

Interim unaudited financial statements for the 3-months period ended 31 March 2022



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Main activities (1 of 2)



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 by one-third higher than at the same time of previous year. Such a high stored volume is due to both the lower consumption and commencement of natural gas injection at the end of February, as a result of Conexus reaction to the geopolitical situation in Europe.



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

According to the measurements and calculations, technical capacity for 2022/2023 storage cycle will be 24,074 TWh.



Inčukalns UGS capacity auctions

During the reporting period, 17,1 TWh were granted at the Inčukalns UGS capacity auctions. Storage capacity auctions continue also after the end of Q1. After auction held on May 24th 2022, 2,5 TWh are still left.



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 Poland-Lithuania natural gas interconnection to the storage as much as possible.



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

In 2022/2023 storage cycle, tariff values for capacity products remain unchanged, with exception of the stock transfer product with a tariff (excluding VAT) of 1,8081 EUR/MWh/storage cycle.



Natural gas transmission system tariffs

The exact commencement of the new regulatory period is unknown yet. It is planned that the tariff will not change in 2022.

Main activities (2 of 2)



Work continues on implementation of European projects of common interest

Work continues on the enhancement of Inčukalns UGS project and on the increase of Latvia-Lithuania transmission gas pipe capacity project (ELLI). During the reporting period, investments were made in amount of 3,1 mio EUR, 61% of them were European projects of common interest.



On May 1st 2022, the Gas Interconnection Poland-Lithuania (GIPL) started operating

The new interconnection will integrate the Baltics and Finland single gas market into EU common gas market. It will give opportunity to system users to differentiate sources of gas supply and will positively affect the security of gas supply.



Energy Law amendments

Amendments were made to the Energy Law, with the aim to establish energy security reserves to be stored in Inčukalns UGS in order to ensure the continuous supply of natural gas. Reserves are to be maintained at the level of 1,8-2,2 TWh in 2023, which will be purchased by Latvenergo on behalf of the state.



Finland and Baltics gas transmission system operators continue regional market integration

Further to the regional market integration initiated in 2019, the transmission system operators of Latvia, Lithuania, Estonia and Finland are working on a solution to include Lithuania in the zone without internal tariff barriers. This would create better conditions for market participants to operate across the region while providing more added value to the end consumers of natural gas.

