

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 prominent feature is a large, multi-level structure with yellow safety railings. A semi-transparent green graphic overlay, consisting of several overlapping, curved shapes, is positioned on the right side of the image, partially covering the industrial scene. The sky is clear and blue.

Unaudited Condensed Interim Financial Statements

for the 9-month period ended 30 September
2024

MAIN ACTIVITIES



Results of storage capacity auctions

During the reporting period, several auctions of Inčukalns UGS capacity were held, in which system users were granted a total capacity of 12.2 TWh. Total requested amount of the storage capacity exceeded the available capacity almost 3 times. The effective rate of the premiums applicable to the 2024/2025 storage cycle is 1.11 EUR/MWh (the total premium earned in auctions conducted in 2023 and 2024 applicable to 2024/2025 storage cycle against the booked capacity of 23 TWh).



Natural gas stored in Inčukalns UGS

At the end of the reporting period, 19.3 TWh of natural gas is stored in Inčukalns UGS (including energy supply security reserves of 1.8 TWh. On 15 October 2024, at the beginning of natural gas withdrawal season, 19.5 TWh of natural gas was stored in the Inčukalns underground gas storage, which accounts for almost 80 % of the total storage capacity.

During the natural gas injection season, 52.8 % of the total gas volume entering the Latvian and Estonian gas network was supplied from Finland, 46.9 % - from Lithuania, and 0.3 % - biomethane produced in Latvia. Biomethane production and injection into the network started in 2024 and 0.04 TWh of biomethane was produced in this season.



MAIN ACTIVITIES



Natural gas supply

During the reporting period, deliveries of natural gas were made from Inčukalns UGS in amount of 7.1 TWh, the volume of natural gas transmitted from Finland reached 5.6 TWh (operation of the underwater gas pipeline connecting Finland and Estonia (the “Balticconnector”) was restored on 22 April 2024), while the volume of natural gas transmitted from Lithuania reached 6.5 TWh. During the reporting period, 8.6 TWh of natural gas was injected into storage. The total volume of gas transmitted in Latvia during the reporting period reached 19.2 TWh.



The injection of biomethane into the interconnected gas system has begun

In March and July 2024, direct connections to natural gas distribution system were launched through which biomethane produced at the biomethane plants is injected into the interconnected gas system. These are the first connections of such kind in Latvia.



The construction of a biomethane injection point (BIP) in Džūkste parish

Conexus has signed a contract for the purchase of equipment for a BIP in Džūkste parish and is currently working on the design of the gas connection node, which will be followed by its production and construction, as well as the development of the BIP management and data exchange solution. Compressed biomethane will be transported by container from production sites to the BIP, where it will be injected into the natural gas transmission system. It is planned to construct four such BIPs, thus expanding the natural gas transmission system across other parts of Latvia.



MAIN ACTIVITIES



Amendments to the Energy Law entered into force

On 1 October 2024, amendments to the Energy Law entered into force. These amendments determine the obligation of Conexus to provide a share of Inčukalns UGS capacity up to 4 TWh for the gas supply security needs of Finland, Estonia, and Lithuania. Additionally, the amendments specify that, starting from 1 May 2026, Regulator will no longer set tariffs for natural gas storage service, and at the end of the regulatory period on 30 April 2026 the remaining balance of the regulatory account will be included in Conexus reserves aiming to fund the storage assets.



Amendments to the regulations of the use of Inčukalns UGS facility entered into force

On 30 October 2024, amendments to the regulations of the use of Inčukalns UGS facility came into effect, which stipulate that (1) the two-year bundled capacity product will no longer be offered, (2) a five-year bundled capacity product will be introduced, (3) a fee will be implemented for storing gas reserves without a capacity product, and (4) the costs of CO₂ quotas related to fuel gas will be covered by the system user.



