

# ANNUAL REPORT FOR 2025

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

This version of the annual report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version takes precedence over this translation.

Riga 2026

# CONTENTS

## 3 INFORMATION ON THE COMPANY

- 10 Shareholders and Shareholders' Meeting
- 11 Supervisory Council
- 12 Management Board

## 17 MANAGEMENT REPORT

- 17 Main activities
- 21 Key financial indicators
- 22 Other events and further development
- 25 Events after the end of the reporting year

## 26 STATEMENT OF THE MANAGEMENT BOARD'S RESPONSIBILITY

## 27 FINANCIAL STATEMENTS

- 27 PROFIT OR LOSS STATEMENT
- 28 STATEMENT OF COMPREHENSIVE INCOME
- 29 STATEMENT OF FINANCIAL POSITION
- 31 STATEMENT OF CHANGES IN EQUITY
- 32 STATEMENT OF CASH FLOWS

## 34 NOTES TO THE FINANCIAL STATEMENTS

## 72 INDEPENDENT AUDITORS' REPORT



# INFORMATION ON THE COMPANY

Company	AS "Conexus Baltic Grid"	
Registration number	40203041605	
LEI code	485100YDVP9E8GT6PJ90	
Date and place of registration	January 2, 2017, Riga	
Address	Stigu Street 14, Riga, LV-1021, Latvia www.conexus.lv	
Major shareholders	AS „Augstsprieguma tīkls”	(68,46 %)
	„MM Infrastructure Investments Europe Limited”	(29,06 %)
Financial statements period	January 1, 2025 – December 31, 2025	

AS "Conexus Baltic Grid" (hereinafter "Conexus", "the Company") is an independent operator of a unified natural gas transmission and storage system in Latvia, managing one of the most advanced natural gas storage facilities in Europe, i.e., Inčukalns Underground Gas Storage (hereinafter referred to as "the Inčukalns UGS" or "the storage facility") and the main natural gas transmission system connecting the Latvian natural gas market with Lithuania and Estonia.

The customers of Conexus – users of the natural gas transmission and storage system – come from several countries of the Baltic Sea region – in 2025 transmission and storage facilities were used by companies from Finland, Estonia, Latvia, Lithuania and Poland, as well as from other European countries as Norway, Germany, and Switzerland. The system users are both private and state-owned local and international companies and represent different business sectors: natural gas wholesalers and retailers, energy producers, heating operators and manufacturing companies.

The natural gas transmission system and storage system services are regulated by the Public Utilities Commission (hereinafter "PUC", "the Regulator").

Conexus ensures the sustainability and safety of the infrastructure and highest quality of service, which promotes the development of the market and provides economic benefits to customers and society.

Conexus is a socially responsible company that creates added economic value, provides for the overall development of the industry, professional development of employees, sustainable employment, at the same time keeping the impact of technological processes on the environment to the minimum.

The parent company of Conexus, AS "Augstsprieguma tīkls" (legal address: Dārziema iela 86, Riga, LV - 1073, Latvia), provides sustainability information at the group level in accordance with the Sustainability Information Disclosure Law. According to Article 5 of this law, the subsidiary is exempt from preparing a sustainability report if the subsidiary's sustainability information is included in the parent company's consolidated sustainability report. The parent company's consolidated management report and sustainability report are available on the AS "Augstsprieguma tīkls" website<sup>1</sup>. The expected publication date of the AS "Augstsprieguma tīkls" 2025 consolidated report is April 30, 2025.

<sup>1</sup> <https://ast.lv/en/content/financial-statements>; <https://ast.lv/en/content/sustainability-reports>

WHO DO WE WANT TO BE?

## Vision

Sustainable gas transmission and storage operator in regionally integrated energy market.

WHY DO WE EXIST?

## Mission

To ensure reliable operation of gas transmission and storage through promotion of energy sector decarbonization and market development.

WHAT IS IMPORTANT TO US?

## Values

### Safety and security



It is important for us to have a secure and reliable gas transmission and storage.

### Competence



We value employees' competence, knowledge, professional experience, and orientation towards development.


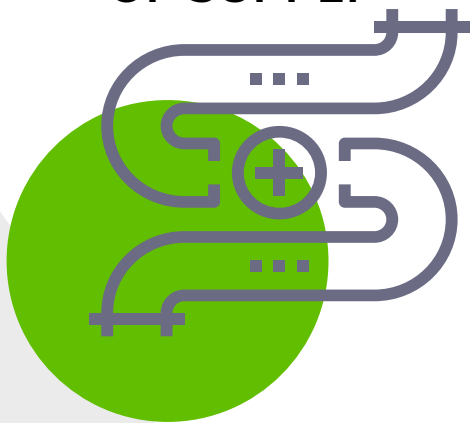

### Cooperation



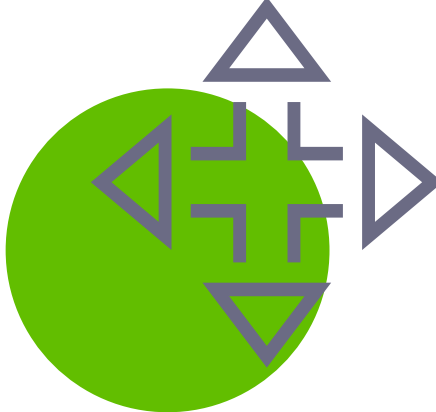


We support each other in decision making, we listen and search for common solutions both internally, and working with clients and current and potential partners.

# Goals of Conexus

Conexus medium-term (2023-2027) key goals are related to three areas: **market development, infrastructure safety and security of supply** and **sustainability**. Conexus strategic goals are set in accordance with Conexus' values, vision and mission.

<p><b>MARKET DEVELOPMENT</b></p> 	<p>Promote development and further integration of gas market, including promotion for growth of hydrogen and other gaseous energy carriers' markets</p>	<ul style="list-style-type: none"> <li>• <b>Facilitate integration of the regional market</b></li> <li>• <b>Promote cooperation with other regional transmission system operators (TSOs)</b>, to develop a unified position for the integration of biogas and hydrogen into the transmission networks, <b>by supporting biomethane injection into the transmission system</b></li> <li>• <b>Further development of Inčukalns UGS services</b> by securing higher flexibility, including compression withdrawal option</li> </ul>
<p><b>INFRASTRUCTURE SAFETY AND SECURITY OF SUPPLY</b></p> 	<p>Ensure available and secure gas transmission and storage infrastructure, at the same time researching and promoting adaptation options for injection of other gaseous energy carriers</p>	<ul style="list-style-type: none"> <li>• <b>Implement projects of common interest</b></li> <li>• <b>Carry out research and development projects</b> for identifying technical possibilities and necessary investments for repurposing of the existing infrastructure for the blending or pure hydrogen usage, including by building infrastructure fit for hydrogen</li> <li>• Asset management based on future challenges</li> </ul>
<p><b>SUSTAINABILITY</b></p> 	<p>Focus on climate and environmental sustainability aspects</p>	<p>When focusing on sustainability, Conexus shall devote its attention to environmental aspects:</p> <ul style="list-style-type: none"> <li>• <b>E</b> – regional market integration that promotes renewable gas development, secure transmission and storage infrastructure, while focusing on NOx and GHG (greenhouse gas) emission reduction</li> <li>• <b>S</b> – safety-oriented culture, professional and development-oriented team</li> <li>• <b>G</b> – compliance with the Corporate Governance Code</li> </ul>

Alongside strategic targets, Conexus has defined horizontal targets closely related to and enhancing the achievement of all planned medium-term goals.

	<p><b>Focus on organizational development and efficiency</b></p>	<p>Conexus will facilitate funding opportunities, as well as enhance operational efficiency.</p>
	<p><b>Digitalisation and cybersecurity</b></p>	<p>Conexus will continue digitalization projects focusing on operational technology, physical security, fire safety and cybersecurity.</p>
	<p><b>Professional and development-oriented team</b></p>	<p>Conexus' value is a professional team; therefore, the Company will develop a program which will provide opportunity for employees to develop skills by creating individual development plans. Learning new skills will be promoted to adapt to renewable gas technologies, as well as transfer of skills and knowledge from experienced employees to new ones. Conexus will create a competitive and flexible remuneration system to facilitate professional development of the team.</p>

# SEGMENTS

## Storage

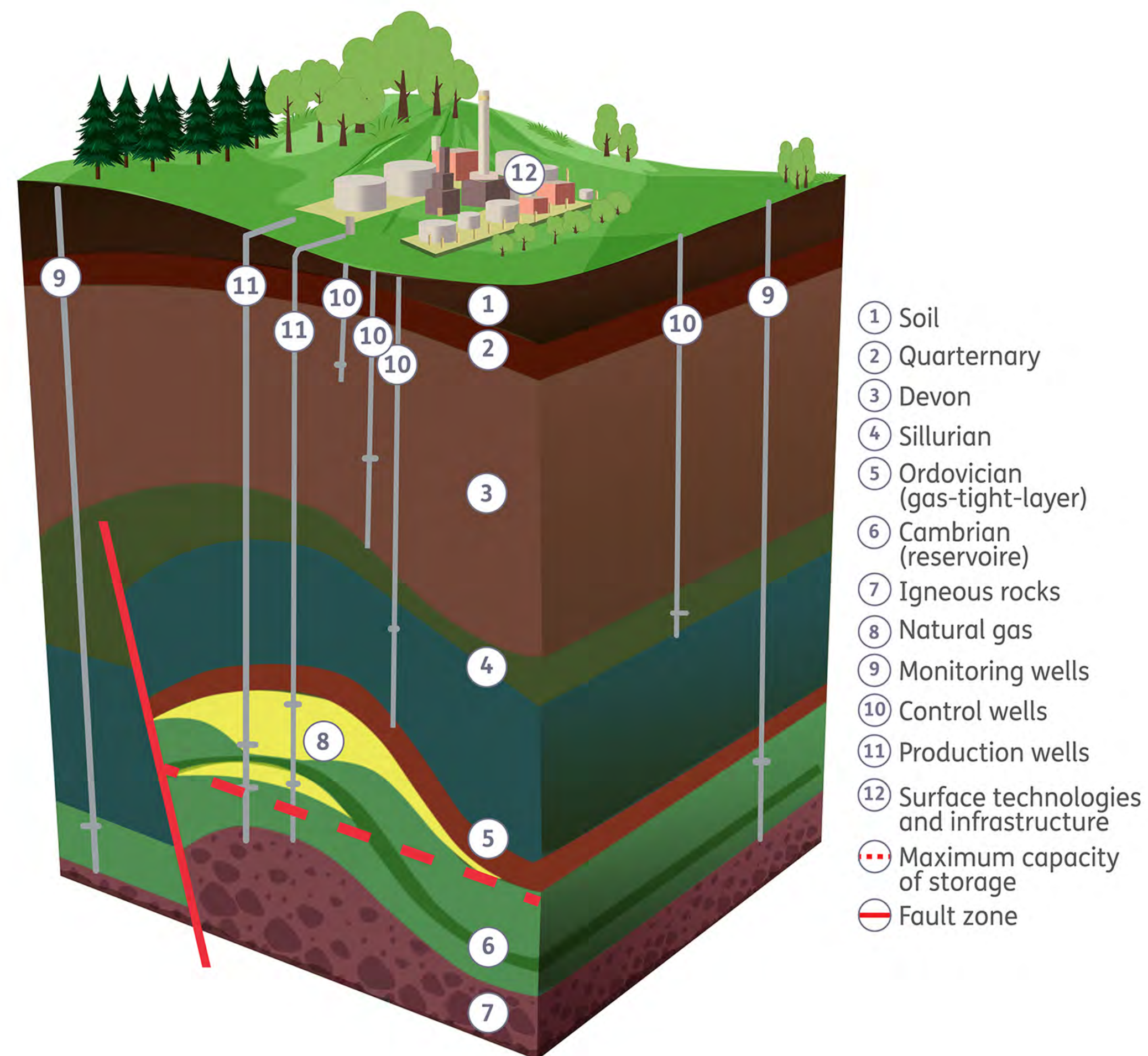
**Conexus is the unified operator of the natural gas transmission and storage system, which includes the Inčukalns UGS facility. This facility ensures the injection, storage, and withdrawal of natural gas, supplying it to the main gas pipelines.**

The Inčukalns UGS consists of surface technological equipment, wells, and an underground reservoir. The reservoir is a naturally formed Cambrian-era sedimentary rock aquifer located approximately 600–750 meters deep.

Latvia is crossed by a geological layer of Cambrian-era sedimentary rocks. In Latvia, the porous sandstone sedimentary rock of the Cambrian era is characterized by exceptionally good physical properties, with porosity reaching up to 30%, allowing for economically efficient natural gas storage.

The central area of the Inčukalns UGS and the equipment necessary for ensuring technological processes—three gas collection points (GCP) and 180 gas storage wells (control, observation, and 93 operational wells for the injection and withdrawal of natural gas)—occupy an area of approximately 8 400 hectares. The geological structure (collector layer) of the Inčukalns UGS covers an area of about 25 km<sup>2</sup> and is located in the Sigulda, Saulkrasti, and Ropaži regions. According to the Cabinet of Ministers' regulations No. 773 of December 13, 2016, "Regulations on the determination of the state-significant subsoil area 'Inčukalns natural gas storage,'" the subsoil area covers 83 722 km<sup>2</sup>.

The maximum possible volume of active natural gas storage in the Inčukalns UGS technological project is up to 25 TWh. The pressure in the collector layer and the amount of natural gas stored in it are influenced by several technological factors, especially the actual natural gas filling of the Inčukalns UGS in previous storage cycles and the injection intensity during a specific storage cycle. The stability of the injection regime has significantly changed in recent years, based on the commercial considerations of system users at the time.



The Inčukalns UGS is a complex engineering-geological object, whose operation is associated with specific risks and resulting operational conditions. Exceeding the maximum allowable pressure of the collector layer (the pressure at which the storage cap layer remains impermeable) is not permissible. This can cause gas leaks into higher-lying layers, i.e., result in gas losses and pollution. Similarly, exceeding the

maximum allowable injection pressure is not permissible, as it can cause hydraulic fracturing of the collector layer—collapse of the sandstone crystalline lattice and damage to surface technological equipment.

The task of the gas storage is to ensure a continuous gas supply to consumers regardless of seasonal consumption changes, by injecting natural gas in summer and withdrawing it in winter. The Inčukalns UGS is the only functioning underground gas storage in the Baltic States, ensuring gas supply stability for the region since 1968.

Natural gas injection into the Inčukalns UGS is carried out with the help of compressors, while withdrawal is mainly done using the pressure difference created during injection. With the opening of the natural gas market and the development of the regional market, the role of the Inčukalns UGS has increased, improving both supply flexibility and gas supply security in the region. In the unified natural gas market, the Inčukalns UGS promotes competition among suppliers and ensures the stabilization of natural gas prices in the region.

#### **As the storage operator, Conexus:**

- ✔ Ensures the continuous operation of the Inčukalns UGS, monitoring and controlling the stability of the storage, inspecting equipment, preventing infrastructure damage, and investing in the development and safety of the storage;
- ✔ Provides system users with fair and equal access to the Inčukalns UGS, giving them the opportunity to store natural gas in accordance with the Inčukalns UGS usage rules approved by the Public Utilities Commission (SPRK).

The type of storage capacity auction is “pay-as-clear”, ensuring transparency of storage capacity booking according to market conditions and equal access to storage services.



# Transmission

**Conexus is the unified operator of the natural gas transmission and storage system, ensuring the maintenance, safe and continuous operation of the natural gas transmission system, and interconnections with the natural gas transmission systems of other countries, allowing system users to use the natural gas transmission system for natural gas trading**

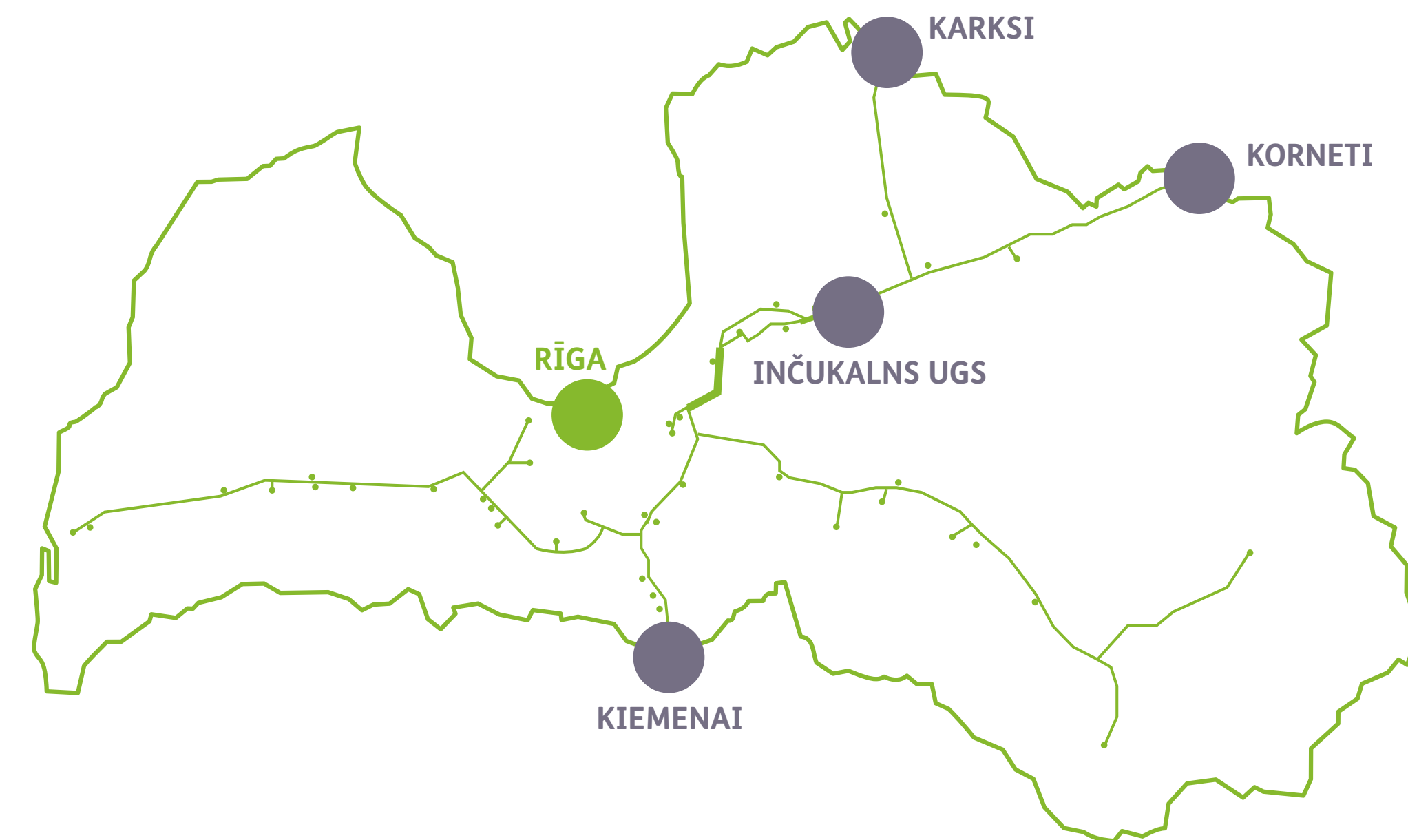
The Company's natural gas transmission system is 1 190 km long and directly connected to the natural gas transmission systems of Lithuania and Estonia, ensuring both the transmission of natural gas through pipelines within Latvia and interconnections with the natural gas transmission systems of neighboring countries.

The nominal diameter of the gas pipelines in the Latvian natural gas transmission system that ensure gas transmission to neighboring countries is DN700 mm, with an operating pressure range of 28–50 bar, while the nominal diameter of the pipelines intended for Latvian supply is DN100-DN500 mm, with an operating pressure of up to 35 bar. To transport natural gas to the local distribution system in Latvia, 40 gas regulation stations are used.

## **As the transmission system operator, Conexus:**

- ◆ Ensures the stability of the transmission network and is responsible for technical balancing, providing system users with continuous and safe supply opportunities;
- ◆ Ensures the continuity of natural gas transmission system services by maintaining the infrastructure in technical order;
- ◆ According to the conditions of the open Latvian natural gas market, provides system users with non-discriminatory access to the use of the gas transmission system, offering transmission capacity products so that traders can use the main transmission network capacity for wholesale natural gas trading and delivery to customers;

## Natural gas transmission system of Latvia



- ◆ Together with the Estonian operator Elering, maintains a virtual trading point (VTP) in the unified balancing zone of the Latvian and Estonian natural gas transmission systems, providing system users with the opportunity to commercially exchange gas within the system.
- ◆ Since the spring of 2024, biomethane produced in Latvia has also been entering the interconnected gas system. Conexus ensures the issuance of guarantees of origin for biomethane.



# CORPORATE GOVERNANCE

The governance of Conexus is carried out by the Shareholders' Meeting, the Supervisory Council, and the Management Board, based on external regulatory acts, Conexus statutes, the regulations of the Shareholders' Meeting, the Supervisory Council, and the Management Board, decisions, medium-term operational strategy, business plan, goals, and budget. The Supervisory Council and the Management Board perform governance duties in full composition.

The corporate governance framework of the Company is determined by Conexus's corporate governance policy. It sets out the main principles of how Conexus implements effective and sustainable corporate governance and operational transparency. The corporate governance framework is also determined by the approved Conexus risk management policy, which aims to ensure uniform risk management principles to timely identify and manage the most significant factors negatively affecting Conexus's operations, ensuring the achievement of strategic goals, successful development, and reducing potential losses or damage to reputation.

# Shareholders and Shareholders' Meeting

The main Company's management body is the Shareholders' Meeting, which elects the Supervisory Council of Conexus.

Conexus is a closed joint-stock company with 100 % dematerialised shares. The total number of shares is 39 786 089 with nominal value of EUR 1,0 one share grants its holder one vote at the General Meeting of Shareholders. The total number of shareholders exceeds 4,8 thousand. 97,52 % of the total number of shares is owned by the two largest shareholders – AS "Augstsprieguma tīkls" (68,46 %) and "MM Infrastructure Investments Europe Limited" (29,06 %).