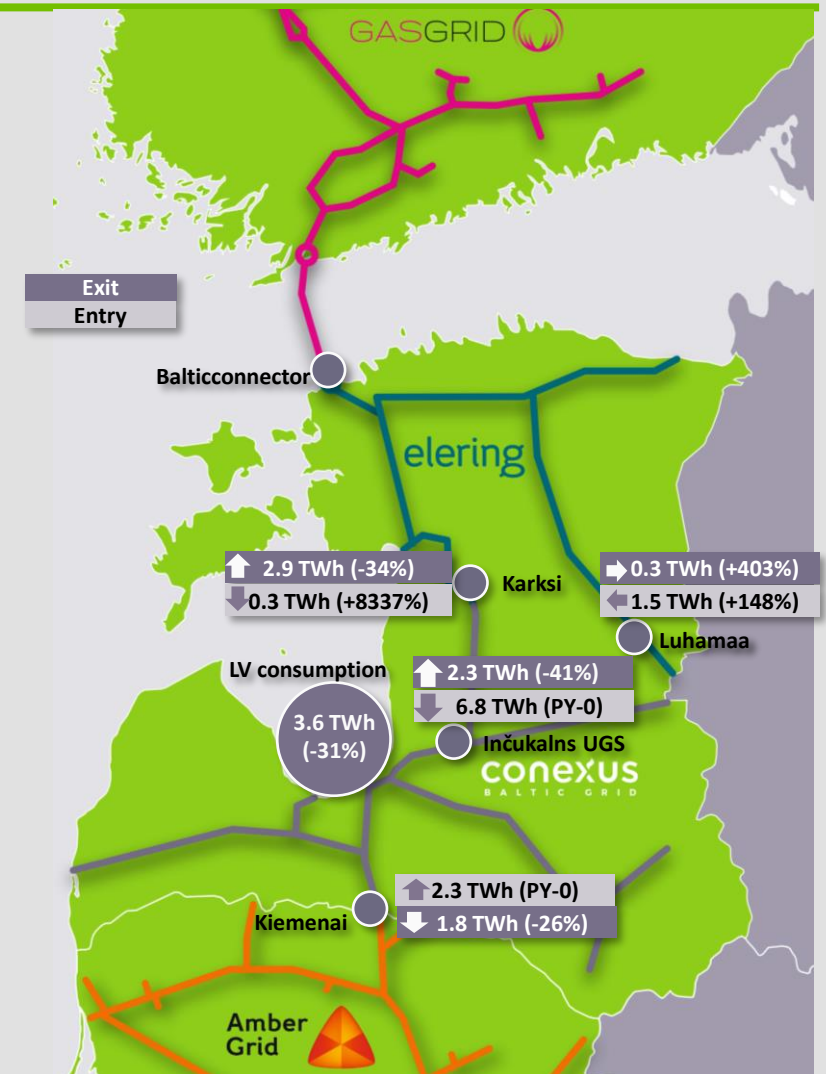
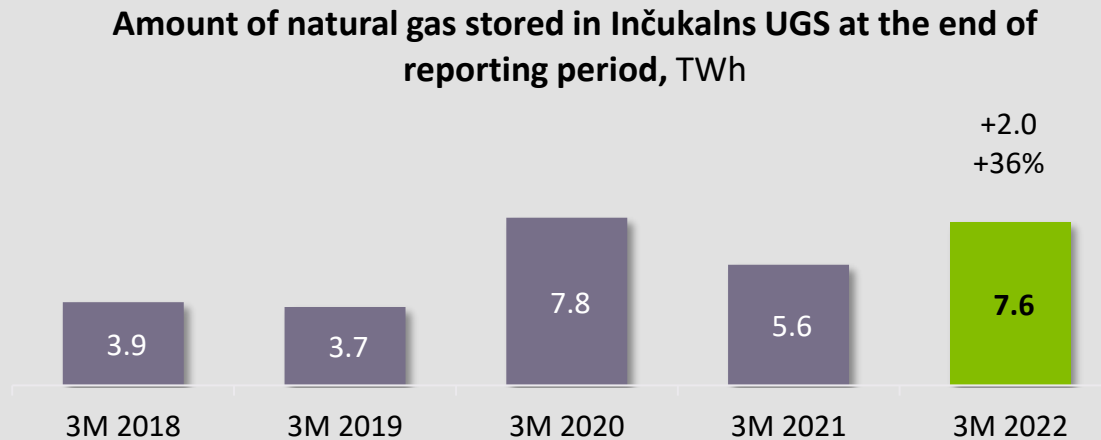
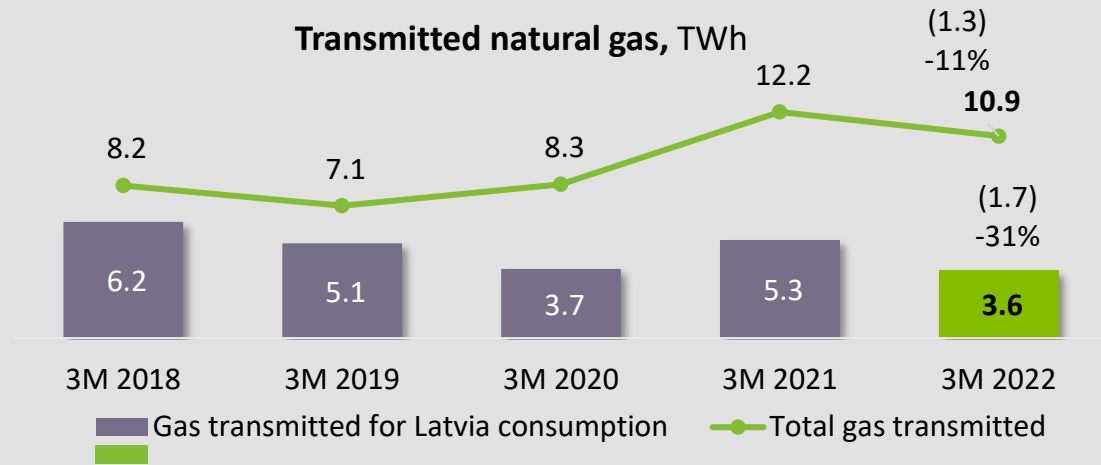


