



AB AMBER GRID
CONSOLIDATED AND COMPANY'S INTERIM REPORT
FOR THE FIRST HALF OF 2019

Vilnius
2019

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1. GENERAL INFORMATION

The reporting period covered by the consolidated and Company's interim report of AB Amber Grid – the first half of 2019.

1.1. MAIN DATA

| | |
|--|--|
| Name | AB Amber Grid (hereinafter – Amber Grid, the Company) |
| Legal form | Public Company |
| Registration date and register | 25 June 2013, Register of Legal Entities |
| Legal entity code | 303090867 |
| Manager of the Register of Legal Entities | State Enterprise Centre of Registry |
| LEI code | 097900BGMP0000061061 |
| Authorised capital | EUR 51,730,929.06 |
| Registered office address | Savanoriu ave. 28, LT-03116 Vilnius |
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Amber Grid, the gas transmission system operator, is a company that plays an important role in safeguarding the national security of Lithuania. It is responsible for the transmission of natural gas and the operation of gas mains, as well as for safe and reliable functioning and development of the gas transmission system. Amber Grid ensures the natural gas transportation via high-pressure gas pipelines to system users, and the operation, maintenance and development of the natural gas infrastructure. The company also administers the Register of Guarantees of Origin. The infrastructure managed by the Company includes the gas mains, gas compressor stations, and gas metering and distribution stations.

Amber Grid controls 100 % of the authorised capital of UAB GET Baltic. UAB GET Baltic is the company holding the natural gas market operator's license, organising and developing trade on the natural gas exchange. More information about UAB GET Baltic is available on the website: www.getbaltic.com.

MISSION

We provide effective and reliable gas transmission, we create favourable conditions for competition in the gas market and for the development of renewable energy sources.

- *Effectively* – we pursue the best results working efficiently and optimizing our operating processes.

- *Reliably* – we transport gas to our customers safely and without any unplanned interruptions.
- *Conditions favourable for competition* – we work for the conditions of the use of the transmission system and the services provided to be flexible and convenient for the existing and new gas market players, allowing to easily obtain gas from various sources.
- *Development of renewable energy sources* – by administering the register of “green” gas guarantees of origin and with other initiatives, we seek for the development of production and trade of gas from renewable energy sources.

VISION

An innovative energy company in an integrated European gas network

- *Innovative* – applying advanced methods and techniques, which allow working faster, more efficiently, offering innovative solutions to customers and partners.
- *Integrated European gas network* – when the Baltic and the European gas markets both having access to the global LNG market are interconnected by physical infrastructure as well as well-functioning market and infrastructure rules, enabling easy and flexible gas transportation and trade.

1.2. OPERATING INDICATORS

| | H1 2019 | H1 2018 | H1 2017 |
|--|---------|---------|---------|
| Transported natural gas quantity | | | |
| Gas quantities transported to the internal exit point, GWh | 12 551 | 12 383 | 12 834 |
| Gas quantity transported to adjacent transmission systems ¹ , GWh | 14 674 | 15 547 | 12 942 |
| Number of system users at the end of period | 104 | 103 | 96 |
| Operated system | | | |
| Length of gas mains, km | 2 113 | 2 115 | 2 115 |
| Number of gas distribution stations and gas metering stations, units | 67 | 68 | 70 |
| Employees | | | |
| Number of employees at the end of period | 321 | 344 | 346 |

1.3. MAJOR EVENTS

January

On 1 January 2019, the natural gas transmission prices approved by the National Commission for Energy Control and Prices (hereinafter - NCC) came into effect. The average price of long-term natural gas transmission services for Lithuanian system users increased by 3.5% up to 1.17 EUR/ MWh. Due to the increased operational efficiency, the application of modern network maintenance technologies and the

¹ Transmission systems of Latvia and Kaliningrad Region of Russian Federation

allocation of early level of a share of permissible revenue for short-term services, the average cost of long-term transmission services is below the threshold set by the Commission.

February

On 27 February 2019, Amber Grid and EPSO-G Management Company entered into the lending and borrowing via Cashpool agreement. The Agreement sets out the maximum EPSO-G lending limit of EUR 15 million and Amber Grid lending limit of EUR 10 million. The maximum duration of the Agreement – 3 years.

March

6 March 2019. The NCC has published for public consultation the documents on the pricing of the Company's services for the year 2020 and subsequent years of the regulatory period.

15 March 2019. Amber Grid completed the project of modernization of the gas transmission system object that is of significance for the management of domestic and international gas flows. Investment in the renovation of Panevezys compressor station, which lasted for three years, amounts to EUR 5.6 million excluding VAT. Half of the funding was attracted from the European Union Structural Funds. The renovation of the object is important for ensuring the security and reliability of the natural gas transmission system in Lithuania and the Baltic region.

On 26 March 2019, Amber Grid has signed the contract for the renovation works of the sections of the international gas pipeline Vilnius-Panevezys-Riga that reach Lithuanian-Latvian border with a contractor company MT Group which is a successful tenderer in the public procurement procedure. The total value of the Project is EUR 8.1 million (excluding VAT). Half of the funds will come from the European Union Structural Funds. The pipeline reconstruction works are expected to last until the end of 2019.

April

The 2018 Profit Distribution Project was approved at the ordinary general meeting of the shareholders of the Company that was held **on 23 April 2019**, an amount of EUR 5.2 million was allocated for dividends.

May

On 9 May 2019 Amber Grid began reconstruction works of sections of the international gas pipeline Vilnius-Panevezys-Riga.

On 28 May 2019. Amber Grid has modernized two gas distribution stations in Alytus and Jonava. The value of the projects – EUR 4 million excluding VAT, half of the funds were allocated from the EU Structural Funds. The stations were equipped with advanced technological equipment. Part of the gas is also supplied through the modernized gas distribution station in Jonava to a fertilizer company Achema, the largest gas consumer in Lithuania.

June

1 June 2019. In promoting the production of green gas in Lithuania, Amber Grid started issuing guarantees of origin of gas produced from renewable energy sources to business. This is provided for in the Order of the Minister of Energy that was signed in May. Amber Grid that will perform the function of administration of the National Register of the Guarantees of Origin of green gas will issue guarantees of origin to producers of gas from renewable sources of energy, and will administer their transfer to suppliers or end-users using green gas in their activities. The guarantees of origin issued in other ES states will be also recognised in Lithuania. This means that it will be possible to import and export guarantees of origin to countries with which the Lithuanian gas system is directly or indirectly connected.

10 June 2019. The NCC has set a revenue cap of Amber Grid regulated activities (in providing services of natural gas transportation through the natural gas transmission system) of EUR 36.1 million for the year 2020 (a more detailed information and differences, compared with 2019, are presented in section entitled “Price regulation of the natural gas transmission system operator’s services” of this annual report).

11 June 2019. Amber Grid has lodged an application with the Innovation and Networks Executive Agency (INEA) under the European Commission for the financing of the project of increasing the capacity of the gas pipeline linking Lithuania and Latvia. A joint application for the EU support was lodged together with Latvian gas transmission system operator Conexus Baltic Grid. The total investment for this project is estimated at EUR 10.2 million, of which the share of Lithuanian investment is EUR 4.7 million. The largest possible EU support under the EU funding instrument Connecting Europe Facility (hereinafter - CEF) – up to 75% of eligible project costs is expected to be obtained for the construction phase of enlargement of Lithuanian-Latvian connection.

25 June 2019. The Board of Amber Grid made a decision to enter into the contract with a Polish company Izostal S.A. which is a successful tenderer of the public procurement procedure for GIPL pipes. The estimated value of the Contract – EUR 26.4 million (excluding VAT).

In June 2019 Amber Grid, together with more than 20 international partners that operate in various fields, started implementation of research and development project SecureGas operated by the European Union and international organizations RINA. The project, funded by Horizon 2020, the EU's research and innovation programme, is aimed at ensuring safety and resistance of the EU gas network. The purpose of the project is to identify critical elements of the gas transmission system in relation to cyber, physical, terrorist, natural and other threats, and to develop methodology, tools and recommendations for ensuring safety of the system.

In June 2019 the representatives of Amber Grid, together with partners from 10 EU countries, participated at the initial meeting of REGATRACE (Renewable Gas Trade Centre) project. This project is 100% funded by the European Union under the Horizon 2020 programme. The project is aimed at developing a European system for trading, transmission and conversion (electricity-hydrogen-methane) of biomethane and other gas produced from renewable energy sources and methodological assistance in developing national renewable gas policies.

1.4. MEMBERSHIP

The Company is a member of ENTSOG (www.entsog.eu), also of the Polish – Lithuanian Chamber of Commerce Association and of the National Lithuanian Electricity Association:

- ENTSOG was established according to Regulation No 715/2009 of the European Parliament and of the Council as the organisation for cooperation of gas transmission system operators at the level of the European Community.
- The Polish – Lithuanian Chamber of Commerce Association is a bilateral organisation for economic cooperation between Lithuania and Poland. The Association collects information for its members about business opportunities in both countries, cooperates with organisations and persons ensuring business management and development, organises conferences and thematic events.
- The National Lithuanian Electricity Association was established in 2016. The Association formulates the common position of the energy sector, represents the interests of its members before government institutions, public and international organisations, aims at the development and improvement of the Lithuanian electricity and gas supply conditions for the country’s consumers and at the promotion of economic and technical progress of the energy sector.

2. OPERATING ENVIRONMENT

2.1. BUSINESS ENVIRONMENT AND FORECASTS

No significant changes in the business environment have happened in the first half of 2019. Gas consumption in Lithuania, compared to the first half of 2018, remained similar, there has only been a slight decrease in amounts of gas transmission to adjacent transmission systems. This was mainly influenced by the pilot regasification works of Kaliningrad LNG Terminal that were performed in January. During these works, there was a decrease in gas transmission to Kaliningrad region.

Increasingly tightening EU environmental policy requirements, promotion and development of the use of renewable energy sources in the energy sector and more effective use of energy and energy resources reduce the consumption of natural gas for energy needs in Lithuania in the medium term. Since 2012, amount of gas transmitted for the needs of Lithuanian market has decreased by 34%. According to the Company's forecast, the downward trend should persist in next couple of years. The emergence of new capacity of biofuel and waste incineration in the sector of district heating should be a major contributor to this (for the most part - Vilnius CHP plant), and later, starting in 2021, gas demand in the country should stabilize. Similar decreasing trends in demand for natural gas are observed throughout the Baltic region - Finland, Estonia, Latvia and Lithuania. Since 2012, demand for gas in this region has fallen by more than 30%.

However, even though overall amounts of gas consumption are declining, gas is increasingly being used as a reserve and balancing fuel for both heat and power generation. According to statistics, households are also consuming more and more gas in Lithuania. For this reason, it is important to ensure adequate gas transmission capacity to meet such needs.

In 2016, the Baltic prime ministers have made a political decision that mandates the ministries of the countries in the region, that are responsible for the energy sector, to integrate by 2020, in cooperation with the regulators and transmission system operators of the region, the Baltic and Finnish gas markets by harmonizing the legal and regulatory environment of the sector, and ensuring installation of gas infrastructure that is sufficient for the functioning of the single gas market. This initiative would create favourable conditions for gas trade in the region and the preconditions for increased cross-border flows of gas, as well as for more efficient use of gas infrastructure and increased competition. The aim of the regional market would be to integrate the natural gas markets of the Baltic States and Finland into a single balancing area where cross-border transmission tariffs would be eliminated, balancing of gas systems and allocation of transmission capacity would be carried out jointly by all transmission system operators in the Baltic States, gas trading would take place at one virtual trading point.

In the first half of 2019 discussions in order to reach a consensus among all countries in the region on the full integration of the gas market continued. Latvia and Estonia have agreed on a single market from 2020. Together with Finland they will form a single tariff zone area - a zero transmission cost will apply in the interconnection with Finland, and transmission prices of access to the tariff area will be unified. Although Lithuania supports the idea of creating a single regional gas market, the terms of such an agreement do not ensure Lithuania's interests, since joining it would create an unjustified additional financial burden on domestic consumers. Therefore, negotiations are under way with Latvian, Estonian and Finnish operators on the conditions under which Lithuania will join the zone. The aim is to create a single market on acceptable terms for all parties, including Lithuanian citizens and businesses. Lithuania expects to join the Common Tariff Area at a later stage, unless there will be mutually beneficial conditions for doing so from 2020 onwards.

In June 2018, the Seimas of the Republic of Lithuania has approved the updated National Energy Independence Strategy. This energy policy document sets the following objective: to increase the share of renewable energy sources (RES) (including biomethane and other gas from RES) in the country's total final energy consumption: in 2020 – up to 30%, in 2030 – up to 45%, and from 2050 onwards – up to 80%, and to cease using natural gas in the electricity, heat and cooling sectors in that year.

