

The background of the slide is a photograph of an industrial plant, likely a refinery or chemical processing facility. It features a complex network of metal structures, pipes, and platforms. A large, semi-transparent green shape is overlaid on the right side of the image, partially obscuring the industrial equipment. The sky is clear and blue.

Condensed interim financial statements (unaudited)

for the 6-month period ended 30 June 2023

MAIN ACTIVITIES



Natural gas supply

In accordance with the prohibition of natural gas supply from Russia stipulated by the Energy Law, natural gas was not transmitted from Russia during the reporting period. Natural gas traders made natural gas transmissions from Klaipeda and Inkoo liquified natural gas terminals and from Inčukalns UGS. During the reporting period, the volume of natural gas transmitted from Lithuania reached 9,2 TWh, which is 41% more than in the previous year's first six months.



Results of storage capacity auctions

Within several Inčukalns UGS capacity auctions held during the reporting period, system users were granted a total capacity of 13,4 TWh, with premiums ranging from 2,53 EUR/MWh to 4,08 EUR/MWh and total requested amount exceeding the available capacity more than 3 times. Auctions were completed with the auction held on 10 May 2023, in which the last available storage capacity was auctioned.

During 2023/2024 storage cycle, Inčukalns UGS capacity booking reached 22,6 TWh.



Investments made in amount of 15,6 million EUR

During the reporting period, investments were made in amount of 15,6 million EUR, out of which 10,8 million EUR invested into European projects of common interest.



Technical capacity of Kiemenai interconnection point after ELLI project implementation

Technical capacity of Kiemenai interconnection point after implementation of the ELLI project, which is planned starting from 1 January 2024, shall be set at:

- 90 GWh/d in the direction from Lithuania to Latvia with a possible dynamic increase up to around 100 GWh/d;
- 82G Wh/d in the direction from Latvia to Lithuania with a possible dynamic increase up to around 100 GWh/d.

MAIN ACTIVITIES



Supervisory Board made a decision on distribution of Conexus' profit

On 27 April 2023, the Supervisory Board approved the proposal of the Board of Conexus to pay dividends of EUR 8 355 078,69 or EUR 0,21 per share from the profit of 2022.



Changes to the Supervisory Board

On 27 April 2023, Conexus Supervisory Board was elected with changes to its current composition. Seven members of the Supervisory Board were confirmed for a three-year term. Ilmārs Šnucins, Tomohide Goto, Zane Āboliņa, Viktors Sentuhovskis, Normunds Šuksts and Ivars Moisejs were re-elected as Supervisory Board members. Masanobu Furuya was elected to the Conexus Supervisory Board.



MAIN ACTIVITIES



Gas Guarantee of Origin System

In accordance with the amendments to the Energy Law, Conexus has become gas Guarantee of Origin issuing body in Latvia starting from 1 July 2023. A system for the issuance, circulation, and control of certificates of origin for gas produced from renewable energy sources has been established. Following an open procurement procedure, Conexus had concluded a contract with the Finnish information technology company “Grexel Systems” Oy for the development of the guarantee of origin registry system, with Conexus performing its administration and other issuing body duties.



Storage system service tariffs

New natural gas storage system tariffs came into force on 1 May 2023. Due to decreased planned revenue attributed to the tariff period, tariff values of the most popular storage products decreased by 14%.



Transmission System service tariff project

Conexus has submitted to the Regulator a tariff project for the natural gas transmission system service for the next three years. Although the value of the submitted tariff will increase by 0.00074 EUR/kWh or 39%, it is expected to have a minimal impact on the total bill for natural gas users - in the range of 0.5%-1.1% on average. Although Conexus overall costs have decreased, the planned increase in tariffs is driven by a decrease in natural gas consumption.



Natural gas stored in Inčukalns UGS

At the end of the reporting period, 13,9 TWh of natural gas is stored in Inčukalns UGS (including energy supply security reserves), which is 42% more than at the same time the year before. It is the largest amount of natural gas remaining in Inčukalns UGS at the end of June in the last 5 years.

FURTHER DEVELOPMENT



Development of first biomethane feed-in point in Baltics

With the aim to promote biomethane production and its free circulation in Latvia, Conexus has developed a unique solution in the Baltics, allowing biomethane producers to deliver biomethane to a centralised biomethane entry point using special mobile gas containers to be fed into the common gas transmission system. By the end of the reporting period, 4 such entry point locations have been identified in Latvia and the first one will be located in Džūkste, allowing to serve up to 20 biomethane producers within a 50 to 60 km radius.

