

LATVENERGO GROUP UNAUDITED RESULTS FOR 2023

Investor Conference Webinar Presentation

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Group profile



Financials



Current events



Q&A



Group profile



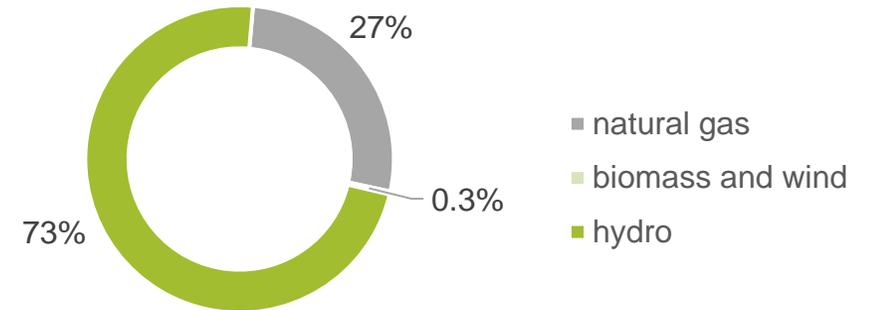
One of the leading energy suppliers and leader in renewable energy generation in the Baltics

Balanced and environmentally friendly energy generation portfolio

- Low-cost hydropower plants (1,559 MW_{el})
- Highly efficient combined heat and power plants (1,039 MW_{el}; 1,617 MW_{th})
- Solar plants (30 MW_{el})

Share of renewable resources in the electricity output 2023

73%



Sound business model

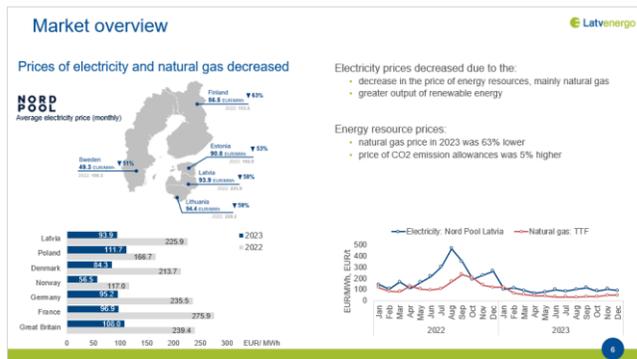
- Stable cash flow from regulated distribution network activities
- About 40% of retail electricity trade supplied to customers in Lithuania and Estonia
- Broad customer base



- **Baa2** credit rating with stable outlook by Moody's
- 100% owned by the Republic of Latvia A3 / A+ / A-
- 85 years of experience in energy sector



Market overview



Main indicators



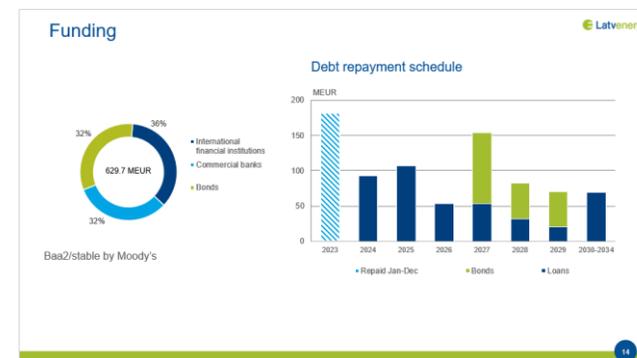
Revenue and profitability



Investments



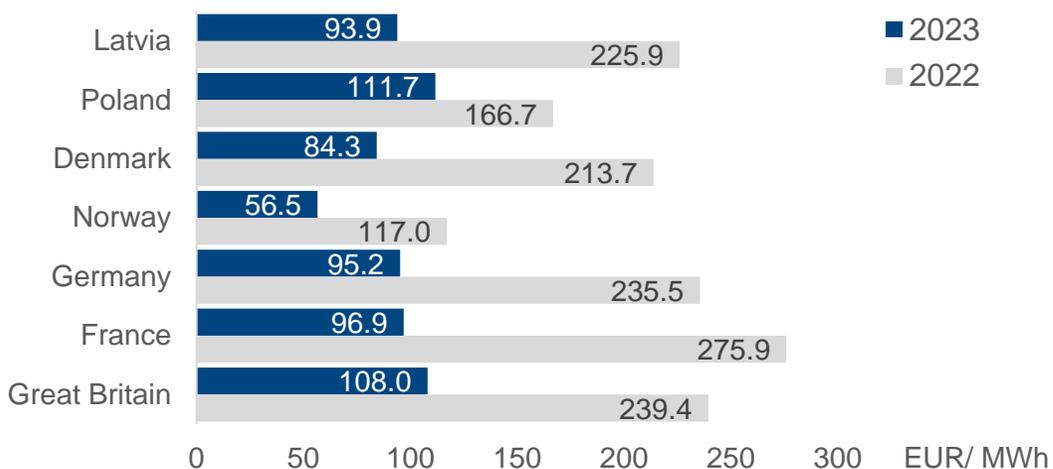
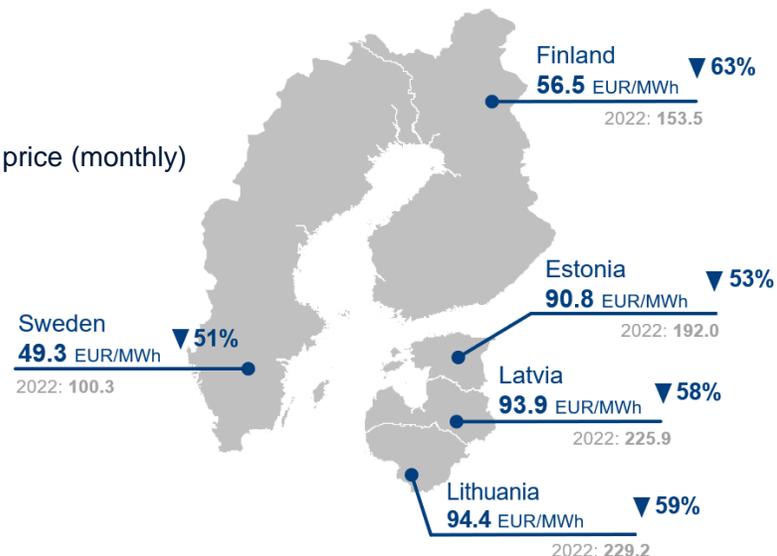
Funding



