PRESENTATION OF **PLINOVODI** AND ITS RESULTS IN 2023

RELIABLE, SAFE, PROFESSIONAL AND ALWAYS ADVOCATING **DECARBONISATION OF THE TRANSMISSION SYSTEM**

Plinovodi
Connected through energy

We are ensuring that our gas transmission system is well-functioning, safe and reliable, and operating without interruptions and with efficiency that meets the transmission capacity demands.

Financial results of 2023 demonstrate very successful operation despite changes in regional gas markets that are beyond our control. In 2023, we generated just under EUR 68 million of net sales revenue and EUR 9 million of net profit. We continued with reliable and normal transmission of gas through the transmission system for domestic and foreign users. We successfully executed demanding repair of the gas pipeline damage in the area of Pragersko caused by a third-party intervention.

With the emergence of energy crisis which followed the geopolitical development at eastern supply corridors, the changes were also felt in the Slovenian transmission system. Already is 2022, we updated the western supply route, and in 2023 we continued with the project to construct an additional compressor unit at the Ajdovščina compressor station and the project to construct a new cross-border metering and control station in Vrtojba.

Together with a Croatian operator, we also carry out activities to increase the capacities of the southern supply route.

Based on continuous knowledge upgrade and experience obtained in the previous year, the Company will direct its actions towards providing reliable supply, decarbonising the pipeline system and integrating energy players.

Despite having established a reliable cross-border connectivity with gas sources, Plinovodi is actively engaged in future operation focusing mainly on making transmission "greener" using new energy and gas technologies.

Together with our loyal and committed colleagues and by regularly updating line of knowledge of the transmission system and implementing infrastructure projects we will strengthen our values and missions.

Marjan Eberlinc, *BSc in Mech. Eng.*
General Manager

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

2023 AAA Platinum Creditworthiness

Family Friendly Enterprise

ISO 14001

Zlata nit

www.plinovodi.si 01/5820-700 info@plinovodi.si /company/plinovodi-d.o.o.

KEY ACHIEVEMENTS IN 2023

11.8 TWh
of transmitted gas in 2023, of which more than 74 % for Slovenian users.

2,037 GWh
of exchanged gas via the Virtual point based on 1,692 transactions.

269
transactions executed on the Trading platform in the total volume of 229 GWh of gas.

Booking of cross-border entry and exit capacities was exceeded compared to 2022 as well as the plan.

Intensive execution of activities associated with the M6 Ajdovščina-Lucija project and the CP Ajdovščina project expansion.

Successfully conducted traditional expert event “Gas market in the Republic of Slovenia”.

Successfully executed demanding repair of the gas pipeline damage in the area of Pragersko caused by a third-party intervention.

The draft of the Ten-year gas transmission network development plan for the 2024-2033 period was drawn up as well as the Investment plan for the 2024-2026 period.

Plinovodi d.o.o. is transmission system operator.

Ownership structure:
sole shareholder Plinhold d.o.o.,
100 % ownership share

- **124** employees at the registered office in Ljubljana
- **19** employees at the maintenance centre in Maribor
- **4** employees at the Kidričevo compressor station
- **2** employees at the Ajdovščina compressor station

PROVIDING **DIVERSITY OF SERVICES**

We provide system users an option to book transmission capacity and thus use the gas transmission system to transmit the agreed gas volume during the stipulated period.

Our system users can be divided to several **segments,** including large industrial users, electricity producers, co-generators of heat and electricity, distribution networks and other consumption, for example essential social services (hospitals), CNG filling stations, public utility companies, commercial customers connected to the transmission system.

System users can carry out gas transmission by signing respective gas transmission contracts:

- **At the exit points in the Republic of Slovenia,** which is done in standard way by paper documentation or electronically via the EPUS on-line portal, and
- **At cross-border** interconnection points based on the auction via the on-line booking platform – PRISMA.

A system user may enter into gas transmission contract with the aim of booking transmission capacity in the transmission system for different periods (daily, monthly and annually, at cross-border points also within daily and quarterly booking).

Virtual Point (VP)

Within the Virtual Point, we offer the following three services: execution of transactions, a trading platform, and a bulletin board. At the Virtual Point, members of the Virtual Point can perform gas transactions for the purpose of balancing their portfolios, transactions for the needs of gas supply to system users or gas resale transactions.

Balancing market

A special service of the Virtual Point is Trading Platform (TP) that enables transmission system operator and balancing group leaders to carry out transactions with gas volumes for balancing purposes.

