

Latvenergo Group Presentation 2024

July 2025



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1. Group profile



Group profile

Generation and trade



78 %

Revenue

75 %

EBITDA

- Electricity and thermal energy generation
- Electricity and natural gas trading
- Trading of products and services related to electricity consumption and energy efficiency
- Administration of mandatory electricity procurement in Latvia

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

Distribution



22 %

Revenue

23 %

EBITDA

- Electricity distribution in Latvia

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

Latvenergo Group

Latvenergo AS

Sadales tīkls AS

Elektrum Eesti, OÜ

Elektrum Lietuva, UAB

Elektrum Next SIA

Laflora Energy SIA

DSE Aizpute Solar SIA

Latvijas vēja parki SIA

Telšiņu vējo parkas, UAB

Enerģijas publiskais tirgotājs SIA

Liepājas enerģija SIA

1 January 2025

Group profile

Vision	Mission	Purpose
We are the leading sustainable solutions provider in the energy industry	We drive the development of the energy industry by providing friendly innovative and sustainable solutions	We energize the growth of society
Values		
 With heart We are open and passionate	 With energy We are brave and persistent	
 With mind We do the right things and learn continuously	 With a future outlook We do good for clients and society	



WPP

- Operational
- Project / Construction



SPP

- Operational
- Project / Construction



HPP

- Operational



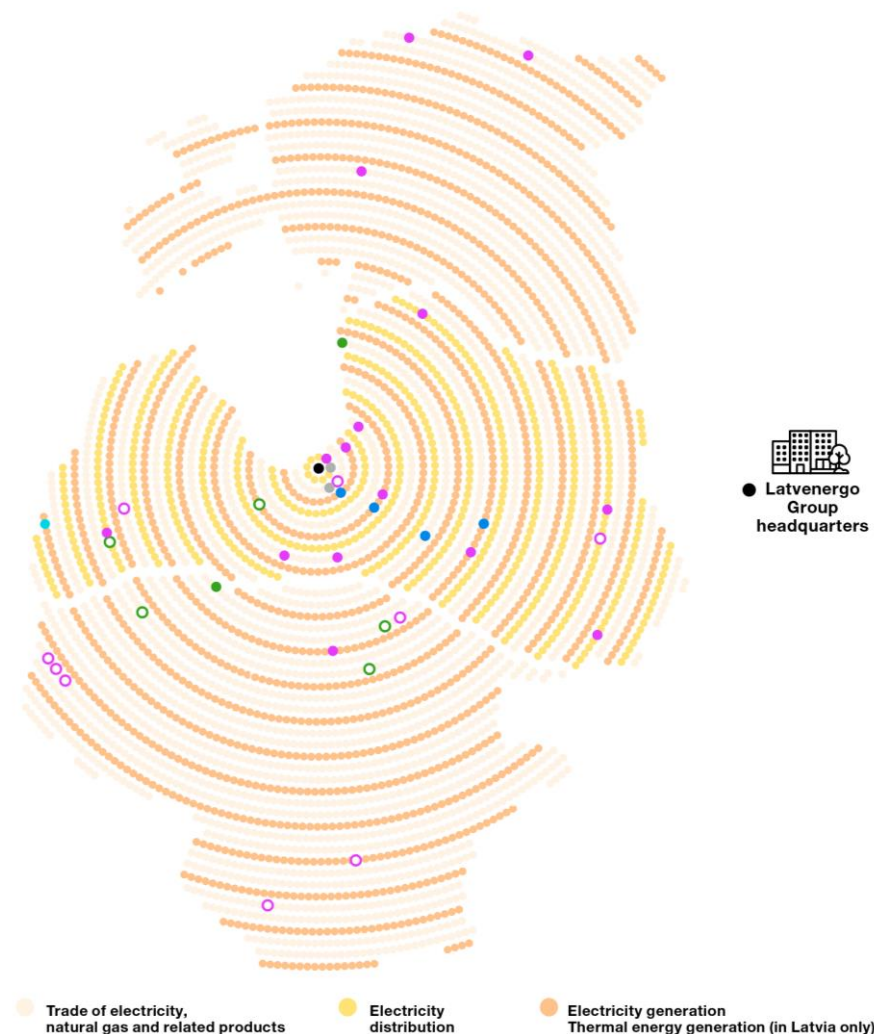
CHPP

- Operational



Liepaja plants

- Operational



Production assets

Daugava HPP

- **Kegums HPP**
Capacity: 248 MW
- **Plavinas HPP**
Capacity: 908 MW
- **Riga HPP**
Capacity: 402 MW

Energy source: water



AS «Latvenergo» CHPP

- **CHPP-1**
Electrical capacity: 158 MW
Thermal capacity: 493 MW
- **CHPP-2**
Electrical capacity:
832 MW (in cogeneration mode)
881 MW (in condensation mode)
Thermal capacity: 1,124 MW

Energy source: natural gas



Small Plants

- **Liepaja Plants**
Electrical capacity: 6 MW
Thermal capacity: 183 MW
Energy source: woodchips natural gas
- **Ainazi VPP**
Electrical capacity: 1 MW
Energy source: wind
- **Aiviekste HPP**
Electrical capacity: 1.5 MW
Energy source: water



Group profile

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



Balanced energy generation portfolio

- Low-cost hydropower generation
- Highly efficient combined heat and power plants

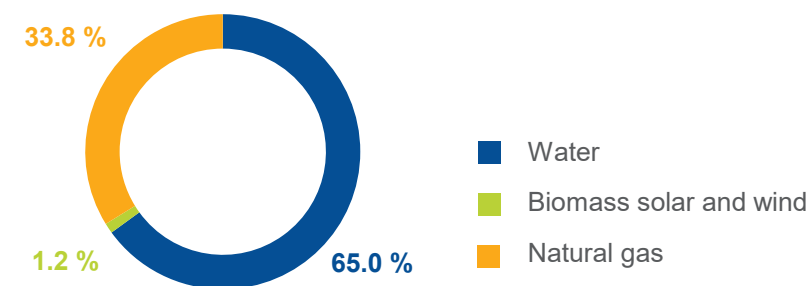


Sound business model

- About 1/4 of EBITDA from regulated distribution network activities
- 42% of retail electricity trade supplied to customers in Lithuania and Estonia
- Broad customer base

Share of renewable resources in the electricity output

66 %



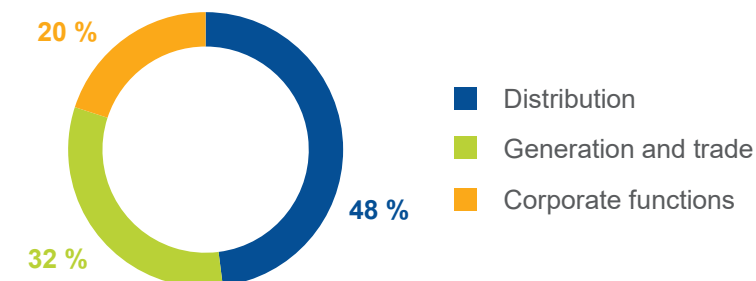
- **Baa2** credit rating with stable outlook by Moody's
- 100% owned by the Republic of Latvia A3 / A+ / A-
- 85 years of experience in energy sector

Facts

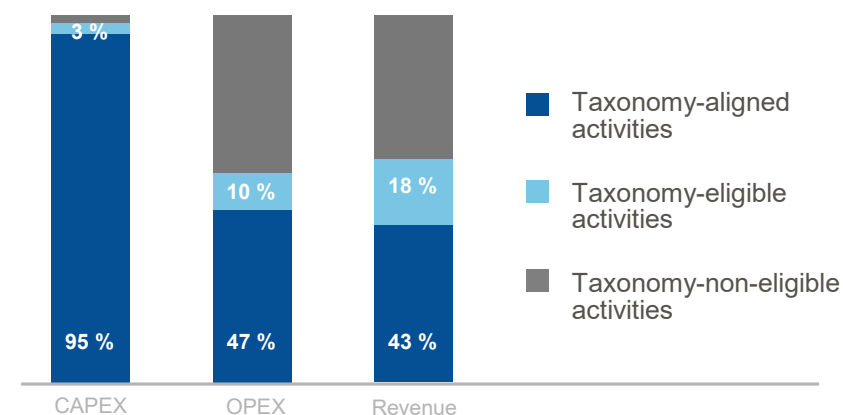
			2024	2023
Financial figures	Revenue	MEUR	1,703.6	2,034.4
	Profit	MEUR	273.7	350.9
	Assets	MEUR	4,438.1	4,174.2
	Investments	MEUR	530.2	193.3
	Moody's credit rating		Baa2	Baa2
Generation and trade	Installed electrical capacity	MW	2,728	2,606
	Installed thermal capacity	MW	1,800	1,797
	Electricity output	GWh	4,842	5,136
	Thermal energy output	GWh	1,665	1,698
	Generation efficiency of the Daugava HPPs	m ³ /kWh	18.1	18.5
	Generation efficiency of the Latvenergo AS CHPPs	%	80	82
	Electricity market share in the Baltics	%	22	23
	Retail electricity supply	GWh	6,140	6,208
	Retail natural gas supply	GWh	1,190	896
	Electricity retail customers	thsd.	896	845
	Natural gas retail customers	thsd.	65	49
Distribution	SAIDI	min	215	266
	SAIFI	number	2.2	2.7
	Length of distribution lines	km	92,322	92,323
	Transformer capacity	MVA	6,001	5,969

Employees

3,436



Proportion of taxonomy-aligned activities



Events



Electricity generated by Latvenergo – 27% of the Baltic total

In 2024, the Daugava HPPs generated more electricity than average, and in February and March, the plants were operating at full capacity, ensuring almost all of Latvia's electricity consumption.