Prices of electricity and natural gas decreased

NORD POOL

Average electricity price (monthly)

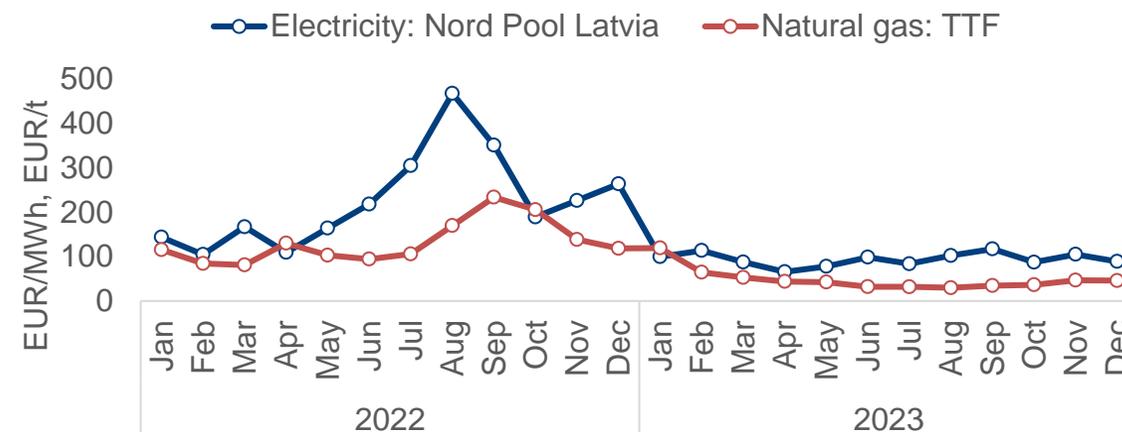


Electricity prices decreased due to the:

- decrease in the price of energy resources, mainly natural gas
- greater output of renewable energy

Energy resource prices:

- natural gas price in 2023 was 63% lower
- price of CO2 emission allowances was 5% higher



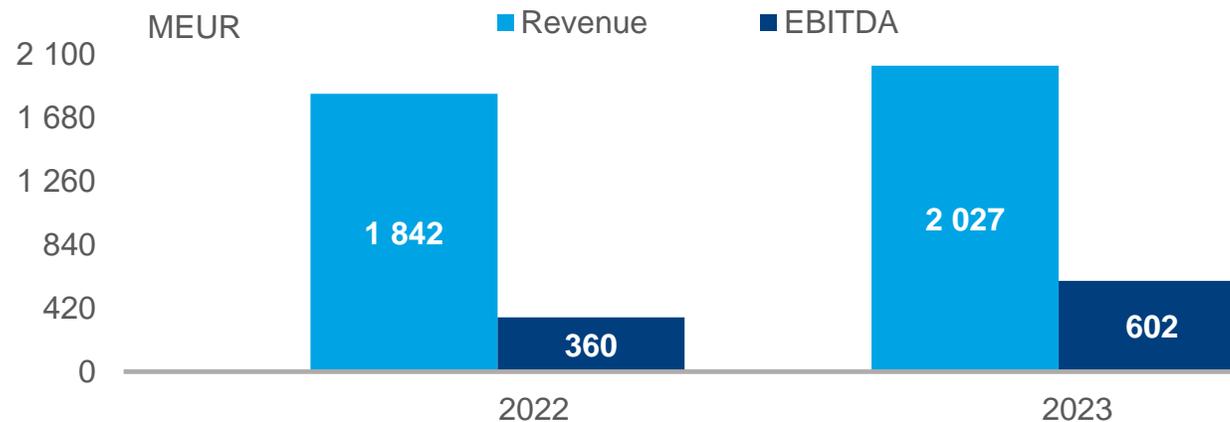
Main indicators: Key financial figures 2023

