

Audited results of Latvenergo Group for 2024

Today, on 30 April, the audited consolidated financial results of Latvenergo Group and Latvenergo AS for 2024 are published. The Consolidated Report of Latvenergo Group and the Annual Report of Latvenergo AS for 2024 include the Sustainability Report and the Latvenergo AS Corporate Governance Report for 2024*.

In 2024, Latvenergo AS celebrated its 85th anniversary – decades dedicated to the people of Latvia and the wellbeing of the country. Continuing its development and growth efforts, Latvenergo Group has increased its investments, production, exports and sustainability in 2024.

The Group develops a portfolio of three different renewable energy sources by complementing the existing use of hydropower with solar and wind energy. In 2024, the investments of Latvenergo Group exceed half a billion euros and are 2.7 times higher than a year before. This includes EUR 345 million invested in new RES projects in the Baltic States, strengthening national security and the position of Latvenergo in the regional energy market.

The Group generated 27% of all electricity generated in the Baltic States, or 4,842 GWh, of which 2/3 was generated from renewable energy sources. Most of this electricity was generated at the Daugava HPPs – 3,143 GWh, while due to the decrease in the price of natural gas, 18% more was generated at the CHPPs of Latvenergo AS, comprising 1,633 GWh.

The exports have grown – 2,579 GWh of electricity was sold outside Latvia, which makes up 42% of the 6,140 GWh sold at retail. Over the past three years, the number of customers outside Latvia has more than tripled. Electromobility services, via the *Elektrum Drive* charging network, are growing in Lithuania and Estonia.

In 2024, the revenue of the Group was EUR 1,703.6 million, a 16% decrease compared to the previous year. Latvenergo Group's EBITDA was 2% lower at EUR 588.4 million, while profit was 22% lower than a year ago at EUR 273.7 million.

In 2024, Latvenergo AS celebrated its 85th anniversary – decades dedicated to the people of Latvia and the wellbeing of the country. It is worth noting that the anniversary year can be considered a new breakthrough – marked by the addition of new solar and wind capacity alongside the historical hydropower capacity. The company is continuing its green energy development, which started 85 years ago, on a large scale across the Baltic States.

The geopolitical situation has remained complex over the past year. The war in Ukraine, waged by Russia, has been ongoing for three years and continues to affect economic processes worldwide. However, despite the challenges, Latvenergo has managed to make 2024 a successful year.

- **Investments**

2024 is the breakthrough year for Latvenergo Group's new RES electricity generation capacity, developing a portfolio of three different energy sources – the use of hydropower is complemented by solar and wind power, confirming the ambitions of Latvenergo for renewable energy in the Baltic states.

Therefore, to achieve its strategic goals, the investments of Latvenergo Group have grown 2.7 times, with a total of EUR 530 million invested in 2024. Approximately 2/3, or around EUR 345 million, has been invested in new wind and solar power plants. New electricity generation capacity is a national and regional security issue – it is part of resilience and energy independence, as well as competitiveness, for Latvia and the Baltics, and an opportunity to secure lower electricity prices.

In 2024, Latvenergo AS has developed its own RES projects as well as acquired ready-to-use ones – the Group already has 14 solar farms with an installed capacity of 102 MW, and the Akmenė WPP in Lithuania (19.6 MW) has also started operations. Latvenergo AS has acquired two WPP projects – Telšiai in Lithuania (124 MW) and Laflora Energy SIA in Latvia (109 MW), as well as DSE Aizpute Solar SIA – the largest solar power plant project to date with a total capacity of 265 MW. In total, at the end of the year, there were solar and wind farms with a total capacity of almost 880 MW under design or construction. In November 2024, Elektrum Next SIA, a subsidiary of Latvenergo AS, was established to manage and develop green energy projects.

- **Generation**

Latvenergo Group generated a total of 4,842 GWh of electricity in 2024, which amounts to 27% of the total electricity generation in the Baltic States; furthermore, 66% of electricity was generated from renewable energy sources. The decrease in natural gas prices boosted electricity generation at Latvenergo AS CHPP to 1,633 GWh, 18% more than a year before. Meanwhile, heat production reached 1,665 GWh. Although the River Daugava inflow in 2024 was lower than in 2023 and the output of the Daugava HPPs decreased by 16%, it is still 10% higher than the long-term average output, and reached 3,143 GWh.

