



**AUGSTPRIEGUMA TĪKLS  
GROUP CONSOLIDATED AND  
AS “AUGSTPRIEGUMA TĪKLS”  
STANDALONE UNAUDITED  
CONDENSED FINANCIAL  
STATEMENTS**

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**FOR THE 12-MONTH PERIOD  
ENDED 31 DECEMBER 2023**

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**Prepared in accordance with International  
Accounting Standard No 34 “Interim financial  
reporting” approved by the European Union**

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**INFORMATION  
ABOUT THE GROUP  
AND THE COMPANY**

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## INFORMATION ABOUT THE GROUP AND THE COMPANY

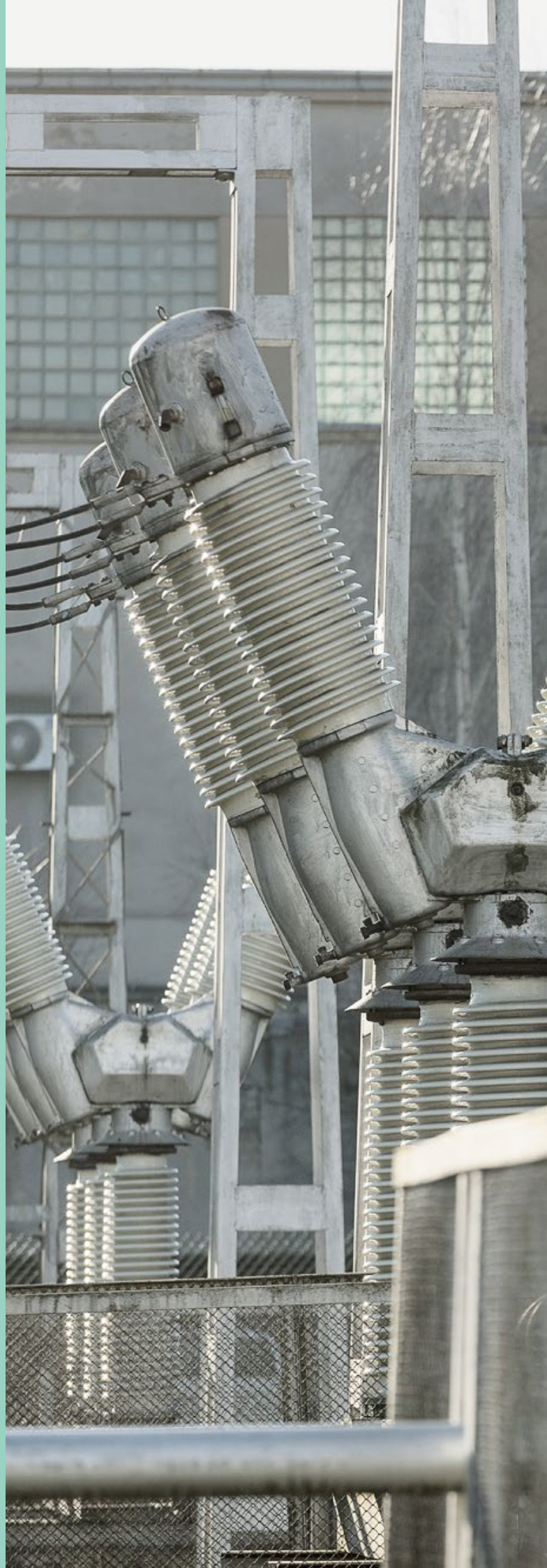
<b>NAME OF PARENT COMPANY</b>	AS "Augstsprieguma tīkls"
<b>LEGAL STATUS OF THE PARENT COMPANY</b>	Joint stock company
<b>PARENT COMPANY'S REGISTRATION NUMBER, PLACE AND DATE OF</b>	000357556 Riga, 28 December 2001
	Re-registered in the Commercial Register on 13 November 2004 under the uniform registration number 40003575567
<b>LEI CODE</b>	64883LC3F12690GATG87
<b>REGISTERED OFFICE</b>	Dārziema iela 86, Rīga, LV-1073, Latvia
<b>PRINCIPAL BUSINESS OF THE PARENT COMPANY</b>	Electricity supply, NACE code 35.12
<b>GROUP'S PRINCIPAL ACTIVITY</b>	Transmission of electricity, NACE code 35.12; and Transport via pipeline, NACE code 49.50.
<b>SHAREHOLDER OF THE PARENT COMPANY</b>	Republic of Latvia (100%)
<b>MEMBERS OF THE BOARD AND THEIR POSITIONS</b>	Gunta Jēkabsone – Chairwoman of the Board (until 01.08.2023) Rolands Irklis – Chairman of the Board (from 07.12.2023) Imants Zviedris – Member of the Board Gatis Junghāns – Member of the Board Arnis Daugulis – Member of the Board Ilze Znotiņa – Member of the Board (from 01.02.2024) Mārcis Kauliņš – Member of the Board (until 17.09.2022)
<b>MEMBERS OF THE COUNCIL AND THE POSITIONS THEY HOLD</b>	Kaspars Āboliņš – Chairman of the Council Olga Bogdanova – Vice-Chairwoman of the Council Armands Eberhards – Member of the Council Aigars Ģērmanis – Member of the Council Madara Melne – Member of the Council (until 08.02.2022)
<b>SHAREHOLDINGS IN OTHER COMPANIES</b>	AS "Conexus Baltic Grid" (68.46%)
<b>REPORTING PERIOD</b>	1 January 2023 – 31 December 2023



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**KEY FINANCIAL  
AND OPERATIONAL  
INDICATORS**

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## KEY FINANCIAL AND OPERATING INDICATORS

	GROUP		PARENT COMPANY	
	2023	2022	2023	2022
<b>FINANCIAL INDICATORS</b>				
Revenue, thous. EUR	232 890	351 132	156 422	296 000
EBITDA, thous. EUR	88 254	72 534	37 752	40 319
Profit, thous. EUR	21 260	16 160	9 956	10 990
	<b>31.12.2023.</b>	<b>31.12.2022.</b>	<b>31.12.2023.</b>	<b>31.12.2022.</b>
Total assets, thous. EUR	1 346 940	1 276 497	1 022 759	957 791
Equity, thous. EUR	630 617	631 287	450 442	447 520
Borrowings, thous. EUR	179 937	182 797	100 393	100 367
Net cash flow from operating activities, thous. EUR	80 051	69 688	39 493	38 055
Cash and cash equivalents, thous. EUR**	66 166	103 010	53 213	92 043
<b>FINANCIAL RATIOS *</b>				
Total liquidity ratio ( $\geq 1.2$ )*	1.3	1.7	1.6	2.5
EBITDA margin	38%	21%	24%	14%
Equity ratio ( $\geq 35\%$ )*	47%	49%	44%	47%
Net debt to equity ( $\leq 55\%$ )*	15%	11%	9%	2%
<b>PERFORMANCE INDICATORS</b>				
Electricity transmitted to Latvian consumers, GWh	6 024	6 193	6 024	6193
Natural gas transmitted, TWh	29.1	31.4	-	-
Natural gas for Latvian consumption, TWh	8.2	8.8	-	-
Average number of employees	891	878	530	522

**EBITDA** – earnings before depreciation, amortisation and impairment of intangible assets and property, plant and equipment, dividends received from Subsidiary, finance income, finance costs and corporate income tax

**Total liquidity ratio** = current assets/current liabilities (excluding the refinanceable portion of short-term borrowings)

**EBITDA margin** = EBITDA/revenue

**Equity ratio** = equity/total balance sheet

**Net debt** = borrowings less cash and cash equivalents (including short-term time deposits with maturity of less than 3 months)

**Net debt to equity** = net debt/(net debt + equity)

\* The Parent Company's objectives are presented in the brackets next to the financial indicators.

\*\*Including short-term deposits with maturity of less than 3 months.



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# MANAGEMENT REPORT

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## IMPORTANT FACTS AND DEVELOPMENTS

As the demand for electricity from renewable energy sources (RES) is increasing in Europe, the volume of green energy guarantees of origin (electricity from RES or high-efficiency cogeneration) issued by AS "Augstsprieguma tīkls" (hereinafter "AST" or "the Parent Company") to Latvian electricity producers increased by 36% in 2023 compared to 2022. In total, AST issued guarantees of origin for 5.3 million megawatt hours (MWh) of electricity in 2023, which accounts for 88% of the electricity generated in Latvia and fed into the grid.

### IN THE BALTICS, ELECTRICITY PRICE DROPPED BY 15% IN DECEMBER 2023

In December 2023, the electricity price in all three Baltic States remained the same and fell by 15% to EUR 89.00/MWh compared to November 2023. However, if compared with the electricity price in Latvia in December 2023 with that in December of the previous year, the electricity price in December 2023 was almost three times lower.

From mid-December 2023, significant reductions in electricity prices were observed both in Latvia and in Europe: on average by a factor of 2 to 3. For example, the average electricity price in Latvia was EUR 134.72/MWh until 15 December 2023, whereas it fell to EUR 46.12/MWh in the second half of the month.

The price decline in the second half of December 2023 was caused by warmer temperatures, a greater production of wind energy, lower gas prices and longer public holidays, which contributed to a decline in electricity consumption and therefore cheaper sources of generation.

### FOUNDATION STONE LAID FOR THE FIRST SYNCHRONOUS COMPENSATOR STATION FOR THE STABILITY OF THE LATVIAN POWER SYSTEM

In December 2023, a capsule with the message to future generations was embedded at Grobiņa, and the construction of concrete foundations began on a strategically important infrastructure project for the stability of the Latvian electricity system – for the first high-performance synchronous machine, i.e., compensator station. As part of one of the most important phases of the project to synchronise the Baltic power grids with Europe, a total of three synchronous compensator stations will be built in

Latvia and connected to the transmission grid – in Grobiņa, Ventspils and Līksna.

As part of the Baltic Synchronisation Project, such compensators are also being installed in Lithuania and Estonia – three in each country. These systems provide the necessary system inertia in the event of a failure of a major generation source or interconnected grid until other reserves are brought into operation to replace the lost energy source and return the overall system to normal operation. In addition to frequency regulation, synchronous compensators will also help to ensure sufficient compensation of short-circuit capacities in the transmission grid for the proper operation of system protection and automation.

The synchronous compensator projects are co-financed by the *Connecting Europe Facility* (CEF) – 75% of the eligible project costs will be covered by co-financing from the CEF.

### PERFORMANCE OF AS "AUGSTSPRIEGUMA TĪKLS" RECOGNISED AT THE "EXPORT AND INNOVATION AWARD 2023" COMPETITION

As part of the "Export and Innovation Award 2023" competition, which is organised by the Investment and Development Agency of Latvia in cooperation with the Ministry of Economics, the Central Statistical Bureau of Latvia, the financial institution "Altum" and the Latvian Exporters' Association "The Red Jackets", the jury highly acknowledged the performance of AST:

- The synchronisation project, which will ensure the synchronisation of the Baltic electricity grids with Europe as early as 2025 through the implementation of a number of innovative solutions;
- Supporting the transformation of the energy sector by connecting large amounts of renewable energy to the grid and working on innovative solutions to adapt to future challenges in grid management;
- Achieving digital transformation in the company, integrating modern technological advancements into AST's operations and ensuring an environment of continuous development.



## OVERVIEW OF THE AUGSTPRIEGUMA TĪKLS GROUP

### Description of the business model

The Augstsprieguma Tīkls Group (hereinafter referred to AS “the Group”) is one of the largest energy supply companies in the Baltic States, whose principal business is the provision of electricity transmission system operator functions, the efficient management of energy supply system assets and the transmission and storage of natural gas.

As 31 December 2023, the structure of the Augstsprieguma Tīkls Group consisted of a number of trading companies over which the Parent Company AS “Augstsprieguma tīkls” had a decisive influence and which also included the subsidiary AS “Conexus Baltic Grid. The Group operates geographically in Latvia. See Note 8 for information on the investment in the Subsidiary and its location.

Together with the Estonian and Lithuanian electricity transmission system operators, AS “Augstsprieguma tīkls” has established the Baltic Regional Coordination Centre for Electricity Systems “Baltic RCC” OÜ, registered in Estonia. See Note 8 for information on the investment in the associated company and its location.

All (100%) of the shares of AS “Augstsprieguma tīkls” are owned by the State and are held by the Ministry of Climate and Energy of the Republic of Latvia.

The Augstsprieguma Tīkls Group is divided into three operating segments – electricity transmission, natural gas transmission and natural gas storage. The breakdown is based on the Group’s internal organisational structure, which forms the basis for monitoring and managing segment performance. See more information on the operating segments and the Parent Company under “Operating segments”.

The overall strategic goal of the Augstsprieguma Tīkls Group is to ensure the security of Latvian energy supply, provide uninterrupted, high-quality and affordable energy transmission services, implement sustainable management of energy assets of strategic importance for the country and facilitate their integration into the internal energy market of the European Union. Our mission is to ensure an uninterrupted, secure and sustainably efficient energy supply throughout Latvia.

### Values

#### TRUST



#### HONEST

Independent, ethical and open behaviour towards anyone and everyone

#### DEVELOPMENT



#### SMART

Efficient. Forward-looking. Long-term thinking

#### SAFETY



#### RESPONSIBLE

Thoughtful action. High sense of responsibility towards people, work, and nature.

#### TEAM



#### UNITED

Joining forces to achieve more. Strong team that encourages and challenges.

## DESCRIPTION OF THE OPERATING ENVIRONMENT

### Electricity market

In 2023, the average electricity price in Latvia will fall by more than half compared to 2022 to EUR 93.89 per megawatt hour (EUR/MWh). At the same time, the amount of electricity generated from RES increased significantly to 77.6 %, reaching the highest share of renewable energy in the last decade.

The decline in electricity prices in 2023 was primarily due to lower prices for gas and other fossil resources as well as the increased production by wind and solar power plants. After the price volatility and anti-records in 2022, the average monthly electricity price in Latvia fell below the EUR 100/MWh mark in January 2023 for the first time since August 2021; the lowest average monthly price of EUR 65.89/MWh was achieved in April 2023, while the highest price of EUR 117.25/MWh was reached in September.

In 2023, Latvia generated 6,083 gigawatt hours (GWh) of electricity, 26.2% more than a year earlier, while consumption fell by 3.4% to 6,887 GWh. This means that Latvian consumption in 2023 was covered by 88.3% of domestic generation (an increase of 21 percentage points compared to 2022). The shortfall of 804 GWh was imported from the neighbouring countries. Due to the war waged by Russia in Ukraine, the Baltic States terminated commercial electricity flows from Russia and Belarus from May 2022 and replaced them with electricity imports from EU countries.

Overall, Latvia became less dependent on fossil resources in 2023: 77.6% of electricity was generated from RES, including the highest recorded share of green electricity in May, when 99.9% of electricity in Latvia was generated from RES.

### Natural gas market

In 2023, the amount of natural gas transmitted in Latvia totalled 29.1 TWh, which is 7% less than in the previous year. Natural gas consumption by Latvian consumers totalled 8.2 TWh in 2023, 7% down from the previous year. The decrease in natural gas consumption was due to weather conditions, which were milder in the winter months than in 2022, resulting in lower demand for heating natural gas than in the previous year, as well as the high natural gas prices, which forced consumers to reduce their natural gas consumption. The decrease in natural gas consumption was partially offset by an increase in electricity generation in the country's largest thermal power plants.