MEUR

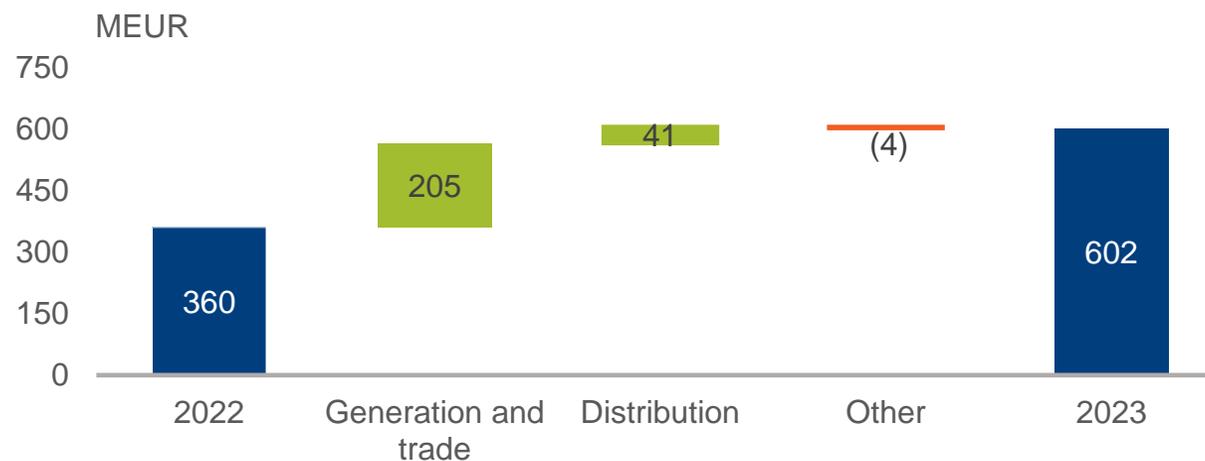


Revenue and profitability

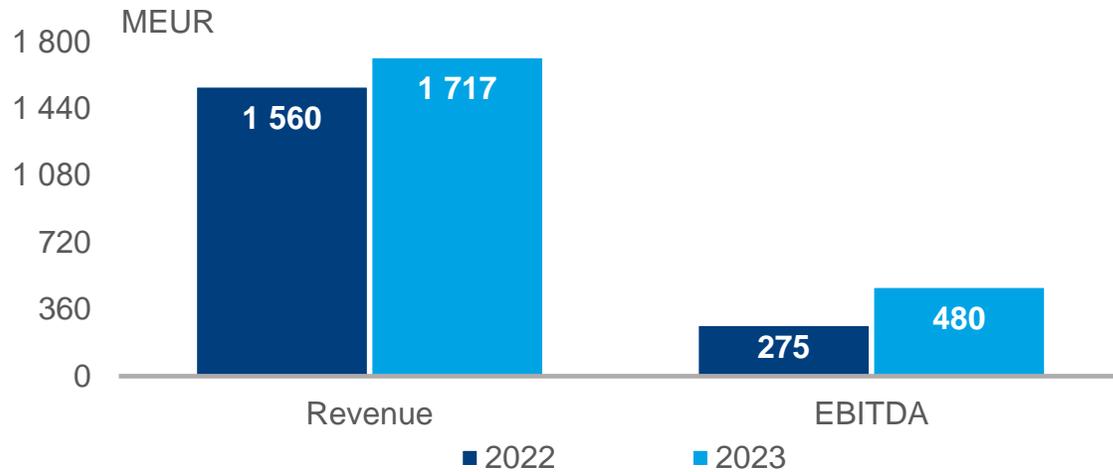
Revenue and EBITDA



EBITDA dynamics



Revenue and EBITDA

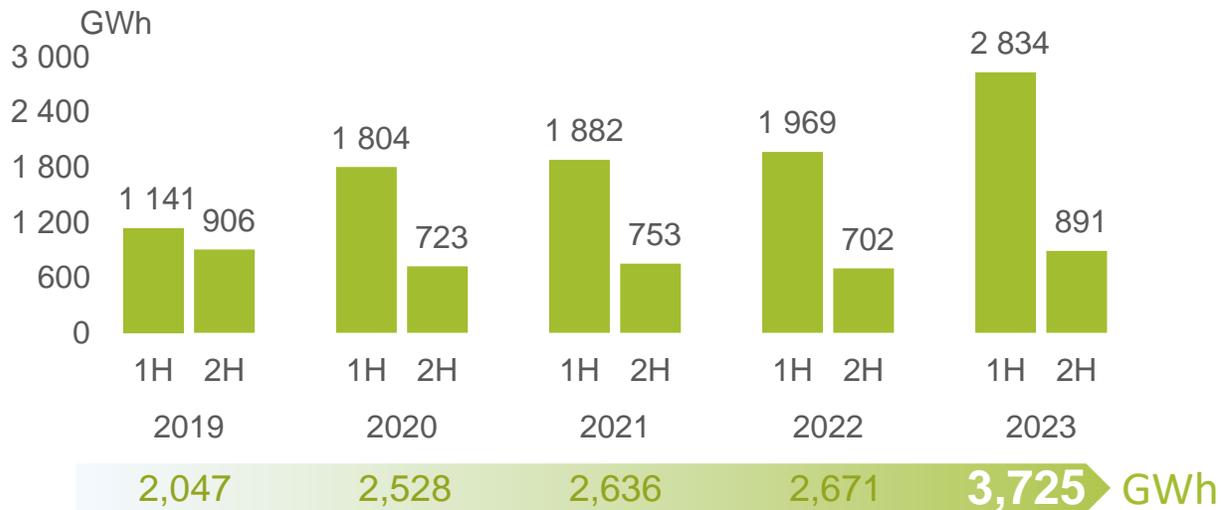


- Impacts on revenue:
 - 14% greater amount of electricity sold in retail
 - higher energy sales prices
 - the second largest Daugava HPPs output in the last 25 years
- Impacts on EBITDA:
 - the second largest Daugava HPPs output in the last 25 years
 - lower electricity and natural gas purchase prices



