

LATVENERGO CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3-MONTH PERIOD
ENDING 31 MARCH 2022

31.05.2022, Riga

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Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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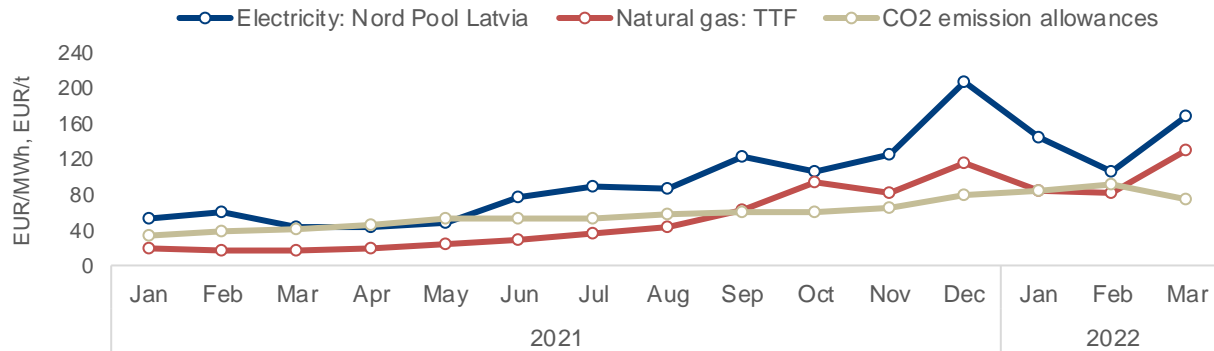
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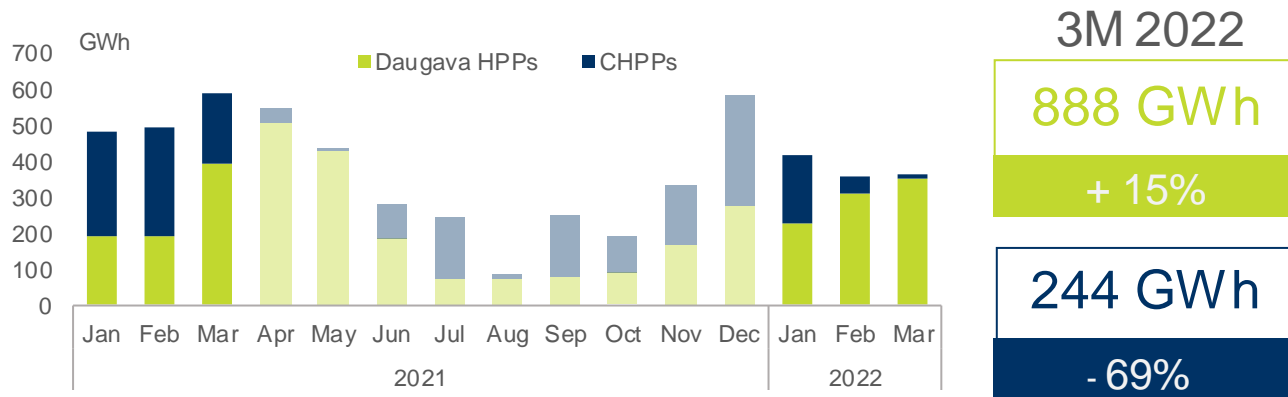
Record-high electricity and energy resource prices

Main facts – 3M 2022

- Electricity prices impacted by:
 - record-high energy resource prices
 - lower generation of hydropower plants in the Nordics
- The price of natural gas at TTF virtual trading point (front month) 5x higher, reaching 98 EUR/MWh (3M 2021: 18 EUR/ MWh)
- The average price of CO2 emission allowances (EUA DEC.22) 2.5x higher, reaching 84 EUR/t (3M 2021: 37EUR/t)

