

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 overlay is positioned on the right side of the image, partially covering the industrial equipment. The background is a clear blue sky. The text 'Unaudited financial statements for 2024' is written in a bold, green, sans-serif font on a dark grey triangular background that points towards the right.

# Unaudited financial statements for 2024

# Unaudited financial statements for 2024

## MAIN ACTIVITIES



### Results of storage capacity auctions

During the reporting year, 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 year, 16.3 TWh of natural gas was stored in Inčukalns UGS (including energy supply security reserves of 1.8 TWh and solidarity product of 2.4 TWh). On October 15, 2024, at the beginning of natural gas withdrawal season, 19.5 TWh of natural gas accounting for almost 80% of the total storage capacity was stored in the Inčukalns underground gas storage.

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.





# Unaudited financial statements for 2024

## MAIN ACTIVITIES



### **Natural gas supply**

During the reporting year, natural gas deliveries from the Inčukalns UGS amounted to 10.9 TWh. The volume of natural gas received from Finland reached 5.7 TWh, while the volume received from Lithuania reached 8.5 TWh. During the reporting period, 9.4 TWh of natural gas was injected into the storage. The total volume of natural gas transported in Latvia during the reporting year reached 25.2 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 contracts for the purchase of equipment for a BIP in Džūkste parish and production of equipment is underway, as well as there is ongoing 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.



# Unaudited financial statements for 2024

## MAIN ACTIVITIES



### **Amendments to the Energy Law entered into force**

On October 1, 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 May 1, 2026, Regulator will no longer set tariffs for natural gas storage service, and at the end of the regulatory period on April 30, 2026 the remaining balance of the regulatory account will be included in Conexus reserves aiming to finance the storage assets.



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

On October 30, 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 CO<sub>2</sub> quotas related to fuel gas will be covered by the system user.



# Unaudited financial statements for 2024

## 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 year. The study covered technical, legal, organizational, and economic aspects necessary for the implementation of the project. 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 invests EUR 32.8 million in the modernization of Inčukalns UGS this year

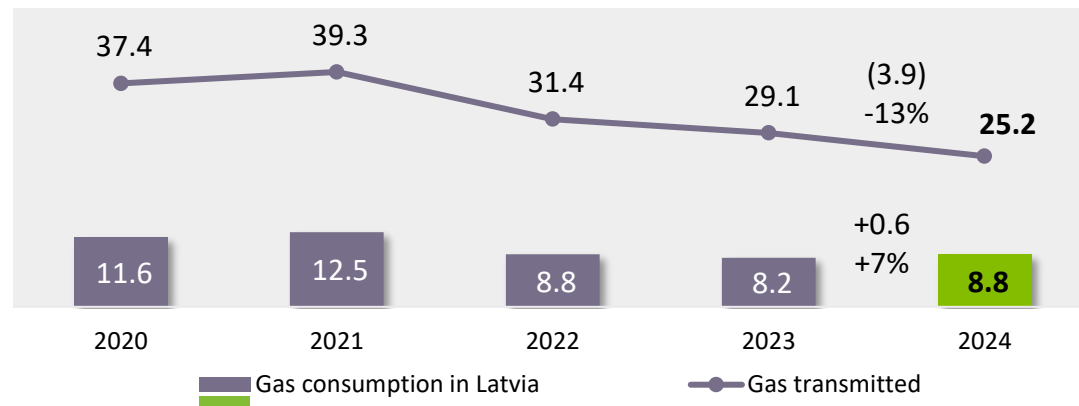
Active work continues on the Inčukalns UGS modernization project where the technical infrastructure and equipment safety is to be significantly improved by 2025 to maintain the functionality of Inčukalns UGS after the increase of pressure within the national transmission network. In 2024, an investment of EUR 32.8 million was made for the improvement of the storage infrastructure, including the first phase of construction of gas collection point No. 3, restoration of 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 the funding from the Connecting Europe Facility (CEF).



