Annual Report for 2025

MAIN ACTIVITIES

Results of storage capacity auctions

During the reporting year, several Inčukalns UGS capacity auctions were held, in which system users reserved a total capacity of 9,4 TWh. In the five-year bundled capacity auctions, a capacity of 7,4 TWh was reserved 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 reserved. In the interruptible capacity auctions, a capacity of 0,05 TWh was reserved. 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. For the 2025/2026 storage cycle, a total of 17,4 TWh of storage capacity has been reserved. In February 2026, system users booked the entire 1.6 TWh capacity of the five-year bundled capacity product available in the auction, and demand exceeded the offered capacity by more than two times.

Amount of natural gas stored in 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.

MAIN ACTIVITIES

Natural gas consumption in Latvia

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.

Natural gas supply

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. 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.

Opening of the biomethane injection point in Džūkste parish

On July 28, 2025, a biomethane injection point was opened in Džūkste parish. It is projected that up to 100 thousand MWh, of biomethane could be injected annually at the Džūkste point. The total project investment amounts to EUR 1,6 million, of which EUR 1,5 million is co-financed by the European Union's Recovery and Resilience Facility. Biomethane injection points are planned to be developed also in Rēzekne and Ragana.

FURTHER DEVELOPMENT

Receipt of EUR 6,8 million in funding for further research of the Nordic-Baltic Hydrogen Corridor

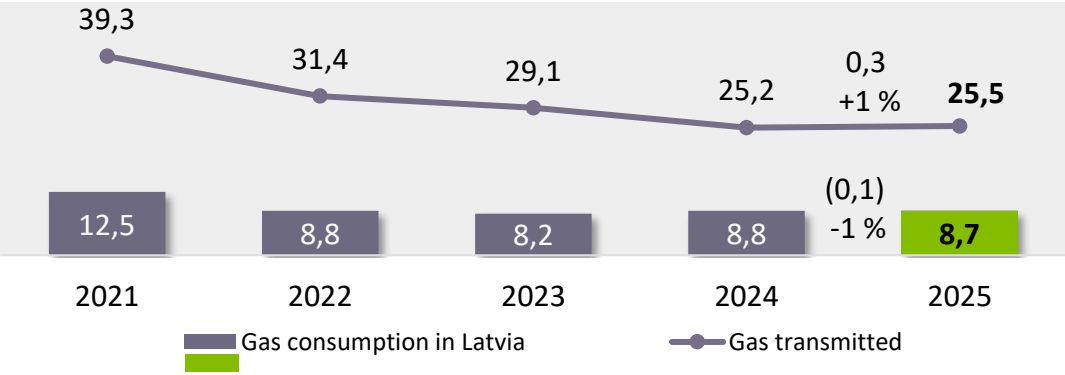
The funding granted by the European Commission will enable in-depth technical, economic, regulatory, and environmental studies to assess the possibilities of establishing a large-scale hydrogen pipeline network in the Baltic Sea region. The feasibility phase is scheduled to be completed in the first half of 2027, and its results will serve as the basis for future investment decisions in the implementation of the project.

Investment in the modernization of the Inčukalns UGS

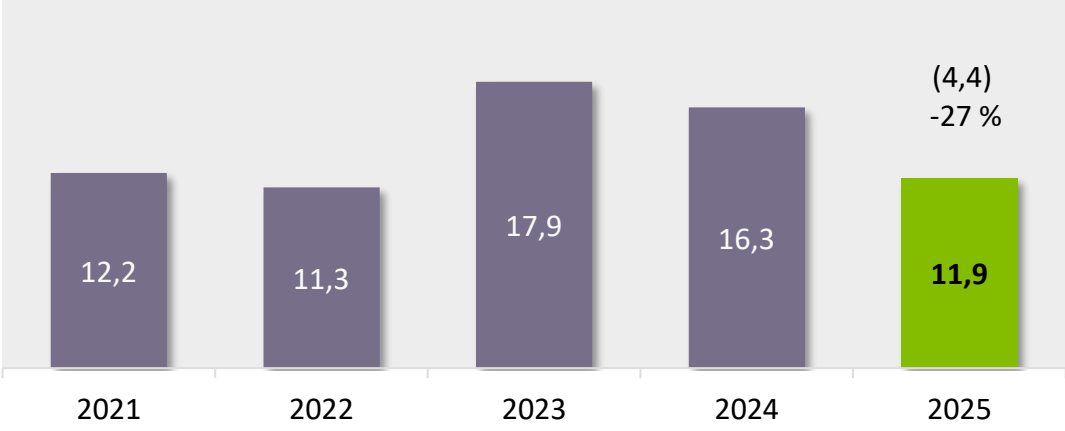
Final works continue in the Inčukalns UGS modernization project, which includes upgrades to the surface infrastructure, such as the reconstruction of gas collection point No. 3, well renovation, as well as the modernization of the existing five gas compression units and the installation of a new gas 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).