- **Exports**

The results of the Group are increasingly influenced by exports – 2,579 GWh of electricity sold outside Latvia, or 42% of the 6,140 GWh sold at retail. The number of electricity customers of the Group increased by 6% to 896 thousand, 284 thousand of which are in Lithuania and Estonia. Over the past three years the number of customers outside Latvia has more than tripled.

In the neighbouring countries, electromobility services with the *Elektrum Drive* charging network have also been developed, with the number of charging ports exceeding 750 at the end of the year. They provided more than 115 thousand charges amounting to 2,500 MWh, saving around 1,500 tonnes of CO₂ emissions. Not only electricity but also the number of natural gas customers has increased, reaching 65 thousand, 33% more than a year ago. 1,190 GWh of natural gas was sold to retail customers, which is also an increase of 33% from sales in 2023.

- **Sustainability**

2024 was the first year of implementing the Sustainability Strategy of Latvenergo Group, which was approved at the end of 2023. With a series of targets defined in the Sustainability Strategy, work in all three directions of sustainability – environmental, social and governance, has been carried out during the year. In 2024, Latvenergo Group has promoted the creation of an innovation-oriented environment by allocating 3% of funding for this purpose. In order to build reliable and sustainable partnerships, Latvenergo Group developed its Code of Ethics for Cooperation with Suppliers in the reporting year. In the area of education, the Group continues to encourage children and young people to take an interest in science subjects, as well as to promote their awareness on electrical safety, the green deal and the efficient use of resources. In the area of environmental protection, Latvenergo Group has set a target to reach climate neutrality in 2050 and climate-neutral electricity generation in 2040. To achieve these goals, the Group continued to develop new RES generation capacities, increase the efficiency of energy production and increase the share of electric cars in the fleet of the Group.

In 2024, in cooperation with the Embassy of Ukraine, Latvenergo Group has continued to provide assistance to Ukraine. Necessary equipment was purchased from funds privately donated by personnel. Furthermore, Sadales tīkls AS and Latvenergo AS have made donations for the reconstruction of the Ukrainian electricity supply system, as well as implemented a contest of social support projects for organising summer camps for children from Ukraine.

This is the first reporting year, when the sustainability report was drawn up with the application of the new sustainability reporting requirements – in accordance with the Sustainability Information Disclosure Law, and including the requirements of Taxonomy Regulation (EU) 2020/852 paragraph No. 8 and Delegated Regulation (EU) 2023/2772 as regards sustainability reporting standards (ESRS). The Sustainability Report includes extensive and detailed information on environmental, social and governance impacts. Thus, greater transparency and comparability between companies is promoted and the transition to a sustainable economy is supported.

- **Financial results**

In describing the financial results of the Group, it is important to underline the fact that electricity and natural gas prices in 2024 were lower than the previous year. In the Baltics, electricity spot prices were on average 6% lower, while the average price of natural gas reached EUR 34/MWh, which is 30% lower than in 2023. Taking this into account, Latvenergo Group's revenue in 2024 was EUR 1,703.6 million, which was 16% lower than a year before. Meanwhile, with the decline in the development of the Daugava HPPs, the EBITDA of the Group has decreased by 2% compared to 2023 and amounts to EUR 588.4 million. At the same time, the Daugava HPPs output was 10% higher than the long-term average. It should also be mentioned that EBITDA benefited from lower natural gas procurement prices and higher revenues in the distribution segment. The profit of the Group was EUR 273.7 million, 22% lower than a year before.

In accordance with the Law "On the State Budget for 2025 and Budget Framework for 2025, 2026 and 2027", the expected amount of dividends to be paid by Latvenergo AS in 2025 (for the 2024 reporting year) is 70% of the profit for the reporting year, but not less than EUR 183.9 million.

At the end of 2024, Latvenergo AS was awarded the highest – Diamond – category of the Latvian Sustainability Index, while Sadales tīkls AS and Liepājas enerģija SIA were awarded the Platinum category of the Sustainability Index. After the end of the reporting year, in February 2025, Latvenergo AS has won 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.

**The Corporate Governance Report is prepared on the basis of the Corporate Governance Code published by the Corporate Governance Advisory Board, established by the Ministry of Justice in 2020.*