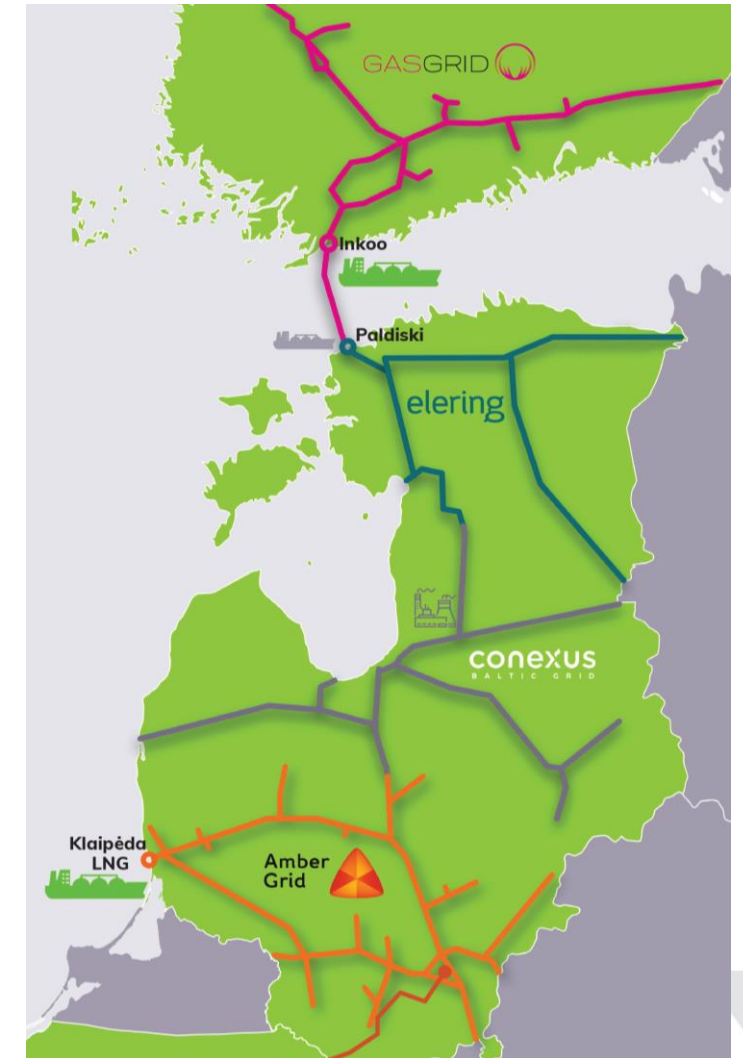
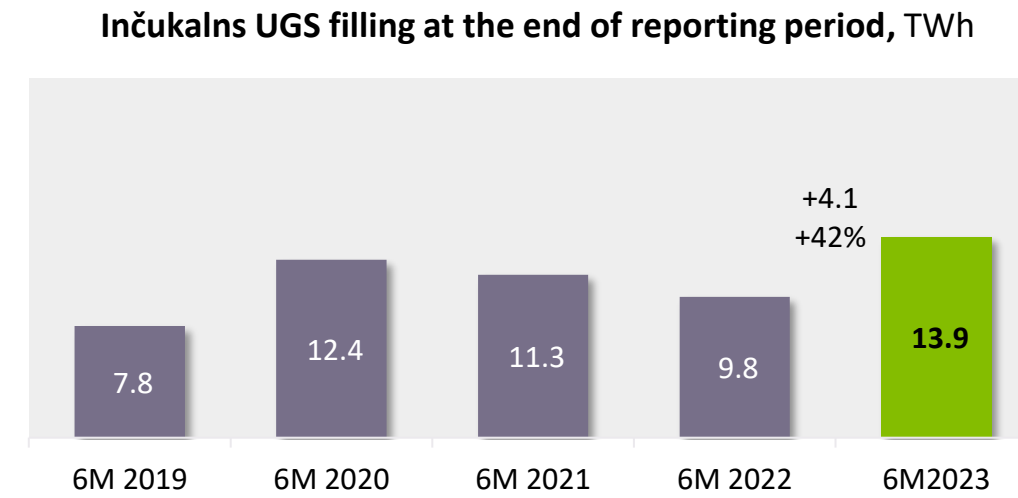
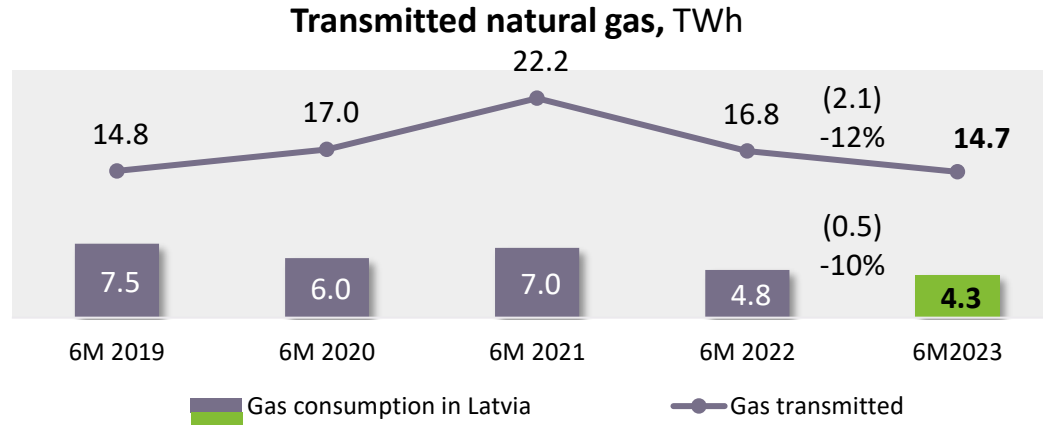


