AUGSTSPRIEGUMA TĪKLS GROUP'S CONSOLIDATED AND AS "AUGSTSPRIEGUMA TĪKLS" STAND-ALONE

CONDENSED INTERIM FINANCIAL STATEMENTS

for the 9-month period ended 30 September 2023

Prepared in accordance with the International Financial Reporting Standard No.34 adopted in the European Union

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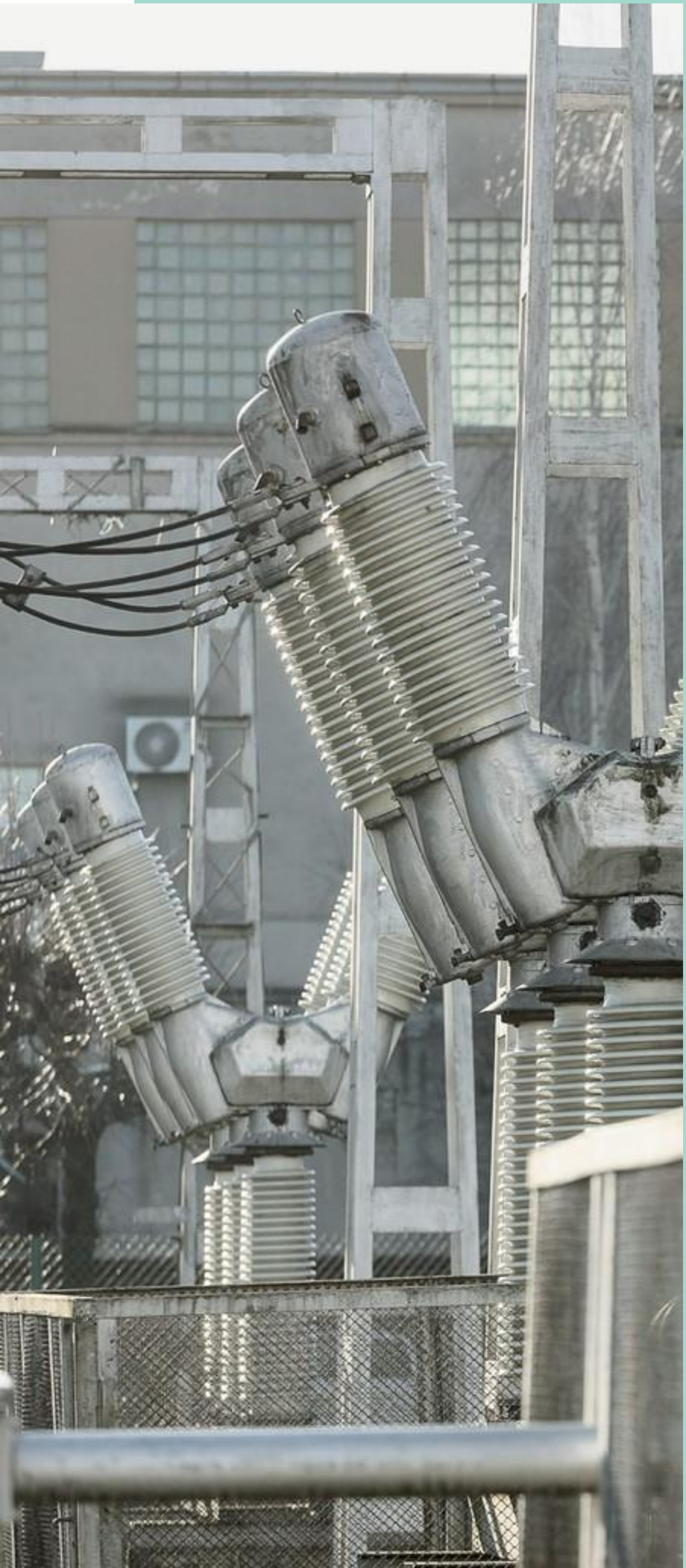
INFORMATION ABOUT THE GROUP AND THE COMPANY

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 Re-registered in the Commercial Register on 13 November 2004 under the uniform registration number 40003575567
LEI CODE	64883LC3F12690GATG87
REGISTERED OFFICE	Darzciema iela 86, Riga, LV-1073, Latvia
THE PARENT COMPANY’ S OPERATING ACTIVITY	Transmission of electricity, NACE code 35.12
THE GROUP’S OPERATING ACTIVITY	Transmission of electricity, NACE code 35.12; and Transport via pipeline, NACE code 49.50.
THE PARENT COMPANY’S SHAREHOLDER	The Republic of Latvia (100%)

MEMBERS OF THE BOARD AND THEIR POSITIONS	Gunta Jēkabsone – Chairwoman of the Board (until 01.08.2023) Imants Zviedris – a member of the Board Gatis Junghāns – a member of the Board Arnis Daugulis – a member of the Board Mārcis Kauliņš – a member of the Board (until 17.09.2022)
MEMBERS OF THE COUNCIL AND THEIR POSITIONS	Kaspars Āboliņš – Chairman of the Council Olga Bogdanova – deputy Chairwoman of the Council Armands Eberhards – a member of the Council Aigars Ģērmanis – a member of the Council Madara Melne – a member of the Council (until 08.02.2022)
SHAREHOLDINGS IN OTHER COMPANIES	AS "Conexus Baltic Grid" (68.46%)
REPORTING PERIOD	1 January 2023 – 30 September 2023

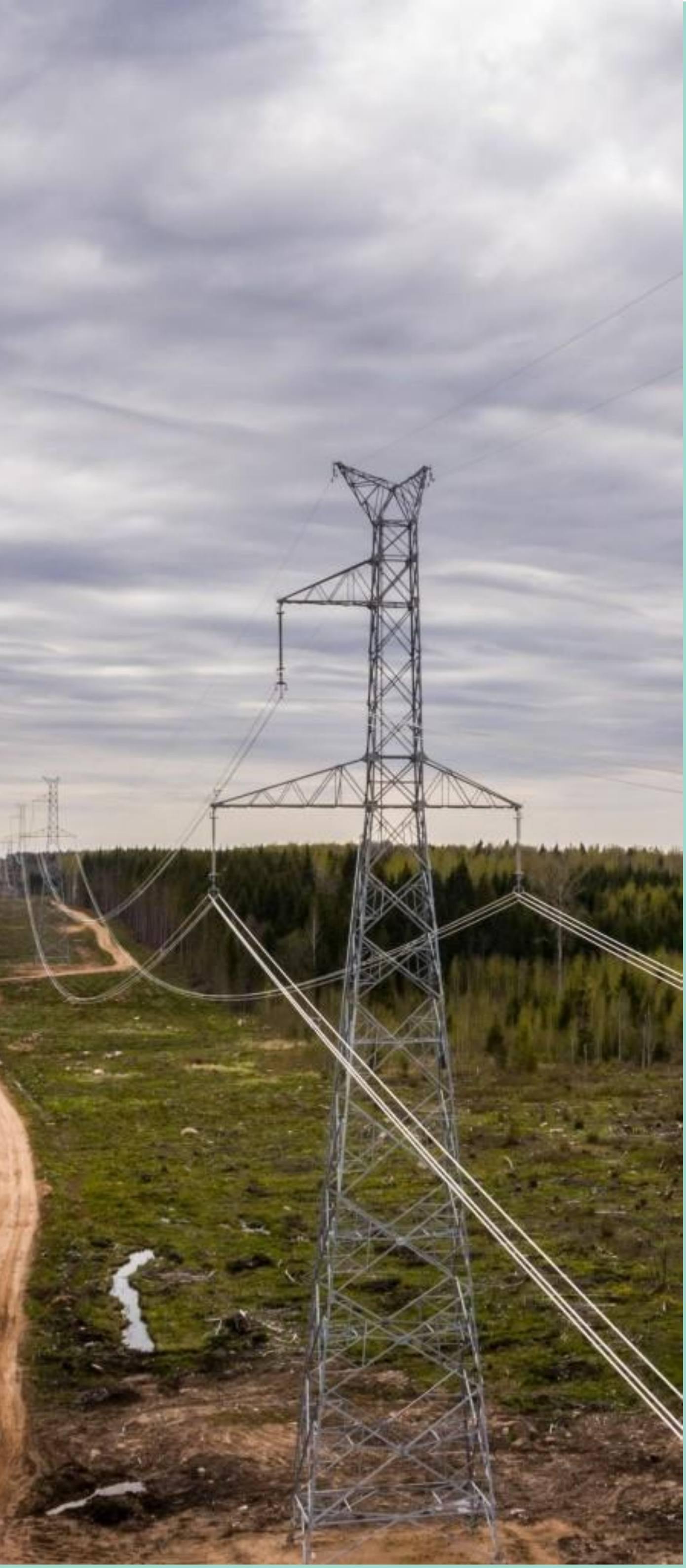


KEY FINANCIAL AND OPERATIONAL INDICATORS

KEY FINANCIAL AND OPERATIONAL INDICATORS

	Group*		Parent company	
	9 months of 2023	9 months of 2023	9 months of 2023	9 months of 2023
FINANCIAL INDICATORS				
Revenue, in thous. EUR	167,271	243,848	114,888	204,526
EBITDA, in thous. EUR	60,121	28,062	26,630	5,029
Profit, in thous. EUR	5,752	(14,927)	6,771	(15,252)
	30.09.2023	**30.09.2022**	**30.09.2023**	**30.09.2022**
Total assets, in thous. EUR	1,315,257	1,275,175	1,013,514	970,468
Equity, in thous. EUR	622,838	600,697	447,257	421,049
Borrowings, in thous. EUR	172,515	174,194	100,260	100,234
Net cash flow from operating activity, in thous. EUR	63,206	57,433	34,186	29,511
Cash and short-term deposits, in thous. EUR**	50,750	98,455	49,618	97,971
FINANCIAL RATIOS				
Total liquidity ratio (≥1.2)*	1.3	1.3	1.6	2.0
EBITDA margin	36%	12%	23%	2%
Equity ratio (≥35%)*	47%	47%	44%	43%
Net liabilities to EBITDA (≤55.%) *	16%	11%	10%	1%
PERFORMANCE INDICATORS				
Electricity transmitted to Latvian consumers, GWh	4,357	4,593	4,357	4,593
Natural gas transmitted, TWh	23.0	23.4	-	-
Natural gas for consumption in Latvia, TWh	5.3	5.8	-	-
EBITDA - earnings before interest, depreciation, amortisation and impairment, dividends received from the Subsidiary, finance income, finance expenses, corporate income tax.				
Total liquidity ratio = current assets/current liabilities (excluding the refinanced portion of short-term borrowings)				
EBITDA margin = EBITDA/revenue				
Equity ratio = equity/total assets				
Net liabilities = liabilities – cash – short-term deposits				
Net debt-to-equity ratio = net borrowings/(net borrowings + equity)				

*The Parent company's target indicators are indicated in brackets next to the financial indicator in brackets.
** including short-term term deposits with a maturity of less than 3 months.



MANAGEMENT REPORT

SIGNIFICANT FACTS AND DEVELOPMENTS

Latvian and Estonian electric transmission system operators sign a memorandum on establishing a new maritime interconnection

The operators of the electricity transmission network - AS “Augstsprieguma tīkls” (hereinafter also referred to as “AST”) and AS “Elering” - have signed a memorandum that provides for the start of work on the creation of the fourth connection of the Estonian-Latvian electricity transmission network, which is to be developed as a submarine cable between the island of Saaremaa and the Kurzeme seacoast. The new interconnection will increase the transmission capacity between Estonia and Latvia and at the same time promote the development of renewable energy sources in Latvia, Estonia and the entire Baltic Sea region.

Construction of one of Latvia’s first large-scale renewable energy plants for the connection of the electricity transmission network has begun at Jaunolaine.

SIA “Birznieki Industrial Solutions”, in cooperation with the municipality of Olaine and AS “Augstsprieguma tīkls”, has started the construction of a new high-voltage substation at Jaunolaine with a total capacity of 60MW for the development of an industrial park, which is one of the first high-power renewable energy projects in Latvia. The project developers have invested EUR 10 million in the construction of the substation.

AS “Augstsprieguma tīkls” utilises a mobile application to modernise the inspection of power lines

In the course of the digital transformation of AS “Augstsprieguma tīkls”, in cooperation with AS “Latvijas valsts meži”, AST has developed a specially customised module in the LVM GEO Mobile App, which makes it possible to obtain more accurate data, facilitate the planning of work on power lines and ensure faster data exchange with the information systems of the transmission network. The new digital solution will be used by AST specialists during the upcoming autumn network inspections.

Latvian electricity production and transfer to the grid increased by 19% in September 2023

During September 2023, Latvian power plants transmitted 282.2 gigawatt hours (GWh) of electricity to the grid, an increase of 19% compared to previous month and a 37% increase compared to September 2022. Whereas the amount of electricity consumed from the grid in September 2023 decreased by 4% or up to 524 GWh compared to August and by 2% compared to September 2022.

AN OUTLINE OF THE AUGSTSPRIEGUMA TĪKLS GROUP

Overview of the business model

The Augstsprieguma Tīkls Group is one of the largest energy utilities in the Baltics. The Group’s principal business is the provision of electricity transmission system operator functions, efficient management of energy supply system assets, and transmission and storage of natural gas.

At 30 September 2023, the Augstsprieguma Tīkls Group consisted of a number of commercial companies on which the Parent company AS “Augstsprieguma tīkls” had a decisive influence and which included the subsidiary AS “Conexus Baltic Grid”. Geographically, the Group operates in Latvia. See Note 8 for information on the shareholding in the subsidiary and its location.

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

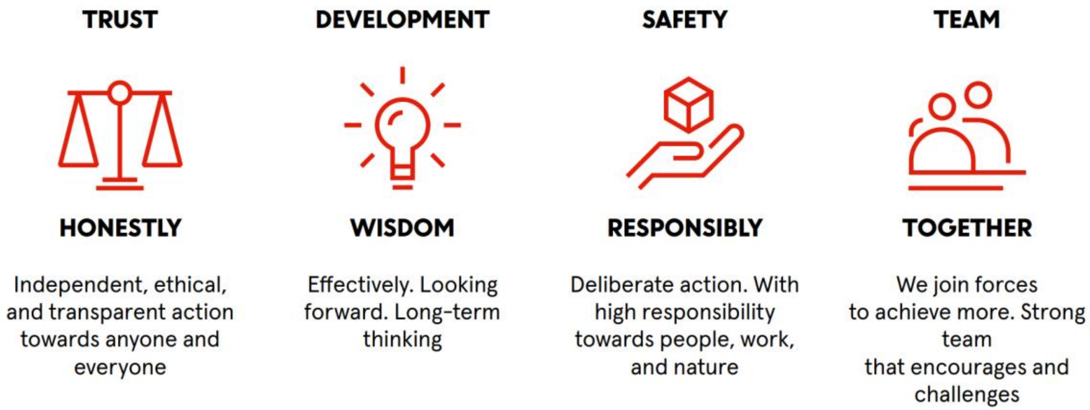
All (100%) of the shares of AS “Augstsprieguma tīkls” are owned by the State and held by the Ministry of Climate and Energy of the Republic of Latvia.

