



AUGSTPRIEGUMA TĪKLS GROUP'S CONSOLIDATED AND AS "AUGSTPRIEGUMA TĪKLS"

CONDENSED INTERIM FINANCIAL STATEMENTS

for the 9-month period ended 30 September 2022



*Prepared in accordance with
the International Financial Reporting Standards as adopted by the European Union*



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INFORMATION ABOUT THE GROUP AND THE COMPANY

NAME OF THE PARENT COMPANY

AS "Augstsprieguma tīkls"

LEGAL STATUS OF THE PARENT
COMPANY

Joint-stock company

NUMBER, PLACE, AND DATE OF
REGISTRATION OF THE PARENT
COMPANY

000357556
Riga, 28 December 2001

Reregistered in the Commercial Register on 13 November 2004 with the uniform
number 40003575567

REGISTERED OFFICE

Dārzciema iela 86, Riga, LV-1073, Latvia

TYPE OF PARENT
COMPANY'S MAIN ACTIVITY

Transmission of electricity, NACE code 35.12

TYPE OF PARENT
GROUP'S MAIN ACTIVITY

Transmission of electricity, NACE code 35.12, and Transport via pipeline, NACE code 49.50

SHAREHOLDER OF THE PARENT
COMPANY

Represented by the Ministry of Finance of the Republic of Latvia (100%)
Smilšu iela 1, Rīga, LV-1050, Latvija

MEMBERS OF THE BOARD AND THEIR
OFFICE

Gunta Jēkabsone – Chairwoman of the Board (from 15.07.2021)
Imants Zviedris – a member of the Board
Gatis Junghāns – a member of the Board
Mārcis Kauliņš – a member of the Board (until 16.09.2021)
Arnis Daugulis – a member of the Board (from 15.07.2021)
Varis Boks – Chairman of the Board (until 31.03.2021)
Arnis Staltmanis – a member of the Board (until 07.04.2021)

MEMBERS OF THE COUNCIL AND
THEIR OFFICE

Kaspars Āboliņš – Chairman of the Council
Olga Bogdanova – deputy Chairwoman of the Council
Armands Eberhards – a member of the Council
Madara Melne – a member of the Council (until 26.01.2022)
Aigars Ģērmanis – a member of the Council

HOLDINGS IN OTHER COMPANIES

AS “Conexus Baltic Grid” (68.46% from 21.07.2020.; 34.36% until 20.07.2020)

REPORTING PERIOD

1 January 2022 – 30 September 2022



KEY FINANCIAL AND PERFORMANCE INDICATORS

KEY FINANCIAL AND PERFORMANCE INDICATORS

	Group		Parent Company	
	9 months of 2022	9 months of 2021	9 months of 2022	9 months of 2021
FINANCIAL INDICATORS				
Revenue, thous. EUR	243 848	123 188	204 526	82 229
EBITDA, thous. EUR	28 062	56 990	5 029	31 751
Profit, thous. EUR	(14 927)	15 090	(15 252)	63 597
	30.09.2022.	31.12.2021.	30.09.2022.	31.12.2021.
Total assets, thous. EUR	1 275 175	1 232 245	970 468	909 279
Total equity, thous. EUR	600 697	647 812	421 049	465 343
Borrowings, thous. EUR	174 194	198 060	100 234	99 966
Cash, thous. EUR	98 455	63 190	97 971	48 514
FINANCIAL RATIOS				
Liquidity ratio (≥ 1.2)	1.3	1.0	2.0	1.7
EBITDA Profitability	12%	46%	2%	39%
Equity ratio ($\geq 35\%$)	47%	53%	43%	51%
Net debt to equity, ($\leq 55\%$)	11%	17%	1%	10%
PERFORMANCE INDICATORS	9 months of 2022	9 months of 2021	9 months of 2022	9 months of 2021
Electricity transmitted to users in Latvia, GWh	4 593	4 630	4 593	4 630
Natural gas transported, TWh	23.4	31.5	-	-
Natural gas for consumption in Latvia, TWh	5.8	8.7	-	-
EBITDA – Earnings before interest, financial income, corporate income tax, dividends received, the share of profit of associates, gains from acquisitions of controlling interests, depreciation and amortisation				
Liquidity ratio = current assets/current liabilities (excluding the part of the short-term loan to be refinanced)				
EBITDA profitability = EBITDA/revenue				
Equity ratio = total equity/ total assets				
Net debt = borrowings - cash				
Net debt to equity = Net debt/(Net debt + Equity)				



MANAGEMENT REPORT

SIGNIFICANT FACTS AND EVENTS

There is now an onshore wind park at Targale

Latvia's largest onshore wind farm was opened on 15 September 2022. The wind park owned by Utilitas is located in Targale parish of Ventspils county and is connected to the 110 kV network of AS "Augstsprieguma tīkls" (hereinafter also referred to as "AST") by constructing a new connection at the new AST substation "Targale". The wind farm consists of 14 state-of-the-art turbines supplied by Vestas, the world's leading turbine manufacturer. The park will generate up to 155 GWh of green electricity annually, which is sufficient to cover the annual energy needs of more than 50,000 households. The Targale wind farm will significantly increase Latvia's wind energy share and is also an important step toward addressing the Baltic region's current energy, security, and climate challenges.

The price of electricity continues to rise

The average electricity price in the Latvian trading area decreased to EUR 350.99 per megawatt-hour in September 2022, which is 25% lower than in August, but 184% higher than in September 2021. While electricity prices in the Baltics dropped by 25% to 35% on average in September, they remained high and mostly did not drop below the level registered in July. Of the Baltic and interconnected trading areas, only Estonia and Poland recorded lower electricity prices in September compared to July.

A declaration on energy security in the Baltic Sea region signed by Baltic Sea leaders during the summit

An agreement was signed at the Baltic Sea Energy Security Summit in Denmark on 30 August 2022 on closer energy cooperation in order to end Russian fossil fuel dependence as soon as possible while promoting climate neutrality within the European Union (hereinafter "EU"). Furthermore, the Latvian-Estonian offshore wind farm ELWIND was granted EU Common Interest Status at the summit, which will enable the project to receive EU funding for its development in the future.

AS "Augstsprieguma tīkls" has submitted a new draft tariff plan for electricity transmission system services for approval

AST developed and submitted a new draft electricity transmission tariff for approval by the Public Utilities Commission (hereinafter "PUC) in October 2022. The significant increase in electricity prices in Europe, which has also affected Latvia, has increased AST's expenses for the purchase of electricity for technological consumption necessary for the operation of the transmission network several times. A loss of EUR 22 million has already been incurred on electricity transmission during the first nine months of this year as a result of rising costs. Management believes that there will be no liquidity problems and that the Augstsprieguma tīkls Group will be able to pay its liabilities to creditors when due.

AN OUTLINE ABOUT THE GROUP

The Augstsprieguma Tīkls Group (hereinafter also referred to as “the Group”) is one of the largest energy supply companies in the Baltics. The Group’s core business is the provision of electricity transmission system operator functions, efficient management of energy supply system assets, natural gas transmission and storage.

At 30 September 2022, the Augstsprieguma tīkls Group consisted of a group of commercial companies in which the parent company AS “Augstsprieguma tīkls” (hereinafter also “AST” or “the Parent Company”) has a decisive influence and which includes the subsidiary AS “Conexus Baltic Grid” (hereinafter also “Conexus” or the “Subsidiary”). The Group operates geographically in the territory of Latvia. See Note 8 for information on the shareholding in the Subsidiary and its location. AS “Augstsprieguma tīkls” together with the electricity transmission system operators of Estonia and Lithuania established the Regional Coordination Centre for Electricity Systems of the Baltic countries - "Baltic RCC" OÜ. See the information on the shareholdings in the associated company and its location in Note 8.

All shares of AS “Augstsprieguma tīkls” are owned by the State and are held by the Ministry of Finance of the Republic of Latvia.

The Group’s structure is divided into three activity segments - electricity transmission, natural gas transmission and natural gas storage. The division is based on the Group’s internal organizational structure, which forms the basis for monitoring and managing the performance of the segments. For more information on the operating segments and the Parent Company, please refer to the section “An outline of the operating environment and financial performance”.

The overall **strategic goal** of AS “Augstsprieguma tīkls” is to ensure the security of Latvia’s energy supply, provide a continuous, high quality and accessible energy transmission service, and implement the sustainable management of the country’s strategic energy supply assets and promote their integration into the European Union’s internal energy market.

Our **mission** is to ensure a continuous, secure, and sustainably efficient energy supply throughout Latvia.

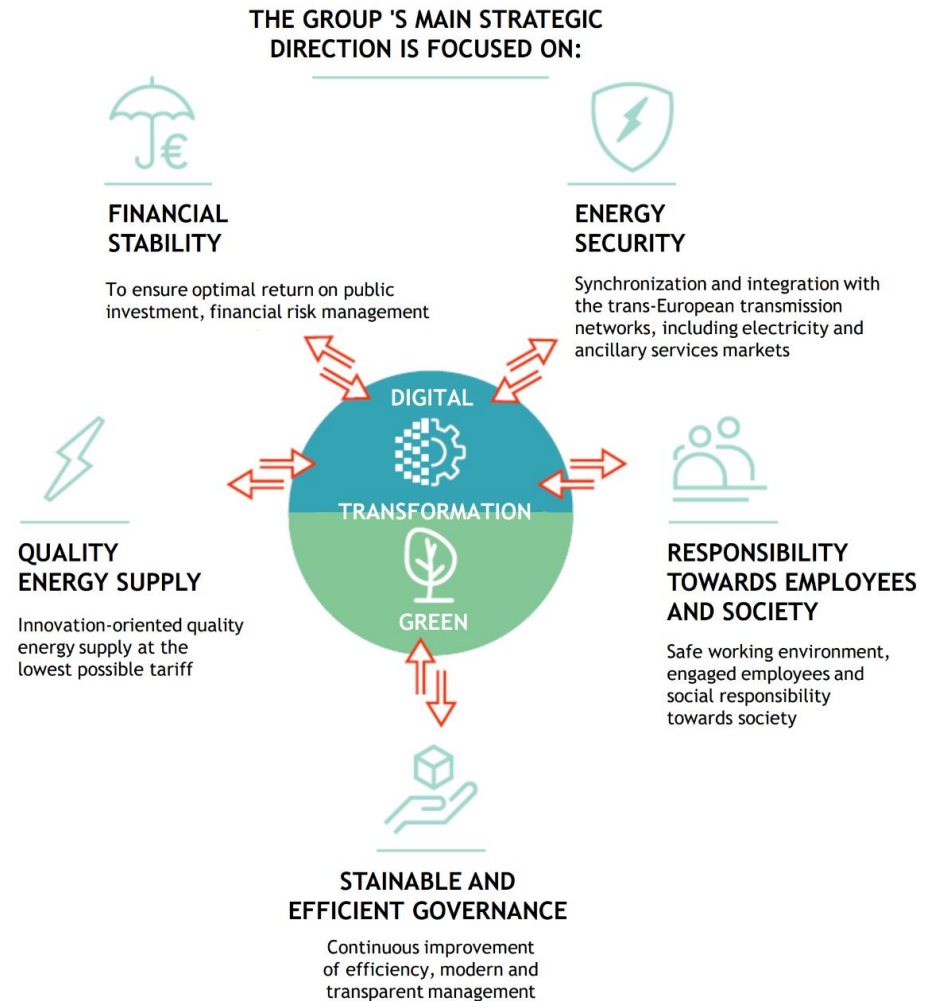
Values

TRUST	DEVELOPMENT	SAFETY	TEAM
			
HONESTLY	WISDOM	RESPONSIBLY	TOGETHER
Independent, ethical, and transparent action towards anyone and everyone	Effectively. Looking forward. Long-term thinking	Deliberate action. With high responsibility towards people, work, and nature	We join forces to achieve more. Strong team that encourages and challenges

Group strategy

In order to promote sustainable economic development, Latvia and the European Union have prioritised reducing environmental impact, limiting climate and environmental change, and digitalisation matters. These priorities follow the European Commission’s 2019 Communication (EC) on a Green Deal for Europe. The Green Deal focuses on the use of renewable energy sources and progress toward climate neutrality by 2050.

Based on the Group’s vision, Augstsprieguma Tīkls Group’s medium-term operating **strategy** for 2021-2025 (hereinafter also referred to as the “Strategy” was developed and approved in 2021. It defines the strategic direction of the Group and sets financial and non-financial goals for the Parent company and Conexus for the next five years. The goals set, projects already started and instructions for action also shape the future goals – heading towards a carbon-neutral economy within the framework of the European Green Deal, achievement of the goals set out in the Latvian National Energy and Climate Plan for 2021-2030.