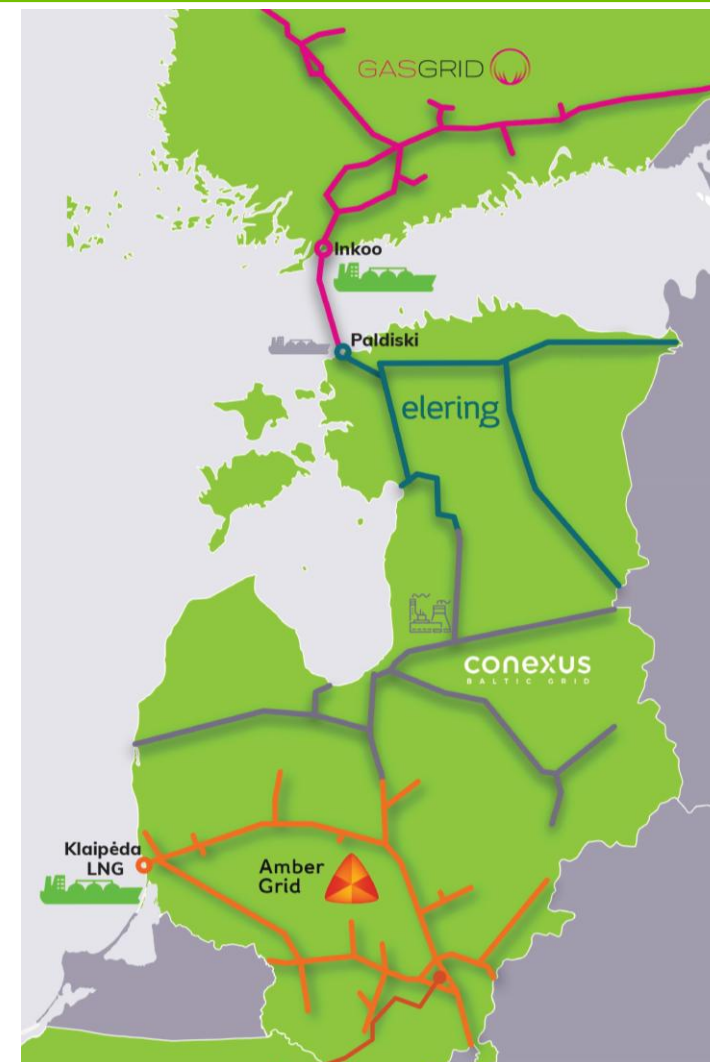
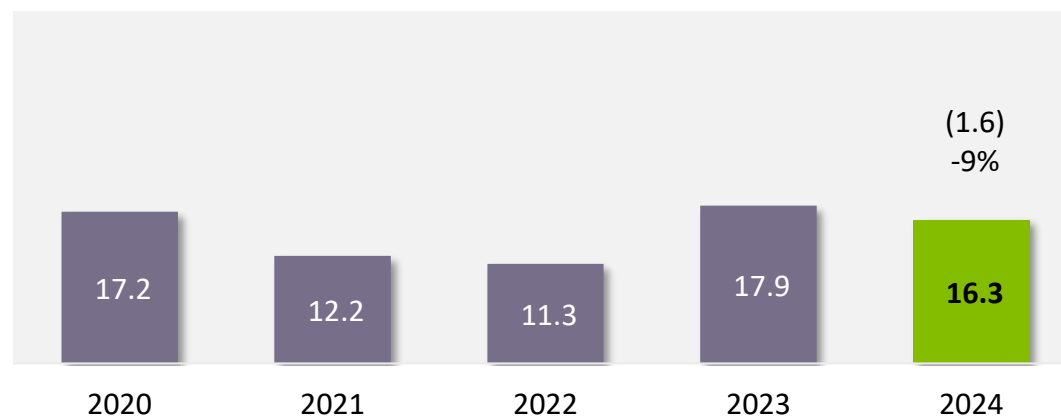
# Unaudited financial statements for 2024