FURTHER DEVELOPMENT



Pre-feasibility study for the Nordic-Baltic Hydrogen Corridor has been completed

Participating in the international project for the development of the Nordic-Baltic Hydrogen Corridor, Conexus, together with transmission system operators from Finland, Estonia, Lithuania, Poland and Germany, completed feasibility study during the reporting period. The study covered technical, legal, organizational, and economic aspects necessary for the implementation of the project, which in turn will be crucial for achieving the European Union's decarbonization goals. Given the region's significant potential for the production of green and low-carbon hydrogen, the export potential to Central Europe could reach approximately 27 million tons by 2040.

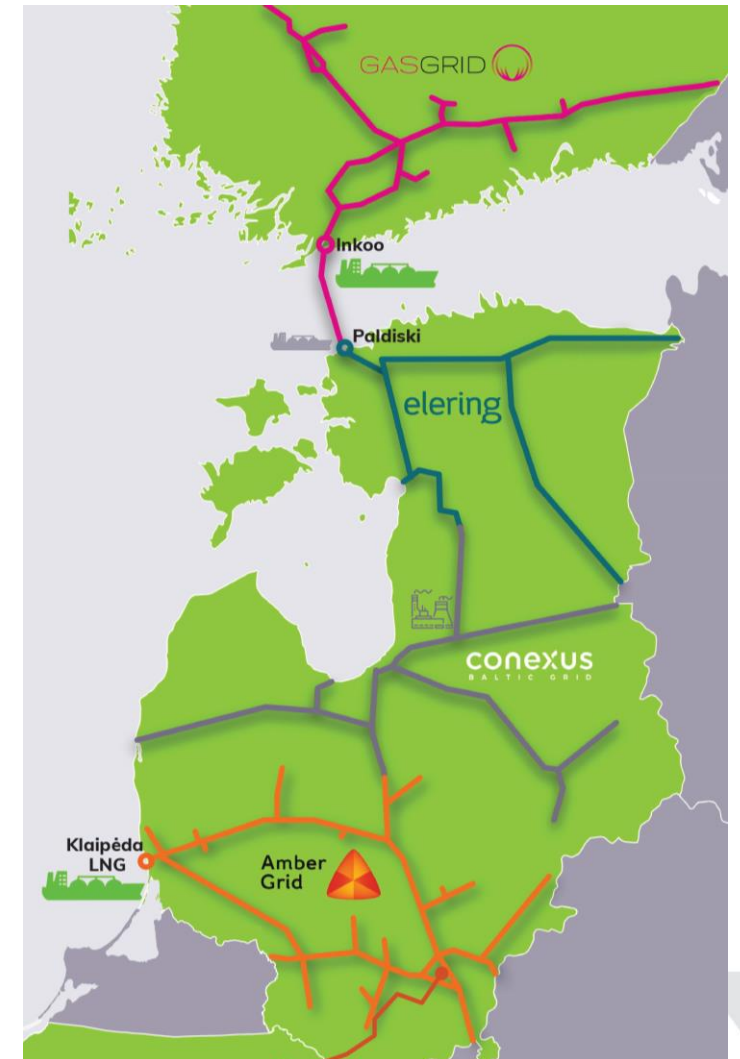
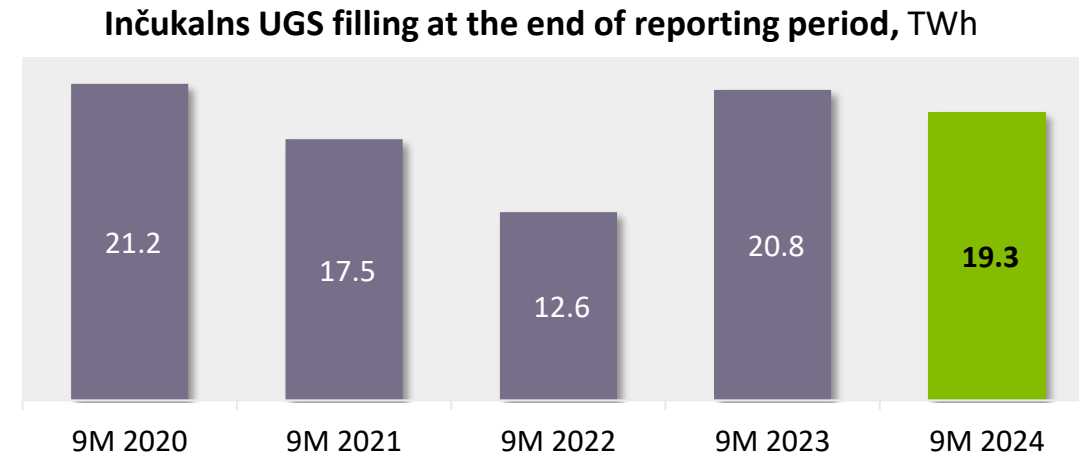
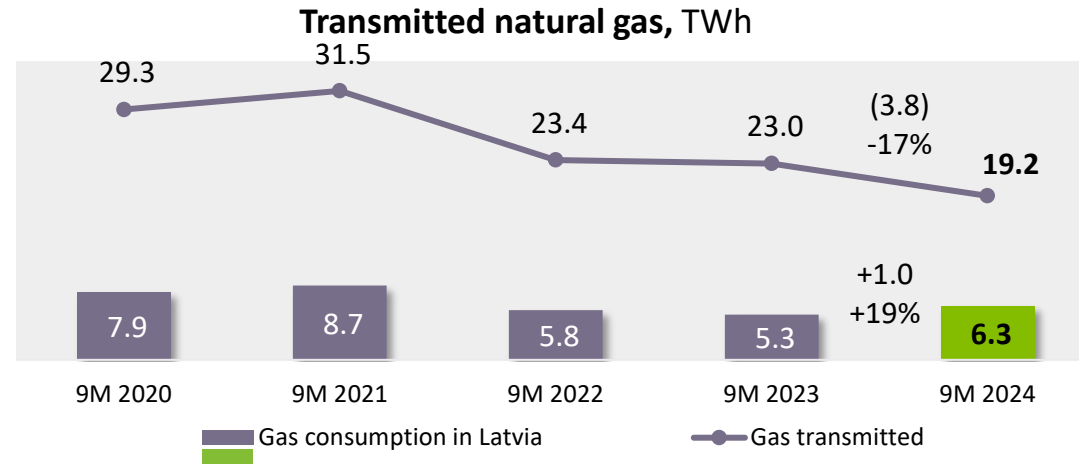


