

LATVENERGO CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3-MONTH PERIOD
ENDING 31 MARCH 2021

31.05.2021, Riga

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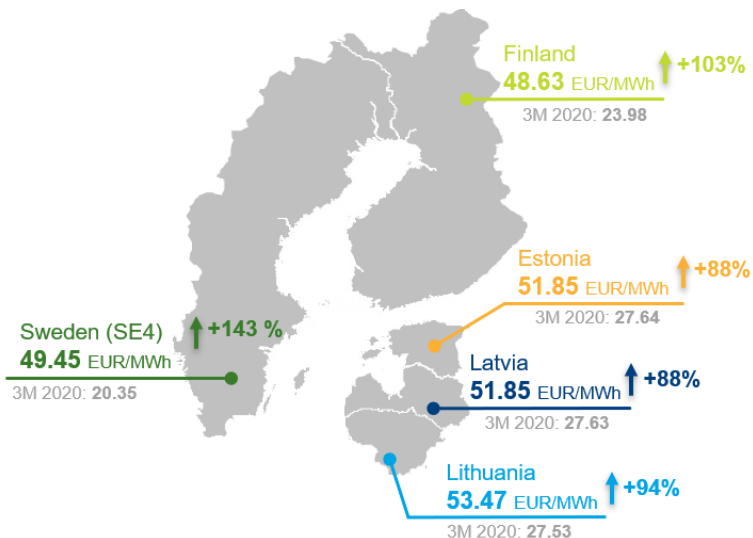
Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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Significantly higher electricity prices

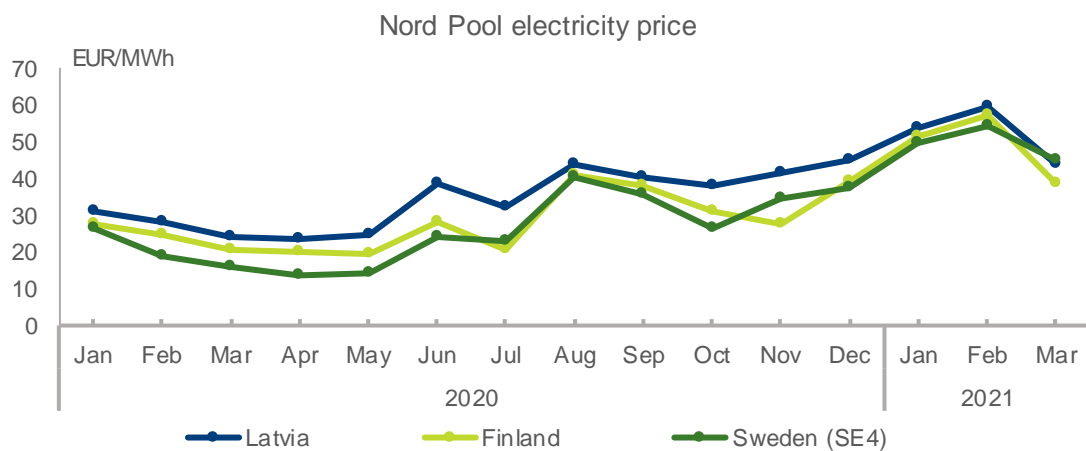
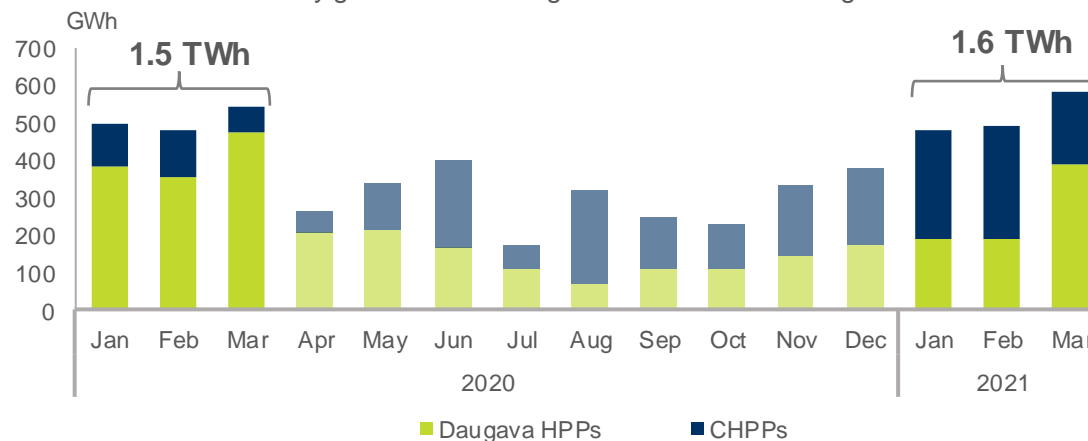


Main facts – 3M 2021

- Electricity prices impacted by:
 - higher demand due to colder weather
 - increased prices of other energy resources
- The average natural gas price (Front Month) increased by 88%, reaching 18.4 EUR/MWh at GASPOOL trading zone and 18.5 EUR/MWh at the TTF trading zone

