

Unaudited financial statements for 2021



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Main activities (1 no 2)



New storage service tariffs

On 1 March 2021, Regulator approved new storage service tariffs, which are effective from 1 May 2021 and are intended for a regulative period of 5 years.



Inčukalns UGS capacity auctions

As a result of Inčukalns UGS capacity auctions, system users were granted capacity 13.9 TWh – 11.6 TWh for one year bundled capacity product of 2021/2022 storage cycle, 2 TWh for two year bundled capacity product of 2021/2023 storage cycle, and 0.26 TWh interruptible capacity product.



New tariff for the use of exit point for Latvia consumption

The new tariff for the use of the exit point for Latvia natural gas users 1,9296946 EUR/MWh is valid from October 1, 2021 until September 30, 2022, thus providing a slight price reduction for end-users.



Dividend payout

Dividends were paid to shareholders from retained earnings in amount of 84.4 mio EUR.



Transmission auction results

In accordance with Regulation No. 312 «Procedures for the Supply of Energy Users and Sale of Heating Fuel During Declared Energy Crisis and in Case of Endangerment to the State» adopted by the Cabinet of Ministers, as a result of several auctions, the total amount of active natural gas auctioned is 2.35 TWh.



The first direct connection to gas transmission

The connection was constructed in Priekuļi and its construction was carried out by the company of compressed natural gas - “GasOn” LTD, project investment reached around 1 million EUR. Thanks to the installation of a direct connection, the gas producer of compressed natural gas “GasOn” LTD will have the possibility to receive gas from transmission system



Covid-19

During emergency situation in relation to Covid-19, Conexus continues to provide safe and uninterrupted operations, risks are mitigated.

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Main activities (2 no 2)



Implementation of European projects of common interest continues

15.2 million EUR were invested into modernisation of Inčukalns UGS and Enhancement of Latvia-Lithuania Interconnection (ELLI) during 2021. To support the investments, a loan agreement with Nordic Investment Bank in amount of 30 million EUR was concluded in 2021, with repayment term until 2038.



Modernisation of gas compression unit No.3

Modernisation of existing gas compression unit 12x330 No.3 was successfully completed in 2021. For the first time in storage history, the plant will be further used for natural gas compression withdrawal from storage during spring months, when the available active natural gas balance in storage reaches low.



Research on input of hydrogen into gas infrastructure

- By joining of Latvia, Estonia, Finland and Lithuania gas transmission system operators, a Hydrogen Baltic Coordination group (H2BCG) has been set up in July 2021.
- The Transmission System Operators have signed a Memorandum of Understanding (MoU) on promoting the development of green gases (also called renewable gases) in September 2021.
- On 13th of October the agreement to prepare a Project Plan was signed with GRTGaz's dedicated Research & Innovation Center for Energy (RICE).

