

# Interim unaudited financial statements for the 9-month period ended 30 September 2021



## Main activities (1 no 2)



### **Inčukalns UGS capacity auctions**

As a result of Inčukalns UGS capacity auctions, system users were granted 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.



### **Dividend payout**

Dividends were paid to shareholders from retained earnings in amount of 84 394 thousand EUR.



### **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.



### **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.



### **Results of the auction**

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.



### **Covid-19**

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

## Main activities (2 no 2)



### The amount of natural gas withdrawn from Inčukalns UGS

At the end of the 2020/2021 withdrawal season of Inčukalns UGS, the amount of active natural gas withdrawn from the storage has reached 17.6 TWh, which is 56% more than in the previous storage season. At the beginning of the season, storage injected the largest volume of active natural gas in recent years - 13.6 TWh. In total, system users stored active natural gas of 21.3 TWh in the Inčukalns UGS.



### On 15<sup>th</sup> of October, the new natural gas withdrawal season has begun

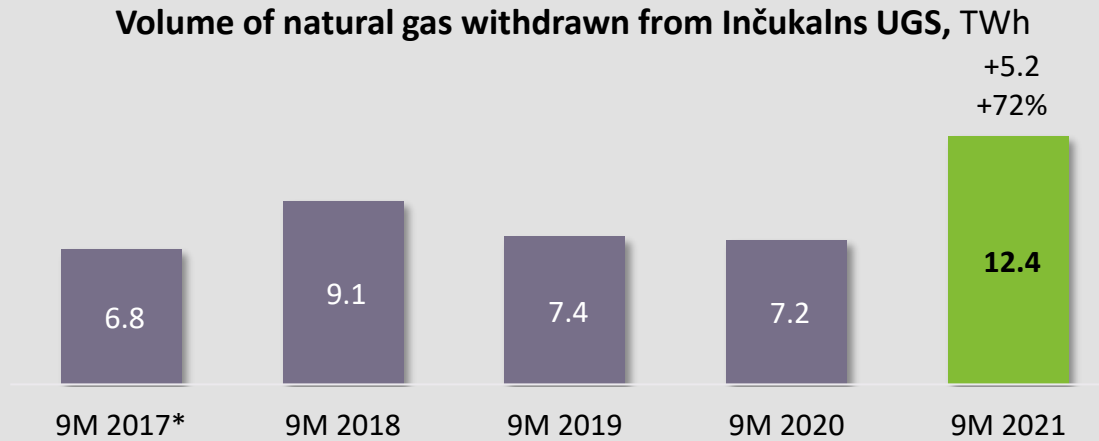
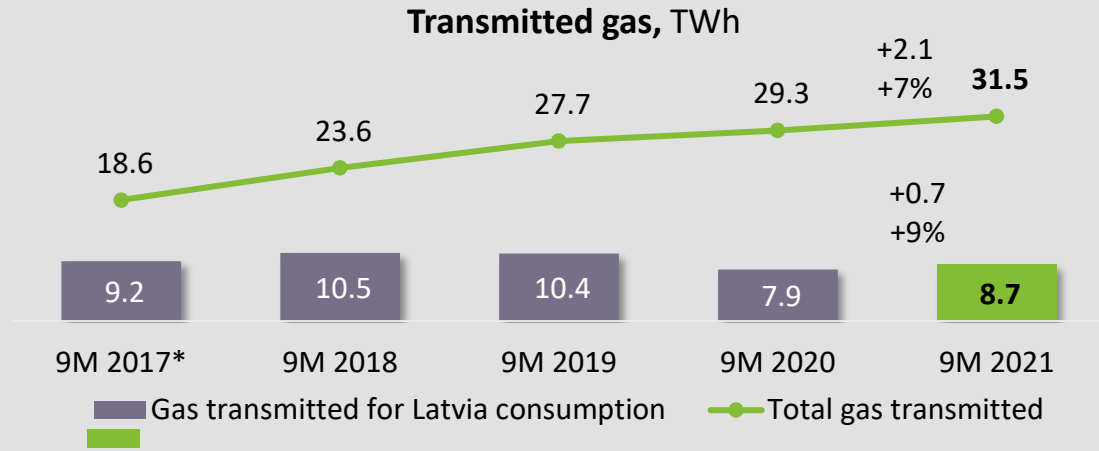
At the end of the 2020/2021 injection season of Inčukalns UGS, the users have stored 17.4 TWh of natural gas, which is 80% of the maximum storage capacity and exceeds volume stored during 2017 – 2018 storage cycles.