In terms of its structure, the Augstsprieguma Tīkls Group is organised into three operating segments: electricity transmission, natural gas transmission, and natural gas storage. Segmentation is based on the Group’s internal organizational structure, which is used to monitor and control segment performance. For more information on the operating segments as well as the Parent company, see “Operating segments”.

The overall strategic objective of the Augstsprieguma Tīkls Group is to ensure the security of Latvia's energy supply, provide uninterrupted, high quality and affordable energy transmission services, and to implement sustainable management of strategic national energy assets that facilitate their integration into the internal energy market of the European Union.

Our mission is to ensure uninterrupted, secure, and sustainably efficient energy supply throughout Latvia.

Our values



AN OUTLINE OF THE OPERATING ENVIRONMENT

Electricity market

All three Baltic countries experienced an increase in the average electricity price in September 2023 as compared to the previous month: in Estonia by 20%, i.e., up to 113.46 EUR/MWh, and in Lithuania, as well as in Latvia, by 14%, i.e., up to 117.28 MWh and 117.25 EUR/MWh, respectively.

The increase in the price of electricity in the Baltic states in September 2023 was influenced by the repairs of the NordBalt interconnection between Sweden and Lithuania, which resulted in 68% less electricity being imported from Sweden to the Baltic states than in August. Electricity imports from Sweden were replaced by a 37.5% increase in imports from Poland and a 15.7% increase in imports from Finland. However, total imports to the Baltic states fell by 16.4% in September 2023 and were replaced by domestic energy production in the Baltic states. As a result, gas-fired power plants continued to transfer electricity to the grid in September, transferring 141 GWh, which represents half of the total electricity transferred to the Latvian electrical grid in September.

The Baltic States discontinued commercial electricity flows from Russia and Belarus in May 2022 due to the war initiated by Russia in Ukraine, replacing them with electricity supplies from EU Member States.

Natural gas market

In the first nine months of 2023, the total volume of natural gas transported in Latvia reached 23.0 TWh, which was 2% less than in the same period of the previous year. The decrease was mainly driven by the drop in natural gas consumption in Latvia.

Due to the prohibition on natural gas deliveries from Russia under the Energy Law, there were no natural gas deliveries from Russia during the reporting period. Instead, natural gas traders supplied natural gas from the Klaipeda liquefied natural gas terminal, the Inkoo liquefied natural gas terminal, and the Inčukalns underground gas storage (UGS) facility. In the nine months of this year, the volume of natural gas received from Lithuania reached 15.7 TWh, which is 29% more than in the nine months of the previous year. The volume of natural gas received from Estonia reached 3.9 TWh, which was nearly twelve times less than the volume in the nine months of the previous year. Only 3.4 TWh were fed into the transmission network from the Inčukalns underground gas storage facility, which is half less than last year.

The volume of natural gas consumed by Latvian consumers in the first nine months of 2023 reached 5.3 TWh, which was 9% less than in the same period of the previous year. The decline was largely due to weather conditions, which were milder than in the winter months of 2022, as a result of which users' demand for natural gas for heating was lower than in the corresponding period of the previous year, and by the unprecedentedly high natural gas prices, which forced users to reduce their natural gas consumption. The decrease in natural gas consumption was partially offset by the increase in electricity production in the country's largest thermal power plants.

The Estonian network operator “Elering” and the Finnish network operator “Gasgrid Finland” closed the underwater gas pipeline “Balticconnector”, which connects Finland and Estonia, on 8 October 2023 because of an unusual drop in pressure detected due to a gas leak. The communication cable connecting the two countries had also been damaged. The closure of “Balticconnector” has no impact on the gas supply to consumers in Estonia, as

Estonia can continue to receive natural gas from Inčukalns UGS. Finnish consumers, on the other hand, will be supplied by the Inkoo liquefied natural gas terminal. In Latvia, the gas supply system has operated without interruption, and the availability of gas to its users has been fully assured.

OPERATING SEGMENTS

Electricity transmission segment

Under the issued licence No. E12001 and the provisions of Section 11, Paragraph 1 of the Electricity Market Law, the joint stock company AS "Augstsprieguma tīkls" is the sole electricity transmission system operator in Latvia, the scope of the license extends to the entire territory of Latvia. AS "Augstsprieguma tīkls" ensures continuous, reliable, and sustainably efficient electricity transmission throughout Latvia. Under Section 5 of the Energy Law, electricity transmission is a regulated sector.

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

Electricity transmission is the primary business segment of the Parent company.

During the reporting period, the obligations imposed on the Transmission system operator were implemented through the following transmission network (31.12.2022):

Highest voltage (kV)	Number of substations	Number of autotransformers and transformers	Installed power (MVA)	Overhead and cable ETL (km)
330 kV	17	26	3 800	1 742
110 kV	123	245	5 157	3 860
Kopā	**140**	**271**	**8 957**	**5 602**

Natural gas transmission and natural gas storage segments

Given the Parent company's investment in its subsidiary, the Latvian natural gas transmission and storage system operator AS "Conexus Baltic Grid", the sustainable management of energy assets of strategic national importance and their integration into the internal energy market of the European Union is a key activity direction of the Group's activities.

AS "Conexus Baltic Grid" is the single natural gas transmission and storage operator in Latvia, managing one of the most modern natural gas storage facilities in Europe – the Inčukalns Underground Gas Storage facility (hereinafter "Inčukalns UGS facility", "the storage facility") - and the trunk natural gas transmission network that directly connects the Latvian natural gas market with Lithuania and Estonia.

Conexus provides natural gas transmission and storage services to its customers at the tariffs set by the Public Utilities Commission (hereinafter "PUC" or "the Regulator").

Conexus' customers – the users of the natural gas transport and storage system – come from several countries in the Baltic Sea region. i.e., Finland, Estonia, Latvia, Lithuania, and Poland – as well as from other European countries, such as Norway, Czechia, and Switzerland. Among the users are private local companies, state-owned companies, and international companies representing a variety of business sectors: wholesalers and retailers of natural gas, energy producers, heating operators, and production companies.

Conexus provides high quality services that promote market development and provide economic benefits to customers and society as a whole in addition to ensuring the sustainability and safety of the infrastructure.

As a socially responsible organization, Conexus ensures the overall development of the sector, the professional development of its employees, and the sustainability of employment, while minimising the impact of technological processes on the environment.

Natural gas transmission segment

AS "Conexus Baltic Grid" is the only natural gas transmission and storage operator in Latvia that ensures the maintenance of the natural gas transmission network, its safe and continuous operation, and interconnections with transmission networks in other countries, enabling traders to use the natural gas transmission system to trade in natural gas.

The 1,190 km long natural gas transmission trunk network is directly connected to the natural gas transmission networks of Lithuania, Estonia, and Russia, providing both transmission of natural gas through regional pipelines within Latvia and interconnections with the natural gas transmission systems of neighbouring countries:

- International pipelines have a diameter of 720 mm and operating pressures ranging from 28 to 40 bar;
- Regional gas pipelines have a diameter of 400 mm to 530 mm and operating pressure of up to 30 bar;
- There are 40 gas regulating stations used to transport natural gas to the local distribution system in Latvia. To supply Latvian consumers with natural gas, all outlets for consumption on the territory of Latvia are combined into one exit point.

Natural gas storage segment

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

The subsidiary manages the only operational natural gas storage facility in the Baltic States - the Inčukalns UGS facility, taking care of the stability of regional gas supply and energy security of the region. The subsidiary provides certified merchants with the possibility to store natural gas for trading in Latvia or other markets. The Inčukalns UGS facility can be used to store up to 2.3 billion cubic metres of active natural gas, which fully covers the region's requirements as energy demand grows during the heating season.

FINANCIAL PERFORMANCE

In the reporting period, the net turnover of the Augstsprieguma tīkls Group was EUR 167,271 thousand, net profit was EUR 5,752 thousand.

Electricity transmission segment

When assessing the segment's financial and operating performance, it should be noted that according to Section 5 of the Energy Law, electricity transmission is a regulated sector, the PUC determines the allowed profit by setting the rate of return on capital when approving tariffs for electricity transmission system services.

The segment's net turnover in the reporting period was EUR 114,888 thousand, including revenues for electricity transmission network services of EUR 60,742 thousand. The significant decrease in revenues by EUR 89,638 thousand or 44%, compared to the corresponding period of 2022, related to the drop in balancing and regulating electricity revenues, as well as overload management revenue. As the revenue decreases for the mentioned items, the cost decreases, so their impact on profit is neutral.

During the first half of 2023, the electricity price for transmission losses, technological consumption significantly (2.9 times) exceeded the electricity transmission tariff in effect until 1 July 2023, which was approved on 26 November 2020, negatively affecting the financial performance of the electricity transmission segment. In order to ensure the stability and predictability of electricity transmission tariffs, reducing the negative impact caused by electricity price fluctuations, as a result of the procurement procedure, on 10 March 2023, a contract was concluded for the purchase of electricity for covering transmission losses, for ensuring the technological process at a fixed price, with the term of the contract until 31 March 2024. In order to ensure the profitability of the transmission system operator, under the PUK Council's decision of 22 May 2023, new electricity transmission system service tariffs were approved with effect from 1 July 2023. At the same time, with the mentioned decision, permission was given to use the collected grid-constraint management revenue to cover losses (see details in Annexes 4 and 13). In the 9 months of 2023, grid-constraint congestion management revenues of EUR 12,538 thousand were diverted to cover losses, as a result of which the EBITDA of the electricity transmission segment reached EUR 26,630 thousand, profit before taxes was EUR 1,051 thousand.

Natural gas transmission segment

Revenue in the natural gas transmission segment amounted to EUR 17,153 thousand in the reporting period and EBITDA was EUR 7,246 thousand, which was 22% of Conexus' total EBITDA. The loss of natural gas transmission segment was EUR 1,390 thousand (63% higher than in the same period of the previous year).

Conexus is subject to regulation and the regulatory periods differ from the financial reporting year. In accordance with the methodology for calculating tariffs for the natural gas transmission system service, there may be deviations in revenues and costs during the tariff period compared to the authorised volumes, which will affect the tariff values in subsequent tariff cycles.

In accordance with PUC Resolution No. 171 of 27 November 2019, the applicable tariffs for the natural gas transport service have been approved for the period from 1 January 2020 to 30 September 2022. In addition, the tariffs for natural gas transmission services were extended beyond 30 September 2022 until the start of a new regulatory period.

On 26 October 2023, the PUC Council passed a resolution on the tariffs for the natural gas transmission network with effect from 1 December 2023.

Natural gas storage segment

The natural gas storage segment revenue reached EUR 35,231 thousand in the reporting period, and EBITDA was EUR 26,245 thousand. The profit the storage segment was of EUR 6,091 thousand.

In the 2023/2024 storage cycle, the volume of capacity reservation products of Inčukalnas UGS facility reached 22.6 TWh, whereas in the 2022/2023 annual storage cycle it was 24.1 TWh. Revenue from -capacity products increased by EUR 14,018 thousand in the reporting period compared to the same period of the previous year. The increase in revenue was related to the storage capacity auctions, which resulted in an effective rate of applicable premiums of EUR 1.62/MWh (the total amount of applicable premiums divided by the booked capacity of 22.6 TWh).

In accordance with the methodology for calculating the tariffs for the natural gas storage service, there may be deviations in revenues and costs during the tariff period compared to the permitted quantities, affecting the tariff values in the following tariff cycles. In the natural gas storage segment, such deviations are accumulated in the regulatory bill. The balance of the regulatory bill for the natural gas storage service at the end of the storage cycle will be EUR 42,572 thousand. This regulatory bill balance arises mainly due to the fact that network users pay the premiums awarded for storage capacities in the spring auctions. In accordance with the methodology for calculating tariffs for the natural gas storage service, the Public Service Regulatory Commission must make a decision on the utilisation of the regulatory bill as its amount exceeds 50% of the budgeted revenue during the tariff period.

The management of Conexus has proposed to the Public Service Regulatory Commission that half of the balance of the regulatory bill should be used for making investments in storage, while the other half of the balance of the regulatory bill should be used for the next tariff period and the next regulatory period. For the purposes of these statements, it is assumed that the PUC would adopt a decision that is consistent with Conexus' offer. As a result of the decision, the value of the Conexus storage assets will be reduced by the amount of the remaining balanceof the regulatory bill allocated to storage investments (EUR 21,286 thousand). At the end of September 2023, the value of the natural gas storage facilities was reduced by EUR 15,509 thousand, while the remaining amount of EUR 5,777 thousand is expected to impair the storage assets over the course of 2024. The impairment of the assets of the natural gas storage segment is recognised under the depreciation and amortisation expenses of EUR 11,489 thousand as well as in the reduction in the revaluation reserves of property, plant and equipment of EUR 4,020 thousand. The management of the Parent company has recognised the initial effects of the impairment of the assets of the natural gas storage segment on the Parent company's investment in the subsidiary. According to the initial assessment, the impairment of the subsidiary's assets does not lead to an impairment of the Parent company's assets. The final assessment is to be carried out as part of the audited annual financial statements.

New tariffs for the natural gas storage service came into force on 1 May 2023. Due to the decreased budgeted revenue attributable to the tariff period, the tariff values of the most common storage service products fell by 14%.

INVESTMENTS

Electricity transmission segment

Capital expenditure in the electricity transmission system is made in accordance with the Electricity Transmission System Development Plan approved by PUC, by implementing projects necessary for the provision of secure and high-quality electricity transmission system services. In order to minimise the impact of the planned investments on the electricity transmission tariff, investing in the reconstruction and renovation of existing assets is limited by the amount of depreciation, while EU co-financing, as well as accumulated grid-constraint management revenues, are actively used to finance projects aimed at network development.

