Any accumulated depreciation and impairment losses at the date of revaluation are eliminated against gross carrying amount of the asset and net amount is restated to the revalued amount of the assets.

Increases in the carrying amount arising on the first revaluation of property, plant and equipment are credited to revaluation reserve directly in equity and decreases are recognised in the profit and loss account. Decreases in the carrying amount arising on the subsequent revaluation of property, plant and equipment that offset previous increases of the same asset are charged against revaluation reserve directly in equity, whereas all other decreases are charged to the profit and loss account. Revaluation increases in property plant and equipment value that offset previous decreases are taken to the profit and loss account. All other increases in the carrying amount arising on subsequent revaluations of property, plant and equipment are credited to revaluation reserve. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings, after considering the effect of deferred income tax. Upon the sale or write-off of an asset item, any balance related to these assets is transferred from revaluation reserve to retained earnings.

Interest and other borrowing costs (the bank's administration charges, etc.) are included in the acquisition cost of property, plant and equipment if they are directly attributable to the acquisition of a qualifying asset. A qualifying asset is asset that is developed on the basis of a project with the value of not less than EUR 1 million and that necessarily takes no less than 12 months to get ready for its intended use or sale.

Variable considerations, which depend on future events, are excluded from the carrying amount of the asset at the time it is ready for its intended use, and no liability is recognised in respect of those variable considerations. Variable considerations are capitalised as part of the cost of the asset at the time they are paid.

Property, plant and equipment also includes the minimum quantity of natural gas contained in the gas pipelines (line pack) which is necessary to ensure a stable functioning of the transmission system. This part of property, plant and equipment is not depreciated, because the Company will be able to sell such natural gas at the end of the useful life of the gas transmission pipeline, and accordingly, the value of such natural gas represents the residual value of the gas transmission pipeline.

Emergency reserve inventories meeting the criteria of non-current assets are classified as property, plant and equipment. The carrying amount of inventories written off during repair, technical maintenance and emergency liquidation are recorded in the statement of profit or loss or added to the carrying amount of assets under maintenance

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Land	-	
Buildings	25 - 60	years
Other structures and engineering networks	18 – 25	years
Gas pipelines and associated equipment	55 – 70	years
Plant and machinery	5 - 25	years
Motor vehicles	7	years
Other PP&E	4 - 10	years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The Company has land with indefinite useful life, which is not depreciated.

Construction work in progress includes items of property, plant and equipment that are under construction. The cost of such assets includes designing, construction works, equipment intended for assembly and installation, and other direct costs. Construction work in progress is not depreciated until the construction of asset is completed and the asset is put into operation. Prepayments for non-current assets are classified as non-current assets because they are used in long-term activities and are presented in the balance sheet line item "construction work in progress".

Maintenance, repair, reconstruction and other subsequent costs of property, plant and equipment

Maintenance costs of property, plant and equipment are recognised as expenses of the reporting period when they are incurred. The costs of the day-to-day servicing of an item of PP&E are not included in the cost of that item. Rather, these costs are recognised as expenses when they are incurred. The purpose of these expenditures is often described as for the 'repairs and maintenance' of the property, plant and equipment. When property, plant and equipment is subject to reconstruction (major enhancement), such reconstruction/major enhancement works are recognised as a separate component of PP&E and the net book amount of the component of the replaced part of assets is written off. A condition of continuing to operate an item of property, plant, and equipment may be performing regular major inspections for faults regardless of whether parts of the item are replaced, its cost is recognized in the carrying amount of the item of property, plant, and equipment as a separate component if the recognition criteria are satisfied and the costs of such inspection are material. Any remaining carrying amounts of the cost of previous inspection (as distinct from physical parts) are written-off to operating expenses of the reporting period in the statements of profit or loss and other comprehensive income.

Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group and the Company review the carrying amounts of their property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
The recoverable value is the higher of an asset's fair value less costs to sell and the value in use. In assessing the value in use, the expected future cash flows are discounted to their present value using the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
At each reporting date, the Group and the Company review the carrying amounts of their property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
The recoverable value is the higher of an asset's fair value less costs to sell and the value in use. In assessing the value in use, the expected future cash flows are discounted to their present value using the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a decrease of revaluation reserve.
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in revaluation reserve (without exceeding the amount of previous impairment).

2.7 Right of use assets

Right-of-use assets are assets that the Group and the Company have the right to manage during the lease term. The Group and the Company recognise right-of-use assets for all types of leases, including the lease of a right-of-use asset in case of sublease, but excluding leases of intangible assets, short-term leases and leases of low value assets.

Initial measurement of right-of-use assets

At the commencement date, the Group and the Company measure right-of-use assets at cost, which consists of: the present value of the initial measurement of the lease liability, initial costs incurred directly attributable to the underlying asset, any lease payments at the commencement date, less any lease incentives.

Subsequent measurement of right-of-use assets

After the initial recognition, the Group and the Company apply a cost method for right-of-use assets: the carrying amount of the asset at the respective date is calculated as the difference between the acquisition cost and the accumulated depreciation, plus any subsequent adjustments for the remeasurement of lease liability.

The calculation of depreciation of right-of-use assets is started from the date on which the assets are transferred for the use (the commencement date) until the earlier of these dates: the end of the lease term and the end of the useful life.

The Company calculates depreciation of right-of-use assets using the following rates:

Land*	99 years
Buildings	from 5 to 10 years
Vehicles	from 3 to 4 years

* The Company applies the portfolio method for the land lease agreements concluded with the municipalities not by auction, i.e. a set of the agreements of the Company is accounted for as a single agreement due to similar criteria. Regardless of the remaining term of the land lease agreement, in accordance with the requirements of the legal acts, the agreements must be extended for as long as the facilities of the Company exist on the land plots. When assessing the flow generated by the infrastructure assets of the Company (for the calculation of the recoverable amount of assets), an infinite flow is projected as the ongoing reconstruction and repair works allow using the assets for a longer period than the established original depreciation rates. For this reason, the lease of land is subject to a substantially infinite rate corresponding to the original term of the agreement – 99 years.

2.8 Financial assets and liabilities

The Group and the Company recognise a financial asset in the statement of financial position only when they become a party to the contractual provisions of the financial instrument, the purchase or sale of the financial asset is recognised or derecognised using the accounting at the trade date.

At initial recognition, the Group and the Company measure the financial assets at fair value, except for trade receivables that do not include a significant component of financing. Initial measurement of financial assets other than those measured at fair value through profit or loss, includes the fair value of the instrument and transaction costs directly attributable to the acquisition of the financial asset.

Transaction costs include all fees and commissions that the Group and the Company would not have paid if they had not entered into a financial instrument contract.

<u>Financial assets measured at amortised cost</u>
Loans and receivables are recognised as current assets, except for the loans and receivables with maturity term of more than 12 months after the date of the statement of financial position, in which case they are recognised as non-current assets.

Loans and receivables are initially recognised at cost (fair value of the amount receivable) and subsequently amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

<u>Financial assets measured at fair value through profit or loss</u>

The Group and the Company account for financial assets measured at fair value through profit or loss using a business model, the goal of which is achieved through the collection of contractual cash flows and the sale of financial assets.

The Group and the Company do not have financial assets held for trading that are acquired for the purpose of selling in the near future, and within such category only classify the financial asset that arises on disposal of a business or investment and that represents a non-equity contingent consideration.

<u>Expected credit losses</u>

The Group and the Company seek to recognise the expected credit losses for the period before the financial instrument becomes past due. Normally, credit risk increases significantly before a financial instrument becomes past due or other delay factors are observed from the debtor (such as restructuring, bankruptcy, other economic difficulties of a client, etc.). Therefore, if there is a considerable amount of cost or effort to obtain reasonable and reliable information that is more forward-looking than past due payments, it should be based on the assessment of credit risk changes.

Expected credit losses are recognised based on individually or collectively assessed credit risk of loans and trade receivables, the assessment of which is based on all reasonable and supportable information, including forward-looking information.

Lifetime expected credit losses of trade receivables are assessed taking into consideration the level of credit risk. The individual assessment basis is applied to debts with a high level of credit risk concentration or when there is a significant increase in the probability of credit losses. During the individual assessment, information on the credit history of a particular borrower, its financial position as at the date of assessment is analysed, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgement on the recognition of lifetime expected credit losses in respect of that particular borrower.

Lifetime expected credit losses for trade receivables are recognised at the time of recognition of receivables.

Loans receivable and trade receivables are written off when the Group and the Company lose the right to the contractual cash flows from the financial assets.

a) active market no longer exists for financial assets as a result of financial difficulties;

b) financial assets are purchased or granted at a significant discount, thereby showing credit losses incurred.

Lifetime expected credit losses for loans receivable and trade receivables are accounted for through profit or loss using the contra account for doubtful receivables.

Loans receivable and trade receivables are written off when the Group and the Company lose the right to the contractual cash flows from the financial assets.

Trade payables and other financial liabilities, borrowings

Financial liabilities, borrowings

Financial liabilities, including borrowings, are recognised initially at fair value, less transaction costs.

Subsequently, financial liabilities are carried at amortised cost using the effective interest rate method. Interest expense is recognised using the effective interest rate method.

If a financing agreement concluded before the date of the statement of financial position proves that the liability was non-current as of the date of the statement of financial position, such financial liability is classified as non-current.

Trade payables

Trade payables represent commitments to pay for goods and services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if the term of their settlement is no longer than one year; otherwise, they are included in non-current liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Inventories

Inventories consist of spare parts, consumables, and natural gas contained in the gas pipelines used in the activities and for provision of services. Inventories also include waste or metal scrap which is fit for use and was retrieved from written off items of property, plant and equipment.

Inventories are initially recorded at cost. Subsequent to initial recognition, inventories are stated at the lower of cost and net realisable value.

The cost of inventories includes acquisition price and related taxes that are not subsequently recovered from tax administration authorities and costs associated with bringing inventory into their current condition and location. Other costs are included in the cost of inventories to the extent they are related to bringing inventory into their current condition and location. The cost of inventories is determined net of trade discounts.

The cost of inventories, except for natural gas, is determined using the first-in, first-out (FIFO) method, according to which write-offs are firstly carried out in respect of the same type of inventories that were acquired first.

The cost of inventories which consist of natural gas contained in the gas pipelines is determined using the weighted average costing method. The cost of one unit of energy of natural gas (kWh) is determined by applying the weighted average costing method using the following formula:

The cost of one energy unit of natural gas (kWh) = (opening balance of natural gas (quantity * price) + purchases of natural gas over the period (quantity * price)) / opening balance of natural gas + purchases of natural gas over the period).

Purchases of natural gas during the period from 1 March 2022 exclude gas purchased for the balancing of the system user.

2.10 Cash and cash equivalents

Cash includes cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

If there are indications that cash and cash equivalents may not be recoverable, impairment is accounted for. Impairment is recorded in the statement of profit or loss within operating expenses for the period during which it occurred.

2.11 Grants

Grants represent financial and material support provided by the government and the European Union for the specific purpose. Gratuitous assets are also classified as grants.

Grants are recognised when the Group and the Company comply with all conditions attached to the grants, as set out in the respective grant agreement, and when there is a reasonable assurance that the grant will be received.

Grants may be of two types:

- grants related to assets;
- grants related to income.

Government grants or grants received from the EU in a form of non-current assets or intended for purchase of non-current assets are considered as grants related to assets.

At the Group and the Company grants are recognised by deducting them from the asset's carrying amount. For the purpose of the statement of profit or loss and other comprehensive income, grants are recognised over the useful life of the related asset as a deduction from depreciation expenses.

Accumulated grants receivable are classified as other amounts receivable when, according to the agreement, the European Commission undertakes a commitment to fund strategic projects and there is strong evidence that the funding will be received.

Grants received as a compensation for the expenses or unearned income in the current or previous reporting periods, also all grants other than grants related to assets, are considered as grants related to income. Income-related grants are recognised as utilised to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

For the purpose of the statement of profit or loss, income-related grants are recognised when related costs are incurred, for which the grant was intended to compensate, by adding them to other income. If no connection can be established between the grants and incurred costs or deferred expenses, they are recognised as income during the period they are received or when the Group and the Company comply with all the conditions attached to grants, as established in the respective grant agreement, and there is a reasonable assurance that the grant will be received.

2.12 Assets held for sale and discontinued operations

The Group classifies its long-lived assets and disposal groups as assets held for sale if:

1. It is expected that the carrying amount of the asset will be recovered principally through a sale transaction rather than through continuing use;
2. The asset is available for immediate sale; and
3. The sale of the asset is highly probable in its present condition and subject to terms that are usual and customary for sales of such assets (or disposal group).

The sale is considered as highly probable if:

1. management is committed to a plan to sell an asset (or a disposal group);
2. an active programme to locate a buyer and complete the plan has been initiated;
3. the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value; and
4. the sale is expected to qualify for recognition as a completed sale within one year from the date of classification as assets held for sale.

Non-current assets held for sale are stated at the lower of the carrying amount and fair value less costs to sell.

Discontinued operations represent a component of operations and cash flows that can be clearly distinguished from the rest of operations and cash flows of the Company and that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When eliminating intragroup transactions, the Group and the Company consider whether the elimination of intragroup transactions should be performed from the assets and liabilities of disposal group/whether from assets and liabilities unassigned to disposal group. If the intragroup transactions and balances are expected after the disposal, the elimination entries will be made from the assets and liabilities of disposal group. If it is unlikely that the intragroup transactions will be conducted after the disposal, the elimination entries will be made from the assets/liabilities unassigned to disposal group.

2.13 Lease liabilities

Initial measurement of the lease liability

The amount of the initial measurement of lease liability is calculated as the present value of lease payments not paid at the commencement date.

The lease payments are discounted using the incremental borrowing rate. The incremental borrowing rate is determined as the rate at which the Group and the Company would be able to borrow funds for the purpose of acquiring certain assets for a respective period.

At the commencement date, the lease payments included in the measurement of lease liability comprise the following payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- the exercise price of a purchase option if the Group and the Company are reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising an option to terminate the lease.

Subsequent measurement of lease liability

Subsequent to initial recognition, the Group and the Company recognise a change in the value of the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any lease modifications or revised lease payments.

For a lease modification that is not accounted for as a separate lease, the Group and the Company account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group and the Company recognise in profit or loss any gain or loss relating to the partial or full termination of the lease;
- making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The Company classifies assets as right-of-use assets by recognising under non-current assets in the statement of financial position, if the asset and lease contract meet all of the following criteria:

- the lease is not a short-term (12 months or more) or short-term lease with a purchase option;
- value of the leased item or group of items/underlying asset is not less than EUR 4,000 and therefore does not qualify as a lease of a low-value asset;
- if the contract conveys the right to control the use of an identified asset for a period of time, i.e. to obtain economic benefits from use of the identified asset and to direct the use of the identified asset.

The Group and the Company present its lease liabilities separately from other liabilities in the statement of financial position. Interest expense on the lease liability is presented separately from the depreciation charge for the right-of-use assets. The interest expense on the lease liability is a component of finance costs recognised in the statement of comprehensive income.