Following the ban on natural gas deliveries from Russia under the Energy Law, there were no natural gas deliveries from Russia in the reporting period. Instead, natural gas merchants supplied natural gas from the Klaipeda LNG terminal, Inkoo LNG terminal, and the Inčukalns UGS facility.

## OPERATING SEGMENTS

### Electricity transmission segment

In accordance with the issued licence No E12001 and Section 11 (1) of the Electricity Market Law, the joint stock company "Augstsprieguma tīkls" is the sole electricity transmission system operator in Latvia and its licence area covers the whole territory of Latvia. AS "Augstsprieguma tīkls" ensures uninterrupted, reliable and sustainably efficient electricity transmission throughout Latvia. According to Section 5 of the Energy Law, the transmission of electricity is a regulated sector.

AST manages the backbone of the Latvian electricity system - the transmission network, which comprises interconnected networks and equipment, including interconnectors, with a voltage of 110 kilovolts or more, used for transmission to the relevant distribution system or users. The Parent Company operates, maintains and repairs high-voltage lines, substations and distribution points, and develops the transmission network.

The Parent Company divides its activities into one principal business segment – transmission of electricity.

During the reporting period, the duties imposed on the Transmission System Operator (TSO) were carried out through the following transmission network (31.12.2023):

Highest voltage (kV)	Number of substations	Number of autotransformers and transformers	Installed power (MVA)	Overhead and cable PPAs (km)
330 kV	17	26	3 800	1 742
110 kV	123	245	5 157	3 812
<b>TOTAL</b>	<b>140</b>	<b>271</b>	<b>8 957</b>	<b>5 554</b>



## Natural Gas Transmission and Natural Gas Storage segments

Given the Parent Company's investment in its subsidiary – the Latvian natural gas transmission and storage system operator AS "Conexus Baltic Grid", the sustainable management of energy supply facilities that are of strategic importance to the country and their integration into the European Union's internal energy market is a critical direction of the Group's activity.

AS "Conexus Baltic Grid" is the only natural gas transmission system operator in Latvia. The company manages one of the most modern natural gas storage facilities in Europe – the Inčukalns underground natural gas storage facility (hereinafter "Inčukalns UGS" or "the storage facility") as well as the long-distance gas pipeline network that directly connects the Latvian natural gas market with Lithuania and Estonia.

The natural gas transmission and storage services provided by Conexus are supervised by the Public Utilities Regulatory Commission (hereinafter "PURC" or "the regulator").

Conexus' customers, i.e., the users of the natural gas transmission and storage system, represent several countries in the Baltic Sea region – Finland, Estonia, Latvia, Lithuania and Poland – as well as from other European countries – Norway, Czechia, and Switzerland. Users range from private domestic companies to state-owned and multinational companies representing various business sectors, such as wholesale and retail of natural gas, energy producers, heating operators, and manufacturing companies.

Conexus takes care of infrastructure sustainability and safety, high quality of service that promotes market development and delivers economic value to customers and society as a whole.

Conexus is a socially responsible company that, by creating economic value, ensures the overall development of the sector, the growth of its employees and sustainable employment, while ensuring that its technological processes have the least possible impact on the environment.

## Natural gas transmission segment

AS "Conexus Baltic Grid" is the only natural gas transmission and storage operator in Latvia that ensures the maintenance of the natural gas transmission network, its safe and uninterrupted operation and connections with the transmission networks of other countries and enables merchants to use the natural gas transmission network to trade natural gas.

The 1,190 km long natural gas transmission network is directly connected to the natural gas transmission networks of Lithuania, Estonia and Russia and enables both the transport of natural gas via regional pipelines within Latvia and the connection to the natural gas transmission networks of neighbouring countries:

- international pipelines have a diameter of 720 mm and operating pressures of 28 to 40 bar;
- regional gas pipelines have a diameter of 400 mm to 530 mm and an operating pressure of up to 30 bar;
- 40 gas regulating stations are used to transport natural gas to the local distribution network in Latvia. For the supply of natural gas to Latvian consumers, all consumption points on the territory of Latvia are combined at a single exit point.

## Natural gas storage segment

The natural gas storage segment provides natural gas storage in the Inčukalns underground gas storage facility for the heating season and other needs of network users.

The Subsidiary manages the only operating natural gas storage facility in the Baltic States (the Inčukalns underground gas storage facility) thus ensuring the stability of regional gas supply and the region's energy security. The Subsidiary offers certified merchants the opportunity to store natural gas for trading in Latvia or other markets. Inčukalns UGS facility can store up to 2.3 billion cubic metres of active natural gas, which fully covers the region's needs as electricity demand increases during the heating season.

## FINANCIAL PERFORMANCE

In the reporting period, the net turnover of the Augstsprieguma Tīkls Group totalled EUR 232,890 thousand, and the profit was EUR 21,260 thousand.

### Electricity transmission segment

When assessing the segment's financial indicators and operating performance, it should be noted that electricity transmission is a regulated sector under Section 5 of the Energy Law and that the PURC determines the allowed profit by setting the return on investment when approving the tariffs for the electricity transmission grid services.

The segment's net turnover totalled EUR 156,422 thousand in the reporting period, of which EUR 85,562 thousand was revenue from electricity transmission grid services. The significant decline in revenue of EUR 136,578 thousand is due to a decrease (47%) compared to 2022, which is attributable to a decline in revenue from the balancing energy business and a decline in revenue from congestion management. The decline in revenue in these categories corresponds to a decline in costs, which means that their impact on earnings is neutral.

In the first 6 months of 2023, the electricity price for transmission losses and technological consumption was significantly (2.9 times) higher than the electricity price under the electricity transmission tariff applicable until 1 July 2023, which was approved on 26 November 2020, which had a negative impact on the financial performance of the electricity transmission segment. In order to ensure the stability and predictability of electricity transmission tariffs and reduce the negative impact of electricity price fluctuations, the procurement process led to the conclusion of a contract on 10 March 2023 for the purchase of electricity for transmission losses, technological process support at a fixed price with a validity period until 31 December 2024. In order to ensure the profitability of the transmission system operator, new tariffs for services in the electricity transmission system were approved by a resolution of the PURC Council on 22 May 2023 with effect from 1 July 2023. At the same time, the resolution authorises the use of the congestion charge revenues to cover losses (see Note 4 for details). In 2023, the congestion charge revenues totalling EUR 12,538 thousand was earmarked to cover losses. As a result, EBITDA for the Electricity Transmission segment totalled EUR 37,752 thousand. Earnings before interest and taxes (EBIT) totalled EUR 2,392 thousand.

### Natural gas transmission segment

Revenue in the natural gas transmission segment totalled EUR 26,226 thousand in the reporting period, and EBITDA totalled EUR 12,489 thousand, which corresponds to 25% of Conexus' total EBITDA. The transmission segment's profit totalled

EUR 977 thousand (down by 8% compared to the previous year) Conexus is a regulated company with regulatory periods that differ from the financial year. In accordance with the methodology for calculating tariffs for the natural gas transmission network service, deviations in revenues and costs from the permitted volumes may occur during the tariff period, which affect the tariff values in subsequent tariff cycles. In the transmission segment, such deviations may arise due to differences in actual natural gas consumption compared to the budgeted in tariffs, which leads to an adjustment of revenue. The actual revenue of the transmission segment in the gas years from 1 January 2020 to 30 November 2023 was lower by EUR 16.7 million than the allowed revenue for the same period. The amount of lost revenue was used to increase the allowed revenue for the regulatory period running from 1 December 2023 to 30 September 2026. On 26 October 2023, the PURC Council passed a resolution on the tariffs for transmission grid services, which became effective on 1 December 2023.

### Natural gas storage segment

Revenue in the natural gas storage segment totalled EUR 50,242 thousand in the reporting period, while EBITDA amounted to EUR 38,013 thousand. The storage segment's profit totalled EUR 15,194 thousand.

In the 2023/2024 storage cycle, the volume of capacity booking products at the Inčukalns UGS facility totalled 22.6 TWh, compared to 24.1 TWh in the 2022/2023 storage cycle. Revenue from capacity products increased by EUR 14,018 thousand in the reporting period compared to the previous year. The increase in revenue is due to the auctioning of storage capacities, which resulted in an effective premium rate of EUR 1.62/MWh (sum of the premiums applied divided by the booked capacity of 22.6 TWh).

The regulatory periods (tariffs) for the natural gas storage service differ both from the financial reporting year and from the regulatory periods for natural gas transmission. In accordance with the methodology for calculating the tariffs for the natural gas storage service, there may be deviations in revenues and costs from the allowed volumes during the tariff period, which will affect the values of the tariffs for the storage service in the following tariff cycles. In the storage segment, such deviations are accumulated in the regulatory calculation. As a result of the reduction in the carrying amount of the storage service assets in 2023 (for details, see Note 7 under 'Reduction in the carrying amount of the assets of the natural gas storage segment'), the balance of the regulatory account at the end of the storage cycle (30 April 2024) is expected to be EUR 29,648 thousand.



## INVESTMENTS

### Electricity transmission segment

The capital expenditure in the electricity transmission grid must be carried out in accordance with the Electricity Transmission Grid Development Plan approved by the PURC, implementing projects necessary for the provision of reliable and high quality electricity transmission services. In order to minimise the impact of the planned investments on the electricity transmission tariff, investments in the refurbishment and renewal of existing facilities are planned at the depreciation level, while co-financing from the European Union (EU) and the cumulative congestion charge revenues are used to finance grid development projects.

The assets of the electricity transmission segment totalled EUR 888 million at the end of the reporting period. In 2023, investments totalling EUR 53,126 thousand were made in electricity transmission assets.

- Investments of EUR 33,964 thousand were made for synchronisation with the European electricity transmission grid (Phase 1 and Phase 2); earmarked investments in the projects to synchronise the Baltic States with continental Europe in Phase 1 and Phase 2 amount to EUR 241,654 thousand. The project aims to strengthen Latvia's energy security by synchronising the Latvian electricity transmission grid with the continental European grid, considering the principles of reliability and cost efficiency.
- EUR 8,676 thousand was invested in the reconstruction and renovation of substations. The substation reconstruction and renovation projects include the complete replacement of old equipment and the replacement of grid protection equipment with digital and high-speed equipment with a wide range of functions. In addition, the improved communication solutions ensure that the rebuilt substation can be remotely controlled not only from a workstation in the substation but also from the central control centre, with the controller receiving all the necessary information for decisions and actions both during normal operation of the system and in various emergencies. These projects increase

the controllability and observability of the electricity system and open up opportunities for the development and integration of RES.

### Natural gas transmission segment

- The assets of the transmission segment totalled EUR 252 million at the end of the reporting period, which accounted for 54% of the Subsidiary's total assets.
- During the reporting period, investments totalling EUR 10,964 thousand were made in the Natural Gas Transmission segment. The key investments:
  - EUR 1,079 thousand was invested as part of the European project of common interest "Improving the Latvia-Lithuania Interconnection" (ELLI). The most important activities related to the reconstruction of the Zaķumuiža, Daugmale, and Vangaži gas control stations. These activities marked the completion of the ELLI project.
  - Renovation of the insulation of the gas pipeline in the Izborsk – Inčukalns UGS facility of EUR 6,160 thousand.
  - Renovation of gas pipeline sections and their corrosion insulation of EUR 2,030 thousand.

### Natural gas storage segment

The segment assets totalled EUR 217 million at the end of the reporting period, making up 46% of the Subsidiary's total assets. Investments totalling EUR 22,604 thousand were made during the reporting period, which were up by EUR 13,116 thousand than in the previous year. In the area of natural gas storage, the most important investments were the modernisation of the gas pumping units in compressor hall no. 2, the conversion of gas collection point no. 3, and the installation of a new gas pumping unit, totalling EUR 18,653 thousand. The project is part of the ambitious PCI 8.2.4 project of common interest of the European Union "Improvement of the Inčukalns underground gas storage facility". The upgrading of the existing gas pumping stations were completed at the end of 2023.

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## FUNDING AND LIQUIDITY

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The Group finances capital projects from its own funds and long-term debt, which it raises regularly and timely on the financial and capital markets. Timely borrowing is essential for optimising risk management when refinancing loans and for repaying the loan capital within the agreed term.

As 31 December 2023, the Parent Company's bonds totalled EUR 100,393 thousand (at 31 December 2022: EUR 100,367 thousand), which consisted of long-term loans from the Green Bond 2021 (see also Note 14). In order to secure the funds available to finance the working capital, an overdraft agreement was signed with AS Swedbank on 9 December 2022 in the amount of up to EUR 10,000 thousand, maturing on 9 December 2024. During the reporting period, AS "Augstsprieguma tīkls" did not receive any loans under the overdraft agreements. At the end of the reporting period, 100% of the Parent Company's total long-term loans were at fixed interest rates (31 December 2022: 100%). At the end of the reporting period, the weighted average interest rate for the Parent Company's long-term loans was unchanged at 0.5% (at 31 December 2022: 0.5%).

The Group's total debt as at 31 December 2023 amounted to EUR 179,937 thousand, including bonds issued in the amount of EUR 100,393 thousand and bonds with banks in the amount of EUR 79,544 thousand. The natural gas grid operator AS "Conexus Baltic Grid" raised external funding using its own

resources. The Subsidiary has a total of EUR 65,000 thousand available in bank lines of credit. At the end of the reporting period, these credit lines totalled EUR 1.6 billion and had not been utilised, which represents a considerable liquidity buffer. The available credit line agreements for EUR 65,000 thousand have a maximum term of one year. At the end of the reporting year, Conexus had long-term credit agreements totalling EUR 45,000 thousand, which will mature in 2024. At the end of the reporting period, 76% of the Group's total long-term loans were at fixed interest rates (as at 31 December 2022: 71%), meaning that the increase in interest rates on the financial market has no material impact on the Group. The Group's weighted average interest rate for long-term loans at the end of the reporting period was 1.52% (31 December 2022: 1.07%), while the weighted average interest rate for short-term loans was 4.76% (31 December 2022: 2.77%). All of the Group's borrowings are denominated in euros and are unsecured.

In confirmation of the stability and financial soundness of the Augstsprieguma Tīkls Group, the international rating agency S&P Global Ratings (S&P) announced on 12 December 2023 that the Parent Company's credit rating had been raised from A- with a stable outlook to A- with a positive outlook. In 2022, S&P rated the Group's Subsidiary for the first time and assigned a long-term credit rating of BBB+ with a stable outlook.

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## REGULATORY ACTIVITIES - TARIFF FOR TRANSMISSION AND STORAGE SERVICES

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### Electricity transmission

Under the PURC Council resolution No. 64 of 22 May 2023 "On the Tariffs for Electricity Transmission Grid Services of the Joint Stock Company Augstsprieguma Tīkls" differentiated tariffs for electricity transmission grid services were approved and their entry into force was set for 1 July 2023 and the regulatory period was set until 31 December 2025. The aforementioned resolution of the PURC Council allows AST to divert cumulative congestion revenues of EUR 62,070.1 thousand within the regulatory period until 31 December 2025 to cover the costs of the electricity transmission grid services. See detailed information on the cumulative congestion income used to cover the costs of electricity transmission grid services in 2023 in Note 4.

