Litgrid

# Integrated Annual Report

2025




Management Report and the Company's Financial Statements for the year ended 31 December 2025 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

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

EPSO-G Naujoji energetika · Amber Grid · Baltpool · ENERGY CELLS · EPSO-G Invest · Litgrid · TETAS

# CONFIRMATION OF RESPONSIBLE PERSONS

24 March 2026 Vilnius

Following the Law on Securities of the Republic of Lithuania and Rules on Information Disclosure approved by the Bank of Lithuania, we, Andrius Šemeškevičius, Chief Executive Officer of LITGRID AB, Vytautas Tauras, Chief Financial Officer of LITGRID AB and Asta Vičkačkienė, Head of Accounting Division of LITGRID AB, hereby confirm that, to the best of our knowledge, the attached LITGRID AB unaudited condensed interim financial statements for the period ended 31 December 2025 are prepared in accordance with the International Financial Reporting Standards adopted by the European Union give a true and fair view of the Company's assets, liabilities, financial position, profit and loss and cash flows; the management report for the year 2025 presents a fair overview of the business development and performance, the Company's financial position together with the description of its exposure to key risks and contingencies.

Andrius Šemeškevičius
Chief Executive Officer
(The document is signed by a qualified electronic signature)

Vytautas Tauras
Chief Financial Officer
(The document is signed by a qualified electronic signature)

Asta Vičkačkienė
Head of Accounting Division
(The document is signed by a qualified electronic signature)

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# Management report



# STATEMENT OF THE CHAIRMAN OF THE BOARD

Dear all,

I am pleased to present to you Litgrid's 2025 Integrated Annual Report.

In 2025, the Litgrid team achieved a historic milestone: on February 9, at 2:05 p.m., the Baltic countries' power systems were successfully synchronized with the power grids of Continental Europe. This achievement would not have been possible without more than 40 successfully implemented power transmission network projects in Lithuania, Poland, Latvia, and Estonia. Lithuania became the standard-bearer of synchronization—in terms of both projects and tests and studies conducted, as well as the dissemination of knowledge to the public and interested parties. Engineers and energy specialists prefer numbers over words, so here they are: 420 km of new power transmission lines, 230 km of reconstructed lines, 1,092 pylons, 13 new, expanded, or reconstructed substations and transformer stations, and 3 new autotransformers at the LitPol Link interconnection. All of this is just in Lithuania, and then there are 3 synchronous condencers in each of the Baltic countries.



„February 9, 2025, will go down in history as one of the most significant events in the energy sector—the synchronization of the Baltic countries' power grids with those of continental Europe."

In addition to synchronization, the development of renewable energy sources, ensuring reliable electricity transmission, and the continuation of grid modernization projects. In response to the geopolitical context, we have initiated programs to enhance the resilience of critical infrastructure, and to increase the integration of electricity markets and ensure further market development and competitiveness, we are implementing programs to strengthen interconnections.

One of our main operational goals is to be reliable partners in integrating large-scale solar, wind, and energy storage parks into the Lithuanian electricity transmission grid. Therefore, it is equally important that we connected a record amount—1.7 GW—of renewable energy power plants. By the end of the year, we also integrated the first two commercial energy storage facilities into the transmission grid.

By the end of 2025, the total permitted generation capacity of solar and wind power plants already operating in Lithuania, including both transmission and distribution networks, reached 5.6 GW and accounted for about three-quarters of the country's total electricity generation capacity, excluding storage facilities.

2025 was a historic year for local electricity generation in the country. Local power plants generated 73% of Lithuania's total annual electricity demand, the highest share since 2009, when the Ignalina Nuclear Power Plant was shut down. By comparison, in 2024, local power plants in Lithuania met 59% of the country's electricity demand.

Last year, electricity generation in Lithuania increased by 25%, and nearly three-quarters of the country's electricity demand was met by local power plants. For the first time in the country's history, power plants relying solely on wind, solar, and other renewable resources generated approximately 50% of the electricity consumed in Lithuania over the course of a year.

Looking to the future, we see Lithuania as the region's energy hub. By working with partners in Poland, Latvia, and other European countries, we are laying the groundwork for further integration of electricity markets and opportunities for new interconnections. This is the path to lower prices, greater competitiveness among producers, and more sustainable development across the entire region.

Tomas Varneckas,

Litgrid Chairman of the Board

# STATEMENT OF THE CEO

Dear all,

2025 was a year in which we entered a completely new stage of Lithuania's energy development.



„The year 2026 will be dedicated to further enhancing system resilience, expanding interconnections, improving balancing markets, integrating new technologies into the transmission network, and implementing smart solutions."

By synchronizing our electricity system with the Continental European network, we opened the country's path toward greater energy independence, innovation, and a leadership role in the region. This is not just a technical achievement – it is a key pillar of a long-term vision: a reliable, resilient, and green energy system that forms an integral part of Europe's infrastructure.

The year 2026 will focus on further strengthening system resilience, expanding interconnections, improving balancing markets, and integrating innovative technologies into the transmission network.

Last year, Litgrid completed all strategic synchronization projects: new transmission lines in western Lithuania and the Vilnius region, all three synchronous condencers, and the transmission network management systems. The scale and quality of this project did not go unnoticed: the Baltic synchronization was recognized as Project of the Year at the global PMI awards, acknowledging its successful and faster-than-planned implementation.

It was also a record year for renewable energy development. We connected 600 MW of wind and 200 MW of solar power plants to the transmission network, and total installed capacity of these sources in Lithuania increased to 5.6 GW. We also connected the first two electricity storage parks with a combined capacity of 119 MW. This is a major step toward the national goal of ensuring that all electricity consumed in Lithuania is produced domestically. Storage development will reduce price volatility and increase balancing market efficiency.

In 2025, we further strengthened the resilience of Lithuania's electricity system. The Critical Infrastructure Resilience Program expanded to 14 projects and more than 150 measures across various network nodes. Early this year, together with Baltic partners, we received EUR 113 million in EU funding to implement these solutions.

We are increasing interconnection capacity and advancing market integration: we plan to expand electricity exchanges with Poland and Latvia, and together with partners in Latvia and Germany, we are assessing the need and feasibility of a new interconnection. Significant attention was dedicated to the reliability of the transmission grid.

In 2025, electricity supply indicators improved significantly – average outage duration decreased to 0.41 minutes, and NOT transmitted energy volumes were more than twice as low as in previous years. Interconnection reliability also remained high – NordBalt availability exceeded 97%, and capacities between the Baltic States and Poland were ensured continuously.

Financially, 2025 was stable, although results were partly affected by temporary market and regulatory changes. Total revenues increased by 14%, transmission and ancillary service revenues grew, and adjusted EBITDA and adjusted net profit – key indicators of operational efficiency – grew at a double-digit rate. Annual investments amounted to EUR 166.3 million: more than one-third went to strategically important state projects, and the remainder to grid expansion, reconstruction, and operational support.

Litgrid also continued its commitments in the region. We further supported Ukraine's war-damaged energy sector – delivering the fourth high-voltage autotransformer and additional transmission equipment to help rebuild the grid. Solidarity with Ukraine remains an integral part of our mission.

The coming year will focus on further strengthening system resilience, expanding interconnections, improving balancing markets, integrating modern technologies into the transmission grid, and deploying smart solutions. We have a solid foundation – both from the results of completed projects and the professionalism and dedication of the entire Litgrid team. I am confident that we will continue building a reliable, modern, and competitive future for Lithuania's energy sector.

Andrius Šemeškevičius

Litgrid CEO

# 1. BASIC DETAILS

The report has been prepared for the period ending 31st December 2025.

## 1.1. The issuer and its contact details:

| | |
|---|---|
| **Name** | LITGRID AB (Litgrid or the Company) |
| **Legal form** | Public limited liability company |
| **Date and place of registration** | 16 November 2010, the Register of Legal Entities of the Republic of Lithuania |
| **Company code** | 302564383 |
| **LEI code** | 529900CTIUKTEFNNH157 |
| **Registry** | State registry centre |
| **Registered office address** | Karlo Gustavo Emilio Manerheimo g. 8, LT-05131, Vilnius |
| **Address for correspondence** | Karlo Gustavo Emilio Manerheimo g. 8, LT-05131, Vilnius |
| **Telephone** | +370 707 02171 |
| **Email and website** | info@litgrid.eu; www.litgrid.eu |

Litgrid is a part of the EPSO-G group of companies. EPSO-G UAB is a state-owned group of energy transmission and exchange companies. The rights and obligations of the shareholder of holding company EPSO-G UAB are implemented by the Ministry of Energy of the Republic of Lithuania. EPSO-G UAB owns 97.5 % of shares of Litgrid.

**Shares of other companies owned by Litgrid:**

| Title | RCC Baltic OÜ |
|---|---|
| **Country of incorporation** | The Republic of Estonia |
| **Registered office address** | Harju maakond, Tallinn, Mustamäe linnaosa, Kadaka tee 42, 12915 |
| **Litgrid's shares** | 33,3 of shares and voting rights attached thereto |
| **Major changes** | No major changes |

**Baltic RCC**

The Baltic Regional Coordination Center (RCC) provides network security services to the electricity transmission system operators of the Baltic countries - Litgrid of Lithuania, Elering of Estonia and AST of Latvia. RCC was established by the operators of the Baltic electricity transmission system of the three states in accordance with the requirements of the European Union's Clean Energy Package. The Baltic RCC is one of six European regional coordination centers.

The RCC implements five main tasks: calculates the capacity of the power line between countries, assesses the reliability and adequacy of the systems, plans to disconnect the line, and develops a model of the overall network. All this helps to ensure the smooth operation of the countries, which work more and more closely every day to prepare for synchronization, and after maintaining close relations, operating in the common network of continental Europe.

## 1.2. Activities of Litgrid

Litgrid is the Lithuanian electricity transmission system operator (TSO).

Litgrid's main activities: The company is responsible for maintaining the balance of electricity consumed and produced in the Lithuanian electricity system and reliable transmission of electricity, carries out strategic Lithuanian electricity projects, bases its vision and strategic operational guidelines on the principles established in the National Energy Independence Strategy (hereinafter - NEIS) for long-term purposes.

The most important areas of activity and responsibilities of Litgrid: support of the country's electricity infrastructure and integration with continental and Northern European electricity infrastructure; development of the electricity market and participation in the creation of a common electricity market of the Baltic States and Europe; Integration of the electricity systems of Lithuania and continental Europe for work in synchronous mode.

By systematically performing daily functions, ensuring uninterrupted and smooth operation of the electricity transmission system, implementing projects of national importance, the Company aims to create value for its customers - the Lithuanian society.

Litgrid not only transmits electricity through high-voltage lines, but also takes care of the reliability of the entire transmission network: it is important for us that electricity is always supplied to electricity consumers, and if a fault occurs, it is removed as soon as possible. Reliability of electricity supply is a guarantee of economic growth.

# 2. BUSINESS ENVIRONMENT

## 2.1. Main services

We maintain high-voltage electricity transmission networks and ensure the stable operation of the national electricity system, manage electricity flows, enable competition in the open electricity market, and are responsible for the functioning of Lithuania's electricity system within the European electricity infrastructure and common electricity market.

Electricity transmission is an intermediate link between electricity generation and distribution to consumers. Transmission networks are high-voltage networks (110–400 kV). The electricity transmission network consists of transmission lines and substations. Electricity lines are connected at substations, which contain high- and medium-voltage switchgear as well as transformers or autotransformers connecting them. In substation transformers, voltage is stepped down to the level of distribution networks or generators.

Electricity transmission activity is subject to licensing. Transmission service prices are regulated by the National Energy Regulatory Council (hereinafter – VERT), which sets the upper limits of these service prices.

## 2.2. Additional services

To maintain reliable system operation, we purchase frequency restoration reserve, steady-state voltage regulation, system black-start, generator availability, and isolated-operation reserve services from electricity market participants and provide additional services to consumers. The frequency restoration reserve is required when electricity generation suddenly decreases unexpectedly or electricity consumption increases.

### Trading of balance and imbalance

Litgrid ensures the balance between national electricity generation and consumption. Imbalance electricity is the electricity that is consumed or generated in deviation from agreed consumption or generation schedules. We organise imbalance electricity trading, purchase and sell imbalance electricity needed to maintain the balance of the national electricity system.

Balancing electricity is electricity purchased and/or sold on the instruction of the transmission system operator to perform the function of balancing national electricity consumption and production. We organise balancing electricity trading through auctions in which balancing electricity providers and foreign transmission system operators participate, provided they have the technical capability to rapidly change electricity generation and consumption modes and have signed a relevant contract with Litgrid.

### Issuance and Administration of Guarantees of Origin

By order of the Minister of Energy of the Republic of Lithuania, Litgrid has been designated as the entity authorised to issue, transfer, cancel, supervise, and control guarantees of origin for electricity produced from renewable energy sources, as well as to recognise guarantees of origin issued by other EU Member States and third countries in Lithuania.
A guarantee of origin is an electronic document, the sole purpose of which is to prove to the final consumer that all or part of the consumed energy was generated from renewable energy sources.

## 2.3. TSO clients

Our direct customers are transmission network users and suppliers of imbalance and balancing electricity: Transmission network users:

- distribution network operators ESO, UAB *Dainavos elektra*, AB *Achema* and AB *Akmenės cementas*;
- electricity consumers whose electrical equipment is connected to the electricity transmission network and who purchase electricity for consumption;
- electricity producers and energy storage facility developers connected to the transmission network;
- suppliers of imbalance and balancing electricity – electricity producers, storage facilities and electricity suppliers.

## 2.4. Electricity Transmission Performance Indicators and Network Reliability

According to the reliability and service quality requirements for electricity transmission approved by VERT, the following indicators are used to determine the reliability level: ENS (energy not supplied) – the amount of electricity not transmitted due to interruptions, and AIT (average interruption time) – the average duration of electricity transmission interruptions.

| TSO's operating indicators | 2025 | 2024 | 2023 |
|---|---|---|---|
| Quantity of electricity transmitted million kWh | 9,177 | 9,510 | 9,525 |
| ENS (Energy Not Supplied due to interruptions), MWh * | 10.121 | 24.275 | 23.232 |
| AIT (Average Interruption Time), min. * | 0.41 | 0.855 | 0.835 |

*NERC has set that annual AIT must not exceed 0.934 minutes and ENS must not exceed 27.251 MWh.

## 2.5. Inter-System Electricity Interconnections

Reliably operating inter-system connections are a crucial part of the system, enabling joint operation with the energy systems of Continental and Northern European countries and supporting the development of the common European market.

LitPol Link – a double-circuit interconnection from Alytus (Lithuania) to Elk (Poland) and the Alytus direct-current converter. From 1 January 2025 to 9 February 2025, the availability of the LitPol Link interconnection was 99.08%.

From 9 February 2025, LitPol Link is a double-circuit interconnection from Alytus to Elk, including three 400/330/10 kV autotransformers in Alytus. The link operates in alternating-current mode, and market capacity is assessed based on frequency stability to ensure the reliable operation of the Baltic electricity systems. From 9 February to 31 December, the Poland–Lithuania market-allocated capacity (no less than 70% of capacity) was ensured 99.3% of the time; Lithuania–Poland capacity was ensured 100% of the time. In 2025, the main factors affecting LitPol Link unavailability were scheduled maintenance and balancing reserve volumes.

NordBalt – one of the longest submarine cables in the world, significantly increasing electricity supply security for Lithuania and the Baltic States. In 2025, the availability of the NordBalt interconnection was 97.38%. The main factor affecting NordBalt unavailability was emergency outages on the Swedish side. The Lithuania–Latvia inter-system market capacity in 2025 was ensured 100% of the time.

## 2.6. Electricity Grid Maintenance

In Lithuania, Litgrid employees maintain approximately 7,193.56 km of overhead high voltage lines and 354.48 km of underground high voltage cable lines, as well as 251 transformer substations and switchyards, and 1 high voltage direct current converter.

Continuous repair and maintenance work of transmission network assets directly influences the operation of the electricity system and the reliability of electricity transmission. Scheduled transmission network work is carried out at intervals defined by the legislation of the Republic of Lithuania, based on the actual condition of assets and the need to ensure reliable network operation and efficient use of financial resources.

While carrying out reconstruction of transmission networks in cities and city surroundings, overhead lines are replaced with cable lines. In 2025, the cabling of the Šiauliai–Zuokniai overhead line was completed – a total of 5.725 km.

Such solutions reduce visual pollution, narrow the protection zone of transmission lines, and increase land availability for economic and commercial development.

We are consistently restoring emergency reserve capacity. To increase operational resilience, we purchase equipment and materials for emergency reserves and conduct network restoration exercises and training.

# 3. BUSINESS AND REGULATORY ENVIRONMENT

## 3.1. Energy Sector Environment

On 9 February 2025, the Baltic States completed the synchronization of their electricity grids. This important milestone did not have a direct impact on the day-ahead electricity market price, as commercial electricity trade with Russia and Belarus has not been taking place since 2022 and 2020 respectively. From the moment of synchronization, the transmission system operators of

the Baltic States assumed responsibility for secure system operation, supported by the newly established Baltic balancing capacity markets. In December 2024, we joined the European balancing energy platforms MARI, and in March this year – PICASSO. All these changes ensure deeper integration into the common European market, increase competition, and emphasize balancing – a function whose importance has grown rapidly in recent years due to the expansion of renewable energy sources.

Last year, electricity generation in Lithuania increased by 25%, and almost three-quarters of the country's electricity demand was met by domestic power plants. For the first time in the country's history, wind, solar, and other renewable energy sources alone generated 50% of all electricity consumed in Lithuania during the year.

The year 2025 was another historic year for domestic electricity production. Almost 10 terawatt-hours (9.718 TWh) of electricity were produced in Lithuania – 25% more than in 2024, when 7.748 TWh were generated. Renewable energy power plants contributed most to this growth – they accounted for more than two-thirds (68%) of all electricity produced in the country. Domestic power plants generated 73% of Lithuania's total annual electricity demand – the largest share since 2009, when the Ignalina Nuclear Power Plant was closed. For comparison, in 2024 domestic power plants covered 59% of national electricity consumption.

Electricity production continues to grow as the number of renewable energy power plants connected to transmission and distribution networks increases. Both wind and solar power plants generated significantly more environmentally friendly electricity: solar production grew by 41%, and wind production increased by 23% over the year. For the first time, renewable power plants alone generated half of Lithuania's annual electricity demand – 50%. By comparison, in 2024 renewable energy sources supplied 41% of the country's electricity needs.

Wind power generation increased from 3.491 TWh to 4.293 TWh, and solar generation grew from 1.273 TWh to 1.79 TWh. Hydropower generation decreased by 24%, from 0.431 TWh to 0.328 TWh. In total, renewable energy generation amounted to 6.619 TWh, 23% more than in 2024 (5.403 TWh). Electricity generated by thermal power plants increased by 46% compared to 2024 (from 1.797 TWh to 2.617 TWh).

In 2025, the final electricity consumption in Lithuania was 12.64 TWh. This is 3 percent more than in 2024, when the final consumption reached 12.31 TWh. As the number of consumers producing solar power plants in the electricity distribution network increases, the amount of electricity produced and consumed on site, but not transmitted to the electricity grid, also increases. Based on the preliminary assessment of AB ESO and the data provided, the amount of such internal consumption in 2025 was about 0.63 TWh and increased by 0.1 TWh (20 percent) compared to 2024. After assessing these additional consumption amounts, a total of 13.3 TWh of electricity was consumed in Lithuania in 2025, which is 0.5 TWh (4 percent) more than in 2024. consumption when 12.8 TWh of electricity was consumed (including internal consumption of producing consumers).

Compared to 2024 electricity consumption in the industrial sector increased by 1.7% to 4.345 TWh, in the services sector, consumption grew by 2.4% to 3.7 TWh, households consumed 2.2% more, reaching 3.328 TWh.

Total electricity demand, which includes technical network losses and the charging of energy storage facilities, remained nearly unchanged – it increased by 0.4% to 13.261 TWh. Lower technical losses and reduced pumping at hydro-accumulation plants had a negative effect on overall demand growth.

In 2025, Lithuania imported 6.071 TWh of electricity – 33% less than in 2024 – and exported 2.468 TWh, or 21% less than in 2024. Imports from Sweden decreased by 24% to 4.003 TWh, while imports from Latvia increased by 58% to 1.618 TWh. The largest share of electricity exports went to Latvia; however, this decreased by 1.3% to 1.376 TWh.

## 3.2. Regulatory environment in Lithuania

Electricity transmission activities carried out by Litgrid are licensed activities. The licence grants exclusive rights to provide transmission services in Lithuania, thus the prices of services are regulated by the state. The regulatory function and supervision of the licensed activities in Lithuania are performed by the National Energy Regulatory Council.

The decisions taken by the regulator directly affect Litgrid's financial performance, the funds available for necessary operating costs, investments to ensure the reliability of the electricity transmission system, as well as the ability to finance strategic and other development projects with own or borrowed funds. The price of the electricity transmission service shall be regulated by setting a price cap for the five-year regulatory period and a component for the acquisition of ancillary services on top of the price of the transmission service. The price cap shall be adjusted each year in response to changes in the volume of services, inflation and other objective factors beyond the control of the operator and may be adjusted no more than twice a year.

The price cap shall consider the reasonable indispensable costs of the regulated activity and a reasonable return on investment, calculated as the product of the rate of return on investment (WACC) and the value of the regulated assets (RAB).

# 4. COMPANY'S STRATEGY AND STRATEGIC PRIORITIES, PLANNING

## 4.1. Litgrid strategy

In 2025, with the goal to contribute to the development of a reliable and climate-neutral energy system, fostering the growth of high value-added industries, and supporting the expansion of green energy and related product exports, we update our strategy through 2035. Comprehensive information about EPSO-G Group's new strategy to 2035 is available on the Litgrid website.

## 4.2. Vision, mission, purpose

The updated Litgrid's Strategy, together with the other companies of the EPSO-G Group, highlights the Group's common mission to accelerate energy independence and increase system reliability, and its vision - to enable green transformation, while ensuring the interests of energy and national security.




**OUR PURPOSE**

To power a confident and green future in an ever-changing world




**OUR VISION**

To enable the transformation of the energy industry while simultaneously safeguarding national security interests




**OUR MISSION**

To accelerate energy independence and enhance system security

## 4.3. Values

Implementation of the mission, pursuit of the vision and all activities Litgrid are based on the fundamental human and professional values: openness, responsibility and reliability. Litgrid team's behaviour is reflected in values:

**Open**

1. I accept diversity, listen to other people's and express my own opinion, and treat everyone with respect.
2. I am growing, engaging, learning, and helping others to grow.
3. I share knowledge and expertise, collaborate and endeavour for consensus.

**Responsible**

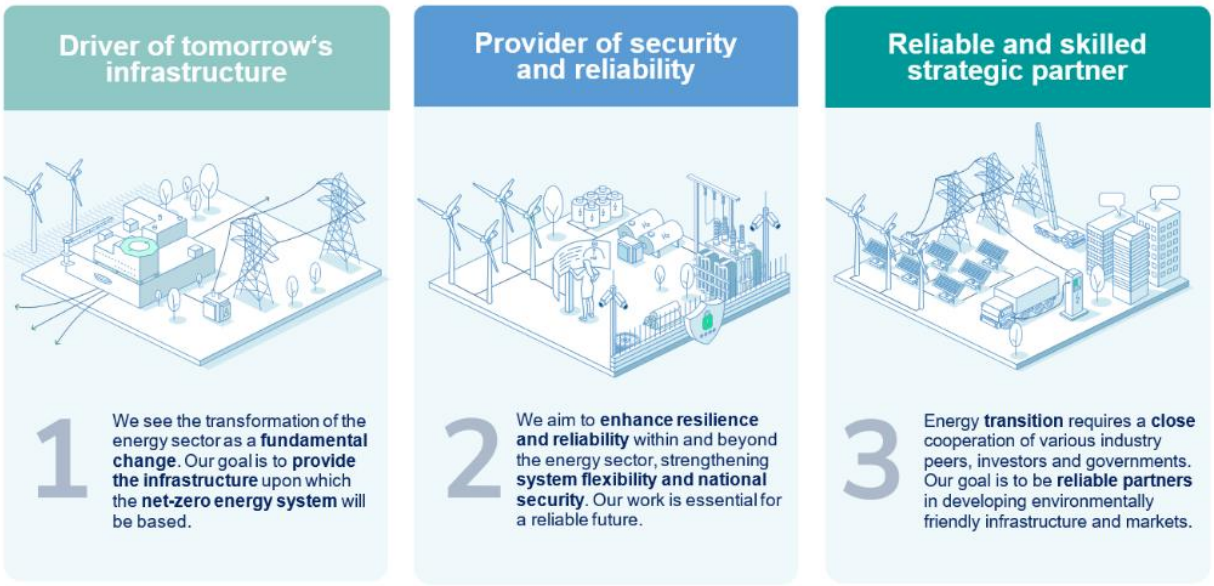
1. I respect others' time, effort and work.
2. I take initiative and act after evaluating the impact on people and nature.
3. I do what I commit to and more, and I perform efficiently.

**Reliable**

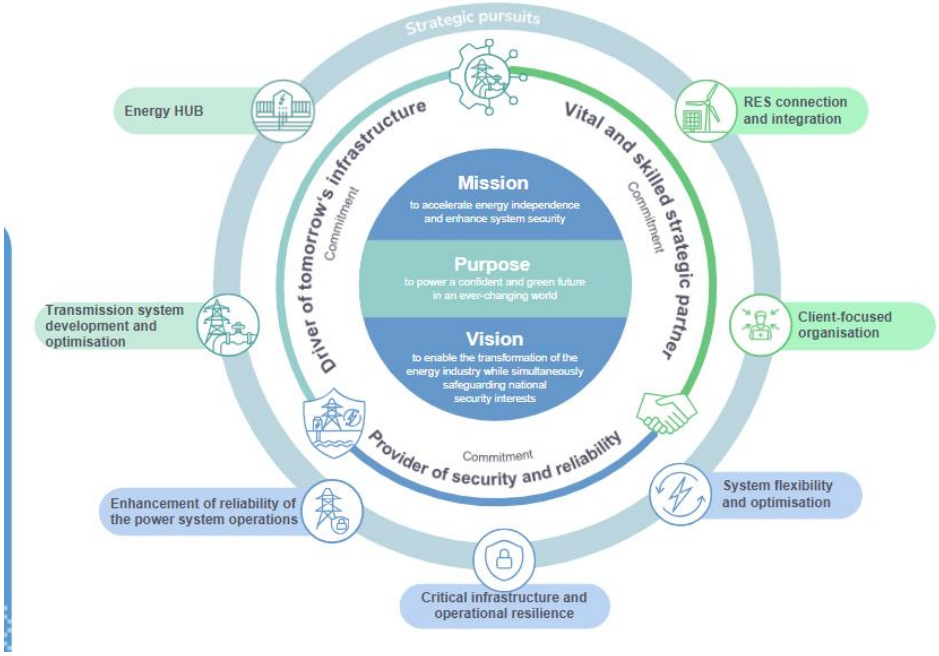
1. I act professionally, work safely and follow best practice.
2. I create value for clients, colleagues and partners by offering solutions and acting on them.
3. I care about our customers and partners, our colleagues and society.

## 4.4. Three fundamental commitments and strategy structure

We base Litgrid Strategy 2035 on fundamental commitments to our stakeholders: to build the infrastructure of future, to ensure reliability and security, and to be reliable strategic partner. To deliver on our strategic objectives, we rely on a range of empowerment tools: financing, innovation and digitalisation, partnerships, asset development and management, improving supply chains and procurement.




In its strategy, the Company is committed to expanding existing main activities and to build new ones. Their interconnections are reflected in the strategy structure.




## 4.5. Measures for the implementation of the strategy

Litgrid Strategy is based on the value created for the key stakeholders. The Company has defined the value it creates through strategic indicators (financial, sustainability and performance (operational), which are grouped according to their benefits to stakeholders. They represent Litgrid's main objectives to 2035 that will be used as a benchmark in assessing the Company's Strategy success.




## 4.6. Major projects of Litgrid to 2035 and the value they create

The implementation of Litgrid's new strategy envisages numerous ambitious projects to deliver strategic objectives. Below are the most important projects to be developed:

**Synchronisation projects for market integration**



**3 units**
Synchronous condensers installed in Lithuania, in total

**700 MW**
Planned installed capacity of the Harmony Link

While the synchronization with the Continental European networks took place on 9 February 2025, the projects to complete the synchronisation programme are underway. They will strengthen the integration of electricity markets and increase the stability of the electricity system. Plans for 2025 include the connection of a third, the Neris synchronous condenser, completion of the construction of the 330 kV overhead transmission lines Vilnius–Neris and Kruonis PSHP-Bitėnai, and completion of the reconstructions of the 330kV Neris transformer substations and 330 kV Darbėnai and Mūša switchyards.

After project changes in 2024, the construction of Harmony Link interconnector continues, and will increase electricity trade with Western Europe. The design works of the link are scheduled to be launched already in 2025. Following the decision of the participating countries for the onshore construction of the line, the options for early completion of the project are being explored.

**Strengthening resilience of energy infrastructure**



**Strengthened**
physical and cybersecurity in Litgrid

In the context of Russia's large-scale invasion of Ukraine from February 2022, the scale of the destruction of strategic energy infrastructure and the geopolitical circumstances in the region, called for the decision to strengthen the resilience of energy infrastructure of strategic and major importance to Lithuania against hybrid threats. The programme is designed to ensure the protection of the critical electricity transmission system infrastructure operated by the Company from destruction or disruption, and to put in place the necessary measures to ensure the resilience of the electricity system, to prevent threats and to prepare for potential crises.

## 4.7. Reseach and studies

Study on strengthening interconnections

In the first half of 2025, an additional analysis of the Lithuania–Latvia interconnection boundary was carried out for the 2050 horizon.

Based on the calculations performed and the assessment of power flows across the Lithuania–Latvia boundary, it was determined that the most heavily loaded asset is the existing 330 kV Darbėnai–Klaipėda transmission line. This situation arises from the fact that high-capacity sources are planned at both ends of the line – offshore wind generation in Darbėnai and the NordBalt interconnection in Klaipėda. Meanwhile, the 330 kV Darbėnai–Bitėnai line is three times longer than the Darbėnai–Klaipėda line, resulting in significantly higher impedance and, consequently, lower power flow on that route.

To manage this situation, a dedicated device must be installed on the Klaipėda–Darbėnai line to increase its impedance and reduce the power flow. Toensure the ability to transmit higher planned power flows across the Lithuania–Latvia boundary, it is necessary to plan new 330 kV transmission lines and reinforce the capacity of existing ones in Western Lithuania and Latvia.

Among the alternatives evaluated in the study, the most beneficial and technically suitable solution proposed was:

- reconductoring and upgrading the existing 330 kV Darbėnai–Grobiņa overhead line to a double-circuit configuration;
- constructing a new 330 kV Varduva–Broceni transmission line;
- and implementing several internal reinforcement projects within both the Lithuanian and Latvian transmission systems.

### Assessment of the adequacy of the Lithuanian electricity system and system flexibility needs for the period 2028–2035

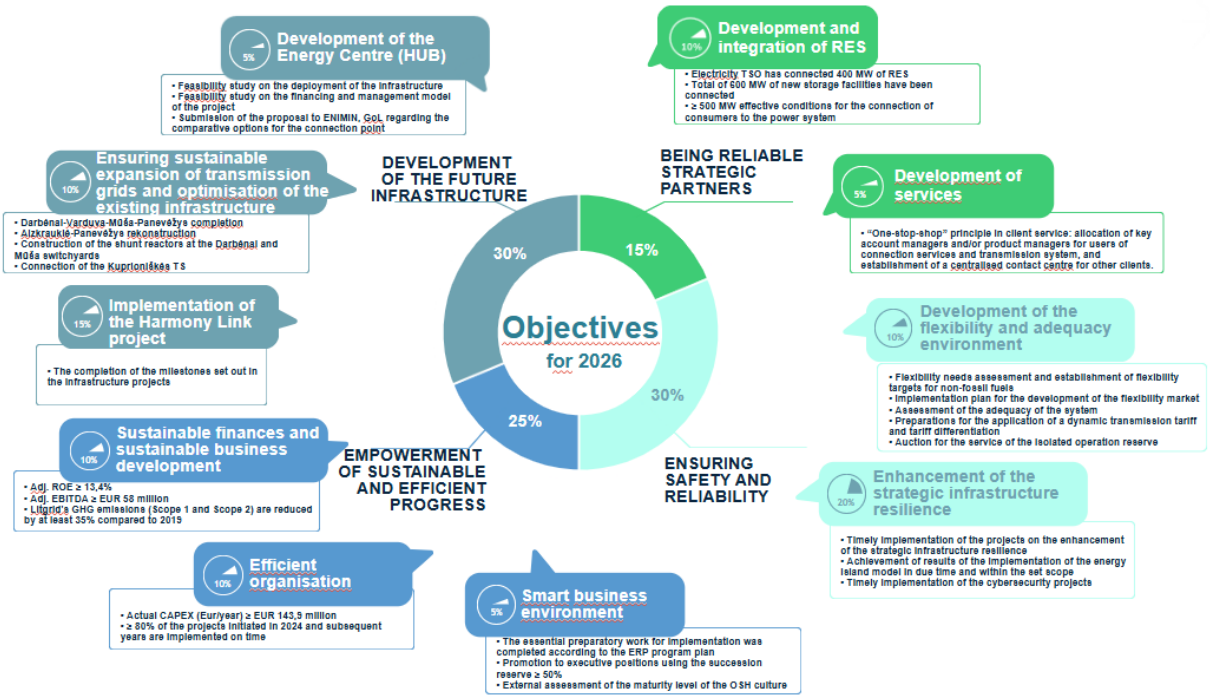
In 2025, we launched an international procurement procedure for a study on the adequacy of the Lithuanian electricity system, and the system flexibility needs for the period 2028–2035.

The objective of the study is to assess the adequacy of the Lithuanian electricity system under relevant sensitivity scenarios, and based on the results, to carry out a national evaluation of system flexibility needs. The study will also provide recommendations on the required volume and development model for flexible generation capacities.

Preliminary study results are expected in the first quarter of 2026, with the final results anticipated in the second quarter of 2026.

## 4.8. Company's objectives for 2026

Based on the updated strategic directions and planned initiatives outlined in the Company's renewed strategy, the Litgrid Board has set the Company's targets for 2026. These targets encompass both the continuation of projects initiated in 2025 and the launch of new, unique initiatives.



### 4.9. Long term development plan for the electricity transmission grid

The company, taking into account the strategic objectives and/or progress targets set out in the National Progress Plan and other strategic planning documents, and (or) the National Energy and Climate Action Plan, and taking into account the adequacy of the electricity system, the need to ensure the security and reliability of electricity supply, as well as the quality of electricity supply to consumers, energy efficiency, management and environmental protection requirements, with a view to improving the conditions for the use of the electricity system, it shall plan the long-term development of the electricity system and effective measures to ensure the adequacy of the electricity system's capacity and the security of electricity supply to consumers. In accordance with these requirements, the company prepares a 10-year transmission network development plan and submits it to NERC every two years by 1 July.
Litgrid's approved and valid 10-year electricity transmission network development plan is published on the Company's website: litgrid.eu/uploads/files/dir735/dir36/dir1/19_0.php

## 5. STRATEGIC PROJECT IMPLEMENTATION

One of the fundamental directions of the implementation of the National Energy Independence Strategy of the Republic of Lithuania adopted by the decision of the Parliament on 21 June 2018 establishes the connection of the electricity system of the Republic of Lithuania to the continental European networks for operation in a synchronised mode (the Synchronisation).

On February 9, 2025, the Synchronization Program implemented by Litgrid since 2019 reached its most important milestone: after conducting an isolated operation test of the Baltic States together with the regional transmission system operators, it was successfully connected to the continental European networks. This step had a dramatic significance not only for the development of the electricity system of Lithuania or the Baltic States, but also for the entire European electricity system, strengthened the energy independence of the Baltic States and accelerated the integration of the electricity systems of these countries into the European electricity market.

It is expected that by the end of 2025, the Continental Europe Regional Group (CE) of the ENTSO-E System Operations Committee will approve the permanent status of the synchronous connection of the Baltic States to the continental European networks.

Even after the Lithuanian power system is connected to the continental European grid, the activities of the Synchronization Program continue to be implemented in accordance with the guidelines of the updated Action and Measures Plan for the Implementation of the Electricity System Synchronization Project and the Strengthening of the Security and Reliability of the Electricity System (hereinafter referred to as the AMP), approved by the Government of Lithuania in March 2024. By January 31, 2025, Litgrid had already implemented 17 out of 22 Synchronization Program projects, two of which involved the dismantling of interconnection lines with the Russian Federation and the Republic of Belarus.

According to the requirements of the Republic of Lithuania Law on the Protection of Objects of Importance to Ensuring National Security, before the conclusion of transactions that comply with the requirements of this law, in all cases Litgrid informs the Commission for Coordination of Protection of Objects of Importance to Ensuring National Security about such transactions. Such transactions are concluded only upon the receipt of the commission’s conclusions.

### 5.1. The status of the implementation of the main strategic projects

The stage of completion of the strategic projects under the synchronisation programme reached 93,1% on 31st December 2025.




- **Reconstruction of the 330/110/10 kV Neris transformer substation**

The aim of the project is to reconstruct the Neris transformer substation to enable the planned connection of one of three synchronous compensators to the transmission network and the launch of operation of to be constructed 330 kV Vilnius-Neris electricity transmission line. This is one of the most important projects related to the synchronisation with the continental European networks that strengthens the country's network for electricity transmission.

On March 27, 2025, the project was completed with the commissioning of the 330/110/10 kV Neris transformer substation after reconstruction.

- **Construction of the 330 kV Kruonis PSHP-Bitėnai electricity transmission line**

The aim of the project is to strengthen the electricity transmission network in the western part of Lithuania and to ensure its reliable operation by forming a new 330 kV transmission line, which is important for the smooth synchronous operation of the Lithuanian electricity system with the continental European electricity networks.

The project covers the reconstruction of a part of the already existing line Jurbarkas-Bitėnai by replacing a single-circuit line with a double-circuit line. On 30 May 2025, after the completion of construction work in the project Construction of 330 kV electricity transmission line Kruonis PSHP-Bitėnai, the line was switched on and construction completion certificates were received. By the end of July 2025, it is planned to complete the arrangement of the design documentation and complete the project.

- **Construction of the 330 kV Darbėnai-Bitėnai electricity transmission line**

The aim of the project is to strengthen the electricity transmission network in the western part of Lithuania and to ensure its reliable operation by forming a new 330 kV transmission line, which is important for the smooth synchronous operation of the Lithuanian electricity system with the continental European electricity networks. With the commissioning of the Klaipėda-Bitėnai line in 2025, the scope of the project has been completed and all guidelines related to this project have been met.

- **Installation of new synchronous condensers in the Lithuanian electricity system**

The objective of the project is to implement the measures required for synchronization with the Continental European networks: to install three synchronous compensators, thereby ensuring the necessary level of inertia and dynamic system stability in the most efficient manner.

On 29 August 2025, the construction completion certificate for Telšiai was issued, followed by the certificate for Alytus on 29 October. On 21 June 2025, the trial operation of the Neris synchronous compensator was successfully completed, and on 30 July the certificate from the National Energy Regulatory Council (VERT) was issued. On 14 November, the synchronous compensator was taken over for regular operation. The procedures for obtaining the construction completion certificate are currently in progress.

- **Construction of the 330 kV Mūša switchyard**

The objective of the project is to strengthen the electricity transmission network in Western Lithuania and ensure its reliable operation by constructing a new 330 kV Mūša substation and connecting to it three overhead transmission lines leading to Telšiai, Šiauliai, and Viskali in Latvia.

In the first half of 2025, the installation of the main electrotechnical equipment was completed, and on 25 June the connection of the substation to the Šiauliai–Viskali line was initiated. The Šiauliai–Mūša–Viskali transit was energized on 20 September. The construction completion certificate was issued on 26 November.

- **Construction of a new 330 kV Vilnius-Neris electricity transmission line**

The objective of the project is to strengthen the Vilnius electricity node to ensure the reliability of electricity supply following synchronization with the Continental European networks and to meet the growing electricity demand of the capital city. This will be achieved by constructing a 330 kV electricity transmission line connecting the Vilnius and Neris 330 kV transformer substations. For this purpose, part of the existing 330 kV Vilnius–Molodečno overhead line will be reconstructed, and a new overhead line section will be built to connect to the Neris 330 kV substation.

In 2025, the Vilnius–Neris line was constructed and energized, and the construction completion certificate was issued – the project has been fully implemented.

- **Construction of the 330 kV Darbėnai switchyard**

The objective of the project is to contribute to ensuring the reliability of the transmission grid and enhancing electricity supply security as the Lithuanian power system operates synchronously with the Continental European Networks (CEN). This will be achieved by constructing a new 330 kV Darbėnai substation and connecting to it three 330 kV overhead transmission lines leading to Bitėnai, Klaipėda, and Grobiņa. The 330 kV substation will also include provisions for future connections to offshore wind energy parks.

On 6 May 2025, following the energization of the Klaipėda–Darbėnai–Grobiņa and Darbėnai–Bitėnai overhead lines, the substation was fully energized. In November, construction works were completed and the construction completion certificate was issued. The project has been fully implemented.

- **Construction of the Harmony Link interconnection**

The objective of the project is to ensure electricity market integration following synchronization with the Continental European networks by constructing a new mixed (overhead and cable) onshore interconnection from Gižai in the Vilkaviškis district to Łuka (Ełk) in Poland.

Implementing the alternative selected in 2024 to build the interconnection entirely onshore, in April 2025 a contract was signed for the design of the transmission line and substation. In May 2025, the concept for the development plan of the engineering infrastructure for this project of special national importance was approved, along with the Strategic Environmental Assessment (SEA) report, thereby completing the second territorial planning stage. The final territorial planning stage is currently underway.

Together with the Polish transmission system operator PSE, the key technical parameters of the Harmony Link interconnection - such as the connection point, line calculations, and technical requirements - have been agreed..

## 5.2. Strategic energy system management projects

- **Isolated operation tests of the Baltic States' electricity systems**

On 8 February 2025 at 09:09, after disconnecting all interconnections with the electricity systems of the Russian Federation and the Republic of Belarus, the isolated operation test of the Baltic States' electricity systems was launched. The test was successfully completed the following morning, thereby creating the conditions necessary for synchronous connection to the Continental European networks. This connection was successfully completed on 9 February at 14:05.

The test report was approved on 25 June 2025 during the meeting of the ENTSOE Regional Group for Continental Europe.

- **Installation of the Frequency Stability Assessment System (FSAS)**

The objective of the project is to implement a system that ensures frequency stability in the Baltic electricity systemin the event of an unplanned disconnection from the Continental European networks, enabling the Baltic system to operate in island mode.

In 2025, after the developed software was implemented, tested, and deployed, Litgrid approved the system's commissioning. The VPP guideline was fulfilled, and the project was completed in full scope.

- **Development of a new energy balance and ancillary services management system**

The objective of the project is to update processes and develop a system related to balancing and imbalance settlement, as well as balance management, in line with the European Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing guidelines on electricity balancing.

On 4 March 2025, Litgrid joined the European PICASSO and IGCC platforms, which enable participation in imbalance netting at the European level. The system is currently operating successfully with both aFRR and mFRR balancing mechanisms and within the Baltic balancing market. The project was fully completed on 29 August.

## 5.3. Other projects

In carrying out its core activities, Litgrid contributes to the development of green energy in Lithuania and, as the transmission system operator, implements projects for connecting renewable energy sources to the transmission grid. These projects enable the integration of green electricity producers into the transmission network, allowing consumers to use clean and sustainable energy.

Taking into account the security aspects of the Lithuanian electricity system – Including the scenarios of emergency synchronous operation with Poland or isolated operation (particularly after desynchronization and the disconnection of all lines with Russia and Belarus); the need to connect the eastern and north-western parts of the Lithuanian electricity system to enhance national energy security; the need to ensure reliable electricity transmission for new technological users (such as the hydrogen industry); and the need to create favourable conditions for the development of offshore and onshore wind and solar parks, electricity market integration, and the maintenance and increase of cross-border capacity with Latvia – the Northwest and East Grid Connection Project was launched.

The project consists of the construction of the 330 kV Darbėnai–Varduva–Mūša transmission lines, the 330 kV Panevėžys–Mūša transmission line, and the new 330 kV Varduva substation. In May 2024, the project was designated as a project of special national importance.

In the first quarter of 2025, Litgrid, in cooperation with the Latvian transmission system operator Augstsprieguma tīkls, prepared a study on strengthening the Lithuania–Latvia cross-border capacity. Based on the conclusions of this study, Litgrid initiated the Cross-Border Capacity Strengthening Project. The project consists of the following transmission system infrastructure components: the aforementioned Northwest and East Grid Connection Project (330 kV Darbėnai–Varduva–Mūša lines, the 330 kV Panevėžys–Mūša line, and the 330 kV Varduva substation); construction of the 330 kV Varduva–Broceni transmission line; installation of shunt reactors at the 330 kV Darbėnai and Mūša substations; reconstruction of the 330 kV Darbėnai–Grobiņa overhead line; construction of a power-flow control device; reconstruction of the 330 kV Panevėžys–Jonava overhead line; reconstruction of the 330 kV Jonava–Lietuvos E overhead line; reconstruction of the 330 kV Šiauliai–Mūša overhead line; reconstruction of the 330 kV Panevėžys–Aizkrauklė overhead line; reconstruction of the 330 kV Mūša–Viskali overhead line.

This project has been submitted to the Government of the Republic of Lithuania for designation as a project of national importance. Part of the project's investments was also included in the ENTSO-E Ten-Year Network Development Plan (TYNDP 2024) and proposed for inclusion in the preliminary list of the 2nd PCI–PMI (Projects of Common Interest / Projects of Mutual Interest).

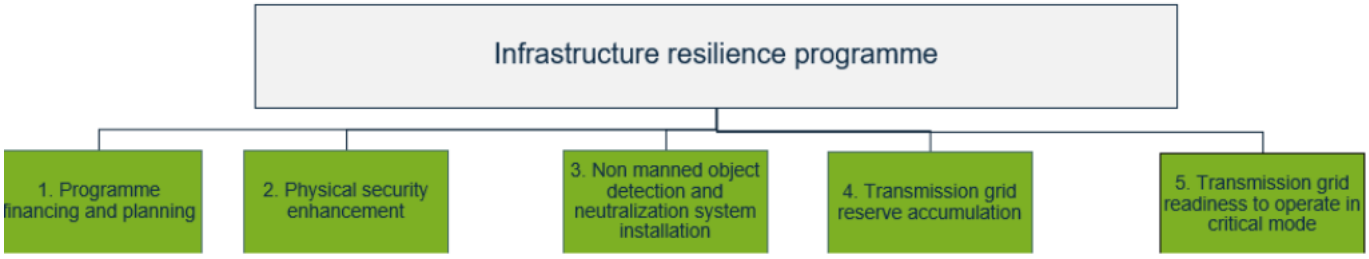
In May 2025, the electricity transmission system operators of Lithuania, Latvia, and Northeast Germany – Litgrid, Augstsprieguma tīkls, and 50Hertz – submitted a joint application for the inclusion of the hybrid offshore interconnection project "Baltic Hub" in the ENTSO-E Ten-Year Network Development Plan (TYNDP) 2026.

The Baltic Hub project is a planned 2 GW, 600-km hybrid interconnector that will link the electricity markets of the Baltic States and Germany, increasing system flexibility across all participating networks. Coordinated development of internal Baltic grid infrastructure would ensure that renewable energy sources developed both onshore and offshore are accessible to grid users and capable of providing stable electricity flows via the planned interconnection.

Throughout 2025–2026, the operators will actively carry out further studies related to the project to comprehensively assess the economic, technical, regulatory, and financial aspects of an initiative of this scale.

In the first half of 2025, we launched a resilience programme worth more than EUR 140 million, aimed at reducing the vulnerability of critical infrastructure in the event of hybrid attacks. Following synchronization with Continental Europe and the resulting increase in system autonomy, ensuring operational continuity – even in the case of incidents – has become particularly important.

One of the key pillars of the programme is physical protection, designed to safeguard critical electricity network assets against intentional or unintentional physical threats. The most critical Litgrid facilities – substations and switchyards – will be equipped with a variety of physical security measures. Advanced electronic systems will also be deployed to ensure rapid identification of and response to events under various circumstances. In view of increasing airborne threats, Litgrid, together with the Public Security Service, the Lithuanian Armed Forces, and other national energy companies, is deploying drone detection and neutralization systems.




In 2025, eight new overhead line reconstruction projects and one relay protection replacement project at a transformer substation were initiated. These projects will contribute to strengthening the stability and reliability of the transmission grid and will ensure the necessary capacity for connecting electricity producers from renewable energy sources (RES) to the transmission network.

In the first half of the year, contracts were signed for two of the largest 330 kV overhead lines – Šiauliai–Tytuvėnai and Tytuvėnai–Kaunas. The total length of these reconstructed lines is approximately 134 km, and the combined contract value exceeds EUR 58 million. The implementation of these projects will ensure grid reliability and support RES development in central Lithuania.

In the first half of 2025, seven transformer substation reconstruction projects were completed, and seven new ones were initiated. In total, 55 transformer substation reconstruction projects are currently being implemented.

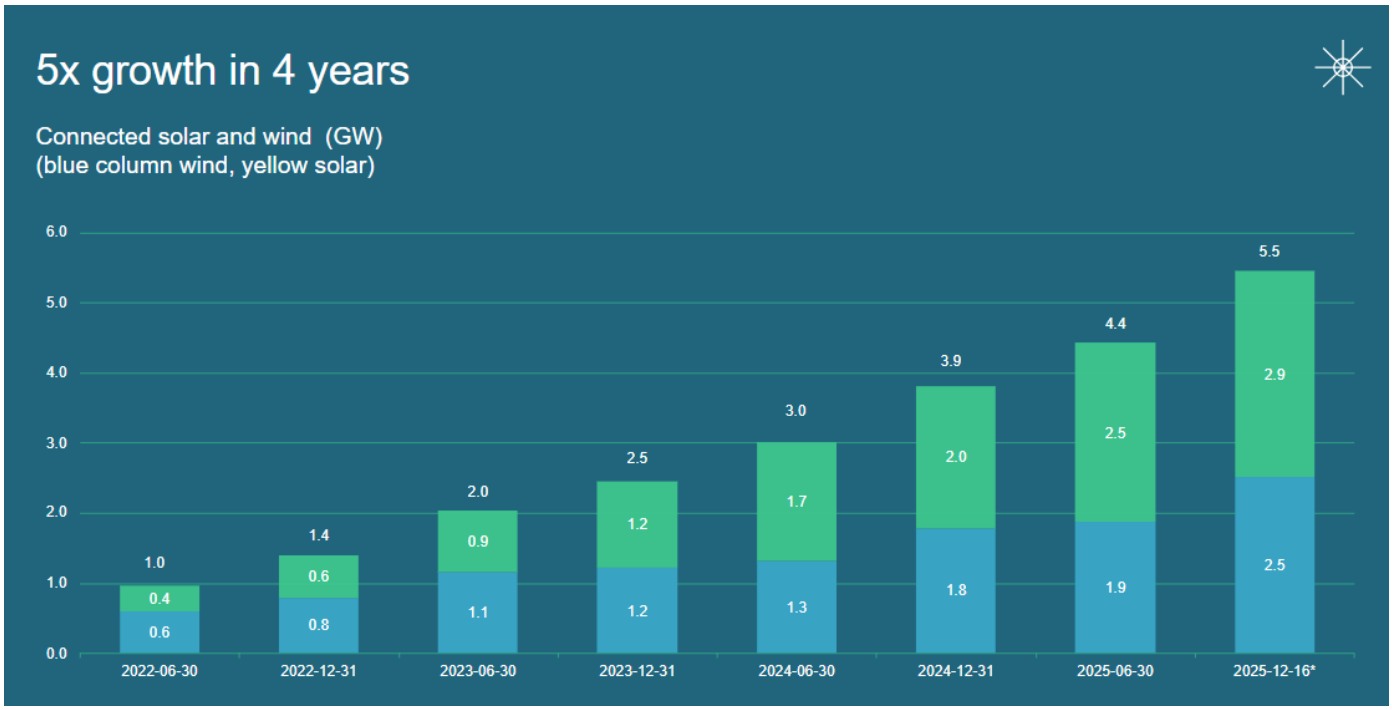
## 5.4. ACTIVITIES OF THE RENEWABLE ENERGY SOURCES CENTRE (RESC)

The year 2025 was marked by exceptional momentum in the activities of the Renewable Energy Sources Centre (RESC), with a strong strategic focus on the long-term sustainability of the electricity system. It was a year when the development of renewable energy sources (RES) reached record levels, and energy storage technologies became a critical element of system flexibility.

In 2025, RES development reached unprecedented heights – approximately 1.7 GW of RES installations were connected to the transmission grid and began operation. At the same time, projects related to electricity storage systems continued to advance successfully: storage capacity reservations reached around 4.2 GW, and by the end of the year, 118 MW of commercial storage capacity had entered operation. The key priority for 2026 is the significant expansion of electricity storage, with the aim of reaching up to 1 GW of system flexibility.

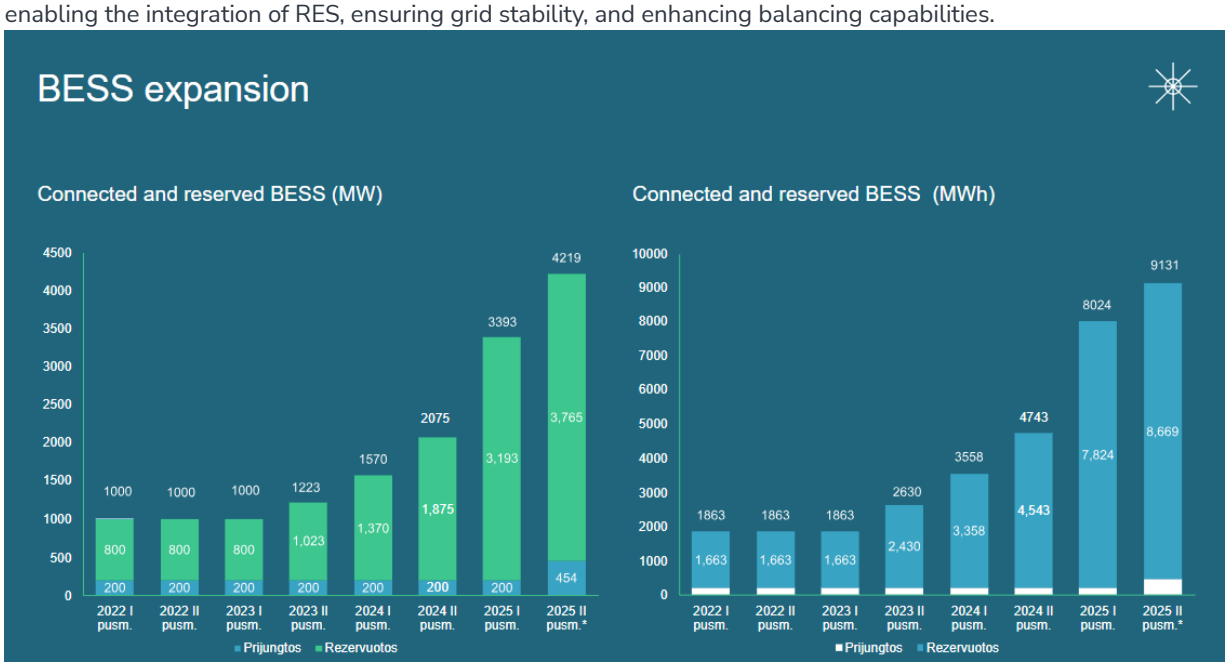
In 2025, we connected approximately 1.7 GW of renewable energy facilities to the transmission grid, marking the highest annual installed capacity to date. This result reflects not only the growing activity of developers but also the AEIC team's ability to ensure effective project evaluation, coordination of connection processes, and systematic readiness to accept new generation sources.

At the same time, there was active development of energy storage facilities—reservations for storage reached approximately 4.2 GW, and by the end of the year, commercial storage facilities with an installed capacity of 118 MW began operations. This is a significant step in the transition from purely generation expansion to a balanced energy system that ensures flexibility.




### 5.4.1. BESS turning point

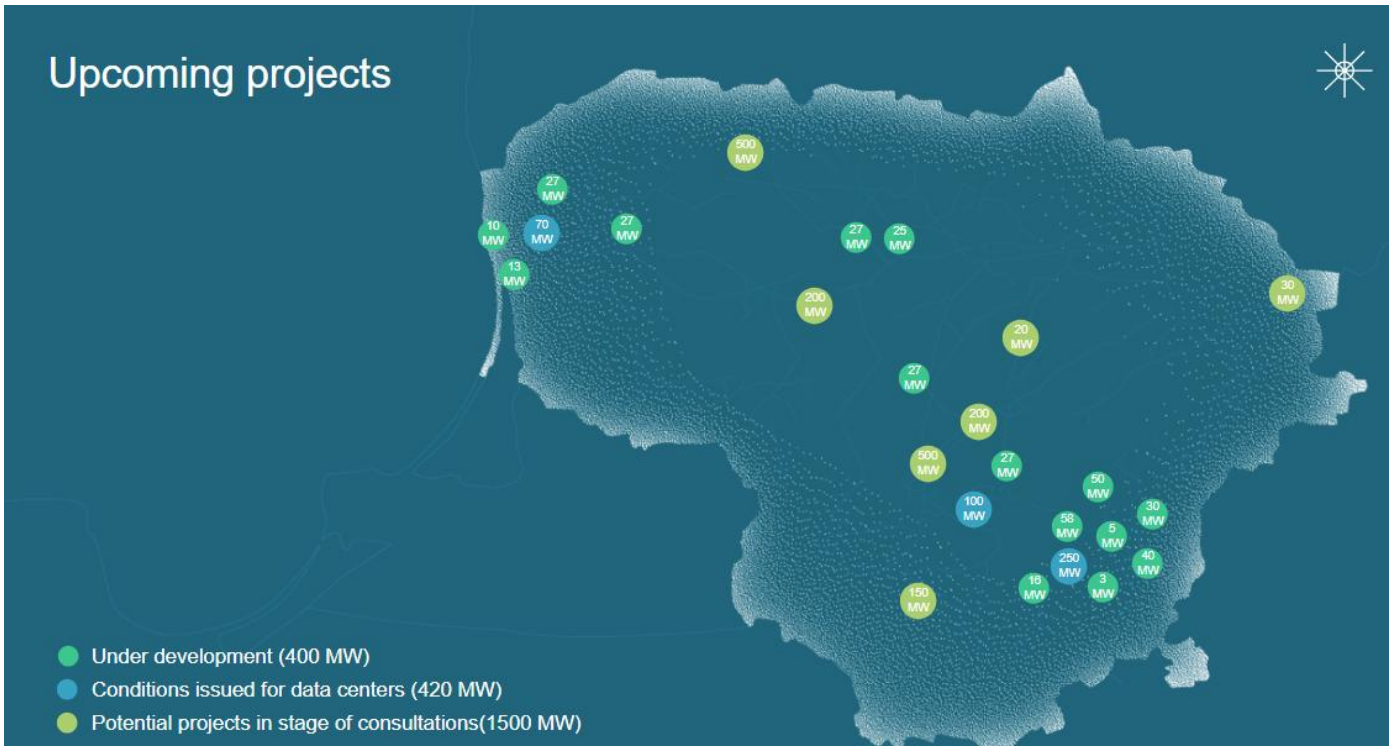
The year 2025 became a turning point for Battery Energy Storage Systems (BESS). Project maturity increased significantly across all stages — from capacity reservations to full commercial operation. The activities of the RESC were focused on establishing clear grid connection conditions, improving technical requirements, and maintaining close dialogue with market participants.
Storage solutions are increasingly perceived not as an additional component, but as an essential part of the infrastructure – enabling the integration of RES, ensuring grid stability, and enhancing balancing capabilities.




### 5.4.2. More attractive environment for investing

In 2025, a trend emerged in which energy-intensive consumers were more actively exploring opportunities to invest in direct connections, storage solutions, or integrated projects with AEI. AEIC worked purposefully to create a clear, predictable, and transparent connection environment that reduces investment risk and ensures long-term energy competitiveness.

This contributes to the broader goal of creating a system in which the development of RES becomes a driver of economic transformation.




### 5.4.3. Record client satisfaction index

In 2025, the highest customer satisfaction rating in AEIC's entire history was achieved. This demonstrates that, despite the increasing scope of projects, we have managed to maintain a high level of service quality, responsiveness, and professionalism.

Significant attention was paid to clear communication, process transparency, and the consistent provision of information to project developers and partners.

The GCSI for the client sthat we connect to the grig was 82. That is a remarkable achievement the second year in a row.

### 5.4.4. Map application

The updated grid capacity and connection opportunities mapping application has become an important tool for market participants. Enhanced data relevance, improved functionality, and an updated user interface enable faster and more accurate assessment of project feasibility, support investment planning, and facilitatewell-informed decision making.
The development of digital solutions remains one of the priority areas of activity for the RESC.
AEIC's strategic focus is on creating long-term value:

- strong and constructive partnerships with developers,
- promoting improvements to the regulatory and investment environment,
- increasing system flexibility,
- integrating AEI with energy-intensive sectors.

The Center's goal is not only to ensure a rapid pace of grid connections but also to shape a mature, resilient, and competitive electricity system capable of effectively integrating renewable energy and generating long-term benefits for the state and market participants.

## 5.5. Financing of strategic projects

A total of EUR 360 million in funding has been allocated from the Connecting Europe Facility (CEF) for the implementation of strategic investment projects. In 2025, there were no incoming payments, while the total amount received since the start of project implementation reached EUR 163.1 million.

For the financing of strategic projects, EUR 24.8 million of congestion management revenues were used in 2025.

Other investment projects in 2025 were financed by own and network users' funds, as well as temporarily available congestion management funds.

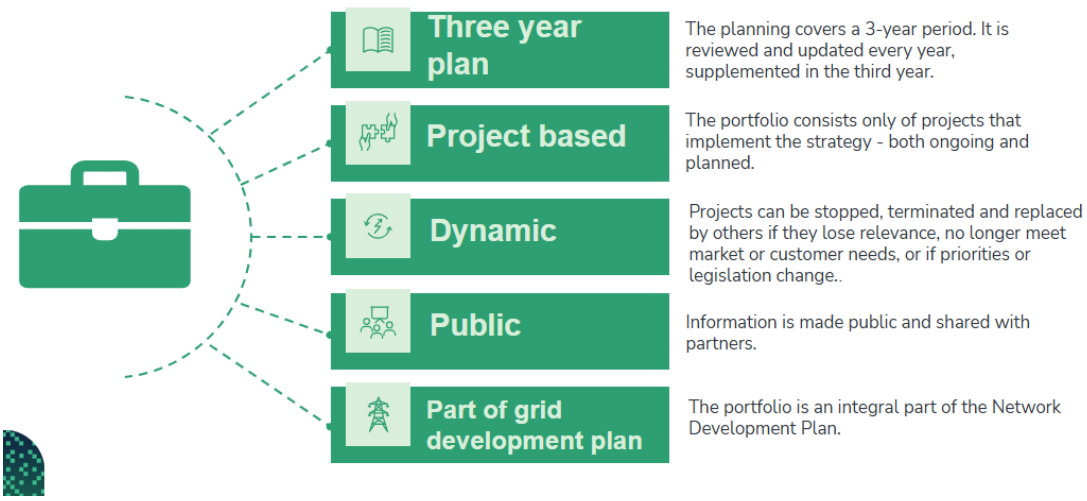
## 5.6. Project porfolio

The stability, reliability, and balance of power and energy flows in the electricity system depend not only on the behaviour of market participants but also on establishing appropriate operational parameters for connected power plants, coordinating their operation, and ensuring timely system development.

As the transmission system operator of Lithuania, Litgrid plans the long-term operation of the electricity system by considering requirements related to security of electricity supply, reliability, quality, efficiency, consumption, management, and environmental protection. For this purpose, a ten-year development plan for Lithuania's 400–110 kV transmission network is prepared. One of its key objectives is to define transmission grid development directions, identify the necessary reconstruction and expansion needs, and outline indicative investment requirements, thereby forming a long-term investment plan.

Litgrid also compiles an annual investment project portfolio for the upcoming 1–3 years. This portfolio includes projects required to achieve national strategic objectives, ensure the reliability of the transmission network and security of electricity supply, modernise or implement information technologies, and projects initiated at the request of transmission network users.

**Main aspects of Litgrid project portfolio**




As of the end of 2025, the Company's project portfolio consisted of 286 projects with a total value of €1,852 million. Over the course of the year, the Company initiated 39 renovation, expansion, IT, and business continuity projects, while 49 projects—including client projects—reached the completion stage, demonstrating mature, balanced portfolio management and consistent project lifecycle management. In 2026, the company plans to initiate approximately 30 new projects and expects to undertake approximately 50 new client projects. This will maintain a stable project pipeline and ensure the consistent implementation of strategic objectives.

## 5.7. Innovations

With its actions in the field of innovation, the Company seeks to contribute to the effective implementation of the Litgrid and National Energy Independence Strategies. This is done by creating an effective innovation ecosystem, in which innovative ideas are initiated, experts' time is allocated for their analysis and testing, they are implemented and applied in daily activities.

In the first half of 2025, the Company operated in the field of innovation in accordance with the directions of activity of the Company's innovation function, as well as the goals and indicators set by the Management Committee of the UAB EPSO-G Group of Companies on April 18, 2024.

Main emphases:

- increased attention to initiated significant, value-creating innovation projects and the search for synergy;
- the aim of becoming more involved in international projects and financing of such projects by the European Union and/or other innovation funds;
- the contribution of innovations to the development of new services and (or) products.

The R&D Activity Guidelines establish the concepts of scientific research and experimental development, innovation and innovative activities common to the entire Group, common R&D activity directions and priorities, classification principles and recommendations to transmission system operators regarding the allocation of funds for R&D activities. By the end of 2024, it is planned to review the provisions of the R&D Activity Guidelines in accordance with the updated decisions of the Group Management Committee.

In the first half of 2025, 35 innovation projects were initiated. and two new measures were initiated. Currently, the Innovation Portfolio consists of 11 ongoing projects. The most important results of RDI activities in the first half of 2025:

### Distributed Acoustic Sensing (DAS) system of the Nordbalt connection

Distributed Acoustic Sensing (DAS) technology allows real-time monitoring and continuous recording of the loads acting on the cable. The installed DAS system in the Nordbalt connection reduces the time for searching for a cable fault by up to 70 percent, which can usually last from several days to several months.

It is estimated that during one fault, using the DAS system, an average of about EUR 71 thousand can be saved in cable fault search costs. Having assessed the losses incurred by Litgrid during a single Nordbalt cable fault, which arise from uncollected overload revenues, a more efficient and accurate determination of the cable fault location can help prevent damage amounting to over EUR 1 million.

### Renewable Energy Resources (RES) Management System

As the amount of RES in the Lithuanian electricity system increases and the calculation methodology for their connection changes, there is a threat that the elements of the electricity transmission network may overload and excess generation may lead to system imbalance. To properly manage resources, tools and processes have been created for the coordination and management of RES work in two stages:

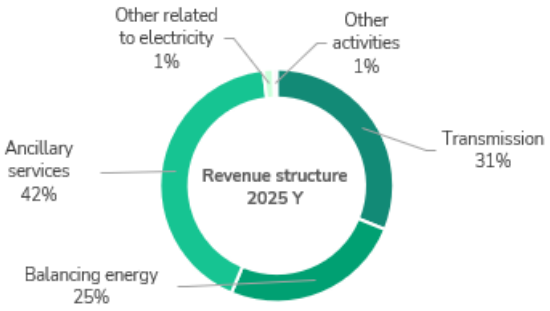
- Planning stage - an assessment of the operating mode of the electricity transmission network is performed and safe RES work limits are set, which determine not only a reliable operating mode of the electricity transmission network, but also the sharing of costs related to the limitation of RES production between transmission system operators and network users. The entire process is automated, minimizing the need for human involvement.
- Real-time stage - actual RES management by assessing the actual situation in the electricity transmission network. Solving local (overload) and systemic (excess electricity) problems by promptly and effectively reducing RES generation. A dynamic algorithm has been developed that takes into account changes in the transmission network scheme, the loading of electrical equipment and the system balance. The algorithm automatically calculates the possible safe operating point of RES and human intervention is requiredonly for settings.

