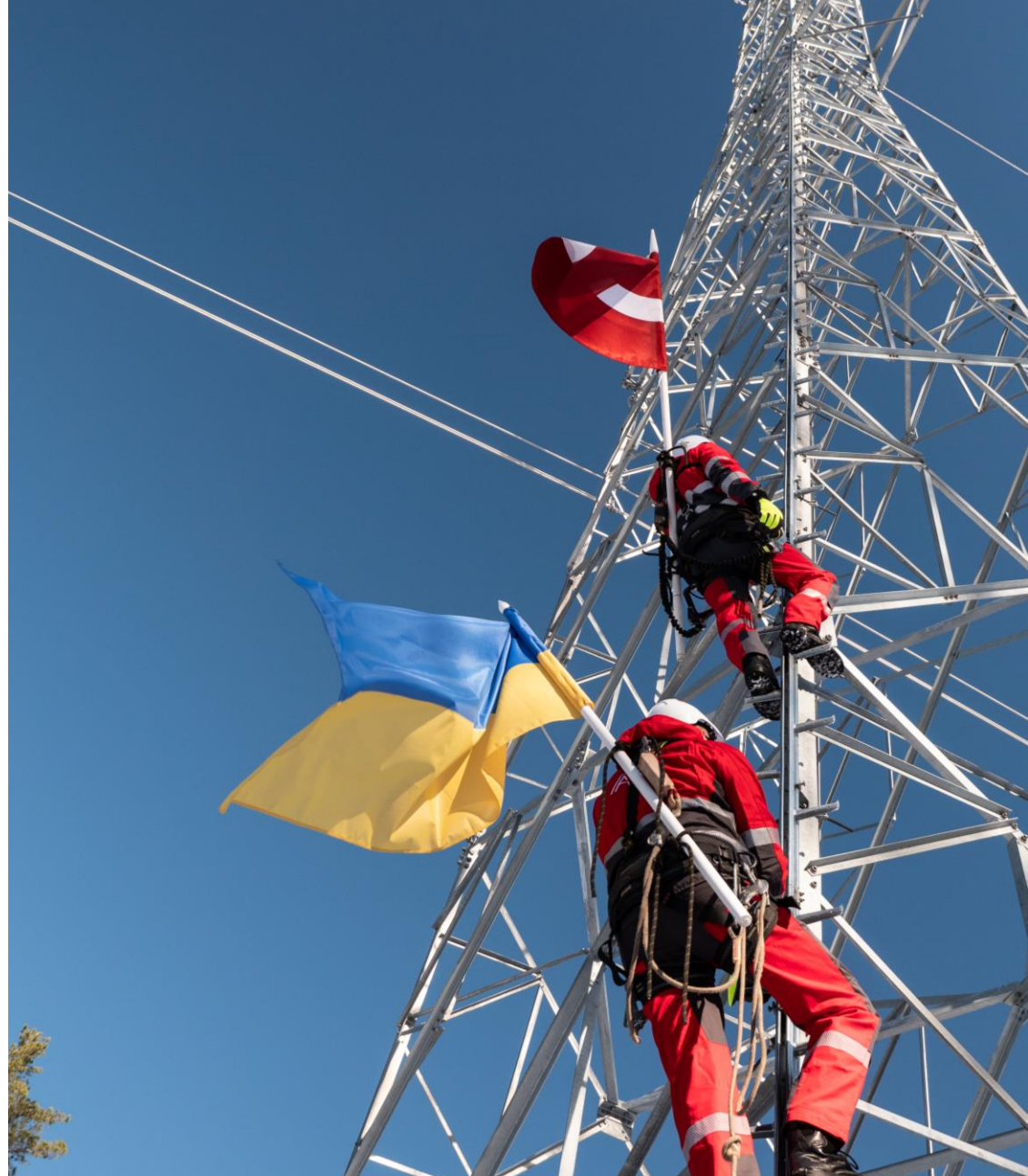




UNAUDITED INTERIM CONSOLIDATED GROUP FINANCIAL RESULTS FOR THE SIX MONTHS PERIOD

AS “AUGSTSPRIEGUMA TĪKLS”