2.14 Long-term employee benefits

Each employee of retirement age who terminates his/her employment with the Group and the Company upon retirement receives the payment, the amount of which is established by the Lithuanian laws. A liability for such payments is recognised in the balance sheet and it reflects the present value of these payments at the date of the financial statements. The non-current liability for payments to employees at the date of the financial statements is estimated with reference to actuary valuations using the projected relative unit method. The present value of the defined non-current liability for payments to employees is determined by discounting the estimated future cash flows using the effective interest rates as set for government debentures denominated in a currency in which payments to employees are expected to be made and with maturity similar to that of the related liability.

2.15 Provisions

Provisions are recognised when the Group and the Company have a legal obligation or irrevocable commitment, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the estimate of the expenditure required to settle the obligation (the expected value). Where the effect of the time value of money is material, the amount of a provision is discounted using a pre-tax effective interest rate that, if necessary, reflects the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the changes in circumstances. If the amount of the provision is discounted, the amount reversed at each reporting period is equal to the discounting effect (interest expenses). If circumstance change and the provision is no longer necessary, the provision is reversed in the statement of profit or loss and other comprehensive income through the expense line item where it has been recorded initially at the time of establishment.

Provisions are classified as non-current liabilities, if the Group's and the Company's management expect to settle them after twelve months from the date of the statement of financial position, and as current liabilities, if the Group's and the Company's management expect to settle them within twelve months from the date of the statement of financial position.

2.16 Income tax

Income tax expense for the period comprises current and deferred income tax.

Current income tax

Current income tax charges are calculated on current profit before tax, as adjusted for certain non-deductible expenses/non-taxable income. Income tax is calculated using the tax rate effective as at the date of issue of the financial statements. Income tax rate of 15% was used in 2023 and 2022. Current year income tax may be reduced by tax losses carried forward. In addition, the Company can take over tax losses from the Group companies, provided it meets the requirements laid down in the Law on Corporate Income Tax.

Deferred income tax

Deferred taxes are calculated using the balance sheet liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax liability is recognised for all temporary differences that will increase taxable profit in the future, and deferred tax asset is recognised only to the extent it is likely to reduce the taxable income in the future.

Deferred tax assets are reviewed at each financial reporting date, and if it is not probable that the Group and the Company will generate sufficient taxable profit to realize these assets, they are reduced to an amount which is likely to reduce the taxable profit in future. Deferred income tax assets and liabilities are estimated using the tax rate that has been applied when calculating income tax for the year when the related temporary differences are to be realised or settled.

Deferred tax assets and liabilities are offset only where they relate to income tax assessed by the same fiscal authority or where there is a legally enforceable right to offset current tax assets and current tax liabilities.

Current and deferred income tax for the reporting period

Current income tax and deferred income tax are recognised as income or expenses and included in net profit or loss for the reporting period, except for the cases when tax arises from a transaction or event that is recognized directly in equity or in other comprehensive income, in which case taxes are also recorded in equity and other comprehensive income respectively.

2.17 Revenue recognition

Recognition and measurement of the Group's and the Company's revenue is based on a five-step revenue recognition model which is applied to all contracts with customers. The Group's and the Company's revenue is recognised at a point in time or over time, during which the performance obligation is settled, i.e. the control of services or goods is transferred to the customer.

The Group's revenue includes as follows:

- revenue from natural gas transmission and related services;
- revenue from administration of the LNG terminal funds;
- revenue from the activities of the natural gas exchange operator;
- other income;
- finance income.

<u>Revenue from natural gas transmission and related services</u>

Revenue from transmission services

Revenue from system users for natural gas transmission services is recognised over time based on the reported data on natural gas quantities distributed to the system users connected to the distribution system, and based on the statements of transmitted natural gas that were signed with the system users directly connected to the transmission system.

Revenue from balancing services

Based on the EC regulation establishing a network code on gas balancing of transmission networks (the "Regulation"), the system users bear the responsibility of balancing their inputs against their off-takes. If the system users fail to balance gas at the entry/exit points, the Company is entitled to undertake the balancing actions as set forth in the Regulation. In accordance with the Regulation, the Company undertakes the balancing actions in respect of the system users with reference to measures on each gas day.

Revenue from balancing services is recognised when the transmission system user's imbalance quantity becomes negative, thereby causing natural gas shortfall. Expenses from balancing services are recognised when the transmission system user's imbalance quantity becomes positive, thereby causing natural gas surplus. As the Company seeks to ensure financial neutrality, it levies a neutrality charge for each reporting month with effect from 1 March 2022. Neutrality charge means a charge payable to/by the transmission system operator due to performance of its balancing activities. The neutrality charge represents the difference between the expenses and revenue of the transmission system operator from the balancing activities. The neutrality charge may be both positive and negative. When the neutrality charge is negative, the transmission system operator pays the neutrality charge to the system users. When the neutrality charge is positive, the system users pay the neutrality charge to the transmission system operator. The purpose of the neutrality charge is to ensure financial neutrality of the transmission system operator.

Due to amendments introduced in regulation of balancing activities with effect from 1 March 2022, the Company acts as an agent in its gas purchase/sale transactions and reports net result of balancing activities in the financial statements. The neutrality charge is expected to ensure a zero gain/(loss) from balancing activities. Acting as an agent in balancing gas purchase/sale transactions is explained by limited control of the balancing services and purchases of gas, absence of economic benefits, no discretion in establishing the price for the balancing services since the pricing is governed by law, no discretion in choosing a counterparty and inability to regulate demand. In addition, the activities of the Company, as the transmission system operator, are not associated with trade in natural gas, and the regulated balancing actions are performed for the benefit of all system users rather than for the benefit of a specific system user.

<u>Revenue from administration of the LNG terminal funds</u>

Based on the provisions of Article 5(2) of the Republic of Lithuania Law on Liquefied Natural Gas Terminal, the Company carries out the function of administration of the LNG terminal funds. The administration of the LNG terminal funds is performed in accordance with the Description of the procedure for the administration of funds intended to compensate for the construction and fixed operating expenses of the liquefied natural gas terminal, its infrastructure and connector, including subsequent amendments and supplements thereto (the title was changed on 18 December 2015 under the Commission's Resolution No 03-653 of 17 December 2015), as approved by the Commission's Resolution No O3-294 of 9 October 2012). The Company collects and administers the LNG terminal funds and acts as an agent on behalf of the State, and such activities do not generate any revenue/profit for the Company in the ordinary course of business. The LNG terminal funds are collected and transferred to the recipients of the LNG terminal funds: the LNG terminal operator (until 1 May 2022), the designated supplier, and Amber Grid AB. The share of the LNG terminal funds intended solely to cover the administration expenses of the LNG terminal funds is considered as the Company's revenue. The amount of administration of the LNG terminal funds is calculated as the amount of costs that are expected to be incurred, by taking into account the actual costs incurred in the previous periods, and such amount is specified in the NERC's certificate. The LNG terminal funds are not treated as the Company's revenue/expenses, but they are rather accounted for as other receivables/other payables and other financial assets.

Revenue from the activities of the natural gas exchange operator

The amounts collected by the exchange operator for the services provided in the course of trading are recognised as revenue of the exchange operator, based on the following service fees agreed with NERC:

- Initial registration fee: a one-off fee payable upon becoming an exchange participant which is recognised as revenue at a point in time when a service is rendered;
- Annual membership fee: a fixed membership fee payable annually by an exchange participant. The annual membership fee is payable for the calendar year (adjusted in proportion to the remaining number of days in a year in case the market participant joins the exchange at some point of time in the course of a year). This revenue is recognised over a period of time, during which the membership right is exercised;
- Floating trading fee: a fee estimated as EUR per 1 MWh, which is payable by a participant who is a party to the transaction for the quantity of natural gas purchased and/or sold on the exchange. It is recognised as revenue at a point in time when a service is rendered.

Other income

Connection fees on connection of new consumers and producers to the gas transmission network

The connection "service" is considered as a single performance obligation together with the future gas transmission services, as defined in IFRS 15 Revenue from contracts with customers, because the pricing of the connection fee is directly linked to the pricing of the transmission services. Therefore revenue (including the compensation for the connection to the grid) are recognised in profit or loss over time during the useful life (or lives) of the connection assets constructed / built by Company and compensated by a consumer.

Accounting for the connection fees on connection of new producers is based on the accounting policies for grants (IAS 20 Accounting for government grants and disclosure of government assistance), and the acquisition cost of the assets is reduced by the amount of the connection fee.

Relocation (reconstruction) of infrastructure facilities owned under the title by the Company upon a customer's request

Upon a customer's request, the Company carries out relocation or reconstruction of infrastructure facilities and incurs related expenses. Such relocation work does not give rise to any economic benefits for the Company, and all expenses related to such work are compensated in full by a customer through acquisition of energy facility relocation service from the Company.

Based on IFRS and the Company's accounting policies, there are two approaches for recognition of such transactions by the Company:

1. When relocation of assets involves substantial improvement of assets. Under IAS 16 Property, plant and equipment, the relocation expenses incurred by the Company are added to the acquisition cost of the related assets. Accounting for the compensation (i.e. relocation fee) due from a customer is based on the accounting policies for grants (IAS 20 Government grants and disclosure of government assistance) and the acquisition cost of the assets is reduced by the amount of the relocation fee. Since all relocation costs are compensated in full for the Company by a customer, such transaction results in a zero impact on the Company's profit or loss, i.e. the Company neither incurs additional expenses nor earns additional revenue from such transaction.

2. When relocation of assets does not involve substantial improvement of assets. Under IFRS 15 Revenue from contracts with customers, the Company earns revenue from relocation service (i.e. revenue is recognised at the time of rendering the service) and incurs relocation service expenses (i.e. all costs incurred on relocation of assets are recognised as expenses in the same period as revenue from relocation service). Since all relocation costs are covered in full for the Company by a customer, such transaction results in a zero impact on the Company's profit or loss, i.e. revenue earned by the Company equals expenses incurred by the Company.

Gain from disposal of property, plant and equipment, lease income, income from sale of other goods and provision of other services, income from default charges and fines collected from the contractors as a result of late fulfilment of work, income-related grants are recognised by the Group as other income.

Finance income

Finance income represents income earned by the Company from financing activities, such as foreign exchange gain, interest income on deposits, proceeds from fines and late payment interest, interest receivable on loans granted to buyers, gain on disposal of investments, and gain from change in fair value of investments.

2.18 Expense recognition

Expenses incurred in relation to revenue earned during the reporting period are recognised by the Group and the Company on an accrual basis, and based on the following principles: 1) the costs are recognised as expenses to the extent of the value of goods sold or services rendered, since the criterion for recognition of expenses is that they have been incurred to earn revenue of the reporting period; 2) the costs incurred by the Group company during the reporting period are recognised as expenses of the reporting period immediately, unless they can be linked to earning of the specific revenue, and no income is expected to be earned in relation to such expenses in the next periods.

The Group and the Company use expense classification by type. Taxes such as real estate tax, land tax, land rent tax, taxes related to environmental pollution, non-deductible value added tax, etc. are recognized as expenses.

2.19 Finance income and costs

Finance income

Finance income includes income earned by the Company from financing activities, such as foreign exchange gain, interest income on cash balance.

The Group‘s and the Company‘s finance costs include as follows:

- foreign exchange loss,
- interest on borrowings,
- undisputed fines and interest on late payments.

Interest income and expenses are recognised on accrual basis considering the outstanding balance of debt and the applicable interest rate.

2.20 Cash flows

The Group and the Company report cash flows using the indirect method. Reporting of cash flows from operating activities based on the indirect method means that net profit/(loss) for the reporting period is presented as cash inflows or outflows from operating activities of the Group and the Company for the reporting period. Cash inflows and outflows from investing and financing activities for the reporting period are presented separately unless cash flows are presented on a net basis.

For the purpose of the Group‘s and the Company‘s financial statements, dividends paid are reported as cash flows of financing activities, whereas dividends received are reported as cash flows of investing activities.

For the purpose of the Group‘s and the Company‘s financial statements, interest paid is reported as cash flows of financing activities, whereas interest received is reported as cash flows of investing activities.

3. Accounting estimates and assumptions

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of these financial statements relate to measurement of depreciation and determination of revalued amount of property, plant and equipment (Notes 3.1, 7), loss of the control in the subsidiary and revaluation of the investment retained (Notes 3.2 and 8), GET Baltic’s share options (Notes 3.3 and 10), accounting policies applicable to balancing of system users (Note 3.4). 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.

3.1 Consideration of PP&E for revaluation and impairment as at 31 December 2022

As at 31 December 2023, the Company revalued its property, plant and equipment by recognising a EUR 4,685 thousand impairment. An increase in value of property, plant and equipment of EUR 3,255 thousand was recognised in other comprehensive income, and the loss of revaluation of EUR 7,940 thousand was recognised in profit or loss. The assumptions used in determining the fair value are described in more detail in Note 7.

3.2 Loss of control of a subsidiary

On 31 May 2023, upon sale of 66% shares in the subsidiary, the Company lost control in GET Baltic. The retained investment in GET Baltic was recognised at fair value at the time of loss of control, with the revaluation result of the remaining part of the investment recognised in profit or loss. More information on the loss of control is disclosed in Note 8.

On acquisition of the investment in the associate, the Company's management carried out allocation of acquisition cost of the investment in the associate and identified that the difference between the acquisition cost of the associate and its identifiable net assets gives a perceived goodwill, which is included in the carrying amount of the investment in associate. More information on allocation of acquisition cost is disclosed in Note 8.

As at 31 December 2023, the investment in associate GET Baltic was reported in the separate and consolidated financial statements using the equity method.

In the financial statements for the year ended 31 December 2022, the investment in the subsidiary GET Baltic was recorded as an asset held for sale (disposal group).

The disposal group did not qualify as discontinued operations because the subsidiary did not represent a separate major line of business or geographical area of operations, and accordingly, the effects of discontinued operations were not recognised in the statement of profit or loss and cash flow statement.

For the purpose of the consolidated financial statements for the year ended 31 December 2023 and 2022, intercompany transactions with GET Baltic will be eliminated from the disposal group.

3.3 GET Baltic's share options

On 31 May 2023, the Company purchased a put option enabling the Company to sell the remaining shareholding in GET Baltic at a fixed price within 24 months of the date on which the investor fulfils its obligations. Under the same option agreement, the Company issued a call option for the investor to purchase the remaining shares of GET Baltic at a fixed price within 24 months of the date on which the obligations under the shareholders' agreement are fulfilled. The investor's obligations shall be fulfilled within 24 months from the date of entry into force of the shareholder's agreement. In the Company management's assessment, these options meet the definition of derivatives. The put option, given the maximum 48-month option expiration term, creates a non-current financial asset for the Company that is measured at fair value. The investor's call option creates a financial liability for the Company that can be exercised at any time after the investor has fulfilled its obligations. Based on the Company management's estimates, the expected exercise period of the call option is 24 months from the put option date, i.e. upon fulfilment of the contractual obligations by the investor. As the Company does not have an irrevocable right to defer the put option, the liability is recognised as a current liability and measured at fair value. More information on options is disclosed in Note 10.