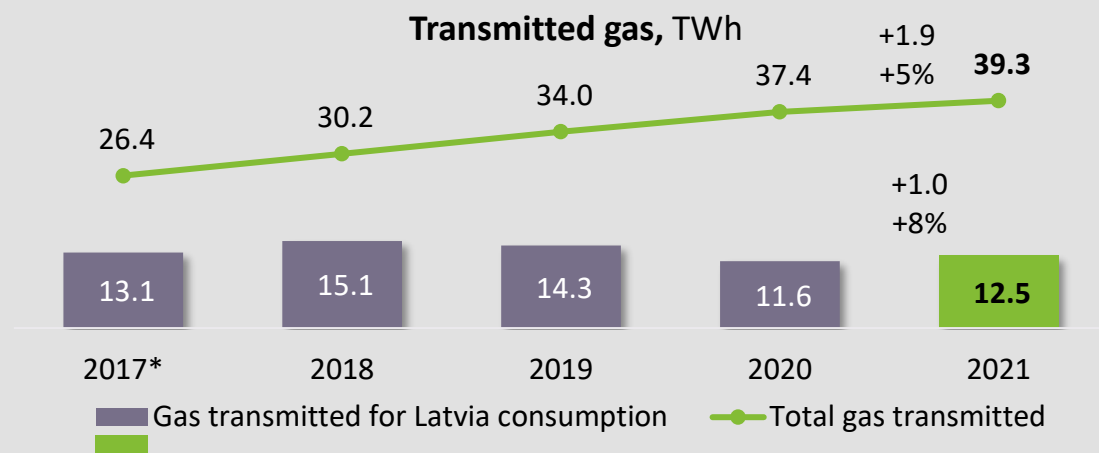


Fulfilment of the storage at the beginning of withdrawal season reaches 80%

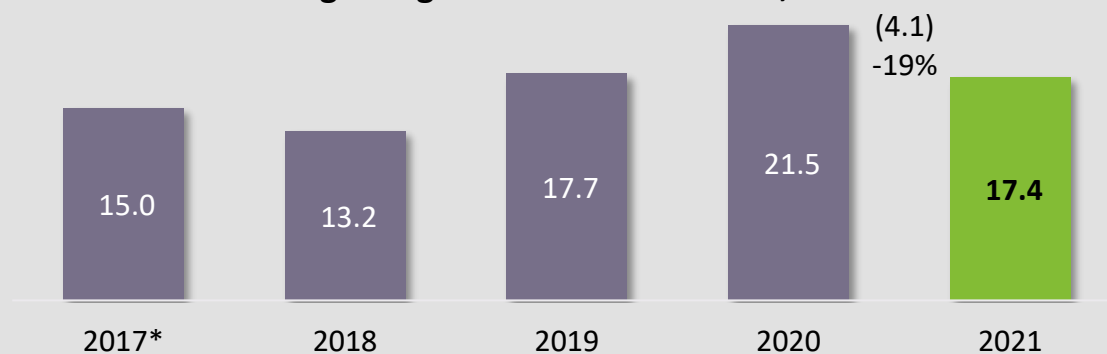
At the end of 2021/2022 natural gas injection season, Inčukalns UGS system users stored natural gas reached 17.4 TWh. It is 80% of maximum volume of stored active natural gas, the volume in storage is higher than in 2017-2018 storage cycles.

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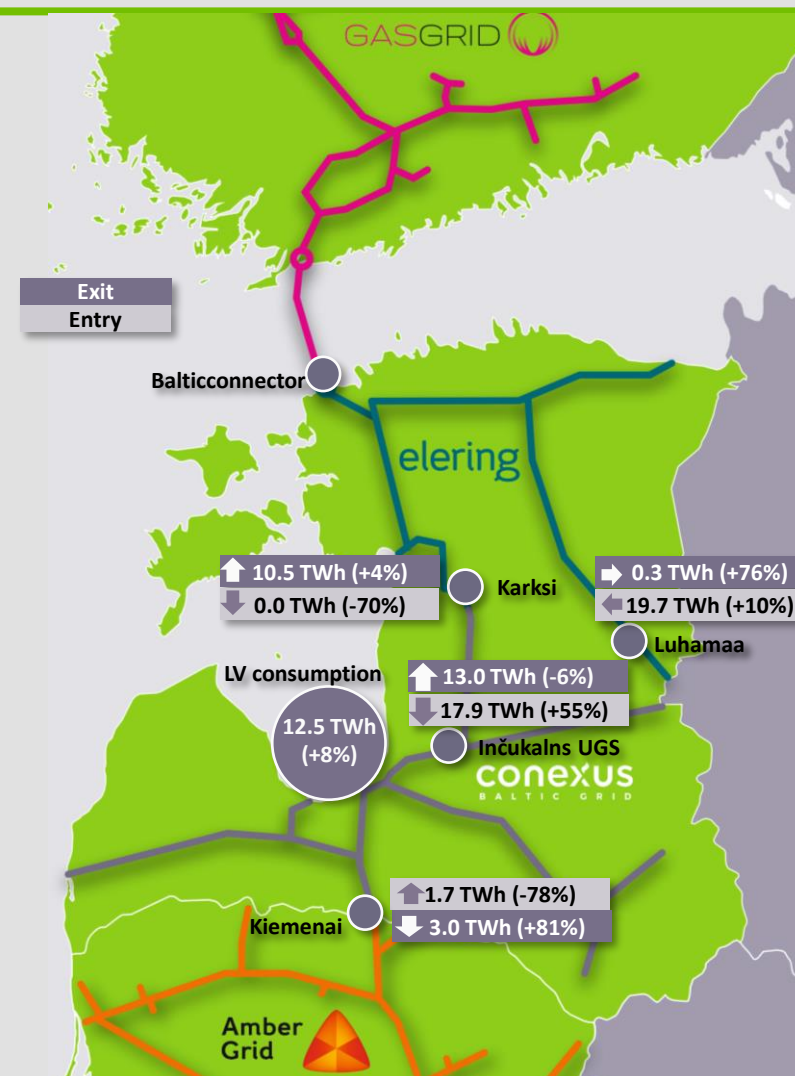
Main facts