PRESENTATION FOR INVESTORS
IN WEBINAR FORMAT
LATVIA, RIGA
SEPTEMBER 2022



SPEAKERS



Mārcis Kauliņš
Member of the Board
Legal and Support










Māra Grava
Head of Finance and
Accounting





GROUP PROFILE

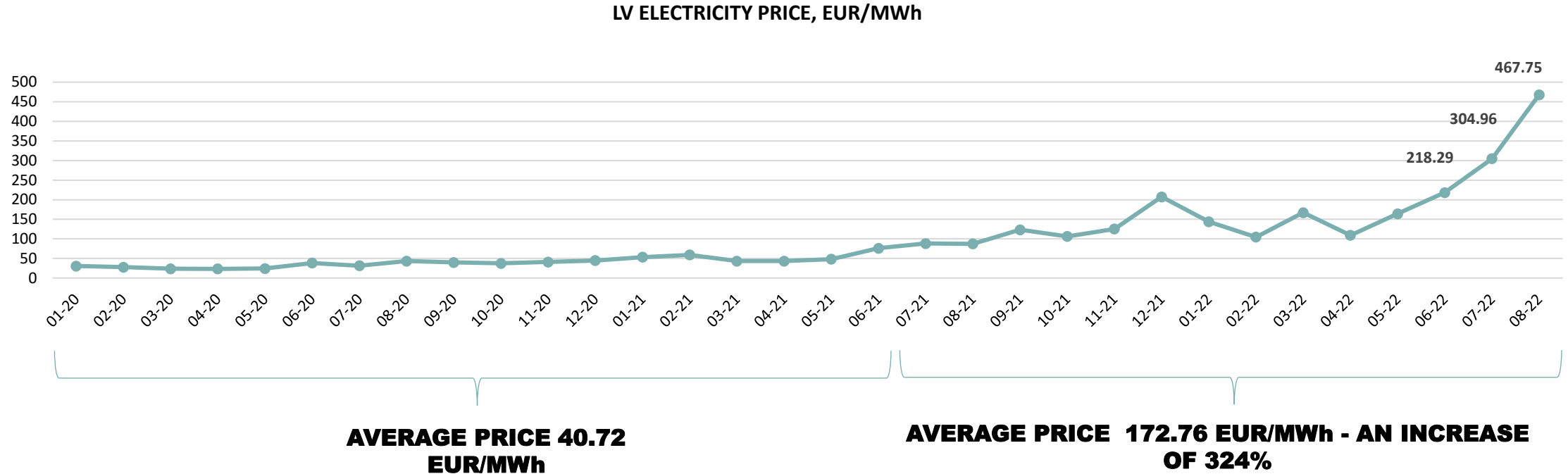
ABOUT AST GROUP

AST		SHAREHOLDER OF	
	OWNED BY MINISTRY OF FINANCE OF THE REPUBLIC OF LATVIA	 PUBLIC UTILITIES COMMISSION OF LATVIA	REGULATED PUBLIC SERVICE PROVIDER WACC 2.65% 419 m EUR RAB
A-	LONG-TERM CREDIT RATING from S&P Global Ratings		SUSTAINABILITY INDEX PLATINUM AWARD
€	GREEN BOND 100 m		2021
	5 612 km TRANSMISSION LINES		2,3 Bcm GAS STORAGE INČUKALNS
	140 SUBSTATIONS		1 190 km TRANSMISSION SYSTEM
3 138 GWh TRANSMITTED ELECTRICITY H1 2022		4,8 TWh TRANSMITTED NATURAL GAS H1 2022	

MAIN EVENTS H1 2022

AST		CONEXUS	
GEOPOLITICS AND WAR IN UKRAINE			
Average electricity price +186 % vs 2021	Commercial electricity flow from RU has been interrupted	Changes in legislation – Energy Safety Reserves	
Establishment of Baltic RCC	Work in the process to continue Desynchronization from BRELL and Synchronization with European continental electricity grid	Transmitted gas -24% YoY	Work in progress to complete Inčukalns Underground Storage (IUS) modernization and gas-connection upgrade between LT-LV (ELLI)
Fee for system back-up power reservation	Transmitted electricity is 2% YoY	Conexus joins European Hydrogen Backbone (EHB) initiative	Completed Poland – Lithuania gas transmission line (GIPL)