Conexus has joined the European Hydrogen Backbone (EHB) initiative

EBH is working towards meeting 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.

Interim unaudited financial statements for the 3-months period ended 31 March 2022

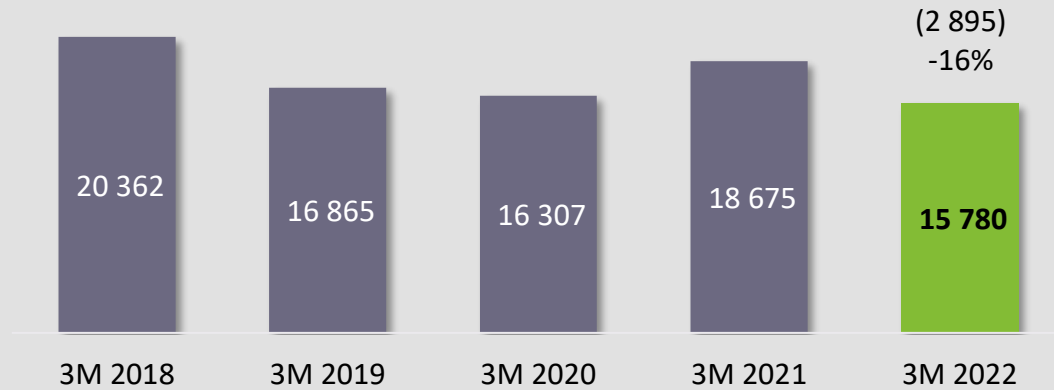
Main facts



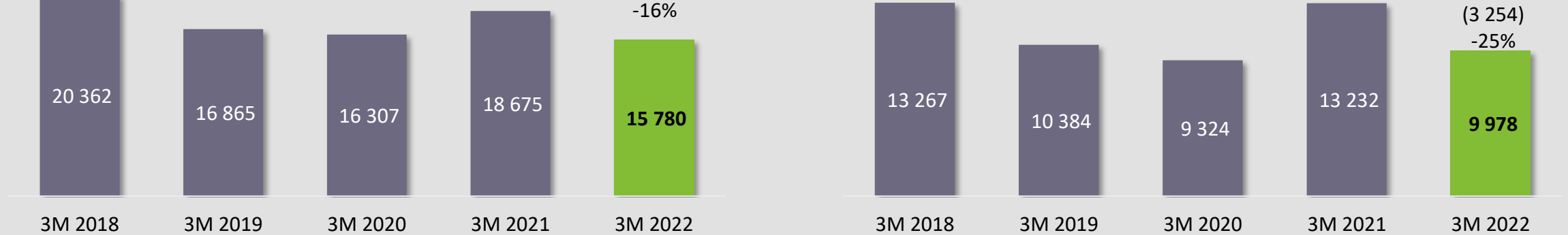
Interim unaudited financial statements for the 3-months period ended 31 March 2022