Amount of natural gas stored in Inčukalns UGS at the beginning of withdrawal session, TWh

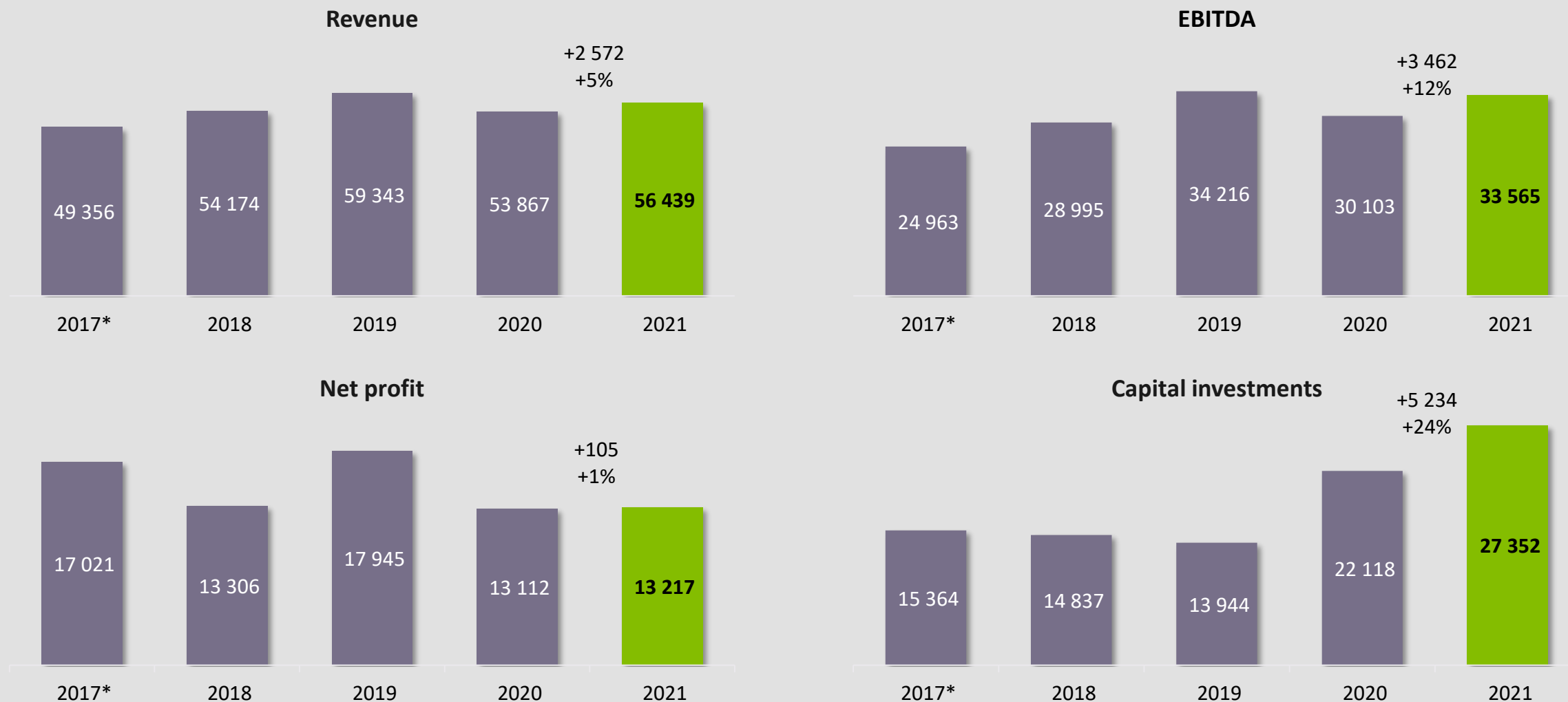


*04.01.2017-31.12.2017



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Main financial indicators, `000 EUR

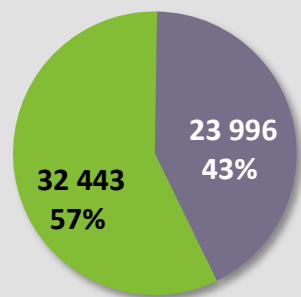


*04.01.2017-31.12.2017

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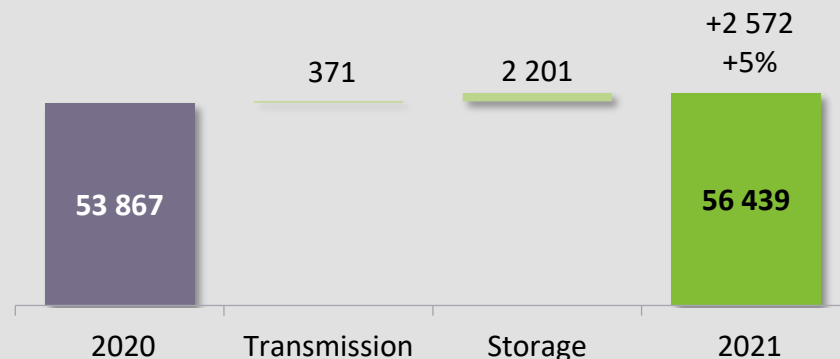
