

A photograph of an industrial facility, likely a refinery or chemical plant, featuring multiple levels of metal walkways with yellow railings, pipes, and large cylindrical tanks. A semi-transparent green geometric shape is overlaid on the right side of the image. On the left, a dark grey triangular shape contains the text.

Interim unaudited financial statements

for the 3-months period ended 31 March 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 liquified natural gas terminal and from Inčukalns UGS. During the first 3 months of this year, the volume of natural gas transmitted from Lithuania - 4,4 TWh - was almost two times the volume of the previous year's first 3 months.



Auctions of storage capacity deliver excellent results

Within several Inčukalns UGS capacity auctions held during the reporting period, system users were granted a total capacity of 8,7 TWh, with premiums ranging from EUR 2,53/MWh to EUR 3,38/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.



Investments made in amount of 6 million EUR

During the reporting period, investments were made in amount of 6 million EUR, out of which 4,7 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:

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



FURTHER DEVELOPMENT



Contract concluded with Grexel Systems Oy

In gradual preparation for the introduction of the gas guarantee of origin (GO) system in Latvia, Conexus has concluded a contract with the Finnish information technology company Grexel Systems Oy for the development of the GO registry system, with Conexus performing its administration and other GO issuing body duties, following an open procurement procedure.



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. Currently, 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 in the Inčukalns UGS territory.



EVENTS AFTER REPORTING PERIOD



Technical capacity set for 2023/2024 storage cycle

According to the measurements and calculations, Conexus has set the technical capacity available to system users for 2023/2024 storage cycle to be 22,6 TWh.



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, setting the dividend calculation date on June 5, 2023 and setting the dividend payment date on June 8, 2023, but the remaining part of the profit of EUR 3 009 666,56 shall be transferred to retained earnings.