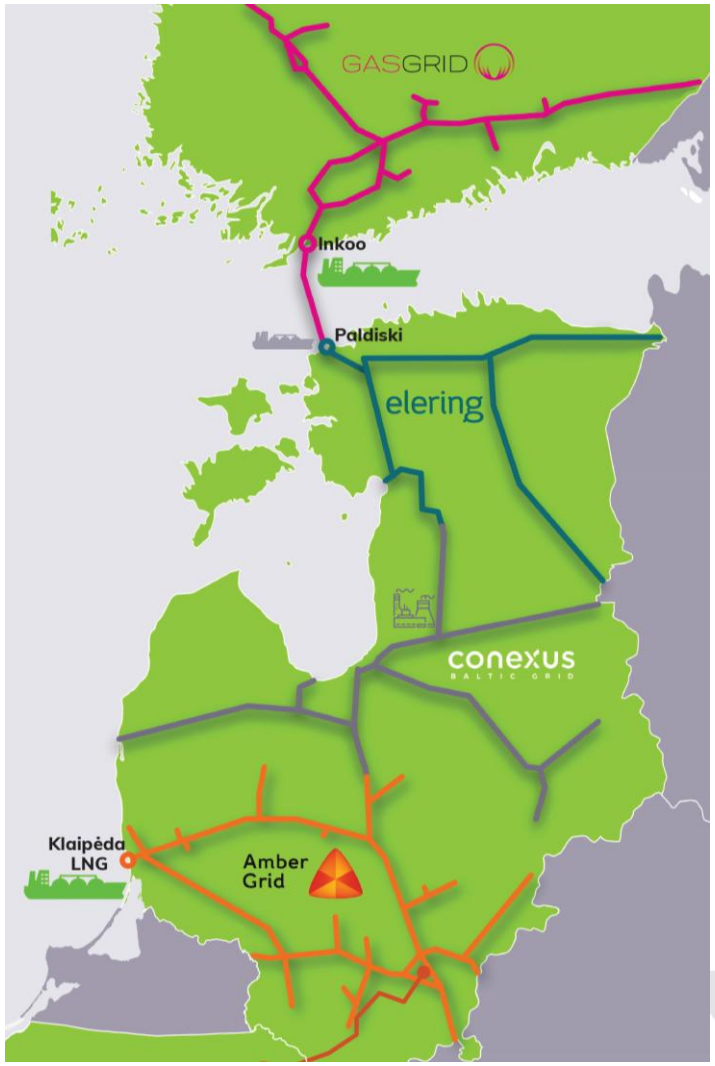
KEY FACTS

Transmitted natural gas, TWh



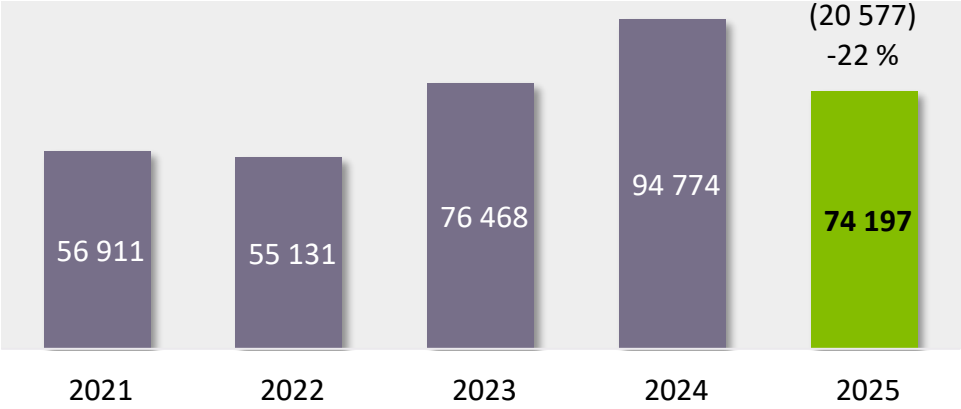
Inčukalns UGS filling at the end of reporting year, TWh