Main financial indicators, `000 EUR

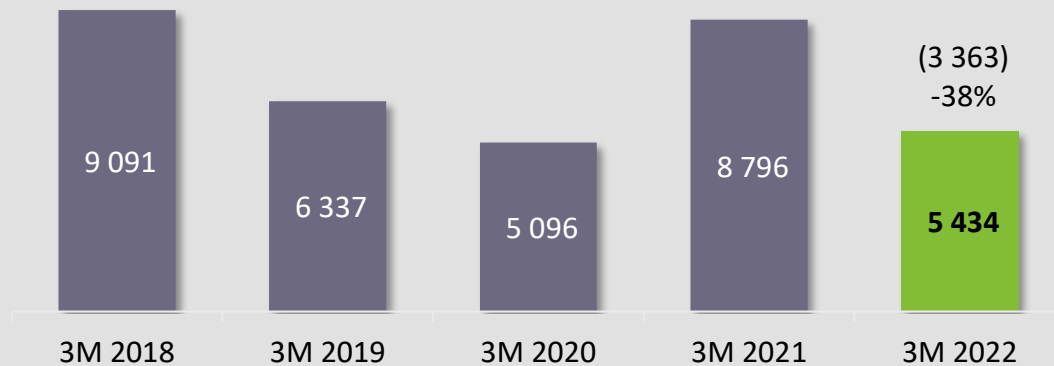
Revenue



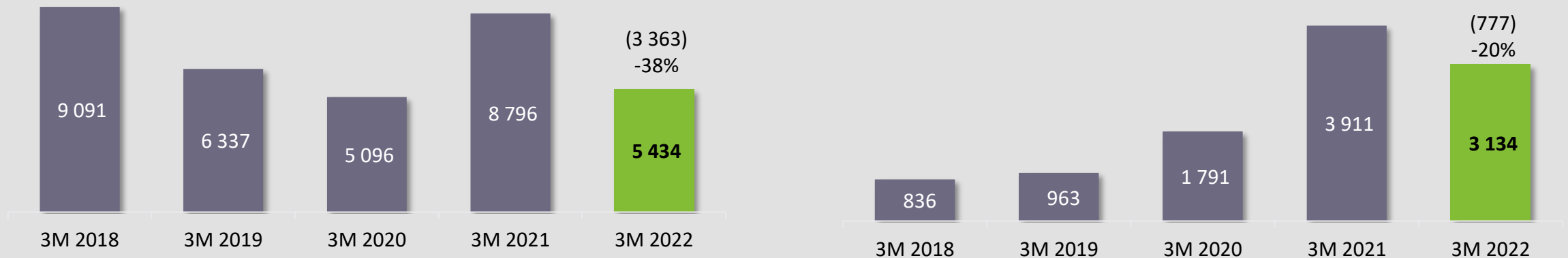
EBITDA



Net profit



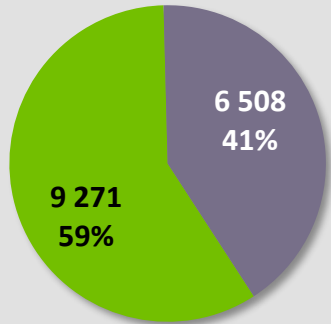
Capital investments



Interim unaudited financial statements for the 3-months period ended 31 March 2022

