



conexus
B A L T I C G R I D

2022

SUSTAINABILITY AND ANNUAL REPORT

SUSTAINABILITY HIGHLIGHTS – MAIN ACTIVITIES

Service



INJECTION OF NATURAL GAS STARTED EARLIER THAN USUAL

In response to Russian invasion of Ukraine, injection of natural gas into the Inčukalns UGS was started already at the end of February 2022.

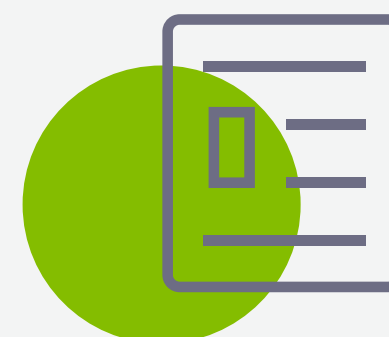
Injection of natural gas into storage is ensured also during the 2022/2023 withdrawal season to promote secure and uninterrupted supply of natural gas.



SUPPLY OF GAS IN COMPLICATED GEOPOLITICAL CIRCUMSTANCES

Conexus ensured an uninterrupted supply of natural gas for Latvia, Lithuania, Estonia and Finland in 2022.

Natural gas consumption in Latvia decreased to 8,8 TWh (a third less than in the last year) due to high prices of gas, which caused also a decline in electricity generation at the largest power plants.



IMPLEMENTATION OF EUROPEAN PROJECTS OF COMMON INTEREST

To continue the “Enhancement of Inčukalns UGS ” project, Conexus has entered into agreement on purchase and installation of a new gas compression unit (contract value at 21,6 million EUR).

The “Enhancement of Latvia - Lithuania Interconnection” (ELLI) project foresees a number of activities in both Latvia and Lithuania until the end of 2023, which will result in increased capacity of gas interconnection between Latvia and Lithuania in both directions.

SUSTAINABILITY HIGHLIGHTS – MAIN ACTIVITIES

Governance



CONEXUS HAS UPDATED THE MEDIUM-TERM STRATEGY FOR 2023-2027

Considering the significant occurrences in the natural gas sector, Conexus updated the strategic directions and priorities of the Company. The medium-term strategy for 2023-2027 sets strategic goals, defines medium-term priorities and the set of measures for achievement of the goals set by Conexus, which will ensure sustainable development of the company.



“S&P GLOBAL RATINGS” AGENCY ASSIGNS BBB+ CREDIT RATING TO CONEXUS FOR THE FIRST TIME

International credit rating agency “S&P Global Ratings”, which also sets Latvia's sovereign credit rating, has assessed Conexus for the first time and assigned rating BBB+ with stable outlook.



BAN ON NATURAL GAS SUPPLIES FROM RUSSIA

On 14 July 2022, the Parliament of the Republic of Latvia adopted amendments to the Energy Law, which set a ban on natural gas supplies from Russia starting from 1 January 2023. After the date, Latvia can receive natural gas from the LNG terminals in Klaipeda (Lithuania) and Inkoo (Finland).



AMENDMENTS TO ENERGY LAW

The aim of the amendments to the Energy law is to establish energy supply security reserves to be stored in Inčukalns UGS to ensure the security of supply of natural gas. Energy supply security reserve is set at 1,8 TWh for 2023, purchase and storage of the reserve was organised by AS “Latvenergo” on behalf of the State, as well as ensuring injection in Inčukalns UGS.

SUSTAINABILITY HIGHLIGHTS – FURTHER DEVELOPMENT

Environment



SIX GAS TSOS SIGNED A COOPERATION AGREEMENT TO DEVELOP NORDIC - BALTIC HYDROGEN CORRIDOR

Conexus, “Gasgrid Finland” (Finland), “Elering” (Estonia), “Amber Grid” (Lithuania), “Gaz-System” (Poland) and “Ontras” (Germany) have signed a cooperation agreement to develop hydrogen infrastructure from Finland through Estonia, Latvia, Lithuania and Poland to Germany to meet the REPowerEU 2030 targets.



