Latvenergo Group Consolidated and Latvenergo AS Annual Report

2025

Latvenergo

Contents

Management Report

About Latvenergo Group

Foreword	4
About the Report	6
About the Group	7
Operating Segments	11
Group Strategy	18
Corporate Social Responsibility	30

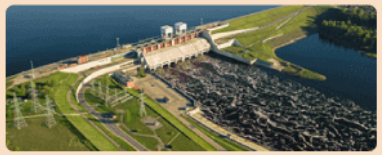
Corporate Governance

Governance Bodies	35
Group Management	45
Internal Control System and Risk Management	46

Results

Key Figures	51
Operating Environment	55
Financial Results	57
Financial Risk Management	63
Events After the Reporting Year	64
Profit Distribution	64

Sustainability Statement



General Information	66
Environmental Information	96
EU Taxonomy	97
Social Information	154
Governance Information	176

Annexes to the Management Report

Green Bond Report	187
Terms and Abbreviations	191
STATEMENT OF MANAGEMENT RESPONSIBILITY	194

Financial Statements

Financial Statements

Statement of Profit or Loss	197
Statement of Comprehensive Income	197
Statement of Financial Position	198
Statement of Changes in Equity	199
Statement of Cash Flows	200
Notes to the Financial Statements	201

Independent Auditors' Reports

Independent Auditors' Report	263
Independent Auditors' Assurance Report	273

Latvenergo

Foreword

Recent geopolitical upheavals and rapid technological development require particularly well-considered decisions in corporate management; for example, today the ability to make long-term investment decisions in uncertain circumstances has become a critical factor for success. We need to stay alert, not only to respond to sudden challenges, but to systematically shape the future of the Baltic energy sector. Therefore, the motto for the Group's development for the past year has been strategic growth and energy independence.

In a sense, this year has been a historic turning point: for the first time, almost half of the electricity sold by Latvenergo was marketed outside Latvia's borders, compared with one third a year earlier.

At the beginning of last year, the Baltic states implemented one of the most significant projects in the history of independent Latvia: the successful disconnection from the energy system of the former Soviet western region (BRELL) and synchronisation with the European grid via Poland. This step not only improves the region's energy security, but also eliminates any possibility of manipulative disruption by Russia.

With this synchronisation, the Baltic balancing capacity market was established, in which Latvenergo participates effectively with the capacities of CHPP-2 and hydroelectric power plants. Another major development in the market is the transition of the Nord Pool exchange to 15-minute market time units. These changes make it possible to adapt better to the variability of solar and wind power, to balance consumption more accurately with generation from renewables, and, in future, to offer customers more attractive prices thanks to more efficient integration of green energy.

Although we began developing renewable resource capacities later than our neighbouring countries, this has allowed us to gain certain advantages of our own, namely, using the latest and most efficient technologies. Over the past year, the Group made record investments of EUR 792 million (an increase of almost 50%), of which EUR 548 million was allocated to wind and solar parks.

The biggest RES projects commissioned in the past year include the Akmene (19.6 MW) and Telšiai (124 MW) wind farms in Lithuania, while work is continuing on Laflora Energy (109 MW) and on Latvia's largest wind farm Pienava Wind (147 MW). One fifth of total investments was invested in solar parks: construction work continued at DSE Aizpute Solar (265 MW), which will commence operations in 2026. Overall, at the end of the reporting year, the Group's portfolio comprised 22 solar parks with a total capacity of 353 MW, and two Battery Energy Storage Systems (BESS) projects had also been built, demonstrating the Group's readiness to become the leading renewable energy merchant in the Baltics. The strategic goal is to install at least 250 MW of storage with 500 MWh capacity by 2030. We are also continuing the reconstruction of hydropower units at Plavinas HPP.

The Group actively cooperates both with universities and with research companies around the world, promoting the integration of innovation into the energy sector. In cooperation with Riga Technical University, we are implementing the first industrial professorship project in Latvia, appointing through an international

Mārtiņš Čakste

Chairman of the Management Board of Latvenergo AS

open competition a professor who, with the company's support, will research the development potential of green fuels. In cooperation with the Israeli company H2Pro, feasibility studies are being carried out in relation to H2Pro green hydrogen production equipment, which may provide an innovative solution for Latvenergo, strengthening the development of green energy. At the end of the year, Latvenergo also became a member of the artificial intelligence association.

Latvenergo Group plans to develop innovative products, services and processes aligned with its priority sustainable development goals; in light of this objective, the Group is reinforcing an internal culture focused on innovation. This, in turn, will pave the way for exploring and developing opportunities to introduce innovative technologies, as well as to develop and implement innovative products, services, business lines and models, alongside systematic and continuous innovation to increase the efficiency of technological and corporate processes.

In November 2025, we issued green eurobonds for the first time: EUR 400 million in the European Green Bond format. Latvenergo's first eurobond issue marked our debut in the international bond markets and confirms the company's commitment to developing sustainable financing and promoting the transition to a green economy in the long term. This step achieved several key results: the inaugural benchmark European Green Bond issuance in the CEEMEA region (Central and Eastern Europe, the Middle East and Africa), the first international green bond issuance carried out by a Latvian company, and the largest corporate bond issuance ever carried out by a Latvian company.

Elektrum Drive also continued its rapid development. At the end of 2025, the number of charging ports installed at *Elektrum Drive* charging stations increased to 1,107. The *Elektrum Drive* app can also be used to charge vehicles on the e-mobi network in Latvia and at LIDL charging stations in Lithuania and Estonia, with a total of 1,590 charging ports available to *Elektrum Drive* app customers across the Baltic states. In 2025, about 195 thousand electric vehicle charges were made by *Elektrum Drive* app customers, totaling 4,150 MWh. The availability of *Elektrum Drive* charging stations in 2025 resulted in CO_2 emission savings of more than 2,360 tonnes.

The largest electric vehicle charging park in Estonia was opened, where 34 electric vehicles can be charged simultaneously. By establishing the largest high-capacity charging network in the Baltic states, *Elektrum Drive*, with the support of Connecting Europe Facility funding in the amount of EUR 2.6 million, will install a total of 130 charging points at 54 stations on the European transport network (TEN-T) by 2027.

Sadales tīkls AS demonstrated stable growth last year as the volume of distributed energy increased by 3%, reaching revenues of EUR 381.9 million and an EBITDA of EUR 147.3 million. Alongside targeted network modernisation and the introduction of smart solutions, the security of the electricity supply and quality indicators improved, supported by both milder weather conditions and purposeful network maintenance and upgrading, while solar microgeneration continues to rise rapidly, already reaching 10% of the total distribution volume.

The company is actively continuing the modernisation of the electricity network by attracting EU funding. Sadales tīkls AS is implementing projects involving infrastructure renovation, increases in capacity, introduction of smart solutions, and support for the development of renewable energy and electric mobility.

At the same time, the Group is continuing to pursue sustainable business practices, observing the fundamental principles of responsible business and focusing on the promotion of education, cooperation with local communities and the preservation of biodiversity. Since the start of the war in Ukraine, Latvenergo Group has consistently provided important and practical support to Ukraine, while also implementing employee volunteer initiatives and social projects to support the children of war refugees. Several employee initiatives were organised, including donations for the purchase of drones and spare parts as well as external batteries for Ukraine's defenders. Volunteers from among the Group's employees continued delivering vehicles to Ukraine's defenders. During the reporting year, Latvenergo Group also made several donations to support Ukrainian society: 65 vehicles, 120 computer monitors, 20 tonnes of transformer oil for the restoration of Ukraine's electricity supply system, solar panels and inverters, sets of solar panel mountings and direct current cables for the restoration and stabilisation of Ukraine's electricity supply system, and summer camps for children from Ukraine.

The company's excellent reputation is confirmed by public opinion surveys, while internationally this is evidenced by Standard & Poor's Global Corporate Sustainability Assessment, which places Latvenergo AS among the top 30% of companies in the Electric Utilities sector worldwide. Meanwhile, one of Latvenergo's most successful digital solutions – the artificial intelligence assistant in the company's Electronic Procurement and Qualification System – was awarded the prestigious Platinum Mouse award last year.

In the ranking of Latvia's TOP 101 most valuable companies, Latvenergo was recognised as the second most valuable company in Latvia, while among Latvia's TOP 500 companies it was ranked as the third largest company in the country, the largest state-owned company, the largest energy sector company, the most profitable company and the largest EBITDA earner. Sadales tīkls AS was recognised as the second largest company in the energy sector, the third largest state-owned company and the third largest EBITDA earner.

In 2025, while marking 60 years since the start of electricity generation at Latvenergo's largest power plant, Plavinas HPP, the energy sector in Latvia underwent one of the fastest transformations to date. By significantly expanding wind and solar capacity, we are the leader in the Baltics with a diversified generation portfolio, combining the capacities of the Daugava hydroelectric power plants with rapidly growing wind and solar projects and the flexible generation capabilities of thermal power plants. Latvenergo possesses the most diverse generation capabilities in the Baltics, unmatched by any other energy producer in our region.

Latvenergo Group has all the prerequisites to ensure that we continue to maintain our leading position in the Baltic energy sector. At the same time, it is clear that in these turbulent times the company must focus on innovation and seek new solutions and new business directions. These solutions will not be simple, but I am certain that Latvenergo Group will be a sought-after, competitive leader in the market, and I would like to thank all our customers for making that possible.

About the Report

Reporting period	1 January 2025 – 31 December 2025
Publication date	29 April 2026
Publication date of the previous report	30 April 2025
Regulatory framework	Consolidated annual report has been prepared in accordance with: • Law on Annual Statements and Consolidated Annual Statements • International Financial Reporting Standards as adopted by the European Union (IFRS) • Law on Governance of Capital Shares of a Public Person and Capital Companies • Financial Instruments Market Law • Sustainability Information Disclosure Law • European Sustainability Reporting Standards (ESRS) Delegated Regulation (EU) 2023/2772 • Taxonomy Regulation (EU) 2020/852
Scope of the report	The report discloses information about Latvenergo Group (see the section About the Group).
Content of the report	The report discloses information about the topics and indicators that are material for the operations and sustainability of the Group. ESRS 2 General Information are fully covered, and, based on the double materiality assessment – 8 ESRS topical standards. Financial Statements include Statement of Financial Position as at 31 December 2025 and Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended 31 December 2025, as well as Notes to the Financial Statements including material accounting policy information.
Approval of the report	The Annual Report is signed electronically by the Management Board of Latvenergo AS, reviewed by the Supervisory Board and approved by the Shareholder.
Independent auditors' reports	Independent auditors' assurance report on the sustainability statement and independent auditors' report on the financial statements has been prepared by Ernst & Young Baltic SIA.
Report format	The report is available electronically: • on the Latvenergo website www.latvenergo.lv (in Latvian and English) • on the Nasdaq Baltic website www.nasdaqbaltic.com (in Latvian and English) • on the Luxembourg Stock Exchange website www.luxse.com (in English) • in the Central Storage of Regulated Information https://csri.investinfo.lv (in Latvian and English)
Contact information	Please send any questions or suggestions to: sustainability@latvenergo.lv.
Financial calendar	Latvenergo Group Interim Condensed Financial Statements: • For the first 3 months of 2026 (unaudited) - 29.05.2026 • For the first 6 months of 2026 (unaudited) - 31.08.2026 • For the first 9 months of 2026 (unaudited) - 30.11.2026

About the Group

Latvenergo Group is one of the largest providers of energy supply services in the Baltics, operating in:

- electricity and thermal energy generation and trade
- natural gas trade
- trade in products and services related to electricity consumption and energy efficiency
- electricity distribution

The Group's operations have been organised into two operating segments. One segment covers generation and trade, while the other comprises the distribution of electricity. For more information, see the section Operating Segments.

The Group comprises the parent company Latvenergo AS, with decisive influence, and a set of subsidiaries. All shares of Latvenergo AS are owned by the Republic of Latvia, and they are held by the Ministry of Economics of the Republic of Latvia. Information about the participating interests in the subsidiaries and their locations is disclosed in Notes 1 and 16 of the Financial Statements.

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

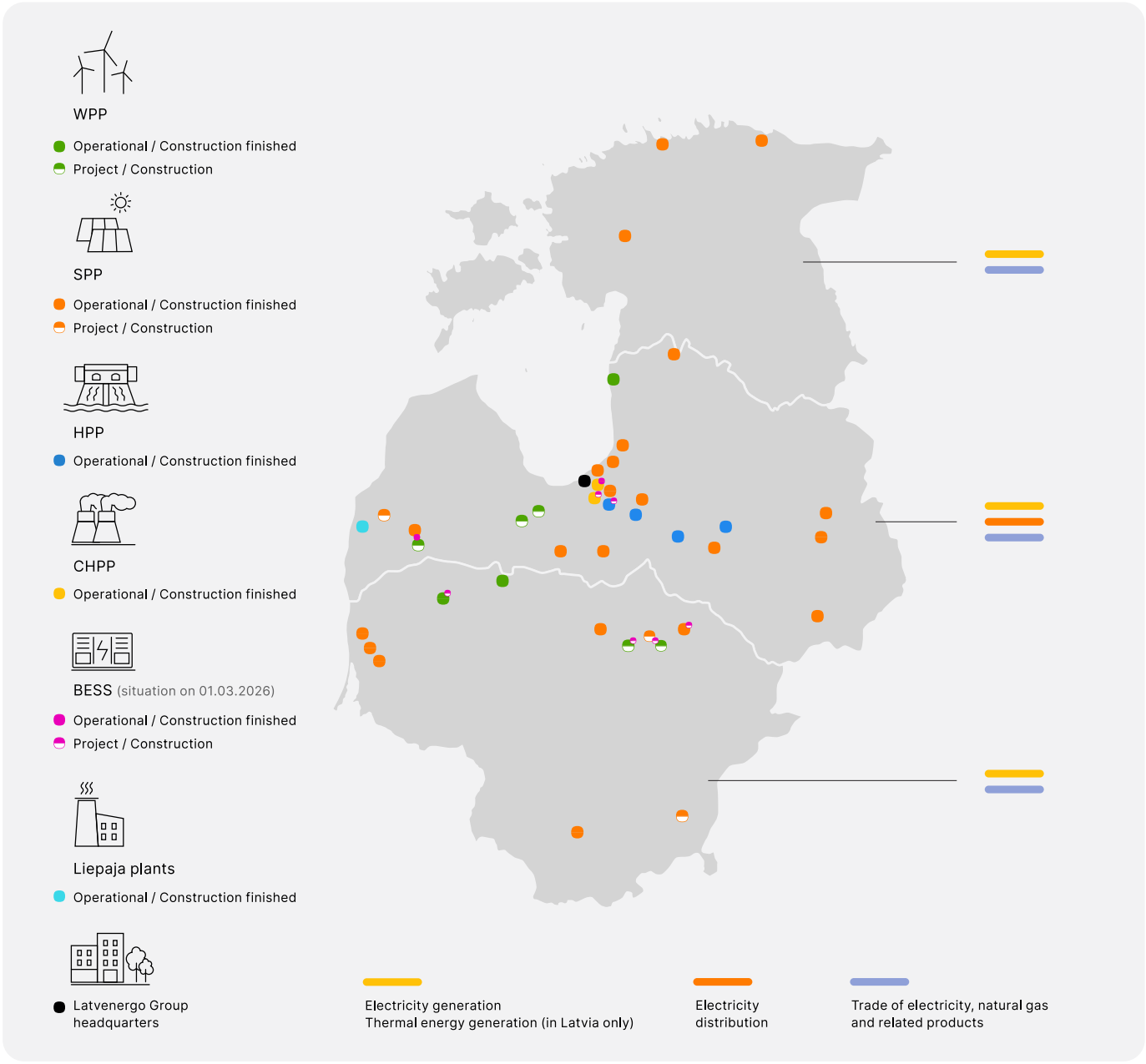
We do the right things and learn continuously

With energy

We are brave and persistent

With a future outlook

We do good for clients and society

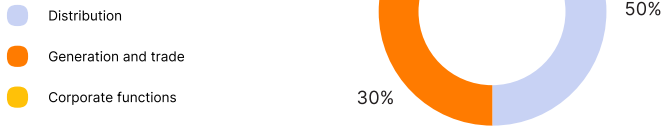


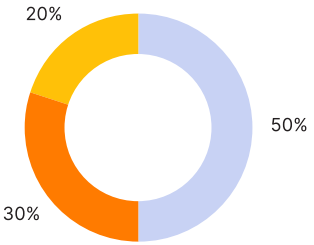
Key figures 2025

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

Employees

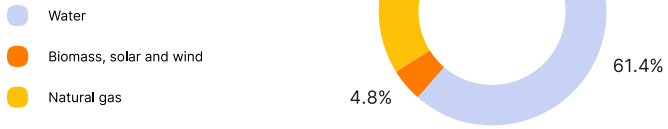
3,382



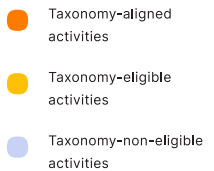


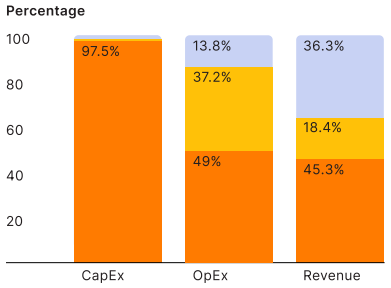
Share of renewable resources in the electricity output

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

Events 2025

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. According to data from the Latvian Environment, Geology and Meteorology Centre, the average water inflow in the Daugava River in 2025 was 560 m^3/s (in 2024 it was 628 m^3/s). 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 grew significantly. In 2025, it 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. In the reporting year, the total number of electricity customers increased by 2%. At the end of the reporting year, the number of electricity customers exceeded 914 thousand, including more than 306 thousand foreign customers.

45% of the total retail electricity was sold outside Latvia. The electricity trade volume in Latvia was 3.3 TWh, while in Lithuania it was 1.5 TWh and in Estonia it was 1.2 TWh.

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 approved 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, significantly strengthening data quality, reliability and compliance with international reporting standards. 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 six decades of ensuring reliable, secure and renewable electricity generation in Latvia, it has generated nearly one third of the country's total electricity consumption.

Plavinas HPP is the largest facility in the Daugava HPP cascade and, during flood periods, is capable of covering Latvia's electricity consumption. 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%.

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.

Operating segments

Generation and Trade

Generation

Latvenergo Group has a balanced and environmentally friendly energy generation portfolio, consisting of hydropower plants, highly efficient combined heat and power plants and solar and wind power plants. The production, transmission, distribution, and trading of thermal energy in the city of Liepaja, as well as the generation of electricity in cogeneration mode, are also ensured by the facilities of Liepājas enerģija SIA. Most of the electricity is generated by the three Daugava hydropower plants (HPPs) and two combined heat and power plants of Latvenergo AS (CHPPs). The CHPPs also produce a significant part of the thermal energy required for the heat supply of the city of Riga. In addition, Latvenergo Group's generation capacities from renewable energy sources (RES) in the Baltics are increasingly being developed. The Group had solar and wind power plants with a total capacity of almost 646 MW under construction. Gradual commissioning of the solar and wind parks is expected between 2026 and 2027. The total installed electrical capacity at the generation facilities of the Group is 3,101 MW and the thermal capacity is 1,798 MW.

Latvenergo AS has qualified the Daugava HPPs' and CHPPs' units to provide balancing services and participates in the Baltic balancing capacity market.

Installed electrical capacity of generation facilities

	Units	2025	2024	2023	2022	2021
HPPs	MW	1,560	1,560	1,560	1,560	1,560
CHPPs*	MW	1,039	1,039	1,039	1,039	1,039
SPPs and WPPs	MW	498	123	1	1	1
Liepaja plants	MW	4	6	6	6	6
TOTAL	**MW**	**3,101**	**2,728**	**2,606**	**2,606**	**2,606**

*installed capacity when CHPP-2 is in condensation mode

Installed thermal energy capacity of generation facilities

	Units	2025	2024	2023	2022	2021
CHPPs	MW	1,617	1,617	1,617	1,617	1,617
Liepaja plants	MW	181	183	180	176	180
TOTAL	**MW**	**1,798**	**1,800**	**1,797**	**1,793**	**1,797**

Electricity output

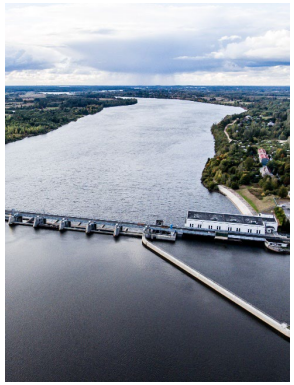
	Units	2025	2024	2023	2022	2021
HPPs	GWh	2,882	3,147	3,729	2,676	2,640
CHPPs	GWh	1,587	1,633	1,385	1,123	1,854
SPPs and WPPs	GWh	209	63	5	1	1
Liepaja plants	GWh	18	17	16	22	22
TOTAL	**GWh**	**4,696**	**4,861**	**5,136**	**3,822**	**4,517**

Thermal energy output

	Units	2025	2024	2023	2022	2021
CHPPs	GWh	1,310	1,423	1,457	1,531	1,800
Liepaja plants	GWh	244	242	241	247	272
TOTAL	**GWh**	**1,554**	**1,665**	**1,698**	**1,777**	**2,072**

HPPs

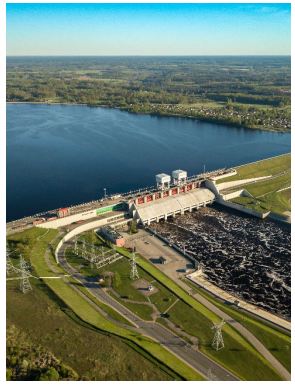
Kegums, Plavinas and Riga HPPs are the largest hydropower plants in the country and provide a high share of renewable energy not only in the Group, but also in Latvia as a whole. Their ability to generate electricity depends on the water inflow in the Daugava River. During the spring flooding, it is possible to cover the demand for electricity of all Latvenergo Group's customers and trade the excess on the Nord Pool exchange. Outside the flood season, the Daugava HPPs can accumulate water in short term and adjust generation of electricity when the demand and prices on the exchange are higher. Electricity is also generated at the Aiviekste HPP, which is one of the first hydropower plants in Latvia.



Kegums HPP

Start of operations: 1939
Capacity: 248 MW
Hydropower units: 7
Energy source: water

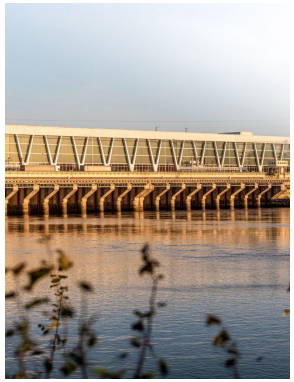
Kegums HPP is the oldest hydropower plant on the Daugava River. It consists of two separate power plants built at different times on the right and on the left bank of the Daugava River.



Plavinas HPP

Start of operations: 1965
Capacity: 908 MW
Hydropower units: 10
Energy source: water

In terms of installed capacity, Plavinas HPP is the largest hydropower plant in the Baltic states and one of the largest in the European Union. It plays an important role in ensuring the stability of the Baltic power system in the event of unplanned outages or accidents at baseload power plants. Plavinas HPP also serves as a synchronous compensator for voltage regulation in high-voltage power grids.



Riga HPP

Start of operations: 1974
Capacity: 402 MW
Hydropower units: 6
Energy source: water

Riga HPP is the newest of the Daugava hydro power plants. It also serves as a synchronous compensator for voltage regulation in high-voltage power grids. The reconstruction of the hydropower units of Riga HPP was fully completed in 2022.

Aiviekste HPP

Rebuilt: 2021
Capacity: 1.5 MW
Hydropower units: 4
Energy source: water

Aiviekste HPP is one of the first hydropower plants in Latvia; it started generating electricity in 1925. In 2021, a major reconstruction of the hydropower plant was completed, and the plant's capacity increased from 0.8 MW to 1.5 MW. The connection of the Aiviekste HPP to the electricity grid was also rebuilt.

Latvenergo AS CHPPs

The upgraded CHPPs of Latvenergo AS are mostly operated in the highly efficient cogeneration mode in accordance with the thermal energy demand, which in turn depends on weather conditions, the duration of the heating season and competition in the thermal energy market. The operation of these plants can be flexibly adjusted to the electricity market conditions and guarantees a significant baseload electricity capacity for Latvia. Both combined heat and power plants can cover Latvian electricity consumption almost completely in circumstances where, due to certain factors, electricity imports from foreign countries are limited. The heat produced is sold at regulated tariffs to Rīgas siltums AS, as well as to the local external heat users of CHPP-2.

CHPP-1

Start of operations: 1955
Electrical capacity:
158 MW (in cogeneration mode)
134 MW (in condensation mode)
Thermal capacity: 493 MW
Energy source: natural gas

In 2005, a completely new plant was commissioned in the territory of the CHPP-1, and the old plant was closed down. The plant operates two gas turbines, one steam turbine and three water heating boilers. Since 2025, CHPP- 1 can also be operated in condensation mode.

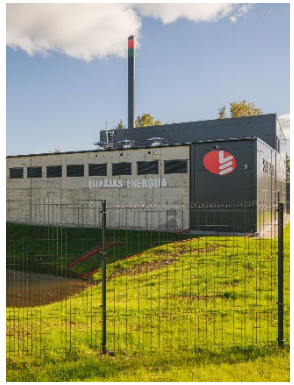
CHPP-2

Start of operations: 1973
Electrical capacity:
832 MW (in cogeneration mode)
881 MW (in condensation mode)
Thermal capacity: 1,124 MW
Energy source: natural gas

Reconstruction of two power units was carried out from 2006 to 2013. Currently, this plant operates two combined-cycle gas turbine units and five water heating boilers. The CHPP-2 has the largest heat storage system in the Baltics.

Liepājas enerģija SIA plants

Latvenergo AS holds a 51% share in Liepājas enerģija SIA. The company ensures the generation, transmission, distribution, and trade of thermal energy in the city of Liepaja as well as the generation of electricity in cogeneration mode. Since 2025, Liepājas enerģija SIA has also ensured the generation, transmission, and distribution of thermal energy in the city of Priekule. The company has 16 production facilities equipped with modern and efficient technologies. Woodchips are the primary fuel used in energy production.



Liepājas enerģija SIA plants

Liepājas enerģija SIA was founded in 2005
Electrical capacity: 4 MW
Thermal capacity: 181 MW
Energy source: woodchips, natural gas

SPPs and WPPs

Latvenergo Group is actively continuing its work on expanding generation capacity from renewable energy sources, which will contribute to achieving national climate goals and strengthening energy security. The focus is on the development of WPPs and SPPs.

At the end of 2025, the Group's newly installed renewable energy capacities in the Baltics reached 498 MW – 22 solar parks with an installed capacity of 353 MW and 3 wind parks with an installed capacity of 145 MW. The largest renewable energy source parks built are the Telšiai WPP in Lithuania (124 MW), the Kiškėnai SPP in Lithuania (91 MW) and the Klaipeda SPP in Lithuania (78 MW). Projects with a total capacity of 646 MW are currently under construction, of which 336 MW are solar projects and 310 MW are wind projects. The largest renewable energy projects are the Aizpute solar park in Latvia (265 MW), the Pienava wind park in Latvia (147 MW), and the Laflora Energy wind park in Latvia (109 MW). At the time of the report's publication, construction of the Aizpute solar park has been completed and the facility has started generating electricity. Gradual commissioning of the solar and wind parks currently under construction is expected between 2026 and 2027. After the construction of the new renewable energy assets, the Group's annual electricity generation is expected to increase by approximately 2.2 TWh.

Alongside the new RES capacities, BESS projects are also being developed. In 2025, two BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built. As of the report's date of approval, six BESS projects with a total capacity of 183.4 MW / 428.6 MWh are in the development stage.

Principles for developing WPPs

Working and contributing to Latvia
We are a state-owned company, and the implementation of the projects benefits all of society.

Respecting the environment
We work alongside environmental organisations and comply with recommendations and applicable environmental requirements.

Being socially responsible
We anticipate financial benefits for municipalities and are already involving local communities in the planning stages.

Choosing suitable solutions
When selecting technologies, we choose solutions that are suitable for the environment and society.

For more information on the development of wind farms and wind energy use, visit the Latvenergo website.

Generation assets

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

Trade

Latvenergo Group is one of the largest electricity traders in the Baltic states; it offers electricity and natural gas, as well as an extensive range of related products and services under the *Elektrum* brand.

Electricity

At the end of 2025, Latvenergo Group had more than 914 thousand customers in the Baltic states, including more than 306 thousand customers outside Latvia. Of the total number of electricity customers, 96 % are household customers and 4 % are business customers. The market share of Latvenergo Group in the electricity market of the Baltic states was about 22%, while its share in the Latvian electricity market was around 46%.

Natural gas

The number of natural gas customers in the Baltic states at the end of 2025 exceeded 76 thousand. Of the total number of natural gas customers, 96% are household customers and 4% are business customers. The market share of Latvenergo Group in the natural gas market of the Baltic states was about 7%, while its share in the Latvian natural gas market was around 22%.

Charging network for electric cars

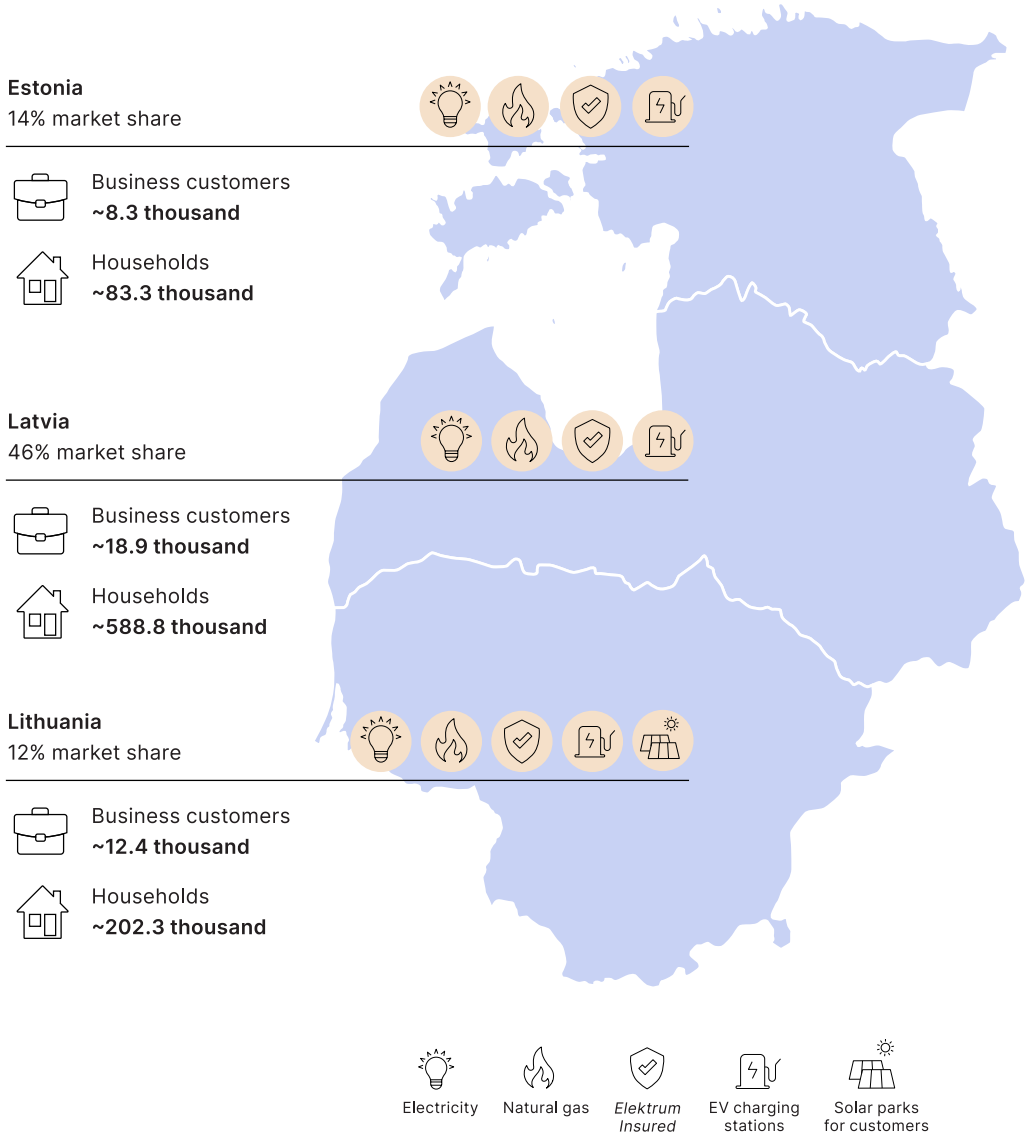
By the end of 2025, the number of charging ports installed at *Elektrum Drive* charging stations had increased to 1,107. The *Elektrum Drive* app can also be used to charge vehicles on the e-mobi network in Latvia and at LIDL charging stations in Lithuania and Estonia, with a total of 1,590 charging ports available to *Elektrum Drive* app customers across the Baltic states.

Elektrum Drive conducts public awareness and education activities in the field of electric vehicles and charging infrastructure, providing free consultations, organizing informational events, and preparing and distributing publications and explanatory materials. The *Elektrum Drive* electric vehicle test catalog offers data on the efficiency of more than 80 electric vehicles available for purchase in Latvia. This information supports prospective electric vehicle owners in evaluating the efficiency of electric vehicles available on the market.

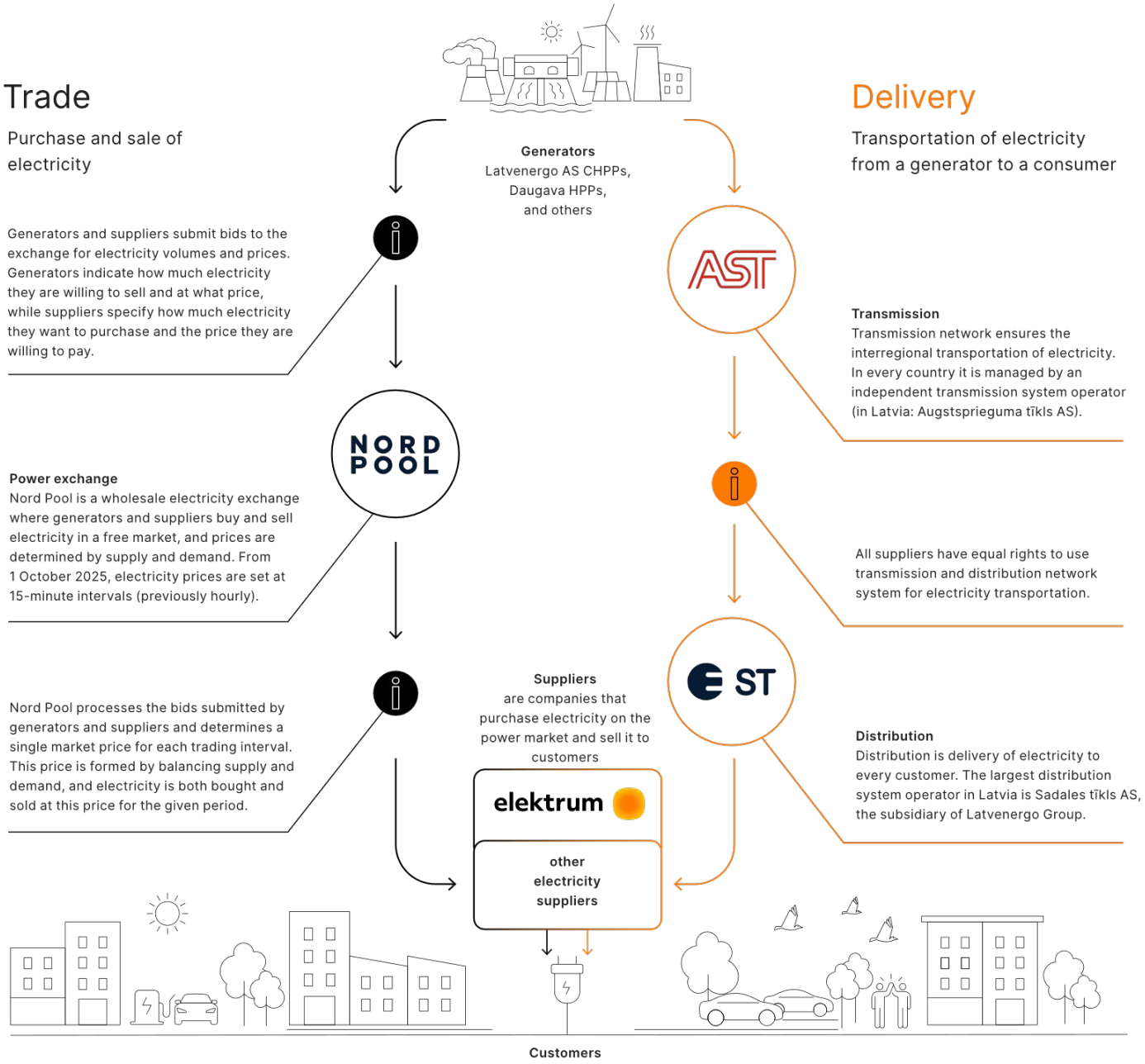
Other products

The Latvenergo Group offers a range of insurance services to its customers, including products such as protection against power supply disruptions and damage to electrical appliances (with emergency assistance from professional electricians, plumbers, carpenters, and locksmiths), insurance covering fire risks related to electrical installations and devices, and financial support for electricity and gas bill payments in the event of unforeseen circumstances (such as prolonged incapacity to work due to health issues or unemployment), and insurance for heating equipment. The *Elektrum Insured* customer portfolio in the Baltic states reached almost 174 thousand customers.

***Elektrum* in the Baltic electricity market**



Electricity market and market players



The price of electricity on the bills of end-users in Latvia consists of:

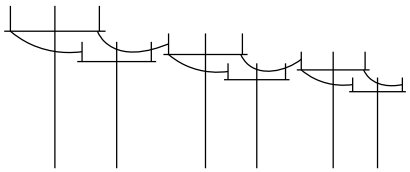
- the price of electricity, which includes generation and trading costs
- charges for transmission and distribution system services provided by Augstspriegumu tīkls AS and Sadales tīkls AS
- value-added tax

Customers can calculate the breakdown of their electricity bills according to electricity consumption and products they choose using the Elektrum calculator.

In Latvia, a state-established support mechanism has been introduced for electricity producers generating electricity in cogeneration plants or from renewable energy sources. It is implemented as electricity mandatory procurement (MP) or guaranteed payments for the electrical capacity installed at cogeneration plants. Until 2012, the right to sell electricity generated within MP or receive guaranteed payments for the installed electrical capacity at cogeneration plants was granted by the Ministry of Economics. Costs related to MP are covered by the state budget. A portion of the dividends of Latvenergo AS is allocated to cover MP costs. In compliance with the Electricity Market Law, the functions of the public trader in Latvia are performed by Enerģijas publiskais tirgotājs SIA. More information about MP can be found on the website of Enerģijas publiskais tirgotājs SIA.

Distribution

Electricity distribution ensures the flow of electricity from the electricity transmission network and electricity generators connected to the distribution networks to electricity consumers. Distribution system service tariffs are approved by the PUC.



92,516 km
total length of electricity distribution lines

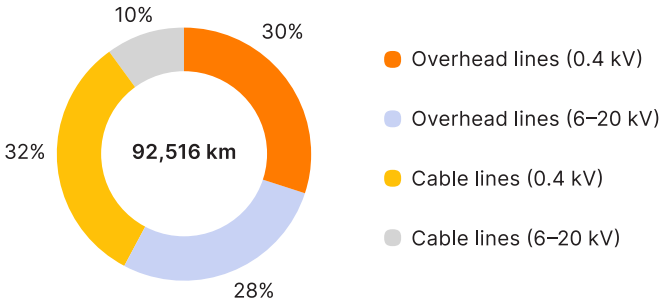
6,236 MVA
total installed capacity

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.

Length of electricity distribution lines



Sadales tīkls AS, a subsidiary of the Group, is the largest distribution system operator in Latvia, providing electricity distribution service to approximately 774 thousand customers. The distribution network consists of low-voltage and medium-voltage lines formed by cables and overhead lines. In 2025, for the first time in the past five years, the total length of the electricity network increased, reaching 92,516 km. This growth was driven by connections of new power plants and the construction of 20 kV power lines to densely populated areas within the framework of the Recovery and Resilience Facility project.

As a result of the reconstruction of the network, the share of cable lines increases year by year – it has grown from 39% to 42% of the overall line length of power lines over the last five years. Investments in the electricity grid and the increasing use of cable lines improve the resilience of power lines to both natural and man-made damage and increase the quality of electricity supply. Sadales tīkls AS is currently the only electricity distribution system operator in the Baltic states that tests and develops artificial intelligence solutions for detecting faults in power lines, and performs fault detection and the inspection of power grids with the help of unmanned aerial vehicles or drones.

Share of the isolated power grid

	Units	2025	2024	2023	2022	2021
Isolated electrical grid	%	69%	67%	65%	62%	61%

Electricity received in distribution network

	Units	2025	2024	2023	2022	2021
From transmission network	GWh	5,431	5,405	5,479	5,622	5,693
From small generators	GWh	1,108	948	784	875	1,048
incl. microgeneration	*GWh*	*115*	*121*	*82*	*25*	*4*
TOTAL	**GWh**	**6,539**	**6,353**	**6,263**	**6,497**	**6,741**

Distributed electricity and losses

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

Group Strategy

Overall strategic goal of Latvenergo Group approved by the Cabinet of Ministers of the Republic of Latvia

To promote the competitiveness and growth of a climate-neutral Latvia and increase the value of Latvenergo Group in the Baltic market and beyond by developing and providing goods and services in the energy and related business value chains in a sustainable, innovative and economically sound manner and by efficiently managing strategically important resources and infrastructure.

The Medium-term Operational Strategy of Latvenergo Group for 2022–2026 aims to achieve a high share of RES in electricity generation by significantly complementing existing generation capacity with solar and wind power plants. Following nearly a decade focused on cost optimisation and operational efficiency, these years have marked a shift toward rapid growth and substantial investment, resulting in a significant increase in RES generation capacities. This will help to prevent future electricity price hikes and strengthen the energy independence of Latvia and the Baltic region as a whole.

The Group's strategy has been developed in accordance with the requirements of the Law on Governance of Capital Shares of a Public Person and Capital Companies and the Guidelines for the Development of Medium-Term Operational Strategies for State Capital Companies approved by the Cross-Sectoral Coordination Centre[1] of the Republic of Latvia with consideration of the guidelines of the Organisation for Economic Co-operation and Development (OECD).

The strategic priorities of the Group correspond to the overall strategic goal set by the Cabinet of Ministers (CM) of the Republic of Latvia, and they are further detailed in the operational and financial targets.

- Operational targets – set out the strategic development directions of Latvenergo Group and the main activities to achieve these targets, as well as provide a trajectory for the development of the Group towards the indicative targets for 2030 and beyond
- Financial targets – ambitious but realistic targets that can ensure the sustainable development of the company

As the current strategy implementation period draws to a close, the development of the next medium-term operational strategy for Latvenergo Group has commenced, involving analysis of the external and internal environment and an assessment of future development opportunities.

1 From 1 March 2023, the functions of the Cross-Sectoral Coordination Centre have been transferred to the State Chancellery.

The Group’s operational targets for 2022–2026

Generation

Expand and diversify the generation portfolio with green technologies	The target is to grow the renewable energy generation portfolio, focusing on WPPs and SPPs: • 2026: constructed or acquired WPPs and SPPs with total capacity of 600 MW • 2030+: constructed or acquired WPPs and SPPs with total capacity of 2,300 MW The target also provides for: • increasing HPPs asset value, guaranteeing their safe operation in the long term • ensuring stable, efficient and economically viable operation of CHPPs in the long term

Trade

Strengthen the position of *Elektrum* as the most valuable energy trader in the Baltics	The target is to increase the number of electricity customers by 15% compared to 2020 and promote microgeneration, electrification, energy efficiency and product innovation.

Electromobility

Develop electrification of the transport sector	The target is to develop a public charging network in the Baltics: • 2026: 1,200–1,500 charging ports • 2030+: about 3,000 charging ports

Distribution

Ensure a sustainable and economically viable distribution service and improve the security and quality of the electricity supply	The target is to systematically and cost-effectively improve the quality and security of the electricity supply: • SAIDI reduced to 164 min. in 2026 • SAIFI reduced up to 1.92 times in 2026 It also envisages the creation of a two-way network for the development of microgeneration and the implementation of digital transformation and efficiency measures.

By implementing its strategy, Latvenergo Group plans to achieve the following CO_2 emission saving targets[2]:

2026 2.6 million tonnes

2030 17.8 million tonnes

UN Sustainable Development Goals set as a priority and relevant to the Group’s core business

In addition, the Group plans to develop innovative products, services and processes that are relevant to the Group’s priority sustainable development goals. This target provides for the introduction of a culture of innovation at the Group, which supports:

1) research and development of innovative technologies

2) development and implementation of innovative products and services, business directions and models

3) systematic and continuous innovations to increase the efficiency of technological and corporate processes

2 The calculation is based on the assumption that the green energy generated by Latvenergo Group’s new capacity replaces the same amount of energy that would be produced using coal or oil shale.

Implementation of the Group's operational targets in 2025

Generation target:
to expand and diversify the generation portfolio with green technologies

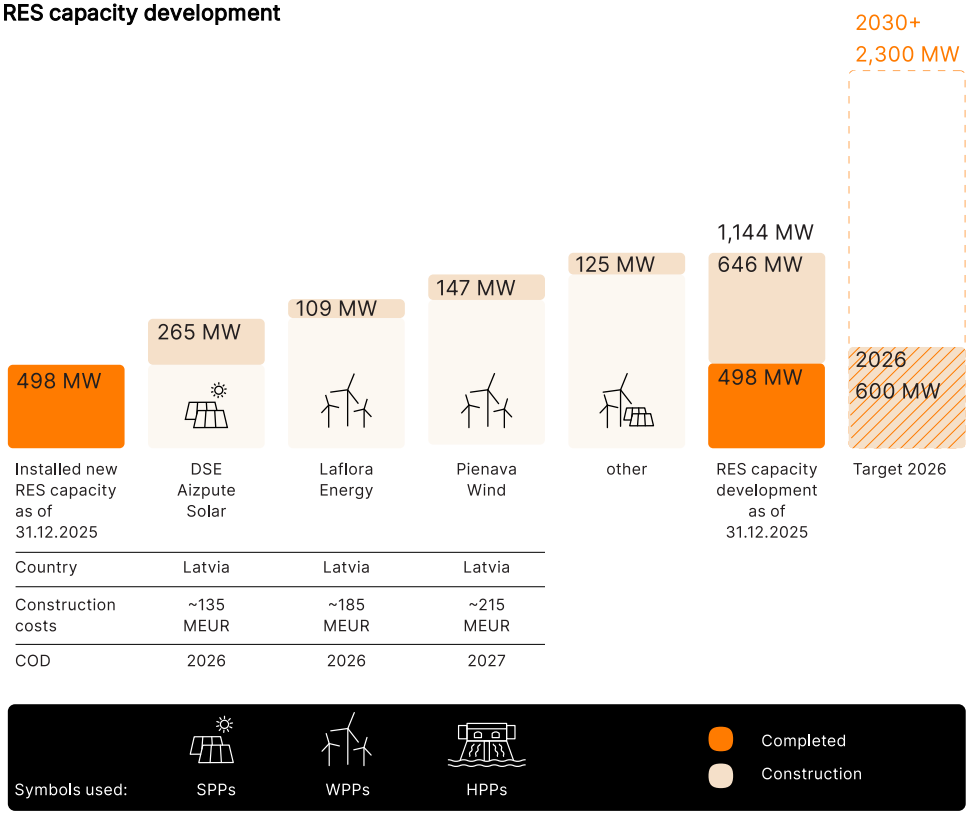
The target is to grow the RES generation portfolio, focusing on WPPs and SPPs, to increase the value of HPPs' assets, ensuring their safe operation in the long term, and to ensure the stable, efficient and economically sound operation of CHPPs in the long term.

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 being the leading renewable energy company in the Baltic states, the Group is also investing in BESS technologies, with plans to install 250 MW of capacity and 500 MWh of storage by 2030. In the reporting year, two BESS projects were constructed with a total capacity of 10.6 MW and an installed storage capacity of 21.9 MWh. At the time of publication of the report, six BESS projects are under development with a total capacity of 183.4 MW and a planned storage capacity of 428.6 MWh. For information on the development of solar and wind parks, see the section Investments under Results.

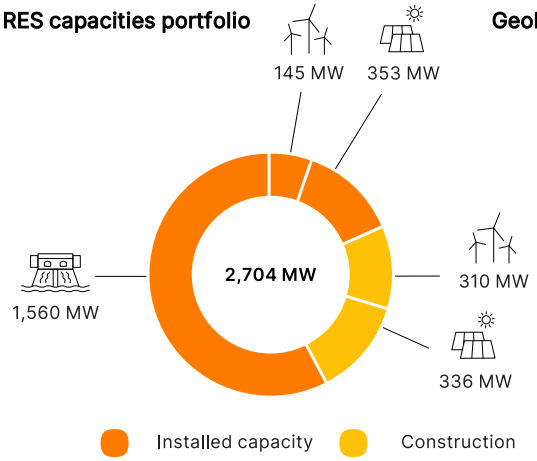
Regarding Daugava HPP hydro unit refurbishment, reconstruction work on the Plavinas HPP hydro unit is ongoing, and significant efforts have been made to attract a cooperation partner for the reconstruction of two Kegums HPP hydro units. At Riga HPP, the replacement of primary equipment has been completed, including the delivery of two new 250 MVA step-up transformers. At the same time, a unified technical management system project for the Daugava HPPs has been developed and installation work has commenced. In addition, a range of hydro unit control logic renewal, enhancement and calibration work has been carried out, enabling the Daugava HPP hydro units to qualify for the provision of technically feasible balancing ancillary services (mFRR, aFRR and FCR).

Several projects are being implemented to improve the operational efficiency of CHPPs, in order to increase the flexibility of electricity generation and the efficiency of heat production processes, as well as to reduce energy resource consumption. In 2025, a heat network heat carrier cooling system was commissioned at CHPP-1 and a BESS was installed, significantly improving the CHPP generation capacity portfolio. The cogeneration units of CHPP-2, together with technically feasible CHPP-1 equipment, have been qualified for the transmission system operator's balancing ancillary services, thereby enhancing the security of the energy supply in the Baltics. Furthermore, in the reporting year, a project for the construction of electrode boilers was launched at the CHPP-2 site, in order to expand the range of balancing services offered by the CHPP and to ensure competitive heat production during periods of low electricity prices.

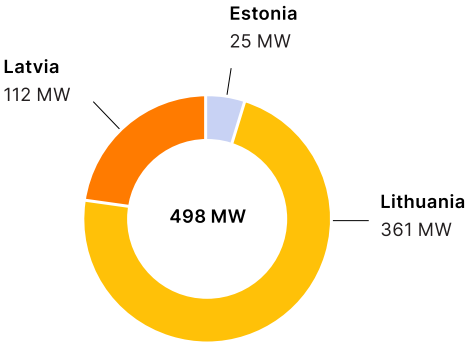
RES capacity development



RES capacities portfolio



Geolocation of newly constructed RES capacities



Trade target:
to strengthen the position of *Elektrum* as the most valuable energy trader in the Baltics

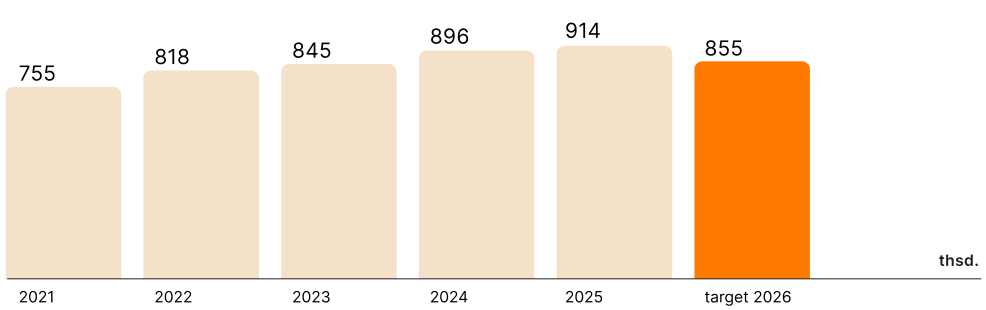
The target envisages increasing the customer portfolio and promoting microgeneration, electrification, energy efficiency and product innovation.

In 2025, Latvenergo sold 7.7 TWh of electricity and natural gas to its retail customers in the Baltics, which is 4% more than in the previous year. The total number of electricity customers increased by 2%, confirming the strengthening of the company's position in the strategically important household and small business segments. At the end of the year, the number of electricity customers of Latvenergo Group exceeded 914 thousand, of which 306 thousand were outside Latvia, where 45% of the electricity sold at retail was delivered. Since the first half of the reporting year, *Elektrum* has been offering a new electricity product for Latvian households, *Elektrum Solar Energy*, which comprises renewable energy generated in *Elektrum* solar parks in Latvia. The natural gas segment continues to grow, and by the end of December, the number of Latvenergo natural gas customers exceeded 76 thousand, which is 17% more than in 2024.

In the reporting year, the sale of other retail products and services in the Baltic states was also developed. In 2025, the number of insurance policies sold in the Baltics increased by more than 17%. The range of insurance services includes products such as protection against electricity supply disruptions and damage to electrical appliances (including professional electrician, plumber, carpenter and locksmith services for emergency situations), insurance against fire risks related to electrical installations and appliances, financial support for customers to pay electricity and gas bills in the event of unforeseen circumstances (for example, long-term incapacity for work due to health reasons or unemployment), and insurance for heating equipment. The portfolio of services and products provided by Latvenergo Group does not include any services and products that are restricted or prohibited in a given region.[3]

By continuously improving customer service, including the enhancement of customer self-service digital tools, in 2025 *Elektrum* customer satisfaction in Latvia was 7% higher than the average for the comparable group of companies.

The number of *Elektrum* electricity customers



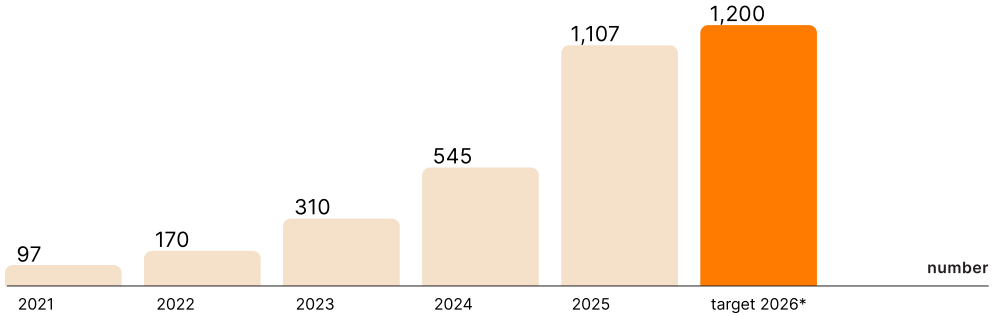
Electromobility target:
to develop electrification of the transport sector

The target envisages the development of a public charging network in the Baltics.

Over the six years since Latvenergo Group began offering electric vehicle charging services, the *Elektrum Drive* charging network has consistently remained the largest in the country and is continuously being developed not only in Latvia but also in Lithuania and Estonia. At the end of the reporting year, there were already 1,107 charging ports in the *Elektrum Drive* charging network installed in the Baltics. In the reporting year, the largest *Elektrum Drive* electric vehicle charging park in Estonia was opened, where 34 electric vehicles can be charged simultaneously. In addition, the most extensive high-power charging network in the Baltic states is being developed, with a total of 130 charging ports planned at 54 stations in the European transport network (TEN-T) by 2027.

With the *Elektrum Drive* app, charging can also be carried out in the e-mobi network in Latvia and at LIDL charging stations in Lithuania and Estonia. Thus, in total, more than 1,590 connection points are available to *Elektrum Drive* customers in the Baltics. The number of *Elektrum Drive* service users increased to more than 23,500 last year. Each year, payment options for customers are also improved, and new products and solutions are introduced.

Charging ports



*target 2026: 1,200–1,500 installed/acquired charging ports

3 ESRS 2 SBM-1 40 (a) i; ii; iv

Distribution target:
to ensure a sustainable and economically viable distribution service and to improve the security and quality of the electricity supply

The target is to improve the quality and reliability of the electricity supply in a planned and cost-effective manner, as well as to develop a two-way grid appropriate for microgeneration and to implement digital transformation and efficiency measures.

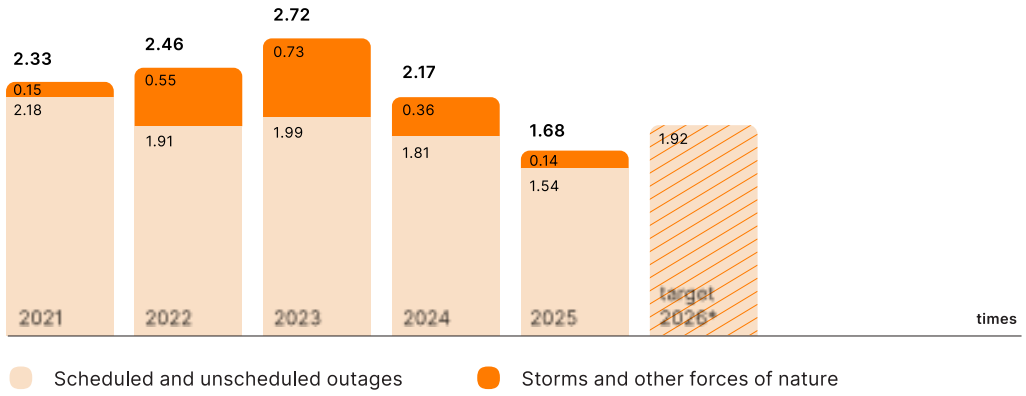
The main indicators characterising the quality of the electricity supply are the system average interruption frequency index (SAIFI) and the duration in minutes (SAIDI). Year-on-year improvements in both indicators are driven by targeted investments in the maintenance, reconstruction and modernisation of distribution electricity networks. The share of weather-resistant electricity networks (underground cables, suspended cables, insulated overhead lines) is approaching 70%, and in 2025, Sadales tīkls AS recorded the lowest ever number of faults in the electricity network – 11 thousand faults (excluding natural disasters), which is almost three times lower than a decade ago. Over the past five years (2020–2025), excluding mass fault situations, SAIFI has decreased by 26% and SAIDI has decreased by 39%.

Another important investment objective is to strengthen the distribution network's readiness for increasing loads and RES integration. At the end of 2025, the number of electricity producers of various capacities connected to the distribution system reached 26.7 thousand (including solar and wind generators, as well as SPPs combined with BESS, HPPs, natural gas or biogas cogeneration plants, etc.), with a total generation capacity of 1.19 GW (at the end of 2024, approximately 24.7 thousand electricity producers of various capacities were connected to the distribution system, with a total generation capacity exceeding 910 MW). Solar energy is playing an increasingly important role in the overall electricity balance, and in the reporting year, approximately 600 GWh of electricity generated from solar energy was delivered to the grid via the distribution system, accounting for about 10% of the total electricity distributed in the system, which is 1.5 times more than in 2024.

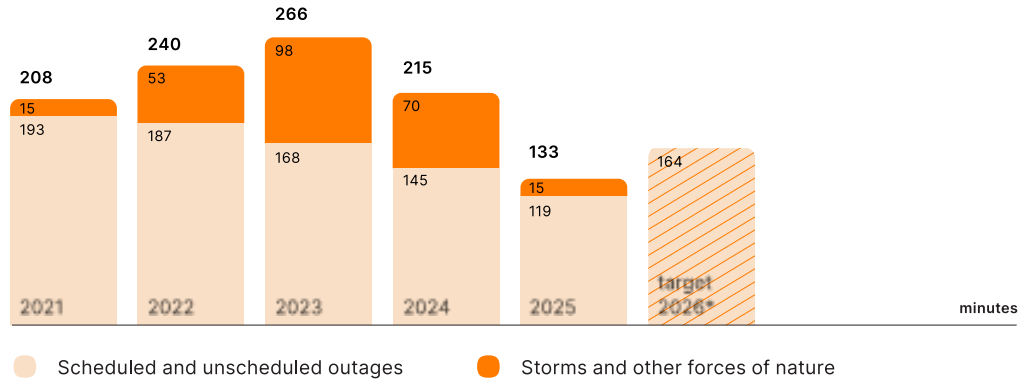
Sadales tīkls AS is currently the only electricity distribution operator in the Baltics that uses and develops data-driven artificial intelligence solutions for assessing the condition of power lines and detecting defects, carrying out inspections with drones. In 2025, power lines with a total length of 3,100 km were inspected in this way and 110 potentially dangerous defects were identified, allowing them to be rectified in a timely manner. Since 2023, the "Step" electricity market data exchange platform has been available to participants in the Latvian electricity market. It is an information technology system designed to provide standardised and centralised preparation, storage and exchange of electricity market data between market participants and system operators. The "Step" platform is also set to be further developed and improved in the future. Meanwhile, in order to ensure continuous service availability and a high standard of customer service remotely, at the time and place preferred by the customer, the availability of information and digital communication with customers is being continuously developed. In the reporting year, on average, almost 99% of customer actions took place in the e-environment.

The strategy of Latvenergo Group sets the overall target for the distribution segment, with the operational targets and estimated outcomes of Sadales tīkls AS, which should be given priority in the context of the Group's strategic vision, subordinated to the overall target as sub-targets.

SAIFI



SAIDI



* target 2026: for scheduled and unscheduled outages
(excluding mass damage caused by storms and other forces of nature)

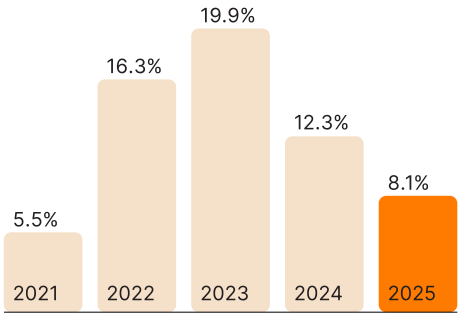
The Group’s financial targets for 2026

Financial targets included in the strategy are divided into four groups: profitability, capital structure, dividend policy and credit rating. In setting the financial targets of the strategy, the expected challenges in the operating environment of Latvenergo Group over the strategy planning period were assessed.

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

Return on equity (ROE) excluding distribution[4]

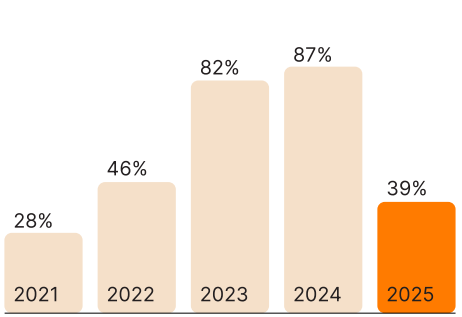
>7%



Latvenergo Group’s profit in the year 2025 was EUR 198.8 million, which is EUR 74.8 million less than in the year 2024. The decrease in profit was mainly due to 17% lower electricity retail prices, as well as 8% lower generation at the Daugava HPPs. The decrease in profit in the reporting year has affected the return on equity indicator.

Ratio between adjusted funds from operations and net debt (FFO / net debt)[4]

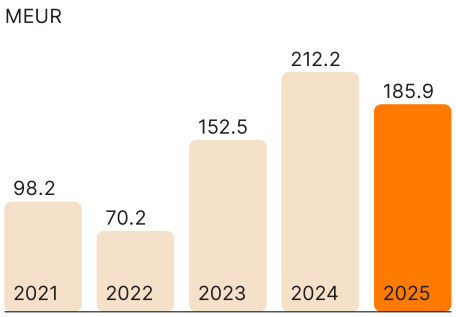
>25%



The FFO / net debt ratio in the year 2025 was 39%. The indicators were negatively affected by the aforementioned profitability factors, as well as by the increase in the volume of borrowings for implementing the large-scale investment programme. In the year 2025, the volume of investments reached EUR 792.1 million, which is 49% more than in the previous year.

Dividend payout ratio

>64%

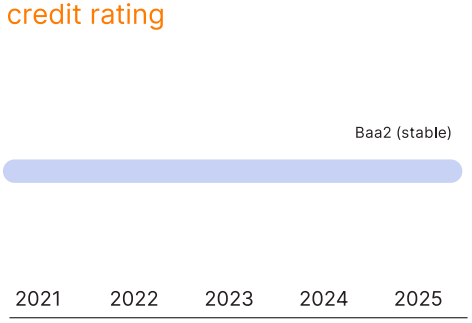


Dividends are paid in accordance with the laws and regulations of the Republic of Latvia. The strong capital structure previously enabled the payment of dividends in a greater amount than the industry average. Over the past five years, the average dividend payout ratio has been around 70%. For more information, please see the section Results.

The dividend policy set out in the 2022–2026 strategy provides for a dividend payout of 64% of profit, while the dividend payout for each specific year is decided by the Shareholder Meeting, taking into account the actual operating results. For more information, please see the Dividend Policy section under Corporate Governance.

Moody’s credit rating

To maintain an investment-grade credit rating



In October 2025, Moody’s affirmed the credit rating of Latvenergo AS at Baa2 with a stable outlook. The Baa2 rating has remained consistently stable since 2015, confirming the stability and financial reliability of Latvenergo Group.

4 For definitions of the financial ratios, see the Key Figures section under Results.

Sustainability matters in the Group's Strategy[5]

The Medium-term Strategy of Latvenergo Group is based on sustainable growth, which is integrated into the business model and future development of the Group, thus also contributing to the UN Sustainable Development Goals. The need for such a course is also confirmed by the Group's stakeholders: sustainability must rank among the top priorities in the activities of state-owned companies, and economic development must proceed in line with the creation of value for society.

In 2023, the Sustainability Strategy of the Group for 2024–2026 was developed under the leadership of the Sustainability Committee and approved by the Management Board of Latvenergo AS.[6] It complements the Medium-term Operational Strategy with a broad plan of specific actions covering environmental, social, governance and sustainable finance issues. Each of these sections identifies key areas where targets and commitments, indicators to be achieved, the year of implementation and the unit responsible for implementation are defined. Units and experts responsible for the sustainability topic, as well as the subsidiaries of the Group, were involved in the development. Prior to the approval of the Sustainability Strategy, seminars have been organised – for Latvenergo AS and Sadales tīkls AS employees, external stakeholders and employees of Elektrum companies in Lithuania and Estonia. In 2024, sustainability strategies or action plans have been approved at the subsidiaries – Sadales tīkls AS, Elektrum Lietuva UAB and Elektrum Eesti OÜ, by taking over the activities that are relevant to these companies from the Sustainability Strategy of the Group and supplementing with other activities specific for the operations of the relevant companies.

Commitments in company policies of the Group

The policies of Latvenergo Group set out the principles that guide the Group in its various areas of activity. The policies follow a common approach and structure, setting out the purpose of the policy, its scope, responsibility for maintaining the policy and reference to related and subordinate documents. The international legal norms that are binding on Latvia and the values and fundamental rights such as human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including minority rights, are incorporated in the policies of the Group by reference to the related external documents, i.e., legal acts. Policies are regularly reviewed and updated, typically at least once every three years. For more information, see General Information in the section Sustainability Statement.

Research and innovation

In the reporting year, research conducted by the U.S. Department of Energy's National Laboratory of the Rockies (NLR) as part of the energy transformation and industrial research project was completed, encompassing the modelling of Latvenergo's future investment scenarios. The NLR study concludes that electricity consumption in Latvia and the Baltic region will increase significantly over the next 15 years, and that meeting this demand will depend primarily on investments in renewable generation assets, complemented by effective support from flexible generation and energy storage facilities. The NLR study explored synergies between renewable energy generation and storage, optimised investments to drive emissions reductions and energy sector decarbonisation, and investment opportunities in green fuel production for domestic use and export.

Studies were conducted to assess the feasibility of developing carbon dioxide storage in Latvia and investment opportunities in hydrogen derivatives, including the potential production of green methanol and green ammonia. Continued research and implementation of diverse energy storage technologies across multiple applications, including the provision of system services to the transmission system operator (TSO), balancing of wind and solar generation through hybrid power plant solutions, and energy arbitrage. Market research was conducted to support the procurement of biomethane for the decarbonisation of Riga CHP-2 plants, providing insights into supply options, market conditions, and feasibility. A cooperation agreement was signed with the European Investment Bank (EIB), under which European Cohesion Fund financing is planned to be used to procure advisory services for evaluating the feasibility of a heat pump and heat storage system at Riga CHPP-1. A feasibility study for the installation of a heat pump at Riga CHPP-2 was completed. Research into energy supply solutions for data centres was continued.

In 2025, the digitalisation of research and development (R&D) and innovation cost accounting was implemented. A new IT solution architecture was developed, incorporating cost classification aligned with R&D and innovation types, and an e-learning training course on the fundamentals of R&D, innovation, and the new accounting system was made available to all employees.

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.

In 2025, the PUC Special Regulatory Environment Regulations entered into force, establishing a specific legal framework in a restricted area with conditions differing from the general regulation, enabling businesses to test and trial new or significantly improved products, technologies and services. In 2025, Sadales tīkls AS submitted the first concept application for a district heating electrification pilot project in Salaspils, in cooperation with Salaspils siltums SIA. The project envisages testing a large-scale heat pump solution in centralised district heating, replacing part of the fossil fuel with an electricity-based technology. In February 2026, the PUC granted the rights for the appropriate implementation of the project.

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%.

5 ESRS 2 SBM-1 40 (g)

6 ESRS 2 22 (d)

Targets of the Group’s Sustainability Strategy

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

Key targets defined in the Sustainability Strategy 2024–2026[7]

	Target of the Sustainability Strategy	Key performance indicator	Achievable value	Performance 2025	Performance 2024	Reference to the Management Report section
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 928,000 t of CO_2 in 2021	-17%	-16%	E1, Climate change mitigation
			0.06 t CO_2/MWh generated electricity in 2030	0.100 t CO_2/MWh	0.095 t CO_2/MWh	E1, Climate change mitigation
		Proportion of electricity produced from RES in the total electricity production	80% in 2030	66%	66%	E1, Climate change mitigation, Energy
		Share of electric cars in fleet	51% in 2030	15.6%	11.6%	E1, Climate change mitigation
		Share of certified RES electricity in self-consumption, annually	79%	80%	82%	E1, Climate change mitigation
		Electricity distribution losses, annually	<4%	3.66%	3.62%	E1, Energy, Climate change adaptation
		Reducing GHG emissions from electricity retail trade	-20% by 2030 compared to 2,270,000 t of CO_2 in 2022	+8%	+23%	E1, Climate change mitigation
		Retail customers choose green energy	30% in 2030	12%	9%	E1, Climate change mitigation
	Reduce pollution	Reducing NO_X emissions	-50% per unit of energy generated in 2030 compared to 0.07 kg NO_X/MWh of energy generated in 2022	0.07 kg NO_X/MWh	0.08 kg NO_X/MWh	E2, Pollution of air
		Reducing CO emissions	-50% per unit of energy generated in 2030 compared to 0.04 kg CO/MWh of energy generated in 2022	0.04 kg CO/MWh	0.05 kg CO/MWh	E2, Pollution of air
		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	In cooperation with the Baltic Environmental Forum, an in-depth evaluation of chemical substances and mixtures used in production has been initiated	E2, Pollution of air, water and soil

7 ESRS 2 SBM-1 40 (e)

	Number of major environmental pollution cases, annually	0	0	0	E2, Pollution of air, water and soil
Reduce impacts on biodiversity	Improving ecological quality of river habitats	25 km by the end of 2026	13.1 km	8 km	E4, Impacts on the state of species/ Impacts on the extent and condition of ecosystems
	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	Project application has been submitted together with partners for co-financing from the EU LIFE program	E4, Impacts on the state of species/ Impacts on the extent and condition of ecosystems
	Planting an equivalent number of new trees during deforestation, yearly	100%	No deforestation has been carried out; thus, the afforestation activities undertaken to date have ensured 100% compensation for the previously deforested area	100%	E4, Direct impact drivers of biodiversity loss/ Impacts and dependencies on ecosystem services
	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	100% of projects undergo environmental impact assessments. Additional initiative launched – assessment of SPPs projects in accordance with Latvian good practice guidelines	E4, Impacts on the state of species/ Impacts on the extent and condition of ecosystems, Direct impact drivers of biodiversity loss/ Impacts and dependencies on ecosystem services
	Plan for the conservation of biological diversity	To be developed by the end of 2025	Biodiversity Transition Plan for 2026–2028 has been developed	Development of the plan has been launched by involving international experts with extensive experience in the area of environmental protection and biodiversity	E4, Impacts on the state of species/ Impacts on the extent and condition of ecosystems, Direct impact drivers of biodiversity loss/ Impacts and dependencies on ecosystem services
Reduce resource consumption and promote a circual economy	Use of sustainable biomass fuels, annually	100%	100%	100%	E5, Resources inflows, including resource use
	Measures to promote sustainable consumption, annually	At least 10	>10	>10	E5, Resources inflows, including resource use, Waste
	Use of biomass ash in agriculture, registering it as a fertilizer, annually	100%	100%	100%	E5, Waste
	Sustainable equipment: SPPs meets Taxonomy requirements, annually	100%	100%	100%	E5, Resources inflows, including resource use
	Sustainable materials in WPPs: proportion of recyclable or reusable materials in wind turbines to be installed	90% in 2026	87%	95%	E5, Resources inflows, including resource use, Waste

		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	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	E5, Resources inflows, including resource use, Waste
		Reducing water consumption per unit of electricity generated	0.16 m^3/MWh in 2030	0.51 m^3/MWh	0.46 m^3/MWh	E5, Resources inflows, including resource use
Social area	Create a sustainable working environment for the development of future competencies	Positive employee well-being scores in employee survey, annually	≥65%	80%	70%	S1, Working conditions
		Number of serious accidents, annually	0	0	0	S1, Working conditions
	Ensure the protection of critical resources	The number of high-impact incidents, annually	0	0	0	S4, Personal safety of consumers and/or end-users
	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%	>5%	S3, Communities' economic, social and cultural rights
		Number of children and young people educated on electrical safety, annually	≥6,000	13,000	6,000	Corporate social responsibility
	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%	77%	S3, Communities' civil and political rights
	Promote sustainability on the customer side	Customer satisfaction index in Latvia versus comparator companies, annually	>100	107	106	S4, Social inclusion of consumers and/or end-users
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	Project inception in 2024 – data points were identified and responsible persons for process steps were appointed	General Information, Risk management and internal controls over sustainability reporting
	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	0	G1, Incidents of corruption or bribery
		Financial and/or non-financial contributions to political organisations, annually	0	0	0	G1, Political influence and lobbying activities

		Payments to partners, taking contractual conditions and business ethics into account, annually	≤30 days	Performed on average within 23 day	Performed on average within 21 days	G1, Payment practices
		Cooperation programme with the State Revenue Service	The highest level	Commitment fulfilled	Commitment fulfilled	G1, Direct and indirect economic impacts
	Purchase goods and services responsibly	Suppliers Code of Conduct	To develop in 2024	Commitment fulfilled in 2024	Commitment fulfilled	G1, Management of relationships with suppliers
		Procurement includes at least one sustainability criterion/requirement	To introduce ≥30% (by number of procurements) in 2024	>30%	>30%	G1, Management of relationships with suppliers
Sustainable finance	Invest responsibly	Investments in activities aligned with the EU taxonomy, annually	≥80%	97%	95%	EU Taxonomy
	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%	3%	Sustainability matters in the Group's strategy, Research and Innovation

Latvenergo Group is the framework for setting the targets, simultaneously defining the basic geographical boundaries within which these targets are applicable. The targets mainly relate to the performance of the Group and include some elements of the upstream and downstream value chain. The sections About the Group and Operating Segments under the section About Latvenergo Group provide information on the geographical scope of Latvenergo Group's economic activities, aswell as products and services.

The defining of material sustainability targets of Latvenergo Group is based on internationally recognised standards, industry guidelines and examples of best practices, as well as the strategic objectives of the Group and the specific impacts characteristic of its operations. The setting of targets and their implementation, with the exception of those related to GHG emissions, have not been validated by any external body. The activities of the Group strive for processes, products and services that also contribute to the achievement of the UN SDGs.

With regard to the setting and achievement of climate targets, the activities of Latvenergo Group are aligned with the climate and energy policy directions of the EU and Latvia. An essential EU policy framework is the European Green Deal, the aim whereof is to achieve climate neutrality by 2050. Within the set of policy initiatives developed to achieve this objective, Fit for 55 sets an interim target – to reduce GHG emissions by at least 55% by 2030 compared to levels in 1990. In addition, at the EU level, an interim target has been set to reduce GHG emissions by 90% by 2040 compared to 1990 levels, ensuring a gradual transition towards climate neutrality. In Latvia, the energy and climate policy objectives and indicators are set out in the National Energy and Climate Plan for 2021–2030, which was updated in 2024, taking into account the latest EU legislative initiatives.

More information on the methodologies and key assumptions used to set the targets is provided in the relevant topical standards.

Corporate Social Responsibility

Latvenergo Group follows responsible business principles and implements statutory and voluntary activities, contributing to sustainable environmental, social and governance development. In its operations, the Group implements the principles of social responsibility in compliance with ISO 26000.

The Sustainability Policy of the Group also includes the principles and activity criteria of corporate social responsibility (CSR). CSR activities promote the involvement of large groups of society and ensure a considerable long-term impact and public benefit. They are implemented in three directions:

- education and science development
- cooperation with the local community
- biodiversity

According to a corporate reputation survey conducted by TNS Latvia in early 2026, the majority of industry experts and media representatives, as well as almost half of the Latvian population and companies, know or have heard about the CSR activities of the Group. 94% of the respondents who know about the activities evaluated them positively. 81% of residents agree that Latvenergo is operating a responsible and sustainable business.

In 2025, Latvenergo AS received Standard & Poor's Global Corporate Sustainability Assessment, scoring 54 points. This places Latvenergo AS among the top 30% of highest-rated companies in the Electric Utilities sector worldwide. S&P Global recognized Latvenergo AS initiatives across all ESG directions, including climate strategy, human capital management, transparency and sustainability disclosure, risk management, and business ethics.

Latvenergo Group continued to support Ukrainian society in 2025. Several employee initiatives were organised – donations for the purchase of drones and spare parts, as well as external batteries for mobile devices for the defenders of Ukraine. Within *100 Cars for Ukraine* project, the Group's volunteer employees continued the transportation of cars to Ukraine's defenders. In the reporting year, several Latvenergo AS donations were also made to support Ukrainian society:

- 65 vehicles
- 120 computer monitors
- up to 20 tonnes of transformer oil for the restoration of Ukraine's electricity supply system
- solar panels and inverters, solar panel mounts and DC cable kits to restore and stabilise the electricity supply system of Ukraine
- social support project competition – summer camps for children from Ukraine

UN Sustainable Development Goals

The Group is committed to processes, products and services that contribute to the achievement of the UN SDGs. Three SDGs have been set as priorities and are relevant to the main activities of the Group. When implementing CSR activities, the Group also contributes to the achievement of other SDGs.

SDG	The Group's contribution to the achievement of the SDG	Section
 Ensure access to stable, affordable, sustainable, and modern energy for all	High share of renewable energy in the generation portfolio and CO_2 emission intensity significantly lower than the European average	Operating segments E1 Climate Change
	Development of new RES generation capacities in the Baltics	Operating segments
	Customer-specific and modern electricity products (Solar energy, Green energy, Energo pulss), insurance and services	Operating segments
	Measures to promote energy efficiency for customers, such as educational events, webinars, publications, and consultations offered by the Elektrum Energy Centre	Operating segments
	Automation and digitalisation of customer service processes	S4 Consumers and End-users
 To build resilient and sustainable infrastructure, promote inclusive and sustainable industrialisation, and foster innovation	Reconstruction of hydropower units at Daugava HPPs	Operating segments
	Renewal and digitalisation of the distribution network, streamlining of the network structure	Operating segments
	Innovative live work on medium voltage grids	Operating segments
	Network of electric vehicle charging stations	Operating segments
	Participation in the National Innovative Capital Company Initiative, organisation of the AC/DC Tech Innovation Forum	Stakeholder engagement
	Innovation labs for process improvement, creation of new and innovative solutions	Sustainability matters in the Group's Strategy
 To take urgent action to combat climate change and its impact	CO_2 emission intensity that is significantly lower than the European average, secured by the considerable share of renewable energy sources in the consumption of primary energy sources and by efficient CHPP generation modes	Operating segments E1 Climate Change
	Modernisation of the electricity distribution network, which has allowed the Group to reduce distribution losses by 8% in the last five years	Operating segments
	An energy management system corresponding to the international standard ISO 50001	E5 Resource Use and Circular Economy

Education and scientific development

The priority direction of CSR promotes young people's interest in sciences and engineering professions, complements teachers' and lecturers' teaching material base, promotes sports education for children and youth, supports energy researchers and teachers, and educates the public on energy efficiency and electrical safety. According to the Group's Sustainability Strategy target, the number of participants involved in STEM and Green Deal educational activities are increased by more than 5% during the reporting year. The annual target to promote electrical safety awareness among at least 6,000 children and young people was also achieved.

FIZMIX knowledge contest

30 years

222 teams of 8th and 9th grade pupils, or 1,110 young participants from 134 schools, took part in the 30th anniversary year of the FIZMIX knowledge contest.

Elektrum Energy Centre

28 years

Classes and educational events were organised in 2025, reaching a total of 20,000 children and young people. For the first time, The Elektrum STEAM Day was organised, bringing together more than 1,400 pupils online across Latvia. In the STEAM zone of the XIII Latvia's School Youth Song and Dance Festival, educational activities on renewable energy sources were implemented. Training sessions on energy efficiency and sustainability were organised for the education of company employees. A media campaign "Defeat the Energy Monsters!" was implemented to promote understanding of efficient energy use and to popularise the programme for children.

Education of children and young people on electrical safety

20 years

Sadales tīkls AS employees – electrical safety ambassadors – conducted 193 electrical safety classes, educating more than 6,200 children and young people in 2025. Additionally, a further 7,200 participants were educated in the online lesson "Electrical Safety Marathon" for the 3rd grade pupils. Electrical safety activities were carried out at the Che Che Championship, the State Police event "Be Knowledgeable, Be Safe", the South Kurzeme Municipality Safety Day, and the Electricity School was organised at Kids Expo Riga 2025 exhibition.

Scholarship contest

18 years

In 2025, Latvenergo AS continues to organize a scholarship contest for graduates of higher education institutions for the duration of their final thesis preparation, provided that the student's thesis addresses a topic relevant to Latvenergo's areas of operation.

FIZMIX portal

13 years

Within the framework of the FIZMIX School Tour, 22 schools in Latvia were visited and a lesson on career opportunities in the STEM field and the possibilities of the FIZMIX portal was delivered to 2,680 pupils. Teaching material on electricity generation in Latvia was presented at the conference of the Association of Physics Teachers of Latvia, attended by 120 physics teachers.

Education of people engaged in building, logging and agricultural work on electrical safety

12 years

In 2025, a campaign for economic operators was implemented and a series of electrical safety publications was carried out in cooperation with the magazine "Saimnieks". A company electrical safety demonstration stand and electrical safety expert consultations were organised at the Tractor Day 2025 event.

Education of households on electrical safety

5 years

A campaign For a Safe Connection dedicated to the safety of household internal electrical networks was implemented. Sadales tīkls AS transformer substation in the centre of Daugavpils was painted in accordance with the electrical safety theme. Articles with electrical safety advice were published in the media.

Physics festival

5 years

In 2025, the Group organised its fifth Physics Festival, with up to 4,000 participants in various science exploration stations and creative workshops, who observed robot demonstrations and experiments and listened to expert discussions on future professions in the field of exact sciences.

Support for the participation of the Latvian team in the International Physics Olympiad

5 years

In the reporting year, support is provided for the participation of the Latvian team in the 55th International Physics Olympiad, which brought together 406 students from 89 countries worldwide.

Project contest for the improvement of physics classrooms

4 years

In cooperation with Mission Possible, the project competition continued, providing 28 general education institutions across all regions of Latvia with physics classroom equipment to enhance the learning process. Since the launch of the initiative, a total of 70 school physics classrooms have been improved in Latvia.

Latvian Education Accelerator

2 years

In 2025, support is provided for the further development of the Latvian Education Accelerator's digital career tool.

Cooperation with the local community

The local community is one of the priority stakeholders of the Group. It is important for the Group to be in close contact with local communities in the vicinity of its facilities and to contribute to the development of these communities.

31 year

Energy Museum

The most significant event of the reporting year is the museum's 30th anniversary with thematic exhibitions and a discussion on the future role of the museum organised. The Energy Museum participated in UNESCO Week, highlighting the collection of Eduards Kraucs' glass plate photonegatives on the construction of the Ķegums HPP, included in the UNESCO Memory of the World Programme.

18 years

Participation in the Museum Night

15 years

Employee Christmas charity event

1 year

Support for the preservation of the Daugavgrīva Fortress and the establishment of an information centre

Biodiversity

Activities aimed at preserving biodiversity and minimising the environmental impact of the Group.

16 years

Fish protection projects

In April 2025, more than 75 employees of the Group and their families prepared 450 fish spawning nests from spruce branches to help fish spawn in the reservoirs of the Daugava HPPs. Meanwhile, to educate the public, a live stream for observing fish behaviour in the Daugava was provided on the website and Facebook account of the Group for the fourth year.

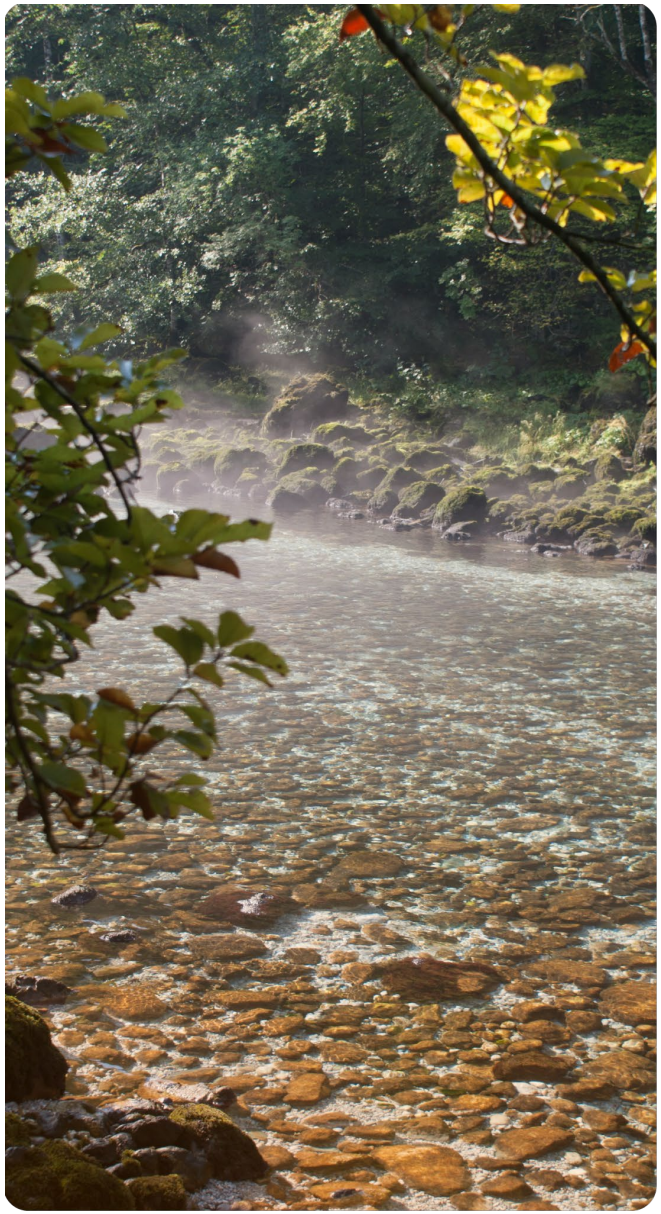
15 years

White stork monitoring

9 years

River cleaning

In August 2025, Latvenergo AS employees in cooperation with local environmental activists continued to clean up the Vedze River, improving water flow and the river's viability.



Corporate Governance

Latvenergo

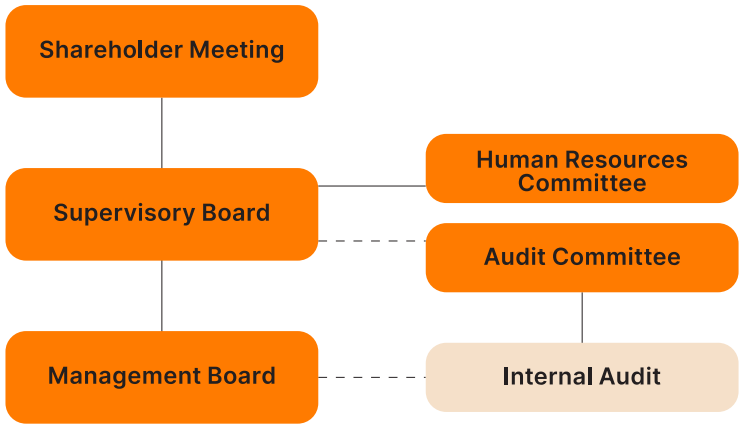
Governance Bodies

The corporate governance of Latvenergo Group is organised and implemented in compliance with governance best practice, the regulatory framework, and corporate governance guidelines. The 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. The corporate governance principles of the Group are published on the Latvenergo website.

In accordance with the requirements of the Financial Instrument Market Law and the Law on Governance of Capital Shares of a Public Person and Capital Companies, Latvenergo AS prepares a corporate governance report annually. The report for 2025 was drawn up based on the assessment of the capital company's compliance with the Corporate Governance Code published by the Corporate Governance Advisory Board established by the Ministry of Justice at the end of 2025. In 2025, all the principles set out in the code were complied with in material respects, except for the criterion of representation of both genders on the Supervisory Board of the company. The report is available on the Latvenergo website and the Nasdaq Baltic website.

A corporate governance report is also prepared by Sadales tīkls AS. In 2025, all the principles set out in the Code were complied with in material respects. The report is available on the Sadales tīkls AS website.

Latvenergo AS governance bodies



Shareholder Meeting

The principal duties

- approval of the Annual Report and decision-making on distribution of the company's profit from the preceding year
- electing and dismissing members of the Supervisory Board and the Audit Committee, approval of their remuneration
- appointment of the auditor, determining the auditor's remuneration

100% of the shares of Latvenergo AS are owned by the state and held by the Ministry of Economics of the Republic of Latvia. Latvenergo AS is a nationally important economic company, and its shares may not be privatised or alienated.

The interests of the Shareholder are represented at the Shareholder Meeting by the State Secretary of the Ministry of Economics or his/her authorised delegate. Meetings are convened in accordance with the requirements and timelines stipulated by the Law on Governance of Capital Shares of a Public Person and Capital Companies.

Five Shareholder Meetings were held in 2025. The main decisions of the Shareholder Meetings in the reporting year are as follows:

- distribution of profits for 2024 and payment of dividends
- approval of the Shareholder's Letter of Expectations to Latvenergo for 2027–2031
- changes to the Supervisory Board
- civil liability insurance for the members of the Supervisory Board and Audit Committee of Latvenergo AS
- provision of consent for the acquisition of a WPP
- provision of consent for the issuance of bonds
- updating the Regulations of the Audit Committee

Supervisory Board

The principal duties, including the governance of sustainability issues[8]

- approval of the medium-term operational strategy and the current year's budget and monitoring their implementation
- continuous supervision of the Management Board's activities
- election and dismissal of Management Board members; approval of their remuneration
- overseeing risk management
- review of the annual sustainability statement

At the level of the Supervisory Board, sustainability issues are discussed and evaluated in its full composition, without forming a separate committee[9].

The Supervisory Board of Latvenergo AS is composed of five members, and its term of office is five years. All members of the Supervisory Board are independent specialists that do not hold other positions in the company and are not involved in the operations of the Group; furthermore, there are no representatives nominated by employees in the Supervisory Board[10]. During the reporting year, changes to the composition of the Supervisory Board occurred: on 8 April 2025, Rodžers Jānis Grigulis was appointed as a Member of the Supervisory Board for a five-year term and the mandates of the other four members were extended — Aigars Laizāns and Toms Siliņš from 11 June 2025 for a five-year term, and Kaspars Rokens and Guntars Ruža until the Shareholder Meeting appoints new Supervisory Board members selected through a competition. On 3 November 2025, the State Chancellery announced a vacancy competition for two positions on the Supervisory Board of Latvenergo AS. Gundars Ruža stepped down as of 25 April 2026.

The procedure for the selection of members of the Supervisory Board is specified in the Law on Governance of Capital Shares of a Public Person and Capital Companies and the subordinate Regulations of the Cabinet of Ministers. For more information on the selection procedure, see the Corporate Governance Report.

Once a year, the chairman of the Supervisory Board organises a self-assessment of the Supervisory Board, which includes the following areas: the effectiveness of the Supervisory Board's supervisory functions, the contribution to determining the strategy of the capital company, the adequacy of the competencies and knowledge of the Supervisory Board's composition, and the Supervisory Board's dynamics and processes, i.e., how efficiently the Supervisory Board's work is organised.

- monitoring the compliance of the company's operations with legislation, its Articles of Association and the decisions of the Shareholder Meeting
- approval of the essential corporate governance policies of the Group
- participation in the identification of sustainability issues that are relevant to the operations of the Group and engagement in strategic sustainability discussions

20 meetings of the Supervisory Board were held in 2025. The most important issues addressed at the meetings are as follows[11]:

- analysis of the most significant events and trends in the energy sector
- evaluation of acquisition transactions related to the development of wind and solar power plants
- evaluation of funding acquisition transactions
- management discussions on the development of the next-term strategy
- evaluation of dividend policy
- evaluation of the Group's financial and non-financial results, as well as the achievement of strategic goals, on a quarterly basis
- evaluation of the performance of the members of the Management Board and election of a member of the Management Board

In accordance with the regulations, the members of the Supervisory Board of Latvenergo AS may create committees for the review of specific matters. The Human Resources Committee has been established to prepare proposals to the Supervisory Board for the selection, remuneration, performance assessment, and combination of positions of employees of the Management Board, the Audit Committee and the Internal Audit. Three meetings of the committee were held in 2025.

The Regulations of the Supervisory Board of Latvenergo AS are available on the Latvenergo website[12].

8 ESRS 2 GOV-1 20 (b), G1 GOV-1 5 (a)
9 ESRS 2 GOV-1 22 (a), (c) i
10 ESRS 2 GOV-1 21 (b), (e)
11 ESRS 2 GOV-2 26 (c)
12 ESRS 2 GOV-1 22 (b)

Management Board

The principal duties, including the governance of sustainability issues[13]

- management and representation of the company
- responsibility for the commercial activities of the capital company and for compliance with accounting legislation
- management of the company's property
- implementation of the strategic direction, development plans, objectives and policies of the Group, including the approval of the Sustainability Strategy of Latvenergo Group
- overseeing the implementation of the Sustainability Strategy of Latvenergo Group
- identification of sustainability aspects relevant to the operations of the Group and progress monitoring on sustainability issues

A member of the Management Board, the Chief Financial Officer, has been appointed as the person responsible for sustainability issues of the Management Board of Latvenergo AS and is also the head of the Sustainability Committee of Latvenergo Group[14].

The Articles of Association of Latvenergo AS stipulate that the Management Board is composed of five members and their term of office is five years. The members of the Management Board are elected by the Supervisory Board, assessing their compliance with the required competencies, experience and planned area of responsibility.

The Management Board operates in compliance with the Articles of Association and the Regulations of the Management Board and reports to the Supervisory Board. All members of the Management Board are independent in their operations and hold no interest in the capital of cooperation partners or related companies. The Management Board members are jointly liable for compliance with all binding laws and regulations, the execution of the decisions of the Shareholder Meeting and the Supervisory Board, and the financial performance of the Group.

In the reporting year, a member of the Management Board, G. Baļčūns, was reappointed for another five-year term, having not held a similar position in public administration (including regulatory authorities) during the two-year period prior to his reappointment[15]. Throughout the reporting year, the Management Board of Latvenergo AS has worked with a constant composition of five members.

65 Management Board meetings were convened in 2025. Participation in Management Board meetings, number: M. Čakste (Chairman of the Management Board) – 48; G. Baļčūns – 60; I. Boreiko – 58; D. Juskovecs – 60; H. Teteris – 58. The overall attendance rate of the meetings was 87%. Key issues considered that are related to sustainability performance, including aspects of material impacts, risks and opportunities[16]:

- assessment of the acquisition transactions related to the development of WPPs and SPPs and decision-making
- a decision made on the installation of BESS systems in a number of Latvenergo AS plants
- management discussions on the development of the next-term strategy
- issuance of European green bonds in the amount of EUR 400 million

The Regulations of the Management Board of Latvenergo AS are available on the Latvenergo website[17].

Audit Committee

The principal duties, including the governance of sustainability issues[18]

- monitoring the process of drafting financial statements and the sustainability statement, reporting to the Supervisory Board on proposals and improvements
- supervising the effectiveness of the internal control and risk management systems
- supervising the work of the Internal Audit and the external auditor
- supervising the implementation of the Fraud Risk Management Plan

An independent Audit Committee operates at Latvenergo AS and reports on its operations and performance to the Supervisory Board. The Audit Committee is composed of five members, and their term of office is three years. Two Audit Committee members serve concurrently on the Supervisory Board, and all members of the Committee are independent. 10 meetings of the Audit Committee were held in 2025. The Regulations of the Audit Committee are available on the Latvenergo website.

13 ESRS 2 GOV-1 20 (b), G1 GOV-1 5 (a)
14 ESRS 2 GOV-1 22 (a), (c) i
15 G1-5 30
16 ESRS 2 GOV-2 26 (c)
17 ESRS 2 GOV-1 22 (b)
18 ESRS 2 GOV-1 20 (b), G1 GOV-1 5 (a)

Audit Committee Report

The Audit Committee of Latvenergo AS operates under the Commercial Law and Financial Instrument Market Law of the Republic of Latvia and the Rules of the Audit Committee approved by the Shareholder.

No restrictions have been imposed on the actions of the Committee, and representatives of Latvenergo AS have ensured the availability of necessary information. Based on its work, the Audit Committee informs the Supervisory Board of its conclusions and recommendations.

In 2025, in addition to its principal duties, the Audit Committee[19]:

- supported improvements in governance and risk management practices of the Group
- evaluated the human resource development programme and succession planning activities
- approved permitted non-audit services
- discussed further improvements in sustainability reporting practice
- discussed and analysed the most important events and trends in the energy sector and their impact on the Group's activities
- proposed changes to its regulations that were amended and approved by the Shareholder Meeting on 17 September 2025

Having assessed the information received from the Internal Audit Director, Compliance Control Manager, Risk Manager, Investor Relations and Sustainability Manager, external auditor and other assurance providers, nothing has come to our attention that would lead us to believe that the internal controls of Latvenergo AS are not operating adequately for the purpose of preparing the Annual Report 2025.

We are submitting our activity report and assessments to the Supervisory Board of Latvenergo AS in April 2026.

Svens Dinsdorfs, Chairman of the Audit Committee
Ilvija Grūba, Member of the Audit Committee
Torben Pedersen, Member of the Audit Committee
Gundars Ruža, Member of the Audit Committee
Toms Siliņš, Member of the Audit Committee

19 ESRS 2 GOV-2 26 (c)

Remuneration Policy for the Supervisory Board, the Audit Committee, and the Management Board[20]

The remuneration of the Supervisory Board and the Management Board is stipulated by the Law on Governance of Capital Shares of a Public Person and Capital Companies and regulations of the Cabinet of Ministers based thereon. In accordance with the restrictions set out in the Law on Governance of Capital Shares of a Public Person and Capital Companies, during the period from 1 January 2025 to 31 December 2026, the amount of remuneration for members of the Management Board and Supervisory Board will be maintained at the level set in 2024.

On 27 June 2025, new regulations of the Cabinet of Ministers entered into force, and the remuneration for members of the Management Board and Supervisory Board who took office before the new regulations came into effect has been determined in accordance with the previous regulations of the Cabinet of Ministers. A draft remuneration policy for members of the Management Board and Supervisory Board of Latvenergo AS was developed in 2025 and is planned to be approved in 2026.

The monthly salary of the Chairman of the Supervisory Board and the Chairman of the Management Board is linked to the average monthly salary of employees in Latvia during the preceding year, as published by the Central Statistical Bureau, multiplied by a ratio specified according to the division of capital companies. According to the regulations of the Cabinet of Ministers, the maximum ratio for determining the monthly remuneration for the chairman of a supervisory board is 3. Meanwhile, the ratio applied to the monthly salary of the chairman of a management board is 10, based on the capital company's reference criteria.

The remuneration of supervisory board and management board members may not exceed 90% of the monthly salary of the chairman of a supervisory board or management board respectively, while in accordance with the new regulations of the Cabinet of Ministers, the remuneration of newly appointed or re-elected members of the management board or supervisory board may not exceed 75% of the monthly remuneration of the chairman of the supervisory board or the management board, respectively. Management board members are entitled to compensation for the performance of additional duties at the company. Under the current regulations, 20% of the uniform monthly salary of the Chairman and Members of the Management Board comprises remuneration for performing the duties of Chief Executive Officer and Chief Officers. The new regulations of the Cabinet of Ministers do not specify a unified approach to combining positions.

The authorisation agreements signed with the members of the Management Board provide for the possibility of receiving a severance payment in the amount of three months' salary if they are recalled from their duties before the expiration of their term of office, including in the event of reorganisation or liquidation of the company. The remuneration policy does not provide for an option to pay remuneration in the form of shares or share options.

The Supervisory Board may decide on the payment of bonuses to the Management Board members once a year following the approval of the Annual Report and assessment of the results of the company. The performance assessment of the members of the Management Board and the individual variable remuneration component are based on three main criteria, ensuring a balanced approach between financial performance, the achievement of strategic targets and individual performance.

The structure of the assessment in 2025:

- financial performance of the company (30%) – reflects the financial performance of the company in the previous reporting year, assessing the key financial ratios
- medium-term strategy performance (40%) – assesses the achievement of goals in line with the strategy
- individual performance results (30%) – include:
  - business goals
  - sustainable development goals of the organisation
  - self-development and competence development goals

The individual performance result section of the annual goals for the members of the Management Board/Chief Officers depends on the area of responsibility of the member of the Management Board/Chief Officer, e.g., corporate governance, research, innovation, environment, employee engagement, including individual annual goals for the members of the Management Board linked to Latvenergo Group's target of achieving climate neutrality[21] by 2050 (see table below for the link to performance assessment of the members of the Management Board and individual variable section). The ratio of sustainable development goals in 2025 represented a percentage of 10–40% depending on the area of responsibility of the member of the Management Board/Chief Officer. The proportion of the goals for the members of the Management Board is determined by the Supervisory Board[22].

Financial performance is measured on a six-level scale, ranging from the highest performance with 90–100% fulfilment to the lowest with less than 50% fulfilment. The implementation of the strategy is rated on a four-level scale from "very good" to "unsatisfactory". The Human Resources Committee of the Latvenergo AS Supervisory Board carries out the individual performance assessment and makes a recommendation to the Latvenergo AS Supervisory Board, which makes the final decision.

This holistic approach ensures a balance between financial performance and sustainability objectives, a clear link between individual performance and corporate strategy, and contributes to the long-term development of the business. The assessment process is transparent and based on measurable criteria, thus fostering an objective and results-oriented management culture.

The maximum bonus for members of the Management Board is two months' remuneration. If the performance rating is below 100%, the amount of the bonus is pro-rated.

In accordance with the legislation of the Republic of Latvia, bonuses are not paid to members of the Supervisory Board, and the connection of remuneration with the management of sustainability issues is not foreseen.

The remuneration of the Audit Committee is provided for by the Regulations of the Audit Committee. The remuneration of the members of the Audit Committee is determined by the Shareholder Meeting, and the maximum amount thereof corresponds to the average monthly salary of employees in Latvia during the preceding year, as published by the Central Statistical Bureau of the Republic of Latvia. The monthly remuneration of the members of the Audit Committee are determined for the entire term of their office, with the right to revise them once per year. Members of the Audit Committee, who are simultaneously members of the Supervisory Board of Latvenergo AS, are not compensated for duties performed in the Audit Committee. An authorisation agreement is signed with the members of the Management Board, the Supervisory Board and the Audit Committee.

20 ESRS 2 GOV-3 27
21 E1 GOV-3 13
22 ESRS 2 GOV-3 29 (a), (b), (c), (d), (e)

Remuneration for 2025

	Position	Fixed component, EUR	Variable component, EUR	Total, EUR
Supervisory Board				
A. Laizāns	Chairman of the Supervisory Board	45,972.00		45,972.00
K. Rokens	Member of the Supervisory Board	41,376.00		41,376.00
G. Ruža	Member of the Supervisory Board	41,376.00		41,376.00
T. Siliņš	Member of the Supervisory Board	41,376.00		41,376.00
R.J. Grigulis*	Member of the Supervisory Board	30,112.53		30,112.53
Management Board				
M. Čakste	Chairman of the Management Board /Chief Executive Officer	199,202.81	35,200.00	234,402.81
G. Baļčūns	Member of the Management Board /Chief Financial Officer	178,686.05	31,680.00	210,366.05
D. Juskovecs	Member of the Management Board /Chief Commercial Officer	180,385.29	31,680.00	212,065.29
H. Teteris	Member of the Management Board /Chief Operating Officer	177,073.07	31,680.00	208,753.07
I. Boreiko	Member of the Management Board /Chief Development Officer	179,811.30	29,516.07	209,327.37
Audit Committee				
S. Dinsdorfs	Chairman of the Audit Committee	16,476.00		16,476.00
T. Pedersen	Member of the Audit Committee	16,765.87		16,765.87
I. Grūba	Member of the Audit Committee	16,476.00		16,476.00

* R.J. Grigulis in office from 9 April 2025

Linking the performance assessment of the members of the Management Board / Chief Officers to the climate objective

Criterion	Weight Of Criterion	Performance Assessment
TOTAL	**100%**	
Results of the operation of the capital company in the previous reporting year	30%	90-100% 80-89% 70-79% 60-69% 50-59% <50%
Execution of the medium-term operational strategy and the results of the company in accordance with the defined goals	40%	Very good Good Satisfactory Unsatisfactory
Individual performance results	30%	

	Chairman of the Management Board/Chief Executive Officer	Member of the Management Board/Chief Operating Officer	Member of the Management Board/Chief Commercial Officer	Member of the Management Board/Chief Financial Officer	Member of the Management Board/Chief Development Officer
1 . Business goals	**55%**	**75%**	**75%**	**65%**	**75%**
including linking to the climate goal:					
– growth of RES generation portfolio					X
– to ensure the sustainability of the Group by increasing the value of HPP assets, preparing them for synchronisation and guaranteeing their safe operation in the long term		X		X	
– development of accumulation technologies		X			
– Baltic charging network expanded to 1200+ public charging ports (cumulative) of various capacities					X
2. Sustainable development goals of the company	**40%**	**20%**	**20%**	**30%**	**20%**
including linking to the climate goal:					
– development of Group's biodiversity conservation plan	X	X		X	X
– implementing the actions of the Sustainability Strategy	X	X	X	X	X
3. Self-development, competence development goals	**5%**	**5%**	**5%**	**5%**	**5%**

Dividend policy

The distribution of Latvenergo AS dividends is regulated by the laws of the Republic of Latvia:

- Law on the National Budget and Budgetary Framework
- Law on Governance of Capital Shares of a Public Person and Capital Companies and Regulations of the Cabinet of Ministers issued on the basis thereof

According to the Law on the State Budget for 2026 and Budgetary Framework for 2026, 2027 and 2028, the expected amount of dividends to be paid by Latvenergo AS for the use of state capital in 2026 (for the reporting year 2025) is EUR 141 million.

The actual amount payable by Latvenergo AS in dividends is determined by the Shareholder Meeting after the approval of the Annual Report, upon the evaluation of the results for the previous year.

Internal audit

The Internal Audit is an independent unit of Latvenergo AS and its objective is to evaluate and improve the effectiveness of the internal control, risk management and governance processes. The Internal Audit operates in accordance with the Global Internal Audit Standards. Conformance with these standards is assessed every five years by a qualified external assessor. The last external assessment was carried out in 2024, and the assessor confirmed that the Internal Audit generally conforms with the standards.

The activities of the Internal Audit are supervised by the Audit Committee, which endorses the annual internal audit plan, which is then approved by the Supervisory Board of Latvenergo AS. The Internal Audit's reports on Latvenergo AS are submitted to the Audit Committee and its reports on the Group's subsidiaries are submitted to the Supervisory Board of the relevant company or the Shareholder Meeting. Once a year, based on the audit results and results of other inspections, an overall evaluation of the effectiveness of the internal control and risk management systems and recommendations for the improvement thereof are submitted to the Supervisory Board, the Management Board and the Audit Committee of Latvenergo AS.

Every year, the Internal Audit submits its activity report to the Supervisory Board, the Management Board and the Audit Committee of Latvenergo AS. It comprises information on the audits carried out, assessments of the areas reviewed, recommendations made, and quality assurance of the Internal Audit and its conformance with international standards.

External auditor

The external auditor audits the financial statements of Latvenergo AS and performs a limited assessment of the sustainability statement. The auditor is selected on the basis of the most economically advantageous tender for a period of three years, after the evaluation of the criteria approved by the Audit Committee, consisting of the price of the service and the qualifications of the personnel and the auditor involved in the audit team.

The commercial company Ernst & Young Baltic SIA has been appointed the annual report auditor of Latvenergo AS for 2024 – 2026.

Governance of subsidiaries

Latvenergo Group subsidiaries are governed through governance instruments such as the strategy, organisational structure organised around functional units, and policies.

- The supervisory authority of Sadales tīkls AS is its Supervisory Board, the members of which have been selected through a competition.
- The activities of the Management Board of Enerģijas publiskais tirgotājs SIA are supervised by its Shareholder Meeting, at which the interests of Latvenergo AS are represented by the Management Board of Latvenergo AS.
- During the reporting year, the supervisory bodies of Elektrum Eesti OÜ and Elektrum Lietuva UAB, which operate outside the territory of Latvia, were their Supervisory Boards. Employees of Latvenergo AS who are responsible for the relevant areas of operation at Latvenergo AS were appointed to the Supervisory Boards of these subsidiaries. Since making the amendments to the Articles of Association of Elektrum Eesti OÜ and Elektrum Lietuva UAB on 24 February 2026, the activities of the management boards of these companies are supervised by a shareholders' meeting, at which the interests of Latvenergo AS are represented by the Management Board of Latvenergo AS.
- The activities of the Management Boards of Latvijas vēja parki SIA, Laflora energy SIA, Telšių vėjo parkas UAB (Lithuania), DSE Aizpute Solar SIA, Elektrum Next SIA, Pienava Wind SIA and Elektrum Next LT UAB are supervised by their Shareholder Meetings, where one or more members of the Management Board of Latvenergo AS are authorised to represent the interests of Latvenergo AS.
- Supervisory functions at Liepājas enerģija SIA, where the equity share of Latvenergo AS is 51%, are carried out by its Supervisory Board; half of the Supervisory Board members are representatives of Latvenergo AS.

Changes in governance bodies of subsidiaries

- In April 2025, Martynas Giga resigned from the position of the Chairman of the Management Board of Elektrum Lietuva UAB, and Neringa Petrauskiene, who had previously served as a member of the Management Board, took over the duties of the Chairman of the Management Board. In May 2025, Kostas Dryžas joined the company's Management Board.
- In October 2025, Baiba Priedīte resigned from her position in the Management Board of Sadales tīkls AS.

In order to diversify the energy generation portfolio of the Group, increase the long-term value of the Group and reduce the longterm trading price of electricity, the strategy of Latvenergo Group is to increase the generation capacity of RES, including through asset mergers and acquisitions. During the reporting year, the wind park Pienava Wind SIA was acquired, and Arnis Kurgs was appointed as a member of its Management Board. In 2025, Elektrum Next LT UAB was established, and Jānis Urtāns was appointed as its director.