3.4 Accounting policies for balancing of system users

Following the amendments introduced in regulation of balancing activities with effect from 1 March 2022, the Company assessed whether it acts as a principal or as an agent in its transactions of balancing services. The Company's management concluded that with effect from 1 March 2022 it acts as an agent in its transactions of balancing services (see Note 2.16), and therefore, the net result of the balancing activities is reported in the financial statements. Before 1 March 2022, the Company 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.

4. Reclassification of comparative figures in the financial statements

The Group and the Company presented additional financial ratios of EBITDA and EBIT in the statement of comprehensive income, as the Group believes that these financial ratios provide valuable information to the Group's and the Company's management and stakeholders in making operational decisions. These financial ratios are not a substitute for the mandatory items in the statement of comprehensive income as defined by IFRS, but are presented in addition to the required information. After the reclassification, the statement of comprehensive income includes only the major expense items, with a more detailed classification presented in a separate note to the financial statements.

EBITDA is profit before interest, taxes, depreciation and amortisation, loss on revaluation, impairment and write-off of property, plant and equipment.

EBIT is operating profit before interest, taxes and passive income from investment activities (e.g. share of results of associates). EBIT measures the operating profit of the Company and the Group, by ignoring finance expenses.

Bellow is the effect of reclassification on the item of the Company's and the Group's statement of comprehensive income in 2022:

	Group		
	2022		
	Before reclassification	Reclassification	After reclassification
Revenue	97,600		97,600
Other income	606		606
Total revenue and other income	**98,206**	**-**	**98,206**
Purchases of natural gas	(39,834)		(39,834)
Payroll and related expenses	(12,423)	-	(12,423)
Purchases of repair and maintenance services	(4,646)	1,497	(3,149)
Taxes other than income tax	(2,812)	2,812	-
Telecommunications and IT system expenses	(1,953)	1,953	-
Other expenses	(4,644)	(6,262)	(10,906)
Total expenses:	**(66,312)**	**-**	**(66,312)**
EBITDA	**-**	**-**	**31,894**
Dividends	-	-	-
Depreciation and amortisation	(13,045)	-	(13,045)
Assets write-off expenses (reversal)	-	-	-
Operating profit (loss) (EBIT)	**-**	**-**	**18,849**
Total finance costs, net	(719)	-	(719)
Profit (loss) before tax	**18,130**	**-**	**18,130**
Income tax			-
Current income tax expense for the reporting year	(98)	-	(98)
Deferred income tax (expense) benefit	(2,367)	-	(2,367)
Total income tax	**(2,465)**	**-**	**(2,465)**
Net profit (loss)	**15,665**	**-**	**15,665**

	Company		
	2022		
	Before reclassification	Reclassification	After reclassification
Revenue	96,046		96,046
Other income	606		606
Total revenue and other income	**96,652**	**-**	**96,652**
Purchases of natural gas	(39,834)		(39,834)
Payroll and related expenses	(11,942)	-	(11,942)
Purchases of repair and maintenance services	(4,646)	1,497	(3,149)
Taxes other than income tax	(2,808)	2,808	-
Telecommunications and IT system expenses	(1,840)	1,840	-
Other expenses	(4,617)	(6,145)	(10,762)
Total expenses:	**(65,687)**	**-**	**(65,687)**
EBITDA	**-**	**-**	**30,965**
Dividends	598		598
Depreciation and amortisation	(12,854)	-	(12,854)
Assets write-off expenses (reversal)	-	-	-
Operating profit (loss) (EBIT)	**-**	**-**	**18,709**
Total finance costs, net	**(621)**	**-**	**(621)**
Profit (loss) before tax	**18,088**	**-**	**18,088**
Income tax			
Current income tax expense for the reporting year	(1)	-	(1)
Deferred income tax (expense) benefit	(2,367)	-	(2,367)
Total income tax	**(2,368)**	**-**	**(2,368)**
Net profit (loss)	**15,720**	**-**	**15,720**

5. Segment reporting

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

The Group has two business segments which are consistent with the business directions stipulated in the Group's strategy:

- Natural gas transmission segment;
- Natural gas exchange operator's segment (activities of GET Baltic until 31 May 2023).
- The Group has two business segments which are consistent with the business directions stipulated in the Group's strategy:
- Natural gas transmission segment;
- Natural gas exchange operator's segment (activities of GET Baltic until 31 May 2023).

The Group has a single geographical segment – the Republic of Lithuania. All non-current assets of the Group are domiciled in Lithuania, where the Group operates.

The Board as the main decision-making body 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.

Key performance indicators are net profit and profit before interest, taxes, depreciation and amortisation, loss on revaluation, impairment and write-off of property, plant and equipment (EBITDA). These indicators are calculated on the basis of data reported in the financial statements.

The Board also monitors adjusted performance indicators, particularly the adjusted EBITDA. Adjusted EBITDA ratio is EBITDA ratio further adjusted by adding management's adjustments. That is non-IFRS alternative performance measure. Management's adjustments include temporary regulatory differences resulting from the Council's decisions. Management's adjustments may have both positive and negative impact on the adjusted ratios for the period. In management's view, adjusted EBITDA ratio more accurately presents results of the operations and allows for an objective comparison of the results between the periods as revenue and costs have been adjusted due to the regulator's decisions or are of a one-off nature.

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

The table below contains information on the Group's operating segments for the year ended 31 December 2023:

	Transmission of natural gas	Natural gas exchange operator's activities	Total
Revenue and other income	81,337	892	82,229
Operating expenses, excl. depreciation, write-off and impairment	(55,598)	(324)	(55,922)
EBITDA	**25,739**	**568**	**26,307**
Adjusted EBITDA	**24,680**	**568**	**25,248**
Temporary regulatory differences for previous periods	(2,883)	-	(2,883)
Temporary regulatory differences for reporting period	1,824	-	1,824
Overall effect of management's adjustments on EBITDA	**(1,059)**	-	**(1,059)**
EBITDA (under IFRS) reconciliation to Net profit/loss	**(12,314)**	**(980)**	**(13,294)**
Depreciation and amortisation	(12,595)	(85)	(12,680)
Revaluation of property, plant and equipment	(7,940)	-	(7,940)
Loss on impairment and write-off of property, plant and equipment	(229)	-	(229)
Finance income	22	445	467
Finance costs	(1,780)	(1)	(1,781)
Income tax	(567)	(140)	(707)
Dividend income	542	(542)	-
Result on loss of control and revaluation of associates	10,146	(657)	9,489
Gains (losses) on derivative financial instruments	(208)	-	(208)
Share of net profit of associates	295	-	295
Net profit/(loss)	**13,425**	**(412)**	**13,013**
Total assets	333,389	-	333,389
Investments (additions of property, plant and equipment	95,175	-	95,175
Investments (additions of property, plant and equipment and intangible assets)	35,703	-	35,703

The table below contains information on the Group's operating segments for the year ended 31 December 2022:

	Transmission of natural gas	Natural gas exchange operator's activities	Total
Revenue and other income	96,652	1,554	98,206
Operating expenses, excl. depreciation, write-off and impairment	(65,687)	(625)	(66,312)
EBITDA	**30,965**	**929**	**31,894**
Adjusted EBITDA	**34,881**	**929**	**35,810**
Temporary regulatory differences for previous periods	8,776	-	8,776
Temporary regulatory differences for reporting period	**(4,860)**	-	**(4,860)**
Overall effect of management's adjustments on EBITDA	**3,916**	-	**3,916**
EBITDA (under IFRS) reconciliation to Net profit/loss	**(15,245)**	**(984)**	**(16,229)**
Depreciation and amortisation	(12,854)	(191)	(13,045)
Loss on impairment and write-off of property, plant and equipment	-	-	-
Finance income	21	24	45
Finance costs	(642)	(122)	(764)
Income tax	(2,368)	(97)	(2,465)
Dividend income	598	(598)	-
Net profit (loss)	**15,720**	**(55)**	**15,665**
Total assets	345,347	203,009	548,356
Net financial debt	104,630	-	104,630
Investments (additions of property, plant and equipment and intangible assets)	42,852	-	42,852

As at 31 December 2023, there were two customers of the Company each generating over 10% of the Company's total revenue. Revenue from customers totalled EUR 37,738 thousand, whereof:

Customer A – EUR 24,713 thousand;
Customer B – EUR 13,025 thousand;

As at 31 December 2022, there were three customers of the Company each generating over 10% of the Company's total revenue. Revenue from customers totalled EUR 78,594 thousand, whereof:

Customer A – EUR 41,840 thousand;
Customer B – EUR 22,754 thousand;
Customer C – EUR 14,000 thousand.

6. Intangible assets

Movements on intangible assets account during the current and previous reporting period were as follows:

	Patents and licences	Computer software	Other intangible assets	Protected areas	Total
As at 31 December 2021	**9**	**2,022**	**-**	**2,179**	**4,210**
Cost (revalued amount)	51	4,493	5	2,179	6,728
Accumulated amortisation	(42)	(2,471)	(5)	-	(2,518)
Net book value as at 31 December 2021	**9**	**2,022**	**-**	**2,179**	**4,210**
Additions	-	315	-	-	315
Write-offs	-	-	-	-	-
Adjustment for changes in assumptions	-	-	-	(889)	(889)
Amortisation charge	(3)	(1,049)	-	-	(1,052)
Off-set of grants against non-current assets	-	-	-	-	-
As at 31 December 2022	**6**	**1,288**	**-**	**1,290**	**2,584**
Acquisition/revaluation amount	51	4,808	5	1,290	6,154
Accumulated amortisation	(45)	(3,520)	(5)	-	(3,570)
Net book value as at 31 December 2022	**6**	**1,288**	**-**	**1,290**	**2,584**
Additions	4	767	-	-	771
Write-offs	-	(4)	-	-	(4)
Adjustment for changes in assumptions	-	-	-	(264)	(264)
Amortisation charge	(3)	(525)	-	-	(528)
Off-set of grants against non-current assets	-	-	-	-	-
As at 31 December 2023	**7**	**1,526**	**-**	**1,026**	**2,559**
Acquisition/revaluation amount	55	5,571	5	1,026	6,657
Accumulated amortisation	(48)	(4,045)	(5)	-	(4,098)
Net book value as at 31 December 2023	**7**	**1,526**	**-**	**1,026**	**2,559**

The Company's intangible assets with the acquisition cost of EUR 101 thousand as at 31 December 2023 (31 December 2022: EUR 441 thousand) was fully amortised, but still in use. Depreciation of grants in amount of EUR 205 thousand as at 31 December 2023 (31 December 2022: EUR 352 thousand) was reported in the statement of profit or loss as an offsetting of depreciation of related assets against proceeds from grants.

Given that lower volumes for protected zone registration services were established to ensure more clarity in legal regulation, relevant services were acquired by way of a public procurement procedure in order to fulfil the actions necessary for the establishment and registration of protected zones and class location areas and the value of contracts for those services was lower than the preliminary value applied in the assumptions used for provisioning purposes, an taking into account changes in the prices of services provided by the State Enterprise Centre of Registers (e-delivery, submission of registration data), the Company reviews the estimated cost of establishing special land use conditions and remeasures the intangible asset and liability over the expected term of fulfilment of obligation. Due to changes in assumptions, the value of provision and related intangible assets was reduced by EUR 264 thousand as at 31 December 2023, and by EUR 889 thousand as at 31 December 2022.

7. Property, plant and equipment

Movements on the property, plant and equipment account during the current and previous reporting period were as follows:

	Land	Buildings	Structures and equip-ment	Plant and machinery	Vehicles	Other PP&E	Constru-ction work in progress	Total
As at 31 December 2021	**125**	**6,529**	**199,940**	**37,143**	**373**	**4,060**	**7,808**	**255,978**
Acquisition/revaluation amount	125	7,431	214,157	47,448	967	7,375	7,808	285,311
Accumulated depreciation	-	(902)	(14,217)	(10,305)	(594)	(3,315)	-	(29,333)
Net book value as at 31 December 2021	**125**	**6,529**	**199,940**	**37,143**	**373**	**4,060**	**7,808**	**255,978**
Additions	-	-	26,844	-	-	277	15,416	42,537
Write-offs	-	-	(27)	-	-	-	-	(27)
Sales	-	-	-	-	-	-	-	-
Reclassification from/to inventories	-	-	(44)	(7)	-	-	-	(51)
Reclassification from/to intangible assets	-	-	-	-	-	-	-	-
Reclassifications between categories	-	289	9,086	130	-	1,050	(10,555)	-
Depreciation charge	-	(291)	(5,908)	(3,435)	(153)	(1,538)	-	(11,325)
Off-set of grants against non-current assets	-	-	-	-	-	-	(6,023)	(6,023)
As at 31 December 2021	**125**	**6,527**	**229,891**	**33,831**	**220**	**3,849**	**6,646**	**281,089**
Acquisition/revaluation amount	125	7,720	250,016	47,571	967	8,702	6,646	321,747
Accumulated depreciation	-	(1,193)	(20,125)	(13,740)	(747)	(4,853)	-	(40,658)
Net book value as at 31 December 2022	**125**	**6,527**	**229,891**	**33,831**	**220**	**3,849**	**6,646**	**281,089**
Additions	-	-	83	25	2	55	34,767	34,932
Write-offs	-	(13)	(440)	(183)	-	(9)	-	(645)
Disposals	-	-	-	-	-	(1)	-	(1)
Impairment (reversal) of assets	-	-	(57)	-	-	-	11	(46)
Revaluation	11	85	(8,821)	4,010	21	9	-	(4,685)
Reclassification from/to inventories	-	-	(38)	(12)	-	(1)	-	(51)
Reclassification from/to intangible assets	-	-	-	-	-	-	-	-
Reclassifications between categories	-	1,343	13,727	3,414	-	2,378	(20,862)	-
Depreciation charge	-	(295)	(6,156)	(3,383)	(108)	(1,612)	-	(11,554)
Off-set of grants against non-current assets	-	-	-	-	-	-	(14,686)	(14,686)
As at 31 December 2023	**136**	**7,647**	**228,189**	**37,702**	**135**	**4,668**	**5,876**	**284,353**
Acquisition/revaluation amount	136	7,647	228,189	37,702	135	4,668	5,876	284,353
Accumulated depreciation after revaluation	-	-	-	-	-	-	-	-
Net book value as at 31 December 2023	**136**	**7,647**	**228,189**	**37,702**	**135**	**4,668**	**5,876**	**284,353**

The Group's part of property, plant and equipment with the carrying amount of EUR 94 thousand as at 31 December 2023 (31 December 2022: EUR 133 thousand) was fully depreciated but still in use.