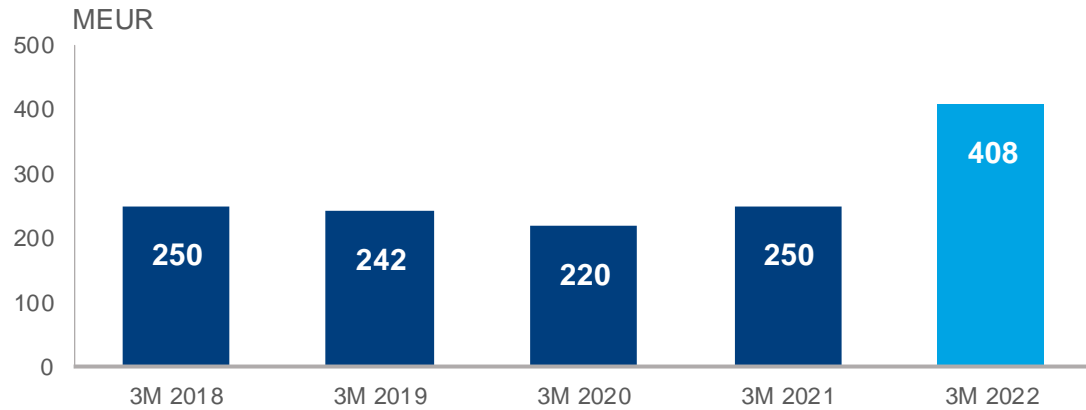


Generation at the Daugavas HPPs increased by 15%

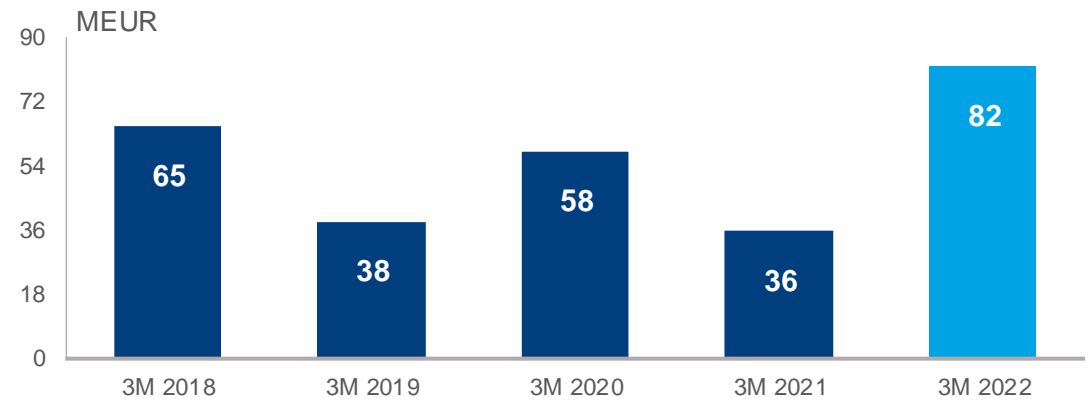


Key financial figures

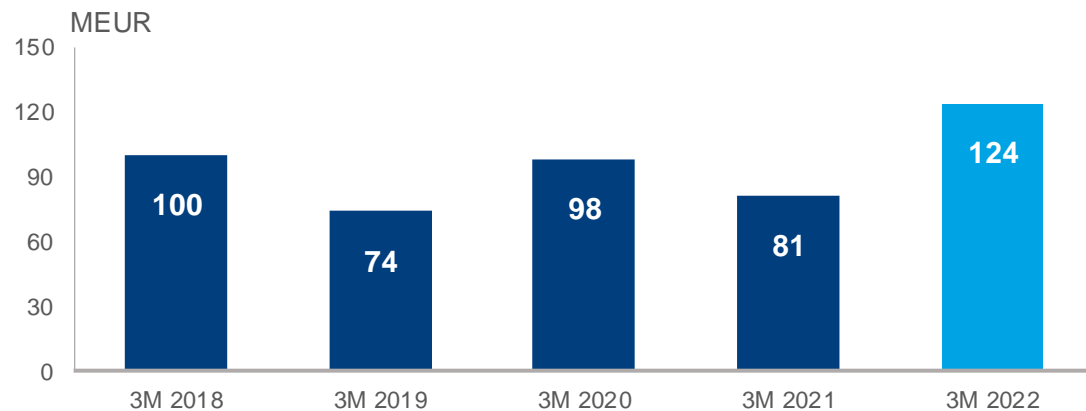
Revenue*



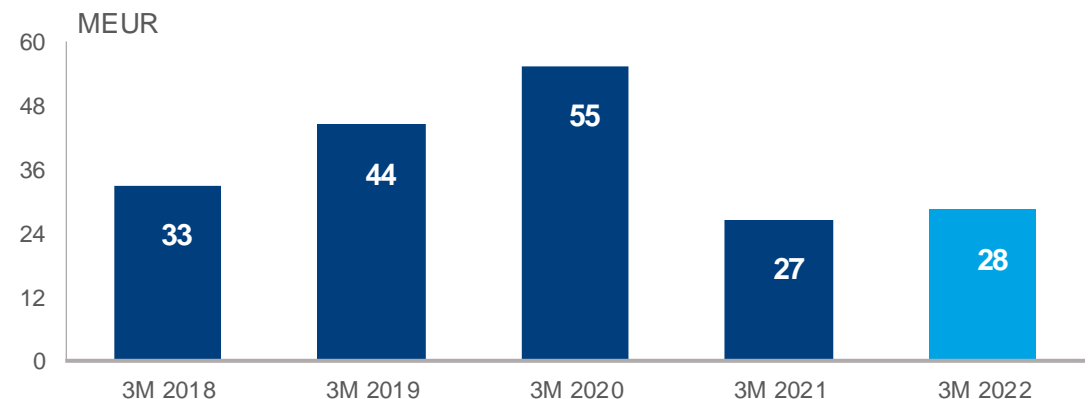
Net profit



EBITDA*