Supervisory Board of Latvenergo AS[23]

Aigars Laizāns
Chairman of the Supervisory Board

Term of office

10 June 2030

Committee membership

Member of the Human Resources Committee

Experience

2013–present: Latvia University of Life Sciences and Technologies, Professor and Lead Researcher

2016–2021: Latvijas Dzelzceļš VAS, Member of the Supervisory Board

1984–2013: Latvia University of Life Sciences and Technologies, Researcher and Professor

Education

LLU, Doctor of Sciences in Agricultural Engineering (2011)

RTU, Riga Business Institute, Master of Business Management (1996)

LLU, Master's Degree in Agricultural Engineering (1992)

Kaspars Rokens
Deputy Chairman of the Supervisory Board

10 June 2026

Member of the Human Resources Committee

2023–present: Volburg SIA, Chief Executive Officer

2024–2025: Latvijas pasts VAS, Chairman of the Supervisory Board

2020–2022: Velve SIA, Chairman of the Management Board and Chief Executive Officer

2017–2019: RB Rail AS, Member of the Management Board and Chief Operating Officer

2011–2016: Schneider Electric Latvia SIA, Member of the Management Board, Chief Executive Officer

1998–2010: Machinery Latvia SIA, Member of the Management Board, Chief Executive Officer

1994–1998: ABB Latvia, Production Director / Power Plant Department Manager

SSE Riga, Master of Business Administration (2007)

RTU, Master's Degree in Energy Supply Optimisation (1996)

KTH Royal Institute of Technology, Licentiate Degree in Combustion Processes (1996)

Toms Siliņš
Member of the Supervisory Board

10 June 2030

Member of the Human Resources Committee
Member of the Audit Committee

2020–present: Helvetica Green Investments AG, Director

2020–2023: Air Baltic Corporation AS, Member of the Supervisory Board

2018–2020: Remaco Asset Management AG, Group Chief Financial Officer and Investment Advisor, Member of the Executive Management

2013–2016: Sberbank (Switzerland) AG, Chief Financial Officer, Member of the Executive Board

2005–2012: Swedbank AB Group, Member of the Management Board, Member of the Supervisory Board, Chief Financial Officer in the Group's companies in Latvia, Estonia, Lithuania

1993–2002 and 2004–2005: Bank of Latvia, Analyst, Investment Portfolio Manager, Head of the Trading and Investment Division, Deputy Head of Foreign Exchange Operations Management

New York University, Leonard N. Stern School of Business, MBA (2004)

University of Latvia, Master of Social Sciences in Business Management (1999)

University of Latvia, Bachelor's Degree in Business Management (1996)

Gundars Ruža
Member of the Supervisory Board
(resigned as of 25 April 2026)

Member of the Human Resources Committee
Member of the Audit Committee

2024–present ASNS Ingredient, Chairman of the Supervisory Board

2020–present: LATRAPS, Cooperative Society of Agricultural Services, Member of the Management Board and Chief Financial Officer; LATMALT SIA, Chairman of the Management Board

2017: Moller Auto Baltic AS, Chief Executive Officer of the Group, Member of the Management Board in subsidiaries in Lithuania, Latvia and Estonia

2009–2016: Moller Auto Baltic AS, Chief Financial Officer of the Group, Member of the Management Board in subsidiaries in Lithuania, Latvia and Estonia

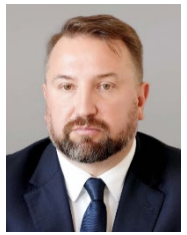
2006–2008: Moller Baltic Import SE and Moller Baltikum Holding, Chief Financial Officer

2002–2006: Ernst & Young Baltic SIA, Member of the Management Board, Head of the Business Outsourcing Department, Audit and Business Advisory Senior Manager

University of Latvia, Economist's Diploma in Accounting (2001)

University of Latvia, Master's Degree in International Law (2000)

University of Latvia, Bachelor's Degree in Law (1998)



Rodžers Jānis Grigulis
Member of the Supervisory Board
(as of 8 April 2025)

7 April 2030

2017–2024: Pasažieru vilciens AS, Chairman of the Management Board

2016–2017: Latvijas dzelzceļš VAS, Member of the Supervisory Board

2007–2015: Comperio SIA, Member of the Management Board, co-owner

1999–present: Kids First Fund (USA), Member of the Management Board

University of Latvia, Master's Degree in International Economic Relations (2004)

University of Latvia, Bachelor's Degree in International Economic Relations (2000)

23 ESRS 2 GOV-1 20 (a), 21 (c), G1 GOV-1 5 (b

Management Board of Latvenergo AS[24]

Mārtiņš Čakste
Chairman of the Management Board and Chief Executive Officer

Term of office
2 January 2027

Experience

2026– present: Chairman of the RTU Council's Convent

2025–present: Member of the LDDK Council

2022–present: Member of the Board of Directors at Eurelectric

2022–present: World Energy Council, Latvian National Committee, Vice-president

2022 – 2026: Member of the RTU Council's Convent

2022–present: Chairman of the Management Board, Chief Executive Officer at Latvenergo AS

2017–2021: Pure Chocolate SIA, Co-owner, Chairman of the Management Board

2008–2016: Melnā kafija/Lofbergs Baltija SIA, Member of the Management Board, Procurator, General Manager

2008–2015: Chairman of the Management Board at Officeday Baltics, General Director at Officeday Latvija SIA, Chief Executive Officer for the Baltic states

Education

RTU, Doctor of Economics in Business/Managerial Economics (2007)

RTU, Master of Engineering Economics (1999)

RTU, Bachelor of Engineering Economics (1997)

Guntars Baļčūns
Member of the Management Board and Chief Financial Officer

15 November 2030

2016–2026: Member of the Supervisory Board at Elektrum Eesti OÜ

2016–2026: Member of the Supervisory Board at Elektrum Lietuva UAB

2016–2022: Member of the Supervisory Board at the Baltic Institute of Corporate Governance

2015–present: Member of the Management Board at Latvenergo AS, Chief Financial Officer

2020–2021: Chairman of the Management Board at Latvenergo AS

2014–2015: Member of the Management Board at Enerģijas publiskais tirgotājs AS

2005–2015: Business Planning and Control Director at Latvenergo AS, Project Manager of Corporate Strategy

RTU Riga Business School, Master of Business Administration (2016)

University of Latvia, Master of Economics (2005)

SSE Riga, Bachelor of Economics and Business Administration (2003)

Ilvija Boreiko
Member of the Management Board and Chief Development Officer

9 May 2029

2024–2026: Member of the Supervisory Board, Elektrum Eesti OÜ

2024–2026: Member of the Supervisory Board, Elektrum Lietuva UAB

2024–present: Member of the Management Board and Chief Development Officer at Latvenergo AS

2023–present: Member of the Board, LEEA

2022–2023: Latvijas vēja parki SIA, Chairwoman of the Management Board

2022–2023: Latvenergo AS, Wind and Solar Park Development Director

2017–2021: Generation Projects Director at Latvenergo AS

2010–2017: Maintenance Project Manager at Latvenergo AS

2006–2010: Head of the Development and Maintenance Project Preparation Unit at Latvenergo AS

RTU, Professional Master's Degree in Occupational Safety (2015)

University of Latvia, Master's Degree in International Law (2006)

RTU, Master's Degree in Management (2003)

Turība University, Higher Professional Qualification of Lawyer (2002)

RTU, Bachelor of Engineering Economics (2000)

Dmitrijs Juskovecs
Member of the Management Board and Chief Commercial Officer

2 January 2027

2022–2026: Chairman of the Supervisory Board at Elektrum Eesti OÜ

2022–2026: Chairman of the Supervisory Board at Elektrum Lietuva UAB

2022–present: Member of the Management Board of Latvenergo AS, Chief Commercial Officer

2015–2020: Chairman of the Management Board of RePharm Group of Companies

2013–2014: Elko grupa AS, Regional Director for CIS Countries

2010–present: Lecturer at the Stockholm School of Economics in Riga

2005–2008: Chief Executive Officer at Recipe Plus AS

2000–2005: Magnum Medical SIA and A.Aptieka SIA, Chairman of the Management Board

American Graduate School of International Management (Thunderbird, USA), Master of International Management (1997)

SSE Riga, Bachelor of Economics and Business (1996)

Harijs Teteris
Member of the Management Board and Chief Operating Officer

2 January 2027

2022–present: Member of the Management Board of Latvenergo AS, Chief Operating Officer

2022–present: Member of the VGBE Board of Directors

1993–2021: Member of the Management Board at Linde Gas SIA (production and logistics)

1984–1991: Chief Engineer at Sigulda SCO (inter-collective farm construction organisation)

RTU Riga Business School, Professional Master's Degree in Business and Organisation Management (2002)

RTU, Civil Engineer (1981)

24 ESRS 2 GOV-1 20 (a), 21 (c), G1 GOV-1 5 (b)

Audit Committee of Latvenergo AS[25]

Svens Dinsdorfs
Chairman of the Audit Committee

Term of office

2 February 2027

Experience

2023–present: Latvenergo AS, Chairman of the Audit Committee

2017–present: INDEXO IPAS, Member of the Supervisory Board

2015–present: Elko Grupa AS, Director, Member of the Management Board

2012–2023: Latvenergo AS, Member of the Audit Committee

2006–2014: Elko Grupa AS, Finance Director, Member of the Management Board

2004–2006: Sirowa Riga AS, Finance Director

1998–2004: Air Baltic Corporation AS, Vice President of Strategic Development, Business Control Director

Education

SSE Riga, Master of Finance and Economics (2003)

SSE Riga, Bachelor of Economics and Business Administration (1998)

Torben Pedersen
Member of the Audit Committee

2 February 2027

2023–present: Latvenergo AS, Member of the Audit Committee

2018–present: BDO Latvia AS, Member of the Council

2015–present: Electronic House UAB, Member of the Supervisory Board

2013–present: Vilnius International School, Shareholder Representative

2012–2023: Latvenergo AS, Chairman of the Audit Committee

2013–2014: Rus-Agro Team AS, Member of the Management Board

2012–2020: Baltic Engineers UAB, Chairman of the Management Board

2011–2016: Danish Chamber of Commerce in Lithuania, Member of the Supervisory Board

2001–2010: Deloitte, Partner

1994–2001: Arthur Andersen, Partner

Aarhus School of Business, Master of Economics and Auditing (1974)

Chartered Accountant Qualification (Denmark)

Ilvija Grūba
Member of the Audit Committee

2 February 2027

2025–present: Evinova, Senior Compliance Director

2021–present: Latvenergo AS, Member of the Audit Committee

2022–2025: AstraZeneca, Compliance Assurance Lead for Middle East and Africa

2019–2022: AstraZeneca, Compliance Assurance Lead for Europe, Canada, Russia and Eurasia

2016–2019: AstraZeneca, Compliance Assurance Partner for Germany, Switzerland, Austria, Scandinavia and the Baltic Countries and for the Production Unit in Sweden and Russia

2013–2015: AstraZeneca, Compliance Assurance Manager in the Baltic Countries, Iceland and Norway

2011–2012: AstraZeneca Latvija SIA, Compliance Assurance Manager in the Baltic Countries

2009–2011: PricewaterhouseCoopers Latvija, Risk Management, Internal Audit Services Manager

Institute of Internal Auditors (USA), Certified Internal Auditor (2008)

University of Latvia, Economist's Qualification in Accounting (2003)

University of Latvia, Master of Social Sciences in Business Management (2000)

Members of the Audit Committee
who are also members of the Supervisory Board of Latvenergo AS

Toms Siliņš
Member of the Audit Committee

2 February 2027

Information about experience and education is available in the section Supervisory Board of Latvenergo AS.

Gundars Ruža
Member of the Audit Committee
(resigned as of 25 April 2026)

25 ESRS 2 GOV-1 20 (a), 21 (c), G1 GOV-1 5 (b)

Group Management

Latvenergo Group's management model is based on corporate governance best practice. To ensure effective Group governance, decision-making and the achievement of goals, strategic and operational management are separate.

The Group's strategic management is implemented by the Management Board, whose accountability is joint according to the Commercial Law of the Republic of Latvia, and operational management is ensured by Chief Officers, whose accountability is individual. The main duty of the Management Board is to lead the Group to reach the objectives set in the strategy. At a minimum, the Management Board reports to the Supervisory Board on a quarterly basis and to the Shareholder on an annual basis. Chief Officers ensure the operational management of Latvenergo AS, including the achievement of goals and policy implementation; they also ensure their division's cooperation with the functions of other divisions and the adoption of decisions in compliance with the Group's strategy and delegation. The divisions have been established in accordance with the strategic goals of the Group.

Considering their previous experience and knowledge of the Group's operations, the duties of Chief Officers are performed by the Members of the Management Board of Latvenergo AS.

At the time of the report's publication, the duties of the Chief Officers are divided as follows:

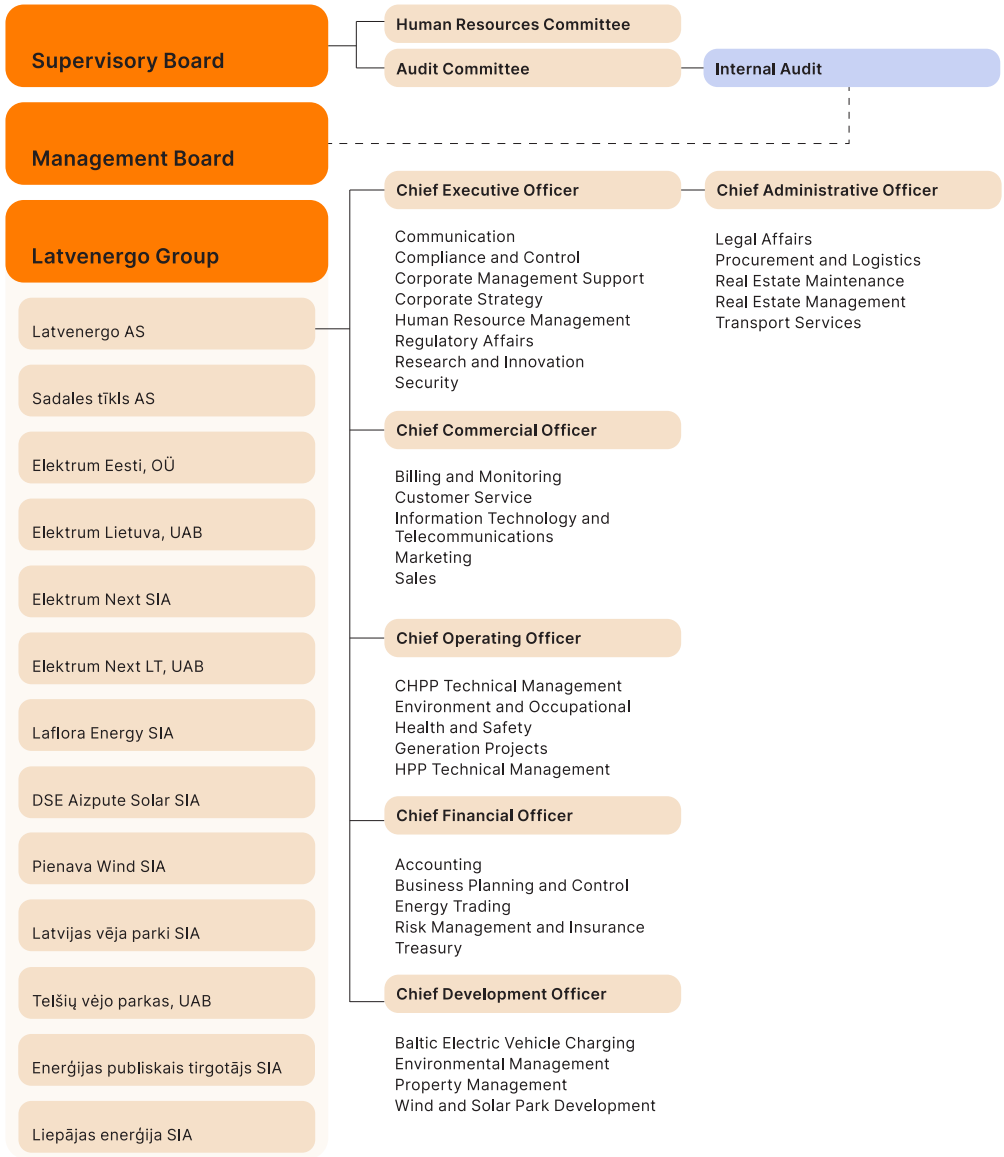
- Mārtiņš Čakste – Chief Executive Officer (CEO)
- Guntars Baļčūns – Chief Financial Officer (CFO)
- Ilvija Boreiko – Chief Development Officer (CDO)
- Dmitrijs Juskovecs – Chief Commercial Officer (CCO)
- Harijs Teteris – Chief Operating Officer (COO)

A certain group of administrative functions is supervised by the Chief Administrative Officer (CAO) Arnis Kurgs, who is not a Member of the Management Board.

Changes in the organisational structure

At the end of 2024, Elektrum Next SIA commenced its work to focus activities and resources within Latvenergo Group on the development of new green energy projects and electricity generation from renewable energy sources, by consolidating the RES projects implemented by Latvenergo Group in recent years. During the reporting year, Krāslavas SES SIA was merged into Elektrum Next SIA, and Elektrum Next LT UAB was established to consolidate RES assets located in Lithuania. In 2025, the wind farm Pienava Wind SIA was acquired.

Organisational structure of Latvenergo Group (31 December 2025)



Internal Control System and Risk Management[26]

Internal control system

To ensure the achievement of Latvenergo Group's strategic goals, and to successfully control its operations, an internal control system is in operation within the Group. The Internal Control Integrated Framework guidelines of the COSO (Committee of Sponsoring Organisations 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 effectiveness of operations, credibility of the information disclosed and compliance with external legislation.

Effectiveness of operations

The operational effectiveness of Latvenergo Group is achieved and regularly improved by setting targets at the level of the Group, as well as each company and business unit level. Targets are interlinked and are aligned from the Group level down to unit level and, in some cases, to the individual employee level. The progress reached is measured and evaluated at least quarterly, and Oracle Business Intelligence and Microsoft Power BI data analysis and reporting tools are used for daily monitoring.

Credibility of the information disclosed

Reporting includes both internal and external reports on financial and non-financial operations. The accuracy and completeness of internal information is ensured by building integrated information systems that reduce the impact of human error. Meanwhile, external information is primarily based on accurate and complete internal information, which is reviewed and approved by the responsible unit before dissemination. A responsible officer is identified for key external reports, and regular training on the requirements for external reporting is provided to the staff involved.

Compliance

The Group operates in compliance with laws and other external regulations. The Group is subject to extensive external regulation, and processes for the monitoring of regulatory developments in areas of key importance to the Group have been introduced. A responsible unit or staff member is identified for key regulatory areas, and he staff involved are regularly informed about changes in external requirements. To achieve these objectives of the internal control system, the following elements of the system are continuously improved at the level of the Group, companies and business units: control environment, risk assessment, control measures, information and communication, monitoring.

Control environment

The management of the Group promotes business activities that are in line with the principles of good faith and comply with ethical standards. It also implements actions to prevent the risk of fraudulent conduct and corruption and to improve the control environment. Responsible persons for the establishment and implementation of control measures are appointed at all organisational levels. The management of the Group actively communicates its values to employees and sets a good example through its actions. Employees receive training on a regular basis, thus promoting a common understanding of the elements of the internal control environment. The Internal Audit annually provides a comprehensive evaluation of the effectiveness of the internal control and risk management system as well as recommendations for its improvement.

Risk assessment

The Group continuously improves its risk management process to adapt to the changing business environment and market developments. Risk assessment is integrated into all governance processes of the company.

Control measures

Integrated control measures have been introduced and are continuously being improved at the Group: policies, departmental regulations, assignment of duties and responsibilities, etc. Their role is to promote the implementation of the strategy and the achievement of its objectives by ensuring ethical, productive and efficient operations.

Information and communication

Integrated information systems are being built and data quality is being monitored to ensure that the information provided by the Group is accurate and complete. The financial information of the Group is prepared in accordance with the International Financial Reporting Standards, and financial statements of the Group are audited by an international audit company with relevant experience in the energy sector. The management of the Group regularly informs employees of longterm and short-term plans and performance, including by organising online meetings with employees every quarter to discuss current employee issues. The main internal communication channels are the intranet *LEports*, the employee magazine *Latvenergo Vēstis*, and internal record-keeping systems and work meetings. Employees' opinions are collected in internal surveys and development interviews.

Monitoring

The Group's management is responsible for the regular assessment and improvement of the control system, while the management's performance is monitored by the Supervisory Board and the Audit Committee. The Internal Audit examines the functioning of the control system and evaluates the effectiveness thereof. All of these supervisory institutions are independent in their operations. Latvenergo AS performs an annual self-assessment of the internal control system, which enables a structured assessment of the functioning of the elements of the existing system, identification of deficiencies, and determining further actions for the improvement of the system. This self-assessment is part of a regular system for the evaluation and improvement of controls.

26 ESRS 2 IRO-1 53 (d), (e), (f)

Supervisory institutions

	External Auditor	Supervisory Board	Audit Committee	Human Resources Committee	Internal Audit
Objective	To express an opinion on whether the financial statements of the Group provide a true and fair view in accordance with the IFRS and whether the sustainability statement has been drawn up in accordance with the requirements of the Sustainability Information Disclosure Law, including the requirements of Delegated Regulation (EU) 2023/2772 of the European Parliament and of the Council as regards sustainability reporting standards (ESRS)	To represent the interests of the Shareholder in the interim period between the Shareholder Meetings and to supervise the operations of the Management Board	To supervise the drafting of the financial reports and sustainability statements of the Group, as well as the operation of internal control systems, thus promoting the transparency of company operations	To ensure the supervisory functions of the Supervisory Board in the area of human resource management	To evaluate and improve the effectiveness of internal control, risk management and governance processes
Monitoring scope and tasks	• Auditing financial reports and checking the sustainability statement • Evaluation of accounting principles and justification of major management accounting estimates as part of auditing financial reports	• Supervision of Management Board operations • Approval of the medium-term operational strategy and the current year's budget and monitoring their implementation • Evaluation of the Audit Committee's work • Supervision of the Company's compliance with legislation, the Articles of Association and the decisions adopted by the Shareholder Meeting	• Monitoring the preparation of financial reports and sustainability statements • Supervision of the effectiveness of the internal control system and risk management • Supervision of the activities of the Internal Audit and the external auditor as well as the implementation of the Fraud Risk Management Plan • Ensuring the selection process of the external auditor ESRS 2 GOV-5 36 (e)	• Ensuring the selection of the Management Board, the Audit Committee and the Internal Audit Director • Evaluation of the remuneration, performance and combining of positions of the Management Board and the Internal Audit Director	• Evaluation of the effectiveness of internal control, risk management and governance processes, providing recommendations and supervising their implementation
Reporting[27]	Once a year, following the finalisation of the consolidated financial statements, the external auditor reports to the Shareholder Meeting.	At least once a year, the Supervisory Board reports to the Shareholder Meeting.	At least once a year, the Audit Committee reports on its activities and performance to the Supervisory Board.	The Human Resources Committee reports on its activities and performance to the Supervisory Board.	Every quarter, the Internal Audit reports to the Audit Committee on the audits performed and the implementation of audit recommendations.

27 ESRS 2 GOV-5 36 (e)

Risk management

The objective of the Group's risk management is to identify significant risks in a timely manner and manage them to ensure the achievement of the strategic goals and minimise potential losses or harm to its reputation. 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. In accordance with the Risk Management Policy of the Group, the Management Boards of Group companies are responsible for managing the risks of Group companies. The Management Board of Latvenergo AS reports on the risk management of the Group to the Supervisory Board of Latvenergo AS, which is responsible for overseeing the operations of the Group's risk management system, at least once per year.

Significant risks are analysed in internal working groups and in the Risk Management Committee of the Group, which is a specially established institution on the level of the Management Board. Within the analysis, the probability and impact of a risk is evaluated, and an appropriate strategy for handling the risk is selected.

Any risks identified are conveyed to the internal audit system, thus allowing the risk assessment to be used for planning the activities of the Internal Audit. Every month, the Supervisory Board of Latvenergo AS receives information on the risk appetite of the Group, key risk indicators and material incidents.

In 2025, the Risk Management Regulations were refined, including a more detailed explanation of how to assess the sustainability aspect in the risk identification process, as well as changes to the risk register system, allowing identified risks to be linked with identified opportunities [28]. Sustainability risks are not listed as a separate category in the risk register system. Instead, risks can be marked as sustainability-related, allowing them to be filtered in the system as needed[29].

In the reporting year, the update of the Environmental and Climate Risk Assessment methodology was initiated. The methodology approval and risk reassessment are planned for 2026. For more information on climate risks, see E1 Climate Change.

28 ESRS 2 GOV-1 22 (c) iii
29 ESRS 2 IRO-1 53 (c) iii

Group's risk categories and main risk management tools

Strategic risks

Risks related to the definition and implementation of strategic objectives.

- monitoring change and development trends in the energy sector and the political environment, participating in developments that affect the operational aspects of the Group
- evaluation and implementation of necessary changes in the Group

Operational risks

Risks related to the personell errors, non-compliant or incomplete performance of internal processes, information systems, projects, environmental impact, the work environment, and external threats.

- internal regulatory enactments, maintenance of the control system and its continuous improvement
- regular monitoring and repair of equipment
- ensuring the qualifications of personnel at the necessary level (briefings, training, knowledge checks)
- use of insurance services

Financial risks

Market risk (price, interest rate, and currency risk), credit risk, liquidity risk.

- fixed-price delivery contracts with customers
- derivative financial instruments
- delivery of natural gas for a fixed price
- balanced allocation of financial assets and instruments
- raising of funding (incl. credit lines) in a timely manner

Legal and compliance risks

Risks due to the influences of external conditions, which include legal and documentation-related risks, as well as risks caused by non-compliance or a breach of complinace with laws, regulations and standards.

- monitoring changes and development trends in the legal environment that apply to the operations of the Group
- participation in the development and upgrade process of new regulatory documents and the implementation of necessary changes at the Group

Fraud and corruption risks

Risks that involve the probability of employees making decisions for the benefit of their own interests or for the benefit of another person related to the employee, which results in undue benefits to the detriment of the Group company and the Group (including reputational damage).

- ban on accepting and offering gifts (except for items of insignificant material value)
- restrictions on combining posts (combining posts requires the written consent of the employer and must not create conflict of interest situations)
- ban on conflicts of interest (conflict of interest declarations, employee declaration on averting conflicts of interest)
- regular employee training on issues of ethics, prevention of conflicts of interest, and prevention of fraud and corruption

Risks related to environmental, social, or governance factors (sustainability risks) are included in the overall risk assessment and are not listed as a separate risk category.

Latvenergo

Key Figures

In order to ensure an objective and comparable presentation of the financial results, Latvenergo Group and Latvenergo AS uses various financial figures and ratios that are derived from the financial statements.

Latvenergo Group

Operational figures	**Units**	**2025**	**2024**	**2023**	**2022**	**2021**
Electricity supply, incl.:	GWh	8,186	8,552	8,659	7,346	9,260
*Retail**	*GWh*	*6,053*	*6,140*	*6,208*	*5,452*	*6,706*
*Wholesale***	*GWh*	*2,133*	*2,412*	*2,450*	*1,894*	*2,554*
Natural gas supply, incl.:	GWh	3,283	2,559	1,554	1,040	1,026
Retail	*GWh*	*1,605*	*1,190*	*896*	*930*	*1,026*
Wholesale	*GWh*	*1,678*	*1,369*	*658*	*110*	–
Electricity generated	GWh	4,696	4,842	5,132	3,822	4,517
Thermal energy generated	GWh	1,554	1,665	1,698	1,777	2,072
Number of employees	Number	3,383	3,436	3,497	3,316	3,153
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

						MEUR
Financial figures		**2025**	**2024**	**2023**	**2022**	**2021**
Revenue		1,566	1,704	2,034	1,842	1,065
EBITDA		440	588	602	360	199
Operating profit		257	338	405	194	82
Profit before tax		248	330	389	185	75
Profit for the year		199	274	351	184	72
Dividends paid to equity holder of the Parent Company		186	212	153	70	98
Assets***		4,968	4,438	4,174	3,855	3,476
Non–current assets		4,283	4,283	3,377	3,079	2,895
Equity		3,032	3,007	2,963	2,356	2,123
Borrowings		1,270	743	630	876	795
Net debt[1]		1,153	657	511	763	698
Net cash flows generated from operating activities***		394	541	576	126	67
Adjusted funds from operations (FFO)***		354	509	521	339	176
Capital expenditure		792	530	193	122	127

Based on the most commonly used financial figures and ratios in the industry, the Latvenergo Group Strategy for 2022-2026, as well as the binding financial covenants set in the Group's loan agreements, Latvenergo Group has set here and therefore uses the following financial figures and ratios:

- profitability and performance measures – EBITDA; EBITDA margin; operating profit margin; profit before tax margin; profit margin; return on assets (ROA); return on equity (ROE); adjusted ROE excluding distribution; return on capital employed (ROCE)
- capital structure and liquidity measures – net debt[1]; adjusted FFO[2]/net debt; equity–to–asset ratio; net debt / EBITDA; net debt / equity; current ratio
- a dividend policy measure – dividend pay–out ratio

* Including operating consumption

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

*** 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

[1] Net debt = borrowings at the end of the reporting year – cash and cash equivalents at the end of the reporting year

[2] Adjusted funds from operations (FFO) = Net cash flows generated from operating activities – (changes in inventories + changes in receivables from contracts with customers and other receivables) – changes in trade and other liabilities – compensation from the state-on-state support for the installed capacity of CHPPs

Financial ratios	2025	2024	2023	2022	2021	Formulas
EBITDA margin	28.1%	34.5%	29.6%	19.6%	18.7%	EBITDA / revenue
Operating profit margin	16.4%	19.8%	19.9%	10.5%	7.7%	Operating profit / revenue
Profit before tax margin	15.8%	19.3%	19.1%	10.0%	7.0%	Profit before tax / revenue
Profit margin	12.7%	16.1%	17.2%	10.0%	6.7%	Profit for the year / revenue
Adjusted FFO / net debt	39%	87%	82%	46%	28%	Adjusted FFO / ((net debt at the beginning of the reporting year + net debt at the end of the reporting year) / 2)
Equity–to–asset ratio	61%	68%	71%	61%	61%	Equity at the end of the reporting year / assets at the end of the reporting year
Net debt / EBITDA	2.1	1.0	1.1	2.0	3.2	(Net debt at the beginning of the reporting year + net debt at the end of the reporting year) / 2 / EBITDA
Net debt / equity	0.38	0.22	0.17	0.32	0.33	Net debt at the end of the reporting year / equity at the end of the reporting year
Current ratio	1.7	1.6	2.0	1.2	1.4	Current assets at the end of the reporting year / current liabilities at the end of the reporting year
Return on assets (ROA)	4.2%	6.4%	8.7%	5.0%	2.1%	Profit for the year / ((assets at the beginning of the reporting year + assets at the end of the reporting year) / 2)
Return on equity (ROE)	6.6%	9.2%	13.2%	8.2%	3.4%	Profit for the year / ((equity at the beginning of the reporting year + equity at the end of the reporting year) / 2)
Adjusted ROE excluding distribution	8.1%	12.3%	19.9%	16.3%	5.5%	(Group's profit for the year – Sadales tīkls AS profit for the year) / ((Group's equity at the beginning of the reporting year – Sadales tīkls AS equity at the beginning of the reporting year + Group's equity at the end of the reporting year – Sadales tīkls AS equity at the end of the reporting year) / 2
Return on capital employed (ROCE)	6.4%	9.2%	11.9%	6.3%	2.9%	Operating profit / ((equity at the beginning of the reporting year + equity at the end of the reporting year) / 2) + (borrowings at the beginning of the reporting year + borrowings at the end of the reporting year) / 2)
Dividend pay–out ratio	70%	64%	73%	88%	63%	Dividends paid to equity holder of the Parent Company / profit of the Parent Company in the previous year

Latvenergo AS

Operational figures	Units	2025	2024	2023	2022	2021
Electricity supply, incl.:	GWh	5,072	5,714	6,090	4,700	5,304
*Retail**	*GWh*	*3,320*	*3,561*	*3,830*	*3,540*	*3,999*
*Wholesale***	*GWh*	*1,752*	*2,153*	*2,261*	*1,161*	*1,305*
Natural gas supply, incl.:	GWh	2,689	2,324	1,435	905	804
Retail	*GWh*	*1,011*	*955*	*777*	*795*	*804*
Wholesale	*GWh*	*1,678*	*1,369*	*658*	*110*	–
Electricity generated	GWh	4,512	4,790	5,115	3,800	4,495
Thermal energy generated	GWh	1,310	1,423	1,457	1,531	1,800
Number of employees	Number	1,371	1,430	1,414	1,329	1,269
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

MEUR

Financial figures	2025	2024	2023	2022	2021
Revenue	950	1,057	1,397	1,231	593
EBITDA	274	442	473	280	85
Operating profit	191	283	362	199	52
Profit before tax	229	314	363	209	80
Profit for the year	190	266	332	209	80
Dividends paid to equity holder of the Parent Company	186	212	153	70	98
Assets	4,189	3,734	3,520	3,306	2,916
Non–current assets	3,410	2,933	2,672	2,435	2,216
Equity	2,658	2,644	2,608	2,019	1,761
Borrowings	1,261	765	618	864	782
Net debt[1]	1,166	702	511	764	690
Net cash flows generated from operating activities***	377	421	423	258	291
Capital expenditure	53	66	64	30	30

* Including operating consumption

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

*** 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

[1] Net debt = borrowings at the end of the reporting year – cash and cash equivalents at the end of the reporting year

Financial ratios	2025	2024	2023	2022	2021	Formulas
EBITDA margin	28.9%	41.8%	33.9%	22.8%	14.4%	EBITDA / revenue
Operating profit margin	20.1%	26.7%	25.9%	16.2%	8.8%	Operating profit / revenue
Profit before tax margin	24.1%	29.7%	26.0%	17.0%	13.4%	Profit before tax / revenue
Profit margin	20.0%	25.1%	23.7%	17.0%	13.4%	Profit for the year / revenue
Equity–to–asset ratio	63%	71%	74%	61%	60%	Equity at the end of the reporting year / assets at the end of the reporting year
Net debt / equity	0.44	0.27	0.20	0.38	0.39	Net debt at the end of the reporting year / equity at the end of the reporting year
Current ratio	2.6	2.1	3.0	1.5	1.8	Current assets at the end of the reporting year / current liabilities at the end of the reporting year
Return on assets (ROA)	4.8%	7.3%	9.7%	6.7%	2.8%	Profit for the year / ((assets at the beginning of the reporting year + assets at the end of the reporting year) / 2)
Return on equity (ROE)	7.2%	10.1%	14.3%	11.1%	4.5%	Profit for the year / ((equity at the beginning of the reporting year + equity at the end of the reporting year) / 2)
Return on capital employed (ROCE)	5.2%	8.5%	11.9%	7.3%	2.1%	Operating profit / ((equity at the beginning of the reporting year + equity at the end of the reporting year) / 2) + (borrowings at the beginning of the reporting year + borrowings at the end of the reporting year) / 2)
Dividend pay–out ratio	70%	64%	73%	88%	63%	Dividends paid to equity holder of the Parent Company / profit of the Parent Company in the previous year

Operating Environment

Latvenergo Group's operations and performance are influenced by various global and regional factors, including electricity and natural gas prices. In 2025:

- the Nord Pool system price increased by 10%, while the electricity price in Latvia decreased by 1%
- the price of natural gas at the TTF (the Dutch natural gas virtual trading point) increased by 12% compared to 2024

In the Baltics, higher renewable output influenced electricity prices

In 2025, the increase in Nord Pool system prices was mainly affected by lower electricity generation at wind power plants in the Nordic countries, particularly in Q4 2025, when output decreased by 10% compared to the respective period in 2024. In the second half of the year, the hydrological situation also deteriorated, and by the end of the year the hydrological balance showed a deficit of 2 TWh compared to the long-term average. The average electricity price in the Baltics during the reporting year was 3% lower than a year earlier. This was driven by a 34% increase in solar generation and an 11% increase in wind generation, supported by the growth of installed generation capacities across the Baltics. At the end of June 2025, the Finland–Estonia interconnection EstLink 2 resumed operation after an outage that had lasted since the end of 2024.

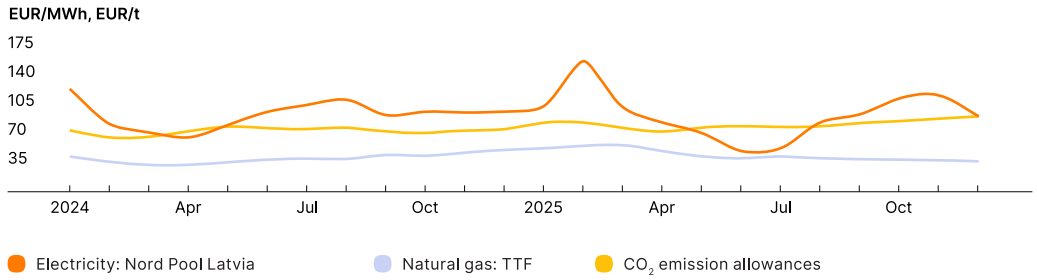
In 2025, electricity consumption in the Baltic states increased by 1.8%, reaching 28.1 TWh.

In 2025, the total amount of electricity generated in the Baltics increased by 8%, reaching 19.3 TWh. The increase was mainly driven by 17% higher generation in Lithuania, reaching 9.0 TWh. Electricity generation in Latvia increased by 8%, reaching 5.8 TWh, while in Estonia electricity generation has remained unchanged, reaching 4.8 TWh.

Average electricity price in Nord Pool regions (monthly), EUR/MWh

Region	2025	2024	Δ, %
System price	39.8	36.1	10%
Latvia	86.2	87.3	(1%)
Lithuania	85.8	87.2	(2%)
Estonia	80.9	87.1	(7%)
Poland	104.5	96.2	9%
Sweden	35.0	33.8	4%
Finland	40.5	45.6	(11%)
Denmark	82.0	70.7	16%
Norway	40.2	37.0	9%
Germany	89.6	78.5	14%
France	61.4	58.0	6%
Great Britain	91.1	81.8	11%

Energy resource prices



The natural gas price is higher

Natural gas is the main fuel resource in the Latvenergo AS CHPPs' operation. In the reporting year, the average price of natural gas at the TTF (front month) reached 38 EUR/MWh, which is 12% higher than in 2024. In 2025, natural gas demand was affected by variable weather conditions in Europe, increasing during periods when RES and nuclear generation output were lower. At the beginning of 2025, gas supplies from Russia to EU via Ukraine were halted. However, high levels of liquefied natural gas imports – primarily from the United States – offset gas supply shortages. At the end of December, the gas storage fill rate in Europe reached 62% (at the end of December 2024, it was 72%).

The dynamics of the natural gas market are linked with the oil market and other energy resource markets. In 2025:

- the average price of Brent crude oil futures decreased by 14%, comprising 69 USD/bbl. The Brent crude oil market prices were affected by geopolitical risks, U.S. tariff policies and sanctions on the oil industry, while OPEC+ member countries maintained higher oil production
- the average price of CO_2 emission allowances (EUA DEC futures) was 13% higher, reaching 75 EUR/t. In the reporting year, the price of EU emission allowances was affected by high volatility in financial markets. In 2025, the volume of emission allowance auctions increased to finance the REPowerEU plan

Latvenergo AS has not imported natural gas from Russia since 24 February 2022, switching to supplies of LNG from the U.S., Norway, and other countries. Until 2032, Latvenergo AS has secured the rights to make regular natural gas deliveries to the KN Energies LNG terminal at a volume of 6 TWh per year. In 2025, Latvenergo AS purchased 7 TWh of natural gas through the KN Energies LNG terminal and 2 TWh of natural gas through the Inkoo LNG terminal. By diversifying LNG supply sources, Latvenergo AS significantly enhances both its own and Latvia's overall energy security.

In the reporting year, natural gas consumption in the Baltic states decreased by 5% compared to 2024.

Baltic balancing capacity market

On February 9, 2025, Estonia, Latvia, and Lithuania successfully synchronized their electricity systems with Continental Europe. This milestone also marked the launch of the Baltic balancing capacity market, operated by the Baltic transmission system operators. Latvenergo AS has qualified the Daugava HPPs' and CHPPs' units for providing balancing services and participates in the provision of these services.

Qualified capacity in the Baltic balancing market

	Units	FCR	aFRR up	aFRR down	mFRR up	mFRR down
Riga HPP	MW	78	282	282	402	402
Kegums HPP	MW	24	74	74	248	248
Plavinas HPP	MW	—	—	—	808	808
CHPP-1	MW	—	24	24	44	44
CHPP-2	MW	58	108	108	220	220
TOTAL	**MW**	**160**	**488**	**488**	**1,722**	**1,722**

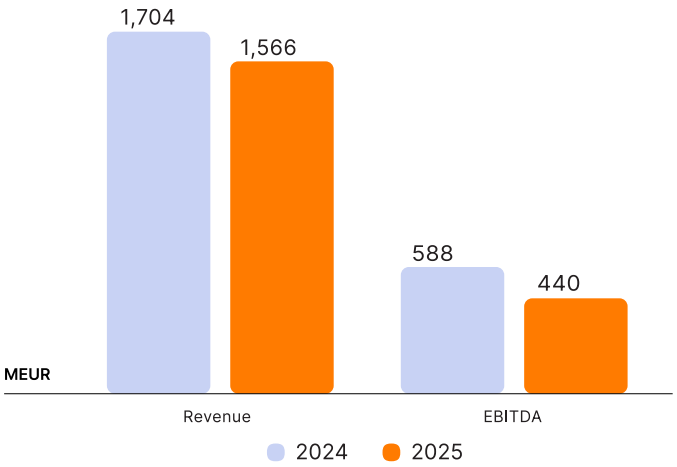
Financial Results

In 2025, Latvenergo Group's revenue reached EUR 1,566.1 million, which was EUR 137.5 million or 8% less than a year earlier. The revenue decline was affected by energy sales revenue decreasing by EUR 128.8 million, driven by 17% lower electricity retail sales prices. Latvenergo Group's EBITDA was EUR 148.3 million or 25% lower compared to 2024, reaching EUR 440.1 million. This was mainly negatively affected by lower electricity retail sales prices and lower output at the Daugava HPPs. The winter of 2024/2025 was characterized by minimal snow and ice accumulation, leading to the absence of spring flooding. As a result, inflow in the Daugava River in 2025 was 5% below the long-term average. As a result, electricity generation at the Daugava HPPs decreased by 8% compared to 2024.

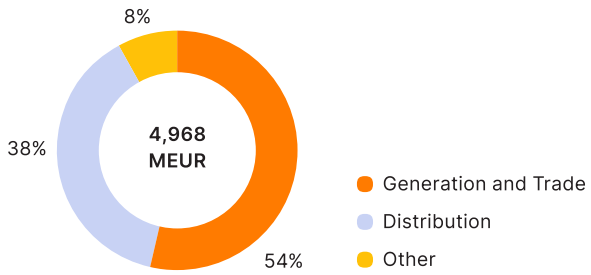
The Group's profit for the reporting year reached EUR 198.8 million.

Latvenergo Group's financial figures	Units	2025	2024	Δ	Δ, %
Revenue	MEUR	1,566.1	1,703.6	(137.5)	(8%)
EBITDA	MEUR	440.1	588.4	(148.3)	(25%)
Profit for the year	MEUR	198.8	273.7	(74.8)	(27%)
Assets	MEUR	4,967.5	4,438.1	529.4	12%

Revenue and EBITDA



Assets



Generation and Trade

Segment weight in Latvenergo Group

Revenue	75%
EBITDA	63%
Assets	54%
Employees	31%

In 2025, generation and trade comprised Latvenergo Group's largest operating segment by revenue and EBITDA. The majority or 91% of the revenue of the segment was comprised of electricity, natural gas trade and related supply services revenue, while thermal energy revenue accounted for 9%.

In 2025, the segment's revenue reached EUR 1,205.1 million, which was EUR 163.6 million less than a year earlier. Energy sales revenue decreased by EUR 128.8 million, driven by 17% lower electricity retail sales prices.

Meanwhile, the segment's EBITDA was mainly negatively affected by lower electricity retail sales prices and lower output at the Daugava HPPs. Overall, in 2025, the Daugava HPPs generated 8% less electricity than a year earlier. In 2024, inflow in the Daugava River was 6% above the long-term average. However, the winter of 2024/2025 was characterized by minimal snow and ice accumulation, leading to the absence of spring flooding. As a result, inflow in the Daugava River in 2025 was 5% below the long-term average.

In 2025, the total volume of electricity generated at Latvenergo Group's plants amounted to 4,696 GWh, which corresponded to 78% of the amount of electricity sold to retail customers (in 2024: 79%).

Operational figures	**Units**	**2025**	**2024**	**Δ**	**Δ, %**
Electricity customers	thous.	914	896	18	2%
Electricity supply	GWh	8,186	8,552	(366)	(4%)
*Retail**	*GWh*	*6,053*	*6,140*	*–87*	*(1%)*
*Wholesale***	*GWh*	*2,133*	*2,412*	*(279)*	*(12%)*
Natural gas customers	thous.	76	65	11	17%
Natural gas supply	GWh	3,283	2,559	724	28%
Retail	*GWh*	*1,605*	*1,190*	*415*	*35%*
Wholesale	*GWh*	*1,678*	*1,369*	*309*	*23%*
Electricity generation	GWh	4,696	4,842	(146)	(3%)
HPPs	*GWh*	*2,882*	*3,147*	*(266)*	*(8%)*
CHPPs	*GWh*	*1,587*	*1,633*	*(46)*	*(3%)*
SPPs and WPPs	*GWh*	*209*	*44*	*165*	*375%*
Liepaja plants	*GWh*	*18*	*17*	*0.3*	*2%*
Thermal energy generation	GWh	1,554	1,665	(111)	(7%)
CHPPs	*GWh*	*1,310*	*1,423*	*(113)*	*(8%)*
Liepaja plants	*GWh*	*244*	*242*	*2*	*1%*

Financial figures	**Units**	**2025**	**2024**	**Δ**	**Δ, %**
Revenue	MEUR	1,205.1	1,368.7	(163.6)	(12%)
EBITDA	MEUR	278.0	443.8	(165.8)	(37%)
Assets	MEUR	2,663.6	2,178.9	484.7	22%
Capital expenditure	MEUR	602.1	395.0	207.1	52%

* Including operating consumption

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

Generation

Latvenergo Group is one of the largest electricity producers in the Baltics. 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 (in 2024: 66%).

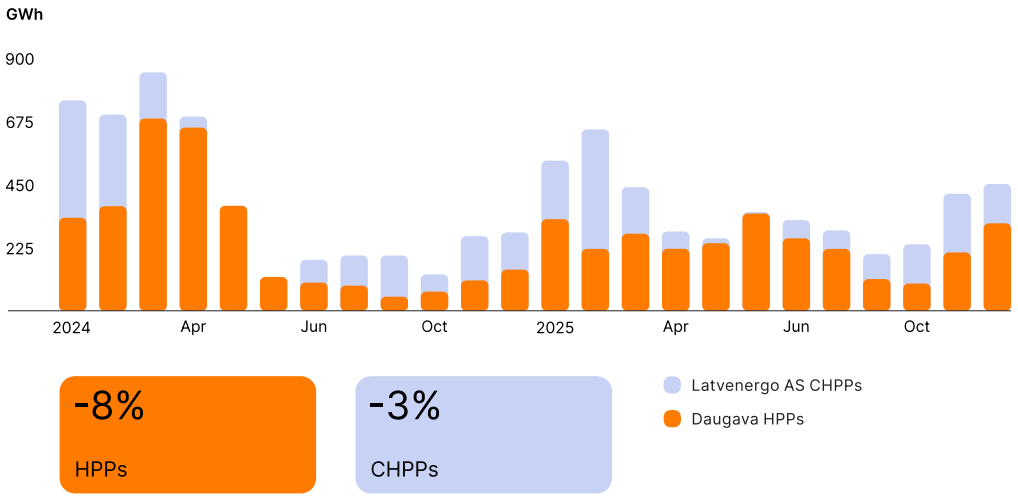
The total amount generated by Latvenergo Group's power plants comprised 4,696 GWh of electricity and 1,554 GWh of thermal energy. The winter of 2024/2025 was characterized by minimal snow and ice accumulation, leading to the absence of spring flooding. As a result, inflow in the Daugava River in 2025 was 5% below the long-term average. Electricity generation at the Daugava HPPs decreased by 8% compared to 2024, reaching 2,875 GWh. According to data from the Latvian Environment, Geology and Meteorology Centre, the average water inflow in the Daugava River in 2025 was 560 m^3/s (in 2024 it was 628 m^3/s).

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 grew significantly. In 2025, it 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 earlier.

Electricity generation at Daugava HPPs and Latvenergo AS CHPPs



Trade[30]

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. In 2025, the electricity consumption in the Baltic states increased by 2% compared to 2024, reaching 28.1 TWh.

In the reporting year, the total number of electricity customers increased by 2%, reflecting the company's strengthened position in strategically important household and small business segments. At the end of the reporting year, the number of electricity customers exceeded 914 thousand, including more than 306 thousand foreign customers.[31]

45% of the total retail electricity was sold outside Latvia. The electricity trade volume in Latvia was 3.3 TWh, while in Lithuania it was 1.5 TWh and in Estonia it was 1.2 TWh.

The Group's natural gas retail sales in the Baltics increased by 35%, reaching 1,605 GWh. The volume of natural gas sold has increased despite a 5% decrease in overall natural gas consumption in the Baltics. The number of natural gas customers exceeded 76 thousand at the end of December, which is 17% more than a year earlier.[31]

Development of other retail products and services in the Baltic states:

- by the end of 2025, the number of charging ports installed at *Elektrum Drive* charging stations increased to 1,107. The *Elektrum Drive* app can also be used to charge vehicles on the e-mobi network in Latvia and at LIDL charging stations in Lithuania and Estonia, with a total of 1,590 charging ports available to *Elektrum Drive* app customers across the Baltic states. In 2025, about 195 thousand electric vehicle charges were made by *Elektrum Drive* app customers, totaling 4,150 MWh. The availability of *Elektrum Drive* charging stations in 2025 resulted in CO_2 emission savings of more than 2,360 tonnes
- the *Elektrum Insured* customer portfolio in the Baltics comprised almost 174 thousand clients in total. The range of insurance services includes products such as protection against power supply disruptions and damage to electrical appliances (including emergency assistance from professional electricians, plumbers, carpenters, and locksmiths), insurance covering fire risks related to electrical installations and devices, and financial support for electricity and gas bill payments in the event of unforeseen circumstances (such as prolonged incapacity to work due to health issues or unemployment), and insurance for heating equipment

6,053 GWh of electricity sold to Baltic retail customers.

1,605 GWh of natural gas sold to Baltic retail customers.

At the end of December, the total number of installed charging ports at *Elektrum Drive* charging stations reached 1,107.

At the end of December, the total number of *Elektrum Insured* customers comprised almost 174 thousand.

30 ESRS 2 SBM-1 40 (a) i

31 ESRS 2 SBM-1 40 (a) ii

Distribution

Segment weight in Latvenergo Group

Revenue	24%
EBITDA	34%
Assets	38%
Employees	50%

In 2025, due to a 3% increase in the volume of distributed electricity, the segment's revenue increased by EUR 10.7 million, reaching EUR 381.9 million. Meanwhile, the segment's EBITDA increased by 11% or EUR 14.1 million, reaching EUR 147.3 million.

At the end of the reporting year, the total generation capacity of microgenerators connected to the distribution system reached more than 210 MW, and the number of microgenerators connected to the distribution grid exceeded 24 thousand. In the reporting year, 484 new solar power plants were connected to the electricity distribution system. In total, about 1,550 solar power plants were connected to the electricity distribution system at the end of December, and their total generation capacity has reached about 710 MW. In the reporting year, about 600 GWh of electricity was produced from solar power and fed into the grid, accounting for about 10% of the total electricity distributed within the network, which is 1.5 times more than a year earlier. In addition, in 2025, Sadales tīkls AS built 219 electric charging ports for its customers, with a total connected capacity of about 51 MW.

In the reporting year, the infrastructure of Sadales tīkls AS experienced the historically lowest number of faults. SAIDI and SAIFI indicators improved significantly, mainly due to milder weather conditions compared to 2024. In addition to regular power line maintenance and power line corridor clearing, generators are used during planned maintenance outages to promote the quality and security of the energy supply.

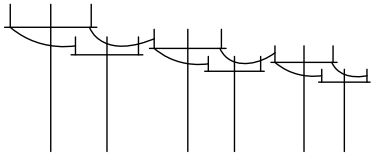
Operational figures	**Units**	**2025**	**2024**	**Δ**	**Δ, %**
Electricity distributed	GWh	6,293	6,116	177	3%
Distribution losses*	GWh	246	237	9.2	4%
SAIFI**	times	1.7	2.2	(0.5)	(23%)
SAIDI**	minutes	133	215	(82)	(38%)

Financial figures	**Units**	**2025**	**2024**	**Δ**	**Δ, %**
Revenue	MEUR	381.9	371.3	10.7	3%
EBITDA	MEUR	147.3	133.2	14.1	11%
Assets	MEUR	1,913.5	1,841.6	71.9	4%
RAB	MEUR	1,587.1	1,582.7	4.4	0%
Capital expenditure	MEUR	172.2	122.3	49.8	41%

* Including technological and operating consumption

**Including mass damage caused by storms and other forces of nature

EU funding is being actively used for the development of the electricity grid. Sadales tīkls AS continues to implement the EU Recovery Fund investment project "Modernization of the Electricity Distribution System" (funding – EUR 41.9 million, deadline – 31 July 2026). The project includes seven key modernization activities: installation of solar panels to compensate transformer losses, replacement of 1,510 transformers, construction and reconstruction of 75 km of medium-voltage lines, improvement of building energy efficiency, creation of connections for public charging stations and microgeneration, development of an electricity market data platform, and introduction of an advanced metering system. In parallel, the company is carrying out the REPowerEU project (funding – EUR 60 million, deadline – 30 June 2026), focused on increasing capacity by 70 MW through new and upgraded substations, installing 285 remotely controlled medium-voltage switches, replacing overhead lines with underground cables in strategic locations, and introducing a smart grid management solution.



In 2025, more than
1,030 km
of power lines were renewed,

and more than
5,400 km
of power line corridors were cleared of potentially hazardous trees and shrubs

Investments

With the continued development of renewable energy generation capacities in the Baltics, the volume of investments by Latvenergo Group increased significantly. In 2025, the total amount of investment comprised EUR 792 million, which is 49% more than a year earlier. More than 2/3 of it or EUR 548 million was made in new wind and solar generation capacities.

In 2025, almost 1/2 of Latvenergo Group's total investments were made in wind generation capacities. In February 2025, the reconstruction of the Ainazi WPP, which was launched in 2024, was completed. As part of this project, two wind turbines with a total installed capacity of 1.2 MW were renewed. Meanwhile, in June, the Akmene WPP in Lithuania, with a total capacity of 19.6 MW, was commissioned. At the end of 2025, the Telšiai WPP (124 MW) in Lithuania began operations. Equipment assembly and installation for the wind power project Laflora Energy (109 MW) in Latvia continued. Laflora WPP will enable the start of wind energy generation in 2026. In November 2025, foundation work began on Latvia's largest wind park, Pienava Wind (147 MW), which will start wind power generation as early as in the first half of 2027. The construction costs of the wind park are expected to be approximately EUR 215 million.

1/5 of Latvenergo Group's total investments were made in solar park projects. In total, during the reporting year, three solar parks in Latvia with a total capacity of 37.4 MW and five solar parks in Lithuania with a total capacity of 213.2 MW began operations. At the end of December, Latvenergo Group already had 22 solar parks with an installed capacity of 353 MW. In 2025, construction continued on the largest solar power project of Latvenergo — DSE Aizpute Solar (265 MW). As of the report's date of approval, construction has been completed, and the park has started generating electricity.

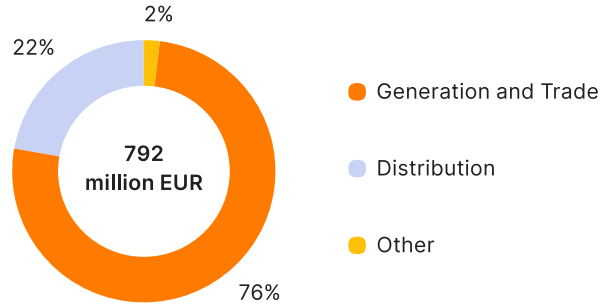
In the reporting year, two BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built. As of the report's date of approval, six BESS projects with a total capacity of 183.4 MW / 428.6 MWh are in the development stage. Demonstrating its strategic commitment to leading renewable energy in the Baltics, the Group plans to invest in storage technologies and install at least 250 MW / 500 MWh by 2030.

Also, reconstruction work on Plavinas HPP continued. The procurement process for the reconstruction of the Kegums HPP hydro units is ongoing.

In the reporting year, investments in distribution reached EUR 172 million, which is about 1/5 of the Group's total investments.

About one fourth of the distribution segment's funds are invested in the construction and reconstruction of power lines and transformers, thereby ensuring high-quality network services, technical performance, and operational safety. EU funding is also being attracted for the modernization of the electricity distribution system within the framework of the Recovery and Resilience Facility, implementing two projects with total funding of nearly EUR 102 million during the period from 2023 to 2026. The purpose of investments in the distribution segment is to increase the reliability and resilience of the electricity distribution network, reduce the frequency and duration of planned and unplanned power outages, improve voltage quality, and at the same time strengthen the network's readiness for growing demand and the integration of renewable energy sources.

Capital expenditure



Funding and Liquidiy

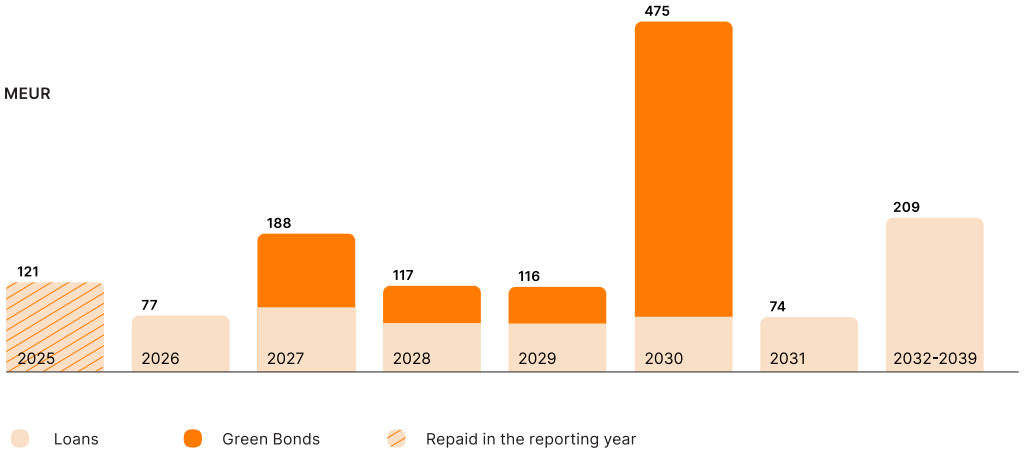
Latvenergo Group finances its investments from its own resources and external long-term borrowings, which are regularly sourced in financial and capital markets in a timely manner.

Planning the sourcing of borrowings in a timely manner is also crucial in order to ensure loan refinancing risk management and debt repayment in due time.

In the reporting year, Latvenergo AS secured a loan of EUR 200 million from the European Investment Bank with a repayment term of 15 years and signed short-term loan agreements totalling EUR 300 million with Swedbank AS, OP Corporate Bank plc Latvia branch, and AB SEB Bank.

On 30 October 2025, the Management Board of Latvenergo AS approved the base prospectus for the company's EMTN programme (the "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 allocated to eligible green projects in accordance with the European Green Bond Factsheet.

Latvenergo Group's long-term debt repayment schedule



As of 31 December 2025, the Group's borrowings amount to EUR 1,270.4 million (31 December 2024: EUR 743.4 million) of which EUR 1,256.6 million are long-term loans (31 December 2024: EUR 743.4 million). The long-term loan portfolio includes loans from commercial banks and international financial institutions, as well as green bonds in the amount of EUR 600 million.

External funding sources are purposefully diversified in the long run, thus creating a balance between lender categories in the total loan portfolio.

As of 31 December 2025, all borrowings are denominated in euro currency. The weighted average long-term loan repayment period is 4.9 years (31 December 2024: 3.8 years). The effective weighted average interest rate (with interest rate swaps) is 3.0% (31 December 2024: 3.3%). Also, sufficient coverage of debt service requirements has been ensured.

In the reporting year, all the binding financial covenants set in Latvenergo Group's loan agreements were met.

In February 2025, for the fourth time, Latvenergo AS won the award for the best investor relations among all bond issuers on the Nasdaq Baltic regulated markets in the Baltic countries. Since 2012, the bonds have been issued with consistently high investor valuations.

On 31 October 2025, the international credit rating agency Moody's reaffirmed the Latvenergo AS credit rating at Baa2 with a stable outlook. The credit rating Baa2 for Latvenergo AS has been stable since 2015, confirming the consistency of operations and financial soundness of Latvenergo Group.

Financial Risk Management

The activities of Latvenergo Group are exposed to a variety of financial risks: market risks, credit risk, and liquidity and cash flow risk. Latvenergo Group's Financial Risk Management Policy focuses on mitigating the potential adverse effects from such risks on financial performance. In the framework of financial risk management, Latvenergo Group uses various financial risk controls and hedging to reduce certain risk exposures.

a) Market risks

I) Price risk

Price risk might negatively affect the financial results of the Group due to falling revenue from generation and a mismatch between floating market prices and fixed retail prices.

The main sources of Latvenergo Group's exposure to price risk are the floating market prices of electricity on the Nord Pool power exchange in Baltic bidding areas and the natural gas price for CHPPs fuel. The financial results of the Group may be negatively affected by the volatility of the electricity market price, which depends on the weather conditions in the Nordic countries, global prices of resources, and the influence of local factors (water availability and ambient air temperature) on electricity generation opportunities. Due to supply-demand factors and seasonal fluctuations, natural gas price volatility may have a negative effect on the difference between fixed retail electricity prices in contracts with customers and variable generation costs at CHPPs.

In order to hedge the price risk, the Group enters into long-term fixed price customer contracts, uses electricity financial derivatives and enters into fixed price contracts for natural gas supply. The impact of price risk on generation is hedged gradually – 69% of projected electricity output is sold prior to the upcoming year. Further hedging of risk is limited by the seasonal generation pattern of the Daugava HPPs. The price fixing level reached 89% of the annual generation volume by the end of 2025.

II) Interest rate risk

Latvenergo Group's interest rate risk mainly arises from long-term borrowings at variable rates. They expose the Group to the risk that finance costs might increase significantly when the reference rate surges. Most of the borrowings from financial institutions have a variable interest rate, comprising 6-month EURIBOR and a margin. The Group's Financial Risk Management Policy stipulates maintaining at least 35% of its borrowings as fixed interest rate borrowings (taking into account the effect of interest rate swaps and issued bonds) with a duration of 1–4 years. Taking into account the effect of interest rate swaps and bonds with a fixed interest rate, 53% of the long-term borrowings had a fixed interest rate with an average period of 2.2 years as of 31 December 2025.

III) Currency risk

Foreign currency exchange risk arises when future transactions or recognised assets or liabilities are denominated in a currency other than the functional currency.

As of 31 December 2025, all borrowings of Latvenergo Group are denominated in euros, and during the reporting year, there was no substantial exposure to foreign currency risk as regards the Group's investments.

To manage the Group's foreign currency exchange risk, the Financial Risk Management Policy envisages use of foreign exchange forward contracts. In the reporting year, the Group and Latvenergo AS did not have foreign currency exchange forward contracts.

b) Credit risk

Credit risk is managed at the Latvenergo Group level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, and receivables. Credit risk exposure of receivables is limited due to the large number of Group customers as there is no significant concentration of credit risk with any single counterparty or group of counterparties with similar characteristics.

Credit risk related to cash and short-term deposits with banks is managed by balancing the placement of financial assets in order to simultaneously choose the best offers and reduce the probability of incurrence of loss. No credit limits were exceeded during the reporting year, and the Group's management does not expect any losses due to the occurrence of credit risk.

c) Liquidity risk and cash flow risk

Latvenergo Group's liquidity and cash flow risk management policy is to maintain a sufficient amount of cash and cash equivalents and the availability of long and short-term funding through an adequate amount of committed credit facilities in order to meet existing and expected commitments and compensate for fluctuations in cash flows due to the occurrence of a variety of financial risks. On 31 December 2025, Latvenergo Group's liquid assets (cash and short-term deposits up to 3 months) reached EUR 117.8 million (31 December 2024: EUR 86.6 million), while the current ratio was 1.7 (1.6).

The Group plans to use its funds in the amount of EUR 117.8 million for repayment of the existing loan principal, dividend payout and financing investments and operating expenses.

The Group continuously monitors cash flow and liquidity forecasts, evaluating the total volume of undrawn borrowing facilities and cash and cash equivalents.

Events After the Reporting Year

After the end of the reporting year, the military situation in Iran has significantly escalated, causing disruptions to global energy supply chains, particularly in the Strait of Hormuz region. This increases supply risks and contributes to rising energy prices. As of the report's date of approval, these circumstances have not had a material negative impact on the operations of Latvenergo Group and the Parent Company. However, persistently higher energy prices are expected to increase production costs, while weakening demand in external markets may adversely affect the Baltic region's economic growth prospects and create inflationary pressure. Further indirect effects will largely depend on unpredictable developments, such as potential military escalation and the responses it may trigger, the scale and duration of which remain uncertain.

On 10 March 2026, amendments were adopted to Cabinet of Ministers Regulation No. 432, introducing changes to the funding allocated to Sadales tīkls AS under the European Union Recovery and Resilience Facility. The funding has been increased by EUR 6.68 million, bringing the total allocation to EUR 67 million. The additional funds will be invested in the REPowerEU programme activity Development of the Electricity Distribution System Grid, including the construction of an additional 40 km of cable lines.

On April 25, 2026, Gundars Ruža stepped down from his positions as Member of the Supervisory Board of Latvenergo AS and Member of the Audit Committee of Latvenergo AS. The Supervisory Board of Latvenergo AS will continue operating with four members until a new Supervisory Board member is appointed through the selection process.

There have been no other significant events since the last day of the reporting year that would materially affect the audited financial statements of Latvenergo Group and Latvenergo AS for the year ended 31 December 2025.

Profit Distribution

According to the Law "On state budget for 2026 and budgetary framework for 2026, 2027 and 2028" the expected amount of dividends to be paid by Latvenergo AS for the use of state capital in 2026 (for the reporting year 2025) amounts to EUR 141.0 million, corporate income tax calculated and paid in accordance with the laws and regulations. The distribution of net profit and amount of dividends payable is subject to a resolution of the Latvenergo AS Shareholders Meeting.

Sustainability Statement

Latvenergo

General Information

ESRS 2 BP-1, BP-2

Sustainability Statement preparation

Sustainability Statement period	01.01.2025–31.12.2025
Sustainability Statement frequency	Annual
Regulatory framework	The consolidated Sustainability Statement (Sustainability Statement) has been prepared in accordance with the requirements of the Sustainability Information Disclosure Law, and it includes the requirements of Taxonomy Regulation (EU) 2020/852 Article 8 and Delegated Regulation (EU) 2023/2772 as regards sustainability reporting standards (ESRS).
Certified European standards	European standards certified within the Group and approved by the European standardization system: ISO 9001 Quality management systems – Latvenergo AS, Elektrum Lietuva UAB, see in the E2 Pollution sections Policies; Pollution of air, water and soil ISO 14001 Environmental management systems – Latvenergo AS, Sadales tīkls AS, Elektrum Lietuva UAB, see in the E1 Climate Change section Policies, E2 Pollution sections Policies; Pollution of air, water and soil ISO 45001 Occupational health and safety management systems – Latvenergo AS, Elektrum Lietuva UAB, see in the S1 Own Workforce section Health and safety metrics ISO 50001 Energy management – Latvenergo AS, Elektrum Lietuva UAB, Liepājas enerģija SIA see in the E1 Climate Change sections Policies; Energy consumption and mix, E2 Pollution section Policies
ESRS topical standards	ESRS topical standards included in the Sustainability Statement as a result of the double materiality assessment: ESRS E1 — Climate Change ESRS E2 — Pollution ESRS E4 — Biodiversity and Ecosystems ESRS E5 — Resource Use and Circular Economy ESRS S1 — Own Workforce ESRS S3 — Affected Communities ESRS S4 — Consumers and End-users ESRS G1 — Business Conduct ESRS topical standards not included in the Sustainability Statement as a result of the double materiality assessment: ESRS E3 — Water and Marine Resources ESRS S2 — Workers in the Value Chain
	List of sustainability matters that are assessed to be material and how the undertaking's business model and strategy take account of the impacts of the undertaking related to those matters, as well as information on targets and the progress towards achieving those targets, policies, actions and metrics relevant to the matters in question see in the topical standards.
Scope of the Sustainability Statement	The Sustainability Statement has been prepared on a consolidated basis, consistent with the scope of the Latvenergo Group's Consolidated Annual Report. For information about the companies within Latvenergo Group, see Notes 1 and 16 to the Financial Statements. In accordance with the applicable regulations, the obligation to prepare a Sustainability Statement for 2025 only applies to the Group's parent company, Latvenergo AS.

Upstream and downstream value chain and estimates	Information in the Sustainability Statement includes information about material impacts, risks and opportunities (IROs) related to Latvenergo Group and its direct and indirect business relationships upstream and downstream on the value chain. For more information about the Latvenergo Group value chain, see the section Value chain. Estimates of upstream and downstream value chain data from indirect sources were not used in the preparation of the Sustainability Statement.
Classified and sensitive information	In accordance with ESRS 1 Section 7.7 Classified and sensitive information, and information about intellectual property, know-how or results of innovation, Latvenergo Group does not disclose sensitive information in relation to the amount of future operating expenses (OPEX) and capital expenditures (CAPEX) necessary to achieve its strategic goals. In accordance with the ESRS 1, Appendix C, the Group does not include the information specified in ESRS 2 SBM-3 Article 48(e) (expected financial impact) regarding the first three years of its Sustainability Statement preparation.
Phased-in disclosure requirements used	In accordance with ESRS 1, Appendix C, only qualitative information is provided regarding the anticipated financial effects of sustainability-related risks and opportunities (E1-9; E2-6; E4-6 and E5-6).
Period	Latvenergo Group uses the definitions of periods set in the ESRS: short-term <1 year, mid-term 1 to 5 years, long-term >5 years.
Sources of uncertainty in estimates and results	Certain disclosures, particularly under E5-4 (Resource inflows), involve estimation uncertainty due to limited availability of direct measurement data and the use of secondary sources, standard factors, and assumptions. The Group applies judgment in these areas and continues to improve data quality; no other material estimation uncertainties have been identified.
Frameworks used for the preparation of sustainability information	The Sustainability Statement 2025 is the second consecutive statement prepared in accordance with the requirements of the Sustainability Information Disclosure Law, in line with ESRS requirements. Between 2009 and 2023, Latvenergo Group's sustainability reports were prepared in accordance with the guidelines of the Global Reporting Initiative (GRI).
Inclusion with reference	For the requirements of the ESRS in terms of the disclosure of information that is included in the Sustainability Statement with a reference, see the section ESRS information disclosure requirements, inclusion of information with references. This section outlines the detailed ESRS disclosure requirements and references the specific sections of the Management Report, Sustainability Statement, or Financial Statements where the relevant information can be found.
Independent Auditors' Assurance Report	The assurance report on the Sustainability Statement 2025 was issued by Ernst & Young Baltic SIA.
Contact details	E-mail address for suggestions and questions: sustainability@latvenergo.lv

List of ESRS 2 disclosure requirements incorporated by reference in the Sustainability Statement

The information presented in the table below is incorporated by reference to relevant sections of the Management Report, Sustainability Statement or Financial Statements. For further details on the list of the specific ESRS 2 disclosure requirements, along with references to the respective sections where the information is disclosed, see the section ESRS information disclosure requirements, inclusion of information with references:

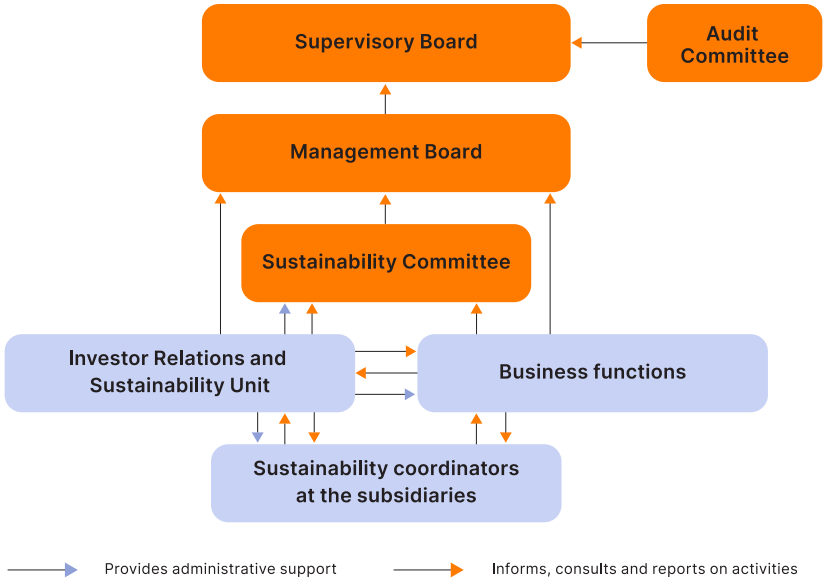
No.	Reporting Area	ESRS requirements
GOV-1	Governance (GOV)	The role of the administrative, management and supervisory bodies
GOV-2	Governance (GOV)	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes
GOV-5	Governance (GOV)	Risk management and internal controls over sustainability reporting
SBM-1	Strategy (SBM-1)	Strategy, business model and value chain
SBM-3	Strategy (SBM-3)	Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	Impact, risk and opportunity management (IRO-1)	Description of the processes to identify and assess material impacts, risks and opportunities
MDR-P	Impact, risk and opportunity management (IRO)	Policies adopted to manage material sustainability matters
MDR-A	Impact, risk and opportunity management (IRO)	Actions and resources in relation to material sustainability matters
MDR-M	Metrics (M)	Metrics in relation to material sustainability matters
MDR-T	Targets (T)	Tracking effectiveness of policies and actions through targets

Sustainability management

ESRS 2 GOV-1, GOV-2

Sustainability management model

Latvenergo Group organises its sustainability management via a structured approach that encompasses a number of mutually related elements making it possible to manage sustainability affairs in line with best practices. 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 Investor Relations and Sustainability Unit of Latvenergo AS. This way, experts in each area take charge of progress in the respective sustainability issue, broadly covering sustainability affairs through management within the Group and strengthening the knowledge, skills and competencies pertaining to sustainability that are available as necessary support to the Management Board and Supervisory Board when managing sustainability affairs and processes. The management of IROs 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 Supervisory Board participates in identifying material sustainability aspects related to the Group's operation and is involved in discussing strategic sustainability issues, which are considered in decisions on significant transactions, investments and risk management processes, including the assessment of long-term IROs related to sustainability. The diagram below illustrates the model for managing sustainability affairs within the Group:



Sustainability management elements:

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**. Twice a year, the Management Board of Latvenergo AS assesses the progress of implementing the Sustainability Strategy.[32]

Information about the responsibilities of **the Management Board, Supervisory Board and Audit Committee of Latvenergo AS**, experience and education of the relevant institutions members as related to the management of sustainability, is presented in the Corporate Governance section Governance Bodies. Metrics of gender representation in senior management, as well as diversity ratio see in the S1 Own Workforce section Diversity metrics. Information on independence of the members of the Supervisory Board, as well as employee representation in senior management see in the Corporate Governance section Supervisory Board.

Areas of responsibility in sustainability management of Chief Officers, being also the members of the Management Board

ESRS topical standard, sub-topic	CEO	CCO	COO	CFO	CDO
E1 Climate Change					
Climate change adaptation					✓
Climate change mitigation		✓	✓	✓	✓
Energy			✓	✓	✓
E2 Pollution					
Pollution of air			✓		✓
Pollution of air, water and soil			✓		✓
E4 Biodiversity and Ecosystems					
Direct impact drivers of biodiversity loss					✓
Impacts and dependencies on ecosystem services				✓	✓
Impacts on the state of species			✓		✓
Impacts on the extent and condition of ecosystems			✓		✓
E5 Resource Use and Circular Economy					
Waste					✓
Resources inflows, including resource use	✓				✓
S1 Own Workforce					
Working conditions	✓		✓		
Equal treatment and opportunities for all	✓				
Labour market competition	✓				
S3 Affected Communities					
Communities' economic, social and cultural rights	✓	✓			✓
Communities' civil and political rights					✓
Resilience of infrastructure	✓		✓		✓
S4 Consumers and End-users					
Personal safety of consumers and/or end-users	✓	✓	✓		✓
Social inclusion of consumers and/or end-users		✓			
Information-related impacts on consumers and/or end-users		✓			
Data protection	✓				
G1 Business Conduct					
Corporate culture	✓	✓	✓	✓	✓
Management of relationships with suppliers	✓				
Political influence and lobbying activities	✓				
Payment practices				✓	
Direct and indirect economic impacts	✓			✓	

The Parent Company applies a two-tier governance system in accordance with the Commercial Law of Republic of Latvia, consisting of a Management Board and a Supervisory Board. For ESRS disclosure purposes, members of the Management Board are considered executive members, as they manage the company's daily operations, whereas members of the Supervisory Board are considered non-executive members, as they perform supervisory functions and are not involved in daily management.

Various tools are used to equip the Management Board and Supervisory Board members with the requisite knowledge of sustainability. For example, in developing the Latvenergo Group Sustainability Strategy, discussions were held with the Management Board and Supervisory Board of Latvenergo AS involving experts in the respective areas of sustainability, giving the Management Board and Supervisory Board of Latvenergo AS a broader insight into current sustainability issues. In 2023, in order to deepen their understanding of sustainability management, members of the Supervisory and Management Boards of Latvenergo AS participated in a seminar held by the Baltic Institute of Corporate Governance: ESG Insights for the Boards: Overall Landscape and Target Setting. Members of the Management Board and Supervisory Board regularly attend conferences and take part in discussions that expand their knowledge of sustainability issues.

The Sustainability Committee of Latvenergo Group functions as an advisory body on sustainability issues, serving to facilitate the improvement of Latvenergo Group's sustainability performance, submitting reports to the Management Board of Latvenergo AS twice a year on the status of implementation of the Sustainability Strategy. The committee is chaired by the Chief Financial Officer. In August 2024, changes were made to the Committee, expanding it to the Group level (previously it only functioned as the Sustainability Committee of Latvenergo AS). Five units of Latvenergo AS responsible for different areas of sustainability and a representative of Sadales tīkls AS have been included on the Committee. Other functions are involved in the review of affairs relevant to them. The main tasks of the Committee are set in its regulations, published on Latvenergo's website. The Latvenergo Group Sustainability Committee annually reviews and, if necessary, updates the list of IROs as part of its double materiality assessment process, reporting the results of the double materiality assessment to the Management Board of Latvenergo AS, which confirms the result. The Committee's meetings are held as necessary, but at least four times a year. The Sustainability Committee had four meetings in 2025. The Latvenergo Group Sustainability Strategy 2024-2026 was developed in 2023 under the guidance of the Sustainability Committee, complementing the Group's Medium-term Operational Strategy. For more information about the Latvenergo Group strategy and sustainability goals, see the Group Strategy section.

The Investor Relations and Sustainability Unit of Latvenergo AS coordinates sustainability affairs at the Group level, provides administrative support to the Latvenergo Group Sustainability Committee, supports the Group's units in implementing the Sustainability Strategy and monitors the process of its implementation, prepares the Sustainability Statement, prepares the European Green Bond Factsheet, and organises the determination of sustainability ratings.

Sustainability coordinators at the subsidiaries: at the biggest subsidiaries of Latvenergo AS - Sadales tīkls AS, Elektrum Lietuva UAB and Elektrum Eesti OU - one of the members of their Management Boards is appointed to take charge of sustainability affairs, and at each of these companies, a contact person for sustainability affairs is appointed as well.

Business functions are in charge of the progress of corresponding sustainability areas and implementing Latvenergo Group's Sustainability Strategy goals and activities, as well as achieving the indicators set, such as those pertaining to environmental management, risk management, HR management, etc. For sustainability data management, a centralised sustainability data platform was developed in the reporting year, where the quantitative data necessary for the preparation of the sustainability statement is collected and structured. Annual goals for business functions are set in accordance with the Group's strategic goals and their implementation is monitored by the Management Board/Chief Officers. For the engagement of business functions in the identification and assessment of IROs within the framework of the double materiality assessment, see the section Double materiality assessment. For information on the engagement and awareness of business functions and senior management in the identification, approval and monitoring of risks and opportunities, see the section Risk management.

32 ESRS 2 GOV-1 22 (d)

Stakeholder engagement

Stakeholder engagement is an important element of Latvenergo Group’s responsible business conduct and management of sustainability matters. Stakeholders are identified, assessed and grouped according to ESRS standards and the AA1000 Stakeholder Engagement Standard. The Group assesses the social, environmental, and governance impact of its activities and regularly engages stakeholders in addressing and assessing mutually material issues and setting relevant Targets. Stakeholder engagement takes place in a variety of formats, tailored to the current issues of the specific period and the Group's operational plans, for example:

- discussions and planning activities engaging stakeholders on Latvenergo Group activities that have an environmental impact, such as improvements in fish migration
- webinars and discussions on the Group's Sustainability Strategy, to discuss key issues, including the development and prioritisation of targets
- face-to-face events and regular consultations that allows to discuss and coordinate targets in detail, with various stakeholder groups

This approach ensures that the target indicators set by the Group are in line with the interests of employees and the public, as well as the needs of environmental protection and the expectations of other stakeholders. The regular and structured approach enables the Group to maintain a dialogue on key issues and build support for the Group's Sustainability Strategy. As a result of this, Targets are developed based on stakeholder views, encouraging public awareness and participation. Within the monitoring of the implementation of the Sustainability Strategy, activities are updated, considering the situation in the relevant field and the needs of stakeholders, for example, by specifying support activities aimed at the career development and education of children and young people in STEM subjects. To ensure effective communication and information exchange, representatives of the Management Board and Supervisory Board of the Group's companies are involved in direct engagement with stakeholders and are regularly informed about the views and interests of stakeholders, for example, by approving the medium-term and sustainability strategies, the double materiality assessment, as well as by participating in stakeholder workshops and presentations of research results. This information is integrated into the Group's strategic planning and decision-making processes, using various mechanisms, as well as discussing current and material issues within the framework of operational activities. Regarding stakeholder engagement in policy development, the Group applies an approach of coordinating the draft Medium-term Operational Strategy and Sustainability Strategy with stakeholders and using the feedback received in reviewing subordinate documents, including policies. The Group will continue to engage stakeholders in discussions on mutually material topics through various formats, for example, during development of the Sustainability Strategy for the next period in 2026.

Key measures to involve stakeholders taken during the reporting year:

- quarterly, following the publication of Latvenergo Group's unaudited condensed financial statements, the Group organises online discussions with analysts and economists from the Bank of Latvia, the Council for Fiscal Discipline, and Latvia's largest commercial banks. The discussions provided insights into the operations and financial performance of the Group and analysed how energy interacts with other sectors of the economy
- in August, the annual professional training for Sadales tīkls AS electricians and other energy sector specialists was held in the Cinevilla film studio backlot, where participants demonstrated their skills in maintaining the electricity network and providing first aid in a simulated military threat situation across seven disciplines. Approximately 550 participants took part in the training – employees and contractors of Sadales tīkls AS, as well as specialists from electricity supply operators in Estonia, Lithuania, Poland and Norway
- in November, the Group offered the Preiļi municipality, as well as residents of Preiļi and Riebiņi to visit an already constructed wind power plant in Rokiškis, Lithuania to enable residents with homes located near potential wind parks to learn more about physical impacts and biodiversity. The main purpose of the visit was to show on site what a wind park with turbines approximately 230 m high would look like, as well as to dispel concerns on the construction of a wind park. The planned wind park in the parish was discussed with the affected community residents in form of explanation of the operating principles of the wind power plant and answers of the Lithuanian wind power plant owner. Meanwhile, the residents of Rokiškis shared their experience of living next to a wind park, highlighted the economic and infrastructure benefits for the region and together measured the noise level
- to find out what the affected community residents think about wind parks near their homes, the Group's experts organised neighbour days at the upcoming *Laflora Energy* WPP in August and September 2025 – by personal visits to approximately 100 residents of the nearest houses and villages. During the visits, the affected community residents were introduced to the WPP construction plan, environmental aspects and support for the affected community. The Group's experts answered questions individually, and the residents appreciated this initiative
- in October, the inspection and occupational safety specialists of Sadales tīkls AS held their annual seminar for skilled workers. The seminar was attended by 80 occupational safety specialists from 50 companies. The specialists shared their experience regarding challenges and difficulties in setting up an occupational safety system, compliance with occupational safety standards at their companies, as well as about possible improvements. During the event, the tribute was paid to the companies that had taken the greatest responsibility for organising and carrying out safe work at Sadales tīkls AS electricity supply facilities in the past year
- to promote cooperation with electricity market participants, Sadales tīkls AS organised an informative event for electricity market participants and system operators in November, dedicated to industry updates and strengthening cooperation. Approximately 40 representatives from various electricity market participants attended – traders, transmission and distribution system operators, aggregators, as well as representatives from the Ministry of Climate and Energy

Stakeholder seminar to discuss the Group's Sustainability Strategy 2024-2026 and future steps was organised at the end of 2023. This face-to-face workshop brought together representatives of the shareholder, funders, sustainability and energy experts, and other external stakeholders. Latvenergo Group held webinars on the Group's Sustainability Strategy for its employees at the end of 2023. The Sustainability Strategy for the next period will be developed in 2026 and it will be coordinated with stakeholders.

in September 2024, an online stakeholder survey was carried out as part of the double materiality assessment. Stakeholders were asked to provide their opinions on the relevance of sustainability topics to Latvenergo Group’s operations, the materiality of the impacts caused, and the risks that have a substantial effect on the company’s operations. Questionnaires were sent to 80 stakeholders, including the shareholder of Latvenergo AS, its business partners, trade union, funders and investors, educational and scientific institutions, customers, non-governmental organisations, professional associations, industry experts, public institutions, and representatives of local communities. The double materiality assessment was reviewed in 2025 and there were no significant changes.

For information about the double materiality aspects jointly determined by the stakeholders and the Group, see the section Double materiality assessment.

Latvenergo Group stakeholders, mutual impact, and material topics

Shareholder – Ministry of Economics

the Group's contribution to the national economy

the Group's strategy, governance, investments and performance

compliance with the requirements of laws and regulations and fair competition

Business partners

clear and transparent procurement tenders, investments, compliance with laws and regulations and fair competition

efficiency, availability and security of distribution services

Employees, trade union

occupational health and safety

collective bargaining agreement

involvement, development, productivity and motivation of employees

Funders and investors

the Group's financial results, significant events, compliance with laws and regulations and agreements

fair competition and communication practice

Educational and scientific institutions

involvement of the Group in the development of educational programmes that meet the requirements of the labour market and involvement of the Group's experts in educational programmes

science and education projects, educational materials for children and youth

Customers

products, services, their quality and price

reducing the frequency and duration of unscheduled power outages

availability of information

Media, non-governmental organisations (NGOs)

availability of information on the Group's core operations and governance

current issues in energy sector policy

compliance with laws and regulations and fair competition

Professional associations and sector specialists

efficiency of generation facilities and involvement in shaping energy sector policy

compliance with laws and regulations and fair competition

community contribution

availability of information

Public institutions

development of Latvian and EU energy policies

efficiency of energy generation facilities and contingency management plans

compliance with laws and regulations and fair competition

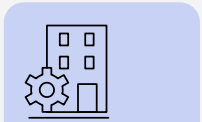
data security

Local community

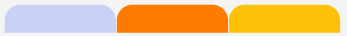
modernisation of generation facilities and network development projects; efficiency and availability of distribution services

compliance with environmental protection requirements

the Group's CSR activities



material impact


less material impact

Stakeholders

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, see the section Corporate Governance.

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. For additional information see the section G1 Business Conduct.

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. Information on workforce and working environment see in the section S1 Own Workforce.

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. See the Corporate Governance Report of Latvenergo AS.

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. Information on science and education projects see in the section Corporate Social Responsibility.

Customers

Involvement

Latvenergo Group conducts annual customer satisfaction surveys and takes measures to improve customer satisfaction. For additional information see the section S4 Consumers and End-users.

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. For additional information see the section G1 Business Conduct.

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. For information on the Group's involvement in the industry policy development, see the section G1 Business Conduct.

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. See the sections S3 Affected Communities and Corporate Social Responsibility.

Level of cooperation

Consultation

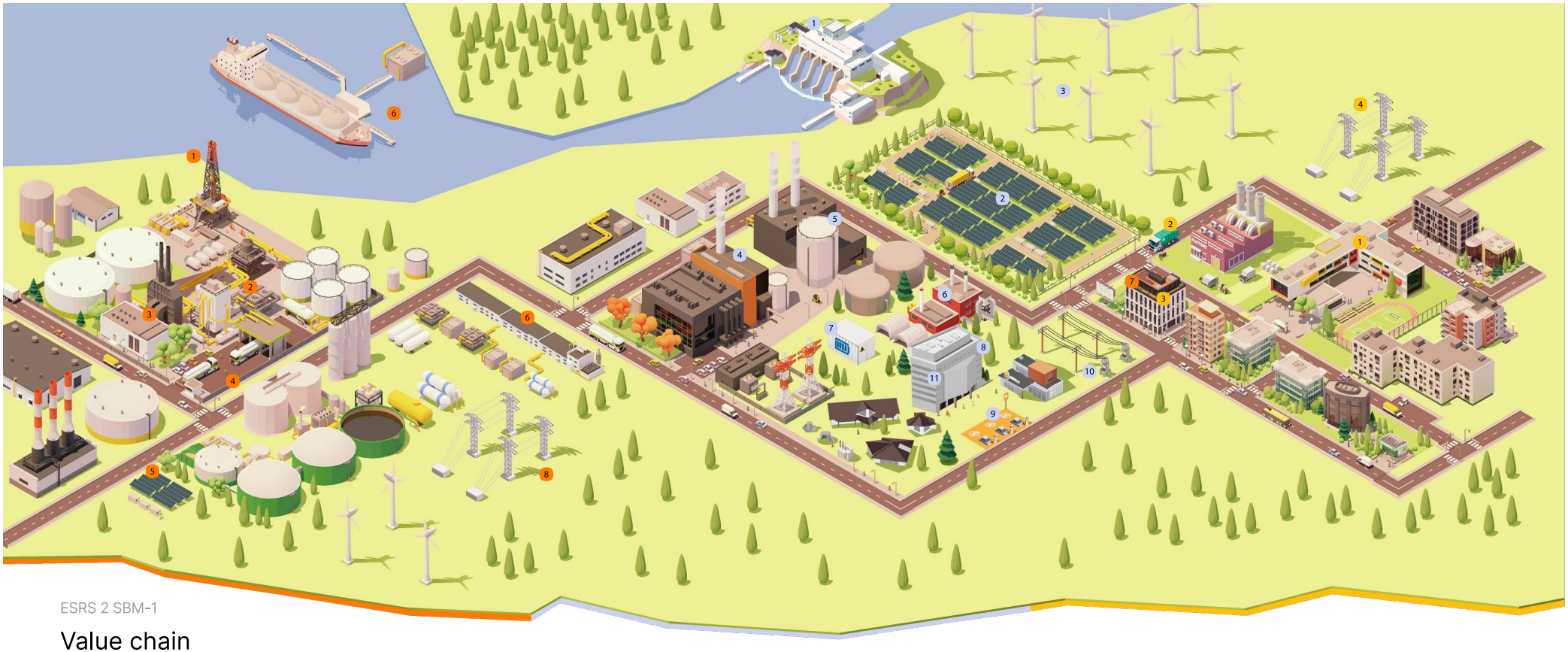
Negotiation

Involvement

Collaboration

Affected stakeholders

Sustainability Statement users



ESRS 2 SBM-1

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

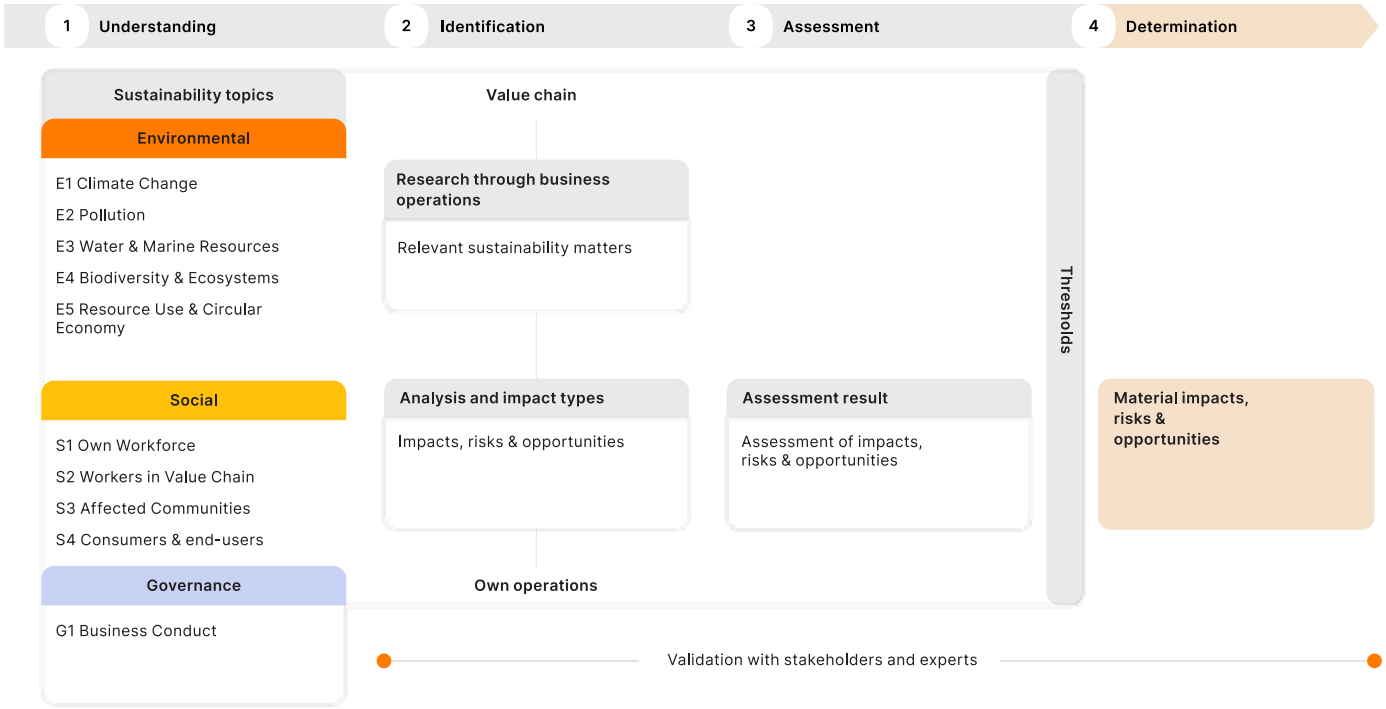
1. **HPPs** (1 560 MW_{el})
2. **SPPs** (353 MW_{el})
3. **WPPs** (145 MW_{el})
4. **CHPPs** (1 039 MW_{el}, 1 617 MW_{th})
5. **Thermal energy accumulation system** (1 000 MW_{th})
6. **Liepaja plants** (4 MW_{el}, 181 MW_{th})
7. **Battery energy storage system** (2030. g. mērķis 250 MW_{el}/500 MWh)
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

Value chain management is an important element of sustainability management. The value chain of Latvenergo Group includes a material share of the Group's stakeholders and it is structured to ensure efficient and sustainable generation and supply of energy. The value chain starts with the acquisition and procurement of resources, following the principles of sustainable procurement and ensuring compliance with EU and Latvian law. Supplier management is a critical element, for which an electronic qualification system is used to ensure that suppliers meet ethical and sustainability standards (for more on supplier management, see Management of relationships with suppliers of the section G1 Business Conduct). The Group ensures the protection of critical resources by conducting supply chain assessments and identifying and managing potential risks. This approach makes it possible for Latvenergo Group to not only comply with current market and regulatory standards but also promote sustainable development and reliable partnerships in its supply chain, thus strengthening the Group's position in the energy market. For information on the geographical scope of Latvenergo Group's economic activities, as well as products and services see the sections About the Group and Operating Segments, providing an insight into the Group's spectrum of activities and its contribution to the energy market. These sections help to understand how Latvenergo, by integrating sustainability principles into all operating segments, from energy generation to its supply to end consumers, creates a strong foundation for efficient resource use, innovation and technological development. The Group focuses on sustainable development, which not only contributes to maintaining and expanding competitiveness both locally and internationally, but also strengthens its position as a reliable and responsible energy supplier, creating a positive impact on the environment and society as a whole.



ESRS 2 IRO-1

Double materiality assessment

The double materiality assessment is the starting point for disclosure of sustainability statements, and its goal is to identify the company's key IROs, in line with the ESRS. The double materiality assessment is an important process in the management of sustainability at Latvenergo Group. The first double materiality assessment for the Sustainability Statement took place in 2024. Input parameters such as regulatory requirements, industry standards, stakeholder expectations, financial and non-financial data, as well as internal performance indicators and strategic objectives were used to identify, assess, and manage material IROs. These parameters ensure a structured and comparable approach to the materiality assessment.

The double materiality assessment was updated in 2025, carried out through discussions and coordination with the Latvenergo Group Sustainability Committee, the Management Board of Latvenergo AS and the Audit Committee of Latvenergo AS (two of the Audit Committee members are also members of the Supervisory Board of Latvenergo AS). The results of the double materiality assessment were approved by the Management Board of Latvenergo AS. In the reporting year, *Latvenergo* Group's operating markets and business segments did not change, and there were no significant changes in the Group's impacts, risks and opportunities. The Group continues to disclose sustainability information under eight ESRS topical standards; see Latvenergo Group's double materiality matrix. In line with the requirements of the double materiality assessment, the process involved compiling and assessing the IROs that are in essence integrated into the Group's Medium-term Operational Strategy, Sustainability Strategy, operational activities and risk management process. More detailed information on the management of risks and opportunities is available in the Corporate Governance section Internal Control System and Risk Management. Monitoring of these issues is addressed within the framework of fulfilling and monitoring strategies and operational plans. The development of the Group's Sustainability Strategy also involved a due diligence process, as part of which the companies identify, prevent and mitigate the actual and potential negative impact on the environment and people that is associated with the Group's business conduct. Due diligence is a regular practice that helps the Group adapt and react to changes in its strategy, operations and business relationships. The Latvenergo Group's double materiality assessment, including the identification and assessment of key sustainability IRO, took place in four stages.

1. Analysis stage

- Analysis of Latvenergo Group's core operations and internal documents. During the analysis process, mapping of the Group's operating locations and economic activities was carried out, as well as analysis of internal documents and data and assessment of regulatory requirements. In the process, tools such as internal accounting and monitoring systems, compliance assessments and publicly available industry data were used.
- Analysis of the Latvenergo value chain, identifying key suppliers and resources critical for Latvenergo Group.
- Defining the stakeholders including from upstream and downstream value chain to be engaged in the double materiality assessment process and determination of their engagement form. In addition to the identified stakeholders, the interests of nature were also considered in the first stage of the double materiality assessment. The nature was considered a stakeholder that cannot represent its own interests directly, but which is impacted by Latvenergo Group's operations, is dependent on the Group's operations being associated with risks and opportunities. For the assessment of the nature's interests, Latvenergo Group's available internal monitoring and accounting data were used, relating to the group's activity impacts and dependencies, including data on climate aspects, emissions, resource and energy resource use, as well as biodiversity and nature protection measures. In addition, internationally recognised guidelines and methodological frameworks were used as supporting materials in the process of identifying and assessing IRO, including the Science Based Targets Network, as well as other significant studies and analytical materials on the impact of business activities on nature, ecosystems and natural capital.
- Examples of good practice in the industry were studied – other energy companies in Europe.

2. Identification stage

At this stage, potential environmental, social, and governance impacts, risks and opportunities were identified through discussions with the responsible company units and the Latvenergo Group Sustainability Committee. During this stage, particular attention was also paid to the analysis of sustainability performance to date, as well as industry best practices and feedback from past engagement with Latvenergo Group stakeholders.

3. Assessment stage

- An assessment methodology was developed to assess the IROs identified, defining various assessment criteria for environmental, social, and governance impacts, as well as the assessment criteria for risks and opportunities.
- In 2024, stakeholders including business partners (upstream value chain) and customers (downstream value chain) were involved in the quantitative assessment of IROs via a questionnaire. In 2025, the double materiality assessment was reviewed and no significant changes were identified. The opinion of the stakeholders identified during the initial survey remains valid.
- Latvenergo's experts and its Sustainability Committee carried out a quantitative assessment of IROs following the assessment criteria developed and using the dimensions set for assessing IROs as determined in the table Dimensions for assessing IROs.

Dimensions for assessing IROs

<table>
<tr><th colspan="2">Impacts</th><th>Risks</th><th>Opportunities</th></tr>
<tr><td>Positive
Scale

Scope</td><td>Negative
Scale

Scope

Irremediable character of the impact (only for negative impacts as per ESRS 1, paragraph 45)</td><td rowspan="2">Financial impact amount
Probability of occurrence</td><td rowspan="2">Financial impact amount
Probability of occurrence</td></tr>
<tr><td colspan="2">Severity*
(average of the scale and scope for positive impacts, or average of the scale, scope and irremediable character for negative impacts)
Probability of occurrence
(only applicable to potential impacts)</td></tr>
<tr><td colspan="2">Impact materiality value =
average of severity and probability of occurrence**</td><td>Risk materiality value =
average of financial impact amount and probability of occurrence</td><td>Opportunity materiality value =
average of financial impact amount and probability of occurrence</td></tr>
</table>

* According to ESRS 1, Annex A, paragraph AR10, severity is determined by the following factors: (a) scale: how grave the negative impact is or how beneficial the positive impact is for people or the environment; (b) scope: how widespread the negative or positive impacts are. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected; (c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state.

** If an impact may result in potential human rights violations, then according to ESRS 1 paragraph 45, the severity of the impact takes precedence over its probability, in which case the impact was assigned the greater of the two values: severity value or the average of the severity and probability of occurrence.

4. Determination stage

To identify the material risks and opportunities, separate threshold values were determined for each sustainability area (environmental, social and governance), using average values. For the assessment of material impacts, separate threshold values were also set for each sustainability area, considering whether the impact is positive or negative. The results of the double materiality assessment were approved by the Management Board of Latvenergo AS, and the material IROs that exceeded the thresholds were summarized and included in the topical standard sections of the Sustainability Statement – Material impacts, risks and opportunities.

The following results were obtained by using the double materiality thresholds:

- of the 58 impacts identified, 29 exceed the thresholds
- of the 51 risks identified, 23 exceed the thresholds
- of the 35 opportunities identified, 14 exceed the thresholds

Within the double materiality matrix, materiality of the topical standards is determined using an average value on a scale of 5. All ESRS topical standards for which the average materiality for the associated impacts and the risks and opportunities (financial materiality) exceeded 2.5 were defined as material and included in the Sustainability Statement.

The material information to be disclosed in relation to material IROs was determined taking into account the criteria set out in Section 3.2 of ESRS 1, Material matters and materiality of information.

The following ESRS topical standards and their subtopics and IROs were identified as material for the preparation of the 2025 Latvenergo Group Sustainability Statement:

Environment

- ESRS E1 – Climate Change
  - Climate change adaptation
  - Climate change mitigation
  - Energy
- ESRS E2 – Pollution
  - Pollution of air
  - Pollution of water
  - Pollution of soil
- ESRS E4 – Biodiversity and Ecosystems
  - Direct impact drivers of biodiversity loss
  - Impacts on the state of species
  - Impacts on the extent and condition of ecosystems
  - Impacts and dependencies on ecosystem services
- ESRS E5 – Resource Use and Circular Economy
  - Resources inflows, including resource use
  - Waste

Social

- ESRS S1 – Own Workforce
  - Working conditions
  - Equal treatment and opportunities for all
- ESRS S3 – Affected Communities
  - Communities' economic, social and cultural rights
  - Communities' civil and political rights
- ESRS S4 – Consumers and End-users
  - Information-related impacts for consumers and/or end-users
  - Personal safety of consumers and/or end-users
  - Social inclusion of consumers and/or end-users

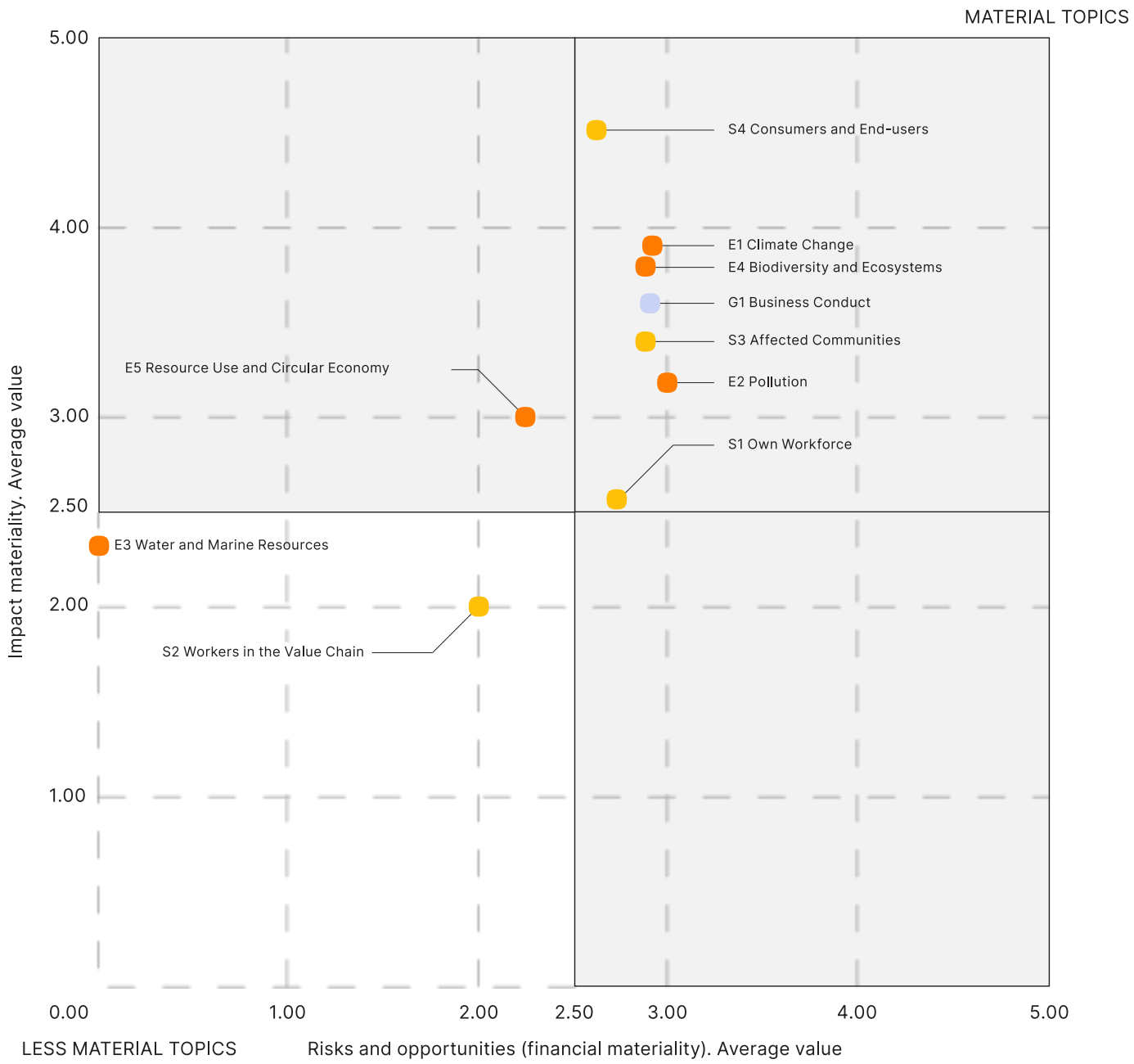
Governance

- ESRS G1 - Business Conduct
  - Corporate culture
  - Political engagement and lobbying activities
  - Management of relationships with suppliers including payment practices

Breakdown of IROs in sustainability areas that exceeded (E) and did not exceed (N) the thresholds

	Impacts				Risks		Opportunities	
	Positive		Negative					
	E	N	E	N	E	N	E	N
Environment	7	5	7	3	9	6	6	7
Social	5	13	3	3	7	10	5	4
Governance	7	4	-	1	7	11	3	10
Exceeds, TOTAL				**29**		**23**		**14**

Latvenergo Group double materiality matrix



ESRS 2 SBM-3

Material impacts, risks and opportunities and their interaction with strategy and business model

An overview of the material IROs is provided in the section Material impacts, risks and opportunities of the topical standard sections E1 Climate Change, E2 Pollution, E4 Biodiversity and Ecosystems, E5 Resource Use and Circular Economy, S1 Own Workforce, S3 Affected Communities, S4 Consumers and End-users and G1 Business Conduct. In all topical standards of this statement, the material IROs, as well as their interaction with the strategy and business model, are described in detail in policies, activities and targets.

ESRS 2 MDR-P

Policies adopted to manage material sustainability matters

The energy sector has a major impact on the growth and competitiveness of many industries. Latvenergo Group is aware of its contribution to the overall economic development of the country, and it conducts its business in a sustainable manner, considering the requirements of the environment, employees and society, as well as best corporate governance practices. The principles of such activities are affirmed in the overall strategic objective of Latvenergo AS set by its shareholder: to contribute to the competitiveness and growth of a climate-neutral Latvia and to increase the value of Latvenergo Group in its home market in the Baltics and beyond through sustainable, innovative and economically sound development, through the provision of goods and services in the energy sector value chains, and through the efficient management of resources and infrastructure that play a strategic role in the development and security of the country, as well as in the Corporate Governance Policy of Latvenergo Group. The overall strategic goal set by the shareholder serves as the basis for Latvenergo Group's operations during the current strategy period, including the development of internal documents and business decisions.

Latvenergo Group has a number of internal documents, policies, guidelines, and regulations that it uses as guidance in managing its IROs. When developing internal documents, including policies, Latvenergo Group complies with regulatory requirements, as well as relies on internationally recognized best practices, guided by internationally recognized standards, such as the OECD Guidelines and the ILO Declaration on Fundamental Principles and Rights at Work. The Group's Medium-term Strategy and Sustainability Strategy drafts are coordinated with stakeholders and the feedback received is considered when reviewing subordinate documents, including policies. The Group complies with high standards of professional ethics in its operations and encourages its contractual partners to do the same.

The monitoring of the implementation and effectiveness of policies is ensured within the integrated management system, using specific performance indicators, regular data collection and analysis. Internal monitoring tools, relevant performance indicators, operational and management data, as well as the results of compliance checks with regulatory acts and internal requirements, are used for monitoring progress. Monitoring is carried out regularly – at the daily operational level, in periodic internal audits and management reports, as well as within the internal and external audits. The heads of structural units are responsible for the monitoring process in accordance with their competences and duties, ensuring data quality, timely identification of deviations and implementation of corrective measures, while senior management evaluates the monitoring results and makes decisions on the improvement of policies.

The most important documents regulating sustainable operations at the Group are:

- Latvenergo Group 2022–2026 Medium-term Strategy
- Latvenergo Group 2024–2026 Sustainability Strategy
- Latvenergo Group Corporate Governance Policy
- Latvenergo Group Sustainability Policy
- Latvenergo Group Code of Ethics

Latvia's Commercial Law and Law on Governance of Capital Shares of a Public Person and Capital Companies set the framework for the activities of management boards and supervisory boards of state-owned companies. However, the specific and detailed competencies of Management Board and Supervisory Board in managing IROs, as integrated into the strategies and operations of the Group's companies, are defined in detail in companyspecific regulatory documents: the Supervisory Board Regulations, the Management Board Regulations and the Latvenergo Group Corporate Governance Policy. According to the Group's internal documents, the Supervisory Board approves the Group's strategy and key corporate governance policies and oversees the operation of the risk management system, while the Management Board is responsible for implementing processes, including policies.

The Latvenergo Group Sustainability Policy sets common principles for the sustainable development of the Group. The principles defined in the policy are in line with international sustainability practices adopted by energy supply companies, as well as international and national laws, policy documents and standards, including the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

The Sustainability Policy applies to Latvenergo AS and companies in which Latvenergo AS owns all shares. The principles set in the policy and their implementation are complemented by other policies of the Group (see the ESRS topical standard policy sections and summary tables included in this section) and internal documents of the Group's companies.

The Sustainability Policy defines 10 principles:

- 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

The Sustainability Policy was developed under the guidance of the Group's Sustainability Committee and is updated at least once every three years.

Policies adopted to manage sustainability matters – Environment

ESRS sustainability topic	E1 Climate Change			E2 Pollution							E4 Biodiversity and Ecosystems				E5 Resource Use and Circular Economy		
ESRS sustainability sub-topic **Latvenergo policies adopted to manage material sustainability matters (IROs)**	Climate change adaptation	Climate change mitigation	Energy	Pollution of air	Pollution of water	Pollution of soil	Pollution of living organisms and food resources*	Substances of concern*	Substances of very high concern*	Microplastics*	Direct impact drivers of biodiversity loss	Impacts on the state of species	Impacts on the extent and condition of ecosystems	Impacts and dependencies on ecosystem services	Resources inflows, including resource use	Resource outflows related to products and services*	Waste
Biodiversity Transition Plan for 2026–2028											✓	✓	✓	✓			
Action Plan for Migration and Natural Reproduction of Anadromous Fish of the Daugava River Basin 2021–2025											✓	✓	✓	✓			
Code of Ethics	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Suppliers Code of Conduct	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Sustainability Policy	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Procedure for management, quantification, and verification of greenhouse gas emissions data	✓	✓															
Corporate Governance Policy	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Risk Management Rules	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Risk Management Policy	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Environmental risk assessment methodology	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓
Environmental and Energy Management Policy	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓		✓

* Sub-topic is not material

Policies adopted to manage sustainability matters – Social

ESRS sustainability topic	S1 Own workforce				S3 Affected communities				S4 Consumers and end-users		
ESRS sustainability sub-topic **Latvenergo policies adopted to manage material sustainability matters (IROs)**	Working conditions	Equal treatment and opportunities for all	Other work-related rights*	Group specific topic - Labor market competition	Communities' economic, social and cultural rights	Communities' civil and political rights	Rights of indigenous peoples *	Group specific topic - Resilience of infrastructure	Information-related impacts on consumers and/or end-users	Personal safety of consumers and/or end-users	Social inclusion of consumers and/or end-users
Best Practices of Customer Service of Latvenergo AS									✓	✓	✓
Best Practices of Customer Service of Elektrum Eesti OÜ									✓	✓	✓
Customer Service Standard of Sadales tīkls AS									✓	✓	✓
Procedure for granting customer loyalty bonuses of Latvenergo AS									✓	✓	✓
Procedure for Handling Customer Submissions, Proposals and Complaints of Latvenergo AS									✓		✓
Procedure for Handling Customer Submissions, Proposals and Complaints of Elektrum Lietuva UAB									✓		✓
Remuneration Policy	✓	✓		✓							
Occupational health and safety policy	✓			✓							
Code of Ethics	✓	✓		✓	✓	✓			✓	✓	✓
Suppliers Code of Conduct					✓	✓					
Sustainability Policy	✓	✓		✓	✓	✓		✓	✓	✓	✓
Corporate Governance Policy	✓	✓			✓	✓			✓	✓	✓
Human Resource Management Policy	✓	✓		✓							
Personal Data Breach Investigation and Reporting Procedure									✓		
Personal data processing and protection procedure									✓		
Risk Management Policy	✓	✓			✓	✓		✓	✓	✓	✓
Environmental and Energy Management Policy					✓	✓		✓			

* Sub-topic is not material

Policies adopted to manage sustainability matters – Governance

ESRS sustainability topic	G1 Business Conduct						
ESRS sustainability sub-topic Latvenergo policies adopted to manage material sustainability matters (IROs)	Corporate culture	Whistleblower protection*	Animal welfare*	Political influence and lobbying activities	Management of relationships with suppliers, including payment practices	Corruption and bribery*	Group specific topic - Direct and indirect economic impacts
Remuneration Policy							✓
Code of Ethics	✓			✓	✓		✓
Suppliers Code of Conduct	✓				✓		
Rules Governing the Organisation of Procurement					✓		
Procurement Policy					✓		
Sustainability Policy	✓			✓	✓		✓
Corporate Governance Policy	✓			✓	✓		✓
Fraud and Corruption Risk Management Policy				✓			
Procedure for the Development and Maintenance of Tax Risk Management Processes							✓
Human Resource Management Policy							✓
Risk Management Policy	✓			✓	✓		✓
Policy on Compliance with International and National Sanctions					✓		

* Sub-topic is not material

Risk management and internal controls over sustainability reporting

In the context of preparing the Sustainability Statement, risk assessment is carried out in accordance with the Group's general risk management methodology, applying a unified approach to risk identification, analysis, assessment, prioritisation and the planning of mitigating measures. Risk priorities are determined using a risk assessment matrix with risks classified according to their level of materiality, based on a combined assessment of probability and impact. Sustainability reporting risks are reviewed at least once a year, as well as in the event of significant regulatory or organisational changes. The assessment results are integrated both into the preparation process of the Sustainability Statement and into the broader group's risk management system, ensuring a consistent and transparent approach to risk prioritisation and management. General information about the features and elements of the Latvenergo Group risk management and internal control system, as well as the risk assessment approach used, which, among other things, includes the sustainability reporting processes and reporting to administrative, management and supervisory bodies, is available in Internal control system and risk management of the section Corporate Governance.