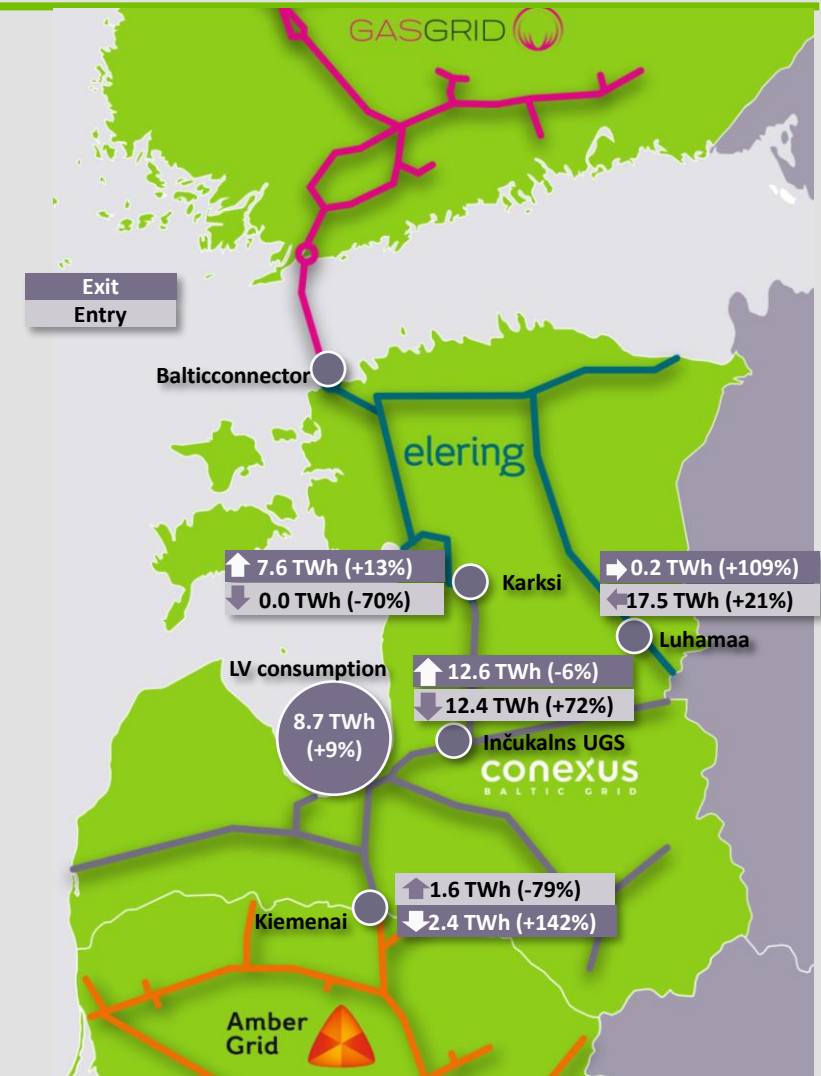
### Research on input of hydrogen into gas infrastructure

- By union of Latvian, Estonian, Finnish and Lithuanian 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 13<sup>th</sup> of October an agreement for a research and development project regarding hydrogen blending possibilities in the Estonian, Finnish, Latvian and Lithuanian gas transmission systems was signed with the procurement winner GRTGaz's dedicated Research & Innovation Center for Energy (RICE).