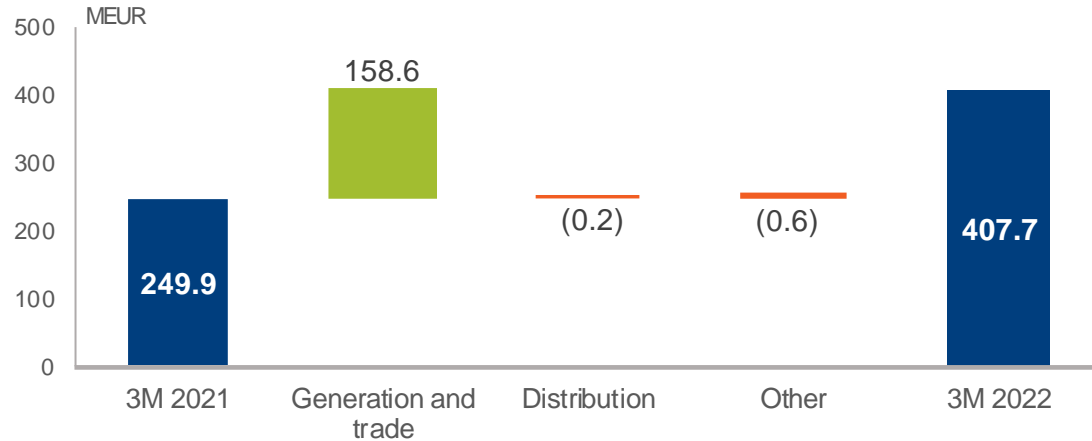
Investments



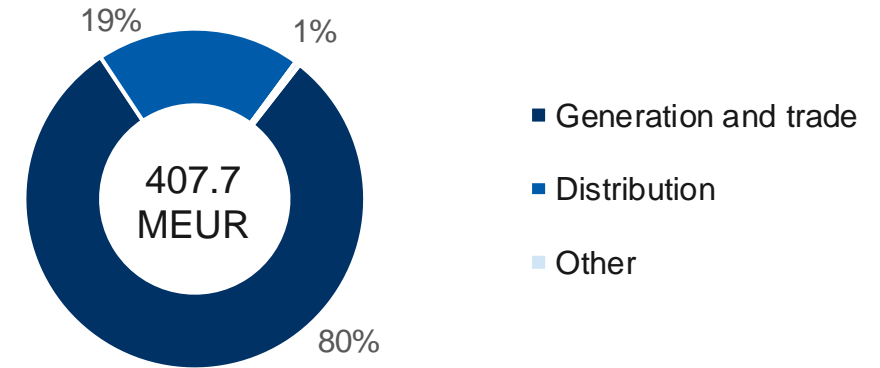
* Figures and ratios until 10 June 2020 are presented by excluding discontinuing operations (unbundling transmission system asset ownership). For more details, please see the Group's annual report for 2020