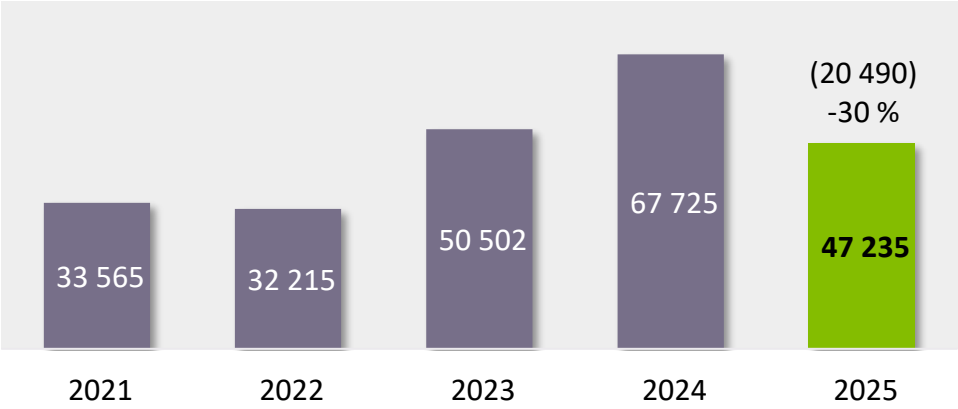


MAIN FINANCIAL INDICATORS, `000 EUR

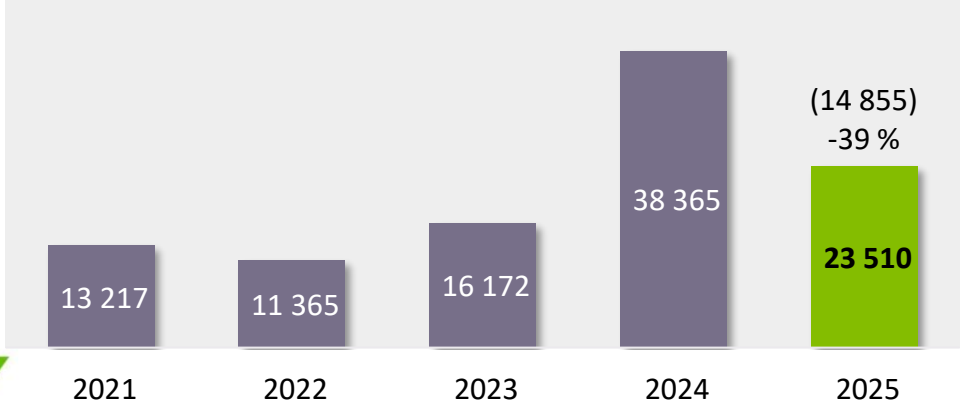
Revenue



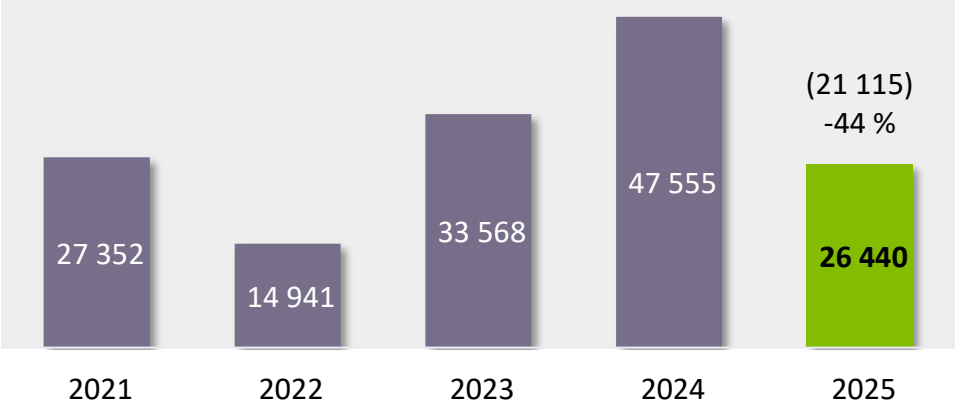
EBITDA



Net profit

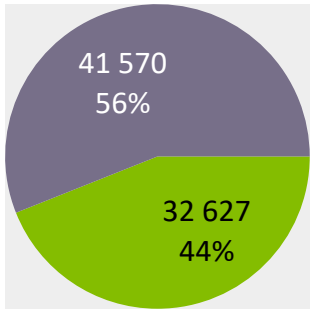


Capital investments



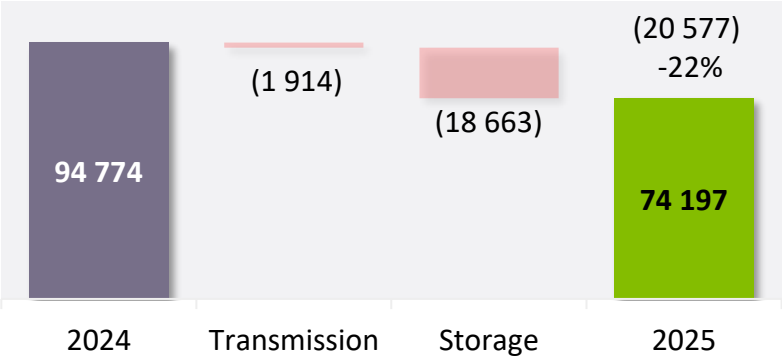
SEGMENT SPLIT, `000 EUR

Revenue segment split