The electricity transmission segment assets stood at EUR 879 million at the end of the reporting period. In the nine months of 2023, investments in electricity transmission assets were carried out in the amount of EUR 63,641 thousand, including:

- Synchronisation with the European electricity transmission network (phases 1 and 2): Investments amounted to EUR 23,697 thousand have been made. EUR 241,654 thousand in the projects of phases 1 and 2 of synchronisation of the Baltic States with continental Europe. The project aims to strengthen Latvia's energy security by synchronising the Latvian electricity transmission network with the continental European network while adhering to the principles of safety and cost efficiency.
- EUR 5,920 thousand were invested in the remodelling and renovation of substations as part of projects to remodel and renovate substations, replacing installed equipment that is fully depreciated and equipment to protect network elements, installing digital and high-speed equipment with wide functionality. In addition, the modernisation of communication solutions as a whole will ensure that the rebuilt substation can be managed not only from the workplace in the substation, but also remotely from the central control centre. The dispatcher receives all the necessary information for decisions and measures directly, both in the normal operating mode of the system and in various emergency situations. These projects increase the controllability and observability of the electrical system and open up opportunities for the development and integration of renewable energy sources.

Natural gas transmission segment

The transmission segment assets stood at EUR 228 million at the end of the reporting period, which accounted for 51% of the subsidiary’s total assets. During the reporting period, investments were made in the amount of EUR 8,119 thousand. Major investments:

- In the reporting period, Conexus invested a total of EUR 894 thousand in the sub-projects of the “Improving the Latvian-Lithuanian Interconnection” (ELLI) project of joint European significance. EUR. The most important activities related to the reconstruction of the Zaķumuiža and Daugmale gas regulating stations;

- Investments were made in the replacement of gas pipeline insulation in the Izborska - Inčukalna UGS facility section in the ampunt of EUR 4,261 thousand;
- Repairs of the sections of transmission gas lines and their anti-corrosion insulation were carried out for EUR 2,015 thousand.

Natural gas storage segment

The segment's assets stood at EUR 219 million at the end of the reporting period, accounting for 49% of the subsidiary's total assets. Investments made during the reporting period amounted to EUR 18,926 thousand, for EUR 9,907 thousand more than in the corresponding period of the previous year. The biggest investments – reconstruction of boreholes, modernising gas pumping units at the compressor shop no. 2, rebuilding of gas collection point no. 3, and installation of a new gas collection point, totalling EUR 17,083 thousand. They were implemented as part of the ambitious European Union common interest project PCI 8.2.4 "Improving the operation of Inčukalnas underground gas storage". As part of the modernisation of the existing gas pumping units, in September 2023, modernisation works related to gas pumping units no. 5 and 6 at the compressor shop were completed.

FINANCING AND LIQUIDITY

Investment projects are financed by both internal funds and external long-term finance, which is raised on the financial and capital markets regularly and in a timely manner. Timely borrowing is essential for the optimisation of risk management when refinancing loans and for the repayment of the loan amount within the binding term.

At 30 September 2023, the Parent company's total borrowings amounted to EUR 100,260 thousand (at 31 December 2022 – EUR 100,367 thousand), consisting of long-term loans from the green bonds issued in 2021 (see also Note 14). In order to secure the funds available to finance current assets, an overdraft facility agreement was arranged for with AS "Swedbank" on 9 December 2022 in the amount of up to EUR 10,000 thousand with "a term until 9 December 2024. AS "Augstsprieguma tīkls" did not receive any loans as part of overdraft facilities in the reporting period. At the end of the reporting period, 100% of the total volume of the Parent company's long-term loans had a fixed interest rate (at 31 December 2022: 100%). The weighted average interest rate of the Parent company's long-term loans was unchanged at 0.5% at the end of the reporting period (at 31 December 2022: 0.5%).

At 30 September 2023, the total amount of the Group's bonds was EUR 172,515 thousand, including bonds issued in the amount of EUR 100,260 thousand and bank loans in the amount of EUR 72,255 thousand. The natural gas operator AS "Conexus Baltic Grid" finances itself with its own funds. The subsidiary has a total of EUR 65,000 thousand in available bank credit lines. At the end of the reporting period, the aforementioned credit lines had not been utilised, meaning that a considerable liquidity reserve is available. The term of the available credit lines totalling EUR 65,000 thousand is more than one year. At the end of the reporting period, 72% of the Group's total long-term loans had fixed interest rates (at 31 December 2022: 71%), meaning that the rise in interest rates on the financial market had no significant impact on the Group. The weighted average interest rate for the Group's long-term loans was 1.41% at the end of the reporting period (at 31 December 2022: 1.07%)).

The international rating agency “S&P Global Ratings” (hereinafter “S&P”) has rated the Latvian transmission system operator AS “Augstsprieguma tīkls” and assigned it a long-term credit rating of A-/Stable. In 2022, S&P rated the Group's subsidiary for the first time and assigned it a long-term credit rating of BBB+ with a stable outlook. On 1 August 2023, S&P maintained Conexus' long-term issuer rating of BBB+ with a stable outlook. Confirming the stability and financial reliability of the Augstsprieguma tīkls Group, S&P announced on 28 August 2023 that the Parent company's credit rating would be maintained at the high A- level with a stable future outlook.

REGULATORY ACTIVITIES – THE TRANSMISSION AND STORAGE SERVICES TARIFF

Electricity transmission

Under the PUC Council Resolution No. 64 of 22 May 2023 “On the tariffs for the services of the electricity transmission network of the joint-stock company “Augstsprieguma tīkls” differentiated tariffs for the services of the electricity transmission network were approved with effect from 1 July 2023 and the regulatory period until 31 December 2025. With the aforementioned decision of the PUC Council, AST may use the cumulative grid-constraint management revenue in the amount of EUR 62,070.1 thousand to cover the costs of electricity transmission network services during the regulatory period until 31 December 2025. Detailed information on the cumulative grid-constraint management revenues used in the 9 months of 2023 to cover the costs of electricity transmission grid services is presented in Note 4.

The Parent company has set itself the primary objective of taking measures to reduce the increase in tariffs for electricity transmission network services. In order to achieve this goal, the Parent company is actively seeking co-financing from the European Union to finance investments. As a result of the activities carried out, EU co-funding totalling EUR 300 million was received. In order to minimise the impact on transmission tariffs, the Parent company also uses the cumulative income from congestion management to finance investments. Investments in the electricity transmission network financed from EU co-financing and grid-constraint management revenues are not taken into account when calculating the tariffs for electricity transmission services.

Natural gas transmission and storage

In February 2023, the Subsidiary set the tariffs for storage capacity services that will apply for the storage cycle beginning on 1 May 2023. As the amount of budgeted revenue attributable to the tariff period has decreased, the tariff values of the most common storage products will fall by 14%.

On 26 October 2023, the Council of the Public Service Regulatory Commission passed a decision on the tariffs for transmission network services, which will enter into force on 1 December 2023. The decision provides that the tariff for the use of the exit point for the supply of Latvian users will increase by 37% from EUR 0.0019296946/kWh to EUR 0.0026488301/kWh, while the tariffs for the annual standard capacity products of the natural gas transmission system, the tariffs for the short-term standard capacity products, the tariffs for interruptible capacity products and the tariffs for interruptible virtual upstream capacity products will not change and will remain at their current level. Although the total cost of providing the service has not increased, the decrease in natural gas consumption observed in Latvia in recent years is the reason for the increase in tariffs for services.

FUTURE DEVELOPMENT OF THE GROUP

Electricity transmission

Synchronisation of the power systems of the Baltic States and continental Europe

In the forthcoming years, the most important challenges will be related to the synchronisation of the power systems of the Baltic States with those of continental Europe.

On 22 May 2019, AST signed the *Agreement on the conditions of the future interconnection of power system of Baltic States and power system of continental Europe*. The annexes to the concluded Agreement for the interconnection to the power system of continental Europe set out the technical requirements to be met by the Baltic TSOs before starting the synchronisation and after it. These requirements relate to changes in settings in the transmission system, investments in infrastructure development, and the obligations of TSOs to maintain a certain amount of frequency, frequency restoration reserves and system inertia.

As a result of synchronisation, the Baltic electricity transmission system will become part of the European system, which means independence from Russia's combined (IPS/UPS) system and a more reliable electricity supply.

On 1 August 2023, the electricity transmission system operators of Baltic states signed a cooperation agreement to ensure readiness for synchronisation with the continental European grid in February 2025. The agreement sets out a plan agreed between the operators on the steps to be taken to ensure the readiness of the Baltic energy system for accelerated synchronisation with the continental European energy system, which is essential for the secure operation of energy systems in the region.

Development of the electricity transmission network

In order to ensure efficient development of the transmission system and secure electricity transmission service, each year by 30 June AST prepared an Electricity Transmission System Development Plan for the next 10 years (hereinafter “Development Plan”) in accordance with the “Regulation for the Development Plan of the Electricity Transmission System” approved by PUC Decision No. 1/28 of 23 November 2011 and submitted to the PUC for approval.

The Development Plan for period from 2024to 2033 was approved by the PUC Resolution No. 115 of 19 October 2023 “On the Electricity Transmission System Development Plan ”.

The Development Plan has been developed in line with AST's strategic goal of strengthening Latvia's energy security by synchronising the Latvian electricity transmission network with the continental European grid, while adhering to the principles of security and cost efficiency.

The approved Development Plan defines the development of the transmission network and the necessary financial investments in transmission infrastructure for the next 10 years. It is expected that EUR 509 million will be invested in the development of the electricity transmission network. More about the approved Development Plan in detail at: https://www.ast.lv/lv/content/elektroenergijas-parvades-sistemas-attistibas-plans

To minimise the impact of the planned investments on electricity transmission tariffs, AST has successfully attracted EU co-financing for projects of common European interest included in the Development Plan and has also -redirected cumulative revenues from congestion fee revenues to finance them, including:

- Project “Synchronisation of the electricity transmission grid of the Baltic countries with the European grid, phase 1” - EU co-financing up to 75% of eligible costs, i.e. EUR 57.7 million, while 24% is to be covered by the cumulative revenues from congestion management;
- Project “Synchronisation of the electricity transmission grid of the Baltic countries with the European netowrk, Stage 2” - EU co-financing up to 75% of the eligible costs, i.e. EUR 92.6 million. EUR, with a further EUR 25 million to be covered by the cumulative grid-constraint management revenue;
- As part of the support programme for the modernisation of electricity transmission and distribution networks under the Recovery and Resilience Mechanism Plan approved by the Cabinet, the Parent Company will have the possibility to receive financing of EUR 38.1 million. With this support, AST plans to build a control and secure data centre, implement the necessary information technology infrastructure to improve the cybersecurity of the information system, and develop the digitalisation of grid management, ensuring the planning and management of renewable energy producers’ operating modes.

Investments in the electricity transmission network financed from EU co-financing and grid-constraint management revenues are not included in the calculation of electricity transmission system services tariffs.

Renewable electricity generation - connections to the transmission network

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

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

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

Network management and electricity market development

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

In the coming years, work will be carried out to develop and improve the common EU day-ahead and intraday electricity market. This will open up new opportunities for players in the EU internal electricity market, including Latvian and Baltic market players.

Projects have been launched that will enable market participants to participate in the day-ahead and intraday market with a time resolution of 15 minutes and to operate energy and capacity products on the intraday market in a similar way to the day-ahead market. Work is underway to develop and harmonise the timetable for the implementation of the 15-minute resolution at the Baltic Sea region level. AST would be charged with the task of preparing to complement the balance management system that AST is developing with a solution for intraday market auctions, and preparations are being made for tests with the centralised European intraday market auction system.

Work is also underway to create a single European mFRR trading platform and for the Baltic TSOs to join this platform, which will enable the Baltic balancing service providers to participate in the common European reserve market.

Joining this platform requires changes in the functioning of the common Baltic balancing model. The most important of these is ensuring the transition to a 15-minute balancing market period, which will allow electricity market participants to plan their activities more accurately and control system imbalances more efficiently.

Innovations and research

As a part of its commitment to the development of the parent company and understanding the critical role innovation plays in the success of its operations, representatives of the parent company actively participate in ENTSO-E's Research, Development, and Innovation Committee.

As part of the ENTSO-E Research, Development, and Innovation Committee, activities are being carried out aiming to achieve the transformation of the existing electrical systems to meet the objectives set by the European Union.

There are six directions in which innovation and research are focused:

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

Natural gas transmission and storage

The Subsidiary will actively work on the project to modernise the Inčukalnas UGS facility, which, once implemented by 2025, should significantly improve the operational reliability of the technical infrastructure and equipment so that the storage facility can maintain its functionality even after a pressure increase in the Baltic transmission system.

Work is also underway on the project to increase the transport capacity of the Latvian-Lithuanian gas pipeline in order to promote market access to the Klaipėda liquefied natural gas terminal, the Latvian Inčukalnas PGK and the Polish-Lithuanian gas interconnector. The “Latvian-Lithuanian Gas

Interconnector Improvement (ELLI) project provides for the implementation of various activities in both Latvia and Lithuania by the end of 2023, which are intended to increase gas interconnection capacity between Latvia and Lithuania in both directions.

The course set by the European Union (EU) and the European Commission for the energy transition and decarbonisation of the European Union obliges the Member States to significantly reduce their greenhouse gas emissions in the long term and to promote the transition to the use of renewable energies. The transformation strategy is based on the development of a hydrogen economy in which hydrogen is used as a carrier and storage medium for renewable energies with potential for future utilisation. During the reporting period, Conexus launched the North-Baltic Hydrogen Corridor project together with the transmission system operators of other countries “Gasgrid Finland” (Finland), “Elering” (Estonia), “Amber Grid” (Lithuania), “Gaz System Poland” (Poland) and “Ontras” (Germany), which aims to create a cross-border hydrogen corridor from Finland via Estonia, Latvia, Lithuania and Poland to Germany by 2030.

The implementation of climate-friendly and sustainable energy solutions is one of the subsidiary's strategic directions. The subsidiary plans to install solar cells with a total capacity of up to 1 MW on an area of more than 16,000 square metres on the site of the Inčukalna UGS facility. According to forecasts, the solar cell park will cover 25% of the total electricity consumption at the storage facility. During the reporting period, Conexus concluded a contract for the construction of a solar park, including the purchase of equipment, at the Inčukalna UGS site as part of an open tender. The project is to be realised by spring next year with an investment of EUR 989 thousand.