In 2024, Latvenergo Group generated 4,842 GWh of electricity, which is 6% less than a year earlier. Although the lower Daugava inflows resulted in a 16% decrease in the electricity generation of the Daugava HPPs compared to 2023, the generation was 10% higher than the long-term average, reaching 3,143 GWh. Generation of electricity at the Latvenergo AS combined heat and power plants increased by 18% to 1,633 GWh. The volume of heat production did not change significantly, amounting to 1,665 GWh.

Elektrum Drive strengthens the leading position for electric car charging in the Baltic states

By the end of the reporting year, the *Elektrum Drive* charging network in the Baltic states had grown to more than 750 charging points. More than 115 thousand charges amounting to 2,500 MWh were performed during the reporting year, ensuring savings of more than 1,500 tonnes of CO₂ emissions. The *Elektrum Drive* app may be used to charge electrical vehicles on the e-mobi network in Latvia and at LIDL charging stations in Lithuania and Estonia as well, with a total of 974 charging ports available to customers.

In November, the first *Elektrum Drive* high-capacity electrical vehicle charging stations in the TEN-T network in Latvia, with a capacity of 300 kW, were opened in five cities in Latvia: Mārupe, Jūrmala, Pūre, Koknese and Liepāja. The *Elektrum Drive* network will also allow charging of electric trucks.

Latvenergo has increased its number of customers across the Baltics states

In the reporting year, Latvenergo sold 6,140 GWh of electricity to its customers in the Baltic states, which is approximately the same as in the previous year. In turn, retail sales of natural gas reached 1,190 GWh, an increase of 33%. The number of customers increased in both the electricity and natural gas segments. The number of the Group's electricity customers reached 896 thousand, of which 284 thousand were outside Latvia. The number of natural gas customers exceeded 65 thousand at the end of December.

85 years of sustainable production

2024 is the 85th anniversary of Latvenergo Group. The history of the Group began with the establishment of the State Electricity Company Ķegums on 22 December 1939.

On 5 November 2024, it will be 50 years since the first hydropower unit was put into operation at the Riga hydropower plant. Since 1974, it has been the second largest hydropower plant in Latvia.

Latvenergo and a United States agency create a Baltic energy model

In September 2024, Latvenergo AS and the National Renewable Energy Laboratory of the US Department of Energy launched an energy transformation and industrial research project that will model several investment scenarios for Latvenergo. The results of this study will primarily be used for the development of the Latvenergo strategy.

Investment in the group's strategic objectives grows

In 2024, EUR 530 million were invested, which is 2.7 times more than a year earlier. Approximately 2/3 of investments, or EUR 345 million, were made in new wind and solar generation capacities. In 2024, Latvenergo AS acquired two wind power plant projects: Telšiai in Lithuania (124 MW) and Laflora Energy SIA in Latvia (109 MW). Both wind power plants plan to start generating electricity in 2026. The Akmene WPP (19.6 MW) in Lithuania started operating in the reporting year. New solar capacity is also being successfully developed. In November, Latvenergo AS acquired DSE Aizpute Solar SIA to build the largest solar power plant to date, with a total capacity of 265 MW, by the end of 2025.

The target of reaching 100 megawatts of solar power generation capacity in 2024 was achieved. At the end of 2024, Latvenergo Group had 14 solar parks with an installed capacity of 102.2 MW.

Latvenergo group companies – leaders in Sustainability

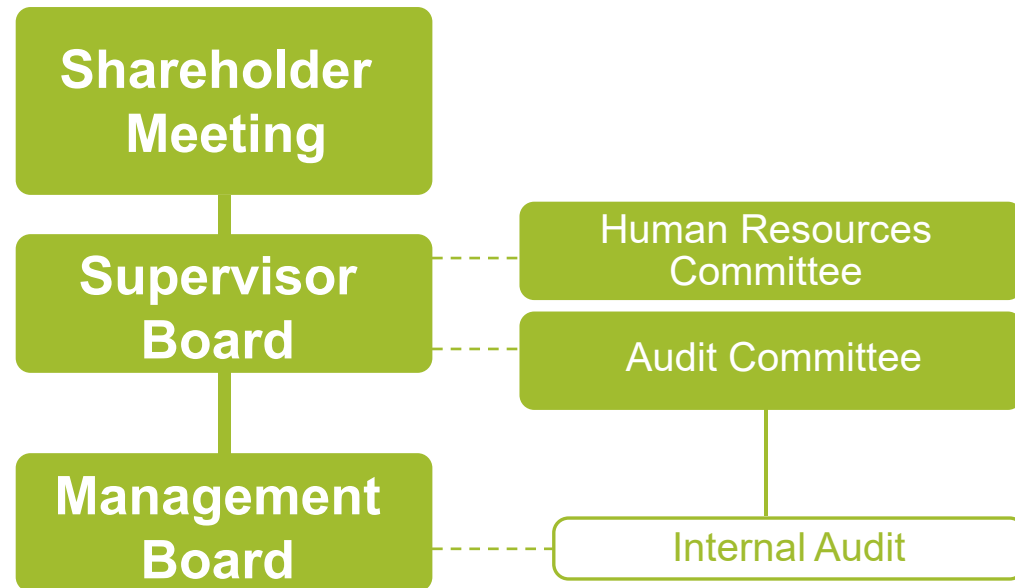
In 2024, Latvenergo AS was awarded the Diamond category of the Latvian Sustainability Index. Sadales tīkls AS and Liepājas enerģija SIA were ranked in the Platinum category.

Latvenergo receives the award for best investor relations among bond issuers

After the end of the reporting year, in February 2025, Latvenergo AS received the award for the best investor relations among all bond issuers on the Nasdaq Baltic regulated markets in the Baltic states for the fourth time. Since 2012, the bonds have been issued with consistently high investor valuations.

Corporate governance

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 2024 is available [here](#).

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 basic principles of risk management are defined in the Group's Risk Management Policy.

Group strategy 2022–2026

Generation

Grow and diversify portfolio with wind and solar



New wind and solar capacities

2026	2030+
600 MW	2 300 MW



Trade

Strengthen market position and diversify products



Elektrum – the most valuable energy retailer in the Baltics

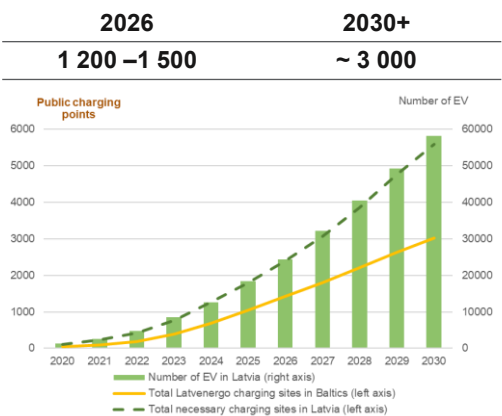
-  Growing customer portfolio
-  Microgeneration
-  Electrification and energy efficiency
-  Product innovation
-  Launching operation in Poland