EBITDA and segment split, `000 EUR

Revenue by segments



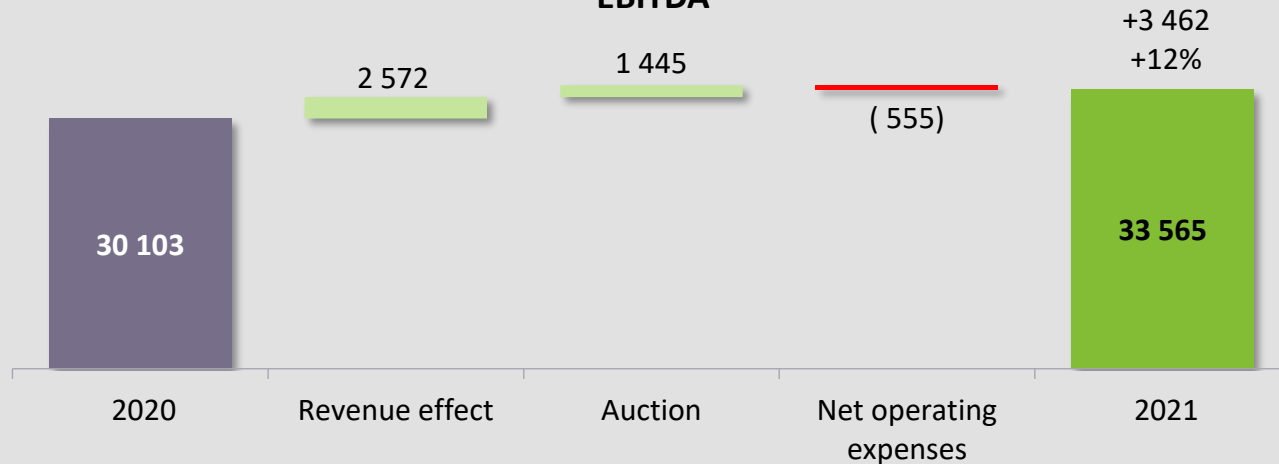
■ Transmission ■ Storage

Net revenue



- EBITDA increased by 12%, reached 33.6 mio EUR;
- The main positive impact - revenue increase by 2.6 mio EUR (mainly storage revenue effect) and the lower Auction expenses (1.4 mio EUR);
- Net profit 105 kEUR (0.8%) higher.