AN OUTLINE OF THE OPERATING ENVIRONMENT AND FINANCIAL PERFORMANCE

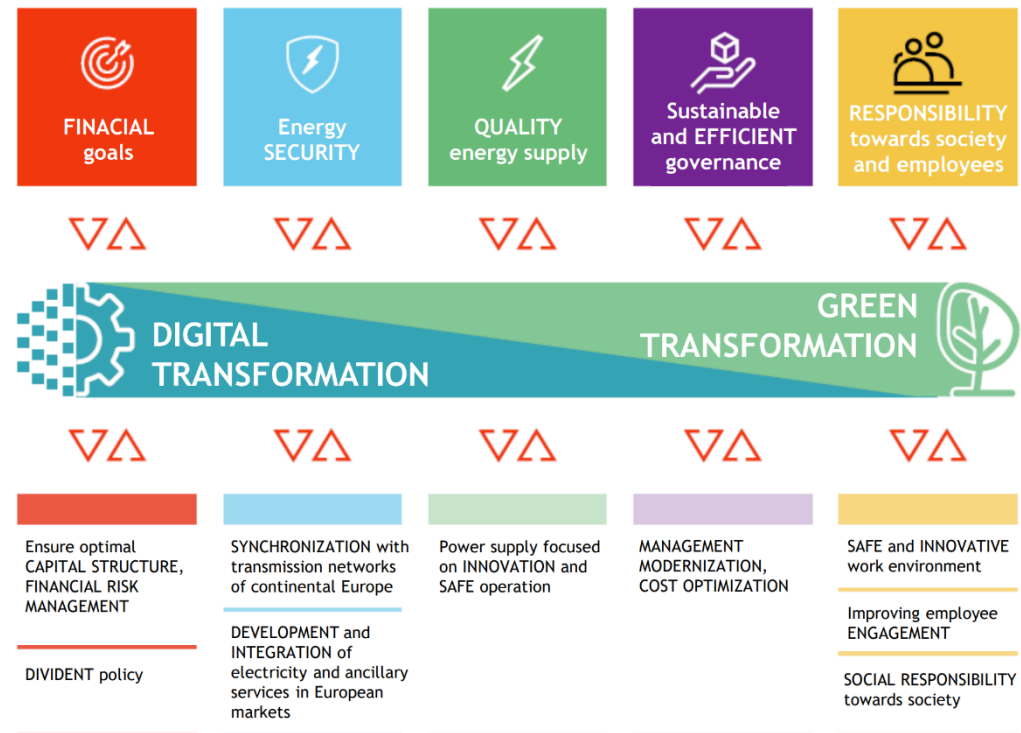
During the reporting period, the net turnover of the Augstspriegums Tīkli Group amounted to EUR 243,848 thousand, while the net loss amounted to EUR 14,927 thousand. The decrease in the Group’s profit compared to the corresponding period of 2021 is due to the sharp increase in the price of electricity. According to the existing regulatory framework, the negative impact of unplanned cost increases will be covered in future periods. The decision on the amount of the costs covering the following periods is made by the Public Utilities Commission Council (hereinafter referred to as “PUC”).

Transmission of electricity

Under the issued license No. E12001 and Section 11, paragraph one of the Electricity Market Law, AS “Augstsprieguma tīkls” is the sole electricity transmission system operator in Latvia, and the territory of its license covers the entire territory of Latvia. AS "Augstsprieguma tīkls" ensures continuous, safe and sustainably efficient electricity transmission throughout Latvia. Under Section 5 of the Energy Law, electric transmission is a regulated sector.

The Parent Company considers all of its activities to fall into one business segment – electric power transmission. The following information relates both to the strategic objectives and sustainability aspects of the Parent Company and to the operating environment and financial performance of the segment.

The Group’s medium-term operating strategy sets out the Parent Company’s financial and non-financial objectives for the next five years:



The Parent Company has developed, implemented, and maintains the company's management system in accordance with the standards ISO 9001: 2015 (quality), ISO 14001: 2015 (environment), ISO 45001: 2018 (OHSAS 18001: 2007) (occupational safety) and ISO 50001: 2011 (energy management) requirements.

The implemented integrated management system ensures the efficient operation of AST in compliance with internationally agreed regulations for operational, quality, energy, environmental, occupational health, and safety management, correct compliance with the requirements of laws and regulations, promoting awareness of the business context of AST, viewing developments in the company through the prism of corporate risks and processes.

The strategic direction of the Parent Company is focused on sustainable development. The Company participates in the annual "Sustainability Index" organised by the Institute of Corporate Sustainability and Responsibility, and in 2022, it was awarded, for the fourth time, the high Platinum rating, which confirms compliance with the highest standards of corporate responsibility and concern for the well-being of its employees and customers.

Since 2017, in addition to AST's financial statements, a non-financial report, Sustainability Report, has been prepared in accordance with the Global Sustainability Reporting Guidelines, the Core Approach issued by the non-profit organization Global Reporting Initiative (GRI). The Sustainability Report addresses the Company's social responsibility, economic responsibility, responsibility towards society, employees and the working environment, environmental protection and other important aspects.

By introducing the most optimal techniques and technologies, reducing resource losses and waste, and reducing environmental pollutant emissions, climate change, and biodiversity impacts, the parent company's Environmental and Energy Management Policy aims to continuously improve the company's environmental and energy performance. The parent company systematically assesses and monitors the risk to the environment. To address significant risks, risk management measures or action programmes are identified. As part of the environmental monitoring and energy monitoring plans and processes, an environmental incident register is maintained, and key environmental performance indicators are periodically monitored. Risks associated with the environment are low, with environmental action programmes defined and risk management measures in place for key aspects.

The Parent Company provides electricity through a transmission grid that includes interconnected grids and facilities, including interconnectors with a voltage of 110 kilovolts or more, used for transmission to the respective distribution network or to consumers. During the reporting period, the obligations imposed on the transmission system operator were implemented through the following transmission system:

High voltage (kV)	Number of substations	Number of autotransformers and transformers	Installed capacity (MVA)	Overhead and cable PPAs (km)
330 kV	17	26	3,800	1,742
110 kV	123	245	5,157	3,860
Total	140	271	8,957	5,602

In September 2022, the average electricity price in the Latvian trading area decreased to EUR 350.99 per megawatt-hour (MWh), which is 25% lower than in August, but 184.2% higher compared to September 2021. In September, although the Baltic region saw a drop in electricity prices by 25% to 35% on average, electricity prices were high and mostly did not fall below the level registered in July - among the Baltic and its interconnected trading areas, only Estonia and Poland had a lower electricity price in September compared to July. The price decrease was attributed to a fall in energy prices, notably natural gas, as well as a slight decrease in the price of CO₂ emission allowances, as well as to a fall in consumption, which led to cheaper bids driving the price on the stock exchange.

In September, Latvia's electricity consumption declined significantly, reaching its lowest level since June 2017 - 531 379 MWh of electricity were consumed, 6.8% less than in August and 9.7% less than in September 2021. The change in consumption is due to the previously observed increase in electricity prices. In August, the highest average monthly electricity price since the market opening was reached, which in September, after receiving bills, led to looking for ways to reduce consumption. The installation of microgenerators or solar panels also contributed to the reduction of the recorded consumption in households - while in September 2021 the installed microgeneration capacity in Latvia was 16 MW, in September this year - already 80 MW.

Despite the fact that Latvia's electricity consumption had fallen dramatically low in September, production had also dropped significantly, resulting in 38% of electricity consumption being met by domestic generation, the lowest level since the August of the previous year, with 330,244 MWh imported from neighbouring countries to compensate for the shortfall.

In the first nine months of 2022, AS "Augstsprieguma tīkls" transferred 4,593 GWh of electricity to consumers in Latvia, 1% less than in the corresponding period last year (4,630 GWh).

When evaluating the segment's financial performance indicators and economic performance, it should be taken into account that electricity transmission is a regulated sector under Section 5 of the Energy Law;

Net revenues of the segment in the reporting period amounted to EUR 204,526 thousand, including revenues from electricity transmission network services EUR 56,327 thousand. The 149 % year-on-year increase in revenues in the first nine months of 2022 was mainly due to revenues from the balancing electricity and congestion management at borders.

The segment's financial performance in the first nine months of 2022 continued to be adversely impacted by the increase in electricity prices. Following the sharp increase in the price of electricity from May 2021, the cost of providing electricity transmission services has increased significantly. As the current tariff for electricity transmission services, approved in November 2020, does not cover the increase in the said costs, in the first nine month of 2022, the electricity transmission segment incurred a loss of EUR 21,789 thousand.

However, in accordance with the "Methodology for Calculating Tariffs for Electricity Transmission System Services" (hereinafter also "the Methodology"), **the increase in costs caused by fluctuations in the price of electricity will be recovered in the next regulatory period**, planned from 2023. The Public Utilities Commission is responsible for making decisions regarding changes to electricity transmission tariffs. Information on the draft tariff plan submitted, as well as on the changes to the Methodology, is provided in the Regulatory Activities section.

Natural gas transmission segment and natural gas storage segment

Due to the Parent Company's shareholding in its subsidiary, the Latvian operator of the natural gas transmission and storage system AS "Conexus Baltic Grid", an important focus of the Group's activities is on the sustainable management of strategically important energy supply assets and their integration into the internal energy market of the European Union.

AS "Conexus Baltic Grid" is the unified operator of natural gas transmission and storage in Latvia and manages one of the most modern natural gas storage facilities in Europe – Inčukalns Underground Gas Storage (hereinafter - Inčukalns UGS Storage) – as well as the main natural gas transmission system connecting the Latvian natural gas market directly with Lithuania, Estonia and the north-western region of Russia.

Conexus provides natural gas transportation and storage services to its customers in accordance with the tariffs established by the Public Utilities Commission.

Based on the energy policy planning documents, the overall strategic goal of the Group, the following directions of Conexus' development have been established:

- Promotion of security of energy supply in Latvia and provision of high-quality and accessible energy transmission service;
- Ensuring sustainable management of Latvia's energy supply assets;
- Promoting the integration of Latvia's energy supply assets into the European Union's internal energy market.

Transmission of natural gas

AS "Conexus Baltic Grid" is the sole operator of natural gas transmission and storage in Latvia. It ensures the maintenance of the natural gas transmission system, its safe and uninterrupted operation, and interconnection with the transmission systems of other countries and enables traders to use the natural gas transmission system for natural gas trading.

The main natural gas transmission system is 1,190 km long and is directly connected with the natural gas transmission systems of Lithuania, Estonia, and Russia. It ensures the transportation of natural gas in regional gas pipelines on the territory of Latvia and in connections with the natural gas transmission networks of the neighbouring countries:

- The international gas pipelines have a diameter of 720 mm and an operating pressure between 28 and 40 bar;
- The diameter of regional gas pipelines is between 400 mm and 530 mm with an operating pressure of up to 30 bar;
- For the transmission of natural gas to the local distribution network in Latvia, 40 gas regulation stations are used. For the supply of natural gas to the Latvian consumers, all the consumption points on the territory of Latvia are combined into one point.

In the nine months of 2022, the total volume of transported gas reached 23.4 TWh, which is 26% less than in the corresponding period of the previous year. The volume of natural gas consumption for the needs of Latvian consumers reached 5.8 TWh, which is 33% less than a year earlier.

Revenues of the natural gas transmission segment in the reporting period amounted to EUR 18,110 thousand and EBITDA reached EUR 8,536 thousand, which accounted for 37% of Conexus' total EBITDA. Profit of the transportation segment reached EUR 854 thousand (116% less than a year earlier).

In the nine months of 2022, the revenues of the natural gas transmission segment were negatively affected by the air temperature, which was higher in the winter months than in the corresponding period of 2021, and electricity production in the largest thermal power plants in the country decreased by two-thirds. As a result, total consumer demand for gas was lower than in the corresponding period of the previous year, which included EUR 6,168 thousand less revenue for the use of the baseline for the needs of Latvian natural gas consumers.

The assets of the transmission segment at the end of the reporting period amounted to EUR 231 million. EUR. During the reporting period, investments amounting to EUR 3,532 thousand were made. The largest of these were:

- In the first nine months of 2022, Conexus invested a total of EUR 894 thousand in several sub-projects under the project of common European interest "Improvement of the Latvian-Lithuanian Interconnector" (ELLI);
- Underground gas pipelines were repaired for EUR 720 thousand;
- Inčukalns UGS gas transmission pipeline was replaced in the amount of EUR 673 thousand.

Storage of natural gas

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

In 2021/2022, the volume of Inčukalns UGS capacity reservation products reached 18.9 TWh, down 12% from a year earlier. At the same time, the various types of capacity products reserved by market participants and their tariffs ensured an increase in revenues from capacity products by EUR 3,725 thousand compared to the previous year.

In the reporting period, sales in the natural gas storage segment amounted to EUR 21,213 thousand, and EBITDA reached EUR 14,497 thousand. The profit of the natural gas storage segment reached EUR 7,716 thousand.

The segment's assets at the end of the reporting period amounted to EUR 219 million. During the reporting period, investments were made in the amount of EUR 9 million, they are EUR 1,862 thousand less than a year earlier. The largest investments - reconstruction of wells and modernisation of the gas pumping equipment of the compressor shop No. 2, totaling EUR 7.1 million, were carried out as part of the ambitious project of common interest of the European Union PCI 8.2.4 "Enhancement of Inčukalns Underground Gas Storage".

FINANCIAL RISK MANAGEMENT

The financial risks of the Augstsprieguma tīkls Group are managed in accordance with the Financial Risk Management Policy and Financial Risk Management Regulations.

The Subsidiary of the Augstsprieguma tīkls Group develops and approves its own financial risk management policies, which are consistent with the general principles contained in the Group's policy.

The management of financial resources aims to ensure the financing and financial stability of economic activities through conservative financial risk management. As part of financial risk management, the Group and the parent company implement financial risk controls and take risk mitigation measures to reduce the risk of open positions.

a) Liquidity risk

Liquidity risk relates to the ability of the Group and the Parent Company to meet their obligations as they fall due. For unforeseeable cash flow fluctuations and short-term liquidity risks arising from operational risks, the Group and the Parent Company set aside a reserve in the form of cash or subscribed and irrevocably available loans for the next 24 months.

The Group and the Parent Company adhere to prudent liquidity risk management and ensure that they have sufficient financial resources to settle their liabilities when they fall due.

Management believes that there will be no liquidity problems and that the Augstsprieguma tīkls Group will be able to pay its liabilities to creditors when due. Management believes that AS “Augstsprieguma tīkls” will have sufficient cash resources for the Group so that its liquidity is not at risk.

b) Interest rate risk

Interest rate risk arises primarily from fixed-interest borrowings, with the risk that financing costs will increase significantly due to interest rate increases. To limit the risk, the Group’s and Parent Company’s financial risk management rules stipulate that the proportion of fixed-interest or limited-rise interest rates in the loan portfolio may not be less than 35%. At the same time, the financial risk management rules provide those deviations from this indicator are permitted in the restructuring of liabilities assumed in the course of the reorganization of ownership of the transmission assets.

c) Credit risk

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

In the course of its business activities, the Group and the Parent Company cooperate with local and foreign financial institutions. Consequently, there is a risk of financial counterparties - in case of insolvency or suspension of business partners, the Group and the Parent Company may incur losses. In the case of attracted external financing, there is a risk until the loan is withdrawn and transferred to one of the Group’s partner banks or the Parent Company.