Company's shareholders register is maintained electronically, which is ensured by Nasdaq CSD SE in accordance with the concluded agreement.

## Shareholders as of December 31, 2025:



In 2025, the Shareholders' Meetings were organized in person with the option for shareholders to also participate remotely. To ensure maximum shareholder involvement in decision-making, all shareholders were invited to participate in the Shareholders' Meeting in writing, by filling out a voting form available on the Conexus website before the meeting.

# Supervisory Council

The Supervisory Council represents the interests of shareholders between Shareholders' Meetings and oversees the activities of the Management Board. The principles and main duties of the activities of the Supervisory Council are determined by the Statutes and the regulations of the Supervisory Council. The tasks and responsibilities of the Supervisory Council are regulated by normative acts. The Supervisory Council has not established separate committees.

On April 2, 2025, a submission was received from the shareholder AS "Augstsprieguma tīkls" to withdraw the Supervisory Council members nominated by AS "Augstsprieguma tīkls" - Ilmārs Šņucins, Zane Āboliņa,

Ivars Moisejs, and Normunds Šuksts - to comply with the requirements of Section 7.2 of Article 7 of the Law "On Prevention of Conflict of Interest in Activities of Public Officials." According to the ninth part of Article 296 of the Commercial Law, if a member of the Supervisory Council leaves office or is recalled before the end of the term of the Supervisory Council, new elections of members of the Supervisory Council are held, in which the entire Supervisory Council is re-elected. At the Shareholders' Meeting on April 24, 2025, all members of the Supervisory Council were re-elected for a one-year interim term until April 23, 2026. The previous Supervisory Council's term of office was from April 27, 2023, to April 26, 2026.

Term of office from April 24, 2025 till April, 23 2026



(from  
January 3,  
2018)

**ILMĀRS ŠŅUCINS**

Chairman of the  
Supervisory Council



(from  
April 30,  
2020)

**TOMOHIDE GOTO**

Vice-Chairman of the  
Supervisory Council



(from  
April 28,  
2022)

**IVARS MOISEJS**

Member of the  
Supervisory Council



(from  
May 12,  
2021)

**VIKTORS SENTUHOVSKIS**

Member of the  
Supervisory Council



(from  
April 30,  
2020)

**ZANE ĀBOLIŅA**

Member of the  
Supervisory Council



(from  
April 27,  
2023)

**MASANOBU FURUYA**

Member of the  
Supervisory Council



(from  
April 30,  
2020)

**NORMUNDS ŠUKSTS**

Member of the  
Supervisory Council

# Management Board

Responsibility for Conexus's daily management rests with its executive body, the Management Board. The activities of the Management Board are carried out by three board members. The members of the Management Board are elected by the Supervisory Council for a five-year term, determining their main areas of competence: Chairman of the Management Board (CEO), a member of the Management Board (technical director), and a member of the Management Board (financial director). The division of the main and other areas of competence of the members of the Management Board is determined by the organizational structure of Conexus. The tasks and responsibilities of the Management Board are regulated by normative acts. The principles of the Management Board's activities, as well as the main duties, are determined by the statutes and the Management Board's regulations. The members of the Management Board jointly manage Conexus and are independent in decision-making. The right to represent Conexus is held jointly by two members of the Management Board. The members of the Management Board comply with the restrictions imposed on them by normative acts regarding transactions, holding positions, and participation in other commercial companies.

The Management Board organizes its work according to the functional principle: each member is responsible for a specific area of activity according to their professional knowledge, experience, and competencies in the respective area of responsibility:

- ✦ the Chairman of the Management Board (CEO) is responsible for general management, including strategic management, personnel and legal support issues, commercial matters, communications, and environmental and occupational safety issues.
- ✦ the member of the Management Board (technical director) is responsible for the technical management of gas transmission and storage systems, as well as technical development and investment management issues.
- ✦ the member of the Management Board (financial director) is responsible for financial, risk management, information technology (IT), economic support, and transport issues.



**ULDIS  
BARISS**

CHAIRMAN OF THE  
MANAGEMENT BOARD

Term of office: November 16, 2023 – November 15, 2028



**RINALDS  
DIMIŅŠ**

MEMBER OF THE  
MANAGEMENT BOARD

Term of office: January 1, 2024 – December 31, 2028



**MĀRTIŅŠ  
GODE**

MEMBER OF THE  
MANAGEMENT BOARD

Term of office: January 1, 2024 – December 31, 2028

# Remuneration policy of Supervisory Council and Management Board

The remuneration and compensation of the members of the Management Board are determined by the Supervisory Council, taking into account remuneration policy of the members of the Management Board and the Supervisory Council, the principles set out in the Law on Governance of Capital Shares of Public Persons and Capital Companies, as well as the maximum amounts specified in the Cabinet of Ministers regulations issued based on this law, aligning the amount of remuneration with the scope of the duties of the members of the Management Board. The remuneration of the members of the Supervisory Council is determined by the shareholders of the Company, adopting the relevant decision and taking into account the aforementioned internal and external regulatory acts. All decisions of the Shareholders' Meeting are publicly available on the company's website. Information about the remuneration of the Management Board and the Supervisory Council is published in the Company's annual report. The amount of remuneration is determined by the decision of the Supervisory Council (regarding the Management Board) and the Company's annual Shareholders' Meeting (regarding the Supervisory Council).

The remuneration policy of the members of the Management Board and the Supervisory Council determines the remuneration and variable part of the remuneration of the members of the Management Board and the Supervisory Council. The contract with a member of the Management Board additionally specifies the procedure for termination of cooperation and contributions to a private pension plan. The collective agreement does not apply to the members of the Supervisory Council and the Management Board.

According to the remuneration policy of the members of the Management Board and the Supervisory Council, the remuneration system is designed to ensure the competencies necessary to achieve the Company's goals, promoting the implementation of the Company's mission, vision, and strategy, the balance and competitiveness of the remuneration system. The remuneration system is based on the following principles:

- 🔥 **fairness** – remuneration is appropriate to the professional qualifications, performance, and responsibilities of the member of the Management Board or the Supervisory Council;
- 🔥 **competitiveness** – the level of remuneration is in line with market trends;
- 🔥 **transparency** – the remuneration system is understandable to the Company's shareholders, the members of the Supervisory Council and the Management Board, as well as employees;
- 🔥 **motivation** – the remuneration system promotes development and the desire to continue cooperation with the company.

The remuneration of the Supervisory Council members for 2025 was paid in proportion to the period worked. In 2025, the Deputy Chair of the Supervisory Council, Tomohide Goto, received remuneration in the amount of EUR 27 840,00; members of the Supervisory Council Zane Āboliņa, Viktors Sentuhovskis, Masanobu Furuya and Normunds Šuksts each received EUR 27 600,00, while member of Supervisory Council Ivars Moisejs received EUR 27 396,16.

The remuneration paid for 2025 to the Chairman of the Management Board, Uldis Bariss, amounted to EUR 205 950,00; the members of the Management Board Rinalds Dimiņš and Mārtiņš Gode received EUR 185 355,00 each.

# Risk management and internal audit

## Risk management

The risk management objectives and key principles are defined in the Company's Risk Management Policy, approved by the Supervisory Council in 2021, and the risk management process within the Company is carried out in accordance with the Risk Management Procedure approved by the Management Board in 2025.

The objective of risk management is to ensure unified risk management principles in order to identify and manage, in a timely manner, the key factors that negatively affect the Company's operations and the loss of significant opportunities, thereby ensuring the achievement of the Company's strategic goals, successful development, and the reduction of potential financial and reputational harm.

Risk management is implemented as a continuous, unified and coordinated process at all levels of the Company. It is integrated both into the development and implementation of the strategy, as well as into daily operational activities, with the aim of supporting the execution of the Company's functions, the achievement of its objectives and long-term sustainability.

The Company promotes business conduct based on principles of integrity in compliance with ethical standards and undertakes the necessary actions to prevent risks of corruption and fraud, as well as to foster improvements in the control environment.

The Company applies prudent risk-management methods, basing its risk management and internal control system on the three lines of defence, an effective operational structure, and clear objectives,



strategies and guidelines that are appropriate to the Company's activities and aimed at ensuring effective overall risk mitigation.

**To ensure effective oversight of the risk-management and internal control system, the Company has implemented three lines of defence:**

- 1. first line** – primary risk management. The Company's business units, including Gas Transmission, the Inčukalns UGS, the Information Technology Department and the Commercial Division, are the risk owners and carry out primary risk management within their areas of responsibility. They identify, assess and analyse risks, develop internal controls and ensure their implementation with the aim of reducing the impact, likelihood, or both, of risks. They also identify and analyse incidents and report on risks.
- 2. second line** – oversight and control of the risk management process. The oversight and control function of the risk management process coordinates and monitors the identified risks but is not always the risk owner. This includes, among others, the Human Resources Department, the Legal Department, the Information Technology Department, the Environment and Occupational Safety Department, and the Information Technology Security Unit. Within the Company, the risk management process oversight and control is the responsibility of the Risk Manager.
- 3. third line** – independent assurance. This function within the Company is performed by the Internal Audit Department, which is independent both from the Company's operational units ('first line of defence') and from the risk management oversight and control function ('second line of defence'). It provides an independent assessment of risk management, reports directly to Supervisory Council, and makes recommendations for improving the risk management system.

**All risks within the Company are analysed and grouped according to the responsibilities of the functions managing them. Risk management covers the following risk groups:**

- ◆ **strategic and corporate risks**, including strategic risks; regulatory risks; market, competition and economic risks; project management risks; reputational risks; communication risks; human resource management and organisational risks; legal and compliance risks; sanctions and transaction execution risks; personal data processing risks;
- ◆ **information technology and cybersecurity risks;**
- ◆ **transmission operational risks;**
- ◆ **storage operational risks;**
- ◆ **financial risks**, including capital risk; financing risk; currency risk; credit risk; liquidity risk; tax risk; accounting risk; interest rate risk;
- ◆ **environmental, occupational and physical safety risks**, including environmental risks; occupational environment risks; physical security risks;
- ◆ **fraud and corruption risks;**
- ◆ **sustainability risks** — related to environmental, social or governance aspects and not treated as a separate risk group. These are incorporated into existing risk groups, assigning each sustainability aspect to the corresponding risk category.

In 2025, the Company carried out its annual risk review, during which internal working groups assessed and analysed the most significant risks to operations across all risk groups. This included evaluating the likelihood of each risk and its impact on strategic objectives, the environment, finances, tariffs, individuals and reputation, as well as identifying critical controls and the necessary risk-mitigation measures.

To strengthen the management of sustainability risks, an initial assessment of physical risks arising from climate change was carried out during the reporting year. This included an evaluation of weather-related changes that could potentially have a significant impact and cause considerable negative consequences for the Company's operations, its infrastructure, personnel and the environment.

The Management Board reports to the Supervisory Council once a year on the results obtained and the steps taken within the risk management process.

# Internal audit

The internal audit department is an independent unit of the Company, tasked with assessing and improving the effectiveness of internal controls, risk management, and governance processes, including sustainability reporting. Functionally, internal audit reports to the Supervisory Council, but administratively, it reports to the Management Board. The professional guidelines for internal audit activities are determined by the internal audit policy, internal audit procedure, the definition of internal audit approved by the Institute of Internal Auditors, the code of ethics, and international internal audit standards. Internal audit activities cover all Company risks, processes, units, and employees.

An annual report on internal audit activities is provided to the Supervisory Council and the Management Board. This report includes information on the audits conducted, evaluations of the areas audited, recommendations made, internal audit quality assurance, and a general opinion on the effectiveness of the internal control and risk management systems. Every two years, the internal audit department conducts a self-assessment of its compliance. Additionally, every five years, compliance with the internal audit standards is evaluated by a qualified external assessor.

# MANAGEMENT REPORT

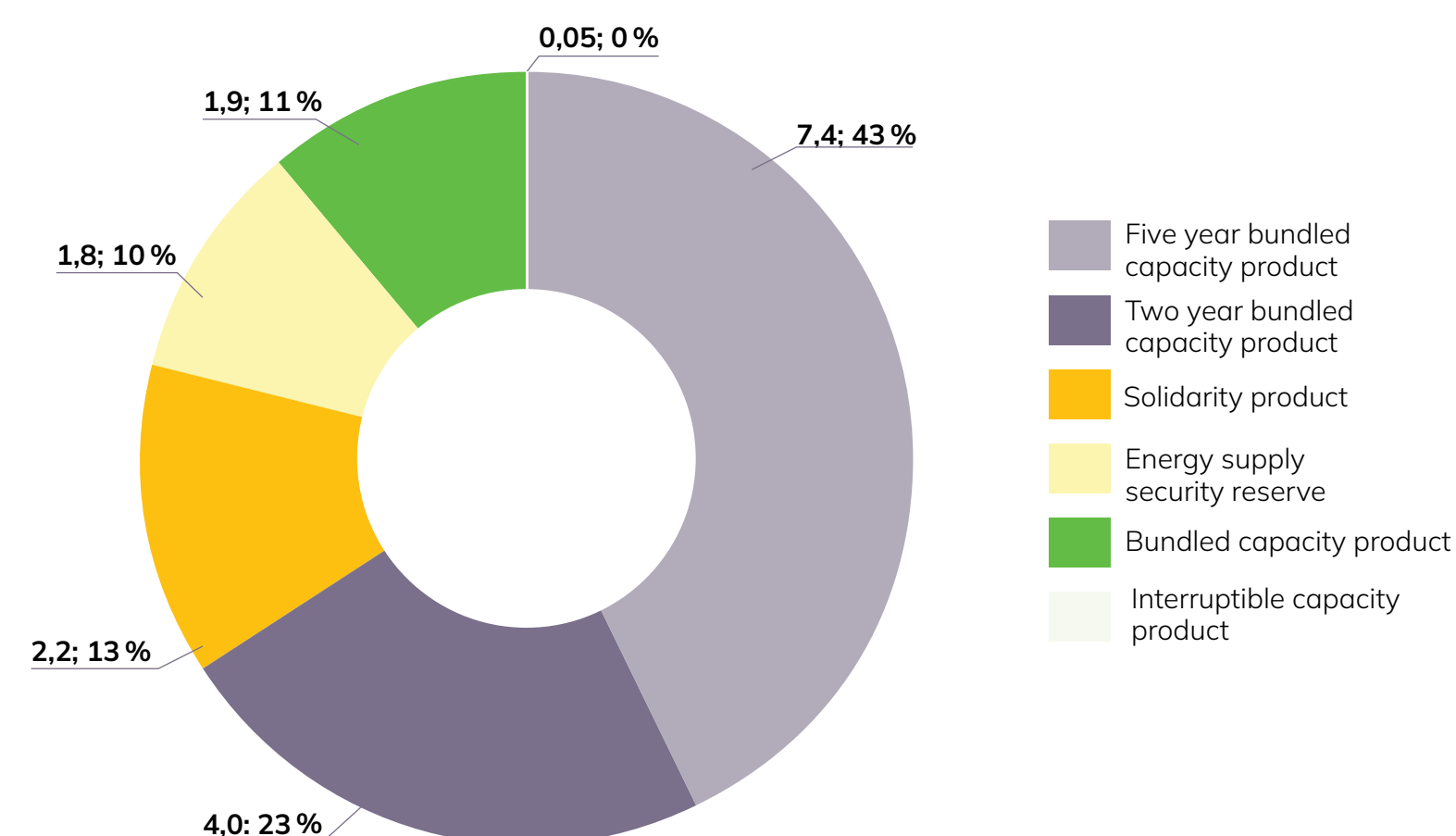
## Main activities

### Results of the storage capacity auctions

In the 2025/2026 storage cycle, a storage capacity of 17,4 TWh has been booked, including an energy supply security reserve of 1,8 TWh. During the reporting year, several Inčukalns UGS capacity auctions were held, in which system users booked a total capacity of 9,4 TWh. In the five-year bundled capacity auctions, a capacity of 7,4 TWh was booked with an effective fee of 2,05 EUR/MWh per storage cycle. In the bundled capacity product auctions, a capacity of 1,9 TWh was booked. In the interruptible capacity auctions, a capacity of 0,05 TWh was booked. A total of 24 market participants from the three Baltic States, Finland, Norway, Germany, Poland, and Switzerland participated in the auctions and were allocated storage capacity. A capacity of 4 TWh for the 2025/2026 storage cycle was booked in the 2024 auctions, with an effective fee of 3,30 EUR/MWh per storage cycle.

The winter of 2025/2026 was more severe than in previous years, which also increased needs for heating. Natural gas and the ability to store it in the Inčukalns UGS play a crucial role, to ensure an uninterrupted energy supply and strengthen energy security. For this reason, the outcome of the storage capacity auction held in February 2026 is consequential. System users booked the entire available

Booked capacity by product for 2025/2026 storage cycle, TWh



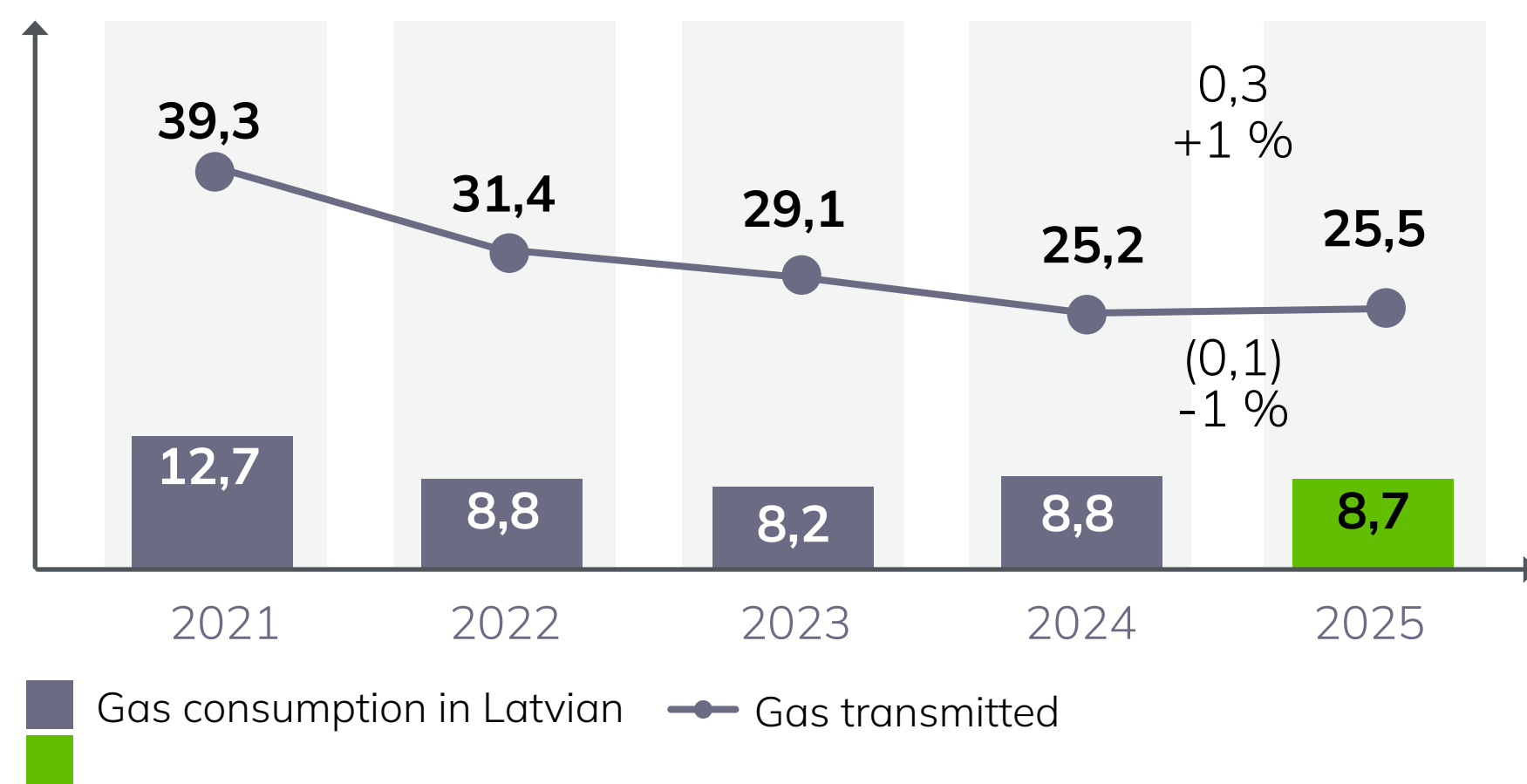
volume of the five-year bundled capacity product offered in the auction — 1.6 TWh — and demand exceeded the offered capacity by more than double. This clearly demonstrates the importance of the storage facility for long-term supply security and the strategic interest of system users in securing the necessary resources for their customers. The booked storage capacity and the natural gas injected in the coming months directly ensure supply stability for the next season. For system users, timely capacity booking is essential to prepare for the gas withdrawal season and to secure sufficient stocks for winter needs.

## Natural gas supply

During 2025 Conexus ensured the continuous supply of natural gas for the needs of Latvia, Lithuania, Estonia, and Finland. Natural gas deliveries from the Inčukalns UGS amounted to 11,3 TWh, which is 4 % more than in the previous year. The volume of natural gas received from Finland reached 2,7 TWh, which is 54 % less than in the previous year, while the volume of natural gas received from Lithuania reached 11,3 TWh, which is 33 % more than in the previous year. During the reporting year, 7,1 TWh of natural gas was injected into the storage facility, which is 24 % less than in 2024. The total volume of transported natural gas in Latvia during the reporting year reached 25,5 TWh, which is 1 % more than in the previous year.

The volume of natural gas consumption for the needs of Latvian users in 2025 amounted to 8,7 TWh, which is 1 % less than in the previous year. During 2025 0,17 TWh of biomethane produced in Latvia was injected into the interconnected gas system.