THE AMENDMENTS TO THE ENERGY LAW PROVIDE FOR THE ESTABLISHMENT OF GUARANTEE OF ORIGIN SYSTEM FOR GAS

The amendments to the Energy law provide for the establishment of guarantee of origin system for gas in Latvia and designates Conexus to become an issuing body and registry administrator for guarantees of origin.

The guarantee of origin is a document that proves the gas has been produced from renewable energy sources and will therefore be applicable both in Latvia and will open up new opportunities for renewable gas producers to export it. Guarantee of origin system for gas will become operational on 01.07.2023.



CONEXUS LAUNCHED DEVELOPMENT SOLUTION FOR INJECTION OF BIOMETHANE INTO THE GAS TRANSMISSION SYSTEM

Conexus has launched a development solution for the injection of biomethane into the gas transmission system in order to promote the development of renewable gases in Latvia and to provide an opportunity to biomethane producers to inject it into the gas transmission system without setting up a direct connection.



RESEARCH STUDY ON THE POSSIBILITIES OF BLENDING AND TRANSMITTING HYDROGEN

Conexus, together with the regional gas TSOs Gasgrid Finland, Elering and Amber Grid, will continue the ongoing research study on the possibilities of blending and transmitting hydrogen into the natural gas transmission system. Research activities will be launched on the possibility to store hydrogen in Inčukalns UGS.