The cost of PP& in 2023 included: the reconstruction of separate sections of the main gas pipeline Vilnius-Kaunas amounting to EUR 13,233 thousand; the replacement of overground passes with the underground passes and deepening of not deepened sections of main gas pipeline (MD A2 stage II) amounting to EUR 3,237 thousand; investments in the reconstruction of the Grigiškės, Kėdainiai, Vievis, Šiauliai, Telšiai GDSs amounting to EUR 6,699 thousand; the reconstruction of the main gas pipelines based on diagnostics results amounting to EUR 1,252 thousand; and reconstructions of a pressure relief valve in the main gas pipeline branch to the Marijampolė gas distribution station amounting to EUR 1,011 thousand.

Depreciation of grants in amount of EUR 4,293 thousand as at 31 December 2023 (31 December 2022: EUR 4,109 thousand) was reported in the statement of profit or loss as an offsetting of depreciation of related assets against proceeds from grants.

In 2023, part of the Company's capitalised borrowing costs (interest) were added to the cost of PP&E and amounted to EUR 329 thousand (2022: EUR 21 thousand). The annual interest capitalisation rate in 2023 was 3.834% (2022: 0.652%).

Had the value of the Company's PP&E been not reduced by the amount of grants, the carrying amount of PP&E as at 31 December 2023 would be higher by EUR 137,451 thousand (31 December 2022: EUR 127,087 thousand). Information on grants received/receivable used to reduce the value of property, plant and equipment:

	As at 31 December 2023	As at 31 December 2022
Carrying amount at the beginning of the period	**127,087**	**125,179**
Grants used for acquisition of non-current assets	14,686	6,023
Depreciation charge	(4,293)	(4,109)
Write-offs	(29)	(6)
Carrying amount at the end of the period	**137,451**	**127,087**

Value of PP&E in 2023

The Company accounts for property, plant and equipment at revalued amount in accordance with IAS 16 *Property, Plant and Equipment.* Based on the requirements set forth in paragraph 34 of IAS 16, the Company carried out valuation of property, plant and equipment and determined that, as at 31 December 2023, the fair value of the property, plant and equipment (including construction in progress) was EUR 284,353 thousand, which was EUR 4,685 thousand lower than the carrying amount of PP&E before remeasurement as at 31 December 2023. The valuation of the assets was carried out by the Company's in-house finance and accounting experts, with the assistance of experienced external asset valuation consultants throughout the process. The Company last revalued the assets as at 31 December 2018. The above-mentioned 2018 valuation process was carried out entirely with the Company's internal resources, without the use of external consultants or valuers.

The valuation of property, plant and equipment was carried out using the replacement cost method and the discounted cash-flow methods.

The change in the value of property, plant and equipment was largely influenced by the regulatory principles applied to natural gas transmission activities, the rate of return on investments set by the Council for natural gas transmission activities, which was actually lower than the discount rate.

The valuation involved the following steps:

- estimation of the fair value of property, plant and equipment using the discounted cash flow method because the Company's assets constitute a single cash-generating unit;
- The replacement cost was determined for new assets.
- The physical obsolescence was determined for the assets.
- The assets were tested for economic obsolescence (by allocating the total fair value to individual items).

The cost method involves determining the replacement cost of a new asset (RCN) at the level of the individual asset item. A direct cost method was applied to 68% of PP&E (based on the asset's carrying amount as at 31 December 2023), whereby RCN was estimated for new assets. RCN includes the cost of materials, installation works, labour, transportation and handling fees, overall costs of contractor. The market prices were determined using the data of the Company's transactions for the last three years, the financial statements of the European Union Agency for the Cooperation of Energy Regulators (ACER), other enterprises operating in natural gas sector, and other publicly available data.

During the valuation, indirect cost method was applied to assets, for which it was impossible to apply a direct cost method due to their multiple nature or for which insufficient data was available. Indirect cost method was applied to approx. 1% of PP&E

value (determined when calculating carrying amount as at 31 December 2023). The indirect cost method was used to determine the current replacement value of each new asset by indexing (based on consumer price, gas price, metal price and building cost indices published by Statistics Lithuania) the capitalized historical cost of the new asset.

The asset's RCN value which fell below the regulated asset base (RAB) after physical and functional obsolescence was treated as equal to RAB.

The direct market value method was used to determine the values of land and process gases, however, after adjusting for economic obsolescence, the values were treated as equal to RAB. This method was applied to approx. 1% of PP&E value (determined when calculating carrying amounts as at 31 December 2023).

RCN was calculated at underlying asset level, while the Iowa-type survivor curves were applied to allocate the identified value of the asset item to asset components. These curves were used to determine the life cycle of asset based on economic useful life, in view of current repairs and maintenance. The application of residual value was conditioned on the asset class (Hold Factor).

Further reduction in RCN by the amount of obsolescence resulted in the amount of the depreciated replacement cost (DRC). The DRC premium is the difference between DRC and RAB. The assets fair value was obtained by applying the 3.4% economic obsolescence, plus the RAB value.

The following key assumptions of the replacement cost method were used in valuation:

1. RCN values, which reflect all costs that are incurred upon creation of new identical assets;
2. Hold factor, which establishes the minimum value for an asset, since the Company can continue to use fully depreciated assets.
3. The economic obsolescence was estimated at 3.4%.

In **discounted cash flow method (DCF)**, future cash flows are estimated and discounted by using cost of capital to give their present values. This method was applied to measure the fair value of property, plant and equipment and to estimate the economic obsolescence.

For the purpose of fair value measurement and estimation of the economic obsolescence, the cash flow forecast was developed for the period from October 2023 to 2028. The terminal value of cash flows is applied in subsequent periods.

Key assumptions of the DCF model:

- In the Certificate No O5E-389 of 8 May 2023, the Council set the cap on the revenue from natural gas transmission activities of the Company of EUR 67,011 thousand for 2024;
- The Council approved a 5.04% pre-tax return on investments (WACC) for 2024, while in the long term, based on the Council's WACC methodology and market trends, the rate of return on investments will increase and will be equal to the discount rate of 6.07% (pre-tax);
- A discount rate (post-tax) of 5.16% was applied to discount the cash flows.
- The Company's operating costs are estimated in accordance with the Council's methodology for determining the revenue and prices of natural gas transmission activities. Some costs are not included in the regulated prices.
- The estimation of the going-concern value of discounted cash flows excludes the growth rate (equal to 0)

Asset values estimated using the DRC method were reduced in proportion to the results of the economic obsolescence test (the total fair value of assets was determined using DCF method), except for assets for which such allocation would have resulted in a value lower than the asset's RAB value. For such assets the RAB was considered to be its fair value. The amount of reduction that would otherwise have been allocated to the asset was allocated pro rata to the other assets. In order to distribute the value of economic obsolescence among separate items of assets so that the resulting value would reflect more accurately the fair value of the respective separate item of assets, the Company followed a policy whereby the fair value of particular item of assets would not be lower than the RAB assumption used in respect of that particular item of assets.

Economic obsolescence was applied (i.e. distributed) to all assets, except for the following categories (or separate items of assets from different categories), where DRC was approximated to the carrying amount of these assets:

- construction in progress; because new projects reflect the fair value best, which is included in RAB at full;
- other items of property, plant and equipment that are not directly related to the underlying technological asset (e.g. office buildings, furniture, tools, computers, equipment);
- assets with the fair value equal to the net book amount for the purpose of valuation (assets acquired during the period from 1 January 2023 to 31 December 2023).

- The main reasons for the change in the value of separate items of assets include the following:
- Impact of the economic obsolescence: the differences between financial and regulatory accounting polices resulted in recognition of the CBCA contribution to the Polish TSO as a non-current asset in the financial accounts, but it was not recognised as RAB by the Council (the asset's value decreased), however, the other assets were accounted for at a carrying amount which was lower the value of the RAB set for these assets (as a result the value of the assets increased);
- new values were established (set) for fully depreciated assets that are still in use.

Fair value hierarchy of property, plant and equipment. The fair value of revalued property, plant and equipment is attributed to Level 3 of the fair value hierarchy (fair value hierarchy levels are specified in Note 2.22).

Sensitivity analysis. Based on the provisions set forth in paragraph 93 of IFRS 13, the Company performed fair value sensitivity analysis in respect of changes in unobservable inputs. The fair value measurement is the most sensitive to the rate of return (WACC) set by the Council and the discount rate.

The fair value of the asset sensitivity is presented for the following scenarios:

Scenario (1) of sensitivity analysis:

to determine the level of revenue from 2024 onwards, the Council would apply a rate of return of 6.04/4.04% (currently WACC is set at 5.04% for 2024) with a 1% increase/decrease in the rate of return and the other valuation parameters remaining unchanged; a 1% increase in WACC would result in the EUR 9,727 thousand increase in the fair value of property, plant and equipment, and a 1% drop in WACC would result in the EUR 9,727 thousand decrease in the fair value of property, plant and equipment.

Scenario (2) of sensitivity analysis:

applying a 1% higher/lower discount rate (after tax), which is 6.16/4.16%, with the other valuation parameters remaining unchanged; a 1% increase in the discount rate would result in the EUR 11,544 thousand decrease in the fair value of property, plant and equipment, and a 1% decrease in the discount rate would result in the EUR 12,181 thousand increase in the fair value of property, plant and equipment.

Below is the table on the asset's sensitivity analysis:

			WACC (pre-tax return on investments approved by the Council)		
			4.04%	5.04%	6.04%
	Change		-1.0%	0.0%	1.0%
Discount rate (post-tax)	4.16%	-1.0%	2,189	12,181	22,174
	5.16%	0.0%	(9,727)	-	9,727
	6.16%	1.0%	(21,017)	(11,544)	(2,070)

The table below presents the net book values of property, plant and equipment, which would have been recognised had the historical cost method been used, less grants received and negative revaluations that would be treated as an impairment equivalent, as at 31 December 2023 and 31 December 2022:

	Land	**Buildings**	**Structures and equipment**	**Plant and machinery**	**Vehicles**	**Other PP&E**	**Construction work in progress**	**Total**
As at 31 December 2023	125	7,553	226,645	36,135	114	4,651	5,876	281,099
As at 31 December 2022	125	6,527	229,891	33,831	220	3,849	6,646	281,089

The revaluation impact on profit or loss and other comprehensive income is presented below:

	Recognised in other comprehensive income (revaluation reserve)	Recognised through profit or loss	Total revaluation impact
Increase in net book value as at 31 December 2023	3,255	18,568	21,823
(Decrease)in net book value as at 31 December 2023	-	(26,508)	(26,508)
Total revaluation impact at 31 December 2023:	**3,255**	**(7,940)**	**(4,685)**

8. Loss of control of subsidiary

In the separate financial statements for the year ended 31 December 2022, the investment in GET Baltic was recorded under asset held for sale, as all the criteria for recognition as asset held for sale were met. The asset held for sale was measured at carrying amount that was lower than the fair value of the investment. For the purpose of the consolidated financial statements, the investment in GET Baltic was recorded as a disposal group.

Once the General Meeting of Shareholders approved the sale of shares in GET Baltic and the material terms and conditions thereof on 11 April 2023, the sale of a 66 % shareholding in GET Baltic was completed on 31 May 2023.

The Company lost control of GET Baltic following the completion of the share sale transaction on 31 May 2023. The remaining part of the investment in GET Baltic after the loss of control is recognised as an investment in an associate, which is accounted for using the equity method and measured at fair value at the time of loss of control. The fair value of investment in GE Baltic was determined on the basis of the sale of 66% of the shares.

In the consolidated statement of comprehensive income, the result of disposal of the subsidiary (after considering the GET Baltic shares' call/put options) and revaluation of the remaining part of investment in associate was EUR 9,489 thousand, of which gain on disposal of control was EUR 6,627 thousand, and gain on revaluation of investment in associate was EUR 2,862 thousand. In the separate financial statements, the result of disposal of the subsidiary (after considering the GET Baltic shares' call/put options) and revaluation of the remaining part of investment in associate was EUR 10,146 thousand, of which gain on disposal of control was EUR 7,059 thousand, and gain on revaluation of investment in associate was EUR 3,087 thousand.

Effect of loss of control on consolidated statement of comprehensive income items:

	2023
Gain on disposal of subsidiary, cash	6,500
Fair value of the remaining part of the investment after revaluation	3,348
Fair value of options at the date of issue	1,070
Fair value of the loss of control transaction	10,918
Net assets of subsidiary	(1,429)
Gain on loss of control and revaluation of associates	**9,489**

Effect of loss of control on separate statement of comprehensive income items:

	2023
Gain on disposal of subsidiary, cash	6,500
Fair value of the remaining part of the investment after revaluation	3,348
Fair value of options at the date of issue	1,070
Fair value of the loss of control transaction	10,918
Carrying amount of investment in subsidiary	(769)
Other transaction costs	(3)
Gain on loss of control and revaluation of associates	**10,146**

Main categories of assets and liabilities over which the control was lost at the moment of loss of control:

Non-current assets	**498**
Intangible assets	409
Property, plant and equipment	3
Right-of-use assets	82
Non-current financial assets	4
Current assets	**41,791**
Prepayments	20
Receivables	7,274
Other current financial assets	33,304
Cash and cash equivalents	1,193
Total assets:	**42,289**
Non-current liabilities	**48**
Non-current lease liabilities	48
Current liabilities	**40,812**
Current portion of lease liabilities	34
Trade payables, prepayments received and other payables	40,602
Income tax liability	59
Employment-related liabilities	117
Total liabilities:	**40,860**
Net assets	**1,429**

Information on the cash flow generated by the subsidiary is provided below:

	As at 31 December 2023	As at 31 December 2022
Net cash flows from operating activities	494	776
Net cash flows used in investing activities	437	(104)
Net cash flows from/used in financing activities	(555)	(749)
Net increase in cash generated by the subsidiary	**376**	**(77)**

Summarized statement of financial position of GET Baltic as at 31 December 2023:

	As at 31 December 2023
Non-current assets	353
Current assets	74,900
Total assets:	**75,253**
Non-current liabilities	36
Current liabilities	72,920
Total liabilities:	**72,956**
Net assets	**2,297**
Group's share, %	34%
Group's share of net assets	**781**
Goodwill attributable to the Group	**2,863**
Carrying amount of investment in associate	**3,644**

Summarized statement of comprehensive income of GET Baltic for the period from the date of loss of control until 31 December 2023:

	1 June - 31 December 2023
Revenue	1,111
Profit before tax	1,027
Income tax benefit (expenses)	(159)
Net profit (loss)	**868**
Other comprehensive income	-
Total comprehensive income for the period	**868**
Total comprehensive income attributable to the Company/ Group	295
Dividends paid to Company/Group	-

Changes in carrying amount of the investment in associate due to the application of the equity method:

	As at 31 December 2023	As at 31 December 2022
Carrying amount at the beginning of the period	-	-
Acquisition	3,348	-
Associate's net profit (loss)	295	-
Associate's other comprehensive income		-
Dividends received	-	-
Carrying amount at the end of the period	**3,644**	

As at 31 May 2023, the management carried out allocation of the purchase consideration of the investment in the associate GET Baltic, and arrived at the fair value of the net assets of GET Baltic attributable to the Company's share held in GET Baltic.