It is expected that in Lithuania, as in the EU, natural gas will remain an important energy source in the energy sector during the period of transition to low-carbon economy. In 2020-2030, demand for natural gas in the country will be about 20 TWh, more than 50% of them will be the demand for gas as a raw material in the fertilizer industry.

2.2. REGULATORY ENVIRONMENT

From 2019, a new 5-year regulatory period began. In 2020, the Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a Transmission Tariff Structures Network Code (TAR NC) will also start to be fully applicable for setting prices of transmission activities. The application of the provisions of TAR NC, also regional market integration may result may result in changes in the price structure of services provided by the Company (also see the section “Price regulation of the natural gas transmission system operator’s services”). The changes that have come into effect because of the existing regulatory regime have had an impact on the Company's operation and results: a new 5-year regulatory period that starts from 2019 led to the fact that a new methodology for determining the rate of return on investment that was approved by the NCC was started to be applied for the Company, and from the beginning of 2019, the rate of return on investment has been significantly reduced (from 7.09% to 3.33%).

3. STRATEGY

3.1. DIRECTIONS, OBJECTIVES AND RESULTS

At the end of 2018, the Board of the Company has approved the updated Amber Grid strategy for 2017-2021. For clearer linkage of EPSO-G group corporate strategies in implementing strategic directions, the decision was made to unify them in all companies of the group. In pursuit of the company's vision and strategic goals set by the state and the shareholder - to increase the value of the Company and ensure implementation of the country's strategic interests in the gas sector, Amber Grid will focus on four strategic directions:

- development of regional activities and ensuring the success of strategic projects;
- sustainable growth of the company and ensuring long-term benefits for the shareholders;
- efficient activities and innovations;
- a creative and progressive organization.

Changes in designing activities are also reflected in the strategic goals set by the company. In order to further succeed, we must operate in the global market, digitize our services and expand their range, implement innovative technological and intellectual solutions, contribute to creating better conditions for renewable energy sources and their development. All these changes are dictated by the changing business environment, strategic decisions of the state, and technological advancement. The strategy document also provides general data on the Company's activities, forecasts, it assesses environmental changes and the changing situation in the market which affects the long-term strategy of the Company.

3.2. STRATEGIC INFRASTRUCTURE PROJECTS

In the first half of 2019, Amber Grid continued implementing the strategic gas transmission infrastructure projects – *the interconnection of gas pipelines between Poland and Lithuania (GIPL)* and *the capacity enhancement of the interconnection of gas pipelines between Latvia and Lithuania*.

These strategic infrastructure projects are included in the second EU list of projects of common interest that was published in November 2017, also in the Ten-Year Network Development Plan (TYNDP) of the European Network of Transmission System Operators for Gas (ENTSO-G) that was published in 2017, in the Baltic Energy Market Interconnection Plan (BEMIP) for 2017, the Ten-Year Network Development Plan (2017–2026) of the Natural Gas Transmission System Operator and the National Plan on the Implementation of Priority Projects on Electricity and Natural Gas Transmission Infrastructure approved by Resolution No 746 of the Government of the Republic of Lithuania of 22 July 2014.

POLAND-LITHUANIA GAS INTERCONNECTION (GIPL)

The GIPL project has been recognised by the European Commission as a critical infrastructure project to ensure security of gas supply and making a significant contribution to ensuring the EU's energy security. Amber Grid is implementing the GIPL project jointly with GAZ-SYSTEM S. A., the Polish gas transmission system operator.

The objectives of the project are to:

- to integrate the Baltic and Finnish gas markets into the single EU market for gas;
- to diversify the gas supply sources;
- to increase the security of gas supply.

Map 1. Gas interconnection Poland-Lithuania (GIPL) project



The total length of the planned gas pipeline will be 508 km, of which 165 km in the territory of Lithuania. The finished pipeline connection will create capacity that will allow transporting up to 27 TWh of natural gas per year to the direction of the Baltic states, and up to 21 TWh per year to the direction of Poland, and the Baltic and Finnish gas markets will become part of the single EU gas market.

Benefit of GIPL project:

- will integrate the Baltic and Finnish gas markets into the single EU gas market;
- will create access to alternative gas supply sources, routes and counterparties, and will increase competitiveness of the gas market;
- will increase security and reliability of gas supply by creating both additional gas transmission capacity and the possibilities to apply the EU solidarity mechanisms in the event of an emergency;
- will make it possible to use the Polish and Lithuanian LNG terminals and transmission networks in a more flexible and efficient manner;
- will increase the liquidity of gas trade in the Polish and Baltic trading areas, and will strengthen regional role of the countries.

In June 2018, Amber Grid launched a call for tenders for the public procurement procedures for construction works and pipes required for construction for a part of the GIPL project in the territory of Lithuania. On 25 June 2019, the Board of the company made a decision to enter into the contract with a successful tenderer of the public procurement procedure for GIPL pipes.

The GIPL project is funded with own of Amber Grid and GAZ-SYSTEM S.A. and with borrowed funds, the EU financial support under the Trans-European Energy Networks (TEN-E) programme of the European Commission and EU funding instrument Connecting Europe Facility (CEF). In addition to the EU financial support, the construction works of the GIPL project will be funded by Lithuania, Latvia and Estonia according to the cross-border cost allocation solution by covering the part of the GIPL infrastructure costs in the territory of Poland.

More information about the GIPL project, its course and news is available on the website of the project (www.ambergrid.lt/lt/projektai/dujotiekiu-jungtis-tarp-lenkijos-ir-lietuvos-gipl).

ENHANCEMENT OF CAPACITY OF LATVIA-LITHUANIA GAS INTERCONNECTION

The project is aimed at enhancing capacity of interconnection of the Latvian-Lithuanian gas systems, ensuring safe and reliable supply of natural gas, more effective use of the infrastructure and better integration of gas markets in the Baltic region. The completed project will also create better conditions for the use of Latvian Inčukalns underground gas storage facility.

Amber Grid and Latvian transmission system operator AS Conexus Baltic Grid are the executors of the project.

In 2018, the feasibility study of the interconnection of Latvian and Lithuanian gas pipelines and cost-benefit analysis were carried out.

The regional market demand analysis and modelling of gas flows that were assessed in the study revealed that bigger transmission capacity will be needed between Lithuania and Latvia for ensuring regional gas demand and security of gas supply after other gas transmission infrastructure in the region will be developed, i.e. gas pipeline interconnections between Finland and Estonia (Balticconnector), and between Poland and Lithuania (GIPL) and other will be constructed, specifically up to 130.47 GWh per day in direction of Latvia and up to 119.5 GWh per day in direction of Lithuania. To increase the capacity of the interconnection in the territory of Lithuania, the capacity of Kiemenai gas metering station will have to be increased and a gas pipeline near Panevezys compressor station will have to be reorganised. A part of gas mains in the territory of Latvia, in southern, central and western parts of the country, will have to be reconstructed to increase the maximum design pressure in the pipelines to 50 bar, and a new compressor station will have to be constructed near Inčukalns underground gas storage facility. The planned investment amount of the project is EUR 10.2 million, of which EUR 4.7 million in the territory of Lithuania. The project is scheduled to be completed by the end of 2023.

At the end of May, the NCC approved the Lithuanian part of investment of EUR 4.7 million in the project for enhancing the capacity of the gas pipeline interconnection between Lithuania and Latvia, and Lithuanian and Latvian regulators made the decision on the allocation of cross-border costs of the project.

On 7 June 2019, the Company, together with Conexus Baltic Grid, has lodged an application for the EU support under the EU funding instrument Connecting Europe Facility (CEF).

The largest possible EU support – up to 75% of eligible project costs is expected to be obtained for the construction phase of enlargement of Lithuanian-Latvian connection. The answer regarding granting of EU support for this important Baltic gas market development project is expected to be received in Autumn of 2019.

3.3. REGIONAL MARKET

The Company is a member of the East-Baltic Transmission System Operator Coordination Group consisting of the transmission system operators of the Baltic States and Finland. Together with other members of this Group, in 2017 the Company drafted the principles of management of transmission capacity in the single Baltic market, the market operator's establishment alternatives and the Single Balancing Area model concepts. The performed analysis is used in 2018 in drawing up the single market zone balancing rules and the common rules of transportation for the Baltic transmission system operators.

On 1 July 2017, the Company, together with the transmission system operators of Latvia and Estonia, launched an implicit capacity allocation model at the cross-border interconnection points in the Baltic States, thus allocating part of the day-ahead capacity through gas exchange GET Baltic. From 1 July 2018, this method was also started to be applied for allocating within-day capacity. This is a transitional measure of integration of the Baltic gas markets in order to enhance competitiveness of gas markets and to promote cross-border gas trading. The regional gas market is expected to develop gradually.

In the first half of 2019, the transmission system operators in the neighbouring Baltic States and Finland have agreed that from 2020 Latvia and Estonia will develop a single gas market area, and together with Finland they will form a single tariff area – from 2020, a zero transmission cost will apply in the interconnection with Finland, and transmission prices of access to the tariff area will be unified. Finland intends to join the single market area by 2022 at the earliest.

Although Lithuania supports the idea of creating a single regional gas market, the terms of such an agreement do not ensure Lithuania's interests, since joining it would create an unjustified additional financial burden on domestic consumers. Therefore, negotiations are under way with Latvian, Estonian and Finnish operators on the conditions under which Lithuania will join the zone. The aim is to create a single market on acceptable terms for all parties, including Lithuanian citizens and businesses. Lithuania expects to join the Common Tariff Area at a later stage, unless there will be mutually beneficial conditions for doing so from 2020 onwards.

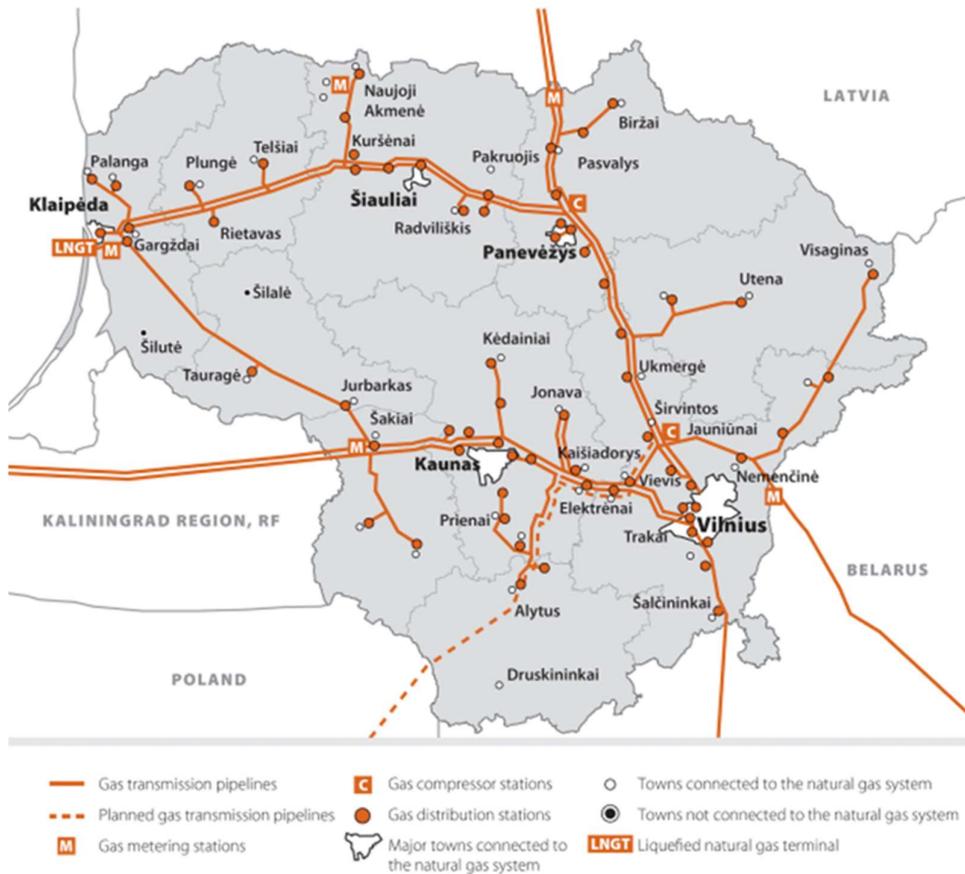
4. ACTIVITIES

4.1. TRANSMISSION SYSTEM

The natural gas transmission system consists of gas mains, gas compressor stations, gas distribution stations, gas metering and distribution stations, equipment for the gas pipelines' protection against corrosion, data transmission and communication systems and other assets attributed to the transmission system. The Lithuanian gas transmission system is connected to the gas transmission systems of the Republic of Latvia, the Republic of Belarus and Kaliningrad Region of the Russian Federation and Klaipeda Liquefied Natural Gas (LNG) Terminal (Map 2).

