

Joint-stock company

conexus
B A L T I C G R I D

Condensed interim financial statements

FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2022
(UNAUDITED)

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

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INFORMATION ON THE COMPANY

Company	Joint Stock Company (JSC) "Conexus Baltic Grid"	
Registration number	40203041605	
LEI code	485100YDVP9E8GT6PJ90	
Date and place of registration	2 January 2017, Riga	
Address	Stigu Street 14, Riga, LV-1021, Latvia www.conexus.lv	
Major shareholders	JSC „Augstsprieguma tīkls”	(68.46%)
	“MM Infrastructure Investments Europe Limited”	(29.06 %)
Financial statements period	1 January 2022 – 31 March 2022	

Joint stock company (JSC) Conexus Baltic Grid (hereinafter referred to as the Company, or Conexus) is a unified Latvian natural gas transmission and storage operator that manages one of the most modern natural gas storage facilities in Europe, the Inčukalns Underground Storage Facility (hereinafter referred to as the Inčukalns UGS, or as the storage facility), and the main natural gas transmission system, which directly connects Latvia's natural gas market with Lithuania, Estonia, and the north-west of Russia.

Conexus customers – users of the natural gas transmission and storage system – represent several countries of the Baltic Sea region – Finland, Estonia, Latvia, Lithuania and Poland; as well as other European countries – Norway, the Czech Republic and Switzerland. The users are both private local companies and state-owned and multinational companies representing various business sectors – natural gas wholesalers and retailers, energy producers, heating operators and manufacturing companies.

Conexus natural gas transmission and storage services are regulated by the Public Utilities Commission (hereinafter referred to as PUC, or as the Regulator).

Conexus offers its clients natural gas transmission and storage services, subject to the tariffs determined by the PUC.

Conexus takes care of the sustainability and safety of the infrastructure, high quality of services, which promotes market development and provides economic value to customers and society as a whole.

Conexus is a socially responsible company that, by creating added economic value, ensures the overall development of the industry, employee development, sustainable employment, while ensuring minimal impact of technological processes on the environment.

WHO DO WE WANT TO BE?

Vision

To become the most reliable energy source in the region.

WHY DO WE EXIST?

Mission

To promote sustainable energy market in the region, offering reliable operation of natural gas transmission and storage system.

WHAT IS IMPORTANT TO US?

Values



Secure operation of the system



Professional and united team



Flexibility and openness through competent solutions



Sustainable development

Goals of Conexus

Medium-term (2019-2023) key goals of Conexus are related to three areas: **Market development, provision of infrastructure and operational development.** The Company's strategic goals are set in accordance with Conexus values, vision and mission – **to promote sustainable energy market in the region, offering reliable operation of natural gas transmission and storage system.**

1 Development of regional natural gas market to achieve sustainable operation of Inčukalns UGS in market conditions

2 Provide safe, accessible and market-based infrastructure

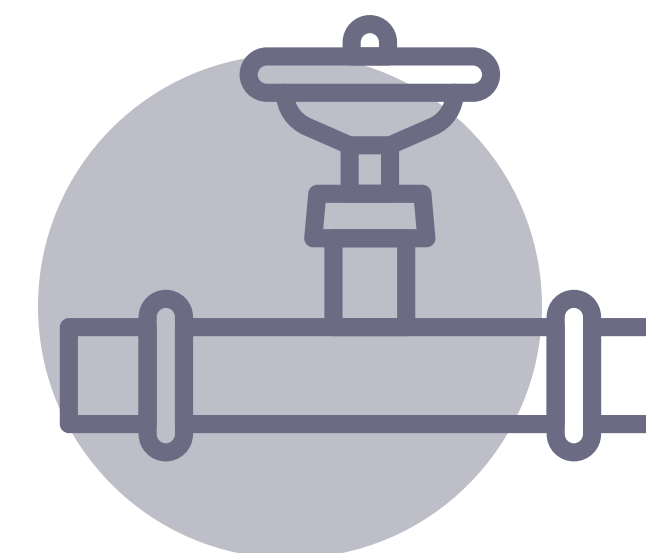
3 Implement sustainable management of the working capacity of internal and external resources

In addition to its strategic goals, Conexus has identified three developmental motives that spread across all medium-term activities planned. These motives add to the strategic goals, facilitate their implementation and are determined as follow:



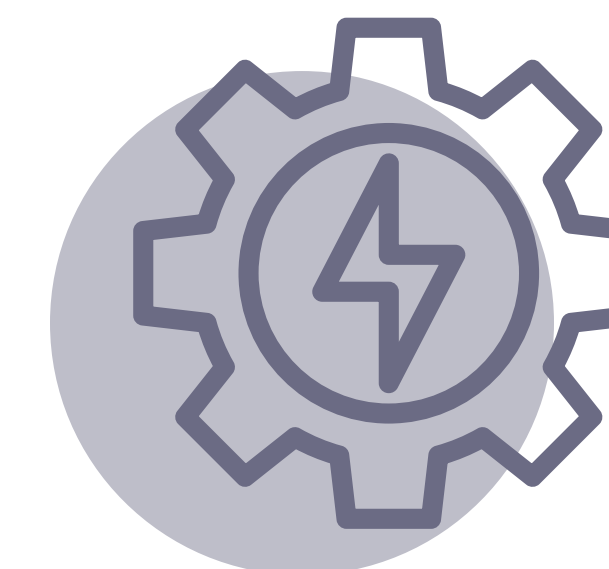
DIGITISATION

Conexus will focus on modernisation and development of technologies as well as centralized asset, personnel and financial management and implementation of effective resource management



COOPERATION WITH OTHER REGIONAL TSOs

In the medium term, Conexus plans to facilitate cooperation with other TSOs in the region by coordinating operational cooperation and introducing a periodic benchmarking system with other regional TSOs



CONEXUS – ENERGY PROVIDER

To become the most reliable energy source in the region and gradually introduce services not only for natural gas users, but also for electricity users.

Shareholders

The main Conexus governance institution is shareholders' meeting, which appoints Conexus council.

Conexus is a closed-emission joint stock company with 100% registered shares. The total number of shares is 39 786 089, with a nominal value of EUR 1.00. The total number of shareholders exceeds 4,8 thousand. 97,52% of the total number of shares belong to two largest shareholders - JSC „Augstsprieguma tīkls” (68,46%), MM Infrastructure Investments Europe Limited (29,06%).

Shareholders' registry is maintained electronically by Nasdaq CSD SE, in accordance with the concluded contract.

Shareholders as of 31 March 2022:

JSC „AUGSTSPRIEGUMA TĪKLS”

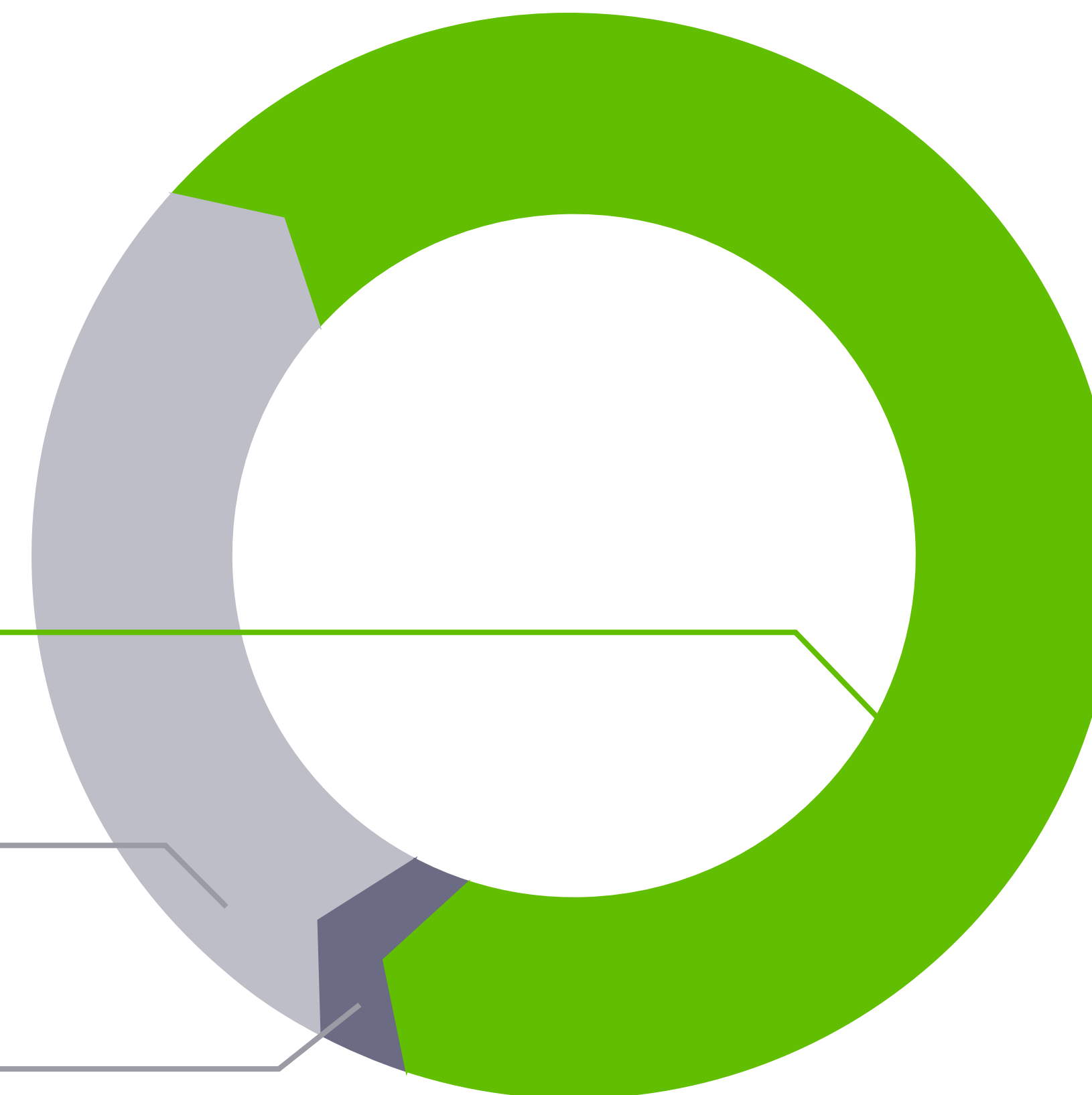
68,46%

MM INFRASTRUCTURE
INVESTMENTS EUROPE LIMITED

29,06%

OTHER SHAREHOLDERS

2,48%



The Council

Term of office from 28 April 2022 until 27 April 2025



(In Council since 3 January 2018)