The calculations below show the difference between the purchase consideration of GET Baltic and net assets:

Purchase consideration of the investment in the associate GET Baltic	3,348
Net assets of GET Baltic	1,429
Group's share of net assets (34%)	485
Difference between fair value of net assets and purchase consideration	2,863

The allocation of the purchase consideration considers the composition of net assets, and the fair value of assets and liabilities at the date the investment in associate is acquired. The Company's management estimates that the value of GET Baltic's net assets corresponds to their fair value, as the evaluation did not identify any:

- Non-identifiable assets, acquisition of rights, internally generated intangible assets and assets the value of which does nots corresponds to their fair market value.
- Liabilities not recognised or the value of which is significantly different from the carrying amount.

The purchase consideration of GET Baltic was determined using the fair value of the sale transaction of GET Baltic, which, in the management's assessment, corresponds to the fair value of Get Baltic's shares. Based on estimations of the Company's management, the difference between the purchase consideration of the associate and the identifiable net assets is recognised as perceived goodwill, which is included in the carrying amount of the investments in associate. The goodwill include GET Baltic's potential, customer base, know-how, access to the Baltic Sea: the Finnish trading platforms, a market that will offer a big potential for gas trading once the GIPL pipeline, and thus the pan-European gas market, becomes operational. This does not meet the criteria for recognition of intangible asset.

9. Right-of-use assets

As described below, the Group and the Company have taken on lease office premises, motor vehicles, and land. Lease periods for premises, motor vehicles and land are 5-10 years, 3-4 years, and 99 years, respectively. The Group and the Company assessed the probability of exercising the lease extension option when recognising right-of-use assets and lease liabilities, and when determining the lease periods.

To mitigate the environmental impact, the Company renewed its fleet of cars by replacing polluting vehicles with electric cars or less polluting vehicles. As at 31 December 2023, the initial cost of electric cars recognised as right of use assets amounted to EUR 217 thousand, lease period was 3-4 years.

	Buildings	**Land**	**Vehicles**	**Total**
Net book amount of assets recognised at 31 December 2021	**1,672**	**1,493**	**572**	**3,737**
New leases	-	-	105	105
Indexation	-	-	-	-
Write-offs	-	-	-	-
Depreciation charge	(177)	(15)	(285)	(477)
Net book amount as at 31 December 2022	**1,495**	**1,478**	**392**	**3,365**
				-
Net book amount of assets recognised at 31 December 2022	**1,495**	**1,478**	**392**	**3,365**
New leases	-	-	217	217
Indexation	31	-	-	31
Write-offs	-	-	-	-
Depreciation charge	(180)	(16)	(317)	(513)
Net book amount as at 31 December 2023	**1,346**	**1,462**	**292**	**3,100**
Initial cost	1,747	1,534	1,442	4,723
Accumulated depreciation	(401)	(72)	(1,150)	(1,623)
Net book value at 31 December 2023	**1,346**	**1,462**	**292**	**3,100**

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 till the end of the lease term.

10. Derivatives

The Company's derivatives are reported under the following items of the statement of financial position:

	As at 31 December 2023
Non-current assets	
Put option of GET Baltic	1,226
Total non-current derivative assets:	**1,226**
Current liabilities	
Call option of GET Baltic	364
Total current derivative liabilities:	**364**

Information on the fair values of derivatives is presented below:

				Fair value of option	
Share option	Subscription date	Maturity	Exercise price	As at 31 December 2023	As at 31 May 2023
Put Option	As at 31 May 2023	As at 31 May 2027	4.07	1226	1392
Call Option	As at 31 May 2023	As at 31 May 2025	3.62	364	322

The call option can be exercised at any time after the investor has fulfilled its obligations, therefore this obligation is classified as a current liability. The fair value was determined based on the most likely option exercise period of 24 months estimated by the management.

The Black-Scholes model was used to estimate an option's fair value. The assumptions used in estimating the option's fair value were as follows:

	Put Option	Call Option
Current stock price, EUR	3.5	3.5
Strike price, EUR	4.07	3.62
Time to maturity (years)	3.417	1.417
Dividend yield (%)	5.26	5.26
Volatility (%)	29.26	29.26
Risk free interest rate (%)	2.57	2.57

Sensitivity of the put option's fair value as at 31 December 2023 to changes in key assumptions, the impact is presented for a 34% shareholding:

Volatility (%)			24.26%	29.26%	34.26%
	Pokytis		-5.00%	0.00%	5.00%
Current stock prce	3.15	-10.00%	(93)	(187)	(280)
	3.50	0.00%	114	-	(114)
	3.85	10.00%	291	166	42

Sensitivity of the call option's fair value as at 31 December 2023 to changes in key assumptions, the impact is presented for a 34% shareholding:

Volatility (%)			24.26%	29.26%	34.26%
	Pokytis		-5.00%	0.00%	5.00%
Current stock prce	3.15	-10.00%	208	135	73
	3.50	0.00%	73	-	(83)
	3.85	10.00%	(21)	(104)	(187)

11. Inventories

	As at 31 December 2023	As at 31 December 2022
Raw materials, spare parts and other inventories	1,052	1,135
Natural gas	4,339	12,250
Assets held for sale	-	-
Inventories, gross	5,391	13,385
Less: impairment	(517)	(552)
	4,874	**12,833**

Changes in the value of natural gas inventories mostly influenced by the decrease in natural gas prices.

The acquisition cost of the Company's inventories accounted for at net realisable value as at 31 December 2023 amounted to EUR 1,052 thousand (31 December 2022: EUR 1,135 thousand). Inventory write-down allowance was included in other expenses.

Inventories recognised as expenses during the reporting period amounted to EUR 26,854 thousand as at 31 December 2023 (31 December 2022: EUR 40,772 thousand).

12. Trade receivables

	As at 31 December 2023	As at 31 December 2022
I. Trade receivables under contracts with customers		
I.1 Receivables after one year	-	-
Net book of receivables after one year:	**-**	**-**
I.2. Current trade receivables		
Receivables for transmission of natural gas	6,770	13,834
Receivables for natural gas	713	-
Receivables for balancing of transmission system	1,553	4,473
Receivables for other services	2	-
Less: expected credit losses for trade receivables	(19)	(17)
Trade receivables under contracts with customers	**9,019**	**18,290**
II. Trade receivables under other contracts		
Other trade receivables	11	208
Less: impairment of trade receivables	-	-
Total trade receivables under other contracts	**11**	**208**
Total trade receivable	**9,030**	**18,498**

Current trade receivables are interest free and their settlement term is typically between 7 and 20 calendar days. Impairment allowance of EUR 19 thousand was established for trade receivables as at 31 December 2023 (31 December 2022: EUR 17 thousand). The decrease in trade receivables resulted from falling natural gas prices.

The Company applies a simplified credit risk assessment approach as required by IFRS 9, and accounts for loss allowances for lifetime credit losses from initial recognition of receivables.

To determine credit losses for receivables, the Company applies an individual assessment and a provision matrix. The loss ratio matrix is based on historical data for a period exceeding 36 months on settlements of debts by customers. The loss ratios may be adjusted in view of macroeconomic forecasts. The loss ratios are classified into separate groups of receivables on the basis of credit risk characteristics and overdue period. Entities in bankruptcy and/or liquidation are subject to a credit loss ratio of 100%.

Expected credit losses of trade receivables as at 31 December 2023 were as follows:

As at 31 December 2023	**Not past due**	**1-30 days**	**31-90 days**	**91-180 days**	**181 and more days**	**Total:**
Trade receivables assessed individually	**2,945**	**-**	**-**	**-**	**-**	**2,945**
Expected credit losses	**(7)**	**-**	**-**	**-**	**-**	**(7)**
Trade receivables assessed collectively						
State-owned companies	**2,174**	**-**	**-**	**-**	**-**	**2,174**
Loss ratio (%)	0%	0%	0%	0%	0%	
Expected credit losses	-	-	-	-	-	-
Other entities	**3,764**	**6**	**159**	-	**1**	**3,930**
Loss ratio (%)	0,04%	2,99%	5,83%	17,55%	100%	
Expected credit losses	(2)	-	(9)	-	(1)	(12)
Total trade receivables	**8,883**	**6**	**159**	-	**1**	**9,049**
Total expected credit losses	**(9)**		**(9)**		**(1)**	**(19)**

Expected credit losses of trade receivables as at 31 December 2022 were as follows:

As at 31 December 2022	Not past due	1-30 days	31-90 days	91-180 days	181 and more days	Total:
Trade receivables assessed individually	**9,038**	**-**	**-**	**-**	**-**	**9,038**
Expected credit losses	**(13)**	**-**	**-**	**-**	**-**	**(13)**
Trade receivables assessed collectively						
State-owned companies	**3,196**	**-**	**-**	**-**	**-**	**3,196**
Loss ratio (%)	0%	0%	0%	0%	0%	
Expected credit losses	-	-	-	-	-	-
Other entities	**6,236**	**44**	-	-	**1**	**6,281**
Loss ratio (%)	0,04%	2,99%	5,83%	17,55%	100%	
Expected credit losses	(2)	(1)	-	-	(1)	(4)
Total trade receivables	**18,470**	**44**			**1**	**18,515**
Total expected credit losses	**(15)**	**(1)**			**(1)**	**(17)**

For the purpose of the individual assessment, the range of expected credit losses was 0-1.04% in 2023 (2022: 0-1.9%). Movement on impairment allowance account of the Group's trade receivables:

Movement on impairment allowance account of the Group's trade receivables:

	As at 31 December 2023	As at 31 December 2022
Carrying amount at the beginning of the period	**17**	**67**
Impairment (reversal of impairment)	2	(50)
Carrying amount at the end of the period	**19**	**17**

13. Other amounts receivable

	As at 31 December 2023	As at 31 December 2022
Non-financial assets		
LNG terminal funds receivable	9,377	7,802
Grants receivable	7,360	6,976
Taxes receivable	37	2,147
Total non-financial assets	**16,774**	**16,925**
Contract assets	**1,798**	**2,780**
Financial assets		
Other receivables	502	17
Total financial assets	**502**	**17**
Total other receivables	**19,074**	**19,722**

As at 31 December 2023, LNG terminal funds receivable included an overdue amount of EUR 6,582 thousand, whereof overdue amount of Achema AB amounted to EUR 6,432 thousand. As at 31 December 2022, the overdue amount included in LNG terminal funds receivable amounted to EUR 5,688 thousand. The legal dispute with Achema AB is disclosed in Note 40.

Grants receivable include support from the EU structural funds to finance the investment projects implemented by the Company.

The Company does not recognise impairment for the LNG terminal funds receivable, since the LNG terminal funds are not treated as assets of the administrator of the LNG terminal funds based on the Description of the procedure for administration of the LNG terminal funds, and therefore, they cannot be subject to debt recovery procedures based on the obligations of the administrator of the LNG terminal funds that are not related to the administration of the LNG terminal funds. No impairment was established for the Company's other receivables.

No impairment was established for the Company's other amounts receivable.

14. Other financial assets

As at 31 December 2023 and 2022, the Company's other financial assets comprised security deposits collected from the system users. Security deposits received from the system users are held in the form of term bank deposits: two term deposit agreements for EUR 503 thousand (12-month term deposit) and EUR 25 thousand (3-month term deposit). The bank with whom the term deposit agreements were concluded, complies with a long-term credit rating in foreign currency, as indicated in Note 15.

	A at 31 December 2023	As at 31 December 2022
LNG terminal funds	-	1
Deposits received	528	422
Total other financial assets	**528**	**423**

15. Cash and cash equivalents

	As at 31 December 2023	As at 31 December 2022
Cash at bank	121	21
	121	**21**

The Company keeps its cash balances on bank accounts. As at 31 December 2023, the cash balance was not material due to the Company's and the Group's treasury management policy aimed at maintaining minimum cash balances.

The table below presents the long-term foreign currency credit ratings of the banks with which the Group kept its cash balances as at 31 December 2023:

Bank	**Cash at bank a at 31 December 2023**	**Credit rating agency**		
		Moody's	**Standart&Poor's**	**Fitch Ratings**
Bankas No.1[1)]	119	Aa3	A+	AA
Bank No.2[1)]	2	Aa3	A+	AA-

[1)] The ratings assigned to the parent banks as at 31 December 2023.

16. Assets held for sale, assets and liabilities of disposal group

As at 31 December 2022, below indicated assets and liabilities were reclassified to held for sale, in view of GET Baltic stock sale plan implemented by the Company:

	As at 31 December 2022
Non-current assets	
Intangible assets	474
Other property, plant and equipment	4
Right-of-use assets	85
Other non-current financial assets	4
Current assets	-
Prepayments	26
Trade receivables	12,767
Other receivables	632
Other current financial assets	188,969
Cash and cash equivalents	817
Total assets of disposal group	**203,778**
Non-current liabilities	
Non-current lease liabilities	57
Current liabilities	-
Current portion of lease liabilities	29
Trade payables	56,415
Prepayments received	145,932
Income tax liability	15
Employment-related liabilities	136
Other payables and current liabilities	13
Total liabilities of disposal group:	**202,597**

17. Share capital

The Company's share capital amounted to EUR 51,731 thousand and it is divided into 178,382,514 ordinary registered shares with par value of EUR 0.29 each. For more details on the share capital of the subsidiary, see Note 1.

18. Dividends

During the Company's Ordinary General Meeting of Shareholders held on 11 April 2023, the decision was made to pay put dividends in total amount of EUR 12,059 thousand, i.e. EUR 0.0676 per share. During the Company's Ordinary General Meeting of Shareholders held on 20 April 2022, the decision was made to pay put dividends in total amount of EUR 9,901 thousand, i.e. EUR 0.0555 per share.

	2023	2022
Dividends per share	0.0676	0.0555

19. Reserves

Legal reserve

A legal reserve is a compulsory reserve under the laws of the Republic of Lithuania. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the authorised share capital.

The Company's legal reserve amounts to EUR 5,173 thousand and represents 10% of its authorised share capital.

Other reserves

Other reserves are formed by the decision of the Annual General Meeting of Shareholders regarding the proposed appropriation of profit. When approving the proposed appropriation of profit for 2022, an unutilised reserve for support of EUR 166 thousand was reclassified back to retained earnings, a EUR 3,827 thousand was transferred to other reserves of which EUR 471 thousand a target reserve for support. When approving the proposed appropriation of profit for 2021, the total amount of profit for appropriation of EUR 13,263 thousand was transferred to other reserves of which EUR 166 thousand a target reserve for support.

Revaluation reserve

Below is the impact of revaluation of property, plant and equipment on revaluation reserve as at 31 December 2023. More information on the revaluation is disclosed in Note 7.

	As at 31 December 2023
Carrying amount at the beginning of the period	**-**
PP&E revaluation impact	3,255
Effect of deferred income tax	(488)
Carrying amount at the end of the period	**2,767**

Pursuant to Articles 39, 42, 51 and 59 of the Law on Companies of the Republic of Lithuania, no part of the revaluation reserve may be distributed, either directly or indirectly, it may be used only to increase the issued capital. The general meeting of shareholders may not adopt a decision to pay dividends if the equity capital of the company is lower or upon payment of dividends would become lower than the revaluation reserve, i.e. the use of the revaluation reserve for profit/loss allocation is prohibited.