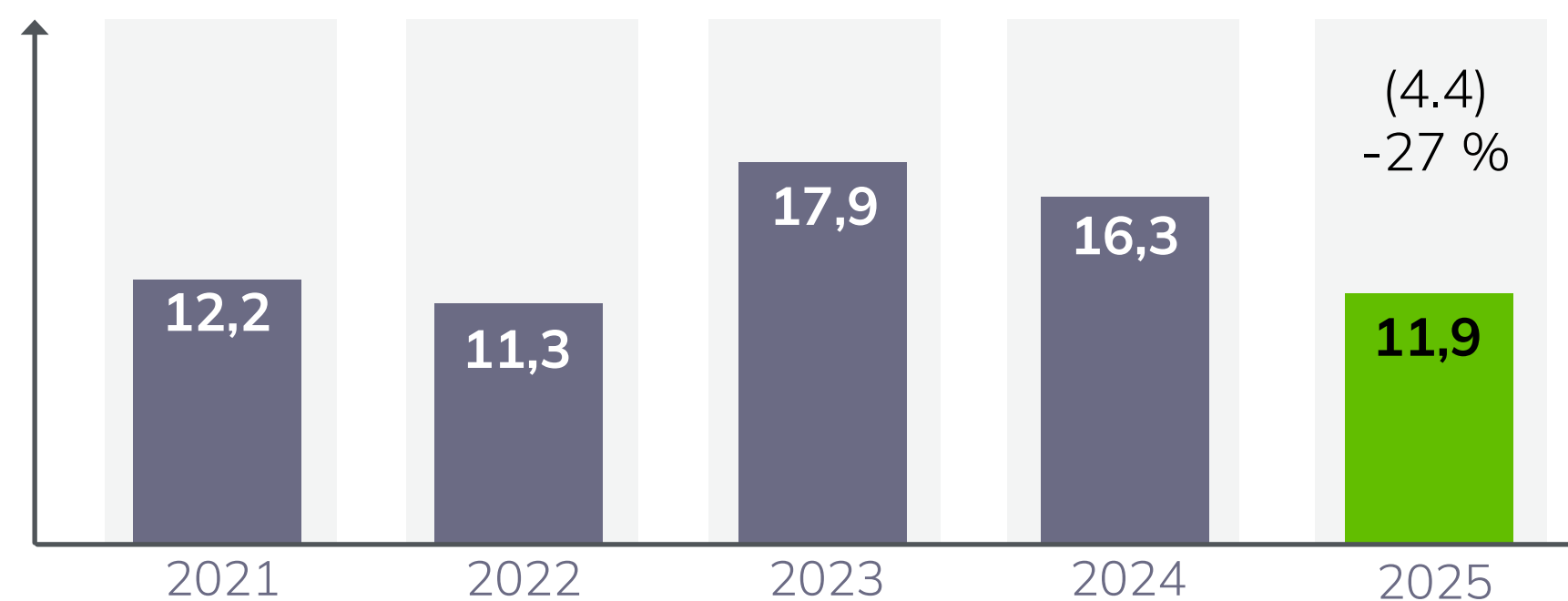
Transmitted natural gas, TWh



## Amount of natural gas stored in the Inčukalns UGS

At the end of the reporting year, 11,9 TWh of natural gas was stored in the Inčukalns UGS (including the 1,8 TWh energy supply security reserve), which is 27 % less than at the same time last year. The volume of natural gas stored in the Inčukalns UGS exceeds the needs of the local market. Natural gas injection continued even during the gas withdrawal season, which began on October 15, 2025.

Inčukalns UGS filling at the end of reporting period, TWh

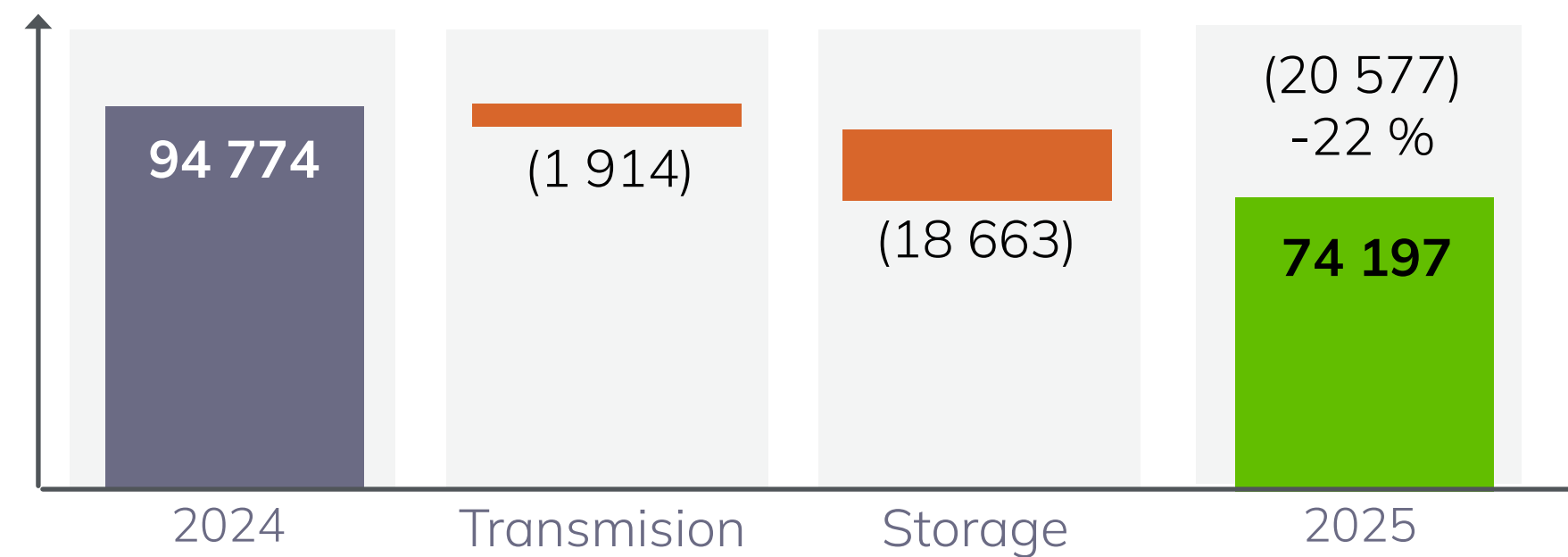


# Financial results

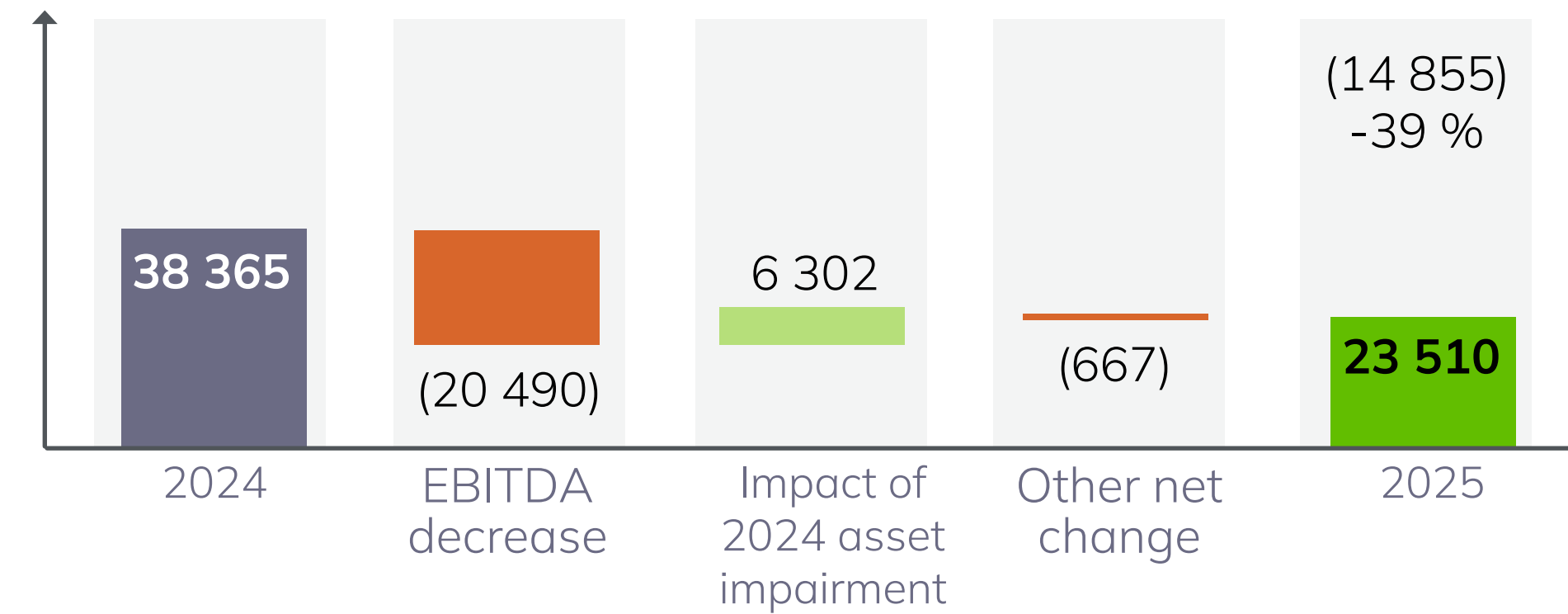
Revenue for the reporting year was 22 % lower than in the previous year and amounted to EUR 74 197 thousand. Reflecting the decrease in income, the EBITDA indicator declined by 30 % compared to the 2024 result and reached EUR 47 235 thousand. Income and EBITDA were affected by a 6 % decrease in natural gas transmission service revenue and a 31 % decrease in natural gas storage service revenue compared with the corresponding period of the previous year. The decline in transmission service revenue reflects a reduction in the volume of booked entry and exit transmission capacity, while the

decline in storage service revenue is related to the reduction in booked storage capacity. In the reporting year, Conexus operated with a net profit of EUR 23 510 thousand, which is 39 % lower compared to the previous year. The results for 2025 have decreased following the record-high results in 2024; however, the net profit level in 2025 represents the second-highest result in the past five years and is significantly higher compared with the period from 2021 to 2023. During 2025 investments totalled EUR 26 440 thousand, which is 44 % less than in 2024.

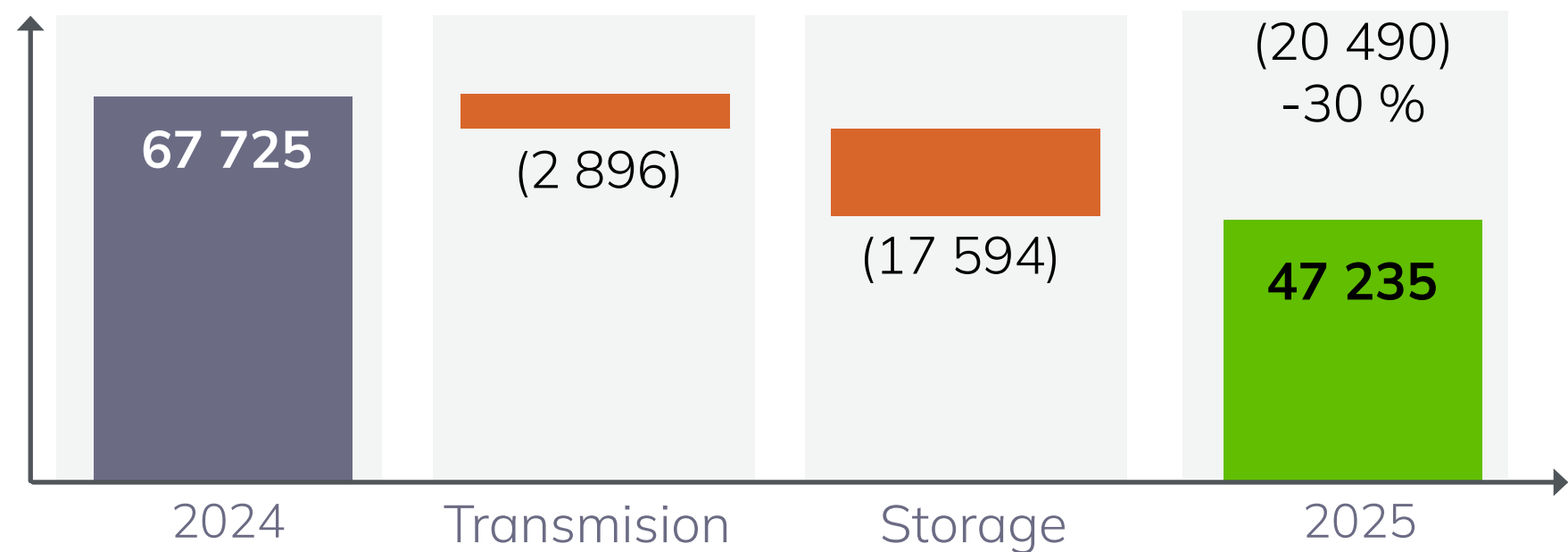
Revenue, `000 EUR



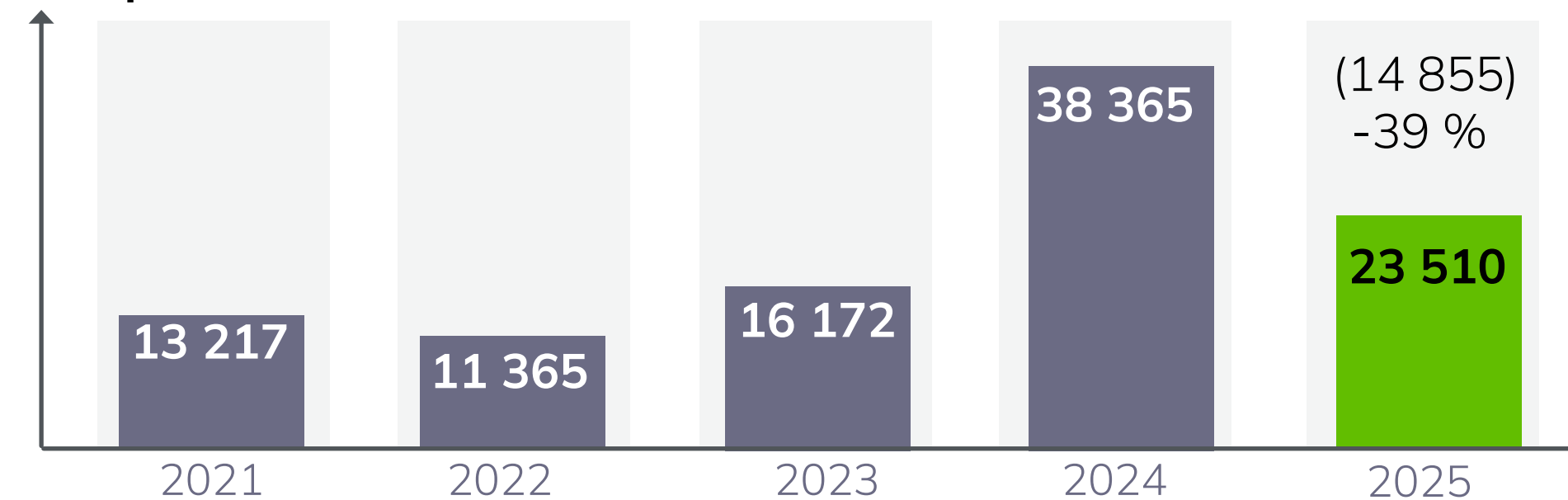
Net profit, `000 EUR



EBITDA, `000 EUR



Net profit, `000 EUR



MAIN FINANCIAL INDICATORS	2025 or 31.12.2025	2024 or 31.12.2024	+/-	%/x
	EUR'000	EUR'000		
<b>Revenue</b>	<b>74 197</b>	<b>94 774</b>	<b>(20 577)</b>	<b>-22 %</b>
EBITDA	47 235	67 725	(20 490)	-30 %
<b>Net profit</b>	<b>23 510</b>	<b>38 365</b>	<b>(14 855)</b>	<b>-39 %</b>
Total assets	468 085	481 126	(13 041)	-3 %
Investments	26 440	47 555	(21 115)	-44 %

## Financing and liquidity

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 is EUR 66 461 thousand. At the end of the reporting year, Conexus has EUR 36 000 thousand of financing available under the concluded long-term loan agreements, as well as overdraft facility of EUR 900 thousand.

Weighted average interest rate of borrowings at the end of the reporting year is 2,18 % (December 31, 2024: 2,38 %). At the end of the reporting year, 36 % of the received and outstanding borrowings have a fixed interest rate (December 31, 2024: 39 %).

All financial covenants set in loan agreements have been complied with during the reporting year.

FINANCIAL COVENANTS	31.12.2025.	31.12.2024.
Shareholders' equity ratio (>50 %)	72 %	69 %
Net debt to EBITDA ratio (<5)	1,3	0,6
Debt-Service Coverage Ratio (DSCR) (>1.2)	4,4	4,3

# Key financial indicators

		2021 or 31.12.2021	2022 or 31.12.2022	2023 or 31.12.2023	2024 or 31.12.2024	2025 or 31.12.2025	Δ 2024 / 2025	Δ %/x 2024 / 2025	
Operating indicators	Transmitted natural gas	TWh	39,3	31,4	29,1	25,2	25,5	0,3	1 %
	Volume of natural gas consumed in Latvia*	TWh	12,5	8,8	8,2	8,8	8,7	(0,1)	-1 %
	Inčukalns UGS filling at the end of reporting period**	TWh	12,2	11,3	17,9	16,3	11,9	(4,4)	-27 %
	Volume of natural gas withdrawn from Inčukalns UGS	TWh	17,9	10,6	7,3	10,9	11,3	0,4	4 %
Financial indicators	Revenue***	`000 EUR	56 911	55 131	76 468	94 774	74 197	(20 577)	-22 %
	EBITDA	`000 EUR	33 565	32 215	50 502	67 725	47 235	(20 490)	-30 %
	Net profit	`000 EUR	13 217	11 365	16 172	38 365	23 510	(14 855)	-39 %
	Total assets	`000 EUR	468 070	463 809	469 284	481 126	468 085	(13 041)	-3 %
	Investments	`000 EUR	27 352	14 941	33 568	47 555	26 440	(21 115)	-44 %
	Depreciation and amortisation	`000 EUR	17 806	17 859	29 938	24 488	17 754	(6 734)	-27 %
Financial coefficients	EBITDA profitability	%	59 %	58 %	66 %	71 %	64 %	(7 ppt)	
	Net profit margin	%	23 %	21 %	21 %	40 %	32 %	(8 ppt)	
	Return on Equity ratio (ROE)	%	3,6 %	3,4 %	4,8 %	11,1 %	7,0 %	(4,1 ppt)	
	Shareholders' equity ratio****	%	71 %	72 %	70 %	69 %	72 %	3 ppt	
	Net debt to EBITDA ratio (Net debt / EBITDA)*****	coef.	3,0	2,7	1,3	0,6	1,3	0,7	117 %
	Debt-service Coverage Ratio (DSCR)*****	coef.	3,7	2,9	3,3	4,3	4,4	0,1	2 %
Average number of employees	count	352	356	361	361	365	4	1 %	

\* Volume of natural gas injected into the distribution system

\*\* Including energy supply security reserve

\*\*\* Comparative figures (2020-2022) reclassified to be comparable with 2023 - 2025 figures

Financial covenants:

\*\*\*\* Shareholders' equity ratio > 50%

\*\*\*\*\* Net debt to EBITDA ratio < 5

\*\*\*\*\* Debt-Service Coverage Ratio (DSCR) > 1.2

# Other events and further development

◆ The implementers of the Nordic–Baltic Hydrogen Corridor project — the European gas transmission system operators “Conexus Baltic Grid” (Latvia), “Gasgrid Vetyverkot Oy” (Finland), “Elering” (Estonia), “Amber Grid” (Lithuania), “GAZ-SYSTEM” (Poland), “ONTRAS” (Germany), and the European Climate, Infrastructure and Environment Executive Agency (CINEA) — have signed a grant agreement amounting to EUR 6,8 million for European Union (EU) financial support for the Nordic–Baltic Hydrogen Corridor project. The allocated funding will enable in-depth technical, economic, regulatory, and environmental studies assessing the possibilities for developing a large-scale hydrogen pipeline network in the Baltic Sea region. The completion of the study phase is planned in the first half of 2027, and its results will serve as the basis for future investment decisions in the implementation of the project. At the start of the study phase, and to ensure that the project meets local needs, environmental standards, and long-term strategic objectives, stakeholders from both the public and private sectors will be involved in the process to ensure the project’s alignment with local needs, environmental standards, and long-term strategic goals.

◆ Final works continue in the Inčukalns UGS modernization project, which includes upgrades to the surface infrastructure, such as the reconstruction of gas collection point No. 3, well renovation,

as well as the modernization of the existing five gas compression units and the installation of a new gas compression unit. These improvements enhance natural gas supply security, increase the operational capacity of the storage facility, and support integration into the international energy market. The total investment volume for the Inčukalns UGS modernization project is EUR 99,5 million, of which EUR 44 million is covered by funding from the Connecting Europe Facility (CEF).

◆ To promote biomethane production in Latvia, Conexus is developing solutions that will provide publicly accessible biomethane injection into the natural gas transmission system for producers whose existing or planned biomethane plants are located relatively far from the existing transmission infrastructure. On July 28, 2025, the first public biomethane injection point was opened in Džūkste parish. It is estimated that up to 100 thousand MWh, of biomethane per year could be injected at the Džūkste point. The total investment in the project amounts to EUR 1,6 million, of which EUR 1,5 million is co-financed by the European Union Recovery and Resilience Facility. The Natural Gas Transmission System Development Plan for 2026–2035 foresees the continued development of biomethane injection points in other parts of Latvia to ensure access to the transmission system in various regions and to expand access opportunities for small and medium-sized biomethane producers. Such points are planned for development in Rēzekne and Ragana. The implementation of the project is an important step in Conexus’ sustainable development strategy, promoting the integration of green energy and more efficient use of local resources. In 2025, nine technical specifications were issued for new direct connections — five for connections to the gas transmission system and four for connections to the gas distribution system.