## Main facts

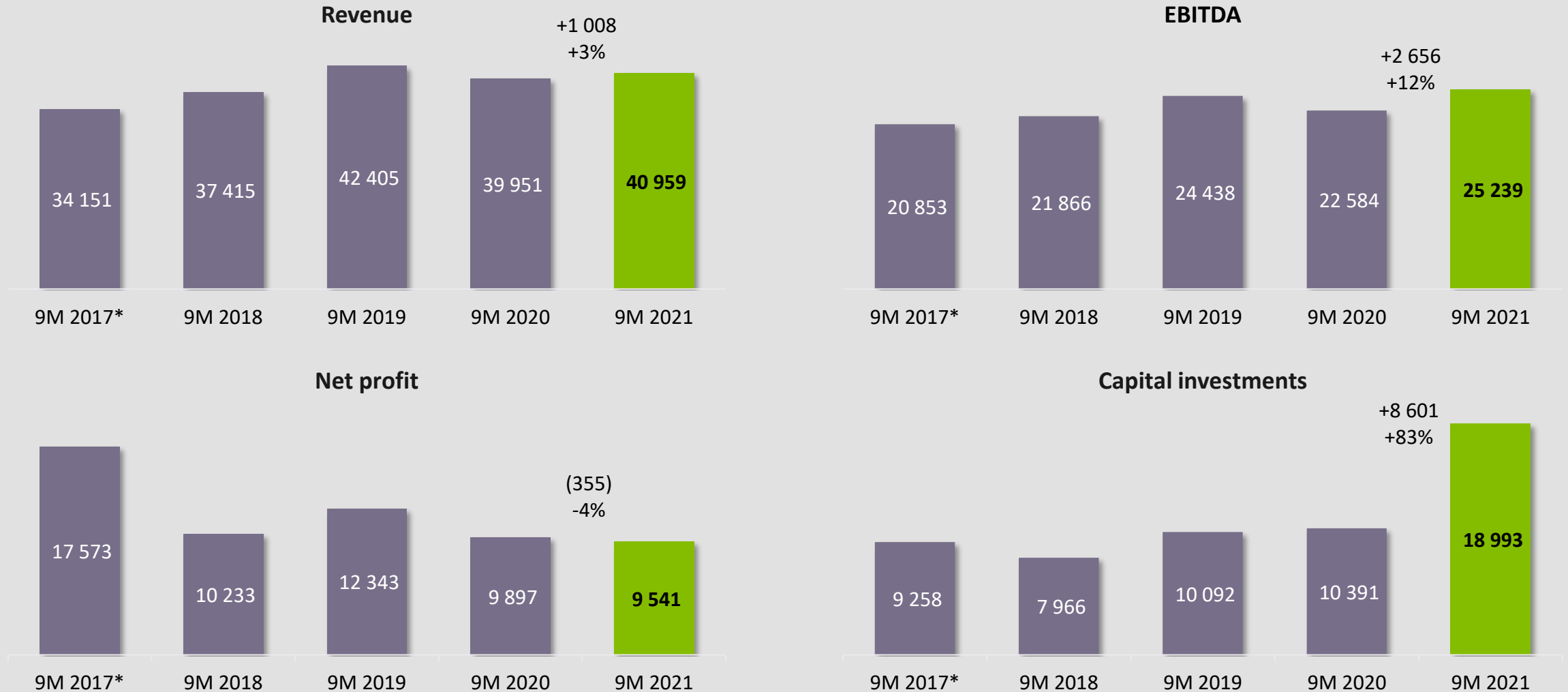


\*04.01.2017-30.09.2017



# Interim unaudited financial statements for the 9-month period ended 30 September 2021

## Main financial indicators, `000 EUR

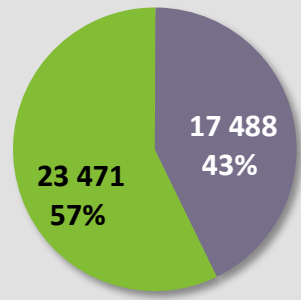


\*04.01.2017-30.09.2017

# Interim unaudited financial statements for the 9-month period ended 30 September 2021

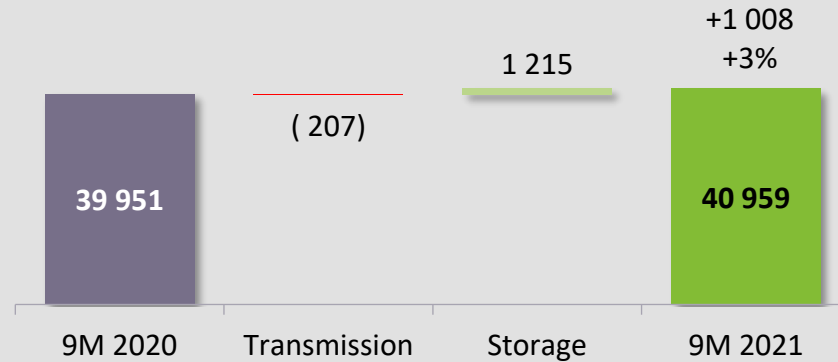