On 29 November 2023, the Parent Company submitted updated, differentiated tariffs for electricity transmission grid services to the Public Utilities Regulatory Commission for approval, to come into effect on 1 January 2024. The proposed

tariff changes were driven by the changes to the electricity transmission tariff calculation methodology proposed by the Parent Company and approved by the PURC, which allowed the current inflation forecast for 2024 to be included in the tariff calculation as well as additional revenue from interstate auctions for transmission capacity to be redirected to AST to reduce tariffs, resulting in a reduction of EUR 2.4 million in the costs included in the tariff calculation.

At its meeting on 19 December 2023, the Public Utilities Regulatory Commission recognised that the differentiated tariffs for electricity transmission grid services established by the joint stock company "Augstsprieguma tīkls" and published in the Latvian Official Journal of 29 November 2023 (No. 232) comply with the applicable tariff calculation methodology for electricity transmission grid services and they may enter into force from 1 January 2024.



The Parent Company has set as one of its priority objectives the implementation of measures to reduce the increase in tariffs for electricity transmission services. In order to achieve its objective, the Parent Company is actively seeking co-financing from the European Union to finance capital expenditure. The activities carried out have resulted in EU co-financing of more than EUR 300 million. Furthermore, in order to minimise the impact on transmission tariffs, the Parent Company uses the cumulative congestion charge revenues to finance capital expenditure. Investments in the electricity transmission grid that are financed from EU co-financing and congestion charge revenues are disregarded for the purpose of calculating the tariffs for electricity transmission grid services.

## Natural gas transmission and storage

On 26 October 2023, the PURC Council passed a resolution on the tariffs for the service of the natural gas transmission grid, which entered into force on 1 December 2023. Under the resolution, the fee for the use of the exit point for the supply of Latvian users will increase by 37% from EUR 0.0019296946/kWh to EUR 0.0026488301/kWh, while the tariffs for the annual standard capacity products, short-term standard capacity products, interruptible capacity products and interruptible counterflow virtual

capacity products of the natural gas transmission network will remain unchanged and maintain their current values. Although the overall cost of providing the natural gas transmission service has not increased, the decrease in natural gas consumption observed in Latvia in recent years has led to an increase in tariffs for the service.

New tariffs for the natural gas storage service became effective on 1 May 2023. Due to a decrease in forecast revenue attributable to the tariff period, the tariff values of the most common storage products fell by 14 per cent.

On 18 January 2024, the Public Utilities Regulatory Commission passed a resolution on the tariffs for the natural gas storage service, which will become effective on 1 May 2024. For the basic products, i.e. the one-year bundled capacity product and the two-year bundled capacity product, the tariffs will remain unchanged for the next storage cycle. The tariff for the inventory transfer product will be increased from 1.3581 EUR/MWh/storage cycle to 3.2260 EUR/MWh/storage cycle. The tariff for the storage transfer product is determined by the results of the previous season's biennial auctions for the bundled capacity product, which in turn are determined by market demand.

## FUTURE DEVELOPMENT OF THE GROUP

### Electricity transmission

Synchronisation of the Baltic States with continental Europe

In the coming years, the most important challenges are lie in synchronising the Baltic states with continental Europe.

On 22 May 2019, AST signed the agreement on the conditions for the future interconnection of the power grid of the Baltic States and the power grid of continental Europe. The annexes to the concluded agreement on connection to the continental European electricity grid set out the technical requirements to be met by the Baltic transmission system operators before and after the start of the synchronisation process. These requirements are related to changes in the transmission system settings, investments in infrastructure development and the TSOs' obligation to maintain a certain level of frequency containment, frequency restoration reserves and system inertia.

The synchronisation of the Baltic countries with continental Europe is planned for 2025 or earlier if necessary. Synchronisation will make the Baltic States transmission system part of the European system, which means independence from the

combined (IPS/UPS) Russian system and a more reliable electricity supply.

### Development of the electricity transmission system

In order to ensure efficient development of the transmission network and reliable electricity transmission service, each year, AST prepares a development plan for the electricity transmission grid for the next 10 years (hereinafter also referred to as the Development Plan) in accordance with the "Regulations on the Development Plan of the Electricity Transmission Grid" approved under the PURC resolution No. 1/28 of 23 November 2011 and submit it to the PURC for approval by 30 June.

On 19 October 2023, the PURC Council approved the Development plan for the electricity transmission system for the period from 2024 to 2033 (the PURC Council resolution of 19 October 2023 "On the development plan for the electricity transmission system").

The development plan was developed in line with AST's strategic goal of strengthening Latvia's energy security by synchronising the Latvian electricity transmission grid with the continental European grid,

while respecting the principles of reliability and cost efficiency.

The approved development plan specifies the development of the transmission network and the necessary financial investments in transmission infrastructure for the next decade and provides for investments totalling EUR 509 million for the development of the electricity transmission grid. EUR. The approved development plan: [https://www.ast.lv/sites/default/files/editor/AST\\_10GAP\\_2024\\_2033\\_15.09.pdf](https://www.ast.lv/sites/default/files/editor/AST_10GAP_2024_2033_15.09.pdf)

To ensure that the planned investments minimise the impact on electricity transmission tariffs, AST has successfully raised EU co-financing for the projects of common European interest included in the development plan and earmarked the accrued congestion charge revenues to finance them:

- Project “Synchronisation of the Baltic Electricity Transmission System with the European Grid, Phase 1” – EU co-financing up to 75% of eligible costs or EUR 57.7 million, whereas 24% is to be covered by cumulative congestion charge revenues;
- Project “Synchronisation of the Baltic Electricity Transmission System with the European Grid, Phase 2” – EU co-financing of 75% of eligible costs or EUR 92.6 million, where a further EUR 25.0 million is to be covered by cumulative congestion charge revenues.

As part of the support programme for the modernisation of the electricity transmission and distribution grids under the Recovery and Resilience Mechanism Plan approved by the Cabinet, the Parent Company will be able to obtain funding of EUR 38.1 million. With the support, AST plans to build a control and security data centre, implement the necessary information technology infrastructure to improve the cybersecurity of the information system and develop the digitalisation of grid management, which will enable the planning and management of the operating modes of renewable energy producers.

The investments in the electricity transmission grid, which are financed from EU co-financing and congestion charge revenue, are not included in the tariff calculation for electricity transmission grid services.

## Renewable electricity generation – connections to the transmission system

As part of the European Green Deal, there is also great interest in the generation of electricity from RES in Latvia. The total installed capacity of wind farms and solar power plants of varying output already exceeds Latvia’s peak electricity load many times over if all projects are implemented.

AS “Augstsprieguma tīkls” is not working only on the installation of new electricity transmission grid connections for these projects but is also taking the first steps to further connect the electricity transmission grid with neighbouring electricity transmission grids – preliminary assessments are being carried out to increase the interconnection capacity with Lithuania and to install a new connection with Sweden.

The development of renewable energy power plants in Latvia is an important step towards addressing the current energy, security and climate challenges in the Baltic region.

## System management and electricity market development

In pursuit of the European Union’s policy towards a single electricity market, the strategic focus of AS “Augstsprieguma tīkls” strategic direction is focused on the development and integration of the electricity and ancillary services markets into the European markets.

It is planned to continue developing and improving the internal market for day-ahead and intraday electricity in the EU in the coming years. This will provide new opportunities for Latvian and Baltic players in the EU internal electricity market.

Currently, projects are in progress to allow market participants to participate in the intraday and day-ahead markets with a 15-minute time resolution as well as to trade energy and capacity products on the intraday market, similar to the existing day-ahead market. In the Baltic Sea region, work is currently being undertaken to develop and harmonise the implementation schedule for the 15-minute resolution. AST is preparing a task to complement its balance management system with an intraday market auction solution, and preparations have also been made for conducting tests with the European central intraday market auction system.

In addition, work will continue on the establishment of an integrated European mFRR trading platform and the accession of the Baltic TSO to this platform, which will enable the Baltic balancing service providers to participate in the common European reserve market.

Joining in this platform requires modifying the common Baltic balancing model, the most important of which is ensuring that a 15-minute balancing market period is implemented, allowing electricity market participants to plan more accurately and efficiently control system imbalances..

## Innovation and research

As part of their commitment to the development of the Parent Company, representatives of the Parent Company actively participate in the Research,



Development and Innovation Committee of ENTSO-E, the European Network of Transmission System Operators for Electricity, because they are aware of the importance of innovation in the success of their activities.

ENTSO-E's Research, Development and Innovation Committee is working to transform existing electricity systems to meet the objectives set by the European Union.

The innovation and research activities are focussed on 6 axes:

- Modernisation;
- Safety and stability;
- Flexibility;
- Economy and efficiency;
- Digitisation;
- Green transformation.

## Natural gas transmission and storage

The Subsidiary will actively continue work on the Inčukalns UGS facility modernisation project, which is scheduled to be completed by 2025 and will significantly improve the technical infrastructure and operational safety of the facilities in order to ensure that the storage facility continues to function even after the pressure increase in the Baltic transmission grid.

As part of its efforts to promote the free circulation of biomethane as a promising renewable energy resource in Latvia, the Subsidiary has developed a unique solution that enables biomethane producers to transport biomethane with a mobile gas tank to a central injection point, which will allow the fuel to be injected into the common gas transmission network.

Under the transformation and decarbonisation objectives of the European Union and the European Commission, Member States are required to significantly reduce their greenhouse gas emissions and promote the transition to renewable energies. The transformation strategy is based on the development of a hydrogen economy in which hydrogen is utilised as a renewable energy source and storage medium with future application potential. In the reporting year, Conexus, together with the transmission system operators Gasgrid Finland (Finland), Elering (Estonia), Amber Grid (Lithuania), Gaz System Poland (Poland) and Ontras (Germany), launched the North-Baltic Hydrogen Corridor project, which aims to establish a cross-border hydrogen transportation corridor from Finland via Estonia, Latvia, Lithuania, and Poland to Germany by 2030.

One of the Subsidiary's strategic directions is the implementation of climate-friendly and sustainable energy solutions. The Subsidiary has plans to install solar panels on more than 16,000 square metres of the Inčukalns UGS facility with a total capacity of up to 1 MW. The construction of the solar park is expected to cover 25% of the storage facility's total electricity consumption. In the reporting year, Conexus concluded a contract for the construction of a solar park, including the purchase of equipment, at the Inčukalns UGS facility as part of an open tender process.

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## FINANCIAL RISK MANAGEMENT

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The Augstsprieguma Tīkls Group's financial risk management is implemented in accordance with the financial risk management policy and the subordinate financial risk management rules.

The Group's Subsidiary develops and approves its own financial risk management guidelines, which are based on the guiding principles of the Group's policy.

Management of financial resources has the objective of ensuring the financing and financial stability of economic activities through the prudent management of financial risks. The Group and its Parent Company apply financial risk controls and hedging measures as part of their financial risk management process.

### a) Liquidity risk

Liquidity risk relates to the ability of the Group and the Parent Company to meet their obligations as they fall due. To address operational risk, unforeseeable cash flow fluctuations and short-term liquidity risk, the Group and the Parent Company maintain a reserve in the form of cash or committed and irrevocably available credit facilities for the next 24 months.

The Group and the Parent Company operate a prudent liquidity risk management policy to ensure that they have sufficient financial resources to meet their liabilities as they fall due.

Management believes that AS "Augstsprieguma tīkls" will not have liquidity problems and will be able to pay its creditors within the set deadlines. Management believes that Augstsprieguma tīkls will

provide the Group with sufficient cash resources to ensure that its liquidity is not jeopardised.

#### **b) Interest rate risk**

The interest rate risk arises primarily from floating-rate bonds, where there is a risk of a significant increase in financing costs due to rising interest rates. In order to limit the risk, the financial risk management policy of the Group and the Parent Company stipulates that the proportion of fixed or capped interest rates in the loan portfolio may not be less than 35%. At the same time, the financial risk management rules stipulate that deviations from this indicator are permitted in the restructuring of liabilities assumed as part of the reorganisation of ownership of transmission assets.

#### **c) Credit risk**

The financial assets that potentially expose the Group and the Parent Company to a certain degree of concentration of risk are mainly cash and receivables from contracts with customers. Credit risk can relate to financial counterparty risk and counterparty risk.

As part of their business activities, the Group and the Parent Company work with domestic and foreign financial institutions. This results in a counterparty risk - the Group and the Parent Company may suffer losses in the event of the insolvency or cessation of business activities of counterparties. In the case of external financing, the risk remains until the borrowing is utilised and transferred to one of the Group's or the Parent Company.

The credit risk arising from the Group's and Parent Company's current account balances is managed in accordance with the Group's financial risk management policy and financial risk management rules, whereby the allocation of funds is equalised.

Under the financial risk management policy, counterparties with a minimum credit rating of at least investment grade, either their own or that of the parent bank, as determined by an international credit rating agency, are accepted in cooperation with banks and financial institutions.

The Group and the Parent Company enter into transactions with local and foreign companies as part of their business activities. This results in a counterparty or debtor risk - the Group or the Parent Company may suffer losses in the event of the insolvency or cessation of business activities of counterparties. The Law on International and National Sanctions of the Republic of Latvia imposes financial and civil law restrictions on companies on the sanctions list, including the freezing of financial assets. In view of this, cooperation with a sanctioned company is associated with contractual, legal and reputational risks for the Group or the Parent Company.

Although the Group and the Parent Company have a significant concentration of receivables risk in relation to a single counterparty or a group of similar counterparties, this risk is considered to be limited as the main counterparty is a state-owned trading company, the public limited company "Latvenergo" and its group companies, with a high credit rating of Baa2 (investment grade) and a stable future outlook assigned to the Latvenergo Group by Moody's. The credit risk associated with receivables is considered to be limited.

The credit risk associated with receivables is managed in accordance with the risk management measures defined in the financial risk management framework by analysing receivables on a monthly and at least quarterly basis.

#### **d) Capital risk management**

The Parent Company is wholly owned by the Republic of Latvia. The objective of capital risk management is to ensure the sustainable operation and development of the Group and the Parent Company, the financing required for the implementation of the development plan in the transmission facilities and the fulfilment of the restrictive covenants stipulated in the loan agreements. The restrictive covenants in the loan agreements have not been breached. To ensure that the restrictive covenants in the loan agreements are complied with, the equity ratio is analysed regularly.

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## CIRCUMSTANCES AND EVENTS AFTER THE END OF THE REPORTING PERIOD

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To strengthen the Parent Company's management team, the Council of AS "Augstsprieguma tīkls" elected Ilze Znotiņa as a member of the Board for legal and compliance matters on 26 January 2024. She joined AST on 1 February 2024.

No other significant events occurred between the last day of the reporting period and the date of signing these unaudited condensed financial

statements that would have a material effect on the unaudited condensed financial statements of the Group and AS "Augstsprieguma tīkls" for the 12-month period ended 31 December 2023. Though uncertainty about the future impact of events on the Group and Parent Company has increased, no circumstances have been identified that could threaten the continuity of operations and carrying out of the functions provided for in the law.

**Rolands Irklis,**  
Chairman of the Board

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Member of the Board

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Member of the Board

**Gatis Junghāns,**  
Member of the Board

**Ilze Znotiņa,**  
Member of the Board

Rīga, 14 February 2024

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# REPORT ON THE RESPONSIBILITY OF THE BOARD

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## REPORT ON THE RESPONSIBILITY OF THE BOARD OF DIRECTORS

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The Board of AS "Augstsprieguma tīkls" is responsible for the preparation of the financial statements of the Augstsprieguma Tīkls Group and AS "Augstsprieguma tīkls".