## KEY FACTS

### Transmitted natural gas, TWh



### Inčukalns UGS filling at the end of reporting period, TWh

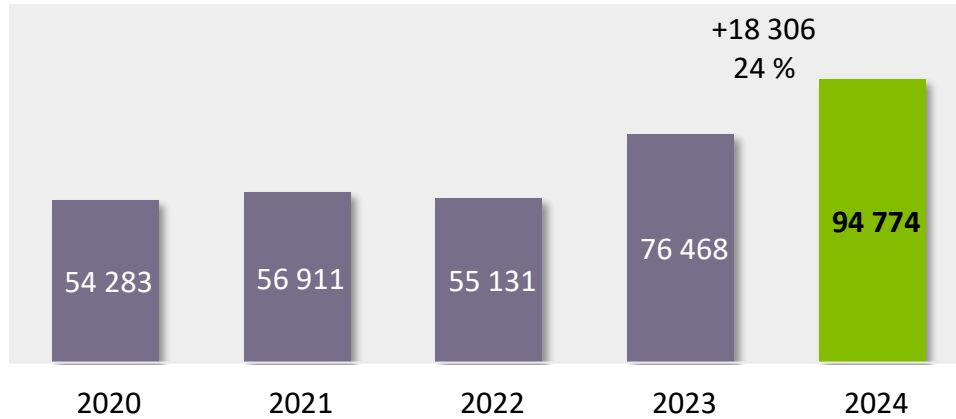




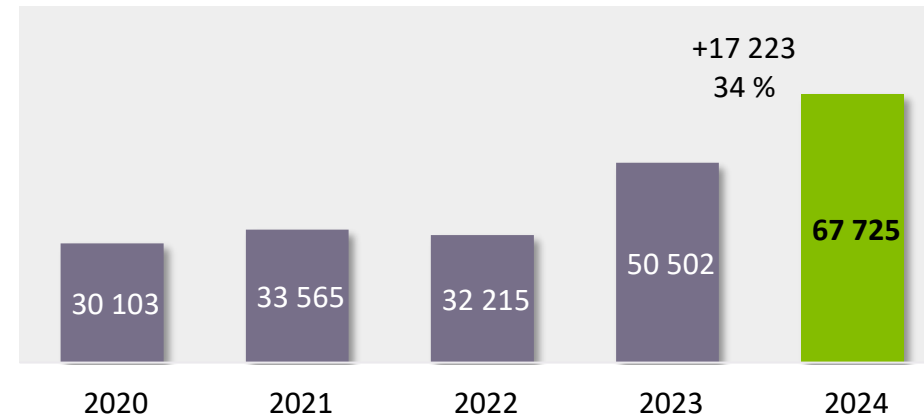
# Unaudited financial statements for 2024