The Group has identified a number of risks associated with preparing the Sustainability Statement. One of the potential risks is inaccuracy of the information provided. It is also possible that the information included in the Sustainability Statement may not fully comply with the requirements of laws and regulations. One of the key control mechanisms for mitigating the risks associated with the preparation of the Sustainability Statement is having clearly defined rules for it, which enables a structured and systematic approach to this process. Separation of duties is also used at different stages of the preparation of data and information, including the processing, collection and verification of the data and information, which helps reduce the likelihood of errors or inaccuracies. In order to manage sustainability data as effectively as possible, the Group has set the goal of developing a single approach to the management of sustainability data. As part of achieving this objective, a centralised sustainability data platform was developed in the reporting year with the quantitative data necessary for the preparation of the Sustainability Statement collected and structured. In 2026, work will continue to improve the functionality and data scope of the platform.

In order to achieve a better understanding of communication on sustainability among the Group's staff, including the correct use of terms and data, Latvenergo Group developed greenwashing prevention guidelines in the first quarter of 2025, which is also one of the tools identified to limit the risk of providing inaccurate information. In addition to this, the Group makes it possible for its employees to strengthen necessary competencies and improve their understanding of the requirements of the laws and regulations and of the reporting principles. Such control measures not only reduce risks but also encourage quality and responsibility in reporting practices.

The regulations for preparing the Sustainability Statement set out in detail all the stages of its preparation, the processes in each stage and the company units responsible. In order to achieve a single understanding and a coordinated approach, all the company units involved have familiarised themselves with the regulations. Furthermore, workshops and training sessions were organised in 2024, which was the first sustainability reporting year in accordance with the ESRS requirements, where invited sustainability experts shared information about the latest reporting requirements and best practices, tailored to the Group's industry and specific circumstances. In the reporting year, the structural unit responsible for the preparation of the Sustainability Statement informed the employees involved in the preparation of the Sustainability Statement on the latest developments in sustainability reporting requirements and their application, thus ensuring a unified approach, timely information flow and consistent application of requirements.

Statement on due diligence

Information about the due diligence process for sustainability affairs

Core elements of due diligence	Sections in the sustainability statement
a) Embedding due diligence in governance, strategy and business model	Group Strategy Group Strategy – Sustainability matters in the Group's Strategy General Information – Sustainability management
b) Engaging with affected stakeholders in all key steps of the due diligence	General Information – Stakeholder engagement E1 Climate Change – Material impacts, risks and opportunities; Actions and resources E2 Pollution – Material impacts, risks and opportunities; Policies E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities; Policies E5 Resource Use and Circular Economy – Material impacts, risks and opportunities; Policies S1 Own Workforce – Stakeholder interests and opinions; Processes for engaging employees and employee representatives S3 Affected Communities – Stakeholder interests and opinions; Processes for engaging with affected communities S4 Consumers and End-users – Stakeholder interests and opinions; Processes for engaging with consumers and end-users G1 Business Conduct – Management of relationships with suppliers
c) Identifying and assessing adverse impacts	General Information – Double materiality assessment E1 Climate Change – Material impacts, risks and opportunities E2 Pollution – Material impacts, risks and opportunities; Policies E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities; Policies S1 Own Workforce – Material impacts, risks and opportunities S3 Affected Communities – Material impacts, risks and opportunities
d) Taking actions to address those adverse impacts	E1 Climate Change – Actions and resources E2 Pollution – Actions and resources E4 Biodiversity and Ecosystems – Actions and resources S1 Own Workforce – Material impacts, risks and opportunities; Impact remediation and channels to raise concerns S3 Affected Communities – Material impacts, risks and opportunities; Impact remediation and channels for raising concerns
e) Tracking the effectiveness of these efforts and communicating	General Information – Sustainability management Group Strategy – Targets of the Group’s Sustainability Strategy E1 Climate Change – Targets; Energy consumption and mix; GHG emissions E2 Pollution – Targets; Pollution of air, water and soil E4 Biodiversity and Ecosystems – Targets; Impact metrics S1 Own Workforce – Material impacts, risks and opportunities; Targets S3 Affected Communities – Material impacts, risks and opportunities; Targets S4 Consumers and End-users – Targets

ESRS data points arising from other EU laws

The table below lists all data points arising from other EU laws and listed in Annex B of ESRS 2. It offers information about where the data points can be found in the report, and identifies those that were found to be immaterial as a result of the assessment.

Disclosure requirement	Data point		SFDR reference	Pillar 3 reference	Reference to the Benchmarks Regulation	Reference to European Climate Law	Section	Page
ESRS 2 GOV-1	21 (d)	Management Board and Supervisory Board gender diversity	✓		✓		Sustainability Statement – S1 Own Workforce – Diversity metrics	162
ESRS 2 GOV-1	21 (e)	Percentage share of independent Supervisory Board members			✓		Corporate Governance – Governance Bodies – Supervisory Board	36
ESRS 2 GOV-4	30	Statement on due diligence	✓				Sustainability Statement – General Information – Statement on due diligence	83
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	✓	✓	✓		Financial Statements – Notes to the Financial Statements – 6. Revenue	216
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production paragraph	✓		✓		Not applicable[33]	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	✓		✓		Not applicable[33]	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			✓		Not applicable[33]	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				✓	Sustainability Statement – E1 Climate Change – Transition plan	114
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		✓	✓		Sustainability Statement – E1 Climate Change – Transition plan	115
ESRS E1-4	34	GHG emission reduction targets	✓	✓	✓		Sustainability Statement – E1 Climate Change – Targets	119
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	✓				Sustainability Statement – E1 Climate Change – Energy consumption and mix	120
ESRS E1-5	37	Energy consumption and mix	✓				Sustainability Statement – E1 Climate Change – Energy consumption and mix	120
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	✓				Sustainability Statement – E1 Climate Change – Energy consumption and mix	120
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	✓	✓	✓		Sustainability Statement – E1 Climate Change – GHG emissions	122
ESRS E1-6	53-55	Gross GHG emissions intensity	✓	✓	✓		Sustainability Statement – E1 Climate Change – GHG emissions	122

33 Latvemergo Group is not involved in activities related to the manufacture of chemical products, controversial weapons, or the cultivation and production of tobacco.

ESRS E1-7	56	GHG removals and carbon credits				✓	Sustainability Statement – E1 Climate Change – Projects financed through carbon credits[34]	125
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			✓		Sustainability Statement – E1 Climate Change – Anticipated financial effects of material physical risks[35]	125
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		✓			Sustainability Statement – E1 Climate Change – Anticipated financial effects of material physical risks; Anticipated financial effects of material transition risks	125
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		✓			Not significant[36]	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			✓		Sustainability Statement – E1 Climate Change – Potential to benefit from climate change-related opportunities	125
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	✓				Sustainability Statement – E2 Pollution – Pollution of air, water and soil[37]	130
ESRS E3-1	9	Water and marine resources	✓				Not material[38]	
ESRS E3-1	13	Dedicated policy	✓				Not material[38]	
ESRS E3-1	14	Sustainable oceans and seas	✓				Not material[38]	
ESRS E3-4	28 (c)	Total water recycled and reused	✓				Not material[38]	
ESRS E3-4	29	Total water consumption in m3 per net revenue from own operations	✓				Not material[38]	
ESRS 2 - SBM-3 - E4	16 (a) i	Negatively affected biodiversity-sensitive areas	✓				Sustainability Statement – E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities	133
ESRS 2 - SBM-3 - E4	16 (b)	Significant negative impacts with regards to land degradation, desertification or soil sealing	✓				Sustainability Statement – E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities	133
ESRS 2 - SBM-3 - E4	16 (c)	Information on whether it has operations that affect threatened species	✓				Sustainability Statement – E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities	133
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	✓				Sustainability Statement – E4 Biodiversity and Ecosystems – Policies	135
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	✓				Not applicable[39]	
ESRS E4-2	24 (d)	Policies to address deforestation	✓				Sustainability Statement – E4 Biodiversity and Ecosystems – Policies	135

34 Latvenergo Group does not currently use greenhouse gas (GHG) capture and storage technologies in its operations.
35 Only qualitative information is provided, in accordance with Annex C of ESRS 1.
36 The consumption of energy in buildings is insignificant in the overall energy consumption of Latvenergo Group.
37 Information is only disclosed about those substances that are relevant to the activities of Latvenergo Group.
38 According to the results of the double materiality assessment, ESRS topical Standard E3 – Water and marine resources does not apply.
39 Sustainable oceans/seas practices or policies are not material according to the results of the double materiality assessment.

ESRS E5-5	37 (d)	Non-recycled waste (disposal/non-recycled waste)	✓		Sustainability Statement – E5 Resource Use and Circular Economy – Resource outflows	151
ESRS E5-5	39	Hazardous waste and radioactive waste	✓		Sustainability Statement – E5 Resource Use and Circular Economy – Resource outflows	151
ESRS 2 - SBM-3 - S1	14 (f)	Risk of incidents of forced labour	✓		Sustainability Statement – S1 Own Workforce – Interests and views of stakeholders	156
ESRS 2 - SBM-3 - S1	14 (g)	Risk of incidents of child labour	✓		Sustainability Statement – S1 Own Workforce – Interests and views of stakeholders	156
ESRS S1-1	20	Human rights policy commitments	✓		Sustainability Statement – S1 Own Workforce – Policies	157
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8		✓	Sustainability Statement – S1 Own Workforce – Policies	157
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	✓		Sustainability Statement – S1 Own Workforce – Policies	157
ESRS S1-1	23	Workplace accident prevention policy or management system	✓		Sustainability Statement – S1 Own Workforce – Policies	157
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	✓		Sustainability Statement – S1 Own Workforce – Impact remediation and channels to raise concerns	160
ESRS S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	✓	✓	Sustainability Statement – S1 Own Workforce – Health and safety metrics	162
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	✓		Not applicable[40]	
ESRS S1-16	97 (a)	Unadjusted gender pay gap	✓	✓	Sustainability Statement – S1 Own Workforce – Compensation metrics (pay gap and total compensation)	163
ESRS S1-16	97 (b)	Ratio of the total annual remuneration of the highest-paid employee relative to the total median annual remuneration of all employees	✓		Sustainability Statement – S1 Own Workforce – Compensation metrics (pay gap and total compensation)	163
ESRS S1-17	103 (a)	Incidents of discrimination	✓		Sustainability Statement – S1 Own Workforce – Incidents, complaints and severe human rights impacts	163
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	✓	✓	Sustainability Statement – S1 Own Workforce – Incidents, complaints and severe human rights impacts	163
ESRS 2 - SBM-3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	✓		Not material[41]	
ESRS S2-1	17	Human rights policy commitments	✓		Not material[41]	
ESRS S2-1	18	Policies related to value chain workers	✓		Not material[41]	

40 The total days of sick leave are recorded in the time recording system. The system is not used to separately record days lost due to work-related injuries and deaths caused by accidents, or work-related illnesses and deaths caused by such illnesses.
41 According to the results of the double materiality assessment, ESRS Topical Standard S2 – Workers in the Value Chain does not apply.

ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD	✓	✓	Not material[41]	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8		✓	Not material[41]	
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	✓		Not material[41]	
ESRS S3-1	16	Human rights policy commitments	✓		Sustainability Statement – S3 Affected Communities – Policies	165
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	✓	✓	Sustainability Statement – S3 Affected Communities – Policies	165
ESRS S3-4	36	Human rights issues and incidents	✓		Sustainability Statement – S4 Consumers and End-users – Policies	169
ESRS S4-1	16	Policies related to consumers and end-user	✓		Sustainability Statement – S4 Consumers and End-users – Policies	170
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD	✓	✓	Sustainability Statement – S4 Consumers and End-users – Policies	170
ESRS S4-4	35	Human rights issues and incidents	✓		Sustainability Statement – S4 Consumers and End-users – Policies	172
ESRS G1-1	10 (b)	Note on the absence of an anti-corruption or anti-bribery policy that complies with the United Nations Convention against Corruption	✓		Not applicable[42]	
ESRS G1-1	10 (d)	Whistleblower protection	✓		Sustainability Statement – G1 Business Conduct – Whistleblowing system and management	179
ESRS G1-4	24 (a)	Fines for breaches of anti-corruption and anti-bribery laws	✓	✓	Not applicable[43]	
ESRS G1-4	24 (b)	Actions taken to prevent violations of anti-corruption and anti-bribery procedures and standards	✓		Not applicable[43]	

42 Latvenergo Group has implemented a fraud and corruption risk management policy.
43 No breaches of anti-corruption and anti-bribery laws, procedures or standards were detected at Latvenergo Group.

ESRS information disclosure requirements, inclusion of information with references

Standard	No.	Reporting area	ESRS requirements	Disclosure requirements section (highlighted disclosures are disclosed in the Management Report or Financial Statements sections)	Section	Page (section starting pages indicated)
ESRS 2 – General disclosures						
ESRS 2	BP-1	General	General basis for preparation of sustainability statements	5 (a); (b) i.; ii.; (c); (d)	Sustainability Statement - General information - Sustainability Statement preparation	66
ESRS 2	BP-2	General	Disclosures in relation to specific circumstances	9 (a); 10 (a); 11 (a); 15; 16	Sustainability Statement - General information - Sustainability Statement preparation	66
ESRS 2	GOV-1	Governance (GOV)	The role of the administrative, management and supervisory bodies	20 (a); (b); 21 (a); (b); (c); (e); 22 (a); (b); (c) i.	Corporate governance - Governance Bodies	35
				21 (d)	Sustainability Statement - S1 Own Workforce - Diversity metrics	162
				20 (c); 22 (c) ii.; 23 (a); (b)	Sustainability Statement - General information - Sustainability Management	68
				22 (d)	About Latvenergo Group – Group Strategy - Sustainability matters in the Group's strategy Sustainability Statement - General information - Sustainability Management	24 68
				22 (c) iii.	Corporate Governance - Internal Control System and Risk Management	46
ESRS 2	GOV-2	Governance (GOV)	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	26 (a); (b)	Sustainability Statement - General information - Sustainability Management	68
				26 (c)	Corporate Governance - Governance Bodies	35
ESRS 2	GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes	29 (a); (b); (c); (d); (e)	Corporate Governance - Governance Bodies	35
ESRS 2	GOV-4	Governance (GOV)	Statement on due diligence	30; 32	Sustainability Statement - General information - Statement on due diligence	83
ESRS 2	GOV-5	Governance (GOV)	Risk management and internal controls over sustainability reporting	36 (a); (b); (c)	Sustainability Statement - General information - Risk management and internal controls over sustainability reporting	82
				36 (d)	Sustainability Statement - General information - Sustainability management	68
				36 (e)	Corporate Governance – Internal Control System and Risk Management	46

ESRS 2	SBM-1	Strategy (SBM-1)	Strategy, business model and value chain	40 (a) i.; ii.; iv	About Latvenergo Group – About the Group About Latvenergo Group – Group Strategy About Latvenergo Group – Operating Segments	7 18 11
				40 (a) iii	Sustainability Statement - S1 Own Workforce - Characteristics of the Group's employees	151
				40 (b)[44]	Financial Statement – Notes to the Financial Statement - 6. Revenue	216
				40 (d) i	Financial Statement – Notes to the Financial Statement - 6. Revenue Sustainability Statement – EU Taxonomy	216 97
				40 (e)	About Latvenergo Group – Group Strategy – Key targets defined in the Sustainability Strategy 2024–2026	26
				40 (f)	E1 Climate Change - Actions and resources	117
				40 (g)	About Latvenergo Group – Group Strategy – Sustainability matters in the Group's strategy	24
				42 (a); (b); (c)	Sustainability Statement – General information – Value chain	73
ESRS 2	SBM-2	Strategy (SBM-2)	Interests and views of stakeholders	45 (a) i.; ii.; iii.; iv.; v.; (b); (c) i.; ii.; iii.; (d)	Sustainability Statement – General information – Stakeholder engagement	70
ESRS 2	SBM-3	Strategy (SBM-3)	Material impacts, risks and opportunities and their interaction with strategy and business model	48 (a); (b); (c) i.; ii.; iii.; iv.; (d); (e)[45] i.; ii.; (f); (g); (h); 49	Sustainability Statement – General information – Double materiality assessment E1 Climate Change – Material impacts, risks and opportunities E2 Pollution – Material impacts, risks and opportunities E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities E5 Resource use and Circular Economy – Material impacts, risks and opportunities S1 Own Workforce – Material impacts, risks and opportunities S3 Affected Communities – Material impacts, risks and opportunities S4 Consumers and End-users – Material impacts, risks and opportunities G1 Business Conduct – Material impacts, risks and opportunities	 74 110 126 133 145 155 164 169 176
ESRS 2	IRO-1	Impact, risk and opportunity management (IRO-1)	Description of the process to identify and assess material impacts, risks and opportunities	53 (a); (b) i.; ii.; iii.; iv.; (c) i.; ii.; iii.; (g); (h)	Sustainability Statement – General information – Double materiality assessment	74
				53 (c) iii	Corporate Governance – Risk Management	48
				53 (d);(e);(f)	Corporate Governance – Internal Control System and Risk management	46
				53 (g)	About Latvenergo Group – Group Strategy	18
ESRS 2	IRO-2	Impact, risk and opportunity management (IRO-2)	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	56	Sustainability Statement – General information – ESRS information disclosure requirements, inclusion of information with references Sustainability Statement – General information – ESRS data points arising from other EU laws Sustainability Statement –	88 84
				58; 59	General information – Double materiality assessment	74

44 The significant NACE sectors related to Latvenergo Group are Energy Production and Utilities, as well as Oil and Gas. In its financial statements, Latvenergo Group provides information and revenue distribution by segments in accordance with IFRS 8 "Operating Segments" requirements, which have been supplemented with information on revenue distribution by significant NACE sectors. This information can be found in the section Financial Statement – Notes to the Financial Statement – 6. Revenue.
45 Only qualitative information is provided, in accordance with the ESRS 1 C supplement.

ESRS 2	MDR-P	Impact, risk and opportunity management (IRO)	Policies adopted to manage material sustainability matters	61; 65 (a); (b); (c); (d); (e); (f)	Sustainability Statement - Policies adopted to manage material sustainability matters E1 Climate Change – Policies E2 Pollution – Policies E4 Biodiversity and Ecosystems – Policies E5 Resource Use and Circular Economy – Policies S1 Own Workforce – Policies S3 Affected communities – Policies S4 Consumers and End-users – Policies G1 Business Conduct – Business conduct policies and corporate culture; Management of relationships with suppliers; Political influence and lobbying activities; Group specific topic – Direct and indirect economic impacts	78 116 126 135 145 157 165 170 179; 180; 181; 182
ESRS 2	MDR-A	Impact, risk and opportunity management (IRO)	Actions and resources in relation to material sustainability matters	68 (a); (b); (c); (d); (e); 69[46] (a) (b); (c)	Sustainability Statement - E1 Climate Change – Actions and resources; Targets; Policies E2 Pollution – Actions and resources; Targets; Policies E4 Biodiversity and Ecosystems – Actions and resources; Targets; Policies E5 Resource use and Circular Economy – Actions and resources; Targets; Policies S1 Own Workforce – Material impacts, risks and opportunities; Targets; Policies S3 Affected communities – Material impacts, risks and opportunities; Targets; Policies S4 Consumers and End-users – Material impacts, risks and opportunities; Targets; Policies G1 Business Conduct – Business conduct policies and corporate culture; Management of relationships with suppliers; Political influence and lobbying activities; Group specific topic – Direct and indirect economic impacts	117; 118; 116 128; 129; 126 138; 141; 135 146; 147; 145 155; 161; 157 164; 168; 165 169; 172; 170 179; 180; 181; 182
ESRS 2	MDR-M	Metrics and targets (MT)	Metrics in relation to material sustainability matters	75; 76; 77 (a); (b); (c); (d)		
ESRS 2	MDR-T	Metrics and targets (MT)	Tracking effectiveness of policies and actions through targets	80 (a); (b); (c); (d); (e); (f); (g); (h); (i); (j)		
ESRS E1 – Climate change						
ESRS E1	GOV-3	Governance (GOV)	Integration of sustainability-related performance in incentive schemes	13	Corporate Governance – Governance Bodies	35
ESRS E1	E1-1	Strategy (SBM)	Transition plan for climate change mitigation	14; 16 (a); (b); (c); (d); (e); (f); (g); (h); (i); (j)	Sustainability Statement – E1 Climate Change – Transition plan	114
ESRS E1	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	18	Sustainability Statement – E1 Climate Change – Material impacts, risks and opportunities	110
				19 (a); (b); (c)	Sustainability Statement – E1 Climate Change – Strategy resilience analysis scope	112
ESRS E1	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	20 (a) ; (b) i.; ii.; (c) i.; ii.; 21	Sustainability Statement – General Information – Double materiality assessment	74
ESRS E1	E1-2	Impact, risk and opportunity management (IRO)	Policies related to climate change mitigation and adaptation	24; 25 (a); (b); (c); (d); (e)	Sustainability Statement – E1 Climate Change – Policies	116

46 Latvenergo Group does not disclose sensitive information in relation to the amount of future operating expenses (OPEX) and capital expenditures (CAPEX) necessary to achieve its strategic goals.

ESRS E1	E1-3	Impact, risk and opportunity management (IRO)	Actions and resources in relation to climate change policies	28; 29 (a); (b); (c) i.; ii.; iii.	Sustainability Statement – E1 Climate Change – Actions and resources	117
ESRS E1	E1-4	Metrics and targets (MT)	Targets related to climate change mitigation and adaptation	32; 33; 34 (a); (b); (c); (d); (e); (f)	Sustainability Statement – E1 Climate Change – Targets	118
ESRS E1	E1-5	Metrics and targets (MT)	Energy consumption and mix	37 (a); (b); (c) i.; ii.; iii.; 38 (a); (b); (c); (d); (e); 39; 40; 41; 42; 43	Sustainability Statement – E1 Climate Change – Energy consumption and mix	120
ESRS E1	E1-6	Metrics and targets (MT)	Gross Scopes 1, 2, 3 and Total GHG emissions	44 (a); (b); (c); (d); 47; 48 (a); (b); 49 (a); (b); 50 (a); 51; 52 (a); (b); 53; 54; 55	Sustainability Statement – E1 Climate Change – GHG emissions	121
ESRS E1	E1-7	Metrics and targets (MT)	GHG removals and GHG mitigation projects financed through carbon credits	-[47]	Sustainability Statement – E1 Climate Change – Projects financed through carbon credits	125
ESRS E1	E1-8	Metrics and targets (MT)	Internal carbon pricing	62	Sustainability Statement – E1 Climate Change – Internal carbon pricing	125
ESRS E1	E1-9[48]	Metrics and targets (MT)	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	66 (a); (b); (c); (d); 67 (a); (b); (d); (e); 68 (a); (b); 69 (a); (b)	Sustainability Statement – E1 Climate Change – Anticipated financial effects of material physical risks; Anticipated financial effects of material transition risks; Potential to benefit from climate changerelated opportunities	125
ESRS E2 – Pollution						
ESRS E2	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	11 (a); 11 (b)	Sustainability Statement – General Information – Double materiality assessment	74
ESRS E2	E2-1	Impact, risk and opportunity management (IRO)	Policies related to pollution	14; 15 (a); (c)	Sustainability Statement – E2 Pollution – Policies	126
ESRS E2	E2-2	Impact, risk and opportunity management (IRO)	Actions and resources related to pollution	18	Sustainability Statement – E2 Pollution – Actions and resources	128
ESRS E2	E2-3	Metrics and targets (MT)	Targets related to pollution	22; 23 (a); (b); (c); 25	Sustainability Statement – E2 Pollution – Targets	129
ESRS E2	E2-4	Metrics and targets (MT)	Pollution of air, water and soil	28 (a); 30 (a); (b); (c); 31	Sustainability Statement – E2 Pollution – Pollution of air, water and soil	130
ESRS E2	E2-5	Metrics and targets (MT)	Substances of concern and substances of very high concern	-[49]	Sustainability Statement – E2 Pollution – Substances of concern and substances of very high concern	132
ESRS E2	E2-6[50]	Metrics and targets (MT)	Anticipated financial effects from pollution-related risks and opportunities	39 (a); (b); (c); 40 (a); (b); (c); 41	Sustainability Statement – E2 Pollution – Pollution-related risks and the financial effects thereof; Opportunities related to pollution prevention and control	132

47 Latvenergo Group currently does not utilize GHG capture and storage technologies in its operations.
48 Only qualitative information is provided, in accordance with Annex C of ESRS 1.
49 Latvenergo Group does not engage in the distribution, trade, or export of chemicals.
50 Qualitative information and partial quantitative information is provided, in accordance with Annex C of ESRS 1.

ESRS E4 – Biodiversity and ecosystems						
ESRS E4	E4-1	Strategy (SBM)	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	13 (a)	Sustainability Statement – E4 Biodiversity and Ecosystems – Transition plan	134
ESRS E4	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	16 (a) i.; ii.; iii.; (c)	Sustainability Statement – E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities	133
ESRS E4	IRO-1	Impact, risk and opportunity management (IRO)	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	17 (a); (b); (e) i.; ii.; iii.; 19 (a); (b)	Sustainability Statement – E4 Biodiversity and Ecosystems – Material impacts, risks and opportunities	133
ESRS E4	E4-2	Impact, risk and opportunity management (IRO)	Policies related to biodiversity and ecosystems	22; 23 (a); (b); (e); (f); 24 (a); (b); (d)	Sustainability Statement – E4 Biodiversity and Ecosystems – Policies	135
ESRS E4	E4-3	Impact, risk and opportunity management (IRO)	Actions and resources related to biodiversity and ecosystems	27; 28 (b) i.; ii.; iii.; 28 (c)	Sustainability Statement – E4 Biodiversity and Ecosystems – Actions and resources	138
ESRS E4	E4-4	Metrics and targets (MT)	Targets related to biodiversity and ecosystems	31; 32 (a); (b); (c); (d); (e); (f)	Sustainability Statement – E4 Biodiversity and Ecosystems – Targets	141
ESRS E4	E4-5	Metrics and targets (MT)	Impact metrics related to biodiversity and ecosystems change	35	Sustainability Statement – E4 Biodiversity and Ecosystems – Impact metrics	142
ESRS E4	E4-6[51]	Metrics and targets (MT)	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	45 (a); (b); (c)	Sustainability Statement – E4 Biodiversity and Ecosystems – Financial impacts related to biodiversity and ecosystem protection	144
ESRS E5 – Resource use and circular economy						
ESRS E5	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	11 (a); (b)	Sustainability Statement – General Information – Double materiality assessment	74
ESRS E5	E5-1	Impact, risk and opportunity management (IRO)	Policies related to resource use and circular economy	15 (a); (b)	Sustainability Statement – E5 Resource Use and Circular Economy – Policies	145
ESRS E5	E5-2	Impact, risk and opportunity management (IRO)	Actions and resources related to resource use and circular economy	20 (a); (b); (c); (d); (e); (f)	Sustainability Statement – E5 Resource Use and Circular Economy – Actions and resources	146
ESRS E5	E5-3	Metrics and targets (MT)	Targets related to resource use and circular economy	24 (a); (b); (c); (d); (e); (f); 25; 27	Sustainability Statement – E5 Resource Use and Circular Economy – Targets	147
ESRS E5	E5-4	Metrics and targets (MT)	Resource inflows	30; 31 (a); 32	Sustainability Statement – E5 Resource Use and Circular Economy – Resource inflows	149
ESRS E5	E5-5	Metrics and targets (MT)	Resource outflows	36 (a); 37 (a); (b) i; ii; iii; (c) i; ii; iii; (d); 38 (a); (b); 39; 40	Sustainability Statement – E5 Resource Use and Circular Economy – Resource outflows	151

51 Qualitative information and partial quantitative information is provided, in accordance with Annex C of ESRS 1.

ESRS E5	E5-6[52]	Metrics and targets (MT)	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	43 (a); (b); (c)	Sustainability Statement – E5 Resource Use and Circular Economy – Risks and financial effects from the circular economy and resource use; Anticipated financial effects from material opportunities	152
ESRS S1 – Own workforce						
ESRS S1	SBM-2	Strategy (SBM)	Interests and views of stakeholders	12	Sustainability Statement – S1 Own Workforce – Interests and views of stakeholders	156
ESRS S1	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	13 (a); (b); 14 (a); (b); (c); (d); (e); (f); i.; ii.; (g) i.; ii.; 15; 16	Sustainability Statement – S1 Own Workforce – Material impacts, risks and opportunities Sustainability Statement – S1 Own Workforce – Interests and views of stakeholders	155 156
ESRS S1	S1-1	Impact, risk and opportunity management (IRO)	Policies related to own workforce	19; 20 (a); (b); (c); 21; 22; 23; 24 (a); (b); (c); (d)	Sustainability Statement – S1 Own Workforce – Policies	157
ESRS S1	S1-2	Impact, risk and opportunity management (IRO)	Processes for engaging with Own Workforce and workers' representatives about impacts	25; 27 (a); (b); (c); (d); (e); 28	Sustainability Statement – S1 Own Workforce – Processes for engaging employees and employee representatives	159
ESRS S1	S1-3	Impact, risk and opportunity management (IRO)	Processes to remediate negative impacts and channels for own workforce to raise concerns	32 (a); (b); (c); (d); (e); 33	Sustainability Statement – S1 Own Workforce – Impact remediation and channels to raise concerns	160
ESRS S1	S1-4	Impact, risk and opportunity management (IRO)	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	37; 38 (a); (b); (c); (d); 39; 40 (a); (b); 41; 43	Sustainability Statement – S1 Own Workforce – Material impacts, risks and opportunities	155
ESRS S1	S1-5	Metrics and targets (MT)	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	46; 47 (a); (b); (c)	Sustainability Statement – S1 Own Workforce – Targets	161
ESRS S1	S1-6	Metrics and targets (MT)	Characteristics of the undertaking's employees	50 (a); (b) i.; ii.; iii.; (c); (d) i.; ii.; (e); (f)	Sustainability Statement – S1 Own Workforce – Characteristics of the Group's employees	161
ESRS S1	S1-7	Metrics and targets (MT)	Characteristics of non-employees in the undertaking's own workforce	-[53]	Sustainability Statement – S1 Own Workforce – Characteristics of non-employee workers in the Group's own workforce	161
ESRS S1	S1-8	Metrics and targets (MT)	Collective bargaining coverage and social dialogue	60 (a); (b); 63 (a); (b)	Sustainability Statement – S1 Own Workforce – Collective bargaining coverage and social dialogue	161
ESRS S1	S1-9	Metrics and targets (MT)	Diversity metrics	66 (a); (b)	Sustainability Statement – S1 Own Workforce – Diversity metrics	162
ESRS S1	S1-10	Metrics and targets (MT)	Adequate wages	69	Sustainability Statement – S1 Own Workforce – Adequate wages	162
ESRS S1	S1-11	Metrics and targets (MT)	Social protection		Not material, information not provided in the Sustainability Statement	

52 Qualitative information is provided, in accordance with Annex C of ESRS 1.
53 There are no non-employee workers in the Latvenergo Group's own workforce.

ESRS S1	S1-12	Metrics and targets (MT)	Persons with disabilities		Not material, information not provided in the Sustainability Statement	
ESRS S1	S1-13	Metrics and targets (MT)	Training and skills development metrics	83 (a); (b)	Sustainability Statement – G1 Business Conduct – Group specific topic – Direct and indirect economic impacts	182
ESRS S1	S1-14	Metrics and targets (MT)	Health and safety metrics	88 (a); (b); (c); (d); 90	Sustainability Statement – S1 Own Workforce – Health and safety metrics	162
ESRS S1	S1-15	Metrics and targets (MT)	Work-life balance metrics		Not material, information not provided in the Sustainability Statement	
ESRS S1	S1-16	Metrics and targets (MT)	Remuneration metrics (pay gap and total remuneration)	97 (a); (b); (c)	Sustainability Statement – S1 Own Workforce – Compensation metrics (pay gap and total compensation)	163
ESRS S1	S1-17	Metrics and targets (MT)	Incidents, complaints and severe human rights impacts	103 (a); (c); 104 (a)	Sustainability Statement – S1 Own Workforce – Incidents, complaints and severe human rights impacts	163
ESRS S3 – Affected communities						
ESRS S3	SBM-2	Strategy (SBM)	Interests and views of stakeholders	7	Sustainability Statement – S3 Affected communities – Stakeholder interests and opinions	165
ESRS S3	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	8 (a); (b); 9 (a) i.; ii.; iii.; iv.; (b) i; ii; (c); (d); 10; 11	Sustainability Statement – S3 Affected communities – Material impacts, risks and opportunities	164
ESRS S3	S3-1	Impact, risk and opportunity management (IRO)	Policies related to affected communities	14; 15; 16 (a); (b); (c); 17	Sustainability Statement – S3 Affected communities – Policies	165
ESRS S3	S3-2	Impact, risk and opportunity management (IRO)	Processes for engaging with affected communities about impacts	21 (a); (b); (c); (d); 22; 23	Sustainability Statement – S3 Affected communities – Processes for engaging with affected communities	166
ESRS S3	S3-3	Impact, risk and opportunity management (IRO)	Processes to remediate negative impacts and channels for affected communities to raise concerns	27 (a); (b); (c); (d); 28	Sustainability Statement – S3 Affected communities – Impact remediation and channels to raise concerns	167
ESRS S3	S3-4	Impact, risk and opportunity management (IRO)	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	31; 32 (a); (b); (c); (d); 33 (a); (b); (c); 34 (a); (b); 35; 38	Sustainability Statement – S3 Affected communities – Material impacts, risks and opportunities	164
				36	Sustainability Statement – S3 Affected communities – Policies	165
ESRS S3	S3-5	Metrics and targets (MT)	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	41; 42 (a); (b); (c)	Sustainability Statement – S3 Affected communities – Targets	168
ESRS S4 – Consumers and end-users						
ESRS S4	SBM-2	Strategy (SBM)	Interests and views of stakeholders	8	Sustainability Statement – S4 Consumers and End-users – Stakeholder interests and opinions	170
ESRS S4	SBM-3	Strategy (SBM)	Material impacts, risks and opportunities and their interaction with strategy and business model	9 (a); (b); 10 (a) i.; ii.; iii.; iv.; (b); (c); (d); 11	Sustainability Statement – S4 Consumers and End-users – Material impacts, risks and opportunities	169

ESRS S4	S4-1	Impact, risk and opportunity management (IRO)	Policies related to consumers and end-users	15; 16 (a); 16 (b); 16 (c)	Sustainability Statement – S4 Consumers and End-users – Policies	170
ESRS S4	S4-2	Impact, risk and opportunity management (IRO)	Processes for engaging with consumers and end-users about impacts	20 (a); (b); (c); (d); 21	Sustainability Statement – S4 Consumers and End-users – Processes for engaging with consumers and end-users	171
ESRS S4	S4-3	Impact, risk and opportunity management (IRO)	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	25 (a); (b); (c); (d); 26	Sustainability Statement – S4 Consumers and End-users – Impact remediation and channels to raise concerns	172
ESRS S4	S4-4	Impact, risk and opportunity management (IRO)	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	30; 31 (a); (c); (d); 33 (a); 37	Sustainability Statement – S4 Consumers and End-users – Material impacts, risks and opportunities	169
				35	Sustainability Statement – S4 Consumers and end-users – Policies	170
ESRS S4	S4-5	Metrics and targets (MT)	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	41 (a); (b); (c)	Sustainability Statement – S4 Consumers and end-users – Targets	172
ESRS G1 - Business conduct						
ESRS G1	IRO-1	Impact, risk and opportunity management (IRO)	Description of the processes to identify and assess material impacts, risks and opportunities	6	Sustainability Statement – General Information – Double materiality assessment	74
ESRS G1	GOV-1	Impact, risk and opportunity management (IRO)	The role of the administrative, supervisory and management bodies	5 (a); (b)	Corporate Governance – Governance Bodies	35
ESRS G1	G1-1	Impact, risk and opportunity management (IRO)	Business conduct policies and corporate culture	7; 10 (a); (c) i.; ii.; (e); (g); (h)	Sustainability Statement – G1 Business Conduct – Business conduct policies and corporate culture	179
ESRS G1	G1-2	Impact, risk and opportunity management (IRO)	Management of relationships with suppliers	14	Sustainability Statement – G1 Business Conduct – Management of relationships with suppliers – Payment practices	181
				15 (a); (b)	Sustainability Statement – G1 Business Conduct – Management of relationships with suppliers	180
ESRS G1	G1-3	Impact, risk and opportunity management (IRO)	Prevention and detection of corruption and bribery	18 (a); (b); (c); 20; 21 (a); (b); (c)	Sustainability Statement – G1 Business Conduct – Prevention and detection of corruption and bribery	184
ESRS G1	G1-4	Metrics and targets (MT)	Incidents of corruption or bribery	24 (a); 25 (a)	Sustainability Statement – G1 Business Conduct – Operational compliance management	185
ESRS G1	G1-5	Metrics and targets (MT)	Political influence and lobbying activities	29 (a); (c); (d);	Sustainability Statement – G1 Business Conduct – Political influence and lobbying	181
				30	Corporate Governance – Governance Bodies	35
ESRS G1	G1-6	Metrics and targets (MT)	Payment practices	33 (a); (b); (c)	Sustainability Statement – G1 Business Conduct – Management of relationships with suppliers – Payment practices	181

Environmental Information

EU Taxonomy

E1 Climate Change

E2 Pollution

E4 Biodiversity and Ecosystems

E5 Resource Use and Circular Economy

As a result of the double materiality assessment, the material IROs were identified, which reflect the framework for the sustainable operations of Latvenergo Group.

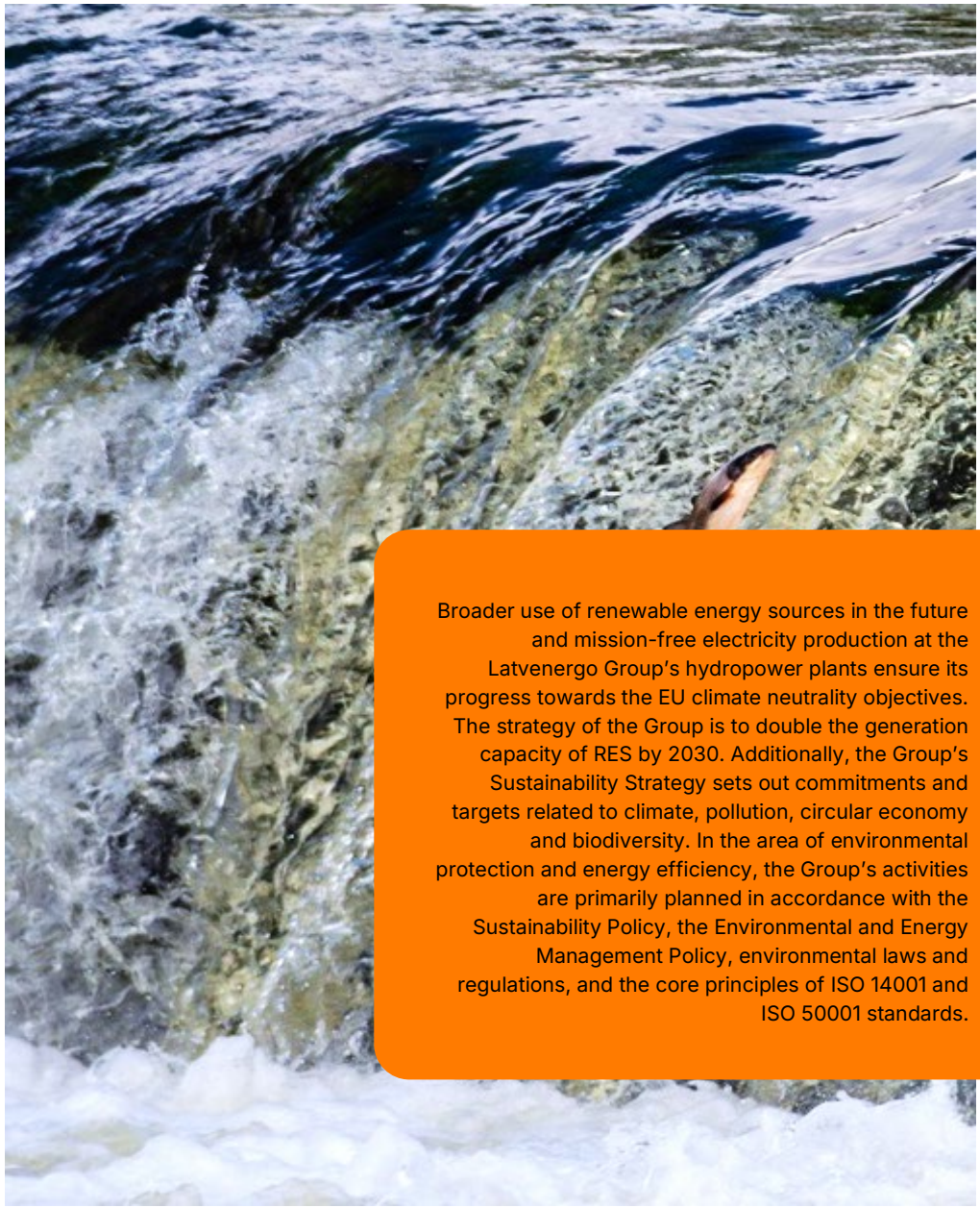
The management of IROs is integrated into the operating processes of the Group's companies, and the supervision of these issues is addressed within the framework of fulfilling and monitoring strategies and operational plans. The Management Boards of the Group's capital companies handle the implementation of strategies and policies. Twice a year, the Management Board of Latvenergo AS assesses the progress of implementing the Sustainability Strategy (including the targets set). The determination of Latvenergo Group's material sustainability targets is based on internationally recognised standards, industry guidelines and examples of best practice, as well as the strategic objectives of the Group and impacts specific to its operations. The setting of targets and their implementation, with the exception of those related to GHG emissions, have not been validated by any external body. For more information, see the section Group Strategy.

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's operations.

Information on Latvenergo Group's sustainability management model and the Group's value chain is provided in the section Sustainability Management. Regarding stakeholder engagement in policy development, the Group applies an approach of coordinating the draft Medium-term Operational Strategy and Sustainability Strategy with stakeholders and using the feedback received in reviewing subordinate documents, including policies. For more information on the approach to stakeholder engagement, see the section Sustainability Management.

The sections Corporate Governance and Risk management and internal controls over sustainability reporting provide information on risk management, including the Group Risk Management Policy, which defines both the basic principles of risk management and the responsibilities of employees and management involved in the risk management process. In accordance with the Group Risk Management Policy, the Management Boards of the Group's capital companies are responsible for the capital companies' risk management. At least once a year, the Management Board of Latvenergo AS submits a report on the Group's risk management to the Supervisory Board of Latvenergo AS, which is responsible for overseeing the Group's risk management system.

The above approach is fully applied to the management of all sustainability issues and targets.



Broader use of renewable energy sources in the future and mission-free electricity production at the Latvenergo Group's hydropower plants ensure its progress towards the EU climate neutrality objectives. The strategy of the Group is to double the generation capacity of RES by 2030. Additionally, the Group's Sustainability Strategy sets out commitments and targets related to climate, pollution, circular economy and biodiversity. In the area of environmental protection and energy efficiency, the Group's activities are primarily planned in accordance with the Sustainability Policy, the Environmental and Energy Management Policy, environmental laws and regulations, and the core principles of ISO 14001 and ISO 50001 standards.

EU Taxonomy

The EU Taxonomy framework is established by the Taxonomy Regulation (EU) 2020/852, which creates a unified classification system for environmentally sustainable economic activities and sets out a common terminology for assessing sustainable investments. The objective of the Regulation is to promote an increase in the volume of sustainable investments by providing companies, investors, and policymakers with comparable and reliable information on which economic activities can be considered environmentally sustainable.

To identify environmentally sustainable economic activities, the Taxonomy Regulation (EU) 2020/852 defines six environmental objectives:

1) climate change mitigation
2) climate change adaptation
3) sustainable use and protection of water and marine resources
4) transition to a circular economy
5) pollution prevention and control
6) protection and restoration of biodiversity and ecosystems

An economic activity is considered environmentally sustainable if it substantially contributes to one or more environmental objectives, does not significantly harm the other environmental objectives, and complies with the minimum safeguards set out in Article 18 of the Taxonomy Regulation in respect of social and governance matters.

Companies in non-financial sectors are required to report the share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) accounted for by taxonomy-eligible and taxonomy-aligned economic activities.

It is important to note that not all activities not included in the taxonomy are harmful to the environment. The taxonomy currently includes those sectors and activities that have the greatest impact on the objectives set out in the Taxonomy Regulation, primarily on the climate change mitigation and adaptation. In the coming years, both the list of sectors included in the taxonomy and the list of economic activities will be expanded.

Taxonomy-eligible and aligned activities

Taxonomy-eligible activities were identified by reviewing the scope of activities defined in the applicable Climate and Environmental Delegated Acts, including Commission Delegated Regulations (EU) 2021/2139 and (EU) 2022/1214, Commission Delegated Regulation (EU) 2023/2486, as well as the related amendments introduced by Commission Delegated Regulation (EU) 2023/2485. It was concluded that Latvenergo Group's economic activities fall within the scope of the Climate Delegated Acts. The assessment did not identify any activities falling under the Environmental Delegated Act. Further, Latvenergo Group has carried out a detailed analysis of its economic activities to determine which of these are considered Taxonomy-aligned, namely:

1) whether the economic activity contributes significantly to climate change mitigation or adaptation
2) whether the economic activity causes significant harm to other environmental objectives included in the Taxonomy Regulation
3) whether the economic activity is carried out in compliance with the minimum safeguards set out in Article 18 of the Taxonomy Regulation

The first two steps were accomplished using the technical screening criteria for the respective economic activities published in Delegated Regulation (EU) 2021/2139. Taxonomy-eligible economic activities have been identified by analysing the Group's actual operations and comparing them with the activity descriptions set out in the relevant delegated acts. This step relates solely to eligibility assessment, i.e. whether a specific activity is included in the EU Taxonomy list of activities, regardless of whether it meets all technical screening criteria.

A multi-step assessment was performed for taxonomy-eligible activities to determine whether they qualify as taxonomy-aligned. The evaluation was carried out by applying the following steps.

Assessment of substantial contribution

For each taxonomy-eligible activity, an assessment has been carried out to determine whether it makes a substantial contribution to one of the environmental objectives defined in the Taxonomy Regulation. It was identified that most of the Group's activities are described in both Annex I and Annex II of the Commission Delegated Regulations (EU) 2021/2139, and are therefore potentially eligible under both the climate change mitigation and climate change adaptation objectives. The Group only assesses climate change mitigation objective, as it is the most relevant in the context of its operations. For each Taxonomy-eligible activity, an evaluation was carried out to determine whether it makes a substantial contribution to this objective, by applying the relevant technical screening criteria, including GHG emission thresholds, system functionality requirements, and technological conditions.

Based on this assessment, the Group concludes that activities 4.1, 4.3, 4.5, 4.9, 4.10, 4.11, 4.15, 4.20, 4.24 and 6.15 meet the substantial contribution criteria for climate change mitigation and are considered Taxonomy-aligned. Activities 4.1, 4.3, 4.10 and 4.11 are considered to meet the substantial contribution criteria to climate change mitigation, as the Group operates these activities in accordance with the applicable requirements. Activity 4.5 meets substantial contribution criteria as the the power density of the electricity generation facilities is above 5 W/m^2. Activity 4.9 belongs to the interconnected European system, therefore this activity of the Group satisfies the criteria for substantial contribution. Activity 4.15 meets the criteria, as the district heating system meets the definition of an efficient district heating and cooling system laid down in Article 2(41) of Directive 2012/27/EU. Activities 4.20 and 4.24 use biomass that meets the sustainability and greenhouse gas emission saving criteria as specified in Article 29(2)–(7) of Directive (EU) 2018/2001. Activity 6.15 is dedicated to the operation of vehicles with zero tailpipe CO_2 emissions, creating a network of electric charging points, and therefore complies with the criteria for substantial contribution.

Activities 4.29, 4.30, 4.31 do not meet substantial contribution criteria and are not assessed for DNSH further, and reported under not aligned.

4.1. Electricity generation using solar photovoltaic technology

The Latvenergo Group develops and operates solar photovoltaic electricity generation projects contributing to climate change mitigation through renewable electricity generation.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Transition to a circular economy**

The solar energy projects have been assessed against the EU Taxonomy DNSH criteria for the circular economy. The photovoltaic systems are designed for long service life, modularity and recyclability, supporting efficient maintenance, component replacement and material recovery.

The PV modules are certified in accordance with IEC 61215 and IEC 61730 standards, ensuring durability, safety and an expected operational lifetime of 25-30 years. Key materials are suitable for disassembly and recycling at end of life.

The use of certified, high-quality and recyclable equipment demonstrates that the activity does not cause significant harm to the circular economy objective, in line with EU Taxonomy requirements.

- **Protection and restoration of biodiversity and ecosystems**

EIA or screening has been conducted in accordance with Directive 2011/92/EU. For all solar energy projects, the assessments confirmed that a full EIA was not required.

Where projects are located within or near protected or environmentally sensitive areas, targeted environmental assessments have been carried out and appropriate mitigation and compensation measures are implemented. For projects outside protected areas, internal environmental evaluations are performed using available environmental data, project-specific characteristics and recognised best practices, including alignment with national solar park environmental planning guidelines in Latvia.

Ongoing environmental monitoring and adaptive management measures are applied during operation to avoid significant adverse impacts on biodiversity and ecosystems.

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 CO_2 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 MWt_h 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.	✓

4.3. Electricity generation from wind power

Wind power generation contributes to climate change mitigation through zero operational emissions.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Sustainable use and protection of water and marine resources**

No offshore wind projects are planned or implemented; therefore, provisions related to marine environmental impacts are not applicable.

- **Transition to a circular economy**

In line with the EU Taxonomy DNSH criteria, the Latvenergo Group integrates circular economy principles into the development of wind power parks, with a focus on sustainable resource use and material efficiency. Equipment and components are selected to ensure durability, recyclability and suitability for disassembly, refurbishment and material recovery at the end of their service life.

These principles are embedded in the Group's sustainability strategy, which promotes the longevity, reuse and recyclability of materials used in renewable energy technologies. For wind turbines, the Group aims to ensure that at least 90 % of materials are recyclable at the end of their lifecycle, supporting waste reduction and circular material flows.

Circular economy considerations are incorporated into project development and, where applicable, into the Environmental Impact Assessment process, including the assessment of material selection, design for disassembly and end-of-life management. Supplier selection also considers compliance with circularity-related requirements.

- **Protection and restoration of biodiversity and ecosystems**

Latvenergo Group's wind power park projects are developed in line with the EU Taxonomy DNSH criteria for the protection and restoration of biodiversity and ecosystems. EIA or screening procedures are carried out in accordance with Directive 2011/92/EU to identify and assess potential impacts on biodiversity-sensitive areas. Where applicable, targeted assessments are undertaken and appropriate mitigation and, where necessary, compensation measures are integrated into project planning and implementation.

Wind parks are generally located outside Natura 2000 sites, EU priority habitats and micro-reserves. Potential impacts on nearby protected areas and species of conservation concern are nevertheless assessed during the EIA process, and precautionary measures are applied where relevant. These include measures to reduce risks to birds and bats, such as operational restrictions, species-specific planning considerations and the use of protection systems.

Monitoring programmes for birds and bats are implemented in cooperation with national environmental authorities, both before and after the start of operations. Monitoring results support adaptive management and the timely implementation of additional mitigation measures where needed.

No offshore wind projects are currently planned or implemented; therefore, requirements related to the Marine Strategy Framework Directive (2008/56/EC) are not applicable at this stage.

4.5. Electricity generation from hydropower

Latvenergo Group's HPPs are assessed as making a substantial contribution to climate change mitigation under the EU Taxonomy Regulation. This conclusion is based on compliance with criterion (b), which requires that the power density of the electricity generation facility exceeds 5 W/m². Power density is calculated as the ratio of installed capacity to the surface area of the reservoir used for electricity generation.

The Latvenergo hydropower facilities exceed the 5 W/m² threshold, thereby meeting the eligibility requirements under this criterion. This demonstrates efficient use of land and water resources, achieving a favourable balance between electricity generation capacity and environmental footprint.

Criterion (b) has been applied as the hydropower facilities utilise artificial reservoirs and therefore do not qualify as run-of-river installations. While life-cycle greenhouse gas emissions were not the primary criterion assessed, the operation of these facilities is associated with low emissions typical of reservoir-based hydropower, further supporting their contribution to climate change mitigation.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Sustainable use and protection of water and marine resources**

The operation of Latvenergo's hydropower plants is aligned with national water management legislation and complies with the requirements of Directive 2000/60/EC (Water Framework Directive), including Article 4. Each facility operates under a valid water use permit issued by the State Environmental Service, which defines binding operational and environmental conditions to ensure sustainable water use and the protection of water bodies.

Operational regimes are governed by approved reservoir management rules and hydrotechnical safety programmes, covering water level management, flow regulation, monitoring obligations and emergency procedures. Regulation of water levels and discharges is designed to maintain hydrological stability and prevent abrupt changes that could adversely affect the ecological status of the affected water bodies.

Monitoring is carried out in accordance with permit conditions and includes regular measurement of water levels and discharge volumes, reporting to competent authorities, and periodic review of operational measures. The plants operate within an integrated river basin management framework and do not permanently compromise the achievement of good ecological status or potential, supporting long-term sustainability and compliance with the Water Framework Directive.

- **Protection and restoration of biodiversity and ecosystems**

Latvenergo's HPPs operate in compliance with national environmental legislation and the requirements of Directive 2011/92/EU (EIA Directive) and Directive 2000/60/EC. Environmental considerations, including biodiversity protection, are embedded in water use permits through defined operational regimes, reservoir management rules and hydrotechnical safety measures.

While fish migration structures are not currently installed, Latvenergo implements mitigation and compensation measures to support aquatic biodiversity. These include annual financial contributions for fish stock restoration in the Daugava River Basin, practical measures such as the release of juvenile fish, installation of artificial spawning nests, habitat improvements in tributaries, and riverbed restoration works.

In addition, the company cooperates with scientific institutions to explore solutions to improve conditions for migratory fish, guided by the Daugava Basin Action Plan. These measures go beyond minimum regulatory requirements and demonstrate a proactive, science based approach to biodiversity protection.

4.9. Transmission and distribution of electricity

The Latvian electricity system, including the distribution network operated by AS Sadales tīkls, forms part of the interconnected European electricity system (ENTSO-E). This integration ensures coordinated system operation, cross-border electricity flows and overall system stability, supporting the efficient integration of low-carbon and renewable electricity generation across Europe.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Transition to a circular economy**

Waste generated during construction, maintenance and decommissioning activities is managed in line with the waste hierarchy, prioritising prevention, reuse and recycling. Separate waste collection is implemented across operations, and all waste is transferred to licensed waste management operators. Wherever technically and economically feasible, dismantled materials and equipment are reused, refurbished or recycled.

Circular economy principles are also integrated into procurement and project planning, promoting the use of recycled or secondary materials while ensuring compliance with quality, safety and operational standards. Monitoring and internal controls support continuous improvement in waste reduction, material recovery and resource efficiency.

- **Pollution prevention and control**

Construction, maintenance and modernisation activities are carried out in accordance with recognised environmental, health and safety standards. Environmental requirements are embedded in operational procedures and verified through regular inspections, covering waste management, chemical handling, fuel storage, soil and water protection, and pollution prevention measures.

In the event of environmental incidents, trained personnel respond promptly to contain and remediate impacts, and any contaminated materials are managed by licensed waste operators in compliance with national legislation. Preventive measures, staff training, maintenance programmes and periodic reviews support continuous risk reduction.

Sadales tīkls AS complies with Council Recommendation 1999/519/EC on limiting public exposure to electromagnetic fields, and all infrastructure is designed and operated within the recommended limits. The company confirms that polychlorinated biphenyls (PCBs) are not used in electrical equipment; procurement policies prohibit PCB-containing components, and any legacy equipment has been fully removed and disposed of in accordance with legal requirements.

- **Protection and restoration of biodiversity and ecosystems**

Although medium- and low-voltage electricity distribution infrastructure is not subject to mandatory EIA under Directive 2011/92/EU or national legislation, all construction, maintenance and modernisation activities are carried out with due consideration of environmental protection requirements and potential ecological impacts.

Activities are implemented in accordance with legislation governing specially protected nature areas, including Natura 2000 sites. Where relevant, technical conditions are obtained from the State Environmental Service and integrated into project planning and execution. Environmental impacts are minimised through selective vegetation management in overhead line corridors, progressive replacement of overhead lines with underground cables, and the use of insulated conductors to reduce risks to wildlife.

To protect sensitive species, works near important habitats, including white stork nesting sites, are scheduled outside breeding and nesting seasons. Additional measures, such as pole marking, bird protection devices and targeted monitoring in cooperation with environmental authorities, support early risk detection and adaptive mitigation.

4.10. Storage of electricity

The activity contributes to climate change mitigation by enabling the integration of variable renewable energy sources, such as solar and wind, into the electricity system. BESS store surplus renewable electricity and supply it during periods of higher demand, thereby supporting grid balancing and reducing indirect greenhouse gas emissions associated with electricity system operation.

By providing temporal flexibility between electricity generation and consumption, BESS facilitates higher utilisation of renewable energy, reduces curtailment, and enhances grid reliability and resilience. This supports the transition towards a low-carbon electricity system in line with EU climate and decarbonisation objectives.

- **Adaptation to climate change**

See Climate change adaptation part.

Sustainable use and protection of water and marine resources

This criterion is not applicable to BESS installations, as they do not involve direct abstraction from or discharge into natural water bodies.

- **Transition to a circular economy**

For BESS installations, waste management is ensured in accordance with the waste hierarchy and applicable circular economy principles. End-of-life handling of batteries and associated components is covered by contractual arrangements with licensed and certified waste management operators, as well as documented procedures for disposal, recycling and recovery.

All stages of the BESS lifecycle, including procurement, operation and decommissioning, are carried out in compliance with internal environmental and circular economy policies and applicable national and EU regulations. End-of-life management arrangements, including financial provisions for recycling and recovery, are integrated into project planning and documented through internal procedures and verified contracts.

- **Protection and restoration of biodiversity and ecosystems**

BESS installations comply with the criteria set out in Appendix D of the EU Taxonomy. The projects are not located within or in proximity to biodiversity-sensitive areas, including Natura 2000 sites, UNESCO World Heritage sites, Key Biodiversity Areas or other protected areas; therefore, a formal EIA or appropriate assessment is not required.

Where relevant, an internal environmental review is carried out to assess potential impacts on local ecosystems, species and habitats, taking into account site-specific conditions and potential effects during construction and operation. Based on these assessments, preventive and mitigation measures are applied as needed, including careful site selection, minimisation of land disturbance, implementation of pollution prevention and waste management practices, and operational monitoring.

4.11. Storage of thermal energy

The installation enables the storage of thermal energy and its subsequent return for later use in the form of heat, functioning as an integral part of the energy supply system.

By providing flexibility in the timing of heat supply, the thermal energy storage tank supports the optimisation of energy system operation and more efficient use of energy resources. This contributes to reduced greenhouse gas emissions at the system level and supports climate change mitigation objectives in line with the EU Taxonomy.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Sustainable use and protection of water and marine resources**

The CHPP-2 thermal energy storage tank does not involve Aquifer Thermal Energy Storage (ATES) or the use of groundwater or aquifers. The installation operates as a closed thermal storage system and does not require water abstraction, reinjection, or modification of groundwater bodies.

As the activity does not fall under Aquifer Thermal Energy Storage, the criteria set out in Appendix B are not applicable.

- **Transition to a circular economy**

Waste management related to the activity is carried out in accordance with applicable national waste management and environmental protection legislation. Waste arising during construction, operation and maintenance is handled in line with regulatory requirements and established operational practices.

Waste streams are managed through contracts with licensed waste management operators, ensuring proper collection, treatment, recovery and disposal. Where feasible, waste management prioritises prevention, reuse, recycling and recovery, in line with circular economy principles.

- **Protection and restoration of biodiversity and ecosystems**

The thermal energy storage installation has been constructed within the existing CHPP-2 site and is located inside existing buildings, without expansion of land use or development of new areas. The activity takes place in an already industrialised environment and does not involve interventions in natural habitats or ecosystems.

The installation does not affect Natura 2000 sites or other protected areas and does not increase industrial accident risk. In accordance with the national Law on Environmental Impact Assessment, neither an environmental impact assessment nor a preliminary assessment was required.

4.15. District heating distribution

The activity complies with criterion (a) applicable to the construction and operation of district heating pipelines and associated infrastructure, where the system meets the definition of an efficient district heating system as set out in Article 2(41) of Directive 2012/27/EU.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Sustainable use and protection of water and marine resources**

Potential risks related to water quality and pressure on water resources are identified and addressed through defined requirements for suppliers and construction processes. Water protection considerations are integrated into both procurement and construction stages of district heating pipeline development.

Pre-insulated pipes are used for pipeline construction, and procurement documentation includes technical and environmental requirements related to water protection. During construction works, environmental and water protection measures are applied in accordance with the relevant technical documentation.

These measures prevent adverse impacts on surface and groundwater bodies and ensure compliance with the objectives of Directive 2000/60/EC (Water Framework Directive).

- **Pollution prevention and control**

The company procures equipment considered BAT. Equipment used in connection with the activity and falling within the scope of Directive 2009/125/EC complies, where applicable, with the relevant energy efficiency and ecodesign requirements, thereby ensuring effective pollution prevention and control.

- **Protection and restoration of biodiversity and ecosystems**

District heating infrastructure development and operation are carried out in accordance with applicable national environmental and construction regulations. The activities do not require an environmental impact assessment under national legislation. Where relevant, technical conditions are obtained from the competent environmental authority, defining requirements related to resource use and pollution prevention.

Construction activities follow an established permitting, coordination and supervision process, ensuring that works are implemented without significant adverse effects on biodiversity or ecosystems.

4.20. Cogeneration of heat and power from bioenergy

The activity makes a substantial contribution to climate change mitigation. Heat and power generation is based on forest biomass that complies with the sustainability and greenhouse gas emission savings criteria set out in Article 29 of Directive (EU) 2018/2001.

In Latvia, compliance with these criteria is demonstrated in accordance with Cabinet of Ministers Regulation No. 686 of 2 November 2022, which establishes procedures for substantiating compliance with biomass sustainability and greenhouse gas emission saving requirements. Liepājas enerģija demonstrates compliance through a company (merchant) sustainability scheme, as permitted under national legislation transposing Article 30 of Directive (EU) 2018/2001.

The application of the company sustainability scheme allows compliance to be substantiated at operator level in cases where recognised voluntary or national schemes are not applied.

- **Sustainable use and protection of water and marine resources**

The activity is carried out in compliance with applicable national legislation. The State Environmental Service of Latvia has issued permits for polluting activities, which include binding conditions related to water protection. Information on issued permits is publicly available in the official register of releases and licences.

- **Pollution prevention and control**

Where installations fall within the scope of Directive 2010/75/EU, emissions remain within the emission levels associated with BAT as set out in the relevant BAT Conclusions.

For combustion installations with a rated thermal input greater than 1 MW but below the thresholds for large combustion plants, emissions comply with the limits laid down in Directive (EU) 2015/2193, Annex II, Part 2. Compliance is ensured through polluting activity permits issued by the State Environmental Service, which establish enforceable emission limit values in line with EU legislation.

- **Protection and restoration of biodiversity and ecosystems**

An EIA is required for combustion installations in cases specified under Latvian legislation, based on factors such as installed capacity and the nature of the activity. Where required, an EIA is carried out in accordance with legal requirements, and identified environmental risks are assessed and addressed.

Where an EIA is not required, the activity is regulated under the national permitting framework for polluting activities. Environmental aspects relevant to biodiversity and ecosystems – including impacts on water resources, air emissions and waste – are assessed and managed through permitting conditions issued by the State Environmental Service.

This regulatory framework ensures that potential impacts on biodiversity and ecosystems are identified, mitigated where necessary.

4.24. Production of heat from bioenergy

The activity meets the criteria for a substantial contribution to climate change mitigation. Heat generation under activity 4.24 uses forest biomass that complies with the sustainability and greenhouse gas emission savings criteria set out in Article 29 of Directive (EU) 2018/2001. In Latvia, compliance with these criteria is demonstrated in accordance with Cabinet of Ministers Regulation No. 686 of 2 November 2022, which establishes the procedures for substantiating and certifying compliance with biomass sustainability and greenhouse gas emission savings requirements.

Liepājas enerģija SIA demonstrates compliance through a company (merchant) sustainability scheme, as permitted under national legislation transposing Article 30 of Directive (EU) 2018/2001. The scheme is applied at operator level and allows sustainability compliance to be substantiated where recognised voluntary or national schemes are not applied.

- **Sustainable use and protection of water and marine resources**

The activity is carried out in compliance with applicable national legislation. The State Environmental Service of Latvia has issued permits for environmentally polluting activities, which include binding conditions related to water protection. Information on issued permits is publicly available in the official register.

- **Pollution prevention and control**

Where installations fall within the scope of Directive 2010/75/EU, emissions do not exceed the emission levels associated with BAT as set out in the relevant BAT Conclusions.

For combustion installations with a rated thermal input greater than 1 MW but below the thresholds for large combustion plants, emissions comply with the limit values laid down in Directive (EU) 2015/2193, Annex II, Part 2. Compliance is ensured through polluting activity permits issued by the State Environmental Service, which establish enforceable emission limit values in accordance with EU legislation.

- **Protection and restoration of biodiversity and ecosystems**

An EIA is required for combustion installations in cases specified under Latvian legislation, taking into account factors such as installed capacity and the nature of the activity. Where required, the EIA is carried out in accordance with legal requirements, and identified environmental risks are assessed and addressed.

6.15. Infrastructure enabling low-carbon road transport and public transport

The activity covers the construction, modernisation and operation of publicly accessible electric vehicle charging infrastructure. Through its Elektrum Drive brand, the Latvenergo Group develops and operates an EV charging network across Latvia, Lithuania and Estonia.

The charging infrastructure is designed to support smart charging and future grid integration, contributing to system flexibility and efficient utilisation of renewable electricity. As such, the activity qualifies as an enabling activity pursuant to Article 10(1)(i) of Regulation (EU) 2020/852, facilitating the transition to a climate-neutral economy.

The activity meets the technical screening criteria set out under point 1(a) of the EU Taxonomy, as the infrastructure is dedicated exclusively to the operation of vehicles with zero tailpipe CO_2 emissions. The infrastructure is not used for the transport or storage of fossil fuels, thereby also fulfilling the requirements under criterion 2. Accordingly, the activity makes a substantial contribution to climate change mitigation under the EU Taxonomy.

- **Adaptation to climate change**

See Climate change adaptation part.

- **Sustainable use and protection of water and marine resources**

The activity complies with the criteria set out in Appendix B of the EU Taxonomy Delegated Act. Environmental risks related to water quality are identified and addressed through appropriate planning and design measures. The development and operation of electric vehicle charging infrastructure involve minimal water use and do not include discharges or interaction with marine environments, resulting in negligible risk to water bodies.

Although the activity is not subject to an EIA under Directive 2011/92/EU, relevant water protection considerations are applied to ensure that the achievement of good water status and ecological potential is not compromised. Preventive measures include the use of impermeable surfaces, appropriate drainage systems and the avoidance of construction in sensitive aquatic areas.

- **Transition to a circular economy**

Measures are implemented to minimise waste generation and ensure the reuse, recycling or other recovery of non-hazardous construction and demolition waste, in line with the waste hierarchy and best available techniques.

Waste management is ensured through contracts with licensed waste management operators, which provide traceability and documentation confirming compliance with recovery requirements. These practices support resource efficiency, reduce environmental impact and contribute to the EU's circular economy objectives.

- **Pollution prevention and control**

The activity meets DNSH requirements through the application of pollution prevention measures during construction and operation. Works are carried out using low-emission machinery, controlled material handling and appropriate planning to limit noise, dust and other emissions.

Contractors apply best available techniques and recognised environmental standards, ensuring minimal impacts on air quality, soil and the surrounding environment throughout the project lifecycle.

- **Protection and restoration of biodiversity and ecosystems**

The construction and operation of electric vehicle charging infrastructure do not pose significant risks to biodiversity or ecosystems. Nevertheless, measures are implemented to avoid harm to local habitats and species, including responsible vegetation management to prevent the spread of invasive species.

While a full EIA is generally not required for this activity, applicable legal frameworks are considered, and where relevant, screenings or appropriate assessments are carried out with mitigation measures implemented as necessary. All works are conducted in line with environmental best practices.

Climate change adaptation

The assessment of compliance with the climate change adaptation (CCA) criterion for all EU Taxonomy-aligned activities of the Latvenergo Group has been carried out in accordance with the requirements set out in Commission Delegated Regulation (EU) 2021/2139, including Appendix A, which defines the criteria for identifying, assessing, and managing material physical climate risks across the lifecycle of assets and economic activities.

Climate risk management is integrated into the Group's strategic planning, risk management framework, and investment decision-making processes, ensuring alignment with the EU Taxonomy requirement to avoid significant harm to climate resilience. While the overall risk management framework addresses both transition and physical climate risks, the CCA assessment specifically focuses on physical climate risks, in line with EU Taxonomy requirements.

The assessment of physical climate risks is based on internationally recognised methodologies (including Intergovernmental Panel on Climate Change AR6 and Task Force on Climate-related Financial Disclosures recommendations), regional climate projections developed by the Latvian Environment, Geology and Meteorology Centre, the European Commission's climate hazard classification, and multiple climate scenarios (SSP1-2.6, SSP2-4.5, SSP3-7.0) across short-, medium-, and long-term time horizons.

In line with Appendix A of the Commission Delegated Regulation (EU) 2021/2139, the climate risk assessment covers hazard identification, vulnerability analysis (including exposure, sensitivity, and adaptive capacity), and the implementation of adaptation measures addressing identified material risks.

For all Taxonomy-aligned activities, relevant acute risks (such as storms, extreme precipitation, heatwaves, cold spells, and icing) and chronic risks (including long-term changes in temperature, wind patterns, precipitation regimes, and hydrological variability) have been identified and assessed, taking into account the geographic location, technical characteristics, and expected operational lifetime of each asset.

Based on the assessment results, a set of climate adaptation measures has been implemented, including infrastructure resilience improvements, operational and business continuity planning, real-time monitoring and early warning systems, preventive maintenance and workforce preparedness, as well as the integration of climate considerations into investment planning and asset design. These measures are designed to reduce vulnerability to identified climate hazards and ensure that adaptation actions do not lead to maladaptation or increased climate risks elsewhere.

The assessment indicates that no material unmitigated physical climate risks have been identified for the assessed activities, and that residual risks are managed at an acceptable level through the implemented adaptation measures. The assessment is updated on a regular basis and will be further expanded in the 2026 reporting period to include supply chain impacts and long-term cumulative risks.

Based on the assessment performed, the Latvenergo Group concludes that all EU Taxonomy-aligned activities are assessed as meeting the climate change adaptation criterion, ensuring effective management of physical climate risks and alignment with the EU Taxonomy requirements on climate resilience.

Alignment with minimum safeguards

Latvenergo Group demonstrates a compliance with the Minimum Safeguards requirements under Article 3(c) of the EU Taxonomy Regulation. The Group has established a robust governance and ethical framework aligned with internationally recognised standards, including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights.

These standards are embedded across the Group's operations through key internal policies. The Code of Ethics, Sustainability Policy, Human Resource Management Policy, Occupational Safety Policy, and Remuneration Policy collectively promote non-discrimination, freedom of association, safe working conditions, and ethical conduct. Although there is no standalone policy for vulnerable groups, inclusion principles are integrated into the Code of Ethics and Human Resource Management Policy.

- **Governance and Risk Management**

The Group has adopted the following key policies that support its governance and risk management systems:

- Corporate Governance Policy – ensures strategic oversight, transparency, and accountability, aligned with OECD principles for state-owned enterprises
- Risk Management Policy – defines principles and responsibilities for identifying and mitigating adverse impacts, including those related to ethics and affected communities
- Fraud and Corruption Risk Management Policy – establishes mechanisms to prevent and respond to unethical conduct.
- Procedure for the Development and Maintenance of Tax Risk Management Processes – ensures responsible tax governance and risk control
- Policy on Compliance with International and National Sanctions – prohibits cooperation with sanctioned entities and ensures legal compliance

- **Ethical Conduct and Whistleblower Protection**

The Code of Ethics is a cornerstone of the Group's responsible business practices, setting high standards for professional conduct, equality, and anti-corruption. It applies to both employees and business partners. To support these principles, the Group has implemented a whistleblowing system in line with Directive (EU) 2019/1937. The whistleblowing system has multiple reporting channels, which are continuously monitored and enable any person to report cases of fraud, misconduct or breaches of regulatory requirements within the Latvenergo Group, either anonymously or with their identity disclosed. Submitted reports are reviewed individually in accordance with established procedures, ensuring the analysis of facts, impacts and risks, appropriate action, and the protection of the whistleblower's confidentiality. The information received is systematically assessed by the responsible structural unit and summarised in regular reports to the Group's management. Regular mandatory training and awareness initiatives are conducted to ensure employees understand and apply ethical standards and reporting procedures in their daily work.

- **Workforce Policies and Human Rights**

Latvenergo Group ensures fair and inclusive treatment of its workforce through the following policies:

- Human Resource Management Policy – promotes employee development, value-based culture, and equal opportunities
- Occupational Safety Policy – prioritizes health and safety, aiming for a zero-accident mindset
- Remuneration Policy – ensures fair, competitive, and performance-based compensation
- Sustainability Policy – supports a safe, inclusive, and rights-respecting work environment

Although there is no dedicated policy for vulnerable groups, inclusion and non-discrimination principles are embedded in the Group's core policies.

- **Responsible Procurement and Supply Chain Conduct**

The Group ensures ethical and sustainable procurement through:

- Procurement Policy – governs responsible sourcing and supplier engagement
- Rules Governing the Organisation of Procurement – defines procedures for transparent and fair procurement processes
- Suppliers Code of Conduct – sets expectations for suppliers regarding human rights, community impact, and ethical behavior

These principles are applied across the supply chain through the Suppliers Code of Conduct, including by informing and educating suppliers on applicable requirements, as well as facilitating cooperation and information exchange. Supplier due diligence is based on an overall assessment of supply chain risks, with particular attention paid to areas and types of transactions where elevated human rights risks may arise. During the reporting period, no material human rights risks were identified; accordingly, supplier audits in the area of human rights were not conducted.

- **Engagement with Affected Communities**

Latvenergo Group actively engages with affected communities, including indigenous peoples, through:

- Sustainability Policy – prioritizes community development and stakeholder engagement
- Environmental and Energy Management Policy – promotes transparency and education on environmental impacts
- Suppliers Code of Conduct – requires suppliers to respect and consult local communities

The Group ensures clear communication, conducts public consultations, and implements educational initiatives to raise awareness of energy and sustainability issues.

Not Taxonomy-aligned activities

4.29. Electricity generation from fossil gaseous fuels

Latvenergo Group operates electricity generation facilities fuelled by fossil gaseous fuels (natural gas), which play an important role in ensuring system reliability, balancing capacity and security of supply in Latvia. These assets are used primarily to provide flexible generation, reserve capacity and ancillary services to the electricity system, supporting the stability of the transmission network and the integration of variable renewable energy sources.

Electricity generation from fossil gaseous fuels does not meet the EU Taxonomy technical screening criteria for a substantial contribution to climate change mitigation under Activity 4.29. Although modern gas-fired units operate with higher efficiency and lower emissions than legacy fossil fuel technologies, they are still based on fossil energy sources and therefore do not fulfil the alignment criteria.

Replacement of fossil gaseous fuels with renewable or low-carbon gaseous fuels is not currently feasible at scale for these units. Latvenergo continues to monitor technological developments and regulatory progress related to renewable and low-carbon gases.

All gas-fired generation facilities operate in compliance with strict national environmental requirements and are covered by permits for polluting activities, issued by the competent environmental authorities. These permits regulate emissions to air, water and soil and ensure that environmental impacts are appropriately managed.

4.30. High-efficiency co-generation of heat and power from fossil gaseous fuels

Latvenergo Group operates high-efficiency cogeneration (CHP) units fuelled by fossil gaseous fuels, supplying both electricity and heat to customers, primarily in district heating systems. These units improve overall fuel efficiency compared to separate heat and power production and contribute to reduced emissions at system level.

Despite their high efficiency, cogeneration from fossil gaseous fuels does not meet the EU Taxonomy technical screening criteria for substantial contribution under Activity 4.30. The use of fossil fuels prevents classification as Taxonomy-aligned, even where efficiency thresholds are achieved.

The CHP installations are operated in compliance with applicable EU and national environmental legislation and are subject to permits issued by the State Environmental Service, which include enforceable emission limit values and operational conditions.

The assets continue to play a role in ensuring security of heat supply and system flexibility, but until a transition to renewable or low-carbon gaseous fuels becomes technically and economically feasible, activity 4.30 is classified as EU Taxonomy not aligned.

4.31. Production of heat from fossil gaseous fuels in an efficient district heating and cooling system

Latvenergo Group supplies heat generated from fossil gaseous fuels within efficient district heating systems, as defined by Directive 2012/27/EU. As such, the activity falls within the scope of an EU Taxonomy-eligible economic activity under Activity 4.31.

However, heat production from fossil gaseous fuels does not meet the EU Taxonomy technical screening criteria for alignment under Activity 4.31, notwithstanding the efficiency of the district heating system. Accordingly, Activity 4.31 is assessed as as EU Taxonomy eligible but not aligned.

Heat production facilities are operated under valid environmental permits and in compliance with applicable national and EU requirements for emissions and environmental protection. These assets remain necessary to ensure continuity and security of heat supply, particularly during periods of high demand or limited availability of renewable heat sources.

Accounting policies

Main principles, double counting and proxies

The calculation of financial metrics – revenue, CapEx, and OpEx – has been performed in accordance with Taxonomy Regulation (EU) 2020/852, its delegated regulations and related documents. The calculations are based on several assumptions described below. For detailed indicator proportions, see the EU Taxonomy Tables section.

Taxonomy-eligible and Taxonomy-aligned KPIs are calculated as the KPIs associated with each specific Taxonomy-eligible or Taxonomy-aligned activity divided by Latvenergo Group's total KPIs. When determining the numerators, KPIs are allocated to Taxonomy-eligible or Taxonomy-aligned activities based on the eligibility and alignment assessment described in the previous sections.

It is assumed that any revenue, Taxonomy OpEx, or Taxonomy CapEx that can be reliably attributed to an identified Taxonomy-eligible or Taxonomy-aligned activity is classified accordingly. Revenue and CapEx KPIs are directly linked to the ratios used in the Latvenergo Group Consolidated and Latvenergo AS Annual Report, while Taxonomy OpEx refer to the categories of operating expenses defined under the Taxonomy Regulation.

For consolidated EU Taxonomy reporting, most consolidation adjustments are applied in line with the principles used in the Group's consolidated financial statements.

All reported Taxonomy KPI financial figures are allocated directly or, where necessary, split using appropriate proxies to the relevant Taxonomy-eligible or Taxonomy-aligned activities, ensuring that no double counting occurs. Latvenergo Group considers that all Taxonomy-eligible activities contribute to climate change mitigation; therefore, these activities are reported exclusively under this environmental objective.

Where financial figures cannot be directly allocated to a specific activity, the Group applies proportional allocation using the most appropriate proxy based on the nature of the underlying activities.

CapEx

The EU Taxonomy KPI on CapEx has the same definition as Capital expenditure in Latvenergo Group Consolidated and Latvenergo AS Financial Statements. The proportion of CapEx for each Taxonomy activity is calculated as the share of CapEx attributable to the respective Taxonomy activity relative to Latvenergo's total CapEx in 2025. CAapEx attributable to Taxonomy-eligible and Taxonomy-aligned activities within total CapEx is determined through a comprehensive assessment of all capital expenditure made by the Latvenergo Group, analysed by operating segment and at the level of individual CapEx projects.

Revenue

The EU Taxonomy KPI on revenue has the same definition as Revenu in Latvenergo Group Consolidated and Latvenergo AS Financial Statements. The share of the Group's Taxonomy-eligible and Taxonomy-aligned revenue is calculated by dividing the revenue generated from products or services associated with Taxonomy-eligible or Taxonomy-aligned activities by the Group's total revenue (see Financial Statement section Statement of Profit or Loss).

The share of taxonomy-eligible and aligned activities in revenues is based on an analysis of operating segments (e.g., the electricity distribution segment) and product and service revenues (e.g., generation and trade of thermal energy, electric vehicle charging services) that can be directly linked to specific Taxonomy operating activities. Revenue associated with electricity generation includes economic activities related to electricity generation from wind power, hydropower, fossil gaseous fuels, solar photovoltaic technology, cogeneration of heat and power from bioenergy, and the production of heat and cooling from bioenergy. It also includes revenue generated from infrastructure enabling low-carbon road transport and public transport, as well as from the transmission and distribution of electricity. Electricity supplied to customers is sourced both from the Latvenergo Group's power plants that meet the Taxonomy requirements and from electricity procured on the market. Therefore, Taxonomy eligible activities are attributed a proportional share of total electricity sales revenue, corresponding to the share of electricity generated by the Group's power plants in relation to the total volume of electricity sold, with the analysis performed on a monthly basis.

OpEx

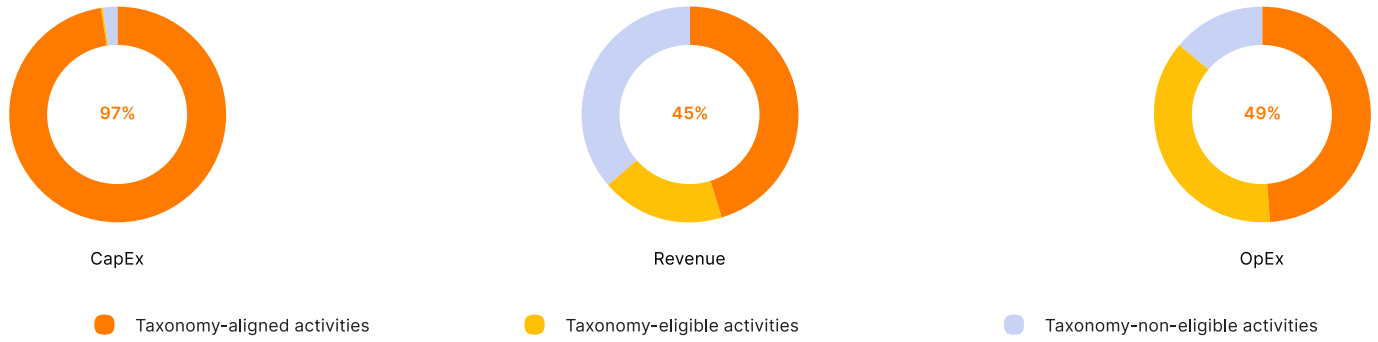
Operating expenditures assessed for the purposes of the Taxonomy disclosures include Latvenergo Group`s external raw materials, repair, and maintenance costs (see Note No. 8 in the section Financial Statements). The proportion of Taxonomy OpEx for each Taxonomy activity is calculated as the share of OpEx attributable to the respective Taxonomy activity relative to Latvenergo's total Taxonomy OpEx in 2025. The share of taxonomy-eligible and aligned activities in OpEx are determined by assessing the costs by operating segments, for example, for the distribution service, as well as by analysing in detail the directly attributable costs for other activities. In cases where expenses are attributable by their nature to more than one of the types of electricity and thermal energy generation listed in the taxonomy, they have been reallocated in proportion to the amount of energy generated in each of these activities. Cost allocation is carried out in accordance with the established level of detail in financial accounting, which enables the identification of costs attributable to specific business segments.

The principles used for the allocation of revenue, CapEx and OpEx ensure that these indicators are not allocated to several activities in the taxonomy at the same time.

Changes in calculations

Compared to 2024, no changes were made to the accounting and allocation principles for revenue and CapEx. However, in 2025 the scope of OpEx included in the Taxonomy reporting was narrowed to cover only external raw material, repair, and maintenance costs (2024 – EUR 39.3 million). In previous years, the Taxonomy OpEx analysis included all Group`s operating expenses (2024 – EUR 264.4 million). For comparability, the detailed Taxonomy tables present data of 2024 aligned with the current approach.

Proportion of taxonomy-aligned activities



EU Taxonomy KPIs

The following tables present the absolute amounts and proportions of aligned and eligible (not aligned) activities of turnover, operating expenses and capital expenditure under the EU Taxonomy Regulation for the Group. For detailed indicator proportions, see the EU Taxonomy Tables section.

Revenue KPI

	2025		2024		Δ	
	MEUR	%	MEUR	%	MEUR	p.p
A. Taxonomy-eligible activities	997.7	63.7	1,043.6	61.3	-45.9	+2.4
A.1. Taxonomy-aligned activities	*709.5*	*45.3*	*738.4*	*43.3*	*-28.9*	*+2.0*
A.2. Taxonomy-eligible-but-not-aligned activities	*288.1*	*18.4*	*305.2*	*17.9*	*-17.1*	*+0.5*
B. Taxonomy-non-eligible activities	568.5	36.3	660.0	38.7	-91.5	-2.4
Total (A+B)	**1,566.1**	**100**	**1,703.6**	**100**	**-137.5**	

The taxonomy-eligible share of turnover increased in 2025, reflecting a positive shift in the overall revenue structure towards activities covered by the EU Taxonomy. Total revenue may fluctuate year on year depending on changes in energy sales volumes and market prices, while the breakdown of revenue attributable to Taxonomy-eligible activities is also affected by the varying electricity generation volumes across different types of power plants. In light of the investments made in the development of solar and wind power plants, an increase in the share of revenues from these activities is expected. The taxonomy-aligned proportion of revenue in 2025 amounted to 45.3% (EUR 709.5 million), representing a year-on-year increase in alignment. Compared to the previous year, the change was mainly driven by:

- growth in solar and wind power generation, reflecting higher generation volumes (+165 GWh)
- higher revenues from electricity distribution, supported by increased volumes of distributed electricity (+177 GWh)
- a lower contribution from fossil-based electricity generation (-46 GWh)

These effects were partly offset by:

- lower overall electricity sales volumes (-366 GWh) and average sales prices, which impacted total revenue
- lower electricity generation from HPPs (-266 GWh), resulting from less favourable hydrological conditions

CapEx KPI

	2025		2024		Δ	
	MEUR	%	MEUR	%	MEUR	p.p
A. Taxonomy-eligible activities	775.5	97.9	516.6	97.4	+258.9	+0.5
A.1. Taxonomy-aligned activities	*772.3*	*97.5*	*502.3*	*94.7*	*+270.0*	*+2.8*
A.2. Taxonomy-eligible-but-not-aligned activities	*3.2*	*0.4*	*14.3*	*2.7*	*-11.1*	*-2.3*
B. Taxonomy-non-eligible activities	16.6	2.1	13.6	2.6	+3.0	-0.5
Total (A+B)	**792.1**	**100**	**530.2**	**100**	**+261.9**	

The taxonomy-eligible proportion of CapEx increased in 2025 as investments were increasingly directed towards EU Taxonomy-covered activities, while the taxonomy-aligned share of CapEx reached 97.5%, representing a year-on-year increase in alignment and resulting from:

- a continued focus on renewable electricity generation projects, with WPPs representing the largest increase in capital expenditure and leading renewable investments, complemented by ongoing investments in SPPs, together accounting for the majority of taxonomy-eligible and taxonomy-aligned CapEx
- increased investments in the renewal and development of the electricity distribution network, aimed at maintaining asset reliability and supporting long-term system development
- expansion of the EU Taxonomy assessment scope to include activity 4.10 Storage of electricity, following the commencement of construction of BESS and the development of electricity storage projects

OpEx KPI

	2025		2024		Δ	
	MEUR	%	MEUR	%	MEUR	p.p
A. Taxonomy-eligible activities	25.5	86.2	30.9	78.5	-5.4	+7.7
A.1. Taxonomy-aligned activities	*14.5*	*49.0*	*17.3*	*43.9*	*-2.8*	*+5.1*
A.2. Taxonomy-eligible-but-not-aligned activities	*11.0*	*37.2*	*13.6*	*34.6*	*-2.6*	*+2.6*
B. Taxonomy-non-eligible activities	4.1	13.8	8.4	21.5	-4.3	-7.7
Total (A+B)	**29.6**	**100**	**39.3**	**100**	**-9.7**	

The taxonomy-eligible proportion of OpEx grew in 2025, with the taxonomy-aligned share reaching 49.0% (EUR 14.5 million). The main factors contributing to the change in OpEx, compared to the previous year, were:

- lower expenses in the electricity distribution segment, supported by a historically low number of outages in the distribution network – the SAIDI and SAIFI indicators improved significantly, mainly due to milder weather conditions
- reduced maintenance and repair costs for CHPP assets
- lower inventory-related costs across other operating segments

In November 2025, the Latvenergo Group issued eurobonds for the first time, with a EUR 400 million issuance in the European Green Bond format, the proceeds of which are allocated in accordance with EU Taxonomy requirements to projects supporting the objective of climate change mitigation. For detailed information see the Green Bond Report section.

In 2025, despite a decline in total revenue and operating expenditures, the Latvenergo Group increased the share of taxonomy-eligible and taxonomy-aligned revenue, OpEx and CapEx, reflecting a continued shift in its business activities and investment profile toward environmentally sustainable operations. This was driven by growth in renewable electricity generation, a stronger contribution from distribution networks, and continued investment in wind and solar project development, further strengthening alignment with the EU Taxonomy Regulation.

EU Taxonomy Tables

Revenue proportion from products and services associated with activities covered by the Taxonomy Regulation, 2025

Economic activities (1)	Code(s) (2)	Revenue (3)	Proportion of revenue (4)	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of revenue 2024 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)				
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		**997.7**	**63.7**																
A.1. Taxonomy-aligned activities																			
Electricity generation using solar photovoltaic technology	4.1.	15.7	1.0	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	Y	Y	0.3		
Electricity generation from wind power	4.3.	5.2	0.3	100	0	0	0	0	0	N/A	Y	Y	Y	N/A	Y	Y	0.0		
Electricity generation from hydropower	4.5.	290.6	18.6	100	0	0	0	0	0	N/A	Y	Y	N/A	N/A	Y	Y	20.4		
Transmission and distribution of electricity	4.9.	380.8	24.3	100	0	0	0	0	0	N/A	Y	N/A	Y	Y	Y	Y	21.7	E	
District heating/cooling distribution	4.15.	3.5	0.2	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.2		
Cogeneration of heat/cool and power from bioenergy	4.20.	5.3	0.3	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.3		
Production of heat/cool from bioenergy	4.24.	7.1	0.5	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.4		
Infrastructure enabling low-carbon road transport and public transport	6.15.	1.2	0.1	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.0	E	
Turnover of taxonomy-aligned activities (A.1)		**709.5**	**45.3**														**43.3**		
A.2. Taxonomy-eligible-but-not-aligned activities																			
Electricity generation from fossil gaseous fuels	4.29.	65.2	4.2																
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30.	191.6	12.2																
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31.	31.3	2.0																
Turnover of taxonomy-eligible-but-not-aligned activities (A.2)		**288.1**	**18.4**																
TOTAL (A.1 + A.2)		**997.7**	**63.7**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		**568.5**	**36.3**																
Taxonomy-non-eligible activities		**568.5**	**36.3**																
TOTAL (A+B)		**1,566.1**	**100.0**																

OpEx by activities covered by the Taxonomy Regulation, 2025

Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx (4)	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx 2024 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)				
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		**25.5**	**86.2**																
A.1. Taxonomy-aligned activities																			
Electricity generation using solar photovoltaic technology	4.1.	0.1	0.4	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	Y	Y	0.3		
Electricity generation from wind power	4.3.	0.1	0.2	100	0	0	0	0	0	N/A	Y	Y	Y	N/A	Y	Y	0.0		
Electricity generation from hydropower	4.5.	1.7	5.8	100	0	0	0	0	0	N/A	Y	Y	N/A	N/A	Y	Y	3.8		
Transmission and distribution of electricity	4.9.	11.9	40.2	100	0	0	0	0	0	N/A	Y	N/A	Y	Y	Y	Y	38.2	E	
District heating/cooling distribution	4.15.	0.1	0.3	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.2		
Cogeneration of heat/cool and power from bioenergy	4.20.	0.5	1.6	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	1.1		
Production of heat/cool from bioenergy	4.24.	0.0	0.1	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.0		
Infrastructure enabling low-carbon road transport and public transport	6.15.	0.1	0.3	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	0.3	E	
OpEx of taxonomy-aligned activities (A.1)		**14.5**	**49.0**														**43.9**		
A.2. Taxonomy-eligible-but-not-aligned activities																			
Electricity generation from fossil gaseous fuels	4.29.	4.0	13.6																
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30.	6.1	20.4																
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31.	0.9	3.2																
OpEx of taxonomy-eligible-but-not-aligned activities (A.2)		**11.0**	**37.2**																
TOTAL (A.1 + A.2)		**25.5**	**86.2**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		**4.1**	**13.8**																
Taxonomy-non-eligible activities		**4.1**	**13.8**																
TOTAL (A+B)		**29.6**	**100.0**																

CapEx by activities covered by the Taxonomy Regulation, 2025

Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx (4)	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx 2024 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Circular economy (8)	Pollution (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Circular economy (14)	Pollution (15)	Biodiversity (16)				
		MEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		**775.5**	**97.9**																
A.1. Taxonomy-aligned activities																			
Electricity generation using solar photovoltaic technology	4.1.	164.7	20.8	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	Y	Y	30.4		
Electricity generation from wind power	4.3.	383.1	48.4	100	0	0	0	0	0	N/A	Y	Y	Y	N/A	Y	Y	34.7		
Electricity generation from hydropower	4.5.	17.8	2.2	100	0	0	0	0	0	N/A	Y	Y	N/A	N/A	Y	Y	3.5		
Transmission and distribution of electricity	4.9.	172.2	21.7	100	0	0	0	0	0	N/A	Y	N/A	Y	Y	Y	Y	23.1	E	
Storage of electricity	4.10.	10.0	1.3	100	0	0	0	0	0	N/A	Y	N/A	Y	N/A	Y	Y	0.0	E	
District heating/cooling distribution	4.15.	1.3	0.2	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.0		
Cogeneration of heat/cool and power from bioenergy	4.20.	0.2	0.0	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.0		
Production of heat/cool from bioenergy	4.24.	0.6	0.1	100	0	0	0	0	0	N/A	Y	Y	N/A	Y	Y	Y	0.4		
Infrastructure enabling low-carbon road transport and public transport	6.15.	22.3	2.8	100	0	0	0	0	0	N/A	Y	Y	Y	Y	Y	Y	2.6	E	
CapEx of taxonomy-aligned activities (A.1)		**772.3**	**97.5**														**94.7**		
A.2. Taxonomy-eligible-but-not-aligned activities																			
Electricity generation from fossil gaseous fuels	4.29.	0.9	0.1																
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30.	1.9	0.2																
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	4.31.	0.3	0.1																
CapEx of taxonomy-eligible-but-not-aligned activities (A.2)		**3.2**	**0.4**																
TOTAL (A.1 + A.2)		**775.5**	**97.9**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		**16.6**	**2.1**																
Taxonomy-non-eligible activities		**16.6**	**2.1**																
TOTAL (A+B)		**792.1**	**100.0**																

E1 Climate Change

ESRS 2 SBM-3, ESRS 2 IRO-1

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Climate change adaptation					
	Impact of climate change on infrastructure resilience	LT			Latvenergo Group regularly assesses the risks caused by climate change and their impact on infrastructure, planning and implementing resilience standards and protection solutions for infrastructure that ensure long-term adaptation and resilience. Measures to improve infrastructure resilience are integrated into its strategic plans, also including climate risk assessments in the planning of new projects. The Group works with regulatory bodies and follows international guidelines to ensure compliance with best practices in climate resilience.
	As part of the Green Deal, there are opportunities to develop RES, storage solutions, the electric car charging network, and new business ventures that promote climate neutrality in the energy sector, related industries, and society as a whole	LT			In line with the Green Deal, Latvenergo Group: • develops RES generation capacity in line with the goals set in the strategy • expands the electric car charging network • implements energy efficiency measures • modernises and efficiently manages its distribution network, including the development of smart metering systems • promotes cooperation with research institutions as part of conducting energy transformation and industrial research projects
	Decarbonization of the Group's generation portfolio, ensuring sustainable and competitive operation of generation assets	LT			A plan to achieve climate neutrality for the Group's combined heat and power plants was developed in 2024. In 2025, individual technological solutions and their economic rationale were evaluated to ensure integration into the Group's investment and development processes.
	Development of new products and services, and additional activities to develop the electric car charging network	MT			The development of new products and the improvement of existing ones ensure the Group's competitiveness and adaptation to market changes, contributing to its long-term growth. This enables the Group to expand into new niches and meet growing consumer demand for innovation, quality and sustainability, while improving the efficiency and added value of existing products.
	Increase the energy efficiency of production and business processes	MT			The Group continuously improves the energy efficiency of its production facilities, infrastructure and buildings, also making improvements in its monitoring and management systems and educating its employees and the public on topics related to energy efficiency.
Climate change mitigation					
	High RES share in the electricity generation mix and new projects to further develop RES generation capacity	MT	A	OO	Latvenergo consistently diversifies and expands its electricity generation portfolio using green technologies: • by developing RES capacity, especially WPPs and SPPs • by maintaining and modernising existing hydropower assets, ensuring their sustainable and reliable operation
	Green energy as a product for clients	LT	A	OO	The Group makes it possible for its clients to use electricity generated from RES, thus promoting sustainable consumption and contributing to the development of a green economy.
	Development of electromobility across the Baltic region	MT	A	OO	The development of electromobility makes an important contribution to Latvia's goals as part of the Green Deal and to building a sustainable future for the Baltics, through improvements in the quality of the environment, development of modern infrastructure, and economic benefits.

	Consistent strategic measures to reduce GHG emissions	MT	P	OO	The Latvenergo Group Sustainability Strategy sets a number of GHG emission reduction targets, including achieving climate neutrality in electricity generation by 2040 by developing RES generation and strengthening the efficient operation of existing power plants. At the same time, improvements in distribution network quality are planned, along with the development of electromobility and the electrification of the Group's vehicle fleet, as well as a gradual shift in retail towards more sustainable energy solutions.
	GHG emissions accelerate climate change	LT, MT	A, P	OO, VC	The Group conducts a detailed analysis of GHG emissions in accordance with the ISO 14064-1 and GHG protocol guidelines, in order to ensure accurate and responsible management of emissions and facilitate future reductions of these emissions. The Group plans to work more closely with suppliers, foster sustainable purchasing practices, and support solutions with lower GHG emissions across the value chain.
	The availability of infrastructure connections, necessary permit procedures and regulatory constraints could affect the implementation of RES projects	MT			The availability of the necessary connections to the electricity power transmission grid can impede the integration of renewable energy projects, affecting the ability of RES projects to deliver electricity efficiently and reliably. EIA procedures can be time-consuming and cause delays or additional costs if unforeseen environmental issues are found. Due to restrictions imposed by the Ministry of Defence, projects may be subject to additional restrictions in particularly sensitive areas associated with national security or military operations. These restrictions can affect the location, design, or operation of projects, potentially affecting project viability.
	Fossil fuel-using assets in the generation portfolio can make it difficult to raise external financing	MT			Fossil fuel-based assets may not meet the sustainability requirements set by lenders, which can affect the amount, price and other terms of available financing, making it more difficult to raise capital in the future.
	Rising costs of renewable energy technologies can delay the development of new projects or increase the costs of their implementation	MT			Higher costs can reduce the economic feasibility of projects. Investors and developers may face higher initial capital requirements and longer return-on-investment periods. This can slow down the growth of the industry and delay the transition to more sustainable energy sources.
Energy					
	Modernisation of the distribution network reduces electricity losses and improves the efficiency of its use	LT	A	OO	Modernisation and efficient management of the distribution network, while continuously improving the reliability and quality of the electricity supply, strengthens the competitiveness and growth of the economy while contributing to climate neutrality objectives.
	Energy consumption for maintaining business operations and production processes	LT	A	OO	The Group consumes a considerable amount of energy to conduct its economic activities.
	Electricity losses in the distribution network infrastructure	LT	A	OO	Electricity losses in the distribution network infrastructure are an unavoidable phenomenon, mainly influenced by technical parameters and the condition of the infrastructure.
	Increases in natural gas and CO_2 emission allowance prices can reduce the viability of operating fossil energy plants	LT			Increases in natural gas and CO_2 emission allowance prices can increase the production costs at Latvenergo's combined heat and power plants and reduce its competitiveness on the market. This could make it difficult to maintain the combined heat and power plants as an efficient and economically viable base capacity.
	The impact of climate factors may cause variability in RES generation potential and complicate its forecasting	LT			Fluctuations in climate factors (wind speed, solar radiation, temperature, and precipitation patterns), amplified by climate change, may reduce the accuracy of electricity generation forecasts and lead to discrepancies between projected and actual electricity output. This may pose challenges for the Group's operational activities, long-term strategic planning, and the stability of financial flows, as well as increase the costs associated with electricity balancing.

Positive impact | Negative impact | Risk | Opportunity | Climate-related transition risk | Climate-related physical risk

A Actual impact | P Potential impact | OO Own operations | VC Value chain | ST Short term | MT Medium term | LT Long term

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. The Group informs society about current policies, the impact of its activities on climate change and the measures implemented to mitigate these impacts by publishing information, including GHG emissions data, on the Group's website and preparing Sustainability Statement and environmental reports, cooperating with environmental protection institutions, organizing public consultations on planned projects, and engaging in environmental policy-making, thus promoting transparency and public participation. This approach ensures open information flow and promotes public involvement in climate change and environmental protection-related issues.

Strategy resilience analysis scope

Latvenergo Group, as one of the leading participants in energy sector in the Baltics, focuses on the development of renewable energy, applies a comprehensive approach to assess and manage both the transition and physical risks caused by climate change to the Group's operations, as well as the Group's impact on the climate. The risk management is integrated both in the strategy development and implementation, as well as in operational activities.

The Group pays attention to essential aspects at key stages of the value chain, starting from the procurement of raw materials and resources, with sustainable procurement practices and suppliers evaluation in terms of environmental criteria. In the context of the main business, focus is placed on optimising production processes, improving energy efficiency, and increasing the share of RES. In the final stage of the value chain, the Group focuses on the development of sustainable products and services, as well as educating clients on energy efficiency and waste management in line with circular economy principles. Information about risk management at Latvenergo Group is available in the section Internal Control System and Risk Management.

Climate impacts, risks and opportunities are included in the Group's strategic approach. Transition risks and opportunities are analysed and managed, taking into account economic, political, technological and market factors and assessing physical climate risks and their impact on the Group's operations. As risks change over time in response to socio-economic trends, environmental processes and technological development, the identification and implementation of risk mitigation measures must be flexible, up to date and adapted to the impacts and consequences of changing threats. Modern risk management is based not only on historical experience, but also on forecasting future risks, monitoring and adapting operational risk mitigation measures as well.

The **transition risks** arise from the global shift towards a low-carbon economy and include factors such as new regulatory requirements, technological innovations, market dynamics and changing consumer preferences. Latvenergo Group mitigates these risks by purposefully increasing RES capacities and aligning operations with the 1.5°C climate target. Monitoring political and regulatory changes is essential in long-term planning, and global trends are considered both in strategic planning and in daily operations. The Group recognises that the determining factors of transition risks may affect the viability of certain business lines and create strategic risks without necessary adjustments to business models in a timely manner.

The **physical risks** stem from the direct impacts of climate change and encompass both acute events – such as extreme weather, flooding, and heat and cold waves – and chronic changes, including long-term shifts in temperature and wind patterns. The chronic risks increase uncertainty in long-term energy genertion forecasts, whereas acute risks may result in equipment downtime and increase the scope of maintenance and repair activities across production and infrastructure assets. The climate risk assessment is aligned with the EU taxonomy principle of "do no significant harm" in the field of climate change adaptation, while ensuring the necessary protective measures and managing the associated operational risks.

The current resilience analysis focuses primarily on Latvenergo Group's own operations, as well as on its generation and distribution assets. The upstream and downstream elements of the supply chain were not included in the analysis for the time being. Also, the current analysis does not include persistent physical risks after 2030, indirect transition risks in the supply chain, and the cumulative long-term impact of risks. These limitations will be considered in the next resilience analysis cycle. In the reporting year, the environmental risk assessment methodology was revised to expand the scope of analysis and ensure more comprehensive risk identification.

The low-carbon economy transition at Latvenergo Group is based on a number of mutually related critical assumptions. The energy source structure will gradually change as the share of renewables in the electricity generation portfolio increases. This transformation will be achieved through the combined use of the three main RES: hydropower, solar and wind. The Group plans to increase the share of renewable energy capacity in its generation portfolio to 80% by 2030. The Group has set clear goals aligned with EU climate policy scenarios: reduce GHG emissions by 47% by 2030 compared to 2021 levels, achieve climate neutrality in electricity generation by 2040, and achieve full climate neutrality in all segments of operations by 2050. The defined target applies to direct Scope 1 emissions arising from processes and activities directly controlled by the Latvenergo Group.

The financial impact is managed by making targeted investments in RES projects, reaching EUR 548 million in 2025. In order to mitigate its risks, the Group is developing a diversified production portfolio, focusing on RES. By 2026, the Group plans to install or acquire WPPs and SPPs with a total capacity of 600 MW. After 2030, RES generation capacity is expected to increase to 2,300 MW. These investments are a part of the Group's strategy aimed at sustainable development and strengthening its competitiveness on the regional energy market.

The goal of the physical climate risk assessment is to look at the potential impact of climate risks on the Group's operations and make evidence-based decisions on climate change mitigation and adaptation measures. Particular attention is paid to extreme events/acute risks, identifying potential threats and opportunities that could affect economic activity in the long run. Based on the degree of the climate risk identified, decisions are taken on the necessary adaptation measures, including their development, financing, division of responsibilities, and deadline planning.

The Group initiated an assessment of physical climate risks and resilience in 2023, in accordance with its environmental risk assessment methodology. The analysis focused on extreme weather events projected to undergo the most significant changes and that could affect the continuity of the Group's operations. The first phase of the assessment covered HPPs, electric vehicle charging infrastructure, as well as solar and wind power plants. In 2024, the resilience assessment was expanded to include support processes and to evaluate the potential impact of climate risks on the operation of CHPPs. The methodology provides for regular reassessment of risks every three years, ensuring the continued relevance of the analysis and the ability to respond in a timely manner to evolving climate trends.

A resilience analysis based on the updated environmental risk assessment methodology is under development at the time of reporting. The analysis is based on Latvenergo Group's Risk Management Policy and is supplemented by a double materiality assessment. These documents establish the fundamental principles, while detailed analysis is conducted in accordance with a separately developed methodology.

The Group considers how climate- and environment-related events could affect operational continuity and how the nature of its activities could increase reputational and/or liability risks. The analysis of transition and physical risks has primarily been carried out with a focus on the Group's own operations.

Resilience analysis methodology

Latvenergo Group ensures the regular updating of climate information by comparing the Group's data and assumptions with the latest IPCC assessment reports and other internationally recognised climate change assessments.

Transition risks, including economic, business and geopolitical risks, are managed in accordance with Latvenergo Group's Risk Management Policy. The responsibility for risk management is allocated at different levels of the Group's management, setting clear duties and ensuring that risks are identified and managed in line with its risk appetite. The Risk Management Policy is supplemented by a double materiality assessment, used as an assessment methodology and as a focused approach to solving the issues of sustainability. New risks are regularly identified and integrated into the overall risk management system, enabling a prompt response to changes.

The 1.5 °C scenario was used to identify transition risks and opportunities, in line with the EU 2050 climate neutrality goals, the National Energy and Climate Goals and Latvenergo's own decarbonisation objectives. Within this scenario, the short-term impact (up to 1 year) of changes in regulatory requirements (for the entire asset portfolio), CO_2 quota price fluctuations (applies to the CHPP-1 and CHPP-2), operational changes, and current investment projects is analysed. In the mid-term (1–5 years), attention is paid to technology modernisation needs, product portfolio changes, market structure changes, and adaptations in the asset portfolio, with particular emphasis on CHP facilities and electricity grid infrastructure. The long-run assessment (more than 5 years) looks at fundamental changes in the business model, strategic investments, the development of new business lines, and the achievement of full decarbonisation. These considerations apply across the entire asset portfolio and all operations of the Group, as full decarbonisation targets entail a structural transformation of the generation portfolio and the business model.

In the future, it is planned to expand the analysis with more detail in the aspects of supply chain and downstream activities, and to carry out an in-depth evaluation of assets in various transition scenarios. Given that the updated version of Latvenergo AS environmental risk assessment methodology was approved at the beginning of 2026, the full integration of the aforementioned aspects into the Sustainability Statement is planned for the 2026 reporting period.

The **physical climate risk** assessment is regularly updated, taking into account internationally recognised climate change assessment methodologies and the latest available scientific data, including IPCC (Intergovernmental Panel on Climate Change) guidelines. The assessment is updated in response to significant changes in data or methodologies used, rather than at strictly defined time intervals.

Based on the IPCC 6th Assessment Report (IPCC AR6, 2023) and meteorological observation data, the Latvian Environment, Geology and Meteorology Centre (Latvijas Vides, ģeoloģijas un meteoroloģijas centrs VSIA, LVĢMC) has developed three climate scenarios describing potential changes in air temperature, precipitation, wind patterns, snow cover, sea level and coastal erosion.

The **optimistic scenario (SSP1-2.6)** foresees moderate climate change with a global temperature increase of approximately 1.3–2.4°C by the end of the century compared to the pre-industrial period, if GHG emissions peak by approx. 2050 and then decrease.

The **baseline scenario (SSP2-4.5)** is characterised by moderate climate change, where emissions continue to rise until the middle of the century and then stabilise, while the global average temperature may increase by 2.1–3.5°C by 2100.

The **pessimistic scenario (SSP3-7.0)** reflects significant climate change, insufficient implementation of climate policies and further increases in emissions, projecting a rise in the global average temperature of 2.8–4.6°C by 2100. This scenario is used to assess the maximum possible physical climate risks and the resilience of the company's assets under various extreme conditions.

In risk planning, the baseline scenario (SSP2-4.5) is used as the main reference scenario, while the pessimistic scenario (SSP3-7.0) serves as a resilience test under extreme conditions, allowing for the assessment of the maximum possible impacts of climate change. The optimistic scenario (SSP1-2.6) is used to test the adequacy of planned adaptation measures in the event of less pronounced climate change.

The Group has updated its environmental risk assessment methodology and is currently developing a comprehensive climate change risk profile. This includes an analysis of climatic factors with a detailed assessment of climate change impacts and their interactions, an in-depth analysis of local climatic trends, and a structured risk assessment at the production and infrastructure level, identifying the equipment and processes that are the most sensitive to climatic changes.

The updated methodology is based on three sequential stages: (1) initial operational review and identification of potential climate risks; (2) detailed assessment of climate risks and vulnerabilities; (3) evaluation of adaptation solutions for risk mitigation.

Climate risk assessment distinguishes between acute and chronic risks. Acute risks (such as storms, extreme precipitation, heatwaves) are analysed according to event intensity, frequency of occurrence and potential immediate impact on infrastructure and operational continuity. Chronic risks (temperature increase, drought trends, long-term changes in precipitation patterns) are assessed using a long-term scenario approach, identifying the company's vulnerability and adaptive capacity under conditions of prolonged change. Both approaches are complementary and form a complete climate risk profile for the Group, covering both short-term extreme events and gradual yet significant climate changes, as well as their potential impact on the asset portfolio, infrastructure and operational activities.

Latvenergo Group carries out a physical risk assessment of climate change under the European Commission Delegated Regulation (EU) 2021/2139 climate risk classification system using the approach recommended by the TCFD (Task Force on Climate-related Financial Disclosures). The analysis considers the latest IPCC framework (IPCC AR6, 2023) and LVĢMC climate change analysis tool scenarios, which are based on local meteorological observation data (meteorological station data available to LVĢMC). LVĢMC climate change forecasts are prepared for 30-year periods, allowing for the identification of long-term climate change trends. Climate hazards are analysed in emission scenarios SSP1-2.6, SSP2-4.5 and SSP3-7.0 in three time perspectives: short term (up to 3 years), medium term (up to 10 years) and long term (up to 25 years).

It should be noted that LVĢMC projections currently do not include a quantitative assessment of the differences in the frequency of extreme events (such as heatwaves or intense precipitation) between climate scenarios. Therefore, the analysis of acute risks is carried out using a combined approach: LVĢMC general data on changes in climate parameters are supplemented by international research findings on changes in the frequency of extreme events in various emission scenarios, as well as by expert assessments based on historical event analysis and examples of industry best practice.