Planned solar panel park construction

During the reporting period, Conexus launched an open tender for the construction of a solar panel park and purchase of equipment, to build a solar panel park with area over 16,000 m² with total capacity of up to 1 MW in the Inčukalns UGS territory.

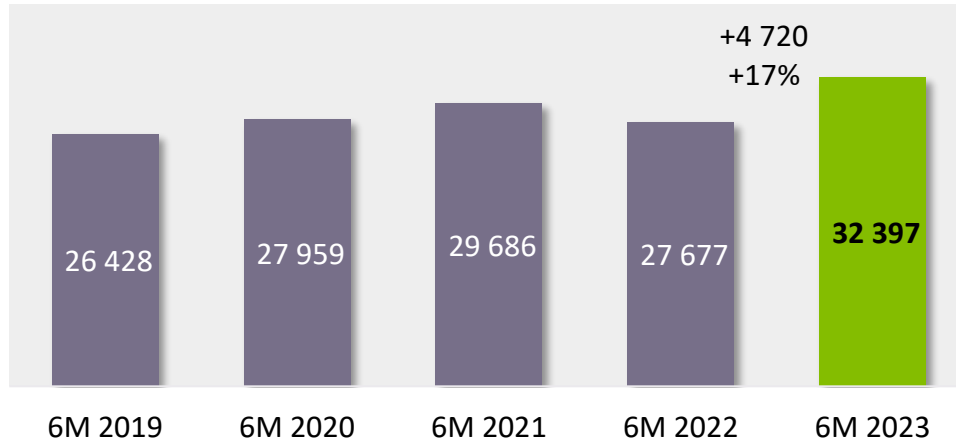


KEY FACTS

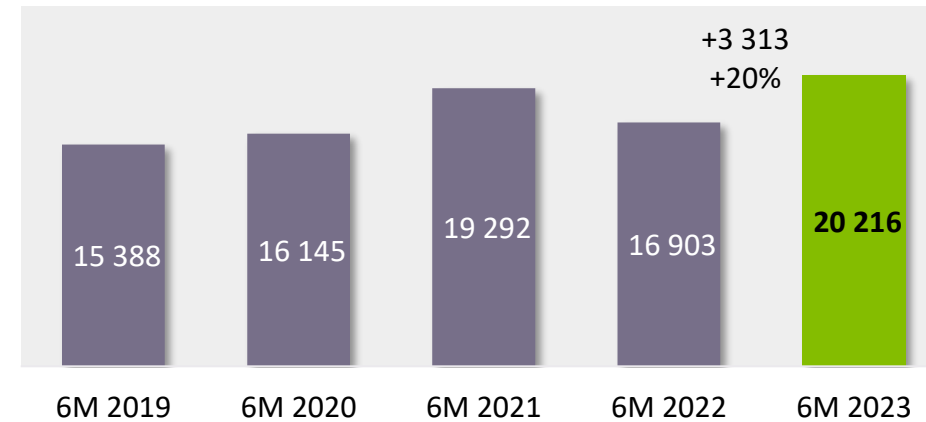


MAIN FINANCIAL INDICATORS, '000 EUR

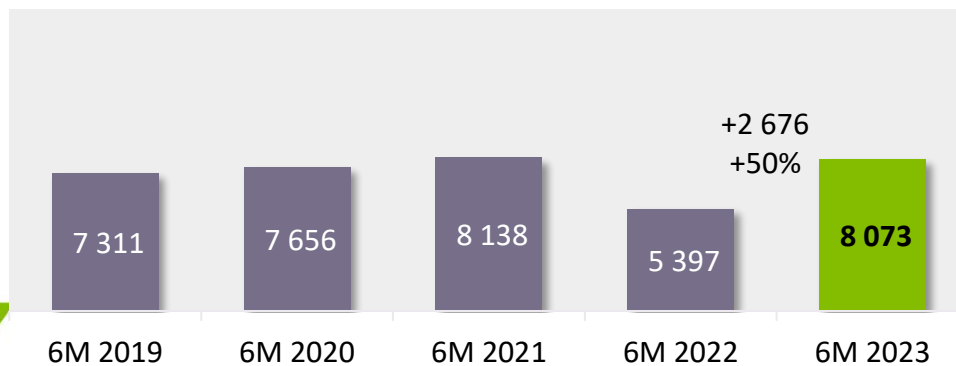
Revenue



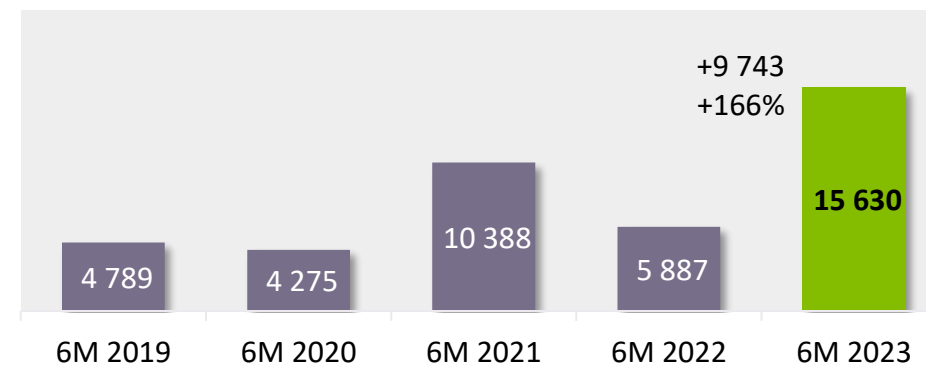
EBITDA



Net profit

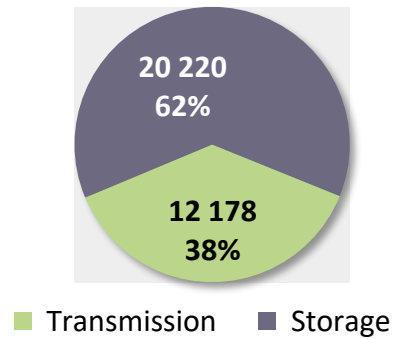


Capital investments

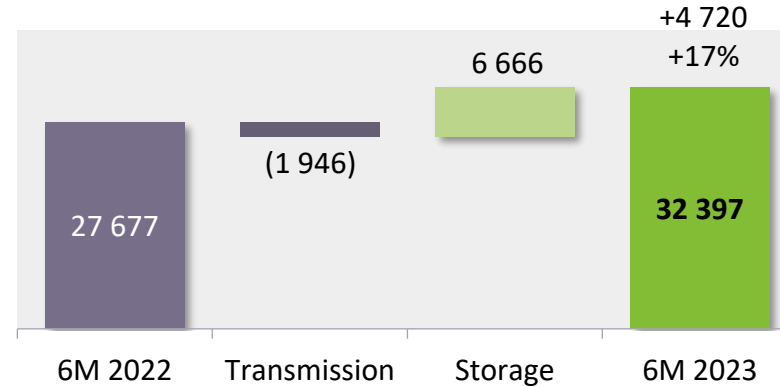


EBITDA AND SEGMENT SPLIT, `000 EUR

Revenue by segments

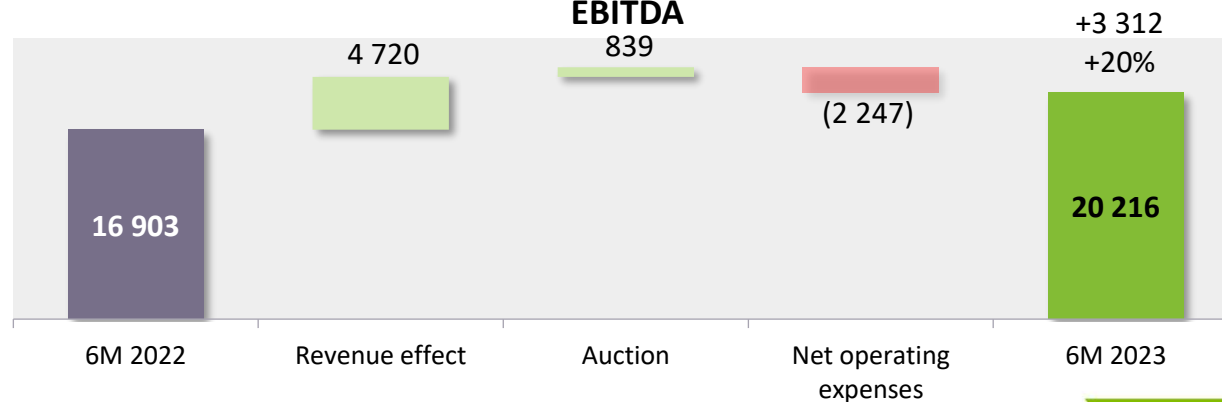


Revenue development



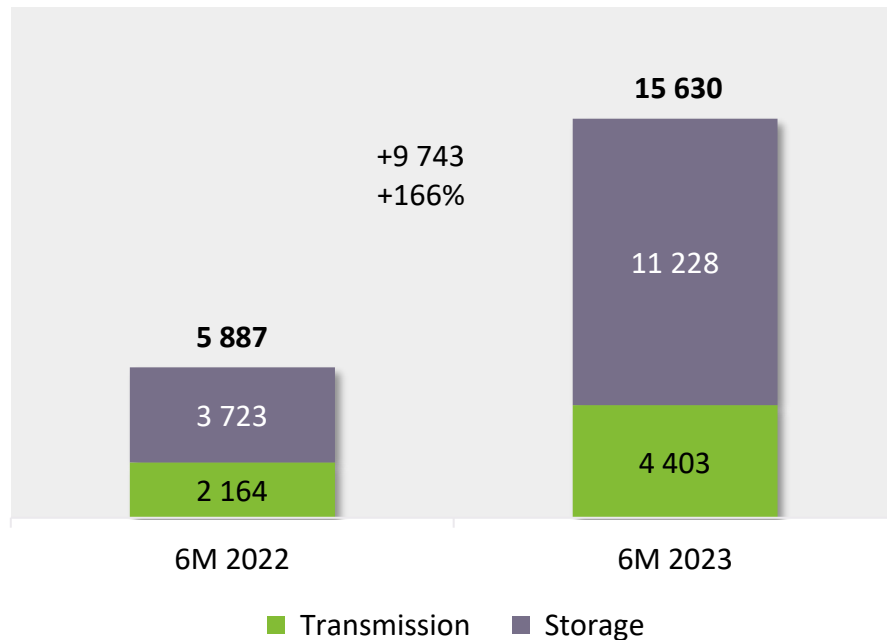
- Revenue is 17% higher than in the respective period of previous year.