ILMĀRS ŠŅUCINS
Chairman of the Council



(In Council since 30 April 2020)

TOMOHIDE GOTO
Deputy Chairman of the Council



(In Council since 28 April 2022)

IVARS MOISEJS
Member of the Council



(In Council since 12 May 2021)

VIKTORS SENTUHOVSKIS
Member of the Council



(In Council since 30 April 2020)

ZANE ĀBOLIŅA
Member of the Council



(In Council since 28 April 2021)

YUKIKO FUJII
Member of the Council



(In Council since 30 April 2020)

NORMUNDS ŠUKSTS
Member of the Council

Term of office until 28 April 2022

ILMĀRS ŠŅUCINS
Chairman of the Council

(in Council from 3 January 2018)

TOMOHIDE GOTO
Vice-Chairman of the Council

(in Council from 30 April 2020)

ZANE ĀBOLIŅA
Member of the Council

(in Council from 30 April 2020)

ILZE ALEKSANDROVIČA
Member of the Council

(in Council from 30 April 2020)

NORMUNDS ŠUKSTS
Member of the Council

(in Council from 30 April 2020)

TAKUMI SASAKI
Member of the Council

(In Council from 12 May 2021)

VIKTORS SENTUHOVSKIS
Member of the Council

(In Council from 12 May 2021)

The Board



ULDIS BARISS

JOINT-STOCK COMPANY
"CONEXUS BALTIC GRID"
CHAIRMAN OF THE BOARD

Born on 29 April 1965
valde@conexus.lv

Term of office:
from 16 November 2020 until 15 November 2023.
Does not hold shares in JSC "Conexus Baltic Grid"



GINTS FREIBERGS

JOINT-STOCK COMPANY
"CONEXUS BALTIC GRID"
MEMBER OF THE BOARD

Born on 23 August 1959
valde@conexus.lv

Term of office:
from 22 December 2016 until 31 December 2017,
from 31 December 2017 until 31 December 2020 and
from 1 January 2021 until 31 December 2023.
Holds 416 shares in JSC "Conexus Baltic Grid"



MĀRTIŅŠ GODE

JOINT-STOCK COMPANY
"CONEXUS BALTIC GRID"
MEMBER OF THE BOARD

Born on 17 August 1976
valde@conexus.lv

Term of office:
from 31 December 2017 until 31 December 2020 and
from 1 January 2021 until 31 December 2023.
Does not hold shares in JSC "Conexus Baltic Grid"

MANAGEMENT REPORT

Main activities

The Company's turnover and profit are directly impacted by the 11% decrease of transmitted natural gas

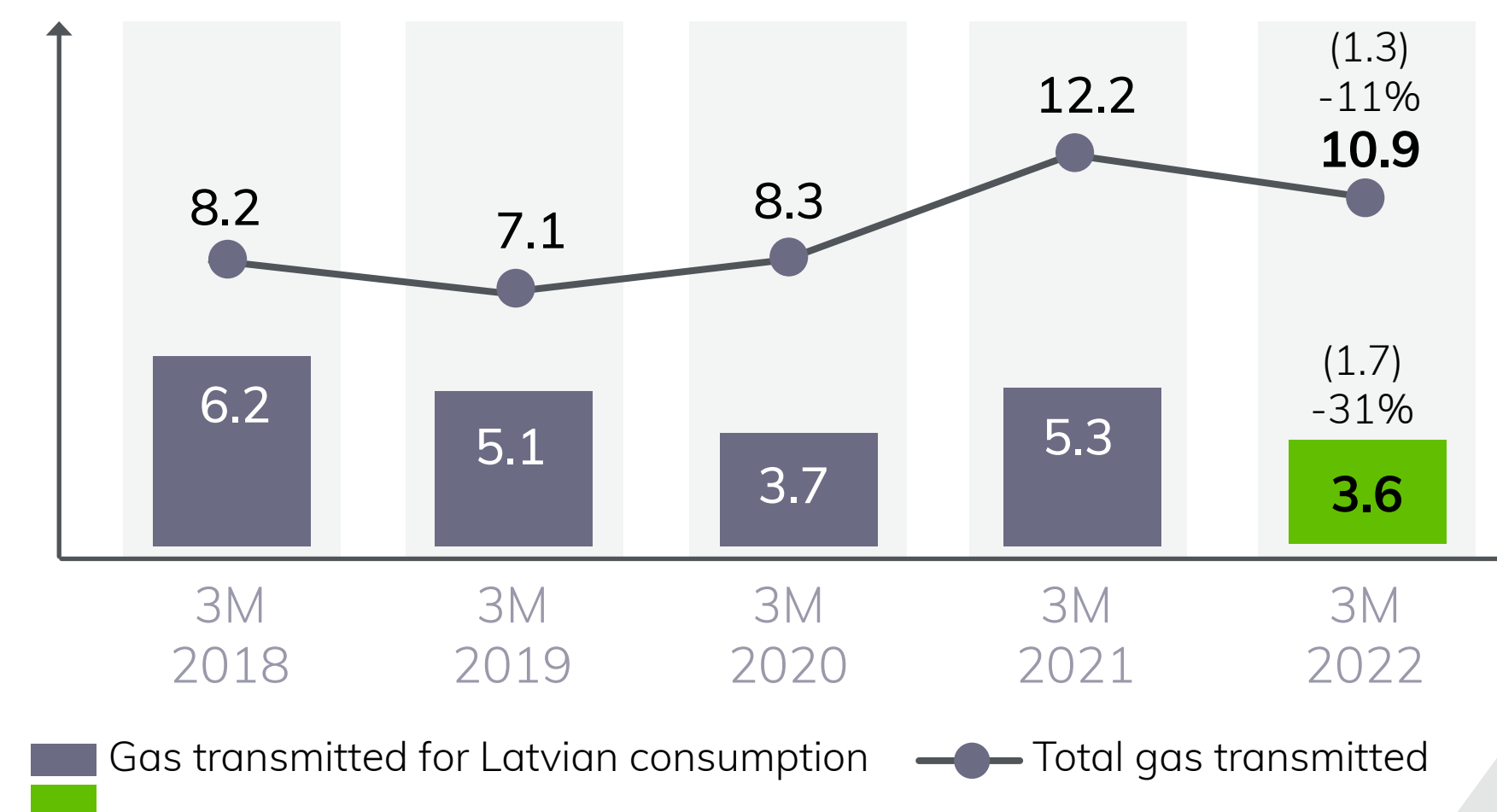
During the first 3 months of 2022, Conexus provided safe and uninterrupted natural gas supply for the consumption of Latvia, Lithuania, Estonia and Finland. Total volume of gas transmitted in Latvia reached 10,9 TWh, which is 11% less than in prior year's respective period.

Natural gas transmitted for consumption in Latvia reached 3,6 TWh, which is by one third lower than the same period of the previous year. Natural gas consumption was affected by both the outdoor temperature, which during winter months was higher than in the same period of 2021, and by the reduction of gas-to-electricity power generation by two-thirds in country's largest power plants¹. The decrease of natural gas consumption has allowed to reduce the amount withdrawn from Inčukalns UGS. In the first three months of 2022, 6,8 TWh of natural gas were withdrawn, which is 41% less than the year before.

2,3 TWh of natural gas were received from Lithuania, which is an unusually high volume of natural gas transported by this direction

(during first 3 months of 2021, natural gas was not transmitted from Lithuania to Latvia). To be able to store the received natural gas in the Inčukalns UGS, injection of natural gas was commenced already before the beginning of injection season.

