

The background image shows a complex industrial plant with multiple levels of metal walkways, railings, and large cylindrical tanks. A semi-transparent green geometric shape is overlaid on the right side of the image, partially covering the industrial structures. The sky is clear and blue.

# Condensed interim financial statements (unaudited)

for the 9-month period ended 30 September 2023

## MAIN ACTIVITIES



### Natural gas stored in Inčukalns UGS

At the end of the reporting period, 20,8 TWh of natural gas is stored in Inčukalns UGS (including energy supply security reserves), which is 65% more than at the same time the year before. On 15 October 2023, at the beginning of natural gas withdrawal season, Inčukalns UGS holds 21,7 TWh of natural gas. The withdrawal season has commenced with the largest amount of natural gas stored in Inčukalns UGS in the last 5 years.



### 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.



### 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 liquefied natural gas terminals and from Inčukalns UGS. During the reporting period, the volume of natural gas transmitted from Lithuania reached 15,7 TWh, which is 29% more than in the previous year's first nine months.



### Investments made in amount of 27 million EUR

During the reporting period, investments were made in amount of 20.7 million EUR, out of which 18.0 million EUR invested into European projects of common interest.

## MAIN ACTIVITIES



### Latvia's gas supply system is working smoothly despite Balticconnector shutdown

On 8 October, due to unusual drop in pressure caused by gas leak, underwater gas pipeline “Balticconnector” connecting Finland and Estonia was closed. The Latvian gas supply system operates without interruptions, and the availability of gas to the users of the system was fully ensured.



### Conexus will conduct market study on hydrogen infrastructure development in Latvia

During the reporting period, Conexus, together with other national transmission system operators from Finland, Estonia, Lithuania, Poland and Germany, has launched the Northern-Baltic Hydrogen Corridor project, dedicated for creation of the cross-border hydrogen transmission corridor from Finland through Estonia, Latvia, Lithuania and Poland to Germany by 2030.



### 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.



### «S&P Global Ratings» agency keeps Conexus credit rating unchanged

The BBB+ credit rating with a stable outlook has been maintained. In its report, S&P notes that it views Latvia's regulatory framework for gas transmission and storage as supportive for the sector and offers regulatory transparency at least until 2026.

## MAIN ACTIVITIES



### Transmission System service tariffs

On 26 October 2023, The Regulator's council made a decision on transmission system service tariffs, which will be in force starting from 1 December 2023. The tariff for use of exit point for supply of consumers in Latvia will increase by 37% from 0,0019296946 EUR/kWh to 0,0026488301 EUR/kWh, whereas the tariffs for natural gas transmission system standard yearly capacity product, short term standard capacity product, interruptible capacity product and interruptible virtual counterflow capacity product will remain the same. 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 overall transmission costs have decreased, the planned increase in tariffs is driven by a decrease in natural gas consumption.



### 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%.



### Changes to the Supervisory Board

On 27 April 2023, Conexus Supervisory Board was elected with changes to its current composition. 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. The Shareholders' Meeting also made a decision on the conversion of Conexus shares from registered shares to dematerialised shares and resolved to book Conexus dematerialised shares with the central securities depository "Nasdaq CSD SE".



### Management board

On Conexus' council's meeting of 30 June 2023, it was decided to continue cooperation with the current Chairman of the Board Uldis Bariss after the end of his term of office, by appointing Uldis Bariss as Chairman of the Board for the next term of office until 15 November 2028. On meeting of 3 October 2023, the council also decided to continue cooperation with the current member of the board, finance director Mārtiņš Gode, appointing him for the next term of office until 31 December 2028.