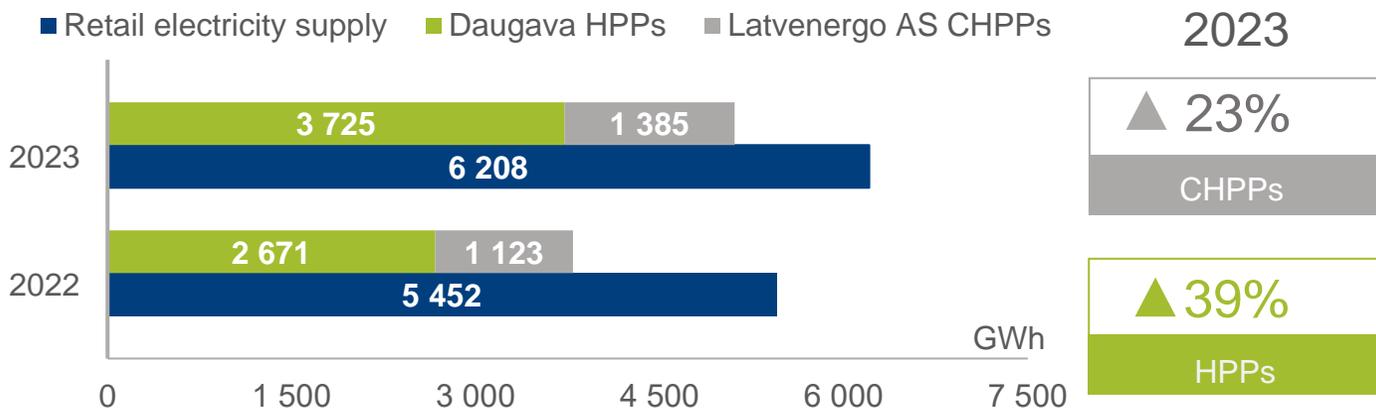
Main indicators: Generation

The second largest Daugava HPPs output in the last 25 years

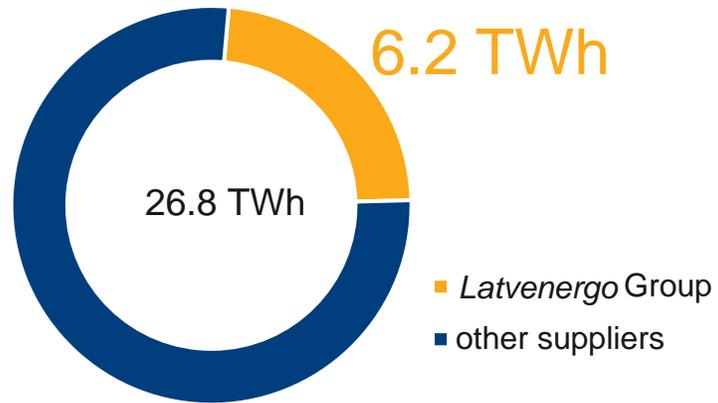


Electricity generation increased by 34% at Latvenergo Group's plants

- *Latvenergo* is a leading producer of renewable energy in the Baltics
- 1/3 of the total electricity generated in the Baltics
- 73% of electricity was generated from renewable energy sources
- The share of generated electricity compared to retail sales was 83%



Retail electricity supply increased by 14% including operational consumption



6.2 TWh of electricity sold to Baltic retail customers. The number of customers is up by 3%, reaching 845 thous.



0.9 TWh of natural gas sold to Baltic retail customers. The number of customers has more than doubled, reaching 49 thous.

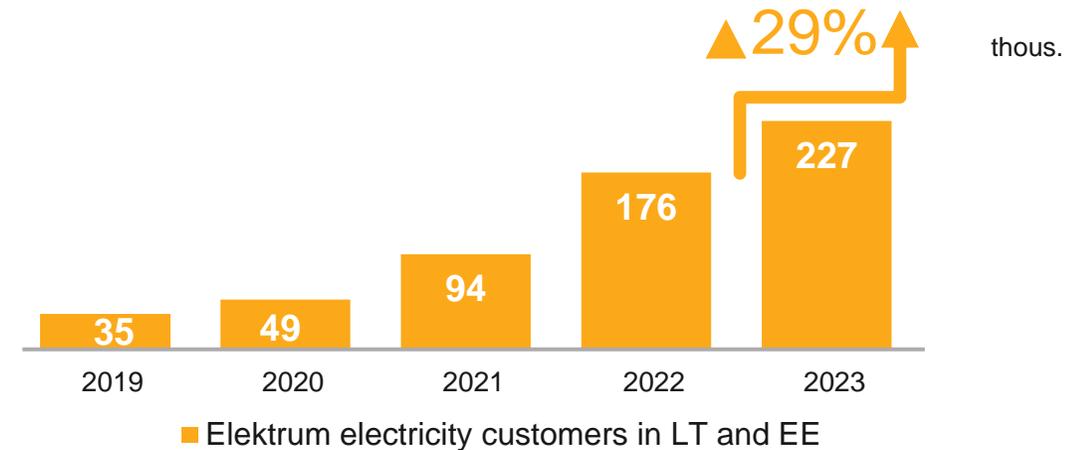


The total installed solar panel capacity provided to retail customers in the Baltics reached more than 70 MW



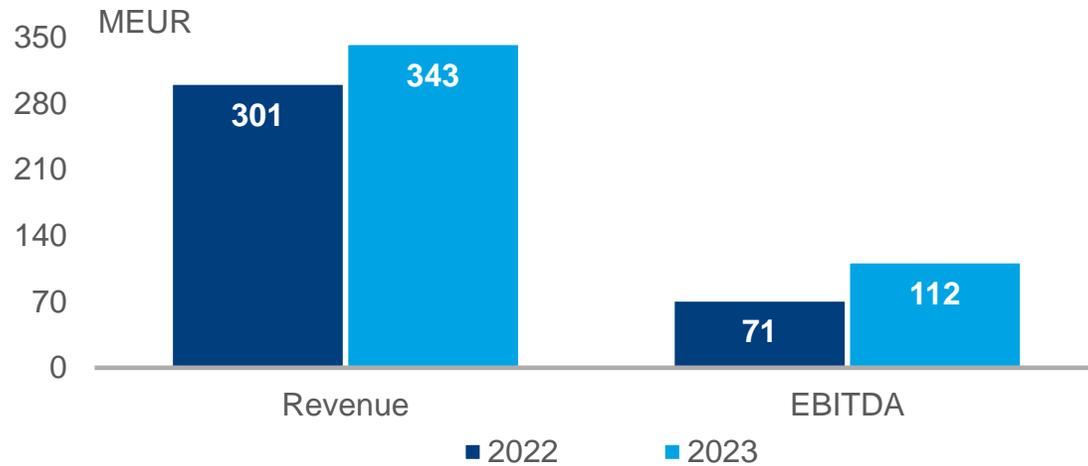
The *Elektrum Drive* application provides our customers with access to a total of 571 charging points

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



thous.