Transmitted gas, TWh

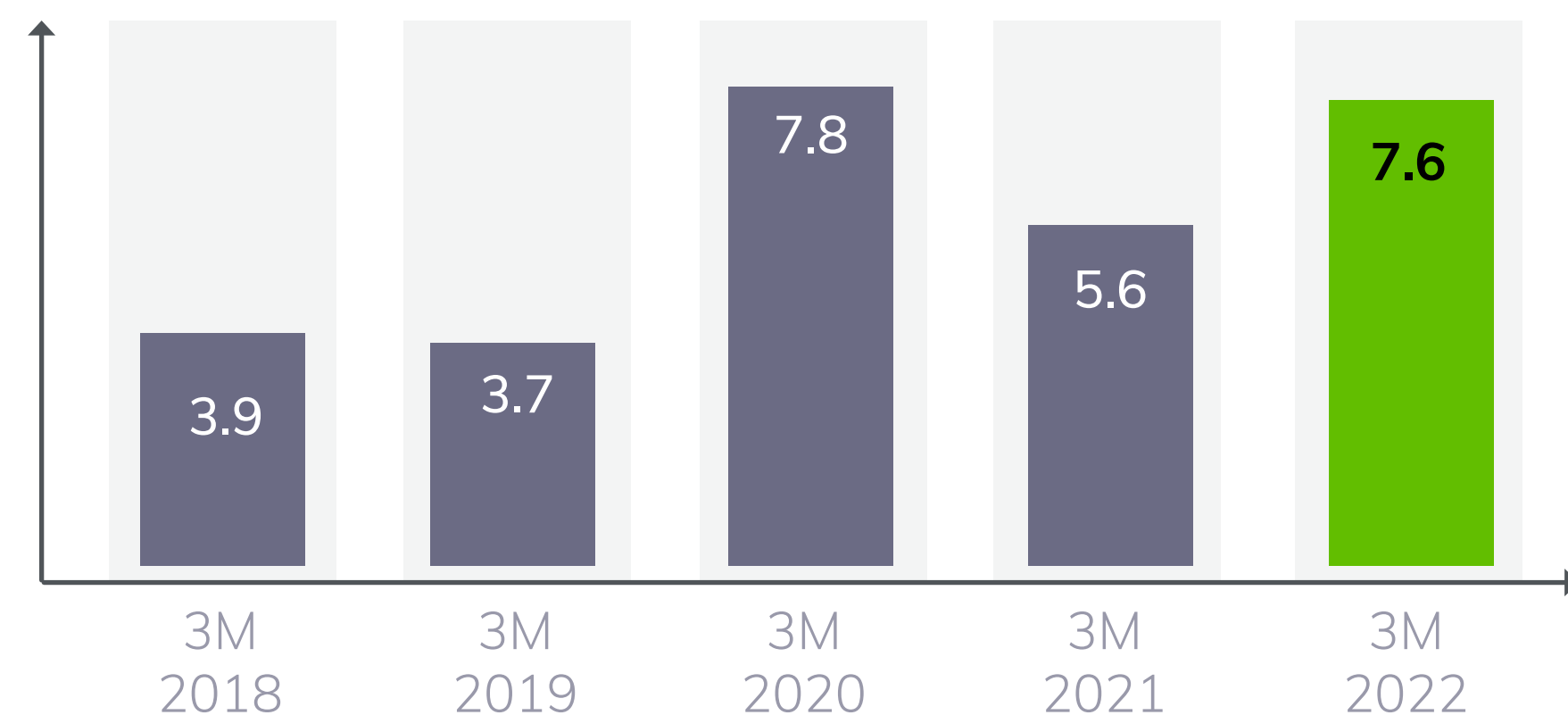


¹ <https://ast.lv/lv/electricity-market-review>

A record-high natural gas volume is stored in Inčukalns UGS

At the end of the reporting period, more than 7,6 TWh of natural gas are available in Inčukalns UGS, which is unusually high at the end of the withdrawal season. This is by one-third higher than at the same time of previous year, and only slightly short of Conexus record of 7,8 TWh in terms of volume. Such volume of natural gas is available not just because the natural gas consumption was lower, but also due to Conexus' response to the geopolitical situation in Europe by commencing the natural gas injection at the end of February. Usually the injection starts after the end of withdrawal season, which was set on 30 April 2022.

Total amount of natural gas stored by system users in Inčukalns UGS at the end of reporting period, TWh



² <https://www.conexus.lv/kratuves-jaudas-izsoles>

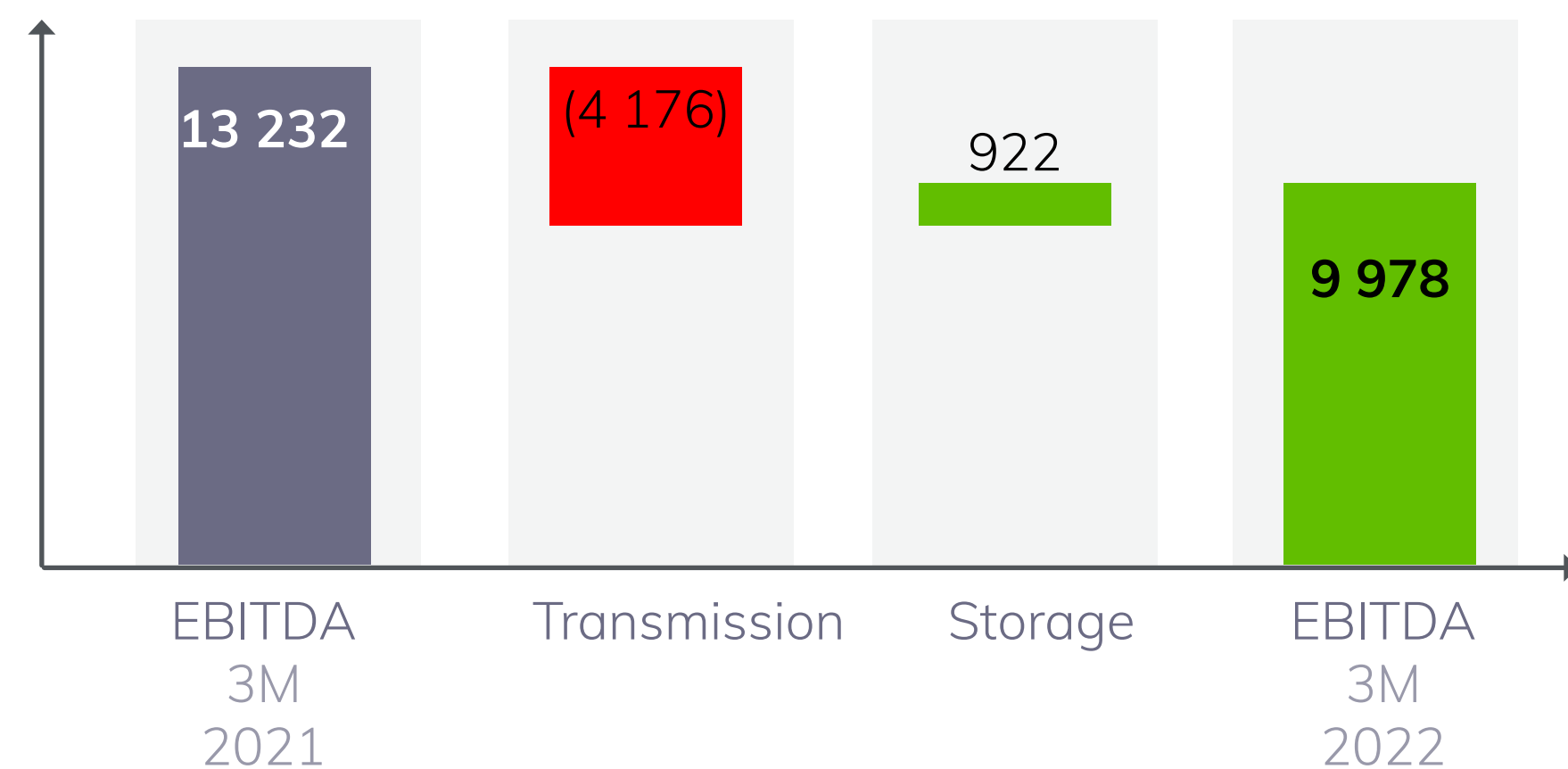
Results of storage capacity auctions

During the reporting period, several Inčukalns UGS capacity auctions were held, as a result, system users were granted 17,1 TWh – 13,1 TWh for one year bundled capacity product of 2022/2023 storage cycle, 4 TWh for two year bundled capacity product of 2022/2024 storage cycle. The total requested storage capacity amount 1,4 times exceeded the amount of storage capacity available for auction. Storage capacity auctions continue also after the end of the first quarter. At the time of preparation of the statement, after the auction held on 24 May 2022, 2,5 TWh are still left, which will be auctioned in accordance with the published capacity auctions calendar².

Conexus financial results

The net turnover in the reporting period was 15 780 thousand EUR, which is 16% less than in the prior year's respective period. The Conexus EBITDA during the reporting period decreased by 25% in comparison to respective period of 2021, reaching 9 978 thousand EUR. Both revenue and EBITDA were negatively affected by decrease in the volume of transmission services. Although Inčukalns UGS storage service reserved capacity has decreased from 21,5 TWh in 2020/2021 storage cycle to 18,9 TWh in 2021/2022 storage cycle, the variations of products reserved by market participants and different applicable tariffs ensured an increase of the reporting period's revenue and EBITDA in comparison to the previous year.

EBITDA, '000 EUR



During the reporting period, Conexus net profit was 5 434 thousand EUR, which is 3 363 thousand EUR less than in the prior year's respective period.

MAIN FINANCIAL INDICATORS	3M 2022 or 31.03.2022	3M 2021 or 31.03.2021	+/-	%
	EUR'000	EUR'000		
Net turnover	15 780	18 675	(2 895)	-16%
EBITDA	9 978	13 232	(3 254)	-25%
Net profit	5 434	8 796	(3 363)	-38%
Segment assets	449 741	484 214	(34 473)	-7%
Investments	3 134	3 911	(777)	-20%

Financing and liquidity

The financial assets at the Conexus disposal are sufficient to meet Conexus finance needs. At the end of the reporting period, the total amount of Conexus borrowings is 70 829 thousand EUR, including an overdraft in the amount of 929 thousand EUR. From the total amount of overdraft facilities at 65 000 thousand EUR, 64 071 thousand EUR are unused at the end of the reporting period, which ensures a significant liquidity reserve. The agreement terms for the unused overdrafts in the amount of 65 000 thousand EUR reach beyond 1 year.

At the end of the reporting period, the weighted average interest rate of the long-term borrowings remained unchanged 0.37% (31.12.2021: 0.37%).

All financial covenants set in the Conexus loan agreement have been complied with during the reporting period.

CONEXUS FINANCIAL COVENANTS	31.03.2022	31.12.2021
Shareholders' equity ratio (>50%)	75%	71%
Net debt to EBITDA ratio (<5)	2.9	3.0
Debt-Service Coverage Ratio (DSCR) (>1.2)	2.7	3.7

Regulatory activities

Conexus determines the allocation of transmission system capacity and Inčukalns UGS injection capacity

Conexus has established the procedure for allocation of natural gas transmission system capacity and injection capacity of the Inčukalns UGS in order to ensure injection of gas transported from Klaipeda LNG terminal and Lithuanian-Polish natural gas interconnection to the storage as much as possible. The capacity allocation procedure developed by Conexus can be found on the Conexus website:

https://www.conexus.lv/uploads/filedir/Aktualitates/Komercedala/Incukalna_jaudas_sadales_kartiba.pdf

This obligation was imposed on Conexus on 8 March 2022 by Cabinet of Minister's decision providing for the declaration of an early warning in the natural gas supply sector.

Tariffs for storage capacity products for the 2022/2023 storage cycle

Observing the results of the previous storage cycle, storage capacity forecasts for the next storage cycle and the natural gas market situation, PUC has not objected Conexus' proposal for the 2022/2023 storage cycle to maintain the tariff values of the following capacity products unchanged:

- the bundled capacity product tariff (excluding VAT): 1,0226 EUR/MWh / storage cycle;

- the two-year bundled capacity product tariff (excluding VAT): 1,0865 EUR/MWh/for one year period;

- the interruptible capacity product tariff (excluding VAT): 0,8147 EUR/MWh/storage cycle;

- the virtual reverse flow product tariff (excluding VAT): 0,3471 EUR/MWh/storage cycle.