Latvenergo Group's EBITDA increased by 53%

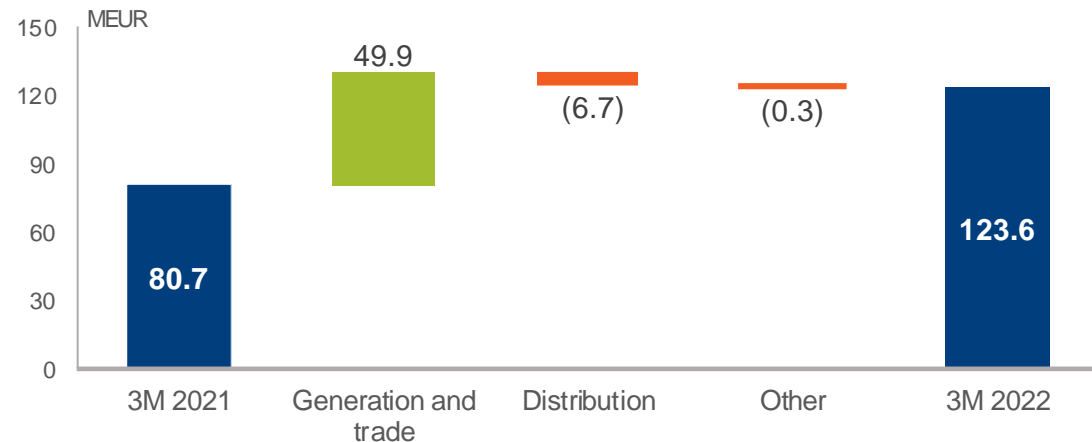
Revenue dynamics by segments



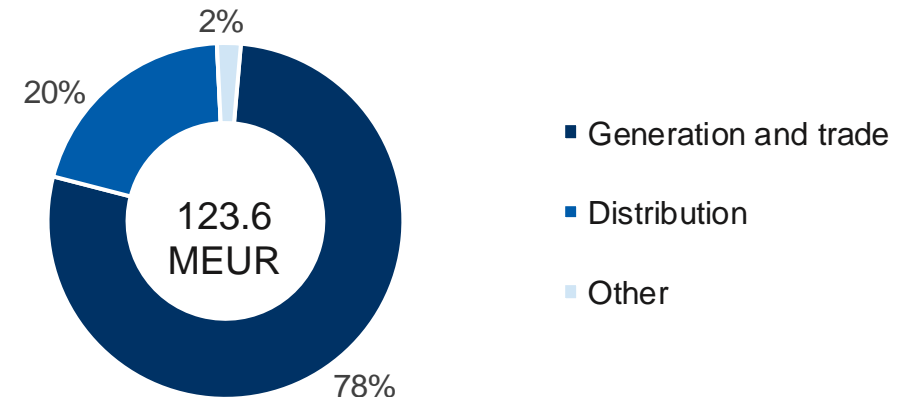
Revenue weight by segments



EBITDA dynamics by segments

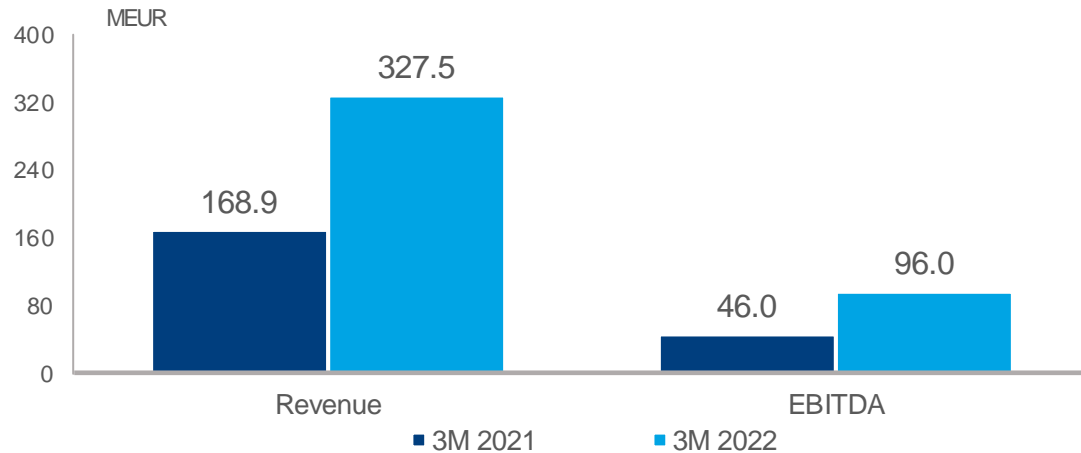


EBITDA weight by segments



Generation and trade

Revenue and EBITDA



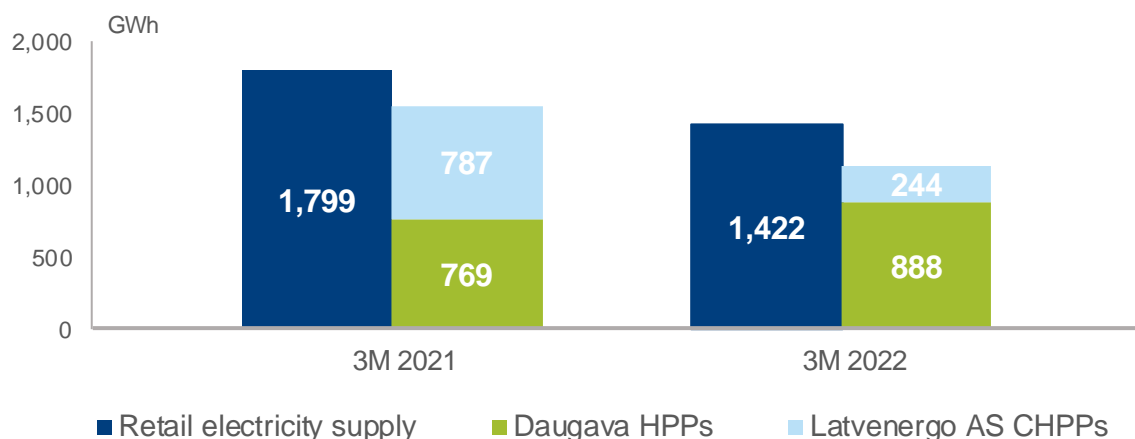
Main facts – 3M 2022

- The segment’s revenue positively mainly impacted by 141 MEUR higher energy sales revenues mainly due to higher electricity and natural gas market prices
- The segment’s EBITDA positively impacted by:
 - the adjustment of electricity sales prices to the market situation
 - 15% greater output at the Daugava HPPs
- The segment’s EBITDA negatively impacted by:
 - Record-high electricity and natural gas purchase prices as well as the price of CO2 emission allowances