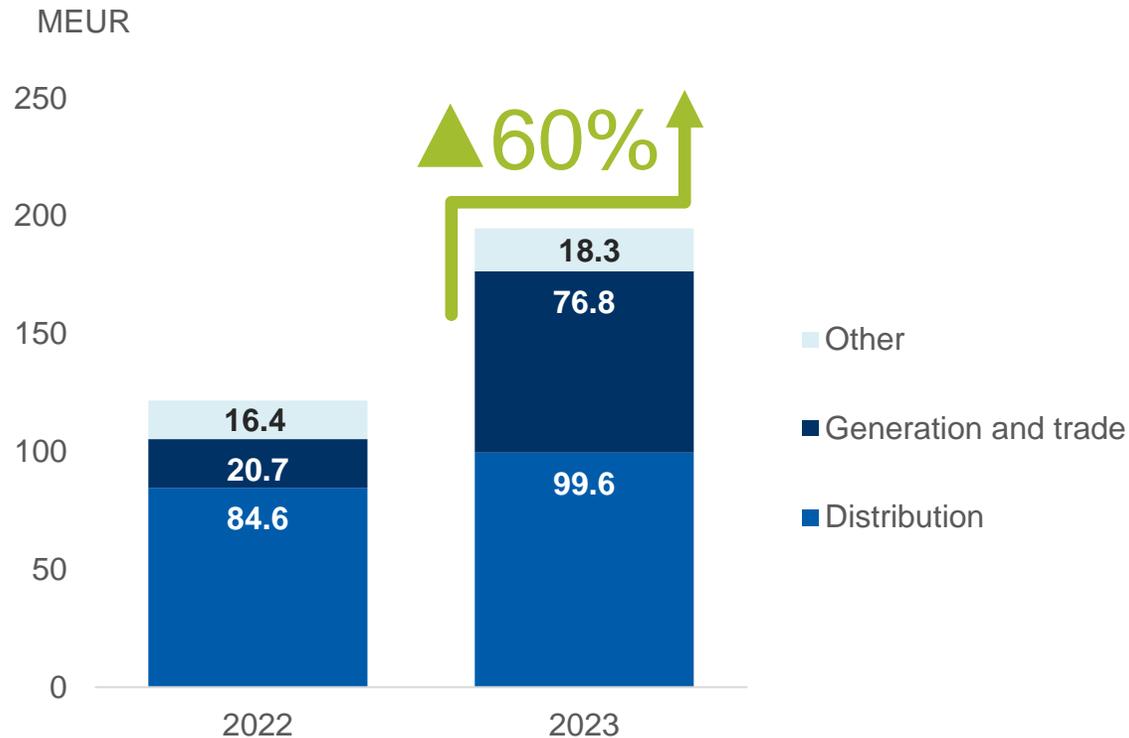
Revenue and EBITDA



- Positive impacts:
 - new distribution tariffs of Sadales tīkls AS that came into effect on 1 July 2023
 - lower electricity loss costs due to a lower market price of electricity
- Negative impacts:
 - reduced consumption due to customer energy efficiency measures
 - a rise in electricity transmission service costs and operating costs due to inflation
- Electricity distributed: 6.0 TWh (2022: 6.2 TWh)

Investments

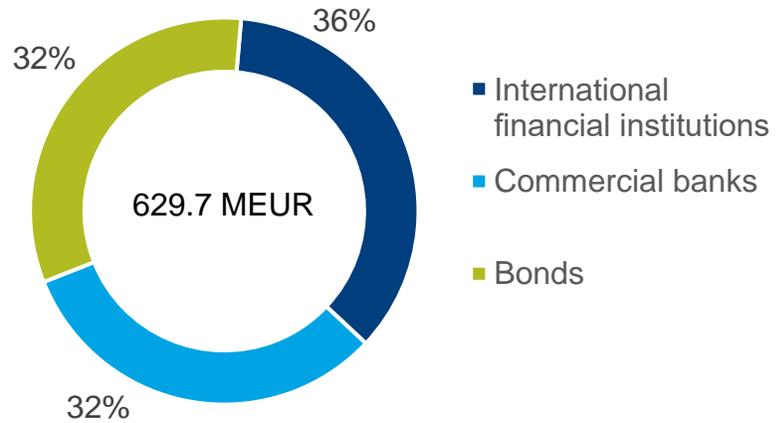
Group's investments grew significantly, up by 60%



Significant investment growth due to solar park development

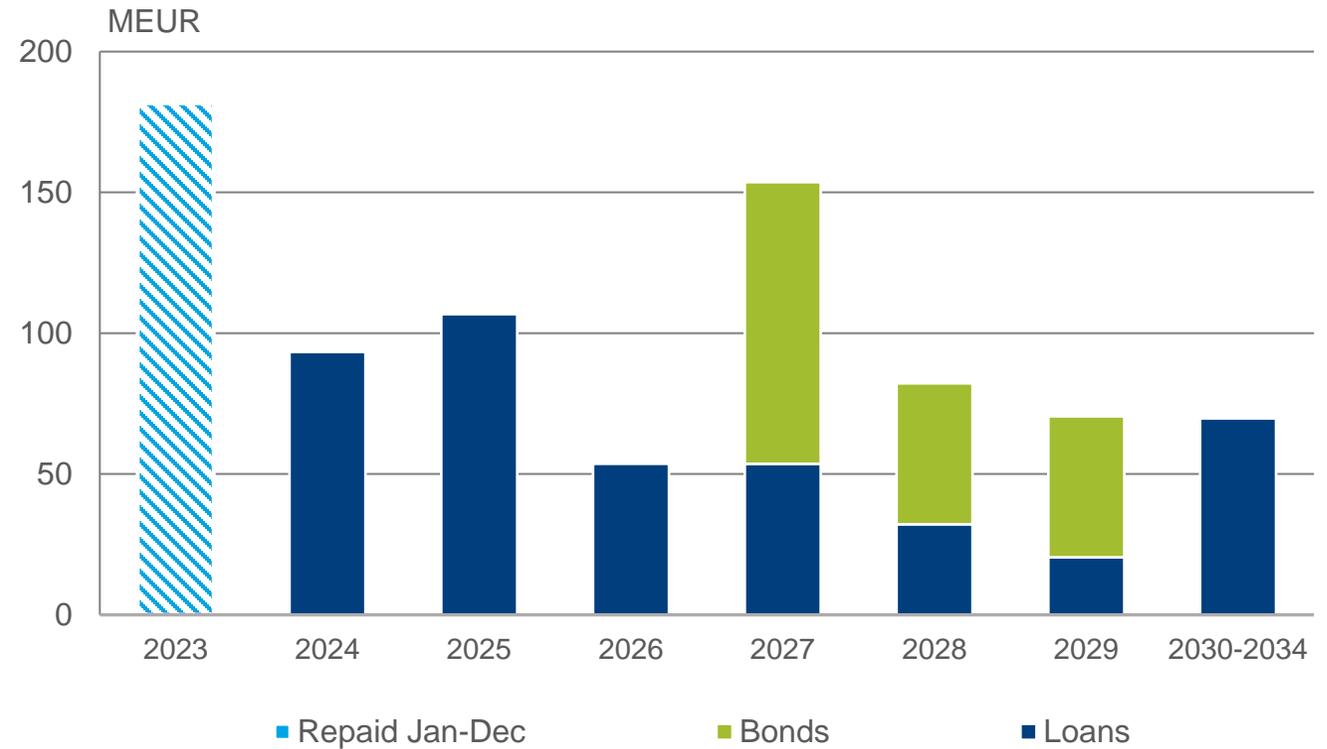
- Main investments in the Generation and trade segment:
 - solar parks
 - Daugava HPPs