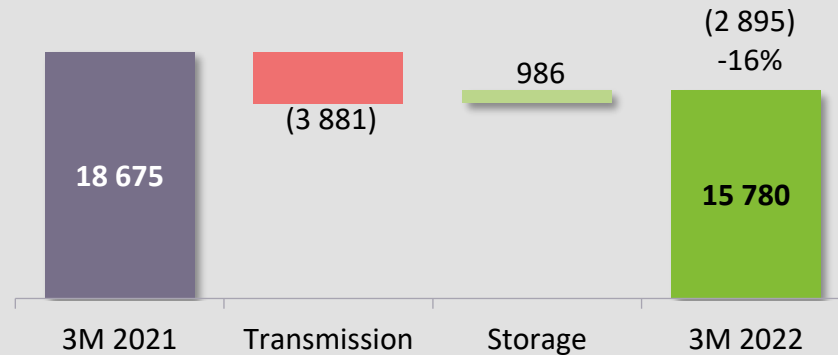
EBITDA and segment split, `000 EUR

Revenue by segments



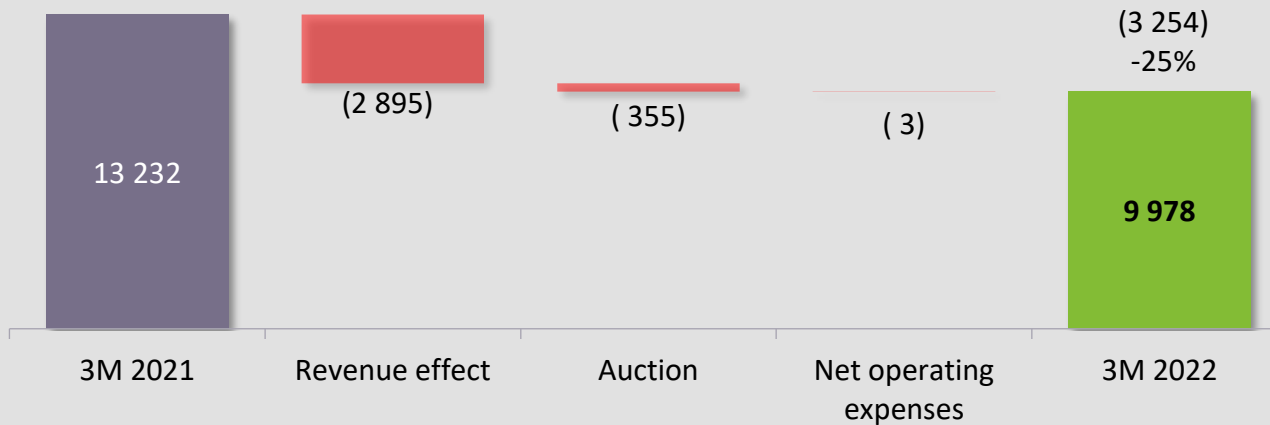
■ Transmission ■ Storage

Net revenue



- EBITDA decreased by 25%, reached 10 mio EUR;
- The main impact - revenue decrease (2.9 mio EUR) mainly due to lower natural gas consumption and the higher auction expenses (335 kEUR);
- Net profit 3.4 mio EUR (-38%) lower.

EBITDA

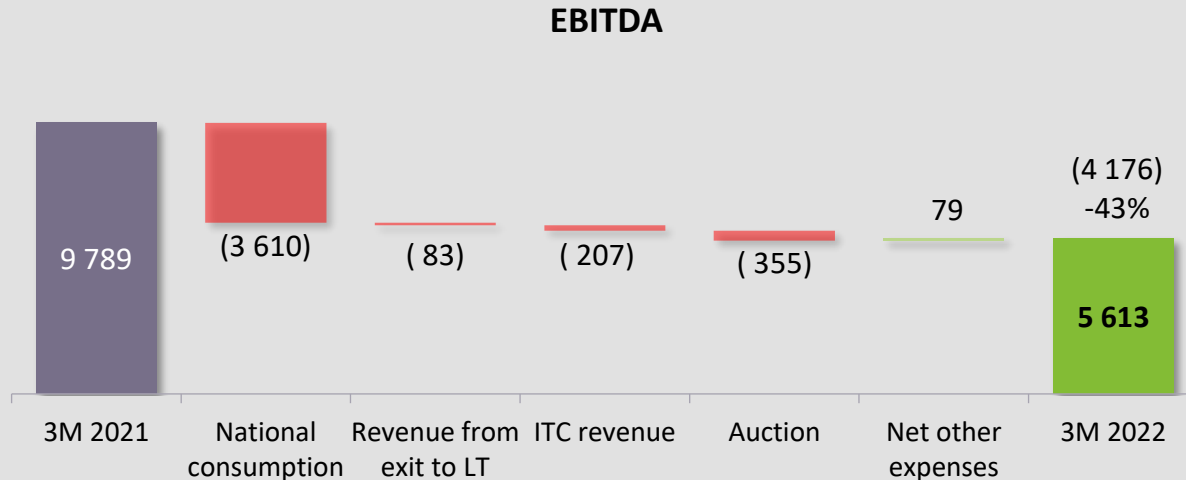


Interim unaudited financial statements for the 3-months period ended 31 March 2022