## EBITDA and segment split, `000 EUR

Revenue by segments



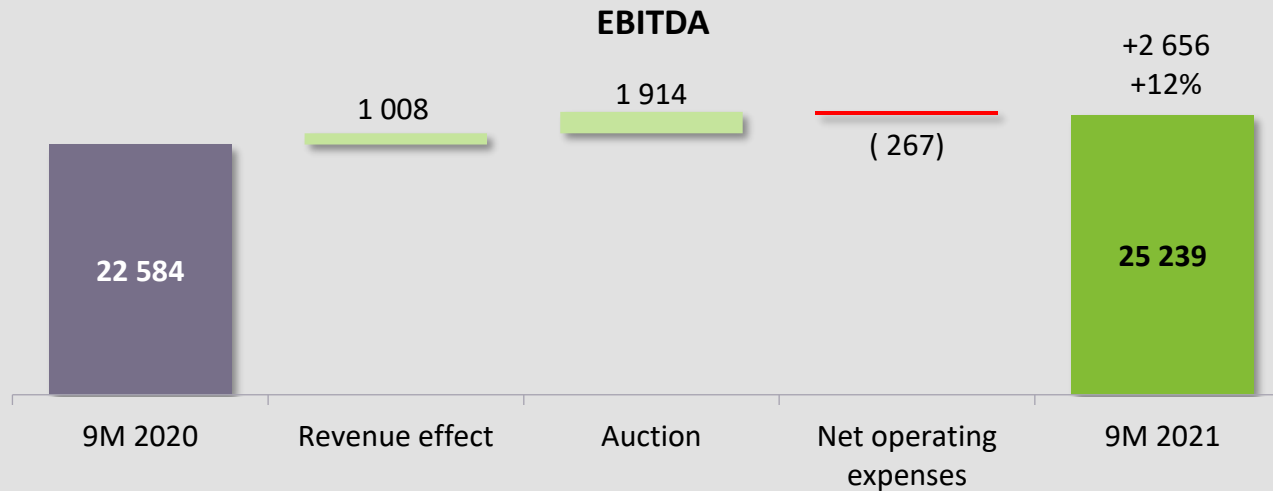
■ Transmission ■ Storage

Net revenue



- EBITDA increased by 12%, reached 25.2 mio EUR;
- The main positive impact is the higher storage revenue and the lower Auction expenses;
- Net profit 355 kEUR (4%) lower.