Baa2/stable by Moody's

Debt repayment schedule





Current events

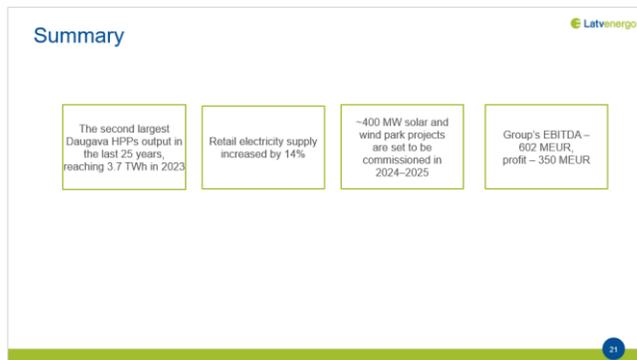
Sustainability Strategy



Solar Park Development



Summary

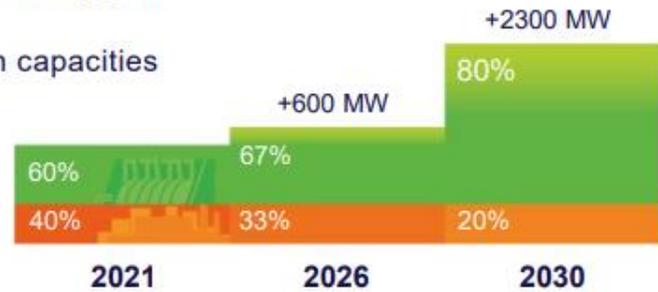


Medium term strategy

Green generation

Forecasted share of renewable energy in the generation portfolio

- Renewable energy generation capacities
- Other generation capacities



Adding value



Microgeneration



Electrification and energy efficiency



Product innovations



-225 k



+600



Delivering safely and efficiently



1500	3000
2026	2030

Changing the role of energy

Medium term strategy + sustainability strategy

Green generation

Environment

- Climate
- Pollution
- Circular economy
- Water
- Biodiversity
- Technologies and innovations

Social

- Working environment
- Critical resources
- Education and science
- Society
- Clients

Governance

- Management of sustainability areas
- Business ethics
- Relations with suppliers
- Openness and transparency