Conexus will invest EUR 33.5 million in the modernization of Inčukalns UGS this year

Active work continues on the Inčukalns UGS modernization project where the technical infrastructure and equipment safety is to be significantly improved by 2025 to maintain the functionality of Inčukalns UGS after increase of pressure within the national transmission network. In 2024, an investment of EUR 33.5 million is planned for the improvement of the storage infrastructure, including the first phase of construction of gas collection point No. 3, restoration of 6 wells, and installation of a new gas compression unit. The total project investment amounts to EUR 99.5 million, of which EUR 44 million is covered by funding from the Connecting Europe Facility (CEF).

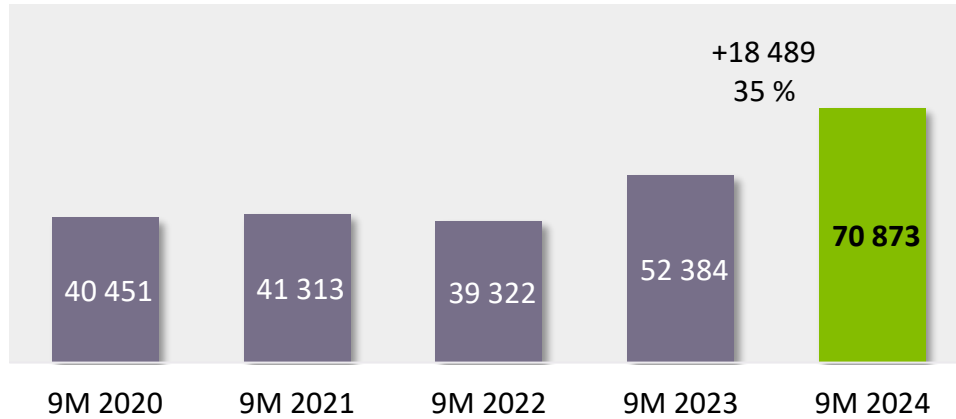