Credit risk arising from the Group’s and the Parent Company’s balances in current accounts is managed in accordance with the Group’s financial risk management policy and regulations, balancing the allocation of funds.

In accordance with the financial risk management policy, counterparties are accepted in cooperation with banks and financial institutions that have a minimum credit rating of at least investment grade, as determined by themselves or the Parent Company’s international rating agency.

In the course of its business activities, the Group and the Parent Company cooperate with local and foreign companies. This gives rise to counterparty or receivables risk, i.e., in the event of insolvency or default of business partners, the Group or the Parent Company may incur losses. The Law on International and National Sanctions of the Republic of Latvia imposes financial and civil restrictions on companies on the sanctions list, including the freezing of funds. In view of this, cooperation with a sanctioned company exposes the Group or the Parent Company to the risk of default, legal and reputational risks.

Although the Group and the Parent Company have significant concentration risk with respect to a counterparty or a group of similar counterparties, this risk is considered limited as the main counterparty is the state-owned company Latvenergo and its subsidiaries – a group of companies with a high credit rating of Baa2 (investment grade rating) and a stable future outlook from Moody's.

Credit risk related to receivables is managed through monthly analysis of receivables in accordance with the risk management measures set out in the Financial Risk Management Regulation.

d) Management of capital risk

The shareholder of the Parent company is the Republic of Latvia in the person of the Ministry of Finance (100%). The purpose 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 area of transmission assets, and the fulfilment of the restrictive conditions specified in the loan agreements. The restrictive covenants set forth in the borrowing agreements have not been breached. To ensure compliance with the restrictive covenants set forth in the loan agreements, an equity ratio analysis is performed on a regular basis.

FINANCING AND LIQUIDITY

The Group finances its capital expenditure projects from the funds of its own as well as from the external long-term financing raised regularly and timely on the financial and capital markets. Timely budgeted borrowings are essential to ensure optimal risk management of loan refinancing and to repay the loan principal within the contracted term. In 2021, the Parent Company issued green bonds worth EUR 100 million (see also Note 14).

As at 30 September 2022, the total amount of borrowings of the Parent Company was EUR 100,234 thousand (at 31 December 2021 – EUR 99,966 thousand), which consisted of non-current borrowings from green bonds issued in 2021 (see also Note 14). To finance working capital, AS "Augstsprieguma tīkls" has an overdraft credit agreement with AS SEB banka in the amount of up to EUR 20,000 thousand until 18 June 2023. During the reporting period, AS "Augstsprieguma tīkls" did not receive any borrowings under the said *overdraft* agreement. At the end of the reporting period, 100% of the total long-term loans have a fixed loan interest rate (at 31 December : 100%).

The total borrowings of the Group as of 30 September 2022 amounted to EUR 174,194 thousand, of which EUR 100,234 thousand, loans from credit institutions of EUR 73,960 thousand, including the used line of credit of EUR 9,185 thousand. The natural gas operator AS "Conexus Baltic Grid" raises external financing on its own. In total, the bank lines of credit in the amount of EUR 65,000 thousand were available to the Subsidiary, and at the end

of the reporting period, EUR 55,815 thousand had not been unused. This represents a substantial liquidity buffer. The maturity of the agreements of the available lines of credit of EUR 65,000 thousand exceeds one year. At the end of the reporting period, 79% of the Group's total non-current borrowings have a fixed interest rate (at 31 December 2021: 75%). The increase in interest rates in the financial market does not have a significant negative impact on the Group.

The international rating agency S&P Global Ratings (S&P) has rated and ranked the Latvian transmission system operator **AS "Augstsprieguma tīkls" long-term credit rating A-/Stable**.

REGULATORY ACTIVITIES – THE TRANSMISSION AND STORAGE SERVICE TARIFF

Transmission of electricity

Tariffs for electricity transmission services are set in accordance with the "Methodology for Calculating Tariffs for Electric Transmission Services approved by the PUC".

Under the PUC Council Decision No. 153 of 26 November 2020, tariffs for electricity transmission services for the regulatory period from 1 January 2021 to 31 December 2022 have been approved. Information on tariffs for electricity transmission services can be found on the website of the Parent Company <https://www.ast.lv/lv/content/parvades-pakalpojumu-tarifs>.

On 14 July 2022, the PUC published consultation documents on the amendments to the Methodology for Calculating Electricity Transmission System Tariffs and the Draft Methodology for Billing and Calculating Capital Costs (hereinafter referred to as the "Consultation Documents"). The Consultation Documents are available on the PUC website <https://www.sprk.gov.lv/content/publiskas-konsultacijas>.

Key planned changes:

- more prompt recovery of the cost difference between the planned and actual costs in the tariff project;
- use of accumulated congestion charge revenues to reduce the tariff to recover operating costs;
- change in the rate of return on capital from real to nominal;
- results of asset revaluations made after 31 December 2021, will not be included in the regulated asset base.

Considering that the current regulatory period expires on 31 December 2022, as well as the sharp increase in electricity prices from May 2021, which resulted in the electricity transmission segment operating at a loss of EUR 3,441 thousand in 2021 and at a loss of EUR 21 789 thousand in 9 months of 2022, the Parent company developed and submitted to the SPRK for approval in October 2022 a draft tariff plan for electricity transmission system services. Detailed information is available on the Parent company's website <https://www.ast.lv/lv/events/augstsprieguma-tikls-iesniedzis-apstiprinasanai-sprk-jaunu-elektroenerģijas-parvades-tarifu>.

Transmission and storage of natural gas

Tariffs for natural gas transportation and natural gas storage are set in accordance with the methodologies approved by the PUC, i.e., “Methodology for Calculating Service Tariffs for the Natural Gas Transportation System” and “Methodology for Calculating Service Tariffs for the Natural Gas Storage System”.

Under the Cabinet decision of 8 March 2022, which provides for the declaring of the early warning level in the field of natural gas supply, Conexus has established the procedures for the allocation of capacity of the natural gas transmission system and for Inčukalns UGS pumping capacity and the injection of interconnected gas into the reservoir.

The procedure developed by Conexus for capacity division can be found on the website of Conexus: https://www.conexus.lv/uploads/filedir/Aktualitates/Komercdala/Incukalna_jaudas_sadales_kartiba.pdf.

Natural gas transmission system tariffs

In accordance with the Regulator’s decision No 171 of 27 November 2019, existing transmission service tariffs have been approved for the period from 1 January 2020 to 30 September 2022. Since no new tariffs on the natural gas transmission system service are expected to take effect from 1 October 2022, the current tariffs on the natural gas transmission system service will apply until the beginning of a new regulatory period.

The date of entry into force of the new regulatory period is not currently set but is expected to be October 1, 2023. This date depends on both the decision on Lithuania joining the single natural gas transmission entry-exit system of Finland, Estonia and Latvia, and the revision of the methodology for calculating tariffs for the natural gas transmission system scheduled for this year.

Tariffs for storage capacity products 2022/2023 annual storage cycle

Taking into account the results of the previous storage cycle, the forecasts for storage capacity in the next storage cycle, and the situation in the natural gas market, the PUC has not objected to Conexus’ proposal for 2022/2023. raised to maintain the tariffs for the following capacity products during the storage year:

- Group capacity product tariff (without VAT) 1.0226 EUR / MWh / storage cycle;
- Two-year group capacity product tariff (without VAT) 1.0865 EUR / MWh / storage cycle;
- Interruptible capacity product tariff (without VAT) 0.8147 EUR / MWh / storage cycle;
- Virtual counterflow product tariff (without VAT) 0.3471 EUR / MWh / storage cycle.

In accordance with the applicable regulation, the tariff for the storage transfer product is set so that it is more cost effective for users of the natural gas storage system to accurately schedule the amount of natural gas stored or to purchase a product with two-year group capacity. Accordingly, the tariff value of the Stock Transfer Product in 2022/2023 for the 2021/2022 storage cycle, is the result of the biennial auctions for grouped capacity products of the annual storage cycle. Consequently, the tariff for the stock transfer product (without VAT) is 1.8081 EUR/MWh / storage cycle.

FUTURE DEVELOPMENT OF THE GROUP

Electricity transmission

Synchronisation of the Baltic States with Continental Europe

In the coming years, the greatest challenges are related to the synchronisation of the **Baltic States with continental Europe**.

On 22 May 2019, AST signed the *Agreement on the conditions of the future interconnection of electric power system of Baltic States and electric power system of continental Europe*. The annexes to the concluded agreement on interconnection with the Continental European electricity system set out the technical requirements to be met by Baltic TSOs before and after the start of the synchronization process. These requirements relate to changes in transmission system settings, investments in infrastructure development, as well as the obligation of TSOs to ensure a certain level of frequency conservation, frequency renewal reserves, and system inertia.

Synchronization of the Baltic States with continental Europe is planned for 2025 or earlier if necessary. **As a result** of synchronization, the Baltic electric power transmission system will become part of the European system, which will mean independence from the Russian unified (IPS / UPS) system and a more secure electric power supply.

Development of the electricity transmission network

By the resolution of the PUC dated 14 October 2021 “On the Development Plan of the Electric Transmission Network”, the Development Plan of the Electric Transmission Network for the period from 2022 to 2031 (hereinafter “the Development Plan”) developed by AST was approved.

The development plan is based on the strategic objective of AST, i.e., strengthening Latvia’s energy security by synchronizing the Latvian electricity transmission network with the continental European network in accordance with the principles of security and cost-efficiency.

The approved development plan sets out the development of the transmission network and the necessary financial investments in transmission infrastructure for the next ten years and provides for investments in the development of the electricity transmission network in the amount of EUR 401 million. The approved development plan is available in detail at: <https://www.ast.lv/en/content/power-transmission-system-development-plan>.

To minimise the impact of planned investments on electricity transmission tariffs, AST successfully secured EU co-financing for the projects of common European interest included in the development plan and reallocated congestion charge revenues to fund them:

- Project “Synchronization of the Baltic Electricity Transmission System with the European Network, Phase 1” – attracted EU co-financing up to 75% of the eligible costs, i.e., EUR 57.7 million;

- Project “Synchronization of the Baltic Electricity Transmission System with the European Network, Phase 2” – attracted EU co-financing of 75% of the eligible costs, i.e., EUR 92.6 million.

Investments in the electricity transmission system financed from EU co-financing and congestion charge revenues are not included in the calculation of tariffs for electricity transmission system services.

In June 2022, the development plan of the power transmission network for the period 2023-2032 was submitted to the PUC for approval.

System management and development of the electricity market

Implementing the European Union’s policy for the internal electricity market, AS “Augstsprieguma tīkls” strategic direction is aimed at developing and integrating the electricity and ancillary services markets into the European markets.

In the coming years, **it is planned to continue working on the development and improvement of the EU single internal next day and current day market.** This will include new opportunities for the participants in the European Union’s internal electricity market, including Latvian and Baltic market participants.

Projects are currently underway that will allow market participants to participate in the next-day and day-ahead markets in a 15-minute resolution and to operate in the current-day market with products that include energy and transmission capacity, similar to what is currently done in the next-day market.

It is also planned to continue the work on the establishment of the single European mFRR trading platform and the accession of the Baltic TSOs to this platform, which will allow the Baltic balancing service providers to participate in the common European reserve market.

In order to join the platform, changes need to be made to the way the common Baltic balancing model works. The most important of these is the switch to a 15-minute balancing market period, which will allow electricity market participants to plan their operations more accurately and control system imbalances more effectively.

Innovation and research

In order to ensure the development of the Company, the representatives of the company actively participate in the work of the Committee for Research, Development and Innovation of the European Organization of Transmission System Operators ENTSO-E. In doing so, they are aware of the essential role of innovation for successful operation.

Within the framework of the ENTSO Committee for Research, Development and Innovation, activities are carried out to modify the existing electrical systems with a view to achieving the objectives set by the European Union.

The innovation and research activities are focused on six directions:

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

Transmission of natural gas

In 2022, work will actively continue on the Inčukalns UGS modernization project, the implementation of which by 2025 will significantly improve the technical infrastructure and reliability of the facilities so that the storage facility can maintain its functionality even after an increase in pressure in the Baltic transmission system.

The investments will significantly strengthen the importance of Inčukalns UGS as a modern and significant natural gas infrastructure not only in Latvia, but also in the Baltic region and Finland.

Total investments under the project are expected to amount to EUR 88 million, including:

- Surface equipment improvement EUR 29 million;
- Renewal of 36 wells EUR 26 million;
- Modernization of the existing five gas transfer units and installation of an additional new gas transfer unit EUR 33 million.

Storage of natural gas

At the end of 2019, the European Climate, Infrastructure and Environment Executive Agency (formerly the Innovation and Networks Executive Agency) approved the allocation of funds for the project to increase the capacity of the Lithuanian-Latvian gas pipeline, for which a total investment of EUR 10 million, of which EUR 5.5 million was transferred to Conexus. The European Commission has provided EU support under the European Facility for Infrastructure Development (CEF) for increasing the capacity of the Latvian-Lithuanian gas pipeline interconnection in the amount of 50% of the project implementation costs.

The increase in transmission capacity between Lithuania and Latvia will facilitate market access to the Klaipeda LNG terminal, the Inčukalns UGS and the Polish-Lithuanian gas interconnector. The project aims to increase the capacity of the Lithuanian-Latvian interconnector by 70-80% on average, which will be achieved through improvements to the existing infrastructure. The project is scheduled to be completed by the end of 2023 and comprises 17 subprojects.