# Climate change

The Company has set a goal to achieve a 30% reduction in greenhouse gas (further - GHG) emissions by 2028, compared to the 2020 (base year) GHG emission levels. The GHG emission reduction targets are set considering the Company's two operational segments (natural gas transmission and natural gas storage), the intensity of GHG emission sources, and the types of GHG emissions (CO<sub>2</sub> and CH<sub>4</sub>). From 2020 (base year) to 2024, a 12% reduction in GHG (t, CO<sub>2</sub> eq.) emissions has been achieved due to emission reduction activities. The reduction in CO<sub>2</sub> emissions depends on the volume of natural gas consumed for technological needs and the technological operation of the equipment, which in turn depends on the desires and needs of stakeholders – users of natural gas transmission and storage systems. The reduction in CH<sub>4</sub> emissions is possible by improving technological processes. The targets are set in accordance with the European Green Deal and the Regulation on the reduction of methane emissions in the energy sector.

Since July 1, 2023, the Company has been the issuing body for guarantees of origin and ensures the operation of the gas guarantees of origin registry. Additionally, the Company has developed and approved the Latvian domain protocol for gas in accordance with the relevant international administrative procedure. This protocol functions as a detailed procedure for guarantees of origin and explains how the international European Energy Certificate System (EECS) standard is adopted at the national level. The Company provides extensive information on gas guarantees of origin on its website and consults emerging market participants in Latvia and other European Union countries on guarantees of origin and other related issues.

## Energy consumption and energy resource structure

Thousand MWh	2025	2024	2023	2025 vs 2024	Base year	2025 vs Base year
Natural gas consumption for heating	77	105	159	-34 %	153	-50 %
Purchased electricity and heat from fossil energy	81	111	165	-33 %	159	-49 %
<b>Total fossil and renewable energy consumption</b>	<b>84</b>	<b>113</b>	<b>123</b>	<b>-8 %</b>	<b>161</b>	<b>-48 %</b>

## GHG emissions

t CO <sub>2</sub> eq., location-based	2025	2024	2023	2025 vs 2024	Base year	2024 vs Base year
Scope 1 gross GHG emissions	31 823	34 569	54 758	-8 %	59 607	-47 %
Percentage of Scope 1 GHG emissions from regulated emission trading systems (%)	41 %	52 %	54 %	-9 ppt	44 %	-3 ppt
Scope 2 gross GHG emissions*	455	580	676	-14 %	642	-29 %
<b>Total Scope 1 and Scope 2 GHG emissions</b>	<b>32 278</b>	<b>35 149</b>	<b>55 434</b>	<b>-37 %</b>	<b>60 249</b>	<b>-46 %</b>

\* Calculated in accordance with the Cabinet of Ministers rules No. 222 of April 8, 2021 "Methods for Calculating Building Energy Efficiency and Building Energy Certification Rules"

# Employees

The Company's value lies in its professional team, and the Company appreciates the competence, knowledge, professional experience, and development orientation of its employees. It is important for the Company to provide employees with opportunities to develop skills, promote the acquisition of new competencies to adapt to renewable gas technologies, and ensure the transfer of knowledge and skills from long-term employees to new employees.

The Company's team consists of 365 employees who work in the Riga region, at two main locations: Stigu street 14 in Riga and the Inčukalns UGS in Krimulda parish, Sigulda municipality.

The Company respects employees' rights to collective representation. The Company has concluded a collective agreement with the trade union, which ensures the protection of the economic and social interests of all Company employees in addition to the requirements set by law.

## Internal controls

### Ethics and corruption prevention

Conexus has developed a code of ethics<sup>2</sup>. The purpose of the code of ethics is to establish a unified set of ethical behavior norms within the Company and to strengthen the Company's internal culture, business practices, and reputation by defining ethical principles and internal organizational measures based on the Company's core values. The code applies to both the Company as a whole and to each employee and elected official of the Company.

<sup>2</sup> [https://www.conexus.lv/uploads/filedir/Dokumenti/Code\\_of\\_Ethics\\_EN.pdf](https://www.conexus.lv/uploads/filedir/Dokumenti/Code_of_Ethics_EN.pdf)

<sup>3</sup> <https://www.conexus.lv/other-binding-documents>

Additional measures to prevent corruption and conflicts of interest, as well as internal control systems, are also defined in:

- ◆ The regulations of the Supervisory Council and the Management Board (stipulating the obligation for the respective member of the Management Board or the Supervisory Council not to participate in the consideration of a matter where the interests of their first or second-degree relatives, adoptees, adopters, and persons with whom they share a household, and the Company's interests conflict);
- ◆ The corporate governance policy (defining the internal control system and its purpose);
- ◆ The procurement policy (establishing the ethical principles for suppliers, including the prohibition of corrupt activities);
- ◆ The financial risk management policy (regarding the possibility of corruption risk in the event of refinancing risk, setting actions to limit refinancing risk).

In 2025, no corruption-related incidents occurred within the Company, and the Company was not involved in any litigation related to corruption cases. During the reporting period, no whistleblower reports were received. In 2025, there were no corruption cases related to the Company and its employees (in 2024 - 0) or any terminated relationships with the Company's business partners due to corruption incidents.

## Management of supplier relationships

Conexus's procurement policy focuses on the transparency of procurement procedures, free competition among suppliers, equal and fair treatment, and the efficient use of Conexus's resources. The procurement policy includes the basic principles of supplier ethics. The procurement policy is published on the Conexus website in both Latvian and English<sup>3</sup>. In mid-2022, Conexus began collecting information from suppliers who confirmed their familiarity with the supplier code of ethics. The procurement regulations include a provision that the procurement contract will be concluded with the applicant if the applicant, who is granted the contract award, has confirmed their familiarity with the supplier ethics principles.

Conexus has approved the procedure for monitoring sanctions and transaction execution risks. Before concluding each transaction, Conexus checks whether international or national sanctions, or sanctions imposed by a European Union or NATO member state that affect significant financial and capital market interests have been imposed on suppliers and partners. Conexus does not cooperate with suppliers who are subject to sanctions.

# Events after the end of the reporting year

In the period from the last day of the reporting year until the signing of this report, no circumstances or events have been identified, according to management's assessment, that would significantly affect Conexus' financial position as at December 31, 2025.

## Proposed distribution of the profit

The decision on the distribution of dividends is made by the Shareholders' Meeting of AS "Conexus Baltic Grid". The net profit of AS "Conexus Baltic Grid" for 2025 is EUR 23 510 thousand. The Management Board proposes to distribute EUR 14 721 thousand or 0,37 EUR per share in dividends to the shareholders from the net profit for 2025.

Dividends are calculated in accordance with the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Cabinet of Ministers Regulation No. 72 of January 25, 2022, "Procedure for Forecasting, Determining, and Making Payments for the Use of State Capital", which stipulates that at least 50 % of the Company's annual profit must be paid out as dividends. Additionally, the proposal for dividend distribution follows the obligation set out in the Company's medium-term operational strategy to ensure the creation of reserves in accordance with Section 100 of the Transitional Provisions of the Energy Law.

### ABBREVIATIONS AND FORMULAS

MWh	megawatt-hours
TWh	terawatt-hours
EUR/MWh/d/g	euro for megawatt-hour per day / per year
EBITDA	earnings before interest, taxation, depreciation & amortisation
Net debt	loans including overdrafts minus cash and cash equivalents
EBITDA profitability	EBITDA / income
Net profitability	net profit / income
Return on equity ratio (ROE)	net profit / equity average value (over the reporting period)
Shareholders' equity	equity / total assets
Net debt to EBITDA ratio	net debt / EBITDA (over 12 months period)
Debt-Service Coverage Ratio (DSCR)	EBITDA (over 12 months period) / debt payments

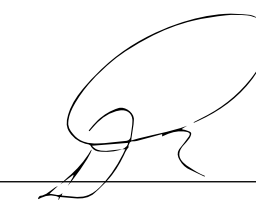
# STATEMENT OF THE MANAGEMENT BOARD'S RESPONSIBILITY

The Management Board is responsible for preparing the financial statements.

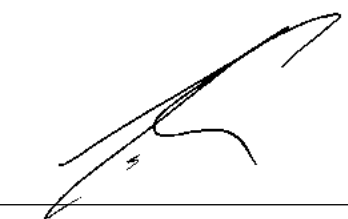
Based on the information available to the Management Board of AS "Conexus Baltic Grid", the 2025 financial statements of AS "Conexus Baltic Grid", prepared in accordance with the IFRS Accounting Standards as adopted by the European Union, in all material respects provide a true and fair view of the assets, liabilities, financial position, profit or loss, and cash flows of AS "Conexus Baltic Grid". The information provided in the Management Report is accurate.



**ULDIS BARISS**  
Chairman of the  
Management Board



**RINALDS DIMIŅŠ**  
Member of the  
Management Board



**MĀRTIŅŠ GODE**  
Member of the  
Management Board

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# FINANCIAL STATEMENTS

## PROFIT OR LOSS STATEMENT

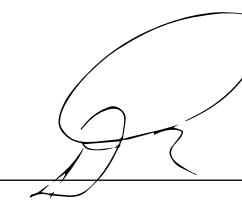
	Note	2025 EUR	2024 EUR
Revenue - natural gas transmission and storage	2	72 897 140	93 389 990
Revenue - balancing activities	2	1 300 152	1 384 393
Other income	3	1 285 773	1 987 350
Maintenance and operating costs	4	(8 194 099)	(9 165 838)
Personnel expenses	5	(17 547 537)	(17 330 037)
Other operating costs	6	(2 506 576)	(2 541 125)
Depreciation, amortisation, and PPE impairment	8, 9, 10	(17 754 107)	(24 488 285)
<b>Operating profit</b>		<b>29 480 746</b>	<b>43 236 448</b>
Financial costs, net	7	(1 097 305)	(1 887 696)
<b>Profit before tax</b>		<b>28 383 441</b>	<b>41 348 752</b>
Corporate income tax	22	(4 873 796)	(2 983 957)
<b>Profit for the year</b>		<b>23 509 645</b>	<b>38 364 795</b>

Notes on pages 34 to 71 form an integral part of these financial statements.



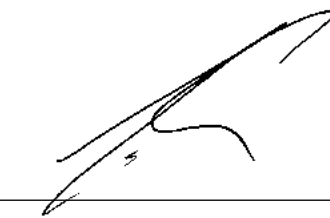
**ULDIS BARISS**

Chairman of the  
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## STATEMENT OF COMPREHENSIVE INCOME

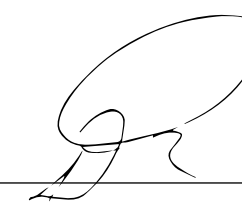
	Note	2025	2024
		EUR	EUR
<b>Profit for the year</b>		<b>23 509 645</b>	<b>38 364 795</b>
<b>Other comprehensive income / (loss):</b>			
Revaluations of post – employment benefits as a result of changes in actuarial assumptions	17	(141 004)	(20 583)
Revaluation reserves decrease in property, plant and equipment	9, 15	(2 060)	(22 624 715)
<b>Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		<b>(143 064)</b>	<b>(22 645 298)</b>
<b>Total comprehensive income</b>		<b>23 366 581</b>	<b>15 719 497</b>

Notes on pages 34 to 71 form an integral part of these financial statements.



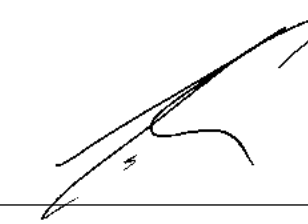
**ULDIS BARISS**

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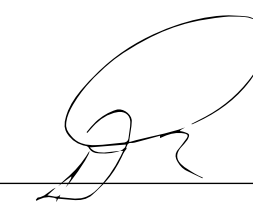
## STATEMENT OF FINANCIAL POSITION

	Note	31.12.2025	31.12.2024
<b>ASSETS</b>		<b>EUR</b>	<b>EUR</b>
<b>Long-term investments</b>			
Intangible assets	8	16 742 995	2 387 409
Intangible assets under development	8	1 684 924	16 793 159
Advances for intangible assets		52 089	69 841
Property, plant and equipment	9	364 486 417	354 907 161
Assets under construction	9	63 269 780	63 377 881
Advances for property, plant and equipment		121 830	922 015
Long-term deferred expenses	14	193 621	288 426
Right-of-use assets	10	422 070	435 214
<b>Total long-term investments</b>		<b>446 973 726</b>	<b>439 181 106</b>
<b>Current assets</b>			
Inventories	11	5 699 049	5 115 935
Receivables from contracts with customers	12	9 586 189	11 375 813
Other receivables	13	315 090	244 680
Accrued income	13	169 848	-
Short-term deferred expenses	14	759 151	757 217
Cash and cash equivalents	23, 27	4 582 199	24 451 154
<b>Total current assets</b>		<b>21 111 526</b>	<b>41 944 799</b>
<b>TOTAL ASSETS</b>		<b>468 085 252</b>	<b>481 125 905</b>

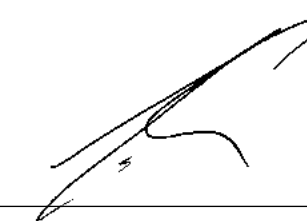
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**RINALDS DIMIŅŠ**  
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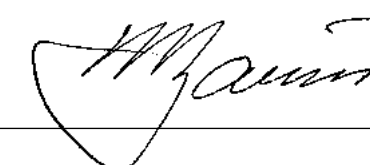


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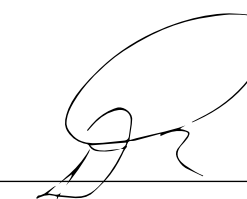
## STATEMENT OF FINANCIAL POSITION (continued)

	Note	31.12.2025	31.12.2024
<b>EQUITY AND LIABILITIES</b>		<b>EUR</b>	<b>EUR</b>
<b>Equity:</b>			
Share capital		39 786 089	39 786 089
Own shares		(19 897)	(22 281)
Reserves	15	220 811 081	159 374 000
Retained earnings		75 997 958	133 563 642
<b>Total equity</b>		<b>336 575 231</b>	<b>332 701 450</b>
<b>Non-current liabilities</b>			
Borrowings from credit institutions	18	59 770 326	46 776 882
Deferred income	16	41 497 076	41 290 320
Employee benefit obligations	17	1 562 810	1 424 367
Non-current lease liabilities	10	437 132	444 106
<b>Total non-current liabilities</b>		<b>103 267 344</b>	<b>89 935 675</b>
<b>Current liabilities</b>			
Borrowings from credit institutions	18	6 690 545	19 841 888
Trade payables	19	5 750 723	9 415 946
Other liabilities	20	3 717 482	2 292 186
Accrued liabilities	21	2 806 928	18 555 238
Deferred income from contracts with customers	16	-	2 271
Deferred income, other	16	1 212 516	986 721
Advances from customers	12	8 037 279	7 367 326
Current lease liabilities	10	27 204	27 204
<b>Total current liabilities</b>		<b>28 242 677</b>	<b>58 488 780</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>468 085 252</b>	<b>481 125 905</b>

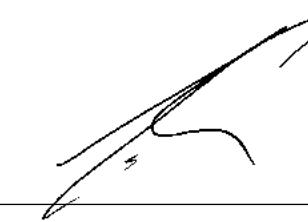
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**ULDIS BARISS**  
Chairman of the  
Management Board



**RINALDS DIMIŅŠ**  
Member of the  
Management Board



**MĀRTIŅŠ GODE**  
Member of the  
Management Board

# STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Retained earnings	Own shares	Reorganisation reserve	Storage assets financing reserve	PPE revaluation reserve	Revaluation reserve for post-employment benefits	Total
		EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Opening balance at 01.01.2024</b>	-	39 786 089	100 503 041	(23 352)	24 647 260	-	163 915 291	88 379	328 916 708
Profit for the year	-	-	38 364 795	-	-	-	-	-	38 364 795
Other comprehensive income for the reporting year	-	-	-	-	-	-	(22 624 715)	(20 583)	(22 645 298)
Revaluation reserves decrease in property, plant and equipment	15	-	6 631 632	-	-	-	(6 631 632)	-	-
<b>Total comprehensive income for the year</b>		-	<b>44 996 427</b>	-	-	-	<b>(29 256 347)</b>	<b>(20 583)</b>	<b>15 719 497</b>
Dividends	22	-	(11 935 826)	1 071	-	-	-	-	(11 934 755)
<b>Total transactions with shareholders and other changes in equity</b>		-	<b>(11 935 826)</b>	<b>1 071</b>	-	-	-	-	<b>(11 934 755)</b>
<b>As December 31, 2024</b>		<b>39 786 089</b>	<b>133 563 642</b>	<b>(22 281)</b>	<b>24 647 260</b>	-	<b>134 658 944</b>	<b>67 796</b>	<b>332 701 450</b>
Profit for the year		-	23 509 645	-	-	-	-	-	23 509 645
Other comprehensive income for the reporting year		-	(2 060)	-	-	-	-	(141 004)	(143 064)
Revaluation reserves decrease in property, plant and equipment	15	-	5 374 944	-	-	-	(5 374 944)	-	-
<b>Total comprehensive income for the year</b>		-	<b>28 882 529</b>	-	-	-	<b>(5 374 944)</b>	<b>(141 004)</b>	<b>23 366 581</b>
Dividends	22	-	(19 495 184)	2 384	-	-	-	-	(19 492 800)
Establishment of storage assets financing reserve	15	-	(66 953 029)	-	-	66 953 029	-	-	-
<b>Total transactions with shareholders and other changes in equity</b>		-	<b>(86 448 213)</b>	<b>2 384</b>	-	<b>66 953 029</b>	-	-	<b>(19 492 800)</b>
<b>As December 31, 2025</b>		<b>39 786 089</b>	<b>75 997 958</b>	<b>(19 897)</b>	<b>24 647 260</b>	<b>66 953 029</b>	<b>129 284 000</b>	<b>(73 208)</b>	<b>336 575 231</b>

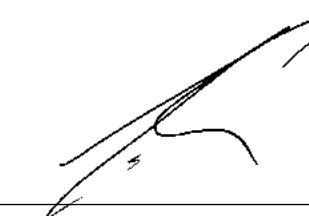
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## STATEMENT OF CASH FLOWS

	Note	2025	2024
<b>Cash flow from operating activity</b>		<b>EUR</b>	<b>EUR</b>
<b>Profit before corporate income tax</b>		<b>28 383 441</b>	<b>41 348 752</b>
<i>Adjustments:</i>			
- depreciation and impairment of property, plant and equipment	9	16 490 306	23 643 238
- depreciation of the right-of-use assets	10	13 144	13 144
- amortisation of intangible assets	8	1 250 657	830 901
- profit on disposal of PPEs	3, 6	(3 602)	(40 900)
- changes in provisions		138 443	92 890
- amortisation of the EU co-financing	3	(1 020 284)	(1 470 685)
- interest expense	7	1 643 786	2 735 262
- interest income	7	(349 866)	(704 516)
<i>Changes in the working capital:</i>			
- (increase) / decrease of receivables from contracts with customers, other receivables and deferred expenses		1 642 236	(205 631)
- decrease in inventories		(583 113)	(438 326)
- increase / (decrease) of lease liabilities, trade payables, accrued liabilities, advances from customers and other liabilities		(1 079 600)	2 916 055
Corporate income tax paid	22	(3 879 144)	(2 983 957)
<b>Net cash flow from operating activity</b>		<b>42 646 404</b>	<b>65 736 227</b>
<b>Cash flow from investing activity</b>			
Acquisition of property, plant and equipment	9	(26 994 354)	(42 661 289)
Acquisition of intangible assets	8	(16 305 169)	(1 014 658)
Proceeds from the sale of property, plant and equipment items		19 816	60 251
Received interest		388 709	664 762
Received EU co-financing	16	1 663 161	16 322 195
<b>Net cash flow from investing activities</b>		<b>(41 227 837)</b>	<b>(26 628 739)</b>

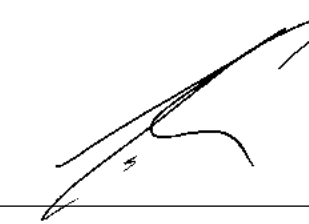
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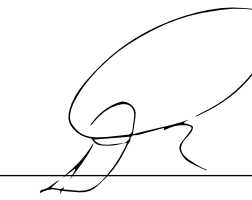
## STATEMENT OF CASH FLOWS (continued)

	Note	2025	2023
<b>Cash flow from financing activities</b>		<b>EUR</b>	<b>EUR</b>
Interest paid	18	(1 632 169)	(2 740 370)
Borrowings received	18	9 000 000	-
Borrowings repaid	18	(9 149 288)	(12 899 286)
Lease payments	10	(8 932)	(27 204)
Dividends paid		(19 497 133)	(11 942 924)
<b>Net cash flow from financing activity</b>		<b>(21 287 522)</b>	<b>(27 609 784)</b>
<b>Net cash flow</b>		<b>(19 868 955)</b>	<b>11 497 704</b>
<b>Cash and cash equivalents at the beginning of the reporting year</b>		<b>24 451 154</b>	<b>12 953 450</b>
<b>Cash and cash equivalents at the end of the reporting year</b>		<b>4 582 199</b>	<b>24 451 154</b>

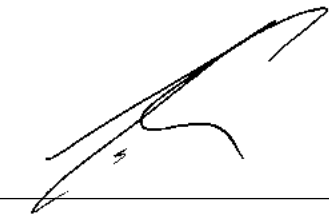
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# NOTES TO THE FINANCIAL STATEMENTS

## 1. SEGMENT INFORMATION

### *Description of segments*

Conexus is operating in two segments: natural gas transmission and natural gas storage. Revenues from natural gas transmission and storage services are derived in line with the tariffs set by the Regulator. The split of information included into operating segments corresponds to the split of regulated services. This split is defined in the internal management accounting system and is applied both in the appraisal of results and in the decision-making. Segment information (segment profit or loss statements and investments made) is regularly submitted to the Management Board and the Supervisory Council.