In accordance with the current regulatory framework, the tariff for the stock transfer product shall be set in such a way as to ensure that it would be more cost-effective for the users of the natural gas storage system to plan the amount of stored natural gas accurately or purchase the two-year bundled capacity product. Accordingly, the tariff value of the stock transfer product for the 2022/2023 storage cycle has been harmonized with the result of the two-year bundled capacity product auctions of the 2021/2022 storage cycle. Consequently, the tariff for the stock transfer product (excluding VAT) is 1,8081 EUR/MWh/storage cycle.

Natural gas transmission system tariffs

In accordance with the decision on tariffs for natural gas transmission system services which is currently in force, the current regulatory (tariff) period ends on 30 September 2022. Given the wide-ranging discussions on Lithuania's possible accession to the single entry-exit system of Finland, Estonia and Latvia (single natural gas market) and the planned revision of the natural gas transmission tariff methodology (to be consulted under the European Union regulation), the exact commencement of the new regulatory period is unknown at the moment. It is planned that the tariff will not change in 2022.

Legal events

- ◆ On 18 September 2018 Conexus filed an application to the District administrative court contesting the decision No. 69 of the PUC council “On JSC “Conexus Baltic Grid” natural gas transmission system tariffs” dated 18 June 2018, in relation to expenses not being included in the transmission system tariff project and issuance of a new administrative act, intending to include the excluded expenses in tariff project in the next period. With the decision of the District administrative dated 7 April 2020 the application was rejected. Conexus submitted cassation appeal to the Department of Administrative Cases of the Senate on 7 May 2020 and the cassation proceedings have been initiated, but the date of the hearing is not known at this time;
- ◆ On 28 September 2020 Conexus filed an application to the Administrative District Court regarding cancellation of the PUC Council’s decision No 109 dated 20 August 2020 on the capital rate of return for the calculation of the tariff project for natural gas transmission system, natural gas distribution system and natural gas storage services. By the decision of the Regional Administrative Court of 12 October 2021, the proceedings on the merits have been reinitiated and the next proceeding is scheduled for the 26 May 2022.

Other activities

Active work continues on implementation of European projects of common interest

In 2022, active work continues on the project “Enhancement of Inčukalns UGS”, during which by 2025 it is planned to significantly improve the technical infrastructure and equipment safety, for the purpose of the Inčukalns UGS retaining its functionality after increase of pressure within the Baltic transmission network.

Work also continues on the increase of Latvia-Lithuania transmission gas pipe capacity with the aim to facilitate access to the Klaipėda liquid gas terminal, Latvia’s Inčukalns UGS and Poland-Lithuania gas interconnection.

Total investments into both projects comprise 93,5 million EUR.

During the reporting period, investments were made in amount of 3,1 million EUR, 61% of which were as part of European projects of common interest.

Conexus has joined the European Hydrogen Backbone initiative

In accordance with the European green deal to Europe climate neutral by 2050, Conexus has joined the European Hydrogen Backbone (EHB) initiative, which is comprised of European gas transmission system operators’ group that has developed proposals for development of hydrogen-related infrastructure, as well as participates in European gas infrastructure (GIE) gas storage research project “Demonstration of underground hydrogen storage roads and values corresponding to the future hydrogen energy market”.

EBH is developing in order to meet the proposed hydrogen targets of the REPowerEU plan for 2030. At present, a vision is being devised

within the initiative for 28 thousand km hydrogen infrastructure in 2030 and 53 thousand km infrastructure in 2040, including 28 European countries in the project.

EBH initiative offers its solutions in order to accelerate the deployment of integrated hydrogen and gas infrastructure, to ensure higher security of energy supply and to achieve the European Union’s renewable energy targets.

Finnish and Baltic gas transmission system operators continue regional market integration

Natural gas market participants have expressed the need to extend the current Estonia-Finland-Latvia entry tariff area to include Lithuania in order to remove the current tariff barrier at the Lithuania-Latvia interconnector Kiemėnai. Further to the regional market integration initiated in 2019, the transmission system operators of Latvia, Lithuania, Estonia and Finland, Conexus, AB Amber Grid, Elering AS and Gasgrid Finland Oy, are working on a solution to include Lithuania in the zone with no internal tariff barriers. This would create better conditions for market participants to operate across the region while providing more added value to end consumers of natural gas. The proposed tariff area model foresees harmonised, uniform tariff setting for external borders, allowing for discounts at entry points from alternative gas sources.

The technical capacity of Inčukalns UGS for 2022/2023 cycle has been determined

Conexus has determined the capacity of Inčukalns UGS to provide the maximum amount of active natural gas to be stored in the storage, i.e., the technical capacity of the storage for the 2022/2023 storage cycle. According to the measurements and calculations, technical capacity for 2022/2023 storage cycle will be 24,074 TWh.

Main financial indicators

		3M 2018 or 31.03.2018	3M 2019 or 31.03.2019	3M 2020 or 31.03.2020	3M 2021 or 31.03.2021	3M 2022 or 31.03.2022	Δ	Δ %	
Operating indicators	Transmitted natural gas	TWh	8.2	7.1	8.3	12.2	10.9	(1.3)	-11%
	Total amount of natural gas stored by system users in Inčukalns UGS at the end of reporting period	TWh	3.9	3.7	7.8	5.6	7.6	2.0	36%
	Natural gas for consumption in Latvia	TWh	6.2	5.1	3.7	5.3	3.6	(1.7)	-31%
	Volume of natural gas withdrawn from Inčukalns UGS	TWh	7.9	6.4	7.1	11.5	6.8	(4.8)	-41%
Financial indicators	Net turnover	`000 EUR	20 362	16 865	16 307	18 675	15 780	(2 895)	-16%
	EBITDA	`000 EUR	13 267	10 384	9 324	13 232	9 978	(3 254)	-25%
	Net profit	`000 EUR	9 091	6 337	5 096	8 796	5 434	(3 363)	-38%
	Segment assets	`000 EUR	367 605	360 435	362 574	484 214	449 741	(34 473)	-7%
	Investments	`000 EUR	836	963	1 791	3 911	3 134	(777)	-20%
	Depreciation	`000 EUR	4 126	4 005	4 189	4 391	4 449	58	1%
Financial coefficients	EBITDA profitability	%	65%	62%	57%	71%	63%	-8%	-11%
	Net profitability	%	45%	38%	31%	47%	34%	-13%	-27%
	Return on Equity ratio (ROE)	%	2.8%	2.0%	1.6%	2.1%	1.6%	-0.5%	-24.5%
	Shareholders' equity ratio*	%	87%	88%	88%	85%	75%	-10%	-12%
	Net debt to EBITDA ratio**	coef.	0.32	1.01	0.52	0.45	2.86	2.41	536%
	Debt-service Coverage Ratio (DSCR)***	coef.	7.44	7.09	9.12	8.93	2.69	(6.24)	-70%
Average number of employees		number	329	327	330	335	353	5	2%

Financial covenants:

*Shareholders' equity ratio

> 50%

**Net debt to EBITDA ratio

< 5

***Debt-Service Coverage Ratio (DSCR)

> 1.2

Results of segments' operations

Conexus is operating in two segments: transmission and storage of natural gas. This division is based on internal organizational structure of the Conexus, which serves as a basis for regular supervision of business results, for making decisions on assignment of resources to segments, and for assessing operating performance. Information in the operating segments matches the information used by the persons responsible for taking operational decisions.

Transmission

Conexus is the single natural gas transmission and storage operator in Latvia, which ensures the maintenance and safe and continuous operation of the natural gas transmission system, and the interconnections with the transmission systems of other countries, enabling traders to use the natural gas transmission system for the trading of natural gas.

The main natural gas transmission system is 1 190 km long and is directly connected to the natural gas transmission systems of Lithuania, Estonia and Russia, ensuring both the transmission of natural gas in regional gas pipelines in the territory of Latvia and interconnections with the natural gas transmission systems of the neighbouring countries:

- the diameter of international gas pipelines is 720 mm with the operating pressure between 28 and 40 bars;
- the diameter of regional gas pipelines is between 400 mm and 530 mm with the operating pressure up to 30 bars;

- a virtual exit point is available for the supplies of natural gas to Latvian users, which compiles all technically feasible exits in the territory of Latvia. To transport the natural gas to the local distribution system in Latvia, 40 gas adjustment stations are used.

52% of Conexus assets are attributed to transmission segment, also in terms of revenue and EBITDA it is the largest operating segment.

During the first three months of 2022, transmission revenue was adversely affected by both the outdoor temperature, which during winter months was higher than in the same period of 2021, and by the reduction of gas-to-electricity power generation by two-thirds in country's largest power plants³. As a result, overall consumers' demand for natural gas was lower than in the same period of previous year, which led to 3 610 thousand EUR lower revenue from exit point for Latvian consumption.

TEMPERATURE	Average monthly temperature	Above/ below norm
January 2021	-3.1 °C	(-0.1 °C)
February 2021	-5.2 °C	(-2.1 °C)
March 2021	+1.3 °C	(+1.1 °C)
January 2022	-0.9 °C	(+2.1 °C)
February 2022	+0.4 °C	(+3.5 °C)
March 2022	+0.9 °C	(+0.7 °C)

During the first 3 months of 2022, the total volume of transmitted gas reached 10,9 TWh, 11% decrease against the respective period of prior year. The volume of gas transmitted for consumption in Latvia reached 3,6 TWh, 31% decrease versus prior year.

³ <https://ast.lv/lv/electricity-market-review>

The revenue of the transmission segment during the reporting period was 9 271 thousand EUR and EBITDA reached 5 613 thousand EUR, representing 56% of the Conexus total EBITDA. Net profit of the transmission segment amounted to 3 007 thousand EUR (58% less than in prior year).