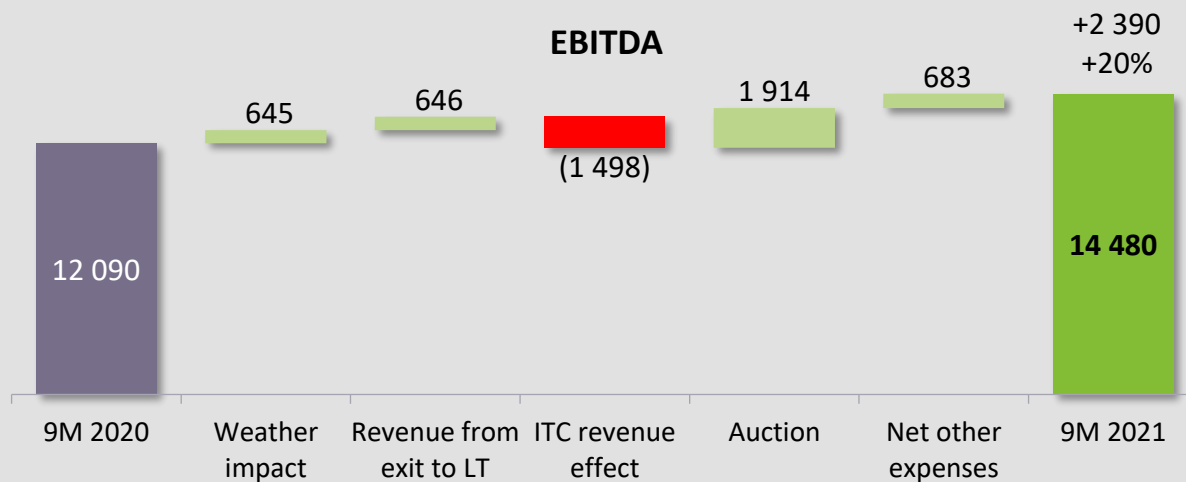
EBITDA



# Interim unaudited financial statements for the 9-month period ended 30 September 2021

## Transmission, `000 EUR

	9M 2021	9M 2020	+/-	%
Net sales	23 471	23 678	(207)	-1%
EBITDA	14 480	12 090	2 390	20%
Segment Net Profit	5 258	4 732	526	11%
Segment assets	231 817	230 257	1 560	1%
Depreciation and amortisation	7 680	7 276	404	6%
Investments made	8 116	5 841	2 274	39%
Regulated asset base	171 820	171 820	-	0%