In the risk assessment, three main components are analysed: exposure (the exposure of assets and operations to climate hazards), sensitivity (the susceptibility of company systems to climate impacts) and adaptive capacity (the ability to adapt and mitigate negative consequences). Together, these factors determine the company's vulnerability to climate change. During the assessment, the initial risk is first identified using a probability and impact matrix, and then the residual risk is calculated, considering the effectiveness of existing preventive and adaptation measures. As a result, the company's level of climate resilience is determined and further integrated into the Group's risk management system, strategic planning and long-term development programmes and also used in investment decision-making and priority setting.

The main objective of the assessment is to strengthen the climate resilience of infrastructure and reduce the potential impact of climate change on the Group's operational continuity and financial results. Although data availability for the quantitative analysis of acute risks is limited, the combined approach provides a sufficient basis for risk level assessment and planning preventive measures.

With the introduction of the current version of the environmental risk methodology in 2026, the Group will commence structured monitoring of climate adaptation measures. For this purpose, a monitoring report will be created, reflecting implementation progress and key indicators by systematically compiling information on planned activities, their baseline values and expected changes until 2030, thus ensuring effective oversight of the implementation of measures and evaluation of target achievement. In addition, a detailed accounting mechanism for direct and indirect losses, as well as preventive and adaptation measures in the context of climate change, will be introduced, providing a structured approach to both the analysis of historical losses (e.g. damage caused by extreme weather events, operational interruptions, reduction in production) and the assessment of future risks.

This approach enables the precise quantification of climate impact costs, provides justification for the necessary investments in protection and adaptation measures and identifies priority investment directions. At the same time, it will strengthen the Group's position in cooperation with investors and regulators, providing clear justification for the necessity of climate resilience measures and their economic efficiency.

The results of the resilience analysis confirm that all of the Group's assets are structurally protected against the physical risks caused by climate change. Protection is ensured by effective safety measures and risk mitigation strategies, which are specifically aimed at managing of acute physical risks. Considering the climate scenarios and analysis results, no climate-related critical assumptions have been identified that would significantly affect the Group's financial results (see the Financial Statements section, Notes to the Financial Statements No. 4. Significant accounting estimates and judgements).

Latvenergo Group is aware of the materiality of climate change risks and their gradual long-term development. It recognises that these risks evolve gradually and can accumulate in the long run, often materialising as rare events with severe consequences, which in turn highlights the necessity to consistently improve assessment methodologies in order to better understand climate change processes and their potential impact on the Group’s operations. Latvenergo Group’s risk management strategy also includes maximum damage assessments that quantify potential financial consequences and provides sufficient insurance coverage against unforeseen extreme events.

The global renewables market continues to grow, and considerable improvements in grid management, energy storage solutions and the deployment of new technologies are expected in the coming years. To adapt to these changes, Latvenergo Group consistently monitors the market, by analysing political, legal, technological, and market factors and their potential impact on the Group’s operations and development outlook.

Climate change and environmental risks are properly managed by ensuring appropriate and regular reporting to the management of the Group’s capital companies. The Group has identified assets and business activities requiring significant adaptation efforts, with relevant information disclosed in the sections Transition plan and EU Taxonomy. The Group does not engage in economic activities that are incompatible with the transition to a climate-neutral economy.

ESRS 2 GOV-3

Integration of sustainability-related performance in incentive schemes

Information about the remuneration of management board members, their performance assessment and the individual variable part of their remuneration (that takes climate considerations into account) and its percentage rate, as well as an assessment of performance in relation to GHG reduction target indicators, is available in the Remuneration Policy for the Supervisory Board, the Audit Committee, and the Management Board under the section Corporate Governance.

E1-1

Transition plan

The Group is committed to achieving climate neutrality by 2050, supporting the Paris Agreement’s goal of limiting global warming. The Group’s transition strategy focuses on three main areas: decarbonisation, development of RES, and improvements in energy efficiency.

The approach to achieving the climate targets is based on consistent work in the area of the environment, as evidenced by regular progress monitoring and independent expert assessments. The climate targets are integrated into the Group’s Sustainability Strategy, approved at the end of 2023, adding specific environmental, social, and governance objectives and targets in the Medium-term Operational Strategy; see the section Group Strategy. Latvenergo Group has set two important climate targets:

- in the medium term, the Group plans to reduce its direct GHG emissions by 47% (compared to 2021) by 2030 while increasing the share of RES in electricity generation to 80%
- in the long term, the Group has an ambitious goal of achieving climate neutrality in electricity generation by 2040; in order to attain it, active research is taking place in the area of CHPPs decarbonisation solutions, with assessments of other technological options to reduce emissions

Latvenergo plans to make substantial investments to achieve these goals through the use of its internal resources as well as through green financing and co-financing from EU funds. In setting its strategic climate targets, Latvenergo Group conducted resilience analysis to ensure its strategy and operations are adaptable to economic, political, technological, and market factors associated with the low-carbon transition, while also assessing physical climate risks to understand how climate change could impact its operations.

Latvenergo AS is the first company in the Baltics to have published a Moody's assessment of the Group's climate targets and the feasibility of achieving them. Moody's gave Latvenergo AS an NZ-3 score on the Net Zero Assessment climate target scale, confirming the high credibility of the Group's capacity to meet its climate targets and comply with the Paris Agreement. According to the Moody's assessment, Latvenergo Group's Scope 1 and Scope 2 emission reduction targets by 2030 are in line with the 1.5 °C scenario, while its Scope 3 targets for 2030 correspond to a scenario well above 2 °C. At the same time, Moody's concludes that the long-term targets for Scope 3 emissions by 2050 are aligned with a 1.5 °C scenario. For detailed information, see Moody's report *Net Zero Assessment – Latvenergo AS assigned a NZ-3 score.*

The Group consistently takes decarbonisation measures to promote sustainable development and comply with climate change mitigation requirements, while ensuring competitiveness on the energy market. The Group's strategy includes achieving its GHG emission reduction targets and making significant changes in its product and service portfolio, with a focus on sustainable solutions. The strategic areas for decarbonisation are:

- expanding the use of RES – investments in new wind and solar parks to increase renewable energy production
- efficiency improvements – modernisation and digitalisation of production processes and infrastructure, aiming to reduce energy losses and increase generating efficiency
- assessment and gradual implementation of economically viable options for reducing fossil energy and decarbonising production facilities

In the area of products and services, Latvenergo Group plans to pursue technological modernisation:

- as part of the development of the electric car charging infrastructure, it is expected that there will be build 1,200–1,500 charging ports in the Baltics by 2026 and 3,000 by 2030; particular attention is being paid to ensuring that TEN-T (Trans-European Transport Network) has charging options for cars as well as cargo and heavy vehicles
- in the area of smart solutions, there are developments in modernising electronic metering systems and digitalising the distribution network, improving consumption analysis and reducing losses
- in developing the product and service portfolio, the focus is on expanding the green energy offering; energy efficiency services are being improved, providing clients with advice and solutions for optimising their energy consumption and reducing emissions; investment projects are being developed in line with the EU taxonomy regulations and climate neutrality targets
- decarbonisation of the value chain is realised in conjunction with suppliers, in order to encourage the use of sustainable raw materials and technologies

Latvenergo Group operates as a natural gas trader and uses natural gas in its power generation facilities. Although the Group is strategically moving towards decarbonisation and the development of RES, there are currently locked-in emissions associated with existing natural gas deliveries and the infrastructure used. Locked-in emissions are future GHG emissions resulting from already existing or planned infrastructure and contractual obligations. In the case of Latvenergo, these arise because the Group has long-term contracts for the supply of certain quantities of natural gas, and because natural gas is used to produce electricity and thermal energy at its CHPPs. Latvenergo's CHPPs play a critical role in the reliable and stable operation of Latvia's energy system, and there currently are no economically viable alternatives available to replace natural gas. In order to reduce the impact of locked-in emissions, Latvenergo continues to develop its RES capacity, improve energy efficiency, and explore possible decarbonisation technologies. Latvenergo Group knows that the transition to climate-neutral energy is a strategic challenge and continues to work on solutions that reduce GHG emissions while ensuring a reliable and secure supply of energy.

Latvenergo Group has conducted a comprehensive analysis of its GHG emissions. The assessment was carried out to ensure that GHG emission reduction targets are met and to mitigate the transition risks that may arise with changes in regulations and market requirements.

Latvenergo Group faces a number of material transition risks that affect its progress towards climate neutrality. The main financial and technological risks encompass the substantial investments necessary for deploying new RES technologies, upgrading existing generation assets, and ensuring compliance with tightening regulatory requirements. The rise in EU CO_2 emission allowance prices and the need to adapt to new market requirements could have a substantial effect on the Group's business operations.

However, several factors make achieving GHG emission reduction targets difficult. Firstly, the dependence on fossil fuels and the limited availability of stabilised decarbonisation technologies pose challenges for the transition to climate-neutral solutions. Secondly, geopolitical crises can cause short-term emissions increases, as in 2022, when diesel fuel was used as backup. Thirdly, grid infrastructure limitations hinder the shift to renewables, especially with the planned increase in RES capacity in the long term. In addition to these factors, emissions are expected to increase in the coming years due to the more active operation of the CHPPs. Following the synchronisation with the European power grid, the CHPPs qualify for the balancing market, which enables them to offer future service products on the balancing capacity market. Protracted environmental impact assessment (EIA) procedures also pose a major challenge, slowing down the implementation of new projects. Administrative and regulatory challenges have a substantial impact on the ability to meet set emission reduction targets within the planned deadlines.

Latvenergo Group's transition plan is integrated into its strategy and financial planning. The plan focuses on Latvenergo's transition to sustainable operations, with the aim of reducing GHG emissions, thus contributing to the Group's compliance with the Paris Agreement and sustainable development goals. This is supported by the 2022–2026 strategy goals and mechanisms for achieving them. There is an ambitious growth programme envisaging an expansion of the generation portfolio with RES projects across the entire Baltic region.

The transition is supported by certain financial instruments and investment plans. In 2025, total investments reached EUR 792 million, allocated for the development of new projects and the modernisation of existing assets. More than two-thirds of investments, EUR 548 million, was used for new wind and solar generation capacities. Within implementation of the restructuring plan, new subsidiaries Elektrum Next SIA and Elektrum Next LT UAB have been established, specialising in RES project development (see the section EU taxonomy).

Latvenergo Group's transition plan has been approved by all its main executive bodies. The Latvenergo supervisory board has approved the Medium-term Operational Strategy and monitors its implementation. The Management Board approved a Sustainability Strategy in late 2023, complementing the Medium-term Operational Strategy. Latvenergo has a Sustainability Committee, chaired by its Chief Financial Officer, to oversee the implementation of the transition plan. For details on the management of sustainability affairs, see the section General Information. Latvenergo Group met the EU Parisaligned Benchmarks criteria by the end of 2025.

The Group has established a transition plan addressing its decarbonisation objectives and climate-related commitments; however, the plan is not yet fully aligned with the detailed requirements of ESRS E1-1.

The Group is progressively enhancing its policies, actions, targets and data collection processes to ensure full alignment with ESRS requirements over time.

The credibility of the Group's transition pathway is supported by an independent external assessment conducted by Moody's, which assigned Latvenergo AS an NZ-3 score under its Net Zero Assessment framework, confirming a high level of confidence in the Group's ability to achieve its climate targets and alignment with the Paris Agreement.

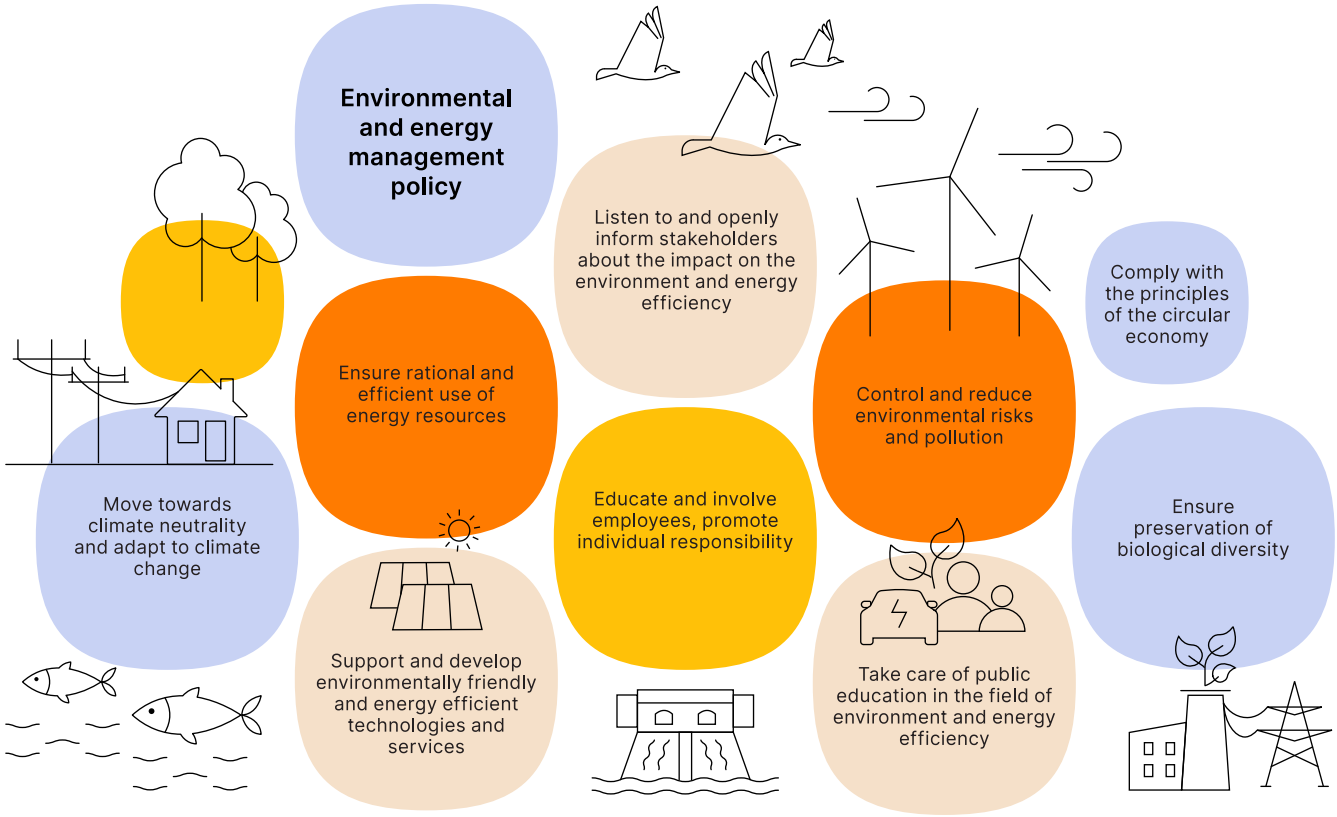
As the current strategy implementation period is approaching completion, the Group has initiated the development of its next medium-term operational strategy. This process will ensure continued alignment with its long-term decarbonisation trajectory and climate objectives. The transition plan will be reassessed and further developed within this strategic cycle, including the refinement of decarbonisation pathways, strengthening of climate targets, and enhanced integration with capital expenditure planning, thereby supporting progressive alignment with ESRS E1- 1 requirements.

E1-2

Policies

The key elements for managing climate change mitigation and adaptation measures, as well as assessing risks and opportunities, are included in the Latvenergo Group Medium-term Operational Strategy for 2022–2026 and the Latvenergo Group Sustainability Strategy for 2023–2026. For a summary of Latvenergo's policies on climate change issues (IROs) management, see Policies adopted to manage material sustainability matter in the section General Information. In addition to the policies mentioned in the section General Information and the third-party standards and initiatives followed in their development, the Group's approach to sustainable development is based on its Environmental and Energy Management Policy, which defines common principles, the allocation of responsibilities, and requirements in the areas of energy efficiency, efficient use of resources, and environmental protection across the entire Group. The policy applies to all companies within the Latvenergo Group and their organisational units, as well as to activities within both the upstream and downstream value chain, ensuring that environmental and energy efficiency principles are integrated into procurement, infrastructure maintenance, service delivery, and cooperation with external partners. This policy is integrated into the Group's strategy, and its goal is to ensure sustainable business operations in line with national and international environmental standards. It emphasises:

- moving towards climate neutrality
- implementing circular economy principles
- involving staff and the public in environmental affairs
- improving energy efficiency
- increasing the use of renewable energy sources



The policy was updated in 2025, aligning its structure and content with ESRS requirements, integrating the double materiality principle, clarifying the allocation of responsibilities and strengthening a unified approach to the management of targets, indicators and data. The update also broadens the perspective on sustainability aspects in cooperation with partners, employees and society, providing for regular and transparent communication and stakeholder education and engagement in environmental and energy management issues.

Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management.

In addition to climate change mitigation activities, the Group implements a climate resilience programme that includes adaptation to the challenges of climate change. The adaptation to climate change takes place in accordance with the Group's risk management policies. General information about risk management at Latvenergo Group is available in the section Internal Control System and Risk Management.

The risk management system is embedded in the Group's risk management policy, prescribing a uniform approach to identifying and managing risks at all levels of governance. The climate risk management process includes regular assessments of environmental and climate risks, planning and implementing preventive measures, and consistent monitoring of progress, coordinated by the Environmental Management Function of Latvenergo AS in conjunction with the responsible units of the Group's companies.

At the same time, Latvenergo Group pursues a consistent energy efficiency policy aimed at optimising energy consumption and implemented in line with ISO 14001 and ISO 50001. The implementation of the policy is coordinated by the responsible units of the Group's companies.

Energy efficiency improvements are implemented in a number of strategic areas, including the modernisation of buildings and infrastructure, optimisation of production processes, and changes in the everyday habits of employees.

The Group has made strengthening renewable energy a strategic priority. The share of renewable energy in the generation portfolio is expected to increase to 80% by 2030, with climate neutrality in electricity generation achieved by 2040, thus making a significant contribution to strengthening Latvia's energy independence and reducing shortages of electricity in the region.

The Group promotes circular economy practices and the sustainable use of resources, integrating climate considerations into supply chain management. Latvenergo Group is committed to responsibly sourcing goods and services, fostering a supply chain based on human rights, environmental protection, and ethical business practices. According to its Suppliers Code of Conduct, the Group expects suppliers to reduce their climate impact by tracking and cutting GHG emissions, implementing energy efficiency and lowemission technologies, using RES, minimizing emissions throughout product lifecycles, and promoting sustainable transport and logistics.

In 2025, Latvenergo AS received a total score of 54 out of 100 points in the S&P Global Corporate Sustainability Assessment, exceeding the industry average (41 points). In the environmental dimension, the company obtained 59 points (industry average – 42), demonstrating a targeted, consistent and integrated approach to environmental management. The assessment results of the Environmental Policy and Management as well as Climate Strategy criteria (80 and 55 points respectively, compared to the industry average of 49 and 44) significantly exceed the industry averages, demonstrating a structured management framework and a progressively developed approach to climate risk and emissions management. Meanwhile, the high score in Energy Management (82 points, compared to the industry average of 52) indicates effective energy resource management and the implementation of sustainable solutions.

E1-3

Actions and resources

The Group takes consistent measures to reduce GHG emissions, increase energy efficiency, and expand the use of RES. As part if its climate change mitigation measures, the Group is investing in renewable energy projects, improving production efficiency and introducing low-carbon technological solutions that meet the sustainability criteria set in the EU taxonomy. At the same time, the adaptation strategy includes the modernisation of infrastructure and management of climate risks to ensure a continuous and reliable supply of energy in changing environmental conditions.

See the sections Group Strategy and Operating Segments for more detailed information.

Climate change mitigation and adaptation measures cover the Group's key value chain stages and stakeholders. In the upstream value chain, suppliers' compliance with environmental and climate criteria is assessed, integrating sustainability requirements into procurement processes and cooperation with supply partners (see the section Policies). The Group's own operational value chain stage includes infrastructure climate resilience and mitigating potential climate change impacts to ensure business continuity, as well as employee protection measures during extreme weather conditions. For employee protection, safety instructions have been developed, and the necessary personal protective equipment has been provided. Regular training on emergency procedures is organised to ensure safe and uninterrupted operational activities. Accordingly, the Group has implemented several support and compensation mechanisms in the downstream value chain. As part of the client assistance programme, consultations on improving energy efficiency are provided, offering solutions for optimising electricity costs. The Group regularly informs customers about energy efficiency measures as well as broader environmental and sustainability issues, promoting more mindful electricity consumption. These activities support changes in customers' awareness and consumption habits, strengthening the importance of energy efficiency and creating preconditions for an increasing number of customers to choose electricity generated from renewable energy sources in their electricity consumption.[54]

In the field of adaptation of infrastructure, the modernisation of power grids was carried out, smart technologies were implemented, and preventive measures were taken to protect critical infrastructure against extreme weather events. Particular attention is paid to the safe operation of HPPs and the efficient management of water resources in the Daugava River Basin. The Group continues the development of the Plavinas HPP back-up spillway project in order to increase the reliability of the HPP and the energy security of the country. The purpose of the back-up spillway is to provide an additional water throughput capacity of at least 4,000 m^3/s, in order to reduce the risk of the dam breaking and to divert flood water. The measures resulted in better reliability of supply, reducing the number of unscheduled power interruptions.

The Group proactively manages its material climate-related IROs in order to prevent or mitigate negative impacts on the environment and society, prevent potential harm to third parties, and reduce future risks associated with climate change. Within the Latvenergo Group, management systems and procedures have been

54 ESRS 2 SBM-1 40 f)

established and maintained to ensure the timely identification, assessment, and management of adverse impacts. These systems cover both day-to-day operational monitoring and the management of specific incidents or emergency situations, including the assessment of climate risks and their potential consequences. They include impact assessment, root cause analysis, and the implementation of corrective actions. In cases where an actual negative impact on stakeholders is identified, the Group ensures appropriate remediation and mitigation of impacts, including the operational resolution of incidents, restoration of services, or other corrective actions in accordance with applicable regulatory requirements and internal procedures. Where necessary, the Group cooperates with affected parties to identify appropriate solutions and ensure the prevention or compensation of negative impacts.

Actions taken to mitigate climate change during the reporting year

During the reporting year, the development of RES continued, with the development of new wind and solar park projects to increase the share of renewable energy and reduce the use of fossil fuels:

- three solar parks in Latvia with a total capacity of 37.4 MW and five solar parks in Lithuania with a total capacity of 213.2 MW were launched. At the end of 2025 Latvenergo Group already had 22 solar parks with installed capacity of 353 MW; construction work continued on the solar park project DSE Aizpute Solar (265 MW)
- Telšiai WPP (124 MW) in Lithuania commenced operations, while the Akmene WPP in Lithuania, with a total capacity of 19.6 MW, was commissioned. The reconstruction of the Ainazi WPP, which was launched in 2024, was completed – two wind turbines with a total installed capacity of 1.2 MW were renewed
- equipment assembly and installation for the Laflora Energy wind power project (109 MW) in Latvia continued. The Laflora WPP will enable the start of wind energy generation in 2026. Foundation work began on Latvia's largest wind park, Pienava Wind (147 MW), with energy generation expected to be launched in 2027

More than two-thirds of investments, EUR 548 million, was used for new wind and solar generation capacity (see the section EU Taxonomy).

In the reporting year, two BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built. Meanwhile six BESS projects with a total capacity of 183.4 MW / 428.6 MWh are in the development stage.

In the reporting year, 3.1 TWh of electricity generated from RES resulted in CO_2 emission savings of 1,577 thousand tonnes. This calculation is based on the residual mix emission factor for electricity (AIB: European Residual Mixes 2024 (2025)) and reflects the amount of emissions that would have been generated if the corresponding volume of electricity had been produced using fossil energy sources.

Investments in modernising infrastructure – investments in distribution reached EUR 172 million, which is about one-fifth of the Group's total investments (see the section EU Taxonomy). About 25% of the distribution segment's funds are invested in the construction and reconstruction of power lines and transformers, thereby ensuring high-quality network services, technical performance, and operational safety. EU funding is also being attracted for the modernization of the electricity distribution system within the framework of the Recovery and Resilience Facility, implementing two projects with total funding of nearly EUR 102 million during the period from 2023 to 2026. The purpose of investments in the distribution segment is to increase the reliability and resilience of the electricity distribution network, reduce the frequency and duration of planned and unplanned power outages, improve voltage quality, and at the same time strengthen the network's readiness for growing demand and the integration of renewable energy sources.

Fostering electromobility – at the end of 2025 the number of charging ports installed at *Elektrum Drive* charging stations increased to 1,107. By using the e-mobi network in Latvia and at LIDL charging stations in Lithuania and Estonia *Elektrum Drive* customers had access to a total of 1,590 charging ports in the Baltics. In 2025, approximately 195 thousand electric vehicle charges were made, comprising 4,150 MWh, resulting in savings of more than 2,360 tonnes of CO_2 emissions.

During the reporting year, the heat storage system at CHPP-2 made it possible to store cogenerated heat and better adapt the operating modes of the CHPP to market conditions and to covering peak loads, resulting in efficient consumption of energy and 5.1 thousand tonnes of CO_2 emission savings.

In addition to technological solutions, Latvenergo Group implemented nature-based climate change mitigation measures: tree planting initiatives were implemented in conjunction with local partners to increase carbon capture potential.

The costs and investments associated with the above activities are shown in the activity costs, capital investments, and capital investment plan, as per the taxonomy (see the section EU Taxonomy). Latvenergo Group has set itself a goal of continuing to make at least 80% of its investments in EU taxonomy-aligned activities.

E1-4

Targets

Latvenergo Group has set specific GHG emission reduction targets to manage material climate-related IROs. The Group calculates GHG emissions for carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated greenhouse gases (F-gases). All emission amounts are expressed in tonnes of carbon dioxide equivalent in order to standardise the impact of different gases, taking into account the global warming potential of each gas. This approach ensures comparability and transparency of emission data, as well as its effective use in setting climate targets and planning emission reduction measures.

The year 2022 was selected as the baseline year, aligning with the period of the Latvenergo Group's Medium-term Operational Strategy for 2022–2026. An exception applies to Scope 1 GHG emissions, for which the baseline year is set at 2021. Due to the geopolitical situation and the unusual operation of generation facilities in 2022 (such as the use of diesel fuel as a backup in CHPP boilers) the emissions data from that year do not objectively reflect a reliable reference point for setting emissions targets.

The Group has set targets in the areas of climate change mitigation, energy, and climate changeadaptation:

- in order to mitigate climate change, the Group aims to reduce Scope 1, 2 and 3 emissions
- the energy industry is the Group's core business, and the Group's 2022–2026 business strategy sets ambitious decarbonisation targets, including the development of new RES generation capacity and the modernisation of the power distribution grid in line with microgeneration and electrification trends (see the section Group strategy)
- in terms of adaptation to climate change, the Group is focused on efficient management of the power grid, improving the reliability and quality of power supply, including strengthening grid resilience to the impacts of climate change (see the section Distribution)

The main long-term objective is to achieve climate neutrality by 2050, with an interim target to reduce direct GHG emissions by 47% (i.e., 441.8 thousand tonnes of CO_2e) by 2030, including a reduction of the specific emission intensity per MWh of electricity generated to 0.06 tonnes CO_2e compared to the 2021 baseline level. The defined target applies to direct Scope 1 emissions arising from processes and activities directly controlled by the Latvenergo Group. These emissions are the most precisely measurable and manageable, enabling the establishment of clear, results-oriented reduction targets.

The Group has not set an absolute or specific reduction target for total Scope 2 GHG emissions. The majority of these emissions are associated with electricity losses in the distribution network, which cannot be fully eliminated for technological reasons.

Given the increasing electricity consumption and distribution volumes, the Group maintains electricity network losses at a stable level through operational and technological measures, while recognizing that as grid load increases, the technical challenge of preventing a rise in loss intensity also increases. However, in order to reduce their impact, the Group sets targets to limit electricity losses and to increase the share of certified renewable electricity in its own consumption.

Indirect Scope 3 emissions, which occur outside the Group's direct operational control, are more complex to measure accurately and to influence directly. No targets have been set for reducing total absolute and specific Scope 3 emissions; however, the Group has defined measures to mitigate these emissions, including the gradual reduction of emissions from electricity retail activities and the promotion of customers' selection of renewable electricity. A detailed description of the alignment between the targets and the objectives set out in the policies is provided in the section Policies.

Results achieved in 2025:

- direct (Scope 1) emissions fell by 17% compared to 2021 during the reporting year. The specific emissions rate was 0.100 tonnes of CO_2 per megawatt-hour (MWh) of electricity generated
- electricity generated from RES accounted for 66% of the total electricity output
- the share of electric vehicles in Latvenergo Group's fleet increased to 15.6%
- the share of certified electricity in the Group's total consumption was 80%
- electricity distribution losses amounted to 3.66%
- emissions from electricity retail trade increased by 8% compared to 2022. Although the share of green electricity chosen by customers in 2025 remained similar to that in 2022, the 2025 emission factor for uncertified electricity was significantly higher than in 2022. Consequently, each kilowatt-hour of uncertified electricity sold generated more emissions than in the 2022 reporting period
- 12% of retail electricity clients chose green energy

The GHG emissions reduction target indicators were developed with consideration of the EU Green Deal goals and the 2021–2030 Latvian National Energy and Climate Plan into account. The target indicators were set based on the International Energy Agency's (IEA) Net Zero Emissions by 2050 scenario and the energy sector decarbonisation roadmap. To ensure that the targets are aligned with the actual emissions situation, an initial assessment of the Group's GHG emissions inventory data was carried out during the target-setting process, analysing the emissions structure, the main emission sources, and historical trends. Based on this assessment, the targets were defined, ensuring consistency with the GHG emissions inventory boundaries, methodology, and underlying data.

In 2024, Latvenergo AS received an NZ-3 score from Moody's, which analyses the compliance of the Group's climate transition strategy and goals with global efforts to limit warming to 1.5 °C. The Moody's assessment is science-based, as it follows internationally accepted IPCC climate science findings and scenarios. The methodology used by Moody's integrates the latest IPCC climate models, permissible emissions calculations and sector decarbonisation trajectories, ensuring that the rating represents the most up-to-date scientific knowledge on climate change. Moody's assesses not only the ambitiousness of the goals but also their consistency with science-based decarbonisation strategies and realistic implementation opportunities, enabling a science-based approach to evaluating climate goals.

The target indicators were set with consideration of future development factors, including anticipated changes in sales, shifts in consumer habits and needs, regulatory requirements, and planned technological solutions.

For information on plans to introduce new technologies and their role in achieving GHG emissions reduction targets, see the sections Transition plan and Group Strategy.

Targets		2024	2025
Reduce direct (Scope 1) GHG emissions and achieve climate neutrality in electricity generation by 2040			
Scope 1 emissions	-47% compared to 2021	-16%	-17%
2030	0.06 t CO_2/MWh electricity generated	0.095 t CO_2/MWh	0.100 t CO_2/MWh
Electricity generated from RES		66%	66%
2030	80%		
Share of electric cars in fleet		11.6%	15.6%
2030	51%		
Measures related to indirect (Scope 2) GHG emissions			
Share of certified RES electricity in self-consumption		82%	80%
Annually	79%		
Electricity distribution losses		3.62%	3.66%
Annually	<4%		
Reduce indirect (Scope 3) GHG emissions			
Emissions from electricity retail trade		+23%	+8%
2030	-20% compared to 2022		
Green energy share in customer portfolio		9%	12%
2030	30%		

Energy consumption and mix

Total energy consumption in the reporting year decreased by 2% compared to 2024. Fossil fuels accounted for 91% of energy consumption, while renewables accounted for 8%. The share of uncertified electricity from nuclear sources was 0.9% of the total energy consumption.

Energy consumption and its breakdown were calculated and grouped according to ESRS requirements, which may cause differences compared to reports from previous years, in which calculations were made using other standards. Energy consumption includes direct and indirect energy consumption. Direct energy consumption covers all forms of energy use, including those that contribute to Scope 1 GHG emissions. This includes all fuels used in the Group's combined heat and power plants and boiler houses, as well as other energy sources: petrol and diesel fuel. Indirect energy consumption consists of the Group's heat and electricity consumption.

Latvenergo Group uses natural gas and biomass to produce energy. As an alternative to natural gas, the CHPPs can use diesel fuel, which was used to a limited extent during the reporting year.

The overall amount of fuel used for transport and machinery decreased by 3% year-on-year.

In 2025, 72 GWh of electricity was consumed to support production and operational processes, 3% less than in the previous reporting period. Sadales tīkls AS electricity losses during the reporting year were 3.66%, 0.04 percentage points more than in 2024.

The recording and calculation of energy sources is based on measurements or fuel supplier documentation and internal records, in accordance with the requirements set in emission permits and Latvian and EU legislation. Energy source consumption data and energy performance indicators are reviewed and verified during the annual ISO 50001 audits of the energy management system. This independent verification ensures data reliability, confirms the effectiveness of the energy management system, and guarantees that the company's energy efficiency goals are met and continuously improved.

All of the sectors of Latvenergo Group's business are in high climate impact areas. The net income from these sectors can be found in the section Statement of Profit or Loss. The energy intensity rate is calculated as total energy consumption divided by net income.

Energy consumption and energy source structure

	Units	2025	2024	Δ
Total energy consumption, fossil energy sources	**MWh**	**3,987,161**	**4,077,570**	**-2%**
Fuel consumption from natural gas	MWh	3,766,830	3,859,343	
Fuel consumption from petroleum products	MWh	139	143	
Fuel consumption from coal and coal products	MWh	21	0	
Consumption of fuel for vehicles and machinery	MWh	27,574	28,424	
incl. diesel fuel consumption	*MWh*	*23,864*	*24,963*	
incl. petrol consumption	*MWh*	*3,710*	*3,462*	
Consumption of purchased fossil fuel electricity	MWh	188,981	186,062	
Consumption of purchased fossil fuel thermal energy	MWh	3,616	3,598	
Energy consumption, nuclear energy sources*	**MWh**	**38,711**	**23,314**	**66%**
Total energy consumption, renewable energy sources	**MWh**	**35, 960**	**364,160**	**-3%**
Fuel consumption from renewable energy sources	MWh	270,911	270,720	
Consumption of purchased renewable energy electricity	MWh	78,898	89,579	
Consumption of purchased renewable thermal energy	MWh	4,151	3,860	
Total energy consumption	**MWh**	**4,379,832**	**4,465,044**	**-2%**
Share of fossil energy resources in total energy consumption	%	91	91	
Share of nuclear energy in total energy consumption	%	0.9	0.5	
Share of renewable energy resources in total energy consumption	%	8.1	8.2	
Energy intensity**	**MWh/EUR**	**0.0028**	**0.0026**	**7%**

* Consumption as the share of nuclear power in uncertified electricity
** Total energy consumption per net income

Energy produced

	Units	2025	2024	Δ
Energy produced from renewable energy sources	**%**	**53**	**53**	**1%**
Water	%	46	48	
Wind	%	1	<0.1	
Sun	%	3	1	
Wood materials	%	4	4	
Energy produced from fossil energy sources	**%**	**47**	**48**	**-1%**
Natural gas	%	47	48	
Diesel fuel (including small amounts of coal and LPG)	%	<0.1	<0.1	
Electricity generated	**GWh**	**4,698**	**4,842**	**-3%**
From renewable energy sources	%	66	66	0%
From non-renewable energy sources	%	34	34	0%
Heating energy produced	**GWh**	**1,560**	**1,671**	**-7%**
From renewable energy sources	%	14	13	2%
From non-renewable energy sources	%	86	87	-2%

In the reporting year, the share of energy produced from RES remained at the 2024 level and was for 53% of the total energy produced by the Group.

E1-6

GHG emissions

The assessment of Latvenergo Group's GHG emissions was conducted in accordance with the requirements of ISO 14064-1 and the GHG Protocol Corporate Accounting and Reporting Standard. The operational control approach was chosen for assessing Latvenergo Group's GHG emissions. The approach considers GHG emissions from activities over which the organisation has operational control, meaning the organization can make decisions and implement policies that directly address emission sources and their management. In the assessment process, no external tools are used. All GHG emissions are expressed in tonnes of carbon dioxide equivalent (t CO_2e) in order to standardise the impact of these gases, taking the global warming potential of each gas into account. This approach allows for the standardization of the impact of different GHGs (CO_2, CH_4, N_2O, HFC, SF_6), converting them into a single unit for easier comparison and more effective emissions management. The Group's GHG emissions data for all scopes have been verified by an independent third party, Bureau Veritas Latvia SIA, confirming the compliance of the emissions calculations with applicable standard requirements and the reliability of the data.

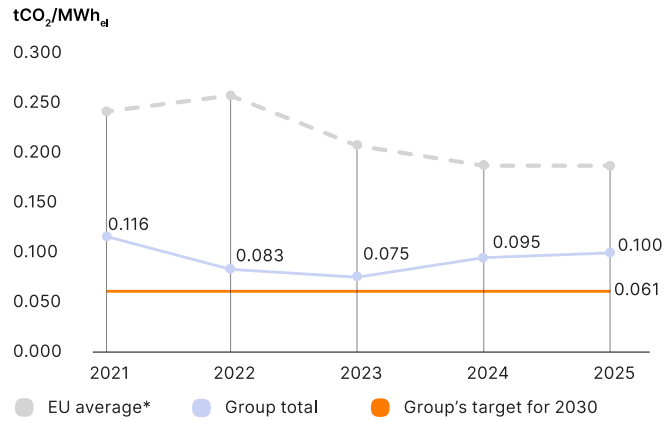
Direct (Scope 1) GHG emissions and their intensity

Direct, or Scope 1, GHG emissions include emissions from sources owned or controlled by the Group. The amount and intensity of these emissions at Latvenergo Group are influenced by the share of RES in primary energy consumption, the volume of energy generated, and the operating regimes of generation facilities.

GHG emission intensity is expressed in tonnes of carbon dioxide equivalent and is measured per unit of electricity (MWh) generated by the Group. The lower this indicator, the higher the share of electricity generated from RES and the more efficiently the CHPPs have operated.

Scope 1 emissions at the Group mainly arise from fuel combustion plants (i.e., combustion plants with a nominal thermal input above 20 MW), which participate in the EU Emissions Trading System (ETS). However, a small share (0.6%) of emissions from combustion plants originates from units not included in the ETS.

CO_2 emission intensity per unit of electricity output



*Source: European Environment Agency (2024)

In 2025, fuel consumption by vehicles and machinery resulted in 7.3 thousand tonnes of CO_2 emissions. The Group operates facilities using fluorinated GHG gases, the leakage of which in the reporting year resulted in emissions equivalent to 0.2 thousand tonnes of CO_2. Expanding the boundaries of emission calculations, the 2025 assessment also includes emissions from HPP reservoirs. The main contributor in this context is methane (CH_4) emissions, which are generated under anaerobic conditions, i.e., in the absence of oxygen, in sediments and flooded organic matter.

Direct GHG emissions from heat and power plants are calculated based on the amount of fuel used, in accordance with EU ETS requirements. Other direct emissions are calculated by multiplying relevant activity data by the corresponding emission factors. The assessment of emissions from HPP reservoirs is based on their surface area data and emission factors defined in international guidelines.

Compared with 2024, total direct GHG emissions decreased by 2%, while the emission intensity per MWh of electricity generated increased, as total electricity generation decreased by 3%, while electricity generation from CHPPs increased by 2%.

Indirect (Scope 2) GHG emissions

Indirect Scope 2 GHG emissions are emissions generated as part of the production of electricity and heating energy consumed by the Group and purchased from other producers. Latvenergo Group not only generates energy but also consumes heat and electricity as part of maintaining its production and administrative buildings. The heating energy and electric power are purchased from various suppliers, and in order to determine the corresponding emissions, the Group's own heat and electricity consumption records are used, as well as supplier-provided data and publicly available reports.

Scope 2 emissions are calculated by multiplying the amount of energy purchased by the respective emission factors. Scope 2 emissions are calculated according to the GHG protocol, using the location-based and market-based methods.

The majority of Scope 2 emissions consist of emissions from electricity distribution losses of AS Sadales tīkls. As the volume of electricity distributed in Latvia increased, electricity distribution losses in absolute terms (MWh) rose by approximately 4%.

When assessing Scope 2 emissions using the location-based method, it can be concluded that the emissions intensity of electricity supply networks in Lithuania and Estonia decreased, supported by a higher share of electricity generation from RES. In contrast, emissions intensity in Latvia increased slightly due to a higher share of electricity generation from fossil energy sources. Overall, total emissions calculated according to the location-based method increased by approximately 24%.

Under the market-based method, total Scope 2 emissions decreased by approximately 4%, which is explained by a reduction in the emissions intensity of the Residual Mix of non-certified electricity. The Residual Mix represents the average emissions intensity of electricity remaining in the grid after deducting electricity covered by issued and cancelled guarantees of origin. In the reporting year, 80% of the Group's electricity consumption was covered by guarantees of origin. Together with a reduction in energy consumption, this contributed to a decrease in Scope 2 emissions under the market-based method, even though the location-based method indicates an increase in emissions.

Indirect (Scope 3) GHG emissions

Scope 3 GHG emissions are other indirect emissions, generated as a result of Latvenergo's activities: through supply chains and the use of the Group's products and services. While the 2023 annual report included four categories of emissions in its Scope 3 calculation, the 2024 annual report already takes account of all significant Scope 3 emissions related to the Group's activities, with improvements in the emissions assessment methodology and an update on the amount of Scope 3 emissions in 2023. Scope 3 GHG emissions are calculated using emission factors that describe the ratio of the quantity of a pollutant to an activity-specific parameter associated with GHG emissions.

Emissions are not assessed for the categories Processing and handling of products sold (Category 10), Franchises (Category 14), or Investments (Category 15). The operations of Latvenergo Group companies are not associated with activities in these categories.

To date, no specific estimates have been made regarding the share of primary data in emissions calculations.

The majority of Scope 3 GHG emissions are calculated using secondary data, with emissions determined based on internationally recognized emissions factor databases as well as national emissions factors. The company plans to increase the proportion of primary data in future reporting periods as part of its ongoing efforts to improve GHG emissions tracking.

The majority of Scope 3 emissions, approximately 85%, consist of Category 3 emissions, which include emissions from the generation of electricity sold to customers and emissions related to the extraction, production, transportation, and transmission of energy resources (fuel and fuels) used in the Group's production processes, transportation activities, and trading operations prior to their combustion.

Compared to 2022 baseline, emissions from electricity retail activities increased by 8%, while compared to 2024 they decreased by 16%. In the reporting year, the increase relative to 2022 was mainly driven by changes in the Group's customers' consumption patterns and a higher emission factor for non-certified electricity. At the same time, the decrease compared to 2024 reflects growing customer interest in green electricity (accounting for 12% of total retail volumes) and a lower emission intensity of non-certified electricity in the market.

In the reporting year, the Latvenergo Group's natural gas sales volume in the Baltic states increased by approximately 32%, mainly driven by higher market demand. The associated greenhouse gas (GHG) emissions (Category 11) increased proportionally, in line with the higher sales volumes.

Emissions in Categories 1 and 2 increased in 2025 by 114% and 27%, respectively, compared to 2024. This was mainly driven by a significant increase in procurement volumes and the use of external services, particularly in construction and infrastructure development segments, as well as higher investment levels in long-term assets (for more detailed information, see the section Actions and resources). The emissions calculation is based on procurement data and industry-average emission factors, which reflect the average emission intensity of the respective sectors. These factors include life cycle impacts across the value chain up to the delivery of the product or service, including raw material extraction, production, and transportation. Life cycle emissions related to specific energy generation and infrastructure assets are included indirectly; however, detailed life cycle assessments at the level of individual assets or projects are not performed. Therefore, the results reflect industry-average indicators rather than the specific impacts of individual technologies or suppliers.

The category of purchased goods and services includes all procurement volumes related to the Group's operations.

Latvenergo Group GHG emissions

	Units	Base year*	2025	2024	Δ 2024	Δ base year
Scope 1 GHG emissions	**kt CO_2e**	**940**	**780**	**799**	**-2%**	**-17%**
From combustion plants	kt CO_2e		759	778		
From fuels used for vehicles and machinery	kt CO_2e		7	8		
Fluorine-containing GHG leaks	kt CO_2e		0.2	0.4		
From HPP reservoirs	kt CO_2e		13	13		
Scope 1 GHG emissions as a percentage share of regulated ETS	%		96	96		
Scope 2 GHG emissions (location-based)	**kt CO_2e**	**43**	**45**	**36**	**24%**	**4%**
From procured electricity generation	kt CO_2e		10	9		
From procured thermal energy generation	kt CO_2e		0.5	0.5		
From electricity distribution losses	kt CO_2e		34	27		
Scope 2 GHG emissions (market-based)	**kt CO_2e**	**121**	**109**	**114**	**-4%**	**-9%**
From procured electricity generation	kt CO_2e		7	8		
From procured thermal energy generation	kt CO_2e		0.5	0.5		
From electricity distribution losses	kt CO_2e		101	106		
Key Scope 3 GHG emissions	**kt CO_2e**	**2,752**	**3,392**	**3,413**	**-1%**	**-23%**
(1) Goods and services purchased	kt CO_2e		263	123		
(2) Fixed assets	kt CO_2e		21	16		
(3) Activities related to the use of fuel and energy	kt CO_2e		2,790	3,034		
(5) Waste generated	kt CO_2e		1.7	0.5		
(6) Business trips	kt CO_2e		0.1	0.2		
(7) Staff travel	kt CO_2e		3.2	3.3		
(11) Use of products sold	kt CO_2e		313	236		
(4,8,9,12,13) Other Scope 3 GHG emissions	kt CO_2e		0.1	0.1		
Total GHG emissions (location-based)	**kt CO_2e**	**3,735**	**4,217**	**4,249**	**-1%**	**13%**
Total GHG emissions (market-based)	**kt CO_2e**	**3,812**	**4,281**	**4,327**	**-1%**	**12%**
GHG emissions beyond Scopes 1–3	kt CO_2e		**97**	**97**	**0%**	
Direct biogenic emissions	kt CO_2e		97	97		
GHG emissions intensity, net income **	t CO_2e/thsd. EUR		2.692	2.493	8 %	
GHG emissions intensity, net income ***	t CO_2e/thsd. EUR		2.733	2.539	8 %	

* The base year for Scope 1 GHG emissions is 2021, while for Scope 2 and Scope 3 emissions – 2022
** Using the location-based method; for net income, see the section Statement of Profit or Loss
*** Using the market-based method, for net income, see the section Statement of Profit or Loss

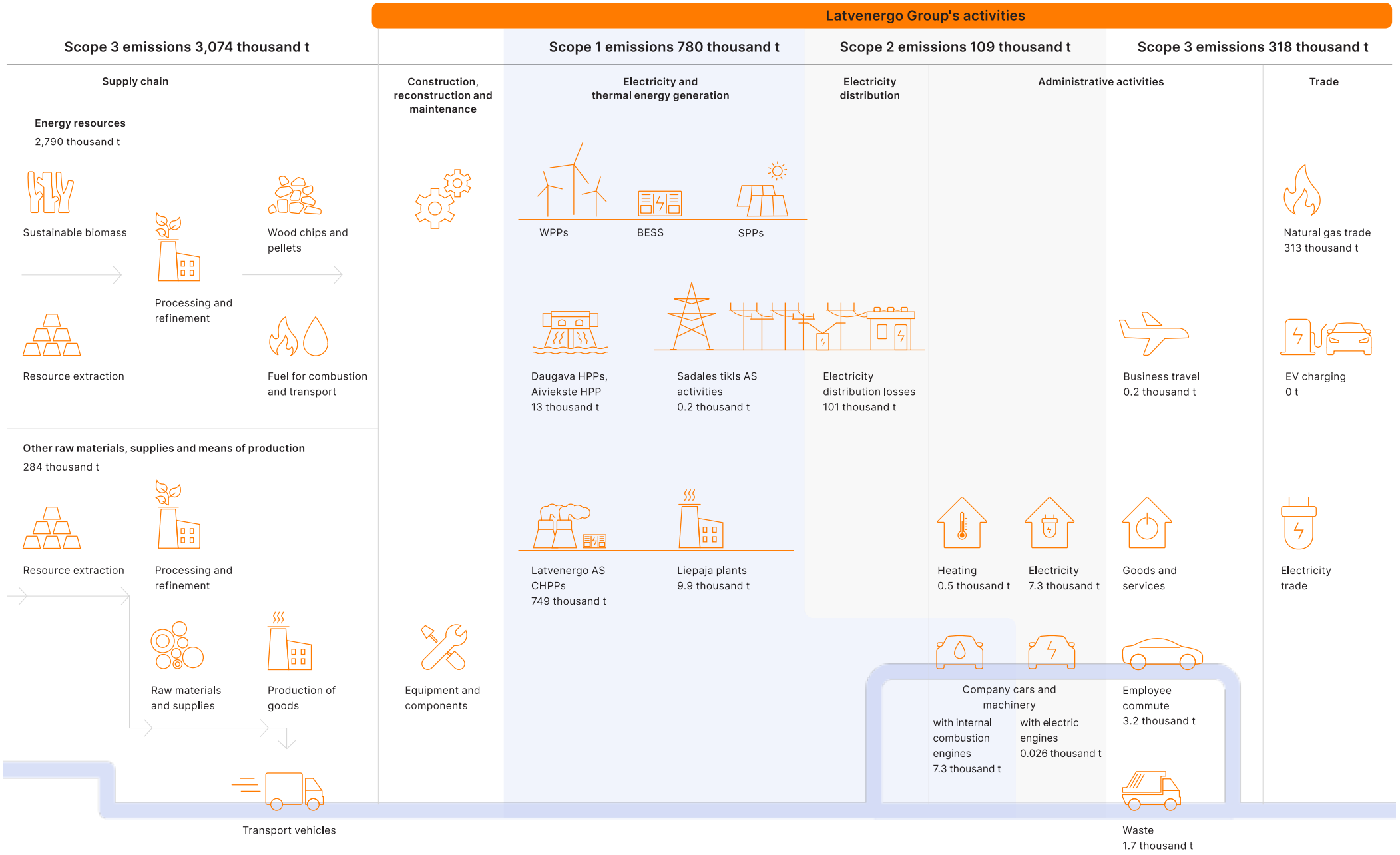
The largest share of emissions within this category is attributable to construction works, as well as the purchase of electrical equipment and other machinery and equipment. Construction works primarily cover energy infrastructure development projects, as well as maintenance, reconstruction, and repair activities associated with both investment project implementation and day-to-day operations. Meanwhile, the categories of electrical equipment and other machinery include the acquisition, replacement, and maintenance of technological equipment, machinery, and systems required for the implementation of new projects and the continuous operation of existing infrastructure.

Emissions in Category 5 increased significantly in 2025, reaching 1,668 t CO_2e, representing a 257% increase compared to 2024. This increase was driven by the remediation of the CHPP-2 technological sludge storage facility, which was initiated in 2024 and fully implemented during the reporting period. The project involved the removal of historical sludge and other waste to mitigate potential contamination risks associated with the historical use of heavy fuel oil as a fuel source. These wastes accounted for the majority of the increase in emissions within this category. As this type of waste is no longer generated as a result of the Group's operations and the remediation project has been completed, no further emissions of this magnitude under the Category 5 are expected in future years.

Emissions factors used to calculate GHG emissions

Scope 1 emissions	Scope 2 emissions	Scope 3 emissions	GHG emissions beyond Scopes 1–3
CO_2 emissions from heating and electricity fuel combustion 'Stationary fuel combustion CO_2 emissions calculation methodology' (2026), Latvijas Vides, ģeoloģijas un meteoroloģijas centrs VSIA **CH_4 and N_2O emissions from fuel combustion** UK Department for Environment, Food & Rural Affairs (DEFRA) database: Conversion Factors 2025: Full Set (2025) **CO_2 emissions from fuel used in transport and machinery** Cabinet of Ministers Regulation No. 42 'Methodology for the calculation of greenhouse gas emissions' of 23 January 2018 **Values for the global warming potential of fluorine-containing GHG leaks** Cabinet of Ministers Regulation No. 42 'Methodology for the calculation of greenhouse gas emissions' of 23 January 2018 and in accordance with Annex I of Regulation 2024/573 **GHG emissions from HPP reservoirs** IPCC, 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 4, Chapter 7 (Wetlands)	**CO_2 emissions from procured electricity and power distribution losses** Association of Issuing Bodies (AIB): European Residual Mixes 2024 (2025) **CO_2 emissions for procured heating energy** Information provided by centralised heating supply system operators and Cabinet of Ministers Regulation No. 222 'Methods for the calculation of the energy efficiency of a building, and rules for the energy certification of buildings'	**GHG emissions from procured products, services and fixed assets** EXIOBASE emissions factor database (version 3.11) **Activities related to the use of fuel and energy** Retail of electricity and activities related to its use – Association of Issuing Bodies (AIB): European Residual Mixes 2024 (2025) Activities related to the use of heating and electricity fuel – DEFRA database: Conversion factors 2025: full set (2025) **Waste produced** DEFRA database – Conversion factors 2025: full set (2025) **Business trips** DEFRA database – Conversion factors 2025: full set (2025) **Staff travel** Cabinet Regulation No. 42 'Methodology for the calculation of greenhouse gas emissions' of 23 January 2018 **Use of products sold** Use of natural gas – 'Stationary fuel combustion CO_2 emissions calculation methodology' (2026), Latvijas Vides, ģeoloģijas un meteoroloģijas centrs VSIA	**Direct biogenic emissions** 'Stationary fuel combustion CO_2 emissions calculation methodology' (2025), Latvijas Vides, ģeoloģijas un meteoroloģijas centrs VSIA

Latvenergo Group's GHG emissions by scope



The emissions factors used for calculating the Group's GHG emissions were selected based on the priority approach outlined in the GHG Protocol guidelines. National emissions factors were applied wherever available, as they provide the highest accuracy in reflecting the specific characteristics of the relevant geographical location and sector. In cases where national emissions factors were unavailable, internationally recognized sources, such as DEFRA emissions factors, were used, as they are widely accepted in global GHG reporting practices. Additionally, to calculate indirect (Scope 3) emissions, the EXIOBASE database was used, offering detailed emissions factors across various sectors and countries, enabling the assessment of supply chain emissions in different geographical areas and economic sectors.

E1-7

Projects financed through carbon credits

Latvenergo Group does not currently use GHG capture and storage technologies in its operations. The Group did not buy any carbon credits to reduce or capture GHG emissions. The Group continues to monitor climate change-related regulatory and market developments and will, if necessary, assess the potential for developing respective initiatives in the future.

E1-8

Internal carbon pricing

The Group currently does not use internal carbon pricing schemes. However, given the tightening of climate policy regulation and market trends, the Group plans to assess the possibility of introducing such schemes in the future. The assessment process will involve an analysis of how internal carbon pricing could support decisionmaking and contribute to the implementation of the Group's climate related action policies and targets.

E1-9

Anticipated financial effects of material physical risks

Latvenergo Group is aware of the materiality of climate change risks and their gradual long-term development. These risks often materialise as rare events with severe consequences, highlighting the need for the continuous improvement of assessment methodologies. This enables a better understanding of climate change processes and their possible impact on the Group's operations. Latvenergo's risk management strategy includes maximum damage assessments that quantify potential financial consequences and provides sufficient insurance coverage against unforeseen extreme events. Climate change threatens both the stability of production capacity and the reliability of infrastructure, causing additional unpredictability in the Group's operations and financial flows.

A full reassessment of physical climate risks is planned for 2026 in line with the regular three-year reassessment cycle; as part of this, the potential financial impact of the identified risks will also be evaluated.

Anticipated financial effects of material transition risks

The effect of transition risks on Latvenergo Group is determined by a number of mutually related factors, including regulatory changes, market trends and technological innovation. The rise in the price of carbon puts substantial financial pressure on the Group, as the rise in the price of CO_2 emission allowances increases its costs, especially in areas where fossil fuels are still used. At the same time, tightening requirements in renewable energy and decreasing subsidies on the energy market call for substantial additional investment in low-carbon generation capacity, which could lead to mid-term cash flow instability and affect financial results.

The growing sustainability expectations among consumers and investors have a substantial impact on lending terms and on the cost of raising investment. Stricter environmental, social, and governance (ESG) criteria and compliance with EU taxonomy requirements will become decisive factors in future financial planning and the raising of capital. Latvenergo faces a double challenge: on the one hand, it needs to reduce emissions and the costs associated with them; on the other, it has to provide substantial investment in green energy projects to remain competitive and compliant with regulations in the long run. Furthermore, changes in consumer behaviour leading towards more environmentally friendly products and services can create both new business opportunities and additional pressures to adapt the business models.

The availability of power transmission network connections, the complexity of EIA procedures and the restrictions imposed can impede the implementation of renewable energy projects, which can slow down project development and considerably increase costs.

Potential to benefit from climate change-related Opportunities

Latvenergo Group faces a broad range of strategic opportunities in the context of energy transition and climate policy development, which can provide substantial long-term financial benefits. The planned investments in solar and wind projects up to 2030 can significantly increase green energy generation capacity, providing stable income streams that are less dependent on fluctuating fossil fuel prices and the cost of CO_2 emission allowances. Following the priorities of the European Green Deal, Latvenergo continues to develop renewable and other climate-neutral energy sources, something that is already being implemented as part of its midterm and sustainability strategies. Active development of new production capacities enables the Group to strengthen its position on the regional energy market and reduce its dependence on imported energy.

Latvenergo has the potential to become a central player in the Baltic region's energy transition, taking advantage of its expertise in hydropower, innovative approaches to the development of renewable energy, and its regional presence. The Group's strong financial position makes it possible for it to implement large-scale investment projects that contribute to sustainable growth and the development of new business areas. Overall, Latvenergo can not only adapt to the challenges caused by climate change but also actively use the transformation of the energy sector to gain longterm financial benefits.

E2 Pollution

ESRS 2 SBM-3, ESRS 2 IRO-1

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Pollution of air				
Air pollutants are emitted as a result of combustion processes in incineration equipment	LT	A	OO	Emissions of air pollutants into the atmosphere directly depend on the amount of energy produced, the fuel used, the efficiency of its use, and the type of technology.
Pollution of air, water and soil				
Occurrence of unforeseen pollution at the sites of the Group	LT			Occurrence of unexpected, including historical, contamination at sites or properties may necessitate additional environmental investigations and remediation work, which requires significant financial resources and time. This situation can lead to additional costs, affect the reputation of the Group and cause legal challenges if the pollution is linked to past activities that do not meet modern environmental standards.
Reducing environmental pollution risks by improving the existing chemical management system and replacing hazardous substances with environmentally friendly alternatives	MT			The Group is continuously working to improve its chemical management practices and, where possible, replace hazardous chemicals with less hazardous and more environmentally friendly alternatives.

Positive impact | Negative impact | Risk | Opportunity | A Actual impact | P Potential impact | OO Own operations | VC Value chain | ST Short-term | MT Medium-term | LT Long-term

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. The section Pollution of air, water and soil details IRO-related pollution types and sources; internal data, accounting and monitoring systems; and external information sources used, including environmental permits and regulatory requirement analyses.

The Group communicates information on pollution-related matters, including policies, targets and actions implemented, by publishing environmental information on the Group's website, submitting annual emission monitoring reports for large combustion plants to local governments, and holding public consultations in the event of significant changes to ensure public opinion is taken into account .

E2-1

Policies

Latvenergo AS and the capital companies of the Group have implemented a comprehensive approach to pollution management and control. The approach is integrated into the overall environmental management system, which is certified in accordance with ISO 14001 at Latvenergo AS and Sadales tīkls AS. Furthermore, Latvenergo AS maintains management systems for labour protection (ISO 45001), energy management (ISO 50001) and production quality (ISO 9001), which include elements for pollution management and control and together form the Integrated Management System.

In addition to the policies mentioned in the section General Information and the third-party standards and initiatives followed in their development, pollution management is also addressed by the Environmental and Energy Management Policy. This policy includes guiding principles for managing material IROs in the area of pollution; it is integrated into the Sustainability Strategy for 2024–2026 and aims to prevent, reduce and control pollution and its negative impacts, as well as to promote the responsible use of resources. Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management.

For a summary of Latvenergo's policies on pollution issues (IROs) management, see Policies adopted to manage material sustainability matters in the section General Information.

The policies of Latvenergo Group aim to reduce air, water and soil pollution, replace and minimise substances with potentially negative impacts, and prevent incidents and emergencies and limit their impact. The Group ensures compliance with the Industrial Emissions Directive (IED), which establishes stringent environmental emission limits for large combustion plants.

In Latvia, the IED requirements have been transposed into national legislation through the Law on Pollution and corresponding regulations of the Cabinet of Ministers. The Group's CHPPs operate under Category A permits for polluting activities, issued in line with the IED framework and the application of Best Available Techniques (BAT).

Information on key pollutants is available in the permits for polluting activities, which are accessible through the Public Data Register of the State Environmental Service. The policies of the Latvenergo Group cover the most significant groups of pollutants arising from the Group's operations and subject to applicable regulatory requirements and permit conditions, including air emissions from combustion processes, emissions to water and soil, as well as hazardous and other chemicals. Pollution management is implemented in an integrated manner, based on the requirements set out in applicable legislation, permits for polluting activities, and best available techniques.

The primary focus of the policies is to reduce air pollution during energy production processes. In this context, Latvenergo Group is continuously upgrading its production facilities with the use of BAT in accordance with EU requirements. The Group performs emission monitoring and assessment to ensure compliance with the threshold values and environmental quality standards set out in the regulatory enactments.

The Group's policies aimed at reducing pollution are aligned with the objectives of the EU Green Deal and the EU Action Plan Towards Zero Pollution for Air, Water and Soil, establishing the main principles and approaches for environmental impact management:

- in the area of emission reduction, the control and reduction of air pollutant emissions are foreseen through the application of best available techniques and regular emissions monitoring
- in the area of water resource protection, the maintenance of wastewater management processes is established, including regular water quality monitoring, risk assessment, and preventive measures to prevent water pollution
- in the area of soil and groundwater protection, regular site monitoring, identification and management of pollution risks, as well as the development and implementation of action plans to prevent potential pollution risks are foreseen. In cases of historical pollution, remediation measures are implemented in accordance with the requirements of regulatory enactments

The improvement of the **management of chemicals** and mixtures is a key component in controlling environmental pollution risks. By minimizing the quantity of chemicals and mixtures used and stored, and reducing their hazards, the risk of leakage and potential spill-related consequences is significantly reduced. The Group uses chemicals and mixtures solely to support its own production processes and the operation of technological equipment. In order to identify potential impacts and prevent or reduce the likelihood of harm, procedures for the handling of chemicals and mixtures have been established within the Group's companies. The companies of the Group comply with the requirements of applicable laws and regulations, including the EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation, and keep abreast of legislative changes regarding substances of very high concern (SVHC) and very persistent and very bioaccumulative substances (vPvB). The management of chemicals and mixtures is included in the Sustainability Strategy of the Group to ensure a more responsible approach to substitution and the phase-out of chemicals in the future.

With regard to the risk associated with the unexpected occurrence of pollution at the Group's sites, the Latvenergo Group applies an **incident prevention and management** system based on a detailed environmental risk assessment methodology, which enables the systematic identification, assessment, and control of potential risks. One type of environmental risk is related to the potential leakage of chemicals and mixtures from production facilities, distribution infrastructure, and storage sites, which may lead to environmental contamination. To minimise these risks, the Group has implemented a structured approach to emergency management, including preventive measures and crisis action plans. Procedures for liaising with emergency services and environmental authorities have been set up, along with clear protocols for communicating with stakeholders in the event of incidents. The effectiveness of the systems and procedures implemented under the policies is monitored and verified through inspections carried out by the State Environmental Service, as well as through independent external audits. In 2025, the Group was subject to three inspections by the State Environmental Service. The Group did not experience any significant environmental incidents or receive any major reprimands from the controlling institutions. An external audit that was conducted in 2025 confirmed the effectiveness of the Integrated Management System of Latvenergo Group and its ability to deliver the expected results in the area of emergency management. The audit identified, as good practice in incident and emergency management, the structured and transparent accounting of waste flows, which reduces the risk of environmental pollution, along with the systematic recording of impact-related events and documented cooperation with the State Environmental Service. This ensures effective monitoring of incidents and coordinated action in emergency situations.

The Group's policy includes regular environmental training for employees and assessments of the environmental management system's effectiveness. Trained employees are equipped to identify and address deviations from environmental standards, manage risks, prevent incidents, and enhance environmental practices. Internal and external audits are conducted to ensure regulatory compliance and identify improvement opportunities. Engagement with stakeholders, including national and local authorities, is a critical component of the policy.

The above policy, as well as the Supplier Code of Conduct, covers both the operations of Group companies themselves and upstream and downstream value chain processes, ensuring a comprehensive approach to addressing critical environmental issues. The Group expects suppliers to take active steps in reducing environmental pollution, including the reduction of emissions to air and wastewater, the reduction of the volume and hazardousness of chemicals and their mixtures, and systematic risk assessment and management in environmental pollution matters.

Monitoring of the implementation and effectiveness of pollution management policies is ensured within the framework of the integrated management system, using certain indicators, regular data collection, and analysis. Various tools and data sources are used for monitoring, including automatic emission monitoring systems, wastewater and groundwater quality control results, laboratory analyses, environmental permit compliance control data and internal accounting systems. Monitoring is carried out according to the type of pollution: air emissions are monitored continuously and additionally during periodic inspections, while water and groundwater indicators are monitored periodically in accordance with the requirements of regulatory enactments. Supervision is conducted regularly at the day-to-day operational level, through periodic internal inspections and management reports, and within the framework of internal and external audits. The effectiveness and progress of the policies are assessed by comparing actual results with the established thresholds and the Group's objectives, analysing deviations and determining corrective measures. Structural unit heads and environmental management specialists are responsible for the supervision process within the framework of their competences and division of responsibilities, ensuring data quality, timely identification of deviations and implementation of corrective measures, while senior management evaluates the results and makes decisions on improving policies.

In 2025, Latvenergo AS received an overall score of 54 out of 100 points in the S&P Global Corporate Sustainability Assessment. The environmental dimension was assessed at 59 points, significantly exceeding the industry average of 42 points and confirming a targeted and consistent approach to environmental management in line with good practice. The 'Waste & Pollutants' criterion received 42 points, exceeding the industry average of 40 points at the time of the assessment and confirming the company's systematic approach to pollution and waste management in accordance with industry best practices.

Actions and resources

Latvenergo's approach to pollution management is based on cooperation with both supply chain partners and customers. In the upstream value chain, the Group works with fuel suppliers by setting strict quality requirements for natural gas and other fuels, asthese directly impact emission levels. Collaboration with equipment and technology providers is also essential, focusing on the selection of solutions with higher environmental performance and with waste management companies to ensure proper recycling and disposal of waste. In the downstream value chain, the Group actively engages with end-users of electricity and thermal energy, promoting energyefficient consumption. Cooperation with distribution system users is also being enhanced through the implementation of smart solutions and continuous improvements in network efficiency.

Latvenergo Group implements a comprehensive approach in pollution management, which is based on the use of state-ofthe- art technologies and sustainable resource management. During the reporting year, the Group improved its activities and resources to reduce and control pollution, with a particular focus on reducing emissions and improving energy efficiency (for additional information see the sections Group Strategy, Operating Segments and EU Taxonomy):

- Development of RES is a key area of focus for reducing emissions – Latvenergo Group has actively invested in increasing its RES generation capacity. In the reporting year, approximately 2/3 of the total investment or EUR 548 million was directed to the development of wind farms and solar parks. At the end of the reporting year, the Group had solar and wind parks with a total capacity of almost 646 MW under construction. As a result, the total approved portfolio of new renewable energy projects comprised 1,144 MW. Gradual commissioning of the solar and wind parks is expected between 2026 and 2027. This new RES capacity is expected to generate an additional 2.2 TWh of electricity annually. Alongside the new RES capacities, BESS projects are also being developed. In the reporting year, two BESS projects with a total capacity of 10.6 MW / 21.9 MWh were built. Meanwhile, six BESS projects with a total capacity of 183.4 MW / 428.6 MWh are in the development stage. RES generation facilities do not cause direct air, soil, or water pollution; therefore, their development contributes to an overall reduction in environmental pollution risks within the Group
- Generation modernisation and efficiency improvement is the second key direction – In 2025, reconstruction work and procurement procedures continued for the upgrade of the hydropower units of the Daugava HPPs. In the reporting year, EUR 17.8 million was invested in the assets of the Daugava HPPs, of which EUR 11.1 million was invested in the reconstruction programme of the hydropower units, which will ensure their operability for more than 40 years. As a result of the reconstruction of HPPs, the risks and volume of chemicals leaks in hydro aggregates are reduced, and the use of oils with lower environmental impact is being assessed. Investments in distribution system assets amounted to EUR 172 million in the reporting year, representing around 1/5 of the total investments of the Group. About 25% of the distribution segment's funds were invested in the construction and reconstruction of power lines and transformers, thus ensuring the high quality of network services, technical performance and operational reliability

The Latvenergo Group plans to continue the development of RES, the generation modernisation and efficiency improvements, as well as the development of distribution system infrastructure in accordance with the Medium-term Operational Strategy for 2022–2026 and the Sustainability Strategy for 2024–2026, foreseeing the implementation of these activities within the respective strategic periods, with individual projects continuing to be implemented in the subsequent years after 2026 (for additional information, see the section Group Strategy).

Latvenergo Group applies an integrated pollution control and management system to reduce the negative impact of air, water and soil pollution. The Group complies with national and international standards, including the requirements of BAT of the EU, which help control emissions and optimise resource use. Management of water resources and soil protection are ensured by a well-developed monitoring system that helps identify potential risks and implement necessary corrections promptly. Furthermore, regular audits are performed to verify the effectiveness of policies and compliance with them at all stages of operations.

A systematic approach is applied for pollution control at all production sites, Latvenergo Group carries out regular measurements and tests with the use of modern, verified metering instruments that comply with the standards of BAT. The Group also ensures compliance with the EU Taxonomy Regulation, which sets out principles for pollution control and mitigation, and with the criteria of the "causing no significant harm" principle.

In order to ensure suppliers' compliance with the Group's requirements regarding pollution prevention and control, Latvenergo also provides training for contractors, sets strict requirements for their activities, and monitors compliance at the Group's production and infrastructure facilities. This approach reinforces adherence to environmental protection regulations at Latvenergo sites and reduces environmental risks.

During the reporting year, the Group continued to improve the management of chemical substances and mixtures. A detailed analysis of the substances and mixtures used was carried out, with particular focus on the possibilities for substance substitution and the identification of technically and economically justified sustainable alternatives. At the same time, Latvenergo AS updated its internal processes in line with the requirements of EU chemicals regulation, which establishes stricter requirements for the disclosure of information on hazardous substances, substances of concern and substances of very high concern. In 2025, the procedure for identifying chemical substances in use was enhanced and the accounting of hazardous substances was improved. In addition, a new structured process for the procurement and evaluation of substances and mixtures was introduced. This process strengthens a unified and transparent approach to substance evaluation, ensuring consistent risk assessment and the selection of the most appropriate solutions already at the planning stage of procurement and use. During the reporting year, a substance reporting procedure and a form for evaluating substitution alternatives were also established.

In the area of ecosystem restoration, the Group is actively working on mitigating the impacts of regular activities and on remediating historical pollution. A historically polluted area is situated in Aizkraukle, Dzelzceļa iela 10. It dates back to the mid-20th century, when a prefabricated concrete factory was operating there. As a result of the factory's operation, the soil and groundwater were contaminated with petroleum products to levels that exceed the regulatory quality limits in an area of about 10.6 hectares. In order to solve this problem, State Environmental Service, Aizkraukle Municipality, in cooperation with Latvenergo AS, have implemented several measures to determine the extent of pollution and develop remediation solutions. In July 2025, the Ministry of Climate and Energy and the State Environmental Service signed an agreement to implement the project "Historically polluted site remediation in Aizkraukle". Following this, an inter-institutional working group was established, bringing together representatives from the State Environmental Service, the Ministry of Climate and Energy, Aizkraukle Municipality, and Latvenergo AS. In preparation for the launch of remediation works, the State Environmental Service initiated a supplier consultation in December 2025 as part of the planned open tender for the remediation of the contaminated site at Dzelzceļa Street 10, Aizkraukle. Latvenergo AS actively contributed to the evaluation of the procurement documentation by providing professional input on the proposed requirements, technical solutions, and practical feasibility of the remediation process.

In 2024–2025, Latvenergo AS completed the remediation of historical pollution at CHPP-2 by cleaning the regenerative air heater section, where technological deposits had accumulated from earlier fuel-oil operations. The project included the removal and disposal of 2,486 tonnes of hazardous waste, approximately 85% of which was recycled. The works were carried out through close cooperation between internal structural units, significantly reducing future pollution risks within the CHPP-2 site.

Although at Group level quantitative emission reduction targets have been set only for air pollution, the management of all types of emissions, including emissions to air and water, within the Group is ensured in compliance with the requirements defined in environmental permits, the limit values established in applicable legislation, and through the implementation of object-specific technical solutions. This approach is aimed at preventing pollution at its source and avoiding significant environmental harm, with a focus on improving process efficiency, ensuring control of pollutant concentrations, preventing leakage and accident risks, and continuously enhancing monitoring and operational control systems.

To monitor and control pollution, the Group maintains an extensive network of monitoring systems, including:

- automatic emission measurement systems at production plants
- wastewater quality control systems
- a groundwater quality monitoring network

Regular funding is provided for the maintenance and upgrading of these systems, which includes both technical maintenance and personnel training.

Implementing these measures contributes to achieving the objectives of Latvenergo Group's pollution management policy, ensuring their integration into the Group's strategic planning and day-to-day operations. The development of RES capacities and the modernization of existing generation assets directly support the policy objective of reducing air pollution and GHG emissions, while also mitigating pollution risks throughout the entire asset life cycle. Investments in the reconstruction of HPPs and in electricity distribution infrastructure contribute to pollution prevention and control by reducing the likelihood of hazardous substance releases and improving energy efficiency. In addition, cooperation with supply chain partners and end users ensures that pollution management requirements are applied beyond the Group's direct operations, thereby strengthening the achievement of policy objectives across upstream and downstream value chains.

E2-3

Targets

Based on national laws and regulations, the relevant authorities issue environmental permits for all Latvenergo Group production facilities, which set specific emission and effluent limits for air pollutants. In addition to these requirements, the internal environmental management standards of the Group may set even stricter thresholds that reflect best available industry practices. The aim of this approach is not only to ensure compliance with regulatory requirements but also to reduce negative environmental impacts by promoting sustainable development. All target indicators are regularly monitored with the use of an integrated environmental monitoring system. Once a year, a detailed analysis of the target parameters is carried out and, where necessary, they are adjusted to take into account changes in technology, legislation or the specific nature of the Group's operations. Regular reports on the achievement of target parameters are provided to the management and stakeholders, ensuring the transparency and control of processes. To ensure that the target parameters are met, Latvenergo Group allocates financial resources to research, the introduction of advanced technologies, and personnel training. The companies of the Group also collaborate with national and international environmental protection and sectors' organisations to use best practices and improve efficiency in achieving their objectives.

Targets		2024	2025
Reducing emissions of pollutants into the air			
NO_x	NO_x emissions		
	-50% compared to 2022		
2030	0.03 kg NO_x/MWh energy generated	0.08 kg NO_x/MWh	0.07 kg NO_x/MWh
CO	CO emissions		
	-50% compared to 2022		
2030	0.02 kg CO/MWh energy generated	0.05 kg CO/MWh	0.04 kg CO/MWh
Preventing environmental pollution			
	Environmental pollution		
Annually	0 major cases	0	0
Assessing and enhancing chemical management			
	Chemical-related pollution risks		
2026	Improved governance	In cooperation with the Baltic Environmental Forum, an in-depth evaluation of chemical substances and mixtures used in production has been initiated	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

Latvenergo Group constitutes the framework for setting the targets. The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. The targets mainly relate to the Group's own operations.

The targets have been set voluntarily, taking into account industry guidelines and available research, technological capabilities and economic justification, the local context and existing infrastructure, as well as stakeholder expectations. For information on stakeholder involvement in the target-setting process of the strategy, please refer to the section General Information. In the area of pollution, Latvenergo Group has defined three key targets. The targets include both quantitative objectives with defined achievement timelines and qualitative objectives and measures that describe the Group's approach to pollution prevention and risk management in areas where precise numerical indicators are not applicable.

The commitment to reduce emissions of pollutants into the air aims to reduce the quantity of emissions per unit of energy generated. Emissions per unit of energy generated, or specific emissions, reflect the efficiency of the Group's existing processes, the technical solutions implemented by CHPPs to reduce pollutant emissions, and efforts to increase the RES portfolio through the development of wind and solar power plants and partially replacing fossil fuels. Emissions reduction is driven by several factors: modernised generation processes, more efficient fuel use, and the ongoing partial substitution of fossil fuels with RES. In this context, the Group's targeted development of wind and solar power plants is of particular importance, enabling the gradual reduction of fossil energy use and, consequently, emission intensity. The Group will continue to promote the development of renewable energy-based generation capacity (wind and solar), increase the efficiency of energy generation and maximise the use of RES. Latvenergo Group has set a target to reduce air pollutant emissions by measuring the amount of carbon monoxide (CO) and nitrogen oxides (NO_x) emitted per unit of energy generated. Emissions per unit of energy generated, or specific emissions, reflect the efficiency of the Group's existing processes, the technical solutions implemented by CHPPs to reduce pollutant emissions, and efforts to increase the renewable energy portfolio through the development of wind and solar power plants.

At the same time, the Group also extends its targets to the prevention and control of emissions to the water environment and soil protection, ensuring the long-term reduction of pollutant-specific loads in both environmental media. Measures for water resource protection include both the reduction of wastewater volumes and pollutant concentrations through the implementation of technical improvements. As wastewater volumes decrease, the potential pollutant loads and their overall impact on the aquatic environment are proportionally reduced. These measures are complemented by robust risk management, including the prevention of leaks of chemicals and technological fluids, the implementation of strict storage safety requirements, regular monitoring, and technological solutions that reduce the release of pollutants into wastewater. At the same time, the Group also ensures soil quality protection by managing pollution risks that could arise from leaks of chemical substances, fuels, or other potentially harmful materials. Secure and leak-proof storage of substances is ensured, the technical condition of equipment is regularly monitored, and preventive engineering solutions are implemented to prevent leakage. The Group is gradually substituting hazardous chemicals with less harmful alternatives and reducing their overall use, thereby mitigating potential adverse impacts on soil environments and ensuring that both water and soil pollution risks are managed through a unified, integrated approach.

"Mission 0" in the area of the environment – in line with the EU Action Plan "Towards Zero Pollution for Air, Water and Soil", the Latvenergo Group, as one of its priorities in the area of pollution prevention, sets the objective of preventing cases of significant environmental harm, which entails an integrated approach to environmental risk management and pollution control across all environmental media, including air, water and soil. Within the Latvenergo Group, major environmental pollution cases are defined as events that, in accordance with the risk appetite set out in the Risk Register, are classified as exceeding that threshold. The Group's risk appetite in the environmental matter stipulates the avoidance of environmental pollution events that would result in a material reputational or financial impact. Cases are considered major where substantial environmental pollution with long-term consequences is identified; material breaches of environmental requirements are detected during external inspections; administrative sanctions are imposed or criminal proceedings are initiated for environmental pollution; or additional operational restrictions are imposed due to environmental requirements. This commitment reflects the Group's efforts to prevent environmental pollution by identifying and mitigating potential risks, ensuring wastewater treatment, the safe storage of liquids and chemical substances, and adapting production processes to reduce the release of pollutants into the environment. This approach complements the Group's objectives for reducing emissions and pollutant loads to air, water and soil.

Progress towards the targets achievement is primarily assessed against the predefined target values rather than in comparison to historical baselines. This approach was chosen as it aligns more effectively with the Group's strategy and allows for greater flexibility in responding to developments within the energy sector. The targets are pursued through specific measures, including the development of RES, improvements in production efficiency, and systematic risk management. Results achieved in 2025:

- emissions of pollutants into the air – NO_x and CO per unit of energy generated emissions per unit of energy produced continued to decrease and reached 0.07 kg/MWh NOx and 0.04 kg/MWh CO, respectively. Although emissions have decreased, they are above the Group's 2030 target of 0.03 kg/MWh or -50% compared to 0.07 kg/MWh of NO_x in 2022 and 0.02 kg/MWh or -50% compared to 0.04 kg/MWh of CO in 2022. This points to the need for further emission reduction measures, more efficient production processes and the development of renewable energy generation capacity, which will contribute to the overall reduction of GHG emissions and support the development of sustainable energy
- number of cases of significant environmental damage – as in the previous reporting period, no cases of significant environmental damage were recorded in the 2025. This demonstrates the Group's effective environmental management, pollution prevention measures and compliance with environmental protection requirements across all environmental aspects, including air, water, and soil
- reducing pollution risks related to chemicals – in 2025, the Group continued to strengthen the management of chemical substances and mixtures by conducting a detailed analysis of substances in use, identifying substitution options, and introducing a structured process for the procurement, accounting and evaluation of chemical substances. Internal procedures were updated in line with the requirements of EU chemical legislation

In addition to the established environmental protection measures, the Group is working purposefully to maintain water resource quality, ensuring that wastewater complies with the limit values set out in applicable regulatory requirements prior to discharge. Emission limits for wastewater pollutants are set in line with national and EU legislation to protect water resources and ecosystems. Monitoring frequency, methods, and requirements are determined by the competent national authority.

To prevent cases of significant environmental damage and ensure soil protection, the Group has developed the internal Environmental Risk Assessment Methodology, assesses environmental risks in all activities and processes, ensures close monitoring and control of technological processes, sets requirements for contractors and monitors their implementation, and fosters the competence of the responsible employees. Storage and handling of chemicals and mixtures is carried out in a manner that is safe for humans and the environment, with design and technical solutions to prevent leakages. To promote safety and environmental protection, the Group will continue and strengthen its environmentalrisk management, which includes risk identification, assessment and mitigation.

E2-4

Pollution of air, water and soil

Emissions of air pollutants

Emissions of air pollutants by Latvenergo Group are directly affected by the type of fuel used, the scale of energy production and the efficiency of technologies. The Group's production facilities use three main fuels, each with its own characteristic emissions profile. The Group's air emissions primarily originate from large combustion plants – Latvenergo AS CHPPs and Liepaja plants. Other emission sources within the Group are considered insignificant; therefore, a detailed breakdown by source type, sector, or geographical area is not applicable.

Natural gas used at the CHPPs of Latvenergo AS and the Liepaja plants emits NO_x and CO. In addition to NO_x and CO emissions, diesel fuel used as emergency fuel at the CHPPs also emits sulphur dioxide (SO_2), particulate matter and hydrocarbons during storage. Meanwhile, wood used at the Liepaja plants emits NO_x, CO, and particulate matter. Modern technologies are used to reduce emissions, including electronic filters and multicyclones installed at the Liepaja plants to capture particulate matter. In addition, automatic combustion control systems in CHPPs equipment, low-NO_x emission burners, and other technological solutions ensure an optimal and controlled combustion process, as well as operation in cogeneration mode further enhances fuel efficiency and reduces emissions per unit of energy produced.

In 2025, the total volume of pollutant emissions within the Group decreased, primarily due to lower energy production volumes at the CHPPs. SO_2 emissions remained at a low level, as diesel fuel was hardly used at the CHPPs during the reporting year. In previous years – particularly in 2022 and 2023 – diesel fuel was used periodically due to high natural gas prices and uncertainty regarding supply. The volume of volatile organic compound emissions increased slightly, primarily in connection with diesel fuel tank inspections carried out during the reporting year and the associated fuel reloading operations.

Emission quantities from combustion plants have been determined using emission monitoring data or emission factors obtained in accordance with laws and regulations.

Pollutants discharged into surface water

The Group's main sources of wastewater are production facilities that utilize water for technological purposes, as well as domestic wastewater. The facilities of the Group that discharge wastewaters into the environment (mainly CHPP-2, where the largest volume of wastewater within the Group is generated during production processes) are subject to regular effluent quality testing to ensure compliance with regulatory requirements. The testing analyses key pollutant parameters, including chemical oxygen demand, suspended solids and other potential pollutants.

The Group's operations have not identified any direct sources of pollution that would result in emissions into the soil. However, recognizing the importance of this environmental aspect, the Group monitors groundwater quality at its facilities to detect potential risks promptly and prevent any possible contamination. In cases of historical pollution, remediation measures are implemented and planned in compliance with regulatory requirements (for information on historical pollution, see the section Actions and Resources).

The use of microplastics in the Group's activities and operations is insignificant, as this material is not typically used in electricity and thermal energy generation and distribution processes.

The amount of pollution emitted is determined in accordance with the methods laid down in the regulatory enactments, the relevant permit, and analyses carried out by accredited laboratories or standardised calculations. The use of direct measurements is a priority; however, in cases where this is not possible, calculation methodologies are applied, with data sources clearly indicated.

Collection of data on emissions and the processing thereof takes place on several levels:

- automatic data collection from continuous monitoring systems
- regular sampling and laboratory tests

Where direct measurements are not possible or economically feasible, calculation methods are used. The main reasons for using calculation methods are the disproportionately high costs associated with direct measurements relative to the volume and impact of emissions, as well as the approach to specific emissions outlined in regulatory enactments. Two primary calculation methods are applied:

- calculation of the quantity of emissions with the use of emission factors (values that describe the ratio of the quantity of a pollutant to a parameter that characterises an activity related to the emission of that pollutant)
- mass balance calculations

To calculate air pollutant emissions, the Group uses emission factors that are derived from reliable and recognised data sources and databases that are used in industry practice and comply with regulatory requirements. Emission factors for combustion plants are determined by the regulation of the Cabinet of Ministers No. 17 Regulations on the Control of Air Pollution from Combustion Plants, while the general approach to the selection of emission factors is determined by the regulatory enactments on the development of emission limit projects for stationary sources of pollution.

Data is stored in secure databases and record-keeping systems that ensure traceability and availability for analysis and reporting. This approach allows for trend identification and emission source analysis, ensuring compliance with legislation and sustainability targets. A multi-level control system ensures data quality, with regular internal checks and audits, including ISO 14001 and ISO 9001 certification processes and inspections by the State Environmental Service in connection with the submission of environmental statistical reports (2-Air, 2-Water). This integrated approach ensures the accuracy and reliability of the data. Latvenergo Group performs an environmental pollutant inventory in accordance with EC Regulation No. 166/2006, On the Establishment of a European Pollutant Release and Transfer Register.

NO_X, CO, SO_2 and other emissions into the air

	Unit	Target for 2030	2025	2024	2023	2022	2021
NO_x	t		448	512	534	374	686
NO_x in combustion equipment	kg/MWh		0.14	0.15	0.17	0.13	0.15
NO_x of the Group	kg/MWh	0.03	0.07	0.08	0.08	0.07	0.10
CO	t		269	333	358	231	363
CO in combustion equipment	kg/MWh		0.08	0.10	0.12	0.08	0.08
CO of the Group	kg/MWh	0.02	0.04	0.05	0.05	0.04	0.05
SO_2	t		6	6	14	25	5
Particulate matter	t		15	21	17	17	13
Other*	t		6	4	6	6	6

* Includes volatile organic compounds and other hydrocarbons

Pollutants in water

	Unit	2025	2024	Δ
Suspended solids	t	10	8	32%
Chemical oxygen demand	t	95	81	18%
Total nitrogen	t	4.91	4.55	8%
Total phosphorus	t	0.25	0.25	0%
Petroleum products	t	0.09	0.12	25%

E2-5

Substances of concern and substances of very high concern

Companies of the Group do not distribute, sell or export chemicals. All chemical materials used by the companies are purchased and used exclusively for the provision of internal production processes and equipment operation of the company.

E2-6

Pollution-related risks and the financial effects thereof

The Group has carried out a comprehensive analysis of the material risks associated with pollution and their expected financial impact over different periods of time. The Group's risk and opportunity assessment methodology includes the magnitude of the financial impact as one of the assessment criteria by determining a range of financial loss or gain for each degree of materiality. The main risks identified are related to emissions from combustion equipment (at the Latvenergo CHPPs and the Liepāja generation facilities) in the process of electricity and heat generation, the potential release of pollutants into water (at the Group's HPPs), as well as potential historical pollution at the Group's sites (see table Material impacts, risks and opportunities and section Actions and resources).

In the event that a pollution risk is identified, the Group assesses the need for remediation of the respective site by determining the extent of pollution, selecting appropriate solutions, and planning the associated costs, while also evaluating the broader impact on the environment and society and implementing appropriate measures where necessary.

In the short term, the expected financial impact is relatively limited and is primarily related to the investments required to maintain and upgrade emission control systems. The activities currently implemented by the Group in the area of pollution prevention and control and the operation of its production facilities comply with the applicable BAT guidelines and the threshold values determined. In the medium term, the Group foresees the need to continue investing in the modernisation of production processes, which may require a moderate level of financial resources. In the longer term, however, it is expected that regulatory changes, technological developments and market requirements may require moderate to significant investments to ensure the transition to environmentally friendly technologies. At the same time, such investments may also generate positive financial impacts in the long term by reducing future risks and potential costs.

In addition to the aforementioned, the Group anticipates potential costs related to the remediation of historical pollution. In 2025, Latvenergo AS established a provision for environmental protection and remediation measures. This provision is intended to cover potential remediation actions to mitigate environmental pollution risks associated with the historically contaminated area of the former Aizkraukle reinforced concrete plant, located on property owned by Latvenergo AS, and the potential threat it poses to the safety of the Plavinas HPP structures. In 2025, provisions were revised in line with the latest cost estimates for remediation activities, reaching a total amount of EUR 2.3 million. During the reporting period, provisions of EUR 1.4 million were recognised for the disposal of asbestos waste at CHPP-2, taking into account environmental protection requirements and the need for the gradual dismantling of historical, non-operational equipment and structures containing asbestos materials (see Note 27 Provisions in the Financial Statements section). To mitigate pollution risks, the cleaning and removal of historical waste from the CHPP-2 technological sludge storage facility, initiated in 2024, was completed during the reporting year. The waste originated from the use of heavy fuel oil as a fuel. The total cost of the project amounted to EUR 0.78 million.

No serious incidents or pollution were detected during the reporting period and therefore no operating or capital expenditure related to such was incurred.

E2-6

Opportunities related to pollution prevention and control

The Group is continuously introducing new technologies and sustainable solutions to reduce the impact of pollution on the environment while promoting sustainable growth. Strategic investment in green technologies, innovative production processes, advanced pollution control methods and chemical management not only improves the efficiency of resource use but also contributes to cost optimisation and strengthening of the Group's competitiveness.

E4 Biodiversity and Ecosystems

ESRS 2 SBM-3, ESRS 2 IRO-1

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Direct impact drivers of biodiversity loss/ Impacts and dependencies on ecosystem services					
	Voluntary measures for the conservation of biological diversity are being implemented to systematically reduce the impact of generation and distribution processes on biological diversity	LT	P	OO	Latvenergo Group implements voluntary measures for the conservation of biological diversity, involving species and biotope experts with the aim of ensuring the responsible use of natural resources and balanced solutions for mitigating environmental impacts on nature. At the same time, these measures reflect the Group's proactive approach to the protection of biological diversity and ecosystems, complementing the fulfilment of regulatory requirements.
Impacts and dependencies on ecosystem services					
	Significant restrictions on electricity generation are planned due to biodiversity protection requirements	LT			Stricter biodiversity protection requirements may affect both the pace of development of new electricity generation capacities and the operation of existing power plants, potentially limiting the achievement of planned generation volumes. This may cause additional challenges for the economic return of projects and the predictability of cash flow, which in turn may affect the conditions for attracting finance.
Impacts on the state of species/ Impacts on the extent and condition of ecosystems					
	Production processes, technologies and raw materials can have negative impacts on the environment, biodiversity and condition of species	LT, MT	A, P	OO, VC	Economic activities can cause changes in natural ecosystems, affecting biodiversity and the status of species by altering their natural habitats, migration routes and foraging opportunities. To mitigate or avoid these impacts, the Group continuously improves its environmental management, conducts research, implements solutions to help conserve habitats and species with a particular focus on protecting aquatic ecosystems, and collaborates with environmental experts and communities to strike a balance between economic activity and environmental conservation. The Group has developed the Suppliers' Code of Conduct for collaboration with suppliers, which includes a requirement to reduce negative impacts on biodiversity. This emphasises the need for suppliers to implement measures that ensure their activities do not harm ecosystems or threaten the diversity of species. Suppliers must comply with environmental standards and implement sustainable solutions that contribute to the conservation of natural resources and biodiversity.

Positive impact
Negative impact
Risk
Opportunity
A Actual impact
P Potential impact
OO Own operations
VC Value chain
ST Short-term
MT Medium-term
LT Long-term

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. Information on the Group's biodiversity IROs and dependency assessment process is provided in the section Policies. In turn, information on the Group's impact on biodiversity – including effects on endangered species associated with its business activities – can be found in the sections Transition plan and Impact metrics. Meanwhile, information on measures taken to mitigate these impacts is available in the section Actions and resources.

During the reporting year, the activities of Latvenergo Group, including the operation of power lines and production facilities, as well as the construction of new facilities, did not have a significant impact on protected areas.

The Group communicates information on current policies, the impact of its activities on biodiversity, biological resources, and ecosystems by ensuring public access to environmental information on the Group's website. This includes publishing relevant content in the Sustainability Statement and submitting information to the appropriate regulatory authorities. Public consultations are conducted for planned activities that may significantly affect biodiversity, with the active involvement of local communities. For detailed information, refer to the section Policies.

E4-1

Transition plan

The energy transition process implemented by Latvenergo Group provides for a structural and technological transformation of energy production, distribution systems and consumption, thus ensuring an energy-efficient, sustainable and environmentally friendly energy supply model, and integrating the conservation of biodiversity as an essential aspect of sustainability.

The conservation of biodiversity goes hand in hand with the limiting climate change; therefore, the Group seeks in its operations to ensure a balanced development of renewable energy generation capacities, improving energy infrastructure and distribution systems, while taking into account economic aspects, ensuring accessible energy for society and helping preserve nature.

Several policies have been introduced at Latvenergo Group where aspects of biodiversity and ecosystem protection are integrated (see Policies). They set out the Group's operational principles on the preservation of nature, including requirements for environmental impact assessment, ensuring the protection of biotopes and species, and the planning and implementation of preventive and impact-mitigating measures in the Group's operations, including project development.

The main document of the transformation process in the field of biodiversity is the Biodiversity Transition Plan for 2026–2028, developed in 2025, which sets out the main directions of action, specific measures, objectives and a methodological framework for managing biodiversity and ecosystems in the Group's operations. It also defines implementation responsibilities and the mechanisms for monitoring and reporting. The Biodiversity Transition Plan was approved by the Management Board of Latvenergo AS after the reporting period (March 2026).

In order to ensure consistent, transparent and long-term effective integration of biodiversity in the Group's operations, the actions set out in the Biodiversity Transition Plan are structured from the Group's strategic level to their practical implementation at the asset level. This framework ensures a clear link between the Group's strategy, priorities and specific measures in assets, while enabling flexible adaptation to new data, scientific insights and regulatory changes.

1. Strategic integration at the Group level – Biodiversity considerations are integrated into Latvenergo Group's strategy, policies and governance processes. This level sets the overall direction and ambition, ensuring that biodiversity issues are an integral part of the Group's business model and development strategy, including investment decision-making, setting priorities, and risk and resilience assessment.

At this level, overarching objectives are set and compliance with EU and international frameworks is ensured, including the Kunming-Montreal Global Biodiversity Framework, the EU Biodiversity Strategy for 2030 and the UN SDGs. Decision-making takes place at the level of the Group's management and the boards of subsidiaries, ensuring accountability and oversight.

2. Priorities and objectives until 2028 – The Group's strategic ambitions are specified in defined, time-bound objectives and priorities until 2028. This level ensures the link between strategic directions and practical implementation, determining the priority impacts on biodiversity based on the IRO assessment, identifying which asset groups require special focus, and defining the results to be achieved in the medium term.

At this level, indicators, baselines and achievable results are defined, and a roadmap is developed, which provides for a gradual transition from pilot projects to full-scale solutions. At the same time, this framework provides the opportunity to regularly review objectives and, if necessary, adjust them, taking into account monitoring results, new information and scientific developments.

3. Practical implementation and improvements in assets – The implementation of practical measures at the project and asset level includes the application of the impact mitigation hierarchy (avoidance, minimisation, restoration, compensation), as well as the implementation of specific technical, operational and management solutions. Both mandatory and voluntary monitoring measures and the evaluation of their results are ensured, promoting continuous improvement of operations and evidence-based decision-making.

At this level, Latvenergo Group measures are implemented that link direct operations, the supply chain impact and a broader ecosystem and societal perspective:

- **direct operations** (own operations) – planning new projects applying the impact mitigation hierarchy, as well as mitigating of the impact of new and existing projects, biotope restoration, species protection measures, support for fish migration and the introduction of nature-inclusive infrastructure solutions (for more information, see the section Actions and Resources)
- **supply chain impact** (upstream value chain) – sustainable supply chain management, reducing GHG emissions and progress towards climate neutrality, responsible procurement practices and cooperation with key suppliers to reduce the Group's indirect impact on biodiversity and promote the efficient use of resources in diversity initiatives
- **ecosystems and society** (downstream value chain) – the conservation and restoration of natural areas, the development of nature-based solutions, partnerships and cooperation with local communities and other stakeholders. Biodiversity considerations are integrated into the Group's policies and decision-making processes. In Latvia and Lithuania, regulatory provisions provide for community payments to municipalities and the nearest homesteads in the vicinity of wind farms, thereby strengthening the involvement of local communities and ensuring them direct benefits

This approach ensures systematic and structured management of biodiversity, as well as a clear link between strategic objectives and practically implementable measures, ensuring regular progress assessment and timely adjustment of actions. It forms a dynamic transition plan, which is regularly improved based on acquired experience and new insights.

The operational strategy of Latvenergo Group has been developed taking the physical, transition and systemic risks to biodiversity and ecosystems into account. The Biodiversity Transition Plan for 2026–2028 defines in greater detail the Group's approach to managing of biodiversity issues. It is based on the analysis carried out by the Group regarding the resilience of the strategy and business model in relation to the development of the status of biodiversity and ecosystems, as well as the objectives set in local, national and global policy and regulation.

The main **physical risks** are related to Latvenergo Group's economic operations, including the impact of operating and constructing Daugava HPPs and RES (biomass, wind and solar) energy generation facilities, as well as managing electricity transmission line corridors, on landscapes, natural ecosystems, and the condition of species and biotopes. In addition to the aforementioned factors, climate change is one of the causes of the decline in biodiversity; therefore, Latvenergo Group continues to develop energy production from RES and to modernise electricity infrastructure, while striving to ensure a balance between climate change mitigation and the conservation of biodiversity.

Transition risks include the need to adapt to stricter nature protection requirements, including the EU Green Deal initiatives and the EU Biodiversity Strategy for 2030. Requirements for the protection of species and biotopes are being strengthened, and the Natura 2000 network of protected areas is being expanded, which may cause additional challenges for the development of new RES projects and the operation of infrastructure. When developing new projects and maintaining existing infrastructure, Latvenergo Group assesses the potential impact on biodiversity already at the planning stage, considering environmental protection principles and regulatory requirements.

Systemic risks are related to broader changes in ecosystems and the availability of natural resources, which may affect the Group's operations in the long term. They may take the form of a decline in biodiversity, ecosystem degradation or deterioration of ecosystem services, which in turn may affect the availability of natural resources, infrastructure development opportunities, land use and project implementation. Such risks may also arise in the Group's upstream and downstream value chain, for example, in relation to the sustainable availability of natural resources, the impact of suppliers' activities on biodiversity, and the increasing demands of society and other stakeholders regarding nature protection.

Latvenergo Group primarily analyses its impact on biodiversity and ecosystems in its own operations, while also assessing, as far as possible, the impact in the upstream and downstream parts of the Group's value chain. The analysis encompasses both risk identification and opportunity assessment, including asset optimization, the promotion of sustainable use of natural resources, and public engagement.

The Group's Biodiversity Transition Plan is based on a clear vision of the development of the energy sector and society's expectations for the future, as well as on the assumption that Latvenergo Group's operations impact the environment at various levels – both directly and indirectly, both locally and cumulatively. Several important assumptions have been used for the development of the Plan:

- availability of financial resources – sufficient funding will be available for initiatives, ensuring the implementation of actions and long-term budget stability
- changes in regulation – stricter environmental protection requirements may affect project development; therefore, timely adaptation and ensured compliance are necessary
- cooperation with stakeholders – cooperation with communities and organisations promotes the introduction of sustainable practices and public acceptance
- technological development – innovations and new technologies will enable the improvement of environmental impact management solutions
- increasing demand for sustainable solutions – this drives the Group's operations and will support measures for the conservation of natural capital

In the resilience analysis, the Group assesses the risks, dependencies, impacts and opportunities arising from changes in biodiversity and ecosystems, taking into account short-term, medium-term and long-term perspectives.

The analysis shows that Latvenergo Group's operations impact biodiversity both directly in its own infrastructure projects and indirectly through value chains. The main impacts are related to the development and maintenance of energy infrastructure, including the operation of RES projects and HPPs and the management of electricity distribution networks. These activities may cause challenges in land use and ecosystem quality, such as habitat fragmentation, transformation of biotopes and the spread of invasive species. In addition, operational emissions and indirect impacts put pressure on ecosystems. The most significant risks within supply chains are related to the extraction of natural resources and raw materials, including logging, which is necessary for the construction and maintenance of equipment. At the same time, the development of renewable energy projects reduces pressure on ecosystems in the long term and promotes the conservation of biodiversity.

The analysis also identified the main risks and opportunities. The most significant challenges are related to the timely acquisition of environmental permits, compliance with regulatory requirements and the provision of monitoring, including aspects of habitat and species protection. Physical risks are related to changes in ecosystems and the transformation of natural processes, which may affect hydrological regimes, biological cycles and the continuity of asset operations. Transition risks include increasing demands from society, investors and regulators on responsible management of natural capital. Timely and targeted management helps mitigate reputational risks, facilitates project implementation and improves the Group's operational efficiency, financial results and reputation.

Latvenergo implements impact and risk mitigation measures across all time frames. In the short term, immediate issues are addressed, such as the optimisation of asset maintenance practices and habitat protection. In the medium term, improvements and projects are implemented, including the restoration of biotopes, the introduction of nature-friendly infrastructure solutions and the provision of sustainable supply chain management. In the long term, strategic actions are planned to ensure operational resilience and a balance between energy development and nature protection, such as creating biologically valuable habitats, developing innovations and technologies for bird protection and for improving the efficiency of renewable energy facilities, and attracting public funding for biodiversity measures.

Processes have been introduced at the Group to ensure consultation and cooperation with stakeholders, in order to consider their opinions and expertise both in project development and in the implementation of biological resource, habitat and species protection measures, including more extensive activities of the Group. The information obtained within this cooperation is taken into account in developing the Group's policies, including the Biodiversity Transition Plan for 2026–2028, and it promotes the coherence of activities and informed decision-making. Main areas of activity:

- involvement of local communities in project planning and operation – dialogue with communities and municipalities on the impact of RES projects, evaluating the information received and potential adaptation options (see S3 Affected Communities)
- education and public awareness – educational programmes and campaigns on sustainable lifestyles and biodiversity
- cooperation with stakeholders – environmental institutions, specialists and non-governmental organisations – to develop solutions for the conservation of biodiversity and strengthen knowledge exchange
- participation in international organisations – involvement in international working groups, exchange of experience and implementation of best practices

The implementation of the Biodiversity Transition Plan is ensured through the Group’s existing resources, including employee competencies, internal processes, management systems and available data, as well as through the acquisition of information and knowledge via cooperation with non-governmental organizations, environmental authorities, experts and local communities. The estimated costs for the implementation of the Plan’s activities over the period 2026–2028 are indicatively assessed at approximately EUR 25 million. Of this amount, around EUR 19 million relates to the natural resource tax on water use for electricity generation at hydropower plants and to the fish restocking programme, while approximately EUR 3.5 million represents capital investments, covering both compliance with mandatory obligations and the implementation of voluntary activities.

This systematic and well-founded approach to managing of biodiversity strengthens the Group's operational resilience, improves asset sustainability, and increases investment predictability and reputation, while ensuring public support and the reduction of long-term regulatory and financial risks

E4-2

Policies

In addition to the policies listed in the section General Information and the third-party standards and initiatives followed in their development, biodiversity and ecosystems topics are also covered by:

- the Environmental and Energy Management Policy, which forms the basis for the Group's operations in the area of biodiversity conservation, , covers the Group's own operations and the most important upstream and downstream part of the value chain. The policy sets out key principles, including assessing the impact of current and planned activities on biodiversity, implementing voluntary measures to conserve protected species and habitats, and taking science-based measures to improve river ecosystems in the Daugava River Basin. Particular attention is paid to ensuring the availability of habitats for high-value fish species and the conservation of the white stork population in Latvia
- the Action Plan for Migration and Natural Reproduction of Anadromous Fish of the Daugava River Basin 2021 - 2025 applies to the own operations of Latvenergo AS and includes five inte rlinked activities to promote the natural reproduction of fish populations. According to the plan's documentation, this includes improving habitat accessibility, installing artificial fish spawning nests and carrying out systematic research work. The plan aims to strengthen Latvenergo's position as a promoter of sustainable conservation of biodiversity elements.
- the Biodiversity Transition Plan for 2026–2028 defines the Group's approach to integrating biodiversity into energy transition processes, emphasising the interrelationship between climate change and biodiversity, and covers the Group's own operations and the most important upstream and downstream part of the value chain. The plan is based on the impact mitigation hierarchy and provides timely impact assessments within the development of new RES projects, targeted measures to improve biotopes and habitats in existing production assets, and the use of energy infrastructure for nature restoration and public education initiatives. It aims at managing the impact on biodiversity in a structured manner, ensuring alignment with climate and sustainability objectives and promoting resilient, nature-inclusive development of the energy sector

These strategic documents provide a unified framework for the biodiversity conservation activities of the Group, ensuring a systematic and science-based approach to ecosystem protection while contributing to sustainable development. Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management. The Group implements a structured and targeted approach to the conservation and restoration of biodiversity, in alignment with international environmental protection standards and EU initiatives, including the Kunming-Montreal Global Biodiversity Framework and the SDG, as well as the European Green Deal and the objectives of the EU Biodiversity Strategy for 2030.

For a summary of Latvenergo's policies on managing biodiversity and ecosystems issues (IROs), see Policies adopted to manage material sustainability matters in the section General Information.

The Group has identified and assessed the primary direct factors on biodiversity:

- climate change – in connection with energy production processes
- changes in land use and deterioration of biotope quality – associated with the development of energy infrastructure, including alterations in the use of freshwater resources within the Daugava River basin
- direct exploitation - the use of natural resources for energy production
- pollution – arising from production processes
- other factors – such as the physical impact caused by the location of infrastructure facilities

The Group implements well-defined policies at several levels:

- environmental risk management – the Group uses a structured environmental risk assessment system, which includes five levels of risk, ranging from unacceptably high to insignificant. For each level of risk, specific timeframes for action and management measures are definedIn the event of unacceptably high risk, immediate intervention is carried out, while in the case of lower risk, preventive measures are implemented within technically and economically feasible timeframes
- environmental impact assessment – EIA are carried out at all major projects. Wind project development is assessed across the Baltic states and in different landscapes - forest land, developed wetlands and agricultural land - to diversify risks and boost renewable energy generation capacity. These assessments include detailed biodiversity surveys, which include species and habitat studies, as well as studies of ornithofauna and bats, as a result of which expert opinions are developed regarding locations where wind farms should be built. An integral part of the EIA involves developing monitoring plans for the evaluation and protection of birds and bats, as well as implementing measures to mitigate the impact of wind farms and their associated infrastructure on nature

- environmental mitigation and compensation measures – the Group implements measures to conserve biodiversity (see the table Objectives and key performance indicators for mitigation measures):
  - natural fish restocking programmes in the Daugava River basin, maintaining populations of anadromous and native fish species, improving the ecological quality of rivers and assessing opportunities to improve fish migration
  - measures to protect birds on the grounds of wind farms, including safety mechanisms to reduce the risk of collisions with turbines
  - measures to compensate for forest areas used for the development of renewable energy infrastructure by planting new forests in an area that is at least equivalent to the area cleared for solar and wind farms
- preventive approach – the Group takes a preventive approach to environmental protection, which includes early identification of risks at the project planning stage, regular monitoring and control, collaboration with environmental experts and scientists, and training and educating personnel on environmental issues

The Group's biodiversity and ecosystem policies are designed to purposefully manage and mitigate the company's significant impact on biodiversity and ecosystems. The Group rigorously assesses the impact of existing and planned activities on biodiversity and implements both statutory and voluntary measures to reduce the impact on protected areas, species and habitats. The main environmental interactions in the Group's activities are related to the Daugava River basin and its hydrological regime. The cascade of the Daugava HPPs, with a total capacity of 1,558 MW, is the Group's largest renewable energy source. At the same time, the Group continues to develop new wind and solar energy capacities, which reached 498 MW by the end of 2025, thus increasing the significance of these interactions.

Latvenergo Group implements a systematic approach to ecosystem and biodiversity management in the following main areas:

- management of Daugava River basin ecosystems
- impact management of wind, solar energy and BESS projects
- maintenance of electricity distribution infrastructure

For more detailed information on the management of the aforementioned areas, see the section Actions and resources.

Latvenergo Group's diversity and ecosystems policies directly link strategy with practical action, enabling the management of material dependencies and physical and transition risks and opportunities. A systematic approach, with risk assessment, preventive measures, compensation and monitoring, promotes operational resilience, sustainable asset management and public trust, while ensuring the Group's compliance with climate and sustainability objectives. Such integration makes diversity and ecosystems aspects an integral part of Latvenergo Group's decision-making and energy transition processes.

Currently, the Group is not directly engaged in active cooperation with suppliers regarding biodiversity protection. However, in line with the Suppliers Code of Conduct, suppliers are expected to implement proactive measures for the preservation and protection of biodiversity. This includes not only assessing the impact of activities on protected areas, species and habitats but also mitigating these impacts by meeting strict environmental protection standards. Suppliers must assume responsibility for the sustainability of their operations and take appropriate measures to preserve biodiversity.

The Group promotes collaboration with suppliers who can certify the origin of their raw materials and the environmental compatibility of their extraction methods. For instance, the use of wood as a fuel requires transparent documentation that confirms the wood's origin and extraction methods and ensures that the wood used is sourced from sustainably managed and certified forests, in compliance with international environmental standards and the requirements of the Renewable Energy Directive.

Latvenergo Group continues to strive towards responsible resource management, pursuing goals that ensure sustainable development, environmental protection and a responsible approach to both the operations of the Group and the interests of society. The Group's strategy includes the sustainable use of resources and the development of supply chains, which promotes the protection of the environment and the development of a sustainable energy system.

Latvenergo Group addresses biodiversity conservation not only from an environmental perspective but also from a social one. Being aware that ecosystem and biodiversity management policies have a direct impact on stakeholders, the Group develops and implements policies that promote a socially responsible approach to natural resource management and ensure a positive impact on local communities. The Group's biodiversity and ecosystem policies encompass the assessment and management of social impacts. The Group's operations have to assess and address the potential impact on local communities. Social aspects are assessed in relation to:

- local communities' access to natural resources and ecosystem services
- the preservation of traditional economic activities and ways of life
- recreational opportunities and landscape quality
- economic activities related to the use of natural resources

The policies outline specific courses of action to mitigate social impacts, including compensation mechanisms, provision of alternative resources, and community involvement in decision-making. Further information on community engagement, education, and cooperation with stakeholders is provided in the section Actions and resources.

Latvenergo Group's set of policies on sites located in or near areas sensitive in terms of biodiversity provides for the responsible and sustainable use of natural resources. These policies establish the fundamental principles thus ensuring the maximum reduction of negative impact on biotopes, species and ecosystems, with particular attention paid to endangered species and biotopes. Where necessary, they also provide for compensatory measures to balance the impact.

Latvenergo Group's approach to sustainable land use is based on several fundamental principles, including multifunctional land use, revitalisation of areas, efficient use of land and the conservation of biodiversity.

The restoration of former industrial areas and their use for energy development play a significant role in Latvenergo's land management practice. For example, former peat extraction areas are used for the development of wind farms, as demonstrated by the Laflora Energy wind power project in the former peat extraction areas of Kaigu bog, with a planned capacity of 109 MW. Such an approach reduces the impact on natural and agricultural areas, while promoting environmentally friendly development.

Latvenergo Group's approach to deforestation issues in new RES assets is guided by the Environmental and Energy Management Policy, which mandates the assessment of its activities' impact on biodiversity and the implementation of measures to mitigate effects on protected areas, species, and habitats. This policy is put into practice through the following actions:

- any deforestation for new RES project purposes must be compensated by equivalent afforestation in other areas
- prior to the commencement of projects, a detailed environmental impact assessment or an initial environmental screening shall be carried out, where required by applicable regulatory frameworks or based on an internal assessment by Latvenergo employees, in cases where no such assessment is mandated by regulation
- the 'avoid-reduce-compensate' hierarchy must be adhered to all new RES projects
- the siting of new RES assets shall be ensured outside biologically valuable forest stands

Latvenergo Group's policy on deforestation is grounded in a systematic approach to compensating for deforested areas, which includes afforesting equivalent areas and developing renewable energy projects while preserving biodiversity.

The development of wind farms in forest areas is assessed in areas which Latvijas valsts meži AS (Latvian State Forests) has identified as potentially suitable for detailed nature expert studies and environmental impact assessment based on the criteria set out in regulatory enactments and analysis of available data. In such areas, optimisation is carried out by combining several functions and ensuring efficient and multifunctional land use in cooperation with certified nature experts and the Nature Protection Board. To ensure environmental sustainability and reduce the potential negative impact on biodiversity, the Group involves industry specialists and conducts research on the suitability of innovative technological solutions for wind farm operation, including solutions that improve the protection of birds and bats or reduce risks to other species. The Group establishes strategic partnerships with Latvijas valsts meži AS to ensure sustainable management of the forest resources and responsible management of the areas. At the same time, professional environmental experts carry out environmental impact assessments, ensuring compliance with regulatory requirements and internationally recognised best practices. Cooperation with ornithologists and other nature protection specialists ensures that the planning and development of wind farms comply with mandatory environmental protection requirements and are implemented under species and biotope protection requirements.