Electromobility

Develop charging network



Electric car charging points in the Baltics



Distribution

Render sustainable and economically justifiable service

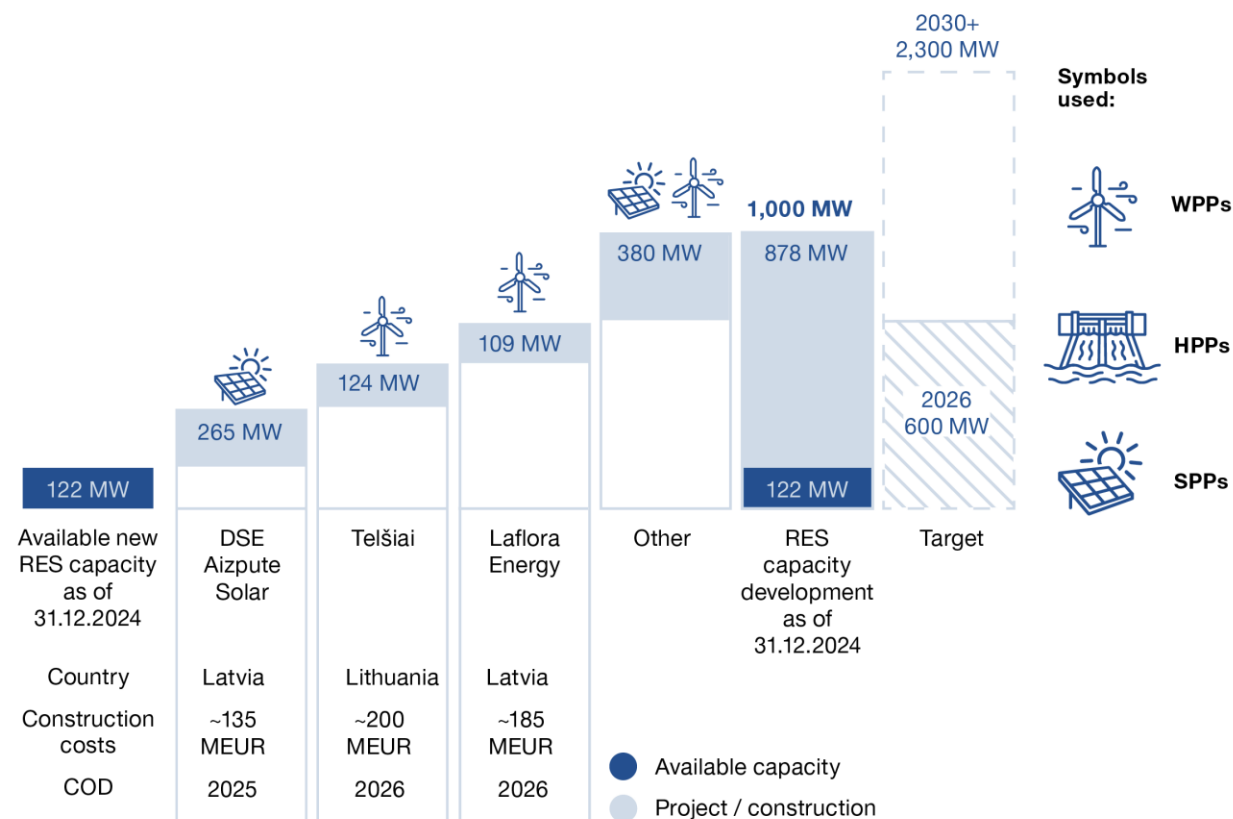


Two-way network of balanced development of microgeneration and charging network

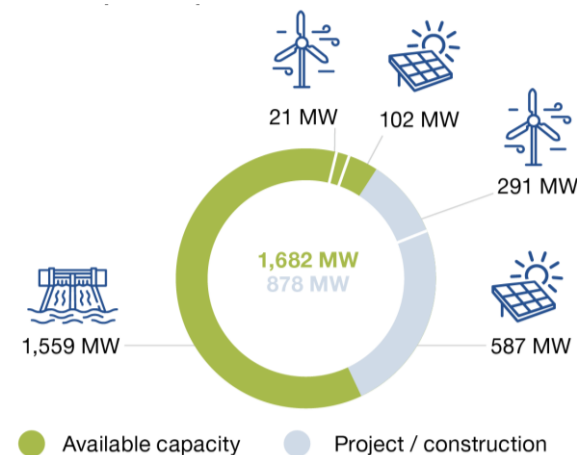
	2020	2026
SAIDI /min	187	164
SAIFI /reizes	2.07	1.92

Implement digital transformation and efficiency

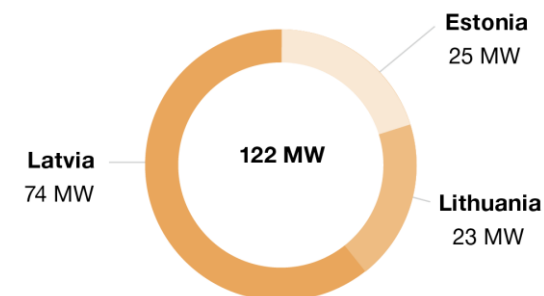
Group strategy 2022–2026: RES capacity development



RES capacities portfolio



Geolocation of newly constructed RES capacities



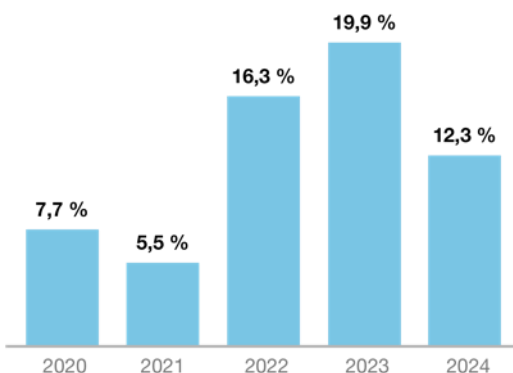
Group Strategy 2022–2026: financial targets

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 risk

Return on equity (ROE) excluding distribution*

> 7 %

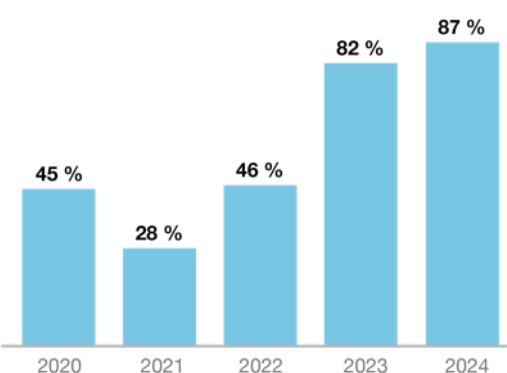


Capital structure

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 %

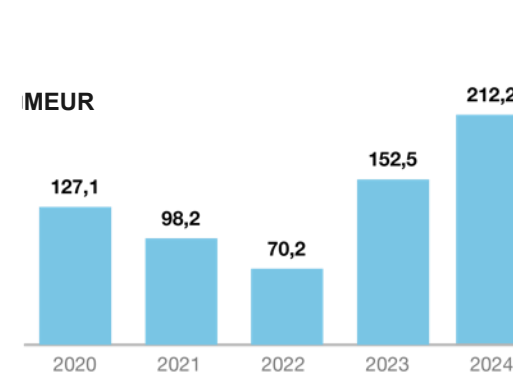


Dividend policy

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

Dividend payout ratio

> 64 %

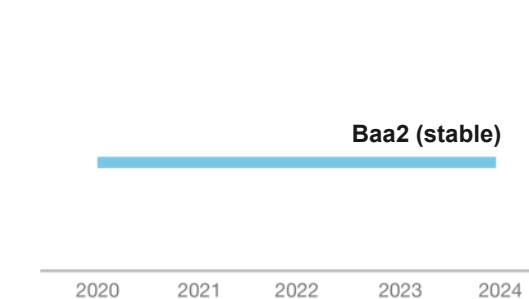


Credit rating

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 section Key Figures in the Annual Report

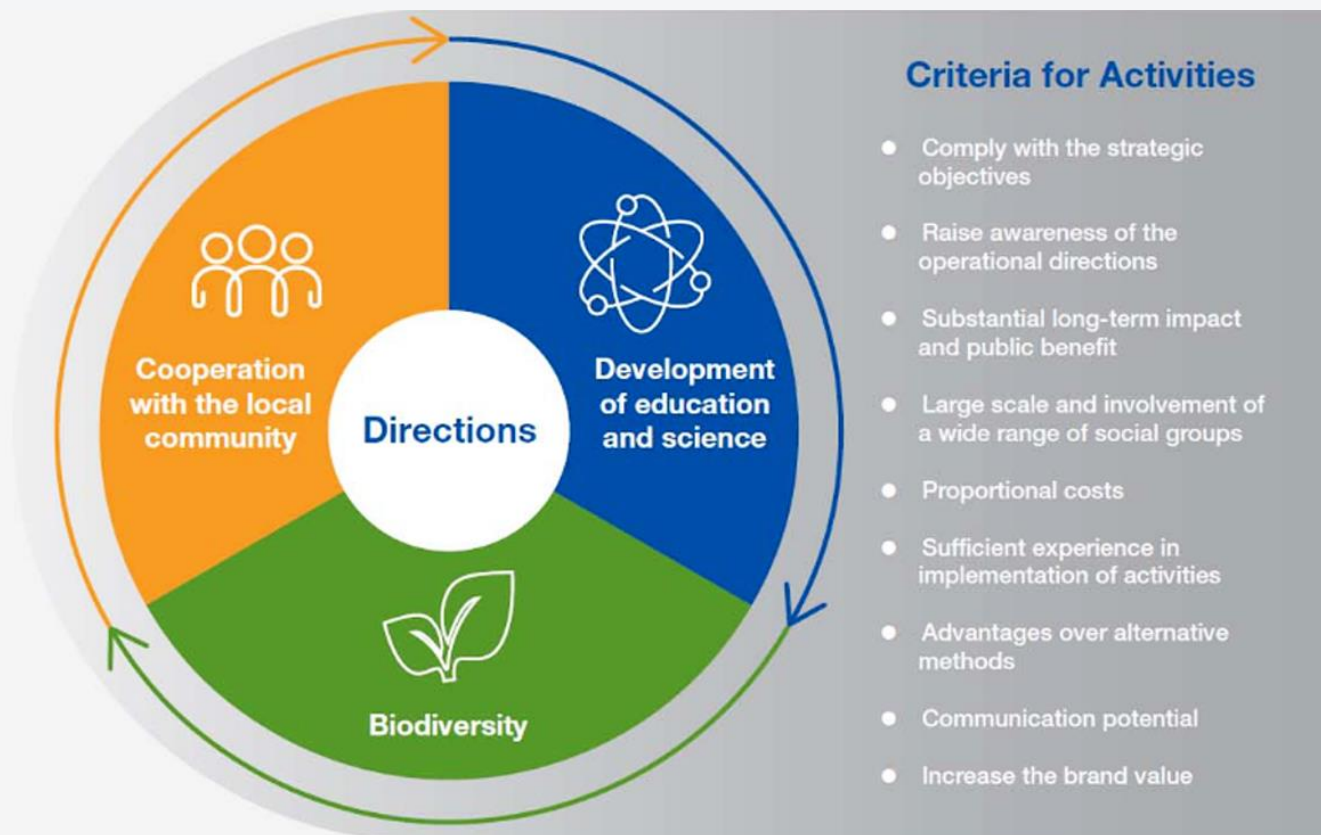
Targets of the Group's sustainability strategy 2024–2026

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

Environment	Social	Governance	Sustainable finance
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	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	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	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.