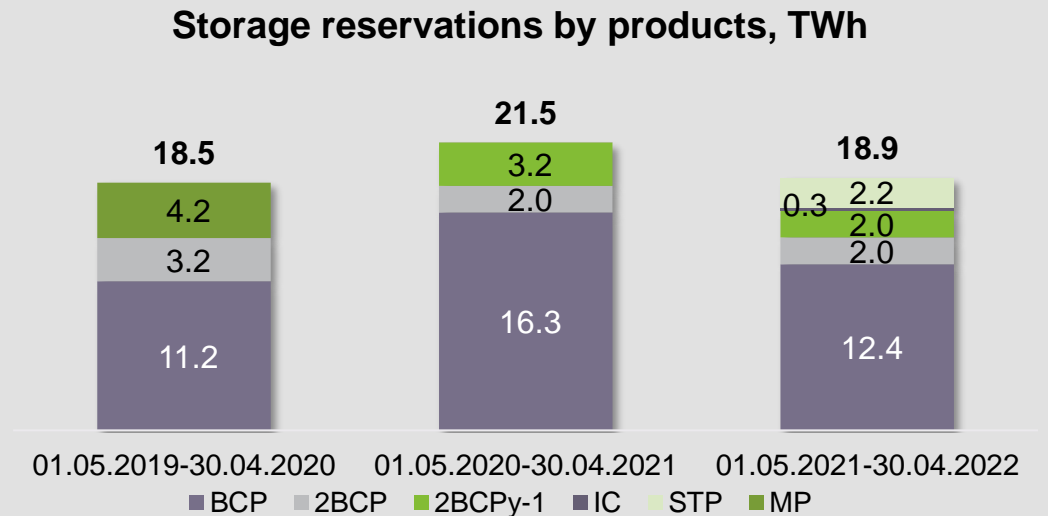
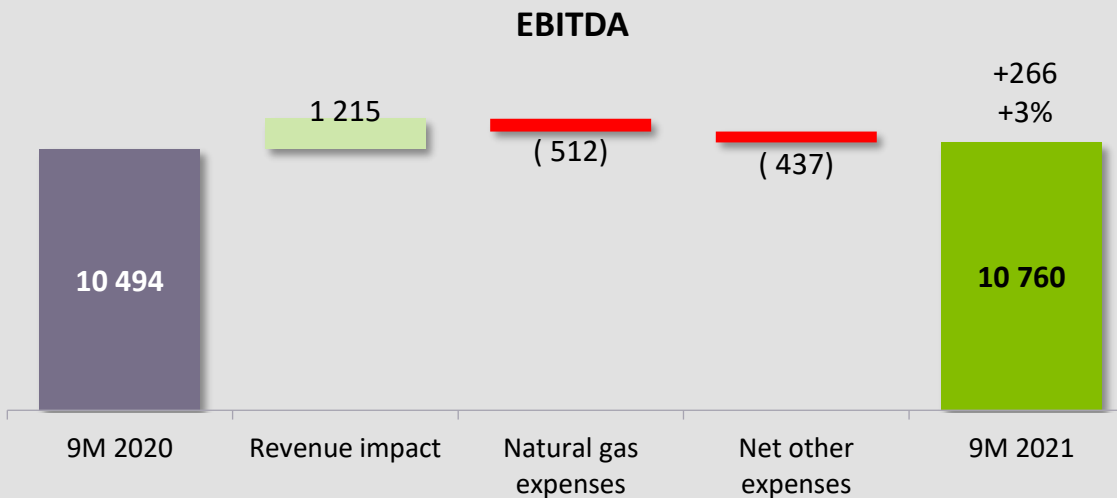
- Total gas transmitted increased by 7% and natural gas for consumption in Latvia increased by 9% due to colder weather in comparison to first half of 2020. Volume of gas transmitted to Lithuania increased by 142%.
- Actual transmission revenue reached 23.5 mio EUR, 1% or 0.2 kEUR less than in the respective period of the prior year, due to the following factors:
  - Natural gas for consumption in Latvia increased by 0.7 TWh (9%) due to colder weather (avg. -2.3 °C) in comparison to January - March 2020 (avg. +2.7 °C); this positively impacted revenue by 0.6 mio EUR;
  - Revenue from exit points increased by 0.6 mio EUR (natural gas transmitted to Lithuania is 1.4 TWh higher in the first quarter);
  - ITC revenue decreased by 1.5 mio EUR due to the lower share in the regional revenue, as well as regional entry revenue decrease.

# Interim unaudited financial statements for the 9-month period ended 30 September 2021

## Storage, `000 EUR

	9M 2021	9M 2020	+/-	%
Net sales	17 488	16 273	1 215	7%
EBITDA	10 760	10 494	266	3%
Segment Net Profit	4 284	5 164	(881)	-17%
Segment assets	210 766	200 171	10 595	5%
Depreciation and amortisation	5 564	5 281	283	5%
Investments made	10 877	4 550	6 327	139%
Regulated asset base	185 426	150 624	34 802	23%