Portal for the preparation of forecasts

Based on the methodology for forecasting a network user's non-daily metered off-takes which determines consumption based on the load profile for a non-daily metered off-take point, the portal provides suppliers with more accurate information on the consumption of their consumers.

EPUS - Unified platform of system users

Through the platform, we provide all system users with unified electronic access to important information.

Key advantages:

- Unified access to all contents of existing applications;
- Unified on-line platform with modern design;
- Increased level of cybersecurity;
- Autonomous management of rights through local administrators;
- Also available in a mobile version.

EIS – Unified Information System

Based on the amendments of the Gas Supply Act in September 2022, we have been assigned the task of establishing, managing and maintaining the Unified Information System to provide gas market operation and reliable gas supply.

The EIS system is designed to receive the data on configurations of all consumption points in the Republic of Slovenia and the data on the consumption per hour for each consumption point.

DISPLAYING **SUCESSFUL BUSINESS OPERATIONS**

The realisation of the transmission capacity booking at cross-border entry and exit points was higher in 2023 compared to 2022.

Booked **entry capacities** at cross-border

55,625 MWh/day **(jan-dec 2022)**

63,028 MWh/day **(jan-dec 2023)**

Booked **exit capacities** at cross-border

22,399 MWh/day **(jan-dec 2022)**

25,699 MWh/day **(jan-dec 2023)**

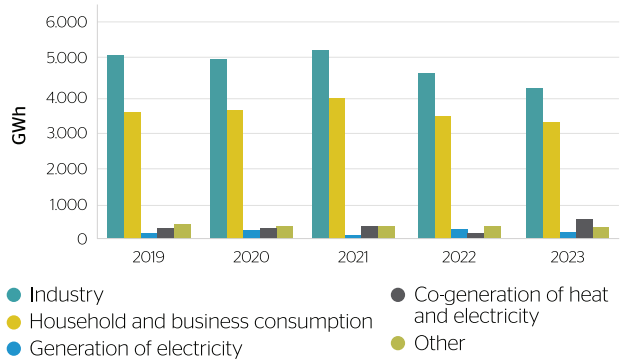
Booked **exit capacities** in the Republic of Slovenia

54,490 MWh/day **(jan-dec 2022)**

53,539 MWh/day **(jan-dec 2023)**

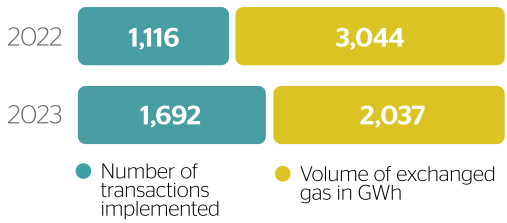
Gas consumption in Slovenia by segments in the 2019-2023 period;

In the period from 2019 to 2021, the gas consumption trend was positive in Slovenia; in 2021, the consumption exceeded 10 TWh for the first time after 2013, before decreasing again under 9 TWh. A drop of consumption in 2022 and 2023 is attributed to the war in Ukraine, which caused an increase in gas prices, reduction of Russian gas supply and implementation of the measure of voluntary consumption reduction from August 2022 on.

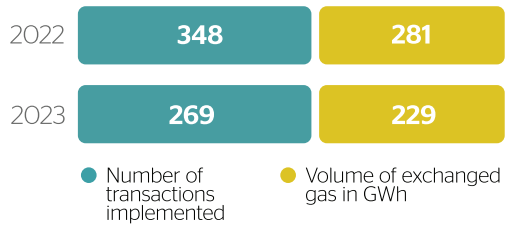


Review of transactions and exchanged gas quantities at VP and TP

In 1,692 transactions performed in 2023, 2,037 GWh of gas were exchanged at the virtual point.

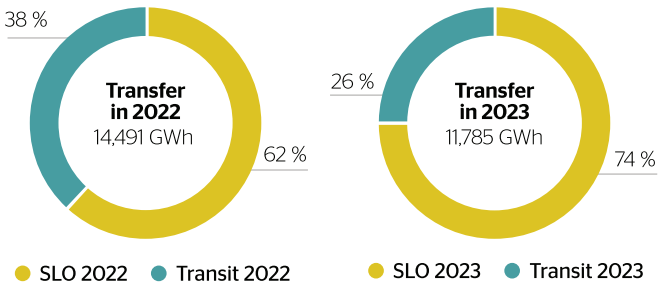


In 2023, we as a transmission system operator **purchased or sold 229 GWh** of gas on the trading platform for balancing of the transmission system.