# 6. FINANCIAL INFORMATION

## 6.1. Revenue

In 2025, compared to 2024, total revenue increased by EUR 52.7 million to EUR 431.1 million. The highest increase of revenue was in ancillary services, whereas decrease was only in other activities.

| Revenue, EUR million | 2025 Y | 2024 Y | Change | Change, % |
|---|---|---|---|---|
| Transmission | 134.3 | 129.1 | 5.2 | 4% |
| Ancillary services | 180.2 | 139.2 | 41.0 | 29% |
| Balancing energy | 108.7 | 102.8 | 5.9 | 6% |
| ITC | 0.7 | -0.3 | 1.0 | n/a |
| Congestion | 2.5 | 2.3 | 0.2 | 8% |
| Reactive energy and administration of guarantees of electricity origin | 2.9 | 2.8 | 0.1 | 3% |
| Other activities | 1.8 | 2.5 | -0.7 | -26% |
| **Total revenue** | **431.1** | **378.3** | **52.7** | **14%** |




Revenue from electricity transmission increased by 4% compared to 2024 to EUR 134.3 million (in 2025 EUR 34.5 million of congestion management revenues which were used to reduce transmission tariff in 2025 were recorded in the transmission revenue).

Revenue from ancillary services increased by 29% to EUR 180.2 million, driven by 28% increase in the component for the acquisition of ancillary services on top of the price of the transmission service and exceeding of declared power, while the volume of services provided decreased by 2.8%. According to the regulated pricing of the ancillary services, revenue must compensate expenses, including the Company's internal expenses, attributable to this activity according to the rules of the regulation accounting.

Sales volumes of imbalance and balancing (hereinafter the "balancing") electricity increased by 40%, however revenue from balancing electricity decreased 6% to EUR 108.7 million due to a 25% lower average selling price. Until October 2024, the change in these revenues did not have an impact on the Company's short-term profitability as, under regulated imbalance pricing, revenues were compensating costs, including the Company's internal costs, attributable to these activities in accordance with the rules of regulation accounting. Imbalance pricing has changed since October 2024, when the Company connected to a single European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (MARI). The neutrality component, which is added to (deducted from) the balancing energy reference price, before the connection to MARI, was calculated based on the actual balancing trade data for the reporting month, to equalise the expenses which Litgrid incurred with the income. After the connection to MARI, the neutrality component is calculated in advance and adjusted for subsequent months using actual data from previous months, which may result in a significant difference between the balancing and imbalance income and expenses during the reporting period. In 2025, revenues were below costs by EUR 3.2 million, but this difference shall not affect long-term profitability as it will be considered in future corrections.

Other income related to the transmission activity include:

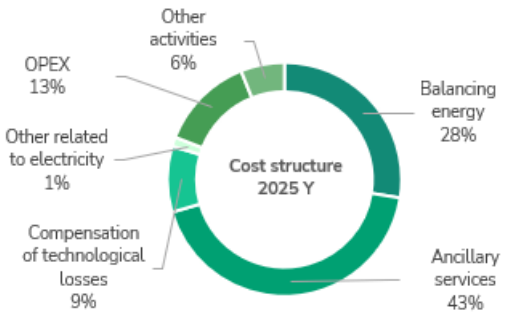
- Income from Inter-Transmission System Operator Compensation (ITC) is income from the compensation paid by the ITC Fund for the costs of hosting European cross-border flows in the Company's transmission networks and using infrastructure. ITC income was EUR 0.7 million. The revenue does not affect the long-term profitability as is assessed when determining the price of the transmission service and calculating the actual return on investments in the transmission service.
- Revenue from congestion management services amounting to EUR 2.5 million. The revenue does not affect the Company's profitability because revenue compensates expenses incurred in ensuring the use of allocated capacity of the interconnections.
- Reactive energy revenue amounting to EUR 2.7 million. The revenue does not affect the long-term profitability as is assessed when determining the price of the transmission service and calculating the actual return on investments in the transmission service.
- Revenue from administration of guarantees of electricity origin amounting to EUR 0.3 million.

Other income decreased by 26% to EUR 1.8 million, mostly due to lower penalties for contractors for late works.

## 6.2. Expenses

The Company's operating expenses totalled EUR 406.7 million in 2025, a 19% increase compared to 2024.

| Expenses, EUR million | 2025 Y | 2024 Y | Change | Change, % |
|---|---|---|---|---|
| **Related to electricity** | **329.0** | **271.6** | **57.4** | **21%** |
| Balancing energy | 111.9 | 107.5 | 4.4 | 4% |
| Ancillary services | 174.7 | 121.6 | 53.1 | 44% |
| Compensation of technological losses | 37.1 | 36.9 | 0.1 | 0% |
| ITC | 2.8 | 3.1 | -0.4 | -12% |
| Ensuring the utilisation of allocated grid capacity | 2.5 | 2.3 | 0.2 | 8% |
| **OPEX** | **53.2** | **46.3** | **6.9** | **15%** |
| Wages and salaries | 24.2 | 20.6 | 3.6 | 17% |
| Repair and maintenance | 11.5 | 10.3 | 1.2 | 11% |
| Telecomunication and IT systems | 3.3 | 2.9 | 0.5 | 16% |
| Taxes | 2.8 | 2.5 | 0.3 | 12% |
| Other | 11.4 | 10.1 | 1.3 | 13% |
| Deprecation and amortisation | 23.3 | 22.6 | 0.8 | 3% |
| Impairment of property, plant and equipment and other | 1.2 | 0.6 | 0.6 | 0% |
| **Total expenses** | **406.7** | **341.1** | **65.6** | **19%** |




Expenses of purchase of electricity and related services accounted for a major share of the Company's operating expenses: EUR 329 million (81% of the Company's total expenses), a 21% increase compared to 2024. Expenses for ancillary services increased by 44% to EUR 174.7 million, where the main factor was the increased costs of frequency restoration reserves. According to the pricing model for ancillary services, the result of ancillary services in the previous year is used to determine the component for acquiring ancillary services in subsequent years. Therefore, over a multi-year period, the result of this activity is of zero profitability.

Balancing electricity expenses increased by 4.1% due to a higher volume acquired though the purchase price was lower.

Expenses of electricity purchased for compensating technological losses in the transmission network increased by 0.4% to EUR 37.1 million due to a 13% higher average electricity purchase price while the quantity decreased by16%. ITC costs, i.e. payments to the ITC Fund to compensate for power losses and infrastructure usage of other countries when hosting cross-border power flows to import and export electricity to/from Lithuania, were EUR 2.8 million, the costs of ensuring the allocated capacity of interconnections – EUR 2.5 million.

Operating expenses increased by 15% to EUR 53.2 million compared to 2024. Increase in remuneration expenses by EUR 3.6 million was affected by a 9% increase in the average number of employees due to the intensive implementation of projects important to the State, the emergence of new functions, and the increase in average wages. Other expenses increased by EUR 3.3 million, with the highest increase recorded in repair and maintenance expenses of the electricity network due to the cyclical nature of the multi-year work plan and increases in market prices, as well as in other expenses, primarily driven by higher real estate tax costs.

The Company's depreciation and amortisation expenses in 2025 increased by EUR 0.8 million due to a higher value of non-current assets.

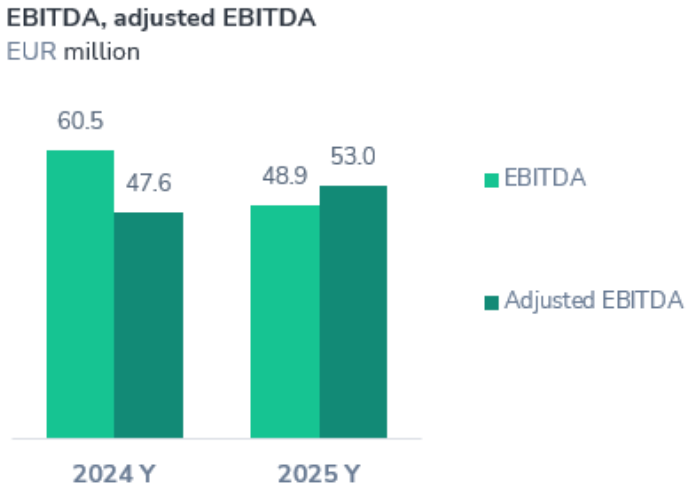
## 6.3. Return and other financial ratios

EBITDA = operating profit + depreciation and amortisation + (increase) decrease in assets (excl. inventories) impairment expenses + write-offs (excl. inventories).

Adjusted EBITDA is recalculated after assessing the temporary regulatory differences due to the decisions already adopted and forecast by the NERC and eliminating other non-typical profit or loss. The adjusted EBITDA is calculated:

- by assessing a revenue adjustment for the prior periods, which has already been approved by NERC's decision when establishing regulated prices for the reporting period;
- by assessing deviation of an actual profitability from a reporting period profitability permitted (regulated) by NERC, which will be assessed when establishing regulated prices for the upcoming year by NERC;
- by eliminating the result of balancing activities;
- by eliminating other one-off adjustments.

Adjusted net profit = actual net profit + (adjusted EBITDA - EBITDA) x (1-income tax rate) +/- other one-off adjustments.




The Company's adjusted EBITDA was increased by

- EUR 6.8 million higher compensable capital costs, mostly due to an increase in the value of regulated assets;
- EUR 0.5 million higher additional tariff component for investment financing.

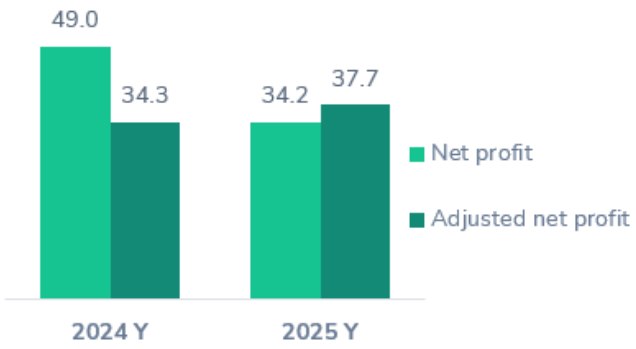
Adjusted EBITDA of the Company was reduced by:

- EUR 0.8 million less income from unregulated activities (penalties for contractors)
- EUR 0.1 million higher OPEX of unregulated activities;
- EUR 0.9 million higher OPEX of regulated activities.

Adjusted EBITDA for 2025 was calculated by making following adjustments to EBITDA:

- adding EUR 21.8 million, the difference between the actual and allowed return on investment of the transmission service, by which transmission services revenue in 2025 was reduced;
- deducting EUR 13.4 million, the difference between the ancillary service costs and revenues from previous years, which was used to increase the ancillary service revenue for 2025;
- adding EUR 6.5 million, which is the difference between the permitted and actual return on investments of transmission service for 2025 and not yet confirmed by the auditor and NERC;
- adding EUR 7.9 million, which is the difference between the costs and revenue of ancillary services for 2025 and not yet confirmed by the auditor and NERC;
- adding EUR 3.2 million, which is the difference between the costs and revenue of balancing service for 2025 and not yet confirmed by the auditor and NERC;
- deducting EUR 21.9 million one-off transmission revenue for 2025, which is intended to compensate for the write-off costs of the LitPol Link converter.

**Net profit, Adjusted net profit**
EUR million



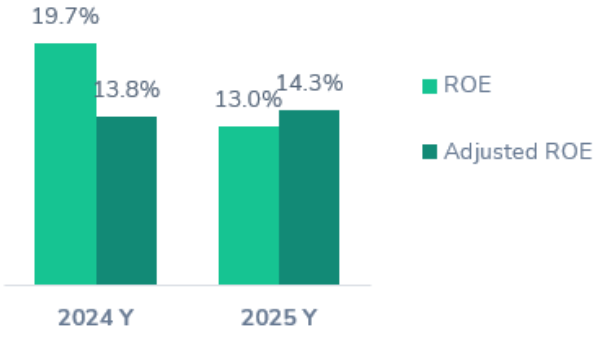

Net profit decreased by EUR 14.8 million, mainly due to a EUR 12 million weaker result from ancillary services.

The adjusted net profit for 2025 was calculated by making the following adjustments:

- Adding EUR 3.5 million, the difference between adjusted EBITDA and EBITDA after income tax.

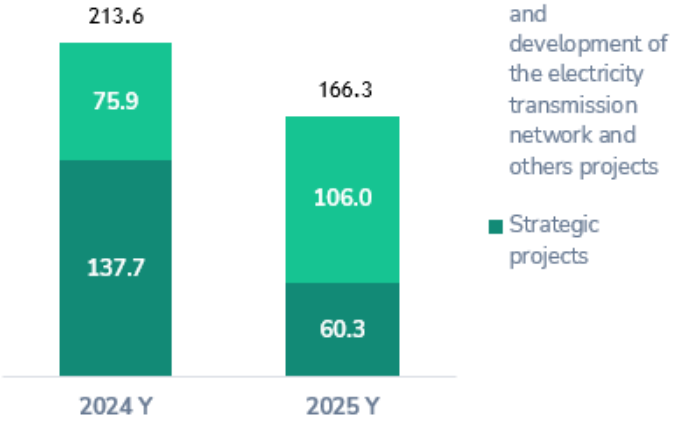
The increase in adjusted net profit was mainly driven by EUR 5.5 million higher adjusted EBITDA.

**ROE, Adjusted ROE**
%



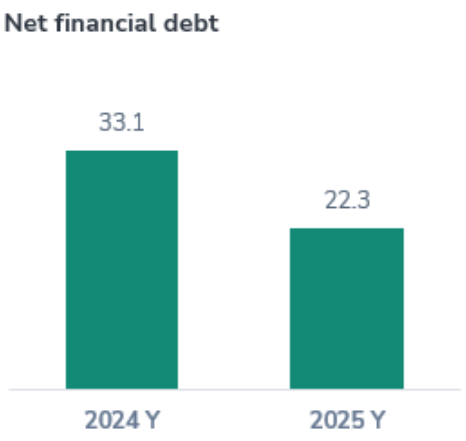

The adjusted ROE increased from 13.8% to 14.3%, mainly due to increase in adjusted net profit.

**Investments**
**EUR million**

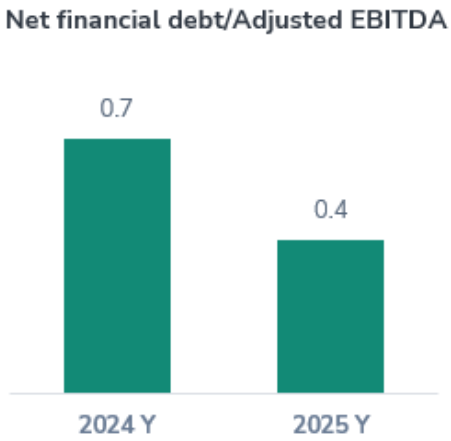



Investments (excluding the assets received free of charge from third parties and capitalised wages and salaries) decreased mainly due to the completion of some strategic and state-important electricity investment projects in 2024. These investments accounted for 38% of total investments made in the first half of 2025. A significant portion of investments was made in the following projects:

- a EUR 28.9 million in installation of new synchronous compensators;
- a EUR 14.1 million in reconstruction of the 330 kV Kruonio HAE switchyard;
- a EUR 12.8 million in construction of the 330 kV Vilnius – Neris ETL;
- a EUR 10.8 million reconstruction of the 330 kV Jonavos switchyard;
- a EUR 8.5 million reconstruction of the 330 kV Musa switchyard;
- a EUR 6.8 million in connection of the 110-10 kV Kuprioniškės switchyard to the transmission network.



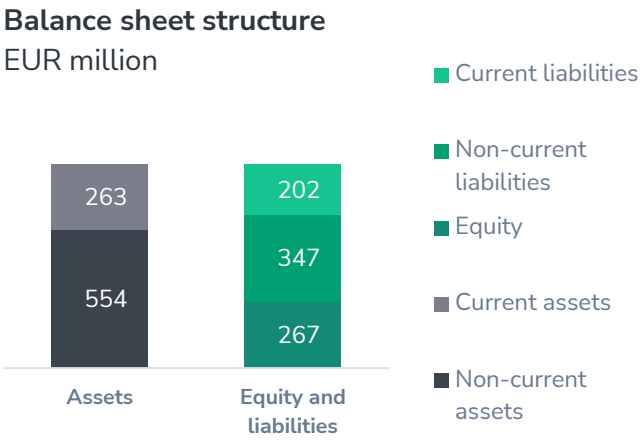

Net financial debt decreased by EUR 10.8 million, as part of the loan was repaid on schedule.




The net financial debt to adjusted EBITDA (last 12 months) ratio decreased from 0.7 to 0.4 due a lower net financial debt and a higher adjusted EBITDA.

## 6.4. Balance and cash flow

| Balance sheet, EUR million | 2025/12/31 | 2024/12/31 | Change |
|---|---|---|---|
| **Non-current assets** | **554** | **467** | **86** |
| Intangible assets | 4 | 4 | 0 |
| Property, plant and equipment | 530 | 450 | 80 |
| Deferred tax asset | 19 | 13 | 6 |
| **Current assets** | **263** | **353** | -90 |
| Receivables and other current assets | 100 | 83 | 18 |
| Loan granted to EPSO-G related parties | 156 | 266 | -110 |
| Other financial assets | 1 | 4 | -3 |
| Cash and cash equivalents | 4 | 0 | 4 |
| **TOTAL ASSETS** | **816** | **820** | **-4** |
| | | | |
| **Equity** | **267** | **258** | 9 |
| Issued capital and share premium | 155 | 155 | 0 |
| Reserves | 77 | 36 | 41 |
| Retained earnings | 36 | 67 | -32 |
| **Non-current liabilities** | **347** | **351** | **-4** |
| Financial debts and lease liabilities | 22 | 27 | -4 |
| Congestion management revenue | 312 | 309 | 4 |
| Other non-current liabilities | 12 | 15 | -3 |
| **Current liabilities** | **202** | **211** | **-9** |
| Current portion of long-term loans and other short-term borrowings | 4 | 6 | -2 |
| Current portion of congestion management revenue | 87 | 81 | 6 |
| Trade payables | 79 | 113 | -34 |
| Prepayments received and other current assets | 32 | 11 | 21 |
| **Total liabilities** | **549** | **562** | -13 |
| **TOTAL EQUITY AND LIABILITIES** | **816** | **820** | **-4** |




During the year the Company's assets decreased by EUR 4 million (-0.5%) and amounted to EUR 816 million as at 31 December 2025. Non-current assets representing 68% of the Company's total assets increased by EUR 86 million (+18%), the main reason – the capital investments were higher than depreciation costs even after the investments set off against subsidies.

Current assets decreased by EUR 90 million (-26%), mainly due to the EUR 110 million decrease in loans granted (temporarily unused accumulated congestion management revenue connected to the Group account and temporary borrowed to EPSO-G).

Shareholders' equity increased by EUR 9 million (+3.6%) during the 2025, lower than the total revenue earned due to dividends paid to shareholders in 2025 and accounted for 33% of the total assets as at 31 December 2025.

Non-current liabilities decreased by EUR 4 million (-1.1%). Current liabilities decreased by EUR 9 million mainly due to the following: a reduction in investment-related payables (EUR -10.6 million) and electricity-related payables (EUR -24 million), an increase in the current-year portion of congestion management revenues (EUR +6 million), an increase in advance payments received (EUR +11.7 million), and an increase in VAT payable (EUR +6.7 million).

| Cash flows, EUR million | 2025 Y | 2024 Y | Change | Change, % |
|---|---|---|---|---|
| CFO | 43.0 | 105.4 | -62.4 | -59.2% |
| CFI | -7.2 | -69.9 | 62.8 | n/a |
| CFF | -31.6 | -36.0 | 4.4 | n/a |
| **Increase/decrease in cash and cash equivalents** | **4.3** | **-0.5** | **4.8** | **n/a** |

**CFO**

In 2025, cash from operating activities (CFO) was positive and totalled EUR 43.0 million. Compared to 2024, CFO decreased by EUR 62.4 million, mainly due to negative change in net profit (EUR -14.8 million) and the decrease in change in working capital (EUR -51.3 million).

**CFI**

In 2025, cash flows from investing activities (CFI) amounted to EUR -7.2 million. Compared to 2024, CFI was increased by EUR 208.4 million due to change in loans repaid (granted), while it was reduced by EUR 66.2 million due to lower grants received, EUR 73.8 million due to lower congestion management revenues received for investment financing, and EUR 3.8 million due to higher payments for the acquisition of property, plant and equipment and intangible assets.

**CFF**

In 2025, cash from financing activities (CFF) amounted to EUR -31.6 million. Compared to 2024, CFF was increased due to lower dividends paid in 2025.

| Free cash flows, EUR million | 2025 Y | 2024 Y | Change | Change, % |
|---|---|---|---|---|
| CFO | 43.0 | 105.4 | -62.4 | -59.2% |
| CFI | -7.2 | -69.9 | 62.8 | n/a |
| Change in loans granted | -109.4 | 99.0 | -208.4 | n/a |
| **FCF** | **-73.5** | **134.5** | **-208.0** | **n/a** |

The Company's net cash flows excluding cash flows from financing activities and from loans granted by the Company and their repayments (free cash flow, FCF) was negative and totaled EUR -73.5 million in 2025.

In 2025, congestion management revenue amounted to EUR 99.7 million. During 2025, it was used as follows: to guarantee allocated capacity - EUR 2.5 million, to reduce transmission tariff – EUR 34.5 million and to finance investments - EUR 53.1 million. Accumulated congestion management revenue balance amounted to EUR 397.5 million as at 31 December 2025, of which EUR 241.5 million were temporarily used for the financing of the Company's activities and EUR 156.1 million were linked to the EPSO-G Group account.

## 6.5. Five-year summary

| Key financial indicators | | 2025 Y | 2024 Y | 2023 Y | 2022 Y | 2021 Y | Change in 2025-2024 | Change, % |
|---|---|---|---|---|---|---|---|---|
| Revenue | EUR million | 431.1 | 378.3 | 369.8 | 420.3 | 270.9 | 52.7 | 13.9% |
| EBITDA | EUR million | 48.9 | 60.5 | 78.3 | -36.5 | 46.2 | -11.6 | -19.1% |
| EBITDA margin | % | 11.3 | 16.0 | 21.2 | -8.7 | 17.1 | -4.6 p.p. | -29.0% |
| EBIT | EUR million | 24.4 | 37.3 | 36.6 | -57.5 | 24.8 | -12.9 | -34.5% |
| EBIT margin | % | 5.7 | 9.9 | 9.9 | -13.7 | 9.2 | -4.2 p.p. | -42.6% |
| Net profit | EUR million | 34.2 | 49.0 | 48.4 | -49.5 | 20.0 | -14.8 | -30.2% |
| Net profit margin | % | 7.9 | 13.0 | 13.1 | -11.8 | 7.4 | -5 p.p. | -38.7% |
| ROE | % | 13.0 | 19.7 | 23.9 | -25.5 | 9.1 | -6.7 p.p. | -34.0% |
| ROA | % | 4.2 | 6.5 | 6.9 | -8.2 | 4.4 | -2.4 p.p. | -36.1% |
| Shareholders' equity / Assets | % | 32.8 | 31.5 | 35.2 | 23.2 | 45.2 | 1.3 p.p. | 4.1% |
| Net financial debt | EUR million | 22.3 | 33.1 | 39.2 | 45.6 | 68.5 | -10.8 | -32.7% |
| Net financial debt/EBITDA | times | 0.5 | 0.5 | 0.5 | -1.3 | 1.5 | -0.1 | -16.6% |
| Investments | EUR million | 166.3 | 213.6 | 153.5 | 56.2 | 52.0 | -47.3 | -22.1% |
| Basic earnings per share (EPS) | Eur | 0.07 | 0.10 | 0.10 | -0.10 | 0.03 | -0.03 | -30.1% |
| Total assets | EUR million | 816.4 | 820.3 | 677.4 | 718.5 | 489.8 | -3.9 | -0.5% |
| Equity | EUR million | 267.5 | 258.2 | 238.7 | 167.0 | 221.5 | 9.3 | 3.6% |
| Liquidity ratio | times | 1.3 | 1.7 | 1.9 | 0.8 | 1.0 | -0.4 | -22.3% |
| Assets turnover ratio | times | 0.5 | 0.5 | 0.5 | 0.7 | 0.6 | 0.0 | 4.0% |
| **Adjusted indicators** | | | | | | | | |
| Adjusted EBITDA | EUR million | 53.0 | 47.6 | 37.1 | 34.6 | 39.8 | 5.5 | 11.6% |
| Adjusted EBITDA margin | % | 12.3 | 12.6 | 10.0 | 8.2 | 14.7 | -0.3 p.p. | -2.1% |
| Adjusted net profit | EUR million | 37.7 | 34.3 | 25.5 | 13.8 | 16.4 | 3.4 | 10.0% |
| Adjusted net profit margin | % | 8.7 | 9.1 | 6.9 | 3.3 | 6.1 | -0.3 p.p. | -3.5% |
| Adjusted ROE | % | 14.3 | 13.8 | 12.6 | 5.6 | 6.6 | 0.5 p.p. | 3.9% |
| Net financial debt/adj. EBITDA | times | 0.4 | 0.7 | 1.1 | 1.3 | 1.7 | -0.3 | -39.6% |

# 7. TARGETS AND THEIR IMPLEMENTATION

## 7.1. 2025 yearly targets

Based on the strategic priorities outlined in the Ministry of Energy's letter of expectations and approved in the strategy, the Litgrid Board of Directors has set the following 2025 goals for the company:

| No. | Annual target | Results of annual targets | Target weight, (%) |
|---|---|---|---|
| 1 | Future infrastructure development | 1) Implementation of synchronization | 40% |
| | | 2) Completion of projects on existing infrastructure development and/or optimisation | |
| | | 3) Development of the energy centre (HUB) | |
| 2 | Providing a flexible and resilient energy system | 1) Creating an environment of flexibility and adequacy | 20% |
| | | 2) Enhancing the resilience of strategic infrastructure | |
| 3 | Services development and integration of RES | 1) RES development and integration | 10% |
| 4 | Effective organization | 1) CAPEX | 10% |
| | | 2)Implementation of network restoration and modernisation investments | |
| 5 | Sustainable finance and operations | 1) Sustainable finance (adjusted ROE; adjusted EBITDA) | 20% |
| | | 2) Sustainable organizational development | |
| | | 3) Building a unified identity | |

The CEO of Litgrid is accountable to the Board for the achievement of the set objectives. The financial and non-financial performance targets set for the company are identical to those of the CEO of Litgrid. The Board conducts an annual assessment of the achievement of these targets.

According to the Board's assessment, 98% of the targets set for Litgrid were achieved in 2025. The partial achievement of the targets is related to external factors (changed shareholder expectations) and internal factors (due to prolonged coordination efforts).

# 8. INFORMATION ON THE SHARE CAPITAL AND THE SHAREHOLDERS AND THEIR RIGHTS

Since 22nd December 2010, Litgrid's shares are traded on the Secondary List on the NASDAQ OMX Vilnius exchange, ISIN code of securities: LT0000128415.

During the reporting period Litgrid neither acquired nor disposed of its own shares.

The share capital of Litgrid amounts to EUR 146,256,100.2, and it is divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each.

EPSO-G UAB (Laisvės avenue 10, Vilnius, company code 302826889), a company wholly owned by the Ministry of Energy of the Republic of Lithuania, controls 97.5% of Litgrid 's shares. EPSO-G UAB possesses a decisive vote in making decisions at the general meeting of shareholders.

The Company has not received any information on mutual agreements between the shareholders due to which restrictions on transfer of securities and/or voting rights may be imposed. There are no restrictions regarding voting rights at the Company.

SEB Bankas AB was the provider of accounting and related services for Litgrid 's securities from September 15th 2020.

Data on trading in Litgrid securities on the regulated markets:

| INDICATOR | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|
| Opening price, EUR | 0.805 | 0.702 | 0.685 | 0.78 |
| Highest price, EUR | 0.805 | 0.78 | 0.8 | 0.88 |
| Lowest price, EUR | 0.63 | 0.65 | 0.5 | 0.73 |
| Closing price, EUR | 0.7 | 0.685 | 0.7 | 0.838 |
| Turnover, units | 435,981 | 386,009 | 558,821 | 585,682 |
| Turnover, EUR million | 0.33 | 0.27 | 0.39 | 0.48 |
| Capitalisation, EUR million | 353.03 | 345.47 | 393.38 | 422.63 |

## 8.1. Turnover and prices of Litgrid's shares during the reporting period, in EUR:

https://nasdaqbaltic.com/statistics/lt/instrument/LT0000128415/trading



## 8.2. Benchmark of LGD1L,OMX Baltic Benchmark GI (OMXBBGI) and OMX Vilnius (OMXV)




| INDEX \| EQUITY | OPENING VALUE | CLOSING VALUE | CHANGE % |
|---|---|---|---|
| OMX_Baltic_Benchmark_GI | 1,463.42 | 1,744.63 | +19.22 |
| OMX Vilnius_GI | 1,065.48 | 1,337.8 | +25.56 |
| LGD1L - LITGRID | 0.78 | 0.84 | +7.44 |

## 8.3. Dividend policy

On the 18th August 2017 The Board of Litgrid has adopted a decision to apply the dividend policy of UAB EPSO-G Group, approved by the decision of the Board of Directors of UAB EPSO-G on 14 July 2017 (renewed 7th February 2020), to Litgrid in full. EPSO-G's Dividend Policy regulates the procedure for setting, paying and declaring dividends for all the companies in the group, sets clear guidelines for the expected return on equity and investment for existing and potential shareholders, while ensuring sustainable long-term growth of corporate value, timely implementation of nationally important strategic projects, and purposefully building trust in the entire group of energy transmission and exchange companies

The ordinary general meeting of shareholders of Litgrid on 30 April 2025, decided to distribute the company's profit of 2024 and allocate a dividend of 0.049 euro per share.

| Year | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Dividends, Eur per share | 0.049 | 0.058 | 0 | 0.01 | 0.0328 |

# 9. GOVERNANCE REPORT

The Company, together with the parent company UAB EPSO-G and other legal entities directly and indirectly controlled by the parent company, form a group of companies. 97.5 percent of the Company's shares are owned by UAB EPSO-G, and the remaining 2.5 percent are held by minority shareholders. The shareholder of UAB EPSO-G is the State of Lithuania, which owns 100 percent of UAB EPSO-G shares, and the rights and obligations of a shareholder are implemented by the Ministry of Energy of the Republic of Lithuania.

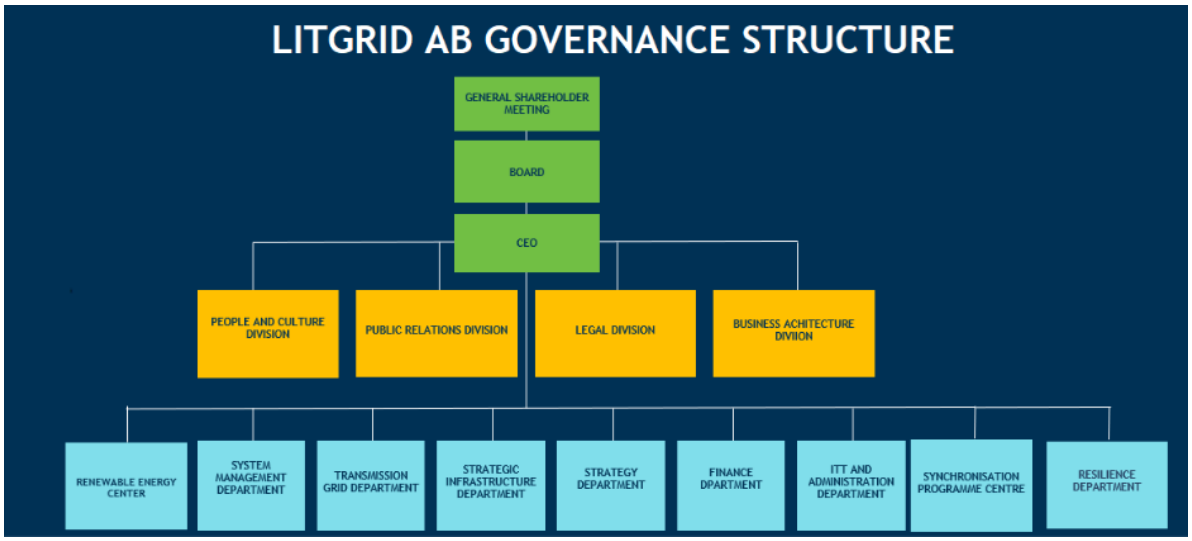
The Company's authorized capital is EUR 146 256100.20. It is divided into 504 331 380 ordinary registered shares with a nominal value of EUR 0.29. One ordinary registered share with a nominal value of EUR 0.29 entitles its owner to one vote at the general meeting of shareholders.

## 9.1. The Company's management bodies

The Company's management bodies are set out in the Articles of Association and comprise the General Meeting of Shareholders, the Board and the CEO.

EPSO-G UAB (the Company's parent) has the Remuneration and Nomination Committee and the Audit Committee, which act as the Remuneration and Nomination Committee the Audit Committee of the Group as a whole, inter alia, by performing the functions of the Remuneration and Nomination Committee and the Audit Committee of the Company. Information on the Remuneration and Nomination Committee and the Audit Committee is available on website of EPSO-G UAB (the Company's parent) at www.epsog.lt. Information on the committees is also disclosed in the Integrated annual reports of EPSO-G UAB.

Litgrid's management and organisational structure ensures optimalorganisation, accountability, process efficiency and responsibility.




## 9.2. Management principles

In the reporting period, the corporate governance of the EPSO-G Group's was carried out in accordance with the new version of the Guidelines on Corporate Governance of EPSO-G Group approved by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of EPSO-G, on 29 December 2022. The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G Group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations.

The updated version of the Guidelines established seven main principles of the corporate governance:

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

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

We consistently strive to earn trust in the strategic projects we implement and place strong emphasis on transparency and accountability. This is also reflected in external evaluations: the EPSOG Group's overall governance quality received an "A" rating in the Governance Coordination Centre's Good Governance Index for 2024/2025.



A

EPSO-G group receiving A rating in the group of big companies in governance rating process.

Litgrid ratings:
- transpatrency (**A+**);
- strategic management (**A+**);
- collegial bodies (**A**).

### 9.3. Articles of association

The Articles of Association of Litgrid are amended in accordance with the procedure set out in the Law on Companies of the Republic of Lithuania, according to which amendments to the Company's Articles of Association must be approved by a qualified majority vote that must be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the meeting. During the reporting period, the Company's Articles of Association were not revised – the version of the Litgrid Articles of Association approved by the General Meeting of Shareholders on 30 April 2024 remained in force; it was registered in the Register of Legal Entities on 10 May 2024.
You can find the Litgrid Articles of Association on the Company's website at www.litgrid.eu.

## 10. THE COMPANY'S COLLEGIAL BODIES AND THEIR ACTIVITIES

### 10.1. General meeting of shareholders

The General Meeting of Shareholders is the supreme body of the Company. The competence of the General Meeting of Shareholders, the rights of shareholders and their exercise are provided for in the Law on Companies of the Republic of Lithuania, while additional competence is provided for in the Articles of Association.

The additional competence of the General Meeting of Shareholders is the following:

- Appointment and removal of Board members, fixing the remuneration of Board members, conclusion of contracts with Board members and their standard terms and conditions.
- Suspension or non-expulsion 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 the Articles of Association;
- Approval of the decisions of the Board, as provided for in the Articles of Association.

On 31st December 2025, there were more than 5 800 natural and legal persons as shareholders of Litgrid. The parent company, UAB EPSO-G is the majority shareholder, owning 97.5 percent company shares.

Each shareholder entered in the company's shareholders' register before the accounting day (fifth working day before the general meeting of shareholders) has the right to participate in the general meeting of shareholders and exercise his right to participate in decision-making on issues within the competence of the general meeting of shareholders. Notices on the convening of the general meeting of shareholders, as well as all necessary information, appendices to the issues to be resolved at the meeting and decisions of the general meeting of shareholders are published on the company's website. Meetings are also reported to Nasdaq Vilnius by submitting a notice in the notice system.

During the reporting period, 5 General Meetings of Shareholders were convened, and the following decisions were taken:

| Date | Key decisions |
|---|---|
| 04-17 | The decision of the Litgrid Board on the conclusion of the Reconstruction of the 330 kV Tytuvėnai - Kaunas overhead line contract with the supplier group AS Connecto Infra and UAB Connecto Lietuva was approved, and the essential terms of this contract were approved. |
| 04-30 | Approval of Litgrid AB financial statements of 2024. |
| | Approval of the distribution of Litgrid's profit for 2024. |
| | Approval of Litgrid's Remuneration Report for 2024. |
| | Approval of Litgrid's humanitarian aid agreement. |
| 06-19 | The decision of the Litgrid Board to conclude a fixed-schedule electricity supply agreement with UAB Ignitis was approved, and the essential terms of this agreement were approved. |
| 10-17 | Approval of Litgrid's humanitarian aid agreement. |
| 12-29 | A decision was adopted to conclude a contract for the electricity generation facility availability service with the related party AB Ignitis gamyba, and the essential terms of the transaction were approved. |

## 10.2. The Board

The Board is a collegial management body of the Company. The competence of the Board, the decision-making procedure and the procedure for election and removal of members shall be established by laws and the Articles of Association.

Under the current version of the Articles of Association, the Board shall consist of 5 (five) members. The members of the Board shall be elected by the Meeting for a term of office of four years and shall be accountable to the Board.

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 consecutive years. Members of the Board are elected in accordance with the Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 on the Approval of 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.

The Articles of Association require to ensure that the Board is composed of at least 2 (two) independent members, whose independence shall be determined by reference to the independence criteria set out in the Law on the Management, Use and Disposal of State and Municipal Assets of the Republic of Lithuania. When forming the Board, it must be ensured that at least 3 (three) members of the Board have no employment relationship with the Company and, when possible, that employees of the Company are not appointed to the Board.

The Board elects the Chairperson of the Board from among its members. The Chairperson of the Board is elected from among the Board members nominated by the Parent Company. In its activities, the Board follows the laws, the Company's the Articles of Association, the decisions of the General Meeting of Shareholders and the Rules of Procedure of the Board.

On 30 April 2024, a new term of the Board was elected. It consists of two independent Board members – Tim Meyerjürgens and Pierre-Henri D'haene; one Board member delegated by the Ministry of Energy, a civil servant – Gediminas Karalius; and two members delegated by the parent company EPSO-G – Tomas Varneckas and Mindaugas Keizeris.

The competence of the Board is not different fromthe competence of the board established in the Law on Companies, except for the additional competence provided for in the Articles of Association.

**The Company's Board reserves the competence to:**

- approve the Company's business strategy (including long-term and short-term, financial and non-financial targets and/or performance indicators);
- approve the Company's budget;
- approve the Company's annual performance objectives;
- take decisions on the Company's significant transactions in an amount of EUR 3 million (three million euros) or higher, and approves material terms a condition of such transactions;

- take decisions on the prices of electricity transmission and other state-regulated services and the procedure for their application;
- take decisions on the 10 (ten) year plan for the development of the Company's electricity transmission network;
- take decisions on the commencement of a new activity of the Company or on the discontinuation of a specific ongoing activity;
- take decisions relating to the exercise of the Company's rights as a shareholder at General Meetings of subsidiaries and associates;
- perform supervisory functions as provided for in the Law on Companies of the Republic of Lithuania;
- take other decisions within the competence of the Board as provided for in the Articles of Association and the Law on Companies of the Republic of Lithuania.

The Company's Board also performs supervisory functions, including the following:

- taking into account the opinion of the Audit Committee, it approves or does not approve the conclusion of transactions with related parties;
- approving the description of the procedure and conditions for the assessment of transactions with related parties that are concluded under ordinary market conditions during ordinary business activities, as provided for in the Law on Companies;
- supervising the activities of the CEO and providing the General Meeting of Shareholders with feedback and recommendations regarding the CEO's performance;
- considering the suitability of the CEO to remain in office if the Company operates at a loss;
- submitting proposals to the CEO to withdraw decisions that are contrary to legal acts, the Articles of Association, or the decisions of the General Meeting of Shareholders or the Board;
- deciding on other matters related to the supervision of the Company's and the CEO's activities that fall within the competence of the Board under the Articles of Association or by the decision of the General Meeting of Shareholders.

## 10.3. The competencies matrix of the Board

When electing the new term of office of the Litgrid Board, the Board's competency matrix was approved on December 17, 2023. An abbreviated competency matrix, revealing the essential areas of competency of the Board members, is provided below.

| **The Board** | **Competencies of Board members' nominated by shareholder** | | **Competencies of Independent Board members** | | **Competencies of State delegated Board member** |
|---|---|---|---|---|---|
| | Board member 1 | Board member 2 | Board member 3 | Board member 4 | Board member 5 |
| **Competencies** | Strategy and finance management | Infrastructure development | Technology digitalization | Business development | National energy strategy and national security implementation |

## 10.4. Composition of the Board (as at 31 December 2025)

The current term of the Board is from 30 April 2024 to 30 April 2028.
During the reporting period, the Board of Litgrid consisted of the following members:



**Tomas Varneckas**
Member, the Chairman of the Board since 22nd May 2024.
Experience: T. Varneckas has extensive experience in the implementation of strategically important infrastructure projects, including the European-gauge railway project Rail Baltica, the construction of electricity interconnections, the deactivation and dismantling of Ignalina Nuclear Power Plant facilities, the liquefied natural gas terminal, and other large-scale projects. T. Varneckas has served in the management teams of AB LTG Infra and UAB Sweco Lietuva.
Education:Vilnius Gedimino Technical. University, bachelor's degree in environmental engineering; master's degree in engineering IT.
Other positions: Head of Infrastructure and Project Management at EPSO-G Group.



**Mindaugas Keizeris**
Member of the Board
Experience: M. Keizeris has extensive leadership experience – he spent ten years working within the Lietuvos energija Group (now the Ignitis Group), where he served as a member of the Group's Board and held positions on the boards and supervisory councils of subsidiary companies. Since 2018, he has served as the Chair of the Board and CEO of ESO, AB.
Education: Vilnius University, master's degree of International Business, Baltic Institute of Corporate Governance, Board Member Education
Other positions:CEO of EPSO-G Group.



**Gediminas Karalius**
Member of the Board
Experience: G. Karalius has accumulated extensive experience in the field of energy security, working with strategic electricity infrastructure projects as well as preparing and implementing strategic documents for Lithuania's energy sector – including the National Energy Independence Strategy (NENS), the National Energy and Climate Action Plan (NEKSVP), and other sectoral programmes.
Education: Mykolas Romeris University, bachelor's degree in law and management; master's degree in EU Law. ISM University of Management and Economics, Master of Business Administration.
Other positions: Senior Adviser at the Energy Security Group, Ministry of Energy of the Republic of Lithuania



**Tim Meyerjürgens**
Independent Member of the Board
Experience: Tim Meyerjürgens is responsible for the strategic development of TenneT Germany, longterm grid planning, political and regulatory affairs, legal affairs, and the Board Office, which oversees executive and governance processes. His career began at PreussenElektra and E.ON Netz. Since 2010, he has held various senior positions within TenneT's offshore business. In 2019, he became CEO of TenneT Holding B.V. and CEO of several TenneT group companies.
Education: University of Applied Sciences Oldenburg/Ostfriesland/Wilhelmshaven, Diploma in Electrical Engineering.
Other positions:CEO of the German transmission system operator TenneT.



**Pierre-Henri D'haene**
Independent Member of the Board
Experience: Pierre-Henri D'haene currently serves as the Head of Strategy, Transformation and Sustainability at the Belgian electricity transmission system operator Elia. He has extensive board-level experience, including roles at Litgrid, Watt4Ever, and GUBERNA. He is a member of Belgium's 40 Under 40 programme and lectures as a guest lecturer at Vlerick Business School and the University of Exeter. His previous experience includes senior leadership positions at Capgemini Engineering and EDF Luminus.
Education: Polytechnic School of Louvain, master's degree in mechanical engineering; Cornell SC Johnson College of Business, MBA in corporate and sustainable finance.
Other positions: Head of Strategy, Transformation and Sustainability at Elia Transmission Belgium.

The CV's the Board members and the CEO are available at www.litgrid.eu

## 10.5. Activities of the Board

Considering the guidelines for the annual self-assessment of the Group's collegial bodies approved by the EPSO-G Remuneration and Appointment Committee, at the beginning of 2026 the Litgrid Board carried out an evaluation of its performance for 2025.

During the Board's self-assessment session held on 28 January 2026, areas for improvement were identified, and agreements were made on development actions for 2026 in the fields of future strategic needs and sustainability, as well as in strengthening the Board's understanding of the Lithuanian energy sector.

In accordance with the Group's guidelines for the annual self-assessment of collegial bodies, the EPSO-G Remuneration and Appointment Committee summarises the overall assessment of all Group collegial bodies and submits it to the Board.

During the reporting period, 18 meetings of the Board were held, 6 of which adopted decisions by written procedure.

**Attendance at the Board meetings and decisions during 2025:**

| No. | Board member | Attendance |
|---|---|---|
| 1. | Tomas Varneckas | 18/18 |
| 2. | Mindaugas Keizeris | 18/18 |
| 3. | Gediminas Karalius | 18/18 |
| 4. | Pierre-Henri D'haene | 18/18 |
| 5. | Tim Meyerjürgens | 18/18 |

The Board plans and executes its activities in accordance with the Board's annual activity plan. On 17 December 2024, the Board approved the Board's Action Plan for 2025, which was duly implemented in first half of 2025.

Matters discussed and decisions made by the Litgrid's Board in 2025:

**January**

Approval of Litgrid's strategy, action plan for 2035.

Approval of Litgrid's goals for 2025 identical to those of the manager.

Approval of Litgrid's budget for 2025.

A decision was made to conclude an amendment to the purchase and sale agreement for the service of the Isolated Power System Work Reserve dated 30 December 2022 and the updated essential terms of the agreement were approved.

A decision was made to conclude an agreement "Reconstruction of the 330 kVŠiauliai-Tytuvėnai overhead line" and the essential terms of this agreement were approved.

A self-assessment session of the Board's activities was held, during which the Board's activities for 2025 were drawn up. improvement plan.

**February**

The decision to conclude the contract "110-10 kV Kuprioniškės transformer station connection to the transmission network contract works" was made and the essential terms of the contract were approved.

The decision to conclude the contract for reinforced concrete masts for overhead power transmission lines was made and the essential terms of the contract were approved.

The assessment of the independence of the board members was carried out

**March**

Litgrid's 2024 performance goals implementation report was approved.

Litgrid's 2030 strategy implementation report for 2024 was approved.

A decision was made to conclude a contract Reconstruction of 110 kV OL Kaunas E - Kaunas and branch Palemonas traction and the main terms of the contract were approved.

A decision was made to conclude a contract Reconstruction of 330 kV overhead line Tytuvėnai-Kaunas with the supplier group AS Connecto Infra and UAB Connecto Lietuva and the main terms of this contract were approved, as well as a decision was made to convene an extraordinary general meeting of shareholders.

An assessment of the independence of a board member was performed.

**April**

Litgrid's 2024 management report and Litgrid's 2024 remuneration report were approved.

The year 2024 set of financial statements and the profit distribution project of Litgrid were approved, a decision was made to conclude a humanitarian aid agreement, and the essential terms of this agreement were approved, and a decision was made to convene an ordinary general meeting of shareholders of Litgrid.

A decision was made to review the performance evaluation, financial incentives and remuneration of the Company's CEO.

A decision was made to conclude a bond transfer loan agreement with UAB EPSO-G and the essential terms of the agreement were approved.

Decisions were made on voting at the general meeting of shareholders of Litgrid's associated company Baltic RCC OÜ (approval of the 2024 audited annual report, 2024 profit distribution, election of members of the supervisory board).

Standard substantive terms and conditions of the design and construction contract have been approved.

**May**

A decision was made to conclude a contract for the supply of electricity from renewable energy sources with a fixed supply schedule with UAB Ignitis and the essential terms of this contract were approved, as well as a decision to convene an extraordinary general meeting of shareholders.

**June**

The decision to conclude the contract for Combat drone system (stationary) was made and the essential terms of this contract were approved.

The decision to conclude the contract Reconstruction of the 110 kV overhead line Kuršėnai - Kanteikiai was made, and the essential terms of this contract were approved.

The decision to conclude the contract for the operation of the 110-400 kV overhead lines in the Southern region was made and the essential terms of this contract were approved.

**July**

A decision was adopted to conclude the contract "Reconstruction of the 110/10 kV Riešės Substation 110 kV Switchyard and the Reconstruction of the 110 kV Overhead Line Neris–VE3 Section", and the essential terms of the contract were approved.

A decision was adopted to initiate a public selection process for the position of Litgrid CEO; the list of requirements for the CEO selection was approved, and a request was submitted to the Group's Remuneration and Appointment Committee to conduct the selection process.

**August**

A decision was adopted to conclude an autotransformer purchase–sale contract, and the essential terms of this contract were approved.

A decision was adopted to conclude a contract for special works on overhead lines, and the essential terms of this contract were approved.

A decision was adopted to conclude mutual lending and borrowing agreements with the EPSOG Group companies, and the essential terms of these agreements were approved.

**September**

A decision was adopted to conclude a settlement agreement, and the essential terms of this agreement were approved.

A decision was adopted to conclude the contract Reconstruction of the 110 kV Panevėžys–Ekranas II and Panevėžys–Velžys I Overhead Lines: Preparation of the Detailed Design and Construction Works, and the essential terms of this contract were approved.

A decision was adopted to convene an extraordinary General Meeting of Shareholders to approve the Board's decision regarding the provision of humanitarian assistance.

The list of Litgrid confidential and commercially sensitive (trade secret) information was approved.

**October**

Approval was granted for the differentiated electricity transmission service prices for 2026 – calculated by Litgrid in accordance with the upper price cap for the transmission service and the additional services component approved by the National Energy Regulatory Council (VERT) – as well as for their application procedure and submission to VERT.

A decision was adopted to conclude the contract "Reconstruction of the 330 kV Lietuvos E–Neris Overhead Line, Preparation of the Detailed Design and Construction Works", and the essential terms of this contract were approved.

A decision was adopted to conclude the contract "Construction of the 110/10 kV Lazdėnai Substation, Elektrėnai Municipality, Vievio Eldership, Lazdėnai Village, Plento g. 8, and Design (Detailed Design) and Construction Works for the Reconstruction of the 110 kV TE3 – Vievis Overhead Line", and the essential terms of this contract were approved.

A decision was adopted to conclude the "Master Services Agreement for CableRelated Services as Specified in the Annexes", and the essential terms of this contract were approved.

Approval was granted for the draft of Litgrid's 2035 strategy and its submission to the Public Institution Governance Coordination Centre.

**November**

Agreement was reached on the schedule of the Board's regular meetings for 2026.

**December**

Approval was granted for the conclusion of electricity generation facility availability service agreements and for the essential terms of these transactions. With respect to one of these agreements involving the related party AB Ignitis gamyba, a decision was adopted to convene an extraordinary General Meeting of Shareholders.

A decision was adopted to amend the *Litgrid* Board decision of 23 January 2025 "On the Amendment of the 30 December 2022 Purchase–Sale Agreement for the Isolated Electricity System Operation Reserve Service and the Approval of the Essential Terms of the Agreement.

A decision was adopted to conclude vehicle rental and maintenance service agreements, and the essential terms of these agreements were approved.

A decision was adopted to amend the Litgrid Board decision of 21 August 2025 regarding the conclusion of mutual lending and borrowing agreements with the EPSOG Group companies and the approval of the essential terms of these agreements.

A decision was adopted to convene an extraordinary General Meeting of Shareholders to elect the audit firm and determine the conditions for the provision of audit services for the period 2026–2028.

The Litgrid risk appetite for 2026 was set, and the risk management action plan was approved.

A decision was adopted to conclude an autotransformer purchase–sale contract, and the essential terms of this contract were approved.

A decision was adopted to conclude the contract Reconstruction of the 110 kV Šiauliai–Rėkyva / Šiauliai–Radviliškis Overhead Lines: Preparation of Design Proposals, Technical Working Design, and Construction Works and the essential terms of this contract were approved.

A decision was adopted to conclude the design, and construction works contract "Reconstruction of the 110 kV Overhead Line by Installing an OPGW Section in the Migla–Seda–Telšiai Corridor," and the essential terms of this contract were approved.

Agreement was reached on the Board's activity plan for 2026. In accordance with the Company's Articles of Association, the Audit Committee functions of Litgrid are performed by the Audit Committee of the parent company EPSOG.

## 10.6. Areas of CEO activities

The CEO is the sole governing body of the Company. The Company CEO competence does not differ from the competence of the head of the company established by the Law on Companies of the Republic of Lithuania, except for the additional competence provided for in the Articles of Association. The CEO reserves the competence to:

- organise and control day-to-day activities of the Company, take decisions on activities of the Company;
- ensure implementation of the strategy of the Company, implementation of resolutions of the Meeting and the Board in the Company;
- enters into transactions on behalf of the Company in accordance with the procedures established by the Board.

The remuneration of the CEO is determined in accordance with the Litgrid CEO and Board Remuneration Policy, which is approved by the Litgrid General Meeting of Shareholders.

The remuneration of the CEO is determined in accordance with the "Remuneration of the CEO and Board Members" policy. The remuneration system of the Company's CEO is composed of the following components: (i) Monthly remuneration; (ii) Bonuses as provided for in the Labour Code of the Republic of Lithuania, the Company's internal regulations and collective agreements; (iii) Financial incentives; (iv) One-off bonuses for outstanding performance and innovation; (v) Fringe Benefits; (vi) Non-financial remuneration.

The basis for determining the monthly remuneration of the Chief Executive Officer of the Company is the level of the Chief Executive Officer of the Company, as approved by the Board of the Company. To assess and determine the level of the Company's CEO, the EPSO-G Group of companies adopts a method that is recognised in international practice and widely used in Lithuania. The starting point for the monthly remuneration of the Company's CEO is determined by assessing the general level of remuneration of CEOs of similar size and/or strategic importance in state-owned companies, considering the data of an independent salary survey and market trends, and considering the recommendations of the Government of the Republic of Lithuania on remuneration of executives of state-owned companies. The monthly remuneration of the Company's Chief Executive

Officer is determined and changed by decision of the Company's Board, considering the experience, competence and performance of the Company's Chief Executive Officer.

The Company's Board, in accordance with the remuneration, performance evaluation and development policy of the employees of the EPSO-G Group of companies, sets objectives and performance criteria for the Company's CEO, evaluates their achievement and grants financial incentives. The specific amount of the incentive for the Company's Chief Executive Officer is determined by the Company's Board, considering the achievement of the Company's targets. No remuneration is payable to the Chief Executive Officer in respect of the grant of shares in the Company.

In the event of termination of employment, the Chief Executive Officer of the Company may, by decision of the Board, be paid a severance payment, except in the case of termination of employment due to the fault of the Chief Executive Officer of the Company, or in the case of termination of employment at the initiative of the Chief Executive Officer of the Company without valid reasons. The amount of the severance payment shall be set out in the employment contract concluded with the Chief Executive Officer of the Company, considering the recommendation of the Remuneration Committee, which may be provided separately or by adopting a standard form of employment contract with the Chief Executive Officer.

The employment contract of the Chief Executive Officer of the Company shall not contain arrangements for supplementary pension or early retirement.

In 2026, the term of Rokas Masiulis came to an end, and Andrius Šemeškevičius assumed the position.



Rokas Masiulis
CEO, term of office: 22nd February 2021 – 23rd February 2026
Other positions: Independent Board Member at Connect Pay UAB (company code 304696889, Algirdo st. 48, LT-03218 Vilnius).
Education: Vilnius University Master of Economics; Vilnius University Bachelor of International Relations; Baltic Institute of Corporate Governance, Professional Board Member Training Program
Mr. Masiulis does not hold any shares of Litgrid.



Andrius Šemeškevičius
CEO since 23rd February 2026
Experience: An experienced executive with more than ten years of leadership experience in large telecommunications, ICT, and retail organisations across the Baltic region. He has held roles as Chief Technology Officer, Board Member, and Head of Transformation, overseeing technology units of up to 1,400 employees and leading major network, IT, and organisational modernisation initiatives. He is recognised for technological leadership, strategic vision, and the ability to deliver complex, high impact programmes in dynamic environments.
He has extensive experience in telecommunications networks (5G, IP, fixed–mobile integration), enterprise IT, BSS transformations, SAP environments, and largescale digitalisation, as well as in driving cultural change, improving operational performance, and fostering sustainable business growth.
Education: Vilnius Gediminas Technical University (VGTU), bachelor's degree in informatics, Engineering Informatics programme; VGTU, master's degree in informatics engineering, Information Technologies programme; The Wharton School, Executive Education, Saïd Business School, University of Oxford, UK, Digital Transformation for Senior Executives.
Mr. Šemeškevičius does not hold any shares of Litgrid.

Litgrid Management Team:



Donatas Matelionis, Head of the Power System Operations Department



Vidmantas Grušas, Head of the Transmission Grid Department



Vytautas Tauras, Head of the Finance Department



Paulius Kozlovas, Head of the Strategy Department



Laurynas Barauskas, Head of the ICT and Administration Department



Karolis Sabaliauskas, Head of the Strategic Infrastructure Department



Rytis Bartninkas, Head of Operational Resilience Department



Ignas Junevičius, Head of the Renewable Energy Centre



Mindaugas Ivanavičius, Head of the Synchronization Programme Implementation Centre

## 10.7. Governance and control

The requirements for the governance of the Company are set forth by the Lithuanian laws on the governance of state-owned or state-controlled companies, insofar as they apply to the EPSO-G Group companies, and the Governance Code, insofar as the Company's Articles of Association do not state otherwise.

The Company, in accordance with the Integrated Planning and Monitoring Policy of the EPSOG Group, approved by the Group's Board on 19 May 2017 (meeting No. 12) and applied in full within the Company, prepares its strategy for a period of 5–10 years. The strategic period must correspond to that of the parent company's strategy. Currently, the Company's strategy has been

prepared for a 10year horizon, until 2035. The implementation of the strategic objectives set out in the Company's strategy is ensured through the Company's operational execution, control and risk management systems. The strategy is approved and its implementation is overseen by the Board. A monthly strategy implementation monitoring system has been established within the Company.

The Company's activities of the transmission system operator are regulated by the national regulatory authority, i.e. the National Energy Regulatory Council (hereinafter the "Council"). Within its competence, the Council performs the functions of the state regulation in the electricity sector in the Republic of Lithuania, by ensuring, inter alia, the supervision of and control over the performance of regulated activities in the energy sector, as well as the proper implementation of the rights and duties of electricity undertakings and consumers.

The strategy and operational plan of the Company are implemented by Company's administrative staff and are organised by the Company's CEO. The Company's administrative management personnel consist of the CEO, the Head of Finance Department, the Head of System Department, the Head of Transmission Network Department, the Head of Strategic Infrastructure Department, the Head of Strategy Department, and the Head of ITT and the Head of Administration Department. The composition of the Company's management is disclosed on the Company's website.

Corporate governance accommodates the principles of good governance practice. In its activities, the Company is guided by the EPSO-G Group's policies which are made available on the Company's website.

The internal control systems of the Company are supported by the organisational structure, management culture and implemented good governance practices, as well as process management which is currently being implemented. It should be noted that the supervisory functions are carried out by the Board of EPSO-G UAB, meanwhile recommendations, proposals and conclusions on matters which are key to the Company's activities are provided by the Group's Remuneration and Nomination Committee and the Audit Committee. The internal control system is initiated by the Company's Board and implemented by the administrative staff, assisted by the Audit Committee of EPSO-G UAB, the external independent audit, and divisions supporting the principal activity. The procedures and policies effective at the Company ensure the reliability of accounting and financial reporting, the compliance of the Company's activities with legal acts, operational efficiency, and achievement of operational objectives.

During the reporting period, the corporate governance of the EPSO-G Group's was carried out in accordance with the new version of the Guidelines on Corporate Governance of EPSO-G Group approved on 29 December 2022 by the Ministry of Energy of the Republic of Lithuania, the sole shareholder of EPSO-G. The Guidelines establish uniform principles of corporate governance to be applied to the entire EPSO-G Group of companies and prescribe the purpose of the group of companies, its operational objectives, corporate governance organisation model, governance structure, as well as the system for accountability, supervision and control of operations.

## 11.RISK MANAGEMENT SYSTEM

Risk management at Litgrid is understood as a structured approach to managing uncertainties in pursuit of the Company's objectives.

Litgrid follows the Risk Management Policy and the Risk Management Methodology of the EPSO-G Group. These documents establish a unified risk management system based on common principles and aligned with international best practice, following the COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management) framework.

The Risk Management Policy sets out the core risk management principles and responsibilities that ensure a consistent, principle-based risk management process. The Policy is publicly available on the Litgrid website.

When managing risks, it is essential for the Company to properly assess their significance. Significance is determined by multiplying the risk likelihood and impact. It is equally important to apply targeted risk mitigation measures aimed at eliminating the causes of risks (where possible) and/or reducing their impact. The Policy defines risk tolerance as the level of risk that does not exceed the Company's highest acceptable risk threshold. This level (the product of likelihood and impact indicating the risk significance for the Company) is equal to or less than 15 points. Risks that exceed the defined tolerance threshold are subject to additional management measures.




**Risk management process applied within the Group (stages)**

1. Environment setting: based on the Company's internal and external environment, planning documents, historical risk assessments, and monitoring results of implemented risk management measures, we identify factors that may affect the achievement of the Company's objectives. By regularly assessing the environment, we aim to adapt to changes and prepare in advance for unforeseen threats.

2. Risk assessment: we regularly identify, analyse, and assess the Company's risks, establish their key indicators, and compile the risk register.

3. Risk treatment planning: for risks that exceed the Company's risk tolerance threshold, we prepare a Risk Treatment Plan, selecting the most appropriate method of risk management:

3.1. Risk Reduction. Applying risk management measures that reduce the likelihood and/or impact of the risk.

3.2. Risk Transfer. Transferring risk by delegating functions and related responsibilities to a third party and reallocating duties and accountability accordingly.

3.3. Risk Avoidance. Avoiding risk by not initiating or discontinuing activities that generate the risk.

3.4. Risk Acceptance. Accepting risk when the risk factors are known but the Company has limited ability to manage it, or when managing the risk would require disproportionately high resources, or when the risk level is considered acceptable. Such risks are monitored continuously, and in the event of significant negative changes, the risk owner proposes actions in response to increased risk exposure.

3.5. Risk Elimination. Eliminating risk entirely when targeted risk management measures successfully remove (close) the risk.

4. Monitoring and control: we conduct ongoing monitoring of the Company's risk register and the implementation of the Risk Treatment Plan. Monitoring results are regularly (at least monthly) provided to the Company's CEO, the Litgrid Executive Council, and risk owners, and quarterly to the Litgrid Board and the EPSOG Audit Committee.

5. Communication and reporting: we regularly and promptly share information among participants in the risk management process that is relevant to assessing risks and their management. Information relevant to employees about risks and risk management is communicated through staff meetings, Executive Council format sessions, and regular updates on the Company's intranet.

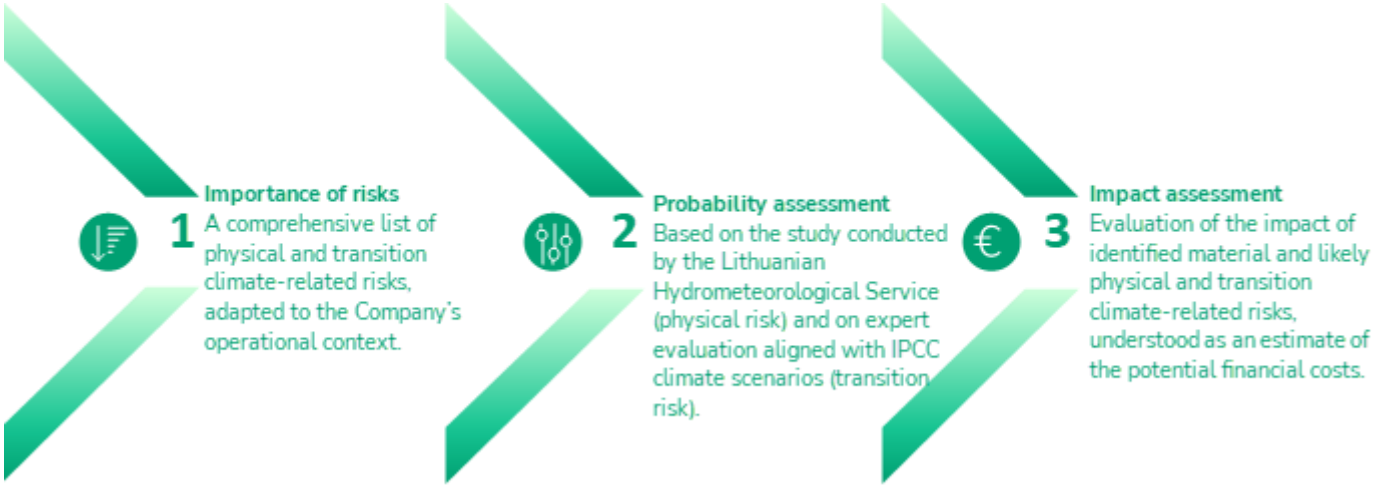
## 11.1. Climate change risk assessment process

Taking into account the importance of climate-related challenges in the energy sector and the requirements of EU regulations (the EU Taxonomy Regulation, the European Sustainability Reporting Standards (ESRS), and others) related to climate risk disclosure, in 2023 the EPSO-G Group carried out a comprehensive assessment of climate-related risks, opportunities, and climate scenarios (based on Intergovernmental Panel on Climate Change (IPCC) climate scenarios) for the short term (2026), medium term (by 2030), and long term (by 2050). The assessment within the Group was performed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We assessed both physical risks (the likelihood of extreme events affecting transmission infrastructure, buildings, and offices) and transition risks (regulatory, technological, reputational, market, and societal pressure) related to climate change. Measures and indicators for managing these risks were also developed.

Climate-related considerations fall within the broader spectrum of sustainability topics and are integrated into the Company's decision-making processes.

**Climate change risk assessment process**




We assessed climaterelated risks using the scale defined in the EPSOG Group's Risk Management Methodology. The impact of risks was defined as their financial effect on revenues. The assessment was carried out at the level of each Group company, and the results were consolidated in the overall Group level analysis.

## 11.2. Main risks and their management

Litgrid conducts annual risk identification sessions, performs risk assessments, establishes risk monitoring indicators, and defines risk management measures. Detailed information can be found in Section 5.4.3.

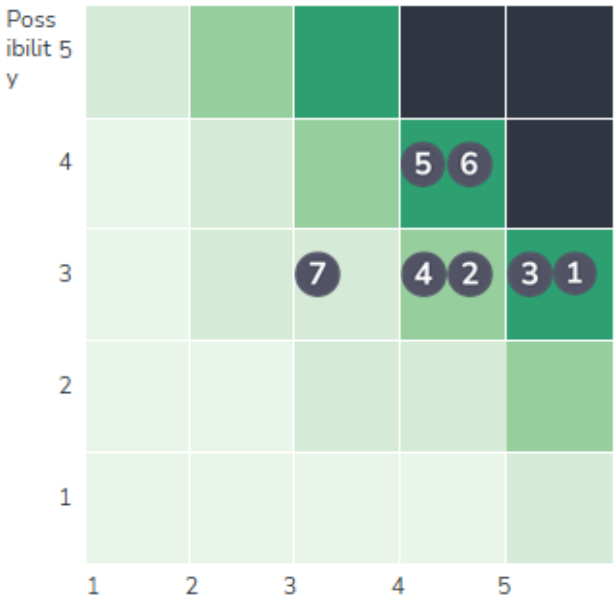
In 2025, the Company's risk register included 126 identified risks, of which eight were managed at the Group level, 50 at the Company level, and 68 at the division level. In 2025, after applying targeted risk management measures, 17 risks were closed, thereby preventing potential negative consequences.

It should be noted that information related to risks, their indicators, and risk management reports is considered confidential. Therefore, this report presents only general (more abstract) information related to risks managed at the Group level.

## Group level risk map

| | | | |
|---|---|---|---|
| ESG | 1 | Risk of delays in implementing synchronization projects | ▼ |
| ESG | 2 | Risk of cyberattacks | ▲ |
| ESG | 3 | Risk of disruptions in systems used for core operations | ▼ |
| ESG | 4 | Risk of noncompliance with employee safety requirements | ■ |
| ESG | 5 | Risk of damage to critical infrastructure assets | ▲ |
| | 6 | Risk of imbalance cost underrecovery | ▼ |
| ESG | 7 | Risk of failing to meet GHG emission reduction targets | ▼ |

ESG – environmental, social, governance




| Risk level change trends: | Risk level (RL) assessment scale: | |
|---|---|---|
| • Raised<br>• Stable<br>▼ Reduced | Very high | 20-25 |
| | High | 15-19 |
| | Medium | 10-14 |
| | Low | 5-9 |
| | Very low | 0-4 |

## 11.3. Group-level risk breakdown

### 1. Risk of delays in implementing synchronization projects

**Risk level**

HIGH



**Risk factors**:
External: delays in contractors' and/or subcontractors' work, supply chain disruptions, shortage of contracting companies.
Internal: processes

**Risk impact**: finances, reputation, business continuity impact.

**ESG type**: Governance

**Risk area:** project management

**Risk description**

Failure to implement, on time, the infrastructure projects that enhance the stability of the Lithuanian electricity system and ensure market integration may prevent smooth integration into the European Union's internal electricity market. This would increase threats to energy and national security and reduce the stability of the electricity system, potentially resulting in electricity supply disruptions and frequent equipment failures.