KEY FACTS

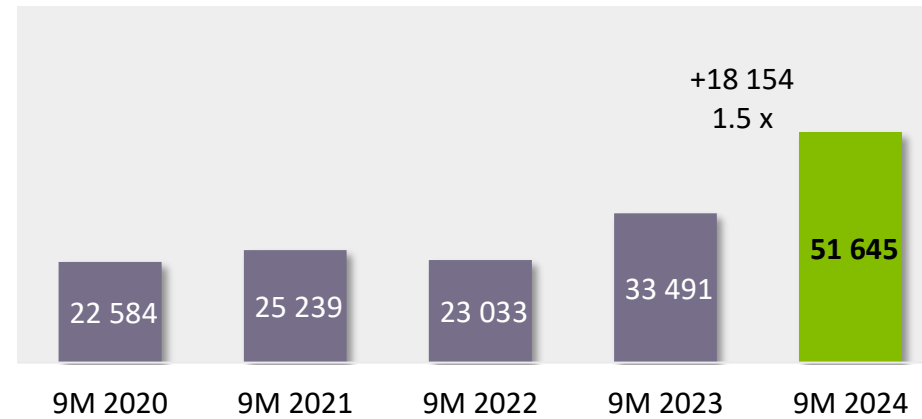


MAIN FINANCIAL INDICATORS, `000 EUR

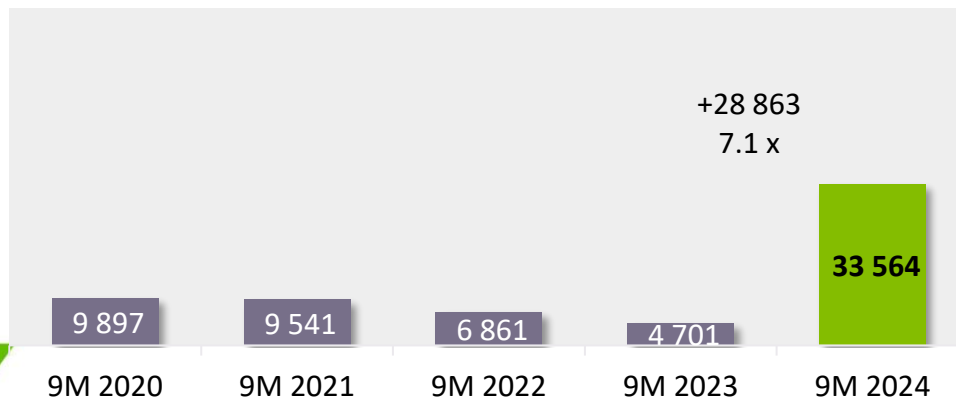
Revenue



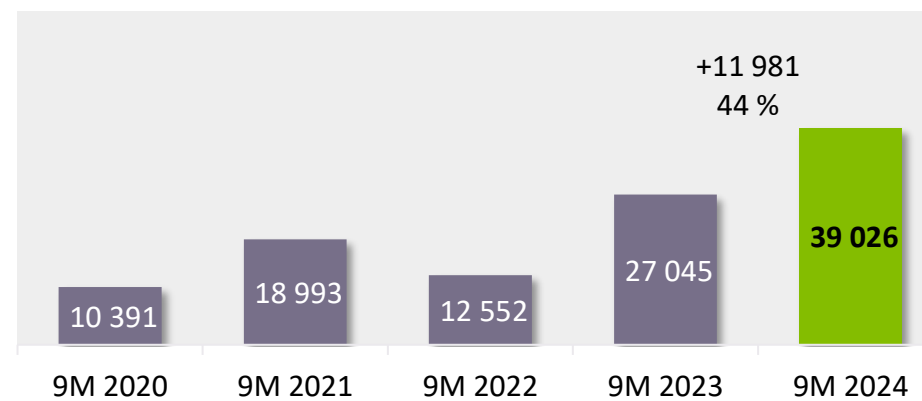
EBITDA



Net profit

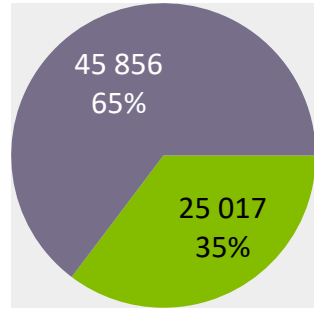


Capital investments



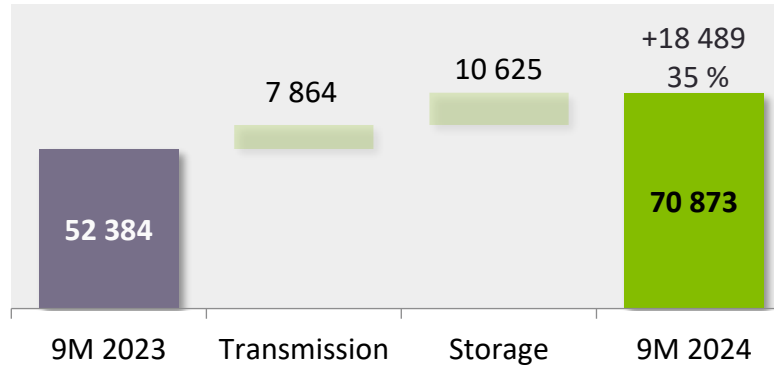
SEGMENT SPLIT, `000 EUR

Revenue segment split



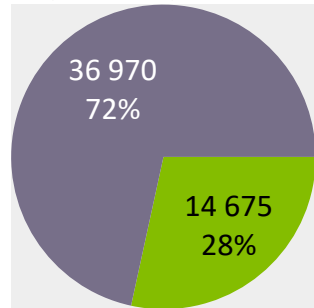
■ Transmission ■ Storage

Revenue



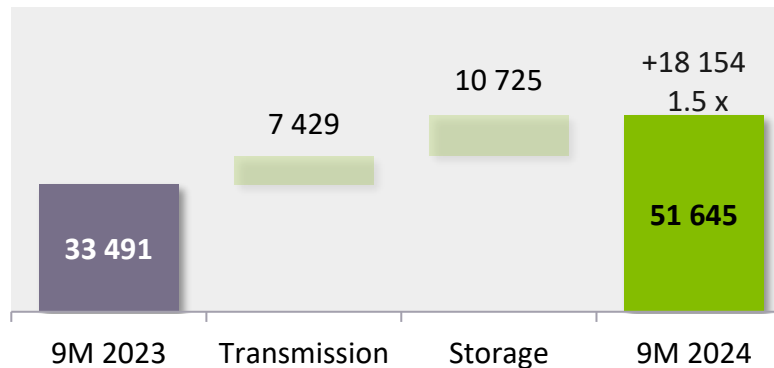
- Revenue is 35% higher than in the previous year's respective period;
- EBITDA indicator increased by 1.5 times during the reporting period, reaching EUR 51.6 million;
- Revenue and EBITDA were positively impacted by revenue increase from both transmission and storage services;