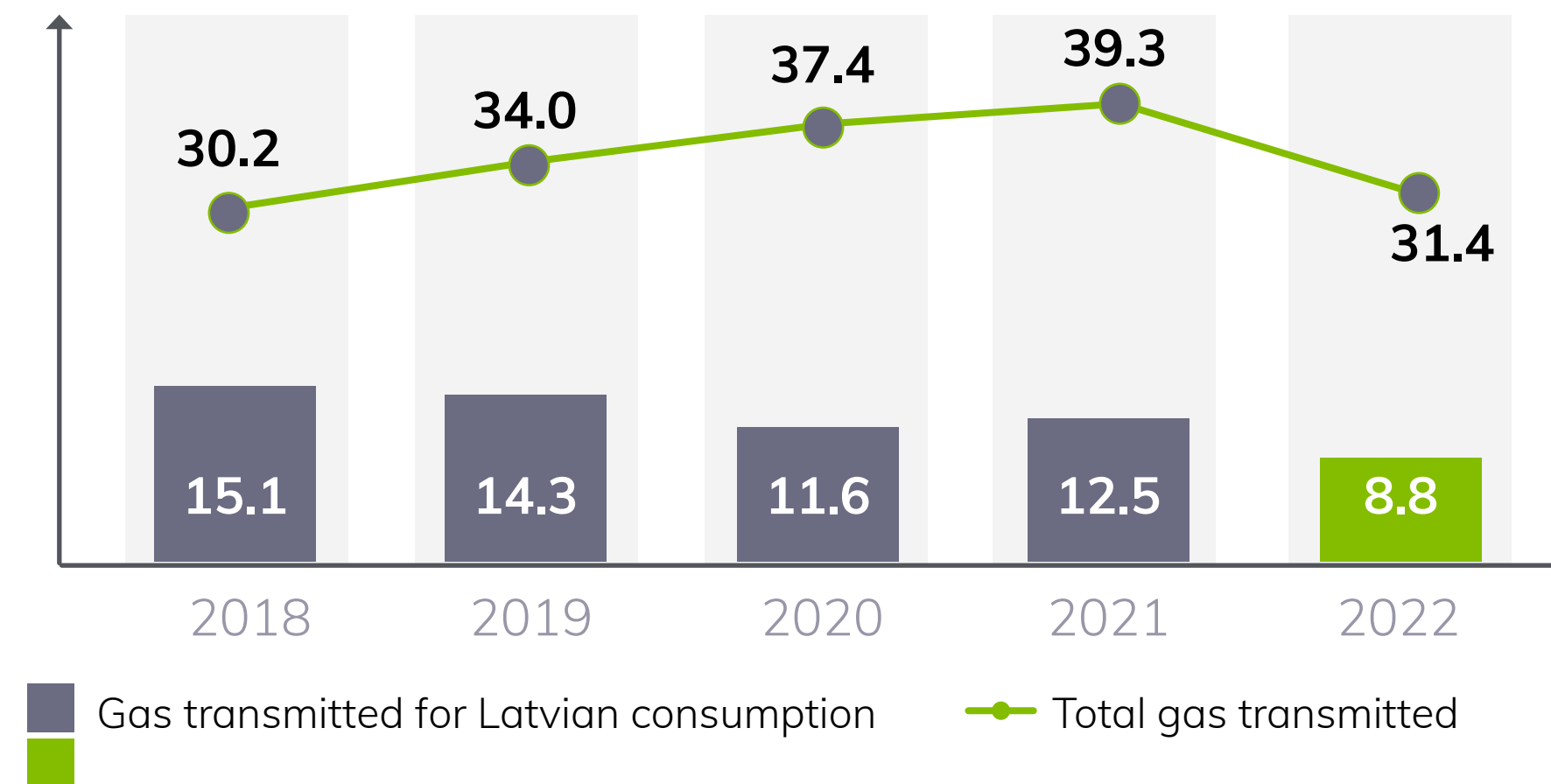


REDUCED IMPACT ON ENVIRONMENT

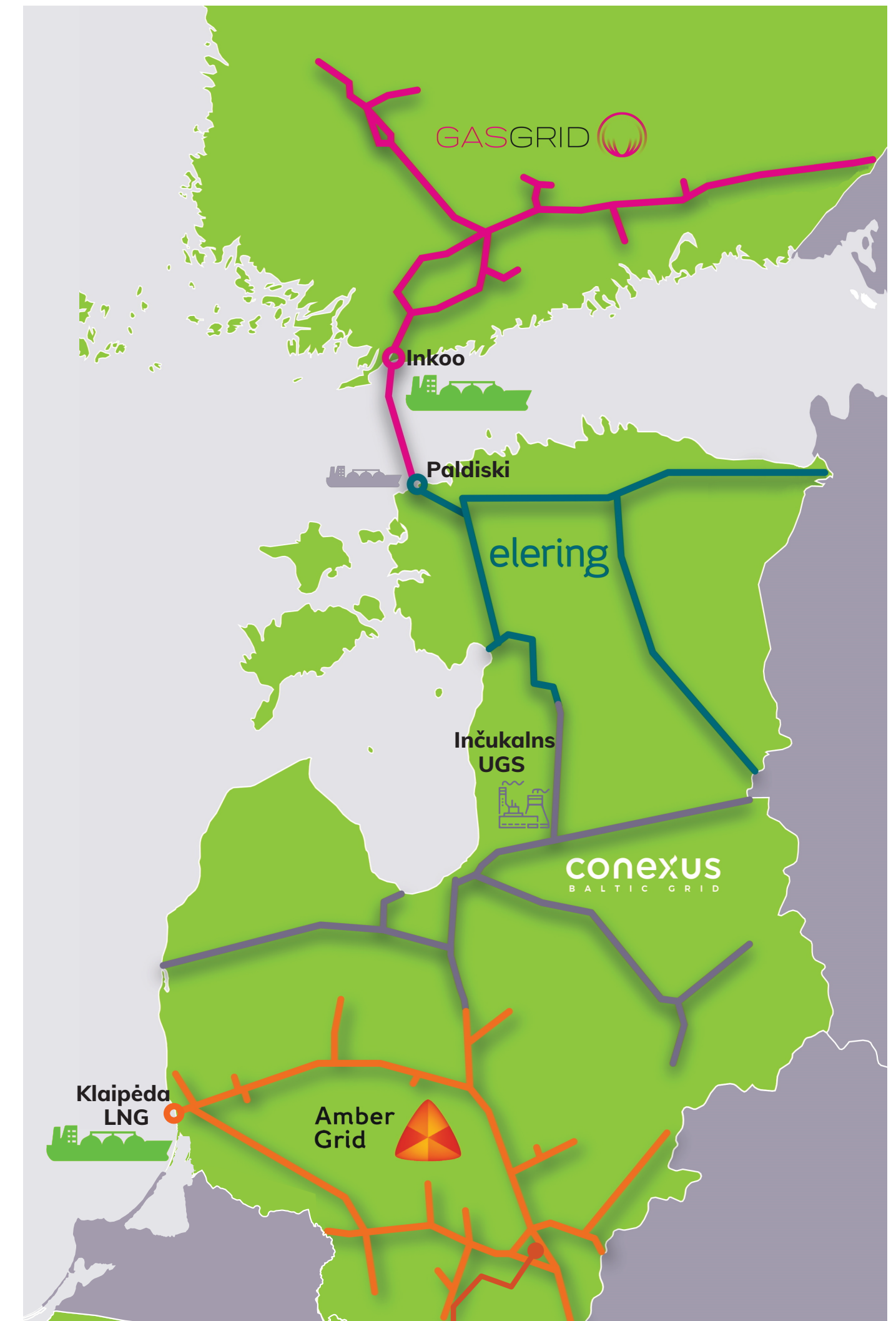
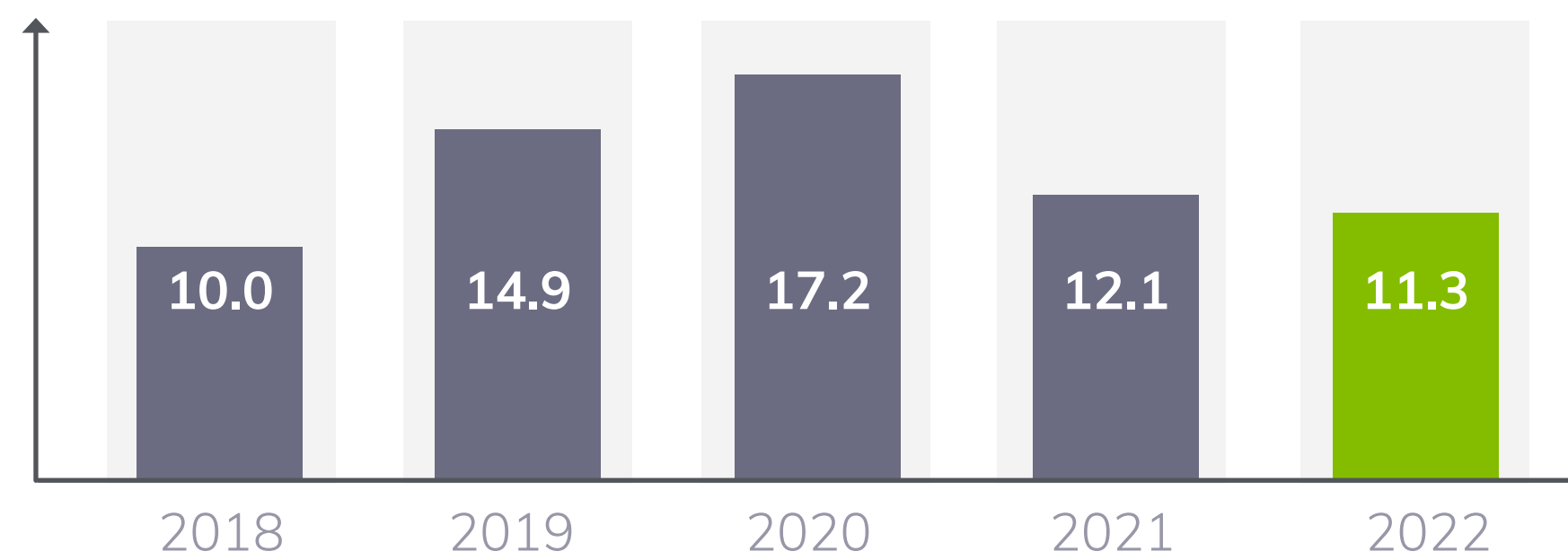
Reduction of greenhouse gas emission and energy consumption against the prior year. No significant environmental infringements were identified. All conditions set out in environmental legislation were met.