**Mitigation measures**

The Company, together with the Group PMO (Project Management Office), carries out monitoring and control of the synchronisation projects, assigning high priority to these projects.

It applies continuous (both passive and active) control measures, including automated monitoring of state level and Group level project reports and KPIs, as well as active involvement in risk management and issue resolution.

The Company, together with the Group PMO, participates in programme, project team, project owner and contractor meetings, joint problem-solving activities, and risk assessments.
It conducts audits of project processes, during which risks, issues, benefits, schedules, and compliance with approved processes are reviewed in detail.

### 2. Risk of cyberattacs

**Risk level**

MEDIUM



**Risk factors**:
External: technologies, politics
Internal: employees, processes

**Risk impact**: finances, reputation, business continuity impact.

**ESG type**: Governance

**Risk area:** IT security

**Risk description**

The information and data managed by the Company are of strategic importance to Lithuania's security. Therefore, the loss, unlawful alteration or disclosure of such information and/or data, their damage, or the disruption of systems required for secure data transmission may cause interruptions to the Company's operations and may result in harm to other natural and/or legal persons.

**Mitigation measures**

To prevent cyber incidents, the Company regularly assesses threats to its information systems and security management systems, continuously updates existing security measures, systems and tools, and implements new technological solutions that meet the strict requirements set out in EU and national legislation regulating information security.

The Company's employees actively participate in cybersecurity exercises, during which they learn how to manage and counter cyber incidents targeting critical information systems and networks, as well as how to ensure the continuity of the services provided by these systems.

## 3. Risk of disruptions in systems used for core operations

**Risk level**

HIGH



**Risk factors**:
External: politics, technologies, natural/ environmental
Internal: employees, infrastructure

**Risk impact**: finances, reputation, business continuity impact.

**ESG type**: Governance

**Risk area:** Electricity system operation, transmission system asset management

**Risk description**

One of the Company's key functions and responsibilities is to ensure the safe, reliable and efficient operation of the electricity transmission system. Through technological and innovative solutions, we aim to prevent operational disruptions and avoid electricity outages for consumers.

**Mitigation measures**

To ensure the reliable operation of the transmission systems, the Company implements specialised information systems, modern business management systems, and continuously updates emergency response, technological incident management and business continuity plans, while also imposing high requirements on contractors.

To prevent disruptions in the transmission system, continuous system monitoring is carried out, corresponding maintenance plans are developed, and necessary new investments for grid renewal are planned in a timely manner.

Significant attention is also given to dispatcher training and ESOC tabletop exercises, aimed at practically testing potential disruption scenarios.

## 4. Risk of non-compliance with employee safety requirements

**Risk level**

MEDIUM



**Risk factors**:
External: noncompliance with contractors' safety culture
Internal: employees, processes

**Risk impact**: people's health, finances, reputation

**ESG type**: social responsibility, governance

**Risk area**: occupational safety

**Risk description**

The Company places great emphasis not only on the occupational safety of its own employees but also on strengthening the safety culture of contracting companies.

Noncompliance with occupational safety requirements by contractors' employees and/or uncoordinated actions between the Company's employees and contractors when working on electrical equipment may contribute to the materialisation of the risk.

**Mitigation measures**

We provide appropriate workplaces and carry out timely maintenance and inspection of systems, equipment, and work tools.

We have approved internal documents regulating occupational safety and health.

We conduct employee training, certification, and instruction on occupational safety and health matters.

We perform continuous monitoring and oversight of compliance with occupational safety and health (OSH) requirements by both employees and contractors.

.

## 5. Risk of damage to critical infrastructure assets

**Risk level**

HIGH



**Risk factors**:
External: technologies, politics, natural / environmental
Internal: employees, infrastructure

**Risk impact**: finances, reputation, business continuity

**ESG type**: governance

**Risk area**: physical security

**Risk description**

Malicious actions by third parties, using increasingly diverse criminal methods, may affect the security of the Company's critical infrastructure. This could disrupt the operation of specific critical infrastructure facilities or the Company's activities, negatively impacting the reliable supply of electricity.

**Mitigation measures**

To prevent physical security incidents, we regularly assess threats to the Company's physical protection and security management systems, continuously update existing security measures, systems and tools, and implement new technological solutions that meet the strict requirements established in EU and national legislation regulating the resilience of critical infrastructure.

## 6. Risk of imbalance cost under-recovery

**Risk level**

HIGH



**Risk factors:**
External: legal, political
Internal: processes
**Risk impact**: finances, reputation

**ESG type**: n/a

**Risk area**: finance management

**Risk description**

Since October 2024, due to the application of the preliminary Imbalance Neutrality Component calculation, part of the balancing service costs is not covered in a timely manner (within the reporting period), which affects the Company's financial results

**Mitigation measures**

Cooperation with the National Energy Regulatory Council (VERT) in coordinating the new Imbalance Settlement Agreement.

Detailed monitoring of cumulative balancing costs not covered through imbalance.

**7. Risk of failing to meet GHG emission reduction targets**

| Risk level | Risk description | Mitigation measures |
|---|---|---|
| LOW<br><br>**Risk factors**: Internal: processes, employees<br>**Risk impact**: environmental, reputation, finances<br>**ESG type**: environment<br>**Risk area**: environmental protection, sustainable development | Due to untimely or inaccurate collection and reporting of sustainability related indicators, inaccurate calculation of the Company's GHG emissions, or delays in submitting reports on the fulfilment of commitments to institutional investors, the Company may face sanctions from stock exchange supervisory authorities, including financial penalties for noncompliance with investor commitments. There is also a risk that, without the regulator's approval for necessary investments in environmental impact (GHG emission) reduction measures—due to regulatory restrictions or lack of economic viability—the Company may fail to achieve its long-term strategic objectives and commitments (sustainability KPIs) linked to the issued bonds. | The Company has established internal procedures (guidelines) for the collection and monitoring of segrelated data and strategic indicators.<br>A dedicated calculation tool has been developed and is used to ensure the accuracy of GHG emission calculations.<br>A double materiality assessment has been carried out.<br>The Company has prepared and is implementing economically justified environmental impact reduction plans and related measures. |

## 12.ANTI-CORRUPTION AND ANTI-CORRUPTION CONDUCT

The Company's business decisions are guided by the principles of objectivity, impartiality, transparency, accountability and the rule of law, combined with the zero tolerance to corruption or any other forms and manifestations thereof. With the aim to build a transparent and trust-based Company, we continuously assess and implement measures to manage corruption risks. Litgrid's anti-corruption activities are based on the international standard ISO 37001:2016 Anti-bribery management systems — Requirements with guidance for use, as well as the following measures:

| | | | | |
|---|---|---|---|---|
| Setting restrictions on gifts and donations | Implementing conflict of interests management measures | Identify risks of corruption | Operating a Helpline | Ensuring the credibility of staff |
| Screening of business partners | Conducting internal investigations | Applying contract transparency measures | Employeee training | Ensuring procurement transperency |

In 2024, the international management system certification body issued Litgrid a certificate confirming that the implemented anti-corruption management system complies with the requirements of the above-mentioned standard, and in 2025 this certificate was renewed. This demonstrates the Company's ability to prevent corruption risks through real actions and organised measures, build trust within the supply chain, and safeguard its reputation.

The Company has also approved the 2025 Corruption Prevention Measures Plan, aimed at consistently and effectively improving the Company's transparency system, ensuring the implementation and continuity of prevention and control measures, positively influencing the most sensitive areas of the Company's activities and increasing organisational transparency. Each measure in the plan is assessed based on defined evaluation criteria and the expected outcome.

The Company's key documents on anti-corruption activities are published and made available to all stakeholders and organisations on our website.

Key anti-corruption indicators are disclosed below:

| Indicator | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Cases of corruptionidentified | 0 | 0 | 0 | 0 | 0 |
| Staff members sanctioned and dismissed for corruption | 0 | 0 | 0 | 0 | 0 |
| Corruption-related cases filed against the Company / employees | 0 | 0 | 0 | 0 | 0 |
| Corruption cases identified due to which contracts with business partners were not concluded / renewed | 0 | 0 | 0 | 0 | 0 |

## 12.1. Corruption risk assessment and management

Corruption risk assessments are carried out in the Company on an annual basis in accordance with the EPSO-G Group's Risk Management Policy and methodology, and the status of implementation of the measures identified to manage corruption risk is assessed on quarterly basis. To better manage third-party corruption risk, in 2024, together with other EPSO-G Group companies, we developed a business partner screening system, defining procedures for assessing risks related to business partners.

In 2025, the Company identified the following corruption-related risks that could have an impact on the Company's reputation or financial position:

- conflicts of private interests;
- recruitment of people who do not meet the requirements of the Law on the Prevention of Corruption and the Law on the Protection of Objects Critical for National Security;
- abuse of office or underperformance. These risks are monitored and managed at defined periodicity, using measures provided for in the Group's Anti-Corruption Policy and the Group's Policy of Management of Interests of Members of Collegial and Supervisory Bodies and Employees.

## 12.2. Training and communication

Employee anti-corruption education is an important part of the Company's anti-corruption activities. We implement it in various forms — by organising trainings led by internal or external lecturers and by preparing communication messages on anti-corruption topics, with the aim of fostering consistent employee awareness.

In April and November 2025, we organised training sessions for newly joined employees, attended by 59 colleagues. During these sessions, participants received information about the concept of corruption, potential risks, and the policies and procedures applied within the Company related to identifying and reporting potential violations.

An online course titled "Anti-corruption Awareness Training" is available to employees in the Company's system. Newly hired colleagues are required to complete this course during their probation period, and it is also assigned to existing employees who have not yet completed it.

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 the most important Group's and the Company's internal anti corruption legislation. In 2024, these internal documents were made available to all (100%) employees of the Company (of which 16% were management). All (100%) of the Board members were also communicated on key anti-corruption legislation.

## 12.3. Employee and contractor surveys

In 2025, an employee tolerance-to-corruption survey was carried out to assess employees' attitudes toward corruption and identify areas for improvement in the Company's anti-corruption activities. A total of 216 employees (43%) participated in the survey (46% in 2024, 52% in 2023, 55% in 2022, and 54% in 2021). The survey showed that 94.4% of employees had not encountered any manifestations of corruption in their work over the past year (98% in both 2024 and 2023, 99% in 2022, and 98% in 2021), and 96.3% knew where to report corruption-related concerns (92% in 2024, 94% in 2023, 95% in 2022, and 91% in 2021).

The trend in the survey results show that the anti-corruption objectives are being implemented purposefully.

## 12.4. Trust line

The Company also has the Helpline, where employees and other stakeholders can directly or anonymously report, without fear of negative consequences, potential violations, unethical or unfair behaviour.

Information on infringements can be submitted via the following helpline channels:

| | | | |
|---|---|---|---|
| E-mail: pranesk@epsog.lt | Send it by mail: UAB „EPSO-G“, Laisvės pr. 10, Vilnius. | Fill in the form online https://www.litgrid.eu/index.php/apie-litgrid/pasitikejimo-linija/32290https://pranesk.epsog.lt/lt/ or https://pranesk.epsog.lt/lt/ | Provide information to the Head of Prevention or prevention personnel |

In 2025, three reports were received through the whistleblowing (trust) line (4 reports in 2024, 99 reports in 2023, 28 reports in 2022, and 13 reports in 2021). After verifying the information provided in the reports, it was determined that the allegations were unsubstantiated; therefore, no internal investigations were initiated.

## 12.5. Gift policy

At the Company, we do not tolerate any gifts given in connection with employment or position, except for gifts permitted under the EPSO-G Group's Anti-corruption Policy. Employees are prohibited from accepting any gifts of money, gift vouchers or alcoholic beverages, including gifts of low value, if the circumstances in which they are given or accepted could lead to a misunderstanding or contradiction and create the appearance of a conflict of interest.

## 12.6. Employee and partners' screening

To ensure that the Company employs only persons of impeccable repute, the measures provided for in the Laws on the Prevention of Corruption of the Republic of Lithuania and on the Protection of Objects Important to the National Security of the Republic of Lithuania are implemented to ensure the reliability of personnel (lists of positions for which applicants are screened in accordance with the procedure laid down by law have been approved and made publicly available on the Company's external website; the responsible authorities have been contacted for each position (contacted in respect of 78 persons).

The Company also carries out supplier (contractor) employees' screening procedures as required by law. In all cases, when new contracts are concluded, persons are screened for compliance with the requirements of the Law on International Sanctions of the Republic of Lithuania and the Law of the Republic of Lithuania on the restrictive measures in connection with military aggression against Ukraine, by checking a person's profile in various public registers.

It should be noted that all (100%) of the Company's suppliers/contractors are committed to our Supplier Code of Conduct.

## 12.7. Prevention of bribery of foreign officials

The Company's anticorruption activities are targeted to managing corruption risks in Lithuania and abroad. The Company's employees cooperating with foreign officials or officials acting in foreign countries shall be guided in their activities by the principle of zero tolerance to corruption set out in the Anti-Corruption Policy and shall comply with other principles of anti-corruption activities. The EPSO-G Group companies' Anti-Corruption Policy is available here.

In 2025 no cases of bribery of officials, corruption or other corruption manifestations were detected in the Company's international business transactions conducted abroad or in Lithuania.

### 12.8. Interest management

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 (by performing content analysis of declarations of private interests), and provides department managers and employees with preliminary recommendations.

In addition, from 2021, periodic preventive checks are carried out of declarations of private interests submitted through PINREG to assess whether the provisions of the Law on the Harmonisation of Public and Private Interests of the Republic of Lithuania are being properly implemented (no breaches identified). 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 avoid situations where their private interests are, or may be, in conflict (conflict of interest), and, if they are in a conflict, they recuse themselves. Conflicts of interest between staff members are reported to the parties concerned: the line manager and the head of department. Conflicts of interest arising for the Company's management and members of the collegiate bodies are disclosed to the EPSO-G Group's management personnel.

As part of the implementation of the Policy of Management of Interests of Employees and Members of Collegial Bodies, and to ensure the proper functioning of the conflict of interest framework, the legislation governing the management of interests in the Company was updated in 2025, clarifying the procedures for declaring, and refraining, removing, monitoring, supervising and controlling in the context of private interests.

Key conflicts of interest management indicators are disclosed below:

| Indicator | 2025 | 2024 | 2023 | 2024 | 2023 |
|---|---|---|---|---|---|
| Ratio of employees declaring their interests to the total number of employees for which the declaration of interests is mandatory | 100 %. | 100 %. | 100 % | 100 % | 100 %. |
| Number of incidents when decisions were adopted due to conflict of interest | 0 | 0 | 0 | 0 | 0 |

## 13. REMUNERATION REPORT

### 13.1. Employees

Litgrid's goal is to create an advanced organizational culture that adheres to the principles of sustainability. The elements of this culture are inseparable: caring for the well-being of employees, development, fostering a safe work culture, equal opportunities, creating open and mutually trusting relationships with local communities and ensuring customer satisfaction with the services provided.

The company aims to become an organization that most suppliers, producers, consumers, employees, communities and representatives of other interested parties would consider as an organization that adheres to the principles of sustainability.

Litgrid follows the Employee remuneration, performance evaluation and education policy valid in the EPSO-G group of companies, the main principles of which are:

- Create motivating incentives and prerequisites to encourage employees to achieve better performance, to contribute more actively to the achievement of the Company's and Group's goals, and to perform more than the formal performance of duties.
- Encourage employees to create innovative, non-standard solutions and improve operations.
- To ensure equivalent payment for equivalent work in terms of responsibility, competencies and contribution to the result.
- Attract and retain qualified employees.

- The principles of remuneration policy are the same for managers and employees. The remuneration fund is approved by the company boards.
- The Remuneration and Nomination Committee monitors the balance between control of payroll costs and incentives for employees performing their duties appropriately. The remuneration of EPSO-G managers and employees consists of two parts - a monthly remuneration and a financial incentive.
- The monthly remuneration depends on the level of the employee's position and competences; the financial promotion depends on the achievement of the annual goals of the relevant Group company and on the individual evaluation of the employee's performance.
- The financial incentive is not paid to the employee in case the performance does not meet the expectations according to the established evaluation criteria.
- The amount of the financial incentive is estimated in the company's budget and accounted for in the financial result, which is audited and published publicly.
- The financial promotion of the company's manager depends on the result of the company's annual goals, which are related to the implementation of the company's strategy and are published publicly on the company's website.
- The severance pay of managers and employees does not exceed the amount determined by the legal acts of the Republic of Lithuania.
- It is envisaged that a bonus may be awarded for results of special importance.
- The relevant board of the group company must be informed about the planned financial incentives and bonuses at its next meeting.
- Prior agreements on the amounts of severance payments, except for company managers, whose working conditions are determined by the board, are not concluded.
- Severance pay is paid to employees in accordance with the procedure established by the Labor Code and employment contracts.

The remuneration policy does not provide for any remuneration that gives the manager, collegial body member or employee the right to shares, stock options or the right to receive remuneration based on changes in the share price or other financial instruments.

The Remuneration Policy does not provide for any form of remuneration that would grant the CEO, a member of a collegial body, or an employee the right to acquire shares, share options, or any remuneration linked to changes in the share price or other financial instruments.

Based on these principles, the company's reward system is focused on a set of financial and non-financial reward elements. The elements of the remuneration package are the fixed part of the remuneration (i.e. monthly salary), financial incentives (remuneration paid at the initiative and discretion of the company, depending on the results achieved by the company and the performance evaluation results of the employee(s), one-time bonuses, fringe benefits and emotional rewards. Emotional reward is a non-financial component of the total reward, which enriches the well-being of employees and encourages employee effort, involvement in the company's activities and loyalty.

Additional benefits provided to employees are provided to everyone, they are described in the Litgrid Collective Agreement and other internal documents of the Company.

On 31st December 2025 there were 501employees at Litgrid. The age and educational background of our employees are well-balanced—the organization naturally combines younger, middle-aged, and more experienced professionals. This mix ensures a smooth transfer of knowledge, a blend of innovation and experience, and steady team growth.

| Distribution by age | Number of employees 2025 |
|---|---|
| Younger than 30 years old | 56 |
| 30–50 years old | 340 |
| Older than 50 years old | 105 |
| Total | 501 |

To promote gender equality, we follow clear criteria for recruitment, compensation, career advancement, and performance evaluation, which ensure that all employees have equal opportunities.

| Distribution by education | Number of employees 2025 |
|---|---|
| University education | 464 |
| Higeher education | 15 |
| Vocational education | 4 |
| High school | 18 |
| Total | 501 |

| Distribution by sex | Number of empoyees 2025 |
|---|---|
| Women | 146 |
| Men | 355 |
| Total | 501 |

| Distribution by length of employment | Number of empoyees 2025 |
|---|---|
| Until 5 years | 274 |
| 5-9 years | 110 |
| More than 10 years | 117 |
| Total | 501 |

Employee remuneration over the last five years:

| Average salary of employees 2021-2025 Eur | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| CEO | 14,290 | 13,322 | 12,557 | 11,769 | 9,387 |
| Top level management | 10,424 | 9,719 | 9,783 | 8,348 | 8,709 |
| Middle level management | 6,752 | 6,067 | 6,111 | 5,051 | 4,701 |
| Experts-specialists | 4,216 | 3,795 | 3,775 | 3,093 | 2,986 |
| Average 1 employee salary | 4,692 | 4,259 | 4,265 | 3,510 | 3,336 |

Employee remuneration consists of a fixed and a variable part. The CEO’s remuneration consists of a fixed part (EUR 12,667) and a variable part (EUR 1,613)

## 13.2. Remuneration of collegial management bodies

The remuneration procedure for members of the boards of UAB EPSO-G and Litgrid is determined by the Remuneration Policy for Members of Collegial Bodies of State-Owned and Municipality-Owned Enterprises, approved by the Resolution No. 1092 of the Government of the Republic of Lithuania on October 14, 2015 (latest amendments adopted on August 3, 2023), as well as the updated Remuneration Guidelines for the Activities of the Board of Directors and Other Bodies of UAB EPSO-G and the UAB EPSO-G Group of Companies, approved by the sole shareholder of the parent company, the Ministry of Energy of the Republic of Lithuania, on April 26, 2024 (hereinafter referred to as the "Remuneration Guidelines"), which are published on the UAB EPSO-G website at www.epsog.lt. The company also follows the updated Manager and Board Member Remuneration Policy for Litgrid, approved by the General Shareholders’ Meeting on April 30, 2024, which is publicly available on the company's website.

The current version of the Remuneration Guidelines stipulates that remuneration for activities in the collegial bodies of the group's companies may be paid to members who meet at least one of the following conditions, and the payment of remuneration to these members is not prohibited by applicable laws in the Republic of Lithuania:

- Independent members, with independence determined according to applicable legal regulations and internal documents;
- Members who are civil servants.

No remuneration is paid for board work to employees of the UAB EPSO-G group of companies and/or employees of shareholders of the group companies.

| Position | Monthly remuneration |
|---|---|
| Chairman of the Board | 1/3 CEO average monthy CEO salary |
| Member of the Board | ¼ average monthy CEO salary |
| Member of the Board (civil servant) | 1/5 average monthly CEO salary |

* * AMS of CEO - the average monthly salary of the CEO of Litgrid.

** In the case where a board member (civil servant) performs duties in the collegial body of another state-owned enterprise / state-controlled company and/or municipal enterprise / municipal controlled company, the remuneration paid to them will be 1/8 of the average monthly salary of the company's CEO.

The fixed monthly remuneration for board members is calculated based on the average monthly salary of the company's CEO for the previous calendar year, as calculated and paid at the time of determining the remuneration, and is not recalculated throughout the board member's term, except when the previously established remuneration no longer meets the requirements set forth in the applicable legal regulations.

The variable component of the remuneration for board members is not determined, so the ratio between the variable and fixed components is: 100% fixed component.

By the decision of the General Shareholders' Meeting of Litgrid on April 30, 2024, the following fixed monthly remuneration amounts (before taxes) were established for board members, effective from April 30, 2024:

| Position | Monthly fixed amount (Eur) |
|---|---|
| Chairman of the board (independent) | 4,600 |
| Board member (independent) | 3,500 |
| Member of the Board (civil servant), if he/she does not perform other function in other companies collegial bodies | 2,800 |
| Member of the Board (civil servant), if he/she doesperform other function in other companies collegial bodies | 1,800 |

* SOE – state-owned enterprise, SCC – state-controlled company, ME – municipal enterprise, MCC – municipal-controlled company

Civil contracts have been concluded with all members of the company's board regarding their activities on the board, detailing the board member's responsibilities, duties, rights, and functions.

**5 year remuneration of Litgrid Board members, EUR :**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Tomas Varneckas | - | - | - | - | - |
| Mindaugas Keizeris | - | - | - | - | - |
| Gediminas Karalius | 33,600 | 29,390 | 22,572 | 607 | - |
| Tim Meyerjürgens | 42,000 | 28,117 | - | - | - |
| Pierre-Henri D'haene | 42,000 | 28,117 | - | - | - |

No other bonuses, premiums, or payments were made to the board members in 2025.

The company's CEO's monthly salary and financial incentives are determined by the board, while the CEO sets the financial incentives for senior executives, following the Group's employee remuneration, performance evaluation, and development policy. The financial incentives for the CEO and senior management are paid once a year, upon the board's confirmation of the company's achievement of its goals.

During the reporting period, the gender ratio on the board was 100% male. The company's board was formed on April 30, 2024, when the legal regulations regarding gender balance in boards were not yet in effect.

The selection of the company's CEO is governed by the Group's recruitment policy, while the selection of board members is governed by the Candidate Selection Procedure for State or Municipal Enterprise, State or Municipality-Controlled Company or its Subsidiary's Collegial Supervisory or Management Body, approved by the Government of the Republic of Lithuania on June 15, 2015, Resolution No. 631, and the Group's recruitment policy.

The goal of the Group's recruitment policy is to establish common selection principles and practices for the group of companies, to transparently select the best candidates for collegial bodies, management, and employee positions at all levels, who meet the required qualifications, skills, experience, and values, and who effectively contribute to achieving the individual companies' and the group's goals.

The Group's Equal Opportunities Policy defines the key principles applied within the EPSO-G group of companies to ensure equal opportunities and non-discrimination in all areas of employment relations.

The group aims to increase gender diversity at the highest levels of management. Specific goals have been set to achieve ≥21% women in boards and senior management positions (CEO and department heads) by 2027, and ≥30% by 2035. Inclusive recruitment principles are applied to achieve these goals, and unconscious bias is reduced through training and discussions, while policies are reviewed and gender composition of the succession reserve is monitored. In 2025, a recruitment process was conducted for the CEO position, with external recruitment agency services procured through public procurement. Both the recruiting agency and the selection commission were informed about the applied criteria to ensure the required percentage of underrepresented gender (a legal obligation that is considered and applied as a measure).

Currently, the upcoming Group-wide procurement for recruitment services for collegial body members and senior management positions includes these legal requirements in the technical qualification criteria. To meet the strategic goal of increasing gender balance in the Group, job titles in advertisements are initially listed in the feminine form.

Gender balance has not yet been achieved due to structural factors in the energy sector— a limited pool of female candidates in technical fields and the term cycles of boards, which restrict rapid changes. The Group consistently strengthens talent

### 13.3. Formation and monitoring of the remuneration and appointment policies

The company's board is responsible for the formation and oversight of the Group's remuneration and appointment policies. To ensure proper development of the Remuneration Policy, monitoring, and management of the salary fund, a three-member Remuneration and Appointment Committee has been established and is operational within the EPSO-G group of companies, with a majority of independent members.

In performing this function, the EPSO-G Remuneration and Appointment Committee:

- In the cases specified in the company's articles of association or upon the request of the company's or Group companies' bodies, it provides recommendations regarding the appointment of members of collegial bodies and the terms of contracts with them, including the remuneration amount for these individuals, in compliance with the provisions of the Remuneration Guidelines;
- It provides recommendations regarding the appointment of the Group companies' executives, standard executive employment contract templates, and the terms of contracts with appointed executives, including remuneration and/or the remuneration amount range;
- At least once a year, it evaluates the structure, size, composition, and performance of the Group companies' governance bodies, may assess the skills, knowledge, and experience of individual members of the governance bodies, and provides recommendations for performance improvements;
- It provides recommendations regarding the remuneration structure, remuneration amount, key performance evaluation criteria, and remuneration review for the Group companies' executives, in implementing the Group's remuneration, performance evaluation, and development policy;
- It may provide recommendations regarding the implementation of the Group's remuneration policy and recommend measures necessary for the implementation of the remuneration policy;

- It provides recommendations regarding the remuneration policy for the Group's senior executives and board members, including the transparency of the remuneration system;
- It evaluates the remuneration amount and structure of the Group's collegial governance body members and monitors the implementation of the Remuneration Guidelines;
- Upon request at a meeting, it may provide recommendations regarding the Remuneration Guidelines;
- It provides recommendations regarding the succession system for the Group companies' executives and critical positions;
- It provides recommendations regarding the system for strengthening equal opportunities, inclusion, and diversity within the Group;
- The bodies of the Group companies have the right to approach the Remuneration and Appointment Committee (ASK), requesting recommendations or conclusions on specific issues within its competence.

## 14. SPECIAL OBLIGATIONS

There are no special obligations assigned to Litgrid.

## 15. THE MAIN EVENTS IN THE REPORTING PERIOD

The Company, in fulfilling its obligations under the securities market legislation applicable to it, publishes material events and other regulated information across the entire European Union. This information can be accessed on the Company's website (www.litgrid.eu) and on the NASDAQ Vilnius stock exchange website (www.nasdaqbaltic.com).

### January

13 January 2025 – We signed a long-term cooperation agreement with the *Navy*. We will work more closely together to ensure the security of the NordBalt high-voltage direct-current cable to Sweden: the Navy will provide continuous monitoring, and we will exchange information.

31 January 2025 – The Baltic transmission system operators *Augstsprieguma tīkls*, *Litgrid*, and *Elering* announced the launch plan for the Baltic Balancing Capacity Market and information about the planned procurement volumes of balancing services. The need for balancing capacity, the procured volumes and prices, as well as reserved capacities, are published on the Baltic Balancing Transparency Platform BTD.

### February

6 February 2025 – The transmission system operators of the Baltic Capacity Calculation Region (Estonia, Latvia, Poland, Lithuania, Finland, Sweden), in cooperation with regional energy regulators, prepared the capacity calculation methodology for short-term planning (day-ahead and intraday markets).

9 February 2025, at 14:05 – Estonia, Latvia, and Lithuania successfully synchronized their electricity systems with the Continental European synchronous area. This is an important milestone for the Baltic States and Europe, strengthening regional energy independence and resilience.

26 February 2024 – We completed two projects under the synchronization program with the Continental European networks: implementation of the frequency stability assessment system construction of the 330 kV Darbėnai–Bitėnai transmission line.

### March

6 March 2025 – We successfully joined the European automatic Frequency Restoration Reserve platform PICASSO. Litgrid became the 13th transmission system operator to join the platform. PICASSO increases economic and technical efficiency in integrating European balancing markets and ensuring the security of power systems.

13 March 2025 – We prepared the development plan concept and the Strategic Environmental Impact Assessment (SEA) report for the onshore infrastructure of the nationally important electricity system synchronization project *Harmony Link*. This interconnection will ensure commercial trading capacity and strengthen the reliability of Lithuania's grid.

18 March 2025 – We completed the construction of one of the most important synchronization projects – the 330 kV Kruonis PSP–Bitėnai transmission line. This line strengthens the reliability of the Western Lithuanian grid and increases electricity supply security after synchronization with the Continental European networks.

27 March 2025 – We completed the reconstruction of the Neris transformer substation in the Vilnius district. The Neris substation is one of the most important nodes of the transmission network, connected with three synchronization program projects.

### April

23 April 2025 – We signed a contract for the design services of the onshore part of the Lithuania–Poland interconnection *Harmony Link*. The designer will prepare key technical solutions and design the main infrastructure elements on the Lithuanian side: the 220 kV transmission line and the Gižai transformer substation.

### May

20 May 2025 we announced a public procurement for the long-term supply of electricity generated by wind power plants. Electricity generated from renewable sources will be used to compensate for technological losses in the transmission network, thereby reducing greenhouse gas emissions. This is the second green energy procurement for covering technological losses.

### June

9 June 2025 – The development plan concept for the onshore infrastructure of Harmony Link was approved. The selected route passes through the municipalities of Vilkaviškis district, Kalvarija, and Marijampolė. This interconnection with Poland will ensure commercial trading capacity and strengthen the reliability of Lithuania's grid.

16 June 2025 – We completed the 12th synchronization project – the 330 kV Kruonis PSP–Bitėnai transmission line. This is a significant step in strengthening Lithuania's transmission network and ensuring smooth operation after synchronization with Continental Europe.

19 June 2025 – We signed a long-term green electricity supply agreement with *Ignitis*. Electricity from renewable energy sources will be used to compensate for technological losses, reducing greenhouse gas emissions in Litgrid's activities.

### July

2 July 2025 – We began the reconstruction of the 110 kV Alytus–Putinai I and II transmission lines in the Alytus city and district. After reconstruction, the protection zones—which currently impose restrictions on landowners—will be reduced.

9 July 2025 – We will reconstruct the 110 kV Kuršėnai–Kanteikiai transmission line in Šiauliai and Akmenė districts. This reconstruction is important to maintain reliable transmission in Northern Lithuania. The existing protection zones will remain unchanged, and the works will be carried out by UAB *Žilinskis ir Co*.

### August

12 August 2025 – We completed the 14th synchronization project – the 330 kV Vilnius–Neris transmission line. The 81 km overhead line strengthens the reliability of the Eastern Lithuanian grid, supports the further development of Vilnius city and district, forms a high-voltage transmission ring around the city, and enhances electricity supply security after synchronization.

### September

17 September 2025 – from 30 September, wholesale electricity trading will take place not in 60-minute but in 15-minute intervals. The operators of European transmission systems and power exchanges have confirmed full readiness for this change. The shorter interval will improve market efficiency, contribute to more accurate renewable energy forecasting, and ensure more stable system balancing.

23 September 2025 we completed and commissioned the new 330 kV Mūša switchyard in the Joniškis district. Newly built transmission lines were also commissioned 330 kV Viskali–Mūša (used for transit with Latvia), 330 kV Mūša–Šiauliai This is a strategic project that ensures higher cross-border capacities with Latvia and increases electricity supply security after synchronization.

### Spalis

8 October 2025 – We began design and construction works for the reconstruction of the 110 kV Panevėžys–Ekranas II and Panevėžys–Velžys I overhead lines. One of these overhead lines will be replaced with an underground cable. The project will reduce visual impact and ensure reliable electricity supply for residents and businesses in the Panevėžys region.

15 October 2025 – We delivered the fourth high-voltage autotransformer to Ukraine. The equipment will help restore and strengthen the war-damaged electricity transmission network. A 200 MW autotransformer is sufficient to supply electricity to more than 250,000 residents.

### November

13 November 2025 – We launched the reconstruction of the 330 kV Lithuanian Power Plant–Neris transmission line, one of the most important lines ensuring reliable electricity supply in the Vilnius region. We signed a design and construction contract with the procurement winner, *UAB Connecto Lietuva*. Contract value: EUR 28.3 million (excluding VAT). Design works were completed this July, and a building permit was issued. Construction is planned to begin in early 2026 and be completed in early 2028.

17 November 2025 – We delivered another aid package to Ukraine, consisting of four trucks loaded with key transmission equipment. The support will help strengthen electricity supply and restore damaged energy infrastructure.

25 November 2025 – We successfully commissioned the newly constructed 330 kV Kruopiai substation switchyard in the Akmenė district. Two renewable energy parks will be connected to this switchyard.

27 November 2025 – We completed one of the last synchronization projects – the construction of the 330 kV Mūša switchyard in the Joniškis district. This strategic project increases reliability, operational flexibility, and electricity supply security after synchronization.

### December

18 December 2025 – We connected the Žeimiai traction transformer substation to the transmission network. This project contributes to the implementation of the national Vilnius–Klaipėda railway electrification project led by *LTG Infra*.

19 December 2025 – The transmission system operators of Lithuania and Sweden began implementing long-term risk-hedging instruments between the Lithuanian and Swedish SE4 electricity trading zones, contributing to increased market liquidity in the Baltic–Nordic region. EPAD (Electricity Price Area Differential) contracts will be offered, enabling wholesale market participants to hedge against price fluctuations.

20 December 2025 – We connected the second commercial battery energy storage system. The *Vilnius BESS* battery park developed by *E energija* in the Trakai district has begun trial operation., Installed capacity: 65 MW, Allowed generation: 60 MW, storage capacity: 130 MWh. These new storage facilities will help ensure system stability and balance as renewable electricity production continues to grow.

## 16.MATERIAL EVENTS IN 2025

(https://nasdaqbaltic.com/statistics/lt/news?num=100&page=1&issuer=LGD&filter=1 )

| Date | Event |
|---|---|
| 01.14 | Litgrid's strategy until 2035 approved |
| 02.28 | LITGRID AB 2024 12-month unaudited condensed financial statements |
| 03.26 | Correction: LITGRID AB information regarding the publication of interim information and 2025 investor calendar |
| 03.26 | Notice on the convening of the extraordinary general meeting of shareholders of LITGRID AB |
| 04.08 | LITGRID AB publishes the audited financial statements of the Company for 2024 and the management report |
| 04.08 | Notice on the convening of the ordinary general meeting of shareholders of LITGRID AB |
| 04.17 | Decisions adopted at the extraordinary general meeting of shareholders of LITGRID AB |
| 04.30 | Decisions adopted at the ordinary general meeting of shareholders of LITGRID AB |
| 05.06 | Ex-date of dividends |
| 05.06 | Determination of the procedure for payment of dividends of LITGRID AB in 2024 |

| | |
|---|---|
| 05.09 | LITGRID AB in 2025 3-month performance results |
| 05.28 | Notice on the convening of the extraordinary general meeting of shareholders of LITGRID AB |
| 06.09 | Decisions adopted at the extraordinary general meeting of shareholders of LITGRID AB |
| 08.08 | LITGRID AB announces the results of the first half of 2025 |
| 09.12 | LITGRID AB announces the selection of the company's CEO |
| 09.25 | Notice on the convening of the extraordinary general meeting of shareholders of LITGRID AB |
| 10.17 | Decisions adopted at the extraordinary general meeting of shareholders of LITGRID AB |
| 11.07 | LITGRID AB performance results for the 9 months of 2025 |
| 12.05 | Notice on the convening of the extraordinary general meeting of shareholders of LITGRID AB |
| 12.18 | Notice on the convening of the extraordinary general meeting of shareholders of LITGRID AB |
| 12.29 | Decisions adopted at the extraordinary general meeting of shareholders of LITGRID AB |

## 17.SIGNIFICANT EVENT AFTER REPORTING PERIOD

In January 12, 2026, the Litgrid Board, having evaluated the results of the public selection for the CEO position as well as the candidate's competence and experience, appointed Andrius Šemeškevičius as the CEO of Litgrid for a 5-year term, effective February 23, 2026.

Upon the completion of his term, A. Šemeškevičius replaced Rokas Masiulis, who had been leading the company since February 2021.

## 18.COMPLIANCE WITH TRANSPARENCY GUIDELINES

Litgrid follows the transparency and communication policy of the UAB EPSO-G group of companies (approved on September 25, 2020), which details the requirements set forth in the Transparency Guidelines and establishes their application for the companies of the UAB EPSO-G group.

The implementation of the Transparency Guidelines at Litgrid is ensured through information disclosed in the annual report, as well as through the disclosure of information on the company's website and announcements on the NASDAQ exchange, aiming to present information to stakeholders in an accessible and understandable format.

Article 3 of the Government Resolution No. 1052 of July 14, 2010, "On the Approval of the Description of the Guidelines for Ensuring Transparency in the Activities of State-Owned Enterprises" (hereinafter – the Transparency Guidelines) states that state-controlled companies (SCCs) follow the provisions of the Corporate Governance Code for Companies Listed on AB Nasdaq Vilnius, relating to public information disclosure.

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

| **The following information must be published/other requirements must be implemented on the official website of Litgrid AB www.litgrid.eu:** | |
|---|---|
| Company's name, code, registered address, and a register in which data on the Company is compiled and stored | Implemented |
| Legal form, in case Litgrid AB 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 |
| Goals, vision and mission of the activities | Implemented |
| Structure | Implemented |
| Data on the chief executive officer* | Implemented |
| Data on the chairperson and members of the board* | Implemented |
| Data on the chairperson and members of the supervisory board* | Not applicable |
| Names of the committees, data on their chairpersons and members* | Not applicable |
| * *The following data must be provided: name, surname, start date of the term of office, other executive positions in other legal entities, education, qualification, and professional experience; indication of whether a member of a collegial body has been elected or appointed as an independent member.* | |
| Sum of the nominal values (in euros and cents) of shares and interest (in percentage) held by the State in the share capital of Litgrid AB under the title of ownership | Implemented |
| Information on initiatives and measures of social responsibility, significant ongoing or planned investment projects | Implemented |
| If Litgrid AB 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 | Implemented |
| A set of Litgrid AB annual financial statements, Litgrid AB annual report, as well as an auditor's report on Litgrid AB annual financial statements must be placed on Litgrid AB official website within 10 working days from the date of approval of the set of annual financial statements | Implemented |
| The sets of Litgrid AB interim financial statements and Litgrid AB interim reports must be placed on the official website not later than within 2 months after the end of the reporting period | Implemented |
| **The following documents must be provided/other requirements must be implemented on the official website of Litgrid AB www.litgrid.eu:** | |
| Articles of Association of Litgrid AB | Implemented |
| Operational strategy or its summary in cases when the operational strategy contains confidential information or information that is treated as a commercial (industrial) secret | Implemented |
| Remuneration policy that covers determination of remuneration for CEO and members of the collegial bodies and the committees of Litgrid AB | Implemented |
| Annual and interim reports of Litgrid AB | Implemented |
| The sets of annual and interim financial statements for at least 5 years and the auditor's reports on the annual financial statements | Implemented |
| Data disclosure is performed in accordance with the requirements of Lithuanian legal acts and good practice | Implemented |
| The above-mentioned documents must be provided in a PDF format with a technical possibility to be printed out | Implemented |
| Litgrid AB keeps its accounting records in a way that ensures preparation of the financial statements in accordance with the International Accounting Standards | Implemented |

| | |
|---|---|
| Litgrid AB prepares a set of financial statements for the period of 6 months | Implemented |
| In addition to the annual report, Litgrid AB prepares an interim report for the period 6 months | Implemented |
| **In addition to the content requirements set in the Law on Financial Reporting by Undertakings of the Republic of Lithuania, the following information must be disclosed in the annual report of Litgrid AB[1]:** | |
| Brief description of the business model of Litgrid AB | 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 Litgrid | Implemented |
| Results of implementation of the objectives set in the operational strategy | Implemented |
| Profitability, liquidity, asset turnover, and debt ratios | Implemented |
| Implementation of special obligations | Implemented |
| Implementation of the investment policy, ongoing and planned investment projects, and investments implemented during the reporting year | Implemented |
| Implementation of the risk management policy applied by Litgrid AB | Implemented |
| Implementation of the dividend policy | Implemented |
| Implementation of the remuneration policy | Implemented |
| Total annual wage bill, average monthly salary by category of employees and/or business units | Implemented |
| The SOEs that are not required to prepare the social responsibility report, are recommended to provide information related to environmental, social and personnel, human rights, anti-corruption and anti-bribery matters in their annual report or annual activity report | Implemented |
| The consolidated annual report includes the following information: structure of the group, name, code and register in which data on the company is compiled and stored, registered address of each of the group companies, interest (percentage) held in the share capital of a subsidiary, financial and non-financial performance during the financial year | Not applicable |
| The interim report of Litgrid AB includes the following information: 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 |

## 19.LITGRID NOTICE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR THE COMPANIES LISTED ON NASDAQ OMX AB

In line with Article 23(3) of the Law on Securities of the Republic of Lithuania and paragraph 24.5 of the Listing Rules of Nasdaq Vilnius AB, public limited liability company Litgrid AB (the Company) discloses 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 this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated, the reasons of such non-compliance must be specified and other explanatory information indicated in this form must be presented.

**Free-form summary of the Company's corporate governance report**

Litgrid AB is part of the EPSO-G UAB group of companies (the Group). The Company's corporate governance structure and the governance model are established by the Company's Articles of Association, the Corporate Governance Guidelines of the EPSO-G Group of Companies approved by the Ministry of Energy (the ME), the sole shareholder of the parent company EPSO-G UAB, on

24 April 2018 and the Corporate Governance Policy of the EPSO-G Group of Companies. All the above-mentioned documents are published on the Company's website and the website of EPSO-G UAB.

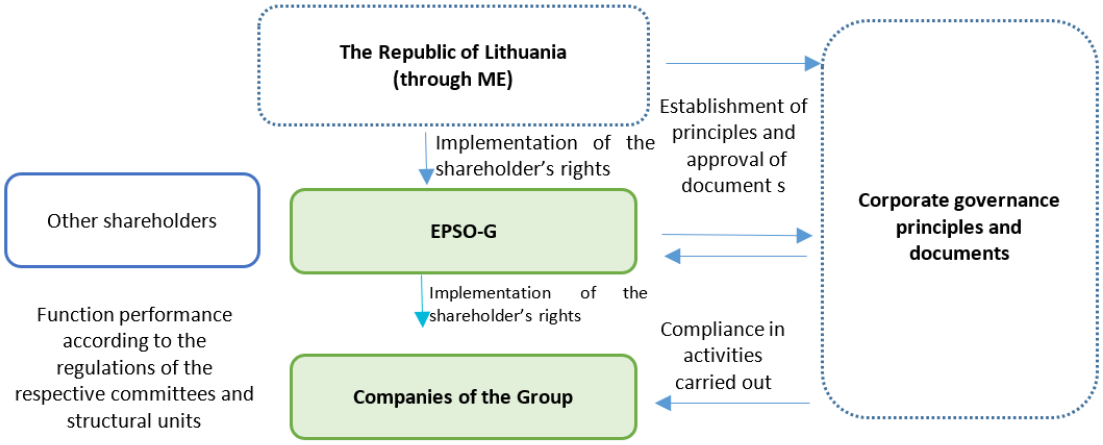



Chart 1. Main scheme of the implementation of corporate governance at the Group level.

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

The corporate governance structure established in the Company's Articles of Association is as follows:

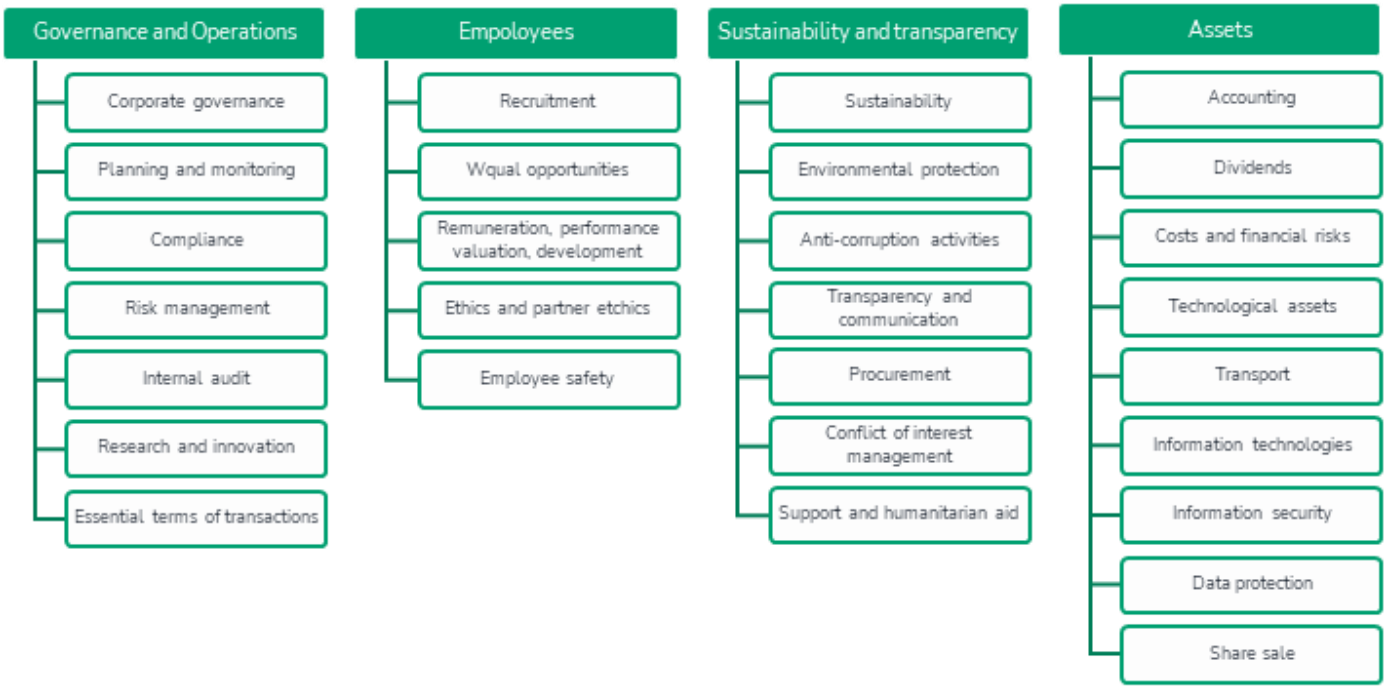
- The General Meeting of Shareholders;
- The Board (five members, two of whom are independent members, the other three members are nominated by the shareholder EPSO-G UAB);
- The committees operating at the Group level:
- The Remuneration and Nomination Committee (mainly composed of independent members);
- The Audit Committee (mainly composed of independent members).
- The Chief Executive Officer.

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 is also accountable to the Audit Committee, which is also mainly composed of independent members. The internal audit recommendations are analysed by the Company's Board, which also approves the plan of measures for the implementation of audit recommendations.

On the basis of the Risk Management Policy of the EPSO-G UAB Group of Companies, the uniform risk management system of the Group is implemented at the Company according to the COSO ERM standards applicable in the international practice setting out risk identification, assessment and management principles and responsibilities. Risk management coordination is performed at the Group level.

The aim of the Group's operating policies is to introduce a consistent and effective management system of the organisation helping employees successfully implement important strategic projects and create value to residents and businesses of the country in a transparent and effective manner. To ensure the effectiveness of the operating policies, the Company annually reports on the progress of the implementation of the operating policies.

On the basis of the Compliance Management Policy of the EPSO-G UAB Group of Companies, the uniform compliance management system of the Group is implemented at the Company. Compliance management coordination is performed at the Group level.




The policies that are currently effective at the Company are published on corporate website www.litgrid.eu.

**Structured table on compliance with the Corporate Governance Code for Companies Listed on AB Nasdaq OMX:**

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| **Principle 1. General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights.** The corporate governance framework should ensure the equitable treatment of all shareholders. The corporate governance framework should protect the rights of shareholders. | | |
| 1.1 All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed. | 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 that shareholders have equal opportunities to vote on relevant resolutions at general meetings of shareholders (voting is permitted by completing a ballot, by proxy, etc.). |

| | PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 1.2 | It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to their holders. | YES | Paragraphs 13–15 of the Company's Articles of the Association define that all shares of the Company are ordinary registered shares with the nominal value of EUR 0.29 each. 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 | Please refer to the commentary in paragraph 1.2.<br><br>Chapter IV of the Company's Articles of Association also establishes shareholders' rights and obligations. |
| 1.4 | Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders. | YES | Paragraph 36 and 38 of the Company's Articles of Association specifies the cases when the Board's decision regarding the transfer of the Company's assets is subject to the approval of the General Meeting of Shareholders. |
| 1.5 | Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest. | YES | The Company convenes the General Meeting of Shareholders and conducts other meeting procedures in accordance with the procedures set forth in the Law on Joint-Stock Companies of the Republic of Lithuania. Each time a general meeting of shareholders is convened, the general rights of shareholders and the deadlines for exercising those rights are published on the company's website, including in the notice convening the general meeting of shareholders. |
| 1.6 | With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed. | YES | Information regarding the convening of general meetings of shareholders is publicly disclosed on the Company's website and on the NASDAQ Vilnius stock exchange in both Lithuanian and English, specifying the venue, date, and time, as well as the draft resolutions and information regarding the resolutions adopted by the general meeting of shareholders. |

| | PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 1.7 | Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot. | YES | A standard notice on convening of the General Meeting of Shareholders always indicates a possibility for shareholders to vote in writing by filling in the attached form of a voting ballot. |
| 1.8 | With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases, the security of transmitted information must be ensured and it must be possible to identify the participating and voting person. | NO | Given the challenges involved in ensuring the security of transmitted information and verifying the identity of shareholders, such options are not yet available to shareholders. However, shareholders are provided with other options to exercise their rights: voting by attending the meeting in person; voting through a proxy; voting by entering into a voting rights transfer agreement; and voting by completing a general voting ballot in advance. |
| 1.9 | It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided. | YES | A standard notice on convening of the General Meeting of Shareholders always indicates draft decisions containing information required by the Law on Companies of the Republic of Lithuania, including candidatures of members of new collegial bodies, their proposed remuneration, a proposed audit company and its proposed remuneration.<br><br>Information on the collegial body member who is proposed to be elected is not released publicly, however, the standard notice on convening of the General Meeting of Shareholders always specifies that the shareholders may additionally familiarise with documents related to the agenda of the meeting, draft decisions, a general voting ballot at the premises of LITGRID AB at the registered office during specifically indicated hours. |
| 1.10 | Members of the company's collegial management body, heads of the administration (For the purposes of this Code, heads of the administration are the employees of the company who hold top level management positions) 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. 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. Meanwhile the proposed candidates to the members of the collegial body not always attend the General Meetings of Shareholders. |
| **Principle 2: Supervisory board** | | | |
| **2.1** | **Functions and liability of the supervisory board** | | |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accoun-tability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company. The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system. | | |
| 2.1.1 Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare. | NOT APPLICABLE | The Supervisory Board is not formed at the Company. |
| 2.1.2 Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest. | NOT APPLICABLE | - |
| 2.1.3 The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them. | NOT APPLICABLE | - |
| 2.1.4 Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent (For the purposes of this Code, the criteria of independence of the members of the supervisory board 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) members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence. | NOT APPLICABLE | - |
| 2.1.5 The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks. | NOT APPLICABLE | - |
| 2.1.6 The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees. | NOT APPLICABLE | - |
| **2.2 Formation of the supervisory board** | | |
| The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance. | | |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 2.2.1 | The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks. | NOT APPLICABLE | - |
| 2.2.2 | Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience. | NOT APPLICABLE | - |
| 2.2.3 | Chair of the supervisory board should be a person, whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision. | NOT APPLICABLE | - |
| 2.2.4 | Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof. | NOT APPLICABLE | - |
| 2.2.5 | When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board 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 | - |
| 2.2.6 | The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders. | NOT APPLICABLE | - |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 2.2.7 Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organisation and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and operational procedures. | NOT APPLICABLE | - |
| **Principle 3: Management board** | | |
| **3.1 Functions and liability of the management board** | | |
| The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups. | | |
| 3.1.1 The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy. | YES | Paragraph 34 of the Company's Articles of Association defines that the Company's Board approves the Company's strategy. In addition, in carrying out its supervisory function the Board regularly reviews reports on the implementation of the strategy. |
| 3.1.2 As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development. | YES | Paragraph 7.3 of the Company's Articles of Association provides that the Company's Board performs supervisory functions.<br><br>In performing its assigned functions, the Board takes into account the opinion of the Audit Committee, as well as the needs of the company, shareholders, employees, and other stakeholders. |
| 3.1.3 The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers. | YES | Point (xi) of Paragraph 36 of the Company's Articles of Association defines that the Company's Board deliberates the documents of the group of companies (guidelines, policies, procedures, etc.) and decides on the scope of their application by the Company.<br><br>The Boardensures and regularly controls it's approved documents (e.g. the Company's strategy, activity plan, budget, etc.).implementation in the Company. |

| | PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 3.1.4 | Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance (Link to the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance: https://www.oecd.org/daf/anti-bribery/44884389.pdf) 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 applies the following various documents in its activities that ensure implementation of the highest level internal control, ethics and compliance management tools:<br>- internal audit is accountable to the Board which is formed from external members (2 members are independent);<br>- the Audit Committee is mainly composed of independent members to whom internal audit is also accountable;<br>- The Company applies the Code of Conduct and the Corruption Prevention Policy of the EPSO-G UAB Group of Companies, the Sponsorship and Charity Policy of the EPSO-G UAB Group of Companies, the Policy of Management of Interests of the EPSO-G UAB Group of Companies, the Risk Management Policy of the EPSO-G UAB Group of Companies, the Transparency and Communication Policy of the EPSO-G UAB Group of Companies, the Compliance Management Policy of the EPSO-G UAB Group of Companies, etc. |
| 3.1.5 | When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence. | YES | Article 53 of the Company's Articles of Association provides that the Company's CEO is appointed by the Board of Directors, taking into account the recommendations of the Remuneration and Appointments Committee.<br><br>Article 55 of the Company's Articles of Association provides that, when assessing a candidate's suitability for the position of CEO, shall assess his or her compliance with the requirements set forth in these Articles of Association and applicable laws and regulations, and for that purpose may require the candidate to submit documents substantiating such compliance and/or contact the competent authorities to obtain the necessary information about the candidate. |
| **3.2** | **Formation of the management board** | | |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 3.2.1 The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks. | YES | The selection of members of the company's Board is carried out in accordance with Resolution No. 631 of the Government of the Republic of Lithuania dated June 17, 2015, "Procedures for the Selection of Candidates for the Board of a State-Owned or Municipally-Owned Enterprise and Candidates for a Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-Owned or Municipally-Owned Company." Article 27 of the Company's Articles of Association provides that when electing members of the Board, it shall be ensured that the Board comprises no fewer than 2 (two) independent members, with their independence determined in accordance with the requirements set forth in legislation; it is ensured that more than half of the Board members are not employed by the company; efforts are also made to ensure that Board members possess the necessary competencies, taking into account the Board's areas of responsibility and functions.<br><br>Each year, board members conduct a self-assessment of their performance. Additionally, the Group's Remuneration and Appointments Committee evaluates the board's performance annually and provides recommendations for improving the performance of the Group's collegial bodies. |
| 3.2.2 Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report. | YES | The indicated information is published and updated on the Company's website, integrated annula report. |
| 3.2.3 All new members of the management board should be familiarised with their duties and the structure and operations of the company. | YES | The members of the Board are introduced to the structure and activities of the Company during the first sitting. The key corporate documents of the Company are shared. |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 3.2.4 Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status. | YES | Paragraph 26 of the Company's Articles of the Association defines that the Board is a collegial management body of the Company consisting of 5 members. The Board members are elected for a term of 4 years by the General Meeting of Shareholders, for which the Board is accountable, taking into account recommendations of the Remuneration and Nomination Committee. A member of the Board may continuously serve maximum 2 subsequent full terms of office, i.e. no longer than 10 years in a row. |
| 3.2.5 Chair of the management board should be a person, whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision. | YES | Paragraph 28 of the Company's Articles of Association provides the criteria according to which a person cannot be elected as a member of the Board.<br><br>Article 46 of the Company's Articles of Association provides that the Chairman of the Board shall be elected from among the Board members nominated by the parent company. |
| 3.2.6 Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof. | YES | The members of the Company's Board of Directors actively participate in Board meetings, and the minutes of the meetings record the attendance of Board members and their votes when decisions are made.<br><br>As specified in Article 51 of the Company's Articles of Association, the Board of Directors reports on its activities by submitting an annual report on its activities to the General Meeting of Shareholders, including information on decisions made and a summary of the annual self-assessment of its activities. This report may be included in the Company's annual report. |
| 3.2.7 In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent (For the purposes of this Code, the criteria of independence of the members of the board are interpreted as the criteria of unrelated persons defined in Article 33(7) of the Law on Companies of the Republic of Lithuania), it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company related circumstances. | YES | The Company's website and the annual report contain information about the members of the Company's Board specifying the independent members.<br>At each board meeting, board members must declare whether there are any items on the agenda that could give rise to a conflict of interest. |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 3.2.8 The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board. | YES | Paragraph 34 of the Company's Articles of Association provides that the General Meeting of Shareholders may adopt a decision regarding the payment of remuneration to the Board members and the changes to the standart remuneration agreements. . |
| 3.2.9 The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests. | YES | Taking into account the objective to monitor the absence of conflicts of interest of the members of the Company's Board, each year the members of the Board renew their declarations of interests.<br><br>In addition, paragraph 31 of the Company's Articles of Association stipulates that the Board members may have another job or occupy another 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 conformity with restrictions set by Article 28 of the Articles of Association), as well as in legal entities, where the Company or the parent company acts as a participant, only by providing a prior notice to the Company's Board.<br><br>The Company has adopted the Policy of Management of Interests of Members of Collegial Bodies, Executives and Employees of the EPSO-G Group of Companies.<br><br>The Board members have signed commitments to protect confidential information. 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. |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 3.2.10 Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organisation and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its 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 an assessment of its activities every year and prepares a performance improvement plan on its basis.<br><br>In addition, the Remuneration and Nomination Committee and the Audit Committee acting at the level of the EPSO-G UAB group of companies evaluate annually decisions made by the Board and provide recommendations on performance improvement.<br><br>The results of the assessment of the Board's performance are presented in the Company's annual report. |
| **Principle 4: Rules of procedure of the supervisory board and the management board of the company**<br>The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure effici-ent operation and decision-making of these bodies and promote active cooperation between the company's management bodies. | | |
| 4.1 The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management 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 Board is not formed at the Company. |
| 4.2 It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter. | YES | Paragraph 45 of the Company's Articles of Association stipulates that the Board takes its decisions at the Board's meetings that are usually convened as often as it is necessary for the Board to be able to properly perform its functions and take decisions attributed to its competence, however not less than 12 times during a calendar year.<br><br>At the beginning of each year, the Company's Board approves the schedule for the current year meetings and the activity plan (preliminary questions for a respective meeting of the Board). |

| | PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
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| 4.3 | Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution. | YES | The work of the Board is organized in accordance with the Board's work regulations, which regulate the convening of meetings, informing Board members, submission of materials and other procedural issues.<br><br>According to the Board's work regulations, materials must be submitted to the Board 5 days before the regular meeting.<br><br>The Company's Board complies with the recommendations on changing the agenda. |
| 4.4 | In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed. | NOT APPLICABLE | The Supervisory Board is not formed at the Company. |

**Principle 5: Nomination, remuneration and audit committees**

**5.1 Purpose and formation of committees**

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due con-sideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

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| 5.1.1 | Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees (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)). | YES | The Company has the Remuneration and Nomination Committee formed by the Board of EPSO-G UAB acting in accordance with the regulations approved by the body that forms it; and the Audit Committee operating at the Group level formed by the sole shareholder EPSO-G UAB and acting in accordance with the regulations approved by the body that forms it.<br><br>Given that the issues of remuneration and nomination are closely related and experts with the same qualifications are required to deal with these issues, it was decided to form a single Remuneration and Nomination Committee. |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 5.1.2 | Companies may decide to set up less than three committees. In such case, companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees. | YES | |
| 5.1.3 | In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case, the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole. | NOT APPLICABLE | Please refer to the commentary in paragraph 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 | Chapters 7.7 and 7.9 of the Articles of Association of EPSO-G UAB regulate the formation of the committees within the EPSO-G group of companies and the areas of their competence.<br><br>The aforementioned Articles of Association stipulate that the Remuneration and Nomination Committee and the Audit Committee shall consist of not less than three members.<br><br>It is ensured that from among three members there is at least one independent member in the Remuneration and Nomination Committee and at least two independent members in the Audit Committee.<br><br>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. |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 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 inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance. | 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).<br><br>The Regulations of the committees are published on the EPSO-G website. Information about the composition, activities of the committees and other information is presented in the consolidated Group's annual report. |
| 5.1.6 With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities 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** | | |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 5.2.1 The key functions of the nomination committee should be the following:<br>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 evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected;<br>2) 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;<br>3) 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:<br>- assistance in the selection of candidates for members of the bodies in all entities of the group of companies;<br>- provision of recommendations for the entities of the group of companies on the appointment of members of the management bodies, conclusion of contracts with them and determination of remuneration for them;<br>- provision of recommendations on the policies of the group of companies that govern the remuneration policy and employee performance assessment;<br>- provision of recommendations on the planning system of succession of critical positions.<br>- – provides recommendations on strengthening equal opportunities, inclusion and diversity within the system group;<br>– etc. |
| 5.2.2 When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit 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.<br><br>Currently, this provision is not practically relevant, as employees of the Company are not included in the composition of the Board. |
| **5.3 Remuneration committee** | | |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 5.3.1 The main functions of the remuneration committee should be the following:<br>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 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 conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so;<br>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;<br>3) review, on a regular basis, the remuneration policy and its implementation. | YES | One Remuneration committee is established in the Company. Please refer to the commentary in paragraph 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 (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). | 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:<br>- supervision of the preparation of the financial statements of the companies of the Group and performance of their audit;<br>- responsibility for ensuring compliance with the principles of independence and objectivity by the auditors and audit firms of the companies of the Group;<br>- responsibility for the supervision of the internal control, risk management and internal audit systems, effectiveness of operational processes of the companies of the Group;<br>- responsibility for control of provision of non-audit services by the auditor and/or audit firm of the companies of the Group;<br>- ensurance of the functioning of the complaints system and complaints handling; evaluation of transactions with related parties. |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 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 heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches. | | |
| 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 entitled, when needed, to meet the relevant persons without members of the management bodies present. | 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 about the work-programme of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group. | YES<br><br>YES | The Audit Committee is regularly, at least quarterly, informed about the internal audit reports and at least once every six months, with the internal audit plan and it may provide recommendations with regard to them to the boards of the companies of the EPSO-G UAB group.<br><br>The Audit Committee organises meetings with the external auditors to discuss the auditors' work program and uncertainties arising during the audit, and after the performance of the external audit, their conclusions and recommendations are discussed with the external auditors. Each year before the start of annual audits the audit firm submits its declaration of independence to the Audit Committee and to the companies. |

| PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|
| 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 Regulations of the Audit Committee stipulate that the Audit Committee ensures the effective functioning of the complaints system and the proportionate and independent investigation of submitted complaints. In the implementation of this function, the Chairperson of the Audit Committee is immediately informed about significant complaints received. In addition, the Audit Committee is regularly reported on all complaints received by the companies of the EPSO-G UAB group, their investigation and decisions made on the basis of the findings of investigations carried out. |
| 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 shall submit a quarterly activity report to the Board.<br><br>In addition, it shall submit a consolidated activity report to the Ordinary General Meeting of Shareholders and to the Board of EPSO-G UAB. |
| **Principle 6: Prevention 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.<br>The corporate governance framework should recognise the rights of stakeholders established in the laws and encourage active cooperation between the company and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local commu-nity and other persons having certain interests in the company concerned. | | |
| 6.1 Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value. | YES | Such an obligation is established in Articles 56-57 of the Company's Articles of Association, in the work regulations of the management bodies and in the interest management policy of the UAB EPSO-G group of companies.<br><br>Article 30 of the Company's Articles of Association provides that in the event of new circumstances that could give rise to a conflict of interest of a Board member, a Board member must immediately inform the Board and the Company of such new circumstances. |
| **Principle 7: Remuneration policy of the Company** | | |
| The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the adminis-tration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy. | | |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 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 on the Establishment of Remuneration for the Activity at the Bodies of EPSO-G UAB and the Companies of the EPSO-G UAB Group of Companies, which are approved by the sole shareholder of EPSO-G UAB and available in a public domain.<br><br>The Company applies the Remuneration Policy of the EPSO-G UAB Group of Companies and the Employee Performance Assessment Policy of the EPSO-G UAB Group of Companies in full. The Remuneration Policy is available in a public source.<br><br>The Company applies the Remuneration, Performance Evaluation and Development Policy of the UAB EPSO-G Group of Companies, which is publicly announced. |
| 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 | All possible forms of remuneration of the collegial bodies and employees are established in the Guidelines on the Establishment of Remuneration for the Activity at the Bodies of EPSO-G UAB and the Companies of the EPSO-G UAB Group of Companies and the Remuneration Policy of the EPSO-G UAB Group of Companies. Both these documents are available in a public domain. |
| 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 on the Establishment of Remuneration for the Activity at the Bodies of EPSO-G UAB and the Companies of the EPSO-G UAB Group of Companies that regulate a fixed remuneration for members of the collegial bodies. The members of the Board do not receive remuneration based on the Company's performance. |

| | PRINCIPLES/RECOMMENDATIONS | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 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 wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance. | YES/NO | The Remuneration Policy of the EPSO-G UAB Group of Companies stipulates that the companies of the Group do not conclude advance agreements on the amounts of termination benefits (except for the CEOs whose terms of employment are determined by the Board). The amounts of benefits related to the termination of employment relationships are determined by taking into account the mandatory minimum amounts of such benefits established by the norms of labour law, except for exceptional cases when there are objective reasons for the agreement on higher benefits. The relevant Board of the Group company shall be informed of the disbursement of such benefits and the grounds for their payment at its forthcoming 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. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares. | NOT APPLICABLE | Such schemes are not 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 contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year. | YES | General information on the implementation of the Company's Remuneration Policy and average salary levels of individual employee groups are publicly disclosed in the Company's annual report.<br><br>According to Article 25(5) of the Law of Energy of the Republic of Lithuania, the Company discloses remuneration established to the members of the Company's management bodies and other benefits related to the functions of the members of the management bodies.<br><br>Information on remuneration of employees is published on the Company's website on a quarterly basis. |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 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. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders. | YES | The remuneration of the members of the Company's Board is determined by the General Meeting of Shareholders of the Company.<br><br>Such schemes are not 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, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned. | | | |
| 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 UAB Group of Companies, which establishes goals to increase awareness and understanding of stakeholders about the activities of the EPSO-G UAB 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 activities. Under the Company's collective agreement signed with the representatives of the Company's employees, the Company informs the representatives of the trade unions about projected changes in the Company, the Company's financial position, etc.<br><br>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 | Stakeholders are provided with access to the necessary 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. | NO | The company's website publishes contact information for a hotline, through which interested parties are invited to report violations of employee safety and health and environmental regulations, ethics, work practices and corruption prevention policies.<br><br>The audit committee operating at the level of the UAB EPSO-G group of companies ensures the functioning of the complaints system and the handling of complaints. |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| **Principle 9: Disclosure of information** | | | |
| The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company. | | | |
| 9.1 | In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following: | YES | The Transparency and Communication Policy of the EPSO-G UAB Group of Companies has been adopted by the Company. Information indicated in this Policy is presented in the Company's annual report and on the Company's website. |
| 9.1.1 | operating and financial results of the company; | YES | |
| 9.1.2 | objectives and non-financial information of the company; | YES | |
| 9.1.3 | persons holding a stake in the company or controlling it directly and/ or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary; | YES | |
| 9.1.4 | members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration; | YES | |
| 9.1.5 | reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities; | YES | |
| 9.1.6 | potential key risk factors, the company's risk management and supervision policy; | YES | |
| 9.1.7 | the company's transactions with related parties; | YES | |
| 9.1.8 | main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.); | YES | |
| 9.1.9 | structure and strategy of corporate governance; | YES | |
| 9.1.10 | 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 exempt companies from their obligation to disclose information as provided for in the applicable legal acts. | YES | |
| 9.2 | 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. |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 9.3 | 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 | This information is disclosed in the Company's annual report and on the Company's website. |
| 9.4 | 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 publishes information through the information system of the Vilnius Securities Exchange in Lithuanian and English at the same time. The Company publishes information prior to or after a trading session at Vilnius Securities Exchange and presents it at the same time to all markets in which the Company's securities are traded. The Company does not disclose information that may influence the price of its securities in any comments, interviews or by any other means until such information is published in the information system of the securities 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 condition and financial 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 | An independent auditor is appointed by the General Meeting of Shareholders. |
| 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 is actively involved in the selection process of an auditor. The Audit Committee provides a recommendation to the Company's Board on the auditor's nomination. The final decision is made by the General Meeting of Shareholders convened by the Board, which also proposes draft decisions. |

| PRINCIPLES/RECOMMENDATIONS | | YES / NO / NOT APPLICABLE | COMMENTARY |
|---|---|---|---|
| 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 board or, if the supervisory board 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 audit firm provides non-audit services in accordance with the EPSO-G UAB policy on the procurement of non-audit services by EPSO-G UAB group of companies from an audit firm or from any other firm that is part of the audit firm network. The latter policy is approved by the Audit Committee.<br><br>The provision of non-audit services is supervised by the Audit Committee operating at the Group level, which, as mentioned in paragraph 10.2, is actively involved in the selection process of an auditor. Therefore, the Audit Committee, when submitting a recommendation to the Board on the auditor, has all the necessary information on the auditors. |

# Information on sustainability matters



# 20. ABOUT THE REPORT

## 20.1. BP-1 General basis for preparation of sustainability statements

In this section we present the sustainability information (hereinafter referred to as the “Sustainability Report”) of the public limited company Litgrid (hereinafter referred to as “Litgrid”, “the Company” or “we”) for 2025. We prepared The Sustainability Report with reference to the EU Corporate Sustainability Reporting Directive (CSRD), the Law of the Republic of Lithuania on the Reporting of Undertakings and Groups of Undertakings, and the European Sustainability Reporting Standards (hereinafter referred to as the "ESRS"), to the extent these requirements are applicable to us.