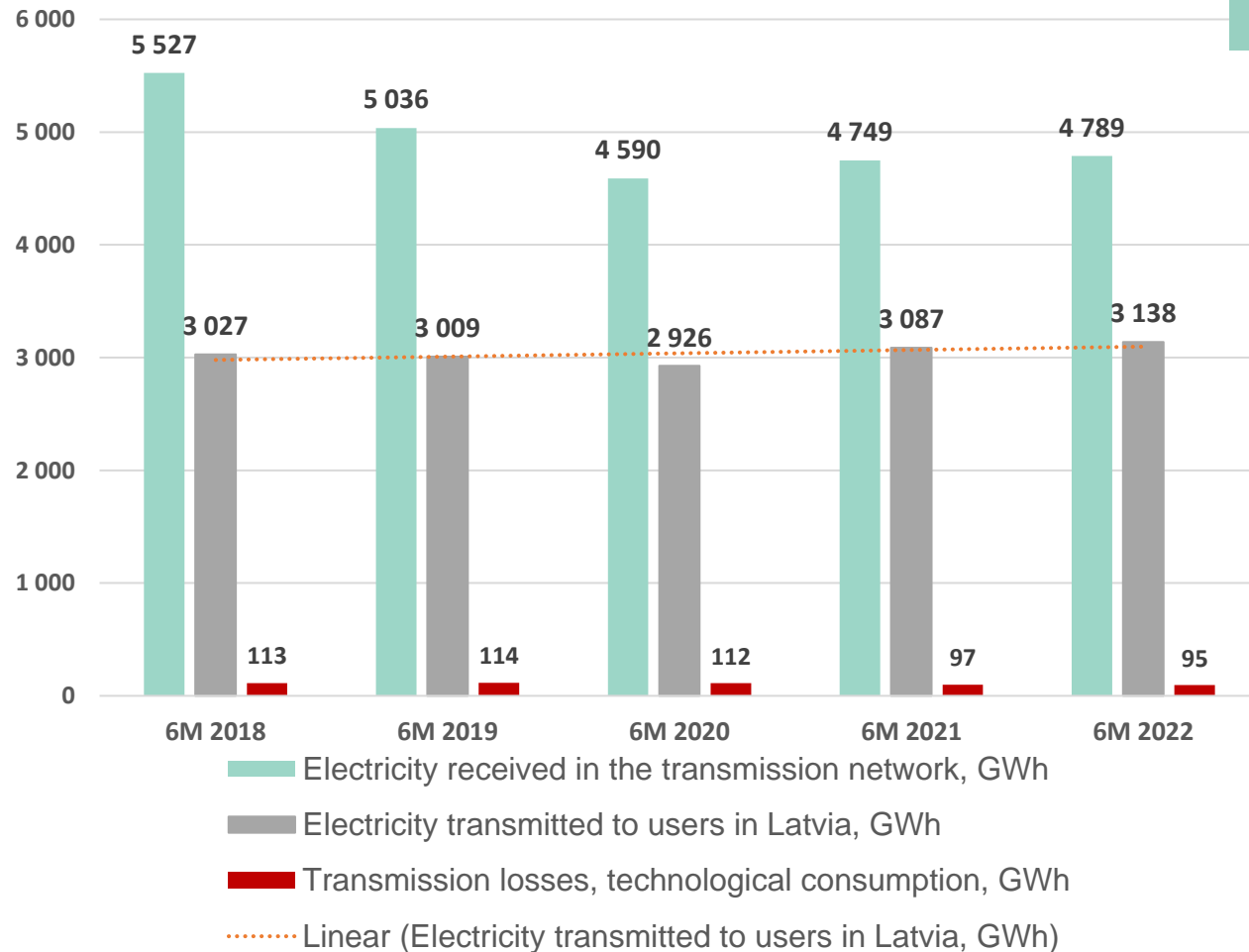
SHARP INCREASE IN ELECTRICITY PRICE



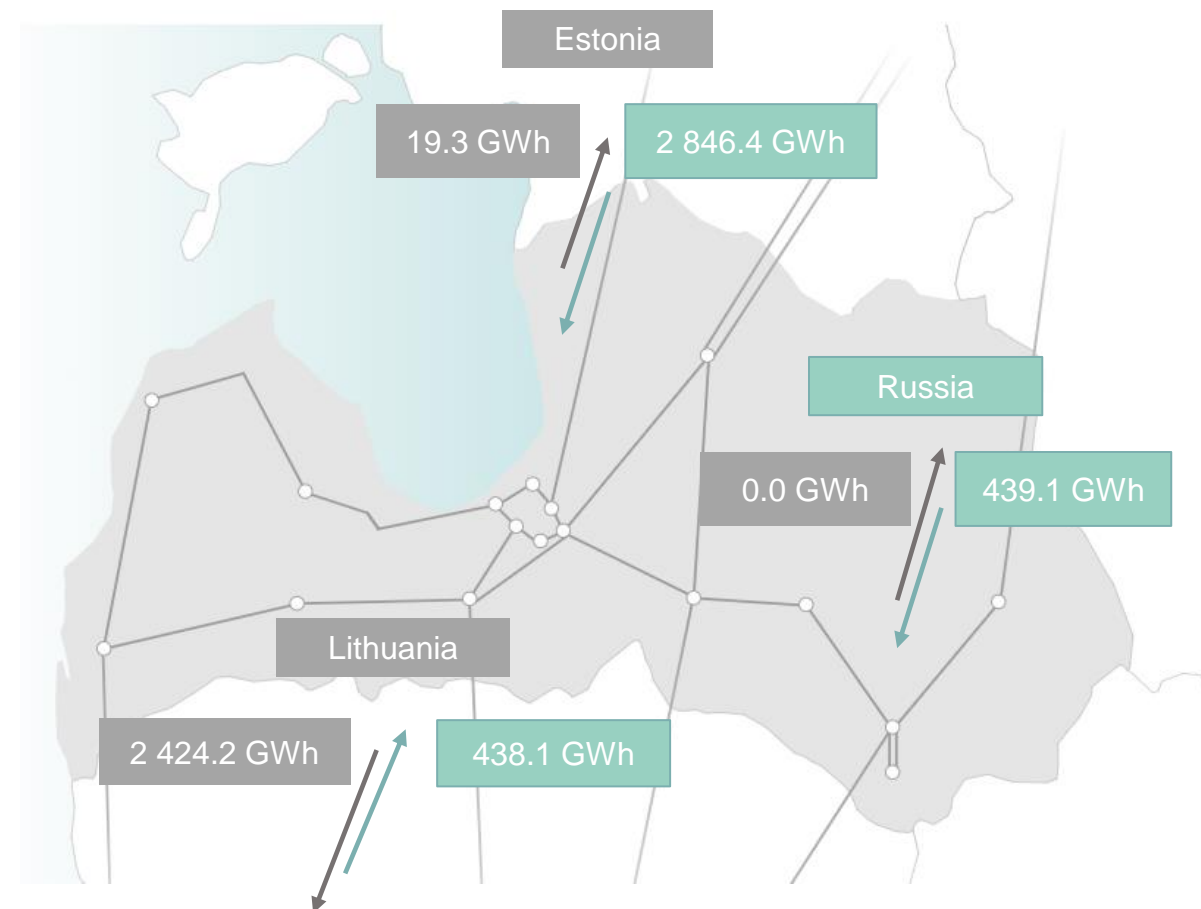
Facts H1 2022:

- In June, the average price of electricity in Latvia stood at 218.29 EUR/MWh - an increase of 186% compared to June 2021;
- Historically the highest monthly average electricity prices since the opening of the electricity market have been reached;