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia
- As of 1 January 2022, the average PSO fee is reduced by 57% – 7.55 EUR/MWh



Latvenergo – largest green electricity producer in the Baltics

1,140 GWh of electricity generated



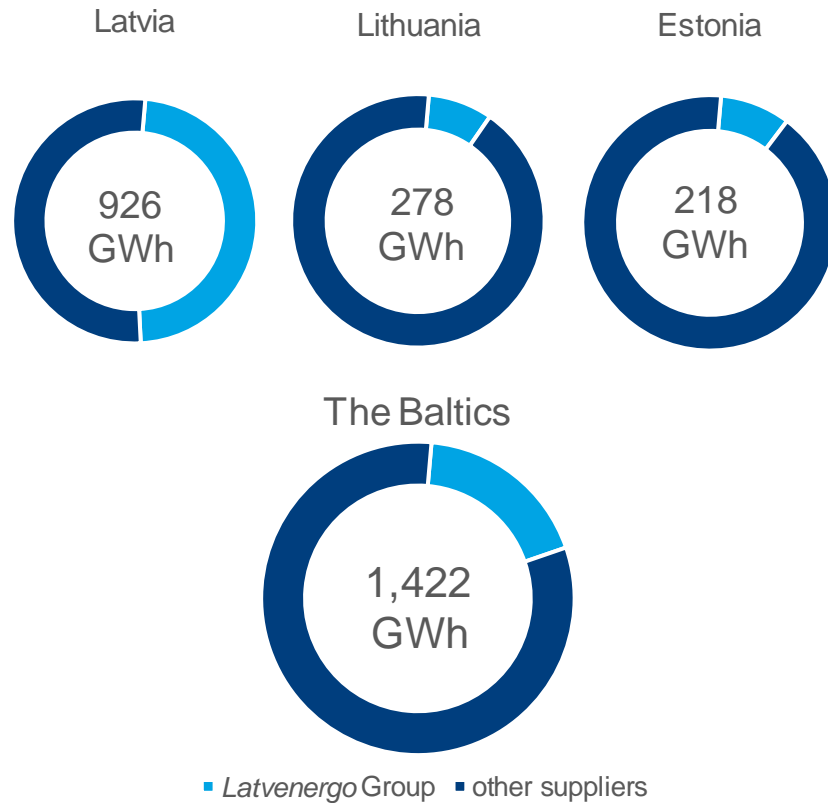
Main facts – 3M 2022

- *Latvenergo* – produced 26% of the total electricity generated in the Baltics
- 78% of electricity generated from renewable sources
- Electricity generated at *Latvenergo* corresponds to 80 of the amount of electricity sold in retail
- Power generation at the Daugavas HPPs increased by 15%
- Power generation at the Latvenergo AS CHPPs decreased by 69% due to record-high prices of natural gas and CO2 emission allowances
- The amount of thermal energy generated decreased by 15% due to warmer weather conditions, reaching 856 GWh