The Sustainability Report forms an integral part of the Company’s 2025 part of the Annual Integrated Report. For this reporting period, we developed the Sustainability Report voluntarily. We aimed to maximise alignment with ESRS requirements and to provide comparable, clear and stakeholder-relevant information.

We are part of the EPSO-G Group (hereinafter referred to as “EPSO-G” or the “Group”). Therefore, our sustainability information is also included in EPSO-G’s consolidated Annual Integrated Report for 2025. That reporting is prepared in accordance with ESRS requirements and has been confirmed by an independent external assurance services provider.

The information disclosed in this Sustainability Report covers the period from 1 January 2025 to 31 December 2025 and is consistent with the scope of the Company’s financial reporting.

Following the structure set out in ESRS 1, we present the Sustainability Report in the following order:

1. **General disclosures** (ESRS 2 – General disclosures);
2. **Environmental disclosures** (ESRS E1 – Climate change; ESRS E4 – Biodiversity and ecosystems; ESRS E5 – Resource use and circular economy);
3. **Social disclosures** (ESRS S1 – Own workforce; ESRS S3 – Affected communities; ESRS S4 – Consumers and end-users);
4. **Governance disclosures** (ESRS G1 – Business conduct; Additional undertaking-specific topic – Critical infrastructure resilience);
5. **Annexes / Indices**.

In the Sustainability Report, we disclose the Company’s most material sustainability matters and the related material impacts, risks and opportunities. We present this information based on Litgrid’s double materiality assessment (hereinafter “DMA”) carried out in line with ESRS principles and requirements. We describe the DMA methodology and results in sections “SBM 3” and “IRO 1”.

In the Sustainability Report we cover Litgrid’s own operations and information relating to its upstream and downstream value chain, as specified in ESRS 1.

## 20.2. BP-2 – Disclosures in relation to specific circumstances

For the purposes of this report, we use the ESRS definitions of short-, medium- and long-term: short-term – up to 1 year, medium-term – 2 to 5 years and long-term – more than 5 years. This time perspective is consistent with the periods used by EPSO-G to ensure consistency of reporting across the Group.

In addition to the information required by the ESRS, we include in our Sustainability Report information in accordance with Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council (the "Taxonomy Regulation") – see section *Disclosure under the EU Taxonomy Regulation*.

To ensure comparability, we provide information for the 2023–2025 reporting periods, except for greenhouse gas (hereinafter referred to as “GHG”) indicators, for which data are provided from the base year (2019). The methodology and assumptions used to calculate Scope 3 GHG emissions may involve higher methodological uncertainty. We did not estimate any other value-chain indicators using indirect sources, unless we otherwise specified in the applicable methodology for such indicators (e.g., for GHG emissions).

We did not identify quantitative indicators or monetary amounts with a high level of measurement uncertainty.

We did not make any material changes in the preparation and presentation of sustainability information compared to the prior period. When preparing the 2025 Sustainability Report, we improved the structure of the disclosures to present the information more clearly and coherently.

We did not identify material errors relating to previous reporting periods.

Because the Sustainability Report is an integral part of the Annual Integrated Report, we provide cross-references to other clearly identified sections of the Annual Integrated Report, including:

- Litgrid governance and Board members' experience (ESRS 2 GOV-1);
- Remuneration policy of the administrative, management and supervisory bodies (ESRS 2 GOV-3);
- Information on key elements of the overall strategy (ESRS 2 SBM-1).

# 21. SUSTAINABILITY GOVERNANCE

## 21.1. GOV-1 – The role of the administrative, management and supervisory bodies

We do not apply separate controls or procedures dedicated solely to sustainability impacts, risks and opportunities. We integrate these aspects into our overall internal control, risk management and compliance systems and decision-making processes.

Detailed information on sustainability governance and oversight at Group level is provided in EPSO-G's Consolidated Annual Integrated Report for 2025.

Below, we summarise our administrative, management and supervisory bodies, their roles and responsibilities in managing sustainability matters

**Sustainability governance and oversight**

| Litgrid administrative, management and supervisory bodies | Main responsibilities |
|---|---|
| **Litgrid board:**<br>- 5 non-executive members<br>- 40% (2 out of 5) board members are independent<br>- 100% board members are male (gender balance ratio 0:5) | - Sets and reviews long-term strategic goals and monitors indicators;<br>- Approves the Company's annual targets, including sustainability-related commitments;<br>- Analyses and assesses Company-level risks, including sustainability-related risks such as non-compliance with occupational safety requirements, skills shortages, employee turnover and motivation, and damage caused by natural phenomena. (In the risk register, each risk is categorised under a sustainability area (environmental, social responsibility or good governance). |
| **Chief Executive Officer**<br>(the sole executive management body) | - Organises, controls and (to the extent required by legal acts) ensures implementation of the Company's sustainability-related strategy;<br>- Implements recommendations, procedures, policies, codes and sustainability development plans related to the Company's operations and functioning in the sustainability domain. |

Board members are elected by the General Meeting of Shareholders for a four-year term, taking into account the recommendations from the Remuneration and Nomination Committee. Board members do not hold other management positions within the Company. Two Board members are also members of EPSO-G management team.

There are no directly appointed employee representatives in the administrative, management and supervisory bodies. We have a collective agreement signed with the Trade Union (employee representatives). This ensures appropriate employee representation and involvement in organisational decision-making. Further information on Litgrid's governance is presented in the Annual Integrated Report section „9.1 The Company's governing bodies".

Our supervisory function is performed by the Board, as set out in the Law of the Republic of Lithuania on Companies. The Audit Committee and the Remuneration and Nomination Committee (established at the parent company) operate on a group-wide basis. They perform the functions of Litgrid's Audit Committee and Remuneration and Nomination Committee.

The parent company's Board may establish additional group-wide committees.

Company committees and other governing bodies:
- Executive Council
- Technical Committee
- Project Management Committee
- Physical Safety Commission
- Occupational Health and Safety Committee
- Public Procurement Commission
- Ethics Committee
- Committee on Information Technology and Telecommunications Governance
- IT Architecture Commission
- Programme Monitoring Committee

- The Boards
- General Meeting of Shareholders

In the table below, we list the roles and describe the responsibilities of employees/ units that coordinate and implement sustainability in the Company and across the Group. Sustainability management responsibilities are defined in the relevant internal documents (work rules, unit regulations, job descriptions, etc.).

Our administrative, management and supervisory bodies oversee the identification and setting of objectives related to material impacts, risks and opportunities as part of the Company's long-term strategy. On this basis, we define specific strategic objectives annually. We provide quarterly updates on progress by presenting and discussing a progress review with employees during quarterly meetings.

**Coordination and implementation of sustainability**

| | |
|---|---|
| **Group sustainability manager** | Oversees and coordinate sustainability objectives across the EPSO - G Group |
| **Sustainability and Operational Excellence Project Manager (Litgrid)** | Coordinates the DMA, sustainability data collection and documentation. Integrates sustainability requirements into processes and coordinates Group initiatives at Litgrid |
| **Functional units (Litgrid)** | Allocate environmental, social responsibility and governance objectives to relevant units (e.g., environment, occupational safety, people and culture, risk and compliance management). Also have appointed a person responsible for equal opportunities; this role is performed by the Head of the People and Culture Unit |

**Sustainability-related knowledge and experience**

We actively invest in strengthening sustainability-related knowledge, developing competencies and attracting experts to ensure comprehensive and integrated sustainability management.

We organise trainings and presentations on sustainability topics and use external consultants when needed. In regular day-to-day (*Lean*) meetings, managers discuss sustainability matters when relevant.

Independent Board member Pierre-Henri D'haene, Head of Strategy, Transformation and Sustainability at Elia (Belgian electricity transmission system operator), provides valuable insights and experience in sustainability development.

We monitor compliance with business ethics through conflict-of-interest prevention measures (including declarations of private interests and recusal) and by following EPSO-G ethics and interest management requirements.

More information about our Board members is available on our website.

Our administrative, management and supervisory bodies have diverse professional experience and competencies that underpin effective governance. This includes experts with specialised knowledge, including in sustainability management (environmental, social and governance areas).

These competencies ensure that our governing bodies can effectively contribute to sustainability initiatives aligned with our strategic priorities and stakeholder expectations. More information about the professional experience and education of members of our governing bodies is provided in the following sections of the Annual Integrated Report: 10.2 "Litgrid Board", 10.4 "Board composition", and 10.6 "Areas of responsibility of the CEO".

## 21.2. GOV-2 – Information provided to, and sustainability matters addressed by, the administrative, management and supervisory bodies

We regularly inform our governing bodies about material impacts, risks and opportunities. The Board reviews and discusses key topics, including sustainability matters, at its monthly meetings.

The Board plans and conducts its activities in line with its annual work plan.

In the reporting year, we carried out Litgrid's double materiality assessment (DMA) for the first time. In previous years, we relied on the results of the Group-level DMA. Therefore, this year we assessed all topics listed in the ESRS and added additional sustainability topics that are relevant to Litgrid.

### 21.3. GOV-3 – Integration of sustainability-related performance in incentive schemes

Following the unified Remuneration, Performance Management and Development Policy implemented by EPSO-G, the Board sets objectives and performance quality criteria for the Chief Executive Officer (hereinafter referred to as "CEO"), evaluates achievement and determines financial incentives.

The CEO's objectives align with the Company's annual objectives, which we disclose publicly. These typically include financial targets, strategic project targets and sustainability targets. We assess achievement based on the percentage of completion. More information on remuneration is provided in the Annual Integrated Report section "*Report on the implementation of the remuneration policy*".

We encourage integration of sustainability principles into day-to-day activities through our *Kaizen* (continuous improvement) system. Each employee has an annual objective to implement *Kaizen* idea(s) that contribute to sustainability and deliver additional sustainability benefits. When we implement a *Kaizen* idea, we assign it to the relevant ESG area (Environment (E), Social (S) or Governance (G)). This helps us track sustainability benefits and strengthen our sustainability culture in a targeted way.

Board members do not receive variable remuneration (financial incentives). They receive fixed monthly remuneration only. Therefore, sustainability metrics are not integrated into the Board's incentive system.

For the CEO and employees, our remuneration policy includes financial incentives linked to the achievement of annual objectives. The Company's annual objectives include sustainability commitments.

### 21.4. GOV-4 – Statement on due diligence

We follow operational policies designed to ensure sustainability due diligence in our activities. We continuously assess potential negative impacts in our operations and value chain and seek to prevent them. We also commit to cooperate in addressing negative impacts if they occur or if we contribute to them.

In the annexes to this report, we present the table "ESRS 2 GOV-4 Statement on due diligence", which shows how our due diligence process is reflected in the Sustainability Report.

### 21.5. GOV-5 – Risk management and internal controls over sustainability reporting

Our sustainability reporting is based on EPSO-G principles and processes related to legal compliance, risk management and internal control. We identify, assess and prioritise sustainability-related risks (including climate-related risks) using a unified likelihood-and-impact assessment approach. This approach is integrated into our overall risk management system.

The Operational Architecture Unit coordinates preparation of the Sustainability Report. We work together with Occupational Safety and Environment, Prevention, Finance, People and Culture, Legal and other units. These units manage core sustainability-related activities and information.

The main sustainability reporting risks relate to human error and data consistency. We mitigate these risks by standardising sustainability reporting processes, improving ESG metric methodologies and periodically reporting progress to top management, the Board and the Audit Committee.

The Company's management is responsible for the Sustainability Report.

## 22. STRATEGY, BUSINESS MODEL AND VALUE CHAIN

### 22.1. SBM-1 – Strategy, business model and value chain

We are Lithuania's electricity transmission system operator. We are responsible for maintaining the balance between electricity consumption and generation within the Lithuanian electricity system, ensuring reliable electricity transmission, and implementing Lithuania's strategic electricity projects. We base our vision and strategic guidelines on the long-term objectives set out in the National Energy Independence Strategy (hereinafter referred as "NEIS").

**Our services**

- electricity transmission via high-voltage (110–400 kV) electrical installations;
- trading in imbalance and balancing energy to maintain the balance between production and consumption;
- system services;
- Public Interest Services (PIS);
- data management / dissemination / accessibility.

**Our customers**

In line with the shareholder's (the State's) expectations for the EPSO-G Group, we consider customer experience and satisfaction to be one of the key conditions for value creation and for an effective operating (business) model. We aim to ensure smooth, high-quality and uninterrupted service provision. We consistently submit proposals to simplify and shorten administrative procedures and reduce the bureaucratic burden.

The State expects us to improve customer experience in a focused way, especially in areas related to renewable energy sources (hereinafter referred as "RES"). We periodically measure service quality indicators and customer satisfaction. We assess service quality and the value we create using customer satisfaction indicators. We also aim to be a reliable partner for customers implementing large projects. For that reason, we prioritise their requests and give them additional attention.

We segment customers based on their activities and the services they receive.

Transmission service customers:
- distribution grid operators;
- producers and consumers connected to the transmission grid;
- providers of balancing and imbalance services;
- beneficiaries of guarantees of origin.

Connection service customers:
- developers of RES, hybrid parks and new power plants;
- new users.

At the end of the 2025 reporting period, we employed 501 people.

Detailed information on our activities, services, regulatory environment, objectives and strategy is provided in the Annual integrated report.

**Sustainability in our strategy**

Sustainability is an integral part of our activities, and our key objectives are embedded in the EPSO-G Group's long-term strategy. EPSO-G's strategy was updated in 2024, and detailed information on Litgrid's strategy until 2035 is available here: "Strategy 2035".

As the electricity transmission system operator, we play an essential role in ensuring Lithuania's smooth and reliable transition to an energy system that integrates large volumes of RES. We enable decarbonisation of the sector, initiate interconnection projects and facilitate the exchange of climate-neutral energy.

Our main strategic commitments until 2035 include:
- **Building future infrastructure** — we treat the transformation of the energy sector as a major change; our goal is to build the infrastructure that will underpin a climate-neutral energy system.
- **Ensuring security and reliability** — we aim to increase resilience and reliability in the energy sector and beyond by strengthening system flexibility and national and regional security.
- **Being a reliable strategic partner** — energy transformation requires close cooperation among industry, investors and public authorities; we aim to be a trusted partner in developing environmentally friendly infrastructure and markets.
- **Enabling sustainable and efficient progress.**

We pursue energy sector transformation while maintaining a balanced approach across environmental, social and economic objectives.

Our key objectives in the environmental, social and governance areas:




These directions help us not only to contribute to the UN Sustainable Development Goals, but also to create long-term value for our organisation and the Group's stakeholders

**Litgrid strategic sustainability (ESG) long-term targets and progress**

| Area | | Commitments | Target | Values | | |
|---|---|---|---|---|---|---|
| | | | | 2025 | 2024 | 2023 |
| Environmental | **Climate** ***(E1 Climate change)*** | Achieve a net-zero GHG emissions balance by 2050 (the commitment below is directly linked to the Scope 1 and 2 GHG reduction targets, which form part of its implementation)[1] | | | | |
| | | Reduction in our Scope 1 and 2 GHG emissions compared to the 2019 base year | -35% by 2026<br>-95% by 2030 | +1.90% | 31.60% | 7.28% |
| | **Nature** ***(E4 Biodiversity)*** | No net loss of biodiversity resources in new projects[2] | n/a | n/a | n/a | n/a |
| Social | **Promoting diversity and inclusion** ***(S1 Own workforce)*** | Female representation in the Company | 28% of employees by 2025 | 29% | 28% | 27% |
| | | Representation of employees aged under 30 | 10% of employees by 2025 | 11% | 10% | 11% |
| | | Representation of employees aged over 60 | 10% of employees by 2025 | 8.60% | 9.40% | 8% |
| | | Representation of employees with disabilities | ≥1% of employees by 2025 | 0.40% | 0.20% | 0.20% |
| | **Employee engagement improvement** ***(S1 Own workforce)*** | Maintain a high employee engagement score | ≥70% by 2025 | 81% | 76% | 80% |
| | **Health and safety** ***(S1 Own workforce)*** | Work environment free of fatal and severe accidents (employees and contractors) | 0 accidents | 1 | 0 | 0 |
| | ***S4 Consumers and end-users*** | Ensure high customer satisfaction annually | GCSI ≥ 80 | 81 | 81 | 73 |
| | | Provide services in accordance with agreed timelines | ≥ 95 % of services by 2035 | n/a | n/a | n/a |

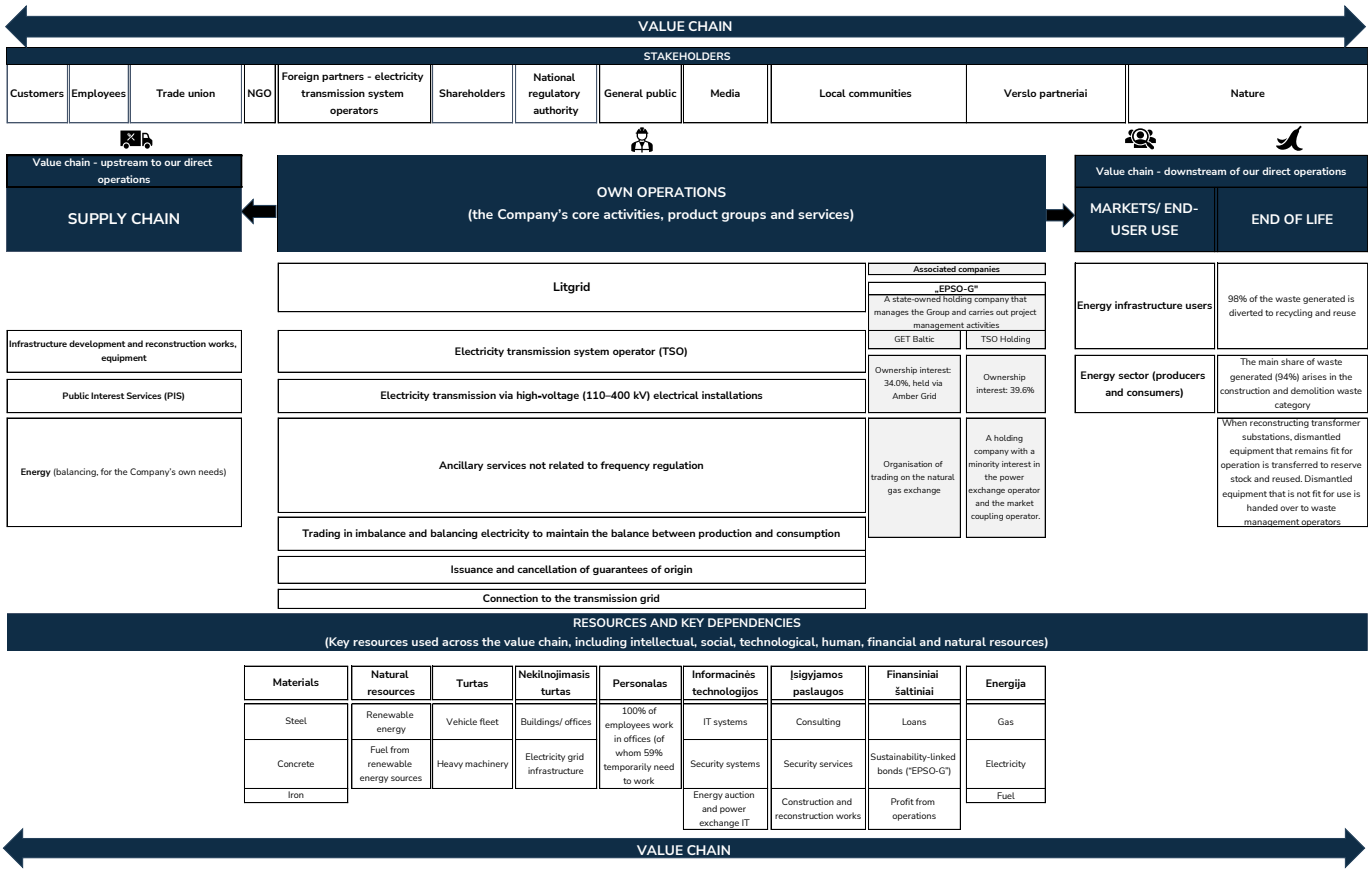
| Area | | Commitments | Target | Values | | |
|---|---|---|---|---|---|---|
| | | | | 2025 | 2024 | 2023 |
| | | Implement a one-stop customer service model | By 2027 | Pre-implementation activities | - | - |
| Governance | **Governance *(E1 Climate change E5 Circular economy G1 Business conduct)*** | Reduce GHG emissions in our supply chain | 50% of suppliers by 2035 | n/a | n/a | n/a |
| | | Transition to circular procurement by 2035 | n/a | n/a | n/a | n/a |
| | | Conduct procurement in compliance with green procurement requirements | 100% of procurements | 100% | 100% | 98% |
| | | Increase the number of procurements subject to social criteria | >7% of Group procurements | 10% (Group), 51.89% (Litgrid) | n/a | n/a |

***Note[1].*** *The Group's commitment to achieve a net-zero GHG emissions balance by 2050 includes our targets and measures related to Scope 1 and Scope 2 emission targets. In 2025, we set out an action roadmap, under which we plan in the coming years to carry out a more detailed calculation of Scope 3 GHG emissions and to model potential implementation measures through to 2050.*

***Note[2].*** *The planned commitments were approved in 2024 as part of the updated Group strategy; therefore, we did not determine historical and reporting-year values (n/a). In the near term (2026–2027), we plan to prepare action plans to achieve these commitments and, based on analysis, to set strategic indicator values for the coming years. In 2026, the Group plans to carry out an assessment of negative impacts on biodiversity and ecosystems and to prepare an action plan (guidelines) to achieve the target.*

**Value chain**

We present a diagram below that visually represents our value chain, encompassing both the upstream value chain, where suppliers and resources are involved, through our core activities, to the downstream value chain, where value is delivered to customers and society. The diagram highlights the key resources and dependencies in our operating model.




## 22.2. SBM-2 – Interests and views of stakeholders

To implement our strategic objectives successfully and ensure sustainable development, we consider it essential to maintain continuous dialogue with stakeholders, take their expectations into account and integrate them into decision-making. Stakeholders are groups that have a significant influence on us, or that we can significantly impact.

We prepared the content of the Sustainability Report based on the insights, needs and expectations of our key stakeholders. We also used these insights in our double materiality assessment (DMA).

The table below summarises the main stakeholder groups, how we engage with them, how we involved them in the DMA, which sustainability topics are most relevant, how these insights affect our strategy and/ or business model, and what we plan to do next. Where we identified gaps in engagement needed to fully understand a stakeholder's expectations and impacts, we carried out additional engagement during the DMA. We will continue regular stakeholder engagement and review it with future DMA updates.

Our administrative, management and supervisory bodies are informed about stakeholder concerns when needed.

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **Customers** | We operate in a business-to-business (B2B) model. Understanding customer needs helps us develop services and solutions aligned with the Group's strategy | Surveys; customer journey and needs research; information events; articles and newsletters; social media communication | Analysis of the largest B2B customers (public information and activity reports) | Green capacity, grid capacity, cyber threats | We treat customer experience and satisfaction as essential to value creation; we improve experience (especially for RES-related areas), prioritise large project customers, simplify procedures and reduce bureaucracy | Continue measuring service quality and satisfaction (e.g., GCSI, NPS) and implement customer-experience initiatives (better access to information, self-service solutions for RES connections, more consistent request management, "one-stop-shop" approach) |
| **Employees** | Empowered, professional and values-driven employees are essential for achieving the Group's vision and strategy | Annual engagement surveys and other well-being surveys; employee meetings; intranet and all-hands communication; dialogue with the trade union | Analysis of the annual engagement survey results; written qualitative questions to the Trade Union and the People & Culture Unit | Working time and work-life balance; remuneration; health and safety; collective bargaining; training and skills development | In the Group's long-term strategy, we are committed to fostering a safe and positive working environment and culture. We pursue these objectives by improving internal policies and making corresponding adjustments to related internal processes | Continue annual engagement surveys and implement improvement plans; further strengthen learning and skills programmes and health & safety culture |

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **Shareholder (97.5% of Litgrid shares held by EPSO-G, directly controlled by the Ministry of Energy)** | The outcomes of shareholder engagement create the preconditions for effective sector integration, facilitate planning and decision-making, reduce the impact of operational risks, and enable the creation of long-term value for customers in an evolving business environment. | Interim (quarterly) and annual reporting; regular meetings; group-wide functional governance | Review of the Ministry of Energy's expectations letter and shareholder expectations analysis (EPSO-G strategy) | Renewable energy development:<br>- Promote the integration of renewable energy sources into the electricity grid.<br>- Promote renewable energy in order to increase its share in final energy consumption.<br>- Develop energy storage solutions to increase system flexibility.<br>- Invest in employee competence development and training.<br>- Attract students in engineering disciplines by offering scholarships.<br>- Ensure equal opportunities and diversity in the workplace.<br>- Foster employee engagement and motivation.<br>- Develop talent management systems to support the organisation's long-term growth.<br>- Ensure the safe and reliable transmission of electricity throughout Lithuania.<br>- Ensure the resilience of the electricity system to emergencies and cyber threats.<br>- Ensure cybersecurity and data protection. | We align our strategy with national energy policy objectives and shareholder expectations | Continue dialogue and reporting on strategy, budget and strategic projects; integrate shareholder expectations into priorities; ensure reliable services and physical/cyber protection of infrastructure |
| **Foreign partners (electricity transmission system operators)** | Partnerships help safeguard national interests and strengthen our position in the Baltic region and Europe | We initiate professional meetings, working groups and/or conferences to present our strategic objectives; We participate in joint working groups, conferences and events;<br>We are members of international organisations that bring together electricity transmission system operators | No additional involvement beyond existing engagement | Secure, safe, efficient and reliable electricity supply | Partnerships with foreign operators support the development of new markets, contribute to the creation of innovative solutions, and strengthen the overall sustainability and efficiency of the sector | Continue participation in international organisations and working groups (e.g., ENTSO-E formats), share best practices and coordinate joint initiatives with other TSOs |

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **National regulatory authority (the State Energy Regulatory Council performs the regulatory function and supervises licensed activities)** | Cooperation ensures regulatory compliance, long-term operational stability, and public trust, thereby contributing to sustainable growth and improving our market reputation | We provide the information required for the regulator to perform its functions in a timely manner;<br>We cooperate on the implementation of new market mechanisms;<br>We initiate meetings to discuss relevant issues | We performed an additional review of regulatory requirements;<br>We submitted qualitative questions in writing to the Company representative responsible for relations with the regulator to identify policy and legal risks and opportunities | Operational security and reliability; non-discrimination of consumers; public information; lower energy service prices; stability and security of the energy system | We strengthen compliance and monitoring of regulatory changes and integrate regulatory requirements into operational planning to ensure long-term stability and reliability | We will continue timely information provision and periodic consultations with the regulator, initiate meetings on relevant issues, and integrate the identified legal and policy risks and opportunities into risk management and operational improvement plans |
| **Government representatives** | Cooperation with government representatives is essential to ensure a coherent long-term vision for the energy sector and to facilitate the smooth implementation of projects that are important at national and regional level | We initiate meetings as needed to discuss relevant issues;<br>Within our remit, we present or speak on relevant topics in parliamentary committees and Government meetings of the Republic of Lithuania;<br>We participate in inter-institutional working groups | No additional involvement beyond existing engagement | Energy system security, reliability and resilience; implementation of strategic projects;<br>enabling conditions for RES integration; cyber and physical protection of critical infrastructure | We shape our strategic priorities and investments in line with national energy policy directions and state expectations regarding system reliability and resilience | We will continue participating in inter-institutional working groups, provide information and presentations in parliamentary committees and Government formats within our remit, initiate meetings on relevant issues, and submit proposals to simplify administrative procedures and improve sector regulation |

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **Contractors** | Engaging contractors is not limited to cost efficiency or process optimisation. Contractors can make a significant contribution to achieving sustainability objectives. By working with sustainable contractors, we can reduce our environmental footprint, ensure responsible use of resources and meet higher environmental standards. This partnership model strengthens value chain resilience, improves environmental performance and supports long-term sustainable development | We organise annual information events for potenti<br>Publish procurement plans and consultations in advance to promote greater competition among market participants;<br>Audit the work performed by contractors | No additional involvement beyond existing engagement | Employee and contractor health and safety; impacts on biodiversity and ecosystems; impacts on communities during project implementation; business ethics and compliance | In contractor management, we strengthen requirements to ensure that contractor activities contribute to long-term sustainability goals and value chain resilience | We will continue annual informational events for potential contractors to ensure transparency – publishing planned procurement schedules and conducting market consultations |

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **Suppliers and their employees** | Suppliers' contribution to project implementation is critical, as they ensure the availability of materials, equipment, and services, which affects work quality, timelines, safety, and the achievement of sustainability goals. Since most suppliers are selected by contractors, supplier engagement typically occurs indirectly through contractor management | As most suppliers are engaged by contractors, we establish supply-chain requirements through contracting agreements, procurement documents, and the Partners' Code of Ethics, and we discuss supply plans and requirements with contractors during project implementation meetings. For procurements conducted directly, we consult market participants, carry out market research, publish planned procurements, and apply our procurement policy | We analysed questionnaires from our operational partners (contractors) and, where information is available, reviewed the sustainability reports of our largest direct suppliers | Health and safety of value chain employees; management of supplier relationships | In the supply chain, we strengthen sustainability and resilience aspects: in procurement and partnerships, we apply unified procurement principles and the expectations for partners defined in the Partners' Code of Ethics, including provisions on environmental protection, human rights, labour standards, and business ethics | We will continue market consultations and market research prior to procurements, publish planned procurement schedules, organize supplier day events, and consistently integrate sustainability requirements into procurement documents and contract performance monitoring. In accordance with Group-wide criteria, we will assess the supply chain |
| **Non-governmental organisations (hereinafter referred to as "NGO")** | Collaboration with NGOs helps us focus on global progress. It also provides an opportunity to leverage specialized knowledge and resources and reach broader target audiences | We collaborate in the implementation of investment projects; participate as members in associations; and share information for the benefit of collective progress | Analysis of publicly available NGO positions, research, reports, and recommendations on topics relevant to our activities | Grid reliability, safety, and sustainability | We engage in partnerships with NGOs to strengthen sector sustainability and efficiency, leveraging specialized knowledge and best practices, including recommendations from international associations | We will continue collaborating with NGOs and sharing our experience |

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **Trade union** | Represent and protect employees' professional, economic, and social rights, as well as their legal interests | We create conditions for trade union activities;<br>we conclude collective agreements with the trade union;<br>at periodic meetings with employees and/or their representatives we discuss implementation of collective agreement;<br>we inform and consult the trade union when making labour-relation decisions | Written survey | Working time and work-life balance; fair remuneration; social dialogue and collective bargaining; health and safety; training and skills development | We consider social dialogue an integral part of a sustainable organization: collective agreements and consultation practices are used as tools to integrate employees' expectations into organizational improvement processes | We will continue periodic meetings with trade union representatives to review the implementation of collective agreements, inform and consult on employment-related decisions, and incorporate the insights gained into employee well-being and engagement action plans |
| **General public and media** | It is important for us to stay aligned with the public interest and provide up-to-date information on our progress | We maintain professional relationships with media representatives covering energy topics by providing sufficient information to assess the Company's financial and non-financial position and ongoing projects;<br>we organize press conferences;<br>we disclose information to meet public needs;<br>we conduct representative surveys | We analysed publicly available information to understand our impacts and submitted questions to our employees responsible for media relations (communications) | New and important infrastructure projects; renewable energy and its environmental impacts; transparency and accessibility of information | We strengthen transparency and sustainability accountability by publishing information on operational progress, projects, and sustainability indicators | We will continue active communication on projects and operational results (providing information to the media, holding press conferences, issuing public statements), and we will conduct representative surveys |

| Key stakeholders | Why engagement matters? | How we engage | How we involved them in the DMA | Material topics | Strategy/ business model implications | Planned actions |
|---|---|---|---|---|---|---|
| **Local communities** | Community support is essential when implementing significant energy projects | We organize informational events for local communities about planned and ongoing projects and hold periodic meetings with community representatives | We analysed publicly available information to understand our impacts and sent written qualitative questions to internal representatives responsible for community relations | Public information and engagement; noise reduction; environmental protection measures | When implementing projects, we aim to consider substantiated feedback. In our long-term strategy we have committed to creating a positive impact on local communities | We will continue informational events and meetings with communities during the planning and implementation phases, evaluate justified feedback, and, where possible, incorporate it into project solutions. We will also strengthen feedback collection and communication regarding measures to mitigate noise, traffic, and environmental impacts |
| **Nature** | We included nature as a "silent stakeholder" because our operations depend on and impact climate, biodiversity and ecosystems | We assess and manage environmental impacts by applying environmental principles in project planning and execution, and we disclose significant impacts, risks, and management measures in the relevant report sections (E1, E4, E5) | Analysis of documents and studies on the sector's impacts; analysis of value chain impact reports; analysis of resource dependencies and physical risks | Environmental topics (climate change, biodiversity and ecosystems, resource inputs, waste) | In our strategy, we are committed to reducing GHG emissions and achieving no net loss of biodiversity in new projects | In 2026, at the Group level, we plan to assess the negative impacts on biodiversity and ecosystems and to develop and implement an action plan and guidelines to mitigate these impacts. In parallel, we will continue environmental monitoring, EIA / 'Natura 2000' significance assessments, and the implementation of impact mitigation measures in projects |

# 23.DOUBLE MATERIALITY ASSESSMENT

## 23.1. SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and the business model

## 23.2. IRO-1 – Description of the processes used to identify and assess material impacts, risks and opportunities

In this Sustainability Report, we selected the information and metrics based on our DMA. Applying the DMA principle, we assessed sustainability matters from two perspectives: (i) how our activities impact the environment and society (impact materiality) and (ii) how sustainability matters affect our financials, performance and outlook (financial materiality).

In 2024, EPSO-G conducted a DMA for the first time at Group level. In 2025, we conducted the DMA at Litgrid level to assess the topics that are material to us more precisely.

In conducting the DMA, we relied on the general ESRS requirements, and the implementation guidance issued by the European Financial Reporting Advisory Group (EFRAG). During the assessment, we examined both impact materiality and financial materiality, as well as the interconnections between them, drawing on the Company's internal operating procedures, policies, methodologies and available data, such as surveys. For the financial materiality assessment, we applied the risk assessment principles used across the Group and, where relevant, relied on information from the Company's risk register.

During the double materiality assessment, we followed the time horizons defined by the ESRS:
- short-term: the period used as the reporting period in the Company's financial statements (1 year);
- medium-term: 2–5 years;
- long-term: more than 5 years.

**The main stages of the DMA were as follows:**
- **Understanding the context** – we analysed our operations, value chain partners and stakeholders.
  In order to understand the context and scope of the assessment, we analysed our operations as well as the upstream and downstream parts of the value chain (the analysis was not limited to direct contractual business relationships). During the process, we developed a map of Litgrid's value chain and key stakeholders, which we used in the assessment.
- **Preliminary assessment** – we identified potentially material sustainability matters.
  When compiling the list of potentially material sustainability matters, we took into account the list of sustainability topics, sub-topics and sub-sub-topics set out in Appendix A to ESRS 1 (hereinafter, sustainability matters).
  We carried out a preliminary assessment to determine which sustainability matters were not material for Litgrid. Non-material sustainability matters were not included in the double materiality assessment conducted during Stage 3. To support this decision, we documented the reasons why a topic was not considered material.
- **Double materiality analysis** – we assessed the identified sustainability matters from both the impact materiality and financial materiality perspectives.
  We carried out a detailed assessment of the potentially material sustainability matters in order to identify material impacts, risks and opportunities (hereinafter, IROs).
  In the course of the assessment, we focused primarily on areas where, considering the nature of the Company's operations, business relationships, geographic locations and other relevant risk factors, impacts, risks and opportunities could reasonably be expected to arise.
  In assessing material IROs, we also paid attention to relationships that could be associated with such IROs, for example, relationships with actors connected to "hot spots", i.e. areas where actual or potential impacts are likely to occur, or with actors on whom the Company's business model is highly dependent with regard to goods and services.

**Stakeholder engagement**

When conducting the DMA, we involved stakeholders in the following ways (see the table in *SBM-2 – Interests and views of stakeholders* for more detail):

- **Direct engagement:** we conducted surveys and/ or submitted written questions to stakeholders;
- **Review of documentation and additional sources:** we analysed stakeholder documents (e.g., sustainability reports, policy descriptions, questionnaire results) when individual responses were not available or not relevant.

We also included nature as a silent stakeholder. We selected different engagement methods and levels based on the AA1000 Stakeholder Engagement Standard.

Based on the DMA results, in this report we disclose — by ESRS topics — how we manage each material topic, including the related impacts, risks and/ or opportunities.

**Impact materiality assessment**

We assessed impact materiality by considering if the topic is actual or potential, positive or negative and if it has an impact on people or the environment in the short, medium and long term.

For actual negative impacts, we based materiality on the severity of the impact. For potential negative impacts, we considered both severity and likelihood. We assessed severity using the following factors: scale, scope and irremediability.

For positive impacts, we assessed materiality as follows: for actual positive impacts – based on scale and scope; or potential positive impacts – based on scale, scope and likelihood.

**Impact materiality categories**

Based on our impact materiality scoring formulas, actual and potential impacts were classified into four categories:

- Informative (final score: 0–3)
- Important (final score: 4–6)
- Material (final score: 7–9)
- Critical (final score: 10–12)

**Financial materiality assessment**

The objective of the financial materiality assessment was to assess emerging financial risks and opportunities. We assessed financial materiality by considering the magnitude of financial effects and the likelihood of occurrence, which may arise both through our own operations and through our value chain in the short, medium and long term.

At this stage, we applied EPSO-G Group's risk assessment methodology. We determined the probability of a risk (very low: <10%, low: 11–30%, medium: 31–50%, high: 50–70%, very high: 70–100%), assessed the impact and the risk level, and then assigned a materiality category. EPSO-G Group's risk management policy is available in the Group's documentation.

We considered that sustainability-related risks and opportunities may arise due to our impacts on the environment and stakeholders and/ or due to dependencies on resources (including relationships). Therefore, we performed the financial materiality assessment after the impact materiality assessment.

When assessing financial materiality, we followed this sequence:

- If a topic was included in Litgrid's risk register, we transferred the risk assessment directly (at EPSO-G Group level).
- If the financial value of a risk or opportunity was known (e.g., amount of a fine, project/ investment cost), we compared it with Litgrid's annual revenues and determined the magnitude of the financial effect (assigning it to a defined EUR-denominated range).
- If we could not determine the financial expression of the risk, we assessed the financial effect using expert judgement (qualitative assessment), applying the risk impact scale (impact on people's health, business continuity, reputation or the environment).

Finally, the DMA results (the list of impacts, risks and opportunities and the DMA matrix) were agreed internally and presented to the Company's management. Final approval was given through a formal approval by the CEO in the document management system.

**Material impacts, risks and opportunities**

| Sub-topic | Impact, risk or opportunity | | Value chain segment | Time horizon[1] |
|---|---|---|---|---|
| **E1 Climate change** | | | | |
| Climate change adaptation | Risk | Financial risk from more frequent extreme weather (strong winds): we will need more resilient structures and unplanned grid restoration works, resulting in higher investments | Upstream, Own operations | Short |
| Climate change mitigation | Actual positive impact | We play an important role in enabling Lithuania's energy sector transformation to a green-energy-based system and its decarbonisation | Entire value chain | - |
| | Actual negative impact | Impact from Scope 1–3 GHG emissions contributing to climate change. The largest amount of GHG emissions in the Company's operations arises from losses experienced in the electricity transmission network (Scope 2 emissions) | | |
| Energy | Actual negative impact | Impact due to significant energy consumption during our own operations | Own operations | - |

| Sub-topic | Impact, risk or opportunity | | Value chain segment | Time horizon[1] |
|---|---|---|---|---|
| **E4 Biodiversity and ecosystems** | | | | |
| Species population size | Actual negative impact | Impact from our infrastructure development and maintenance: tall vegetation is cleared in areas beneath power lines to prevent interference or threats to electricity line structures, and birds may collide with overhead lines, resulting in injury or death | Own operations | - |
| **E5 Circular economy** | | | | |
| Resource inflows incl. resource use | Actual negative impact | Impact due to the large quantity of equipment we require, and the large amount of primary raw materials needed for infrastructure and equipment | Upstream, Own operations | - |
| | Risk | As natural resources decline, raw material prices rise; therefore equipment, structures and construction costs increase. Higher costs create a risk that we will not implement necessary infrastructure reconstructions on time | Upstream, Own operations | Long |
| Waste | Actual negative impact | Impact from the amount of waste generated during own operations, as well as the waste produced across all energy generation and transmission stages | Entire value chain | - |
| **S1 Own workforce** | | | | |
| Working time; work-life balance | Actual negative impact | Impact arises from increasing workload, new high-importance projects and strategic targets that require strong employee engagement | Own operations | - |
| Adequate remuneration | Actual positive impact | We apply a transparent remuneration system (reviewing position salary ranges annually and conducting individual annual salary reviews) and pay all employees above the minimum wage | | - |
| Social dialogue: freedom of association, the rights of existing works councils and employees to be informed, consulted, and participate; collective bargaining, including the proportion of employees covered by collective agreements | Actual positive impact | The impact arises from the existing collective agreement, employee representation of interests (through the trade union), and open communication with employees, with management maintaining dialogue about ongoing changes in the Company and providing opportunities for employees to share opinions, suggestions, or complaints during general meetings | | - |
| Health and safety | Potential negative impact | Impact on employee health and safety due to specific working conditions—especially for those working at sites (higher risk of injuries leading to more significant health impairment) | | Medium |
| Training and skills development | Actual positive impact | The impact arises from internal and external skills development programs (including soft skills) and access to career development initiatives provided to all Company employees. This contributes to enhancing employee competencies and promotes their professional and personal growth | | - |

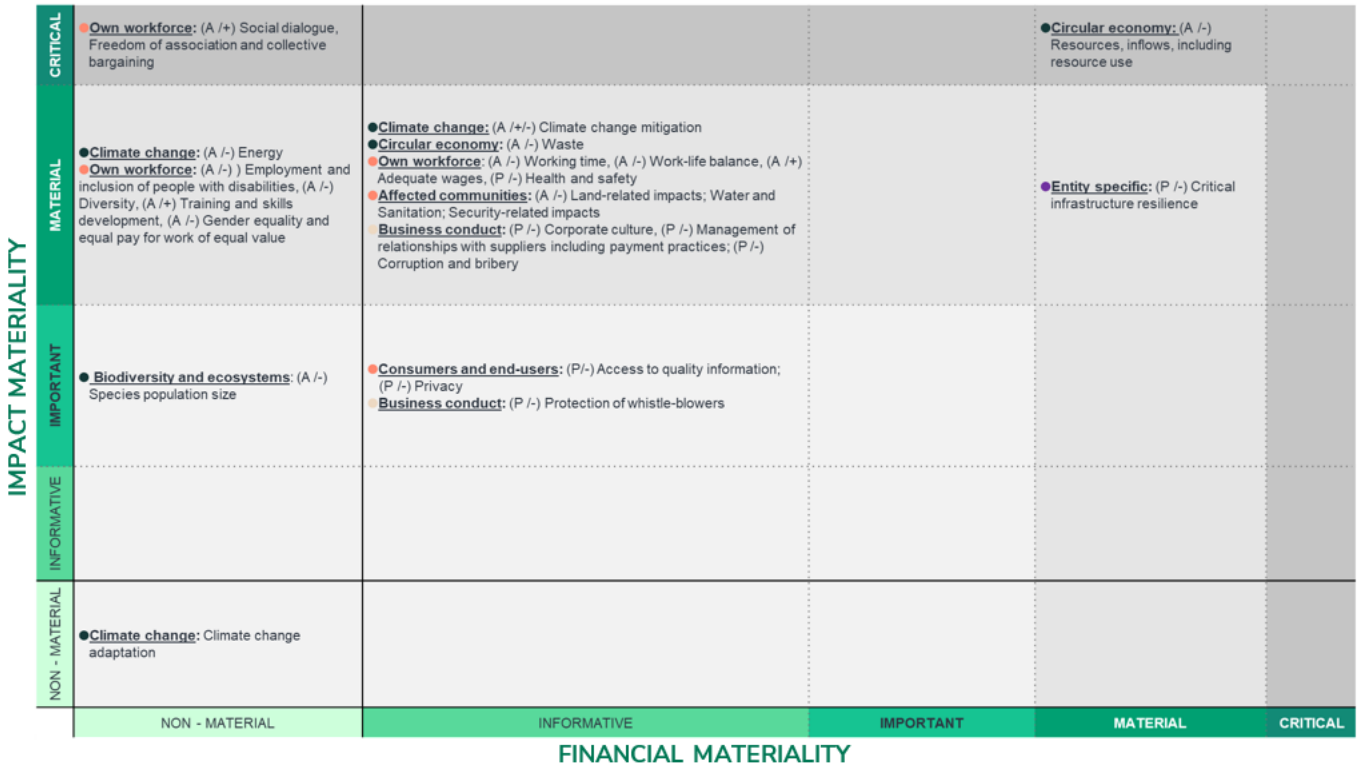
| Sub-topic | Impact, risk or opportunity | | Value chain segment | Time horizon[1] |
|---|---|---|---|---|
| Gender equality and equal pay for work of equal value | Actual negative impact | The impact arises from internal and external skills development programs (including soft skills) and access to career development initiatives provided to all Company employees. This contributes to enhancing employee competencies and promotes their professional and personal growth | | - |
| Diversity | | | | |
| Employment and inclusion of persons with disabilities | Actual negative impact | Impact due to low inclusion of people with disabilities and lack of a clear plan on how to increase inclusion in our workforce | | - |
| **S3 Affected communities** | | | | |
| Actual negative impact | Impact arises from our industry and our direct activities that affect communities during operations (land use, noise, vibration, dust, traffic restrictions, etc.) | Own operations | - | |
| **S4 Consumers and end-users** | | | | |
| Potential negative impact | Impact if consumers are not informed in a timely manner about important changes related to the services provided, or if information is not easily accessible to them | Own operations | Short | |
| Privacy | Potential negative impact | The impact on consumers and end users arises from potentially inadequate or improperly implemented technical and organizational security measures, as well as breaches of personal data security (including cybersecurity incidents), which may negatively affect the rights of data subjects | Own operations | Short |
| **G1 Business conduct** | | | | |
| Corporate culture | Potential negative impact | Impact arising from non-compliance with our culture and policy principles, including transparency, accountability, diversity, inclusion, and ethical conduct standards | Own operations | Short |
| Whistleblower protection | Potential negative impact | Impact on stakeholder rights if the whistleblower protection system does not operate effectively | Entire value chain | Short |
| Management of supplier relationships, including payment practices | Potential negative impact | Impact on stakeholder interests in the event of supplier breaches or non-compliance, which could halt projects, disrupt operations, or negatively affect project timelines and budgets | Own operations | Short |
| Corruption and bribery | Potential negative impact | Impact on stakeholders' rights due to corrupt or unethical actions within our organisation | Own operations | Short |
| **Entity-specific topic: Critical infrastructure resilience** | | | | |
| - | Potential negative impact | Impact on consumers and the public if critical infrastructure is compromised during a potential physical or cyberattack, causing significant consequences for the Company's customers and national infrastructure | Own operations, downstream | Medium |

| Sub-topic | Impact, risk or opportunity | | Value chain segment | Time horizon[1] |
|---|---|---|---|---|
| - | Risk | Financial risk would arise if critical infrastructure were compromised, requiring the Company to restore damaged infrastructure assets and reestablish disrupted electricity supply | Entire value chain | Long |

***Note**: Time horizon[1] for materiality: short up to 1 year, medium – 2-5 years, long more than 5 years.*
*When we identify an actual impact, we do not additionally assess a time horizon.*

**Double Materiality Matrix**

In the sustainability topic matrix, we present our material sustainability topics. Under the methodology we applied, we consider a sustainability topic to be material when the final impact and/ or financial materiality assessment scores fall into the categories "critical", "material" or "important." As an exception, we classified the matter "Climate change: Climate change adaptation" as a material sustainability topic. We are a state-controlled company, and this topic is strategically important and must be managed appropriately.




**Climate Risk Assessment**

We identify, assess and determine the materiality of climate change risks as part of our overall risk management system. We describe the detailed climate change risk assessment process in the Annual Integrated Report, section 11.1 "*Climate change risk assessment process*".

Our climate risk assessment methodology and results are also presented in a separate report: "EPSO-G 2023 climate change risk assessment and management report".

## 23.3. IRO-2 – ESRS disclosure requirements covered by the sustainability statement

We present the content index of the ESRS Disclosure Requirements that we complied with in preparing the sustainability statement based on our DMA results in the section "ESRS Index". We also provide a table of all datapoints deriving from other EU legislation (ESRS Appendix B) in the Annexes section, indicating where each datapoint can be found (and marking datapoints assessed as not material, where applicable). Climate change is material for us and is included in this Sustainability Report. We determined the material information to be disclosed based on the DMA we performed.

## 23.4. MDR – Minimum Disclosure Requirements

We apply and disclose information in accordance with the Minimum Disclosure Requirements on policies (MDR-P), actions (MDR-A), metrics (MDR-M), and targets (MDR-T), together with the relevant Disclosure Requirements in the topical ESRS in the following sections of this report. In this section, we provide a summary of the key EPSO-G policies that we apply to manage material impacts, risks and opportunities.

## 23.5. MDR-P – Policies adopted to manage material sustainability matters

| Group policy | Policy description | The policy is based on internationally recognized instruments and/ or guidelines | Link to sustainability topic under ESRS | Responsibility for implementation |
|---|---|---|---|---|
| **Partners' Code of Ethics** | The policy defines minimum expected standards of conduct that Group companies require from all their partners, thereby promoting lawful, professional, sustainable, and ethical business practices, covering environmental, climate neutrality, human rights, labour standards, and business ethics objectives | The Partners' Code of Ethics is based on the principles of the United Nations (UN) Universal Declaration of Human Rights, the International Labour Organization conventions, the UN Aarhus Convention, the UN Global Compact, and the UN Convention against Corruption | G1 Management of relationships with suppliers | Prevention unit |
| **Code of Ethics** | The Code sets out the ethical principles and standards that Group companies follow in conducting their activities and in building and maintaining relationships with shareholders, the public, business partners, and other stakeholders. The Code is applied in daily operations by employees of Group companies, members of collegial bodies, and other individuals acting on behalf of Group companies. Its objective is for the principles and standards outlined in the Code to become an integral part of everyday work culture. The Code is closely linked to the strategies and values of the Group and its companies | - | S1 Own workforce<br>G1 Business conduct | Prevention unit |
| **Sustainability policy** | The policy defines the key directions and principles for sustainable development, which guide the operations of Group companies and foster an advanced organizational culture | The policy is based on the UN Global Compact and the UN Framework Convention on Climate Change | E1 Climate change<br>E4 Biodiversity and ecosystems<br>S3 Affected communities | Operational Architecture unit |
| **Environmental policy** | The policy defines the key environmental principles applied across the Group to minimize the environmental impact of its activities and to foster a culture based on sustainable development principles within the Group and its environment | It is based on the UN Framework Convention on Climate Change, the EU Green Deal, and the UN Sustainable Development Agenda | E1 Climate change<br>E4 Biodiversity and ecosystems<br>S3 Affected communities | Occupational Safety and Environment unit |
| **Donations and Humanitarian Assistance policy** | The policy defines the key principles, essential criteria, and requirements for the allocation of donations and/or humanitarian assistance, ensuring transparency and public accountability of the support provided | - | S3 Affected communities | Communications unit |
| **Anti-corruption policy** | The policy defines the anti-corruption principles applied across the Group, the roles of parties involved in anti-corruption activities, and the measures implemented to create a corruption-resistant environment within the Group | It is based on ISO 37001:2016 Anti-bribery management systems – requirements with guidance for use | G1 Business conduct<br>G1 Corruption and bribery | Prevention unit |

| Group policy | Policy description | The policy is based on internationally recognized instruments and/ or guidelines | Link to sustainability topic under ESRS | Responsibility for implementation |
|---|---|---|---|---|
| **Remuneration, Performance Management and Development policy** | The policy establishes clear and transparent principles for employee remuneration and performance evaluation across the Group, as well as a remuneration system based on these principles and guidelines for learning, skills development, and professional growth. The policy also ensures employee well-being and flexible working conditions to support work-life balance | - | S1 Own workforce | People and Culture unit |
| **Occupational Health and Safety policy** | The policy defines the general principles of occupational health and safety for Group employees and provides key guidelines for their implementation. It aims to safeguard employee health in the workplace and to create a healthy, safe, and productive working environment | The policy is based on ISO 45001 'Occupational Health and Safety Management Systems – Requirements and Implementation Guidance | S1 Own workforce | Occupational Safety and Environment unit |
| **Equal Opportunities policy** | The policy defines the key principles applied across Group companies to ensure equal opportunities and non-discrimination in all aspects of employment. It governs the application of non-discrimination principles in recruitment, working conditions, professional development, and career progression, promoting an inclusive and respectful work environment | It is based on the UN Sustainable Development Agenda | S1 Own workforce | People and Culture unit |
| **Procurement policy** | The policy establishes unified core principles for strategic procurement planning, coordination, and the execution and oversight of contracts across the Group | - | G1 Management of relationships with suppliers | |
| **EPSO-G Personal Data Protection policy** | The policy sets out common principles for personal data protection that all Group companies must adhere to, and defines the main data protection management measures and responsibilities | | S4 Consumers and end-users | Information security unit |
| **EPSO-G Group Information Security Policy** | It ensures information security through a risk-based system and the application of technical and organizational measures. The policy provides for personal data protection, the management of cybersecurity incidents, and reporting to competent authorities, thereby safeguarding the rights of data subjects | | S4 Consumers and end-users<br>Critical infrastructure resilience | Prevention unit |
| **EPSO-G Group Risk Management Policy** | The policy requires identifying and assessing risks that may affect infrastructure reliability and business continuity; setting risk thresholds and ensuring that critical risks are managed on a priority basis; preparing risk management plans when risks exceed established thresholds; maintaining ongoing monitoring and reporting to enable timely preventive actions; and ensuring accountability and decision-making based on standardized processes | | Critical infrastructure resilience | Prevention unit |

# Environmental area



# 24. E1 CLIMATE CHANGE

## 24.1. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

As part of Litgrid's double materiality assessment for the topic "Climate Change", we identified significant impacts and risks related to climate adaptation, climate change mitigation, and energy consumption. We summarised the material impacts and the risk in the table below.

Following the update of the DMA, the material sub-topics remained unchanged, however we refined the wording of the impacts. Additionally, we identified one additional material positive impact and one additional material risk, while some previously identified risks are no longer considered material.

**Material impacts, risks and opportunities related to climate change**

| Sustainability topic | Impacts and the risk |
|---|---|
| **Climate change adaptation** | Financial risk: more frequent extreme weather (strong winds) may increase costs due to the need for more resilient structures and unplanned grid restoration works, leading to higher investments.<br>Our main physical risk is linked to increasingly frequent extreme weather, especially strong winds. In recent years, heat/cold waves and longer rainy periods related to climate change have not caused additional financial losses. The transmission grid is designed to withstand weather conditions historically observed in Lithuania.<br>In 2026, we plan to update the Group-level climate risk assessment. |
| **Climate change mitigation** | Actual positive impact: we play an important role in enabling Lithuania's energy sector transformation to a green-energy-based system and its decarbonisation.<br>Actual negative impact: our Scope 1–3 GHG emissions contribute to climate change. The largest share of the Company's GHG emissions arises from technological losses in the grid (Scope 2 emissions). |
| **Energy** | Actual negative impact: from significant energy consumption in our own operations.<br>Part of the electricity in our operations is lost due to technical transmission losses that arise during electricity transmission. We also consume electricity to support equipment operation, office use, and EV charging. |

To clearly define the impact, we briefly define GHG and climate change. Climate change refers to long-term changes in the global climate system, mainly driven by rising concentrations of greenhouse gases (hereafter "GHG") in the atmosphere. GHG are generated in most human activities—energy, industry, transport and everyday life. Every activity that requires energy, raw materials or movement generates some GHG.

Our objective is to consistently reduce GHG emissions by implementing more efficient solutions, selecting appropriate technologies, and responsibly using land resources to minimize our climate impact.

GHG from our own operations (Scopes 1 and 2) account for a significant share (about 70%) of our total GHG footprint. The remaining share arises across the value chain (transport and logistics services, construction and maintenance of grid infrastructure, IT maintenance, etc.).

We reduce Scopes 1 and 2 emissions through our GHG reduction plan, and we are strengthening Scope 3 management through supply-chain engagement and strategic objectives.

**GHG scope table**

| Scope 1 | Scope 2 | Scope 3 |
|---|---|---|
| Fuel used by stationary equipment (diesel generators) and mobile equipment (cars, drones, ATVs, etc.) | Energy (technological losses, own consumption, heating, electricity for EVs, electricity generated by our solar power plants, etc.) | Purchased goods and services |
| Gas leakages ($SF_6$ gas-insulated switchgear) | | Long-term assets |
| | | Fuel extraction and transport |
| | | Waste generation and disposal |
| | | Business travel |
| | | Employee commute to/from work |

All these GHG emissions contribute to overall atmospheric GHG concentration.

**Link with strategy and business model, and how we respond**

We implement Lithuania's and the EU's strategy for integrating renewable energy sources and transitioning towards 100% electricity generation from renewables. This enables both us and all consumers to increasingly use renewable energy in operations and production.

We play an important role in enabling Lithuania's energy sector transformation to a green-energy-based system. We have integrated a significant share of renewable generation into Lithuania's electricity transmission grid (2.887 GW within the Litgrid grid). We implement the Government of the Republic of Lithuania programme for integrating renewables. We enable Lithuania's energy transition by expanding and operating the transmission grid to integrate renewable generation. By connecting new wind and solar capacity, we support decarbonisation and strengthen energy security.

Our commitments:

- To expand the use of renewable energy sources;
- to promote the implementation of energy efficiency improvement measures;
- to create favourable conditions for connecting renewable energy producers to the infrastructure we operate;
- to communicate the benefits of clean, renewable energy and to promote its use among customers, suppliers, partners, communities, academia and public authorities;
- to develop employee competencies for grid resilience to climate change and for reducing $CO_2$ footprint;
- to reduce Scopes 1 and 2 GHG emissions by 95% by 2030;
- to achieve net-zero GHG emissions balance by 2050;
- to ensure that by 2029, 100% of electricity used to cover technological losses is covered by renewable electricity with guarantees of origin;
- to ensure that by 2035, at least 50% of our business partners have set GHG reduction targets aligned with the Group's climate transition plan;
- to model Scope 3 GHG emission reduction scenarios for 2040–2050, define measures and monitor implementation.

The largest share of GHG emissions in our operations arises from technological losses incurred when transmitting electricity through high-voltage installations. Technological losses are unavoidable and depend on the amount of transmitted energy, which is driven by electricity demand.

To manage material impact, we have developed a GHG emissions reduction plan. It outlines measures to reduce Scopes 1 and 2 GHG emissions by 2030 (we describe this plan and targets in more detail in sections *E1–1 – Transition plan for climate change mitigation, E1–4 – Targets related to climate change mitigation and adaptation, E1–3 – Actions and resources related to climate change policy*). During the reporting period, we developed Scopes 1 and 2 GHG reduction modelling through 2040, aiming for climate neutrality by 2040. Although our Strategy 2035 includes the target "Net-zero GHG emissions balance by 2050," modelling such a distant period is challenging due to the uncertain future electricity demand and the associated GHG emissions dependent on it.

## 24.2. E1-1 – Transition plan for climate change mitigation

In our GHG emissions reduction plan, we set a target to reduce our GHG emissions by 99.53% by 2030. Currently, the plan does not cover Scope 3 GHG reductions.

The plan also sets targets for the share of green electricity in technological losses. It provides that the share of green electricity used to cover technological losses, relative to actual losses, must be no less than: 2024 – 10%, 2025 - 20%, 2026 – 55%, 2027 – 70%, 2028 – 80%, 2029 – 100%.

The GHG Emission Reduction Plan is part of the Litgrid Strategy 2035. It outlines objectives, actions, and resources for the transition to a lower-carbon economy. Through these measures, we aim to contribute to the global goal of limiting warming to 1.5 °C and to reduce our climate impact.

We consider this GHG emission reduction plan to be the initial version of the transition plan. In the future, the plan will be reviewed and refined based on the latest data and modelling.

Our GHG reduction objectives are described in more detail in *E1-4 – Climate Change Mitigation and Adaptation*, while the planned actions and measures are outline in *E1-3 – Climate Change Policy-Related Actions and Resources*.

GHG emission reduction plan was approved by the CEO of Litgrid (22 October 2024, Order No. 24IS-226). The plan was also presented to Litgrid's Board.

In 2025 we continued implementing the plan in line with the 2024 targets and EPSO-G strategic commitments; we did not add new measures in 2025.

In 2025, we completed Scopes 1 and 2 GHG emissions modelling through to 2040 and 2050; these calculations provide a basis for further target-setting. In 2026, we plan to prepare a Scope 3 GHG reduction plan.

The measures set out in our GHG emissions reduction plan are closely aligned with our strategy and Environmental policy. The EPSO-G Group's GHG reduction targets have been transferred and aligned with Litgrid's strategy. Based on the latest GHG modelling and the Group's commitments, we began updating Litgrid's strategy in 2025. In the updated strategy, we retain the objective to reduce GHG emissions and to prioritise circular procurement practices.

We align our climate ambition with the UN 2030 Agenda, the Paris Agreement, the European Green Deal, Lithuania's National Energy Independence Strategy, the National Energy and Climate Plan and the National Climate Change Management Agenda, and we implement these commitments through the EPSO-G Group Environmental policy. We are subject to EU Paris-aligned benchmarks.

In 2024, EPSO-G joined the Science Based Targets initiative (SBTi). In 2025, due to methodological circumstances, the Group decided not to continue the target validation process with SBTi. In the future, we will consider other options for verifying Group targets.

## 24.3. E1-2 – Policies related to climate change mitigation and adaptation

For climate change mitigation and energy, we follow the policies developed at EPSO-G Group level. The EPSO-G policy framework and related information are summarised in Section 2 (ESRS General disclosures), under *MDR-P Policies adopted to manage material sustainability topics*.

**"EPSO-G" Group Sustainability Policy**

As an EPSO-G Group company, we follow the EPSO-G Group Sustainability Policy, which sets our strategic sustainable development objectives. The policy aims to help deliver Lithuania's strategic energy goals, support the transition to a climate-neutral economy, ensure the secure operation of energy transmission systems, and create favourable conditions for the efficient use of infrastructure and the opportunities offered by energy exchanges, thereby contributing to societal well-being.

EPSO-G's overarching sustainability ambition is to drive the transformation of the energy sector while maintaining a balanced approach across environmental, social and economic objectives. The policy applies to all EPSO-G Group activities, including our own operations and both the upstream and downstream parts of the value chain. No policy exemptions have been established; however, specific measures may differ depending on the operational context of each Group company.

We are committed to the principles of human rights, labour, environmental protection and anti-corruption as set out in the United Nations Global Compact (UN Global Compact). We also contribute to the achievement of the Sustainable Development Goals (SDGs), with a particular focus on:

- **Ensuring access to clean and modern energy** (SDG 7: Ensure access to sustainable energy and promote its use).
- **Acting on climate change** (SDG 13: Act on climate change by reducing greenhouse gas emissions).
- **Developing modern infrastructure and fostering innovation** (SDG 9: Build sustainable infrastructure, promote innovation and support sustainable industrial development).
- **Creating safe and decent working conditions, supporting employee well-being, and building a sustainable supply chain** (SDG 8: Promote sustainable economic growth, employment and better working conditions; and SDG 12: Promote sustainable consumption and production).

We implement our strategic activities guided by sustainability principles:

- Environmental – we enable climate-neutral energy and reduce the environmental impact of our operations.
- Social – we build a progressive organisation grounded in sustainability principles.
- Governance and economic – we ensure transparent and efficient management and development of the energy exchange platform.

Stakeholders can access the EPSO-G Group Sustainability Policy, which also applies to us, on our website. EPSO-G companies report on the implementation of sustainability activities at least once a year by publishing either stand-alone sustainability reports or sustainability information integrated into the EPSO-G consolidated Integrated annual report.

The commitments set out in the EPSO-G Group Sustainability Policy are linked to the following Sustainable Development Goals (SDGs):




**EPSO-G Group's Environmental Policy**

Under the EPSO-G Group's Environmental Policy, we commit to monitoring the environmental impact of our activities and to implementing measures to mitigate climate change, improve energy efficiency, and expand the use of renewable energy sources.

In accordance with this policy, we commit to:

- calculate greenhouse gas (GHG) emissions and monitor the use and consumption of natural and energy resources, as well as the volumes of waste generated;
- implement advanced technologies to reduce GHG emissions and other environmental impacts by 2030;
- use certified green electricity in administrative activities;
- expand the use of renewable energy sources to meet the technological needs of transmission grid infrastructure;
- prioritise low-emission transport solutions and consistently reduce the use of polluting fuels;
- promote the implementation of energy efficiency improvement measures;
- facilitate the connection of green energy producers to the infrastructure we operate;
- disseminate information on the benefits of clean energy generated from renewable sources and encourage its uptake among stakeholders.

Stakeholders can access the EPSO-G Group's Environmental Policy, which also applies to us, on our website.

Both the EPSO-G Group's Sustainability Policy and the EPSO-G Group's Environmental Policy are kept under regular review, considering stakeholder surveys and materiality analysis, to ensure their relevance to Group companies and stakeholders.

When shaping and implementing our sustainable development actions, we seek comprehensive stakeholder engagement and promote transparent and fair collaboration with consumers, producers, suppliers, the public, the shareholder, employees, the media, and other stakeholders.

Existing policies cover all the significant impacts and risks identified in the climate change materiality assessment.

