AS "AUGSTSPRIEGUMA TĪKLS" GROUP CONSOLIDATED SUSTAINABILITY REPORT AND AS "AUGSTSPRIEGUMA TĪKLS" GROUP CONSOLIDATED AND AS "AUGSTSPRIEGUMA TĪKLS" SEPARATE ANNUAL REPORT 2024

Translation note: This version of AS ''Augstsprieguma tīkls'' group's consolidated Sustainability Report and AS "Augstsprieguma tīkls" group's and separate Financial Statements 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 of AS ''Augstsprieguma tīkls'' group's consolidated Sustainability Report and AS "Augstsprieguma tīkls" group's and separate Financial Statements takes precedence over this translation. This is a translation in pdf format without the European Single Electronics Format (ESEF) markups of the digitally signed original which was prepared in Latvian and submitted in machine-readable xhtml format to the Nasdaq Riga exchange.

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The year 2024 was a milestone for the energy sector in Latvia and the Baltic region. Together, the Baltic States took the final steps to permanently sever ties with the Russian power grid and integrate into the Continental European energy system. AS ''Augstsprieguma tīkls'' (AST) played a critical role in this historic shift - the most ambitious energy independence and security project in the Baltic Sea region in recent decades. The year also saw increased power generation capacity, improved energy self-sufficiency in the Baltics, and a continued decline in electricity prices compared to the previous two years.

Ready for Integration into the European Power System

Over the past 15 years, significant reinforcements have been made to Latvia's and the wider Baltic electricity transmission networks within the synchronisation project. In 2024, AST, together with transmission system operators (TSOs) in Lithuania and Estonia, completed the final infrastructure projects required for the Baltic States to safely disconnect from the Russian-controlled power system on 8 February 2025 and join the European power grid on 9 February - nearly a year ahead of the original schedule.

Synchronisation with Europe has demanded the implementation of unprecedented infrastructure projects, new approaches to managing and operating the power transmission system, increased workloads in infrastructure development, and enhanced focus on cybersecurity and physical safety at AST.

Key achievements in 2024 included the reconstruction of the Valmiera–Tsirguliina transmission line - the third connection between Latvia and Estonia under the synchronisation program. We also commissioned Latvia's first synchronous condenser in Grobiņa and installed critical battery energy storage systems at our substations in Rēzekne and Tume. In July, together with Lithuanian and Estonian TSOs, we announced the decision not to extend the BRELL agreement, and by November, we had received formal confirmation from European operators that the Baltics were ready for synchronisation.

As part of the synchronisation project, AST also led the development of the Baltic balancing capacity market platform, which from February 2025 provide the necessary reserves for system balancing and frequency control. Our experts developed several network management systems to support our integration into the European power grid, including a balancing control system that enables seamless operation of transmission and electricity markets. This system was recognized with the ICT industry award "Platinum Mouse."

This long-awaited integration with Europe significantly enhances regional electricity supply security, contributes to the development of the internal European energy market, and creates new business opportunities. Investments in equipment and technologies under the EU co-funded project also form a vital foundation for integration of large-scale renewable energy into the transmission grid and support for the EU Green Deal goals.

Towards Greener, More Affordable Energy

One of the UN's Sustainable Development Goals is to ensure access to reliable, sustainable, and modern energy at an affordable price. In 2024, the AST Group contributed to this goal in several ways.

The development of renewable energy power plants in Latvia is a major step toward addressing current energy, security, and climate challenges in the region. In 2024, AST signed connection agreements with 20 wind and solar power developers for nearly 2,000 MW of renewable capacity. It is expected that by the end of 2025, several solar power plants with a combined capacity of over 400 MW will be connected. As solar and wind energy production grows, it will support greater domestic renewable output and help lower electricity prices. Over time, this will bring Latvia's electricity prices more in line with Scandinavian and Finnish markets.

To support effective market operation and energy security, new interconnections are also essential. In 2024, AST launched several initiatives to strengthen connections with neighbouring countries, including environmental impact assessments for a new Ventspils–Brocēni–Varduva transmission line, a technical study for a fourth interconnection with Estonia, and initial assessments for new interconnections with Sweden and Germany.

In terms of market development, AST and its Baltic partners joined the European balancing reserve trading platform MARI in 2024, opening up new avenues for renewable integration. Another key step toward market efficiency was the transition to 15-minute electricity trading intervals in the Baltic real-time market, replacing the previous 60-minute structure.

JSC "Conexus Baltic Grid" (Conexus), a part of the AST Group, is also committed to implementing climate-friendly and sustainable energy solutions. In 2024, biogas produced in Latvia began flowing into Conexus' transmission system. The first direct connections to the gas distribution system for biomethane producers were established, enabling integration with the interconnected gas grid. To support biomethane production, Conexus plans to build several publicly accessible injection points and has already signed contracts for the construction and equipment of the first public injection point in Džūkste Parish.

Conexus is also participating in an international project with other European gas transmission system operators to develop the Northern-Baltic Hydrogen Corridor - an important part of Europe's transition to a sustainable, decarbonized energy system. In 2024, the project's pre-feasibility study was completed.

Sustainable Governance and Strong Financial Performance

Across all operations, the AST Group aligns its daily work with sustainability principles, including initiatives to promote environmental goals and biodiversity. These include pilot projects for urban meadows, rainwater reuse studies at substations, bird diverter installations on rebuilt high-voltage lines, and a methane and greenhouse gas emissions reduction plan.

AST's achievements in sustainability were recognized by the Institute for Corporate Responsibility and Sustainability, which awarded the company the Platinum category in the annual Sustainability Index.

In addition to progress in environmental and social areas, the Group delivered strong financial results during the reporting period. The Group's net turnover was EUR 258.6 million, with a net profit of EUR 22.6 million. Positive performance was supported by the regulatory period framework, allowing revenues from AST and Conexus to cover the costs of electricity and gas transmission and storage services.

In 2024, AST invested EUR 162.2 million in transmission network development - primarily in synchronisation-related projects totaling EUR 97.4 million. We also invested EUR 16.6 million in substation upgrades, increasing system controllability and visibility while enabling renewable energy integration. Conexus invested EUR 37.8 million to improve the operations of the Inčukalns underground gas storage facility and EUR 9.7 million in transmission infrastructure modernization.

AST continued successfully attracting development funding in 2024, securing EUR 73.2 million in RePowerEU financing and EUR 80 million in funding from Luminor Bank AS.

The Group remains committed to ensuring continuous, secure, and sustainably efficient electricity transmission throughout Latvia, while consistently enhancing our performance in relation to all stakeholders and the wider society. Your feedback and input are vital in this process. I extend my sincere thanks to our employees, customers, and partners for their contributions in 2024.

Rolands Irklis
Chairman of the Management Board of the AS "Augstsprieguma tīkls"

SUSTAINABILITY REPORT

GENERAL INFORMATION

GENERAL INFORMATION

GROUP STRUCTURE INFORMATION

The Augstsprieguma tīkls Group (hereinafter referred to as the "Group") is primarily engaged in ensuring the functions of the electricity transmission system operator, efficiently managing energy supply assets, and overseeing the transmission and storage of natural gas.

As of 31 December 2024, the Group consisted of commercial companies, with the Parent Company, AS "Augstsprieguma tīkls" (hereinafter referred to as "AST" or "the Parent Company"), exercising decisive control over its Subsidiary, AS "Conexus Baltica Grid" (hereinafter referred to as "Conexus" or "the Subsidiary"). The Republic of Latvia holds 100% of the shares in AS "Augstsprieguma tīkls".

The Parent Company holds 68.46% of the shares in the Subsidiary. The remaining shares in Conexus are held by MM Infrastructure Investments Europe Limited, the fund of the Japanese company Marubeni (20.06%), and other shareholders (2.48%).

SCOPE OF CONSOLIDATION

This is the consolidated sustainability report of the Augstsprieguma Tīkls Group, which, like the consolidated financial statements, includes the Parent Company and the commercial companies over which the Parent Company has decisive influence (i.e., a shareholding of over 50%). In line with these principles, the consolidated sustainability report, similar to the financial statements, covers AS "Augstsprieguma Tīkls" and its Subsidiary, AS "Conexus Baltic Grid".

The reporting period for the consolidated sustainability report of the Augstsprieguma Tīkls Group aligns with that of the financial statements, i.e., from 1 January 2024 to 31 December 2024. The consolidated sustainability report is prepared annually and published on the last working day of April each year. The 2024 report was published on the Group's website, https://www.ast.lv/en/content/sustainability-reports, on 30 April 2025.

SCOPE OF THE VALUE CHAIN DISCLOSURE

The downstream value chain, which is carefully and responsibly managed, plays an important role in the Group's operations. The Sustainability Report includes detailed information on matters regarding the quality and safety of the services provided, with a particular focus on ensuring the continuity of energy supply. These functions are critical to the stability and reliability of energy infrastructure.

Suppliers, on the other hand, play an important role in the implementation of strategic projects of the Group. The Sustainability Report therefore extensively presents information on the upstream value chain, in particular by describing procurement processes, supplier sustainability criteria and their impact on the achievement of the Group's objectives.

The double materiality assessment covers and considers the impacts, risks and opportunities that arise or are likely to arise not only in the activity of the Group but also in its value chain. More detailed information can be found in the section "Process for identifying and assessing material impacts, risks and opportunities".

The Group's action policies, activities and KPIs are closely integrated with the value chain, and, according to the most relevant aspects, this information is disclosed in line with the requirements of the thematic standards of the European Sustainability Reporting Standards (hereinafter also “ESRS”). Where possible, the figures to be disclosed include available data on the value chain. Concurrently, the Group continues to improve data collection processes, especially regarding climate impact assessment in the value chain.

The Group has opted not to omit any information related to intellectual property, know-how, or innovation results in this Sustainability Report.

CONTACT INFORMATION FOR SUGGESTIONS AND QUERIES

The Group highly values stakeholder engagement and welcomes suggestions to enhance our sustainability practices and the quality of the information provided. If you have any queries, suggestions, or feedback on the sustainability report, please feel free to contact us:

By email: ast@ast.lv
At the address: AS ”Augstsprieguma tīkls”, 86 Darzciema Street, Riga, LV-1073, Latvia
By phone: +371 67728353

LIMITED ASSURANCE REVIEW

SIA “KPMG Baltics,” the auditor for both the 2024 financial statements of AS “Augstsprieguma tīkls” and its Subsidiary, has provided an independent auditor’s limited assurance report on the 2024 Sustainability Report. See the auditors’ report on page 136 of this document.

INFORMATION RELATING TO SPECIFIC CIRCUMSTANCES

The Group has adopted sustainability reporting for 2024 following the Law on Disclosure of Sustainability Information and the ESRS, replacing its previous approach based on the Global Reporting Initiative (GRI) standards. This change aims to ensure compliance with national and European Union (EU) regulations while enhancing the quality, comparability, and transparency of the information and data provided.

No significant errors were identified in the review of data and reports from previous periods. All disclosed indicators and information have been prepared to ensure their accuracy and reliability.

Measurement data has not been approved in any other way than with the independent auditor’s limited assurance report on the 2024 Sustainability Report. In the Group’s emissions calculations, the Subsidiary’s metrics about natural gas are included, which are annually verified by the independent auditor and approved by the State Environmental Service of the Republic of Latvia.

The reliability of the data is further supported by AST’s implementation and maintenance of an enterprise management system and processes that comply with ISO 9001:2015 (Quality), ISO 14001:2015 (Environmental Management), ISO 45001:2018 (Occupational Health and Safety), and ISO 50001:2018 (Energy Management) standards.

BUSINESS MODEL AND STRATEGY

BUSINESS MODEL AND STRATEGY

The Group is one of the largest energy supply companies in the Baltics region. Its main activities include providing the functions of the electricity transmission system operator, efficiently managing energy supply system assets, and overseeing the transmission and storage of natural gas.

As of 31 December 2024, the Group consisted of commercial companies, with the Parent Company AS "Augstsprieguma tīkls" exercising a decisive influence over the Subsidiary, AS "Conexus Baltic Grid." The Republic of Latvia owns 100% of the shares in AS "Augstsprieguma tīkls"; the shares are held by the Ministry of Climate and Energy.

Geographically, the Group operates in the territory of Latvia. The registered office of the Augstsprieguma Tīkls Group is at 86 Darzciema Street 86, LV – 1073, Riga. The business units of the Group companies are also located elsewhere in Riga and throughout Latvia.

In 2024, AS "Augstsprieguma tīkls," together with the Estonian and Lithuanian electricity transmission system operators, continued its operations through the Baltic Electricity System Regional Coordination Centre "Baltic RCC" OÜ, which was established and registered in Estonia (hereinafter also referred to as "Baltic RCC").

The governance of the Regional Coordination Centre is based on the equal participation principle by all three Baltic states, with each operator holding an equal number of shares in the new structure. AS "Augstsprieguma tīkls" holds a 33.33% share. The main task of Baltic RCC is to coordinate the planning of the electricity system's development and to harmonise the daily operations of the operators to ensure the security of the electricity supply. The operations of Baltic RCC are not covered by the consolidated sustainability report of the Augstsprieguma Tīkls Group.

The Group's main activities are categorised into three segments: electricity transmission, natural gas transmission, and natural gas storage. This categorisation reflects the Group's internal structure, enabling the effective monitoring and control of each segment's performance.

The overall strategic objective of the Augstsprieguma Tīkls Group is to ensure the security of energy supply in Latvia, provide continuous, high-quality, and accessible transmission services, sustainably manage energy supply assets of strategic importance to the state, and promote their integration into the European Union's internal energy market.

The main strategic directions of the Augstsprieguma tīkls Group are:

- **FINANCIAL STABILITY** – to ensure optimal return on state investment, financial risk management;
- **ENERGY SECURITY** – synchronisation and integration with European transmission networks, including electricity and ancillary services markets;
- **QUALITY ENERGY SUPPLY** – qualitative energy supply with a focus on innovation at the lowest possible tariff;
- **SOCIAL RESPONSIBILITY** – safe working environment, engaged employee and social responsibility towards society;
- **SUSTAINABLE AND EFFICIENT MANAGEMENT** – continuous improvement of efficiency.

The driving force behind the Group's success is its development, supported by a team of more than 900 professional and dedicated employees (905 employees as of 31 December 2024, compared to 896 employees as of 31 December 2023). These employees are committed to ensuring the continuity, security, and development of electricity and natural gas transmission services.

Regional breakdown	**Number of employees as of 31.12.2024 AST**	**Number of employees As of 31.12.2024 within the Group**
RIga	382	614
Vidzeme	47	180
Kurzeme	50	50
Latgale	29	29
Zemgale	32	32
Total	**540**	**905**

OPERATING SEGMENTS

ELECTRICITY TRANSMISSION SEGMENT

Under licence No. E12001 and Section 11, Paragraph one of the Electricity Market Law, the joint-stock company "Augstsprieguma tīkls" (hereinafter referred to as "TSO") is the sole electricity transmission system operator in Latvia, with its licence covering the entire territory of Latvia. AS "Augstsprieguma tīkls" provides continuous and high-quality electricity transmission services, ensuring the sustainable and efficient management and development of energy supply assets while supporting integration into the European Union's internal energy market. Under Section 5 of the Energy Law, electricity transmission is a regulated sector.

The Parent Company operates in one main segment: electricity transmission.

AST is responsible for the backbone of Latvia's electricity system, comprising interconnected transmission networks and equipment, including interstate connections with voltages of 110 kilovolts or higher, used for transmitting electricity to distribution systems or end-users. The Parent Company is also tasked with the operation, maintenance, and repair of high-voltage power lines (referred to as "PL"), substations, and distribution points, as well as the development of the transmission network.

AST is responsible for ensuring:

- security and stability of electricity supply;
- development of the transmission network and secure connectivity with other energy supply systems;
- management and control of electricity flows in the transmission system;
- management and control of the operation of transmission-connected electricity-generating installations;
- non-discriminatory conditions of use of the transmission system for all transmission system users.

The Parent Company provides the following critical services:

ELECTRICITY TRANSMISSION SERVICES

including the transmission of electricity and the maintenance and development of capacity. Since Latvia has only one transmission system operator, there is no competition in the provision of the aforementioned services. The Parent Company's activities are focused on providing low-cost, high-quality electricity transmission services.

CONNECTIONS TO THE ELECTRICITY TRANSMISSION GRID

the grid operator is permanently obliged to provide grid members with the required connection to the transmission grid or changes to the permitted load of the existing connections in accordance with the rules issued by the Public Utilities Commission (hereinafter "PUC" or "Regulator") for the connection of grid members and for the connection a fee Is determined by the Transmission System Operator in accordance with the method for calculating the connection fee determined by the PUC, if the grid member fulfils the technical requirements determined by the Transmission System Operator.

ELECTRICITY MARKET PARTICIPANTS

- Balancing services;
- Regulatory services;
- Energy identification codes;
- Access to electricity accounting data;
- Certificates of origin of electricity.

During the reporting period, the obligations imposed on the transmission system operator were fulfilled through the use of the following transmission network:

Voltage, kV	Number of substations	Number of autotransformers and transformers	Installed capacity, MVA	Transmission lines and underground cables, km
330 kV	17	26	3,725	1,742
110 kV	124	242	5,100	3,813
KOPĀ	**141**	**268**	**8,825**	**5,555**

In 2024, 5,906 gigawatt hours (GWh) of electricity were produced in Latvia, which is 3% less than in 2023, when 6,086 GWh were produced. However, Latvia's electricity consumption in 2024, compared to 2023, increased by 1% from 6,887 GWh to 6,980 GWh. It should be noted that, due to the installation of solar systems for self-consumption in households and businesses, the actual amount of electricity produced and consumed in Latvia in 2024 was higher. This is because a portion of the electricity produced is used for immediate self-consumption rather than being supplied to the grid.

In 2024, the amount of electricity produced by solar power plants and supplied to the grid increased significantly, more than 3.1 times, surpassing wind power plants to become the third-largest source of electricity, behind cogeneration and hydroelectric power plants. This increase in production is attributed to new power plants recently connected to the grid. As a result, the share of solar power plants in Latvia's electricity production mix grew from 2.1% in 2023 to 6.7% during the reporting period. Wind power plants also saw a 2% increase in the electricity they supplied to the grid in 2024 compared to 2023.

An increase in electricity generation from renewable energy sources and a fall in natural gas prices in 2024 contributed to a drop in electricity prices across Europe, with significantly lower price levels remaining in the Nordic countries, where the share of renewables is higher. Thus, in 2024, the average electricity price in Latvia decreased to EUR 87.43 per megawatt hour (EUR/MWh) or by 7%, compared to 2023. The lowest monthly price level in 2024 was in April – 60.23 EUR/MWh, while the highest was reached in January – 117.22 EUR/MWh.

In 2024, the Parent Company provided electricity transmission to users in Latvia in the amount of 6,015 GWh, which was only 0.1% less than in 2023 (6,024 GWh). Revenues from transmission services reached EUR 93.7 million in 2024 (EUR 85.6 million in 2023). The 9% increase in electricity transmission services revenue compared to 2023 is mainly due to changes in electricity transmission system service tariffs from 1 July 2023.

Detailed annual electricity market reviews are available on AST's website at https://www.ast.lv/en/electricity-market-review.

DEVELOPMENT

Synchronisation of the Baltic countries with Continental Europe

One of the key projects in achieving AST's strategic objectives is the synchronisation with the Continental European electricity transmission system. As part of this effort, AST was responsible for ensuring the full integration of the Latvian energy system into the electricity and ancillary services markets.

On 22 May 2019, AST signed an Agreement on the Conditions for the Future Interconnection of the Baltic States' Power System with the Continental European Power System. The annexes to the Agreement outline the technical requirements that the TSOs of the Baltic countries must meet before and after the synchronisation process begins. These requirements cover changes in transmission system settings, infrastructure development investments, and the TSOs' obligations, to maintain frequency retention and frequency restoration reserves to a specified level, as well as to ensure system inertia.

The goal of the synchronisation project is to irreversibly disconnect the energy system of the Baltic countries from the Russian combined energy system and to enable the synchronous operation of the Baltic electricity system with the energy system of continental Europe. This will reduce the influence of third countries on the energy system and enhance the energy independence of the Baltic countries. Synchronisation ensures that the Baltic countries can independently manage their electricity systems, balance production and consumption, and maintain the necessary safety reserves. It also allows for the regulation of electricity flows and frequency without the involvement of third countries. The primary benefit of synchronisation is the increased security of energy supply, which in turn enhances overall national security.

Achieving these objectives requires the implementation of ambitious, unprecedented infrastructure projects and presents new challenges in the planning and management of electricity transmission system operations. It also involves a greater workload in the development, management and operation of infrastructure. Furthermore, since the onset of Russia's full-scale war in Ukraine, AST has undertaken significant efforts to strengthen cybersecurity and physical security measures.

In response to the war in Ukraine, the Prime Ministers of the Baltic states signed a political declaration in August 2023 to accelerate synchronisation, aiming for completion by 7 February 2025. Following this, in August 2023, the Baltic transmission system operators – AST, Lithuania's "Litgrid", and Estonia's "Elering" – signed an agreement on the accelerated synchronisation process in the Baltic states (hereinafter referred to as "Synchronisation Agreement").

To meet the requirements of the Synchronisation Agreement, AST undertook extensive preparations, including thorough research, significant capital investments in the construction of new infrastructure and the reconstruction of existing facilities, the introduction of new information technology solutions, and other essential activities to integrate the Latvian electricity market into Europe.

Among these efforts, a new electricity transmission line connecting Valmiera, Latvia, to Tsirgulina, Estonia, was successfully integrated into the electricity transmission network in May 2024. This line increases capacity, facilitating the import of renewable electricity from northern countries, and is more energy-efficient due to the use of modern technology.

Under the BRELL Agreement, in July 2024, the Baltic transmission system operators, including AST, sent a letter to give notice of termination of the mutual agreement. The letter confirmed the Parent Company's high preparedness for synchronisation, the amount of work invested, and the measures taken. By ensuring its readiness for synchronisation with Continental Europe, AST successfully met 345 technical requirements set by the European Steering Group (Catalogue of Measures) and received an appropriate opinion in November 2024.

As a result of the synchronisation, on 9 February 2025, the Baltic electricity transmission system became integrated into the European system, which means independence from the Russia-controlled (IPS/UPS) system and a safer electricity supply.

Development of the electricity transmission system

To ensure the efficient development and secure operation of the electricity transmission system, and under the "Regulations regarding the Electricity Transmission System Development Plan", approved by decision No. 1/28 of the Public Utilities Commission Council on 23 November 2011, AST is required to annually prepare and submit the electricity transmission system development plan for the next ten years (hereinafter referred to as the "Development Plan") to the PUC for approval by 30 June.

The electricity transmission system Development Plan for the period 2025-2034 was approved by decision No. 79 "On the electricity transmission system Development Plan" of the PUC Council of 31 October 2024 (see PUC decision).

The Development Plan has been designed to align with AST's strategic goal of enhancing Latvia's energy security by synchronising the electricity transmission network with the Continental European network, while maintaining a strong focus on safety and cost-efficiency principles.

The approved Development Plan outlines the transmission system's development and the necessary financial investments in transmission infrastructure for the next ten years, with a projected investment of EUR 445 million in the electricity transmission system. Detailed information about the approved Development Plan can be found on AST's website: https://www.ast.lv/en/content/power-transmission-system-development-plan

To ensure the least possible impact of planned capital expenditure on electricity transmission tariffs, AST has successfully attracted EU co-financing for projects of common European interest included in the development plan, as well as directing the congestion fee revenue accumulated for the financing thereof, including:

- The project: "Synchronisation of the Baltic States' Electricity Transmission System with the European Network, Stage 1": The project has a budgeted expenditure of EUR 74 million, with 75% of eligible costs co-financed by the EU through the structural funds of the Connecting Europe Facility (CEF). Whereas the remaining 24% will be covered by revenues accrued from congestion fees.
- Project: "Synchronisation of the Baltic States' Electricity Transmission System with the European Network, Stage 2" – The project has a budgeted expenditure of EUR 164 million. Up to 80 % of the total planned investments are expected to be covered by co-financing from the EU under the

Connecting Europe Facility (CEF) and the Recovery and Resilience Facility through the RePowerEU Structural Funds. The remaining 15 % of the total planned investments are expected to be covered by revenues accrued from congestion fees.

- In addition to the above, EUR 38.1 million in financing has been granted to the Parent Company under the Recovery and Resilience Facility Plan Investment for the "Modernisation of Electricity Transmission and Distribution Networks". With this support, AST plans to build a controller and secure data centre, implement the necessary information technology infrastructure to enhance the cybersecurity of its information systems, and further develop the digitalisation of network management. This includes ensuring the planning and management of renewable energy producers' operating modes.
- In October 2024, AST signed two contracts with the Central Finance and Contracting Agency (CFLA) for funding under the European Union's Recovery and Resilience Facility RePowerEU Plan, amounting to EUR 73.2 million. This funding, part of the EU-supported energy sector transformation, will be invested in the development of the electricity transmission network and the synchronisation of the Baltic states with Europe. The RePowerEU funding represents significant support for AST's transmission network investment projects, contributing to Latvia's climate goals, increasing the share of renewable energy, and enhancing the safety of the transmission network and electricity supply in the Baltic region.
- Investments in the electricity transmission system, financed by EU co-financing and congestion fee revenues, will not be included in the calculation of tariffs for electricity transmission system services.

Generation of renewable electricity — connections to the transmission system

With regard to the European Green Deal, Latvia also has a significant interest in producing electricity using renewable energy sources. The total installed capacity of wind farms and solar power plants of varied capacities, if all projects are implemented, already exceeds the maximum electricity consumption of Latvia several times, and it reaches 6 gigawatts (GW). In 2024, connection agreements were signed with the performers of these projects regarding the installation of the connection of renewable energy power plants to the electricity transmission system in the amount of 2 GW (solar power plants 1GW, wind power plants 0.4 GW, hybrids 0.6 GW).

The Parent Company is not only working on establishing new electricity transmission grid connections for these projects but is also taking steps to further connect the electricity transmission grid with neighbouring electricity transmission grids. An environmental impact assessment has been initiated for the construction of the new 330 kV Ventspils – Broceni – Varduva transmission line, technical studies have been initiated for the operation of the 4th Latvian Estonian submarine interconnector, and initial assessments are being carried out for the construction of a new connection with Sweden (LaSGo link) and Germany (Baltic Wind Connector).

The development of renewable energy power plants in Latvia is an important step towards meeting the current energy, security and climate challenges in the Baltic Sea region.

Development of system management and the electricity market

An important step towards a single European market for balancing energy is the accession of the Baltic TSOs, including AS "Augstsprieguma tīkls", to the European trading platform for manually activated balancing energy MARI (Manual Activated Reserves Initiative), from October 2024. Participation in this market will provide Latvian, Estonian and Lithuanian electricity producers, consumers and large battery operators with new opportunities to offer balancing services to TSOs in the region. The new balancing market will provide additional revenue opportunities for market participants, while transmission system operators will gain broader access to the resources needed to balance the energy system. The development of the balancing capacity market is crucial for the integration of a network of renewable energy producers (hereinafter also referred to as "REP"). A key feature of the new balancing market model is that balancing services can be provided using a wide range of technologies, including electricity batteries, solar and wind generators, flexible consumption, etc.

The integration of the Baltic states to the MARI platform and the introduction of the Baltic balancing capacity market in early 2025 will expand the range of balancing service providers and create favourable conditions for new investments in balancing reserve infrastructure. After synchronisation with the European energy system, the operators of the electricity transmission grids of the Baltic states will have to independently ensure frequency regulation and continuous, precise balancing between consumption and electricity supply. Together with the rapidly increasing connection of wind and solar power plants to the grid, this will increase the amount of balancing reserves that the transmission system operators need to ensure stable operation of the energy system. AST, in co-operation with the transmission system operators in Estonia and Lithuania, is therefore opening up a regional market where operators will purchase the balancing capacity reserves required to operate the electricity transmission system.

Work on the development and expansion of the European Union's single day-ahead and intraday electricity market is expected to continue in the coming years. This will bring new opportunities for participants in the European Union's internal electricity market, including participants in the Latvian and Baltic markets.

Projects are currently underway as a result of which market participants will be able to participate in the day-ahead and intraday market in a 15-minute time resolution and to operate in the intraday market with energy and products that include transmission capacity, as is currently the case in the day-ahead market. Work is underway to develop and harmonise schedules for the implementation of the 15-minute resolution at the Baltic level. The task is in preparation to complement the development of a balance management system by AST with a solution for intraday market auctions, as well as preparatory work for testing with the European Central Bank's intraday market auction system.

Furthermore, it is planned to continue work on the establishment of the Single European mFRR trading platform and the accession of the Baltic TSOs to this platform, which will enable the Baltic balancing service providers to participate in the Common European Reserve Market.

In order to join the platform, changes will need to be made to the functioning of the common Baltic balancing model. The most important of these is the transition to a 15-minute balancing market period, which will allow electricity market participants to plan their activities more accurately and control system imbalances more efficiently.

Innovations and research

To ensure the development of the Parent Company by understanding the essential role of research and innovation for successful operation, representatives of the Parent Company actively participate in the research work necessary for the Latvian electricity system, including participation in the work of the ENTSO-E System Development Committee and the Research, Development and Innovation Committee of the European Network of Transmission System Operators for Electricity.

The ENTSO-E Research, Development and Innovation Committee carries out activities aimed at transforming existing electricity systems across Europe in order to achieve the objectives set by the European Union, particularly in the areas of flexibility, digitalisation and green transformation.

In the area of research and innovation, several studies were carried out in 2024, focusing on the modernisation, security and efficiency of the grid, the green transformation:

- Joint study of the Latvian and Lithuanian TSOs on the need to strengthen the Latvian Lithuanian electricity transmission network for safe and stable functioning, taking into account the rapidly growing amount of renewable energy resources of both countries, wishing to be connected to the electricity transmission network. Based on the results of the study, projects to strengthen the electricity grid will be selected for future activities.

- Research into trends in electricity consumption, including the potential development of hydrogen technologies.
- Research into innovative solutions in the electricity transmission grid, required for larger RES connections to the transmission grid. The research included recommendations for the application of innovative technologies to increase the share of renewable energy in the transmission grid, taking modern realities into account.
- Together with colleagues from Estonia, Lithuania and Germany, a cost-benefit analysis of the German-Baltic interconnector was carried out for future decisions and studies.
- Research on the Latvia-Sweden interconnection by analysing the static and dynamic stability of the potential interconnection and by conducting technical and economic analysis and the impact on both countries. The results of the study will be used in future negotiations with the Swedish side.

Research activities related to development and innovation projects to be continued in 2025:

- Environmental impact assessment for the new 330 kV Ventspils-Broceni-Varduva line, which will be carried out with European funding from RePowerEU.
- In collaboration with the Lithuanian TSO, an in-depth study is planned to explore the development opportunities for the Latvian Lithuanian, as well as evaluate the potential application of innovative solutions in modernisation projects.
- In collaboration with the Estonian TSO Elering, a technical study of the 4th interconnector between Estonia and Latvia is planned with a view to selecting the technical solution for the interconnector.
- In collaboration with the Baltic and German TSOs, research work will continue on the development of the German-Baltic project by calculating the benefits of interconnection.

NATURAL GAS TRANSMISSION SEGMENT AND NATURAL GAS STORAGE SEGMENT

The Group's Subsidiary is an independent single natural gas transmission and storage system operator in Latvia, managing one of the most modern natural gas storage facilities in Europe – the Incukalns Underground Gas Storage (hereinafter "Incukalns UGS", "storage facility") - and the main natural gas transmission system connecting the Latvian natural gas market with Lithuania and Estonia.

The Subsidiary is responsible for the sustainability and safety of the infrastructure and provides a high-quality service that promotes market development and brings economic benefits to customers and society as a whole.

The Subsidiary is a socially responsible company that ensures the joint development of the sector, the growth of the workforce and sustainable employment by creating economic added value, while minimising the environmental impact of technological processes.

NATURAL GAS TRANSMISSION SEGMENT

The Group's Subsidiary ensures the maintenance of the natural gas transmission system, the safe and continuous operation thereof, and interconnections with natural gas transmission systems of other countries, which enables the users of the system to use the natural gas transmission system for the trade of natural gas.

The Subsidiary's advanced main 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 in gas pipelines in the territory of Latvia and interconnections with the natural gas transmission systems of neighbouring countries.

As a natural gas transmission system operator, the Subsidiary:

- Ensures the stability of the transmission network and is responsible for technical balancing, which enables system users to supply continuously and safely;
- Ensures continuity of the provision of natural gas transmission system services by maintaining the infrastructure in technical order;
- Having regard to the conditions of the open Latvian natural gas market, ensures non-discriminatory access for system users to the use of the gas transmission system by offering transmission capacity products for traders to use the capacity of the main transmission networks for the wholesale and supply of natural gas to customers;
- Together with the Estonian operator Elering, maintains a virtual point of sale (VPOS) in the single balancing zone of the natural gas transmission system of Latvia and Estonia, ensuring the possibility for system users to exchange gas in the system commercially with each other;
- Since spring 2024, biomethane produced in Latvia is supplied to the Conexus transmission system. The issue regarding biomethane's proof of origin is also envisaged.

In 2024, the total volume of natural gas transmitted reached 25.2 TWh, which corresponds to a decrease of 13% compared to the previous year (29.1 TWh). The volume of gas transmitted to meet the needs of Latvian consumers (the volume of natural gas supplied to the natural gas distribution system) increased by 7% and amounted to 8.8 TWh (2023 – 8.2 TWh). In 2024, 0.07 TWh of the biomethane produced in Latvia was supplied to the natural gas transmission system.

DEVELOPMENT

In 2023, the PUC approved the development plan for the natural gas transmission system developed by the Subsidiary for the period 2024-2033. The Conexus development plan aims to ensure the sustainable and safe operation and expansion of the infrastructure by investing in the renewal of the existing natural gas transmission network and the creation of new elements of the transmission network, as well as promoting the development of renewable and low-carbon gases. The development plan provides for investments totalling around 120 million euros for the period 2024-2033.

As part of the international project to establish the North Sea-Baltic Hydrogen Corridor, the European gas transmission system operators Conexus, Gasgrid Finland (Finland), Elering (Estonia), Amber Grid (Lithuania), GAZ-SYSTEM (Poland) and ONTRAS (Germany) completed a feasibility study during the reporting period. The study looked at the technical, legal, organisational and economic aspects required to implement the project, which in turn will play a key role in achieving the European Union's decarbonisation targets. Given the region's significant potential for the production of green and low-carbon hydrogen, the export potential to Central Europe can reach around 27 million tonnes in 2040. The project is an important component of Europe's transition to a sustainable and decarbonised energy system.

Biomethane development:

- In March and July 2024, direct connections were set up for the natural gas distribution network, via which the biomethane produced in biomethane plants is supplied to an interconnected gas network. These are the first connections of this kind in Latvia.

- To promote biomethane production in Latvia, Conexus is developing a solution that will enable those producers whose existing or future biomethane plants are relatively far away from the existing natural gas transport infrastructure to feed biomethane into the natural gas transport system. Conexus has concluded a contract for the purchase of equipment for the Biomethane injection point ("BIP") in Dzukste Rural Territory. Design work is currently underway for the gas connection node, followed by its manufacture and construction and the development of a BIP management and data exchange solution. Biomethane will be transported in compressed form by containerised transport from the plants to the BIP, where it will be injected into the natural gas grid. The 2024 development plan for the natural gas pipeline network outlines the construction of four such BIPs by 2033, contributing to the expansion of the natural gas pipeline network across other regions of Latvia.

NATURAL GAS STORAGE SEGMENT

The Subsidiary's structure includes Incukalns UGS, which is responsible for the injection, storage, and withdrawal of natural gas, directing it into the main gas pipelines. Since the spring of 2024, biomethane produced in Latvia has also been injected into the Conexus gas transmission system.

The central area of Incukalns UGS and the facilities required to ensure the technological processes, i.e., three gas collection points ("GCP") and 180 gas storage wells (control, observation and 93 operational wells for the process of injecting and withdrawing natural gas) – cover an area of approximately 8,400 hectares. The geological structure (collector layer) of Incukalns UGS is approximately 25 sq. km and belongs to the counties of Sigulda, Saulkrasti and Ropazi. According to Cabinet Regulation No.773 of 13 December 2016, the area of the subdivision of the underground depths of national importance "Incukalns Natural Gas Storage" is 83.722 sq. km.

The maximum possible amount of active natural gas to be stored in the Incukalns UGS technological project is approximately 25 TWh.

The purpose of the natural gas storage facility is to ensure a constant supply of natural gas to consumers regardless of seasonal fluctuations in consumption by pumping natural gas in summer and withdrawing it in winter. Incukalns UGS is the only functioning underground gas storage facility in the Baltic States and has ensured a stable gas supply in the region since 1968.

With the opening of the natural gas market and the development of the regional market, the role of Incukalns UGS has become more prominent, enhancing both supply flexibility and the security of gas supply in the region. Within the single natural gas market, Incukalns UGS fosters competition among suppliers and helps stabilise natural gas prices in the region.

As a storage operator, Conexus:

- Ensures the continuous operation of Incukalns UGS by overseeing the stability of the storage facility, conducting equipment inspections, preventing infrastructure damage, and investing in the facility's development and security;
- Ensures fair and equal access to Incukalns UGS for all system users, enabling them to store natural gas in accordance with the terms of use approved by the Public Utilities Commission.

The storage capacity reservation follows an auction procedure, where a single premium is determined. This approach ensures transparency in the reservation process based on market conditions and provides equal access to storage services. For the 2024/2025 storage cycle, the full storage capacity of 24.8 TWh, including the 1.8 TWh energy security reserve, has been reserved.

The 2024 Inčukalns UGS capacity auctions for the 2024/2025 storage cycle were held between 13 February and 6 June. As a result, all available capacity was fully reserved, with users submitting significantly varying standardised premiums at different auctions. A total of seven auctions took place, with premiums ranging from EUR 5.09/MWh for the two-year bundled capacity product at the 27 February auction, to EUR 0.09/MWh for the bundled capacity product at the 9 May auction. The effective premium rate for the 2024/2025 storage cycle is EUR 1.11/MWh, calculated by dividing the total premium amount from the 2023 and 2024 capacity auctions attributed to the 2024/2025 cycle by the reserved capacity of 23 TWh. In total, 18 market participants from the Baltic states, Finland, Norway, Germany, Poland, and Switzerland participated in the auctions, allocating storage capacity.

As supply stabilised and natural gas prices in Europe decreased, users actively injected gas into storage, bringing fulfillment close to its maximum and considering the available injection capacities into the internal natural gas market and the storage facility.

No injection bottlenecks were identified in 2024, and the nominations from network users were fully met.

DEVELOPMENT

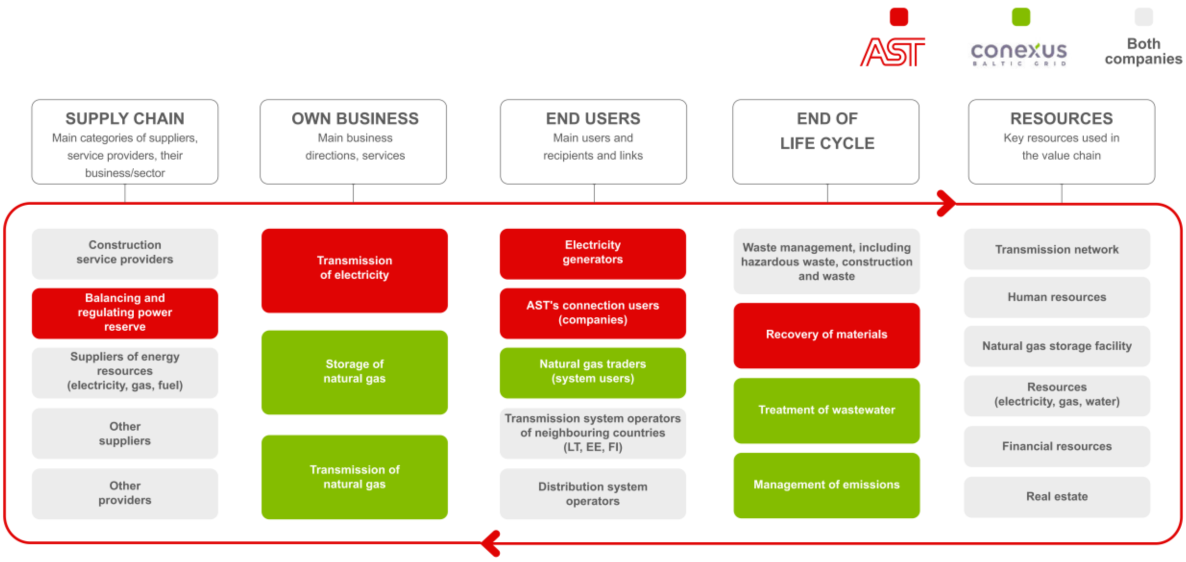
On 23 January 2019, the European Commission approved 50% co-financing for the modernisation of the storage facility. These investments will significantly enhance the role of Incukalns UGS as a modern and significant natural gas infrastructure, not only in Latvia but also in the Baltic region and Finland.

The goal of the Incukalns UGS development project is to optimise the operation of the storage facility, ensuring its functionality even when pressure in the Baltic gas transmission system rises. Additionally, the project aims to reduce the reliance on storage capacity on the volume of natural gas in the facility during the production season and minimise the environmental impact of the facility's technological processes. As part of the project, a new compressor will be installed to facilitate compression removal from the storage facility, enabling up to 50 bar exit pressure at the Incukalns UGS interconnection with the transmission system. This will ensure independent gas flow, even if the pressure in the storage facility is lower than that in the transmission system. To ensure that wells and surface technology devices operate efficiently in the new mode, certain upgrades - integral to this project - will be implemented. Additionally, the project will reduce the environmental impact of the storage facility by lowering CO_2, NOx, and other emissions.

The total cost of the project is EUR 99.5 million. By 2025, the following activities are planned:

- Improvement of surface installations (gas collection point No. 3 rebuilding) – EUR 30.5 million;
- 36 well renewals – EUR 25.5 million;
- Modernisation of the existing five gas transfer units and installation of one additional new gas transfer unit – EUR 43.5 million.

GROUP VALUE CHAIN



The Group's upstream value chain includes suppliers of goods and services, such as construction service providers, energy resource suppliers, and other related service providers. Construction service providers play a critical role in achieving the Group's strategic objectives, ensuring timely delivery within budget. For the Parent Company, balancing and regulatory buffers are key components of the supply chain.

The upstream value chain is well-optimised through the selection of the most economically advantageous bidders, resulting from a robust procurement process (for details, see "Management of relationships with vendors").

The Group's downstream value chain is well managed, with the Parent Company and the Subsidiary providing a stable, continuous and secure service - the transmission of electricity and the transmission and storage of natural gas.

The Parent Company's customers, i.e., the users of the electricity transmission network, are electricity distribution network operators, electricity generators and companies connected to the electricity transmission network. AST also provides system services, such as balancing and regulation services and guarantees of origin for participants in the electricity market.

The Subsidiary's customers, i.e., the users of the natural gas transmission and storage system, come from several countries in the Baltic Sea region, including Finland, Estonia, Latvia, Lithuania and Poland, as well as from other European countries such as Norway, Germany, Denmark and Switzerland. Users include private local companies as well as state-owned and multinational companies representing various business sectors such as wholesale and retail natural gas, energy producers, heating operators and manufacturing companies.

Both the Parent Company and the Subsidiary play an important role in the value chain as they ensure the transmission of electricity as well as the transmission and storage of natural gas, which is crucial for the security of energy supply in the Baltic Sea region. The Group is crucial for the region to ensure a stable supply and access to energy resources.

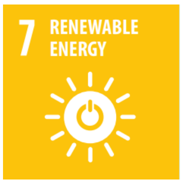
STRATEGY OF THE GROUP

Guided by the Group's vision, the medium-term operational strategy of the Augstsprieguma tīkls Group 2021-2025 (hereinafter also referred to as "Strategy"). The Strategy outlines the Group's strategic direction and sets financial and non-financial targets for the Parent Company and its Subsidiary over the next five years.

The set goals, ongoing projects, and action guidelines also outline future objectives aimed at supporting a climate-neutral economy within the framework of the European Green Deal. This includes achieving the targets outlined in Latvia's National Energy and Climate Plan for 2021-2030.

The Group recognises its role and contribution to sustainable development and aligns its activities with processes, products, and services that support the achievement of the United Nations Sustainable Development Goals (SDGs). Three high-priority SDGs have been identified as being central to the Group's core activities. However, the Group also contributes to the achievement of other SDGs through its ongoing operations.

THE STRATEGIC GOALS OF THE GROUP



ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

- Continuous provision of highquality and affordable energy supply services
- Sustainable management of energy supply assets
- Promotion of development in the electricity market

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE, AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

- Maintenance and renovation of the power transmission network, creation of the most efficient network structure
- Digitisation of the transmission network that promotes energy efficiency and reduction of costs
- Involvement in international projects with the aim of developing future technologies
- Synchronisation with the transmission networks of continental Europe

TAKE URGENT ACTION TO FIGHT CLIMATE CHANGE AND ITS IMPACT

- Reduction of the impact of energy supply assets on the environment
- Development of the energy supply system, adapting it to the needs of climate-neutral energy producers
- Reduction of energy losses

THE STRATEGIC GOALS OF THE GROUP – MEDIUM PRIORITIES

LIFE ON EARTH – We strive to reduce the negative impact of the energy supply system on biodiversity, landscape, and land use. We follow environmentally friendly practices.

GOOD WORK AND ECONOMIC GROWTH – We encourage responsible and sustainable business practices.

GENDER EQUALITY – We believe that inclusive culture and gender equality spur innovation and growth.

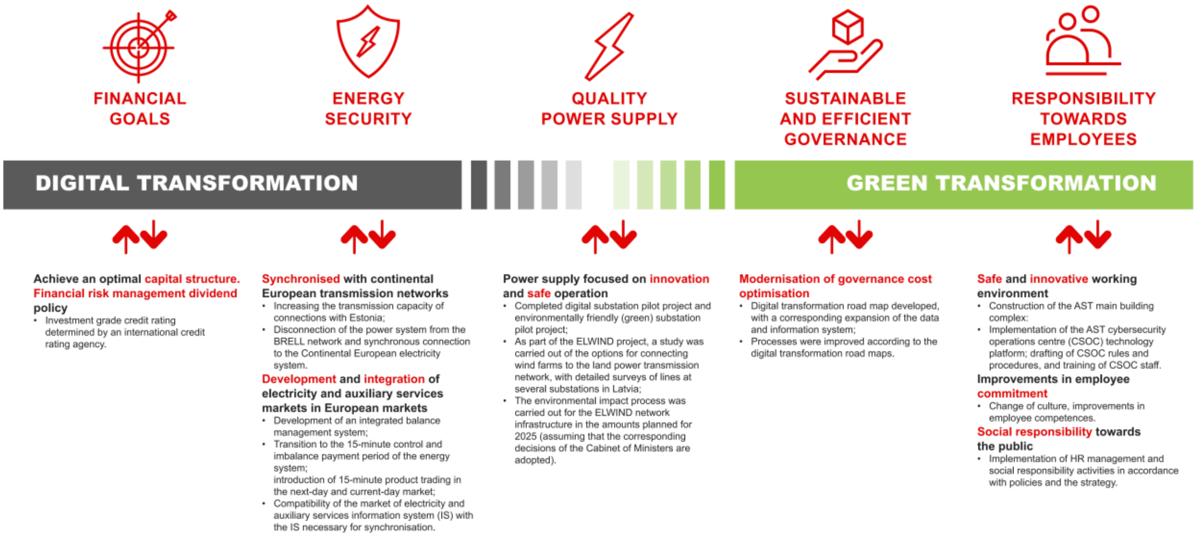
RESPONSIBLE CONSUMPTION – We ensure sustainable consumption and practices in our operations and strive to be an example to others. In our development projects, we mainly use existing power line rights-ofway. We recycle almost 100% of our waste.

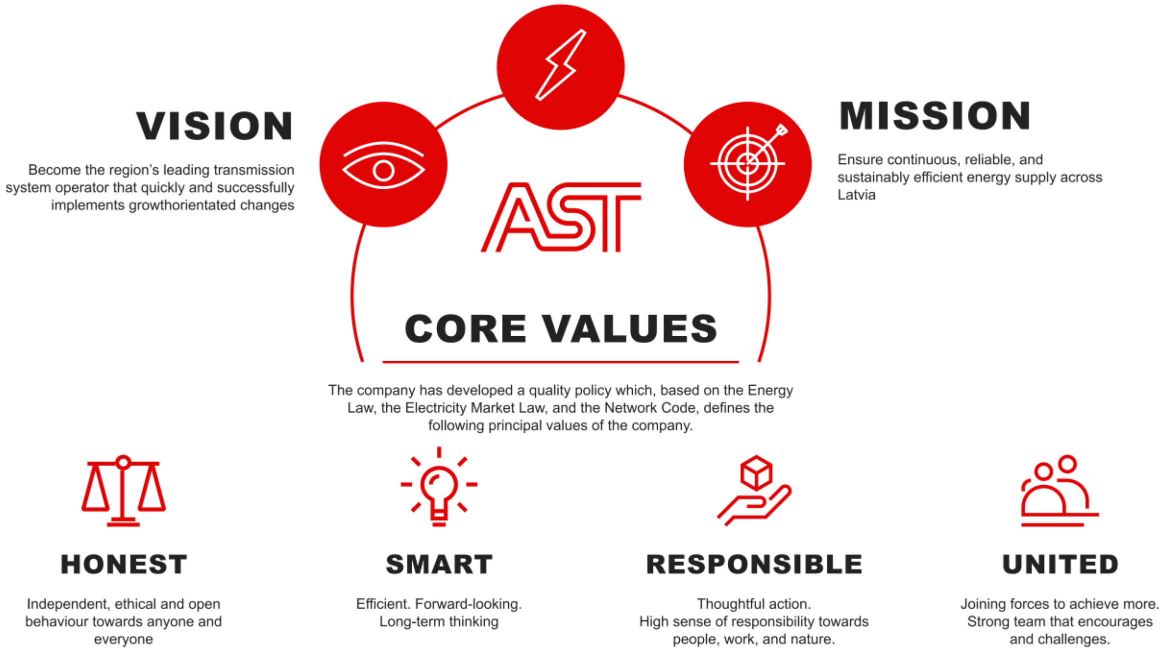
COOPERATION TO IMPLEMENT GOALS – We accumulate our competence and share experience with transmission system operators all over the world; we engage in research and development.

STRATEGY OF THE PARENT COMPANY

At the core of the Parent Company's strategy is the Digital and Green Transformation, which emphasizes efficiency, development, and the mitigation of the company's environmental impact. These principles are integrated into all business processes, with a strong focus on environmental impact assessment and sustainable development.

A key priority for AST is the implementation of the most ambitious energy development project in the Baltics: synchronisation with continental Europe. This initiative has strengthened the energy independence of the Baltic States and is opening up a competitive market for ancillary services.





STRATEGY OF THE SUBSIDIARY

In line with the European Union's Green Deal, the fundamental objective is to achieve climate neutrality, i.e., an economy with net-zero greenhouse gas emissions, by 2050. All sectors of society and the economy, including the gas sector, have a role to play. The gas sector's goal is to gradually phase out natural gas without compromising the region's competitiveness while ensuring substantial progress towards decarbonising the gas market. The gas transmission system and its associated infrastructure will be pivotal in achieving climate neutrality.

Russia's invasion of Ukraine has dramatically reshaped Europe's natural gas sector, including in Latvia, which imposed a ban on Russian natural gas imports for national purposes starting on 1 January 2023. This shift has created new challenges regarding natural gas import sources and business processes, with security of supply becoming a critical focus at both the national and regional levels.

The objectives set for Conexus are derived from the Group's overall strategic goal, energy policy planning documents, and the Group's medium-term operational strategy for 2021-2025.

In response to the significant transformation in the natural gas sector, the Subsidiary redefined its strategic directions and priorities in 2022.

For the strategic programming period, Conexus has defined its strategic objectives across three key areas:

MARKET DEVELOPMENT:
Drive the development and further integration of the gas market, while also supporting the growth of hydrogen and other gaseous energy carrier markets.

- **Promote regional market integration**
- **Promote cooperation with other regional transmission system operators (TSOs)** by building a common position for integrating biogas and hydrogen into transmission networks by **supporting the introduction of biomethane into the transmission system**
- **Further development of Incukalns' UGS services,** providing more flexibility, including the possibility of compression withdrawal

INFRASTRUCTURE SAFETY AND SECURITY OF SUPPLY:
Ensure accessible and secure transmission and storage infrastructure, while exploring and promoting its adaptability for the incorporation of other gaseous energy carriers

- **To implement projects of common interest**
- **Carry out R&D projects** to identify technical feasibility and necessary investments to adapt existing infrastructure for the use of natural gas/ hydrogen mixture or pure hydrogen, including the construction of infrastructure for hydrogen
- Asset management responsive to future challenges

SUSTAINABILITY:
Focus on climate and environmental sustainability aspects

With a focus on sustainability, Conexus will prioritise environmental aspects:

- **E** – Regional market integration contributing to the development of renewable gases, secure transmission and storage infrastructure with a focus on reducing emissions of NOx and GHG (greenhouse gases)
- **S** – A safety-focused culture with a professional, growth-oriented team
- **G** – Adherence to the Latvian Corporate Governance Code

Strategic objectives are established based on Conexus' values, vision, and mission.

Vision: To be a sustainable gas transmission and storage operator within a regionally integrated energy market.

Mission: To ensure the reliable operation of gas transmission and storage by promoting the decarbonisation of the energy sector and fostering market development

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 orientationtowards development.
- **Cooperation** – We support each other in decision making, we listen and search for common solutions internally, working with clients and partners.

In addition to its strategic objectives, Conexus has established horizontal objectives that are closely aligned with all planned medium-term activities. These horizontal objectives serve to complement and support the achievement of the strategic goals.

FOCUS ON ORGANIZATIONAL DEVELOPMENT AND EFFICIENCY

Conexus will promote funding opportunities and increase operational efficiency.

DIGITISATION AND CYBER SECURITY

Conexus will continue digitisation projects with a focus on operational technologies, physical security, fire safety and cyber security.

PROFESSIONAL AND DEVELOPMENT-ORIENTED TEAM

Conexus highly values its professional team and is committed to implementing a programme that empowers employees to enhance their skills through personalized development plans. This initiative will focus on acquiring new competencies to adapt to renewable gas technologies and facilitating the transfer of knowledge from experienced employees to newer staff members. Additionally, Conexus aims to support professional growth by establishing a competitive and flexible remuneration system.

The Subsidiary Council incorporated hydrogen studies, the establishment of a biomethane injection point, and other sustainability initiatives - including greenhouse gas (GHG) emissions accounting and reduction - into the 2024 Strategic Initiative indicators.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

THE GROUP'S ORGANISATIONAL AND GOVERNANCE STRUCTURE

The Group is governed by the Parent Company, whose governance bodies - the Meeting of Shareholders, the Council, and the Management Board - operate based on the company's Articles of Association, the Rules of Procedure of the Council and the Management Board, the Medium-Term Operational Strategy, and relevant Latvian legislation, including the Commercial Law and the Law on the Management of Capital Shares and Capital Companies of a Public Person.

The Group's corporate governance framework aligns with best practices, adhering to the effective legislation, the Latvian Corporate Governance Code and recommendations from the European Union and the Organisation for Economic Co-operation and Development (OECD). These principles are detailed in the Group's Corporate Governance Policy.

Under the Corporate Governance Policy, the Parent Company's investments in other capital companies are made based on principles of good governance. Furthermore, in the management of the Subsidiary, AST adheres to the rights and obligations of shareholders as set out in the Law on the Management of Capital Shares and Capital Companies of a Public Person and the Commercial Law, including the appointment of the Conexus Council.

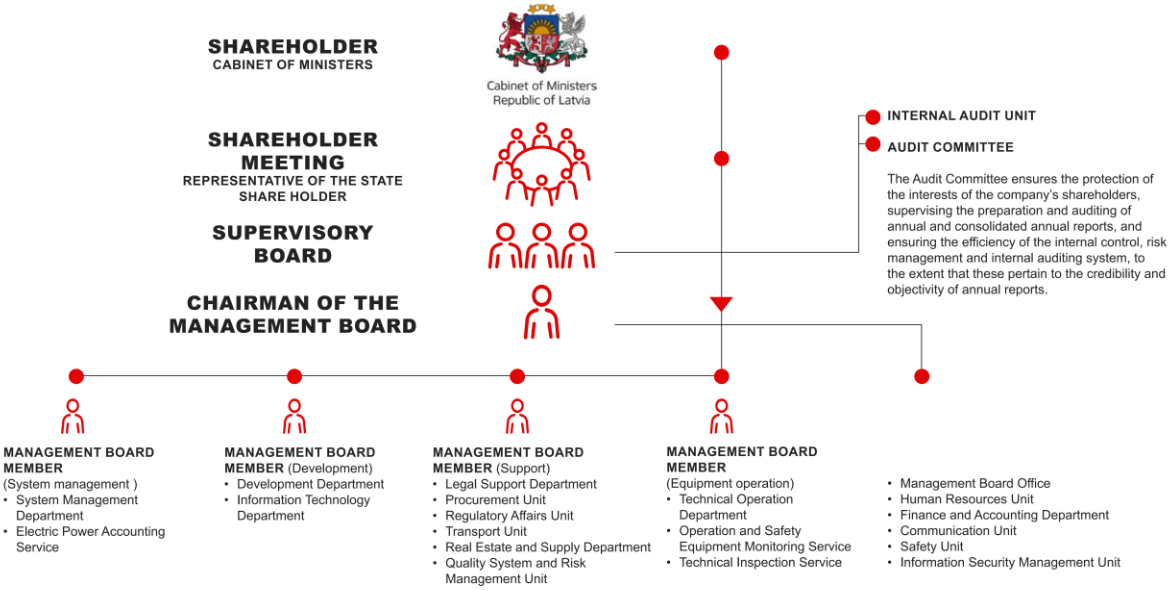
The Subsidiary's corporate governance structure consists of the Meeting of Shareholders, the Supervisory Board, and the Management Board. In fulfilling their governance responsibilities, Conexus has not established separate committees, as the Council and the Management Board are actively engaged in decision-making processes. The key principles for effective and sustainable governance, along with operational transparency, are outlined in Conexus' Corporate Governance Policy.

The numerical composition, nomination and appointment procedures of the AST Management Board, the Audit Committee and the Management Board are prescribed by law. The composition of these bodies is designed to ensure all necessary competences, as well as a sufficiently critical and independent attitude in the evaluation and decision-making process.

Newly elected Council and Board members participate in the "Board Member Education Programme", organised by the Baltic Institute for Corporate Governance ("BICG"), based on the corporate governance principles and recommendations of the International Finance Corporation of the World Bank ("IFC") and the OECD.

Under the Financial Instruments Market Law, the Parent Company has prepared a corporate governance report for 2024, available on the websites of AS "Augstsprieguma tīkls" and Nasdaq Baltic.

Regarding gender representation in executive management, the Group discloses the gender percentages of the Management Board members of each company. During the reporting period, the Council was composed of 18.18% women and 81.82% men, while the Management Board was composed of 12.5% women and 87.5% men. The Audit Committee was composed of 33.33% women and 66.67% men.



MEETING OF SHAREHOLDERS

At the Meeting of shareholders, the interests of the shareholder are represented by a representative of the holder of State capital shares, i.e., the State Secretary of the Ministry of Climate and Energy.

Key responsibilities:

- Approving the annual report and deciding on the application of last year's profits;
- Approving AST's Articles of Association and amendments thereto;
- Decision-making on increasing or reducing AST's share capital;
- Electing and removing members of the Council and Audit Committee, determining their remuneration;
- Appointing an auditor and determining their remuneration.

Meetings are organised under the Law on Governance of the Capital Shares of a Public Person and Capital Companies, as well as the Commercial Law, respecting the competencies and procedures established for the Meeting of Shareholders.

In 2024, four Meetings of Shareholders were held, during which significant decisions were made, including:

- Election of the members of AST's Audit Committee;
- Approval of the consolidated financial statements of the Augstsprieguma tīkls Group and AST's annual financial statements for 2023;
- Resolution on the appropriation of the 2023 profit;
- Approval of the implementation of AST's Action Plan for 2023 and the achievement of the targets;
- Appointment of an auditor for the audit of the 2025 Annual Report, the Group Report and AST's Sustainability Report;
- Increase in AST's share capital and approval of related amendments to the Articles of Association;
- Approval of AST's financial management plans, the action plan and the objectives for the 2025 budget;
- Approval of changes to the composition of the AST Council.

At the same time, in 2024, several strategic meetings took place between the shareholder and the Management Board to discuss:

- The progress of the implementation of the AST medium-term operational strategy;
- The 2024-2026 Action Plan and objectives on key aspects of sustainability, such as:
  - Mitigation of climate change and reduction of CO_2 emissions;
  - The green and digital transformation.

COUNCIL

The Council of AS "Augstsprieguma tīkls" represents the shareholders' interests between Meetings of Shareholders, oversees the activities of the Management Board, participates in AST's strategic development, and monitors the effectiveness of financial and risk management systems. The Council's main duties and functions are defined in the Company's Articles of Association, the Council's regulations and applicable legislation.

Key responsibilities:

- Approve the Medium-Term Operational strategy and monitor its implementation;
- Approve the budget and monitor its implementation;
- Define the strategic direction, objectives and policies of the capital company;
- Continuously monitor the functioning of the Management Board, elect and revoke the members of the Management Board, the Chairperson of the Management Board and determine their remuneration;
- Monitor the effectiveness of the internal control and risk management system;
- Supervise to ensure that the capital company operates under the laws, statutes and resolutions of the Meetings of Shareholders.

As required by law, AST's Council consists of five members, each serving a five-year term. However, since 26 January 2022, following the departure of Madara Melne, the Council has functioned with four members. During the reporting period, the Council included one independent member, Aigars Ģērmanis, whose independence was evaluated before his appointment, in line with the applicable law at that time.

On 27 December 2024, aiming to enhance AST's operational efficiency, its shareholder, the Ministry of Climate and Energy, passed the decisions to further reduce the number of Council members. Although the Company's Articles of Association originally provided for five board members, the Council had effectively performed its oversight duties with four members during the reporting period. Consequently, as of 31 December 2024, the AST Council comprises three members. In addition to the reduction of the number of Council members and following the principles of good governance, the Meeting of Shareholders resolved to conduct an open competition for the vacant Council position. During the selection process, Līga Rozentāle was elected to the Council. To ensure the continuity of energy sector expertise and experience, as well as effective strategic oversight, Olga Bogdanova was re-elected to AST's Council for a new term, under current legislation.

Each year, the Council approves the work plan and objectives, as well as the individual key performance indicators (KPIs) for each Council member for the upcoming year. The implementation of the action plan and objectives is evaluated annually during the approval of the annual report. According to the AST Management Board Regulations, the Council receives quarterly reports on operational performance and progress towards objectives. Additionally, AST's Management Board informs the Council monthly about significant events, including sustainability aspects.

In 2024, AST's Council addressed the following key issues:

- Progress in achieving the objectives of the Group's Medium-Term Operational Strategy 2021-2025, including in terms of sustainability;
- The Group's key sustainability topics;
- Evaluation of the long-term financial management plan;
- Plans for 2025, including procurement, capital expenditure and action plans and objectives;
- Approval of the 2025 budget;
- Implementation of the capital expenditure plan in the transmission system assets;
- Progress of digital transformation;
- Reports prepared by the Audit Committee;
- Preparedness for emergency and crisis management;
- Effectiveness of the internal control system;
- Effectiveness of risk management for fraud, corruption and conflicts of interest;
- Review of internal audit reports on progress in implementing audit recommendations;
- Approval of AST's relevant policies, including Accounting Policies, Risk Management Policy and the Code of Ethics;
- Establishment of individual performance indicators (KPIs) for the members of the Management Board for 2024 and an assessment of the results of the KPIs for 2023;
- Decision on support for a donation to the Ukrainian energy system and Ukrainian society;
- Activities assigned to AST's Management Board, including optimisation of operating costs of the capital company, improvement of efficiency and improvement of personnel management processes;
- Decision on the results of the selection of the vacant Member of the Audit Committee and recommendation to the Meeting of Shareholders regarding the election.

	Kaspars Āboliņš	**Olga Bogdanova**
Position	Chairman of the Council	Deputy Chairwoman of the Council until 30.12.2024 Chairman of the Council from 31.12.2024
Term of office	30.12.2024	30.12.2029
Education	Master's degree in Social Sciences in Public Administration, Faculty of Economics and Management, University of Latvia Bachelor's degree in Business Administration, Faculty of Management and Economics Informatics, University of Latvia	Ph. D. in Economics, Faculty of Engineering, Economics and Management, Riga Technical University Master's degree in Management Sciences, Riga Technical University Bachelor of Social Sciences in Management Sciences, Riga Technical University
Professional experience	From 2006 – Treasury, Manager From 2018 to 2020 – AS "Conexus Baltic Grid", Chairman of the Council From 2016 to 2018 – Northern Bank of Investments, Chairman of the Management Board (rotating)	From 2023 – the World Energy Council, President of the Latvian National Committee From 2023 to 2024 – RoL Ministry of Finance, Deputy Secretary of State for tax administration and reducing the shadow economy

	From 2015 to 2023 – AS “Air Baltic Corporation”, Member of the Council In 2014 – AS “Attīstības finanšu institūcija”, Head of restructuring From 2013 to 2015 – AS “Reverta”, Council Member In 2012 – VAS “Valsts nekustamie īpašumi”, Chairman of the Management Board From 2011 to 2019 – Northern Bank of Investments, a member of the Management Board From 2008 to 2010 – AS “Parex Banka”, a member of the Council From 2008 to 2011 – Northern Bank of Investments, a deputy of a member of the Management Board From 2003 to 2010 – SIA BO “Ziemeļvidzemes atkritumu apsaimniekošanas organizācija”, a member of the Council Member From 1994 to 2006 – various positions in the RoL Ministry of Finance and the Treasury	From 2018 – The World Energy Council, expert, participant in the Future Energy Leadership project From 2021 – the World Energy Council, Chairman of the Management Team of the Future Energy Leaders Programme in Latvia From 2018 to 2023 – the RoL Ministry of Finance, Department of tax Administration and public interest Policy, Director From 2017 - Latvian Science Council, expert From 2021 - University of Latvia, Faculty of Business, Management and Economics, Associate Professor From 2016 to 2019 - AS “Augstsprieguma tīkls”, Council Member From 2016 to 2018 – the RoL Ministry of Economics, Department of Energy Market and Infrastructure, Director From 2016 to 2022 - Riga Technical University, Institute of International Economic Communications and Customs, Faculty of Engineering, Economy and Management, Assistant professor 2016 – the RoL Ministry of Economics, acting Deputy State Secretary for Energy Various positions in the Ministry of Economics of the Republic of Latvia from 2025 to 2026

	Armands Eberhards	**Aigars Ģērmanis**
Position	Member of the Council	Member of the Council
Term of office	30.12.2024	30.12.2024
Education	Master’s degree in MSC Politics of the World Eco (Merit), London School of Economics and Political Science (LSE), UK International MBA (cum laude), EHSAL Management School, Belgium Master’s degree in Environmental Sciences and Management, University of Latvia Bachelor of Environmental Sciences degree, University of Latvia	Master’s degree in Management Sciences, University of Latvia BA in Business Management, University of Latvia
Professional experience	From 2019 – the European Investment Fund (EIB Group) (Luxembourg), Deputy Director, Management Board (Alternate Director) From 2011 – the RoL Ministry of Finance, Deputy Secretary of State FOR ESSFKF From 2014 – the European Bank of Investments (Luxembourg), Director/Member of the	From 2021 – SIA “Rīgas meži”, deputy Chairman of the Council From 2010 – SIA “DPMC Baltica”, Chairman of the Management Board From 2018 to 2019 – IMMER GROUP (Ukraine), Director of Development From 2014 to 2018 – AMBER BEVERAGE GROUP, Management Board Member, Commercial Director From 2009 to 2013 – SANITEX GROUP (Latvia/Estonia), Chairman of the

	Management Board From 2011 to 2012 – AS "Hipotēku un zemes banka", Deputy Chairman of the Council From 2004 to 2011 – the Central Finance and Contracting Agency, Director From 1998 to 2004 – the Central Financial and Contract Unit, Director From 1995 to 1998 – the RoL Ministry of Finance, Director of the International Assistance Coordination Department From 1994 to 1995 – the RoL Ministry of Finance, Head of the International Assistance Coordination Division	Management Board From 2004 to 2009 – PROCTER & GAMBLE Marketing Latvia (in charge for the Baltic market), Chairman of the Management Board

	Līga Rozentāle
Amats	Deputy Chairwoman of the Council
Pilnvaru termiņš	From 31 December 2024, up until the date when the candidates for the Council of AS "Augstsprieguma tīkls" are nominated under Sections 31 and 108 of the Law on Governance of the Capital Shares of a Public Person and Capital Companies, and a decision is made regarding the election of these candidates to the Council of AS "Augstsprieguma tīkls".
Izglītība	2018–2022 Riga Technical University, PhD in Environmental Engineering 2016–2018 Riga Technical University / Vilnius Gediminas Technical University, Double Master's degree in Environmental Engineering 2013–2014 University of Leuven (Belgium), Master's degree in European Studies 2009–2013 Riga Technical University, Bachelor's degree in International Economic Relations Organisation and Management
Profesionālā pieredze	2025 – present Deputy Chairwoman of the Council of AS "Augstsprieguma tīkls" 2023 – present Deputy State Secretary for Energy Policy, Ministry of Climate and Energy 2024 – present the Latvian representative on the Board of the International Energy Agency 2023 – present member of the Latvian National Committee of the World Energy Council 2023 – present Vice-Chair of the Advisory Board of the Public Utilities Commission 2022 – present a member of the Riga Technical University Advisory Convention 2022 – present Riga Technical University, Docent 2022–2023 Director, Energy Market and Infrastructure Department, Ministry of Economics 2018–2022 Deputy Director of the Energy Market and Infrastructure Department, Ministry of the Economy 2017–2018 Deputy Head of the Electricity Market and Infrastructure Division, Ministry of the Economy 2016–2017 Senior Expert, Energy Market and Infrastructure Department, Ministry of Economics 2014–2016 Senior Policy Officer, EU Affairs Division, Ministry of the Economy 2012–2012 Assistant to a Member of the European Parliament

AUDIT COMMITTEE

The objectives and tasks, operating principles, rights, and responsibilities of the AST Audit Committee are defined in AST's Audit Committee Rules of Procedure, which are approved by the decision of the Meeting of

Shareholders. The main role of the Committee is to ensure the protection of the shareholder's and the Meetings of Shareholders interests, especially concerning the preparation of the annual report, its audit, the effectiveness of the internal control, risk management, and internal audit systems, to guarantee the reliability and objectivity of the report.

An authorisation agreement is concluded with the members of the Audit Committee regarding the performance of the duties of the Audit Committee member. The members of the Audit Committee, except for the member of the Council elected to the committee, are paid remuneration, the amount of which is determined by the Parent Company's Meeting of Shareholders.

Key responsibilities:

- Monitor the financial reporting process;
- Monitor the operational efficiency of the internal control and risk management system, as far as relating to the integrity and completeness of the annual report and consolidated annual report;
- Verify and monitor compliance with the independence and objectivity requirements imposed on the annual auditor.

On 9 February 2024, Ivars Blumbergs resigned from the AST Audit Committee, and, by the decision of the AST extraordinary Meeting of Shareholders, the Committee was re-elected with a new composition:

- Roberts Ikaunieks, an independent Chairman of the Audit Committee, term of office: 14 May 2027 (inclusive);
- Inga Liepa, an independent member of the Audit Committee, term of office: 14 May 2027 (inclusive);
- Aigars Ģērrmanis, a dependent Council member of the Audit Committee, term of office: 14 May 2027 (inclusive), but not longer than until the end of the term of office as AST's Council member.

In 2024, AST's Audit Committee was composed of two independent members (66.67%) and one dependent Member (33.33%).

For more information on the relevant experience of the members of the Audit Committee see the Parent Company's website (see: https://www.ast.lv/en/content/audit-committee).

MANAGEMENT BOARD

AST's executive body, the Management Board, is in charge of the management of capital shares in daily operations, jointly managing and representing AST. The activities of the Management Board are regulated by the law and regulations, and its tasks and responsibilities are defined in the Articles of Association of the Parent Company and the Management Board Rules of Procedure.

All members of the Management Board act independently in their roles and have no involvement in the capital of business partners or affiliated companies. The Chairman of the AST Management Board and Management Board members receive remuneration, bonuses, and severance pay under the Law on Governance of the Capital Shares of a Public Person and Capital Companies.

Key responsibilities:

- Managing and representing the company;
- Assuming responsibility for the operation of the undertaking and for the compliance of the accounting records with the law;
- Managing the Company's property;
- Implementing the Company's strategic direction, development plans, objectives and policies of the

company.

AS "Augstsprieguma tīkls" has a five-member Management Board, elected by AST's Council for a five-year term. The Management Board operates by the functional principle, with each member responsible for specific areas aligned with their expertise. Structural units report to their respective Management Board members, each guided by regulations outlining their objectives, structure, and duties.

Once a month, the Management Board receives a report on operational performance and the progress of capital expenditure. Additionally, a report is provided on the quality and performance indicators of electricity transmission services, including a variety of data such as safety indicators – workplace accidents and aspects of occupational safety. Quarterly, the Management Board reviews reports on significant risk management and financial results. Sustainability aspects are managed by several of AST's structural units according to their areas of expertise.

In 2024, AST's Management Board examined the following key issues:

- Approved the essential sustainability aspects of the Group;
- Followed-up on the implementation of AST audit recommendations (quarterly);
- Approved AST's Performance Management System Regulations;
- Reviewed the Internal Audit Activity Report for 2023 and the Overall opinion on the effectiveness of the internal control and risk management systems of AS "Augstsprieguma tīkls" for 2023;
- Approved the report on environmental and energy management of AS "Augstsprieguma tīkls" in 2023;
- Made changes to AST's organisational structure;
- Reviewed reports on risk management of fraud, corruption and conflicts of interest in 2023
- Reviewed reports on AST's material risk management (quarterly);
- Approved the new wording of AST's Financial Risk Management Regulations;
- Examined several policies relevant to the operation of AST, including Accounting Policy, Risk Management Policy and the Code of Ethics;
- Examined issues related to the development and effectiveness of AST;
- Approved the Electricity Transmission System Development Plan (hereinafter "Development Plan") for the next decade;
- Approved the 2023 Integrated Management System Review Report;
- Concluded contracts with the Central Finance and Contracting Agency under the RePowerEU facility of EUR 73.2 million for use by AS "Augstsprieguma tīkls" for projects;
- Made decisions, ensuring the implementation of capital expenditure projects under the Development Plan, including decisions on the establishment of new connections for electricity producers from renewable energy sources.

	Roland Irklis	Gatis Junghāns
Position	Chairman of the Management Board	Member of the Management Board
Term of office	06.12.2028	24.04.2026
Areas of responsibility	General management, including strategic management, financial and personnel matters, security, including information security.	Electricity transmission system dispatching, management and development of system ancillary services, as well as the development of the electricity market
Education	EMBA Programme, Riga Business School Lawyer's qualification (5-year Programme comparable to a Master's degree), University of Latvia	Master's degree in Business Administration, Riga Business School Master's degree in Business Administration, Riga School of Economics Engineering PhD, Riga Technical University Master's degree in Engineering, Riga Technical University
Professional experience	From 2022 – the Organisation for Economic Co-operation and Development (OECD), Audit Committee Member (expert) From 2021 to 2023 – the State Audit Office, Auditor General From 2018 to 2022 – the Regional Association of Energy Regulators (ERRA), course instructor From 2019 to 2021 – the Council of European Energy Regulators (CEER), Vice President From 2019 to 2021 – the Agency for the Cooperation of Energy Regulators in Europe (ACER), Vice-President From 2011 to 2021 – the Public Utilities Commission, Chairman (2016-2021), Council Member (2011-2016) From 2015 to 2016 – the Energy Community Secretariat (Energy Community), consultant From 2010 to 2011 – attorney at law From 2007 to 2010 – the Bank of Latvia, lawyer From 2003 to 2007 – "Ecovis Convents Law Office," lawyer	From 2022 – Baltic RCC OÜ, Chairman of the Council From 2024 – Riga Technical University, Professor From 2017 to 2023 – Riga Technical University, Associate Professor From 2015 to 2016 – "Elektrum Lietuva" UAB (Lithuania), Council Member From 2008 to 2015 – "Elektrum Lietuva" UAB (Lithuania), Chairman and CEO of the Management Board, Member of the Management Board From 2015 to 2016 – Elektrum Eesti OÜ (Estonia), Council Member From 2007 to 2015 – Elektrum Eesti OÜ (Estonia), Management Board Member From 2006 to 2014 – AS "Nordic Energy link" (Estonia), Council Member From 2007 to 2016 – AS "Latvenergo", Head of the Trade Division From 2005 to 2007 – AS "Latvenergo", project manager From 2003 to 2005 – AS "Augstsprieguma tīkls", electrical engineer From 2000 to 2003 – AS "Latvenergo" unit "Riga electricity Grid", electrical engineer
Sustainability competencies	Sustainable strategy and governance of sustainability issues, corporate culture, employees, working Environment	Energy, sustainably efficient transmission of electricity

	Ilze Znotiņa	Arnis Daugulis
Position	Member of the Management Board	Member of the Management Board
Term of office	31.01.2029	14.07.2026
Areas of responsibility	Legal, risk management and compliance, operational support and transport matters	Development of the electricity transmission system, management of investments in the system and information technology management
Education	PhD studies, University of Latvia Master's degree in Law Science, Riga Graduate School of Law	Engineering licensee Stockholm Royal Technical School (Kungl Tekniska Hogskolan, KTH), Sweden Master's degree in Electrical Science, Riga Technical University
Professional experience	From 2024 – the Academy of Internal Security, Master's study programme "Management of law enforcement, criminal execution and rescue services", implemented by the Faculty of Business, Management and Economics of the University of Latvia, teacher From 2023 to 2024 – the International Monetary Fund, an expert From 2023 to 2024 – SOFRECO, an expert From 2023 to 2024 – European Commission, an expert From 2023 to 2024 – attorney at law From 2018 to 2022 – the Financial Intelligence Service, Director From 2018 to 2022 – MONEYVAL Latvian delegation, Head of the delegation From 2010 to 2017 – Deloitte Legal, Partner, Head of the Department of Law and Fraud Prevention From 2008 to 2010 – Law firm "Znotiņa & Rubene", Partner From 2005 to 2008 – Law firm "Sorainen," lawyer From 2001 to 2007 – Riga Stradiņa University, lecturer From 2002 to 2004 – Law firm "Brock and partners," lawyer/paralegal From 1997 to 2003 – Law firm "M. Šadura birojs", lawyer	From 2016 to 2021 – AU "Augstsprieguma tīkls," Head of the Information Technology Department From 2015 to 2016 – the State Chancellery, consultant in the Department of Public Administration Policy From 2012 to 2015 – Ministry of Environmental Protection and Regional Development, Deputy State Secretary for Information and Communication Technologies 2011 – AS "Latvenergo", Management Board consultant From 2006 to 2011 – AS "Latvenergo", Management Board Member (Information Technology and Telecommunications) From 2000 to 2006 – AS "Latvenergo", Head of the Information Technology Department
Sustainability competencies	Compliance, sustainable procurement, business ethics, supplier relations, transparency and openness, climate change mitigation	Energy, fundraising, land-related impact on the Community

	Imants Zviedris
Position	Member of the Management Board
Term of office	17.12.2029
Areas of responsibility	Development of the electricity transmission system, management of investments in the system and information technology management
Education	Electricity supply, engineer, electrician, Riga Technical University
Professional experience	From 25.01.2024 – currently the association “Latvian Association of Electrical Energy and Energy Builders” From 2017 to 2018 – AS “Conexus Baltic Grid”, Member of the Council From 2014 to 2015 – AS “Latvijas elektriskie tīkli”, Technical Director From 2011 to 2015 – AS “Latvijas elektriskie tīkli”, Management Board Member From 2011 to 2011 – AS “Latvijas elektriskie tīkli”, Chairman of the Management Board From 2005 to 2011 – AS “Augstsprieguma tīkls”, Chairman of the Management Board From 2000 to 2005 – AS “Latvenergo” branch “Augstsprieguma tīkls”, Technical Director From 1998 to 2000 – PVAS “Latvenergo” branch “Augstsprieguma tīkls”, Head of Operations and Safety Technical Supervision Service From 1996 to 1998 – VAS “Latvenergo” branch “Augstsprieguma tīkls”, dispatcher of energy networks of the dispatching Service From 1995 to 1996 – VAS “Latvenergo” branch “Augstsprieguma tīkls”, controller service technician
Sustainability competencies	Energy, continuous and secure transmission of electricity, safety and health of workers, and secure employment

SUSTAINABILITY MANAGEMENT

ESRS GOV-1, GOV-2, GOV-3, GOV-4, GOV-5

SUSTAINABILITY MANAGEMENT

In 2023, AST approved the Sustainability Management Procedures and established a Sustainability Management Committee comprising representatives from various departments responsible for capital expenditure planning, implementation, monitoring, financial resource planning, personnel management, procurement process organisation, corporate governance issues, as well as data collection and publication.

Led by the Chairman of AST's Management Board, the Sustainability Management Committee is responsible for overseeing sustainability processes, coordinating the achievement of set goals, and ensuring their effective implementation. Under the Sustainability Management Procedures, the Committee prepares quarterly reports for AST's Management Board and Council, assessing the progress of the action plan and objectives in the field of sustainability by analysing the achievement of the set goals, identifying potential risks, and proposing solutions to ensure continuous advancement.

In 2024, the current arrangements were revised, and responsibilities were assigned, including for ensuring the reliability and quality of the data. To further refine the processes within the Group, the Parent Company developed the project to prevent corruption and conflicts of interest in 2024, which is to be approved in 2025. There are plans to revise the Remuneration policy, Corporate Governance policy and Corporate Social Responsibility Policy.

DEVELOPMENT OF COMPETENCES AND SKILLS IN THE FIELD OF SUSTAINABILITY

The required competences and professional experience for candidates of Council members are developed by the shareholder, for candidates of Management Board members - by the Council. Although no selection took place during the reporting period, it is planned to include criteria for sustainability knowledge in the evaluation of candidates in the future. In order to raise awareness of the management of sustainability issues, the Group's Council and Management Board members participated in various seminars and conferences during the reporting period, which included the management of sustainability issues.

The Parent Company has joined the Swedbank Business Sustainability Council, which brings together business leaders from different sectors in Latvia to share knowledge, deepen understanding of sustainability and work together to create a more sustainable business environment in Latvia. AST is represented at the Business Sustainability Council by the Chairman of the Management Board, while the Group's other subject-matter experts participate in the meetings depending on the topics discussed there. In 2024, the Business Sustainability Council workshops were dedicated to the assessment of dual materiality, including the identification and assessment of impacts, risks and opportunities in value chains.

In addition, the AST Management Board actively participates in various information seminars on the topic of sustainability. For example, the representatives of the AST Management Board participated in the "Lampa" discussion festival in 2024, where they took part in the discussion "From words to deeds: Sustainable financing for entrepreneurs!" on the Green Deal adopted by Europe and the world and its impact on the possibility of obtaining financing for further growth, as well as the discussion "Electrification – a tool for achieving climate neutrality" on the main electrification tasks and challenges in Latvia.

Each year, AST draws up a training plan and identifies the competences and skills to be developed, including the development of individual training plans for managers. In addition, lectures are offered to all company employees, which are also available online on the "Viszinis" intranet platform.

AST has joined the "Family-Friendly Workplace" initiative, the "Diversity Makes Us Strong" movement and the "Mission Zero" initiative for health and safety in the workplace. As part of these initiatives, the Company not only evaluates its existing performance, but also participates in educational activities and dialogue with experts.

The introduction of new regulatory requirements requires considerable capacity for the acquisition of skills and information. Therefore, in 2024, through a tender process, the consulting company SIA "Sustinere Latvija" was engaged to work with the Company to create a map of the value chains defined by AST and the Group, including the identification and assessment of impacts, risks and opportunities to perform a double (impact and financial) materiality assessment. As part of the collaboration, an assessment of existing procedures was carried out and changes were developed, and advice was provided on the sustainability management process and reporting requirements. As part of the collaboration, regular meetings were also organised with the AST working group as well as with members of the Management Board, where the consultant shared information on the requirements of the directive on sustainability reporting and implementation, as well as best practices in sustainability management.

During the reporting period, several seminars were organised for the members of the Subsidiary's Management Board on current operational matters at Conexus, such as the CH4 emissions reduction plan, the leak detection and repair (LDAR) programme, and biomethane and hydrogen projects.

SUSTAINABILITY ISSUES ADDRESSED BY GOVERNANCE BODIES

AST's Meeting of Shareholders approves an Expectations Letter, which outlines the Company's development directions, strategic goals, as well as financial and non-financial objectives, including those related to sustainability. Whereas AST's Council approves the Medium-Term Operational Strategy by incorporating therein the goals specified in the Expectations Letter, and oversees its implementation. During the reporting period, a draft of AST's Expectations Letter was developed, expected to be approved in 2025, and thereafter will continue working on the development of the Group's medium-term operational strategy for the next period

AST's Meeting of Shareholders is informed about sustainability issues once a year and approves the consolidated report of the Augstsprieguma tīkls Group as well as the annual report of AS "Augstsprieguma tīkls", which includes the sustainability report. AST's Council reviews and formulates an opinion on the annual report once a year before submitting it to the Meeting of Shareholders.

AST's Management Board and the Council are informed quarterly about the achievement of the sustainability targets and are included in a report on the progress of the work plan and the targets. Conversely, the Management Board reviews on a quarterly basis the report on the indicators that characterise the functioning of the electricity transmission network, including safety indicators such as occupational accidents, registered environmental incidents and unauthorised or illegal activities at the infrastructure facilities.

In addition, AST's Council is informed monthly about key developments, including sustainability matters such as electricity generation from renewable energy sources and the construction of the green substation.

AST's Council and Management Board are involved in defining the sustainability aspects relevant to the Group's activities. The key aspects of the Group's sustainability are assessed and approved by AST's Management Board. The sustainability report, which is included in the annual management report, is reviewed by the Management Board and Council and approved by the Meeting of Shareholders.

In 2024, the Council of the Parent Company passed decisions on the following key sustainability Matters:

- Approved the new wording of AST's Code of Ethics;
- Approved the competence of AST's governing bodies regarding the granting of donations, which was subsequently also approved by the Meeting of Shareholders;

- Approved AST's sustainability objectives for 2024.

In ensuring the management of the sustainability objectives within the Group, the Conexus Council shall report monthly to the Management Board of the Parent Company on key developments as well as progress towards the fulfilment of the sustainability objectives.

In 2024, the Subsidiary's Council reviewed the following sustainability-related matters:

- Hydrogen and biomethane development matters (including the Nordic-Baltic Hydrogen Corridor, the construction of biomethane entry points, and the accounting for and reduction of GHG emissions).

In 2024, the Subsidiary received recognition in the Latvian Sustainable Governance Award in the "Council's Strategic Commitment" category. This award recognises the Subsidiary's Council for promoting a collaborative approach that encourages transparency, employee engagement and diverse perspectives on the company's development. This commitment by Conexus' Council has facilitated the adoption of a sustainable and well-thought-out strategy that prioritises technological, environmental and economic advances and ensures safe gas transmission and storage, while promoting innovation and decarbonisation.

Under the decision of 16 October 2024, AST's Management Board approved the Group's key sustainability aspects and decided to inform the Council and AS "Conexus Baltic Grid" about the decision passed.

Information provided to the Group governing bodies.

Governing body	Frequency	Key matters	Responsibility
Meeting of Shareholders	Annually	Approval of the annual report and sustainability report	Strategic decisions Expectations Letter
Council	Quarterly	Attainment of sustainability objectives	Monitoring, recommendations
Management Board	Quarterly	Attainment of sustainability objectives Managing significant risks, including sustainability risks Indicators measuring the operation of the electricity transmission system, including indicators of the safety of the working environment	Monitoring and decision making, advisory services
Sustainability Committee	As required	Drafting proposals on sustainability objectives and indicators to be achieved, and compilation of progress towards achieving sustainability objectives	Strategy, sustainability report, and progress reports on achieving sustainability objectives

RISK MANAGEMENT PRINCIPLES AND MECHANISMS

AST's risk management principles are outlined in the Company's Risk Management Policy, which clearly defines the roles and responsibilities of the Management Board, Audit Committee, Internal Audit, Management Board, Management Board members, as well as the heads and employees of the Quality System and Risk Management Unit and departments in risk management. This policy not only outlines requirements for reporting deadlines, decision-making processes and risk monitoring, but also the need to regularly assess the effectiveness of the risk management system itself.

The Risk Management Concept contains additional regulations in that it defines the criteria for risk appetite and describes the process for planning and implementing the necessary measures to minimise risk. Detailed risk management issues are regulated in specific regulations for risk areas, such as the Regulations for Financial Risk Management, which define certain risk indicators, and the Regulations for the Management of Fraud, Corruption and Conflicts of interest, which enforce a zero-tolerance policy towards offences.

As part of its strategic planning process, AST systematically evaluates risks, opportunities, and impacts by analysing potential external and internal environmental factors to ensure the achievement of established objectives. The Company maintains a structured flow of risk management information through quarterly reports that highlight key risks, complemented by comprehensive reviews of each risk area conducted at least once every 1 to 3 years, depending on the specific characteristics of each area. Such regular risk analysis enables the Management Board to make informed and timely decisions.

In 2024, the Group's main risks related to the impact of emergency synchronisation with Continental Europe and accelerated synchronisation, cyber security threats, physical security risks, fraud risks and the impact of Russian military aggression. At the same time, opportunities have been identified, including the increased use of renewable energy and the implementation of the latest technological solutions, such as remote-control systems for managing the microclimate of substations.

Setting priorities in risk management is based on the assessment of risk appetite criteria and investment efficiency, ensuring the efficient allocation of resources. A number of measures have been taken to mitigate the impact of potential risks. These include staff training, scenario simulations, increasing technical resources and introducing new solutions. This approach not only ensures the identification and mitigation of risks but also contributes to the long-term security and sustainability of AST.

GOV-5

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The Group has established a system of internal control, including internal audit and risk management, which is continuously enhanced. The Council regularly monitors the effectiveness of internal control, risk management, and operational compliance, whereas the Internal Audit Function conducts an independent and objective assessment thereof.

The Audit Committee oversees the integrity and objectivity of the annual and consolidated financial statements. The implementation of the internal control, risk management, and operational compliance systems is the responsibility of the Management Board, with independent assessments conducted by the Internal Audit Function to ensure an independent and objective assessment thereof.

The internal control processes for preparing the sustainability report are clearly defined within the Group's Sustainability Management Procedures framework, ensuring the reliability and accuracy of the data presented therein:

- The departments that collect and provide data for sustainability reporting are responsible for the reliability of the data and the unbiased provision of the data;
- The Sustainability Management Committee ensures that the data received is correctly presented in the AST Sustainability Report and the reports on the achievement of AST's sustainability goals;
- When preparing the sustainability report, the department responsible for the respective sustainability aspect adheres to internal control processes that ensure the reliability of the data;
- The verification of conformity can be carried out in cooperation with an external consultant in order to ensure an independent assessment and additional security.

Internal Audit Unit conducts an audit of the departments (2024 also the Quality Systems and Risk Management Department, the Procurement Department, the Security Department and the Purchasing Department), checking the conformity of the processes managed by the department, which has an impact on the reliability of the data. The 2025 internal audit plan also includes an audit of Sustainability Management

Procedures. After the completion of the internal audit, the results and findings are reported to the Parent Company's Board and Council. The Parent Company's Board and Council are informed quarterly about the progress of the implementation of internal audit recommendations.

Incidents of any kind, including those relating to sustainability issues, are logged in the relevant registers of the departments responsible. The information is included both in the quarterly reports on the main risks to the board and council, as well as in the individual field reports. No significant findings have been made in 2024.

Integrated information systems and data quality monitoring are in place to ensure that the information provided by the Group is accurate and complete. The Group's financial information is prepared under the International Accounting Standards, and the financial statements are audited by an international auditing firm with relevant experience in the energy sector. The Group's management regularly informs employees about long-term and short-term plans and benefits, including through online meetings with employees.

ESRS GOV-3

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

The remuneration of the Council and Management Board of a Parent Company is determined in accordance with the Law on Governance of the Capital Shares of a Public Person and Capital Companies and the Cabinet Regulations issued on the basis thereof. The Law establishes a standardised framework for the remuneration of members of the management board and the Council of public persons.

The remuneration and compensation for the members of the Management Board of the Subsidiary are determined by Conexus's Council, in accordance with the Remuneration Policy for Management Board members and the Council, as well as the principles outlined in the Law on the Governance of Capital Shares and Capital Companies of Public Persons. The remuneration is balanced to align with the scope and responsibilities of the Management Board members.

The remuneration of the members of the Councils of the Group's companies is determined by the shareholders through a formal decision, in compliance with the applicable internal and external laws and regulations mentioned above. All decisions made by the Meeting of Shareholders are made publicly available on the websites of both the Parent Company and the Subsidiary. Additionally, details regarding the remuneration of the Management Boards of both the Parent Company and the Subsidiary are published in their respective annual reports.

Authorisation agreements are concluded with the Chairman of the Council of the Parent Company and the members of the Council and are not subject to the provisions of the AST collective agreement. The amount of the monthly remuneration of the Council of the Parent Company and the Chairman of the Management Board is linked to the amount of the average monthly remuneration of employees in the country of the previous year as published by the Central Statistical Office, to which a factor is applied that is determined based on indicators characterizing the size of the capital company (turnover, assets, number of employees). The Chairman and members of the AST Council do not receive any bonuses, severance payments or other forms of compensation.

The performance of the Management Board and the Council of companies of the Group companies is evaluated under the Cabinet regulations and guidelines developed by the Coordination Centre, which ensure a transparent and structured approach.

The individual performance assessment of the members of the management boards of the Group's companies consists of the fulfilment of objectives relating to the overall performance of the company, while the performance of the members of the Council is assessed based on the annual self-assessment. The annual self-assessments, which are presented to the Meeting of Shareholders, reflect the contribution of the Council and the Management Board to strengthening sustainability management and achieving the company's strategic goals.

In addition, the Audit Committee reports annually on the quality of internal control, risk management and sustainability reporting.

Based on the sustainable development objectives outlined in the corporate strategy, the Council approves both financial and non-financial targets each year, together with the budget for the following year, as well as individual key performance indicators (KPIs) for each Management Board member, which affect the variable portion of their remuneration.

The Council may decide, once a year after the approval of the annual report, on the payment of the bonus to the members of the Management Board. Three main criteria are taken into account in determining the bonus: the results of activities of the capital company in the previous accounting year (implementation of the budget); the execution of the medium-term operational strategy and the performance of the capital company in terms of the defined objectives, including sustainability objectives; individual performance of the Management Board member and fulfilment of individual objectives.

The amount of the bonus for management board members must not exceed two months' salary of a management board member. Meanwhile, under the applicable legislation, no bonuses are paid to the members of the council, and no link between remuneration and sustainability governance is envisaged.

The annual goals of the Parent Company's Management Board members include the organization's objectives for sustainable development, depending on the area for which each Management Board member is responsible. The Parent Company's targets for 2024 account for 20% of the sustainability goals. The Parent Company regularly monitors the achievement of the stated objectives by examining a quarterly report on the progress.

In 2024, the following key sustainability objectives were identified in the individual achievable objectives of the Parent Company's Management Board members:

- Reduction of CO_2 emissions by 3% against 2023;
- Network development to add electricity producers from renewable sources;
- Implementation of the innovation project The Green Substation "Carnikava" by reducing CO_2 emissions.

In 2024, strategic initiatives with sustainability aspects – hydrogen research, biomethane and others – accounted for 10 % of the Subsidiary's total operating performance.

In the forthcoming periods, it is planned to develop the involvement of the Management Board and the Council in the management of sustainability issues by improving the governance of sustainability-related issues.

ESRS GOV-4

STATEMENT ON DUE DILIGENCE

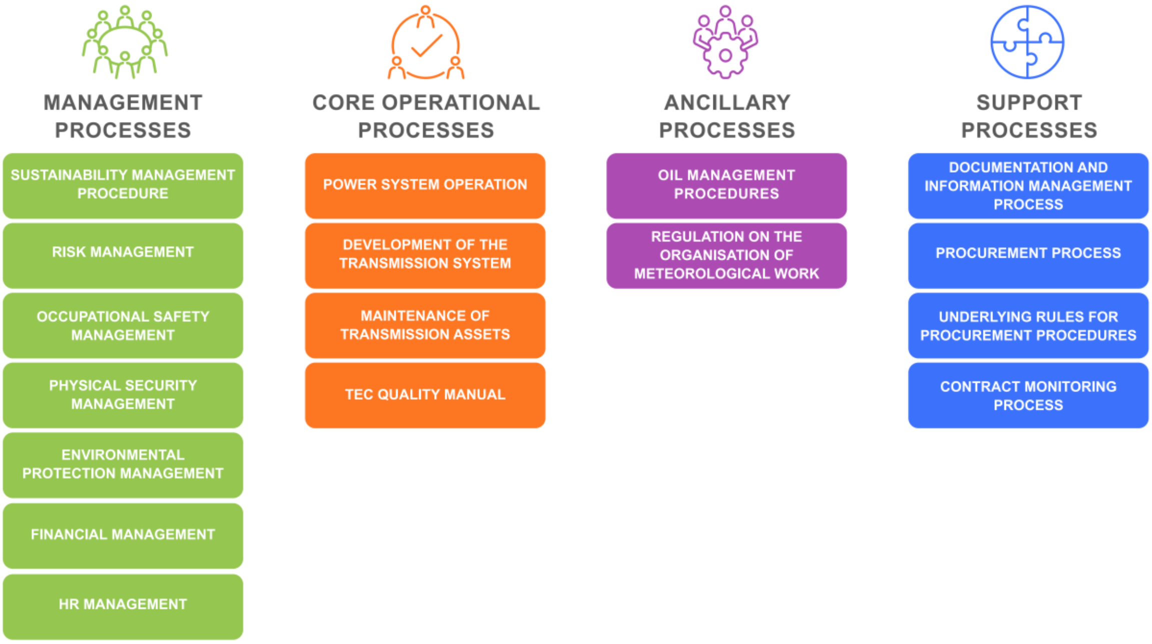
The Group takes a responsible approach to mitigating and remediating potential negative impacts should they occur.

AST has developed an interactive process map that summarises management, core operational, support and auxiliary processes while ensuring the integration of control systems related to process management. Responsible managers and a support team have been assigned to the processes.

The processes are reviewed as required, but at least every three years. In 2024, the process for the maintenance of transmission facilities and its subordinate processes was updated, and work continued on improving the descriptions of other processes. An improvement plan for the interactive process map for 2025 was developed and approved.

PROCESSES TO MITIGATE/COMPENSATE FOR NEGATIVE IMPACTS

The Group takes a responsible approach to mitigating and compensating for negative impacts, if any. AST has developed an interactive process map that integrates management, operational, support and ancillary processes and links the control system related to process management.



To ensure that the working environment meets legal requirements and industry best practices, regular risk assessments are conducted, monthly technical training sessions are organized, and health and safety days are held. Compliance with health and safety regulations is regularly monitored, including unscheduled inspections of crews at their workstations and evaluations of equipment performance. The results of these inspections are documented and reviewed with staff and relevant specialists. Corrective and preventive actions are implemented as needed.

Environmental matters are addressed through internal audits, environmental monitoring, and energy monitoring. Compliance with legal requirements is regularly assessed. After audits and the implementation of action plans, reports are prepared, stakeholders are informed, and corrective and preventive measures are developed and executed as needed.

An Ideas Register has been established to actively engage employees in the improvement process, allowing them to submit suggestions for improvements - anonymously if preferred. These submissions are reviewed by the appropriate departments, and feedback is provided, even if the full implementation of the proposal is not feasible. Proposals remain anonymous unless the submitter chooses to provide their name. The proposals submitted in the Ideas Register are evaluated in the relevant departments, and the feedback is published, even if the idea cannot be fully implemented.

To ensure due diligence, the Group carries out an assessment of suppliers as part of the procurement process. See further information on this in the chapter “Management of relationships with vendors”.

Whilst the current approach and processes are geared towards sustainable entrepreneurship and avoiding negative impacts on the environment, society and the economy, the Group’s management recognises the need to develop a structured approach to disclose relevant information on due diligence measures and their impact in the future.

Basic components of due diligence in the sustainability report.

Section of the sustainability report	Key aspects of due diligence
Incorporating due diligence into the governance, strategy and business model	
Council	The Council monitors strategy, budget and capital expenditure plan
Management Board	The Management Board approves the relevant sustainability topics, guidelines and the integrated governance framework. It reviews the reports on risks, internal Audit and corruption prevention, confirms the objectives and decides on investments
Strategy	The strategy includes sustainability-related objectives, including synchronisation with Europe, modernisation of the grid, digital and green transformation, and renewable energy
Information on business conduct	Guidelines and other internal normative documents with which the Group manages relevant areas of sustainability, including the prevention of corruption and conflicts of interest, and cooperation with suppliers
Involvement of affected stakeholders at all key stages of the due diligence process	
Stakeholder involvement The Group’s employees Affected communities	Various forms of involvement – public consultations, consultations with citizens, cooperation with NGOs, employee ideas register, internal communication channels and employee surveys
Identification and assessment of adverse effects	
Management of impacts, risks and opportunities	Assessment of double materiality, including risk analysis, impact assessment, including concerning the value chain and stakeholders
Affected communities	Environmental impact assessments and public consultations before the start of infrastructure projects
Information on business conduct	Sustainability criteria, supplier conformity assessment, zero tolerance against corruption and a whistleblowing mechanism integrated into procurement processes
Measures to address this negative impact	
Environmental information	Implemented investments to promote renewable energy connections and reduce losses
The Group’s employees	Job security improvements, employee training, and active social dialogue
Affected communities	Compensation mechanisms for landowners, providing access to resources and information
Information on business conduct	Sustainability criteria, supplier conformity assessment, zero tolerance against corruption and a whistleblowing mechanism integrated into procurement processes
Monitoring and reporting on the effectiveness of these efforts	
Environmental information The Group’s employees Information on business conduct	Regular monitoring of data, including occupational safety, training, employee engagement and satisfaction; employee surveys and external evaluations. Internal control and audit, complaint and handling mechanism. Provision of information to stakeholders, the public, and shareholders.

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

MANAGEMENT OF IMPACTS, RISKS AND OPPORTUNITIES

PROCESS FOR IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

In line with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), in 2024, the Group introduced a systematic approach to identifying and assessing material impacts, risks and opportunities based on the principle of double materiality. The assessment aimed to identify and evaluate the Group's impact, risks and opportunities both in its activities and in the value chain.

This process was based on several steps undertaken by the management and experts of the Parent Company in collaboration with external consultants and with the involvement of representatives of Conexus to ensure that all relevant impacts, risks and opportunities of the Group are identified and appropriately assessed in the assessment.

At the beginning of the assessment, the Group's value chain was identified, and the scope of the assessment was defined when assessing the Group's key business areas, resources and hotspots in the value chain, such as power generation and gas production (see the chapter "Business model and strategy"). Accordingly, and based on the list of sustainability topics provided by ESRS, an initial identification of the Group's impacts was carried out both in its activities and in the upstream and downstream value chain. This formed the basis for a further process in which external consultants, together with the Group's specialists, identified and assessed both positive and negative impacts by analysing:

- **Severity of impact**: Scale and correctability of impact;
- **Coverage**: Number of people affected and geographical area;
- **Probability**: The probability that a particular potential impact will occur in the short, medium or long term, using the time slots defined by the ESRS in the assessment.

In addition to the company's internal documents and available information on the views of stakeholders and groups, industry standards and reports from international organisations were also used in this process. Furthermore, several stakeholders, such as employees and suppliers, were included in the interviews in order to validate and, if necessary, clarify the initial assessments.

In the assessment of financial materiality, the Group's experts identified risks and opportunities that could affect the financial situation of the company, financial flows, and access to capital or capital costs.

This process took the company's dependence on critical resources and suppliers into account as well as the potential impact of negative effects on financial performance. Particular attention was paid to the value chain, including the risks that may be associated with problems in the supply chain or the behaviour of the counterparty, as well as possible regulatory changes and their impact on the company's financial performance.

The Parent Company and the Subsidiary identified the risks and opportunities separately and then used a joint approach to assess the extent, probability and timing (short, medium or long term) of the potential financial impact. In this process, the Group companies largely relied on an existing approach to risk management organised based on the principles of ISO 31000. In 2024, the financial severity of the risks and opportunities was assessed using the qualitative approach. Looking ahead, a quantitative assessment scale for the impact of risks and opportunities will be introduced for the purposes of the 2025 report.

The results of the process were summarised in the materiality matrix, which subsequently served as the basis for the AST Management Board's decision to determine the materiality level. The AST Management Board decided to categorise as relevant those topics for which the assessment of both impact and financial materiality was "critical" or "significant" As a result, the following topics were identified as material for the Group:

- Mitigation of climate change;
- Energy;
- Occupational safety and health of employees;
- Biodiversity and ecosystems;
- Incoming resources;
- Secure employment;
- Business hours;
- Land-related impact on the community;
- Corporate culture.

STAKEHOLDER INVOLVEMENT

The Group's stakeholders are engaged, aiming to enhance the company's performance concerning all stakeholders and the public.

AST stakeholders are identified and categorised based on their influence and interests, which helps determine the nature and extent of their involvement. This assessment is reviewed annually, and adjustments are made to the form of participation and frequency of communication as needed.

The Group employs a variety of methods in the development of draft laws and regulations, stakeholder engagement, strategy formulation, and other processes. These methods include a website, publications, individual meetings, public consultations, surveys, participation in commissions, visits to the underground gas storage facility, and more.

The Group regularly holds public meetings with customers, suppliers, and employees to stay informed about industry trends and company developments. These activities include forums on the electricity market, meetings with organisations involved in planning, and discussions with construction and repair companies.

Additionally, public hearings on draft regulations related to the sector, development projects, and other initiatives are organized in collaboration with relevant stakeholders before their approval.

The Group operates in a high security risk industry and its properties are located not only on its land but also on the land of other owners, so co-operation with the local community and landowners is important. The Parent Company conducts public consultations with local authorities before undertaking major development projects, after listening to the views of the local community. The Subsidiary sends information material annually to the local authorities in the area where its properties are located, explaining what is stipulated in the laws and regulations. Similarly, the Subsidiary organises civil defence drills in collaboration with the State Fire and Rescue Service, where the alarm and notification system is in operation, but emergency vehicles are driving on roads of local and national importance, people are being evacuated, and temporary traffic restrictions are possible.

In addition to working with stakeholders, the Group pays attention to public communication and media relations and provides information on important decisions, development and investment projects. In addition to the usual communication channels, the Group and its Subsidiary also communicate via the social networks Facebook and LinkedIn. To evaluate the effectiveness of communication, the Group companies carry out daily mass media monitoring, which reflects the rotation of news disseminated in the media space. In 2024, the Latvian media continued to pay increased attention to the energy sector, so that all information disseminated by the Group to the media was widely circulated in the Latvian media.

Media interviews are conducted regularly, both on the basis of media interest generated by the information disseminated by the Group and on the initiative of the Group's companies. Photos and videos produced by the Group are regularly used in media publications.

In order to inform the media about the status of projects related to the synchronisation of the electricity grid, the parent company organised several media events in 2024 - the introduction of synchronous compensators in Grobina and Ventspils, the opening of the Valmiera – Tsirguliina line and others. In order to familiarise the media with the Incukalns underground gas storage facility under the supervision of the Subsidiary, the Subsidiary invited representatives of the Latvian media to Incukalns UGS in September 2024 and gave a presentation about both current events and technological processes.

The activities, reposts and comments of the stakeholders are followed on social media. The Group always responds to questions or comments made on social networks.

Stakeholders	Key topics	Type of engagement	Frequency of engagement	Objectives of engagement	Outcome	Management and supervisory body
Shareholder	All topics	Meeting of shareholders	Regularly	Informing the shareholder about important events, including events in the area of sustainability, and ensuring the operation of the Group	The Meeting of Shareholders adopts resolutions, the execution of the resolutions of the Meeting of Shareholders, the work of the Management Board, and the Council in accordance with the resolutions of the Meeting of Shareholders	Management Board, Council
Banks, financiers	• Mitigation of climate change • Energy • Incoming resources • Corporate culture	Forums, meetings, live seminars, reports, participation in the completion of infrastructure projects, exhibitions	Regularly	Raising finance and meeting funding requirements; possibility of re-raising finance; ensuring knowledge of the state of the art of the sector for predicting the level of funding appropriate for developers	Financing for investments in the transmission grid, including investments in the area of sustainability, was successfully raised. In 2024, contracts totalling EUR 73.2 million were concluded for EU co-financing under the Recovery and Resilience Facility. A financing agreement was concluded with Luminor Bank for financing of up to EUR 80 million; the high investment-grade credit rating was maintained.	Management Board, Finance and Accounts Department, Development Department
Environmental organisations	• Mitigation of climate change • Energy	Involvement in environmental impact	As required	Receive advice and positive opinions on	Taking over good practice, improving	Management Board, Quality System and Risk Analysis Department

	• Biodiversity and ecosystems • Incoming resources	assessment, letters, advice, and opinions		the activities carried out	environmental performance.	
Employees	• Mitigation of climate change • Biodiversity and ecosystems • Safety and health of employees • Secure employment • Corporate culture	Involvement through employee representatives - Union. Direct involvement – meetings (face-to-face in Riga and regions and remotely), management visits, forums, meetings, educational events, feedback – surveys, suggest-ions	Monthly and more frequent	Getting feedback, employee satisfaction and awareness, employee safety, and business process improvements	A company job map has been developed, with pay ranges defined for each job group. A draft staff strategy has been developed and KPI indicators to be achieved have been identified. An engagement study has been implemented, and the engagement index has been improved by seven percentage points. Negotiations on a new collective agreement are ongoing. A "family-friendly company" assessment has been received, as well as a "diversity promotion" award. Opinions taken into account in the double materiality process	Management Board, HR Department
Electricity, gas end-users - households	• Biodiversity and ecosystems • Energy • Corporate culture	Representative sample survey, focus group membership, interviews. Involvement in social networks (biodiversity. Press releases, media interviews, and	Annually Regularly, at least monthly	Getting feedback for process and communication enhancement, double materiality assessment.	Improved communication activities, created a double materiality matrix	Management Board, Communication Department

		publications on social networks.		Ensure the awareness of final consumers		
Educational and scientific institutions	• Energy • Biodiversity and ecosystems • Incoming resources	Consultancy, research, cooperation in the development of final student work, participation in exhibitions, lectures in educational institutions, excursions in Group companies	As required	Acquire the research, knowledge and image of an attractive employer and attraction of new specialists necessary for the work of the enterprise	Co-developed a national standard for the technical operation of energy systems, LVS 1082 “Technical operation of energy systems”, Part 6 AST is named in the TOP 20 student evaluation as an employer that students would like to work for. Provision of internships for students and recruitment of trainees and new employees Various educational institutions have been visited (Riga State Technical School, Kandava Tech, etc.) to inform students and pupils about the practice and job opportunities at AST. In cooperation with the “BUTS” training centre and the State Employment Agency, participation in the process of taking the electrician exam was undertaken as an	The Management Board, the Development and Research Service, the Human resources Unit, Department of Technical operations, Strategy and Innovation Management

					observer with the opportunity to approach potential employees. Participation in “shadow days”. Membership of the RTU career days Cooperation agreement with the RTU for the implementation of studies	
Corporate customers – electricity generators, traders and balancing service providers	• Energy • Incoming resources	Forums, meetings, seminars, public consultations, personal consultations, project meetings, press releases and social networks, homepage	1-2 x per month	Get feedback, improve collaboration, make changes to documents, successful implementation of projects	Based on the results of the public consultations, the views have been taken into account in the design of policies, regulations, measures and initiatives. Improved programme and format of the annual forum, online and face-to-face participation in 2024 reached more than 300 leads	Management Board, System Ancillary Services Service, System Connection and Development Service, Project Management Service
Media	• Energy • Biodiversity and ecosystem • Corporate culture	Providing information to the public and obtaining feedback in the form of publications. Participation of Media representatives in the focus group	At least 2-4 times per month	Informing and educating the public	Improved communication activities for 2024; A communication plan for 2025; Media training for the management team; Mapping of disinformation messages.	Management Board, Communications Department

Local governments	• Land-related impact on the Community	Public consultations, information on the work to be carried out (meetings, emails), and consultancy on the implementation of development projects	According to the implementation of specific projects	Harmonising construction, taking the interests of the local government into account	Three public consultations have taken place in co-operation with local governments, and information has been posted on projects in local government communication channels Participation of local government representatives in AST events (Valmiera-Tsirguliina line opening; Grobina synchronous compensator start-up event) Selection of the location of the 4th Latvian Estonian interconnection and other development projects in Ventspils and Liepaja	Management Board, Development Department, line Service, system connection and Development Service
Suppliers	• Energy • Safety and health of employees • Biodiversity and ecosystems • Incoming resources • Secure employment • Corporate culture	• Surveys – a survey of cooperation partners and a survey of Latvian enterprises, interviews • Consultations with suppliers	• 2 x per year • Organising public procurements in accordance with the procedures laid down in the Law on Procurement of public Service providers	• Inquire into the opinion to improve co-operation and perform an evaluation of the double significance of the Group • Prepare the procurement and inform	• Opinions taken into account in the double materiality process • Improved procurement procedures, proportionate requirements for suppliers and contractual conditions;	Management Board, Quality System and Risk Management Division, Purchasing Division

				suppliers about the procurement plan and requirements	transparency of procurement procedures, free competition between suppliers, equal and fair treatment of suppliers and effective use of AST funds are ensured.	
Policymakers	• Mitigation of climate change • Energy • Safety and health of employees • Biodiversity and ecosystem • Incoming resources • Secure employment • Land-related impact on the Community • Corporate culture	Letters, meetings, involvement in drafting legislation, information reports, opinions, participation in Commission meetings	Regularly	Providing feedback and requesting legislative initiatives in line with the interests of the TSO	Nine formal opinions, 3 draft regulations developed by the transmission system operator for the Public Utilities Commission, permanent co-operation with the Ministry of Climate and Energy and the Public Utilities Commission, and perfecting draft laws.	Management Board, the Regulatory Department, Legal Department
Professional associations	• Energy • Incoming resources	Participation of representatives of the Group in the work of associations (meetings of members), information and awareness of opinion – meetings, forums, seminars	Regularly	Providing the Group's opinion on Latvian and European legislative initiatives and participating in the development of initiatives, informing about the Group's plans and projects, exploring the opinion of other	A value chain guide was established in 2024 as part of the Business Sustainability Council. Together with the Latvian National Committee of the World Energy Council, two "Energy" magazine numbers have been issued for energy professionals.	Management Board and its delegated representatives, Development Department, Disciplinary and Research Service, Legal Department, Department of Systemic Management

				stakeholders in the sector by improving draft laws and regulations.	A joint conference for AIB members. AST participated in regular meetings of the following Groups within the ENTSO for electricity : System Development Committee (Baltic Sea Region Network modelling Working Group, Baltic Sea Region market modelling Working Group, data and models Working Group, Regional Baltic Network Code implementation and monitoring Working Group); System Steering Committee (System operations Steering Committee, Incidents Classification Task force, critical system Protection Task force, IT/T Steering Group, ITC (inter TSO compensation) Task force, TPC (transparency Platform Coordinators) Task force, Network models and forecasting Tools Task force , etc.) The market Committee;	

					<u>Committee on Research, Development and Innovation;</u> <u>Legal and Regulatory Group;</u> <u>Digital Committee.</u> Participation in business efficiency association highlights and general meetings Participation in the Latvian Association of Electrical Energy and Energy Builders, AST participates in personnel certification issues - committees of the *SpecSC* personnel certification scheme.	
Regulator	• Energy • Safety and health of employees • Incoming resources • Secure employment	Letters, meetings, involvement in the drafting of legislation, receipt of opinions, participation in forums and closing/opening of infrastructure projects	Regularly	Provide feedback and invite legislative initiatives in line with the interests of the transmission system operator	The Latvian transmission system operator's 10-year development plan was approved. The amendments to the Network Code in the electricity sector and the procedures for calculating and applying the tariff discount for the electricity transmission network service were approved	Management Board, Regulatory Affairs Department and Finance and Accounts Department
National supervisory and control authorities	• Mitigation of climate change • Energy	Letters, meetings, involvement in the drafting of legislation, receipt of opinions, participation of	As required	Perform functions assigned to TSOs	Improved Group management, risk policies, compliance	Management Board

	• Safety and health of employees • Biodiversity and ecosystem • Incoming resources • Secure employment	representatives of supervisory and control authorities in the closure/opening of infrastructure projects				
Value Chain employees	• Energy • Safety and health of employees • Incoming resources • Secure employment • Corporate culture	Instruction regarding work safety at the objects of the Group, the duty of suppliers to become acquainted and sign the AST supplier's declaration	Regularly	Safe working environment, compliance with security techniques, fair pay	Opinions taken into account in the double materiality process Occupational safety has been observed, permission to work in the objects has been allowed, and fair payment has been ensured for the employees of the supplier Won 3rd place in NSA's best practice award Golden Helmet	Board, operational and Safety Technical monitoring Service (AST), purchasing Division
Non-governmental organisations	• Safety and health of employees • Secure employment • Corporate culture	Meetings, consultancy, opinion polling, and receipt of opinions	As required	Receive opinions, involved in processes, and inquire into opinions	Two transport shipments - donations - have been delivered to Ukraine. An organised discussion for residents about synchronisation (LAMP at the talk festival).	Management Board, HR Departments, quality system and Risk Management Department
Representatives of the local Community, adjacent territories	• Land-related impact on the Community	Information on the work to be carried out, co-ordination, involvement in finding a mutually	Regularly	Ensure the support of the local community for the planned activities	There have been 3 public consultations on the Ventspils-Varduva project.	Management Board, Department of Operations, Department of Development

		acceptable solution – public consultations, letters, meetings, informative materials		and realise how this will affect the local communities themselves	Reconstruction of Valmiera-Tsirguliina completed. Opinion taken into account in the double materiality process	

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES OF THE GROUP

The Group's material impacts, risks, and opportunities stem from its operations in the energy sector, with a particular focus on climate change mitigation, energy security, and ecosystem preservation. At the same time, the Group's strategy is deeply aligned with sustainable energy development and the pursuit of sustainability goals, including promoting the energy transition and integrating renewable energies.

While the Group's value chain, particularly concerning biomass and natural gas usage, contributes to climate change, strategic investments in renewable energy play a key role in mitigating these effects by supporting sustainable energy generation and consumption.

The stability and security of energy supply have a significant positive impact on end consumers by ensuring a reliable and continuous supply of electricity and natural gas. The Group prioritizes the development of infrastructure that facilitates integration into the European grid, thereby strengthening the region's energy independence. Projects such as synchronisation with continental Europe present an opportunity to enhance energy security across the entire Baltic Sea region.

The construction and maintenance of transmission grids do, however, impact land use, habitat fragmentation, and species protection. While these activities can have negative consequences for local ecosystems, the Group is committed to actively mitigating these effects. Through sustainable planning and compensation mechanisms, efforts are made to minimize the impact on wildlife and the natural environment. Additionally, the Group's strategy has a focus on close collaboration with affected communities and national regulators to ensure compliance with environmental regulations and to mitigate any potential environmental harm.

The financial impact arises largely from the need to adapt to climate and sustainability requirements, which involves significant investment in new technologies and processes. The Group's strategy is geared towards sustainable growth and focuses on the development of low-emission technologies, the reduction of greenhouse gas emissions and the increased use of renewable resources. This is an essential step in securing the company's future competitiveness and following the EU's Green Deal.

To effectively manage the identified impacts and risks, the Group is actively adapting its strategy, focusing on innovation, long-term investment plans and business model transformation. The Group constantly monitors its activities and adapts them to changing regulations, market conditions and new technological challenges. Further information on the Group's strategy can be found in the chapter "Business model and strategy".

IRO	Type	Source	Impact time period	Related sustainability topic (ESRS)
Investment in new solutions to increase the use of renewable sources	Actual positive effects	Own activities, value chain	Short term	Climate impact
Modernisation of primary installations	Opportunity	Own activities	Short term	Climate impact
High company and value chain GHG intensity	Actual negative impact	Own activities, value chain	Short term, medium term, long term	Climate impact
Transition risks related to regulatory, technological and market requirements changes	Risk	Own activities, value chain	Medium term	Climate impact

Energy stability and security, construction of connections for receiving renewable energy from the grid	Actual positive effects	Own activities	Short term, medium term, long term	Climate impact
Possible leakages and emissions	Risk	Own activities, value chain	Short term	Pollution
Biodiversity loss	Potential negative impact	Own transactions, value chain	Long term	Biodiversity and ecosystems
Use of primary raw materials and materials	Potential negative impact	Own activities, value chain	Short term, medium term, long term	Circular economy
Re-use of resources and raw materials	Opportunity	Own activities	Short term	Circular economy
Occupational safety and health of employees	Potential negative impact	Own activities	Short term, medium term, long term	Working conditions
Difficulty in attracting and holding employees	Risk	Own activities	Medium term, long term	Working conditions
Stable employment and a sense of security for workers	Actual positive effects	Own activities	Short-term, medium-term	Working conditions
Ensuring business continuity and employee engagement in emergency response	Potential negative impact	Own activities	Medium term, long term	Working conditions
Land use restrictions, landscape changes	Potential negative impact	Own activities	Medium term, long term	Affected communities
Differences with landowners	Risk	Own transactions, value chain	Medium term, long term	Affected communities
Involvement in the development of a regulatory framework with positive environmental, human and business impacts	Opportunity	Own transactions, value chain	Medium term, long term	Business conduct
Corporate cultural practices (accountability, transparency, ethical principles, etc.), whistleblower protection	Actual positive effects	Own activities	Short term, medium term, long term	Business conduct
Adjustments to EU co-financing received in case of non-compliance with the implementation of the project	Risk	Own transactions, value chain	Medium term, long term	Business conduct

ESRS DISCLOSURE REQUIREMENTS INCLUDED IN SUSTAINABILITY REPORT

ESRS DISCLOSURE REQUIREMENTS INCLUDED IN SUSTAINABILITY REPORT

The following table contains a list of the disclosure requirements included in the Group Sustainability Report 2024. For more information on how the information to be included in the Sustainability Report was determined, please refer to the section on the assessment of double materiality on pages p.50. to p.51.

ESRS standard	Disclosure requirement	Page (s) of the sustainability declaration
General information		
ESRS2	BP-1: General Basis for the Preparation of the Sustainability Declaration	p. 10.
ESRS2	BP-2: Disclosures Related to Specific Circumstances disclosures related to specific circumstances	p. 11.
ESRS2	GOV-1: Governance Structure, Governance Bodies, and their Functions	p. 30., 42.
ESRS2	GOV-2: Disclosures Related to the Information Provided to the Administrative, Management and Supervisory Bodies and Sustainability Matters Examined by these Bodies	p. 30., 42.
ESRS2	Inclusion of GOV-3 Sustainability-related Performance in Incentive Schemes	p. 42., 47.
ESRS2	GOV-4 Statement on Due Diligence	p. 47., 48.
ESRS2	GOV-5 Risk Management and Internal Control for Delivering Sustainability News	p. 42., 45.
ESRS2	SBM-1 Strategy, Business Model, and Value Chain	p. 12.
ESRS2	SBM-2 Stakeholder Interests and Perspectives*	p. 50.
ESRS2	SBM-3 Material Impacts, Risks, and Opportunities and Their Interaction with the Strategy and Business Model.	p. 50., 85., 97.
ESRS2	IRO-1 Impact of Activities on Sustainability Factors.	p. 50.
ESRS2	IRO-2 Impact of Activities on the Environment and Society	p. 63.
ENVIRONMENTAL INFORMATION		
ESRS E1	Incorporation of ESRS 2, GOV-3 Sustainability-related Performance into Incentive Schemes	p. 42., 47.
ESRS E1	Material Impacts, Risks and Opportunities of ESRS 2 SBM-3 and their Interaction with the Strategy and Business Model	p. 50., 63.
ESRS E1	E1-1 Transition Plan for Climate Change Mitigation.	p. 70.
ESRS E1	ESRS 2, IRO-1: Description of the Process Used to Identify and Assess Material Climate-Related Impacts, Risks and Opportunities	p. 71.
ESRS E1	E1-2 Policies Related to Climate Change Mitigation and Adaptation.	p. 72.
ESRS E1	E1-3 Activities and Resources Associated with Climate Change Policies	p. 72.
ESRS E1	E1-4 Targets Related to Climate Change Mitigation and Adaptation.	p. 75.
ESRS E1	E1-5 Energy Consumption and Energy Mix.	p. 76.
ESRS E1	E1-6 Gross GHG Emissions at Scope 1, 2 and Total GHG Emissions.	p. 78.
ESRS E1	E1-7 GHG Removal and GHG Mitigation Projects Financed by Carbon Credits	p. 75.

ESRS E1	E1-8 Internal Carbon Pricing	p. 79.
ESRS E1	E1-9 Expected Financial Impact of Significant Physical and Transition Risks and Potential Climate Change Opportunities	Partially implemented
ESRS E4	E4-1 Transition Plan and Integration of Biodiversity and Ecosystems into the Strategy and Business Model	p. 80.
ESRS E4	E4-2 Biodiversity and Ecosystem-Related Policies.	p. 80.
ESRS E4	E4-3 Biodiversity and Ecosystem-Related Activities and Resources	p. 80.
ESRS E4	E4-4 Biodiversity and Ecosystem-Related Targets.	p. 80.
ESRS E4	E4-5 Impact Indicators Related to Biodiversity and Ecosystem Change.	p. 80.
ESRS E4	E4-6 Expected Financial Impact of the Material Impacts, Risks, and Opportunities Associated with Biodiversity and Ecosystems.	p. 80.
ESRS E5	ESRS 2 IRO-1 Description of Processes to Identify and Assess the Material Impacts, Risks, and Opportunities Associated with Resource Use and the Circular Economy	p. 80., 81.
ESRS E5	E5-1 Resource Use and Circular Economy Policies	p. 82.
ESRS E5	E5-2 Activities and Resources Related to Resource Use and the Circular Economy	p. 82.
ESRS E5	E5-3 Resource Use and Circular Economy Targets.	p. 82.
ESRS E5	E5-4 Incoming Resources	p. 82.
ESRS E5	E5-5 Outbound Resources	p. 82.
ESRS E5	E5-6 Expected Financial Impact of Impacts, Risks, and Opportunities Associated with the Use of Essential Resources and the Circular Economy	p. 82.
SOCIAL INFORMATION		
ESRS S1	Interests and views of ESRS 2, SBM-2 stakeholders	p. 51., 85.
ESRS S1	Material impacts, risks and opportunities of ESRS 2, SBM-3 and their interaction with the strategy and business model	p. 85.
ESRS S1	S1-1 Own staff policy	p. 85.
ESRS S1	S1-2 Processes for the involvement of own staff and staff representatives in impact issues	p. 51., 85.
ESRS S1	S1-3 Processes for remediating negative impacts and channels for expressing own personnel Groups	p. 85., 118.
ESRS S1	S1-4 Action in relation to significant impact on own staff and approaches to the management of significant risks and the use of significant opportunities in relation to own staff and the effectiveness of these actions	p. 85.
ESRS S1	S1-5 Targets for managing significant negative impacts, promoting positive impacts and managing significant risks and opportunities	p. 85.
ESRS S1	S1-6 Features of company employees	p. 92.
ESRS S1	S1-7 Characteristics of the company's own external personnel	
ESRS S1	S1-8 Scope of collective bargaining and social dialogue	p. 94.
ESRS S1	S1-9 Diversity indicators	p. 95.
ESRS S1	S1-10 Adequate wages	p. 95.
ESRS S1	S1-11 Social protection	p. 95.
ESRS S1	S1-12 Persons with disabilities	p. 95.
ESRS S1	S1-13 Training and skill development indicators	p. 96.
ESRS S1	S1-14 Labour protection indicators	p. 96.
ESRS S1	S1-15 Work-life balance indicators	p. 97.

ESRS S1	S1-16 Pay figures (pay gap and total pay)	Information is not disclosed since not relevant
ESRS S1	S1-17 Incidents, complaints and a serious impact on human rights	p. 86.
ESRS S3	Interests and views of ESRS 2, SBM-2 stakeholders	p. 97.
ESRS S3	Material impacts, risks and opportunities of ESRS 2, SBM-3 and their interaction with the strategy and business model	p. 97.
ESRS S3	S3-1 Policies for affected communities	p. 97., 101.
ESRS S3	S3-2 Processes for the involvement of affected communities in the impact issues	p. 94., 102.
ESRS S3	S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	p. 94., 102.
ESRS S3	S3-4 Action on material impacts on affected communities and approaches to managing significant risks and exploiting significant opportunities in relation to affected communities and the effectiveness of these actions	p. 94., 104.
ESRS S3	S3-5 Targets for managing significant negative impacts, promoting positive impacts and managing significant risks and opportunities	p. 94., 105.
INFORMATION ON BUSINESS CONDUCT		
ESRS G1	Functions of the administrative, management and supervisory bodies of ESRs 2, GOV-1	p. 107.
ESRS G1	ESRS 2, IRO-1 Description of processes to identify and assess the material impacts, risks and opportunities related to business conduct,	p. 49.
ESRS G1	G1-1 Business conduct policy and corporate culture	p. 107., 118., 119.
ESRS G1	G1-2 Management of relationships with vendors	p. 115.
ESRS G1	G1-3 Prevention and detection of corruption and bribery	p. 103., 116.
ESRS G1	G1-4 Corruption or bribery incidents	p. 116.
ESRS G1	G1-5 Political influence and lobbying activities	p. 116.
ESRS G1	G1-6 Payment practices	p. 116.

* Given that the European Commission has not yet adopted the delegated act with the official ESRS sector list, the Group does not currently report on the information required under ESRS 2.40(b)–(c) and AR14(d).

ENVIRONMENTAL INFORMATION

ENVIRONMENTAL INFORMATION

CLIMATE CHANGE

ESRS E1-1

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

The energy sector plays a crucial role in society's transition toward a sustainable and carbon-neutral future. In the context of the European Green Deal, along with evolving EU and national policies, plans, and regulations, the demand for climate-friendly and sustainable energy solutions has rapidly grown, alongside increasing stakeholder expectations.

In the Group's medium-term operational strategy for 2021-2025, climate change mitigation is recognized as one of the three high-priority SDG targets. The goals outlined in the strategy align with the sustainability objectives of both the Parent Company and the Subsidiary, supported by corresponding investments to drive progress in this direction.

In 2025, the Group plans to begin actively developing a medium-term strategy for the upcoming period, alongside initiating the creation of a comprehensive climate protection plan. This plan will outline annual targets and ensure a systematic process for assessing and adjusting progress toward achieving the goals set for 2030. The climate change mitigation plan is expected to be adopted in 2026, providing a clear and consistent framework for future actions and decisions on the journey to climate neutrality. It will also include a risk management strategy and adaptation measures, identifying and assessing the primary risks associated with climate change, while developing targeted mitigation measures and determining the necessary financial resources for their implementation.

Pending the approval of the transition plan to mitigate climate change, the Parent Company is already implementing the climate change mitigation targets outlined in its strategy. The necessary investments for these initiatives are incorporated into the 10-year development plan for the electricity transmission grid, which has been approved by the PUC. Detailed information about the measures being implemented by both the Parent Company and the Subsidiary can be found in the "Activities carried out and planned" section. Additionally, information regarding the share of the Parent Company's capital formation, operating expenses, and revenue for the 2024 financial year that aligns with the EU Taxonomy Regulation requirements is provided in the "Compliance with EU Taxonomy requirements" section.

The Subsidiary's transition plan to mitigate climate change is incorporated into its medium-term operational strategy for 2023-2027, with sustainability defined as a strategic objective. From this, specific targets and corresponding investments are established to drive the decarbonisation of the Subsidiary's operations.

Although natural gas consumption in the Subsidiary has generally declined over the past decade, due to improvements in energy efficiency and the transition to renewable energy sources for electricity and heat generation, it continues to play a significant role in Latvia's primary energy consumption. This consumption is closely linked to factors such as fluctuations in air temperature, market natural gas prices, and the competitiveness of electricity generated from natural gas in the Baltic and Nordic electricity markets.

As part of its decarbonisation efforts, the Subsidiary has set up two accounting, quality control, and odorization facilities in 2024, in conjunction with its biomethane production facilities, with a total investment of approximately EUR 614 thousand. Additionally, the Subsidiary secured EUR 1.5 million in funding under the European Union's Recovery and Resiliency Mechanism for the creation of a biomethane injection point in Dzukste.

The Group's companies have not been excluded from the EU Paris Agreement.

ESRS IRO-1

DESCRIPTION OF THE PROCESSING USED TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

Climate change at the Parent Company has been assessed as having critical impacts and significant financial materiality. Climate change has been evaluated as regards the adaptability to climate change and mitigation capacity.

The risks to climate change mitigation for the Parent Company stem from potentially insufficient action to mitigate climate change (available funding), policies and related legal risks, legal litigation risks, as well as market and technology risks.

Climate risks have been identified, but their detailed assessment will be carried out as part of the Climate Neutrality Action Plan, the development of which will start in 2025 and be finalised by the end of 2026.

The opportunities, on the other hand, are related to the modernisation of substations (including replacing technologies with more environmentally friendly ones, such as energy-efficient transformers, energy-efficient buildings, gradual replacement of insulating gases with lower emission factors, biodegradable insulating oils), the feeding and use of renewable energy resources in the grid and improving energy efficiency.

Until now, the Parent Company has not determined and comprehensively assessed the impact of its business activities on climate change, climate-related physical risks, and restructuring risks.

In the Subsidiary, the energy regulatory risk arises from the new regulations under the European Green Deal, which impose restrictions on the natural gas industry: in the future, tax payments for natural gas usage will increase, e.g., natural resource tax, subsoil usage tax, and excise tax. On the other hand, the development of hydrogen infrastructure will require significant investments, and currently, such an investment carries a high-risk potential. Decisions regarding the development of hydrogen as an energy resource in Latvia must be made at the national level, taking the large investments and risks associated with hydrogen infrastructure development into account. Meanwhile, the stability and security of natural gas supplies currently have a positive impact on energy market stability, ensuring a reliable and uninterrupted energy supply.

The risks of the Parent Company's transformation are more related to the financial resources available and their impact on the tariff to implement the climate neutrality plan set by the EU and Latvia, as well as technology solutions and life cycle forecasts for new technologies. When planning investments in power lines or buildings, the standards of building climatology are taken into account, new equipment is selected in accordance with IEC standards, and options are provided for transformers to add additional coolers.

During flood periods, AST implements a special work regime, ensuring additional monitoring and the possibility of emergency operations. When planning capital expenditure, the location of the electricity transmission infrastructure is selected to minimise the adverse impact of climate risks.

To date, a comprehensive analysis of business resilience in relation to climate change scenarios has not been conducted either in the Parent Company or the Subsidiary.

ESRS E1-2

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADOPTION

The Parent Company has developed an Environmental and Energy Management Policy, which outlines the Parent Company's policies and key principles in relation to climate change mitigation and adaptation. The goal of the Parent Company's environmental and energy management is to continuously improve AST's environmental and energy performance by utilising the most optimal technical methods and technologies to reduce resource losses and the amount of waste generated, the emission of pollutants into the environment, and the impact on climate change and biodiversity.

Meanwhile, the Subsidiary has developed an Occupational Health, Safety, and Environmental Management Policy, which aims to establish an effective framework to proactively identify and manage potential risks that may affect the Subsidiary's employees' safety and health, the integrity of the infrastructure, the surrounding environment, and society, tostarp veicot atbilstošu vides pārvaldību un energopārvaldību, including through appropriate environmental management and energy management that contribute to climate change mitigation. The Management Board of the subsidiary is responsible for implementing the policies. The subsidiary's occupational health, safety and environmental management policy does not specifically address climate change adaptation or the promotion of renewable energy, stakeholders were not involved in the policy development process. The Occupational Health, Safety and Environmental Management Policy of Conexus is communicated to all its employees and to contractors working on the Subsidiary's sites. The familiarisation shall take place during annual briefings or induction. Conexus implements, maintains and continuously improves the management system in accordance with the international standard - LVS ISO 45001:2018 "Occupational health and safety management systems. Requirements and guidance for use", LVS EN ISO 14001:2017 "Environmental management systems. Requirements with guidelines for use (ISO 14001:2015)", LVS EN ISO 50001:2018 "Energy management systems. Requirements and guidance for use (ISO 50001:2018)".

Detailed information on AST's policies is available in the section "Business Conduct Policy and Corporate Culture", which provides information on the policies and other internal regulatory documents by which Augstsprieguma tīkls AS manages its material sustainability areas. For further information on stakeholder engagement, please refer to the section ''Stakeholder Involvement''.

The Board of Directors of Joint Stock Company "Conexus Baltic Grid" is responsible for the implementation of the policy within the Company.

ESRS E1-3

ACTIVITIES IMPLEMENTED AND PLANNED

In the Parent Company, environmental and energy-efficiency activities are summarised in a single activity plan for the year, which includes the replacement of electricity transformers, the improvement of energy efficiency in buildings and technical networks (including lighting) and the energy gain achieved in the year and in the life cycle as a result of these activities. In order to reduce the risks of pollution and adverse effects on the environment, the detection and discharge of defects and accident oil will be restored and improved. Reports on the implementation of the work plans will be prepared, including the sources of funding – AST own resources, co-financing from EU funds and funding from EE developers. Detailed information on the sustainable financial instruments used, the green bonds, can be found in the section "Overview of the green projects".

The key activities of the Parent Company in 2024:

- Digital substation "Kuldiga", total estimated investments of EUR 5.7 million, including EUR 3.8 million invested in 2024. The project involves EU co-financing under the Recovery and Resilience Facility.
- The "green" substation "Carnikava", estimated total investment of EUR 2.7 million, including EUR 1.7 million invested in 2024. The project is co-financed by the EU under the Recovery and Resilience Facility.
- Renovation of AST office and production buildings and construction of a data centre on Darzciema Street, Riga, estimated total investment of EUR 47.6 million, invested EUR 9.1 million in 2024. The project is co-financed by the EU under the Recovery and Resilience Facility. As a result of the implementation of the project, the average annual energy consumption in buildings is expected to decrease by 27.64%, including the potential total energy saving of 53.55 % when evaluating the energy generated by solar panels.
- Participation in the City Meadows project - as a contribution to the preservation and development of natural diversity, AST, in cooperation with the Latvian Nature Fund ("LNF"), will create City Meadows on an area of 1,800 sq. m. in substations in Riga and Marupe. Following the successful implementation of this pilot project, AST will explore the possibility of creating City Meadows in other substations across Latvia.
- A study on the use of rainwater and the development of a standardised project: A study on the use of rainwater in substations and the development of a standardised project was launched at the end of 2024. As a result of the study, a solution is to be found for the use of rainwater for the water supply of substations. The collection and utilisation of rainwater offers the opportunity to conserve water resources and thus contributes to achieving the Sustainable Development Goals. In the initial phase of the project, EUR 71 thousand has been earmarked for the research and development of the standardised project.

In 2025, the Parent Company plans to continue the activities started in 2024. Furthermore, in 2025, the Parent Company will be conducting an environmental impact assessment for the construction of a new 330 kV power line 'Ventspils-Broceni-Varduva'. The total cost of the environmental impact assessment is expected to be up to EUR 2.1 million. The environmental impact assessment is being carried out with financial support from the European Union's RePowerEU programme.

The medium and long-term activities will be carried out by the Parent Company in accordance with the development plan, under which:

- improved system interconnections by increasing the system's capacity to connect to electricity generators from renewable energy sources;
- the construction of connections to the transmission grid for electricity generators from renewable energy sources, with the construction of such connections being subject to certain conditions for the use of "green" electrical equipment (meters and circuit breakers);
- replacement of power transformers and autotransformers, thereby significantly reducing electricity transmission losses.

The main activity of the Parent Company focuses on the availability of electricity by investing in the maintenance and expansion of the electricity transmission grid, including the connection of renewable energy sources to the grid. At the same time, we ensure that our activities comply with the principles of sustainability in all day-to-day processes by contributing to the achievement of environmental sustainability goals, among other things.

The main activities of the Subsidiary in 2024:

- a methane emission reduction plan has been developed, and reduction targets have been set by 2028, providing for the reduction of total methane emissions by 30% of the 2020 level by 2028, including:
    - Direct methane emissions were reduced by 70% of 2020 levels by 2028;
- the Company's GHG emission reduction targets have been developed by 2028, with a reduction in GHG emissions of 30% by 2028 from the baseline year level, including:
    - Reduction of the total methane emissions of the company by 50% by 2028 from the base year level;
    - A 4% reduction in the total carbon dioxide emissions of the company by 2028 from the base year level;
- reduction of total GHG emissions of Incukalns UGS by 20% by 2028 from the baseline year level;
- reduction of total GHG emissions from gas transmission by 60% by 2028 from the baseline year level;
- ongoing reconstruction of operational wells (2019-2026)/target to reduce CH4 emissions/project total planned investment - EUR 4,000 thousand;
- the change of GRS boilers (2023-2025)/target to reduce CO_2 emissions and natural gas consumption/total planned investment of the project is ongoing – EUR 92 thousand;
- thermal insulation of GRS heat exchangers and pipelines continues (2021-2024)/objective to reduce CO_2 emissions and natural gas consumption/total planned investment of the project – EUR 57 thousand;
- completed change of KS2 GPA cylinder seals to low-emission seals/objective to reduce CH4 emissions/project total planned investments – EUR 60 thousand.

The main activities planned by the Subsidiary in 2025 are:

- further reconstruction of operational wells (2019-2026)/objective to reduce CH4 emissions/project total planned investment - EUR 4,000 thousand;
- continue changing GRS boilers (2023-2025)/objective to reduce CO_2 emissions and natural gas consumption/total planned investment of the project – EUR 92 thousand;
- start rebuilding Incukalns UGS KS-2 GPA start-up system (2025-2026)/target to reduce CH4 emissions/project total planned investments - EUR 2,000 thousand.

Medium - and long-term activities of the Subsidiary:

- work on the introduction of biogas into the transmission system;
- work on research into hydrogen transfer and storage options;
- work on research into CO_2 transfer and storage options;
- implement the methane emission reduction Plan by 2028 / Total planned investments of the Project - EUR 25,884 thousand;
- implement the company's GHG emission reduction Plan 2028 / Total planned investments of the Project - EUR 38,220 thousand.

ESRS E1-4

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

The Parent Company is committed to achieving an average annual reduction of 2.4% in total GHG emissions, relative to 2020 (base year). Such GHG reductions will be driven by initiatives focused on enhancing environmental sustainability and improving energy efficiency.

The Subsidiary has set itself the target of reducing GHG emissions (tonnes, CO_2 eq.) by 30% by 2028 compared to 2020 (base year). The emissions are known annually in tonnes, CO_2 eq. but are expressed as a percentage to set the targets, having regard to the segmentation of the Subsidiary, the intensity of the emission sources and the type of GHG emissions (CO_2 and CH4). Between 2020 and 2024, a reduction in GHG emissions (in tonnes, CO_2 eq.) of 11% was achieved compared to the 2020 emission values (base year). The reduction in CO_2 emissions depends on natural gas consumption and the technical performance of the facilities, which in turn depends on the wishes and needs of the stakeholders – the users of the storage facilities. The users of the storage facility are informed about the natural gas consumption factor, and the information is publicly available. The reduction of CH4 emissions is possible through specific improvements in technological processes and is calculated in detail depending on the segmentation of the subsidiary and the intensity of the emission sources. The targets are set in accordance with the provisions of the European Green Deal, the regulation on the reduction of methane emissions in the energy sector.

To plan the reduction of GHG emissions, various technologies for reducing methane emissions were evaluated for each source, with potential emission reductions calculated for both gas transport and the Incukalns UGS. Carbon dioxide reduction measures will be implemented by 2024, while methane emission reduction measures have been in place since 2021. The assessed measures are designed to significantly reduce GHG emissions, contributing to the goal of a 30% reduction by 2028:

- Incukalns UGS compressor station No. 2 upgrading of gas transfer units (by 2023) to reduce carbon dioxide emissions;
- Incukalns UGS compressor station No. 2 replacement of cylinder seals for gas transfer units to low emission seals (until 2024) for methane emission reduction;
- purchase of a mobile gas transfer unit Incukalns UGS (until 2026) for methane emission reduction;
- purchase of a mobile gas transfer unit for the transmission of gas (until 2026) to reduce methane emissions;
- Incukalns UGS compressor station No. 2 modification of starting systems for gas transfer units (until 2027) for methane emission reduction.

ESRS E1-5

ENERGY CONSUMPTION AND ENERGY MIX

Energy consumption and energy mix	2024	2023	Base year 2020
Fuel consumption from natural gas (MWh):			
Parent Company	115	127	12
Group	105,421	158,981	152,912
Fossil energy consumption from fuel consumption for transport (MWh):			
Parent Company	3,859	3,757	4,104
Group	6,543	6,205	6,632
Consumption of purchased or obtained fossil energy resources for electricity, thermal energy, steam, and cooling (MWh):			
Parent Company	2,169	2,062	2,274
Group	7,486	8,265	8,165
Total consumption of fossil energy resources, excluding electricity losses and self-consumption of the Parent Company (MWh)			
Parent Company*	**6,143**	**5,946**	**6,390**
Group	**119,450**	**173,451**	**167,708**
Total 0.4kV technological self-consumption of electricity from fossil energy resources (MWh):			
Parent Company*	5,855	5,783	5,027
Group	5,855	5,783	5,027
Total 0.4kV technological self-consumption of electricity from nuclear energy sources (MWh):			
Parent Company*	734	725	1,359
Group	734	725	1,359
Total 0.4kV technological self-consumption of electricity from renewable energy sources (MWh):			
Parent Company*	926	914	1,143
Group	926	914	1,143
Total self-consumption of electricity from fossil energy resources (MWh):			
Parent Company*	1,895	1,851	1,461
Group	1,895	1,851	1,461
Total self-consumption of electricity from nuclear energy sources (MWh):			
Parent Company*	238	232	395
Group	238	232	395
Total self-consumption of electricity from renewable energy sources (MWh):			
Parent Company*	300	293	332
Group	300	293	332
Total AST losses of electricity (MWh):			

Parent Company	195,870	196,761	190,633
Group	195,870	196,761	190,633
Consumption of self-produced renewable energy that is not fuel (MWh):			
Parent Company (Gulbene, solar panels)	0.006	13.117	0
Group	0.006	13.177	0
Total energy consumption (MWh):			
Parent Company	**211,961**	**212,518**	**206,740**
Group	**325,268**	**380,023**	**368,058**

Transmitted Energy

Transmitted Energy (MWh)	**2024***	**2023**	**Base year 2020**
Total transmitted energy from fossil fuels (MWh):			
Parent Company	7,310,545	7,394,129	5,808,456
Group	32,526,444	36,513,776	43,249,354
Total transmitted electricity from nuclear sources (MWh):			
Parent Company*	916,327	926,805	926,008
Group	916,327	926,805	926,008
Total transmitted electricity from renewable energy sources (MWh):			
Parent Company	1,155,965	1,155,984	1,155,716
Group	1,155,965	1,155,984	1,155,716
Total transmitted energy (MWh):			
Parent Company*	9,382,838	9,476,918	7,890,180
Group	34,598,737	38,596,565	45,331,078

For the structure of energy resources, data was used according to the type of energy use, quantitative data on energy consumption was obtained from settlement documents and internal data accounting registers, the amount of transmitted energy was calculated using the engineering calculation method.

* The composition and environmental indicators of the Parent company's Latvian uncertified electricity origin for 2024 will be published by 30 June 2025. Accordingly, the calculation of the composition of the origin of uncertified electricity is based on the composition of the origin of uncertified electricity in 2023. The Parent company's own consumption and transmission losses have been estimated based on the proportion of the total origin of electricity transmitted in 2023. The data for 2023 has been adjusted to take into account the separation of transmitted electricity from the total energy consumed, as well as the addition of energy consumption in leased premises (at 15 Krustpils Street and 41 Mūkusalas Street, Riga).

https://www.ast.lv/en/content/guarantees-origin

** The Group's total consumption of transmitted energy from fossil energy resources includes the Subsidiary's natural gas transmission.

ESRS E1-6

Gross GHG Emissions at Scope 1,2 and total GHG emissions

	Retrospectively				Reference points and target years			
	Base year 2020	**2024/2020, %**	**2024**	**2024/2023, %**	**2025**	**2030**	**(2050)**	**Annual target indicator (%) / Base year**
Scope 1 GHG emissions								
Scope 1 gross GHG emissions (t CO_2 eq.):								
Parent Company	126	83 %	230	-5 %	-	-	-	-
Group*	60 373	-41 %	35 514	-36 %	-	-	-	-
Scope 1 GHG emissions as a share of the regulated emission quota trading systems (%):								
Parent Company	0	0	0	0 %	-	-	-	-
Group	44	19 %	52	-4 %	-	-	-	-
Scope 2 GHG emissions								
Scope 2 gross GHG emissions, based on the location (t CO_2 eq.):								
Parent Company	2,242	-12 %	1,976	0 %	-	-	-	-
Group	2,884	-11 %	2,556	-4 %	-	-	-	
Scope 2 gross GHG emissions, based on the market (t CO_2 eq.):								
Parent Company	-	-	-	-	-	-	-	-
Group	-	-	-	-	-	-	-	-
Total GHG emissions								
Total GHG emissions (based on the location) (t CO_2 eq.):								
Parent Company	2,368	-7 %	2,206	0 %	-	-	-	-
Group	62,617	-40 %	38,070	-35 %	-	-	-	-

GHG Protocol, Cabinet of Ministers Regulation No 42 of 23 January 2018 "Methodology for Calculation of Greenhouse Gas Emissions", methodology of Latvian Environment, Geology and Meteorology Centre and the Group's internal methodology are used for GHG emission calculations. Quantitative data is obtained from billing documents and internal data records. The emission factors used are the national emission factors (including 0.007 t CO_2/MWh for electricity transmission losses 2024), DEFRA and the IPCC (Intergovernmental Panel on Climate Change) guidelines. The choice of factors is a major judgement that has a significant impact on the total emissions estimate.

The reduction in the Group's GHG emissions is related to a 33% reduction in total energy consumption, which is entirely comprised of fossil energy resources, in 2024 compared to 2023.

The report does not include information on significant Scope 3 GHG emissions of the Group and the Parent Company, as the methodology for calculating Scope 3 GHG emissions and the compilation of data are under development. The Scope 3 methodology is planned to be developed and implemented in 2025. Similarly, the report does not include information on market-based GHG emissions of the Group and the Parent Company, as the relevant calculation methodology and data collection is under development and is planned to be developed and implemented in 2025.

The Parent Company’s Scope 1 emissions consist of emissions from transport, heating equipment, and diesel generators (negligible, as they are only operated for testing purposes), as well as emissions from SF6 gas and leaks of the mixture. Under normal conditions, SF6 leaks from electrical equipment are not expected; however, like any other equipment, electrical devices can have defects, which may result in the risk of SF6 leakage. Due to the high emission factor, even small leaks can result in significant CO_2 equivalent emissions.

The Subsidiary’s Scope 1 emissions (CO_2, CH4 and refrigerant emissions) are related to natural gas storage and transportation, and their calculation is carried out in accordance with the Subsidiary company’s greenhouse gas emissions permit (including the methodology specified therein) and the natural gas loss accounting methodology.

* The Group's Scope 1 GHG emissions include the Subsidiary's percentage share of regulated emission allowance trading systems (%)

The Parent Company’s Scope 2 emissions consist of electricity transmission losses and heat supply from centralised heating networks, as well as the Parent Company's electricity transmission losses, which are the most significant source of Scope 2 GHG emissions. Although overall emissions have shown a declining trend, an increase in losses is expected as a result of the operation of synchronisation equipment.

Indicators are disclosed taking into account minimum disclosure requirements.

GHG intensity on net revenue *	**2024/2020, %**	**2024**	**2024/2023, %**
Total GHG emissions (location-based method) per unit of net revenue (t CO_2 eq. /thousand EUR):			
Parent Company	-11 %	0.014	-2 %
Group	-66 %	0.147	-38 %

* GHG intensity is calculated by dividing total GHG emissions by total net revenues (data on net revenues are available in Note 4 to the Financial statements).

Net revenue used for GHG intensity calculation, thousand EUR:	
Parent Company	154,011
Group	258,607
Total net revenue (in financial statements), thousand EUR:	
Parent Company	154,011
Group	258,607

In 2024, the Group did not use carbon credits to finance GHG sequestration and mitigation projects.

ESRS E4

CONCERN FOR BIODIVERSITY AND ECOSYSTEMS

IMPACT ON BIODIVERSITY AND ECOSYSTEMS

The Parent Company has identified several medium-level risks affecting flora and fauna. These include:

- restrictions on biodiversity during the cleaning of power lines;
- threat to birds and nests;
- potential negative impact of electric and magnetic fields on the surrounding environment, including birds, bats and other living organisms.

The Group currently has no defined biodiversity targets. Following the development of the Climate Neutrality Plan by the end of 2026, the biodiversity action policy will also be refined.

The financial impact that may arise from risks and opportunities related to biodiversity has not been identified as material in the double materiality assessment. Therefore, this information has not been included in this report.

Detailed information on AST's policy is available in the section ''Business conduct policy and corporate culture'', which provides information on policies and other internal regulatory documents by which AS "Augstsprieguma tīkls" manages the material sustainability areas.

Some power lines are being built in Natura 2000 areas, and the Parent Company plans its maintenance in such a way as to minimise the negative impact on biodiversity. When planning work, the seasons and nesting conditions of birds are taken into account and working methods are adapted, e.g., by using specialised equipment or hand tools.

In cooperation with the Nature Conservation Agency, the work processes are being reviewed. During the planning of capital expenditure projects, the Parent Company conducts an environmental impact assessment / initial impact assessment ("EIA") in accordance with the laws and regulations. If the initial assessment identifies a potentially significant environmental impact, a full EIA is carried out. The local community is involved in the EIA process, including the opportunity for the local community to provide feedback both regarding the planned activities (initial public consultation) and after the EIA report has been prepared. Additionally, any member of the local community has the opportunity to ask questions, express concerns, and request information even outside of the EIA process.

The Subsidiary's infrastructure, which has been in operation since the 1960s, including the Incukalns underground gas storage and 1,190 km of gas pipelines, crosses both Natura 2000 sites and biodiversity-sensitive areas. The Subsidiary does not develop new infrastructure or expand existing infrastructure in these areas; therefore, no negative impact has been identified. Infrastructure objects have designated operational protection zones that border these areas, but no physical impact on these areas has been observed. In practice, all maintenance and service activities take place within the boundaries of these protection zones. However, the subsidiary has not yet compiled detailed information on where exactly the protection zones of the Incukalns UGS infrastructure border protected natural areas.

Starting from 2024, the Subsidiary notifies the Nature Conservation Agency about planned works within its infrastructure protection zones that border areas of particular importance for biodiversity and ecosystems. The recommendations of the Nature Conservation Agency are taken into account whenever possible, for example, maintenance works are not carried out during the bird nesting period to avoid exposing them to the negative impact of noise.

	2024	
	Number of crossing points of the infrastructure facility operation protection zone*	**Area (in hectares)****
	Group	
Natura 2000 sites	64	1,814.265
Large trees	56	2.75
Specially protected areas	92	3,506.154
Micro-reserves	51	17.995
Micro-reserve buffer zones	61	47.711
Biotopes	2,686	746.273
	Parent Company	
Natura 2000 sites	42	1,814.265
Large trees	51	2.75
Especially protected areas	62	3,506.154
Micro-reserves	36	17.995
Micro-reserve buffer zones	43	47.711
Biotopes	2,115	746.273

*Several territories may also coincide, for example, a habitat is also located in a Natura 2000 territory; the inventory is carried out for each separately.

** Data on the total area was not available for the subsidiary, data on the Parent Company is provided.

IDENTIFIED NEGATIVE IMPACTS ON BIODIVERSITY

The Group's operations have identified five direct and five potential negative impacts on biodiversity. These include the reduction of biodiversity through greenhouse gas emissions, the need for large, cultivated areas for the operation of transmission systems and the extraction of natural resources, the impact of biomass extraction, the fragmentation of ecosystems and habitats and the potential threat to critically endangered species. Other significant risks are associated with the spread of invasive alien species during transport, the intensity of environmental pollution, soil compaction from construction activities and the widespread use of ecosystem services.

POSITIVE IMPACT ON BIODIVERSITY

Despite the above-mentioned effects, the Subsidiary's infrastructure contributes to the preservation of biodiversity in some cases. The results of the "Nature Census" project (2017-2019) show that infrastructure facilities are often located in areas designated as biodiversity-sensitive areas. This can be explained by the fact that activities that could hinder the development of biodiversity are restricted or even prohibited in the vicinity of critical infrastructure. This creates a favourable environment for the life and reproduction of various species.

ACTIVITIES CARRIED OUT IN 2024

To protect the cranes, fish eagles, and wagtails nesting in Pukšu swamp, the Parent Company has installed bird diversion signs on the reconstructed 330 kV overhead power line from Valmiera to Tsirgulinu (Estonia). Based on research conducted by ornithologists, special signs were installed along a 5.1 km stretch near the swamp in Valmiera County. To avoid workplace risks associated with working at heights, 580 bird diverters were installed with the help of a specially adapted drone, improving the visibility of the power line wires.

In 2024, an environmental impact assessment was initiated for the 330 kV overhead power line 'Ventspils-Brocēni-Vurdava,' which will continue in 2025. Additionally, two pilot projects for the development of natural meadows were launched at the substations Bišuciems and Stīpnieki. The goal of these projects is to promote the conservation and development of biodiversity over an area of 1,800 sq. M. in Riga and Mārupe.

ESRS E5

CIRCULAR ECONOMY

The Parent Company integrates the principles of the circular economy into its quality management systems, adhering to the ISO 9001, ISO 14001 and ISO 50001 standards. These standards define the company's approach to efficient resource use and waste management. In addition, the Parent Company applies green procurement principles, which promote sustainable resource consumption. More details on procurement criteria can be found in the 'Supplier Relationship Management' section.

Currently, the Group has not defined specific goals for waste management and resource recovery. As part of the development of the climate neutrality plan, the action policy will be clarified by the end of 2026.

The Subsidiary does not currently have separate policies or guidelines regulating resource use and the transition to secondary resource use, or the sustainable management of renewable resources.

The Parent Company focuses on the efficient use of resources, particularly in the maintenance and development of the electricity transmission network infrastructure. The main resources used are electricity, thermal energy, fuel, natural gas, electrical equipment, operational materials, and IT equipment.

Currently, the Parent Company's approach to resource use only applies to its operations, without covering the supply chain.

Actions taken in 2024:

- Transformer replacement to reduce electricity losses in the transmission network;
- More efficient material management, optimising the use of electrical equipment and spare parts.

Actions planned for 2025:

- Continue to reduce electricity losses by replacing transformers and autotransformers;
- Develop green and digital substations that reduce resource consumption and optimize network performance.

WASTE MANAGEMENT

The volume of household waste is recorded based on the invoices provided by waste management companies. The volume of sorted waste is obtained based on the information provided by waste management companies or by calculating such according to the volumes of waste containers and the frequency of collection.

The volumes of recoverable resources (scrap metal, waste electrical and electronic equipment, insulating oils) are recorded from the delivery notes and invoices of contract partners. In accordance with Latvian regulatory requirements, a waste transport registration card – delivery note (hereinafter also referred to as the delivery note) – is additionally prepared.

Insulating oils, according to their assessment, are regenerated (restoring the oil quality indicators) in the oil facility and reused in electrical equipment or handed over to the contract partner for the production of other products and materials.

Indicators	**2023**	**2024**
Insulating oil reused, t	31.2	42.3
Insulating oil sold, t	80.5	84.6

Types and volumes of hazardous waste are registered based on the invoices issued and the waste class and quantities indicated on the waste transport delivery notes. Revenues are generated from insulating oils, scrap metal, and by-products that are diverted to the circular economy.

The subsidiary holds a category A pollution activity permit, where information about the types of waste generated as a result of the company's activities is also provided in the government statistics form "No. 3 - Waste. Waste Report".

Indicator	**2023**	**2024**
	Group	
Total amount of non-hazardous waste, t	276	198
Total amount of hazardous waste, t	281	292
Total amount of non-hazardous waste sent for recycling, %	22 %	31 %
Total amount of non-hazardous waste sent for disposal, %	78 %	69 %
Scrap metal, t	1,735	556
Construction waste, t	43	109
	Parent Company	
Total amount of non-hazardous waste, t	158	94
Total amount of hazardous waste, t	161	85
Total amount of non-hazardous waste sent for recycling, %	18 %	16 %
Total amount of non-hazardous waste sent for disposal, %	82 %	84 %
Scrap metal, t	1,735	540
Construction waste, t	27.2	88

INFORMATION ON SOCIAL ASPECTS

INFORMATION ON SOCIAL ASPECTS

ESRS 2 SBM-2, SBM-3, S1-1, S1-2, S1-3, S1-4

EMPLOYEES OF THE GROUP

It is important for the Group to provide employees with a working environment in which they can communicate freely, express their opinions, ideas and suggestions and provide feedback. The Group supports the protection of internationally recognised human rights principles, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Convention against Corruption and the Ten Principles of the United Nations Global Compact.

There is no agreement with employees regarding representation on the European Works Council (EWC), the Works Council of Societas Europaea (SE) or the Works Council of Societas Cooperativa Europaea (SCE).

In its day-to-day work, the Group prioritizes environmental, safety, economic and social sustainability. Initiatives that reflect the Group's core values and the principle of equal treatment have long been implemented and supported, creating a diverse and inclusive working environment for all employees. Activities are carried out within the scope of existing budget and action plan.

The Group's employees are permanent or temporary workers. The Group does not currently employ any self-employed or freelance workers.

The Group's employees are affected both positively and negatively. The Group's employees are positively affected by ergonomic working conditions, training, career development opportunities, and various benefits related to the collective labour agreement, including the adjustment of the monthly salary to the previous year's inflation. By offering permanent employment contracts and benefits in various life situations and not reducing the number of employees, the Group not only ensures the protection of employee rights but also has a positive impact on the long-term sense of security of all Group employees. In view of the fact that the Group provides strategically important services, it is essential to ensure their continuity. For example, the Group's employees, particularly those who ensure the operation of the energy supply facilities and the continuity of services (e.g. electrical engineers, electricians, etc.), are often involved in preventing the consequences of various weather conditions. The Group must also ensure the high availability and willingness of employees to participate in ensuring the continuity of services. The Group complies with the requirements of the Labour Code by ensuring adequate working hours and rest periods, paying overtime and offering additional benefits in accordance with the collective agreement. To ensure the well-being of employees, the Group ensures that employees whose work requires travelling to nearby or distant workplaces stay overnight as close as possible to their workplace. However, taking the work specifics mentioned above into account, employees' interests may be negatively impacted as a large proportion of employees do not have access to flexible working options, which may affect their work-life balance.

The assessment of the material impacts on employees resulting from the reorganisation plans aimed at reducing negative environmental impacts and achieving a greener, carbon-neutral operation is currently in development, where these areas will be included.

The Group has developed and approved a list of key personnel essential to its operations.

The Group's management recognises that employees with diverse skills and backgrounds are a valuable asset, fostering the company's growth and enabling the achievement of new objectives.

The Group's employees and managers are subject-matter experts in their respective fields, cultivating strong relationships both internally and with external stakeholders based on the core values upheld by each company.

Considering the Group's dynamic development, processes related to integration into the EU internal electricity market, synchronisation with European electricity transmission networks and digital transformation, the Group's sustainability and achievement of its goals are impossible without engaged and professional employees. Employees are the Group's most important strategic resource.

The Group's policies regarding its employees are based on the following key values:

- Fair, just, and equal treatment of all employees;
- A diversity-inclusive work environment, ensuring equal opportunities;
- Sustainability – developing employees' competencies, transferring knowledge, sharing experiences, and ensuring continuity in operations;
- Social dialogue with the employee representative organisation.

The Group companies have developed a Code of Ethics, the aim of which is to create a consistent set of ethical standards and strengthen the Group's internal culture, business practices and reputation by defining fundamental ethical principles and internal organizational measures based on the Group's core values. It stipulates that the Group company ensures equal treatment of all employees, without promoting discrimination, regardless of age, gender, ethnicity, religious beliefs, sexual orientation, political beliefs, marital status or other circumstances, and that the employee treats other employees equally and with respect. During the reporting period, no cases of human rights violations were identified in the Group's operations regarding employees.

Detailed information on AST's policies is available in the section "Business Conduct Policy and Corporate Culture", which provides information on the policies and other internal regulatory documents by which AS "Augstsprieguma tīkls" manages material areas of sustainability.

In the selection process, the assessment criteria are not adapted to the gender of the candidates, and the tasks of the selection test are also sent to all candidates in the same way. When organising various events, the different interests, age groups and family situations of employees are taken into account - the event programme is suitable for both children and older people. We organise events with an inclusive work environment in mind and ensure accessibility for employees in Riga and the regions.

The guidelines for the Parent Company's HR management policy have been developed based on the goals and objectives set out in the Group's medium-term operational strategy for 2021–2025. The guidelines reflect AST's vision and values in dealing with employees and contain the main directions for HR management by setting the objectives and targets for the medium-term period from 1 January 2022 to 31 December 2025.

These guidelines aim to establish basic principles for the implementation of a standardised, modern and effective personnel management system in order to provide AST with professional, committed and motivated employees and to achieve a high level of efficiency.

AST's personnel policy guidelines cover the following areas of personnel management: – personnel planning, personnel selection, integration of newly recruited employees, personnel development, performance management, the remuneration system, and working environment, as well as the most important efficiency indicators of personnel management.

The main basic principles are based on the following values:

- Compliance with legal regulations;
- Acceptance and adherence to AST's mission, values, and ethical principles;

- AST’s priorities and objectives;
- Fair, just, and equal treatment of all employees;
- A diversity-inclusive work environment, ensuring equal opportunities;
- Sustainability – developing employees’ competencies, transferring knowledge, sharing experiences, and ensuring continuity in operations;
- Establishing and maintaining AST traditions;
- Social dialogue with employee representative organisations.

In order to ensure the representation of employee interests, the companies in the Group have a trade union and collective agreements have been drawn up under the requirements of the Labour Code and other legal provisions, setting out the obligations, rights and guarantees of the Parent Company and the Subsidiary and their employees. Taking the collective labour agreement and the open health and accident insurance policies into account, various support measures are in place in the event of restructuring. For more information, see the section on "Stakeholder involvement".

The Group companies have established internal health and safety management protocols to proactively identify and address potential risks that may impact the well-being and safety of the employees of the Group companies.

The Group continuously values and considers employee feedback, not only regarding the safety of the working environment but also on other key aspects that contribute to making the company more attractive to employees and fostering their engagement. More information on employee engagement formats and key issues discussed can be found in the table "Stakeholder Engagement".

The Group companies foster a strong internal culture and encourage open communication with all employees, ensuring a shared understanding of core values, goals and collective unity. The Management Boards of the Group regularly organize online meetings to discuss current topics, offering employees the opportunity to engage in open discussions and ask questions. Additionally, employees have access to internal websites where up-to-date information of interest to employees is consistently shared.

Once a year, an employee satisfaction survey is conducted in the Group companies, in which all employees have the opportunity to express their assessments and opinions.

Every year, the Parent Company conducts a study on employee commitment using the TRI*M Employee Commitment methodological tool. The aim of the study is to obtain a general overview of the employee engagement indicator and changes in the company’s performance rating, identify strengths and areas for improvement and determine the main priorities for the further development and management of the company. In 2024, 84% of all AST employees surveyed participated in the engagement study (2023 – 84%). The TRI*M index improved by seven points, reaching the highest average in the Baltic countries. In addition, a positive dynamic can be observed in the assessment of aspects compared to the previous period in terms of employee engagement, loyalty, belonging to the company and improvements made by the company. The next employee engagement study is planned for February 2025.

The target indicators set to manage material impacts, risks and opportunities in relation to the workforce itself is a metric for work safety, the employee turnover rate and the employee engagement coefficient. Stakeholders were not involved in process of target setting. The targets and KPIs are set annually and the approved by the Management Board. In the development of the strategy for the next period, it is planned to refine the target indicators, creating a common approach with ESRS and involving stakeholders. In 2025, it is planned to review the methodology for calculating the staff turnover rate, aligning the methodology for calculating the target indicator set in the company's objectives with ESRS. The employee and work environment indicators disclosed in this report are obtained from the Group's internal information systems. This data has not been verified or validated by an independent external party.

In 2024, 233 employees of the Subsidiary participated in the employee satisfaction survey, representing 65% of all Conexus employees invited to participate (compared to 64% in 2023). The survey utilized a quantitative approach, supplemented with qualitative analysis to gain deeper insights into employees' opinions and experiences. Compared to 2023, no significant changes were observed; however, stability and consistently high satisfaction levels are evident within the Subsidiary. Employees in the Subsidiary are generally more satisfied with aspects of work organisation and internal communication, and feedback regarding management and planning has improved. The Subsidiary's overall culture has also received a slightly higher rating. All suggestions are thoroughly analysed and considered for future improvements in processes.

Internal competitions at the Parent Company play a crucial role in employees' career development and promoting sustainability. Analysing the length of service of applicants for internal competitions reveals that work experience within the company ranges from 1999 to 2023. This distribution highlights that internal competitions are not limited to long-term employees; opportunities are also provided to mid-career and newly hired employees. This reflects the inclusive approach of the AST policy and a commitment to developing employees at all stages of their careers. Internal competitions facilitate both vertical and horizontal career growth, enabling employees to change departments and explore new roles. Opportunities for advancement are offered at various levels. In 2024, four out of the 11 internal competitions were for management positions. Notably, 27 % of candidates in the internal selection process were women, with one of them securing a management-level role.

In order to promote understanding and a sense of belonging to the company, the management organises regional meetings with employees at which they are informed about the company's strategy, objectives and planned activities, listens to their opinions and answers questions in order to create a mutual dialogue. Employees maintain a positive reputation and brand of the company, which is important for co-operation partners and customers as well as for society as a whole. Mutual relationships are based on general ethical principles, honesty and mutual respect as well as the avoidance of conflicts of interest.

in 2024, AST participated in the study organised by Kantar on employer image in the Baltic States, in which AST was ranked as TOP 20 employer in the student rating. In 2024, work was carried out on developing a new version of the HR management strategy, which includes competence areas, setting achievable targets and (KPI) indicators. The new HR management strategy is to be adopted at the beginning of 2025.

In 2024, the Parent Company carried out a comprehensive job evaluation and developed a detailed job overview. The development of a remuneration procedure in which a salary range is defined for each job Group is planned for 2025. This procedure ensures a uniform and clear approach to the remuneration system. The basis for awarding bonuses is the fulfilment of work tasks in accordance with the set deadlines, quality and quantity. In addition, communication, cooperation, initiative, responsiveness, development of knowledge and skills as well as compliance with ethical standards and ensuring the confidentiality of information are assessed.

In 2024, as in the previous year, the Group continued its development direction in terms of employee skills development and access to training in order to ensure both the transfer of knowledge to new professionals and the succession process in the future, taking into account the goal of supporting education and science and promoting the development of employees with a focus on innovation.

The Group is proud of its professional, highly qualified, competent and motivated team of employees, who contribute to the development of the company and the achievement of its strategic goals. At the Parent Company, digital transformation and the improvement of employees' digital skills as well as the development of management competences are a priority.

In order to continue the work started on the development of employees' digital skills, in 2024 the Parent Company entered into a cooperation agreement with one of the leading software and e-course development and IT training companies in Latvia, which provides employees with the systematic and long-term development of digital skills using various training methods. An increasing trend in the number of participants has been observed with each course, which indicates the successful continuation of the project. This will improve the personal skills of employees in the future and also promote digital expertise in the company as a whole.

Taking the goals set in the Group's medium-term strategy into account, the Parent Company conducted a leadership training and development project in 2024 - a training programme that identified the latest trends in leadership skills in Latvia and the world and promoted the desire of managers to strengthen their internal resources for successful and excellent performance-oriented team leadership. Overall, it was mastered by more than 80% of senior managers and 100% of middle and lower-level managers.

Based on the results of the previous year's development meetings and the achievement of targets, the Parent Company developed a staff development plan for 2024, which included training to improve individual skills. They were mainly based on the development of digital skills, the improvement of general skills and competences and the professional development of employees. The Parent Company carefully monitors and ensures that the skills of technical staff meet the necessary qualification requirements, as well as the integration of new working methods and the acquisition of innovative technologies in modern, competitive and high-quality adult vocational training. The programmes to improve vocational training have been applied, taking the strategic objectives of the Parent Company and the individual objectives of the structural units and employees into account. The training and qualification improvement system focuses on the application of safe working methods in daily work, while maintaining the highest standards of professionalism. Skills improvement has been implemented by recruiting internal and external trainers.

The training, qualification, and competence criteria for AST staff have been carefully defined, taking the specific nature of their roles and the company's activities within the energy sector into account. The profession of an electrical engineer, as well as electrical system engineers in AST, qualify as regulated professions in the energy sector. This classification imposes stringent requirements on their professional training, the documentation certifying their qualifications, and the proper use of professional titles. The training and qualifications of personnel working in these regulated roles must fully comply with the standards outlined in the law "On Regulated Professions and the Recognition of Professional Qualifications." AST currently employs 66 professionals in regulated roles.

In 2024, the Parent Company continued to work on the development and integration of the company's e-learning platform "Viszinis" into the employee training process. It helps to ensure that employees have the opportunity to familiarise themselves with various briefings, take knowledge tests and receive an assessment after completing the training and take part in various company surveys. The "Viszinis" platform currently contains information on risk management, IT security, a wide range of digital skills and the processing of personal data.

The Parent Company uses the internal communication channel ASTe to facilitate day-to-day communication, ensure standardised access to information, including legal requirements and current events within the company, find out what employees think and receive feedback. In addition, the most important current events that affect employees' daily lives, their well-being or the company's processes are communicated via company e-mail or by organising a joint online meeting with Microsoft Teams. Recognising the importance of addressing issues of unethical behaviour, the Group and the Parent Company have established a whistleblowing system, Ethics Committee and Labour Disputes Committee.

The Parent Company estimates that in 2024, the average number of training hours per employee in the Parent Company was 58.3 hours, which is an increase compared to 2023.

In the Parent Company, 96% of employees received professional development feedback in the reporting year (70% in the previous reporting year) when the annual employee appraisal was carried out for 2023. In 2023, the employee appraisal was carried out for all employees of the Parent Company, broken down by skill type. The assessment for 2024 will be initiated in January 2025.

OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING OF EMPLOYEES

The Group attaches particular importance to creating a safe working environment. Through internal monitoring of the working environment and compliance with the requirements of the laws and regulations of the Republic of Latvia and ISO 45001, annual plans are developed for occupational health and safety measures aimed at maintaining a safe working environment. The Parent Company's annual targets and the Management Board's KPIs include a target indicator relating to employee health and safety - ensuring safe working conditions and employee competence, excluding serious accidents caused by the employer (target indicator = 0).

The Group provides its employees with suitable workplaces, personal protective equipment and technical aids and organises employee training on health and safety issues in the workplace and on safe working methods.

The occupational health and safety system applies to all areas of the Group's business activities and to all employees. The system ensures the internal monitoring of the working environment, the awareness of employees of hazards and risks in their daily work and a high level of responsiveness in emergency situations. The employee or eyewitnesses of the accident report immediately to their immediate supervisor and the victim receives first aid and medical treatment immediately. The immediate superior is obliged to inform the company management and the occupational safety specialist. The Management Board is informed once a quarter about accidents, incidents and near misses. Following an accident, the risks of the working environment are reassessed, taking the causes of the accident into account.

The Group's activities in the area of safety are highly valued by third parties. The occupational health and safety management system in the Group and in the Parent Company fulfils the requirements of ISO 45001 and enables a targeted reduction of the company's occupational health and safety risks.

Accidents and occupational illnesses suffered by employees in the workplace can only be fully prevented if a safe working environment is guaranteed, which is why every employee must fulfil all occupational health and safety requirements. In 2024, the Group had one serious occupational accident; there were no fatalities. Accidents in the Parent Company are recorded and investigated in accordance with the laws and regulations of the Republic of Latvia and the company's "Procedures for Investigating, Recording and Reporting Accidents and Incidents in the Work Environment".

The frequency of reportable work-related injuries in the Parent Company is 1.08 (per 1 million working hours). Methodology for calculating the frequency: The Parent Company uses the following method to calculate the frequency of accidents per 1 million hours worked:

1. **Number of accidents:** The number of accidents that occurred in a given period (e.g. one year).
2. **Number of hours worked:** The total number of hours worked during this period.
3. The number of accidents is divided by the total number of hours worked. This step gives the accident rate per hour worked.
4. The result is multiplied by 1,000,000. This allows us to calculate the accident rate per million hours worked.

The risks of the working environment in the Parent Company are regularly assessed in accordance with the methodology, taking the accidents that have occurred into account, and measures are taken to reduce the risks of the working environment in order to continuously improve the safety of employees in the workplace and the working environment.

In the Group, the assessment of the working environment is carried out by occupational safety specialists with the involvement of the heads of the structural units and the responsible employees, the persons of trust and the employees who work in certain premises/workplaces or carry out relevant work; if necessary, the competent institutions are involved in the outsourcing process.

The assessment of risks to the working environment in the context of remote working is carried out in collaboration with the remote workers. All workplaces and all types of work are identified in the work environment risk assessment. Once a year, the results of the work environment risk assessment are summarised, and an action plan is drawn up to protect the work environment in order to prevent or reduce risks to the work environment. In accordance with the scope provided for in the risk assessment of the working environment, the Parent Company’s employees receive regular training, instructions and regular knowledge tests for employees who carry out work in electrical installations. The need for training, the scope of instruction and the need for knowledge tests are determined by the assessment of the risks of the working environment of the respective employee. Training is mainly provided by educational institutions that fulfil the requirements of legal regulations and provide the necessary training. The training courses are free of charge and mainly take place during working hours.

At the Subsidiary, training is determined by the planning of occupational health and safety measures, which are summarised in the occupational health and safety plan and are based on the requirements of legal regulations. Some of these are reflected in the health and safety risk assessment. Health and safety training is provided for all employees. Additional training courses with knowledge tests are conducted for employees who carry out technical maintenance work on gas storage and transport systems, and work with hazardous equipment and electrical installations. Training in the Subsidiary is organised in accordance with the developed programme (for employees performing technical maintenance work on gas storage and transport systems) and with the help of training facilities that meet the requirements of legal regulations (working with hazardous equipment and electrical installations). The training courses are free of charge and mainly take place during working hours.

Employees regularly undergo mandatory health checks and vaccinations in accordance with laws and regulations. Following the work environment risk assessment, employees are provided with the personal protective equipment necessary for their work and the necessary equipment for safe work performance.

The Group takes care of employee education, investing in the professional development of employees, and additionally attracting funding from the European Union structural funds. A significant contribution is the promotion of social dialogue and collective labour agreements.

To mitigate the negative impact on employees caused by the transition to a greener, climate-neutral economy, it is planned to develop a transition plan.

S1-6

CHARACTERISTICS OF THE GROUP'S EMPLOYEES

Employees by gender *

Gender	Darbinieku skaits	
	Parent company	Group
Men	448	748
Women	92	157
Other	-	-
No data	-	-
Total number of employees	**540**	**905**

* Data as of 31 December 2024 per Note 7 to the financial statements.

Employees by type of contract and gender *

Parent company				
Women	**Men**	**Other ****	**Not disclosed**	**Total**
No. of employees (number/FTE)				
92	448	-	-	**540**
Permanent employees (number / FTE)				
85	440	-	-	**525**
Temporary employees (number / FTE)				
7	8	-	-	**15**
Employees are not guaranteed working hours (number/FTE)				
-	-	-	-	**-**
Full-time employees (number / FTE)				
92	448	-	-	**540**
Part-time employees (number / FTE)				
-	-	-	-	-

* Data as of 31 December 2024 per Note 7 to the financial statements.

** Gender indicated by employees themselves.

Group				
Women	**Men**	**Other ****	**Not disclosed**	**Total**
No. of employees (number/FTE)				
157	748	-	-	**905**
Permanent employees (number / FTE)				
148	729	-	-	**877**
Temporary employees (number / FTE)				
9	19	-	-	**28**
Employees are not guaranteed working hours (number/FTE)				
-	-	-	-	**-**
Full-time employees (number / FTE)				
156	745	-	-	**901**
Part-time employees (number / FTE)				
1	3	-	-	4

* Data as of 31 December 2024 per Note 7 to the financial statements.

** Gender indicated by employees themselves.

Employees by type of contract and country *

Latvia	Parent company	Group
Permanent employees (number / FTE	**540**	**905**
Permanent employees (number / FTE	525	877
Temporary employees (number / FTE	15	28
Employees are not guaranteed working hours (number/FTE	-	-
Full-time employees (number / FTE	540	901
Part-time employees (number / FTE	-	4

* Data as of 31 December 2024 per Note 7 to the financial statements.

Employee turnover *

Rādītāji	Parent company 2024	Target indicator of Parent Company 2024	Parent company 2023	Group
Employees who left the company during the reporting period	55		28	80
Employee turnover **	10.2 %	≤ 7 %	5.3 %	8.8 %

* Data as of 31 December 2024

** (Number of employees who left the company during the reporting period/average number of employees taking the number of employees at the beginning and end of the year into account)*100

S1-8

SCOPE OF COLLECTIVE BARGAINING AND SOCIAL DIALOGUE

The Collective Bargaining Agreement applies to all employees (100%) in both the Parent Company and the Subsidiary. Data on the development of social dialogue is calculated based on the situation as of 31 December 2024, determining how many employees out of the total number of employees are represented in the trade union.

	Scope of Collective Bargaining Agreement Dialogue Parent company and Group		**Social dialogue Parent Company**	**Social dialogue Group**
Scope coverage	**Employees** (for countries with more than 50 employees, representing >10% of the total No. of employees)	**Freelancers** (estimates for regions with more than 50 employees, which is >10% of the total No. of employees)	**Workplace representation** (for countries with more than 50 employees representing >10% of the total No. of employees)	**Workplace representation** (for countries with more than 50 employees representing >10% of the No. of total employees)
0 – 19%	-	-	-	-
20 – 39%	-	-	-	-
40 – 59%	-	-	-	48%
60 – 79%	-	-	67%	-
80 – 100%	100%	-	-	-

Data as of 31 December 2024

	Scope of Collective Bargaining Agreement Dialogue Parent company and Group		**Social dialogue Parent Company**	**Social dialogue Group**
	Employees (for countries with more than 50 employees, representing >10% of the total No. of employees)	**Freelancers** (estimates for regions with more than 50 employees, which is >10% of the total No. of employees)	**Workplace representation** (for countries with more than 50 employees representing >10% of the total No. of employees)	**Workplace representation** (for countries with more than 50 employees representing >10% of the total No. of employees)
Scope coverage	100%	-	67%	48%

Data as of 31 December 2024

S1-9

DIVERSITY INDICATORS

Indicators	2024 Parent Company	2024 Group	2023 Parent Company	2023 Group
Employee representation by gender				
Men	448	748	455	744
Share of men	83 %	83 %	84 %	83 %
Women	92	157	87	152
Share of women	17 %	17 %	16 %	17 %
Employees by age				
Number of employees under 30 years of age	48	82	49	81
Proportion of employees under 30 years of age	8 %	9 %	9 %	9 %
Number of employees between 30 and 50 years of age	296	485	298	493
Proportion of employees between 30 and 50 years of age	55 %	54 %	55 %	55 %
Number of employees over 50 years of age	196	338	195	322
Proportion of employees over 50 years of age	37 %	37 %	36 %	36 %

Data as of 31 December 2024 per Note 7 to the financial statements.

ESRS S1-10, S1-11

ADEQUATE WAGES AND SOCIAL PROTECTION

Each year, the Group participates in a general remuneration survey conducted by Figure Baltic Advisory and compares its remuneration data with market data. All positions in the Group are also evaluated and categorised into job evaluation groups. When reviewing remuneration, the data from the general remuneration survey is compared with the current remuneration level, job evaluation group and individual performance, taking the results of the annual evaluation into account. The level of remuneration is not based on gender but on the job duties.

S1-12 PERSONS WITH DIABILITIES

Indicators	2024 Parent Company	2024 Group
Share of the number of employees with disabilities:	3 %	2 %
Men	15	18
Women	-	2

Data as of 31 December 2024, calculated based on information provided by employees in the EDS.

S1-13 TRAINING AND SKILL DEVELOPMENT INDICATORS

Indicators	2024 Parent Company	2024 Group
Share of employees who have participated in regular performance improvement and career development evaluation activities	94.3 %**	93.5 %
Men	432	710
Women	77	136
Average number of training hours per employee	58.3***	47.5
Men*	-	-
Women*	-	-

The Group's training and skills development indicators are not reported by employee level or function.

* Breakdown not maintained.

** Data for 2023, obtained from questionnaires approved in the evaluation system.

*** Data as of 31 December 2024, dividing the number of hours spent in training by the number of employees.

S1-14 OCCUPATIONAL SAFETY INDICATORS

	Augstsprieguma tīkls	
Indicators	**2024**	**2023**
Percentage of employees covered by the company's occupational health and safety management system	100 %	100 %
Number of deaths due to work-related injuries and work-related diseases	0	0
Number of recordable work-related accidents*	1	1
Frequency of recordable work-related accidents	1.08	1.1
Number of recordable work-related diseases	2	2
Number of days lost due to work-related injuries and accidents, and work-related diseases and deaths due to such diseases**	68	N/A

* Accidents associated with the risk of infection are not taken into account; the risk of infection is associated with tick bites during the management of energy supply networks.

** The number of days lost due to work-related illness and death due to such illness is not counted.

	Group	
Indicators	**2024**	**2023**
Percentage of employees covered by the company's occupational health and safety management system	100 %	100 %
Number of deaths due to work-related injuries and work-related diseases	-	-
Number of recordable work-related accidents *	2	1
Frequency of recordable work-related accidents	2.68	1.1
Number of recordable work-related diseases	8	7
Number of days lost due to work-related injuries and accidents and work-related diseases and deaths due to such diseases **	260	89

* Accidents associated with the risk of infection are not taken into account; the risk of infection is associated with tick bites during the management of energy supply networks.

** The number of days lost due to work-related illness and death due to such illness is not counted.

S1-15 WORK-LIFE BALANCE INDICATORS

Indicators	**Parent company**		**Group**	
	Women	Men	Women	Men
Number of employees entitled to take family leave	92	448	157	748
Proportion of employees entitled to take family leave	100 %	100 %	100 %	100 %
Number of employees who took family leave	14	68	18	80
Proportion of employees who took family leave	15 %	15 %	11 %	11 %

Data as of 31 December 2024.

ESRS S3

AFFECTED COMMUNITIES

The activities of the Augstsprieguma Tīkls Group, which operates electricity and natural gas transmission networks, are heavily influenced by the interests, opinions, and rights of affected communities, with a strong emphasis on respecting human rights. The Group's strategy and operational model are designed to address societal needs while balancing economic development, environmental protection, and social responsibility.

As transmission system operators, both AST and Conexus are responsible for ensuring the security and continuity of energy supply across the country. However, their infrastructure projects often impact local communities, their quality of life, and the surrounding environment. In response, the Group's strategy prioritises open, transparent, and inclusive communication with all stakeholders. The Group actively engages in dialogue with local residents, businesses, and non-governmental organisations to ensure that their concerns are heard and integrated into the decision-making process.

Public participation is an important element of the Group's activities. Public hearings and consultations are held before the construction of new transmission lines or the modernisation of existing infrastructure. In this process, the project objectives, potential benefits and impacts are explained, and solutions are sought that best meet the interests of the community. The Augstsprieguma tTīkls Group is based on transparency and trust and ensures that all measures taken are justified and comply with the legal framework.

Particular attention is given to respecting human rights, particularly in relation to property rights and the impact on the living conditions of local residents. No cases of human rights violations were identified in the reporting period regarding the affected communities, neither in relation to the Group's own operations nor its value chain.

AST adheres to the principles of fair compensation when its projects affect private property and strives to implement solutions that minimize potential disruption and long-term effects on the local community. The company also conducts thorough environmental impact assessments to ensure its activities support sustainable development while minimizing adverse effects on biodiversity and the landscape.

AST regularly updates the public on transmission network development plans, trends in the electricity market, and opportunities for improving energy efficiency. The company believes that an informed public is better equipped to adapt to changes in the energy sector and actively engage in the overall development of the energy landscape.

Overall, the interests and rights of affected communities are central to the operations of the high-voltage grid. The company is dedicated to acting responsibly and adhering to the highest ethical standards and principles of social responsibility, ensuring long-term benefits for both society and the energy sector as a whole.

AS "Augstsprieguma tīkls" and AS "Conexus Baltic Grid" are operators of electricity and gas transmission grids whose activities have a potential negative impact on local communities. These impacts may relate to both actual and potential negative impacts on the environment, economy and society, in particular concerning the construction of infrastructure, its maintenance and potential losses that may arise in connection with land acquisition and the living conditions of local residents. For more information, see the section on "Stakeholder involvement".

PLACE OF ACTIVITY AND THE LIKELY NEGATIVE IMPACT

Both companies frequently undertake projects that require the construction of new transmission lines, gas pipelines, substations, and overhead power lines, all of which can impact both residential and agricultural property owners. In certain cases, these projects may necessitate the use of agricultural, forestry, or residential land, potentially leading to conflicts with the interests of the affected landowners. Additionally, residents living or working near power or gas infrastructure may face concerns related to noise, visual impact, or environmental pollution.

IMPACT ON THE STRATEGY AND BUSINESS MODEL

The strategy and business model are designed to minimise negative impacts and address potential resistance from local communities. For instance, based on studies regarding the need to strengthen the transmission grid in Kurzeme, AST organized the first public consultations in November 2024 in the municipalities of Ventspils, Kuldiga, and Saldus for the project "Construction of the Ventspils - Broceni - Varduva 330 kV Power Transmission Line." Information about these public hearings will also be disseminated through the municipalities to reach a broad range of interested parties. Landowners whose properties are adjacent to the planned project area will be individually informed. An environmental impact assessment (EIA) is then conducted, followed by additional public hearings to present the EIA report. This approach is crucial in fostering public support and ensuring the successful implementation of the project. Additionally, appropriate funding will be allocated for compensation and support measures for the affected communities. In line with Article 24 of the Energy Law and paragraphs 1 and 6 of Cabinet Regulation No. 603 Procedure for the Calculation and Payment of Compensation for the Restriction of the Right to Use Land Required for the Installation or Reconstruction of an Energy Supply Facility of 25 July 2006, the compensation process is outlined, specifying how an energy supply company compensates property owners for losses directly related to the installation, operation, or repair of energy facilities.

RISKS AND OPPORTUNITIES

Public opposition to projects represents one of the primary risks, particularly regarding compensation and potential objections. This risk encompasses legal, financial, and reputational challenges for the company. The financial risk is tied to the need to compensate for the loss of property rights or any temporary disruptions to the living conditions of local communities.

However, proactive and effective community engagement, along with open public dialogue, can provide opportunities to build long-term relationships with local communities, which may be helpful for future projects. Reducing environmental impact and promoting social well-being can improve a company's image.

RELATIONSHIP TO THE COMPANY STRATEGY AND BUSINESS MODEL

In assessing the impact on local communities, the company acknowledges the importance of adapting its operating model to mitigate any negative effects. These adaptations may involve revising remediation plans, implementing new technologies that reduce environmental impacts such as noise and vibration, and introducing additional support mechanisms for affected communities.

ASSESSMENT OF AFFECTED COMMUNITIES

When assessing the types of affected communities, it is important to note that these communities may be directly adjacent to transmission lines or gas pipelines, but impacts may also extend to communities that are economically dependent on these projects. These include communities that provide materials, services or other resources, such as guest houses, restaurants, and those whose businesses may be disrupted, such as farmers or tourism businesses.

SIGNIFICANT NEGATIVE IMPACT

Sometimes these impacts can be far-reaching, e.g. if the project takes up large areas of land or if the affected areas cover several municipalities. However, the actual impact may depend on the local situation and public reaction to the project. Negative impacts can also be associated with individual incidents, such as temporary disruptions to local infrastructure or the construction of transmission lines.

AS "Augstsprieguma tīkls" operates all 330 kV and 110 kV power transmission lines on the territory of Latvia to ensure their effective operation, maintenance and repair. Under the Law on Protection Zones, special protection zones have been established, the main task of which is to ensure the safe and efficient operation of electricity infrastructure. As a result, property owners should be prepared for regular inspections of power lines and planned repair work, of which they are warned in advance, as well as work to prevent emergencies where owners may not be informed in advance. Once the work is completed, AS "Augstsprieguma tīkls" is responsible for ensuring that the land areas are restored and can be used again for their original purposes. In addition, appropriate compensation must be paid to the landowners or users if damage has occurred during the works. This compensation shall be paid under the procedure laid down by law or mutual agreement.

AST is also responsible for cutting down dangerous trees if they jeopardise the safety of the power lines and clearing the route of plants that could disrupt operations. Farmers are prohibited from planting trees and shrubs in the protection zones of the power transmission lines, especially in wooded areas. Outside of wooded areas, however, the cultivation of plants is only possible after prior written agreement with the grid owner. In the protection zones of overhead lines that cross wooded areas, forest treatments - clearing and pruning - are regularly carried out to prevent potential threats to the power lines. These measures are particularly important to ensure the safety of the grid, prevent accidents and maintain the quality of operation of the power transmission line.

All the necessary information on these topics can be found on the website of AS "Augstsprieguma tīkls", where landowners and other interested parties can familiarise themselves with all the rules and procedures that apply to their land and rights.

Standards for maximum permissible electromagnetic fields (EMF) have been set at both the Latvian and EU levels to ensure the protection of public health. The electricity grid in Latvia operates at a frequency of 50 Hz, and the permissible EMF limits of this frequency for electric field strength (maximum 5000 V/m) and magnetic flux density (maximum 100 μT) are laid down in the European Union Recommendation on the protection of the general public from exposure to electromagnetic fields - Council Recommendation of 12 July 1999 on the limitation of exposure of the general public to electromagnetic fields (0 Hz to 300 GHz) (1999/519/EC). These requirements have also been incorporated into Latvian legislation, namely Cabinet Regulation No. 637 (16 October 2018).

The magnetic field strength in the immediate vicinity of high-voltage power lines is usually in the range of 25 to 30 μT, while it reaches practically zero at the boundary of the protection zone. These values are 3–4 times lower than the maximum value of 100 μT permitted in Latvia and internationally, thus ensuring the safety of the population.

When planning and modifying high-voltage lines and substations, AST fulfils all relevant legal requirements for environmental and health protection and strictly adheres to the specified EMF limits.

The AST Technical Expertise Service (AST TED) is accredited to perform electromagnetic field (EMF) measurements, with registration under LATAK No. LATAK-I-166. However, it is important to note that AST TED does not assess the potential effects of EMF exposure on human health, nor does it provide recommendations regarding the construction of houses near power lines.

AST conducts noise measurements at substations and, based on the complaints received, assesses the noise level under the applicable Cabinet regulations.

SIGNIFICANT POSITIVE IMPACT

The positive impact of the projects implemented by transmission system operators enhances the quality and availability of electricity supply in regions that were previously dependent on unstable energy systems. Additionally, for residents living or working near electricity or gas transmission networks, these systems provide long-term stability and development. New projects can also create job opportunities and stimulate regional development, which has a positive impact on local communities. The sustainability report extensively describes the positive effects of synchronisation and other projects on the people of Latvia.

RISK AND OPPORTUNITIES ANALYSIS

Key risks arising from the company's impact on communities include resistance to projects and the need to adapt to community concerns. It is therefore important to constantly monitor community reactions and adapt activities to minimise this risk to the degree possible. Opportunities that arise include improved community relations, effective dialogue and projects that deliver long-term benefits for all parties.

S3-1

POLICIES ON AFFECTED COMMUNITIES

AST's activities are based on two key development planning documents:

- The European Community 10-Year Development Plan, prepared by ENTSO-E, which includes regional projects and ensures a coordinated approach to the development of electricity transmission systems across Europe,
- The Latvian National 10-Year Development Plan, which enables the planning and implementation of nationally significant projects in addition to the regional projects included in the ENTSO-E plan and facilitates the efficient development of Latvia's electricity transmission infrastructure.

The plans cover all areas of AST's activities, including the maintenance, expansion and modernisation of the electricity transmission networks to ensure a secure and uninterrupted supply of electricity to all end users, i.e. electricity consumers, generators and distribution system operators. The top management level – AST's Management Board – is responsible for implementing the plans and ensuring that all aspects are integrated into the company's strategic priorities and operational processes.

The plans cover important topics related to the affected communities, including environmental impact, land use, public health and safety, awareness of AST's operations and sustainable development. Various partners and stakeholders, including government administrative institutions, municipalities, non-governmental organisations, the business sector and the public, are involved in the plan development process and participate in public consultations and deliberations. The plans are publicly available on AST's official website, and stakeholders are informed about them through regular meetings, information campaigns and co-operation platforms.

AST is aware of its responsibility to respect human rights and is committed to both the UN Guiding Principles on Business and Human Rights and the SDO Declaration on Fundamental Principles and Rights at Work. These commitments are contained in the AST Code of Ethics, which is publicly available on the AST website.

With regard to the affected communities, AST is particularly committed to:

- the right of communities to self-determination, culture and traditions;
- ensuring that AST activities do not restrict communities' access to resources and services that are important to their survival and well-being;
- fostering open dialogue and engagement with affected communities to understand their needs and concerns and involve them in decision-making processes.

AST has established a reporting mechanism that is accessible to both employees and affected communities to report possible violations, including human rights abuses. The reports received are carefully scrutinised and, if necessary, corrective action is taken to prevent violations and compensate victims.

In addition, AST regularly conducts proactive impact assessments, including for communities, to identify potential risks and take timely preventive action.

AST's policy on affected communities is in line with the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

AST endeavours to ensure transparency with regard to possible human rights violations. However, due to confidentiality considerations, AST cannot publicly disclose information on specific cases.

AST reports regularly to management on its sustainability indicators, which include information on human rights issues. In 2024, there were no reports of human rights violations. Detailed information on policies of AS "Augstsprieguma tīkls" is available in the section ''Business Conduct Policy and Corporate Culture'', which provides information on the policies and other internal regulatory documents by which the material areas of sustainability are managed. This information is available on the AST website.

S3-2

PROCESSES FOR THE INVOLVEMENT OF AFFECTED COMMUNITIES AND THE IMPACT ISSUES

The Group communicates with the affected municipalities through various channels and processes to ensure a transparent and effective exchange of information.

- Direct communication with the community: By organising open meetings, public hearings and surveys to get direct feedback.
- Communicating with community representatives: We work with NGOs, local authorities and industry experts to ensure effective and structured communication.
- We use social media, a website and email distribution lists to regularly inform the community about current events.

In the Parent Company, the Communications Department is responsible for communication and engagement, coordinating all communication activities and working together with other departments.

Satisfaction surveys and analyses of communication performance are carried out regularly. Engagement leads to specific agreements on action plans and monitoring.

In cases where specific communities have not yet been engaged, a plan is developed to ensure appropriate communication implementation in the coming year.

S3-3

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS

The Group's approach and processes to avoid negative impacts on affected communities are based on proactive engagement, regular communication and transparent accountability. Impact assessments are conducted, and collaboration with local communities is established to develop preventative and mitigating measures.

AST regularly conducts:

- Surveys and interviews with affected communities;
- Independent audits and reviews;
- Analysis based on community feedback and recommendations.

Awareness campaigns are carried out and educational sessions are organised. Regular reports are developed and meetings with stakeholders are organised to monitor the progress of grievance resolution and ensure continuous improvement.

Several communication channels have been established within the Group companies, through which representatives of affected communities can also express their Concerns or ask questions, and complaints can also be submitted through the Group companies' whistleblowing systems (see sections "Channels for raising concerns" and "Whistleblower Protection").

Signs displaying the contact telephone numbers of the Group's companies are prominently placed near the Group's infrastructure facilities. Additionally, the informational materials sent to residents include clear contact details, allowing them to easily obtain further information or report any emergency situations.

In the event of complaints from property owners regarding potential damage caused by the Group's companies during work activities (such as repairs, renovations, or reconstruction of infrastructure facilities), an inspection of the affected property will be conducted once the work is completed. The Group will then collaborate with the property owner to reach an agreement on how to address and rectify any damage caused.

In order to ensure fair assessment and compensation for damage related to damaged crops, Conexus has entered into a cooperation agreement with the Latvian Agricultural, Extension and Education Centre (LLKIC). The amount of damage for damaged crops is calculated in accordance with the calculation performed by LLKIC. For the determination of the amount of other types of damage caused, Conexus and the landowner agree by mutual agreement, taking into account the type of damage, its extent, the losses caused and the market value of the case in question, if such can be determined.

AST has established an internal monitoring system to track and monitor the issues raised and to be resolved in relation to the affected communities. The system includes regular meetings with the responsible employees, as well as the analysis of data and documentation of the progress and outcomes of complaint investigations. In 2024, a total of 14 complaints were received. After thorough evaluation, 10 were determined to be unfounded, 3 were deemed justified due to a contractor's fault, and 1 case was categorised as a thank-you. Information regarding each recorded case is compiled into a table, forming a comprehensive register and archive of complaints for further reference.

To ensure the effectiveness of the channels, AST regularly conducts surveys and interviews with the communities to obtain feedback on their satisfaction with the available communication channels and complaint handling. In addition, AST analyses the complaints received in order to identify possible gaps and improve the channels.

AST's communication strategy includes informing the affected communities via the available communication channels and complaint mechanisms. This strategy includes information material, public meetings and regular communication with community representatives.

AST regularly conducts surveys and interviews to determine whether the communities are aware of and trust these structures and processes and analyses the number and type of complaints received. If it is found that communities are not sufficiently informed or do not trust the available mechanisms, AST takes additional measures to improve communication and build trust.

If AST determines that its activities have caused or contributed to a significant negative impact on the affected communities, the company commits to provide or facilitate redress. This includes the payment of compensation, remedial measures or other support appropriate to the situation.

AST cooperates with affected communities, authorities and other stakeholders to develop and implement effective remediation measures. The company ensures that these measures are fair, appropriate and timely.

AST actively engages in dialogue with various stakeholders, including government agencies, local governments and non-governmental organisations, to promote and support the availability of effective communication channels. The company has partnered with various organisations to help ensure that affected communities have access to reliable and effective ways to voice their concerns and needs.

AST has a policy in place to protect individuals who report potential violations or raise concerns about the company's operations from any form of retaliation. This policy includes ensuring confidentiality and other measures to ensure that individuals can raise their Concerns freely and safely.

This policy is publicly available on the AST website.

S3-4

ACTION ON SIGNIFICANT MATTERS FOR AFFECTED COMMUNITIES

MANAGING POLLUTING ACTIVITIES

Environmental aspects, risks and their significance are assessed annually in the Group companies. In 2024, the Subsidiary received a licence for a category A environmentally harmful activity. An initial environmental impact assessment was carried out for the planned activity (2026), and it was determined that the planned and existing activity will not harm the environment.

INDUSTRIAL RISK FACILITY AND CIVIL PROTECTION MANAGEMENT

In 2024, the Subsidiary updated the safety report in accordance with the tasks and deadlines of the national environmental supervisory authority. The new version contains information on the modernisation projects carried out and initiated in recent years and a reassessment of the risk of industrial accidents at the Inčukalns UGS plant using the new version of the quantitative risk assessment programme.

On 3 March 2024, theoretical civil defence and civil protection exercises were organised for the local level of the natural gas transport system. The exercises involved the state operational services, AS ''Sadales tīkls''and Ķekava County Council. During the exercises, a rupture of the gas pipeline of the transport system was simulated over the entire diameter of the pipeline with a natural gas leak and ignition.

AST has developed an action plan that includes specific measures and areas of responsibility to manage the material impacts, risks and opportunities that the company has created in relation to the affected communities. This plan is integrated into the company's sustainability strategy and is updated regularly. AST has allocated adequate resources, including financial and human resources, to the implementation of this action plan.

To prevent, mitigate or correct significant negative impacts on affected communities, the company takes measures such as environmental impact assessments, public consultations and co-operation with local communities. In construction projects, for example, AST makes every effort to minimise noise and dust pollution and offers compensation for possible damage.

AST has set up a reporting mechanism that is available to the affected communities to inform them of possible violations or negative impacts. The reports received are carefully scrutinised and, if necessary, corrective measures are taken to prevent violations and compensate victims.

In order to have a positive impact on the affected communities, the Group carries out various additional initiatives, such as supporting cultural events and social projects.

The Group regularly conducts internal audits and external evaluations to track and assess the effectiveness of its activities and initiatives. The company uses various indicators to measure its progress and ensure that its activities fulfil its sustainability goals. For example, the dynamics of the number of complaints, survey results, environmental impact indicators such as noise levels, air and water pollution indicators related to the Group's activities, the amount of compensation paid, the number and volume of projects supported, the number of participants, the level of satisfaction with the collaboration, etc.

AST's approach is based on proactive engagement, regular communication and transparent accountability. The company endeavours to identify potential risks in advance and take preventive measures to prevent or mitigate negative impacts. The company ensures that procedures are available and effective to facilitate redress in the event of significant negative impacts. Existing procedures are regularly reviewed and improved to ensure their effectiveness.

AST takes preventive measures to identify potential dependencies on the external manifestations of affected communities by conducting surveys, monitoring media and social networks and, if necessary, intervening in the resolution of the situation so that the identified dependencies on the external manifestations of affected communities do not become risks.

ESRS S3-5

The Group has no formal objectives for affected communities. Its activities are conducted in accordance with legal requirements and internal procedures that ensure that the rights and interests of affected communities are taken into account.

The company recognises its responsibility to affected communities and is committed to ensure that its activities are sustainable and responsible. AST adheres to a set of principles and processes to ensure that impacts are mitigated, and positive impacts are promoted.

Targets for affected communities are included in the Group's sustainability initiatives and internal procedures. These include:

- **Mitigation of negative impacts:** The company strives to minimise its impact on the environment and society by adhering to the highest standards and using the best available technologies;
- **Fostering of positive impacts:** The company supports local communities by participating in educational, cultural and social development activities;
- **Management of risks and opportunities:** The company identifies and manages risks and opportunities related to affected communities to ensure sustainable development.

The company prioritizes ongoing communication with affected communities to better understand their needs and concerns. This dialogue takes place through various platforms, such as public consultations, meetings with local residents, and collaboration with NGOs. The company incorporates the feedback from these communities into its decision-making and planning processes. In this way, affected communities are indirectly involved in setting goals, monitoring performance, and identifying areas for improvement.

INFORMATION ON BUSINESS CONDUCT

INFORMATION ON BUSINESS CONDUCT

ESRS GOV-1, G1-1, G1-3

BUSINESS CONDUCT POLICY AND CORPORATE CULTURE

The Group's management promotes business activities based on honest principles and compliance with ethical standards and takes the necessary measures to prevent fraud and corruption risks and ensure the improvement of the control environment. The Group has zero tolerance for any abusive, improper or illegal behaviour by employees and officials for personal gain and has implemented zero tolerance regarding the risk of corruption and fraud.

Both the Parent Company and the Subsidiary have developed and implemented a Code of Ethics (hereinafter "the Code"). The purpose of each Code is to create a consistent set of ethical standards of behaviour within the respective company and to strengthen the company's internal culture, business practices and reputation by defining fundamental ethical principles and internal organizational measures based on the company's core values, as well as to promote a safe and inclusive working environment.

The Code is binding for all employees and elected representatives and lays down:

- Prohibition of engaging in corrupt or fraudulent activities;
- Principles for managing conflicts of interest;
- Ethical requirements in cooperation with employees, customers and partners;
- Rules for accepting and giving gifts.

In 2024, AST developed a draft anti-corruption and bribery policy based on the UN Convention against Corruption, which is to be adopted in 2025.

The AST and Conexus guidelines and other internal regulations define the persons responsible for implementing and monitoring the guidelines, as well as a deadline for updating the guidelines. The Management Board is generally responsible for the implementation of the policy in the companies, while the Council monitors the implementation of the policy.

During the reporting period, stakeholders were not directly involved in the development and/or updating of the Group's policies.

The heads of the departments are responsible for the implementation of the internal control system within the scope of the tasks and functions assigned to them (including the implementation of policies and other legislation in their area of activity), the internal control system is managed by the Management Board and monitored by the Council, and the effectiveness of the system is monitored by the structural unit responsible for internal auditing.

AST and Conexus have not set specific targets to measure the effectiveness of these measures. However, corporate targets are established annually, and the responsibility for their implementation typically lies with the Management Board of AST or Conexus. For more detailed information, please refer to the relevant section "GOV-3 Inclusion of sustainability-related performance results in incentive systems").

In accordance with the provisions of the Conexus Code, employees are required to seek advice on ethical issues and to act and react in a socially responsible manner if non-compliance with the Code or any other violation is identified by informing their immediate superior or a member of the Management Board or by submitting a report in accordance with the procedures set out in the internal whistleblowing regulations. In the Subsidiary, compliance with the standards of the Code of Ethics is one of the criteria for employee appraisal and is taken into account when evaluating an employee's work performance and considering employee performance in internal personnel selection procedures and when maintaining employment relationships.

The Group's basic ethical principles are observed in all procurement processes organised by the Group, including when signing the supplier declaration and when concluding contracts with cooperation partners and throughout the cooperation. Further information can be found in the section GOV-4 Statement on due diligence.

Since the guidelines only define the main principles of AST or Conexus management or the implementation of operations and the creation of specific systems, internal regulatory documents are issued for their implementation: Regulations, procedures, instructions, including internal regulatory documents that apply in business relations with external partners, e.g. internal regulations on the organisation of procurement.

Internal Audit Unit issues an annual general statement on the effectiveness of the internal control and risk management systems and makes suggestions for their improvement. Integrated control measures have been introduced in the Group and are constantly being improved - guidelines, regulations of the structural units, the distribution of tasks and responsibilities of employees, etc.

Under the AST Code, employees are introduced to the aforementioned document by the Human Resources Department on their first working day. Additionally, within 30 days of the Code or its amendments coming into effect, the Human Resources Department or the head of the relevant structural unit ensures that employees are informed of any changes.

Once a new policy or internal regulation is implemented, the responsible employee ensures that all affected employees are made aware of their rights and obligations under the regulation. If necessary, training is organised to support this process. The scope of training is determined by assessing the need for it, the appropriate format (in-person, online, or e-learning platforms), and its frequency. The effectiveness and necessity of the training are evaluated by monitoring the frequency of violations in the application of internal rules and regulations.

AST employees are regularly informed about the requirements outlined in the AST Fraud, Corruption, and Conflict of Interest Risk Management Framework. Suppliers and other stakeholders can access key information on AST's policies related to responsible business conduct through the AST website: https://www.ast.lv/en/content/responsible-business. This includes the Code of Ethics, details on whistleblowing, as well as information on fraud, corruption and conflict of interest risk management. The website also provides insights into procurement policies, supplier declarations, data protection policies, property rental/leasing guidelines, and property investment valuation procedures. AST's suppliers confirm that their commitment to these principles through a supplier declaration, ensuring they adhere to fair competition practices, legal and contractual obligations, confidentiality, the avoidance of conflicts of interest, and compliance with anti-fraud and anti-corruption measures. Additionally, they pledge to uphold non-discrimination, support sustainable development, respect social responsibility, and maintain accurate transaction and financial records.

Under the Conexus Code, employees are encouraged to seek advice on ethical issues and to act and respond in a socially responsible manner if non-compliance with the Code or any other violation is identified by informing their immediate superior, a member of the Management Board or a whistleblower report under the procedures set out in the internal whistleblowing rules. Detailed information on the implemented whistleblowing mechanism and communication channels can be found on the Conexus website. Employees are informed about this possibility as part of the mandatory ethics training. The whistleblowing rules are sent to all employees electronically, and information on how to submit reports in paper form was posted on information boards when the system was introduced.

Guidelines and other internal regulations that AS "Augstsprieguma tīkls" used to manage the main areas of sustainability:

Internal regulatory document	Content of the document	Scope of the document	Responsibility for the implementation control	Addresses HR matters	Relevant laws and regulations	Availability of the documents
Corporate Governance Policy	To establish common principles according to which AST implements corporate governance, promoting ethical, responsible and transparent corporate governance practices.	AS "Augstsprieguma tīkls" AS "Conexus Baltic Grid" - Implementation of the principles contained in the policy is ensured to the extent provided by the amount of voting rights.	Management Board office Oversight: Management Board	Yes	Law on Governance of the Capital Shares of a Public Person and Capital Companies Commercial Code NASDAQ OMX Riga, AS, Corporate governance principles and recommendations for their implementation, recommendations of the European Union and the Organisation for Economic Cooperation and Development for corporate governance of capital companies, Corporate Governance Code Cabinet Regulation No. 175 Regulations on Corporate Governance Recommendations Applicable to Public Person Capital Companies and Public-Private Capital Companies Corporate Governance Code	Internal document system (IDS) Lietvaris, available to AST employees AST's website
Code of Ethics	Establishes a unified set of ethical standards of	AS "Augstsprieguma tīkls"	HR Department	Yes	Universal Declaration of Human Rights,	IDS Lietvaris, available to AST employees

	conduct and strengthens AST's internal culture, business practices and reputation by defining basic ethical principles and internal organizational measures based on AST's core values, as well as promoting a safe and inclusive work environment, preventing direct or indirect discrimination.		Oversight: Management Board		International Labour Organization Declaration on Fundamental Principles of Rights at Work United Nations Convention against Corruption and Ten Principles of the United Nations Global Compact Labour Law	AST's website
Whistle-blowing procedure	Establishes an internal whistleblowing system for AST, determines the procedure for the whistleblower to act if he/she wishes to report possible violations, measures to ensure the anonymity and protection of the whistleblower, as well as the procedure for reviewing the report submitted by AST.	AS "Augstsprieguma tīkls" Stakeholders	Legal Department HR Department Oversight: Management Board and Council	Yes	Whistleblowing Law Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting on breaches of Union law Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms Charter of Fundamental Rights of the European Union	IDS Lietvaris, available to AST's employees AST's website
Fraud, corruption and conflict of interest risk management rules	Establishes a framework for managing the risks of fraud, corruption and conflicts of interest, focused on proactively	AS "Augstsprieguma tīkls"	Quality system and risk management Department Oversight: Management Board		Law "On Prevention of Conflict of Interest in the Activities of Public Officials"	IDS Lietvaris, available to AST's employees AST's website

	identifying, monitoring and preventing risks.				Regulations of the Cabinet of Ministers No. 630 of 17 October 2017 “Regulations on the Basic Requirements of the Internal Control System for the Prevention of the Risk of Corruption and Conflict of Interest in a Public Institution”.	
Financial risk management policy	Describes the guidelines for financial risk management set by AST. It includes the basic principles of financial risk management, key activities in the field of financial risk management, promoting sustainable development of AST	AS “Augstsprieguma tīkls”	Finance and Accounts Department Oversight: Management Board		Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code Financial Instrument Market Law	IDS Lietvaris, available to AST’s employees AST’s website
Corporate Social Responsibility Policy	Defines the most appropriate activities and basic principles for AST in the field of corporate social responsibility to promote the implementation of AST's strategy and sustainable development.	AS “Augstsprieguma tīkls”	Communications Department Oversight: Management Board	Yes	The United Nations Global Compact and the 10 Fundamental Principles of Corporate Social Responsibility Law on the Prevention of Misappropriation of Public Funds and Property Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code	IDS Lietvaris, available to AST employees AST’s website

Procurement policy	Establishes uniform basic principles for how AST carries out the procurement of goods, services or construction works.	AS "Augstsprieguma tīkls" Supply chain	Procure-ment Department Oversight: Manage-ment Board	Yes	Public Service Provider Procurement Law Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code	Procure-ment policy available to AST's employees IDS Lietvaris, and in the AST Basic Rules for Procure-ment Procedures are available to AST's employees IDS Lietvaris
Remuneration policy	Maintains a competitive and motivating remuneration system by establishing uniform and fair principles for the monetary remuneration of employees, rationally using financial resources.	AS "Augstsprieguma tīkls"	HR Department Oversight: Manage-ment Board	Yes	Labour Law International Labour Organization Equal Remuneration Convention Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code	IDS Lietvaris, available to AST's employees AST's website
Risk management policy	Provides unified risk management principles to timely identify and manage the most significant factors negatively affecting AST's operations, ensuring the achievement of strategic goals, successful development and reducing potential losses and/or reputational damage.	AS "Augstsprieguma tīkls"	Quality Systems and Risk Management Division Oversight: Manage-ment Board		Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code LVS EN ISO 9001 LVS EN ISO 31000	IDS Lietvaris, available to AST employees AST's website

Risk management concept	Establishes uniform risk management principles across all risk areas in which AST carries out active risk management.	AS "Augstsprieguma tīkls"	Quality Systems and Risk Manage-ment Division Oversight: Manage-ment Board		Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code LVS EN ISO 9001 LVS EN ISO 31000	IDS Lietvaris, available to the AST's employees AST's website
Quality policy	The quality policy is focused on the implementation of AST's mission (to ensure continuous, safe and sustainable electricity transmission throughout Latvia), operational efficiency and sustainable development. The goal is to continuously improve AST's performance by fulfilling the requirements of legal acts and regulations, maintaining and developing our values (trust, safety, development, team) and actions (honest, responsible, smart, together), managing risks and using improvement and development opportunities.	AS "Augstsprieguma tīkls" Supply chain	Quality Systems and Risk Management Division Oversight: Management Board		Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code LVS EN ISO 9001 LVS EN ISO/IEC 17020 LVS EN ISO/IEC 17025	IDS Lietvaris, available to AST's employees AST's website Information about the quality system and policy principles is available: AST's website

Occupational safety policy	Regulates the operation of the occupational health and safety system at AST, its goal is to guarantee safe and healthy working conditions and constantly improve the working environment of AS "Augstsprieguma tīkls".	AS "Augstsprieguma tīkls"	Oversight: Management Board	Yes	UN Universal Declaration of Human Rights International Labour Organization Convention No. 155 concerning Safety and Health at Work and the Working Environment Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work Labour Law Labour Protection Law Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code Energy standards of the Latvian Electrotechnical Commission ISO 45001	IDS Lietvaris, available to AST's employees AST's website

Environmental and energy management policy	Describes AST's attitude towards the environment and energy management. It includes the basic principles of environmental and energy management, promoting sustainable AST operations and development. The policy aims to continuously improve AST's environmental and energy performance by implementing the most optimal technical methods and technologies, reducing resource losses and the amount of waste generated, emissions of pollutants into the environment, and the impact on climate change and biodiversity..	AS "Augstsprieguma tīkls" Supply chain	Quality Systems and Risk Manage-ment Division Oversight: Manage-ment Board	Yes	Law on Governance of the Capital Shares of a Public Person and Capital Companies Corporate Governance Code Laws and regulations of the European Union and the Republic of Latvia in the field of environment and energy efficiency LVS EN ISO 14001 LVS EN ISO 50001	IDS Lietvaris, available to AST employees AST's website Information on the policy principles available at: AST's website

ESRS G1-5

INTEREST REPRESENTATION

The Group's interests are represented at the national level in the Ministry of Climate and Energy, which is the leading governmental administrative institution in the field of climate and energy policy for the sector, and the Group plays an important role in the development of regulatory frameworks.

At the European Union level, the Group's interests are represented through participation in non-governmental organisations. The main topics of the Group's interests are included in the agendas of these organisations:

- **ENTSO-E (European Network of Transmission System Operators for Electricity) –** registered in the Transparency Register of the European Union (No. 25805148045-87), participates in the development of the current regulatory framework of the European Union for the industry and the Parent Company;
- **ENTSOG (European Network of Transmission System Operators for Gas) –** registered in the Transparency Register of the European Union (565032821273-72), where the subsidiary participates in working groups on market development, investments, system transparency and coordinated co-operation as well as long-term secure system operation in the European Union;
- **GIE (Gas Infrastructure Europe)** is registered in the European Union Transparency Register (7613099207-15), which ensures participation in the development of the current European Union regulatory framework for the industry and the Subsidiary on topics such as security of gas supply, internal gas market, network codes and hydrogen issues.

Considering the fact that the Group's interest representation process is conducted under the Interest Representation Act and ENTSO-E and ENTSOG, which were established to promote the implementation of the European Union's energy policy and the achievement of its objectives, no political donations in cash or kind are made, therefore the amount of such donations in 2024 was EUR 0.

AST and Conexus have not established procedures or responsibilities for monitoring political influence and lobbying activities.

ESRS G1-3, G1-4

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

In the Parent Company, fraud, corruption and conflict of interest risks are assessed for all structural units of the company (100%) and all positions. The risks are grouped according to the position Groups if the potential risks are comparable.

A total of 41 unique fraud, corruption and conflict of interest risks were identified in AST. Each position is assessed separately, with the risks associated with the respective position. The greatest risks are associated with procurement, contract monitoring, electricity purchasing on the exchange, control of electricity metering and cooperation with third parties.

The scope of measures to monitor the risk of fraud, corruption and conflicts of interest includes AST employees' declarations of conflicts of interest for the year in question, the monitoring of AST employees' data in the "Lursoft" databases and the monitoring of the internal and external environment. All of these measures together show whether AST employees practically comply with the requirements set by AST in the area of fraud, corruption and conflict of interest risk management.

During the reporting period, no significant financial investments were made in the field of prevention and detection of corruption and bribery, as the necessary mechanisms, including controls, have been established in previous periods. Currently, the maintenance of these mechanisms and strengthening of employee awareness are being ensured.

Group Corruption or bribery incidents

Indicators	2024	2023
Total number of confirmed cases of corruption or bribery	0	0
Number of confirmed incidents where the company's employees were dismissed or disciplined	0	0
Number of confirmed incidents related to contracts with business partners that were terminated or not renewed due to corruption or bribery-related violations	0	0

The internal procedures establish a process through which the Management Board is informed at least annually about all fraud risk events and reports received during the reporting period. This includes updates on the decisions made and measures taken to minimize risks and mitigate their consequences. Additionally, any fraud risk events that could cause significant damage to the Group's reputation or result in substantial losses are immediately reported to the Council. No significant risk events or complaints necessitating immediate notification to the Council were identified during the reporting period.

The departmental heads provide weekly updates to the Management Board regarding the progress towards achieving set targets and report on key events, even in cases where issues are identified in the implementation of internal regulations. Managers also hold regular meetings with the Management Board to address important matters and track the progress of ongoing work. Topics relevant to all employees are discussed in online meetings between the Management Board and the workforce. Furthermore, compliance with internal regulations in the workplace is one of the criteria used to evaluate employee performance.

Under the Conexus Code, the Board is responsible for managing conflicts of interest involving its members, as well as the Management Board and individuals associated with them. The Management Board is tasked with handling conflicts of interest related to the company's employees and overseeing transactions between the company and former members of the Council and the Management Board, or individuals associated with them. If a conflict of interest is identified concerning a member of the Management Board or the Council, this information is promptly communicated to the Council or the Management Board. In cases where a conflict of interest involves an employee, the relevant information is passed on to the departmental head and/or the responsible member of the Management Board.

AST implements additional measures to prevent corruption and conflicts of interest within the Management Board and the Council. These measures are outlined in the respective rules of procedure, which include the obligation for members of the Management Board or the Council to refrain from participating in decisions or taking actions that could affect or potentially affect their personal or financial interests, those of their family members or relatives, or their business partners.

Potential cases of corruption and bribery are thoroughly investigated if specific reports of possible offences are received or if information suggesting potential violations is identified during internal control checks. In such cases, the investigation is conducted by employees who are independent of the management chain involved in the specific matter, ensuring objectivity and impartiality in the investigative process.

According to AST procedures, if the suspicion of a potential violation is substantiated and considered a criminal offence, the materials gathered during the investigation are forwarded to the Corruption Prevention and Combating Bureau (KNAB), the competent authority for criminal investigations, with full cooperation from AST. Sanctions for identified violations are enforced under applicable laws and regulations.

To ensure ongoing compliance, the Parent Company provides regular training for individuals subject to conflict-of-interest obligations, focusing on appropriate conduct when conflicts arise. Training materials and a knowledge test are sent electronically on an annual basis. Additionally, at least once every three years, face-to-face training sessions are organized, with participation from specialists at the Anti-Corruption Bureau (KNAB). The most recent training session, featuring a KNAB expert, took place on 1 February 2024.

In 2024, AST's internal training system, Viszinis, introduced a mandatory training program on fraud, corruption, and conflicts of interest, complete with a knowledge test. This training was compulsory for all employees identified as being at medium or higher risk. The training was delivered via IT solutions, allowing employees to access the materials remotely, making it more accessible. These training materials are available to all AST employees.

Similarly, all Conexus employees are well-informed about the company's anti-corruption framework and procedures, having completed ethics training that also addresses conflicts of interest and anti-corruption matters. Additionally, Conexus has ensured that all its cooperation partners are made aware of the company's anti-corruption framework and procedures. Suppliers are required to confirm their compliance with these ethical principles when participating in Conexus's procurement processes. Other suppliers have the opportunity to familiarize themselves with these principles by visiting the Conexus website. Both the Conexus Code and the legal frameworks supporting the prevention of corruption and conflicts of interest are aligned with the best anti-corruption practices and legal standards, including those set out in the United Nations Convention against Corruption.

Parent Company Training to prevent corruption and bribery

2024	Employees subject to risk	Managers	Other employees
Scope of training			
Total number	169	45	371
Number of training participants	165	41	1
Training participants vs. total number, %	98 %	91 %	0.3 %
Training methods and duration			
Onsite training	111	22	-
Online training	165	41	1
Frequency			
Regularity of training	Once a year – online; Once every three years - onsite	Once a year – online; Once every three years - onsite	Once a year
Topics included in training			
Definition of corruption	x	x	x
Action policy	x	x	x

ESRS G1-1

CHANNELS FOR RAISING CONCERNS

In line with the AST Code, every employee is responsible for taking action to prevent unethical behavior if there is a violation or suspicion of violation of the Code. Any employee has the right to submit a complaint to the Human Resources Department if they believe the Code has been violated. Questions or information related to the Code or potential violations can be submitted through various channels, including the AST website, the dedicated email address etika@ast.lv, directly to the employee's supervisor, the head of the relevant structural unit, or the HR department.

The Group has established a whistleblowing system to detect and prevent fraud, corruption, and other forms of unethical conduct. This system is accessible not only to employees but also to customers and other external stakeholders who may wish to raise concerns about the Group's activities or any infringement of their personal interests. All reports received are reviewed and forwarded to the appropriate department based on the nature of the complaint. Reports concerning fraud, corruption, and conflicts of interest are handled according to the procedures outlined in the Group's fraud, corruption, and conflict of interest risk management regulations.

Detailed information about the implemented whistleblowing mechanism and communication channels is available on both the AST and Conexus websites.

Before submitting a whistleblowing report or expressing concerns (including anonymously), AST employees can seek advice from the AST whistleblowing contact person—the Head of Legal—using the communication channels listed on the AST website. The information shared during such consultations is kept confidential. The HR department ensures that all interns and employees are informed about the availability of the whistleblowing procedure at the start of their internship or employment with AST.

Similarly, Conexus employees are made aware of this option during mandatory ethics training. The whistleblowing rules are provided electronically to all employees, and instructions on how to submit paper reports are displayed on information boards when the system is introduced. If unethical behaviour is detected, employees may face disciplinary action under Conexus' work rules, ensuring that the company maintains high standards of integrity and accountability.

To ensure a fair and objective examination of disputes arising from the Code, the Chairman of the Management Board of AST appoints an Ethics Committee consisting of five members, one of whom is an employee representative from the independent trade union unit "Enerģija" - AST. This committee is responsible for resolving specific disputes.

After investigating the circumstances and evaluating the employee's statement, the Ethics Committee prepares a proposal for the AST Management Board, which then makes a final decision. If the employee disagrees with the Committee's decision, they have the right to submit a petition to the Chair of the Committee, outlining their objections.

If a complaint is made regarding a possible breach of the Code by a Management Board member, the matter will be referred to the AST Council for consideration. Should the complaint be submitted as a whistleblower report, it will be handled following AST's established whistleblower procedures.

In the Subsidiary, any whistleblower report or information about a potential corrupt act or attempt is investigated by a committee of employees who possess the necessary knowledge and are not in a conflict of interest. The findings are then communicated to the Management Board, which may decide to impose disciplinary measures if violations by employees are identified.

ESRS G1-1

WHISTLEBLOWER PROTECTION

The Group ensures the protection of whistleblowers by guaranteeing that the reporting of violations does not have any negative consequences for the whistleblower, their relatives or other related parties.

By the AST Whistleblower Procedure, the whistleblower must not suffer any adverse consequences in connection with the submitted report, including:

- Disciplinary or other forms of punishment;

- Dismissal from work or position, even without the renewal of the employment contract or without being appointed to a position for an indefinite period, if there is reason to believe that this would occur;
- Transfer to another job or position;
- Denial of promotion, professional training, or enhancement of qualifications;
- Changes to job duties, working hours, location, or remuneration;
- Provide a negative evaluation of job performance;
- Offend honour, dignity, and reputation;
- Revoke licences and permits;
- Unilaterally withdraw from or terminate a contract for the supply, purchase, or provision of a service;
- Request a medical report;
- Otherwise, directly or indirectly cause adverse consequences, including violations of the principle of equal treatment.

AST may only disclose the identity of a whistleblower under the procedures outlined in laws and regulations. The whistleblower will be informed if their identity is to be disclosed, except for in cases where revealing this information could jeopardise the consideration of the whistleblower's report or the related investigation.

Under the provisions of the Conexus Code and the Whistleblower Procedure, no sanctions or adverse consequences will be applied to any employee who reports a violation of the Code or any other wrongdoing, except for in cases where false information has been deliberately provided. To protect whistleblowers from any negative repercussions, including retaliation, the whistleblower reports are managed by the Head of the Internal Audit Department. This ensures the confidentiality of the whistleblower, as personal data is only stored in the initial report and is pseudonymized to protect the identity of the individual raising the concern.

ESRS G1-2, G1-6

MANAGEMENT OF RELATIONSHIPS WITH VENDORS

The Group conducts procurement procedures in accordance with the legal regulations of the European Union and the Republic of Latvia. The main objectives of this process are to ensure an open procurement process, promote free competition among suppliers, ensure the equal and fair treatment of all participants, utilise funds efficiently, and promote sustainable business activities.

The internal ground rules for the procurement procedures of the Parent Company and the Subsidiary have been developed taking the legal framework for public procurement into account, including the procurement guidelines and explanations of the Procurement Office. At the same time, the Group purchases construction works, goods and services via centralised procurement, e.g. via the e-order subsystem of the electronic procurement system, where procurement procedures are carried out by the State Agency for Digital Development.

In certain cases, the Group carries out centralised procurement where the Parent Company and the Subsidiary or several public service providers from different Member States of the European Union award the contract jointly.

In order to ensure free and direct access to procurement documents and to prevent the risk of corruption, the Group's procurements are published in the electronic tendering subsystem of the electronic procurement system (www.eis.gov.lv), in the publication management system of the Procurement Monitoring Office, in the

Official Journal of the European Union (if applicable) and on the respective websites of the Parent Company and the Subsidiary.

Public procurement is carried out to acquire services, goods and works, but also serves as an instrument for achieving strategic objectives. Strategic public procurement refers to public procurement that can be used to achieve objectives in the areas of social, environmental or innovation. The Group also conducts sustainable procurement, where the services, goods and works purchased have a positive impact on the environment, society and the economy throughout their life cycle, while reducing potential negative impacts.

GREEN PUBLIC PROCUREMENT

Green Public Procurement (GPP) promotes environmental protection by including requirements that reduce the negative impact on the environment, e.g. by selecting energy-efficient appliances and equipment. According to the Cabinet Regulations, the Group must apply GPP requirements to the following procurements: Office paper, printing equipment, computer equipment, cleaning supplies, interior lighting, construction of buildings, remodelling, repair and purchase of passenger vehicles.

Under GPP, the life cycle costs of a product, service or work are assessed, including acquisition, use (e.g. energy and resource consumption), maintenance and end-of-life costs (e.g. take-back and recycling costs).

For certain procurements, preference is given to bidders who comply with international or national environmental standards (e.g. ISO 14001:2015).

SOCIALLY RESPONSIBLE PUBLIC PROCUREMENT

Socially responsible public procurement provides conditions for decent working conditions and fairer pay. For certain procurements, it requires that the average hourly rate of employees of construction companies and their subcontractors may not be less than 80 % of the average rate in the respective occupational Group or the minimum hourly rate set by the government.

INNOVATION PROCUREMENT

Innovation procurement is carried out to develop and implement information and communication technology systems in situations where there is no ready-made solution available on the market. This approach promotes the efficient use of resources and stimulates investment in research, development and innovation.

CANDIDATE EXCLUSION CONDITIONS

The Group shall exclude a candidate or tenderer from the award procedure if the grounds for exclusion set out in Article 48 of the Law on the Procurements of Public Service Providersapply (e.g., criminal offences, failure to comply with tax obligations, breaches of environmental, social or labour law).

The candidate is also excluded if sanctions have been imposed on it by a member state of the European Union or the North Atlantic Treaty Organisation that hinders the execution of the contract. This is a reason for the Group to unilaterally withdraw from the fulfilment of the contract.

Each AST supplier shall sign the supplier's declaration when submitting a request to participate in the AST procurement (available: https://www.ast.lv/lv/content/atbildiga-uznemejdarbiba), committed to the following principles:

- fair competition,
- compliance with laws and contracts,

- prevention of conflict of interest,
- prohibition of fraud and corruption,
- prohibition of discrimination,
- sustainable development,
- social responsibility.

BILLING PRACTICE

The Parent Company's standard payment terms are set out in the internal regulations "Basic Rules for Procurement Procedures", which provide for payment within 30 days after the receipt of goods or services, performance of construction works and the receipt of the invoice. In certain cases, other payment terms are also possible, if they are justified by the specifics of the procurement.

In 2024, the Parent Company paid 96% of all invoices received within 30 days after the receipt of the invoice, and 4% of invoices were paid within more than 30 days. In 2024, the average invoice payment time was 22 days. The information provided is based on the actual invoice payment data in the Parent Company's financial accounting system.

As a result of the implementation of the international sanctions regulation, the Parent Company has 1 (one) pending legal proceedings related to late payment. Legal proceedings have been initiated in the Stockholm International Arbitration against transmission system operators, including AS "Augstsprieguma tīkls". The legal proceedings are related to the fact that, in compliance with the international sanctions regulation, the operators have not made settlements. Taking the rules of the Stockholm International Arbitration into account, more detailed information is currently considered confidential. The Subsidiary has no legal proceedings related to payment delays.

The Subsidiary has not established a separate policy to prevent payment delays and target indicators, but in practice a standard payment term is applied, which is 1-3 days before the date of the payment term specified in the invoice or contract. The same payment terms are applied to all suppliers and service providers.

According to the internal procedures of the Subsidiary "Procedure for the circulation of received invoices", if the invoice does not indicate a payment term and no contract has been concluded with the partner, the payment term of the invoice is set within 30 days from the later of the invoice issue date or the invoice receipt date. The procedures for the circulation of received invoices specify the principles for processing invoices in cases where the payment term of the invoice received is shorter than seven days.

In 2024, an internal audit was conducted at the Subsidiary, during which no payment delays were detected.

OVERVIEW OF GREEN PROJECTS

OVERVIEW OF THE GREEN PROJECTS

The Parent Company made a pioneering move in the Baltics by becoming the first electricity transmission system operator to issue green bonds.

The inaugural green bond issuance in 2021 marked a pivotal moment in the development of AST, enabling the implementation of ambitious capital investment projects and advancing the synchronisation of Latvia's and the Baltic electricity transmission networks with the broader European grid.

The bond issuance programme was launched in October 2021, with the initial green bond offering totaling EUR 100 million. These bonds are included in the Baltic debt securities list and are publicly traded on the AS "Nasdaq Riga." To date, no additional bond issuances have been conducted within the framework of this programme. As of the end of the reporting period, the total outstanding bonds amount to EUR 100 million, which represents the full extent (100%) of the Parent Company's total borrowings.

Aligned with the Parent Company's goal of ensuring continuous, safe and sustainably efficient electricity transmission across Latvia, AST developed a comprehensive green bond framework designed to ensure that the funds raised through green bond issuance are allocated to environmentally sustainable projects, their management procedures and oversight.

The green bond framework provides clear guidelines for the use of proceeds from the bond issuance for sustainable development, the selection of green projects, and for managing and reporting the use of the proceeds from the issuance of bonds.

Upon evaluating the AST green bond framework, an opinion was received from an independent expert, Standard & Poor's Financial Services LLC, on its compliance with the 2021 Green Bond Principles of the International Capital Markets Association.

Under the Green Bond Framework, projects are divided into three groups:

- renewable energy;
- energy efficiency;
- quality, security and resilience of electricity transmission infrastructure.

The funds of EUR 100 million raised as part of the bond issue were fully utilised by 31 December 2022; detailed information can be found in the AST 2022 Sustainability Report (see. https://www.ast.lv/sites/default/files/editor/Gada_parskats_2022_LVL_APSTIPRINATS.pdf).

The Parent Company was guided by the Green Bond Framework when determining which projects were eligible for funding.

In addition, taking into account the fact that the EU taxonomy and delegated Regulations set out a number of criteria (source: Commission Delegated Regulation (EU) 2021/2139, point 4.9. "Electricity transmission and distribution") to determine which activities make a significant contribution to achieving climate targets, the investment projects carried out by the Parent Company were assessed against the above criteria. To ensure a harmonised approach, the above criteria and principles are also applicable to green projects.

When assessing compliance with the criteria of the taxonomy and the Delegated Regulation, it can be stated that the transformer replacement projects carried out by AST fulfil criterion c) of point 4.9. "Electricity transmission and distribution" of Delegated Regulation (EU) 2021/2139.

Transformer replacement projects shall be carried out in accordance with the ecodesign requirements for power transformers (in accordance with Directive 2009/125/EC of the European Parliament and of the

Council) and life cycle costing. In this way, a balance is achieved between the price of the transformer, the amount of losses in the life cycle and the cost of the losses (transformers are efficient and not overcapitalised).

As part of the substation modernisation projects carried out by AST, the equipment installed in substations that has reached the end of its service life is completely replaced - circuit breakers, disconnectors, transformers, etc., as well as the protection devices of the network elements, replacing the existing electromechanical relays with digital and high-speed devices with much greater functionality. In addition, the modernisation of communication solutions will ensure that the reconstructed substation can be controlled not only from the workplace in the substation itself, but also remotely from the central control centre, and the dispatcher will directly receive all the necessary information for decisions and actions both in the normal operating mode of the system and in various emergency situations.

In addition to the above activities, a new, energy-efficient control building will be constructed as part of the substation's refurbishment, which will house the new relay protection and dispatcher control systems as well as updated building security and fire safety solutions.

After assessing compliance with the criteria of the taxonomy and the Delegated Regulation, it can be concluded that the substation conversion and renovation projects fulfil criterion e) of point 4.9 "Electricity transmission and distribution" of Delegated Regulation (EU) 2021/2139: Installations are installed, the purpose of which is to improve the controllability and observability of the electricity system and to open up opportunities for the development and integration of renewable energy sources.

In addition, it can be seen that the conversion and renovation of substations reduces CO_2 emissions during their life cycle. By replacing obsolete circuit breakers, disconnectors, relay protection and automation equipment and dispatcher control systems, maintenance and renewal repairs of these systems are less frequent, meaning that the CO_2 equivalent emissions released during repairs are lower

ELIGIBLE PROJECTS UNDER THE GREEN BOND PROGRAMME

Eligible green projects	Project category according to the Green Bonds Framework	Objectives and benefits	Allocated costs, thousands of EUR	Benefits from project implementation	Project execution status
330 kV EPL "Kurzemes loks"	RENEWABLE ENERGY	The infrastructure created as a result of the implementation of the project provides opportunities to accept electricity produced from renewable energy sources in the transmission network	60 493.8	Available capacity for green energy in 2021, 95.5% of EL's total capacity	Project completed
	CONTINUOUS, SECURE AND SUSTAININGLY EFFECTIVE ELECTRICITY TRANSMISSION	Reduction of power outage time, security and continuity of energy supply by synchronising with the continental European grid		Average power outage duration to substation, CAIDI (h)	
Estonian – Latvia's third 330 kV interconnection	RENEWABLE ENERGY	The infrastructure created as a result of the implementation of the project provides opportunities to accept electricity produced from renewable energy sources in the transmission network	3 137.3	Available capacity for green energy, 77.1% of EL total capacities	Project completed
	CONTINUOUS, SECURE AND SUSTAININGLY EFFECTIVE ELECTRICITY TRANSMISSION	Reduction of power outage time, security and continuity of energy supply by synchronising with the continental European grid		Average power outage duration to substation, CAIDI (h)	
330 kV power line "Riga TEC-2 – Riga HPP	RENEWABLE ENERGY	The infrastructure created as a result of the implementation of the project provides opportunities to accept electricity produced from renewable energy sources in the transmission network	96.4	Available capacity for green energy, 95.3% of EL total capacities	Project completed
	CONTINUOUS, SECURE AND SUSTAININGLY EFFECTIVE ELECTRICITY TRANSMISSION	Reduction of power outage time, security and continuity of energy supply by synchronising with the continental European grid		Average power outage duration to substation, CAIDI (h)	
Replacement of transformers	ENERGY EFFICIENCY	Reduction of technical losses	12 022.8	Energy savings, MWh. The saved CO2 (see table)	The transformer replacement projects included in the list of green projects have been fully completed
Reconstruction and renovation of substations*	RENEWABLE ENERGY	Capacity available for green energy	24 249.6	Available capacity for green energy	Of the 15 projects included in the list of green projects, 9 have been fully completed, 1st stage completed for 1 project, 1st and 2nd stages completed for 1 project, 4 projects are in implementation
	CONTINUOUS, SECURE AND SUSTAININGLY EFFECTIVE ELECTRICITY TRANSMISSION	The average duration of electricity supply interruption to the substation, CAIDI (h)		Average power outage duration to substation, CAIDI (h)	
			100 000.0		

	2017	2018	2019	2020	2021	2022	2023	2024
One year's energy gain in MWh for transformers replaced in the given year	-	3,217	2,451	1,978	2,464	3,610	744	1,258
Energy gain in MWh over the life cycle of transformers replaced in the given year	-	38,600	122,636	198,333	83,093	201,583	22,295	45,699
Savings of CO_2 equivalent tonnes emissions over the life cycle of the replaced transformers	-	3,539	2,696	2,176	2,710	221,741	24,524	39,664

The investments made by the Parent Company in substations and power lines improve the quality of service and help to prevent the effects of external influences and power outages for consumers under such conditions. When evaluating the CAIDI indicator, it should be noted that weather conditions have a significant influence. The increase in the CAIDI in 2024 is related to strong storms in September and November 2024, when wind speeds of 30 m/s were reached and there were interruptions to electricity transmission at several substations.

	2017	2018	2019	2020	2021	2022	2023	2024
CAIDI, h	0.83	0.74	0.47	0.54	0.22	0.39	0.78	2.83
ASAI, %	99.76	99.85	99.94	99.74	100.00	99.99	99.99	99.95

CAIDI – average duration of electricity supply interruption to the substation;.

ASAI – average transmission service availability index.

COMPLIANCE WITH EU TAXONOMY REQUIREMENTS

COMPLIANCE WITH EU TAXONOMY REQUIREMENTS

Indicators on the ratio of capital investment, operating expenditure and turnover in the 2024 reporting year that meet the requirements of the EU Taxonomy Regulation

The European Green Deal is Europe's new strategy for sustainable and efficient growth. In order to achieve the EU's climate and energy targets, it is crucial that investments are channelled into sustainable projects and activities.

The EU taxonomy is one of the cornerstones of the European Green Deal, which aims to facilitate the redirection of capital flows towards more sustainable activities. The taxonomy is a standardised system for classifying sustainable economic activities that identifies the set of economic activities for each sector that are considered sustainable and make a significant contribution to one or more of the six environmental objectives - climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and the restoration and protection of biodiversity and ecosystems.

In accordance with Article 10(2) of Delegated Regulation (EU) No 2021/2178, AS "Augstsprieguma tīkls" discloses quantitative information on the proportion of business activities that comply with the Taxonomy and those that do not comply with the Taxonomy in each of the three set indicators (KPI) – turnover, capital expenditure (CapEx), operating expenses (OpEx).

As part of the sustainability reporting, including the taxonomy, AST includes information on the Parent Company, excluding its Subsidiary AS "Conexus Baltic Grid". Management considers that the aforementioned circumstance does not materially affect the Parent Company's ability to obtain financing. The Subsidiary is actively progressing with the implementation of the EU Taxonomy reporting requirements, and disclosures relating to the Subsidiary are expected to be incorporated into the Group's consolidated reports in forthcoming reporting periods.

In order to determine whether AST's economic activities in 2024 comply with the taxonomy, an assessment of the economic activities was carried out to determine whether they are related to the activities published in Delegated Regulation 2021/2139 and should be identified as economic activities belonging to the taxonomy. The proportion of activities that belong to and correspond to the taxonomy is determined on the basis of the breakdown of operating segments (see detailed information in Appendix 3 to the annual financial statements).

The Parent Company of the Augstsprieguma tīkls Group, AS "Augstsprieguma tīkls", defines its activities in one main business segment – electricity transmission. The compliance of the above-mentioned type of activity with the requirements of the taxonomy was carried out based on the criteria set out in Section 4.9 of EU Delegated Regulation 2021/2178. Since the type of activity of the Parent Company – electricity transmission – is carried out through a single electricity transmission network, which is an interconnected European system, it is considered (and reported as compliant KPIs – turnover, CapEx, OpEx) a taxonomy-compliant activity. The Group's management's assessment and conclusion is significant aspect when measuring compliance to the EU taxonomy and will be applied consistently in the reporting period and upcoming reporting periods.

The Group have not implemented compliance criteria metric for "Do no significant harm" (DNSH) and minimal social security measurement. The Group practices responsible policy for environmental, social security related questions. Detailed information about the Group's policies for - climate change mitigation, biological diversity, circular economics, is available in the Sustainability report section Environmental Information.

Detailed information about the Group's policies regarding affected communities, negative impact mitigation and human right is available in the Sustainability report section Affected Communities.

A detailed breakdown of the shares can be found in the annex "EU Taxonomy tables".

2024			
Quantitative information	**Compliance with the Taxonomy ***		**Not applicable**
	Compliance with the Taxonomy	Incompliance with the Taxonomy	
Turnover, in thous.EUR **	154,011	-	0
	100 %	-	0 %
Capital expenditure (CapEx), in thous. EUR	162,245	-	0
	100 %	-	0 %
Operating expenses (OpEx), in thous. EUR***	125,495	-	0
	100 %	-	0 %

2023			
Quantitative information	**Compliance with the Taxonomy***		**Not applicable**
	Compliance with the Taxonomy	Incompliance with the Taxonomy	
Turnover, in thous.EUR**	158,012	-	0
	100 %	-	0 %
Capital expenditure (CapEx), in thous. EUR	52,188	-	938
	98 %	-	2 %
Operating expenses (OpEx), in thous. EUR***	126,692	-	0
	100 %	-	0 %

* AST has demonstrated compliance with the current Taxonomy framework and the information collected by the company on the relevant indicators. The full implementation and assessment of the Taxonomy requirements in AST is still in progress and will be reviewed again in accordance with the delegated acts of the EU Taxonomy Regulation in the next reporting period.

** In accordance with the requirements of Article 4.9 of the EU Taxonomy Regulation (2021/2139.

*** Expenditure related to the maintenance of capital investments from previous years.

TURNOVER

According to the issued licence, AS "Augstsprieguma tīkls" is the only electricity transmission system operator in Latvia. Electricity transmission is a regulated public service, accordingly, AST's revenues and profit are formed in accordance with the "Methodology for Calculation of Tariffs for Electricity Transmission Systems" (Methodology). In accordance with the Methodology, the transmission system operator uses a cost allocation model agreed with the PUC. The company's profit is formed from the allowed revenues that cover the economically justified costs associated with the transmission services. According to the cost allocation model agreed with the PUC, all cost and revenue items of the Parent Company (with the exception of capacity congestion management) are included in the electricity transmission tariff, so that all revenues and operating costs of the Parent Company are attributable to the electricity transmission services.

Although the revenues and costs for the avoidance of capacity congestion are not included in the calculation of electricity transmission tariffs, the aforementioned activities are inextricably linked to the management of the electricity transmission network and are therefore attributable to electricity transmission as a type of activity.

Electricity transmission (NACE code 35.12) is included in the taxonomy and technical test criteria have been developed for it (e.g. interconnected system), therefore the economic activity of AS "Augstsprieguma tīkls" is an activity that belongs to the taxonomy (100%) according to Regulation 2021/2139 (section 4.9). The turnover included in the taxonomy is determined according to the amount of revenue in the Parent Company's 2024 financial statements. The Parent Company has no revenue other than that from electricity transmission, so it is assumed that the company's total revenue meets the criteria of the taxonomy. Detailed information on the Parent Company's accounting policies for revenue recognition in accordance with International Financial Reporting Standards can be found in the Parent Company's 2024 annual financial statements, note2.9..

CAPITAL EXPENDITURES

The Parent Company makes investments in the electricity transmission network facilities in accordance with the development plan approved by the Public Utilities Commission for a period of 10 years. In 2024, the investments in the transmission system were made in accordance with the "Electricity Transmission System Development Plan 2024–2033" approved by the Public Utilities Commission, the annual capital investment plan approved by the Parent Company's Management Board and Council.

Detailed information on the investments made by the Parent Company can be found in the management report of the Parent Company's 2024 financial statements and on the website https://www.ast.lv/lv/content/elektroenergijas-parvades-sistemas-attistibas-plans.

The amount of investments included in the taxonomy is determined in accordance with the amount of investments in 2024, which are shown in Notes 10.1. and 10.2. of the Parent Company's annual financial statements for 2024. The investments include capitalised borrowing and project management costs. Detailed information on the Parent Company's accounting policies for accounting for capital expenditure in accordance with International Financial Reporting Standards can be found in the Parent Company's 2024 financial statements, note 2.3. Information on the projects implemented in 2024 in which corresponding investments were made is detailed in the table.

Project	**Investments in 2024, in thous. EUR**	**Investments in 2023, in thous. EUR**
Taxonomy-compliant projects	**162,245**	**52,188**
Baltic synchronization with continental Europe	97,477	34,188
Establishment of RES connections	16,375	-
Renovation of 330/110 kV overhead power lines	13,771	5,850
New construction, renovation and reconstruction of 110 kV substations	16,574	7,171
Replacement of 330/110 transformers	75	13
Other projects	17,973	4,966
Not applicable	**-**	**938**
Total investments	**162,245**	**53,126**

OPERATING COSTS

The operating costs reflect the costs of the Parent Company that are necessary to ensure the functions of the electricity transmission system operator. Operating costs include non-capitalised costs associated with the maintenance and upkeep of the company's assets and are necessary for the efficient and sustainable provision of electricity transmission services.

The operating costs belonging to the taxonomy are determined in accordance with the Parent Company's 2024 financial statements and include the costs of materials and repairs required to maintain the assets belonging to the taxonomy, the costs of the personnel required to maintain them and other operating costs belonging to the taxonomy that are not capitalised. Detailed information on the Parent Company's accounting policies for recognising operating costs in accordance with International Financial Reporting Standards can be found in the Parent Company's 2024 annual financial statements, note 2.

TURNOVER – PROPORTION FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES, DISCLOSURE COVERING YEAR 2024

Economic activities	Taxonomy Code	Absolute turnover	Proportion of turnover	Substantial contribution criteria						Does Not Significantly Harm (DNSH criteria)						Minimum safe guards	Taxono- my-aligned proportion of turnover 2024	Taxono- my- aligned proportion of turnover 2023	Category (enabling activity)	Category (tran- sitional activity)
				Climate change mitiga- tion	Climate change adapta- tion	Water and marine resources	Circular economy	Pollution	Biodiversi- ty and eco- systems	Climate change mitiga- tion	Climate change adapta- tion	Water and marine resources	Circular economy	Pollution	Biodiversi- ty and eco- systems					
		EUR, thous.	**%**	**%**	**%**	**%**	**%**	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**%**	**%**	**E**	**T**
A. Taxonomy- eligible activities			**100%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Transmission of electricity	4.9.	154 011	100%	100%	0%	0%	0%	0%	0%	Y	Y	N/A	Y	Y	Y	Y	100%	100%	E	
A.2. axonomy- eligible-but-not-aligned activities	4.9.	0	**0%**																	
Total (A.1. + A.2)	**4.9.**	**154 011**	**100%**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy- non-eligible activities		0	0%
TOTAL (A+B)		**154 011**	**100%**

CAPITAL EXPENDITURE – PROPORTION FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES, DISCLOSURE COVERING YEAR 2024

Economic activities	Tax- onomy Code	Absolute turnover	Propor- tion of turnover	Substantial contribution criteria						Does Not Significantly Harm (DNSH criteria)						Minimu m safe guards	Taxono- my-aligned proportion of turnover 2024	Taxono- my- aligned proportion of turnover 2023	Category (enabling activity)	Category (tran- sitional activity)
				Climate change mitiga- tion	Climate change adapta- tion	Water and marine resources	Circular economy	Pollution	Biodiversi- ty and eco- systems	Climate change mitiga- tion	Climate change adapta- tion	Water and marine resources	Circular economy	Pollution	Biodiversi- ty and eco- systems					
		EUR, thous.	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy- eligible activities			**100%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Transmission of electricity	4.9.	162 245	100%	100%	0%	0%	0%	0%	0%	Y	Y	N/A	Y	Y	Y	Y	100%	100%	E	
A.2. axonomy- eligible-but-not-aligned activities	4.9.	0	**0%**																	
Total (A.1. + A.2)	**4.9.**	**162 245**	**100%**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy- non-eligible activities		0	0%
TOTAL (A+B)		**162 245**	**100%**

OPERATING EXPENSES – PROPORTION FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES, DISCLOSURE COVERING YEAR 2024

Economic activities	Tax- onomy Code	Absolute turnover	Propor- tion of turnover	Substantial contribution criteria						Does Not Significantly Harm (DNSH criteria)						Minimu m safe guards	Taxono- my-aligned proportion of turnover 2024	Taxono- my-aligned proportion of turnover 2023	Category (enabling activity)	Category (tran- sitional activity)
				Climate change mitiga- tion	Climate change adapta- tion	Water and marine resources	Circular economy	Pollution	Biodiversi- ty and eco- systems	Climate change mitiga- tion	Climate change adapta- tion	Water and marine resources	Circular economy	Pollution	Biodiversi- ty and eco- systems					
		EUR, thous.	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy- eligible activities			**100%**																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Transmission of electricity	4.9.	125 495	100%	100%	0%	0%	0%	0%	0%	Y	Y	N/A	Y	Y	Y	Y	100%	100%	E	
A.2. axonomy- eligible-but-not-aligned activities	4.9.	0	**0%**																	
Total (A.1. + A.2)	**4.9.**	**125 495**	**100%**																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy- non-eligible activities		0	0%
TOTAL (A+B)		**125 495**	**100%**

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

Limited Assurance Report on AS "Augstsprieguma tīkls" Consolidated Sustainability Statement

To the shareholder of AS "Augstsprieguma tīkls"

Modified limited assurance conclusion

We have performed a limited assurance engagement on whether the consolidated Sustainability Statement, of AS "Augstsprieguma tīkls" (the "Company") and its subsidiary AS "Conexus Baltic Grid" (the "Group") included in section Sustainability Report (pages 9 to 135) (the "Sustainability Statement") of the accompanying Group Consolidated Sustainability Report and Group and Separate Annual Report as of and for the year ended 31 December 2024 has been prepared in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU.

Except for the effects of the matter described in the first and third paragraph of the Basis for Modified Conclusion, and except for the possible effects of the matter described in the second paragraph of the Basis for Modified Conclusion, based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Sustainability Statement of the Group as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in section Process for Identifying and Assessing Material Impacts, Risks and Opportunities of the Sustainability Statement; and
- compliance of the disclosures in the section EU Taxonomy disclosures of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

The comparative information included in the Sustainability Statement of the Group for periods before the year ended 31 December 2024 was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Bases for Modified Conclusion

As explained in section Compliance with EU Taxonomy Requirements of the Sustainability Statement, the Group has not included its material subsidiary AS "Conexus Baltic Grid" in its assessment and reporting of EU Taxonomy disclosures, accordingly, in our view, the EU Taxonomy disclosures included in the Sustainability Statement are materially misstated.

Furthermore, the Group has not performed and provided to us documented and traceable assessment of whether identified economic activity cause no significant harm to any of the other environmental objectives as required by EU Regulation 2020/852 to determine taxonomy alignment. We were therefore unable to conclude on whether the reported activity is taxonomy aligned and whether reported KPIs (Turnover, CapEx, OpEx) are not materially misstated, respectively.

Finally, the Group is required by ESRS E1-6 to disclose gross Scope 1, 2 and 3 greenhouse gas ("GHG") emissions and total GHG emissions. The Group has not disclosed material

Scope 3 categories in the Sustainability Statement. Considering the nature of the Group's operations, we have assessed that undisclosed emissions are material. Consequently, in our view, gross Scope 3 GHG emissions and total GHG emissions are materially understated, however, we were unable to quantify the amount of the misstatement.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our assurance engagement on the Sustainability Statement in Latvia.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Responsibilities for the Sustainability Statement

Management of the Group is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in section Material impact, sustainability risks and opportunities assessment approach of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for the preparation of the Sustainability Statement, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;

- preparing the disclosures in section Compliance with EU Taxonomy Requirements of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the shareholders of AS "Augstsprieguma tīkls". Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in section Process for Identifying and Assessing Material Impacts, Risks and Opportunities of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and

- Designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Group’s internal documentation of its Process; and
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in section Process for Identifying and Assessing Material Impacts, Risks and Opportunities of the Sustainability Statement.

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Group’s reporting processes relevant to the preparation of its Sustainability Statement by:
  - performing inquiries to understand the sources of the information used by management;
  - reviewing the relevant Group’s internal documentation.
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive limited assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;

- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.
- Performing inquiries of relevant personnel, analytical and substantive limited assurance procedures based on a sample basis on selected disclosures on taxonomy-eligible and taxonomy-aligned economic activities in the Sustainability Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Baltics SIA

Licence No. 55

Armine Movsisjana

Armine Movsisjana

Member of the Board

Latvian Sworn Auditor

Certificate No. 178

Riga, Latvia

25 April 2025

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

AS “AUGSTSPRIEGUMA TĪKLS” GROUP CONSOLIDATED AND AS “AUGSTSPRIEGUMA TĪKLS“ SEPARATE

ANNUAL REPORT

For the year ended 31 December 2024

Prepared in accordance with

IFRS Accounting standards as adopted in the European Union

INFORMATION ABOUT THE GROUP AND THE PARENT COMPANY

NAME OF THE PARENT COMPANY	AS "Augstsprieguma tīkls"
LEGAL STATUS	Akciju sabiedrība
NUMBER, PLACE AND DATE OF REGISTRATION OF THE PARENT COMPANY	000357556 Riga, 28 December 2001
	Re-registration in the Commercial Register on 13 November 2004 under the uniform registration number 40003575567
REGISTERED OFFICE	86 Darzciema Street 86, Riga, LV-1073, Latvia
TYPE OF PRINCIPAL ACTIVITY OF THE PARENT COMPANY	Electricity supply, NACE code 35.12
TYPE OF PRINCIPAL ACTIVITY OF THE GROUP	Electricity supply, NACE code 35.12 and pipeline transport, NACE code 49.50

SHAREHOLDER OF THE PARENT COMPANY	The Republic of Latvia, represented by the Ministry of Climate and Energy (100%)
MEMBERS OF THE MANAGEMENT BOARD AND THEIR POSITIONS	Rolands Irklis - Chairman of the Management Board Imants Zviedris – Member of the Management Board Gatis Junghāns – Member of the Management Board Arnis Daugulis – Member of the Management Board Ilze Znotiņa – Member of the Management Board (no 01.02.2024.)
MEMBERS OF THE COUNCIL AND THEIR POSITIONS	Kaspars Āboliņš – Chairman of the Council (līdz 30.12.2024.) Olga Bogdanova – Deputy Chairwoman of the Council (līdz 30.12.2024.) Olga Bogdanova – Chairwoman of the Council (no 31.12.2024.) Armands Eberhards – Member of the Council (līdz 30.12.2024.) Aigars Ģērmanis – Member of the Council (līdz 30.12.2024.) Līga Rozentāle – Deputy Chairwoman of the Council (no 31.12.2024.)
HOLDINGS IN OTHER COMPANIES	AS "Conexus Baltic Grid'" (68,46%)

REPORTING PERIOD	1 January 2024 – 31 December 2024
NAME AND REGISTERED OFFICE OF THE AUDITOR	SIA "KPMG Baltics" Commercial company licence No. 55 1 Roberta Hriša Street, Riga, LV-1045
SWORN AUDITOR IN CHARGE	Armine Movsisjana, certificate No. 178

KEY FINANCIAL AND OPERATIONAL INDICATORS

	Group*			Parent Company				
	2024	**2023**	**2022**	**2024**	**2023**	**2022**	**2021**	**2020**
FINANCIAL INDICATORS								
Revenue, thousand EUR	258,607	245,573	386,150	154,011	158,012	296,000	125,787	146,849
EBITDA, thousand EUR	108,272	88,972	72,534	40,549	39,018	40,319	35,578	42,351
Profit, thousand EUR	22,672	10,235	16,160	14,764	11,222	10,990	54,846	9,999
	31.12.2024.	**31.12.2023.**	**31.12.2022.**	**31.12.2024.**	**31.12.2023.**	**31.12.2022.**	**31.12.2021.**	**31.12.2020.**
Total assets, thousand EUR	1,529,000	1,346,940	1,276,497	1,192,977	1,022,759	957,791	909,279	905,527
Equity, thousand EUR	641,084	632,193	631,287	456,785	452,018	447,520	465,343	384,809
Loans, thousand EUR	167,038	179,937	182,797	100,420	100,393	100,367	99,966	203,284
Net cash flow from operating activity, thousand EUR	130,588	81,620	69,688	66,927	41,083	38,055	32,745	48,181
Cash and short-term deposits, thousand EUR	92,845	44,900	103,010	68,394	31,947	92,043	48,514	57,225
FINANCIAL RATIOS								
Total liquidity ratio (≥ 1.2)**	0.9	1.4	1.7	1.0	1.6	2.5	1.7	4.8
EBITDA margin	42%	36%	19%	26%	25%	14%	28%	29%
Equity ratio (≥ 35%)**	42%	47%	49%	38%	44%	47%	51%	42%
Net borrowing to EBITDA (≤ 5.0)**	0.7	1.5	1.1	0.8	1.8	0.2	1.4	3.4
PERFORMANCE INDICATORS								
Electricity transmitted to Latvian users, GWh	6,015	6,024	6,193	6,015	6,024	6,193	6,312	5,961
Natural gas transmitted, TWh	25.2	29.1	31.4		-	-	-	-
Natural gas transmitted to consumption in Latvia, TWh	8.8	8.2	8.8		-	-	-	-
Average number of employees	905	891	878	544	530	522	534	546

EBITDA - earnings before depreciation, amortisation and impairment of intangible and PPE, dividends received from a Subsidiary, finance income, financial costs and corporate income tax

Total liquidity ratio = current assets/short-term liabilities (excluding the part of short-term borrowing to be refinanced in the 2020 benchmark)

EBITDA margin = EBITDA/revenue

Equity ratio = equity/balance sheet total

Net borrowing = borrowing — cash — short-term deposits with maturity up to 3 months

* The financial and operational indicators of the Group are indicated for financial years after acquiring decisive influence in AS "Conexus Baltic Grid".

* * Next to the financial indicators, the targets set by the Parent Company are presented in brackets.

The total liquidity ratio of the Parent Company and the Group is negatively affected by the income of the following periods included in the composition of short-term liabilities, EUR 83,943 thousand, including, inter alia, the congestion fee revenue received of EUR 43,450.5 thousand, that, under the decision of the PUC, may be used to cover the costs of the transmission system services in 2025 (See Note 4).

MANAGEMENT REPORT

SIGNIFICANT FACTS AND EVENTS

Changeover to the 15-minute intraday market in Baltic countries

In December 2024, the electricity transmission system operators of the Baltic States (hereinafter also referred to as "TSOs") successfully implemented the changeover of the intraday electricity market from 60 to 15-minute trading. The changeover will improve the efficiency of the electricity market and enable better integration of renewable energies into the market.

These changes also offer electricity producers, traders or providers of balancing services the opportunity to buy and sell electricity at shorter intervals and thus match the previously planned production or consumption much more accurately with the actual situation.

Reconstructed 330 kV electrical conversion line 'Valmiera-Tsirguliina Augstsprieguma tīkls has been opened

The rebuilt 330 kV Valmiera-Tsirgulina power line was opened in June 2024. The reconstruction of the Valmiera-Tsirgulina power line was one of the most important prerequisites for the synchronisation of the Baltic electricity grids with Europe. The synchronisation of the Baltic grids with the European mainland increases the security of electricity supply in the region and at the same time contributes to the development of the European internal energy market and creates new business opportunities. The investments in equipment and technologies within the project are also one of the prerequisites for the secure connection of large renewable energy sources to the transmission grid and the achievement of the European Green Deal objectives. EUR 14 million was invested in the realisation of the project, 75% of which was co-financed by the European Union (EU).

Electrical battery equipment for the safety of the energy system delivered to AS "Augstsprieguma tīkls" in Latvia

The German company Rolls-Royce Solutions GmbH (Rolls-Royce) supplied all equipment for the construction of the battery energy storage systems ("BESS") at AS "Augstsprieguma tīkls" (also "AST" or "Parent Company") substations in Rezekne and Tume.

The establishment of BESS stations is particularly important for the security and stability of the Latvian energy supply after synchronisation with the European energy system and the balancing of the energy system by feeding in more and more electricity from renewable energy sources. Battery stations are designed to balance generation and consumption in the power system at the lowest possible cost, while providing much-needed high-speed automatic reserves for frequency regulation.

100 % EU funding from the Recovery and Resilience Facility (RePowerEU) structural funds has been mobilised for the supply and installation of battery systems in Rezekne. At the same time, the BESS in Tume and the extension of the substations associated with the connection of the BESS in Tumé and Rezekne are 75% co-financed by the Connecting Europe Facility (CEF). AST estimates that the implementation of the project will lead to measurable benefits for consumers totalling EUR 60 million over the next three years.

With a public consultation in Kurzeme, AS “Augstsprieguma tīkls” is launching work on the construction of a new 330 kV power line from Ventspils to Lithuania

The Latvian transmission system operator AS "Augstsprieguma" tīkls has started work on the intention of an important energy system security project for Kurzeme and Latvia – the construction of a new 330 kV power line from Ventspils to Lithuania. This project of common interest of the European Union is planned mainly on existing power lines. AST is organising public hearings in Targale, Kuldiga and Saldus to inform residents about the planning of the project. The realisation of the project is planned until 2033. The realisation of the project will increase the security and stability of Latvia’s electricity supply and the energy independence of the Baltic States and will enable more renewable energy sources to be connected to the grid, which will reduce the price of electricity in Latvia in the future.

The possibility of applying a discount to new users of the electricity transmission system has been created – a solution to attract production investments

In October 2024, the Public Utilities Commission (hereinafter also “PUC") approved the procedure for applying the discount to the electricity transmission tariff. These regulations stipulate that the tariff discount is applied to the charge for maintaining capacity. The discount on the user charge for maintaining transmission capacity is applied to two Groups of users: 80% if the installed capacity of a new connection is less than 25 MW, and 90% if the installed capacity of a new connection is 25 MW or more. The application of the discount to new users of the transmission network not only benefits all electricity consumers but is also a step towards increasing the competitiveness of the public investment environment in Latvia, as it creates favourable conditions for the development of businesses.

EUR 73.2 million in funds have been raised under the European Union Recovery and Resilience Facility

In October 2024, AST concluded two contracts with the Central Finance and Contracting Agency (CFLA) to finance the European Union Recovery and Resilience Facility RePowerEU Plan, for co-financing of EUR 73.2 million. As part of the EU-supported transformation of the energy sector, AST will invest in the expansion of the electricity transmission grid and the synchronisation of the Baltic States with Europe. The RePowerEU financing will provide significant support for the implementation of the AST transmission grid investment projects. By will contributing to achieve Latvia’s climate targets and increasing the share of renewable energy, as well as improving the security of the transmission grid and electricity supply in the Baltic States.

Feasibility study completed as part of the International Project ''North-Baltic Hydrogen Corridor''

Participating in the international project for the establishment of the North-Baltic Hydrogen Corridor, the European gas transmission system operators Conexus, Gasgrid Finland (Finland), Elering (Estonia), Amber Grid (Lithuania), GAZ-SYSTEM (Poland) and ONTRAS (Germany) completed a feasibility study during the reference year. The study covered the technical, legal, organisational and economic aspects necessary to implement the project. After the successful completion of the feasibility study, detailed project studies will be launched in each of the participating countries. The project has also been co-financed by the Connecting Europe Facility of EUR 6.8 million to support research activities.

Subsidiary develops solutions for the introduction of biomethane into the natural gas transmission system

In March and July 2024, direct connections were set up for the natural gas distribution network, via which the biomethane produced in biomethane plants is fed into an interconnected gas network. These are the first connections of this kind in Latvia.

In order to promote the production of biomethane in Latvia, Conexus is developing a solution that enables publicly accessible feeding of biomethane into the natural gas grid. Conexus has concluded contracts for the purchase of equipment for the biomethane injection point in the municipality of Dzukste as well as for the planning and construction of the plant. The total financing of the project from European Union funds amounts to over EUR 1.5 million. The realisation of the project is an important step in the Conexus strategy for sustainable development, which promotes the integration of green energy and more efficient use of local resources.

To foster natural diversity, AST will create urban meadows in its substations

As a contribution to the preservation and development of natural diversity, AST, in cooperation with the Latvian Nature Fund (LDF), will create urban meadows on an area of 1800 square metres at the outstations in Riga and Marupe. Following the successful implementation of this pilot project, AST will explore the possibility of creating urban meadows at other substations throughout Latvia. AST’s main activity focuses on the availability of electricity by investing in the maintenance and expansion of the electricity transmission grid, including the connection of renewable energy sources to the grid. At the same time, AST ensures that its activities are in line with the principles of sustainability in all daily processes, including contributing to the achievement of environmental sustainability goals. The urban meadow project is an example of how we can create added value for the environment through changes in the management of substations.

High Platinum rating awarded in the Sustainability Index

In the Sustainability Index hosted by the Institute for Corporate Sustainability and Accountability, AST received the high Platinum rating that confirms the compliance of corporate responsibility levels with the highest standards, as well as the welfare of its employees and customers. The evaluation also confirms the high culture of social responsibility and the company’s sustainability performance, as well as openness and transparency in the company’s activities and communication.

OVERVIEW OF THE BUSINESS MODEL

Our mission is to ensure a continuous, secure and sustainably efficient energy supply throughout Latvia. Details on the Group's business model, the overarching strategic goal and the medium-term operational strategy can be found in the "Business model and strategy" section of the Sustainability Report. Information on the shareholdings in the Subsidiary and associated company Baltic RCC can be found in Note 8 of the financial statements.

The structure of the Group is divided into three areas of activity – electricity transmission, natural gas transmission and natural gas storage. The division is based on the Group's internal organisational structure, which forms the basis for monitoring and managing the performance of the segments. Further information on the business segments and the Parent Company, the description of the business environment and the development of the business segments can be found in the "Business segments" section of the Sustainability Report.

Our values:

FINANCIAL PERFORMANCE

During the reporting period, the Augstsprieguma Tīkls Group's net turnover was EUR 258,607 thousand, and net profit was EUR 22,672 thousand.

ELECTRICITY TRANSMISSION SEGMENT

When assessing the indicators of the segment's financial and business performance, it should be noted that electricity transmission is a regulated sector under Section 5 of the Energy Law, and the PUC determines the allowed profit by setting the return on capital and approving the tariffs for the services of the electricity transmission network.

The segment's net revenue during the reporting period totalled EUR 154,011 thousand, of which EUR 93,658 thousand was revenue from electricity transmission grid services. The decrease in revenue of EUR 4,001 thousand compared to the same period in 2023, or 2.5%, is mainly related to the decrease in revenue from congestion management (by EUR 5,167 thousand) and the decrease in revenue from congestion management to cover costs (by EUR 9,636 thousand). At the same time, income from transmission services increased by EUR 8,096 thousand as a result of the change in tariffs for the transmission of electricity from 1 July 2023.

In 2024, the Parent Company had a profit of EUR 14,764 thousand, including dividends from the Subsidiary of EUR 8,171 thousand. By resolution of the PUC Council of 22 May 2023, new tariffs for services in the electricity transmission grid were approved with effect from 1 July 2023. At the same time as the aforementioned resolution, permission was granted to use the previously received congestion fee proceeds to cover the costs of transmission grid services totalling EUR 62.1 million until the end of 2025, of which EUR 4,492 thousand was used to cover costs and recognised as revenue in 2024. (see details in Note 4).

In implementing measures related to energy independence and security, as well as Latvia's climate neutrality strategy — including synchronisation, protection against cyber and physical threats, the expansion of renewable energy generation capacities, and the provision of high-quality electricity transmission services at the lowest possible tariffs — AS "Augstsprieguma tīkls" continues to focus on enhancing operational efficiency. In the benchmarking of electricity transmission system operators' efficiency conducted by the Council of European Energy Regulators (Transmission System Cost Benchmarking), AS "Augstsprieguma tīkls" was assessed as fully efficient. Nevertheless, without adequate financial and human resources — namely, a strong and motivated team — AS "Augstsprieguma tīkls" will be unable to ensure the implementation of the aforementioned additional state-delegated measures. Recruitment already presents significant challenges, and the Company has faced prolonged difficulties in attracting suitably qualified professionals. This, in turn, creates risks of overburdening existing staff and threatens the quality of service provision. Despite active recruitment efforts, as of 31 December 2024, AS "Augstsprieguma tīkls" had 27 vacant positions that must be filled during 2025. Personnel budget savings amounted to EUR 2,009 thousand in 2024

NATURAL GAS TRANSMISSION SEGMENT

Natural gas transmission segment revenue in the reporting period was EUR 44,364 thousand, and EBITDA amounted to EUR 20,244 thousand, representing 30% of Conexus' total EBITDA. The pre-tax profits of the transmission segment reached EUR 3,994 thousand, well above the profit figures for the previous year. Conexus is regulated, and the regulatory periods are different from the financial reporting year. Following the methodology for the calculation of tariffs of the natural gas transmission system service, deviations of revenues and costs may develop in the tariff period against permitted volumes, which will affect tariff values in the subsequent tariff cycles. The natural gas transmission segment derives revenue from the trade of capacities for both natural gas consumption in Latvia and international natural gas transportation.

From 1 December 2023, the existing tariffs for the natural gas transmission system service have been approved by decision of the PUC Council No. 119, 26 October 2023 (see https://law.lv/ta/id/346867). According to the abovementioned decision, from 1 December 2023, when the regulatory period of the natural gas transmission system service commenced, the payment for the starting point for the supply of Latvian users is applied, which is higher than that applied during the previous regulatory period. The increase in the fee is due to both the fact that the revenues obtained in the previous regulatory period have not covered all the costs of the service, as well as to the fact that the volume of natural gas consumption in Latvia has decreased.

NATURAL GAS STORAGE SEGMENT

Natural gas storage segment revenue in the reporting period was EUR 60,233 thousand, and EBITDA amounted to EUR 47,480 thousand. Pre-tax profits of the storage segment amounted to EUR 37,355 thousand.

The natural gas storage segment derives revenue from the storage capacity reservation, which is granted to system users in storage capacity auctions within the scope of the storage cycle. The storage cycle runs from May 1 to April 30 next year. With effect from 1 May 2024, new tariffs for the natural gas storage system service are in force (see Decision of the PUC). For basic products, which are a product of one year's Grouped capacity and a product of two years' Grouped capacity, the tariffs remain unchanged. The rate of the stock transfer product increases from 1.3581 EUR/MWh/storage cycle to 3.2260 EUR/MWh/storage cycle. The stock transfer product tariff is determined by the results of auctions for the two-year Grouped capacity product of the previous season, which in turn is determined by market demand.

INVESTMENT

ELECTRICITY TRANSMISSION SEGMENT

Capital investments in the electricity transmission system shall be implemented in accordance with the electricity transmission system development plan approved by the SPRK, implementing the projects necessary for the provision of a secure and quality electricity transmission system service. In order to minimise the impact of planned investments on the electricity transmission tariff, investments in the reconstruction and restoration of existing assets are planned in the amount of depreciation, while EU co-financing is actively attracted to the financing of projects focusing on network development, as well as accumulated congestion fee revenues.

The assets of the electricity transmission segment amounted to EUR 1,059 million at the end of the reporting period. In 2024, investments of EUR 162,245 thousand were carried out in electricity transmission assets, In the amount of EUR, including the most significant:

- EUR 97,477 thousand have been invested in synchronisation with the European electricity transmission grid (Phases 1 and 2) – according to the current forecast, EUR 236,680 thousand are to be invested in the projects of Phase 1 and Phase 2 of the Baltic synchronisation with continental Europe. The project aims to strengthen Latvia's energy security by synchronising the Latvian electricity transmission grid with the continental European grid, taking into account the principles of safety and cost efficiency.
- EUR 16,649 thousand have been invested in the reconstruction and renovation of substations – as part of the substation renovation and refurbishment projects, the equipment installed in the substation, which has reached the end of its useful life, will be completely replaced and the equipment protecting the grid elements will be replaced by installing digital and high-speed equipment with wide functionality. In addition, the upgrade of the communication solutions as a whole will ensure that the rebuilt substation can be operated not only from the workplace in the substation, but also remotely from the central control centre, and that the control centre receives all the necessary information directly for decisions and actions both during normal operation of the system and in various emergencies. These projects increase the controllability and observability of the electricity system and pave the way for the development and integration of renewable energy sources.

NATURAL GAS TRANSMISSION SEGMENT

The assets of the transmission segment totalled EUR 234 million at the end of the reporting period, which corresponds to 49% of the Subsidiary's total assets. Investments totalling EUR 9,742 thousand were made during the reporting period, the most important of which were:

- Repairs to sections of the gas pipeline and its corrosion insulation have been carried out – EUR 3,257 thousand;

- Replacement of the insulation of the gas pipeline in Izborsk-Incukalns UGS EUR 1,952 thousand;
- EUR 1,057 thousand was invested in the installation of the SCADA transmission control system.

NATURAL GAS STORAGE SEGMENT

Segment assets amounted to EUR 247 million at the end of the reporting period, representing 51% of the total assets of the Subsidiary.

EUR 37,813 thousand investments were made during the reporting period, including the most significant:

- Well conversion, installation of a new gas transfer unit and gas collection point No. 3 rebuilding – EUR 32,837 thousand invested. The project is being carried out within the framework of the ambitious project of common European importance CPI 8.2.4 Improving the operation of the Incukalns UGS facility;
- EUR 1,059 thousand were invested in creating the SCADA storage control system.

FUTURE DEVELOPMENT OF THE GROUP

Elektroenerģijas pārvade

According to the development plan of the electricity transmission system approved by the SPRK, 445 million are planned to be invested in the development of the transmission system in the next 10 years. EUR, of which 82 million euro will be co-financed by European Union funds. Fundamental changes are being made to the infrastructure and management technologies of the transmission network so that the Latvian transmission system is fully prepared for synchronous work with continental Europe. In addition, connecting large-scale renewable power plants to the transmission grid will also be a priority for AST in the coming years. The development of renewable energy power plants is an important contribution to the achievement of Latvia's energy and climate objectives. In order to ensure the smallest possible impact of the planned capital injections on electricity transmission tariffs, AST has successfully mobilised EU co-financing for projects of common European interest included in the development plan, as well as channelling the congestion fee revenue accumulated to finance them. Detailed information on the future development of the electricity transmission system as well as system management and market development, innovation and research is provided in the “Operational segments” chapter of the Sustainability Report.

NATURAL GAS TRANSMISSION AND STORAGE

Further development of the subsidiary focuses on the introduction of climate-friendly and sustainable energy solutions. In order to promote biomethane production in Latvia, Conexus develops a solution that will offer the introduction of biomethane into the natural gas transmission system to those producers whose existing or future biomethane stations are relatively far from the existing natural gas transmission infrastructure. The natural gas transmission system Development Plan 2024-2033 envisages the construction of four biomethane input points, thus developing the natural gas transmission system in Latvia. The subsidiary also participates in the international project to establish the North-Baltic Hydrogen Corridor. This project is an important component of Europe's transition to a sustainable and decarbonised energy system. Detailed information on the future development of natural gas transmission and storage segments is provided in the activity segments chapter of the Sustainability Report'.

FINANCING AND LIQUIDITY

Capital expenditure projects are financed by means of equity and external long-term financing, which is raised regularly and in good time on the financial and capital markets. The timely mobilisation of external funds is essential to ensure optimal risk management in the refinancing of loans and the repayment of loan amounts within the binding period.

The total amount of the Parent Company's loans as at 31 December 2024 was EUR 100,420 thousand (as at 31 December 2023 – EUR 100,393 thousand), consisting of long-term loans from green bonds issued in 2021 (see also Note 20). On 9 December 2022, an overdraft agreement of up to EUR 10,000 thousand was concluded with AS "Swedbank" in order to secure the funds available to finance current assets. In addition to the provision of liquidity on 13 January 2025, an overdraft agreement of up to EUR 10,000 thousand was concluded with AS "SEB Bank" with a term until 10 January 2027. AS "Augstsprieguma tīkls" did not receive any loans under the overdraft agreement during the reporting period. In addition, a loan agreement was concluded with AS "Luminor Bank" with a limit of up to EUR 80,000 thousand on 20 December 2024 to ensure the financing of investments and with availability until 20 December 2025. During the reporting period, the Parent Company did not receive any loans within the aforementioned loan agreement. At the end of the reporting period, 100% of the total amount of the Parent Company's long-term loans had a fixed interest rate (31 December 2023: 100%). At the end of the reporting period, the weighted average interest rate for the Parent Company's long-term loans remained unchanged at 0.5% (31 December 2023: 0.5%).

As at 31 December 2024, the Group's total loan volume will amount to EUR 167,038 thousand, including EUR 100,420 thousand in bonds issued and loans from credit institutions amounting to EUR 66,619 thousand. The natural gas operator Conexus Baltica Grid utilises external financing with its funds. At the end of the reporting period, 76% of the Group's total long-term loans had a fixed interest rate (31 December 2023: 71%), meaning that the increase in interest rates on the financial market has no material impact on the Group. The Group's weighted average interest rate for long-term loans was 1.50% at the end of the reporting period (31 December 2023: 1.74%). All of the Group's loans are denominated in euros and are not collateralised.

Due to the downgrade of Latvia's long-term credit rating, the international rating agency S&P Global Ratings changed the outlook for the high investment grade credit rating of AS "Augstsprieguma tīkls" from positive to stable.

CORPORATE GOVERNANCE

Simultaneously with the financial performance of Augstsprieguma tīkls Group, AS "Augstsprieguma tīkls" Corporate Governance Report for 2024"was published. In accordance with the Law on Governance of Capital Shares of a Public Person and Capital Companies (hereinafter "Governance Law") and Cabinet Regulation No. 175 of 15 March 2022, a Corporate Governance Report has been prepared in accordance with the Latvian Corporate Governance Code "Recommendations for Good Corporate Governance for Companies in Latvia".

In assessing compliance with both the capital company governance systems and principles in 2024, the Management Board considers that AS "Augstsprieguma tīkls" has met all the principles laid down in the Code in material respects.

Details are available in the AS "Augstsprieguma tīkls" Corporate Governance Report for 2024, published on the Parent Company's website: https://www.ast.lv/lv/content/korporativas-parvaldibas-modelis.

NON-FINANCIAL STATEMENT

The Augstsprieguma Tīkls Group's non-financial statements (Sustainability Report) has been prepared in compliance with the requirements of the Sustainability Disclosure Law, as well as Section 56 of the Financial Instruments Market Law.

The Augstsprieguma tīkls Group's consolidated and AS "Augstsprieguma tīkls" separate non-financial statement (Sustainability Report) has been prepared under the requirements of the thematic standards of European Sustainability Reporting standards (hereinafter also "ESRS") and is published together with the management report as part of the consolidated annual report. This is the first report prepared to meet the requirements of the ESRS. Previously, the non-financial statement (Sustainability Review) had been prepared under the requirements of the standards of the Global Reporting Initiative (GRI standards).

The mentioned report is publicly available on the homepage of the Parent Company: https://www.ast.lv/lv/content/ilgtspejas-parskati and included in this document together with Group's consolidated and Parent company separate Annual Report.

FINANCIAL RISK MANAGEMENT

The Augstsprieguma tīkls Group's financial risk management is implemented following the Financial Risk Management Policy and the Financial Risk Management Regulations subordinate thereto.

The Group's Subsidiary develops and approves its Financial risk Management policies, which are coordinated with the basic principles included in the Group's policy.

Financial resource management focuses on ensuring the financing and financial stability of economic activities through conservative financial risk management. As part of financial risk management, the Group and the Parent Company use financial risk controls and take risk hedging measures, reducing risk in open positions.

LIQUIDITY RISK

The liquidity risk relates to the ability of the Group and Parent Company to meet their obligations within the time limits set. For unpredictable fluctuations in cash flow and short-term liquidity hedges due to operational risk, the Group and the Parent Company shall provide a buffer in the form of cash or subscribed and irrevocably available credit facilities for the following 24 months.

The Group and Parent Company shall comply with prudent liquidity risk management by ensuring that it has adequate financial resources available to settle the liabilities within the time limits set. By providing the necessary financial resources to cover the liabilities, a long-term loan agreement of EUR 80,000 thousand was made available to the Parent Company on 31 December 2024. In the amount of EUR, as well as an overdraft of EUR 10,000 thousand In the amount of EUR. In addition to providing liquidity, the Parent Company entered into an overdraft agreement of EUR 10,000 thousand in January 2025. In the amount of EUR. At the end of the reporting period, a long-term loan agreement of EUR 125,000 thousand was available to the Group (see also "Financing and liquidity").

Management believes it will not have a liquidity problem and the Augstsprieguma tīkls Group will be able to settle with creditors within the specified deadlines. Management believes the Augstsprieguma Tīkls Group will have enough cash resources for the Group to keep its liquidity out of jeopardised.

INTEREST RATE RISK

Interest rate risk arises mainly from borrowings for which a floating interest rate has been fixed, leading to a risk of significant increases in financial costs due to an increase in interest rates. For hedging purposes, the Financial Risk Management Regulations of the Group and Parent Company state that the proportion of fixed-rate or rate with limited increases in the borrowing portfolio may not be less than 35%. At the end of the reporting period, 100% of the Parent Company and 76% of the long-term loans of the Group were at a fixed rate of credit interest.

CREDIT RISK

The financial assets that potentially expose the Group and the Parent Company to a certain degree of risk concentration are primarily monies and debts from contracts with customers. Credit risk may be linked to financial counterparty risk and counterparty risk.

In performing economic activity, the Group and the Parent Company co-operate with local and foreign financial institutions. Consequently, there is a risk for financial counterparties that, in the event of the insolvency or suspension of the partners, Group and the Parent Company may suffer losses. In the case of tied external financing, the risk exists until the loan is withdrawn and transferred to one of the co-operation banks of the Group or the Parent Company.

The credit risk arising from the funds of the Group and the Parent Company in current accounts shall be managed under the Group's Financial Risk Management Policy and Financial Risk Management Regulations, balancing the placement of the funds.

Under the Financial Risk Management Policy, counterparties with a minimum credit rating established by an international credit rating agency of their own or parent banks, at least at the level of the investment grade, shall be accepted in cooperation with banks and financial institutions.

In performing economic activity, the Group and the Parent Company co-operate with local and foreign merchants. This creates a risk for counterparties or debtors: in the event of the insolvency or suspension of the counterparties, Group or the Parent Company may suffer losses. The Law on International and National Sanctions of the Republic of Latvia prescribes financial and civil restrictions for entities included in the sanctions list, including freezing of financial funds. In light of the above, in addition to legal and reputational risks, cooperation with a Group of sanctioned entities or a Parent Company poses a risk of default of the contract.

The Parent Company has developed internal procedures for the management of the referred to risks, including ensuring monitoring of co-operation partners, as well as providing for the right to unilaterally withdraw from performance of the contract in procurement contracts, if the contract cannot be performed due to the application of international or national sanctions or sanctions imposed by a Member State of the European Union or North Atlantic Treaty Organisation affecting the interests of the financial market Grouping the counterparty.

Although the Group and the Parent Company have a significant concentration of debtors' risk in respect of one counterparty or similar Group of counterparties, this risk is to be assessed as limited, taking into account that the main counterparty is a State-owned commercial company – the joint stock company Latvenergo, as well as capital companies of its Group, with a high credit rating Baa2 (investment grade rating) and a stable future perspective granted by Moody's to the AS Latvenergo Group.

The credit risk associated with the receivables shall be managed under the risk management measures set out in the Financial Risk Management Rules, monthly, but not less than quarterly, through the analysis of the receivables.

CAPITAL RISK MANAGEMENT

The shareholder of the Parent Company is the Republic of Latvia (100%). The purpose of capital risk management is to ensure the sustainable operation and development of the Group of companies and the Parent Company, financing necessary for the implementation of the development plan in transmission assets, fulfilment of the restrictive conditions specified in the loan agreements. The restrictive conditions laid down in the borrowing agreements have not been infringed. Regular analysis of the equity creator is carried out to ensure that the restrictive conditions laid down in the borrowing agreements are met.

CIRCUMSTANCES AND EVENTS AFTER THE END OF THE REPORTING PERIOD

On 9 February 2025, the Baltic States successfully synchronised their electricity transmission systems with mainland Europe, strengthening the region's energy resilience and independence. The synchronisation enables the Baltic States to manage their electricity grids in close cooperation with other continental European countries, ensuring stable and reliable frequency regulation and thus significantly improving regional energy security.

In the period from the last day of the reporting period to the date of signing these financial statements, no other events have occurred that have a material impact on the consolidated financial statements of the Augstsprieguma Tīkls Group and AS "Augstsprieguma tīkls''.

PROPOSAL FOR PROFIT-SHARING

The distribution of profits for 2024 is decided by the shareholders' meeting of AS "Augstsprieguma tīkls". AS "Augstsprieguma tīkls" profit for 2024 was a profit of 14,764 thousand.

Rolands Irklis	Arnis Daugulis	Imants Zviedris	Gatis Junghāns	Ilze Znotiņa
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Riga, 25 April 2025

This document has been signed electronically with a secure electronic signature and contains a time stamp.

STATEMENT OF

THE RESPONSIBILITY OF THE MANAGEMENT BOARD

STATEMENT OF THE RESPONSIBILITY OF THE MANAGEMENT BOARD

The Management Board of AS “Augstsprieguma tīkls” is responsible for preparing the financial statements of the Augstsprieguma Tīkls Group and AS “Augstsprieguma tīkls”.

Based on the information at the disposal of the Management Board of AS “Augstsprieguma tīkls”, the 2024 financial statements of the Augstsprieguma Tīkls Group and AS “Augstsprieguma tīkls”, prepared under IFRS accounting standards adopted in the European Union, provide a true and fair view of the assets, liabilities, financial position and profit or loss of and cash flows of the Augstsprieguma Tīkls Group and AS “Augstsprieguma tīkls” in all material aspects. The information provided in the Management report is true.

Rolands Irklis	Arnis Daugulis	Imants Zviedris	Gatis Junghāns	Ilze Znotiņa
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

Riga, April 25, 2025

This document has been signed electronically with a secure electronic signature and contains a time stamp.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS

	Notes	Parent Company		Group	
		2024 EUR	2023 EUR	2024 EUR	2023 (restated) EUR
Revenue * *	4	154,010,651	158,012,093	258,607,128	245,572,646
Other revenue	5	12,033,125	7,697,696	14,020,475	8,746,743
Raw materials and consumables used * *	6	(77,334,682)	(75,454,444)	(94,873,293)	(93,344,198)
Personnel costs	7	(23,469,152)	(21,970,852)	(40,799,189)	(37,956,505)
Other operating expenses	8	(24,691,284)	(29,266,278)	(28,682,732)	(34,046,785)
EBITDA *		**40,548,658**	**39,018,215**	**108,272,389**	**88,971,901**
Depreciation, amortisation and impairment	10.4	(36,207,837)	(35,359,819)	(83,319,835)	(77,040,697)
Operating profit		**4,340,821**	**3,658,396**	**24,952,554**	**11,931,204**
Income from investments in the capital of associated undertakings		20,000	8,333	20,000	8,333
Dividends received from the Subsidiary	11.1	8,170,968	5,719,677	-	-
Finance income	9a	2,645,574	2,518,116	3,350,090	2,604,691
Finance costs	9b	(412,912)	(682,206)	(3,005,124)	(3,072,095)
Profit before tax		**14,764,451**	**11,222,316**	**25,317,520**	**11,472,133**
Corporate income tax	15	-	-	(2,645,051)	(1,237,036)
Profit for the year		**14,764,451**	**11,222,316**	**22,672,469**	**10,235,097**
Attributable to:					
Parent Company’s shareholder		14,764,451	11,222,316	17,601,157	8,742,479
Non-controlling interests		-	-	5,071,312	1,492,618

* An explanation of the addition of an additional non-IFRS indicator is provided in Note 2.
* * Profit split between Parent Company's shareholder and non-controlling interests restated, and reclassified revenue presentation for 2023; additional explanation given in Note 2.13
The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis,	Arnis Daugulis,	Imants Zviedris,	Gatis Junghāns,	Ilze Znotiņa,	Māra Grava
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Head of the Department of Finance and Accounting

Riga, April 25, 2025
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STATEMENT OF COMPREHENSIVE INCOME

	Notes	Parent Company		Group	
		2024 EUR	2023 EUR	2024 EUR	2023 (restated) EUR
PROFIT FOR THE REPORTING PERIOD		**14,764,451**	**11,222,316**	**22,672,469**	**10,235,097**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Outcome of the assessment of post-employment benefits	18	119,989	309,558	99,406	339,038
Total other comprehensive income in the accounting year		**119,989**	**309,558**	**99,406**	**339,038**
TOTAL comprehensive income in the reporting year		**14,884,440**	**11,531,874**	**22,771,875**	**10,574,135**
Comprehensive income is attributable to:					
Shareholder of the Parent Company *		14,884,440	11,531,874	17,707,055	9,072,219
Minority interest*		-	-	5,064,820	1,501,916

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

* Comprehensive income split between Parent Company's shareholder and non-controlling interests restated for 2023; additional explanation given in Note 2.13.

Rolands Irklis,
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Arnis Daugulis,
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Māra Grava
Head of the Department of Finance and Accounting

Riga, April 25, 2025

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STATEMENT OF FINANCIAL POSITION

	Notes	Parent Company		Group	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
		EUR	EUR	EUR	EUR
ASSETS					
Non-current assets					
Intangible assets	10.1	5,069,863	3,270,461	24,250,431	21,261,040
Advance payments for intangible assets		-	-	69,841	40,700
Property, plant and equipment	10.2	823,997,734	699,082,116	1,231,574,613	1,106,603,680
Advance payments for property, plant and equipment	10.2	36,245,632	-	37,167,647	2,483,546
Right-of- use assets	10.3	13,524,306	14,398,940	13,959,520	14,847,298
Long-term financial investments	11	134,469,726	134,449,726	74,755	54,755
Long-term prepayments		750,392	674,022	1,038,818	674,022
Total non-current assets		**1,014,057,653**	**851,875,265**	**1,308,135,625**	**1,145,965,041**
Current assets					
Inventories	12	429,253	385,559	5,545,188	5,063,168
Receivables from contracts with customers	13	25,630,172	18,858,315	37,005,834	30,413,434
Other short-term receivables	14	84,466,247	38,924,866	85,468,144	39,830,252
Bank deposits	14	-	80,767,903	-	80,767,903
Cash and cash equivalents	16	68,393,991	31,946,690	92,845,145	44,900,140
Total current assets		**178,919,663**	**170,883,333**	**220,864,311**	**200,974,897**
TOTAL ASSETS		**1,192,977,316**	**1,022,758,598**	**1,528,999,936**	**1,346,939,938**

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis,
Chairman of the Management Board

Arnis Daugulis,
Member of the Management Board

Imants Zviedris,
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Māra Grava
Head of the Department of Finance and Accounting

Riga, April 25, 2025
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STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	Parent Company		Group	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023 (restated)
		EUR	EUR	EUR	EUR
EQUITY AND LIABILITIES					
Equity					
Share capital	17a	395,555,050	391,598,534	395,555,050	391,598,534
Reserves	17b	35,628,701	36,237,699	36,218,861	36,841,950
Retained earnings*		25,601,606	24,181,804	108,894,000	104,637,492
Equity attributable to equity holders of the parent*		**456,785,357**	**452,018,037**	**540,667,911**	**533,077,976**
Non-controlling interests*	**17c**	**-**	**-**	**100,416,021**	**99,114,988**
Total equity		**456,785,357**	**452,018,037**	**641,083,932**	**632,192,964**
Non-current liabilities					
Employee benefits	18	3,155,209	3,261,894	4,579,576	4,593,371
Lease liabilities	20	13,227,219	14,036,873	13,671,325	14,487,671
Borrowings	20	100,419,719	100,393,137	147,196,601	165,962,034
Deferred income from contracts with customers	19a	50,442,317	37,477,190	50,442,317	37,477,190
Other deferred income	19a	380,810,246	321,491,137	422,100,566	347,562,011
Deferred tax liabilities*	15	-	-	3,299,741	3,638,647
Total non-current liabilities		**548,054,710**	**476,660,231**	**641,290,126**	**573,720,924**
Current liabilities					
Borrowings	20	-	-	19,841,888	13,974,779
Lease liabilities	20	855,303	843,802	882,507	871,006
Deferred income from contracts with customers	19b	4,440,398	4,117,311	4,442,669	4,121,786
Other deferred income	19b	83,943,327	39,115,919	84,930,048	40,090,402
Trade payables	21	50,692,048	24,772,634	60,107,843	30,554,225
Other liabilities	21	48,206,173	25,230,664	76,420,923	51,413,852
Total current liabilities		**188,137,249**	**94,080,330**	**246,625,878**	**141,026,050**
TOTAL EQUITY AND LIABILITIES		**1,192,977,316**	**1,022,758,598**	**1,528,999,936**	**1,346,939,938**

* Retained earning split between Parent company's shareholder and non-controlling interests restated and deferred tax liabilities reclassified for 2023, additional explanation given in Note 2.13

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis,	Arnis Daugulis,	Imants Zviedris,	Gatis Junghāns,	Ilze Znotiņa,	Māra Grava
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Head of the Department of Finance and Accounting

Riga, April 25, 2025

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STATEMENT OF CHANGES IN EQUITY

	Notes	Parent Company						
		Share capital EUR	Retained earnings EUR	Other reserves EUR	PPE revaluation reserve EUR	Post-employment benefit measurement reserve EUR	Reorganisation reserve EUR	Total EUR
At 31 December 2022		**391,598,534**	**19,336,624**	**2,680,615**	**61,496,142**	**(255,243)**	**(27,336,704)**	**447,519,968**
Profit for the year		-	11,222,316	-	-	-	-	11,222,316
Other comprehensive income for the reporting year		-	-	-	-	309,558	-	309,558
Total comprehensive income for the year		-	**11,222,316**	-	-	**309,558**	-	**11,531,874**
Dividends paid	17a	-	(7,033,805)	-	-	-	-	(7,033,805)
Write-down of PPE revaluation reserve		-	656,669	-	(656,669)	-	-	-
Total transactions with shareholders and other changes in equity		-	**(6,377,136)**	-	**(656,669)**	-	-	**(7,033,805)**
At 31 December 2023		**391,598,534**	**24,181,804**	**2,680,615**	**60,839,473**	**54,315**	**(27,336,704)**	**452,018,037**
Profit for the year		-	14,764,451	-	-	-	-	14,764,451
Other comprehensive income for the reporting year		-	-	-	-	119,989	-	119,989
Total comprehensive income for the year		-	**14,764,451**	-	-	**119,989**	-	**14,884,440**
Dividends paid	17a	-	(10,117,120)	-	-	-	-	(10,117,120)
Share capital increase	17a	3,956,516	(3,956,516)	-	-	-	-	-
Write-down of PPE revaluation reserve		-	728,987	-	(728,987)	-	-	-
Total transactions with shareholders and other changes in equity		**3,956,516**	**(13,344,649)**	-	**(728,987)**	-	-	**(10,117,120)**
At 31 December 2024		**395,555,050**	**25,601,606**	**2,680,615**	**60,110,486**	**174,304**	**(27,336,704)**	**456,785,357**

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis,
Chairman of the Management Board

Arnis Daugulis,
Member of the Management Board

Imants Zviedris,
Member of the Management Board

Gatis Junghāns,
Member of the Management Board

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Member of the Management Board

Māra Grava
Head of the Department of Finance and Accounting

Riga, April 25, 2025

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STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Notes	Group								
		Attributable to the shareholder of the Parent Company								
		Share capital EUR	Retained earnings EUR (restated)	Other reserves EUR	PPE revaluation reserve EUR	Post-employment benefit measurement reserve EUR	Reorgani-sation reserve EUR	Total EUR	Non-controlling interest EUR (restated)	Total EUR
At 31 December 2022		**391,598,534**	**102,272,149**	**2,680,615**	**60,709,279**	**(472,472)**	**(25,748,543)**	**531,039,562**	**100,247,555**	**631,287,117**
Profit for the year (as previously reported)		-	4,865,885	-	-	-	-	4,865,885	5,369,212	**10,235,097**
Correction^		-	3,876,594	-	-	-	-	3,876,594	(3,876,594)	-
Profit for the year *(restated)		-	8,742,479	-	-	-	-	8,742,479	1,492,618	**10,235,097**
Other comprehensive income for the reporting year		-	-	-	-	329,740	-	329,740	9,298	**339,038**
Total comprehensive income for the year (restated)*		**-**	**8,742,479**	**-**	**-**	**329,740**	**-**	**9,072,219**	**1,501,916**	**10,574,135**
Dividends paid	17a	-	(7,033,805)	-	-	-	-	(7,033,805)	(2,634,483)	**(9,668,288)**
Write-down of PPE revaluation reserve		-	656,669	-	(656,669)	-	-	-	-	-
Total transactions with shareholders and other changes in equity		**-**	**(6,377,136)**	**-**	**(656,669)**	**-**	**-**	**(7,033,805)**	**(2,634,483)**	**(9,668,288)**
At 31 December 2023		**391,598,534**	**104,637,492**	**2,680,615**	**60,052,610**	**(142,732)**	**(25,748,543)**	**533,077,976**	**99,114,988**	**632,192,964**
Profit for the year		-	17,601,157	-	-	-	-	17,601,157	5,071,312	**22,672,469**
Other comprehensive income for the reporting year		-	-	-	-	105,898	-	105,898	(6,492)	**99,406**
Total comprehensive income for the year		**-**	**17,601,157**	**-**	**-**	**105,898**	**-**	**17,707,055**	**5,064,820**	**22,771,875**
Dividends paid	17a	**-**	**(10,117,120)**	**-**	**-**	**-**	**-**	**(10,117,120)**	(3,763,787)	**(13,880,907)**
Share capital increase	17a	3,956,516	(3,956,516)	-	-	-	-	-	-	-
Write-down of PPE revaluation reserve		-	728,987	-	(728,987)	-	-	-	-	-
Total transactions with shareholders and other changes in equity		**3,956,516**	**(13,344,649)**	**-**	**(728,987)**	**-**	**-**	**(10,117,120)**	**(3,763,787)**	**(13,880,907)**
At 31 December 2024		**395,555,050**	**108,894,000**	**2,680,615**	**59,323,623**	**(36,834)**	**(25,748,543)**	**540,667,911**	**100,416,021**	**641,083,932**

* Profit split between Parent Company's shareholder and non-controlling interests restated for 2023; additional explanation given in Note 2.13

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis, Chairman of the Management Board

Arnis Daugulis, Member of the Management Board

Imants Zviedris, Member of the Management Board

Gatis Junghāns, Member of the Management Board

Ilze Znotiņa, Member of the Management Board

Māra Grava Head of the Department of Finance and Accounting

Riga, April 25, 2025

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STATEMENT OF CASH FLOWS

	Notes	Parent Company		Group	
		2024 EUR	2023 EUR	2024 EUR	2023 EUR
I. Cash flow from operating activities					
Profit before tax		**14,764,451**	**11,222,316**	**25,317,520**	**11,472,133**
Adjustments:					
Amortisation of intangible assets, depreciation and impairment of property, plant and equipment	10	35,287,335	34,439,412	82,386,189	76,107,145
Depreciation of right-of-use assets	10	920,502	920,407	933,646	933,552
Disposal of intangible assets and property, plant and equipment	10	225,756	470,465	182,105	1,171,596
Increase in provisions		13,304	277,267	106,194	256,976
Interest expense	9	782,984	859,260	3,518,245	3,461,552
Interest income	9	(2,641,080)	(2,510,429)	(3,345,596)	(2,596,349)
Dividends from the Subsidiary	11.1	(8,170,968)	(5,719,677)	-	-
Income from investments in associates		(20,000)	(8,333)	(20,000)	(8,333)
Operating profit before changes in the working capital		**41,162,284**	**39,950,688**	**109,078,303**	**90,798,272**
Adjustments:					
Receivables from contracts with customers, deposits, and other short-term receivables increase		(3,266,122)	(26,560,812)	(3,471,602)	(25,927,560)
Decrease / (increase) in inventories		(43,694)	39,967	(482,020)	(946,707)
Increase in trade payables and amounts due to other creditors		26,440,163	26,743,278	27,908,657	21,384,067
Gross cash flow from operating activities		**64,292,631**	**40,173,121**	**133,033,338**	**85,308,072**
Interest paid		(36,694)	(102,708)	(2,777,064)	(2,671,204)
Lease interest paid	20	(219,708)	(230,114)	(240,220)	(250,897)
Interest received		3,391,095	1,742,526	4,055,846	1,822,631
Expenditure on debt securities issued	20	(500,000)	(500,000)	(500,000)	(500,000)
Corporate income tax paid	15	-	-	(2,983,957)	(2,088,770)
Net cash flow from operating activities		**66,927,324**	**41,082,825**	**130,587,943**	**81,619,832**

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis,
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Ilze Znotiņa,
Member of the Management Board

Māra Grava
Head of the Department of Finance and Accounting

Riga, April 25, 2025
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STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	Parent Company		Group	
		2024 EUR	2023 EUR	2024 EUR	2023 EUR
II. Cash flow from investing activities					
Acquisition and creation of property, plant and equipment and intangible assets		(174,740,720)	(53,292,108)	(218,416,667)	(82,751,758)
Sale of property, plant and equipment		64,843	373,272	125,094	378,061
EU funding received	19	55,881,228	22,230,789	72,203,423	24,371,953
Congestion fees received	19	11,104,799	11,656,486	11,104,799	11,656,486
Bank deposits placed		80,000,000	(80,000,000)	80,000,000	(80,000,000)
Dividends received from the Subsidiary	11	8,170,968	5,719,677	-	-
Net cash flow from investing activities		**(19,518,882)**	**(93,311,884)**	**(54,983,351)**	**(126,345,258)**
III. Cash flow from financing activities					
Lease payments	20	(844,021)	(833,070)	(871,225)	(839,490)
Borrowings from credit institutions	20	-	-	-	10,000,000
Repayment of borrowings from credit institutions	20	-	-	(12,899,286)	(12,899,286)
Dividends paid	17	(10,117,120)	(7,033,805)	(13,889,076)	(9,645,398)
Net cash flow from financing activity		**(10,961,141)**	**(7,866,875)**	**(27,659,587)**	**(13,384,174)**
Net cash increase during the reporting period		**36,447,301**	**(60,095,934)**	**47,945,005**	**(58,109,600)**
Cash and cash equivalents at the beginning of the reporting year		31,946,690	92,042,624	44,900,140	103,009,740
Cash and cash equivalents at the end of the reporting year		**68,393,991**	**31,946,690**	**92,845,145**	**44,900,140**

The Notes presented on pages 173 to 258 form an integral part of these financial statements.

Rolands Irklis,	Arnis Daugulis,	Imants Zviedris,	Gatis Junghāns,	Ilze Znotiņa,	Māra Grava
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Head of the Department of Finance and Accounting

Riga, April 25, 2025

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NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. General information about the group

The main activity of the Augstsprieuma Tīkls Group is ensuring the functions of the electricity transmission system operator, efficient management of the energy supply system assets, transmission and storage of natural gas.

The Augstsprieguma Tīkls Group (hereinafter "the Group") includes the Parent Company AS "Augstsprieguma tīkls" (hereinafter "AST" or "Parent Company"), the Subsidiary AS "Conexus Baltic Grid" (hereinafter "Conexus" or "Subsidiary"), and the associated company "Baltic RCC"OÜ.

All shares of AS "Augstsprieguma tīkls" are owned by the State and are held by the Ministry of Climate and Energy of the Republic of Latvia. The registered office of the Parent Company is Dārzciema iela 86, Riga, LV-1073, Latvia.

The Management Board and Council of the Augstsprieguma tīkls Group:

Members of the Management Board and their positions	Rolands Irklis - Chairman of the Management Board Imants Zviedris – Member of the Management Board Gatis Junghāns – Member of the Management Board Arnis Daugulis – Member of the Management Board Ilze Znotiņa – Member of the Management Board (no 01.02.2024.)
Members of the Council and their positions	Kaspars Āboliņš – Chairman of the Council (līdz 30.12.2024.) Olga Bogdanova- Chairwoman of the Council (no 31.12.2024.) Olga Bogdanova – Deputy Chairwoman of the Council (līdz 30.12.2024.) Armands Eberhards – Member of the Council (līdz 30.12.2024.) Aigars Ģērmanis – Member of the Council (līdz 30.12.2024.) Līga Rozentāle – Deputy Chairwoman of the Council (no 31.12.2024.)

AS "Augstsprieguma tīkls" is a transmission system operator which, under licence No. E12001 issued by the Public Utilities Commission ensures the operation of the transmission network and security of electricity supply of the Latvian electricity system, provides transmission service based on published tariffs for transmission service and ensures the continuous availability of transmission system services. AS "Augstsprieguma tīkls" carries out operational control of the transmission network and ensures safe and stable transmission of electricity. The Group's subsidiary 'Conexus Baltic Grid' is an independent operator of a single natural gas transmission and storage system in Latvia, which manages one of the most modern natural gas storage facilities in Europe - the Incukalns underground natural gas storage facility - and the main natural gas transmission system connecting the Latvian natural gas market with the transmission systems of other countries. Conexus takes care of the sustainability and safety of the infrastructure, a high-quality service that fosters market development and provides economic benefits for customers and society as a whole. Conexus' natural gas transport and storage services are regulated by the Public Utilities Commission. The Group's association "Baltic RCC" OÜ is the Baltic Regional Co-ordination Centre in Tallinn, whose main task is to coordinate the planning of electricity system development and the day-to-day activities of individual operators to ensure the security of electricity supply.

The annual financial statements were approved by the Management Board of directors of the Parent Company on 25 April 2025 in the following composition: Rolands Irklis (Chairman of the Management Board), Imants Zviedris (a member of the Management Board), Gatis Junghāns (a member of the Management Board), Arnis Daugulis (a member of the Management Board), Ilze Znotiņa (a member of the Management Board). The decision to approve the annual financial statements is taken at the annual meeting of shareholders.

The auditor of the Parent Company and the Group is the auditing firm SIA "KPMG Baltics", and the auditor in charge is Armine Movsisjana.

2. Material accounting policies

This section sets out the material accounting policies applied in the preparation of the financial statements. These principles are applied consistently and reflect the data for all periods covered by the report. The accounting policies set out in this section are applied consistently throughout the reporting period, unless otherwise stated.

Consolidated and separate financial statements are prepared in accordance with IFRS Accounting standards recognised as adopted by the European Union (hereinafter IFRS accounting standards).

The consolidated and separate financial statements are prepared based on the historical cost basis, with the exception of classes of specific property, plant and equipment, which are recognised at revalued amount (see Notes 2.3 and 10.2). The profit or loss statement is classified by type of expense. The Cash flows from operating activity is prepared using the indirect method. Cash flows from investing activities and cash flows from financing activities are prepared using the direct method.

The non-IFRS indicator EBITDA is recognised in the profit or loss statement. This presentation is standard in the industry and ensures better comparability with other companies operating in this sector. EBITDA as part of these financial statements is calculated as profit before depreciation and amortisation, dividends received from the subsidiary, finance income, finance costs and corporation tax. EBITDA may be calculated differently in the annual financial statements of other companies.

The financial indicators in the financial statements are presented in the official currency of the Republic of Latvia, the euro (hereinafter referred to as EUR).

The financial statements provide the comparability of indicators. In cases where the presentation of financial reporting is changed in the reporting year, the comparative indicators are reclassified to ensure their comparability.

The financial statements cover the period from 1 January to 31 December 2024.

The consolidated financial statements of the Group include the financial results of the subsidiary AS "Conexus Baltic Grid" from the date of acquisition of the Subsidiary:

Subsidiary	Country	Type of business	Foundation/acquisition date	Participation
AS “Conexus Baltic Grid”	Latvia	Transmission and storage of natural gas Transport of pipelines (NACE code 49.50)	21.07.2020	68.46%

Standards and interpretations applicable in the reporting year

The following standards issued and EU approved by the International Accounting Standards Board (IASB), amendments thereto or new interpretations applied in the preparation of these financial statements have entered into force during the reporting year:

- Classification of liabilities as short - or long-term - Amendments to IAS 1,
- Long-term commitments under specific conditions — Amendments to IAS 1,
- Amendments to IFRS 16 - Leases: lease obligations in sales and leaseback,
- Financing agreements with suppliers – Amendments to IAS 7 and IFRS 7.

The application of these new amendments and interpretations of existing standards did not have a significant impact on the Parent Company’s and the Group’s financial statements.

Standards or interpretations in force for the first time for reference periods beginning after 1 January 2024

At the date of approval of the financial statements, there are the following new standards, amendments to existing standards and interpretations that have been issued by the IASB but have not yet entered into force:

Effective date	New or updated standards	EU approved
01.01.2025	Non-interchangeability (amendments to IAS 21);	12 November 2024
01.01.2026	Amendments to the classification and evaluation of financial instruments (amendments to IFRS 9 and IFRS 7);	In process
01.01.2026	Annual improvements to IFRS Accounting standards volume 11 (issued 18 July 2024)	In process
01.01.2027	IFRS 18: Reporting and disclosure in financial statements (issued on 9 April 2024)	In process
01.01.2027	IFRS 19: IFRS subsidiaries without public liability: disclosure (issued on 9 May 2024)	In process

The Parent Company and the Group expect that, except for IFRS 18, the adoption of these standards and amendments to existing standards will have no significant impact on financial statements during the initial application period.

Consolidation

a) Subsidiaries

A subsidiary is a company controlled by the Parent Company. A Parent Company controls another company if it receives a variable return from its interests in the company or is entitled to variable returns, and has the ability to affect the amount of those returns through its power to direct the activities of the subsidiary (IFRS 10 Consolidated Financial Statements).

The financial statements of the subsidiary are consolidated from the date on which the parent company obtains control over the subsidiary, and consolidation is discontinued when this control ceases.

All intercompany transactions, intercompany balances and unrealised gains on intercompany transactions are eliminated. Unrealised losses are also excluded but are considered an indicator of impairment of the transferred asset. Where necessary, the Group's subsidiaries' accounting and valuation methods are changed to ensure consistency with the Group's accounting and valuation methods.

Investments in equity of subsidiaries are recognised in the Parent Company's separate financial statements at historical cost less impairment losses, if any. An impairment loss is recognised for the amount by which the carrying amount of an investment in a subsidiary exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal or value in use. Previous impairments (if any) of subsidiaries are reviewed for possible reversals at each reporting date.

b) Transactions with minority shareholders and shareholders

Transactions of the Group with non-controlling are treated as transactions with the shareholders of the entity. Changes in the Parent's ownership interest in a subsidiary that is not recognised in the Parent Company when it loses control of the subsidiary are equity transactions (i.e., transactions that are treated as transactions with shareholders). Gains or losses arising from non-controlling interests are recognised in the equity of the Group.

c) Investments in associates

An investment in an associated undertaking is an investment in a company in which the Group has significant influence (directly or indirectly), which usually implies ownership rights that guarantee 20 to 50 per cent of the voting rights.

Investments in an associated undertaking are accounted for in the Group's financial statements using the equity method.

The Group no longer applies the equity method from the date on which the investment ceases to be an associate. The Group/Parent Company no longer has significant influence when it loses the right to participate in the financial or operating activities of the company. The loss of significant influence may occur with or without a change in the absolute or relative interest in the investment.

Investments in the equity of associates are recognised in the separate financial statements of the Parent Company at historical cost less impairment losses, if any.

2.1. Financial instruments

Financial instruments consist of financial assets at amortised cost (trade receivables and deposits) and financial liabilities at amortised cost (trade payables and loans), as well as derivatives (revaluated at fair value through profit or loss).

Financial instruments are initially recognised at fair value plus transaction costs for all financial instruments that are not measured at fair value through profit or loss. Purchase or sale of financial assets, which involves the supply of assets over a specified period of time determined by specific market terms or arrangements (regular trades), is recognised at the time of acquisition/sale, i.e. on the date on which the Group and the Parent Company commit to purchase or sell the asset.

Financial assets

The Group and Parent Company classify their financial assets in accordance with IFRS 9 in the following rating categories:

- those that are subsequently measured at fair value (through other comprehensive income or profit or loss); and
- those to be measured at amortised cost.

Classification of financial assets

The classification of debt instruments depends on the business model adopted by the Group and the Parent Company for the management of financial assets and whether the contractual cash flows consist solely payment of principal and interest (SPPI). If a debt instrument is held to collect cash flows, it may be carried at amortised cost if it meets the requirements of SPPI. Financial assets whose cash flows do not meet the requirements of the SPPI are measured at fair value through profit or loss (FVTPL), such as derivatives. Embedded derivatives are not separated from financial assets but are assessed for SPPI requirements when they are included in financial assets.

Equity instruments are always measured at fair value. However, management has the irrevocable election to present a change in fair value in other comprehensive income if the instrument is not held for trading. If an equity instrument is held for trading, the change in fair value shall be recognised in profit or loss.

Debt instruments

The subsequent measurement of debt instruments depends on the Group and the Parent Company business model and the cash flow characteristics of the assets. Equity instruments are always measured at fair value. However, management has the irrevocable election to present a change in fair value in other comprehensive income if the instrument is not held for trading. If an equity instrument is held for trading, the change in fair value shall be recognised in profit or loss.

The Group and parent Company classify all their debt instruments (including deposits with credit institutions) at amortised acquisition value: assets held for the collection of contractual cash flows, if these cash flows are only payments of principal and interest, shall be measured at amortised acquisition value. Any gain or loss arising from derecognition are recognised directly in profit or loss. Impairment is reported as a separate item in the profit or loss account.

Cash

Cash and cash equivalents consist of cash balances on bank current accounts and demand deposits with an initial maturity of up to three months.

Bank deposits

Bank deposits are financial assets with an initial maturity of more than 3 months.

Allowances for credit losses of financial assets

Allowances for credit losses of financial assets is recognised according to the expected credit loss (ECL, expected credit loss) model. The model has a three-step approach based on changes in the credit quality of the financial asset compared to initial recognition. The model includes operational simplifications for debts from contracts with customers. At the time of initial recognition of the financial asset, the Group and the Parent company recognise immediate loss equal to the 12-month ECL, even if the financial asset has no impairment indicators (debts from contracts with customers are recognised by their lifetime ECL). In the event of a significant increase in credit risk, ECL is measured using the lifetime ECL of the asset rather than a 12-month ECL.

For individually rated financial assets, a material increase in credit risk is defined as a downgrade below investment grade or a change in the composition of the participants that may adversely affect the external credit rating. For financial assets rated at the portfolio level, material increases in credit risk is defined as default and insolvency of the debtor.

The Group and Parent Company have applied operational simplification granted by IFRS 9 in respect of the valuation of debts from contracts with customers — receivables shall be grouped according to their credit quality and the days past due, applying the expected credit loss interest to each Group Grouped. ECL rates have been estimated considering the last three years of payment history and adjusted to consider information on the present and future projections.

Related party debts, as well as loans granted to related parties, are separated into a separate group, which ECL calculates, taking into account not only past experience, but also the credit rating and future development forecasts of their ultimate owner – the Republic of Latvia.

Although cash and deposits with an original maturity less than three months are also subject to the requirements for calculating ECL under IFRS 9. For the purposes of IFRS, the estimated value of expected credit losses is immaterial given that, in general, all cash and deposits with an initial maturity of less than three months are held in financial institutions that themselves or their parent banks hold an investment grade credit rating (predominantly A level credit rating).

Expected credit losses are included in a separate credit loss account, and losses are recognised in the profit or loss statement. If, in the subsequent period after ECL is recognition, the amount of loss decreases and this decrease may be objectively related to an event after recognition of impairment (for example, the credit rating of the debtor improves), reversal of previously recognised impairment loss is recognised in the profit or loss statement.

Derecognition of financial assets

A financial asset (or, if possible, a part of a financial asset or a part of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- the Group and the Parent Company transfer the contractual rights to the cash flows from the financial asset or undertake to transfer the cash received to third parties in full without material delay under the agency agreement; or (a) the Group and the Parent Company have transferred substantially all the risks and rewards of the financial asset and (b) the Group and the Parent have neither transferred nor retained substantially all the risks and rewards of the financial asset but have transferred control of the financial asset.

Derivatives

Derivative financial instruments include Financial transmission rights (FTR) options. FTR is a financial instrument that allows electricity market participants to hedge the risk of fluctuations in electricity exchange prices between the Estonian and Latvian electricity trading areas (see also section Border congestion management (auctions) and electricity capacity congestion relief). The Group and the Parent Company classify all derivative financial instruments as financial instruments measured at fair value through profit or loss. Derivative financial instruments are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. All derivative financial instruments are recognized as assets if their fair value is positive, or as liabilities if their fair value is negative

Financial liabilities

Financial liabilities, except derivatives, are measured at amortised costs or fair value through profit or loss. All financial liabilities of the Group and parent are financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised at fair value. In subsequent periods, financial liabilities at amortised cost are carried at amortised cost using the effective interest rate. Financial liabilities at amortised cost are classified as current if they are due in one year or less. If the maturity date exceeds one year, they are presented as non-current liabilities.

Derecognition of financial liabilities

The Group and the Parent Company derecognise a financial liability if its contractual obligations are fulfilled or cancelled, or expired. The Group and Parent Company also derecognise financial liabilities when their terms are modified, and the cash flows of the modified liabilities are materially different, in which case new financial liabilities based on the modified terms are recognised at fair value. In the case of non-material modifications, changes in amortised cost are recognised in profit or loss; on the other hand, transaction costs related to the modification are taken into account in determining the effective interest rate of the modified financial instrument. For derecognition of a financial liability, the difference between the derecognised carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss statement.

2.2. Transactions in foreign currencies

Functional and reporting currency

The items in the Group's financial statements are measured in the currency of the economic environment in which the Group operates (functional currency). The financial statements are prepared, and all items are presents in euro (EUR), which is the functional and reporting currency of the Group and the Parent Company.

All transactions in foreign currencies are revalued in functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued in the functional currency at the exchange rate on the last day of the reporting year. The gain or loss is included in the profit or loss of the period. Non-monetary positions measured at the historical cost in foreign currency are revalued at the exchange rate of the date of original transaction.

2.3. Intangible assets and property, plant and equipment

Intangible assets are initially recognised at cost. After initial recognition, intangible assets are measured at costs less accumulated amortisation and impairment losses. Computer licences, software and implementation costs are recognised as intangible assets and amortised on a straight-line basis over the useful life. Useful life of intangible assets is determined five to twenty years.

Property, plant and equipment (PPE) of the Parent Company and the Group are recognised at cost. After initial recognition, PPE are measured at acquisition cost or revaluation model applied to certain category of PPE, less accumulated depreciation and impairment losses. Acquisition costs include expenditures that are directly attributable to the acquisition of an asset. The land is not depreciated. The depreciation of PPE is calculated using the straight-line method to allocate the value of the asset to its estimated useful life (considering the asset's NBV).

If the PPE components have different useful lives and the acquisition values of those components are significant in relation to the value of the fixed asset, then PPE is accounted by the components of the fixed asset.

PPE category	**Useful life, in years**
Buildings and structures	20 - 150
Engineering structures	15 - 65
Transmission lines:	
High-voltage power transmission lines	50
Other transmission lines	20-30
Technological equipment:	
Transformers	30 - 40
Substation Technology equipment 110 kV-330 kV	20 - 40
Other technological equipment	10 - 15
Gas regulating apparatus	35
Gas pumping installations	25-30
Vehicles and mechanisms, cathodic protection installations	5-20
Other PPE	2 – 20

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset only when there is a high probability that future economic benefits associated with the item will flow into the Group or Parent Company and the cost of that item can be reliably measured. Such costs are amortised over the remaining useful life of the PPE.

The costs of routine repair and maintenance of PPE is charged to the income statement in the period in which it is incurred.

Assets under construction are recognised at cost and reflects the cost of construction PPE and costs of unfinished construction objects. The initial costs of assets under construction includes the costs of setting up PPE, which consist mainly of the costs of equipment and materials, construction, personnel, designing and other service costs. Depreciation on asset under construction is not calculated, until asset under construction is ready for use.

Gains or losses from the disposal of PPE are calculated as the difference between the carrying amount of the fixed asset and the proceeds from the sale and are included in the profit or loss account for the period in which they arose. When the revalued PPE are sold, the amount of the revaluation reserve attributable to that PPE is transferred to retained earnings.

If the carrying amount of any intangible asset or PPE is greater than its recoverable value, the value of the intangible asset or PPE is written down to its recoverable amount. The recoverable amount is the higher of the fair value less costs of sell and the value in use of the intangible asset or PPE (see also Note 10).

Property, plant equipment at revalued amount

Revaluations are carried out with sufficient regularity to ensure that the carrying amount of these assets is not materially different from that which would be determined using fair value at the end of the reporting period.

The following PPE groups are regularly, but not less than once every 5 years, revalued:

For the Parent company:

- Electricity transmission structures
- Transmission lines and technological equipment;
- Other electricity transmission equipment.

For the Group:

- Natural gas transmission buildings and structures;
- Wells;
- Transmission lines and technological equipment;
- Gas pumping and automatic control equipment;
- Electricity transmission structures;

The increase in value resulting from the revaluation is recognised in the Statement of comprehensive income as a change under "Long-term asset revaluation reserve". If an impairment loss has been incurred as a result of revaluation, it is first written off against the increase in value recognised in comprehensive income in previous years; if the impairment loss exceeds the revaluation reserve, the excess is recognised in the Statement of profit or loss for the year.

At the date of revaluation, the initial carrying amount and accumulated depreciation are increased or decreased in proportion to changes in the carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount. The non-current assets revaluation reserve is decreased and transferred to retained earnings when the revalued asset is written off or disposed of.

The revaluation reserve may not be distributed into dividends, invested in share capital, used to cover losses, transferred to other reserves or used for other purposes. See also Notes 2.12 and 10.

2.4. Leases

At the inception of the contract, the Group and the Parent Company assess whether the contract is a lease or contains a lease. A contract is, or contains, a lease if the contract confers the right to control the use of an identifiable asset for a fixed period in exchange for consideration.

Group and Parent Company as lessee

At the inception of the contract, the Group and the Parent Company assess whether the contract is a lease or includes a lease. The Group and the Parent company recognise the right-of-use asset and the corresponding lease obligations in respect of all the leases in which it is the lessee; exceptions are possible for short-term leases (where the lease term is 12 months or less) and low-value asset leases (e.g. rental of tablets, PCs, office supplies, small machines and telephones).

At initial recognition, the Group and the Parent company measure the lease liability as the present value of lease payments outstanding at that date. Lease payments are discounted using interest rate included in the lease. If this rate cannot be easily determined, the Group and the Parent Company use their comparable borrowing rate.

Lease payments included in the lease liability include:

- fixed lease payments (including substantially fixed lease payments) less lease incentives receivable
- variable lease payments that are index- or rate-dependent and were initially measured using an index or rate at the date of initial recognition;
- the amounts that the lessee would have to pay as NBV guarantees;
- the exercise price of the call option if there are reasonable grounds to believe that the lessee will exercise the option;
- lease termination penalties if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liabilities are reported as a separate item in the Statement of financial position.

Lease obligations are subsequently measured at amortised cost using the effective interest rate method, reducing the carrying amount to reflect lease payments made.

The Group and Parent Company reassess the lease liability (and adjust the associated right-of-use asset accordingly) whenever:

- the lease term has changed or there is a material event or change in circumstances that results in a change in the valuation of the acquisition option, in which case the lease liability is revalued by discounting the revised lease payments at the revised discount rate;
- lease payments change due to an index or rate change or expected payments change due to a guaranteed residual value; in such cases, the lease obligation is revalued by discounting the revised lease payments using the discount rate initially applied (unless the change in lease payments is due to a change in the variable interest rate, in this case the revised discount rate is used), the lease is changed, and the change in the lease is not accounted for as a separate lease, in which case

the lease obligation is revalued based on the modified lease term, discounting the revised lease payments using a revised discount rate on the date of entry into force of the modification.

The right-of-use asset includes the initial measurement of the corresponding lease liability, lease payments made on or before the opening date, minus the rental discounts received and any initial direct costs. They are then measured at costs less accumulated depreciation and impairment losses.

The right-of-use asset is depreciated during the contract period. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for the measurement of lease liabilities. There was no impairment identified as at end of reporting period for the Right of use assets.

Group and Parent Company as lessor

The Group and the Parent Company, as lessors, have only operating lease agreements. Lease income is recognised based on the amount of the lease payment, determined by reference to the fixed fee for each lease, and is recognised on a straight-line basis over the lease term.

2.5. Inventories

Inventories are carried at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling costs. The cost is calculated using the weighted average method, except for natural gas, which is accounted for by the FIFO method. Inventories are recognised as an expense in the income statement in the reporting period in which they are used.

The cost of purchasing inventories includes the purchase price, import duties and other taxes and charges, transport and related costs, and other costs directly attributable to the supply of materials and goods. Trade discounts, rebates, and similar allowances are deducted in determining the value of inventories.

Inventories are checked at the end of the year.

2.6. Deferred income

Deferred income consists of grants, congestion management revenues and transmission connection charges.

Grants

Grants are recognised if there is reasonable assurance that the grant will be received, and all related conditions will be met. A description of the conditions is given in Note 19. Grants are recognised as income over the period necessary to match them systematically to the related costs for which they are intended to compensate. Grant advances are presented in the deferred income from the moment the advance payment is received in the bank account until the project costs related to the use of the advances received are confirmed.

Asset-related grants

Grants related to the acquisition of PPE are recognised as deferred income and credited to the profit or loss using the straight-line method over the expected useful life of the related assets.

Grants related to expenditure items

If the grant relates to an item of expenditure and has a number of conditions attached, it is initially recognised at fair value as deferred income. The conditions attached to these grants are that the grant is to be used only for related expenditure, only for the purpose intended, the amount spent must be identifiable and separately accounted for (by providing separate accounting records). Grants are systematically charged to revenue in the periods when the related costs to be reimbursed are charged to expenditure.

A grant to be received as compensation for expenses or losses already incurred or to provide immediate financial support to an enterprise without further costs shall be recognised in profit or loss for the period in which it becomes receivable.

Congestion management at borders (auctions) and decongestion of electricity capacity

Under Section13(4) and Section 13[1](6) of the Electricity Market Law, AS "Augstsprieguma tīkls" manages the congestion and overloads of the transmission system, as well as receives fees for the auction of the limited capacity of the cross-section under the mutual compensation mechanism of transmission system operators and concluded agreements

In situations where market participants require more cross-border electricity capacity than is technically feasible, cross-border electricity capacity rights are sold to participants through specific auctions. Under the principle used in these auctions and laid down by law, 50% of the auction proceeds shall be allocated to the transmission system operator of each participating state.

Auction types:

1. The revenues of the intraday market auction are generated from the difference between the Latvian and the neighbouring Nord Pool electricity exchange price areas' intraday exchange prices. The electricity exchange receives the price difference and passes it on to the TSOs Grouped.

2. A long-term auction of transmission capacity is aimed at reducing the of inter-regional price risk resulting from the shortage of transmission capacity. Latvian and Estonian system operators AS "Augstsprieguma tīkls" and AS "Elering" offer transmission rights auctions (FTR) on an annual, quarterly and monthly basis. Market participants who have purchased FTR capacity are entitled to the next day's market auction proceeds for the same amount. Auctions are organised and revenues distributed by the Single Distribution Platform (SAP) under the authority of European system operators managed by the Joint Distribution Office (JAO).

Under Article 16 of Regulation No 714/2009 of the European Commission and the Council of the European Union on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 (hereinafter "the Regulation"), any revenue generated by the allocation of interconnection capacity shall be used for one or more purposes:

(a) the capacity allocated to ensure actual availability and/or

(b) maintaining or improving interconnection capacity through network investments, in particular in new interconnections;

(c) where the revenues cannot be effectively used for the above purposes, they may, subject to the approval of the regulatory authorities of the Member States Grouped, up to a maximum value to be decided by the regulatory authorities, be used as revenues to be considered by the national regulatory authorities when approving the methodology for calculating network tariffs and/or when setting network tariffs.

Taking into account industry practice, as well as the fact that the revenue from auctions is received from third parties (auction organizers) who are not customers within the meaning of IFRS 15, and without a direct counter-performance obligation, the Group and the Parent Company account for this revenue by applying IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" by analogy.

Under the terms of the Regulation, revenues from congestion management that are not used for congestion and congestion relief in reporting period on the transmission network are reflected as deferred revenues in the Statement of financial position. Once these proceeds have been used to finance a specific long-term investment project, as determined by the Public Utilities Commission, the deferred income is amortised by recognising the proceeds in the current year's statement of profit or loss (item "Other income") over the amortisation/depreciation period of the established long-term investment.

Under the principle of matching revenues and costs, congestion management revenues used to address congestion and congestion on the transmission network are presented gross in the statement of profit or loss in the same period as the costs of addressing congestion and congestion.

Following the methodology for the calculation of tariffs for electricity transmission system services, the Public Utilities Commission (hereinafter "PUC") granted permit in 2024 the revenues from congestion charges were to be allocated to cover the costs of electricity transmission system services in the amount of EUR 4,492 (EUR 14,128 thousand in 2023). This congestion charge revenue is recognised in the statement of profit or loss under "Revenue" (see also Note 4).

2.7. Employee benefits

a) Defined contribution plans

The Group and the Parent Company make monthly contributions on behalf of employees to a closed-defined contribution pension plan. The Plan is managed by the joint stock company AS "Pirmais slēgtais pensiju fonds", in which the Parent Company has an interest. The Group and the Parent Company do not incur any additional legal or constructive obligation to make additional contributions to a defined contribution pension plan if the plan does not have sufficient assets to pay all employee benefits for services rendered by the employee in the current or prior periods. Contributions are made at 6% (4% in 2023) of each pension scheme Member's salary. Pension contributions are recognised as an expense on an accrual basis and included in Personnel costs.

b) Defined benefit plans

In addition to the pension plan mentioned above, The Group and the Parent Company provide certain post-employment benefits on termination of employment and for the rest of their lives to employees whose employment conditions meet the criteria laid down in the collective agreement. Benefit obligations are calculated annually on the basis of the current salary level and the number of employees required to receive payments, the number of historical terminations and actuarial assumptions. Independent actuaries annually recalculate the defined benefit obligations.

The present value of benefit liabilities is determined by discounting estimated future cash flows using government bond market rates. Net interest costs are calculated by applying a discount rate to the net balance of the obligation imposed. These costs are included in employee liability expenses in the profit or loss statement.

Actuarial gains or losses arising from experience-based calculations and changes in actuarial assumptions shall be included in the comprehensive income statement in the reporting period when they arose, in a separate reserve, Post-employment benefit plan revaluation reserve. They are included in retained earnings in the statement of changes in equity and the Statement of financial position.

Changes in the present value of a defined liability obligation resulting from modifications or reductions to a plan shall be recognised immediately in the profit or loss as an expense in respect of the past service cost.

c) Accrued costs of unused annual leave

Accrued costs of unused annual leave shall be calculated for each employee by multiplying the number of unused days of leave at the end of the reporting year by the average daily work remuneration in the last six months of the accounting year, adding the employer's share of the mandatory State social insurance contributions.

2.8. Corporate income tax

Corporate income tax

Corporate income tax included in the Income statement is the amount of tax payable on distributed profits under the Corporate Income Tax Law of the Republic of Latvia. Within the Group, the Parent Company applies the flow-through dividend exemption, which allows tax to be excluded on distributions received from a Subsidiary on which the Subsidiary has paid corporate income tax in respect of the payment of dividends.

Distributed profits are subject to a tax rate of 20% of their gross amount or 20/80 of their net expenses.

Corporate income tax on dividends is recognised in the profit or loss as an expense in the reporting period when the relevant dividends are declared.

Retained earnings are not subject to corporation tax.

Deferred tax

Deferred tax liabilities are recognised in the consolidated financial statements for retained profits of subsidiaries of the Parent Company, which will be taxed when distributed in the foreseeable future. Other deferred tax assets or liabilities do not arise because there is no difference between the balance sheet values of assets and liabilities and their tax base.

2.9. Revenue recognition

Revenue from customers within the scope of IFRS 15 is the value of the products sold and services provided as a result of operating activities. The Group and Parent Company shall keep records of contracts with the customer only if all the criteria set out in IFRS 15 are met. By assessing whether it is possible to collect the amount of the consideration, Group and the Parent Company shall take into account only the client’s ability and intention to repay the amount of the consideration in good time.

The obligation to perform is a promise in contracts with the customers of the Group and the Parent Company (directly or indirectly indicated) to transfer to customers either different goods and services or a range of different goods and services which are essentially the same and have the same characteristics as regards the transfer to the customer.

The promised goods or services are separate performance obligations if the goods or services are different. A promised good or service is considered to be different if the customer can benefit from the good or service separately or with other readily available resources (i.e. individually distinct) and the good or service is separate from other contractual promises (i.e. different within the contract). Both of these criteria must be met to conclude that the product or service is different.

All revenues are recognised over time as the continuous supply of these goods and services takes place over the term of the contracts in question. For the following contracts, revenue from completed performance obligations shall be recognised over time if one of the following criteria is met:

- The customer receives and consumes benefits at the same time;
- The customer controls the asset at the time the asset is created or improved;
- The activities of the Group and the Parent Company do not constitute an asset with alternative uses but are entitled to payment for a timely completed activity.

Revenue from exercised performance obligations is recognised based on the agreed transaction price (net of value added tax and discounts). The transaction price reflects the amount to which the Group and the Parent Company are entitled under the current contract. It applies to different performance obligations based on the individual prices of the goods or services promised in the contract. The Group and the Parent Company allocate the transaction price to the different performance obligations in proportion to their observable individual prices and recognise revenue when the performance obligations are satisfied.

Payment terms, according to the terms of the contracts for goods or services transferred to customers, are 20 to 45 days after the provision of services or sale of goods.

a) Electricity transmission system service (IFRS 15)

Revenue for transmission system services are based on the tariffs approved by the Public Utilities Commission and are recognised under IFRS 15. The Parent Company is entitled to remuneration from the client for an amount corresponding directly to the value which the client derives from the activities completed in good time by the Parent Company.

The Parent Company's revenue from the transmission system services provided is recognised at the end of each month on the basis of the measurements automatically read by meters.

b) Revenues from electricity/power sales (realisation of balancing electricity and realisation of regulating electricity) (IFRS 15)

Under Section 11, Paragraph 2 of the Electricity Market Law, a transmission system operator may participate in the trade of electricity, if the purchase and sale of electricity or capacity is necessary for balancing of the system, purchase of ancillary services, covering losses in the transport of electricity, for own consumption of the transmission system operator or if there is a deviation from the normal operating regime in the system or an accident has occurred.

When participating in electricity trading, the transmission system operator shall act in line with open, non-discriminatory and market-based procedures, except in cases where there is a deviation from the normal operating regime or an accident in the system. If there is a deviation from normal operating mode in the system or an accident has occurred, the transmission system operator shall operate under the provisions of the Network Code.

Revenues from the sale of electricity/power is recognised based on acceptance-transfer deeds and invoices issued on a monthly basis for electricity/power delivered during the month in accordance with the mutually agreed contracts. The Parent Company considers that it acts as the principal for the sale of electricity within the balancing service, since the Parent Company is responsible for balancing the electricity transmission system.

c) Connection fee for the electricity transmission system (IFRS 15)

AS "Augstsprieguma tīkls" shall ensure the necessary connection to the transmission system for system participants or an increase of the permitted load of existing connections, following the connection regulations of system participants issued by the Public Utilities Commission.

Connection charges to the transmission system are non-refundable advance charges paid by customers for secure connection to the transmission network, such charges are not separate operational obligations as they are closely linked to the transmission system services. The connection fee shall partly reimburse the costs for the infrastructure to be constructed, which are necessary for the connection of the relevant client to the network. The charge for connection to the transmission system shall be calculated under the methodology determined by the Public Utilities Commission.

Transmission system connection charges are recognised in the statement of financial position as revenue of short - and long-term future periods (liabilities included in short-term composition that are expected to be covered over the next year) and are amortised in the statement of profit or loss using the linear method over the entire estimated period of commercial relations with the customer (lease period) – 20 years.

d) Revenue from natural gas transmission (IFRS 15)

The natural gas transmission service shall be considered as one performance obligation in accordance with IFRS 15. The sale of natural gas transmission capacity products is a regulated service provided by the Group to transmission system users at approved tariffs. Short-term (quarterly, monthly, daily and current daily capacity) and long-term natural gas transmission capacity (annual capacity) products are offered. Revenue from transmission capacity trading products, which by nature of the service means the provision of transmission infrastructure and according to the selected product does not change over time for each capacity unit, shall be recognised in the profit or loss account for each accounting month in proportion to the period of the relevant transmission capacity product reserved by the user.

e) Revenue from natural gas storage (IFRS 15)

A natural gas storage service shall be considered as one performance obligation in accordance with IFRS 15. The Group provides Incukalns' underground gas storage capacity trading service for approved tariffs for storage users who have reserved the capacity of the natural gas storage facility during the storage season. Revenue from the sale of storage capacities, which by the nature of the service means the provision of the infrastructure of the Incukalns underground gas storage facility and does not change throughout the storage season, shall be recognised for each reference month in accordance with the storage tariff and in proportion to the remaining months until the end of the storage season.

f) Revenue from balancing natural gas (IFRS 15)

The Group of companies shall maintain information regarding the amount of natural gas entered into the transmission system by transmission system users and discharged from the transmission system and calculate the imbalance. The daily imbalance quantity is the input-output difference. If the volume of natural gas output, based on accounting data, is greater than the volume of natural gas traded entered, the Group sells natural gas in order to cover the amount of natural gas short from the system. Income from balancing is reported in the financial statements under Revenue in gros value, taking into account, that Subsidiary considers itself as Principal providing balancing services.

In order to respect the principle of profit neutrality, the Group calculates the neutrality charge. The neutrality charge shall be the charge paid or received from transmission system users by the transmission system operator in connection with the balancing of the transmission system. This fee shall consist of the difference between the costs of the transmission system operator and the revenues from balancing. Neutrality fees can be both positive and negative. In the event of a negative neutrality charge, the transmission system operator shall pay the neutrality charge to the transmission system users. In the case of a positive neutrality charge, the transmission system operator shall charge the neutrality charge to the transmission system users. The Single natural gas transmission entry–exit system balancing Regulations issued by the PUC stipulate that the financial neutrality of the transmission system operator is ensured by a neutrality charge.

g) Electricity transit revenue (IFRS 15)

A compensation mechanism (inter - transmission system operator compensation mechanism (ITC)) has been established between transmission system operators (TSOs) in accordance with the requirements of Regulation (EU) 838/2010 of 23 September 2010, which provides for the establishment of a single compensation mechanism for TSOs.

The ITC mechanism provides for uniform compensation principles for ensuring the flow of transit electricity and ensuring the availability of infrastructure necessary for transit flows. On the basis of the ITC mechanism, the perimeter fee is paid to the ITC Member State through which trade with a third country takes place. In addition, revenue is generated from ensuring the availability of infrastructure necessary for the transit of electricity through the network owned by the Parent Company. Revenue is recognised ad gross value in the period, when Parent company has performance obligation is satisfied and the right to receive payment is formed.

h) Reactive electricity revenues (IFRS 15)

In addition to transmission services, a fee is charged for reactive electricity transferred to the grid. The fee for the transfer of reactive electricity is calculated under the Cabinet Regulation of the Republic of Latvia "Regulations on the Sale and Use of Electricity".

The amount of electricity transferred to the network shall be determined on the basis of meter readings. The imposition of the charge shall take place on a monthly basis, calculating the charge for the reactive electricity transferred to the grid in accordance with the fee of EUR 0.013/kVArh laid down in the Regulation.

i) Other services (IFRS 15)

Revenue from other services includes services provided by a technical laboratory, technical servicing of equipment, and similar services. Payments for services provided shall be made monthly in accordance with mutual agreements.

Financing component

The Parent Company and Group do not enter into contracts under which the period between the time of delivery of the contracted goods and services and the customer's payment is longer than one year, respectively the financing component is not included in the transactions.

2.10. Borrowings and loans

Borrowings and loans are classified as current liabilities unless there is an unconditional right to defer the performance of liabilities for at least 12 months after the balance sheet date.

General and specific borrowing costs directly related to the acquisition or creation of eligible assets, i.e. an asset that is expected to take a significant period to be used or sold, are added to the costs of creating or acquiring those assets until those assets are ready for their expected use.

2.11. Related parties

Parties are considered to be related if one party can control the other or has significant influence over the other party in financial and operational decision-making. Related parties of the Group and the Parent Company are a shareholder who controls the company in economic decision making, Members of the Management Board of the Group companies, Members of the Management Board of the Parent Company, members of the Council of the Parent Company – the Audit Committee and close family members of any of the abovementioned persons, as well as undertakings over which such persons have control or significant influence.

Since all the shares of AS "Augstsprieguma tīkls" are 100% owned by the Republic of Latvia, the state-controlled capital companies are also regarded as related parties.

2.12. Application of significant accounting estimates and judgements

The preparation of financial statements following IFRS accounting standards, the management of the Group and Parent company must make calculations and assumptions that affect the valuation of the assets and liabilities presented in the financial statements at the date on which the financial statements are drawn up, as well as the revenue and expenditure reported during the reporting period. The following assessments of the management of the Group and Parent Company have a significant impact on the results of the financial statements:

Post-employment benefit obligations

Based on statistical and analytical information as well as estimates made by specialists, Group and the Parent Company shall make estimates and assumptions on post-employment benefit obligations as described in Note 2.7.

AS "Augstsprieguma tīkls" for the calculation of the post-employment benefit assessment in the reference year, the discount rate discounting the post-employment benefit obligation is set at 3.044% (2.67% in 2023). The discount rate is determined under the requirements of IFRS accounting standards, according to which the discount rate is to be determined based on the market yields of high quality government bonds at the balance sheet date; moreover, the discount rate should reflect the value of money over time and not the actuarial or investment risk.

According to the terms of the Collective agreement, which provides for an annual indexation of the remuneration of employees in the amount of inflation of the previous year, the planned indexation of remuneration in 2025, 3.3% in 2026, 2.3% in 2026, 2027 and 2.2% thereafter has been taken into account in calculating post-employment benefit provisions.

SENSITIVITY ANALYSIS FOR THE TOTAL VALUE OF POST-EMPLOYMENT BENEFITS AS OF 31 DECEMBER 2024, EUR		
	Increase	**Decrease**
Discount rate (+/-1 percentage point)	249,586	(211,610)
	8%	-7%
Monthly pay rise (+/- 1 percentage point)	267,579	(231,604)
	8%	-7%
Employee turnover rate (+/- 1 percentage point)	286,126	(243,219)
	9%	-7%
SENSITIVITY ANALYSIS FOR THE TOTAL VALUE OF POST-EMPLOYMENT BENEFITS AS OF 31 DECEMBER 2023, EUR		
	Increase	**Decrease**
Discount rate (+/-1 percentage point)	262,437	(222,593)
	8%	-7%
Monthly pay rise (+/- 1 percentage point)	260,316	(225,051)
	8%	-7%
Employee turnover rate (+/- 1 percentage point)	284,738	(243,342)
	9%	-7%

For the calculation of the post-employment benefit assessment of **AS "Conexus Baltic Grid"**, the discount rate discounting the post-employment benefit obligation is set at 3.1805% in the reporting year (3.4290% in 2023). The discount rate is determined under the requirements of IFRS accounting standards, according to which the discount rate must meet the expected commitment cost term of 18 years, allowing the use of one average holy discount rate.

The estimate of the monthly wage increase of employees was determined by applying the expected wage growth dynamics to the structure of the company's expected post-employment benefit disbursement time - for the next 3 years according to the forecast published by the Bank of Latvia, 6.2% in 2025, 6.5% in 2026, 6.5% in 2027 and a gradual decrease to 3% in the following period, giving an indicator of 4.23% (in 2023: 4.6%).

SENSITIVITY ANALYSIS FOR THE TOTAL VALUE OF POST-EMPLOYMENT BENEFITS AS OF 31 DECEMBER 2024, EUR		
	Increase	**Decrease**
Discount rate (-/+ 1% point)	128,812	(108,556)
	9%	-8%
Staff turnover indicator (-/+ 1% point)	146,904	(124,246)
	10%	-9%
Monthly salary increase (+/- 1% point)	114,987	(98,082)
	8%	-7%
SENSITIVITY ANALYSIS FOR THE TOTAL VALUE OF POST-EMPLOYMENT BENEFITS AS OF 31 DECEMBER 2023, EUR		
	Increase	**Decrease**
Discount rate (-/+ 1% point)	118,972	(100,348)
	9%	-8%
Staff turnover indicator (-/+ 1% point)	135,994	(114,985)
	10%	-9%
Monthly salary increase (+/- 1% point)	105,159	(89,713)
	8%	-7%

Revenues and expenses related to the participation of the Parent Company in the ENTSO-E mechanism for the compensation of losses caused by electricity transit flows

Based on statistical and analytical information as well as expert forecasts, the Parent Company estimates and makes assumptions regarding the revenues and expenses related to its participation in the ENTSO-E mechanism for compensation of losses caused by electricity transit flows (ITC mechanism). The ITC mechanism is a transit loss cost recovery mechanism for transmission system operators of 35 European transmission networks, with two funds: a fixed fund (Framework fund) and a common European Union TSO transit volume fund (WWT - with and without transit), which varies according to the situation on the electricity market. The most important factors influencing the estimate are the transit flows of electricity across the European electricity transmission networks, as well as the price of transit losses in the ITC Facility Member States, which affect the size of the WWT Fund. The forecast is made in each Member State based on 6 loss measurements per month and a loss price. Revenue is forecast on a prudent basis.

Judgment on the amount of congestion management revenue to be recognised to cover transmission costs, as well as received congestion net revenue presentation in Statement of cash flows

Under the PUC Decision No. 64 of 22 May 2023, On the tariffs for electricity transmission system services provided by AS "Augstsprieguma tīkls", in 2023-2025 it is permitted to use previously obtained congestion fee income of up to EUR 62,070,100 to cover the costs related to the provision of electricity transmission system services. The amount of congestion fee revenue to be recognised in a particular year shall be determined based on the costs approved in the current draft tariff for electricity transmission system services, as well as the authorised revenue.

Similarly, given that the congestion fee proceeds are accounted in the same way as the public funding received and will be used primarily for investment activities, it is reflected in the Statement of cash flows in the Investment activities.

Carrying amount of intangible assets and PPE, right-of-use assets

Asset impairments:

The management of the Group and Parent Company shall assess the carrying amount of intangible assets, PPE and the right-of-use assets and assess whether there are any indications that the recoverable amount of assets is lower than the carrying amount. The management of the Group and Parent Company shall calculate and recognise losses from impairment of intangible investments, PPE and the right-of-use assets based on estimates of their future use, disposal or sale.

In assessing impairments, management uses various cash flow estimates resulting from asset use, sales, maintenance and repairs os assets, as well as inflation and interest rate increases.

Estimates are based on projections of overall economic environment, consumption and electricity sales prices. If future events were to change, additional impairment would be recognised or the impairment recognised could be partially or fully reversed.

Impairment loss is recognised in the respective reporting period. Impairment losses for assets that are carried at revalued amount are recognized in other comprehensive income within the revaluation reserve changes, but impairment losses for assets carried at cost less depreciation and impairment losses or for assets carried at revalued amount in the case, those losses from the impairment exceeds the previously recognized remaining revaluation reserve amount - in the statement of profit or loss, in the position Depreciation, amortization and impairment loss.

See Note 10.2 for detailed information.

Revaluation of Property, plant and equipment:

The revaluation of the PPE part of the electricity transmission segments is carried out by independent, external and certified valuation experts using a depreciated replacement cost model. The valuation is carried out in accordance with international property valuation standards, based on the current use of the PPE, which is assessed as the most efficient and best use of these assets. For PPE that are scheduled for refurbishment in the near future, additional functional depreciation is determined. The remaining useful lives of PPE after revaluation are reviewed in accordance with estimated accumulated depreciation. The Group's management assesses annually whether the carrying amount of revalued PPE is materially different from its fair value at the balance sheet date.

The revaluation of the PPE of the natural gas segments is performed by independent, external, certified valuers using the depreciated replacement cost method. Under this method, the historical cost of the assets is determined according to the prices and requirements at the time of valuation and the materials used, as well as the accumulated depreciation of each asset. The main assumptions in the revaluation process relate to the cost of the materials used and the average construction prices at the time of the revaluation. However, in determining the fair value of PPE at 31 December 2023 for those Groups of PPE showing signs of impairment, the Subsidiary considered that the income method was the most appropriate.

More detailed information on the revaluation of PPE is given in Note 10.2.

Depreciation and amortisation:

According to the Group's accounting policy, the Group's companies estimate the useful life and residual value of the PPE. These estimates are based on past experience as well as industry practice and are reviewed at the end of each reporting year. Past experience has shown that actual useful life has sometimes been longer than estimates. The values of fully depreciated intangibles and PPE are shown in Notes 10.1 and 10.2. Quantification of impacts during the useful life of potential changes is considered impractical and therefore sensitivity analysis is not disclosed.

The Group and Parent Company shall not calculate the depreciation of emergency spare parts. The justification is based on past experience that the possible depreciation charge of such items would not be material in the context of the financial statements. In addition, if necessary, impairment of damaged goods is recognised, thus taking into account changes in the recoverable value of spare parts.

2.13. Restatements and reclassifications in financial statement

In 2024, in line with IFRS requirements, deferred tax liabilities were reclassified from current liabilities to non-current liabilities.

A reassessment of the compliance of the gas balancing presentation with the agent principle showed that the presentation should be more closely in line with the principal's accounting principle, which led to an increase in the Group's revenues by EUR 12,008,790 in the Statement of profit or loss for 2023, resulting in an increase in the Group's total revenue from EUR 23 4479 972 in the financial statement for 2023 to EUR 245,572,646 in the comparative figures for the annual report for 2024. The cost of raw materials and consumables used was increased by EUR 11,092,674, which resulted in an increase in the total cost of raw materials and consumables used by the Group from EUR 82,251,524 in the financial statement 2023 to EUR 93,344,198 in the comparative indicators in the annual report 2024. As a result of the changes, 2023 EBITDA remained unchanged.

In assessing the impact of revaluation of PPE on non-controlling interest, a discrepancy was found in the 2023 assumption that the revaluation of PPE attributable to the profit or loss of the Group does not affect the profit share of minority interests. The change resulted in a reduction in the 2023 profit share of the non-controlling interest by EUR 3,876,593 from EUR 5,369,212 to EUR 1,492,618 and an increase in the profit share attributable to the shareholder of the Parent Company from EUR 4,865,885 to EUR 8,742,479, the retained profit from EUR 100,760,898 to EUR 104,637,492, the non-controlling interest in the Statement of financial position from EUR 102,991,582 to EUR 99,114,988.

Given that the reclassification of deferred tax is not material for the financial statements, but the reclassification of gas balancing revenue does not affect the Statement of financial position, no third statement of financial position is provided.

	Before restatement 31.12.2023 EUR	**Restatement EUR**	**Restated 31.12.2023 EUR**
Statement of financial position of the Group			
Retained earnings	100,760,898	3,876,593	104,637,492
Equity attributable to equity holders of the parent	**529,201,383**	**3,876,593**	**533,077,976**
Non-controlling interests	**102 991 582**	**(3 876 593)**	**99 114 988**
Total non-current liabilities	**570,082,277**	**3,638,647**	**573,720,924**
Total current liabilities	**144,664,697**	**(3,638,647)**	**141,026,050**
	Before restatement 31.12.2023 EUR	**Restatement EUR**	**Restated 31.12.2023 EUR**
Statement of profit or loss and Statement of comprehensive income of the Group			
Revenue	234,479,972	12,008,790	245,572,646
Raw materials and consumables used	(82,251,524)	(12,008,790)	(93,344,198)
Profit for the year	**10,235,097**	**-**	**10,235,097**
Profit attributable to:			
Parent Company's shareholder	4,865,885	3,876,593	8,742,479
Non-controlling interests	5,369,212	(3,876,593)	1,492,618
Comprehensive income is attributable to:			
Parent company's shareholders	5,195,626	3,876,593	9,072,219
Non-controlling interests	5,378,509	(3,876,593)	1,501,916

3. Operating segments

Segmentation is based on the Group's internal organisational structure, which forms the basis for the monitoring and control of segment performance by the operating segment's decision maker, i.e., the Group's management, which operates in each of the segments. The Parent Company's Management Board reviews the financial results of the operating segments.

Reportable segments are operating segments or clusters of segments that meet certain criteria. An operating segment is a component of the Group that engages in business activities that may generate income and expenses (including income and expenses related to transactions with other components of the Group), the results of which are reviewed regularly by the chief operating decision-maker to make decisions about the resources allocated to the segment, to assess its performance and for which discrete financial information is available.

The profit indicator that the Chief Operating Decision Maker monitors is primarily EBITDA, but it also monitors operating profit. In the separate financial statements, operating profit excludes dividend income and interest income from subsidiaries.

The Group divides its activities into three segments - electricity transmission, natural gas storage and natural gas transmission. The parent company divides its operations into one main segment – electricity transmission. The Group operates geographically only in Latvia.

Electricity transmission

The Electricity transmission segment provides services for the electricity transmission grid and ensures the balancing and stability of the transmission network.

The electricity transmission network consists of interconnected grids and facilities, including cross-border connections with a voltage of 110 kV and above, which are used to transmit electricity from electricity generators to the respective distribution grid or to end-users.

Natural gas transmission

The natural gas transmission segment ensures the transport of natural gas through high-pressure pipelines for delivery to the underground gas storage facility in Inčukalns, to other countries and the distribution system.

The Group's contemporary main natural gas transport system is 1,190 kilometres long and is directly connected to the natural gas transmission systems of Lithuania, Estonia and Russia. It ensures both the transport of natural gas via regional gas pipelines in Latvia and the connection with the natural gas transmission systems of neighbouring countries.

Natural gas storage

The natural gas storage segment provides natural gas storage for the heating season and other needs of system users in the Inčukalns UGS.

The task of the natural gas storage facility is to ensure a constant supply of natural gas to consumers regardless of seasonal fluctuations in consumption by pumping natural gas in summer and withdrawing it in winter. Inčukalns UGS is the only functioning underground gas storage facility in the Baltic States and has ensured the stability of gas supply in the region since 1968.

The following table contains information on the Group's segment revenue, financial performance and profits as well as the assets and liabilities of the Group's operating segments and the Parent Company. Inter-segment revenue is eliminated at the time of consolidation and is presented in the "Adjustments and eliminations" column. All inter-segment transactions are carried out based on regulated tariffs, if any, or on an arm's length basis

Segment information is only provided for the Group, as the Parent Company is considered a single operating segment – the electricity transmission segment.

	Group					
	Electricity transmission	**Natural gas transmission**	**Natural gas storage**	**Total segments**	**Adjustments and exclusions**	**Total Group**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
2024						
Revenue *	**154,009,958**	**44,363,917**	**60,233,253**	**258,607,128**	**-**	**258,607,128**
Raw materials and consumables used	(77,334,682)	(13,027,618)	(4,511,686)	(94,873,986)	693	(94,873,293)
Personnel costs	(23,469,152)	(9,890,644)	(7,439,393)	(40,799,189)	-	(40,799,189)
Other operating expenses	(24,691,284)	(2,164,998)	(1,826,450)	(28,682,732)	-	(28,682,732)
EBITDA	**40,548,658**	**20,244,135**	**47,479,596**	**108,272,389**	**-**	**108,272,389**
Depreciation and amortisation**	(36,207,837)	(15,138,218)	(9,349,065)	(60,695,120)	(22,624,715)	(83,319,835)
Segment profit before tax	**6,593,483**	**3,994,237**	**37,354,515**	**47,942,235**	**(22,624,715)**	**25,317,520**
Segment assets at the end of the reporting period	1,058,507,590	234,146,907	246,978,998	1,539,633,495	(10,708,314)	1,528,925,181
Segment liabilities at the end of the reporting period	736,191,959	72,568,657	75,855,798	884,616,414	3,299,590	887,916,004
Capital expenditure	162,244,771	10,482,020	37,812,848	210,539,639	-	210,539,639
2023						
Revenue *	**158,012,093**	**37,318,218**	**50,242,335**	**245,572,646**	**-**	**245,572,646**
Raw materials and consumables used	(75,454,444)	(13,714,765)	(4,175,683)	(93,344,892)	694	(93,344,198)
Personnel costs	(21,970,852)	(9,073,248)	(6,912,405)	(37,956,505)	-	(37,956,505)
Other operating expenses	(29,266,278)	(2,338,786)	(1,893,357)	(33,498,421)	(548,364)	(34,046,785)
EBITDA	**39,018,215**	**12,431,861**	**37,521,825**	**88,971,901**	**-**	**88,971,901**
Depreciation and amortisation**	(35,359,819)	(9,959,630)	(19,978,571)	(65,298,020)	(11,742,677)	(77,040,697)
Segment profit before tax	**5,502,639**	**1,115,789**	**17,144,746**	**23,763,174**	**(12,291,041)**	**11,472,133**
Segment assets at the end of the reporting period	888,308,872	251,881,527	217,402,947	1,357,593,346	(10,708,163)	1,346,885,183
Segment liabilities at the end of the reporting period	570,740,561	74,364,938	66,002,828	711,108,327	3,638,647	714,746,974
Capital expenditure	53,126,201	25,664,317	22,604,137	101,394,656	-	101,394,656

*All revenue is generated from external customers.

** In 2024, the Subsidiary carried out a revaluation of PPE, which reduced the reserve for the Subsidiary's PPE by EUR 22,624,715 (EUR 12,291,041 in 2023). As part of the consolidation, the reduction in the reserve was recognised in the consolidated income statement.

Adjustments and elimination

The decrease in the revaluation reserve for property, plant and equipment originally recognised at fair value is reported under adjustments, as it is allocated to Group expenses. Deferred taxes are not allocated to the individual segments as the underlying instrument (investment in a Subsidiary) is managed within the Group. Taxes and certain financial assets and liabilities are not allocated to these segments as they are also managed at the Group level.

Investments consist of additions to PPE, intangible assets and property, plant and equipment.

Reconciliation of profit before tax

	Parent Company		Group	
	2024 **EUR**	**2023** **EUR**	**2024** **EUR**	**2023** **EUR**
EBITDA	**40,548,658**	**39,018,215**	**108,272,389**	**88,971,901**
Depreciation and amortisation	(36,207,837)	(35,359,819)	(83,319,835)	(77,040,697)
Income from equity interests in associate	20,000	8,333	20,000	8,333
Segment profit before tax and finance costs	**4,360,821**	**3,666,729**	**24,972,554**	**11,939,537**
Finance income	2,645,574	2,518,116	3,350,090	2,604,691
Finance costs	(412,912)	(682,206)	(3,005,124)	(3,072,095)
Segment profit before tax	**6,593,483**	**5,502,639**	**25,317,520**	**11,472,133**
Dividends received from Subsidiary	8,170,968	5,719,677	-	-
Profit before tax	**14,764,451**	**11,222,316**	**25,317,520**	**11,472,133**

Reconciliation of assets

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023 EUR	31.12.2024. EUR	31.12.2023 EUR
Segment assets	1,058,507,590	888,308,872	1,539,633,495	1,357,593,346
Long-term financial investments	134,469,726	134,449,726	74,755	54,755
Property, plant and equipment *	-	-	(10,708,163)	(10,708,163)
Receivables from contracts with customers	-	-	(151)	-
Total assets	**1,192,977,316**	**1,022,758,598**	**1,528,999,936**	**1,346,939,938**

* The adjustment to the value of PPE relates to the buffer gas in the gas pipelines owned by AS Conexus Baltic Grid". The value of the buffer gas was reduced by the valuation of the individual assets of AS 'Conexus Baltic Grid" at the time of the allocation of the purchase price.

Reconciliation of liabilities

	Parent Company		Group	
	31.12.2024 EUR	31.12.2023 EUR	31.12.2024 EUR	31.12.2023 EUR
Segment liabilities	736,191,959	570,740,561	884,616,414	711,108,327
Deferred tax liability	-	-	3,299,741	3,638,647
Trade payables	-	-	(151)	-
Total liabilities	**736,191,959**	**570,740,561**	**887,916,004**	**714,746,974**

Revenue from major customers

Operating income from key customers, each representing at least 10% of the total operating income of the Parent Company and the Group.

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Electricity transmission	106,611,183	118,684,785	106,611,183	118,684,785
Natural gas transmission	-	-	25,202,911	18,519,770
Natural gas storage	-	-	29,889,861	24,044,083
Total revenue from major customers	**106,611,183**	**118,684,785**	**161,703,955**	**161,248,638**

4. Revenue

	Applicable IFRS accounting standard	Parent Company		Group	
		2024 EUR	2023 EUR	2024 EUR	2023 (restated) EUR
Revenue from contracts with customers, recognised over the time					
Electricity transmission system service	IFRS 15	93,657,576	85,561,583	93,657,576	85,561,583
Electricity transmission system service	IFRS 15	43,606,981	40,890,977	43,606,981	40,890,977
Revenue from natural gas transmission	IFRS 15	-	-	33,156,737	25,309,428
Revenue from natural gas storage	IFRS 15	-	-	60,233,253	50,242,335
Connection fee revenue	IFRS 15	3,842,801	3,612,981	3,842,801	3,612,981
Electricity transit service	IFRS 15	2,490,312	2,709,267	2,490,312	2,709,267
Reactive electricity revenues	IFRS 15	586 344	581 570	586 344	581 570
Revenue from natural gas balancing	IFRS 15	-	-	11,207,180	12,008,790
Other services	IFRS 15	724,558	737,990	723,865	737,990
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS		**144,908,572**	**134,094,368**	**249,505,049**	**221,654,921**
Other income					
Congestion management revenue to cover the costs of transmission losses*	IAS 20 (by analogy)	4,491,942	14,127,667	4,491,942	14,127,667
Electric power congestion elimination*	IAS 20 (by analogy)	2,904,846	8,071,615	2,904,846	8,071,615
Asset leases	IFRS 16	1,705,291	1,718,443	1,705,291	1,718,443
TOTAL OTHER INCOME		**9,102,079**	**23,917,725**	**9,102,079**	**23,917,725**
TOTAL REVENUE		**154,010,651**	**158,012,093**	**258,607,128**	**245,572,646**

*Total revenue from congestion fees and the liquidation of congestion in electricity generation amounted to EUR 14,009,645 in 2024 (EUR 33,855,768 in 2023), of which EUR 2,904,846 was recognised in the income statement to cover congestion avoidance costs (EUR 8,071,615 in 2023). Under PUC Council Resolution No. 64 of 22 May 2023 “On the tariffs for electricity transmission grid services of the joint stock company Augstsprieguma tīkls, AST is entitled to redirect previously generated congestion income of up to EUR 62,070.1 thousand to cover the costs of electricity transmission grid services in the period up to 31 December 2025. In 2024, congestion income of

EUR 4,491,942 (in 2023 - EUR 14,127,667) was recognised to cover the costs of electricity transmission grid services. The remaining amount of EUR 11,104,799 (in 2023 - EUR 25,784,153) was carried forward to deferred income.

4.1. Contractual balances

The Group's contract assets result from the recognition of estimated revenue from fulfilled contractual obligations, including transit losses under the ITC mechanism (see note 2.12). Contract liabilities result from connection fees and the associated construction of property, plant and equipment, as the cumulative payments from customers at the individual balance sheet dates do not match the amount of revenue recognised in the contracts (see Note 2.9 (c)).

	Parent Company			
	Contract assets		**Contract liabilities**	
	2024 EUR	**2023 EUR**	**2024 EUR**	**2023 EUR**
At the beginning of the reporting year	**2,575,865**	**1,282,684**	**54,426,952**	**42,222,257**
Transfer in the period from the contract asset to trade receivables	(2,575,865)	(1,282,684)	-	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	(4,261,180)	(3,612,981)
Cash received in advance of performance and not recognised as revenue during the period	-	-	33,524,730	15,817,676
Excess of revenue recognised over cash and receivables	1,395,350	2,575,865	-	-
At the end of the reporting year	**1,395,350**	**2,575,865**	**83,690,502**	**54,426,952**

	Group			
	Contract assets		**Contract liabilities**	
	2024 EUR	**2023 EUR**	**2024 EUR**	**2023 EUR**
At the beginning of the reporting year	**2,575,865**	**1,282,684**	**54,431,427**	**42,222,257**
Transfer in the period from the contract asset to trade receivables	(2,575,865)	(1,282,684)	-	-
Amounts included in contract liabilities that was recognised as revenue during the period	-	-	(4,265,655)	(3,612,981)
Cash received in advance of performance and not recognised as revenue during the period	-	-	34,118,195	15,822,151
Excess of revenue recognised over cash and receivables	1,395,350	2,575,865	-	-
At the end of the reporting year	**1,395,350**	**2,575,865**	**84,283,967**	**54,431,427**

4.2. Contract performance obligations

The majority of the Group's contracts relate to the supply of goods and services within the next 12 months and are subject to the practical expedient in paragraph 121(a) of IFRS 15. For capacity reservation and follow-on contracts, the initial contract term is longer than 12 months, so the Group's right to consideration does not correspond directly to operating profit. The amount that will be recognised in future periods of these contracts when the remaining performance obligations are satisfied is analysed as follows:

Performance obligations as of 31.12.2024.:

	Parent Company				
	2025 EUR	**2026 EUR**	**2027-2029 EUR**	**2030… EUR**	**Total EUR**
Deferred income from connection fees	3,784,233	3,763,546	10,233,413	36,445,288	**54,226,480**
Customer payments received for the reconstruction of PPE	17,301,734	4,980,498	410,970	-	**22,693,202**
Advances received for capacity reservation fees*	4,817,001	1,297,584	-	-	**6,114,585**

	Group				
	2025 EUR	**2026 EUR**	**2027-2029 EUR**	**2030… EUR**	**Total EUR**
Deferred income from connection fees	3,803,242	3,782,555	10,290,440	36,730,416	**54,606,653**
Customer payments received for the reconstruction of PPE	17,301,734	4,980,498	410,970	-	**22,693,202**
Advances received for capacity reservation fees*	4,819,272	1,297,584	-	-	**6,116,856**

Performance obligations as of 31.12.2023.:

	Parent Company				
	2024 EUR	2025 EUR	2026-2028 EUR	2029… EUR	Total EUR
Deferred income from connection fees	3,705,561	3,696,481	10,649,522	23,131,187	**41,182,751**
Customer payments received for the reconstruction of PPE	767,990	27,582	-	-	**795,572**
Advances received for capacity reservation fees*	5,257,063	4,817,001	1,962,815	-	**12,036,879**

	Group				
	2024 EUR	2025 EUR	2026-2028 EUR	2029… EUR	Total EUR
Deferred income from connection fees	3,705,561	3,696,481	10,649,522	23,131,187	**41,182,751**
Customer payments received for the reconstruction of PPE	767,990	27,582	-	-	**795,572**
Advances received for capacity reservation fees*	5,261,538	4,817,001	1,962,815	-	**12,041,354**

* The Parent Company has received advances for capacity reservation fees in the amount of EUR 6,114,585 (EUR 12,036,879 in 2023) and bank guarantees for capacity reservation fees in the amount of EUR 38,020,133 (EUR 59,156,969 in 2023).

5. Other revenue

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Recognised deferred revenue from EU co-financing for capital investments	6,088,883	3,675,572	7,559,568	4,496,462
Recognised deferred income from congestion charging	1,343,013	1,205,248	1,343,013	1,205,248
Revenue from sales, disposals of current assets and property, plant and equipment, net	2,783	223,299	46,434	223,299
State aid within the framework of measures to reduce electricity prices*	4,477,080	2,230,080	4,477,080	2,230,080
Other revenue	121,366	363,497	594,380	591,654
TOTAL OTHER REVENUE	**12,033,125**	**7,697,696**	**14,020,475**	**8,746,743**

*In accordance with the informative report of the Ministry of Climate and Energy “On the review of the draft tariffs for the system service of the AS “Augstsprieguma tīkls” and AS “Sadales tīkls”, the Cabinet of Ministers’ Minutes Resolution No. 4 of 24 January 2023, Section 53, Art. January 2023, Section 53, Article 49 of the Note to the Law "On the State Budget for 2023 and the Budget Framework for 2023, 2024 and 2025" provides for an appropriation for the Ministry of Climate and Energy, through which state aid for the protection service (capacity reserve maintenance service) was granted to AS “Augstsprieguma tīkls”, which compensates for the difference between EUR 4.65 per MW hour and the actual price of the service, which is above this threshold.

6. Raw materials and materials consumed

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 (restated) EUR
Purchase of balancing electricity and natural gas	33,493,337	32,571,272	43,316,124	43,663,946
Electricity transmission losses and technological consumption	26,488,654	24,788,605	26,488,654	24,788,605
Purchase of regulatory electricity	10,049,783	8,116,206	10,049,783	8,116,206
Natural gas transmission and storage system maintenance services	-	-	4,316,897	4,583,143
Electricity transit losses	5,366,772	7,482,905	5,366,772	7,482,905
Cost of materials used and repair works	1,477,937	2,097,109	2,782,177	3,351,930
Natural gas costs	-	-	2,094,687	959,116
Electricity for self-consumption	458,199	398,347	458,199	398,347
TOTAL RAW MATERIALS AND MATERIALS USED, REPAIR COSTS	**77,334,682**	**75,454,444**	**94,873,293**	**93,344,198**

7. Personnel costs

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Remuneration for work*	17,748,774	16,703,655	31,008,384	29,038,910
National social insurance mandatory contributions *	4,157,972	4,026,412	7,275,216	6,931,445
Contributions to a pension plan (defined contribution plan)	942,159	548,871	1,866,612	1,281,374
Other benefits under collective agreements (defined benefit plans)	620,247	691,914	620,247	691,914
Other personnel costs	-	-	28,730	12,862
TOTAL PERSONNEL COSTS	**23,469,152**	**21,970,852**	**40,799,189**	**37,956,505**
including remuneration to the management of the Parent Company (Board, Council):				
Remuneration for work	812,300	669,423	812,300	669,423
National social insurance mandatory contributions	191,622	158,004	191,622	158,004
TOTAL REMUNERATION TO THE MANAGEMENT OF THE PARENT COMPANY	**1,003,922**	**827,427**	**1,003,922**	**827,427**
Number of employees at the end of the reporting period	540	542	905	878
Average number of employees during the reporting period	544	530	905	891

* Capitalised wages of EUR 850,096 (in 2023 240,982 EUR) included).

8. Other operating expenses

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Elimination of electric power congestion*	2,656,770	7,859,059	2,656,770	7,859,059
Reserve Electricity Capacity for Electricity System Reliability	8,632,721	8,899,090	8,632,721	8,899,090
Transport costs	1,038,395	945,068	1,295,588	1,228,238
IT and telecommunication system maintenance costs	5,248,389	5,089,240	6,440,517	6,087,564
Premises and grounds maintenance expenses	1,243,621	1,378,699	1,243,621	1,378,699
Synchronous compensators for power system reliability	1,514,759	1,178,704	1,514,759	1,178,704
Electricity market coupling and auction administration costs	1,133,844	841,546	1,133,844	841,546
Occupational safety, security and insurance expenses	513,677	515,245	513,677	515,245
Taxes and duties	260,108	311,097	1,153,866	1,276,550
Other costs	2,449,000	2,248,530	4,097,369	4,782,090
TOTAL OTHER OPERATING EXPENSES	**24,691,284**	**29,266,278**	**28,682,732**	**34,046,785**

*As a result of the fall in electricity prices, the Parent Company's costs fell significantly in 2024 as part of the auctions for optional financial transmission rights (option) organised jointly with the Estonian transmission system operator "Elering" AS on the Estonian-Latvian border in the direction of Estonia - Latvia. Optional financial transmission rights are a financial instrument that allows electricity market participants to limit the risk of price fluctuations on the electricity exchange between the Estonian and Latvian electricity trading areas. The aforementioned costs are covered by the income from congestion charges.

9. Finance income and costs

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
a) Finance income				
Interest income on deposits	2,641,080	2,510,429	3,345,596	2,596,349
Other finance income	4,494	7,687	4,494	8,342
Total finance income	**2,645,574**	**2,518,116**	**3,350,090**	**2,604,691**
b) Finance costs				
Interest expense on borrowings	(36,694)	(102,708)	(2,751,443)	(2,684,217)
Coupon interest cost of debt securities issued (Note 20)	(526,582)	(526,438)	(526,582)	(526,438)
Capitalised interest cost of borrowings	371,783	185,822	515,462	398,225
Interest expense on leased assets (Note 20)	(219,708)	(230,114)	(240,220)	(250,897)
Other financial costs	(1,711)	(8,768)	(2,341)	(8,768)
Total finance costs	**(412,912)**	**(682,206)**	**(3,005,124)**	**(3,072,095)**

10. Intangible assets and property, plant and equipment

10.1. Intangible assets

	Parent Company			
	Computer software and licences	**Transmission right of use assets**	**Intangible assets under construction**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
At 31 December 2022				
Historical cost	3,993,948	1,892	914,746	4,910,586
Accumulated amortisation	(1,854,265)	(1,025)	-	(1,855,290)
NBV	**2,139,683**	**867**	**914,746**	**3,055,296**
2023				
Additions	514,455	-	579,929	1,094,384
Transferred	1,494,675	-	(1,494,675)	-
Disposals	(27,139)	-	-	(27,139)
Amortisation charge	(851,985)	(95)	-	(852,080)
NBV,at 31 December 2023	**3,269,689**	**772**	**-**	**3,270,461**
At 31 December 2023				
Historical cost	5,831,454	1,892	-	5,833,346
Accumulated amortisation	(2,561,765)	(1,120)	-	(2,562,885)
NBV	**3,269,689**	**772**	**-**	**3,270,461**
2024				
Additions	2,760,858	-	407,047	**3,167,905**
Transferred	14,655	-	(14,655)	-
Amortisation charge	(1,368,409)	(94)	-	**(1,368,503)**
NBV at 31 December 2024	**4,676,793**	**678**	**392,392**	**5,069,863**
At 31 December 2024				
Historical cost	8,602,512	1,892	392,392	**8,996,796**
Accumulated amortisation	(3,925,719)	(1,214)	-	**(3,926,933)**
NBV	**4,676,793**	**678**	**392,392**	**5,069,863**

	Group				
	Computer software and licences	Transmission right of use assets	Service concession agreement	Intangible assets under construction	Total
	EUR	EUR	EUR	EUR	EUR
At 31 December 2022					
Historical cost	12,785,449	1,892	-	963,741	13,751,082
Accumulated amortisation	(8,586,752)	(1,025)	-	-	(8,587,777)
NBV	**4,198,697**	**867**	**-**	**963,741**	**5,163,305**
2023					
Additions	514,455	-	-	16,184,953	16,699,408
Transferred	1,968,512	-	1,007,865	(1,968,512)	1,007,865
Disposals	(27,139)	-	-	-	(27,139)
Amortisation charge	(1,582,304)	(95)	-	-	(1,582,399)
NBV at 31 December 2023	**5,072,221**	**772**	**1,007,865**	**15,180,182**	**21,261,040**
At 31 December 2023					
Historical cost	13,571,767	1,892	1,007,865	15,180,182	29,761,706
Accumulated amortisation	(8,499,546)	(1,120)	-	-	(8,500,666)
NBV	**5,072,221**	**772**	**1,007,865**	**15,180,182**	**21,261,040**
2024					
Additions	2,760,858	-	-	2,427,937	5,188,795
Transferred	422,568	-	-	(422,568)	-
Amortisation charge	(2,098,523)	(94)	(100,787)	-	(2,199,404)
NBV at 31 December 2024	**6,157,124**	**678**	**907,078**	**17,185,551**	**24,250,431**
At 31 December 2024					
Historical cost	16,255,193	1,892	1,007,865	17,185,551	34,450,501
Accumulated amortisation	(10,098,069)	(1,214)	(100,787)	-	(10,200,070)
NBV	**6,157,124**	**678**	**907,078**	**17,185,551**	**24,250,431**

On 31 December 2023, the co-financing of the project “Increasing the capacity of the Klaipėda – Kiemenai pipeline in Lithuania” in the remaining amount of EUR 1,007,865 was reclassified from prepaid expenses to intangible assets in the financial statements. Under the decision of the PUC dated 30 April 2014 No. 97 (Protocol No. 16, p. 4) “On the allocation of investment costs for the project of common interest “Increasing the capacity of the Klaipėda – Kiemenai pipeline in Lithuania"", a payment of EUR 1,713,370 was made to Amber Grid AB in 2017. The amortisation period of the asset is determined in accordance with the estimated amortisation period of the investment until 2033.

Based on the decision of the Agency for the Cooperation of Energy Regulators (ACER) of 11 August 2014 “On the allocation of the project of common interest No. 8.5. Poland-Lithuania Gas Interconnection Investment Request, including cross-border cost sharing” and the agreement between the operators of 11 May 2018 on the recovery of the costs of the “Gas Interconnection Poland – Lithuania” (GIPL) project with GAZ-System A.S., Amber Grid AB and Elering AS, AS “Conexus Baltic Grid”, the co-financing for the construction of the connection is set at EUR 14.7 million. According to the agreement, a recalculation was made as of 31 December 2024, and the total costs amount to EUR 15.4 million. Regulation (EU) No 347/2013 of the European Parliament and of the Council (17 April 2013) sets out the obligation to make this payment, which will enable access to a wider range of potential customers in the future and reduce dependence on a single provider.

According to the Polish operator GAZ-System A.S., the investments in the construction of the cross-border gas connection have been made, but the payment receipts have not yet been received. Therefore, in the financial accounts as at 31 December 2024, the Polish Lithuanian interconnector GIPL should be recognised in the costs of construction of intangible assets and provisions in the amount of the planned co-financing of EUR 15.4 million.

10.2. Property, plant and equipment

	Parent Company						
	Land, buildings	Electricity transmission structures*	Transmission lines, technological equipment*	Other electricity transmission equipment*	Other PPE	PPE under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
At 31 December 2022							
Historical cost or revalued amount	43,145,635	8,617,617	1,180,904,761	10,418,763	19,966,927	31,878,269	1,294,931,972
Accumulated depreciation and impairment	(6,030,174)	(4,201,996)	(581,587,352)	(8,353,335)	(13,304,886)	-	(613,477,743)
NBV	**37,115,461**	**4,415,621**	**599,317,409**	**2,065,428**	**6,662,041**	**31,878,269**	**681,454,229**
2023							
Additions	5,965	-	2,891	3,246	1,345,377	50,674,338	**52,031,817**
Transferred	3,161,160	158,906	30,174,608	1,378,330	107,556	(34,980,560)	**-**
Sold	-	-	-	-	-	(373,272)	**(373,272)**
Disposals	-	(4)	(443,023)	(6)	(293)	-	**(443,326)**
Depreciation	(1,358,394)	(524,317)	(27,752,964)	(609,099)	(3,342,558)	-	**(33,587,332)**
NBV at 31 December 2023	**38,924,192**	**4,050,206**	**601,298,921**	**2,837,899**	**4,772,123**	**47,198,775**	**699,082,116**
At 31 December 2023							
Historical cost or revalued amount	46,311,360	8,661,999	1,200,434,390	11,640,674	21,305,280	47,198,775	**1,335,552,478**
Accumulated depreciation and impairment	(7,387,168)	(4,611,793)	(599,135,469)	(8,802,775)	(16,533,157)	-	**(636,470,362)**
NBV	**38,924,192**	**4,050,206**	**601,298,921**	**2,837,899**	**4,772,123**	**47,198,775**	**699,082,116**
2024							
Additions	799	-	-	17,245	2,159,552	156,899,270	**159,076,866**
Transferred	109,128	9,363	32,197,832	1,406,730	4,934,953	(38,658,006)	**-**
Sold	-	-	-	-	-	(48,183)	**(48,183)**
Disposals	(6,746)	(821)	(185,959)	(77)	(630)	-	**(194,233)**
Depreciation	(1,393,134)	(519,665)	(28,111,652)	(971,199)	(2,923,182)	-	**(33,918,832)**
NBV at 31 December 2024	**37,634,239**	**3,539,083**	**605,199,142**	**3,290,598**	**8,942,816**	**165,391,856**	**823,997,734**
At 31 December 2024							
Historical cost or revalued amount	46,047,187	8,492,718	1,216,528,318	12,965,650	28,037,858	165,391,856	**1,477,463,587**
Accumulated depreciation and impairment	(8,412,948)	(4,953,635)	(611,329,176)	(9,675,052)	(19,095,042)	-	**(653,465,853)**
NBV	**37,634,239**	**3,539,083**	**605,199,142**	**3,290,598**	**8,942,816**	**165,391,856**	**823,997,734**

* The PPE group was revalued

	Group										
	Land, buildings	Electricity transmis-sion enginee-ring structures*	Natural gas transmission buildings and structures*	Wells*	Transmission lines, technological equipment*	Other electricity transmis-sion equipment*	Natural gas pumping and automatic control equipment*	Other PPE	Emergency reserve	PPE under construction	TOTAL
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
At 31 December 2022											
Historical cost or revalued amount	44,238,109	8,617,617	625,920,309	159,765,510	1,277,385,870	10,418,763	44,469,967	26,190,378	1,825,384	42,138,797	2,240,970,704
Accumulated depreciation and impairment	(6,030,174)	(4,201,996)	(411,247,525)	(46,883,922)	(625,822,959)	(8,353,335)	(23,140,673)	(17,466,056)	-	-	(1,143,146,640)
NBV	**38,207,935**	**4,415,621**	**214,672,784**	**112,881,588**	**651,562,911**	**2,065,428**	**21,329,294**	**8,724,322**	**1,825,384**	**42,138,797**	**1,097,824,064**
2023											
Additions	5,965	-	7,250	-	318,437	3,246	27,024	1,951,613	-	82,381,712	84,695,247
Transferred	3,173,197	158,906	4,551,947	489,140	30,593,742	1,378,330	6,463,828	322,157	146,719	(47,131,247)	146 719
Sold	-	-	-	-	-	-	-	-	-	(373,272)	(373,272)
Disposals	-	(4)	(114,646)	(2,548)	(463,698)	(6)	(472,330)	(1,310)	(12,395)	(97,395)	(1,164,332)
Depreciation charge	(1,358,394)	(524,317)	(8,825,608)	(2,732,666)	(31,547,203)	(609,099)	(1,538,624)	(3,900,991)	-	-	(51,036,902)
Impairment charge **	-	-	-	(16,180,709)	-	-	(7,307,135)	-	-	-	(23,487,844)
NBV at 31 December 2023	**40,028,703**	**4,050,206**	**210,291,727**	**94,454,805**	**650,464,189**	**2,837,899**	**18,502,057**	**7,095,791**	**1,959,708**	**76,918,595**	**1,106,603,680**
At 31 December 2023											
Historical cost or revalued amount	47,415,871	8,661,999	629,594,092	138,773,371	1,296,985,314	11,640,674	38,000,336	27,872,587	1,959,708	76,918,595	2,277,822,547
Accumulated depreciation and impairment	(7,387,168)	(4,611,793)	(419,302,365)	(44,318,566)	(646,521,125)	(8,802,775)	(19,498,279)	(20,776,796)	-	-	(1,171,218,867)
NBV	**40,028,703**	**4,050,206**	**210,291,727**	**94,454,805**	**650,464,189**	**2,837,899**	**18,502,057**	**7,095,791**	**1,959,708**	**76,918,595**	**1,106,603,680**
2024											
Additions	799	-	-	-	817,897	17,245	193,687	2,777,803	-	201,543,413	205,350,844
Transferred	109,128	9,363	8,351,282	251,155	32,783,423	1,406,730	1,384,443	5,348,952	68,641	(49,644,088)	69,029
Sold	-	-	-	-	-	-	-	-	-	(48,183)	(48,183)
Disposals	(6,746)	(821)	(1,518)	-	(199,497)	(77)	(2,694)	(2,619)	-	-	(213,972)
Depreciation charge	(1,393,134)	(519,665)	(9,042,873)	(2,375,084)	(32,044,509)	(971,199)	(1,321,927)	(3,592,521)	-	-	(51,260,912)
Impairment charge **	-	-	(25,799,405)	(107,017)	(2,859,073)	-	(160,378)	-	-	-	(28,925,873)
NBV at 31 December 2024	**38,738,750**	**3,539,083**	**183,799,213**	**92,223,859**	**648,962,430**	**3,290,598**	**18,595,188**	**11,627,406**	**2,028,349**	**228,769,737**	**1,231,574,613**
At 31 December 2024											
Historical cost or revalued amount	47,151,698	8,492,718	542,075,714	138,867,643	1,307,957,425	12,965,650	39,176,758	35,292,834	2,028,349	228,769,737	2,362,778,526

Accumulated depreciation and impairment	(8,412,948)	(4,953,635)	(358,276,501)	(46,643,784)	(658,994,995)	(9,675,052)	(20,581,570)	(23,665,428)	-	-	(1,131,203,913)
NBV	**38,738,750**	**3,539,083**	**183,799,213**	**92,223,859**	**648,962,430**	**3,290,598**	**18,595,188**	**11,627,406**	**2,028,349**	**228,769,737**	**1,231,574,613**

*The PPE group was revalued

** The Group has reviewed the fair value of wells, gas pumping equipment and automatic plant control systems to ensure that their carrying value does not differ materially from their fair value at the reporting date. The carrying amount of PPE (wells, gas pumping stations and automatic plant control systems) was reduced by EUR 28,925,873 (EUR 23,487,844 in 2023). The reduction of EUR 28,925,873 (EUR 23,487,844 in 2023) is recognised in the consolidated income statement under Depreciation, amortisation and impairment of PPE. Revaluation reasons and main assumptions described in section PPE of the Natural gas transmission and Natural gas storage segments.

As at 31 December 2024, the Group's PPE include fully depreciated PPE with an original value of EUR 53,746,934 (as at 31 December 2023: EUR 43,162,215), while the Parent Company's PPE include fully depreciated PPE with an original value of EUR 36,141,790 (as at 31 December 2023: EUR 29,723,655). In 2024, the Parent Company capitalised borrowing costs of EUR 371,783 (2023: EUR 185,822), while the Group capitalised borrowing costs of EUR 515,462 (2023: EUR 398,225) (Note 9b). At the end of the reporting period, the Group's work in progress totalling EUR 228,769,737 consisted of the following major projects:

Cost of unfinished construction	**Estimated date of completion of the project**	**31.12.2024. EUR**	**31.12.2023. EUR**
The operations of the Inčukalnsunderground gas storage improvements	01.12.2025	54,917,452	22,080,453
Purchase and installation of system synchronisation and inertia equipment substation “Ventspils”	31.06.2025	37,752,414	3,482,761
Purchase and installation of system synchronisation and inertia equipment substation “Grobiņa”	28.02.2025	37,706,454	6,735,399
Purchase and installation of system synchronisation and inertia equipment substation “Līksna”	31.10.2025	22,343,410	3,430,488
Construction of the control and data centre, redevelopment of the production base area and building complex at Dārzciema street 86, Riga	31.12.2027	10,202,079	1,163,947
330 kV power transmission cable line No.322 re-building	31.12.2025	9,966,099	-
Battery energy storage systems substation "Rēzekne"	30.11.2025	8,194,039	-
Reconstruction of the 110kV switchgear of the 110/10/6kV substation "Kuldīga"	30.06.2026	3,842,321	-
Underground gas line Izborsk-Inčukalns underground gas storage insulation replacement	31.12.2026	3,218,675	-
Reconstruction of the 110kV switchgear of the 110/10/6kV substation "Vairogs"	31.03.2026	2,985,895	-
Battery energy storage systems substation "Tume"	30.11.2025	2,547,818	-
110 kV switchgear of 330/110/20 kV substation No.20 “Krustpils” re-building	31.10.2025	414,855	2,712,405
330kV interconnector Valmiera (LV) - Tsirguliina (EE) capacity increase	31.12.2024	-	12,649,868
110kV power transmission cable line No 210 a/st “Torņkalns”-”Centrālā” capacity increase	31.01.2024	-	2,751,182
Construction of renewable energy power plant connections	2025-2027	16,848,693	630,902
Other projects	2025-2026	17,829,533	21,281,190

At the end of the reporting period, a significant portion of the balance of advances paid for PPE and assets under construction is attributable to EU co-financed projects. Breakdown of the balance of advances paid by the project:

Balance of advances paid	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Battery energy storage system construction projects	35,248,219	-	35,248,219	-
Cross-border commercial accounting projects	402,616	-	402,616	-
Incukalns UGS projects	-	-	194,211	2,217,520
Gas transmission projects	-	-	727,804	-
EU-funded projects	**35,650,835**	**-**	**36,572,850**	**2,217,520**
Other projects	594,797	-	594,797	266,026
Total	**36,245,632**	**-**	**37,167,647**	**2,483,546**

The following table summarises the carrying amounts of the Group's revalued assets, assuming that the assets are recognised at cost:

	NBV if no revaluation 31.12.2024. EUR	NBV 31.12.2024. EUR
Electricity transmission structures	3,168,136	3,539,083
Natural gas transmission buildings and structures	183,799,213	183,799,213
Wells	92,223,859	92,223,859
Transmission lines and technological equipment	619,610,293	648,962,430
Gas pumping and automatic control equipment	18,595,188	18,595,188
Other electricity transmission equipment	2,748,147	3,290,598
TOTAL	**920,144,837**	**950,410,371**

	NBV if no revaluation 31.12.2023. EUR	NBV 31.12.2023. EUR
Electricity transmission structures	3,479,196	4,050,206
Natural gas transmission buildings and structures	210,291,727	210,291,727
Wells	94,454,805	94,454,805
Transmission lines and technological equipment	665,267,198	650,464,189
Gas pumping and automatic control equipment	18,502,057	18,502,057
Other electricity transmission equipment	2,313,985	2,837,899
TOTAL	**994,308,968**	**980,600,883**

a) Electricity transmission segment PPE

The following asset groups in the electricity transmission segment are revalued regularly, but at least every five years, and are presented as follows:

- Technical structures for electricity transmission;
- Transmission lines, technical equipment;
- Other electricity transmission facilities.

The revaluation of the above-mentioned Groups of assets was carried out in 2021 according to their value on 1 August 2021. The revaluation was carried out by an independent external certified valuer.

The valuation was carried out under the property valuation standards and based on the utilisation of the existing PPE, which is considered to be the best and most efficient use. As a result of the revaluation, the residual replacement value of each item of property, plant and equipment was determined. The residual replacement value is the difference between the replacement cost of the asset or the replacement cost of an analogue asset at the date of valuation and the total accumulated physical, functional and economic depreciation.

Due to the specific nature and use of the assets, Level 3 inputs were used for the revaluation, which means that the data for the type of asset in question is not directly observable on the market.

The replacement value was determined on the basis of current material and labour costs, which were indexed to the increase in the material price index or the average wage growth rates. The most important assumptions relate to the useful life of the assets and the depreciation margin within the normative useful life. In general, it was assumed that the scrap value remaining at the end of the useful life is approximately 5 % of the acquisition cost of the respective fixed asset unit.

The following tables summarise the carrying amounts of the revalued asset groups, assuming that the assets are recognised at cost:

	Historical cost if no revaluation 31.12.2024 EUR	Accumulated depreciation if no revaluation 31.12.2024 EUR	NBV if no revaluation 31.12.2024 EUR	NBV 31.12.2024 EUR
Electricity transmission structures	8,533,268	5,365,132	3,168,136	3,539,083
Transmission lines, technological equipment	1,161,595,894	585,748,889	575,847,005	605,199,142
Other electricity transmission equipment	12,758,562	10,010,415	2,748,147	3,290,598
TOTAL	**1,182,887,724**	**601,124,436**	**581,763,288**	**612,028,823**

	Historical cost if no revaluation 31.12.2023. EUR	Accumulated depreciation if no revaluation 31.12.2023. EUR	NBV if no revaluation 31.12.2023. EUR	NBV 31.12.2023. EUR
Electricity transmission structures	8,703,860	5,224,664	3,479,196	4,050,206
Transmission lines, technological equipment	1,144,474,993	572,028,947	572,446,046	601,298,921
Other electricity transmission equipment	11,506,434	9,192,449	2,313,985	2,837,899
TOTAL	**1,164,685,287**	**586,446,060**	**578,239,227**	**608,187,026**

The assets of the Parent Company consist of a single cash-generating unit: the electricity transmission. When determining the cash-generating units, it is assumed that the infrastructure elements that make up the electricity transmission network are uniform and inseparable and are necessary for the safe operation of the electricity transmission network and the provision of services.

The calculation of the recoverable amount of assets is based on the value in use of the cash-generating units, which is determined by discounting the expected future cash flows resulting from the continued use of the cash-generating units. The cash flows are based on the planned results of the cash-generating units and the management's forecasts for the development of the business activities of the cash-generating units.

Taking into account the forecast business volume and the potential market value of the assets, the management of the Parent Company believes that no material adjustments to the value of intangible assets and property, plant and equipment are required as at 31 December 2024.

b) PPE of the Natural gas transmission and Natural gas storage segments

Under the requirements of paragraph 31 of IAS 16 Property, Plant and Equipment, if the company has elected to measure property, plant and equipment at revalued amount, such revaluation must be performed with sufficient regularity to ensure that the carrying amount of property, plant and equipment at the balance sheet date does not differ materially from its fair value. Under the Group's accounting policies, the Group recognises revalued amounts in the following Groups of property, plant and equipment in the natural gas transport and natural gas storage segments: Buildings and structures related to natural gas transport, transmission pipelines and related technical equipment, wells and gas pumping and automatic control equipment.

Due to the uniqueness and use of the property, plant and equipment, Level 3 data was used for the revaluation, which means that the data for the type of asset in question is not readily observable on the market.

The table below summarises the residual values for the revalued Groups of assets, assuming that the assets would be recognised at historical cost:

	Historical cost if no revaluation 31.12.2024. EUR	**Accumulated depreciation if no revaluation 31.12.2024 EUR**	**NBV if no revaluation 31.12.2024 EUR**	**NBV 31.12.2024 EUR**
Buildings and structures	542,075,714	358,276,501	183,799,213	183,799,213
Technological equipment	91,429,107	47,665,819	43,763,288	43,763,288
Wells	138,867,643	46,643,784	92,223,859	92,223,859
Gas pumping and automatic control equipment	39,176,758	20,581,569	18,595,189	18,595,189
TOTAL	**811,549,222**	**473,167,673**	**338,381,549**	**338,381,549**

	Historical cost if no revaluation 31.12.2023. EUR	**Accumulated depreciation if no revaluation 31.12.2023 EUR**	**NBV if no revaluation 31.12.2023 EUR**	**NBV 31.12.2023 EUR**
Buildings and structures	629,594,093	419,302,364	210,291,729	210,291,729
Technological equipment	96,550,924	47,385,657	49,165,267	49,165,267
Wells	138,773,371	44,318,566	94,454,805	94,454,805
Gas pumping and automatic control equipment	38,000,336	19,498,278	18,502,058	18,502,058
TOTAL	**902,918,724**	**530,504,865**	**372,413,859**	**372,413,859**

In 2023, management assessed the price level for pipelines, technological equipment and general construction work and determined changes in inflation, labour and material cost increases compared to January 2020. To determine whether the fair value of the Groups of non-current assets corresponds to the financial carrying amount at the end of the reporting year, the company performed an internal assessment of the fair value of the assets as at 31 December 2023 for the Groups of non-current assets measured at revalued value that showed signs of impairment. Under the valuation methods specified in paragraph 62 of IFRS 13 Fair Value Measurement, the company has determined that the income capitalisation approach is the most appropriate. In determining the fair value of the wells, gas pumping stations and automatic control systems of plant groups, the company used the return on capital authorised for the current regulatory period and assumed that the return on capital will reach the estimated market return after the end of the regulatory period.

As a result of the revaluation, an impairment loss of EUR 23,487,844 was recognised for wells, gas pumping stations and automatic control systems of facilities. No revaluation reserves were previously recognised in the consolidated financial statements for these assets, as all of the Subsidiary's assets were initially recognised at fair value in the consolidated balance sheet when the Group was established. The impairment was therefore recognised in the income statement.

Using the amortised replacement cost method, the revaluation of PPE as at 1 January 2020 was carried out by independently certified appraisers from SIA Grant Thornton Baltic. A regular revaluation of PPE was carried out in 2024. The value of the assets was calculated using the capitalised earnings value method, discounting future cash flows. The company calculated the fair value as at 31 December 2024 based on management estimates of the expected economic activity for a period of 10 years. The discount rate used for the calculation was 7.10%. If this rate were 6.10%, the carrying amount of the assets for certain Groups of PPE would be reduced by less amount i.e. EUR 15,999 thousand. If the rate were 8.10%, the carrying amount of the assets for certain Groups of PPE would decrease by higher amount i.e. EUR 40,762 thousand.

No revaluation reserves for these PPE have been recognised in the consolidated financial statements to date, as all PPE of the Subsidiary were initially recognised at fair value in the consolidated balance sheet when the Group was founded. The impairment loss was therefore recognised in profit or loss.

As a result of the revaluation, an impairment loss of EUR 28,925,873 was recognised in the Group's income statement under Depreciation, amortisation and impairment of PPE.

10.3. The right-of-use assets

	Parent Company	Group
	Buildings and land	**Buildings and land**
	EUR	**EUR**
At 31 December 2022		
Historical cost	19,766,531	20,270,161
Accumulated depreciation	(5,295,142)	(5,337,269)
NBV	**14,471,389**	**14,932,892**
2023		
Changes to lease agreements recognised	629,464	629,464
Increase in rights of use assets	218,494	218,494
Depreciation charge	(920,407)	(933,552)
NBV at 31 December 2023	**14,398,940**	**14,847,298**
At 31 December 2023		
Historical cost	20,609,163	21,112,793
Accumulated depreciation	(6,210,223)	(6,265,495)
NBV	**14,398,940**	**14,847,298**
2024		
Changes to lease agreements recognised	45,868	45,868
Depreciation charge	(920,502)	(933,646)
NBV at 31 December 2024	**13,524,306**	**13,959,520**
At 31 December 2024		
Historical cost	20,654,592	21,158,222
Accumulated depreciation	(7,130,286)	(7,198,702)
NBV	**13,524,306**	**13,959,520**

10.4. Depreciation, amortisation and impairment

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Depreciation of property, plant and equipment	(33,918,832)	(33,587,332)	(51,260,912)	(51,036,902)
Amortisation of intangible assets	(1,368,503)	(852 080)	(2,199,404)	(1,582,399)
Depreciation of rights - of use assets	(920,502)	(920,407)	(933,646)	(933,552)
Depreciation and amortisation	**(36 207 837)**	**(35 359 819)**	**(54 393 962)**	**(53 552 853)**
Decrease in value of non- current assets due to revaluation	-	-	(28,925,873)	(23,487,844)
Total Decrease in value of non- current assets due to revaluation	**-**	**-**	**(28,925,873)**	**(23,487,844)**
Write-offs and other adjustments	(194,233)	(470,465)	(213,972)	(1,191,470)
Impairment and other adjustments of intangible assets and property, plant and equipment	**(194,233)**	**(470,465)**	**(213,972)**	**(1,191,470)**
TOTAL depreciation and amortisation excluding impairment and other adjustments	**(36,207,837)**	**(35,359,819)**	**(83,319,835)**	**(77,040,697)**

11. Other long-term financial investments

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Investments in the capital of subsidiaries, including:	**134,394,971**	**134,394,971**	**-**	**-**
JSC ''Conexus Baltic Grid''	134,394,971	134,394,971	-	-
Investment in the capital of associated companies, including:	**73,333**	**53,333**	**73,333**	**53,333**
"Baltic RCC" LLC	**73,333**	**53,333**	**73,333**	**53,333**
Investments in the capital of other companies, including:	**1,422**	**1,422**	**1,422**	**1,422**
JSC ''Pirmais slēgtais pensiju fonds''	1,422	1,422	1,422	1,422
NBV at the end of the reporting period	**134,469,726**	**134,449,726**	**74,755**	**54,755**

The Parent Company owns 1.9% of the capital of AS “Pirmais slēgtais pensiju fonds”. The Parent Company is a nominal shareholder, as all risks and benefits arising from the activities of the fund are assumed or received by the employees of the Parent Company - the members of the pension plan.

Business name	**Location**	**Type of business**	**Participation share**
JSC "Conexus Baltic Grid"	Latvia	Natural gas transmission and storage operator in Latvia	68.46%
''Baltic RCC" LLC	Estonia	Baltic Regional Coordination Centre for Electricity Transmission Systems	33.33%
JSC "Pirmais slēgtais pensiju fonds"	Latvia	Managing pension plans	1.9%

11.1. Summary of the financial indicators of the subsidiary

Summarised information on the Subsidiary’s Profit and Loss Statement:

	2024 **EUR**	**2023** **EUR**
Revenue	104,597,170	76,467,879
Profit of the year	**38,703,701**	**17,023 499**
Subsidiary profits consolidation adjustments	(22,624,715)	(12,291,041)
Adjusted profit of the year	16,078,986	4,732,458
Profit for the year attributed to the owners of the parent	11,007,674	3,239,840
Profit for the year attributed to the non-controlling interests	5,071,312	1,492,618
Total comprehensive income	**16,058,403**	**4,761,938**
Attributable to the owners of the parent	10,993,583	3,260,022
Attributable to non-controlling interests	5,064,820	1,501,916
Dividends paid to non-controlling interests (from retained earnings)	3,763,787	2,635,401

In 2024, the dividends received from the Subsidiary totalled EUR 8,170,968 (2023: EUR 5,719,677).

Summarised information on the Subsidiary's financial position:

	2024 EUR	2023 EUR
Non-current assets	439,181,106	439,192,910
Current assets	41,944,799	30,091,564
Non-Current liabilities	89,935,675	93,422,046
Current liabilities	58,488,780	46,945,720
Total equity	**332,701,450**	**328,916,708**
Attributed to:		
Equity holders of parent	232,285,429	229,801,720
Non-controlling interest	100,416,021	99,114,988

Summary information on the Subsidiary's cash flows:

	2024 EUR	2023 EUR
Cash flows from operating activities	63,660,619	40,537,007
Cash flow from investing activities	(27,293,501)	(27,313,697)
Net cash flows from financing activities	(24,869,414)	(11,236,976)
Net increase in cash and cash equivalents	**11,497,704**	**1,986,334**

12. Inventories

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Materials and spare parts	429,253	385,559	3,729,526	2,928,456
Natural gas	-	-	1,939,902	2,272,259
Advances paid for inventories	-	-	5,385	1,433
Provisions for slow-moving stocks	-	-	(129,625)	(138,980)
TOTAL INVENTORIES	**429,253**	**385,559**	**5,545,188**	**5,063,168**

13. Receivables from contracts with customers

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Receivables from contracts with customers			-	
Electricity transmission service debts	15,305,882	13,670,798	15,305,882	13,670,798
Natural gas transmission and storage service debts	-	-	11,169,898	11,555,119
Other trade receivables	10,396,783	5,192,972	10,602,547	5,192,972
Total amounts due from contracts with customers	**25,702,665**	**18,863,770**	**37,078,327**	**30,418,889**
Expected credit losses				
Other trade receivables	(72,493)	(5,455)	(72,493)	(5,455)
Total expected credit losses	**(72,493)**	**(5,455)**	**(72,493)**	**(5,455)**
Receivables from contracts with customers, net				
Electricity transmission service debts	15,305,882	13,670,798	15,305,882	13,670,798
Natural gas transmission and storage service debts	-	-	11,169,898	11,555,119
Other trade receivables	10,324,290	5,187,517	10,530,054	5,187,517
Receivables from contracts with customers, NET	**25,630,172**	**18,858,315**	**37,005,834**	**30,413,434**

Expected credit losses of receivables from contracts with customers	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
At the beginning of the reporting year	5,455	5,495	5,455	5,495
Included in the Statement of profit and loss	67,038	(40)	67,038	(40)
At the end of the reporting year	**72,493**	**5,455**	**72,493**	**5,455**

* More information on expected credit loss calculation indicators is provided in Note 23.

14. Other receivables

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Bank deposits*	-	80,767,903	-	80,767,903
EU funding to be received ***	75,488,791	26,383,283	75,488,791	26,383,283
Fraudulent transaction debt**	-	172,850	-	172,850
Provision for fraudulent transaction**	-	(172,850)	-	(172,850)
Other financial assets	**75,488,791**	**107,151,186**	**75,488,791**	**107,151,186**
Prepayments	1,323,805	631,277	2,081,022	1,271,503
Advance payments for services	1,321,606	1,076,424	1,321,606	1,076,424
Value added tax on received advances	6,167,413	10,606,043	6,247,979	10,669,213
Other receivables	164,632	227,839	328,746	429,829
Other non-financial assets	**8,977,456**	**12,541,583**	**9,979,353**	**13,446,969**
TOTAL OTHER RECEIVABLES	**84,466,247**	**119,692,769**	**85,468,144**	**120,598,155**

*To ensure efficient resource management and taking into account the rise in interest rates, freely available funds were invested in short-term time deposits with a term of 6 to 12 months and annual interest rates of between 3.41% and 4.4% in 2023. Including accrued interest. (see note 23)

**In 2022, the Parent Company recognised a provision of EUR 172,850 in connection with a fraudulent transaction. The funds were recovered in 2024 as part of criminal proceedings.

*** In 2024, the Parent Company continued to implement the EU co-financed projects “Synchronisation with Continental Europe, Phase 1” and “Synchronisation with Continental Europe, Phase 2”, as well as projects as part of the investment “Modernisation of the electricity transmission and distribution grids” of the Recovery and Resilience Mechanism Plan, as a result of which construction work was carried out and equipment purchased for which EU funding is expected (see the section of the management report (“Further development of the Group).

**** Value added tax on advances received is mainly generated from system capacity reservation payments for planned electricity producer connections.

15. Corporate income tax

	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Corporate income tax	-	-	(2,983,957)	(2,088,770)
Deferred tax	-	-	338,906	851,734
TOTAL corporate income tax	**-**	**-**	**(2,645,051)**	**(1,237,036)**

Corporate income tax applies to the corporate income tax payment made by the Group's Subsidiary during the year when paying dividends.

Deferred tax

The Group's deferred tax is calculated as the future corporation tax payable on the Subsidiary's retained earnings that are to be distributed to the Parent Company in the form of dividends, based on the dividend level set out in the Subsidiary's strategy, which stipulates that 90% of the Subsidiary's calculated profit is to be distributed in the form of dividends, as well as future period of one year . The portion of deferred taxes attributable to dividends received from non-controlling interests is allocated to the value of the minority interests in equity.

	2024 EUR	2023 EUR
Deferred tax liability at the beginning of the year	3,638,647	4,490,381
Decrease in deferred corporate income tax liability	(338,906)	(851,734)
Deferred tax liability at year-end	**3,299,741**	**3,638,647**

16. Cash and cash equivalents

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Cash at bank	62,524,638	28,735,057	67,149,603	41,453,794
Demand deposits*	5,869,353	3,211,633	25,695,542	3,446,346
TOTAL cash and cash equivalents	**68,393,991**	**31,946,690**	**92,845,145**	**44,900,140**

* As result of increase in interest rates offered by commercial banks for current account balances, overnight deposit agreements with variable interest rates were concluded with cooperating banks in 2024, under which the deposit amount changes depending on the Group's immediate cash requirements..

17. Share capital

a) Share capital

An overview of changes in the Parent Company's equity is provided in the table below:

	Number of shares	Registered share capital, EUR
31 December 2022	**391,598,534**	**391,598,534**
31 December 2023	**391,598,534**	**391,598,534**
Issue of new shares	3,956,516	3,956,516
31 December 2024	**395,555,050**	**395,555,050**

The Group's share capital consists of ordinary shares in the Parent Company. The share capital is fully paid up.

In accordance with the resolution of the extraordinary shareholders' meeting of AS Augstsprieguma tīkls on 15 December 2023, an investment of EUR 3,956,516 was made in the share capital of the Parent Company, whereby retained earnings were capitalised. The decision of the Company Register on the registration of the changes came into force on 4 January 2024.

The Parent Company made payments to the state budget for the use of state capital (dividends) from the previous year's profit:

In 2023: EUR 7,033,805 or EUR 0.01796 per share.

In 2024: EUR 10,117,120 or EUR 0.02558 per share.

b) Reserves

The Parent Company's reserves consist of the revaluation reserve, reserves for post-employment benefits, the restructuring reserve and retained earnings, which are allocated to other reserves for development by resolution of the owner. The Group's reserves consist of the revaluation reserve for PPE, the reserves defined in the Subsidiary's articles of association, the revaluation reserve for post-employment benefits and retained earnings, which are allocated to other reserves for development by resolution of the owner.

c) Minority interest

For minority interest information, please refer to Note 11. Except for dividends, no further transactions with non-controlling interests have taken place.

18. Employee benefit liabilities

	Parent Company		**Group**	
	31.12.2024 EUR	**31.12.2023 EUR**	**31.12.2024 EUR**	**31.12.2023 EUR**
At the beginning of the reporting year	**3,261,894**	**3,294,185**	**4,593,371**	**4,645,953**
Recognised in the Statement of comprehensive income	(119,989)	(309,558)	(99,406)	(339,038)
Recognised in the Statement of profit or loss	13,304	277,267	85,611	286,456
At the end of the reporting year	**3,155,209**	**3,261,894**	**4,579,576**	**4,593,371**

Detailed information on the assumptions used in the calculations, as well as the sensitivity analysis, is provided in the Note 2.12.

19. Deferred income

	Parent Company		Group	
	31.12.2024. EUR	**31.12.2023. EUR**	**31.12.2024. EUR**	**31.12.2023. EUR**
(a) Non-current deferred income				
- from connection charges	50,442,317	37,477,190	50,442,317	37,477,190
Non-current deferred income from contracts with customers	**50,442,317**	**37,477,190**	**50,442,317**	**37,477,190**
- from European Union funding	191,817,723	142,366,370	233,108,043	168,437,244
- from the expected advance of European Union funding	75,488,792	26,383,283	75,488,792	26,383,283
- from advances received from European Union funding	-	18,562,500	-	18,562,500
- from congestion charge	113,503,731	134,178,984	113,503,731	134,178,984
Other non-current deferred income	**380,810,246**	**321,491,137**	**422,100,566**	**347,562,011**
TOTAL non-current deferred income	**431,252,563**	**358,968,327**	**472,542,883**	**385,039,201**

	Parent Company		Group	
	31.12.2024. EUR	**31.12.2023. EUR**	**31.12.2024. EUR**	**31.12.2023. EUR**
(b) Current deferred income				
- from connection charges	3,784,163	4,117,311	3,784,163	4,117,311
- other contractual obligations recognised	656,235	-	658,506	4,475
Current deferred income from contracts with customers	**4,440,398**	**4,117,311**	**4,442,669**	**4,121,786**
- Unfinished EU co-funded projects, including:	32,100,355	16,531,253	32,100,355	16,531,253
Project "Synchronisation of the Baltic electricity transmission system with the European grid, phase 2"	*18,562,500*	*2,650,549*	*18,562,500*	*2,650,549*
Synchronisation of the Baltic States with Continental Europe, Phase 1	*8,710,326*	*6,620,186*	*8,710,326*	*6,620,186*
Modernisation of the electricity distribution system	*4,827,529*	*7,239,338*	*4,827,529*	*7,239,338*
Project ''System for TSO-SSO-end-user interconnection, INTERRFACE''	-	*21,180*	-	*21,180*
- Completed EU-funded projects	6,883,813	3,570,603	*7,852,875*	4,540,432
- from congestion charge	44,959,159	19,014,063	*44,959,159*	19,014,063
- from connection to the natural gas transmission system	-	-	-	4,654
- from other project funding	-	-	*17,659*	-
Other current deferred income	**83,943,327**	**39,115,919**	**84,930,048**	**40,090,402**
TOTAL current deferred income	**88,383,725**	**43,233,230**	**89,372,717**	**44,212,188**

* Under PUC Council Resolution No. 64 of 22 May 2023 “On the tariffs for the services of the electricity transmission network of the joint-stock company Augstsprieguma tīkls’, AST is allowed to redirect the previously generated congestion revenues in the amount of up to 62,070.1 thousand euros to cover the costs of the electricity transmission network services in the period until 31 December 2025. In 2025, it is planned to recognise unused congestion fee income to cover losses for EUR 43,450,491 (unused congestion fee income to cover losses in 2023 for EUR 47,942,433) and congestion income to offset depreciation on PPE for EUR 1,508,668 (in 2023 in the amount of EUR 1,193,655).

Movement of future revenue from contracts with customers (current and non-current):

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
At the beginning of the reporting year	**41,594,501**	**41,742,974**	**41,598,976**	**41,742,974**
Connection fees and capacity reservation fees recognised in the statement of profit or loss	(3,842,801)	(3,612,980)	(3,845,005)	(3,620,810)
Connection fee and capacity reservation fee received from customer contributions	17,131,015	3,464,507	17,131,015	3,476,812
At the end of the reporting year	**54,882,715**	**41,594,501**	**54,884,986**	**41,598,976**

Movement of other deferred income (current and non-current):

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
At the beginning of the reporting period	**360,607,056**	**313,602,263**	**387,652,413**	**339,327,346**
Movement in receivable EU co-financing *	49,105,508	18,064,573	65,507,733	20,205,737
Movement in received EU co-financing	56,181,716	7,065,258	56,181,716	7,065,258
Movement in received EU co-financing advances **	(321,668)	15,099,296	(321,668)	15,099,296
Congestion charge income received	11,104,799	25,784,153	11,104,799	25,784,153
Free of charge PPE received in a co-financed project (Biomethane input point connection)	-	-	380,173	-
Congestion charge income included in statement of profit or loss ***	(5,834,955)	(15,332,915)	(5,834,955)	(15,332,915)
EU co-financing included in statement of profit or loss	(6,088,883)	(3,675,572)	(7,639,597)	(4,496,462)
At the end of the reporting year	**464,753,573**	**360,607,056**	**507,030,614**	**387,652,413**
TOTAL: Non-current and current movements at the end of the reporting year	**519,636,288**	**402,201,557**	**561,915,600**	**429,251,389**

*The funding received from the European Union (related to assets) is recognised in other deferred income when the Group and the Parent Company have met the conditions for receipt of the funding and have an unconditional right to receive the funding. The conditions relating to the receipt of the funding are as follows: The Parent Company and the Group shall ensure the management, internal control and accounting of the projects co-financed by the European Union in accordance with the European Union directives and the legal requirements of the Republic of Latvia. For each transaction related to the accounting of projects co-financed by the EU, the accounting is kept in a separate account. The Parent Company and the Group ensure separate accounting of the corresponding income, expenses, long-term investments and VAT of the co-financed projects. If the funds have not been received by the end of the reporting period, they are recognised as receivables in the balance sheet items Other receivables.

**Taking into account the significant planned investments in the EU co-financed projects of common interest “Synchronisation with Continental Europe, Phase 1” and “Synchronisation with Continental Europe, Phase 2” as well as investments in the projects “Modernisation of the electricity transmission and distribution grids” of the Recovery and Resilience Mechanism Plan (see also the section “Further development of the Group”), an advance payment has been received for the implementation of the projects under the grant agreements concluded.

***Income of EUR 4,491,942 (EUR 14,127,667 in 2023) was recognised from income for the next periods to cover the costs of the electricity transmission grid services. And EUR 1,343,013 (EUR 1,205,248 in 2023) income to offset depreciation and amortisation of PPE.

Breakdown of deferred income by period:

	Parent Company		Group	
	31.12.2024.	**31.12.2023.**	**31.12.2024.**	**31.12.2023.**
	EUR	**EUR**	**EUR**	**EUR**
Deferred income from European Union funding				
1 year or less	38,984,168	20,101,856	39,970,889	21,076,160
1-5 years	20,757,529	17,214,431	25,691,134	22,085,951
Over 5 years	246,548,986	170,097,722	282,905,701	191,297,076
Deferred income from congestion fees				
1 year or less	44,959,159	19,014,063	44,959,159	19,014,063
1-5 years	5,494,688	34,251,119	5,494,688	34,251,119
Over 5 years	108,009,043	99,927,865	108,009,043	99,927,865
Deferred income from connection fees				
1 year or less	3,784,163	4,117,311	3,784,163	4,117,311
1-5 years	13,996,959	17,342,436	13,996,959	17,342,436
Over 5 years	36,445,358	20,134,754	36,445,358	20,134,754
Deferred income from connection to the natural gas transmission system				
1 year or less	-	-	2,271	4,654
Deferred income from other contracts with customers				
1 year or less	656,235	-	656,235	-
TOTAL deferred income	**519,636,288**	**402,201,557**	**561,915,600**	**429,251,389**

20. Borrowings and lease liabilities

The Parent Company issued bonds totalling EUR 100,000 thousand in October 2021. The bonds are listed on the Nasdaq Riga stock exchange, have a fixed coupon of 0.5% per annum and a maturity date of 20 January 2027. The Parent Company is entitled to redeem each series of bonds issued in full, but not in part, at any time within 3 (three) months before their maturity date at a price equal to the nominal value of the bonds together with accrued interest. In addition to the events of default, a cross-default condition is included if the overdue payments of the Parent Company and its Subsidiary individually or in aggregate exceed EUR 20,000 thousand.

In order to finance working capital to ensure a liquidity reserve for the next 24 months, the credit facility agreement concluded between AS Augstsprieguma tīkls and AS Swedbank on 9 December 2022 was extended with a limit of up to EUR 10,000 thousand in 2023 and its term was set until 9 December 2025, with a base interest rate of 3-month EURIBOR and an additional interest rate of 1.05%. The credit line is unsecured.

The financial resources available to the Parent Company are sufficient to cover its financial requirements. AS Augstsprieguma tīkls concluded a loan agreement with the Latvian branch of Luminor Bank AS on 20 December 2024 for the implementation of infrastructure projects of the electricity transmission network. Under the said agreement, funds of up to EUR 80,000 thousand are available to the Parent Company.

During the reporting period, AS Augstsprieguma tīkls did not receive any loans under the two aforementioned credit line agreements. The restrictions on financial indicators set out in the Parent Company's existing loan agreements were complied with during the reporting period and at the time the report was authorised:

Limits on financial ratios	**31.12.2024.**	**31.12.2023.**
Equity ratio >25%	38%	44%
Net borrowings / EBITDA <6	0.8	1.3

At the end of the reporting period, the weighted average interest rate for the Parent Company's long-term loans was unchanged at 0.5% (31 December 2023: 0.5%). 100% of the total long-term loans have a fixed interest rate (31 December 2023: 100%).

The Parent Company's Subsidiary, the natural gas operator AS "Conexus Baltic Grid", takes out external financing itself. In the reporting year, AS "Conexus Baltic Grid" took out loans from both local and foreign banks. The weighted average interest rate of the bonds at the end of the reporting year was 2.38% (31 Dec. 2023: 3.30%). 39% of the loans received but not yet repaid at the end of the reporting year have a fixed interest rate (31.12.2023: 35%). All Conexus bonds are denominated in euros and are unsecured.

The financial assets available to Conexus are sufficient to cover its financial requirements. The total amount of bonds at the end of the reporting period was EUR 66,619 thousand. At the end of the reporting period, Conexus had available loan agreements totalling EUR 45,000 thousand.

The restrictions on financial covenants set out in the Subsidiary's existing loan agreements were complied with during the reporting period and at the time the report was authorised.

Limits on financial ratios	31.12.2024.	31.12.2023.
Equity ratio >50%	69%	70%
Net borrowings / EBITDA <5	0.6	1.3
Debt service coverage ratio (DSCR) >1.2x	4.3	3.3

The weighted average interest rate for the Group's long-term loans was 1.50% at the end of the reporting period (31 December 2023: 1.74%); at the end of 2024, the Group had no short-term loans (weighted average interest rate 31 December 2023: 4.76%). 76% of the Group's total long-term loans have a fixed interest rate (31 December 2023: 71%). All of the Group's bonds are denominated in euros and are unsecured.

The Group and the Parent Company have concluded various lease agreements for land and property. The most important of these is a long-term contract from 2011 with a term until 2044 with AS Latvenergo(which holds the property rights) for the lease of the electrical part of the combined optical cable (OPGW - optical grounding wire with dual function), which is laid on the transmission line supports and whose metallic reinforcement also ensures protection of the 330 kV and 110 kV power transmission lines against lightning surges.

Borrowings from credit institutions

	Parent Company		Group	
	31.12.2024 EUR	31.12.2023 EUR	31.12.2024 EUR	31.12.2023 EUR
Non-current borrowings from credit institutions	-	-	46,776,882	65,568,897
Non-current portion of issued bonds	99,945,675	99,919,164	99,945,675	99,919,164
Current borrowings from credit institutions	-	-	19,792,016	13,899,286
Borrowings	**99,945,675**	**99,919,164**	**166,514,573**	**179,387,347**
Non-current accrued liability for interest costs on issued bonds	474,044	473,973	474,044	473,973
Current accrued liabilities for interest costs on borrowings from credit institutions	-	-	49,872	75,493
TOTAL borrowings	**100,419,719**	**100,393,137**	**167,038,489**	**179,936,813**
Including:				
Non-current borrowings	100,419,719	100,393,137	147,196,601	165,962,034
Current borrowings	-	-	19,841,888	13,974,779

Lease liabilities:

	Parent Company		Group	
	31.12.2024 EUR	31.12.2023 EUR	31.12.2024 EUR	31.12.2023 EUR
TOTAL lease liabilities	**14,082,522**	**14,880,675**	**14,553,832**	**15,358,677**
Including:				
Non-current	13,227,219	14,036,873	13,671,325	14,487,671
Current	855,303	843,802	882,507	871,006

Movement in borrowings and lease liabilities:

	Parent Company		
	Lease commitments EUR	Other borrowings EUR	Total EUR
At 31 December 2022	**14,865,954**	**100,366,699**	**115,232,653**
Recognised changes to lease agreements	629,297	-	629,297
New agreements	218,494	-	218,494
Repayments, excluding interest	(833,070)	-	(833,070)
Interest payments	(230,114)	(500,000)	(730,114)
Calculated interest	230,114	526,438	756,552
At 31 December 2023	**14,880,675**	**100,393,137**	**115,273,812**
Recognised changes to lease agreements	45,868	-	45,868
Repayments, excluding interest	(844,021)	-	(844,021)
Interest payments	(219,708)	(500,000)	(719,708)
Calculated interest	219,708	526,582	746,290
At 31 December 2024	**14,082,522**	**100,419,719**	**114,502,241**

	Group			
	Lease liabilities EUR	Borrowings from credit institutions EUR	Other borrowings EUR	Total EUR
At 31 December 2022	**15,350,376**	**82,429,949**	**100,366,699**	**198,147,024**
Recognised changes to lease agreements	629,297	-	-	629,297
New agreements	218,494	10,000,000	-	10,218,494
Repayments, excluding interest	(839,490)	(12,899,286)	-	(13,738,776)
Interest payments	(250,897)	(2,568,496)	(500,000)	(3,319,393)
Calculated interest	250,897	2,581,509	526,438	3,358,844
At 31 December 2023	**15,358,677**	**79,543,676**	**100,393,137**	**195,295,490**
Recognised changes to lease agreements	45,868	-	-	45,868
Repayments, excluding interest	(850,713)	(12,899,286)	-	(13,749,999)
Interest payments	(240,220)	(2,740,370)	(500,000)	(3,480,590)
Calculated interest	240,220	2,714,750	526,582	3,481,552
At 31 December 2024	**14,553,832**	**66,618,770**	**100,419,719**	**181,592,321**

Borrowings by maturity:

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Non-current and current borrowings at fixed interest rates:				
1 year or less (short-term portion of Non-current borrowings)	474,044	473,973	2,409,528	2,458,289
1-5 years	99,945,675	99,919,164	107,687,610	107,661,099
over 5 years	-	-	16,451,613	18,387,097
Total	**100,419,719**	**100,393,137**	**126,548,751**	**128,506,485**
Non-current and current borrowings at variable interest rates:				
1 year or less (short-term borrowings)	-	-	-	11,990,463
1 year or less (short-term portion of Non-current borrowings)	-	-	17,906,405	39,439,865
1-5 years	-	-	22,583,333	-
Total	-	-	**40,489,738**	**51,430,328**
TOTAL borrowings	**100,419,719**	**100,393,137**	**167,038,489**	**179,936,813**

Lease liabilities by maturity

	Parent Company		Group	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
	EUR	EUR	EUR	EUR
1 year or less	855,303	843,802	882,507	871,006
1-5 years	2,762,977	3,029,123	2,871,793	3,137,939
Over 5 years	10,464,242	11,007,750	10,799,532	11,349,732
TOTAL lease liabilities	**14,082,522**	**14,880,675**	**14,553,832**	**15,358,677**

21. Trade and other payables

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Financial liabilities:				
Payables for electricity and natural gas	15,476,161	16,697,580	15,476,161	16,697,580
Receivables for materials and services	35,215,887	8,075,054	44,631,682	13,856,645
Other accrued liabilities	95,846	59,320	224,559	815,112
Other short-term financial liabilities	13,666,499	7,677,092	29,653,868	22,931,538
TOTAL FINANCIAL LIABILITIES	**64,454,393**	**32,509,046**	**89,986,270**	**54,300,875**
Non-financial liabilities:				
State social insurance contributions and other taxes	1,929,230	1,352,511	2,855,290	2,464,382
Advances received for connection charges	18,221,957	795,572	18,221,957	795,572
Advances received for capacity reservation charges	10,585,830	12,036,879	10,585,830	12,036,879
Advances received	-	-	7,367,326	6,112,856
Other current non-financial liabilities	3,706,811	3,309,290	7,512,093	6,257,513
TOTAL NON-FINANCIAL LIABILITIES	**34,443,828**	**17,494,252**	**46,542,496**	**27,667,202**
TOTAL PAYABLES TO SUPPLIERS AND OTHER CREDITORS, including	**98,898,221**	**50,003,298**	**136,528,766**	**81,968,077**
Due to trade payables	50,692,048	24,772,634	60,107,843	30,554,225
Due to other payables	48,206,173	25,230,664	76,420,923	51,413,852

Movements of connection charge advances received

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
At the beginning of the reporting period	**795,572**	**479,283**	**795,572**	**479,283**
Advances received for connection charges	21,864,511	1,115,112	21,864,511	1,115,112
Advances to reclassified to deferred income after completion of connections	(4,438,126)	(798,823)	(4,438,126)	(798,823)
At the end of the reporting period	**18,221,957**	**795,572**	**18,221,957**	**795,572**

22. Fair value considerations

IFRS 13 establishes 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 the market data is unobservable, the valuation technique reflects the Group's assumptions about market conditions.

This hierarchy requires the use of observable market data where available. When carrying out revaluations, the Group and the Parent Company take into account relevant observable market prices where possible.

The objective of determining fair value, even if the market is not active, is to determine the transaction price at which market participants would be willing to sell an asset or assume a liability at a specific 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 valuation techniques are categorised into Level 1, Level 2 and Level 3.

The level of the fair value hierarchy of a financial instrument should be determined as the lowest level if a significant portion of its value is derived from inputs at a lower level.

The classification of a financial instrument within a fair value hierarchy is a two-step process:

1. Classify the inputs at each level to determine the fair value hierarchy.

2. Classify the financial instrument itself based on the lowest level if a significant portion of its value is derived from lower-level inputs.

Quoted market prices – Level 1

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

Valuation techniques, where observable market data are used – Level 2

In the valuation techniques used in Level 2 models, all significant inputs are directly or indirectly observable for the asset or liability. The model uses market inputs that are not quoted prices included in Level 1, but that are observable directly (i.e. the price) or indirectly (i.e. derived from the price).

Valuation technique using market data that is not based on observable market data – Level 3

In the valuation techniques, market data that is not based on observable market data (unobservable market data) is categorised as Level 3. Unobservable market data are inputs that are not readily available in an active market due to the illiquidity of the market or the complexity of the financial instrument. Level 3 inputs are generally determined on the basis of observable market data of a similar nature, historical observations or using analytical approaches.

Assets and liabilities at fair value and assets measured at fair value

The fair value of bonds with banks is determined by discounting future cash flows using market interest rates. As the interest rates applied to the bonds with credit institutions were set recently and do not deviate significantly from market interest rates (although some are fixed), the fair value of the non-current liabilities corresponds approximately to their carrying amount.

Although the bonds issued (which are included in the bonds item) are quoted on the market, transactions in these securities are rare and cannot be regarded as evidence of an active market. Therefore, the bonds are not measured using Level 1 inputs. The fair value of the bonds is determined by discounting future cash flows using market interest rates. As the interest rates applied to the bonds in 2021 were determined taking into account the increase in interest rates on the market, the carrying amount of the bonds issued by the Parent Company exceeds their fair value. The risk premium applied to the Group and the Parent Company has not changed significantly.

Management concluded that cash and short-term deposits, receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amount, primarily due to the short maturity of these instruments.

	Parent Company			
	NBV	**Level 1**	**Level 2**	**Level 3**
	EUR	**EUR**	**EUR**	**EUR**
31.12.2024.				
Assets measured at fair value:				
Revalued PPE (Note 10.2)	612,028,823	-	-	612,028,823
Assets for which fair value is reported:				
Cash (Note 16)	68,393,991	-	68,393,991	-
Receivables from contracts with customers (Note 13)	25,630,172	-	-	25,630,172
Other long-term financial investments (Note 11)	74,755	-	-	74,755
Other receivables (Note 14)	75,488,791	-	-	75,488,791
Liabilities for which fair value is reported:				
Borrowings (Note 20)	100,419,719	-	95,642,603	-
Trade and other payables (Note 21)	64,454,393	-	-	64,454,393

31.12.2023.				
Assets measured at fair value:				
Revalued PPE (Note 10.2)	608,187,026	-	-	608,187,026
Assets for which fair value is reported:				
Cash (Note 16)	31,946,690	-	31,946,690	-
Receivables from contracts with customers (Note 13)	18,858,315	-	-	18,858,315
Other long-term financial investments (Note 11)	54,755	-	-	54,755
Bank deposits (Note 14)	80,767,903	-	80,767,903	-
Other receivables (Note 14)	26,383,283	-	-	26,383,283
Liabilities for which fair value is reported:				
Borrowings (Note 20)	100,393,137	-	88,353,553	-
Trade and other payables (Note 21)	32,509,046	-	-	32,509,046

	Group			
	NBV	**Level 1**	**Level 2**	**Level 3**
	EUR	**EUR**	**EUR**	**EUR**
31.12.2024.				
Assets measured at fair value:				
Revalued PPE (Note 10.2)	950,410,371	-	-	950,410,371
Assets for which fair value is reported:				
Cash (Note 16)	92,845,145	-	92,845,145	-
Receivables from contracts with customers (Note 13)	37,005,834	-	-	37,005,834
Other long-term financial investments (Note 11)	74,755	-	-	74,755
Other receivables (Note 14))	75,488,791	-	-	75,488,791
Liabilities for which fair value is reported:				
Other borrowings (Note 20)	100,419,719	-	95,642,603	-
Borrowings from credit institutions (Note 20)	66,618,770	-	-	66,618,770
Trade and other payables (Note 21)	89,986,270	-	-	89,986,270

31.12.2023.				
Assets measured at fair value:				
Revalued PPE (Note 10.2)	980,600,883	-	-	980,600,883
Assets for which fair value is reported:				
Cash (Note 16)	44,900,140	-	44,900,140	-
Receivables from contracts with customers (Note 13)	30,413,434	-	-	30,413,434
Other long-term financial investments (Note 11)	54,755	-	-	54,755
Bank deposits	80,767,903		80,767,903	
Other receivables (Note 14)	26,383,283	-	-	26,383,283
Liabilities for which fair value is reported:				
Other borrowings (Note 20)	100,393,137	-	88,353,553	-
Borrowings from credit institutions (Note 20)	79,543,676		-	79,543,676
Trade and other payables (Note 21)	54,300,875	-	-	54,300,875

23. Financial risk managment

The Augstsprieguma Tīkls Group’s financial risk management is implemented in accordance with the Financial Risk Management Policy and its subordinate Financial Risk Management Regulations.

The Group’s Subsidiary AS “Conexus Baltic Grid” develops and approves its financial risk management guidelines, which are in line with the basic principles of the Group policy.

Financial resource management aims to ensure the financing of economic activities and financial stability and to implement conservative financial risk management. As part of financial risk management, the Group and the Parent Company utilise financial risk controls and take risk mitigation measures to reduce the risk in open positions.

Liquidity risk

Liquidity risk relates to the ability of the Group and the Parent Company to fulfil their obligations within the specified periods. To mitigate short-term liquidity risk and to mitigate unforeseeable cash flow fluctuations caused by operational risk, the Group and the Parent Company maintain a reserve in the form of cash or committed and irrevocably available credit facilities for the next 24 months.

The Group and the Parent Company adhere to a prudent liquidity risk management policy that ensures constant monitoring of cash flow, a forecast of short and long-term cash flows and the availability of sufficient financial resources to fulfil obligations within the specified deadlines.

The management of the Group and the Parent Company are of the opinion that the Group and the Parent Company will have sufficient cash resources so that their liquidity is not jeopardised.

Maturity analysis of financial liabilities according to their contractual cash flows, including interest payments, EUR

	NBV	Parent Company						
		2025 1-3 month	**2025 3 mnth. -1 year**	**2026**	**2027**	**2028-2029**	**2030….**	**Total**
31.12.2024.								
Lease liabilities	14,082,522	265,994	797,832	1,055,417	851,060	1,570,512	11,849,808	16,390,623
Bonds issued	100,419,719	500,000	-	500,000	100,501,370	-	-	101,501,370
Trade and other payables	64,454,393	64,454,393	-	-	-	-	-	64,454,393
Total	**178,956,634**	**65,220,387**	**797,832**	**1,555,417**	**101,352,430**	**1,570,512**	**11,849,808**	**182,346,386**
		2025 1-3 month	**2025 3 mnth. -1 year**	**2025**	**2026**	**2027-2028**	**2029….**	**Total**
31.12.2023.								
Lease liabilities	14,880,675	265,744	797,234	1,062,826	1,054,417	1,676,289	12,561,736	17,418,246
Bonds issued	100,393,137	500,000	-	500,000	500,000	100,501,370	-	102,001,370
Trade and other payables	32,509,046	32,509,046	-	-	-	-	-	32,509,046
Total	**147,782,858**	**33,274,790**	**797,234**	**1,562,826**	**1,554,417**	**102,177,659**	**12,561,736**	**151,928,662**

		Group						
	NBV	**2025 1-3 month**	**2025 3 mnth. -1 year**	**2026**	**2027**	**2028-2029**	**2030….**	**Total**
31.12.2024.								
Lease liabilities	14,553,832	272,795	818,235	1,082,621	878,264	1,624,920	12,708,348	17,385,183
Borrowings from credit institutions	66,618,769	4,169,590	16,894,214	7,995,882	17,875,639	7,747,694	18,569,115	73,252,134
Bonds issued	100,419,719	500,000	-	500,000	100,501,370	-	-	101,501,370
Trade and other payables	89,986,421	89,986,421	-	-	-	-	-	89,986,421
Total	**271,578,741**	**94,928,806**	**17,712,449**	**9,578,503**	**119,255,273**	**9,372,614**	**31,277,463**	**282,125,108**
		2025 1-3 month	**2025 3 mnth. -1 year**	**2025**	**2026**	**2027-2028**	**2029….**	**Total**
31.12.2023.								
Lease liabilities	15,358,677	272,545	817,637	1,090,030	1,081,621	1,730,697	13,420,276	18,412,806
Borrowings from credit institutions	79,543,676	4,494,899	11,782,660	22,653,338	8,016,645	20,495,584	21,389,401	88,832,527
Bonds issued	100,393,137	500,000	-	500,000	500,000	100,501,370	-	102,001,370
Trade and other payables	54,300,875	54,300,875	-	-	-	-	-	54,300,875
Total	**249,596,365**	**59,568,319**	**12,600,297**	**24,243,368**	**9,598,266**	**122,727,651**	**34,809,677**	**263,547,578**

Interest rate risk

The interest rate risk arises mainly from loans with a fixed interest rate, which creates the risk that financial costs will rise significantly due to an increase in interest rates. To mitigate the risk, the Group's and Parent Company's financial risk management regulations stipulate that the proportion of fixed interest rates or interest rates with a limited increase in the loan portfolio may not be less than 35%. At the same time, the financial risk management regulations stipulate that deviations from this indicator are permitted in the restructuring of liabilities assumed as part of the reorganisation of ownership rights to transfer assets.

The Parent Company's loan portfolio as at 31 December 2024 consisted of bonds in the amount of EUR 99,946 thousand (loan portfolio as at 31 December 2023: EUR 99,919 thousand) (nominal value EUR 100,000 thousand) with a term of 5.25 years, a fixed annual interest rate (coupon) of 0.5% and a yield of 0.527%. The share of long-term loans with a fixed interest rate in the total loan portfolio was 100%, meaning that the Parent Company is not exposed to any interest rate risk as at 31 December 2024.

To finance working capital, the Parent Company has a valid credit facility agreement with a limit of up to EUR 10,000 thousand and a base interest rate of 3-month EURIBOR and an additional interest rate of 1.05%, which could potentially represent an interest rate risk. However, because the Parent Company has not yet utilised the available credit line, the risk is classified as insignificant.

As at 31 December 2024, the Group's loan portfolio consisted of loans amounting to EUR 126,549 thousand (2023: EUR 128,506 thousand) with a fixed interest rate and EUR 40,490 thousand (2023: EUR 51,430 thousand) with a variable interest rate. The share of long-term loans with a fixed interest rate in the total loan portfolio was 76% (31/12/2023: 71%).

The following table shows the sensitivity of the Group's profit before taxes to reasonably possible changes in interest rates at the end of each reporting period, assuming all other variables remain constant.

	Group			
	Rate changes (base points)	**Impact on Profit before tax (EUR)**	**Rate changes (base points)**	**Impact on Profit before tax (EUR)**
	2024		**2023**	
EURIBOR	(+50)	(235,913)	(+50)	(249,463)
	(-50)	235,913	(-50)	249,463

Credit risk

A credit risk arises when a partner of the Group or the Parent Company is unable to fulfil its contractual obligations, resulting in losses for the Group or the Parent Company. The credit risk arises from the Group's and Parent Company's cash, deposits with commercial banks and receivables. Credit risk can relate to financial counterparty risk and counterparty risk.

In carrying out their business activities, the Group and the Parent Company work together with local and foreign financial institutions. This results in a financial counterparty risk - in the event of the insolvency or cessation of business activities of co-operation partners, the Group and the Parent Company may suffer losses. In the case of attracting external financing, the risk exists until the loan is withdrawn and transferred to one of the cooperating banks of the Group or the Parent Company.

The credit risk arising from the Group's and Parent Company's current account balances is managed under the Group's financial risk management policy and financial risk management regulations, whereby the allocation of financial resources is balanced.

Under the financial risk management policy, counterparties with a minimum credit rating of at least investment grade, as set by the parent bank or an international credit rating agency, are accepted in collaboration with banks and financial institutions.

The Group and the Parent Company co-operate with local and foreign traders in carrying out their business activities. This results in a counterparty or receivables risk - the Group or the Parent Company may incur losses in the event of the insolvency or cessation of business activities of cooperation partners. The Law on International and National Sanctions of the Republic of Latvia imposes financial and civil law restrictions on companies on the sanctions list, including the freezing of financial assets. Given the above, cooperation with a company on the sanctions list entails the risk of non-fulfilment of contractual obligations as well as legal and reputational risks for the Group or the Parent Company.

Although the Group and the Parent Company have a significant concentration of debtor risk in relation to one counterparty or a Group of similar counterparties, this risk is considered limited given that the main counterparty is a state-owned trading company - AS “Augstsprieguma tīkls” - and its Group companies.

The credit risk associated with receivables is managed by analysing the receivables on a monthly basis, but at least quarterly, in accordance with the risk management measures set out in the financial risk management regulations.

Maximum exposure to credit risk	**Parent Company**	
	31.12.2024. EUR	**31.12.2023. EUR**
Cash and cash equivalents (Note 16)	68,393,991	31,946,690
Bank deposits (Note 14)	-	80 767 903
Receivables from contracts with customers (gross) (Note 13)	25,702,665	18,863,770
Other financial receivables (gross)(Note 14)	75,488,791	26,556,133
KOPĀ	**169,585,447**	**158,134,496**

In addition, the following disclosures are made for credit risk (excluding cash and cash equivalent):

	Parent Company	
	31.12.2024.	**31.12.2023.**
	EUR	**EUR**
Outstanding debts	100,217,797	125,927,083
Arrears:		
Up to 3 months	968,271	82,026
From 3 to 12 months	-	459
1 to 5 years	1,038	174,249
More than 5 years	4,350	3,989
TOTAL	**101,191,456**	**126,187,806**

Maximum exposure to credit risk	Group	
	31.12.2024.	31.12.2023.
	EUR	EUR
Cash and cash equivalents (Note 16)	92,845,145	44,900,140
Bank deposits (Note 14)	-	80,767,903
Receivables from contracts with customers (gross) (Note 13)	37,078,478	30,418,889
Other financial receivables (gross)(Note 14)	75,488,791	26,556,133
TOTAL	**205,412,414**	**182,643,065**

In addition, the following information is disclosed regarding credit risk (Excluding cash and cash equivalents):

	Group	
	31.12.2024.	31.12.2023.
	EUR	EUR
Outstanding debts	111,593,610	137,360,017
Arrears:		
Up to 3 months	968,271	204,211
From 3 to 12 months	-	459
1 to 5 years	1,038	174,249
More than 5 years	4,350	3,989
TOTAL	**112,567,269**	**137,742,925**

Quality of financial assets cash and assets

Balance sheet item	Parent Company			
	Bank	**Credit rating (Moody's)**	**31.12.2024. EUR**	**31.12.2023. EUR**
Cash and cash equivalents:				
Cash in current accounts	SEB bank	Aa3	58,214,773	24,929,679
	Luminor bank JSC Latvian branch	Baa2	4,302,828	3,803,569
	Citadele bank	Baa1	4,507	991
	State Treasury		2,530	818
Demand deposits	Swedbank	Aa3	5,869,353	3,211,633
Total Cash and cash equivalents:			**68,393,991**	**31,946,690**
Bank deposits:				
Bank deposits	Citadele bank	Baa1	-	40,147,522
	OP Corporate bank plc Latvian branch	Aa3	-	30,468,964
	Luminor bank JSC Latvian branch	Baa2	-	10,151,417
Total Bank deposits:			**-**	**80,767,903**
Balance sheet item	**Group**			
	Bank	**Credit rating (Moody's)**	**31.12.2024. EUR**	**31.12.2023. EUR**
Cash and cash equivalents:				
Cash in current accounts	SEB bank	Aa3	62,768,775	32,980,865
	Swedbank	Aa3	693	1,450
	OP Corporate bank plc Latvian branch	Aa3	66,935	4,663,087
	Citadele bank	Baa1	4,997	2,046
	Luminor bank JSC Latvian branch	Baa2	4,305,673	3,805,528
	State Treasury		2,530	818
Demand deposits	Swedbank	Aa3	6,195,542	3,446,346
	Citadele bank	Baa1	11,800,000	-
	OP Corporate bank plc Latvian branch	Aa3	7,700,000	-
Total Cash and cash equivalents:			**92,845,145**	**44,900,140**
Bank deposits:				
Bank deposits	Citadele bank	Baa1	-	40,147,522
	OP Corporate bank plc Latvian branch	Aa3	-	30,468,964
	Luminor bank JSC Latvian branch	Baa2	-	10,151,417
Total Bank deposits:			**-**	**80,767,903**

The Group and the Parent Company continuously monitor the balances of receivables to minimise the possibility of uncollectible receivables. The Group continuously analyses the possible impairment of receivables from contracts with customers and other receivables. The Group has received security deposits in the amount of EUR 13,353,245 (2023: EUR 9,406,961) as collateral for receivables.

The Group and the Parent Company have not developed an internal credit rating system for assessing receivables.

There were no significant changes in the expected credit losses related to receivables in 2024. Receivables are written off only if their recovery is not expected. Indicators indicating the impossibility of recovery include, among others, the debtor's inability to agree on a repayment schedule, accompanied by the debtor's insolvency, bankruptcy or liquidation.

Although cash and deposits are also subject to the ECL requirements under IFRS 9, the amount of expected credit losses determined is immaterial given that cash and term deposits are held in financial institutions that themselves or their parent banks have investment grade credit ratings (predominantly A-level credit ratings).

Expected credit losses as of 31 December 2024:

	Parent Company						
Days late for payment under IFRS 9	**Not overdue**	**Overdue up to 44 days late**	**Overdue 45 to 90 days**	**Overdue 91 to 180 days**	**Overdue 181 to 359 days**	**Overdue more than 360 days**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Expected credit loss rate	*0 %*	*2.33%*	*22.39%*	*32.81%*	*51.48%*	*100.00%*	
Receivables from contracts with customers (gross) (Note 13)	24,729,006	24,377	943,894	-	-	5,388	**25,702,665**
Other receivables (gross) (Note 14)	75,488,791	-	-	-	-	-	**75,488,791**
Expected credit losses	**-**	**8,170**	**7,584**	**51,351**	**-**	**5,388**	**72,493**

	Group						
Days late for payment under IFRS 9	**Not overdue**	**Overdue up to 44 days late**	**Overdue 45 to 90 days**	**Overdue 91 to 180 days**	**Overdue 181 to 359 days**	**Overdue more than 360 days**	**Total**
Expected credit loss rate	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Receivables from contracts with customers (gross) (Note 13)	36,104,819	24,377	943,894	-	-	5,388	**37,078,478**
Other receivables (gross) (Note 14)	75,616,204	-	-	-	-	-	**75,616,204**
Expected credit losses	**-**	**8,170**	**7,584**	**51,351**	**-**	**5,388**	**72,493**

Expected credit losses as of 31 December 2023:

	Parent Company						
Days late for payment under IFRS 9	**Not overdue**	**Overdue up to 44 days late**	**Overdue 45 to 90 days**	**Overdue 91 to 180 days**	**Overdue 181 to 359 days**	**Overdue more than 360 days**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Expected credit loss rate	*0%*	*0.013%*	*2.12%*	*12.51%*	*18.84%*	*100%*	
Receivables from contracts with customers (gross) (Note 13)	18,775,897	82,026	-	459	-	5,388	18,863,770
Other receivables (gross) (Note 14)	107,151,186	-	-	-	-	172,850	107,324,036
Expected credit losses	**-**	**10**	**-**	**57**	**-**	**178,238**	**178,305**

	Group						
Days late for payment under IFRS 9	**Not overdue**	**Overdue up to 44 days late**	**Overdue 45 to 90 days**	**Overdue 91 to 180 days**	**Overdue 181 to 359 days**	**Overdue more than 360 days**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Expected credit loss rate	*0%*	*0% -0.013%*	*2.12%*	*12.51%*	*18.84%*	*100%*	
Receivables from contracts with customers (gross) (Note 13)	30,208,831	204,211	-	459	-	5,388	**30,418,889**
Other receivables (gross) (Note 14)	107,151,186	-	-	-	-	172,850	**107,324,036**
Expected credit losses	**-**	**10**	**-**	**57**	**-**	**178,238**	**178,305**

Capital risk management

The shareholder of the Parent Company is the Republic of Latvia (100%), represented by the Ministry of Climate and Energy. The objective of capital risk management is to ensure the sustainable operation and development of the Group and the Parent Company, the financing required for the implementation of the development plan for the transmission assets and the fulfilment of the restrictive conditions set out in the loan agreements. The restrictive covenants set out in the loan agreements were not breached. In order to ensure fulfilment of the restrictive covenants set out in the loan agreements, a regular analysis of the equity provider is carried out. In accordance with the financial risk management policy of the Augstsprieguma Tīkls Group, equity must be maintained at a level of at least 35%. As at 31 December 2024, the equity ratio of AS Augstsprieguma tīkls in the balance sheet was 38% and that of the Group – 42% (as at 31 December 2023, 44% and 47% respectively).

Currency risk

The business activities of the Group and the Parent Company focus on transactions, assets and liabilities in the functional currency of the Group and the Parent Company, the euro. The currency risk of the Group and the Parent Company is considered insignificant as they have no balances in foreign currencies.

24. Related party transactions

Related parties are state-affiliated companies that are controlled, jointly controlled, or significantly influenced by the Latvian state.

Business transactions conducted in the ordinary course of business with the Latvian government, including its ministries and agencies, as well as transactions between state-controlled entities and public service providers, are excluded from the quantitative related party disclosures based on the provisions of paragraph 25 of IAS 24. The Group and the Parent Company enter into transactions with many of these companies at arm's length prices. Transactions with government-related entities include taxes and other related services. Income taxes are recognised in the balance sheet and income statement in Notes 14 and 15, social security contributions in note 7 and taxes payable in note 21. Significant transactions are conducted with the energy supply service provider AS "Latvenergo", the distribution system operator AS "Sadales tīkls" the public electricity trader AS Enerģijas publiskais tirgotājs.

The remuneration of the management of the Augstsprieguma Tīkls Group comprises the remuneration of the members of the Management Board and the Council of the Group companies. The remuneration of the management of the Parent Company comprises the remuneration of the members of the Management Board and the Council of the Parent Company. Detailed information can be found in Note 7.

Income and expenses from transactions with related parties (other state-owned companies)

	Parent Company		Group	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
Revenue				
Electricity transmission system service	91,491,330	84,042,604	91,491,330	84,042,604
Balancing electricity	11,375,103	8,245,624	11,375,103	8,245,624
Regulating electricity	(1,019,203)	(245,091)	(1,019,203)	(245,091)
Reactive energy revenues	543,913	533,940	543,913	533,940
Gas storage and transmission	-	-	36,185,768	26,320,745
Revenue from other services	2,140,603	2,125,266	2,140,603	2,125,266
Total income from related party transactions	**104,531,746**	**94,702,343**	**140,717,514**	**121,023,088**
Cost				
Purchase of balancing electricity	5,488,071	6,740,747	5,488,071	6,740,747
Purchase of regulatory electricity	10,049,783	8,116,206	10,049,783	8,116,206
Electricity for losses and process consumption	26,488,526	20,536,526	26,488,526	20,536,526
Electricity for transit losses	4,991,466	3,562,619	4,991,466	3,562,619
Electricity for household use	436,457	283,182	436,457	283,182
Capacity reserve for electricity system security	8,632,721	8,899,090	8,632,721	8,899,090
Use of synchronous compensators	1,514,759	1,178,704	1,514,759	1,178,704
Communication expenses	3,681,968	3,651,946	3,681,968	3,651,946
Electric power congestion elimination	-	129,458	-	129,458
Lease of PPE and land	821,021	805,469	821,021	805,469
Gas storage and transmission	-	-	2,022,145	3,542,946
Other costs	72,838	73,267	72,838	73,267
Total cost of transactions with related companies	**62,177,609**	**53,977,214**	**64,199,754**	**57,520,160**

Balances at the end of the reporting year arising from transactions with related parties (other state-owned companies)

	Parent Company		Group	
	31.12.2024. EUR	31.12.2023. EUR	31.12.2024. EUR	31.12.2023. EUR
Receivables: (Note 13):				
State-controlled companies	8,860,437	9,335,128	12,519,608	13,925,260
Trade payables (Note 21):				
State-controlled companies	9,497,213	12,531,931	9,641,867	12,876,397
Settlements for security deposits *	3,399,788	2,216,099	3,399,637	2,216,099
Received prepayments for PPE reconstruction	2,674,375	32,000	2,674,224	32,000

* Settlements for security deposits are included in Statement of financial position Other liabilities

Income and expenses in transactions with associated entities

Associates*	Parent Company		Group	
	2024 EUR	2023 EUR	2024 EUR	2023 EUR
Revenue				
Revenue from other services	10,069	12,456	10,069	12,456
Income from interests in associates	20,000	8,333	20,000	8,333
Total:	**30,069**	**20,789**	**30,069**	**20,789**
Cost				
Electricity market coupling costs	507,444	333,640	507,444	333,640
Total:	**507,444**	**333,640**	**507,444**	**333,640**

* Associate entity OU “Baltic RCC” or permanent representation of OU Baltic RCC in Latvia.

Balances at the end of the reporting year arising from transactions with associated entities

	Parent Company		Group	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
	EUR	EUR	EUR	EUR
Receivables:				
Associates	-	144,799	-	144,799

Information on loans from related parties can be found in Note 20, while information on dividends paid can be found in Note 17 and information on dividends received in Note 11.

25. Future liabilities and contingent liabilities

As at 31 December 2024, the Group had future liabilities of EUR 174,910 thousand (31/12/2023: EUR 210,993 thousand) and the Parent Company had future liabilities of EUR 156,560 thousand (31/12/2023: EUR 167,657 thousand) concerning investments for which contracts had been concluded as at the reporting date but the liabilities had not yet occurred.

The decision of the PUC Council of 31 October 2024, on the development plan for the electricity transmission grid, the development plan for the electricity transmission grid developed by the AS Augstsprieguma tīkls for the period from 2025 to 2034 was approved (hereinafter also referred to as the Development Plan).

The Development Plan was prepared following AST’s strategic goal of strengthening Latvia’s energy security by synchronising the Latvian electricity transmission grid with the continental European grid, taking into account compliance with the principles of security and cost efficiency.

The approved development plan sets out the development of the transmission grid and the necessary financial investments in transmission infrastructure for the next 10 years and provides for investments totalling EUR 445 million in the development of the electricity transmission grid. You can read the details of the approved development plan here: https://www.ast.lv/lv/content/elektroenergijas-parvades-sistemas-attistibas-plans.

To minimise the impact of the planned investments on electricity transmission tariffs, AST has successfully raised EU co-financing for projects of common European interest included in the development plan and is also using the cumulative toll revenues to finance these projects, including:

- Project Synchronisation of the electricity transmission grid of the Baltic States with the European grid, phase 1 - the total cost of the project is estimated at EUR 73,793 thousand. The project was co-financed by the EU: On 19 March 2019, an agreement was signed with the INEA (Innovation and Networks Executive

Agency) for co-financing by the European Union amounting to 75% of the eligible costs, while 24% is to be covered by the previously generated congestion revenue;

- Project Synchronisation of the electricity transmission network of the Baltic States with the European network, phase 2 - the total cost of the project is estimated at EUR 164,130 thousand. Up to 80% of the planned total investment is to be covered from the allocated EU co-financing under the CEF and RePower structural funds, while 15% of the planned total investment is to be covered from the previously received congestion revenue.
- As part of the investment of the Recovery and Resilience Mechanism Plan “Modernisation of Electricity Transmission and Distribution Networks” approved by the Cabinet of Ministers, the Parent Company was granted financing in the amount of EUR 38,100 thousand. With the support provided, AS Augstsprieguma tīkls plans to build a dispatcher and a secure data centre, implement the necessary information technology infrastructure to improve the cyber security of the information system and develop the digitalisation of network management to ensure the planning and management of the work regimes of renewable energy producers. The plan of the Latvian Recovery Programme has been prepared in accordance with the objectives of the Latvian National Development Plan for 2021-2027 and taking into account the recommendations of the European Commission and the recommendations of the Council of the European Union for stable and successful growth of Latvia. The resources of the Recovery Fund must be invested in Latvia by mid-2026.

As of 31 December 2024, Conexus had concluded long-term capital formation contracts amounting to EUR 18,349,893 (31/12/2023: EUR 43,335,131) but had not yet executed them.

Taking into account the participation in the Nord Pool electricity exchange, a guarantee agreement was concluded between the Parent Company and AS “SEB banka” at the end of the reporting period in the amount of EUR 3,000 thousand (31/12/2023: EUR 3,000 thousand).

Legal proceedings were initiated against the transmission system operators, including AS ‘Augstsprieguma tīkls’, before the Stockholm International Court of Arbitration. The legal proceedings are related to the fact that the operators have not reached settlements in accordance have the International Sanctions Regulation. In the opinion of the management, the liabilities have been recognised in a sufficient amount and no additional provisions are required to cover the expected losses. Taking into account the rules of the Stockholm International Court of Arbitration, more detailed information is currently considered confidential.

26. Remuneration of the sworn auditor commercial company

Under the agreement between AS “Augstsprieguma tīkls” and SIA “KPMG Baltics” on the audit of the annual financial statements and consolidated financial statements, the fee for the audit of the annual financial statements and consolidated financial statements of the Parent Company in 2024 is set at EUR 39,500 (2023: EUR 36,500 with SIA “PricewaterhouseCoopers”). In addition, the Parent Company received the audit services for the Sustainability Report 2024 from SIA KPMG Baltics for EUR 12,000 in 2024 (2023: EUR 7,300 from SIA “PricewaterhouseCoopers” as part of the above-mentioned agreement.

In addition, the Parent Company received the following services from SIA “KPMG Baltics” in 2024:

- Audit services for co-financed European Union projects for EUR 16,500;
- Actuarial valuation of post-employment benefits for the 2023 annual report for EUR 2,530
- research service Development trends of electricity consumption of the Latvian electricity system in the sectors of the Latvian economy for EUR 65,750
- Consultancy services for the further management of the Parent Company's shareholding in the Subsidiary for EUR 12,000;
- Consultancy services for the improvement of the Sustainability Report 2023 for EUR 13,600.

	Parent Company		Group	
	2024 EUR	**2023 EUR**	**2024 EUR**	**2023 EUR**
Revision service	39,500	36,500	69,000	53,500
Consulting and audit services	122,380	111,768	128,380	117,068
TOTAL REMUNERATION TO THE COMPANY OF CERTIFIED AUDITORS	**161,880**	**148,268**	**197,380**	**170,568**

27. Events after the end of the reporting period

Strengthening the region's energy resilience and independence, the Baltic States successfully synchronized their electricity transmission systems with continental Europe on 9 February 2025. Synchronization allows the Baltic States to manage their electricity networks in close cooperation with other continental European countries, ensuring stable and reliable frequency control, thereby significantly improving regional energy security.

There have been no other events in the period from the last day of the reporting period to the date of signing these Financial Statements that would have a significant impact on the Financial Statements of AS "Augstsprieguma tīkls" Group and AS "Augstsprieguma tīkls".

INDEPENDENT AUDITOR'S REPORT

Independent Auditors’ Report

To the shareholder of Augstsprieguma tīkls AS

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion on the Consolidated and Separate Financial Statements

We have audited the accompanying consolidated financial statements of Augstsprieguma tīkls AS (“the Company”) and its subsidiary (“the Group”) and accompanying separate financial statements of the Company set out on pages 164 to 258 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report, which comprise:

- the consolidated and separate statement of financial position as at 31 December 2024,
- the consolidated and separate statement of profit or loss for the year then ended,
- the consolidated and separate statement of comprehensive income for the year then ended,
- the consolidated and separate statement of changes in equity for the year then ended,
- the consolidated and separate statement of cash flows for the year then ended, and
- the notes to the consolidated and separate financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company, respectively, as at 31 December 2024, and of their consolidated and separate financial performance and their consolidated and separate 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 Separate and Consolidated Financial Statements* section of our report.

We are independent of the Group and 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.

Emphasis of Matter – Reclassifications of the opening balances

We draw attention to Note 2.13 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2023 has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matters	How the matter was addressed in the audit
Revaluation of natural gas transmission and storage segment property, plant and equipment in the consolidated financial statements	
The Group measures property, plant and equipment at cost or revalued amount, less accumulated depreciation and accumulated impairment losses, if any. As disclosed in Note 10.2 to the consolidated financial statements, the carrying amount of the Group's natural gas transmission and storage segment property, plant and equipment as at 31 December 2024 was 338 381 549 EUR. The Group's management performed a revaluation of these items of property, plant and equipment as at 31 December 2024 and estimated fair values applying the income method. As a result, the carrying amount of property, plant and equipment (buildings and structures and technological equipment and devices) was impaired by EUR 28 925 873. The revaluation of property, plant and equipment requires the use of significant assumptions and judgments by the management. These include: the selection of the most appropriate valuation approach (income method) and input data as future cash flows, growth rate and discount rates, etc. Considering the subjective nature of the fair value estimate and the fact that natural gas transmission and storage	Our audit procedures included, among others: Evaluating the Group's accounting policy for the fair value measurement of the property, plant and equipment against the requirements of IFRS Accounting Standards adopted by the European Union. Gaining an understanding of management's process for measuring the fair value of the specific fixed asset groups and assessing the methodology and the assumptions used by management in their internal assessment of the property, plant and equipment groups. Assisted by our own valuation specialists, assessing whether the income method used by management is appropriate to determine the fair values of the property, plant and equipment groups and challenging the reasonableness of the discount rate used to discount the future cash flows. Critically assessing the future cash flow projections for the natural gas transmission and storage segment property, plant and equipment groups, including the growth rates applied. Testing the mathematical accuracy of the model.

segment property, plant and equipment represents 22% of the total assets, the revaluation of property, plant and equipment is one of the key audit matters.	Recalculating the sensitivity analysis of the key assumptions made by management and conducting our own independent sensitivity analysis by replacing the key assumptions with different scenarios. Considering whether the Group's disclosures regarding the fair value estimates of property, plant and equipment, as well as the corresponding revaluation loss are in line with the applicable requirements of IFRS Accounting Standards adopted by the European Union.

Recognition of electrical energy congestion income in consolidated and separate financial statements

As disclosed in Note 19 to consolidated and separate financial statements the Company and the Group has recognized congestion next period income of EUR 158 462 890 as at 31 December 2024 and, as disclosed in Note 4 and 5, congestion revenue and other income of EUR 7 396 788 and EUR 1 343 013, respectively, for the year ended 31 December 2024. Public Utilities Commission defines the use of congestion income in Latvia following the provisions of EC Regulations as described in Note 2.6 Due to significant judgement used in selecting the accounting policy for congestion revenue recognition, as disclosed in Note 2.12, as well as the significance of deferred congestion income, the recognition of congestion income is one of the key audit matters.	Our audit procedures included, among others: Evaluating the Group's and Company's accounting policy for the recognition of congestion income against the requirements of IFRS Accounting Standards adopted by the European Union and market practice. Understanding the Company's congestion management process, including the recognition of income received from the auctions concluded and the allocation of deferred income to profit or loss. Testing congestion income receipts through full reconciliation of turnovers with auction operators. For a sample of transactions, evaluating whether congestion revenue has been recognized in profit or loss in line with the costs associated with congestion management. Considering whether the Group's and Parent's disclosures regarding the congestion income recognition are in line with the applicable requirements of IFRS Accounting Standards adopted by the European Union.

Other Matter

The corresponding figures included in the accompanying consolidated and separate financial statements, excluding the adjustments described in Note 2.13 to the consolidated financial statements, are based on the Group's and Company's consolidated and separate financial statements as at and for the year ended 31 December 2023, which were audited by other auditors, whose auditors' report dated 26 April 2024 expressed an unqualified opinion.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2024, we audited the adjustments described in Note 2.13 that were applied to restate the comparative information presented as at and for the year ended 31 December 2023. We were not engaged to audit, review, or apply any procedures to the consolidated and separate financial statements for the year ended 31 December 2023, other than with respect to the adjustments described in Note 2.13 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 2.13 are appropriate and have been properly applied.

Reporting on Other Information

The Group's and Company's management is responsible for the other information. The other information comprises:

- the statement by the Chairman of the Board, as set out on pages 5 to 7 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report,
- Group consolidated Sustainability Report, as set out on pages 9 to 135 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report,
- information about the Group and the Parent Company, as set out on pages 143 to 145 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report,
- key financial and operational indicators, as set out on page 146 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report,
- the Management Report, as set out on pages 148 to 160 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report,
- the Statement on Management Responsibility, as set out on page 162 of the accompanying Group Consolidated Sustainability Report and Group and Company Annual Report,
- the Statement of Corporate Governance, which is prepared as a separate report by the Company's management and which is available on the Company's website as of the date of the audit report https://www.ast.lv/lv/content/korporativas-parvaldibas-modelis,

Our opinion on the consolidated and separate financial statements does not cover the other information included in the Group Consolidated Sustainability Report and Group and Company 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. However, we note that we have issued a limited assurance report as set out on pages 137 to 141 with respect to the Group consolidated Sustainability Report, as set out on pages 9 to 135.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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, Group and their 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. Except for non-compliance with requirements relating to scope three GHG emission disclosures, as well as EU Taxonomy disclosures outlined in the Bases for Modified Conclusion paragraphs of the limited assurance report issued by us on the consolidated Sustainability Report, as set out on pages 137 to 141, 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 consolidated and separate financial statements are prepared is consistent with the consolidated and separate 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.

In accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in section 56.2, second paragraph, clauses 5 and 8, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

In our opinion, the Statement of Corporate Governance includes the information required in section 56.2, second paragraph, clauses 5 and 8, and third paragraph of the 'Financial Instruments Market Law' of the Republic of Latvia.

Furthermore, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to Sustainability report our responsibility is to report whether the Company and the Group have prepared the Sustainability report and whether the Sustainability report is included in the management report or prepared as a separate element of the Group Consolidated Sustainability Report and Group and Company Annual Report.

We report that the Group has prepared the Sustainability report and it is prepared as a separate element of the Group Consolidated Sustainability Report and Group and Company Annual Report.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 and Group'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 Group's and 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 separate and consolidated 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 Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by those charged with governance on 21 October 2024 to audit the consolidated and separate financial statements of Augstsprieguma tīkls AS for the year ended 31 December 2024. Our total uninterrupted period of engagement is one year, covering the year ending 31 December 2024.

We confirm that:

our audit opinion is consistent with the additional report presented to the Audit Committee of the Company and Group;

as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company and Group the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity and group in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company and Group in addition to the audit, which have not been disclosed in the separate and consolidated financial statements of the Company and the Group.

The responsible sworn auditor on the audit resulting in this independent auditors' report is Armine Movsisjana.

Report on the Auditors' Examination of the European Single Electronic Format (ESEF) Report

In addition to our audit of the accompanying consolidated financial statements, as included in the Group consolidated Annual Report, we have also been engaged by the management of the Group to express an opinion on compliance of the consolidated financial statements prepared in a format that enables uniform electronic reporting ("the ESEF Report") with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

Responsibilities of Management and Those Charged with Governance for the ESEF Report

Management is responsible for the preparation of the consolidated financial statements in a format that enables uniform electronic reporting that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

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

Auditors' Responsibility for the Examination of the ESEF Report

Our responsibility is to express an opinion on whether the ESEF report complies, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the separate and consolidated financial statements.

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

Opinion

In our opinion, the ESEF Report of the Group as at and for the year ended 31 December 2024 has been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

KPMG Baltics SIA
Licence No. 55

Armine Movsisjana

Armine Movsisjana
Chairperson of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia

25 April 2025

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