Corporate social responsibility



Does not support

- ✗ Activities with the vaguely defined principles and / or questionable public importance
- ✗ Selfish and mercantile activities
- ✗ Activities of religious and / or political content
- ✗ Activities of natural persons

2. Operating segments



Generation and trade

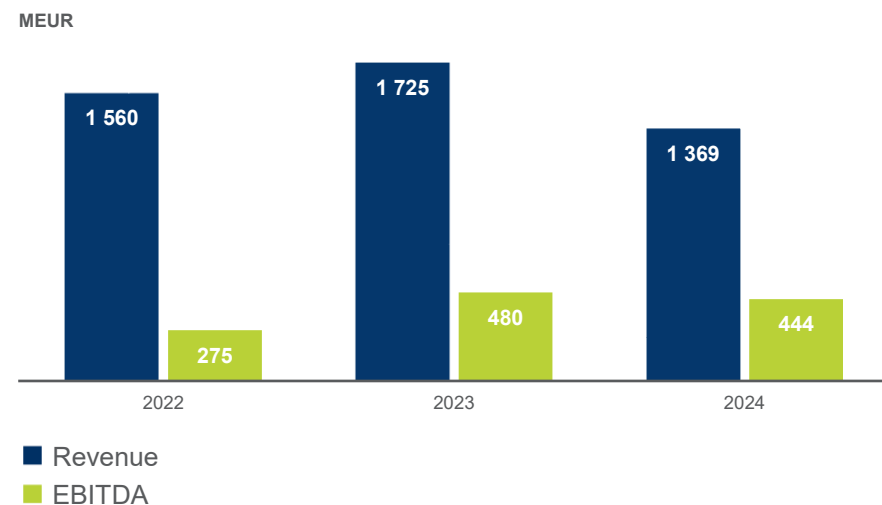
78 %

Revenue

75 %

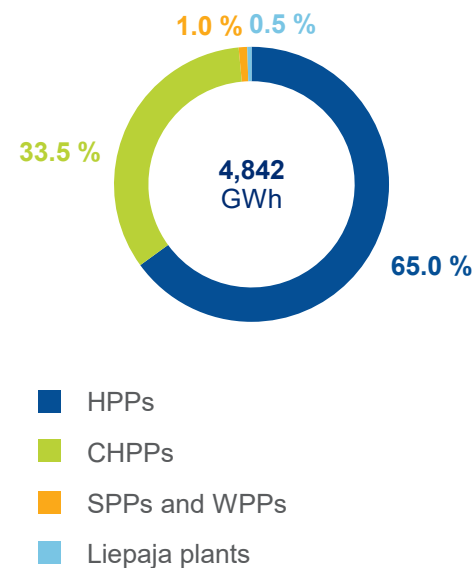
EBITDA

Revenue and EBITDA

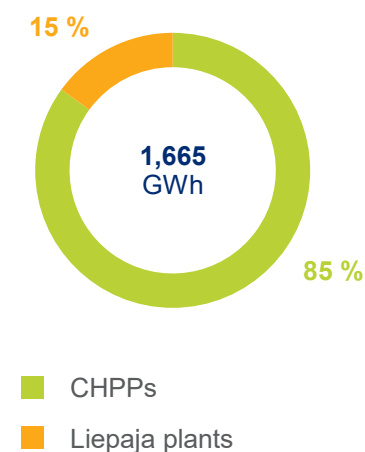


Electricity and Thermal energy output

Electricity output in 2024



Thermal energy output in 2024



Generation and trade

Generation

- Latvenergo Group has a balanced energy generation portfolio, consisting mostly of hydropower plants and highly efficient combined heat and power plants
- Installed electrical capacity – 2,728 MW (approx. 80% of the total capacity in Latvia); installed thermal capacity – 1,800 MW
- Latvenergo Group is actively continuing its work on expanding generation capacity from renewable energy sources (RES), and by the end of 2024, the new RES capacity of Latvenergo Group in the Baltic states reached 122 MW (102.2 MW SPPs and 19.6 MW WPPs).
- Segment's financial results in 2024 were negatively impacted by lower amount of power generated at the Daugava HPPs and lower energy sales prices. At the same time, segment's financial results were positively impacted by lower natural gas purchase prices, increase in retail natural gas sales volume and higher output at the CHPPs

Operational figures

	Units	2023	2024
Electricity customers	thsd.	845	896
Electricity supply	GWh	8,659	8,552
<i>Retail*</i>	GWh	6,208	6,140
<i>Wholesale**</i>	GWh	2,450	2,412
Natural gas customers	thsd.	49	65
Natural gas supply	GWh	1,554	2,559
<i>Retail</i>	GWh	896	1,190
<i>Wholesale</i>	GWh	658	1,369
Electricity generation	GWh	5,136	4,842
<i>HPPs</i>	GWh	3,729	3,147
<i>CHPPs</i>	GWh	1,385	1,633
<i>SPPs and WPPs</i>	GWh	5	44
<i>Liepaja plants</i>	GWh	16	17
Thermal energy generation	GWh	1,698	1,665
<i>CHPPs</i>	GWh	1,457	1,423
<i>Liepaja plants</i>	GWh	241	242

* Including operating consumption

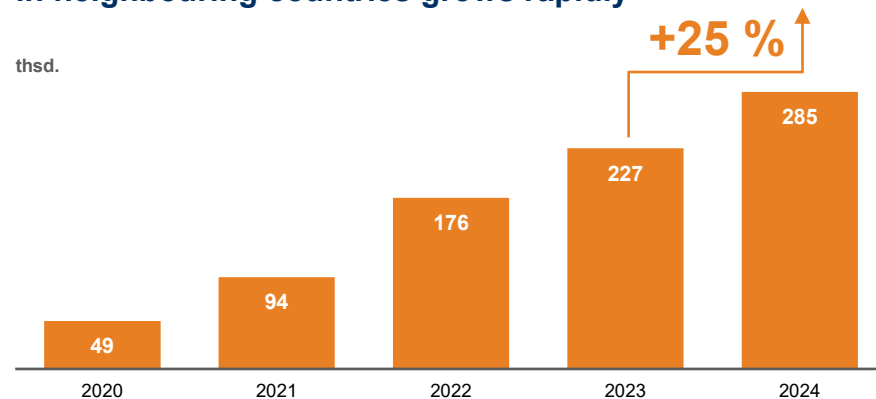
**Including sale of energy purchased within the mandatory procurement on the Nord Pool

Generation and trade

Trade

- Focus on the development of new products, the increase of revenue from one customer, increasing cost efficiency and customer satisfaction
- ~896k electricity retail customers across the Baltics
- 96% of these are households and 4% business customers
- 6.1 TWh of electricity sold to Baltic retail customers
- 42% of electricity supplied outside Latvia

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



■ *Elektrum* electricity customers in LT and EE

Baltic electricity
market share
~ 22%

Estonia 8% market share



Business
customers
~ 8.1 thousand



Households
~ 79.3 thousand

Latvia 51% market share



Business
customers
~ 18.6 thousand



Households
~ 592.8 thousand

Lithuania 15% market share



Business
customers
~ 11.6 thousand



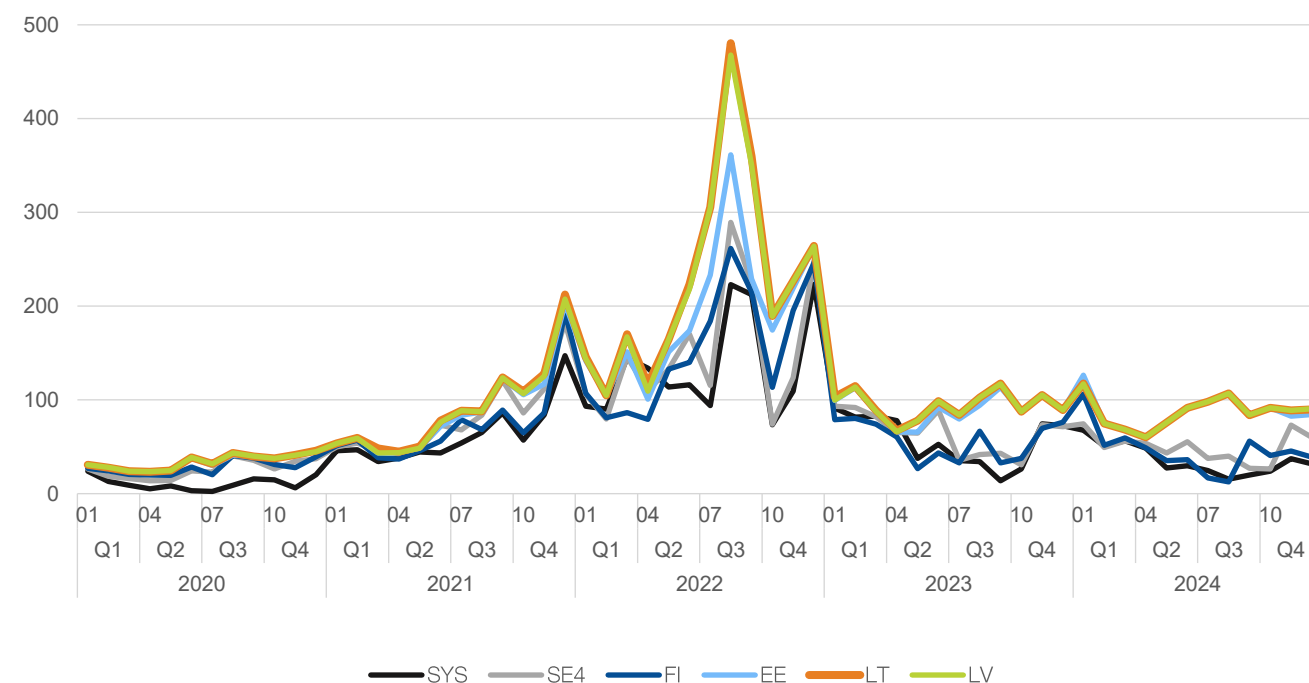
Households
~ 185.5 thousand

Operating environment

Group's operations and performance are influenced by various global and regional factors, including electricity and natural gas prices