Based on the information available to the Board of AS "Augstsprieguma tīkls", the unaudited condensed financial statements of the Augstsprieguma Tīkls Group and AS "Augstsprieguma tīkls" for the

12-month period ended 31 December 2023 have been prepared in accordance with International Accounting Standard no. 34 as adopted in the European Union and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Augstsprieguma tīkls Group and AS "Augstsprieguma tīkls". The information contained in the management report is true.

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Rīga, 14 February 2024

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**CONSOLIDATED  
AND STANDALONE  
FINANCIAL  
STATEMENTS**

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## INCOME STATEMENT

	Notes	Parent company		Group	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
Revenue	4	156 422 305	296 000 232	232 890 184	351 131 631
Other revenue		7 697 696	7 191 743	8 746 743	8 073 037
Raw materials and consumables used	5	(75 454 444)	(147 049 033)	(82 251 524)	(153 347 478)
Personnel costs		(21 647 199)	(18 622 046)	(37 632 852)	(32 456 251)
Other operating expenses		(29 266 278)	(97 201 639)	(33 498 421)	(100 867 144)
<b>EBITDA*</b>		<b>37 752 080</b>	<b>40 319 257</b>	<b>88 254 130</b>	<b>72 533 795</b>
Depreciation and amortisation	7.4	(35 359 819)	(35 303 616)	(65 298 020)	(53 162 148)
<b>OPERATING PROFIT/(LOSS)</b>		<b>2 392 261</b>	<b>5 015 641</b>	<b>22 956 110</b>	<b>19 371 647</b>
Share of profit of an associate		8 333	-	8 333	-
Dividends from subsidiaries		5 719 677	6 536 774	-	-
Finance income	6a	2 518 116	54 910	2 605 310	61 559
Finance expenses	6b	(682 206)	(617 004)	(3 072 714)	(1 227 749)
<b>PROFIT BEFORE TAX</b>		<b>9 956 181</b>	<b>10 990 321</b>	<b>22 497 039</b>	<b>18 205 457</b>
Corporate income tax		-	-	(1 237 036)	(2 045 654)
<b>PROFIT FOR THE REPORTING PERIOD</b>		<b>9 956 181</b>	<b>10 990 321</b>	<b>21 260 003</b>	<b>16 159 803</b>
Profit attributed to:					
Parent company's shareholders		9 956 181	10 990 321	15 890 791	12 467 649
Non-controlling interests		-	-	5 369 212	3 692 154

\* See Note 2 for an explanation on the addition of a non-IFRS indicator.  
The Notes on pages 31 to 55 form an integral part of these financial statements.

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**Māra Grava,**  
Head of Finance and Accounting  
Department

Rīga, 14 February 2024

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## STATEMENT OF COMPREHENSIVE INCOME

	Notes	Parent company		Group	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
PROFIT FOR THE REPORTING PERIOD		9 956 181	10 990 321	21 260 003	16 159 803
Other comprehensive income/ (loss) not reclassified to profit or loss in subsequent periods					
Revaluation of property, plant and equipment (decrease)/increase		-	-	(12 291 041)	(919 822)
Result of the re-measurement of post-employment benefits		-	329 736	29 480	388 781
<b>Total other comprehensive income for the year</b>		-	<b>329 736</b>	<b>(12 261 561)</b>	<b>(531 041)</b>
<b>TOTAL comprehensive income for the reporting year</b>		<b>9 956 181</b>	<b>11 320 057</b>	<b>8 998 442</b>	<b>15 628 762</b>
Comprehensive income attributable to:					
Parent company's shareholders		9 956 181	11 320 057	3 619 932	11 917 985
Non-controlling interests		-	-	5 378 510	3 710 777

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Riga, 14 February 2024

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## STATEMENT OF FINANCIAL POSITION

	Notes	PARENT COMPANY		GROUP	
		31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>ASSETS</b>					
Non-current assets					
Intangible assets	7.1	3 270 461	3 055 296	21 261 040	5 163 305
Advance payments for intangible assets		-	-	40 700	-
Property, plant, and equipment (PPE)	7.2	699 082 116	681 454 229	1 106 603 680	1 097 824 064
Advance payments for PPE		-	4 250	2 483 546	5 326 259
Right-of-use assets	7.3	14 398 940	14 471 389	14 847 298	14 932 892
Long-term financial investments	8	134 449 726	134 441 393	54 755	46 422
Long-term prepayments		674 022	-	674 022	1 007 865
<b>Total non-current assets</b>		<b>851 875 265</b>	<b>833 426 557</b>	<b>1 145 965 041</b>	<b>1 124 300 807</b>
Current assets					
Inventories		385 559	425 526	5 063 168	4 116 461
Receivables from contracts with customers	9	18 858 315	22 394 781	30 413 434	32 631 516
Other short-term receivables	10	38 924 866	9 490 098	39 830 252	12 426 651
Deposits	10	80 767 903	-	80 767 903	-
Corporate income tax	10	-	11 512	-	11 512
Cash and cash equivalents	11	31 946 690	92 042 624	44 900 140	103 009 740
<b>Total current assets</b>		<b>170 883 333</b>	<b>124 364 541</b>	<b>200 974 897</b>	<b>152 195 880</b>
<b>TOTAL ASSETS</b>		<b>1 022 758 598</b>	<b>957 791 098</b>	<b>1 346 939 938</b>	<b>1 276 496 687</b>

The Notes on pages 31 to 55 form an integral part of these financial statements.

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Riga, 14 February 2024

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## STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	PARENT COMPANY		GROUP	
		31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	12a	391 598 534	391 598 534	391 598 534	391 598 534
Reserves	12b	35 928 141	36 584 810	24 208 302	37 168 879
Retained earnings		22 915 669	19 336 624	111 818 853	102 272 149
<b>Parent company shareholder's share of equity</b>		<b>450 442 344</b>	<b>447 519 968</b>	<b>527 625 689</b>	<b>531 039 562</b>
<b>Non-controlling interests</b>	12c	-	-	<b>102 991 582</b>	<b>100 247 555</b>
<b>Total equity</b>		<b>450 442 344</b>	<b>447 519 968</b>	<b>630 617 271</b>	<b>631 287 117</b>
<b>Non-current liabilities</b>					
Employee benefit obligations		3 247 799	3 294 185	4 579 276	4 645 953
Lease liabilities	14	14 036 873	14 184 247	14 487 671	14 643 605
Borrowings	14	100 393 137	100 366 699	165 962 034	169 834 882
Deferred income from contracts with customers	13a	37 477 190	38 084 750	37 477 190	38 084 750
Other deferred income	13a	313 160 057	304 906 927	339 230 931	329 864 675
<b>Total non-current liabilities</b>		<b>468 315 056</b>	<b>460 836 808</b>	<b>561 737 102</b>	<b>557 073 865</b>
<b>Current liabilities</b>					
Borrowings	14	-	-	13 974 779	12 961 766
Lease liabilities	14	843 802	681 707	871 006	706 771
Deferred income from contracts with customers	13b	3 705 561	3 658 224	3 705 561	3 658 224
Other deferred income	13b	49 448 537	8 695 336	50 427 495	9 462 671
Trade payables	15	24 772 634	28 710 448	30 554 225	36 121 302
Deferred tax liability		-	-	3 638 647	4 490 381
Other liabilities	15	25 230 664	7 688 607	51 413 852	20 734 590
<b>Total current liabilities</b>		<b>104 001 198</b>	<b>49 434 322</b>	<b>154 585 565</b>	<b>88 135 705</b>
<b>TOTAL LIABILITIES</b>		<b>1 022 758 598</b>	<b>957 791 098</b>	<b>1 346 939 938</b>	<b>1 276 496 687</b>

The Notes on pages 31 to 55 form an integral part of these financial statements.

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Riga, 14 February 2024

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## STATEMENT OF CHANGES IN EQUITY

	Notes	PARENT COMPANY						TOTAL EUR
		Share capital	Retained earnings	Other reserves	Revaluation reserve for property, plant and equipment	Reserve of the remeasurement of postemployment benefits	Reorganization reserve	
		EUR	EUR	EUR	EUR	EUR	EUR	
<b>At 31 December 2021</b>		<b>365 895 957</b>	<b>62 270 520</b>	<b>2 680 615</b>	<b>62 417 620</b>	<b>(584 979)</b>	<b>(27 336 704)</b>	<b>465 343 029</b>
Profit for the year		-	10 990 321	-	-	-	-	10 990 321
Other comprehensive income for the reporting year		-	-	-	-	329 736	-	329 736
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>10 990 321</b>	<b>-</b>	<b>-</b>	<b>329 736</b>	<b>-</b>	<b>11 320 057</b>
Paid dividends	12a	-	(29 143 118)	-	-	-	-	(29 143 118)
Write-down of revaluation reserve for property, plant and equipment		-	921 478	-	(921 478)	-	-	-
Share capital increase	12a	25 702 577	(25 702 577)	-	-	-	-	-
<b>Total transactions with shareholders and other changes in equity</b>		<b>25 702 577</b>	<b>(53 924 217)</b>	<b>-</b>	<b>(921 478)</b>	<b>-</b>	<b>-</b>	<b>(29 143 118)</b>
<b>At 31 December 2022</b>		<b>391 598 534</b>	<b>19 336 624</b>	<b>2 680 615</b>	<b>61 496 142</b>	<b>(255 243)</b>	<b>(27 336 704)</b>	<b>447 519 968</b>
Profit for the reporting period		-	9 956 181	-	-	-	-	9 956 181
Other comprehensive income for the reporting period		-	-	-	-	-	-	-
<b>Total comprehensive income for the reporting period</b>		<b>-</b>	<b>9 956 181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 956 181</b>
Paid dividends	12a	-	(7 033 805)	-	-	-	-	(7 033 805)
Write-down of revaluation reserve for property, plant and equipment		-	656 669	-	(656 669)	-	-	-
Share capital increase		-	-	-	-	-	-	-
<b>Total transactions with shareholders and other changes in equity</b>		<b>-</b>	<b>(6 377 136)</b>	<b>-</b>	<b>(656 669)</b>	<b>-</b>	<b>-</b>	<b>(7 033 805)</b>
<b>At 31 December 2023</b>		<b>391 598 534</b>	<b>22 915 669</b>	<b>2 680 615</b>	<b>60 839 473</b>	<b>(255 243)</b>	<b>(27 336 704)</b>	<b>450 442 344</b>

The Notes on pages 31 to 55 form an integral part of these financial statements.

**Rolands Irklis,**  
Chairman of the Board

**Arnis Daugulis,**  
Member of the Board

**Imants Zviedris,**  
Member of the Board

**Gatis Junghāns,**  
Member of the Board

**Ilze Znotiņa,**  
Member of the Board

**Māra Grava,**  
Head of Finance and Accounting  
Department

Riga, 14 February 2024

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## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Notes	Group								Total
		Attributable to the shareholder of the Parent Company							Non-controlling interests	
		Share capital	Retained earnings	Other reserves	Revaluation reserve for property, plant and equipment	Reserve of the re-measurement of post-employment benefit	Reorganization reserve	Total		
EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR		
<b>At 31 December 2021</b>		<b>365 895 957</b>	<b>143 727 293</b>	<b>2 680 615</b>	<b>62 552 003</b>	<b>(842 630)</b>	<b>(25 748 543)</b>	<b>548 264 695</b>	<b>99 547 615</b>	<b>647 812 310</b>
Profit for the year		-	12 467 649	-	-	-	-	12 467 649	3 692 154	16 159 803
Other comprehensive income for the reporting year		-	-	-	(919 822)	370 158	-	(549 664)	18 623	(531 041)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>12 467 649</b>	<b>-</b>	<b>(919 822)</b>	<b>370 158</b>	<b>-</b>	<b>11 917 985</b>	<b>3 710 777</b>	<b>15 628 762</b>
Paid dividends	12a	-	(29 143 118)	-	-	-	-	(29 143 118)	(3 010 837)	(32 153 955)
Write-down of revaluation reserve for property, plant and equipment		-	922 902	-	(922 902)	-	-	-	-	-
Share capital increase	12a	25 702 577	(25 702 577)	-	-	-	-	-	-	-
<b>Total transactions with shareholders and other changes in equity</b>		<b>25 702 577</b>	<b>(53 922 793)</b>	<b>-</b>	<b>(922 902)</b>	<b>-</b>	<b>-</b>	<b>(29 143 118)</b>	<b>(3 010 837)</b>	<b>(32 153 955)</b>
<b>At 31 December 2022</b>		<b>391 598 534</b>	<b>102 272 149</b>	<b>2 680 615</b>	<b>60 709 279</b>	<b>(472 472)</b>	<b>(25 748 543)</b>	<b>531 039 562</b>	<b>100 247 555</b>	<b>631 287 117</b>
Profit for the reporting period		-	15 890 791	-	-	-	-	15 890 791	5 369 212	21 260 003
Other comprehensive income for the reporting period		-	-	-	(12 291 041)	20 182	-	(12 270 859)	9 298	(12 261 561)
<b>Total comprehensive income for the reporting period</b>		<b>-</b>	<b>15 890 791</b>	<b>-</b>	<b>(12 291 041)</b>	<b>20 182</b>	<b>-</b>	<b>3 619 932</b>	<b>5 378 510</b>	<b>8 998 442</b>
Paid dividends		-	(7 033 805)	-	-	-	-	(7 033 805)	(2 634 483)	(9 668 288)
Write-down of revaluation reserve for property, plant and equipment		-	689 718	-	(689 718)	-	-	-	-	-
Share capital increase		-	-	-	-	-	-	-	-	-
<b>Total transactions with shareholders and other changes in equity</b>		<b>-</b>	<b>(6 344 087)</b>	<b>-</b>	<b>(689 718)</b>	<b>-</b>	<b>-</b>	<b>(7 033 805)</b>	<b>(2 634 483)</b>	<b>(9 668 288)</b>
<b>At 31 December 2023</b>		<b>391 598 534</b>	<b>111 818 853</b>	<b>2 680 615</b>	<b>47 728 520</b>	<b>(452 290)</b>	<b>(25 748 543)</b>	<b>527 625 689</b>	<b>102 991 582</b>	<b>630 617 271</b>

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Head of Finance and Accounting  
Department

Riga, 14 February 2024

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## STATEMENT OF CASH FLOW

	Notes	PARENT COMPANY		GROUP	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
<b>I. CASH FLOW FROM OPERATING ACTIVITY</b>					
<b>Profit before tax</b>		<b>9 956 181</b>	<b>10 990 321</b>	<b>22 497 039</b>	<b>18 205 457</b>
<b>Adjustments:</b>					
Amortization of intangible assets and property, depreciation of plant and equipment and impairment	7.4	34 439 412	34 383 606	64 364 468	52 215 887
Depreciation of right-of-use assets	7.4	920 407	920 010	933 552	946 261
Disposals of intangible assets and property, plant and equipment	7.4	470 465	275 350	623 232	241 215
(Decrease) / increase in provisions		(46 386)	197 444	(66 677)	175 077
Interest expense		859 260	757 285	3 461 552	1 367 212
Interest income		(2 510 429)	(47 194)	(2 596 349)	(47 194)
Dividends from subsidiaries		(5 719 677)	(6 536 774)	-	-
Share of profit of an associate		(8 333)	-	(8 333)	-
<b>Operating profit before changes in working capital</b>		<b>38 360 900</b>	<b>40 940 048</b>	<b>89 208 484</b>	<b>73 103 915</b>
<b>Adjustments:</b>					
(Increase) /decrease in amounts due from contracts with customers, deposits and other short-term receivables		(26 560 812)	(223 171)	(25 927 560)	859 305
Decrease / (increase) in inventories		39 967	91 801	(946 707)	(972 595)
Increase / (decrease) in trade payables and amounts due to other creditors		26 743 278	(2 396 898)	21 404 850	26 028
<b>Gross cash flow from operating activity</b>		<b>38 583 333</b>	<b>38 411 780</b>	<b>83 739 067</b>	<b>73 016 653</b>
Interest paid		(102 708)	-	(2 671 204)	(563 790)
Lease interest paid		(230 114)	(230 846)	(250 897)	(251 502)
Interest received		1 742 526	-	1 822 631	-
Expense on issued debt securities (bonds)	14	(500 000)	(126 027)	(500 000)	(126 027)
Corporate income tax payments		-	-	(2 088 770)	(2 387 165)
<b>Net cash flow from operating activity</b>		<b>39 493 037</b>	<b>38 054 907</b>	<b>80 050 827</b>	<b>69 688 169</b>

The Notes on pages 31 to 55 form an integral part of these financial statements.