The Company operates 65 gas distribution stations (GDS), 3 gas metering stations (GMS) and 2 gas compressor stations (GCS). Total length of the operated pipelines is 2.115 km, their diameter varies from 100 to 1.220 mm. The design pressure of the larger part of the transmission system is 54 bar.

Map 2. Natural gas transmission system of Lithuania



4.2. OPERATION, RECONSTRUCTION AND MODERNISATION

The operation of gas mains is governed by rules and other regulatory enactments, and is carried out in strict compliance with requirements established by such rules and other regulatory enactments. For the purpose of ensuring the reliability and security of the transmission system, the maintenance and repair works are performed on a regular basis.

In the first half of 2019, the Company carried out the following works of reconstruction and modernisation:

- installation of triggering and receiving chambers of the control device and implementation of the operative technological control of the gas transmission system were completed (support from the EU structural funds was received):
 - in branches to Jonava GDS (DN400) and in line 2 of Jonava GDS (DN500);
 - in the branch to Girininkai GDS (DN300);
 - in the branch to Palanga GDS (DN250);
 - in line 2 of gas pipeline Panevezys -Siauliai (DN1000);
 - in the branch to Naujoji Akmene GDS (DN300 and DN250);
- reconstruction of Jonava GDS was completed (support from the EU structural funds was received);
- works of design of installation of triggering and receiving chambers of the control device are carried out (stage 2) (support from the EU structural funds was received);
- reconstruction of individual sections of the gas main Vilnius-Panevezys-Riga is continued (support from the EU structural funds was received);

- the installation of technological control of the gas transmission system has been started (replacement of shut-off devices and connection to SCADA remote control system) (support from the EU structural funds was received);
- public procurement procedures for other projects that are planned to be implemented were carried out.

4.3. MARKET OF THE SERVICES PROVIDED

Amber Grid provides natural gas transmission services to the system users, other operators, and gas market participants in the territory of Lithuania: transmits gas to the Lithuanian consumers, also transports natural gas to Latvia and Kaliningrad Region of the Russian Federation. Gas is supplied to the system via LNG Terminal in Klaipeda and to entry points from Belarus and Latvia.

The EU project of common interest– the GIPL that is implemented by Amber Grid together with GAZ-SYSTEM S.A. – the Polish gas transmission system operator will connect the Baltic and Finnish gas markets with the EU natural gas market and will improve access to new natural gas supply sources in the future.

Amber Grid is also responsible for the balancing of natural gas flows in the transmission system and for the administration of the funds intended to compensate for the costs of installation of the LNG terminal, its infrastructure and connection, and of the funds intended to compensate for the fixed operating costs and reasonable costs of supply of the required quantity of liquefied natural gas of the designated supplier. The Company cooperates actively with its partners in creating conditions for the effective functioning of the natural gas market, enhancing competitiveness and liquidity of the gas market, and ensuring attractive conditions of operation in the natural gas market.

From 1 June 2019, Amber Grid administers the National Register of Guarantees of Origin of gas produced from renewable energy sources (hereinafter – RES), i.e. performs the functions of issue, transfer and revocation of guarantees of origin and revoke, of supervision and control of the use of guarantees of origin, and of recognition of guarantees of origin issued in other countries in Lithuania. Green gas is produced from biomass and other RESs. A guarantee of origin is granted for one energy unit – one megawatt-hour (MWh) supplied to the natural gas transmission and distribution network. The system of guarantees of origin allows identifying, registering and monitoring the origin of biogas produced, and consumers of this fuel can be sure that the gas they consume is produced using renewable energy sources.

4.4. CLIENTS

Major Lithuanian electricity, district heating companies, also industrial companies and medium-sized Lithuanian business companies, Baltic and third-country energy and natural gas supply companies that are provided with services of natural gas transmission are the clients of services of natural gas transmission through gas mains and natural gas flow balancing in the transmission system that are provided by Amber Grid.

The clients of the Register of Guarantees of Origin of gas produced from renewable energy sources: the participants of the register include gas producers, gas suppliers, gas transmission system operators and gas distribution system operators, and other market participants intending to acquire or holding a guarantee of origin.

4.5. SERVICES PROVIDED

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

- transmission of natural gas in the territory of Lithuania;
- balancing of natural gas flows in the transmission system;
- administration of the funds intended to compensate for the costs of installation of the LNG terminal, its infrastructure and connection, and of the funds intended to compensate for the fixed operating costs and reasonable costs of supply of the required quantity of liquefied natural gas of the designated supplier.
- administration of the Register of Guarantees of Origin of gas produced from renewable energy sources.

4.5.1. TRANSMISSION OF NATURAL GAS

NATURAL GAS TRANSMISSION QUANTITIES

During the first half of 2019, the transmission system operated by the Company received, for transmission to consumers of Lithuania and other Baltic States, 7,668.8 GWh of natural gas from Belarus through Kotlovka gas metering station (GMS), and 5,962.0 GWh – from Klaipeda LNG Terminal, i.e. the LNG Terminal supplied 23.8 % of the quantity required for these consumers. 340.3 GWh of natural gas was transported to Lithuania from the Republic of Latvia.

During the first half of 2019, 12,550.6 GWh of natural gas was transported to Lithuanian customers up to the domestic exit point. Compared with the respective period of 2018, when 12,383.0 GWh of natural gas was transmitted, the transmission quantities have increased by 1.4 %.

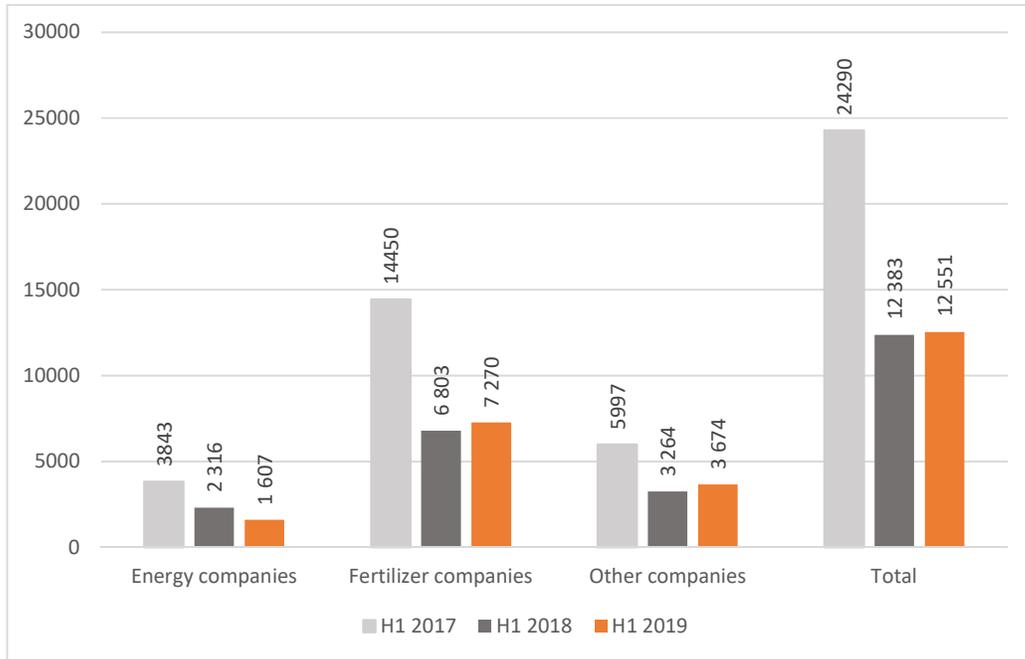
During the first half of 2019, 1,200.8 GWh of natural gas was transmitted for the system users to the Republic of Latvia through Kiemenaï GMS, i.e. about 1.5 time more than during the first half of 2018 (822.4 GWh).

During the reporting period, 13,472.7 GWh of natural gas was transported to Kaliningrad Region of the Russian Federation (during the first half of 2018 – 14,725.0 GWh of natural gas).

By 1 July 2019, the Company had 104 natural gas transmission service agreements concluded with the users of the natural gas transmission system (natural gas consumers, natural gas transmission system operators, importers, natural gas supply companies that supply gas up to consumer systems), including 67 system users who used transmission capacity during the reporting period. The Company had 2 natural gas balancing agreements concluded with market players who trade in natural gas at virtual trading point, but do not transport gas through the transmission system.

The structure of transmitted quantities of natural gas at the domestic exit point as per the users of the natural gas transmission system is shown in Figure 1.

Figure 1. Transmitted quantities of natural gas as per the users of the natural gas transmission system in Lithuania, GWh, H1 2017- H1 2019



PRICE REGULATION OF THE NATURAL GAS TRANSMISSION SYSTEM OPERATOR'S SERVICES

The prices of natural gas transmission services are regulated by the NCC (from 1 July 2019 - by the National Energy Regulatory Council or NERC). The revenue caps from the regulated activities can be adjusted annually by the decision of the NCC (NERC) under the procedure laid down in the *Methodology for setting the revenue and prices of the state regulated natural gas transmission activities*.

On 1 January 2019, the prices for natural gas transmission services that were approved by the NCC at the end of Autumn of 2018 for the entry and exit points of the transmission system came into force. Further information on the prices for natural gas transmission services that came into force on 1 January 2019 is available on the Company's website www.ambergrid.lt (in column *Prices and fees* of section *Services*).

On 10 June 2019, the NCC has set the revenue cap from the regulated activities of AB Amber Grid (in providing services of natural gas transportation through the natural gas transmission system) of EUR 36.1 million for the year 2020, i.e. 17.8% less compared to the revenue cap of EUR 43.9 million that was set for the year 2019 (at the end of the last regulatory period of 2014-2018, the cumulative deviation of return on investment was assessed; the permissible revenue level for the year 2020 was reduced by this deviation).

In the first half of 2019, the NCC conducted a public consultation in accordance with the TAR NC requirements regarding the pricing of the Company's services for the year 2020 and subsequent years of the regulatory period. Taking into account comments of the market participants and the opinion of the Agency for the Cooperation of Energy Regulators (ACER) that was published on 4 July 2019, the decision of the Board of the Company and the NERC on prices will be made during the second half of 2019.

4.5.2. BALANCING OF NATURAL GAS FLOWS IN THE TRANSMISSION SYSTEM

Amber Grid ensures the balancing of gas flows in the transmission system. The Company, acting in observance of the natural gas transmission system balancing regulations, purchases balancing gas from the participant of the gas market if the market participant has caused an excess of gas in the transmission system, and sells the balancing gas to the market participant if the market participant has caused a lack of gas in the transmission system.

During the first half of 2019, because of misbalance caused by the system users, the Company has purchased 8.0 GWh and sold 187.8 GWh of natural gas, of which 149.6 GWh of natural gas was sold for the balancing of flows of natural gas transmission to Kaliningrad Region.

Quantities of gas in the pipelines of the Company's transmission system vary not only because of the balancing of flows of system users and other gas market participants, but also because of technical and technological specifics of the transmission system.

4.5.3. ADMINISTRATION OF FUNDS INTENDED TO COMPENSATE FOR COSTS OF INSTALLATION OF THE LNG TERMINAL, ITS INFRASTRUCTURE AND CONNECTION, AND OF FIXED OPERATING COSTS AS WELL AS FOR REASONABLE COSTS OF THE DESIGNATED SUPPLIER

In implementing the requirements of the Law of the Republic of Lithuania on the LNG Terminal and its implementing legislation, the Company collects, administers and pays out in accordance with the legal acts the LNG funds to the operator of the terminal (AB Klaipėdos nafta) and to the designated supplier (UAB Lietuvos energijos tiekimas), and these funds are used to compensate the costs of LNGT funds administration of Amber Grid.

On 22 November 2018, the NCC has approved a new natural gas supply component that was due to take effect on 1 January 2019. But has specified it on 31 December 2018 and the component applies from 1 January 2019.