- In July 2022, the price of electricity soared to 304.96 EUR/MWh – a record which was easily beaten next month (467.75 EUR/MWh).

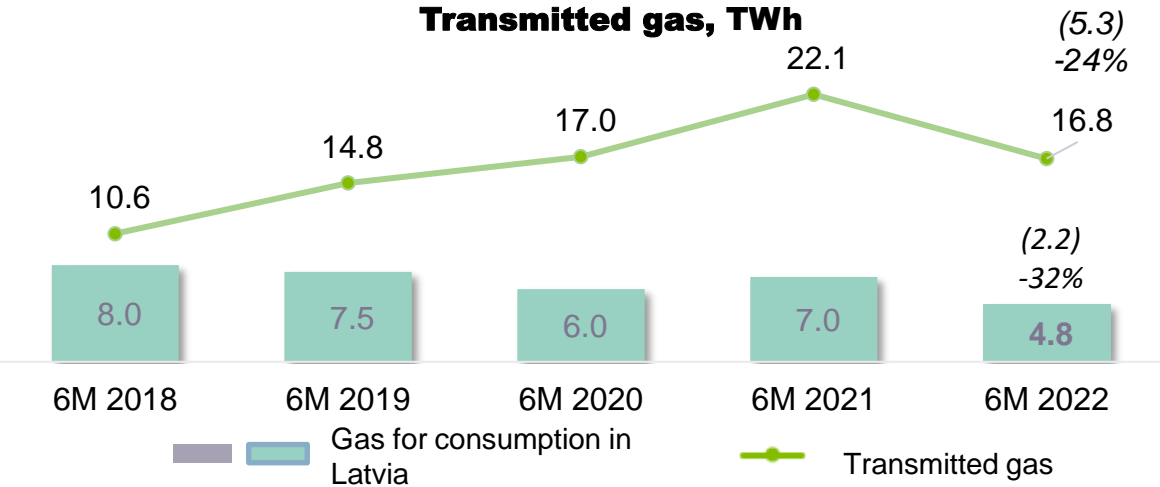
H1 2022 - TRANSMITTED ELECTRICITY



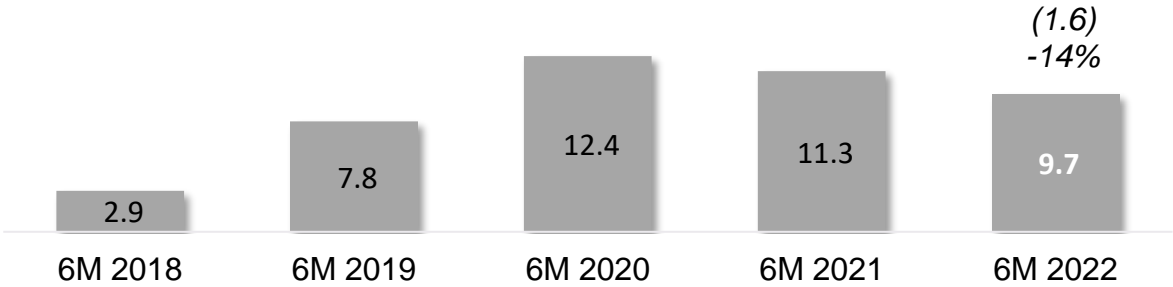
The amount of transmitted electricity has remained stable over the 5-year period



H1 2022 – A DROP IN VOLUME OF TRANSPORTED NATURAL GAS



Stored gas in Inčukalns underground gas storage (at the end of 6M, TWh)