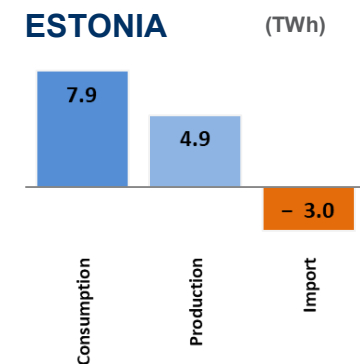
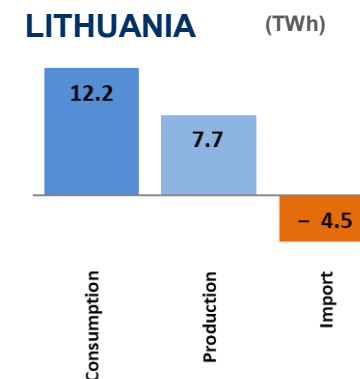
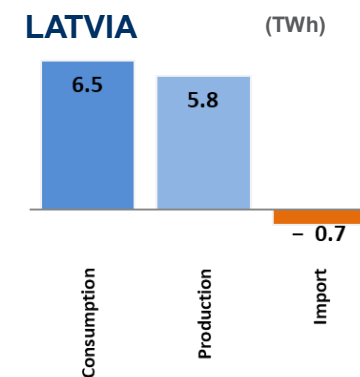
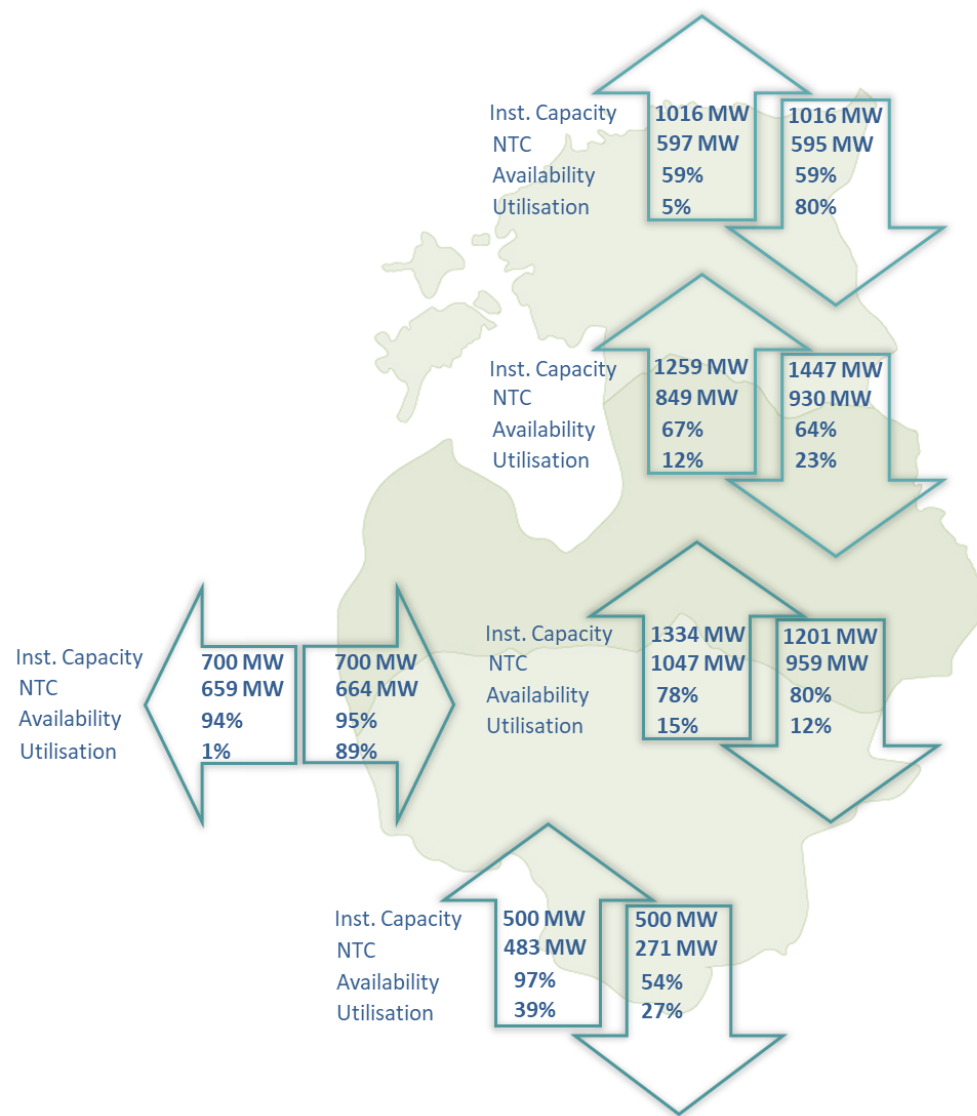
Monthly average wholesale electricity prices

Nord Pool Day-Ahead prices (EUR/MWh)



- Nord Pool electricity price decrease was affected by lower natural gas prices and increased electricity generation through RES, with an increase in their capacities
- Natural gas (LV and LT), oil shale (EE) and coal (PL) take an eminent position of power balance in the region – especially during periods of congestion and low RES generation
- Prolonged maintenance on the cross-border interconnections limited electricity imports from the Nordic countries to Baltics
- In 2024, electricity consumption in the Baltics increased by 1%, reaching 26.6 TWh. The amount of electricity generation in the Baltics increased by 17% to 18.4 TWh

Operating environment



Distribution

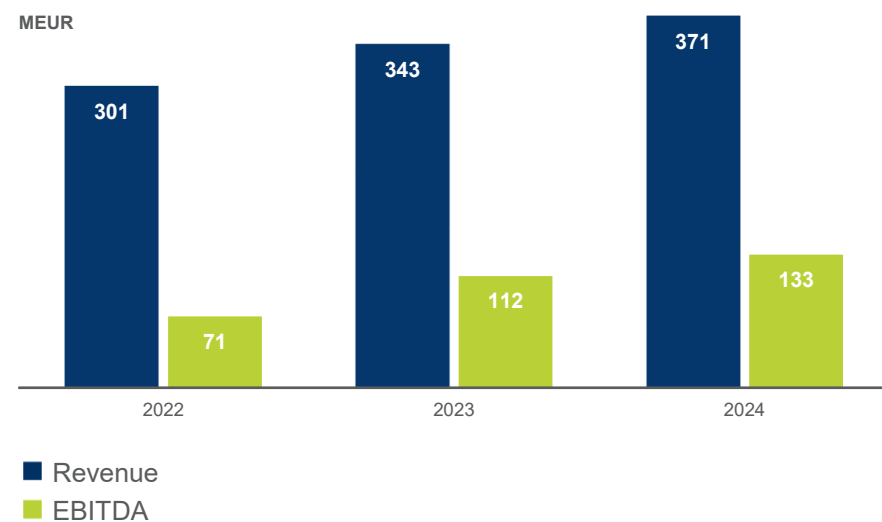
22 %

Revenue

23 %

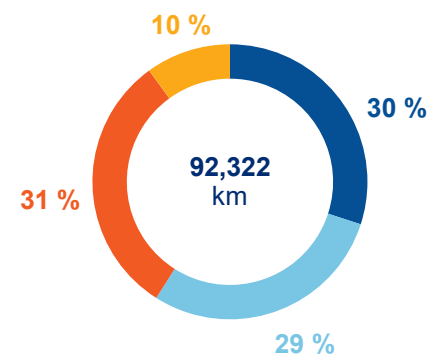
EBITDA

Revenue and EBITDA



Distribution network

Length of electricity distribution lines



- Overhead lines (0.4 kV)
- Overhead lines (6–20 kV)
- Cable lines (0.4 kV)
- Cable lines (6–20 kV)

30,298
transformers

28,894
transformer
substations

6,001 MVA
total installed capacity

Distribution

Distributed electricity and losses

	Units	2020	2021	2022	2023	2024
Distributed electricity	GWh	6,286	6,470	6,241	6,021	6,116
Electricity distribution losses technological and operating consumption	GWh	277	271	256	242	237
<i>incl. accumulated microgeneration electricity losses</i>	<i>GWh</i>	–	–	4	19	22
TOTAL	GWh	6,563	6,741	6,497	6,263	6,353
Electricity losses	%	3.99 %	3.79 %	3.73 %	3.72 %	3.62 %