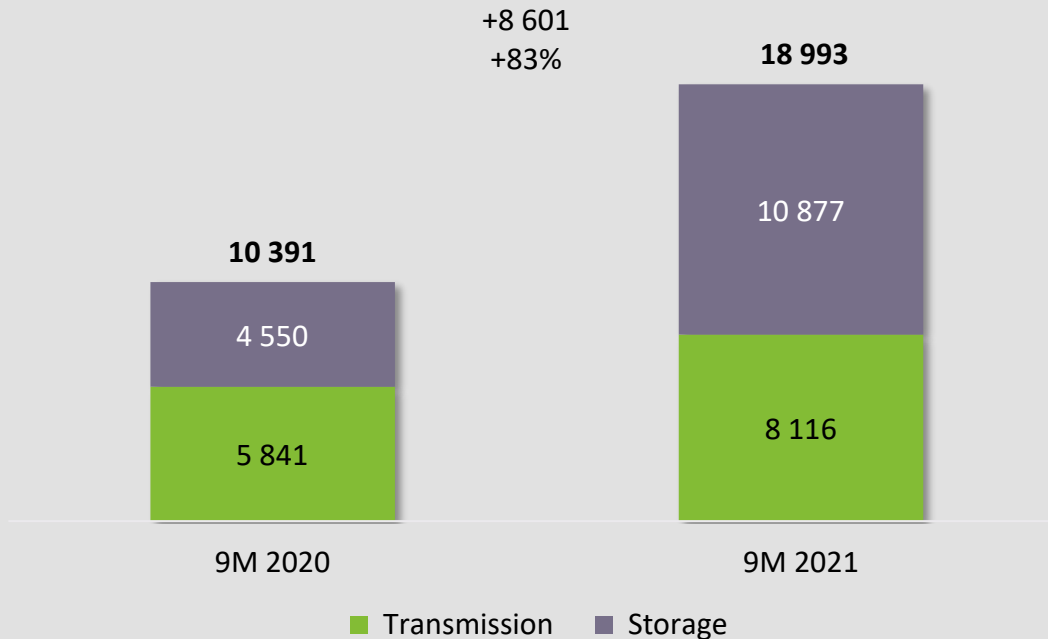
- Total amount of reserved capacity at Inčukalns UGS in 2020/2021 storage cycle 21.5 TWh, 16% more than in 2019/2020 storage cycle (18.5 TWh);
- Total amount of reserved capacity at Inčukalns UGS decreased to 18.9 TWh in 2021/2022 storage cycle;
- Revenue was positively impacted by the different types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





## 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. Total project fulfilment increased from 17% by the end of 2020 to 28% by the end of September 2021. During the reporting period investments made in amount of 9.1 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. Total project fulfilment increased from 35% by the end of 2020 to 49% by the end of September 2021. During the reporting period investments made in amount of 738 kEUR.
- Izborska – UGS insulation replacement – 3 406 kEUR;
- Transmission gas pipelines insulation repairs - investments made in amount of 1 033 kEUR.

# Interim unaudited financial statements for the 9-month period ended 30 September 2021

## Available funds and borrowings, `000 EUR

<b>Cash position</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
Cash surplus / (shortage)	(5 850)	15 164
Overdraft utilized	7 906	-
<b>Total</b>	<b>2 056</b>	<b>15 164</b>

<b>Outstanding loans</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
Long term loans	63 489	-
Short term loans	12 823	21 875
Overdraft	7 906	-
<b>Total</b>	<b>84 218</b>	<b>21 875</b>

<b>Financial covenants</b>	<b>30.09.2021</b>	<b>31.12.2020</b>
Shareholders' equity ratio > 50%	74%	89%
Net Debt to EBITDA ratio < 5	3.00	0.76
Debt-Service Coverage Ratio (DSCR) > 1.2x	4.93	8.26

- During the reporting period the Company has received loans from the following banks:
  - Nordic Investment Bank;
  - AS «SEB banka»;
  - AS «Swedbank».
- The repayment term of the loan from OP Corporate Bank plc Latvia has also been extended
- All financial covenants set in the Company's loan agreements have been complied with during the reporting period.

# Interim unaudited financial statements for the 9-month period ended 30 September 2021

---



**Thank you!**