KEY FACTS

Transmitted natural gas, TWh

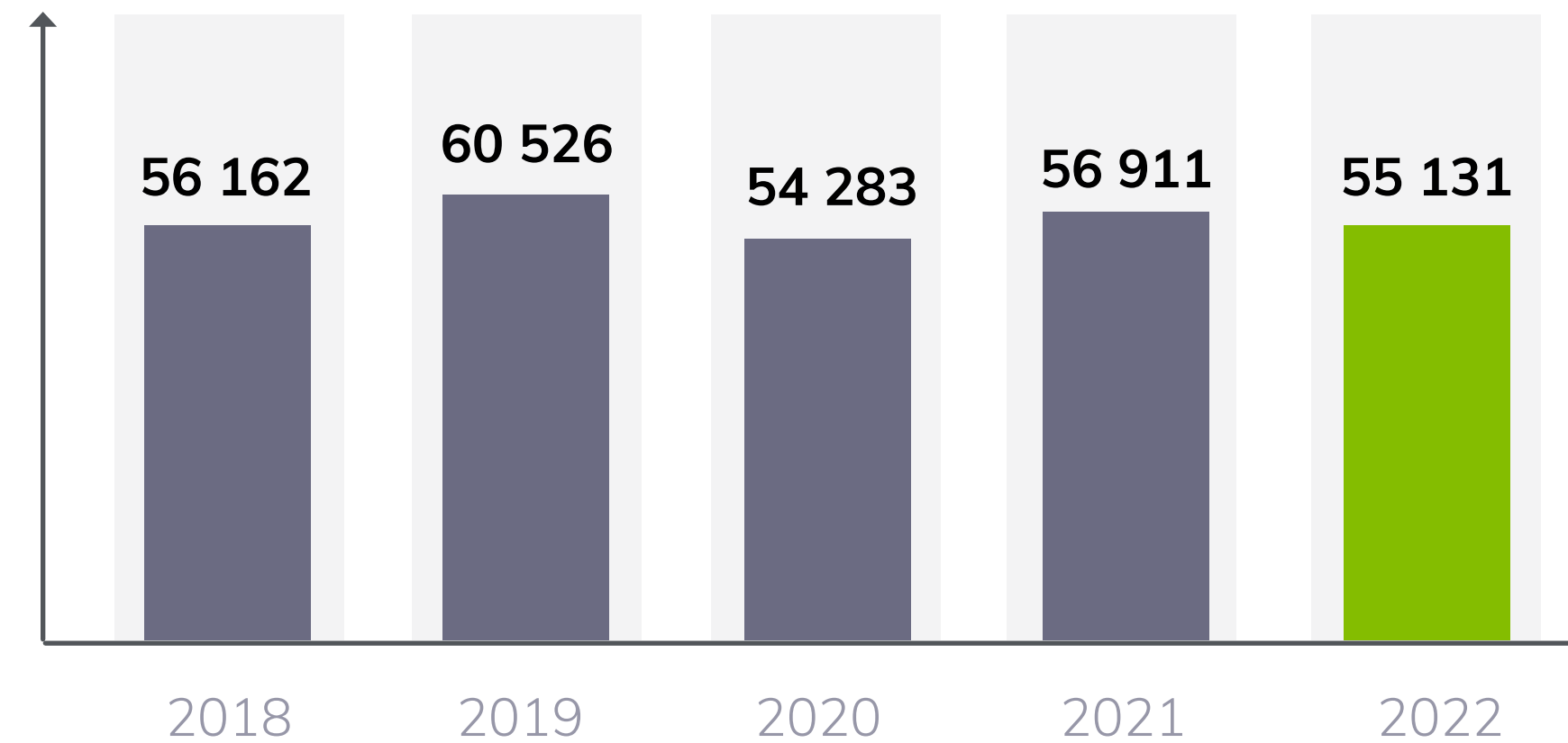


Amount of natural gas stored by system users in Inčukalns UGS at the end of the year, TWh