The proportion that was in effect until 30 June 2018, according to which the LNGT funds administered by Amber Grid are distributed and payed out each month to the recipients of the LNGT funds, was established on the basis of the certificate of the Gas Division of the Gas and Electricity Department of the NCC of 23 November 2017 *on setting additional component of security of natural gas supply to the natural gas transmission price* and the certificate of 6 December 2017 *on the change of the Resolution of the Gas Division of the Gas and Electricity Department of the National Commission for Energy Control and Prices of 24 November 2017 on setting additional component of security of natural gas supply to the natural gas transmission price* on the basis of which the Resolution of the NCC *on the change of the Resolution No O3E-527 of the National Commission for Energy Control and Prices of 24 November 2017 on setting additional component of security of natural gas supply to the natural gas transmission price* was adopted on 7 December 2017, and by the official letter No R2-(D)-3349 of the NCC of 15 December 2017 *Regarding the distribution proportions of liquefied natural gas terminal funds to their recipients*.

By the official letter No R2-(D)-247 of 29 January 2019 *Regarding the distribution proportions of liquefied natural gas terminal funds to their recipients from 1 January 2019* the NCC has set the percentages at which the LNGT funds collected by the Company must be paid to recipients of the LNGT funds each month from 1 January 2019.

Table 1. Information on the allocation of the LNGT funds that were collected in 2019 between the recipients of the LNGT funds

| Components | Proportion that applies from 1 January 2019 |
|--|---|
| Component for the regasification of liquefied natural gas | 69.80% |
| Component of administration costs | 0.08% |
| Component of reasonable costs of supply of LNGT necessary quantity | 30.12% |
| Total: | 100.00% |

The undisbursed funds of the LNG Terminal had been the subject of legal proceedings with AB Achema. Currently two civil matters for the undisbursed funds of the LNG Terminal are pending before the ordinary courts. Both matters are stayed until the final procedural decision will be adopted in the matter No T-417/16 that is examined at the General Court of the EU.

Amber Grid was also joined as a third party in the legal proceedings pending before administrative courts:

- 10 matters following the applications of AB Achema for the annulment of decisions of the NCC.
- One matter following an appeal of AB Achema against the Republic of Lithuania for indemnification of damage of EUR 15,329,728.69 incurred due to the provision of state aid without coordination with the European Commission. By the Ruling of 23 January 2019, the Supreme Administrative Court of Lithuania dismissed the appeal of Achema. AB Achema has lodged before the court the request to reopen the proceedings. The company, for its part, has lodged response to the request to reopen the proceedings. No hearing has been scheduled for these proceedings so far.

4.6. CURRENT AND PLANNED PROCUREMENTS AND INVESTMENTS

In accordance with the Law on Natural Gas, the Company every two years draws up the transmission system operator's ten-year network development plan

On 23 August 2018, the NCC has approved the ten-year network development plan of the natural gas transmission system operator Amber Grid for the period 2018-2027. The value of investments in the gas transmission system development projects over the ten-year period from 2018 to 2027 that is provided for in the plan amounts to EUR 195.2 million. Quantities of gas consumed in Lithuania are forecast to decrease in the next decade. However, at the same time, increasing cross-border flows of gas to other Baltic countries are foreseen, and the possibility of transporting gas in new directions through the gas pipeline between Poland and Lithuania will be created.

Further information about the planned investment is available on the Company's website www.ambergrid.lt (in part *Transmission system development plan* of the column *Transmission system development* of the section *Transmission system*).

On 7 June 2018, the Company announced the international procurement for purchase of construction operations for the part of the GIPL project in the territory of the Republic of Lithuania. The procurement is conducted by way of negotiated procedure with publication of procurement notice.

On 7 June 2018, the Company launched a call for tenders for the international public procurement procedure for construction works for a part of the GIPL project in the territory of Lithuania. The procurement is carried out by negotiated procedure.

The successful tenderer will be responsible for the construction of gas mains and gas metering station. About 165 km long gas mains with a diameters of 700 mm will be constructed from Jauniunai compressor station in Sirvintos District to the Lithuanian–Polish border in Lazdijai District.

On 18 July 2018, the Company launched a call for tenders for the international public procurement procedure for pipelines made of steel in implementing the part of the Polish – Lithuanian gas interconnection (GIPL) project in the territory of the Republic of Lithuania. The contract with successful tenderer is planned to be signed in the 3rd quarter of 2019.

4.5. OPERATING PLANS AND PROJECTIONS OF THE COMPANY

The regional natural gas market is expected to develop gradually. So far, only Latvia and Estonia have agreed on a single market of natural gas from 2020. From 2020, these two countries, together with Finland, will form a single tariff area. The existing agreement does not safeguard Lithuania's interests because joining the area by Lithuania would impose an unjustified additional financial burden on domestic consumers. For this reason, Lithuania continues participating in discussions with partners in the region seeking the participation of all countries in the single gas market under the terms that are acceptable to all parties. Lithuania will join the single area at a later stage, unless there will be mutually beneficial conditions for doing so from 2020 onwards.

It is projected that in 2019, the Company will transport through the transmission system to Lithuanian system users to the domestic exit point about 23 TWh, to the Republic of Latvia – 4.6 TWh and to Kaliningrad Region of the Russian Federation – 26.4 TWh of natural gas. About 45% of quantity of natural gas intended for consumers in Lithuania and other Baltic States is projected to be received from Klaipeda LNG Terminal.

5. FINANCIAL PERFORMANCE

5.1. FINANCIAL PERFORMANCE²

Table 2. Financial indicators of the Group

| | H1 2019 | H1 2018 | H1 2017 ³ |
|---|-------------------|-------------------|----------------------|
| Financial performance (EUR thousand) | | | |
| Revenue | 25.965 | 27.566 | 32.747 |
| EBITDA ⁴ | 11.352 | 13.974 | 20.428 |
| Profit before taxes | 6.127 | 7.475 | 12.932 |
| Net profit | 5.052 | 6.538 | 10.963 |
| Net cash flows from operating activities | 5.548 | 17.835 | 19.392 |
| Investments | 8.815 | 5.832 | 1.630 |
| Financial debt | 80.329 | 82.117 | 81.220 |
| Profitability ratios (%) | | | |
| EBITDA margin | 43.72 | 50.70 | 62.38 |
| Prie-tax profit margin | 23,60 | 27,12 | 39,49 |
| Net profit margin | 19,46 | 23,72 | 33,48 |
| Average return on assets (ROA) | 2,23 | 2,50 | 3,63 |
| Average return on equity (ROE) | 3,85 | 3,95 | 5,53 |
| Liquidity ratios | 30/06/2019 | 30/06/2018 | 30/06/2017 |
| General liquidity ratio | 0,41 | 0,34 | 0,52 |
| Quick ratio | 0,34 | 0,29 | 0,43 |
| Capital structure ratios (%) | 30/06/2019 | 30/06/2018 | 30/06/2017 |
| Equity-assets ratio | 59.15 | 61.86 | 67.04 |
| Debt-equity ratio | 61.29 | 51.78 | 42.06 |
| Market value ratios | 30/06/2019 | 30/06/2018 | 30/06/2017 |
| Price-to-earnings ratio (P/E), in times | 38,49 | 39,56 | 21,15 |
| Net earnings per share, EUR | 0,03 | 0,04 | 0,06 |

5.2. REVENUE

In the first half of 2019, the Group's revenue amounted to EUR 25,965 thousand, and compared to the relevant period of 2018 it decreased by 5.8%. The remarkably increased gas transportation to Latvia in the second quarter and higher consumption in Lithuania allowed partial amortization of lower demand for gas transportation services at the beginning of the year due to warm winter weather.

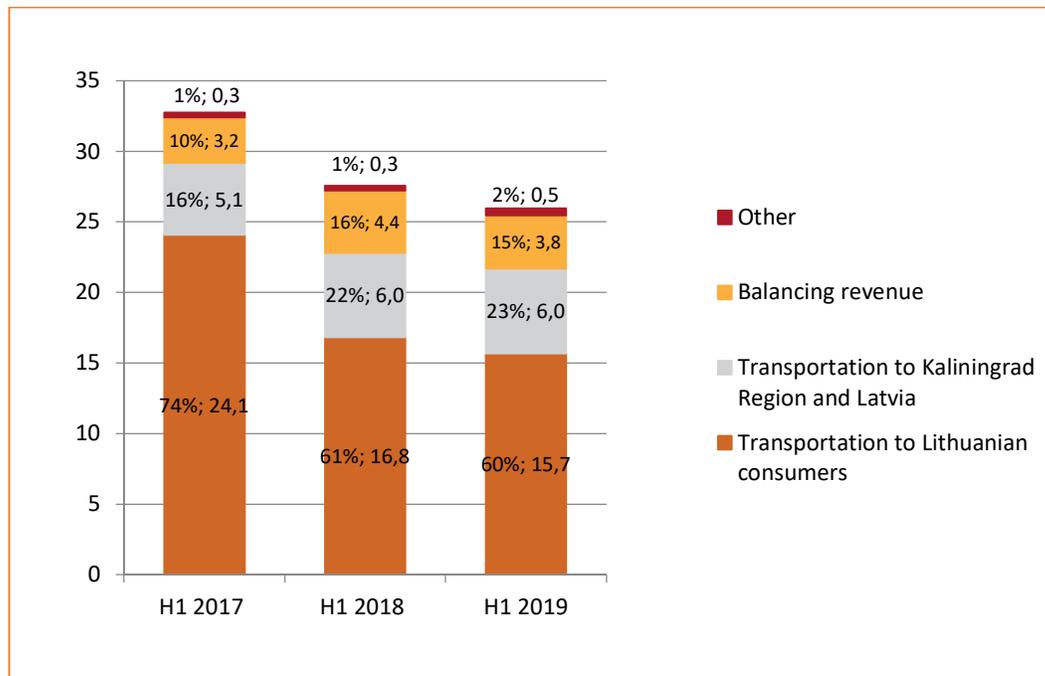
² The financial indicators of the Group have been calculated after elimination of assets or liabilities created by funds of the LNG Terminal;

³ For comparison purposes;

⁴ Profit (loss) before tax + financial operations expenses – financial revenue + depreciation and amortisation costs + cost of impairment + write-offs.

Revenue from balancing decreased due to lower transmission volumes. Other revenue, such as revenue from administration of the LNG terminal funds, revenue for the services of the licensed natural gas market operator (UAB GET Baltic), and other, in the first half of 2019 amounted to EUR 499 thousand.

Figure 2. Structure of the Group's revenue, H1 of 2017-2019, %; EUR million



Balancing revenue consists of:

- balancing of gas flows of system users and other gas market participants involved in the transmission system balancing;
- technological balancing of the transmission system resulting from technological characteristics of the transmission system and gas flow deviations (imbalance) due to technical reasons.

The Company is statutorily obliged to administer the funds of the LNG Terminal. For more information and disclosures about the accounting of the funds of the LNG Terminal and services provided by UAB GET Baltic refer to the financial statements of the Company for the first half of 2019.

5.3. EXPENDITURE

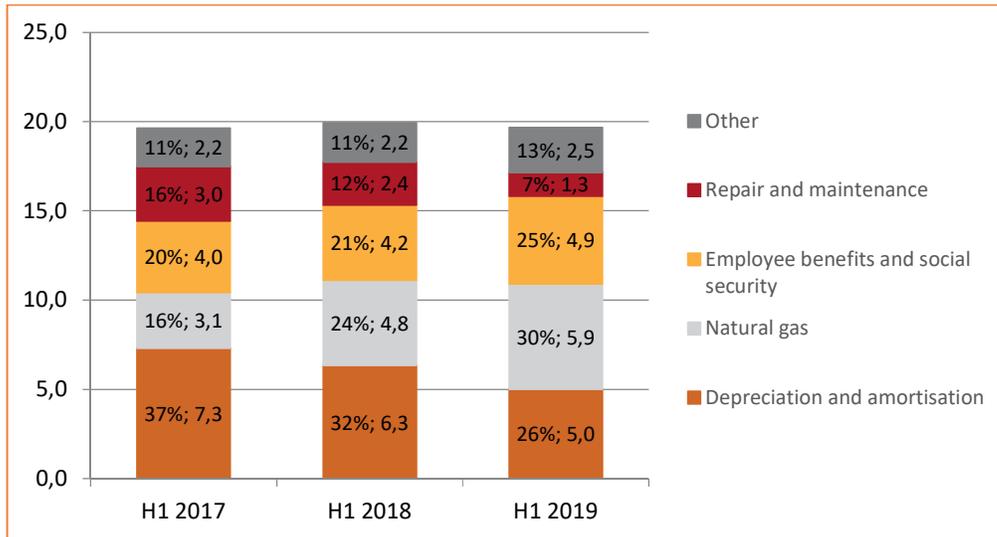
Expenditure of the Group in the 1st half of 2019 amounted to EUR 19,655 thousand and was 1.4% lower compared with the expenditure of the relevant period of 2018.

