

Supervisory Council’s Report on the Operational Results 2025

In 2025, the Joint Stock Company “Conexus Baltic Grid” (“Conexus”) focused on the implementation of the strategic objectives set by the Supervisory Council (“Council”), safe operation of the transmission and storage system, regulatory issues, reduction of the greenhouse gas emissions, biomethane, hydrogen and other sustainability aspects.

In 2025, Conexus continued to ensure reliable and uninterrupted natural gas transmission, as well as storage services for the needs of the region. The total volume of natural gas transported in Latvia in 2025 increased by 1% compared to the previous year, reaching 25.5 TWh. This year, deliveries from the Inčukalns Underground Gas (“Inčukalns UGS”) amounted to 11.3 TWh, which is 4% more than in the previous year, thus once again confirming the important role of Inčukalns UGS in the security of energy supply throughout the Baltic region. This year, Inčukalns UGS continued to store not only natural gas supplied by system users, but also Latvia’s safety reserves of energy supplies, as well as natural gas for the neighbouring countries’ reserves. At the end of 2025, Inčukalns UGS had a total of 11.9 TWh of natural gas, including 1.8 TWh of Latvia’s safety reserves of energy supplies. Although the total amount of natural gas stored is 27% less than last year, it exceeds the needs of the local market during the reporting period. In addition, in 2025, 7.43 TWh of the five-year bundled capacity product were auctioned, with demand from system users exceeding the amount offered almost two times. This interest confirms that the amendments made in 2024 to the Regulations Regarding the Use of Inčukalns UGS, according to which a five-year bundled capacity product was introduced in 2025, were a well-considered and correct business decision, adapting the services provided by Conexus to the market situation and user needs.

Regarding sustainability initiatives, it should be noted that the first publicly accessible biomethane injection point “Džūkste” was opened in 2025, thus supporting the promotion of renewable energy production in the country and the efficient use of local resources. This unique solution in Latvia promotes the integration of biomethane into the energy system, making the natural gas transmission system accessible to biomethane producers who do not have direct access to the gas transmission system. Up to 100 GWh of biomethane could be injected annually at the Džūkste biomethane injection point. The total investment in the project amounted to EUR 1.7 million, of which EUR 1.5 million was co-financed by the European Union. Given the need for such a solution, in the future, several biomethane injection points in other regions of Latvia are planned. The Council has set the construction of the second publicly accessible biomethane entry point “Rēzekne” as one of Conexus’ goals for 2026.

In 2025, work on the Nordic-Baltic hydrogen corridor initiative was also continued, a project involving six European gas transmission system operators (“Gasgrid Finland” (Finland), “Elering” (Estonia), “Amber Grid” (Lithuania), “GAZ-SYSTEM” (Poland) and “ONTRAS” (Germany)). The implementation of the project will not only help to achieve the region’s sustainability goals but will also promote energy security by diversifying energy sources and supplies. The project has received EUR 6.8 million in funding from the Connecting Europe Facility (CEF), which will be used for a detailed study of the project in each of the countries involved in the project, including Latvia. The study is expected to last until mid-2026, covering such aspects as financial and economic analysis, environmental and safety issues, as well as the planning of the Nordic-Baltic hydrogen corridor route itself.

In addition to the above-mentioned projects, a programme for the detection and prevention of fugitive emissions has been developed, and the Council has also continued monitoring the implementation of previously initiated projects: both the European Union project of common interest PCI 8.2.4. “Inčukalns UGS modernisation project” and the physical

security and fire safety systems modernisation project have been successfully completed, and the modernisation of gas transmission's and storage facility's Supervisory Control and Data Acquisition System (SCADA) has continued. Within the Inčukalns UGS modernisation project, Gas Collection Point No. 3 (GCP-3) underwent technical reconstruction and upgrading in 2025, increasing its operating capacity, and a new gas compression unit was installed at the Compressor Station No. 1, allowing up to 15 million m³ of natural gas to be pumped per day. The notable Inčukalns UGS modernisation project has significantly improved the security of natural gas supplies and the flexibility of the system throughout the region, while also increasing the operational capacity and efficiency of the storage facility in the gas market. The project lasted seven years, with a total investment of EUR 99.5 million, of which EUR 44 million was covered by the Connecting Europe Facility (CEF) fund.

In addition to these large-scale projects, Conexus also continued work on the development of the Inčukalns UGS well repair and modernisation programme, a repair programme for underground gas pipelines and other crossings, and carried out repair works on gas transmission pipelines in accordance with the activities set out in the regional plan, thus strengthening the safety of the natural gas storage and transmission system. In total, the amount of investment in the maintenance and development of Conexus infrastructure reached EUR 26.3 million in 2025.

During the reporting period, in line with the actual situation and priorities, the Annex to Conexus' medium-term operational strategy "Roadmap 2025-2030" was updated, the business plan 2026-2030 was approved, and the Cybersecurity Policy was updated to reflect the new cybersecurity regulations.

Although Conexus' core operating revenue reached EUR 74.1 million in 2025, which is 22% less than the previous year, it must be taken into account that the 2024 figures were record high, exceeding the 2023 figures by 24% due to a significant increase in storage service revenue. At the same time, it should be noted that Conexus' net profit in 2025 was the second highest in the last five years, reaching EUR 23.51 million.

In 2025, the Council also conducted the assessment of risks and risk monitoring measures already in place, as well as monitored the implementation of the approved Internal Audit Plan and its performance indicators. According to the annual internal audit report and the Management Board's risk management report to the Council, corporate governance, internal control and risk management at Conexus are considered to be adequate, reasonable and effective.

During the reporting period the Council held 7 meetings (4 regular and 3 extraordinary). At each of the regular meetings, the Management Board reported to the Council on current business and operational management issues, as well as on the progress made in fulfilment of the targets set by the Council. In addition, 3 informal work sessions in the form of seminars were held in 2025, during which technical issues (e.g. repair plans and compression removal solutions), sustainability initiatives (hydrogen and biomethane projects), as well as various strategy, business and risk management issues were discussed. The Council has conducted a self-assessment of its activities in 2025, generally assessing its work as very high (3.44 out of 4 points) and achieving its best rating in the last five years (3.42 in 2024, 3.36 in 2023, 3.28 in 2022, 3.38 in 2021). The highest scores were given to the quality of minutes of Council meetings (3.86), cooperation with the Management Board (3.71) and the quality of the seminars organised (3.71).

The operations of Conexus are in line with the medium-term operational strategy, and the Council highly appreciates the work of the Management Board in achieving the objectives set by the Council. The Council has set challenging targets for the coming year as well, involving continued work on sustainability issues (hydrogen research, integration of biomethane into the natural gas system), regulatory issues, capital investments and internal process improvements.

The audit of the Conexus's annual report 2025 was carried out by the international auditing company KPMG Baltics SIA. The Council has received the auditor's report, recognizing that the financial statements give a true and fair view of Conexus, as well as the financial results of its operation and cash flows in 2025 in compliance with the IFRS Accounting Standards approved by the European Union. The Council has taken note of the Conexus's annual report 2025 and the profit distribution proposal prepared by the Management Board and recommends both documents for approval to the Shareholder's meeting.

Chairman of the Council

Ilmārs Šņucins