Key highlights

- Provision of distribution system services to about 798k customers in Latvia at regulated tariffs
- As of 1 July 2023, the new distribution tariffs of Sadales tīkls AS have come into effect, with the tariff calculation increasing the proportion of the fixed tariff, providing a more appropriate solution to the actual maintenance cost structure of the distribution network
- Smart electricity meters installed for the company's customers comprised more than 1.1 million or 99% of all electricity meters
- Financial results were positively affected by the new distribution tariffs of Sadales tīkls AS that came into effect on 1 July 2023 and increased electricity consumption. However, the results were negatively affected by a rise in electricity transmission service costs



3. Financial performance

Key financials

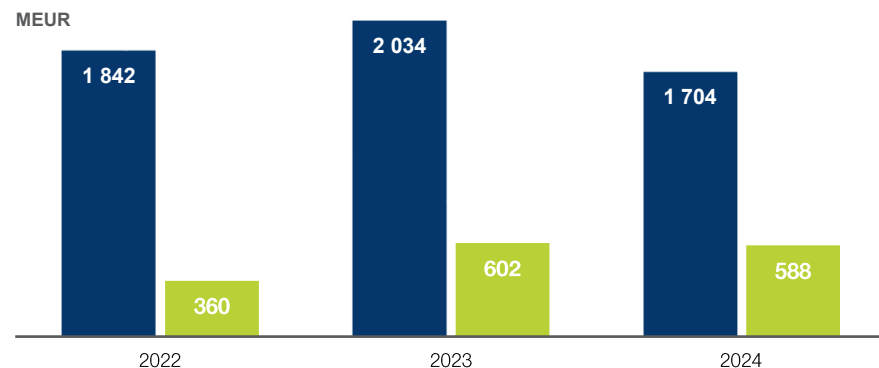
Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Annual Report, see the section "Key Figures"

* Comparative figures recalculated, presenting the provisions for CO₂ emission quotas at gross value, separately from the purchased emission quotas in short-term intangible investments

Financial figures (MEUR)	2020	2021	2022	2023	2024
Revenue	773	1,065	1,842	2,034	1,704
EBITDA	278	199	360	602	588
Profit	116	72	184	351	274
Assets*	3,359	3,476	3,855	4,174	4,438
Equity	2,118	2,123	2,356	2,963	3,007
Borrowings	743	795	876	630	743
Net Debt	556	698	763	511	657
Adjusted funds from operations (FFO)*	250	176	339	521	509
Capital expenditure	169	127	122	193	530
Key Financial Ratios	2020	2021	2022	2023	2024
Net Debt to EBITDA	2.0	3.2	2.0	1.1	1.0
EBITDA Margin	35.9 %	18.7 %	19.6 %	29.6 %	34.5 %
Return on Equity (ROE)	5.3 %	3.4 %	8.2 %	13.2 %	9.2 %
ROE excluding distribution	7.7 %	5.5 %	16.3 %	19.9 %	12.3 %
Adjusted FFO / net debt	45 %	28 %	46 %	82 %	87 %
Return on Assets (ROA)	3.2 %	2.1 %	5.0 %	8.7 %	6.4 %
Return on Capital Employed (ROCE)	4.2 %	2.9 %	6.3 %	11.9 %	9.2 %
Net Debt / equity	0.26	0.33	0.32	0.17	0.22
Capital Ratio	63 %	61 %	61 %	71 %	68 %
Dividend pay-out ratio	126 %	63 %	88 %	73 %	64 %
Moody's Credit Rating	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Revenue and EBITDA

Revenue and EBITDA



■ Revenue ■ EBITDA

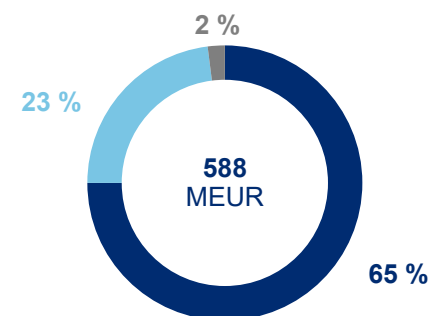
Key highlights

Revenue:

Negative impact: lower energy sales prices

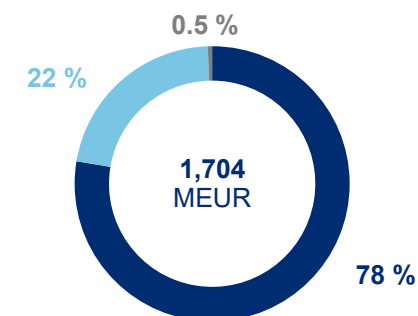
Positive impact: increased revenue in the distribution segment, following the introduction of the new distribution tariffs by Sadales tīkls AS starting from July 1, 2023

EBITDA by segment



■ Generation and Trade ■ Distribution ■ Other

Revenue by segment



EBITDA:

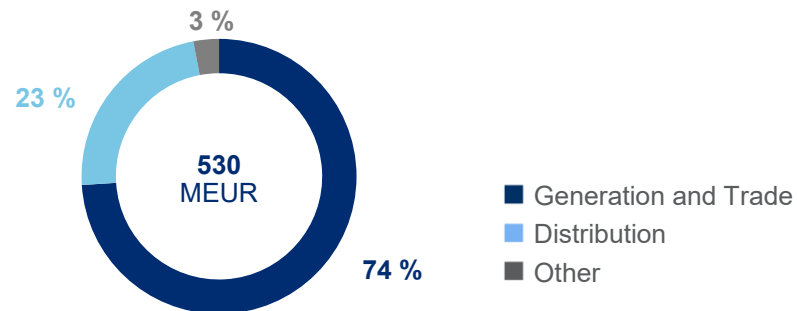
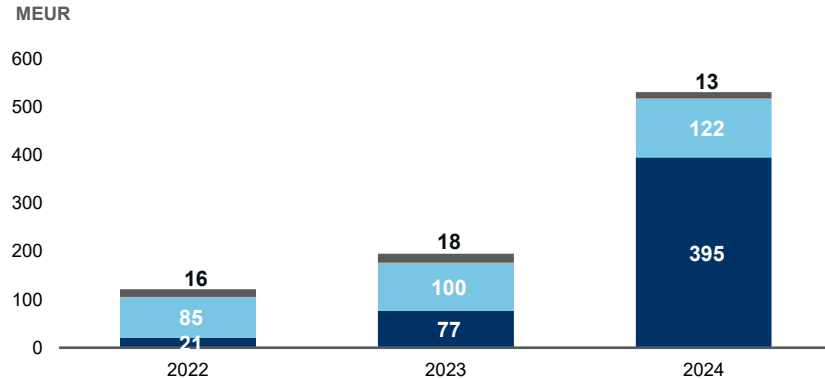
Negative impact: lower amount of power generated at the Daugava HPPs

Positive impact: lower natural gas purchase prices, increase in revenue in the distribution segment, increase in retail natural gas sales volume and higher output at the CHPPs

Profit for the year 2024: 274 MEUR (2023: 351 MEUR)

Investments

Investment increased 2.7x



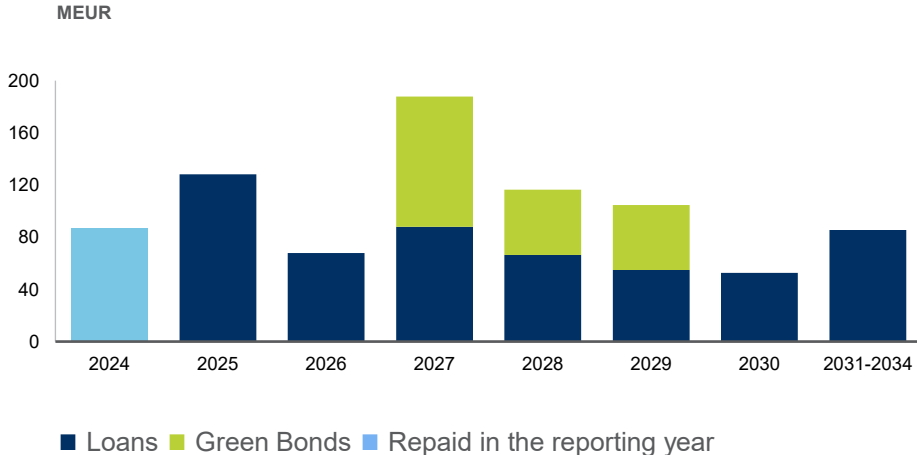
Significant increase in investments in renewable energy generation capacities in the Baltics

- 3/4 of it was made in Generation and trade segment and 1/4 in Distribution segment
- 345 MEUR were allocated towards the development of wind and solar parks, which is 2/3 of the Group's total investments
- In 2024, ten SPPs in Latvia, with a total capacity of 74 MW, two SPPs in Estonia (24 MW), two SPPs in Lithuania (16.9 MW) and one WPP (19.6 MW) in Lithuania began operations
- In the Baltic region, we have solar and wind parks in the project or construction stage with a total capacity of almost 880 MW; their gradual commissioning is expected from 2025-2026
- Investments in network assets allows to improve the quality of the power network services and technical parameters

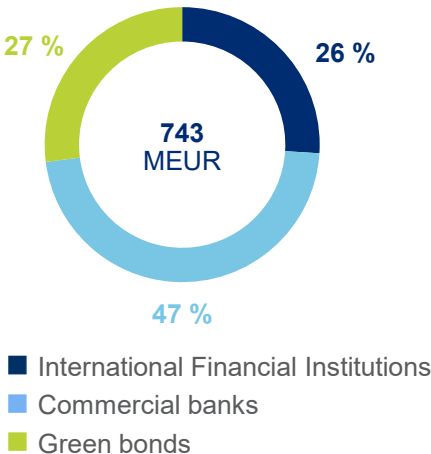


Borrowings

Long-term debt repayment schedule



Diversified sources



Liquidity position

Liquid assets, cash	87 MEUR
Committed long-term loans	230 MEUR
Committed overdrafts and short-term deposits	238 MEUR