Depreciation and amortisation costs linked to non-current assets accounted for a significant part of the costs – EUR 5,015 thousand (25.5% of overall expenditure), and, compared with the 1st half of 2018, due to the revaluation of non-current assets of the Company at the end of 2018 it has decreased by 21.0%.

Expenditure of natural gas amounted to EUR 5,903 thousand (30% of overall expenditure), and, compared with the relevant period of 2018, due to bigger quantities of natural gas to meet the technological needs of the Company, it has increased by 23.9%. Employee benefits and social security costs accounted for EUR 4,910

thousand (25.0% of overall expenditure), repair and maintenance costs accounted for EUR 1,328 thousand (6.8 of overall expenditure). The Company purchased natural gas for technological needs, for balancing gas flows of system users and other participants of the gas market that participate in balancing of the transmission system, and for technological balancing.

Figure 3. Structure of the Group's expenditure, H1 2017-2019, %, EUR million



5.4. PERFORMANCE

The Group's profit before tax achieved in the first half of 2019 was EUR 6,127 thousand (in the 1st half of 2018 – EUR 7,475 thousand), and earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 11,352 thousand (in the first half of 2018 – EUR 13,974 thousand).

In the 1st half of 2019 the Company generated EUR 5,052 thousand of net profit (in the 1st half of 2018 – EUR 6,538 thousand).

Decreased transmission quantity to adjacent transmission systems and restored revenue of previous period constitute the reasons of the lower profitability compared to the relevant period of the last year.

Figure 4. Financial performance of the Group, H1 2017 - 2019, EUR million

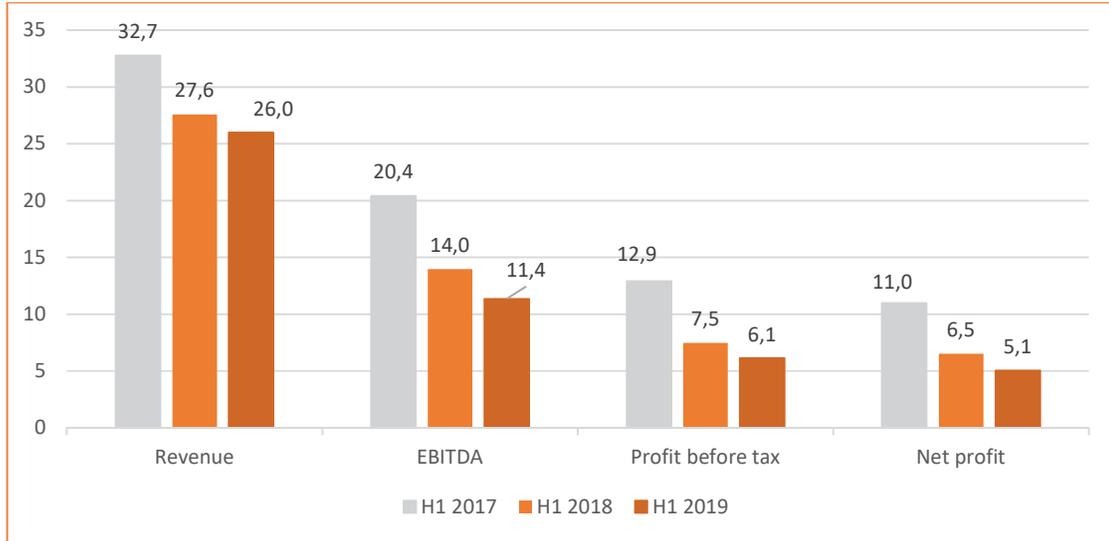
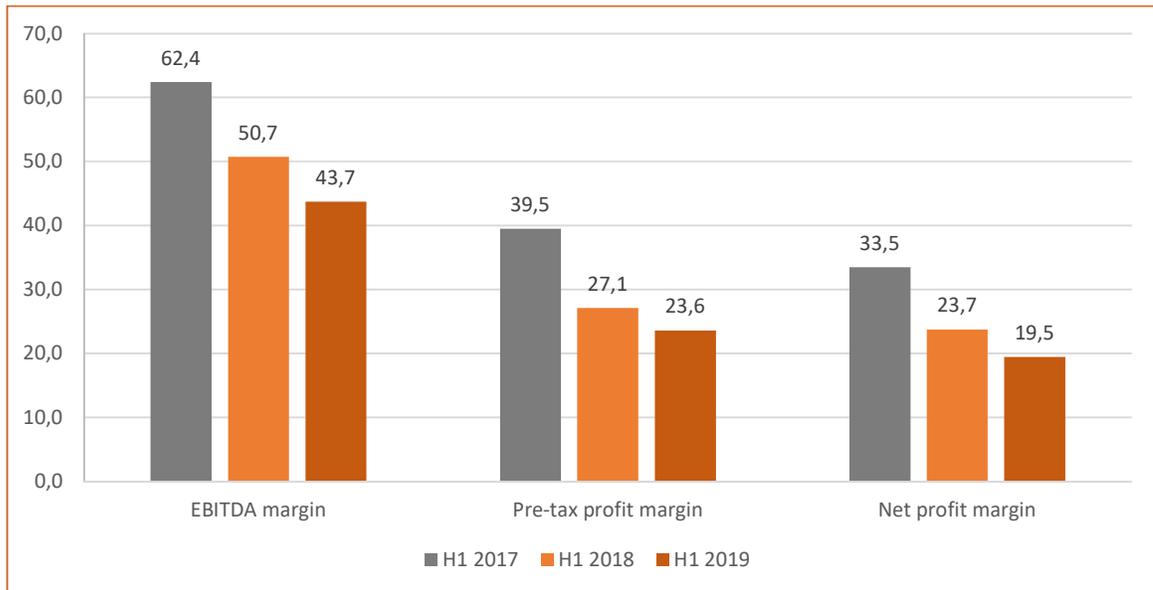


Figure 5. Profitability of the Group, H1 2017 - 2019, %



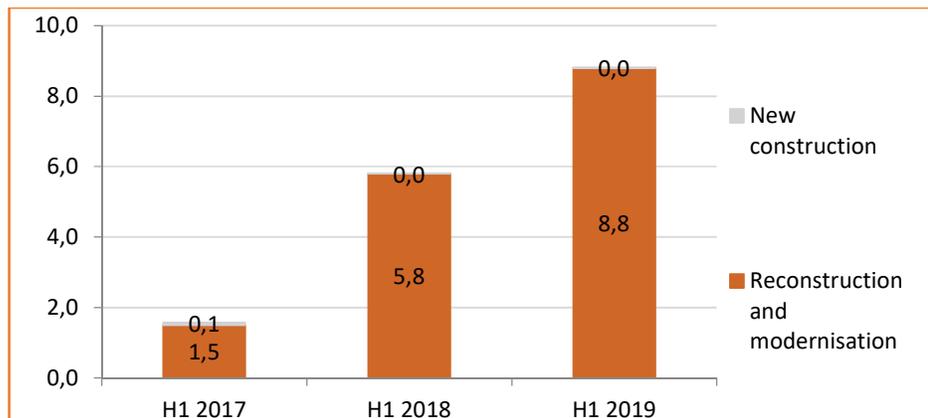
5.5. INVESTMENT

In the 1st half of 2019, investment of the Group amounted to EUR 8,815 thousand (the relevant period of 2018 – EUR 5,832 thousand). The Company is constantly investing in the infrastructure to ensure proper maintenance and expansion of the natural gas transmission network that is managed by the Company.

Due to the revised schedule of the GIPL project no investments were made in transmission system development.

Investment in reconstruction and modernization increased more than 1.5 times compared to the first half of 2018 (EUR 5,821 thousand) and amounted to EUR 8,804 thousand. The increase was determined by the increased volume of reconstruction of gas mains in 2019.

Figure 6. Structure of the Group's investment, H1 2017 - 2019, EUR million



5.6. ASSETS

As of 30 June 2019, the value of the Group's assets totalled EUR 235,697 thousand. The non-current assets accounted for 87.7%, and the current assets – for 12.3% of the total assets of the Company.

In January–June 2019, the non-current assets changed insignificantly and at the end of the period amounted to EUR 206,726 thousand. During the aforementioned period, of the current assets decreased by 25.1% (EUR 9,699 thousand) and at the end of the period amounted to EUR 28,971 thousand. The change was mainly influenced by the decrease in the cash balance.

5.7. EQUITY AND LIABILITIES

In the 1st half of 2019, the equity of the Company remained broadly unchanged, and at the end of the reporting period it amounted to EUR 131,068 thousand.

In the 1st half of 2019, payables and liabilities decreased by 8.5% (EUR 9,684 thousand) and at the end of the reporting period amounted to EUR 104,629 thousand. The decrease in payables and liabilities was due to decreased payables and advances received.

On 30 June 2019, the financial debt of the Company amounted to EUR 80,329 thousand, during the reporting period it has increased by EUR 205 thousand. Debt-equity ratio was 61.3%.

5.8. CASH FLOWS

In the first half of 2019, the Company's cash flows from the main activities totalled EUR 5,548 thousand (in H1 2018 – EUR 17,835 thousand). The amount used for acquisition of non-current assets was EUR 10,321

thousand (in H1 2018 – EUR 11,399 thousand), for disbursement of dividends – EUR 5,225 thousand (in H1 2018 – 20,286 thousand). In the first half of 2019, an amount of EUR 1,553 thousand of the EU support funds was received for financing of investment (in H1 2018 – EUR 4,636 thousand).

5.9. REFERENCES AND ADDITIONAL EXPLANATIONS ABOUT DATA PROVIDED IN THE CONDENSED FINANCIAL STATEMENT

Other information is provided in the notes to the condensed financial statements of Amber Grid of 30 June 2019.

5.10. INFORMATION ON ALL TYPES OF FINANCIAL ASSISTANCE

The financial assistance (support) policy is provided in the Social Responsibility Report of 2018. During the reporting period, the Company did not provide financial assistance of any other type.

5.11. INFORMATION ON SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDINGS

As of 30 June 2019, the Company held 100% of shares in the subsidiary UAB GET Baltic. More detailed information about the subsidiary is provided in the Company's financial statements.

6. RISKS AND THEIR MANAGEMENT

6.1. RISKS AND THEIR MANAGEMENT

There have been no essential changes in the data about risk management and the internal control system of the Company during the reporting period, compared with the data provided in the Annual Report for 2018.

The main risks to which the Group is exposed include macroeconomic factors, regulation, gas purchase price fluctuations, concentration, competition, technical, corruption and financial risks.

Information on concentration, gas purchase price and financial risks (liquidity, credit, interest rate fluctuation) is provided in the financial statements of the Group.

No reports on manifestation of corruption have been received.

It follows from the consideration of the measures provided for in the Policy and its implementing rules taken by the Company to reduce the likelihood of corruption that the likelihood of corruption in the activities of Amber Grid is minimal.

6.2. INTERNAL CONTROL SYSTEM OF THE COMPANY

Financial statements of the company are prepared in accordance with the International Financial reporting Standards as adopted by the EU.

The Company has approved the Guide on accounting procedures and policy which regulates the principles, methods and rules of accounting, preparation and presentation of financial statements. Moreover, in order to ensure the timely preparation of financial statements, deadlines for submission of accounting documents and preparation of statements are governed by internal regulations approved by the Company.

Financial statements are prepared in observance of the principle of 'four-eyes'. The Accounting Subdivision is responsible for the preparation and review of financial statements.

7. MANAGEMENT

7.1. INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company applies in its activities the Corporate Governance Code of companies listed on AB NASDAQ Vilnius exchange (available at: www.nasdaqbaltic.com; hereinafter – the Corporate Governance Code). The Code is applied to the extent not provided otherwise in the Articles of Association of the Company. The Company has disclosed how it complies with the requirements of provisions of the Corporate Governance and such information is available for reference on the internet website www.ambergrid.lt and in the Central Database of Regulated Information that can be find on the website www.crib.lt.

7.2. SHARE CAPITAL

The authorised capital of the Company is EUR 51,730,929.06. It is divided into 178,382.514 ordinary registered shares with the nominal value of EUR 0.29 per share. One ordinary registered share with the value of EUR 0.29 awards to its holder one vote at the General Meeting of Shareholders. All shares are fully paid up.

7.3. SHARES AND RIGHTS OF SHAREHOLDERS

The number of shares conferring rights to vote at the General Meeting of Shareholders is 178,382.514 pcs. All shareholders enjoy equal property and non-property rights conferred by shares of Amber Grid. By virtue of the Articles of Association of the Company, decisions on issuance of new shares and purchase of own shares of the Company may only be only by the General Meeting of Shareholders of the Company.