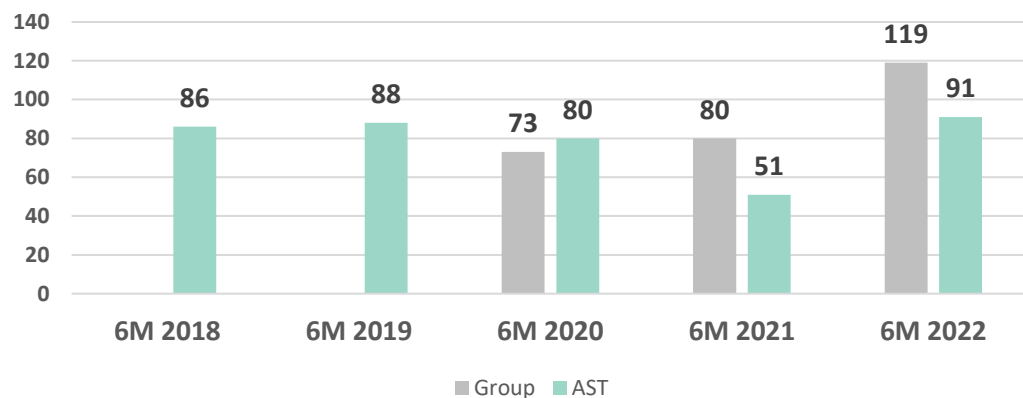




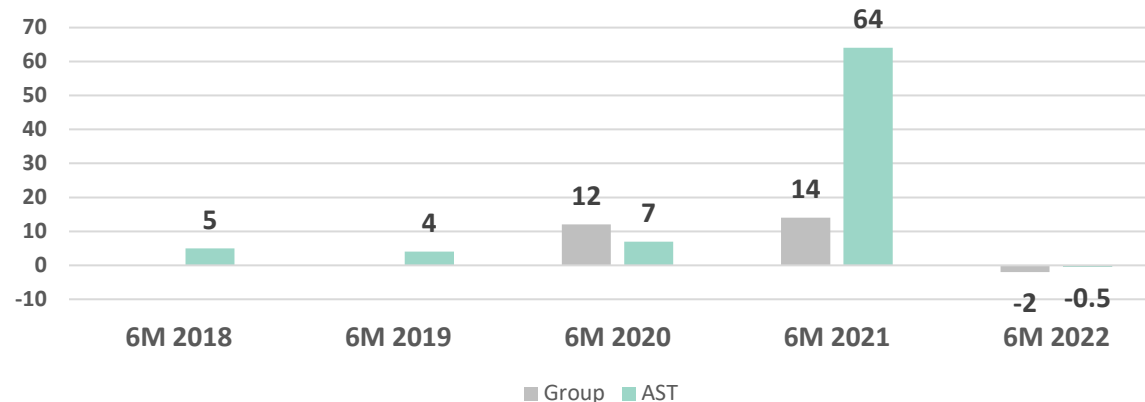
GROUP FINANCIAL HIGHLIGHTS

AST AND AST GROUP'S INTERIM 6M 2022 CONSOLIDATED FINANCIAL STATEMENTS

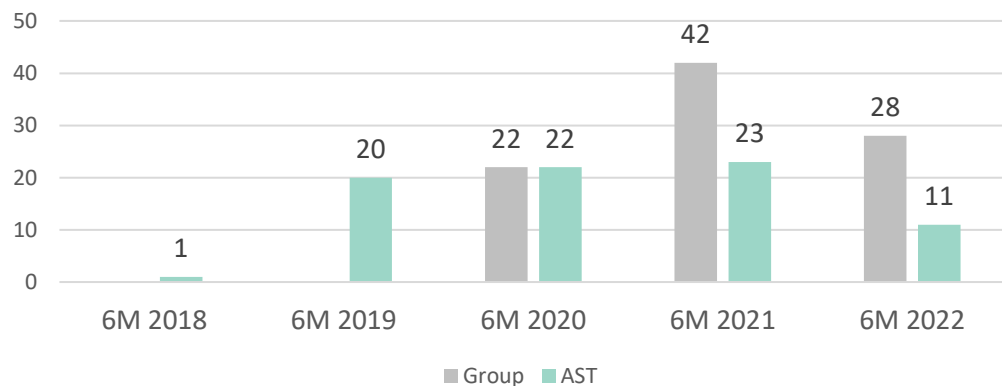
Revenue, mEUR



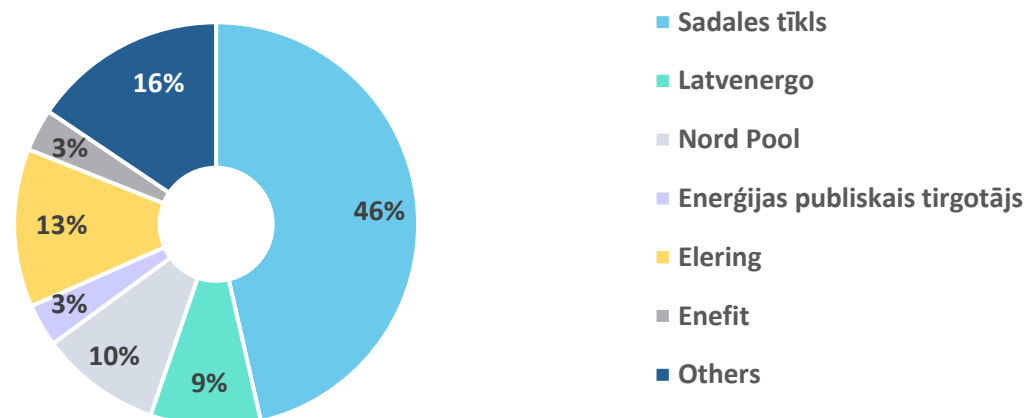
Profit, mEUR



EBITDA, mEUR

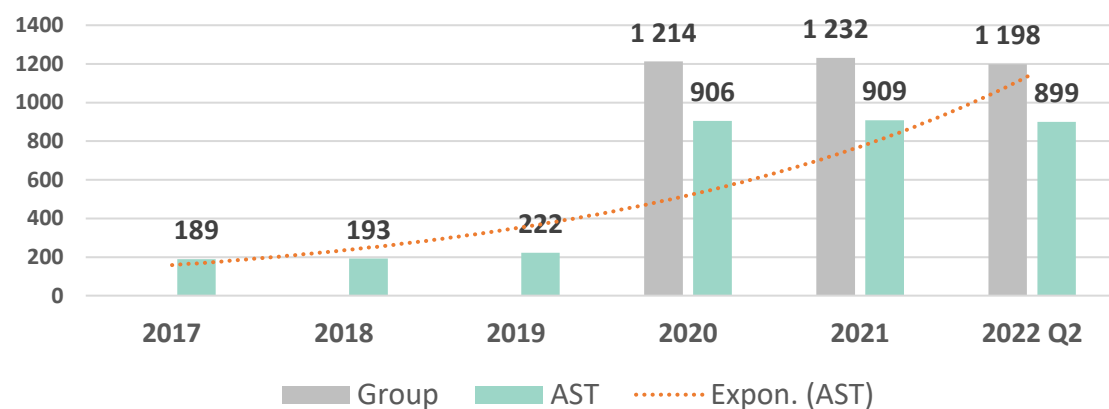


KEY CUSTOMERS BY INCOME