### **NATURAL GAS TRANSMISSION**

Conexus is the single natural gas transmission and storage operator in Latvia, which ensures maintenance, as well as safe and continuous operation of the natural gas transmission system, and the interconnections with the transmission systems of other countries, enabling system users to use the natural gas transmission system for the trading of natural gas.

The natural gas transmission segment generates revenue from capacity trading both for natural gas consumption in Latvia, as well as international transmission of natural gas.

The regulatory (tariff) periods for the natural gas transmission system service differ from the financial reporting year. According to the methodology for calculating tariffs for the natural gas

transmission system service, revenue and cost deviations from the allowed amounts may occur during the tariff period, which will affect tariff values in subsequent tariff periods. The first tariff period of the current regulatory period lasts from December 1, 2023, to September 30, 2025, while the second tariff period lasts from October 1, 2025, to September 30, 2026.

The natural gas transmission system service tariffs<sup>4</sup> effective from December 1, 2023, have been approved with the Regulator's decision No. 119, dated October 26, 2023. On July 31, 2025, Conexus announced that the natural gas transmission system service fee for the use of the exit point supplying Latvian users would be increased by 21 %, and this fee entered into force on October 1, 2025.

The largest investments of the transmission system service in the reporting period:

- ◆ repairs of transmission gas pipeline sections and their anticorrosion insulation were made in the amount of EUR 6,1 million

- ◆ biomethane injection point "Džūkste" – EUR 1,5 million. On July 28, 2025, a biomethane injection point was opened in Džūkste parish, with a total value of EUR 1,6 million, of which EUR 1,5 million was provided by the European Union Recovery and Resilience Facility.

### **NATURAL GAS STORAGE**

The Inčukalns UGS provides storage of natural gas in the underground gas storage facility for consumption during the heating season and for other needs of the system users.

The storage segment generates revenue from the booking of storage capacity, which is granted to system users within the storage cycle via capacity auctions. The storage cycle lasts from May 1 to April 30 of the following year.

The regulatory (tariff) period for the natural gas storage system service differ from both the financial reporting year and the natural gas transmission regulatory (tariff)

<sup>4</sup> <https://www.conexus.lv/transmission>

<sup>5</sup> <https://likumi.lv/ta/id/346867>

period. According to the methodology for calculating tariffs for the natural gas storage system service, revenue and cost deviations from the allowed amounts may occur during the tariff period, which will affect the allowed revenues for the storage system service in the next tariff cycle. In the storage segment, such deviations are accumulated in the regulatory account.

As of May 1, 2025, new tariffs for the natural gas storage system service are in effect<sup>6</sup> (Public Utilities Commission decision of January 9, 2025<sup>7</sup>). For basic products, which are the one-year grouped capacity product and the two-year grouped capacity product, the tariffs remain unchanged. The minimum bid price for five-year bundled capacity product was set at 1,7322 EUR/MWh per storage cycle.

In accordance with the amendments to the Energy Law, which entered into force on October 1, 2024, the last regulatory period for the natural gas storage operator ends on April 30, 2026. Starting from May 1, 2026, the Regulator will no longer determine the tariff for the natural gas storage service, and at the end of the regulatory period on April 30, 2026, the regulatory account balance will be included by Conexus in reserves for the purpose of financing the assets of the Inčukalns UGS. The natural gas storage fee is determined through auctions. For the 2026/2027 storage cycle, Conexus has set the following minimum bid prices for storage auctions:

- ◆ the minimum bid price for the bundled capacity product is 2,13 EUR/MWh per storage cycle;
- ◆ the minimum bid price for the five-year bundled capacity product is 2,00 EUR/MWh per storage cycle;
- ◆ the minimum bid price for the interruptible capacity product is 1,11 EUR/MWh per storage cycle.

For the 2026/2027 storage cycle, the fee for the stock transfer product remains unchanged at 4,1246 EUR/MWh, and the fee for the virtual counterflow product also remains unchanged at 0,4381 EUR/MWh. The solidarity product fee for the 2030/2031 storage cycle is set at 1,49 EUR/MWh per storage cycle. These fees apply starting from May 1, 2026.

<sup>6</sup> <https://www.conexus.lv/storage>

<sup>7</sup> <https://www.sprk.gov.lv/events/sprk-atzist-par-atbilstosiem-conexus-baltic-grid-noteiktos-dabasgazes-uzglabanas-sistemas>

The largest investments of the storage system service in the reporting period:

- ◆ reconstruction of wells, installation of the new gas compression unit, and reconstruction of gas collection point No. 3 for EUR 10,5 million, implemented within the framework of the European project of common interest PCI 8.2.4 “Enhancement of Inčukalns Underground Gas Storage”;
- ◆ reconstruction of the interconnection between Compressor Station I and Compressor Station II – EUR 705 thousand;
- ◆ development of the SCADA storage control system – EUR 639 thousand.

### Reconciliation of segment financial information to Conexus financial information

Segment income statements for 2025:

	Transmission	Storage	Conexus total	Difference between segments total and Conexus total
	EUR	EUR	EUR	EUR
Revenue	32 626 773	41 570 519	74 197 292	-
Other income	261 702	1 024 071	1 285 773	-
Maintenance and service costs	(4 039 333)	(4 154 766)	(8 194 099)	-
Personnel expenses	(9 971 663)	(7 575 874)	(17 547 537)	-
Other operating costs	(1 528 434)	(978 142)	(2 506 576)	-
Depreciation, amortisation, and impairment of property, plant and equipment	(10 080 243)	(7 673 864)	(17 754 107)	-
Finance costs	(646 449)	(450 856)	(1 097 305)	-
Corporate income tax	(484 512)	(4 389 284)	(4 873 796)	-
<b>Profit for the reporting period</b>	<b>6 137 841</b>	<b>17 371 804</b>	<b>23 509 645</b>	<b>-</b>

Segment income statements for 2024:

	Transmission	Storage	Conexus total	Difference between segments total and Conexus total
	EUR	EUR	EUR	EUR
Revenue	34 541 129	60 233 254	94 774 383	-
Other income	963 479	1 023 871	1 987 350	-
Maintenance and service costs	(3 806 764)	(5 359 074)	(9 165 838)	-
Personnel expenses	(9 890 644)	(7 439 393)	(17 330 037)	-
Other operating costs	(1 562 064)	(979 061)	(2 541 125)	-
Depreciation, amortisation, and impairment of property, plant and equipment	(15 139 220)	(9 349 065)	(24 488 285)	-
Finance costs	(1 111 680)	(776 016)	(1 887 696)	-
Corporate income tax	(180 330)	(2 803 627)	(2 983 957)	-
<b>Profit for the reporting period</b>	<b>3 813 906</b>	<b>34 550 889</b>	<b>38 364 795</b>	<b>-</b>

Total assets by segments as at December 31, 2025 and investments during 2025:

	Transmission	Storage	Conexus total	Difference between segments total and Conexus total
	EUR	EUR	EUR	EUR
Segment assets	222 927 012	245 158 240	468 085 252	-
Investments in property, plant and equipment and intangible assets	11 829 364	14 610 614	26 439 978	-

Total assets by segments as at December 31, 2024 and investments during 2024:

	Transmission	Storage	Conexus total	Difference between segments total and Conexus total
	EUR	EUR	EUR	EUR
Segment assets	234 146 907	246 978 998	481 125 905	-
Investments in property, plant and equipment and intangible assets	9 741 847	37 812 848	47 554 695	-

## Geographical information

All operating activities take place in Latvia.

### Major customers

Revenue generated during 2025 from the largest customers, each individually representing at least 10 % of the total revenue of Conexus:

	Transmission	Storage	Conexus total
	EUR	EUR	EUR
Revenue from major customers	22 927 195	26 630 266	49 557 461

Revenue generated during 2024 from the largest customers, each individually representing at least 10 % of the total revenue of Conexus:

	Transmission	Storage	Conexus total
	EUR	EUR	EUR
Revenue from major customers	25 202 911	29 889 861	55 092 772

## 2. REVENUE

Revenue from contracts with customers recognised over time	IFRS applied	2025	2024
	EUR		EUR
Revenue from transmission services	IFRS 15	31 326 621	33 156 737
Balancing income, net	IFRS 15	1 300 152	1 384 393
<b>Revenue from transmission services</b>		<b>32 626 773</b>	<b>34 541 130</b>
Revenue from storage services*	IFRS 15	41 570 519	60 233 253
<b>Revenue from storage</b>		<b>41 570 519</b>	<b>60 233 253</b>
<b>Total</b>		<b>74 197 292</b>	<b>94 774 383</b>

Conexus generated all of its revenue in the territory of Latvia.

\* including deferred income in the amount of EUR 2 271 (2024: EUR 8 448) for booked capacity recognised in revenue based on accruals principle.

	2025	2024
	EUR	EUR
Income from balancing activities	16 919 521	11 207 180
Cost of balancing activities	(15 619 369)	(9 822 787)
<b>Total</b>	<b>1 300 152</b>	<b>1 384 393</b>

## 3. OTHER INCOME

	2025	2024
	EUR	EUR
Revenue from EU co-financing	1 020 284	1 470 685
Other income	261 887	475 765
Net income from the disposal of PPE's	3602	40 900
<b>Total</b>	<b>1 285 773</b>	<b>1 987 350</b>

## 4. MAINTENANCE AND OPERATING COSTS

	2025	2024
	EUR	EUR
Transmission and storage system maintenance services	4 179 867	4 316 897
Cost of materials	760 500	1 304 933
Cost of natural gas	1 471 747	2 094 687
Maintenance of IT infrastructure	1 500 422	1 192 128
Maintenance of vehicles and machinery	281 563	257 193
<b>Total</b>	<b>8 194 099</b>	<b>9 165 838</b>

## 5. PERSONNEL EXPENSES

	2025	2024
	EUR	EUR
Salaries	13 956 864	13 445 557
State social insurance mandatory contributions	3 273 232	3 160 239
Life, health, and pension insurance	904 779	933 107
Other personnel costs	14 618	28 730
Accrued personnel expenses for PPE creation	(601 956)	(237 596)
<b>Total</b>	<b>17 547 537</b>	<b>17 330 037</b>
Including remuneration of the Management Board and the Supervisory Council:		
- Remuneration for work	742 296	705 242
- State social insurance mandatory contributions	175 108	166 437
- Life, health and pension insurance	59 600	53 959
- Other personnel costs	44	2 176
<b>Total</b>	<b>977 048</b>	<b>927 814</b>
The average number of employees	<b>365</b>	<b>361</b>

## 6. OTHER OPERATING EXPENSES

	2025	2024
	EUR	EUR
Taxes and duties*	792 123	893 758
Office and other administrative costs	1 714 453	1 647 367
<b>Total</b>	<b>2 506 576</b>	<b>2 541 125</b>

\* Real estate tax, Natural resources tax, PUC fee, State and municipal fees, Corporate income tax from deemed profit distribution

## 7. FINANCIAL EXPENSES, NET

	2025	2024
	EUR	EUR
Interest paid	1 623 558	2 714 750
Accrued loan expense costs	(195 186)	(143 680)
Lease interest expense	20 230	20 512
Gain of interest on bank account balances, deposits	(349 866)	(704 516)
Losses / (gain) from exchange rate fluctuations	(1 431)	630
<b>Total</b>	<b>1 097 305</b>	<b>1 887 696</b>

## 8. INTANGIBLE ASSETS

	Patents, software, licences	Co-financed assets	Intangible assets under development	TOTAL
	EUR	EUR	EUR	EUR
<b>Historical cost</b>				
<b>31.12.2023</b>	<b>7 740 313</b>	<b>1 007 865</b>	<b>15 180 182</b>	<b>23 928 360</b>
Additions	-	-	2 020 890	2 020 890
Transfers	407 913	-	(407 913)	-
Disposals	(495 545)	-	-	(495 545)
<b>31.12.2024</b>	<b>7 652 681</b>	<b>1 007 865</b>	<b>16 793 159</b>	<b>25 453 705</b>
<b>Amortisation</b>				
<b>31.12.2023</b>	<b>5 937 781</b>	<b>-</b>	<b>-</b>	<b>5 937 781</b>
Amortisation charge	730 114	100 787	-	830 901
Disposals	(495 545)	-	-	(495 545)
<b>31.12.2024</b>	<b>6 172 350</b>	<b>100 787</b>	<b>-</b>	<b>6 273 137</b>
<b>Net book value 31.12.2023</b>	<b>1 802 532</b>	<b>1 007 865</b>	<b>15 180 182</b>	<b>17 990 579</b>
<b>Net book value 31.12.2024</b>	<b>1 480 331</b>	<b>907 078</b>	<b>16 793 159</b>	<b>19 180 568</b>

Intangible assets at December 31, 2025 include fully amortised intangible assets with a historical cost of EUR 4 283 179 (at December 31, 2024: EUR 3 898 010). Intangible assets consist of software and software licences. In 2025, no borrowing costs were capitalized. (2024: EUR 1 077).

On the basis of the decision of ACER (Agency for the Cooperation of Energy Regulators) of August 11, 2014 "On the investment request including cross-border cost allocation for the Gas Interconnection Poland-Lithuania project of common interest No 8.5" and the inter-operator agreement of

	Patents, software, licences	Co-financed assets	Intangible assets under development	TOTAL
	EUR	EUR	EUR	EUR
<b>Historical cost</b>				
<b>31.12.2024</b>	<b>7 652 681</b>	<b>1 007 865</b>	<b>16 793 159</b>	<b>25 453 705</b>
Additions	-	-	498 008	498 008
Transfers	207 931	15 398 311	(15 606 242)	-
<b>31.12.2025</b>	<b>7 860 612</b>	<b>16 406 176</b>	<b>1 684 925</b>	<b>25 951 713</b>
<b>Amortisation</b>				
<b>31.12.2024</b>	<b>6 172 350</b>	<b>100 787</b>	<b>-</b>	<b>6 273 137</b>
Amortisation charge	764 914	485 743	-	1 250 657
<b>31.12.2025</b>	<b>6 937 264</b>	<b>586 530</b>	<b>-</b>	<b>7 523 794</b>
<b>Net book value 31.12.2024</b>	<b>1 480 331</b>	<b>907 078</b>	<b>16 793 159</b>	<b>19 180 568</b>
<b>Net book value 31.12.2025</b>	<b>923 348</b>	<b>15 819 646</b>	<b>1 684 925</b>	<b>18 427 919</b>

May 11, 2018 on sharing the costs of the GIPL project "Gas Interconnection Poland – Lithuania" (GIPL) with "GAZ-System" A.S., "Amber Grid AB" and "Elering" AS, the planned Conexus' co-financing for the construction of the interconnector is set at EUR 14,7 million. According to the agreement, a recalculation was carried out on December 31, 2024, and the total cost amounts to EUR 15,4 million EUR.

In 2025, the Gas Interconnection Poland-Lithuania (GIPL) project was completed. AS 'Conexus Baltic Grid' carried out the final settlements and recognized the interconnection as an intangible asset with an estimated amortization period up to June 2045.

## 9. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Land	Buildings, structures	Plant and equipment	Other property and equipment	Wells	Gas compression units	Automatic equipment control systems	Emergency spare parts	Cushion gas	Assets under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Historical cost or revalued amount</b>											
<b>31.12.2023</b>	<b>1 104 511</b>	<b>629 594 093</b>	<b>96 550 924</b>	<b>6 567 306</b>	<b>138 773 371</b>	<b>30 376 090</b>	<b>7 624 246</b>	<b>1 959 708</b>	<b>10 708 163</b>	<b>29 719 820</b>	<b>952 978 232</b>
Additions	-	-	817 897	618 251	-	2 120	191 567	-	-	44 644 143	46 273 978
Reclassified	-	8 351 282	578 554	420 784	251 155	57 776	1 326 531	-	-	(10 986 082)	-
Disposals	-	(1 532 740)	(1 378 141)	(351 753)	(109 591)	(16 550)	(193 222)	-	-	-	(3 581 997)
Recognized impairment*	-	(94 336 921)	(5 140 127)	-	(47 292)	(46 819)	(144 593)	-	-	-	(99 715 752)
Transfers**	-	-	-	388	-	-	(388)	68 641	-	-	68 641
<b>31.12.2024</b>	<b>1 104 511</b>	<b>542 075 714</b>	<b>91 429 107</b>	<b>7 254 976</b>	<b>138 867 643</b>	<b>30 372 617</b>	<b>8 804 141</b>	<b>2 028 349</b>	<b>10 708 163</b>	<b>63 377 881</b>	<b>896 023 102</b>
<b>Accumulated depreciation</b>											
<b>31.12.2023</b>	<b>-</b>	<b>419 302 364</b>	<b>47 385 657</b>	<b>4 243 640</b>	<b>44 318 566</b>	<b>16 620 884</b>	<b>2 877 394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>534 748 505</b>
Calculated	-	9 042 873	3 932 857	669 339	2 375 084	763 310	558 617	-	-	-	17 342 080
Disposals	-	(1 531 220)	(1 364 604)	(349 765)	(109 591)	(16 550)	(190 916)	-	-	-	(3 562 646)
Excluded as a result of revaluation*	-	(68 537 516)	(2 281 054)	-	59 725	(24 665)	(6 369)	-	-	-	(70 789 879)
Reclassified	-	-	(7 037)	7 173	-	-	(136)	-	-	-	-
<b>31.12.2024</b>	<b>-</b>	<b>358 276 501</b>	<b>47 665 819</b>	<b>4 570 387</b>	<b>46 643 784</b>	<b>17 342 979</b>	<b>3 238 590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477 738 060</b>
<b>Net balance value 31.12.2023</b>	<b>1 104 511</b>	<b>210 291 729</b>	<b>49 165 267</b>	<b>2 323 666</b>	<b>94 454 805</b>	<b>13 755 206</b>	<b>4 746 852</b>	<b>1 959 708</b>	<b>10 708 163</b>	<b>29 719 820</b>	<b>418 229 727</b>
<b>Net balance value 31.12.2024</b>	<b>1 104 511</b>	<b>183 799 213</b>	<b>43 763 288</b>	<b>2 684 589</b>	<b>92 223 859</b>	<b>13 029 638</b>	<b>5 565 551</b>	<b>2 028 349</b>	<b>10 708 163</b>	<b>63 377 881</b>	<b>418 285 042</b>

\* The Company has revised the carrying amount of fixed assets for buildings, structures and technological equipment, determining their value at revalued value. The reduction in the carrying amount of EUR 22 624 715 is recognised in the reduction of the revaluation reserve and included in the statement of "Comprehensive income" in position of "Revaluation reserves decrease in property, plant and equipment", EUR 6 302 160 recognised in the "Profit or loss statement" under the position "Depreciation, amortisation, and PPE impairment", EUR 1 002 was recognized in the Profit and loss statement under the item "Other income".

\*\* inventories of materials in warehouses in the amount of EUR 68 641 were transferred to the Emergency spare parts.

## 9. PROPERTY, PLANT AND EQUIPMENT (PPE) (continued)

	Land	Buildings, structures	Plant and equipment	Other property and equipment	Wells	Gas compression units	Automatic equipment control systems	Emergency spare parts	Cushion gas	Assets under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>Historical cost or revalued amount</b>											
<b>31.12.2024</b>	<b>1 104 511</b>	<b>542 075 714</b>	<b>91 429 107</b>	<b>7 254 976</b>	<b>138 867 643</b>	<b>30 372 617</b>	<b>8 804 141</b>	<b>2 028 349</b>	<b>10 708 163</b>	<b>63 377 881</b>	<b>896 023 102</b>
Additions	-	33 980	358 029	939 830	52 816	-	5 993	-	-	24 551 321	25 941 969
Reclassified	112 365	12 655 746	4 468 833	335 453	4 703 743	1 196 753	1 186 529	-	-	(24 659 422)	-
Disposals	-	(356 262)	(197 325)	(346 115)	-	(21 305)	-	-	-	-	(921 007)
Transfers*	-	-	-	-	-	-	-	191 652	-	-	191 652
<b>31.12.2025</b>	<b>1 216 876</b>	<b>554 409 178</b>	<b>96 058 644</b>	<b>8 184 144</b>	<b>143 624 202</b>	<b>31 548 065</b>	<b>9 996 663</b>	<b>2 220 001</b>	<b>10 708 163</b>	<b>63 269 780</b>	<b>921 235 716</b>
<b>Accumulated depreciation</b>											
<b>31.12.2024</b>	<b>-</b>	<b>358 276 501</b>	<b>47 665 819</b>	<b>4 570 387</b>	<b>46 643 784</b>	<b>17 342 979</b>	<b>3 238 590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477 738 060</b>
Calculated	-	8 258 259	3 612 074	798 863	2 333 109	785 362	702 639	-	-	-	16 490 306
Disposals	-	(190 492)	(195 243)	(343 769)	-	(19 343)	-	-	-	-	(748 847)
Reclassified	-	-	(17 320)	17 320	-	-	-	-	-	-	-
<b>31.12.2025</b>	<b>-</b>	<b>366 344 268</b>	<b>51 065 330</b>	<b>5 042 801</b>	<b>48 976 893</b>	<b>18 108 998</b>	<b>3 941 229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>493 479 519</b>
<b>Net balance value 31.12.2024</b>	<b>1 104 511</b>	<b>183 799 213</b>	<b>43 763 288</b>	<b>2 684 589</b>	<b>92 223 859</b>	<b>13 029 638</b>	<b>5 565 551</b>	<b>2 028 349</b>	<b>10 708 163</b>	<b>63 377 881</b>	<b>418 285 042</b>
<b>Net balance value 31.12.2025</b>	<b>1 216 876</b>	<b>188 064 910</b>	<b>44 993 314</b>	<b>3 141 343</b>	<b>94 647 309</b>	<b>13 439 067</b>	<b>6 055 434</b>	<b>2 220 001</b>	<b>10 708 163</b>	<b>63 269 780</b>	<b>427 756 197</b>

\* inventories of materials in warehouses in the amount of EUR 191 652 were transferred to the Emergency spare parts.