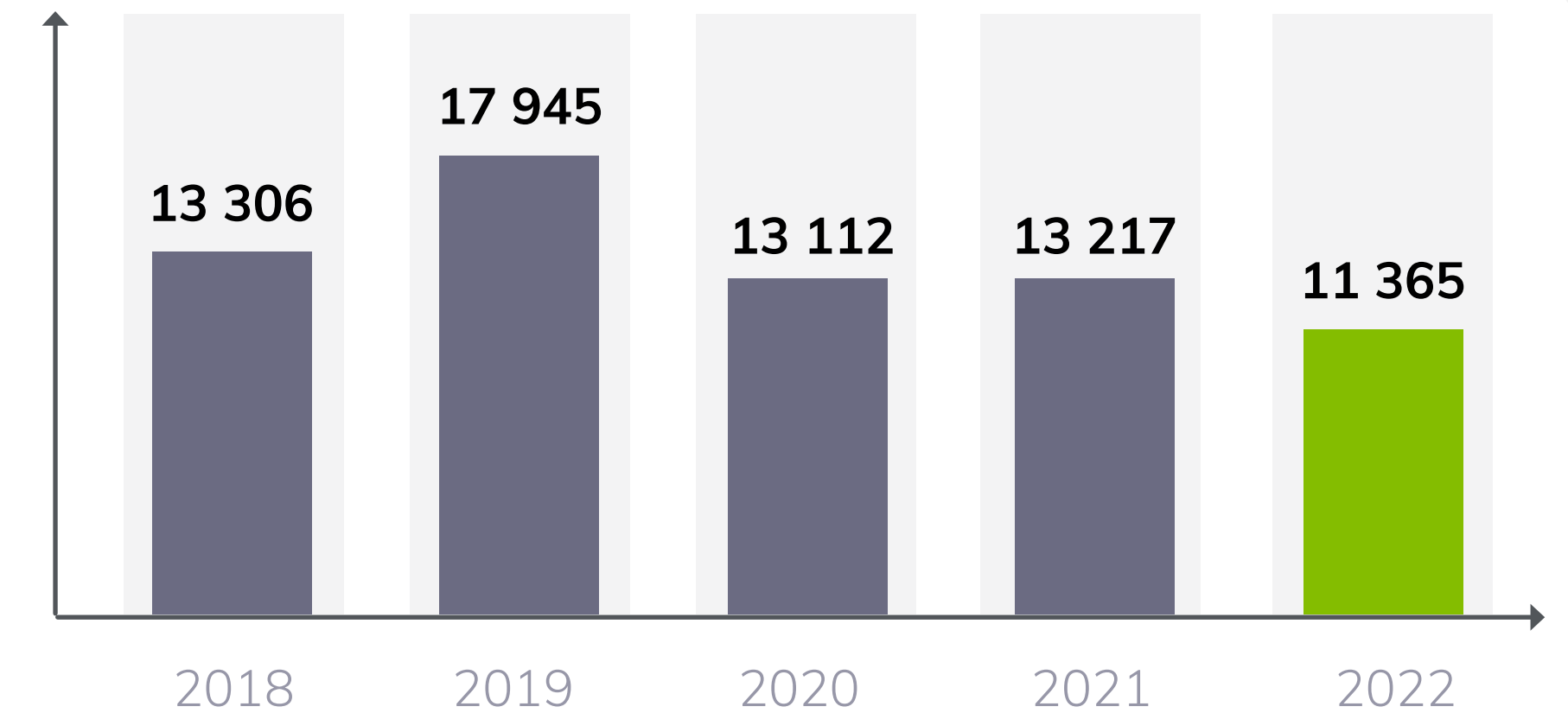


MAIN FINANCIAL INDICATORS

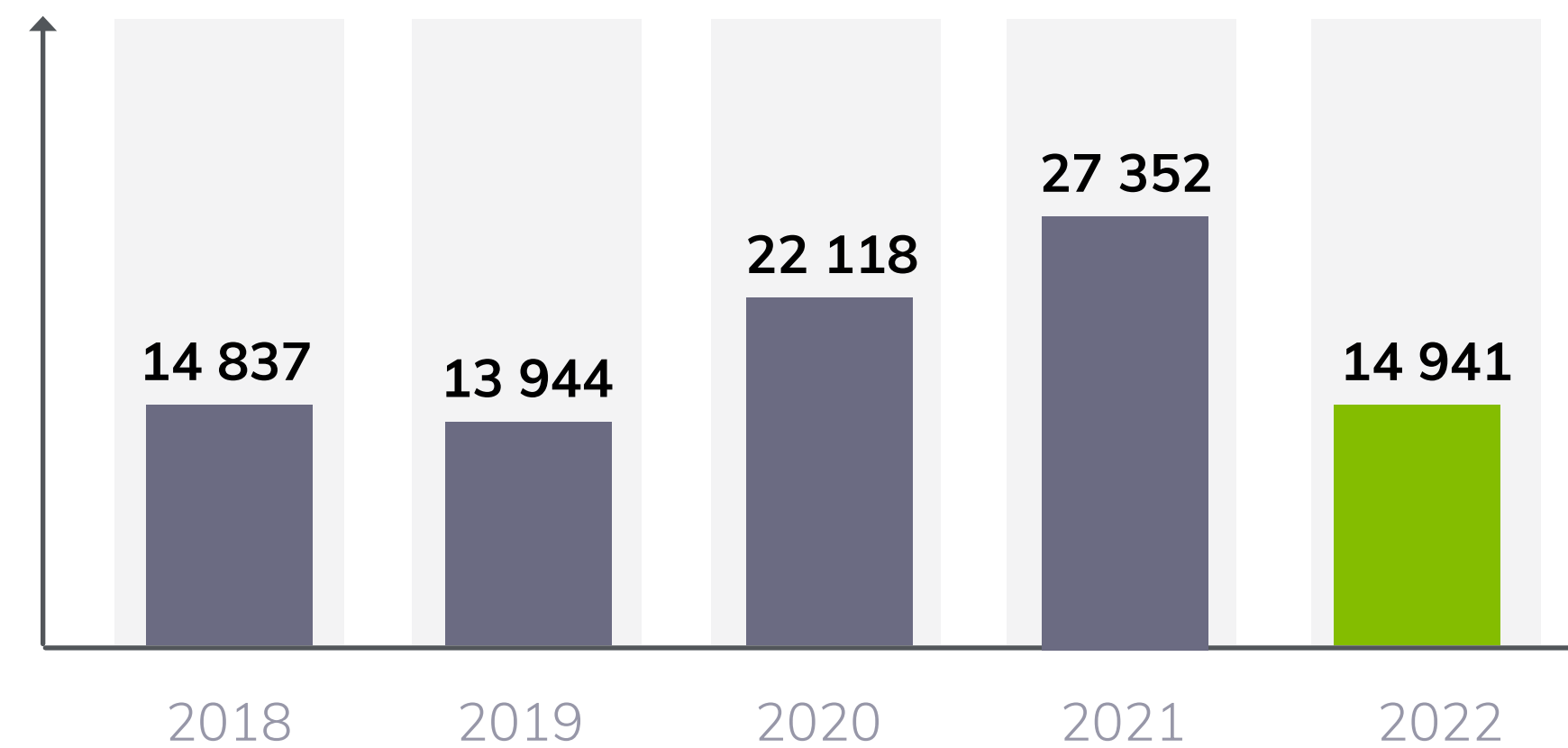
Revenue, `000 EUR



Net profit, `000 EUR



Capital investments, `000 EUR



Board's proposal for distribution of 2022 profit:

- to pay EUR 8 355 078,69 (**EUR 0,21 per share**) to the shareholders in dividends, with 5 June 2023 set as the date of calculation of dividends and **8 June 2023** set as the date of payment of dividends

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Thank you!