MANAGING FINANCIAL RISKS

The Augstsprieguma Tīkls Group manages its financial risks in accordance with its financial risk management policy and its subordinate financial risk management rules.

The Group’s subsidiaries develop and approve their own financial risk management guidelines, which are based on the principles of the Group’s policy.

The aim of financial resource management is to ensure the funding and financial stability of business activities through conservative financial risk management. As part of financial risk management, the Group and the Parent company apply financial risk controls and hedging measures to reduce the risk of open positions.

a) Liquitity risk

Liquidity risk relates to the ability of the Group and the Parent company to meet their obligations as they fall due. The Group and the Parent company maintain a reserve in the form of cash or committed and irrevocably available credit facilities for the next 24 months to hedge the operational risk that leads to unpredictable cash flow fluctuations and to minimise the short-term liquidity risk.

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

Management believes that the Augstsprieguma tīkls Group will not have liquidity problems and will be able to pay its creditors when payments become due. Management believes that the Augstsprieguma tīkls Group will have sufficient cash resources to ensure that its liquidity is not jeopardised.

b) Interest rate risk

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

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

The credit risk arising from the current account balances of the Group and the Parent company is managed in accordance with the Group's financial risk management principles and the financial risk management rules, whereby the allocation of financial resources is balanced.

Under the Financial risk management policy, when working with banks and financial institutions, counterparties are accepted whose creditworthiness has been rated at least "investment grade" by an international rating agency, either their own or that of the parent company.

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

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

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

d) Capital risk management

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

CIRCUMSTANCES AND EVENTS AFTER THE END OF THE REPORTING PERIOD

In October 2023, the joint-stock company "Augstsprieguma tīkls" received information that legal proceedings had been initiated against the transmission system operators of the Baltic states, including AST, before the International Court of Arbitration in Stockholm. The legal proceedings are related to the fact that the operators have defaulted on liabilities due to the international sanctions regime. Under the Rules of Procedure of the Stockholm International Arbitration, more detailed information is currently considered confidential.

On 20 October 2023, the Supervisory Council of AS "Augstsprieguma tīkls" elected Rolands Irklis as Chairman of the Board in accordance with the recommendations of the Nomination Committee. The Chairman of the Board is expected to take office on 7 December 2023.

In the period from the last day of the reporting period to the date of signing the unaudited condensed interim financial statements, there were no other significant events that would have a material impact on the Augstsprieguma Tīkls Group and the unaudited condensed interim financial statements of AS "Augstsprieguma tīkls" for the nine-month period ending 30 September 2023. Although uncertainty regarding the impact of events on future operations of the Group and the Parent company has increased, no circumstances have been identified that would jeopardize the continuity of operations or the fulfilment of statutory obligations.

Arnis Daugulis,	**Imants Zviedris,**	**Gatis Junghāns,**
Member of the Board	Member of the Board	Member of the Board

Riga, 15 November 2023

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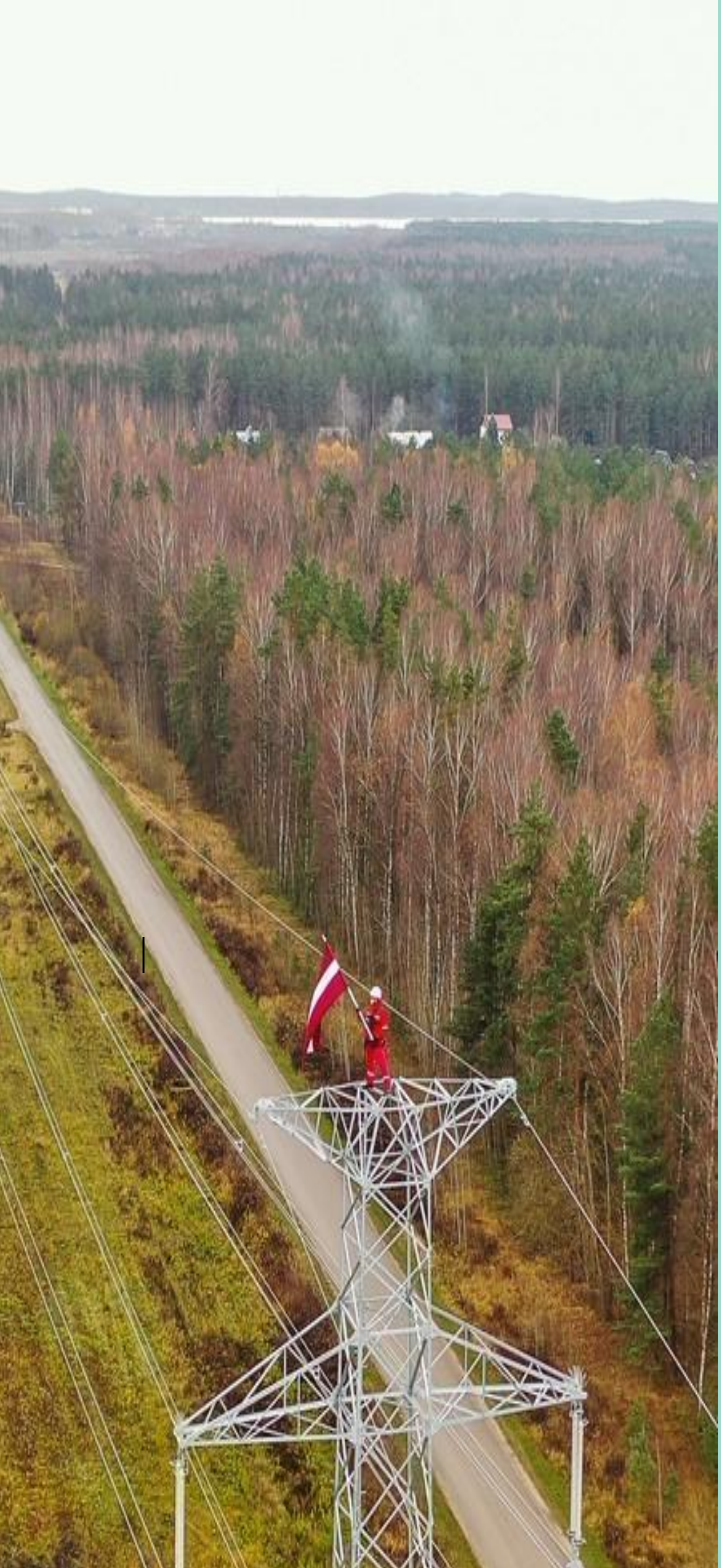

STATEMENT OF THE BOARD’S RESPONSIBILITIES

STATEMENT ON THE BOARD'S RESPONSIBILITIES

The Board of AS Augstsprieguma tīkls is responsible for the preparation of the financial statements of the Augstsprieguma tīkls group and AS Augstsprieguma tīkls.

Based on the information available to the Board of AS "Augstsprieguma tīkls", the unaudited condensed interim financial statements of Augstsprieguma tīkls group and AS "Augstsprieguma tīkls" for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard No. .34 "Presentation of Interim financial Statements" in all relevant aspects and give a true and fair view of the net assets, financial position, and results of operations of the Augstsprieguma tīkls group and AS "Augstsprieguma tīkls" and their cash flows. The information contained in the management report is true and fair.

Arnis Daugulis,	**Imants Zviedris,**	**Gatis Junghāns,**
Member of the Board	Member of the Board	Member of the Board

Riga, 15 November 2023

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STATEMENT OF PROFIT OR LOSS

	Notes	Parent company		Group	
		9 months of 2023 EUR	9 months of 2022 EUR	9 months of 2023 EUR	9 months of 2022 EUR
Revenue	4	114 887 857	204 526 116	167 271 488	243 848 498
Other revenue		5 074 442	4 101 380	5 768 674	4 689 879
Raw materials and consumables used	5	(53 658 852)	(103 411 532)	(58 290 502)	(107 647 396)
Personnel costs		(15 886 865)	(13 906 622)	(27 728 920)	(24 072 515)
Other operating expenses		(23 786 594)	(86 280 303)	(26 900 130)	(88 756 812)
EBITDA*		**26 629 988**	**5 029 039**	**60 120 610**	**28 061 654**
Depreciation and amortisation	7.4	(26 589 620)	(26 331 214)	(51 642 256)	(39 803 327)
OPERATING PROFIT/(LOSS)		**40 368**	**(21 302 175)**	**8 478 354**	**(11 741 673)**
Share of profit of an associate		8 333	-	8 333	-
Dividends from subsidiaries		5 719 677	6 536 774	-	-
Finance income	6a	1 528 942	5 186	1 553 746	6 953
Finance expenses	6b	(526 172)	(491 671)	(2 199 285)	(805 309)
PROFIT BEFORE TAX		**6 771 148**	**(15 251 886)**	**7 841 148**	**(12 540 029)**
Corporate income tax		-	-	(2 088 770)	(2 387 165)
PROFIT FOR THE REPORTING PERIOD		**6 771 148**	**(15 251 886)**	**5 752 378**	**(14 927 194)**
Profit attributed to:					
Parent company's shareholders		6 771 148	(15 251 886)	*4 269 712*	(17 091 300)
Non-controlling interests		-	-	1 482 666	2 164 106

* See Note 2 for an explanation on the addition of a non-IFRS indicator.
The Notes on pages 34 to 63 form an integral part of these financial statements

Arnis Daugulis,
Member of the Board

Imants Zviedris,
Member of the Board

Gatis Junghāns,
Member of the Board

Māra Grava,
Head of Finance and Accounting Department

Riga, 15 November 2023

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	Parent company		Group	
		9 months of 2023 EUR	9 months of 2022 EUR	9 months of 2023 EUR	9 months of 2022 EUR
PROFIT FOR THE REPORTING PERIOD		**6 771 148**	**(15 251 886)**	**5 752 378**	**(14 927 194)**
Other comprehensive income/ (loss) not reclassified to profit or loss in subsequent periods					
Revaluation of property, plant and equipment (decrease)/increase		-	-	**(4 533 421)**	-
Result of the re-measurement of post-employment benefits		-	**101 785**		**101 785**
Total other comprehensive income for the year		-	**101 785**	**(4 533 421)**	**101 785**
TOTAL comprehensive income for the reporting year		**6 771 148**	**(15 150 101)**	**1 218 957**	**(14 825 409)**
Comprehensive income attributable to:					
Parent company’s shareholders		6 771 148	(15 150 101)	(263 709)	(16 989 515)
Non-controlling interests		-	-	1 482 666	2 164 106

The Notes on pages 34 to 63 form an integral part of these financial statements.

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Head of Finance and
Accounting Department

Riga, 15 November 2023

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STATEMENT OF FINANCIAL POSITION

	Notes	Parent company		Group	
		30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
ASSETS					
Non-current assets					
Intangible assets	7.1	3 131 531	3 055 296	4 970 854	5 163 305
Property, plant, and equipment (PPE)	7.2	691 379 516	681 454 229	1 105 319 918	1 097 824 064
Advance payments for PPE		-	4 250	2 662 082	5 326 259
Right-of-use assets	7.3	14 628 979	14 471 389	15 080 623	14 932 892
Long-term financial investments	8	134 449 726	134 441 393	54 755	46 422
Long-term prepayments		-	-	932 275	1 007 865
Total non-current assets		**843 589 752**	**833 426 557**	**1 129 020 507**	**1 124 300 807**
Current assets					
Inventories		385 833	425 526	4 929 533	4 116 461
Receivables from contracts with customers	9	17 707 269	22 394 781	25 790 977	32 631 516
Other short-term receivables	10	32 715 395	9 490 098	35 267 852	12 426 651
Deposits	10	90 763 536	-	90 763 536	-
Corporate income tax	10	-	11 512	-	11 512
Cash and cash equivalents	11	28 352 416	92 042 624	29 484 105	103 009 740
Total current assets		**169 924 449**	**124 364 541**	**186 236 003**	**152 195 880**
TOTAL ASSETS		**1 013 514 201**	**957 791 098**	**1 315 256 510**	**1 276 496 687**

The Notes on pages 34 to 63 form an integral part of these financial statements.

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Riga, 15 November 2023

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STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	Parent company		Group	
		30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
EQUITY AND LIABILITIES					
Equity					
Share capital	12a	391 598 534	391 598 534	391 598 534	391 598 534
Reserves	12b	36 112 142	36 584 810	32 133 113	37 168 879
Retained earnings		19 546 635	19 336 624	100 010 401	102 272 149
Parent company shareholder's share of equity		**447 257 311**	**447 519 968**	**523 742 048**	**531 039 562**
Non-controlling interests	**12c**	**-**	**-**	**99 095 738**	**100 247 555**
Total equity		**447 257 311**	**447 519 968**	**622 837 786**	**631 287 117**
Non-current liabilities					
Employee benefit obligations		3 247 799	3 294 185	4 599 567	4 645 953
Lease liabilities	14	14 248 881	14 184 247	14 696 737	14 643 605
Borrowings	14	100 260 445	100 366 699	159 570 293	169 834 882
Deferred income from contracts with customers	13a	37 544 208	38 084 750	37 544 208	38 084 750
Other deferred income	13a	305 597 540	304 906 927	331 068 144	329 864 675
Total non-current liabilities		**460 898 873**	**460 836 808**	**547 478 949**	**557 073 865**
Current liabilities					
Borrowings	14	-	-	12 944 826	12 961 766
Lease liabilities	14	841 011	681 707	868 215	706 771
Deferred income from contracts with customers	13b	3 658 224	3 658 224	3 658 224	3 658 224
Other deferred income	13b	47 033 055	8 695 336	48 015 669	9 462 671
Trade payables	15	27 079 643	28 710 448	34 291 443	36 121 302
Deferred tax liability		-	-	4 490 381	4 490 381
Other liabilities	15	26 746 084	7 688 607	40 671 017	20 734 590
Total current liabilities		**105 358 017**	**49 434 322**	**144 939 775**	**88 135 705**
TOTAL LIABILITIES		**1 013 514 201**	**957 791 098**	**1 315 256 510**	**1 276 496 687**

The Notes on pages 34 to 63 form an integral part of these financial statements.