IMPACT FROM RUSSIAN WAR AGAINST UKRAINE ON THE OPERATIONS OF THE COMPANY AND THE GROUP

On 24 February 2022, escalated the military conflict between Russia and Ukraine. As a result of Russia's invasion of Ukraine, Russia and Belarus are subject to severe economic and political sanctions from the European Union, the United States, and other countries.

The management of the Group continuously performs the necessary activities to ensure the continuity of operations of both the electricity transmission system operator and the unified natural gas transmission and storage operator and the availability of the provided services. Considering that currently, the Latvian power system operates synchronously with Russia's unified (IPS/UPS) system, AS "Augstsprieguma tīkls" has assessed the possible risks related to Russia's military aggression against Ukraine. On 22 May 2019 AST has signed an Agreement on the conditions of the future interconnection of power system of Baltic states and power system of continental Europe. Synchronisation of the Baltic electricity power transmission system with the continental Europe is to be completed until 2025.

In the current situation, it is not possible to assess the level of risk of possible unplanned disconnection of the Baltic power systems from the Russian unified (IPS/UPS) system, however, AS "Augstsprieguma tīkls" together with the electricity transmission system operators of the Baltic States and Poland, has prepared for the operation of the Baltic electricity systems in the event of an emergency desynchronization. The urgent synchronisation of the Baltic energy systems with the continental European power system is expected to lead to an increase in energy supply costs, but given the uncertain and complex situation, it is currently not possible to assess the extent of the financial impact.

Also, due to Russian aggression in Ukraine, on 19 April 2022 the Government of Latvia agreed conceptually on the abandonment of natural gas from Russia. The Economic, Agricultural, Environmental and Regional Policy Commission of the Parliament of the Republic of Latvia directed amendments to the Energy Law, which stipulate that natural gas supplies from Russia are banned from January 1, 2023. In support of the amendments prepared by the commission, on 14 July 2022, the Parliament of the Republic of Latvia adopted amendments to the Energy Law, which set a ban on natural gas supplies from Russia starting from 1 January 2023.

Although these are significant changes in the Baltic and Finnish single natural gas market, it is not expected that the importance of the Subsidiary in the Latvian energy system, as well as the impact on its business continuity and financial stability, will decrease. Due to emergency market conditions indicating need to perform impairment assessment, such assessment was carried out as part of preparation of condensed interim financial statements for nine month of 2022. Potential impairment of assets was considered for non-current assets of AS "Augstsprieguma tīkls" (including investment into AS "Conexus Baltic Grid" as a subsidiary) and for non-current assets of AS "Conexus Baltic Grid" as part of consolidated group.

Management of AST has performed impairment assessment of AST non-current assets (excluding investment into AS "Conexus Baltic Grid" presented as part of AS "Augstsprieguma tīkls" balance sheet). As a result of this assessment, it was concluded that recoverable amount of assets exceeds their balance sheet value, moreover, the value of assets that are directly impacted by potential desynchronisation from Russia is immaterial in the context of financial statements (0.3% of total property, plant and equipment). AST management assumptions are based on the information available at the time of approval of the interim financial statement, and the impact of future events on the future performance of AST may differ from the current assessment.

Investment into AS “Conexus Baltic Grid” presented as part of AS “Augstsprieguma tīkls” balance sheet was assessed alongside with the value of non-current assets presented in the consolidated balance sheet of AS “Augstsprieguma tīkls”, as purchase value of AS “Conexus Baltic Grid” historically was determined in respect of value of its property, plant, equipment and other non-current assets. Considering the changes in the geopolitical situation and the ban on natural gas supplies from Russian Federation as from 1 January 2023, as well as the increase of interest rates, Conexus management carried out an impairment assessment. As a result of testing performed, no impairment was recognised for non-current assets of AS “Conexus Baltic Grid”, thus there is no need to recognise impairment of assets neither in separate nor in consolidated financial statements of AS “Augstsprieguma tīkls”.

The Group provides strategically important public services. The Parent Company is a state-owned (100%) corporation and, in accordance with the Electricity Market Law, the only electricity transmission system operator in Latvia. Management believes that mitigating the impact of volatility in electricity markets and ensuring the security and stability of energy supply as a nationally important mission is supported by ensuring the long-term financial stability of the Group.

EVENTS AFTER THE END OF THE REPORTING PERIOD

The share capital of the Parent company was increased by EUR 25,702,577 in accordance with the resolution of the General Meeting of Shareholders of AS "Augstsprieguma tīkls" of 3 November 2022, in order to make the necessary investments, including to secure the Synchronization project with the Continental European networks.

Since the last day of the reporting period there were no events or circumstances that could significantly affect the non-audited condensed financial statements of AS “Augstsprieguma tīkls” Group and AS “Augstsprieguma tīkls” for the 9 months period ended 30 September 2022. To mitigate cyber security risks, the Parent Company and its Subsidiary AS “Conexus Baltic Grid”, as critical infrastructure companies, perform enhanced risk assessment and appropriate risk management. Although the uncertainty about the future impact of events on the Group’s and the Parent Company’s operations has increased, no circumstances have been identified that would threaten the continuity of operations and the performance of functions determined by law.

Gunta Jēkabsone
Chairwoman of the
Board

Imants Zviedris
Member of the Board

Mārcis Kauliņš
Member of the Board

Gatis Junghāns
Member of the Board

Arnis Daugulis
Member of the Board

Rīga, 16 November 2022

STATEMENT OF MANAGEMENT RESPONSIBILITY

STATEMENT OF MANAGEMENT RESPONSIBILITY

Based on the information available to the Board of AS “Augstsprieguma tīkls”, the consolidated and unaudited condensed interim financial statements of AS “Augstsprieguma tīkls” for the 9-month period ended 30 September 2022, which include a management report, have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and give a true and fair view of the financial position and performance of the Group and the parent company in all material respects. The information contained in the management report is true.

The consolidated AS “Augstsprieguma tīkls” and AS “Augstsprieguma tīkls” unaudited condensed interim financial statements for the 9-month period ended 30 September 2022 were approved by the Board of AS “Augstsprieguma tīkls” on 16 November 2022.

Gunta Jēkabsone
Chairwoman of the
Board

Imants Zviedris
Member of the Board

Gatis Junghāns
Member of the Board

Arnis Daugulis
Member of the Board

Rīga, 16 November 2022

INCOME STATEMENT

	Notes	Parent Company		Group	
		9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Revenue	4	204 526 116	82 229 431	243 848 498	123 188 339
Other income	-	4 101 380	2 830 902	4 689 879	3 510 576
Raw materials and consumables used	5	(103 411 532)	(29 213 837)	(107 647 396)	(33 425 718)
Personnel expenses	-	(13 906 622)	(12 336 951)	(24 072 515)	(21 297 603)
Other operating expenses	-	(86 280 303)	(11 758 740)	(88 756 812)	(14 985 502)
EBITDA		5 029 039	31 750 805	28 061 654	56 990 092
Depreciation, amortisation, and impairment, of intangible assets and property, plant and equipment	7.1	(26 331 214)	(24 513 830)	(39 803 327)	(37 757 654)
OPERATING (LOSS)/PROFIT		(21 302 175)	7 236 975	(11 741 673)	19 232 438
Dividends from subsidiaries		6 536 774	58 286 236	-	-
Finance income	6a	5 186	2 290	6 953	2 952
Finance costs	6b	(491 671)	(1 927 855)	(805 309)	(2 125 888)
PROFIT BEFORE TAX		(15 251 886)	63 597 646	(12 540 029)	17 109 502
Corporate income tax	-			(2 387 165)	(2 019 243)
PROFIT FOR THE REPORTING PERIOD		(15 251 886)	63 597 646	(14 927 194)	15 090 259
Profit attributable to:					
Equity holder of the Parent Company		(15 251 886)	63 597 646	(17 091 300)	12 080 885
Non-controlling interests		-	-	2 164 106	3 009 374

The notes on pages 35 to 66 form an integral part of these financial statements.

Gunta Jēkabsons
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Board

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Arnis Daugulis
Member of the
Board

Māra Grava
Head of the Finance and
Accounting Department

Riga, 16 November 2022

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Parent Company		Group	
		9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
PROFIT FOR THE REPORTING PERIOD		(15 251 886)	63 597 646	(14 927 194)	15 090 259
Other comprehensive income/ (loss) not to be reclassified to profit or loss in subsequent periods					
Result of re-measurement on defined post-employment benefit plan		101 785	-	101 785	-
Other comprehensive income for the reporting period	-	101 785	-	101 785	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		(15 150 101)	63 597 646	(14 825 409)	15 090 259
Comprehensive income attributable to :					
Equity holder of the Parent Company		(15 150 101)	63 597 646	(16 989 515)	12 080 885
Non-controlling interests		-	-	2 164 106	3 009 374

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Riga, 16 November 2022

STATEMENT OF FINANCIAL POSITION

	Notes	Parent Company		Group	
		30.09.2022 EUR	31.12.2021 EUR	30.09.2022 EUR	31.12.2021 EUR
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	-	2 561 131	2 121 767	4 767 938	4 163 016
Advance payments for intangible assets	-	-	-	6 720	6 720
Property, plant and equipment	7	677 804 550	685 805 790	1 096 563 316	1 105 768 949
Advance payments for property, plant and equipment	-	4 250	-	2 260 960	2 332 465
Right-of-use assets	15a	14 713 052	14 635 417	15 177 841	15 086 525
Non-current financial investments	8	134 441 393	134 396 393	46 422	1 422
Non-current prepaid costs	-	-	-	1 033 061	1 108 651
TOTAL NON-CURRENT ASSETS		829 524 376	836 959 367	1 119 856 258	1 128 467 748
CURRENT ASSETS					
Inventories	-	454 748	517 327	3 303 859	3 143 866
Advance payments for inventories	-	-	-	236 931	-
Receivables from contracts with customers	9	37 806 532	21 508 872	45 844 398	34 882 006
Other current assets	10	4 699 944	1 767 892	6 925 188	2 550 217
Corporate income tax	10	11 512	11 512	11 512	11 512
Deferred expenses		-	-	540 999	-
Cash	11	97 971 061	48 513 943	98 455 428	63 190 053
TOTAL CURRENT ASSETS		140 943 797	72 319 546	155 318 315	103 777 654
TOTAL ASSETS		970 468 173	909 278 913	1 275 174 573	1 232 245 402

The notes on pages 35 to 66 form an integral part of these financial statements.

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Māra Grava
Head of the Finance and
Accounting Department

Riga, 16 November 2022

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	Parent Company		Group	
		30.09.2022. EUR	31.12.2021. EUR	30.09.2022. EUR	31.12.2021. EUR
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12a	365 895 957	365 895 957	365 895 957	365 895 957
Reserves	12b	36 561 014	37 176 552	37 890 138	38 641 445
Retained earnings	-	18 592 839	62 270 520	98 210 197	143 727 293
Equity attributable to equity holder of the Parent Company	-	421 049 810	465 343 029	501 996 292	548 264 695
Non-controlling interests	12c	-	-	98 700 885	99 547 615
TOTAL EQUITY		421 049 810	465 343 029	600 697 177	647 812 310
NON-CURRENT LIABILITIES					
Employee benefit obligations	-	3 620 356	3 426 477	4 994 491	4 800 612
Lease liabilities	15b	13 610 956	14 199 182	14 067 306	14 647 122
Borrowings	14	99 886 062	99 966 288	154 697 347	160 249 274
Deferred income from contracts with customers	13	38 856 308	38 249 840	38 856 308	38 249 840
Other deferred income	13	322 698 413	245 801 904	344 380 934	263 957 949
TOTAL NON-CURRENT LIABILITIES		478 672 095	401 643 691	556 996 386	481 904 797
CURRENT LIABILITIES					
Borrowings	14	347 945	-	19 496 412	37 810 235
Lease liabilities	15b	1 473 816	739 800	1 498 880	759 197
Deferred income from contracts with customers	13	3 375 254	3 375 254	3 375 254	3 612 539
Other deferred income	13	12 020 272	5 755 599	12 600 923	6 295 216
Trade payables	16	46 368 881	25 631 148	56 632 791	32 920 983
Deferred corporate income tax liabilities	-	-	-	4 831 892	4 831 892
Other creditors	16	7 160 100	6 790 392	19 044 858	16 298 233
TOTAL CURRENT LIABILITIES		70 746 268	42 292 193	117 481 010	102 528 295
TOTAL EQUITY AND LIABILITIES		970 468 173	909 278 913	1 275 174 573	1 232 245 402

The notes on pages 35 to 66 form an integral part of these financial statements.

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Head of the Finance and
Accounting Department

Riga, 16 November 2022

STATEMENT OF CHANGES IN EQUITY

	Notes	Parent Company						
		Share capital EUR	Retained earnings EUR	Other reserves EUR	Noncurrent assets revaluation reserve EUR	Postemployment benefit plan revaluation reserve EUR	Reorganisation reserves EUR	Total EUR
AT 31 December 2020		363 896 079	16 741 025	2 680 615	28 338 091	490 256	(27 336 704)	384 809 362
Profit for the year		-	54 845 695	-	-	-	-	54 845 695
Other comprehensive income for the year		-	-	-	34 762 721	(1 075 235)	-	33 687 486
Total comprehensive income for the year		-	54 845 695	-	34 762 721	(1 075 235)	-	88 533 181
Dividends paid for 2020	11a	-	(7 999 514)	-	-	-	-	(7 999 514)
Disposal of non-current assets revaluation reserve		-	683 192	-	(683 192)	-	-	-
Increase of share capital	11a	1 999 878	(1 999 878)	-	-	-	-	-
Total transactions with owners and other changes in equity		1 999 878	(9 316 200)	-	(683 192)	-	-	(7 999 514)
AT 31 December 2021		365 895 957	62 270 520	2 680 615	62 417 620	(584 979)	(27 336 704)	465 343 029
Profit/(loss) for the reporting period		-	(15 251 886)	-	-	-	-	(15 251 886)
Other comprehensive income for the year		-	-	-	-	101 785	-	101 785
Total comprehensive income for the reporting year		-	(15 251 886)	-	-	101 785	-	(15 150 101)
Dividends paid for 2021		-	(29 143 118)	-	-	-	-	(29 143 118)
Disposal of non-current assets revaluation reserve		-	717 323	-	(717 323)	-	-	-
Total transactions with owners and other changes in equity		-	(28 425 795)	-	(717 323)	-	-	(29 143 118)
AT 30 September 2022		365 895 957	18 592 839	2 680 615	61 700 297	(483 194)	(27 336 704)	421 049 810

The notes on pages 35 to 66 form an integral part of these financial statements.