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Department

Riga, 14 February 2024

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## STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	PARENT COMPANY		GROUP	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
<b>II. CASH FLOW FROM INVESTING ACTIVITY</b>					
Acquisition and establishment of property, plant and equipment and intangible assets		(53 292 108)	(30 958 402)	(82 751 758)	(48 758 506)
Proceeds from sale of PPE	7.2	373 272	258 779	378 061	294 645
EU funding received	13	22 230 789	22 002 822	24 371 953	29 646 762
Congestion charges received	13	13 246 274	37 650 929	13 246 274	37 650 929
Placed deposits		(80 000 000)	-	(80 000 000)	-
Investment in associate		-	(45 000)	-	(45 000)
Dividends received from subsidiaries		5 719 677	6 536 774	-	-
<b>Net cash flow from investing activity</b>		<b>(91 722 096)</b>	<b>35 445 902</b>	<b>(124 755 470)</b>	<b>18 788 830</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITY</b>					
Payments for asset leases	14	(833 070)	(829 010)	(860 273)	(848 571)
Borrowings from credit institutions		-	-	10 000 000	20 000 000
Repayment of borrowings to credit institutions	14	-	-	(12 899 286)	(35 688 383)
Dividends paid		(7 033 805)	(29 143 118)	(9 645 398)	(32 120 358)
<b>Net cash flow from financing activity</b>		<b>(7 866 875)</b>	<b>(29 972 128)</b>	<b>(13 404 957)</b>	<b>(48 657 312)</b>
Net increase in cash during the reporting period		(60 095 934)	43 528 681	(58 109 600)	39 819 687
Cash at the beginning of the reporting year		92 042 624	48 513 943	103 009 740	63 190 053
<b>Cash at the end of the reporting year</b>		<b>31 946 690</b>	<b>92 042 624</b>	<b>44 900 140</b>	<b>103 009 740</b>

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Riga, 14 February 2024

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**NOTES TO THE  
CONSOLIDATED  
AND STAND-ALONE  
FINANCIAL  
STATEMENTS**

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# 1. GENERAL INFORMATION ABOUT THE GROUP

The principal business of Augstsprieguma tīkls Group is the provision of electricity transmission system operator functions, efficient management of energy supply system assets, natural gas transmission and storage.

Augstsprieguma tīkls Group comprises the parent company AS "Augstsprieguma tīkls", the subsidiary AS "Conexus Baltic Grid", and the associated company "Baltic RCC" OÜ.

All shares in AS "Augstsprieguma tīkls" are owned by the State and held by the Ministry of Finance of the Republic of Latvia. From 14 February 2023, the holder of the State shares is the Ministry of Climate and Energy. The Parent company's registered office is at Dārzciema iela 86, Riga, LV-1073, Latvia. The Board and Council of Augstsprieguma tīkls Group:

## Members of the Board and their positions

Gunta Jēkabsons – Chairwoman of the Board (until 01.08.2023)

Rolands Irklis – Chairman of the Board (from 07.12.2023)

Imants Zviedris – a member of the Board

Gatis Junghāns – a member of the Board

Arnis Daugulis – a member of the Board

Ilze Znotiņa – a member of the Board (from 01.02.2024.)

Mārcis Kauliņš – a member of the Board (until 17.09.2022)

## Members of the Council and their positions

Kaspars Āboliņš – Chairman of the Council

Olga Bogdanova – Deputy Chairwoman of the Board

Armands Eberhards – a member of the Council

Aigars Ģermanis – a member of the Council

Madara Melne – a member of the Council (until 08.02.2022)

AS "Augstsprieguma tīkls" is a transmission system operator which, under the licence No. E12001 issued by the Public Utilities Commission, ensures the operation of the transmission network and security of supply of the Latvian electricity system, provides transmission services on the basis of published transmission tariffs and ensures the availability of transmission system services at all times. AS "Augstsprieguma tīkls" performs operational management of the transmission system and ensures secure and stable electricity transmission. AS "Conexus Baltic Grid", the Group's subsidiary, is an independent operator of the natural gas transmission and storage system in Latvia. It manages one of the most modern natural gas storage facilities in Europe - the Inčukalns Underground Gas Storage facility - and the natural gas transmission network connecting the Latvian natural gas market with Lithuania, Estonia and Russia. Conexus is committed to the sustainability and safety of the infrastructure, a high quality of service that promotes market development and brings economic benefits to customers and society as a whole. Conexus' natural gas transmission and storage services are regulated by the Public Utilities Commission. The associated company of the Group is "Baltic RCC" OÜ. It is the Baltic Regional Coordination Centre in Tallinn, whose main task is to coordinate the development planning of the electricity systems as well as to coordinate the daily activities of the individual operators in order to ensure the security of electricity supply.

The Unaudited Condensed Interim Financial Statements were approved by the Board of the Parent company on 14 February 2024, consisting of the following members: Rolands Irklis (Chairman of the Board), Imants Zviedris (a member of the Board), Gatis Junghāns (a member of the Board), Arnis Daugulis (a member of the Board), and Ilze Znotiņa (member of the Board).

The auditor of the Parent company and the Group is the auditing company SIA "PricewaterhouseCoopers" and the auditor in charge is Ilandra Lejiņa. These Unaudited Condensed Interim Financial Statements have not been audited.



## 2. MATERIAL ACCOUNTING POLICIES

These consolidated financial statements of Augstsprieguma Tīkls Group and the Unaudited Condensed Interim Financial Statements of AS "Augstsprieguma tīkls" have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, applying the same accounting policies or policies as used in the preparation of the consolidated statements of Augstsprieguma Tīkls Group and the financial statements of AS "Augstsprieguma tīkls" for 2022. These policies have been consistently applied to all the periods included, unless otherwise stated. Where necessary, prior period comparatives have been reclassified.

The Group's consolidated financial statements and the Unaudited Condensed Interim Financial Statements of AS "Augstsprieguma tīkls" have been prepared under the historical cost convention, as modified, except for certain classes of property, plant and equipment that have been stated at revalued amounts, as disclosed in the accounting policies of the consolidated financial statements of the Augstsprieguma tīkls Group and the 2023 financial statements of AS "Augstsprieguma tīkls".

The consolidated unaudited condensed interim financial statements of the Group include the financial results of the subsidiary AS "Conexus BalticGrid" since its acquisition, using the same accounting policies or methods as for the preparation of the consolidated financial statements of Augstsprieguma Tīkls Group and AS "Augstsprieguma tīkls" for 2022. All transactions between Group companies, intra-Group balances

and unrealised gains from transactions between Group companies are excluded. Unrealised losses are also excluded, but are considered an indicator of impairment of the transferred asset. Where necessary, the accounting policies of the Group's Subsidiary have been changed to ensure consistency with the Group's accounting policies. Minority interests in the equity and income statement of fully consolidated subsidiaries for the reporting year are determined. Investments in the share capital of fully consolidated subsidiaries are recognised in the separate financial statements of the Parent company at historical cost less any impairment losses. An impairment loss is recognised when the carrying amount of the investment in the subsidiary exceeds its recoverable value. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Previously recognised impairment losses of subsidiaries (if any) are reviewed for possible reversal at each reporting date.

The unaudited condensed interim financial statements have been prepared in euros (EUR).

The non-IFRS key figure EBITDA is presented in the income statement. Such a presentation is common in the industry and ensures better comparability with other companies in the sector. EBITDA is calculated in these unaudited, condensed interim financial statements as earnings before depreciation and amortisation, dividends received from subsidiaries, finance income, finance expenses and corporate income tax. It is possible that other companies calculate EBITDA differently in their financial statements.

### 3. OPERATING SEGMENTS

Segmentation is based on the Group's internal organisational structure, which forms the basis for monitoring and managing segment performance by the operating segment decision maker, the Group's management, which operates in each of the segments. The Parent company's Board reviews the financial results of the operating segments.

The profit monitored by the Chief Operating Decision Maker is mainly EBITDA, but operating profit is monitored, too. Operating profit excludes dividend income and interest income from subsidiaries in the Unaudited Condensed Interim Financial Statements. The Group divides its activities into three segments: electricity transmission, natural gas storage and natural gas transmission. The Parent company

divides its activities into one main business segment - electricity transmission. The Group operates geographically only in Latvia.

The following table provides information on the Group's segment revenue, financial performance and profit, as well as assets and liabilities of the Group's and the Parent company's operating segments. Inter-segment revenue is eliminated at the time of consolidation and is shown in the column "Adjustments and eliminations". All inter-segment transactions are conducted on the basis of regulated tariffs, if any, or at arm's length. Segment information is presented for the Group only, as the Parent company is treated as a single operating segment, i.e., the power transmission segment.

	GROUP					
	Electricity transmission EUR	Natural gas transmission EUR	Natural gas storage EUR	Total segments EUR	Adjustments and eliminations EUR	Total Group EUR
<b>2023</b>						
External customers	156 422 305	26 225 544	50 242 335	232 890 184	-	232 890 184
<b>Revenue</b>	<b>156 422 305</b>	<b>26 225 544</b>	<b>50 242 335</b>	<b>232 890 184</b>	-	<b>232 890 184</b>
<b>EBITDA</b>	<b>37 752 080</b>	<b>12 488 602</b>	<b>38 013 448</b>	<b>88 254 130</b>	-	<b>88 254 130</b>
Depreciation and amortization	(35 359 819)	(9 959 630)	(19 978 571)	(65 298 020)	-	(65 298 020)
<b>Segment profit before tax</b>	<b>4 236 504</b>	<b>1 172 530</b>	<b>17 088 005</b>	<b>22 497 039</b>	-	<b>22 497 039</b>
Segment assets at the end of the reporting period	888 308 872	251 881 527	217 402 947	1 357 593 346	(10 708 163)	1 346 885 183
Capital expenditure	53 126 201	10 964 317	22 604 137	86 694 655	-	86 694 655
<b>2022</b>						
External customers	296 000 232	26 259 951	28 871 448	351 131 631	-	351 131 631
<b>Revenue</b>	<b>296 000 232</b>	<b>26 259 951</b>	<b>28 871 448</b>	<b>351 131 631</b>	-	<b>351 131 631</b>
<b>EBITDA</b>	<b>40 319 257</b>	<b>13 044 716</b>	<b>19 169 822</b>	<b>72 533 795</b>	-	<b>72 533 795</b>
Depreciation and amortization	(35 303 616)	(10 099 447)	(7 759 085)	(53 162 148)	-	(53 162 148)
<b>Segment (loss)/profit before tax</b>	<b>4 453 547</b>	<b>2 562 496</b>	<b>11 189 414</b>	<b>18 205 457</b>	-	<b>18 205 457</b>
Segment assets at the end of the reporting period	823 396 127	238 760 565	225 048 730	1 287 205 422	(10 708 735)	1 276 496 687
Capital expenditure	31 485 391	5 452 438	9 488 226	46 426 055	-	46 426 055

#### Adjustments and eliminations

Deferred tax is not attributed to individual segments as the underlying instruments are managed within the Group. Taxes and certain financial assets and

liabilities are not attributed to these segments as they are also managed at the Group level.

Capital expenditure consists of additions to PPE and intangible assets.

## RECONCILIATION OF PROFIT BEFORE TAX

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
<b>EBITDA</b>	<b>37 752 080</b>	<b>40 319 257</b>	<b>88 254 130</b>	<b>72 533 795</b>
Depreciation and amortization	(35 359 819)	(35 303 616)	(65 298 020)	(53 162 148)
<b>Segment profit/(loss) before tax and finance costs</b>	<b>2 392 261</b>	<b>5 015 641</b>	<b>22 956 110</b>	<b>19 371 647</b>
Finance income	2 518 116	54 910	2 605 310	61 559
Finance expenses	(682 206)	(617 004)	(3 072 714)	(1 227 749)
<b>Segment profit/(loss) before tax</b>	<b>4 228 171</b>	<b>4 453 547</b>	<b>22 488 706</b>	<b>18 205 457</b>
Dividends received from a subsidiary	5 719 677	6 536 774	-	-
Share of profit of an associate	8 333	-	8 333	-
<b>Profit before tax</b>	<b>9 956 181</b>	<b>10 990 321</b>	<b>22 497 039</b>	<b>18 205 457</b>

## RECONCILIATION OF ASSETS

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
Segment assets	888 308 872	823 396 127	1 357 593 346	1 287 157 856
Long-term financial investments	134 449 726	134 394 971	54 755	46 422
PPE*	-	-	(10 708 163)	(10 708 163)
Receivables from contracts with customers	-	-	-	572
<b>Total assets</b>	<b>1 022 758 598</b>	<b>957 791 098</b>	<b>1 346 939 938</b>	<b>1 276 496 687</b>

\* The PPE value adjustment relates to the buffer gas in the gas pipelines owned by AS "Conexus Baltic Grid". The value of the buffer gas was reduced by the valuation of individual PPEs of AS "Conexus Baltic Grid" at the time of purchase price allocation.

Operating revenue from major customers, each representing at least 10% of the total operating revenue of the Parent company and the Group.

## REVENUE FROM MAJOR CUSTOMERS

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Electricity transmission	118 684 785	263 796 445	118 684 785	263 796 445
Natural gas transmission	-	-	18 519 770	25 592 141
Natural gas storage	-	-	24 044 083	18 204 528
<b>Total revenue from major customers</b>	<b>118 684 785</b>	<b>263 796 445</b>	<b>161 248 638</b>	<b>307 593 114</b>

## 4. REVENUE

	Piemērotais SFPS	PARENT COMPANY		GROUP	
		2023 EUR	2022 EUR	2023 EUR	2022 EUR
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS RECOGNISED OVER TIME</b>					
Electricity transmission system service	15.SFPS	85 561 583	75 232 089	85 561 583	75 232 089
Balancing and regulatory electricity sales	15.SFPS	40 890 977	97 509 583	40 890 977	97 509 583
Revenue from natural gas storage	15.SFPS	-	-	25 309 428	25 740 793
Revenue from natural gas transmission	15.SFPS	-	-	50 242 335	28 871 448
Revenue from connection charges	15.SFPS	3 612 981	3 467 086	3 612 981	3 467 086
Electricity transit service	15.SFPS	2 709 267	1 285 850	2 709 267	1 285 850
Electricity cross-border perimeter charges	15.SFPS	-	614 675	-	614 675
Reactive electricity revenues	15.SFPS	581 570	697 545	581 570	697 545
Revenue from natural gas balancing, net*	15.SFPS	-	-	916 116	519 158
Other services	15.SFPS	737 990	828 531	737 990	828 531
<b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		<b>134 094 368</b>	<b>179 635 359</b>	<b>210 562 247</b>	<b>234 766 758</b>
<b>Other revenue</b>					
Congestion management at the borders	20.SGS	767 251	63 350 003	767 251	63 350 003
Congestion management revenue to cover the costs of transmission losses**	20.SGS	12 537 879	36 539 596	12 537 879	36 539 596
Electric power congestion elimination	20.SGS	7 304 364	14 707 040	7 304 364	14 707 040
Asset leases	16.SFPS	1 718 443	1 768 234	1 718 443	1 768 234
<b>TOTAL OTHER REVENUE</b>		<b>22 327 937</b>	<b>116 364 873</b>	<b>22 327 937</b>	<b>116 364 873</b>
<b>TOTAL REVENUE</b>		<b>156 422 305</b>	<b>296 000 232</b>	<b>232 890 184</b>	<b>351 131 631</b>

\* Revenue and expenses from balancing are recognized applying the agency principle and are disclosed on a net basis within income statement as part of operating income.

