Latvenergo Group's financial objectives for 2026

Profitability	Capital structure	Dividend policy	Credit rating
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.	An optimal and industry-relevant capital structure that limits potential financial risks.	A dividend policy that is consistent with the planned investment policy and capital structure targets.	An investment-grade credit rating to ensure financing for the ambitious investment programme set out in the strategy.
Return on equity (ROE) excluding distribution*	**Ratio between adjusted funds from the operations and net debt (FFO/Net Debt)****	**Dividend payout ratio**	**Moody's credit rating**
> 7%	**> 25%**	**> 64%**	**To maintain an investment-grade credit rating**

* The level of profitability of regulated services provided by the Group is determined by the PUC. The most significant share in the services regulated by the Group is the distribution service. When evaluating the fulfilment of the ROE target, the return on the Group will be assessed, excluding the return on the regulated distribution service - ROE excluding distribution = (profit of the Group - Sadales tīkls AS profit) / average equity (equity of the Group at the beginning of the reporting year - Sadales tīkls AS equity at the beginning of the year + equity of the Group at the end of the reporting year - Sadales tīkls AS equity at the end of the reporting year) / 2);

** FFO / Net debt = (net cash flow from operating activities - change in working capital - compensation for installed electricity capacity of CHPP included in the profit and loss statement) / (net debt at the beginning of the period + net debt at the end of the period) / 2);

Net debt = borrowings at the end of the reporting year - cash and cash equivalents at the end of the reporting year.