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Māra Grava,
Head of the Finance
and Accounting
Department

Riga, 16 November 2022

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Notes	Parent Company								
		Attributable to the shareholders of the Parent company							Non - controlling interest EUR	Total EUR
		Share capital EUR	Retained earnings EUR	Other reserves EUR	Fixed asset revaluation reserve EUR	Valuation reserve for post-employment benefits EUR	Reorganization reserve EUR	Total		
At 31 December 2020		363 896 079	146 773 744	2 680 615	28 915 196	457 307	(25 748 544)	516 974 398	122 228 139	639 202 538
Profit for the year		-	5 827 026	-	-	-	-	5 827 026	4 269 633	10 096 659
Other comprehensive income for the year		-	-	-	34 762 721	(1 299 937)	-	33 462 784	(103 521)	33 359 263
Total comprehensive income for the reporting year		-	5 827 026	-	34 762 721	(1 299 937)	-	39 289 810	4 166 112	43 455 922
Dividends for 2020	11a	-	(7 999 514)	-	-	-	-	(7 999 514)	(26 846 636)	(34 846 150)
Write - off of the PPE revaluation reserve		-	1 125 914	-	(1 125 914)	-	-	-	-	-
Increase of share capital	11a	1 999 878	(1 999 878)	-	-	-	-	-	-	-
Total shareholder transactions and other changes in equity		1 999 878	(8 873 478)	-	(1 125 914)	-	-	(7 999 514)	(26 846 636)	(34 846 150)
At 31 December 2021		365 895 957	143 727 293	2 680 615	62 552 003	(842 630)	(25 748 544)	548 264 695	99 547 615	647 812 310
Profit / (loss) for the reporting period		-	(17 091 300)	-	-	-	-	(17 091 300)	2 164 106	(14 927 194)
Other comprehensive income for the year						101 785		101 785	-	101 785
Total comprehensive income for the reporting year		-	(17 091 300)	-	-	101 785	-	(16 989 515)	2 164 106	(14 825 409)
Dividends paid for 2021		-	(29 143 118)	-	-	-	-	(29 143 118)	(3 010 837)	(32 153 955)
Write-off of revaluation reserve		-	717 323	-	(853 092)	-	-	(135 769)	-	(135 769)
Total shareholder transactions and other changes in equity		-	(28 425 795)	-	(853 092)	-	-	(29 166 588)	(3 010 837)	(32 289 724)
At 30 September 2022		365 895 957	98 210 198	2 680 615	61 698 911	(740 845)	(25 748 544)	515 788 712	98 700 885	600 697 177

The notes on pages 35 to 66 form an integral part of these financial statements.

Gunta Jēkabsons,
Chairwoman of the Board

Imants Zviedris,
Member of the Board

Gatis Junghāns,
Member of the Board

Arnīs Daugulis,
Member of the Board

Māra Grava,
Head of the Finance and
Accounting Department

Rīga, 16 November 2022

STATEMENT OF CASH FLOW

	Notes	Parent company		Group	
		9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
I. Cash flow from operating activity					
Profit before tax		(15 251 886)	63 597 646	(12 540 029)	17 109 502
Adjustments:					
Depreciation, amortization and impairment losses on revaluation of intangible assets and property, plant and equipment	7.1	26 331 214	24 513 830	39 803 327	37 757 654
Depreciation of intangible assets and property, plant and equipment	7	195 725	164 862	164 791	404 269
Increase / (decrease) in provisions	-	295 664	(236 348)	581 444	238 362
Financial adjustment, net	-		1 203 160	(415 907)	1 012 922
Interest expense	-	566 917	2 171 084	879 316	2 188 188
Interest income	-	-	(245 417)	0	(245 417)
Dividends from subsidiaries		(6 536 774)	(58 286 236)	0	
Operating profit before changes in working capital		5 600 860	32 882 581	28 472 942	58 465 480
Adjustments:					
Decrease / (increase) in debts from customer agreements, deposits and other short-term receivables	-	(16 560 805)	29 421 141	(13 133 690)	30 393 702
Inventories (increase) / decrease	-	62 579	(47 722)	(396 924)	(88 683)
Increase / (decrease) in debt to suppliers and other creditors)	-	40 707 740	(33 680 047)	45 478 058	(37 468 533)
Gross cash flow from operating activity		29 810 373	28 575 953	60 420 385	51 301 966
Interest expense	14	-	(2 404 780)	(285 339)	(2 404 780)
Lease interest	15b	(173 170)	(178 478)	(188 586)	(195 582)
Interest expense on issued debt securities (bonds)	-	(126 027)	-	(126 028)	0
Corporate income tax payments	-	-	-	(2 387 165)	(2 256 748)
Net cash flow from operating activity		29 511 175	25 992 695	57 433 267	46 444 856

The notes on pages 35 to 66 form an integral part of these financial statements.

Gunta Jēkabsons,
Chairwoman of the Board

Imants Zviedris,
Member of the Board

Gatis Junghāns,
Member of the Board

Arnis Daugulis,
Member of the Board

Māra Grava,
Head of the Finance and
Accounting Department

Riga, 16 November 2022

STATEMENT OF CASH FLOW (CONTINUED)

	Pielikums	Parent company		Group	
		9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
II. Cash flow from investing activity					
Acquisition and creation of fixed assets and intangible assets		(17 963 541)	(20 708 133)	(30 462 213)	(39 940 796)
Sale of fixed assets	7	232 479	68 641	264 959	137 131
EU funding received	13	489 431	4 462 154	4 472 847	12 279 663
Revenue from congestion charges received	13	60 463 462	5 116 034	60 463 462	5 116 034
Deposit refunds received	-	-	25 000 000	-	25 000 000
Investment in associate	-	(45 000)	(1 999 878)	(45 000)	(1 999 878)
Dividends received from subsidiaries	-	6 536 774	58 286 236	-	-
Net cash flow from investing activities		49 713 605	70 225 054	34 694 055	592 154
III. Cash flow from financing activities					
Asset lease payments	15b	(624 544)	(666 465)	(646 926)	(753 203)
Loans received from credit institutions	14	-	-	10 561 106	67 906 155
Repayment of loans from credit institutions	14	-	-	(34 657 206)	(5 563 368)
Repayment of borrowings from related parties		-	(86 672 207)	-	(86 672 207)
Increase of share capital		-	1 999 878	-	1 999 878
Dividends paid	-	(29 143 118)	(6 399 611)	(32 118 921)	(32 582 799)
Net cash flow from financing activities		(29 767 662)	(91 738 405)	(56 861 947)	(55 665 544)
Net cash increase / (decrease) during the reporting period		49 457 118	4 479 344	35 265 375	(8 628 534)
Cash balance at the beginning of the reporting period		48 513 943	32 224 560	63 190 053	47 388 296
Cash balance at the end of the reporting period		97 971 061	36 703 904	98 455 428	38 759 762

The notes on pages 35 to 66 form an integral part of these financial statements.

Gunta Jēkabsone,
Chairwoman of the Board

Imants Zviedris,
Member of the Board

Gatis Junghāns,
Member of the Board

Arnis Daugulis,
Member of the Board

Māra Grava,
Head of the Finance and
Accounting Department

Riga, 16 November 2022



NOTES TO CONSOLIDATED AND STAND-ALONE FINANCIAL STATEMENTS

1. GENERAL INFORMATION ON THE GROUP

The principal business of the Augstsprieguma Tīkls Group is to provide electricity transmission system operator functions, efficiently manage power system assets, and transport and storage of natural gas.

The Augstsprieguma Tīkls Group comprises the Parent Company AS “Augstsprieguma tīkls”, the subsidiary AS “Conexus Baltic Grid”, the associated company "Baltic RCC" OÜ.

All shares of AS “Augstsprieguma tīkls” are owned by the State and held by the Ministry of Finance of the Republic of Latvia. The registered office of the Company is Darzciema iela 86, Rīga, LV -1073, Latvia.

Board and Council of the Augstsprieguma Tīkls Group:

Members of the Board and their positions	Gunta Jēkabsons – Chairwoman of the Board (from 15.07.2021) Imants Zviedris – a member of the Board Gatis Junghāns – a member of the Board Mārcis Kauliņš – a member of the Board (until 16.09.2021) Arnis Daugulis – a member of the Board (from 15.07.2021) Varis Boks – Chairman of the Board (until 31.03.2021) Arnis Staltmanis – a member of the Board (until 07.04.2021)
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 Madara Melne – a member of the Council (until 26.01.2022) Aigars Ģērmanis – a member of the Council

AS “Augstsprieguma tīkls” is a transmission system operator which, in accordance with the licence No. E12001 issued by the Public Utilities Commission, ensures the security of operation of the transmission system and the supply of electricity to the Latvian electricity system, provides transmission service based on the published tariffs for transmission service, ensures the continuous availability of the services of the transmission system. AS “Augstsprieguma tīkls” carries out the day-to-day management of the transmission system and ensures a safe and stable transmission of electricity. The subsidiary of the Group, AS “Conexus Baltic Grid” is an independent operator of a unified natural gas transmission and storage system in Latvia, managing one of the most modern natural gas storage facilities in Europe - the Inčukalns underground natural gas storage facility - and the main natural gas transmission system connecting the Latvian natural gas market with Lithuania, Estonia, and Russia. Conexus takes care about the sustainability and safety of the infrastructure, the high quality of services that promotes the development of the market and brings economic benefits to customers and society as a whole. The transportation and storage of natural gas by Conexus are regulated by the Public Utilities Commission. The associated company of the group "Baltic RCC" OÜ is the Baltic Regional

Coordination Centre in Tallinn, charged with the main task of coordinating the planning of the development of electricity systems, as well as to coordinate the daily activities of individual operators to ensure the safety of electricity supply.

The financial statements were approved by the Board of the Company on 16 November 2022, as follows: Gunta Jēkabsons (Chairwoman of the Board), Imants Zviedris (a member of the Board), Gatis Junghāns (a member of the Board), and Arnis Daugulis (a member of the Board).

The auditor of the company is a commercial company of sworn auditors SIA "PricewaterhouseCoopers", and the responsible sworn auditor is Ilandra Lejiņa. These financial statements have not been audited.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Augstsprieguma Tīkls Group and the condensed 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 2021. 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 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 2021 financial statements of AS "Augstsprieguma tīkls".

The unaudited condensed financial statements are presented in euros (EUR).

Non- IFRS EBITDA is presented in the income statement. Such presentation is common for the industry and enables a better comparability with other companies operating in this industry. For the purposes of these financial statements, EBITDA is calculated as earnings before interest, finance income, income taxes, dividends received, gains on investments in an associate, net gains on acquisitions, depreciation and amortisation. EBITDA may be calculated differently in the financial statements of other companies.

3. OPERATING SEGMENTS

The division into segments is based on the Group's internal organizational structure, which forms the basis for monitoring and controlling segment performance by the operating segment's decision-maker, the management of the Group company operating in each of the segments. The Parent Company's management board reviews the financial results of the operating segments.

Reportable segments are operating segments or groups of segments that meet certain criteria. An operating segment is a component of the Group that engages in operating activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), the results of which are reviewed regularly by the chief operating decision-maker.

The profit monitored by the chief operating decision-maker is primarily EBITDA, but it also monitors operating profit. In the stand-alone financial statements, operating profit excludes income from dividends and interest income from subsidiaries.

The Group divides its operations into three segments - electricity transmission, natural gas storage and natural gas transmission. The Parent Company divides its operations into one main segment - electricity transmission. Geographically, the Group operates only on the territory of Latvia.

Transmission of electricity

The electricity transmission segment provides power transmission system services and maintains balance and stability in the transmission system.

The electricity transmission system consists of interconnected networks and facilities, including cross-border interconnections of 110 kV or more, used to transmit electricity from electricity generators to the respective distribution network or to end-users.

Transmission of natural gas

The natural gas transmission segment provides transportation of natural gas via high-pressure pipelines to supply the Inčukalns underground gas storage facility, other countries, and the distribution network.

The Company's advanced main natural gas transmission system is 1,190 km long and is directly connected to the natural gas transmission systems of Lithuania, Estonia and Russia. It enables both natural gas transportation through regional gas pipelines on the territory of Latvia and interconnections with the natural gas transportation systems of neighboring countries.

Storage of natural gas

The natural gas storage segment provides natural gas storage required for the heating season and other needs of system users in Inčukalns UGS.

The purpose of natural gas storage is to provide a continuous supply of natural gas to consumers, regardless of seasonal fluctuations in consumption, by storing natural gas in summer and withdrawing it in winter. Inčukalns UGS is the only functioning underground gas storage facility in the Baltic States and has ensured the stability of gas supply in the region since 1968.

In the table below there is information on the Group's segment revenues, financial results and earnings, as well as the assets and liabilities of the Group's operating segments and the parent company. Intersegment revenues are eliminated on consolidation and are reported in the "Adjustments and eliminations" column. All inter-segment transactions are conducted on the basis of regulated tariffs, if any, or at arm's length.

Segment information is provided for the Group only, as the Parent Company is considered as one operating segment - the electricity transmission segment.