At December 31, 2025, property, plant and equipment included fully depreciated assets with an original value of EUR 26 194 279 (At December 31, 2024: EUR 17 605 144). In 2025, capitalised borrowing costs amounted to EUR 150 693 (2024: EUR 37 426). The cadastral value of the real estate is EUR 35 072 385 (at December 31, 2024: EUR 39 519 947). The total length of the transmission system pipelines is 1 190 km.

At the end of the reporting period significant part of the construction in progress consists of projects co-financed by the EU (Note 16). The balance of Assets under construction by projects:

Assets under construction	Planned project completion date	31.12.2025	31.12.2024
		EUR	EUR
Project of common interest "Enhancement of Inčukalns Underground Gas Storage"	31.03.2026.	57 927 647	54 672 223
Project "Increasing the share of biomethane in final consumption"	31.12.2029.	5 080	51 352
<b>EU co-financed projects</b>		<b>57 932 727</b>	<b>54 723 575</b>
Other projects	2026. – 2027.	4 801 441	8 283 938
<b>Total</b>		<b>62 734 168</b>	<b>63 007 513</b>

### Revaluation of fixed assets

In accordance with the requirements of point 31 of IAS 16 "Property, Plant and Equipment", if the Company has chosen to measure fixed assets at revalued value, such revaluation must be carried out with sufficient regularity to ensure that the carrying amount of fixed assets at the balance sheet date does not differ significantly from their fair value. The following categories of fixed assets are accounted for at revalued value: buildings and structures, technological equipment and devices, wells, gas compression units, and automatic equipment control systems. Land plots, safety spare parts, cushion gas in the Inčukalns UGS collector layer, and gas pipelines of the transmission system, other fixed assets, and costs of assets under construction are not revalued.

In 2024, a revaluation was carried out for the following groups of fixed assets: buildings and structures; technological equipment and devices (excluding the groups of fixed assets revalued in 2023: wells, gas compression units, and automatic equipment control systems).

The calculation of the value of assets is based on the income approach, discounting future cash flows. The Company calculated the fair value as of December 31, 2024, based on management's estimates of the projected economic activity over a 10-year period. A discount rate of 7,10 % was used in the calculation.

As a result of the revaluation, a decrease in value of EUR 28 925 873 was identified. The decrease in the carrying amount of EUR 22 624 715 was recognized in the revaluation reserve decrease and included in the financial Statement of other comprehensive income under the position “Decrease of PPE revaluation reserve”, EUR 6 302 160 was recognized in the Profit and loss statement under the item “Depreciation, amortization, and PPE impairment”, EUR 1 002 was recognized in the Profit and loss statement under the item “Other income”.

No revaluation was performed in 2025, based on management’s assessment that the carrying amount of the assets does not materially differ from their fair value.

The following table summarises the carrying amounts for the revalued asset categories, assuming that the assets would be carried at historical cost.

<b>Historical cost</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
Buildings and structures	112 325 596	111 670 075
Machinery and equipment	40 267 310	39 678 006
Wells	56 795 915	53 503 497
Gas compression units	11 844 772	11 281 179
Automatic equipment control systems	6 059 251	5 703 717

## 10. LEASE

	<b>31.12.2025</b>	<b>31.12.2024</b>
	<b>EUR</b>	<b>EUR</b>
<b>Right-of-use assets</b>		
<b>Net book value at the beginning of the reporting period</b>	<b>435 214</b>	<b>448 358</b>
Depreciation recognised in the income statement	(13 144)	(13 144)
<b>Net book value at the end of the reporting period</b>	<b>422 070</b>	<b>435 214</b>
<b>Lease liabilities</b>		
<b>Net book value at the beginning of the reporting period</b>	<b>471 310</b>	<b>478 002</b>
Recognised reduction of the lease liability (lease payments made*)	(27 204)	(27 204)
Recognised lease interest expense	20 230	20 512
<b>Net balance value at 31.12.2025</b>	<b>464 336</b>	<b>471 310</b>
Incl.: Long-term lease liabilities	437 132	444 106
Short-term lease liabilities	27 204	27 204

\* in the cash flow statement for 2025, lease payments in the amount of EUR 8 932 are included in the cash flow from financing activities (31.12.2024: EUR 27 204)

Conexus’ right-of-use assets include land, premises and construction rights.

	<b>Term</b>	<b>Maturity date</b>
Land lease, Inčukalns underground gas storage	36 years	31.12.2054
Land lease, Stigu street 14	36 years	31.12.2054
Construction rights, Stigu street 14	70 years	31.12.2089

## 11. INVENTORIES

	31.12.2025	31.12.2024
	EUR	EUR
Natural gas	508 111	1 939 902
Materials and spare parts	5 301 054	3 300 274
Advance payments for inventories	8 363	5 385
Write-off of inventory to net realisable value	(118 479)	(129 626)
<b>Total</b>	<b>5 699 049</b>	<b>5 115 935</b>
<b>Write-off of inventory to net realisable value</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR	EUR
<b>Write-offs at the beginning of the period</b>	<b>(129 626)</b>	<b>(138 980)</b>
Write-offs during the reporting period	11 147	9 354
<b>Write-offs at the end of the period</b>	<b>(118 479)</b>	<b>(129 626)</b>

## 12. RECEIVABLES FROM CONTRACTS WITH CUSTOMERS AND ADVANCES FROM CUSTOMERS

Receivables from contracts	31.12.2025	31.12.2024
	EUR	EUR
Debt for transportation of natural gas	6 452 170	6 233 412
Debt for storage of natural gas	3 096 449	4 936 486
Debt for balancing activities	-	205 915
Received advance for natural gas storage	37 570	-
<b>Total</b>	<b>9 586 189</b>	<b>11 375 813</b>
<b>Advances from customers</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR	EUR
Received advance for natural gas storage	-	211 021
Received security deposit	8 037 279	7 156 305
<b>Total</b>	<b>8 037 279</b>	<b>7 367 326</b>

Expected credit losses on contracts with customers are insignificant, during the last 3 years no debts have been written down, therefore, it was decided not to recognise allowances for doubtful debts.

The rules approved by PUC set strict criteria for providing debt repayment guarantees. Additional information is disclosed in the Credit risk section of Note 27.

## 13. OTHER RECEIVABLES

	31.12.2025	31.12.2024
	EUR	EUR
<b>Other current financial receivables:</b>		
Other current financial receivables	220 127	127 413
Accrued income	169 848	-
<b>Total other current financial receivables</b>	<b>389 975</b>	<b>127 413</b>
<b>Other current non-financial receivables:</b>		
Advances for services	68 505	36 701
Deferred value added tax	26 458	80 566
<b>Total other current non-financial receivables</b>	<b>94 963</b>	<b>117 267</b>
<b>Total other receivables</b>	<b>484 938</b>	<b>244 680</b>

## 14. DEFERRED EXPENSES

	31.12.2025	31.12.2024
	EUR	EUR
<b>Non-current part</b>		
Long-term portion of deferred expenses	193 621	288 426
<b>Total non-term part</b>	<b>193 621</b>	<b>288 426</b>
<b>Current part</b>		
IT expenses	604 623	600 899
Insurance payments	87 525	83 882
Transport expenses	7 362	12 031
Other deferred expenses	59 641	60 405
<b>Total short-term part</b>	<b>759 151</b>	<b>757 217</b>
<b>Total deferred expenses</b>	<b>952 772</b>	<b>1 045 643</b>

## 15. RESERVES

	31.12.2025	31.12.2024
	EUR	EUR
PPE revaluation reserve	129 284 000	134 658 944
Revaluation reserve for post-employment benefits	(73 208)	67 796
Storage assets financing reserve*	66 953 029	-
Reorganisation reserve**	24 647 260	24 647 260
<b>Total</b>	<b>220 811 081</b>	<b>159 374 000</b>

\* The storage asset financing reserve has been established in accordance with the Energy Law. The reserve is determined based on management's estimate, taking into account the information available at the time of preparing the report.

\*\* due to the reorganization of AS "Latvijas Gāze" in two separate companies (in 2017) – AS "Latvijas Gāze" and Conexus, the assets and liabilities related to the core business were transferred to Conexus, including the reorganization reserve.

Movement of revaluation reserves during the reporting period	Property, plant and equipment revaluation reserve	Post-employment benefit revaluation reserve
<b>Balance at 31.12.2023</b>	<b>163 915 291</b>	<b>88 379</b>
Reassessment of actuarial assumptions	-	(20 583)
Depreciation of the revalued portion of property, plant and equipment for the reporting period transferred to retained earnings	(6 620 934)	-
Reduction of the revaluation reserve as a result of revaluation (Note 9)	(22 624 715)	-
Disposed revalued items of property, plant and equipment*	(10 698)	-
<b>Balance at 31.12.2024</b>	<b>134 658 944</b>	<b>67 796</b>
Reassessment of actuarial assumptions	-	(141 004)
Depreciation of the revalued portion of property, plant and equipment for the reporting period transferred to retained earnings	(5 372 884)	-
Disposed revalued items of property, plant and equipment*	(2 060)	-
<b>Balance at 31.12.2025</b>	<b>129 284 000</b>	<b>(73 208)</b>

\* disposed revalued items of PPE – complete or partial replacement of buildings and technological equipment due to physical and technological wear and tear.

## 16. DEFERRED INCOME

	31.12.2025	31.12.2024
	EUR	EUR
EU co-financed projects	41 497 076	41 290 320
<b>Non-current portion</b>	<b>41 497 076</b>	<b>41 290 320</b>
Current portion (other projects)	4 654	17 659
Current portion (EU co-financing)	1 207 862	969 062
Current portion (contractual liabilities)	-	2 271
<b>Current portion</b>	<b>1 212 516</b>	<b>988 992</b>
<b>Total deferred income</b>	<b>42 709 592</b>	<b>42 279 312</b>

### Changes in deferred income

Changes in deferred income (EU co-financing)	31.12.2025	31.12.2024
	EUR	EUR
<b>Opening balance</b>	<b>42 279 312</b>	<b>27 049 832</b>
EU co-financing received	1 663 161	16 322 195
Recognized deferred income from contracts with customers*	169 848	-
Fixed asset received free of charge as part of co-financed project	-	2 271
Recognised in income for the reporting year	(380 174)	380 174
Recognised in other income for the reporting year	(2 271)	(4 475)
Recognised in other income for the reporting year (Note 3)	(1 020 284)	(1 470 685)
<b>Carried forward to future periods</b>	<b>42 709 592</b>	<b>42 279 312</b>

\* Payment for full storage cycle received in 2024

Changes in deferred income (contract liabilities)	31.12.2025	31.12.2024
	EUR	EUR
<b>Opening balance</b>	<b>2 271</b>	<b>4 475</b>
Recognised in deferred income	-	6 244
Recognised in revenue for the reporting year	(2 271)	(8 448)
<b>Carried forward to future periods</b>	<b>-</b>	<b>2 271</b>

In May 2019, the European Commission approved the granting of co-financing in the amount of 50 % or EUR 44 000 thousand for the project of common European interest No. 8.2.4 "Improvement of the operation of the Inčukalns underground gas storage".

In December 2019, the European Commission approved the co-financing of 50 % or EUR 2 750 thousand for the project of common European interest No. 8.2.1. "Improvement of the operation of the Latvian-Lithuanian interconnection".

In 2024, the European Commission approved the granting of co-financing at a rate of 100%, amounting to EUR 1,5 million, for Project No. 7.1.1.3.i "Increasing the share of biomethane in final consumption".

In 2025, Grant Agreement No. 11.2-FIEE-S-M-24-NBHC was signed, providing European Union financial support amounting to 50 %, i.e. EUR 0,4 million, for the project "Nordic-Baltic Hydrogen Corridor".

Projekts	Deferred income 31.12.2023	Received EU co- financing 2023	Recognised in other income (Note 3) 2023	Deferred income 31.12.2024	Received EU co-financing 2024	Recognised in other income (Note 3) 2024	Deferred income 31.12.2025
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Project of gas transmission from 2011	<b>1 549 662</b>	-	(225 057)	<b>1 324 605</b>	-	(68 290)	<b>1 256 315</b>
Project of the Inčukalns UGS from 2011	<b>5 194 296</b>	-	(187 914)	<b>5 006 382</b>	-	(187 915)	<b>4 818 467</b>
Project of the Inčukalns UGS from 2019 (Nr.8.2.4.)	<b>18 205 130</b>	15 317 903	(639 720)	<b>32 883 313</b>	763 161	(669 428)	<b>32 977 046</b>
Project of gas transmission from 2019 (Nr.8.2.1.)	<b>1 977 046</b>	554 292	(357 539)	<b>2 173 799</b>	-	(80 408)	<b>2 093 391</b>
Connection to Conexus` gas transmissions system	<b>119 223</b>	-	(50 700)	<b>68 523</b>	-	(4 150)	<b>64 373</b>
Biomethane injection points	-	830 174	(9 755)	<b>820 419</b>	669 826	9 755	<b>1 500 000</b>
Research project "Nordic-Baltic Hydrogen Corridor"	-	-	-	-	19 848	(19 848)	-
<b>Total</b>	<b>27 045 357</b>	<b>16 702 369</b>	<b>(1 470 685)</b>	<b>42 277 041</b>	<b>1 452 835</b>	<b>(1 020 284)</b>	<b>42 709 592</b>

## 17. EMPLOYEE BENEFIT OBLIGATIONS

	31.12.2025	31.12.2024
	EUR	EUR
Provisions for post-employment benefits	1 305 467	1 177 320
Provisions for other collective bargaining agreement costs*	257 343	247 047
<b>Total</b>	<b>1 562 810</b>	<b>1 424 367</b>

\* gifts on anniversaries of life and seniority

	31.12.2025	31.12.2024
<b>Liabilities at the beginning of the year</b>	<b>1 424 367</b>	<b>1 331 477</b>
Recognised in the income statement	180 983	167 513
Paid	(183 544)	(95 206)
Remeasurement of post – employment benefits as a result of changes in actuarial assumptions – in equity	141 004	20 583
<b>Liabilities at the end of the year</b>	<b>1 562 810</b>	<b>1 424 367</b>

As a result of changes in actuarial assumptions, the 2025 breakdown includes the impact of an increase in the discount rate (resulting in a decrease in benefit obligations), changes in employee turnover rates, as well as an increase in the estimated salary growth (resulting in an increase in benefit obligations). In the reporting year, the discount rate used to discount post-employment benefit obligations is 3,56 % (2024: 3,18 %).

Sensitivity analysis of the total value of post-employment benefit, EUR	2025		2024	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 1 % point)	141 774	(119 254)	128 812	(108 556)
	5 %	-8 %	9 %	-8 %
Labour turnover rate (-/+ 1 % point)	162 388	(137 033)	146 904	(124 246)
	10 %	-9 %	10 %	-9 %
Monthly salary increase (+/- 1 % point)	128 266	(109 234)	114 987	(98 082)
	8 %	-7 %	8 %	-7 %
Retirement age of employees, years (-/+ 1 year)	81 931	(96 945)	80 536	(81 042)
	5 %	-6 %	6 %	-6 %

## 18. BORROWINGS FROM CREDIT INSTITUTIONS

	31.12.2025	31.12.2024
	EUR	EUR
Non-current borrowings from credit institutions	59 770 326	46 776 882
Current borrowings from credit institutions	6 649 286	19 792 016
Accrued interest on borrowings from credit institutions	41 259	49 872
<b>Total</b>	<b>66 460 871</b>	<b>66 618 770</b>

Conexus has borrowings both from local and international credit institutions. The weighted average interest rate is 2,18 % at the end of reporting year (31.12.2024: 2,38 %). At the end of the reporting year, 36 % of borrowings outstanding have a fixed loan interest rate (31.12.2024: 39 %). All borrowings of Conexus are denominated in euros and are unsecured.

At the end of the reporting year, committed long-term loan agreements in the amount of EUR 36 000 thousand are available to Conexus.

	31.12.2025	31.12.2024
	EUR	EUR
<b>At the beginning of the reporting year</b>	<b>66 618 770</b>	<b>79 543 676</b>
Received borrowings from credit institutions	9 000 000	-
Borrowings repaid to credit institutions	(9 149 288)	(12 899 286)
Accrued interest on loans from credit institutions	1 623 558	2 714 750
Paid interest on loans from credit institutions	(1 632 169)	(2 740 370)
<b>Total</b>	<b>66 460 871</b>	<b>66 618 770</b>

All changes in borrowings, except accrued interest liabilities, are presented in the Statement of cash flows as Cash flows from financing activities.

The limits of financial covenants specified in the existing agreements of Conexus during the reporting year have been complied with, information on financial covenants is disclosed in the section on Capital risk management (Note 27).

Lease liabilities are disclosed in Note 10.

## 19. TRADE PAYABLES

	31.12.2025	31.12.2024
	EUR	EUR
Payables for other operating costs	2 980 151	1 156 225
Payables for long-term investments	2 125 502	4 881 706
Payables for balancing operations	360 788	1 137 986
Payables for intangible assets	284 282	2 240 029
<b>Total</b>	<b>5 750 723</b>	<b>9 415 946</b>

## 20. OTHER LIABILITIES

	31.12.2025	31.12.2024
	EUR	EUR
Dividends unpaid for the previous years	542 500	546 278
<b>Current financial liabilities</b>	<b>542 500</b>	<b>546 278</b>
Value added tax	810 123	396 119
Employee remuneration	684 143	610 834
State social insurance mandatory contributions	370 032	378 624
Other short-term liabilities	77 070	116 484
Personal income tax	196 008	209 014
Natural resource tax	34 734	31 677
Corporate income tax on deemed distribution of profit	999 163	1 715
Excise tax, Real estate tax	3 709	1 441
<b>Current non-financial liabilities</b>	<b>3 174 982</b>	<b>1 745 908</b>
<b>Other liabilities total</b>	<b>3 717 482</b>	<b>2 292 186</b>

## 21. ACCRUED LIABILITIES

	31.12.2025	31.12.2024
Accrued liabilities for annual performance bonuses	1 651 312	2 187 501
Accrued liabilities for unused annual leave	906 425	797 933
<b>Non-Financial accrued liabilities</b>	<b>2 557 737</b>	<b>2 985 434</b>
Accrued liabilities for invoices not received	229 036	15 553 204
Accrued liabilities for the audit of the annual report	20 155	16 600
<b>Financial accrued liabilities</b>	<b>249 191</b>	<b>15 569 804</b>
<b>Accrued liabilities total</b>	<b>2 806 928</b>	<b>18 555 238</b>

## 22. CORPORATE INCOME TAX

	31.12.2025	31.12.2024
	EUR	EUR
Shareholders' decision on dividends to be paid	19 495 184	11 935 826
Profit to be distributed	19 495 184	11 935 826
Calculated corporate income tax	4 873 796	2 983 957
Corporate income tax payable at the end of the reporting period	(994 652)	-
<b>Corporate income tax paid for the reporting period</b>	<b>3 879 144</b>	<b>2 983 957</b>

In 2025, the amount of dividends declared to Conexus' shareholders was EUR 19 495 184 or EUR 0.49 per share. In 2024, the amount of dividends declared to Conexus' shareholders was EUR 11 935 826 or EUR 0.30 per share.

As of December 31, 2025, the Company has retained earnings of EUR 52 488 313 (31.12.2024: EUR 95 198 847), for which the Company will incur Corporate income tax liabilities of EUR 13 122 078 (31.12.2024: EUR 23 799 712).

## 23. CASH AND CASH EQUIVALENTS

	31.12.2025.	31.12.2024.
	EUR	EUR
Cash at bank	4 582 199	4 624 965
Short-term bank deposits	-	19 826 189
<b>Total</b>	<b>4 582 199</b>	<b>24 451 154</b>

## 24. RELATED PARTY TRANSACTIONS

Related parties include Conexus' shareholders, members of the Supervisory Council and the Management Board, their close family members, and companies in which they exercise control or significant influence; Parent company AS "Augstsprieguma tīkls", its members of the Supervisory Council and the Management Board, Audit Committee Officers, their close family members, and companies in which they exercise control or significant influence. As all shares of the Parent company are 100 % owned by the Republic of Latvia, state-controlled companies are also considered related parties.

Conexus has no ordinary service transactions with the Government of Latvia, including ministries and state agencies, as well as no transactions with state-controlled companies, which are considered as other related parties, except for AS "Augstsprieguma tīkls" (Parent company) and AS "Latvenergo" (Other related parties).

Transactions with AS "Latvenergo", according to the principle of fair competition, include storage and transmission services.

Related party transactions	2025 or 31.12.2025.	2024 or 31.12.2024.
	EUR	EUR
<b>Income from related parties:</b>		
AS "Latvenergo"	35 170 154	36 185 768
<b>Purchases of goods and services from related parties:</b>		
AS "Latvenergo"	1 731 717	2 022 145
AS "Augstsprieguma tīkls"	718	693
<b>Balances at the end of the year arising from sales/ purchases of goods and services:</b>		
<b>Receivables from contracts with customers</b>		
AS "Latvenergo"	4 111 547	3 876 806
<b>Trade payables</b>		
AS "Latvenergo"	47 096	280 578
AS "Augstsprieguma tīkls"	-	151

Information on dividends paid to shareholders is disclosed in Note 22.

Conexus' management remuneration is disclosed in Note 5.

## 25.COMMITMENTS AND CONTINGENCIES

As of 31 December 2025, Conexus has concluded, but not yet completed long-term asset construction contracts amounted EUR 5 608 595 (at December 31, 2024: EUR 18 349 893).

The financial covenants specified in the existing agreements of Conexus during the reporting period have been complied with, information on financial covenants is disclosed in the section on Capital risk management in Note 27.

## 26. REMUNERATION TO A COMMERCIAL COMPANY OF SWORN AUDITORS

Remuneration to a commercial company of sworn auditors	31.12.2025	31.12.2024
	EUR	EUR
Audit of financial statements	30 385	29 500
Review of sustainability report	8 000	6 000
<b>Total</b>	<b>38 385</b>	<b>35 500</b>

## 27. RISK MANAGEMENT AND FAIR VALUES

The principles and guidelines for general financial risk management are set out in Conexus' Financial Risk Management Policy. The Management Board is responsible for implementing this policy within the Company.