\*\* In accordance with the decision No.64 of the PUC Council of 22 May 2023 "On tariffs for electricity transmission system services of joint stock company "Augstsprieguma tīkls", AST is authorised to use the accumulated congestion revenues in the amount of EUR 62,070.1 thousand within period until 31 December 2025 to cover the costs of electricity transmission network services. In the first 6 months of 2023, congestion charge revenues of EUR 12,537.9 thousand were used to cover the costs of electricity transmission network services. The exact amount of accumulated congestion revenues required for each of the reporting years 2023-2025 to cover the costs of electricity transmission network services will be determined within the scope of the audited annual financial statements, while ensuring that the total revenue amount determined by PUC does not exceed determined EUR 62,070.1 thousand.



**REVENUE AND EXPENSES FROM THE COMPULSORY PROCUREMENT COMPONENT ARE DISCLOSED IN THE FINANCIAL STATEMENTS ON A NET BASIS, APPLYING THE AGENCY PRINCIPLE:**

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Compulsory procurement component revenue	-	564 827	-	564 827
Compulsory procurement component expenses	-	(564 827)	-	(564 827)
<b>Compulsory purchase components, net</b>	-	-	-	-

**REVENUE AND EXPENSES FROM BALANCING NATURAL GAS ON AN AGENCY BASIS ARE DISCLOSED IN THE ACCOUNTS ON A NET BASIS:**

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Revenue from natural gas balancing activities	-	-	12 008 790	35 537 104
Expenditure from natural gas balancing activities	-	-	(11 092 674)	(35 017 946)
<b>Natural gas balancing, net</b>	-	-	<b>916 116</b>	<b>519 158</b>

## 5. RAW MATERIALS AND CONSUMABLES USED

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Purchase of balancing electricity	32 571 272	73 818 693	32 571 272	73 818 693
Electricity transmission losses and technological consumption	24 788 605	36 539 596	24 788 605	36 539 596
Purchase of regulatory electricity	8 116 206	23 653 879	8 116 206	23 653 879
Natural gas transmission and storage system maintenance services	-	-	4 583 143	4 244 720
Electricity transit losses	7 482 905	10 795 719	7 482 905	10 795 719
Cost of materials used and repair works	2 097 109	1 664 347	3 351 930	3 235 300
Natural gas costs	-	-	959 116	482 772
Electricity for self-consumption	398 347	576 799	398 347	576 799
<b>TOTAL RAW MATERIALS AND CONSUMABLES USED</b>	<b>75 454 444</b>	<b>147 049 033</b>	<b>82 251 524</b>	<b>153 347 478</b>

## 6. FINANCE INCOME AND EXPENSES

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
<b>a) Finance income</b>				
Interest income on loans	2 510 429	47 194	2 596 349	47 194
Other finance income	7 687	7 716	8 961	14 365
<b>Total finance income</b>	<b>2 518 116</b>	<b>54 910</b>	<b>2 605 310</b>	<b>61 559</b>
<b>b) Finance expenses</b>				
Interest expense on borrowings	(102 708)	-	(2 684 217)	(589 271)
Interest expenses on coupon of debt securities issued (Note 14)	(526 438)	(526 438)	(526 438)	(526 438)
Capitalized interest expenses of borrowings	185 822	148 268	398 225	148 268
Interest expense on leased assets (Note 14)	(230 114)	(230 846)	(250 897)	(251 502)
Other finance expenses	(8 768)	(7 988)	(9 387)	(8 807)
<b>Total finance expenses</b>	<b>(682 206)</b>	<b>(617 004)</b>	<b>(3 072 714)</b>	<b>(1 227 749)</b>
<b>Finance income / (expenses), Net</b>	<b>1 835 910</b>	<b>(562 094)</b>	<b>(467 404)</b>	<b>(1 166 190)</b>

## 7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

### 7.1. INTANGIBLE ASSETS

	PARENT COMPANY			
	Computer software and licenses	Transmission right-of-use assets	Intangible assets under construction	Total
	EUR	EUR	EUR	EUR
<b>At 31 December 2021</b>				
Historical cost	3 126 796	1 892	321 492	3 450 180
Accumulated amortization	(1 327 483)	(930)	-	(1 328 413)
<b>NBV at 31 December 2021</b>	<b>1 799 313</b>	<b>962</b>	<b>321 492</b>	<b>2 121 767</b>
<b>For 2022</b>				
Additions	585 678	-	983 254	1 568 932
Transferred	390 000	-	(390 000)	-
Amortization charge	(635 308)	(95)	-	(635 403)
<b>NBV at 31 December 2022</b>	<b>2 139 683</b>	<b>867</b>	<b>914 746</b>	<b>3 055 296</b>
<b>At 31 December 2022</b>				
Historical cost	3 993 948	1 892	914 746	4 910 586
Accumulated amortization	(1 854 265)	(1 025)	-	(1 855 290)
<b>NBV at 31 December 2022</b>	<b>2 139 683</b>	<b>867</b>	<b>914 746</b>	<b>3 055 296</b>
<b>For 2023</b>				
Additions	514 455	-	579 929	1 094 384
Transferred	1 494 675	-	(1 494 675)	-
Disposals	(27 139)	-	-	(27 139)
Amortization charge	(851 985)	(95)	-	(852 080)
<b>NBV at 31 December 2023</b>	<b>3 269 689</b>	<b>772</b>	<b>-</b>	<b>3 270 461</b>
<b>At 31 December 2023</b>				
Historical cost	5 831 454	1 892	-	5 833 346
Accumulated amortization	(2 561 765)	(1 120)	-	(2 562 885)
<b>NBV at 31 December 2023</b>	<b>3 269 689</b>	<b>772</b>	<b>-</b>	<b>3 270 461</b>

	GROUP				
	Computer software and licenses	Transmission right-of-use assets	Agreement on service concession	Intangible assets under construction	Total
	EUR	EUR		EUR	EUR
<b>At 31 December 2021</b>					
Historical cost	11 316 085	1 892	-	382 546	11 700 523
Accumulated amortization	(7 536 577)	(930)	-	-	(7 537 507)
<b>NBV at 31 December 2021</b>	<b>3 779 508</b>	<b>962</b>	<b>-</b>	<b>382 546</b>	<b>4 163 016</b>
<b>For 2022</b>					
Additions	585 678	-	-	1 758 611	2 344 289
Transferred	1 177 416	-	-	(1 177 416)	-
Amortization charge	(1 343 905)	(95)	-	-	(1 344 000)
<b>NBV at 31 December 2022</b>	<b>4 198 697</b>	<b>867</b>	<b>-</b>	<b>963 741</b>	<b>5 163 305</b>
<b>At 31 December 2022</b>					
Historical cost	12 785 449	1 892	-	963 741	13 751 082
Accumulated amortization	(8 586 752)	(1 025)	-	-	(8 587 777)
<b>NBV at 31 December 2022</b>	<b>4 198 697</b>	<b>867</b>	<b>-</b>	<b>963 741</b>	<b>5 163 305</b>
<b>For 2023</b>					
Additions	514 455	-	-	16 184 953	16 699 408
Transferred	1 968 512	-	1 007 865	(1 968 512)	1 007 865
Disposals	(27 139)	-	-	-	(27 139)
Amortization charge	(1 582 304)	(95)	-	-	(1 582 399)
<b>NBV at 31 December 2023</b>	<b>5 072 221</b>	<b>772</b>	<b>1 007 865</b>	<b>15 180 182</b>	<b>21 261 040</b>
<b>At 31 December 2023</b>					
Historical cost	13 571 767	1 892	1 007 865	15 180 182	29 761 706
Accumulated amortization	(8 499 546)	(1 120)	-	-	(8 500 666)
<b>NBV at 31 December 2023</b>	<b>5 072 221</b>	<b>772</b>	<b>1 007 865</b>	<b>15 180 182</b>	<b>21 261 040</b>



## 7.2. PROPERTY, PLANT AND EQUIPEMNT

	PARENT COMPANY						
	Land, buildings	Electricity transmission structures	Transmission lines, process equipment	Other electricity transmission equipment	Other PPE	Property, plant and equipment under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>At 31 December 2021</b>							
Historical cost or revalued amount	41 572 109	8 365 473	1 204 172 346	11 471 818	17 669 409	20 409 947	1 303 661 102
Accumulated depreciation and impairment	(5 090 748)	(3 606 418)	(590 970 246)	(9 501 087)	(8 686 813)	-	(617 855 312)
<b>NBV at 31 December 2021</b>	<b>36 481 361</b>	<b>4 759 055</b>	<b>613 202 100</b>	<b>1 970 731</b>	<b>8 982 596</b>	<b>20 409 947</b>	<b>685 805 790</b>
<b>For 2022</b>							
Additions	14 313	-	20 591	1 633	764 401	29 129 833	29 930 771
Transferred	2 011 900	187 869	14 453 603	559 044	422 795	(17 635 211)	-
Sold	-	-	(232 479)	-	-	(26 300)	(258 779)
Disposals	(11 007)	(4 344)	(259 464)	(122)	(413)	-	(275 350)
Depreciation charge	(1 381 106)	(526 959)	(27 866 942)	(465 858)	(3 507 338)	-	(33 748 203)
<b>NBV at 31 December 2022</b>	<b>37 115 461</b>	<b>4 415 621</b>	<b>599 317 409</b>	<b>2 065 428</b>	<b>6 662 041</b>	<b>31 878 269</b>	<b>681 454 229</b>
<b>At 31 December 2022</b>							
Historical cost or revalued amount	43 145 635	8 617 617	1 180 904 761	10 418 763	19 966 927	31 878 269	1 294 931 972
Accumulated depreciation and impairment	(6 030 174)	(4 201 996)	(581 587 352)	(8 353 335)	(13 304 886)	-	(613 477 743)
<b>NBV</b>	<b>37 115 461</b>	<b>4 415 621</b>	<b>599 317 409</b>	<b>2 065 428</b>	<b>6 662 041</b>	<b>31 878 269</b>	<b>681 454 229</b>
<b>For 2023</b>							
Additions	5 564	-	2 891	3 246	1 345 377	50 674 338	52 031 817
Transferred	3 161 160	158 906	30 174 608	1 378 330	107 556	(34 980 560)	-
Sold	-	-	-	-	-	(373 272)	(373 272)
Disposals	-	(4)	(443 023)	(6)	(293)	-	(443 326)
Depreciation charge	(1 358 394)	(524 317)	(27 752 964)	(609 099)	(3 342 558)	-	(33 587 332)
<b>NBV at 31 December 2023</b>	<b>38 924 192</b>	<b>4 050 206</b>	<b>601 298 921</b>	<b>2 837 899</b>	<b>4 772 123</b>	<b>47 198 775</b>	<b>699 082 116</b>
<b>At 31 December 2023</b>							
Historical cost or revalued amount	46 311 360	8 661 999	1 200 434 390	11 640 674	21 305 280	47 198 775	1 335 552 478
Accumulated depreciation and impairment	(7 387 168)	(4 611 793)	(599 135 469)	(8 802 775)	(16 533 157)	-	(636 470 362)
<b>NBV</b>	<b>38 924 192</b>	<b>4 050 206</b>	<b>601 298 921</b>	<b>2 837 899</b>	<b>4 772 123</b>	<b>47 198 775</b>	<b>699 082 116</b>

	GROUP								
	Land, buildings	Electricity transmission structures	Gas transmission buildings and structures	Transmission lines, process equipment	Other electricity transmission equipment	Other PPE	Emergency reserve	Property, plant and equipment under construction	TOTAL
	EUR	EUR	EUR	EUR			EUR	EUR	EUR
<b>At 31 December 2021</b>									
Historical cost or revalued amount	42 656 276	8 365 473	771 087 876	1 337 283 799	11 471 818	26 393 089	1 538 779	40 436 962	2 239 234 072
Accumulated depreciation and impairment	(5 090 748)	(3 606 418)	(447 747 521)	(652 498 137)	(9 501 087)	(15 021 212)	-	-	(1 133 465 123)
<b>NBV at 31 December 2021</b>	<b>37 565 528</b>	<b>4 759 055</b>	<b>323 340 355</b>	<b>684 785 662</b>	<b>1 970 731</b>	<b>11 371 877</b>	<b>1 538 779</b>	<b>40 436 962</b>	<b>1 105 768 949</b>
<b>For 2022</b>									
Additions	22 619	-	44 902	1 266 499	1 633	1 895 697	-	40 864 728	44 096 078
Transferred	2 011 901	187 869	15 855 381	16 059 578	559 044	4 462 820	-	(39 136 593)	-
Sold	-	-	-	(232 479)	-	-	-	(26 300)	(258 779)
Disposals	(11 007)	(4 344)	(338 961)	(805 926)	(122)	(36 542)	-	-	(1 196 902)
Depreciation charge	(1 381 106)	(526 959)	(11 347 304)	(32 786 674)	(465 858)	(4 363 986)	-	-	(50 871 887)
Moved	-	-	-	-	-	-	286 605	-	286 605
<b>NBV at 31 December 2022</b>	<b>38 207 935</b>	<b>4 415 621</b>	<b>327 554 373</b>	<b>668 286 660</b>	<b>2 065 428</b>	<b>13 329 866</b>	<b>1 825 384</b>	<b>42 138 797</b>	<b>1 097 824 064</b>
<b>At 31 December 2022</b>									
Historical cost or revalued amount	44 238 109	8 617 617	785 685 819	1 314 599 932	10 418 763	33 446 283	1 825 384	42 138 797	2 240 970 704
Accumulated depreciation and impairment	(6 030 174)	(4 201 996)	(458 131 446)	(646 313 272)	(8 353 335)	(20 116 417)	-	-	(1 143 146 640)
<b>NBV</b>	<b>38 207 935</b>	<b>4 415 621</b>	<b>327 554 373</b>	<b>668 286 660</b>	<b>2 065 428</b>	<b>13 329 866</b>	<b>1 825 384</b>	<b>42 138 797</b>	<b>1 097 824 064</b>
<b>For 2023</b>									
Additions	5 965	-	7 250	327 274	3 246	1 969 800	-	82 381 712	84 695 247
Transferred	3 173 197	158 906	5 041 087	32 974 404	1 378 330	4 405 323	146 719	(47 131 247)	146 719
Sold	-	-	-	-	-	-	-	(373 272)	(373 272)
Disposals	-	(4)	(8 779 176)	(4 016 722)	(6)	(1 311)	(12 395)	(97 395)	(12 907 009)
Depreciation charge	(1 358 394)	(524 317)	(19 077 001)	(33 352 221)	(609 099)	(7 861 037)	-	-	(62 782 069)
<b>NBV at 31 December 2023</b>	<b>40 028 703</b>	<b>4 050 206</b>	<b>304 746 533</b>	<b>664 219 395</b>	<b>2 837 899</b>	<b>11 842 641</b>	<b>1 959 708</b>	<b>76 918 959</b>	<b>1 106 603 680</b>
<b>At 31 December 2023</b>									
Historical cost or revalued amount	47 415 871	8 661 999	768 367 463	1 327 361 404	11 640 674	35 496 833	1 959 708	76 918 595	2 277 822 547
Accumulated depreciation and impairment	(7 387 168)	(4 611 793)	(463 620 930)	(663 142 009)	(8 802 775)	(23 654 192)	-	-	(1 171 218 867)
<b>NBV</b>	<b>40 028 703</b>	<b>4 050 206</b>	<b>304 746 533</b>	<b>664 219 395</b>	<b>2 837 899</b>	<b>11 842 641</b>	<b>1 959 708</b>	<b>76 918 959</b>	<b>1 106 603 680</b>

## Asset impairment assessment

There are three cash – generating units within the Group: Electricity transmission, Natural gas transmission and Natural gas storage.