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Riga, 15 November 2023

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STATEMENT OF CHANGES IN EQUITY

	Notes	Parent company						
		Share capital EUR	Retained earnings EUR	Other reserves EUR	Revaluation reserve for property, plant and equipment EUR	Reserve of the remeasurement of postemployment benefits EUR	Reorganization reserve EUR	TOTAL EUR
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 for the year		-	10 990 321	-	-	-	-	10 990 321
Other comprehensive income for the reporting year		-	-	-	-	329 736	-	329 736
Total comprehensive income for the year		**-**	**10 990 321**	**-**	**-**	**329 736**	**-**	**11 320 057**
Paid dividends	12a	-	(29 143 118)	-	-	-	-	(29 143 118)
Write-down of revaluation reserve for property, plant and equipment		-	921 478	-	(921 478)	-	-	-
Share capital increase	12a	25 702 577	(25 702 577)	-	-	-	-	-
Total transactions with shareholders and other changes in equity		**25 702 577**	**(53 924 217)**	**-**	**(921 478)**	**-**	**-**	**(29 143 118)**
At 31 December 2022		**391 598 534**	**19 336 624**	**2 680 615**	**61 496 142**	**(255 243)**	**(27 336 704)**	**447 519 968**
Profit for the reporting period		-	6 771 148	-	-	-	-	6 771 148
Other comprehensive income for the reporting period		-	-	-	-	-	-	-
Total comprehensive income for the reporting period		**-**	**6 771 148**	**-**	**-**	**-**	**-**	**6 771 148**
Paid dividends	12a	-	(7 033 805)	-	-	-	-	(7 033 805)
Write-down of revaluation reserve for property, plant and equipment		-	472 668	-	(472 668)	-	-	-
Share capital increase		-	-	-	-	-	-	-
Total transactions with shareholders and other changes in equity		**-**	**(6 561 137)**	**-**	**(472 668)**	**-**	**-**	**(7 033 805)**
At 30 September 2023		**391 598 534**	**19 546 635**	**2 680 615**	**61 023 474**	**(255 243)**	**(27 336 704)**	**447 257 311**

The Notes on pages 34 to 63 form an integral part of these financial statements.

Arnis Daugulis,	**Imants Zviedris,**	**Gatis Junghāns,**	**Māra Grava,**
Member of the Board	Member of the Board	Member of the Board	Head of Finance and Accounting Department

Riga, 15 November 2023

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STATEMENT OF CHANGES IN EQUITY (CONTINUED)

		Group								
		Attributable to the shareholder of the Parent Company								
	Notes	Share capital EUR	Retained earnings EUR	Other reserves EUR	Revaluation reserve for property, plant and equipment EUR	Reserve of the re-measurement of post-employment benefit EUR	Reorganization reserve EUR	Total EUR	Non-controlling interests EUR	Total EUR
At 31 December 2021		**365 895 957**	**143 727 293**	**2 680 615**	**62 552 003**	**(842 630)**	**(25 748 543)**	**548 264 695**	**99 547 615**	**647 812 310**
Profit for the year		-	12 467 649	-	-	-	-	12 467 649	3 692 154	16 159 803
Other comprehensive income for the reporting year		-	-	-	(919 822)	370 158	-	(549 664)	18 623	(531 041)
Total comprehensive income for the year		**-**	**12 467 649**	**-**	**(919 822)**	**370 158**	**-**	**11 917 985**	**3 710 777**	**15 628 762**
Paid dividends	12a	**-**	(29 143 118)	**-**	**-**	**-**	**-**	(29 143 118)	(3 010 837)	(32 153 955)
Write-down of revaluation reserve for property, plant and equipment		**-**	922 902	-	(922 902)	-	-	-	-	-
Share capital increase	12a	25 702 577	(25 702 577)	-	-	-	-	-	-	-
Total transactions with shareholders and other changes in equity		**25 702 577**	**(53 922 793)**	**-**	**(922 902)**	**-**	**-**	**(29 143 118)**	**(3 010 837)**	**(32 153 955)**
At 31 December 2022		**391 598 534**	**102 272 149**	**2 680 615**	**60 709 279**	**(472 472)**	**(25 748 543)**	**531 039 562**	**100 247 555**	**631 287 117**
Profit for the reporting period		-	4 269 712	-	-	-	-	4 269 712	1 482 666	**5 752 378**
Other comprehensive income for the reporting period		-	-	-	(4 533 421)	-	-	(4 533 421)	-	-
Total comprehensive income for the reporting period		**-**	**4 269 712**	-	**(4 533 421)**	-	-	**(263 709)**	**1 482 666**	**1 218 957**
Paid dividends		**-**	(7 033 805)	-	-	-	-	(7 033 805)	(2 634 483)	(9 668 288)
Write-down of revaluation reserve for property, plant and equipment		**-**	502 345	-	(502 345)	-	-	-	-	-
Share capital increase		**-**	-	-	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with shareholders and other changes in equity		**-**	**(6 531 460)**	**-**	**(502 345)**	**-**	**-**	(7 033 805)	(2 634 483)	**(9 668 288)**
At 30 September 2023		**391 598 534**	**100 010 401**	**2 680 615**	**55 673 513**	**(472 472)**	**(25 748 543)**	**523 742 048**	**99 095 738**	**622 837 786**

The Notes on pages 34 to 63 form an integral part of these financial statements.

Arnis Daugulis,
Member of the Board

Imants Zviedris,
Member of the Board

Gatis Junghāns,
Member of the Board

Māra Grava,
Head of Finance and
Accounting Department

Riga, 15 November 2023

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STATEMENT OF CASH FLOWS

	Notes	Parent company		Group	
		2023 9 months EUR	2022 9 months EUR	2023 9 months EUR	2022 9 months EUR
I. CASH FLOW FROM OPERATING ACTIVITY					
Profit before tax		**6 771 148**	**(15 251 886)**	**7 841 148**	**(12 540 029)**
Adjustments:					
Amortization of intangible assets and property, depreciation of plant and equipment and impairment	7.4	25 899 252	25 638 514	50 942 029	39 087 662
Depreciation of right-of-use assets	7.4	690 368	692 700	700 227	715 665
Disposals of intangible assets and property, plant and equipment	7.4	424 092	195 725	574 980	164 791
(Decrease) / increase in provisions		(46 386)	295 664	(46 386)	581 444
Interest expense		648 532	566 917	2 321 089	879 316
Interest income		(1 524 363)	-	(1 548 616)	-
Dividends from subsidiaries		(5 719 677)	(6 536 774)	-	-
Share of profit of an associate		(8 333)	-	(8 333)	-
Operating profit before changes in working capital		**27 134 633**	**5 600 860**	**60 776 138**	**28 888 849**
Adjustments:					
(Increase) /decrease in amounts due from contracts with customers, deposits and other short-term receivables		(18 526 273)	(16 560 805)	(15 937 529)	(13 133 690)
Decrease / (increase) in inventories		39 693	62 579	(813 072)	(396 924)
Increase / (decrease) in trade payables and amounts due to other creditors		25 532 357	40 707 740	23 099 666	45 062 151
Gross cash flow from operating activity		**34 180 410**	**29 810 373**	**67 125 203**	**60 420 385**
Interest paid		(81 222)	-	(1 926 064)	(285 339)
Lease interest paid		(173 564)	(173 170)	(189 172)	(188 586)
Interest received		760 827	-	785 080	-
Expense on issued debt securities (bonds)	14	(500 000)	(126 027)	(500 000)	(126 028)
Corporate income tax payments		-	-	(2 088 770)	(2 387 165)
Net cash flow from operating activity		**34 186 451**	**29 511 175**	**63 206 277**	**57 433 267**

The Notes on pages 34 to 63 form an integral part of these financial statements.

Arnis Daugulis,	**Imants Zviedris,**	**Gatis Junghāns,**	**Māra Grava,**
Member of the Board	Member of the Board	Member of the Board	Head of Finance and Accounting Department

Riga, 15 November 2023

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STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	Parent company		Group	
		2023 9 months EUR	2022 9 months EUR	2023 9 months EUR	2022 9 months EUR
II. CASH FLOW FROM INVESTING ACTIVITY					
Acquisition and establishment of property, plant and equipment and intangible assets		(36 592 159)	(17 963 541)	(58 264 750)	(30 462 213)
Proceeds from sale of PPE	7.2	271 543	232 479	273 646	264 959
EU funding received	13	22 230 789	489 431	23 535 536	4 472 847
Congestion charges received	13	8 151 150	60 463 462	8 151 150	60 463 462
Placed deposits		(90 000 000)	-	(90 000 000)	-
Investment in associate		-	(45 000)	-	(45 000)
Dividends received from subsidiaries		5 719 677	6 536 774	-	-
Net cash flow from investing activity		**(90 219 000)**	**49 713 605**	**(116 304 418)**	**34 694 055**
III. Cash flow from financing activity					
Payments for asset leases	14	(623 854)	(624 544)	(633 216)	(646 926)
Borrowings from credit institutions		-	-	-	10 561 106
Repayment of borrowings to credit institutions	14	-	-	(10 158 335)	(34 657 206)
Dividends paid		(7 033 805)	(29 143 118)	(9 635 943)	(32 118 921)
Net cash flow from financing activity		**(7 657 659)**	**(29 767 662)**	**(20 427 494)**	**(56 861 947)**
Net increase in cash during the reporting period		**(63 690 208)**	**49 457 118**	**(73 525 635)**	**35 265 375**
Cash at the beginning of the reporting year		92 042 624	48 513 943	103 009 740	63 190 053
Cash at the end of the reporting year		**28 352 416**	**97 971 061**	**29 484 105**	**98 455 428**

The Notes on pages 34 to 63 form an integral part of these financial statements.

Arnis Daugulis,	**Imants Zviedris,**	**Gatis Junghāns,**	**Māra Grava,**
Member of the Board	Member of the Board	Member of the Board	Head of Finance and Accounting Department

Riga, 15 November 2023

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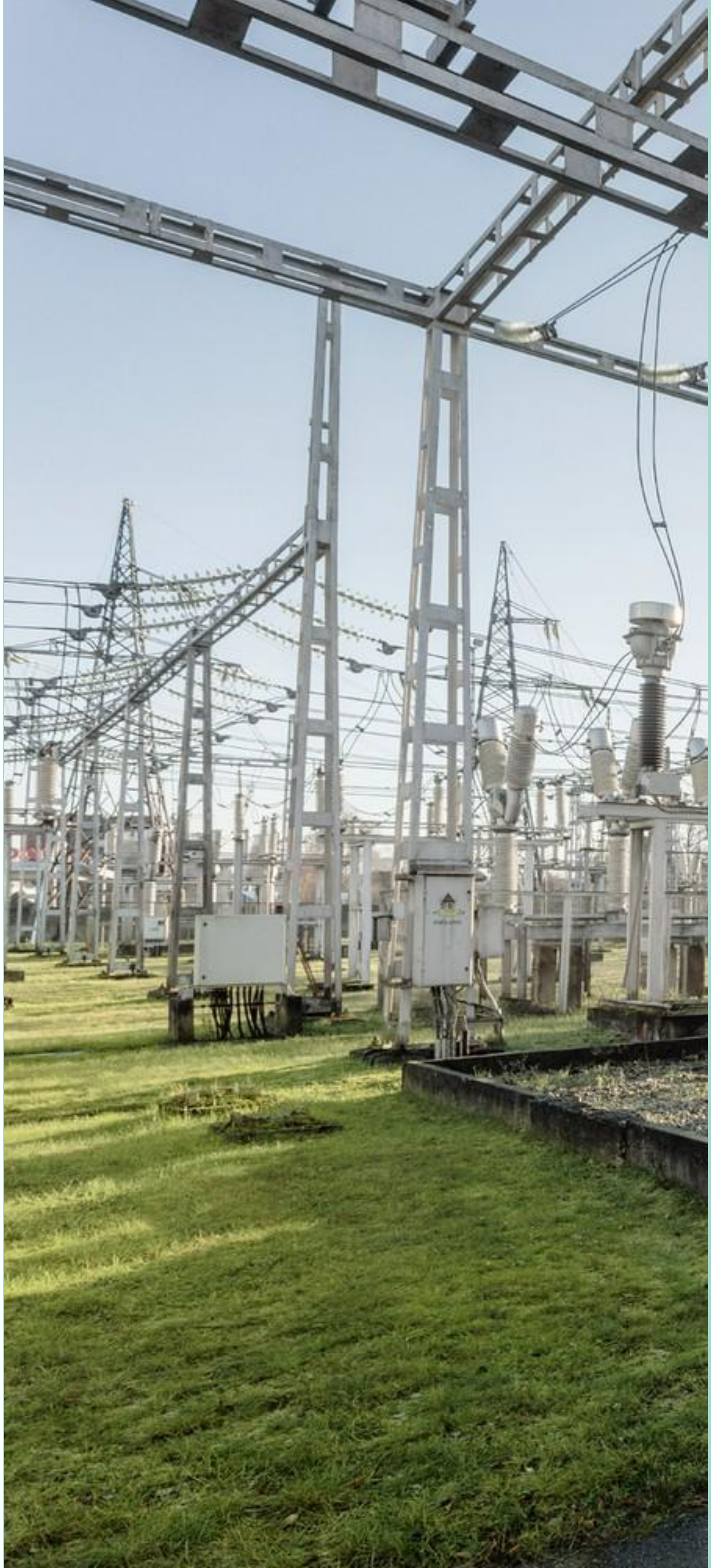

NOTES TO THE CONSOLIDATED AND STAND-ALONE FINANCIAL STATEMENTS

1. GENERAL INFORMATION ABOUT THE GROUP

The principal business of Augstsprieguma tīkls Group is the provision of electricity transmission system operator functions, efficient management of energy supply system assets, natural gas transmission and storage. Augstsprieguma tīkls Group comprises the parent company AS "Augstsprieguma tīkls", the subsidiary AS "Conexus Baltic Grid", and the associated company "Baltic RCC" OÜ. All shares in AS "Augstsprieguma tīkls" are owned by the State and held by the Ministry of Finance of the Republic of Latvia. From 14 February 2023, the holder of the State shares is the Ministry of Climate and Energy. The Parent company's registered office is at Dārzciema iela 86, Riga, LV-1073, Latvia. The Board and Council of Augstsprieguma tīkls Group:

Members of the Board and their positions	Gunta Jēkabsone – Chairwoman of the Board (until 01.08.2023) Imants Zviedris – a member of the Board Gatis Junghāns – a member of the Board Arnis Daugulis – a member of the Board Mārcis Kauliņš – a member of the Board (until 17.09.2022)
Members of the Council and their positions	Kaspars Āboliņš – Chairman of the Council Olga Bogdanova – Deputy Chairwoman of the Board Armands Eberhards – a member of the Council Aigars Ģērmanis – a member of the Council Madara Melne – a member of the Council (until 08.02.2022)

AS "Augstsprieguma tīkls" is a transmission system operator which, under the licence No. E12001 issued by the Public Utilities Commission, ensures the operation of the transmission network and security of supply of the Latvian electricity system, provides transmission services on the basis of published transmission tariffs and ensures the availability of transmission system services at all times. AS "Augstsprieguma tīkls" performs operational management of the transmission system and ensures secure and stable electricity transmission. AS "Conexus Baltic Grid", the Group's subsidiary, is an independent operator of the natural gas transmission and storage system in Latvia. It manages one of the most modern natural gas storage facilities in Europe - the Inčukalns Underground Gas Storage facility - and the natural gas transmission network connecting the Latvian natural gas market with Lithuania, Estonia and Russia. Conexus is committed to the sustainability and safety of the infrastructure, a high quality of service that promotes market development and brings economic benefits to customers and society as a whole. Conexus' natural gas transmission and storage services are regulated by the Public Utilities Commission. The associated company of the Group is "Baltic RCC" OÜ. It is the Baltic Regional Coordination Centre in Tallinn, whose main task is to coordinate the development planning of the electricity systems as well as to coordinate the daily activities of the individual operators in order to ensure the security of electricity supply. The Unaudited Condensed Interim Financial Statements were approved by the Board of the Parent company on 16 August 2023 consisting of the following members: 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 Parent company and the Group is the auditing company SIA "PricewaterhouseCoopers" and the auditor in charge is Ilandra Lejiņa. These Unaudited Condensed Interim Financial Statements have not been audited.