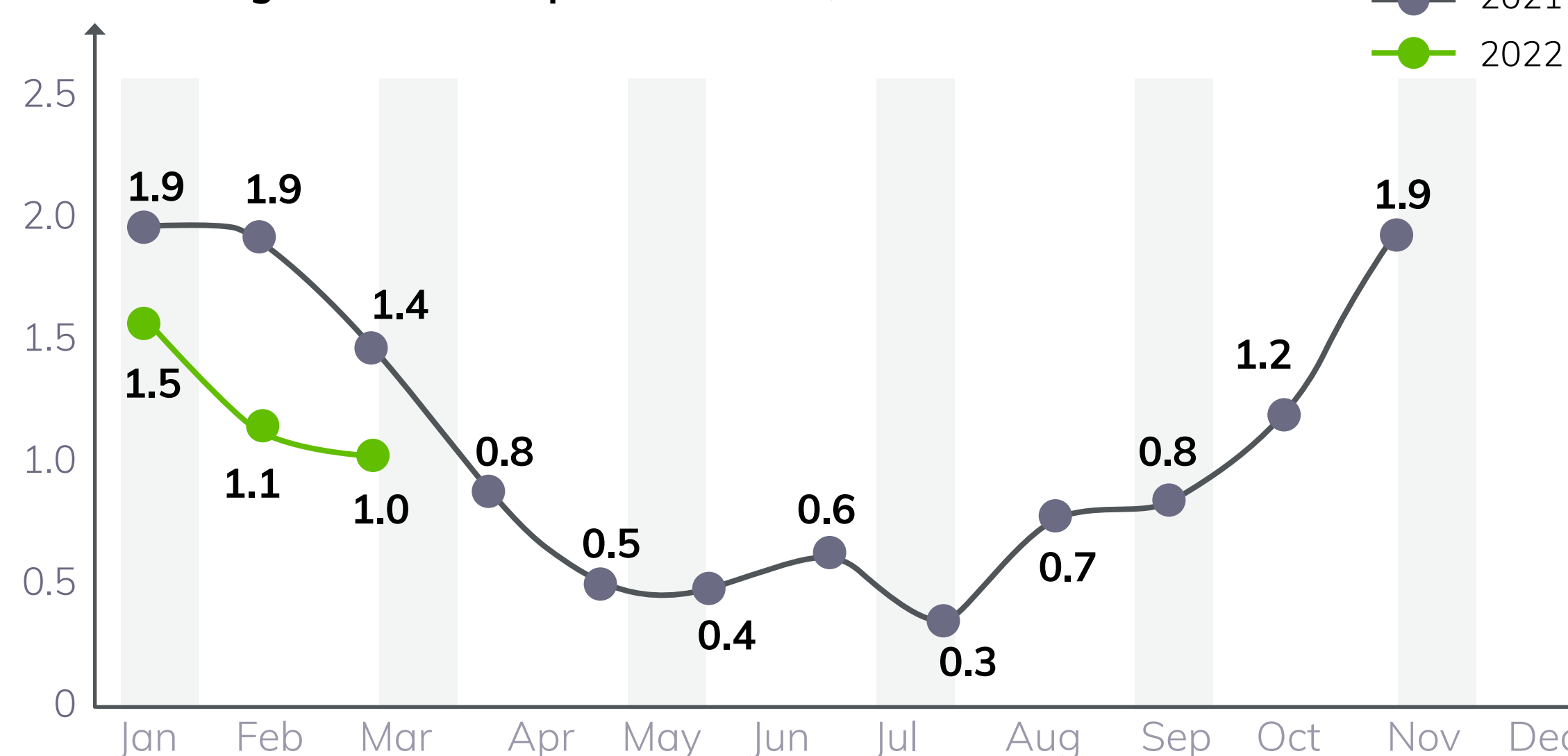
TRANSMISSION	3M 2022 or 31.03.2022	3M 2021 or 31.03.2021*	+/-	%
	EUR'000	EUR'000		
Net turnover	9 271	13 152	(3 881)	-30%
EBITDA	5 613	9 789	(4 176)	-43%
Segment Net Profit	3 007	7 220	(4 213)	-58%
Segment assets	233 821	258 234	(24 413)	-9%
Depreciation and amortisation	2 545	2 541	5	0%
Investments	951	1 352	(402)	-30%

* 2021 figures reclassified to be comparable with 2022 figures

The transmission segment's assets at the end of the reporting period amounted to 234 million EUR, which comprised 52% of the total assets of Conexus. During the reporting period, capital investments were made in the amount of 951 thousand EUR. The largest investments:

- Within the framework of the European project of common interest "Enhancement of Latvia–Lithuania Interconnection" (ELLI), the Conexus invested a total of 142 thousand EUR in several sub-projects during the first three months of 2022;
- repairs of transmission gas pipelines – 321 thousand EUR;
- Izborska-Inčukalns UGS insulation replacement – 201 thousand EUR.

Natural gas for consumption in Latvia, TWh



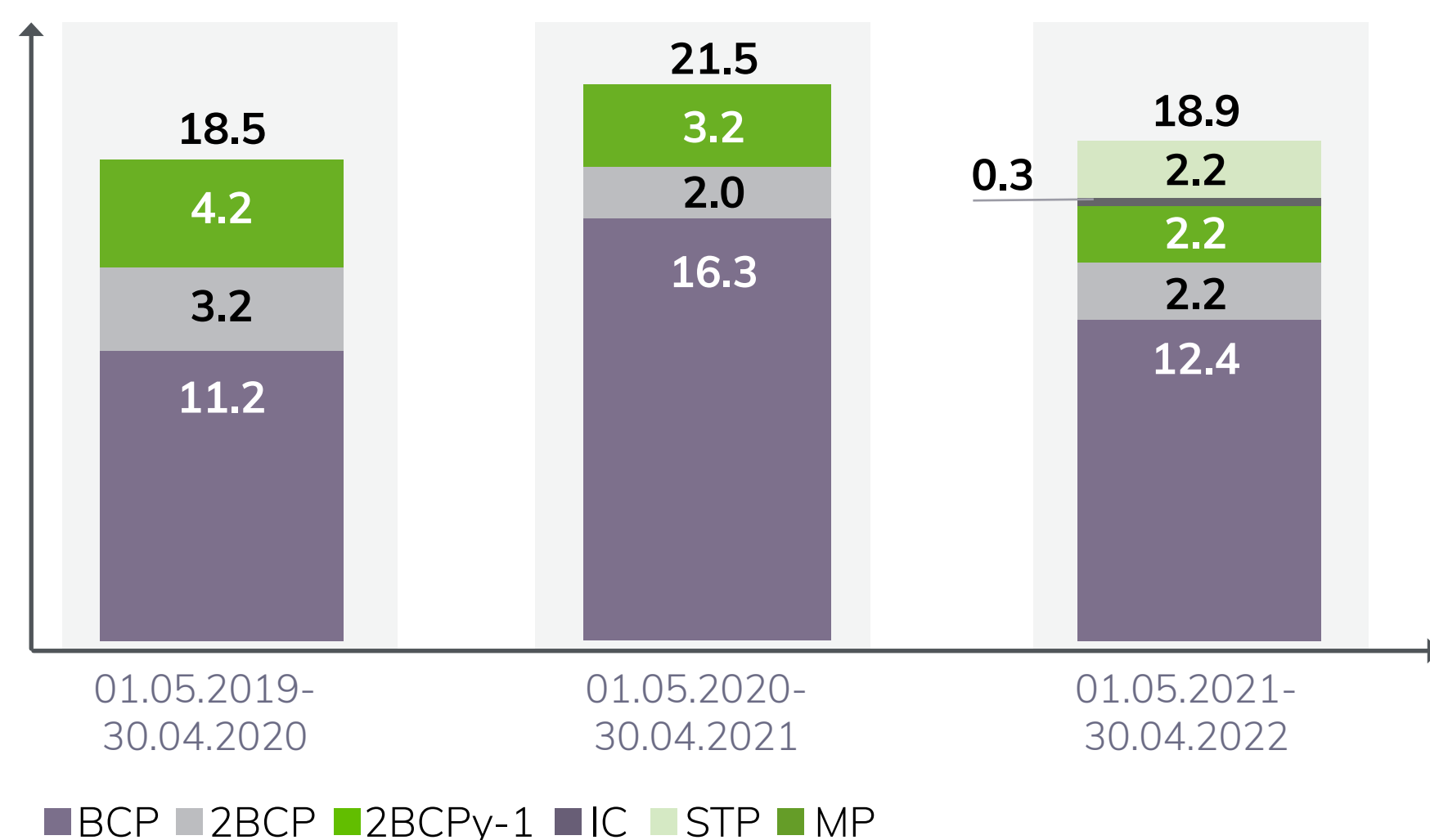
Storage

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

2021/2022 Inčukalns UGS capacity reservations reached 18,9 TWh, which is 12% less than previous year. However, the varied product types reserved by the market participants, as well as storage tariffs ensured increase in capacity product revenue by 986 thousand EUR, in comparison to the previous year. Most of this increase in revenue is due to the reserved capacity of the stock transfer product (STP) in the amount of 2,2 TWh.



Storage reservations by products, TWh



The storage segment revenue during the reporting period was 6 508 thousand EUR and EBITDA reached 4 365 thousand EUR. The storage segment profit reached 2 426 thousand EUR.

STORAGE	3M 2022 or 31.03.2022	3M 2021 or 31.03.2021*	+/-	%
	EUR'000	EUR'000		
Net turnover	6 508	5 523	986	18%
EBITDA	4 365	3 443	922	27%
Segment Net Profit	2 426	1 576	850	54%
Segment assets	215 921	225 980	(10 059)	-4%
Depreciation and amortisation	1 904	1 850	54	3%
Investments	2 184	2 559	(375)	-15%

* 2021 figures reclassified to be comparable with 2022 figures.

Storage segment's assets at the end of the reporting period amounted to 216 million EUR, which comprised 48% of Conexus total assets. During the reporting period, capital investments were made in the amount of 2,2 million EUR, which was 375 thousand EUR less than in prior year. The largest investments - reconstruction of wells and modernization of gas compression unit at Compressor station No 2, in the total amount of 1,8 million EUR, were made within the framework of the European major project of common interest PCI 8.2.4. "Enhancement of Inčukalns UGS".

Subsequent events

In response to the geopolitical developments in Europe, Conexus, as a critical infrastructure company, is conducting enhanced risk assessments in the areas of cyber security and securing natural gas transmission and storage.