E4-3

Actions and resources

Latvenergo actively pursues a biodiversity conservation and restoration strategy focusing on long-term ecosystem protection and sustainable management, which mainly includes:

- monitoring measures – regular surveillance of biodiversity and the status of ecosystems; monitoring fish populations and spawning grounds in the Daugava River basin is particularly important, as is monitoring birds and bats in wind farm areas. Monitoring is carried out annually, ensuring continuous data collection and long-term impact assessment
- restoration work – river cleaning and restoration projects in the Daugava River basin, artificial fish restocking, afforestation. Activities are planned in the short term (annually), medium term, and long term to ensure strategic and systematic ecosystem restoration
- nature conservation measures and biodiversity awareness – personnel training, educational events for the public, information materials and live broadcasts from nature observation sites. These activities are implemented periodically to promote long-term impacts on biodiversity

The biodiversity measures implemented and planned by the Latvenergo Group primarily relate to own operations, while also covering certain parts of the upstream value chain and ecosystem and societal initiatives implemented within the downstream value chain.

Activities related to managing ecosystems in the Daugava River basin

HPPs affect adjacent habitats, river ecosystems and fish migration. To mitigate these impacts, Latvenergo consistently adheres to the requirements of the water resource use permits issued to HPPs regarding minimum and maximum water level limits, level drop speed during operation and other operational restrictions, including restrictions during periods of massive fish spawning. To manage the ecosystems of the Daugava River basin, the Group has developed the 'Action Plan for Migration and Natural Reproduction of Anadromous Fish of the Daugava River Basin 2021–2025.' The plan outlines regular placement of artificial fish spawning nests in reservoirs, river cleaning projects within the Daugava River basin, scientific research to support fish migration, monitoring, and impact assessments. The Biodiversity Transition Plan complements this approach by defining specific actions and activities to mitigate the impact of hydropower plant operations. It aims to continue and improve existing practices in managing of the Daugava River basin ecosystems and, if necessary, to implement additional measures during its operational period from 2026 to 2028, in order to strengthen ecosystem protection and sustainable management of water resources.

Activities related to managing of the impacts of wind and solar parks

During the development of new renewable energy projects, comprehensive EIAs are conducted, and innovative yet economically viable solutions for biodiversity preservation are sought. During the project development stage, an initial environmental risk and impact assessment or equivalent is carried out for all wind and solar park projects to assess the potential impact on biodiversity and ecosystems at the locations of potential new facilities. Impact assessment processes stipulated by laws and regulations are implemented to provide information on biodiversity and ecosystems in the respective area. Action plans to mitigate potential impacts and identify restoration measures are developed on the basis of the environmental impact assessments.

To reduce risks, detailed EIAs are performed prior to the construction of wind farms. They are designed to assess the impact on landscapes, habitats, birds and other species, as well as other factors. To minimise potential negative impacts, the process of wind farm development includes designing state-of-the-art technologies, such as camera systems to monitor bird migrations and automatic turbine shutdown mechanisms, as well as best practices with respect to wind farm location and design. Recognising the importance of ornithological research and bird conservation measures, Latvenergo AS has established a permanent position for an ornithologist. In the reporting year, the Group continued its study on the potential cumulative impact of wind farms developed in forest areas on the black stork population in Latvia, launched in cooperation with the University of Latvia in 2024.

In the reporting year, Latvenergo Group continued the development of solar parks, following the guidelines developed in 2024, in the creation of which the Group participated. The main objective of these guidelines is to promote sustainable and efficient development of solar park projects while preserving nature and the landscape. The guidelines include recommendations on balancing nature conservation, public interest and economic benefits at all stages of solar park development – from site selection to decommissioning – with an emphasis on responsible construction, management and maintenance practices. When developing solar parks, Latvenergo follows the recommendations provided in the guidelines and, on its own initiative, makes additional improvements to solar parks that supplement the mandatory requirements of environmental protection regulations.

Electricity distribution line route management

Construction and maintenance of electricity power lines requires the clearing of land and creation of travel routes, which can have negative impacts on local ecosystems, especially when the work is carried out in areas with high biodiversity. To mitigate these risks, Sadales tīkls AS implements a number of measures:

- tailored planning – construction of the routes is planned taking into account the local ecosystem and its conservation needs to minimise biodiversity loss and avoid impacts on protected habitats and species; existing infrastructure corridors are used where possible to minimise additional impacts on the natural environment

- protection of trees and vegetation – selective tree felling methods are used for the clearing and maintenance of routes to prevent excessive tree felling and habitat damage, and less invasive methods are used to maintain vegetation, for instance, mowing, to help conserve lowland habitats and populations of pollinators
- soil and water protection – construction and maintenance work on transmission lines is organised in a manner that reduces the risk of pollution, for instance, by limiting heavy machinery in sensitive areas and using eco-friendly materials
- habitat restoration – habitat restoration measures are implemented after the completion of construction work to promote the recovery of biodiversity and reduce long-term damage to ecosystems; following construction or maintenance work on transmission line routes, habitat restoration measures are carried out, such as the restoration of native plant species and green space rehabilitation
- monitoring and surveillance – regular environmental monitoring is carried out to assess the degree of impact and make any necessary adjustments; transmission line maintenance work is planned and implemented in compliance with seasonal limitations

The role of Sadales tīkls AS in protecting the white stork is also important, as approximately 80% or more than 7,300 white stork nests in Latvia are located on power line poles. To ensure the safety of birds, the company supports and implements measures to maintain the white stork population in Latvia.

Prosperity of local communities

Latvenergo Group recognises that the involvement, well-being and mutual cooperation of local communities is a significant prerequisite for strengthening public trust and the responsible development of energy infrastructure. Therefore, the Group ensures:

- involvement in decision-making – the planning process for new renewable energy projects involves dialogue with local communities, listening to their opinions and interests, and dispelling myths and concerns about the environmental and human impacts of renewable energy
- safe operation of WPPs for people – at the design stage of wind power plants, the Group carries out modelling and assessment to ensure compliance with regulatory requirements and EU guidelines regarding potential physical impacts, including risks related to noise (low-frequency noise as well), vibration and flicker
- support for the local economy – the Group promotes the involvement of local suppliers and service providers, thereby creating job opportunities, strengthening regional entrepreneurship and fostering economic activity

Education and raising public awareness

The Group implements a range of educational programmes and awareness campaigns to enhance public understanding of sustainable lifestyle practices, the importance of biodiversity, and opportunities for its preservation – fostering societal support for environmental protection initiatives.

The Group also actively involves its employees and their families in environmental protection activities. An example of this is the fish spawning nest project, which has been implemented for 15 years in collaboration with the "We Are for Fish" association. As a result, 5,610 spawning nests have been placed in the Daugava River. During the spring 2025 campaign, 450 spawning nests were made with the participation of Latvenergo Group employees and their families. This approach not only promotes practical environmental protection but also provides for an educational experience and active participation in nature conservation.

The Group's public education programme includes:

- live broadcasts from underwater cameras for observing spawning and live broadcasts from a white stork nest
- regular expert commentaries on natural processes
- creation of interactive tools to showcase biodiversity activities
- educational events and outdoor excursions

Stakeholder engagement

The Group promotes voluntary initiatives and collaboration with non-governmental organisations, environmental institutions and experts to develop effective biodiversity conservation strategies and foster knowledge exchange. The Group maintains cooperation with various partners in the field of nature protection and research, including:

- the Institute of Food Safety, Animal Health and Environment "BIOR" in the field of fish research
- the University of Latvia and the Latvian and Lithuanian Ornithological Societies on bird research and protection issues
- nature experts and biologists on monitoring and research issues
- the Latvian and Lithuanian Nature Conservation Agencies on natural resource protection issues

Participation in international organisations

Latvenergo is a member of several international organisations and actively participates in working groups, including WindEurope working groups – Sustainability, Electrification and Communication Strategy, which are concerned with biodiversity – promoting the exchange of experience with other energy companies, participating in the improvement of EU regulatory frameworks and applying best practices within Latvenergo projects. Best practice examples are acquired in the working groups on the use of solutions inclusive of or complementary to biodiversity during the design stage and operation of WPPs. Likewise, an essential role is given to the involvement and education of local communities.

To effectively reduce impacts on biodiversity and ecosystems, Latvenergo Group adheres to the mitigation hierarchy, which defines a sequential and targeted set of actions, starting with solutions that provide the greatest benefit to biodiversity:

1. the Group, to the extent possible, avoids project development in areas of high biodiversity and does not permit activities that may cause significant negative impacts on biodiversity and ecosystems
2. if avoidance is not feasible, the Group implements preventive and technical measures to mitigate the potential negative impact during its project planning, construction and operation
3. if an impact cannot be fully prevented or mitigated, the Group implements compensatory measures to balance the impact on biodiversity and ecosystems and ensure that the overall status of biodiversity does not deteriorate in the long term
4. if an impact on ecosystems or biodiversity is unavoidable, the Group undertakes restoration measures to rehabilitate the affected areas and habitats

The Group implements both voluntary and regulatory environmental mitigation measures, along with additional nature protection initiatives, to balance impacts and ensure the sustainability and restoration of ecosystems.

The Group plans its activities based on its historical experience in nature conservation and on cooperation with scientific institutions and experts, local nature researchers, local communities and public organisations. Projects are implemented taking the specific nature of local ecosystems and historical development into account. Local knowledge is integrated through collaboration with local experts and researchers on the specifics of the territories, as well as by leveraging the experience of local communities in ecosystem management.

Objectives and key performance indicators for mitigation and compensation measures

Mitigation measure	Objective	Description	Performance indicator in 2025 *
Replenishment of fish populations	Reducing the impact of Daugava HPP operations	The measure is implemented in accordance with the Artificial Fish Restocking Plan for 2021–2025 and in cooperation with the BIOR Research Institute. The programme involves breeding juvenile and larval fish and releasing them into the water bodies of the Daugava River basin in a scientifically sound composition of species.	Approximately 1.5 million juveniles of salmon, sea trout, vimba and pikeperch and approximately 6.3 million lamprey larvae were released into the rivers. The annual amount of compensation by Latvenergo AS for the fish recovery programme is EUR 1,289,902.
Natural resources tax on the use of water resources for electricity generation at HPPs	Reducing the impact of HPP operations	One of the purposes of the Natural Resource Tax is to cover expenses related to reinforcing the banks of HPPs' reservoirs.	Payment of the natural resources tax on the use of water resources for electricity generation at HPPs in the amount of EUR 4.45 million has been made.
Production of artificial fish spawning nests	Promoting opportunities for natural fish spawning under conditions of changing water levels	The event is organised in collaboration with the association "We Are for Fish". Fish species that spawn in the nests are scientifically evaluated in partnership with BIOR. Each nest provides a habitat for approximately 50,000 eggs.	450 spawning nests have been created and placed in three sections of the Daugava River – near Ikšķile, Kaibala and Klintaine.
River cleaning projects in the Daugava River basin	Improving the availability of habitats suitable for high-value fish species in rivers – by improving environmental conditions, facilitating fish spawning and migration, and contributing to overall biodiversity	The measure is implemented in accordance with the Action Plan for Migration and Natural Reproduction of Anadromous Fish of the Daugava River Basin 2021–2025. Beaver dams and tree debris are removed from rivers, thus improving the availability of habitats suitable for high-value fish species. The project monitors fish fauna in collaboration with BIOR to evaluate the effectiveness of the measures.	A 5.1 km section of the Vedze River has been cleared of obstructions; together with the Bērzene River, cleaned in 2024, this represents a total of 13.1 km of river stretches cleared of debris and fallen trees.
Installation of bases for power line poles	Providing safe nesting sites for white storks	In Latvia, approximately 80% or more than 7,300 white stork nests are located on power line poles, which may pose a threat to both the birds and the security of electricity supply. To mitigate these risks, Sadales tīkls AS annually installs metal nest platforms on power line poles, thereby ensuring safe nesting conditions for birds. In 2019, Sadales tīkls AS signed a letter of intent with the Latvian Ornithological Society to cooperate on issues of white stork conservation. This cooperation includes support for monitoring white stork nesting, promoting bird protection, and informing the public about bird population conservation. For monitoring purposes, 16 sample plots across various regions of Latvia have been selected. These plots are inspected two or three times during the nesting season, with observations and analyses of the birds' nesting activity and success. In addition, in collaboration with the Latvian Fund for Nature, a live broadcast from a white stork nest on one of the Sadales tīkls AS power line poles enables the public to observe the birds' life up close remotely. In 2024, Sadales tīkls AS signed a cooperation agreement with the Latvian Ornithological Society for the restoration of the specially protected peregrine falcon population in Latvia. A total of 33 nesting boxes for peregrine falcons or common kestrels have been installed on power line poles at 7 sample plots across different regions of Latvia, 22 of which were installed in 2025, providing suitable nesting sites for these migratory birds.	992 metal bases for power line poles were installed. Support was provided for monitoring white stork breeding in Latvia. A live broadcast from a white stork nest on an active power line pole in Tukums Municipality has been provided.
Afforestation measures	Restoring forest areas used for RES infrastructure development by planting new forests in areas at least equivalent to those cleared for the construction of solar and wind parks, thereby ensuring a balance between green energy production and biodiversity conservation	In Latvia, the Law on Forests includes provisions for the use and sustainable management of forest resources. One such provision involves compensation measures, which ensure that the negative impacts of deforestation are fully or partially offset through afforestation. The Group has committed to fully compensating for deforestation resulting from the development of renewable energy projects by planting new forests in equivalent or larger areas, in line with principles for the protection of forest ecosystems.	No deforestation was carried out. Afforestation activities undertaken to date ensure 100% compensation for the previously deforested area.

* Costs are presented for those measures whose implementation requires comparatively higher financial resources

Targets

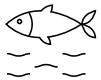
The targets of the Group are closely linked to its impact on biodiversity and ecosystems, as well as to dependencies, risks and opportunities identified along the value chain. With respect to biodiversity and ecosystem matters, the Group's strategy does not establish baseline values or base years; instead, it defines specific, achievable targets for the coming years. Progress towards the targets' achievement is primarily assessed against the predefined target values rather than in comparison to historical baselines. This approach was chosen as it aligns more effectively with the Group's strategy. No interim targets have been established. For information on stakeholder involvement in the target-setting process of the strategy, please refer to the section General Information. The targets are set voluntarily and:

- reflect the Group's commitment to reducing negative impact on ecosystems and have been developed to monitor and assess how the Group's activities affect the natural environment
- help manage the Group's reliance on ecosystem nature's services and fosters the development of sustainable practices to ensure the long-term conservation of natural resources
- serve as a tool for risk management by identifying environmental challenges and promoting investment in environmental restoration and reduction of emissions; at the same time, they open up new opportunities, such as the development of green technologies, promotion of environmentally friendly solutions and strengthening of cooperation with stakeholders in the area of sustainable development

In general, the targets serve as a strategic tool that helps integrate biodiversity considerations into the decision-making processes of the company, thus strengthening its sustainability along the value chain. The targets include both quantitative objectives with defined achievement timelines and qualitative objectives and measures that describe the Group's strategic approach to the protection and restoration of biodiversity and ecosystems, as well as to the management of related impacts and risks in areas where precise quantitative indicators are not applicable. Latvenergo Group constitutes the framework for setting the targets. The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. The targets mainly relate to the Group's own operations and include some elements of the upstream and downstream value chain. Biodiversity compensation measures have not been used in setting targets. The setting of targets and their achievement have not been verified by an external verifier.

Latvenergo Group's biodiversity protection measures are planned and implemented in accordance with the internationally recognised mitigation hierarchy principle. Based on this approach, Latvenergo Group has set four commitments in the area of biodiversity and ecosystem protection. These commitments have been included and approved within the framework of the Sustainability Strategy of Latvenergo Group for 2024–2026, thus strengthening the Group's long-term commitment to nature conservation.

The methodologies used in setting the goals are grounded in the Group's long-term collaboration with scientific institutions and experts. The target of improving the ecological quality of habitats is based on the annual survey and monitoring data from the BIOR Institute on river ecosystem quality. The target of enhancing the status of fish species and habitats is informed by the BIOR Institute's 2020–2023 scientific studies on the dynamics of migratory fish populations in the Daugava River basin and the assessment of fish migration opportunities. The target or the ratio of planted to felled trees is derived from studies on the effectiveness of forest restoration and regulatory requirements for developing WPPs. The methodology for assessing impacts on protected areas relies on the latest scientific research on the dynamics and distribution of protected species populations, ensuring a scientifically robust approach to impact assessment and the planning of protection measures.

Targets		2024	2025
Reducing the impact of HPPs on anadromous fish, native fish species and protected habitats			
Improving the ecological quality of habitats	2026 25 km	8 km	13.1 km
 Improving the status of fish species and habitats	2026 At least 1 project	Project application has been submitted together with partners for co-financing from the EU LIFE program	Implementation of the EU LIFE RiverFlow project has been launched to improve HPP sustainability and fish migration
Mitigating the impact of investment projects on biodiversity			
Ratio of planted to felled trees	Annually 100%	100%	No deforestation has been carried out; thus, the afforestation activities undertaken to date have ensured 100% compensation for the previously deforested area
Impact on protected areas and species assessed	2026 100%	100% of projects undergo environmental impact assessments. Additional initiative launched – assessment of SPPs projects in accordance with Latvian good practice guidelines	100 % projects undergo environmental impact assessments. Evaluation of SPPs projects has continued in accordance with Latvian good practice guidelines
Assessing the impact of business activity and promoting the sustainable use of natural resources			
Conservation of biodiversity	2025 Plan developed	Development of the plan has been launched by involving international experts with extensive experience in the area of environmental protection and biodiversity	Biodiversity Transition Plan for 2026–2028 has been developed

Although the Group's Sustainability Strategy for 2024–2026 does not set specific interim goals, progress towards achieving the targets is regularly assessed throughout the year.

Semi-annual assessments are conducted for each target, allowing for progress monitoring and, if necessary, adjustments to implementation plans. This approach ensures flexible and effective goal tracking while maintaining a focus on achieving the final outcomes.

Results achieved in 2025:

- improvement of the ecological quality of 25 km of river habitats – in accordance with the Action Plan for Migration and Natural Reproduction of Anadromous Fish of the Daugava River Basin, a 5.1 km section of the Vedze River has been cleared of obstructions; together with the Bērzene River, cleaned in 2024, this represents a total of 13.1 km of river stretches cleared of debris and fallen trees. In cooperation with scientists, solutions have been developed that could improve the river's accessibility for anadromous fish
- improvement of the status of protected fish species and habitats – in recent years, the Group has carried out a number of research activities and, in cooperation with experts and stakeholders, continues to plan and develop projects to improve the migration of anadromous fish in the Daugava River basin. In the reporting year, the EU Environment and Climate Programme LIFE project "Solutions for Water Management by Restoring Hydrological and Morphological Conditions" (LIFE RiverFlow) was launched. Latvenergo AS is one of ten project participants that, by combining their knowledge and expertise, work to promote the sustainability of HPPs and mitigate issues affecting migratory fish, while also supporting biodiversity conservation in the context of rapidly growing renewable energy development
- number of trees planted vs number of trees felled – no deforestation was carried out; thus, the afforestation activities undertaken to date ensure 100% compensation for the previously deforested area
- impact on protected areas and species assessed – all projects are subject to an EIA. An additional initiative launched in 2024 continued in the reporting year – assessment of SPP projects in accordance with the Latvian Best Practice Guidelines – thus ensuring a comprehensive and standardised approach to environmental assessment
- conservation of biodiversity – in 2025, the Biodiversity Transition Plan for 2026–2028 was developed, which sets out the main directions of action, specific measures, objectives and a methodological framework for managing biodiversity and ecosystems in the Group's operations, while defining implementation responsibilities and the mechanisms for monitoring and reporting

The Sustainability Strategy of Latvenergo does not explicitly use the concept of ecological thresholds as a determining factor in defining targets. However, the approach is based on scientific knowledge and international guidelines to ensure that the Group's activities do not exceed critical limits, which could cause irreversible damage to ecosystems.

In addition to specific environmental thresholds related to specific facilities, impact type, geographical context and characteristics of the ecosystem, the Group also adheres to general environmental principles that apply to sustainable operations at the level of the Group:

- conservation of biodiversity by preventing the loss of species and habitats in territories managed by the Group, wherever possible, and ensuring the continuity of ecosystem functionality; if the construction of new generating capacity and infrastructure affects biodiversity, measures are developed to mitigate or compensate for the impacts
- protection of ecosystem and natural habitat integrity by avoiding irreversible damage to the environment
- preservation of soil, water and air quality by promoting the sustainable use of natural resources
- protection of populations of wild species and their migration routes to ensure their viability and ecological balance

Responsibility for meeting environmental thresholds is allocated according to the management structure, environmental management system and specific functions, ensuring long-term protection of ecosystems and the sustainability of the Group's operations. Effective collaboration between internal departments and external stakeholders is essential.

Information on the responsibilities and main tasks of the Latvenergo AS Supervisory Board, Management Board, Audit Committee and Sustainability Committee with regard to the management of sustainability issues is provided in the section General Information.

At the planning and coordination level, the environmental management department of Latvenergo AS is responsible for determining, observing and monitoring environmental thresholds. The department is developing procedures; monitoring and drafting reports on environmental impacts; coordinating with external partners, including experts, regulators and local communities; identifying environmental risks, ensuring their integration into the overall risk management system of the Group; and assessing potential violations and their impact on the Group's operations.

At the operational level, production and technical units ensure compliance with established environmental thresholds on a daily basis, for instance, by maintaining adequate water levels at HPPs, monitoring emissions and water quality, and implementing preventive measures to mitigate environmental impacts. Engineers and technical personnel ensure accurate measurements and record-keeping to monitor ecological thresholds and react promptly to any deviations from acceptable values.

External monitoring and the role of stakeholders include national monitoring bodies, among them the National Environmental Service, which carry out regular inspections and audits to verify compliance with regulatory thresholds. Local communities and non-governmental organisations are involved in providing suggestions and monitoring the ecosystem impacts of the company.

The Group implements a structured and targeted approach to biodiversity conservation and restoration in compliance with international environmental standards and EU initiatives, including the UN Kunming-Montreal Framework and SDGs, the European Green Deal, and the objectives of the EU Biodiversity Strategy for 2030. The Group's strategy includes measures to protect and restore ecosystems, ensure sustainable management of water resources and reduce direct GHG emissions, which complies with the EU strategy. These initiatives are implemented in accordance with science-based approaches and are regularly evaluated to ensure their effectiveness. Moreover, the Group has developed a detailed biodiversity transition plan for 2026–2028, which sets out activities, objectives, measures and their monitoring down to the level of object groups, ensuring alignment with the above-mentioned international and EU initiatives. The Group operates in compliance with national legislation and regulatory documents on protected areas, sustainable management of water resources, and improvement of environmental quality by integrating these aspects into its business processes.

E4-5

Impact metrics

The report includes data on the Group's key indicators in the area of habitat conservation, ecosystem restoration initiatives and species protection measures. It also provides information on the Group's efforts to balance its business activities with the principles of sustainable development, thus contributing to a positive impact on the natural environment. The indicators presented in this section have not been verified by any other external body; their verification is performed solely by the independent auditor within the scope of a limited assurance engagement.

Sites in protected areas and areas of high biodiversity value and material impacts on biodiversity

In the reporting year, the activities of Latvenergo Group (operation of power lines, production facilities and construction of new facilities) did not result in material impacts on protected areas.

Overhead and cable power lines located in protected areas or micro-reserves stretch for more than 6,800 km and cover an area of 4.9 ha. The data is obtained through geospatial analysis using publicly available GIS (Geographic Information Systems) data on protected areas (PAs) and species and habitat micro-reserves. This analysis enables precise area calculations, as accurate data with geographic coordinates on the location of PAs and power lines is readily accessible. The construction and maintenance of power lines is carried out by Sadales tīkls AS in compliance with the laws and regulations governing the protection and use of protected nature areas, ensuring the preservation of nature and preventing a negative impact on these territories. In forest areas, only potentially dangerous trees in the overhead power line protection zone, which is outside the power line route, are felled. Overhead power lines are gradually being converted into underground cable lines, reducing the width of the power line route and the protective zone and its impact on the landscape and wildlife. Overhead power lines are rebuilt using insulated conductors and overhead suspension cables.

Other Latvenergo Group facilities, as well as sites of planned activities that are owned or leased by the Group, or sites where development rights have been acquired by the Group, are located outside areas with high biodiversity value. BESS are situated within existing infrastructure areas and do not cause additional impacts on biodiversity beyond these facilities. Although the Group does not have a significant impact on protected areas, information has been compiled on the distances between generation facilities and these areas, enabling the identification of assets with potentially higher impact. Distances to the nearest protected areas have been determined using geospatial data analysis.

Wind farms often require land adaptation, including land-use change and deforestation, which can impact the environment and biodiversity. No change of land use is required for the construction of solar parks. Solar parks are built on industrial, agricultural or degraded land. In this context, the Group is aware of the need to collect and analyse data on land use change and related processes, including deforestation, in order to ensure a transparent and responsible approach to land development. All land-use change activities have been carried out in compliance with the current legislation and environmental protection requirements. The construction of solar and wind farms can affect the spatial configuration of the landscape, including habitat fragmentation and ecosystem connectivity. The extent of this impact depends on the scale and location of the project and the ecosystem type on the site of the project. To reduce the potential impact, less sensitive areas are selected, biological corridors are preserved, landscape integration solutions are used, and compensatory measures are implemented to restore biodiversity. The impact of planned activities on landscape structure and ecosystem connectivity is assessed during the initial project evaluation process, using various methods such as geospatial analysis tools, satellite imagery, ecological monitoring and field studies.

Latvenergo Group activities in protected nature areas

Type of area	Type of activity	Area, ha	Location
Natura 2000 and locally important protected nature areas	Cable power lines	649.1	Latvia
	Overhead power lines	4,242.6	Latvia
Micro-reserves of species or habitats	Cable power lines	1.9	Latvia
	Overhead power lines	11.1	Latvia
	TOTAL	**4,904.7**	

The distance of Latvenergo Group's production facilities to protected areas

Type of site and area occupied by its technological infrastructure	Site	Country	Nearest protected areas	
			Type of area	Distance (km)
Hydroelectric power plants 343,6 ha	Plavinas HPP	Latvia	Natura 2000 (B)	1.1
	Riga HPP		Natura 2000 (B)	borders
	Keguma HPP		PA (B)	5.8
	Aiviekste HPP		Natura 2000 (C)	5.9
Solar power plants 1036,2 ha	Skultes SPP	Latvia	North Vidzeme Biosphere Reserve	1.5
	Bauskas SPP		Natura 2000 (B)	0.3
	Rūjienas SPP		Located in the North Vidzeme Biosphere Reserve; Natura 2000 (C)	3.8
	SP Enerģija SPP		Natura 2000 (B)	3.5
	Ķeguma SPP		Micro-reserve (A)	0.9
	Elejas SPP		Micro-reserve (B)	3.1
	Krāslavas SPP		Natura 2000 (C)	1.7
	Aizputes SPP		PA (B)	borders
	Biržu SPP		Micro-reserve (A)	1.3
	Rēzeknes SPP		Natura 2000 (B)	3.2
	Jaunciema SPP		Natura 2000 (B)	0.3
	Priekules SPP		Micro-reserve (A)	2.3
	CHPP-1 SPP		Natura 2000 (B)	2.3
	CHPP-2 SPP		Micro-reserve (A)	1.0
	Kuusalu SPP	Estonia	Natura 2000 (B)	0.4
	Märjamaa SPP		Natura 2000 (B)	1.9
	HN põld ja mets SPP		Natura 2000 (C)	3.6
	Kiškėnai SPP	Lithuania	Natura 2000 (A)	5.9
	Smelte SPP		Natura 2000 (A)	6.0
	Klaipėda Unlimited SPP		Natura 2000 (A)	2.2
	Jurgiškiai SPP		Natura 2000 (B)	1.8
	Jašiūnai SPP		Natura 2000 (B)	0.1
	Secundus Navitas SPP		Natura 2000 (B)	2.5
	Klevečkinė SPP		Natura 2000 (B)	1.4
	Azumiškis SPP		Natura 2000 (B)	3.3
Wind power plants 100,0 ha	Ainažu WPP	Latvia	Located in the North Vidzeme Biosphere Reserve; Natura 2000 (C)	0.9
	Laflora Energy WPP		Natura 2000 (B)	0.4
	Pienava WPP		Natura 2000 (B)	0.1
	Priekules WPP		Micro-reserve (A)	2.1
	Telšių vėjo parkas WPP	Lithuania	Natura 2000 (B)	6.0
	Akmene WPP		Natura 2000 (B)	6.0
	Panevežys WPP		Natura 2000 (B)	0.7
	Secundus Navitas WPP		Natura 2000 (B)	6.0
Thermal power plants and boiler plants > 20 MW 53,6 ha	CHPP-1	Latvia	Natura 2000 (B)	2.3
	CHPP-2		Micro-reserve (A)	0.6
	CHPP Kaiju Street 33, Liepāja		Natura 2000 (C)	1.2
	Boiler plant Tukuma Street 2, Liepāja		Natura 2000 (C)	1.0
Boiler plants < 20 MW 1,2 ha	Liepājas enerģija SIA boiler plants	Latvia	Natura 2000 (C)	> 0.5
Other 8,0 ha	Sadales tīkls AS wooden pole production plant	Latvia	Natura 2000 (C)	0.3

(A) – for bird protection (B) – for habitat protection (C) – for species and habitat protection

Latvenergo AS is also aware of the impact of HPPs on river ecosystems, especially on fish migration processes. A number of measures are being implemented to mitigate these impacts and ensure the biological connectivity of rivers. Preventive measures include optimising the water level regime during the spawning season and introducing technical solutions to protect fish. Particular attention is paid to maintaining shallow water areas in spawning grounds and preserving natural rapid stream areas. Latvenergo Group continues to invest in improving fish migration infrastructure and introducing new solutions to ensure the sustainable functioning of river ecosystems. In accordance with the Group's Action Plan for Migration and Natural Reproduction of Anadromous Fish of the Daugava River Basin, several research projects have been implemented in recent years; in collaboration with experts and stakeholders, the planning of new solutions to improve migratory fish migration in the Daugava River basin is ongoing.

The activities of the Group are not directly attributable to the accidental or deliberate introduction of invasive alien species. At the same time, the Group ensures appropriate measures to limit the spread of invasive species within its territories, including controlling the spread of species such as Sosnowsky's hogweed on Latvenergo Group properties.

Protected species with habitats in areas affected by the activities of the organisation

Animal species	Activity of Latvenergo Group	Risk level of species extinction	Conservation status of the species in Latvia
White stork *(Ciconia ciconia)*	Maintenance of power lines	Safe species (least concern)	Species of special conservation concern
Salmon *(Salmo salar)*	HPP operation	Vulnerable species	Specially protected species of restricted use
Sea trout *(Salmo trutta)*	HPP operation	Safe species (least concern)	Specially protected species of restricted use
River lamprey *(Lampetra fluviatilis)*	HPP operation	Safe species (least concern)	Specially protected species of restricted use

Species listed on the Red List of the International Union for Conservation of Nature (IUCN) with habitats affected by the activities of Latvenergo Group and regarding which activities are being implemented to prevent or mitigate impacts.

The Group implements mitigation and compensation measures to reduce the impact on protected species and their habitats (see the table Objectives and key performance indicators for mitigation measures).

E4-6

Financial impacts related to biodiversity and ecosystem protection

Taking into account the Group's actual impact on biodiversity, the expected financial implications are mainly related to implementing compensatory and impact-mitigating measures, as well as voluntary initiatives for the conservation of biodiversity. These expenses include compliance with regulatory requirements and additional measures to mitigate the impact on protected areas, species and biotopes, including:

- measures to improve river ecosystems and protect fish populations
- the natural resources tax on water used to generate electricity at the Daugava HPPs, which is partly earmarked to finance bank reinforcement works at the water reservoirs of the Daugava HPPs
- measures to mitigate or compensate for environmental impacts of developing solar and wind farms
- measures to protect the white stork and other bird species during the operation of power lines
- research projects and collaboration projects with environmental institutions and non-governmental organisations to develop and implement future biodiversity conservation measures

The total costs for the implementation of biodiversity compensation and impact mitigation measures are estimated at more than EUR 6 million (the indicators have not been verified by any other external body; their verification is performed solely by the independent auditor within the scope of a limited assurance engagement).

In the reporting year, the Group identified a risk related to biodiversity protection requirements – significant restrictions on planned electricity generation due to biodiversity protection requirements. Stricter regulatory requirements and nature protection conditions may affect both the pace of development of new electricity generation projects and the operating regime of existing generation assets, creating situations where planned electricity generation volumes are not fully achieved. Compliance with such requirements may cause additional costs related to expanded environmental monitoring activities, assessment of impacts on biodiversity and the implementation of impact mitigation measures. In certain cases, operational restrictions may also be imposed on electricity generation equipment (for example, periodic restriction of wind turbine operation for the protection of birds and bats), which may reduce electricity generation volumes and consequently affect the Group's revenues. In the long term, these factors may affect the economic return of projects, the predictability of cash flows and the conditions for attracting financing. They may also create the need for additional investment in the conservation of biodiversity and ecosystem protection measures.

The Group continues to develop its approach to assessing the financial impacts related to the protection of biodiversity and ecosystems. The quantification of these impacts will be progressively expanded as methodologies improve and the quality and availability of data increase.

Critical assumptions and uncertainties relate to a number of factors affecting the HPPs, as well as the operation of WPPs and SPPs. Regulatory assumptions include a trend towards stronger environmental protection and biodiversity conservation, which can lead to additional costs and operational constraints in the energy sector. Uncertainty is mainly related to how regulations will be implemented in practice and what specific requirements may be applied to hydropower, wind and solar energy projects. This may complicate the accurate forecasting of potential costs and impacts on the Group's operations. Additional uncertainty is related to possible biodiversity protection measures, such as additional requirements regarding the restoration of ecosystems and habitats, which may increase the amount of investment required and extend project implementation time frames.

The impact of climate change on biodiversity and ecosystem functions is a significant source of uncertainty. Due to climate change, precipitation patterns, water levels and river flow may change, which in turn affects the electricity generation potential of hydropower plants and the status of river ecosystems. Thus, climate change creates additional uncertainty regarding the future availability of hydropower resources and how this will affect biodiversity. Similarly, climate change may affect the availability of wind and solar energy resources by altering wind speed and solar radiation intensity, which may affect the production efficiency of these energy sources and, accordingly, the Group's income.

Overall, these critical assumptions and sources of uncertainty related to the protection of biodiversity may cause significant challenges that must be considered in future financial impact calculations. Maintaining the Group's sustainability and ensuring compliance with environmental regulations requires adapting to new rules, introducing new technological solutions, and further investing in biodiversity and ecosystem protection measures.

E5 Resource Use and Circular Economy

ESRS 2 IRO-1

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Waste				
Responsible waste management practices are implemented to promote the maximum reuse and recycling of resources	LT	F	OO	Waste generated as a result of economic activities is collected separately and sent for recycling or treatment to promote the reuse of resources. This approach facilitates waste reduction and aligns with the principles of the circular economy.
Resources inflows, including resource use				
The development of RES, storage technologies, and energy infrastructure increases dependence on critical raw materials, whose limited availability may cause supply chain disruptions	MT			The development of RES and related technologies relies on critical resources. Limited availability and dependence on certain supplier countries creates supply chain risks, including price volatility and potential supply disruptions. To address these challenges and support sustainable resource use, increasing emphasis is being placed on the reuse, recycling and substitution of materials with alternative, less critical resources. This approach reduces reliance on scarce inputs and enhances the company's long-term sustainability.
Increasing the resilience of RES technologies to the acute effects of climate change and promoting the use of durable, recyclable equipment can help reduce potential resource losses and waste generation	MT			The risks posed by climate change necessitate increasing the resilience and adaptability of RES technologies. At the same time, promoting the use of durable, easily repairable, and recyclable equipment can help reduce resource losses and waste. This approach enhances resource efficiency, strengthens resilience to climate-related challenges, and mitigates the risk of operational disruptions and financial losses.

Positive impact | Negative impact | Risk | Opportunity | A Actual impact | P Potential impact | OO Own operations | VC Value chain | ST Short-term | MT Medium-term | LT Long-term

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. The sections Resource inflow and Resource outflows detail IRO-related resource use and circular economy; internal data, accounting and monitoring systems; and external information sources used, including environmental permits and regulatory requirement analyses.

The Group communicates information on policies, resource use and circular economy measures, and the effectiveness of these measures by publishing relevant details in the Sustainability Statement and on the Group's website, as well aas by submitting data to the responsible institutions.

E5-1

Policies

Latvenego Group policy foresees a transition towards sustainable production and consumption, ensuring continuous improvement of environmental and energy efficiency performance in each business unit. The Group actively pursues resource efficiency and implements the principles of the circular economy, evaluating the consumption of services and products, both provided and received, and ensuring that their life cycle is as long as possible. Particular attention is given to compliance with the waste hierarchy, prioritising the prevention of waste generation and the reduction of resource consumption, as well as ensuring that reuse, repairability, recycling and recovery are assessed prior to the application of waste treatment solutions. In cases of unavoidable waste, appropriate management is ensured by evaluating recycling and other circular solutions in order to reduce resource losses and maximise material circularity. This approach is integrated into resource consumption-related processes, planning, procurement and cooperation with supply chain partners, ensuring that circular economy principles are applied across different stages of resource use and waste management.

Latvenergo Group has implemented a number of complementary policies that cover key aspects of resource management and the circular economy, both in the operations of the companies of the Group and in the most important upstream and downstream parts of the value chain. Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management.

In addition to the policies mentioned in the section General Information and the third-party standards and initiatives followed in their development, the use of resources and circular economy management are addressed by the following regulatory documents of Latvenergo Group:

- The Environmental and Energy Management Policy, the main priorities of which include introducing the principles of the circular economy, improving energy efficiency, and involving employees and the public in environmental issues
- The Suppliers Code of Conduct, which sets out the basic principles and expectations the Group has of its suppliers in terms of the responsible use of resources

For a summary of Latvenergo's policies on resource use and circular economy (IROs) management, see Policies adopted to manage material sustainability matters in the section General Information.

In implementing its policies, the Group complies with relevant third-party standards and initiatives related to the application of circular economy principles. The Group has developed internal guidelines for sustainable procurement, which are based on national and EU regulatory requirements, green procurement principles and the requirements of the ISO 14001 environmental management system, as well as taking into account the requirements of the Waste Framework Directive.

The policies of the Latvenergo Group provide for the sustainable use of resources, optimization of technological processes, selection of environmentally friendly materials, and reduction of environmental impact. To support the transition from the use of primary resources to secondary (recycled) resources, the policies of the Latvenergo Group provide for the implementation of principles for waste recycling and resource reuse, thereby contributing to a reduction in the consumption of primary materials. Within the framework of the policies, directions are defined to reduce waste and increase the share of recycling in the Group's operations, as well as an expectation that suppliers apply these principles.

The policies of the Group take into account the IROs in relation to suppliers, business partners and customers, with the aim of ensuring that Latvenergo Group:

- identifies and assesses the impacts of resource use – systematic monitoring and analysis of resource consumption and waste generation is being implemented
- manages and controls material IROs – measurable targets are set to improve the efficiency of resources and the continuous shift towards the principles of the circular economy
- promotes decarbonisation – specific targets are set for increasing renewable generation capacity and the use of sustainable biomass

In an upstream value chain, based on the Suppliers Code of Conduct, the Group expects its suppliers to responsibly and efficiently manage the use of resources, including the reduction of resource consumption, promotion of longer product and material life cycles, waste reduction, waste sorting, proper management, reuse or recycling, and the use of environmentally friendly materials and technologies. In addition, the Group has implemented a supplier evaluation and selection policy that includes environmental criteria to ensure sustainable supply. Furthermore, the Group has developed the sustainable procurement guidelines, which give preference to environmentally friendly products and services.

In the downstream value chain, the policies aims to improve resource use efficiency while reducing the risks of environmental pollution and resource depletion, as well as promoting the implementation of circular economy principles. It includes measures to promote public education on energy efficiency and sustainable solutions, thereby fostering responsible resource consumption. The policy also provides for the implementation of disposal, and recycling programmes for end-of-life equipment, ensuring their responsible management throughout the entire lifecycle. In addition, it emphasizes cooperation with waste management companies to ensure the effective recycling and recovery of production by-products and waste.

The implementation and effectiveness of resource use and circular economy policies are monitored within the framework of an integrated management system, covering resource consumption, the use of secondary resources, and waste management. Progress is assessed using data on resource and material accounting, indicators related to waste volumes and their management, generation and operational data, and information on measures that reduce consumption, decrease waste generation, or extend the life cycle of products. Supervision is conducted regularly at the day-to-day operational level, through periodic internal inspections and management reports, and within the framework of internal and external audits. Structural units heads and environmental management specialists are responsible for the supervision process within the framework of their competences and division of responsibilities, ensuring data quality, timely identification of deviations and implementation of corrective measures, while senior management evaluates the results and makes decisions on improving policies.

E5-2

Actions and resources

Latvenergo Group invests in improving resource efficiency, cooperates with partners and implements initiatives to promote the use of resources and introduce the principles of the circular economy. The activities implemented by the Group to optimise resource use and to apply circular economy principles are carried out as a continuous process without a defined end date. These activities are integrated into the Group's operational activities and long-term development planning, ensuring their consistent application across all levels of operations. The activities are primarily carried out using the Group's existing resources, including employee competencies, internal processes and management systems, as well as available technological solutions and data. Accordingly, the implementation of these activities is embedded in the Group's day-to-day operations and does not require the allocation of significant additional financial or material resources. Targets and results of actions related to resource use and the circular economy cover both the Group's operations and upstream value chain, as outlined in the section Targets.

Resource efficiency

Resource efficiency in the Group's operations is assessed by analysing the circulation and use of material resources, including primary resources – energy resources, materials and equipment – throughout their lifecycle, with particular emphasis on the efficient use of resources and the prevention of resource losses. Latvenergo Group promotes the efficient use of energy resources as part of optimising the use of primary resources by recording and analysing the flow of energy consumption, identifying the essential energy consumption for ensuring production and economic processes and implementing measures to reduce energy consumption. The Group has a balanced generation portfolio, consisting mostly of HPPs and highly efficient CHPPs. The efficiency of energy use in CHPPs is significantly influenced by the selected operating mode: cogeneration – both heat and electricity are produced simultaneously; condensation – only electricity is produced.

Operating CHPPs in cogeneration mode allows for the most efficient use of fuel and significantly reduces the emissions per unit of energy produced. Using cogeneration potential, CHPP-1 saved 20% of primary energy resources in the reporting year, and the savings of CHPP-2 amounted to 17%. Furthermore, the thermal storage system at CHPP-2, constructed in 2021, enables the accumulation of thermal energy generated in cogeneration mode and optimises the adjustment of the CHPP operating modes to the changing market conditions and to cover peak loads. In 2025, the system delivered primary energy savings of 1.4 GWh.

The energy management system implemented at the companies of the Group promotes the efficient use of energy resources. To minimise the waste of energy, Latvenergo AS and Liepājas enerģija SIA have implemented an energy management system, while the principles of energy management of Sadales tīkls AS have been integrated into the environmental management system. In accordance with the principles of energy management, energy efficiency indicators have been developed, baseline economic energy consumption has been established and changes in energy consumption compared to baseline consumption are analysed.

Recycled resources

The increased use of secondary raw materials is closely related to the implementation of circular economy practices. Secondary raw materials can only be obtained when waste is properly collected, sorted, and returned to production processes instead of being disposed of. By introducing separate waste collection and management in the Group's capital companies, and by concluding contracts with waste management systems that follow circular economy principles, waste can be recovered and processed into secondary raw materials. These measures support the increased availability and use of secondary raw materials. In addition, in implementing its procurement policy, the Group promotes the use of secondary materials and recycled resources where this is technically and economically feasible. The developed sustainable procurement guidelines support the practical integration of circular economy principles into day-to-day operations.

Sustainable consumption

The operations of Latvenergo Group are characterised by a number of circular business practices related to the sustainable use of resources and waste management.

Latvenergo Group systematically implements a number of value conservation initiatives aimed at the sustainable use of resources. The Group regularly maintains and repairs equipment and infrastructure to extend the life of assets. Maintenance and upgrading of production plant equipment is also carried out along with the renewal of existing infrastructure elements. Particular attention is paid to technology upgrades aimed at improving plant efficiency and reducing emissions.

In the area of value development, the Group actively promotes more extensive use of energy efficiency solutions, which maximises value for consumers. Important projects, such as the development of the electricity charging network, are being carried out in close cooperation with local authorities and other organisations to ensure greater access to infrastructure. Work is also underway on expanding the use of RES and initiatives aimed at reducing CO_2 emissions. In addition, the Group actively supports local communities and Ukrainian aid initiatives by donating recyclable materials. Such measures promote compliance with the principles of the circular economy, strengthen cooperation with community members and contribute to sustainable resource management.

End-of-life activities include the recycling and reuse of endof- life equipment and components in the industry. The same approach is also expected from suppliers and business partners. All types of waste, including hazardous waste, are managed in strict compliance with laws and regulations and the principles of sustainable development.

The Group uses the principles of industrial symbiosis in cooperation with other companies to promote system efficiency. For instance, the ash from energy production is sold for agricultural use to improve the land. The Group does not track the physical quantities of individual raw materials across the entire supply chain; however, it actively collaborates with suppliers and partners through ongoing engagement, including information exchange, joint discussions on compliance requirements and the provision of advisory support where improvements are needed. These activities are aimed at ensuring a high level of transparency and traceability of resources, especially in the solar panel supply chain.

In the area of circular economy and resource use, the Latvenergo Group carries out significant cooperation across the value chain, based on bilateral cooperation models with stakeholders. The Group cooperates with suppliers, service providers, equipment manufacturers and waste management systems to promote the sustainable sourcing of raw materials, material traceability and compliance with waste management requirements. The approach applies to materials and equipment components used in energy production and infrastructure maintenance, as well as components of renewable energy equipment. The cooperation structure ensures the implementation of circular economy principles with clearly defined roles across the upstream and downstream value chain.

Waste management

The operations of Latvenergo Group include a number of strategic elements that contribute to preventing waste creation in both the upstream and downstream value chain. These elements include sustainable use of resources, careful selection of suppliers, application of industrial symbiosis principles and implementation of energy-efficient solutions:

- use of sustainable resources – Liepājas enerģija SIA uses sustainable biomass fuels that meet the criteria for saving GHG emissions, thus contributing to waste minimisation at the resource extraction stage
- careful selection of suppliers – sustainability requirements, including responsible sourcing and production, are taken into account in the selection process for suppliers. This approach helps reduce negative environmental impacts and prevents the development of waste
- procurement planning for materials and equipment – Latvenergo Group carefully plans its procurement of materials and equipment to avoid overstocking or build-up of unused materials
- by-product reuse – the use of ash from production to improve land, thus preventing it from becoming waste and promoting industrial symbiosis

The Group's focus on sustainable energy production and efficient management of materials contributes to optimising waste management and reducing environmental pressures.

Implementing these measures ensure a consistent contribution to achieving the objectives of Latvenergo Group's resource use and circular economy policies, while supporting their integration into the Group's strategic planning and day-to-day operations. Investments in improving energy efficiency – including the operation of CHPs in cogeneration mode, the implementation of heat accumulation solutions, and the maintenance of energy management systems – directly support the policy objective of reducing primary resource consumption and increasing the efficiency of energy production throughout the entire life cycle of assets. The use of sustainable biomass, the integration of secondary resources, and waste prevention measures contribute to the implementation of circular economy principles and to keeping materials in circulation. To enhance the efficiency of material flows, the Group implements solutions for the reuse of resources, while simultaneously integrating sustainability requirements into supply chain management, thereby strengthening circular principles both within the Group and across its supplier network.

E5-3

Targets

Latvenergo Group strives for sustainable production and consumption. It promotes continuous improvement of the environmental and energy performance of each business unit, pursuing the efficient use of resources and the implementation of circular economy principles. The consumption of services and products provided and received is evaluated and the life cycle of products is maintained as long as possible. A strong focus is placed on waste prevention and reduction, ensuring appropriate waste management, as well as evaluating the possibilities of reuse, regeneration and recycling.

Waste management objectives have been set taking into account the requirements of the EU Waste Framework Directive (2008/98/EC) and the waste management hierarchy, national waste management objectives, the Group's Sustainability Strategy, as well as the local context and available infrastructure.

Latvenergo Group constitutes the framework for setting the targets. The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's economic activities and its main operational sites. The Latvenergo Group's resource use and circular economy objectives primarily apply to the Group's directly managed generation, grid and resource management activities, while also integrating the most significant value chain aspects – the sustainable supply of biomass, the recycling of equipment and materials, as well as cooperation with suppliers to promote innovation and the use of local resources. The targets are set on a voluntary basis, using a methodology that considers the current situation, the feasibility of technical and economic solutions, the capacity of existing waste management infrastructure, and examples of best practices within the sector. While industry guidelines and available research are taken into account, a detailed scientific analysis has not been conducted. No interim targets have been established. For information on stakeholder involvement in the target-setting process of the strategy, please refer to the section General Information. Progress towards the targets' achievement is primarily assessed against the predefined target values rather than in comparison to historical baselines. This approach was chosen as it aligns more effectively with the Group's strategy and allows for greater flexibility in responding to developments within the energy sector. Progress is regularly reviewed and, if necessary, updated in line with changes in regulatory frameworks and the development of the Group's operations.

Latvenergo Group's commitments in the area of the circular economy and performance in the reporting year:

- use of sustainable biomass – Liepājas enerģija SIA uses a biomass fuel – wood – at its production sites. Over the reporting year, 100% of biomass fuels used met the criteria for sustainability and saving GHG emissions, ensuring compliance with the requirements of the regulatory enactments of the European Union and the Republic of Latvia. Traceability of biomass is ensured throughout the supply chain. Biomass extraction is based on the principles of sustainable forestry, thus ensuring the conservation of biodiversity and reforestation
- measures to promote sustainable consumption – Latvenergo Group implemented more than ten measures to promote sustainable consumption in the reporting year

  Efficient use of equipment has been ensured at the combined heat and power plants by carrying out regular maintenance repairs and renewing key components, consequently extending the life of the equipment and avoiding premature replacement.

  In the area of electricity network infrastructure, the share of the isolated and weatherproof power lines in 2025 reached 69% of the total volume of power lines, which is a 2% increase from 2024. Sadales tīkls AS implements the Technical Policy, which defines common basic principles for efficient maintenance and sustainable development of the distribution electricity network. In 2025, the level of electricity losses remained stable at 3.66%, slightly higher than the previous year.

  Recycling of dismantled materials is an important contribution to the reuse of materials. More than 2,200 tonnes of end-of-life grid infrastructure materials were submitted for recycling in 2025. Furthermore, support was provided to Ukraine with 65 vehicles, 120 computer monitors, and materials for the restoration and stabilisation of the power supply system.

  Latvenergo Group promotes cooperation with local entrepreneurs, developing innovations, using local resources and reducing the environmental impact of the materials used. In the construction process of the Laflora Energy WPP, the Latvian branch of Nordex (Germany) provides innovative technology by constructing turbine towers using a hybrid design combining reinforced concrete and metal. The reinforced concrete tower sections are manufactured in Latvia, at the Consolis Latvia SIA factory.

Targets		2024	2025
Using only sustainable certified biomass for energy generation			
Annually	Sustainable biomass fuels: 100%	100%	100%
Reducing the consumption of resources, products and materials and the amount of waste sent to landfill or extending product life cycles			
Annually	Measures to promote sustainable consumption: 10 measures	>10	>10
Annually	Use of biomass ash: 100%	100%	100%
Promoting the durability, reuse and end-of-life recycling of equipment and materials through the development of RES technologies			
Annually	Sustainable equipment for SPPs: 100%	100%	100%
2026	Sustainable materials for WPPs: 90%	95%	87%
2026	Solar panel management: Action plan	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	The management of solar panels has continued in accordance with established procedures and contracts

A sound choice | Waste prevention | Waste reduction | Waste recycling and recovery

In addition, the Group promotes the return of used materials to the economic cycle wherever possible, thus contributing to the circular economy and resource efficiency.

- use of biomass ash – 100% of wood ash produced by Liepājas enerģija SIA was used as liming material for land improvement. The ash is registered as a fertiliser with the National Plant Protection Service, thus enabling its reuse
- sustainable equipment for SPPs – compliance of SPPs with taxonomy requirements has been ensured. High-efficiency, long-life panels have been used that meet high quality and sustainability standards, as evidenced by their certification according to IEC 61215 and IEC 61730 standards
- sustainable materials for WPPs – significant progress was made in the construction of the Telšiai wind farm in Lithuania – the turbine foundations were completed, the substation was built, and the first wind turbines were installed, as the project rapidly approached its final stage. The construction of the Laflora Energy wind farm also made considerable progress in 2025. The turbine foundations were completed and the tower modules were delivered; in autumn, the first of the 16 planned turbines was assembled. At the same time, assembly of the remaining towers and blades continued, along with the construction of the substation and grid connection infrastructure

  The assessment of sustainable materials is based on information provided by equipment manufacturers regarding the recyclability of materials and their potential to be returned to circulation at the end of the asset lifecycle. Based on manufacturer data, the average recyclability rate of the turbines is 87%, with 84% at the Telšiai wind farm and 85–95% at the Laflora Energy wind farm. Of particular note is the circular economy aspect in the construction of the Laflora Energy wind farm, where the first 120 m of the tower are made of reinforced concrete in Latvia, supporting local industry and ensuring efficient recycling of these materials at the end of their life cycle.
- solar panel management – Latvenergo AS has developed internal procedures for the management of solar panels and concluded contracts for their end-of-life waste management In accordance with regulatory requirements, the company ensures compliance with the requirements for the circularity and waste management of solar panels, including performing the necessary registration with the State Environmental Service and organising the collection and recycling of end-of-life equipment

Latvenergo Group focus the importance of diverse environmental issues, involves employees in creating a sustainable environment, improves the energy efficiency of offices and promotes and ensures the reduction of resource consumption. To ensure a systematic approach to reducing the environmental impact of Latvenergo Group headquarters and Group events, by 2026 the Group plans to develop internal criteria that comply with the guidelines for sustainable offices and events, implementing and monitoring their progress.

All commitments are voluntary and have been approved as part of the Sustainability Strategy of Latvenergo Group for 2024–2026. They are consistent with the waste management hierarchy set out in the EU Waste Directive (2008/98/EC), the circular economy model, and the priorities and actions set out to protect the environment and promote the circular economy.

E5-4

Resource inflows

The resources essential for Latvenergo Group's operations are those related to power generation, electricity distribution and infrastructure maintenance. These resources are fundamental to ensuring the continuity and quality of the Group's operations and account for the majority of the Group's incoming resource flows. In addition to these main resource flows, other material flows also occur in the Group's operations, including packaging received together with purchased goods. As at the reporting date, data on these flows are not sufficiently complete to allow for quantitative disclosure. Taking into account the limitations in data availability and the relatively low significance of these flows, they are therefore not included in the quantitative reporting of incoming resource flows..

Energy distribution infrastructure components

The operations of Sadales tīkls AS focus on the maintenance, upgrading and provision of reliable energy supply to customers. To support these activities, the company uses a number of key input resources: wires and cables, transformers, substation equipment, poles and supports for overhead lines, electrical metering equipment and technological resources.

Materials and resources related to RES projects

The companies of the Group are actively pursuing the construction of SPPs and WPPs, thus promoting the use of RES and the development of sustainable energy production.

Based on the IROs identified in the double materiality assessment, the Latvenergo Group identifies, as a significant resource inflow, the resources required for the development of new renewable energy assets and energy storage technologies.

These resource flows include core equipment such as solar panels, inverters, wind turbines and tower structures, as well as BESS equipment. In addition, the implementation of renewable energy projects involves auxiliary equipment and materials, including transformers, switchgear, cables, monitoring and control systems, and other infrastructure-related solutions.

Materials have been analysed and classified to identify circular economy-related risks and opportunities, including EU Critical Raw Materials (CRMs) in accordance with Regulation (EU) 2024/1252, as well as substances subject to the REACH Regulation that pose elevated environmental or health risks.

During the reporting year, the Latvenergo Group initiated the identification and quantification of incoming resource flows, focusing on renewable energy assets commissioned in 2025 within its own operations – SPPs, WPPs and BESS. The current assessment of incoming resources covers the most significant core equipment and key structural components. Data on the physical volumes of auxiliary equipment and construction-related materials are not included in this reporting period.

The collection of comprehensive and fully comparable information on the physical mass of materials across all renewable energy projects is constrained by the nature of project implementation, as these are executed as complex CapEx projects with fragmented procurement processes and multiple contracting stages, including the use of subcontractors.

During the reporting period, the Latvenergo Group had not implemented a centralised system for tracking physical material flows at the project level, and accounting is primarily based on financial data. Consequently, the disclosed data reflect an initial stage of assessing incoming resources and are partly based on estimates.

Despite the above limitations, during the reporting year the Latvenergo Group made reasonable efforts to compile quantitative information on incoming resources in renewable energy assets, including:

- the development of internal procedures for tracking flows of solar panels, inverters and batteries, as well as for the management of end-of-life equipment
- a detailed analysis of the material composition of solar panels
- the initiation of mapping of key incoming resource categories across newly constructed SPPs, WPPs and BESS projects
- a review of available procurement documentation and technical specifications, including requests for information from key equipment manufacturers and suppliers
- the initiation of the development of an internal methodology for the structured collection of data on material flows

The development of renewable energy and energy storage technologies increases the Group's dependence on certain raw materials, including EU Critical Raw Materials, the limited availability and concentrated supply chains of which may lead to supply disruptions and price volatility. At the same time, enhancing the resilience of renewable energy technologies to climate change impacts and promoting the use of durable, repairable and recyclable equipment can reduce resource losses and waste generation, while strengthening the Group's long-term operational resilience.

The inflows of resources related to RES assets were quantified using a material mass and material composition approach. The objective of the calculation was to identify and assess the total mass of materials entering the Group's value chain in the context of asset construction, installation, and refurbishment, while also evaluating the quality and reliability of the data used. The mass of incoming resources was determined in tonnes, applying a combined methodology. Where unit weights and quantities of equipment or components were available, total mass was calculated by multiplying unit weight by the number of units. For structural elements, mass was determined based on documented construction volumes and material densities. In cases where only installed capacity was known, industry-average mass indicators per unit of installed capacity were applied. Material composition was identified based on manufacturers' technical documentation and material safety data sheets. Where manufacturer-specific documentation was not directly available, estimates of material mass and composition were based on publicly available industry sources, including data on typical material composition of solar and wind energy equipment, as well as publicly available technical specifications from manufacturers. Where such information was also unavailable, a functional analysis of components was applied.

The reported indicators on resource inflows are predominantly based on primary data obtained from the Group's internal systems and project documentation, complemented by secondary data and estimates where direct measurements are not available. Based on the assessment of resource inflows by mass, as well as the quality and structure of the underlying data, approximately 18% of the total volume is based on directly measured data and documented quantities. Approximately 17% is derived using refined estimates, including cases where detailed technical information – such as material composition or specifications – is available, but material mass is calculated indirectly. A further 54% of the assessment of resource inflows is based on estimates, primarily where detailed measurement data is unavailable and secondary data sources or standardised indicators are used. The remaining 11% is based on assumptions, particularly where information on the weight of specific equipment or materials was not available at the time of reporting.

The classification of material criticality and hazardousness has been carried out in accordance with the European Union Critical Raw Materials Act (Regulation (EU) 2024/1252) and the REACH Regulation (EC) No 1907/2006. These regulatory frameworks are used for classification and disclosure purposes and do not directly affect the calculated material mass. Identified data gaps have been documented, and opportunities to progressively improve data availability and accuracy will be assessed in future reporting periods.

At present, the Group is not able to provide quantitative information on circularity in line with ESRS E5- 4 requirements, due to the lack of sufficiently reliable data on the volumes of recycled or reused materials and their share in total resource consumption. In addition, the necessary data collection processes and methodological approach for assessing circular material flows have not yet been fully developed and implemented.

During 2026, the Group plans to finalise the development of its methodology for tracking material flows. This will enable an expanded scope of incoming resources in future reporting periods, improved data quality and comparability, as well as the systematic collection of information on the share of recycled and reused materials, thereby strengthening the integration of circular economy principles in the development of renewable energy projects.

Resource inflow in the construction of RES assets in 2025

Material	Unit	SPP panels	WPP turbines, towers and foundations	BESS	Total
Steel and iron alloys	t	-	38,320	71	38,391
Concrete (towers and foundations)	t	-	86,632	-	86,632
Glass (SPP panels)	t	20,516	-	-	20,516
Aluminium	t	2,389	265	-	2,654
Polymers / plastics	t	1,833	1,281	-	3,114
Glass / carbon composites	t	-	1,753	-	1,753
Copper	t	133	172	-	304
Other metals and semiconductor materials (incl. silicon, tin)	t	30	0	0	30
Silver	t	47	-	-	47
Lead	t	14	-	-	14
Lithium	t	-	-	2	2
Materials contained in BESS battery modules	t	-	-	105	0
Other core equipment materials	t	816	658	-	1,474
Total	**t**	**25,778**	**129,082**	**178**	**155,038**

During the reporting year, the total mass of key equipment inflows for the construction of new RES assets exceeded 155 thousand tonnes. The largest share is attributable to WPPs projects, while the mass of SPPs panels represents a significant, but comparatively smaller portion, and BESS account for a relatively minor share of the total volume. The analysis indicates that resource inflows are dominated by steel and concrete, primarily within wind energy infrastructure, whereas glass and aluminium constitute a substantial share of solar panel composition.

At the same time, the analysis shows that EU CRMs, such as silver used in solar panels and lithium used in BESS, represent only a very small proportion (0.03%) of the total resource inflow by mass. The presence of critical raw materials is mainly associated with functional components and battery chemistry, rather than structural materials.

It should be noted that the *Laflora Energy* wind farm project in Latvia applies an innovative hybrid tower design, where the lower tower sections are made of reinforced concrete produced locally in Latvia by Consolis Latvia SIA, while the upper section of the tower is constructed from steel. The main constituents of concrete – limestone, sand, cement, and water – are not included in the list of critical raw materials defined under Regulation (EU) 2024/1252. Compared to fully steel tower structures, this solution reduces dependency on steel supply chains, while also lowering transport-related emissions and supporting the development of local industry.

Measures to reduce incoming resource consumption and promote circular use of resources

Sustainable management of production assets is one of the Group's priority areas. The maintenance strategy for CHPPs and HPPs provides for the regular refurbishment and repair of key components, enabling a reduction in the need for new material and equipment procurement, while increasing the reuse of existing resources and extending their life cycle.

This approach supports the use of secondary and refurbished components, while also reducing the consumption of primary raw materials.

The recycling of used oil (in the amount of approximaately 20 t) for further use rather than disposal demonstrates compliance with circular economy principles and resource efficiency.

In the maintenance and modernisation of electricity grid infrastructure, the Group also ensured efficient management of materials, resources and equipment in 2025. In the production of wooden poles, an enhanced quality control system is maintained in accordance with EN 14229, as well as an upgraded impregnation system control, which ensures more sustainable and precise use of chemical products. Sadales tīkls AS continues to implement the reuse of dismantled materials, including the use of wood by-products generated in the wooden pole production process as fuel for heat energy generation. In the reporting year, 617 tonnes of wood by-products (bark and wood chips) generated during the production of wooden poles were used as fuel for heat generation. Furthermore, dismantled wooden poles and reinforced concrete posts were also recycled, contributing to the Group's circular economy efforts.

During the development of alternative energy sources, special focus has been placed on the sustainable management of solar panels, by developing internal procedures and concluding contracts for their end-of-life waste management.

E5-5

Resource outflows

The main products of Latvenergo Group are electricity and thermal energy produced in HPPs and CHPPs. In addition, the Group offers electricity and natural gas trading, energy efficiency solutions, electromobility services and other sustainable products in the market of the Baltic states. The production process generates by-products and waste, which are managed in accordance with the principles of the circular economy. Latvenergo Group's priority is to prevent waste from ending up in landfills, with preference given to recycling, energy recovery or reuse.

The Group has introduced measures and technologies that help reduce waste at the source. Processes are improved and resource use is optimised to reduce consumption of materials and energy resources, thus reducing the generation of waste and promoting its reuse.

All waste is thoroughly sorted to ensure maximum reuse and recycling. Latvenergo AS, in compliance with the principles of environmental protection and sustainability, cooperates with operators that adhere to extended producer responsibility to ensure recycling and recovery of waste in accordance with the requirements of the regulatory enactments and not less than to the amounts specified in these regulatory enactments.

Waste that cannot be recycled or reused is treated and disposed of in a safe and environmentally friendly way. All safe disposal measures are carried out in cooperation with waste management companies.

Latvenergo AS is also actively involved in changing the waste management habits of society. Since 1997, the EEC, the only one of its kind in the Baltic states, has been operating under the auspices of Latvenergo with the purpose of creating public awareness on the efficient use of energy resources, including the introduction of environmentally friendly solutions and waste management. During the reporting year, the EEC organised various educational activities, seminars and campaigns, including campaigns aimed at promoting public involvement in the circular economy and reaching sustainability objectives.

In the reporting year, the management of waste generated by the companies of the Group was organised according to the principles of the circular economy. Of the total waste generated, 45% was submitted for reuse without further treatment. 100% of wood ash produced by Liepājas enerģija SIA was used as liming material for land improvement.

Waste and recyclable materials

	Unit	2025	2024	Δ
Non-hazardous waste and materials	**t**	**9.402**	**8.071**	**16%**
Reuse	t	5.381	4.823	
Recycling or recovery	t	3.288	2.364	
Disposal	t	733	884	
Hazardous waste and materials	**t**	**125**	**251**	**-50%**
Reuse	t	20	60	
Recycling or recovery	t	104	176	
Disposal	t	1	15	
Accumulated (historical) hazardous waste	**t**	**2.485**	**N/A**	*****
Recycling or recovery	t	2.485	N/A	
Total	**t**	**12.012**	**8.322**	**44%**
Reuse	%	45	59	
Recycling or recovery	%	49	31	
Disposal	%	6	11	

* One-off remediation of historical waste accumulation.

Ash is registered as a fertiliser with the State Plant Protection Service, ensuring compliance with the requirements for the application of end-of-waste status and enabling its reuse in agriculture. As a result, wood ash is not directed into the waste management stream but is fully recovered, thereby reducing the volume of waste requiring treatment and supporting efficient resource circulation. The dismantled reinforced concrete and wooden poles of Sadales tīkls AS were recycled and the transformer oil of Latvenergo AS, which is classified as oil with reduced quality criteria after use but retains certain properties for use, is recycled and thus returned to the circular economy. In the reporting year, 20 tonnes of oil were donated to support Ukraine.

49% of the total waste was recycled or recovered, which included metal, construction, packaging, electrical and electronic equipment waste, and other materials.

In order to prevent pollution risks, during the reporting year the remediation and clearance of the CHPP-2 technological sediment storage facility, initiated in 2024, was completed, including the removal of historical waste generated during the period when heavy fuel oil was used as fuel.

To avoid double counting between the categories of reused and recycled materials, materials are classified in only one category based on their final use. Materials that are reusable are counted under the category "reuse" and materials that are recycled into new products are counted under the category "recycling or recovery". The materials sent for disposal were mainly unsorted municipal waste and a small amount of other materials that cannot, technically, be recycled or recovered. The Group does not generate, store or manage radioactive waste in its operations".

The materials sent for disposal were mainly unsorted municipal waste and a small amount of other materials that cannot, technically, be recycled or recovered. The Group does not generate, store or manage radioactive waste in its operations.

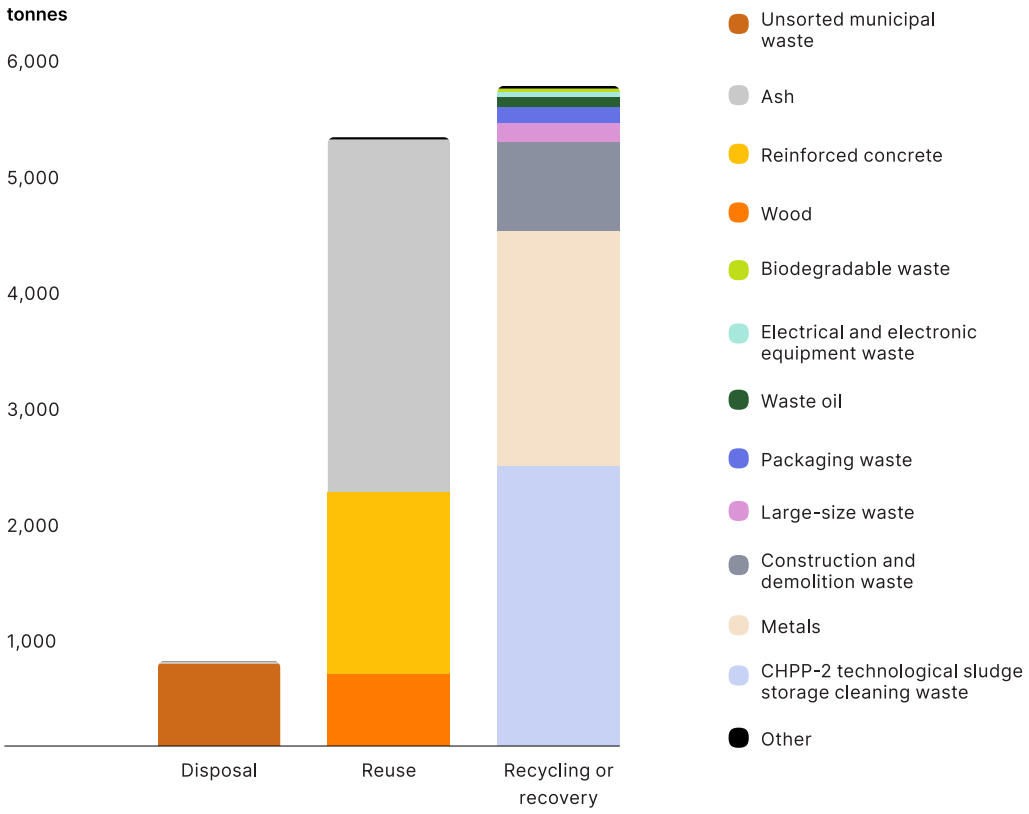
Classification of waste and recyclable materials

The Group's companies currently do not have detailed accounting of waste material composition. Waste accounting is carried out in accordance with the requirements of regulatory enactments according to waste classification codes. The Group is evaluating the possibilities of introducing more detailed accounting of waste composition in the future.

Data on the amount of waste managed is compiled from invoices issued by waste managers, as well as waste transportation consignment notes. If necessary, coefficients are used to convert from waste volume in cubic meters (m3) to weight (tonnes) as specified in the regulation of the Cabinet of Ministers No. 1075 Regulations on State Statistical Report Forms for Environmental Protection and in the MEPRD methodological instructions On Filling in Statistical Report No. 3 - Waste. Report on Waste. These coefficients are regularly.reviewed and updated in accordance with changes in regulatory enactments.

The data are reported at the volume recorded in actual measurements or, where such data are not available, recalculated using regulatory coefficients; conservative assumptions are applied only in situations where direct weighing data are not available. Invoices and delivery notes from waste management operators provide external verification of the accuracy of the quantities transferred for management, while internal data aggregation and classification are performed within the Group. The most significant waste accounting data are also reviewed by the independent auditor within the scope of a limited assurance engagement, providing additional assurance of their compliance.

Waste and recyclable materials



E5-6

Risks and financial effects from the circular economy and resource use

The materiality assessment of the Group identified one material risk with a potential financial impact. The risk of critical supply chains is associated with potential disruptions that can lead to increases in production costs and reduced resource availability. The risk impact assessment uses both internal information on supply chain stability and external market and industry information on resource availability and development trends in order to identify possible scenarios and their potential financial impact. The financial impact of this risk is difficult to quantify in the short term, but in the medium and long term, it can have a significant impact on the Group's competitiveness, especially if dependence on certain suppliers increases or new regulations on imported materials are introduced. To mitigate this risk, alternative sources of supply are being explored, and the resilience of supply chains is being improved.

Anticipated financial effects from material opportunities

The Group has identified one material opportunity in the area of resource use and the circular economy, which has a potential positive financial impact in the medium and longer term.

Improving the sustainability of equipment – investments in increasing the resilience of equipment to the impacts of climate change will, in the long term, improve asset longevity, significantly reduce potential financial losses from infrastructure damage, and allow the deferral of necessary investments in the replacement of depreciated assets. In this context, particular attention is paid to electricity generation and distribution infrastructure that is exposed to extreme weather events, for instance, severe storms and floods. Such investments will not only improve the longevity of assets but also contribute to more stable and predictable financial flows.

Innovative solutions for waste recycling – introduction of new technological solutions for recycling of solar panels and WPPs components at the end of their life cycle may generate gradual financial benefits, with increasing potential in the long term. This approach not only reduces management costs but also generates additional revenue by using recycled materials to manufacture new products. Furthermore, given the rapid development of the regulation on the circular economy in the European Union, the Group can benefit from actively participating in the development of relevant regulatory enactments and adapting its operations to sustainable business models.

The opportunity assessment process uses both internal and external information on technological development trends, market dynamics and regulatory directions in order to identify their potential impact on the Group's efficiency, cost base and revenue potential. A number of critical assumptions are essential for the successful implementation of the circular economy and resource efficiency strategy. One of these is a stable and predictable regulatory framework in the waste management sector, enabling effective planning and long-term investment in sustainable management systems. The development and availability of recycling technologies is equally crucial, which will contribute to a moderate to significantly positive impact on cost efficiency by enabling more economically advantageous reuse of resources.

Non-material Information

As a result of the double materiality assessment, no material IROs related to water resources and fuel consumption were identified under the "E5 Resource Use and Circular Economy" standard. At the same time, the Group considers it appropriate to disclose information on these aspects in order to ensure transparency and provide a more comprehensive view of its operations. Water resources are significant for HPPs operations and for cooling processes in CHPPs, while fuel and energy carriers -particularly natural gas - are critical for the generation of electricity and heat, as well as for ensuring security of energy supply. Monitoring the consumption of these resources and providing transparent disclosure supports responsible management, enhances transparency, and contributes to the implementation of sustainable development principles.

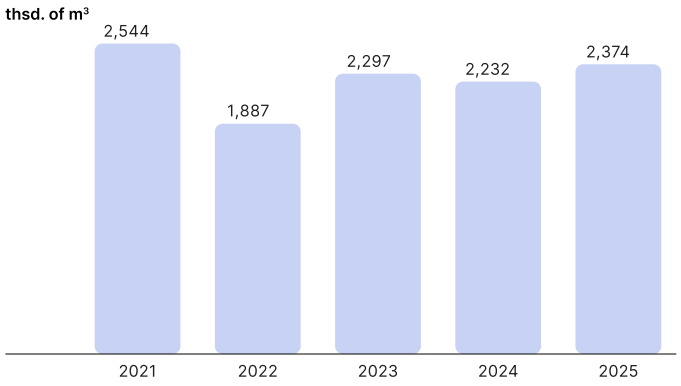
E5-4

Resource inflows

Water resources

In accordance with the Water Resources Atlas of the World Resources Institute, Latvia is in a low to low-medium water stress zone; therefore, there are no specific water consumption restrictions and no areas with increased water stress are identified in the water consumption data. Limits on surface and groundwater consumption are set in permits for water resource use and permits for polluting activities. During the reporting year, these limits were not exceeded.

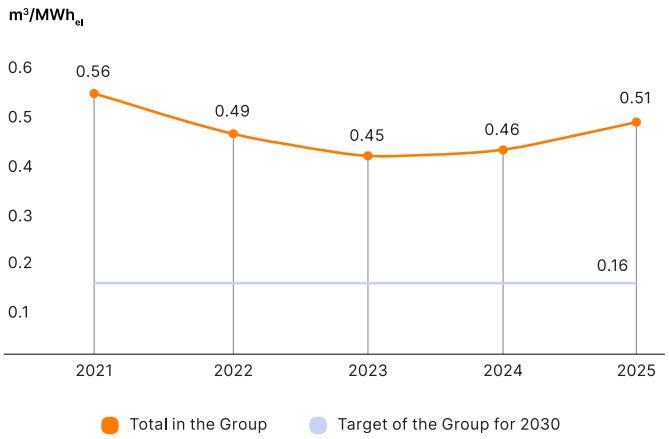
Water consumption



The Group mainly uses water resources for the provision of production processes and, in small quantities, for other economic needs and for the water supply to external consumers. The amount of surface and/or groundwater consumption is specified in the permits of each facility. Water is the principal resource for electricity generation in the HPPs. The availability and volume of this resource depends on natural conditions and seasonal fluctuations in water levels.

The Group's water consumption balance includes water from the surface, groundwater and centralised water supply networks. Water consumption data is obtained from verified commercial meters, whose accuracy is regularly checked in accordance with the requirements of metrological control of measuring instruments. As the water consumption of CHPPs is mainly influenced by the operating modes of the production facilities and the amount of energy generated, the amount of water consumed has increased as a result of the increase in generation.

Specific water consumption



In 2025, 2.4 million m³ of water was consumed, of which 98% was surface and groundwater, which was obtained in the low-medium water stress zone. The largest consumer of water is CHPP-2, which consumed 2.3 million m³ of water in the reporting year, 92% of which was cooling water. The largest consumers of groundwater are CHPP-1 and CHPP-2, which used 23 m³ and 27 m³ of groundwater respectively.

Heating fuels and fuels

The main fuel of the CHPPs of Latvenergo AS and Liepājas enerģija SIA, which provides electricity and heat generation, is natural gas. During the reporting year, the Group consumed 389.7 million m³ of natural gas, corresponding to approximately 3.77 TWh of energy. It is used to generate electricity and thermal energy, ensuring an efficient and stable energy supply, even during periods of high energy demand. Natural gas plays a strategic role in the operations of Latvenergo Group as it contributes to energy security and independence. Compared to other fossil fuels, natural gas is considered a greener resource and is a transition fuel in the process of decarbonising the energy sector, as the combustion of natural gas produces less emissions of GHG and other pollutants. Diesel is used as a back-up fuel at the CHPPs in abnormal or emergency conditions. Natural gas consumption decreased by 2% in the reporting year, while diesel fuel was only used in small quantities (see the table Energy consumption and energy resource structure in the section E1 Climate change).

For transport and machinery, the Group consumed 407 m³ of petrol and 2,387 m³ of diesel fuel. Compared to the previous year, petrol consumption increased by approximately 7%, while the consumption of diesel fuel decreased by approximately 3% year-on-year (see the table Energy consumption and energy resource structure in the section E1 Climate change).

At the production facilities of Liepājas enerģija SIA and the boiler houses of Sadales tīkls AS, biomass fuel – wood – is used. During the reporting year, 97 thousand tonnes of biomass fuel were consumed, meeting sustainability and greenhouse gas emission savings criteria, thereby ensuring compliance with EU and Republic of Latvia regulatory requirements. Within the Group, the use of biomass is governed by sustainable resource use principles, and the traceability of biomass origin across the supply chain is ensured. Biomass extraction is based on the principles of sustainable forestry, thus ensuring the conservation of biodiversity and reforestation.

Energy resource accounting and calculation is carried out based on measurements or in accordance with the fuel supplier's documentation. Measurements are made with verified commercial accounting meters, the verification of which is carried out by independent accredited institutions, while petrol station meters are verified in accordance with the requirements of regulatory enactments on metrological control of measuring instruments. Other consumption data is not validated externally, except by the independent auditor within the scope of a limited assurance.

Social Information

S1 Own Workforce

S3 Affected Communities

S4 Consumers and End-users

As a result of the double materiality assessment, the material IROs were identified, which reflect the framework for the sustainable operations of Latvenergo Group.

The management of IROs 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 Boards of the Group's capital companies handle the implementation of strategies and policies. Twice a year, the Management Board of Latvenergo AS assesses the progress of implementing the Sustainability Strategy (including the targets set). The determination of Latvenergo Group's material sustainability targets is based on internationally recognised standards, industry guidelines and examples of best practice, as well as the strategic objectives of the Group and impacts specific to its operations. The setting of targets and their implementation, with the exception of those related to GHG emissions, have not been validated by any external body. For more information, see the section Group Strategy.

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's operations.

Information on Latvenergo Group's sustainability management model and the Group's value chain is provided in the section Sustainability Management. Regarding stakeholder engagement in policy development, the Group applies an approach of coordinating the draft Medium-term Operational Strategy and Sustainability Strategy with stakeholders and using the feedback received in reviewing subordinate documents, including policies. For more information on the approach to stakeholder engagement, see the section Sustainability Management.

The sections Corporate Governance and Risk management and internal controls over sustainability reporting provide information on risk management, including the Group Risk Management Policy, which defines both the basic principles of risk management and the responsibilities of employees and management involved in the risk management process. In accordance with the Group Risk Management Policy, the Management Boards of the Group's capital companies are responsible for the capital companies' risk management. At least once a year, the Management Board of Latvenergo AS submits a report on the Group's risk management to the Supervisory Board of Latvenergo AS, which is responsible for overseeing the Group's risk management system.

The above approach is fully applied to the management of all sustainability issues and targets.

The priorities of Latvenergo Group include strengthening employee engagement, motivation, and development and developing a safe work environment that promotes innovation. The Group's goal is to build long-term and mutually beneficial relationships with customers; the Group uses innovative solutions and the basic principles of costeffectiveness and operational excellence to achieve this goal. It is important for the Group to be in as close contact as possible with local communities in the vicinity of facilities and to contribute to the development of these communities.

S1 Own Workforce

ESRS 2 SBM-3, S1-4

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Working conditions				
The workload of employees exceeds the desired levels in some units	MT	P	OO	In the reporting year, the number of overtime hours in the Group's parent company increased by approximately 16% compared to 2024. In 2025, the number of overtime hours at Sadales tīkls AS decreased by 2.3% compared to 2024. An increase in the volume of overtime has been recorded in certain structural units and is not systematic. It is mainly related to fluctuations in the volume of operations, increased project intensity and limitations in resource availability. The Group identifies the increase in employee workload as a significant work condition risk, which may potentially affect employee well-being, work-life balance and the long-term sustainability of work capacity. Workload indicators are regularly monitored. Responsible managers are involved in situations where in-depth analysis or additional management attention is required. To remedy increased employee workload, the following activities are implemented: flexible work organization, supervision sessions, educational initiatives on work–life balance, improvements to the working environment, etc.
Potential workplace accidents can affect the performance of the workforce and create reputation risks	ST			The Group's annual risk assessments involving occupational safety specialists, occupational safety-trained trustees, and employees identify potential hazards and health risks at work so that effective measures can be developed to mitigate these risks. See the section Health and safety metrics. Comparative information on the progress of initiatives see in the section Health and safety metrics.
Possible overload of employees can affect performance and cause conflicts	MT			The Group makes detailed workload plans, recording working time according to the duties and responsibilities of the employees. To reduce persistent work overload and boost the performance of employees, they are provided with a range of educational activities covering work-life balance, time management, and setting priorities. In 2025, 136 employees (119 in 2024) participated in supervision sessions. 45 managers (55 in 2024) participated in the Manager Power Group development programme, and 800 employees attended various educational conferences.
Implement the Pay Transparency Directive (EU/2023/970) in a meaningful way to improve understanding among employees and their confidence that they are remunerated fairly	MT			The Group regularly revises job positions and adheres to the principles of determining fair remuneration in accordance with the Group's Remuneration Policy. To prepare for the implementation of the Pay Transparency Directive in 2026, the Group evaluated existing remuneration determination practices, data and processes, as well as strengthened internal governance and compliance with the principles of equal pay in the reporting year.
Enhance (improve) the well-being of employees through measures to promote physical safety, mental and physical health				The Group implements an employee well-being programme, which contains physical, emotional and professional well-being. It includes individual supervision sessions and personal discussions with HR business partners, as well as a comprehensive conference programme, providing each employee with the opportunity to choose the most suitable path for professional and personal development. Significant improvements have been made to the physical work environment at several sites, while the digital work environment has also been modernised through the implementation of the Microsoft 365 platform. Together, these improvements form a comprehensive system that supports employee well-being, fosters engagement and strengthens the sense of belonging to the Group.

Equal treatment and opportunities for all			
Develop a diversity management programme appropriate to the specific nature of the company	MT		In 2025, Latvenergo AS continued the development of its Strategic Human Resources Planning Concept. One of its goals is to ensure the succession of unique and difficult-to-replace knowledge, thus fostering intergenerational cooperation and strengthening its value. The implementation of the concept is planned for 2026.
Labour market competition			
Competition for specialists in various fields has intensified significantly on the labour market	MT		Labour availability issues can make it difficult to implement projects and complete work tasks. In 2025, to proactively attract skilled employees, the Group worked to support education in STEM fields through a range of activities for school and university students. See the section Corporate Social Responsibility.

Positive impact | Negative impact | Risk | Opportunity | A Actual impact | P Potential impact | OO Own operations | VC Value chain | ST Short-term | MT Medium-term | LT Long-term

Information on material risks an opportunities arising from the Group's impact and dependencies on its own workforce see in the section Double materiality assessment. The Group has no specific category of employees that would be more severely exposed to these IROs. Forms of employment see in the sections Characteristics of the Group's employees and Characteristics of non-employee workers in the Group's own workforce. Activities for IRO management and remediation of negative impacts are approved at the senior management level, and their implementation is the responsibility of business functions including Human Resource Management function and Occupational Health and Safety and Quality Management Unit; see the section Processes for engaging employees and employee representatives. Processes for impact remediation and management of risks and opportunities see in the section General Information. Resources for IROs management see in the section Targets. The activities set for material IROs are directly related to the main policy principles described in the section Policies, including the development of employee skills and competences, a safe and healthy work environment, equal opportunities, fair remuneration, etc. IROs targets see in the sections Targets, Compensation metrics and Group Strategy. The Group's employees are engaged in decision-making related to the development and implementation of programmes and processes that have a positive impact on workforce by providing feedback through employee surveys, participating in thematic working groups and consultations with management, to ensure that decisions taken align with employee needs and promote well-being in the workplace. The effectiveness of activities is monitored in the employee commitment survey, as well as by receiving feedback from employees after activities such as trainings, supervisions and Manager Power Groups. For the Group's contribution to the achievement of the UN SDGs see About Latvenergo Group section Corporative Social Responsibility.

ESRS 2 SBM-2, S1-2

Interests and views of stakeholders

Latvenergo Group's draft Medium-term Operational Strategy and its draft Group Sustainability Strategy were coordinated with stakeholders, including the Group's own workforce; see the sections Group Strategy and Stakeholder Engagement. The Group ensures that its workforce is involved in daily activities and processes. Every employee's opinion and experience are important, affecting future improvements of the work environment and helping set the Group's priorities. Various surveys make it possible for every employee to submit questions and comments. The Group's HR units assess the survey results and organise onsite interviews with employees to discuss improvements. Before new projects are initiated, employees can express their views through focus surveys. For example, occasional short surveys are conducted regarding the quality of information technology (IT) services and system use habits to improve the efficiency of system use. Action plans are prepared for future periods based on employees' suggestions. Employee engagement in the discussion of material IROs is mainly organised directly. The trade union, in turn, is engaged in the discussion of Collective Agreement topics. The effectiveness of employee engagement is assessed through the employee commitment survey and by receiving employee feedback after activities.

The Group conducts its business in the Baltic states and respects fundamental human rights in all areas of its operations, as enshrined in the national laws of these states, as well as in the international treaties binding on them. The work environment and processes are designed to prevent the possibility of infringing the human rights of employees of the Group and its subcontractors to the extent that the Group can influence. Latvenergo Group's operations are maintained by its own workforce: the Group does not employ children, outsourced workers or self-employed workers. According to the human rights rating values of Latvia (0.94), Lithuania (0.91), and Estonia (0.96) and responsible business practices, the Group does not face significant risks of forced or compulsory labour and child labour. The Group has not entered into any global agreements regarding personnel human rights aspects. Respect for human rights within the Group and among its business partners is prescribed in the Group's Code of Ethics; see the section Policies. For the areas of responsibility in sustainability management of Chief Officers, being also the members of the Management Board, see the General Information section Sustainability management model.

Employee commitment and experience study

In 2025, a comprehensive study was conducted, assessing employee commitment according to the TRI*M methodology and employee experience through various questions. 2,576 respondents, or 79% of the Group's total workforce, took part in the survey.

The commitment indicator is based on the answers the employees gave to questions about general satisfaction, willingness to recommend the workplace, willingness to reapply for their job, motivation of colleagues, and assessment of the company's performance and competitiveness.

In the reporting year, the commitment index reached 67 points (70 points in 2024), which is still higher than the average in Latvia overall (64 points on average in Latvia in 2025). Similarly, this index is higher than the overall European employee commitment index (60 points), as well as the utilities sector index (55 points). The value is medium-high, indicating a good and stable work environment.

Employee commitment indicator TRI*M

	Units	2025	2024	2023	2022	2021
Target indicator	index score	70	64-67	64-67	63–66	63–66
Indicator achieved	index score	67	70	69	68	66

Since 2020, this index has remained above 65 points, with various employee engagement initiatives continued.

By reducing the number of survey questions, the Employee Experience level (*EX Index*) was not determined in the reporting year. The study continued to assess various key aspects related to employee experience. Topics such as employee well-being, working environment, development, as well as work processes and innovation, were examined. The company's strengths are recognised as access to the tools and technologies necessary for work, satisfaction with the provided personal protective equipment and flexibility in workplace and working hours. Among the topics most in need of improvement are the recognition and addressing of signs of stress and burnout, as well as improvements to the physical working environment. These topics have been highlighted as one of the priorities for improvement in the coming years through various activities. As part of the study, employees could also comment on and raise concerns about the working environment and make suggestions for improvement. The majority of employees express a positive attitude towards the employer and the improvements made, while also indicating expectations for further improvements in the physical working environment.

The survey ensured the opportunity for all employees to participate, including those particularly vulnerable to impact and/or marginalised. The study includes a section on demographics, collecting data on the views of employees across different groups, based on job title, work location, education, age, seniority, and gender. The strengths and weaknesses of employee experience identified as part of the study are analysed, seeking correlations based on these demographic groups. The results are discussed within the structural units with the respective HR business partners.

Workplace risk assessment

Annual work environment risk assessments involving occupational safety specialists, occupational safety-trained trust representatives, and employees identify potential hazards and health risks at work so that effective measures can be developed to mitigate these risks. Remote work is also included in work environment risk assessments since employees can work remotely or based on a hybrid schedule if their position allows. Several methods are used to identify and assess risks, including employee engagement in the assessment of working conditions through completing a survey. Employees are given ergonomic instructions for setting up their remote workplace, and they have access to consultations from an occupational safety specialist for assessing their workplace. Individual interviews with remote workers are also held if necessary.

S1-1

Policies

Latvenergo Group has approved the following material policies related to its own workforce: the Human Resource Management Policy, the Occupational Health and Safety Policy, the Code of Ethics, the Sustainability Policy, and the Remuneration Policy.

The Group has no separate policy for inclusion of vulnerable groups in its own workforce. These principles are integrated into the Code of Ethics and the Human Resource Management Policy. The summary of the Groups' policies on the IROs management of own workforce is available in the table Policies adopted to manage material sustainability matters – Social in the section General Information.

Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management.

Human resource management

The Human Resource Management Policy supports the HRM directions set in Latvenergo Group's consolidated Medium-term Operational Strategy:

- development of the skills and competencies of employees to foster the creation and implementation of ideas that are innovative and beneficial to the business
- management of knowledge and use of technology to ensure that employees learn new knowledge and technologies quickly and apply them successfully at work
- fostering an understanding of values and their integration into the culture of the organisation with the goal of changing the attitudes, behaviours and actions of employees to help achieve the goals set in the strategy

The principles of the HRM policy are based on the purpose, vision, mission, and values of Latvenergo Group.

Occupational health and safety

Latvenergo Group's Occupational health and safety policy was updated in 2025, specifying the basic principles of occupational health and safety as well as the implementation and supervision of the policy. It aims at ensuring a safe and healthy work environment, promoting the creation of high-quality and employee-appropriate workplaces and making the health and safety of all employees a priority value of the company. The Group's capital companies organise their activities and plan development in accordance with the basic principles of sustainable development, combining economic and social aspects, complying with occupational health and safety regulations and based on the principles of the international standard ISO 45001 "Occupational Health and Safety Management Systems. Requirements and Guidelines".

Ethical conduct

The Group's Code of Ethics establishes a set of principles and ethical standards for the conduct and actions of the Group's employees and business partners, ensuring that their working and business relationships are based on respect, trust and loyalty. In accordance with the Code of Ethics, all employees are provided with equal opportunities and are treated equally regardless of their gender, race, ethnic or national origin, age, disability, religious, political or other beliefs, social origin, property, marital status, sexual orientation, or other status.

The Code of Ethics prescribes that in all areas of its business, the Group respects fundamental human rights enshrined in the Latvian Constitution, as well as laws and international treaties Latvia is bound by, including the prohibition of human trafficking and forced labour. The principles described in the Code of Ethics are implemented through clearly defining the responsibilities of the Group's capital companies and employees; observing a set of ethical standards in the activities and conduct of employees and business partners, including ensuring employment and business relationships based

on respect, trust and loyalty; providing regular Code of Ethics training mandatory for all employees of the Group; and establishing a system that allows any person to anonymously report violations of the Code of Ethics principles within Latvenergo Group. Every report is dealt with on an individual basis, without revealing the identity of the person.

Remuneration

In accordance with the remuneration principles approved in the Latvenergo Group Corporate Governance Policy, the Group's Remuneration Policy sets the principles for competitive employee remuneration that aims to achieve the goals of the Group. The Remuneration Policy is implemented in accordance with the following principles:

- internal fairness — an equal approach to setting remuneration for work of relatively equal value
- external fairness — remuneration appropriate to the labour market, size of the company, and regulations to recruit and retain employees and specialists
- equal approach — applying the same principles to all employees, with strict guidelines set for defining exceptions
- fostering employee actions that aim to achieve the Group's short and long-term operating goals, rewarding individual performance and contribution
- compliance of the level of remuneration with the Group's financial capabilities, making reasonable use of financial assets
- flexibility — remuneration components can be adjusted based on business and labour market conditions, and their relative shares can be changed, expanded and replaced

Sustainable work principles

The principles of the Group's Sustainability Policy include respect for human rights, a sustainable work environment, and equal opportunities for employees. The work environment and processes are designed to prevent the possibility of infringing the human rights of the Group's employees and its contractors to the extent that the Group can influence. The Group provides its employees and contractors with a safe, flexible, and inspiring work environment and applies equal conditions of employment and treatment to all its employees. See the section Policies adopted to manage material sustainability matters.

Compliance with international standards

The Group's policies are aligned with internationally recognised standards that are consistent with the principles described in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct:

- we respect the right of employees to form or join trade unions or representative organisations of their own choosing, including not interfering in the decisions of employees to form or join such trade unions or representative organisations
- we respect the principle of equal opportunity and equal treatment and do not discriminate against our employees within the context of their employment or occupation because of their race, colour, sex, age, religion, political views, ethnic or social background, disability, or other status
- we provide a safe and healthy work environment in line with the ILO Declaration on Fundamental Principles and Rights at Work
- we maintain compliance with top occupational health and safety standards

Access to action policies

The Group's employees have access to up-to-date editions of policies and other internal documents via the LEports intranet and internal document management systems. The up-to-date editions of policies relevant to external stakeholders are available on the Group's website. Online courses have been developed on the principles and good practices of the Code of Ethics, explaining in detail desired conduct in various situations.

Accessibility of physical environment for persons with disabilities

The administrative buildings of the Group's capital companies Latvenergo AS and Sadales tīkls AS are accessible to persons with disabilities. To promote the implementation of the principle of equal rights in relation to persons with a disability, the Group's capital companies take measures that are necessary in conformity with the circumstances to adjust the working environment, to facilitate the possibility of persons with a disability to establish employment relationship, perform work duties, be promoted or be sent to occupational training or skills development.

Processes for engaging employees and employee representatives

Type of involvement	Description
Management meetings with employees	During the reporting year, Latvenergo AS and Sadales tīkls AS held remote meetings involving the management board and employees to discuss the operating results, current topics and future goals, as well as to answer employee questions. Such meetings have become an important tradition, promoting open dialogue between management and employees, covering current business issues, strategic directions and topics that interest employees.
Employee development interviews	See Jobs, as well as training and skills acquisition in the section G1 Business Conduct.
Trustees	Within the companies of the Group, trustees represent the interests of employees in occupational safety and cooperate with the units and management in order to improve the work environment. Trustees have the right to freely express their own opinions and those of employees related to the setup and implementation of the occupational safety system at the company and to receive regulatory documents, explanations and other information related to occupational safety. In 2025, Latvenergo AS and Sadales tīkls AS had 25 employee-elected trustees from the Latvian trade union Enerģija. The employer provides occupational safety training for trustees
Channels of communication	The Group makes detailed workload plans, recording working time according to the duties and responsibilities of the employees. To reduce persistent work overload and boost the performance of employees, they are provided with a range of educational activities covering work-life balance, time management, and setting priorities. In 2024, 119 employees participated in supervision sessions. 55 managers participated in the Manager Power Group development programme, and 800 employees attended various educational conferences.
Collective bargaining agreement	See the section Collective bargaining coverage and social dialogue.
Equality in recruitment	The recruitment process is fair and non-discriminatory. Recruitment specialists: • assess all applications based on uniform criteria • cooperate with managers and employees involved across all stages of recruitment • ensure the equal treatment of all candidates • follow the approach of non-discrimination in accordance with the Labour Law, Code of Ethics and good recruitment practices
New jobs for the transition to the green economy	Within the development of SPP in the reporting year, Latvenergo AS created one new workplace with the maintenance of generation equipment as the priority. Meanwhile, a separate structural unit with nine positions was created for business growth and innovation development. The number of employees in the combined heat and power plants remained unchanged during the reporting year. In transitioning to more sustainable infrastructure maintenance and development solutions, Sadales tīkls AS created five new workplaces. Sadales tīkls AS implemented a Task Management System (UTG) and a Work Management System (DRPR) for digital work order processing and time tracking. With the introduction of UTG and DRPR, the organisation and execution of repair work have been optimised, work planning improved and travel to sites reduced, resulting in significant reductions in fuel consumption and CO2 emissions.
Measures to promote the internal culture and cooperation	Latvenergo AS Summer Festival, nominations and White Tablecloth Day events, team-building activities, the renewed Idea Bank, the summer event “CONNECTED”, as well as the new Microsoft 365 platform enable employees to take an active part in recognising their colleagues’ achievements and shaping the modern and engaging company culture.
Participation in conferences	Since 2023, Latvenergo AS has made it possible for its employees to participate in online conferences and access video recordings of the conferences. In the reporting year, employees attended approximately 150 different conferences and forums to familiarise themselves with industry developments and maintain professional competence, for example, *Life Balance* Parts 1 and 2*, Sustainability*, *LeadershipFactor*, *Subject: Creativity*, *Baltic Business Forum 2025: Leadership. Growth, Innovation.*, *Leader 2025*, *District Heating and Energy Technologies*, *Energy Sector 2025*. In the reporting year, the average employee feedback rating for all conferences was 8.9 (on a 10-point scale).
Supervision	In 2023, as part of a pilot project, customer service employees had an opportunity to try supervision as one of the most effective methods of emotional self-regulation and stress management. In 2024, supervision was offered to employees in units where the work environment risk assessment revealed high psycho-emotional risk, as well as units with the lowest ratings in the well-being dimension of the employee experience survey. In 2025, the scope of supervision participants was expanded by

	offering this service to managers. In 2025, 21 supervision groups were provided. 133 employees participated in group supervisions and 3 employees received individual supervisions. More than 80% of supervision participants rate them very positively or positively, as well as highly value the professionalism of the supervisors. Participants also positively assess the opportunity to view issues in a broader context, to hear experiences of their colleagues, and to acquire practical techniques for managing stress in everyday life.
Safety training	The Group provides occupational safety training, as well as professional upskilling training to its employees. The Group organises training in first aid, electrical safety, working at heights, working with hazardous equipment, and other specialised training to meet the needs of its employees. The Group fully covers the cost of such training, and employees can attend it during working hours.
Performance of hazardous work	Employees from the generation and trade, and distribution business segments are engaged in performance of hazardous work related to the operation and maintenance of the generation equipment/infrastructure. Only properly trained, skilled and mandatory health checks completed employees are allowed to carry out hazardous work. Workplaces are specially prepared for the safe performance of work, including checks of the equipment and tools needed to ensure safe operation. Particular attention is paid to conducting goal-specific briefings, used to explain to employees the safety requirements of the corresponding work, the procedure for performing the work, the potential risks and their mitigation measures, and the course of action in emergencies. To ensure safe operations, individuals are appointed to supervise work performance, monitor compliance with safety requirements, and perform regular checks to prevent any breaches of the requirements set. This ensures that hazardous work is carried out safely, reducing the risk of incidents.
Protective equipment	Employees of the Group are provided with collective and personal protective equipment. The selection of workwear, footwear, and personal protective equipment is based on the specific nature of the work, the degree of protection required and the latest solutions available.

S1-3

Impact remediation and channels to raise concerns

Latvenergo Group has several processes in place for employees to express their concerns and remediate impacts, and employees are aware of these channels.

Any employee can anonymously submit complaints and observations about the Group's activities in the form of a whistleblower report, an e-mail, or via the intranet LEports. Employees can also directly contact the Human Resource Management function or the Compliance Control function of the Group company and report any breaches. The Compliance Control function prepares an annual report for the management boards of the Group's companies regarding any whistleblower reports registered at the respective companies, as well as decisions taken and risk mitigation measures. An overview on whistleblower reports at the Group is prepared for the Management Board of Latvenergo AS. Monitoring of reporting channels is carried out continuously, as the reporting channels are linked to the Compliance Control function's emails. Received reports are processed instantly. The suggestions of employees are forwarded for review and processing to the respective units of the Group. The Group's Code of Ethics protects whistleblowers from reprisals. The effectiveness of the whistleblowing reporting channel is ensured through several reporting channels established within Latvenergo Group. Upon receiving a whistleblower report regarding a potential violation, the Compliance Control function processes it without delay and, while safeguarding the whistleblower's identity, ensures the timely review of the report and provides feedback.

For more information about the whistleblowing system, see G1 Business Conduct section Whistleblowing system and management.

The interests of employees in relation to occupational safety are represented by trustees; see the section Processes for engaging employees and employee representative.

In 2024, to strengthen managerial support and to improve employee experience, Latvenergo AS created the position of HR business partner, providing a reliable cooperation contact point for both managers and employees. HR business partners ensure timely information flow, support the resolution of personnel issues and proactively mitigate work environment challenges. In 2025, the HR business partner approach was purposefully developed, integrating it into daily processes and strengthening the role of business partners as essential support for the organisation's management and employees, as well as providing support to Elektrum Eesti OÜ and *Elektrum Lietuva UAB* colleagues. In the subsidiary Sadales tīkls AS, a similar approach has previously proven to be an effective tool for improving manager and employee engagement.

In 2025, changes in work organisation were implemented within several structural units, aimed at strengthening mutual cooperation and improving processes. These changes enabled a more effective distribution of responsibilities, promoted faster information flow and helped teams to work more cohesively, focusing on a common goal.

In the reporting year, two complaints related to personnel discrimination were registered in the group's whistleblowing system, which were not substantiated. No incidents or confirmed complaints pertaining to serious impacts on human rights, or other aspects relevant to the Group's own workforce were recorded.

Impact remediation takes place through several mutually supporting activities: specialised training programmes, the collective bargaining agreement, the Benefits Selection System, supervision, and Manager Power Groups. See the section Processes for engaging employees and employee representatives. Negative impact related to employee overload in certain structural units are planned to be addressed through workload analysis and capacity assessment, optimisation of processes and responsibilities, strengthening of managerial competencies, and the implementation of employee well-being and flexibility solutions. The effectiveness of impact remediation is assessed in the employee commitment survey, as well as by receiving feedback from employees after activities such as trainings, supervisions and Manager Power Groups. The Human Resource Management function and Occupational Health and Safety and Quality Management Unit are engaged in managing impacts and implement measures to mitigate negative and to facilitate positive impacts.

S1-5

Targets

The Management Board of Latvenergo AS sets Latvenergo Group's annual targets in line with the targets set in its Mediumterm Operational Strategy. The annual targets are broken down further to define, meet and evaluate targets and performance indicators at the unit and individual level, reaching every employee. The process of setting and approving targets is formalised via the Delta employee self-service system, which can be used to follow their status and performance. In accordance with the Group's Corporate Governance Policy, the annual targets are checked (forecast) on a quarterly basis. The defined targets are directly related to the implementation of the principles set out in the policies, including a safe working environment, fair remuneration and other sustainable work principles. The activities for managing the IRO of the Group's own workforce are performed by the human resource management and occupational safety units.

For 2025, target of maintaining employee commitment at 70 index points is set at Latvenergo Group level (target for 2024: 64-67 index points). The target is reviewed annually and the Group's employee commitment score was 67 in the reporting year (70 index points in 2024). The employee commitment indicator incorporates a range of aspects related to material IROs, including physical and emotional workplace safety, the recognition and management of stress and burnout, efficient work process organisation, a flexible working environment, fair remuneration, employee well-being, development, innovation, etc. Commitment survey results are discussed within structural units in cooperation with the relevant HR business partners, and the outcomes of these discussions are incorporated into the ongoing enhancement of employee well-being and the establishment of targets for the subsequent period.

For a description of the employee commitment and experience study, see the section Interests and views of stakeholders. See the section Targets of the Group's Sustainability Strategy for the target indicators specified in the Group's Sustainability Strategy for 2024-2026, their achievement and methodology. Targets have been set for all material IROs.

Progress towards target achievement is primarily assessed annually against established target values, rather than relative to a historical baseline. The results of the commitment survey, as well as suggestions received via the internal employee network, seminars, working groups and other engagement channels are considered for setting and reviewing targets. For employee engagement in definition of targets and assessment of the operational results see the section Interests and views of stakeholders. Data on the workforce of Latvenergo Group are obtained from the Oracle HR personnel data base using a business intelligence tool. All personnel-related data is maintained and regularly updated in the system, including the number of employees, structure, turnover, training, compensation metrics, length of the employment and other material personnel data. Occupational safety data is entered and maintained in the Occupational Safety Data Management System and a business intelligence tool is used for summaries. For sustainability data management, a centralised sustainability data platform was developed in the reporting year, wherein the quantitative data required for the preparation of the sustainability statement are collected and structured.

S1-6

Characteristics of the Group's employees

At the end of the reporting year, Latvenergo Group employed 3,382 people across the Baltic states (3,132 in Latvia, 209 in Lithuania, and 41 in Estonia). 7% of the Group's total workforce are employed in the generation and trade segment In Lithuania and Estonia. Compared to 2024, the number of employees fell by 1.6%. This reduction is mainly due to process improvements and digitalisation. The energy sector is characterised by a high number of technical positions, which is why the Group's workforce has a relatively large share of male employees: in 2025, 2,332 or 69% of employees were men and 1,050 or 31% were women. Most employment contracts were for full-time employment and open-ended. In 2025, 7 employees, or 0.2% of the entire staff (3 men and 4 women), worked part-time. 2,305 men and 1,032 women had open-ended employment contracts. 29 employees, or 0.9% of the total (20 men and 9 women), had a fixed-duration contract. These indicators did not change significantly compared to previous years. All employees of the Group have guaranteed working hours. In 2025, a total of 226 employees (315 in 2024) terminated their employment with the Group on their own initiative. Staff turnover (voluntary) at the Group was 1.7% (9% in 2024). The data are presented as the current total number of employees at the end of the reporting year. Methodology for obtaining personnel data see in the section Targets. Information on the number of employees at the end of the reporting period and the average number of employees during the reporting year see in the Financial Statements section Personnel Expenses.

Number of employees by operating segments

	Units	2025	2024	2023	2022	2021
Generation and trade	number	1,031	1,104	1,202	1,052	912
Distribution	number	1,685	1,652	1,665	1,665	1,681
Corporate functions	number	666	680	630	599	560
TOTAL	**number**	**3,382**	**3,436**	**3,497**	**3,316**	**3,153**
female	number	1,050	1,090	1,094	1,010	947
men	number	2,332	2,346	2,403	2,306	2,206

S1-7

Characteristics of non-employee workers in the Group's own workforce

There are no non-emloyee workers among the own workforce of the Group's companies.

S1-8

Collective bargaining coverage and social dialogue

The Group's companies Latvenergo AS, Sadales tīkls AS and Enerģijas publiskais tirgotājs SIA have a collective bargaining agreement signed with the trade union Enerģija. The collective bargaining agreement protects the legal, economic and social interests of employees, in addition to meeting the requirements laid down by law. In 2025, 90% of the Group's employees were covered by the collective bargaining agreement. The terms of the collective bargaining agreement not only apply to trade union members but to all employees of those companies. Employees who are also elected officials of the trade union can use working time to conduct union activities. There is no agreement with employees of Latvenergo Group on their representation in the European Works Councils (EWC), the works council of Societas Europaea (SE) or the works council of Societas Cooperativa Europaea (SCE). Methodology for obtaining personnel data see in the section Targets.

S1-9

Diversity metrics

Gender representation in senior management*

	Group				Latvenergo AS			
	Women	Men	Total	Diversity ratio**	Women	Men	Total	Diversity ratio **
Supervisory board	5	18	23	28%	0	5	5	0%
Management board	7	23	30	30%	1	4	5	25%
Total	**12**	**41**	**53**	**29%**	**1**	**9**	**10**	**11%**

* information is also required by the ESRS 2 GOV-1 21 (d). Methodology for obtaining personnel data see in the section Targets.
** diversity ratio among members of the Supervisory Board and members of the Management Board. It is calculated as an average ratio of female to male.

Employee age structure, broken down by age group

Age group	Women	Men	Total	Share
under 30 years	111	236	347	10%
30 to 50 years	655	1,292	1,947	58%
over 50 years	284	804	1,088	32%
Total	**1,050**	**2,332**	**3,382**	**100%**
Share	**31%**	**69%**		

S1-10

Adequate wages

The companies of the Group comply with the law, and all employees of the Group are paid adequate wages. In accordance with the Remuneration Policy, the main salary is determined according to the breakdown of jobs into salary groups based on special criteria, and a salary range is set for each salary group. The salary groups are revised at least once a year, considering labour market and industry information on salary levels and/or changes in them, including the Central Statistical Bureau's salary statistics and data from labour market remuneration surveys, as well as considering the financial capacity of the company. Positions within the Group are regularly revised and fair remuneration is set for work of equal or similar value.

S1-13

Training and skills development metrics

See G1 Business Conduct section Group specific topic – Direct and indirect economic impacts.

S1-14

Health and safety metrics

The group's occupational health and safety system is focused on a Zero Accidents approach, continuously improving occupational safety and health protection methods and processes. The Group promotes an open internal culture and encourages every employee to provide information about any type of incident that may endanger employees and cooperation partners. The system aims at improving the understanding of structural unit managers and employees regarding the creation of a safe working environment within the group, as well as at reducing or eliminating physical and psycho-emotional risk factors that may negatively affect employee health and safety at work, and at training and engaging employees in order to promote a favourable work environment and prevent the possibility of accidents.

To reduce and prevent possible accidents in the workplace, the Group's subsidiaries provide regular internal supervision and monitoring of the working environment in the field of occupational safety, based on modern digital technology foundations. When planning occupational safety measures, the subsidiaries comply with the Group's Occupational safety policy regarding employee safety and health, as well as the legislative requirements of each country.

Accidents within the Group are recorded and investigated in the manner prescribed by law. In addition, near-accidents are also listed and analysed. The conclusions and lessons learnt are implemented to improve the occupational health and safety system. Health and safety metrics section discloses only factual and verifiable data that are not based on assumptions.

Employees can report dangerous situations or violations to occupational health and safety specialists, heads of company units, or trust representatives. The occupational health and safety management systems of Latvenergo AS, Sadales tīkls AS, Liepājas enerģija SIA, Elektrum Lietuva UAB, and Elektrum Eesti OÜ were developed based on legal requirements and cover the entirety of the companies' own workforce. The occupational health and safety management systems of Latvenergo AS and Elektrum Lietuva UAB meet the requirements of ISO 45001:2018. Within the ISO 45001:2018 standard verification process, occupational health and safety policies and processes, employee competence, engagement and training, monitoring and measurement systems, and the application of regulatory requirements, including the recording of incidents and accidents, are externally audited. In the Group's capital companies Elektrum Next SIA, Enerģijas publiskais tirgotājs SIA, and Latvijas vēja parki SIA, occupational health and safety is ensured by a competent occupational safety institution established by the parent company. For the remaining small capital companies without employed persons, the implementation of an occupational health and safety management system is not applicable during the reporting period.

Incidents involving the Group's own workforce

Group company	Number of incidents		Number of accidents	
	2025	2024	2025	2024
Latvenergo AS	3	1	2	-
Sadales tīkls AS	4	3	6	2
Liepājas enerģija SIA	-	-	-	1
Elektrum Lietuva UAB	-	-	-	3
Elektrum Eesti OÜ	-	-	-	-
TOTAL	**7**	**4**	**8**	**6**

During the reporting year, the Group had no deaths among its own staff or that of its value chain working at the Group's sites. No deaths of other workers at the Group's sites were caused by work-related injuries or illnesses.

8 accidents were recorded at the Group in 2025. The total number of hours worked at the Group during the reporting year was 5,752,783 (5,948,161 in 2024). The Group's work-related injury rate in 2025 was 1.39 (1.01 in 2024).

Work-related injury rate is calculated according to the ESRS methodology:

$$\frac{\text{Number of accidents}}{\text{Total hours worked}} * 1{,}000{,}000$$

During the reporting year, the Group recorded 2 cases (5 in 2024) of occupational diseases at the subsidiary Sadales tīkls AS, related to physical strain.

The total days of sick leave are recorded in the time recording system. The system is not used to separately record days lost due to work-related injuries and deaths caused by accidents, or workrelated illnesses and deaths caused by such illnesses. Methodology for obtaining occupational safety data see in the section Targets.

S1-16

Compensation metrics (pay gap and total compensation)

The Sustainability Strategy of the Group includes the goal of creating a sustainable work environment and maintaining a fair remuneration system without discriminatory pay differences. The total wage median relative to the remuneration of the management board chairperson is set and maintained in line with the business practices of the company, not exceeding a ratio of 1:9.

In 2025, the annual total remuneration ratio of the highest-paid individual relative to the total annual remuneration of all employees (excluding the highest-paid individual) was 1:6.6 (1:7.5 in 2024). The calculation includes all companies of the Group.