Parent Company's assets consist of one cash-generating unit: Electricity transmission. By determining money-generating unit, it is assumed that the infrastructure elements forming the electricity transmission and storage system are unified, inseparable and necessary for the safe operation of the electricity transmission system and the provision of the services.

There are identified two cash-generating units in the Subsidiary: Natural gas transmission and Natural gas storage. By determining money-generating unit, it is assumed that the infrastructure elements forming the gas transmission and storage system are unified, inseparable and necessary for the safe operation of the gas transmission system and the provision of the services.

Considering geopolitical situation and sharp rise in interest rates, AST management performed asset impairment testing on the end of year 2022. Evaluating current situation, AST management concludes, that in 2023 no other indications have been discovered, assessment of existing indications has not changed since the last evaluation. In compliance with the above, no asset impairment test is performed.

### Impairment of the natural gas storage segment assets

The International Financial Reporting Standards require that the carrying amount of the assets must not differ materially from the fair value of the assets, therefore the Subsidiary recognised an impairment loss of EUR 23,488 thousand in 2023 as an impairment of the carrying amount of the system service assets. This led to a reduction in the Subsidiary's reserves of EUR 11,743 thousand, while the remaining costs of EUR 11,745 thousand were recognised in the Subsidiary's profit and loss under depreciation and amortisation in 2023.

The impairment of the carrying amount of the assets of the storage system service is based on the decision of the Public Service Regulatory Commission on the utilisation of the regulatory bill accruals for the storage system service and the subsequent revaluation of the assets by individual classes of property, plant and equipment (PPE) of the storage system service to arrive at their fair value.

Under the Council of the Commission for Regulation of Public Services resolution of 28 December 2023 No. 162 "On the use of the reserve of the regulatory account for the gas storage service of the joint-stock company "Conexus Baltic Grid", the remaining 50% of the regulatory bill may be used to finance assets created during the regulatory period. In this way, the value of the regulated assets (RAB) of the PPE which represents the capital costs for the natural gas storage service, is reduced. The Subsidiary has decided to apply the remaining part of the regulated bill to the assets created as part of the Inčukalns UGS facility modernisation project that were created during the regulatory period and were not funded with EU co-financing. The carrying amount of these assets as at 31 December 2023 was EUR 13,664 thousand. In the financial statements, the remaining carrying amount of these assets as at 31 December 2023 was reduced by EUR 13,664 thousand, which reduces the balance of the regulatory bill accordingly.

In accordance with the requirements of paragraph 31 of IAS 16 on the carrying amount of assets, the Parent Company has reviewed the groups of assets to which such impairment may be applied. Applying the valuation methods set out in paragraph 62 of IFRS 13, the Parent Company has concluded that the income capitalisation method is the most appropriate method. As a result, the Parent Company has revised the carrying amount of the assets in the individual groups of fixed assets of the storage system and determined their value at fair value. As a result of this revision, the Parent Company reduced the carrying amount of the storage system assets in certain classes of PPE by EUR 9,824 thousand. In calculating the impairment loss on the carrying amount of storage system service assets for individual classes of assets, the Subsidiary used the capital yield rate approved for the current regulatory period and assumed that the capital yield rate will reach the estimated market rate after the end of the regulatory period. A discount rate of 7.25% was used for the calculation. If the said rate were 6.25%, the carrying amount of the storage service assets for the individual asset groups would increase by EUR 7,795 thousand. If the said rate were 8.25%, the carrying amount of the storage service assets for the individual classes of PPE would increase by EUR 11,797 thousand.

The management of the Parent Company has assessed the effects of the impairment of the natural gas storage segment assets on the Parent Company's investment in the Subsidiary. As a result of the assessment performed, it was concluded that the impairment of the carrying amount of the Subsidiary's assets does not result in an impairment of the carrying amount of the Parent Company's assets.

### 7.3. RIGHT-OF-USE ASSETS

	PARENT COMPANY		GROUP	
	Buildings and land EUR		Buildings and land EUR	
<b>At 31 December 2021</b>				
Historical cost		19 010 549		19 586 019
Accumulated depreciation		(4 375 132)		(4 499 495)
<b>NBV</b>		<b>14 635 417</b>		<b>15 086 524</b>
<b>For 2022</b>				
Changes to lease agreements recognized		69 881		106 527
Increase in right-of-use assets		686 101		686 101
Depreciation charge		(920 010)		(946 261)
<b>NBV at 31 December 2022</b>		<b>14 471 389</b>		<b>14 932 892</b>
<b>At 31 December 2022</b>				
Historical cost		19 766 531		20 270 161
Accumulated depreciation		(5 295 142)		(5 337 269)
<b>NBV</b>		<b>14 471 389</b>		<b>14 932 892</b>
<b>For 2023</b>				
Changes to lease agreements recognized		629 464		629 464
Increase in right-of-use assets		218 494		218 494
Depreciation charge		(920 407)		(933 552)
<b>NBV at 31 December 2023</b>		<b>14 398 940</b>		<b>14 847 298</b>
<b>At 31 December 2023</b>				
Historical cost		20 609 163		21 112 793
Accumulated depreciation		(6 210 223)		(6 265 495)
<b>NBV</b>		<b>14 398 940</b>		<b>14 847 298</b>

### 7.4. DEPRECIATION AND AMORTISATION

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
Depreciation of PPEs (Note 7)	(33 587 332)	(33 748 203)	(62 782 069)	(50 871 887)
Amortisation of intangible assets (Note 7)	(852 080)	(635 403)	(1 582 399)	(1 344 000)
Depreciation of right-of-use assets (Note 15)	(920 407)	(920 010)	(933 552)	(946 261)
<b>Depreciation and amortisation</b>	<b>(35 359 819)</b>	<b>(35 303 616)</b>	<b>(65 298 020)</b>	<b>(53 162 148)</b>
Write-offs and other adjustments	(470 465)	(275 350)	(12 934 148)	(1 196 902)
Decrease in value of intangible assets and property, plant and equipment	(470 465)	(275 350)	(12 934 148)	(1 196 902)
<b>TOTAL depreciation and amortisation excluding write-offs and other adjustments</b>	<b>(35 359 819)</b>	<b>(35 303 616)</b>	<b>(65 298 020)</b>	<b>(53 162 148)</b>



## 8. OTHER LONG-TERM FINANCIAL INVESTMENTS

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>Shareholding in the share capital of the Subsidiary, including:</b>	<b>134 394 971</b>	<b>134 394 971</b>	-	-
AS "Conexus Baltic Grid"	134 394 971	134 394 971	-	-
<b>Shareholding in the share capital of associates, including:</b>	<b>53 333</b>	<b>45 000</b>	<b>53 333</b>	<b>45 000</b>
"Baltic RCC" OÜ	53 333	45 000	53 333	45 000
Shareholding in the share capital of other companies, including	1 422	1 422	1 422	1 422
AS "Pirmais slēgtais pensiju fonds"	1 422	1 422	1 422	1 422
<b>NBV at the end of the reporting period</b>	<b>134 449 726</b>	<b>134 441 393</b>	<b>54 755</b>	<b>46 422</b>

The parent company owns 1.9% of the capital of AS "Pirmais slēgtais pensiju fonds". The Parent company is a nominee shareholder, since all risks and rewards arising from the operation of the Fund are borne or acquired by the Parent company's employees, the members of the pension plan.

Company	Country	Type of business	Shareholding
AS "Conexus Baltic Grid"	Latvia	Natural gas transmission and storage operator in Latvia	68.46%
"Baltic RCC" OÜ	Estonia	Baltic Regional Coordination Centre for Electricity Transmission Systems	33.33%
AS "Pirmais slēgtais pensiju fonds"	Latvia	Managing pension plans	1.9%

## 9. RECEIVABLES FROM CONTRACTS WITH CUSTOMERS

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>Receivables from contracts with customers</b>				
Receivables for electricity transmission service	13 670 798	20 111 627	13 670 798	20 111 627
Other trade receivables	5 192 972	2 288 649	16 748 091	12 525 384
<b>Total receivables from contracts with customers</b>	<b>18 863 770</b>	<b>22 400 276</b>	<b>30 418 889</b>	<b>32 637 011</b>
<b>Expected credit losses</b>				
Other trade receivables	(5 455)	(5 495)	(5 455)	(5 495)
<b>Total expected credit losses</b>	<b>(5 455)</b>	<b>(5 495)</b>	<b>(5 455)</b>	<b>(5 495)</b>
<b>Receivables from contracts with customers, net</b>				
Receivables for electricity transmission service	13 670 798	20 111 627	13 670 798	20 111 627
Other trade receivables	5 187 517	2 283 154	16 742 636	12 519 889
<b>RECEIVABLES FROM CONTRACTS WITH CUSTOMERS, NET</b>	<b>18 858 315</b>	<b>22 394 781</b>	<b>30 413 434</b>	<b>32 631 516</b>
<b>Impairment of the receivables from contracts with customers</b>				
At the beginning of the reporting year	5 495	4 350	5 495	4 350
Recognized in the income statement	(40)	1 145	(40)	1 145
<b>At the end of the reporting year</b>	<b>5 455</b>	<b>5 495</b>	<b>5 455</b>	<b>5 495</b>

## 10. OTHER RECEIVABLES

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
Deposits	80 767 903	-	80 767 903	-
Expected European Union advance funding	26 383 283	8 384 944	26 383 283	8 384 944
Receivables related to the fraudulent transaction*	172 850	172 850	172 850	172 850
Provision for the fraudulent transaction*	(172 850)	(172 850)	(172 850)	(172 850)
<b>Other financial assets</b>	<b>107 151 186</b>	<b>8 384 944</b>	<b>107 151 186</b>	<b>8 384 944</b>
Overpaid corporate income tax	-	11 512	-	11 512
Prepayments	631 277	1 013 784	1 271 503	1 013 784
Advance payments for balancing services on an exchange	-	-	-	2 000 000
Other receivables	11 910 306	91 370	12 175 466	1 027 923
<b>Other non-financial assets</b>	<b>12 541 583</b>	<b>1 116 666</b>	<b>13 446 969</b>	<b>4 053 219</b>
<b>TOTAL OTHER RECEIVABLES</b>	<b>119 692 769</b>	<b>9 501 610</b>	<b>120 598 155</b>	<b>12 438 163</b>

\* The Parent company has made a provision of EUR 172,850 in 2022 in relation to the fraudulent transaction. Criminal proceedings have been initiated against the fraud.

## 11. CASH AND CASH EQUIVALENTS

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
Cash in the bank	28 735 057	92 042 624	41 453 794	103 009 740
Demand deposits	3 211 633	-	3 446 346	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>31 946 690</b>	<b>92 042 624</b>	<b>44 900 140</b>	<b>103 009 740</b>

## 12. EQUITY

### a) Share capital

An overview of the changes in the Parent company's equity is presented in the table below:

	Number of shares	Registered share capital, EUR
At 1 January 2021	363 896 079	363 896 079
New share issue	1 999 878	1 999 878
At 31 December 2021	365 895 957	365 895 957
New share issue	25 702 577	25 702 577
<b>At 31 December 2022</b>	<b>391 598 534</b>	<b>391 598 534</b>
<b>At 31 December 2023</b>	<b>391 598 534</b>	<b>391 598 534</b>

The Group's share capital consists of ordinary shares of the Parent company. The share capital is fully paid up.

In accordance with the decision of the Shareholders' Meeting of AS "Augstsprieguma tīkls" of 3 November 2022 (Minutes No.3, § 1), a contribution of EUR 25,702,577 has been made to the share capital of the Parent company by capitalising retained earnings.

In accordance with the resolution of the Shareholders' Meeting of AS "Augstsprieguma tīkls" of 28 May 2021 (Minutes No.1, § 1 and 2§), a contribution of EUR 1,999,878 has been made to the share capital of the Parent company by capitalising retained earnings.

The Parent company has made payments to the State budget for the use of State capital (dividends) from the previous year's profits:

- EUR 7,999,514 or EUR 0.02198 per share in 2021;
- EUR 29,143,118 or EUR 0.79649 per share in 2022.

- EUR 7,033,805 or EUR 0.01796 per share in 2023.

### b) Reserves

The reserves of the Parent company consist of a revaluation reserve, reserves for postemployment benefits and retained earnings, which are allocated to other reserves at the discretion of the shareholder for development purposes. The Group's reserves consist of the revaluation reserve for property, plant and equipment, the reserves required by the Articles of Association of the Subsidiary, the revaluation reserve for postemployment benefits, retained earnings allocated to other reserves for development purposes at the shareholder's discretion.

### c) Non-controlling interests

Information on non-controlling interests is presented in Note 8. Except for dividends, there have been no transactions with non-controlling interests.