The units responsible for implementing these policies ensure that environmental aspects are identified in a timely manner, environmental objectives are set, plans are developed, and targets are defined to improve environmental performance. They also ensure that sufficient resources are allocated to achieve the objectives, periodically monitor results, audit processes, and evaluate the technologies and working methods used.

## 24.4. E1-3 Actions and resources in relation to climate change policies

To deliver the climate change mitigation targets set out in our strategy and in our environmental and sustainability policies, and to meet our commitments to investors, banks, regulatory authorities and other stakeholders, we adopt a key measure: utilising green energy to cover technological losses and our own electricity consumption (decarbonisation lever: usage of renewable energy). This measure makes the most significant contribution to reducing our GHG emissions. We do not assess the effectiveness of other measures in our GHG reduction plan in detail, as their impact on total GHG emissions is small (up to 1%).

We have planned the use of green energy to cover technological losses and our own consumption on a year-by-year basis through to 2030, progressively increasing the overall GHG reduction effect.

In 2025, we signed a long-term green electricity supply agreement with UAB "Ignitis". The agreement enters into force on 1 January 2026 and will remain in effect until 31 December 2032. In addition, we plan to procure green electricity through an additional instrument—a financial PPA purchase—which we aim to finalise in 2026. This step will make a significant contribution to implementing our GHG reduction plan

It is important to note that technological losses may increase as we expand the electricity grid to meet system needs. However, as more renewable generation capacity is connected, the share of "green" electricity increases. As a result, the GHG emissions associated with residual (non-green) electricity decrease.

Other measures in our plan:

- **Technological measures to reduce energy consumption for own use** (decarbonisation levers – energy efficiency and consumption reduction; usage of renewable energy):
  - Installation of efficient heating and ventilation systems (inverter air conditioners and electric radiators) in control panels of transformer substations and switchgears.
  - Installation of solar power plants on the roofs of control panels in refurbished and newly constructed transformer substations (hereinafter referred as "TS") and switchyards; substation refurbishment.;
  - Installation of a solar power plant on the roof of the administrative building.
- **Technological measures aimed at reducing the volume of technological losses** (decarbonisation lever – process modification):
  - Increasing the conductor cross-section in reconstructed overhead lines to enhance transmission capacity in response to system demand.
- **Other technological measures to reduce GHG emissions** (decarbonisation lever – process modification):
  - We aim to ensure that, from 2028 onwards, newly reconstructed 110 kV substations are installed without the use of $SF_6$ gas.
- **Administrative measures** (decarbonisation levers – electrification; energy efficiency and consumption reduction).
  - We procure hybrid and electric cars.
  - In our Vilnius office, we control air-conditioning operating time outside working hours through system settings, considering outdoor and indoor temperatures.

Implementation of the GHG reduction plan has been assigned to various Litgrid units. Our Occupational Safety and Environment Unit monitors implementation and provides quarterly reports to Litgrid's Head of Transmission Grid.

Actions grouped by GHG scope:

**Scope 1:**
- Phasing out $SF_6$ circuit breakers when reconstructing 110 kV transformer substations (TS). By the end of 2026, we plan to have completed the reconstruction of 5 110 kV substations without $SF_6$ circuit breakers, with 13 $SF_6$-free circuit breakers installed. By 2030, we plan to have 10 $SF_6$-free substations.
- Procurement of hybrid and electric cars.

**Scope 2:**
- Purchase of green electricity to cover technological losses and electricity consumed for own use.
- Use of green electricity in the Vilnius central office and Kaunas TS offices.
- Installation of solar power plants on the roofs of TS and switchgear control panels.
- Reconstruction projects (e.g., modernisation of Jonava, Jurbarkas and Kruonis PSHP (Pumped Storage Hydroelectric Plant) substations);
- Increasing conductor cross-section in reconstructed overhead lines in response to system demands.
- Optimising air-conditioning operation outside working hours in the Vilnius central office using building management system settings and reducing energy consumption.

All measures are integrated into Litgrid's strategic plans and regular monitoring processes. There is only a minor risk that the measures set out in the GHG Reduction Plan will not be implemented on time. To manage this risk, we monitor the implementation of the GHG Plan measures on a quarterly basis and report progress to management.

***Resources to implement the measures***

Resources for implementing the measures set out in the GHG emissions reduction plan are allocated within the Company's budget in accordance with applicable legislation. The main expenses in 2025 related to the use of green electricity to cover technological losses and own consumption needs were associated with the acquisition of guarantees of origin.

Costs already incurred during the reporting period amount to EUR 38,750.88 (of which EUR 38,342.40 relates to technological losses and EUR 408.48 to our own consumption). These costs are included in cost of sales (technological losses costs).

Projected costs for 2026 amount to EUR 78,365 (technological losses) and EUR 600 (our own consumption), calculated based on the current market price.

Preliminary investments planned for the implementation of the GHG Reduction Plan by 2030:

- Purchase of green energy to cover technological losses and electricity for own consumption – EUR 390,000 (guarantees of origin for 2024–2025).
- Use of green electricity for the Company's own consumption in offices, with separate metering – EUR 25,632 (2024–2030).
- Solar power plant installations in refurbished and newly constructed transformer substations and switchyards – EUR 460,800.
- Solar power plant installation on the roof of the central office building in Vilnius – EUR 75,000.
- Installation of $SF_6$-free equipment in newly reconstructed substations (10 TS) – EUR 2 million

By purchasing guarantees of origin, we demonstrate that technological losses were incurred from electricity generated from renewable energy sources. This reduces our Scope 2 GHG emissions (market-based method).

***Measures implemented and results achieved***

Actions completed in 2025:

- We have reviewed the available data necessary for the detailed calculation of Scope 3 GHG emissions and for the further development of the plan.
- We have detailed the data assigned to Scope 1 and Scope 2 and their categorization to ensure a consistent and comparable accounting process.
- We carried out Scope 1 and Scope 2 GHG modelling calculations up to 2040, establishing the basis for further delivery of our climate targets.
- We started preparing the Scope 3 GHG reduction plan project, which we will continue in 2026.

Other significant work carried out in 2025:

- We approved 12 design tasks for the installation of efficient heating and ventilation systems (inverter air conditioners and electric radiators) in control rooms of substations and switchgears, aiming to reduce energy consumption and improve equipment efficiency.
- We approved 12 design tasks for the installation of solar power plants on control panel roofs in refurbished and newly constructed TS and switchyards, increasing local green electricity generation.
- We completed the reconstruction of one TS with solutions enabling the phase-out of $SF_6$ gas.
- We carried out procurement procedures for the acquisition of electric and hybrid vehicles.

Impact of implemented measures on GHG emissions (compared to 2019):

- 2022: GHG emissions decreased by 5.28%.
- 2023: GHG emissions decreased by 7.28%.
- 2024: GHG emissions increased by 31.6%.
- 2025: GHG emissions increased by 1.9%.

Drivers of the 2025 outcome:

- The diesel emission factor increased slightly compared with 2024, while the petrol factor decreased.
- The drone no longer uses petrol; it is charged with electricity at our Litgrid stations.
- Petrol consumption in vehicles increased by approximately 3,000 litters, and diesel consumption increased by approximately 10,000 litters.
- Lower $SF_6$ leakage resulted in a reduction of 115 $tCO_2e$.
- Our solar power plants on substation roofs reduced GHG emissions by 35.15 $tCO_2e$.
- Guarantees of origin reduced GHG emissions by 45,847.94 $tCO_2e$.

Achievements in reducing GHG emissions in prior periods are described in our annual GHG reports and sustainability reports. These actions are important for investors, banks, the National Energy Regulatory Council, relevant ministries and other stakeholders.

## 24.5. E1-4 – Targets related to climate change mitigation and adaptation

We have set measurable, outcome-oriented and time-bound targets. We use these targets to assess our progress in the context of climate change.

We set our targets based on the latest GHG modelling. We update the modelling annually, considering technological developments and system development scenarios.

Based on updated modelling performed in 2025, we assessed new forecasts for technological losses and extended the analysis horizon to 2040–2050 (instead of 2030). We set an ambition to achieve a 99.31% reduction in Scope 1 and 2 GHG emissions by 2029, compared with the 2019 base year.

When we break down our 2025 GHG profile, we see the following main categories:

- Technological losses – 93.4%.
- Our own consumption – 6.1%.
- $SF_6$ gas – 0.2%.
- Fuel – 0.2%.
- Electricity consumption in the Vilnius office – 0.06%.
- Heating in the Vilnius office – 0.006%.

Our GHG emissions reduction plan covers all these categories, and we aim to reduce emissions in each of them. We focus primarily on technological losses and our own consumption.

In the table below, we present the projected emissions and the expected impact of the initiatives we are implementing.

**Forecast emissions from our operations and expected impact of our initiatives**

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| **Baseline emissions (tCO2e)** | 188.347 | 203.005 | 213.120 | 213.234 | 213.325 | 213.341 |
| **Impact of initiatives (tCO2e)** | -37.971 | -111.473 | -148.780 | -169.955 | -212.304 | -212.304 |

Our key measure is the use of renewable electricity to cover technological losses and our own consumption. To implement this measure, we enter contracts with green energy producers and suppliers. We also purchase guarantees of origin to cover electricity consumed for technological losses and our own consumption.

From the current year onward, we plan that the share of green electricity (for technological losses and our own consumption) will be at least:

- 2024 – 10%;
- 2025 – 20%;
- 2026 – 55%;
- 2027 – 70%;
- 2028 – 80%;
- 2029 – 100%.

**Methodologies and key assumptions used to set targets**

When setting our GHG reduction targets, we relied on modelling that assessed projected volumes of technological losses and our own consumption. We also assessed the impact of our reduction initiatives in financial terms (EUR) and in terms of $CO_2$-equivalent emissions ($tCO_2e$). We used three scenarios to assess risks to achieving the targets and to define actions to manage those risks. We recalculated the data using updated emission factors to ensure accuracy and relevance.

Because emission factors may change over time, we regularly review the data and perform trial calculations to ensure that the targets we have set remain achievable.

A detailed description of the planned actions and measures is provided in *E1-3 – Actions and resources in relation to climate change policies*.

We monitor progress through regular reporting and comparison with the 2019 baseline. We also carry out quarterly monitoring: we collect information on implementation of measures from the responsible units and present it to management.

We disclose the key performance indicators required under Commission Delegated Regulation (EU) 2021/2178 in the section *Disclosure under the EU Taxonomy Regulation*.

All our targets are directly linked to the EPSO-G Group Sustainability Policy, strategy, and national and international targets. We also base our targets on science-based evidence.

In addition, the key measures in our GHG reduction plan (using green electricity to cover technological losses and our own consumption) were coordinated with the National Energy Regulatory Council and relevant ministries.

**Strategy 2035 – GHG emission reduction targets**

| | Base year | Target | | | | |
|---|---|---|---|---|---|---|
| | 2019 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| **Scope 1 and 2 GHG emission reduction** | - | - | -35% | -50% | -65% | -95% | -95% |
| **Projected GHG emissions after initiatives (tCO2e)** | 141.357 | 150.376 | 91.532 | 64.340 | 43.279 | 1.021 | 1.037 |

***Note**. The reduction is expressed relative to the base year (2019). We completed this table based on the 2025 modelling and Strategy 2035. We assessed possible mitigation measures and projected emissions and modelled the amount of green electricity needed to cover technological losses and our own consumption to achieve our GHG reduction targets and the EPSO-G Group targets. The planned decarbonisation levers for achieving the projected reduction are described in E1-3 – Actions and resources in relation to climate change policies.*

Based on the modelling, we expected our GHG emissions to increase by 6.7% in 2025, but the calculated actual outcome was a 1.9% increase compared with 2019. This better than forecast result supports achievement of the GHG reduction level set at EPSO-G Group level. The Group's long-term target is a 50% reduction by 2030 compared with 2019 (Scope 1 and 2). To achieve this target, a GHG reduction plan has been prepared, and we implement and monitor its measures consistently. At EPSO-G Group level, the ambition is to reach a net-zero GHG emissions balance by 2040/2050 (specific measures and targets have not yet been identified).

## 24.6. E1-5 Energy consumption and mix

**Methodology for calculating energy consumption**

We obtain energy consumption data from commercial invoices and/or accounting systems. We report all quantities in MWh and, where necessary, convert accounting units (e.g., litres or kWh) into MWh using publicly available conversion factors/systems.

When calculating individual energy categories, we apply the following principles:

- Crude oil and petroleum products fuel (MWh) – we calculate this based on actual fuel consumption in vehicles and mobile equipment.
- Purchased fossil energy (MWh) – we calculate this by aggregating consumption of fossil-based electricity and heat used for our own consumption, technological losses, offices and heating.
- Purchased renewable energy (MWh) – we calculate this based on consumption volumes of certified renewable energy (e.g., supported by guarantees of origin).
- Electricity generated by our solar power plants and consumed for our own use (MWh) – we calculate this based on actual electricity generated by solar plants (kWh), converted to MWh.

**Energy consumption and mix**

| Energy consumption and mix | 2025 | Change 2025/ 2024, % | 2024 | Change 2024/ 2023, % | 2023 | Change 2023/ 2022, % | 2022 |
|---|---|---|---|---|---|---|---|
| (1) Fuel consumption from coal and coal products (MWh) | - | - | - | - | - | - | - |
| (2) Fuel consumption from crude oil and petroleum products (MWh) | 1,321.1 | 6.2 | 1,244.5 | 2.5 | 1,214.3 | - 1.8 | 1,237.1 |
| (3) Fuel consumption from natural gas (MWh) | - | - | - | - | - | - | - |
| (4) Fuel consumption from other fossil sources (MWh) | - | - | - | - | - | - | - |
| (5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh) | 252,832.7 | - 20.4 | 317,576.6 | - 14.2 | 369.967 | -2 | 378.572 |
| (6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5) | 254.154 | - 20.3 | 318.821 | - 14.1 | 371.181 | - 2.3 | 379.809 |

| Energy consumption and mix | 2025 | Change 2025/ 2024, % | 2024 | Change 2024/ 2023, % | 2023 | Change 2023/ 2022, % | 2022 |
|---|---|---|---|---|---|---|---|
| **Share of fossil sources in total energy consumption (%)** | 75.9 | - | 88.6 | - | 99.7 | - | 99.9 |
| (7) Total fossil energy consumption (MWh) | - | - | - | - | - | - | - |
| Share of consumption from nuclear sources in total energy consumption (%) | - | - | - | - | - | - | - |
| (8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh) | - | - | - | - | - | - | - |
| (9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh) | 80.731 | 97.6 | 40.863 | 4246.8 | 940 | 112.6 | 442 |
| (10) The consumption of self-generated non-fuel renewable energy (MWh) | 61.9 | 259.8 | 17 | - 14.8 | 20 | - | 0 |
| (11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10) | 80.793 | 50.6 | 40.879 | 2.3 | 960 | 117.2 | 442 |
| **Share of renewable sources in total energy consumption (%)** | 24.1 | - | 11.4 | - | 0.3 | - | 0.1 |
| **Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)** | 334.947 | -6.9 | 359.701 | -3.3 | 372.141 | -2.1 | 380.251 |

***Note**. In 2025, our solar power plants generated 61,889 kWh of electricity for our own use. This means we generated about 2.5 times more electricity than the year before last (in 2023 we generated 20,183 kWh).*

*We do not generate electricity from non-renewable sources. The table includes petrol and diesel consumption, thermal energy, electricity generated by our solar power plants for our own use, and the share of renewable energy substantiated by guarantees of origin.*

*In 2025, petrol (approx. 3,000 litres) and diesel (approx. 10,000 litres) consumption in vehicles increased (category (2) in the table) due to transmission grid expansion, which required more intensive line inspections.*

*In 2025, we purchased twice as many guarantees of origin as in 2024; therefore, the share of renewable energy sources in the overall energy mix increased.*

**Methodology for calculating energy intensity**

To determine energy consumption intensity, we classify our activity (all revenues) under Sector E (electricity transmission). The indicator is disclosed in the Company's financial statements.

**Energy intensity per net revenue**

| Energy intensity per net revenue | 2025 | Change 2025/ 2024, % | 2024 | Change 2024/ 2023, % | 2023 | Change 2023/ 2022, % | 2022 |
|---|---|---|---|---|---|---|---|
| Total energy consumed in high-climate-impact activities divided by net revenue from those activities (MWh / thousand EUR) | 0.0008 | -18 | 0.0011 | 5 | 0.001 | 11 | 0.0009 |

## 24.7. E1-6 – Gross Scopes 1, 2 and 3 GHG emissions and total GHG emissions

**GHG emissions calculation methodology**

We calculated our GHG emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol) and the ESRS standards and recommendations. In this report, we present the calculated GHG emissions from our operations, expressed in $CO_2$ equivalent ($CO_2e$).

We carried out the calculation based on the knowledge and methodologies applied by market financial institutions and energy resource suppliers. The assessment includes not only carbon dioxide ($CO_2$) but also other greenhouse gases such as methane ($CH_4$), nitrous oxide ($N_2O$) and fluorinated gases (HFCs), converting them to $CO_2e$ using standard conversion factors.

Emissions consolidation method: operational control (Operational Control).

The baseline year for GHG calculations is 2019, as this was the first year in which we began to systematically assess and calculate generated emissions.

Emission factors (hereafter referred as "EFs"): We selected emission factors based on reliable sources and national and international guidance, prioritising geographically closest data. When choosing factors, we first use supplier-provided EFs; if these are not available, we use EFs closest to the location (Lithuanian data is preferred); if those are not available, we use the most recent available EFs. Sources of emission factors used:

- UK Department for Environment, Food and Rural Affairs (DEFRA) databases;
- Association of Issuing Bodies (AIB) databases;
- Exiobase databases and others.

In 2024, based on updated EFs and a revised natural gas calculation methodology, we recalculated the 2019 baseline Scopes 1 and 2 GHG emissions. To ensure data comparability and enable accurate monitoring of the Group's performance and progress, analogous recalculations were also performed for the 2020–2023 GHG emissions data.

The latest GHG Protocol methodological guidance indicates using AIB as the source for the residual mix factor. This method has been applied in EPSO-G GHG emissions calculations to ensure accuracy and alignment with international standards.

In previous calculations, for the market-based method we used electricity factors produced by the third-party system OneClickLCA.

The following Scope 3 categories are included in our Scope 3 GHG emissions calculations: Category 1 Purchased goods and services, Category 2 Capital goods, Category 3 Fuel extraction and transport, Category 4 Vehicle emissions, Category 5 Waste generation and disposal, Category 6 Business travel, Category 7 Employee commuting.

The largest share of GHG emissions in our operations arises from technological losses incurred in the electricity transmission grid (Scope 2 GHG emissions).

Our GHG emissions data are audited at EPSO-G Group level.

**GHG emissions**

| Emission type | Retrospective data | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Base year 2019 | Change 2025/ 2019 |
| **Scope 1** | | | | | | | |
| Gross Scope 1 GHG emissions (tCO2e) | 655.1 | 733 | 605.5 | 829.5 | 673.8 | 772.5 | -15 |
| Share of Scope 1 emissions under regulated EU ETS (%) | - | - | - | - | - | - | - |
| **Scope 2** | | | | | | | |
| Gross market based Scope 2 GHG emissions (tCO2e) | 143,429.8 | 185,202.6 | 215,650.9 | 176,473.2 | 135,123.6 | 140.567 | 2 |
| Gross location-based Scope 2 GHG emissions (tCO2e) | 39,612.7 | 54,179.4 | 56,039.3 | 90,089.1 | 76,788.5 | 59.563 | 2 |
| **Scope 1 and 2 GHG emissions (market-based) ($tCO_2e$)** | **144,084.9** | **185,935.7** | **216,256.4** | **177,302.7** | **135,797.3** | **141.339** | 1.9 |
| **Scope 3 (total gross indirect GHG emissions) (tCO2e)** | | | | | | | |
| 1. Purchased goods and services | 2,988.7 | 1,795.5 | 1,385.4 | 1,466.1 | - | - | - |
| 2. Capital goods | 46,293.6 | 17.035 | 35,377.6 | 9,570.8 | - | - | |
| 3. Fuel and energy-related activities (not included in Scope 1 or 2) | 15,358.7 | 21,748.1 | 22,497.8 | 23,036.1 | - | - | |
| 4. Upstream transportation and distribution | - | - | - | - | - | - | |
| 5. Waste generated in operations | 68.7 | 60.7 | 25.7 | 85.2 | - | - | |
| 6. Business travel | 145.7 | 228.5 | 135 | 114.3 | - | - | |
| 7. Employee commuting to/ from work | 336.6 | 477.6 | 444.7 | 415.9 | - | - | |
| 8. Upstream leased assets | - | - | - | - | - | - | |
| 9. Downstream transportation | - | - | - | - | - | - | |
| 10. Processing of sold products | - | - | - | - | - | - | |
| 11. Use of sold products | - | - | - | - | - | - | |

| Emission type | Retrospective data | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021 | Base year 2019 | Change 2025/ 2019 |
| 12. End-of-life treatment of sold products | - | - | - | - | - | - | |
| 13. Downstream leased assets | - | - | - | - | - | - | |
| 14. Franchises | - | - | - | - | - | - | |
| 15. Investments | - | - | - | - | - | - | |
| **Total GHG emissions (location-based) (tCO2e)** | **105,459.9** | **134,915.0** | **116,510.9** | **125,607.1** | **77,462.3** | **60,335.1** | - |
| **Total GHG emissions (market-based) (tCO2e)** | **209,277.0** | **265,938.5** | **276,122.5** | **211,991.2** | **135,797.3** | **141,339.4** | - |

***Note.*** *As we do not exercise control over other entities, no further disaggregation of GHG emissions has been applied. Since the base year, there have been no material changes to the organizational boundary or the value chain definition; therefore, the comparability of GHG emissions data remains unaffected.*

In 2025, our Scope 1 and Scope 2 emissions decreased by 27% compared with 2024. Compared with the 2019 base year, they increased by approximately 1.9–2%. Although fuel consumption increased somewhat during the year, $SF_6$ gas leakages decreased. We also purchased twice as much "green" electricity to cover technological losses and our own needs. As a result of these measures, we achieved the Company's main target – to ensure that, at Group level, GHG emissions would not increase by more than 25% compared with 2019. Based on the actual 2025 Group GHG data, we can see that emissions did not increase at all and, in fact, decreased by around 12%.

In 2025, we conducted a survey on the commuting of the Company's employees, which made the data for Scope 3, Category 7 significantly more accurate. The results showed that GHG emissions decreased by around 140 $tCO_2e$ compared with 2024, when commuting emissions had been calculated using the Lithuanian statistical average. In 2025, Litgrid also saw a decrease in business travel, while only GHG emissions generated by services and goods increased. Overall, all Scope 3 emissions decreased by 19% compared with 2024.

### GHG intensity calculation methodology

We calculate GHG intensity by dividing total annual emissions ($tCO_2e$) by net revenue (EUR million). For calculations, we use revenue figures from the Company's financial statements. Data for 2024, 2023 and 2022 are presented in the respective financial statements as of 31 December, in the "The Company's Statement of comprehensive income". Financial statements and reports are publicly available on our website.

The data presented in the table below show that, in 2025, net revenue increased, while total GHG emissions across all three scopes decreased.

### GHG intensity

| GHG intensity per net revenue | 2025 | Change 2025/ 2024, % | 2024 | Change 2024/ 2023, % | 2023 | Change 2023/ 2022, % | 2022 | Change 2022/ 2021, % | 2021 |
|---|---|---|---|---|---|---|---|---|---|
| Total GHG emissions (location-based) / net revenue (t CO2e/ EUR million) | 0.0002 | -3.7 | 0.0003 | - 20.3 | 0.0003 | 5.9 | 0.0003 | 3.4 | 0.0003 |
| Total GHG emissions (market-based) / net revenue (t CO2e/ EUR million) | 0.0005 | -18.8 | 0.0006 | - 20.5 | 0.0008 | 48.8 | 0.0005 | - 0.4 | 0.0005 |

### 24.8. E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

We do not absorb or store any GHG emissions. We do not finance and do not plan to finance climate change mitigation projects outside our value chain through the purchase of carbon credits.

### 24.9. E1-8 – Internal carbon pricing

We do not operate internal carbon pricing systems.

## 25. E4 BIODIVERSITY AND ECOSYSTEMS

### 25.1. SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

As part of Litgrid's double materiality assessment (DMA) for "Biodiversity and ecosystems", we identified one material negative environmental impact, as described in the table below. We did not identify any material risks or opportunities.

Compared to the previous reporting period, the material impact related to our own operations has not changed significantly; however, its wording and the relevant part of the value chain have been refined.

**Material impacts, risks and opportunities in the topic "Biodiversity and ecosystems"**

| Sustainability topic | The impact |
|---|---|
| **Species population size** | Actual negative impact related to infrastructure development and maintenance: within areas beneath transmission lines, tall vegetation is removed to prevent interference with or risks to electricity network assets, and birds may be injured or killed due to collisions with overhead power lines.<br>The development and maintenance of our network infrastructure may disturb, alter or fragment natural terrestrial habitats, potentially affecting species population sizes. A stronger impact may occur where infrastructure development involves forest clearance, especially in protected areas. Currently, more than 606 km of Litgrid's overhead transmission lines and approximately 21 km of cable lines run through protected areas.<br>In right-of-way (ROW) zones beneath overhead lines, we remove tall-growing vegetation to maintain network safety and reliability and to prevent interference with transmission assets.<br>Impacts on bird populations occur when birds collide with overhead lines, often due to limited visibility. We carry out monitoring of bird fatalities in accordance with agreed environmental monitoring programmes; the number of monitored sections may vary depending on the volume of construction works and the requirements of environmental authorities. The Environmental Protection Agency has not calculated the significance of this impact on the Lithuanian bird population and does not apply this indicator in wildlife monitoring. Monitoring results to date indicate no significant negative impact, with only isolated cases recorded along monitored sections. |

**Link to strategy and business model, and how the Company responds**

The identified material negative impact is directly linked to our operations and is often unavoidable, as it arises from the need to ensure the safety and reliability of the electricity transmission grid. Nevertheless, we implement measures to minimise biodiversity impacts, and our infrastructure projects incorporate mitigation and (where necessary) compensation measures.

During the construction of new or the refurbishment of existing overhead transmission lines (hereafter referred to as "OHL"), we implement additional voluntary mitigation measures to address biodiversity impacts. These include installing nesting boxes for priority bird species and fitting bird and bat flight diverters (visibility-enhancing markers and spiral devices) on conductors to reduce collision risk.

As the high-voltage transmission network extends across the entire territory of Lithuania, and the boundaries of protected areas may change over time, biodiversity impacts may occur in various protected areas, including Natura 2000 sites and nationally protected areas. The intensity of impacts depends on location-specific conditions and the nature of the works carried out.

We did not identify material negative impacts related to land degradation, desertification or soil sealing. We did not identify any material negative impacts on threatened species. Desertification risk is not relevant in Lithuania due to its temperate climate and sufficient precipitation. Land degradation in Lithuania primarily manifests as soil erosion or acidification and is not associated with high-voltage transmission lines. These processes are not widespread and do not threaten large areas. Soil sealing levels in Lithuania are among the lowest in the European Union and do not have a material impact on national ecosystems.

## 25.2. E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

We did not identify any material financial risks arising from biodiversity- or ecosystem-related impacts. During the reporting period, we did not conduct a resilience analysis of our strategy and business in relation to biodiversity and ecosystems.

We disclose more detail on how our biodiversity- and ecosystem-related impacts arise from our strategy and operational model and how these considerations influence business decisions in this section, under *SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (Link to strategy and business model, and how the Company responds).*

## 25.3. E4-2 – Policies related to biodiversity and ecosystems

When setting objectives, targets and actions, we comply with the legal requirements and, where relevant, consider the EU Biodiversity Strategy for 2030 and the Nature Restoration Regulation.

Biodiversity commitments are embedded in the currently effective EPSO-G Group Environmental Policy. Approval of the updated policy is planned for Q2 2026. The content of the EPSO-G Group policies and other related information are described in more detail in Section 2 "2 ESRS - General disclosures", subsection *MDR-P – Policies adopted to manage material sustainability matters*.

Through these commitments, we seek to ensure that biodiversity protection principles are systematically integrated across the EPSO-G Group, aligned with EU biodiversity protection and restoration requirements, and contribute to the national environmental objectives.

The draft updated policy includes commitments to:

- assess and manage biodiversity impacts;
- protect natural habitats and species throughout all stages of operations and integrate biodiversity considerations from the earliest planning stages of new infrastructure projects;
- conduct environmental impact assessments (EIA) when constructing new assets or undertaking reconstruction;
- ensure biodiversity protection through appropriate mitigation and/or compensation measures during operation, expansion or modernisation of energy infrastructure;
- adjust compensation measures based on environmental monitoring results;
- participate in habitat restoration projects and apply sustainable land management practices when restoring vegetation affected by operations;
- avoid reductions in forest area where possible;
- route overhead line conductors above forest canopies where feasible and develop environmentally friendly corridor solutions;
- restore sites following decommissioning to minimise adverse impacts and maximise environmental benefits;
- disclose biodiversity performance results and initiatives in annual sustainability statements;
- continuously assess environmental risks, develop prevention plans, and seek to avoid significant environmental incidents in the operations of the EPSO-G Group, while fostering and strengthening a zero-tolerance culture towards environmental pollution and a target of zero environmental incidents;
- encourage contractors and partners to comply with environmental laws and adhere to policy principles.

We also follow the EPSO-G Group Sustainability Policy in managing biodiversity-related impacts.

The Group's companies commit to ensuring biodiversity protection by carrying out biodiversity monitoring where necessary and, in the event of unavoidable objective circumstances, identifying and implementing appropriate mitigation and/or compensation measures. Through these commitments, we aim to minimise, to the greatest extent possible, impacts on biodiversity and ecosystems—particularly on species population sizes—and, where residual impacts remain, to provide appropriate offsetting.

We do not have other policies referred to under the topical standard ESRS E4 (e.g. on sustainable land use and/or agriculture, sustainable ocean and/or marine resource use, or deforestation). These policies are either not relevant to our operations, or their provisions are already incorporated into the commitments set out in the draft Environmental Policy.

We manage impacts on biodiversity and ecosystems (including related social consequences) in line with the following principles:

- We continuously assess risks, develop prevention plans and seek to ensure that the operations of the EPSO-G Group do not have adverse impacts on biodiversity;

- We develop employees' competencies and strengthen a responsible approach to environmental protection;
- We promote employee engagement in environmental initiatives both within and outside the workplace;
- We ensure the involvement of local communities and other stakeholders in environmental impact assessment (EIA) procedures;
- We cooperate on environmental matters with business partners, public authorities and institutions, non-governmental organisations, academic communities and other stakeholders;
- We ensure that employees are familiar with applicable policies and implement measures that promote responsible conduct;
- We transparently communicate about the environmental activities and performance indicators of the EPSO-G group of companies.

## 25.4. E4-3 Actions and resources related to biodiversity and ecosystems

**Measures to manage impacts**

Actions to manage biodiversity impacts, particularly bird collisions, are structured according to the mitigation hierarchy:

- **Avoidance**: during the route selection stage for new OHL projects, we assess alternatives to avoid environmentally sensitive areas. Construction works are scheduled to avoid sensitive wildlife periods (e.g. breeding seasons).
- **Minimisation**: we carry out environmental impact assessments (EIA) and/or significance assessments to determine mitigation needs. Technical designs incorporate and implement bird protection solutions, such as flight diverters, nesting boxes, anti-perching devices and enhanced insulation components.
- **Restoration / Remediation**: we use local soil to rehabilitate disturbed areas following construction.
- **Offsetting actions**: in the implementation of OHL construction or reconstruction projects, we consult ornithologists to identify effective measures for improving breeding conditions. Nesting boxes are installed and maintained for target species to contribute to the conservation and enhancement of their populations (e.g. owls – 4 units; boreal owls – 6 units; kestrels – 590 units).
- **Prevention**: to monitor Litgrid's environmental impacts of the activities and to assess the effectiveness of implemented measures, we conduct environmental monitoring programmes agreed with the Environmental Protection Agency. These programmes define site-specific monitoring parameters for each section, such as soil compaction levels, occupancy of nesting boxes, searches for bird fatalities and assessment of predator activity, monitoring of *Boros schneideri* beetle abundance, and measurement of electromagnetic field strength near residential areas.

**More details on selected measures:**

**Protective devices above insulators.** Steel "fork"-type anti-perching devices and enlarged-diameter insulator disc strings installed above insulators prevent birds from landing, thereby reducing the risk of electrical flashover and bird electrocution (fatalities). During the 2014–2018 project period, 11,032 "fork" devices and 7,075 enlarged insulator discs were installed on 1,200 support poles across the country to protect the White Stork from electrocution mortality. These technical mitigation measures are installed on all reconstructed or newly constructed 110 kV overhead transmission lines.

**Overhead line visibility enhancement measures**

Currently installed:

- >6,500 spirals;
- >5,800 suspended bird flight markers (hanging diverters).

During project development, at the design stage, we consult ornithologists and obtain their recommendations regarding sections where the installation of visibility enhancement measures would be most appropriate. These are typically areas above water bodies or open landscapes intersecting bird migration corridors.

Public reporting also contributes to impact management. In 2025, additional marking of overhead lines was carried out in the Eastern region following reports from members of the public about bird collision incidents. This marking was implemented as an urgent mitigation measure in response to actual incidents, with the objective of reducing the risk of recurrence.

**Nesting boxes for kestrels.** Most nesting boxes installed by Litgrid are designed for kestrels. These boxes are custom-made to provide the extra-wide cavities required by the species. Locations in open landscapes are selected following recommendations from the Lithuanian Ornithological Society.

Installing nesting boxes on high-voltage power poles serves as an offsetting measure to counteract potential negative impacts from our operations—such as bird injuries or fatalities caused by collisions with overhead lines—thereby helping to maintain and

increase bird populations. The effectiveness of these measures is assessed based on data from the Klaipėda Coastal Research Centre, which indicates that various environmental measures collectively contribute to a 20% annual increase in bird populations.

In 2025, following the decommissioning of overhead lines connecting to Belarus, previously installed nesting boxes were relocated and integrated into other parts of the network. Where nest boxes can no longer be safely installed due to new tower designs, they are moved to adjacent forest edges, while maintaining their suitability as bird habitats.

In 2025, Litgrid warehouses received 150 new nesting boxes for kestrels, which regional line engineers replace during routine inspections when boxes are no longer suitable for use.

**Forest clearance reduction.** Actions to manage impacts related to the increased footprint of infrastructure and its maintenance (forest clearance for new overhead line routes, removal of soil for the construction of substations and pylons, site clearing) are primarily focused on impact avoidance. To manage this impact, we carry out:

- spatial planning and assessment of alternatives – we prepare planning documents and carry out studies to select routes that have the least environmental impact;
- impact assessment and coordination – we prepare justifications for alternatives, carry out Environmental Impact Assessment (EIA) procedures, and assess the significance of Natura 2000 sites;
- design and technical supervision – we prepare design briefs including environmental protection measures, coordinate technical designs, and carry out technical supervision;
- final site evaluation – after construction is completed, we perform a technical assessment to ensure compliance with environmental requirements.

Beyond standard measures, we are preparing to implement additional actions to further reduce forest clearing, especially in protected areas. For a new 330 kV line (256 km) crossing sensitive habitats, the mandatory forest clearing width was reduced from 30 m to 20 m on either side of the outermost conductor. This was achieved by designing taller transmission towers, raising them from 37 m to 49 m, thus reducing the required clearing corridor. Compensation for unavoidable forest loss will be provided to the state, with funds allocated for reforestation elsewhere in Lithuania. Detailed implementation decisions are scheduled for 2026.

We are also assessing the feasibility of routing some lines over existing forests, clearing only minimal areas for tower installations. This would preserve mature forest stands and reduce the total area of vulnerable habitats. Detailed project decisions are planned for 2026.

**Other measures**

In 2026, at EPSO-G Group level, it is planned to conduct an analysis of negative impacts on biodiversity and ecosystems and, accordingly, to prepare and implement an action plan and related guidelines to reduce negative impacts.

All measures described are directly linked to the commitments outlined in the current Environmental Policy update. Actions described here are ongoing. Identified impacts are addressed with additional monitoring and/or immediate mitigation measures as needed.

EIA documentation includes specific restrictions, for example:

- no driving through meadows in protected corncrake areas from 1 May to 1 July;
- no overhead line corridor clearing or tree felling in lesser spotted eagle habitat areas from 1 March to 31 August;
- demolition and replacement of towers in Important Bird Areas are not carried out from April to July.

We also analyse information provided by stakeholders on potential impacts of our activities and apply appropriate measures to reduce those impacts. The EPSO-G Group Environmental Policy includes commitments to cooperate with stakeholders, ensuring active dialogue and responsible impact management.

**Resources for implementation**

We do not plan significant investments or capital expenditure in this area (relative to Litgrid's investments and costs for other projects).

We are not dependent on external funding sources or market developments. We have not foreseen separate financial instruments (e.g., green bonds or dedicated funding), and we implement actions within the context of general environmental initiatives using Litgrid funds.

The greatest focus and financial resources are allocated to the commitment to protect biodiversity when operating, expanding or modernising energy infrastructure.

Based on an analysis of the last 2–3 years of work, we identified the following biodiversity-related costs:

- Compensatory measures: producing a nest box costs EUR 40–95 per unit, depending on the manufacturer and type. Costs are also incurred for installing and maintaining nest boxes; however, these are not separately broken down in overhead line maintenance work orders.
- Environmental monitoring: the cost of one ongoing monitoring activity is currently up to EUR 10,000 per year when monitoring only bird fatalities and nest box occupancy. For the coming year, three environmental monitoring procurements of different scopes are planned, based on monitoring programmes agreed with the Environmental Protection Agency and specified requirements. Based on market consultation data, a single environmental monitoring activity may cost up to EUR 100,000. The Environmental Protection Agency has additionally required observer efficiency assessments and predator activity assessment studies, which will further increase costs.
- Environmental Impact Assessments (EIA): EIA screening costs about EUR 14,000 and preparing an EIA report costs about EUR 50,000.
- Installing visibility-enhancing devices on overhead lines: depending on whether the line runs over land or over water, installation complexity and unit pricing vary significantly. Marking a single span may cost around EUR 40,000, depending on the number of diverters/pendants and spirals.
- Part of the budget is allocated to employee training (group online and smaller in-person sessions) needed to strengthen employee understanding of environmental topics.
- We also invest in innovation—seeking better technical solutions for environmental protection and conducting studies or research.

## 25.5. E4-4 Targets related to biodiversity and ecosystems

We have set a strategic objective to achieve no net biodiversity loss. At this stage, we have not established quantitative targets; these may be defined following future EIAs, monitoring results, or the Group-level biodiversity analysis planned for 2026.

We monitor and manage the environmental impacts of our activities (including biodiversity) in line with an environmental management system compliant with ISO 14001:2015. The ISO 14001 certification scope covers transmission system operator activities, balancing of the electricity power system, and the maintenance and development of the transmission network; the certificate is valid from 31 August 2023 to 30 August 2026. This system ensures compliance with legal requirements, pollution prevention, reduction of pollution and adverse environmental impacts, and continuous improvement. It also allows us to monitor and control the environmental impact of our activities.

Existing commitments, as well as actions and measures, cover the entire Lithuanian territory where the high-voltage electricity grid extends, with specific measures targeted at locations where they are most relevant (e.g., areas of intensive bird migration).

Monitoring results from 2025 along the Jurbarkas–Bitėnai overhead line indicate no significant negative impact on birds. Only two dead birds were found beneath the lines—one under a marked section and one under an unmarked section. Ornithologists concluded that the collisions likely occurred at night, meaning the presence of visibility markers probably had little influence in these cases.

EIAs carried out in 2025:

1. Harmony Link;
2. Vilnios TS.

EIA screenings completed in 2025:

1. 110 kV OHL Telšiai - Seda - Migla;
2. 330 kV OHL Aizkrauklė - Panevėžys;
3. 330 kV OHL Darbėnai - Klaipėda;
4. 330 kV OHL Šiauliai - Tytuvėnai.

Conclusion: EIAs not required for these lines.

Natura 2000 assessment conclusions received in 2025:

1. 330 kV OHL Šiauliai - reconstruction: conclusion – EIA not required; the need for conductor marking for bird protection has been assessed.
2. 110 kV OHL Leipalingis - Gardinas reconstruction: conclusion – EIA not required.

### 25.6. E4-5 Impact metrics related to biodiversity and ecosystems change

Due to the nationwide extent of the transmission network, we cannot precisely quantify the total land area affected by operations. Land beneath the transmission lines is not owned by Litgrid – landowners use the land in accordance with its designated purpose, while special land-use conditions apply within the protection zones.

No substations are in protected areas, and their operations do not have negative biodiversity impacts.

Our activities do not directly contribute to land-use change drivers related to freshwater or marine resource use; therefore, we do not disclose related indicators.

## 26. E5 CIRCULAR ECONOMY

### 26.1. SBM-3 - Material impacts, risks, opportunities and their interaction with the strategy and business model

As part of Litgrid's double materiality assessment for the topic "Circular economy", we identified material negative environmental impacts and one material risk. We summarise the impacts and the risk in the table below.

Compared to the previous reporting period, the identified material sub-topics remain unchanged. However, we refined the wording of the impacts and identified a material risk related to fluctuations in raw-material prices.

**Material impacts, risks and opportunities in the topic "Circular economy"**

| Sustainability matter | Impacts, risks and opportunities |
|---|---|
| **Resource inflows, including resource use** | Actual negative impact arising from the large amount of equipment required for Litgrid's activities, as well as the large amount of primary raw materials required for Litgrid's infrastructure and equipment.<br>When installing new infrastructure and carrying out reconstructions, we use a substantial amount of equipment, including switchgear, substations, and transmission line components. Manufacturing the equipment and structures we use requires significant amounts of primary raw materials. Heavy and light machinery is also required for construction works. In most cases, we procure finished products—that is, complete equipment and structural components—rather than raw materials. We do not carry out construction works ourselves; instead, we purchase design and contracting services for new construction, reconstruction, and routine maintenance.<br>Energy transmission infrastructure requires metals and alloys (e.g., steel), which are used in transmission lines, supports, structural fixings, and other components. The extraction and use of primary resources such as iron, manganese, nickel, chromium, and aluminium have negative environmental impacts because these reserves are finite and their extraction is associated with pollution and other adverse environmental changes. |
| | Potential risk: as natural resources become scarcer, raw material prices increase, driving up the costs of equipment, structures and construction works. Increased costs create a risk of not delivering required infrastructure reconstructions on time.<br>As transmission networks expand, more renewable energy is integrated, and energy generation and storage capacity increases, demand for various metals and raw materials in transmission infrastructure grows. The continuity of our operations depends on the availability of these resources; therefore, shortages or price volatility may increase equipment and infrastructure costs and affect financial results. |
| **Waste** | Actual negative impact arising from both the direct generation of waste during our operations and the waste produced across all stages of energy production and transmission.<br>Waste is generated when constructing new infrastructure, reconstructing, or dismantling existing transmission lines, transformer substations, switchgear, and other assets associated with our operations. During routine operational activities, waste volumes are significantly lower compared to reconstruction or replacement projects.<br>The largest waste streams are associated with equipment replacement, structural and infrastructure dismantling, and/or reconstruction works. The amount of waste directly depends on the scope of reconstruction, maintenance projects, and replaced equipment each year. When reconstructing transformer substations, equipment suitable for reuse is removed and stored for later use, while unusable items are handed over to authorised waste operators.<br>Waste is generated at all stages of energy production and transmission, including hazardous waste. Waste produced during construction and reconstruction can negatively impact the environment by contaminating soil and water bodies, increasing air pollution, and placing additional burden on waste management infrastructure.<br>All waste generated during construction and reconstruction is collected and transferred to licensed waste operators authorized to handle the relevant types of waste |

**Link to strategy and business model, and how the Company responds**

Our strategic objective is to ensure the reliability of the transmission network and enable the integration of renewable energy installations. Infrastructure expansion and modernization are therefore inherent to our business model, and associated resource use and waste generation cannot be entirely avoided. Wherever feasible, we implement measures to improve resource efficiency and reduce waste, as described further in this section.

We assess raw-material price volatility and supply risks during investment planning and project design. Technical solutions and contingency reserves are incorporated to mitigate potential supply disruptions. While we do not conduct a separate quantitative resilience analysis for this topic, risks are managed at project level and monitored through annual indicators disclosed in sections E5-4 and E5-5.

## 26.2. E5-1 – Policies

We have not adopted a standalone circular economy or resource policy. The identified impacts are intrinsically linked to our strategic direction. Additionally, the nature of our operations does not involve a continuous flow of material resources; resource use and waste generation depend on the scope of reconstruction and maintenance projects undertaken each year.

We follow the EPSO-G Group Sustainability Policy and implement processes related to resource and waste reduction accordingly. EPSO-G Group companies commit to pollution prevention principles and to minimising waste generated during operations, ensuring its responsible management. More information on the EPSO-G Group Sustainability Policy, including disclosures in line with MDR-P requirements, is provided in the E1 Climate Change section. The content of EPSO-G Group policies and related information is described in section 2 ETAS General Information, under *MDR-P Adopted Material Sustainability Management Policies*.

Although the reduction of primary resource use and the increased use of secondary (recycled) materials are not explicitly formalised in a dedicated policy, relevant operational processes addressing these aspects are implemented in practice.

We regularly verify suppliers' compliance with environmental requirements. No separate policy exists for this, but more information on supplier management is disclosed in section G1-2.

## 26.3. E5-2 – Actions and resources related to resource use and circular economy

We implement measures to improve resource efficiency, promote reuse and extend equipment service life.

During the reporting period, we continued the following actions:

- Regeneration of insulating oil and $SF_6$ gas:
  - priority is given to on-site regeneration. If regeneration does not meet the required technical parameters, oil or gas are sent for proper waste management, and the equipment is refilled with new oil or gas;
  - when dismantling transformers, suitable insulating oil is stored for later reuse (provided quality parameters are met).
- Extending steel tower service life:
  - we apply requirements for increased zinc coating thickness on steel towers, extending their service life by up to 1.5 times.
- Re-use of equipment: during reconstruction, serviceable equipment is transferred to reserve stock and reused when needed.

We do not have a separate action plan for this topic, as material flows are project-dependent and not continuous. No dedicated budgets or deadlines have been established.

We mitigate the risk related to raw-material price volatility at the design stage through contingency planning (e.g. provision of additional towers).

## 26.4. E5-3 – Targets related to resource use and circular economy

We have not established quantitative targets related to resource use, circular economy, or waste reduction. This position remains unchanged, as our operations do not involve manufacturing or a steady material flow; quantities depend on specific infrastructure projects.

Topic management effectiveness is monitored through:

(i) implemented processes (see E5-2), and

(ii) annual operational indicators: consumption of insulating oil (E5-4) and waste volumes and their treatment routes (E5-5).

These data are used to assess trends and inform project-level mitigation measures.

## 26.5. E5-4 – Resource inflows

Our operations rely on the following long-term infrastructure assets:

- overhead and cable electricity transmission lines (including underground and subsea lines);
- transformer substations;
- switchyards;
- system control centre.

For infrastructure reconstructions, repairs and new construction, we use various materials and equipment. Works are predominantly performed by contractors, who procure materials (with certain exceptions). We typically procure completed infrastructure works rather than raw materials.

The main materials used include concrete, steel, aluminium, copper and their alloys, glass, as well as high-voltage electrical equipment containing metals, ceramics, insulating oil, and $SF_6$ gas. Contractors usually purchase finished products—such as reinforced concrete and steel supports, wires, cables, equipment, and other components—rather than raw materials, with some exceptions (e.g., concrete for casting works).

For operational activities, we purchase insulating oil to fill electrical equipment.

**Calculation methodology**

We determine quantities of insulating oil based on actual measurements (weighing). We treat as "consumption" the oil used to fill our equipment (transformers). If the oil parameters meet requirements, we return it to the storage for reuse. Currently, the returned amount is not separately accounted for.

**Materials used to provide services, tonnes**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Insulating oil for transformers** | 0.540 | 14.996 | 20.735 |

***Note**. We also used diesel to fill emergency generators. However, generators are intended only for emergency situations — they are switched on only periodically and for short periods, exclusively for preventive purposes to ensure proper operation.*

Oil consumption depends on how many new autotransformers need to be filled each year or whether oil needs to be replaced in existing ones. Therefore, annual oil consumption cannot be used to identify and assess a trend; the annual amount consumed reflects the actual oil need in that year.

**Contractor's materials used for infrastructure construction/ reconstruction, tonnes**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Metals (steel, sheet metal, steel structures, reinforcement bars, bolts, fasteners, etc.)** | 196.120 | - | - |
| **Natural materials (sand, crushed stone, gravel, etc.)** | 17,534.520 | - | - |
| **Wires and cables** | 25.260 | - | - |
| **Construction materials (concrete, rubber, waterproofing materials, etc.)** | 3.866 | - | - |

***Note.** The disclosed material quantities relate to a single contractor that used these materials to carry out infrastructure construction/ reconstruction works.*

We do not directly procure most construction materials; therefore, comprehensive weight data are not available. Quantities disclosed relate only to directly procured or contractor-reported materials and are not fully representative of total material use.

## 26.6. E5-5 – Resource outflows

The largest waste streams arise from infrastructure reconstruction and dismantling of existing transmission lines, transformer substations, switchyards, and related facilities. Construction and demolition waste account for more than 90% of total waste, primarily consisting of concrete and various metals, including metal structures, equipment, and cables. Waste contains metals such as steel, iron, aluminium, copper, and metal alloys, as well as oil-containing components.

The largest share of hazardous waste consists of insulating oil and hazardous components removed from decommissioned equipment.

Most waste consists of metals, which are almost 100% recycled. Concrete and insulating oil are also sent for recycling. Waste treatment information is obtained from waste operators and/or collectors. We collect data based on waste transfer notes and other documents.

Concrete waste generated during construction or reconstruction is managed by contractors and is therefore not included in our accounting.

Waste volumes may fluctuate between years, depending on project scope each year. As our activities do not follow a linear production model ("raw materials → products → waste"), year-to-year comparisons may not reflect structural trends. We do not manufacture or release any products or packaging to the market.

We record hazardous and non-hazardous waste in the Unified Product, Packaging and Waste Accounting Information System (GPAIS). We determine treatment methods based on information provided by waste operators and/or collectors.

Overall, the total waste generated by our operations has remained relatively stable over the years.

**Waste from own operations, tonnes**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total quantity** | 1,724.503 | 1,849.869 | 1,444.329 |
| **Hazardous** | 143.117 | 162.065 | 132.925 |
| **Non-hazardous** | 1,581.386 | 1,687.804 | 1,311.404 |

***Note.*** *No radioactive waste is generated in Litgrid's operations.*

**Breakdown of waste diverted from disposal, tonnes**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total quantity** | 1,683.537 | 1,794.823 | 1,443.326 |
| **Hazardous** | 137.450 | 159.542 | 132.140 |
| **Non-hazardous** | 1,546.087 | 1,635.281 | 1,311.186 |
| **Waste directed to recycling** | | | |
| **Total quantity** | 1,637.427 | 1,666.264 | 1,443.326 |
| **Hazardous** | 91.340 | 30.983 | 132.14 |
| **Non-hazardous** | 1,546.087 | 1,635.281 | 1,311.186 |
| **Other recovery operations** | | | |
| **Total quantity** | 46.110 | 128.559 | 0 |
| **Hazardous** | 46.110 | 128.559 | 0 |
| **Non-hazardous** | 0 | 0 | 0 |

***Note.*** *No waste diverted to secondary use.*

**Waste directed to disposal, tonnes**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total quantity** | 40.966 | 55.046 | 1.003 |
| **Hazardous** | 5.667 | 2.523 | 0.785 |
| **Non-hazardous** | 35.299 | 52.523 | 0.218 |

| | | | |
|---|---|---|---|
| **Incineration (with energy recovery)** | | | |
| **Total quantity** | 40.498 | 48.207 | 1.003 |
| **Hazardous** | 5.565 | 0.574 | 0.785 |
| **Non-hazardous** | 34.933 | 47.633 | 0.218 |
| **Landfill** | | | |
| **Total quantity** | 0.468 | 6.839 | 0 |
| **Hazardous** | 0.102 | 1.949 | 0 |
| **Non-hazardous** | 0.366 | 4.890 | 0 |

***Note.*** *The increase in disposed waste in 2024 is linked to the waste operator's updated methods for handling accepted waste. Landfilled waste in 2025 was lower than in 2024 because in 2025 the waste operator redirected the non-recyclable fraction of waste codes 16 02 15* and 16 02 16 from landfill to disposal with energy recovery.*

Comparing 2024 and 2025, different amounts of waste were generated, with some portion being non-recyclable; however, the share of such waste in total waste remained very similar.

**Non-recycled waste, tonnes, %**

| **Non-Recycled Waste*** | **2025** | **2024** | **2023** |
|---|---|---|---|
| Total quantity, t | 40.966 | 55.046 | 1.003 |
| Share of total waste (%) | 2.38 | 2.98 | 0.07 |

# Social area



# 27. S1 OWN WORKFORCE

## 27.1. SBM-3 – Material impacts, risks, opportunities, and their interaction with strategy and the business model

As part of Litgrid's double materiality assessment (DMA) for the topic "Own workforce", we identified material impacts on our employees. No material risks or opportunities were identified. The material impacts identified are described in more detail in the table below.

Compared to the previous reporting period, we identified two additional material sub-topics: "Gender equality and equal pay for work of equal value" and "Diversity". The sub-topic — "Privacy" — following the update of the DMA, is no longer considered material; however, it remains relevant and is managed (we disclose information on data security more extensively under S4 "Consumers and end-users").

**Material impacts – "Own workforce"**

| Sustainability topic | Impacts |
|---|---|
| **Working time. Work-life balance** | An actual negative impact arises from increasing workload, new high-priority projects and important strategic objectives that require strong employee engagement. This may affect employee job satisfaction.<br>This impact is most strongly felt by employees working in infrastructure and engineering, particularly due to shift work, rotating schedules, on-call duties from home, and high workloads. |
| **Adequate wages** | An actual positive impact arises from the existing collective agreement and representation of employees' interests through the trade union. Open communication with employees is also important: managers share information about changes in the Company and provide opportunities for employees to share views, suggestions or complaints during general meetings. Employee engagement and representation have a material impact on well-being and improvements in working conditions. |
| **Social dialogue. Freedom of association, the existence of works councils, and the information, consultation and participation rights of workers. Collective bargaining, including the rate of workers covered by collective agreements** | An actual positive impact arises from the existing collective agreement and representation of employees' interests through the trade union. Open communication with employees is also important: managers share information about changes in the Company and provide opportunities for employees to share views, suggestions or complaints during general meetings. Employee engagement and representation have a material impact on well-being and improvements in working conditions. |
| **Health and safety** | A potential negative impact may arise for employee health and safety due to specific working conditions, especially for employees working on-site (higher risk of injuries that could lead to more severe health impacts).<br>Within the Company, we distinguish two occupational health and safety groups: administrative employees and employees working on-site (including contractors). |
| **Training and skills development** | An actual positive impact arises from access to internal and external skills development programmes (including soft skills) and continuous improvement programmes available to all employees. This contributes to developing employee competencies and supports professional and personal development. |
| **Gender equality and equal pay for work of equal value**<br><br>**Diversity** | An actual negative impact manifests through a clear gender imbalance, and, in certain professions, gender pay differences when working in the same role.<br>Gender imbalance is observed in top management positions, leading to unequal distribution of opportunities between men and women and lower female representation.<br>While pay within the same job family does not differ, the overall pay gap arises because women are less frequently employed in higher-pay functions (engineering and IT). |
| **Employment and inclusion of persons with disabilities** | An actual negative impact arises from limited inclusion of people with disabilities and the absence of a clear plan to increase inclusion within the Company.<br>This increases the risk of discrimination, deepens economic and social inequality, reduces access to employment opportunities, may weaken Company culture and contribute to negative societal trend. |

The negative and positive impacts identified during the DMA arise directly in relation to our employees.

***About the own workforce***

The Company employs only individuals under employment contracts (we do not use self-employed persons or workers provided by third-party employment agencies). Therefore , no non-employee workers fall within the scope of our own workforce.

We include within the scope of disclosures under ESRS 2 all persons classified as own workforce to whom we may have a material impact. We identified groups of employees who may face a higher risk of adverse impacts: employees working at operational sites, employees working shifts, on-call employees, women (due to their lower representation in top management positions), and employees with disabilities.

We did not identify a material impact on employees arising from transition plans aimed at reducing environmental impacts and ensuring greener, climate-neutral operations.

***Link to strategy and business model, and how the Company responds***

All identified impacts are directly linked to our operating (business) model and sector characteristics.

Key highlights on how we respond to some of these impacts (for more details see *S1-4 Actions taken to address material impacts on the own workforce, manage material risks and take advantage of material opportunities, and the effectiveness of those actions*):

- Training and development aligned with strategy, values, performance appraisal, the competency model, shift planning, and the assessment of professional and technical qualifications.
- Working time and overtime management is a priority area — we continuously monitor work schedules, assess the reasons for overtime and, where needed, review work organisation. We tolerate only limited-duration overtime resulting from objective circumstances.
- Implementation and certification of an Occupational Health and Safety Management System in accordance with ISO 45001.
- We pay particular attention to employing people with disabilities — we clearly communicate our Equal Opportunities policy in job advertisements and participate in trainings on employing people with disabilities.
- We foster the equal opportunities topic in a systematic manner; remuneration is set based on a gender-neutral principle. For four years, we have carried out voluntary activities under the “Equality Embassy” initiative.

## 27.2. S1-1 – Policies

Management of employee-related sustainability topics is based on EPSO-G Group and the Company-level documents and procedures. These policies apply to all employees. More detailed information about these policies and related measures is provided in Section 2 ESRS General Information of the report, under “*MDR-P Adopted Policy for Managing Significant Sustainability Issues*”.

**Policies related to the own workforce**

| Sustainability topic | Description and the policy |
|---|---|
| **Working time / Work-life balance** | The EPSO-G Group complies with the provisions of the Labour Code of the Republic of Lithuania, which sets general working hour norms, rest and working time arrangements, and employee guarantees, including the possibility of flexible and remote work.<br>Across EPSO-G Group companies, employees are offered flexible work hours and hybrid work options (where the specific position allows), and companies have established internal remote work policies. This enables employees to achieve better work-life balance, work according to flexible schedules convenient for them, and increase internal motivation. The hybrid model and remote work possibilities are also a strong advantage for candidates, allowing the Group to attract candidates from across Lithuania and, in the future, abroad. This strengthens EPSO-G's recognition, reputation, and competitiveness in the labor market, enabling the company to attract and retain employees at lower costs.<br>EPSO-G Group **Equal Opportunities Policy** – defines measures to adapt working conditions and match individual needs to work processes.<br>EPSO-G Group **Renumeration, Performance Management and Development Policy** – includes performance appraisal and development opportunities and supports flexibility in working conditions to ensure work-life balance.<br>At Litgrid level, the **Procedure for the Prevention of Discrimination, Violence and/or Harassment and Sexual Harassment** provides protection from discrimination due to family responsibilities and promotes favourable conditions for balancing work and personal life.<br>**Litgrid's Internal Rules of Procedure** define standard working hours, flexible start/end options, internal rules and agreements, and employee and employer obligations.<br>**Litgrid's Remote Work Procedure** sets out how remote work is granted and organised, employee rights and obligations (including information and cyber security requirements), and other remote-work related issues. |
| **Training and skills development** | EPSO-G companies implement a unified **Renumeration, Performance Management and Development Policy**, establishing principles for employee development, skills enhancement, and continuous learning:<br>1. Alignment principle – learning and development are linked to the EPSO-G group strategy, the specific company's strategy, values, performance evaluation, competency model, shift planning, and assessment of professional and technical qualifications.<br>2. Personal accountability principle – employees are responsible for their own learning outcomes, while the employer provides opportunities and conditions for development and growth.<br>3. 70-20-10 principle – 70% of learning and development comes from on-the-job experience, 20% from interactions, collaboration, and knowledge-sharing with colleagues and managers with diverse expertise, and 10% from structured training, often including external training programs. |
| **Equality and diversity** | The EPSO-G Group **Equal Opportunities Policy** ensures equal opportunities for all employees. It covers non-discrimination on grounds such as racial/ethnic origin, skin colour, sexual orientation, gender identity, disability, age, religion, political views, nationality or social origin, and other forms of discrimination addressed by EU and national legislation.<br>EPSO-G companies also apply a Diversity and Inclusion Strategy, which sets objectives and measures to promote an inclusive environment for all employees, strengthening tolerance, inclusion and equal opportunities across the Group. |
| **Employment and inclusion of persons with disabilities** | Disability employment and inclusion are addressed in the following EPSO-G Group documents:<br>EPSO-G Group **Equal Opportunities Policy** — principles to ensure equal opportunities regardless of disability or other personal characteristics.<br>EPSO-G **Diversity and Inclusion Strategy** — objectives and measures promoting an inclusive environment for all employees.<br>Litgrid's **Procedure for the Prevention of Discrimination, Violence and/or Harassment and Sexual Harassment** — measures ensuring a respectful and safe working environment for all employees. |
| **Adequate wages** | All employees of EPSO-G group companies are paid above the statutory minimum wage, and companies comply with the Labour Code of the Republic of Lithuania.<br>From December 2025, a new **Renumeration, Performance Management and Development Policy** entered into force. It defines remuneration principles, incentive measures and performance appraisal processes based on responsibility, transparency and accountability, including clear pay ranges by job level, grounded in market median data.<br>The policy aims to ensure efficient payroll cost management and create a motivating system where remuneration is linked to achievement of company and individual annual objectives, work quality and value-based behaviours; remuneration is transparent and performance-based, grounded in competence assessment and individual goals.<br>This policy is approved or amended by the EPSO-G Board, following recommendations from the EPSO-G Remuneration and Nomination Committee. |

| | |
|---|---|
| **Health and safety** | EPSO-G has a Group-wide **Occupational Health and Safety Policy** aimed at ensuring safe and healthy working conditions, preventing work-related injuries and occupational diseases, and building a culture where every employee contributes to a safe and healthy work environment.<br>We have implemented an Occupational Health and Safety Management System certified to ISO 45001. |

**Respect for human rights**

In our operations, we follow international human rights standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, and the OECD Guidelines for Multinational Enterprises. These principles are integrated in internal documents and applied in daily operations to ensure respect, tolerance and an ethical working environment.

We adhere to the highest ethical conduct standards and commit to safeguarding the rights and freedoms of all employees. In line with the EPSO-G Group Code of Ethics, we promote fair and transparent communication based on facts and respect for each person.

We commit to:

- ensuring employee dignity, privacy and respectful conduct at work;
- acting socially responsibly and respecting human rights;
- avoiding any form of discrimination based on ethnic origin, gender, sexual orientation, marital or social status, religious or political beliefs, citizenship, disability, age, trade union membership, or any other characteristics unrelated to work;
- and applying the highest reliability, integrity and transparency standards even when regulation is not clearly defined.

We prohibit discrimination in any form and do not tolerate psychological violence, bullying or abuse of position. Companies within the EPSO-G group respect and protect the rights of every employee, act with respect and fairness, provide safe working conditions that meet employees' needs, promote employees' personal and professional development, and do not discriminate against employees.

We ensure easy access to all employee rights-related documents through the document management system and the intranet.

We comply with legal requirements prohibiting human trafficking, child labour, forced or compulsory labour. As our core operations are in Lithuania, the risk of these impacts is very low.

We integrate human rights principles into supply chain management; suppliers must comply with occupational safety, forced labour prevention and child labour prohibition requirements. These principles are set out in the EPSO-G Group Partners' Code of Ethics.

We provide more detailed information about the mechanisms in place within the Company through which employees can raise concerns on this topic in section *S1-3 – Processes for Remediation of Negative Impacts and Channels for Own Workforce to Raise Concerns*.

**Employee engagement and equal opportunities**

The Company applies the EPSO-G Group Code of Ethics, the EPSO-G Group Equal Opportunities Policy, the Litgrid Equal Opportunities Procedure, and the Prevention of Discrimination, Violence and/or Harassment, including Sexual Harassment Procedure. Through these documents, we commit to preventing discrimination, promoting equal opportunities, and fostering diversity and inclusion.

The EPSO-G Diversity and Inclusion Strategy defines our objective of building a workplace culture in which every employee feels respected and valued. The strategy aims to strengthen managers' competencies in creating an inclusive work environment, increase the participation of underrepresented groups in the labour market, and ensure transparent and objective recruitment processes in line with the EPSO-G Group Recruitment Policy.

We encourage employee participation in inclusion initiatives, organize internal training sessions, share best practices and personal stories, and actively promote a respectful, open and inclusive organisational culture. We seek to ensure that all employees have equal opportunities to participate in work processes and decision-making, regardless of personal characteristics.

**Commitments to the inclusion of vulnerable groups**

We have undertaken specific commitments to promote the inclusion of vulnerable groups, as set out in the EPSO-G Group Equal Opportunities Policy, the EPSO-G Diversity and Inclusion Strategy, and other related documents.

- We aim to create accessible and supportive conditions enabling persons with disabilities to apply for positions, work and develop within the Company.
- We provide flexible working arrangements to support employees in balancing professional and family responsibilities.
- We promote gender equality, including increased representation of women in leadership positions, as well as the inclusion of older employees and employees of different nationalities. We organise regular training on discrimination prevention, inclusion and the prevention of psychological harassment in the workplace.
- We seek to ensure the inclusion of employees working in remote units. For example, we livestream events held at the central office, organise Company events in different regions, and implement practical measures to ensure equal participation and accessibility across locations.

## 27.3. S1-2 – Processes for engaging workers and workers' representatives on impacts

We ensure that employees can actively participate in shaping working conditions, express their needs, and receive feedback.

The People and Culture Unit is responsible for employee engagement in matters related to the Company's own workforce, including dialogue with employee representatives, coordination of processes, and the integration of results into decision-making.

We systematically involve employees and their representatives (the trade union) in decision-making. We use various forms of engagement, including regular information-sharing, consultations, dialogue, and feedback collection. The results obtained are analysed and, where justified, integrated into decisions aimed at improving working conditions. The main engagement channels are presented below.

| Process | Description |
|---|---|
| Trade union | The trade union operates within the Company, representing employees' interests and participating in decision-making processes. As of 31 December 2025, 36% of employees were members of the trade union. A collective agreement has been signed with the trade union, establishing mechanisms for information, consultation, and negotiation.<br>The trade union has the right to initiate discussions on organizational changes, modifications to the remuneration system, social guarantees, or other matters affecting employees' rights. Employees may submit proposals to the trade union, which then presents them to the Company. This ensures that employees' views are heard and taken into account in the decision-making process.<br>The Head of the People and Culture Unit is responsible for communication and cooperation with the trade union representing the Company's employees and for ensuring that employees' opinions are considered when shaping the Company's position. |
| Collective agreement | The collective agreement stipulates that the employer undertakes to conduct consultations and coordinate decisions with the trade union on the following matters: the draft strategy and annual plan, personnel policy, issues related to the implementation of the collective agreement, and budget allocation. |
| Annual employee engagement survey and other surveys | An annual engagement survey provides employees with the opportunity to assess the work environment, equal opportunities, communication culture, and their level of empowerment. The survey results are used in decision-making aimed at improving working conditions.<br>We also organise an annual emotional well-being survey, in which employees can assess their emotional state and express their views on this topic. |
| Annual performance and development reviews | We conduct an annual emotional well-being survey, where employees can evaluate their well-being and express their views on this topic. |
| General meeting of employees | Each quarter, we organise an all-employee meeting where employees can raise questions or share their views. In this way, we promote a culture of open dialogue and communication within the Company. |

## 27.4. S1-3 – Processes for remediation of negative impacts and channels for raising concerns

We have established formal mechanisms to address potential negative impacts on our own workforce and to ensure that employees can raise concerns or report violations.

Employees may report suspected discrimination, human rights violations, unethical behaviour, or other concerns through several available reporting channels.

| Key channels | Description |
|---|---|
| Trust Line | Company employees can report potential cases of discrimination, violence, or human rights violations either anonymously or by disclosing their identity through this reporting line.<br>Upon receiving a report, a commission is established to conduct an investigation, information is collected, and protective measures are applied if necessary, such as temporary suspension or reassignment to other duties. If a violation is confirmed, corrective actions are implemented, including additional training, educational events, and process reviews to prevent recurrence. To date, no human rights violations have been identified within the Company.<br>All reports are reviewed, and their validity is assessed by monitoring the number of reports, engagement survey results, and other questionnaires.<br>In 2025, an anonymous employee survey on tolerance to corruption showed that 96% of participants were aware of this reporting line. |
| Other channels | Other channels through which employees can directly raise concerns include email, an online reporting form, sending information by post, or contacting responsible persons within the Company directly—such as the Head of the People and Culture Department or their direct manager. Employees can also approach the trade union, which forwards their suggestions and observations to management. In addition, employees can report potential unethical behavior to the Ethics Committee established within the Company. |

The Company has adopted the "Litgrid Employee Duty Violation Reporting, Investigation, and Warning Procedure". Under this procedure, an employee who becomes aware of a potential breach of duties must inform the respective employee's direct manager in writing or by email. The manager then formally notifies the employer and initiates an internal investigation, providing all relevant information and available evidence.