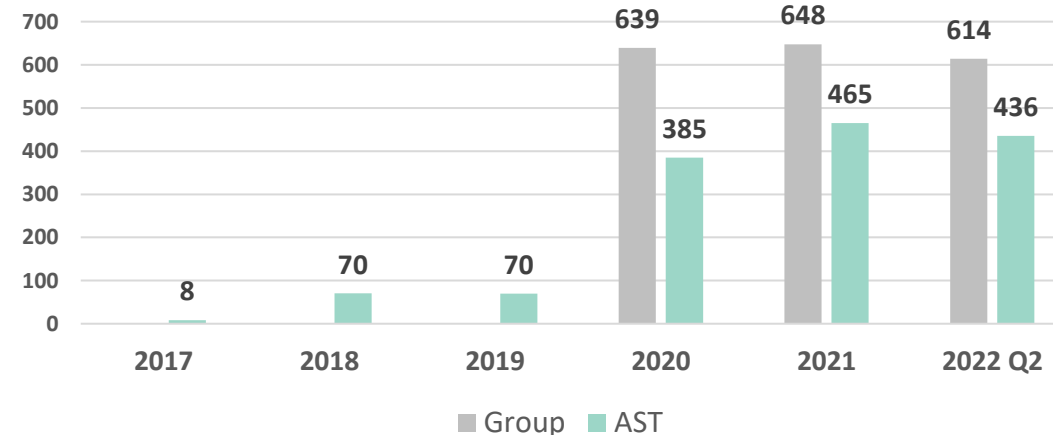


AST AND AST GROUP'S SECOND QUARTER CONSOLIDATED BALANCE SHEET

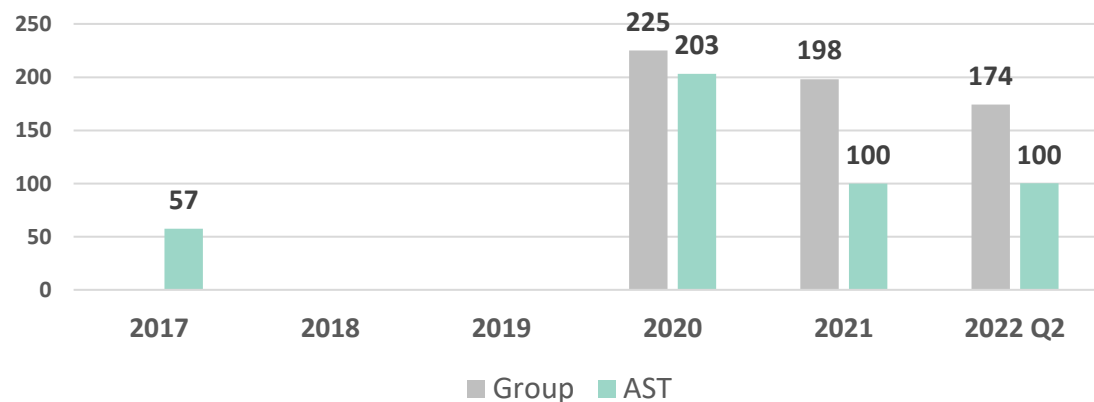
Assets, mEUR



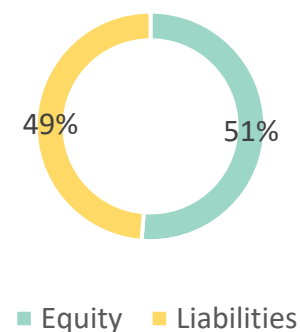
Equity, mEUR



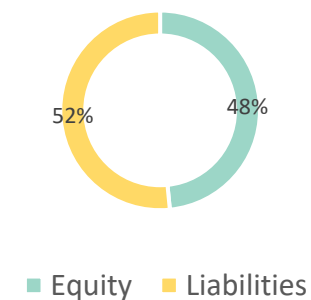
Borrowings, mEUR



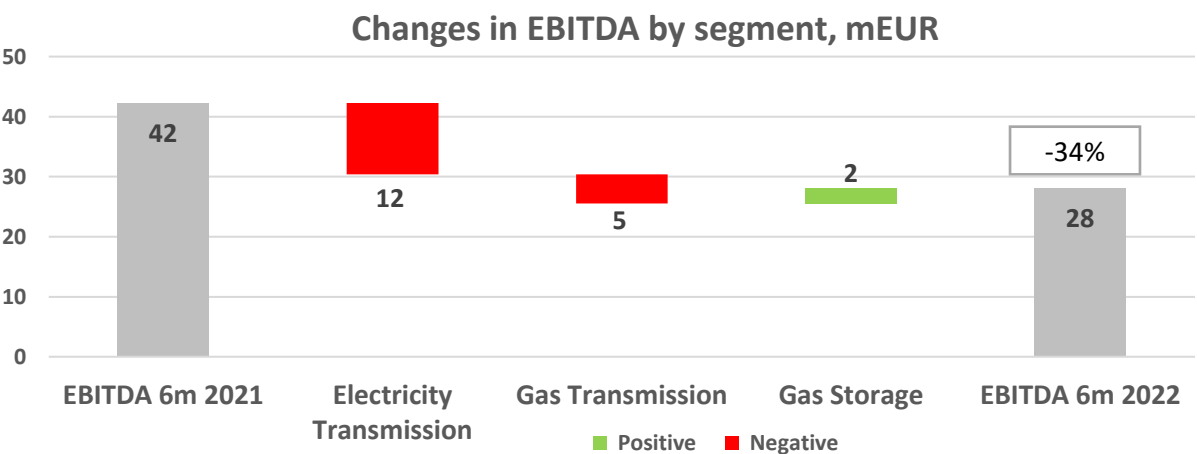
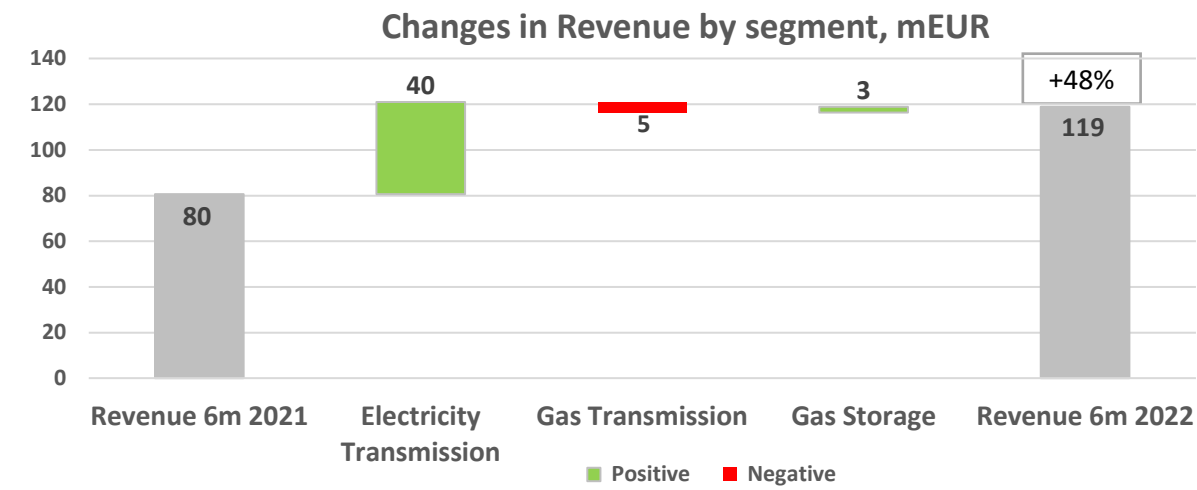
Equity ratio - Group