## 13. DEFERRED REVENUE

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>(a) Non-current deferred revenue</b>				
- from connection charges	37 477 190	38 084 750	37 477 190	38 084 750
<b>Non-current deferred revenue from contracts with customers</b>	<b>37 477 190</b>	<b>38 084 750</b>	<b>37 477 190</b>	<b>38 084 750</b>
- from European Union funding	142 366 370	136 421 913	168 437 244	161 379 662
- from the expected European Union advance funding	26 383 283	8 384 944	26 383 283	8 384 944
- from advances received from European Union funding	18 562 500	18 562 500	18 562 500	18 562 500
- from congestion charge revenue	125 847 904	141 537 570	125 847 904	141 537 570
<b>Other non-current deferred revenue</b>	<b>313 160 057</b>	<b>304 906 927</b>	<b>339 230 931</b>	<b>329 864 675</b>
<b>TOTAL Non-current deferred revenue</b>	<b>350 637 247</b>	<b>342 991 677</b>	<b>376 708 121</b>	<b>367 949 425</b>

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>(b) Current deferred revenue</b>				
- from connection charges	3 705 561	3 658 224	3 705 561	3 658 224
<b>Short-term deferred revenue from contracts with customers</b>	<b>3 705 561</b>	<b>3 658 224</b>	<b>3 705 561</b>	<b>3 658 224</b>
- Unfinished EU co-funded projects, including:	16 531 253	3 881 759	16 531 253	3 881 759
Project "Synchronisation of the Baltic power system with the European power system, Phase 2"	2 650 549	777 947	2 650 549	777 947
Synchronisation of the Baltic States with Continental Europe, Phase 1	13 859 524	2 950 889	13 859 524	2 950 889
Project "EU-SysFlex – Pan- European system with an efficient coordinated use of flexibilities for the integration of a large share of RES"	-	37 812	-	37 812
Project "Dynamic stability study of the Baltic power systems"	-	26 250	-	26 250
Project "System for TSO-SSO-end-user interconnection, INTERFACE"	21 180	88 861	21 180	88 861
- finished EU-funded projects	3 570 603	3 609 338	4 545 086	4 372 019
- from congestion charge revenue (usage rights)	411 750	-	411 750	-
- from congestion charge revenue	28 934 931	1 204 239	28 934 931	1 204 239
- from the funding of other projects	-	-	4 475	4 654
<b>Other current deferred revenue</b>	<b>49 448 537</b>	<b>8 695 336</b>	<b>50 427 495</b>	<b>9 462 671</b>
<b>TOTAL current deferred revenue</b>	<b>53 154 098</b>	<b>12 353 560</b>	<b>54 133 056</b>	<b>13 120 895</b>



Movement in deferred revenue from contracts with customers (non-current and current):

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>At the beginning of the reporting year</b>	<b>41 742 974</b>	<b>41 625 094</b>	<b>41 742 974</b>	<b>41 625 094</b>
Connection charges recognized in income statement	(3 612 981)	(3 467 086)	(3 612 981)	(3 467 086)
Connection charges received from customer contributions	3 052 758	3 584 966	3 052 758	3 584 966
<b>At the end of the reporting year</b>	<b>41 182 751</b>	<b>41 742 974</b>	<b>41 182 751</b>	<b>41 742 974</b>

Movement in other deferred revenue (non-current and current):

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>At the beginning of the reporting year</b>	<b>313 602 263</b>	<b>251 557 503</b>	<b>339 327 346</b>	<b>270 490 450</b>
EU co-financing received*	26 383 283	7 720 085	28 524 447	7 720 085
Accumulated prior period EU co-financing received	(8 384 945)	(509 198)	(8 384 945)	(509 198)
Deferred revenue received from EU co-financing	7 065 258	489 433	7 065 258	8 133 373
EU co-financing advance received	15 099 296	21 513 389	15 099 296	21 513 389
Congestion charge revenue received	13 246 274	37 650 929	13 246 274	37 650 929
Short-term congestion charge revenue (usage rights)	411 750	-	411 750	-
Congestion charge revenue recognized in the income statement	(1 205 248)	(1 191 483)	(1 205 248)	(1 191 483)
IUGS reserved capacity charge	-	-	4 475	(237 284)
EU co-financing recognized in the income statement	(3 609 337)	(3 628 395)	(4 430 227)	(4 242 915)
<b>At the end of the reporting year</b>	<b>362 608 594</b>	<b>313 602 263</b>	<b>389 658 426</b>	<b>339 327 346</b>
<b>TOTAL at the end of the reporting year</b>	<b>403 791 345</b>	<b>355 345 237</b>	<b>430 841 177</b>	<b>381 070 320</b>

\*Funding received from the European Union (related to assets) is recognized when the Group and the Parent company have complied with the conditions attached to the receipt of the funding and have an unconditional right to receive the funding. The conditions attached to the financing are: The Parent company and the Group shall ensure the management, internal control and accounting of the projects co-financed by the European Union in accordance with the European Union guidelines and the requirements of the legislation of the Republic of Latvia. A separate account is maintained for each transaction related to the accounting of the projects co-financed by the EU. The Parent company and the Group keep separate accounts for the relevant income, expenditure, long-term investments and VAT of the co-financed projects. If the funds have not been received by the end of the reporting period, they are recognized as a receivable under the balance sheet item "Other receivables".

## 14. BORROWINGS AND LEASE LIABILITIES

Borrowings:

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
Non-current borrowings from credit institutions	-	-	65 568 897	69 468 183
Non-current portion of bonds issued	99 919 164	99 892 726	99 919 164	99 892 726
Current borrowings from credit institutions	-	-	13 899 286	12 899 286
<b>Borrowings</b>	<b>99 919 164</b>	<b>99 892 726</b>	<b>179 387 347</b>	<b>182 260 195</b>
Non-current accrued liability for interest on bonds issued	473 973	473 973	473 973	473 973
Current accrued liabilities for interest on borrowings from credit institutions	-	-	75 493	62 480
<b>TOTAL borrowings</b>	<b>100 393 137</b>	<b>100 366 699</b>	<b>179 936 813</b>	<b>182 796 648</b>
Including:				
Non-current borrowings	100 393 137	100 366 699	165 962 034	169 834 882
Current borrowings	-	-	13 974 779	12 961 766

Lease liabilities:

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>TOTAL lease liabilities</b>	<b>14 880 675</b>	<b>14 865 954</b>	<b>15 358 677</b>	<b>15 350 376</b>
Including:				
Non-current	14 036 873	14 184 247	14 487 671	14 643 605
Current	843 802	681 707	871 006	706 771

Movement of borrowings and lease liabilities:

	PARENT COMPANY		
	Lease liabilities EUR	Other borrowings EUR	Total EUR
At 31 December 2021	14 938 982	99 966 288	114 905 270
Recognized changes to lease agreements	69 881	-	69 881
New contracts	686 101	-	686 101
Repayments, excluding interest	(829 010)	-	(829 010)
Interest payments	(230 846)	(126 027)	(356 873)
Calculated interest	230 846	526 438	757 284
At 31 December 2022	14 865 954	100 366 699	115 232 653
Recognized changes to lease agreements	629 297	-	629 297
New contracts	218 494	-	218 494
Repayments, excluding interest	(833 070)	-	(833 070)
Interest payments	(230 114)	(500 000)	(730 114)
Calculated interest	230 114	526 438	756 552
At 31 December 2023	14 880 675	100 393 137	115 273 812

	GROUP			
	Lease liabilities	Borrowings from credit institutions	Other borrowings	Total
	EUR	EUR	EUR	EUR
At 31 December 2021	15 406 319	98 093 221	99 966 288	213 465 828
Recognized changes to lease agreements	106 527	-	-	106 527
New contracts	686 101	20 000 000	-	20 686 101
Repayments, excluding interest	(848 571)	(35 688 383)	-	(36 536 954)
Interest payments	(251 502)	-	(126 027)	(377 529)
Calculated interest	251 502	25 111	526 438	803 051
At 31 December 2022	15 350 376	82 429 949	100 366 699	198 147 024
Recognized changes to lease agreements	629 297	-	-	629 297
New contracts	218 494	10 000 000	-	10 218 494
Repayments, excluding interest	(839 490)	(12 899 286)	-	(13 738 776)
Interest payments	(250 897)	(2 568 496)	(500 000)	(3 319 393)
Calculated interest	250 897	2 581 509	526 438	3 358 844
At 31 December 2023	15 358 677	79 543 676	100 393 137	195 295 490

## 15. PAYABLES TO SUPPLIERS AND OTHER CREDITORS

	PARENT COMPANY		KONCER GROUP NS	
	31.12.2023.	31.12.2022.	31.12.2023.	31.12.2022.
	EUR	EUR	EUR	EUR
<b>Financial liabilities</b>				
Payables for electricity and natural gas	16 697 580	22 243 344	16 697 580	22 243 344
Payables for materials and services	8 075 054	6 467 104	13 856 645	13 877 958
Accrued liabilities	59 320	95 367	15 515 112	2 356 219
Other current financial liabilities	7 677 092	2 662 036	8 231 538	2 662 036
<b>TOTAL financial liabilities</b>	<b>32 509 046</b>	<b>31 467 851</b>	<b>54 300 875</b>	<b>41 139 557</b>
<b>Non-financial liabilities:</b>				
National social insurance mandatory contributions and other taxes	1 352 511	1 455 831	2 464 382	2 532 591
Advances received for connection charges	795 572	479 283	795 572	479 283
Advances received for capacity reservation	12 036 879	-	12 036 879	-
Advances received	-	650	6 112 856	8 581 032
Other current non-financial liabilities	3 309 290	2 995 440	6 257 513	4 123 429
<b>TOTAL non-financial liabilities</b>	<b>17 494 252</b>	<b>4 931 204</b>	<b>27 667 202</b>	<b>15 716 335</b>
<b>TOTAL payables to suppliers and other creditors, including:</b>	<b>50 003 298</b>	<b>36 399 055</b>	<b>81 968 077</b>	<b>56 855 892</b>
TOTAL payables to suppliers	24 772 634	28 710 448	30 554 225	36 121 302
TOTAL payables to other creditors	25 230 664	7 688 607	51 413 852	20 734 590

## 16. FAIR VALUE CONSIDERATIONS

There were no reclassifications of assets between Level 1, Level 2 and Level 3 during the reporting period.

	PARENT COMPANY			
	NBV EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
At 31.12.2023.				
<b>Assets that are measured at fair value:</b>				
Revalued property, plant and equipment (Note 7.2)	608 187 026	-	-	608 187 026
<b>Assets for which fair value is reported:</b>				
Cash (Note 11)	31 946 690	-	31 946 690	-
Receivables from contracts with customers (Note 9)	18 858 315	-	-	18 858 315
Other non-current financial investments (Note 8)	54 755	-	-	54 755
Other receivables (Note 10)	107 151 186	-	-	107 151 186
<b>Liabilities at fair value:</b>				
Borrowings (Note 14)	100 393 137	-	100 393 137	-
Lease liabilities (Note 14)	14 880 675	-	-	14 880 675
Payables to suppliers and other payables (Note 15)	32 509 046	-	-	32 509 046
At 31.12.2022.				
<b>Assets that are measured at fair value:</b>				
Revalued property, plant and equipment (Note 7.2)	605 798 458	-	-	605 798 458
<b>Assets for which fair value is reported:</b>				
Cash (Note 11)	92 042 624	-	92 042 624	-
Receivables from contracts with customers (Note 9)	22 394 781	-	-	22 394 781
Other non-current financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	8 384 944	-	-	8 384 944
<b>Liabilities at fair value:</b>				
Borrowings (Note 14)	100 366 699	-	100 366 699	-
Lease liabilities (Note 14)	14 865 954	-	-	14 865 954
Payables to suppliers and other payables (Note 15)	31 467 851	-	-	31 467 851



	GROUP			
	NBV EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
<b>At 31.12.2023.</b>				
<b>Assets that are measured at fair value:</b>				
Revalued property, plant and equipment (Note 7.2)	975 854 033	-	-	975 854 033
<b>Assets for which fair value is reported:</b>				
Cash (Note 11)	44 900 140	-	44 900 140	-
Receivables from contracts with customers (Note 9)	30 413 434	-	-	30 413 434
Other non-current financial investments (Note 8)	54 755	-	-	54 755
Other receivables (Note 10)	107 151 186	-	-	107 151 186
<b>Liabilities at fair value:</b>				
Borrowings (Note 14)	179 936 813	-	179 936 813	-
Lease liabilities (Note 14)	15 358 677	-	-	15 358 677
Payables to suppliers and other payables (Note 15)	54 300 875	-	-	54 300 875
<b>At 31.12.2022.</b>				
<b>Assets that are measured at fair value:</b>				
Revalued property, plant and equipment (Note 7.2)	1 002 322 082	-	-	1 002 322 082
<b>Assets for which fair value is reported:</b>				
Cash (Note 11)	103 009 740	-	103 009 740	-
Receivables from contracts with customers (Note 9)	32 631 516	-	-	32 631 516
Other non-current financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	8 384 944	-	-	8 384 944
<b>Liabilities at fair value:</b>				
Borrowings (Note 14)	182 796 648	-	182 796 648	-
Lease liabilities (Note 14)	15 350 376	-	-	15 350 376
Payables to suppliers and other payables (Note 15)	41 139 557	-	-	41 139 557

## 17. RELATED PARTY TRANSACTIONS

Income and expenses from related party transactions (state-controlled capital companies)

	PARENT COMPANY		GROUP	
	2023 EUR	2022 EUR	2023 EUR	2022 EUR
	STATE-CONTROLLED CAPITAL COMPANIES		STATE-CONTROLLED CAPITAL COMPANIES	
<b>Revenue</b>				
Electricity transmission system service	84 042 604	73 514 575	84 042 604	73 514 575
Balancing electricity	8 245 624	30 205 990	8 245 624	30 205 990
Regulating electricity	(245 091)	1 843 615	(245 091)	1 843 615
Reactive energy revenues	533 940	621 896	533 940	621 896
Mandatory procurement components	-	223 692	-	223 692
Gas storage and transmission	-	-	26 320 745	22 060 969
Revenue from other services	2 125 266	2 396 715	2 125 266	2 396 715
<b>Total revenue from transactions with related companies</b>	<b>94 702 343</b>	<b>108 806 483</b>	<b>121 023 088</b>	<b>130 867 452</b>
<b>Cost</b>				
Purchase of balancing electricity	6 740 747	14 076 752	6 740 747	14 076 752
Purchase of regulatory electricity	8 116 206	23 652 121	8 116 206	23 652 121
Electricity for losses and technological consumption	20 536 526	-	20 536 526	-
Electricity for transit losses	3 562 619	-	3 562 619	-
Electricity for business use	283 182	81 344	283 182	81 344
Capacity reserve for electricity system security	8 899 090	7 892 280	8 899 090	7 892 280
Use of synchronous compensators	1 178 704	1 338 608	1 178 704	1 338 608
Mandatory procurement components	-	564 827	-	564 827
Communication expenses	3 651 946	3 236 455	3 651 946	3 236 455
Liquidation of electrical capacity overload	129 458	220 200	129 458	220 200
Lease of PPE and land	805 469	814 362	805 469	814 362
Gas storage and transmission	-	-	3 542 946	5 408 435
Other costs	73 267	164 288	73 267	164 288
<b>Total cost of transactions with related companies</b>	<b>53 977 214</b>	<b>52 041 237</b>	<b>57 520 160</b>	<b>57 449 672</b>

Balances at the end of the reporting year from related-party transactions (other public capital companies)

	PARENT COMPANY		GROUP	
	31.12.2023. EUR	31.12.2022. EUR	31.12.2023. EUR	31.12.2022. EUR
<b>Receivables:</b>				
State-controlled capital companies	9 335 128	7 741 949	13 925 260	11 523 403
<b>Payables:</b>				
State-controlled capital companies	12 531 931	15 821 137	12 876 397	17 386 223

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## 18. CIRCUMSTANCES AND EVENTS AFTER THE END OF THE REPORTING PERIOD

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To strengthen the Parent Company's management team, the Council of AS "Augstsprieguma tīkls" elected Ilze Znotiņa as a member of the Board for legal and compliance matters on 26 January 2024. She joined AST on 1 February 2024.

No other significant events occurred between the last day of the reporting period and the date of signing these unaudited condensed financial statements that would have a material effect on the unaudited condensed financial statements of the Group and AS "Augstsprieguma tīkls" for the 12-month period ended 31 December 2023. Though uncertainty about the future impact of events on the Group and Parent Company has increased, no circumstances have been identified that could threaten the continuity of operations and carrying out of the functions provided for in the law.

\* \* \* \* \*

AST