	Group					
	Electricity transmission EUR	Natural gas transmission EUR	Natural gas storage EUR	Total segments EUR	Adjustments and eliminations EUR	Total Group EUR
9 months of 2022						
External customers	204 526 116	18 109 874	21 212 508	243 848 498	-	243 848 498
Revenue	204 526 116	18 109 874	21 212 508	243 848 498	-	243 848 498
EBITDA	5 029 039	8 536 105	14 496 510	28 061 654	-	28 061 654
Depreciation and amortization	(26 331 214)	(7 693 761)	(5 778 352)	(39 803 327)	-	(39 803 327)
Segment (loss) / profit before tax	(21 788 660)	645 870	8 602 761	(12 540 029)	-	(12 540 029)
Segment assets at the end of the reporting period	836 073 202	230 517 111	219 292 666	1 285 882 979	(10 708 406)	1 275 174 573
Capital expenditure	18 374 711	3 532 307	9 015 391		-	
9 months of 2021						
External customers	82 229 431	23 825 215	17 487 997	123 542 643	(354 304)	123 188 339
Revenue	82 229 431	23 825 215	17 487 997	123 542 643	(354 304)	123 188 339
EBITDA	31 750 805	14 479 671	10 759 616	56 990 092	-	56 990 092
Depreciation and amortization	(24 513 830)	(7 679 837)	(5 563 987)	(37 757 654)	-	(37 757 654)
Segment profit before tax	5 311 410	6 676 105	5 121 987	17 109 502	-	17 109 502
Segment assets at the end of the reporting period	746 258 440	233 108 776	211 530 012	1 190 897 228	(10 708 547)	1 180 188 681
Capital expenditure	21 267 540	8 115 576	10 877 135	40 260 251	-	

Adjustments and elimination

Deferred taxes are not allocated to the individual segments as they are managed by the Group. Taxes and certain financial assets and liabilities are not allocated to these segments as they are also managed at the Group level.

Capital expenditures consist of the acquisition of property, plant and equipment, and intangible assets.

Reconciliation of the profit before tax

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
EBITDA	5 029 039	31 750 805	28 061 654	56 990 092
Depreciation and amortisation	(26 331 214)	(24 513 830)	(39 803 327)	(37 757 654)
Segment profit before tax and financial expenses	(21 302 175)	7 236 975	(11 741 673)	19 232 438
Finance income	5 186	2 290	6 953	2 952
Finance costs	(491 671)	(1 927 855)	(805 309)	(2 125 888)
Segment profit /(loss) before tax	(21 788 660)	5 311 410	(12 540 029)	17 109 502
Dividends from subsidiaries	6 536 774	58 286 236	-	-
Profit before tax	(15 251 886)	63 597 646	(12 540 029)	17 109 502

Reconciliation of assets

	Parent Company		Group	
	At 30.09.2022 EUR	At 30.09.2021 EUR	At 30.09.2022 EUR	At 30.09.2021 EUR
Segment assets	836 073 202	746 258 440	1 285 882 979	1 190 897 228
Long term financial investment	134 439 971	134 394 971	-	-
Property, plant and equipment (impact of PPA adjustment on consolidation)*	-	-	10 708 163	10 708 163
Other assets	-	-	243	384
Total assets	970 468 173		1 275 174 573	1 180 188 681

* The value adjustment of PPEs applies to buffer gas in the gas pipelines owned by AS "Conexus Baltic Grid". The value of bufer gas was reduced, assessing the individual PPEs of AS "Conexus Baltic Grid" at the time of allocating the purchase price.

Operating income from significant customers represents at least 10% of the total operating income of the Parent Company and the Group.

Revenue from key customers

	Parent Company		Group	
	9 months of 2022	9 months of 2021	9 months of 2022	9 months of 2021
	EUR	EUR	EUR	EUR
Electricity transmission	141 889 024	62 504 376	141 889 024	62 504 376
Natural gas transmission	-	-	18 797 941	19 601 251
Natural gas storage	-	-	13 580 400	9 596 040
Total revenue from key customers	141 889 024	62 504 376	174 267 365	91 701 667

4. REVENUE

	Applied IFRS	Parent Company		Group	
		9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Revenue from contracts with customers recognised over time					
Electricity transmission system service	IFRS 15	56 327 369	57 196 010	56 327 369	57 196 010
Sales of balancing electricity	IFRS 15	66 872 112	15 857 592	66 872 112	15 857 592
Revenues from natural gas transmission *	IFRS 15	-	-	17 728 277	23 470 910
Revenue from storage of natural gas *	IFRS 15	-	-	21 212 508	17 487 998
Revenue from connection fees	IFRS 15	2 517 306	2 509 959	2 517 306	2 509 959
Cross-border electricity charges	IFRS 15	614 675	1 502 133	614 675	1 502 133
Revenue from reactive electricity	IFRS 15	499 202	481 979	499 202	481 979
Sales of regulatory electricity	IFRS 15	2 491 490	338 371	2 491 490	338 371
Electricity transit service	IFRS 15	920 000	20 000	920 000	20 000
Other services	IFRS 15	502 998	1 333 263	884 595	1 333 263
TOTAL REVENUE from contracts with customers		130 745 152	79 239 307	170 067 534	120 198 215
Other revenue					
Congestion management at borders	IAS 20	63 350 003	1 497 627	63 350 003	1 497 627
Lease of other assets	IFRS 16	1 280 386	1 182 085	1 280 386	1 182 085
Liquidation of electrical capacity overload		9 150 575	310 412	9 150 575	310 412
TOTAL OTHER REVENUE		73 780 964	2 990 124	73 780 964	2 990 124
Total revenue		204 526 116	82 229 431	243 848 498	123 188 339

Revenues and expenses from the components of mandatory procurement, applying the accounting principle of the agent, disclosed in the report at net value:

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Revenue from the mandatory procurement component	564 827	3 512 442	564 827	3 512 442
Costs of the mandatory procurement component	564 827	3 512 442	564 827	3 512 442
Compulsory procurement components, net	-	-	-	-

Revenues and expenses from natural gas balancing, applying the accounting principle of the agent, disclosed in the report at net value:

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Revenue from natural gas balancing activities	-	-	26 661 063	10 057 359
Expenditure on natural gas balancing activities	-	-	26 279 466	9 703 055
Natural gas balancing, net	-	-	381 597	354 304

5. MATERIALS AND CONSUMABLES USED

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Purchase of balancing electricity	53 546 067	12 177 265	53 546 067	12 177 265
Electricity transmission losses and technological consumption	25 199 341	8 476 799	25 199 341	8 476 799
Purchase of regulatory electricity	15 802 029	3 955 574	15 802 029	3 955 574
Electricity transit losses	7 726 588	3 263 632	7 726 588	3 263 632
Natural gas transmission and storage system maintenance services	-	-	2 872 285	2 583 453
Costs of used materials and repairs	767 568	1 121 213	1 695 479	1 937 155
Natural gas costs	-	-	435 668	812 486
Electricity for own consumption	369 939	219 354	369 939	219 354
TOTAL RAW MATERIALS AND MATERIALS USED	103 411 532	29 213 837	107 647 396	33 425 718

6. FINANCE INCOME AND COSTS

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
a) Finance income				
Other finance income	5 186	2 290	6 953	2 952
Total financial income	5 186	2 290	6 953	2 952
b) Finance costs				
Interest expense on borrowings	-	(1 992 606)	(296 984)	(2 172 136)
Coupon interest costs of issued debt securities (Note 14)	(393 747)	-	(393 747)	-
Expenditure on debt securities issued	(36 089)	-	(36 089)	-
Capitalised borrowing costs	115 819	245 417	115 819	245 417
Interest expense on leased assets	(173 170)	(178 478)	(188 586)	(195 582)
Other finance costs	(4 484)	(2 188)	(5 722)	(3 587)
Total finance cost	(491 671)	(1 927 855)	(805 309)	(2 125 888)

7. PROPERTY, PLANT AND EQUIPMENT

	Parent Company						
	Land, buildings EUR	Electricity transmission engineering EUR	Transmission lines, technological equipment EUR	Other electricity transmission equipment EUR	Other PPE EUR	Costs of construction of PPE and construction in progress EUR	TOTAL EUR
31 December 2020							
Cost or revalued value	39 913 349	7 781 511	1 065 211 783	10 735 329	10 337 446	91 009 302	1 224 988 720
Accumulated depreciation and impairment	(4 013 930)	(3 675 427)	(548 384 479)	(8 607 679)	(5 947 427)	-	(570 628 942)
Net book amount	35 899 419	4 106 084	516 827 304	2 127 650	4 390 019	91 009 302	654 359 778
2021							
Additions	-	-	7 729	1 250	5 280 422	27 414 091	32 703 492
Transfers	2 057 299	209 961	93 107 280	484 847	2 061 772	(97 921 159)	-
Sold	-	-	(3 676)	-	-	(92 287)	(95 963)
Disposals	-	-	(256 871)	-	(1 094)	-	(257 965)
Depreciation	(1 475 357)	(541 405)	(26 275 282)	(729 469)	(2 748 523)	-	(31 770 036)
Increase in value of non - current assets due to revaluation	-	987 460	43 873 271	168 764	-	-	45 029 495
Decrease of non-current assets value due to revaluation	-	(3 045)	(14 077 655)	(82 311)	-	-	(14 163 011)
Closing net book amount as at 31 December 2021	36 481 361	4 759 055	613 202 100	1 970 731	8 982 596	20 409 947	685 805 790
31 December 2021							
Cost or revalued value	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)
Net book amount	36 481 361	4 759 055	613 202 100	1 970 731	8 982 596	20 409 947	685 805 790
2022							
Additions	14 313	-	20 591	-	280 107	17 280 978	17 595 989
Transfers	699 861	-	9 710 986	320 873	15 001	(10 746 721)	-
Sold	-	-	(232 479)	-	-	-	(232 479)
Disposals	(44)	(3 610)	(191 654)	(5)	(412)	-	(195 725)
Depreciation	(1 046 461)	(396 362)	(20 752 193)	(336 725)	(2 637 284)	-	(25 169 025)
Closing net book amount as at 30 September 2022	36 149 828	4 359 481	601 756 127	1 698 459	6 896 451	26 944 204	677 804 550
30 September 2022							
Cost or revalued value	41 896 693	8 451 014	1 182 117 102	9 962 913	19 417 816	26 944 204	1 288 789 742
Accumulated depreciation and impairment	(5 746 865)	(4 091 533)	(580 360 975)	(8 264 454)	(12 521 365)	-	(610 985 192)
Net book amount	36 149 828	4 359 481	601 756 127	1 698 459	6 896 451	26 944 204	677 804 550

	Group								
	Land, buildings EUR	Electricity transmission engineering EUR	Gas transmission buildings and structures EUR	Transmission lines, technological equipment EUR	Other electricity transmission equipment EUR	Other PPE EUR	Emergency reserve EUR	Costs of construction of PPE and construction in progress EUR	Adjusted TOTAL EUR
31 December 2020									
Cost or revalued value	40 946 703	7 781 511	760 911 633	1 196 131 120	10 735 329	17 704 794	1 563 188	101 707 761	2 137 482 039
Accumulated depreciation and impairment	(4 013 930)	(3 675 427)	(438 591 735)	(606 163 138)	(8 607 679)	(10 808 637)	-	-	(1 071 860 546)
Net book amount	36 932 772	4 106 084	322 319 898	589 967 982	2 127 650	6 896 157	1 563 188	101 707 761	1 065 621 493
2021									
Additions	-	-	-	405 796	1 250	5 789 868	-	53 004 580	59 201 494
Transfers	2 108 113	209 961	12 852 612	96 249 917	484 847	2 193 704	-	(114 099 154)	-
Sold	-	-	(22 006)	(4 577)	-	(240)	-	(92 287)	(119 110)
Disposals	-	-	(404 182)	(472 559)	-	(2 950)	(24 409)	(83 938)	(988 038)
Depreciation	(1 475 357)	(541 405)	(11 405 968)	(31 156 513)	(729 469)	(3 504 662)	-	-	(48 813 374)
Increase in value of non - current assets due to revaluation	-	987 460	-	43 873 271	168 764	-	-	-	45 029 495
Decrease of non-current assets value due revaluation	-	(3 045)	-	(14 077 655)	(82 311)	-	-	-	(14 163 011)
Closing net book amount as at 31 December 2021	37 565 528	4 759 055	323 340 355	684 785 662	1 970 731	11 371 877	1 538 779	40 436 962	1 105 768 949
At 31 December 2021									
Cost or revalued value	42 656 276	8 365 473	771 087 876	1 337 283 799	11 471 818	26 393 089	1 538 779	40 436 961	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)
Net book amount	37 565 528	4 759 055	323 340 355	684 785 662	1 970 731	11 371 877	1 538 779	40 436 962	1 105 768 949
2022									
Additions	22 619	-	25 064	842 067	-	1 043 092	3 839	27 528 464	29 465 145
Transfers	699 861	-	9 293 468	10 075 633	320 873	198 290	-	(20 588 125)	-
Sold	-	-	-	(232 479)	-	-	-	-	(232 479)
Disposals	(44)	(3 610)	(136 946)	(192 023)	(5)	(412)	(3 911)	-	(336 951)
Depreciation	(1 046 461)	(396 362)	(8 669 148)	(24 526 076)	(336 725)	(3 126 576)	-	-	(38 101 348)
Closing net book amount as at 30 September 2022	37 242 302	4 359 481	323 852 792	671 078 746	1 698 459	9 415 528	1 538 707	47 377 301	1 096 563 316
At 30 September 2022									
Cost or revalued value	42 989 167	8 451 014	779 930 432	1 316 837 958	9 962 913	28 078 763	1 538 707	47 377 301	2 235 166 255
Accumulated depreciation and impairment	(5 746 865)	(4 091 533)	(456 077 640)	(645 759 212)	(8 264 454)	(18 663 235)	-	-	(1 138 602 939)
Net book amount	42 989 167	8 451 014	779 930 432	1 316 837 958	9 962 913	28 078 763	1 538 707	47 377 301	2 235 166 255

Revaluation of PPEs is carried out with sufficient regularity to ensure that the carrying amount of PPE subject to revaluation does not differ materially from that which would be determined using fair value at the end of the reporting period. The Group's accounting policies require that the revaluation of PPE be performed on a regular basis, but at least every five years.

a) PPE in the electricity transmission segment

The following groups of PPEs in the electricity transmission segment, which are reported as power transmission lines and technological equipment, are revalued on a regular basis and at least every five years:

- Electricity transmission engineering structures;
- Transmission lines, technological equipment;
- Other electricity transmission equipment.