EBITDA segment split



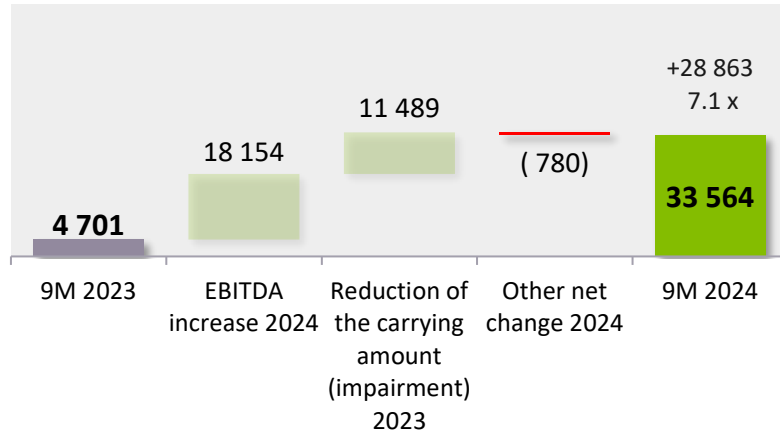
■ Transmission ■ Storage

EBITDA

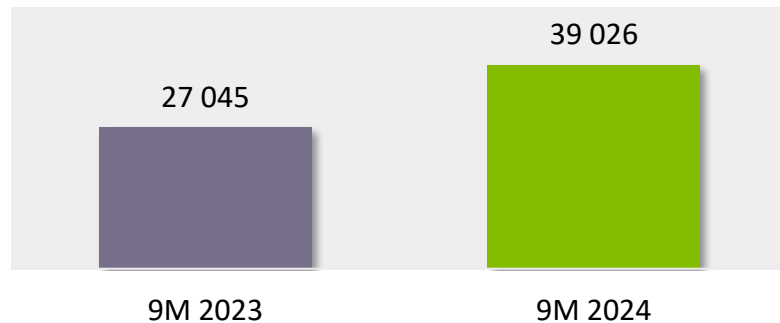


CAPITAL INVESTMENTS, `000 EUR

Net profit, `000 EUR



Capital investments



- Net profit for the reporting period is EUR 33.6 million. The increase in profit reflects the growth in the EBITDA indicator for the reporting period and the impairment of storage system service assets carried out at the end of September 2023, which is reflected in depreciation costs amounting to EUR 11 489 thousand.
- The largest projects in storage segment:
 - European project of common interest PCI 8.2.4 "Enhancement of Inčukalns UGS" - total investments EUR 99.5 million for the modernization of the storage facility (of which EUR 44 million is co-financed by the EU). Implementation years 2018 – 2025. During the reporting period, investments were made in amount of EUR 28.4 million;
 - development of SCADA storage control system – EUR 1 025 thousand.
- The largest projects in transmission segment:
 - repairs of transmission gas pipeline sections and their anticorrosion insulation were made in the amount of EUR 3 130 thousand;
 - replacement of insulation for gas pipeline Izborsk-Inčukalns UGS in the amount of EUR 1 559 thousand.

FINANCIAL COVENANTS AND FINANCIAL ASSETS

Financial covenants	30.09.2024	31.12.2023
Shareholders' equity ratio > 50 %	70 %	70 %
Net Debt to EBITDA ratio < 5	0.7	1.3
Debt-Service Coverage Ratio (DSCR) > 1.2x	4.3	3.3

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

The financial assets held by Conexus are sufficient to meet its financing needs. At the end of the reporting period, the total amount of borrowings is EUR 69 336 thousand, overdrafts have not been used. The amount of overdrafts available at the end of the reporting period reaches EUR 65 000 thousand, which provides significant liquidity reserve. The duration of agreements for the overdraft facilities is less than 1 year. At the end of the reporting period, Conexus holds committed loans amounting to EUR 45 000 thousand.

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Thank you!