20. Grants

Grants comprise grants for the acquisition of non-current assets and compensation of expenses. Movements in grants in 2023 and 2022 were as follows:

Opening balance	As at 31 December 2023	As at 31 December 2022
Grants receivable (Note 13)	6,976	10,330
Grants received in advance (current liabilities)	(107)	(151)
	6,869	**10,179**
Recognised grants		
Transfer to property, plant and equipment (Note 7)	14,686	6,023
Transfer to intangible assets (Note 6)	-	-
Write-off	-	(5)
Grants used for compensation of expenses	**54**	**101**
	14,740	**6,119**
Grants received		
Grants received as cash	14,259	9,429
	14,259	**9,429**
Grants received in the form of assets	**-**	**-**
Closing balance		
Grants receivable (Note 13)	7,360	6,976
Grants received in advance (current liabilities)	(10)	(107)
	7,350	**6,869**

21. Borrowings

On 30 June 2023, the Company fully repaid the long-term loan of EUR 30,000 thousand under the agreement with OP Corporate Bank pic Lithuanian branch signed in 2018. After fulfilling this obligation, as at 31 December 2023, the Company had two long-term loan agreements with Nordic Investment Bank and European Investment Bank.

The balance of borrowings from Nordic Investment Bank, less the current portion of non-current borrowings, amounted to EUR 13,043 thousand as at 31 December 2023 (31 December 2022: EUR 15,217 thousand).

The balance of the borrowing from European Investment Bank, less the current portion of the non-current borrowing, amounted to EUR 47,918 thousand as at 31 December 2023 (31 December 2022: EUR 58,279 thousand) The significant change was driven by the early repayment of the EUR 7,000 thousand loan in 2023.

To balance its working capital, on 1 March 2022 the Company and EPSO-G entered into a cash pool contract, based on which the maximum borrowing limit (overdraft) from EPSO-G was set in amount of EUR 40,000 thousand. On 12 July 2023, an additional arrangement was made to increase the borrowing limit to EUR 70,000 thousand. As at 31 December 2023, the Company's borrowings under this contract amounted to EUR 25,009 thousand (31 December 2022: EUR 9,571 thousand).

As at 31 December 2023, the weighted average interest rate on the Company's borrowings was 2.60% (31 December 2022: 1.53%). A EUR 48,095 thousand loan is subject to a variable interest rate, and a EUR 43,525 thousand loan is subject to a fixed interest rate. The interest rate is linked to variable 3-6-month EURIBOR rate.

As at 31 December 2023, the Company complied with the covenants and obligations set forth in the loan agreements with the abovementioned banks.

	As at 31 December 2023	As at 31 December 2022
Non-current borrowings	**60,962**	**73,496**
Current borrowings	**31,084**	**27,466**
Current borrowings (EPSO-G)	25,009	9,571
Current portion of non-current borrowings	5,649	17,895
Accrued interest payable	426	-
Total borrowings	**92,046**	**100,962**

Borrowings grouped by maturity:

	As at 31 December 2023	**As at 31 December 2022**	**As at 31 December 2023**	**As at 31 December 2022**
	Borrowings with a fixed interest rate	**Borrowings with a fixed interest rate**	**Borrowings with a variable interest rate**	**Borrowings with a variable interest rate**
2023	-	1,475	-	16,420
2024	2,951	2,951	2,699	3,158
2025	2,951	2,951	2,699	3,158
2026	2,951	2,951	2,699	3,158
2027	2,951	2,951	2,699	3,158
2028	2,951	2,951	2,699	3,158
2029	2,951	2,951	2,699	3,158
2030	2,951	2,951	2,699	3,158
2031	2,951	2,951	525	984
2032	2,951	2,951	524	983
2033	2,951	2,951	524	983
2034	2,951	2,951	524	983
2035	2,951	2,951	524	983
2036	2,951	2,951	524	983
2037	2,951	2,951	524	983
2038	2,211	2,211	524	983
	43,525	**45,000**	**23,086**	**46,391**

All borrowings of the Company were obtained in the euros, and therefore, the outstanding balances of borrowings were denominated in the euros for the period from 31 December 2023 and 2022, thereby resulting in no foreign exchange effect.

There are no third-party guarantees or assets pledged by the Company as a collateral for bank borrowings.

Reconciliation of net debt to cash flows from financing activities between 2023 and 2022:

	Cash	Borrowings	Lease liabilities	Total
Net debt as at 31 December 2021	**12**	**(104,917)**	**(3,812)**	**(108,717)**
Changes in cash and cash equivalents	9	-	-	9
Loan (received)	-	-	-	-
Loan repaid	-	10,174	-	10,174
Change in overdraft	-	(6,287)	-	(6,287)
Lease payments	-	-	387	387
Concluded lease contracts	-	-	(105)	(105)
Lease modifications	-	-	-	-
Other movements				
Interest charges expensed and interest capitalised	-	(623)	(30)	(653)
Interest paid	-	512	30	542
Other non-cash changes	-	4	16	20
Net debt as at 31 December 2022	**21**	**(101,137)**	**(3,514)**	**(104,630)**
Changes in cash and cash equivalents	100	-	-	100
Loans (received)	-	-	-	-
Loans repaid	-	24,780	-	24,780
Change in overdraft	-	(15,437)	-	(15,437)
Lease payments	-	-	512	512
Concluded lease contracts	-	-	(217)	(217)
Lease modifications	-	-	(31)	(31)
Other changes	-	-	-	-
Interest charges expensed and interest capitalised	-	(2,071)	(30)	(2,101)
Interest paid	-	1,834	30	1,864
Other non-cash changes	-	(15)	-	(15)
Net debt as at 31 December 2023	**121**	**(92,046)**	**(3,250)**	**(95,175)**

22. Lease liabilities

Lease liabilities and their movement were as follows:

	As at 31 December 2023	As at 31 December 2022
Carrying amount of lease liabilities as at 1 January	**3,514**	**3,812**
Indexation	31	-
Concluded lease contracts	217	105
Termination of lease (write-off of debt and accrued interest)	-	-
Interest charged	30	30
Lease payments (principal and interest)	(542)	(433)
Carrying amount as at 31 December	**3,250**	**3,514**
Non-current lease liabilities	2,933	3,012
Current lease liabilities	317	502

Lease liabilities	As at 31 December 2023	As at 31 December 2022
Current portion	317	502
Maturity of non-current liabilities:	2,933	3,012
Between 1 and 2 years	295	247
Between 2 and 3 years	291	222
Between 3 and 5 years	386	404
After 5 years	1,961	2,139

Interest charged on lease liabilities and included in the Group's finance costs amounted to EUR 30 thousand as at 31 December 2023 (31 December 2022: EUR 31 thousand).

The Company has a lease contract for office premises with variable lease payments not included in the value of lease liabilities. As from 1 January 2023, the lease rate for office premises may be revised in view of changes in the average consumer price index as a result of inflation, however, to an extent not higher than 2%. In 2023, the Company's lease payments (principal amount) totalled EUR 542 thousand (2022: EUR 433 thousand). The Company had no short-term lease contracts. The EUR 142 thousand lease payments were recognised as expenses under low-value leases which are not part of the lease liabilities.

23. Contract liabilities

Funds from connection of new system users to the gas transmission system are recognised as liabilities under contracts with customers.

Contract liabilities included as follows:

	As at 31 December 2023	As at 31 December 2022
Non-current portion of contract liabilities under connection contracts	1,530	1,271
Total non-current contract liabilities	**1,530**	**1,271**
Current portion of contract liabilities under connection contracts	70	34
Prepayments received for connection services	-	318
Total current liabilities under contracts with customers	**70**	**352**
Total contract liabilities	**1,600**	**1,623**

24. Provisions

	As at 31 December 2023	As at 31 December 2022
Provisions for pension benefits to employees	774	738
Provisions for registration of special land use conditions (protected areas)	356	1,024
Carrying amount	**1,130**	**1,762**
Non-current provisions	667	998
Current provisions	463	764

Movement in provisions:

	Provisions for pension benefits to employees	Provisions for registration of protection zones	Total
Carrying amount as at 31 December 2021	**602**	**2,157**	**2,759**
Calculated	136	-	136
Revised estimate	-	(889)	(889)
Payments made	-	(244)	(244)
Carrying amount as at 31 December 2022	**738**	**1,024**	**1,762**
Calculated	36	-	36
Revised estimate	-	(264)	(264)
Payments made	-	(404)	(404)
Carrying amount as at 31 December 2023	**774**	**356**	**1,130**

As at 31 December 2023, the Company's and the Group's employee benefit obligations related to payment of one-off benefits to employees leaving the Company at retirement age amounted to EUR 774 thousand (31 December 2022: EUR 738 thousand). There are no other long-term employee benefit obligations for long-term service of employees as per the collective agreement.

Key assumptions used in assessing the Company's and the Group's long-term employee benefit obligations are given below:

	As at 31 December 2023	As at 31 December 2022
Discount rate	1.24%	0,83%
Annual employee turnover rate	6.91%	7,65%
Annual salary growth	3.00%	4,00%
Average time to retirement (years)	19.81	20,06

The Company has obligation to register special conditions for the use of land (protection zones). As at 31 December 2023 and 2022, the Company re-measured the provision for registration of special land use conditions (protected areas) and the related intangible assets in view of changes in assumptions. As at 31 December 2023, the provision reduced by EUR 264 thousand (31 December 2022: EUR 889 thousand). The Company's outstanding obligation to register special conditions for the use of land (protection zones) amounted to EUR 356 thousand as at 31 December 2023 (as at 31 December 2022, EUR 1,024 thousand).

25. Trade payable

	As at 31 December 2023	As at 31 December 2022
Payables for property, plant and equipment	900	3,159
Payables for goods and services	1,892	2,043
Payables for repair services	127	244
Payables for natural gas	1	2,600
Payables for balancing services	2,415	5,622
	5,335	**13,668**

Trade payables are interest free and their settlement term is typically between 30 and 60 days.

26. Prepayments received

	As at 31 December 2023	As at 31 December 2022
Financial liabilities		
Security deposits received	528	422
Total financial liabilities	**528**	**422**
Non-financial liabilities		
Contract liabilities	70	352
Advance grants received	6	60
Other accrued revenue	4	47
Other prepayments received	14	1
Total non-financial liabilities	**94**	**460**
Total prepayments received and contract liabilities	**622**	**882**

As at 31 December 2023, prepayments received amounted to EUR 528 thousand and comprised security deposits received from the system users as a contract enforcement measure. The system user, before entering into the transmission contract, must provide the Company with appropriate contract enforcement measures.

27. Other amounts payable and current liabilities

	As at 31 December 2023	As at 31 December 2022
Non-financial liabilities		
Administered LNG terminal funds payable	8,906	7,635
Accrued administered LNG terminal funds1)	471	328
Real estate tax payable	732	666
Payable value added tax	-	-
Other taxes payable	19	29
Other payables	-	-
Total non-financial liabilities	**10,128**	**8,658**
Financial liabilities		
Payable CBCA contribution	27,450	27,450
Payable dividends	65	58
Other payables	1	-
Accrued expenses	1,089	976
Derivative liabilities	364	-
Total financial liabilities	**28,969**	**28,484**
Total other payables	**39,097**	**37,142**

[1)] Accrued LNG terminal funds under administration are accounted for upon issuing a VAT invoice to the natural gas system users. Accrued LNG terminal funds under administration are classified as payable LNG terminal funds when a VAT invoice is issued to the Company for the extra charge on the natural gas transmission price related to natural gas supply security.

Other payables of EUR 27,450 thousand include the commitment to pay CBCA contribution. In accordance with the cross-border cost allocation principles, as part of GIPL project, the CBCA contribution will be paid to the Polish transmission system operator upon receipt of its payment request based on the audited value of the GIPL pipeline construction works on the Polish side.

28. Revenue

The Group's and the Company's revenue includes as follows:

	Group		Company	
	2023	2022	2023	2022
Revenue under contracts with customers				
Transmission of natural gas in the territory of Lithuania	67,364	65,383	67,364	65,383
Revenue from system balancing products	12,544	30,569	12,544	30,569
Revenue from trading on exchange	812	1,364	-	-
Revenue from connection of new consumers (deferred revenue)	42	33	42	33
Other income	90	190	10	-
Total revenue from contracts with customers	**80,852**	**97,539**	**79,960**	**95,985**
Revenue other than under contracts with customers				
Revenue from administration of LNG terminal funds	69	61	69	61
Total revenue other than under contracts with customers	69	61	69	61
Total revenue	**80,921**	**97,600**	**80,029**	**96,046**

	Group		Company	
	2023	2022	2023	2022
Revenue recognised over the period				
Transmission of natural gas in the territory of Lithuania	67,364	65,383	67,364	65,383
Revenue from transmission system balancing service	12,544	30,569	12,544	30,569
Membership revenue	-	85	-	-
Other income	201	266	121	94
Total revenue recognised over the period	**80,109**	**96,303**	**80,029**	**96,046**
Revenue recognised at a point in time, upon provision of services				
Revenue from trading on exchange	812	1,297	-	-
Total revenue recognised at a point in time, upon provision of services:	**812**	**1,297**	**-**	**-**
Total revenue under contracts with customers	**80,921**	**97,600**	**80,029**	**96,046**

29. Other income

The Group's other income includes as follows:

	Group		Company	
	2023	2022	2023	2022
Grants recognised as income	54	101	54	101
Sale of goods	875	248	875	248
Rental income	1	23	1	23
Gain on disposal of PP&E	19	47	19	47
Interest on late payment	40	27	40	27
Other income	319	160	319	160
	1,308	**606**	**1,308**	**606**

30. Dividend income

	Group		Company	
	2023	2022	2023	2022
Dividend income	-	-	542	598

In 2023 the Company received EUR 542 thousand in dividends (2022: EUR 598 thousand) from its subsidiary GET Baltic.