2. MATERIAL ACCOUNTING POLICIES

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

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

The consolidated unaudited condensed interim financial statements of the Group include the financial results of the subsidiary AS "Conexus BalticGrid" since its acquisition, using the same accounting policies or methods as for the preparation of the consolidated financial statements of Augstsprieguma Tīkls Group and AS “Augstsprieguma tīkls” for 2022. All transactions between Group companies, intra-Group balances and unrealised gains from transactions between Group companies are excluded. Unrealised losses are also excluded, but are considered an indicator of impairment of the transferred asset. Where necessary, the accounting policies of the Group's Subsidiary have been changed to ensure consistency with the Group's accounting policies. Minority interests in the equity and income statement of fully consolidated subsidiaries for the reporting year are determined. Investments in the share capital of fully consolidated subsidiaries are recognised in the separate financial statements of the Parent company at historical cost less any impairment losses. An impairment loss is recognised when the carrying amount of the investment in the subsidiary exceeds its recoverable value. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Previously recognised impairment losses of subsidiaries (if any) are reviewed for possible reversal at each reporting date.

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

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

3. OPERATING SEGMENTS

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

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

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

	Group					
	Electricity transmission EUR	**Natural gas transmission EUR**	**Natural gas storage EUR**	**Total segments EUR**	**Adjustments and eliminations EUR**	**Total Group EUR**
9 MONTHS OF 2023						
External customers	114 887 857	17 152 701	35 230 930	167 271 488	-	167 271 488
Revenue	**114 887 857**	**17 152 701**	**35 230 930**	**167 271 488**	**-**	**167 271 488**
EBITDA	**26 629 988**	**7 245 685**	**26 244 937**	**60 120 610**	**-**	**60 120 610**
Depreciation and amortization	(26 589 620)	(7 470 087)	(17 582 549)	(51 642 256)	-	(51 642 256)
Segment profit before tax	**1 051 471**	**(1 195 169)**	**7 984 846**	**7 841 148**	**-**	**7 841 148**
Segment assets at the end of the reporting period	879 064 475	228 098 371	218 747 217	1 325 910 063	(10 708 308)	1 315 201 755
Capital expenditure	63 641 273	8 118 868	18 925 995	90 686 136	-	90 686 136

	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	30 922 409	-	30 922 409

Adjustments and eliminations

Deferred tax is not attributed to individual segments as the underlying instruments are managed within the Group. Taxes and certain financial assets and liabilities are not attributed to these segments as they are also managed at the Group level.

Capital expenditure consists of additions to PPE and intangible assets.

RECONCILIATION OF PROFIT BEFORE TAX

	PARENT COMPANY		GROUP	
	9 months of 2023 EUR	9 months of 2022 EUR	9 months of 2023 EUR	9 months of 2022 EUR
EBITDA	**26 629 988**	**5 029 039**	**60 120 610**	**28 061 654**
Depreciation and amortisation	(26 589 620)	(26 331 214)	(51 642 256)	(39 803 327)
Segment profit/(loss) before tax and finance costs	**40 368**	**(21 302 175)**	**8 478 354**	**(11 741 673)**
Finance income	1 528 942	5 186	1 553 746	6 953
Finance expenses	(526 172)	(491 671)	(2 199 285)	(805 309)
Segment profit/(loss) before tax	**1 043 138**	**(21 788 660)**	**7 832 815**	**(12 540 029)**
Dividends received from a subsidiary	5 719 677	6 536 774	-	-
Share of profit of an associate	8 333	-	8 333	-
Profit before tax	**6 771 148**	**(15 251 886)**	**7 841 148**	**(12 540 029)**

RECONCILIATION OF ASSETS

	PARENT COMPANY		GROUP	
	30.09.2023. EUR	30.09.2022. EUR	30.09.2023. EUR	30.09.2022. EUR
Segment assets	879 064 475	836 073 202	1 325 910 063	1 285 882 979
Long-term financial investments	134 449 726	134 394 971	54 755	-
PPE*	-	-	(10 708 163)	(10 708 163)
Receivables from contracts with customers	-	-	(145)	(243)
Total assets	**1 013 514 201**	**970 468 173**	**1 315 256 510**	**1 275 174 573**

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

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

	PARENT COMPANY		GROUP	
	9 months of 2023	9 months of 2022	9 months of 2023	9 months of 2022
	EUR	EUR	EUR	EUR
Electricity transmission	68 928 954	141 889 024	68 928 954	141 889 024
Natural gas transmission	-	-	13 743 892	18 797 941
Natural gas storage	-	-	20 632 991	13 580 400
Total revenue from major customers	**68 928 954**	**141 889 024**	**103 305 837**	**174 267 365**

4. REVENUE

	Applicable IFRS	Parent company		Group	
		9 months of 2023 EUR	**9 months of 2022 EUR**	**9 months of 2023 EUR**	**9 months of 2022 EUR**
REVENUE FROM CONTRACTS WITH CUSTOMERS RECOGNISED OVER TIME					
Electricity transmission system service	IFRS 15	60 741 837	56 327 369	60 741 837	56 327 369
Balancing and regulatory electricity sales	IFRS 15	28 574 555	69 363 602	28 574 555	69 363 602
Revenue from natural gas storage	IFRS 15	-	-	35 230 930	21 212 508
Revenue from natural gas transmission	IFRS 15	-	-	16 482 409	17 728 277
Revenue from connection charges	IFRS 15	2 698 248	2 517 306	2 698 248	2 517 306
Electricity transit service	IFRS 15	46 834	920 000	46 834	920 000
Electricity cross-border perimeter charges	IFRS 15	-	614 675	-	614 675
Reactive electricity revenues	IFRS 15	413 749	499 202	413 749	499 202
Revenue from natural gas balancing, net*	IFRS 15	-	-	670 292	381 597
Other services	IFRS 15	569 226	502 998	569 226	502 998
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS		**93 044 449**	**130 745 152**	**145 428 080**	**170 067 534**
Other revenue					
Congestion management at the borders	IAS 20	767 251	63 350 003	767 251	63 350 003
Congestion management revenue to cover the costs of transmission losses**	IAS 20	12 537 879	-	12 537 879	-
Electric power congestion elimination	IAS 20	7 251 292	9 150 575	7 251 292	9 150 575
Asset leases	IFRS 16	1 286 986	1 280 386	1 286 986	1 280 386
TOTAL OTHER REVENUE		**21 843 408**	**73 780 964**	**21 843 408**	**73 780 964**
TOTAL REVENUE		**114 887 857**	**204 526 116**	**167 271 488**	**243 848 498**

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

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

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

	Parent company		Group	
	9 months of 2023 EUR	**9 months of 2022 EUR**	**9 months of 2023 EUR**	**9 months of 2022 EUR**
Compulsory procurement component revenue	-	291 598	-	291 598
Compulsory procurement component expenses	-	291 598	-	291 598
Compulsory purchase components, net	**-**	**-**	**-**	**-**

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

	Parent company		Group	
	9 months of 2023 EUR	**9 months of 2022 EUR**	**9 months of 2023 EUR**	**9 months of 2022 EUR**
Revenue from natural gas balancing activities	-	-	8 939 319	26 661 063
Expenditure from natural gas balancing activities	-	-	(8 269 027)	(26 279 466)
Natural gas balancing, net	**-**	**-**	**670 292**	**381 597**

5. RAW MATERIALS AND CONSUMABLES USED

	Parent company		Group	
	9 months of 2023 EUR	9 months of 2022 EUR	9 months of 2023 EUR	9 months of 2022 EUR
Purchase of balancing electricity	23 681 247	53 546 067	23 681 247	53 546 067
Electricity transmission losses and technological consumption	16 766 357	25 199 341	16 766 357	25 199 341
Purchase of regulatory electricity	4 826 574	15 802 029	4 826 574	15 802 029
Natural gas transmission and storage system maintenance services	-	-	2 982 647	2 872 285
Electricity transit losses	6 741 450	7 726 588	6 741 450	7 726 588
Cost of materials used and repair works	1 389 006	767 568	2 144 298	1 695 479
Natural gas costs	-	-	893 711	435 668
Electricity for self-consumption	254 218	369 939	254 218	369 939
TOTAL RAW MATERIALS AND CONSUMABLES USED	**53 658 852**	**103 411 532**	**58 290 502**	**107 647 396**

6. FINANCE INCOME AND EXPENSES

	Parent company		Group	
	9 months of 2023 EUR	9 months of 2022 EUR	9 months of 2023 EUR	9 months of 2022 EUR
a) Finance income				
Interest income from credit institutions	-	-	24 253	-
Interest income on loans	1 524 363	-	1 524 363	-
Other finance income	4 579	5 186	5 130	6 953
Total finance income	**1 528 942**	**5 186**	**1 553 746**	**6 953**
b) Finance expenses				
Interest expense on borrowings	(81 222)	-	(1 738 171)	(296 984)
Interest expenses on coupon of debt securities issued (Note 14)	(393 746)	(393 747)	(393 746)	(393 747)
Expenditure on debt securities issued	-	(36 089)	-	(36 089)
Capitalized interest expenses of borrowings	127 983	115 819	127 983	115 819
Interest expense on leased assets (Note 14)	(173 564)	(173 170)	(189 172)	(188 586)
Other finance expenses	(5 623)	(4 484)	(6 179)	(5 722)
Total finance expenses	**1 002 770**	**(486 485)**	**(645 539)**	**(798 356)**

7. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

7.1. INTANGIBLE ASSETS

	Parent company			
	Computer software and licenses EUR	**Transmission right-of-use assets EUR**	**Intangible assets under construction EUR**	**Total EUR**
At 31 December 2021				
Historical cost	3 126 796	1 892	321 492	3 450 180
Accumulated amortization	(1 327 483)	(930)	-	(1 328 413)
NBV at 31 December 2021	**1 799 313**	**962**	**321 492**	**2 121 767**
For 2022				
Additions	585 678	-	983 254	1 568 932
Transferred	390 000	-	(390 000)	-
Amortization charge	(635 308)	(95)	-	(635 403)
NBV at 31 December 2022	**2 139 683**	**867**	**914 746**	**3 055 296**
At 31 December 2022				
Historical cost	3 993 948	1 892	914 746	4 910 586
Accumulated amortization	(1 854 265)	(1 025)	-	(1 855 290)
NBV at 31 December 2022	**2 139 683**	**867**	**914 746**	**3 055 296**
For 2023				
Additions	374 156	-	347 941	**722 097**
Transferred	-	-	-	-
Disposals	(27 139)	-	-	(27 139)
Amortization charge	(618 652)	(71)	-	(618 723)
NBV at 30 September 2023	**1 868 048**	**796**	**1 262 687**	**3 131 531**
At 30 September 2023				
Historical cost	4 196 478	1 892	1 262 687	5 461 057
Accumulated amortization	(2 328 430)	(1 096)	-	(2 329 526)
NBV at 30 September 2023	**1 868 048**	**796**	**1 262 687**	**3 131 531**

	Group			
	Computer software and licenses EUR	Transmission right-of-use assets EUR	Intangible assets under construction EUR	Total EUR
At 31 December 2021				
Historical cost	11 316 085	1 892	382 546	11 700 523
Accumulated amortization	(7 536 577)	(930)	-	(7 537 507)
NBV at 31 December 2021	**3 779 508**	**962**	**382 546**	**4 163 016**
For 2022				
Additions	585 678	-	1 758 611	2 344 289
Transferred	1 177 416	-	(1 177 416)	-
Amortization charge	(1 343 905)	(95)	-	(1 344 000)
NBV at 31 December 2022	**4 198 697**	**867**	**963 741**	**5 163 305**
At 31 December 2022				
Historical cost	12 785 449	1 892	963 741	13 751 082
Accumulated amortization	(8 586 752)	(1 025)	-	(8 587 777)
NBV at 31 December 2022	**4 198 697**	**867**	**963 741**	**5 163 305**
For 2023				
Additions	374 156	-	642 224	1 016 380
Transferred	91 823	-	(91 823)	-
Disposals	(27 139)			(27 139)
Amortization charge	(1 181 621)	(71)	-	(1 181 692)
NBV at 30 September 2023	**3 455 916**	**796**	**1 514 142**	**4 970 854**
At 30 September 2023				
Historical cost	11 554 777	1 892	1 514 142	13 070 811
Accumulated amortization	(8 098 861)	(1 096)	-	(8 099 957)
NBV at 30 September 2023	**3 455 916**	**796**	**1 514 142**	**4 970 854**