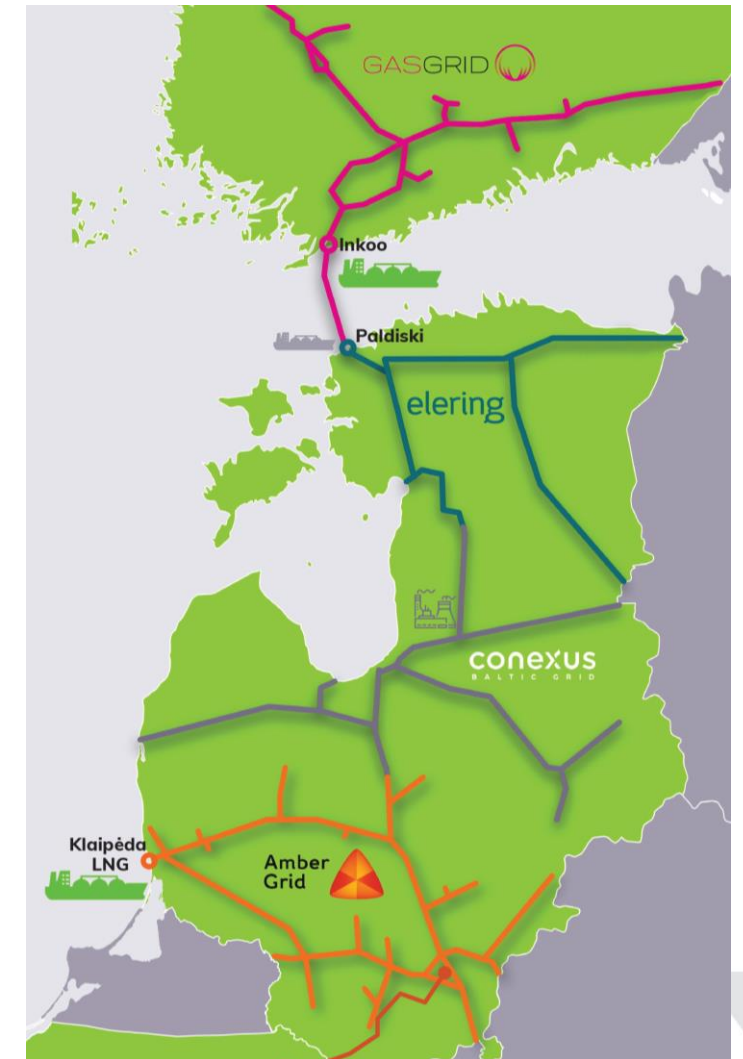
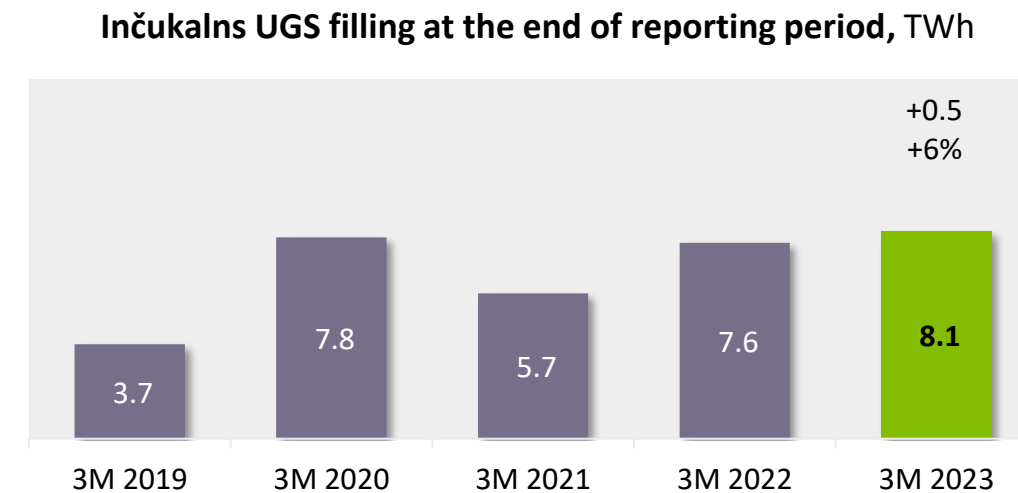
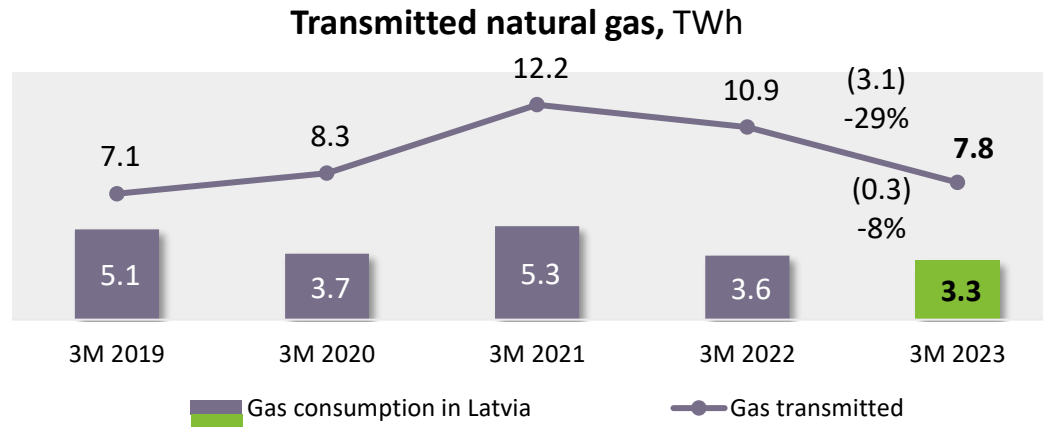
Changes to the Supervisory Board

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.