Conexus is exposed to the following financial risks: capital risk, financing risk (including interest rate risk, refinancing risk and early redemption risk), currency risk, credit risk and liquidity risk.

Conexus' financial instruments are divided into the following categories:

Financial assets and liabilities	31.12.2025	31.12.2024
Financial assets at amortised cost	EUR	EUR
Receivables from contracts with customers	9 586 189	11 375 813
Other receivables	315 090	127 413
Cash and cash equivalents	4 582 199	24 451 154
<b>Total financial assets at amortised cost</b>	<b>14 483 478</b>	<b>35 954 380</b>
Financial liabilities at amortised cost		
Borrowings from credit institutions	66 460 871	66 618 770
Trade payables	5 750 723	9 415 946
Other liabilities and accrued liabilities	791 691	16 116 082
Lease liabilities	464 336	471 310
<b>Total financial liabilities at amortised cost</b>	<b>73 467 621</b>	<b>92 622 108</b>

### LIQUIDITY RISK

Liquidity risk is associated with the ability of Conexus to meet its liabilities within set deadlines. Conexus pursues prudent liquidity risk management by forecasting annual, quarterly and monthly cash flows to ensure adequate financial resources for its operations. If necessary, Conexus intends to take out long – term loans. Liquidity reserve consists of the cash and cash equivalents, as well as loans available but not yet withdrawn.

At the end of the reporting period, Conexus' working capital is negative; however, Management does not consider there to be significant risks to the Company's ability to meet its short-term obligations, because committed long-term loan agreements amounting to EUR 36,000 thousand (31.12.2024: EUR 45,000 thousand) are available to Conexus.

Maturity analysis of financial liabilities by their contractual cash flows, including interest payments:

<b>31.12.2025</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>1 – 3 months</b>	<b>3 months – 1 year</b>	<b>1 – 5 years</b>	<b>&gt; 5 years</b>
	EUR	EUR	EUR	EUR	EUR	EUR
Borrowings from credit institutions	66 460 871	75 302 453	2 252 475	6 314 235	50 375 943	16 359 800
Trade payables, accrued liabilities	6 542 414	6 542 414	6 542 414	-	-	-
Lease liabilities	464 336	967 356	6 801	20 403	108 816	831 336
<b>Financial liabilities</b>	<b>73 467 621</b>	<b>82 812 223</b>	<b>8 801 690</b>	<b>6 334 638</b>	<b>50 484 759</b>	<b>17 191 136</b>

<b>31.12.2024</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>1 – 3 months</b>	<b>3 months – 1 year</b>	<b>1 – 5 years</b>	<b>&gt; 5 years</b>
	EUR	EUR	EUR	EUR	EUR	EUR
Borrowings from credit institutions	66 618 770	73 252 134	4 169 590	16 894 214	33 619 215	18 569 115
Trade payables, accrued liabilities	25 532 028	25 532 028	25 532 028	-	-	-
Lease liabilities	471 310	994 560	6 801	20 403	108 816	858 540
<b>Financial liabilities</b>	<b>92 622 108</b>	<b>99 778 722</b>	<b>29 708 419</b>	<b>16 914 617</b>	<b>33 728 031</b>	<b>19 427 655</b>

## FUNDING RISK

### *Interest rate risk*

Interest rate risk arises because Conexus uses borrowed funds. Interest rate risk for Conexus arises from borrowings with a floating interest rate (hereinafter referred to as the reference interest rate) consisting of three or six-month EURIBOR plus interest rate, with the risk that Conexus' financial costs will increase significantly when the reference rate surges.

Interest rate risk is managed by entering into interest rate swaps (IRSs), in which floating interest rates are exchanged for fixed interest rates, or by obtaining new fixed rate borrowings or by issuing bonds as fixed rate instruments. At the end of the reporting period, Conexus had no interest rate swaps (IRS) or bonds issued as fixed rate instruments. 39 % of Conexus' received and unpaid long-term loans have a fixed interest rate.

Conexus' financial risk management policy requires the level, amount and maturity of interest rate risk management to be assessed in accordance with the approved Conexus service tariff cycles.

If the base borrowing rate (EURIBOR) increased by 0,25 %, Conexus interest expenses on loans would increase by EUR 99 thousand (2024: EUR 118 thousand). If the base borrowing rate (EURIBOR) increased by 0,50 %, interest expenses on loans would increase by EUR 198 thousand (31.12.2024: EUR 236 thousand).

### *Refinancing risk*

Refinancing risk may arise from external macroeconomic and political circumstances, the onset of a financial crisis, or a significant deterioration in Conexus' operations and financial indicators.

To hedge refinancing risk, Conexus diversifies its loan portfolio by setting limits for key financial indicators (limit values) and ensuring

their monitoring by the source of borrowing - not more than 80 per cent from one credit institution. At the same time, Conexus ensures diversification of the maturity dates for the repayment of the borrowings.

### *Risk of early repayment*

The risk of early repayment of the debt may arise if one of the lenders exercises its right to demand early repayment under the loan agreement, which would automatically entitle all of Conexus' other lenders to demand early repayment of their loans.

In order to prevent the risk of early repayment of the debt, Conexus regularly performs calculations and analyses the indicators (covenants) laid down in the loan agreements and pays special attention to timely prevention the occurrence of defaults on payments. Conexus maintains relations with its lenders on a regular basis, informing them in a timely manner of changes affecting Conexus' business and reputation.

### *Credit risk*

Conexus is exposed to credit risk, which is the risk that Conexus will incur a loss if a counterparty fails to meet its contractual obligations. Credit risk may arise from cash and cash equivalents, receivables from contracts with customers and other financial receivables.

Conexus is exposed to a significant concentration of credit risk on receivables from contracts with customers, as credit risk is shared among the 10 largest customers, whose liabilities accounted for 83 % of Conexus' total receivables from contracts with customers (31.12.2024: 82 %). Conexus considers that receivables from customers are highly recoverable.

The maximum credit risk exposure related to financial assets comprises of carrying amounts of cash and cash equivalents (Note 23), receivables from contracts with customers and other receivables (Notes 12, 13).

<b>Assessment of maximum possible exposure to credit risk</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR	EUR
Receivables from contracts with customers	9 586 189	11 375 813
Other current financial receivables	315 090	127 413
Cash and cash equivalents	4 582 199	24 451 154
<b>Total</b>	<b>14 483 478</b>	<b>35 954 380</b>

To limit the credit risk of receivables, Conexus assesses the creditworthiness of counterparties and sets their credit limits. If a counterparty's creditworthiness is not sufficient to cover the credit limit set by Conexus, security is required (a security deposit, bank guarantee, credit rating). One of such guarantees is security deposits – their amount at the end of the year is EUR 8 037 279 (2024: EUR 7 156 305), (Note 12). During the reporting period, no payment delays in trade and other receivables were identified that would have a material impact on the measurement of expected credit losses.

Credit risk in relation to financial assets with credit institutions is managed through a balanced placement of financial assets with at least two credit institutions. The credit institutions with which cooperation exists or is contemplated must have a rating of at least A- or A3 by an international rating agency. To ensure execution of financial transactions for operations, Conexus may also invest in credit institutions with a credit rating of at least BBB- or Baa3. If the cooperating credit institution does not have a credit rating, the credit rating of the parent credit institution is taken into account. Based on these considerations, cash and cash equivalents can be described as follows (categorized by long-term rating):

<b>Moody's credit rating</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
	EUR	EUR
Aa3	4 574 751	24 447 819
Baa2	4 787	490
Baa1	2 661	2 845
<b>Total cash</b>	<b>4 582 199</b>	<b>24 451 154</b>

At December 31, 2025 and December 31, 2024, cash and cash equivalents consisted of cash held on current accounts with credit institutions.

### *Capital risk management*

Conexus carries out its capital risk management with to the aim of ensuring the sustainable operations of Conexus, maintaining an optimal capital structure, and thus reducing the cost of capital. Conexus takes a balanced approach to risk in relation to its creditworthiness and capital structure.

Conexus regularly manages capital risk, based on the calculation and analysis of capital ratio. Capital ratio is calculated by dividing the amount of equity by total assets. Capital ratio must be maintained at the level of at least 50 percent. Capital ratio at December 31, 2025 is 72 %.

Conexus regularly calculates and analyses debt ratio. Debt ratio is calculated by dividing net debt (all non-current and current interest-bearing liabilities less cash and cash equivalents) by EBITDA (earnings before interest, taxes, depreciation and amortisation) for the past 12 months. The value of this ratio may not exceed five. Debt ratio at December 31, 2025 is 1.3.

Debt service coverage ratio (DSCR) is determined by dividing EBITDA for the last 12 months by the amount of commitment payments (principal, interest or other payments related to loans, loans, financial leasing or other commercially similar transactions). The value of this coefficient should not be less than 1.2x. Debt service coverage ratio (DSCR) indicator at December 31, 2025 is 4.4.

The financial covenants specified in the existing Conexus' borrowing agreements with credit institutions during the reporting period and at the time of approval of the report have been complied with. Actual ratios of the financial covenants:

<b>Financial covenants</b>	<b>31.12.2025</b>	<b>31.12.2024</b>
Equity ratio > 50 %	72 %	69 %
Net borrowings / EBITDA < 5	1.3	0.6
Debt service coverage ratio (DSCR) > 1.2	4.4	4.3

In planning for funding, Conexus follows the prudence principle, keeping open the possibilities of raising additional funding quickly if necessary.

#### *Currency risk*

The policy of Conexus is to focus on transactions, assets, or liabilities denominated in the functional currency of Conexus, i.e., the euro. Foreign currency risk is viewed as low. Conexus has no significant foreign currency balances.

#### *Fair value*

IFRS 13 sets out a hierarchy of valuation techniques based on whether the valuation technique uses observable market data or unobservable market data. Observable market data is obtained from independent sources. If no market data is observable, the valuation technique reflects Conexus management's assumptions about the market circumstances. This hierarchy requires the use of observable market data whenever available. When carrying out assets revaluation, Conexus considers the relevant observable market prices whenever possible.

The objective of determining fair value, even when the market is not active, is to establish the transaction price at which market participants would be willing to sell the asset or incur a liability at a particular measurement date under current market conditions.

Several methods are used to determine the fair value of a financial instrument: quoted prices or valuation techniques that incorporate observable market data and are based on internal models. Based on the fair value hierarchy, all inputs used in valuation techniques are categorised into Level 1, Level 2, and Level 3 inputs. The level of the fair value hierarchy of a financial instrument should be determined to be the lowest level if a significant portion of its value consists of lower-level data.

The classification of a financial instrument in the fair value hierarchy is made in two levels:

1. Classify the inputs at each level to determine the fair value hierarchy;
2. Classify the financial instrument itself on the basis of the lowest level if a significant part of its value consists of inputs from the lower level.

#### *Quoted market prices – Level 1*

Level 1 valuation techniques use unadjusted quoted prices in an active market for identical assets or liabilities when quoted prices are readily available and the price represents the actual market circumstances for transactions under fair competitive circumstances.

#### *Valuation techniques using market data – Level 2*

In the models used in the Level 2 valuation technique, all significant inputs are directly or indirectly observable on the asset or liability side. The market data used in the model is not quoted in Level 1 but is observable directly (i.e., price) or indirectly (i.e., derived from price).

#### *Valuation techniques using market data that are not based on observable market data – Level 3*

Valuation techniques that use market data that is not based on observable market data (unobservable market data) are classified within Level 3. Unobservable market data is data that is not readily available in an active market due to the complexity of an illiquid market or financial instrument. Level 3 inputs are generally determined based on observable market data of a similar nature, historical observations, or analytical approaches.

Classification of financial assets and liabilities by the fair value hierarchy levels:

	Level	31.12.2025	31.12.2024
		EUR	EUR
<b>Assets:</b>			
Receivables from contracts with customers	3.	9 586 189	11 375 813
Other receivables	3.	315 090	127 413
Cash and cash equivalents	2.	4 582 199	24 451 154
<b>Liabilities:</b>			
Borrowings from credit institutions	3.	66 460 871	66 618 770
Trade payables	3.	5 750 723	9 415 946
Other liabilities and accrued liabilities	3.	644 768	16 116 082
Lease liabilities	3.	464 336	471 310

Management has determined that cash, receivables from customers and clients, other assets, payables to suppliers and contractors, and other short-term liabilities are equal to their carrying amounts mainly due to the short-term nature of these instruments. The Company has no net gains or losses on financial instruments to report.

### *Assets and liabilities measured at fair value*

The carrying amounts of liquid and short-term (with a maturity of less than three months) financial instruments, such as cash and cash equivalents, short-term receivables from contracts with customers and current trade payables, approximate their fair values.

The fair value of borrowings from banks is determined by discounting future cash flows at market interest rates. As the interest rates (incl. a fixed loan rate) applied to borrowings from banks largely do not differ significantly from market rates and the risk premium applied by Conexus has not changed significantly, the fair value of non-current liabilities approximates their carrying amount.

### *Assets measured at fair value*

Conexus buildings, structures, including gas pipeline infrastructure, technological equipment, and devices are presented at revalued amounts that approximate their fair value. According to the valuation methods specified in paragraph 62 of IFRS 13 "Fair Value Measurement" and considering the unique nature and use of the assets, the Company determined that the income approach is the most appropriate. Level 3 data was used for the revaluation, indicating that the data is not freely observable for the respective type of asset.

## 28. ACCOUNTING POLICIES

### BASIS OF PREPARATION

The financial statements of Conexus have been prepared in accordance with IFRS Accounting standards as adopted by the European Union. The general accounting and measurement principles set out in this section have been applied consistently for all periods covered by the financial statements.

The financial statements have been prepared on a going concern basis. As at December 31, 2025, Conexus' short-term liabilities exceed its current assets by EUR 7 131 thousand (2024: EUR 16 544 thousand). Conexus' management considers that Conexus will have no liquidity problems and will be able to settle with creditors within the set deadlines, since at the end of the reporting year, Conexus' total borrowing amount is EUR 6 6461 thousand, bank credit lines are unused. At the end of the reporting period, Conexus has signed long-term loan agreements in the amount of EUR 36 000 thousand.

More information on liquidity ratios is disclosed in Note 27 under section on Liquidity risk.

Assets and liabilities in the financial statements are measured at amortised cost. Some groups of fixed assets are recognised at revalued amounts. The statement of cash flows has been prepared in accordance with the indirect method. Financial statements of Conexus are presented in EUR.

### CURRENCY AND REVALUATION OF FOREIGN CURRENCIES

Items presented in the financial statements are denominated in EUR, which is the functional currency of Conexus' business environment and the official currency of the Republic of Latvia.

All foreign currency transactions are translated into EUR using the exchange rate of the European Central Bank effective on the date of the relevant transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate effective on

the last day of the reporting year. Foreign currency gains and losses are recognised in the income statement for the respective period.

### SIGNIFICANT ESTIMATES AND JUDGMENTS

Preparation of the financial statements of Conexus in conformity with IFRS, requires using significant estimates and assumptions that affect the value of the assets and liabilities within financial statements and the presentation of contingent assets and liabilities, as well as the revenue and expenses of the reporting year. While such estimates are based on the most reliable information available to Conexus' management on the relevant events and activities, actual results may differ from these estimates and assumptions about the outcome of future events.

Management has identified the following areas as subject to a higher degree of judgement or complexity or areas for which the assumptions and estimates applied are material in the context of the financial statements.

#### *Estimates related to property, plant and equipment and intangible assets*

##### Useful life

Conexus makes estimates of useful life of property, plant and equipment and intangible assets and their residual value. These estimates are derived from past experience and industry practice. The estimated useful life is assessed at the end of each reporting year. Past experience has shown that the actual useful life of property, plant and equipment and intangible assets sometimes is longer than estimated.

The useful life of fixed assets is determined in accordance with the decision of the PUC No. 1/12 of August 29, 2022, "Methodology for Accounting and Calculation of Capital Costs," Annex 3, which specifies the classification of assets necessary for natural gas transmission and storage and the minimum useful life.

The values of fully depreciated fixed assets are disclosed in Note 9 and the values of fully depreciated intangible assets are disclosed in Note 8. The assessment of the impact of the expected change in useful life is not accurately estimated and therefore the impact of the sensitivity analysis of changes in depreciation rates on subsequent periods is not disclosed.

### Recoverable value

Impairment of Conexus' property, plant and equipment is assessed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If necessary, assets are written down to their recoverable amount. In assessing impairment, management uses various estimates for cash flows arising from the use of assets, maintenance and repairs of property, plant and equipment, as well as for inflation and interest rate increases. Estimates are based on the methodology for calculation of tariffs for natural gas storage and transmission system service approved by the Council of the PUC.

### Revaluation

According to Conexus' Accounting policy, fixed asset groups buildings and structures, technological equipment, and devices are presented at revalued amounts. In 2023, the company reviewed the classification of fixed assets and identified groups that should be accounted for separately based on their nature and use. Separate groups were created for wells, gas compression units, and equipment automatic control systems. Land plots, safety spare parts, cushion gas in the Inčukalns UGS collector layer, and gas in the transmission system pipelines, other fixed assets and the costs of assets under construction are not revalued.

In accordance with the requirements of point 31 of IAS 16 "Property, Plant and Equipment", if the Company has chosen to measure fixed assets at revalued value, such revaluation must be carried out with sufficient regularity to ensure that the carrying amount of fixed assets at the balance sheet date does not differ significantly from their fair value. The following categories of fixed assets are accounted for at revalued value: buildings and structures, technological equipment and devices, wells, gas compression units, and automatic equipment control

systems. Land plots, safety spare parts, cushion gas in the Inčukalns UGS collector layer, and gas pipelines of the transmission system, other fixed assets, and costs of assets under construction are not revalued.

In 2023, the Company reviewed the grouping of property, plant, and equipment and identified specific groups of property, plant, and equipment that should be accounted for separately based on their nature and use. Separate groups of property, plant, and equipment included wells, gas compression units, and equipment automatic control systems. The revaluation of the separated groups of property, plant, and equipment was carried out on December 31, 2023. In 2024, the revaluation was carried out for the groups of property, plant, and equipment: buildings and structures; technological equipment and devices (excluding the groups of property, plant, and equipment revalued in 2023: wells, gas compression units, and equipment automatic control systems).

According to IAS 16, when revaluing an item of property, plant, and equipment, the carrying amount of the respective asset is adjusted to the revalued amount. In recognizing the results of the revaluation of property, plant, and equipment, the initial cost and residual value of the property, plant, and equipment are replaced with the revaluation values. The accumulated depreciation is adjusted on the revaluation date using the non-proportional method to equal the difference between the initial carrying amount and the residual carrying amount of the asset after accounting for accumulated impairment losses.

The calculation of the value of assets is based on the income approach, discounting future cash flows. The Company calculated the fair value as of December 31, 2024, based on management's estimates of the projected economic activity over a 10-year period. A discount rate of 7,10 % was used in the calculation.

### *Recognition and measurement of provisions*

Conexus has made provisions for post-employment benefits. The extent and timing of the fulfilment of these obligations are uncertain. Certain assumptions and estimates, including expected future costs, inflation rates and cost timelines, are used to determine the present value of these provisions. Actual costs may differ from established provisions due to changes in legal provisions, as well as costs covered by third parties. In order to assess provisions for post-employment benefits, the probability of termination of employment in different age groups of employees is estimated, based on past experience as well as different assumptions about variable demographic and financial factors (including the expected increase in wages and salaries and certain changes in the amount of benefits). Probability and other factors are determined on the basis of previous experience (Note 17).

## **NON-FINANCIAL ASSETS AND LIABILITIES**

### **INTANGIBLE ASSETS**

Identifiable non-monetary assets that have no physical form and which Conexus uses to provide services or for own operational needs, are recognised as intangible assets. Conexus' intangible assets mainly consist of software licences and software and co-financed projects. More information on the recognition of co-payments in intangible investments is disclosed in the Note 8.

Intangible assets are carried at their historical cost less accumulated amortisation and impairment loss.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The useful life of intangible assets is 5 – 20 years.

The company accrues and capitalizes loan costs that are directly attributable to the creation of assets as part of the cost of these assets.

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment refers to tangible assets that are intended to be used over more than one period to provide services and goods or for own operating use. Conexus' main property, plant and equipment groups are land, buildings, structures, machinery and equipment, other property and equipment, wells, gas compression units, and automatic equipment control systems. Property, plant and equipment also includes cushion gas in the collector layer of the Inčukalns UGS and the transmission gas pipelines, emergency spare parts and costs of unfinished construction objects.

Buildings, structures, machinery and equipment, wells, gas compression units, and automatic equipment control systems are stated in the financial statements at revalued amounts. Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of the reporting period. Other property, plant and equipment items, including land, cushion gas in the Inčukalns UGS facility, technological natural gas in the transmission gas pipelines and the emergency reserve for fixed assets spare parts are accounted for at historical cost.

Property, plant and equipment item is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment items are stated in financial statements at cost or revalued amounts less accumulated depreciation and impairment loss.

Assets under construction, assembly or installation that are not ready for their intended use at the time of acquisition are recognised as construction in progress in the financial statements. Subsequent costs are included in the asset's carrying amount based on the asset's recognition criteria.

Loan costs that are directly attributable to the acquisition, construction, or production of assets are accrued and capitalized as part of the cost of these assets.

The cost of maintaining or repairing an item of property, plant and equipment is recognised in the income statement in the period in which it is incurred.

The increase in value resulting from the revaluation of property, plant and equipment is recognised in the equity as “Reserves”. The revaluation reserve is reduced when the revalued asset is disposed of or liquidated, or when, in the opinion of management, there is no longer any basis for an increase in its carrying amount. Once the property, plant and equipment item is written-off, corresponding amount of revaluation reserve is transferred from reserves to retained earnings. During the period in which the revalued asset is used, part of the revaluation reserve, calculated as the difference between the depreciation on the revalued carrying amount of the asset and the depreciation on the original cost of the asset, is transferred to retained earnings.

From the date the asset is ready for its intended use, it is depreciated over its estimated useful life in order to reduce its cost or revalued amount to its residual value.