Key highlights

- Total long-term borrowings – 743 MEUR; including outstanding amount of green bonds – 200 MEUR
- Share of fixed interest rate (with IRS) – 37%, weighted average fixed interest rate period (with IRS) – 1.4 years, effective weighted average interest rate (with IRS) – 3.3%
- After the end of the reporting year, in March 2025, Moody's updated its credit rating analysis of Latvenergo AS, keeping the credit rating at Baa2 with a stable outlook

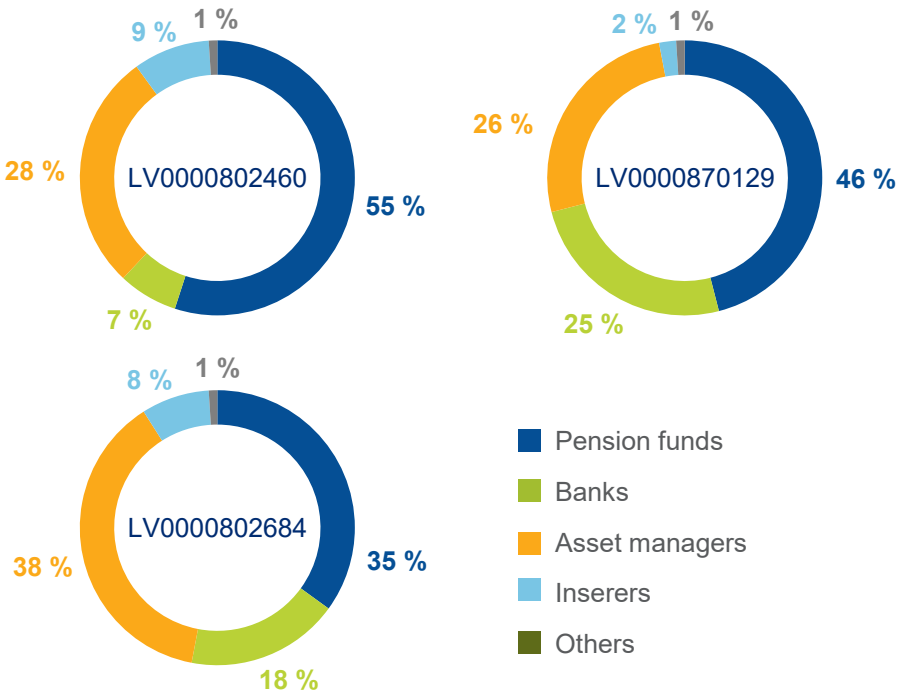
Green bonds

First state-owned and investment grade green bond issuer in Eastern Europe

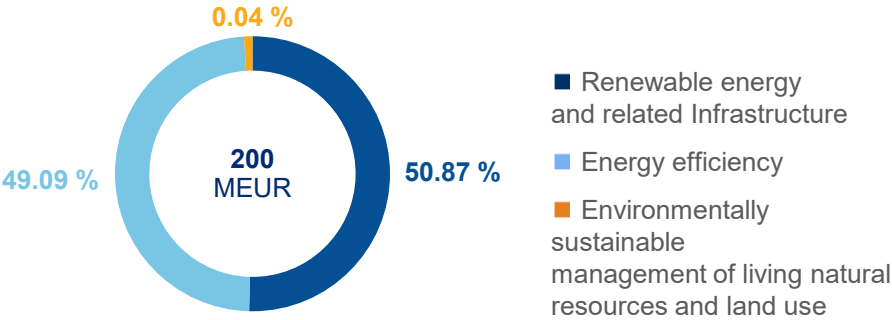


	50 MEUR Green bonds	100 MEUR Green bonds	50 MEUR Green bonds
	0.5% annual coupon due 17 May 2028	2.42% annual coupon due 5 May 2027	4.952% annual coupon due 22 February 2029
ISIN	LV0000802460	LV0000870129	LV0000802684
Issued in	2021	2022	2023
Use of proceeds	In accordance with the Green Bond Framework		
Programme	The third Latvenergo AS 200 MEUR Programme		

Investors by type according to the coupon payment of 2024



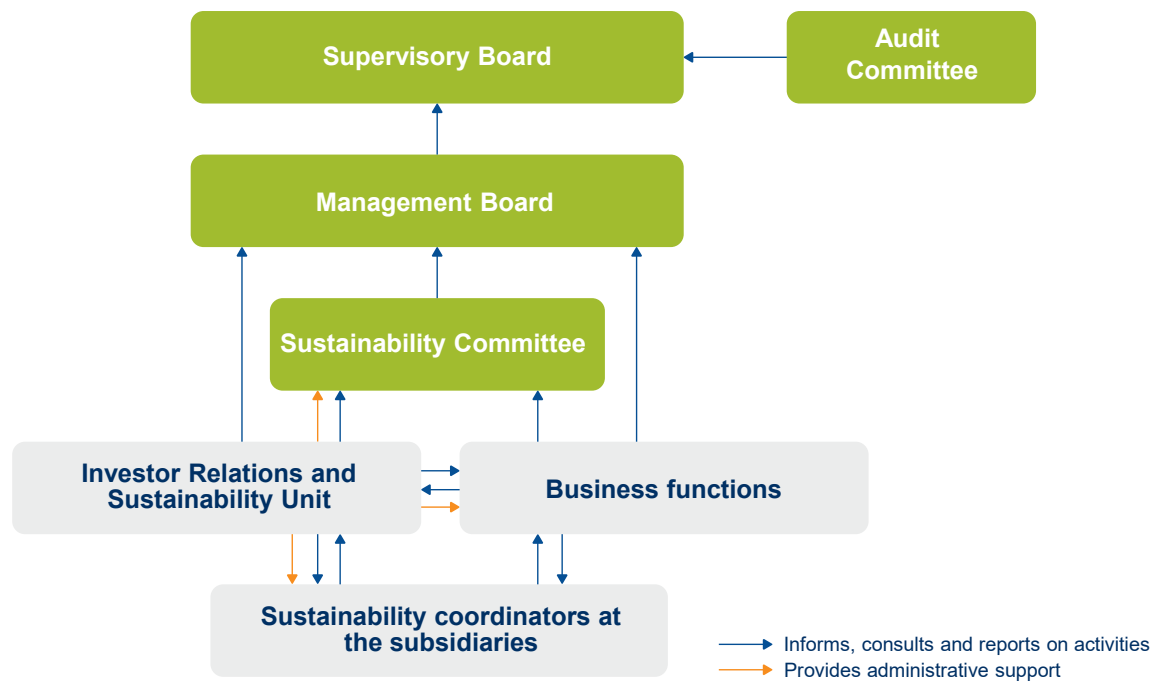
Investment by project group



4. 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

	Shareholder – Ministry of Economics	Business partners	Employees, trade union	Funders and investors	Educational and scientific institutions	
Level of cooperation	 collaboration	 involvement	 negotiation, involvement	 consultation, collaboration	 collaboration	
Description of cooperation	Cooperation with the shareholder takes place regularly, in line with the legal requirements and good governance guidelines.	Latvenergo Group maintains and regularly updates its Register of Qualified Candidates, encouraging its partners to submit applications for their inclusion in the qualification system. The Group organises supplier day events to inform its business partners about the key future development plans of the Group's companies.	Representatives of the Group's companies regularly communicate with representatives of the employee trade union concerning the organising of work and other topical matters. During the reporting year, the Latvian trade union Enerģija and the companies of the Group agreed on a new collective bargaining agreement, effective from 1 May 2024 to 31 December 2029.	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.	During the reporting year, Latvenergo AS and the National Renewable Energy Laboratory of the US Department of Energy signed a research and development agreement to implement an energy transformation and industrial research project, within it modelling of several investment scenarios for Latvenergo AS will be performed.	
	Customers	Media, non-governmental organisations (NGOs)	Professional associations and sector specialists	Public institutions	Local community	
	 involvement	 consultation, involvement	 consultation, involvement	 consultation, involvement	 consultation, involvement, negotiation	
	Latvenergo Group conducts annual customer satisfaction surveys and takes measures to improve customer satisfaction. During the reporting year, Sadales tīkls AS developed a new service and made it available to customers: a comprehensive smart metering service that includes the remote collection and transmission of energy data from the customers internal networks.	Cooperation with national and regional media includes press releases, media events and press conferences. In 2024, the main topics were the Group's financial and operating performance, the Group's governance, 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.	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.	In 2024, according to a Cabinet of Ministers decision regarding Latvijas vēja parki SIA, Latvenergo AS became the 100% owner of its shares; previously, it held 80% of the shares in this joint company, with 20% belonging to Latvijas valsts meži AS. 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 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.	
	Affected stakeholders	Sustainability Statement users	 consultation identification of current issues	 negotiation participatory discussions	 involvement participation in joint activities, development of solutions and action plans	 collaboration joint decision-making and cooperation