7.2. PROPERTY, PLANT AND EQUIPEMNT

	Parent company						
	Land, buildings EUR	Electricity transmission structures EUR	Transmission lines, process equipment EUR	Other electricity transmission equipment EUR	Other PPE EUR	Property, plant and equipment under construction EUR	TOTAL EUR
At 31 December 2021							
Historical cost or revalued amount	41 572 109	8 365 473	1 204 172 346	11 471 818	17 669 409	20 409 947	1 303 661 102
Accumulated depreciation and impairment	(5 090 748)	(3 606 418)	(590 970 246)	(9 501 087)	(8 686 813)	-	(617 855 312)
NBV 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**
For 2022							
Additions	14 313	-	20 591	1 633	764 401	29 129 833	29 930 771
Transferred	2 011 900	187 869	14 453 603	559 044	422 795	(17 635 211)	-
Sold	-	-	(232 479)	-	-	(26 300)	(258 779)
Disposals	(11 007)	(4 344)	(259 464)	(122)	(413)	-	(275 350)
Depreciation charge	(1 381 106)	(526 959)	(27 866 942)	(465 858)	(3 507 338)	-	(33 748 203)
NBV at 31 December 2022	**37 115 461**	**4 415 621**	**599 317 409**	**2 065 428**	**6 662 041**	**31 878 269**	**681 454 229**
At 31 December 2022							
Historical cost or revalued amount	43 145 635	8 617 617	1 180 904 761	10 418 763	19 966 927	31 878 269	1 294 931 972
Accumulated depreciation and impairment	(6 030 174)	(4 201 996)	(581 587 352)	(8 353 335)	(13 304 886)		(613 477 743)
NBV	**37 115 461**	**4 415 621**	**599 317 409**	**2 065 428**	**6 662 041**	**31 878 269**	**681 454 229**
For 2023							
Additions	5 564	-	-	3 246	107 173	35 758 329	**35 874 312**
Transferred	947 039	37 309	6 704 641	134 872	64 290	(7 888 151)	-
Sold	-	-	-	-	-	(271 543)	**(271 543)**
Disposals	-	-	(396 702)	(6)	(245)	-	**(396 953)**
Depreciation charge	(1 013 210)	(393 500)	(20 903 233)	(440 955)	(2 529 631)	-	**(25 280 529)**
NBV at 30 September 2023	**37 054 854**	**4 059 430**	**584 722 115**	**1 762 585**	**4 303 628**	**59 476 904**	**691 379 516**
At 30 September 2023							
Historical cost or revalued amount	44 098 238	8 648 826	1 180 993 566	10 516 747	20 040 234	59 476 904	**1 323 774 515**
Accumulated depreciation and impairment	(7 043 384)	(4 589 396)	(596 271 451)	(8 754 162)	(15 736 606)	-	**(632 394 999)**
NBV	**37 054 854**	**4 059 430**	**584 722 115**	**1 762 585**	**4 303 628**	**59 476 904**	**691 379 516**

	Group								
	Land, buildings EUR	**Electricity transmission structures EUR**	**Gas transmission buildings and structures EUR**	**Transmission lines, process equipment EUR**	**Other electricity transmission equipment EUR**	**Other PPE EUR**	**Emergency reserve EUR**	**Property, plant and equipment under construction EUR**	**TOTAL EUR**
At 31 December 2021									
Historical cost or revalued amount	42 656 276	8 365 473	771 087 876	1 337 283 799	11 471 818	26 393 089	1 538 779	40 436 962	2 239 234 072
Accumulated depreciation and impairment	(5 090 748)	(3 606 418)	(447 747 521)	(652 498 137)	(9 501 087)	(15 021 212)	-	-	(1 133 465 123)
NBV 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**
For 2022									
Additions	22 619	-	44 902	1 266 499	1 633	1 895 697	-	40 864 728	44 096 078
Transferred	2 011 901	187 869	15 855 381	16 059 578	559 044	4 462 820	-	(39 136 593)	-
Sold	-	-	-	(232 479)	-	-	-	(26 300)	(258 779)
Disposals	(11 007)	(4 344)	(338 961)	(805 926)	(122)	(36 542)	-	-	(1 196 902)
Depreciation charge	(1 381 106)	(526 959)	(11 347 304)	(32 786 674)	(465 858)	(4 363 986)	-	-	(50 871 887)
Moved	-	-	-	-	-	-	286 605	-	286 605
NBV at 31 December 2022	**38 207 935**	**4 415 621**	**327 554 373**	**668 286 660**	**2 065 428**	**13 329 866**	**1 825 384**	**42 138 797**	**1 097 824 064**
At 31 December 2022									
Historical cost or revalued amount	44 238 109	8 617 617	785 685 819	1 314 599 932	10 418 763	33 446 283	1 825 384	42 138 797	2 240 970 704
Accumulated depreciation and impairment	(6 030 174)	(4 201 996)	(458 131 446)	(646 313 272)	(8 353 335)	(20 116 417)	-	-	(1 143 146 640)
NBV	**38 207 935**	**4 415 621**	**327 554 373**	**668 286 660**	**2 065 428**	**13 329 866**	**1 825 384**	**42 138 797**	**1 097 824 064**
For 2023									
Additions	5 564	-	7 250	138 616	3 246	556 692	-	61 913 525	62 624 893
Transferred	947 039	37 309	1 963 579	9 138 822	134 872	3 106 559	-	(15 328 180)	-
Sold	-	-	-	-	-	-	-	(271 543)	(271 543)
Disposals	-	-	(1 683 583)	(3 302 680)	(6)	(1 100)	(12 395)	(97 395)	(5 097 159)
Depreciation charge	(1 013 210)	(393 500)	(16 777 793)	(24 781 249)	(440 955)	(6 353 630)	-	-	(49 760 337)
NBV at 30 September 2023	**38 147 328**	**4 059 430**	**311 063 826**	**649 480 169**	**1 762 585**	**10 638 387**	**1 812 989**	**88 355 204**	**1 105 319 918**
At 30 September 2023									
Historical cost or revalued amount	45 190 712	8 648 826	777 060 844	1 312 657 023	10 516 747	33 257 611	**1 812 989**	**88 355 204**	2 277 499 956
Accumulated depreciation and impairment	(7 043 384)	(4 589 396)	(465 997 018)	(663 176 854)	(8 754 162)	(22 619 224)	-	-	(1 172 180 038)
NBV	**38 147 328**	**4 059 430**	**311 063 826**	**649 480 169**	**1 762 585**	**10 638 387**	**1 812 989**	**88 355 204**	**1 105 319 918**

Asset impairment assessment

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

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

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

Considering geopolitical situation and sharp rise in interest rates, AST management performed asset impairment testing on the end of year 2022. Evaluating current situation, AST management concludes, that in the first 9 months of 2023 no other indications have been discovered, assessment of existing indications has not changed since the last evaluation. In compliance with the above, no asset impairment test is performed.

7.3. RIGHT-OF-USE ASSETS

	Parent company	Group
	Buildings and land EUR	**Buildings and land EUR**
At 31 December 2021		
Historical cost	19 010 549	19 586 019
Accumulated depreciation	(4 375 132)	(4 499 495)
NBV	**14 635 417**	**15 086 524**
For 2022		
Changes to lease agreements recognised	69 881	106 527
Increase in right-of-use assets	686 101	686 101
Depreciation charge	(920 010)	(946 261)
NBV at 31 December 2022	**14 471 389**	**14 932 892**
At 31 December 2022		
Historical cost	19 766 531	20 270 161
Accumulated depreciation	(5 295 142)	(5 337 269)
NBV	**14 471 389**	**14 932 892**
For 2023		
Changes to lease agreements recognised	629 464	629 464
Increase in right-of-use assets	218 494	218 494
Depreciation charge	(690 368)	(700 227)
NBV at 30 September 2023	**14 628 979**	**15 080 623**
At 30 September 2023		
Historical cost	20 609 163	21 112 793
Accumulated depreciation	(5 980 184)	(6 032 170)
NBV	**14 628 979**	**15 080 623**

8. OTHER LONG-TERM FINANCIAL INVESTMENTS

	Parent company		Group	
	30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
Shareholding in the share capital of the Subsidiary, including:	**134 394 971**	**134 394 971**	**-**	**-**
AS ''Conexus Baltic Grid''	134 394 971	134 394 971	-	-
Shareholding in the share capital of associates, including:	**53 333**	**45 000**	**53 333**	**45 000**
''Baltic RCC" OÜ	53 333	45 000	53 333	45 000
Shareholding in the share capital of other companies, including	**1 422**	**1 422**	**1 422**	**1 422**
AS ''Pirmais slēgtais pensiju fonds''	1 422	1 422	1 422	1 422
NBV at the end of the reporting period	**134 449 726**	**134 441 393**	**54 755**	**46 422**

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

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

9. RECEIVABLES FROM CONTRACTS WITH CUSTOMERS

	Parent company		Group	
	30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
Receivables from contracts with customers				
Receivables for electricity transmission service	14 772 833	20 111 627	14 772 833	20 111 627
Other trade receivables	2 939 891	2 288 649	11 023 599	12 525 384
Total receivables from contracts with customers	**17 712 724**	**22 400 276**	**25 796 432**	**32 637 011**
Expected credit losses				
Other trade receivables	(5 455)	(5 495)	(5 455)	(5 495)
Total expected credit losses	**(5 455)**	**(5 495)**	**(5 455)**	**(5 495)**
Receivables from contracts with customers, net				
Receivables for electricity transmission service	14 772 833	20 111 627	14 772 833	20 111 627
Other trade receivables	2 934 436	2 283 154	11 018 144	12 519 889
RECEIVABLES FROM CONTRACTS WITH CUSTOMERS, NET	**17 707 269**	**22 394 781**	**25 790 977**	**32 631 516**
Impairment of the receivables from contracts with customers				
At the beginning of the reporting year	5 495	4 350	5 495	4 350
Recognised in the income statement	(40)	1 145	(40)	1 145
At the end of the reporting year	**5 455**	**5 495**	**5 455**	**5 495**

10. OTHER RECEIVABLES

	Parent company		Group	
	30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
Deposits	90 763 536	-	90 763 536	-
Expected European Union advance funding	19 118 813	8 384 944	19 118 813	8 384 944
Receivables related to the fraudulent transaction*	172 850	172 850	172 850	172 850
Provision for the fraudulent transaction*	(172 850)	(172 850)	(172 850)	(172 850)
Other financial assets	**109 882 349**	**8 384 944**	**109 882 349**	**8 384 944**
Overpaid corporate income tax	-	11 512	-	11 512
Prepayments	1 737 049	1 013 784	2 600 005	1 013 784
Advance payments for balancing services on an exchange	-	-	-	2 000 000
Other receivables	11 859 533	91 370	13 549 034	1 027 923
Other non-financial assets	**13 596 582**	**1 116 666**	**16 149 039**	**4 053 219**
TOTAL OTHER RECEIVABLES	**123 478 931**	**9 501 610**	**126 031 388**	**12 438 163**

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

11. CASH AND CASH EQUIVALENTS

	Parent company		Group	
	30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
Cash in the bank	25 123 788	92 042 624	26 255 477	103 009 740
Demand deposits	3 228 628	-	3 228 628	-
TOTAL CASH AND CASH EQUIVALENTS	**28 352 416**	**92 042 624**	**29 484 105**	**103 009 740**

12. EQUITY

a) Share capital

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

	Number of shares	Registered share capital, EUR
At 1 January 2021	**363 896 079**	**363 896 079**
New share issue	1 999 878	1 999 878
At 31 December 2021	**365 895 957**	**365 895 957**
New share issue	25 702 577	25 702 577
At 31 December 2022	**391 598 534**	**391 598 534**
At 30 September 2023	**391 598 534**	**391 598 534**

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

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

In accordance with the resolution of the Shareholders' Meeting of AS "Augstsprieguma tīkls" of 28 May 2021 (Minutes No.1, § 1 and 2§), a contribution of EUR 1,999,878 has been made to the share capital of the Parent company by capitalising retained earnings.
The Parent company has made payments to the State budget for the use of State capital (dividends) from the previous year's profits:

- EUR 7,999,514 or EUR 0.02198 per share in 2021;
- EUR 29,143,118 or EUR 0.79649 per share in 2022.
- EUR 7,033,805 or EUR 0.01796 per share in 2023.

b) Reserves

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

c) Non-controlling interests

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

13. DEFERRED REVENUE

	Parent company		Group	
	30.09.2023. EUR	31.12.2022. EUR	30.09.2023 EUR	31.12.2022. EUR
(a) Non-current deferred revenue				
- from connection charges	37 544 208	38 084 750	37 544 208	38 084 750
Non-current deferred revenue from contracts with customers	**37 544 208**	**38 084 750**	**37 544 208**	**38 084 750**
- from European Union funding	141 714 602	136 421 913	167 185 206	161 379 661
- from the expected European Union advance funding	19 118 813	8 384 944	19 118 813	8 384 944
- from advances received from European Union funding	18 562 500	18 562 500	18 562 500	18 562 500
- from congestion charge revenue	126 201 625	141 537 570	126 201 625	141 537 570
Other non-current deferred revenue	**305 597 540**	**304 906 927**	**331 068 144**	**329 864 675**
TOTAL Non-current deferred revenue	**343 141 748**	**342 991 677**	**368 612 352**	**367 949 425**

	Parent company		Group	
	30.09.2023. EUR	**31.12.2022. EUR**	**30.09.2023. EUR**	**31.12.2022. EUR**
(b) Current deferred revenue				
- from connection charges	3 658 224	3 658 224	3 658 224	3 658 224
Short-term deferred revenue from contracts with customers	**3 658 224**	**3 658 224**	**3 658 224**	**3 658 224**
- Unfinished EU co-funded projects, including:	18 137 601	3 881 759	18 137 601	3 881 759
Project "Synchronisation of the Baltic power system with the European power system, Phase 2"	-	*777 947*	-	*777 947*
Synchronisation of the Baltic States with Continental Europe, Phase 1	*18 050 186*	*2 950 889*	*18 050 186*	*2 950 889*
Project "EU-SysFlex – Pan- European system with an efficient coordinated use of flexibilities for the integration of a large share of RES"	9 523	*37 812*	9 523	*37 812*
Project "Dynamic stability study of the Baltic power systems"	*26 250*	*26 250*	26 250	*26 250*
Project "System for TSO-SSO-end-user interconnection, INTERRFACE"	*51 642*	*88 861*	*51 642*	*88 861*
- finished EU-funded projects	3 584 049	3 609 338	4 554 179	4 372 019
- from congestion charge revenue (usage rights)	1 523 957	-	1 523 957	-
- from congestion charge revenue	23 787 448	1 204 239	23 787 448	1 204 239
- from the funding of other projects	-	-	4 654	4 654
- from IUGS reserved capacity charges	-	-	7 830	-
Other current deferred revenue	**47 033 055**	**8 695 336**	**48 015 669**	**9 462 671**
TOTAL current deferred revenue	**50 691 279**	**12 353 560**	**51 673 893**	**13 120 895**