## 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 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.

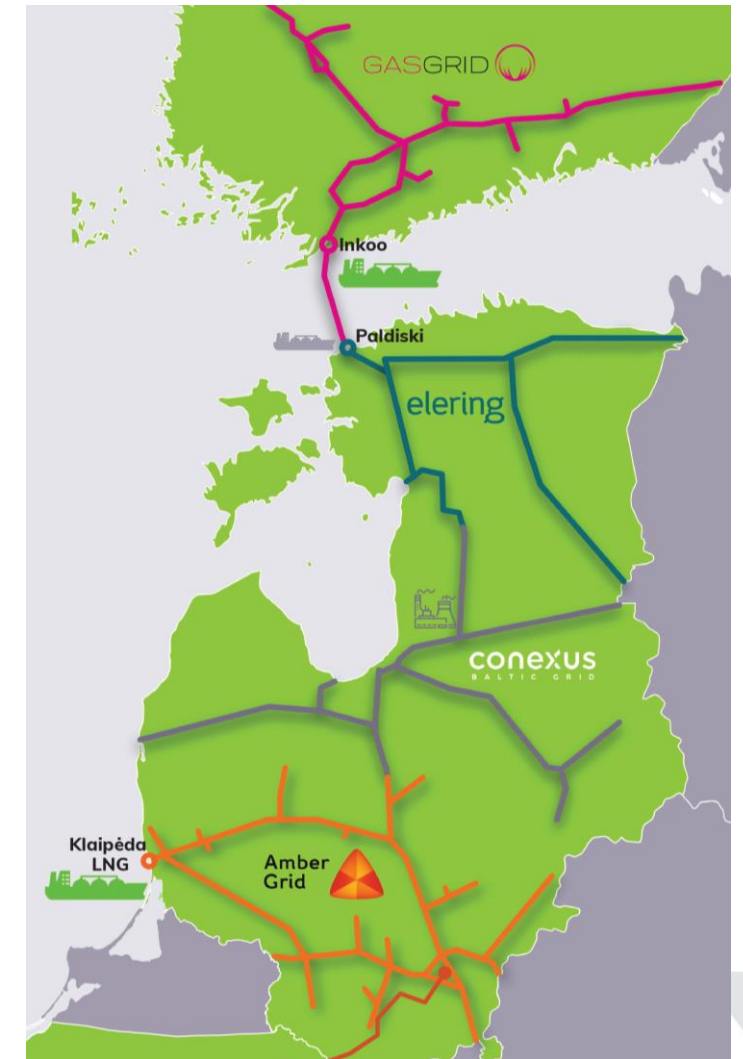
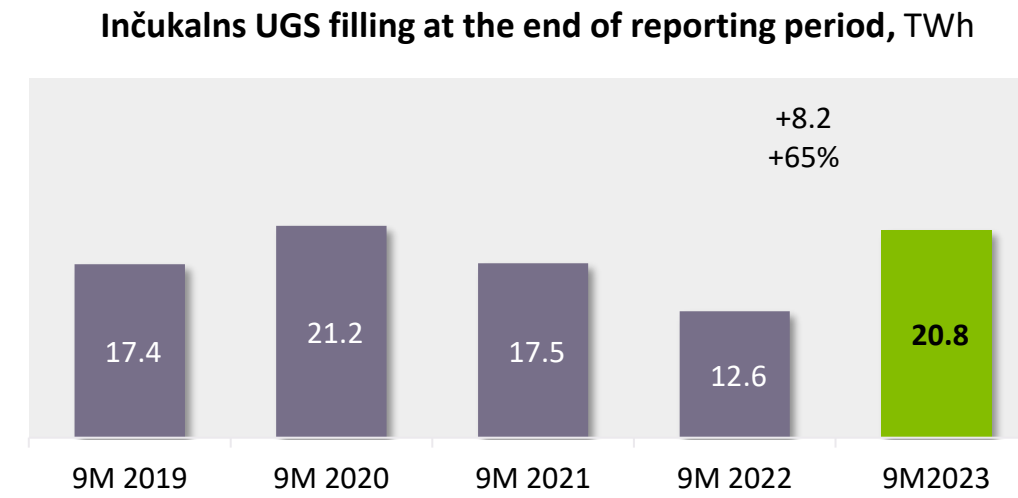
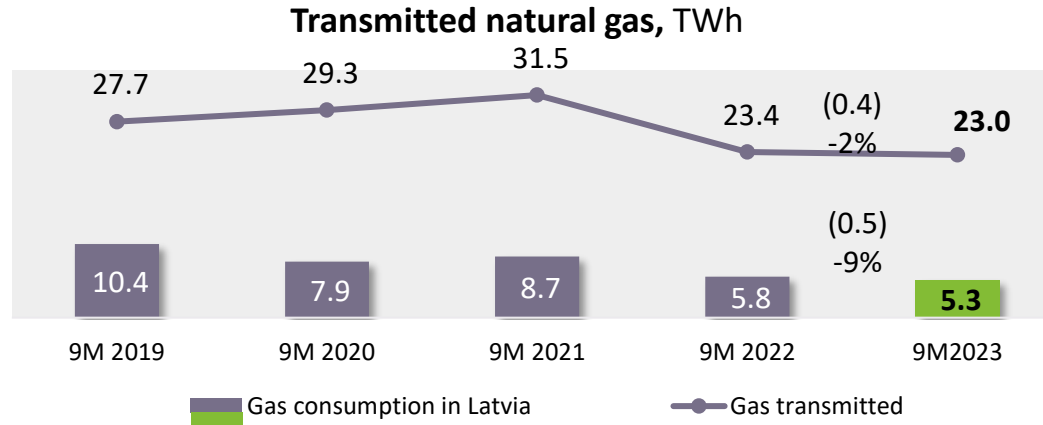