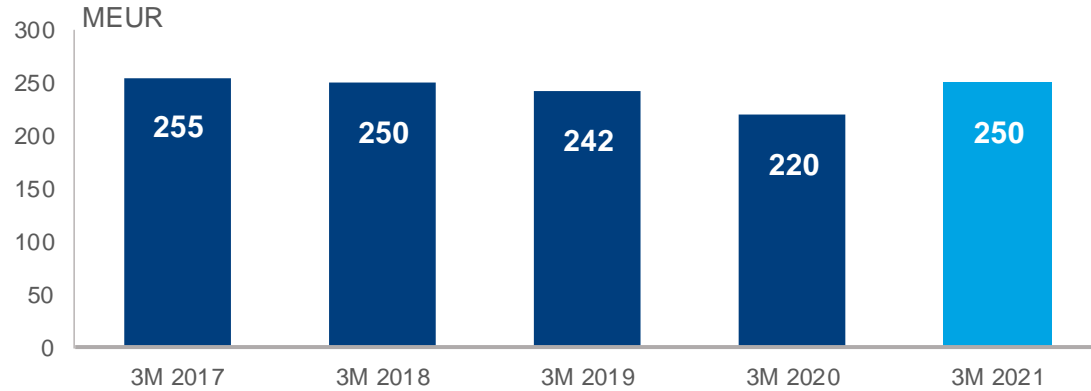
Electricity output increased by 2%

Electricity generation at Daugava HPPs and Latvenergo AS CHPPs

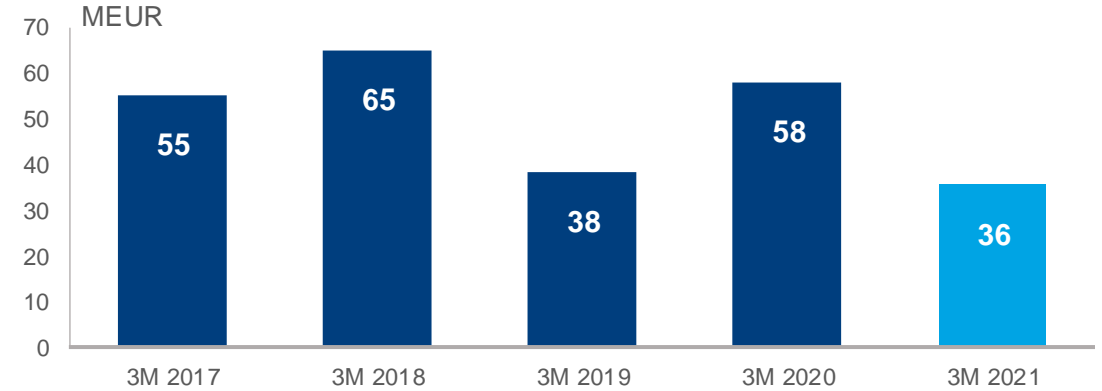


Key financial figures

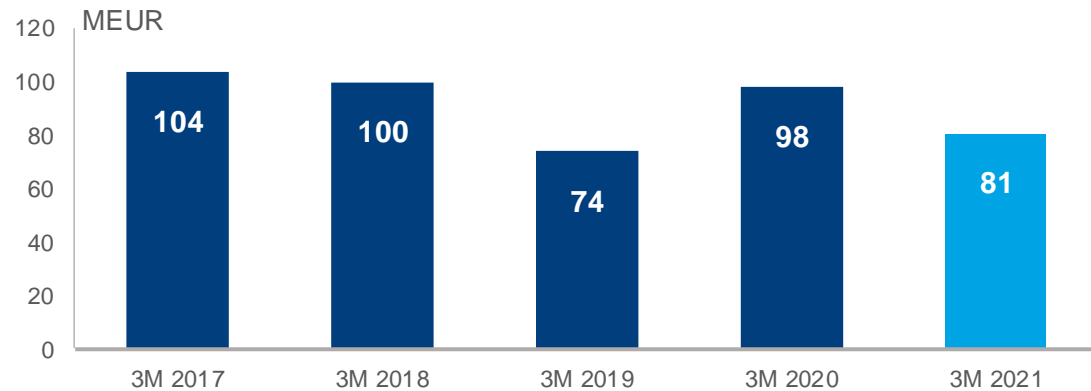
Revenue*



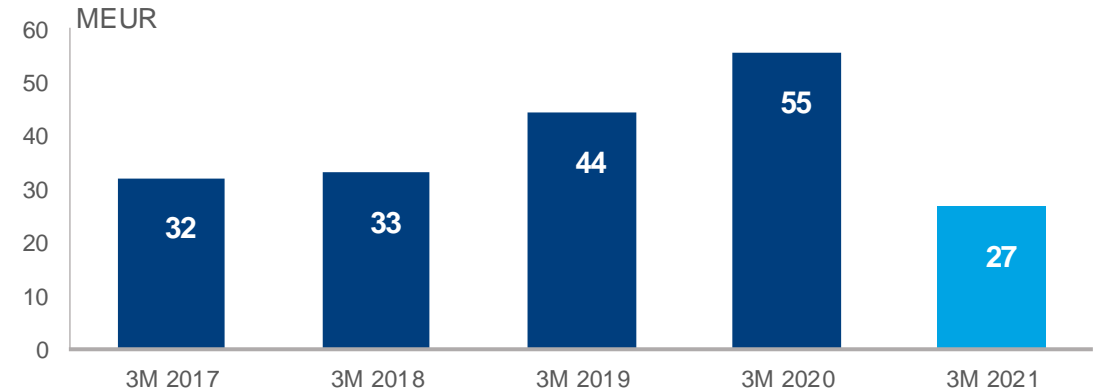
Net profit



EBITDA*