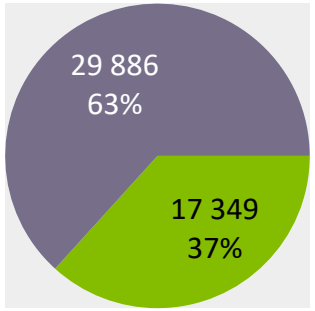
Transmission Storage

Revenue



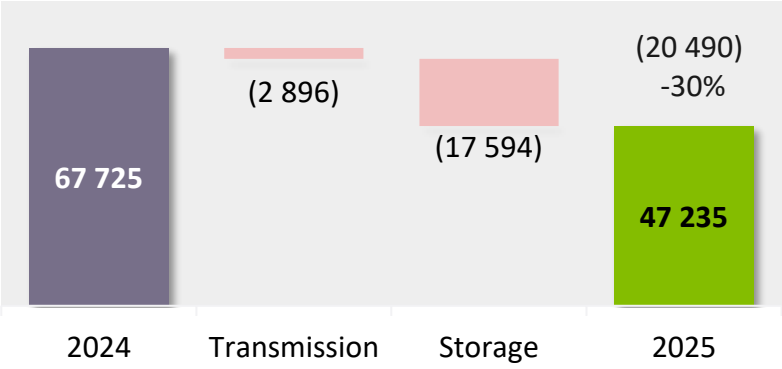
- Revenue is 22 % lower than in the previous year;
- EBITDA indicator decreased by 30 % during the reporting period, reaching EUR 47,2 million;
- Revenue and EBITDA were most impacted by a decline in storage revenue by 31 % to previous year.