Transmission, `000 EUR

	3M 2022	3M 2021	+/-	%
Net sales	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 made	951	1 352	(402)	-30%

- Actual transmission revenue reached 9.3 mio EUR, decrease by 30% or 3.9 mio EUR. It was affected by decrease in natural gas for consumption in Latvia by 1.7 TWh (-31%) due to both the warmer weather in winter months as well as by the reduction of gas to power electricity generation in country's largest power plants in comparison to the respective period of 2021.



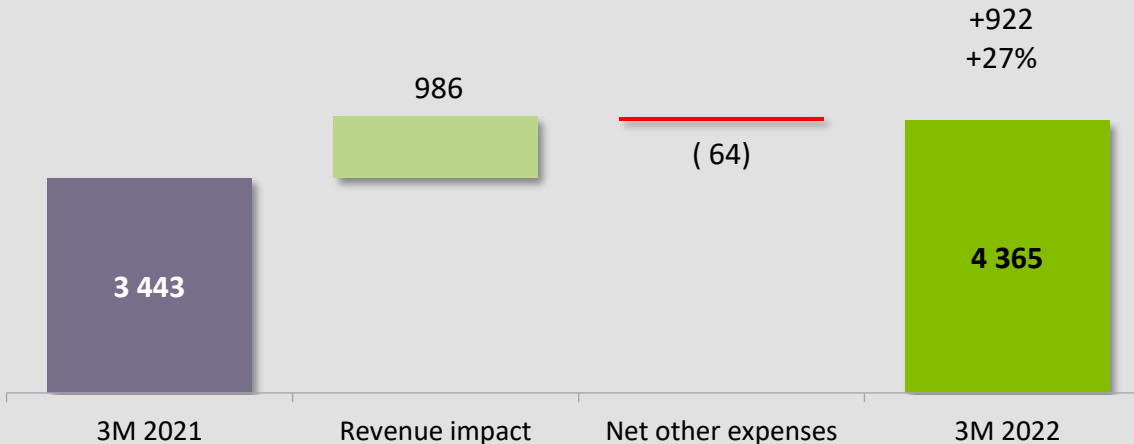
Interim unaudited financial statements for the 3-months period ended 31 March 2022

Storage, `000 EUR

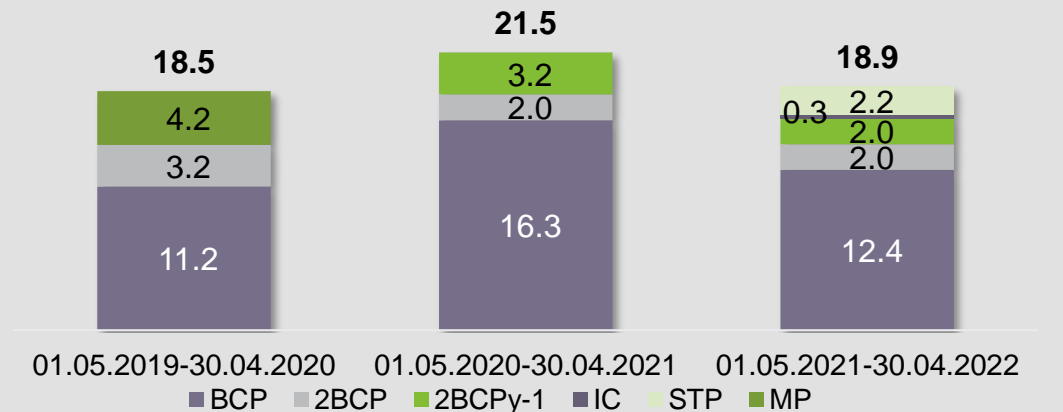
	3M 2022	3M 2021	+/-	%
Net sales	6 508	5 523	986	18%
EBITDA	4 365	3 443	922	27%
Segment Net Profit	2 426	1 576	850	54%
Segment assets	215 921	225 980	(10 059)	-4%
Depreciation and amortisation	1 904	1 850	54	3%
Investments made	2 184	2 559	(375)	-15%

- Total amount of reserved capacity at Inčukalns UGS in 2020/2021 storage cycle: 21.5 TWh;
- Total amount of reserved capacity at Inčukalns UGS decreased to 18.9 TWh (-12%) in 2021/2022 storage cycle;
- Revenue was positively affected by the different types of products reserved by the users and their tariffs.