Finance

- Investments
- Funding for innovation, research and development

Adding value

Delivering safely and efficiently

Changing the role of energy

Level of detail



Mērķis - Nodrošināt integrētu un efektīvu ilgtspējas jomu pārvaldību									
Apņemšanās	KPI	Sasniedzamā vērtība	Ieviest / uzturēt	Ieviešanas gads	Statuss šobrīd	Komentārs / apakšaktivitātes	Nepieciešamības pamatojums	Atbildīgā funkcija	
G1.1. Integrēt ilgtspēju lēmumu pieņemšanas procesos	Valdes locekļu / virzību direktoru gada mērķi satur arī ilgtspējas mērķus, kas nodrošina gada novērtējuma (attīstības mērķu daļa) saskaņā ar organizācijas ilgtspējas mērķu izpildi	Ieviests	Ieviests	2024	Valdes locekļu / virzību direktoru gada mērķu koda, atbilstoši konkrētiem mērķu koda, ir sadalīti Organizācijas ilgtspējas attīstības mērķi.	Valdes locekļu individuāli snieguma novērtējums (prēmija) saskaņots arī ar ilgtspējas mērķu izpildi. Valdes locekļu individuālo mērķu koda iekļauts vienāz vienā ilgtspējas mērķis (ja būs mērķu koda, tad tas būs nodrošināts arī prēmijā), iesaistot Cilvēkresursu komiteju.	Valdes locekļu atalgojuma mērķa daļas saskaņo ar ilgtspējas mērķu izpildi sekmē attiecīgo jaudājumu iekļaušanu valdes darba kārtībā. Šāds indikators ir iekļauts ilgtspējas mērķa noteikšanas arhīvā, arī viens no Deloitte ieteikumiem.	PVF, Cilvēkresursu komiteja	
	Skaidri definēta un formalizēta struktūra ilgtspējas jautājumu apriņķi un lēmumu pieņemšanai	Ieviests	Ieviests	2024	Šobrīd nav formālu dokumentu, kas šo regulētu, izņemot attiecībā uz ilgtspējas komiteju ir nolikums, kas nosaka ilgtspējas komitejas uzdevumus, bet ir jāveido prakse.	Valde un padome aktīvi iesaistās ilgtspējas jautājumu virzībā (iespejamās formalizēt šādu skaitu, kad tiek skatīti ilgtspējas jautājumi), ilgtspējas komiteja ir informēta par lēmumiem, kas var ietekmēt uzdevuma ilgtspējas vērtējumu, un sūdzību savu viedokli. Kontroljautājumi (espektīvi) saņemta izziņa, kas norāda, kas ir jāpārveic lēmumu pieņemšanas procesā ar mērķi, lai netiktu aizmirsti ilgtspējas aspekti izvērtējums.	Valdes un padomes skaidra iesaiste ilgtspējas jautājumu risināšanā ir viens no Deloitte ieteikumiem. Skaidri definēta un formalizēta struktūra dosz veiksmīgāk un ātrāk palīdz koordinēt ilgtspējas jautājumus. Darbiniekiem tiek dots skaidrs signāls, ka ilgtspējas aspekti ir jāvērtē lēmumu pieņemšanas procesos.	FKVF, Ilgtspējas komiteja	
	Vadītāju piesaistes un atlases procesos veicināt dzimunu līdzsvaru, integrējot dzimunu līdzsvaru veicināšanas nosacījumus kandidātu piesaistē un atlase	Kritēriji visos vadītāju atlases procesos	Ieviests	Ieviests	2024	Darbinieku piesaistē un atlase tiek ieviesta rediķšrinājuma attiecīgo, atbilstoši Darba likumam, Ētikas kodeksa un atlases labās prakses nosacījumiem. Ņemot vērā to, ka vairumā gadījumu vadītāju atlase ir jāpārveic, lai ieviestu vienāz vienāz ilgtspējas mērķi.	Ar plānoto rīcību vēlamais palielināt dažādu dzimunu kandidātu pārstāvniecību atlases procesos ilgtspējas jomā lēmumu pieņemšanai.	Atbilst labākai praksei dzimunu līdzsvaru un dažādības veicināšanai.	PVF, CURK, Padome
	Mērķu iekļaušanas komunikācijas procesā skaidri identificējami ilgtspējas mērķi	Ieviests	Ieviests	Ieviests	2024	Pieremts lēmums par stratēģiskajiem mērķiem atbilstošos mērķu vadības sistēmā izveidi, darbu plānots finalizēt 2023. gadā.	Mērķi tiek kaskadēti un ir skaidri identificējami kā ilgtspējas mērķi.	Darbiniekiem tiek dots skaidrs signāls, ka ilgtspēja uzdevumiem ir skaidra prioritāte un tiek radīta izpratne, ka ilgtspējas aktivitātes tiek realizētas dažādu funkciju ietvaros nevis šie jautājumi ir tikai vienas funkcijas atbildība.	KSF, PVF
G1.2. Veicināt darbinieku izpratni par ilgtspēju un tās būtiskumu	Darbinieku izpratni par ilgtspēju veicināt un iesaistot darbinieku pasākumi, sasniegto darbinieku dalību (pasākumos kopā) ≥ 40% / gada	≥ 40% / gada	Ieviests	2024	Darbinieku aplauja par braukšanas paradumiem un lai sekojoša komunikācija, "Ziņģ ligas", vērtne konferencēs apmeklētās, prezentācijas vadītāju semināros.	1) Apmācības; 2) Vides pasākumi; 3) Kopīgas tikšanās, ideju ģenerēšanas; 4) Iekšējās komunikācijas plāns; 5) Aktīva ārējā komunikācija.	Darbinieku izpratne par ilgtspējas attīstības jautājumiem veicina motivāciju iesaistīties un palīdz sasniegt konkrētiem mērķus.	PVF, Ilgtspējas komiteja	
	Darbinieku ierosināta un realizēta iniciatīvu ilgtspējas mērķu atbalstam	≥ 1 / gada	Ieviests	2024	Leņģitā publicēta aicinājums iesniegt ilgtspējas attīstības idejas, ideju banka.	Ieviestot mehānismu, kā tiek vērtētas ilgtspējas attīstības idejas, piemēram, kas un kā izvērtē idejas, kas primāri iekļēti utopiskas, iespējams vērtīgi nodot attāstas idejas darbiniekiem balsosāšanai.	Komunikācijai ir būtiska loma iekšējā klimata nodrošināšanā un izpratnes veidošanā. Šis būtu viens no pasākumiem ar skaidru darbinieku iesaisti un rezultātu.	PVF	
G1.3. Efektīvi pārvaldīt ilgtspējas datus	Vienota pieeja ilgtspējas datu pārvaldībai	Ieviests	Ieviests	2025	Nav vienotas pieejas un sistēmas.	IT risks, Biliē integrēti dati.	Vieglā atrodami un saprotami iegūti dati ir viens no pamatfaktoriem, lai varētu veiksmīgi novērtēt esošo situāciju, izvērtēt progresu, lai skaidri, ilgtspējas mērķu izpildi, un arī veikt gan iekšējo, gan ārējo nefinanšu datu ziņošanu.	FKVF, Ilgtspējas komiteja	
Jomas nosaukums: G2. Biznesa ētika									
Mērķis - Nodrošināt godīgas, taisnīgas un cieņpilnas darba un darījumu attiecības									
Apņemšanās	KPI	Sasniedzamā vērtība	Ieviest / uzturēt	Ieviešanas gads	Statuss šobrīd	Komentārs / apakšaktivitātes	Nepieciešamības pamatojums	Atbildīgā funkcija	
G2.1. Uzlabēt ētisku rīcību atbilstošu korporatīvo kultūru	Korupcijas notikumi	0	Uzturēt		Nepārtraukti tiek veikta ziņošanas / monitorings.	1) Regulāri veikt ziņošanas / traucsmes ceļšānos kanālu monitoringu. 2) Veikt ikgadējo riska pārbaudes un korupcijas riska novērtējumu, lai savlaicīgi identificētu kritiskos punktus un uzlabotu kontroļu efektivitāti. 3) Veikt pasākumus, lai uzlabotu iekšējo riska nošķirumu atbilstības līmeni.	Aktivitātes tiek veiktas saskaņā ar AS "Latvenergo" valdes apstiprināto Kvalitātes riska vadības plānu, par kura izpildi reiz ceturksnī tiek informēta AS "Latvenergo" valde, Revīģijas komiteja un padome.	DAKF	
	Ētikas normu pārkāpumi, kas radījuši būtisku reputācijas vai finanšu ietekmi	0	Uzturēt		0 gadījumu			DAKF	
	Apmācības darbiniekiem par Ētikas kodeksa prasībām	90% darbinieki reiz divos gados	Uzturēt			Latvenergo koncerna kapitālsabiedrības uzskaites e-mācības par Ētikas kodeksa prasībām.	1) Reizi divos gados visiem Latvenergo koncerna kapitālsabiedrību darbiniekiem veikt apmācības par Latvenergo koncerna Ētikas kodeksa prasībām. 2) Veicināt darbinieku izpratni (zinātību) par ziņošanas / traucsmes ceļšānos kanāliem.	DAKF	