The annual total remuneration ratio is calculated according to the ESRS methodology:

Annual total remuneration for the undertaking's highest-paid individual / Median employee annual total remuneration (excluding the highest-paid individual)

The gender pay gap at the Group was -1.2% in 2025 (1.5% in 2024). The calculation considers total wages for the reporting year and includes all companies of the Group

The gender pay gap is calculated according to the ESRS methodology:

(Average gross hourly pay level of male employees – average gross hourly pay level of female employees) / Average gross hourly pay level of male employees x 100

Methodology for obtaining personnel data see in the section Targets.

S1-17

Incidents, complaints and severe human rights impacts

To detect and prevent various types of breaches or dishonest behaviour, Latvenergo Group has a whistleblowing system, the principles and key provisions of which are specified in the Group's Code of Ethics; see the section Whistleblowing system and management.

During the reporting year, no incidents or confirmed complaints pertaining to discrimination among the staff, serious impacts on human rights, or other aspects relevant to the Group's own workforce were recorded via the Group's whistleblowing system.

Group specific topic – Labour market competition

Group's policy on addressing workforce accessibility see in the section Policies. Activities for proactive attraction of qualified personnel see in the section Corporate Social Responsibility. Targets, including the number of implemented activities to promote workforce accessibility and support STEM education areas, see in the sections Targets defined in the Sustainability Strategy 2024–2026 and Corporate Social Responsibility.

S3 Affected Communities

ESRS 2 SBM-3, S3-4

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Communities' economic, social and cultural rights					
	Disruptions of supply via electricity distribution infrastructure can temporarily reduce comfort of living and potentially lead to costs	ST	P	OO	Disruptions of the electricity supply can reduce the comfort of living by affecting a household's ability to use everyday electrical appliances, lighting and heating systems. Interruptions can also lead to costs for businesses that depend on an uninterrupted electricity supply to maintain their production processes and service provision. Elektrum offers a range of products and services for the safety and comfort of households and businesses. The Group is actively working on upgrading and maintaining the distribution system to improve the reliability and quality of the electricity supply. Information on the modernization of the distribution system, as well as on scheduled and unscheduled disruptions of the electricity supply see in the S4 Consumers and End-users section Targets.
	The Group promotes the capacity of the education system in STEM subjects, the know-how of students and teachers on the Green Deal, resource efficiency and electrical safety	LT	A	OO	Annual educational activities include seminars, workshops and developing teaching materials to help students and teachers better understand the importance of energy and progress towards the Green Deal. The Group collaborates with educational institutions to promote young people's interest in STEM subjects and foster future professionals who can solve energy and sustainability challenges. For example, the Group implements FIZMIX knowledge contest, physics festival, FIZMIX portal, scholarship contest and many other activities; see the section Corporate Social Responsibility.
Communities' civil and political rights					
	Public support for new wind and solar power plants varies depending on their impact on public or individual interests – the sociological phenomenon of "not in my backyard"	LT			In a 2025 sociological survey, 56% of the Latvian population (in 2024 – 77%) supported the construction of new solar and wind farms in Latvia. Meanwhile, public consultations demonstrate opposition from the local community if implementation of such projects is planned in their immediate vicinity. The Group engages representatives of affected communities in dialogue to explain the public importance and benefits of the projects and provides environmental impact assessments. In 2025, 12 (in 2024 – 21) public consultations and workshops or informative seminars were organised to raise awareness and enable more extensive involvement of affected communities in discussing planned generation projects.
Resilience of infrastructure					
	Damage to infrastructure can cause consequences for nearby communities	ST	P	OO	The Group carries out a comprehensive and continuous assessment and monitoring of the safety status of its facilities and infrastructure, obtaining expert opinions where necessary. A crisis management system has been developed at the Group. Sadales tīkls AS has signed a memorandum of understanding with the Estonian TSO Elektrilevi on mutual assistance in large-scale network failure cases. Civil protection plans have been developed for the plants, which have been approved by the SFRS. Annual tests of the effectiveness of plans are conducted and the plans are updated and supplemented where necessary. For this impact, the Sustainability Strategy sets a performance indicator – 0 high-impact incidents annually. No such incidents were identified in 2024 and 2025.

Communities' economic, social and cultural rights – safety-related impact			
Educating the public about the advantages of RES generation capacities through examples of projects implemented by the Group. Implementing pilot projects to combine RES capacity with biodiversity, recreation and tourism to foster public support for the implementation of new RES projects.	MT		Latvenergo Group educates the public about the benefits of RES and provides opportunities to learn about successful examples of RES generation capacity development projects. For information on the development of RES capacities, see the section Operating Segments. Pilot projects combining RES with biodiversity, recreation and tourism promote synergies between energy generation, environmental protection and co-benefits for society. Sheep graze at the solar power plant in Birži, which was opened in 2024, to prevent grass from overgrowing and obscuring the solar panels. In 2025, animal gates were installed at Jaunciema SPP to enable large mammals to move along their traditional routes.
Educating personnel and critical infrastructure partners to respond effectively to national threats, strengthening the readiness of the infrastructure and the ability of society to cope with crises. Improvements in physical security management by setting up an internal National Guard unit.	MT		The Group annually organises regular training and workshops to prepare employees and partners for crisis situations, with an emphasis on swift and coordinated action. The readiness of infrastructure is also being consolidated through regular inspections and improvement of security protocols. To ensure the security of critical infrastructure, the Group has created internal units staffed by members of the National Guard, who can provide support and expertise in the event of a national emergency. These initiatives improve the crisis management capacity of society and the operational continuity of critical infrastructure.

Positive impact | Negative impact | Risk | Opportunity | A Actual impact | P Potential impact | OO Own operations | VC Value chain | ST Short-term | MT Medium-term | LT Long-term

For remediation of significant impacts, see the section Impact remediation and channels to raise concerns. Activities for the management of IROs related to the Group's affected communities are implemented with the resources of the Environmental Management, Communication, Corporate Management Support and Marketing structural units. The results of activities for impact mitigation on affected communities are assessed by the responsible business functions. Human resources for management of material impacts see in the section Interests and views of stakeholders. During 2024 and 2025, no incidents or confirmed complaints related to serious impacts on human rights and affected communities were registered in the Group's whistleblowing system. Quantitative and qualitative information on the progress made in implementing activities or action plans disclosed in previous periods is available in the section Key targets defined in the Sustainability Strategy 2024–2026. For the Group's social support to affected communities, as well as contribution to the achievement of the UN SDGs see About Latvenergo Group section Corporative Social Responsibility.

ESRS 2 SBM-2

Stakeholder interests and opinions

According to its business segments and operation in the Baltic states, the Group defines its affected communities as encompassing the entire territory of Latvia, as well as communities located in the vicinity of wind and solar farms in Lithuania and Estonia; see the section About the Group. Functional decisions on collaboration with affected communities are made by heads of environmental management, communications, corporate governance support, marketing and other functions, as well as Management Boards and Chief Officers of capital companies. See the section Group Management.

The Group informs communities and involves them in public consultations, providing channels for raising concerns and remediation opportunities on an equal basis for all affected communities. The Group encourages its suppliers to identify and consider the impact of their activities on affected communities; see the section Policies. The interests, needs and opinions of stakeholders, including affected communities, are material aspect in the Medium-Term Operational Strategy of Latvenergo Group for 2022–2026 and the Sustainability Strategy of the Group for 2024–2026. The relations of the Group with affected communities are conducted in compliance with human rights, the principles of transparent and open communication, principles of ethical and corporate governance, and the requirements of the laws and regulations. For more information on stakeholder engagement, see the General Information section Stakeholder Engagement.

S3-1

Policies

Latvenergo Group has adopted the following key policies in respect of affected communities: the Sustainability Policy, the Environmental and Energy Management Policy, the Code of Ethics, the Code of Ethics for Cooperation with Suppliers and the Risk Management Policy. These policies are available on the homepage of Latvenergo Group and apply to all communities affected by the Group, including indigenous peoples.

For a summary of Latvenergo's policies on affected communities issues (IROs) management, see Policies adopted to manage material sustainability matters in the section General Information. Indigenous peoples are part of the Group's affected communities. For more information see the section Processes for engaging with affected communities.

Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management.

Sustainability Policy

In accordance with the Sustainability Policy, the local community is one of the priority stakeholders of the Group. It is important for

the Group to be in as close contact as possible with local communities in the vicinity of facilities and to contribute to the development of these communities. See the section Policies adopted to manage material sustainability matters.

Environmental and Energy Management Policy

The Environmental and Energy Management Policy of Latvenergo Group was updated in 2025, refining the approach to public information and education, which includes the exchange of best practice, the consultative support and the promotion of engagement in environmental and energy management issues. It provides for regular and transparent communication with the society and employees on activities in the fields of environmental protection and energy management. The Group is improving EIA methods and tools, the content and scope of information provided to stakeholders, as well as educating and engaging stakeholders in activities that reduce environmental and nature impacts. The Group provides informational and consultative support to society, promoting understanding of energy efficiency, renewable energy generation, climate change and sustainable development.

Code of Ethics

In all areas of its operation, the Group respects fundamental human rights, which are enshrined in the Constitution, the applicable laws, and international treaties binding on Latvia. In accordance with the Code of Ethics of the Group, if any stakeholder, including members of the local community, suspects that violations of requirements of ethics have occurred at the Group, they may submit a report via the public (anonymous) reporting links available on the Latvenergo website. See the section G1 Business Conduct.

Code of Ethics for Cooperation with Suppliers

Latvenergo Group has published the Code of Ethics for Cooperation with Suppliers and expects its suppliers to be aware of their company's impact on local communities and ensure, as much as possible, that it:

- does not harm local communities or contribute to the deterioration of their social, economic or environmental conditions
- collaborates with local communities in accordance with best practices and engages in transparent dialogue with local communities to understand and address their concerns
- consults local communities before taking any action that could have a significant impact on the quality of life of the local communities

Risk Management Policy

The Risk Management Policy of Latvenergo Group was updated in 2025, adjusting responsibilities, integrating the definition of opportunities in the risk register and adding environmental, social and governance factors to risk identification. It defines unified risk management principles and the allocation of responsibilities within the Group to identify and manage the most material risk factors and opportunities in a timely manner, including in cooperation with affected communities; see the section Internal Control System and Risk Management.

Compliance with internationally recognised standards

The Group's policies in respect of affected communities are in line with internationally recognised guidelines, including the principles described in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct:

- the companies of the Group respect human rights in all countries where they operate
- the Group is responsive to requests for information from affected communities, provides clear and complete information on planned development projects, and involves the affected communities in public consultations on the implementation of these projects
- the Group implements activities to educate affected communities about energy and the Green Deal

During the reporting year, no human rights violations according to the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises relating to affected communities were detected in the activities of the Group.

S3-2

Processes for engaging with affected communities

Affected communities are material element of the Latvenergo Group's operations, as they are located within the areas of direct impact where the Group's infrastructure is maintained and developed and new projects are implemented. Cooperation with these communities ensures timely information exchange, compliance with interests of local residents, and building of long-term trust. By engaging communities in decision-making processes and respecting their social, economic, and environmental needs, the Group promotes sustainable operations and creates a solid foundation for the successful development of projects across the Baltic region.

The Group ensures that affected communities are engaged in impact-related consultations. The forms of engagement are diverse and aim to meet the needs of different community members in terms of providing their opinions and feedback. See the sections Stakeholder interests and opinions and Targets. The processes for engaging with affected communities comply with the principles set out in the policies regarding respect for human rights, exchange of best practice, consultative support and the promotion of participation by residents of affected communities. Activities for the engagement of affected communities are planned in accordance with the Group's strategic objectives for the development of RES capacities, the results of resident surveys and proposals obtained during public consultations. The effectiveness of activities in achieving results is measured and evaluated within the survey of residents on the Green Deal. The Group's experts make direct visits, reaching the majority of residents, and provide opportunities for each resident of the affected community to participate in the consultations. The Group implements information dissemination and myth clarification about WPP impacts at the EU and national level in cooperation with the European Wind Energy Association *WindEurope*, the association "Latvian Renewable Energy Alliance" and the Ministry of Climate and Energy. In the reporting year, cross-border consultations were also held with Estonian affected communities and state institutions. See the sections Stakeholder Interests and Opinions and Targets.

Public consultations

In accordance with the law, the Group informs the public about its planned activities, such as projects to develop RES generation capacity, and provides the opportunity to submit proposals, both in writing and electronically, regarding the potential impacts of these activities. The EIA procedure involves an initial public consultation on the proposed activity and a public consultation regarding the EIA report.

The objective of the initial public consultation is to ensure public involvement at the earliest possible stage – before the EIA report is drawn up. Sufficient information about the proposed action is provided to the part of the community concerned to enable them to decide whether they wish to be engaged in the further process. Stakeholders can provide feedback in the form of written proposals on the likely environmental effects of the proposed action. The proposals are considered when updating the EIA.

During the EIA, experts assess the potential impacts of the proposed activity on people, their health and safety, biodiversity, the soil, the subsoil, the air, the water and the climate, the

landscape, material assets, cultural and natural heritage and other factors. The results of the EIA examination and proposals for avoiding or minimising adverse effects, are presented during the public consultation regarding the EIA report. Public consultations are organised in a hybrid format, ensuring full participation of members of the public, both face to face and remotely.

On the website of the Group and its subsidiary Latvijas vēja parki SIA, documentation related to EIA and up-to-date information about public consultations, informational seminars as well as answers to frequently asked questions are published.

In 2025, the Group organised 2 (in 2024 – 7) initial public consultations, 5 (in 2024 – 3) public consultations regarding the EIA report and 5 (in 2024 – 11) informative seminars. Representatives of indigenous communities were involved in public consultations in 2025. EIA reports have been improved in accordance with the proposals received. They include a public participation section, which will describe the proposals received and their status.

Working groups or informative seminars

Residents of affected communities can participate in working groups or informative seminars organised by the subsidiary of the Group Latvijas vēja parki SIA, where experts provide information on various aspects of the planned projects, for instance, socioeconomic impacts, biodiversity, landscape impacts and physical impacts of the wind farms. Although legislation does not require the organisation of such informative seminars, the Group considers this to be an opportunity to engage and inform residents on a wider scale. These meetings provide local residents with the opportunity to meet and hold discussions with the experts carrying out the EIA and to share their knowledge. Experience shows that local communities are sometimes in possession of facts and information that is not widely known, such as the breeding location of a rare bird. Questions and comments of the residents that are raised at these meetings are included in the final EIA report.

In 2025, *Elektrum* Energy Centre organised stakeholders online discussion "Solar Energy – a passing trend or a sustainable perspective", wherein the industry experts discussed the challenges of electricity generation using solar energy.

Awareness raising of affected communities on the operation of the sites

In November 2025, the Group provided residents of Preiļi municipality and Riebiņi parish with the opportunity to visit the wind farm in Rokiškis, Lithuania, commissioned in 2025. The planned wind farm construction in the parish was discussed with residents of affected communities, the principles of WPP operation were explained including feedbacks of the Lithuanian WPP owner as well as local residents. In autumn 2025, the Group's experts organised neighbour days for residents of affected communities at the future *Laflora Energy* WPP – making personal visits to approximately 100 residents of the nearest houses and villages. During the visits, residents of affected communities were introduced to the WPP construction concept, environmental aspects and support for the affected community.

To inform the affected communities, the Group published 47 posts about WPP on social networks, 838 media publications and organised 34 face-to-face meetings during the reporting year. See the section Stakeholder engagement.

Visits to municipal authorities

The Group's representatives regularly organise meetings with municipalities to inform them about the development of WPP parks and measures to further reduce the impact on people and the environment. The subsidiary of the Group Sadales tīkls AS regularly informs local governments about the latest developments in the sector, investments made to improve the electricity supply, and planned electricity network reconstruction projects. In 2024 and 2025, the annual visits focused on issues that contribute to the growth of cities and municipalities: capacity availability, distributed electricity and generation, the importance of the electricity supply and business continuity, capital investment and grid development, opportunities in the regulatory environment and digital solutions.

Guidelines for SPP construction

Latvenergo AS is a member of the association "Solar Energy for Latvia", which prepared the Environment Protection Guidelines for the Development of Solar Parks in Latvia in cooperation with environmental organisations in 2024. Experts of the Group participated in the working group for the development of the guidelines. The aim of the guidelines is to facilitate the development of sustainable solar energy projects in Latvia. They outline environmental and sustainability good practice scenarios for the design, construction and operation of solar parks. The guidelines include recommendations for landowners and solar park developers to balance nature conservation, public interest and economic benefits. During the reporting year, a compliance assessment of the Group's SPP parks was carried out, concluding that SPP generally comply with the requirements of the guidelines. In certain SPP, measures have been taken to comply with the requirements of the guidelines. Latvenergo AS continues to develop solar power plants under the good practice principles set out in the guidelines.

Survey of residents on the Green Deal

The Group assesses its cooperation with affected communities through regular resident surveys, such as the annual survey on the opinions of the Latvian population on the environment, climate and energy. In accordance with the survey of 2025, 56% (in 2024 – 77%) of residents supported the construction of new renewable electricity (i.e., wind and solar) generation plants in Latvia. According to respondents, the main reasons why Latvia should build new renewable electricity power plants include energy independence from other countries, economic development of Latvia, complete energy independence from Russia, reduced volume of imported electricity and thus an improved import-export balance for Latvia, the opportunity for Latvia to become an electricity exporter and GDP growth.

Elektrum Lietuva UAB local community support fund

To promote cooperation with affected communities, the subsidiary of the Group Elektrum Lietuva UAB established the Community Support Fund in 2024. It aims to improve the wellbeing of local communities by organising calls for projects for non-governmental organisations in sports, education and sustainable energy. In 2025, a project competition in the amount of EUR 13,000 was announced for affected communities in the Panevėžys region.

Corporate social responsibility activities

For more information, see the section Corporate Social Responsibility.

S3-3

Impact remediation and channels to raise concerns

Representatives of affected communities can submit suggestions and raise concerns about the operations of the Group in a more convenient way – by posting a message on the whistleblowing website, by calling +371 67 728 222, or by sending information to the following email addresses: ksa@latvenergo.lv and info@latvenergo.lv.

Representatives of affected communities can use the whistleblower reporting procedure and submit anonymous or signed reports on the Latvenergo website. Information on the protection of the whistleblower identity see in the section G1 Business Conduct. In 2025, no reports were received from representatives of affected communities (in 2024 – 2 reports).

In accordance with the laws and regulations, the Group will provide remediation to the communities affected by wind farms built nearby. The financial benefit is calculated based on WPP capacity (EUR 2,500 per year excluding value added tax for each megawatt of WPP nominal capacity), and it is distributed equally as follows: 50% of this amount is allocated to building owners, and 50% to the municipality where the WPP is located. The payment for community development is provided by the wind project developer, is not subject to personal income tax, and its amount is intended to be reviewed at least once every five years. The municipality will be able to allocate these funds to environmental protection, climate and energy efficiency projects, such as the improvement of municipal infrastructure, road and street repairs, the management of cultural heritage sites and historical heritage, as well as natural assets and territories. The financial benefit for residents will contribute to quality of life and increase purchasing power, boosting the consumption of goods and services. The investment in the local community will apply to both offshore and onshore wind farms with a capacity of at least 1 MW. The contribution will apply in cases where onshore wind turbines are located within 2 km of a residential building, as well as at sea if the wind farm is located up to 25 km from the shore. By increasing the capacity of an existing wind power plant or increasing the number of turbines in an existing wind farm, the Group will also contribute to the local community. The determination of the payment amount and the disbursements are coordinated by the municipality, thereby ensuring the availability and effectiveness of remediation. The aforementioned information channels are available for expressing concerns and finding solutions to impacts and inconveniences, including those during the construction and operational phases.

An email address was set up for each wind farm project that stakeholders, including representatives of affected communities, can send questions, suggestions and complaints to. In 2025, approximately 20 emails (in 2024 –200) were received at these e-mail addresses. The number of letters received annually depends on the stage of the EIA procedure for the respective project. The most active public engagement and communication takes place at the initial stage of the EIA procedure, immediately after the initial public consultation, when representatives of affected communities, municipalities and other stakeholders submit their proposals regarding the scope of the EIA report and the level of detail of the study, as well as during the public consultation on the prepared EIA report. After the preparation and submission of the EIA report to public institutions, the activity of representatives of affected communities decreases. EIA reports include a section with information on the status of proposals received and are updated in accordance with these proposals. Booklets with information channels are distributed to residents of affected communities. At each meeting, residents of affected communities are informed on the communication channels, providing the opportunity for feedback on the effectiveness of these channels. No proposals for the improvement of communication channels were received in the reporting year. Indicators on the quality and safety of the electricity supply see in the S4 Consumers and End-users section Targets. All mentioned channels to raise concerns are available for all stakeholders.

S3–5

Targets

The Targets section discloses material performance indicators related to the management of affected communities, which are based on verifiable data, are not assumption-based, and are implemented and monitored across the capital companies. Targets are defined for management of all material IROs related to affected communities. The Sustainability Strategy of Latvenergo for 2024–2026 sets targets and performance indicators for managing impacts, risks and opportunities related to affected communities; see the sections General Information and Targets of the Group's Sustainability Strategy. The Sustainability Strategy sets an annual target – at least 70% of Latvian population supports the development of wind and solar energy generation capacities. According to the 2025 survey, 56% of residents (77% in 2024) support the construction of new renewable electricity (i.e., wind and solar) generation facilities in Latvia. The targets defined in the Sustainability Strategy will be reviewed in the course of developing the Group's Sustainability Strategy for the next period. Monitoring the implementation of the Sustainability Strategy is described in the section Sustainability Management. Survey data, as well as received reports and letters, are used in the determination of targets and performance indicators. The defined targets are directly linked to the implementation of the principles set out in the policies, including the education and informing of residents of affected communities.

To facilitate effective engagement with affected communities and promptly identify opportunities for improvement, the Group has established performance indicators that are annually included in the objectives of the Environmental Management Function in accordance with the Medium-term Operational Strategy and Sustainability Strategy of the Group. Performance indicators for engagement with affected communities are set by the Environmental Management Director and approved by the Chief Officer. Progress towards target achievement is primarily assessed annually against established target values, rather than relative to a historical baseline. At the end of the reporting year, the results are assessed, and appropriate targets are set for the following year.

In 2025, the Environmental Management function of Latvenergo AS has been set the target of ensuring the completion of EIA procedures for three potential wind farm areas. The required documentation has been submitted within the specified deadlines. Opinions have been received for two areas, and an extension for the issuance of an opinion has been granted for one area due to the large number of WPP proposals and the administrative capacity of the competent institutions. The 2024 target of Latvenergo AS Environmental Management function regarding the number of organized stakeholder working groups and educational video materials has been updated in 2025 to enable overall monitoring of EIA procedures. The target for the number of completed EIA procedures is related to process management and has been defined based on regulatory requirements and good practice; it is not based on conclusive scientific evidence. The targets of Latvenergo AS Environmental Management function are reviewed annually, and monitoring of completed EIA procedures continues in 2026. Policy activities for achievement of the targets see in the section Policies.

Group specific topic – Resilience of infrastructure

Group's policies related to infrastructure resilience and public awareness see in the section Policies. Activities to promote infrastructure resilience see in the section Material impacts, risks and opportunities and Processes for engaging with affected communities. Infrastructure resilience targets and their performance see in the section Material impacts, risks and opportunities.

S4 Consumers and End-users

ESRS 2 SBM-3, S4-4

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Personal safety of consumers and/or end-users					
	The Group provides the energy required by society and the economy	LT	A	OO	Latvenergo Group is one of the largest providers of energy supply services in the Baltics engaged in the generation as well as trade of energy. In addition to its existing generation capacities, the Group is continuously developing new RES generation capacity in the Baltic states, contributing to the green transition in the entire Baltic region.
	Sustainable and economically viable distribution service and a safe and high-quality electricity supply (SAIFI and SAIDI) are provided	LT	A	OO	The Group closely monitors safety and voltage quality at each site and in the power grid as a whole. In 2025, overall performance was improved, including SAIFI and SAIDI; see the section Targets. Well-targeted annual investment in the reconstruction of distribution networks and intensive clearance work on power line routes contributed to the improved performance indicators.
	Management of critical infrastructure and protection of information resources is ensured	LT	A	OO	Latvenergo Group has adopted a Business continuity assurance policy, while conceptually supporting the implementation of a single business continuity management system. Education activities and knowledge tests, including data management and information protection, have been maintained and supplemented for employees.
Social inclusion of consumers and/or end-users					
	Customer service is being improved and developed	LT	A	OO	Latvenergo Group continuously improves its customer service by developing modern digital solutions and self-service options. See the Processes for engaging with consumers and end-users section.
	Ineffective product price management can affect customer loyalty in a changing market environment	VT			Electricity and natural gas market prices are subject to fluctuations that are influenced by various external factors, such as the weather, resource prices on global markets and local factors such as the availability of water and air temperature. These fluctuations can pose challenges for the Group while ensuring the effective adjustment of prices to remain competitive.
Information-related impacts on consumers and/or end-users					
	Lack of transparency in communication with stakeholders on sustainability can affect the reputation and market position of the Group	MT			The Group communicates data-driven sustainability information. In line with the Sustainability Strategy of the Group, a unified sustainability data management system was established in 2025.
Data protection					
	The personal data available to Latvenergo Group may be processed in non-compliance with internal and external regulatory acts, due to insufficient internal controls, security measures or employee errors.	MT			To ensure compliance with the requirements of the General Data Protection Regulation (EU) 2016/679, Latvenergo Group is constantly improving its personal data processing and introducing measures to reduce the risks of personal data processing. For staff whose duties include handling personal data, training, seminars and knowledge tests are organised at different intervals and according to the specific nature of the job.

Positive impact
Negative impact
Risk
Opportunity
A Actual impact
P Potential impact
OO Own operations
VC Value chain
ST Short-term
MT Medium-term
LT Long-term

Customers of Latvenergo Group are segmented into households and legal entities. For the geographical scope of IRO activities, see the section About the Group. For information on the effectiveness and assessment of impact and risk activities, see the sections Group Strategy and Targets. Information on the activities for implementation of policy principles see in the section Policies. Activities are implemented for the management of all material IROs, for additional information see the section Targets. Information on additional activities to promote positive impact on consumers and end-users see in the section Corporate Social Responsibility. The material risks do not affect specific groups of consumers and end users. For the Group's contribution to the achievement of the UN SDGs see About Latvenergo Group section Corporative Social Responsibility.

ESRS 2 SBM-2

Stakeholder interests and opinions

The interests, needs and opinions of Latvenergo Group's consumers are material aspect in the Medium-Term Operational Strategy of Latvenergo Group for 2022–2026 and the Sustainability Strategy of the Group for 2024–2026. The Group has organised workshops for stakeholders, including customers and consumer rights organisations, to discuss the draft Medium-Term Strategy and draft Sustainability Strategy of the Group; see the General information section Stakeholder engagement. The interests of the Group's customers are also explored through market research and surveys, such as a customer satisfaction and loyalty study, product research, and dynamic customer recommendation index measurements on customer communication channels. The Group's relations with consumers are implemented in compliance with human rights, the principles of equal competition and fair communication, the requirements of personal data protection regulations, the principles of ethics and corporate governance of Latvenergo Group, the requirements of legislation and the control of sanctions. The Group continuously monitors changing customer habits and needs, which is the basis for service improvement and the development of new services.

Latvenergo Group's brand Elektrum offers competitive products and services related to electricity, natural gas, electricity consumption and energy efficiency in the Baltic states that meet customer needs. Meanwhile, the distribution services of Sadales tīkls AS are based on providing a high-quality, uninterrupted and secure electricity supply in Latvia. The goal of the Group is to build long-term and mutually beneficial customer relationships. The Group uses innovative solutions and the basic principles of cost-effectiveness and operational excellence to achieve this goal. For instance, the Group is developing digital self-service tools for customers and advanced customer interface solutions (virtual assistants and interactive voice response for customer call queuing) and optimising internal processes and systems solutions, which includes introducing innovations in the use of big data and ensuring virtual assistants for customer service personnel. The subsidiary of the Group Sadales tīkls AS has identified consumer groups that may be at greater risk of harm and implements educational activities on electric safety for children and young people, as well as construction, logging and agricultural workers, see the section Corporative Social Responsibility. The Group also provides state support to protected users for the payment of electricity bills.

The Group is committed to educating consumers on aspects of service use, which includes organising seminars and developing educational materials on electrical safety, energy efficiency and other topics covered by the Green Deal; see the Corporate Social Responsibility section. Households and business customers are informed on the Group's and energy sector news and developments in the form of regular mailings, for instance, in the Electricity Market Review and Elektrum News publication. An interactive electricity supply review is available quarterly on the website of Sadales tīkls AS, offering transparent information on the volumes of distributed electricity, the development of green energy generation, traders' switching trends and other topicalities. Customers' wishes and their consent to receive information or participate in opinion polls are always respected during communication.

S4-1

Policies

For a summary of Latvenergo's policies on consumers and endusers issues (IROs) management, see Policies adopted to manage material sustainability matters in the section General Information.

Information on the most senior level of management responsible for the implementation of the policy, as well as a description of how the interests of key stakeholders have been taken into account in the policy development process, is provided in the section General Information under Sustainability Management.

Customer service

Due to the differences in business segments, the companies of the Group have adopted different policies towards consumers and endusers.

To ensure high standards of customer relations, the Best Practices of Customer Service of Latvenergo AS and Elektrum Eesti OÜ, as well as the Customer Service Standard of Sadales tīkls AS, have been introduced. They describe the principles, requirements and actions of customer communication in different situations. The basic principles of customer service include equal and fair treatment of all customers, regardless of their gender, age, race or other aspects of diversity.

To improve the customer experience, Latvenergo AS has developed a procedure for granting customer loyalty bonuses. The procedure sets out the basic principles and procedures for thanking household and legal customers of Elektrum for their loyalty or apologising to them in the event of an error in operations or customer service that has caused them inconvenience or an unsuccessful experience with the company.

Handling customer proposals

Latvenergo AS, Sadales tīkls AS and Elektrum Lietuva UAB have approved the Procedure for Handling Customer Submissions, Proposals and Complaints, which sets out common principles for receiving, registering, handling, preparing, and responding to submissions, proposals and complaints.

Data processing and protection

The companies of the Group have approved personal data processing and protection procedures which set out the rights, duties and responsibilities of employees in the processing of personal data. Meanwhile, the Personal Data Breach Investigation and Reporting Procedure provides for a uniform approach to the identification, investigation, impact assessment, registration, and reporting of personal data breaches. The Group's subsidiary Elektrum Eesti OÜ has approved these procedures in 2025.

The Group's companies have developed principles for processing personal data that apply to customers, business partners and other natural persons whose data are at the disposal of the Group's companies. These principles explain the purposes and legal basis for data processing and the rights of individuals regarding the processing of their data. Compliance with them ensures that the data is processed fairly, lawfully and transparently, guaranteeing the confidentiality and security of information.

Processing of personal data by the information systems of Latvenergo Group is carried out in compliance with the

requirements of regulatory enactments on the security of restricted information. Data processing processes in customer service portals, mobile applications, and direct communication activities are customised to ensure compliance with data processing and protection requirements.

Compliance with internationally recognised standards

The policies of the Group are aligned with internationally recognised guidelines relevant to consumers and/or end-users, including the principles described in the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct:

- providing accurate, verifiable and clear information that is sufficient for consumers to make informed decisions
- educating consumers in areas related to the business activities of the Group – efficient use of energy and resources
- the Group's practices regarding the collection and use of consumer data are legal, transparent and fair, and the Group takes all reasonable steps to ensure the security of personal data

During the reporting year, no human rights violations according to the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises relating to consumers and end-users were detected in the activities of the Group.

S4-2

Processes for engaging with consumers and end-users

Improving customer experience, services and service development is a continuous process. The Group's cooperation with its customers is based on high standards of customer service – excellence in every contact. Functional decisions on the activities and principles of the company in managing consumer relations are made by the heads of customer service, sales and marketing, the Management Boards of the companies, and Chief Officers. For support to vulnerable groups see the section Stakeholder interests and opinions. The continuous development of customer service channels complies with the principles of the Best Practices of Customer Service on professional and friendly customer service that meets customer needs and expectations.

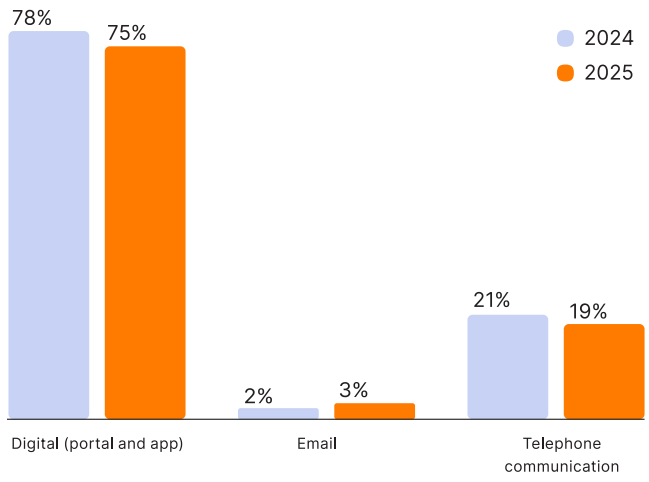
Elektrum customer service channels

Several customer service channels are offered to maintain a high level of customer satisfaction and service quality and availability:

- digital self-service tools – the elektrum.lv portal and Elektrum mobile app provide customers with access to all services: signing or amendments to contracts, billing information and payment options, various consumption and price reports, an equalised payment barometer, application options, etc. Lelde, the Elektrum virtual assistant, is also available on digital channels
- customer service phone number 8400 and customer service by sending an email to klientu.serviss@elektrum.lv
- customer communication on social networks

The most popular customer service channel is the portal elektrum.lv, which is used by 70.5% (in 2024 – 71%) of Elektrum customers. Meanwhile, 28.7% (in 2024 – 22%) of customers use the Elektrum app. Both digital channels are used by 75% (in 2024 – 78%) of customers and account for the largest share of customer engagement, with around 918 thousand (in 2024 – 1.1 million) visits per month in the portal and 1.5 million (in 2024 – 1.7 million) on the mobile app.

Customer service channels used by customers



The customer portal and mobile app are available in Latvian and English, while in individual communication with the customer, Elektrum tries to adapt to the language that is most comfortable for the customer. Continuous development of digital customer service channels is in progress to offer greater accessibility and ease of use to our customers, such as a wide range of options to analyse their energy consumption in different reports, follow the price dynamics on service exchanges, and create price change notifications. Elektrum is the only energy service provider that offers the option of a balanced payment method for settlements to customers in Latvia. In the reporting year, 20% (in 2024 – 21%) of Elektrum customers use this payment format. In 2025, the Elektrum portal kept a high accessibility index of 89 (in 2024 - 94). The Accessibility Index is measured by the Google Lighthouse Accessibility Tool and expressed on a scale from 0 to 100. An accessibility audit of the Elektrum mobile application was carried out in the reporting year. As a result thereof, a plan of necessary improvements has been developed and the application design adjustments has started to improve accessibility index. Elektrum customer service uses simple language principles in written communication with the customer.

Sadales tīkls AS customer service channels

The communication channels offered by Sadales tīkls AS enable continuous availability of services and high-quality customer service remotely and at any time:

- the company's website sadalestikls.lv provides extensive information on services, several e-calculators, digital maps, and e-consultations. A new self-service tool was added in the reporting year – The Energy Barometer allows customers to assess the efficiency of their electricity connection use and compare electricity consumption with other households around Latvia. Damage claims option on the website provides customers with continuous access to services – in case of massive damage it is used by more than 40% of customers
- the self-service portals e-st.lv and saskano.sadalestikls.lv enable customers to perform any operation from an application for a service to the conclusion of a contract, as well as to coordinate projects and plans and obtain permits for construction, forestry and excavation work. The virtual assistant Valts is available in both portals as well. The number of sessions served by Valts exceeded 40 thousand in the reporting year
- power grid damages in emergency situations, as well as in cases of unavailable internet connection, can still be reported by calling the free emergency hotline 8404. In addition, night alerting is provided to facilitate business continuity for customers with critical infrastructure facilities, including hospitals
- an information hotline, 8403, has been established for customers to obtain information. In 2025, as many as 59 thousand (in 2024 – 70 thousand) customers received

information through this channel. The transfer of the information line service from outsourcing to our internal customer services has ensured more efficient service and provision of solutions at the first contact. The most common reasons for customer calls were connections, their renewal and load increase

- 24 thousand e-mails were answered during the reporting year (in 2024 – 27 thousand). The reduction in number is the result of customers switch to digital self-service solutions and improved efficiency of services

Digital and technological solutions ensure remote electricity metering and a wide range of energy data for users, including the ability to monitor their electricity consumption and choose the most appropriate time, for instance, for more intensive generation. In the reporting year, Sadales tīkls AS expanded the range of smart solutions by starting cooperation with Rigas ūdens SIA and equipping more than 22 thousand water inlet meters with remote reading devices.

In 2025, all public websites of Sadales tīkls AS were subject to an accessibility assessment. Minimum requirements were met on all channels with further established accessibility report. The websites are partly complied with Cabinet Regulation No. 445, non-compliances are identified and implementation of requirements are planned in 2026.

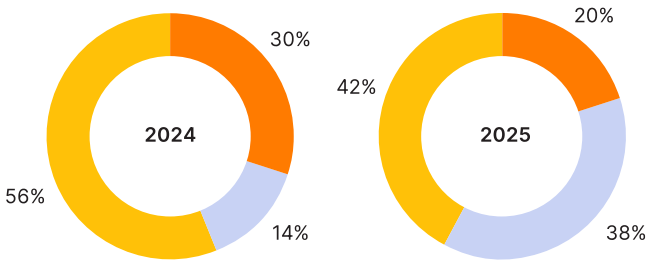
S4-3

Impact remediation and channels to raise concerns

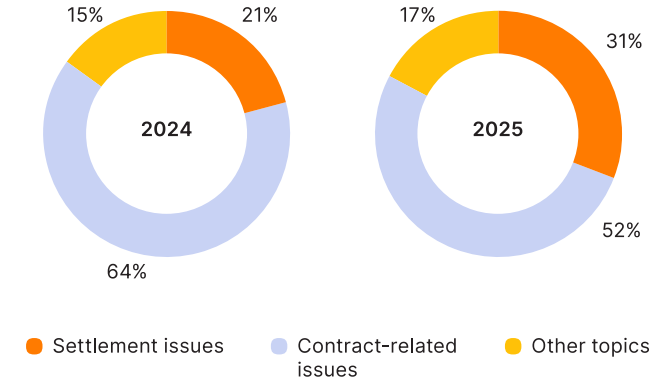
Latvenergo AS customers can submit complaints about services or service-related matters by calling the customer service line, sending an email or posting a letter – whichever is most convenient for them. Customer submissions and complaints are dealt with in accordance with the Procedure for Handling Customer Submissions, Proposals and Complaints. A total of 8,962 submissions and 77 complaints were received in 2025 (in 2024 – 6,529 submissions and 81 complaints). In 2025, 88% of the complaints were resolved within 3 business days (in 2024 – 90%).

Sadales tīkls AS manages customer complaints and improves the process to reduce the volume of complaints. In 2025, 791 customer complaints were registered (in 2024 – 1,436), including on unplanned power interruptions, territory maintenance and voltage quality. Upgrades to customer service led to a 45% reduction in complaints in 2025. Latvenergo Group also provides public information to consumers and end-users in the media. In 2025, no cases were identified regarding the non-compliance of Latvenergo Group's marketing or communication activities with the legal framework or the provisions of voluntary acts.

Topics of Customer Submissions



Topics of Customer Complaints



The total number of customer complaints is 0.013% (in 2024 – 0.015%) of the total number of customer contacts served (excluding customer digital self-service contacts) and 0.013% (in 2024 – 0.014%) of the total number of customers

Latvenergo AS, as an insurance ancillary service intermediary, offers insurance services to its customers. In 2025, 57 complaints (in 2024 – 44) about insurance services were registered. Based on an analysis of the complaints, Latvenergo AS is improving its communication with customers and promoting customer know-how and awareness of the service, as well as cooperation with insurers to maintain the quality of the service.

Customers and business partners of the Group can use the whistleblower reporting procedure and submit anonymous or submitter-identifying reports on the Latvenergo website. 10 customer reports of customer service issues were recorded and resolved in 2025 in accordance with the customer service processes (in 2024 – 3). 9 reports related to third party actions. Issues were solved under the customer service procdures. For a description of whistleblower rights protection, see the G1 Business Conduct section.

In 2025, more than 9 thousand claims were registered using the fault reporting section on the website of Sadales tīkls AS, which is 30% less than in the previous year (more than 13 thousand). It was affected by a reduction in the number of recorded large-scale damages. Persons, including consumers, whose interests have been directly or indirectly infringed by an employee's conduct may initiate an investigation into a breach of the Code of Ethics by emailing a complaint to: sos@sadalestikls.lv. No such reports were received in 2025.

S4-4, S4-5

Targets

The Targets section discloses material performance indicators related to the management of consumers and end-users, which are based on verifiable data, are not assumption-based, and are implemented and monitored across the capital companies. To evaluate the quality of service and promptly identify opportunities for improvement, the Group has established several customer service indicators that are annually included in the Customer Service targets in accordance with the Medium-term Operational Strategy and trading strategy of the Group. Targets are defined for customer service, safety and quality of the electricity supply, as well as critical infrastructure management impacts. Data on Latvenergo AS customer service key performance indicators are obtained from the systems used in the customer service processes (Cisco, CC&B, FreshDesk, Evaluagent, Google analytics) and are analysed with a business intelligence tool. Data on the distribution system, including SAIDI and SAIFI performance indicators, are obtained from the Geographic Information System module for network operational management support using a business intelligence tool. Customer service indicators are determined by the Customer Service Director and approved by the Chief Officer. Progress towards target achievement is primarily assessed annually against established target values, rather than relative to a historical baseline. At the end of the reporting year, the results are assessed, and appropriate targets are set for the following year. Activities for the management of IROs related to the Group's consumers and end-users are implemented with the resources of the Customer Service and Marketing structural units. Environmental-related targets are not defined in section S4 Consumers and End-users of the report.

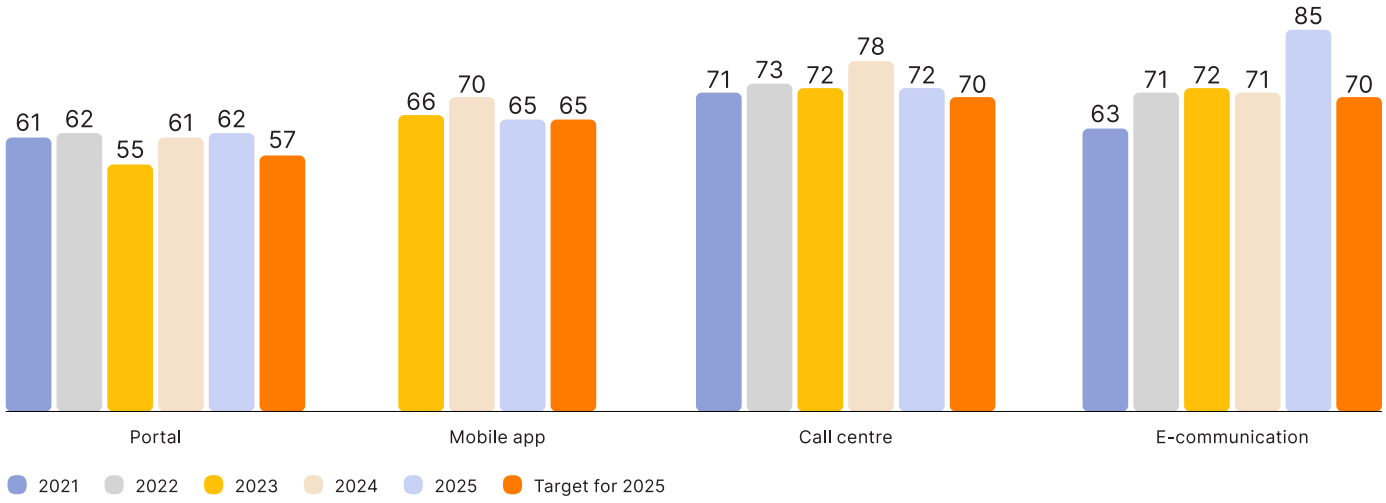
Elektrum customer satisfaction and loyalty surveys in Latvia are conducted on a regular basis. These surveys measure customer satisfaction with the Group, its services, customer service, payment options, and the availability and content of information. Customer satisfaction is also assessed in comparison with the reference group – a sample of companies in the energy and services sector. The Group Sustainability Strategy 2024-2026 sets an annual target – a household customer satisfaction index in Latvia that is higher than the reference group average. In 2025, customer satisfaction with Elektrum was 7% higher (in 2024 – 6% higher) than the average of the reference group. See the sections Group Strategy and Operating Segments.

Key Elektrum Customer Service Performance Indicators in Latvia

	Unit	Performance indicator to be achieved	2025	2024	2023	2022	2021
Calls answered	%	85	92	95	86	89	88
Calls answered within 30 seconds	%	75	78	86	72	75	77
Emails answered within 24 hours	%	80	70	91	63	63	76
Complaints answered within 3 days	%	80	88	90	79	81	84
First call resolution for the household segment	%	90	92	92	90	90	90

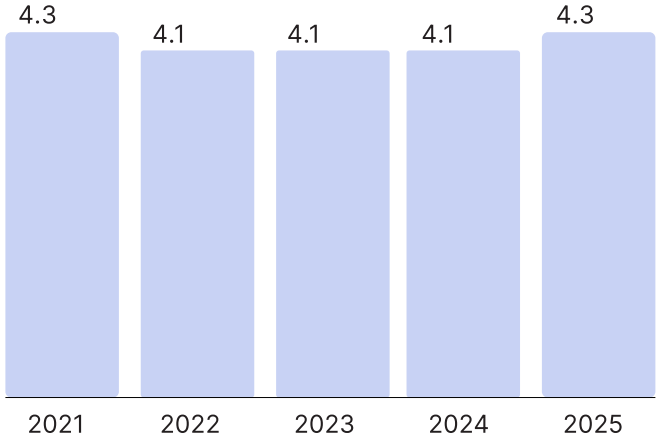
Elektrum net promoter score

- demonstrates the readiness of customers to recommend the service provider based on their service experience
- measured on a scale from -100 to +100 (according to the international NPS methodology)
- in 2025, the NPS of customer service channels was very high, exceeding the target



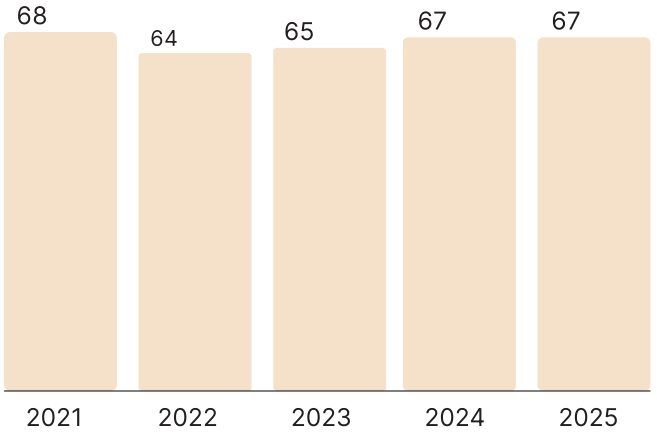
Elektrum household customer satisfaction index

- demonstrates customer satisfaction with the service provider
- measured on a scale from 1 to 6
- household customer satisfaction index increased in 2025 compared to the previous year



Elektrum household customer loyalty index

- demonstrates the level of customer loyalty – commitment to the service provider and readiness to continue cooperation in the long term
- measured on a scale from 1 to 100
- in 2025, Elektrum's household customer loyalty index remained at the previous year's level



Customer service digitalisation

Customer service digitalisation targets are measured to monitor performance efficiency. In 2025, 96% (in 2024 – 97%) of the communications of the parent company to customers, including billing information, were digital (target for 2025 – 95%) and in 97% (in 2024 – 97%) of cases of customer communications with the parent company, customers used digital channels (target for 2025 – 97%); see the section Processes for engaging with consumers and end-users. In 2025, the activity of Sadales tīkls AS customers in the e-environment increased by 0.2 percentage points, reaching 98.8% (in 2024 – 98.6%, target for 2025 – 98.75%). The Group measures its digitalisation target indicators through representative customer and market research, as well as through statistical reports on performance indicators.

Indicators on the quality and safety of the electricity supply

Well-targeted investment in the reconstruction of distribution networks and intensive clearance work on power line routes contributes to improving System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) indicators. New work execution technologies enable an increase in the scope of maintenance and repair work without disconnecting the power supply to customers. Improving the quality and reliability of the electricity supply is one of the objectives of the Sadales tīkls AS Strategy for 2022–2027. To ensure the sustainable quality and reliability of the electricity supply, the distribution network is designed with attention to network safety and the quality of the voltage in each facility and the network as a whole.

In 2025, the SAIFI and SAIDI indicators improved, reaching the lowest values in a five-year period.

As of the beginning of 2023, bare conductors are no longer used to construct 20 kV medium-voltage electricity networks, and lines are constructed and reconstructed using cables or insulated conductors. The Sustainability Strategy of Sadales tīkls AS sets a target of increasing the share of the insulated (cable, insulated wire or aerial cable) electricity network in the total volume of power lines to 72% in 2027. Increasing the share of the insulated electricity network in all areas of the system to 69% of the total network was achieved in 2025 (in 2024 – 67%). Investment projects for underground cables implemented in 2025 increase safety and security in dense and populated areas, and investment projects for insulated overhead lines increase safety and security in the rest of the electricity network. When implementing the planned work at medium voltage, live work methods were used - the work was conducted without interrupting the voltage and generators were used to reduce outages as well.

The SAIFI and SAIDI indicators are also reduced by the smart grid management improvements implemented – the use of automated and digital solutions for power flow monitoring and remote control, as well as the use of smart meters to provide additional information on the location of potential damage in the low-voltage network and enable faster remediation of detected damage. Smart grid development ensures a customer-centric, reliable and high-quality electricity supply, the availability of new services to customers, and more efficient integration of renewable energy sources into the overall power grid. In 2025, to mitigate the impact of natural conditions, 5,621 km of power line routes (in 2024 – 5,500 km) were cleared of bushes and potentially dangerous trees in the protection zone.

System Average Interruption Frequency Index (SAIFI)

	Unit	2025	2024	2023	2022	2021
Unscheduled: weather conditions (massive damage)	number	0,1	0,4	0,7	0,6	0,2
Unscheduled: damage (incl. by third parties)	number	1,1	1,3	1,5	1,4	1,7
Scheduled: network maintenance and overhaul	number	0,4	0,5	0,5	0,5	0,5
TOTAL	**number**	**1,6**	**2,2**	**2,7**	**2,5**	**2,3**

System Average Interruption Duration Index (SAIDI)

	Unit	2025	2024	2023	2022	2021
Unscheduled: weather conditions (massive damage)	min	14	70	98	53	15
Unscheduled: damage (incl. by third parties)	min	58	71	85	78	91
Scheduled: network maintenance and overhaul	min	61	74	83	110	102
TOTAL	**min**	**133**	**215**	**266**	**240**	**208**

Electricity loss reduction

One of the most important indicators describing the efficiency of the distribution segment is distribution losses as a percentage of total electricity received in the grid. The rebuilding, renewal and replacement of transformers in the distribution grid maintains the level of electricity losses within the limit of 4%. In the reporting year, the electricity loss rate in the distribution network was 3.66% (annual target: up to 4%). The losses have been reduced by 0.13 percentage points over the last five years.

To reduce overall system losses and operating costs, upgrading of the electricity distribution system is being implemented within the framework of the EU Recovery and Resilience Facility (RRF) and REPowerEU programme. In 2025 within RRF project, 456 outdated transformers were replaced, resulting in a loss reduction of 192 MWh. In total, 628 transformers with the highest loss rate have been replaced since the beginning of the project in 2024, resulting in a loss reduction of 1,212 MWh. To increase the available capacity for populated areas, 93,4 km (in 2024 – 8.6 km) of medium voltage cable lines to settlements were built within RRF project and 163.34 km of cables were rebuilt within REPowerEU in 2025.

Distribution losses

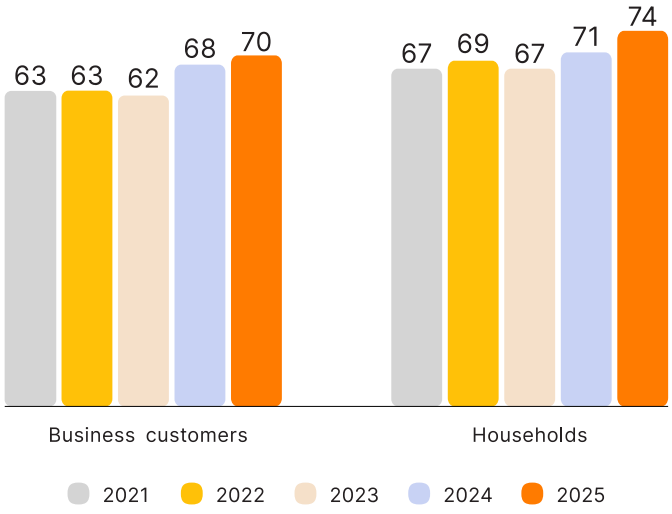
	Units	2025	2024	2023	2022	2021
Distribution losses	%	3.66	3.62	3.72	3.73	3.79

Customer satisfaction and loyalty index of Sadales tīkls AS

Sadales tīkls AS customer satisfaction and loyalty rose to 72 index points in 2025 (+2 points compared to 2024), exceeding the high indicator threshold. The growth was achieved in both the corporate (70 points, +2 points) and household (74 points, +3 points) segments. The particularly high rating of the large corporate and municipalities segments (75 points, +1 point) proves the excellent service of Sadales tīkls AS. Customer needs remain unchanged: continuity of the electricity supply, value for money, reputation of the company, ease of cooperation and information (incl. data availability).

Customer satisfaction and loyalty index of Sadales tīkls AS

- demonstrates customer satisfaction with the service provider
- measured on a scale from 1 to 100
- the target for 2025 was 60–70 index points
- total customer satisfaction and loyalty increased to an all-time high of 72 index points in 2025



Governance Information

G1 Business Conduct

As a result of the double materiality assessment, the material IROs were identified, which reflect the framework for the sustainable operations of Latvenergo Group.

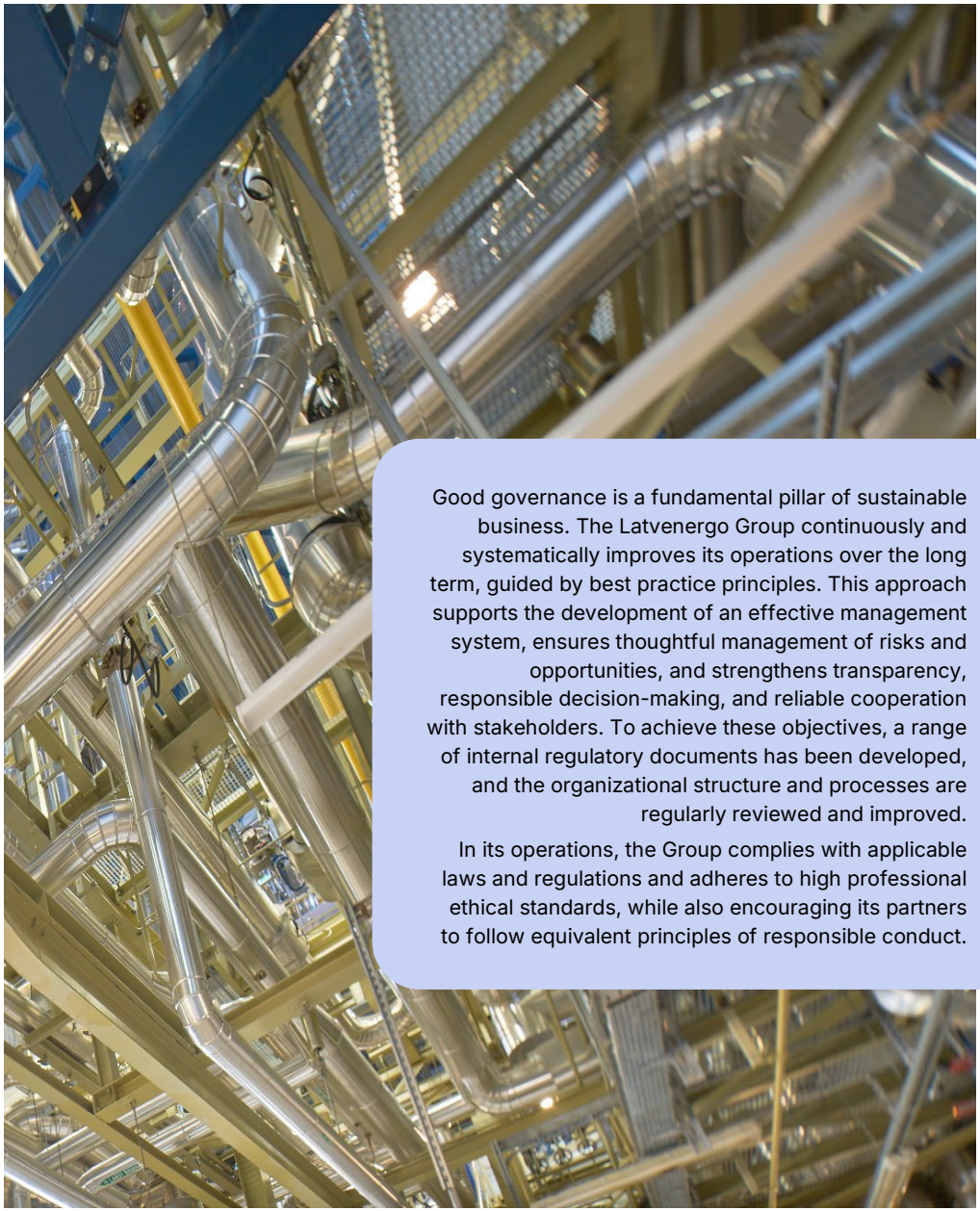
The management of IROs is integrated into the operating processes of the Group's companies, and the supervision of these issues is addressed within the framework of fulfilling and monitoring strategies and operational plans. The Management Boards of the Group's capital companies handle the implementation of strategies and policies. Twice a year, the Management Board of Latvenergo AS assesses the progress of implementing the Sustainability Strategy (including the targets set). The determination of Latvenergo Group's material sustainability targets is based on internationally recognised standards, industry guidelines and examples of best practice, as well as the strategic objectives of the Group and impacts specific to its operations. The setting of targets and their implementation, with the exception of those related to GHG emissions, have not been validated by any external body. For more information, see the section Group Strategy.

The sections About the Group and Operating Segments provide information on the geographical scope of Latvenergo Group's operations.

Information on Latvenergo Group's sustainability management model and the Group's value chain is provided in the section Sustainability Management. Regarding stakeholder engagement in policy development, the Group applies an approach of coordinating the draft Medium-term Operational Strategy and Sustainability Strategy with stakeholders and using the feedback received in reviewing subordinate documents, including policies. For more information on the approach to stakeholder engagement, see the section Sustainability Management.

The sections Corporate Governance and Risk management and internal controls over sustainability reporting provide information on risk management, including the Group Risk Management Policy, which defines both the basic principles of risk management and the responsibilities of employees and management involved in the risk management process. In accordance with the Group Risk Management Policy, the Management Boards of the Group's capital companies are responsible for the capital companies' risk management. At least once a year, the Management Board of Latvenergo AS submits a report on the Group's risk management to the Supervisory Board of Latvenergo AS, which is responsible for overseeing the Group's risk management system.

The above approach is fully applied to the management of all sustainability issues and targets.



Good governance is a fundamental pillar of sustainable business. The Latvenergo Group continuously and systematically improves its operations over the long term, guided by best practice principles. This approach supports the development of an effective management system, ensures thoughtful management of risks and opportunities, and strengthens transparency, responsible decision-making, and reliable cooperation with stakeholders. To achieve these objectives, a range of internal regulatory documents has been developed, and the organizational structure and processes are regularly reviewed and improved.

In its operations, the Group complies with applicable laws and regulations and adheres to high professional ethical standards, while also encouraging its partners to follow equivalent principles of responsible conduct.

G1 Business Conduct

ESRS 2 SMB-3

Material impacts, risks and opportunities

Material sustainability IROs of Latvenergo Group were identified through the double materiality assessment. For information on the double materiality assessment process, including the methodology for identifying, assessing, and determining material IROs, see Double materiality assessment in the section General Information.

Corporate culture					
	Sustainability Strategy 2024–2026 developed and approved	LT	A	OO	The Sustainability Strategy not only promotes sustainable and responsible progress but also improves the company's performance and competitiveness, which in turn creates value for the shareholder, society as a whole, and environmental well-being, fitting into sustainable financing programmes and the value chains of sustainability-oriented partners.
	Proactive cooperation with stakeholders	ST	A	OO	The Group actively communicates with its stakeholders and informs them about its performance and various activities and initiatives, thereby raising their awareness of the energy sector.
	Non-compliance with regulatory requirements	MT			Non-compliance with regulatory requirements in various areas, for example, in connection with supply chain management or corporate sustainability obligations, can seriously damage a company's reputation and lead to financial sanctions.
	The challenge of maintaining a consistently high sustainability score in a changing environment	MT			A variety of circumstances (both Group-dependent and Group-independent) can result in situations that negatively affect the Group's assessment as a sustainability-focused company, which can affect reputation, leading to repercussions.
	Uncertainties in the development of the energy sector	LT			Changing course in relation to energy investment areas, which complicates decision-making and can have an impact on financial flow.
	Establishment of a Group company to manage green electricity generation assets	MT			Launch an active green electricity generation company with good sustainability management, creating an environment for better fundraising opportunities.
	Green bonds, green loans	ST			Green bonds and green loans confirm the image of a company focused on sustainable development, thus enhancing the Group's reputation and providing more attractive borrowing opportunities.
	Well-organised sustainability data management	MT			Well-organised sustainability data management ensures data reliability and responsiveness for decision-making and greatly facilitates the provision of information to stakeholders.
Political influence and lobbying activities					
	Transparent involvement in sector policymaking	LT	A	OO	The Group engages directly with policymakers and regulators. The Group provides its proposals, feedback and suggestions for policy planning documents, laws, rules and other regulations in its sectors of activity through a public hearing process, as well as public meetings of the legislator or regulatory body.

Management of relationships with suppliers, including in relation to payment practices					
	Fair payment practices and tax payment	LT	A	OO	Latvenergo Group has a fair payment practice, making payments within 30 days according to contractual terms, except in rare cases, and responsibly meeting tax payment deadlines.
	Sustainability requirements for contractual partners and an open dialogue with suppliers	LT	A	OO	Latvenergo Group has developed the Suppliers' Code of Conduct, which sets out the basic principles and requirements expected of the Group's suppliers in order to build trusted partnerships and jointly promote sustainable development.
	Limited range of cooperation partners	LT			The CSDDD framework and the extensive requirements of Latvenergo under it reduce the potential pool of cooperation partners, which may increase the cost of resources purchased by the Group.
	Sanctions risks	MT			Damage to the Group's reputation, financial loss or legal liability if a potential or existing business partner is placed on an international sanctions list.
	Improper handling of sensitive Group information by a stakeholder	MT			A stakeholder (business partner, etc.) disclosing sensitive information that could have a negative impact on the Group's reputation may result in financial losses and lead to additional costs due to litigation.
Direct and indirect economic impacts					
	Provides jobs, as well as training and skills acquisition	LT	A	OO	The Group provides a significant number of jobs and ensures training and skills acquisition, which has a positive impact on society.
	Payments made into the state budget	LT	A	OO	The Group's tax and dividend payments have a positive impact on the population and the public sector.

Positive impact | Risks | Opportunity | A Actual impact | OO Own operations | ST Short-term | MT Medium-term | LT Long-terms

G1-1

Business conduct policies and corporate culture

Good corporate governance is critical to a company's competitiveness and sustainability. It helps a company manage resources, risks and opportunities effectively and promotes long-term success and trust among stakeholders. The Group is managed in accordance with laws and regulations and best corporate governance practice.

Latvenergo Group has approved the following key action policies related to business activity and corporate culture: the Corporate Governance Policy, the Sustainability Policy, the Code of Ethics, the Fraud and Corruption Risk Management Policy, the Procurement Policy, the Suppliers' Code of Conduct, the Rules Governing the Organisation of Procurement, the Human Resource Management Policy, the Remuneration Policy, the Procedure for the Development and Maintenance of Tax Risk Management Processes, the Risk Management Policy, and the Policy on Compliance with International and National Sanctions.

For a summary of Latvenergo's policies on the management of business conduct issues (IROs), see Policies adopted to manage material sustainability matters in the section General Information.

Latvenergo Group has established and has in place specific anti-corruption and bribery policies in line with the United Nations Convention against Corruption (UNCAC). These standards provide for corporate transparency, ethical standards, and prevention of conflicts of interest, thus demonstrating adherence to and fulfilment of the essential UNCAC requirements.

Corporate Governance Policy

The Group's Corporate Governance Policy establishes uniform principles that ensure strategic direction, integrity, and accountability and the prerequisites for achieving the objectives set out in the Medium-term Strategy and the Sustainability Strategy, as well as for increasing the Group's value in a focused and systematic manner. The corporate governance principles of Latvenergo Group have been developed in line with the international principles of best practices set out in the OECD Guidelines for the Corporate Governance of State-Owned Enterprises. Key principles integrated into the 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

In accordance with its Sustainability Policy, the Group has prioritised the creation of an ethical business environment and the prevention of fraudulent or corrupt practices, ensuring comprehensive transparency and collaboration with sustainable contractual partners, see Policies adopted to manage material sustainability matters in the section General Information.

See the sections below for information on the Code of Ethics, the Fraud and Corruption Risk Management Policy, the Procurement Policy, the Suppliers' Code of Conduct, the Rules Governing the Organisation of Procurement, the Human Resource Management Policy, the Remuneration Policy, and the Procedure for the Development and Maintenance of Tax Risk Management Processes.

Risk Management Policy

The Risk Management Policy of Latvenergo Group defines common risk management guiding principles and responsibilities across the Group to promptly identify and manage major adverse impacts, including on issues related to good corporate governance; see Risk management in the section Corporate Governance.

Policy on Compliance with International and National Sanctions

In accordance with the Policy on Compliance with International and National Sanctions, the Group does not cooperate with subjects of sanctions. It does not conclude new transactions on the procurement of goods, services and construction work and, to the extent possible, terminates already concluded transactions. The basic principles of the policy are available on the Latvenergo website.

Code of Ethics

In order to ensure a common understanding of how to create and respect a responsible and ethical business environment, Latvenergo Group has developed a policy-level document: the Code of Ethics. The Code defines the corporate values and the high professional conduct and ethical standards for ensuring that all employees of the Group perform their responsibilities and make decisions in an unbiased manner and prevent fraud, corruption and illegitimate or dishonest conduct in their activities. The Code of Ethics is approved by the Supervisory Board of the Group's parent company and is reviewed and updated every three years.

The activities of the Group's companies are organised so as to observe the principles specified in the Code of Ethics and general norms of morality and conduct. Latvenergo Group applies the principles of responsibility, transparency, sustainability, fairness, and equal treatment. In order to comply with the principles and values set out, the Group ensures ethical communication, prohibition of conflicts of interest, prohibition of corrupt practices and fraud, responsibility in occupational safety and health, reasonable protection of information and communication, and the protection of privacy.

Employees of the Group are required to consult the Code of Ethics on the Group's internal document storage site. When a new version of the Code of Ethics is approved, it is sent to employees electronically with the task "To acknowledge", and the employee is required to sign in the record-keeping system that he/she has reviewed it. Training on the requirements of the Code of Ethics must be completed by all employees of Latvenergo Group.

The Code of Ethics is also available on the Group's website, where it can be viewed by any third party, including all cooperation partners of the Group.

The Group also urges its contractual partners to comply with the same ethical principles and base mutual cooperation on the principles of fair business cooperation.

Management of relationships with suppliers

Basic principles of the procurement process

To ensure its operations, Latvenergo Group procures electricity, energy resources, and various types of construction work, goods and services. Most of the Group´s procurement comes from suppliers and service providers in the Baltics and the Nordic countries. The total number of suppliers amounts to several thousand. The procurement process is carried out in accordance with the laws and regulations of the EU, Latvia and other countries where the Group operates. The Group's companies operating in the Republic of Latvia carry out procurement in accordance with the principles of the Law on the Procurement of Public Service Providers, which is based on Directive 2014/25/EU of the European Parliament and of the Council. The Group's procurement process is organised in accordance with the **Procurement Policy of Latvenergo Group**, whose main guiding principles promote competition, openness and equality. All procurement is carried out electronically with the use of information technology.

Latvenergo Group companies also have their own procurement rules, which regulate in detail how procurement is organised, the conduct of the employees involved and the procedures for selecting suppliers in accordance with Latvenergo Group's Procurement Policy. Procurement tenders are announced on the publicly accessible website Latvenergo Electronic Procurement System. The criteria for the selection of suppliers are proportionate to the subject matter of the procurement and the range of suppliers.

For information on policy to prevent late payments, see the section Payment practices below.

Sustainable procurement

In procurement procedures, the Group follows the principles of sustainable procurement where possible and economically feasible. The capital companies of the Group which operate in the Republic of Latvia comply with CM Regulation No. 353 "Requirements for Green Public Procurement and the Procedure for their Application" of 20 June 2017 and apply the green procurement criteria to the groups of procurement goods and services referred to in the Regulation.

The above-mentioned CM Regulation No. 353 stipulates:

- the green procurement principles, the requirements and procedures for the application thereof, the groups of products, services, and construction work subject to the requirements of green public procurement, the tender evaluation criteria, the conditions for the implementation of a procurement agreement, and the procedures for the control thereof
- the requirements and criteria for green procurement applied in the public procurement of such construction work, products and services which are subject to the mandatory application of green procurement
- the requirements and criteria for green procurement which can be applied in the public procurement of construction work and also other priority product and service groups
- the methodology of life cycle costs for energy-consuming products

The Group has developed the Sustainable Procurement Guidelines, which serve as a basis for developing sustainability requirements in procurement. The aim of these requirements is to ensure a common understanding of the criteria for sustainable procurement and ensure that at least 30% of all procurements are already sustainable in 2024. These guidelines include criteria on the circular economy, environmental protection, corporate governance, etc. The target of achieving 30% sustainable procurement in 2025 has been met.

Sustainability requirements for suppliers and supplier evaluation

When selecting suppliers, the Group complies with the Law on International Sanctions and National Sanctions. To limit the sanctions risk, before concluding a procurement agreement, the companies of the Group check whether the potential winner and its subcontractors have been sanctioned, which could negatively affect the implementation of the agreement.

Latvenergo Group is committed to purchasing goods and services sustainably and responsibly, building a supply chain based on respect for human rights, environmental protection and ethical business practices. Latvenergo strictly complies with labour law, environmental law, and fair taxation principles and sets such requirements for its suppliers. The Group does not enter into agreements with suppliers that have been found to be in breach of labour laws or in tax arrears.

Latvenergo AS has implemented the Electronic Qualification System (QS), which identifies qualified suppliers after a supplier selection process. For the development of WPP projects, the qualification systems "Environmental Impact Assessment Services" and “Natural Expert Services” have been set up within the framework of the QS.

To promote the development of a responsible supply chain and reduce the risk that the Group does not comply with sustainability regulations in relation to suppliers, in 2024, Latvenergo Group developed the **Suppliers' Code of Conduct** for cooperation with suppliers with the aim of purchasing goods and services sustainably and responsibly. The Code sets out the basic principles and requirements expected of the Group’s suppliers. The Code is published on the Group’s website. In 2026, supply chain risk assessment and supplier mapping is planned to identify the most critical suppliers, determine their impact on the Group’s sustainability objectives and categorise suppliers into risk groups. Latvenergo AS is currently assessing the implementation of agreements and the performance of suppliers.

The selection process for suppliers takes the size, relevance and risks of the subject matter of the procurement into account when developing sustainability criteria. Suppliers’ compliance with sustainability requirements is monitored during the implementation of the agreement.

Key management activities

The Group’s key activities in managing supplier relationships are as follows:

- risk management criteria are in place and reviewed annually, identifying risks and an action plan for a sustainable supply chain
- Latvenergo Group ensures supplier consultation in large-scale procurement
- progress is being made towards the goal of only concluding agreements with suppliers whose activities meet the requirements set out in the Code of Ethics for Cooperation with Suppliers of Latvenergo Group
- cooperation with suppliers is ensured in accordance with the specificities of the subject matter of the procurement and the necessary certificates (including qualification requirements)
- promoting the inclusion of small and medium-sized enterprises in the supply chain by imposing proportionate requirements on them (possibility to participate in price surveys and to close the deal); cooperation is closely monitored and educational measures are planned in the coming years to strengthen suppliers' values in line with the basic principles set out in the Suppliers' Code of Conduct of Latvenergo Group
- Latvenergo Group suppliers are surveyed every two years to find out their overall satisfaction with the procurement process; the results of the last survey (2024) show that Latvenergo has a high reputation among suppliers that have participated in procurement in the last two years and maintains its 2022 level with 71 index points. The next survey is scheduled for 2026
- in accordance with the Suppliers' Code of Conduct of Latvenergo Group, in 2025, the Group started supplier training, while in 2026, it plans inspections of suppliers identified with certain risks
- to limit the risk of fraud and corruption, the Group’s employees regularly complete training on the requirements of the Code of Ethics

G1-6

Payment practices

In accordance with the **Rules Governing the Organisation of Procurement**, the aim of which is to establish uniform basic principles for conducting procurement in order to ensure economically efficient use of funds and sustainable operations, payment to suppliers and contractors is made within 30 calendar days of the receipt of the goods or services, completion of the work (signing of the deed of completion) and receipt of the invoice. Other payment deadlines apply in settlements with state or local authorities, stock exchanges or in other cases where the payment deadline is not determined by a mutual business relationship. Transactions may be settled in less than 30 days if this is advantageous to the Group's company entering into the transaction. The payment deadlines of transactions may deviate from the standard 30-day payment deadline if this is in accordance with the generally accepted practice for the transaction in question, meets the requirements of regulatory authorities, or is agreed voluntarily and non-compulsorily with the other party to the transaction. The Group's companies pay for goods received and work performed based on the deadlines specified in agreements and invoices unless there is a dispute about the receipt, quality or other material terms of the agreement, or the payment documents are submitted later than contractually agreed and take longer to process than the payment deadline.

The largest companies of the Group have specific payment processing procedures which, among other things, ensure that invoices are paid in accordance with the invoice deadlines entered. The practice of the Group's companies is not to miss the payment deadlines specified in agreements and invoices, including in their business relations with small and medium-sized enterprises.

In 2025, Latvenergo AS made payments for goods and services within 20 days on average from the date of invoicing (19 in 2024), when the contractual or statutory payment period begins, while across the Group payments were made on average within 23 days (21 in 2024). 96% of Latvenergo AS invoices (94% in 2024) were paid within 30 days or less after the date of invoicing, with similar estimates regarding this indicator for the Group overall. Data on the payment practices of Latvenergo AS and the Group is retrieved from the accounting system via a business intelligence tool, selecting all invoices paid by suppliers and contractors during the year and calculating the average number of days from the date of each invoice to its actual payment date. In order to implement fair payment practices, the Group aims to ensure payments to partners within 30 days, taking contractual terms and business ethics into account.

At the end of 2025, the Group had no pending legal proceedings related to late payments.

G1-5

Political influence and lobbying activities

The Group does not tolerate any corrupt practices, illegal lobbying or influence peddling in its activities. The Group refrains from any direct or indirect influence on, and does not finance or otherwise support, politicians, political parties/movements, their representatives or their candidates, or political party campaigns and does not engage with political parties or politicians.

In all Group companies with Supervisory Boards, these issues are discussed and evaluated by the full Supervisory Board, while the Chairman of the Board is responsible for overseeing these issues in the Management Boards of the Group companies.

The Group engages directly with policymakers and regulators. The Group provides its proposals, feedback and suggestions for policy-planning documents, laws, rules and other laws and regulations in its sectors of activity through a public hearing process, as well as public meetings of the legislator or regulatory body. In 2025, the Group participated in the adoption of the following key laws and regulations and policy-planning documents, which are important for achieving the Group's strategic objectives:

- regulatory framework for the project "Support for strengthening the capacity of the Latvian electricity grid" financed by the European Union Modernisation Fund, within which Sadales tīkls AS will be able to strengthen the capacity of the electricity grid to improve electricity generation and consumption
- changes to the Electricity Market Law, which improved the regulatory framework for the development of electricity storage facilities in the Latvian energy system. The development of storage facilities is consistent with the Group's goal to diversify its generation portfolio with green technologies, reducing Latvia's energy dependence and moving towards climate neutrality in 2050, as well as promoting the development of services important for the energy system
- amendments to the Law on Environmental Impact Assessment, which aim to improve the legal framework of EIA to reduce administrative burden, strengthen investors' legitimate expectations and optimise public information measures. Considering Latvenergo's objective to develop new generation capacity of renewable resources, these changes will create more favourable conditions for the introduction of new generation capacities in Latvia, thus expanding and diversifying the Group's generation portfolio with green technologies, reducing energy dependency and moving towards climate neutrality in 2050
- changes in the regulation of the Riga City heat market by introducing more efficient market solutions, which resulted in the creation of a daily heat market. This contributes to the Group's efficiency objectives by increasing the development of cogeneration and reducing direct GHG emissions per unit of electricity and heat generated

The companies and employees of the Group are represented and act as experts in the Eurelectric Association, representing the Latvian Association of Electrical Engineers and Energy Constructors, which is a member of the Eurelectric Association. Participation in Eurelectric contributes to national and EU sustainability objectives: renewable energy development, energy efficiency, energy security, competitiveness, and climate-neutral mobility. Sadales tīkls AS, a company of the Group, is a member of European Distribution System Operators (E.DSO) and participates in relevant committees and working groups, sharing knowledge, preparing joint proposals for industry policy documents and addressing industry issues at the EU legislative level.

Membership in industry associations, unions and organisations is voluntary for Latvenergo Group and provides information on current developments in the energy and related sectors while ensuring representation of the Group's interests during the drafting of national and international policy documents, legislative acts and standards.

Latvenergo AS is registered in the EU Transparency Register under registration no. 986626193486-59.

For information about the appointment of any members of the administrative, management and supervisory bodies who held a comparable position in public administration (including regulators) in the two years preceding such appointment in the current reporting period, see the section Corporate Governance.

Group specific topic: Direct and indirect economic impacts

Jobs, as well as training and skills acquisition

The Group is one of the largest employers in Latvia and provides competitive salaries, pension contributions, and career development and training opportunities to almost 3.4 thousand employees.

The **Group's Human Resource Management Policy** sets out the principles for developing employee skills and competencies, and the **Remuneration Policy** sets out the principles for competitive and goal-oriented remuneration for employees; see Policies in the section S1 Own Workforce. For activities for securing jobs, as well as for developing employee skills and competencies, see Processes for engaging employees and employee epresentatives in the section S1 Own Workforce.

Training and skills development opportunities are provided to all employees of the Group. The Group's capital companies regularly hold employee development interviews in which the performance of the previous year is assessed and the employee and the manager agree on possible career growth and development.

Training and skills development indicators

	2025	2024
Proportion of employees who had development interviews	59%	78%
Proportion of training participants*	71%	71%
Average number of training hours per employee*	24	21

* The indicators do not include data on Liepājas enerģija SIA

Data on Latvenergo Group's personnel is retrieved from the Oracle HR personnel database via a business intelligence tool. All personnel-related data is maintained and regularly updated in the system, including the number of employees, structure, turnover, training, length of employment and other important personnel data. The table shows the proportion of employees, in relation to the total number of employees, who have had at least one development interview or have undergone at least one training course during the year. The average number of training hours per employee is calculated by dividing the total number of training hours for all employees by the total number of employees.

For metrics and targets for securing jobs, as well as for developing employees' skills and competencies, see Targets and Compensation metrics in the section S1 Own Workforce. For information on personnel expenses, see Personnel expenses under Financial Statements.

Payments made into the state budget

Latvenergo Group is one of the largest energy companies in the Baltic states, providing a wide range of products and services to more than 914 thousand customers. Given the scale of the Group's operations, it has a significant impact on economic growth throughout the Baltic states. This impact is particularly significant in Latvia, as Latvenergo AS is a state-owned company that pays a significant share of its profits to the state in dividends each year.

Over the last five years, EUR 660 million has been paid out in dividends. Dividend payments go into the state budget and are earmarked for the relevant needs of Latvian society and business, as well as for state aid programmes. In 2024 and 2025, gradual levelling of the electricity distribution tariff increase was performed from the dividends of Latvenergo AS received by the state budget, thus ensuring a sustainable approach and predictability regarding changes in the future. The Group is one of the largest taxpayers in Latvia. In the reporting year, EUR 268.3 million was paid to the state budget and an additional EUR 185.9 million was paid in dividends for the use of state capital. In Lithuania and Estonia, EUR 34.5 million and EUR 25.3 million respectively were paid in taxes.

Latvenergo Group administers taxes and ensures tax risk management, including honest and timely payment of taxes to the state budget in accordance with regulatory enactments. Latvenergo AS has developed the **Procedure for the Development and Maintenance of Tax Risk Management Processes** and specific tax risk management procedures that determine tax risks and controls, tax risk processes, responsibilities, and document flow. The Latvenergo Group Sustainability Strategy 2024–2026 (see the section Group Strategy) defines the target of Latvenergo AS to attain the highest level in the Cooperation Programme with the State Revenue Service. To reach the target, the company must comply with good tax compliance, deadlines for submitting reports and declarations, tax payments, and wage assessment criteria. The commitment was fulfilled in the reporting year.

Tax payments by Latvenergo Group, MEUR (by cash flow)*

	Latvia		Lithuania		Estonia		TOTAL	
	2025	2024	2025	2024	2025	2024	2025	2024
Taxes borne	**93.9**	**96.4**	**2.1**	**4.4**	**0.5**	**0.4**	**96.5**	**101.2**
Corporate income tax	46.9	53.6	1.3	2.9	-	-	48.2	56.5
Payroll taxes paid by the employer	27.1	25.6	0.2	0.2	0.5	0.4	27.8	26.2
Other taxes (excise, environmental, electricity, real estate taxes, advance payments for taxes)	19.9	17.2	0.6	1.3	-	-	20.5	18.5
Taxes collected	**174.4**	**200**	**32.4**	**50.6**	**24.8**	**14.2**	**231.6**	**264.8**
Value-added tax	141.6	168.4	28.4	46.2	24.5	14	194.5	228.6
Payroll taxes paid by employees	32.8	31.6	4	4.4	0.3	0.2	37.1	36.2
TOTAL	**268.3**	**296.4**	**34.5**	**55**	**25.3**	**14.6**	**328.1**	**366**

* Data on the Group's tax payments is retrieved from the accounting system via a business intelligence tool

Non-material information

The Group has implemented a number of regulatory documents and activities to combat corruption and bribery; therefore, no significant IROs were identified in relation to these aspects during the double materiality assessment process. However, as the issue of combating corruption and bribery is closely integrated into the Group's corporate governance, information on this is disclosed.

G1-1

Whistleblowing system and management

Latvenergo Group has introduced a whistleblowing system, the basic principles and key provisions of which are disclosed in the Code of Ethics, in order to detect and prevent fraud and corruption, as well as other types of misconduct or dishonest behaviour.

The Code of Ethics also contains provisions on whistleblower protection. The whistleblower is provided with the protection stipulated in the laws and regulations under the Whistleblowing Law, which has been drafted to transpose Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report infringements of EU law. The identity of the whistleblower is not disclosed, and the whistleblower cannot be punished, fired, or demoted, or face unfavourable consequences in any other way. The whistleblower's report, the evidence attached to it and the case investigation materials are restricted information; in particular, the identity and personal data of the whistleblower, as well as their relatives and related persons, are protected and may not be disclosed to third parties. The Group protects (does not disclose) the identity of the employee who has reported potential violations of the Code of Ethics or other illegal activities.

The Group provides regular training and information to its employees on the whistleblowing system. Training on the requirements of the Code of Ethics is developed and organised at least every three years. A separate section of the e-learning platform raises awareness of the principles of whistleblowing and the benefits of internal reporting. An internal guidance document has also been developed detailing whistleblowing procedures for the Group's employees. The document is regularly updated in line with amendments to external laws and regulations and is circulated electronically to employees. In order to facilitate reporting, informative material is published on the Group's internal website LEports, while in 2025, there was a greater emphasis on new e-learning, which (1) informed employees of the reporting possibilities and reporting channels, (2) highlights employee protection if a report is filed, (3) explains the reporting path from submission to consideration of the report's content.

Several reporting channels are set up within the system. The whistleblower's report form is available in both Latvian and English on the Group's website. Any employee of the Group may report a potential violation. Contractual partners, customers and other interested parties can also use the Group's whistleblowing channels to submit a complaint about the Group's activities or personal interests that have been harmed.

Employees and other affected parties can also report a possible infringement anonymously.

In accordance with the Fraud and Corruption Risk Management Policy of the Group, employees of Compliance Control, a unit of the Group's parent company, are responsible for handling whistleblower reports. The Compliance Control Manager and the Compliance Control Specialist receive regular training on changes to the regulatory framework.

Under the internally approved "Procedure for Compliance Control of Latvenergo AS to Carry Out Compliance Inspections at Capital Companies of Latvenergo Group", Compliance Control receives and investigates all reports of suspected irregularities, including fraud and malpractice, submitted through the Group's reporting channels. Upon receiving a report of a possible violation, the responsible employees of Compliance Control assess its prima facie compliance with the whistleblowing criteria set out in the Whistleblowing Law and make a decision on whether or not to recognize the application as a whistleblower report. In the event of an alleged violation, Compliance Control shall immediately clarify the facts regarding the time and place of the alleged violation, the persons involved, the type of alleged violation, the nature and significance of the alleged violation, and possible risks and consequences for Latvenergo Group. The Fraud Risk Event Register established by the Group lists all reported cases of fraud, corruption and employee misconduct. The Fraud Risk Event Register records all reports received on alleged violations and other types of complaints made through whistleblowing channels. Whistleblowers' reports of alleged fraud and malpractice are recorded in the Fraud Risk Event Register with pseudonymised personal data. If a case of corruption has been detected or there is suspicion of corruption, Compliance Control shall immediately inform the Corruption Prevention and Combating Bureau (Korupcijas novēršanas un apkarošanas birojs, KNAB).

In the course of investigation, the employee and other employees concerned may be asked to provide an explanation to clarify the actual circumstances of the situation. The report shall include the analysis process of the data collected, the identification of the causes and the compilation of the results of the investigation (inspection results). The established facts shall be presented in a way to allow verification of the validity of the report, i.e. each fact/finding stated in the report shall be traceable in investigation materials or in Latvenergo Group information system databases.

Compliance Control's investigator shall determine the scope and methods of investigations according to the type of investigations, the nature of the alleged violation, the amount of information available, the persons involved, the nature and materiality of the alleged violation and other circumstances.

On a quarterly basis, the Management Board of Latvenergo AS is informed about reports received at the Group during the quarter, as well as about decisions taken.

Compliance Control shall monitor the implementation of the recommendations set out in the investigation report, including any necessary follow-up checks.

Functions that are most at risk in respect of corruption and bribery

According to the conducted assessment, the highest exposure to corruption risk is found among senior management and directors, as well as in structural units where three factors occur simultaneously: financial flow, decision-making, and involvement of external parties. A significant risk factor is also working with restricted-access information.

G1-3

Prevention and detection of corruption and bribery

The Group implements fraud and corruption risk management and continuously improves risk mitigation measures. The Group has introduced the **Fraud and Corruption Risk Management Policy**, which sets out the main principles for managing such risk. It aims to reduce the risk of fraud and corruption, potential losses, reputational damage, and the possibility of legal obligations or sanctions being imposed.

The Fraud and Corruption Risk Management Policy is related to the Group's Code of Ethics, which prohibits corrupt activities, fraud and conflict of interest situations.

Employees of the Group are required to consult the Fraud and Corruption Risk Management Policy on the internal document storage site of the Group. When a new version of the policy is approved, it is sent electronically to employees with the task "To read", and the employee is required to sign in the record-keeping system that he/she has read it.

Operational compliance management

Compliance Control's tasks include the coordination of compliance control issues at all Latvenergo Group companies, including monitoring whistleblowing channels, administration of reports received, ensuring whistleblower protection, investigating and preventing potential violations, and developing risk mitigation measures. The unit is also responsible for communicating with whistleblowers and advising both Group management and employees on fraud and corruption risk management, conflict of interest prevention, whistleblowing and other compliance issues.

In accordance with the Fraud and Corruption Risk Management Policy of the Group, Compliance Control is responsible for ensuring that fraud cases and whistleblower reports of fraud or employee misconduct are investigated. The inspections, including stages and measures of the investigation process, are carried out in accordance with the internally approved "Procedure for Compliance Control of Latvenergo AS to Carry Out Compliance Inspections at Capital Companies of Latvenergo Group".

Upon registering the submitted complaint or whistleblower's report and conducting personal data protection measures, Compliance Control carefully, impartially and responsibly examines the submitted report, assessing the information contained therein, ensures an independent investigation and, if necessary, conducts a compliance inspection under the provisions of this procedure. All processes performed shall be thoroughly documented and traceable.

The Group has established and maintains the Fraud Risk Event Register, which shows all reported cases of fraud, corruption and employee misconduct. On a quarterly basis, the Management Board of Latvenergo AS is informed about fraud risk events at the Group during the quarter, as well as about decisions taken and risk and/or impact mitigation measures. The Supervisory Board and the Audit Committee of Latvenergo AS are also immediately informed of fraud risk events that could cause significant damage to the Group's reputation or result in losses.

Training and monitoring

To promote corporate culture activities and compliance with the principles of the Code of Ethics, the companies of Latvenergo Group organise regular training and awareness-raising events, and conflict of interest declarations have been introduced.

Implementation of the controls has contributed to achieving policy objectives, including zero tolerance for bribery, improvement of compliance levels, and stronger corporate transparency. Training on the requirements of the Code of Ethics is developed and organised at least once every three years in accordance with CM Regulation of the Republic of Latvia No. 630 "Regulations Regarding the Basic Requirements for an Internal Control System for the Prevention of Corruption and Conflict of Interest in an Institution [55] of a Public Person". In 2025, a new training programme on the requirements of the Code of Ethics was developed and training was organised for all employees of the Group.

Given the wide range of topics covered by the Group's training and its relevance to every employee's daily life, it is mandatory not only for employees exposed to corruption risk but for all employees of Latvenergo Group. Members of the Supervisory Board, the Audit Committee, the Management Board and all managers and employees are required to attend this training, and all of them must also pass a knowledge test. Training is also provided on an ongoing basis to new employees of the Group's companies and to employees returning from long-term absences. Training on the requirements of the Code of Ethics is developed in the form of an e-learning programme with a theoretical part and practical examples, covering, among other things, prevention of conflict of interest situations, prevention of fraud and corruption, and whistleblowing within the Group. A separate section of the e-learning platform raises awareness of the principles of whistleblowing and the benefits of internal reporting.

In the reporting year, 96% (92% in 2024) of Latvenergo Group employees (98% in the parent company) completed the current e-learning programme on the requirements of the Code of Ethics, which includes the following thematic sections:

- Code of Ethics. Latvenergo Group values and principles
- Preventing conflicts of interest. Theory and practice
- Preventing fraud and corruption. Theory and practice
- Whistleblowing

In accordance with CM Regulation No. 630 "Regulations Regarding the Basic Requirements for an Internal Control System for the Prevention of Corruption and Conflict of Interest in an Institution of a Public Person" and the document "Guidelines on Basic Requirements of the Internal Control System for Preventing the Risk of Corruption and Conflict of Interest in Public Institutions" developed by the Corruption Prevention and Combating Bureau, the Group's largest capital companies – Latvenergo AS and Sadales tīkls AS – have identified areas and processes that are exposed to corruption risk, and a list of positions exposed to corruption risk has been developed at these capital companies. The positions at the Group identified as exposed to corruption risk in various areas of activity comprise managers, executives and employees at all levels who, in the course of their duties, participate in decision-making and are authorised to sign various documents and have access to restricted information. These employees are required to submit an annual declaration of conflict of interest.

Members of supervisory boards and management boards of state capital companies have the status of public officials, which restricts their activities that fall outside the framework of their official powers to prevent personal or financial interests in their activities. Members of supervisory boards and management boards are obliged to submit annual asset declarations as public officials. Members of supervisory boards and management boards must also obtain permission to combine positions. The declarations of public officials are publicly available in the State Revenue Service's public disclosure database.

Upon entering employment, new employees confirm their commitment to prevent conflicts of interest within their activities. Employees are also not allowed to combine positions or perform additional work outside Latvenergo Group without their employer's approval.

G1-4

Incidents of corruption or bribery

The following indicators have been established by the Group in the area of compliance:

- no significant fines imposed by regulators or other supervisory authorities for compliance violations or no significant non-compliance identified
- no corruption events detected
- no events with a significant reputational or financial impact identified

All indicators were met in the reporting year, therefore, there were no convictions or fines imposed for violations of anti-corruption or anti-bribery laws.

55 Paragraph 11 of CM Regulation No. 630 states that in order to educate employees whose office is subject to the risk of corruption on issues of corruption and conflict of interest, the head of the institution or his or her authorised person shall ensure training for employees who commence work in a public institution and additional training at least once in three years.

Annexes to the Management Report

Latvenergo

Green Bond Report

Latvenergo AS has issued green bonds within three bond offering programmes.

- The green bond programme was launched in 2015, making Latvenergo AS the first state-owned company in Eastern Europe to issue green bonds. Bonds in the total amount of EUR 100 million were issued within this programme, which was concluded in 2016. These bonds were repaid in June 2022.
- The next green bond programme was carried out in 2021–2023, when three tranches in the total amount of EUR 200 million were issued.
- In November 2025, eurobonds were issued for the first time, with EUR 400 million issuance in the European Green Bond format.

At the end of the reporting year, the amount of outstanding bonds was EUR 600 million, constituting 48% of the Group's total borrowings.

Local green bonds

Local green bonds in the amount of EUR 200 million are listed on the regulated market of Nasdaq Riga AS.

The main requirement for green bonds is that the funds raised are used exclusively for environmentally friendly projects. The Green Bond Framework, which was last updated in April 2020, sets out the selection procedure and criteria for eligible projects, the creation of a special account, and regular reporting.

The Green Bond Framework was awarded the highest possible rating – Dark Green – by CICERO Shades of Green, an independent environmental expert. This indicated the compliance of the planned eligible projects with long-term environmental protection and climate change mitigation targets as well as good corporate governance and transparency. Internal audits were conducted on the management of proceeds from the issuance of all green bonds and the compliance of the selection of eligible projects. The audits concluded that, in all material respects, the procedures applied and actions taken comply with the Green Bond Framework.

The funds raised within the green bond programme were allocated to generation and distribution projects. The largest eligible projects are the Daugava HPP hydropower unit reconstruction programme and the building and reconstruction of distribution power lines and transformer points. According to the Green Bond Framework, the projects are divided into three groups:

renewable energy and related infrastructure – reconstruction of existing hydropower units, as well as construction of new bioenergy and wind energy capacities and reconstruction of existing capacities

energy efficiency – building and reconstruction of distribution networks, including smart grid projects, and development of low emission transport infrastructure

sustainable management of living natural resources and land use – research and development in the field of nature protection and biodiversity, as well as protection of ecosystems and biodiversity

European green bonds

Latvenergo's inaugural eurobond issuance marked the company's debut in international bond markets and underscores the company's commitment to sustainable financing and the long-term green transition. Latvenergo's inaugural European green bond issuance, amounting to EUR 400 million, achieved several notable milestones:

- first-ever benchmark-size EU green bond from CEEMEA
- first international green bond issued by a Latvian corporate
- largest ever corporate bond issued by a Latvian company

The notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg) and the regulated market of Nasdaq Riga AS.

The notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange (Bourse de Luxembourg) and the regulated market of Nasdaq Riga AS.

The European Green Bond Factsheet, approved in October 2025, sets out the selection procedure and criteria for eligible projects, the management of proceeds, and reporting.

Latvenergo AS has received a pre-issuance review from Sustainable Fitch confirming that the bonds planned within the European Green Bond Factsheet comply with the European Green Bond Standard, as well as the ICMA Green Bond Principles. After full allocation of the received bond proceeds (at the time of report publication, 350 out of EUR 400 million have been allocated), a post-issuance review will be obtained, and a report on the benefits from project implementation will be developed later.

According to the requirements of the European Green Bond Standard, bond proceeds may be allocated to the implementation of sustainable projects that comply with the EU Taxonomy requirements. In accordance with the European Green Bond Factsheet, the financed projects support the objective of climate change mitigation and are divided into two groups:

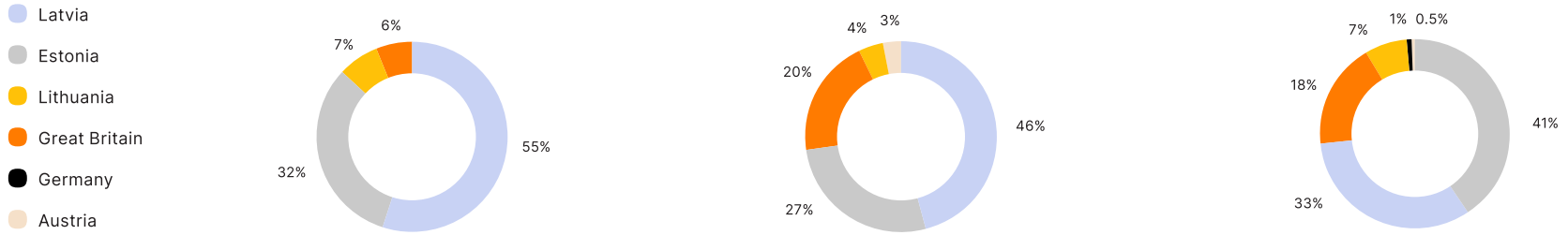
renewable energy – electricity generation using solar photovoltaic technology and wind power, modernization of hydroelectric power plants, BESS solutions, development of electricity distribution infrastructure

clean transportation – expansion of the electric transport charging network

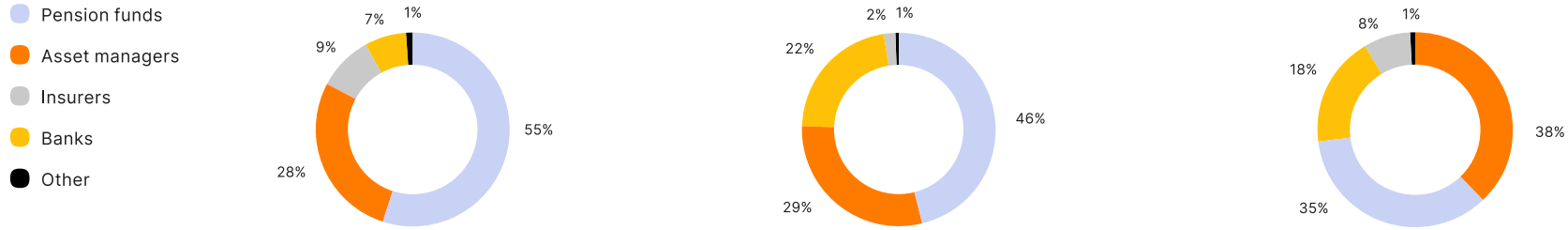
Local green bonds

ISIN code	LV0000802460	LV0000870129	LV0000802684
Issuance year	2021	2022	2023
Issuance amount	EUR 50 million	EUR 100 million	EUR 50 million
Issuance organised by	Luminor Bank AS and Swedbank AB (publ.)	Luminor Bank AS and Swedbank AB (publ.)	Luminor Bank AS and Swedbank AB (publ.)
Maturity date	17 May 2028	5 May 2027	22 February 2029
Fixed annual interest rate (coupon)	0.5%	2.42%	4.952%

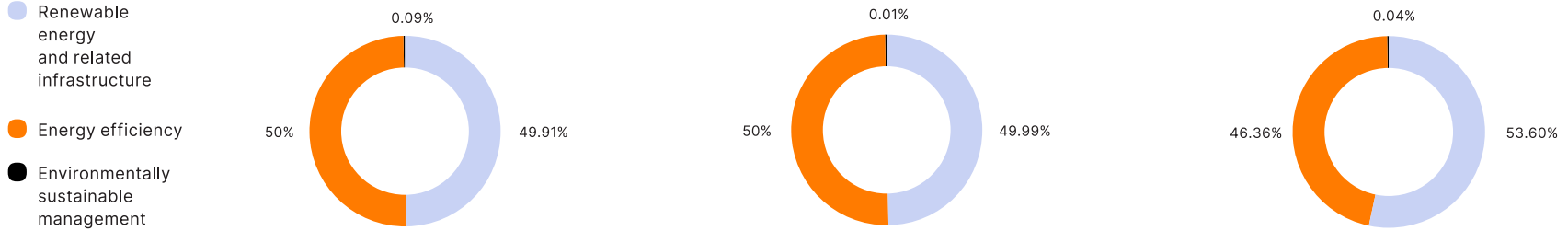
Investors by region
according to the coupon payment in 2025



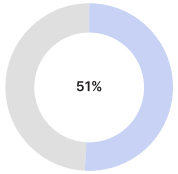
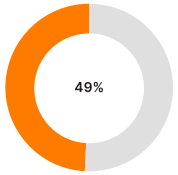
Investors by type
according to the coupon payment in 2025

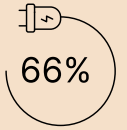


Use of proceeds by project group



Use of proceeds and benefits from the project implementation

Group operating segment	Eligible projects	Allocated proceeds, MEUR	2021 issue, ISIN code LV000080246	2022 issue, ISIN code LV0000870129	2023 issue, ISIN code LV0000802684	Project objectives and benefits
Generation 	Reconstruction of hydropower units and technological equipment at the Daugava and Aiviekste HPPs	**101.74**	24.95	49.99	26.8	Extending the service life of the hydropower units and increasing their capacity and efficiency ratios. Maintaining a high share of renewables in energy generation. Increasing the safety of operations of the Daugava HPPs. Reducing the oil leakage risk. Implementation of the programme allows for a reduction of CO_2 emissions of up to 15,600 tonnes per year. In 2025, the share of electricity generated from renewable energy sources by the Group was 66%. In 2021, full reconstruction of the Aiviekste HPP was completed.
	Protection of biodiversity	**0.08**	0.05	0.01	0.02	Reducing the impact of the Daugava HPPs on fish stocks and biodiversity in the Daugava River basin. Every year, more than 400 fish spawning nests are placed in the Daugava River. An 8 km stretch of the Berzene River and a 5.1 km stretch of the Vedze River have been cleared of obstructions and research has been carried out to identify possible measures to facilitate the migration of migratory fish in the Berzene River and the Vedze River and to improve the habitats of protected species.
Distribution 	Building and reconstruction of electricity lines and transformer points	**78.32**	22.3	47.02	9	Reducing the duration of power interruptions and electricity losses. Extending the service life of the distribution grid. Since 2014, interruption duration and interruption frequency indexes have been reduced substantially (SAIFI by 59% and SAIDI by 71%). The reduction of CO_2 emissions resulting from the decrease in distribution losses is around 43 thousand tonnes.
	Smart meters	**19.86**	2.7	2.98	14.18	Reducing the duration of power interruptions and electricity losses. Opportunities for more efficient electricity consumption and use of smart energy efficiency products and services. Since the introduction of the green bond programme in 2015, more than 1.1 million smart meters have been installed; these account for around 99% of the total fleet of electricity meters.
	TOTAL	**200.00****	**50.00**	**100.00**	**50.00**	



Share of renewable energy generated

Reconstruction of hydropower units at the Daugava HPPs

15,600 t/year

Reduction in distribution losses

43,000 tonnes

compared to 2014

Reduction of CO_2 emissions*

Reduction in SAIDI since 2014

* The potential reduction in CO_2 emissions resulting from the reconstruction of the Daugava HPP hydropower units is up to 15,654 tonnes per year (at specific CHPP-2 emissions in the condensation mode of 0.369 t CO_2/MWh). Since the introduction of the green bond programme in 2015, the reduction in CO_2 emissions resulting from the decrease in distribution losses is 42,944 tonnes.

** 100% of the proceeds from green bonds are used to finance projects completed within one year prior to the issue or later.

European green bonds

ISIN code	XS3227294132
Issuance year	2025
Issuance amount	EUR 400 million
Issuance organised by	BNP PARIBAS, J.P. Morgan SE as global coordinators and joint bookrunners, Skandinaviska Enskilda Banken AB (publ), Luminor Bank AS as joint bookrunners
Maturity date	13 November 2030
Fixed annual interest rate (coupon)	3.612%

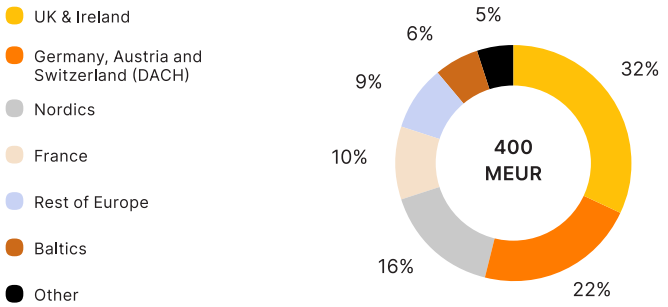
Use of proceeds

At the time of report publication, 350 out of EUR 400 million have been allocated, and the allocation of EUR 350 million is shown below.

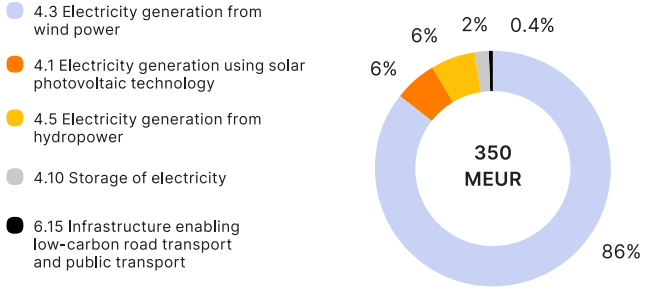
A full allocation report on the use of proceeds from the European green bonds will be published within the timeframe specified in the European Green Bond Factsheet (i.e., within 270 days after the last day of the calendar year of issuance).

Investors by region

according to the bond issuance

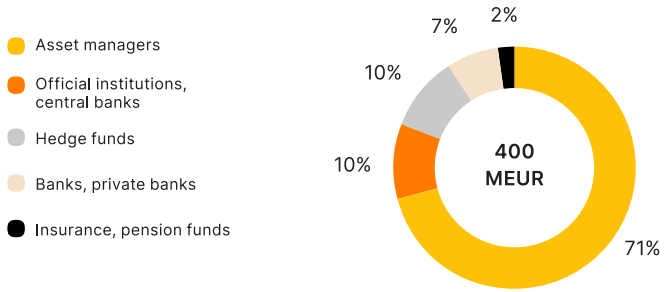


Use of proceeds in accordance with EU Taxonomy activity

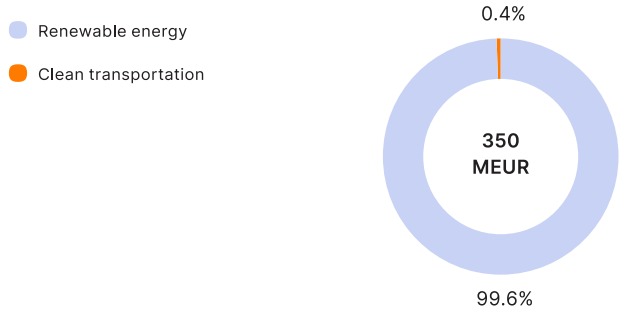


Investors by type

according to the bond issuance



Use of proceeds by project group



Terms and Abbreviations

autotransformer	transformer with one winding, which is the highest voltage winding, but part of this winding forms the lowest voltage winding
BAT	best available techniques
BESS	battery energy storage system
biodiversity or biological diversity	the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part. This includes variation in genetic, phenotypic, phylogenetic, and functional attributes, as well as changes in abundance and distribution over time and space within and among species, biological communities and ecosystems
biomass	the biodegradable fraction in products and waste of agriculture, forestry and related industries, as well as the biodegradable fraction in industrial and municipal waste
CAPEX	capital expenditures
CHPP	see *combined heat and power plant*
CHPP-1	Latvenergo AS first combined heat and power plant
CHPP-2	Latvenergo AS second combined heat and power plant
climate neutrality	maintaining a balance between carbon emissions and carbon absorption from the atmosphere through carbon sequestration systems
cogeneration	cogeneration of heat and electricity in one energy installation; significantly reduces fuel consumption compared to separate heat and electricity generation
combined heat and power plant	a power plant that produces electricity from thermal energy obtained by burning fossil fuels; thermal power plant
condensation	electricity generation mode in which heat is not generated
coupon (bond coupon)	the amount of interest on a security for a predetermined period of time
credit raiting	assessment of a borrower's creditworthiness, which is expressed by a special index or combination of letters and which indicates the degree of risk
critical infrastructure	facilities and systems, the destruction or malfunction of which would significantly affect the implementation of state functions
CSDDD	Corporate Sustainability Due Diligence Directive
CSR	corporate social responsibility
CSRD	Corporate Sustainability Reporting Directive
derivative financial instruments	bilateral agreements, the value of which depends on and changes according to fluctuations in the value of the guarantee (shares, currency, bonds, interest rates) underlying the instrument
distribution system	system which ensures the flow of electricity from the electricity transmission network and electricity generators connected to the distribution networks to electricity consumers
EBITDA	earnings before interest, taxes, depreciation, and amortization
EC	European Commision
ecological threshold (or breakpoint)	the point at which a relatively small change in external conditions causes a rapid change in an ecosystem. When an ecological threshold has been passed, the ecosystem may no longer be able to return to its state by means of its inherent resilience
ecosystem(s)	a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit. A typology of ecosystems is provided by the IUCN Global Ecosystem Typology 2.0
EIA	Environmental Impact Assessment
electromobility	an integral part of the transport sector, consisting of environmentally friendly electric motor vehicles
energy efficiency	more optimal and efficient use of energy
energy management	a set of energy consumer actions aimed at reducing energy consumption
energy sources	fuel stocks and energy sources that can be used for direct use or energy generation
ETS	European Union Emissions Trading System
EU	European Union
EU taxonomy	classification system for economic activities that aims to identify which activities can be considered sustainable
ESRS	European Sustainability Reporting Standards
European Green Deal	the growth strategy aspiring to transform the EU into a climate-neutral, fair and prosperous society with a modern, resource-efficient and competitive economy
fossil energy sources	non-renewable energy sources, the use of which results in the release of greenhouse gas emissions into the atmosphere, which have a significant impact on climate change (oil products, natural gas, peat and coal)

green bonds	bonds used to finance projects that have a positive impact on the environment and/or the climate
green energy	energy from renewable sources
green procurement	procurement which includes criteria for the purchase of goods and services with the least possible impact on the environment
GHG	see *greenhouse gases*
greenhouse gases	The gases listed in Part 2 of Annex V of Regulation (EU) 2018/1999 of the European Parliament and of the Council. These include Carbon dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Sulphur hexafluoride (SF_6), Nitrogen trifluoride (NF_3), Hydrofluorocarbons (HFCs) and Perfluorocarbons (PFCs).
hazardous waste	hazardous waste means waste which displays one or more of the hazardous properties listed in Annex III of the Waste framework directive
high voltage	electrical voltage greater than 1000 volts; in Latvia, it is defined as 110 kV–330 kV voltage
HPP	see *hydropower plant*
hydropower plant	a power plant in which energy from the movement of water is converted into electricity
IED	Industrial Emissions Directive
IFRS	International Financial Reporting Standards
IRO	impacts, risks, opportunities
ISO	International Organization for Standardization
LNG	liquified natural gas
LPG	liquified petroleum gas
NGO	non-governmental organisation
OECD	Organization for Economic Cooperation and Development
OPEX	operating expenses
OÜ	limited liability company (in Estonia)
pollution	the direct or indirect introduction, as a result of human activity, of pollutants into air, water or soil which may be harmful to human health and/or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment
PA	protected areas
PUC	Public Utilities Commission
REACH	The Regulation on the registration, evaluation, authorisation and restriction of chemicals
remediation	means to counteract or make good a negative impact or provision of remedy
renewable energy sources	energy sources available indefinitely that regenerate faster than their consumption rate (wind, water, solar radiation, biomass, geothermal energy, waves, tides)
RES	see *renewable energy sources*
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SPP	solar power plant
STEM	science, technology, engineering and mathematics
substances of concern	i. meets the criteria laid down in Article 57 and is identified in accordance with Article 59(1) of Regulation (EC) No 1907/2006; ii. is classified in Part 3 of Annex VI to Regulation (EC) in one of the following hazard classes or hazard categories: - No 1272/2008 – carcinogenicity categories 1 and 2, - germ cell mutagenicity categories 1 and 2, - reproductive toxicity categories 1 and 2, [to be added in the course of the legislative procedure once Regulation (EC) No 1272/2008 contains these hazard classes: Persistent, Bioacumulative, Toxic (PBTs), very Persistent very Bioaccumulative (vPvBs); Persistent, Mobile and Toxic (PMT), very Persistent very Mobile (vPvM); Endocrine disruption], - respiratory sensitisation category 1, - skin sensitisation category 1, - chronic hazard to the aquatic environment categories 1 to 4, - hazardous to the ozone layer, - specific target organ toxicity - repeated exposure categories 1 and 2, - specific target organ toxicity – single exposure categories 1 and 2; or iii. any other substance that are set out in applicable EU legislation
substances of very high concern	substances that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006 (REACH) and were identified in accordance with Article 59(1) of that Regulation
Sustainable Development Goals	global development goals set by the UN that are to be achieved by 2030

transmission system	330 kV and 110 kV power transmission lines, substations and distribution points that ensure electricity transmission
UN	United Nations
value chain	the full range of activities, resources and relationships related to the undertaking's business model and the external environment in which it operates.
WPP	wind power plant

Statement of Management Responsibility

Based on the information available to the Management Board of Latvenergo AS, Latvenergo Group consolidated financial statements and Latvenergo AS financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS accounting standards as adopted by the EU and in all material aspects present a true and fair view of the financial position, profit and loss and cash flows of Latvenergo Group and Latvenergo AS.