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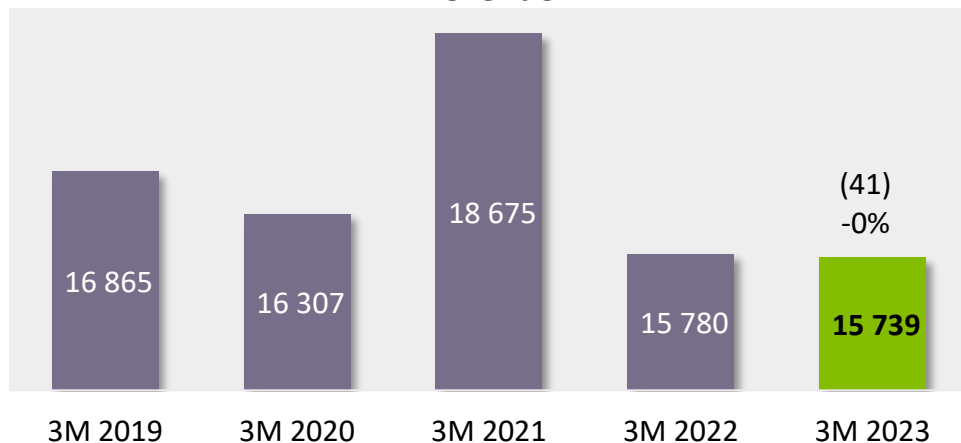
KEY FACTS



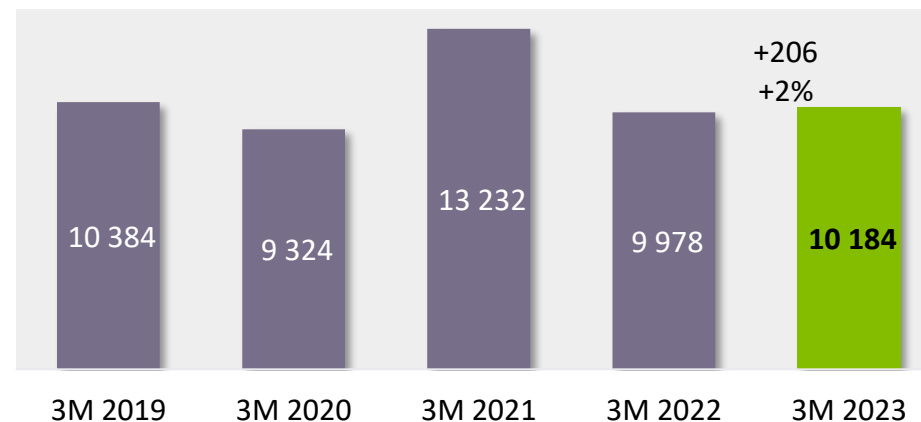
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MAIN FINANCIAL INDICATORS, '000 EUR