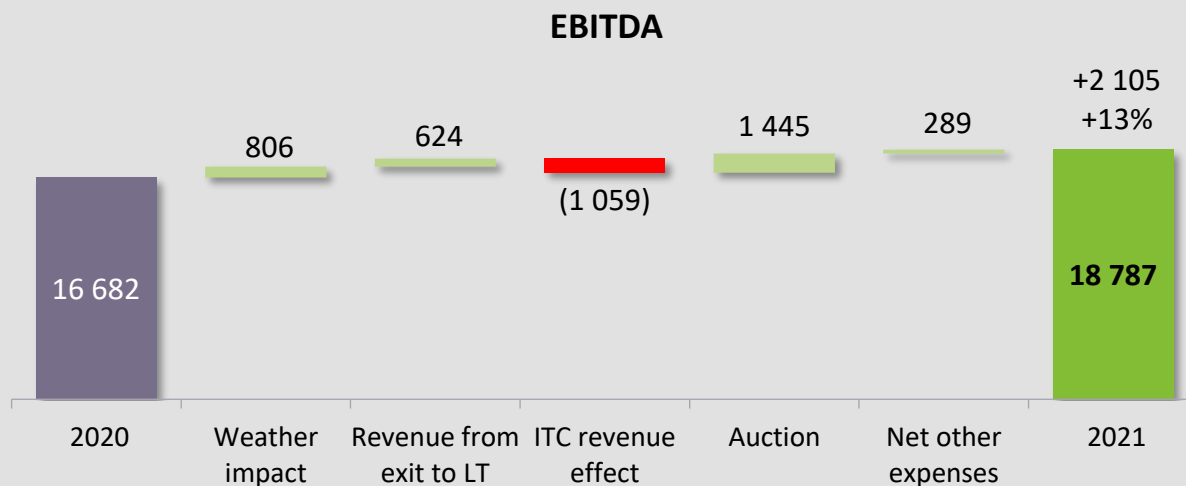
EBITDA



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Transmission, `000 EUR

	2021	2020	+/-	%
Net sales	32 443	32 072	371	1%
EBITDA	18 787	16 682	2 105	13%
Segment Net Profit	6 869	6 829	40	1%
Segment assets	250 660	242 138	8 522	4%
Depreciation and amortisation	10 321	9 758	563	6%
Investments made	10 579	9 062	1 518	17%