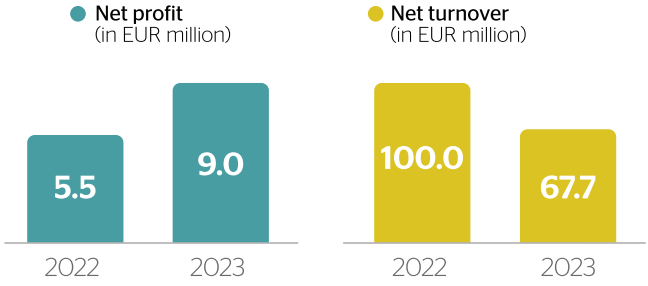


Gas transmission chart

8,772 GWh of gas were transmitted to users in Slovenia, i.e. **74 % of all gas** transmitted in 2023.



The net profit for 2023 is disclosed in the **amount of EUR 9 million**, which is 13.3 % of the net sales revenues.



Balance sheet total at the end of the period

346.7 2022

326.8 2023

(in EUR million)

The balance sheet total was just under **EUR 327 million** at the end of 2023, and is by 5.7 % lower than at the start of the year.

Company **EBIT / EBITDA**

9.0 / 12.4 EBIT (2022 / 2023)

25.8 / 29.5 EBITDA (2022 / 2023)

(in EUR million)

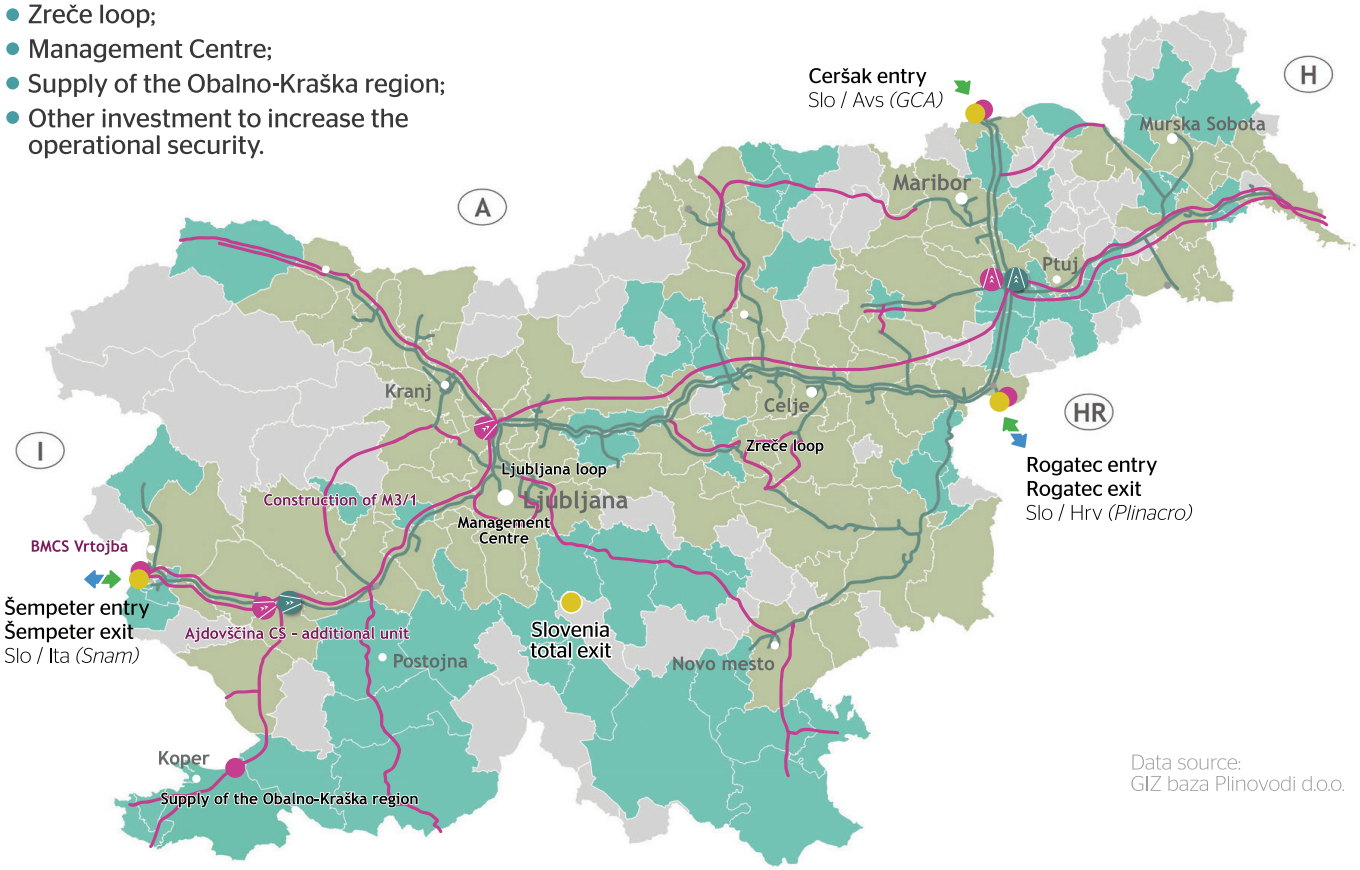
In 2023, EBIT and EBITDA were **up by 37.8 %** and **14.3 %** respectively compared to the previous year.