## MAIN FINANCIAL INDICATORS, `000 EUR

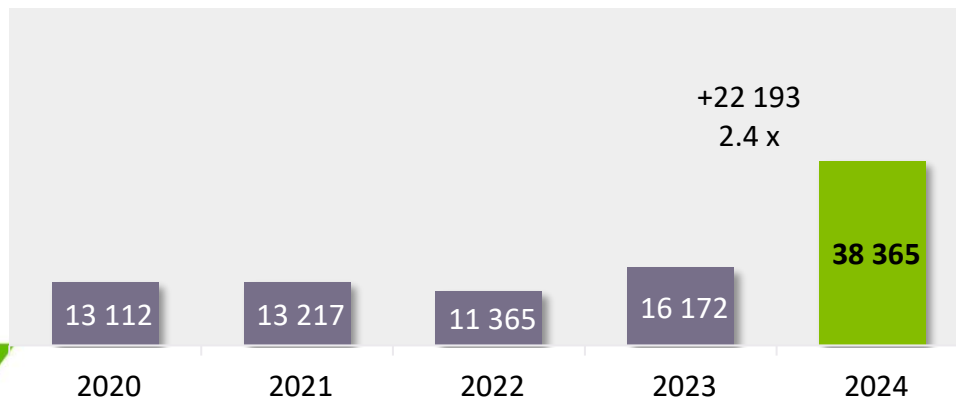
### Revenue



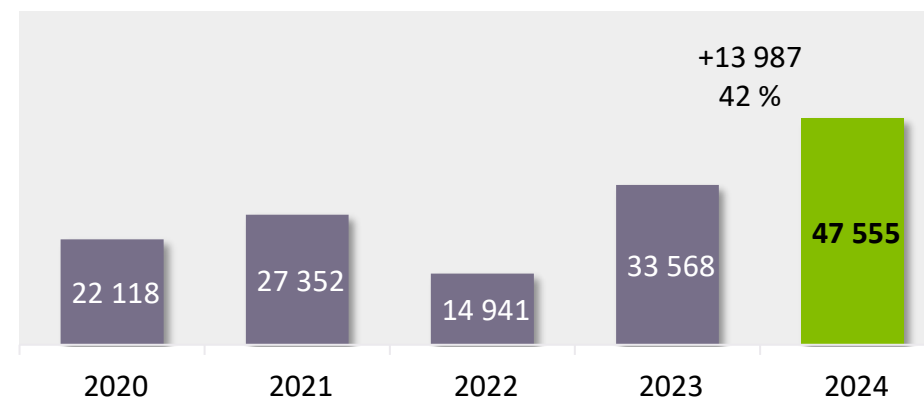
### EBITDA



### Net profit



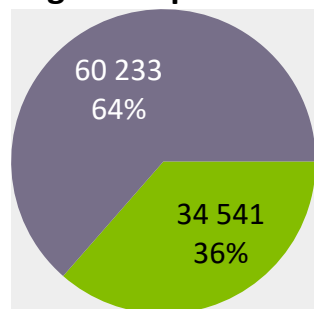
### Capital investments



# Unaudited financial statements for 2024

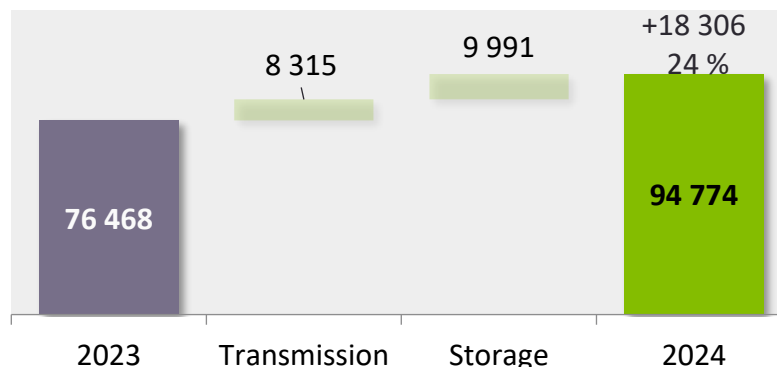
## SEGMENT SPLIT, `000 EUR

### Revenue segment split



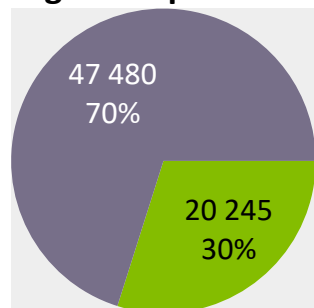
■ Transmission ■ Storage

### Revenue



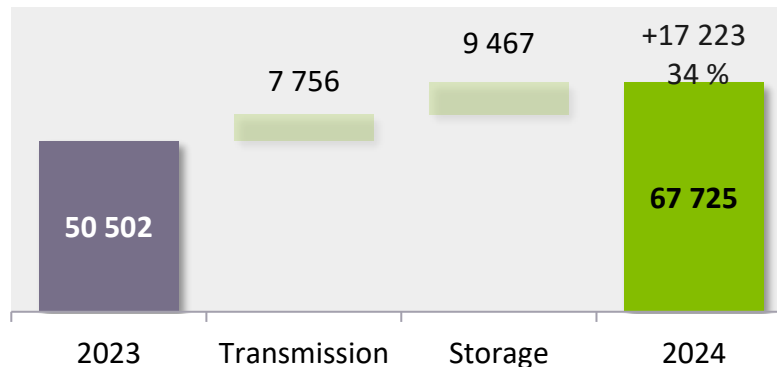
- Revenue is 24% higher than in the previous reporting year;
- EBITDA indicator increased by 34% during the reporting year, reaching EUR 67.7 million;
- Revenue and EBITDA were positively impacted by revenue increase from both transmission and storage services.