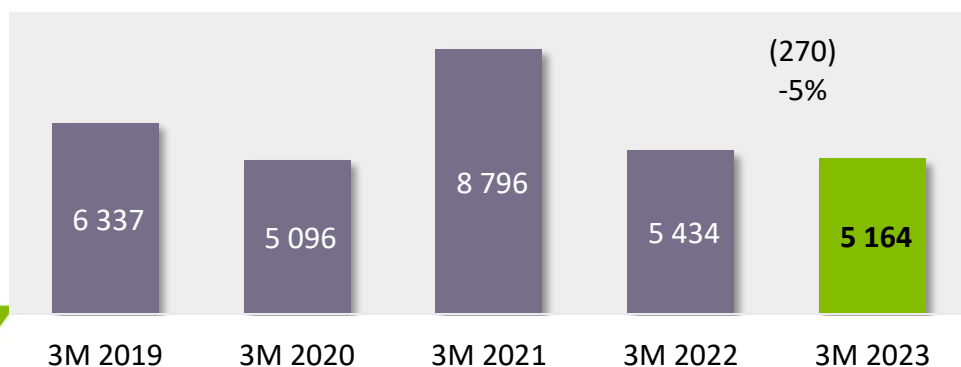
Revenue



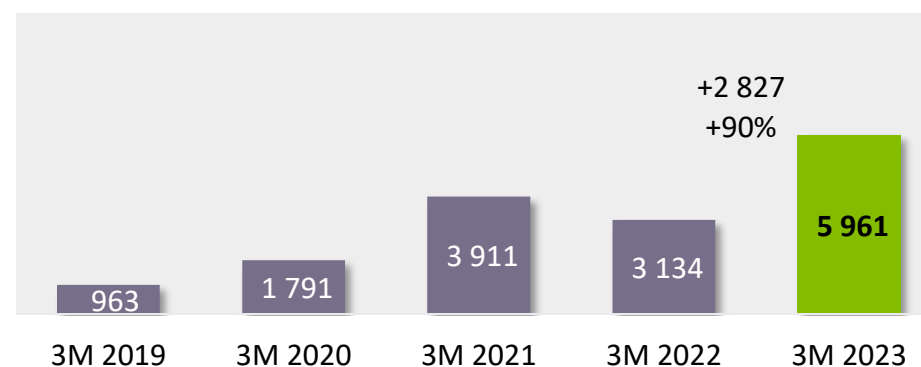
EBITDA



Net profit



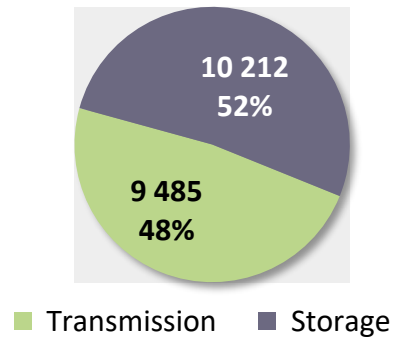
Capital investments



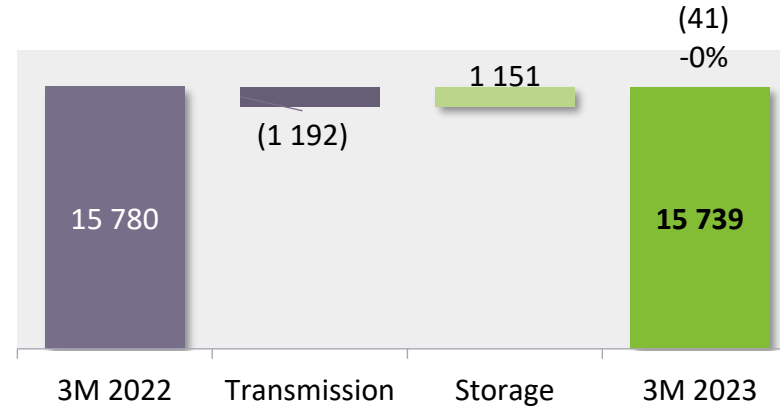
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EBITDA AND SEGMENT SPLIT, `000 EUR