The Company is not aware of any arrangements between shareholders which may result in restrictions on the disposal of securities and / or voting rights. There are no restrictions of voting rights in the Company.

The Company has not acquired its own shares and has not entered into any transactions related to the acquisition or disposal of its own shares in the first half of 2019.

7.4. SHAREHOLDERS

In the first half of 2019, the structure of the Company's shareholders remained unchanged. UAB EPSO-G retained the holding of 96.58% of the Company's shares and was the only shareholder controlling the holding of more than 5% of the Company's shares.

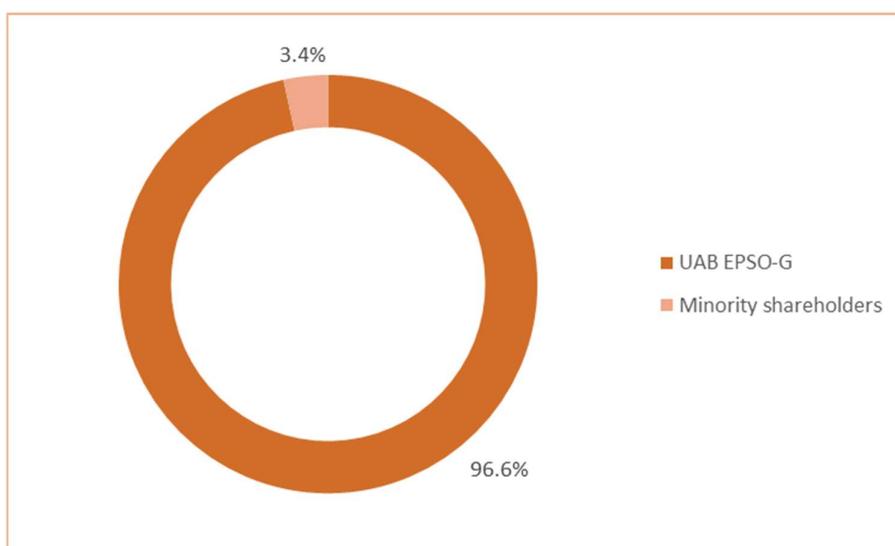
Given that shares of Amber Grid are traded on the stock exchange, the number of shareholders is constantly changing. Based on data received from the intermediary of public trading in securities, on 30 June 2019, more than 2,200 of Lithuanian and foreign natural and legal persons were the shareholders of the Company.

Table 3. Shareholders of the Company (30 June 2019)

| Shareholder | Registered office address / Legal entity code | Number of shares owned under the right of ownership, pcs |
|-----------------------|--|--|
| UAB EPSO-G | A. Juozapaviciaus str. 13 Vilnius, Lithuania/ 302826889 | 172,279.125 |
| Minority shareholders | | 6,103.389 |
| Total | | 178,382.514 |

Structure of the Company's shareholders is presented in figure 7.

Figure 7. Structure of the shareholders, 30 June 2019



UAB EPSO-G that controls 96.58% of the Company's shares has the casting vote in adopting decisions at the General Meeting of Shareholders.

7.5. DATA ON SECURITIES TRADING ON REGULATED MARKETS

As from 1 August 2013, the Company's shares are traded on a regulated market and are additionally quoted on NASDAQ Vilnius Stock Exchange Baltic List.

Table 4. Main data of the shares of Amber Grid

| Main data of the shares of Amber Grid | |
|---------------------------------------|--------------|
| ISIN code | LT0000128696 |
| Symbol | AMG1L |
| Issuance size (pcs) | 178,382.514 |

In the 1st half of 2019, turnover of trading in the Company's shares amounted to EUR 156 thousand; 130,137 pcs of shares were transferred under concluded transactions.

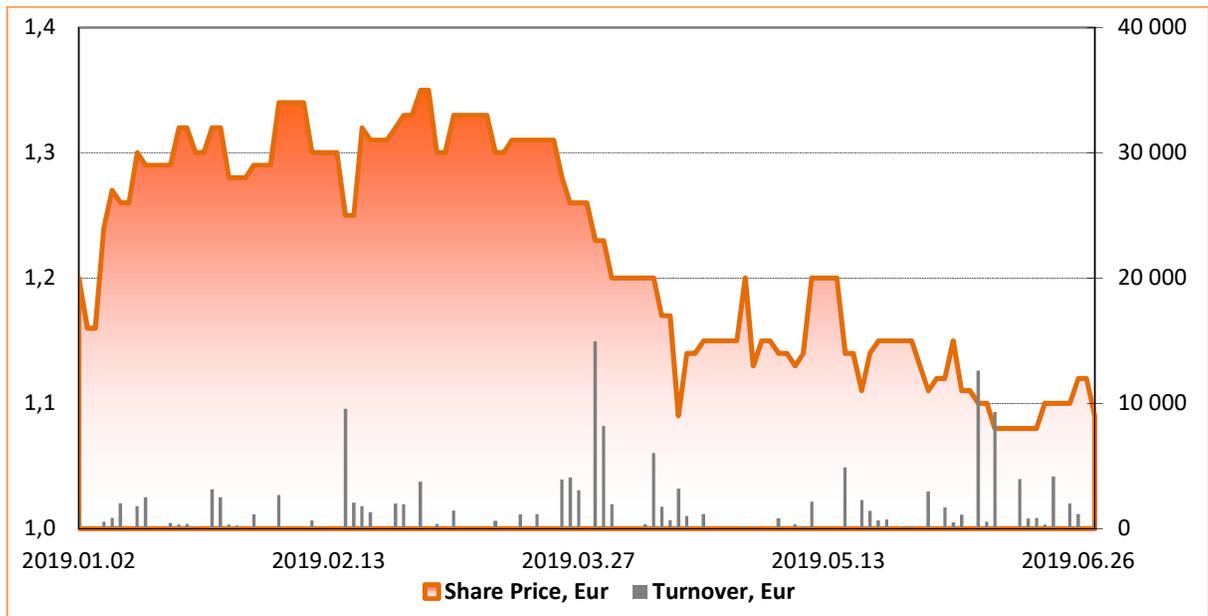
Dynamics of the price of the Company's shares is presented in Table 4, and data on the price and turnover of the Company's shares (of January–June 2019) are shown in Figure 8.

Table 5. Share price dynamics on NASDAQ Vilnius, In the 1st half of 2019

| Opening price, EUR 1 January 2019 | Highest price per share, EUR 28 February 2019 | Lowest price per share, EUR 11 June 2019 | Weighted average price per share, EUR | Closing price, EUR 30 June 2019 |
|--------------------------------------|--|---|---------------------------------------|------------------------------------|
| 1.14 | 1.35 | 1.07 | 1.199 | 1.09 |

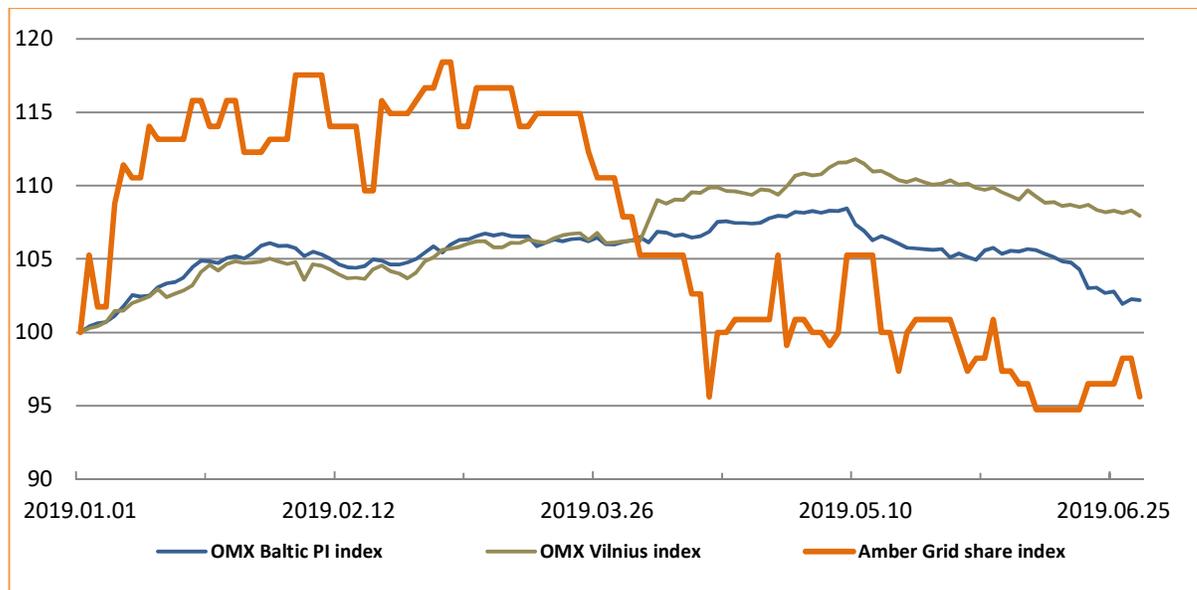
On 30 June 2019, capitalization of the shares of Amber Grid amounted to EUR 194,44 million.

Figure 8. Amber Grid share price and turnover, In the 1st half of 2019



In the first half of 2019, comparative price indices OMX Baltic PI and OMXV of securities traded on NASDAQ OMX reflecting changes in prices of shares of companies listed on stock exchanges of the Baltic States and Vilnius increased by 2.19% and 7.94%, respectively. The price of the Company's shares has decreased by 4.39% during the same period. Changes (January-June 2018) of the price of the Company's share and OMX Vilnius and OMX Baltic PI indices are reflected in Figure 9.

Figure 9. Changes in Amber Grid share price, OMX Vilnius and OMX Baltic PI indices, In the 1st half of 2019



7.6. DIVIDENDS

At the General Meeting of Shareholders that was held on April 23, 2019, the Company's shareholders made a decision regarding the payment of dividends. Dividends amount to EUR 5.2 million or 0.0293 euro per share.

7.7. Contracts with intermediaries of public trading in securities

Amber Grid has a contract with AB SEB bank on accounting of securities issued by the Company and provision of services related to securities accounting.

On 30 June 2018, the Company has entered into a contract with AB SEB bank on the payment/distribution of dividends to minority shareholders. On the basis of this contract, AB SEB bank calculates and pays dividends to all shareholders of the Company, except the largest shareholder – UAB EPSO-G.

| Particulars of AB SEB bank | |
|----------------------------|--------------------------------------|
| Company code | 112021238 |
| Registered office address | Gedimino ave. 12, Vilnius, Lithuania |
| Telephone | +370 5 268 2800, short number 1518 |
| E-mail | info@seb.lt |
| Website | www.seb.lt |

7.8. MANAGEMENT STRUCTURE

The actions of the Company are guided by the Law on Companies, the Law on Securities, the Articles of Association of the Company and other legal acts of the Republic of Lithuania. The competence of the General Meeting of Shareholders, the rights of the shareholders and their implementation are defined in the Law on Companies and the Articles of Association of the Company. The Articles of Association of the Company are publicly available on the Company's website: www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/istatai.

Detailed curriculum vitae of the members of the Board and of the executives of the Company are publicly available on the website of Amber Grid www.ambergrid.lt.

Information on the members of the Board, CEO and Chief Accountant of Amber Grid is presented in Table 5.

Table 6. Information on the members of the Board, CEO and Chief Accountant

| Position | Forename, Surname | Start date of the term of office | End date of the term of office | Participation in the Issuer's capital | |
|---------------------------------|---------------------|----------------------------------|--------------------------------|---|--------------------------|
| | | | | Portion of the authorized capital held, % | Portion of votes held, % |
| Chairman of the Board | Nemunas Biknius | April 2016 | April 2020 | 0,001055 | 0,001055 |
| Independent member of the Board | Nerijus Datkūnas | April 2016 | April 2020 | – | – |
| Member of the Board | Rimvydas Štilinis | April 2016 | April 2020 | – | – |
| Member of the Board | Algirdas Juozaponis | September 2018 | April 2020 | - | - |
| Member of the Board | Sigitas Žutautas | September 2018 | April 2020 | - | - |
| CEO | Saulius Bilys | June 2013 | – | – | – |
| Chief Accountant | Dzintra Tamulienė | June 2013 | – | – | – |

The payments to the members of the Board of the Company during the reporting period amounted to EUR 9.8 thousand.