### **Planned solar panel park construction**

During the reporting period, Conexus has concluded a contract for the construction of a solar panel park, including the purchase of equipment, in the territory of Inčukalns UGS, following an open procurement procedure. The project is planned to be completed by next spring with an investment of 989 thousand EUR. The use of solar energy is expected to generate around 1 000 000 kWh per year and it is forecasted to provide 25% of the total electricity consumption in the storage.

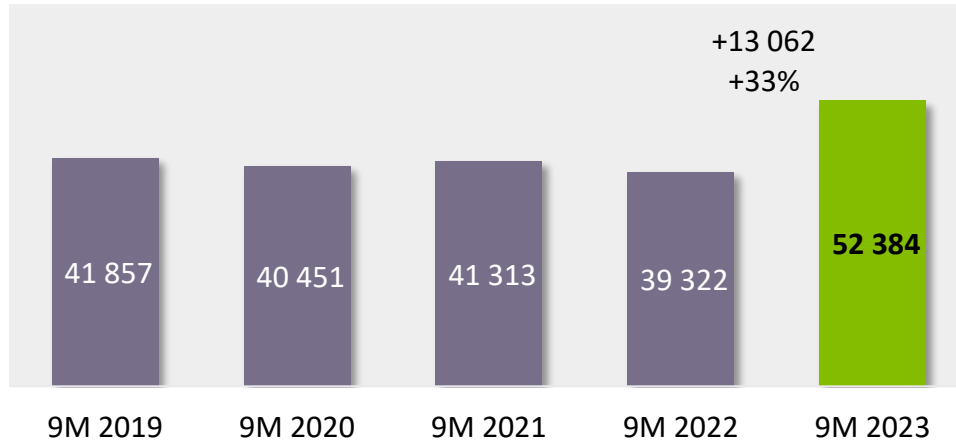


## KEY FACTS

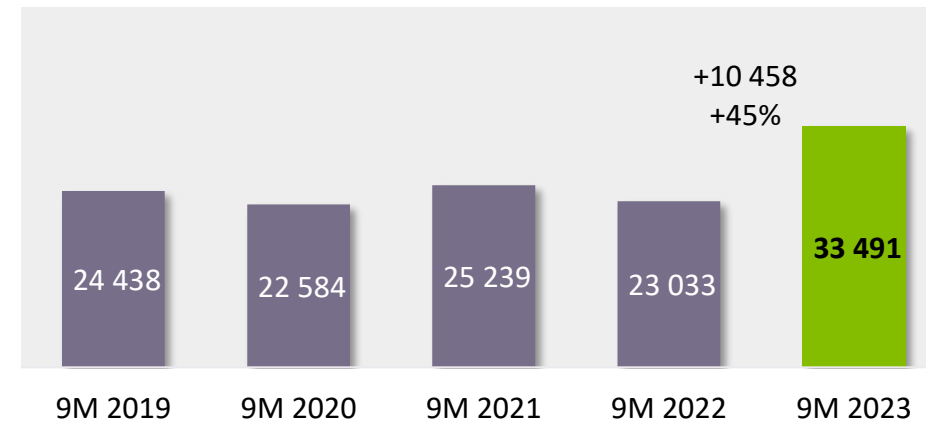


## MAIN FINANCIAL INDICATORS, '000 EUR

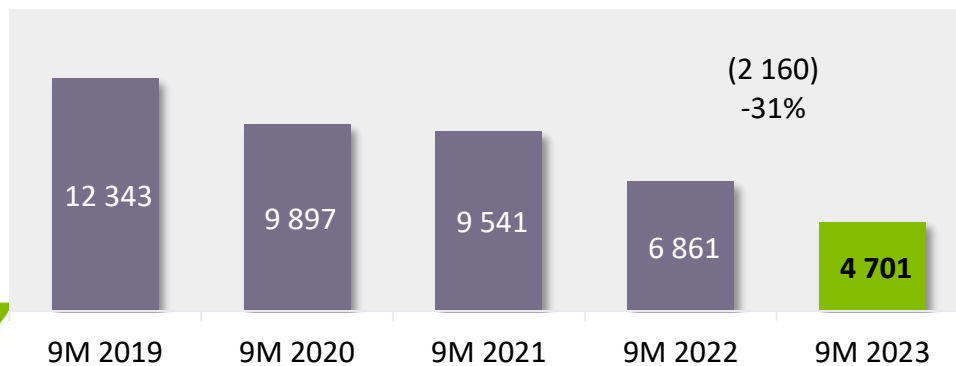
Revenue



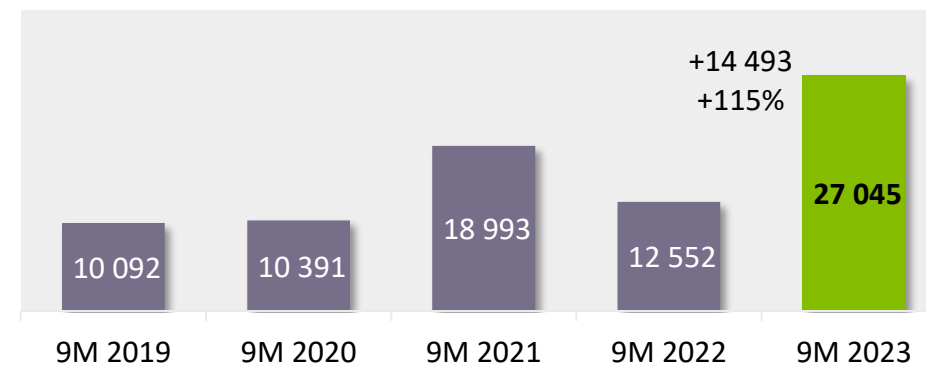
EBITDA



Net profit

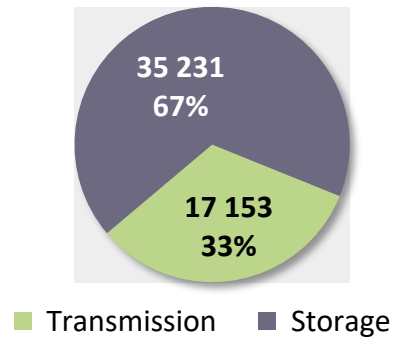


Capital investments

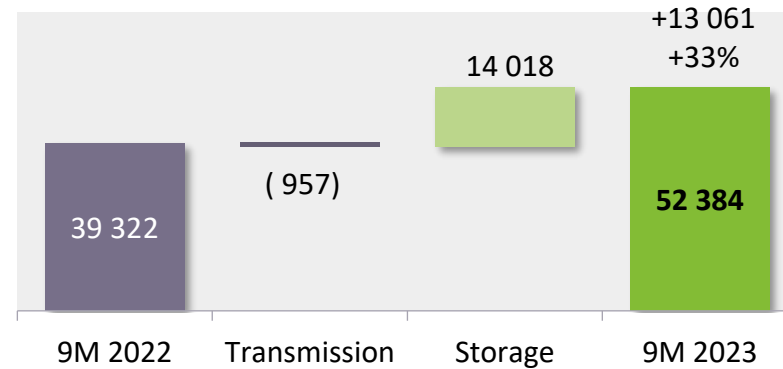


## EBITDA AND SEGMENT SPLIT, `000 EUR

Revenue by segments