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

	Parent company		Group	
	30.09.2023. EUR	**31.12.2022. EUR**	**30.09.2023. EUR**	**31.12.2022. EUR**
At the beginning of the reporting year	**41 742 974**	**41 625 094**	**41 742 974**	**41 625 094**
Connection charges recognized in income statement	(2 698 248)	(3 467 086)	(2 698 248)	(3 467 086)
Connection charges received from customer contributions	2 157 706	3 584 966	2 157 706	3 584 966
At the end of the reporting year	**41 202 432**	**41 742 974**	**41 202 432**	**41 742 974**

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

	Parent company		Group	
	30.09.2023. EUR	**31.12.2022. EUR**	**30.09.2023. EUR**	**31.12.2022. EUR**
At the beginning of the reporting year	**313 602 263**	**251 557 503**	**339 327 346**	**270 490 450**
EU co-financing received*	18 768 944	7 720 085	18 768 944	7 720 085
Accumulated prior period EU co-financing received	(8 035 074)	(509 198)	(8 035 074)	(509 198)
Deferred revenue received from EU co-financing	7 131 492	489 433	8 436 239	8 133 373
EU co-financing advance received	15 099 296	21 513 389	15 099 296	21 513 389
Congestion charge revenue received**	8 151 150	37 650 929	8 151 150	37 650 929
Short-term congestion charge revenue (usage rights)	1 523 957	-	1 523 957	-
IUGS reserved capacity charge	-	-	7 830	(237 284)
Congestion charge revenue recognized in the income statement	(903 886)	(1 191 483)	(903 886)	(1 191 483)
EU co-financing recognized in the income statement	(2 707 548)	(3 628 395)	(3 291 990)	(4 242 915)
At the end of the reporting year	**352 630 595**	**313 602 263**	**379 083 813**	**339 327 346**
TOTAL at the end of the reporting year	**393 833 027**	**355 345 237**	**420 286 245**	**381 070 320**

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

**The total received grid-constraint management revenues in the 9 months of 2023 were EUR 28,707,573, of which EUR 8,018,544 were recognised in the income statement for covering the costs of grid-constraint prevention and EUR 12,537,879 for covering the costs of electricity transmission services. The remaining portion, EUR 8,151,150, is earmarked for deferred income.

14. BORROWINGS AND LEASE LIABILITIES

Borrowings:

	Parent company		Group	
	30.09.2023. EUR	**31.12.2022. EUR**	**30.09.2023. EUR**	**31.12.2022. EUR**
Non-current borrowings from credit institutions	-	-	59 309 848	69 468 183
Non-current portion of bonds issued	99 912 500	99 892 726	99 912 500	99 892 726
Current borrowings from credit institutions	-	-	12 899 286	12 899 286
Borrowings	**99 912 500**	**99 892 726**	**172 121 634**	**182 260 195**
Non-current accrued liability for interest on bonds issued	347 945	473 973	347 945	473 973
Current accrued liabilities for interest on borrowings from credit institutions	-	-	45 540	62 480
TOTAL borrowings	**100 260 445**	**100 366 699**	**172 515 119**	**182 796 648**
Including:				
Non-current borrowings	100 260 445	100 366 699	159 570 293	169 834 882
Current borrowings	-	-	12 944 826	12 961 766

Lease liabilities:

	Parent company		Group	
	30.09.2023. EUR	**31.12.2022. EUR**	**30.09.2023. EUR**	**31.12.2022. EUR**
TOTAL lease liabilities	**15 089 892**	**14 865 954**	**15 564 952**	**15 350 376**
Including:				
Non-current	14 248 881	14 184 247	14 696 737	14 643 605
Current	841 011	681 707	868 215	706 771

MOVEMENT OF BORROWINGS AND LEASE LIABILITIES:

	Parent company		
	Lease liabilities EUR	Other borrowings EUR	Total EUR
At 31 December 2021	**14 938 982**	**99 966 288**	**114 905 270**
Recognised changes to lease agreements	69 881	-	69 881
New contracts	686 101	-	686 101
Repayments, excluding interest	(829 010)	-	(829 010)
Interest payments	(230 846)	(126 027)	(356 873)
Calculated interest	230 846	526 438	757 284
At 31 December 2022	**14 865 954**	**100 366 699**	**115 232 653**
Recognised changes to lease agreements	629 298	-	629 298
New contracts	218 494	-	218 494
Repayments, excluding interest	(623 854)	-	(623 854)
Interest payments	(173 564)	(500 000)	(673 564)
Calculated interest	173 564	393 746	567 310
At 30 September 2023	**15 089 892**	**100 260 445**	**115 350 337**

	Group			
	Lease liabilities EUR	Borrowings from credit institutions EUR	Other borrowings EUR	Total EUR
At 31 December 2021	**15 406 319**	**98 093 221**	**99 966 288**	**213 465 828**
Recognised changes to lease agreements	106 527	-	-	106 527
New contracts	686 101	20 000 000	-	20 686 101
Repayments, excluding interest	(848 571)	(35 688 383)	-	(36 536 954)
Interest payments	(251 502)	-	(126 027)	(377 529)
Calculated interest	251 502	25 111	526 438	803 051
At 31 December 2022	**15 350 376**	**82 429 949**	**100 366 699**	**198 147 024**
Recognised changes to lease agreements	629 298	-	-	629 298
New contracts	218 494	-	-	218 494
Repayments, excluding interest	(633 216)	(10 158 335)	-	(10 791 551)
Interest payments	(189 172)	(1 844 842)	(500 000)	(2 534 014)
Calculated interest	189 172	1 827 902	393 746	2 410 820
At 30 September 2023	**15 564 952**	**72 254 674**	**100 260 445**	**188 080 071**

15. PAYABLES TO SUPPLIERS AND OTHER CREDITORS

	Parent company		Group	
	30.09.2023. EUR	31.12.2022. EUR	30.09.2023. EUR	31.12.2022. EUR
Financial liabilities				
Payables for electricity and natural gas	10 675 921	22 243 344	10 675 921	22 243 344
Payables for materials and services	16 403 722	6 467 104	23 615 522	13 877 958
Accrued liabilities	44 558	95 367	2 499 352	2 356 219
Other current financial liabilities	6 092 420	2 662 036	6 092 420	2 662 036
TOTAL financial liabilities	**33 216 621**	**31 467 851**	**42 883 215**	**41 139 557**
Non-financial liabilities:				
National social insurance mandatory contributions and other taxes	1 409 094	1 455 831	2 363 310	2 532 592
Advances received for connection charges	1 404 786	479 283	1 404 786	479 283
Advances received for capacity reservation	12 036 879	-	12 036 879	-
Advances received	-	650	7 622 892	8 581 032
Other current non-financial liabilities	5 758 347	2 995 440	8 651 378	4 123 429
TOTAL non-financial liabilities	**20 609 106**	**4 931 204**	**32 079 245**	**15 716 335**
TOTAL payables to suppliers and other creditors, including:	**53 825 727**	**36 399 055**	**74 962 460**	**56 855 892**
TOTAL payables to suppliers	27 079 643	28 710 448	34 291 443	36 121 302
TOTAL payables to other creditors	26 746 084	7 688 607	40 671 017	20 734 590

16. FAIR VALUE CONSIDERATIONS

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

	Parent company			
	NBV EUR	Level 1, EUR	Level 2, EUR	Level 3, EUR
At 30.09.2023.				
Assets that are measured at fair value:				
Revalued property, plant and equipment (Note 7.2)	590 544 130	-	-	590 544 130
Assets for which fair value is reported:				
Cash (Note 11)	28 352 416	-	28 352 416	-
Receivables from contracts with customers (Note 9)	17 707 269	-	-	17 707 269
Other non-current financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	109 882 349	-	-	109 882 349
Liabilities at fair value:				
Borrowings (Note 14)	100 260 445	-	100 260 445	-
Lease liabilities (Note 14)	15 089 892	-	-	15 089 892
Payables to suppliers and other payables (Note 15)	33 216 621	-	-	33 216 621
At 31.12.2022.				
Assets that are measured at fair value:				
Revalued property, plant and equipment (Note 7.2)	605 798 458	-	-	605 798 458
Assets for which fair value is reported:				
Cash (Note 11)	92 042 624	-	92 042 624	-
Receivables from contracts with customers (Note 9)	22 394 781	-	-	22 394 781
Other non-current financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	8 384 944	-	-	8 384 944
Liabilities at fair value:				
Borrowings (Note 14)	100 366 699	-	100 366 699	-
Lease liabilities (Note 14)	14 865 954	-	-	14 865 954
Payables to suppliers and other payables (Note 15)	31 467 851	-	-	31 467 851

	Group			
	NBV EUR	Level 1, EUR	Level 2, EUR	Level 3, EUR
At 30.09.2023.				
Assets that are measured at fair value:				
Revalued property, plant and equipment (Note 7.2)	966 366 010	-	-	966 366 010
Assets for which fair value is reported:				
Cash (Note 11)	29 484 105	-	29 484 105	-
Receivables from contracts with customers (Note 9)	25 790 977	-	-	25 790 977
Other non-current financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	109 882 349	-	-	109 882 349
Liabilities at fair value:				
Borrowings (Note 14)	172 515 119	-	172 515 119	-
Lease liabilities (Note 14)	15 564 952	-	-	15 564 952
Payables to suppliers and other payables (Note 15)	42 883 215	-	-	42 883 215
At 31.12.2022.				
Assets that are measured at fair value:				
Revalued property, plant and equipment (Note 7.2)	1 002 322 082	-	-	1 002 322 082
Assets for which fair value is reported:				
Cash (Note 11)	103 009 740	-	103 009 740	-
Receivables from contracts with customers (Note 9)	32 631 516	-	-	32 631 516
Other non-current financial investments (Note 8)	46 422	-	-	46 422
Other receivables (Note 10)	8 384 944	-	-	8 384 944
Liabilities at fair value:				
Borrowings (Note 14)	182 796 648	-	182 796 648	-
Lease liabilities (Note 14)	15 350 376	-	-	15 350 376
Payables to suppliers and other payables (Note 15)	41 139 557	-	-	41 139 557

17. RELATED PARTY TRANSACTIONS

INCOME AND EXPENSES FROM RELATED PARTY TRANSACTIONS (OTHER PUBLIC CAPITAL COMPANIES)

	Parent company		Group	
	9 months of 2023 EUR	**9 months of 2022 EUR**	**9 months of 2023 EUR**	**9 months of 2022 EUR**
Revenue				
Electricity transmission system service	59 725 688	54 906 829	59 725 688	54 906 829
Balancing electricity	4 900 374	26 508 272	4 900 374	26 508 272
Regulating electricity	(217 160)	1 631 053	(217 160)	1 631 053
Reactive energy revenues	375 873	436 651	375 873	436 651
Mandatory procurement components	-	223 692	-	223 692
Gas storage and transmission	-	-	16 880 834	14 130 097
Revenue from other services	1 596 548	1 781 515	1 596 548	1 781 515
Total revenue from transactions with related companies	**66 381 323**	**85 488 012**	**83 262 157**	**99 618 109**
Cost				
Purchase of balancing electricity	5 784 671	6 373 746	5 784 671	6 373 746
Purchase of regulatory electricity	4 826 574	15 800 271	4 826 574	15 800 271
Electricity for losses and technological consumption	12 514 277	-	12 514 277	-
Electricity for transit losses	2 158 195	-	2 158 195	-
Electricity for business use	144 685	63 405	144 685	63 405
Capacity reserve for electricity system security	6 625 064	5 716 415	6 625 064	5 716 415
Mandatory procurement components	-	564 827	-	564 827
Use of synchronous compensators	909 406	969 004	909 406	969 004
Communication expenses	2 730 588	2 404 254	2 730 588	2 404 254
Liquidation of electrical capacity overload	129 458	220 200	129 458	220 200
Lease of PPE and land	609 805	609 679	609 805	609 679
Gas storage and transmission	-	-	2 869 745	2 931 139
Other costs	51 714	117 171	51 714	117 171
Total cost of transactions with related companies	**36 484 437**	**32 838 973**	**39 354 182**	**35 770 111**

BALANCES AT THE END OF THE REPORTING YEAR FROM RELATED-PARTY TRANSACTIONS (OTHER PUBLIC CAPITAL COMPANIES)

	Parent company		Group	
	30.09.2023. EUR	**30.09.2022. EUR**	**30.09.2023. EUR**	**30.09.2022. EUR**
Receivables:				
State-controlled capital companies	8 658 220	13 440 502	11 193 998	15 292 947
Payables:				
State-controlled capital companies	14 528 788	10 520 847	14 970 178	10 869 876

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

In October 2023, the joint-stock company "Augstsprieguma tīkls" received information that legal proceedings had been initiated against the transmission system operators of the Baltic states, including AST, before the International Court of Arbitration in Stockholm. The legal proceedings are related to the fact that the operators have defaulted on liabilities due to the international sanctions regime. Under the Rules of Procedure of the Stockholm International Arbitration, more detailed information is currently considered confidential.

On 20 October 2023, the Supervisory Council of AS "Augstsprieguma tīkls" elected Rolands Irklis as Chairman of the Board in accordance with the recommendations of the Nomination Committee. The Chairman of the Board is expected to take office on 7 December 2023.

In the period from the last day of the reporting period to the date of signing the unaudited condensed interim financial statements, there were no other significant events that would have a material impact on the Augstsprieguma Tīkls Group and the unaudited condensed interim financial statements of AS "Augstsprieguma tīkls" for the nine-month period ending 30 September 2023. Although uncertainty regarding the impact of events on future operations of the Group and the Parent company has increased, no circumstances have been identified that would jeopardize the continuity of operations or the fulfilment of statutory obligations.

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