Where the carrying amount of an item of PPE exceeds its recoverable amount, the asset is written down immediately to its recoverable amount. Impairment of asset is recognised in the income statement of the period, except for revalued fixed assets, for which the revaluation reserve is written down first. The gain or loss on the disposal of an item of PPE is calculated as the difference between the carrying amount of the asset and the proceeds on disposal.

Depreciation is not calculated for land, cushion gas in the Inčukalns UGS collector layer and transmission pipelines, spare parts for emergencies and construction in progress.

Emergency spare parts are the minimum amount of spare parts required to be stored in the warehouse, approved by Management Board, to ensure that Conexus is ready to locate accidents or prevent their consequences, as well as to carry out urgent repairs. The balance of emergency spare parts is reviewed once a year and if necessary reclassification to or from inventory is made.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the PPE items:

Types of PPE	Estimated useful life in years
<b>Buildings</b>	<b>20-150</b>
- Monolithic buildings with a reinforced concrete or concrete frame*	150
- Brick, reinforced concrete	100
- Brick, reinforced concrete	60-80
- Brick, reinforced concrete	20-30
<b>Brick, reinforced concrete</b>	<b>15-65</b>
- Brick, reinforced concrete	60-65
- Brick, reinforced concrete	20-30
- Groundings	150
<b>Machinery and equipment</b>	<b>5-35</b>
- Pressure regulation stations	35
- Gas compression units	25-30
- Transport and machinery, cathodic protection station	5-20
<b>Other PPE</b>	<b>3-15</b>
- Machine tools	15
- Furniture, computer equipment, communication equipment	3-10
- Tools	3-7

## LEASES

At the time of concluding the agreement, Conexus assesses whether the agreement is a lease or includes a lease. A contract is a lease or includes a lease if the contract grants control of the use of an identifiable asset for a specified period in exchange for consideration. Leases and right-of-use assets are recognized for all long-term leases that meet the criteria in IFRS 16. The rights-of-use asset is recognized as a separate item in long-term investments, see Note 10. Low value or short-term leases are not recognized as lease assets and liabilities under the exemption.

Lease liabilities are reassessed if there is a change in future lease payments due to a change in the rate used to determine these payments, if there is a change in the estimated amount of the lease payments, or if the lease is extended or terminated. When a lease liability is remeasured, an adjustment is made to the carrying amount of the corresponding right-of-use asset.

The right-of-use assets are initially measured at the present value of the lease payments and the initial direct costs associated with the lease. Lease payments are discounted using the interest rate implied by the lease. If this rate cannot be readily determined, Conexus uses its comparable interest rate.

Subsequent to initial recognition, right-of-use assets are measured using the cost model. Under the cost model, right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. Assets are depreciated using the straight-line method from the inception date of the lease to the end of their lease term. The period of use is estimated according to the term of the contract - 70 years for construction rights and 36 years for land lease.

Lease liabilities are measured at the present value of future lease payments that are discounted with interest rate implied by the lease. If this rate cannot be readily determined, Conexus uses its comparable interest rate. Subsequent to initial recognition, a lease liability is measured:

- by increasing the carrying amount to show the interest on the lease; and

- reducing the carrying amount to show lease payments made.

In the statement of financial position, the right-of-use assets are presented separately from other assets, and the lease liability is presented separately from other liabilities. In the income statement, interest expense on the lease liability is presented separately from the depreciation expense on the right-of-use asset.

During the reporting period, Conexus did not use exemptions for short-term and low-value leases, as such lease agreements were not concluded during the reporting period.

## INVENTORIES

In the financial statements, inventories are stated at the lower of cost and net realisable value.

Inventories are expensed in the income statement in the period in which they are consumed.

Inventories of materials and spare parts included in inventories are valued at weighted average prices, except for natural gas, which is accounted for according to the FIFO method. In cases where the net realisable value of inventories is lower than their cost price, provisions are made for these inventories to reduce their value to net realisable value.

## PROVISIONS

Provisions are recognised when as a result of past events Conexus has a present legal or constructive obligation, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are recognised when the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at their present value using the best estimate available at the end of the reporting period. The required level of provisions is reviewed regularly, but at least once a year.

## **EMPLOYEE BENEFITS**

Conexus recognises accruals for employees when they arise from a contract or there is a past practice that results in a justified obligation.

### *Social insurance and pension contributions*

State social insurance mandatory contributions to the state-funded pension scheme are paid by Conexus in the amount provided for in the laws of the Republic of Latvia. In addition, Conexus makes contributions to an external defined-contribution private pension plan. Conexus does not incur any additional legal or constructive obligations if the state-funded pension scheme or private pension plan is unable to meet its obligations to Conexus' employees. Contributions to the social security and pension plans are expensed on an accrual basis and are presented as employee costs.

### *Post-employment and other benefits*

Under the terms of the collective bargaining agreement, Conexus provides certain benefits to employees whose terms of employment meet certain criteria in the event of termination of employment and for the remainder of their lives. Post-employment benefit obligations are calculated based on current salary levels, the number of employees who are or will be eligible for future benefits, and actuarial assumptions. The benefit obligations are calculated once a year.

The present value of the benefit obligation is determined by discounting the expected cash flows using market rates for government bonds. Actuarial gain or loss arising from adjustments and changes in actuarial assumptions are recognised in the statement of comprehensive income in the period in which they occur.

### *Employee benefit obligations*

Management's best estimates of the amount of employee benefit obligations are based on an assessment of key financial and demographic assumptions made through periodic actuarial advice.

## **DEFERRED EXPENSES**

Deferred expenses are costs incurred before the annual reporting date but are attributable to future reporting periods.

Non-current deferred expenses are payments made by Conexus that, because of their economic nature, relate to future periods beginning more than one year after the balance sheet date.

Recognition period is determined for all non-current deferred expenses and they are recognised in the income statement on a straight-line basis in line with their economic nature. Those deferred expenses that are to be recognised in the income statement over a period of 12 months are presented in financial statements as current assets, while the remaining amount is presented under non-current assets.

## **ACCRUED INCOME**

Accrued income includes the right to be reimbursed for services rendered that have not yet been invoiced at the reporting date. These rights are recognized in the balances of receivables from contracts with customers.

Accrued income is the clearly known amount of the settlement obligation (contract assets) that is settled between the buyer and the customer.

Accrued income refers to the clearly known settlement amounts with buyers and customers for the transportation, storage and balancing of natural gas in the reporting year, for which, in accordance with the terms of the contract, the due date for the issuance of supporting document (invoice) has not yet come at the balance sheet date. These amounts are calculated on the basis of the service fee specified in the concluded contracts.

## **DEFERRED INCOME**

Deferred income is recognised when payments are received in reporting period for services to be rendered by Conexus in subsequent periods. Amounts presented under deferred income are recognised in the income statement in the period in which the performance obligations are met.

### *Deferred income from contracts with customers*

In accordance with IFRS 15, Conexus recognizes the payments received for booked capacity services as short-term deferred income. At the date of the service, Conexus recognizes receivables and income and at the same time reduces deferred income.

### *Asset - related grants*

Conexus initially recognizes asset-related European Union funding for long-term investments as part of long-term deferred income, in accordance with IAS 20. Financing subsequently is recognized as income in the income statement over the useful life of the related item of property, plant and equipment.

### *Financial instrument*

Conexus' financial instruments consist of financial assets (financial assets at amortized cost) and financial liabilities (financial liabilities at amortized cost).

The classification of debt instruments depends on Conexus' business model for management of financial assets, as well as whether the contractual cash flows consist solely of payments of principal and interest (SPPI). If a debt instrument is being held to collect cash flows, it can be carried at amortised cost subject to meeting the SPPI requirements. Financial assets, the cash flows from which do not meet the SPPI requirements, must be measured at fair value through profit or loss (FVTPL) (e.g., derivative financial instruments).

## **FINANCIAL ASSETS AND LIABILITIES**

Financial assets are recognized when Conexus becomes a party to the transaction and meets the conditions of the transaction, i.e., on the trade date. Financial instruments are initially recognized at fair value. For financial assets and financial liabilities at amortized cost, the fair value at initial recognition is adjusted for transaction costs that are directly attributable to the financial instrument.

Financial assets include receivables, and cash and cash equivalents, a contractual right to receive cash or another financial asset, an

exchange of financial assets or financial liabilities, and a contract that will be settled in equity instruments. The classification depends on the purpose for which the financial asset was acquired.

Financial assets are derecognised when the contractual obligations for the cash flows from the financial asset are extinguished or when Conexus transfers the financial asset to another party or transfers significant risks and rewards of ownership of the asset. Purchases and sales of financial assets in the ordinary course of business are accounted for on the trade date, i.e., the date on which Conexus decides to buy or sell the asset. Short-term receivables are not discounted.

Borrowings, payables to suppliers and other creditors are included in financial liabilities. Financial liabilities at amortized cost are initially recognized at fair value less transaction costs. In subsequent periods, financial liabilities at amortized cost are carried at amortized cost using the effective interest method. Financial liabilities at amortized cost are classified as current liabilities if the payment term is one year or less. If the payment term is longer than one year, they are presented as long-term liabilities.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When the contractual cash flows of financial liabilities are substantially modified, such a modification is treated as a derecognition of the original liabilities and a recognition of new financial liabilities, with the difference in respective carrying amounts recognised in the income statement.

Financial liabilities are considered "substantially modified" when the net present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, differs by at least 10 percent from the present value of the remaining cash flows under the original terms.

### *Receivables from contracts with customers and other debtors*

Receivables from contracts with customers and other debtors are financial assets with fixed or determinable payment schedule

that are not quoted in an active market. Current receivables from contracts with customers are not discounted.

Conexus applies a simplified approach to receivables from contracts with customers and contract assets and recognises lifetime expected credit loss on receivables based on a historical analysis of credit losses and considering expected future trends. Conexus uses a provision matrix based on the maturity structure of the receivables and based on a historical default rate of 3 (three) years, as supplemented by future forecasts. Expected credit losses on receivables are calculated based on assumptions about default risk and expected loss rates. In determining these assumptions and selecting the data for the impairment calculation, Conexus considers its experience, current market conditions, and future estimates at the end of each reporting period.

#### *Cash and cash equivalents*

Cash and cash equivalents consist of cash held in Conexus accounts with the bank.

If Conexus' current accounts with banks have been granted a credit line or credit facility (overdraft) and this has been used to create a negative balance in Conexus' bank account at the end of the reporting period, the credit line used is recognised in full under liabilities as loans from credit institutions.

While cash also is subject to the expected credit loss requirements of IFRS 9, the identified expected credit loss was immaterial, considering also the fact that almost all of cash is held in financial institutions with the credit rating grade of the institution or its parent bank at investment grade credit rating (mostly 'A level' credit rating, Stage 1 (see Note 27)).

#### *Share capital and dividends*

Conexus is a closed joint stock company with 100 % registered shares. The shares constitute the share capital and are fully paid. The total number of shares is 39 786 089, with a nominal value of EUR 1,00, one share grants its holder one vote at the General

Meeting of Shareholders. The total number of shareholders exceeds 4,8 thousand. 97,52 % of the total number of shares belong to two largest shareholders - AS „Augstsprieguma tīkls” (68,46 %) and MM Infrastructure Investments Europe Limited (29,06 %). Conexus is a shareholder-owned company and pays dividends in accordance with the laws and regulations of the Republic of Latvia. Dividends are recognised as a liability in Conexus' financial statements in the period in which the shareholder approves the amount of dividends and the procedure for payment.

#### *Corporate income tax*

The corporate income tax rate is 20 % of the taxable base, which is determined by dividing the value of the taxable income by a factor of 0.8 and includes:

- ◆ distributed profits (calculated dividends, dividend-like costs, deemed dividends), and
- ◆ conditionally distributed profit (for example, non-business expenses, and other specific cases specified by law).

When distributing retained earnings that had been accrued until December 31, 2017, no corporate income tax is to be paid. The calculated corporate income tax on conditionally distributed profits, in accordance with the requirements of IFRS, is classified as other operating expenses.

#### *Borrowings*

The borrowings are initially recognised at fair value less transaction costs incurred. In subsequent periods, the borrowings are carried at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Conexus has an irrevocable right to defer settlement of the liability for at least 12 months after the balance sheet date. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Conexus' borrowings include a fixed and a variable rate component.

Once a year, Conexus assesses changes in the fixed part of a credit institution's borrowing rate in accordance with the current market situation.

General and specific borrowing costs that relate directly to the acquisition or construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their expected use or sale, are added to the cost of constructing or acquiring those assets until they are actually ready for their expected use.

## REVENUE

Conexus uses a five-step model to determine when and to what extent revenue should be recognized. The model assumes that revenue is recognised when Conexus transfers control of the goods or services to the customer, and in the amount that Conexus expects to receive in exchange. Depending on whether certain criteria are met, revenue is recognised:

- ✔ over time, reflecting the financial results of Conexus operations;
- ✔ when control of the goods or services is transferred to the customer.

IFRS 15 sets out the principles that Conexus should follow to present qualitative and quantitative information that provides users of financial statements with useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 15 requires recognition of an asset in respect of incremental costs incurred in obtaining contracts with customers and for which it is probable that they will be recovered. Due to specifics of operations of Conexus, no such expenses have occurred up to date.

Revenue from contracts with customers should be recognised based on the fulfilment of obligations to customers. Revenue represents the delivery of goods or services to customers for an amount that reflects

the consideration Conexus expects to receive in exchange for those goods or services. Under this accounting model, a sale is recognised when the services are provided to and accepted by the customer, even if not invoiced, and there is a possibility that the economic benefits associated with the transaction will flow to Conexus. Conexus' accounting policies for the major types of revenue are set out below.

### *Revenue from transmission*

The transmission service is treated as a single performance obligation under IFRS 15. The sale of transmission capacity products is a regulated service provided by Conexus to users of the transmission system applying the approved tariffs. Short-term (quarterly, monthly, daily, and same-day capacity) and long-term transmission capacity (annual capacity) products are offered. Revenue from trading transmission capacity products, which by the nature of the service includes the provision of transmission infrastructure and does not change over time for each unit of capacity depending on the product selected, is recognised in the income statement for each reporting month pro-rata to the transmission capacity booked by the user.

### *Revenue from storage*

The storage service is considered a single performance obligation under IFRS 15. Conexus provides the storage capacity of the Inčukalns underground gas storage capacity to storage users that have booked natural gas storage capacity during the storage season, in accordance with the applicable tariffs. Revenue from the sale of storage capacity that, due to the nature of the service, represent the provision of Inčukalns underground gas storage infrastructure and do not change during the storage season is recognised for each reporting month in accordance with the storage tariffs and pro-rata to the remaining months until the end of the storage season.

### *Interest income*

Interest income is recognised using the effective interest method. Interest income from term deposits is classified as other income. Interest income from cash – as financial income.

### *Other income*

Other income from the rendering of services is recognised in the period in which they are rendered: REMIT services (The Regulation on Wholesale Energy Market Integrity and Transparency), platform maintenance.

Other income from the sale of materials is recognised when the buyer has accepted them: sale of used computer equipment, sale of used metal products.

Contractual penalties are calculated according to the concluded service contracts with suppliers. Contractual penalties are recognised as revenue when it is clear that Conexus will derive an economic benefit from them, i.e., the recognition of the revenue generally coincides with the receipt of the penalty.

### *Balancing income and expenses*

Conexus maintains information on the amount of natural gas pumped into and out of from the transmission system by transmission system users and calculates the imbalance. The amount of daily imbalance is the difference between the input and output amounts.

Income from balancing is recognised for each reporting month when a negative imbalance occurs at the transmission system user, that has resulted in a shortage of natural gas in the transmission system. Expense from balancing is recognised for each reporting month when a positive imbalance occurs.

In the financial statements, income from balancing is reported under Revenue at net value (less costs for periods when the balance is positive). The net result of balancing represents the amount of administrative costs.

In order to comply with the principle of profit neutrality, Conexus

calculates a neutrality fee. The neutrality charge is a charge that the transmission system operator pays to or receives from transmission system users in connection with the balancing of the transmission system. This charge consists of the difference between the transmission system operator's costs and the revenue from balancing activities.

Neutrality charges can be both positive and negative. In the event of a negative neutrality charge, the transmission system operator pays the neutrality charge to the transmission system users. In the event of a positive neutrality charge, the transmission system operator receives a neutrality charge from transmission system users. Common Regulations for the Natural Gas Balancing of Transmission System issued by PUC determines, that the purpose of neutrality charge is to ensure TSO's financial neutrality.

Based on the Company's assessment of balancing, Conexus performs balancing administration functions:

- ◆ Conexus has no control over the services before handing them over to customers;
- ◆ Conexus is required to invoice clients for services provided and charge a fee, but is not entitled to revenue for these services;
- ◆ Conexus does not have the right to determine the price of the services either directly or indirectly.

Based on the aforementioned assessment, balancing revenues and expenses are recognized in the profit or loss statement at net value (Note 2).

### **RECOGNITION OF COSTS**

Costs are recognized on an accrual basis. The calculation of costs for the year takes into account all expected costs and contingent liabilities incurred in the year or in prior years, even if they became known between the balance sheet date and the date of the financial statements, regardless of the date of receipt of the invoices, because Conexus Transactions are accounted for and presented in the

financial statements based on their economic substance and substance, and not merely their legal form. Maintenance and operating costs and other operating expenses recognized in the income statement are disclosed in the notes to the financial statements in more detail.

*Long - term and short - term liabilities*

Conexus payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Liabilities to suppliers and contractors are reflected in the financial statements in accordance with the supporting documents and entries in the accounting records of invoices received from Conexus suppliers but not paid at the end of the reporting period.

*Accrued liabilities*

Accrued liabilities incurred during the reporting year, if the amount of these expenses or the date of payment during the reporting period is clearly known, but for which no invoices have been received from suppliers, are included in the item "Accrued liabilities".

Accrued liabilities are recognized when the amount and maturity of the liabilities are relatively accurate and the degree of uncertainty is much lower than for the provisions. Accrued liabilities are recognized: for services for which, due to the terms of the supply, purchase or company contract or for other reasons, a proof of payment (invoice) has not yet been received at the balance sheet date. These commitment amounts shall be calculated on the basis of the prices quoted in the contract and the actual receipt of the goods or services; settlements for annual leave and bonuses for employees.

**Adoption of new standards, amendments, and interpretations**

**Standard or interpretations effective for the first time for the annual periods beginning 1 January 2025:**

🌱 Lack of substitutability (amendments to IAS 21)

The management considers that the introduction of new standards, amendments and interpretations have no impact on Conexus' financial statements.

Standards or interpretations effective for the first time for the annual periods beginning after 1 January 2025 or not yet adopted by the EU:

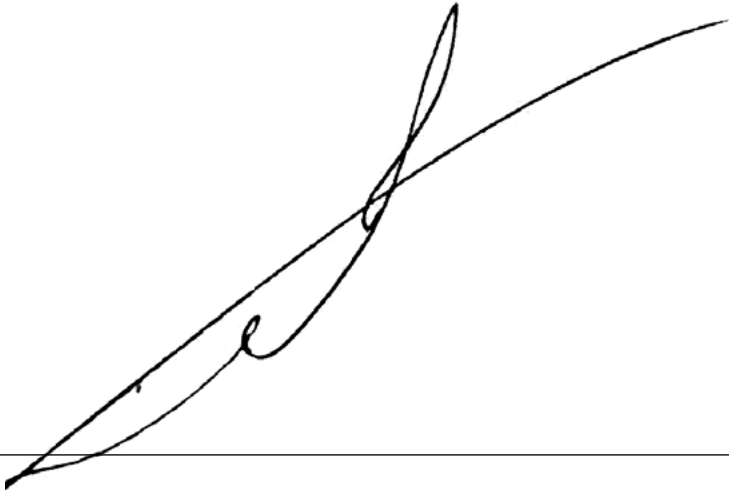
Effective date	New or amended standards	EU endorsed
01.01.2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	28 May 2025 (Commission Regulation (EU) 2025/1047)
01.01.2026	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 July 2025 (Commission Regulation (EU) 2025/1266)
01.01.2026	Annual Improvements to IFRS Accounting Standards – Volume 11	10 July 2025 (Commission Regulation (EU) 2025/1331)
01.01.2027	IFRS 18 Presentation and Disclosure in Financial Statements	Not yet endorsed
01.01.2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures	Not yet endorsed
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Not yet endorsed

Conexus is currently assessing the impact of the amendments on its financial statements.

## 29. SUBSEQUENT EVENTS

According to management's assessment, there are no subsequent circumstances or events since the last date of the reporting year until the signing of this report, which would have a significant effect on the financial position of Conexus as at December 31, 2025.

The financial statements have been prepared by:



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**LAURA ZVIRBULE**  
Head of Financial Accounting Division

\* THIS DOCUMENT HAS BEEN SIGNED WITH SECURE ELECTRONIC SIGNATURE AND BEARS A TIME STAMP

## Independent Auditors' Report

### To the shareholders of AS “Conexus Baltic Grid”

#### Report on the Audit of the Financial Statements

##### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of AS “Conexus Baltic Grid” (“the Company”) set out on pages 27 to 71 of the accompanying Annual Report, which comprise:

- the statement of financial position as at 31 December 2025,
- the statement of profit or loss for the year then ended,
- the statement of comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AS “Conexus Baltic Grid” as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the ‘Law on Audit Services’ of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code), and the independence requirements included in the ‘Law on Audit Services’ of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the ‘Law on Audit Services’ of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Reporting on Other Information*

The Company’s management is responsible for the other information. The other information comprises:

- Information on the Company, as set out from page 3 to page 16 of the accompanying Annual Report,
- the Management Report, as set out from page 17 to page 25 of the accompanying Annual Report,

- the Statement of the Management Board's Responsibility, as set out on page 26 of the accompanying Annual Report.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



### *Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA  
Licence No. 55

*Irēna Sarma*

Irēna Sarma  
Member of the Board  
Latvian Sworn Auditor  
Certificate No. 151  
Riga, Latvia  
11 March 2026

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND  
IT HAS A TIME-STAMP