All reporting channels are accessible to every employee and may be used either anonymously or with identification.

We ensure that employees are informed about the available reporting mechanisms and how they operate. Relevant procedures, including the "Litgrid Prevention of Discrimination, Violence, Harassment and Sexual Harassment Procedure", clearly describe reporting options and submission methods. All employees have access to internal regulations through the Document Management System. Information on reporting channels is regularly communicated and updated via the intranet, *Lean* cards, and dedicated intranet pages of responsible departments.

We ensure that the Trust Line and other reporting channels are effective and comply with international human rights standards. All reports are logged and systematically monitored, with feedback collected through employee surveys and annual engagement studies. The effectiveness of report handling is analysed to identify opportunities for improvement.

We have implemented a policy protecting employees from retaliation. The internal procedure for implementing and ensuring the operation of reporting channels guarantees the confidentiality of the reporting employee and provides additional safeguards. Retaliation against the reporting employee, their family members, or colleagues is prohibited. If an employee meets the conditions defined in the Whistleblower Protection Act, their report is immediately forwarded to the Prosecutor's Office of the Republic of Lithuania.

## 27.5. S1-4 – Actions

Key actions are implemented on a continuous basis, with particular focus on annual performance reviews, employee engagement and strengthening an inclusive organisational culture.

**Diversity, inclusion and equal opportunities**

In 2025, we implemented a range of initiatives aimed at strengthening inclusion and equal opportunities:

- We organised **employee trainings** and conducted internal and external communications on relevant topics (e.g., women in engineering, the Group's accession Diversity Charter, participation in the DUOday initiative and, the Youth Line campaign "Green light for life", etc.).
- We marked **internationally recognised equal opportunities days** to foster value-based attitudes and awareness.
- We organised an **equal opportunities month**.

- Shared neutral and inclusive language guidelines prepared by the Equality Embassy to promote **respectful communication** when referring to personal characteristics (e.g. age, gender, health status).
- Organised a Litgrid team hike to strengthen team cohesion and support emotional well-being, including a practical session on forest therapy.

In 2025, we also paid particular attention to **emotional well-being**, developing the topic through various activities (trainings, articles, a hike, etc.) across three areas: work-rest balance, physical activity, attention and mindfulness. In the spring we delivered psychological resilience trainings; in the autumn we organised a practical meditation session on mindfulness in everyday life.

To reduce the risk of discrimination, in 2025 the Group organised a lecture on unconscious bias (separately for employees and for managers).

In 2025, new employees participated in mandatory online training on the prevention of psychological harassment and discrimination. Since 2024, this training has been mandatory for all employees, ensuring a consistent level of awareness across the organisation.

These or similar actions will be continued in the future, depending on team needs. We conduct an annual **employee engagement survey** and use the results to inform planning. This supports greater employee awareness and commitment to applying equal opportunities principles at work.

Each year we carry out an emotional well-being survey and monitor gender balance across different roles. We also encourage employee involvement through a voluntary initiative — the **Equality Embassy** — which promotes emotional well-being, discrimination prevention and inclusion. The Equality Embassy prepares annual plans and actions in the equal opportunities area. The People and Culture Unit coordinates this topic within the Company.

Implemented strategic actions are oriented towards strengthening employee well-being and inclusion, including:

- Implementation of the EPSO-G Group Diversity and Inclusion Strategy (launched in 2024 and reviewed every three years), aimed at promoting equality and tolerance across all Group companies.
- Organisation of Equal Opportunities Month for six consecutive years, with additional training and initiatives throughout the year.
- Annual employee engagement surveys conducted in January, with results integrated into activity planning during the first quarter.

The EPSO-G strategy defines specific measures to support vulnerable groups, including adaptation of working conditions for persons with disabilities, promotion of gender equality (with emphasis on women's leadership), and strengthening inclusion of older employees and employees of different nationalities.

Examples of implemented measures include:

- Since 2024, we have started writing job titles in vacancy announcements in the feminine form, adding the masculine form in brackets (e.g., "we are looking for an engineer (female) (-male)"), to attract the under-represented gender in our Company (and we continue this practice).
- Every year, we implement numerous initiatives and trainings on equal opportunities, diversity and discrimination prevention.
- On external social media, we actively talk about women's role in engineering and energy and about employing older workers, with the aim of gradually changing established perceptions of energy and engineering professions.

To date, we have not identified any actual cases of material impacts that would require remediation for affected employees (in 2021–2025, we recorded no substantiated discrimination cases at Litgrid). We have effective mechanisms in place that we would apply if such cases arose (we describe these mechanisms in detail in *S1-3 – Processes for remediation of negative impacts and channels through which the own workforce can raise concerns*).

We apply a Procedure for the Prevention of Discrimination, Violence and/or Harassment and Sexual Violence, which ensures that reports are examined and resolved without delay, appropriate support is provided, all reports are registered and analysed, and internal processes are improved where necessary. Where needed, we offer psychological support, adjustments to working conditions and other support measures.

**Inclusion of persons with disabilities**

We place particular emphasis on employing people with disabilities:

- In job adverts, we clearly communicate our Equal Opportunities policy.
- In 2025, we participated in the DUOday initiative (a job-shadowing initiative) organised by the social employment agency SOPA, during which people with disabilities could explore a profession of interest first-hand. We plan to continue participating in this initiative next year.
- n 2025, the Group joined the initiative "No Difference. Doors Open for Everyone" led by the Agency for the Protection of the Rights of Persons with Disabilities.

**Training and skills development**

In 2024, together with EPSO-G, we identified strategic future competencies required to achieve our long-term objectives. In 2025, we began implementing the planned actions, and we will continue competency development going forward.

During the reporting year, we organised various training programmes for all employees, including training aimed at strengthening IT tool usage skills, digitalisation, innovation, legal knowledge and career planning. In addition, we provided specialised training for targeted employee groups, for example in contract management and English language improvement.

In 2025, we implemented general and leadership competency development programmes to support employees' professional growth.

These programmes will continue in 2026 to further strengthen future-ready and leadership capabilities.

**Working time and work-life balance**

Where operationally appropriate, certain units have implemented passive on-call work from home arrangements. This provides flexibility, reduces the need for on-site overtime and supports workload balance while maintaining operational continuity.

We continuously improve operational efficiency through *Lean* methodology and systematic process reviews.

Since spring 2025, we have implemented a project that allows us to measure process efficiency and identify areas for improving work organisation.

In 2026, we plan to continue reviews of work organisation practices and processes, expand efficiency measurement tools and continue applying the passive on-call model where it supports effective work-life balance.

For employees working in system operations, we apply summarised working time accounting with shifts organised according to pre-agreed schedules. Shift exchanges are permitted where a suitably qualified colleague agrees to cover the shift.

We tolerate overtime only when it is time-limited and driven by objective circumstances. Long-term business model changes in this area are challenging, so we apply short-term mitigation measures. Where necessary, additional headcount is allocated.

**Health and safety**

We regularly conduct occupational risk assessments and implement preventive measures in response to identified risks and recorded incidents. All hazardous events are logged and analysed, and recommendations are provided to responsible managers. Internal and external audits are conducted to strengthen accident prevention.

Since 2024, we have been using an integrated Employee Health and Safety Information System, covering all safety measures and their management. Employees are instructed on operational procedures for plant equipment. In 2025, we updated the Employee Safety and Health Instruction, Training, and Certification Procedure. All safety instructions are administered through the DARSIS information system.

We continuously assess occupational risks and provide employees with personal protective equipment. All employees are required to report incidents in accordance with established procedures. After investigating incidents, preventive measures are implemented.

Only persons aged 18 or over may work on live electrical installations; younger employees are not employed for such work. Before employees are authorised to carry out work on live installations, we verify their knowledge, and their qualifications are upgraded periodically according to the nature of the work – from 20 to 24 hours over a five-year period.

All employees undergo periodic health checks, are provided with additional health insurance, and vaccination programmes are organised where relevant.

**Strategic plans**

In 2026, across the Group we plan to:

- strengthen inclusive communication and cooperation practices;
- update Equal Opportunities and Recruitment policies and related procedures;
- prepare for implementation of the Pay Transparency Directive by integrating them into our processes;
- define remuneration monitoring methods and target levels with a gender equality perspective;
- strengthen safe reporting principles and culture related to discrimination;
- review the additional benefits package to better reflect diverse employee needs;
- prepare to implement a mentoring programme;
- monitor gender balance in managerial succession planning and provide additional training on inclusion and non-discrimination.

We will continue to expand employee well-being programmes, including additional health and psychological support initiatives. We will also further improve our communication tools – the intranet and website – to ensure that all employees have clear information about objectives and the progress of ongoing activities.

We aim to continuously learn from results and improve processes to further strengthen our positive impacts on employees.

**Effectiveness of actions**

We assess effectiveness based on analysis of employee engagement surveys, other surveys and reports. The results show that our initiatives are effective, and we identify improvement opportunities based on employee feedback and data. In the 2025 engagement survey, we included questions about diversity and inclusion and received encouraging results: 93% stated that colleagues are treated respectfully (2024: 90%); 87% agreed that we support balancing work and personal life (2024: 78%); 94% indicated they know how to act when observing potential anti-corruption issues, discrimination or other inappropriate behaviour (2024: 93%); 84% agreed that diversity and inclusion are ensured (2024: 83%); 88% rated psychological safety positively (2024: 87%); 88% felt comfortable expressing opinions and ideas regardless of gender, age or other personal characteristics (2024: 86%).

In 2023–2025, we recorded no substantiated discrimination cases. This indicates effective prevention and implementation of our policies.

**Resources to manage material impacts**

To manage material impacts on our own workforce, we allocate both financial and internal resources. Our People and Culture unit plays the central role in ensuring equal opportunities, psychological safety and training coordination. An annual budget is approved to support employee well-being, including health insurance, allowances, training budgets and salary review measures.

Costs and investments related to S1 are included in the annual budget and are reflected in the financial statements and related notes.

## 27.6. S1-5 – Targets

The targets we set are directly linked to our strategic objectives of promoting diversity and inclusion and strengthening employee engagement. These targets are aligned with the provisions of our internal policies.

| Indicator | Target | Result | Target | Result | Target | Result | Comment |
|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | |
| **Promoting diversity and inclusion** | | | | | | | |
| **Share of women in the Company** | 24% | 27% | 24% | 28% | 28% | 29% | Indicators exceeded the set targets in 2023–2025; the share of women in the Company is steadily increasing. |

| Indicator | Target | Result | Target | Result | Target | Result | Comment |
|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | |
| **Share of employees in the age group under 30** | 10% | 11% | 10% | 10% | 10% | 11% | Target achieved: in 2023 and 2025 the indicator exceeded the set target, and in 2024 it met the target. |
| **Share of employees in the age group over 60** | 10% | 8% | 10% | 9.4% | 10% | 8.6% | In 2025, the share of employees over 60 relatively decreased because the total number of employees grew significantly, mostly in the 20–59 age group. |
| **Share of employees with disabilities in the Company** | ≥1% | 0.2% | ≥1% | 0.2% | ≥1% | 0.4% | Possibly more employees with disabilities work in the Company, but they chose not to submit the necessary documents. The share of employees with disabilities is stable (1–2 people). Active measures were taken from 2023–2025 (participation in SOPA trainings, DUOday initiative, etc.) to enhance the Company and Group visibility as open to people with disabilities; these actions will continue in the following years. |
| **Increasing employee engagement** | | | | | | | |
| **Employee engagement index*** | ≥70% | 80% | ≥70% | 76% | ≥70% | 81% | In 2023–2025, the indicator exceeded the target. |
| **Health and safety** | | | | | | | |
| **Work environment with zero fatal and serious accidents (employees and contractors)** | 0 | 0 | 0 | 0 | 0 | 1 | One severe accident involving a contractor's employee was recorded in 2025. The target was not achieved. Corrective measures applied: an accident investigation was conducted, preventive measures were identified and implemented to improve internal processes and strengthen control over contractor employees at workplaces. The investigation findings were communicated to Group employees and contractors. |

***Note.*** **The employee engagement index is calculated using the "Engaged Performance Survey" ©.*

We apply these targets across our entire operations and to all employees. We assess implementation progress based on the defined indicators presented in Litgrid's employee statistical indicators monitoring report.

**Employee involvement in target-setting**

We encourage employees to actively participate in setting objectives and addressing important issues in order to ensure open dialogue and transparent decision-making:

- Annual and semi-annual performance meetings enable employees to discuss goals and raise relevant issues with managers.
- The trade union organises meetings with members and communicates proposals to Company management.
- The voluntary employee initiative "Equality Ambassadors" contributes to inclusion-related objectives and implementation.

**Performance monitoring**

We present progress on the Company's targets during quarterly employee meetings, where top management shares operational and performance results. We monitor the implementation of objectives based on established key performance indicators (KPIs).

We ensure that the processes for setting, monitoring, and continuously improving objectives are systematic, based on reliable and verifiable metrics, and closely linked to the engagement of employees and their representatives.

## 27.7. S1-6 – Characteristics of our employees

From 2023 to 2025, the number of employees at Litgrid steadily increased. The main reason for this growth was the expanding scope of assigned functions and responsibilities, arising both from national and international regulatory requirements and from the specific nature of our operations. This includes preparation for operation in synchronous mode with the Continental European networks, the rapidly growing renewable energy sources (RES) sector, and other challenges related to this field.

**Employee breakdown by gender**

| Gender | Number of employees (head count) | | |
|---|---|---|---|
| | 2025 | 2024 | 2023 |
| **Male** | 355 | 332 | 307 |
| **Female** | 146 | 126 | 111 |
| **Other/ no data** | 0 | 0 | 0 |
| **Total employees** | 501 | 458 | 418 |

***Note.*** *We disclose headcount in the Company's financial statements:*
*2025 m. In the Financial Statements section of the Management Report, under the chapter General Information.*
*2024 m. In the Financial Statements section of the Management Report, under the chapter General Information.*
*2023 m. In the Financial Statements section of the Annual Report, on page 100.*

We account for all employee data based on records from our HR and payroll system. The number of employees is determined at the end of the reporting year. We disclose employee numbers on a headcount basis, irrespective of full-time equivalent (FTE). The total headcount includes employees on maternity, paternity, parental or care leave, those performing military or alternative national defence service, as well as interns with employment contract. Interns without employment contracts are not included in the calculation. An "employee" is a person employed under an employment contract to perform tasks for remuneration under the employer's direction.

**All quantitative indicators presented in this and subsequent sections are calculated based on our HR and payroll system data and other internal systems (e.g., DARSIS). No external validation of indicator metrics by an institution that is not an assurance services provider was carried out.**

We predominantly use permanent contracts. Fixed-term contracts are applied only where necessary (e.g. parental leave replacement or specific projects) and are not determined by gender or age. We do not discriminate when determining contract type based on gender, age or other personal characteristics; it depends on mutual agreement and needs. In 2025, the number of fixed-term contracts remained low.

**Employee breakdown by gender and by employment contract (2025)**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Number of employees | | | | |
| | FEMALE | MALE | OTHER | NOT DISCLOSED | TOTAL |
| Number of employees | 146 | 355 | 0 | 0 | 501 |
| Number of permanent employees | 144 | 354 | 0 | 0 | 498 |
| Number of temporary employees | 2 | 1 | 0 | 0 | 3 |
| Number of non-guaranteed hours employees | Not applicable | | | | |

**Employee breakdown by gender and by employment contract (2024, 2023)**

| | 2024 | | | | | 2023 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of employees | | | | | Number of employees | | | | |
| | FEMALE | MALE | OTHER | NOT DISCLOSED | TOTAL | FEMALE | MALE | OTHER | NOT DISCLOSED | TOTAL |
| Number of employees | 126 | 332 | 0 | 0 | 458 | 111 | 307 | 0 | 0 | 418 |
| Number of permanent employees | 126 | 331 | 0 | 0 | 457 | 106 | 306 | 0 | 0 | 412 |
| Number of temporary employees | 0 | 1 | 0 | 0 | 1 | 5 | 1 | 0 | 0 | 6 |
| Number of non-guaranteed hours employees | Not applicable | | | | | | | | | |

In 2023, we recorded a higher employee turnover rate, as during that period we experienced significant growth, hired a considerable number of employees, and saw a relatively high number of voluntary departures compared to other years. Meanwhile, in 2024 and 2025, the turnover rate returned to around 9%, as the number of departures decreased.

**Employee turnover**

| Year | Employees who left or were dismissed | Turnover rate |
|---|---|---|
| **2025** | 45 | 0.09 |
| **2024** | 41 | 0.09 |
| **2023** | 58 | 0.14 |

We calculate the turnover rate by dividing the number of employees who left the Company during the reporting year (voluntary departures and dismissals) by headcount at the end of the reporting year. Employees who left or were dismissed include those who resigned, were dismissed, retired, or died in office.

## 27.8. S1-8 – Collective bargaining coverage and social dialogue

Our collective bargaining agreement applies to all employees. We have no agreements with our employees regarding representation in a European Works Council, an SE Works Council, or an SCE Works Council.

**Collective bargaining coverage and social dialogue**

| | Collective Bargaining Coverage | | Social Dialogue |
|---|---|---|---|
| Coverage | Employees – EEA* (countries with >50 employees and >10% of total employees) | Employees – non-EEA* (regions with >50 employees and >10% of total employees) | Workplace representation (EEA only) (countries with >50 employees and >10% of total employees) |
| **0-19%** | - | Not applicable | - |
| **20-39%** | - | | - |
| **40-59%** | - | | - |
| **60-79%** | - | | - |
| **80-100%** | Lithuania (100%) | | Lithuania (100%) |

***Note.*** **EEA – European Economic Area. We do not have employees outside the EEA.*

## 27.9. S1-9 – Diversity metrics

During the period 2023–2025, the gender distribution at the top management level remained unchanged. During recruitment for these positions, we face a limited number of female candidates who meet the specific competence and experience requirements (the sector is male dominated). We consistently implement initiatives aimed at improving gender balance, which is reflected in the gender distribution at other employee levels. However, at the top management level, the impact of these measures has not yet been observed.

**Gender distribution at top management level**

| Gender | 2025 | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| **Male** | 10 | 2.00 | 10 | 2.18 | 8 | 1.91 |
| **Female** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | 10 | 2.00 | 10 | 2.18 | 8 | 1.91 |

***Note.*** *We use the definition of top management as the Company CEO and a structural unit head directly reporting to the CEO who manages several structural units and/or coordinates several functions, and whose management level is approved by a decision of the Board (if no Board is established – by a decision of the CEO). A top-level manager may have subordinate structural units of different levels and/or employees with different levels of managerial responsibility reporting to them.*

In 2023–2025, the age distribution remained similar: more than 60% of employees were in the 30–50 age group.

**Distribution of Employees by Age Group**

| Age group | 2025 | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| | Number of employees | Percentage of total employees | Number of employees | Percentage of total employees | Number of employees | Percentage of total employees |
| **Under 30** | 56 | 11.18 | 47 | 10.26 | 48 | 11.48 |
| **30–50** | 340 | 67.86 | 311 | 67.90 | 277 | 66.27 |
| **Over 50** | 105 | 20.96 | 100 | 21.83 | 93 | 22.25 |
| **Total** | 501 | 100 | 458 | 100 | 418 | 100 |

## 27.10. S1-10 – Adequate wages

We pay adequate wages to all our salaried employees, in line with applicable benchmarks. Considering legislation and market indicators, the adequate wage in the Republic of Lithuania in 2025 was EUR 1,038 per month gross (minimum monthly wage, MMA).

## 27.11. S1-11 – Social protection

We provide social protection for all our employees against loss of income due to the following major life events:

- illness;
- unemployment;
- accidents at work and acquired disability;
- parental leave;
- retirement.

Social protection is ensured in accordance with the applicable legislation of the Republic of Lithuania and additional benefits provided by the Company.

Under our collective agreement, in cases of retirement, we pay employees benefits exceeding those established by the Labour Code, depending on the length of service.

In addition, we provide one-off financial support to employees in the event of the birth or adoption of a child, as well as to those caring for or raising three or more children. We grant various benefits depending on family circumstances, as well as one-off payments in cases of emergency or hardship.

## 27.12. S1-12 – Persons with disabilities

**Proportion of employees with disabilities**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Proportion of employees with disabilities, %** | 0.4 | 0.2 | 0.2 |

***Note.*** *Data is based on information voluntarily provided by employees, considering restrictions on collecting such information.*

During the period 2023–2025, the proportion of employees with disabilities in the Company remained stable, corresponded to approximately 1–2 employees. It should be noted that the actual number of employees with disabilities may be higher; however, not all employees choose to provide supporting documentation.

Calculation method: we calculate the proportion of employees with disabilities by dividing the number of employees with disabilities employed by the Company at the end of the reporting year by total headcount at the end of the reporting year. We include only those employees who have voluntarily provided the relevant information.

## 27.13. S1-13 – Training and skills development metrics

Over 2023–2025, the overall share of employees participating in performance reviews remained high (95–99%). Participation among men remained consistently very high (98–100%). In the women's group, we observed a more pronounced deviation, influenced by parental leave and other family-related leave.

**Percentage of employees that participated in regular performance and career development reviews**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total** | 99 | 98 | 99 |
| **Male** | 100 | 99 | 100 |
| **Female** | 95 | 94 | 95 |

***Note.*** *In exceptional and non-standard cases, annual targets were not set for some employees (e.g., employees on parental leave throughout the year) or employees left before targets could be set; therefore, in some cases the percentage does not reach 100%.*

We calculate the percentage of employees who participated in regular performance and career development reviews by dividing the number of salaried employees who participated in performance appraisal during the reporting period by total salaried headcount at the end of the reporting year.

As men constitute a larger share of the Company's workforce, they participate in training more frequently and therefore account for a higher number of training hours. This situation is also influenced by mandatory training requirements applicable to positions predominantly held by men. In 2025, such training accounted for 39% of all training delivered within the Company.

**Average number of training hours per employee and by gender**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total** | 18 | 19 | 17 |
| **Male** | 20 | 20 | 16 |
| **Female** | 15 | 18 | 18 |

The average number of training hours per employee is calculated by dividing the total actual training hours of all employed staff during the reporting period by the total number of employees at the end of the period. Actual training hours include only the hours that employees spent in training during the reporting period and exclude hours spent viewing of training recordings or attending remote trainings delivered to the whole Company or Group.

## 27.14. S1-14 – Health and safety metrics

Our health and safety management system, based on legal requirements and recognised standards, applies to all employees.

During 2023–2025, there were no fatalities resulting from work-related injuries or work-related ill health (including other persons working at the Company's sites, such as value chain workers).

Over the same period, we recorded no work-related accidents involving our employees (i.e., the recordable accident rate was zero) and no cases of occupational ill health. Accordingly, there were no lost workdays due to work-related injuries, accidents or work-related ill health.

Work-related accidents (if they occur) are recorded in our occupational safety and health programme "DARSIS".

## 27.15. S1-15 – Work-life balance metrics

In accordance with the social policy, all employees are entitled to family-related leave. The usage has been steadily increasing, which is associated with the growing number of employees in the Company (with men constituting a larger share than women).

**Percentage of employees that took family-related leave broken down by gender**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Total** | 6.2 | 6.33 | 4.78 |
| **Male** | 5.6 | 5.4 | 3.6 |
| **Female** | 7.55 | 8.7 | 8.1 |

Since 2023, following implementation of the EU directive on work-life balance for parents and carers, Lithuania introduced a new form of family-related absence in the Labour Code: two months of uninterrupted leave for childcare. This measure aims to encourage greater involvement of fathers in childcare during the first year of a child's life. We monitor the use of this leave by both men and women. The higher number of cases in the men's group is explained by men representing a larger share of our workforce. However, when assessing the duration of leave, it remains significantly longer for women.

We calculate the percentage of employees taking family-related leave (in total and by gender) by dividing the number of employees (in total and by gender) who took family-related leave during the reporting period by headcount by gender at the end of the reporting period. If the same employee took several different types of family-related leave during the reporting period, we count them as one employee who took family-related leave.

## 27.16. S1-16 – Remuneration metrics (pay gap and total remuneration)

Due to historically established circumstances in the energy engineering sector, men predominate and often possess greater professional experience and competencies, which influence salary levels. Men also occupy a larger share of managerial positions, affecting the gender differences in average remuneration. However, when assessing salaries not across the Company as a whole but by specific positions and the value they create, pay differences between genders are minimal. In hiring new employees or reviewing the salaries of existing employees, gender is not a criterion—decisions are made based on the competencies of candidates or employees.

**Gender pay gap**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Gender pay gap, %** | 13.73 | 12.78 | 14.85 |

Formula used to calculate the gender pay gap: (Average hourly earnings before tax of male employees – average hourly earnings before tax of female employees) / average hourly earnings before tax of male employees × 100).

When calculating remuneration metrics, we include all monetary and non-monetary remuneration elements accrued to an employee during the reporting period, including base salary (fixed and/or hourly), overtime pay, night work and work on rest days, holiday pay and compensation for unused holidays, annual financial incentives and one-off performance bonuses, allowances for additional duties/functions, and other benefits provided to employees.

We exclude sickness benefits and one-off payments.

Calculations are based on full-time equivalent (FTE) rather than the actual number of employees.

Data are collected from the internal accounting system.

During the period 2023–2025, the ratio between the annual total remuneration of the highest-paid individual and average employee remuneration remained stable. In 2025, we recorded a slight decrease, driven by faster growth in average employee remuneration and a balanced remuneration policy. This indicates consistent management of pay differentials and efforts to ensure proportional remuneration growth across employee groups.

**Total remuneration ratio**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| **The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)** | 3.06 | 3.13 | 3.10 |

Formula used to calculate the total remuneration ratio: Annual total remuneration of the highest paid person in the company / Average annual total remuneration of salaried employees (excluding the highest paid person).

### 27.17. S1-17 – Incidents, complaints, and severe human rights impacts

In 2025, we recorded no incidents of discrimination, including harassment.

During the reporting period, we received three reports via our complaints channel (Trust Line) regarding potentially unlawful actions. After verifying the information provided, we concluded that the allegations were unsubstantiated and therefore did not initiate internal investigations. In 2025, we identified no material incidents related to human rights, including forced labour, human trafficking or child labour. We also did not identify any cases inconsistent with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.

As no such incidents occurred, we incurred no fines, penalties or compensation related to human rights violations.

## 28. S3 AFFECTED COMMUNITIES

### 28.1. SBM-3 – Material impacts, risks, opportunities, and their interaction with strategy and business model

As part of Litgrid's double materiality assessment, under the topic "Affected Communities," we identified one material actual negative impact. No significant risks or opportunities were identified. The impact is described in the table below.

Compared to the previous reporting period, the material topic and its associated impact remain unchanged.

**Material impacts, risks and opportunities in the topic "Affected communities"**

| Sustainability topic | Impacts |
|---|---|
| **Communities' economic, social and cultural rights: land-related impacts, water and sanitation, and security-related impacts** | An actual negative impact arises from Litgrid's activities, during which communities are affected (e.g., land use, noise, vibration, dust, traffic restrictions, etc.).<br>The impact on local communities results from the installation, upgrading, and maintenance of electricity transmission network infrastructure. Additionally, negative impacts related to noise generated by transformer substations were assessed.<br>The impact is not systemic at the national or regional level and complies with the legal requirements applicable to this area of activity. However, it affects communities living or working near infrastructure managed by Litgrid. The impact manifests through:<br>- land use restrictions associated with the operation or expansion of infrastructure;<br>- noise, vibration, and dust generated during repair, construction, or maintenance works;<br>- traffic restrictions and increased transportation flows affecting the daily mobility and safety of communities;<br>- temporary changes to the visual environment, environmental quality or overall quality of life. |

***About affected communities***

We identified impacts on communities living or working near our infrastructure assets, i.e. in areas where grid development or refurbishment projects are being implemented. In carrying out the double materiality assessment, we engaged with selected communities on which we may have a material impact through our operations, as well as through the value chain and business relationships. However, the material impact arises most often from our own operations.

***Link to strategy and business model, and how the Company responds***

The identified impact stems from the core nature of electricity transmission sector and therefore cannot be entirely avoided. However, it can be appropriately managed and mitigated.

Key management measures include:

- informing communities and organising public consultations and meetings in accordance with legal requirements;
- assessing the feasibility of installing physical barriers to reduce noise;
- conducting continuous and periodic noise measurements near substations.

Other specific actions describing how we manage this impact are provided in section *S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks, pursuing material opportunities related to affected communities, and effectiveness of those actions*.

## 28.2. S3-1 – Policies

We apply the following policies that help ensure responsible operations and mitigation of impacts on affected communities:

- **EPSO-G Group Support and Humanitarian Aid Policy** – promotes collaboration with communities (and other social groups) in areas where activities or projects are implemented. Special attention is given to initiatives aimed at improving the well-being of communities within company operational areas. Also encourages voluntary and unpaid employee engagement.
- **EPSO-G Group Transparency and Communication Policy –** aims to strengthen stakeholder awareness, understanding of EPSO-G values, significance, generated benefits, strategic projects and objectives, and the rationale behind decisions, while strengthening community trust in EPSO-G companies. The implementation of this policy is the responsibility of the Litgrid CEO and the Communications Department.
- **EPSO-G Group Environmental Policy –** establishes zero tolerance for environmental pollution and fosters a culture of zero environmental incidents. It provides opportunities for local communities and other stakeholders to participate in environmental impact assessment procedures. Policy implementation is the responsibility of EPSO-G company executives and environmental function curators, who ensure timely identification of environmental aspects, set environmental goals, develop plans, define tasks to improve environmental performance, allocate sufficient resources, monitor results periodically, audit processes, and apply appropriate technologies and work methods.
- **EPSO-G Group Sustainability Policy** – promotes transparent and fair stakeholder collaboration and public engagement in sustainable development initiatives. Implementation is the responsibility of the Operational Architecture unit.

The content of EPSO-G Group policies and related information is described in more detail in Section 2 ESRS General Information, subsection MDR-P – *Policy adopted to manage material sustainability matters*. Information on policy implementation and updates for communities is shared via the website, social media, and direct stakeholder meetings, ensuring transparency and accessibility to all stakeholders.

In 2025, no cases of non-compliance related to affected communities were identified at Litgrid level or within the upstream or downstream value chain. No non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises was reported.

## 28.3. S3-2 – Processes for engaging with affected communities about impacts

We engage affected communities in decision-making processes throughout project lifecycles. Projects are presented to local authorities and community representatives, including mayors and local leaders. Information is shared with local media.

Before works commence, our representatives visit municipal offices to present work plans, timelines, and contact details for reporting any inconveniences. During project execution, contractors inform communities in advance about planned activities and coordinate schedules where feasible.

Engagement takes place at all stages-from initial assessments to implementation of mitigation measures and evaluation of effectiveness. We provide relevant information to institutions and local authorities.

We assess the effectiveness of engagement based on the resolution of identified issues and the absence of recurring concerns. We ensure that engagement tools are designed to be accessible to all members of affected communities.

Planned actions to strengthen community engagement in 2026, as well as the basis for setting future targets, are presented in sections S3-4 and S3-5.

## 28.4. S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

We maintain mechanisms to identify, manage, and, when necessary, remediate negative impacts on affected communities. Affected communities can report issues and monitor their resolution. Reports of potential negative impacts can be submitted through the following publicly available channels:

- Trust Line: general contacts and email pranesk@epso-g.lt or pranesk@litgrid.eu on Litgrid's website;
- Anonymous reporting system "Ask a Question" on Litgrid's website;
- Direct contact details of responsible project managers provided during project communication.

To ensure the effectiveness and transparency of these channels, we monitor submitted reports and track their resolution. Analysis of reports allows us to assess how quickly and efficiently issues are addressed. We aim to remediate significant negative impacts on affected communities using both technical measures and active dialogue with the community.

Reports can be submitted anonymously. We apply protection against retaliation as disclosed in G1-1.

## 28.5. S3-4 – Taking action

We continuously implement measures to reduce negative impacts on affected communities:

- to manage construction noise, we plan and carry out works during daytime only, control construction transport movements, and use technically sound equipment;
- when planning infrastructure upgrades, we assess the feasibility of installing physical noise barriers;
- where noise exposure is short-term, we inform communities about higher noise levels within a specific time interval;
- we conduct continuous and periodic noise measurements near substations.

Advance planning of works and the application of restrictions help reduce negative impacts on both the natural environment and nearby residential areas.

We apply stricter standards for managing noise and electromagnetic field (EMF) than legal requirements:

- Noise management: for new and reconstructed sites initiated from 2023, permissible night-time noise levels must not exceed 42 dB, i.e., 3 dB below the legal limit.
- EMF management: for reconstructed 330 kV overhead transmission line projects initiated from 2023, EMF levels in protection zones are limited to 5 kV/m, and post-reconstruction levels must not exceed pre-reconstruction levels, although legislation does not set such a restriction for overhead line protection zones.

The construction and reconstruction of electricity transmission infrastructure, including overhead lines, may cause negative impacts due to temporary noise and dust; however, all projects are carried out in compliance with legal requirements and within permissible limits.

Where negative impacts on communities occur, we collect and analyse data and information, summarise it, and assess whether the impact creates a risk that should be included in the risk management plan with relevant measures. We have a standardised risk management process. The issue is presented to management, and a decision on actions is made by the Management Board or the head of the responsible department.

Under appropriate conditions—e.g., confirmed exceedances of noise limits—we initiate investment projects to manage and mitigate material impacts. These projects may require material financial resources and can amount to several million euros.

**Actions taken in 2025**

| Action (2025) | Description |
|---|---|
| Noise reduction | In March 2025, we implemented noise reduction measures at the Alytus transformer substation by installing noise-reducing barriers. |
| Disconnection of noisy equipment | From February 2025, following synchronisation with the Continental European electricity grids, we disconnected equipment at the high-voltage direct current (HVDC) converter station that constituted one of the most significant noise sources in this energy hub. After implementing solutions, we carried out repeat noise measurements and organised meetings with the community. |
| Meetings | Dialogue with the community remained a priority in 2025. We organised meetings where residents could express concerns and discuss applied measures.<br>In total, we held 20 meetings in 2025.<br>We use a variety of communication formats to be as accessible as possible: once, we participated in a community celebration with an information stand and provided information about the project at a community gathering venue. |

Received complaints are most often related to day-to-day activities (e.g., felled or ongoing tree cutting, improperly stored timber, encroachment of plot boundaries, or inadequate site restoration). Meetings are most often organised in relation to planned construction works, and we proactively provide contact details in advance to ensure accessibility in case of inquiries or incidents. The dynamics in the number of complaints also depend on the planned volumes of transmission line corridor clearing and the quality of contractors' work.

We consider that the actions we have taken help to manage the impact, as the number of recorded complaints is not increasing.

Planned actions to strengthen community engagement in 2026:

- In Q1, we will conduct a comprehensive stakeholder analysis: identifying priority communities, the issues most relevant to them, and key contact points, and developing a stakeholder map. This will enable us to better understand expectations, social risk factors, and opportunities for cooperation.
- In Q2, we will prepare and approve a Community Engagement Action Plan, establishing a structured and continuous dialogue process.

- In Q3, we will launch a pilot initiative with one selected community and develop an engagement measurement mechanism. This mechanism will enable us to assess the implementation and impact of activities, including community satisfaction, level of awareness, conflict prevention, and quality of cooperation.
- In Q4, we will evaluate the results of the pilot initiative, update the action plan and allocated budget, and begin developing a long-term package of community engagement initiatives. These initiatives will contribute to building sustainable partnerships, reducing social tensions, and improving the effectiveness of project implementation.

### 28.6. S3-5 – Targets

During the reporting period, we had not established specific, measurable and results-oriented targets directly related to the mitigation of negative impacts on affected communities. In order to set evidence-based targets, in 2026 we plan to strengthen community engagement and implement an engagement measurement mechanism.

## 29. S4 CONSUMERS AND END-USERS

### 29.1. SBM-3 – Material impacts, risks, opportunities, and their interaction with strategy and the business model

Through Litgrid's double materiality assessment, we identified material potential negative impacts on consumers and end-users. No material risks or opportunities were identified. We described the identified material impacts in more detail in the table below.

During this reporting period, the material sub-topic "Privacy" replaced the previously disclosed sub-topic "Access to products and services". While access to services remains operationally relevant and continues to be managed, it did not exceed the materiality threshold following the updated assessment and is therefore no longer disclosed as material.

**Material impacts, risks and opportunities in the topic "Consumers and end-users"**

| Sustainability topic | Impacts |
|---|---|
| **Access to (high-quality) information** | Potential negative impacts may arise if we do not inform consumers in a timely manner about material changes related to the services provided, or if information is not easily accessible to consumers. Mismanagement in this area may cause inconvenience, mislead stakeholders and disrupt the availability of services. As we operate in a regulated environment, legislation establishes an obligation to provide consumers with relevant information about services and changes. Consumers rely on this information when planning their activities and making decisions related to transmission services. |
| **Privacy** | Potential negative impacts on consumers and end-users may arise due to inadequate or improperly applied technical and organisational security measures, and personal data security breaches (including cybersecurity incidents), which may negatively affect the rights of data subjects. Where technical and organisational security measures are insufficiently implemented, personal data breaches may occur and adversely impact the rights of data subjects. Such impacts may materialise as a result of systemic deficiencies or isolated incidents. |

***Description of consumers and end-users***

Litgrid is the electricity transmission system operator of Lithuania. We provide system services, manage electricity flows and enable the functioning of the electricity market. Therefore, under the S4 topic, we distinguish between:

- consumers – recipients of our services (market participants), and
- end-users – Lithuanian society and final electricity consumers who benefit indirectly from system reliability and transparent communication.

Consumers (service recipients) are legal entities and market participants that use the transmission system or services related to it:

- Transmission grid users: distribution operators; electricity consumers directly connected to the transmission grid; electricity producers connected to the transmission grid; energy storage facilities.
- Imbalance and balancing electricity service providers (market participants): electricity generators, storage facilities and suppliers participating in balancing and imbalance mechanisms.
- Connection service customers: developers of renewable energy projects, hybrid parks, battery parks and other generation facilities.

End-users are Lithuanian society and final electricity consumers (households and businesses), for whom the reliability of the transmission system and transparent information on system operation, disruptions or changes are important, as these ensure the ability to use electricity in everyday activities.

***Link to strategy and business model, and how the Company responds***

We are a state-controlled company, therefore a significant share of our operations are subject to regulation.

Our business model encompasses responsibility for information accessibility and its impact on both direct consumers and end-users. To ensure transparency, this aspect is systematically managed through our long-term strategy and compliance with applicable legislation. By adhering to high standards of disclosure, we ensure that the public and stakeholders receive clear, timely and reliable information.

We organise timely information events for consumers, where we present relevant topics related to the electricity transmission grid, its development and efficiency. We also continuously develop and implement services and solutions that meet customer needs.

Across EPSO-G Group companies, we implement appropriate technical and organisational measures for personal data security, aimed at minimising both the risk itself and its impacts.

To ensure cybersecurity, we:

- implement advanced digital security measures to protect critical transmission grid assets;
- implement advanced cybersecurity programmes;
- provide continuous training of employees and partners; trainings are organised regularly, and we carry out testing and evaluate results.

Across the Group, we comply with the General Data Protection Regulation (GDPR) and other applicable personal data protection legislation. In 2025 we participate in the national cybersecurity exercise “Kibernetinis Skydas” organised by the National Cyber Security Centre and regularly attend other cybersecurity training programmes.

## 29.2. S4-1 – Policies

Our operational policies relating to consumers and end-users are publicly available on the website and on the EPSO-G website (Operating Policies | EPSO-G).

Impacts on consumers and end-users are managed through EPSO-G Group policies (including those related to transparency and communication, personal data protection and sensitive information protection, among others). The content of EPSO-G Group policies and other related information is described in more detail in the report section 2 ESRS General information, *MDR-P – Policy adopted to manage material sustainability matters*.

Specific policy commitments to manage material impacts under this topic:

| Sustainability topic | Description and the policy |
|---|---|
| **Access to (high-quality) information** | **The Code of Ethics** of the EPSO-G group of companies commits us to operate responsibly, transparently and reliably. This entails the timely disclosure of material changes related to the services provided and ensuring that information is easily accessible to consumers. Guided by this principle, we foster open dialogue, respect customers' time and build trust-based relationships. |
| **Privacy** | **The Code of Ethics** of the EPSO-G group of companies establishes a commitment to ensuring personal data protection and information security through the implementation of appropriate technical and organisational measures. We are committed to investigating and managing incidents related to personal data breaches, notifying competent authorities in accordance with applicable legal requirements, and cooperating exclusively with reliable partners. In safeguarding the rights of data subjects, information is treated as a valuable asset; therefore, the "need-to-know" principle and other security standards are applied.<br>**Information Security Policy** of the EPSO-G group ensures information security through a risk-based management framework and the implementation of technical and organisational controls. It provides for personal data protection in accordance with the GDPR, as well as the management of cybersecurity incidents and notification to competent authorities, thereby protecting the rights of data subjects.<br>**The Personal Data Protection Policy** of EPSO-G ensures the rights of data subjects by embedding the following principles: lawfulness, purpose limitation, transparency, data minimisation, timely erasure, accuracy and security. Particular emphasis is placed on the confidentiality and security, which requires technical and organisational measures to prevent unlawful processing, loss or cybersecurity incidents. |

In managing impacts related to consumers and end-users, we act in accordance with the human rights principles embedded in the EPSO-G Group Code of Ethics and require all employees and persons acting on behalf of the Company to comply with these principles in their daily operations:

- We respect human rights and fundamental freedoms, uphold democratic values recognised in national and international legal frameworks, and adhere to the Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO).
- We maintain zero tolerance for violence, harassment, bullying, mobbing, psychological abuse and any form of discrimination (including on the grounds of age, gender, race, nationality, language, origin, social status, religion, etc.).
- We ensure the principles of diversity, inclusion and equal opportunities.
- We safeguard the right to personal data protection by ensuring lawful processing and data security.
- We ensure respectful engagement with all stakeholders.
- We promote the reporting of misconduct and ensure whistleblower confidentiality and protection against retaliation.

At Litgrid, mechanisms are in place to monitor and ensure compliance with these principles, including a whistleblowing system, partner due diligence procedures, training programmes and compliance management processes.

The commitments set out in the Code of Ethics of the EPSO-G group are aligned with:

- the UN Guiding Principles on Business and Human Rights, as reflected in the Universal Declaration of Human Rights;
- the ILO Declaration on Fundamental Principles and Rights at Work;
- the OECD Guidelines for Multinational Enterprises, covering compliance with legislation, transparency, anti-corruption provisions and social dialogue.

We are committed to ensuring the reliable and uninterrupted operation of the electricity transmission system, responding promptly to disruptions and implementing projects of national importance, thereby creating long-term value for society and all stakeholders.

Ensuring continuous electricity transmission and rectifying faults as quickly as possible are core operational priorities.

We aim to strengthen our position as a customer-oriented organisation by developing innovative and flexible services that respond to evolving stakeholder needs.

## 29.3. S4-2 – Processes for engaging with consumers and end-users about impacts

In most cases, consumers and end-users are represented by public authorities. However, where appropriate, we engage directly with stakeholders to ensure compliance with applicable legislation and alignment with stakeholder expectations.

Engagement takes place at different stages of service provision and project implementation, with the frequency and format determined by legal requirements and stakeholder needs. To ensure high-quality service delivery, we implement standardised customer service solutions and continuously optimise operational processes. These measures support clear, transparent and consistent dialogue with stakeholders. We also conduct market consultations and provide guidance on regulatory requirements where necessary.

The Company's management is responsible for overseeing consumer and end-user engagement processes.

To assess engagement effectiveness, we conduct annual customer satisfaction surveys. These surveys enable us to evaluate stakeholder perceptions of our activities and identify areas for improvement.

## 29.4. S4-3 – Processes to remediate negative impacts and channels to raise concerns

All stakeholders, including consumers and end-users, may submit inquiries, notifications or complaints through anonymous and non-anonymous channels (see section "Reporting Channels and Whistleblower Protection"). Communication and information provision are carried out in accordance with Lithuanian legislation and internal procedures. The helpline operates in Lithuanian and English, and all reports are registered, assessed and handled in line with established procedures, ensuring confidentiality.

Litgrid's Complaints Handling Procedure governs the registration, review, and resolution of consumer complaints. It covers complaints related to: electricity transmission services; operational reliability of transmission grid infrastructure; electricity metering implementation and management; equipment operation and maintenance; grid user connections and network reconstruction; provision of services in the public interest.

A detailed Complaints Handling Procedure is publicly available on the Litgrid website.

To strengthen responsiveness, we plan to encourage more frequent feedback from customers at different stages of service provision, in addition to annual surveys, enabling us to address stakeholder needs and concerns in a more timely manner.

## 29.5. S4-4 – Taking action

In 2025, we continued to consistently implement measures to mitigate privacy and personal data protection risks.

We maintain an information security management system compliant with the ISO 27001 standard. Operational safeguards include firewalls, antivirus software, data encryption, and data backup procedures. Access to personal data is restricted to authorised personnel, documents are securely stored, and all employees have signed confidentiality agreements, ensuring ongoing compliance with data protection and privacy requirements.

We have a publicly available (litgrid.eu) procedure for vulnerability disclosure in information systems and we encourage anyone identifying vulnerabilities to report them immediately through the designated form.

To ensure that information security objectives and implemented measures provide protection to the extent necessary to support the goals outlined in the EPSO-G Group Strategy 2035, we have developed an Information Security Action Plan for 2026–2028.

The actions outlined below ensure that both consumers and end-users receive high-quality and reliable electricity transmission services, along with clear information about system operation. Considering the complexity of the services provided and the needs of consumers and end-users, we actively work to ensure smooth information provision, reliable electricity transmission, and effective network maintenance.

- **Information events**: We organise timely informational events for consumers, presenting relevant topics related to electricity transmission system development, efficiency, and services. We continuously refine services and solutions to meet customer needs.
- **Supply reliability**: We implement network modernisation and maintenance measures aimed at improving the reliability of electricity supply. We maintain cooperation with foreign partners, including electricity transmission and biofuel exchange operators, and participate in professional meetings and conferences to present strategic objectives.
- **Collaboration with authorities**: We actively cooperate with state institutions to ensure electricity transmission serves the public interest, including meetings to discuss key issues, providing information to Parliamentary committees and the Government, and participation in inter-institutional working groups.
- **Information accessibility and quality**: We update the website structure and content to make information easier to find and understand for different customer segments and stakeholders.

- **Improving RES customer experience**: We gradually implement self-service portal solutions to reduce time requirements and the likelihood of errors during the RES connection process.
- **Quality of inquiry and request management**: We plan to implement a unified request management system covering both calls and electronic inquiries and begin measuring key service performance indicators.
- **Standardising customer service**: We aim to implement a "one-stop-shop" service model, ensuring consistent, convenient, and high-quality customer experiences.

We respond to potential negative impacts on consumers and end users in accordance with the legal framework of the Republic of Lithuania and the requirements of the National Energy Regulatory Council.

As a fully state-regulated company, we do not engage directly in marketing, sales, or data processing activities that could materially affect end-users.

We respond to complaints, notifications and legal proceedings through continuous operational process improvements. We also organise information events, consultations, and stakeholder meetings, and participate in professional conferences. These activities allow engagement with a wide range of stakeholders — including customers, Group companies, foreign partners, public authorities, employees, and shareholders — supporting the achievement of long-term strategic objectives.

During the reporting period, no material negative impacts requiring remediation were identified, and no substantiated human rights violations or incidents occurred.

Implementation of the action plan did not require significant operating (OpEx) or capital expenditures (CapEx); therefore, detailed financial disclosures are not provided.

***Effectiveness assessment***

Through our annual customer satisfaction surveys ee assess the effectiveness of measures aimed at ensuring timely customer information, clear and transparent communication, and increased satisfaction with our operations and services. In addition, we monitor external communication metrics to assess information accessibility for a broader audience.

**Communication and information accessibility (2025)**

To ensure that consumers and other stakeholders receive timely, clear, and reliable information about our activities, in 2025 we conducted consistent external communications regarding the operation of the transmission system, infrastructure development projects, safe behaviour near high-voltage overhead lines, and other relevant topics. The reach and visibility of communications were evaluated using media monitoring data, including the volume of mentions, their dynamics throughout the year, audience reach, and a communication effectiveness indicator.

In 2025, 2,203 mentions of Litgrid were recorded in the media. Mention dynamics fluctuated throughout the year, with the highest activity in February and the lowest in June. Top publications (based on audience reach) were predominantly related to the synchronisation with the Continental European electricity grids that took place on 9 February.

To assess communication effectiveness, we applied an indicator reflecting the likelihood that the audience noticed and remembered media mentions. In 2025, Litgrid's communication effectiveness indicator was 35.72%, and the volume of effectively reached contacts (audience impressions) exceeded 220 million. Monitoring these indicators enables us to evaluate the effectiveness of communication measures and, where necessary, adjust communication priorities and channels so that consumers and other stakeholders receive high-quality information in a timely manner.

Within EPSO-G Group companies, the following key indicators are measured through these surveys:

- GCSI (Global Customer Satisfaction Index): 2025 – 81 (consistent with 2024; 2023 – 73). The target GCSI level is at least 80; this is one of the key performance indicators (KPI).
- NPS (Net Promoter Score): increased significantly from 22 in 2024 to 35 in 2025. These indicators allow us to monitor the dynamics and trends of implemented initiatives over time.

In addition to overall satisfaction levels, the annual surveys analyse specific operational aspects that vary depending on annual priorities. In 2025, we assessed the following criteria: quality of cooperation, service accessibility, proactiveness of communication, employee competence, speed of decision-making, clarity of decisions and flexibility.

## 29.6. S4-5 Targets

One of our key strategic objectives is to enhance customer orientation in order to build an organisation that is focused on the needs of consumers.

We have set targets for enabling renewable energy (RES), which are directly linked to customer orientation: processes related to RES connections are being updated, with the aim of improving customer satisfaction and increasing the number of connected RES power plants.

We consistently monitor the effectiveness of our policies and actions and actively implement insights derived from customer satisfaction surveys, direct feedback, and received proposals or complaints. This ensures that we address the expectations of market participants, customers, and end users in a structured manner. Our risk management system allows us to track relevant performance indicators and develop action plans based on identified needs.

| Target | Progress |
|---|---|
| Ensure high annual customer satisfaction (GCSI ≥ 80) * | GCSI = 81 (exceeded the target; 2024 – 81; 2023 – 73) |
| By 2035, ensure that ≥ 95% of services are delivered within the established deadlines | Not measured in 2025 (data were not collected in a centralised manner) |
| By 2027, implement "one-stop-shop" customer service | Preparatory work carried out in 2025 |

***Note**. *According to the definition applied in Lithuania, GCSI is based on the American Customer Satisfaction Index (ACSI)—a national US standard used to assess service quality in both the business and public sectors. The GCSI target is set by EPSO-G for all Group companies.*

# Governance area



# 30. G1 BUSINESS CONDUCT

## 30.1. SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

As part of the double materiality assessment conducted under the topic "Business conduct", we identified material impacts on stakeholders. No material risks or opportunities were identified. We summarise the material impacts, their nature and location within the value chain in the table below.

Compared to the previous reporting period, the material sub-topics remain unchanged. However, we refined the wording of certain impacts and, in some cases, their position within the value chain. In the previous reporting period, we had identified an opportunity under the sub-topic "Protection of whistle-blowers"; following the updated DMA, this aspect is no longer assessed as material.

**Material impacts, risks and opportunities in the topic "Business conduct"**

| Sustainability topic | Impacts |
|---|---|
| **Corporate culture** | Potential negative impacts may arise if the principles of our culture and policies—including transparency, accountability, diversity, inclusion and ethical conduct—are not complied with.<br>There is a risk that, in rare cases, employees may fail to adhere to corporate culture principles and behavioural standards. This could negatively affect both employees and other stakeholders across the value chain. |
| **Protection of whistle-blowers** | Potential negative impacts on stakeholders' rights may arise if the whistle-blower protection system does not function effectively.<br>If the system were ineffective, risks could include breaches of confidentiality, discrimination, retaliation or other adverse conduct towards stakeholders. Such situations would reduce employees' trust in reporting processes, discourage reporting of misconduct and allow unethical behaviour to persist within the organisation. |
| **Management of relationships with suppliers, including payment practices** | Potential negative impacts on stakeholders' interests may arise if supplier breaches or non-compliance occur that could halt projects, disrupt operations, or negatively affect project timelines and budgets.<br>Most suppliers are selected through public procurement. Although we assess suppliers' compliance with requirements, in rare cases breaches or non-compliance may occur. Such situations may lead to project stoppages, operational disruptions or, in some cases, termination of cooperation with suppliers. |
| **Corruption and bribery** | Potential negative impacts on stakeholders' rights may arise from corrupt or unethical conduct within the Company.<br>We have implemented measures to prevent corruption incidents and reduce related risks and continuously monitor their effectiveness. Nevertheless, isolated cases are theoretically possible; if they were to occur, a broad range of stakeholders could be affected. |

***Link to strategy and business model, and how the Company responds***

We are a company of strategic importance to the Republic of Lithuania. We implement regional and nationally significant strategic projects that require substantial investments and public procurement procedures. Any breaches related to business conduct, corruption, bribery, or supplier management could have adverse consequences for our projects and stakeholders. Therefore, ethical conduct, a transparent supply chain and responsible supplier relationship management are essential.

In response to these material sub-topics, we:

- adhere to transparent governance and accountability principles and apply relevant EPSO-G Group policies, as described throughout this report;
- provide regular employee training on business conduct and anti-corruption, covering Company values, behavioural standards, corporate culture and the operating principles of the Trust Line.

We describe our approach and related actions further in the sections below.

## 30.2. G1-1 Business conduct policies and corporate culture

We apply the EPSO-G Group Anti-Corruption Policy, the EPSO-G Group Code of Conduct, the EPSO-G Group Partners' Code of Ethics, and the EPSO-G Group Employee Anti-Corruption Procedure. The content of EPSO-G Group policies and other related information is described in more detail in section 2 ESRS General information, *MDR-P – Policy adopted to manage material sustainability matters*.

Through the Partners' Code of Ethics, we establish the principles we expect suppliers and other business partners: compliance with legislation, fair competition, avoidance of conflicts of interest, zero tolerance for corruption, protection of confidential information and responsible data management.

We also apply Internal Rules of Procedure, an Equal Opportunities Policy and related procedural description, the Procedure for the Prevention of Discrimination, Violence and/or Harassment and Sexual Harassment and the EPSO-G Group Procedure governing the operation and administration of the Trust Line (whistle-blowing mechanism). All employees are required to familiarise themselves with these documents and comply with their provisions.

All Litgrid employees, by adhering to the above-mentioned documents and the values adopted across the Group, help to shape and maintain a respectful and tolerant working environment and culture.

The promotion of Litgrid's culture starts with managers who, in line with the EPSO-G Group Code of Ethics, demonstrate leadership and set an example for employees on how to uphold the principles of ethical conduct and foster an appropriate culture

Positions that carry the highest risk of corruption and bribery are those included in the list of positions subject to checks under applicable legislation. This list is published publicly on our website.

We strengthen our corporate culture through:

- targeted initiatives promoting inclusivity and ethical awareness (e.g., Equal Opportunities Month);
- regular anti-corruption and compliance training, supported by internal communication campaigns;
- community engagement and social responsibility initiatives (e.g., volunteering days, tree-planting campaigns, blood donation and charitable initiatives);
- development of customer-centric competencies across the organisation;
- leadership training for managers focused on responsible leadership and organisational culture.

Company values are embedded in both day-to-day operations and strategic activities. They are approved by the Board together with the Company's Strategy. Adherence to values is reflected in annual performance evaluations and may influence financial incentives.

To promote employee engagement and reinforce the organisation's values, we use a variety of communication tools. We strengthen a shared understanding of culture and behaviour through visual and interactive measures, such as computer screensavers, posters in office corridors, the sharing of best practices in meetings and events, and articles on the intranet.

***Reporting channel and protection of whistle-blowers***

We have established mechanisms to report, identify and investigate concerns, including unlawful conduct, breaches of ethics, environmental or occupational health and safety violations, unethical behaviour and partner non-compliance with the Partners' Code of Ethics. These processes are governed by internal regulations.

The Trust Line is available to both employees and external stakeholders and allows anonymous reporting. We publish information about this channel, its operating principles, the persons responsible and the ways in which reports can be submitted on the Company's website, on the intranet and through targeted communication campaigns. In addition, the process for handling reports is regulated by internal legal acts. Reports received through the Trust Line are recorded in the Compliance Register and examined in accordance with the established procedure, ensuring confidentiality, objectivity and impartiality. Investigations are carried out independently, in line with the presumption of innocence, and the results are documented and reported in annual reports to the EPSO-G Audit Committee and, where applicable, to the Company's Board.

Business conduct incidents, including corruption and bribery, are addressed promptly, independently and objectively through our internal investigation system.

We comply with EU and national legal requirements implementing Directive (EU) 2019/1937 on the protection of whistle-blowers. Any form of retaliation against a whistle-blower is strictly prohibited. Reporting must not result in adverse consequences for the reporting person or their family members. Protection includes, but is not limited to, prohibition of dismissal, suspension, demotion, non-renewal of fixed-term contracts or any other discriminatory or retaliatory action.

## 30.3. G1-2 Management of relationships with suppliers

Within EPSO-G Group companies, procurement is considered a key enabler of strategy. It is planned on a long-term basis, digitised, and guided by principles of transparency and sustainability. Suppliers are selected using environmental and social criteria.

Most of our procurements are conducted in accordance with the Law on Public Procurement of the Republic of Lithuania, applicable to entities operating in water management, energy, transport, and postal services sectors. Potential suppliers must not be subject to exclusion grounds related to breaches of environmental or social requirements and must meet established qualification criteria. We treat 100% of public procurement as green and conduct all procedures in line with the requirements set by the Minister of the Environment. Since 2024, we have included social criteria into procurement conditions; in 2025, such procurement accounted for 51.89% of total procurement.

The most significant tenders are managed by certified procurement specialists holding certificates issued by the Public Procurement Service, thereby strengthening compliance risk management.

Prior to contract conclusion, suppliers confirm their adherence to the Partners' Code of Ethics and complete a Partner Due Diligence questionnaire. This process enables us to assess compliance, identify potential risks and formulate recommendations regarding environmental policies and other sustainability measures. The data collected are analysed both individually and collectively to monitor systemic trends.

More than 80% of suppliers across the Group (by number of contracts) are local. We apply structured contract performance monitoring to track suppliers' performance and their ability to meet contractual obligations.

We also manage payment-related risks, particularly in relation to small and medium-sized enterprises (SMEs). Contract monitoring supports timely payments, while our financial management practices are designed to ensure transparency and efficiency in settlements.

Below, we present the procurement-related targets aligned with the strategic directions of the EPSO-G group. Within Litgrid, we retain the discretion to set more ambitious targets than those established at the Group level, but never lower than the Group baseline.

| Target | Progress |
|---|---|
| Reduce GHG emissions in the supply chain: 50% of suppliers by 2035 | Application of criteria planned to start from 2027 |
| Transition to circular procurement by 2035 | Application of criteria planned to start from 2027 |
| 100% of procurement meets green procurement requirements | In 2025, all procurements conducted applying green criteria |
| Increase procurement with social criteria: target >7% of Group procurement | Group: in 2025 social criteria applied in >10% of procurement; Litgrid: 51.89% |

## 30.4. G1-3 Prevention and detection of corruption and bribery

We are committed to operating transparently, lawfully and responsibly. We apply a zero-tolerance approach to corruption and bribery. Corruption in any form is unacceptable. We regularly assess corruption risks and implement appropriate mitigation measures where risks are identified.

Our anti-corruption activities are conducted in full compliance with applicable legislation, guided by best practices, and aligned with the principles of an anti-corruption management system based on the international standard ISO 37001:2016 – Anti-Bribery Management Systems: Requirements and Guidance for Use.

The EPSO-G Group Anti-Corruption Policy serves as the primary regulatory framework governing anti-corruption activities. It defines anti-corruption principles and the roles and responsibilities of individuals involved in prevention and oversight. The Policy is aligned with ISO 37001:2016, the United Nations Convention against Corruption, Lithuanian anti-corruption legislation and internationally recognised best practices.

We have measures in place to prevent corruption and bribery, covering both risk management and incident investigation. The EPSO-G Group's Anti-Corruption Policy sets out the following key measures:

- restrictions on giving and receiving gifts and clear procedures for granting sponsorship or support;
- conflict-of-interest management measures for employees and members of collegial bodies to ensure the primacy of the Company's interests. We monitor private interest declarations using an automated Power BI solution, which allows real-time tracking of timely declarations and analysis of data according to selected indicators;
- business partner screening;
- employee reliability assurance measures;
- an operational Helpline;
- internal investigation procedures for potential misconduct (including suspected corruption);
- transparency measures for contracts and transactions;
- raising awareness through training and communication;
- ensuring procurement transparency.

The internal investigation process ensures independence: corruption-related cases are handled by a dedicated unit rather than operational management. Investigation reports are submitted to the CEO and, where necessary, to relevant unit heads, strictly on a need-to-know basis.

We publicly disclose our corruption prevention documents; they are available to all interested persons and organisations on our website. In addition, the Company's intranet includes a dedicated section, 'Anti-corruption management system governance', which provides key information for employees in one place, including links to private interest declaration systems, the gifts register, applicable legislation and updates related to corruption prevention. The information published on the website includes:

- relevant regulatory legislation;
- preventive measures applied;
- links to regulatory documents;
- contact details.

This information is provided in Lithuanian and English. Suppliers are introduced to the EPSO-G Group Partners' Code of Ethics and commit to comply with it when participating in public procurement tenders. Employees are regularly informed of corruption prevention topics through internal communication channels and the document management system.

***Employee training on corruption prevention***

We provide structured anti-corruption training for both new and existing employees through seminars, lectures and practical sessions.

Anti-corruption training is provided to all employees, regardless of their position, to ensure general awareness and understanding of the principles of corruption prevention. In addition, members of administrative, management, and supervisory bodies are also included in this training to increase their knowledge and involvement in this area.

In April and November 2025, remote training sessions were delivered for new employees, with 59 colleagues participating. The training covered the definition and forms of corruption, potential risks, and the applicable policies and procedures related to identifying and reporting possible breaches.

Employees also have access to the e-learning course "Anti-corruption awareness training". Completion is mandatory during the probation period for new employees and assigned to existing employees who have not yet completed the course.

All training programmes address core topics, including identification of potential breaches, reporting procedures, investigation processes and compliance obligations.

## 30.5. G1-4 Confirmed incidents of corruption or bribery

During the reporting period, we recorded no corruption or bribery incidents, including incidents related to:

- convictions or fines for violations of anti-corruption and anti-bribery laws;
- breaches of internal procedures requiring corrective action;
- confirmed corruption or bribery cases;
- employee dismissals or disciplinary measures related to corruption;

- termination or non-renewal of contracts with business partners due to corruption-related offences;
- public legal proceedings against the Company or its employees concerning corruption;
- corruption-related incidents involving the Company within the value chain.

### 30.6. G1-6 Payment practices

We apply a responsible payment policy to ensure transparent and timely payments to suppliers. Payment practices do not differ between large companies and SMEs.

| | |
|---|---|
| **Average time taken to pay an invoice*** | The arithmetic average is 28 calendar days, and the weighted average is 33 calendar days. |
| **Standard contractual payment terms by contract category** | - Without a written contract (verbal contracts) – within 14 calendar days from invoice issuance.<br>In 2025, 43.48% of payments were made within this term;<br>- With written contracts (including public and non-public procurement contracts) – 30 calendar days.<br>In 2025, 77.35% of payments were made within this term. |

***Note**. *from the day the contractual or statutory payment period begins, expressed in days.*

Some contracts have payment terms of 30 days or more but are difficult to identify in the short term.

At the end of the reporting period, there were no legal proceedings related to late payments.

## 31.CRITICAL INFRASTRUCTURE RESILIENCE

### 31.1. SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

As part of Litgrid's double materiality assessment, we identified an undertaking-specific material topic, "Critical infrastructure resilience". The material impact and risk are described in the table below.

In the previous reporting period, we had not identified this topic and, accordingly, had not disclosed it.

**Material impacts, risks and opportunities in the topic "Critical infrastructure resilience"**

| Sustainability topic | Impact and risk |
|---|---|
| **Critical infrastructure resilience** | Potential negative impact to consumers and society could arise if critical infrastructure were compromised through a potential physical or cyberattack, leading to material consequences for the Company's customers and national infrastructure |
| | Risk: a financial risk could arise if critical infrastructure was compromised and the Company had to restore damaged critical infrastructure assets and components and reinstate disrupted electricity supply |

***Link to strategy and business model, and how the Company responds***

Critical infrastructure resilience is one of our core responsibilities.

We strengthen resilience in several ways:

- We assess the reliability level of electricity transmission using ENS indicator (energy not supplied) — the amount of electricity not supplied due to interruptions.
- We regularly assess threats related to information systems, physical security and security management systems. We update existing security measures and implement new ones.
- We implement cybersecurity measures and actively participate in cybersecurity exercises.
- We implement a comprehensive Litgrid infrastructure resilience programme to increase the protection and resilience of critical electricity system equipment and assets against hybrid threats.

We have performed an analysis of risks related to critical infrastructure resilience. Our risk register includes the risk that critical infrastructure equipment and assets could be damaged and/or destroyed. While we manage this risk through risk management measures and continuous improvement of protection systems, the risk and the potential negative impact remain due to geopolitical uncertainty.

### 31.2. MDR-P – Policy adopted to manage material sustainability matters

In managing the potential impact and risk related to "Critical infrastructure resilience", we follow these Group policies:

- **EPSO-G Group Information Security Policy.** This policy sets rules for identifying, classifying and protecting sensitive information related to infrastructure management and security. It restricts access to sensitive data, defines principles for secure handling and transfer, and assigns responsibilities, thereby reducing the risk of information leakage that could affect infrastructure reliability and business continuity.
- **EPSO-G Group Risk Management Policy.** This policy requires identifying and assessing risks that may affect infrastructure reliability and business continuity; setting risk limits and ensuring that critical risks are prioritised; preparing risk management plans where risks exceed defined limits; ensuring ongoing monitoring and reporting so preventive measures are taken in time; and ensuring allocation of responsibilities and decision-making based on standardised processes.

Further information on EPSO-G Group policies is provided in section 2 ESRS General information, *MDR-P – Policy adopted to manage material sustainability matters*. Group operational policies are publicly available on the EPSO-G website.

Additionally, our Information Security Management System was certified under the ISO 27001 standard in 2022, and in 2025 it was recertified according to the updated ISO 27001:2022 version, covering both corporate and technological processes.

### 31.3. MDR-A – Actions and resources related to material sustainability matters

To ensure the physical resilience of critical infrastructure, we follow the Litgrid Physical Security Procedure, which sets physical security levels, technical and organisational measures and responsibilities (including the role of the physical security commission and the physical security manager).

In 2024, we approved the Emergency Situation Prevention Measures Plan for 2024–2026.

We increase critical infrastructure resilience through a resilience programme: the programme includes 15 projects and a total scope of more than 150 measures implemented across individual transmission grid sites.

We group resilience projects into four categories:

- physical security of sites;
- protection against unmanned aerial vehicles (hereafter referred to as "UAV(s)");
- formation of emergency and crisis reserves;
- preparedness to operate under critical conditions.

Together with Litgrid and other energy companies, the Ministry of Energy is implementing a programme for the development of physical protection systems for strategically significant energy infrastructure assets. Our physical security projects began in 2024 and 2025. Most of these projects are planned for completion by the end of 2027, with the remaining projects scheduled for completion by the end of 2029.

One of the first measures implemented in 2025 was the installation of protective interlocking blocks (easy-to-install concrete blocks) intended to provide more effective protection for critical equipment at electricity transmission substations.

We organise annual employee development and training and conduct physical security drills involving the Public Security Service, police and/or the Lithuanian Armed Forces.

At our most critical energy infrastructure sites, we are deploying UAV detection and neutralisation systems designed for continuous detection and geolocation of UAVs and their operators, and for preventing unauthorised UAV entry into protected areas. Implementation of these projects started in 2024 and is planned to be completed in 2027.