EBITDA



Storage reservations by products, TWh

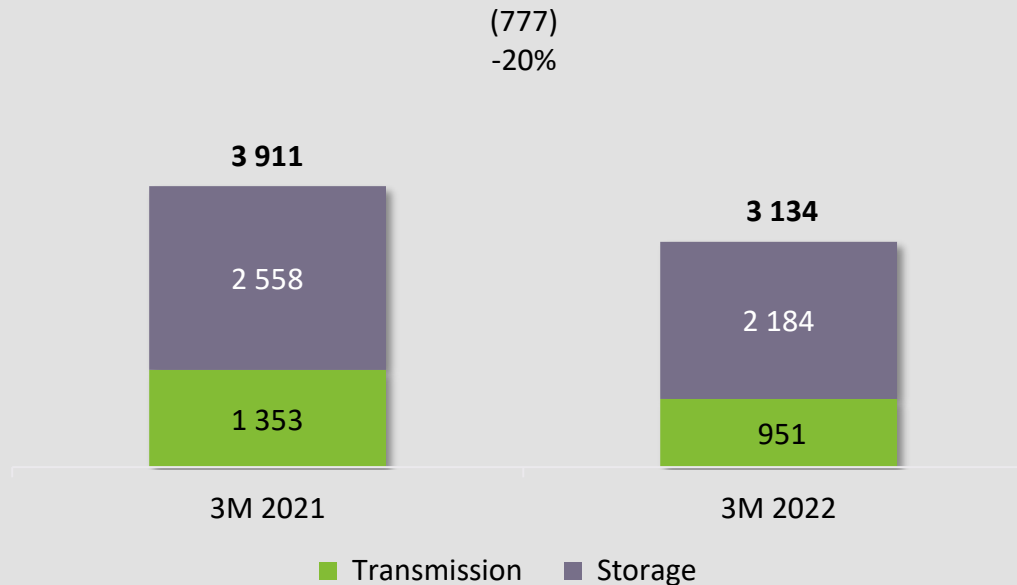


BCP – bundled capacity product; IC – interruptible capacity product; STP – stock transfer product; MP – market product

Interim unaudited financial statements for the 3-months period ended 31 March 2022

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. During the reporting period investments made in amount of 1.8 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. During the reporting period investments made in amount of 142 kEUR;
- Transmission gas pipelines repairs - investments made in amount of 321 kEUR;
- Izborska – Inčukalns UGS insulation replacement – 201 kEUR.

Interim unaudited financial statements for the 3-months period ended 31 March 2022

Available funds and borrowings, `000 EUR

Cash position	31.03.2022	31.12.2021
Cash surplus / (shortage)	(475)	(10 274)
Credit line utilized	929	24 950
Total	454	14 676

Outstanding loans	31.03.2022	31.12.2021
Long term loans	30 000	60 283
Short term loans	39 900	12 823
Credit line	929	24 950
Total	70 829	98 056

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) > 1.2x	2.7	3.7

- At the end of the reporting period, the total amount of borrowings is 70 829 kEUR, including overdraft in amount of 929 kEUR. From the total amount of overdraft facilities available to Conexus at 65 000 kEUR, 64 071 kEUR are unused at the end of the reporting period, which ensures a significant liquidity reserve. The agreement terms for the unused overdrafts in amount of 65 000 kEUR reach beyond 1 year.
- All financial covenants set in the Conexus loan agreements have been complied with during the reporting period.

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Thank you!