Trade

Retail electricity supply*



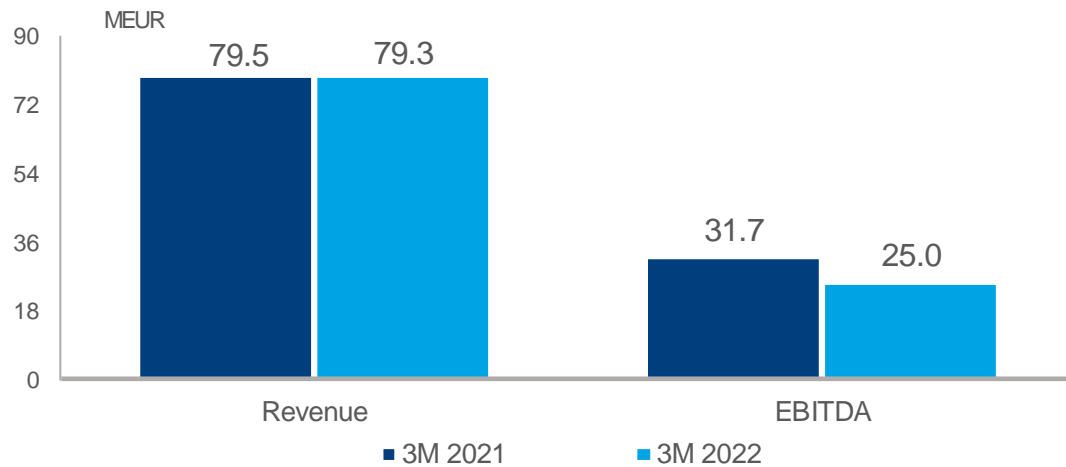
Main facts – 3M 2022

-  1,422 GWh of electricity sold to retail customers
-  339 GWh of natural gas sold to Baltic retail customers
-  More than 1,600 contracts were concluded for the installation of solar panels
-  Customers of the mobile application *Elektrum* made more than 3,900 charges



Distribution

Revenue and EBITDA



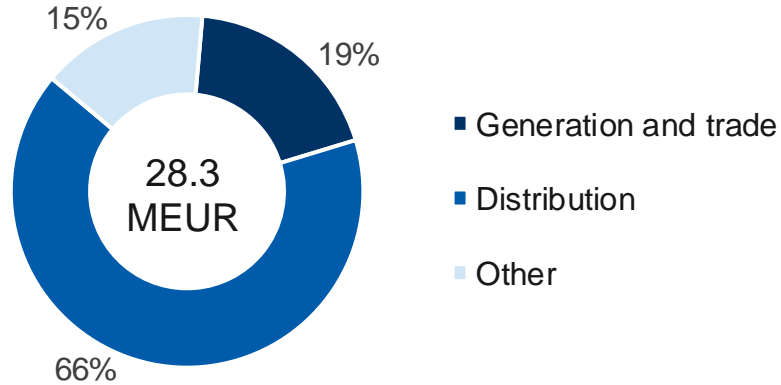
Main facts – 3M 2022

- Electricity distributed decreased by 1%, reaching 1,695 GWh (3M 2021: 1,711 GWh)
- Financial performance was negatively impacted by higher electricity loss costs with the electricity market price in Latvia increasing 2.7 times
- Capital expenditure in distribution assets reached 18.6 MEUR (3M 2021: 19.5 MEUR)