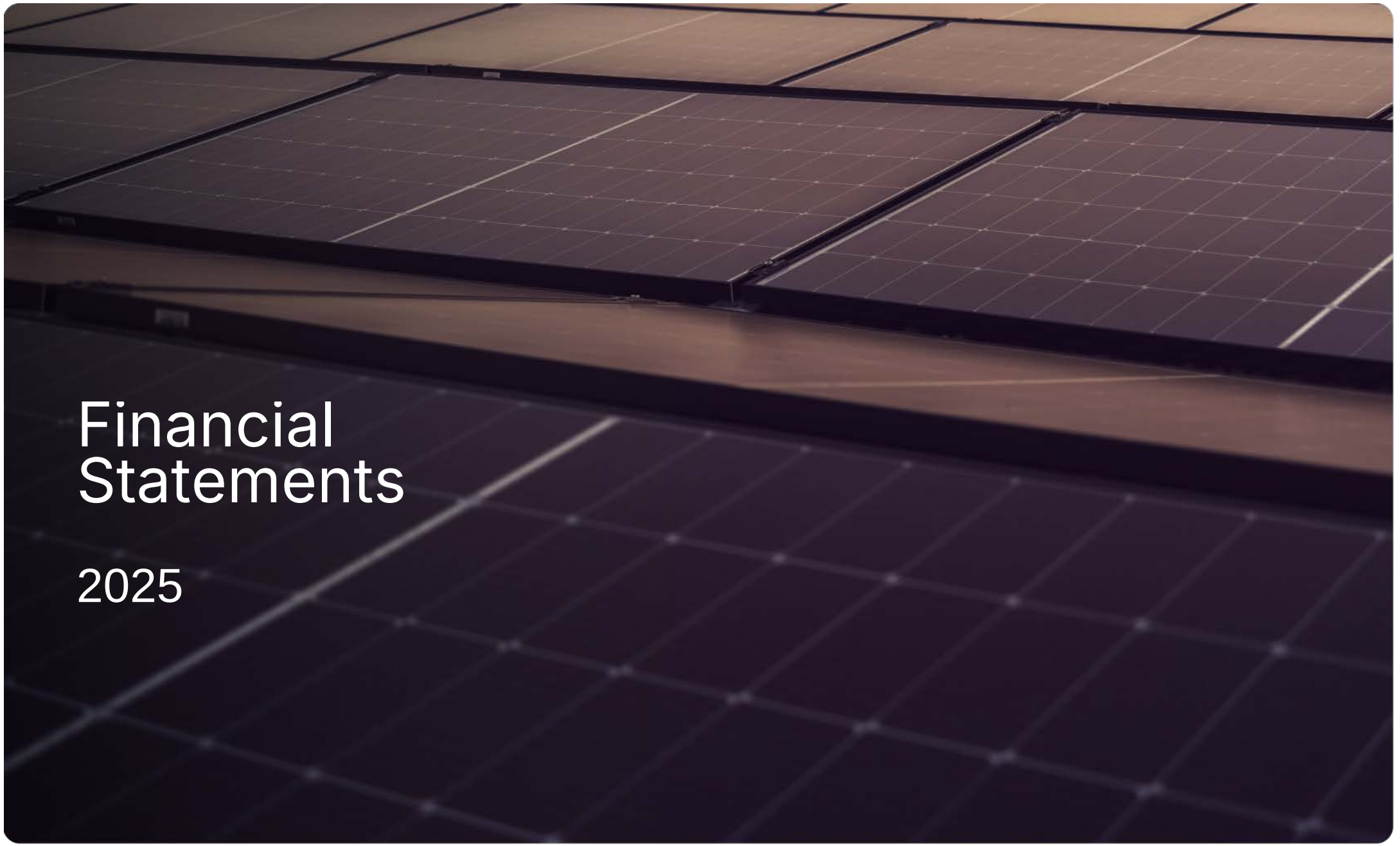
The Management Report of the Group's Consolidated and Latvenergo AS Annual Report for 2025 provides a description of the main risks and uncertainties the Group faces. The sustainability information included in the Management Report has been prepared in accordance with the European Sustainability Reporting Standards defined by Sustainability Information Disclosure Law and Article 8(4) of Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

Information provided in the Management Report is accurate.

Latvenergo Group Consolidated and Latvenergo AS Annual Report 2025 is approved by the Management Board of Latvenergo AS on 28 April 2026 and is signed by Member of the Management Board Guntars Baļčūns as authorized person.

This document is signed with a secure digital signature and contains a time stamp.

Guntars Baļčūns
Member of the Management Board
of Latvenergo AS



Financial Statements

2025

Latvenergo

Latvenergo Group Consolidated and Latvenergo AS Financial Statements

Financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the European Union, and converted to the (ESEF) report

Contents

197 Statement of Profit or Loss
197 Statement of Comprehensive Income
198 Statement of Financial Position
199 Statement of Changes in Equity
200 Statement of Cash Flows
201 Notes to the Financial Statements

Notes to the Financial Statements

201 No. 1. Corporate information
201 No. 2. Summary of material accounting policies
205 No. 3. Financial risk management
209 No. 4. Critical accounting estimates and judgements
212 No. 5. Operating segment information
216 No. 6. Revenue
218 No. 7. Other income
219 No. 8. Raw materials and consumables
219 No. 9. Personnel expenses
220 No. 10. Other operating expenses
220 No. 11. Finance income and costs
221 No. 12. Income tax
222 No. 13. Intangible assets
224 No. 14. Property, plant and equipment
231 No. 15. Leases
234 No. 16. Non-current financial investments
237 No. 17. Inventories
237 No. 18. Receivables from contracts with customers and other receivables
240 No. 19. Cash and cash equivalents
241 No. 20. Share capital
241 No. 21. Reserves, dividends and earnings per share
242 No. 22. Changes in liabilities arising from financing activities
243 No. 23. Borrowings
245 No. 24. Derivative financial instruments
248 No. 25. Fair values and fair value measurement
251 No. 26. Trade and other payables
251 No. 27. Provisions
254 No. 28. Deferred income
255 No. 29. Related party transactions
260 No. 30. Commitments and contingent liabilities
261 No. 31. Events after the reporting year

Statement of Profit or Loss

EUR'000

	Note	Group		Parent Company	
		2025	2024	2025	2024
Revenue	6	1,566,107	1,703,588	949,824	1,057,016
Other income	7	32,158	31,413	27,110	27,618
Raw materials and consumables	8	(930,039)	(921,528)	(583,287)	(525,665)
Personnel expenses	9	(155,719)	(154,874)	(71,687)	(71,148)
Other operating expenses	10	(72,448)	(70,231)	(47,727)	(46,127)
EBITDA*		**440,059**	**588,368**	**274,233**	**441,694**
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right–of–use assets	13 a, 14 a, 15	(183,249)	(250,812)	(83,495)	(159,138)
Operating profit		**256,810**	**337,556**	**190,738**	**282,556**
Finance income	11	6,362	13,993	35,390	34,994
Finance costs	11	(15,013)	(22,020)	(26,856)	(22,762)
Dividends from subsidiaries	16	—	—	29,936	19,069
Profit before tax		**248,159**	**329,529**	**229,208**	**313,857**
Income tax	12	(49,350)	(55,878)	(38,992)	(48,282)
Profit for the year		**198,809**	**273,651**	**190,216**	**265,575**
Profit attributable to:					
– Equity holder of the Parent Company	21 c	197,544	272,081	190,216	265,575
– Non–controlling interests	21 c	1,265	1,570	—	—
Basic earnings per share (in euros)	21 c	0.184	0.344	0.177	0.336
Diluted earnings per share (in euros)	21 c	0.184	0.344	0.177	0.336

* See Alternative Performance Measures in Note 2 for the definition of this Alternative Performance Measure

The notes on pages 201 to 261 are an integral part of these Financial Statements.

Statement of Comprehensive Income

EUR'000

	Note	Group		Parent Company	
		2025	2024	2025	2024
Profit for the year		**198,809**	**273,651**	**190,216**	**265,575**
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods, net of tax:					
– gain / (loss) from change in hedge reserve	21 a, 24	10,663	(19,645)	10,663	(19,645)
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		**10,663**	**(19,645)**	**10,663**	**(19,645)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:					
– gain / (loss) on revaluation of non–current assets	14 a, 21 a	3,016	—	—	—
– gain / (loss) on remeasurement on defined benefit plan	21 a, 27	(371)	4,520	(180)	1,882
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**2,645**	**4,520**	**(180)**	**1,882**
Other comprehensive income for the year		**13,308**	**(15,125)**	**10,483**	**(17,763)**
TOTAL comprehensive income for the year		**212,117**	**258,526**	**200,699**	**247,812**
Comprehensive income attributable to:					
– Equity holder of the Parent Company		210,852	256,956	200,699	247,812
– Non–controlling interests		1,265	1,570	—	—

The notes on pages 201 to 261 are an integral part of these Financial Statements.

This document is signed with a secure digital signature and contains a time stamp

Guntars Baļčūns
Member of the Management Board of Latvenergo AS

Liāna Ķeldere
Accounting director of Latvenergo AS

Statement of Financial Position

EUR'000

	Note	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
ASSETS					
Non-current assets					
Intangible assets	13 a	124,816	105,566	23,831	22,514
Property, plant and equipment	14 a	4,106,391	3,523,090	1,377,389	1,412,707
Right-of-use assets	15	44,104	31,910	2,843	3,514
Investment property	14 b	2,332	2,098	2,263	2,049
Non-current financial investments	16	40	82	993,406	857,359
Non-current loans to related parties	29 e	—	22,244	1,006,846	632,564
Other non-current receivables	18 c	1,855	540	1,811	470
Deferred income tax assets	12	2,037	1,857	—	—
Derivative financial instruments	24	1,688	2,124	1,688	2,124
Total non-current assets		**4,283,263**	**3,689,511**	**3,410,077**	**2,933,301**
Current assets					
Inventories	17	163,960	169,562	139,201	140,078
Current intangible assets	13 b	51,668	54,616	51,668	54,616
Receivables from contracts with customers	18 a	169,877	190,108	116,715	128,660
Other current receivables	18 b, c	14,358	32,928	40,403	35,239
Deferred expenses		3,169	3,196	2,378	2,720
Current loans to related parties	29 e	—	—	172,523	165,108
Prepayment for income tax		1,736	491	—	—
Derivative financial instruments	24	11,818	1,298	11,818	1,298
Other current financial investments	19	149,915	209,842	149,915	209,842
Cash and cash equivalents	19	117,755	86,554	94,699	63,483
Total current assets		**684,256**	**748,595**	**779,320**	**801,044**
TOTAL ASSETS		**4,967,519**	**4,438,106**	**4,189,397**	**3,734,345**
EQUITY AND LIABILITIES					
Equity					
Share capital	20	1,076,324	790,368	1,076,324	790,368
Reserves	21 a	1,664,563	1,660,068	1,311,816	1,301,728
Retained earnings		283,826	549,328	270,283	551,531
Equity attributable to equity holder of the Parent Company		**3,024,713**	**2,999,764**	**2,658,423**	**2,643,627**
Non-controlling interests		6,814	7,162	—	—
Total equity		**3,031,527**	**3,006,926**	**2,658,423**	**2,643,627**
Non-current liabilities					
Borrowings	23	1,179,715	615,280	1,171,807	608,119
Lease liabilities	15	43,514	29,828	2,285	2,417
Deferred income tax liabilities	12	10,168	8,003	—	—
Provisions	27	20,595	17,113	11,429	8,981
Deferred income from contracts with customers and advances received	28 I a	156,640	150,842	534	601
Other deferred income	28 I b, c	123,085	112,408	47,909	72,203
Other non-current liabilities	13 a	2,790	21,592	2,750	21,489
Total non-current liabilities		**1,536,507**	**955,066**	**1,236,714**	**713,810**
Current liabilities					
Borrowings	23	90,727	128,125	88,900	157,041
Lease liabilities	15	2,944	2,723	658	1,207
Trade and other payables	26	171,650	210,487	111,775	127,596
Deferred income from contracts with customers and advances received	28 II a	47,274	48,700	8,718	5,933
Other deferred income	28 II b, c	27,142	25,104	25,080	24,156
Provisions	27	51,281	48,010	50,662	48,010
Derivative financial instruments	24	8,467	12,965	8,467	12,965
Total current liabilities		**399,485**	**476,114**	**294,260**	**376,908**
Total liabilities		**1,935,992**	**1,431,180**	**1,530,974**	**1,090,718**
TOTAL EQUITY AND LIABILITIES		**4,967,519**	**4,438,106**	**4,189,397**	**3,734,345**

The notes on pages 201 to 261 are an integral part of these Financial Statements.

This document is signed with a secure digital signature and contains a time stamp

Guntars Baļčūns
Member of the Management Board of Latvenergo AS

Liāna Ķeldere
Accounting director of Latvenergo AS

Statement of Changes in Equity

EUR'000

	Note	Group						Parent Company			
		Attributable to equity holder of the Parent Company						Attributable to equity holder of the Parent Company			
		Share capital	Reserves	Retained earnings	Total	Non-controlling interests	TOTAL	Share capital	Reserves	Retained earnings	TOTAL
As of 31 December 2023		**790,368**	**1,681,852**	**483,016**	**2,955,236**	**7,844**	**2,963,080**	**790,368**	**1,320,419**	**497,227**	**2,608,014**
Acquisition of non-controlling interests		—	—	(229)	**(229)**	(173)	**(402)**	—	—	—	**—**
Dividends for 2023	21 b	—	—	(212,199)	**(212,199)**	(2,079)	**(214,278)**	—	—	(212,199)	**(212,199)**
Disposal of non–current assets revaluation reserve	21 a	—	(10,754)	10,754	**—**	—	**—**	—	(928)	928	**—**
Formed other reserves	21 a	—	4,095	(4,095)	**—**	—	**—**	—	—	—	—
Total transactions with owners and other changes in equity		**—**	**(6,659)**	**(205,769)**	**(212,428)**	**(2,252)**	**(214,680)**	**—**	**(928)**	**(211,271)**	**(212,199)**
Profit for the year		—	—	272,081	**272,081**	1,570	**273,651**	—	—	265,575	**265,575**
Other comprehensive income for the year	21 a	—	(15,125)	—	**(15,125)**	—	**(15,125)**	—	(17,763)	—	**(17,763)**
Total comprehensive income / (loss) for the year		**—**	**(15,125)**	**272,081**	**256,956**	**1,570**	**258,526**	**—**	**(17,763)**	**265,575**	**247,812**
As of 31 December 2024		**790,368**	**1,660,068**	**549,328**	**2,999,764**	**7,162**	**3,006,926**	**790,368**	**1,301,728**	**551,531**	**2,643,627**
Increase of share capital	20	285,956	—	(285,956)	**—**	—	**—**	285,956	—	(285,956)	—
Dividends for 2024	21 b	—	—	(185,903)	**(185,903)**	(1,613)	**(187,516)**	—	—	(185,903)	**(185,903)**
Disposal of non–current assets revaluation reserve	21 a	—	(8,813)	8,813	**—**	—	**—**	—	(395)	395	—
Total transactions with owners and other changes in equity		**285,956**	**(8,813)**	**(463,046)**	**(185,903)**	**(1,613)**	**(187,516)**	**285,956**	**(395)**	**(471,464)**	**(185,903)**
Profit for the year		—	—	197,544	**197,544**	1,265	**198,809**	—	—	190,216	**190,216**
Other comprehensive income for the year	21 a	—	13,308	—	**13,308**	—	**13,308**	—	10,483	—	**10,483**
Total comprehensive income / (loss) for the year		**—**	**13,308**	**197,544**	**210,852**	**1,265**	**212,117**	**—**	**10,483**	**190,216**	**200,699**
As of 31 December 2025		**1,076,324**	**1,664,563**	**283,826**	**3,024,713**	**6,814**	**3,031,527**	**1,076,324**	**1,311,816**	**270,283**	**2,658,423**

The notes on pages 201 to 261 are an integral part of these Financial Statements.

This document is signed with a secure digital signature and contains a time stamp

Guntars Baļčūns
Member of the Management Board of Latvenergo AS

Liāna Ķeldere
Accounting director of Latvenergo AS

Statement of Cash Flows

EUR'000

	Note	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Cash flows from operating activities					
Profit before tax		**248,159**	**329,529**	**229,208**	**313,857**
Adjustments:					
- Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right–of–use assets	13 a, 14 a, 15	183,249	250,812	83,495	159,138
- Loss / (gain) from disposal of non–current assets		10,808	7,044	4,438	(964)
- Interest expense	11	14,312	21,789	26,168	22,509
- Interest income	11	(4,837)	(10,909)	(34,060)	(31,910)
- Fair value loss / (gain) on derivative financial instruments	8	(3,920)	1,068	(3,920)	1,068
- Dividends from subsidiaries	16	—	—	(29,936)	(19,069)
- Increase / (decrease) in provisions	27	6,382	5,141	4,920	4,045
- Other finance costs	11	7	48	6	45
Share of profit of joint ventures		(196)	(41)	—	—
Interest paid		(32,555)	(24,805)	(25,702)	(24,291)
Interest paid on leases	15	(906)	(404)	(46)	(29)
Interest received		5,422	10,327	6,070	9,570
Paid corporate income tax		(48,229)	(56,544)	(38,992)	(48,282)
Funds from operations (FFO)*		**377,696**	**533,055**	**221,649**	**385,687**
Decrease / (increase) in inventories and current intangible assets		8,725	31,737	3,824	20,662
Decrease / (increase) in receivables from contracts with customers and other receivables		36,589	52,416	63,461	85,033
Decrease / (increase) in other current financial investments	19	60,000	(70,000)	60,000	(70,000)
Increase / (decrease) in trade and other liabilities		(89,230)	(6,566)	(60,083)	(10,012)
Impact of non–cash offsetting of operating receivables and liabilities from subsidiaries, net	29 e	—	—	87,888	9,957
Net cash flows generated from operating activities		**393,780**	**540,642**	**376,739**	**421,327**
Cash flows from investing activities					
Loans issued to related parties	29 e	(7,737)	(21,399)	(508,187)	(152,368)
Repayment of loans to related parties	29 e	—	—	7,337	—
Purchase of intangible assets and PPE		(729,666)	(472,101)	(53,095)	(59,446)
Dividends received from subsidiaries	16	—	—	1,680	2,164
Investments in subsidiaries	16	—	(1,354)	(132,547)	(160,151)
Net cash flows (used in) / generated from investing activities		**(737,403)**	**(494,854)**	**(684,812)**	**(369,801)**
Cash flows from financing activities					
Proceeds on issued debt securities (bonds)	23	400,000	—	400,000	—
Proceeds on borrowings from financial institutions	23	246,372	200,030	243,872	200,030
Repayment of borrowings from financial institutions	23	(121,087)	(86,625)	(119,013)	(84,491)
Received financing from European Union		39,405	25,577	1,329	2,778
Provided financing from European Union to subsidiary as cooperation partner, net		—	—	(205)	(672)
Lease payments	15	(2,350)	(1,994)	(791)	(652)
Acquisition of non-controlling interests		—	(400)	—	—
Dividends paid to non–controlling interests	21 b	(1,613)	(2,079)	—	—
Dividends paid to equity holder of the Parent Company	21 b	(185,903)	(212,199)	(185,903)	(212,199)
Net cash flows (used in) financing activities		**374,824**	**(77,690)**	**339,289**	**(95,206)**
Net increase / (decrease) in cash and cash equivalents		**31,201**	**(31,902)**	**31,216**	**(43,680)**
Cash and cash equivalents at the beginning of the year	19	86,554	118,456	63,483	107,163
Cash and cash equivalents at the end of the year		**117,755**	**86,554**	**94,699**	**63,483**

* See Alternative Performance Measures in Note 2 for the definition of this Alternative Performance Measure

The notes on pages 201 to 261 are an integral part of these Financial Statements.

This document is signed with a secure digital signature and contains a time stamp

Guntars Baļčūns
Member of the Management Board of Latvenergo AS

Liāna Ķeldere
Accounting director of Latvenergo AS

Notes to the Financial Statements

1. Corporate Information

All shares of public limited company Latvenergo, parent company of Latvenergo Group (hereinafter - Latvenergo AS or the Parent Company) are owned by the Republic of Latvia and are held by the Ministry of Economics of the Republic of Latvia. The registered address of the Parent Company is 12 Pulkveža Brieža Street, Riga, Latvia, LV-1230. According to the Energy Law of the Republic of Latvia, Latvenergo AS is designated as a national economy object of State importance.

Latvenergo AS is power supply utility engaged in electricity and thermal energy generation, as well as sales of electricity and natural gas. Latvenergo AS is one of the largest corporate entities in the Baltics.

Subsidiaries included in Latvenergo Group (hereinafter - the Group), participating interest in subsidiaries, associated companies and other non-current financial investments are disclosed in Note 16.

Latvenergo AS and its subsidiaries Sadales tīkls AS and Enerģijas publiskais tirgotājs SIA are also shareholders with 48.15% interest held in company Pirmais Slēgtais Pensiju Fonds AS (Latvenergo AS holds 46.30% of interest) that manages a defined-contribution corporate pension plan in Latvia.

The Management Board of Latvenergo AS:

Since 26 January 2024 the Management Board of Latvenergo AS was comprised of the following members: Mārtiņš Čakste (Chairman of the Board), Dmitrijs Juskovecs, Guntars Baļčūns, Harijs Teteris and Ilvija Boreiko.

The Supervisory Board of Latvenergo AS:

Since 9 April 2025 the Supervisory Board of Latvenergo AS was comprised of the following members: Aigars Laizāns (re-elected as Chairman on 25 April 2025), Kaspars Rokens (re-elected as Deputy Chairman on 25 April 2025), Toms Siliņš, Rodžers Jānis Grigulis and Gundars Ruža (until 25 April 2026).

Since 1 March 2024 till 8 April 2025 the Supervisory Board of Latvenergo AS was comprised of the following members: Aigars Laizāns (Chairman since 8 March 2024), Kaspars Rokens (Deputy Chairman), Toms Siliņš and Gundars Ruža (until 25 April 2026).

The Audit Committee of Latvenergo AS:

Since 3 February 2021 and re-elected for a term of three years from 3 February 2024, Audit Committee was comprised of the following members: Svens Dinsdorfs, Torben Pedersen, Ilvija Grūba, Toms Siliņš and Gundars Ruža (until 25 April 2026).

The Latvenergo Group's and Latvenergo AS auditor is the certified audit company Ernst & Young Baltic SIA (40003593454) (licence No. 17) and certified auditor in charge is Diāna Krišjāne, certificate No. 124.

The Management Board of Latvenergo AS has approved the Latvenergo Group and Latvenergo AS Financial statements 2025 on 28 April 2026. The Financial Statements are subject to Shareholder's approval in the Shareholder's Meeting.

2. Summary Of Material Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements as a whole are set out below; while remaining accounting policies are described in the notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Statements of the *Latvenergo* Group and Latvenergo AS are prepared in accordance with the IFRS Accounting Standards as adopted by the European Union for use in the European Union (IFRS). Due to the European Union's endorsement procedure, the standards and interpretations not approved for use in the European Union are also presented in this note as they may have impact on the Financial Statements in the following periods if endorsed.

The Financial Statements are prepared under the historical cost convention, except for some financial assets and liabilities (including derivative financial instruments and non-current financial investments) measured at fair value and certain property, plant and equipment carried at revalued amounts as disclosed in the accounting policies presented below.

The Financial Statements for 2025 include the financial information in respect of the Latvenergo Group and Latvenergo AS for the year ended 31 December 2025 and comparative information for 2024. Where it has been necessary, comparatives for 2024 are reclassified using the same principles applied for preparation of the Financial Statements for 2025.

The *Latvenergo* Group's and Latvenergo AS Financial Statements have been prepared in euros (EUR) currency and all amounts shown in these Financial Statements except non-monetary items are presented in thousands of EUR (EUR'000).

All figures, unless stated otherwise are rounded to the nearest thousand. Certain monetary amounts, percentages and other figures included in this report are subject to rounding adjustments. On occasion, therefore, amounts shown in tables may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100 percent.

The preparation of the Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from those. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

Alternative Performance Measures

In order to ensure a fair presentation of the Group's and the Parent Company's operations, the Group and the Parent Company uses Alternative Performance Measures that are not defined in IFRS or in the Accounting Law of the Republic of Latvia. The Alternative Performance Measures are described below, including their definitions and how they are calculated.

The Group and the Parent Company believes that these measures provide valuable supplementary information for stakeholders and the management. These financial measures should not be seen as a substitute for measures that are defined according to IFRS, and these are not comparable with measures used by other companies.

EBITDA – operating profit before depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right–of–use assets (Earnings Before Interest, Tax, Depreciation and Amortisation).

Funds from operations (FFO) = Net cash flows from operating activities – changes in inventories and current intangible assets – changes in receivables from contracts with customers and other receivables – changes in other current financial investments – changes in trade and other liabilities – Impact of noncash offsetting of operating receivables and liabilities from subsidiaries, net.

Capital expenditure – additions of property, plant and equipment, intangible assets and investment properties, including assets from the acquisition of subsidiaries.

European Single Electronic Format (ESEF) reporting

The Group and the Parent Company are required to file annual report in the European Single Electronic Format (ESEF) using the XHTML format and to tag the consolidated financial statements including notes using Inline eXtensible Business Reporting Language (iXBRL). The prepared financial statements comply with ESMA ESEF Taxonomy 2024. Where a financial statement line item or text block is not defined in the ESEF taxonomy, an extension to the taxonomy has been created.

Adoption of new and/or changed IFRS, International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations

a) Standards issued and which became effective, and that have been endorsed by the European Union, and are not relevant for the Group's and the Parent Company's operations

The adopted policies correspond to the accounting policies of the previous financial year, except for the following IFRS amendments, which the Group and the Parent Company has adopted starting from 1 January 2025, but which are not relevant for the Group's and the Company's operations:

• IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. The Group's and the Parent Company's management assessed that the aforementioned standard is not relevant for the Group's and the Parent Company's operations, as the Group and the Parent Company does not have significant transactions in foreign currencies.

While preparing these financial statements, the Group and the Parent Company did not adopt the new IFRS, IAS, their amendments and interpretations issued by IASB, the effective date of which is later than 31 December 2025 and whose early adoption is permitted.

b) Standards and its amendments issued, which are endorsed by the European Union and have not yet become effective, but are relevant for the Group's and the Parent Company's operations

• IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management–defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has been endorsed by the EU in February 2026. The Group's and the Company's management has initially assessed that the requirements of the standard will not significantly affect the classification of items in the Statement of Profit or Loss and will not result in significant changes in the presentation of items in the Statement of Cash Flows, except only the change of the initial position in the Statement of Cash Flows from "profit or loss before tax" to "profit or loss from operating activities" that would be necessary for the determination of cash flows from operating activities. Regarding to the items to be included in the Statement of Profit or Loss, all categories – "operating", "investing", "financing" and "income tax" categories are relevant to the Group and the Parent Company. The Group and the Parent Company does not have material leases income from investment properties, and foreign exchange rate fluctuations and those income or expense will be classified in the Statement of Profit or Loss category "operating activities", as the related income

and expenses, that arise from foreign exchange differences, relate to the purchase of goods and raw materials. The Group's and the Parent Company's management will further evaluate the standard requirements regarding the implementation of newly created management-defined performance measures (MPM) in the Financial Statements.

• IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)–linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG–linked) and equity instruments classified at fair value through other comprehensive income. The Group and the Company will assess the impact of these amendments on the classification of financial instruments and disclosures in the Financial Statements, but does not expect them to have a significant impact on the Group's and the Parent Company's financial position.

• Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB's annual improvements process deals with non–urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2026. The Annual Improvements to IFRS Accounting Standards – Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. The Group and the Parent Company will evaluate the impact of these annual improvements on the Financial Statements, but does not expect them to have a material impact on the Group's and the Parent Company's financial position.

c) Standards and its amendments issued, which are endorsed by the European Union and have not yet become effective, and which are not relevant for the Group's and the Parent Company's operations

• IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The Group and the Parent Company has assessed that the aforementioned amendments are not applicable to the Group and the Parent Company.

d) Standards and its amendments issued, which have not yet become effective and have not yet endorsed by the European Union, and are not relevant for the Group's and the Parent Company's operations

• IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments)
• IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments)
• Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group's and the Parent Company's management has assessed that the aforementioned standards or their amendments are not applicable to the Group and the Company.

Foreign currency translation

a) Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Group's entity operates ("the functional currency"). The Financial Statements have been prepared in euros (EUR), which is the Parent Company's functional currency, and presented in thousands of EUR. All figures, unless stated otherwise are rounded to the nearest thousand.

b) Transactions and balances

All transactions denominated in foreign currencies are translated into functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rate at the last day of the reporting year. The resulting gain or loss is charged to the Statement of Profit or Loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Financial assets and liabilities

Financial Assets

The Group and the Parent Company classify its financial assets under IFRS 9 in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

The Group and the Parent Company reclassify debt investments only when their business model for managing these assets changes.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Parent Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Parent Company classify all of their debt instruments:

- at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost using the effective interest (EIR) method and are subject to impairment. Any gain or loss arising on de-recognition is recognised directly in profit or loss. Impairment losses are presented as separate item 'Expected credit losses (including reversals) on financial instruments' in the statement of profit or loss position 'Other operating expenses' (Note 10).

Equity instruments

The Group and the Parent Company subsequently measure all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss when the Group's and the Parent Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income (FVOCI) or financial instruments at fair value through profit or loss (FVPL) are not reported separately from other changes in fair value.

Impairment

The Group and the Parent Company assess on a forward–looking basis the expected credit loss associated with their debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Rules for estimating and recognising impairment losses are described in Note 4 b.

The Group and the Parent Company have applied two expected credit loss models: counterparty model and portfolio model.

Counterparty model is used on individual contract basis for deposits, investments in State Treasury bonds, loans to subsidiaries and cash and cash equivalents. The expected credit losses according to this model for those are based on assessment of the individual counterparty's risk of default based on Moody's 12 months corporate default and recovery rates if no significant increase in credit risk is identified. The circumstances indicating a significant increase in credit risk is significant increase in Moody's default and recovery rates (by 1 percentage point) and counterpart's inability to meet payment terms (overdue 30 days or more, insolvency or bankruptcy, or initiated similar legal proceedings and other indications on inability to pay). If significant increase in credit risk is identified, calculated lifetime expected credit loss is recognised.

For estimation of expected credit loss for unsettled revenue on mandatory procurement, individually significant other receivables and other receivables of energy industry companies and related parties the Group and the Parent Company apply the simplified approach and record lifetime expected losses based on corporate default and recovery rates.

Portfolio model is used for trade receivables by grouping together receivables with similar risk characteristics and the days past due and defined for basic business activities. For trade receivables grouped by portfolio model the Group and the Parent Company apply the simplified approach and record lifetime expected losses on receivables based on historically observed default rates, adjusted for forward–looking estimates, if any significant exists.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held–for–trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains or losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group and the Parent Company have decided to continue to apply hedge accounting requirements of IAS 39. Accounting principles for derivative financial instruments are disclosed in Note 24.

3. Financial Risk Management

3.1. Financial risk factors

The Group's and the Parent Company's activities expose them to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's and the Parent Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Parent Company's financial performance. The Group and the Parent Company use derivative financial instruments to hedge certain risk exposures.

Risk management (except for price risk) is carried out by the Parent Company's Treasury department (the Group Treasury) according to the Financial Risk Management Policy approved by the Parent Company's Management Board. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units / subsidiaries. The Parent Company's

Management Board by approving the Financial Risk Management Policy provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, foreign exchange risk, liquidity risk, and credit risk, use of financial instruments and investment of excess liquidity. Price risk management is carried out by the Parent Company's Electricity Trading department according to Electricity Wholesale Regulation approved by the Parent Company's Management Board.

Financial assets that are exposed to financial risks disclosed in the table below by measurement categories:

EUR'000

		Group			Parent Company		
	Note	Financial assets at amortised cost	Derivatives used for hedging	Financial instruments at fair value through profit or loss	Financial assets at amortised cost	Derivatives used for hedging	Financial instruments at fair value through profit or loss
Financial assets as of 31 December 2025							
Receivables from contracts with customers	18 a	169,877	—	—	116,715	—	—
Other current financial receivables	18 b	7,957	—	—	39,804	—	—
Loans to related parties	29 e	—	—	—	1,179,369	—	—
Derivative financial instruments	24 I	—	11,048	2,458	—	11,048	2,458
Cash and cash equivalents	19	117,755	—	—	94,699	—	—
		295,589	**11,048**	**2,458**	**1,430,587**	**11,048**	**2,458**
Financial assets as of 31 December 2024							
Receivables from contracts with customers	18 a	190,108	—	—	128,660	—	—
Other current financial receivables	18 b	31,757	—	—	34,601	—	—
Loans to related parties	29 e	22,244	—	—	797,672	—	—
Derivative financial instruments	24 I	—	—	3,422	—	—	3,422
Cash and cash equivalents	19	86,554	—	—	63,483	—	—
		330,663	**—**	**3,422**	**1,024,416**	**—**	**3,422**

Financial liabilities that are exposed to financial risks disclosed in the table below by measurement categories:

EUR'000

		Group			Parent Company		
	Note	Financial liabilities at amortised cost	Derivatives used for hedging	Financial instruments at fair value through profit or loss	Financial liabilities at amortised cost	Derivatives used for hedging	Financial instruments at fair value through profit or loss
Financial liabilities as of 31 December 2025							
Borrowings	23	1,270,442	—	—	1,260,707	—	—
Derivative financial instruments	24 I	—	4,321	4,146	—	4,321	4,146
Lease liabilities	15	46,458	—	—	2,943	—	—
Trade and other financial current payables	26	140,335	—	—	96,001	—	—
		1,457,235	**4,321**	**4,146**	**1,359,651**	**4,321**	**4,146**
Financial liabilities as of 31 December 2024							
Borrowings	23	743,405	—	—	765,160	—	—
Derivative financial instruments	24 I	—	8,149	4,816	—	8,149	4,816
Lease liabilities	15	32,551	—	—	3,624	—	—
Trade and other financial current payables	26	178,787	—	—	112,741	—	—
		954,743	**8,149**	**4,816**	**881,525**	**8,149**	**4,816**

a) Market risk

I) Foreign currencies exchange risk

As of 31 December 2025 and 31 December 2024 the Group and the Parent Company had borrowings denominated only in euros (Note 23). Their revenues and most of the financial assets and liabilities were denominated in euros. Accordingly, neither the Group nor the Parent Company were subject to a significant foreign currencies exchange risk.

Foreign currencies exchange risk arises when future transactions or recognised assets or liabilities are denominated in a currency that is not the Group's and the Parent Company's functional currency. The Group's Treasury Financial Risk Management Policy is to hedge all anticipated cash flows (capital expenditure and purchase of inventory) in each major foreign currency that might create significant currency risk.

Considering that in 2025 and 2024 the Group and the Parent Company were not exposed to significant currencies exchange risk, no currency forward contracts were concluded during 2025 and 2024.

II) Interest rate risk

As the Group and the Parent Company have significant floating interest-bearing assets and liabilities exposed to interest rate risk, the Group's, and the Parent Company's financial income and operating cash flows are substantially dependent on changes in market interest rates.

During 2025 if euro interest rates had been 50 basis points higher with all other variables held constant, the Group's income from the cash reserves held at bank for the year would have been EUR 452 thousand higher (2024: EUR 491 thousand) and the Parent Company's income from the cash reserves held at bank for the year would have been EUR 421 thousand higher (2024: EUR 437 thousand).

The Group's and the Parent Company's cash flow interest rate risk mainly arises from long–term borrowings at variable rates. They expose the Group and the Parent Company to a risk that finance costs might increase significantly when interest rates rise up. The Group's policy is to maintain more than 35% of its borrowings as fixed interest rates borrowings (considering the effect of interest rate swaps and issued bonds) with duration between 1–4 years.

The Group and the Parent Company analyse their interest rate risk exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and hedging. Based on these scenarios, the Group and the Parent Company calculate the impact on profit and loss as well as on cash flows of a defined interest rate shift.

Generally, as the policy of the Group and the Parent Company to date has primarily focused on raising long–term borrowings from financial institutions in the form of bank loans at floating rates, the Group and the Parent Company manage their cash flow interest rate risk by using floating–to–fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Thereby fixed rates are obtained that are lower than those available if the Group and the Parent Company borrowed at fixed rates directly. Under the interest rate swaps, the Group and the Parent Company agree with other parties to exchange, at specified intervals (primarily semi–annually), the difference between fixed contract rates and floating–rate interest amounts calculated by reference to the agreed notional amounts.

To hedge cash flow interest rate risk, the Group and the Parent Company have entered into interest rate swap agreements with total notional amount of EUR 67 million (2024: EUR 76 million) (Note 24 II). 53% of the Group's and 54% the Parent Company's long–term borrowings as of 31 December 2025 (31/12/2024: 37% and 38% respectively) had fixed interest rate (considering the effect of the interest rate swaps) and average fixed rate duration was 2.2 years for the Group and 2.3 years for the Parent Company (2024: 1.4 years for the Group and 1.5 years the Parent Company).

Assuming that in the next financial year the interest rates on euro denominated long–term borrowings at floating base interest rate (after considering hedging effect) had been 50 basis points higher, considering the repayment schedules of existing long–term borrowings as well as planned new long–term borrowings, while keeping all other variables constant, the Group's profit for the year and equity would have been EUR 2,847 thousand lower (over the next 12 months period after 31/12/2024: EUR 3,568 thousand lower), the Parent Company's profit for the year and equity would have been EUR 2,803 thousand lower (over the next 12 months period after 31/12/2024: EUR 3,523 thousand lower).

As of 31 December 2025, if short-term and long-term euro interest rates had been 50 basis points higher with all other variables held constant fair value of interest rate swaps would have been EUR 568 thousand higher (31/12/2024: EUR 871 thousand higher), which would have been attributable to the Statement of Comprehensive Income as hedge accounting item. However, if short-term and long-term euro interest rates had been 50 basis points lower with all other variables held constant fair value of interest rate swaps would have been EUR 579 thousand lower (31/12/2024: EUR 892 thousand lower), which would have been attributable to the Statement of Comprehensive Income as hedge accounting item and an ineffective portion recognised in the Statement of Profit or Loss.

III) Price risk

Price risk is the risk that the fair value and cash flows of financial instruments will fluctuate in the future due to reasons other than changes in the market prices resulting from interest rate risk or foreign exchange risk. The purchase and sale of goods produced, and the services provided by the Group and the Parent Company under the free market conditions, as well as the purchases of resources used in production is impacted by the price risk.

The most significant price risk is related to purchase of electricity and natural gas and usage of natural gas inventories. To hedge the risk related to changes in the price of electricity and natural gas the Parent Company during 2025 has entered into electricity swap and natural gas swap contracts (Note 24 III).

b) Credit risk

Credit risk is managed at the Group level. Credit risk arises from cash and cash equivalents, derivative financial instruments at fair value through profit or loss (FVPL), other financial assets carried at amortised cost, including outstanding receivables. Credit risk concentration in connection with receivables is limited due to broad range of the Group's and the Parent Company's customers. The Group and the Parent Company have no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics, except receivables from state for unsettled revenue on mandatory procurement, loans to and receivables from subsidiaries. When assessing the credit risk for the loans to subsidiaries the Parent Company considers that Latvenergo AS has granted loans to subsidiaries in which it holds all the shares and accordingly monitors the operations and financial situation of the subsidiaries (borrowers). Impairment loss has been deducted from gross amounts in the statement of financial position.

The maximum credit risk exposure related to financial assets (see table below) comprises of carrying amounts of cash and cash equivalents (Note 19), receivables from contracts with customers and other receivables (Note 18), derivative financial instruments (Note 24) and loans to related parties (Note 29 e).

Assessment of maximum possible exposure to credit risk

EUR'000

		Group		Parent Company	
	Note	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Receivables from contracts with customers	18 a	169,877	190,108	116,715	128,660
Other current financial receivables	18 b	7,957	31,757	39,804	34,601
Loans to related parties	29 e	—	22,244	1,179,369	797,672
Cash and cash equivalents	19	117,755	86,554	94,699	63,483
Derivative financial instruments	24	13,506	3,422	13,506	3,422
		309,095	**334,085**	**1,444,093**	**1,027,838**

Under IFRS 9 the Group and the Parent Company measure the probability of default upon initial recognition of a receivable, except receivables from contracts with customers, and at each balance sheet date consider whether there has been a significant increase of credit risk since the initial recognition (see Notes 2 and 18 b).

For banks and financial institutions, independently rated parties with own or parent bank's minimum rating of investment grade are accepted. Otherwise, if there is no independent rating, management performs risk control to assess the credit quality of the financial counterparty, considering its financial position, past co–operation experience and other factors. After performed assessment individual credit limits are set based on internal ratings in accordance with principles set by the Financial Risk Management Policy. Depending on set credit limits, the cash held in one bank or financial institution cannot exceed fifty percent of total balance of cash. The basis for estimating the credit quality of individually significant financial assets not past due is credit ratings assigned by the rating agencies or, in their absence, the earlier credit behaviour of clients and other parties to the contract.

Credit risk related to cash and short–term deposits with banks is managed by balancing the placement of financial assets in order to maintain the possibility to choose the best offers and to reduce probability to incur losses. Credit risk assessment related to receivables from contracts with customers and other financial receivables is described in Notes 4 b and 18.

The table below shows the balance of cash and cash equivalents by financial counterparties at the end of the reporting year:

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Investment level credit rating*	117,755	86,554	94,699	63,483
	117,755	**86,554**	**94,699**	**63,483**

* Investment level credit rating assigned for the parent companies of banks

The table represents exposure to banks and financial counterparties broken down per rating class according to Moody's rating scale. The expected credit losses are not significant (below 1%) as the majority of cash and cash equivalents are held at banks and financial institutions belonging to financial groups with investment level credit rating and financial assets are considered to have good credit worthiness.

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Aa2	18,190	—	3,512	—
Aa3	90,347	60,434	83,186	39,081
A2	7,554	—	7,349	—
Baa1	1,664	22,609	652	20,986
Baa2	—	3,511	—	3,416
	117,755	**86,554**	**94,699**	**63,483**

Set limits of credit exposure to the financial counterparties were not exceeded during the reporting period, and the Group's and the Parent Company's management do not expect any losses arising from a potential default of financial counterparty, as assessed that financial counterparties' credit risk are in Stage 1.

The Group and the Parent Company invest only in listed debt instruments with very low probability of default (State Treasury bonds).

c) Liquidity risk

Latvenergo Group's liquidity and cash flow risk management policy is to maintain sufficient amount of cash and cash equivalents (Note 19) and the availability of long and short-term funding through an adequate amount of committed credit facilities in order to meet existing and expected commitments and compensate for fluctuations in cash flows due to the occurrence of a variety of financial risks.

The table below analyses the Group's and the Parent Company's financial liabilities into relevant maturity groupings based on the settlement terms. The amounts disclosed in the table are the contractual undiscounted cash flows. Contractual undiscounted cash flows originated by the borrowings are calculated considering the actual interest rates at the end of the reporting period.

Liquidity analysis (contractual undiscounted gross cash flows)

EUR'000

	Note	Group					Parent Company				
		Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years	TOTAL	Less than 1 year	From 1 to 2 years	From 3 to 5 years	Over 5 years	TOTAL
As of 31 December 2025											
Borrowings from financial institutions		86,922	104,411	247,723	323,764	**762,820**	84,875	102,242	242,465	322,603	**752,185**
Issued debt securities (bonds)		19,594	119,594	548,503	—	**687,691**	19,594	119,594	548,503	—	**687,691**
Overdraft from financial institutions		13,872	—	—	—	**13,872**	13,872	—	—	—	**13,872**
Derivative financial instruments		8,467	—	—	—	**8,467**	8,467	—	—	—	**8,467**
Lease liabilities*		3,717	3,749	7,605	59,925	**74,996**	713	585	967	996	**3,261**
Trade and other current financial payables	26	140,335	—	—	—	**140,335**	96,001	—	—	—	**96,001**
		272,907	**227,754**	**803,831**	**383,689**	**1,688,181**	**223,522**	**222,421**	**791,935**	**323,599**	**1,561,477**
As of 31 December 2024											
Borrowings from financial institutions		138,175	80,052	231,202	145,264	**594,693**	135,737	78,242	226,422	144,055	**584,456**
Issued debt securities (bonds)		5,153	5,146	210,284	—	**220,583**	5,153	5,146	210,284	—	**220,583**
Current borrowings from related parties	29 e II	—	—	—	—	**—**	31,101	—	—	—	**31,101**
Derivative financial instruments		12,965	—	—	—	**12,965**	12,965	—	—	—	**12,965**
Lease liabilities*		4,144	3,483	8,051	59,772	**75,450**	1,255	576	953	1,181	**3,965**
Trade and other current financial payables	26	178,787	—	—	—	**178,787**	112,741	—	—	—	**112,741**
		339,224	**88,681**	**449,537**	**205,036**	**1,082,478**	**298,952**	**83,964**	**437,659**	**145,236**	**965,811**

* The carrying amount of the lease (discounted) for the Group is EUR 46,458 thousand and for the Parent Company EUR 2,943 thousand (31 December 2024: Group – EUR 32,551 thousand, Parent Company – EUR 3,624 thousand) (Note 15)

3.2. Capital management

The Group's and the Parent Company's objectives when managing capital are to safeguard the Group's and the Parent Company's ability to continue as a going concern as well as to ensure necessary financing for investment program and to avoid breaches of covenants (no breaches in 2025 nor 2024), which are linked to capital structure and are stipulated in the majority of loan agreements.

In order to maintain or adjust the capital structure, the Group and the Parent Company may evaluate the amount and timing of raising new debt due to investment programs or initiate new investments in the share capital by shareholder. To comply with loan covenants, the Group and the Parent Company monitor capital on the basis of the capital ratio.

This ratio is calculated by dividing the equity by the sum of total assets. According to the Group's strategy and defined loan covenants as per loan agreements the capital ratio shall be maintained at least at 30% level.

The capital ratio figures were as follows:

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Total equity	3,031,527	3,006,926	2,658,423	2,643,627
Total assets	4,967,519	4,438,106	4,189,397	3,734,345
Capital Ratio	**61%**	**68%**	**64%**	**71%**

4. Critical Accounting Estimates And Judgements

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group and the Parent Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Group and the Parent Company considers climate-related matters in estimates and assumptions, where appropriate. Latvenergo Group is making targeted investments to develop a portfolio of zero emission and low-emission plants and to contribute to climate change mitigation. The Group implements technologies and measures that reduce, prevent or adapt to climate change. For more information please see Environmental information section "E1 Climate change" in the Management report. Even though climate-related risks might not currently have a significant impact on measurement, useful lives of property, plant and equipment or impairment of non-financial assets, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

The Management of the Group and the Parent Company has assessed the situation at the end of the reporting period and has determined that the events related to Russian military action in Ukraine and related sanctions against Russia and Belarus, have not created a significant negative impact on the Group's and the Parent Company's financial results, considering the nature and continuity of services provided by the Group and the Parent Company. The Management of the Group and the Parent Company continuously takes the necessary actions to ensure both the continuation of the operations of the electricity distribution system operator and the availability of the services provided to customers, and the Management does not foresee significant operational disruptions in the future that could affect the continuation of the Group's and the Parent Company's operations and the valuation of assets and liabilities. After the end of the reporting year, the military situation in Iran has significantly escalated, causing disruptions to global energy supply chains, particularly in the Strait of Hormuz region. This increases supply risks and contributes to rising energy prices. As of the report’s date of approval, these circumstances have not had a material negative impact on the operations of Latvenergo Group and the Parent Company. However, persistently higher energy prices are expected to increase production costs, while weakening demand in external markets may adversely affect the Baltic region’s economic growth prospects and create inflationary pressure. Further indirect effects will largely depend on unpredictable developments, such as potential military escalation and the responses it may trigger, the scale and duration of which remain uncertain.

The assumptions of the Group's and the Parent Company's Management are based on the information available at the date of approval of the financial statements. The impact of future events on the Group's and the Parent Company's future operations may differ from the current assessment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Estimates concerning property, plant and equipment

I) Useful lives of property, plant and equipment

The Group and the Parent Company make estimates concerning the expected useful lives and residual values of property, plant and equipment. These are reviewed at the end of each reporting period and are based on the past experience as well as industry practice. For the assets that are planned to be reconstructed, the remaining useful life is determined to be till the date of reconstruction. Previous experience has shown that the actual useful lives have sometimes been longer than the estimates. Values of fully depreciated property, plant and equipment are disclosed in Note 14 a. Quantifying an impact of potential changes in the useful lives is deemed impracticable, therefore sensitivity analysis is not disclosed.

II) Recoverable amount of property, plant and equipment

The Group and the Parent Company perform impairment tests for items of property, plant and equipment when the events and circumstances indicate a potential impairment. There are defined several separate cash-generating units for PPE. According to these tests' assets are written down to their recoverable amounts, if necessary. When carrying out impairment tests management uses various estimates for the cash flows arising from the use of the assets, sales, maintenance and repairs of the assets, as well as in respect of the inflation and discount rates. The estimates are based on the forecasts of the general economic environment, consumption and the estimated sales price of electricity. If the situation changes in the future, either additional impairment could be recognised, or the previously recognised impairment could be partially or fully reversed. Such factors as high maintenance and reconstruction costs, significant changes in expected discount rates, low load of several auxiliaries, comparatively substantial maintenance expense, limited facilities to sell property, plant and equipment in the market and other essential factors have an impact of decreasing of the recoverable amounts. Impairment charges recognised during the current reporting year are disclosed in Note 14 c.

III) Revaluation

Revaluation for part of the Group's and the Parent Company's property, plant and equipment are performed by independent, external and certified valuation experts by applying the depreciated replacement cost model or income method. Valuation has been performed according to international standards on property valuation, based on current use of property, plant and equipment that is estimated as the most effective and best use of these assets, also by determining the most appropriate valuation method for each group of revaluated property, plant and equipment. As a result of valuation, revaluated value is determined for hydropower plants and distribution system asset groups.

Using depreciated replacement cost model, depreciated replacement cost is the difference between the cost of replacement or renewal of similar asset at the time of revaluation and the accumulated loss of an asset's value that encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence. Physical depreciation is determined proportionally to the age of the property, plant and equipment item. In assessment of property, plant and equipment items for which a reconstruction is planned in the near future additional functional depreciation is determined.

Remaining useful lives of property, plant and equipment items after revaluation are revised according to estimated total depreciation.

Income method is based on the identification and analysis of generation capacity, forecasting of electricity trade prices, analysis of historical generation and operating expenses and forecast of future costs, capital expenditure, net cash flows, as well calculation of discount and capitalisation rates, based on market data.

PPE are revalued regularly but not less frequently than every five years. Revaluation may be performed more frequently if there are significant and sustained changes in the civil engineering construction costs, significant changes in expected discount rates or electricity prices. The revaluation process is initiated if the changes in the civil engineering construction costs exceeds 10% for two consecutive quarters since the previous revaluation, according to data of the Central Statistical Bureau, and are expected long lasting changes in the costs or due to significant and sustained changes (at least in year period) in discount rates and energy prices.

For detailed most recent revaluation results see Note 14 c.

b) Impairment of financial assets

The Group and the Parent Company have the following types of financial assets that are subject to the expected credit loss model:

· non-current and current loans to related parties

· other non-current receivables

· other financial investments (debt instruments)

· receivables from contracts with customers

· other current receivables

· cash and cash equivalents.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Parent Company use judgement in making these assumptions and selecting the inputs to the calculation of expected credit losses, based on the Group's and the Parent Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Parent Company apply two expected credit loss models: portfolio model and counterparty model (Note 2 and 18).

Using the portfolio model the Group and the Parent Company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables of basic business activities (electricity, natural gas and heat and supporting services sales, IT and telecommunication services sales). To measure expected credit losses these receivables have been grouped based on shared credit risk characteristics and the days past due. The Group and the Parent Company therefore have concluded that the expected loss rates for these receivables are a reasonable approximation of the credit risk exposure. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. When calculating the expected credit losses, the current and forward-looking information on macroeconomic factors that affect the ability of customers to cover receivables has been considered. The Group and the Parent Company have assessed that the influence of these factors is not significant.

Counterparty model is used on individual contract basis for non-current and current loans to related parties, other financial investments and cash and cash equivalents. If no significant increase in credit risk is identified, the expected credit losses according to this model are based on assessment of the individual counterparty's or counterparty's industry risk of default and recovery rate assigned by Moody's credit rating agency for 12 months expected losses rates. The circumstances indicating a significant increase in credit risk is significant increase in Moody's default and recovery rates (by 1 percentage point) and counterparty's inability to meet payment terms (overdue 30 days or more). If significant increase in credit risk is identified, lifetime expected credit loss is calculated. The Group and the Parent Company considers a financial asset in default and lifetime expected credit losses are recognised when contractual payments are overdue 90 days or more, exists counterparty's insolvency or bankruptcy, initiated similar legal proceedings and other internal or external indications on inability to pay outstanding contractual amounts.

Counterparty model is also used for other non-current and current financial receivables, individually significant receivables, receivables of energy industry companies and related parties by calculating lifetime expected losses based on corporate default and recovery rates.

None of the Group's and the Parent Company's other financial investments measured at amortised cost (investments in State Treasury bonds) have significant increase in credit risk and therefore are considered to have low credit risk (Moody's credit rating - A3) and are in Stage 1, the loss allowance therefore was immaterial and wasn't recognised.

While cash and cash equivalents are also subject to the expected credit loss requirements of IFRS 9, the identified expected credit loss was immaterial, also considering fact that almost all of cash and cash equivalents are held in financial institutions with the credit rating grade of the institution or its parent bank at investment grade credit rating (mostly 'A level' credit rating) (Stage 1).

c) Estimates and judgements concerning revenue recognition from contracts with customers

I) Recognition of distribution system services and transmission system services

Management has evaluated that the Group and the Parent Company does not have influence and control over distribution system services and transmission system services, therefore acts as an agent. In particular, Management has considered the following indicators that the Group and the Parent Company is acting as an agent, when issue invoices to the customers on behalf of system operator, because it:

· does not control provision of distribution system and transmission system services,

· includes the distribution system and transmission system services in invoices issued to the customers on behalf of distribution system operator or transmission system operator and receives payment, but is not entitled to the respective revenues,

· has no discretion in distribution system or transmission system services price, either directly or indirectly (see also Note 6).

II) Recognition of connection service fees to distribution system (Group)

Connection fees to distribution system are not considered as separate (distinct) performance obligations, as are not distinct individually or within the context of the contract. Sales of distribution services are provided after customers have paid for the network connection; therefore network connection fees and sales of distribution services are highly interdependent and interrelated.

Revenue from connection and other revenue for reconstruction of distribution system assets on demand of clients are deferred as an ongoing service is identified as part of agreement to provide distribution system services to customers and accounted as deferred income (contract liabilities) from contracts with customers under IFRS 15 (see Note 6 and 28). Connection fees are recognised as revenue over the estimated customer relationship period. Based on Management estimate, 20 years is the estimated customer relationship period, which is estimated as period after which requested power output for connection object could significantly change due to technological reasons.

Thus period over which revenue is recognised is based on Management estimate, as it is reasonably certain that assets, whose costs are partly reimbursed by connection service fees, will be used to provide distribution system services for a longer period than the term stated in agreement with the customer (Note 6).

III) State support for sales of distribution services for end-users

In 2025 and 2024 in accordance with state support regulations in Latvia for reducing energy prices, are granted support for end-users for sales of distribution services. These regulations do not change agreements on the scope of provided services and do not change the approved distribution system tariffs and energy prices and respectively do not change the Group's and the Company's revenue recognition principles, but the process of receiving the transaction fees and the payer for the services, therefore not classified as government grant to the Group and the Parent Company (Note 6).

d) Recognition of provisions for post-employment benefits

The Group and the Parent Company recognise provisions for post-employment benefits (Note 27). The amount and timing of the settlement of these obligations is uncertain. A number of assumptions and estimates have been used to determine the present value of provisions, including the amount of future expenditure, inflation rates, and the timing of settlement of the expenditure. For revaluation of provisions for post-employment obligations probabilities of retirement in different employees' aging groups as well as variable demographic factors and financial factors (including expected remuneration increase and determined changes in benefit amounts) have been estimated. The probabilities and other factors were determined on the basis of previous experience.

e) Evaluation of effectiveness of hedging instruments

The Group and the Parent Company have concluded significant number of forward and future contracts and swap agreements to hedge the risk of the changes in prices of electricity and natural gas as well as interest rate fluctuations to which cash flow risk hedge accounting is applied and the gains and losses from changes in the fair value of the effective hedging instruments and items secured against risk are included in respective equity reserve. The evaluation of the effectiveness of the hedging is based on Management's estimates with regard to future purchase transactions of electricity and natural gas and signed variable interest loan agreements. When hedging instruments turn out to be ineffective, gains/losses from the changes in the fair value are recognised in the Statement of Profit or Loss (Note 25).

f) Recognition of one-off compensation in relation to cogeneration power plants

In October 2017, the Parent Company applied for a one-off compensation from the state, at the same time opting out of the receipt of 75% of the guaranteed annual payments for installed electrical capacity in combined heat and power plant CHPP-1 and CHPP-2. The one-off compensation was calculated as 75% of the discounted future guaranteed payments for installed electrical capacity. Conditional grant part recognised as deferred income in the Group's and the Parent Company's statement of financial position (Note 28) and to be allocated to income on a straight-line basis until fulfilling obligation till the end of the support period - 23 September 2028 (Note 7).

g) Deferred tax recognition

The untaxed profits of the subsidiaries are subject to deferred tax charge in the Consolidated Financial Statements to the extent that the Parent Company as a shareholder will decide in a foreseeable future on distribution of this profit through dividends which will be taxed on distribution with applicable tax rate of net expense (Note 12). Management of the Parent Company has made judgement on the expected timing and extent of the distribution profits of subsidiaries and recognised in the Group's Consolidated Financial Statements deferred tax liability related to profit of its subsidiaries to be distributed.

h) Fair values

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimated based on market prices and discounted cash flow models as appropriate. The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. The quoted market prices used for financial assets held by the Group and the Parent Company are the actual closing prices. The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group and the Parent Company use a variety of methods and make assumptions that are based on market conditions existing at end of reporting period. Estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

· Level 1: fair value of assets is based on quoted prices (unadjusted) in active markets for identical assets or liabilities

· Level 2: fair value of assets is based on other observable market data, directly or indirectly

· Level 3: fair value of assets is based on non-observable market data.

Methods and assumptions used to estimate the fair values are disclosed in Note 25.

i) Asset acquisition

The Group's Parent Company and its subsidiaries has acquired subsidiaries for the purpose of developing parks for electricity generation from RES (see Note 16). Assessing whether the transaction to purchase of a subsidiary is a business combination, the Group has analysed whether the acquisition is a business combination in accordance with IFRS 3. If the acquired subsidiaries are not operational (in a "ready to build" or "ready to design" phase), does not involve significant processes and does not have significant outputs, the Group has assessed that such acquisition does not constitute acquisitions of businesses and are therefore is outside the scope of accounting for business combinations. The Group has accounted for such transactions as intangible asset acquisitions, by assessing the acquired rights to develop the parks meets criteria of recognition of assets (see Note 13).

5. Operating Segment Information

For segment reporting purposes, the division into operating segments is based on internal management structure, which is the basis for the reporting system, performance assessment and the allocation of resources by the operating segment decision maker - management of the Group's company operating in each of segments. The Management Board of the Parent Company reviews financial results of operating segments.

The profit measure monitored by the chief operating decision maker primarily is EBITDA, but it also monitors operating profit. In separate financial statements operating profit excludes the dividend income and interest income from subsidiaries. The subsidiaries operate independently from the Parent Company under the requirements of EU and Latvian legislation and their businesses are different from that of the Parent Company. Therefore, the Parent Company's chief operating decision maker monitors the performance of the Parent Company and makes decisions regarding allocation of resources based on the operating results of the Parent Company.

The Group divides its operations into two main operating segments - generation and trade, and distribution. The Parent Company divides its operations into one main operating segment - generation and trade. In addition, corporate functions, that cover administration and other support services, are presented in the Group and the Parent Company as separate segment.

Generation and trade comprises the Group's electricity generation (including generation from renewable energy sources) and thermal energy generation operations, electricity and natural gas trade (including wholesale), as well as administration of the mandatory procurement process provided by Enerģijas publiskais tirgotājs SIA.

Distribution segment provides electricity distribution services in Latvia and is managed by the subsidiary Sadales tīkls AS (the largest distribution system operator in Latvia).

Corporate functions provide management services to subsidiaries, as well as provides IT and telecommunication, rental services to external customers.

Inter-segment revenue is eliminated on consolidation and reflected in the 'adjustments and eliminations' column. All transactions between segments are made based on the regulated tariffs, where applicable, or on an arm's length principle.

The following table presents revenue, financial results and profit information and segment assets and liabilities of the Group's and the Parent Company's operating segments.

EUR'000

	Group						Parent Company				
	Generation and trade	Distribution	Corporate Functions	TOTAL segments	Adjustments and eliminations	TOTAL Group	Generation and trade	Corporate Functions	TOTAL segments	Adjustments and eliminations	TOTAL Parent Company
2025											
Revenue											
External customers	1,176,661	380,781	8,665	**1,566,107**	—	**1,566,107**	908,556	41,268	**949,824**	—	**949,824**
Inter–segment	28,433	1,156	70,555	**100,144**	(100,144)	**—**	100	37,965	**38,065**	(38,065)	**—**
TOTAL revenue	**1,205,094**	**381,937**	**79,220**	**1,666,251**	**(100,144)**	**1,566,107**	**908,656**	**79,233**	**987,889**	**(38,065)**	**949,824**
Results											
Other income	28,285	3,036	837	**32,158**	—	**32,158**	26,203	907	**27,110**	—	**27,110**
Raw materials and consumables	(829,480)	(125,443)	(3,452)	**(958,375)**	28,336	**(930,039)**	(579,835)	(3,452)	**(583,287)**	—	**(583,287)**
Personnel expenses	(49,252)	(69,960)	(36,507)	**(155,719)**	—	**(155,719)**	(35,180)	(36,507)	**(71,687)**	—	**(71,687)**
Other operating expenses	(76,684)	(42,283)	(25,289)	**(144,256)**	71,808	**(72,448)**	(61,081)	(24,711)	**(85,792)**	38,065	**(47,727)**
EBITDA	**277,963**	**147,287**	**14,809**	**440,059**	—	**440,059**	**258,763**	**15,470**	**274,233**	—	**274,233**
Depreciation and amortisation of intangible assets, property, plant and equipment and right–of–use assets	(79,886)	(86,069)	(13,943)	**(179,898)**	—	**(179,898)**	(71,873)	(14,055)	**(85,928)**	—	**(85,928)**
Impairment of intangible assets and property, plant and equipment	388	(3,732)	(7)	**(3,351)**	—	**(3,351)**	2,440	(7)	**2,433**	—	**2,433**
Segment profit / (loss) before tax	**198,465**	**57,486**	**859**	**256,810**	**(8,651)**	**248,159**	**189,330**	**1,408**	**190,738**	**38,470**	**229,208**
Segment assets at the end of the year	**2,663,645**	**1,913,511**	**118,879**	**4,696,035**	**271,484**	**4,967,519**	**1,621,873**	**150,135**	**1,772,008**	**2,417,389**	**4,189,397**
Segment liabilities at the end of the year	**284,725**	**295,264**	**14,912**	**594,901**	**1,341,091**	**1,935,992**	**213,410**	**27,205**	**240,615**	**1,290,359**	**1,530,974**
Other disclosures											
Capital expenditure	602,054	172,179	16,407	**790,640**	1,479	**792,119**	36,959	16,407	**53,366**	—	**53,366**
2024											
Revenue											
External customers	1,325,469	370,049	8,070	**1,703,588**	—	**1,703,588**	1,018,649	38,367	**1,057,016**	—	**1,057,016**
Inter–segment	43,224	1,211	66,813	**111,248**	(111,248)	**—**	—	40,692	**40,692**	(40,692)	**—**
TOTAL revenue	**1,368,693**	**371,260**	**74,883**	**1,814,836**	**(111,248)**	**1,703,588**	**1,018,649**	**79,059**	**1,097,708**	**(40,692)**	**1,057,016**
Results											
Other income	28,416	1,769	1,228	31,413	—	**31,413**	26,390	1,228	27,618	—	**27,618**
Raw materials and consumables	(832,952)	(127,980)	(2,617)	(963,549)	42,021	**(921,528)**	(523,048)	(2,617)	(525,665)	—	**(525,665)**
Personnel expenses	(50,089)	(68,311)	(36,474)	(154,874)	—	**(154,874)**	(34,674)	(36,474)	(71,148)	—	**(71,148)**
Other operating expenses	(70,301)	(43,580)	(25,577)	(139,458)	69,227	**(70,231)**	(63,884)	(22,935)	(86,819)	40,692	**(46,127)**
EBITDA	**443,767**	**133,158**	**11,443**	**588,368**	—	**588,368**	**423,433**	**18,261**	**441,694**	—	**441,694**
Depreciation and amortisation of intangible assets, property, plant and equipment and right–of–use assets	(75,611)	(84,559)	(13,426)	**(173,596)**	—	**(173,596)**	(70,748)	(13,568)	**(84,316)**	—	**(84,316)**
Impairment of intangible assets and property, plant and equipment	(76,691)	(132)	(393)	**(77,216)**	—	**(77,216)**	(74,429)	(393)	**(74,822)**	—	**(74,822)**
Segment profit / (loss) before tax	**291,466**	**48,466**	**(2,376)**	**337,556**	**(8,027)**	**329,529**	**278,256**	**4,300**	**282,556**	**31,301**	**313,857**
Segment assets at the end of the year	**2,178,943**	**1,841,614**	**118,723**	**4,139,280**	**298,826**	**4,438,106**	**1,656,586**	**149,403**	**1,805,989**	**1,928,356**	**3,734,345**
Segment liabilities at the end of the year	**345,144**	**261,650**	**10,184**	**616,978**	**814,202**	**1,431,180**	**283,333**	**12,205**	**295,538**	**795,180**	**1,090,718**
Other disclosures											
Capital expenditure	394,978	122,334	13,200	**530,512**	(321)	**530,191**	53,039	13,200	**66,239**	—	**66,239**

The Group's and the Parent Company's revenue from external customers (Note 6)

EUR'000

	Group				Parent Company		
	Generation and trade	Distribution	Corporate Functions	TOTAL	Generation and trade	Corporate Functions	TOTAL
2025							
Revenue from contracts with customers:							
Trade of energy and related supply services	1,059,395	3,933	—	**1,063,328**	811,304	—	**811,304**
Distribution system services	—	354,546	—	**354,546**	—	—	**—**
Heat sales	107,361	53	—	**107,414**	91,015	—	**91,015**
Sales of goods and energy related solutions	4,857	—	—	**4,857**	3,529	759	**4,288**
Other revenue	5,048	22,163	7,202	**34,413**	2,650	36,923	**39,573**
Total revenue from contracts with customers	**1,176,661**	**380,695**	**7,202**	**1,564,558**	**908,498**	**37,682**	**946,180**
Other revenue:							
Lease of other assets	—	86	1,463	**1,549**	58	3,586	**3,644**
Total other revenue	**—**	**86**	**1,463**	**1,549**	**58**	**3,586**	**3,644**
TOTAL revenue, including	**1,176,661**	**380,781**	**8,665**	**1,566,107**	**908,556**	**41,268**	**949,824**
Latvia	566,306	380,781	8,347	**955,434**	576,892	34,846	**611,738**
Outside Latvia	610,355	—	318	**610,673**	331,664	6,422	**338,086**
2024							
Revenue from contracts with customers:							
Trade of energy and related supply services	1,187,397	3,388	—	**1,190,785**	920,800	—	**920,800**
Distribution system services	—	346,486	—	**346,486**	—	—	**—**
Heat sales	108,685	108	—	**108,793**	90,236	—	**90,236**
Sales of goods and energy related solutions	21,400	—	—	**21,400**	3,771	—	**3,771**
Other revenue	7,987	19,986	6,638	**34,611**	3,760	35,185	**38,945**
Total revenue from contracts with customers	**1,325,469**	**369,968**	**6,638**	**1,702,075**	**1,018,567**	**35,185**	**1,053,752**
Other revenue:							
Lease of other assets	—	81	1,432	**1,513**	82	3,182	**3,264**
Total other revenue	**—**	**81**	**1,432**	**1,513**	**82**	**3,182**	**3,264**
TOTAL revenue, including	**1,325,469**	**370,049**	**8,070**	**1,703,588**	**1,018,649**	**38,367**	**1,057,016**
Latvia	619,744	369,953	7,815	**997,512**	654,945	33,188	**688,133**
Outside Latvia	705,725	96	255	**706,076**	363,704	5,179	**368,883**

Adjustments and eliminations

Finance income and expenses, fair value gains and losses on financial assets, interest rate swaps (derivative financial instruments) and deferred taxes are not allocated to individual segments as the underlying instruments are managed on a group basis. Taxes and certain financial assets and liabilities, including loans and borrowings are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

Reconciliation of profit before tax

EUR'000

	Note	Group		Parent Company	
		2025	2024	2025	2024
EBITDA		**440,059**	**588,368**	**274,233**	**441,694**
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right–of–use assets	13a, 14 a,15	(183,249)	(250,812)	(83,495)	(159,138)
Segment profit before tax		**256,810**	**337,556**	**190,738**	**282,556**
Finance income	11	6,362	13,993	35,390	34,994
Finance costs	11	(15,013)	(22,020)	(26,856)	(22,762)
Dividends received from subsidiaries	16	—	—	29,936	19,069
Profit before tax		**248,159**	**329,529**	**229,208**	**313,857**

Reconciliation of assets

EUR'000

	Note	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
Segment operating assets		**4,696,035**	**4,139,280**	**1,772,008**	**1,805,989**
Non–current financial investments and joint ventures	16	40	82	993,406	857,359
Loans to related parties	29 e	—	—	1,179,369	797,672
Other current financial investments		149,915	209,842	149,915	209,842
Prepayment for income tax		3,774	2,348	—	—
Cash and cash equivalents	19	117,755	86,554	94,699	63,483
Total assets		**4,967,519**	**4,438,106**	**4,189,397**	**3,734,345**

Reconciliation of liabilities

EUR'000

	Note	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
Segment operating liabilities		**594,901**	**616,978**	**240,615**	**295,538**
Deferred income tax liabilities	12	10,168	8,003	—	—
Borrowings	23	1,270,442	743,375	1,260,707	765,130
Provisions and other payables		60,481	62,824	29,652	30,050
Total liabilities		**1,935,992**	**1,431,180**	**1,530,974**	**1,090,718**

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Non-current assets*				
Latvia	3,363,749	3,335,325	1,442,598	1,534,029
Outside Latvia	300,729	36,580	—	—
Total non-current assets	**3,664,478**	**3,371,905**	**1,442,598**	**1,534,029**

* Non-current assets that consist of intangible assets, property, plant and equipment, right-of-use assets and investment properties.

Revenue from major customer in 2025 for the Group amounted to EUR 100,240 thousand and for the Parent Company EUR 100,240 thousand (2024: EUR 110,917 thousand and EUR 110,910 thousand) arising from sales by the generation and trade segment.

6. Revenue

Accounting policy

Revenue from contracts with customers (IFRS 15)

Revenue from contracts with customers in scope for IFRS 15 encompasses sold goods or services provided as output of the entity's ordinary activities.

In evaluating whether collectability of an amount of consideration is probable, the Group and the Parent Company use portfolio approach practical expedient for all energy and related supply services, distribution system services and heat sales customers. Group and the Parent Company reasonably expect that the effects on the financial statements from applying these requirements to the portfolio would not differ materially from applying the requirements to the individual contracts within the portfolio. Collectability is assessed individually for other customers.

The Group and the Parent Company consider only the customer's ability and intention to pay that amount of consideration when it is due.

Major distinct performance obligations identified in the contracts with customers by the Group and the Parent Company include sale of energy and related supply services, provision of distribution system services and sale of heat. The Group has assessed that connecting a customer to the distribution network as a separate performance obligation is not distinct within the context of the contract due to being highly interrelated to sales of distribution services (Note 4 c II).

Where contracts with customers include variable consideration, the Group and the Parent Company estimate at contract inception the variable consideration expected over the life of the respective contracts and update that estimate each reporting period. A constrained variable consideration is identified in relation to sales of distribution system services.

The Group and the Parent Company recognise revenue when (or as) it satisfies a performance obligation to transfer a promised good or service to a customer. Revenue is recognised when customer obtains control of the respective good or service.

The Group and the Parent Company use output method to measure progress towards complete satisfaction of a performance obligations. Revenue from sale of energy and related supply services, provision of distribution system services and sale of heat are recognised over time as a continuous delivery of these goods and services is made over the term of the respective contracts, except revenue from natural gas wholesale, from sales of certificates of origin and revenue from electric vehicles charging that are recognised at a point in time. Payment terms for goods or services transferred to customers according to contract terms are within 20 to 45 days from the provision of services or sale of goods. Invoices are mostly issued monthly.

State support for sales of distribution services

In accordance with state support regulations in Latvia there are granted support for end-users to reduce distribution services price. These regulations do not change agreements on the scope of provided services and do not change the approved distribution system tariffs and energy prices and respectively do not change the Group's and the Company's revenue recognition principles, but the process of receiving the transaction fees and the payer for the services. The Group and the Company has the right to receive the full fee for the provided services: from customer at a reduced price within the specified period of time and the payment for the reduction in price receive from the state.

Trade of energy and related supply services

Revenue from electricity and natural gas sales are recognised on the basis of meter readings. Revenue from other energy and related supply services are recognised on the basis of goods delivered or provided services and prices included in contracts with customers. Revenues from trade of electricity in Nord Pool power exchange are based on the calculated market prices in accordance with contract terms, therefore 'right to invoice' practical expedient is used to recognise revenue from such contracts as the amount corresponds directly with the value of the performance completed to date. NACE code – 35.11, 35.14 (Parent Company).

Sales of distribution system services (the Group)

Revenues from electricity distribution services are based on regulated tariffs that are subject to approval by the Public Utilities Commission and regulations by Cabinet of Ministers of the Republic of Latvia 'Regulations on electricity trade and usage'. The Group recognises revenue from sales of distribution system services at the end of each month based on the automatically made meter readings or customers' reported meter readings, on the period in which the services are rendered. Revenue is recognised in the amount for which the Group has right to invoice.

Heat sales

Revenue from sales of thermal energy is recognised at the end of each month based on the meter readings and corresponds to the invoiced amount. NACE code – 32.99 (Parent Company).

Sales of goods and energy related solutions

Revenue from sales of goods and completed customers' orders is recognised at the moment when the asset and property rights are transferred to the customer (and transferred control) (e.g. sales and installation of solar panels and heat pumps). NACE code – 47.91 (Parent Company).

Sales of IT & telecommunication services

Revenues derived from information technology services (internet connection services, data communication services), open electronic communication network and telecommunication services to customers. Revenues are recognised upon usage of services listed in telecommunications billing system. Revenue is recognised in the amount for which the Group and the Parent Company have right to invoice. NACE code – 62.03 (Parent Company).

Connection fees to distribution system (the Group)

Connection fees to distribution system are non-refundable upfront fees paid by customers to secure connection to the distribution network, such fees are not distinct performance obligations as are highly interrelated with distribution system services. Connection fees partly reimburse for the cost of infrastructure to be built needed to connect the respective customer to the network. Connection fees to distribution system fee is calculated in accordance with Latvian regulatory authority (Public Utilities Commission) stated methodology.

Revenue from connection fees to distribution system are initially recognised as deferred income (contract liabilities) and recognised over the estimated customer relationship period of 20 years (Note 4 c II).

EUR'000

	IFRS applied	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Revenue from contracts with customers					
Trade of energy and related supply services	IFRS 15	1,063,328	1,190,785	811,304	920,800
Distribution system services	IFRS 15	354,546	346,486	—	—
Heat sales	IFRS 15	107,414	108,793	91,015	90,236
Sales of goods and energy related solutions	IFRS 15	4,857	21,400	4,288	3,771
Construction services	IFRS 15	504	1,572	504	1,572
Other revenue	IFRS 15	33,909	33,039	39,069	37,373
TOTAL revenue from contracts with customers		**1,564,558**	**1,702,075**	**946,180**	**1,053,752**
Other revenue:					
Lease of other assets	IFRS 16	1,549	1,513	3,644	3,264
Total other revenue		**1,549**	**1,513**	**3,644**	**3,264**
TOTAL revenue		**1,566,107**	**1,703,588**	**949,824**	**1,057,016**

The Group's and the Parent Company's revenue from contracts with customers based on the timing of revenue recognition:

EUR'000

	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Goods and services transferred over time	1,459,669	1,538,202	812,691	895,015
Goods and services transferred at a point in time	104,889	163,873	133,489	158,737
TOTAL revenue from contracts with customers	**1,564,558**	**1,702,075**	**946,180**	**1,053,752**

The Group and the Parent Company derive revenue from contracts with customers from Latvia and outside Latvia - Estonia, Lithuania, Nordic countries.

EUR'000

	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Latvia	953,885	995,999	608,340	656,750
Outside Latvia	610,673	706,076	337,840	397,002
TOTAL revenue from contracts with customers	**1,564,558**	**1,702,075**	**946,180**	**1,053,752**

Contract liabilities

EUR'000

	Note	Group 31/12/2025	Group 31/12/2024	Parent Company 31/12/2025	Parent Company 31/12/2024
Non–current deferred income from connection fees	28 I, a	156,106	150,241	—	—
Current deferred income from connection fees	28 II, a	16,959	17,570	—	—
Non-current other deferred income	28 I, a	534	601	534	601
Current other deferred income	28 II, a	654	408	325	67
Advances received	28 II, a	29,661	30,722	8,393	5,866
TOTAL liabilities		**203,914**	**199,542**	**9,252**	**6,534**

Movement in contract liabilities (non–current and current part)

EUR'000

	Note	Group 31/12/2025	Group 31/12/2024	Parent Company 31/12/2025	Parent Company 31/12/2024
At the beginning of the year		**199,542**	**188,717**	**6,534**	**8,281**
Connection fees recognised as deferred income	28	23,157	30,176	—	—
Recognised other deferred income	28	259	—	259	—
Changes in advances received	28	(1,061)	1,815	2,527	(1,680)
Credited to the Statement of Profit or Loss	28	(17,983)	(21,166)	(68)	(67)
At the end of the year		**203,914**	**199,542**	**9,252**	**6,534**

During the reporting period, the Group recognised revenue of EUR 17,570 thousand from connections fees and EUR 80 thousand from other deferred income that was included in the contract liability balance as at 1 January 2025 (2024: EUR 16,510 thousand from connections fees and EUR 4,453 thousand from other deferred income that was included in the contract liability balance as at 1 January 2024). During the reporting period, the Parent Company recognised revenue of EUR 68 thousand from other deferred income that was included in the contract liability balance as at 1 January 2025 (2024: EUR 67 thousand from other deferred income that was included in the contract liability balance as at 1 January 2024).

Contract liabilities include advances received from the customers before the transfer of related goods or services in amount of EUR 29,661 thousand as of 31 December 2025 (31/12/2024: EUR 30,772 thousand and 31/12/2023: EUR 28,907 thousand),in majority transferred in less than 12 months.

Accounting policy

The Group and the Parent Company have concluded that it is acting as an agent in the provision of distribution system services and transmission system services because have no control over these services, when issue invoices to the customers on behalf of system operator (Note 4 c l).

Revenue from mandatory procurement (MP)

Revenue from mandatory procurement (MP) in the Group is recognised on net (agent) basis. MP is managed by subsidiary Enerģijas publiskais tirgotājs SIA (hereinafter – EPT) within the context of mandatory procurement process and is the difference (residual) between the revenue from the sale of electricity in Nord Pool power exchange by market price, revenue from the sale of guarantees of origin, received government grant for compensating the increase of mandatory procurement costs and the related costs – costs of purchased electricity under the mandatory procurement from electricity producers, as well as guaranteed fees for installed electrical capacity in cogeneration plants. EPT is acting as an agent in administration of the mandatory procurement process and receives revenue from mandatory procurement administration services (agent fee), which is recognised over time in the Group's Statement of Profit or Loss as other revenue from contracts with customers.

Distribution system and transmission system services

The Group and the Parent Company on behalf of distribution system operator (DSO) and transmission system operator (TSO) issue single combined invoice including the fees for the distribution system or transmission system services and transfers these fees to DSO or TSO accordingly.

Distribution system services and transmission system services are based on regulated tariffs that are subject to approval by the Public Utilities Commission. The Group and the Parent Company consider itself an agent in these transactions, therefore, the fees for distribution system and transmission system services received from customers and transferred to DSO and TSO are recognised in the Statement of Profit or Loss in net amount by applying the agent accounting principles.

Gross amounts invoiced to customers by applying agent accounting principle, recognised on net basis under trade of energy and related supply services

EUR'000

	Group		Parent Company	
	2025	**2024**	**2025**	**2024**
Distribution system services	89,370	75,759	210,195	179,841
Transmission system services	470	1,962	499	1,991
Insurance intermediation	2,584	2,053	2,172	1,922
TOTAL revenue recognised applying agent accounting principle	**92,424**	**79,774**	**212,866**	**183,754**

Net effect in revenue from applying agent accounting principle is 0.

7. Other Income

EUR'000

	Note	Group		Parent Company	
		2025	**2024**	**2025**	**2024**
Compensation from the state on state support for the installed capacity of CHPPs	4 f	23,990	23,990	23,990	23,990
Fines and penalties		3,721	2,917	1,585	1,480
Net gain on sale of assets held for sale, intangible assets and property, plant and equipment		1,108	2,052	480	1,148
Compensations and insurance claims		1,442	1,081	402	519
Other operating income		1,897	1,373	653	481
TOTAL other income		**32,158**	**31,413**	**27,110**	**27,618**

8. Raw Materials And Consumables

EUR'000

	Note	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Energy costs:					
Electricity and costs of related supply services		336,920	345,714	103,394	68,131
Electricity transmission services costs	29 a	90,377	90,072	2,641	2,741
Natural gas and other energy resources costs		426,363	397,297	416,789	387,221
CO_2 emission allowances costs		50,663	48,096	50,663	48,096
Losses / (gains) on fair value changes on energy futures, forwards, and swaps	24 l	(3,932)	1,036	(3,932)	1,036
		900,391	**882,215**	**569,555**	**507,225**
Raw materials, spare parts and maintenance costs		29,648	39,313	13,732	18,440
TOTAL raw materials and consumables		**930,039**	**921,528**	**583,287**	**525,665**

9. Personnel Expenses

EUR'000

	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Wages and salaries	120,326	118,297	54,044	53,318
State social insurance contributions	26,240	25,481	12,548	12,399
Expenditure of employment termination	4,907	4,926	2,151	2,124
Pension costs – defined contribution plan	5,304	4,935	2,660	2,439
Benefits defined in the Collective Agreement and other benefits system costs	3,330	3,596	1,369	1,548
Capitalised personnel expenses	(4,388)	(2,361)	(1,085)	(680)
TOTAL personnel expenses, including remuneration to the management	**155,719**	**154,874**	**71,687**	**71,148**
Remuneration to the management:				
Wages and salaries	3,696	3,615	1,319	1,270
State social insurance contributions	781	758	305	286
Expenditure of employment termination	5	23	—	—
Pension costs – defined contribution plan	21	22	9	11
Benefits defined in the Collective Agreement and other benefits system costs	25	28	2	—
TOTAL remuneration to the management*	**4,528**	**4,446**	**1,635**	**1,567**

* Remuneration to the Group's management includes remuneration to the members of the Management Boards of the Group entities, the Supervisory Board, and the Audit Committee of the Parent Company. Remuneration to the Parent Company's management includes remuneration to the members of the Parent Company's Management Board, the Supervisory Board, and the Audit Committee.

The Group and the Parent Company make monthly contributions to a closed defined contribution pension plan on behalf of their employees. The plan is managed by the non-profit public limited company Pirmais Slēgtais Pensiju Fonds, with the participation of the Group companies amounting for 48.15% (Parent Company - 46.30%) of its share capital. A defined contribution plan is a pension plan under which the Group and the Parent Company pay contributions into the plan. The Group and the Parent Company have no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions amount to 5% of each pension plan member's salary. The Group and the Parent Company recognise the contributions to the defined contribution plan as an expense when an employee has rendered services in exchange for those contributions.

Number of employees

	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Number of employees at the end of the year	3,383	3,436	1,371	1,430
Average number of employees during the year	3,403	3,495	1,389	1,455

10. Other Operating Expenses

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
Selling expenses and customer services	9,113	5,174	4,267	1,869
Information technology maintenance	7,857	7,404	7,263	6,831
Transportation expenses	6,004	6,759	2,075	2,089
Environment protection and work safety	10,924	13,148	9,697	11,807
Real estate maintenance and utilities expenses	6,346	6,893	4,968	5,468
Telecommunications services	2,939	2,807	2,312	2,314
Public utilities regulation fee	2,312	2,939	1,763	2,339
Audit services	309	258	131	127
Receivables written off as uncollectible	(1,831)	1,981	(1,183)	1,510
Expected credit losses (including reversals) on financial instruments	(1,383)	(4,237)	(687)	(788)
Net losses from disposal of PPE	10,031	6,876	4,675	98
Other expenses	19,827	20,229	12,446	12,463
TOTAL other operating expenses	**72,448**	**70,231**	**47,727**	**46,127**

In 2025, audit services provided by auditors of Latvenergo Group and Latvenergo AS financial statements covers the audit of financial statements, a limited assurance review of the sustainability report, and other related assurance services, in amount of EUR 386 thousand (2024: EUR 248 thousand). Fees for non-audit services provided by the statutory auditor in 2025 amounted to EUR 100 thousand and were related to the issuance of comfort letter and comparative analysis (benchmarking) studies (no such services were provided in 2024).

11. Finance Income And Costs

a) Finance income

EUR'000

	Notes	Group		Parent Company	
		2025	2024	2025	2024
Interest income		3,925	9,964	3,884	10,071
Interest income on loans to related parties		911	945	30,176	21,839
Interest income on interest rate swaps		1,330	3,077	1,330	3,077
Gains on fair value changes on interest rate swaps	24	—	7	—	7
Share of profit from investments in joint ventures		196	—	—	—
TOTAL finance income		**6,362**	**13,993**	**35,390**	**34,994**

b) Finance costs

EUR'000

	Notes	Group		Parent Company	
		2025	2024	2025	2024
Interest expense on borrowings from financial institutions		20,450	19,985	20,524	19,532
Interest expense on issued debt securities (bonds)		7,039	5,153	7,039	5,153
Interest expense on assets lease		930	363	72	61
Losses on fair value changes on interest rate swaps	24	12	38	12	38
Capitalised borrowing costs	14 a	(14,107)	(3,711)	(1,468)	(2,236)
Net losses on redemption of other financial investments		21	21	21	21
Net losses on currency exchange rate fluctuations		7	—	6	—
Other finance costs		661	171	650	193
TOTAL finance costs		**15,013**	**22,020**	**26,856**	**22,762**

12. Income Tax

Accounting policy

Corporate income tax

Latvia

Corporate income tax is paid on distributed profits. Both distributed profits and deemed profit distributions are subject to the tax rate of 20% of their gross amount, or 20/80 of net expense. Corporate income tax on dividends is recognised in the statement of profit or loss as expense in the reporting period when respective dividends are declared, while as regards other deemed profit distribution items, at the time when expense is incurred in the reporting year.

Lithuania

Current corporate income tax is applied at the rate of 15% on taxable income generated by a company during the taxation period. Income tax expense for the period comprises current income tax and deferred income tax. Current income tax charges are calculated on current profit before tax using the tax rate 15% in accordance with applicable tax regulations as adjusted for certain non–deductible expenses/non–taxable income and are based on the taxable income reported for the taxation period. Since 1 January 2025 the standard 15% corporate income tax rate increases to 16%.

Estonia

In 2024, the income tax rate was 20% (20/80 of the amount distributed as the net dividend) and for regular dividends a lower income tax rate of 14% (14/86 of the net amount of the dividends). From 1st of January 2025, the income tax rate is 22% (22/78 of the amount distributed as the net dividend) and the previous lower tax rate of 14% (14/86) will no longer apply to regular dividends.

The income tax calculated on dividends is recognized as the income tax expense of the period in which the dividends are declared irrespective of the period for which the dividends are declared or the period in which the dividends are ultimately distributed.

Deferred income tax

Latvia and Estonia

Deferred tax liabilities are recognised in the consolidated financial statements on undistributed profits of the subsidiaries, which will be subject to taxation upon distribution in foreseeable future. No other deferred tax assets and liabilities are recognised.

Lithuania

Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit of the respective Group entity will be available against which the temporary differences can be utilised. As of 31 December 2025 deferred tax asset was calculated using income tax rate applicable since 1 January 2026 (17%) (31/12/2024 – income tax rate applicable since 1 January 2025 (16%)).

EUR'000

	Group		Parent Company	
	2025	**2024**	**2025**	**2024**
Current income tax	47,360	54,406	38,992	48,282
Deferred income tax	1,990	1,472	—	—
TOTAL income tax	**49,350**	**55,878**	**38,992**	**48,282**

The movement on the deferred income tax accounts:

EUR'000

	Group			
	2025		2024	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Deferred income tax at the beginning of the year	**1,857**	**8,003**	**800**	**5,475**
Deferred income tax on foreseeable profit distributions of subsidiaries	—	2,128	—	2,528
Deferred income tax relating to temporary differences	180	37	1,057	—
Deferred income tax at the end of the year	**2,037**	**10,168**	**1,857**	**8,003**

Article 50 of global minimum tax Directive (EU) 2022/2523 of 14 December 2022 allows member states that have 12 (twelve) or fewer ultimate parent entities (UPEs) of in-scope multinational enterprises (MNEs) groups to hold off on applying the Income Inclusion Rule (IIR) and Undertaxed Profit Rule (UTPR) for 6 (six) consecutive fiscal years starting on December 31. The Ministry of Finance of Republic of Latvia postponed the implementation of the Pillar Two rules by 6 (six) years starting from 31 December 2023 as allowed by exception. Considering the status of endorsement, the Group and the Parent Company has not identified material impact on its' financial statements.

13. Intangible Assets

a) Intangible assets (except greenhouse gas emission allowances)

Accounting policy

Assets under development are recognised in Statement of Financial Position within intangible assets and measured at cost until the intangible assets are completed and received.

Usage rights, licenses and software are shown at historical cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight–line method to allocate the cost of usage rights, licenses, and software over their estimated useful lives. Computer software development costs recognised as assets are amortised over their estimated useful lives, not exceeding a period of use defined in agreement or five years. Connection usage rights are the payments for the rights to use the transmission or distribution system's power grid. Connection usage rights are measured at cost net of amortisation and accumulated impairment that is calculated on straight–line basis to allocate the cost of connection usage rights to the residual value over the estimated period of relationship with a supplier (connection installer).

Goodwill is initially measured at cost. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group and the Parent Company re–assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's and the Company's cash–generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the acquisition of subsidiaries does not constitute a business, the transaction is accounted as assets acquisition. The cost of the group (net assets) is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase, and no goodwill is recognised. Acquired intangible assets are amortised over the best estimate of their useful life. If the economic benefit that flows from the acquired rights (intangible asset) is deferred pending action on other components of the business plan, the amortisation starts when related asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

EUR'000

	Group					Parent Company			
	Goodwill	Usage rights and licences	Software	Assets under development	TOTAL	Usage rights and licences	Software	Assets under development	TOTAL
As of 31 December 2023									
Cost	2,546	66,253	63,729	2,183	**134,711**	10,875	60,270	2,521	**73,666**
Accumulated amortisation	—	(30,290)	(47,095)	—	**(77,385)**	(7,317)	(44,702)	—	**(52,019)**
Net book amount	**2,546**	**35,963**	**16,634**	**2,183**	**57,326**	**3,558**	**15,568**	**2,521**	**21,647**
Year ended 31 December 2024									
Additions	—	—	—	6,534	**6,534**	—	—	4,971	**4,971**
Acquisition of a subsidiaries	1,602	47,546	—	—	**49,148**	—	—	—	**—**
Transfers	—	1,622	4,619	(6,241)	**—**	582	4,600	(5,182)	**—**
Impairment charge	—	(847)	—	—	**(847)**	—	—	—	**—**
Amortisation charge	—	(2,693)	(3,902)	—	**(6,595)**	(480)	(3,624)	—	**(4,104)**
Closing net book amount as of 31 December 2024	**4,148**	**81,591**	**17,351**	**2,476**	**105,566**	**3,660**	**16,544**	**2,310**	**22,514**
As of 31 December 2024									
Cost	4,148	115,422	68,311	2,476	**190,357**	11,456	64,834	2,310	**78,600**
Accumulated amortisation	—	(33,831)	(50,960)	—	**(84,791)**	(7,796)	(48,290)	—	**(56,086)**
Net book amount	**4,148**	**81,591**	**17,351**	**2,476**	**105,566**	**3,660**	**16,544**	**2,310**	**22,514**
Year ended 31 December 2025									
Additions	—	—	—	11,215	**11,215**	—	—	5,785	**5,785**
Acquisition of a subsidiaries	—	14,753	—	—	**14,753**	—	—	—	**—**
Transfers	—	569	3,086	(3,655)	**—**	305	3,085	(3,390)	**—**
Disposals	—	(8)	—	—	**(8)**	(8)	—	—	**(8)**
Impairment charge	—	692	—	—	**692**	—	—	—	**—**
Amortisation charge	—	(3,170)	(4,232)	—	**(7,402)**	(505)	(3,955)	—	**(4,460)**
Closing net book amount as of 31 December 2025	**4,148**	**94,427**	**16,205**	**10,036**	**124,816**	**3,452**	**15,674**	**4,705**	**23,831**
As of 31 December 2025									
Cost	4,148	130,727	71,396	10,036	**216,307**	11,745	67,918	4,705	**84,368**
Accumulated amortisation	—	(36,300)	(55,191)	—	**(91,491)**	(8,293)	(52,244)	—	**(60,537)**
Net book amount	**4,148**	**94,427**	**16,205**	**10,036**	**124,816**	**3,452**	**15,674**	**4,705**	**23,831**

As of 31 December 2025, cost of fully amortised intangible assets which are still in use for the Group amounted to EUR 26,143 thousand (31/12/2024: EUR 17,857 thousand) and for the Parent Company amounted to EUR 25,656 thousand (31/12/2024: EUR 17,372 thousand).

In 2025 and 2024 the Group and the Parent company has recognised intangible assets which are related with the rights acquired during acquisition of subsidiaries engaged in generation of electricity from renewable energy sources. It was evaluated that the acquisition does not constitute a business considering the parks were not operational at the moment of acquisition and did not involve in significant processes, therefore has to be accounted for as an asset acquisition. The use of the rights is deferred pending action on other components of the business plan. The ability to receive the economic benefits from the rights is linked directly to the ability to use the energy generation units, therefore, the rights are only available for use when the generation units are in place. Consequently, amortisation of the rights commences at the date the generation units are available for use. Estimated useful life for rights acquired is 25 years.

As at 31 December 2025 the net book value of intangible assets related to the rights acquired during acquisition of subsidiaries amounted EUR 67,264 thousand (31/12/2024: EUR 52,043 thousand). Remaining amortisation period – 23 to 25 years (31/12/2024: 24 to 25 years).

Goodwill has been allocated to cash-generating unit of renewable energy generation assets, if arised upon purchase of such assets.

b) Current intangible assets (Greenhouse gas emission allowances)

Accounting policy

Emission rights for greenhouse gases (or allowances) are recognised at purchase cost when the Group or the Parent Company is able to exercise the control. Subsequently they are carried at cost less any impairment losses. Allowances received from the Government free of charge are recognised at zero cost. In those cases, when the quantity of emitted greenhouse gases exceeds the quantity of allowances allocated by the state free of charge, the Group and the Parent Company purchase additional allowances.

	Group		Parent Company	
	2025	2024	2025	2024
	Number of allowances	Number of allowances	Number of allowances	Number of allowances
At the beginning of the year	**893,122**	**1,020,342**	**873,344**	**995,397**
Allowances allocated free of charge*	63,882	68,468	57,057	60,311
Purchased allowances	598,490	518,000	598,490	518,000
Written off verified allowances	(765,827)	(702,688)	(764,598)	(700,364)
Sold allowances	(5,000)	(11,000)	—	—
At the end of the year	**784,667**	**893,122**	**764,293**	**873,344**

* The number of allowances received by the Group and the Parent Company from the Government free of charge, in accordance with the law "On Pollution" and Directives of the Ministry of Environmental Protection and Regional Development of the Republic of Latvia. Therefore, their carrying amount as of 31 December 2025 was nil (31/12/2024: nil).

Current intangible assets

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
Net book amount at the beginning of the year	**54,616**	**69,312**	**54,616**	**69,312**
Additions	45,062	31,649	45,062	31,649
Written off verified allowances	(48,010)	(46,345)	(48,010)	(46,345)
Closing net book amount at the end of the year	**51,668**	**54,616**	**51,668**	**54,616**

14. Property, Plant And Equipment

a) Property, plant and equipment

Accounting policy

Property, plant and equipment (PPE) are measured on initial recognition at cost. Following initial recognition PPE are stated at historical cost or revalued amount less accumulated depreciation and accumulated impairment loss, if any.

If an item of PPE consists of components with different useful lives and acquisition costs of such components are significant concerning the PPE value, these components are accounted as separate items.

Land is not depreciated. Depreciation on the other assets is calculated using the straight–line method to allocate their cost over their estimated useful lives, as follows:

Type of property, plant and equipment (PPE)	*Estimated useful life, years*
Buildings and facilities	*15 – 100*
Assets of Hydropower plants:	
- hydropower plants' buildings and facilities,	*25 – 100*
- hydropower plants' technology equipment and machinery	*10 – 40*
Distribution system electricity lines and electrical equipment:	
- electricity lines,	*30 – 50*
- electrical equipment of transformer substations	*30 – 35*
Technology equipment and machinery	*3 – 40*
Other property, plant and equipment	*2 – 25*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. Those are included in the Statement of Profit or Loss. If revalued property, plant and equipment have been sold, appropriate amounts are reclassified from revaluation reserve to retained earnings.

All PPE under construction are stated at historical cost and comprise of costs of construction of assets. The initial cost includes construction and installation costs and other direct costs related to construction of PPE.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets, until such time as the assets is substantially ready for their intended use. Borrowing costs consist of interest and other costs that the Group or the Parent Company incur in connection with the borrowing of funds. Borrowing costs are capitalised to PPE proportionally to the part of the cost of PPE under construction over the period of construction.

Assets under construction are not depreciated until the relevant assets are completed and ready for intended use, impairment test is performed when there is indication for impairment, either individually or at the cash-generating unit level.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the recoverable amount that is higher of the asset's the fair value less costs to sell and value in use.

The Group and the Parent Company classifies non-current assets as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and sale is considered highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Transfers are made from (or to) property, plant and equipment to (or from) investment property only when there is a change in use, and it does not change the carrying amount of the property transferred and do not change the cost measurement method of that property.

Impairment charge or reversed charge is included in the Statement of Profit or Loss under "Depreciation, amortisation and impairment of intangible assets, PPE and right-of-use assets".

Net book amounts and movements of property, plant and equipment by groups, including groups of revalued categories are as follows:

EUR'000

	Group							Parent Company					
	Land, buildings and facilities	Assets of Hydro Power Plant	Distribution system electricity lines and electrical equipment	Technology equipment and machinery	Other PPE	Assets under construction	Property, plant and equipment TOTAL	Land, buildings and facilities	Assets of Hydro Power Plant	Technology equipment and machinery	Other PPE	Assets under construction	Property, plant and equipment TOTAL
As of 31 December 2023													
Cost or revalued amount	436,256	2,842,752	3,080,841	668,461	182,656	124,459	**7,335,425**	346,561	2,842,752	631,707	105,830	75,254	**4,002,104**
Accumulated depreciation and impairment	(262,182)	(1,565,152)	(1,449,134)	(627,010)	(122,029)	(8,867)	**(4,034,374)**	(233,571)	(1,565,152)	(608,417)	(81,128)	(8,425)	**(2,496,693)**
Net book amount	**174,074**	**1,277,600**	**1,631,707**	**41,451**	**60,627**	**115,592**	**3,301,051**	**112,990**	**1,277,600**	**23,290**	**24,702**	**66,829**	**1,505,411**
Year ended 31 December 2024													
Additions	—	—	—	—	—	455,632	**455,632**	—	—	—	—	61,268	**61,268**
Acquisition of a subsidiary	603	—	—	8,111	—	10,163	**18,877**	—	—	—	—	—	**—**
Transfers	20,642	9,712	103,718	51,509	13,855	(199,436)	**—**	2,947	9,713	21,950	8,624	(43,234)	**—**
Reclassified (to) / from investment property, net	(123)	—	—	—	—	—	**(123)**	75	—	—	—	—	**75**
Reclassified to non–current assets for sale	(474)	—	—	(2,295)	(72)	—	**(2,841)**	—	—	(1)	(15)	—	**(16)**
Disposals	(197)	(91)	(8,014)	(31)	(216)	(73)	**(8,622)**	(41)	(92)	(15)	(21)	(25)	**(194)**
Reversed / (recognised) Impairment charge (Note14 c I)	(35,793)	—	—	(7,343)	(3,184)	(30,049)	**(76,369)**	(35,793)	—	(5,927)	(3,184)	(29,918)	**(74,822)**
Depreciation	(13,554)	(40,707)	(72,513)	(23,792)	(13,949)	—	**(164,515)**	(9,489)	(40,707)	(21,876)	(6,943)	—	**(79,015)**
Closing net book amount as of 31 December 2024	**145,178**	**1,246,514**	**1,654,898**	**67,610**	**57,061**	**351,829**	**3,523,090**	**70,689**	**1,246,514**	**17,421**	**23,163**	**54,920**	**1,412,707**
As of 31 December 2024													
Cost or revalued amount	456,848	2,848,451	3,130,581	724,600	190,184	390,746	**7,741,410**	349,426	2,848,451	653,526	109,429	93,262	**4,054,094**
Accumulated depreciation and impairment	(311,670)	(1,601,937)	(1,475,683)	(656,990)	(133,123)	(38,917)	**(4,218,320)**	(278,737)	(1,601,937)	(636,105)	(86,266)	(38,342)	**(2,641,387)**
Net book amount	**145,178**	**1,246,514**	**1,654,898**	**67,610**	**57,061**	**351,829**	**3,523,090**	**70,689**	**1,246,514**	**17,421**	**23,163**	**54,920**	**1,412,707**
Year ended 31 December 2025													
Additions	—	—	—	—	—	726,222	**726,222**	—	—	—	—	47,581	**47,581**
Acquisition of a subsidiary	13,489	—	—	19,330	3	7,107	**39,929**	—	—	—	—	—	**—**
Transfers	28,446	26,360	122,040	35,697	21,458	(234,001)	**—**	13,501	26,360	10,235	11,568	(61,664)	**—**
Reclassified (to) / from investment property, net	(518)	—	—	—	(6)	—	**(524)**	(278)	—	—	—	—	**(278)**
Reclassified to non–current assets for sale	(31)	—	—	(145)	(20)	—	**(196)**	—	—	—	(18)	—	**(18)**
Disposals	50	(13)	(6,217)	(28)	(151)	(5,137)	**(11,496)**	—	(12)	(29)	(8)	(4,803)	**(4,852)**
Increase in the value as a result of revaluation recognised in OCI	—	—	3,016	—	—	—	**3,016**	—	—	—	—	—	**—**
Decrease in the value as a result of revaluation recognised in profit or loss	—	—	(3,016)	—	—	—	**(3,016)**	—	—	—	—	—	**—**
Reversed / (recognised) Impairment charge (Note14 c I)	1,209	—	—	(8,758)	660	5,862	**(1,027)**	(27,543)	—	21,340	668	7,968	**2,433**
Depreciation	(14,152)	(41,317)	(73,523)	(25,464)	(15,151)	—	**(169,607)**	(9,365)	(41,317)	(21,751)	(7,751)	—	**(80,184)**
Closing net book amount as of 31 December 2025	**173,671**	**1,231,544**	**1,697,198**	**88,242**	**63,854**	**851,882**	**4,106,391**	**47,004**	**1,231,545**	**27,216**	**27,622**	**44,002**	**1,377,389**
As of 31 December 2025													
Cost or revalued amount	497,964	2,872,446	4,146,883	778,036	204,759	884,936	**9,385,024**	362,462	2,872,446	663,008	114,831	74,376	**4,087,123**
Accumulated depreciation and impairment	(324,293)	(1,640,902)	(2,449,685)	(689,794)	(140,905)	(33,054)	**(5,278,633)**	(315,458)	(1,640,901)	(635,792)	(87,209)	(30,374)	**(2,709,734)**
Net book amount	**173,671**	**1,231,544**	**1,697,198**	**88,242**	**63,854**	**851,882**	**4,106,391**	**47,004**	**1,231,545**	**27,216**	**27,622**	**44,002**	**1,377,389**

The Group and the Parent Company have recognised impairment on capital expenditure projects for which operations have not taken place in the last 12 months and it is not known whether they will be completed within next 2 years, and a decision has not been taken on termination of the project.

Cash flows from investing activities include capital expenditure incurred to maintain existing operating capacity and to expand operating capacity. Management does not separately track these amounts, as the distinction is not material.

As of 31 December 2025, cost of fully depreciated PPE which are still in use for the Group amounted to EUR 923,484 thousand (31/12/2024: EUR 393,676 thousand) and for the Parent Company amounted to EUR 401,270 thousand (31/12/2024: EUR 351,717 thousand).

In 2025 the Group has capitalised borrowing costs in the amount of EUR 14,107 thousand (2024: EUR 3,711 thousand) and the Parent Company in the amount of EUR 1,468 thousand (2024: EUR 2,236 thousand) (see Note 11). Rate of capitalised borrowing costs was of 2.96% (2024: 2.86%).

Information about the pledged property, plant and equipment is disclosed in Note 23 I.

b) Property, plant and equipment revaluation

Accounting policy

Revaluations have been made with sufficient regularity to ensure that the carrying amount of property, plant and equipment items subject to valuation does not differ materially from that which would be determined using fair value at the end of reporting period.

The following hydropower plants and distribution system assets (property, plant and equipment) are revalued regularly but not less frequently than every five years:

a) Assets of Hydropower plants:

- *hydropower plants' buildings and facilities,*
- *hydropower plants' technology equipment and machinery.*

b) Distribution system electricity lines and electrical equipment:

- *electricity lines,*
- *electrical equipment of transformer substations.*

Increase in the carrying amount arising on revaluation is recognised in the Statement of Comprehensive income as "Non-current assets revaluation reserve" in shareholders' equity. Decrease in the carrying amount arising on revaluation primarily offset previous increases recognised in 'Comprehensive income' and if decrease exceeds revaluation reserve, it is recognised in the Statement of Profit or Loss.

At the date of revaluation, initial carrying amounts and accumulated depreciation are increased or decreased proportionately with the change in the carrying amount of the asset so that the carrying amount of the asset after the revaluation equals its revalued amount.

Non-current assets revaluation reserve is decreased and transferred to retained earnings at the moment, when revalued asset has been written off or disposed.

Revaluation reserve cannot be distributed in dividends, invested in share capital, used for indemnity, reinvested in other reserves, or used for other purposes.

Carrying amounts of revalued categories of property, plant and equipment groups at revalued amounts and their cost basis are as follows:

EUR'000

	Group		
	Revalued property, plant and equipment groups		
	Assets of Hydropower plants (the Parent Company)	Distribution system electricity lines and electrical equipment	TOTAL revalued PPE
AT REVALUED AMOUNTS			
As of 31 December 2025			
Revalued	2,872,446	4,146,883	**7,019,329**
Accumulated depreciation	(1,640,902)	(2,449,685)	**(4,090,587)**
Revalued net book amount	**1,231,544**	**1,697,198**	**2,928,742**
As of 31 December 2024			
Revalued	2,848,451	3,130,581	**5,979,032**
Accumulated depreciation	(1,601,937)	(1,475,683)	**(3,077,620)**
Revalued net book amount	**1,246,514**	**1,654,898**	**2,901,412**
AT AMOUNTS STATED ON HISTORICAL COST BASIS			
As of 31 December 2025			
Cost	512,604	1,730,649	**2,243,253**
Accumulated depreciation	(227,848)	(611,155)	**(839,003)**
Net book amount	**284,756**	**1,119,494**	**1,404,250**
As of 31 December 2024			
Cost	487,119	1,730,649	**2,217,768**
Accumulated depreciation	(217,404)	(611,155)	**(828,559)**
Net book amount	**269,715**	**1,119,494**	**1,389,209**

Assets of Hydropower plants

Assets of Hydropower plants were revalued in 2023. The revaluation was performed by an independent, external and certified valuation expert by applying the income method or the replacement cost model. Income method is based on average perennial water inflow in each HPP, power exchange forecasts of electricity prices, analysis of historical generation and operating expenses, forecast of expenses based on publicly available state statistics, forecast of capital expenditure, forecast of net cash flows, as well as discount and capitalisation rate calculation based on market data.

Considering that the estimated replacement cost of the assets exceeded the value determined by using income method, the value of each of the hydropower plant assets item's estimated depreciated replacement cost was reduced to recognise the economic depreciation. The replacement cost was determined according to technical characteristics of property, plant and equipment, current technical requirements, and the cost of replacement of functional analogue less physical, functional, and economic depreciation.

As a result of revaluation in 2023 the carrying amounts of property, plant and equipment of hydropower plants increased by EUR 313,169 thousand. Increase of property, plant and equipment in the amount of EUR 312,062 thousand is included in the equity as non-current assets revaluation reserve (see Note 21 a), while reversal of previously recognised impairment in the amount of EUR 1,108 thousand was recognised in the Statement of Profit or Loss.

The nominal pre-tax discount rate used in valuation was 8.75%. If the pre-tax rate would have been increased by 1% point then the value of the revalued assets of hydropower plants would have been decreased by EUR 189,100 thousand. If the pre-tax rate would have been decreased by 1% point, the value of the revalued assets of hydropower plants would have been increased by EUR 252,132 thousand. If electricity price would have been increased by 5%, the value of assets would have been increased by EUR 138,957 thousand, if the prices would have been by 5% less, the value of assets would have been decreased by EUR 138,957 thousand.

Distribution system assets

Distribution system electrical equipment was revalued as of 1 July 2025 and distribution system electricity lines were revalued as of 1 January 2026 (the result of the revaluation was recognised in the financial statements of 2025 as an adjusting event).

Revaluation of the distribution system electrical equipment of transformer substations and electricity lines is performed by an independent, certified expert using the income method and the depreciated replacement cost method. Income method is based on an analysis of historical operating expenses and a forecast of expenses based on publicly available state statistics, forecast of capital expenditure, forecast of net cash flows, as well as discount and capitalisation rate calculation based on market data.

To allocate the total value determined by the income method to each individual property, plant and equipment item, the cost replacement method was used for the calculation. The cost replacement value was determined according to the technical parameters of the property, plant and equipment, current technical requirements and the replacement costs of the necessary functional analogue, minus physical, functional and economic depreciation.

As a result of the revaluation, the increase in the carrying amount of the distribution system electrical equipment and electricity lines revalued in 2025 in the amount of EUR 3,016 thousand, was recognised in the revaluation reserve of non-current assets in equity, while the decrease in value in the amount of EUR 3,016 thousand was recognized in the profit or loss statement item "Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right–of–use assets".

The nominal pre-tax discount rate used in valuation was 6.28%. If the pre-tax rate would have been increased by 10% then the value of the revalued distribution system assets would have been decreased by EUR 261,098 thousand. If the pre-tax rate would have been decreased by 10%, the value of the revalued distribution system assets would have been increased by EUR 366,460 thousand. Long-term growth rate used in valuation is 2%. If growth rate would have been increased by 10%, the value of assets would have been increased by EUR 99,262 thousand, if the long-term growth rate would have been by 10% less, the value of assets would have been decreased by EUR 86,945 thousand.

c) Impairment

Accounting policy

Assets that are subject to depreciation or amortisation, land and investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market expectations regarding the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in Other comprehensive income and reversed to the asset revaluation surplus in equity for the assets accounted at revalued amount and in the Statement of Profit or Loss within 'amortisation, depreciation and impairment charge expenses' for the assets that are accounted at cost, less depreciation and impairment, or for the assets accounted at revalued amount in case if impairment charge exceeds revaluation surplus previously recognised on individual asset.

The key assumptions used in determining recoverable amount of the asset are based on the Group entities' or the Parent Company's management best estimation of the range of economic conditions that will exist over the remaining useful life of the asset, on the basis of the most recent financial budgets and forecasts approved by the management for a maximum period of 10 years. Assets are reviewed for possible reversal of the impairment whenever events or changes in circumstances indicate that impairment must be reviewed. The reversal of impairment for the assets that are accounted at cost, less depreciation and impairment, is recognised in the Statement of Profit or Loss. Reversal of impairment loss for revalued assets is recognised in the Statement of Profit or Loss to the extent that an impairment loss on the same revalued asset was previously recognised in the Statement of Profit or Loss; the remaining reversals of impairment losses of revalued assets are recognised in Other comprehensive Income.

I) Latvenergo AS combined heat and power plants (Latvenergo AS CHPPs)

Impairment review performed for Latvenergo AS CHPPs (generation and trade segment) is based on value in use calculations. The cash–generating unit is defined as the assets of Latvenergo AS CHPPs.

In October 2017, the Parent Company applied for a one-off compensation from the state, at the same time opting out of the receipt of 75% of the guaranteed annual payments for installed electrical capacity in combined heat and power plant CHPP–1 and CHPP–2 (Note 4 f). The one–off compensation was calculated as 75% of the discounted future guaranteed payments for installed electrical capacity. On 21 November 2017, the Cabinet of Ministers of the Republic of Latvia accepted an order on one-off compensation to Latvenergo AS on guaranteed support for the installed capacity of cogeneration power plants. Conditional grant part recognised as deferred income in the Group's and the Parent Company's statement of financial position (Note 28) and to be allocated to income on a straight–line basis until fulfilling obligation till the end of the support period 23 September 2028. EUR 23,990 thousand were recognised as 'Other income' in the Group's and Parent Company's statement of profit or loss in 2025 (2024: EUR 23,990 thousand) (Note 7). Consequently, EUR 65,480 thousand remained recognised as deferred income as of 31 December 2025 (31/12/2024: EUR 89,470 thousand) and to be allocated to income on a straight–line basis until fulfilling obligation till the end of the support period – 23 September 2028.