Revenue by segments

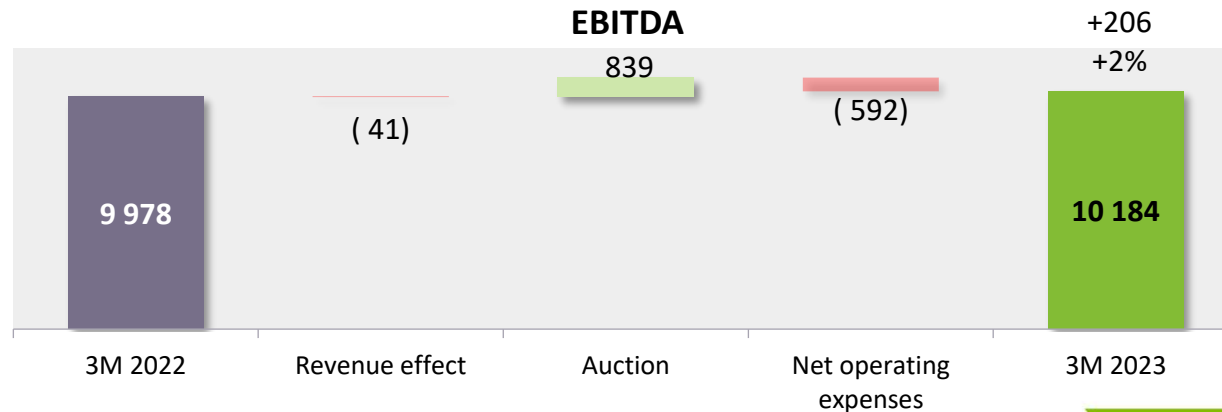


Revenue development



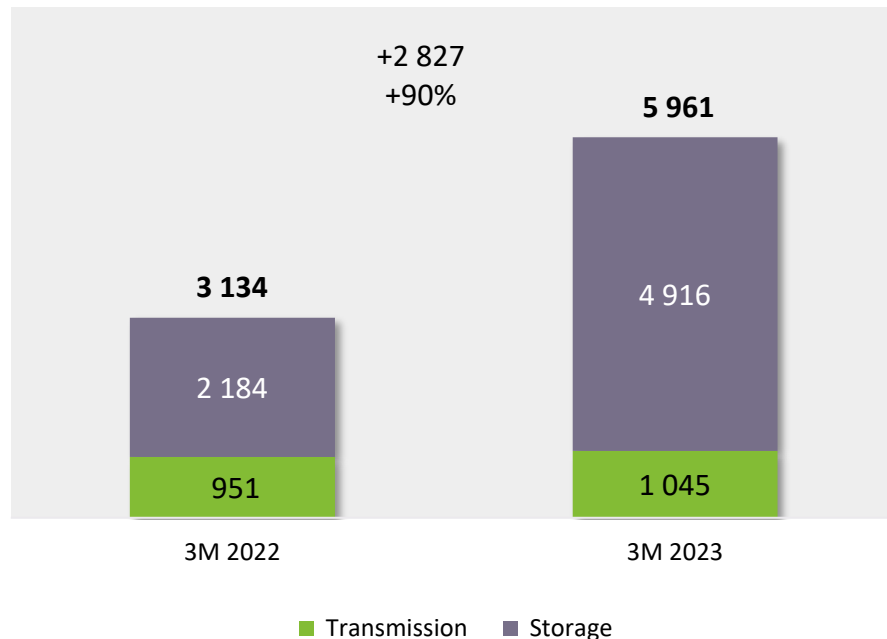
- Revenue at a similar level as in the respective period of previous year
- EBITDA increased by 2%, reached 10.2 mio EUR, affected mainly by the decrease of expenses related to auction on the provision of availability of natural gas. Such auction was not held for gas year commencing on 1 October 2022. Net profit reached 5.2 mio EUR, which is 0.3 mio EUR (-5%) lower, due to increase of interest expenses

EBITDA



CAPITAL INVESTMENTS, `000 EUR

Investments by segments



➤ Storage segment's largest project:

- "8.2.4. Enhancement of Inčukalns UGS" - total investments 99.5 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 4.5 mio EUR.

➤ Transmission segment's largest projects:

- "8.2.1. Enhancement of Latvia-Lithuania interconnection" (ELLI) – total investments of 6.0 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 200 kEUR;
- Transmission gas pipelines repairs and anti-corrosion insulation repairs - investments made in amount of 631 kEUR.



FINANCIAL COVENANTS AND FINANCIAL ASSETS

Financial covenants	31.03.2023	31.12.2022
Shareholders' equity ratio > 50%	73%	72%
Net Debt to EBITDA ratio < 5	2.5	2.7
Debt-Service Coverage Ratio (DSCR) > 1.2x	2.6	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.

The image shows a complex industrial facility, likely a refinery or chemical plant, with multiple levels of metal structures, pipes, and yellow safety railings. A large, semi-transparent green graphic, consisting of overlapping geometric shapes, is overlaid on the right side of the image. On the left, a dark grey triangular shape contains the text 'Thank you!' in a bright green, bold, sans-serif font.

Thank you!