In order to reduce energy supply risks, Conexus has taken the necessary actions to increase the volume of natural gas in the storage facility and has started gas injection into the Inčukalns UGS as of 27 February 2022.

Conexus management handles administrative matters promptly to ensure the continuity of supply of goods and services required for its core business.

Although uncertainty about the impact of events on Conexus' future operations has increased, no circumstances have been identified to date that would affect the value of the assets or jeopardize the going concern basis.

According to the management's assessment, there are no subsequent events since the last date of the reporting year, which would have a significant effect on Conexus condensed interim statements for the period from 1 January 2022 to 31 March 2022.

Decisions of the shareholders' meeting

On April 28, the shareholders' meeting elected Conexus Council with changes in its current composition. 7 members of the Council have been approved for a term of three years.

In addition to the election of Conexus Council, 2021 Sustainability and Annual Report, as well as Dependency Report were approved, and the reports of the Conexus Management Board, Supervisory Board and independent auditor were reviewed.



At the same time, Shareholders meeting approved dividends in the amount of 9 548 thousand EUR (0.24 EUR per share). Dividends are to be paid out on 2 June 2022.

Shareholders meeting decided to approve the offering and admission to the regulated market of unsecured bond issues with an issue volume of up to 80 million EUR for a term of at least two years. It is expected that issues will be listed on Nasdaq Riga AS this year with the possibility to list the bonds also on Nasdaq Vilnius AB and Nasdaq Tallinn AS.

Energy Law amendments

Amendments were made to the Energy Law on 21 April 2022. As explained in the specification of the drafted project, the aim of the amendments is to establish energy security reserves to be stored in Inčukalns UGS in order to ensure the continuous supply of natural gas. The reserves will ensure that natural gas is available in the country to a sufficient extent to prevent energy crisis.

Energy security reserves are to be maintained at the level of 1,8-2,2 TWh in 2023, depending on the available supply of liquified natural gas vessels. The purchase and storage of the energy supply security reserve, ensuring injection in Inčukalns UGS until 1 January 2023, on behalf of the State is organised by AS "Latvenergo".

On 1 May 2022, the Gas Interconnection Poland-Lithuania (GIPL) commenced its operation

On 1 May 2022 the Gas Interconnection Poland-Lithuania commenced its operation, transmitting natural gas in both directions. The new interconnection will integrate the Baltic and Finnish single gas market into European Union's common gas market. It will give opportunity to system users to differentiate sources of gas supply, as well as positively impact the security of gas supply.

ABBREVIATIONS AND FORMULAS:

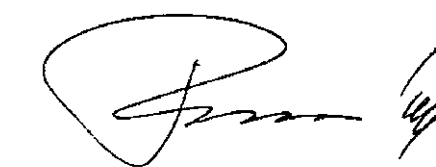
MWh	megawatt-hours
TWh	terawatt-hours
EUR/MWh/d/g	euro for megawatt-hour per day/ per year
EBITDA	earnings before interest, taxation, depreciation & amortisation
Net debt	loans minus cash and cash equivalents
EBITDA profitability	EBITDA/income
Net profitability	net profit/income
Return on equity ratio (ROE)	net profit (over the reporting period)/equity average value
Shareholders' equity	equity/total assets
Net debt to EBITDA ratio	net debt/EBITDA (over 12 months period)
Debt-Service Coverage Ratio (DSCR)	EBITDA (over 12 months period)/ debt payments
BCP	1 year bundled capacity product
2BCP	2 year bundled capacity product
2BCPy-1	2 year bundled capacity product from previous storage cycle
IC	interruptible capacity
STP	stock transfer product
MP	market product (no longer offered)

STATEMENT OF THE BOARD'S RESPONSIBILITY

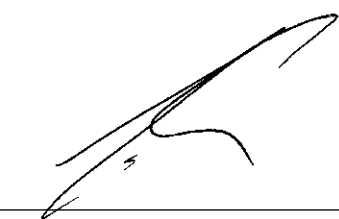
The Board of the Company is responsible for preparing its financial statements. The unaudited condensed interim financial statements of Conexus for the 3 months period ending 31 March 2022 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, providing true and fair view of the financial position of Conexus, its operational results and cash flow.



ULDIS BARISS
Chairman of the Board



GINTS FREIBERGS
Member of the Board



MĀRTIŅŠ GODE
Member of the Board

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FINANCIAL STATEMENTS

INCOME STATEMENT

	Notes	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
		EUR	EUR
Revenue	5	15 779 778	18 674 941
Other income	6	171 974	95 540
Maintenance and service costs	7	(2 222 403)	(1 730 493)
Personnel expenses	8	(3 262 905)	(2 926 883)
Other operating costs	9	(488 138)	(881 287)
Depreciation, amortisation, and impairment of property, plant and equipment	11, 12	(4 449 481)	(4 391 062)
Operating profit		5 528 825	8 840 756
Finance costs	10	(95 290)	(44 414)
Profit before tax		5 433 535	8 796 342
Corporate income tax		-	-
Profit for the reporting period		5 433 535	8 796 342

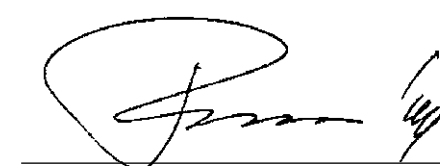
STATEMENT OF COMPREHENSIVE INCOME

	Notes	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
		EUR	EUR
Profit for the reporting period		5 433 535	8 796 342
Other comprehensive income / (loss):			
Property, plant and equipment revaluation		-	-
Remeasurement of post-employment benefits as a result of changes in actuarial assumptions		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income for the reporting period		5 433 535	8 796 342

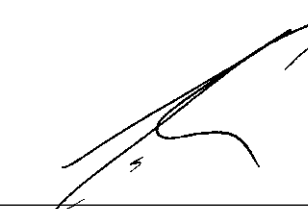
Notes on pages 26 to 36 form an integral part of these financial statements.



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STATEMENT OF FINANCIAL POSITION

	Notes	31.03.2022	31.12.2021
ASSETS		EUR	EUR
Long-term investments			
Intangible assets	11	2 101 833	2 041 249
Advances for intangible assets		6 720	6 720
Property, plant and equipment	12	429 294 459	430 671 322
Advances for property, plant and equipment		2 387 459	2 332 465
Long-term deferred expenses	13	1 083 455	1 108 651
Right-of-use assets		434 529	451 108
Total long-term investments:		435 308 455	436 611 515
Current assets			
Inventories		2 587 758	2 626 539
Receivables from contracts with customers		10 689 894	13 373 794
Other receivables		254 965	365 186
Deferred expenses		445 981	417 139
Cash and cash equivalents		454 068	14 676 110
Total current assets:		14 432 666	31 458 768
TOTAL ASSETS:		449 741 121	468 070 283

Notes on pages 26 to 36 form an integral part of these financial statements.

		
ULDIS BARISS Chairman of the Board	GINTS FREIBERGS Member of the Board	MĀRTIŅŠ GODE Member of the Board

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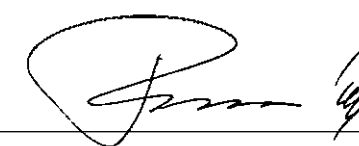
STATEMENT OF FINANCIAL POSITION (continued)

	Notes	31.03.2022	31.12.2021
		EUR	EUR
EQUITY AND LIABILITIES			
Equity:			
Share capital		39 786 089	39 786 089
Own shares		(25 320)	(25 320)
Reserves		214 312 603	216 230 918
Retained earnings		83 746 648	76 412 620
Total equity:		337 820 020	332 404 307
Non-current liabilities			
Borrowings from credit institutions	14	30 000 000	60 282 986
Deferred income		18 021 327	18 156 045
Employee benefit obligations		1 374 135	1 374 135
Non-current lease liabilities		423 277	447 940
Total non-current liabilities:		49 818 739	80 261 106
Current liabilities			
Borrowings from credit institutions	14	40 829 197	37 772 866
Trade payables		11 179 760	7 290 495
Other liabilities		1 830 019	2 458 791
Accrued liabilities		3 135 049	6 129 608
Deferred income from contracts with customers		237 284	237 284
Deferred income, other		539 021	539 618
Advances from customers		4 326 968	956 811
Current lease liabilities		25 064	19 397
Total current liabilities:		62 102 362	55 404 870
TOTAL EQUITY AND LIABILITIES:		449 741 121	468 070 283

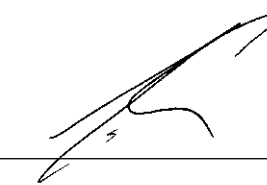
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STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Own shares	Reserves	Retained earnings	Total
		EUR	EUR	EUR	EUR	EUR
Opening balance at 01.01.2021		39 786 089	(34 678)	224 758 592	140 138 666	404 648 669
Dividends		-	9 358	-	(85 142 230)	(85 132 872)
Reduction of revaluation reserve		-	-	(8 199 452)	8 199 452	-
<i>Other comprehensive income:</i>						
Increase of revaluation reserve		-	-	-	-	-
Revaluations of post-employment benefits as a result of changes in actuarial assumptions		-	-	(328 222)	-	(328 222)
<i>Total other comprehensive income</i>		-	-	(328 222)	-	(328 222)
Profit for the year		-	-	-	13 216 732	13 216 732
<i>Total</i>		-	9 358	(8 527 674)	(63 726 046)	(72 244 362)
At 31 December 2021		39 786 089	(25 320)	216 230 918	76 412 620	332 404 307
Opening balance at 01.01.2022		39 786 089	(25 320)	216 230 918	76 412 620	332 404 307
Dividends		-	-	-	-	-
Reduction of revaluation reserve		-	-	(1 918 315)	1 900 493	(17 822)
<i>Other comprehensive income:</i>						
Revaluations of post-employment benefits as a result of changes in actuarial assumptions		-	-	-	-	-
<i>Total other comprehensive income</i>		-	-	-	-	-
Profit for the reporting period		-	-	-	5 433 535	5 433 535
<i>Total</i>		-	-	(1 918 315)	7 334 029	5 415 713
At 31 March 2022		39 786 089	(25 320)	214 312 603	83 746 648	337 820 020