### EBITDA segment split



■ Transmission ■ Storage

### EBITDA

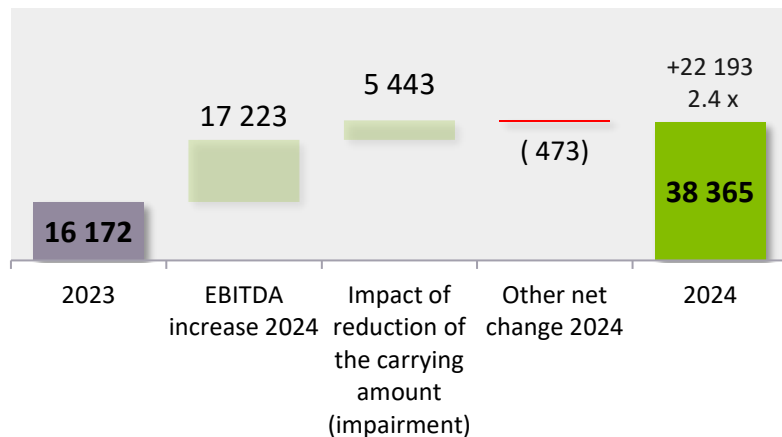




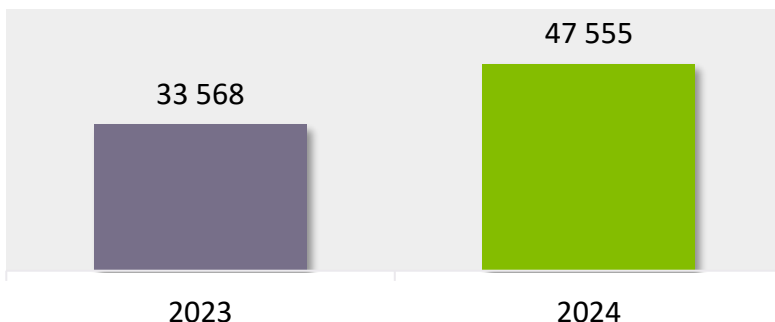
# Unaudited financial statements for 2024

## CAPITAL INVESTMENTS, `000 EUR

### Net profit, `000 EUR



### Capital investments



- Net profit for the reporting year is EUR 41.2 million which is 2.6x increase. The increase in profit reflects the growth in the EBITDA indicator for the reporting year and asset value impairment that reached EUR 6 302 thousand in 2024 which is EUR 5 443 thousand less than 2023.
- 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 (EUR 44 million is co-financed by the EU). Implementation years 2018 – 2025. During the reporting year, investments were made in amount of EUR 32.8 million;
  - development of SCADA storage control system – EUR 1 059 thousand.
- The largest projects in transmission segment:
  - repairs of transmission gas pipeline sections and their anticorrosion insulation - EUR 3 257 thousand;
  - replacement of insulation for gas pipeline Izborsk-Inčukalns UGS - EUR 1 952 thousand;
  - SCADA transmission control system development – EUR 1 057 thousand.

# Unaudited financial statements for 2024

## FIXED ASSETS REVALUATION 2024, `000 EUR



➤ During the reporting year, a revaluation of fixed assets was carried out, resulting in a decrease in the value of fixed assets by EUR 28 926 thousand. A decrease in the value of fixed assets amounting to EUR 22 625 thousand is reflected in the Balance Sheet under the revaluation reserve item, EUR 6 302 thousand is recognized in the Depreciation expense item of the Profit or Loss Statement, and EUR 1 thousand is recognized in the Other income item of the Profit or Loss Statement.

➤ The calculation of the value of fixed assets is based on the income method, by discounting future cash flows. A discount rate of 7.10% has been used in the calculation.

# Unaudited financial statements for 2024

## FINANCIAL COVENANTS AND FINANCIAL ASSETS

Financial covenants	31.12.2024	31.12.2023
Shareholders' equity ratio > 50 %	69%	70%
Net Debt to EBITDA ratio < 5	0.6	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 year.

The financial assets held by Conexus are sufficient to meet its financing needs. At the end of the reporting year, the total amount of borrowings was EUR 66 619 thousand. At the end of the reporting year, Conexus held committed loans amounting to EUR 45 000 thousand.

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**Thank you!**