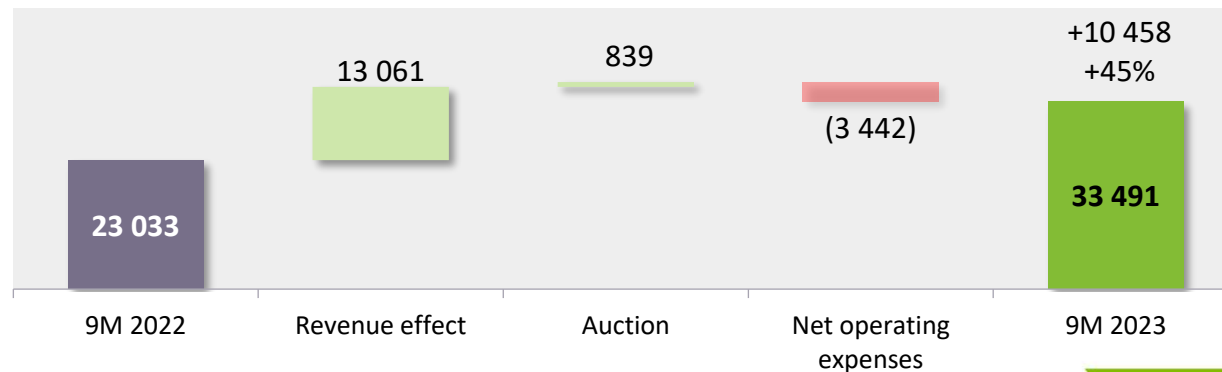


Revenue development



- Revenue is 33% higher than in the respective period of previous year.
- EBITDA increased by 45%, reaching 33.5 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 4.7 million EUR, which is 2.2 million EUR (31%) lower than in the respective period of the previous year.

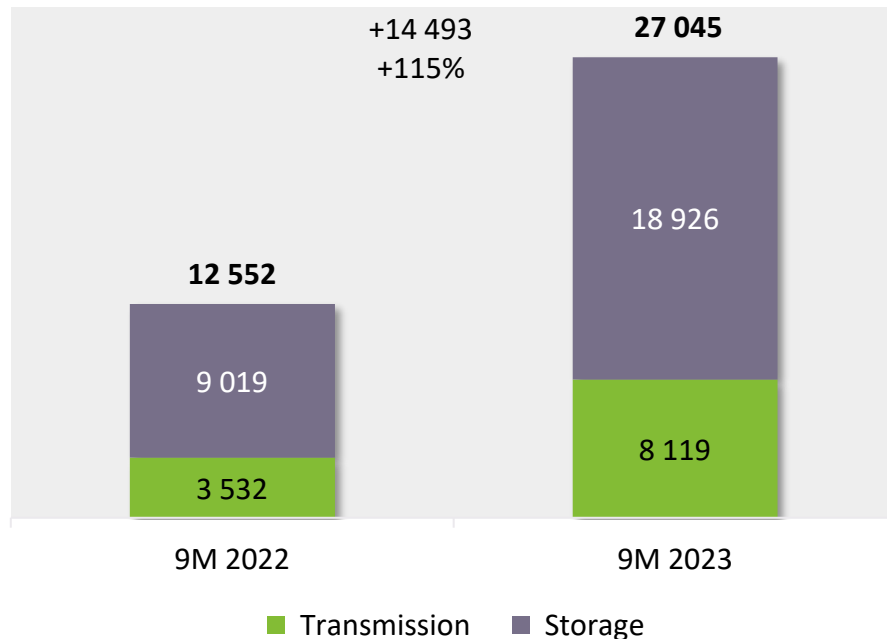
EBITDA





## 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 were made in amount of 17.1 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 894 thousand EUR;
- Replacement of isolation of gas pipelines in the section between Izborsk-Inčukalns UGS – 4 261 thousand UER investments
- Transmission gas pipelines repairs and anti-corrosion insulation repairs - 2 015 thousand EUR investments



## FINANCIAL COVENANTS AND FINANCIAL ASSETS

Financial covenants	30.09.2023	31.12.2022
Shareholders' equity ratio > 50%	73%	73%
Net Debt to EBITDA ratio < 5	2.0	2.9
Debt-Service Coverage Ratio (DSCR) > 1.2x	2.9	2.6

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, the total amount of Conexus' borrowings is 72 209 thousand EUR. At the end of the reporting period, available overdrafts amounting to 65 000 thousand EUR have not been used, which provides significant liquidity reserve. The duration of agreements for the overdraft facilities reaches beyond 1 year. 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 and 2024.

A photograph of an industrial facility, possibly a refinery or chemical plant, featuring multiple levels of metal walkways with yellow railings, pipes, and large cylindrical tanks. A large, semi-transparent green graphic overlay, consisting of several overlapping shapes, is positioned on the right side of the image. A dark grey triangular shape is on the left side, partially overlapping the text.

**Thank you!**