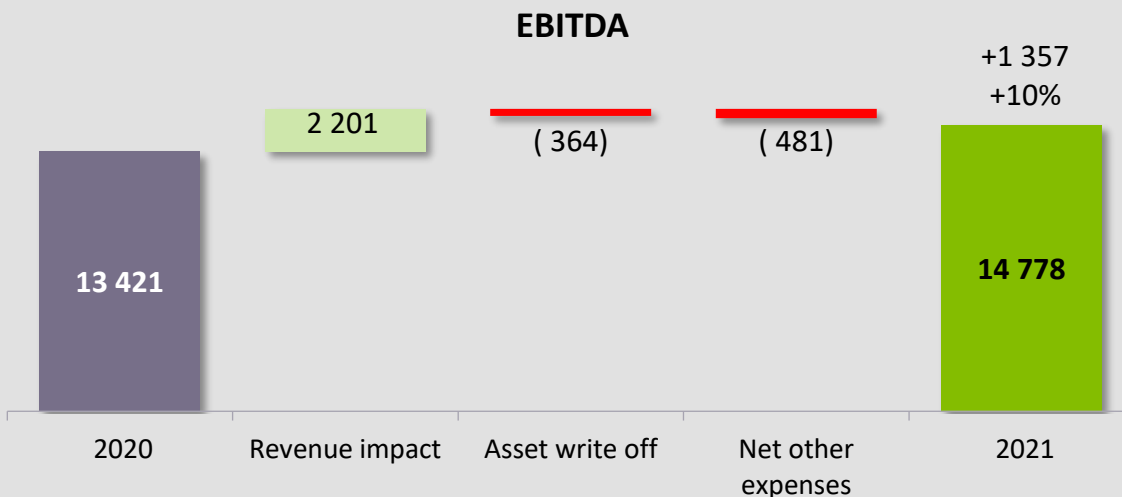
- Total gas transmitted increased by 5% and natural gas for consumption in Latvia increased by 8% due to colder weather in comparison to winter months of 2020.
- Actual transmission revenue reached 32.4 mio EUR, increase by 1% or 0.4 kEUR, due to the following factors:
 - Natural gas for consumption in Latvia increased by 1.0 TWh (8%) due to colder weather in winter months in comparison to 2020; this positively impacted revenue by 0.8 mio EUR;
 - Revenue from exit points increased by 0.6 mio EUR (natural gas transmitted to Lithuania is 1.3 TWh higher);
 - ITC revenue decreased by 1.1 mio EUR due to the lower total regional entry revenue decrease.

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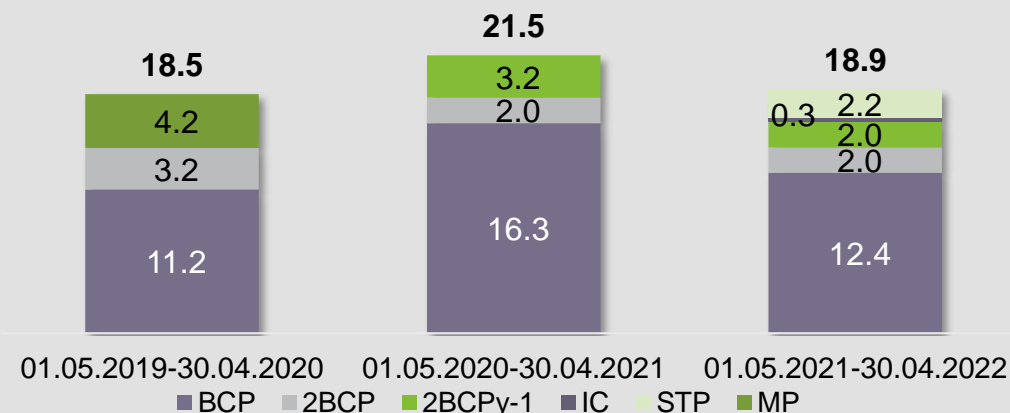
Storage, `000 EUR

	2021	2020	+/-	%
Net sales	23 996	21 795	2 201	10%
EBITDA	14 778	13 421	1 357	10%
Segment Net Profit	6 348	6 283	65	1%
Segment assets	217 410	210 954	6 457	3%
Depreciation and amortisation	7 485	7 065	420	6%
Investments made	16 772	13 056	3 716	28%

- Total amount of reserved capacity at Inčukalns UGS in 2020/2021 storage cycle 21.5 TWh, 16% more than in 2019/2020 storage cycle (18.5 TWh);
- Total amount of reserved capacity at Inčukalns UGS decreased to 18.9 TWh in 2021/2022 storage cycle;
- Revenue was positively impacted by the different types of products reserved by the users and their tariffs;
- Asset write off expenses relate to Inčukalns UGS modernizations project.