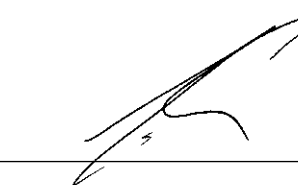
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STATEMENT OF CASH FLOWS

	Notes	01.01.2022-31.03.2022	01.01.2021-31.03.2021
Cash flow from operating activity		EUR	EUR
Profit before corporate income tax		5 433 535	8 796 342
Adjustments:			
- depreciation of property, plant and equipment	12	4 275 553	4 194 347
- depreciation of the right-of-use assets		16 579	23 183
- amortisation of intangible assets	11	157 349	173 533
- loss from disposal of PPEs		(12 176)	106 637
- changes in provisions		285 780	90 000
- recognised EU co-financing		(135 315)	(84 377)
- interest expense		94 989	43 813
Changes in the working capital:			
- (increase) of receivables from contracts with customers, other receivables and deferred expenses		2 790 478	145 503
- decrease of inventories		38 781	121 524
- increase of lease liabilities, trade payables, accrued liabilities, advances from customers and other liabilities		3 372 690	(4 641 151)
Net cash flow from operating activity		16 318 243	8 969 354
Cash flow from investing activity			
Acquisition of property, plant and equipment		(2 971 506)	(4 174 026)
Acquisition of intangible assets		(217 933)	(121 772)
Proceeds from the sale of property, plant and equipment items		12 176	-
Received EU co-financing		-	3 014 116
Cash flow from investing activity		(3 177 262)	(1 281 682)
Cash flow from financing activity			
Interest paid		(116 342)	(38 117)
Borrowings received		929 024	25 000 000
Borrowings repaid		(28 155 679)	(1 026 910)
Lease payments		(18 996)	(31 614)
Dividends paid		(1 030)	(252)
Net cash flow from financing activity		(27 363 023)	23 903 107
Net cash flow		(14 222 042)	31 590 779
Cash and cash equivalents at the beginning of the year		14 676 110	15 163 737
Cash and cash equivalents at the end of the reporting period		454 068	46 754 516

Notes on pages 26 to 36 form an integral part of these financial statements.


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 Chairman of the Board


GINTS FREIBERGS
 Member of the Board


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NOTES TO THE FINANCIAL STATEMENTS

1. INFORMATION ON THE COMPANY

The legal address of AS “Conexus Baltic Grid” is Stigu street 14, Riga, LV-1021, Latvia. The Company is registered in the Commercial Register of Latvia with common registration number 40203041605. The Company’s largest shareholders are its parent company AS “Augstsprieguma tīkls” (68,46%) and MM Infrastructure Investments Europe Limited (29,06%).

Conexus is a unified Latvian natural gas transmission and storage operator that manages one of the most modern natural gas storage facilities in Europe, the Inčukalns Underground Storage Facility (hereinafter referred to as the Inčukalns UGS, or as the storage facility), and the main natural gas transmission system, which directly connects Latvia’s natural gas market with Lithuania, Estonia, and the north-west of Russia.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) No. 34, as adopted by the European Union, on a going concern basis. The general accounting principles set out in this section have been applied consistently throughout the reporting period.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Conexus during the interim reporting period.

The period of these condensed interim financial statements is 3 months, from 1 January to 31 March 2022.

Assets and liabilities are measured at amortised cost in the financial statements. Some groups of fixed assets are recognised at revalued value. The statement of cash flows has been prepared in accordance with the indirect method.

The preparation of Conexus’s financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in notes.

SIGNIFICANT ESTIMATES AND JUDGMENTS

The financial statements have been prepared in accordance with IFRS using significant estimates and assumptions that affect the value of the assets and liabilities presented in the financial statement and the presentation of contingent assets and liabilities, as well as the revenue and expenses of the reporting period. While such estimates are based on the most reliable information available to Conexus management on the relevant events and activities, actual results may differ from these estimates and assumptions about the outcome of future events.

CURRENCY AND REVALUATION OF FOREIGN CURRENCIES

Items presented in the financial statements are denominated in EUR, which is the functional currency of Conexus’ business environment and the official currency of the Republic of Latvia.

All foreign currency transactions are translated into EUR using the exchange rate of the European Central Bank ruling on the date of the

relevant transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Foreign currency gains and losses are recognised in the income statement for the respective period.

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

The principles and guidelines for general management of financial risks are set out in the Company's financial risk management policy. There are no change in the risk management policies since the end of the year.

FAIR VALUE

Conexus classifies its assets and liabilities based on the technique used for determining fair value into the following categories:

Quoted market prices – Level 1

Level 1 valuation techniques use unadjusted quoted prices in an active market for identical assets or liabilities when quoted prices are readily available and the price represents the actual market circumstances for transactions under fair competitive circumstances.

Valuation techniques using market data – Level 2

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

Valuation techniques using market data that are not based on observable market data – Level 3

Valuation techniques that use market data that is not based on observable market data (unobservable market data) are classified within Level 3. Unobservable market data is data that is not readily available in an active market due to the complexity of an illiquid market or financial instrument. Level 3 inputs are generally determined based

on observable market data of a similar nature, historical observations, or analytical approaches.

Classification of financial assets and liabilities at the levels of the fair value hierarchy:

	Level	31.03.2022	31.12.2021
		EUR	EUR
Assets:			
Trade receivables	3.	10 689 894	13 373 794
Other receivables	3.	8 753	32 300
Cash and cash equivalents	2.	454 068	14 676 110
Liabilities:			
Borrowings from credit institutions	3.	70 829 197	98 055 852
Trade payables	3.	11 179 760	7 290 495
Other liabilities and accrued liabilities	3.	1 320 629	4 416 171
Lease liabilities	3.	448 341	467 336

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The carrying amounts of liquid and short-term (with a maturity of fewer than three months) financial instruments, such as cash and cash equivalents, short-term receivables from contracts with customers and current trade payables, approximate their fair values.

The fair value of borrowings from banks is determined by discounting future cash flows at market interest rates. As the interest rates (incl. a fixed loan rate) applied to borrowings from banks largely do not differ significantly from market rates and the risk premium applied by Conexus has not changed significantly, the fair value of non-current liabilities approximates their carrying amount.

4. SEGMENT INFORMATION

Description of segments

Conexus derives all of its revenue from regulated services applying the rates established by the regulatory authority. Conexus has two segments:

✦ The natural gas **transmission** segment provides transportation of natural gas through high-pressure pipelines for delivery to Inčukalns UGS, other countries, and the distribution network. The transmission segment generates revenue from capacity trading for natural gas consumption in Latvia as well as international natural gas transportation

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

Segmentation is based on Conexus' internal organisational structure, which forms the basis for regular monitoring of operating result making decisions about the resources allocated to the segments and evaluating its performance. The information included in the operating segments coincides with the information used by the person responsible for taking operational decisions. Segment information (segment profit or loss statements and investments made) is regularly submitted to Conexus Management Board and Conexus Council.

Reconciliation of segment financial information to Conexus financial information

Segment income statements for the period 01.01.2022-31.03.2022:

	Transmission	Storage	Total	Difference
	EUR	EUR	EUR	EUR
Revenue	9 271 411	6 508 367	15 779 778	-
Other income	53 172	118 802	171 974	-
Maintenance and service costs	(1 421 655)	(800 748)	(2 222 403)	-
Personnel expenses	(1 941 204)	(1 321 701)	(3 262 905)	-
Other operating costs	(348 848)	(139 290)	(488 138)	-
Depreciation, amortisation, and impairment of property, plant and equipment	(2 545 496)	(1 903 985)	(4 449 481)	-
Finance costs	(59 903)	(35 387)	(95 290)	-
Corporate income tax	-	-	-	-
Profit for the reporting period	3 007 477	2 426 058	5 433 535	-

Segment income statements for the period 01.01.2021-31.03.2021:

	Transmission	Storage	Total	Difference
	EUR	EUR	EUR	EUR
Revenue	13 152 297	5 522 644	18 674 941	-
Other income	29 025	66 515	95 540	-
Maintenance and service costs	(1 142 502)	(587 991)	(1 730 493)	-
Personnel expenses	(1 735 061)	(1 191 822)	(2 926 883)	-
Other operating costs	(515 210)	(366 077)	(881 287)	-
Depreciation, amortisation, and impairment of property, plant and equipment	(2 540 745)	(1 850 317)	(4 391 062)	-
Finance costs	(27 808)	(16 606)	(44 414)	-
Corporate income tax	-	-	-	-
Profit for the reporting period	7 219 996	1 576 346	8 796 342	-

Total assets by segments at 31.03.2022 and investments during the period 01.01.2022-31.03.2022:

	Transmission	Storage	Total	Difference
	EUR	EUR	EUR	EUR
Segment assets	233 820 537	215 920 584	449 741 121	-
Investments in property, plant and equipment, and intangible assets	950 775	2 183 669	3 134 444	-

Total assets by segments at 31.03.2021 and investments during the period 01.01.2021-31.03.2021:

	Transmission	Storage	Total	Difference
	EUR	EUR	EUR	EUR
Segment assets	258 233 899	225 979 906	484 213 805	-
Investments in property, plant and equipment, and intangible assets	1 352 361	2 558 774	3 911 135	-

Geographical information

All operating activities are held in Latvia.

Major customers

Revenue generated during the period 01.01.2022-31.03.2022 from the largest customers, each individually representing at least 10% of the Conexus total revenue:

	Transmission	Storage	Total
	EUR	EUR	EUR
Revenue from major customers	5 576 788	4 556 886	10 133 674

Revenue generated during the period 01.01.2021-31.03.2021 from the largest customers, each individually representing at least 10% of the Conexus total revenue:

	Transmission	Storage	Total
	EUR	EUR	EUR
Revenue from major customers	8 258 734	2 843 753	11 102 487

5. REVENUE

Revenue from contracts with customers recognised over time	IFRS applied	01.01.2022-31.03.2022	01.01.2021-31.03.2021
		EUR	EUR
Revenue from transmission services	15.SFPS	9 137 794	13 037 879
Revenue from storage services	15.SFPS	6 508 367	5 522 644
Balancing income, net	15.SFPS	133 617	114 418
		15 779 778	18 674 941

Conexus generated all of its revenue in the territory of Latvia.