MAINTAINING AND **BUILDING A SAFE** AND **RELIABLE** TRANSMISSION SYSTEM

To provide adequate transmission capacity to cover the Slovenian demand in the event of a shortfall in gas supply from the eastern supply direction, and also to harmonise with the existing capacity and operating pressure of the Italian transmission system, the upgrade of the transmission system is foreseen in the area between Italy and the Ajdovščina compressor station, namely **in three segments: new BMCS Vrtojba cross-border station, additional unit for the Ajdovščina compressor station, construction of the gas transmission pipeline M3/1.**

Other connectivity and reliability projects:

- Ljubljana loop;
- Zreče loop;
- Management Centre;
- Supply of the Obalno-Kraška region;
- Other investment to increase the operational security.



- Projects for developing interconnection points
- Projects for developing interconnection points
- Existing compressor stations
- Relevant point
- Municipalities with DS operators
- Potentially connectible municipalities
- Existing transmission pipelines
- Other planned transmission pipelines
- Direction of transmission at the cross-border point

Slovenian gas transmission system:

- **1,197 km** of gas pipelines;
- Compressor stations in Kidričevo (10 MW) and Ajdovščina (9 MW);
- Over **150 users** of gas transmission system, including **12 distribution system operators;**
- **257** metering and regulation stations or other stations;
- **93 municipalities** already supplied with gas, 15 municipalities soon to be included;
- Relevant points: Ceršak, Rogatec, Šempeter and exit in Republic of Slovenia.

1,197 km

Status as of 01/01/2024

Total · Pipelines with a diameter of 800mm · Pipelines with a diameter of 500 mm · Pipelines with a diameter of 400 mm · Other pipelines of smaller diameters

ADVOCATING DECARBONISATION
OF THE TRANSMISSION SYSTEM

Plinovodi is prepared to take an active role in preparing the transmission system to include renewable gases.

In future, decarbonisation of the gas pipeline system will be based on replacing natural gas with renewable gases, such as biomethane, synthetic methane and green hydrogen.

In terms of the composition, synthetic methane and biomethane are very similar to natural gas and if all their parameters are within the allowed range defined by the Network code for the natural gas distribution system, they can be injected into the transmission system without any particular restrictions.

Over the next 10 years, we expect the cross-border transmission of renewable gases and injecting renewable gases produced in Slovenia into the gas transmission system to be established.

Biomethane
is obtained by biomass gasification or from biogas produced in the process of organic matter decomposition (slurry, agricultural plant residues and plant material, sewage effluent in waste water treatment plants etc.) under anaerobic conditions in fermentation plants (digesters).

Green hydrogen
is produced through water electrolysis using electricity from renewable energy sources.

Synthetic methane
is produced by CO_2 or CO methanation of green hydrogen in reactors for catalytic or biological methanation, where CO and CO_2 are generated by gasification of organic matter.

One of the important development trend is also the supply with 100 % green (renewable) hydrogen.

Over the period of 10 years, renewable gases, hydrogen in particular, are expected to be injected into the gas transmission system.

Because hydrogen has a great impact on the transmission capacities of the system, currently the maximum hydrogen concentrations in gas of up to 2 % are allowed.

It is envisaged that green hydrogen will become one of the relevant carriers of renewable energy, and will also enable cost-effective storage of renewable energy, which is key for successful operation of connected energy sectors. By joining the European Hydrogen Backbone initiative, Plinovodi has ensured that Slovenia will make progress jointly and in coordination with other most developed European countries in the field of hydrogen transmission.