31. Purchase of natural gas

Purchase of the Group's and Company's natural gas were consisted of:

	Group		Company	
	2023	2022	2023	2022
Expenses for natural gas system balancing products	(18,210)	(26,827)	(18,210)	(26,827)
Expenses for natural gas technological needs	(7,142)	(13,007)	(7,142)	(13,007)
Total	**(25,352)**	**(39,834)**	**(25,352)**	**(39,834)**

32. Other expenses

Other expenses of the Group and Company were consisted of:

	Group		Company	
	2023	2022	2023	2022
Telecommunications and IT system expenses	(2,336)	(1,953)	(2,285)	(1,840)
Business trips	(259)	(187)	(259)	(187)
Consulting services	(117)	(162)	(117)	(162)
Expenses of governing bodies	(92)	(48)	(92)	(48)
Management services	(349)	(127)	(349)	(127)
Personnel development	(227)	(149)	(227)	(149)
Public relations	(236)	(201)	(236)	(201)
Premise expenses	(1,071)	(759)	(1,071)	(759)
Transport	(702)	(735)	(702)	(735)
Council fee	(1,321)	(913)	(1,321)	(913)
Taxes	(2,979)	(2,808)	(2,979)	(2,808)
Business protection	(542)	(500)	(542)	(500)
Membership fees	(242)	(238)	(242)	(238)
Insurance	(520)	(216)	(520)	(216)
Other expenses	(2,426)	(1,910)	(2,409)	(1,879)
Total	**(13,419)**	**(10,906)**	**(13,351)**	**(10,762)**

33. Financing activities

	Group		Company	
	2023	2022	2023	2022
Interest income	454	-	9	-
Interest income on late payments	-	10	-	10
Other	13	35	13	11
Total finance income	467	45	22	21
Interest on borrowings	(1,778)	(603)	(1,778)	(603)
Other finance costs	(3)	(161)	(2)	(39)
Total finance costs	(1,781)	(764)	(1,780)	(642)
Net financial result	**(1,314)**	**(719)**	**(1,758)**	**(621)**

34. Current and deferred income tax

Income tax expenses include as follows:

	Group		Company	
	2023	2022	2023	2022
Current income tax expense for the reporting year	(140)	(98)	-	(1)
Deferred income tax expenses (benefit)	(567)	(2,367)	(567)	(2,367)
Income tax expenses/(benefit) for the reporting period	**(707)**	**(2,465)**	**(567)**	**(2,368)**

Movements in deferred income tax assets and liabilities (before offsetting the amounts relating to the same tax authority) were as follows:

Deferred income tax assets	PP&E revaluation (impairment)	Fees on connection of new consumers	Impairment of inventories and receivables	Accrued expenses	Unutilised investment incentive	Other	Total
As at 31 December 2021	**2,490**	**201**	**71**	**261**	**4,608**	**-**	**7,631**
Recognised in profit or loss	(148)	(5)	15	42	(2,416)	145	(2,367)
Recognised in other comprehensive income	-	-	-	-	-	-	-
As at 31 December 2022	**2,342**	**196**	**86**	**303**	**2,192**	**145**	**5,264**
Recognised in profit or loss	1,068	44	(6)	61	(1,744)	56	(521)
Recognised in other comprehensive income	-	-	-	-	-	-	-
As at 31 December 2023	**3,410**	**240**	**80**	**364**	**448**	**201**	**4,743**

Deferred tax liabilities	Effect of capitalisation of interest	PP&E revaluation	Total
As at 31 December 2021	**(122)**	**-**	**(122)**
Recognised in profit or loss	(1)	-	(1)
Recognised in other comprehensive income	-	-	-
As at 31 December 2022	**(123)**	**-**	**(123)**
Recognised in profit or loss	(46)	-	(46)
Recognised in other comprehensive income	-	(488)	(488)
As at 31 December 2023	**(169)**	**(488)**	**(657)**

	As at 31 December 2023	As at 31 December 2022
Deferred tax assets before valuation allowance	**4,743**	**5,264**
Less: valuation allowance	-	-
Less: deferred tax assets offset against deferred tax liabilities	(657)	(123)
Deferred tax asset, net	**4,086**	**5,141**

Deferred income tax, net, at 31 December 2021	7.508
Deferred income tax, net, at 31 December 2022	5.141
Deferred income tax, net, at 31 December 2023	4.086

According to the provisions of the Law on Corporate Income Tax, income tax relief may be applied to investments in non-current assets meeting the criteria set out in the Law on Corporate Income Tax. When calculating income tax for the year 2023 the Company utilised the income tax incentive and reduced the income tax expenses for the year 2023 by the total amount of EUR 40 thousand (2022: EUR 266 thousand).

Under the assessment of the Company EUR 888 thousand net deferred income tax will be realized within 12 months, EUR 3,198 thousand over a period of more than 12 months.

Deferred income tax assets and deferred income tax liabilities were offset in the Group's and the Company's statement of financial position, as they were related to the same tax authority.

When estimating the components of deferred income assets and liabilities in 2023 and 2022, the Group and the Company applied income tax rate of 15%.

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

	2023	2022
Profit (loss) before tax	13,992	18,088
Income tax (expenses) at the effective income tax rate	(2,099)	(2,713)
Non-deductible expenses, non-taxable income	(29)	80
Disposal of subsidiary and revaluation of the remaining investment in associate	1,521	-
Investment relief utilised during the reporting period	40	266
Other	-	-
Additional unutilised investment incentive	-	-
Adjustments to previous year income tax	-	(1)
	(567)	**(2,368)**

35. Basic and diluted earnings per share

Basic and diluted earnings (loss) per share reflect net profit (loss) divided by the weighted average number of shares. There are no diluting instruments, therefore, the basic and diluted earnings (loss) per share are the same. Calculation of basic and diluted earnings (loss) per share is presented below:

	Group	
	2023	2022
Net profit attributable to equity holders of the Group (EUR '000)	13,013	15,665
Weighted average number of shares ('000 units)	178.383	178.383
Basic and diluted earnings (loss) per share (EUR)	**0.07**	**0.09**

36. Cash flows from investing and financing activities

The impact of significant investment and financing transactions, classified as non-cash transactions, on the cash flows from financing and investing activities is disclosed below.

When calculating cash flows from investing and financing activities as at 31 December 2023, the Company took into consideration the following: changes in payables for non-current assets of EUR 2.260 thousand, re-measurement of provision for registration of special land use conditions and related intangible assets of EUR 264 thousand, payments made to set special land use conditions of EUR 404 thousand, and capitalised interest costs of EUR 329 thousand. Reclassification from non-current assets (including construction work in progress) to inventories and assets held for sale amounted to EUR 59 thousand, and change in grants receivable to EUR 427 thousand.

When calculating cash flows from investing and financing activities as at 31 December 2022, the Company took into consideration the following: changes in payables for non-current assets of EUR 28,468 thousand, re-measurement of provision for registration of special land use conditions and related intangible assets of EUR 889 thousand, payments made to set special land use conditions of EUR 238 thousand, and capitalised interest costs of EUR 21 thousand. Reclassification from non-current assets (including construction work in progress) to inventories and assets held for sale amounted to EUR 80 thousand, and change in grants receivable to EUR 3,410 thousand.

37. Financial assets and liabilities and risk management

As the Company carries out its operations, it is exposed to financial risks. By managing the risks, the Group and the Company seek to mitigate the impact of factors that might have an adverse effect on the financial performance. The Company follows the Group's Treasury and Financial Risk Management Policy.

Financial instruments by category based on the items of the statement of financial position:

Financial assets	Note	As at 31 December 2023	As at 31 December 2022
Financial assets at fair value through profit or loss		**1,226**	**-**
Derivatives	10	1,226	-
Financial assets at amortised cost		**10,181**	**18,959**
Trade receivables	12	9,030	18,498
Other receivables	13	502	17
Cash and cash equivalents	15	121	21
Other financial assets	14	528	423
Total financial assets:		**11,407**	**18,959**

Financial liabilities	Note	As at 31 December 2023	As at 31 December 2022
Financial liabilities at fair value through profit or loss		**364**	**-**
Derivatives	10	364	-
Financial liabilities measured at amortised cost		**126,514**	**143,536**
Borrowings	21	92,046	100,962
Trade payables	25	5,335	13,668
Other payables and liabilities	27	29,133	28,906
Total		**126,878**	**143,536**

The table below provides information on the values of balance sheet items exposed to credit risk:

	Note	As at 31 December 2023	As at 31 December 2022
At fair value through profit or loss	10	1,226	-
At amortized cost	37	10181	18959
Contract assets	13	1798	2780
		13,205	**21,739**

Liquidity risk

Liquidity risk is managed continuously by making short-term and long-term cash flow forecasts of the Group. Where necessary, the Company relies on the forecasts to make decisions aimed at ensuring its solvency, i.e. uses the credit limit on EPSO-G's cash pool account to balance its working capital. The cash pool agreements concluded with EPSO-G UAB is effective until 28 February 2025. Balance of undrawn credit limit as at 31 December 2023 was EUR 44,991 thousand (as at 31 December 2022, EUR 30,429 thousand).

The Group's liquidity ratios (after elimination of effects of the LNG terminal funds under administration) were as follows as at 31 December 2023 and 2022:

	As at 31 December 2023	As at 31 December 2022
Current ratio	0.36	0.89
Quick ratio	0.28	0.84

Decrease in trade receivables resulted in changes in liquidity indicators. Moreover, decrease in inventories had impact on the current ratio. With the balance of undrawn credit limit, the liquidity ratio would be 0.99 as at 31 December 2023.

The table below presents the Company's financial liabilities grouped by maturity as at 31 December 2023 and 2022, based on the undiscounted contractual payments (scheduled payments including interest):

	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	After 5 years	Total
Interest-bearing borrowings and liabilities	11,103	17,533	27,166	51,649	107,451
Lease liabilities	125	406	974	3,281	4,786
Other liabilities	1,456	27,450	-	-	28,906
Trade payables	13,668	-	-	-	13,668
Balance as at 31 December 2022	**26,352**	**45,389**	**28,140**	**54,930**	**154,811**
Interest-bearing borrowings and liabilities	27,653	4,427	26,129	40,501	98,710
Lease liabilities	101	251	1,075	3,081	4,508
Other current liabilities	1,683	27,450	364	-	29,497
Trade payables	5,335	-	-	-	5,335
Balance as at 31 December 2023	**34,772**	**32,128**	**27,568**	**43,582**	**138,050**

Credit risk

The maximum exposure to credit risk is equal to the amount of trade receivables (except for receivable LNG terminal funds), other receivables, cash, other financial assets, grants receivable and funds transferred by gas exchange participants, less recognised impairment losses. Delays in settlement of significant amounts of trade receivables may affect the Company's ordinary course of business and lead to search of additional financing sources. Credit risk is managed through regular monitoring procedures (individual supervision of debtors, monitoring and analysis of customers in order to identify potential solvency issues that may arise in the future, etc.). The Company has approved the description of administration of payments for the transmission services, which stipulates the specific actions and deadlines to be followed in order to reduce the outstanding balance of trade receivables. Creditworthiness of all customers is assessed, and in case of any deviations from the criteria set out in the Description of administration of payments for the transmission services, the risk is assessed individually in respect of creditworthiness of each customer, and, if necessary, additional credit enhancements are ensured to eliminate such risk. The Company is exposed to significant concentration of credit risk. The credit risk exposure is distributed among the Company's 10 major customers with trade receivables from them representing 82% of the Company's total trade receivables as at 31 December 2023 (31 December 2022: 81%).

The Group's exposure to credit risk arises from cash at bank. The level of exposure depends on the credibility of the selected bank (Note 15). The Group has an effective treasury and financial risk management policy in place.

The policy establishes the credibility level of the banks selected for partnership; the diversification limits for funds kept as deposits or invested in the investment products of banks or their subsidiaries, other securities, etc.

The credibility of the selected partners is assessed according to the procedure established at the Company. The system users assigned with the highest risk level are assessed by engaging an entity that provides specialised creditworthiness assessment services, and an exchange participant willing to make a purchase order is required to provide a credit enhancement (advance payment or bank guarantee).

The Group does not issue guarantees to secure the fulfilment of obligations of other parties.

Interest rate risk

As at 31 December 2023 and 2022, the Group had borrowings with variable interest rates. Exposure to interest rate risk arises from variable interest rates that are linked to EURIBOR. In view of the situation in market of the interbank offered rates, the Group did not enter into any financial instrument transactions intended to manage the interest rate risk during 2023 and 2022.

The table below demonstrates the sensitivity of the Company's profit before tax to theoretic potential shifts in EURIBOR interest rates, with all other variables held constant. The Company estimates sensitivity using 100 basis points, which make 1%.

There is no impact on the Company's equity, other than that on current year profit.

	Increase in EURIBOR, b.p.	Impact on profit before tax, EUR '000
As at 31 December 2023	100	(1.230)
As at 31 December 2022	100	(2.031)

Natural gas price risk

The Group is exposed to a risk arising from changes in the natural gas purchase price. The changes are driven by fluctuations in Lithuanian and international natural gas markets and exchanges. In 2023, the Group did not take any measures to mitigate the natural gas price risk.

Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's major financial assets and liabilities not carried at fair value are trade and other receivables, trade and other payables, current and non-current loans granted and borrowings, and finance lease.

The following methods and assumptions are used by the Group and the Company to estimate the fair value of each class of financial instruments:

a. The carrying amount of current trade and other amounts receivable, current trade and other amounts payables approximates their fair value (level 3);
b. The fair value of non-current loans received and granted is measured using the interest rate for the same or similar issues or on the current rates available for debt with the same maturity profile and similar credit risk. The Group estimated that the carrying amount of interest-bearing long-term loans was EUR 11,627 thousand as at 31 December 2023 (EUR 10,931 thousand as at 31 December 2022).

38. Consideration of climate change impact

According to the Company's management, more stringent EU environmental policy requirements introduced in the context of combating climate change, promotion and development of renewable energy sources and more efficient use of energy will reduce consumption of natural gas for both energetic and industrial domestic needs. However, natural gas will play an important role as a transition energy in achieving European and national targets of reducing greenhouse gas emissions. A key goal se in the Company's strategy is to work together on Lithuania's energy transformation towards a climate neutral economy. One of the main sustainability objectives of the Company is to mitigate the environmental impact of its operations.

To significantly reduce the impact on environment, the plan of measures has been developed and consistently implemented: pilot projects are planned, market analysis is carried out, investment plans are created. Actions are focused on preparing for the new EU legal framework for methane emissions.

In the view of the Company's management, the requirements related to climate change do not cast doubt on the Company's ability to continue as a going concern, and the estimates and assumptions do not pose a significant risk of material adjustments to the carrying amounts of assets and liabilities, or of impairment of non-current assets and inventories.

39. Off-balance sheet commitments and contingencies

Litigations

Currently, the Company is involved in one civil case regarding award of the LNG terminal funds of EUR 4,678 thousand and late interest of EUR 818 thousand from Achema AB under the natural gas transmission service contracts of 21 December 2012 and 22 December 2014. The District Court of Kaunas suspended the proceedings, as it is pending the decision of the European Commission 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 the EU law.

On 12 September 2023, the Company submitted a statement to the Kaunas District Court regarding the increase of the claim (hereinafter the "Statement"), asking the Court to award EUR 974 thousand of late interest from Achema AB in favour of the Company and EUR 6,024 thousand of LNG terminal surcharge funds under the said contracts. The issue of acceptance of the Company's Statement will be decided by the Kaunas District Court after resuming the proceedings.

In respect of the civil case regarding award of the LNG terminal funds, the Company acts solely as an administrator of the LNG terminal funds, transfers the LNG terminal funds to their recipients only after collecting them from the buyers, and accordingly, the Company does not incur credit risk in respect of the disputed amount.

Commitments to acquire non-current assets

As at 31 December 2023, the Company had off-balance sheet contractual commitments to acquire non-current assets for the amount of EUR 1.3 million (31 December 2022: EUR 18.7 million).