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 (102 MW_{el})
- ③ WPPs (21 MW_{el})
- ④ CHPPs (1,039 MW_{el}, 1,617 MW_{th})
- ⑤ Thermal energy accumulation system (1,000 MW_{th})
- ⑥ Liepaja plants (6 MW_{el}, 183 MW_{th})

- ⑦ Battery energy storage system (2030 target 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 (878 MW_{el})

Downstream

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

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

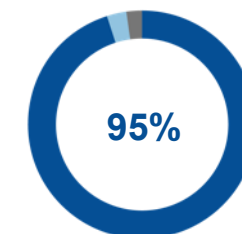
- develop an ethical, responsible and open business environment
- support and promote respect, trust and sound relations in communications among employees
- fair in relations with its employees as well as customers and suppliers
- not allow any conflict of interest situations and prevent fraudulent or 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

EU taxonomy

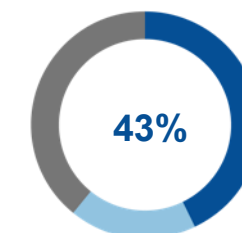
Taxonomy-eligible activities	Activity description	Taxonomy-aligned activities
4.1. Electricity generation using solar photovoltaic technology	14 SPPs in the Baltics with a total capacity of 102 MW. 11 SPPs in Latvia and Lithuania in the construction stage, with a combined capacity of 587 MW.	✓
4.3. Electricity generation from wind power	In Lithuania's Akmene district, a WPP with a capacity of 19.6 MW has started electricity generation, while the Group's total WPP capacity reached 21 MW by the end of 2024. The Telšiai WPP construction project (124 MW) in Lithuania and the Laflora Energy WPP construction project (109 MW) in Latvia are scheduled for completion in 2026.	✓
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 798 thousand customers in Latvia	✓
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 CO ₂ emission savings.	✓
4.15. District heating/cooling distribution	Liepājas enerģija SIA heat networks, which provide centralised heating to more than 1,1 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-2, which uses natural gas for electricity generation in condensation mode. The condensation capacity of the plant is 881 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 693 MW _{th} and 994 MW _{el} (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 MW _{th}), 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	The <i>Elektrum</i> electric vehicle charging network, which included more than 750 charging ports by the end of 2024. The <i>Elektrum Drive</i> app may be used to charge vehicles at partners' charging stations, with a total of 974 charging ports available to customers.	✓

Proportion of taxonomy-aligned activities

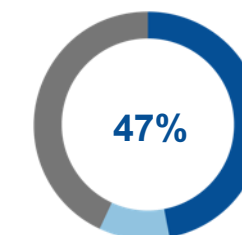
CAPEX



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	2024 performance
Environ- ment	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	–16%
			0.06 tCO ₂ /MWh generated electricity in 2030	0.095 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	11.6%
		Share of certified RES electricity in self-consumption, annually	79%	82%
		Electricity distribution losses, annually	<4%	3.62%
		Reducing GHG emissions from electricity retail trade	–20% by 2030 compared to 2,270 thousand t of CO ₂ in 2022	+23%
		Retail customers choose green energy	30% in 2030	9%
	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	0.08 kg/MWh
		Reducing CO emissions	–50% per unit of energy generated in 2030 compared to 0.04 kg/MWh of energy generated in 2022	0.05 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	In cooperation with the Baltic Environmental Forum, an in-depth evaluation of chemical substances and mixtures used in production has been initiated
	Reduce impacts on biodiversity	Improving ecological quality of river habitats	25 km by the end of 2026	8 km
		Project to improve the condition of protected fish species and habitats	At least 1 project launched by the end of 2026	Project application has been submitted together with partners for co-financing from the EU LIFE program
		Planting an equivalent number of new trees during deforestation	100% in 2024	100%
		Assessing impact on protected areas and species	100% of investment projects in 2026	100% of projects undergo environmental impact assessments. Additional initiative launched – assessment of SPPs projects in accordance with Latvian good practice guidelines
		Plan for the conservation of biological diversity	To be developed by the end of 2025	Development of the plan has been launched by involving international experts with extensive experience in the area of environmental protection and biodiversity
	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	95%
		End-of-life management of solar panels	Action plan developed by the end of 2026	Internal procedures for the maintenance of solar panels have been developed, and contracts have been established for their waste management at the end of their life cycle
		Reducing water consumption per unit of electricity generated	0.16 m ³ /MWh in 2030	0.46 m ³ /MWh

Latvenergo Group GHG emissions

A high share of renewable energy in the generation portfolio and CO₂ emission intensity significantly lower than the European average

	Units	2020	2021	2022	2023	2024
Scope 1 GHG emissions	thsd. t CO₂e	860	928	673	717	780
From combustion plants	thsd. t CO ₂ e	852	920	665	708	772
From fuel for transportation and machinery	thsd. t CO ₂ e	8	8	8	8	8
Fluorine-containing GHG leaks	thsd. t CO ₂ e	0	0	0	0.4	0.4
Scope 2 emissions (location-based)	thsd. t CO₂e		62	43	39	36
From generation of purchased electricity	thsd. t CO ₂ e	N/A	5	12	10	9
From generation of purchased thermal energy	thsd. t CO ₂ e	N/A	1	0.8	0.7	0.5
From electricity distribution losses	thsd. t CO ₂ e	N/A	56	31	27	27
Scope 2 GHG emissions (market-based)	thsd. t CO₂e		76	121	107	114
From generation of purchased electricity	thsd. t CO ₂ e	N/A	7	10	9	8
From generation of purchased thermal energy	thsd. t CO ₂ e	N/A	1	0.8	0.7	0.5
From electricity distribution losses	thsd. t CO ₂ e	N/A	69	110	98	106
Key Scope 3 GHG emissions	thsd. t CO₂e			2,752	3,002	3,413
(1) Goods and services purchased	thsd. t CO ₂ e	N/A	N/A	60	73	123
(2) Fixed assets	thsd. t CO ₂ e	N/A	N/A	6	14	16
(3) Activities related to the use of fuel and energy	thsd. t CO ₂ e	N/A	N/A	2,501	2,736	3,034
(5) Waste generated	thsd. t CO ₂ e	N/A	N/A	N/A	N/A	0.5
(6) Business trips	thsd. t CO ₂ e	N/A	N/A	N/A	N/A	0.2
(7) Staff travel	thsd. t CO ₂ e	N/A	N/A	N/A	N/A	3.3
(11) Use of products sold	thsd. t CO ₂ e	N/A	N/A	185	179	236
(4,8,9,12,13) Other Scope 3 GHG emissions	thsd. t CO ₂ e	N/A	N/A	N/A	N/A	<0.1
Total GHG emissions (geographic method)	thsd. t CO₂e		990	3,467	3,757	4,230
Total GHG emissions (market method)	thsd. t CO₂e		1,004	3,545	3,826	4,308

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

	Target of the Sustainability Strategy	Key performance indicator	Achievable value	2024 performance
Social sector	Create a sustainable working environment for the development of future competencies	Positive employee well-being scores in employee survey, annually	≥65%	70%
		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	>5%
		Number of children and young people educated on electrical safety, annually	≥6,000	6,000
	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%	77%
	Promote sustainability on the customer side	Customer satisfaction index in Latvia versus comparator companies, annually	>100	106
Governance	Ensure integrated and effective management of sustainability	A unified approach to sustainability data management	To be introduced by the end of 2025	The establishment of data management for the quantitative data required for the preparation of the Sustainability Report is planned during Phase 1 – by the end of 2025. Project inception in 2024 – data points were identified and responsible persons for process steps were appointed
	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 30 days from the date of invoicing, when the contractual or statutory payment period begins (average for Latvenergo AS – within 25 days)
		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
Sustainable finance	Invest responsibly	Investments in activities aligned with the EU taxonomy, annually	≥80%	95%
	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	3%

Awards and acknowledgments

Latvenergo Group – an example of best practice in sustainability

- In 2024, Latvenergo AS was awarded the Diamond category of the Latvian Sustainability Index. Sadales tīkls AS and Liepājas enerģija SIA were ranked in the Platinum category.
- The Advisory Board on Corporate Governance granted an acknowledgement to Latvenergo AS in the “Responsible co-operation with partners” nomination of the Sustainable Governance Award.
- In the European Sustainable Brands Index, the brand Elektrums of Latvenergo AS was recognised as the third most sustainable brand in Latvia.
- Elektrums Lietuva UAB, a subsidiary of the Group, received the Namejs Award for “Fastest Growth in Services Exports to Lithuania in 2023”.
- In a survey of top employers conducted by the Alma Career Latvia recruitment company (formerly CV-Online Latvia), Latvenergo AS was recognised as the fourth best employer in the manufacturing sector.
- In the State Labour Inspectorate’s competition Golden Helmet for best practice in labour protection, Sadales tīkls AS won 3rd place for its digital solution in the administration and management of personnel rights.
- Latvenergo AS is the first company in the Baltic states to publish Moody’s evaluation of its climate targets and the feasibility of achieving them. The NZ-3 score received by Latvenergo AS confirms the Group’s high credibility in reaching its climate targets and its compliance with the requirements of the Paris Agreement.

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. Latvenergo AS ranks as the most valuable energy company in the TOP 10 most valuable companies in the Baltic states.
- In the Latvian Business Annual Report 2024, 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 largest company in Latvia, the largest state-owned 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 third largest company in the energy sector and the third largest state capital company.
- After the end of the reporting year Latvenergo AS received the Nasdaq Baltic stock exchange award for best investor relations on the bond market in the Baltic states for the fourth time.



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