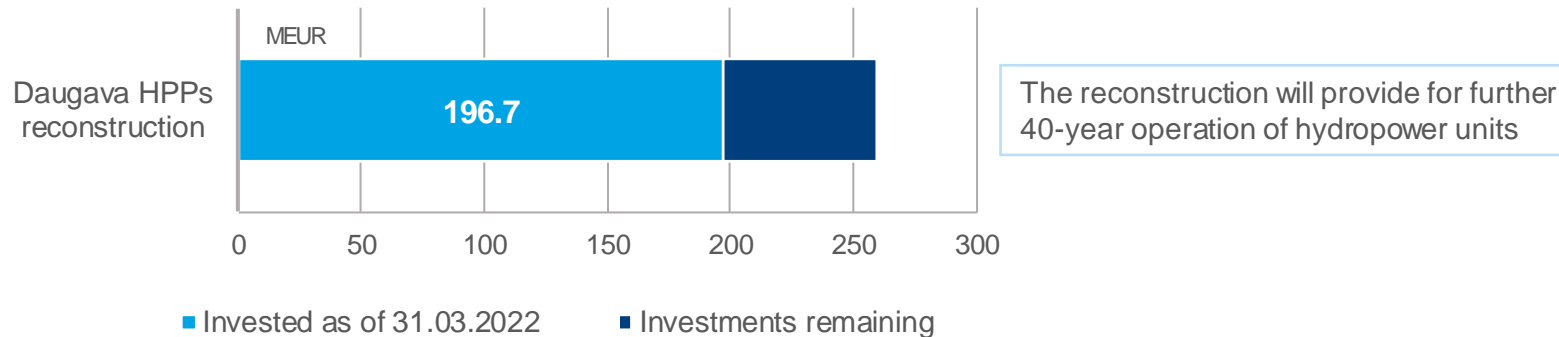
Investments

Investment in distribution network assets – 2/3 of the total



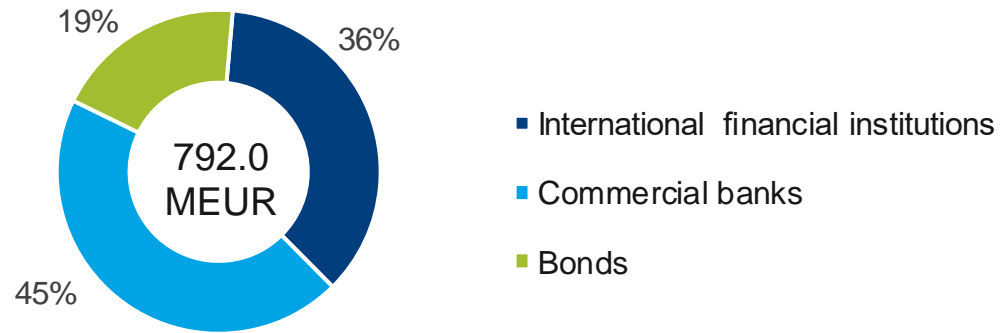
- Investments in network assets allows to improve the quality of the power network services and technical parameters

Major investment project



Funding and Liquidity

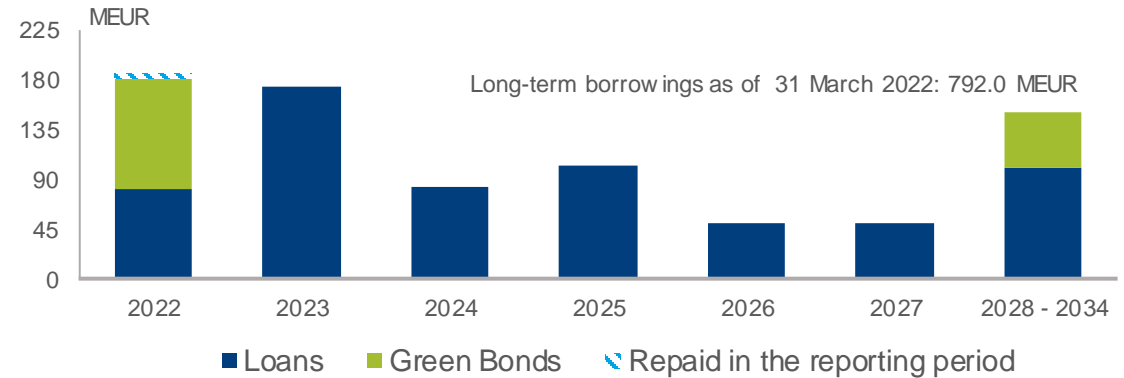
Diversified sources of funding



Main facts – 3M 2022

- In January 2022, Moody’s published an updated Credit Opinion of Latvenergo AS.: Baa2 (stable)
- After reporting period, on 5 May, Latvenergo AS issued five-year green bonds in the total nominal value of EUR 100 million

Debt repayment schedule



Main figures

	31.03.2022
Share of fixed interest rate*	37%
Average Fixed Interest Rate Period*	1.4 years
Effective weighted average interest rate*	1.0%

* with interest rate swaps

Latvenergo Group's medium-term strategy for 2022–2026 has been approved

GENERATION

Growing and diversifying portfolio with an emphasis on RES (wind and solar)



TRADE

Strengthening market position and diversification of products



ELECTROMOBILITY

Developing charging network



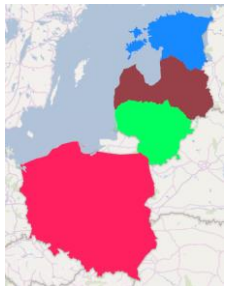
DISTRIBUTION

Rendering sustainable and economically justifiable service, whilst adapting to development of microgeneration and electrification trends



New RES in generation portfolio (MW)

2026	600
2030	2,300

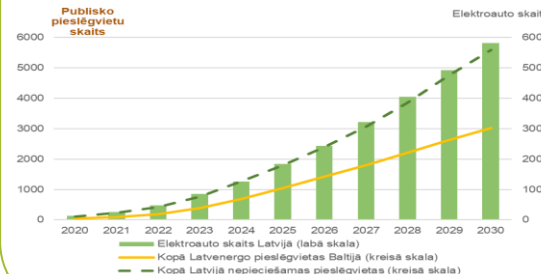


Elektrum – the most valuable energy retailer in the Baltics

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

Electric car charging points in Baltics

2026: 1,200 – 1,500
2030: ~ 3,000



Creation of a two-way network according to the trend of balanced development of microgeneration and charging network

Improvement of **SAIDI** from 194 to 164 min/year

Improvement of **SAIFI** from 2.1 to 1.9 times/year

Digital transformation and efficiency outpaces inflation

Thank you!