The Company have not received any insurance payment to cover damage of EUR 132 thousand incurred during the fire. Management expects to receive the insurance claim. The receipt of the insurance payment is not time-bound until the incident investigations are completed, but this should not result in a significant change in the amount of the insurance payment.

40. Related-party transactions

Disclosure includes transactions and their balances with the EPSO-G group companies, subsidiary GET Baltic UAB, all state-owned enterprises or entities under significant influence of the State (transactions with such entities are disclosed separately only if the amount of the transactions exceeds EUR 100,000 per calendar year), management and their close family members.

The Group's and the Company's related parties as at 31 December 2023 and 2022 were as follows:

- the Company's parent company EPSO-G UAB, which is wholly owned by the Lithuanian Ministry of Energy;

EPSO-G Group companies:

- Litgrid AB (common shareholders);
- TETAS UAB (common shareholders);
- Baltpool UAB (common shareholders);
- Energy Cells UAB (common shareholders);

Associate GET Baltic.
The companies of Ignitis Grupė AB:

- Energijos Skirstymo Operatorius AB
- Ignitis UAB
- Ignitis Gamyba UAB
- Transporto Valdymas UAB
- Ignitis Polska sp. z.o.o.
- Other companies of Ignitis Grupė AB.

Other state-owned enterprises:

- Klaipėdos Nafta AB (as from 10 January 2024, the legal name changed to KN Energies AB);
- VĮ Ignalinos Atominė Elektrinė (natural gas transmission agreement terminated on 1 February 2022);
- Other state-owned enterprises or entities under significant influence;
- Management

The tables below present the Company's related-party transactions and their balances as at 31 December 2023 and 2022:

	Purchases	LNG terminal funds (purchases)	Sales	LNG terminal funds (sales)	Receivables	LNG terminal funds receivable	(Proceeds) from borrowings	Payables	LNG terminal funds payable	Dividends received	Finance costs
GET Baltic UAB	19,210	-	4,801	-	796	-	-	5	-	4	-
EPSO-G	349	-	-	-	-	-	25,009	227	-	-	683
TETAS UAB	4	-	-	-	-	-	-	-	-	-	-
Ignitis gamyba AB	2,811	-	4,947	3,172	625	640	-	293	-	-	-
Energijos skirstymo operatorius AB	474	-	354	58	167	12	-	21	-	-	-
Ignitis UAB	4,845	11,235	13,024	2,796	1,457	528	-	704	4,932	-	-
Transporto valdymas UAB	401	-	-	-	-	-	-	40	-	-	-
KN Energies AB	-	-	-	-	-	-	-	-	3,975	-	-
Ignitis Polska sp. Z.o.o.	-	-	121	-	-	-	-	-	-	-	-
Other state-owned enterprises	184	-	-	-	-	-	-	2	-	-	-
	28,278	**11,235**	**23,247**	**6,026**	**3,045**	**1,180**	**25,009**	**1,292**	**8,907**	**4**	**683**

	Purchases	LNG terminal funds (purchases)	Sales	LNG terminal funds (sales)	Receivables	LNG terminal funds receivable	(Proceeds) from borrowings	Payables	LNG terminal funds payable	Dividends received	Finance costs
GET Baltic UAB	42,143	-	14,000	-	214	-	-	2,604	-	598	-
EPSO-G	127	-	-	-	-	-	9,571	54	-	-	81
TETAS UAB	4	-	30	-	-	-	-	-	-	-	-
Ignitis gamyba AB	1,475	-	7,460	6,368	1,019	432	-	378	-	-	-
Energijos skirstymo operatorius AB	2,630	-	270	-	49	8	-	15	-	-	-
Ignitis UAB	13,091	18,996	22,749	6,163	1,876	402	-	2,334	3,660	-	-
Transporto valdymas UAB	402	-	-	-	-	-	-	43	-	-	-
KN Energies AB	-	10,729	-	-	-	-	-	-	3,975	-	-
State Enterprise Ignalina Nuclear Power Plant	-	-	4	7	-	-	-	-	-	-	-
Ignitis Polska sp. Z.o.o.	74	-	214	-	38	-	-	-	-	-	-
Other state-owned enterprises	68	-	-	-	-	-	-	9	-	-	-
	60,014	**29,725**	**44,727**	**12,538**	**3,196**	**842**	**9,571**	**5,437**	**7,635**	**598**	**81**

There were no guarantees issued or received for payables to/receivables from related parties, the settlement term was between 15 and 30 days. As at 31 December 2023, the Company neither formed nor recognised any impairment provisions for receivables from related parties.

	2023	2022
Employment-related payments	805	673
Payments to Board members	92	48
	897	**721**

The management of the Company is deemed to include the Company's manager, the Technical Director, the Legal and Administration Director, the Commerce Director, the Organisational Progress Director, and the Finance Director. No loans, guarantees were issued nor were any assets transferred to the management of the Company.

As at 31 December 2023, the accrued vacation reserve attributable to the Company's management totalled EUR 94 thousand, and the financial incentives amounted to EUR 101 thousand.

41. Audit and non-audit services

In the period of from 2023 to 2022 the audit firm provided the following audit and non-audit services to the Group and to the Company. Information on non-audit services is disclosed based on the date of services rendered:

	Group		Company	
Nature of services	2023	2022	2023	2022
Audit services	77	45	77	34
Total audit services	**77**	**45**	**77**	**34**
Non-audit services				
Assurance and other related services	14	14	14	14
Other services	4	4	3	3
Total non-audit services:	**18**	**18**	**17**	**17**

Audit costs are shown in the statement of comprehensive income under other expenses.

42. Capital management

Under the Lithuanian Law on Companies, the Company is required to maintain its equity at no less than 50% of its authorised share capital. In 2023 and 2022, the Company and its subsidiary complied with this requirement. Under the Lithuanian Law on Companies, there are certain restrictions for distribution and payment of dividends. The Group‘s dividend policy defines the principles for setting, payment and declaration of dividends. There are no other external or intra-group imposed capital requirements on the Company.

43. Events after the end of the financial year

There were no other events after the reporting period until the date of approval of the financial statements that could have a material impact on the Company’s financial statements.

CONFIRMATION OF RESPONSIBLE PERSONS

27 March 2024

Following the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Nemunas Biknius, Chief Executive Officer of AB Amber Grid, Gytis Fominas, Chief Financial Officer of AB Amber Grid and Head of accounting Rasa Baltaragienė of AB Amber Grid, hereby confirm that, to the best of our knowledge, the attached AB Amber Grid consolidated and separate financial statements, for the period ended 31 December 2023, prepared in accordance with International Financial Reporting Standards adopted by the European Union, give a true and fair view of the AB Amber Grid and Group assets, liabilities, financial position, profit and cash flows. AB Amber Grid consolidated annual report for 2023 year gives a true and fair view of business developments and operating activities and AB Amber Grid and Group situation including a survey report of the principal risks and uncertainties.

Chief Executive Officer	Nemunas Biknius (The document is signed with a qualified electronic signature)
Chief Financial Officer	Gytis Fominas (The document is signed with a qualified electronic signature)
Head of accounting	Rasa Baltaragienė (The document is signed with a qualified electronic signature)

Independent auditor's report

To the shareholders of Amber Grid AB

Report on the audit of the separate and consolidated financial statements

Our opinion

In our opinion, the separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of Amber Grid AB (the "Company") and its subsidiary (together - the "Group") as at 31 December 2023, and of the Company's and of the Group's separate and consolidated financial performance and separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 27 March 2024.

What we have audited

The Group's consolidated and the Company's separate financial statements comprise:

- the consolidated and separate statement of financial position as at 31 December 2023;
- the consolidated and separate statement of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

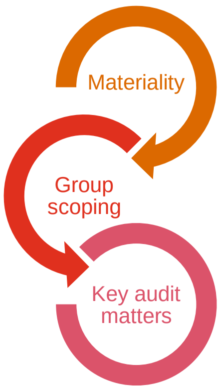
We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the separate and consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements.

The non-audit services that we have provided to the Company and the Group, in the period from 1 January 2023 to 31 December 2023 are disclosed in note 42 to the separate and consolidated financial statements.

Our audit approach

Overview



- Overall Group and Company materiality is the same and equals Eur 800 thousand.
- We performed a full scope audit of the Company. At the Group level we tested the consolidation process and performed analytical procedures to be able to report on the consolidated financial statements as a whole. Our audit addressed 100% of group assets and 99 % of revenue.
- Property, plant and equipment at revalued amount

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate and consolidated financial statements (together “the financial statements”). In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	Euro 800 thousand (Euro 900 thousand)
Overall Group materiality	Euro 800 thousand (Euro 900 thousand)
How we determined it	Overall Company and Group materiality represents 1% of average annual revenue for 3-year period
Rationale for the materiality benchmark applied	We chose revenue as the benchmark for the overall materiality because it is the measure against which the performance of the Company and the Group is assessed by

	the regulatory bodies as well as external creditors and other stakeholders. The Company and the Group's results depend on approved tariffs for regulated activities, therefore the Company's and Group's profit before tax fluctuates widely year over year, whereas its revenue is more stable and growth-oriented indicator which can be compared to other market participants. Because of 2021-2023 revenue fluctuations due to changes in energy prices, we chose average 3-year revenue figure as the benchmark. We chose 1% which are within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above Euro 40 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Property, plant and equipment at revalued amount (refer to Notes 2.6, 3 and 7) The Group applies the revaluation model for subsequent measurement of property, plant and equipment ('PPE'). As at 31 December 2023 the carrying value of PPE amounted to EUR 284,353 thousand, being its fair value at the date of the revaluation, less subsequent accumulated depreciation and impairment losses recognized until 31 December 2023. The Group's management performed the PPE revaluation in 2023. The total net revaluation loss for the Group amounted to EUR 4,685 thousand, of which the increase of EUR 3,255 thousand was recognised directly in equity, and the decrease of EUR 7,940 thousand was recognised in profit or loss. The valuation of gas transmission networks assets was carried out in the following stages: (i) replacement costs of new assets (RCN) were estimated; (ii) the physical deterioration and functional obsolescence of the assets was determined; and (iii) the economic	We obtained an understanding and evaluated management's policies, processes and controls in determination of fair values of items of PPE. We analysed management's valuation methodology and their assessment of changes in tariff setting regulations that occurred during 2023. We obtained the model for calculating the RCN and DRC, tested the reasonableness of inputs used and the determination of the physical deterioration and functional obsolescence of the assets for selected items, by comparing to recent construction prices of comparable new assets and verifying formulas and data used to arrive from RCN to DRC. We obtained the cash flow model used by the management to determine the economic obsolescence of PPE. We checked the model and tested whether it is mathematically accurate and that the results were accurately compared to the carrying values of PPE. We examined the management's assumptions which had material impact on the valuation results: the rate of return on regulated assets and

obsolescence of the assets was assessed (using the income approach). In determining the replacement costs, the management took into account asset-specific current information such as the cost of materials and works, or overall construction costs. Then physical deterioration and functional obsolescence of the assets was determined to estimate depreciated replacement cost (DRC) for each individual asset. The income approach was used to determine the economic obsolescence of the assets. Based on the results of the economic obsolescence test, the values of the assets determined by DRC method were reduced on a pro rata basis, except for assets for which such allocation would have resulted in a value lower than the asset's regulated asset base (hereinafter – RAB value). For such assets the RAB value was considered to be their fair value. The amount of reduction that would otherwise have been allocated to an asset was allocated pro rata to the other assets. Finally, the management compared previous carrying values of individual assets against revalued amounts determined using the approach described above, and calculated the revaluation gains or losses to be accounted through profit and loss, or other comprehensive income as appropriate. We focused on this area due to the significance of the PPE balance to the consolidated statement of financial position and because the management's assessment of fair values of PPE is an area of significant management judgement.	the discount rate, expected capital expenditures, values of regulated assets. As appropriate, we traced these assumptions to external or to the Company's internal sources of information. We involved our internal valuation experts to assist us in discount rate assessment and overall assessment of the methodology used in developing the valuation model. Also, we assessed sensitivity of the cash flow model to the changes in the rate of return and the discount rate. We also checked the allocation of the fair value surplus or reduction to individual items based on economic obsolescence principles and performed detailed fair value allocation testing for selected items. We also considered whether or not there was a bias in determining fair value. We have considered the adequacy and completeness of disclosures in Notes 2.6, 3 and 7.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Accordingly, we performed a full scope audit of the Company and, based on the size and risk characteristics, we tested the consolidation process and performed analytical procedures over financial results of the 5 - month period ended 31 May 2023 of the Company's subsidiary Get Baltic UAB to be able to report on the consolidated financial statements as a whole.

Reporting on other information including the consolidated annual report

Management is responsible for the other information. The other information comprises the consolidated annual report, including the corporate governance report, the remuneration report and social responsibility (sustainability) report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the consolidated annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the consolidated annual report, including the corporate governance report and the remuneration report, we considered whether the consolidated annual report, including the corporate governance report and the remuneration report, includes the disclosures required by the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings, the Law of the Republic of Lithuania on Reporting by Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the consolidated annual report, including the corporate governance report and the remuneration report, for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the consolidated annual report, including the corporate governance report and the remuneration report, has been prepared in accordance with the Law of the Republic of Lithuania on Consolidated Reporting by Groups of Undertakings and the Law of the Republic of Lithuania on Reporting by Undertakings.

The Company and the Group presented the social responsibility (sustainability) report as a part of the consolidated annual report.

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the format of the consolidated financial statements with the requirements of the European Single Electronic Reporting Format

We have been engaged based on the amendment to our audit agreement by the management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of the Group's consolidated financial statements, including the consolidated annual report, for the year ended 31 December 2023 (the "Single Electronic Reporting Format of the consolidated financial statements").

Description of a subject matter and applicable criteria

The Single Electronic Reporting Format of the consolidated financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the consolidated financial statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of the management and those charged with governance

The management of the Company is responsible for the application of the Single Electronic Reporting Format of the consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated financial statements complies, in all material aspects, with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' ("ISAE 3000 (R)"). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated financial statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Company's and the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Single Electronic Reporting Format of the consolidated financial statements for the year ended 31 December 2023 complies, in all material aspects, with the ESEF Regulation.

Report on the compliance of the format of the separate financial statements with the requirements of the European Single Electronic Reporting Format

The European single electronic reporting format has been applied by the management of the Company to the Company's separate financial statements to comply with the requirements of Article 3 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). These requirements specify the Company's obligation to prepare its separate financial statements in a XHTML format. We confirm that the European single electronic reporting format of the separate financial statements for the year ended 31 December 2023 complies with the ESEF Regulation in this respect.

Appointment

We were first appointed as auditors of the Company and the Group on 23 April 2015 and had an engagement appointment of 3 years for 2015-2017 audits. After a 2-year break our appointment was renewed for 2020-2022 audits and renewed again for 2023 audit on 30 August 2023, representing a total period of engagement appointment of 7 years, out of which 4 years represent the latest uninterrupted period of engagement.

The key audit partner on the audit resulting in this independent auditor's report is Rasa Radzevičienė.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė
Partner
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
27 March 2024

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report