The revaluation of the above mentioned PPE groups was carried out in 2021 at their cost at 1 August 2021.

The valuation was conducted in accordance with real estate valuation standards and is based on the use of existing fixed assets, which is considered the best and most efficient use. As a result of the revaluation, the residual replacement value of each fixed asset was determined. The residual replacement value is the difference between the replacement cost of an asset or the replacement cost of an analogous asset at the time of valuation and the accumulated total physical, functional and economic depreciation.

Due to the specific nature and use of the assets, Level 3 data was used for the revaluation, which means that the data for the respective type of asset is not directly observable in the market.

The total fair value of the revalued assets was set at EUR 610,732,095. As a result of the revaluation, an increase in the value of PPE amounting to EUR 45,029,495 and a decrease amounting to EUR 14,163,011 were recognised. Of these amounts:

- EUR 4,416,052 related to an increase in the value of assets for which a revaluation loss was previously recognised in the income statement, while EUR 8,312,289 related to a revaluation loss on assets with no revaluation reserve previously recognized. These amounts were recognised in the income statement.
- EUR 34,762,722 relates to the net gain on revaluation of property, plant and equipment recognized in comprehensive income and included in the revaluation reserve.

b) PPE in the natural gas transmission and natural gas storage segments

In accordance with the Group's accounting policies, revalued amounts are recognised for the following groups of property, plant and equipment in the natural gas transmission and natural gas storage segments: Buildings and structures related to natural gas transmission, transmission pipelines and related technical equipment.

The revaluation of fixed assets in the natural gas transmission and Storage segment was carried out in 2020. Due to the uniqueness and use of funds, Level 3 data was used for the revaluation, which means that the data for the respective type of assets are not easily observable in the market. In this revaluation (the previous one took place in 2016, when the assets were owned by AS "Latvijas Gāze") the data status of the assumptions used was not changed. The revaluation was performed by an external expert using the amortised replacement cost method. Under this method, the initial value of the assets is determined according to current prices and requirements and the materials used.

7.1. DEPRECIATION AND AMORTISATION

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Depreciation of PPE (Note 7)	(25 169 025)	(23 640 596)	(38 101 348)	(36 306 671)
Amortisation of intangible assets (Note 7)	(469 489)	(312 837)	(986 314)	(820 452)
Depreciation of right-to-use (Note 15)	(692 700)	(560 397)	(715 665)	(630 531)
Depreciation and amortization	(26 331 214)	(24 513 830)	(39 803 327)	(37 757 654)

8. OTHER LONG-TERM FINANCIAL INVESTMENTS

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Investments in subsidiaries, including:	134 394 971	134 394 971	-	-
AS "Conexus Baltic Grid"	134 394 971	134 394 971	-	-
Investments in associates, including:	45 000	-	45 000	-
"Baltic RCC" OÜ	45 000	-	45 000	-
Investments in the 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
Residual value at the end of the reporting year	134 396 393	134 396 393	1 422	1 422

The Parent Company owns 1.9% of the share capital of AS "Pirmais slēgtais pensiju fonds". The Company is a nominal shareholder because all risks and rewards arising from the operations of the fund are assumed and gained by the Company's employees who are members of the pension plan.

Company	Location	Type of business	Shareholding
AS "Conexus Baltic Grid"	Latvia	Natural gas transmission and storage operator in Latvia	68.46%
"Baltic RCC" OÜ	Estonia	The regional coordination center of the Baltic electricity transmission systems	33.33%
AS "Pirmais slēgtais pensiju fonds"	Latvia	Pension plan management	1.9%

9. RECEIVABLES FROM CONTRACTS WITH CUSTOMERS

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
Receivables from contracts with customers				
Receivables for electricity transmission services	36 391 569	21 083 293	36 391 569	21 083 293
Trade receivables	1 598 025	429 929	9 635 891	13 803 063
Total debts from contracts with customers	37 989 594	21 513 222	46 027 460	34 886 356
Expected credit losses				
Other trade receivables	(183 062)	(4 350)	(183 062)	(4 350)
Total expected credit losses	(183 062)	(4 350)	(183 062)	(4 350)
Receivables from contracts with customers, net				
Receivables for electricity transmission services	36 391 569	21 083 293	36 391 569	21 083 293
Other trade receivables	1 414 963	425 579	9 452 829	13 798 713
DEBT FROM CONTRACTS WITH CUSTOMERS, NET	37 806 532	21 508 872	45 844 398	34 882 006

Impairment of receivables from contracts with customers	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
At the beginning of the reporting year	4 350	15 617	4 350	15 617
Charged to profit or loss	178 712	(11 267)	178 712	(11 267)
At the end of the reporting period	183 062	4 350	183 062	4 350

10. OTHER RECEIVABLES

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
Receivables related to European Union funded projects	3 599 776	1 174 056	3 599 776	1 174 056
Other financial assets	3 599 776	1 174 056	3 599 776	1 174 056
Overpaid corporate income tax	11 512	11 512	11 512	11 512
Deferred expenses	1 004 490	528 957	1 004 490	946 096
Other debtors	95 678	64 879	2 320 922	430 065
Other non-financial assets	1 111 680	605 348	3 336 924	1 387 673
TOTAL OTHER RECEIVABLES	4 711 456	1 779 404	6 936 700	2 561 729

11. CASH

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
Cash in bank	97 971 061	48 513 943	98 455 428	63 190 053
TOTAL CASH	97 971 061	48 513 943	98 455 428	63 190 053

12. EQUITY

a) Share capital

An overview of changes in the Parent Company's share capital is provided in the table below:

	Number of shares	Registered share capital, EUR
At 1 January 2020	64 218 079	64 218 079
New share issue	299 678 000	299 678 000
At 31 December 2020	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
At 30 September 2022	365 895 957	365 895 957

The share capital of the Group consists of the ordinary shares of the Parent Company. The share capital is fully paid.

Under the decision of the Shareholder meeting of AS "Augstsprieguma tīkls" of 28 May 2021 (minutes No.1, 1.§ un 2.§) an investment in the share capital of the Parent Company in the amount of EUR 1,999,878 has been made, capitalising retained earnings.

Under the decision of the shareholder meeting of AS "Augstsprieguma tīkls" 15 June 2020 (minutes No. 2, 1.§ un 2.§) an investment in the share capital of the Parent Company in the amount of EUR 299,678,000 (of which EUR 77,000,000 as a cash contribution and EUR 222,678,000 as a property investment of the shares of AS "Latvijas elektriskie tīkli").

The Parent Company made the following payments to the State budget for the use of state capital (dividends) from the previous year's profit:

In 2020: EUR 1 735 958;

In 2021: EUR 7 999 514.

b) Reserves

The Parent Company's reserves consist of retained earnings which are added to other reserves to ensure the Company's development. The Group's reserves consist of the revaluation reserve for fixed assets, the reserves established in the subsidiary's articles of association, the revaluation reserve for post-employment benefits, and retained earnings transferred to other reserves upon the owner's decision to ensure the company's development.

c) Non - controlling interest

Apart from dividends, no other transactions with non-controlling interests have taken place.

13. DEFERRED INCOME

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
a) Non-current deferred income				
- from connection fees	38 856 308	38 249 840	38 856 308	38 249 840
Non-current deferred income from contracts with customers	38 856 308	38 249 840	38 856 308	38 249 840
- on financing from European Union funds	158 470 397	140 707 294	161 590 418	158 863 339
- from congestion charge revenue	164 228 016	105 094 610	164 228 016	105 094 610
Other non-current deferred income	322 698 413	245 801 904	325 818 434	263 957 949
TOTAL non-current deferred income	361 554 721	284 051 744	364 674 742	302 207 789

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
b) Current deferred income				
- from connection fees	3 375 254	3 375 254	3 375 254	3 612 539
Current deferred income from contracts with customers	3 375 254	3 375 254	3 375 254	3 612 539
- unfinished projects funded from European Union, including:	3 868 400	950 636	3 868 400	950 636
<i>Project "Synchronisation of the Baltic Electricity Transmission System with the European Network, Phase 1"</i>	2 937 531		2 937 531	
<i>Project "Synchronisation of the Baltic Electricity Transmission System with the European Network, Phase 2"</i>	777 947	777 947	777 947	777 947
<i>Project "EU-SysFlex- A European system with effectively coordinated use of flexibility to integrate a higher share of RES"</i>	37 812	37 812	37 812	37 812
<i>Project "Study of dynamic stability of Baltic electricity systems"</i>	26 250	26 250	26 250	26 250
<i>Project "TSO-SSO-end-user connection system, INTERRFACE"</i>	88 861	108 627	88 861	108 628
- completed projects funded by European Union	1 962 168	2 443 153	2 538 165	2 978 118
- on financing receivable from European Union funds	2 668 907	1 174 056	2 668 907	1 174 056
- from congestion charge revenue	3 520 797	1 187 754	3 520 797	1 187 754
- from another project financing	-	-	4 654	4 652
Current other deferred income	12 020 272	5 755 599	12 600 923	6 295 216
TOTAL current deferred income	15 395 526	9 130 853	15 976 177	9 907 755

Movement of deferred income from contracts with customers (non-current and current):	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
At the beginning of the reporting period	39 964 854	43 374 572	39 964 854	43 374 572
The connection fee is recognised in the income statement	(2 585 641)	(3 409 718)	(2 822 925)	(3 409 718)
At the end of the reporting period	37 379 213	39 964 854	37 141 929	39 964 854

Movement of other deferred income (non-current and current):	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
At the beginning of the reporting period	253 217 743	242 608 578	272 150 690	254 643 244
EU co-financing received *	2 934 918	1 207 955	2 934 918	1 207 955
Congestion management revenue received	1 693 785	-	1 693 785	-
Accumulated EU co-financing from previous periods received	(509 198)	(31 604 872)	(509 198)	(31 604 872)
Deferred revenue from EU co-financing	489 431	32 393 231	4 472 847	40 210 739
EU co-financing advance payment received *	21 500 031	-	21 500 031	-
Deferred revenue from connection fee received	3 192 110	1 660 242	3 192 110	1 660 242
Revenue from congestion charges received	60 463 462	11 441 072	60 463 462	11 441 072
IPGK reserved capacity fee	-	-	-	237 284
Capitalised co-financed project	-	-	-	130 468
Revenue from congestion charges is included in the income statement	(690 797)	(1 040 506)	(690 797)	(1 040 506)
EU co-financing is included in the income statement	(2 720 451)	(3 447 957)	(3 136 358)	(4 734 936)
At the end of the reporting period	339 571 034	253 217 743	362 071 490	272 150 690
TOTAL at the end of the reporting period	376 950 247	293 182 597	399 213 419	312 115 544

*Funding received from the European Union (related to assets) is recognised when the Group and the Parent Company have fulfilled the conditions attached to it and have an unconditional right to receive it. The conditions for receiving the funding are as follows: 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 directives and the legal requirements of the Republic of Latvia. Accounting records are kept in a separate account for each transaction related to the accounting of the projects co-financed by the EU. The Parent Company and the Group keep separate accounting records for the respective revenues, expenses, 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 receivables in the balance sheet item "Other receivables".

14. BORROWINGS

The Parent Company issued bonds in October 2021. The total amount of the bond issuance program is up to EUR 160,000 thousand with the possibility of additional issuances if needed. The bonds are listed on the Nasdaq Riga Stock Exchange and bear a fixed coupon of 0.5% per annum. They mature on 20 January 2027, and the Parent Company may repurchase any series of the issued bonds in full, but not in part, at any time within 3 (three) months prior to their maturity, at a price equal to the principal amount of the bonds together with accrued interest.

In addition to the events of default, a cross-default condition is applied if the outstanding debt of the Parent Company and its subsidiary, individually or in the aggregate, exceeds EUR 20,000 thousand.

To finance working capital, AS "Augstsprieguma tīkls" and AS "SEB banka" have concluded an *Overdraft agreement* up to EUR 20,000 thousand with a maturity date of 18 June 2023, a base interest rate of 3 months EURIBOR and an additional interest rate of 0.35%. The overdraft facilities are unsecured. During the reporting period, under this overdraft agreement, AS "Augstsprieguma tīkls" did not receive any borrowing.

The Subsidiary company of the Parent Company, natural gas operator AS "Conexus Baltic Grid", attracts external funding on its own. In the reporting year, AS "Conexus Baltic Grid" had borrowings from North Investment Bank, AS "SEB banka", and OP Latvian Bank plc Latvian branch. At the same time, the Subsidiary has lines of credit of EUR 65,000 thousand (at 31 December 2021: EUR 90,000 thousand), of which at the end of the reporting period a line of credit in the amount of EUR 929 thousand had been used. The terms of the available credit line agreements exceed one year.

At the end of the reporting period, the weighted average interest rate on the Parent Company's long-term borrowings remained unchanged at 0.5% (at 31 December 2021: 0.5%). 100% of the total long-term loans have a fixed loan interest rate (at 31 December : 100%).

At the end of the reporting period, the Group's weighted average interest rate on long-term loans is 0.52% (at 31 December 2021: 0.44%). 79% of the Group's total non-current borrowings have a fixed interest rate (at 31 December 2021: 75%).

All of the Group's loans are denominated in euros and are unsecured.