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Daugava HPPs – Daugava hydropower plants

EBITDA – Earnings before interest, corporate income tax, share of profit or loss of associates, depreciation and amortization, and impairment of intangible and fixed assets

EU – European Union

IFRS – International Financial Reporting Standards

MEUR – Million euros

MWh – Megawatt hour (1,000,000 MWh = 1,000 GWh = 1 TWh)

PSO fee – Public service obligation fee

CHPPs – Latvenergo AS combined heat and power plants

SAIDI – System Average Interruption Duration Index

SAIFI – System Average Interruption Frequency Index

WPP – Wind power plant

Consolidated Statement of Profit or Loss*

	EUR'000	
	01/01- 31/03/2022	01/01- 31/03/2021
Revenue	407,729	249,888
Other income	7,435	7,127
Raw materials and consumables	(246,135)	(136,609)
Personnel expenses	(29,879)	(28,189)
Other operating expenses	(15,505)	(11,531)
EBITDA	123,645	80,686
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	(40,027)	(42,666)
Operating profit	83,618	38,020
Finance income	433	666
Finance costs	(2,013)	(2,332)
Profit before tax	82,038	36,354
Income tax	(236)	(812)
Profit for the reporting period	81,802	35,542
Profit attributable to:		
- <i>Equity holder of the Parent Company</i>	81,586	34,467
- <i>Non-controlling interests</i>	216	1,075

Consolidated Statement of Financial Position*

	EUR'000	
	31/03/2022	31/12/2021
ASSETS		
Non-current assets		
Intangible assets	52,555	53,557
Property, plant, and equipment	2,815,240	2,826,654
Right-of-use assets	7,922	8,312
Investment property	3,501	3,316
Non-current financial investments	40	40
Other non-current receivables	2,545	2,544
Deferred income tax assets	100	79
Derivative financial instruments	2,262	–
Total non-current assets	2,884,165	2,894,502
Current assets		
Inventories	105,457	192,132
Current intangible assets	14,838	24,266
Receivables from contracts with customers	159,629	181,136
Other current receivables	53,138	59,740
Deferred expenses	1,767	1,235
Prepayment for income tax	75	65
Derivative financial instruments	51,791	25,735
Cash and cash equivalents	247,958	97,079
Total current assets	634,653	581,388
TOTAL ASSETS	3,518,818	3,475,890
EQUITY AND LIABILITIES		
EQUITY		
Share capital	790,368	790,368
Reserves	1,198,320	1,175,355
Retained earnings	237,310	151,430
Equity attributable to equity holder of the Parent Company	2,225,998	2,117,153
Non-controlling interests	6,511	6,295
Total equity	2,232,509	2,123,448
LIABILITIES		
Non-current liabilities		
Borrowings	604,904	614,075
Lease liabilities	6,216	6,540
Deferred income tax liabilities	605	2,955
Provisions	15,737	15,421
Derivative financial instruments	1,371	2,332
Deferred income from contracts with customers	135,507	137,019
Other deferred income	139,880	146,115
Total non-current liabilities	904,220	924,457
Current liabilities		
Borrowings	187,073	180,954
Lease liabilities	1,828	1,888
Trade and other payables	151,944	189,018
Deferred income from contracts with customers	15,167	15,031
Other deferred income	24,903	24,906
Derivative financial instruments	1,174	16,188
Total current liabilities	382,089	427,985
Total liabilities	1,286,309	1,352,442
TOTAL EQUITY AND LIABILITIES	3,518,818	3,475,890

* The Latvenergo Consolidated Unaudited Condensed Interim Financial Statements for the 3-month period ending 31 March 2022 are prepared in accordance with the IFRS as adopted by the European Union

Consolidated Statement of Cash Flows*

	EUR'000	
	01/01- 31/03/2022	01/01- 31/03/2021
Cash flows from operating activities		
Profit before tax	82,038	36,354
Adjustments:		
– Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment (PPE) and right-of-use assets and Loss from disposal of non-current assets	49,884	46,008
– Net financial adjustments	(15,124)	6,910
– Other adjustments	180	989
Interest paid	(757)	(440)
Interest received	–	1,226
Paid corporate income tax	(7)	(22)
Funds from operations (FFO)	116,214	91,025
Decrease in current assets	114,239	34,465
(Decrease) / Increase in trade and other liabilities	(44,156)	3,055
Net cash flows from operating activities	186,297	128,545
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	(31,311)	(33,946)
Proceeds from redemption of other financial investments	–	14,148
Net cash flows used in investing activities	(31,311)	(19,798)
Cash flows from financing activities		
Repayment of borrowings from financial institutions	(3,939)	(942)
Received financing from European Union	–	207
Lease payments	(168)	(231)
Net cash flows used in financing activities	(4,107)	(966)
Net increase in cash and cash equivalents	150,879	107,781
Cash and cash equivalents at the beginning of the period	97,079	100,703
Cash and cash equivalents at the end of the period	247,958	208,484