- EBITDA increased by 20%, reaching 20.2 million EUR, affected mainly by the increase of storage service revenue as well as decrease of expenses related to auction on the provision of availability of natural gas. Such auction was not held for gas year commencing on 1 October 2022. Net profit reached 8.1 million EUR, which is 2.7 million EUR (50%) higher than in the respective period of the previous year.

EBITDA



CAPITAL INVESTMENTS, `000 EUR

Investments by segments



➤ Storage segment's largest project:

- "8.2.4. Enhancement of Inčukalns UGS" - total investments 99.5 million 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 10.2 million EUR.

➤ Transmission segment's largest projects:

- "8.2.1. Enhancement of Latvia-Lithuania interconnection" (ELLI) – total investments of 6.0 million 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 602 thousand EUR;
- Transmission gas pipelines repairs and anti-corrosion insulation repairs - investments made in amount of 3 257 thousand EUR.



FINANCIAL COVENANTS AND FINANCIAL ASSETS

Financial covenants	30.06.2023	31.12.2022
Shareholders' equity ratio > 50%	72%	72%
Net Debt to EBITDA ratio < 5	2.5	2.7
Debt-Service Coverage Ratio (DSCR) > 1.2x	2.8	2.9

Financial covenants set in the Conexus loan agreements have been complied with during the reporting period.

The financial assets held by Conexus are sufficient to meet Conexus' financing needs. At the end of the reporting period, overdrafts are available in amount of 65 000 thousand EUR, which provides a significant liquidity reserve. The duration of agreements for the overdraft facilities reaches beyond 1 year. Overdrafts have not been used during the reporting period. At the end of the reporting period, Conexus holds long-term loan agreements amounting to 55 000 thousand EUR with expected receipt of funds during 2023.

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Thank you!