As of 31 December 2025, the future discounted cash flows generated by the operation of Latvenergo AS CHPPs are evaluated as negative in the amount of EUR 28,227 thousand (31/12/2024: EUR 28,805 thousand). More detailed information is given below. Consequently, the value of Latvenergo CHPPs assets is estimated equal to the sum of deferred income and future discounted cash flows as of 31 December 2025 EUR 37,253 thousand (31/12/2024: EUR 60,665 thousand). The book value of Latvenergo AS CHPPs assets as on 31 December 2025 is EUR 33,708 thousand (31/12/2024: EUR 124,736 thousand).

EUR'000

	31/12/2025	31/12/2024
Deferred income	65,480	89,470
Future discounted cash flow value	(28,227)	(28,805)
True value of assets	**37,253**	**60,665**
Book value	33,708	124,736
Reversed / (recognised) impairment	**3,545**	**(64,071)**

As a result of the above transactions, in 2025 decrease of impairment was recorded in the amount of EUR 3,545 thousand for Latvenergo AS CHPPs (2024: impairment increase in the amount of EUR 64,071 thousand) and included within class of assets: 'Land, buildings and facilities', 'Technology equipment and machinery', 'Other PPE' and 'Assets under construction'. The recognised impairment is included in the Statement of Profit or Loss position "Depreciation, amortisation and impairment of intangible assets, PPE and right–of–use assets". The accumulated impairment as of 31 December 2025 amounted to EUR 282,016 thousand (31/12/2024: EUR 285,561 thousand).

In order to ensure that the carrying amount is consistent with their recoverable amount in future periods, the expected future cash flows arising from the operations for the generation of electricity and heat of the Latvenergo AS CHPPs were assessed. The forecasts include the period from 2026 to 2028 and the assessment of the terminal value in 2028, which is expressed as the amount of the future value of diesel fuel inventories necessary to ensure uninterrupted operations and water-heating boilers. The revenue cash flow forecast includes revenues from electricity and heat generation, as well as reduced electricity capacity payments since 2018, which are set for the CHPP–2 support period until 23 September 2028, in accordance with the Regulations of the Cabinet of Ministers of the Republic of Latvia No. 561 of 2 September 2020. The market prices of electricity, natural gas and emission allowances were forecast based on the latest estimates of third–party experts. The cost forecast is based on historical data, the 2025 budget approved by the management, concluded maintenance and equipment servicing contracts and the long-term inflation forecast of 2%. The nominal pre–tax discount rate used in 2025 is 8.75% (2024: 9.26%).

In addition, the assessment of the expected cash flow also includes the possible variations in the amount of potential negative impact if CHPP–2 fails to meet the efficiency criteria set out in the regulatory enactments in any of the next 3 years (indicator of primary energy savings >10%), as a result of which Latvenergo AS will be obliged to return a proportional part of the compensation received from the state in 2017 for waiving the 75% CHPP support intensity, which is 65.5 million EUR as of the end of 2025 (Note 28), but will decrease by EUR 24 million per year thereafter. The risk of not achieving the efficiency criterion set in the regulatory enactments is caused by expected increase of electricity generation in condensation mode and decrease in efficient cogeneration electricity output which will result in a decrease in overall CHPP efficiency indicator. Starting from 2025 after the synchronization of the Baltic power systems with continental Europe, it is expected that the overall need to ensure CHPP electricity generation in condensation mode will increase by providing of balancing services in the Baltic balancing capacity market. At the same time warmer weather conditions on average and increasing competition in the heat energy market will reduce the possibility of CHPP to operate in an efficient cogeneration mode. Considering the higher electricity generation in condensation mode not allowing to achieve the efficiency criteria, in assessment used weighted average of all possible outcomes and the negative impact on the expected cash flow in the coming years from the above-mentioned risk assessment is EUR 17,419 thousand (2024: negative impact in the amount of EUR 29,817 thousand). In 2025 a discount rate of 4.42% was applied for risk assessment (2024: 3.9%). The probability of the risk occurring in the next 3 year period, until 28 September 2028, when is binding the requirement to ensure the efficiency criteria of CHPP operations, is assessed with a probability of 45%, equally distributed in each of the individual years (15%) (in 2024: probability of 60%, equally distributed with 15%). All above–mentioned factors are expected to affect the generation regimes of CHPP and they are included in assessment. The operation of Latvenergo AS CHPP is flexibly adaptable to electricity market conditions and guarantees for Latvia significant electricity base capacities. Thermal power plants can almost completely ensure Latvia's electricity consumption in situations when, due to some circumstances, electricity imports from abroad are limited.

The discounted future cash flow obtained as a result of the calculation in the reporting year is negative EUR 28,227 thousand (in 2024: negative EUR 28,805 thousand).

As of 31 December 2025, the Group and the Parent Company has performed a sensitivity analysis of the fair value test of Latvenergo AS CHPPs to changes in inputs:

EUR'000

	Discount rate		Electricity price*		Natural gas price*		Probability of not meeting the efficiency criterion in the next 3 years (45 %)	
	1 pp increase	1 pp decrease	10% increase	10% decrease	10% increase	10% decrease	10 pp increase	10 pp decrease
Possible changes of CHPPs assets value	130	(141)	18,374	(18,374)	(7,041)	7,041	(3,871)	3,871

* Natural gas and electricity commodity costs are historically closely correlated

II) Sadales tīkls AS distribution system assets

Impairment review performed for electricity distribution system assets in accordance with IAS 36 and based on value in use calculations. The cash–generating unit is defined as the distribution system assets the nominal pre-tax discount market rate is used to determine the value in use of the cash flow generating unit by discounting the cash flow.

Key assumptions used in asset valuation	2025	2024
Discount rate	6.90%	7.69%
Long-term growth rate	2.00%	2.00%

The assessment of impairment comprises price forecasts for the basic revenue and costs flows and assumptions related to capital investment plans from the Public Utilities Regulatory Commission. Based on the aformentioned factors and the results of the assets' recoverability test, no impairment of assets was recognised as of 31 December 2025 (31/12/2024: not recognised), as the recoverable amount exceeded their carrying amount. The assumptions of the Management of Sadales tīkls AS are based on information that was available at the time of approval of the Financial Statements, therefore the actual impact of future events may differ from the current assessment.

As of 31 December 2025, the Group has performed a sensitivity analysis of the fair value test of Sadales tīkls AS distribution system assets to changes in inputs:

	31/12/2025	31/12/2024
	Discount rate 1 pp increase	Discount rate 1 pp increase
Possible changes of distribution system assets value	no impairment	no impairment

The Management of Sadales tīkls AS has assessed that other indicators are not sensitive as according to regulatory framework are completely recoverable either through new tariff project or through regulatory account during current regulatory period.

III) Renewable – wind and solar - energy generation assets (Group)/Investments in subsidiaries in renewable energy generation companies (Parent Company)

As of 31 December 2025, the Parent Company has recognized investments in subsidiaries amounting to EUR 993,406 thousand (31/12/2024: EUR 857,359 thousand), see Note 16. Part of these investments amounting to EUR 288,287 thousand (31/12/2024: EUR 187,239 thousand) relate to subsidiaries operating in the renewable energy generation sector, established as part of the Group's strategy to develop wind and solar power plants. At the consolidated level, these investments in subsidiaries recognized in the Parent Company's financial statements are eliminated on consolidation and are reflected through the underlying renewable energy generation assets. The Parent Company has its own renewable energy generation assets and in the consolidated level there are additional renewable energy generation assets from investments made by the Parent Company's subsidiaries. A significant portion of these projects remains in the development phase or at an early stage of operation.

As of 31 December 2025, the Group had renewable energy generation assets (generation and trade segment) in amount of EUR 919,719 thousand, including related intangible assets and goodwill, if acquired through acquisition of subsidiaries and relates to those assets. The Parent Company had solar and wind energy generation assets in amount of EUR 42,041 thousand.

The Group and the Parent Company have performed an impairment tests of those assets and the Group has recognized net impairment in amount of EUR 4,445 thousand (2024: EUR 2,261 thousand) and the Parent Company has recognized impairment in amount of EUR 5,137 thousand (2024: EUR 0 thousand).

The recoverable amount of the assets was determined based on the determination of the assets' value in use using discounted cash flow projections resulting from the operation of the solar and wind parks owned by the Group or the Parent Company. Each of the 29 solar and wind park has been individually determined as a cash–generating unit while 2 parks are considered as hybrid parks consisted of wind, solar and battery storage system assets.

Key assumptions for determining the value in use of assets:

- the projected amount of produced electricity is based on technical assessments of production volumes and the operating time of the power plant (30-35 years);

- the electricity sales price is forecasted in accordance with long–term electricity price forecasts provided by independent consultants;

- the cost forecast is based on the planned average maintenance costs of solar or wind parks for 2026 and the long–term forecast inflation rate of 2%;
- the nominal pre–tax discount rate used is in range of 8,75% to 11,25% (7,0%-9,0% after tax nominal) depending on development stage of each solar and wind park.

As of 31 December 2025, the Group and the Parent Company has performed a sensitivity analysis of the fair value test of wind and solar park assets by most important assumptions:

EUR'000

	Discount rate (after-tax nominal)		Electricity price	
	1 pp increase	1 pp decrease	10% increase	10% decrease
Possible changes of Wind / Solar park assets fair value	(175,595)	209,798	223,401	(223,380)

d) Investment property

Accounting policy

Investment properties are land, or a building or part of a building held by the Group or the Parent Company as the owner to earn rentals or for capital appreciation, rather than for use in the production of goods or supply of services or for administrative purposes, or sale in the ordinary course of business. Investment property generates cash flows independently of the other assets held. The Group and the Parent Company apply the cost model in measurement of investment properties and subsequently measure at acquisition cost net of accumulated depreciation and impairment losses.

The applied depreciation rates are based on estimated useful life set for respective fixed asset categories – from 15 to 80 years.

EUR'000

	Group			Parent Company		
	Investment properties for lease*	Investment property held for capital appreciation	TOTAL Investment property	Investment properties for lease*	Investment property held for capital appreciation	TOTAL Investment property
As of 31 December 2023						
Cost at the beginning of the year	1,784	829	**2,613**	2,700	287	**2,987**
Accumulated depreciation and impairment at the beginning of the year	(223)	(81)	**(304)**	(709)	(17)	**(726)**
Net book amount	**1,561**	**748**	**2,309**	**1,991**	**270**	**2,261**
Year ended 31 December 2024						
Reclassified from / (to) property, plant and equipment	—	123	**123**	(196)	121	**(75)**
Disposal	—	(307)	**(307)**	—	(122)	**(122)**
Sold	—	(14)	**(14)**	—	(1)	**(1)**
Depreciation	(13)	—	**(13)**	(14)	—	**(14)**
Closing net book amount as of 31 December 2024	**1,548**	**550**	**2,098**	**1,781**	**268**	**2,049**
As of 31 December 2024						
Cost at the beginning of the year	1,784	632	**2,416**	2,328	286	**2,614**
Accumulated depreciation and impairment at the beginning of the year	(236)	(82)	**(318)**	(547)	(18)	**(565)**
Net book amount	**1,548**	**550**	**2,098**	**1,781**	**268**	**2,049**
Year ended 31 December 2025						
Reclassified from / (to) property, plant and equipment	(123)	646	**523**	(293)	571	**278**
Disposal	—	(11)	**(11)**	—	(2)	**(2)**
Sold	—	(267)	**(267)**	—	(50)	**(50)**
Depreciation	(11)	—	**(11)**	(12)	—	**(12)**
Closing net book amount as of 31 December 2025	**1,414**	**918**	**2,332**	**1,476**	**787**	**2,263**
As of 31 December 2025						
Cost at the beginning of the year	1,526	1,271	**2,797**	1,901	1,122	**3,023**
Accumulated depreciation and impairment at the beginning of the year	(112)	(353)	**(465)**	(425)	(335)	**(760)**
Net book amount	**1,414**	**918**	**2,332**	**1,476**	**787**	**2,263**

* leased property, plant and equipment and real estate related to distribution and transmission system assets

15. Lease

a) Right–of–use assets and lease liabilities

Accounting policy

At the time of conclusion of the contract, the Group and the Parent Company assess whether the contract is a lease or contains a lease. A contract is a lease, or contains a lease, when the contract gives the right to control the use of an identified asset throughout the period of time in exchange for consideration.

Leases and right–of–use assets are recognised for all long–term leases that meet the criteria of IFRS 16 (the remaining lease term exceeds 12–months at the date of implementation of the standard).

Low value leases are not accounted fully, applying the additional exemptions for leases of land under transformer substations and electric transport charging stations, which are considered immaterial according to IFRS 16 criteria as well as the value of assets is immaterial.

Leases are recognised as right–of–use assets and the corresponding lease liabilities at the date when leased assets are available for use of the Group and the Parent Company. The cost of the right–of–use an asset consists of:

- *the amount of the initial measurement of the lease liability,*
- *any lease payments made at or before the commencement date less any lease incentives received,*
- *any initial direct costs.*

The right–of–use the asset is recognised as a separate item in the composition of non–current assets and is classified according to groups of property, plant and equipment.

The Group and the Parent Company account for the right–of–use assets of land, buildings, and facilities.

The right–of–use asset is amortised on a straight–line basis from the commencement date to the end of the useful life of the underlying asset. Depreciation is calculated on a straight–line basis from the commencement date of the lease to the end of the lease term unless an asset is scheduled to be redeemed. The right–of–use asset is periodically reduced for impairment losses, if any, and adjusted for any remeasurement of the lease liabilities.

Assets and lease liabilities arising from leases at commencement date are measured at the amount equal to the present value of the remaining lease payments, discounted by the interest rate implicit in the lease.

Lease liabilities are subsequently measured when there is a change in future lease payments due to changes of an index or a rate used to determine these payments, when the Group's and the Parent Company's estimate of expected payments changes, or when the Group and the Parent Company change their estimates of the purchase option, lease term modification due to extension or termination. When a lease liability is subsequently remeasured, the corresponding adjustment is made to the carrying amount of the right–of–use asset or recognised in the statement of profit or loss if the carrying amount of the right–of–use asset decreases to zero.

Each lease payment is divided between the lease liability and the interest expense on the lease. Interest expense on lease is recognised in the statement of profit or loss over the lease term to form a constant periodic interest rate for the remaining lease liability for each period.

Lease payments related to short–term leases are recognised as an expense in the statement of profit or loss on a straight–line basis. Short–term leases are leases with a lease term of 12 months or less at the commencement date.

The Group and the Parent Company have recognised the right–of–use assets for land, buildings and facilities, and on a lease of the fiber of the combined optical cable (OPGW – optical ground wire with dual function).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right–of–use assets

EUR'000

	Group	Parent Company
As of 31 December 2023		
Cost	17,994	9,311
Accumulated depreciation	(6,775)	(4,601)
Net book amount	**11,219**	**4,710**
Year ended 31 December 2024		
Additions	23,328	—
Recognised changes in lease agreements	(99)	(13)
Depreciation	(2,538)	(1,183)
Closing net book amount as of 31 December 2024	**31,910**	**3,514**
As of 31 December 2024		
Cost	41,034	9,297
Accumulated depreciation	(9,124)	(5,783)
Net book amount	**31,910**	**3,514**
Year ended 31 December 2025		
Additions	13,595	—
Recognised changes in lease agreements	2,180	601
Depreciation	(3,581)	(1,272)
Closing net book amount as of 31 December 2025	**44,104**	**2,843**
As of 31 December 2025		
Cost	56,577	9,897
Accumulated depreciation	(12,473)	(7,054)
Net book amount	**44,104**	**2,843**

Lease liabilities

EUR'000

	Group	Parent Company
As of 31 December 2023	**11,406**	**4,824**
Of which are		
– Non–current	9,015	3,607
– Current	2,391	1,217
Year ended 31 December 2024		
Additions	23,540	—
Recognised changes in lease agreements	(99)	(13)
Decrease of lease liabilities	(2,754)	(1,248)
Recognised interest liabilities	458	61
As of 31 December 2024	**32,551**	**3,624**
Of which are		
– Non–current	29,828	2,417
– Current	2,723	1,207
Year ended 31 December 2025		
Additions	13,636	—
Recognised changes in lease agreements	2,151	601
Decrease of lease liabilities	(3,828)	(1,354)
Recognised interest liabilities	1,948	72
As of 31 December 2025	**46,458**	**2,943**
Of which are		
– Non–current	43,514	2,285
– Current	2,944	658

b) Expenses from leases (IFRS 16)

The following amounts are recognised in profit or loss:

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
Depreciation for the right–of–use assets (land, buildings and facilities)	2,878	2,473	1,272	1,183
Interest expense on lease liabilities (included in financial costs)	930	363	72	61
Short–term and low value lease expenses	34	236	69	203
Variable lease payments not included in the lease liabilities	349	238	251	155
TOTAL expenses from leases	**4,191**	**3,310**	**1,664**	**1,602**

In the Statement of Cash Flows for the year ended 31 December 2025, lease payments of the Group in amount of EUR 372 thousand and the Parent Company in amount of EUR 510 thousand have been made by non–cash offsetting and included in cash flows from operating activities in working capital adjustments (2024: the Group in amount of EUR 372 thousand and the Parent Company in amount of EUR 505 thousand). Other lease payments of the Group in amount of EUR 3,256 thousand and the Parent Company in amount of EUR 837 thousand are included in the cash flows from financing activities (payments of principal on leases) and in cash flows from operating activities (payments of interest on leases) (2024: the Group EUR 2,398 thousand and the Parent Company EUR 681 thousand).

c) Income from leases

EUR'000

		Group		Parent Company	
	Note	2025	2024	2025	2024
Income from leases (the Group and the Parent Company is the lessor)	6	**1,549**	**1,513**	**3,644**	**3,264**

Future minimum lease payments receivable under operating lease contracts by due dates (the Group and the Parent Company are the lessor):

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
< 1 year	1,538	1,515	3,644	3,264
1–5 years	2,191	2,224	10,593	9,193
> 5 years	1,486	1,486	1,486	1,486
TOTAL rental income	**5,215**	**5,225**	**15,723**	**13,943**

16. Non-current Financial Investments

Accounting policy

Basis of consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries' financial reports are consolidated from the date on which control is transferred to the Parent Company and are no longer consolidated from the date when control ceases. General information about entities included in consolidation and its primary business activities are disclosed in Note 16.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the Statement of Profit or Loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.
Intercompany transactions, balances, and unrealised gains on transactions between the Group's entities are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Transactions with non–controlling interests and owners

The Group treats transactions with non–controlling interests as transactions with equity owners of the economic entity. Changes in a Parent's ownership interest in a subsidiary that do not result in the Parent losing control over the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).

The Parent Company's effective ownership interest in subsidiaries

Company name	Date of establishment or acquisition	Country of incorporation	Operating segment	Principal activities	Effective ownership interest, %		Non-controlling interest's effective ownership interest, %	
					31/12/2025	31/12/2024	31/12/2025	31/12/2024
Sadales tīkls AS	18/09/2006	Latvia	Distribution	Electricity distribution	100%	100%	—	—
Enerģijas publiskais tirgotājs SIA	25/02/2014	Latvia	Generation and trade	Administration of mandatory electricity procurement process	100%	100%	—	—
Elektrum Eesti OÜ	27/06/2007	Estonia	Generation and trade	Electricity and natural gas trade	100%	100%	—	—
Elektrum Lietuva, UAB	07/01/2008	Lithuania	Generation and trade	Electricity and natural gas trade	100%	100%	—	—
Latvijas vēja parki SIA	22/07/2022	Latvia	Generation and trade	Electricity generation from RES	100%	100%	—	—
Krāslavas SES SIA*	05/01/2024	Latvia	Generation and trade	Electricity generation from RES	—	100%	—	—
Telšių vėjo parkas UAB	23/05/2024	Lithuania	Generation and trade	Electricity generation from RES	100%	100%	—	—
Laflora Energy SIA	17/09/2024	Latvia	Generation and trade	Electricity generation from RES	100%	100%	—	—
DSE Aizpute Solar SIA	07/11/2024	Latvia	Generation and trade	Electricity generation from RES	100%	100%	—	—
Elektrum Next SIA	13/11/2024	Latvia	Generation and trade	Electricity generation from RES	100%	100%	—	—
Pienava wind SIA	12/06/2025	Latvia	Generation and trade	Electricity generation from RES	100%	—	—	—
Elektrum Next LT UAB	11/06/2025	Lithuania	Generation and trade	Electricity generation from RES	100%	—	—	—
Liepājas enerģija SIA	06/07/2005	Latvia	Generation and trade	Thermal energy generation and trade, electricity generation	51%	51%	49%	49%

* On 14 May 2025 in a result of reorganisation merged with Elektrum Next SIA

The Parent Company's subsidiaries' effective ownership interest

Company name	Date of establishment or acquisition	Country of incorporation	Operating segment	Principal activities	Effective ownership interest, %	
					31/12/2025	31/12/2024
Subsidiaries of Elektrum Eesti OÜ:						
Elektrum Latvija SIA	18/09/2012	Latvia	Generation and trade	Electricity trade	100%	100%
Energiaturu Võrguehitus OÜ	26/08/2021	Estonia	Generation and trade	Electricity microgrid services	100%	100%
HN põld ja mets 1 OÜ **	31/05/2023	Estonia	Generation and trade	Electricity generation from RES	—	100%
Solarpark Kuusalu OÜ**	19/07/2024	Estonia	Generation and trade	Electricity generation from RES	—	100%
Subsidiaries of Elektrum Lietuva, UAB:						
Klaipėda unlimited sun, UAB	27/01/2023	Lithuania	Generation and trade	Electricity generation from RES	100%	100%
Secundus Navitas UAB	25/05/2024	Lithuania	Generation and trade	Electricity generation from RES	100%	100%
Geniva UAB	13/08/2025	Lithuania	Generation and trade	Electricity generation from RES	100%	—
Vėjo miestas UAB	13/08/2025	Lithuania	Generation and trade	Electricity generation from RES	100%	—

** On 31 December 2025 in a result of reorganisation merged with Elektrum Eesti OÜ

The Group's other non-current financial investments

Company name	Country of incorporation	Business activity held	Effective ownership interest, %	
			31/12/2025	31/12/2024
Investments in joint ventures (Group):				
Geniva UAB	Lithuania	Electricity generation from RES	—	50%
Vėjo miestas UAB	Lithuania	Electricity generation from RES	—	50%
Other non–current financial investments (Group):				
Pirmais Slēgtais Pensiju Fonds AS	Latvia	Management of pension plans	48.15%	48.15%
Rīgas siltums AS	Latvia	Thermal energy generation and trade in Riga, electricity generation	0.0051%	0.0051%

The Group owns 48.15% of the shares of the closed pension fund Pirmais Slēgtais Pensiju Fonds AS (Latvenergo AS – 46.30%, Enerģijas publiskais tirgotājs SIA and Sadales tīkls – jointly 1.85%). However, the Group and the Parent Company are only a nominal shareholder as the Pension Fund is a non–profit company, and all risks and benefits arising from company's activities and investments in the pension plan are taken and accrued by the members of the Pension Fund pension plan. For this reason, the investment in Pirmais Slēgtais Pensiju Fonds AS is valued at acquisition cost.

Movement in non-current investments

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
At the beginning of the year	**82**	**42**	**857,359**	**671,720**
Acquisition of shares	—	—	9,108	49,318
Invested in share capital	—	—	126,939	135,921
Acquired shares from non-controlling interest	—	—	—	400
Share of profit from investments in joint ventures using equity method	196	40	—	—
Derecognised investment in joint ventures after obtaining full control	(238)	—	—	—
At the end of the year	**40**	**82**	**993,406**	**857,359**

Summarised financial information for subsidiaries

EUR'000

	Equity		Net profit / (loss) for the year		Dividends from subsidiaries*		Carrying amount of interest from investment	
Subsidiaries	**31/12/2025**	**31/12/2024**	**2025**	**2024**	**2025**	**2024**	**31/12/2025**	**31/12/2024**
Subsidiaries of the Parent Company:								
Sadales tīkls AS	1,009,794	999,955	35,270	28,256	28,256	16,906	641,450	641,450
Enerģijas publiskais tirgotājs SIA	40	40	—	—	—	—	40	40
Elektrum Eesti OÜ	2,891	748	1,583	(283)	—	—	35	35
Elektrum Lietuva, UAB	66,488	31,073	14	1,648	—	—	60,000	25,000
Companies of renewable energy generation	228,909	138,049	(1,789)	(2,415)	—	—	288,286	187,239
Liepājas enerģija SIA	14,763	15,556	2,501	3,005	1,680	2,163	3,556	3,556
TOTAL Subsidiaries of the Parent Company	**1,322,885**	**1,185,421**	**37,579**	**30,211**	**29,936**	**19,069**	**993,367**	**857,320**
Subsidiaries of Elektrum Eesti OÜ:								
Total Elektrum Eesti OÜ interests	**4,731**	**4,549**	**1,374**	**772**	**—**	**—**	**4,754**	**7,739**
Subsidiaries of Elektrum Lietuva, UAB:								
Total Elektrum Lietuva, UAB interests	**1,477**	**(380)**	**207**	**(380)**	**—**	**—**	**13,810**	**5,696**

* in 2025 dividends from subsidiaries received in cash in the amount of EUR 1,680 thousand and with non–cash offset in the amount of EUR 28,256 thousand (2024: EUR 2,163 thousand received in cash and EUR 16,906 thousand with non-cash offset)

Summarised financial information for non–controlling interests

EUR'000

	Non–current assets		Current assets		Non–current liabilities		Current liabilities	
Non–controlling interest of subsidiaries	**31/12/2025**	**31/12/2024**	**31/12/2025**	**31/12/2024**	**31/12/2025**	**31/12/2024**	**31/12/2025**	**31/12/2024**
Liepājas enerģija SIA (49 %)	13,998	14,484	2,152	2,106	6,300	6,011	2,616	2,956

EUR'000

	Revenue		Profit for the year		Total comprehensive income	
Non–controlling interest of subsidiaries	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
SIA "Liepājas enerģija" (49%)	17,879	19,973	2,501	3,005	2,501	3,005

Business combinations and acquisition of ownership interests

Accounting policy

The Group and the Company applied the acquisition accounting method to account for business combination according to the provisions of IFRS 3. Under the latter method, the acquisition cost is measured as the sum of the fair values, at the date of exchange, of assets given, liabilities incurred and equity instruments issued in exchange for control of the business being acquired.

During business combinations, the Group's management carried out the assessment and established that the difference between the acquisition cost of the business and the fair value of the net assets acquired represents goodwill.

On 13 August 2025 Elektrum Lietuva, UAB - subsidiary of the Parent Company acquired remaining 50% shareholding in Geniva, UAB and Vėjo miestas, UAB. Management assessed whether acquisition constitutes a business combination under IFRS 3 Business Combinations and concluded that acquired set of assets and activities does not meat the definition of a business. Acquisition has been accounted as an asset acquisition.

Business combinations are accounted for by applying the acquisition method.

17. Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using the weighted average method, except of natural gas inventory held per Inčukalns underground gas storage where cost is determined using FIFO method. Goods for sale are determined using FIFO or weighted average cost method, or specific identification method.

Purchase cost of inventories consists of the purchase price, import charges and other fees and charges, freight–in and related costs as well as other costs directly incurred in bringing the materials and goods to their present location and condition. The value of inventories is assigned by charging trade discounts, reductions, and similar allowances. Existence of inventories as of the end of reporting period is verified during stock–taking.

At the end of each reporting year the inventories are reviewed for any indications of obsolescence. When obsolete or damaged inventories are identified, allowances are recognised to their recoverable amount. Additionally, during the reporting year at least each month inspection of idle inventories is performed with the purpose to identify obsolete and damaged inventories. Allowances for an impairment loss are recognised for those inventories.

The following basic principles are used in determining impairment losses for idle inventories:

a) Maintenance inventories for machinery and equipment of hydropower plants and thermal power plants that haven't turned over during last 12 months are impaired in amount of 90%, while inventories haven't turned over during last 6 months are impaired in amount of 45%,

b) Inventories that haven't turned over during last 12 months are fully impaired, while inventories that haven't turned over during last 6 months are impaired in amount of 50%,

c) Allowances are not calculated for the fuel necessary to ensure uninterrupted operations of hydropower and combined heat and power plants, for natural gas and scraps.

EUR'000

	Group		Parent Company	
	31/12/2025	**31/12/2024**	**31/12/2025**	**31/12/2024**
Natural gas (at cost and net realisable value)	125,028	117,552	125,028	117,552
Raw materials and materials (at cost)	24,959	22,265	1,439	1,167
Goods for sale (at lower of cost and net realisable value)	1,908	6,959	233	1,492
Other inventories (at cost and net realisable value)	13,853	19,285	13,612	18,906
Unfinished products and orders (at cost)	6	659	—	—
Prepayments for natural gas and other inventories	439	4,976	39	2,189
Allowance for impaired inventories	(2,233)	(2,134)	(1,150)	(1,228)
TOTAL inventories	**163,960**	**169,562**	**139,201**	**140,078**

Increase in the allowance for raw materials and materials at warehouses in amount of EUR 99 thousand (2024: decrease of EUR 956 thousand) for the Group and decrease in amount of EUR 78 thousand (2024: decrease of EUR 112 thousand) for the Parent Company are included in the Statement of Profit or Loss position 'Raw materials and consumables used'.

18. Receivables From Contracts With Customers And Other Receivable

Accounting policy

Receivables from contracts with customers and other receivables are classified in groups:

a) Energy (electricity and natural gas) and related services sales, including distribution system services,

b) Heating sales,

c) Other sales (IT & telecommunication services, connection service fees and other services),

d) Receivables from subsidiaries,

e) Other financial receivables.

Receivables from contracts with customers are recognised initially when they originated. Receivables without a significant financing component are initially measured at the transaction price and subsequently are measured at amortised cost.

The Group and the Parent Company consider the evidence of impairment for the receivables from contracts with customers and other receivables at both an individual and a collective level. All individually significant receivables and receivables of energy industry companies and related parties are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Receivables that are not individually significant are collectively assessed for impairment using the portfolio model. Collective assessment is carried out by grouping together receivables with similar risk characteristics and the days past due. The Group and the Parent Company have applied two expected credit loss models: portfolio model and counterparty model.

The expected loss rates used for portfolio model are based on the payment profiles of sales over a period of 5 years and the corresponding historical credit losses experienced within this period and are adjusted to reflect current and forward–looking information. The Group and the Parent Company apply the IFRS 9 simplified approach to measuring expected credit losses of the collectively assessed receivables (portfolio model) using lifetime expected loss allowance.

For individually significant other receivables and other receivables of energy industry companies and related parties' receivables the Group and the Parent Company apply the IFRS 9 general approach to measuring expected credit losses (counterparty model) using expected credit loss allowance on assessment of significant increase of credit risk. The expected credit losses according to this model are based on assessment of the individual counterparty's risk of default based on Moody's corporate default and recovery rates for the Latvenergo group's and the relevant industry's entities (Note 4 b).

a) Receivables from contracts with customers, net

Receivables from contracts with customers grouped by the expected credit loss assessment model, net

EUR'000

	Group		Parent Company	
	31/12/2025	**31/12/2024**	**31/12/2025**	**31/12/2024**
Individually assessed receivables with lifetime ECL assessment (counterparty model)	32,037	47,125	35,664	44,587
Receivables with lifetime ECL assessment by simplified approach (portfolio model)	137,840	142,983	81,051	84,073
TOTAL receivables from contracts with customers	**169,877**	**190,108**	**116,715**	**128,660**

EUR'000

	Group		Parent Company	
	31/12/2025	**31/12/2024**	**31/12/2025**	**31/12/2024**
Receivables from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	138,381	143,911	83,903	86,585
– Electricity and related services customers (counterparty model)	11,683	19,770	—	—
– Heating customers (portfolio model)	15,333	17,252	12,857	14,341
– Other receivables from contracts with customers (portfolio model)	4,095	3,461	490	459
– Other receivables from contracts with customers (counterparty model)	20,409	27,432	18,431	25,985
– Subsidiaries (counterparty model)	—	—	17,274	18,663
	189,901	**211,826**	**132,955**	**146,033**
Allowances for expected credit loss from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	(18,209)	(19,840)	(15,879)	(16,956)
– Electricity and related services customers (counterparty model)	(20)	(24)	—	—
– Heating customers (portfolio model)	(308)	(341)	(299)	(333)
– Other receivables from contracts with customers (portfolio model)	(1,452)	(1,460)	(21)	(23)
– Other receivables from contracts with customers (counterparty model)	(35)	(53)	(32)	(52)
– Subsidiaries (counterparty model)	—	—	(9)	(9)
	(20,024)	**(21,718)**	**(16,240)**	**(17,373)**
Receivables from contracts with customers, net:				
– Electricity, natural gas trade and related services customers (portfolio model) (portfolio model)	120,172	124,071	68,024	69,629
– Electricity and related services customers (counterparty model)	11,663	19,746	—	—
– Heating customers (portfolio model)	15,025	16,911	12,558	14,008
– Other receivables from contracts with customers (portfolio model)	2,643	2,001	469	436
– Other receivables from contracts with customers (counterparty model)	20,374	27,379	18,399	25,933
– Subsidiaries (counterparty model)	—	—	17,265	18,654
	169,877	**190,108**	**116,715**	**128,660**

Receivables from contracts with customers with lifetime expected credit losses (ECL) assessed on the portfolio model basis and grouped by past due days

EUR'000

		Group						Parent Company					
		31/12/2025			31/12/2024			31/12/2025			31/12/2024		
Late payment delay in days	ECL rate	Receivables	Allowances for ECL	Net	Receivables	Allowances for ECL	Net	Receivables	Allowances for ECL	Net	Receivables	Allowances for ECL	Net
On time	*0.20%*	123,525	(250)	**123,275**	138,332	(290)	**138,042**	69,786	(144)	**69,642**	82,100	(180)	**81,920**
Less 30 days	*3%*	4,188	(124)	**4,064**	3,767	(113)	**3,654**	1,480	(44)	**1,436**	1,404	(42)	**1,362**
Past due 30 - 59 days	*20%*	893	(178)	**715**	719	(144)	**575**	450	(90)	**360**	479	(96)	**383**
Past due 60 - 89 days	*50%*	192	(93)	**99**	307	(154)	**153**	112	(53)	**59**	154	(77)	**77**
Past due 90 - 179 days	*60%*	397	(227)	**170**	622	(373)	**249**	212	(116)	**96**	309	(186)	**123**
Past due 180 - 359 days	*75%*	983	(649)	**334**	917	(687)	**230**	548	(322)	**226**	511	(383)	**128**
Past due more than 360 days	*100%*	18,140	(8,980)	**9,160**	10,186	(10,186)	**—**	15,198	(5,989)	**9,209**	6,820	(6,820)	**—**
Individually assessed	*90% / 100%*	7,833	(7,810)	**23**	8,228	(8,148)	**80**	7,833	(7,810)	**23**	8,126	(8,046)	**80**
Insolvent debtors*	*100%*	1,658	(1,658)	**—**	1,546	(1,546)	**—**	1,631	(1,631)	**—**	1,482	(1,482)	**—**
TOTAL		**157,809**	**(19,969)**	**137,840**	**164,624**	**(21,641)**	**142,983**	**97,250**	**(16,199)**	**81,051**	**101,385**	**(17,312)**	**84,073**

* receivables under insolvency process and with an established payment schedule

Receivables from contracts with customers with lifetime expected credit losses (ECL) assessed on the counterparty model basis

EUR'000

	Note	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
Receivables of electricity and related services customers		11,683	19,770	—	—
Allowances for expected credit loss on receivables of electricity and related services customers		(20)	(24)	—	—
Other receivables from contracts with customers		20,409	27,432	18,431	25,985
Allowances for expected credit loss on other receivables from contracts with customers		(35)	(53)	(32)	(52)
Receivables from subsidiaries	29 b	—	—	13,175	10,611
Accrued income from subsidiaries	29 c	—	—	4,099	8,052
Allowances for expected credit loss on subsidiaries receivables	29 b	—	—	(9)	(9)
TOTAL		**32,037**	**47,125**	**35,664**	**44,587**

Allowances for impairment loss are calculated based on Moody's credit rating agency corporate default and debt recovery rate assigned for credit rating level – Baa2 (stable) (for receivables from related parties) and corporate default and debt recovery rate assigned for energy utilities industry.

There is no significant concentration of credit risk with respect to receivables from contracts with customers as the Group and the Parent Company have large number of customers except major heating customer the net debt of which as of 31 December 2025 amounted to EUR 12,530 thousand (31/12/2024: EUR 15,291 thousand).

The Management assumptions and methodology for estimation of impairment for receivables from contracts with customers and evaluation of impairment risk are described in Note 4.

Movements in loss allowances for impaired receivables from contracts with customers

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
At the beginning of the year	**21,718**	**26,769**	**17,373**	**19,100**
Receivables written off during the year as uncollectible	(1,831)	(1,981)	(1,183)	(1,510)
Allowances for expected credit losses	137	(3,070)	50	(217)
At the end of the year	**20,024**	**21,718**	**16,240**	**17,373**

b) Other financial receivables (assessed on the counterparty model basis)

EUR'000

	Level of SICR	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
Current financial receivables:					
Uncovered costs of mandatory procurement and guaranteed fee for the installed electrical capacity of CHPP, net*	Stage 1	3,795	23,544	—	—
Receivables for lease	Stage 1	97	15	68	11
	Stage 3	2	—	2	—
Other current financial receivables	Stage 1	2,118	10,156	941	7,327
	Stage 3	4,442	—	3,888	—
Other accrued income	Stage 1	177	315	177	315
Allowances for expected credit loss	Stage 1	(53)	(2,273)	(49)	—
	Stage 3	(2,621)	—	(2,239)	(1,934)
Receivables for lease from subsidiaries (Note 29 b)	Stage 1	—	—	21	21
Other financial receivables from subsidiaries (Note 29 b)	Stage 1	—	—	25,103	23,377
Other accrued income from subsidiaries (Note 29 c)	Stage 1	—	—	11,909	5,501
Allowances for expected credit loss on subsidiaries receivables (Note 29 b)	Stage 1	—	—	(17)	(17)
TOTAL other financial receivables		**7,957**	**31,757**	**39,804**	**34,601**

* by applying agent principle, Uncovered costs of mandatory procurement and guaranteed fee for the installed electrical capacity of cogeneration power plants are recognised as assets in net amount, as difference between revenue and costs recognised under the mandatory procurement.

As of 31 December 2025 the Group and the Parent Company have no significant concentration of credit risk with respect to other financial receivables except the Group's receivable from State for uncovered costs of mandatory procurement and guaranteed fee for the installed electrical capacity of cogeneration power plants recognised as assets – EUR 3,795 thousand (31/12/2024: EUR 23,544 thousand) and for the Company as of 31 December 2025 receivable from subsidiary Sadales tīkls AS – the net debt of which amounted to EUR 24,549 thousand (31/12/2024: EUR 28,784 thousand).

Loss allowance for other financial receivables assessed individually and based on counterparty's model (Note 4).

c) Other non–financial receivables

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Non–current non–financial receivables	1,855	540	1,811	470
Current non–financial receivables	6,401	1,171	599	638
Total non–financial receivables	**8,256**	**1,711**	**2,410**	**1,108**

None of the receivables are secured with pledges or otherwise.

The carrying amounts of other receivables are assumed to approximate their fair values.

19. Cash And Cash Equivalents

Accounting policy

Cash and cash equivalents include cash balances on bank accounts, demand deposits at bank and other short–term deposits with original maturities of three months or less.

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Cash at bank	37,672	86,471	14,616	63,400
Short–term bank deposits	80,000	—	80,000	—
Other cash equivalents	83	83	83	83
TOTAL cash and cash equivalents	**117,755**	**86,554**	**94,699**	**63,483**

Cash at bank balances earns daily interest for the Group mostly based on floating interbank deposit rates. Short-term deposits are placed by the Group for different periods between three and six months depending on the immediate cash needs of the Group and cash flow forecasts. During 2025 the average annual effective interest rate earned on short-term cash deposits was 2.68% (in 2024: 3.91%).

As of 31 December 2025, the Group and the Parent Company had deposits at banks in amount of EUR 149,915 thousand (including provisions for impairment of EUR 85 thousand), with maturity date longer than 3 months that does not comply with the principles of recognition as cash equivalents (31/12/2024: EUR 209,842 thousand, including provisions for impairment of EUR 158 thousand). These deposits are presented as 'Other current financial investments' in the Statement of Financial Position.

The carrying amounts of cash are assumed to approximate their fair values.

20. Share Capital

As of 31 December 2025, the registered share capital of the Latvenergo AS is EUR 1,076,324 thousand (31/12/2024: EUR 790,368 thousand) and consists of 1,076,324 thousand ordinary shares (31/12/2024: 790,368 thousand) with the nominal value of EUR 1 per share (31/12/2024: EUR 1 per share). All shares have been fully paid.

The share capital of Latvenergo AS was increased by EUR 285,956 thousand (issued new shares) - by investing the retained earnings of AS Latvenergo from previous years in the share capital. Increase in the share capital was approved by the Latvenergo AS Shareholders' Meeting on 23 May 2025 and registered in the Register of Enterprises of the Republic of Latvia on 13 June 2025.

21. Reserves, Dividends And Earnings Per Share

a) Reserves

EUR'000

		Group					Parent Company			
	Note	Non–current assets revaluation reserve	Hedge reserve	Post–employment benefit plan revaluation reserve	Other reserves	TOTAL	Non–current assets revaluation reserve	Hedge reserve	Post–employment benefit plan revaluation reserve	TOTAL
As of 31 December 2023		**1,676,439**	**9,115**	**(3,862)**	**160**	**1,681,852**	**1,313,774**	**9,115**	**(2,470)**	**1,320,419**
Disposal of revaluation reserve	14 a	(10,754)	—	—	—	**(10,754)**	(928)	—	—	**(928)**
Gains on re–measurement of defined benefit plan	27 a	—	—	4,520	—	**4,520**	—	—	1,882	**1,882**
Losses from fair value changes of derivative financial instruments	24	—	(19,645)	—	—	**(19,645)**	—	(19,645)	—	**(19,645)**
Formed statutory reserves		—	—	—	4,095	**4,095**	—	—	—	—
As of 31 December 2024		**1,665,685**	**(10,530)**	**658**	**4,255**	**1,660,068**	**1,312,846**	**(10,530)**	**(588)**	**1,301,728**
Increase of non–current assets revaluation reserve as a result of revaluation	14 a	3,016	—	—	—	**3,016**	—	—	—	**—**
Disposal of revaluation reserve	14 a	(8,813)	—	—	—	**(8,813)**	(395)	—	—	**(395)**
Losses on re–measurement of defined benefit plan	27 a	—	—	(371)	—	**(371)**	—	—	(180)	**(180)**
Gains from fair value changes of derivative financial instruments	24	—	10,663	—	—	**10,663**	—	10,663	—	**10,663**
As of 31 December 2025		**1,659,888**	**133**	**287**	**4,255**	**1,664,563**	**1,312,451**	**133**	**(768)**	**1,311,816**

Non-current assets revaluation reserve, post-employment benefit plan revaluation and hedge reserves cannot be distributed as dividends. Other reserves are maintained with the aim to maintain stability in the operations of the Group entities.

b) Dividends

Accounting policy

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Parent Company's shareholders.

In June 2025 Latvenergo AS paid dividends to the State in amount of EUR 185,903 thousand for reporting year 2024 profit or EUR 0.173 per share (in 2024 for 2023: EUR 212,199 thousand or EUR 0.268 per share).

According to the Law "On state budget for 2026 and budgetary framework for 2026, 2027 and 2028" the expected amount of dividends to be paid by Latvenergo AS for the use of state capital in 2026 (for the reporting year 2025) amounts to EUR 141.0 million, corporate income tax calculated and paid in accordance with the laws and regulations. The distribution of net profit and amount of dividends payable is subject to a resolution of the Latvenergo AS Shareholders Meeting.

c) Earnings per share

Accounting policy

The Group's share capital consists of the Parent Company's ordinary shares. All shares have been fully paid.

Basic earnings per share are calculated by dividing profit attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding (Note 20). As there are no potential ordinary shares, diluted earnings per share are equal to basic earnings per share in all comparable periods.

	Group		Parent Company	
	2025	2024	2025	2024
Profit attributable to the equity holder of the Parent Company (in thousand EUR)	197,544	272,081	190,216	265,575
Weighted average number of shares (thousand)	1,076,324	790,368	1,076,324	790,368
Basic earnings per share (in euros)	0.184	0.344	0.177	0.336
Diluted earnings per share (in euros)	0.184	0.344	0.177	0.336

22. Changes In Liabilities Arising From Financing Activities

The changes in lease liabilities (Note 15):

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
Net book amount at the beginning of the year	**32,551**	**11,406**	**3,624**	**4,824**
Recognised changes in lease agreements	15,787	23,436	601	(13)
Paid lease payments in cash	(3,256)	(2,398)	(837)	(681)
Paid lease payments by non-cash offset	(372)	(372)	(510)	(505)
Change in accrued liabilities	(200)	16	(7)	(62)
Recognised interest liabilities	1,948	463	72	61
Closing net book amount at the end of the year	**46,458**	**32,551**	**2,943**	**3,624**

In 2025, the movement for borrowings (Note 23) relates to cash flows, except the effect of accrued but not yet paid interest - for the Group increase in the amount of EUR 1,752 thousand and for the Parent company increase in the amount of EUR 1,789 thousand (2024: the Group - increase of EUR 304 thousand, the Parent Company - increase of EUR 341 thousand).

In 2025, deferred income on financing from European Union funds (Note 28) consists of movement in cash, except the credited amount to Statement of Profit or Loss - for the Group in the amount of EUR 1,789 thousand and for the Parent company in the amount of EUR 480 thousand (2024: the Group - EUR 948 thousand, the Parent Company - EUR 142 thousand).

23. Borrowings

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Non–current portion of non-current borrowings from credit institutions	579,765	415,351	571,857	408,190
Non-current portion of issued debt securities (bonds)	599,950	199,929	599,950	199,929
Total non–current borrowings from financial institutions	**1,179,715**	**615,280**	**1,171,807**	**608,119**
Current portion of non–current borrowings from credit institutions	68,086	121,057	66,334	118,982
Current borrowings from state financial institutions	—	30	—	30
Overdraft from financial institutions	13,872	—	13,872	—
Accrued interest on non-current borrowings from credit institutions	3,005	3,167	2,930	3,057
Accrued coupon interest on issued debt securities (bonds)	5,764	3,871	5,764	3,871
Total current borrowings from financial institutions	**90,727**	**128,125**	**88,900**	**125,940**
TOTAL borrowings from financial institutions	**1,270,442**	**743,405**	**1,260,707**	**734,059**
Current borrowings from related parties *	—	—	—	31,101
Total current borrowings	**90,727**	**128,125**	**88,900**	**157,041**
TOTAL borrowings	**1,270,442**	**743,405**	**1,260,707**	**765,160**

Movement in borrowings

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
At the beginning of the year	**743,405**	**629,696**	**765,160**	**618,179**
Received borrowings from credit institutions	246,372	200,000	243,872	200,000
Repaid borrowings from credit institutions	(121,057)	(86,625)	(118,983)	(84,491)
Received borrowings from state development finance institutions	—	30	—	30
	(30)	—	(30)	—
Proceeds from issued debt securities (bonds)	400,000	—	400,000	—
Borrowings received / (repaid) from related parties *	—	—	(31,101)	31,101
Change in accrued interest on borrowings from credit institutions	1,731	283	1,768	320
Changes in outstanding value of issued debt securities (bonds)	21	21	21	21
At the end of the year	**1,270,442**	**743,405**	**1,260,707**	**765,160**

Borrowings by categories of lenders

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
International Financial Institutions	393,312	192,409	393,312	192,409
Commercial banks	271,416	347,166	261,681	337,820
State institution	—	30	—	30
Issued debt securities (bonds)	605,714	203,800	605,714	203,800
Total borrowings from financial institutions	**1,270,442**	**743,405**	**1,260,707**	**734,059**
Related parties *	—	—	—	31,101
Total borrowings	**1,270,442**	**743,405**	**1,260,707**	**765,160**

* Within the framework of the Agreement 'On Provision of Mutual Financial Resources', as of 31 December 2024, Parent Company has no short-term borrowings from related parties (31/12/2023: EUR 31,101 thousand from Sadales tīkls AS), (the information is disclosed in the Note 29. II).

Borrowings from financial institutions by contractual maturity, excluding the impact of derivative instruments to the interest rate

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Fixed rate non–current and current borrowings:				
– < 1 year (current portion of non–current borrowings)	5,764	3,871	5,764	3,871
– 1–5 years	599,950	199,929	599,950	199,929
Total fixed rate borrowings	**605,714**	**203,800**	**605,714**	**203,800**
Floating rate non–current and current borrowings:				
– < 1 year (current borrowings)	13,872	30	13,872	30
– < 1 year (current portion of non–current borrowings)	71,070	124,203	69,242	122,018
– 1–5 years_2	296,203	277,056	289,403	271,068
– > 5 years_2	283,583	138,316	282,476	137,143
Total floating rate borrowings	**664,728**	**539,605**	**654,993**	**530,259**
Total borrowings	**1,270,442**	**743,405**	**1,260,707**	**734,059**

Borrowings from financial institutions **by repricing of interest, including the impact of derivative instruments**

EUR'000

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
– < 1 year	603,825	467,286	594,090	457,940
– 1–5 years_3	666,617	276,119	666,617	276,119
Total borrowings	**1,270,442**	**743,405**	**1,260,707**	**734,059**

As of 31 December 2025, and as of 31 December 2024 all of the Group's and the Parent Company's borrowings were denominated in euros.

The fair value of current and non–current borrowings with floating interest rates approximate their carrying amount, as their actual floating interest rates approximate the market price of similar financial instruments available to the Group and the Parent Company, i.e., the floating part of the interest rate corresponds to the money market price while the added part of the interest rate corresponds to the risk premium the lenders in financial and capital markets require from companies of similar credit rating level; therefore, the effect of fair value revaluation is not significant.

Lease liabilities of the Group and the Parent Company are disclosed in Note 15.

I) Pledges

As of 31 December 2025, the Group's and the Parent Company's assets are not pledged to secure the borrowings, except the pledge on assets of Liepājas Enerģija SIA of maximum secured claims in the amount of EUR 18 million (31/12/2024: EUR 19 million) to secure its current and non–current borrowings. As of the end of the reporting year there has been pledged the property, plant and equipment in the net book amount of EUR 15 million and the claims on the receivable's accounts in the amount of EUR 3 million (31/12/2024: EUR 16 million and EUR 3 million, respectively).

II) Un-drawn borrowing facilities

As of 31 December 2025, the un–drawn committed non-current credit facilities amount to EUR 200 million (31/12/2024: EUR 230 million).

As of 31 December 2025, the Group had entered into eight overdraft agreements with total notional amount of EUR 404 million (31/12/2024: two overdraft agreements of EUR 103 million) of which seven overdraft agreements were entered by the Parent Company with total notional amount of EUR 400 million (31/12/2024: one overdraft agreement of EUR 100 million). In respect of all the overdraft agreements all conditions precedent have been met.

At the end of the reporting year of total credit lines limits were used EUR 29.5 million of which EUR 13.9 million in a form as bank issued bank guarantee by the Group and by the Parent Company (31/12/2024: the Group and the Parent Company used in a form as bank issued bank guarantee in amount of EUR 71.7 million).

III) Weighted average effective interest rate

During the reporting year the weighted average effective interest rate of the Group (including interest rate swaps) on non–current borrowings was 3.0 % (2024: 3.3%), weighted average effective interest rate for current borrowings from financial institutions was 2.60% (2024: 3.85%). As of 31 December 2025, interest rates for non–current borrowings in euros were 6 months EURIBOR+ 1.04% (31/12/2024: +0.94%) for the Group and 6 months EURIBOR+ 1.04% (31/12/2024: +0.93%) for Latvenergo AS. As of 31 December 2025, the total notional amount of interest rate swap agreements concluded by the Group amounted to EUR 67 million (31/12/2024: EUR 76 million) and the interest rate was fixed for the initial periods from 7 to 10 years.

IV) Issued and outstanding debt securities (bonds)

In 2021 the Parent Company (Latvenergo AS) issued green bonds in the total amount of EUR 50 million with the maturity date 17 May 2028 (ISIN code – LV0000802460) with the annual coupon rate of 0.5% under the third bond programme in the total amount of EUR 200 million. Continuing bond issuance within the framework of the third bond programme, on 5 May 2022, Latvenergo AS issued five–year green bonds with a total nominal value of EUR 100 million, a maturity date of 5 May 2027, a fixed annual interest rate (coupon) and a yield of 2.42% (ISIN code – LV0000870129). On 22 February 2023, Latvenergo AS concluded the bond program by issuing six–year green bonds with a total nominal value of EUR 50 million with a maturity date of 22 February 2029, and a fixed interest rate (coupon) and yield of 4.952% per year (ISIN code – LV0000802684). All issued bonds under the third bond programme are quoted in NASDAQ Baltic Stock Exchange.

On 13 November 2025, Latvenergo AS carried out a EUR 400 million European green bond issue (ISIN code – XS3227294132) under its Euro Medium Term Note Programme. The bonds are with a fixed interest rate (coupon) and yield of 3.612% per annum and mature on 13 November 2030. The issued bonds are listed on the Luxembourg Stock Exchange and the NASDAQ Baltic stock exchanges.

The total nominal amount of outstanding bonds as of 31 December 2025 was EUR 600 million (31/12/2024: EUR 200 million).

The issued debt securities (bonds) are measured at amortised cost at the end of reporting year. As of 31 December 2025, the carrying amount of issued debt securities (bonds) exceeds their fair value by EUR 6.7 million (31/12/2024: by EUR 7.7 million).

The fair value of debt securities (bonds) issued is calculated by discounting their future cash flows and using the market quoted yield to maturity rates of the respective bonds as of the end of the reporting year as discount factor (Level 2).

24. Derivative Financial Instruments

Accounting policy

The Group and the Parent Company use derivatives such as interest rate swaps, electricity forwards and futures, natural gas forwards and currency exchange forwards to hedge risks associated with the interest rate and purchase price fluctuations, respectively. The Group and the Parent Company have decided to continue to apply hedge accounting requirements of IAS 39 for derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re–measured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature / content of the item being hedged. Other derivatives are accounted for at fair value through profit or loss.

The Group and the Parent Company designate certain derivatives as hedges of a particular risk associated with highly probable forecasted transactions or variable rate borrowings. The Group and the Parent Company document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Parent Company also document their assessment, both at hedge inception and on an on–going basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair value of the derivative instruments is presented as current or non–current based on settlement date. Derivative instruments that have maturity of more than twelve months and have been expected to be hold for more than twelve months after the end of the reporting year are classified as non–current assets or liabilities, by separating current part of the derivative instrument. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity within 'Hedging reserve'. The gain or loss relating to the ineffective portion, if such arise, recognised immediately in the Statement of Profit or Loss.

Amounts accumulated in equity are recognised in the Statement of Profit or Loss in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit or Loss.

I) Outstanding fair values of derivatives and their classification

EUR'000

		Group				Parent Company			
		31/12/2025		31/12/2024		31/12/2025		31/12/2024	
	Note	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	24 II	2,457	—	3,422	—	2,457	—	3,422	—
Energy forwards, futures, and swaps	24 III	11,049	(8,467)	—	(12,965)	11,049	(8,467)	—	(12,965)
Total outstanding fair values of derivatives		**13,506**	**(8,467)**	**3,422**	**(12,965)**	**13,506**	**(8,467)**	**3,422**	**(12,965)**

EUR'000

	Group				Parent Company			
	31/12/2025		31/12/2024		31/12/2025		31/12/2024	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Non–current	1,688	—	2,124	—	1,688	—	2,124	—
Current	11,818	(8,467)	1,298	(12,965)	11,818	(8,467)	1,298	(12,965)
Total fair values of derivative financial instruments	**13,506**	**(8,467)**	**3,422**	**(12,965)**	**13,506**	**(8,467)**	**3,422**	**(12,965)**

Gains / (losses) on fair value changes as a result of realised hedge agreements

EUR'000

		Group		Parent Company	
	Notes	2025	2024	2025	2024
Included in the Statement of Profit or Loss	8				
Interest rate swaps	11	(12)	(31)	(12)	(31)
Energy forwards, futures, and swaps	8	3,932	(1,036)	3,932	(1,036)
		3,920	**(1,067)**	**3,920**	**(1,067)**
Included in the Statement of Comprehensive Income	21 a				
Interest rate swaps	24 II	(953)	(2,419)	(953)	(2,419)
Energy forwards, futures, and swaps	24 III	11,615	(17,226)	11,615	(17,226)
Currency exchange forwards	24 IV	—	—	—	—
		10,662	**(19,645)**	**10,662**	**(19,645)**
TOTAL gains / (losses) on fair value changes		**14,582**	**(20,712)**	**14,582**	**(20,712)**

II) Interest rate swaps

As of 31 December 2025, the Group and the Parent Company had interest rate swap agreements with total notional amount of EUR 67 million (31/12/2024: EUR 76 million). In force interest rate swaps are concluded with 9.5–to–10–year initial maturities and hedged floating rates are 6 months EURIBOR. As of 31 December 2025, fixed interest rates vary from 0.087% to 0.809% (31/12/2024: from 0.087% to 0.809%).

As at the end of the year all the outstanding interest rate swap agreements with total notional amount of EUR 67 million were eligible for hedge accounting and were assessed prospectively and retrospectively to test whether they are effective within the hedging period (31/12/2024: 100% with notional amount of EUR 76 million). All contracts are designed as cash flow hedges. During the prospective and retrospective testing, in 2025 an ineffective portion in the amount of EUR 0.01 million (2024: EUR 0.04 million) has been identified and recognised in the Statement of Profit or Loss in Finance income or costs.

Fair value changes of interest rate swaps

EUR'000

	Group				Parent Company			
	2025		2024		2025		2024	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the year	**3,422**	**—**	**5,872**	**—**	**3,422**	**—**	**5,872**	**—**
Included in the Statement of Profit or Loss	(12)	—	(38)	7	(12)	—	(38)	7
Included in Statement of Comprehensive Income	(953)	—	(2,412)	(7)	(953)	—	(2,412)	(7)
Outstanding fair value at the end of the year	**2,457**	**—**	**3,422**	**—**	**2,457**	**—**	**3,422**	**—**

The main interest rate hedging criteria stated in the Financial Risk Management policy is to ensure average fixed rate duration from 1 to 4 years and fixed rate portion at more than 35% of borrowings. As of 31 December 2025, 53% (31/12/2024: 37%) of the Group's and 54% (31/12/2024: 38%) of the Parent Company's borrowings had fixed interest rates (considering the effect from the interest rate swaps), and average remaining time to interest re–pricing was 2.2 years for the Group and 2.3 years for the Parent Company (2024: 1.4 years for the Group and 1.5 years for the Parent Company).

III) Energy forwards, futures, and swaps

As of 31 December 2025, the Group and the Parent Company had entered into 7 electricity future contracts with total outstanding electricity volume of 80,600 MWh and a notional value of EUR 6 million (31/12/2024: 8 transactions for 233,470 MWh with a notional value of EUR 19 million). Electricity price swap transactions are concluded for a term of one quarter with a termination date during the period from 31 March 2026 to 30 September 2026. As of 31 December 2025, the Group and the Parent Company have entered into 44 natural gas price swap contracts (31/12/2024: 10 transactions) for a total volume of 2,869,816 MWh (31/12/2024: 1,154,580 MWh) and a notional value of EUR 99 million (31/12/2024: EUR 46 million). Natural gas price swap transactions are concluded for a term of one month with a termination date during the period from 31 January 2026 to 30 April 2026.

The Group and the Parent Company conclude natural gas price swap contracts with financial institutions and other counterparties. Electricity price swap transactions are entered into for the purpose of hedging electricity price risk, to fix the price of electricity purchased and sold on Nord Pool AS. Natural gas price swap transactions are entered into for the purpose of hedging natural gas price risk, to fix the price for wholesale natural gas purchases with physical delivery or the difference between the price of purchased natural gas and natural gas realization in future periods.

At the end of reporting year, 4 electricity transactions for a total volume of 58,618 MWh are designated to comply with hedge accounting requirements. At the end of reporting year, 7 natural gas price swap transactions for a total volume of 254,016 MWh are designated to comply with hedge accounting requirements (31/12/2024: 10 transactions for 1,154,580 MWh). The contracts were reassessed prospectively and retrospectively to test whether they are effective within the hedging period. All contracts are designed as cash flow hedges. For the contracts which are fully effective contracts fair value gains are included in other comprehensive income.

Fair value changes of energy forwards, futures, and swaps

EUR'000

		Group				Parent Company			
		2025		2024		2025		2024	
	Note	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the year		**—**	**(12,965)**	**5,297**	**—**	**—**	**(12,965)**	**5,297**	**—**
Included in the Statement of Profit or Loss	8	10,788	(6,856)	(783)	(253)	10,788	(6,856)	(783)	(253)
Included in Statement of Comprehensive Income		261	11,354	(4,514)	(12,712)	261	11,354	(4,514)	(12,712)
Outstanding fair value at the end of the year		**11,049**	**(8,467)**	**—**	**(12,965)**	**11,049**	**(8,467)**	**—**	**(12,965)**

25. Fair Values And Fair Value Measurement

Accounting policy

The Group and the Parent Company measure financial instruments, such as, derivatives, at fair value at each balance sheet date. Non–financial assets such as investment properties are measured at amortised cost, but some items of property, plant and equipment at revalued amounts.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimated based on market prices and discounted cash flow models as appropriate.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. The quoted market prices used for financial assets held by the Group and the Parent Company are the actual closing prices.

The fair value of financial instruments that are not traded in active market is determined by using valuation techniques. The Group and the Parent Company use a variety of methods and make assumptions that are based on market conditions existing at end of reporting period. Estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

In this Note are disclosed the fair value measurement hierarchy for the Group's and the Parent Company's financial assets and liabilities and revalued PPE.

The following methods and assumptions were used to estimate the fair values:

a) The fair values of revalued property, plant and equipment are equal to revalued amounts, that are based on periodic valuations by external independent valuers or by the Group's or the Parent Company's management, less subsequent accumulated depreciation, and subsequent accumulated impairment losses (Level 3),

b) The management of the Group and the Parent Company assessed that the fair values of cash and short–term deposits, receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short–term maturities of these instruments (Level 3),

c) Non–current financial investments in Pirmais Slēgtais Pensiju Fonds AS are valued at acquisition cost not at fair value because the Group and the Parent Company are only a nominal shareholder in the Pension Fund that is a non–profit company, and all risks and benefits arising from Pension Fund activities and investments in the pension plan are taken and accrued by the members of the Pension Fund pension plan (Level 3),

d) The fair values of borrowings with floating interest rates approximate their carrying amount, as their actual floating interest rates approximate the market price of similar financial instruments available to the Group and the Parent Company, i.e., the floating part of the interest rate corresponds to the money market price while the added part of the interest rate corresponds to the risk premium the lenders in financial and capital markets require from companies of similar credit rating level (Level 2),

e) The fair value of loans to subsidiaries with fixed rates calculations are based on discounted cash flows using discount factor of respective maturity EUR swap rates increased by average market margin of short–term financing (Level 2),

f) The Group and the Parent Company enter into derivative financial instruments with various counterparties, financial institutions, and energy utility company, with investment grade credit ratings. The fair value of derivative financial instruments is determined by using various valuation methods and models with market observable inputs. The models incorporate the credit quality of counterparties. The fair values of interest rate swaps are obtained from corresponding bank's revaluation reports and fair values of financial instruments as specified by banks are recognised in financial statements. To make sure the fair values of interest rate swaps are accurate in any material aspect, the Group and the Parent Company makes its own interest rate swaps fair value calculations by discounting financial instruments future contractual cash flows using 6 months Euribor swap rate curve. The fair value of electricity forward and future contracts and natural gas swap contracts is calculated as discounted difference between actual market and settlement prices for the volume set in the agreements. If counterparty is a bank, calculated fair values of financial instruments are compared to bank's revaluation reports and the bank's calculated fair values of the financial instruments are used in the financial reports; In case of electricity forward and future contracts and natural gas swap contracts are concluded with counterparties, fair values as calculated by the Group and the Parent Company are recognised in Financial Statements (Level 2),

g) The fair value of the bonds issued are calculated by discounting their future cash flows using the market quoted yield to maturity rates of the respective bonds as of the end of the reporting year as discount factor (Level 2),

h) The fair value of investment properties is determined using the income method, by discounting expected future cash flows. In 2025, the nominal pre–tax discount rate used to determine the fair value of investments is 6.90% (2024: 7.69%) as included in the electricity distribution and transmission system service tariff calculation methodology (Level 3).

Quantitative disclosures of fair value measurement hierarchy for assets at the end of the year

EUR'000

Type of assets	Note	Group			Parent Company		
		Fair value measurement using			Fair value measurement using		
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL
As of 31 December 2025							
Assets measured at fair value							
Revalued property, plant and equipment	14 c	—	2,928,742	**2,928,742**	—	1,231,544	**1,231,544**
Non-current financial investments	16	—	40	**40**	—	39	**39**
Derivative financial instruments, including:							
Interest rate swaps	24	2,457	—	**2,457**	2,457	—	**2,457**
Energy forwards, futures, and swaps	24	11,049	—	**11,049**	11,049	—	**11,049**
Assets for which fair values are disclosed							
Investment properties	14 b	—	2,332	**2,332**	—	2,263	**2,263**
Loans to related parties:							
– Floating rate loans	29 e	—	—	**—**	970,436	—	**970,436**
– Fixed rate loans	29 e	—	—	**—**	208,933	—	**208,933**
Current financial receivables	18 a, b	—	177,834	**177,834**	—	156,519	**156,519**
Cash and cash equivalents	19	117,755	—	**117,755**	94,699	—	**94,699**
As of 31 December 2024							
Assets measured at fair value							
Revalued property, plant and equipment	14 c	—	2,901,412	**2,901,412**	—	1,246,514	**1,246,514**
Non-current financial investments	16	—	40	**40**	—	39	**39**
Derivative financial instruments, including:							
Interest rate swaps	24	3,422	—	**3,422**	3,422	—	**3,422**
Assets for which fair values are disclosed							
Investment properties	14 b	—	2,098	**2,098**	—	2,049	**2,049**
Loans to related parties:							
– Floating rate loans	29 e	—	—	**—**	517,656	—	**517,656**
– Fixed rate loans	29 e	22,244	—	**22,244**	280,016	—	**280,016**
Current financial receivables	18 a, b	—	221,865	**221,865**	—	163,261	**163,261**
Cash and cash equivalents	19	86,554	—	**86,554**	63,483	—	**63,483**

There have been no transfers for assets between Level 2, and Level 3 during the reporting year.

The Group and the Parent Company have not measured their assets using quoted market prices as significant observable inputs (Level 1).

Quantitative disclosures of fair value measurement hierarchy for liabilities at the end of the year

EUR'000

Type of liability	Note	Group			Parent Company		
		Fair value measurement using			Fair value measurement using		
		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL
As of 31 December 2025							
Liabilities measured at fair value							
Derivative financial instruments, including:							
Energy forwards, futures, and swaps	24	8,467	—	**8,467**	8,467	—	**8,467**
Forward currencies exchange contracts	24	—	—	**—**	—	—	**—**
Liabilities for which fair values are disclosed							
Issued debt securities (bonds)	23	605,714	—	**605,714**	605,714	—	**605,714**
Borrowings from financial institutions	23	664,728	—	**664,728**	654,993	—	**654,993**
Borrowings from related parties	23	—	—	**—**	—	—	**—**
Trade and other financial current payables	26	—	140,335	**140,335**	—	96,001	**96,001**
As of 31 December 2024							
Liabilities measured at fair value							
Derivative financial instruments, including:							
Energy forwards, futures, and swaps	24	12,965	—	**12,965**	12,965	—	**12,965**
Liabilities for which fair values are disclosed							
Issued debt securities (bonds)	23	203,800	—	**203,800**	203,800	—	**203,800**
Borrowings from financial institutions	23	539,605	—	**539,605**	530,259	—	**530,259**
Borrowings from related parties	23	—	—	**—**	31,101	—	**31,101**
Trade and other financial current payables	26	—	178,787	**178,787**	—	112,741	**112,741**

There have been no transfers for liabilities between Level 2, and Level 3 during the reporting year.

The Group and the Parent Company have not measured their liabilities using quoted market prices as significant observable inputs (Level 1).

The fair value hierarchy for the Group's and the Parent Company's financial instruments that are measured at fair value, by using specific valuation methods, is disclosed above.

Set out below, is a comparison by class of the carrying amounts and fair values of the Group's and the Parent Company's financial instruments, other than those with carrying amounts which approximates their fair values:

EUR'000

	Group				Parent Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets								
Fixed rate loans to related parties	—	22,244	—	22,244	208,933	280,016	200,822	269,792
Financial liabilities								
Issued debt securities (bonds)	605,714	203,800	599,045	196,077	605,714	203,800	599,045	196,077

Management assessed that cash and short–term deposits, receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short–term maturities of these instruments.

26. Trade And Other Payables

EUR'000

	Note	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial liabilities:					
Payables for suppliers		71,081	128,936	17,133	72,327
Payables to related parties	29 b	13,257	14,810	28,850	20,708
Accrued expenses		24,748	27,579	7,881	9,153
Accrued expenses from related parties	29 d	3,277	—	15,996	5,705
Other financial current payables		27,972	7,462	26,141	4,848
TOTAL financial liabilities		**140,335**	**178,787**	**96,001**	**112,741**
Non–financial liabilities:					
Taxes		26,734	27,614	13,934	13,234
Other current payables		4,581	4,086	1,840	1,621
TOTAL non–financial liabilities		**31,315**	**31,700**	**15,774**	**14,855**
TOTAL trade and other current payables		**171,650**	**210,487**	**111,775**	**127,596**

The carrying amounts of trade and other payables are assumed to approximate their fair values.

27. Provisions

Accounting policy

Provisions are recognised when the Group or the Parent Company have a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required for settling the obligation by using pre–tax rate that reflects current market assessments of the time value of the money and the risks specific to the obligation as a discount rate. The increase in provisions due to passage of time is recognised as interest expense.

EUR'000

	Group		Parent Company	
	2025	2024	2025	2024
non-current				
- post–employment benefits (recognised in profit or loss)	17,153	15,669	7,236	6,595
- post–employment benefits (recognised in equity)	(285)	(656)	466	286
– environmental provisions	3,727	2,100	3,727	2,100
	20,595	**17,113**	**11,429**	**8,981**
current				
- termination benefits	619	—	—	—
- CO_2 emission	50,662	48,010	50,662	48,010
	51,281	**48,010**	**50,662**	**48,010**
TOTAL provisions	**71,876**	**65,123**	**62,091**	**56,991**

Provisions for post–employment benefits

Accounting policy

The Group and the Parent Company provide certain post–employment benefits to employees whose employment conditions meet certain criteria. Obligations for benefits are calculated considering the current level of salary and number of employees eligible to receive the payment, historical termination rates as well as number of actuarial assumptions.

The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method.

The liability recognised in the Statement of Financial Position in respect of post–employment benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using weighted average discount rate of the European Insurance and Occupational Pensions Authority (EIOPA) risk-free interest rate and EURBMK BBB electricity industry rate. The discount rate used is determined by reference to market yields on government bonds due to lack of deep market on high quality corporate bonds. The Group and the Parent Company use projected unit credit method to establish the present value of fixed benefit obligation and related present and previous employment expenses. According to this method it has been stated that each period of service gives rise to an additional unit of benefit entitlement and the sum of those units comprises total Group's and the Parent Company's obligations of post–employment benefits. The Group and the Parent Company use objective and mutually compatible actuarial assumptions on variable demographic factors and financial factors (including expected remuneration increase and determined changes in benefit amounts).

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Comprehensive Income in the period in which they arise. Past service costs are recognised immediately in the Statement of Profit or Loss.

EUR'000

	Note	Group		Parent Company	
		2025	2024	2025	2024
At the beginning of the year		**15,013**	**18,240**	**6,881**	**8,565**
Current service cost		1,812	2,293	745	1,140
Interest cost		601	662	275	310
Post–employment benefits paid		(929)	(1,662)	(379)	(1,120)
Losses / (Gains) as a result of changes in actuarial assumptions	21 a	371	(4,520)	180	(1,881)
Transfer of Latvenergo AS employees to Sadales tīkls AS		—	—	—	(133)
At the end of the year		**16,868**	**15,013**	**7,702**	**6,881**

Total charged / (credited) provisions are included in the Statement of Profit or Loss position 'Personnel expenses' within state social insurance contributions and other benefits defined in the Collective agreement (Note 9):

EUR'000

	Note	Group		Parent Company	
		2025	2024	2025	2024
At the beginning of the year		**15,013**	**18,240**	**6,881**	**8,565**
Credited/ (charged) to the Statement of Comprehensive Income	21 a	371	(4,520)	180	(1,881)
Charged to the Statement of Profit or Loss		1,484	1,293	641	330
Transfer of Latvenergo AS employees to Sadales tīkls AS		—	—	—	(133)
At the end of the year		**16,868**	**15,013**	**7,702**	**6,881**

Weighted average discount rate used for discounting benefit obligations in 2025 was 4.00% (2024: 3.62%), considering EIOPA risk–free interest rate and EURBMK BBB electricity industry rate at the end of the reporting year. The Group's Collective Agreement provides indexation of employees' wages at least at the level of inflation. In calculation of these liabilities also the probability, determined on the basis of previous experience, of retirement in different employees' aging groups was also considered.

A quantitative sensitivity analysis for significant assumptions on provisions for post-employment benefits as of the end of the year is as shown below:

EUR'000

		Group						Parent Company					
	Date of valuation	Discount rate		Future salary changes		Retirement probability changes		Discount rate		Future salary changes		Retirement probability changes	
		1pp increase	1 pp decrease	1pp increase	1 pp decrease	1pp increase	1 pp decrease	1pp increase	1 pp decrease	1pp increase	1 pp decrease	1pp increase	1 pp decrease
Impact on provisions for post–employment benefits	31/12/2025	1,833	(1,545)	1,913	(1,638)	2,028	(1,720)	827	(696)	864	(738)	915	(774)
	31/12/2024	1,620	(1,360)	1,684	(1,436)	1,797	(1,516)	731	(612)	759	(645)	810	(681)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on post–employment benefits obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Contributions are monitored on an annual basis and the current agreed contribution rate is 5%. The next valuation is due to be completed as of 31 December 2026. Expected contributions to post–employment benefit plan (pension plan) for the year ending 31 December 2026 is EUR 5.6 million. In 2025 the weighted average duration of the defined benefit obligation is 19.35 years (2024 – 19.53 years).

EUR'000

		Group				Parent Company			
		Less than 1 year	From 1 to 5 years	Over 5 years	TOTAL	Less than 1 year	From 1 to 5 years	Over 5 years	TOTAL
Defined benefit obligation	31/12/2025	2,104	3,268	11,496	**16,868**	1,179	1,400	5,123	**7,702**
	31/12/2024	2,102	3,110	9,801	**15,013**	1,194	1,355	4,332	**6,881**

Environmental provisions

Accounting policy

Environmental protection provisions are recognised to cover environmental damages that have occurred before the end of the reporting period when this is required by law or when the Group's or the Parent Company's past environmental policies have demonstrated that the Group or the Parent Company have a constructive present obligation to liquidate this environmental damage. Experts' opinions and prior experience in performing environmental work are used to set up the provisions.

EUR'000

	Group		Mātessabiedrība	
	2025	2024	2025	2024
At the beginning of the year	**2,100**	**—**	**2,100**	**—**
Charged to the Statement of Profit or Loss	1,627	2,100	1,627	2,100
At the end of the year	**3,727**	**2,100**	**3,727**	**2,100**

CO_2 emission rights provisions

EUR'000

	Group		Parent Company	
	2025	2023	2025	2023
At the beginning of the year	**48,010**	**46,261**	**48,010**	**46,261**
Charged to the Statement of Profit or Loss	2,652	1,749	2,652	1,749
At the end of the year	**50,662**	**48,010**	**50,662**	**48,010**

Provisions recognised for the liabilities of used but not yet verified CO_2 emission rights at the end of the reporting year.

On 30 March 2026, the State Environmental Service of the Republic of Latvia made a decision, verifying the emissions for the prior year and the Group and the Parent Company surrendered the quantity of the emission allowances equivalent to their CO_2 emissions in 2025.

28. Deferred Income and Advances Received

Accounting policy

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants are recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. For grants received as part of a package of financial or fiscal aid to which a number of conditions are attached, those elements which have different costs and conditions are identified. Treatment of the different elements determine the periods over which the grant will be earned.

In Latvia according to the state support mechanism for reducing the prices of energy, end-users have been granted state support. This state support was provided for distribution system services. These regulations do not change agreements on the scope of provided services and do not change the approved distribution system tariffs, and respectively do not change the Group's and the Parent Company's revenue recognition principles, but the process of receiving the transaction fees and the payer for the services. The Group or the Parent Company are not considered to be a grant receiver because the provision of services and sales of goods are still provided in full, and revenues are recognised in accordance with IFRS 15 (Note 6).

Grants related to expense items

When a grant relates to an expense item, and it has a number of conditions attached, it is initially recognised at fair value as deferred income. Grants are credited to income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Management judgements related to the measurement of government grants is disclosed in Note 4.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to a company with no future related costs are recognised in profit or loss of the period in which it becomes receivable. Related income is recognised in the Statement of Profit or Loss as 'Other income' (Note 7).

Grants related to assets

Property, plant and equipment received at nil consideration are accounted for as grants. Those grants are recognised at fair value as deferred income and are credited to the Statement of Profit or Loss on a straight–line basis over the expected lives of the related assets.

Accounting policy on recognition of deferred income from connection fees to distribution and transmission system disclosed per Note 6.

EUR'000

	Note	IFRS/IAS applied	Group		Parent Company	
			31/12/2025	31/12/2024	31/12/2025	31/12/2024
I) Non–current deferred income and advances received						
a) contracts with customers						
Deferred income from connection fees	6	IFRS 15	156,106	150,241	—	—
Other deferred income		IFRS 15	534	601	534	601
			156,640	**150,842**	**534**	**601**
b) operating lease						
Other deferred income		IFRS 16	259	280	259	280
			259	**280**	**259**	**280**
c) other						
On grant for the installed electrical capacity of CHPPs		IAS 20	41,491	65,480	41,491	65,480
On financing from European Union funds		IAS 20	81,311	46,619	6,135	6,414
Other deferred income			24	29	24	29
			122,826	**112,128**	**47,650**	**71,923**
Total non-current deferred income and advances received			**279,725**	**263,250**	**48,443**	**72,804**
II) Current deferred income and advances received						
a) contracts with customers						
Deferred income from connection fees	6	IFRS 15	16,959	17,570	—	—
Other deferred income		IFRS 15	654	408	325	67
Advances received		IFRS 15	29,661	30,722	8,393	5,866
			47,274	**48,700**	**8,718**	**5,933**
b) operating lease						
Other deferred income		IFRS 16	20	20	20	20
			20	**20**	**20**	**20**
c) other						
On grant for the installed electrical capacity of CHPPs		IAS 20	23,990	23,990	23,990	23,990
On financing from European Union funds		IAS 20	3,132	1,094	1,070	146
			27,122	**25,084**	**25,060**	**24,136**
Total current deferred income and advances received			**74,416**	**73,804**	**33,798**	**30,089**
Total deferred income and advances received			**354,141**	**337,054**	**82,241**	**102,893**

During the reporting year Sadales tīkls AS received European Union financing from the Central Finance and Contracting Agency and within the framework of supplement plan of Recovery and Resilience Facility is implementing the electricity distribution network modernisation project – REPowerEU, in the amount of EUR 24,677 thousand (2024: EUR 10,000 thousand), and received financing in the amount of EUR 12,570 thousand (2024: EUR 12,570 thousand) as part of the agreement with the Ministry of Economics of the Republic of Latvia on the financing of the European Union Recovery and Resilience Facility. During the reporting year Liepājas Enerģija SIA received European Union financing in the amount of EUR 719 thousand for the development of the Liepaja Industrial Park territory (2024: EUR 237 thousand for fossil fuels substitution in Liepāja). During the reporting year Latvenergo AS received financing in the amount of EUR 1,300 thousand from Connecting Europe Facility (CEF) for the development of electric vehicles charging network (2024: EUR 2,750 thousand).

The Group and the Parent Company ensure the management, application of internal controls and accounting for the Group's and the Parent Company's projects financed by the European Union funds, according to the guidelines of the European Union and legislation of the Republic of Latvia.

Accounting of the transactions related to the projects financed by the European Union is ensured using separately identifiable accounts. The Group and the Parent Company ensure separate accounting of financed projects with detailed income and expense, non–current investments and value added tax in the relevant positions of the Statement of Profit or Loss and Statement of Financial Position.

Movement in deferred income and advances received (non–current and current part)

EUR'000

	Note	Group		Parent Company	
		2025	2024	2025	2024
At the beginning of the year		**337,054**	**326,199**	**102,893**	**126,696**
Received connection fees for connection to distribution system	6	23,157	30,176	—	—
Recognised other deferred income from contracts with customer	6	259	—	259	—
Changes in advances received	6	(1,061)	1,815	2,527	(1,680)
Received deferred income (financing)		39,405	25,577	1,329	2,778
EU co-financing transferred to the subsidiary as a cooperation partner, net		—	—	(205)	(672)
Other and operating lease deferred income credited to the Statement of Profit or Loss		(26,690)	(25,547)	(24,494)	(24,162)
Deferred income from contracts with customer credited to the Statement of Profit or Loss	6	(17,983)	(21,166)	(68)	(67)
At the end of the year		**354,141**	**337,054**	**82,241**	**102,893**

29. Related Party Transactions

Accounting policy

The parties are considered related when one party has a possibility to control the other one or has significant influence over the other party in making financial and operating decisions. Related parties of the Group and the Parent Company are Shareholder of the Company who controls the Company in accepting operating business decisions, members of Latvenergo Group entities' management boards, members of the Supervisory board of the Company, members of Supervisory body of the Company – the Audit Committee and close family members of any above–mentioned persons, as well as entities over which those persons have control or significant influence.

Trading transactions taking place under normal business activities with the Latvian government including its departments and agencies and transactions between state–controlled entities and providers of public utilities are excluded from the scope of related party quantitative disclosures. The Group and the Parent Company enter into transactions with many of these bodies on an arm's length basis. The Group and the Parent Company enters into routine transactions with other government–controlled entities in the ordinary course of business that include sales of energy and related services and quantitative disclosure of transactions with those related parties is impossible due to broad range of the Latvenergo Group's and the Parent Company's customers, except for transactions with transmission system operator.

During the reporting period, the aggregate value of sales transactions amounted to EUR 196,146 thousand, with outstanding debtor balances of EUR 22,938 thousand at year–end and purchases amounted to EUR 17,731 thousand, with outstanding creditor balances of EUR 499 thousand at year–end. During the reporting period, for the Parent Company the aggregate value of sales transactions amounted to EUR 142,559 thousand, with outstanding debtor balances of EUR 18,733 thousand at year–end and purchases amounted to EUR 10,930 thousand, with outstanding creditor balances of EUR 274 thousand at year–end.

a) Sales / purchases of goods, PPE, and services to / from related parties

EUR'000

	Group		Parent Company			
	2025	2024	2025		2024	
	Other related parties*	Other related parties*	Subsidiaries	Other related parties*	Subsidiaries	Other related parties*
Sales of goods, PPE and services, finance income:						
– Sales of goods and services	62,175	63,692	117,053	59,465	132,083	63,023
– Lease of assets	866	879	2,181	866	1,831	879
– Interest income	—	—	30,176	—	21,766	—
Total	**63,041**	**64,571**	**149,410**	**60,331**	**155,680**	**63,902**
Purchases of goods, PPE, and services:						
– Purchases of goods and services	154,974	141,787	249,393	62,726	173,613	51,931
– *including gross expenses from transactions with Sadales tīkls AS recognised in net amount*	—	—	*191,536*	—	*164,508*	—
– Purchases of property, plant and equipment and construction services	18,509	8,775	767	572	236	506
– Lease of assets	1,127	1,029	124	773	164	665
Total	**174,610**	**151,591**	**250,284**	**64,071**	**174,013**	**53,102**

* Other related parties included transmission system operator – Augstsprieguma tīkls AS and its subsidiary Conexus Baltic Grid AS, Latvijas valsts meži AS (till 01/05/2024), Pirmais Slēgtais Pensiju Fonds AS

EUR'000

	Note	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
b) Receivables and payables at the end of the year arising from sales / purchases of goods, PPE and services					
Receivables from related parties:					
– Subsidiaries	18 a, b	—	—	38,299	34,009
– Other related parties*		6,530	13,647	4,812	12,952
– Loss allowances for expected credit loss from receivables of subsidiaries	18 a, b	—	—	(26)	(26)
– Loss allowances for expected credit loss from receivables of other related parties*		(12)	(25)	(9)	(24)
		6,518	**13,622**	**43,076**	**46,911**
Payables to related parties	26				
– Subsidiaries		—	—	24,047	15,024
– Other related parties*		13,257	14,810	4,803	5,684
		13,257	**14,810**	**28,850**	**20,708**
c) Accrued income raised from transactions with related parties:					
– For goods sold / services provided for subsidiaries	18 a, b	—	—	10,416	8,302
– For interest received from subsidiaries	18 b	—	—	5,592	5,251
– For goods sold / services provided for other related parties		—	175	—	175
		—	**175**	**16,008**	**13,728**
d) Accrued expenses raised from transactions with related parties:	26				
– For purchased goods / received services from subsidiaries		—	—	14,123	5,705
– For purchased goods / received services from other related parties		3,277	—	1,872	—
		3,277	**—**	**15,995**	**5,705**

* Other related parties included transmission system operator – Augstsprieguma tīkls AS and its subsidiary Conexus Baltic Grid AS, Latvijas valsts meži AS (till 01/05/2024), Pirmais Slēgtais Pensiju Fonds AS

The Group and the Parent Company have not incurred write-offs of trade payables and receivables from transactions with related parties, as all debts are recoverable.

Receivables and payables with related parties are current balances for services and goods. None of the amounts at the end of the reporting year are secured.

Remuneration to the Latvenergo Group's management includes remuneration to the members of the Management Boards the Group entities, the Supervisory Board, and the Supervisory body (Audit Committee) of the Parent Company. Remuneration to the Parent Company's management includes remuneration to the members of the Parent Company's Management Board, the Supervisory Board, and the Supervisory body (Audit Committee). Information disclosed in Note 9.

Dividend payments to Shareholder of the Parent Company and share capital contributions are disclosed in Note 20 and Note 21 b, respectively.

Dividends received from subsidiaries are disclosed in Note 16.

e) Loans to related parties

Non–current and current loans to related parties

EUR'000

	Group		Parent Company	
	31/12/2025	**31/12/2024**	**31/12/2025**	**31/12/2024**
Non–current loans to subsidiaries	—	—	1,006,846	632,564
Non-current loans to other related parties	—	22,244	—	—
Total non-current loans	**—**	**22,244**	**1,006,846**	**632,564**
Current portion of non-current loans to subsidiaries	—	—	121,634	96,638
Current loans to subsidiaries	—	—	50,889	68,470
TOTAL current loans	**—**	**—**	**172,523**	**165,108**
TOTAL loans to related parties	**—**	**22,244**	**1,179,369**	**797,672**

Counterparty model is used on individual contract basis for assessment of expected credit risk for noncurrent and current loans to subsidiaries. The expected credit losses according to this model are based and impairment for expected credit loss is recognised on assessment of the individual counterparty's risk of default and recovery rate assigned by Moody's credit rating agency for 12 months expected losses (Note 4 b). Credit risk of subsidiaries is assessed at the same level as Latvenergo AS credit risk considering that they are 100% controlled by Latvenergo AS – 'Baa2 level' credit rating. Since the initial recognition of loans, credit risk has not increased significantly that matches Stage 1.

All current loans to related parties as of 31 December 2025 will be settled in 2026.

Movement in loans issued to related parties

EUR'000

	Group		Parent Company	
	2025	**2024**	**2025**	**2024**
At the beginning of the year	**22,244**	**863**	**797,672**	**624,298**
Change in loans in cash (net)	—	—	508,187	152,368
Repayment of loans received from related parties	—	—	(7,337)	—
Change in current loans by non–cash offsetting of operating receivables and payables (net)	—	—	8,500	128,797
Issued non–current loans to joint ventures in cash	7,737	21,399	—	—
Long-term loans to joint ventures eliminated after obtaining full control	(29,999)	—	—	—
Repaid non–current loans by non–cash offset	—	—	(127,489)	(107,653)
Impairment for expected credit loss	18	(18)	(164)	(138)
At the end of the year	**—**	**22,244**	**1,179,369**	**797,672**
incl. loan movement through bank account				
Issued loans to related parties	7,737	21,399	1,314,421	883,043
Repaid loans issued to related parties	—	—	(813,571)	(730,675)
Issued / (repaid) loans, net	**7,737**	**21,399**	**500,850**	**152,368**

Interest received from related parties

EUR'000

	Group		Parent Company	
	2025	**2024**	**2025**	**2024**
Interest received	913	945	30,141	21,839
TOTAL interest received	**913**	**945**	**30,141**	**21,839**

I) Non–current loans, including current portion

Concluded non–current loan agreements with Sadales tīkls AS: EUR'000

Agreement conclusion date	Principal amount of the loan	Outstanding loan amount		Interest rate	Maturity date
		31/12/2025	31/12/2024		
29/09/2011	316,271	—	1,610	6 months EURIBOR + floating rate	01/09/2025
20/10/2015	90,000	—	10,000	fixed rate	21/10/2025
22/08/2016	60,000	6,666	13,333	fixed rate	22/08/2026
22/08/2016	50,000	10,000	15,000	fixed rate	14/06/2027
14/12/2018	260,000	91,624	119,687	fixed rate	31/01/2030
03/03/2020	200,000	108,269	131,202	fixed rate + floating rate	25/03/2030
08/03/2022	175,000	133,824	154,412	6 months EURIBOR + floating rate	31/03/2032
31/08/2023	175,000	175,000	123,925	6 months EURIBOR + floating rate	31/01/2034
07/11/2025	163,000	42,555	—	6 months EURIBOR + floating rate	30/11/2035
TOTAL	**1,489,271**	**567,938**	**569,169**		

As of 31 December 2025, total outstanding amount of non–current loans with Sadales tīkls AS amounted to EUR 567,938 thousand (31/12/2024: EUR 569,169 thousand), including current portion of the loan repayable in 2026 – EUR 103,838 thousand (31/12/2024: EUR 94,860 thousand). As of 31 December 2025, 63.19% of non–current loans issued to Sadales tīkls AS (31/12/2024: 50.76%) was bearing floating interest rate, which was influenced by 6 months EURIBOR interbank rate fluctuations. During 2025 the effective average interest rate of non–current loans was 2.72% (2024: 2.86%). As of 31 December 2025, for non-current floating rate loans issued to Sadales tīkls AS 6-month EURIBOR ranged from 2.083% to 2.123% (31/12/2024: 6M EURIBOR ranged from 2.886% to 3.590%). As of 31 December 2025, impairment for expected credit loss of non–current loans to Sadales tīkls AS in the amount of EUR 386 thousand EUR (31/12/2024: EUR 455 thousand) was recognised. Non–current loans are not secured with a pledge or otherwise.

Non–current loans to Sadales tīkls AS by maturity EUR'000

	Parent Company	
	31/12/2025	31/12/2024
Non–current loan:		
– < 1 year (current portion)	103,838	94,860
– 1 – 5 years	336,126	339,719
– > 5 years	127,974	134,590
	567,938	**569,169**

Concluded non–current loan agreements with Elektrum Eesti OÜ: EUR'000

Agreement conclusion date	Principal amount of the loan	Outstanding loan amount		Interest rate	Maturity date
		31/12/2025	31/12/2024		
25/08/2021	**7,860**	**6,660**	**6,960**	6 months EURIBOR + fixed rate	24/08/2031
04/07/2025	**55,000**	**25,978**	**—**	6 months EURIBOR + fixed rate	30/06/2035
TOTAL	**62,860**	**32,638**	**6,960**		

As of 31 December 2025, total outstanding amount of non–current loans with Elektrum Eesti OÜ amounted to EUR 32,938 thousand (31/12/2024: EUR 6,960 thousand), including current portion of the loan repayable in 2026 – EUR 300 thousand (31/12/2024: EUR 300 thousand). The annual interest rate according to the loan agreement is six months EURIBOR (Euro Interbank Offer Rate) plus margin 0.74 % – 1.25% (2024: 0.74%). If the Base rate is negative, it is equal to zero. The final repayment date of the loan is 30 Juny 2035.

Non–current loans to Elektrum Eesti OÜ by maturity

EUR'000

	Parent Company	
	31/12/2025	31/12/2024
Non–current loan:		
– < 1 year (current portion)	300	300
– 1 – 5 years	10,478	600
– > 5 years	21,860	6,060
	32,638	**6,960**

Concluded non–current loan agreements with Elektrum Lietuva, UAB:

EUR'000

Agreement conclusion date	Principal amount of the loan	Outstanding loan amount		Interest rate	Maturity date
		31/12/2025	31/12/2024		
31/10/2021	**150,000**	**145,524**	**105,605**	6 months EURIBOR + fixed rate	29/03/2034

As of 31 December 2025, total outstanding amount of non–current loans with Elektrum Lietuva, UAB amounted to EUR 145,524 thousand (31/12/2024: EUR 105,605 thousand), including current portion of the loan repayable in 2026 – EUR 17,578 thousand (31/12/2024: EUR 1,555 thousand). The annual interest rate according to the loan agreement is 6 (six) months EURIBOR (Euro Interbank Offer Rate) plus margin 0.68% – 1.25% (2024: 0.68% – 1.25%). If the Base rate is negative, it is equal to zero. The final repayment date of the loan is 29 March 2034.

Non–current loans to Elektrum Lietuva, UAB by maturity

EUR'000

	Parent Company	
	31/12/2025	31/12/2024
Non–current loan:		
– < 1 year (current portion)	17,578	1,555
– 1 – 5 years	70,312	50,795
– > 5 years	57,634	53,255
	145,524	**105,605**

Concluded current and non–current loan agreements with subsidiaries of renewable energy generation by maturity:

EUR'000

Agreement conclusion date	Principal amount of the loan	Outstanding loan amount		Interest rate	Maturity date
		31/12/2025	31/12/2024		
23/05/2024	2,701	2,701	2,701	fixed rate 6%	20/09/2028
29/05/2024	160,500	146,615	45,350	6 months EURIBOR + fixed rate	30/05/2036
25/08/2024	146,000	134,250	5,876	6 months EURIBOR + fixed rate	31/08/2034
02/09/2024	626	—	626	10 months EURIBOR + fixed rate	29/08/2025
21/11/2024	105,000	95,847	2,617	9 months EURIBOR + fixed rate	08/11/2034
20/01/2025	2,617	2,617	—	8 months EURIBOR + fixed rate	08/01/2034
12/02/2025	1,116	1,116	—	7 months EURIBOR + fixed rate	31/12/2034
11/07/2025	144000	—	—	6 months EURIBOR + fixed rate	28/02/2037
KOPĀ	**562,560**	**383,146**	**57,170**		

The total outstanding amount of non–current loans to the subsidiaries of renewable energy generation (Telšių vėjo parkas UAB, Laflora Energy SIA, DSE Aizpute Solar SIA and Elektrum Next SIA, Pienava wind SIA) as of 31 December 2025 was EUR 383,146 thousand (31/12/2024: EUR 57,170 thousand). The annual interest rate according to the loan agreements is 6 (six) months EURIBOR (Euro Interbank Offer Rate) plus a margin 1.25%. If the base rate is negative, it is equal to zero.

Non–current loans/current loan to subsidiaries of renewable energy generation by maturity

EUR'000

	Parent Company	
	31/12/2025	31/12/2024
Current / Non–current loan:		
– < 1 year (current portion)	—	9,119
– 1 – 5 years	171,990	19,977
– > 5 years	211,156	28,074
	383,146	**57,170**

II) Current loans / borrowings

To ensure efficiency and centralised management of Latvenergo Group companies' financial resources and using the functionality of Group accounts and possibility for non–cash offsetting of mutual invoices between the parties, current loans / borrowings are provided. In the reporting period Latvenergo AS issued loans to subsidiaries in accordance with mutually concluded agreement 'On provision of mutual financial resources', allowing the subsidiaries to borrow and to repay the loan according to daily operating needs and including non–cash offsetting of operating receivables and payables. In 2025 the effective average interest rate was 2.60% (2024: 4.14%). Within the framework of this agreement, as of 31 December 2025, Parent Company issued loans to subsidiaries in the amount of EUR 50,924 (31/12/2024: EUR 68,276 thousand), as of December 31 2025, Latvenergo AS has no current borrowing from subsidiaries (31/12/2024: currentborrowing from Sadales tīkls AS in the amount of EUR 31,101 thousand). As of 31 December 2025 impairment for expected credit loss of current loans to related parties is recognised in the amount of EUR 35 thousand (31/12/2024: EUR 55 thousand).

f) Interest paid to related parties

Financial transactions between Group companies have been carried out by using current loans / borrowings with a target to manage Latvenergo Group companies' financial resources effectively and centrally, using Group accounts. In the reporting period Latvenergo AS has received borrowings from subsidiaries in accordance with mutually concluded agreement "On provision of mutual financial resources". In 2025 the effective average interest rate was 2.60% (2024: 4.14%).

EUR'000

	Parent Company	
	2025	2024
Interest paid	94	71
TOTAL interest paid	**94**	**71**

30. Commitments And Contingent Liabilities

As of 31 December 2025, the Group had commitments amounting to EUR 368.9 million (31/12/2024: EUR 567.6 million) and the Parent Company had commitments amounting to EUR 50.9 million (31/12/2024: EUR 75.5 million) for capital expenditure contracted but not delivered at the end of the reporting period.

Latvenergo AS has issued support letters to its subsidiaries – on 11 February 2026 to Sadales tīkls AS, Latvijas vēja parki SIA, Enerģijas publiskais tirgotājs SIA, Laflora Energy SIA, DSE Aizpute Solar SIA, Telšių vėjo parkas UAB, on 16 March 2026 to Elektrum Eesti OÜ, on 1 April 2026 to Elektrum Lietuva, UAB, acknowledging that its position as the shareholder is to ensure that subsidiaries are managed so that they have sufficient financial resources and are able to carry their operations and settle their obligations.

31. Events After The Reporting Year

Accounting policy

Events after the reporting period that provide significant additional information about the Group's and the Parent Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

After the end of the reporting year, the military situation in Iran has significantly escalated. As of the report's date of approval, these circumstances have not had a material negative impact on the operations of Latvenergo Group and the Parent Company, see Note 4.

There have been no other significant events after the end of the reporting year that might have a material effect on the Latvenergo Consolidated and Latvenergo AS Annual Financial Statements for the year ending 31 December 2025.

This document is signed with a secure digital signature and contains a time stamp

Guntars Baļčūns
Member of the Management Board of Latvenergo AS

Liāna Ķeldere
Accounting director of Latvenergo AS

Independent Auditors' Reports

Latvenergo

SIA „Ernst & Young Baltic"
Muitas iela 1a
Rīga, LV-1010
Latvija
Tālr.: +371 6704 3801
riga@lv.ey.com
www.ey.com

Reģ.Nr. 40003593454
PVN maksātāja Nr. LV40003593454

Ernst & Young Baltic SIA
Muitas iela 1a
Rīga, LV-1010
Latvia
Tel.: +371 6704 3801
riga@lv.ey.com
www.ey.com

Reg. No: 40003593454
VAT payer code: LV40003593454

Translation from Latvian

INDEPENDENT AUDITORS' REPORT

DOCUMENT DATE IS THE TIME OF ITS ELECTRONIC SIGNATURE

To the Shareholder of Latvenergo AS

Report on the audit of the financial statements

Opinion

We have audited the accompanying consolidated financial statements of Latvenergo AS and its subsidiaries (the Group) and the accompanying financial statements of Latvenergo AS (the Parent Company) set out on pages 197 to 261 of the accompanying Annual Report, which comprise the statements of financial position as at 31 December 2025, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Group and the Parent Company give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2025, and of financial performance of the Group and the Parent Company and cash flows of the Group and the Parent Company for the year then ended in accordance with the IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, together with the independence requirements included in the Law on Audit Services of Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the Law on Audit Services of Republic of Latvia and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Shape the future
with confidence

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and the Parent Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Parent Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and the Parent Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements of the Group and the Parent Company.

Key audit matter	How we addressed the key audit matter
Revenue recognition from contracts with customers with focus on periodization (the Group and the Parent Company)	
The Group and the Parent Company in 2025 have recognized in the statements of comprehensive income revenue from contracts with customers amounting to EUR 1 564 558 thousand and EUR 946 180 thousand, respectively, as disclosed in Note 6. Accurate revenue recognition is inherently more complex in the energy sector when compared to some other industries due to the large number of the customers, including both residential and corporate customers, and various pricing arrangements included in the range of products and services provided to different groups. Given the variety of contractual terms with the customers, as well as different revenue streams and product types and services included in each stream, appropriate periodization of revenue recognition is considered to be relatively complex and requires, among other things, continual operating effectiveness of controls over the various categories of revenue streams.	In relation to revenue recognition, we performed the following procedures, among others: • we updated our understanding of the revenue recognition and measurement for electricity supply, distribution system services revenue streams and other material revenue streams; • we updated our understanding and tested the relevant key controls implemented over revenue recognition and measurement for electricity supply and distribution system services revenue streams. Our test covered key controls over revenue recording, calculation of amounts billed to the Group's and Parent Company's customers and matching of cash receipts to the customers' accounts; • we obtained external customer confirmations for selected largest trade receivables balances; • we performed analytical review procedures by forming an expectation of revenue based on the key performance indicators, including taking into consideration the number and composition of the Group's and Parent Company's customers, electricity supply volumes, changes in electricity prices and also comparing the results of our analysis against the prior reporting period; • we tested a sample of revenue transactions near the financial year-end for their recognition in the appropriate accounting period;

Shape the future
with confidence

Revenue recognition, including its proper periodization, was significant to our audit due to the materiality of revenue to the financial statements and the variety of products and components included in revenue.	We also assessed the adequacy of the revenue related disclosures contained in Note 2 and Note 6. In addition, we evaluated the sufficiency of disclosures made regarding significant judgements made by the management in relation to revenue recognition in Note 4 c).
Impairment assessment of property, plant and equipment (the Group and the Parent Company)	
As at 31 December 2025, the Group and the Parent Company have recognized property plant and equipment (PPE) amounting to EUR 4 106 391 thousand and EUR 1 377 389 thousand, respectively, as reported in the statements of the financial position and disclosed in Note 4 a) II) and in Note 14 c). The Parent Company and The Group performed impairment tests based on the value in use estimation. The Parent Company and The Group performed impairment tests for certain Hydro power plants (HPPs) (combined impairment test for Riga, Plavinu and Keguma HPPs), Distribution system assets and assets of Riga Combined Heat and Power Plant (CHP). Each of the above in the judgement of the management represents a separate cash generating unit (CGU). HPPs impairment test is based on significant assumptions in relation to the selection of the discount rate, electricity price and operating expenses forecasts, as well as terminal value calculation. In relation to the impairment tests for the Distribution system assets, significant assumptions used by the management include the selection of the discount rate, pricing forecast for major revenue streams, which are contingent on regulatory approvals, assumptions related to capital investment plans, as well as terminal value calculation. Riga Combined Heat and Power Plant CGU impairment test is based on significant assumptions in relation to the selection of the discount rate, variable revenue stream forecast in view of legislation regulating the cogeneration unit capacity component payments and the terminal value calculation.	In relation to impairment assessment of property, plant and equipment, we performed the following procedures: • we updated our understanding of management's process for assessing recoverability of property, plant and equipment; • we held discussions with management regarding the significant assumptions, management judgments, and data utilized in the impairment tests for distribution system, HHPs and CHP CGU impairment tests; • we assessed management's key assumptions and estimates used in the recoverable amount calculations; • we compared the most significant inputs to the source data. We also compared the amounts used by the management in the cash flow forecasts with the historical results and compared the estimated cash flows with the long-term budgets approved by the management; • we involved our valuation specialists to assist us with the assessment of the impairment test models and discount rates applied in each model. Finally, we evaluated the adequacy of the disclosures in relation to the impairment tests and the outcome of these tests as disclosed in Note 4 a) II) and in Note 14 c).

Shape the future
with confidence

Impairment test was significant to our audit as it involves significant management estimates and material judgements.	
Recoverability assessment of the Renewable Energy Cash-Generating units (the Group) / Investments in Subsidiaries in Renewable Energy sector *(the Parent Company)*	

As at 31 December 2025, the Parent Company has recognised investments in subsidiaries amounting to EUR 993 406 thousand as reported in the statements of the financial position and disclosed in Note 4 a) II) and in Note 14 c). Part of these investments amounting to EUR 288 287 thousand relate to subsidiaries operating in the renewable energy sector, established as part of the Group's strategy to develop solar and wind power generation projects.
 	
At the consolidated level, these investments in subsidiaries recognised in the Parent Company financial statements are eliminated on consolidation and are reflected through the underlying renewable energy assets and cash-generating units (CGUs), A significant portion of these projects remains in the development phase or at an early stage of operation.
 	
The recoverability of the Group's Renewable Energy CGUs (consolidated) and the Parent Company's investments in subsidiaries both depend on management's assumptions regarding future electricity prices, expected production volumes, operating and maintenance costs, regulatory frameworks, discount rates, and long-term project viability. Given the capital-intensive nature of renewable energy projects and the inherent uncertainty associated with long-term cash-flow forecasts, there is an increased risk that the carrying amounts of these assets may be overstated or subject to impairment.
 	
Recoverability assessments of both the Group and the Parent Company were significant to our audit due to the materiality of the renewable energy CGUs and investments, as well as it involves significant management estimates and material judgements.
	In relation to the recoverability assessment of non-current financial investments and renewable energy CGUs, we performed the following procedures, among others:
	• we updated our understanding of management's process and controls for identifying impairment indicators and performing recoverability assessments;
	• we obtained management's impairment indicator analysis and recoverability assessments and evaluated whether all relevant internal and external indicators had been appropriately identified and considered;
	• for selected recoverability assessments prepared by the management, we:
	  • assessed the key assumptions and estimates used in management's cash-flow forecasts, including expected electricity production volumes, operating and maintenance cost projections, and long-term development plans;
	  • compared key market-based inputs, such as electricity price assumptions, discount rates, and macroeconomic assumptions, with external data and market benchmarks where available;
	  • involved our valuation specialists to assist in assessing the impairment models applied and the appropriateness of the discount rates used;
	  • assessed whether the recoverability assessments at the Parent Company's and consolidated levels were consistent and reflected the underlying economic substance of the renewable energy projects; and
	  • we compared that consistent principles were applied across all recoverability assessments.
	
	Finally, we evaluated the adequacy of the disclosures in relation to the recoverability assessment and the outcome of these tests as disclosed in Note 14 a) and c).

Shape the future
with confidence

Reporting on other information

Management is responsible for the other information. The other information comprises:

- the General information about the Group and the Parent Company as set out on page 201 of the accompanying Annual Report;
- the Management Report consisting of information about Latvenergo Group, Corporate governance, Operating segments, Results, Management statement, as set out on pages 6 to 64, and 194 of the accompanying Annual Report;
- the Statement of Corporate Governance, as set out in a separate statement provided by the Parent Company's management and available on the Parent Company's website https://latvenergo.lv/en section *Investors*,
- the Sustainability Report, as set out on pages 65 to 185 of the accompanying Annual Report;

Other information does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as described in the Other reporting responsibilities in accordance with the legislation of the Republic of Latvia section of our report. However, we note that we have issued a limited assurance report as set out on pages 273 to 276 with the respect to Sustainability Report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia

We have other reporting responsibilities in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, the Statement of Corporate Governance, the Non-financial Statement. These additional reporting responsibilities are beyond those required under the ISAs.

Our responsibility is to consider whether the Management Report (excluding Sustainability Report on which a separate limited assurance report is issued and enclosed to this annual report), is prepared in accordance with the requirements of the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Shape the future
with confidence

Based solely on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report (excluding the Sustainability Report) has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in Article 56^2, paragraph three of the Financial Instruments Market Law.

Based solely on the work undertaken in the course of our audit, in our opinion, the Statement of Corporate Governance includes the information required in Article 56^2, paragraph three of the Financial Instruments Market Law.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Sustainability Report our responsibility is to report whether the Parent Company has prepared the Sustainability Report and whether the Sustainability report is included in the Management Report or prepared as a separate element of the Annual Report or is included in the consolidated Sustainability report of the Company's Parent Company.

We hereby report that the Group has prepared a Sustainability Report, and it is included in the Management Report.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Shape the future
with confidence

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Shape the future
with confidence

Other reporting responsibilities and confirmations required by the legislation of the Republic of Latvia and European Union when providing audit services to public interest entities

We were first appointed as auditors of the Group and the Parent Company in the year 2021 by Shareholders. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 5 years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Parent Company;
- as stipulated in paragraph 37^6 of the Law on Audit Services of the Republic of Latvia we have not provided to the Group and the Parent Company the prohibited non-audit services (NASs) referred to in EU Regulation (EU) No 537/2014 Article 5(1). We also remained independent of the audited entity in conducting the audit.

Report on the auditors examination of the European Single Electronic Format (ESEF) Report

Report on the compliance of format of the Group and the Parent Company financial statements with the requirements for European Single Electronic Reporting Format

Based on our agreement we have been engaged by the management of the Parent Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European Single Electronic Reporting format of the Group and the Parent Company financial statements, including Group and the Parent Company financial statements for the year ended 31 December 2025 (the Single Electronic Reporting Format of the Group and the Parent Company financial statements) contained in file aslatvenergo-2025-12-31-en.zip (SHA256: fd0c431679a1f1092b0326bb1423908c3f7007014236b888bbf31ff250ee4fd3).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the Group and the Parent Company financial statements has been applied by the management of the Parent Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a Single Electronic Reporting Format (the ESEF Regulation). The applicable requirements regarding the Single Electronic Reporting Format of the Group and the Parent Company financial statements are contained in the ESEF Regulation.

The requirements described in the preceding paragraph determine the basis for application of the Single Electronic Reporting Format of the Group and the Parent Company financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Shape the future
with confidence

Responsibilities of management and those charged with governance

Management is responsible for the application of the Single Electronic Reporting Format of the Group and the Parent Company financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the Group and the Parent Company financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's responsibility

Our responsibility is to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the Group and the Parent Company financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (the ISAE 3000 (R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the Group and the Parent Company financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect a material misstatement when it exists.

We apply International Standard on Quality Management 1 (ISQM 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the Group and the Parent Company financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions.

Our procedures include in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the Group and the Parent Company financial statements, including the preparation of the XHTML format and marking up the Group and the Parent Company financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the Group and the Parent Company financial statements using the iXBRL markup language according to the requirements of the implementation of Single Electronic Reporting Format as described in the ESEF Regulation;

Shape the future
with confidence

- evaluating the appropriateness of the Group's' use of iXBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Single Electronic Reporting Format of the Group and the Parent Company financial statements for the year ended 31 December 2025 complies, in all material respects, with the ESEF Regulation.

The responsible certified auditor on the audit resulting in this independent auditors' report is Diāna Krišjāne.

ERNST & YOUNG BALTIC SIA
Licence No. 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No. 124

Riga,

THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

SIA „Ernst & Young Baltic“
Muitas iela 1a
Rīga, LV-1010
Latvija
Tālr.: +371 6704 3801
riga@lv.ey.com
www.ey.com

Reģ.Nr. 40003593454
PVN maksātāja Nr. LV40003593454

Ernst & Young Baltic SIA
Muitas iela 1a
Rīga, LV-1010
Latvia
Tel.: +371 6704 3801
riga@lv.ey.com
www.ey.com

Reg. No: 40003593454
VAT payer code: LV40003593454

Shape the future with confidence

INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON THE LATVENERGO AS GROUP'S SUSTAINABILITY STATEMENT

To the shareholder of Latvenergo AS

Limited assurance conclusion

We have conducted a limited assurance engagement to determine whether the consolidated sustainability statement of Latvenergo AS and its subsidiaries (hereinafter the "Group"), included in the Sustainability Statement section of the management report (on pages 66 to 152, from 154 to 183) (hereinafter the "Sustainability Statement"), as at 31 December 2025 and for the year then ended has been prepared in accordance with Article 7 of the Sustainability Information Disclosure Law implementing Article 29(a) of EU Directive 2013/34/EU.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's consolidated Sustainability Statement as at 31 December 2025 and for the year then ended is not prepared, in all material respects, in accordance with Article 7 of the Sustainability Information Disclosure Law implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in the *Double materiality assessment (ESRS 2 IRO-1)* section of the Sustainability Statement; and
- compliance of the disclosures in the *EU Taxonomy* section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)").

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our responsibilities under this standard are further described in the Practitioner's responsibilities section of our report.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law of the Republic of Latvia on Audit Services, and have the required competencies and experience to conduct this assurance engagement.

Shape the future
with confidence

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the Sustainability Statement

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in the *Double materiality assessment (ESRS 2 IRO-1)* section of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

The Group's management is further responsible for the preparation of the Sustainability Statement in accordance with Article 7 of the Sustainability Information Disclosure Law implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- compliance of the disclosures in the *EU Taxonomy* section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with the ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

In defining the disclosures in the Sustainability Statement, the Group's management interprets legal and other terms that are not clearly defined. Undefined legal and other terms are subject to varying interpretations, including consideration of the legal responsibility for their interpretation, and are therefore subject to uncertainty.

Shape the future
with confidence

Practitioner's responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the Process is consistent with the description set out in the *Double materiality assessment (ESRS 2 IRO-1)* section of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
    - reviewing the Group's internal documentation of its Process.

Shape the future
with confidence

- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Group was consistent with the description of the Process set out in the *Double materiality assessment (ESRS 2 IRO-1)* section of the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
    - Obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control; and
    - Obtaining an understanding of the roles and responsibilities in the preparation of the Sustainability Statement, including communication within the Group and between management and those charged with governance.
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the financial statements and the management report;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the Group's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

ERNST & YOUNG BALTIC SIA
License No 17

Diāna Krišjāne
Chairperson of the Board
Latvian Certified Auditor
Certificate No 124

Riga, THIS DOCUMENT IS SIGNED ELECTRONICALLY WITH A SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP