Latvenergo Group Presentation 2025

July 2026

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Contents

About Latvenergo Group

About Latvenergo Group

The Group's parent company is Latvenergo AS; all of its shares are owned by the Republic of Latvia and held by the Ministry of Economics of the Republic of Latvia

Generation and trade

- Electricity and thermal energy generation and trade
- Natural gas trade
- Administration of mandatory electricity procurement in Latvia

Distribution

- Electricity distribution in Latvia

75% Revenue

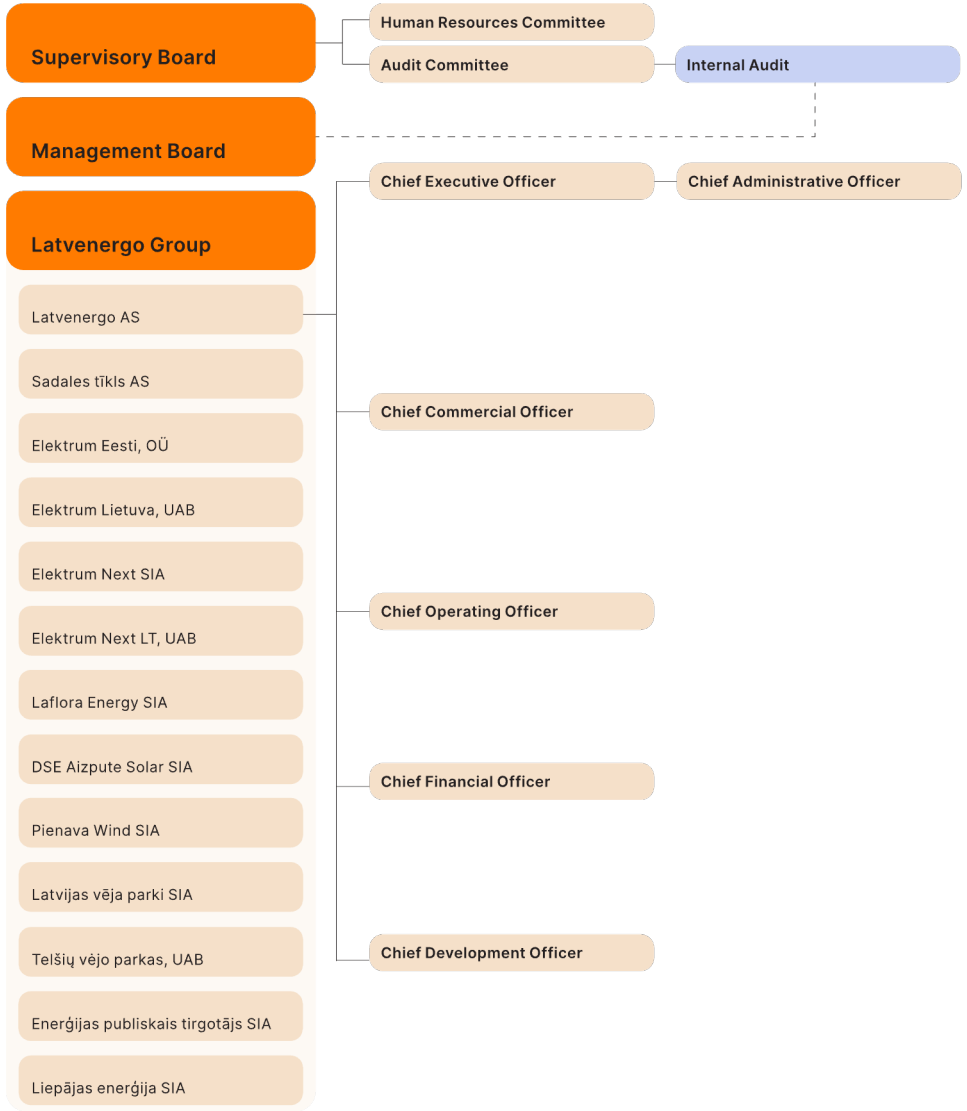
63% EBITDA

The Group is one of the largest energy trading companies in the Baltics with a market share of 22%

24% Revenue

34% EBITDA

Sadales tīkls AS is the largest state distribution system operator, covering approximately 99% of the territory of Latvia



About Latvenergo Group

Vision

We are the leading sustainable solutions provider in the energy industry

Mission

We drive the development of the energy industry by providing friendly, innovative and sustainable solutions

Purpose

We energize the growth of society

Values

With heart

We are open and passionate

With mind

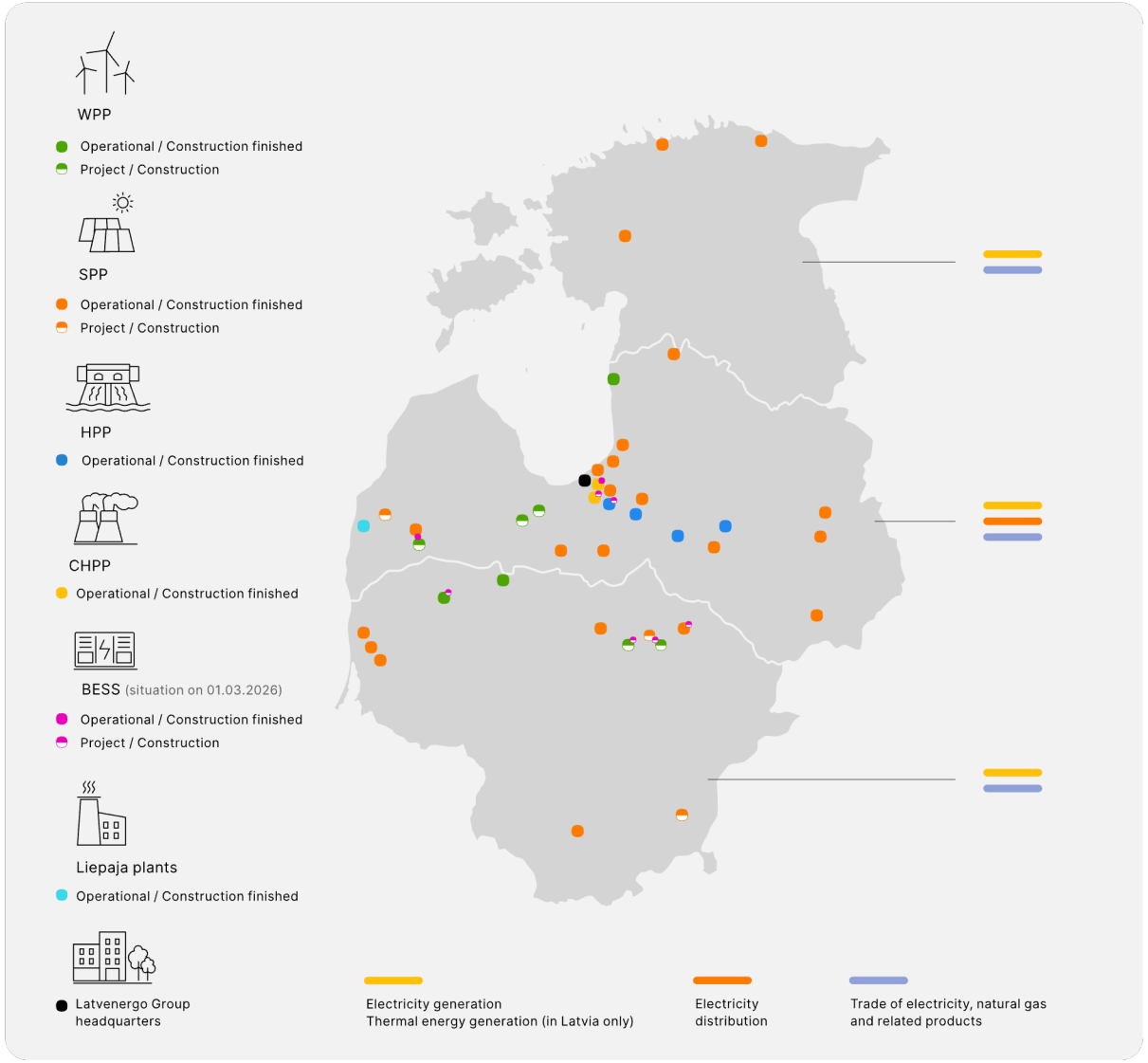
We do the right things and learn continuously

With energy

We are brave and persistent

With a future outlook

We do good for clients and society

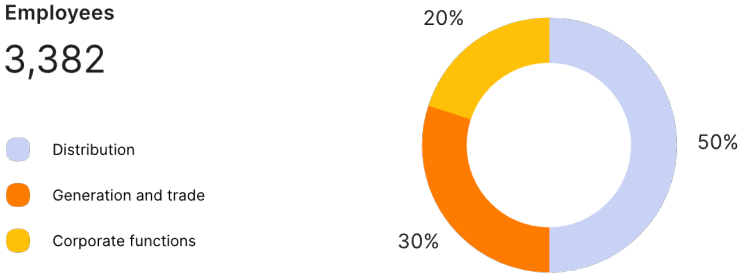


Key figures

			2024	2025
Financial figures	Revenue	MEUR	1,703.6	1,566.1
	Profit	MEUR	273.7	198.8
	Assets	MEUR	4,438.1	4,967.5
	Investments	MEUR	530.2	792.1
	Moody's credit rating		Baa2	Baa2
Generation and trade	Installed electrical capacity	MW	2,728	3,101
	Installed thermal capacity	MW	1,800	1,798
	Electricity output	GWh	4,861	4,696
	Thermal energy output	GWh	1,665	1,554
	Generation efficiency of the Daugava HPPs	m^3/kWh	18.1	17.8
	Generation efficiency of the Latvenergo AS CHPPs	%	80	78
	Electricity market share in the Baltics	%	22	22
	Retail electricity supply	GWh	6,140	6,053
	Retail natural gas supply	GWh	1,190	1,605
	Electricity retail customers	thsd.	896	914
	Natural gas retail customers	thsd.	65	76
Distribution	SAIDI	min	215	133
	SAIFI	number	2.2	1.6
	Length of distribution lines	km	92,322	92,516
	Transformer capacity*	MVA	6,017	6,236

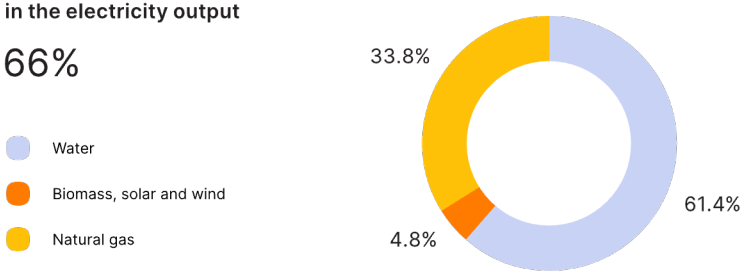
Employees

3,382

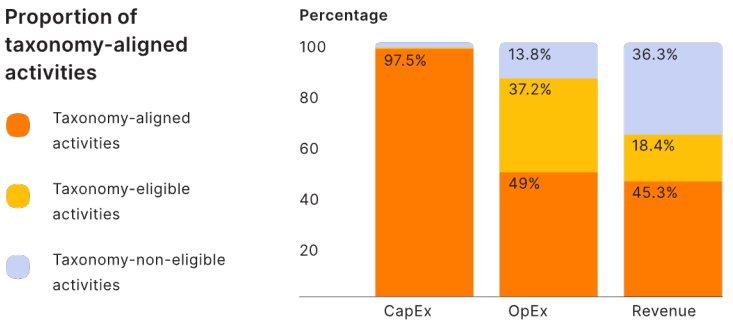


Share of renewable resources in the electricity output

66%



Proportion of taxonomy-aligned activities



* In 2025, the approach to accounting for transformers and their capacities was changed; for more information, see the Annual Report 2025 of Sadales tīkls AS

More information in Annual Report 2025

Events

Electricity generated by Latvenergo – 24% of the Baltic total

In 2025, Latvenergo Group produced 24% of the total electricity generated in the Baltics, and 66% of the electricity was generated from renewable energy sources.

The total amount generated by Latvenergo Group's power plants comprised 4,696 GWh of electricity and 1,554 GWh of thermal energy. Electricity generation at the Daugava HPPs decreased by 8% compared to 2024, reaching 2,875 GWh. The amount generated at the Latvenergo AS CHPPs decreased by 3%, reaching 1,587 GWh. The operation of the Latvenergo AS CHPPs is adjusted to the conditions of the electricity market and heat demand. Generation from new solar and wind power capacities reached 209 GWh, which is almost five times more than a year earlier. Due to lower demand, the amount of heat energy generation decreased to 1,554 GWh, which is 7% less than a year ago.

Stable growth in customer numbers and natural gas sales in the Baltics

In 2025, the Group supplied 7.7 TWh of electricity and natural gas to Baltic retail customers, which is 4% more than a year earlier. The Group supplied 6,053 GWh of electricity to its customers in the Baltics, which is 1% less than a year earlier. 45% of the total retail electricity was sold outside Latvia (in Latvia – 3.3 TWh, in Lithuania – 1.5 TWh and in Estonia – 1.2 TWh). In the reporting year, the total number of electricity customers increased by 2% exceeding 914 thousand by year-end, including more than 306 thousand foreign customers. The Group's natural gas retail sales in the Baltics increased by 35%, reaching 1,605 GWh. The number of natural gas customers exceeded 76 thousand at the end of December, which is 17% more than a year earlier.

Year of significant investment in new wind and solar generation capacities

The year 2025 was a year of significant investment, with EUR 792 million invested, which is 49% more than in the previous year. More than two-thirds of the investments, or EUR 548 million, were allocated to new wind and solar generation capacities. At the end of the reporting year, newly constructed RES capacities in the Baltics already totalled 498 MW, while solar and wind power plants under development had a combined capacity of 646 MW. Thus, the total approved portfolio of new RES projects amounted to 1,144 MW. Demonstrating its strategic commitment to leading renewable energy in the Baltics, the Group plans to invest in storage technologies and install at least 250 MW / 500 MWh by 2030. In the reporting year, two BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built.

Latvenergo AS has issued European Green Bonds for the implementation of green projects

On 30 October 2025, the Management Board of Latvenergo AS approved the Base Prospectus for the company's EMTN programme with a total volume of EUR 1,000,000,000. As part of the Programme, on 13 November, Latvenergo AS carried out its first European green bond issue in the amount of EUR 400 million with a fixed interest rate of 3.612% and a maturity date of 13 November 2030. The issued bonds have been assigned a Baa2 rating by Moody's. The proceeds from the bond issuance are / will be allocated to eligible green projects in accordance with the European Green Bond Factsheet.

As a committed driver of the Baltic energy transition, Latvenergo Group has sustainability integrated into the core

In line with the Sustainability Strategy, the Group has set clear targets and systematically implements initiatives across all three sustainability dimensions – environmental, social and governance. In 2025, the Group's calculations of greenhouse gas emissions across all scopes for 2024 were independently verified for the first time. Following an assessment of the Group's operational impacts on ecosystems, as well as related risks and opportunities, a Biodiversity Transition Plan was developed, defining specific measures for the protection and sustainable management of biodiversity. At the same time, during the reporting year, sustainability data governance was further enhanced through the initiation of a unified sustainability data system across the Group.

To externally assess the Group's sustainability performance and its compliance with international best practices, as well as to identify opportunities for further improvement, the Standard & Poor's Global Corporate Sustainability Assessment was conducted, scoring 54 points, which places Latvenergo AS among the top 30% of highest-rated companies in the Electric Utilities sector on an international scale.

60th anniversary of the largest hydro power plant in the Baltic states – Plavinas HPP

The reporting year marks the 60th anniversary since Plavinas HPP, the pride of Latvia's energy system, began operations. This unique engineering landmark of strategic importance is the largest HPP in the Baltic states and continues to rank among the largest in the European Union. Over 60 years of harnessing the power of the Daugava River, Plavinas HPP has generated more than 92.5 thousand GWh of electricity, accounting for nearly one third of Latvia's total electricity consumption over this period, thereby becoming one of the most significant sources of electricity in the country's history. Each year, the power plant supplies approximately 30% of Latvia's total electricity consumption. As a result, the Daugava HPP cascade as a total provides Latvia with one of the highest renewable electricity generation shares in the European Union, significantly strengthening the country's energy independence and the achievement of its climate objectives.

Innovation for Group development

In 2025, the largest innovation projects of Latvenergo AS included the implementation of innovative BESS at Riga CHPP-1 and Riga HPP; the installation of electrode boilers at Riga CHPP-2; the construction of a cooling system at Riga CHP-1; the installation of a solar tracking system at DSE Aizpute Solar; the construction of reinforced concrete hybrid towers at the Laflora wind park; the development of a hybrid power station in Priekule; the implementation of innovative electric vehicle charging solutions; smart device and data management systems; as well as the deployment of other advanced IT solutions.

To foster an innovation-oriented environment within Latvenergo Group, the Group's Sustainability Strategy sets a target to ensure annual funding for innovation, research, and development of at least 0.5% of the Group's average turnover over the past five years. In 2025, this commitment was exceeded, with funding allocated amounting to 4.52%.

Corporate governance

The principles and procedures of corporate governance are enshrined in the Corporate Governance Policy of the Group, which has been approved and is supervised by the Supervisory Board of Latvenergo AS. The Management Boards are responsible for implementing the policy at the capital companies of the Group

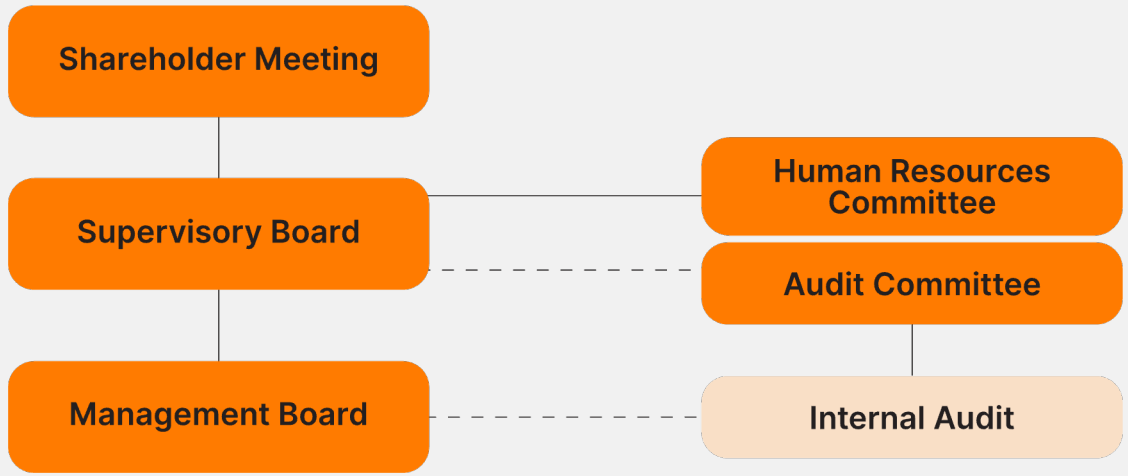
Internal Control System

The Internal Control Integrated Framework guidelines of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) have been taken into account in the design and continuous improvement of the system. The three key objectives of the internal control system are efficiency of operations, credibility of the information disclosed, compliance with external legislation

Risk Management

Risk management is integrated into strategy development and implementation as well as operational activities. The Risk Management Policy of the Group sets out both the basic principles of risk management and the responsibilities of the parties involved in the risk management process

Latvenergo AS governance bodies



The corporate governance of Latvenergo Group is organised and implemented in compliance with governance best practice, the regulatory framework, and corporate governance guidelines

The Corporate Governance Report for 2025 is available here

Group strategy 2022–2026

Sustainability

Grow the RES generation portfolio with Sustainability embedded into Latvenergo's strategy

Share of electricity generated by RES

2030	80%

Reducing Scope 1 GHG emissions to achieve climate neutrality in electricity generation by 2040

2030	-47%*

Generation

Grow and diversify portfolio with wind and solar

New wind and solar capacities

2026	600 MW
2030+	2,300 MW

Trade

Strengthen market position and diversify products

Elektrum – the most valuable energy retailer in the Baltics

- Growing customer portfolio
- Microgeneration
- Electrification and energy efficiency
- Product innovation

Electromobility

Develop charging network

Electric car charging points in the Baltics

2026	1,200 – 1,500
2030+	~ 3,000

Distribution

Render sustainable and economically justifiable service

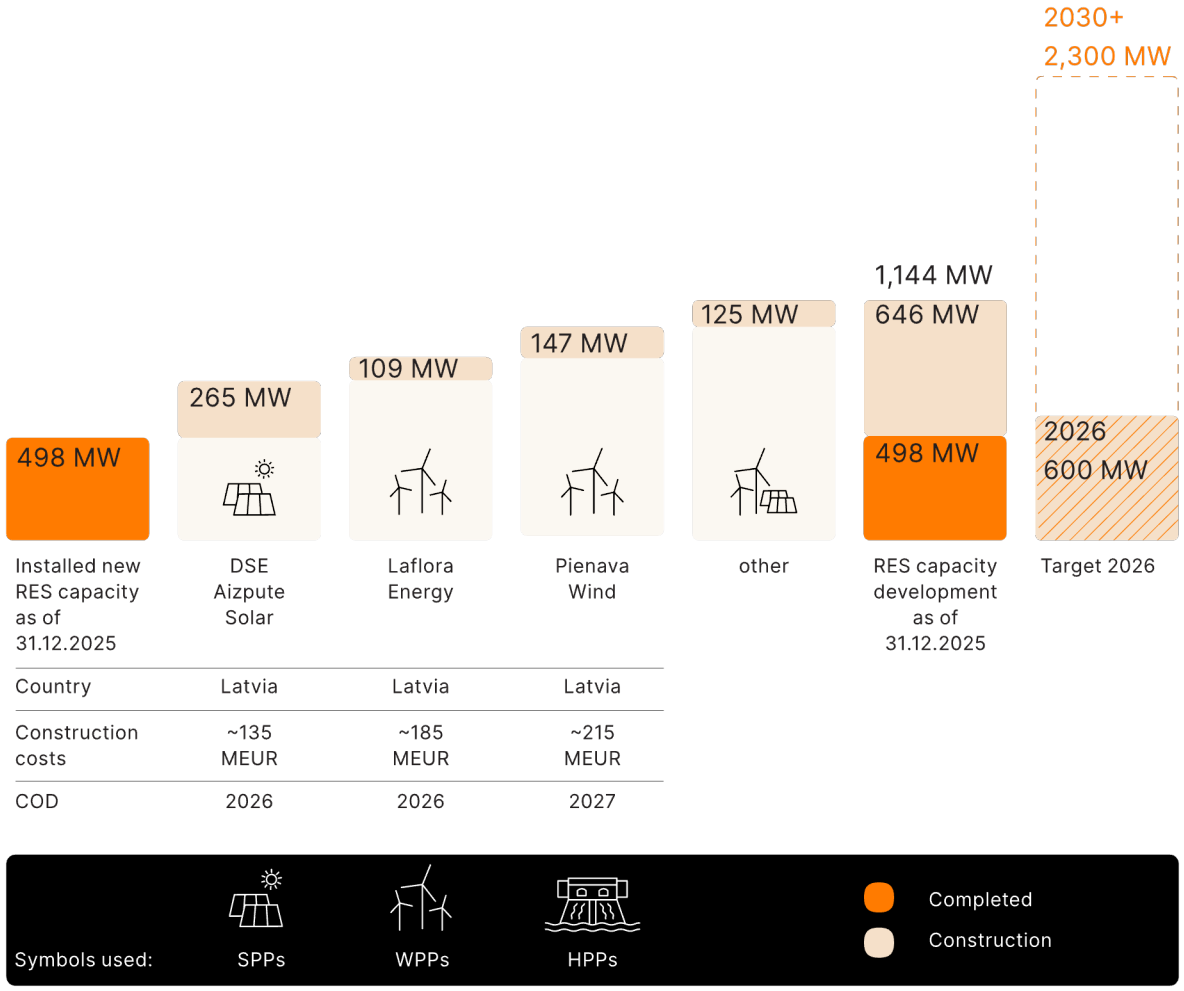
Two-way network of balanced development of microgeneration and charging network

	2026
SAIDI/min	164
SAIFI/times	1.92

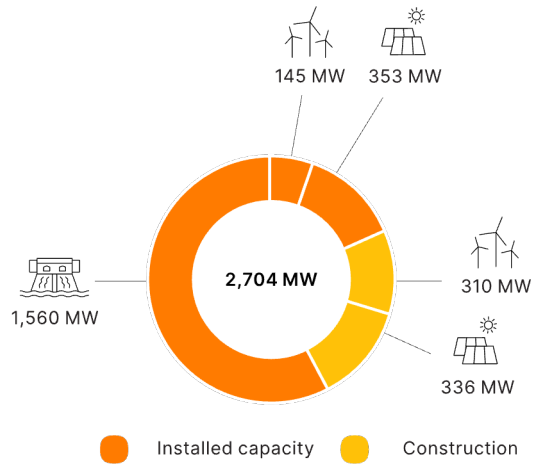
Implement digital transformation and efficiency

* Compared to 2021

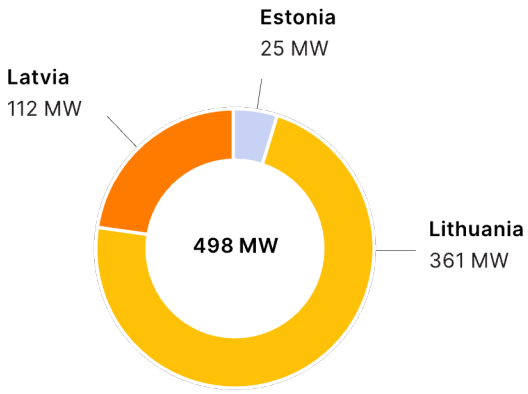
Group strategy 2022–2026: RES capacity development



RES capacities portfolio



Geolocation of newly constructed RES capacities



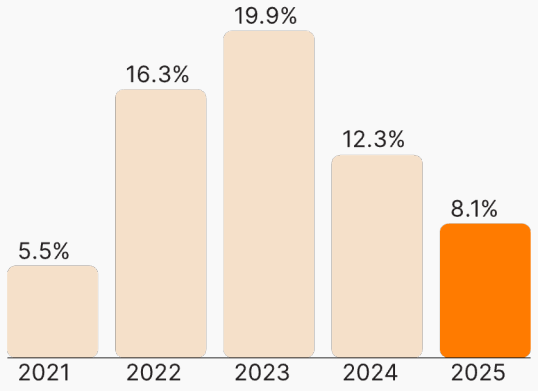
Group Strategy 2022–2026: financial targets

Profitability

ambitious yet achievable profitability, which is consistent with the average ratios of benchmark companies in the European energy sector and provides for an adequate return on the business riski

Return on equity (ROE) excluding distribution[4]

>7%

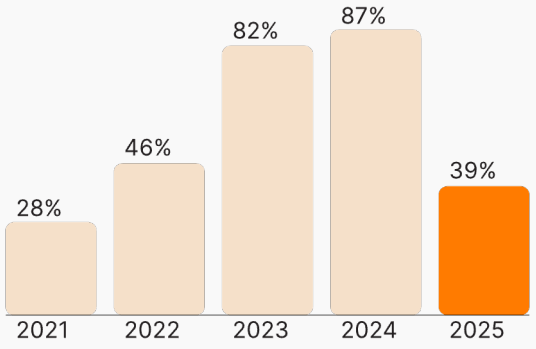


Capital structure

an optimal and industry-relevant capital structure that limits potential financial risks

Ratio between adjusted funds from operations and net debt (FFO / Net Debt)*

>25%



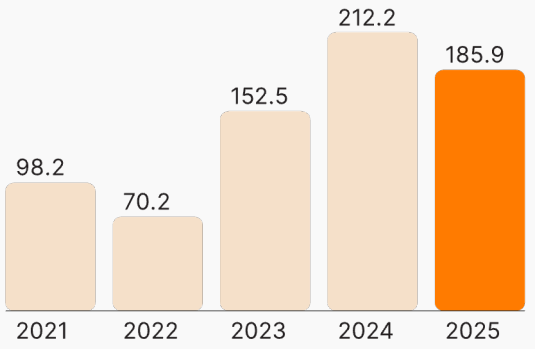
Dividend policy

a dividend policy that is consistent with the planned investment policy and capital structure targets

Dividend payout ratio

>64%

MEUR

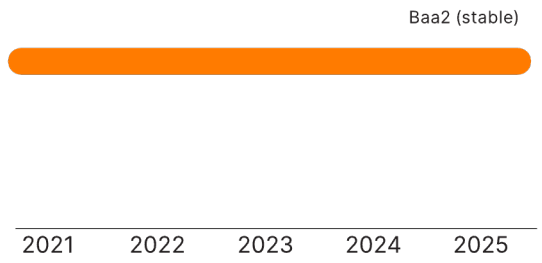


Credit rating

investment-grade credit rating to ensure financing for the ambitious investment programme set out in the strategy

Moody's credit rating

To maintain an investment-grade credit rating



*For definitions of the financial ratios, see the Key Figures section under Results in the Latvenergo AS Annual Report 2025

Targets of the Group's sustainability strategy 2024–2026

The sustainability strategy of the Group for 2024–2026 was developed and approved in 2023

Environment

Climate
achieve climate neutrality by 2050

Pollution
reduce pollution

Circular economy
reduce resource consumption and promote a circular economy

Water
reduce impacts on water resources

Biodiversity
reduce impacts on biodiversity

Technology and innovation
increase efficiency of current operations and develop new sources of revenue

Social area

Working
environment create a sustainable working environment for the development of future competencies

Critical resources
ensure the protection of critical resources for the benefit of the company and its customers

Education and science
promote education and science

Investments in society
invest in society and public know-how

Customers
promote sustainability on the customer side

Governance

Managing sustainability areas
ensure integrated and effective management of sustainability

Business ethics
ensure fair, just and respectful labour and business relations

Relations with suppliers
purchase goods and services responsibly

Transparency and openness ensure
transparency and openness in line with best practice

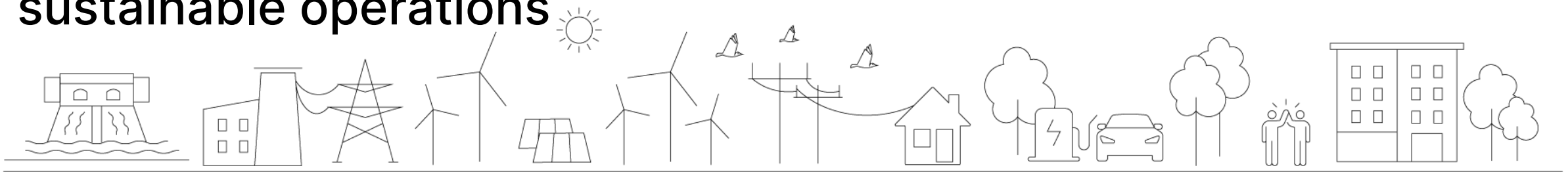
Sustainable finance

Investments
invest responsibly

Funding for innovation,
research & development develop products and services and improve operational efficiency

Detailed targets are presented in the slides in the Sustainability Information section

Core principles of the Group's sustainable operations



- Contribution to the achievement of the UN Sustainable Development Goals
- Continuous improvement of environmental performance in all segments
- Sustainability assessments – a driver for further growth
- Comprehensive operational transparency
- Stakeholder engagement
- Socially responsible business practices
- Respect for human rights
- Sustainable working environment and equal opportunities
- Ethical business conduct
- Cooperation with sustainable contractual partners

Sustainability Committee

Advises on the governance of sustainability issues → Facilitates the consideration of ESG issues within the Group's governance structures → Proposes initiatives to improve sustainability performance

Generation and trade

Production assets

	HPPs	CHPPs	SPPs	WPPs	Liepaja plants	Total
Operational	1,560 MW_{el}	1,039 MW_{el}	353 MW_{el}	145 MW_{el}	4 MW_{el}	3,101 MW_{el}
		1,617 MW_{th}			181 MW_{th}	1,798 MW_{th}
Construction			336 MW_{el}	310 MW_{el}		646 MW_{el}
Total	1,560 MW_{el}	1,039 MW_{el}	689 MW_{el}	455 MW_{el}	4 MW_{el}	3,747 MW_{el}

HPPs (energy source: water)

- Ķegums HPP: 248 MW
- Plavinas HPP: 908 MW
- Riga HPP: 402 MW
- Aiviekste HPP: 1.5 MW

Latvenergo AS CHPPs (energy source: natural gas)

- CHPP-1 – electrical capacity: 158 MW (in cogeneration mode), 134 MW (in condensation mode); thermal capacity: 493 MW
- CHPP-2 – electrical capacity: 832 MW (in cogeneration mode), 881 MW (in condensation mode); thermal capacity: 1,124 MW

SPPs (energy source: solar):

22 solar parks with an installed capacity of 353 MW

WPPs (energy source: wind):

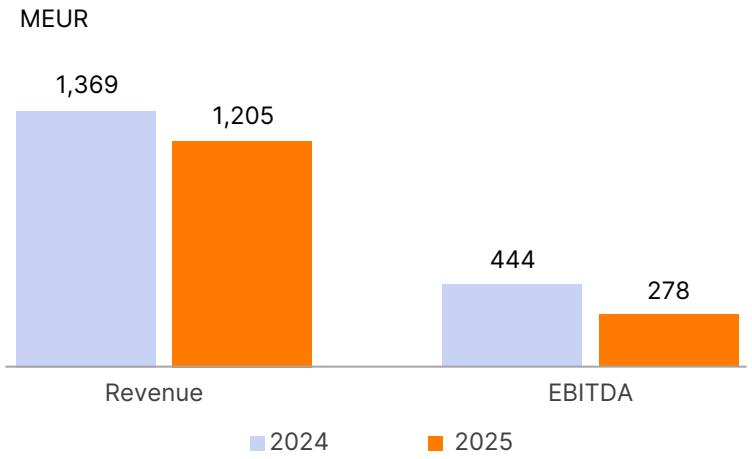
3 wind parks with an installed capacity of 145 MW

Liepājas enerģija SIA plants (energy source: woodchips, natural gas) – electrical capacity: 4 MW, thermal capacity: 181 MW

In 2025, 2 BESS projects with a total capacity of 11 MW / 22 MWh were built. 6 BESS projects with a total capacity of 183 MW / 429 MWh were in the development stage

Generation and trade

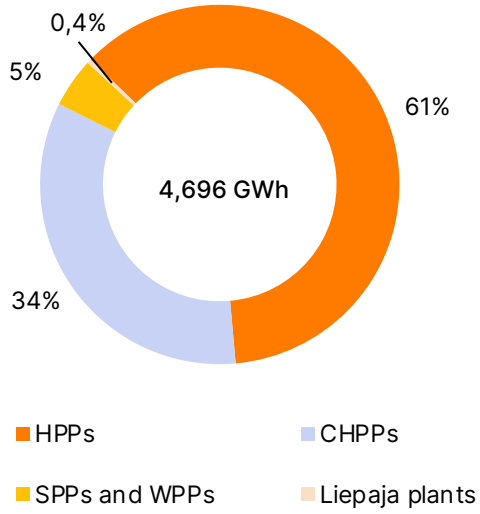
Revenue and EBITDA



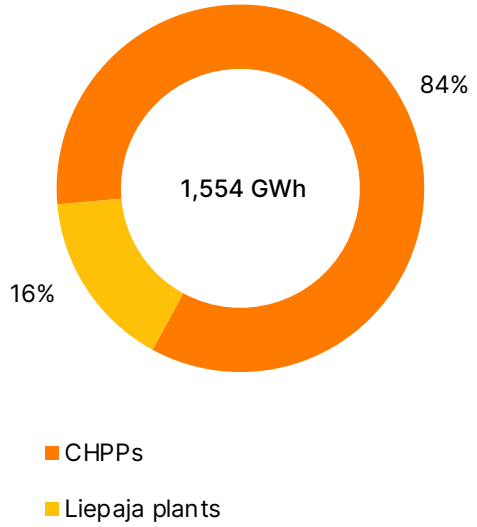
75%
Revenue

63%
EBITDA

Electricity output



Thermal energy output



Generation and trade

Generation

Latvenergo Group has a balanced energy generation portfolio, consisting mostly of HPPs and highly efficient CHPPs

The Group's new renewable energy generation capacity in the Baltics has increased significantly, reaching 498 MW in 2025 (353 MW of solar power capacity and 145 MW of wind power capacity)

Total installed electrical capacity – 3,101 MW (approx. 90% of the total capacity in Latvia); installed thermal capacity – 1,798 MW

The segment's financial results was negatively impacted by lower energy sales prices and lower output at the Daugava HPPs

Operational figures

	Units	2024	**2025**
Electricity customers	thsd.	896	**914**
Electricity supply	GWh	8,552	**8,186**
Retail*	GWh	6,140	**6,053**
Wholesale**	GWh	2,412	**2,133**
Natural gas customers	thsd.	65	**76**
Natural gas supply	GWh	2,559	**3,283**
Retail	GWh	1,190	**1,605**
Wholesale	GWh	1,369	**1,678**
Electricity generation	GWh	4,842	**4,696**
HPPs	GWh	3,147	**2,882**
CHPPs	GWh	1,633	**1,587**
SPPs and WPPs	GWh	44	**209**
Liepaja plants	GWh	17	**18**
Thermal energy generation	GWh	1,665	**1,554**
CHPPs	GWh	1,423	**1,310**
Liepaja plants	GWh	242	**244**

*Including operating consumption
**Including sale of energy purchased within the mandatory procurement on the Nord Pool

Generation and trade

Trade

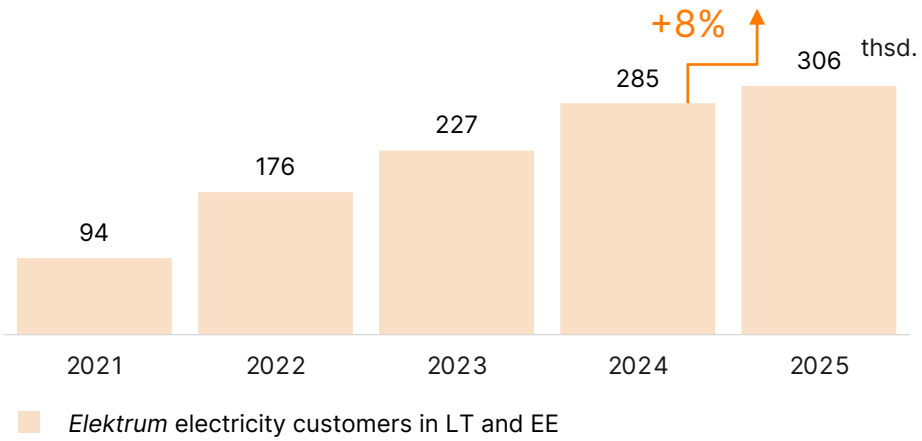
Baltic electricity market share ~ 22%

96% of these are households and 4% business customers

6.1 TWh of electricity sold to Baltic retail customers

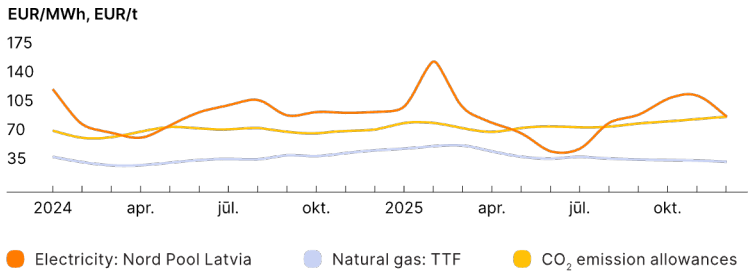
45% of retail electricity supplied outside Latvia

The number of *Elektrum* customers in neighbouring countries grows rapidly



Operating environment

Energy resource prices

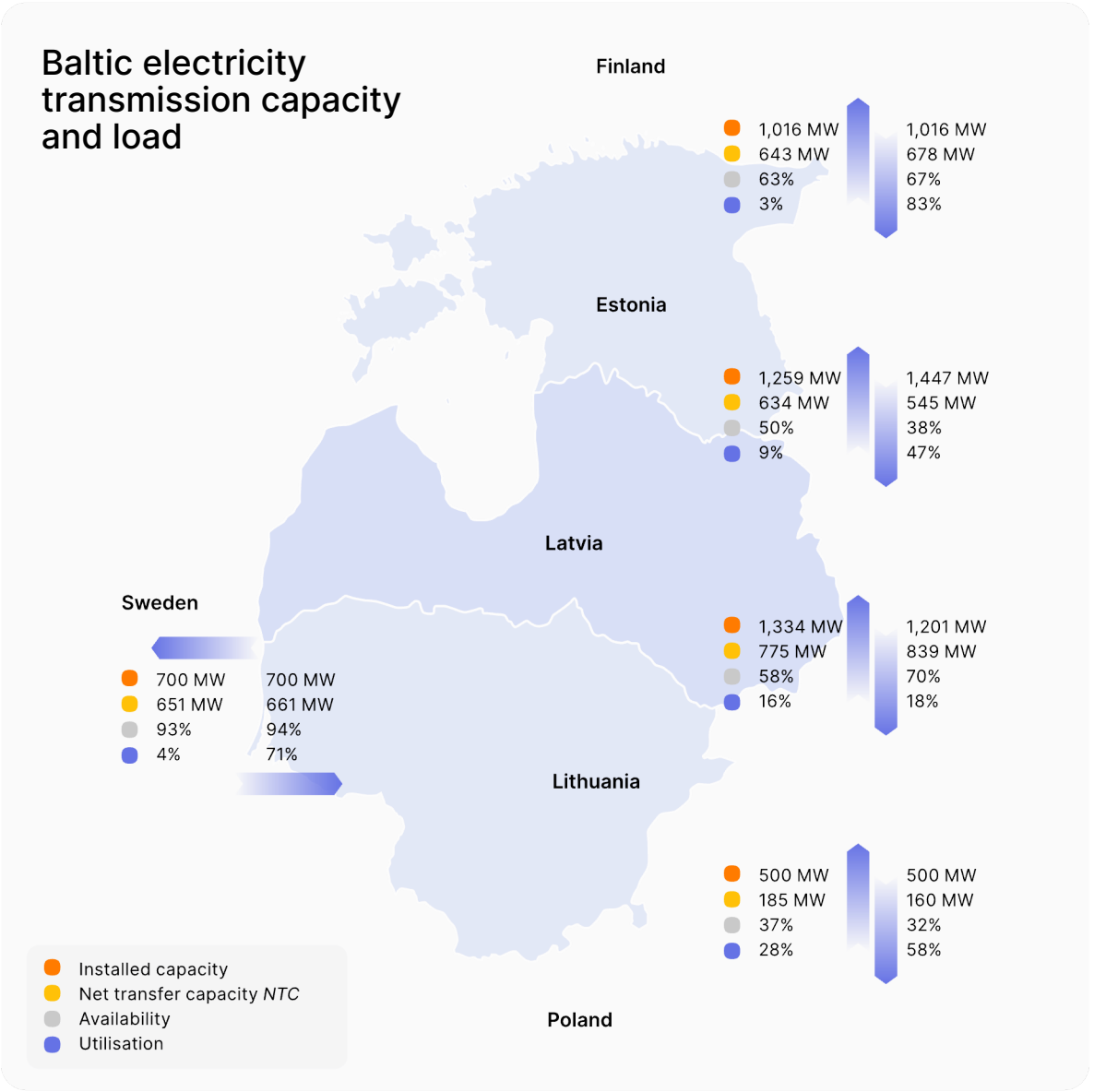


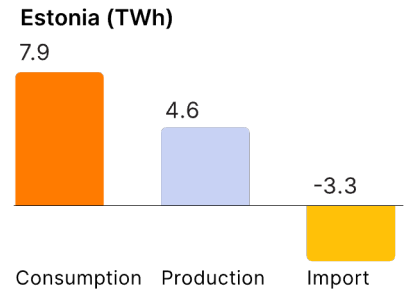
Electricity prices in the Baltics were influenced by higher renewable energy generation (SPPs +34%, WPPs +11%)

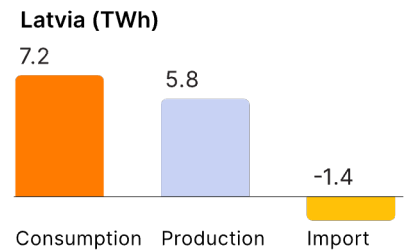
The price of natural gas at TTF virtual trading point (front month) increased by 12%, reaching 38 EUR/MWh

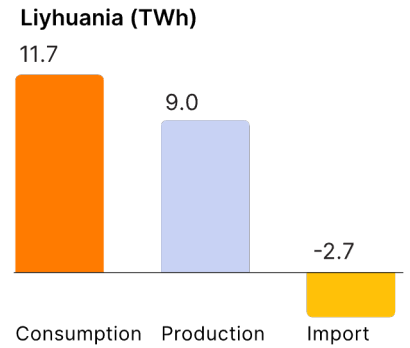
The average price of CO_2 emission allowances (EUA DEC futures) rose by 13%, reaching 75 EUR/t

Baltic electricity transmission capacity and load



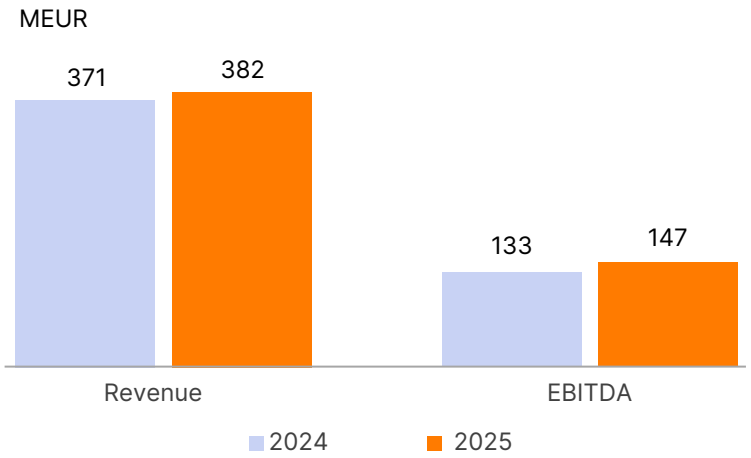






Distribution

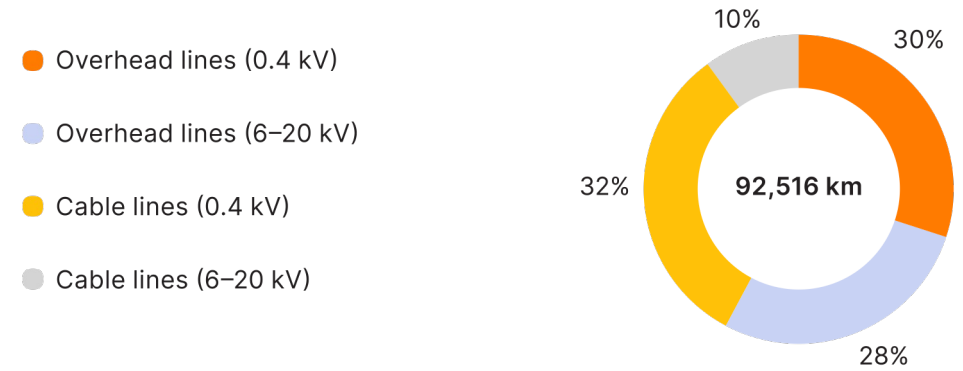
Revenue and EBITDA

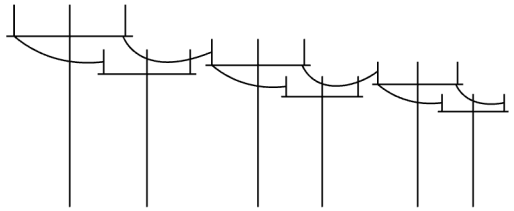


24%
Revenue

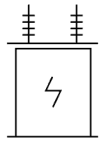
34 %
EBITDA

Length of electricity distribution lines

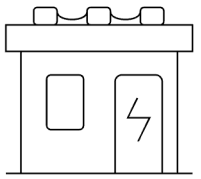




92,516 km
total length of electricity distribution lines



6,236 MVA
total installed capacity



30,838
transformers

29,122
transformer substations

In 2025, the approach to accounting for transformers and their capacities was changed; for more information, see the Annual Report 2025 of Sadales tīkls AS

Distribution

Distributed electricity and losses

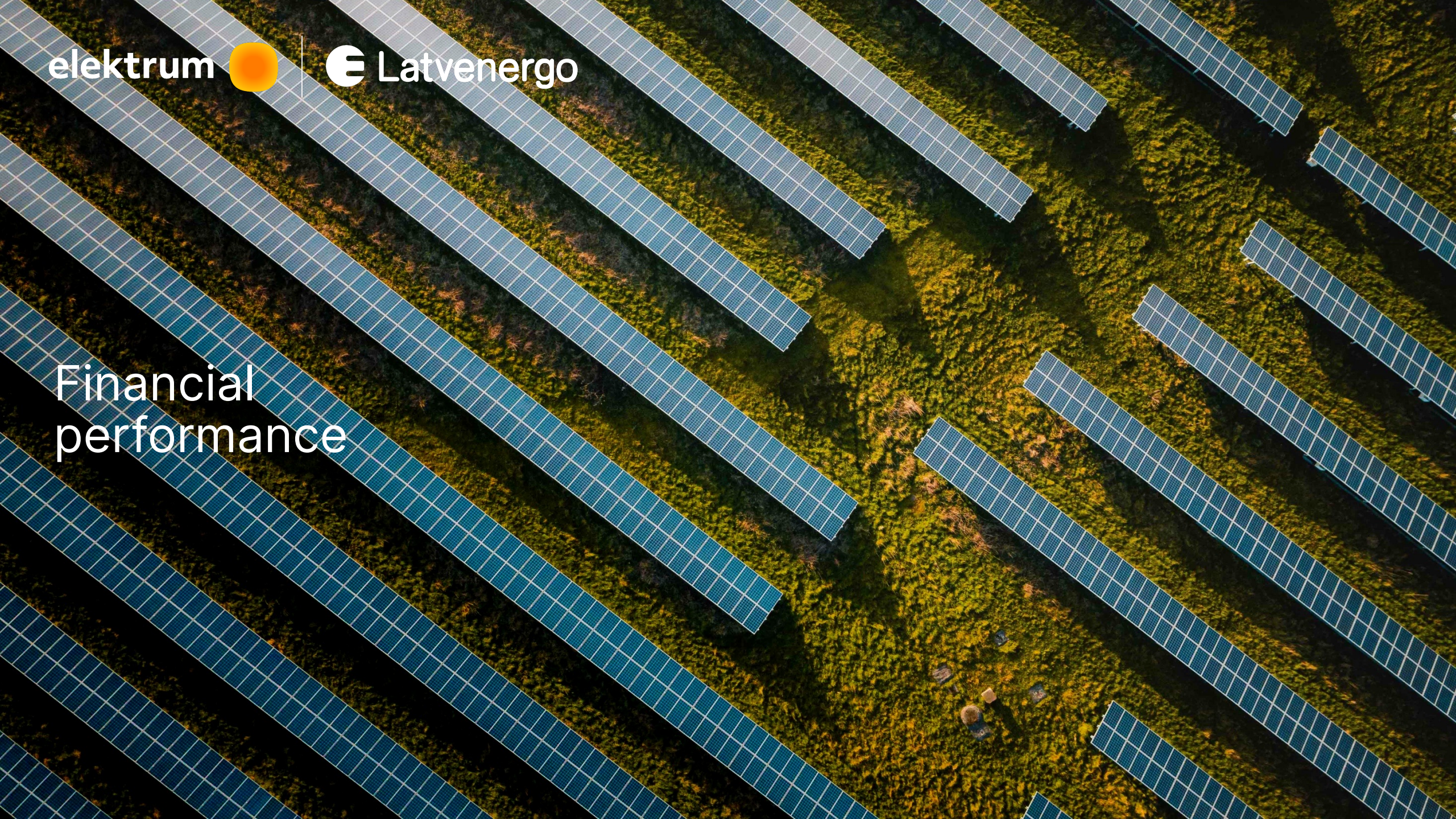
	Units	2021	2022	2023	2024	2025
Distributed electricity	GWh	6,470	6,241	6,021	6,116	6,293
Electricity distribution losses technological and operating consumption	GWh	271	256	242	237	246
incl. accumulated microgeneration electricity losses	GWh	–	4	19	22	4
TOTAL	GWh	6,741	6,497	6,263	6,353	6,539
Electricity losses	%	3.79%	3.73%	3.72%	3.62%	3.66%

Key highlights

Distribution system services are provided at regulated tariffs to approximately 774,000 customers in Latvia

Quality of the energy supply increased:
SAIFI: 1.7 times (–23%)
SAIDI: 133 min. (–38%)

Financial results were positively affected by higher distributed electricity volumes


elektrum
Latvenergo
Financial performance

Key financials

Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Annual Report, see the Results section under Key Indicators

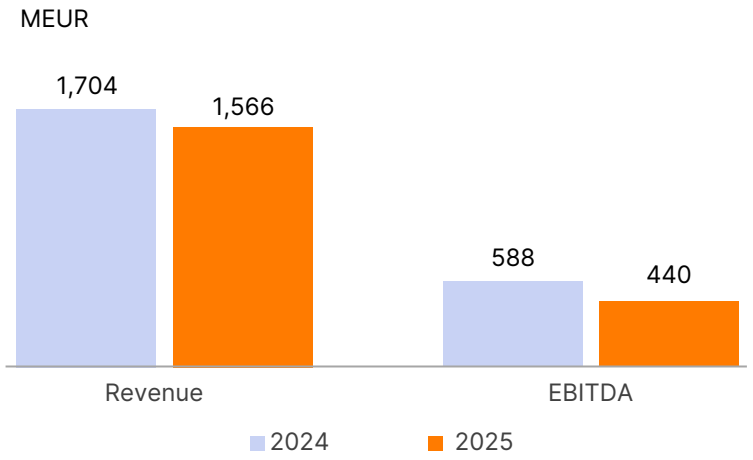
Financial figures (MEUR)	**2021**	**2022**	**2023**	**2024**	**2025**
Revenue	1,065	1,842	2,034	1,704	**1,566**
EBITDA	199	360	602	588	**440**
Profit	72	184	351	274	**199**
Assets*	3,476	3,855	4,174	4,438	**4,968**
Equity	2,123	2,356	2,963	3,007	**3,032**
Borrowings	795	876	630	743	**1,270**
Net Debt	698	763	511	657	**1,153**
Adjusted funds from operations (FFO)*	176	339	521	509	**354**
Capital expenditure	127	122	193	530	**792**
Key Financial Ratios	**2021**	**2022**	**2023**	**2024**	**2025**
Net Debt to EBITDA	3.2	2.0	1.1	1.0	**2.1**
EBITDA Margin	18.7%	19.6%	29.6%	34.5%	**28.1%**
Return on Equity (ROE)	3.4%	8.2%	13.2%	9.2%	**6.6%**
ROE excluding distribution	5.5%	16.3%	19.9%	12.3%	**8.1%**
Adjusted FFO / net debt	28%	46%	82%	87%	**39%**
Return on Assets (ROA)	2.1%	5.0%	8.7%	6.4%	**4.2%**
Return on Capital Employed (ROCE)	2.9%	6.3%	11.9%	9.2%	**6.4%**
Net Debt / equity	0.33	0.32	0.17	0.22	**0.38**
Capital Ratio	61%	61%	71%	68%	**61%**
Dividend pay–out ratio	63%	88%	73%	64%	**70%**
Moody's Credit Rating	**Baa2 (stable)**	**Baa2 (stable)**	**Baa2 (stable)**	**Baa2 (stable)**	**Baa2 (stabils)**

* Comparative figures recalculated, presenting the provisions for CO_2 emission quotas at gross value, separately from the purchased emission quotas in short-term intangible investments

More information in Annual Report 2025

Revenue and EBITDA

Revenue and EBITDA



Key highlights

Revenue:

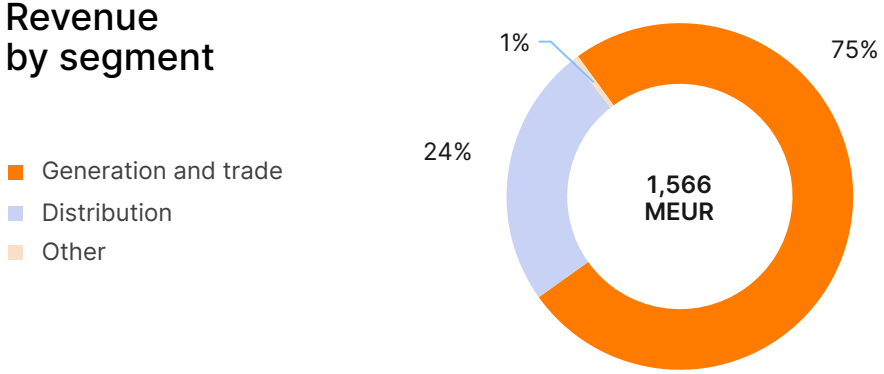
Negative impact: lower energy sales prices
Positive impact: higher distributed electricity volumes

EBITDA:

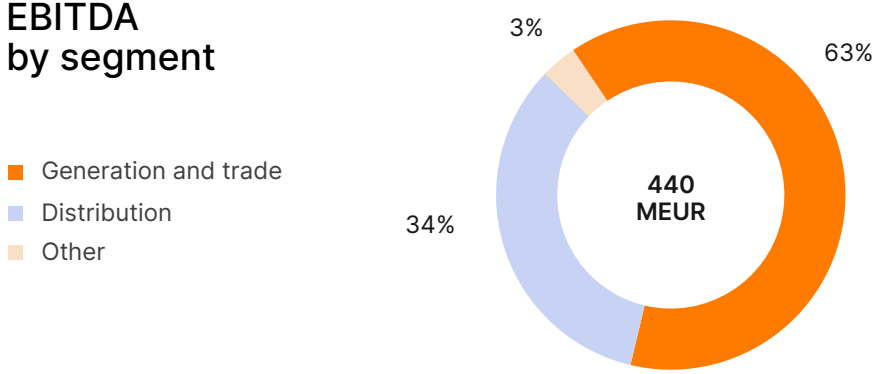
Negative impact: lower electricity generation at the Daugava HPPs
Positive impact: revenue growth in the distribution segment

Profit for the year 2025: 199 MEUR (2024: 274 MEUR)

Revenue by segment

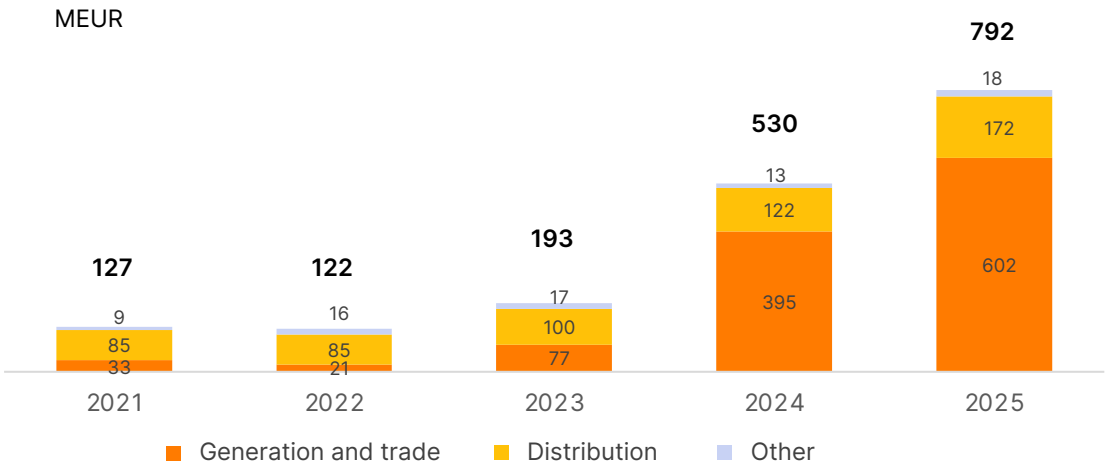


EBITDA by segment

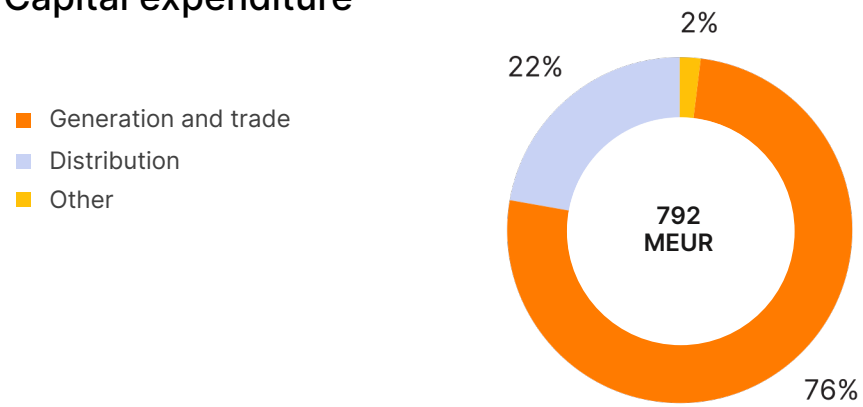


Investments

Investments grew by 49% to 792 MEUR



Capital expenditure



Significant increase in investments in renewable energy generation capacities in the Baltics

548 MEUR were allocated towards the development of WPPs and SPPs, which is 2/3 of the Group's total investments

At the end of December, Latvenergo Group had 22 SPPs with an installed capacity of 353 MW and 3 WPPs with an installed capacity of 145 MW

RES capacities currently under construction are expected to be gradually commissioned in 2026-2027

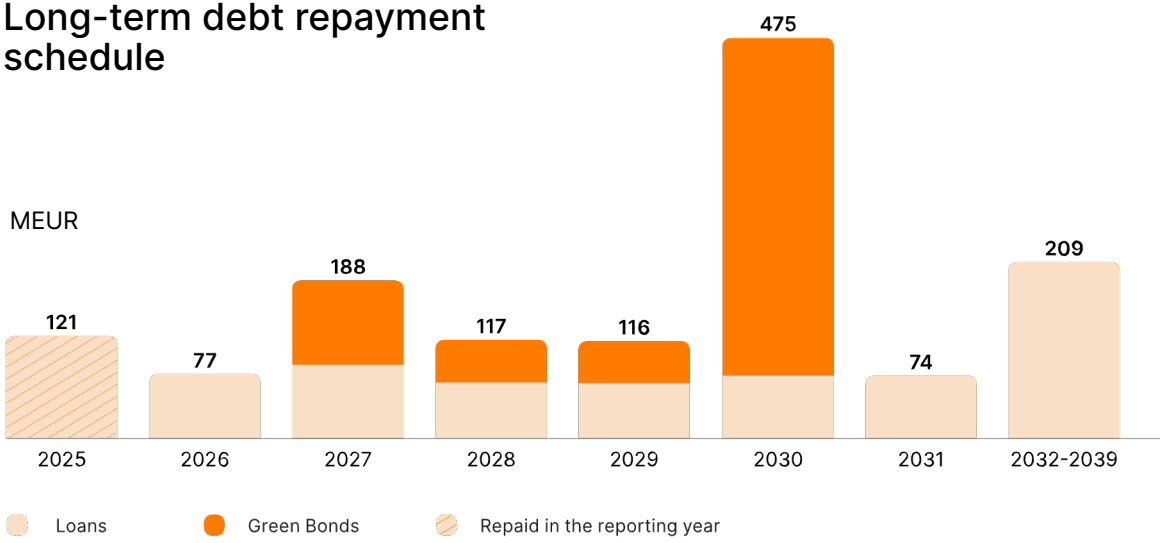
2 BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built. 6 BESS projects with a total capacity of 183.4 MW / 428.6 MWh are in the development stage

Investments in network assets allows to improve the quality of the power network services and technical parameters

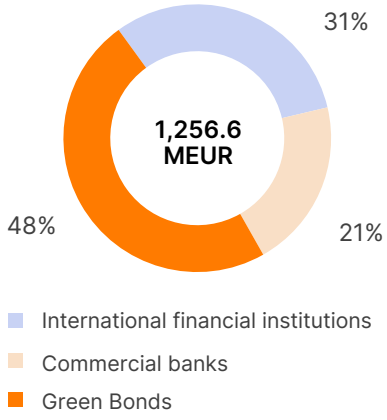
More information in Annual Report 2025

Borrowings

Long-term debt repayment schedule



Diversified long-term funding



Liquidity, MEUR

Cash and cash equivalents	**117.8**
Other current financial investments	**149.9**
Available long-term borrowings	**200**
Available short-term borrowings	**374.5**

Key highlights

In 2025, Latvenergo AS secured a loan of EUR 200 million from the European Investment Bank and signed short-term loan agreements totalling EUR 300 million with Swedbank AS, OP Corporate Bank plc Latvia branch, and AB SEB Bank

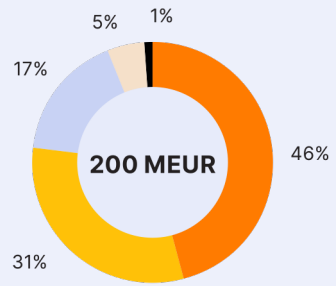
In October 2025, the international credit rating agency Moody's reaffirmed the Latvenergo AS credit rating at Baa2 with a stable outlook

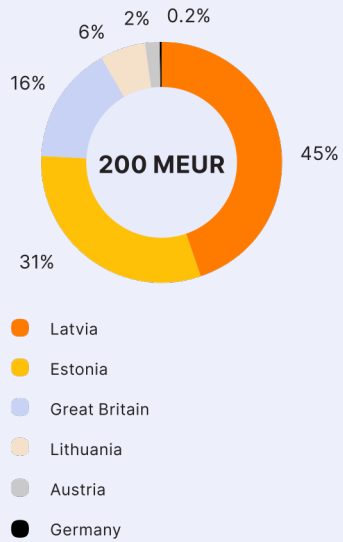
As part of the EMTN Programme, in November 2025, Latvenergo AS carried out European green bond issue in the amount of EUR 400 million

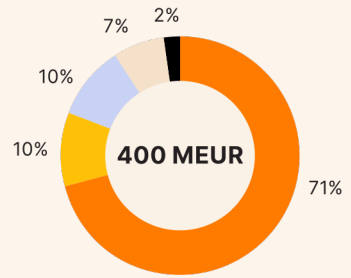
Share of fixed interest rate (with IRS) in the long-term debt portfolio (31 Dec 2025) – 53%; weighted average fixed-rate period – 2.2 years; effective weighted average interest rate – 3.0%

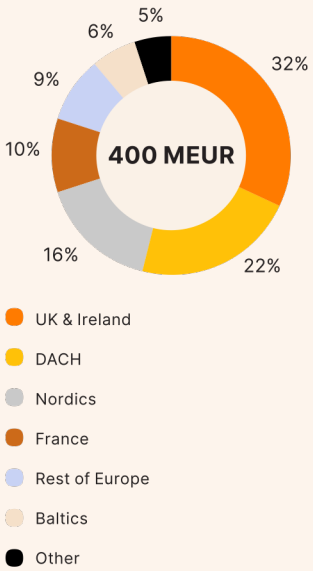
Green bonds

	50 MEUR **Green bonds** 0,5% annual coupon due 17 May 2028	100 MEUR **Green bonds** 2.42% annual coupon due 5 May 2027	50 MEUR **Green bonds** 4.952% annual coupon due 22 February 2029	400 MEUR **European green bonds** 3.612 % annual coupon due 13 November 2030
ISIN	LV0000802460	LV0000870129	LV0000802684	XS3227294132
Issued in	2021	2022	2023	2025
Use of proceeds	In accordance with the Green Bond Framework			In accordance with the European Green Bond Factsheet
Programme	The third Latvenergo AS 200 million EUR Programme			EUR 1 billion Euro Medium Term Note Programme
Investors by type and region	according to the coupon payment in 2025			according to the bond issuance in 2025









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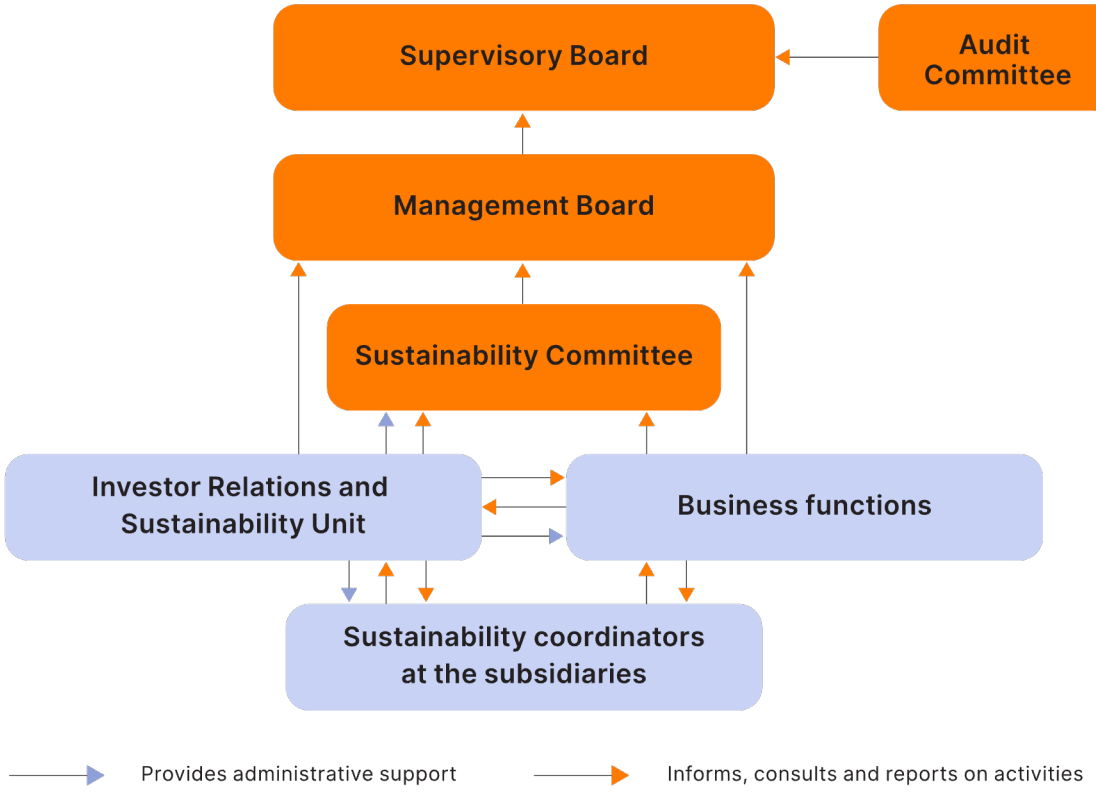
Sustainability information

Governance of sustainability issues



Within the Group, responsibility for sustainability is deliberately not concentrated in a single company unit, but is rather divided among those in charge of areas of sustainability, with the additional establishment of a unit that coordinates sustainability affairs

The management of impacts, risks and opportunities is integrated into the operating processes of the Group's companies, and the supervision of these issues is addressed within the framework of fulfilling and monitoring strategies and operational plans

The Management Board of Latvenergo AS handles the implementation of the Group's strategy and policies and regularly submits reports regarding its activities to the Supervisory Board of Latvenergo AS

At the end of 2022, Latvenergo AS established its Sustainability Committee, which was expanded to the Group level in 2024. The Head of the Committee is the Chief Financial Officer

Stakeholders

Stakeholders

Level of cooperation

Consultation
Negotiation
Involvement
Collaboration

Affected stakeholders

Sustainability Statement users

Shareholder – Ministry of Economics

Collaboration

Cooperation with the shareholder takes place regularly, in line with the legal requirements and good governance guidelines. For information about the number of shareholder meetings in 2025 and their key decisions.

Business partners

Involvement

Latvenergo Group maintains and regularly updates its Register of Qualified Candidates, encouraging its partners to submit applications for their inclusion in the qualification system. In the reporting year, the Group organised an exchange of experience in the field of procurement for representatives of state-owned enterprises and demonstrated the electronic procurement system of Latvenergo, its artificial intelligence and qualification system.

Employees, trade union

Negotiation
Involvement

Representatives of the Group's companies regularly communicate with representatives of the employee trade union concerning the organising of work and other topical matters.

Funders and investors

Consultation
Collaboration

The Group provides regular information and twice a year organises online conferences on financial results and current operational affairs. Stakeholders can ask questions online at the Group's webinars.

Educational and scientific institutions

Collaboration

Latvenergo AS and the Israeli company H2Pro agreed to carry out a feasibility study regarding H2Pro green hydrogen production equipment. Latvenergo AS signed a cooperation agreement with RTU for the implementation of an industrial professor project, which would primarily research the development trends and consumption forecasts of green fuel. Sadales tīkls AS in cooperation with InPass SIA, the Norwegian company Aersea and the research centre Norce develops a smart inspection system for surveying wooden poles of power lines.

Customers

Involvement

Latvenergo Group conducts annual customer satisfaction surveys and takes measures to improve customer satisfaction.

Media, non-governmental organisations (NGOs)

Consultation
Involvement

Cooperation with national and regional media includes press releases, media events and press conferences. In 2025, the main topics were the Group's financial and operating performance, innovations, the Group's governance, capital raising, electricity generation from renewable sources, availability of energy sources and prices, development of the electric vehicle charging network, responsible business practices, and support for Ukraine. The Group also provides information related to its core business to NGOs.

Professional associations and sector specialists

Consultation
Involvement

Representatives of Latvenergo Group regularly discuss the development of the energy industry and related sectors with industry specialists at various forums, conferences, seminars, and working groups.

Public institutions

Consultation
Involvement

Latvenergo AS and Latvian State Radio and Television Centre VAS signed a memorandum of understanding with Telia Company AB on the acquisition of it's shares in Tet SIA and Latvijas Mobilais Telefons SIA. The Group works with the Competition Council in the manner stipulated by law and regularly provides information about its activities and financial results to the Public Utilities Commission. The Group cooperates with public institutions by providing proposals for the development of the energy sector and the improvement of regulations.

Local community

Consultation
Involvement
Negotiation

The Group involves representatives of affected communities in public discussions on the development of new generation capacities, informs local governments about planned projects to renovate the power grid, regularly seeks the opinion of the Latvian public through various surveys and implements various CSR activities.

Value chain

Upstream

1. Resource extraction
2. Processing and refinement
3. Production of goods
4. Transportation
5. Electricity generation
6. Natural gas infrastructure and storage
7. Nord Pool – power exchange
8. Electricity transmission system operator of Latvia

Own operations

1. **HPPs** (1 560 MW_{el})
2. **SPPs** (353 MW_{el})
3. **WPPs** (145 MW_{el})
4. **CHPPs** (1 039 MW_{el}, 1 617 MW_{th})
5. **Thermal energy accumulation system** (1 000 MW_{th})
6. **Liepaja plants** (4 MW_{el}, 181 MW_{th})
7. **Battery energy storage system** (2030. g. mērķis 250 MW_{el}/500 MWh)
8. **Electricity and thermal energy generation, electricity and natural gas trade, electricity balancing**
9. **EV charging network**
10. **Electricity distribution**
11. **Sustainable governance**

WPPs and SPPs in project / construction (646 MW_{el})

Downstream

1. Society
2. Waste management
3. Nord Pool – power exchange
4. Electricity transmission system operator of Latvia

More information in Annual Report 2025

Fundamental principles of policies for managing sustainability issues

Corporate Governance Policy

- the Supervisory Board oversees the strategic management of the Group
- the Group operates on the market on the basis of the principles of equal competition and collaborates with all market participants based on equal, non-discriminatory terms
- the Group conducts its business in a responsible manner towards the environment, employees and society
- the Group ensures the prompt disclosure of audited, accurate and unambiguous material financial and non-financial information
- an internal control system has been introduced at the Group
- the operational risks of the Group are identified and managed on an ongoing basis
- the remuneration system is transparent and linked to the performance of a Group company

Sustainability Policy

- contribute to the achievement of the UN SDGs
- continuously improve environmental performance in all business segments
- respect human rights
- build a sustainable work environment and provide equal opportunities
- operate as a socially responsible business
- engage in ethical business practices
- ensure all-encompassing transparency in operations
- undergo sustainability assessments that provide incentives for further growth
- engage stakeholders
- work with sustainable contract partners

Code of Ethics

- develop an ethical, responsible and open business environment
- support and promote respect, trust and sound relations in communications among employees
- fair in relations with its employees as well as customers and suppliers
- not allow any conflict of interest situations and prevent fraudulent or corrupt activities
- ensure equal treatment of employees
- promote openness in cooperation with third parties
- choose cooperation partners that observe in their activities the ethical principles specified in this Code, comply with fair competition rules and do not cause situations where certain partners gain an advantage

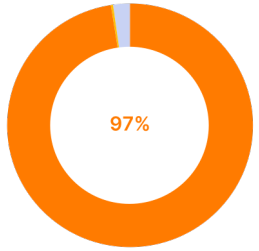
The policies are available in the Investors and Sustainability sections of the Latvenergo Group's website

EU taxonomy

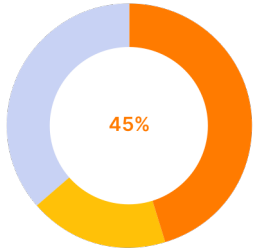
Taxonomy-eligible activities	Activity description	Taxonomy-aligned activities
4.1. Electricity generation using solar photovoltaic technology	By the end of 2025, the Group operates 22 solar parks in the Baltic states with an installed capacity of 354 MW, while an additional three solar parks with a total capacity of 336 MW are in the construction stages in Latvia and Lithuania.	✓
4.3. Electricity generation from wind power	By the end of 2025, the Group's total wind power generation capacity has reached 145 MW, including the Telšiai (124 MW) and Akmenė (20 MW) WPPs in Lithuania. In 2026 and 2027 an additional 5 wind farms in Latvia and Lithuania will commence production with a total generation capacity of 310 MW.	✓
4.5. Electricity generation from hydropower	The Daugava HPPs' cascade and the Aiviekste HPPs with a combined capacity of 1,560 MW.	✓
4.9. Transmission and distribution of electricity	Electricity distribution network providing distribution services to more than 770 thousand customers in Latvia.	✓
4.10. Storage of electricity	2 BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built. Meanwhile 6 BESS projects with a total capacity of 183.4 MW / 428.6 MWh are in the development stage.	✓
4.11. Storage of thermal energy	Thermal storage system at CHPP-2, which allows thermal energy generated in cogeneration mode to be stored and CHPP operation modes to be adapted more optimally to market conditions and peak loads, achieving more efficient energy consumption and CO2 emission savings.	✓
4.15. District heating/cooling distribution	Liepājas enerģija SIA heat networks, which provide centralised heating to more than 1,2 thousand buildings in Liepāja.	✓
4.20. Cogeneration of heat/cool and power from bioenergy	Liepājas enerģija SIA cogeneration plant, which uses woodchips to generate thermal energy and electricity. Its capacity is 10 MW_{th} and 2 MW_{el}.	✓
4.24. Production of heat/cool from bioenergy	Liepājas enerģija SIA generation plants using woodchips for thermal energy generation. Their total capacity is 40 MW_{th}.	✓
4.29. Electricity generation from fossil gaseous fuels	Latvenergo AS CHPP-1 and CHPP-2, which uses natural gas for electricity generation in condensation mode. The condensation capacity of the plant is 1,015 MW_{el}.	
4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Latvenergo AS CHPP-1 and CHPP-2 and Liepājas enerģija SIA cogeneration plant, which use natural gas for thermal energy and power generation. The total capacity of these plants is 691 MWth and 992 MWel (with CHPP-2 in cogeneration mode).	
4.31. Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	The Latvenergo AS CHPPs and Liepājas enerģija SIA (1,057 MWth), which use natural gas for thermal energy generation and transfer the thermal energy generated to the centralised heating system.	
6.15. Infrastructure enabling lowcarbon road transport and public transport	By the end of 2025, the number of installed charging points at Elektrum Drive charging stations has increased to 1,107. Using the Elektrum Drive app, charging can also be carried out at partner charging stations – in total, 1,590 charging points are available to customers across all Baltic states.	✓

Proportion of taxonomy-aligned activities

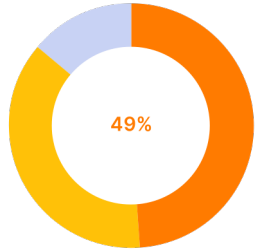
CapEx



Revenue



OpEx



Taxonomy-aligned activities

Taxonomy-eligible activities

Taxonomy-non-eligible activities

Key environmental targets

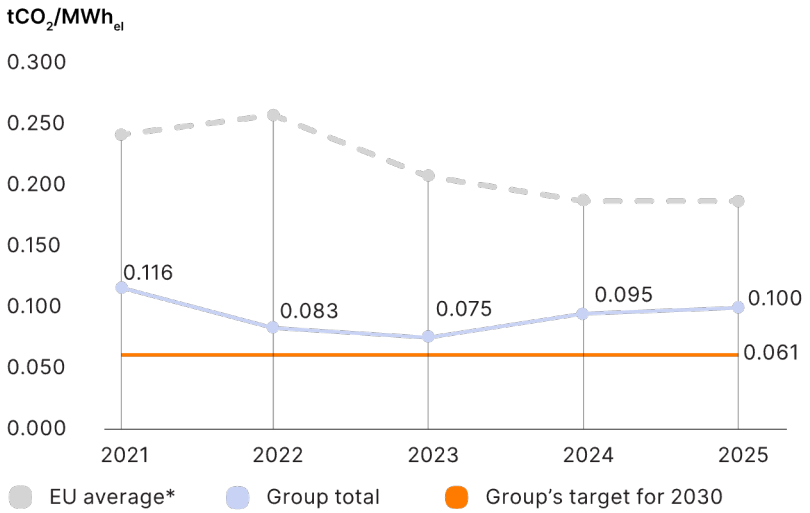
	Target of the Sustainability Strategy	Key performance indicator	Achievable value	2025 performance
Environment	Achieve climate neutrality by 2050	Reducing Scope 1 GHG emissions to achieve climate neutrality in electricity generation by 2040	–47% by 2030 compared to 928 thousand t of CO_2 in 2021 0.06 tCO_2/MWh generated electricity in 2030	–17% 0.100 tCO_2/MWh
		Proportion of electricity produced from RES in the total electricity production	80% in 2030	66%
		Share of electric cars in fleet	51% in 2030	15.6%
		Share of certified RES electricity in self-consumption, annually	79%	80%
		Electricity distribution losses, annually	<4%	3.66%
		Reducing GHG emissions from electricity retail trade	–20% by 2030 compared to 2,270 thousand t of CO_2 in 2022	+8%
		Retail customers choose green energy	30% in 2030	12%
	Reduce pollution	Reducing NO_X emissions	–50% per unit of energy generated in 2030 compared to 0.07 kg/MWh of energy generated in 2022	0.07 kg/MWh
		Reducing CO emissions	–50% per unit of energy generated in 2030 compared to 0.04 kg/MWh of energy generated in 2022	0.04 kg/MWh
		Number of major environmental pollution cases, annually	0	0
		Assessing the reduction in the quantity and hazard of chemicals used	To be implemented by the end of 2026	Structured process for the procurement, accounting, and evaluation of chemical substances and mixtures has been introduced; internal procedures have been updated in line with EU regulations
	Reduce impacts on biodiversity	Improving ecological quality of river habitats	25 km by the end of 2026	13.1 km
		Project to improve the condition of protected fish species and habitats	At least 1 project launched by the end of 2026	Implementation of the EU LIFE RiverFlow project has been launched to improve HPP sustainability and fish migration
		Planting an equivalent number of new trees during deforestation	100%	No deforestation has been carried out; thus, the afforestation activities undertaken to date have ensured 100% compensation for the previously deforested area
		Assessing impact on protected areas and species	100% of investment projects in 2026	100% projects undergo environmental impact assessments. Evaluation of SPPs projects has continued in accordance with Latvian good practice guidelines
		Plan for the conservation of biological diversity	To be developed by the end of 2025	Biodiversity Transition Plan for 2026–2028 has been developed
	Reduce resource consumption and promote a circular economy	Use of sustainable biomass fuels, annually	100%	100%
		Measures to promote sustainable consumption, annually	at least 10	>10
		Use of biomass ash in agriculture, registering it as a fertilizer, annually	100%	100%
		Sustainable equipment: SPPs meets Taxonomy requirements, annually	100%	100%
		Sustainable materials in WPPs: proportion of recyclable or reusable materials in wind turbines to be installed	90% in 2026	87%
		End-of-life management of solar panels	Action plan developed by the end of 2026	The management of solar panels has continued in accordance with established procedures and contracts
		Reducing water consumption per unit of electricity generated	0.16 m^3/MWh in 2030	0.51 m^3/MWh

More information in Annual Report 2025

Latvenergo Group GHG emissions

kt CO_2e	Base year value*	2024	2025	Δ 2024	Δ base year
Scope 1 GHG emissions	**940**	**799**	**780**	**-2%**	**-17%**
From combustion plants		778	759		
From fuels used for vehicles and machinery		8	7		
Fluorine-containing GHG leaks		0.4	0.2		
From HPP reservoirs		13	13		
Scope 2 GHG emissions (location-based)	**43**	**36**	**45**	**24%**	**4%**
From procured electricity generation		9	10		
From procured thermal energy generation		0.5	0.5		
From electricity distribution losses		27	34		
Scope 2 GHG emissions (market-based)	**121**	**114**	**109**	**-4%**	**-9%**
From procured electricity generation		8	7		
From procured thermal energy generation		0.5	0.5		
From electricity distribution losses		106	101		
Key Scope 3 GHG emissions	**2,752**	**3,413**	**3,392**	**-1%**	**-23%**
(1) Goods and services purchased		123	263		
(2) Fixed assets		16	21		
(3) Activities related to the use of fuel and energy		3,034	2,790		
(5) Waste generated		0.5	1.7		
(6) Business trips		0.2	0.1		
(7) Staff travel		3.3	3.2		
(11) Use of products sold		236	313		
(4,8,9,12,13) Other Scope 3 GHG emissions		0.1	0.1		
Total GHG emissions (location-based)	**3,735**	**4,249**	**4,217**	**-1%**	**13%**
Total GHG emissions (market-based)	**3,812**	**4,327**	**4,281**	**-1%**	**12%**

A high share of renewable energy in the generation portfolio and CO_2 emission intensity significantly lower than the European average



* Source: European Environment Agency (2024)

* The base year for Scope 1 GHG emissions is 2021, while for Scope 2 and Scope 3 emissions – 2022

Key targets in the areas of social, governance and sustainable finance

	Target of the Sustainability Strategy	Key performance indicator	Achievable value	2025 performance
Social sector	Create a sustainable working environment for the development of future competencies	Positive employee well-being scores in employee survey, annually	≥65%	80%
		Number of serious accidents, annually	0	0
	Ensure the protection of critical resources	The number of high-impact incidents, annually	0	0
	Promote education and science	The increase in the know-how and interest of children and young people in STEM subjects and the increase in the know-how of schoolchildren and teachers on the Green Deal (by number of participants involved in activities)	15% by 2026, compared to 2023	>10%
		Number of children and young people educated on electrical safety, annually	≥6,000	13,000
	Invest in society and its know-how on sustainability	Support of the Latvian residents for the development of WPP and SPP generation capacity, annually	≥70%	56%
	Promote sustainability on the customer side	Customer satisfaction index in Latvia versus comparator companies, annually	>100	107
Governance	Ensure integrated and effective management of sustainability	A unified approach to sustainability data management	To be introduced by the end of 2025	In 2025, the entry of data points for Latvenergo AS was completed, along with part of the data at the Group level. The integration of all necessary subsidiary data into the system will be completed in 2026
	Ensure fair just and respectful labour and business relations	Corruptive events and violations of ethical norms with significant reputational or financial impact, annually	0	0
		Financial and/or non-financial contributions to political organisations, annually	0	0
		Payments to partners, taking contractual conditions and business ethics into account, annually	≤30 days	Performed on average within 23 day
		Cooperation programme with the State Revenue Service	The highest level	Commitment fulfilled
	Purchase goods and services responsibly	Suppliers Code of Conduct	To develop in 2024	Commitment fulfilled in 2024
		Procurement includes at least one sustainability criterion/requirement	To introduce ≥30% (by number of procurements) in 2024	>30%
Sustainable finance	Invest responsibly	Investments in activities aligned with the EU taxonomy, annually	≥80%	97%
	Develop products and services and improve operational efficiency	Investment in innovation, research and development, annually	≥0.5% of the average turnover of the Group over the last five years	4.52%

Awards and acknowledgments

Latvenergo Group capital companies – at the top of the most valuable companies

- Latvenergo AS is rated the second most valuable company in Latvia in the TOP 101 most valuable companies in Latvia.
- In the Latvian Business Annual Report 2025, Latvenergo AS was assessed as the largest company in the energy sector. Sadales tīkls AS ranks second among Latvian electricity and gas companies.
- Latvenergo AS is recognised as the third largest company in Latvia, the largest state-owned capital company, the largest energy company, the most profitable company and the largest EBITDA earner in the TOP 500 Latvian Companies. Sadales tīkls AS is rated as the second largest company in the energy sector, the third largest state-owned capital company and the third largest EBITDA earner.
- Latvenergo AS participated in the Nasdaq stock exchange bell ringing ceremony in New York, marking the end of the trading day. Latvenergo AS has participated in this tradition several times, and this year received Nasdaq Baltic Awards 2025 for the fourth time, awarded for outstanding achievements in the field of transparency, good corporate governance and investor relations among bond issuers which bonds are listed on the Nasdaq Baltic exchanges.

Latvenergo Group – an example of best practice in sustainability

- In the Best Baltic Brands 2025 ranking, Latvenergo AS commercial brand Elektrum is recognised as the third most environmentally friendly brand in the Baltic states.
- According to The Best Employer survey on the portal CVMarket.lv, Latvenergo AS ranked third in Latvia. In the TOP employers survey conducted by the recruitment company Alma Career Latvia (former CV-Online Latvia), Latvenergo AS is recognised as the fifth best employer in the manufacturing sector.
- Latvenergo AS project for introduction of an artificial intelligence assistant into the company's Electronic Procurement and Qualification System received the Platinum Mouse award from the Latvian Information and Communication Technology Association in the Company Digital Transformation category for large companies, as well as the audience choice award determined by public vote.
- In the Safest Company Fleet 2025 competition, Latvenergo AS received the Gold Award in the category Lowest Risk, State and Municipal Fleets. Sadales tīkls AS received the Bronze Award in the Local (Baltic) Cargo Carriers and Special Purpose Fleets category.
- Reputation restoration campaign of Sadales tīkls AS won first place in two categories in the Mi:t&Links Baltic Communication Awards competition. The establishment of National Guard sub-units received first place in the "Internal Communication" category. The electrical safety campaign for young people Elektrošoks is highly commended as well.
- In the State Labour Inspectorate's competition Golden Helmet for best practice in occupational safety, Sadales tīkls AS is awarded first place for the diverse employee training implemented in the company.
- Liepājas enerģija SIA received the State Environmental Service's annual award for environmental protection – Green Excellence in Energy. Latvenergo AS is honoured as a capital company that has consistently maintained high environmental standards and is regarded as one of the best practice examples in sustainable energy.
- Latvenergo AS has extended its Family-Friendly Workplace status until 31 December 2028.
- Latvenergo AS received S&P Global Corporate Sustainability Assessment, scoring 54 points. This places Latvenergo AS among the top 30% of companies in the Electric Utilities sector worldwide.

Contact information

Latvenergo AS
Pulkveža Brieža Street 12
Riga, LV-1230, Latvia
www.latvenergo.lv

investor.relations@latvenergo.lv
sustainability@latvenergo.lv

ElektrumLV