In 2024, we acquired a modular emergency overhead line restoration system, and during the reporting period we carried out practical drills to train its use. This is specialised, easily transportable modular equipment designed for the rapid restoration of damaged 110–400 kV overhead transmission lines and to ensure continuity of electricity transmission. Using this technology, overhead line restoration structures can be installed without a crane and can reach heights of more than 40 metres, making supply restoration several dozen times faster. This equipment is particularly important for ensuring the reliability of the only 400 kV synchronous interconnection overhead line—if at least one tower is physically destroyed, these systems enable rapid restoration of its operation. The modular emergency overhead line restoration system can also be used to install temporary line sections during high-voltage network repairs where it is necessary to ensure electricity supply to households and businesses or to accept electricity from a generating source.

In 2022 we began projects to ensure readiness to operate in a critical mode; some have already been implemented, and the remaining projects are planned to be completed in 2028.

In 2025, we conducted comprehensive civil protection exercises to test preparedness to respond to mixed threats—hybrid, physical and information threats—that could affect the reliability of the electricity transmission grid and system operation. These exercises enabled us to assess the effectiveness of our security measures, identify areas for improvement in physical protection systems, and strengthen Litgrid's and partner services' response time, coordination of actions and cooperation procedures.

For the implementation of the critical infrastructure programme through 2029, we will allocate approximately EUR 150 million.

### 31.4. MDR-T – Targets and monitoring of effectiveness

We are a member of ENTSO-E. Under the 2024–2028 strategic plan, we aim to ensure a safe and efficient electricity system: to increase grid security and reliability to avoid supply disruptions, and to continuously monitor system operation so that emerging issues can be identified and addressed in a timely manner.

We also monitor reliability through ENS and AIT indicators:

- ENS (energy not supplied) – the amount of electricity not supplied due to interruptions (limit set by National Energy Regulatory Council: 27.251 MWh per year);
- AIT (average interruption time) – the average duration of electricity transmission interruptions (limit set by National Energy Regulatory Council: 0.934 minutes per year).

### 31.5. MDR-M – Metrics related to the material topic

The requirements of these indicators are set by the national regulator, the National Energy Regulatory Council. An external independent body that is not an assurance services provider does not verify these metrics. We follow the resolution of the National Energy Regulatory Council approving the methodology for electricity transmission reliability and service quality indicators.

We disclose the values of the indicators we monitor in Litgrid's Annual Integrated Report, section "2.4 Operating indicators of electricity transmission and the network's reliability".

## 32. DISCLOSURE UNDER THE EU TAXONOMY REGULATION

The European Union (EU) Taxonomy Regulation (EU) 2020/852 and the delegated acts adopted thereunder (hereinafter referred to as "Taxonomy") establish a classification system for environmentally sustainable economic activities. This system is designed to help market participants identify activities that make a substantial contribution to the achievement of EU environmental objectives and to create the conditions for directing capital towards sustainable investments.

Article 9 of the Taxonomy Regulation sets out six environmental objectives: climate change mitigation; adaptation to climate change; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems. An economic activity is considered environmentally sustainable where it (i) makes a substantial contribution to at least one objective, (ii) does not cause significant harm (Do No Significant Harm, hereinafter – DNSH) to the other objectives, (iii) is carried out in compliance with minimum safeguards, and (iv) meets the technical screening criteria (hereinafter – TSC).

The content and presentation of disclosures of Taxonomy indicators (turnover, capital expenditure (CapEx) and operating expenditure (OpEx)) are laid down in Commission Delegated Regulation (EU) 2021/2178, which implements the provisions of Article 8 of the Taxonomy Regulation (EU) 2020/852. In the financial year 2025 report, the Company applies the requirements of (EU) 2021/2178, considering the amendments introduced by Commission Delegated Regulation (EU) 2026/73 (hereinafter – (EU) 2026/73), which simplify the content and presentation of disclosed information, including the application of a 10% materiality threshold.

The technical screening criteria for the climate objectives are set out in Commission Delegated Regulation (EU) 2021/2139 (the Climate Delegated Act), and for the other environmental objectives – in Commission Delegated Regulation (EU) 2023/2486 (the Environmental Delegated Act). (EU) 2026/73 also provides for certain simplifications of DNSH criteria.

Note. The Complementary Climate Delegated Act (EU) 2022/1214 (nuclear energy and certain fossil gas activities) is not relevant to the Company's activities. In assessing the Environmental Delegated Act (EU) 2023/2486, the Company did not identify activities to which the technical screening criteria set out in that act would apply; therefore, the main focus of the disclosures is on the climate change mitigation objective.

**EU Taxonomy application and disclosure process at "Litgrid"**

EU Taxonomy information is prepared in a consistent sequence:

1) taxonomy-eligible economic activities are identified based on the delegated acts;
2) compliance of the activities with the TSC and DNSH criteria is assessed;
3) compliance with minimum safeguards is evaluated;
4) indicators (KPIs) are calculated – the shares of turnover, CapEx and OpEx;
5) explanatory (contextual) information is provided.

**Minimum safeguards**

We assess and confirm that, in carrying out taxonomy-eligible economic activities, we comply with the minimum safeguards set out in Article 18 of the Taxonomy Regulation. We ensure this by applying the policies, procedures and control mechanisms implemented in the Company, which are designed to ensure compliance with requirements in the areas of human rights, occupational safety, equal opportunities, tax transparency, fair competition and anti-corruption.

**Identification of taxonomy-eligible economic activities (2025)**

Following an assessment of the Company's activities, we determined that Litgrid's main taxonomy-eligible activity is "4.9 Transmission and distribution of electricity" (NACE D35.12). In addition to the main activity, the following supplementary taxonomy-eligible activities were identified: 4.1 Electricity generation using solar photovoltaic technology; 6.5 Transport by motorcycles, passenger cars and light commercial vehicles; 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces adjacent to buildings); and, additionally in 2025, 6.4 Operation of micro-mobility solutions, bicycle transport logistics and 7.2 Renovation of existing buildings.

In line with the prevailing practice of electricity transmission system operators, the calculation of Taxonomy KPIs primarily reflects the core regulated activity (4.9 – Transmission and distribution of electricity), while other identified Taxonomy-eligible activities are assessed to the extent that they are material for the purposes of KPI calculation.

**Materiality threshold and disclosures for activities 6.4 and 7.2**

In accordance with (EU) 2026/73, economic activities may be considered immaterial if, cumulatively, they account for less than 10% of the relevant KPI denominator. Materiality is assessed separately for each KPI (turnover, CapEx and OpEx). For 2025, it was determined that the turnover, CapEx and/ or OpEx attributable to activities 6.4 and 7.2 cumulatively account for less than 10% of the total value of the relevant indicator for each KPI; therefore, the report does not present an assessment of these activities' compliance with the TSC and DNSH criteria. This is disclosed in the contextual information and accompanying KPI notes.

**Accounting policy and KPI calculation principles**

The Company calculates and discloses Taxonomy indicators (KPIs) – the shares of turnover, CapEx and OpEx – related to (i) taxonomy-eligible activities and/or (ii) taxonomy-eligible activities that meet the criteria, in accordance with (EU) 2021/2178 (as amended by (EU) 2026/73). A consistent approach is applied in the calculations and, where the guidance allows different interpretations, a conservative allocation is used, particularly for the OpEx indicator.

**Avoidance of double counting**

To avoid double counting, each KPI amount is allocated to a specific economic activity. Where an activity could contribute to more than one environmental objective, it is included only once in the KPI calculations, in accordance with the methodology set out in (EU) 2021/2178.

**Calculation of Taxonomy-eligible turnover (revenue)**

The proportion of taxonomy-eligible turnover is calculated by dividing revenue attributable to taxonomy-eligible (and/or criteria-compliant) activities (the numerator) by total Company revenue (the denominator). Revenue that, in the Company's assessment, is not related to taxonomy-eligible activities (e.g., revenue from the administration of guarantees of origin) is classified as non-taxonomy-eligible.

**Calculation of Taxonomy-eligible capital expenditure (CapEx)**

The proportion of taxonomy-eligible CapEx is calculated by dividing CapEx attributable to taxonomy-eligible (and/or criteria-compliant) activities (the numerator) by total CapEx (the denominator). CapEx includes all capital expenditures incurred during the reporting year, regardless of whether the asset has been commissioned or is still in the project development phase. Taxonomy-eligible activity CapEx is recognised in accordance with IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets." Capitalised salaries, travel expenses, and interest are excluded from CapEx calculations, as are capital expenditures financed by third parties and transferred free of charge.

**Calculation of Taxonomy-eligible operating expenditure (OpEx)**

The proportion of taxonomy-eligible OpEx is calculated by dividing OpEx attributable to taxonomy-eligible (and/or criteria-compliant) activities (the numerator) by total Taxonomy-defined OpEx (the denominator). Taxonomy-defined OpEx includes direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenditures required to ensure the continuous and effective use of assets. Consequently, Taxonomy-defined OpEx may not be directly reconcilable to operating expenses presented in the financial statements.

### Revenue under the EU Taxonomy Regulation

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities (i.e., activities meeting the Taxonomy criteria). Information for the year 2025.

| Economic activities | Code(s) | Absolute turnover | Proportion of turnover year 2025 | Substantial contribution criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | Proportion of Taxonomyaligned (A.1.) or -eligible (A.2.) turnover year 2024 | Category (enabling activity (E)) | Category (transitional activity (T)) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Climate change mitigation | Climate change adaptation | Water and marine resources | Pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Pollution | Circular economy | Biodiversity and ecosystems | Minimum safeguards | | | |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | **million EUR** | **%** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **%** | **E** | **T** |
| | | | | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy - aligned)** | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | CCM 4.1. / CCA 4.1. | - | - | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | - | - | - |
| Transmission and distribution of electricity | CCM 4.9. / CCA 4.9. | 429.0 | 99.5% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 99.3% | E | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | CCM 7.4. / CCA 7.4. | - | - | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | - | E | - |
| **Turnover of environmentally sustainable activities (Taxonomy - aligned) (A.1)** | | **429.0** | **99.5%** | **99.5%** | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | **99.3%** | - | - |
| **Of which enabling** | | **429.0** | **99.5%** | **99.5%** | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | **99.3%** | E | - |
| **Of which transitional** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **A.2 Taxonomy - eligible but not environmentally sustainable activities (not Taxonomy - aligned activities)** | | | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | CCM 6.5. / CCA 6.5. | - | - | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | - | - | - |
| **Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy - aligned activities) (A.2)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Turnover of Taxonomyeligible activities (A.1+A.2)** | - | **429.0** | **99.5%** | | | | | | | | | | | | | | **99.3%** | - | - |
| **B. TAXONOMY - NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy non - eligible activities** | - | **2.1** | **0.5%** | | | | | | | | | | | | | | | | |
| **TOTAL (A+B)** | - | **431.1** | **100%** | | | | | | | | | | | | | | | | |

EL – Taxonomy-eligible activity for the relevant objective;

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective;

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

## CapEx under EU Taxonomy regulation

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities (i.e., activities meeting the Taxonomy criteria). Information for the year 2025.

| Economic activities | Code(s) | CapEx | Proportion of Capex 2025 | Substantial contribution criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | Proportion of Taxonomy aligned (A.1.) or - eligible (A.2.) Capex year 2024 | Category (enabling activity (E)) | Category (transitional activity (T)) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Climate change mitigation | Climate change adaptation | Water and marine resources | Pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Pollution | Circular economy | Biodiversity and ecosystems | Minimum safeguards | | | |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | **million EUR** | **%** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **%** | **E** | **T** |
| | | | | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | CCM 4.1. / CCA 4.1. | - | - | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.0% | - | - |
| Transmission and distribution of electricity | CCM 4.9. / CCA 4.9. | 161.6 | 97.2% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 97.6% | E | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | CCM 7.4. / CCA 7.4. | - | - | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | - | E | - |
| **Capex of environmentally sustainable activities (Taxonomy - aligned) (A.1)** | | **161.6** | **97.2%** | **97.2%** | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | **98.0%** | - | - |
| **Of which enabling** | | **161.6** | **97.2%** | **97.2%** | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | **97.7%** | E | - |
| **Of which transitional** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **A.2 Taxonomy - eligible but not environmentally sustainable activities (not Taxonomy - aligned activities)** | | | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | CCM 6.5. / CCA 6.5. | 0.2 | 0.1% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | - | - | - |
| Operation of personal mobility devices, cycle logistics | CCM 6.4. / CCA 6.4. | 0 | 0.0% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | - | - | - |
| Renovation of existing buildings | CCM 7.2. / CCA 7.2. | 0.3 | 0.2% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | 0.2% | - | - |
| **Capex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy - aligned activities) (A.2)** | - | 0.6 | 0.3% | | | | | | | | | | | | | | **0.2%** | | |
| **Capex of Taxonomy eligible activities (A.1+A.2)** | - | **162.1** | **97.5%** | **97.5%** | | | | | | | | | | | | | **98.2%** | - | - |
| **B. TAXONOMY - NON - ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |

| | | | |
|---|---|---|---|
| **Capex of Taxonomy non - eligible activities** | **-** | **4.2** | **2.5%** |
| **TOTAL (A+B)** | **-** | **166.3** | **100%** |

EL – Taxonomy-eligible activity for the relevant objective;

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective;

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

### OpEx under to EU Taxonomy regulation

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities i.e., activities meeting the Taxonomy criteria). Information for the year 2025.

| Economic activities | Code(s) | OpEx | Proportion of Opex 2025 | Substantial contribution criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | Minimum safeguards | Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) Opex year 2024 | Category (enabling activity (E)) | Category (transitional activity (T)) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Climate change mitigation | Climate change adaptation | Water and marine resources | Pollution | Circular economy | Biodiversity and ecosystems | Climate change mitigation | Climate change adaptation | Water and marine resources | Pollution | Circular economy | Biodiversity and ecosystems | | | | | |
| **A. TAXONOMY ELIGIBLE ACTIVITIES** | | **million EUR** | **%** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y; N; N/EL** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | **Y / N** | | **%** | **E** | **T** |
| | | | | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | **EL; N/EL** | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | | |
| Electricity generation using solar photovoltaic technology | CCM 4.1. / CCA 4.1. | - | - | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | | _ | - | - |
| Transmission and distribution of electricity | CCM 4.9. / CCA 4.9. | 24.1 | 88.2% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | | 88.2% | E | - |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | CCM 7.4. / CCA 7.4. | 0 | 0.0% | Y | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | | - | E | - |
| **Opex of environmentally sustainable activities (Taxonomy - aligned) (A.1)** | | **24.1** | **88.2%** | **88.2%** | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | | **88.2%** | - | - |
| **Of which enabling** | | **24.1** | **88.2%** | **88.2%** | N | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | | **88.2%** | E | - |
| **Of which transitional** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - |
| **A.2 Taxonomy - eligible but not environmentally sustainable activities (not Taxonomy - aligned activities)** | | | | | | | | | | | | | | | | | | | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | CCM 6.5. / CCA 6.5. | 0.1 | 0.4% | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | | 0.3% | - | - |
| Operation of personal mobility devices, cycle logistics | CCM 6.4. / CCA 6.4 | - | - | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | | - | - | - |
| Renovation of existing buildings | CCM 7.2. / CCA 7.2. | - | - | EL | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - | | - | - | - |
| **Opex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy - aligned activities) (A.2)** | - | **0.1** | **0.4%** | **0.4%** | | | | | | | | | | | | | | **0.3%** | | |
| **Opex of Taxonomy eligible activities (A.1+A.2)** | - | **24.2** | **88.5%** | **88.5%** | | | | | | | | | | | | | | **88.5%** | - | - |
| **B. TAXONOMY - NON - ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| **Opex of Taxonomy non - eligible activities** | - | **3.1** | **11.5%** | | | | | | | | | | | | | | | | | |
| **TOTAL (A+B)** | - | **27.4** | **100%** | | | | | | | | | | | | | | | | | |

EL – Taxonomy-eligible activity for the relevant objective;

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective;

Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective;

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

**Nuclear and fossil gas related activities under the Taxonomy regulation**

| Row | | |
|---|---|---|
| | **Nuclear energy related activities** | |
| 1. | The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | NO |
| 2. | The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as<br>hydrogen production, as well as their safety upgrades, using best available technologies. | NO |
| 3. | The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | NO |
| | **Fossil gas related activities** | |
| 4. | The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | NO |
| 5. | The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. | NO |
| 6. | The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. | NO |

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## 33. ESRS INDEX

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| 4.2 Minimum disclosure requirement on policies and actions | | |
| Policies MDR-P | Policies adopted to manage material sustainability matters | Sustainability governance |
| Actions MDR-A | Actions and resources in relation to material sustainability matters | Sustainability governance |
| 5. Metrics and targets | | |
| Metrics MDR-M | Metrics in relation to material sustainability matters | Sustainability governance |
| Targets MDR-T | Tracking effectiveness of policies and actions through targets | Sustainability governance |
| Environmental topics | | |

| | | |
|---|---|---|
| E1 ESRS Climate change | | |
| Governance | | |
| E1 GOV-3 | Integration of sustainability-related performance in incentive schemes | Sustainability governance |
| Strategy | | |
| E1 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | E1 Climate change |
| E1-1 | Transition plan for climate change mitigation | E1 Climate change |
| Impact, risk and opportunity management | | |
| E1 IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities | Double materiality assessment |
| E1-2 | Policies related to climate change mitigation and adaptation | E1 Climate change |
| E1-3 | Actions and resources in relation to climate change policies | E1 Climate change |
| Metrics and targets | | |
| E1-4 | Targets related to climate change mitigation and adaptation | E1 Climate change |
| E1-5 | Energy consumption and mix | E1 Climate change |
| E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | E1 Climate change |
| E1-7 | GHG removals and GHG mitigation projects financed through carbon credits | E1 Climate change |
| E1-8 | Internal carbon pricing | E1 Climate change |
| E4 ESRS Biodiversity and ecosystems | | |
| Strategy | | |
| E4 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | E4 Biodiversity and ecosystems |
| E4-1 | Transition plan and consideration of biodiversity and ecosystems in strategy and business model | E4 Biodiversity and ecosystems |
| Impact, risk and opportunity management | | |
| E4 IRO-1 | Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities | Double materiality assessment |
| E4-2 | Policies related to biodiversity and ecosystems | E4 Biodiversity and ecosystems |
| E4-3 | Actions and resources related to biodiversity and ecosystems | E4 Biodiversity and ecosystems |
| Metrics and targets | | |
| E4-4 | Targets related to biodiversity and ecosystems | E4 Biodiversity and ecosystems |
| E4-5 | Impact metrics related to biodiversity and ecosystems change | E4 Biodiversity and ecosystems |
| E5 ESRS Resource use and circular economy | | |
| Impact, risk and opportunity management | | |
| E5 IRO-1 | Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities | E5 Circular economy |
| E5-1 | Policies related to resource use and circular economy | E5 Circular economy |

| | | |
|---|---|---|
| E5-2 | Actions and resources in relation to resource use and circular economy | E5 Circular economy |
| | Metrics and targets | |
| E5-3 | Targets related to resource use and circular economy | E5 Circular economy |
| E5-4 | Resource inflows | E5 Circular economy |
| E5-5 | Resource outflows | E5 Circular economy |
| | Social topics | |
| | S1 ESRS Own workforce | |
| | Strategy | |
| S1 SBM-2 | Interests and views of stakeholders | Strategy, business model and value chain |
| S1 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | S1 Own workforce |
| | Impact, risk and opportunity management | |
| S1-1 | Policies related to own workforce | S1 Own workforce |
| S1-2 | Processes for engaging with own workers and workers' representatives about impacts | S1 Own workforce |
| S1-3 | Processes to remediate negative impacts and channels for own workers to raise concerns | S1 Own workforce |
| S1-4 | Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | S1 Own workforce |
| | Metrics and targets | |
| S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | S1 Own workforce |
| S1-6 | Characteristics of the undertaking's employees | S1 Own workforce |
| S1-7 | Characteristics of non-employee workers in the undertaking's own workforce | S1 Own workforce |
| S1-8 | Collective bargaining coverage and social dialogue | S1 Own workforce |
| S1-9 | Diversity metrics | S1 Own workforce |
| S1-10 | Adequate wages | S1 Own workforce |
| S1-11 | Social protection | S1 Own workforce |
| S1-12 | Persons with disabilities | S1 Own workforce |
| S1-13 | Training and skills development metrics | S1 Own workforce |
| S1-14 | Health and safety metrics | S1 Own workforce |
| S1-15 | Work-life balance metrics | S1 Own workforce |
| S1-16 | Compensation metrics (pay gap and total compensation) | S1 Own workforce |
| S1-17 | Incidents, complaints and severe human rights impacts | S1 Own workforce |
| | S3 ESRS Affected communities | |
| | Strategy | |
| S3 SBM-2 | Interests and views of stakeholders | Strategy, business model and value chain |

| | | |
|---|---|---|
| S3 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | S3 Affected communities |
| | Impact, risk and opportunity management | |
| S3-1 | Policies related to affected communities | S3 Affected communities |
| S3-2 | Processes for engaging with affected communities about impacts | S3 Affected communities |
| S3-3 | Processes to remediate negative impacts and channels for affected communities to raise concerns | S3 Affected communities |
| S3-4 | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | S3 Affected communities |
| | Metrics and targets | |
| S3-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | S3 Affected communities |
| | S4 ESRS Consumers and end-users | |
| | Strategy | |
| S4 SBM-2 | Interests and views of stakeholders | Strategy, business model and value chain |
| S4 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business mode | S4 Consumers and end-users |
| | Impact, risk and opportunity management | |
| S4-1 | Policies related to consumers and end-users | S4 Consumers and end-users |
| S4-2 | Processes for engaging with consumers and end-users about impacts | S4 Consumers and end-users |
| S4-3 | Processes to remediate negative impacts and channels for consumers and end-users to raise concerns | S4 Consumers and end-users |
| S4-4 | Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions | S4 Consumers and end-users |
| | Metrics and targets | |
| S4-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | S4 Consumers and end-users |
| | Governance topics | |
| | G1 ESRS Business conduct | |
| | Governance | |
| G1 GOV-1 | The role of the administrative, supervisory and management bodies | Sustainability governance |
| | Impact, risk and opportunity management | |
| G1 IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities | G1 Business conduct |

| | | |
|---|---|---|
| G1-1 | Corporate culture and business conduct policies and corporate culture | G1 Business conduct |
| G1-2 | Management of relationships with suppliers | G1 Business conduct |
| G1-3 | Prevention and detection of corruption and bribery | G1 Business conduct |
| | Metrics and targets | |
| G1-4 | Confirmed incidents of corruption or bribery | G1 Business conduct |
| G1-6 | Payment practices | G1 Business conduct |
| | Entity specific disclosures: Critical infrastructure resilience | |
| SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | Critical infrastructure resilience |
| MDR-P | Policies adopted to manage material sustainability matters | Critical infrastructure resilience |
| MDR-A | Actions and resources in relation to material sustainability matters | Critical infrastructure resilience |
| MDR-T | Tracking effectiveness of policies and actions through targets | Critical infrastructure resilience |
| MDR-M | Metrics in relation to material sustainability matters | Critical infrastructure resilience |

## 34. LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

List of data units of horizontal standards and thematic standards required under other EU legal acts

This appendix is an integral part of the ESRS 2. The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation.

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d) | Indicator number 13 of Table #1 of Annex 1 | | Commission Delegated Regulation (EU) 2020/1816[5], Annex II | | Sustainability governance |
| ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 € | | | Delegated Regulation (EU) 2020/1816, Annex II | | Sustainability governance |
| ESRS 2 GOV-4 Statement on due diligence paragraph 30 | Indicator number 10 Table #3 of Annex 1 | | | | Sustainability governance |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS 2 SBM-1 | Indicators number 4 Table #1 of Annex 1 | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/24536 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk | Delegated Regulation (EU) 2020/1816, Annex II | | Strategy, business model and value chain |
| ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii | Indicator number 9 Table #2 of Annex 1 | | Delegated Regulation (EU) 2020/1816, Annex II | | Strategy, business model and value chain |
| ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii | Indicator number 14 Table #1 of Annex 1 | | Delegated Regulation (EU) 2020/1818[7], Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II | | Strategy, business model and value chain |
| ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv | | | Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II | | Strategy, business model and value chain |
| ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14 | | | | Regulation (EU) 2021/1119, Article 2(1) | E1 Climate change |
| ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g) | | Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity | Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2 | | E1 Climate change |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS E1-4 GHG emission reduction targets paragraph 34 | Indicator number 4 Table #2 of Annex 1 | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics | Delegated Regulation (EU) 2020/1818, Article 6 | | E1 Climate change |
| ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38 | Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1 | | | | E1 Climate change |
| ESRS E1-5 Energy consumption and mix paragraph 37 | Indicator number 5 Table #1 of Annex 1 | | | | E1 Climate change |
| ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43 | Indicator number 6 Table #1 of Annex 1 | | | | E1 Climate change |
| ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44 | Indicators number 1 and 2 Table #1 of Annex 1 | Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity | Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1) | | E1 Climate change |
| ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55 | Indicators number 3 Table #1 of Annex 1 | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics | Delegated Regulation (EU) 2020/1818, Article 8(1) | | E1 Climate change |
| ESRS E1-7 GHG removals and carbon credits paragraph 56 | | | | Regulation (EU) 2021/1119, Article 2(1) | E1 Climate change |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66 | | | Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II | | Immaterial |
| ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c). | | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk. | | | Immaterial |
| ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c). | | Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral | | | Immaterial |
| ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69 | | | Delegated Regulation (EU) 2020/1818, Annex II | | Immaterial |
| ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28 | Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1 | | | | Immaterial |
| ESRS E3-1 Water and marine resources paragraph 9 | Indicator number 7 Table #2 of Annex 1 | | | | Immaterial |
| ESRS E3-1 Dedicated policy paragraph 13 | Indicator number 8 Table 2 of Annex 1 | | | | Immaterial |
| ESRS E3-1 Sustainable oceans and seas paragraph 14 | Indicator number 12 Table #2 of Annex 1 | | | | Immaterial |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS E3-4 Total water recycled and reused paragraph 28 c | Indicator number 6.2 Table #2 of Annex 1 | | | | Immaterial |
| ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29 | Indicator number 6.1 Table #2 of Annex 1 | | | | Immaterial |
| ESRS 2- IRO 1 - E4 paragraph 16 (a) i | Indicator number 7 Table #1 of Annex 1 | | | | Double materality assessment |
| ESRS 2- IRO 1 - E4 paragraph 16 (b) | Indicator number 10 Table #2 of Annex 1 | | | | Double materality assessment |
| ESRS 2- IRO 1 - E4 paragraph 16 (c) | Indicator number 14 Table #2 of Annex 1 | | | | Double materality assessment |
| ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b) | Indicator number 11 Table #2 of Annex 1 | | | | E4 Biodiversity and Ecosystems |
| ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c) | Indicator number 12 Table #2 of Annex 1 | | | | E4 Biodiversity and Ecosystems |
| ESRS E4-2 Policies to address deforestation paragraph 24 (d) | Indicator number 15 Table #2 of Annex 1 | | | | E4 Biodiversity and Ecosystems |
| ESRS E5-5 Non-recycled waste paragraph 37 (d) | Indicator number 13 Table #2 of Annex 1 | | | | E5 Circular Economy |
| ESRS E5-5 Hazardous waste and radioactive waste paragraph 39 | Indicator number 9 Table #1 of Annex 1 | | | | E5 Circular Economy |
| ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f) | Indicator number 13 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g) | Indicator number 12 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-1 Human rights policy commitments paragraph 20 | Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I | | | | S1 Own Workforce |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21 | | | Delegated Regulation (EU) 2020/1816, Annex II | | S1 Own Workforce |
| ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22 | Indicator number 11 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-1 Workplace accident prevention policy or management system paragraph 23 | Indicator number 1 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c) | Indicator number 5 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c) | Indicator number 2 Table #3 of Annex I | | Delegated Regulation (EU) 2020/1816, Annex II | | S1 Own Workforce |
| ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e) | Indicator number 3 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a) | Indicator number 12 Table #1 of Annex I | | Delegated Regulation (EU) 2020/1816, Annex II | | S1 Own Workforce |
| ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b) | Indicator number 8 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-17 Incidents of discrimination paragraph 103 (a) | Indicator number 7 Table #3 of Annex I | | | | S1 Own Workforce |
| ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a) | Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I | | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1) | | S1 Own Workforce |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b) | Indicators number 12 and n. 13 Table #3 of Annex I | | | | Immaterial |
| ESRS S2-1 Human rights policy commitments paragraph 17 | Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1 | | | | Immaterial |
| ESRS S2-1 Policies related to value chain workers paragraph 18 | Indicator number 11 and n. 4 Table #3 of Annex 1 | | | | Immaterial |
| ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19 | Indicator number 10 Table #1 of Annex 1 | | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) | | Immaterial |
| ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19 | | | Delegated Regulation (EU) 2020/1816, Annex II | | Immaterial |
| ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36 | Indicator number 14 Table #3 of Annex 1 | | | | Immaterial |
| ESRS S3-1 Human rights policy commitments paragraph 16 | Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1 | | | | S3 Affected Communities |
| ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17 | Indicator number 10 Table #1 Annex 1 | | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) | | S3 Affected Communities |
| ESRS S3-4 Human rights issues and incidents paragraph 36 | Indicator number 14 Table #3 of Annex 1 | | | | S3 Affected Communities |

| Disclosure Requirement and related datapoint | SFDR[1] reference | Pillar 3[2] reference | Benchmark Regulation[3] reference | EU Climate Law[4] reference | Section title where the information is disclosed |
|---|---|---|---|---|---|
| ESRS S4-1 Policies related to consumers and end-users paragraph 16 | Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1 | | | | S4 Consumers and End Users |
| ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17 | Indicator number 10 Table #1 of Annex 1 | | Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1) | | S4 Consumers and End Users |
| ESRS S4-4 Human rights issues and incidents paragraph 35 | Indicator number 14 Table #3 of Annex 1 | | | | S4 Consumers and End Users |
| ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b) | Indicator number 15 Table #3 of Annex 1 | | | | G1 Business Conduct |
| ESRS G1-1 Protection of whistle-blowers paragraph 10 (d) | Indicator number 6 Table #3 of Annex 1 | | | | G1 Business Conduct |
| ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a) | Indicator number 17 Table #3 of Annex 1 | | Delegated Regulation (EU) 2020/1816, Annex II) | | G1 Business Conduct |
| ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b) | Indicator number 16 Table #3 of Annex 1 | | | | G1 Business Conduct |

# Financial information



## THE COMPANY'S STATEMENT OF FINANCIAL POSITION

FOR THE TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2025 (All amounts are in EUR thousands unless otherwise stated)

| | Notes | At 31 December 2025 | At 31 December 2024 (restated) | At 31 December 2023 (restated) |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | 6 | 4,204 | 4,010 | 4,941 |
| Property, plant and equipment | 7 | 525,911 | 445,479 | 395,157 |
| Right-of-use assets | 8 | 4,485 | 4,895 | 5,355 |
| Investments in a joint venture | 9 | 77 | 99 | 45 |
| Deferred income tax assets | 27 | 18,941 | 12,778 | 7,122 |
| **Total non-current assets** | | **553,618** | **467,261** | **412,620** |
| Current assets | | | | |
| Inventories | 10 | 66 | 61 | 41 |
| Trade receivables | 11 | 61,236 | 49,985 | 26,912 |
| Other financial assets at amortised cost | 12 | 158,180 | 270,309 | 171,946 |
| Other current non-financial assets | 13 | 38,915 | 32,591 | 36,330 |
| Prepaid income tax | | - | - | 28,934 |
| Cash and cash equivalents | 14 | 4,397 | 113 | 634 |
| **Total current assets** | | **262,794** | **353,059** | **264,797** |
| **Total assets** | | **816,412** | **820,320** | **677,417** |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Share capital | 15 | 146,256 | 146,256 | 146,256 |
| Share premium | 15 | 8,579 | 8,579 | 8,579 |
| Revaluation reserve | 16 | 18,964 | 20,830 | 23,320 |
| Legal reserve | 16 | 14,626 | 14,626 | 12,105 |
| Other reserves | 16 | 43,192 | 500 | 40 |
| Retained earnings | | 35,860 | 67,404 | 48,386 |
| **Total equity** | | **267,477** | **258,195** | **238,686** |
| **Non-current liabilities** | | | | |
| Borrowings | 19 | 18,000 | 22,000 | 28,143 |
| Lease liabilities | 20 | 4,308 | 4,605 | 5,038 |
| Other non-current financial liabilities at amortised cost | 23 | 261 | - | 131 |
| Liabilities to use congestion management revenues | 24 | 312,406 | 308,802 | 264,173 |
| Provisions | 25 | 1,123 | 704 | 823 |
| Other non-current non-financial liabilities | 26 | 10,598 | 14,615 | 1,749 |
| **Total non-current liabilities** | | **346,696** | **350,726** | **300,057** |
| **Current liabilities** | | | | |
| Borrowings | 19 | 4,027 | 6,178 | 6,186 |
| Lease liabilities | 20 | 361 | 454 | 455 |
| Trade payables | 22 | 78,972 | 112,918 | 56,153 |
| Other current financial liabilities at amortised cost | 23 | 4,915 | 3,553 | 33,855 |
| Liabilities to use congestion management revenues | 24 | 87,272 | 81,316 | 36,901 |
| Provisions | 25 | 169 | 83 | 1,607 |
| Other current non-financial liabilities | 26 | 26,523 | 6,897 | 3,517 |
| **Total current liabilities** | | **202,239** | **211,399** | **138,674** |
| **Total liabilities** | | **548,935** | **562,125** | **438,731** |

| | | | |
|---|---|---|---|
| **Total equity and liabilities** | **816,412** | **820,320** | **677,417** |

## THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2025 (All amounts are in EUR thousands unless otherwise stated)

| | Notes | 2025 | 2024 (restated) |
|---|---|---|---|
| Revenue * | 28 | 429,269 | 375,865 |
| Other income | 29 | 1,813 | 2,472 |
| | | **431,082** | **378,337** |
| Expenses for purchase of electricity and related services ** | 30 | (328,957) | (271,579) |
| Wages and salaries and related expenses | 31 | (24,187) | (20,579) |
| Repair and maintenance services | | (11,462) | (10,281) |
| Other expenses | 32 | (17,558) | (15,400) |
| | | **(382,164)** | **(317,839)** |
| | | | |
| **EBITDA** | | **48,918** | **60,498** |
| | | - | - |
| Depreciation and amortisation | 6,7,8 | (23,341) | (22,562) |
| Loss on write-off of non-current assets | | (1,172) | (653) |
| **Operating profit/(loss) (EBIT)** | | **24,405** | **37,283** |
| | | | |
| **Share of results of the joint ventures** | 9 | **31** | **54** |
| Financial income | 33 | 3,735 | 6,182 |
| Financial costs | 33 | (341) | (392) |
| **Financial income (costs) net** | | 3,394 | 5,790 |
| **Profit/(loss) before income tax** | | **27,830** | **43,127** |
| **Income tax** | | | |
| Deferred income tax income | 27 | 6,391 | 5,901 |
| **Total income tax** | | **6,391** | **5,901** |
| **Profit/(loss) for the period** | | **34,221** | **49,028** |
| **Other comprehensive income (expenses)** | | | |
| Loss on revaluation of non-current assets | 16 | - | (22) |
| Deferred tax (expenses) | 16.27 | (228) | (245) |
| **Other comprehensive income (expenses) that will not be reclassified to profit or loss** | | **(228)** | **(267)** |
| **Total comprehensive income/(expenses) for the period** | | **33,993** | **48,761** |
| **Basic and diluted earnings/(deficit) per share (in EUR)** | | **0.068** | **0.097** |

* Revenue of which negative price revenue was EUR ( 64,287) thousand in 2025, and (EUR 25,723) thousand in 2024).

** Purchase of electricity and related services of which purchase at negative price was EUR 52,855 thousand in 2025 (EUR 27,096 thousand in 2024).

## THE COMPANY'S STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2025 (All amounts are in EUR thousands unless otherwise stated)

| | Note | Share capital | Share premium | Legal reserve | Revaluation reserve | Other reserves | Retained earnings/ (deficit) | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2024** | | **146,256** | **8,579** | **12,105** | **23,320** | **40** | **48,386** | **238,686** |
| Profit/(loss) | | - | - | - | - | - | 49,028 | 49,028 |
| Other comprehensive income/(expenses) | | - | - | - | (267) | - | - | (267) |
| **Total comprehensive income/(expenses):** | | **-** | **-** | **-** | **(267)** | **-** | **49,028** | **48,761** |
| Depreciation of revaluation reserve and amounts written off | | - | - | - | (2,223) | - | 2,223 | - |
| Transactions with owners in their capacity as owners | | - | - | - | - | - | - | - |
| Transfer to reserves | 16 | - | - | 2,521 | - | 460 | (2,981) | - |
| Dividends | 17 | - | - | - | - | - | (29,252) | (29,252) |
| **Total transactions with owners in their capacity as owners** | | **-** | **-** | **2,521** | **(2,223)** | **460** | **(30,010)** | **(29,252)** |
| **Balance at 31 December 2024** | | **146,256** | **8,579** | **14,626** | **20,830** | **500** | **67,404** | **258,195** |
| | | | | | | | | |
| **Balance at 1 January 2025** | | **146,256** | **8,579** | **14,626** | **20,830** | **500** | **67,404** | **258,195** |
| Profit/(loss) | | - | - | - | - | - | 34,221 | 34,221 |
| Other comprehensive income/(expenses) | | - | - | - | (228) | - | - | (228) |
| **Total comprehensive income/(expenses):** | | **-** | **-** | **-** | **(228)** | **-** | **34,221** | **33,993** |
| Depreciation of revaluation reserve and amounts written off | | - | - | - | (1,638) | - | 1,638 | - |
| Transactions with owners in their capacity as owners | | - | - | - | - | - | - | - |
| Transfer to reserves | 16 | - | - | - | - | 42,692 | (42,692) | - |
| Dividends | 17 | - | - | - | - | - | (24,711) | (24,711) |
| **Total transactions with owners in their capacity as owners** | | **-** | **-** | **-** | **(1,638)** | **42,692** | **(65,765)** | **(24,711)** |
| **Balance at 31 December 2025** | | **146,256** | **8,579** | **14,626** | **18,964** | **43,192** | **35,860** | **267,477** |

## THE COMPANY'S STATEMENT OF CASH FLOWS

FOR THE TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2025 (All amounts are in EUR thousands unless otherwise stated)

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) for the period | | 34,221 | 49,028 |
| **Adjustments for non-cash items** | | | |
| Depreciation and amortisation expenses | 6,7,8 | 23,341 | 22,562 |
| Impairment of property, plant and equipment | 7 | - | 480 |
| Loss on write-off of property, plant and equipment | | 1,172 | 173 |
| Impairment/(reversal of impairment) of inventories and receivables | 10 | 21 | (10) |
| (Gain)/loss on disposal/write-off of property, plant and equipment | | (523) | (381) |
| Income tax expenses/(income) | 27 | (6,391) | (5,901) |
| Increase (decrease) in provisions | | 505 | 196 |
| Elimination of other non-cash items | | 353 | 86 |
| **Elimination of results of financing and investing activities** | | | |
| Finance costs, net | | (3,394) | (5,790) |
| Elimination of share of results of joint venture | 9 | (31) | (54) |
| **Changes in working capital** | | | |
| (Increase)/decrease in trade receivables and other amounts receivable | | (17,858) | (23,295) |
| (Increase)/decrease in inventories, prepayments and other current assets | | (26) | 584 |
| Increase/(decrease) in amounts payable, grants, deferred revenue and advance amounts received | | 11,645 | 67,496 |
| Changes in other financial assets | | (8) | 248 |
| **Net cash inflow/(outflow) from operating activities** | | **43,027** | **105,422** |
| **Cash flows from investing activities** | | | |
| (Acquisition) of property, plant and equipment and intangible assets | | (185,701) | (181,406) |
| Disposal of property, plant and equipment and intangible assets | | 523 | - |
| Grants received | 18 | 2,547 | 68,732 |
| Congestion management inflows received | | 61,911 | 135,670 |
| Loans recovered (granted) to related parties | 12 | 109,405 | (98,978) |
| Dividends received | | 53 | - |
| Interest received | | 4,117 | 6,081 |
| **Net cash inflow/(outflow) from in investing activities** | | **(7,145)** | **(69,901)** |
| **Cash flows from financing activities** | | | |
| Repayments of borrowings | 19 | (6,143) | (6,143) |
| Settlement of lease liabilities | 20 | (483) | (434) |
| Interest paid | 21 | (334) | (400) |
| Dividends paid | | (24,638) | (29,156) |
| Other cash flows from financing activities | | - | 91 |
| **Net cash (outflow) from financing activities** | | **(31,598)** | **(36,042)** |
| **Increase/(decrease) in cash and cash equivalents** | | **4,284** | **(521)** |
| Cash and cash equivalents at the beginning of the period | 14 | 113 | 634 |
| **Cash and cash equivalents at the end of the period** | 14 | **4,397** | **113** |

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

# NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS PERIOD ENDEN 31 DECEMBER 2025

## 1. General information

Litgrid AB is a public limited liability company registered in the Republic of Lithuania. The address of its registered office is Karlo Gustavo Emilio Manerheimo g. 8, LT-05131, Vilnius, Lithuania. The Company was established as a result of the unbundling of Lietuvos Energija AB operations. The Company was registered with the Register of Legal Entities on 16 November 2010. The Company's code is 302564383.

Litgrid is the electricity transmission system operator in Lithuanian. We maintain high-voltage electricity transmission networks and secure the stable operation of the country's electricity system, manage electricity flows, and create conditions for competition in the free electricity market. We are responsible for the functioning of the Lithuanian electricity system in the European electricity infrastructure and for the single electricity market.

On 27 August 2013, the National Energy Regulatory Council (the "NERC") granted a licence to the Company to engage in electricity transmission activities for an indefinite term.

The principal objectives of the Company's activities include ensuring stability and reliability of the electricity system in the territory of the Republic of Lithuania within the areas of its competence, creation of objective and non-discriminatory conditions for the use of the transmission networks, management of electricity transmission system assets and its appurtenances.

As at 31 December 2025, the Company's authorised share capital amounted to EUR 146,256,100.20 and it was divided into 504,331,380 ordinary registered shares with the nominal value of EUR 0.29 each. All shares are fully paid. Company's shareholders:

| | At 31 December 2025 | At 31 December 2024 | At 31 December 2025 | At 31 December 2024 |
|---|---|---|---|---|
| | Number of shares held | | Number of shares held (%) | |
| EPSO-G UAB | 491,736,153 | 491,736,153 | 97.5 | 97.5 |
| Other shareholders | 12,595,227 | 12,595,227 | 2.5 | 2.5 |
| **Total** | **504,331,380** | **504,331,380** | **100** | **100** |

The ultimate controlling shareholder of EPSO-G UAB (company code 302826889, address: Laisvės pr. 10, Vilnius) is the Ministry of Energy of the Republic of Lithuania.

As from 22 December 2010, the shares of the Company are listed on the additional trading list of NASDAQ OMX Vilnius Stock Exchange, issue ISIN code LT0000128415.

The number of shares held by the Company in the joint venture were as follows:

| Company name | Address of the company's registered office | at 31 December 2025 | at 31 December 2024 | Profile of activities |
|---|---|---|---|---|
| Baltic RCC OÜ | Kadaka tee 42, EE- 12915 Tallinn Eesti | 33.33% | 33.33% | Provision of services ensuring safety and reliability of the electricity system and coordination between the transmission network operators of the Baltic region |

As at 31 December 2025, the Company had 501 (31 December 2024: 458) employees.

## 2. Material accounting policy

The material accounting policies adopted in the preparation of the Company's financial statements for the year ended 31 December 2025 are summarised below:

## 2.1. Basis of preparation

The Company's financial statements for the year ended 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and meet them.

The 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 losses, and financial assets measured at fair value through other comprehensive income.

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

The statement of cash flows is prepared indirectly.

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

Accounting policies adopted 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 IFRSs and interpretations of the International Financial Reporting Interpretations Committee (IFRIC):**

**In the year ended 31 December 2025, The following IFRSs, amendments and IFRIC interpretations were adopted by the Company:**

**Amendments to IAS 21 Lack of Exchangeability (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).** In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

Based on the assessment of the Company's management, these amendments have no significant impact on these financial statements.

**(b) Standards, amendments and interpretations endorsed by the European Union on 1 January 2026, but have not been early adopted by the Company:**

**Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).** On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Based on the assessment of the Company's management, these amendments have no significant impact on these financial statements.

**Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024 and effective for annual periods beginning on or after 1 January 2026).** The IASB issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB issued the related amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments. Disclosure. The targeted amendments include: (a) clarifying the application of the 'own-use' requirements; (b) permitting hedge accounting if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

**IFRS 18 Presentation and Disclosures in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).** In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures);
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

Based on the Company's assessment, these amendments do not have significant impact on the financial statements.

## 2.2. Property, plant and equipment and intangible assets

- **Property, plant and equipment**

Items of assets with a useful life over one year and the acquisition cost higher than the set minimal capitalisation value for different groups of assets.

All property, plant and equipment (PP&E) is shown at revalued amounts, based on periodic (at least every 5 years) property valuations, less the amounts of accumulated depreciation, recognised grants and impairment losses.

During the revaluation, each object of the asset and the item within that object are evaluated by indicating the remaining useful life established for that item of the asset.

Decreases in the carrying amount arising on the revaluation of property, plant and equipment that offset previous increases of the same asset are charged against the revaluation reserve directly in equity, and all other decreases are recognised in profit or loss. Increases in the carrying amount offset previous decreases of the same asset are recognised in profit or loss. All other increases in the carrying amount 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. After the sale or write-off of a property unit, any balance of the revaluation reserve related to this property is transferred to retained earnings.

Interest on targeted and general loans and other borrowing costs (such as the bank's administration fee, 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 regarded to be an asset which is developed on the basis of a project the value of which is not less than EUR 1 million and the preparation of which for its intended use or sale takes no less than 12 months. Borrowing costs that are attributable to the acquisition of a qualifying asset are capitalised as part of the cost of that asset. The capitalisation of borrowing costs is started when costs related to the production or acquisition of the qualifying asset are incurred (a prepayment is made or a payment for works is made according to the signed statement on the works carried out and their respective value) and ended when all the activities necessary for the preparation of the qualifying asset for its intended use or sale in the manner intended by management are substantially complete. While determining the amount of borrowing costs eligible for the capitalisation of costs incurred in the acquisition of qualifying assets, the capitalisation rate is applied.

Construction work in progress represents non-current fixed assets under construction. The cost of such assets includes design, construction works, plant and equipment being installed, and other directly attributable costs.

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 "property, plant and equipment".

Property, plant, and equipment is recorded at acquisition (production) cost, less grants received/receivable for the acquisition of property, property, plant, and equipment, and penalties. Grants comprise financing from the EU support funds, a portion of congestion management funds designated for the financing of investments, payments for the expenses incurred during the connection of producers to the transmission network and performance of works for the relocation/reconstruction of the transmission network's installations initiated by customers. Capitalization of penalties as cost of property, plant and equipment is disclosed in Note 2.13.

- **Intangible assets**

Intangible assets is recorded at acquisition (production) cost, less grants received/receivable for the acquisition of intangible assets, and penalties. Grants comprise financing from the EU support funds and a portion of congestion management funds designated for the financing of investments. Capitalization of penalties as cost of intangible assets is disclosed in Note 2.13

Intangible assets are initially recognised at cost. Intangible assets are recognised only when it is probable that future economic benefits associated with these assets will flow to the Company and the value of assets can be measured reliably. After initial recognition, intangible assets are carried at cost, less accumulated amortisation and accumulated impairment losses, if any.

- **Depreciation and amortisation**

Depreciation of property, plant and equipment and amortisation of intangible assets, except for land, construction work in progress, statutory servitudes and protection zones of the transmission network, is calculated using the straight-line method over estimated useful lives of the asset. Under IAS 16, non-current assets that are fully depreciated but still in use are not subject to depreciation. The carrying amount of the asset remains the same, usually equals to its residual value, which can be zero.

The estimated useful lives, residual values and depreciation/amortisation method are reviewed by the Company at each year-end to ensure that they are consistent with the expected pattern of economic benefits from these assets. The effect of changes in estimates, if any, is recognised for newly acquired assets on a prospective basis.

The value of the asset cannot be recovered solely because it is still in use after the end of its useful life. However, if the asset is being renewed or enhanced, the costs of such enhancement are capitalized as a separate asset or the costs incurred are included in the value of existing asset.

Each year the Company estimates acquisition cost or revalued amount of the fully depreciated non-current assets still in use by class of assets.

Estimated useful lives of property, plant and equipment and intangible assets are as follows:

| Categories of property, plant and equipment and intangible assets | Useful lives (in years) |
|---|---|
| Buildings | 35 – 60 |
| - Structures, machinery and equipment, whereof: | |
| - 400, 330, 300, 220, 110, 10 kV electricity transmission and cable lines | 55 |
| - 400, 330, 110, 3-17,7 kV switchyard's electrical installations | 30 – 35 |
| - 400, 330, 220, 110, 10-20 kV capacity transformers | 35 |
| - electricity and communication devices | 20 – 25 |
| - electrical installations, whereof: | 15 – 35 |
| - relay security and automation equipment | 15 – 35 |
| - technological and dispatch control equipment | 8 |
| - other equipment | 5 – 20 |
| Motor vehicles | 5 – 10 |
| Other property, plant and equipment, whereof: | |
| - computer hardware and communication equipment | 3 – 10 |
| - inventory, tools | 4 – 10 |
| Intangible assets, whereof: | 3 – 5 |
| - statutory servitudes and protection zones of the transmission network | Not subject to amortisation |

Statutory servitudes and protection zones of the transmission network have an indefinite useful life because the right to use the established zones is unlimited in time.

Gain or loss on disposal of non-current assets is calculated as the difference between the proceeds from sale and the book value of the disposed asset and is recognised in the statement of comprehensive income of the reporting year.

Subsequent repair costs incurred when performing major improvements are included in the carrying amount of property, plant and equipment, only when it is probable that future economic benefits associated with these costs will flow to the Company and these costs can be measured reliably. Repair costs for the asset category of overhead lines and cables are accounted for as component of item of assets by estimating the useful life of the new asset. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

## 2.3. Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company reviews the carrying amounts of property, plant and equipment (including right-of-use assets) and intangible assets to determine whether there are any indications that those assets have suffered an impairment loss. If any such indication exists, the recoverable value of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In assessing 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 value, the carrying value of the asset (cash-generating unit) is reduced to its recoverable value. 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 value of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying value does not exceed the carrying value 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 recognised 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 a revaluation increase (without exceeding the amount of previous impairment).

## 2.4. Inventories

Inventories are initially recorded at acquisition cost. Subsequent to initial recognition, inventories are stated at the lower of cost and net realisable value. Acquisition 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. Cost is determined on the first-in, first-out (FIFO) basis. Net realisable value is the estimated selling price, less the estimated costs of completion and selling expenses.

Inventories required to be stored as a reserve and the management does not expected these inventories to be used over the normal business cycle of the Company or 12 months are classified as non-current assets. Depreciation is calculated for reserve inventories that are classified as non-current assets. The depreciation rate applied reflects an expected useful life of such inventories.

## 2.5. Trade payables and other financial liabilities, borrowings

- **Financial liabilities, borrowings**

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

In subsequent periods, financial liabilities, excluding borrowings, are measured at amortised cost using the effective interest rate method. Interest expense is recognised using the effective interest rate method as disclosed in paragraph 2.6 of the notes to the financial statements.

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, that financial liability is classified as non-current.

- **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is settled, 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts of financial liabilities is recognised in the statement of comprehensive income.

- **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 not longer than one year; otherwise they are included in non-current liabilities.

## 2.6. Grants

- **Asset-related grants**

The government and the EU grants received in the form of non-current assets or designated for the purchase of non-current are treated as asset-related grants. The Company's congestion management revenue, intended for implementation of the projects, are accounted for as asset-related grants.

These grants are accounted for by reducing by the carrying amount of respective non-current assets. In the statement of comprehensive income, grants are recognised over the useful life of the asset by reducing depreciation expenses.

When received in advance, grants related to the acquisition of non-current assets are stated as liabilities until the costs are incurred which are reimbursed in line with terms and condition of financing agreements.

Grants receivable are recorded in other amounts receivable when, in accordance with the agreements under which the grant providers assume the obligation to finance the investment projects, reimbursable costs have been incurred according to the established terms of the financing agreements.

- **Income-related grants**

Grants received as a compensation for expenses or unearned income of the current or previous reporting period, also, all grants, which are not grants related to assets, are defined as grants related to income. Income-related grants are recognised as used in parts to the extent of expenses incurred during the reporting period or unearned income to be compensated by that grant.

Income-related grants are recognised in profit or loss by increasing other income over the period in which the grant is received or when there is reasonable assurance that the grant will be received and that the Company complies with the conditions for the allocation of the grant established in the grant agreement.

## 2.7. Connection of new consumers and producers

The connection of producers is accounted for similarly to the principle applicable to grants by offsetting the acquisition cost of assets created for the connection of the producer against the compensation receivable from the connected producer. In case of relocation works of the electricity transmission network when major improvements are performed and when the assets are created by the Company, the grant principle is applied and the cost of the created assets is offset against the amount of compensations receivable from the customer, and when the assets are created by the customer and transferred to the Company free of charge, the assets received from the third parties are offset against the value of the assets. If the major improvement was not performed during the relocation and the asset was created by the Company, such asset is not recognised, i.e. compensation income from the customer and expenses for the creation of such asset are accounted for. When no major improvement is performed and the asset is created by the customer, the asset received from the customer free of charge is not recognised and accounted for in off-balance sheet accounts.

Revenue received from connection of new consumers is accounted for by the Company over the useful life of the created asset because the connection of a new consumer is related to further consumption and related revenue.

## 2.8. Lease liabilities

- **Initial measurement of lease liabilities**

The amount of the initial measurement of lease liabilities is calculated as the present value of lease payments not paid at the commencement date.

Lease payments are discounted using the incremental borrowing rate, which is applied when the contractual interest rate is not known. The incremental borrowing rate is determined by the rate at which the Company would be able to borrow funds for the purpose of acquiring certain assets for a respective period.

At the commencement date, lease payments included in the measurement of a lease liabilities include:

- fixed lease payments less any lease incentives receivable.
- variable lease payments that depend on an index or a rate.
- amounts expected to be payable by the Company under residual value guarantees.
- the exercise price of the purchase option, if exercise of that option by the Company is reasonably certain.
- fines for the termination of the lease, if it is assumed that the Company will exercise the option to terminate the lease during the lease term.

- **Subsequent measurement of lease liabilities**

Subsequent to initial recognition, changes in the value of the Company's lease liabilities are reflected by:

- increasing the value of the liabilities by the amount of interest charged.
- reducing the carrying amount by the lease payments made.
- remeasuring the liabilities for lease modifications or revised payments.

- **Remeasurement of lease liabilities**

Subsequent to initial recognition, the lease liabilities is remeasured to reflect changes in lease payments. The Company treats remeasurements as adjustments to the right-of-use assets. If the carrying amount the right-of-use assets is reduced to zero and the lease liabilities is reduced as well, the Company recognises any remaining amount of the remeasurement in profit or loss.

## 2.9. Right-of-use assets

Right-of-use assets are assets that the Company has the right to manage during the lease term. As of 1 January 2019, the Company recognises 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 date of a lease agreement, the Company measures right-of-use assets at cost, which consists of:

- the amount of the initial measurement of the lease liability.
- initial costs incurred directly attributable to the underlying asset.
- lease payments known at the commencement date, less any lease incentives received and receivable.
- costs to be incurred by the Company in dismantling or removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The amount of the initial measurement of the lease liability is calculated as the present value of lease payments not paid at the commencement date using the discount rate implicit in the lease.

- **Subsequent measurement of right-of-use assets**

After the initial recognition, the Company applies 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 |
| Motor vehicles | from 2 to 4 years |
| Buildings | from 2 to 3 years |
| Other property, plant and equipment | from 2 to 3 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's entities exist on the land plots. When assessing the flow generated by the infrastructure assets of the Company's entities (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.

## 2.10. Provisions

Provisions are recognised only when the Company has a legal obligation or irrevocable commitment as a result of past event, and 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. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate set based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as borrowing costs.

## 2.11. Employee benefits

- **Bonus plans**

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

- **Pension benefits to employees of retirement age**

According to the laws of the Republic of Lithuania and the Collective Agreement effective at LITGRID AB, each employee leaving the Company at the retirement age is entitled to a one-off benefit. 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. At each reporting date, the long-term employee benefit obligation is estimated with reference to actuary valuations using the projected relative unit method. The present value of the defined long-term employee benefit obligation 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.

## 2.12. Congestion management funds

The Company acquires the right to congestion management revenue when the insufficient power line capacity in the market result in different electricity prices between Lithuania and neighbouring countries (Sweden, Poland, Latvia). Revenue that was received as a result of price differences at different bidding areas is distributed equally by the power exchange operator.

Regulation (EU) No 2019/943 of the European Parliament and of the Council of 5 June 2019 on conditions for access to the network for cross-border exchanges in electricity stipulates that congestion management funds may be used in the following order of priority:

- When revenue is used for guaranteeing availability of the allocated capacity of the interconnections, it is recognised as income in the period during which the related expenses are incurred. In case of unplanned disconnection of the electricity interconnection and when the trade in the interconnection's capacities has already been completed at the electricity exchange (i.e. when they have already been allocated), the operators of the line ensure that the capacities traded are available to the market participants. In such a case, the operators incur costs that arise as a result of the price difference between the price of electricity traded by the operators and the price of balancing and (or) imbalance electricity purchased/sold by the Company.
- When revenue is used for maintaining or increasing the interconnections' capacities, congestion management funds is accounted for using the accounting policies applicable to grants, i.e. initially congestion management funds is recognised as liability and recorded by reducing the value of the asset concerned, and subsequently it is recognised by reducing depreciation expenses of the related asset over the useful life of that asset.
- When revenue is used for reducing the tariff, revenue is recognised as income in the period during which the Company generates lower revenue due to lower tariffs and only in case when revenue cannot be efficiently used for the purposes set out in points a) and/or b). Subject to approval by the regulatory authorities of the Member States concerned, they may be used, up to a maximum amount to be decided by those regulatory authorities, as income to be taken into account by the regulatory authorities when approving the methodology for calculating network tariffs and/or fixing network tariffs.

In the statement of financial position, unused congestion management funds are presented as non-current and current liabilities, given the planned use of congestion management funds to finance investments or to compensate tariff in the following year.

## 2.13. Revenue recognition

- **Revenue from contracts with customers**

The Company's revenue is recognised according to a single, principles based five-step model that is applied to all contracts with customers. The Company recognises revenue from the provision of services in the reporting period during which the performance obligation is satisfied, i.e. the control of services or goods is transferred to the customer. This control may be transferred over time or at a point in time. For certain service contracts, revenue is recognised on the basis of the actual service provided before the end of the reporting period as part of the total services to be provided, as the customer benefits from and uses the services simultaneously.

- **Revenue from electricity transmission and related services**

Revenue from contracts with customers comprises revenue from electricity transmission, ancillary services, trade in imbalance and balancing electricity and revenue from connection of new consumers and other related revenue

- Revenue from electricity transmission is revenue for the transmission of electricity via high-voltage facilities from producers to transmission network users, within the limit set by the agreement and calculated on the basis of monthly transmission reports with network users.

Prices of the electricity transmission services are regulated by the Council which establishes the upper limits of the prices for the transmission service. Specific prices and tariffs for the transmission services are established by the Company's Board within the limits approved by the Council. When establishing prices for the next year, deviations of the current year (the year not yet ended) and deviations of the previous year (the year that already ended) and various forecasts for the upcoming year are assessed, i.e. they increase or decrease the prices for the next year, i.e. the prices are not adjusted retrospectively. All possible price adjustments in the future periods for excess profit/higher loss incurred in the previous/current years are not treated as a variable part of the price under IFRS 15. Such decrease (due to excess profit earned) or increase (due to higher expenses incurred) in future revenue does meet the general accounting criteria for the recognition of liabilities or assets because it depends on the Company's operations in the future and is treated as the regulated assets or liabilities and therefore, in the opinion of the Company's management, it does not fall within the scope of IFRS 15.

- Revenue from ancillary services is revenue from services provided to transmission network users, other than reserve capacity and frequency regulation services, ensuring reliable system functioning. They are calculated on the basis of monthly transmission reports with network users.

The Company purchases ancillary services from service providers (major portion from producers) and later provides this service to the distribution network operators and other transmission network users (electricity consumers and producers) on the basis of prices set by NERC. The Company recognises the gross amounts of revenue as it acts as a principal in the provision of ancillary services.

- Revenue from trade in imbalance and balancing electricity is revenue from the supply of electricity generation/import and demand/export balancing energy, calculated on the basis of monthly balancing and imbalance reports with balancing service providers and suppliers responsible for balancing.

In choosing the accounting policy for balancing and imbalance transactions, the Company's management made a significant judgement and determined that, under IFRS 15, the Company acts as the principal in balancing and imbalance electricity transactions, therefore, income and expenses are recognised on a gross basis. In addition, it was assessed that these transactions are entered for the purpose of physical supply of electricity in the course of the Company's ordinary activities and do not meet the definition of derivatives under IFRS 9. This accounting policy choice has a significant impact on the recognition of revenue and expenses and their presentation in the financial statements.

When recognising other income related to electricity transmission and ancillary services the Company takes into consideration the terms of contracts signed with customers and all significant facts and circumstances, including the nature, amount, timing and uncertainty relating to cash flows arising from the contract with the customer. The main sale contracts are signed for the term of one year and coincide with the reporting period. All subsequent value adjustments for previous periods are not made, and contract modifications are rare.

- **Other income.**

Gain from disposal of property, plant and equipment, lease income, income from default charges and fines collected from the contractors as a result of late fulfilment of works, including property, plant and equipment under construction, are recognised by the Company as other income.

Received penalties (default interest, fines) imposed on contractors for delays in completing construction works or delivering equipment are recognised in income when the total amount of penalties under the project does not exceed EUR 1,000.

Received penalties (default interest, fines) imposed on contractors for delays in completing construction works or delivering equipment are capitalised as cost of non-current assets when the project is completed and, at the time of completion, no legal proceedings have been initiated to reduce or cancel the penalties.

- **Interest income**

Interest income is recognised on accrual basis considering the outstanding balance of debt and the applicable interest rate. Interest received is recorded in the statement of cash flows as cash flows from investing activities.

## 2.14. Income tax

Income tax expense comprises the current income tax and deferred tax expense (income). Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case income tax is also recognised in other comprehensive income or directly in equity.

- **Income tax**

The income tax expense for the current year is calculated on the current year's profit before tax, as adjusted for certain non-deductible expenses/non-taxable income.

Tax losses can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the Company changes its activities due to which these losses were incurred except when the Company does not continue its activities due to reasons which do not depend on the Company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum of 70%. In addition, the Company may also take over tax losses of the companies of the group or transfer tax losses to other companies of the group provided that the requirements of the Law on Corporate Income Tax are complied with.

- **Deferred income tax**

Deferred taxes are calculated using the balance sheet liability method. Deferred tax assets and deferred tax liability are recognised for future tax purposes to reflect differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised on all temporary differences that will increase the taxable profit in future, whereas deferred tax assets are recognised to the extent it is probable that they will reduce the taxable profit in future.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

The Company reviews the carrying amount of a deferred income tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax assets to be utilised. Deferred 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 income tax assets and liabilities are offset only where they relate to income taxes assessed by the same fiscal authority or where there is a legally enforceable right to offset current tax assets and current tax liabilities.

- **Current income tax and deferred income tax**

Current income tax and deferred income tax are recognised as income or expenses and included in profit or loss for the reporting period, except for the cases when tax arises from a transaction or event that is recognised directly in equity or in other comprehensive income, in which case taxes are also recorded in equity and in other comprehensive income respectively.

## 3. Accounting estimates and assumptions

- **Significant accounting estimates and assumptions**

The preparation of financial statements according to International Financial Reporting Standards requires management to make estimates and assumptions that applied, the reported amounts of assets, liabilities, income and expenses, and the disclosures of contingencies. Actual results may differ from those estimates. The significant management estimates and assumptions and the main sources for uncertainties used in the preparation of these financial statements that might cause substantial changes in the carrying amounts of the related assets and liabilities in the next financial year are described below:

- **Valuation of property, plant and equipment**

As described in Note 7, the Company revalued its property, plant and equipment as at 31 December 2023. The determination of the assets' fair value is mainly affected by assumptions used in assessing the transmission service income for the future periods. The assumptions used in determining the fair value of property, plant and equipment are described in more detail in the above-mentioned note.

- **Depreciation rates of property, plant and equipment**

The useful life of property, plant and equipment is determined separately for each item (component) of the asset by estimating future economic benefit in view of the expected period of use in the Company's activities, the intensity of use, the environment of use, changes in the asset's original standard performance over its entire useful life, technological and economic progress morally outdating the asset, legal and similar factors restricting the useful life of property, plant and equipment.

Useful lives are reviewed annually to ensure that the depreciation period would correspond to the expected useful life of property, plant and equipment. The effect of changes in estimates, if any, is accounted for on a prospective basis.

- **Congestion management funds and deferred income tax assets**

Based on the accounting policies described in Note 2.12, accounting for congestion management funds depends on the purpose for which revenue is used. These purposes are described in Regulation (EU) No 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity.

Deferred tax assets arising from congestion funds received in 2014-2017 and due to taxation with profit tax at the year as they received will be realised over the useful life of the asset acquired using congestion management funds.

In the long term, regulation ensures the Company's profitability, therefore, in the management's opinion, deferred income tax assets will be realised in the future by reducing income tax payable.

The congestion management funds received from 2018 are subject to profit tax at the time of use of congestion management funds, so there is no difference between financial and tax accounting.

- **Balancing and imbalance transaction accounting policy choice**

In selecting the accounting policy for balancing and imbalance transactions, the Company's management made a significant judgement by determining that the Company acts as a principal in balancing and imbalance electricity transactions in accordance with IFRS 15. Consequently, revenue and expenses are recognised on a gross basis. It was also assessed whether contractual volume flexibility and the ability to monetise excess quantities give rise to derivative financial instruments. These transactions are entered into for the purpose of physical delivery of electricity in the ordinary course of the Company's business and the relevant unit of account is considered to be the 15-minute imbalance settlement period (ISP). As imbalance volumes are determined only when an imbalance actually arises in a specific 15-minute interval and each imbalance is measured, priced, and settled separately for this ISP, there is no annual, monthly, or multi-interval flexibility that system users can exercise for each such unit of account. As the accounting unit is the 15-minute ISP, there is no volume flexibility at any moment or at the end of the year, and therefore no written option or other derivative feature exists within the balancing framework. Furthermore, balancing prices include no premium for flexibility and settlement is based on ISP-specific activation prices and neutrality component, therefore these contracts do not meet the definition of derivative financial instruments under IFRS 9. This accounting policy judgment has a significant impact on the recognition and presentation of revenue and expenses in the financial statements. More information is in Note 2.13.

## 4. Reclassification of comparative figures in the financial statements

In 2025, the Company made changes to the classification of items in the statement of financial position. Non-current and current financial assets at amortised cost are presented separately from non-financial assets. Accordingly, non-current and current financial liabilities at amortised cost are presented separately from non-financial liabilities. Based on the Company's assessment, such reclassification of asset and liability items will be more consistent with the requirements of International Financial Reporting Standards and the information needs of users of financial information.