Extract from sustainability strategy

Environment

- Reduce direct (Scope 1) CO2 emissions by 47% in 2030 and achieve climate neutrality in electricity generation by 2040 (compared to 2021)
- Use at least 90% recyclable materials in new wind turbines
- Reduce water consumption per unit of energy generated by at least 65%
- Improve ecological quality of 25 km of rivers in the Daugava basin

Social

- $\geq 65\%$ of employees rate the well-being aspect positively
- 0 high-impact incidents
- Increase the number of participants in educational activities by 15% by 2026
- Educate ≥ 6000 children and young people annually
- ≥ 10 events a year to educate the public
- Become industry leader in customer satisfaction

Governance

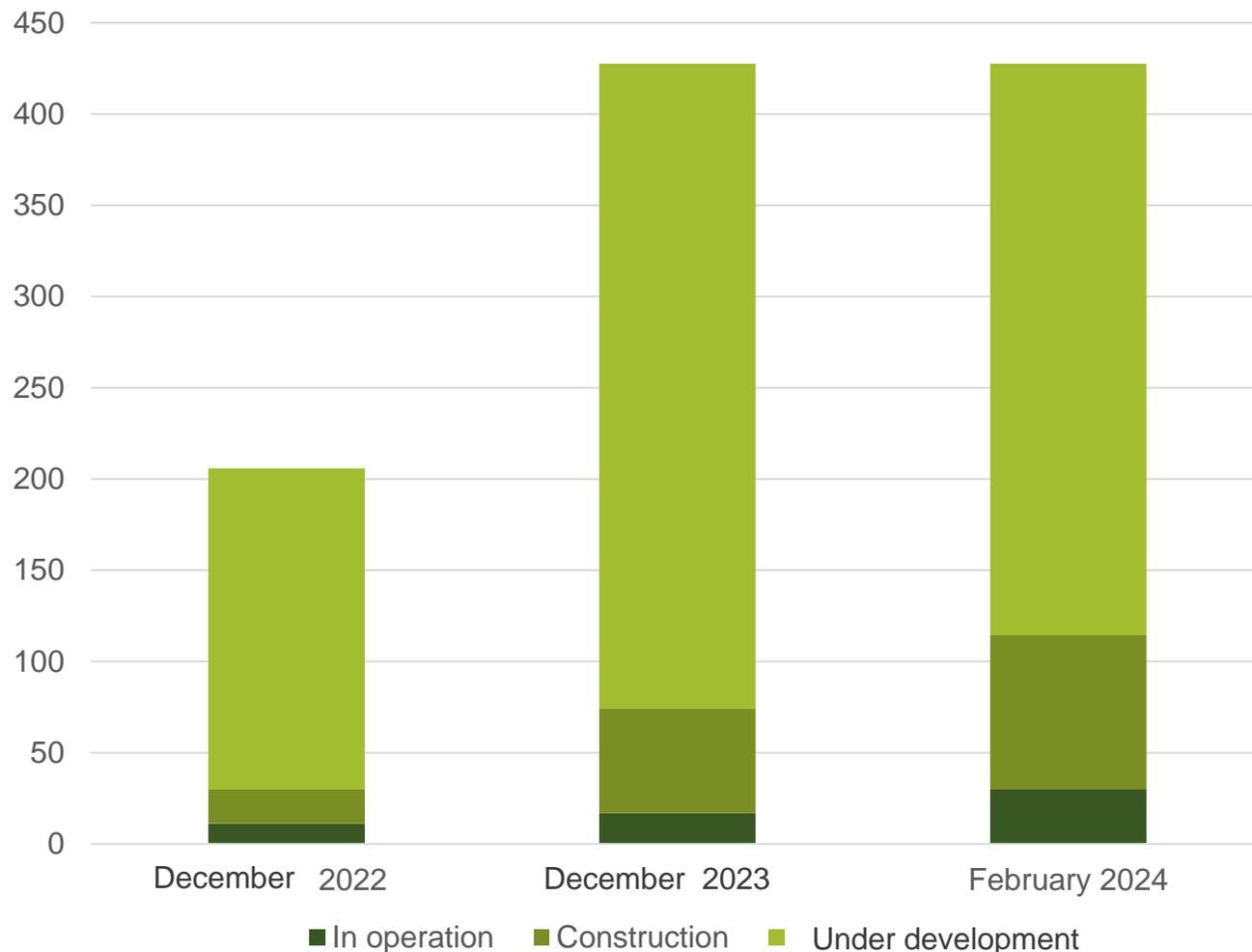
- Implement a system for integrating sustainability aspects into decision-making
- Introduce a common approach to sustainability data management
- 0 corruption events
- Develop a code of sustainability requirements for suppliers and educate them on sustainability requirements
- Disclose non-financial information in line with best practice

Finance

- Invest $\geq 80\%$ in EU taxonomy-compliant activities annually
- Allocate $\geq 0.5\%$ of the Group's average turnover of the last 5 years to innovation and R&D annually

Solar Park Development

Development of solar parks in the Baltics, MW



- **Group strategy:** 600 MW of solar&wind generation capacities completed by 2026
- **Currently:** 400 MW new capacities (mainly solar) in the stage of construction or under development and to be completed by 2026
- **Target for 2024:** 100 MW of solar capacities installed
- **In February 2024:** Elektrum Lietuva completed the largest distance consumption solar energy park for their customers in LT*



* Bičiulystės 13 MW solar park in Lithuania
(<https://www.elektrum.lt/lt/namams/apie-projekta/biciulystes-parkas-gargzdu-regionas>)

Summary

The second largest
Daugava HPPs output in
the last 25 years,
reaching 3.7 TWh in 2023

Retail electricity supply
increased by 14%

~400 MW solar and
wind park projects
are set to be
commissioned in
2024–2025

Group's EBITDA –
602 MEUR,
profit – 350 MEUR



Q&A

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