ENNOH

In accordance with the Regulation on the internal market for gas from renewable energy sources, natural gas and hydrogen, the initiators from the majority of Member States (incl. Plinovodi) have initiated the procedure to establish the European Network of Network Operators for Hydrogen (ENNOH).

In performing its tasks under the EU law, ENNOH operates with a view to establishing a properly operating and integrated internal hydrogen market and contributing to efficient and sustainable achievement of objectives set out within the scope of the climate and energy policy, in particular by efficiently integrating hydrogen from renewable energy sources, and increasing energy efficiency while maintaining hydrogen network security. ENNOH will also draw up EU network codes and ten-year development plans for hydrogen networks.

LOOKING FORWARD TO A GREEN FUTURE

We will provide a gradual transition of the pipeline system to renewable gases by 2050.

Objectives by 2025:

- increasing the cross-border connectivity of transmission system to provide reliable gas supply and green transition;
- providing the gas supply to regions not yet covered to expand and increase the reliability of supply of the existing gas system;
- sector consolidating projects to provide higher reliability of the electricity system operation;
- projects preparing the gas transmission system to the introduction of new gases, such as green hydrogen and biomethane.

Objectives by 2030:

- implementation of the pilot project to inject hydrogen into the gas transmission pipeline;
- gradual transition to renewable gases from cross-border supply;
- constructing new pipeline buildings with elements and materials enabling the operation with 100 % hydrogen;
- implementing the change in use of sections of gas transmission system to operate with 100 % hydrogen to be included in hydrogen corridors and EHB.

Objectives by 2050:

- the transmission system acts as a long-term storage of surpluses of renewable electricity sources – combining sectors;
- the Slovenian transmission system is a part of the European Hydrogen Backbone (EHB);
- hybrid gas energy system.

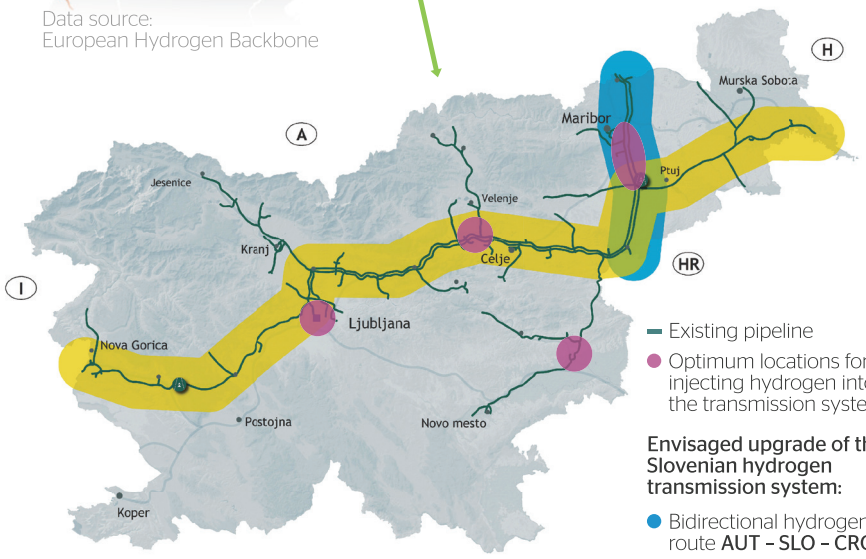
The European Hydrogen Backbone (EHB) and integration of the Slovenian transmission system

We will have two interconnected systems:

- **System for hydrogen;** and
- **System for mixture of hydrogen, renewable gases and natural gas.**

New hydrogen pipeline
Upgraded existing pipeline
Supply corridors

Data source:
European Hydrogen Backbone



Existing pipeline
Optimum locations for injecting hydrogen into the transmission system

Envisaged upgrade of the Slovenian hydrogen transmission system:

- Bidirectional hydrogen route **AUT – SLO – CRO**
- Bidirectional hydrogen route **ITA – SLO – HUN**

Data source: Ten-year development plan

Together with projected new pipelines, double pipelines will form two corridors for bidirectional hydrogen transmission between Austria, Italy, Croatia and Hungary. **Both corridors are part of the ENTSOG Ten-year Development Plan and candidates to obtain a PCI (Projects of Common Interest) status.**

Optimum locations for injecting hydrogen into the transmission system primarily meet two criteria:

- **Section on main gas pipeline with the highest flow rates; and**
- **Proximity of hubs on the electricity transmission system.**

PLINOVODI'S PARTNERS

Gas Infrastructure Europe · entsog · gas naturally · IGU International Gas Union · ehb European Hydrogen Backbone · PRISMA. · enno