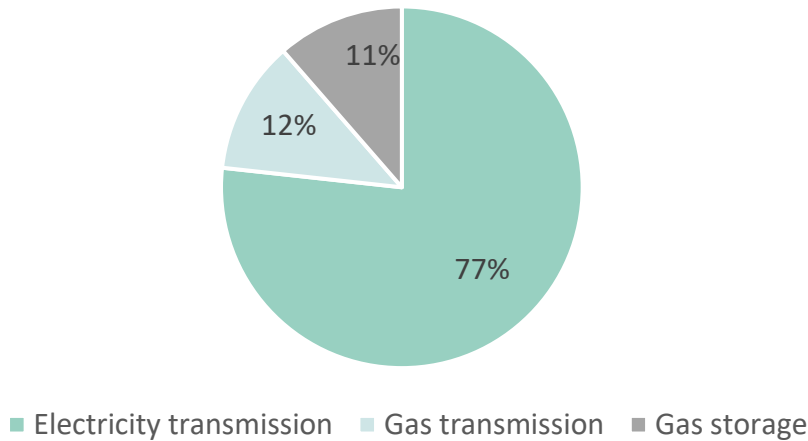
Equity ratio - AST



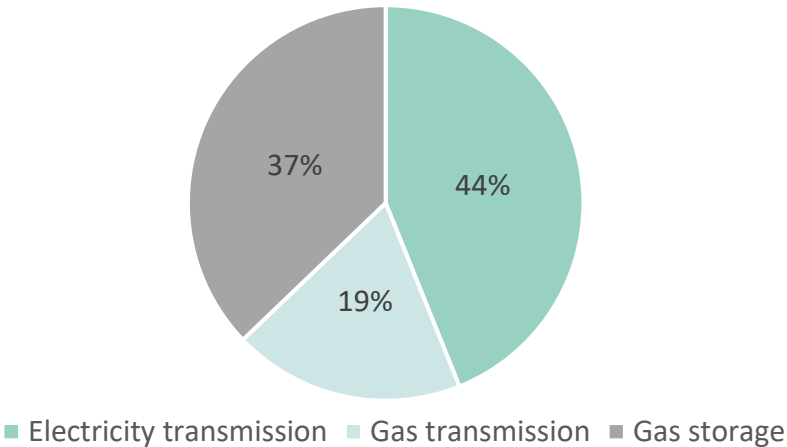
GROUP'S REVENUE INCREASED BY 48%



Revenue 6M 2022, segment split

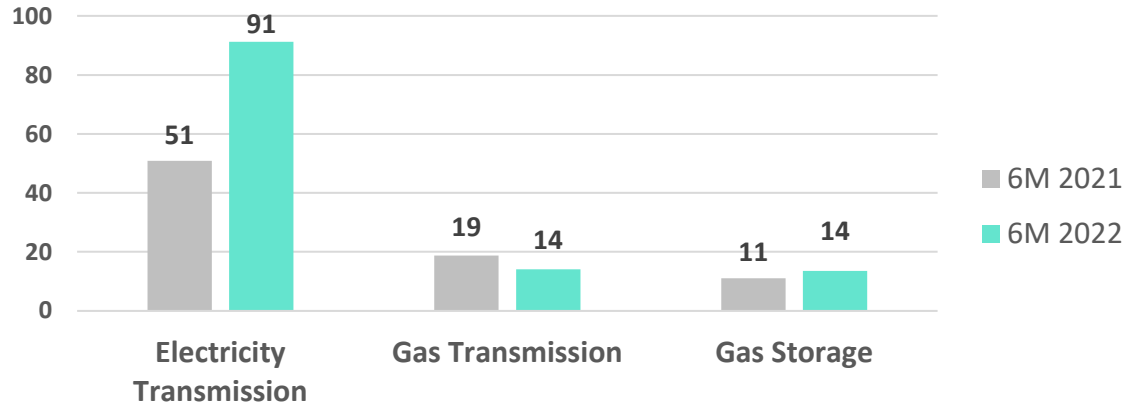


EBITDA 6M 2022, segment split

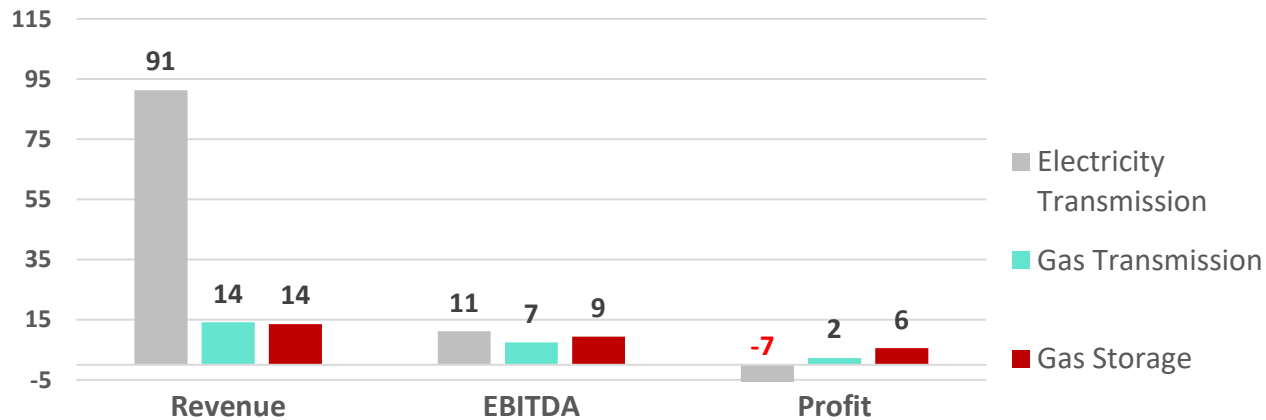


KEY FINANCIAL INDICATORS PER SEGMENT, H1 2022

Revenue per segment, mEUR



Key Financial Indicators per segment, mEUR



- Revenue from the electricity transmission segment increased by 40 mEUR (79% YoY). However, due to a soaring electricity price electricity transmission segment reported a net loss of 7 mEUR. The loss should be recovered through the next regulatory period.
- Profit from gas transmission and storage amounted to 8 mEUR, since higher gas price does not directly affects this segment's profit which is not the case in the electricity transmission segment.

FINANCIAL RATIOS AND BORROWINGS

RATIOS	H1 2022, mEUR	
	AST	GROUP
DEBT	100.1	174.2
CASH	40.8	41.1
NetDEBT	59.3	133.1
Equity ($\geq 35\%$)	48%	51%
NetDEBT/ (NetDEBT+Equity), ($\leq 55\%$)	19%	22%
Liquidity (≥ 1.2)	1.5	0.9

- Available credit line limit to ensure liquidity
- All financial conditions included in the commitment agreements are fulfilled

AST

GREEN BOND **100** mEUR

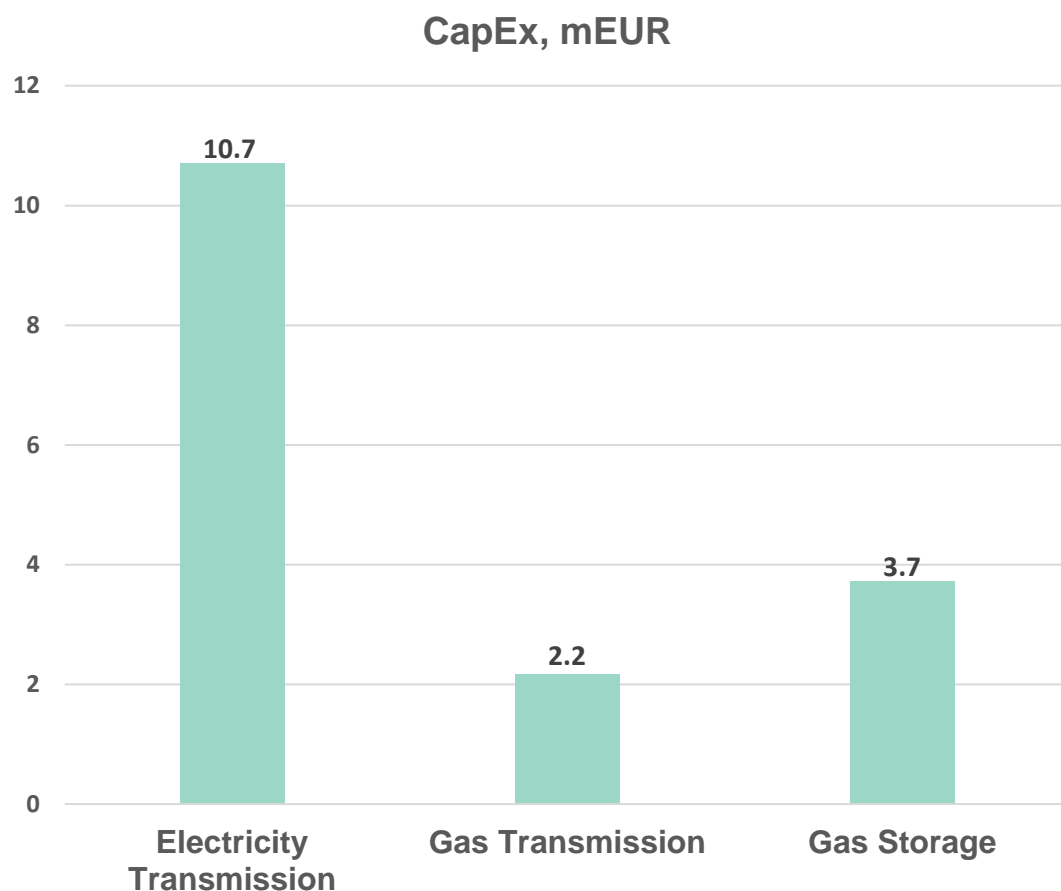
OVERDRAFT **20** mEUR (NOT USED)

CONEXUS

LOANS **74** mEUR (incl. overdraft 7 mEUR)

OVERDRAFT **65** mEUR (58 mEUR NOT USED)

CAPEX PER SEGMENT, H1 2022



The largest projects in the Electricity Transmission segment:

- maintenance and renewal of the existing network: 3 mEUR
- project "Synchronization with continental Europe"

The largest project in the Gas Storage segment:

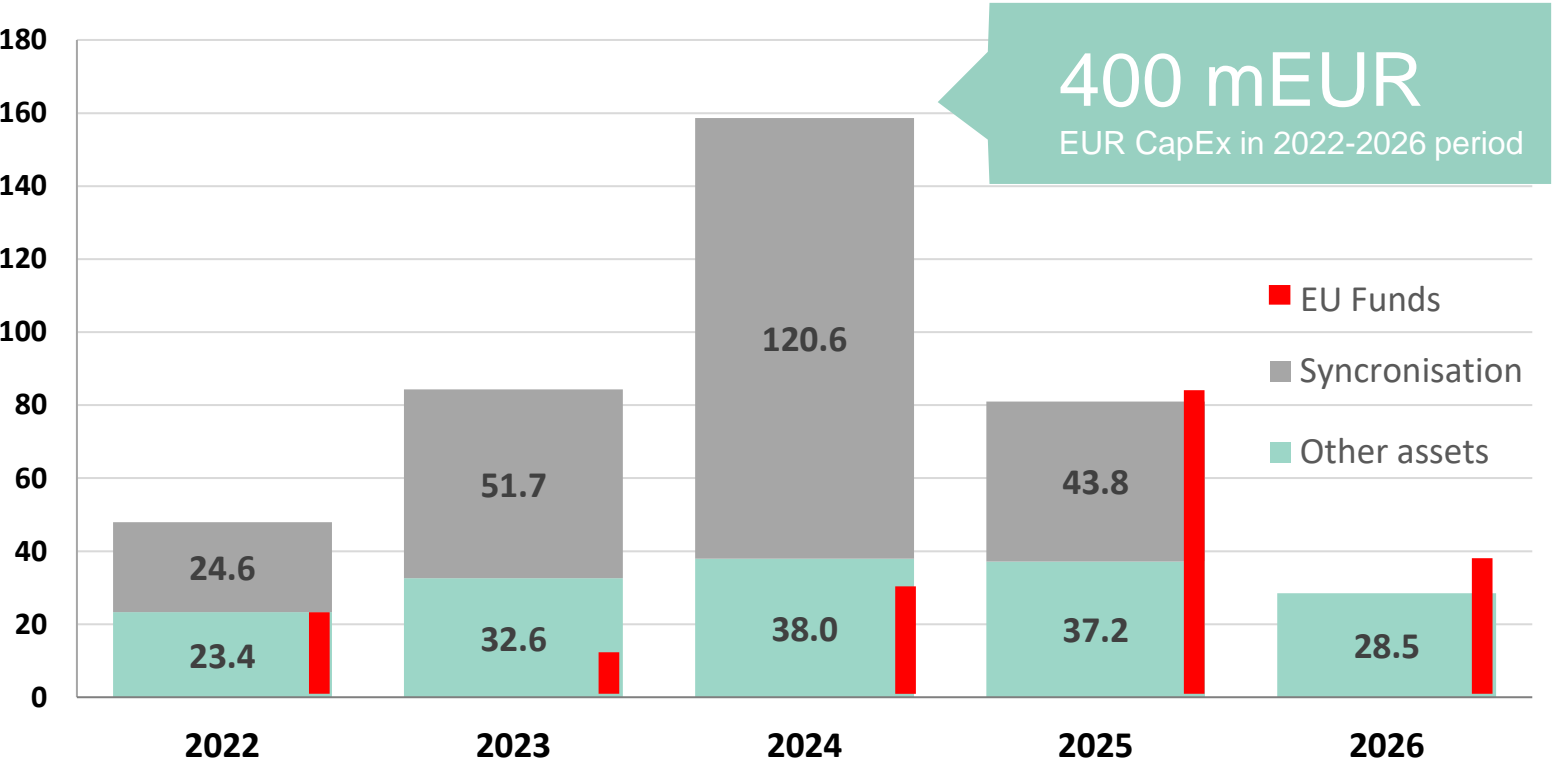
- "Enhancement of Inčukalns UGS" – total investments of 88 mEUR for the modernization of the storage facility (50% of which is co-financed by the EU). Implementation years 2018 – 2025. During the reporting period there were investments made in the amount of 2.1 mEUR.

The largest projects in the Gas transmission segment:

- "Enhancement of Latvia-Lithuania interconnection" (ELLI) – total investments of 5.5 mEUR are to be made by Conexus (50% of which co-financed by the EU). Implementation years 2019 – 2023. During the reporting period there were investments made in the amount of 0.5 mEUR;
- Transmission gas pipelines repairs: 0.4 mEUR;
- Izborska – Inčukalns UGS insulation replacement: 0.5 mEUR

CAPITAL INVESTMENTS 2022 - 2026

CAPITAL INVESTMENTS IN ELECTRICITY TRANSMISSION SYSTEM, mEUR



Synchronization Phase 1, estimated investment will reach 72.7 mEUR with 75% EU support for eligible expenses

- Reconstruction of two existing EE-LV interconnections;
- Additional equipment for the technical requirements set by ENTSO-E;

Estimated to be completed by 2024

Synchronization Phase 2, estimated investment will reach 169.7 mEUR, with 75% support for eligible expenses (92.6 mEUR Max)

- Stationary synchronous compensators;
- Frequency regulation equipment (Battery Energy Storage System – BESS);

Estimated to be completed by 2025



PLANNED EVENTS

HIGHLIGHTS

- EMERGENCY DESYNCHRONIZATION OF THE BALTIC POWER SYSTEM FROM THE BRELL POWER SYSTEM.
- **NEW TARIFF METHODOLOGY**
- REALIZATION OF CAPITAL INVESTMENT PROJECTS
- FINANCIAL RISK MANAGEMENT

- PROVISION OF NATURAL GAS RESERVES
- POTENTIALLY - UNPLANNED INVESTMENTS IN THE NATURAL GAS TRANSMISSION SYSTEM
- ESTABLISHMENT OF A GAS ORIGIN CERTIFICATION SYSTEM IN LATVIA
- BAN ON NATURAL GAS DELIVERIES FROM THE RUSSIAN FEDERATION FROM JANUARY 1, 2023.

TARIFF METHODOLOGY - CHANGES APPROVED AUGUST 2022

REVENUE AND NON-CONTROLLABLE EXPENSES DIFFERENCES REGULATED COMPANY RECEIVES IN NEXT YEAR TARIFF INSTEAD OF FORE COMING TARIFF PERIOD, THAT COULD BE 2 YEARS, USING UPDATED FORECASTS FROM THE LAST 6 MONTHS.

THE INCREASE IN THE PRICE OF ELECTRICITY GREATER THAN 7 EUR CAN BE RECOVERED IN THE NEXT TARIFF PERIOD THROUGH REGULATORY INVOICE

CONGESTION FEE REVENUES CAN BE USED TO REDUCE THE TARIFF

THE CHANGE IN THE RATE OF RETURN ON CAPITAL FROM REAL TO NOMINAL (FROM 2025)

THE RESULT OF REVALUATION OF ASSETS CARRIED OUT AFTER 01.01.2022 WILL NOT BE INCLUDED IN THE RAB



QUESTIONS & ANSWERS

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