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2023 | | |
|---|---|---|---|
| | before reclassification | reclassification | after reclassification |
| **Assets** | | | |
| **Current assets** | | | |
| Prepayments | 1,883 | (1,883) | |
| Trade receivables under contracts with customers | 18,629 | (18,629) | |
| Other trade receivables | 8,283 | (8,283) | |
| Trade receivables | | 26,912 | 26,912 |
| Other amounts receivable | 34,867 | (34,867) | |
| Other financial assets at amortised cost | | 171,946 | 171,946 |
| Other current non-financial assets | | 36,330 | 36,330 |
| Loans granted | 167,082 | (167,082) | |
| Other financial assets | 4,444 | (4,444) | |
| **Total current assets** | **235,188** | **-** | **235,188** |
| **Total assets** | **235,188** | **-** | **235,188** |

| | | | |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Other non-current amounts payable and liabilities | 1,880 | (1,880) | |
| Other financial assets at amortised cost | | 131 | 131 |
| Other non-current non-financial liabilities | | 1,749 | 1,749 |
| **Total non-current liabilities** | **1,880** | **-** | **1,880** |
| **Current liabilities** | | | |
| Current portion of non-current borrowing | 6,143 | (6,143) | |
| Current borrowings | 43 | (43) | |
| Borrowings | | 6,186 | 6,186 |
| Current portion of congestion management funds | | 33,855 | 33,855 |
| Advance amounts received | 29,602 | (29,602) | |
| Other non-financial liabilities | | 3,517 | 3,517 |
| Other current amounts payable and liabilities | 7,770 | (7,770) | |
| **Total current liabilities** | **43,558** | **-** | **43,558** |
| **Total liabilities** | **45,438** | **-** | **45,438** |

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2024 | | |
|---|---|---|---|
| | **before reclassification** | **reclassification** | **after reclassification** |
| **Assets** | | | |
| **Current assets** | | | |
| Prepayments | 1,987 | (1,987) | |
| Other amounts receivable | 30,657 | (30,657) | |
| Other financial assets at amortised cost | | 270,309 | 270,309 |
| Other current non-financial assets | | 32,591 | 32,591 |
| Loans granted | 266,060 | (266,060) | |
| Other financial assets | 4,196 | (4,196) | |
| **Total current assets** | **302,900** | **-** | **302,900** |
| **Total assets** | **302,900** | **-** | **302,900** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Other non-current amounts payable and liabilities | 14,615 | (14,615) | |
| Other non-current non-financial liabilities | - | 14,615 | 14,615 |
| **Total non-current liabilities** | **14,615** | **-** | **14,615** |
| **Current liabilities** | | | |
| Current portion of non-current borrowing | 6,143 | (6,143) | |
| Current borrowings | 35 | (35) | |
| Borrowings | | 6,178 | 6,178 |
| Current portion of congestion management funds | | 3,553 | 3,553 |
| Advance amounts received | 1,559 | (1,559) | |
| Other non-financial liabilities | | 6,897 | 6,897 |
| Other current amounts payable and liabilities | 8,891 | (8,891) | |
| **Total current liabilities** | **16,628** | **-** | **16,628** |
| **Total liabilities** | **31,243** | **-** | **31,243** |

## 5. Segment information

The Company is engaged in the provision of electricity transmission and related services and its business activities are organised as a single segment. The Board is the main decision-making body of the Company.

The Board monitors the key performance indicators:

- profit before interest, taxes, depreciation (amortisation), loss on impairment and write-off of property, plant and equipment (EBITDA).
- profit before interest and taxed (EBIT).
- net profit.
- operating expenses, excluding electricity and related expenses.

These indicators are calculated on the basis of data reported in the financial statements.

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

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Revenue and other income | 431,082 | 378,337 |
| Expenses for purchase of electricity and related services (negative price) | (328,957) | (271,579) |
| Wages and salaries and related expenses | (24,187) | (20,579) |
| Repair and maintenance services | (11,462) | (10,281) |
| Other expenses | (17,558) | (15,400) |
| **EBITDA** | **48,918** | **60,498** |
| **Adjusted EBITDA *** | **53,046** | **47,553** |
| Temporary regulatory differences for previous periods | 8,444 | 13,100 |
| Temporary regulatory differences for reporting period | (4,316) | (26,045) |
| **Overall effect of management's adjustments on EBITDA** | **4,128** | **(12,945)** |
| **Result of lost control in subsidiary and revaluation** | | |
| Depreciation and amortisation | (23,341) | (22,562) |
| Loss on impairment and write-off of assets | (1,172) | (653) |
| **Dividend income** | **24,405** | **37,283** |
| Total finance income (costs), net | 3,394 | 5,790 |
| Income tax | 6,391 | 5,901 |
| Share of results of associates | 31 | 54 |
| **Net profit (loss)** | **34,221** | **49,028** |
| Total assets at the end of period | 816,412 | 820,320 |
| Net financial debt at the end of period | (22,299) | (33,124) |
| **Acquisitions of non-current assets and change in the advance payment** | **(191,706)** | **(232,611)** |

*The adjusted EBITDA for 2025 has been calculated based on the figures in the unaudited regulated activity report, whereas for 2024 it has been revised based on the figures in the audited regulated activity report.

All non-current assets of the Company are allocated in Lithuania where the Company conducts its business activities., except for an insignificant 1/3 of the NordBalt cable, which is located in the neutral waters of the Baltic Sea.

In 2025, revenue from the Lithuanian clients accounted for 96% of the Company's total revenue ( 86% in 2024). In 2025 and 2024, the Company's revenue by geographical location of customers:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Lithuania | 412,096 | 324,280 |
| Estonia | 771 | 28,266 |
| Sweden | 2,458 | 5,854 |
| Poland | 331 | 2,702 |
| Luxembourg | 5,667 | 7,792 |
| Latvia | 1,585 | 1,636 |
| Denmark | 4,777 | 5,300 |
| Norway | 2,641 | 3,030 |
| Other countries | 755 | (523) |
| **Total:** | **431,082** | **378,337** |

The Company's revenue from the major clients:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Client A | 255,313 | 243,759 |
| Client B | 27,495 | 27,664 |
| Client C | 22,635 | 16,695 |

## 6. Intangible assets

| All amounts are in EUR thousands unless otherwise stated) | Patents and licences | Computer software | Other intangible assets | Statutory servitudes and protection zones | Total |
|---|---|---|---|---|---|
| **Net book amount at 31 December 2023** | **877** | **1,910** | **86** | **2,068** | **4,941** |
| Acquisitions | 49 | 1,917 | - | - | 1,966 |
| Value adjustment | **-** | **-** | **-** | (390) | (390) |
| Reclassification to/from PP&E | 344 | (207) | - | - | 137 |
| Reclassification off-set of grants against PP&E | (344) | (1,578) | - | - | (1,922) |
| Reclassification between categories | **-** | **-** | **-** | - | - |
| Reclassification between grants categories | **-** | **-** | **-** | - | - |
| Off-set of grants against intangible assets | - | - | - | - | - |
| Amortisation charge | (419) | (245) | (58) | - | (722) |
| **Net book amount at 31 December 2024** | **507** | **1,797** | **28** | **1,678** | **4,010** |
| Acquisition cost | 1,834 | 6,764 | 342 | 4,385 | 13,325 |
| Accumulated amortisation | (1,327) | (4,967) | (314) | - | (6,608) |
| Change in value | - | - | - | (2,707) | (2,707) |
| **Net book amount at 31 December 2024** | **507** | **1,797** | **28** | **1,678** | **4,010** |

| | | | | | |
|---|---|---|---|---|---|
| **Net book amount at 31 December 2024** | **507** | **1,797** | **28** | **1,678** | **4,010** |
| Acquisitions | 131 | 41 | 1,861 | 232 | 2,265 |
| Value adjustment | - | - | - | 91 | 91 |
| Reclassification to/from PP&E | - | - | (81) | - | (81) |
| Reclassification off-set of grants against PP&E | - | - | (155) | - | (155) |
| Reclassification between categories | 9 | 340 | (349) | - | - |
| Reclassification between grants categories | - | (485) | 485 | - | - |
| Off-set of grants against intangible assets | - | - | (1,171) | - | (1,171) |
| Amortisation charge | (418) | (299) | (38) | - | (755) |
| **Net book amount at 31 December 2025** | **229** | **1,394** | **580** | **2,001** | **4,204** |
| Acquisition cost | 1,954 | 6,060 | 932 | 4,617 | 13,563 |
| Accumulated amortisation | (1,725) | (4,666) | (352) | - | (6,743) |
| Change in value | - | - | - | (2,616) | (2,616) |
| **Net book amount at 31 December 2025** | **229** | **1,394** | **580** | **2,001** | **4,204** |

- **The assets related to statutory servitudes**

As at 31 December 2025, the assets related to statutory servitudes amounted to EUR 1,128 thousand (31 December 2024: EUR 1,015 thousand). The following assumptions for the recalculation of the change in value for statutory servitudes applied as at 31 December 2025: the estimated number of applications to be received – 761, average compensation amount per application – EUR 212, discount rate – 2.67%; as at 31 December 2024: the estimated number of applications to be received – 1,015, average compensation amount per application – EUR 212, discount rate – 2.09%.

- **The assets related to protection zones**

As at 31 December 2025, the assets related to protection zones amounted to EUR 873 thousand (31 December 2024: EUR 663 thousand). The following assumptions for the recalculation of the change in value for protection zones applied as at 31 December2025: adjusted planned value of services, considering amendments to the Law on Special Land Use Conditions of the Republic of Lithuania and services provided, discount rate – 2.67%; as at 31 December 2024: planned value of services estimated in accordance with the provisions of the Law on Special Land Use Conditions of the Republic of Lithuania and procurements completed, discount rate – 2.09%.

- **Fully amortized intangible assets**

The following is the acquisition cost of the Company's fully amortized intangible assets still in use:

| All amounts are in EUR thousands unless otherwise stated) | Patents and licences | Computer software | Other intangible assets | Total |
|---|---|---|---|---|
| **At 31 December 2024** | 566 | 4,104 | 127 | 4,797 |
| **At 31 December 2025** | 872 | 3,915 | 342 | 5,129 |

## 7. Property, plant, and equipment

| All amounts are in EUR thousands unless otherwise stated) | Land | Buildings | Structures and machinery | Motor vehicles | Other property, plant and equipment | Construction work in progress | Total |
|---|---|---|---|---|---|---|---|
| **Net book amount at 31 December 2023** | **520** | **19,806** | **283,744** | **-** | **10,269** | **80,818** | **395,157** |
| Acquisitions | - | 556 | 24,834 | 169 | 5,805 | 208,750 | 240,114 |
| Change in prepayments for PP&E | - | - | - | - | - | (9,469) | (9,469) |
| Revaluation (reversal) | - | - | (22) | - | - | - | (22) |
| Write-offs | - | (2) | (1,170) | - | - | (63) | (1,235) |
| Sales | - | - | - | - | (1) | - | (1) |
| Impairment loss | - | - | (480) | - | - | - | (480) |
| Reclassification to inventories | - | - | - | - | (100) | 845 | 745 |
| Reclassification to intangible assets | - | - | - | - | 142 | (279) | (137) |
| Reclassification off-set of grants against intangible assets | - | - | - | - | - | 1,922 | 1,922 |
| Reclassifications between grant categories | - | (5,358) | (42,811) | - | (579) | 48,748 | - |
| Reclassification between categories | - | 11,142 | 91,594 | - | 3,709 | (106,445) | - |
| Off-set of connection revenue against non-current assets | - | (556) | (24,396) | - | (1,192) | (816) | (26,960) |
| Off-set of grants against non-current assets | - | - | - | - | - | (132,775) | (132,775) |
| Depreciation charge | - | (692) | (18,723) | (11) | (1,954) | - | (21,380) |
| **Net book amount at 31 December 2024** | **520** | **24,896** | **312,570** | **158** | **16,099** | **91,236** | **445,479** |
| Revaluated acquisition cost | 520 | 25,575 | 331,384 | 169 | 18,054 | 91,236 | 466,938 |
| Accumulated depreciation | - | (679) | (18,334) | (11) | (1,955) | - | (20,979) |
| Accumulated impairment | - | - | (480) | - | - | - | (480) |
| **Net book amount at 31 December 2024** | **520** | **24,896** | **312,570** | **158** | **16,099** | **91,236** | **445,479** |
| | | | | | | | |
| **Net book amount at 31 December 2024** | **520** | **24,896** | **312,570** | **158** | **16,099** | **91,236** | **445,479** |
| Acquisitions | - | 1,672 | 22,532 | 224 | 14,832 | 152,436 | 191,696 |
| Change in prepayments for PP&E | - | - | - | - | - | (2,255) | (2,255) |
| Revaluation (reversal) | - | - | - | - | - | - | - |
| Write-offs | - | - | (713) | - | (449) | (10) | (1,172) |
| Sales | - | - | - | - | - | - | - |
| Impairment loss | - | - | - | - | - | - | - |
| Reclassification to inventories | - | - | (339) | - | (103) | (2) | (444) |
| Reclassification to intangible assets | - | - | - | - | - | 81 | 81 |
| Reclassification off-set of grants against intangible assets | - | - | - | - | - | 155 | 155 |
| Reclassifications between grant categories | - | (12,093) | (205,721) | - | (4,121) | 221,935 | - |
| Reclassification between categories | - | 15,127 | 278,423 | - | 6,184 | (299,734) | - |
| Off-set of connection revenue against non-current assets | - | (1,672) | (22,201) | - | (833) | (1,437) | (26,143) |
| Off-set of grants against non-current assets | - | - | - | - | - | (59,403) | (59,403) |
| Depreciation charge | - | (816) | (18,443) | (71) | (2,753) | - | (22,083) |
| **Net book amount at 31 December 2025** | **520** | **27,114** | **366,108** | **311** | **28,856** | **103,002** | **525,911** |
| Revaluated acquisition cost | 520 | 28,621 | 403,720 | 394 | 33,090 | 103,002 | 569,347 |
| Accumulated depreciation | - | (1,507) | (37,132) | (83) | (4,234) | - | (42,956) |
| Accumulated impairment | - | - | (480) | - | - | - | (480) |
| **Net book amount at 31 December 2025** | **520** | **27,114** | **366,108** | **311** | **28,856** | **103,002** | **525,911** |

- **Fully depreciated property, plant and equipment**

The following is the acquisition cost of the Company's fully depreciated property, plant and equipment still in use:

| All amounts are in EUR thousands unless otherwise stated) | Buildings | Structures and machinery | Other property, plant and equipment | Total |
|---|---|---|---|---|
| **At 31 December 2024** | 3,233 | 79,402 | 20,168 | 102,803 |
| **At 31 December 2025** | 2,565 | 82,281 | 20,628 | 105,474 |

- **Prepayments for property, plant, equipment (PP&E)**

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Carrying amount at 1 January** | **6,712** | **16,181** |
| Prepayments paid for non-current assets the period | 5,544 | 2,316 |
| Transfer to construction work in progress | (7,799) | (11,785) |
| **Carrying amount at 31 December 2025** | **4,457** | **6,712** |

- **Commitments for the acquisition of property, plant and equipment**

As at 31 December 2025, the Company's commitments for the acquisition of property, plant and equipment to be fulfilled in the upcoming periods amounted to EUR 268,229 thousand (31 December 2024: EUR 170,733 thousand).

Additional information on cash flows

Changes in the Company's payables for non-current assets were taken into account when calculating cash flows from investing activities. In2025, the amount of investments after the change increased by EUR 20,138 thousand (2024: increased by EUR 25,060 thousand.

- **Net book values of property, plant and equipment under historical cost method**

The table below presents the net book amounts of the Company's property, plant and equipment, which would have been recognised had the historical cost method been used, less grants received, negative revaluations and prepayments that would be treated as an impairment equivalent, as at 31 December 2025 and 31 December 2024:

| All amounts are in EUR thousands unless otherwise stated) | Land | Buildings | Structures and machinery | Motor vehicles | Other property, plant and equipment | Construction work in progress | Total |
|---|---|---|---|---|---|---|---|
| **At 31 December 2024** | 520 | 23,865 | 288,854 | 158 | 16,049 | 84,524 | 413,970 |
| **At 31 December 2025** | 520 | 26,112 | 344,302 | 311 | 28,816 | 98,545 | 498,606 |

- **Net book values of property, plant and equipment, net of grants**

Property, plant, and equipment is stated at acquisition cost, less grants received/receivable for the acquisition of property, property, plant, and equipment. Grants comprise financing from the EU support funds, a portion of congestion management funds designated for the financing of investments, payments for the expenses incurred during the connection of producers to the transmission network and performance of works for the relocation/reconstruction of the transmission network's installations initiated by customers.

Had the value of the property, plant and equipment not been reduced by the amount of grants, its carrying amount would have been increased by the amounts of the following grants:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Carrying amount at 1 January** | **598,614** | **458,506** |
| Acquisitions | 85,391 | 157,813 |
| Depreciation charge | (20,632) | (17,688) |
| Write-offs | (13) | (17) |
| **Carrying amount at 31 December** | **663,360** | **598,614** |

- **Information on the revaluation of property, plant and equipment**

Property, plant and equipment is stated at revalued amount. The last revaluation of property, plant and equipment was carried out in 2023. The Company considered external and internal factors that could have an impact on the impairment of property, plant and equipment as at 31 December 2025. During 2025, no significant negative changes in the economic, market, or regulatory environment were identified in any of the above segments. Also, no any other significant internal or external circumstances were identified that could indicate potential impairment of property, plant and equipment.

Nonetheless, the Company tested property, plant, and equipment for impairment using a discounted cash flow technique. Test was performed at the level of cash generating unit (CGU) which is represented by the assets of the Company's electricity transmission network.

The test identified that the carrying amount of the assets within the materiality limits corresponds to their value in use, therefore, as at 31 December 2025, no adjustment were made to the value of property, plant, and equipment.

Key assumptions used in the calculation of the value of assets of electricity transmission system operator as at 31 December 2025 were as follows:

- The updated Long -Run Average Incremental Cost (LRAIC) model for the establishment of the regulated asset base and the cost of capital is applied in the regulatory pricing from 2022. The cost of capital comprises depreciation expenses of the regulated assets and return on investments, which is calculated by multiplying the regulated asset base by the rate of return on investments. Over the regulatory period of five years, the cost of assets under optimisation (planned to be restored) is determined using the present (restored) value and investments in the optimised assets over the regulatory period of five years are consistent with the value of assets being restored, which is calculated under the LRAIC model. The cost of capital of the assets that are not optimised is determined using the historical value. Furthermore, taking into consideration available financing sources and aiming to retain a sustainable level of the Company's debt, an additional component was established for the financing of investments increasing the level of revenue from the regulated activities.
- The amounts of investments until 2031 are used from the ten-year investment plan adjusted for actual data, which excludes all development investments.
- All operating expenses attributable to the regulated activities are compensated through transmission revenue, except for the compensation of remuneration expenses, the compensation assumption of which is 98%.
- The calculation of cash flows for 2026-2027 reflects a difference between the permitted and actual return on transmission investments for 2023-2025, including efficient saving of operating expense to maximise the permitted return on investments (a regulatory surplus to be repaid through a lower transmission price and revenue), and the refund of the result of ancillary services in excess of the amount permitted by NERC to the network consumers (a lower component of ancillary services and revenue), and system balancing loss (to be refunded through a higher neutrality component of the imbalance price and higher revenue from imbalance services).
- The rate of return on investments (pre-tax ROI) was set at 5.65% for 2026 (corresponds to a 4.69% post-tax) and, as of 2027, it is equated to the discount rate of 6.37% (corresponds to a 5.28% post-tax WACC). In the calculations of the asset value as at 31 December 2024, the rate of return on investments (pre-tax ROI) was set at 5.72% for 2025-2026 (corresponds to a 4.86% post-tax), and, as of 2027 it is equated to the discount rate of 5.26% (corresponds to a 4.47% post-tax WACC).

Net cash flows from assets were discounted using the discount rate (post-tax WACC) of 5.28% calculated by the Company. (as at 31 December 2024, net cash flows from assets were discounted using the discount rate (post-tax WACC) of 4.47% calculated by the Company).

## 8. Right-of-use assets

As indicated below, the Company leases land, office premises, motor vehicles and other property, plant and equipment. The lease terms of the lease contracts (except for the lease of land) is 2-4 years. The lease terms of the land lease contracts is 99 years. When recognising right-of-use assets and lease liabilities and determining the lease terms the Company assessed extension and early termination options of the lease contracts. 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.

The Company's right-of-use assets comprise as follows:

| All amounts are in EUR thousands unless otherwise stated) | Land | Buildings | Motor vehicles | Total |
|---|---|---|---|---|
| **Net book amount at 31 December 2023** | **4,240** | **70** | **1,045** | **5,355** |
| Acquisitions | - | - | - | - |
| Depreciation charge | (45) | (24) | (391) | (460) |
| **Net book amount at 31 December 2024** | **4,195** | **46** | **654** | **4,895** |
| Acquisition cost | 4,465 | 70 | 1,542 | 6,077 |
| Accumulated depreciation | (270) | (24) | (888) | (1,182) |
| **Net book amount at 31 December 2024** | **4,195** | **46** | **654** | **4,895** |
| | | | | |
| **Net book amount at 31 December 2024** | **4,195** | **46** | **654** | **4,895** |
| Acquisitions | - | - | 93 | 93 |
| Depreciation charge | (45) | (23) | (435) | (503) |
| **Net book amount at 31 December 2025** | **4,150** | **23** | **312** | **4,485** |
| Acquisition cost | 4,465 | 70 | 1,635 | 6,170 |
| Accumulated depreciation | (315) | (47) | (1,323) | (1,685) |
| **Net book amount at 31 December 2025** | **4,150** | **23** | **312** | **4,485** |

## 9. Investments in the joint venture

In its financial statements, the Company's investments in the joint venture Baltic RCC OU included the following:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Carrying amount at 1 January** | **99** | **45** |
| Change in value of investments in joint ventures | 31 | 54 |
| Dividends paid | (53) | - |
| **Carrying amount at the end of the period** | **77** | **99** |

Below is the information presented in the statement of comprehensive income and the statement of financial position of Baltic RCC OU:

| All amounts are in EUR thousands unless otherwise stated) | 2025 m. (unaudited) | 2024 m. (unaudited) |
|---|---|---|
| Operating results of the joint venture | 97 | 79 |
| Income tax benefit (expenses) | (47) | (2) |
| Net profit (loss) | 50 | 77 |
| **Total comprehensive income for the period:** | **50** | **77** |
| Comprehensive income attributable to the Company | - | 26 |
| **Total comprehensive income attributable to the Company** | **-** | **26** |
| Dividends paid to the Company | 53 | - |

| All amounts are in EUR thousands unless otherwise stated) | 2025-12-31 (unaudited) | 2024-12-31 (unaudited) |
|---|---|---|
| Non-current assets | 68 | 79 |
| Current assets | 953 | 870 |
| **Total assets:** | **1,021** | **949** |
| Non-current liabilities | 10 | 16 |
| Current liabilities | 780 | 636 |
| **Total liabilities:** | **790** | **652** |
| **Net assets** | **231** | **297** |
| Company's share, % | 33.33 | 33.33 |
| Company's share of net assets | 77 | 99 |
| **Carrying amount of investments in the joint venture** | **77** | **99** |

The given information represents the management's estimates made based on the available financial information of the joint venture presented in the financial statements.

In June 2025, the Company received EUR 53 thousand in dividends from Baltic RCC OU, by which the value of investment in the joint venture was reduced.

## 10. Inventories

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Materials and inventories | 230 | 204 |
| Impairment | (164) | (143) |
| **Carrying amount** | **66** | **61** |

Movements in write-down allowance for inventories in 2025 and 2024 are indicated below:

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Carrying amount at 1 January** | **143** | **153** |
| Change in impairment | 21 | (10) |
| **Carrying amount at 31 December** | **164** | **143** |

In 2025 the Company reversed the write-down recognised in 2024, for obsolete or slow-moving inventories stored at the warehouse, by recording the statement of comprehensive income under operating expenses.

The Company's inventories recognised as expenses in 2025 amounted to EUR 385 thousand (2024: EUR 327 thousand).

## 11. Trade receivables

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Trade receivables under contracts with customers** | | |
| Amounts receivable for electricity transmission and related services | 58,917 | 49,290 |
| **Total trade receivables under contracts with customers:** | **58,917** | **49,290** |
| **Trade receivables under the other contracts with customers** | | |
| Congestion management funds receivable | 2,256 | 634 |
| Other trade receivables | 63 | 61 |
| **Total trade receivables under the other contracts with customers:** | **2,319** | **695** |
| **Total trade receivables:** | **61,236** | **49,985** |

The fair value of trade receivables approximates their carrying amount.

As at 31 December 2025, trade receivables from contracts with customers were 23% higher than as at 31 December 2024.

In , the Company did not recognise any expected credit losses related to trade. As at 31 December 2025 and as at 31 December 2024, there were no amounts past due for which an impairment allowance was recognised.

## 12. Other financial assets at amortised cost

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Loans to Group companies | 156,067 | 265,472 |
| Interest on loans excluded value added tax | 204 | 588 |
| Funds deposited for guarantees and deposits | 920 | 4,196 |
| Other receivables | 989 | 53 |
| **Total other financial current assets at amortised cost:** | **158,180** | **270,309** |

The fair value of other financial assets as at 31 December 2025 and 2024 approximated their carrying amount.

On 31 August 2025, the Company terminated the cash-pool agreement with EPSO-G UAB of 29 July 2024, and, on 1 September 2025, the Company entered into a new open-ended cash-pool agreement, subject to variable interest rate linked to ESTR (euro short-term rate).

Under the group account (cashpool) agreement the Company's positive funds balance transferred to the disposal of EPSO-G UAB is accounted for as amounts receivable (loans granted) in the statement of financial position and is not included in the line item of cash and cash equivalents.

As at 31 December 2025, the Company assessed and did not identify any indications that credit risk of the EPSO-G Group companies, i.e. recipients of short-term loans, could be increased. Consequently, lifetime ECL were not recognised for current borrowings.

The Company holds its deposits for guarantees, security deposits and term deposits with credit institutions, whose long-term obligations are rated by Moody's or Standard & Poors as investment-grade: Standard & Poors (A+ or AA-), and Moody's (Aa2 or Aa3). Consequently, ECLs were not recognised for other financial assets.

## 13. Other current non-financial assets

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Taxes receivable from the State budget, except for income tax | 72 | 396 |
| Prepayments | 237 | 262 |
| Deferred expenses | 4,944 | 1,646 |
| Grants receivable | 33,579 | 30,287 |
| Other amounts receivable | 83 | - |
| **Total other current non-financial assets:** | **38,915** | **32,591** |

The fair value of other current assets approximates their carrying amount.

The line item of grants receivable includes grants receivable from the EU structural funds for the projects being implemented by the Company. The main amount of receivable grants as at 31 December 2025 consisted of the grant receivable under the instrument Connecting Europe Facility (CEF) for the compensation of expenses incurred in the synchronisation projects.

To determine credit losses for receivables, the Company applies an individual assessment. Grants receivable are controlled by the EU and Lithuanian public authorities, therefore they are considered to be of very low credit risk.

## 14. Cash and cash equivalents

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Cash at bank | 4,397 | 113 |
| **Total cash and cash equivalents:** | **4,397** | **113** |

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

## 15. Share capital and share premium

As at 31 December 2025 and 31 December 2024, the Company's issued capital amounted to EUR 146,256 thousand and it was divided into 504,331,380 units of ordinary registered shares with the nominal value of EUR 0.29 each. All the shares were fully paid.

Share premium represents a difference between the nominal value of shares and consideration received for shares, they were formed in 2010 and amount to EUR 8,579 thousand.

- **Capital management**

According to the Law on Companies of the Republic of Lithuania, the equity of the Company must account for at least ½ of the amount of the authorised share capital. As at 31 December 2025 and 2024, the Company was in compliance with this requirement. No other external capital requirements have been imposed on the Company. Dividends are allocated pursuant to the approved dividend policy, under which dividends payable are directly linked with the effective use of the company's equity, i.e. the higher benefits created by the Company for the shareholders are, the larger portion of profit can be allocated by the Company for a further development or implementation of other significant projects.

The Company's main objectives when managing capital are to safeguard the Company's ability to continue as a going concern. In order to maintain or change the capital structure, the amount of dividends to be paid to the shareholders may be adjusted, capital may be returned to the shareholders, or new shares may be issued.

## 16. Legal reserve, revaluation reserve and other reserves

- **Legal reserve**

A legal reserve is a compulsory reserve under the Lithuanian legislation. The legal reserve should not be less than 10 per cent of the authorised share capital and can only be used to cover the Company's losses only. In 2025,and 2024 the legal reserve accumulated by the Company complied with the requirements of the legal acts of the Republic of Lithuania and represented 10% of the issued share capital.

- **Revaluation reserve**

Pursuant to Article 39(7) of the Law on Companies of the Republic of Lithuania, "the revaluation reserve shall be the amount of increase (decrease) in the value of tangible fixed assets and financial assets resulting after the revaluation of assets in accordance with applicable financial reporting standards. The revaluation reserve or a portion thereof may be used to increase the capital. No part of the revaluation reserve may be distributed, either directly or indirectly."

In 2025, the Company reduced the revaluation reserve by the amount of EUR 22 thousand as it established the impairment provision in respect of the assets for which the value increase was formed in 2023.

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Carrying amount at 1 January** | **20,830** | **23,320** |
| Revaluation of property, plant and equipment (reversal) | - | (22) |
| Depreciation of revaluation reserve | (1,841) | (2,590) |
| Write-off of property, plant and equipment | (109) | (25) |
| Deferred income tax | 84 | 147 |
| **Carrying amount at the end of the period** | **18,964** | **20,830** |

- **Other reserves**

Other reserves are formed based on the decision of shareholders and can be redistributed on the distribution of the next year's profit.

On 30 April 2025, the Ordinary General Meeting of Shareholders of Litgrid approved the draft profit distribution, with the share of distributable profit of EUR 24,711 thousand to be allocated for payment of dividends, the share of distributable profit of EUR 42,692 thousand to be allocated for transfer to other reserves, and the share of distributable profit of EUR 500 thousand to be allocated for establishing a reserve for donations.

On 30 April 2024, the Ordinary General Meeting of Shareholders of Litgrid adopted the decision to approve the draft profit distribution, by rebuilding the legal reserve with the transfer of EUR 2,521 thousand from the retained earnings; allocating EUR 29,252 thousand of earnings to dividends, and establishing a EUR 500 thousand reserve for support.

## 17. Dividends

On 30 April 2025, the Ordinary General Meeting of Shareholders of Litgrid approved the distribution of the Company's profit (loss) for 2024. EUR 24 711 thousand was allocated to dividends for the year ended 31 December 2024.

On 11 April 2024, the Ordinary General Meeting of Shareholders of Litgrid approved the distribution of the Company's profit (loss) for 2023. EUR 29 252 thousand was allocated to dividends for the year ended 31 December 2023.

| | 2025 | 2024 |
|---|---|---|
| **Dividends per share, EUR** | **0.049** | **0.058** |

## 18. Grants

The grants at the Company are mainly designated for the acquisition of non-current assets. Movements in grants in 2025 and 2024 were as follows:

| All amounts are in EUR thousands unless otherwise stated) | Note | 2025 | 2024 |
|---|---|---|---|
| **Balance at the beginning of the period** | | | |
| Grants receivable | 13 | 30,287 | 34,006 |
| Grants received in advance (non-current liabilities) | 26 | (3,469) | - |
| Grants received in advance (current liabilities) | 26 | (635) | (28,563) |
| | | **26,183** | **5,443** |
| **Recognised grants** | | | |
| Transfer to property, plant and equipment | 7 | 85,546 | 159,735 |
| Transfer to intangible assets | 6 | 1,171 | - |
| Grants used for compensation of expenses | | 17 | 195 |
| | | **86,734** | **159,930** |
| **Grants received** | | | |
| Grants received in the form of monetary funds (cash flow statement)* | SCF | 2,547 | 68,732 |
| Congestion revenue transferred to grants | 24 | 53,142 | 43,498 |
| Grants received for compensation of expenses | | 17 | - |
| Grants received in the form of assets | 7 | 26,143 | 26,960 |
| | | **81,849** | **139,190** |
| **Balance at the end of the period** | | | |
| Grants receivable | 13 | 33,579 | 30,287 |
| Grants received in advance (non-current liabilities) | 26 | - | (3,469) |
| Grants received in advance (current liabilities) | 26 | (2,511) | (635) |
| | | **31,068** | **26,183** |

* SCF Statement of cash flow

## 19. Borrowings

The Company's borrowings comprise as follows:

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Non-current borrowings** | | |
| Bank borrowings | 18,000 | 22,000 |
| **Current borrowings** | | |
| Current portion of non-current bank borrowings | 4,000 | 6,143 |
| Bank borrowings interest | 27 | 35 |
| **Total borrowings:** | **22,027** | **28,178** |

Non-current borrowings grouped by maturity profile:

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| From 1 to 2 years | 4,000 | 4,000 |
| From 2 to 5 years | 12,000 | 12,000 |
| After 5 years | 2,000 | 6,000 |
| **Total:** | **18,000** | **22,000** |

As at 31 December 2025 and 2024, no assets were pledged as collateral by the Company.

As at 31 December 2025, the weighted average interest rate on the Company's borrowings was 0.95 % (31 December 2024: 0.94 %).

As at 31 December 2025, the outstanding balance of the Company's borrowings with the fixed interest rate amounted to EUR 22,000 thousand (31 December 2024: EUR 28,143 thousand).

As at 31 December 2025 and 2024, the Company had no unwithdrawn borrowings or overdrafts.

Under the loan agreement signed by the Company with the European Investment Bank, the Company is committed to comply with the net debt to EBITDA ratio, which should not exceed 6 (by 31 December 2024 less than 6.5) and with the interest coverage ratio, which should be above 3, these ratios are calculated two times per year at 31 December and at 30 June.

The outstanding balance of a borrowing, which is subject to this requirement, amounted to EUR 22,000 thousand as at 31 December 2025 As at 31 December 2024: the outstanding balance of a borrowing, which is subject to this requirement, EUR 28,143 thousand. As at 31 December 2025 and 2024, the Company complied with the requirements laid down in the loan agreements.

## 20. Lease liabilities

The Company's lease liabilities and their movements:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Carrying amount at the beginning of the period** | **5,059** | **5,493** |
| Leases | 93 | - |
| Expenses of interest charged | 71 | 76 |
| Lease payments (principal) | (483) | (434) |
| Lease payments (interest) | (71) | (76) |
| **Carrying amount at the end of the period** | **4,669** | **5,059** |
| Non-current lease liabilities | 4,308 | 4,605 |
| Current lease liabilities | 361 | 454 |

The Company's lease liabilities comprise as follows:

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Total lease liabilities:** | **4,669** | **5,059** |
| Current portion | 361 | 454 |
| **Repayment terms of non-current liabilities:** | | |
| From 1 to 2 years | 29 | 297 |
| From 2 to 3 years | 23 | 29 |
| From 3 to 5 years | 48 | 23 |
| After 5 years | 4,208 | 4,256 |

Lease expenses for the Company's leases, which do not comply with the requirements of IFRS 16, amounted to EUR 206.0 thousand in 2025 (2024: EUR 217.9 thousand).

The Company had no leases with variable payments.

## 21. Net debt

Reconciliation of net debt balances:

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Cash and cash equivalents | 4,397 | 113 |
| Non-current borrowings | (18,000) | (22,000) |
| Lease liabilities | (4,308) | (4,605) |
| Current portion of non-current borrowings | (4,000) | (6,143) |
| Interest charged on borrowings | (27) | (35) |
| Current portion of lease liabilities | (361) | (454) |
| **Net debt** | **(22,299)** | **(33,124)** |
| Cash and cash equivalents | 4,397 | 113 |
| Borrowings with a fixed interest rate | (26,696) | (33,237) |
| **Net debt** | **(22,299)** | **(33,124)** |

Cash flows from financing activities for 2025 and 2024:

| All amounts are in EUR thousands unless otherwise stated) | Cash | Borrowings | Other financing | Leases | Total |
|---|---|---|---|---|---|
| **Net debt at 31 December 2023** | **634** | **(34,329)** | **-** | **(5,493)** | **(39,188)** |
| Acquisition (proceeds from borrowings, new leases) | - | - | - | - | - |
| Increase (decrease) in cash and cash equivalents | (521) | - | - | - | (521) |
| Repayment of a borrowing | - | 6,143 | - | - | 6,143 |
| Lease payments | - | - | - | 434 | 434 |
| Interest charged | - | (301) | (15) | (76) | (392) |
| Interest paid | - | 309 | 15 | 76 | 400 |
| **Net debt at 31 December 2024** | **113** | **(28,178)** | **-** | **(5,059)** | **(33,124)** |
| | | | | | |
| **Net debt at 31 December 2024** | **113** | **(28,178)** | **-** | **(5,059)** | **(33,124)** |
| Acquisition (proceeds from borrowings, new leases) | - | - | - | (93) | (93) |
| Increase (decrease) in cash and cash equivalents | 4,284 | - | - | - | 4,284 |
| Repayment of a borrowing | - | 6,143 | - | - | 6,143 |
| Lease payments | - | - | - | 483 | 483 |
| Interest charged | - | (245) | (10) | (71) | (326) |
| Interest paid | - | 253 | 10 | 71 | 334 |
| **Net debt at 31 December 2025** | **4,397** | **(22,027)** | **-** | **(4,669)** | **(22,299)** |

## 22. Trade payables

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Amounts payable for electricity | 30,927 | 46,188 |
| Payables for other services, valuables | 7,417 | 15,466 |
| Payables for property, plant and equipment and inventory | 40,628 | 51,264 |
| **Total trade payables:** | **78,972** | **112,918** |

The fair value of trade payables approximates their carrying amounts.

## 23. Other financial liabilities at amortised cost

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Non-current trade payables | 261 | - |
| **Total other non-current financial liabilities at amortised cost:** | **261** | **-** |
| Deposits received* | 4,249 | 2,960 |
| Dividends payable | 666 | 592 |
| Other advance amounts received | - | 1 |
| **Total other current financial liabilities at amortised cost:** | **4,915** | **3,553** |

* Deposits received consist of deposits received from customers under imbalance purchase - sale contracts.

## 24. Congestion management funds

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Non-current portion of congestion management funds included in liabilities | 312,406 | 308,803 |
| Current portion of congestion management funds included in liabilities | 87,272 | 81,316 |
| **Total congestion management funds:** | **399,678** | **390,119** |

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Carrying amount at the beginning of the period** | **390,118** | **301,074** |
| Congestion management revenue recognized during the period | 99,676 | 134,856 |
| Congestion management funds use to finance property, plant and equipment | (53,142) | (43,498) |
| Congestion management funds recognised as income during the period | (2,503) | (2,314) |
| Congestion management funds for transmission tariff reduction * | (34,471) | - |
| **Carrying amount at the end of the period** | **399,678** | **390,118** |

* Under Resolution No. O5E-925 of 27 September 2024 adopted by the National Energy Regulatory Council "Regarding the adjustment of the price ceiling of the service of Litgrid AB for 2025 and establishment of the price for the use of the services of the interconnection lines for 2025", EUR 34,471 thousand was allocated for the reduction of the transmission tariff in 2025.

In the statement of cash flows for 2025, the EUR 34,471 thousand congestion management revenue received allocated to reduce transmission tariff and the EUR 2 503 thousand congestion management revenue received allocated to cost compensation were reported under operating activities, whereas the EUR 61,911 thousand congestion management revenue, allocated to the investments, were reported under investing activities (2024: the EUR 135,670 thousand congestion management revenue, allocated to finance investments, were reported under investing activities).

## 25. Provisions

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Provisions for pension benefits to employees | 891 | 673 |
| Provisions for servitude liabilities | 132 | 45 |
| Provisions for registration of protection zones | 269 | 69 |
| **Carrying amount** | **1,292** | **787** |
| Non-current provisions | 1,123 | 704 |
| Current provisions | 169 | 83 |

Movements in provisions were as follows:

| All amounts are in EUR thousands unless otherwise stated) | Provisions for pension benefit obligations to employees | Provisions for servitude liabilities | Provisions for registration of protection zones | Provisions for litigations and claims | Total |
|---|---|---|---|---|---|
| **Carrying amount at 31 December 2023** | **477** | **419** | **176** | **1,358** | **2,430** |
| Calculated | - | - | - | - | - |
| Revised estimate | 196 | (287) | (103) | - | (194) |
| Payments made | - | (87) | (4) | (1,358) | (1,449) |
| **Carrying amount at 31 December 2024** | **673** | **45** | **69** | **-** | **787** |
| Calculated | - | - | 232 | - | 232 |
| Revised estimate | 218 | 113 | (23) | - | 308 |
| Payments made | - | (26) | (9) | - | (35) |
| **Carrying amount at 31 December 2025** | **891** | **132** | **269** | **-** | **1,292** |

The assumptions applied when calculating provisions for pension benefit obligations to employees were as follows: long-term salary growth rate in 2025 – 3.0 % (2024: 2.8 %), discount rate in 2025 – 1.27 % (2024: 0.96 %), employee turnover rate in 2025 – 9.80 % (2024: 12.2 %), benefit rate in 2025 – the amount of 2-4 monthly average salaries (2024: the amount of 2-4 monthly average salaries).

In 2025, the Company revised the provision for servitude liabilities and increased it by EUR 113 thousand, taking into account statistics on payment requests (2024: decreased by EUR 287 thousand). Please see Note 6.

In 2025, the Company the Company made a new EUR 232 thousand provision for registration of protected zones under new contracts, and adjusted downwards by EUR 23 thousand, the provision of protection zones for the protection of electronic communications infrastructure, while recognising provisioning expenses of EUR 9 thousand. See Note 6 (in 2024 the Company adjusted downwards by EUR 103 thousand the provision of protection zones for the protection of electronic communications infrastructure, while recognising provisioning expenses of EUR 4 thousand.

In the light of ongoing litigations, as at 31 December 2025 and 2024, there were no any provisions recognised for legal proceedings.

In April 2024, under the ruling of the Court of Appeal, the Company repaid EUR 1,358 thousand in penalties to the claimant.

## 26. Other non-financial liabilities

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Advance amounts received from connection of new consumers | 9,381 | 11,005 |
| Grants received in advance | - | 3,469 |
| Contractual obligations under connection agreements | 1,217 | 141 |
| **Total other non-current non-financial liabilities:** | **10,598** | **14,615** |
| Employment-related liabilities, including accrued financial incentive | 2,696 | 2,235 |
| Accrued expenses relating to vacation reserve | 2,175 | 1,875 |
| Taxes payable to the State budget, except for income tax | 7,856 | 688 |
| Fee payable to the regulator | 556 | 540 |
| Grants received in advance | 2,511 | 635 |
| Other prepayments received for services provided | 332 | 50 |
| Advance amounts received from connection of new consumers | 10,361 | 874 |
| Contract liabilities (deferred income) | 36 | - |
| **Total other current non-financial liabilities:** | **26,523** | **6,897** |
| **Total other non-financial liabilities:** | **37,121** | **21,512** |

In 2025 and in 2024, prepayments received for the connection of new consumers/producers/facilities significantly increased due to one of the largest railway infrastructure modernisation projects in Lithuania implemented by LTG Infra AB.

The fair value of other amounts payable approximates their carrying amount.

## 27. Current and deferred income tax

Income tax expenses comprise as follows:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Deferred income tax income/(benefit) | (6,391) | (5,770) |
| Deferred income tax income/(benefit) of the previous year | - | (131) |
| **Income tax expenses/(benefit) of the current year** | **(6,391)** | **(5,901)** |

In accordance with tax legislation of the Republic of Lithuania, the Company's profit (loss) 2025 was subject to a 16 % income tax (2024: 15 %).

For the purpose of calculating income tax for 2024, the taxable profit was presented net of the remaining tax losses carried forward from 2022, reducing the deferred tax asset.

In 2025 the deferred tax asset was recalculated at a 17 % income tax rate, as from 1 January 2026 the Company's profit (loss) will be subject to the 17 % income tax rate in accordance with the tax legislation of the Republic of Lithuania.

- **Accumulated unused deferred tax asset from investment tax credits**

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Unused deferred tax asset on investment incentive as at 1 January** | **9,864** | **3,165** |
| Accumulated deferred tax asset on investment incentive for current year | 10,256 | 8,391 |
| Accumulated deferred tax asset on investment incentive for prior year | 488 | 1,473 |
| Utilised deferred tax asset on investment incentive | (5,279) | (3,165) |
| **Unutilised deferred tax asset on investment incentive as at 31 December** | **15,329** | **9,864** |

- **Analysis of movements in deferred tax assets and liabilities over time**

| All amounts are in EUR thousands unless otherwise stated)<br>Deferred income tax assets | Impairment of revalued property, plant and equipment | Impairment of assets | Congestion revenue | Differences in depreciation rates | Unutilised investment incentive | Tax loss | Lease liabilities | New producers connection fees | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 December 2023** | **4,007** | **106** | **2,320** | **859** | **3,165** | **1,683** | **803** | **509** | **335** | **13,787** |
| Recognised in profit and loss | (1,614) | 17 | 108 | 1,779 | 6,699 | (1,683) | (20) | 146 | 72 | 5,504 |
| **At 31 December 2024** | **2,393** | **123** | **2,428** | **2,638** | **9,864** | **-** | **783** | **655** | **407** | **19,291** |
| Recognised in profit and loss | (848) | 43 | 95 | 1,120 | 5,465 | - | (20) | 72 | 114 | 6,041 |
| **At 31 December 2025** | **1,545** | **166** | **2,523** | **3,758** | **15,329** | **-** | **763** | **727** | **521** | **25,332** |

| All amounts are in EUR thousands unless otherwise stated)<br>Deferred income tax liabilities | Increase in value of revalued property, plant and equipment | Tax relief on acquisition of PP&E | Effect of capitalisation of interest | Statutory servitudes and protection zones | Right-of-use assets | Other | Total |
|---|---|---|---|---|---|---|---|
| **At 31 December 2023** | **(4,115)** | **(1,263)** | **(263)** | **(221)** | **(803)** | **-** | **(6,665)** |
| Recognised in profit and loss | 393 | 29 | (8) | (28) | 20 | (9) | 397 |
| Recognised in profit and loss | (245) | - | - | - | - | - | (245) |
| **At 31 December 2024** | **(3,967)** | **(1,234)** | **(271)** | **(249)** | **(783)** | **(9)** | **(6,513)** |
| Recognised in profit and loss | 312 | 44 | (7) | (22) | 20 | 3 | 350 |
| Recognised in profit and loss | (228) | - | - | - | - | - | (228) |
| **At 31 December 2025** | **(3,883)** | **(1,190)** | **(278)** | **(271)** | **(763)** | **(6)** | **(6,391)** |

| | |
|---|---|
| **Deferred income tax assets, net, at 31 December 2024** | **19,291** |
| **Deferred income tax assets, net, at 31 December 2025** | **25,332** |
| **Deferred income tax liability, net, at 31 December 2024** | **(6,513)** |
| **Deferred income tax liability, net, at 31 December 2025** | **(6,391)** |
| **Deferred income tax, net, at 31 December 2024** | **12,778** |
| **Deferred income tax, net, at 31 December 2025** | **18,941** |

- **The analysis of movements in deferred income tax assets and liabilities over time is as follows:**

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Deferred income tax assets: | | |
| Deferred income tax assets to be realised after more than 12 months | 8,565 | 7,183 |
| Deferred income tax assets to be realised within 12 months | 16,767 | 12,108 |
| **Total** | **25,332** | **19,291** |
| Deferred income tax liabilities: | | |
| Deferred income tax liabilities to be settled after more than 12 months | (5,913) | (5,910) |
| Deferred income tax liabilities to be settled within 12 months | (478) | (603) |
| **Total** | **(6,391)** | **(6,513)** |

- **Effective tax rate reconciliation**

The table below presents reconciliation of income tax expenses reported in the statement of comprehensive income to income tax expenses calculated at a statutory income tax rate on profit before income tax:

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Profit/(loss) before income tax** | **27,830** | **43,127** |
| Income tax | 4,453 | 6,469 |
| Effect of investment incentive | (189) | (7,866) |
| Effect of non-taxable income | 44 | (18) |
| Effect of non-allowable deductions | 486 | 366 |
| Income tax expenses/(benefit) for the previous year | (189) | (131) |
| Effect of investment incentive | (9,653) | (3,674) |
| Tariff revaluation effect | (1,343) | (1,047) |
| **Income tax expenses/(benefit) recognised in profit or loss** | **(6,391)** | **(5,901)** |

## 28. Revenue from electricity transmission and related services

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| **Revenue from electricity transmission and related services** | | |
| **Revenue from contracts with customers** | | |
| Electricity transmission services | 99,779 | 129,079 |
| Trade in balancing/imbalance electricity | 173,012 | 128,537 |
| Negative energy balancing/imbalance revenue * | (64,287) | (25,723) |
| Electricity ancillary services | 180,203 | 139,173 |
| Revenue from other sales of electricity and related services | 2,582 | 2,606 |
| Income from administration of guarantees of origin | 251 | 158 |
| **Total revenue from contracts with customers** | **391,540** | **373,830** |
| | | |
| **Revenue not attributable to contracts with customers** | | |
| Congestion management revenue | 36,974 | 2,314 |
| ENTSO-e ITC participation revenue | 661 | (322) |
| Revenue from connection of new consumers and producers/relocation of installations | 59 | 29 |
| Other revenue from regulated activities | 35 | 14 |
| **Total revenue not attributable to contracts with customers** | **37,729** | **2,035** |
| **Total revenue** | **429,269** | **375,865** |

In 2025, revenue increased by 14 % compared to 2024, including:

- Revenue from electricity ancillary services increased 29 % due to a higher electricity ancillary services acquisition component to the transmission service price.
- Revenue from electricity transmission services (after the EUR 34,471 thousand congestion management revenue used in 2025 to reduce transmission tariff) increased by 4 %.
- Revenue from balancing/imbalance energy sale increased by 6% due to higher sales of electricity.

Imbalance pricing has changed since October 2024, when Litgrid connected to a single European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (MARI). The neutrality component, which is added to (deducted from) the balancing energy reference price, before the connection to MARI, was calculated based on the actual

balancing trade data for the reporting month, to socialise the expenses and/or income, which Litgrid incurred. After the connection to MARI, the neutrality component is calculated in advance and adjusted for subsequent months using actual data from previous months, which may result in a significant difference between the balancing and imbalance income and expenses during the reporting period. The difference between the balancing/imbalance energy expenses (Note 30) and income in 2025 amounted to EUR 3 201 thousand (2024: the difference between the balancing/imbalance energy expenses and income amounted to EUR 4 731 thousand). The difference between income and expenses should not have an impact on the long-term profitability, as it should be considered when making pricing corrections in future periods

*High electricity generation and low consumption result in a positive supply surplus, leading to negative electricity, balancing, and/or imbalance prices. 96 % of negative revenue consisted of revenue from balancing electricity and 4 % negative imbalance income due to imbalance prices. Downward balancing (when an electricity producer must reduce electricity generation by order of TSO) prices are set according to the marginal (lowest) auction price, which is negative due to producers' costs related to reducing production and/or negative electricity exchange prices. The imbalance price is calculated by adding (when consumption demand exceeds generation supply) or subtracting (when generation supply exceeds consumption demand) the neutrality component to the balancing price, therefore negative imbalance prices are formed if there is a negative balancing price and/or generation supply exceeds consumption demand.

## 29. Other income

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Income from lease of assets | 633 | 612 |
| Interest on late payment and default charges | 177 | 930 |
| Gain on disposal of assets | 523 | 381 |
| Other income | 480 | 549 |
| **Total** | **1,813** | **2,472** |

## 30. Expenses of purchases of electricity and related services

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Expenses for purchase of imbalance and balancing electricity | 164,781 | 134,641 |
| Negative expenses for purchase of imbalance and balancing electricity | (52,855) | (27,096) |
| Expenses for electricity ancillary services | 174,703 | 121,649 |
| Expenses for electricity technological needs | 37,069 | 36,926 |
| ENTSO-e ITC participation expenses | 2,755 | 3,145 |
| Expenses for electricity and related services | 2,504 | 2,314 |
| Other expenses | - | - |
| **Carrying amount at the end of period** | **328,957** | **271,579** |

Purchases of electricity transmission and related services during the period of nine months in 2025, compared to 2024, grew by 21 % due to:

- the 44 % increase in expenses for ancillary electricity transmission services. The major impact resulted from the increase in expenses related the ensuring balancing capacities.
- the 4 % increase in expenses from balancing and imbalance energy due to higher purchases of electricity.

The negative costs of purchasing balancing and imbalance electricity arise from negative market prices for electricity, the underlying causes of which are disclosed in Note 28.

## 31. Wages and salaries and related expenses

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Wages and salaries | 23,763 | 20,216 |
| Expenses of social security contributions | 424 | 363 |
| **Total wages and salaries and related expenses:** | **24,187** | **20,579** |

## 32. Other expenses

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Telecommunications and IT system expenses | (3,341) | (2,850) |
| Taxes and charges | (5,964) | (5,037) |
| Business protection expenses | (716) | (980) |
| Market coupling costs | (1,089) | (805) |
| Membership fee | (628) | (568) |
| Management service cost | (1,090) | (923) |
| Business trips | (405) | (367) |
| Insurance expenses | (581) | (573) |
| Transport expenses | (360) | (311) |
| Premise rental expenses | (364) | (360) |
| Consultation service expenses | (330) | (654) |
| Personnel development costs | (260) | (298) |
| Expenses of governing bodies | (131) | (115) |
| Public relations | (631) | (101) |
| Other expenses | (1,668) | (1,458) |
| **Total other expenses:** | **(17,558)** | **(15,400)** |

## 33. Finance income/(costs), net

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| Interest and other finance income from Group companies | 3,728 | 6,182 |
| Interest and other finance income from financial institutions | 7 | - |
| **Total finance income** | **3,735** | **6,182** |
| Interest and other finance costs from financial institutions | (260) | (301) |
| Discount interest rates (lease liabilities, provisions) | (81) | (91) |
| **Finance costs** | **(341)** | **(392)** |
| **Finance income/(costs), net** | **3,394** | **5,790** |

## 34. Related-party transactions

EPSO-G UAB was the parent company as at 31 December 2025 and 2024. The parent entity of this company was the Republic of Lithuania represented by the Ministry of Energy of the Republic of Lithuania. For the purposes of the related-party disclosure the

Republic of Lithuania excludes central and local government authorities. The disclosures comprise transactions with the companies of the EPSO-G UAB group, associates and all entities controlled by or under a significant influence of the state (transactions with these entities are disclosed only if the amount of the transactions exceeds EUR 100 thousand during a calendar year) and with the management, and balances arising from these transactions. The list of entities controlled by or under a significant influence of the state, with which the transactions are disclosed, is presented at address: https://vkc.sipa.lt/apie-imones/vvi-sarasas/.

The Company's related parties in 2025 and 2024 were as follows:

- The Company's parent EPSO-G, which is wholly owned by the Ministry of Energy of the Republic of Lithuania:
- The companies of the EPSO-G UAB group:
    - Amber Grid AB (jointly controlling shareholders);
    - TETAS UAB (jointly controlling shareholders);
    - Energy Cells UAB (jointly controlling shareholders);
    - BALTPOOL UAB (jointly controlling shareholders);
    - EPSO-G Invest, UAB (jointly controlling shareholders).
- The companies of Ignitis Grupė UAB
- Other state-owned entities:
    - Ignalinos atominė elektrinė, VĮ;
    - Registrų centras, VĮ;
    - Other state-owned companies or those under significant influence.
- Baltic RCC OU (jointly controlled entities).
- Management.

Transactions with related parties are carried out in accordance with the public procurement requirements or the tariffs approved by the legal acts.

The Company's transactions with the state-owned enterprises mainly comprise sales of electricity transmission, balancing, imbalance and electricity ancillary services, purchase of electricity. EPSO-G UAB provides management services, TETAS UAB provides services under construction contracts.

The Company's transactions conducted with related parties in 2025 and balances arising from these transactions as at 31 December 2025 were as follows:

| All amounts are in EUR thousands unless otherwise stated)<br>Related parties | Amounts receivable and accrued revenue | Amounts payable and accrued expenses | Loans granted | Purchases | Sales | Other transactions |
|---|---|---|---|---|---|---|
| **EPSO-G UAB group companies** | | | | | | |
| EPSO-G UAB | 203 | 254 | 156,067 | 1,071 | - | 3,728 |
| TETAS UAB | 508 | 5,514 | - | 27,614 | - | 648 |
| Energy cells UAB | 5,218 | 756 | - | 5,811 | (1,526) | - |
| **State-owned companies** | | | | | | |
| Energijos Skirstymo Operatorius AB | 30,088 | 2,638 | - | 1,165 | 255,279 | - |
| Ignitis Gamyba AB | 11,696 | 8,167 | - | 261,397 | (6,966) | - |
| Ignitis Grupės Paslaugų Centras UAB | 33 | - | - | - | 327 | - |
| Ignitis UAB | 484 | 19 | - | (7,682) | 27,495 | - |
| Vilniaus Kogeneracinė Jėgainė UAB | 43 | 121 | - | 1,507 | 276 | - |
| Kauno Kogeneracinė Jėgainė UAB | - | 47 | - | 507 | 74 | - |
| Vidaus vandens kelių direkcija AB | - | - | - | 570 | - | - |
| Ignalinos atominė elektrinė VĮ | 114 | 18 | - | - | 1,140 | - |
| LTG Infra AB | 85 | 11,529 | - | - | 828 | - |
| **Jointly controlled entities** | | | | | | |
| Baltic RCC OU | 103 | - | - | 527 | - | - |
| | **48,575** | **29,063** | **156,067** | **292,487** | **276,927** | **4,376** |

Income from other transactions comprised as follows: interest charged to EPSO-G UAB on the loan granted (EUR 3,728 thousand), and interest on late payment and default charges from TETAS UAB (EUR 648 thousand).

The Company's transactions conducted with related parties in 2024 and balances arising from these transactions as at 31 December 2024 were as follows:

| All amounts are in EUR thousands unless otherwise stated)<br>Related parties | Amounts receivable and accrued revenue | Amounts payable and accrued expenses | Loans granted | Purchases | Sales | Other transactions |
|---|---|---|---|---|---|---|
| **EPSO-G UAB group companies** | | | | | | |
| EPSO-G UAB | 589 | 210 | 265,472 | 852 | - | 6,182 |
| TETAS UAB | 154 | 4,030 | - | 23,759 | - | 359 |
| Energy cells UAB | 30 | 762 | - | 7,477 | 374 | - |
| **State-owned companies** | | | | | | |
| Energijos Skirstymo Operatorius AB | 29,107 | 1,144 | - | 3,275 | 243,759 | - |
| Ignitis Gamyba AB | 688 | 27,026 | - | 150,424 | 1,515 | - |
| Ignitis Grupės Paslaugų Centras UAB | 33 | - | - | - | 299 | - |
| Ignitis UAB | 568 | 1,615 | - | 7,401 | 16,695 | - |
| Vilniaus Kogeneracinė Jėgainė UAB | 26 | 118 | - | 1,794 | 418 | - |
| Kauno Kogeneracinė Jėgainė UAB | 3 | - | - | 308 | 66 | - |
| Vidaus vandens kelių direkcija AB | - | 346 | - | 286 | - | - |
| Ignalinos atominė elektrinė VĮ | 121 | 18 | - | 2 | 1,196 | - |
| LTG Infra AB | 85 | 4,891 | - | - | 806 | - |
| **Jointly controlled entities** | | | | | | |
| Baltic RCC OU | 103 | - | - | 407 | 22 | - |
| | **31,507** | **40,160** | **265,472** | **195,985** | **265,150** | **6,541** |

Income from other transactions comprised as follows: interest charged to EPSO-G UAB on the loan granted (EUR 6,182 thousand), and interest on late payment and default charges from TETAS UAB (EUR 359 thousand).

- **Dividends paid to related parties**

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| EPSO-G UAB | 24,095 | 28,521 |
| **Total** | **24,095** | **28,521** |

- **Payments to the management**

The management personnel consists of executives, i.e. the Company's CEO, heads of departments and equivalent centres, as well as members of collegial bodies:

| All amounts are in EUR thousands unless otherwise stated) | As at 31 December 2025 | As at 31 December 2024 |
|---|---|---|
| Employment-related payments* | 1,321 | 1,276 |
| Whereof: Payed benefits* | - | 168 |
| Average number of key management personnel | 10 | 9 |
| Payments to the members of the collegial management bodies | 118 | 104 |

* - including social security contributions paid by the employer.

No loans, guarantees or any other benefits were paid or calculated, nor any assets were transferred to the Company's management in 2025 and 2024..

## 35. Financial risk management

Company is exposed to financial risks in its operations. In managing these risks, the Company seeks to mitigate the effect of factors which could make a negative effect on the financial performance of the Company. Financial risk management is conducted by the Company's Finance Planning and Analysis Division in accordance with the Treasury and Financial Risk Management Policy of the EPSO-G UAB Group approved by the Board of Litgrid which is published on the website of EPSO-G UAB www.epsog.lt.

Financial instruments by category (as per the statement of financial position):

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Financial assets** | | |
| Trade receivables | 61,236 | 49,985 |
| Other financial assets at amortised cost | 158,180 | 270,309 |
| Cash and cash equivalents | 4,397 | 113 |
| **Financial assets measured at amortised cost** | **223,813** | **320,407** |
| **Total financial assets** | **223,813** | **320,407** |

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Financial liabilities** | | |
| Borrowings | 22,027 | 28,178 |
| Lease liabilities | 4,669 | 5,059 |
| Trade payables | 78,972 | 112,918 |
| Other financial liabilities at amortised cost | 5,176 | 3,553 |
| **Financial liabilities at amortised cost** | **110,844** | **149,708** |
| **Total Financial liabilities** | **110,844** | **149,708** |

- **Credit risk**

As at 31 December 2025 and 31 December 2024, credit risk was related to the following line items:

| All amounts are in EUR thousands unless otherwise stated) | At 31 December 2025 | At 31 December 2024 |
|---|---|---|
| **Financial assets, excluding assets measured at fair value through other comprehensive income** | **223,813** | **320,407** |

The Company has a significant credit risk concentration, because exposure to credit risk is shared among 10 main customers, amounts receivables from which accounted for about 88 % of the Company's total trade and other receivables as at 31 December 2025 (31 December 2024: 78 %). As at 31 December 2025, amounts receivable from the major customer, i.e. distribution network operator Energijos Skirstymo Operatorius AB, accounted for 49 % of the Company's total amounts receivable (31 December 2024: 58 %).

When entering into imbalance contracts with participants of the electricity market, the Company requires to pay a cash deposit of the established amount (note 12 and note 23) or to provide a bank guarantee in accordance with terms and conditions set out in the imbalance contract.

The Company holds unused cash and cash equivalents at the banks assigned with a credit rating not lower than AA-. The table below shows the long-term credit ratings of the parent banks of the banks at which the Company holds cash and cash equivalents (Note 14):

| All amounts are in EUR thousands unless otherwise stated) | amount | S&P | Moody's | amount | S&P | Moody's |
|---|---|---|---|---|---|---|
| | At 31 December 2025 | | | At 31 December 2024 | | |
| „SEB bankas“ | 7 | AA- | Aa3 | 10 | A+ | Aa3 |
| „Swedbank" | 90 | AA- | Aa2 | 103 | A+ | Aa3 |
| „OP Corporate Bank“ | 51 | AA- | Aa3 | - | AA- | Aa3 |
| „OP Corporate Bank“ (deposits) | 4,249 | AA- | Aa3 | 2,960 | AA- | Aa3 |
| **Carrying amount at the end of the period:** | **4,397** | | | **3,073** | | |

Trade and other receivables are mainly from the state-owned entities and large manufacturers with no history of significant defaults.

The Company has granted the loan to EPSO-G UAB, which is wholly owned by the state and has a Baa1 investment rating assigned by rating agency Moody’s Investors Service.

- **Liquidity risk**

The main objective of the Company’s liquidity policy is to ensure funding of its operations, i.e. to ensure that the Company will have sufficient cash and/or committed credit facilities and overdrafts to meet its contractual obligations at any time. The liquidity risk is managed by making forecasts of cash flows of the Company.

The Company’s cash flows from operations were positive in 2025, therefore its exposure to liquidity risk were not significant. The Company’s current ratio (total current assets / total current liabilities) and quick ratio ((total current assets – inventories) / total current liabilities) as at 31 December 2025 were 1.28 (31 December 2024: 1.67). As described in Note 2.12, the Company may temporarily use congestion management funds when necessary.

The table below summarise the contractual maturity dates of the Company’s financial liabilities. This information has been prepared based on undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. Balances of trade and other amounts payable with repayment terms up to 12 months are equal to their carrying amounts, because the impact of discounting is insignificant.

| All amounts are in EUR thousands unless otherwise stated) | Up to 3 months | Between 4 months and 1 year | Within second – fifth year | After five years | Total liabilities |
|---|---|---|---|---|---|
| **Balance at 1 January 2024** | | | | | |
| Borrowings | - | 6,395 | 16,629 | 6,057 | 29,081 |
| Lease liabilities | 128 | 383 | 632 | 7,464 | 8,607 |
| Trade payables | 84,004 | 28,914 | - | - | 112,918 |
| Other financial liabilities at amortised cost | 3,553 | - | - | - | 3,553 |
| **Balance at 31 December 2024** | **87,685** | **35,692** | **17,261** | **13,521** | **154,159** |
| **Balance at 1 January 2025** | | | | | |
| Borrowings | - | 4,200 | 16,419 | 2,010 | 22,629 |
| Lease liabilities | 147 | 277 | 344 | 7,379 | 8,147 |
| Trade payables | 72,670 | 6,302 | - | - | 78,972 |
| Other financial liabilities at amortised cost | 4,915 | - | 261 | - | 5,176 |
| **Balance at 31 December 2025** | **77,732** | **10,779** | **17,024** | **9,389** | **114,924** |

- **Market risk**
- Interest rate risk

The Company's income, expenses and cash flows from operating activities are substantially independent of changes in market interest rates. From November 2022, the Company has borrowings bearing fixed interest rates.

- Foreign exchange risk

To manage the foreign exchange risk, the Company enters into purchase/sale contracts only in the euros.

## 36. Fair value of financial assets and financial liabilities

The Company's principal financial assets and liabilities not carried at fair value are trade and other amounts receivable, cash and cash equivalents, loans, trade and other amounts payable and other financial assets.

The following methods and assumptions are used to estimate the value of each category of financial instruments that are not measured at fair value:

- The carrying amount of current trade and other amounts receivable, other financial assets, cash and cash equivalents, loans to the related parties, current trade payables and other amounts payable approximates their fair value.
- The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile. The fair value of the Company's non-current borrowings with fixed interest rates was approximately EUR 2,103 thousand lower than their carrying amount as at 31 December 2025 (31 December 2024: EUR 3,616 thousand).

## 37. Services provided by the audit firm

The audit firm provided the following audit and non-audit services to the Company. Information on non-audit services is disclosed based on the date of services rendered.

| All amounts are in EUR thousands unless otherwise stated) | 2025 | 2024 |
|---|---|---|
| Audit services | 85 | 85 |
| **Total audit services** | **85** | **85** |
| Assurance and other related services | 18 | 16 |
| Other services | - | 2 |
| **Total non-audit services** | **18** | **18** |

## 38. Legal proceedings and contingent liabilities

The Company charged default interest to the contractor implementing the investment project for the delay in the performance of works and deferred payments against issued VAT invoices totalling EUR 8,943 thousand, which were disclosed under 'Payables for property, plant and equipment and inventories' in Note 22. It is likely that, during, or after the term of the contract, the Contractor may bring an action before the Vilnius Court of Commercial Arbitration, requesting a reduction or cancellation of the penalties.

INTER RAO LIETUVA AB (hereinafter "INTER RAO") filed for arbitration against Litgrid, AS Augstsprieguma tikls and Elering AS based on the balancing energy purchase/sale agreement (hereinafter the "Balancing Agreement"). Until 31/12/2022, INTER RAO provided balancing energy purchase/sale services to the Baltic system operators related to the participation of the Baltic system operators in the BRELL system. In 2022. the Baltic system operators suspended payments to INTER RAO due to the Russia's aggression against Ukraine and the related sanctions.

INTER RAO requests Litgrid to pay EUR 5,300 thousand of suspended payments for balancing energy supplied until 31/12/2022, disclosed under 'Payables for electricity' in Note 22, and accrued interest. Additionally, INTER RAO requests Litgrid to pay more than EUR 8 million in compensation, around EUR 583,000 in litigation costs, and interest accrued for the period after the end of the Balancing Agreement.

The arbitration case is settled, and, as of 17/12/2025, the arbitration is stayed, but the decisions is scheduled for 06/10/2026.

The Baltic system operators are jointly and severally liable for any compensation awarded by the arbitration decision. The amounts payable by the Baltic system operators would be distributed as follows: Litgrid – 42%, Elering AS – 32% ir AS Augstsprieguma tikls – 26%.

## 39. Climate change assessment

In the context of climate change mitigation, we consider both the positive and negative impacts of Litgrid's operations: We play an important role in enabling the transformation of the energy sector into a system based on green energy. At the same time, Scope 1-3 GHG emissions, with the largest share arising from the technological losses in the electricity transmission network (Scope 2), have impact on the climate. We have the GHG emission reduction plan in place to manage material impacts, where the use of green energy to cover technological losses and own needs (including the purchase of guarantees of origin) is incorporated as the main measure.

In 2025, we signed a long-term green energy supply agreement with Ignitis UAB (effective from 01/01/2026 to 31/12/2032). We also plan financial PPA as an additional measure, which we expect to complete in early 2026. Aiming to contribute to international and national climate change mitigation goals, we are guided by the United Nations' Agenda for Sustainable Development, the Paris Agreement, the European Green Deal, the National Energy Independence Strategy, the National Energy and Climate Plan, and the National Climate Change Management Agenda. These commitments are subject to the Environmental Policy of the EPSO-G Group.

## 40. Events after the reporting period

A five-year term office of Rokas Masiulis, Chief Executive Officer of the Company, expired in February 2026.

On 12 January 2026, the Board of Litgrid, considering the results of the public Chief Executive Officer selection process and the candidate's competence and experience, appointed Andrius Šemeškevičius as Chief Executive Officer of Litgrid for the five-year term of office as of 23 February 2026.