Storage reservations by products, TWh

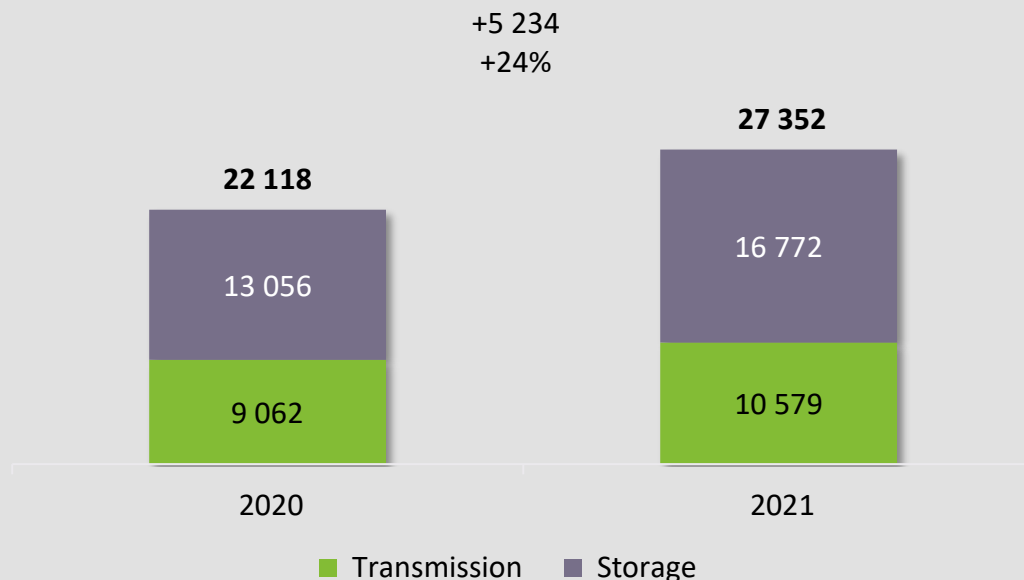


BCP – bundled capacity product; IC – interruptible capacity product; STP – stock transfer product; MP – market product

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Capital investments, `000 EUR

Investments by segments



➤ Storage segment largest project:

- "8.2.4. Enhancement of Inčukalns UGS" - total investments 88 mio EUR for the modernization of the storage facility (50% of which co-financed by the EU). Implementation years 2018 – 2025. During the reporting period investments made in amount of 14 mio EUR.

➤ Transmission segment largest projects:

- "8.2.1. Enhancement of Latvia-Lithuania interconnection" (ELLI) – total investments of 5.5 mio EUR are to be made by Conexus (50% of which co-financed by the EU). Implementation years 2019 – 2023. During the reporting period investments made in amount of 1.2 mio EUR.
- Izborska – UGS insulation replacement – 4 mio EUR;
- Transmission gas pipelines repairs and replacement of anti-corrosion insulation - investments made in amount of 2 mio EUR.

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Available funds and borrowings, `000 EUR

Cash position	31.12.2021	31.12.2020
Cash surplus / (shortage)	(10 274)	15 164
Credit line utilized	24 950	-
Total	14 676	15 164

Outstanding loans	31.12.2021	31.12.2020
Long term loans	60 283	-
Short term loans	12 823	21 875
Credit line	24 950	-
Total	98 056	21 875

Financial covenants	31.12.2021	31.12.2020
Shareholders' equity ratio > 50%	71%	89%
Net Debt to EBITDA ratio < 5	2.97	0.76
Debt-Service Coverage Ratio (DSCR) > 1.2x	3.73	8.26

- During the reporting period the Company has received loans from the following banks:
 - Nordic Investment Bank;
 - AS «SEB banka».
- The repayment term of the loan from OP Corporate Bank plc Latvia has also been extended;
- During the reporting period the Company has concluded credit line agreements with the following banks:
 - AS «Swedbank»;
 - AS «SEB banka»;
 - OP Corporate Bank plc Latvia.
- Company has an available overdraft facility of 90 mio EUR. At the year end, 25 mio. EUR overdraft has been used, while the remaining 65 mio. EUR overdraft is unused and available. The agreement terms for the unused overdrafts reach beyond 1 year.
- All financial covenants set in the Company's loan agreements have been complied with during the reporting period.

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Thank you!