Table 7. Payment information for members of the Board (Eur)

| Member name | 1 half of year 2019 | 1 half or year 2018 |
|------------------|---------------------|---------------------|
| Nerijus Datkūnas | 4 575 | 5 000 |
| Sigitas Žutautas | 5 175 | - |
| Saulius Bilys | - | 2 425 |
| Vytautas Ruolia | - | 3 050 |

The total amount of money calculated during the reporting period for the Head and Chief Accountant of the Company amounted to EUR 119.6 thousand, the average amount per person (CEO and Chief Accountant) was EUR 59.8 thousand.

According to the Articles of Association of the Company, the functions of the Audit Committee of Amber Grid are carried out by the Audit Committee of the parent company UAB EPSO-G. The Articles of Association provide that the Articles of Association can be amended by a resolution of the General Meeting adopted by a two-thirds majority of the shareholders present at the General Meeting.

The Company has no branches and representative offices.

7.9. DISCLOSURES OF RELATED PARTY TRANSACTIONS, SIGNIFICANT AGREEMENTS AND HARMFUL TRANSACTIONS

As of 30 June 2019, the Company had the following significant agreements concluded by the Company entitling counterparties to terminate transactions concluded with the Company in the event of change of the Company's control: Loan Agreement with Swedbank AB of 30 December 2014; Loan Agreement with Nordic Investment Bank of 19 August 2015, Loan Agreement with OP Corporate Bank plc Lithuanian Branch of May 18, 2018. The terms and conditions of these agreements are considered to constitute bilateral confidential information of the parties signing the Agreements, and their disclosure can cause damage to the Company.

As of 30 June 2019, the Company had no significant agreements concluded by the Company that would enter into force, change or terminate upon change of the Company's control.

During the reporting period, the Company has not entered into any harmful transactions (non-compliant with the Company's objectives, existing normal market conditions or infringing interests of shareholders or groups of other persons, etc.) or transactions entered into in existence of a conflict of interests between duties of the Company's executives, principal shareholders or other related parties, of the Company and their private interests and/or other duties.

7.10. INFORMATION ON MATERIAL EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 10 July 2019, Amber Grid has entered into agreement on energy savings transfer with electricity transmission system operator Litgrid. By the agreement Amber Grid has transferred free of charge and Litgrid has accepted a part of amount of energy saving of Amber Grid that are planned to be achieved by the end of 2020 (30,875.5 MWh). This transaction has no influence on financial performance of Amber Grid.

8. REMUNERATION POLICY

Amber Grid abides by the common remuneration policy of EPSO-G group of companies applicable to all employees of the Company. The remuneration policy is approved and amended by decision of the Board of the Company having regard to recommendations of the Remuneration and Nomination Committee of EPSO-G. The Remuneration and Nomination Committee of EPSO-G periodically assesses provisions of the remuneration policy, its effectiveness, implementation and application.

The purpose of the remuneration policy of Amber Grid is to ensure the effective, clear and transparent management of wage costs and concurrently create incentives that motivate employees to contribute in implementing the Company's mission, vision, values and objectives.

The remuneration of all employees and managers consists of two – fixed and variable – components. The fixed component depends on responsibility level of the job position that is determined according to the methodology applied in the international practice. The variable component of the remuneration is paid out when individual targets set during annual assessment are achieved, and the Company reports to the shareholders and management on the achievement of annual goals. The variable component of the remuneration is linked with the Company's and individual annual targets set for the management.

The remuneration policy of the Company is published on the internet website: www.ambergrid.lt (in the column *About Us* of the section *Management*).

The average wages in the Company by groups of employees is provided in Table 8 below.

Table 8. Average monthly salary by groups of employees

| Group of employees | Group | | Company | |
|-------------------------------|---|----------------------|---|----------------------|
| | Number of employees (end of the period) | Average monthly wage | Number of employees (end of the period) | Average monthly wage |
| CEO | 2 | 8.398 | 1 | 12.201 |
| Top-level managers | 5 | 6.690 | 4 | 7.152 |
| Medium-level managers | 26 | 3.923 | 26 | 3.923 |
| Experts-specialists– | 186 | 2.082 | 181 | 2.083 |
| Workers | 109 | 1.135 | 109 | 1.135 |
| Total average salaries | 328 | 1.969 | 321 | 1.953 |
| Total wage fund, Eur thousand | | 4 203,3 | | 4 096,1 |

Company's fixed and variable part of wages is indicated in Table No. 9

Table 9. Average of fixed and variable part of wages contributed to group of employees

| Group of employees | Average of conditional number of employees | Average monthly wage (fixed part of salary), Eur | The variable part of salary paid out and calculated as the average monthly variable wage component during the year, Eur |
|---------------------|--|--|---|
| CEO | 1 | 9 490 | 2 711 |
| Top-level managers | 4 | 5 585 | 1 568 |
| Top-level managers | 27 | 3 591 | 332 |
| Experts-specialists | 176 | 1 938 | 145 |
| Workers | 133 | 1 064 | 71 |
| Total | 342 | 1 797 | 156 |

Remuneration policy of members of collegial bodies and management

The principles of remuneration of the members of the management bodies in UAB EPSO-G group of companies are defined by the Guidelines on the remuneration for activities in management bodies of companies of the group approved by decision of the sole shareholder of UAB EPSO-G. By the decisions adopted at the General Meeting of Shareholders of 7 September 2018, the hourly and maximum monthly remuneration for the remuneration of the members of the Board of the Company for activities in the Board, as well as the terms and conditions of the contracts with the members of the Board for activities in the Board were approved. By decision of the General Meeting of Shareholders of the Company of 7 September 2018 the hourly remuneration for the Board Members' activities within the Company's Board was fixed in the amount of EUR 50.00 (fifty euro) (before tax), without exceeding the maximum remuneration amount of EUR 1,000.00 (one thousand euro) (before tax) per month, and in the event that such the member of the Board is elected to hold the position of the Chairman of the Board – the maximum amount of remuneration of 1,300 (one thousand three hundred) euros (before tax) (this decision was adjusted on 23 April 2019 in the light of tax reform and the amount with a factor was specified). The Board Members who are also the employees of UAB EPSO-G which holds the qualifying holding in the Company do not receive remuneration from the Company for activities within the Board.

The fixed and variable remuneration for the CEO of the Company is determined by the Board of the Company, and remuneration for the members of the top management – by the CEO of the Company in observance of the remuneration policy approved by the Board of the Company. The variable component of remuneration to the CEO and the members of management is paid once a year upon approval by the Board of the Company of the achievement of goals by the CEO of the Company.

9. SOCIAL RESPONSIBILITY, ENVIRONMENTAL PROTECTION AND OCCUPATIONAL SAFETY

The responsibility of AB Amber Grid is defined by the following documents in observance of which the Company operates:

Descriptions of the Company's internal policies and procedures:

- Collective agreement;
- Code of the organisational culture;
- Policy of ethical employment and working conditions;
- Description of the policy of environmental protection and occupational safety and health
- Description of the policy of equal opportunities;

Documents valid for EPSO-G group companies:

- Corporate Governance Policy Description. It is aimed at ensuring good governance practice within the EPSO-G group of companies by establishing uniform corporate governance principles within the group of companies and interaction between the parent company and other companies in the group;
- Description of social responsibility policy. It is aimed at improving business practices, implementing modern human resource management, applying natural resources-saving technologies, materials and processes that are harmless to human health based on the accumulated good experience of national and international organizations;
- Description of the transparency and communication policy. It is aimed at helping to communicate more effectively with each other and with external stakeholders: the society, shareholder, market regulators, etc.;
- Description of the corruption prevention policy. It is aimed at establishing within the EPSO-G Group the basic principles and requirements of corruption prevention and guidelines for their observance, which provide the prerequisites and conditions for implementing the highest standards of transparent business conduct;
- Description of Employee remuneration policy. It is aimed at managing wage costs properly and creating motivational incentives to make amount of reward directly dependent on achievement of objectives that are set for the company and each employee;
- Description of accounting policy. It is aimed at ensuring that stakeholders are able to assess the activity and perspective of the group's companies, and make relevant economic decisions;
- Description of dividend policy. It is aimed at establishing clear guidelines for expected returns on equity and investment for the existing and potential shareholders by ensuring at the same time sustainable long-term corporate value growth, implementation of strategic projects of national

importance in due course, thus consistently enhancing trust in the entire group of energy transmission and exchange companies;

- Description of interest management policy. It is aimed at developing in EPSO-G group of companies an interest management system which is consistent with the common good practice, which would allow ensuring that decisions are taken objectively and impartially within the companies of the group, and would also form an environment that is unfavourable for corruption and would enhance confidence in the activities of the companies of the group;
- Description of Sensitive Information Protection Policy. It is aimed at developing a common system for the identification, use and protection of confidential information and information that constitutes trade (industrial) secret, at helping the members of the corporate governance bodies of EPSO-G group and employees to protect confidential information entrusted to them against improper and harmful disclosure;
- Description of the policy of the development and operation of technological assets. It is aimed at implementing in a consistent manner of the principles for the management and development of electricity and natural gas infrastructure and advanced technologies based on cost-benefit analysis, and at managing and developing the energy transmission infrastructure in a socially responsible manner, taking into account occupational safety and environmental requirements;
- Support policy description. It is aimed at ensuring that the support provided is public and does not raise public concerns about expediency and transparency of the award process;
- Description of risk management policy. It is aimed at implementing a uniform risk management system within the EPSO-G group of companies in accordance with the COSO ERM standards applicable in international practice that define the principles and responsibilities for risk identification, assessment and management;
- Description of Employee Performance Evaluation Policy. It is aimed at developing a coherent system for assessing individual goals of the employees that helps to manage wage costs effectively, as well as at creating motivational incentives for the employees who perform their duties properly and exceed expectations;
- other.

PRINCIPLES AND PRIORITIES OF SOCIAL RESPONSIBILITY

Amber Grid considers that the ways in which the result is achieved are significant. Therefore, relying on the accumulated good practices of national and international organisations, the Company aims at improving business practice, implementing modern ways of management of human resources, and applying natural resources-saving technologies and using substances, materials and processes that are not dangerous to human health. In planning its activities, the Company takes account of economic and social expectations of stakeholders, ensures transparent management, develops ethical relationships on the market, implements anti-corruption measures and contributes to the development of good business climate in the country. The company strives to maintain its status as a reliable social partner by contributing at the national level in dealing with relevant social problems that concern our society.

The social responsibility policy of the Company is based on its vision, mission and values, as well as on the activity directions and objectives approved in the five-year strategy, that include as follows: development of regional activities and ensuring the success of strategic projects, efficient operations, creating and progressive organization. Corporate responsibility is broadly focused on these key areas.

social responsibility in the market, efficient and transparent business: open and fair cooperation with stakeholders who help to implement the principles of socially responsible business, safe and reliable transmission of natural gas to the system users, fight against corruption and bribery, ensuring competitiveness, taxes paid in a fair manner;

social responsibility in the field of the environment: efficient use of natural resources in activities, participation in ecological prevention programs intended for ensuring landscape and biodiversity, promoting a sustainable approach to the environment of the employees, contractors, suppliers and society;

social responsibility in relations with the employees: responsibility towards the employees, taking care of the employee health, safety and equal rights, application of advanced performance management and reward systems, creation of conditions for personal and professional development of the employees, and for development of general competencies;

social responsibility in relations with the society: development of various social initiatives, volunteering and other projects in the local communities and at the national level, cooperation with scientific institutions.

A study is conducted once a year to assess the socially responsible activities of the Company in the area of the organization management. The importance of the measures implemented is assessed and the level of maturity is determined according to the results obtained, also the specific action plan of social responsibility for the next year that helps achieve the objectives effectively is also prepared.

CORRUPTION RISK

The Company does not tolerate in its activities any manifestation of corruption, inappropriate profit and gift acceptance, giving, offering, promising or claiming in misuse of office.

Anti-corruption activities of the Company are based on national legislation and voluntary commitments that go beyond them:

- ✓ all executives of the Company are directly responsible for implementation of corruption prevention measures and show good example to their employees;
- ✓ proportionate anti-corruption measures that are based on risk assessment are applied;
- ✓ assessment of corruption related measures is carried out on a regular basis, measures to reduce corruption risk are planned and adapted, the effectiveness of anti-corruption activities is monitored and, where appropriate, more effective measures are implemented.

The cases of violation of provisions of legal acts and rules of conduct, infringements of performed economic transactions and accounting, bribery, subornation, trading in influence, abuse, conflicts of interests, nepotism and cronyism, violations of transparency, equality, non-discrimination, proportionality and objectivity requirements in public procurement procedures by the executives and employees of the Company can be reported by a trust line: by e-mail sauga@ambergrid.lt or by phone: +370 666 06 084; +370 5 2327787. This information can only be accessed by anti-corruption officer of the Company who ensures full confidentiality of the reporting person.