Gross income and cost from balancing activities by applying agent accounting principle recognized in financial statements in net amount:

	01.01.2022-31.03.2022	01.01.2021-31.03.2021
	EUR	EUR
Income from balancing activities	10 157 259	3 072 262
Cost of balancing activities	(10 023 642)	(2 957 844)
	133 617	114 418

6. OTHER INCOME

	01.01.2022-31.03.2022	01.01.2021-31.03.2021
	EUR	EUR
Income from EU co-financing	135 315	84 377
Other income	36 659	11 163
	171 974	95 540

7. MAINTENANCE AND SERVICES COSTS

	01.01.2022-31.03.2022	01.01.2021-31.03.2021
	EUR	EUR
Transmission and storage system maintenance services	1 315 780	1 072 972
Cost of materials	223 899	159 433
Cost of natural gas	401 047	263 916
Maintenance of IT infrastructure	203 637	162 616
Maintenance of vehicles and machinery	78 040	71 556
	2 222 403	1 730 493

8. PERSONNEL EXPENSES

	01.01.2022-31.03.2022	01.01.2021-31.03.2021
	EUR	EUR
Salaries	2 524 025	2 248 575
State social insurance contributions	595 641	554 053
Life, health, and pension insurance	139 144	122 140
Other personnel costs	4 095	2 115
	3 262 905	2 926 883

9. OTHER OPERATING COSTS

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
	EUR	EUR
Taxes and duties*	203 877	271 531
Office and other administrative expenses	284 261	503 119
Net loss on disposal of PPE	-	106 637
	488 138	881 287

*Real estate tax, Natural resource tax, Public Utilities Commission fee, State and municipal fees, corporate income tax from deemed profit distribution.

10. FINANCE COSTS

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
	EUR	EUR
Interest paid	89 602	38 117
Lease interest expense	5 387	5 696
Other financial costs	301	601
	95 290	44 414

11. INTANGIBLE ASSETS

	Software	Assets under development	TOTAL
	EUR	EUR	EUR
Cost at the beginning of the period 31.12.2020	7 698 984	6 370	7 705 354
Additions	-	843 894	843 894
Transfers	789 210	(789 210)	-
Disposals	(298 905)	-	(298 905)
Cost at the end of the period 31.12.2021	8 189 289	61 054	8 250 343
Amortisation			
Accumulated amortisation at the beginning of the period 31.12.2020	5 832 683	-	5 832 683
Amortisation charge	668 959	-	668 959
Disposals	(292 548)	-	(292 548)
Accumulated amortisation at the end of the period 31.12.2021	6 209 094	-	6 209 094
Net book value 31.12.2020	1 866 301	6 370	1 872 671
Net book value 31.12.2021	1 980 195	61 054	2 041 249

	Software	Assets under development	TOTAL
	EUR	EUR	EUR
Cost at the beginning of the period 31.12.2021	8 189 289	61 054	8 250 343
Additions	-	217 933	217 933
Transfers	192 835	(192 835)	-
Disposals	-	-	-
Cost at the end of the period 31.03.2022	8 382 124	86 152	8 468 276
Amortisation			
Accumulated amortisation at the beginning of the period 31.12.2021	6 209 094	-	6 209 094
Amortisation charge	157 349	-	157 349
Disposals	-	-	-
Accumulated amortisation at the end of the period 31.03.2022	6 366 443	-	6 366 443
Net book value 31.12.2021	1 980 195	61 054	2 041 249
Net book value 31.03.2022	2 015 681	86 152	2 101 833

12. PROPERTY, PLANT, AND MACHINERY (PPE)

	Land	Buildings, structures	Machinery and equipment	Other property and equipment	Emergency spare parts	Cushion gas	Assets under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost or revalued amount								
31.12.2020	1 033 354	760 911 633	131 882 990	6 403 695	1 563 188	10 708 163	10 698 459	923 201 482
Additions	-	-	398 067	509 446	-	-	25 590 489	26 498 002
Reclassified	50 814	11 809 706	3 005 303	1 312 172	-	-	(16 177 995)	-
Disposals	-	(1 633 464)	(1 241 454)	(435 086)	-	-	(83 938)	(3 393 942)
Transfers*	-	-	-	-	(24 409)	-	-	(24 409)
31.12.2021	1 084 168	771 087 875	134 044 906	7 790 227	1 538 779	10 708 163	20 027 015	946 281 133
Accumulated depreciation								
31.12.2020	-	438 591 735	58 311 555	4 328 314	-	-	-	501 231 604
Calculated depreciation	-	11 405 968	4 984 802	652 568	-	-	-	17 043 338
Disposals	-	(1 207 276)	(1 024 866)	(432 989)	-	-	-	(2 665 131)
Reclassified	-	(1 042 906)	(137 333)	1 180 239	-	-	-	-
31.12.2021	-	447 747 521	62 134 158	5 728 132	-	-	-	515 609 811
Net book value 31.12.2020	1 033 354	322 319 898	73 571 435	2 075 381	1 563 188	10 708 163	10 698 459	421 969 878
Net book value 31.12.2021	1 084 168	323 340 354	71 910 748	2 062 095	1 538 779	10 708 163	20 027 015	430 671 322

* Emergency spare parts in the amount of EUR 24 409 were reclassified to the inventories of materials in warehouses.

PROPERTY, PLANT, AND MACHINERY PPE (continued)

	Land	Buildings, structures	Machinery and equipment	Other property and equipment	Emergency spare parts	Cushion gas	Assets under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost or revalued amount								
31.12.2021	1 084 168	771 087 875	134 044 906	7 790 227	1 538 779	10 708 163	20 027 015	946 281 133
Additions	8 306	11 362	40 078	70 367	-	-	2 786 398	2 916 511
Reclassified	-	331 590	157 555	-	-	-	(489 145)	-
Disposals	-	(49 999)	(188 100)	(24 847)	-	-	-	(262 946)
31.03.2022	1 092 474	771 380 828	134 054 439	7 835 747	1 538 779	10 708 163	22 324 268	948 934 698
Accumulated depreciation								
31.12.2021	-	447 747 521	62 134 158	5 728 132	-	-	-	515 609 811
Calculated	-	2 872 943	1 248 954	153 656	-	-	-	4 275 553
Disposals	-	(32 178)	(188 100)	(24 847)	-	-	-	(245 125)
31.03.2022	-	450 588 286	63 195 012	5 856 941	-	-	-	519 640 239
Net book value 31.12.2021	1 084 168	323 340 354	71 910 748	2 062 095	1 538 779	10 708 163	20 027 015	430 671 322
Net book value 31.03.2022	1 092 474	320 792 542	70 859 427	1 978 806	1 538 779	10 708 163	22 324 268	429 294 459

13. CO-FINANCED PROJECTS

Increase of Capacity of Klaipeda-Kiemenai Pipeline in Lithuania

	31.03.2022	31.12.2021
	EUR	EUR
Opening balance	1 310 224	1 411 010
Recognised during the reporting period	(25 197)	(100 786)
Carried forward to future periods	1 285 027	1 310 224
including short-term portion	100 786	100 786
long-term portion	1 083 455	1 108 651

14. BORROWINGS FROM CREDIT INSTITUTIONS

	31.03.2022	31.12.2021
	EUR	EUR
Non-current borrowings from credit institutions	30 000 000	60 282 986
Current borrowings from credit institutions	40 829 197	37 772 866
	70 829 197	98 055 852

Conexus has borrowings from Nordic Investment Bank, AS SEB banka and OP Corporate Bank plc Latvia Branch. At the end of the reporting period, Conexus has an available overdraft facility of 65 000 thousand EUR (31.12.2021: 90 000 thousand EUR), of which overdraft of 929 thousand EUR has been used at the end of the reporting period, while the remaining 64 071 thousand EUR overdraft is unused and available. The agreement terms for the unused overdrafts in the amount of 65 000 thousand EUR reach beyond 1 year. At the end of the reporting period, the weighted average interest rate on long-term loans is unchanged - 0.37% (31.12.2021: 0.37%), the weighted average interest rate on short-term loans is 0.32%. At the end of the reporting period

43% of the long term borrowings have a fixed loan interest rate. All Conexus borrowings are denominated in euros and are unsecured.

15. RELATED PARTY TRANSACTIONS

On 21 July 2020, changes were made in the register of shareholders of Conexus, where a change in ownership was registered in the amount of 34.0991% of the paid-up share capital of Conexus - the shares were disposed of by PAS Gazprom, they were acquired by AS Augstsprieguma tīkls. Thus, AS Augstsprieguma tīkls has significantly increased its stake in the company (currently 68.46% of the total paid-up share capital of Conexus) and has control of the company.

16. SUBSEQUENT EVENTS

In response to the geopolitical developments in Europe, Conexus, as a critical infrastructure company, is conducting enhanced risk assessments in the areas of cyber security and securing natural gas transmission and storage.

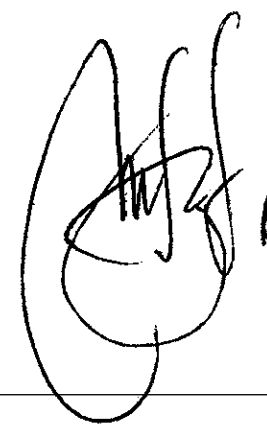
In order to reduce energy supply risks, Conexus has taken the necessary actions to increase the volume of natural gas in the storage facility and has started gas injection into the Inčukalns UGS as of 27 February 2022.

Conexus management handles administrative matters promptly to ensure the continuity of supply of goods and services required for its core business.

Although uncertainty about the impact of events on Conexus' future operations has increased, no circumstances have been identified to date that would affect the value of the assets or jeopardize the going concern basis.

According to the management's assessment, there are no subsequent events since the last date of the reporting year, which would have a significant effect on Conexus condensed interim statements for the period from 1 January 2022 to 31 March 2022.

The financial statements have been prepared by:



AIJA MARTINSONE-STAGE
Head of Finance Department

* This document has been signed with secure electronic signature and bears the time stamp