Borrowings:

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
Non-current borrowings from credit institutions	-	-	54 811 285	60 282 986
Non-current portion of issued debt securities (bonds)	99 886 062	99 866 288	99 886 062	99 866 288
Current borrowings from credit institutions	-	-	19 148 467	37 772 866
Borrowings	99 886 062	99 866 288	173 845 814	197 922 140
Non – current accrued liabilities for coupon interest expenses on issued debt securities (bonds)	347 945	100 000	347 945	100 000
Current accrued interest on borrowings from credit institutions	-	-	-	37 369
TOTAL borrowings	100 234 007	99 966 288	174 193 759	198 059 509
Of which				
Non-current	100 234 007	99 966 288	154 697 347	160 249 274
Current	-	-	19 496 412	37 810 235

Movement of borrowings:

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
At the beginning of the reporting period	99 966 288	203 284 381	198 059 509	225 159 381
Borrowings received from credit institutions	-	-	10 550 316	84 949 950
Receipt from issue of debt securities (bonds)	-	99 861 000	-	99 861 000
Borrowings repaid to related parties	-	(86 672 207)	-	(86 672 207)
Borrowings repaid to credit institutions	-	(116 200 000)	(34 657 206)	(124 969 097)
Calculated borrowing interest rates for related parties	-	1 340 530	-	1 340 530
Calculated borrowing interest rates for credit institutions	-	726 121	296 984	988 116
Interest accrued on issued bonds	393 747	105 288	393 747	105 288
Paid interest on loans to related parties	-	(1 752 704)	-	(1 752 704)
Paid interest on loans to credit institutions	-	(726 121)	(323 563)	(950 748)
Paid interest on bonds	(126 027)	-	(126 027)	-
Changes in borrowings, net	267 719	(103 318 093)	(23 865 750)	(27 099 872)
At the end of the reporting period	100 234 007	99 966 288	174 193 759	198 059 509

The movement of lease liabilities is presented separately in Note 15.

15. ASSET LEASES

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
15 a) Right-to-use assets				
Carrying value at the beginning of the reporting period	14 635 417	14 212 293	15 086 525	14 715 877
Amendments made to lease contract terms	84 234	57 729	120 880	98 705
Additions to right-of-use assets	686 101	1 145 431	686 101	1 145 431
Depreciation	(692 700)	(780 036)	(715 665)	(873 488)
Carrying value at the end of the reporting period	14 713 052	14 635 417	15 177 841	15 086 525
15 b) Non-current and current lease liabilities				
Liabilities at the beginning of the reporting period	14 938 982	14 418 995	15 406 319	14 933 065
Amendments made to lease contract terms	84 234	57 729	120 880	98 705
New lease contracts	686 101	1 145 431	686 101	1 145 431
Repayment of lease	(624 544)	(683 173)	(647 114)	(770 882)
Interest paid	(173 170)	(237 970)	(188 586)	(260 821)
Interest calculated	173 170	237 970	188 586	260 821
Liabilities at the end of the reporting period	15 084 772	14 938 982	15 566 186	15 406 319
Of which				
Non-current	13 610 956	14 199 182	14 067 306	14 647 122
Current	1 473 816	739 800	1 498 880	759 197

16. TRADE AND OTHER PAYABLES

	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
Financial liabilities				
Payables for electricity and natural gas	22 140 366	17 595 113	22 140 366	17 639 639
Payables for materials and services	8 452 445	8 036 035	18 716 355	15 281 343
Total accounts payable	30 592 811	25 631 148	40 856 721	32 920 982
Accrued expenses	7 113	15 902	1 152 587	6 108 141
Other financial current payables	18 071 079	2 907 326	18 604 070	3 931 938
TOTAL financial liabilities	48 671 003	28 554 376	60 613 378	42 961 061
	Parent Company		Group	
	At 30.09.2022. EUR	At 31.12.2021. EUR	At 30.09.2022. EUR	At 31.12.2021. EUR
Non-financial liabilities:				
State social security contributions and other taxes	2 291 512	299 430	2 558 189	504 163
Connection fee advances received	477 501	1 247 950	477 501	1 247 950
Advances received	-	131	7 715 254	956 942
Other non-financial current payables	2 088 965	2 319 653	4 313 327	3 549 100
TOTAL non-financial liabilities	4 857 978	3 867 164	15 064 271	6 258 155
TOTAL trade and other current payables	53 528 981	32 421 540	75 677 649	49 219 216

17. FAIR VALUE CONSIDERATIONS

IFRS 13 establishes a hierarchy of valuation techniques based on whether observable market data is used in the valuation technique or whether there is any observable market data. Observable market data is obtained from independent sources. If market data is not observable, the valuation technique reflects the Company's assumptions about the market situation.

This hierarchy requires the use of observable market data if it is available. When carrying out the revaluation, the Company shall consider the relevant observable market prices, if it is possible.

The objective of measuring the fair value, even if the market is not active, is to determine the transaction price at which market participants would be ready to sell the asset or make a commitment at a given valuation date under current market conditions.

Several methods are used to determine the fair value of a financial instrument: quoted prices or valuation techniques that incorporate observable market data and are based on internal models. Based on the fair value hierarchy, all valuation techniques are divided into Level 1, Level 2, and Level 3.

The level of the fair value hierarchy of a financial instrument should be determined as the lowest level if a significant part of its value consists of lower-level data.

The classification of a financial instrument in the fair value hierarchy is carried out in two steps:

1. Classify each level of data to determine the fair value hierarchy;
2. Classify the financial instrument itself on the basis of the lowest level if a significant part of their value is formed of lower-level data.

Quoted market prices - Level 1

The valuation technique in Level 1 uses unadjusted quoted prices in an active market for identical assets or liabilities when quoted prices are readily available and the price represents the actual market position for the transactions under fair competition.

Valuation techniques, when using market data – Level 2

In the valuation technique used in Level 2 models, all relevant data, directly or indirectly, is observable from the asset or liability side. The model uses market data that are not the quoted prices at Level 1 but that are observable directly (i.e., price) or indirectly (i.e., derived from price).

Valuation technique using market data that is not based on observable market data – Level 3

In the valuation technique, market data that are not based on observable market data (non-observable market data) are classified in Level 3. Non-observable market data are the data that are not easily available in an active market due to the illiquidity of the market or the complexity of the financial instrument. Level 3 data are usually determined from observable market data of a similar nature, from historical observations, or from analytical approaches.

Fair value of financial assets and liabilities and assets measured at fair value

The carrying amount of liquid and short-term (up to three months) financial instruments such as cash, short-term deposits, short-term trade receivables and debts to suppliers and contractors is approximately at their fair value.

The fair value of borrowings and lease liabilities is assessed by discounting future cash flows by applying market interest rates. As the interest rates applied to borrowings were determined recently and do not differ materially from market interest rates (although being fixed), while interest rates applied to lease liabilities are assessed as similar to current market interest rates, with the risk premium applied to the Group and the Parent Company not changed significantly, the fair value of non-current liabilities approximates their carrying amount.

Despite bonds (included under borrowings) being listed, market transactions are rare and cannot be considered representative of an active market. Thus Level 1 measurements are not applied to bonds issued. As a result, the fair value of bonds is determined by discounting future cash flows by applying market interest rates. As the interest rates applied to bonds were determined during 2021 and do not differ materially from market interest rates and the risk premium applied to the Group and the Parent Company has not changed significantly, the fair value of bonds approximates their carrying amount.

Management assessed that cash and short-term deposits, receivables, trade payables, bank overdrafts, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

	Parent Company			
	Carrying amount EUR	Level 1, EUR	Level 2, EUR	Level 3, EUR
At 30.09.2022.				
Assets measured at fair value:				
Revalued property, plant and equipment (Note 7)	607 814 067	-	-	607 814 067
Financial assets:				
Cash (Note 11)	97 971 061	-	97 971 061	-
Receivables from contracts with customers (Note 9)	37 806 532	-	-	37 806 532
Other long-term financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	3 599 776	-	-	3 599 776
Financial liabilities:				
Borrowings (Note 14)	100 234 007	-	100 234 007	-
Lease liabilities (Note 15)	15 084 772	-	-	15 084 772
Trade and other payables (Note 16)	48 671 003	-	-	48 671 003
At 31.12.2021.				
Assets measured at fair value:				
Revalued property, plant and equipment (Note 7)	619 931 886	-	-	619 931 886
Financial assets:				
Cash (Note 11)	48 513 943	-	48 513 943	-
Receivables from contracts with customers (Note 9)	21 508 872	-	-	21 508 872
Other long-term financial investments (Note 8)	1 422	-	-	1 422
Other receivables (Note 10)	1 174 056	-	-	1 174 056
Financial liabilities:				
Borrowings (Note 14)	99 966 288	-	99 966 288	-
Lease liabilities (Note 15)	14 938 982	-	-	14 938 982
Trade and other payables (Note 16)	28 554 376	-	-	28 554 376

	Groups			
	Carrying amount EUR	Level 1, EUR	Level 2, EUR	Level 3, EUR
At 30.09.2022.				
Assets measured at fair value:				
Revalued property, plant and equipment (Note 7)	1 000 989 478	-	-	1 000 989 478
Financial assets:				
Cash (Note 11)	98 455 428	-	98 455 428	-
Receivables from contracts with customers (Note 9)	46 027 460	-	-	46 027 460
Other long-term financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	3 599 776	-	-	3 599 776
Financial liabilities:				
Borrowings (Note 14)	174 193 759	-	174 193 759	-
Lease liabilities (Note 15)	15 566 186	-	-	15 566 186
Trade and other payables (Note 16)	60 613 378	-	-	60 613 378
At 31.12.2021.				
Assets measured at fair value:				
Revalued property, plant and equipment (Note 7)	1 014 855 803	-	-	1 014 855 803
Financial assets:				
Cash (Note 11)	63 190 053	-	63 190 053	-
Receivables from contracts with customers (Note 9)	34 882 006	-	-	34 882 006
Other long-term financial investments (Note 8)	1 422	-	-	1 422
Other receivables (Note 10)	1 174 056	-	-	1 174 056
Financial liabilities:				
Borrowings (Note 14)	198 059 509	-	198 059 509	-
Lease liabilities (Note 15)	15 406 319	-	-	15 406 319
Trade and other payables (Note 16)	42 961 061	-	-	42 961 061

There has been no reclassification of assets between Level 1, Level 2 and Level 3 during the reporting period.

18. TRANSACTIONS WITH RELATED PARTIES

Related parties are State-owned enterprises that are controlled, jointly controlled or significantly influenced by the State.

Transactions in the ordinary course of business with the Latvian Government, including its departments and agencies, and transactions between state-controlled entities and public service providers are excluded from quantitative related party disclosures based on the provisions of paragraph 25 of IAS 24. The Group and the Parent Company enter into arm's length transactions with many of these entities.

The remuneration of management of the Augstsprieguma tīkls Group includes the remuneration of the members of the Board of the Group companies, the Council and the Council (Audit Committee) of the Parent Company. The remuneration for the management of the Parent Company includes the remuneration for the members of the Board of Management, the Council, and the supervisory body (audit committee) of the Parent Company.

Revenues and expenses from transactions with related parties (other public corporations)

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Revenues				
Electricity transmission system service	54 906 829	56 312 609	54 906 829	56 312 609
Sale of balancing electricity	26 508 272	3 308 150	26 508 272	3 308 150
Sale of regulatory electricity	1 631 053	245 324	1 631 053	245 324
Revenue from reactive electricity	436 651	444 859	436 651	444 859
Mandatory procurement components	223 692	2 347 950	223 692	2 347 950
Revenue from other services	1 781 515	1 468 445	1 781 515	1 468 445
Total revenues from transactions with related companies	85 488 012	64 127 338	85 488 012	64 127 338

	Parent Company		Group	
	9 months of 2022 EUR	9 months of 2021 EUR	9 months of 2022 EUR	9 months of 2021 EUR
Costs				
Purchase of balancing electricity	6 373 746	5 486 940	6 373 746	5 486 940
Purchase of regulatory electricity	15 800 271	3 954 304	15 800 271	3 954 304
Electricity for own consumption	63 405	100 972	63 405	100 972
Electricity capacity reserve maintenance costs	5 716 415	3 052 900	5 716 415	3 052 900
Mandatory procurement component	564 827	3 512 442	564 827	3 512 442
Communication expenses	2 404 254	2 324 483	2 404 254	2 324 483
Use of emergency automation, synchronous compensators	969 004	888 012	969 004	888 012
Liquidation of electrical capacity overload	220 200	-	220 200	-
Long-term loan interest payments	-	1 340 530	-	1 340 530
Lease of fixed assets and land	609 679	611 861	609 679	611 861
Other costs	117 171	123 669	117 171	123 669
Total cost of transactions with related companies	32 838 973	21 396 115	32 838 973	21 396 115

Balances at the end of the accounting year arising from transactions with related parties (other public companies)

	Parent Company		Group	
	At 30.09.2022. EUR	At 30.09.2021. EUR	At 30.09.2022. EUR	At 30.09.2021. EUR
Receivables:				
state-controlled capital companies	13 440 502	7 746 683	13 440 502	7 746 683
Payables:				
state-controlled capital companies	10 520 847	6 219 894	10 520 847	6 219 894

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

The share capital of the Parent company was increased by EUR 25,702,577 in accordance with the resolution of the General Meeting of Shareholders of AS "Augstsprieguma tīkls" of 3 November 2022, in order to make the necessary investments, including to secure the Synchronization project with the Continental European networks.

Since the last day of the reporting period there were no events or circumstances that could significantly affect the non-audited condensed financial statements of AS "Augstsprieguma tīkls" Group and AS "Augstsprieguma tīkls" for the 9 months period ended 30 September 2022.

To mitigate cyber security risks, the Parent Company and its Subsidiary AS "Conexus Baltic Grid", as critical infrastructure companies, perform enhanced risk assessment and appropriate risk management.

Although the uncertainty about the future impact of events on the Group's and the Parent Company's operations has increased, no circumstances have been identified that would threaten the continuity of operations and the performance of functions determined by law.

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