HUMAN RIGHTS

The Company operates on the basis of the descriptions of the Ethical Employment Policy and of the Equal Opportunities Policy approved in 2017, which emphasise that all forms of discrimination are strictly prohibited (International Labour Organisation Conventions No 100; 111). The Company guarantees equal rights for all its employees and does not tolerate discrimination in the spheres of employment, remuneration, training, career, termination of employment relations or retirement, and other areas on the grounds of employees' race, nationality, gender, sexual orientation, age, political views, as well as other aspects that could lead to discrimination, and does not tolerate any threatening, abusive or exploiting conduct among employees.

Employees who were possibly subject to unlawful actions may file a complaint with a responsible person appointed by the Company. If the employee is dissatisfied with the outcome of the complaint examined, he or she may assert his or her infringed right in accordance with the law. Every employee having seen and / or having suspicions about, and / or who is a witness of a case of discrimination, harassment or sexual harassment shall report this to their immediate supervisor or a responsible person appointed by the Company. The Company ensures confidentiality of complaint examination, and, accordingly, all employees and the Company shall keep in secret any information received in the course of infringement examination. Failure to observe this provision shall be considered as a serious violation of labour discipline.

9.1. ENVIRONMENTAL PROTECTION AND OCCUPATIONAL SAFETY

The principles and obligations of Amber Grid concerning environmental protection and occupational safety and health are defined in the Description of the Environmental Protection and Occupational Safety and Health Policy. The principles laid down in the said Description serve as the basis for reducing, with the maximum possible effectiveness, the negative environmental impact of the Company's activities and ensuring occupational safety and health. The established principles of prevention, security and environmental sustainability must be observed by all interested parties and their groups involved in business process of Amber Grid. The established principles of prevention, security and environmental sustainability must be observed by all interested parties and their groups involved in business process of Amber Grid.

Management system

The Company has in place the environmental protection and occupational safety and health management system in line with requirements of the international standards ISO 14001 and OHSAS 18001. The environmental protection and occupational safety and health management system is integrated with business planning, organisation and management processes of Amber Grid. Management of environmental protection and occupational safety and health defined by standards facilitates in ensuring the continuous reduction of the environmental impact of the Company's business, of occupational risk for safety and health of employees, as well as the implementation of requirements for the Company's activities established by international and national legal acts of the Republic of Lithuania, regulations, and other regulatory enactments.

Having regard to the socio-economic situation and the financial and technical capacity of the undertaking, the management of the Company is committed to ensure continuous improvement of environmental protection and occupational safety and health management processes, enhancement of efficiency of environmental protection and occupational safety and health, and lead according to standards that are acceptable for the management process.

The environmental protection and occupational health and safety management system that is in place in the Company operates in a repetitive process of planning-implementation-checking-analysis. Employees at all levels are involved in the process under clearly established responsibilities for certain parts of the management process coordination and implementation.

Taking into account the conditions of the changing economic, social and natural environment, changing external and internal factors affecting the Company's activities, the system processes are constantly monitored, reviewed and periodically adjusted. The management of influencing factors is directly related to the goals and objectives set for the implementation of the Company's environmental and occupational safety and health policy principles. For the purpose of improving the environment and working conditions, the Company constantly invests in new equipment, production process technologies, information management and other tools. Taking into account the identified aspects of environmental protection and occupational risks factors arising from the Company's activities, only reliable measures that meet quality standards and reduce environmental impact and ensure occupational safety and health are applied.

Identification of occupational risk factors and their significance are assessed in accordance with generally accepted risk management methodologies and applicable international, Lithuanian and Company's internal legal acts, also in the light of changes of indicators of continuously increased efficiency, Company obligations to stakeholders, duration, frequency, severity and consequences of impact, etc.

In ensuring social cooperation and partnership, all employees of the Company are continuously informed and educated on the issues of environmental protection and occupational health and safety.

SOCIAL RELATIONSHIPS: SUPPORT

By decision of 22 August 2017, the Board of Amber Grid approved the Regulations of the Company's Support Provision Procedure worked out in observance of the goals of the Operating Strategy of the Company for 2017-2022, and the principles of the Support Policy of EPSO-G group of companies with a view to ensuring the expediency and publicity of support provided and transparency of the process of its allocation.

Directions of support

It is stated in the Regulations of the said procedure that in carrying out the development envisaged in the strategy and projects of economic importance to the State, the Company can influence the quality of life of communities or their environment. It is therefore entitled to provide support from its own profit for the needs of the local regions and / or communities in which the projects are carried out, and for education, culture, sport, social services, healthcare or other areas of community well-being. The company may also provide support for individuals who study under the study programmes that are related to its direct activities. Amber Grid encourages voluntary unpaid involvement of its employees in activities that are related to implementation of objectives that are important to the society or the local community, and taking this into account may provide support.

In providing support, the Company shall be guided by the following principles: compliance with business objectives, transparency and impartiality, equality of arms and combination of confidentiality and publicity. No support is provided by the Company for the financing of political parties or political campaigns, to cover debt obligations of political campaigners incurred by them during the period of or relating to political campaigners, charity and support funds founded by politicians or their close relatives, legal entities that have improperly implemented or have breached a support agreement that was formerly entered into with any

company within the EPSO-G group of companies (or with other support provider and this is known), as well as for activities that promote or are related to games of chance or gambling of such nature, alcoholic beverages, smoking products or other intoxicating substances, and for other activities that have or may have a negative impact on the society.

The share of the Company's profit that is allocated to be provided as support is determined annually at the General Meeting of Shareholders, and reserve is formed for this amount based on the profit achieved and projects implemented during the reporting year. The share of the Company's profit that is allocated to be provided as support cannot constitute more than 1% of the net profit of the reporting financial year, in any case not exceeding EUR 50 thousand. The Regulations of the Company's Support Provision Procedure are publicly available on the Company's website https://www.ambergrid.lt/lt/apie_mus/imones-socialines-atsakomybes-politika/parama-ir-jos-teikimo-tvarka.

No support was provided in the 1st half of 2019.

SOCIAL INITIATIVES

Dialogue Culture and Collaboration Project

In preparation for the start of construction of the gas interconnection between Lithuania and Poland (GIPL), Amber Grid organized special meetings with communities in whose territories the pipeline construction works will take place. This spring, Amber Grid organized 40 meetings for the local communities with people who create, think and encourage others to live consciously. The residents of Sirvintos, Vilnius, Elektrenai, Kaisiadorys, Prienai, Birštonas, Alytus, Lazdijai ir Marijampole districts participated at the meetings intended to foster a culture of dialogue in communities in whose environment Amber Grid operates and where the international gas interconnection will be constructed. The total of about 6000 people from 9 municipalities and 22 elderships had a chance to talk live with famous people like an actor Giedrius Savickas, performers Gabrielius Liaudanskas-Svaras, Juste Arlauskaite Jazzu, Marijonas Mikutavicius, Saulius Urbonavicius Samas, Rafailas Karpis, an actor Mantas Stonkus, a psychologist Dainius Puras, and a creator Haroldas Mackevicius. During the meetings, there was an open dialogue with the audience not only about the project but also about simple things, such as relationship, meaningful activities and values.

The Social Responsibility Project of Amber Grid *The Culture of Dialogue and Development of Cooperation through Implementation of the GIPL Project* was launched in autumn of 2018. The project is aimed at providing the residents with information on the importance, progress and progress of the GIPL project that is implemented in their neighbourhood, at educating the society, at shaping the image of a reliable, transparent, socially responsible company, fostering a culture of responsibility, rational creativity and dialogue, and building long-term relationships with the communities in whose environment the company operates.

The continuation of the community project is scheduled for the autumn of 2019.

Environmental cleaning action

More than 99 employees of the Company, together with their family members, participated in a voluntary public action "Darom" (90 employees in 2018). The Company received acknowledgement from the organisers of the action for the participation in a voluntary public action "Darom" of 2019.

Blood donation campaign

A civil campaign “Blood Donor Day” was organized in the Company. 47 employees of the Company took part in the campaign (50 employees in 2018). The employees have donated their blood and thus contributed to saving health and life of the individuals suffering from various illnesses. 20 litres of blood have been donated. The National Blood Centre expressed their thanks to Amber Grid for active participation and the dissemination of the ideas of unpaid blood donation.

Charity auction

During the summer festival of EPSO-G group, which was attended by all companies in the group, an auction was held. An amount of EUR 1750 was collected during the auction. This amount went to Childhood Cancer Fund Rugute which supports children with oncological diseases and to the Day Care Centre in Pivasiunai where children from socially vulnerable and in need of assistance families spend a lot of time, acquire daily life skills, play, do their home works during the school year. Lessons, meetings with interesting people, various afternoon activities are organised for children who attend the centre. Whenever necessary, the centre organises family assistance.

Favourable wind pinwheel action

The employees of the Company participated in *Favourable wind pinwheel action*. They invited people to disperse clouds and send a favourable breeze to children with oncological diseases.

This actions serves as an example to others that if you have a great idea and believe in it, you can do a lot of things: spend your free time to create a joyful commodity that will later be transformed into medications, medical or nursing aids for children, will help fulfil the dreams of sick children.

Chemistry lesson in a different manner

The employees of the Company have a Chemistry lesson for the students of grade 10 at Vasilijus Kacialovas gymnasium. Lithuanian natural gas transmission system was reviewed, the composition of natural gas and its influence on the calorific value of gas were analysed. The operating principle of chromatograph was discussed in detail. The students solved practical tasks.

Students from Vilnius Gediminas Technical University visited the Company

The first year students of the Department of Building Energy of VGTU visited the office of Amber Grid. We are in a long-standing friendship with this university, many of our specialists have graduated from this educational institution. The students were made familiar with the system maintained by the Company, the specifics and importance of the work of the System Control Centre, gas flows in Lithuania, and were told about relationship between us and the neighbouring countries. Regular communication is one of the ways to arose interest of young people and to show why it is interesting and worthwhile to choose a specialty of a gas specialist.

More information about social responsibility of the Company and activities pursued by it is provided in a separate Social Responsibility Report prepared on the basis of the agreed principles and recommendations of the Global Reporting Initiative (GRI) which help in assessing activities according to economic, environmental protection, employee, human rights, society and market related indicators.

10. KEY EVENTS OF THE REPORTING PERIOD

In fulfilling its obligations under the legal acts governing the securities market which are applicable to the Company, the Company publishes the information on corporate events and other regulated information at the level of the EU. This information can be accessed on the Company's website (www.ambergrid.lt/lt/apie_mus/rubrika-investuotojams/esminiai-ivykiai) and on the website of stock exchange NASDAQ Vilnius (www.nasdaqbaltic.com).

The key events of the reporting period that were published in the first half of 2019:

| Date | Key events of the reporting period |
|------------|--|
| 2019 02 14 | Unaudited results of AB Amber Grid for year 2018 |
| 2019 02 19 | Concerning the opinion of the Audit Committee |
| 2019 02 22 | Concerning the opinion of the Audit Committee |
| 2019 02 28 | Concerning entering into lending and borrowing via Cashpool agreement with EPSO-G |
| 2019 03 19 | CORRECTION: Amber Grid Reporting dates in 2019 |
| 2019 03 28 | Notice on Convening an Annual General Meeting of Shareholders of AB Amber Grid |
| 2019 04 23 | On Convening an Annual General Meeting of Shareholders of Amber Grid |
| 2019 04 23 | Annual Information of Amber Grid for 2018 |
| 2019 05 02 | Regarding dividend payment and ex-date |
| 2019 05 08 | Amber Grid Group Consolidated Operating Results for the 1st Quarter of 2019 |
| 2019 05 31 | Regarding Register of Guarantees of Origin of Green Gas |
| 2019 06 10 | On Natural Gas Transmission System Operator's Revenue Cap of Regulated Activities for 2020 |
| 2019 06 19 | The audit committee's opinion on the transaction with the related party is received |
| 2019 06 26 | Notice on Convening an Extraordinary General Meeting of Shareholders of AB Amber Grid |

All public notices that are to be published in accordance with the procedure laid down by legal acts are published in the electronic bulletin of the Registrar of the Register of Legal Entities. Notices on convocation of the General Meeting of Shareholders of the Company and other key events are published in accordance with the procedure laid down by the Law on Securities in the Central Database of Regulated Information www.crib.lt and on the Company's website www.ambergrid.lt. Notice on convocation of the General Meeting of Shareholders shall be sent to the shareholders holding shares that carry not less than 10% of votes in accordance with the procedure set out in the Articles of Association of the Company.