EBITDA segment split



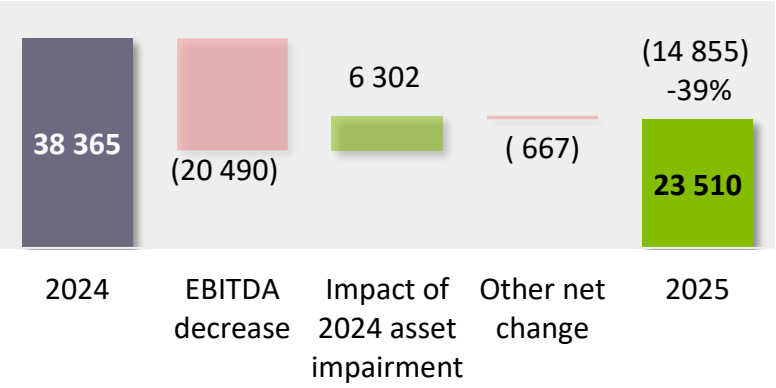
Transmission Storage

EBITDA

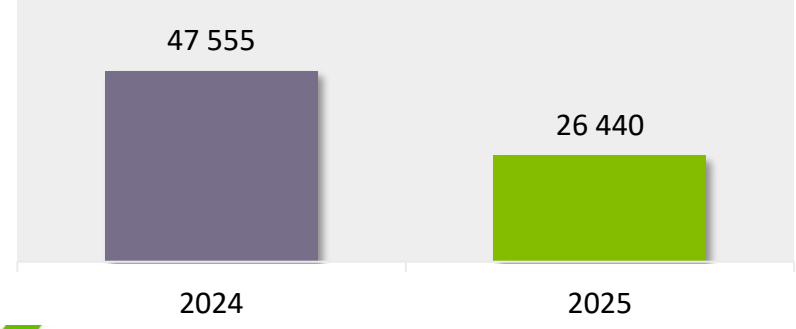


NET PROFIT AND CAPITAL INVESTMENTS, `000 EUR

Net profit



Capital investments



- The profit for the reporting year is EUR 23,5 million, which is a decrease of 39 % compared to the previous year. 2025 financial results have declined following record high results of 2024.
- The largest investments in storage system:
  - reconstruction of wells, installation of a new gas compression unit, and reconstruction of gas collection point No. 3 for EUR 10,5 million, implemented within the framework of the significant European common interest project PCI 8.2.4 "Improvement of the operation of the Inčukalns UGS";
  - restoration of the interconnection between Compressor Station I and Compressor Station II – EUR 705 thousand;
  - development of the SCADA storage control system – EUR 639 thousand.
- The largest investments in transmission system:
  - repairs of transmission gas pipeline sections and their anticorrosion insulation – 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

FINANCIAL COVENANTS AND FINANCIAL ASSETS

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) > 1.2x	4,4	4,3

Financial covenants set in loan agreements have been complied with during the reporting period.

Conexus has sufficient financial assets to meet its financial 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.

STORAGE ASSETS FINANCING RESERVE IN BALANCE SHEET

EUR'000	31.12.2025	31.12.2024
ASSETS		
Long-term investments	**446 974**	**439 181**
Current assets	**21 112**	**41 945**
TOTAL ASSETS	**468 085**	**481 126**
EQUITY AND LIABILITIES		
Share capital	39 786	39 786
Own shares	(20)	(22)
Storage assets financing reserve	66 953	-
Other Reserves	153 858	159 374
Retained earnings	75 998	133 564
Total equity	**336 575**	**332 701**
Non-current liabilities	**103 267**	**89 936**
Current liabilities	**28 243**	**58 489**
TOTAL EQUITY AND LIABILITIES	**468 085**	**481 126**

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.

PROPOSAL FOR DIVIDEND DISTRIBUTION

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 dividend 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 Conexus’ annual profit must be paid out as dividends. Additionally, the proposal for dividend distribution follows the obligation set out in the Conexus’ medium-term operational strategy to ensure the creation of reserves in accordance with Section 100 of the Transitional Provisions of the Energy Law.

Thank you!