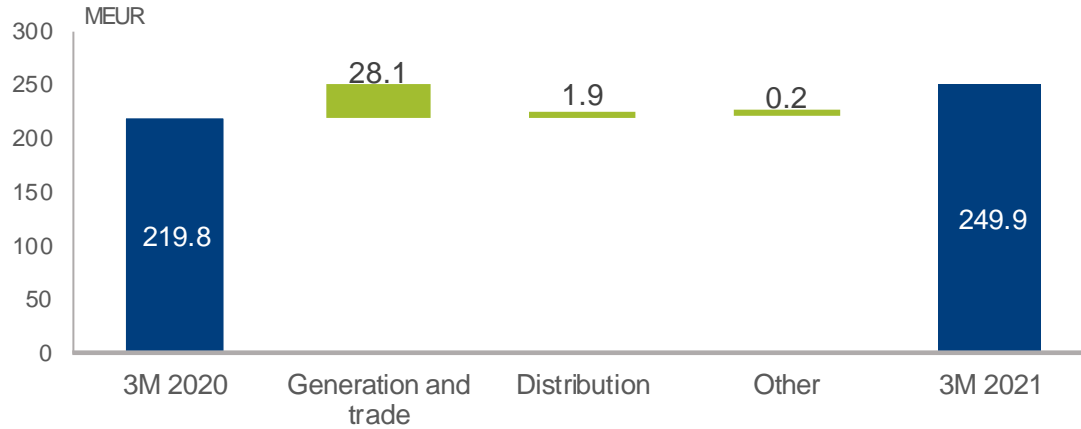
Investments



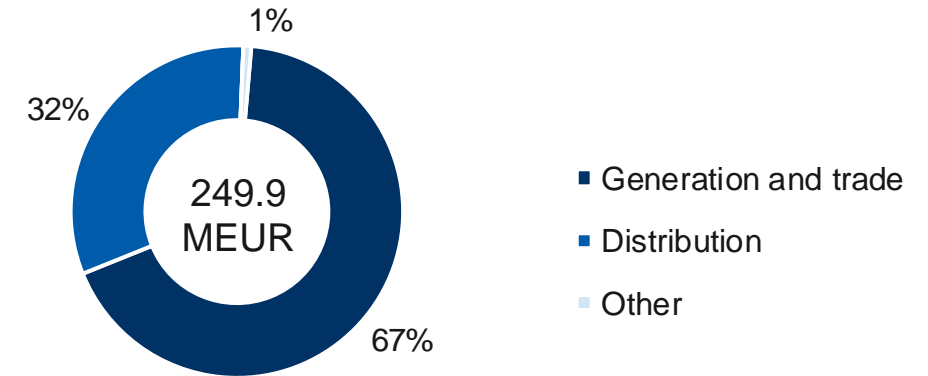
*Financial figures and ratios for 2017-2020 are presented by excluding discontinuing operations (unbundling transmission system asset ownership)

Latvenergo Group's revenue increased by 14%

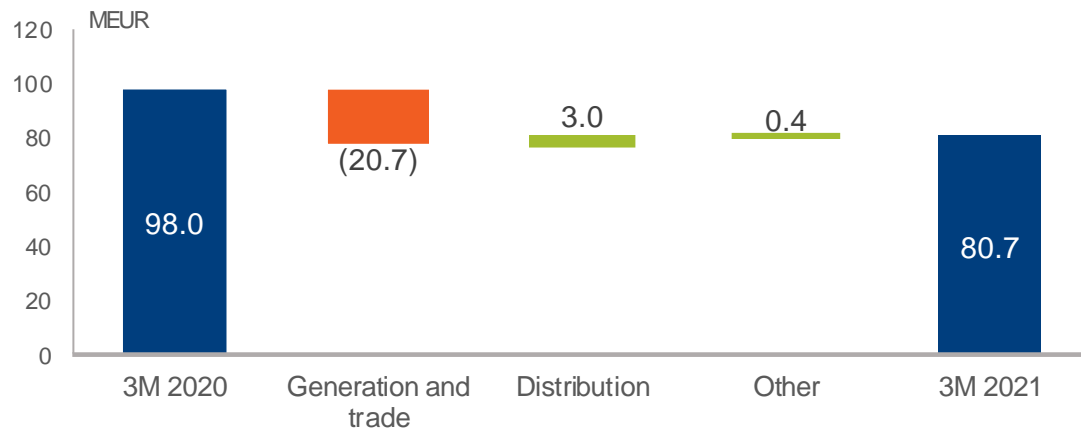
Revenue dynamics by segments



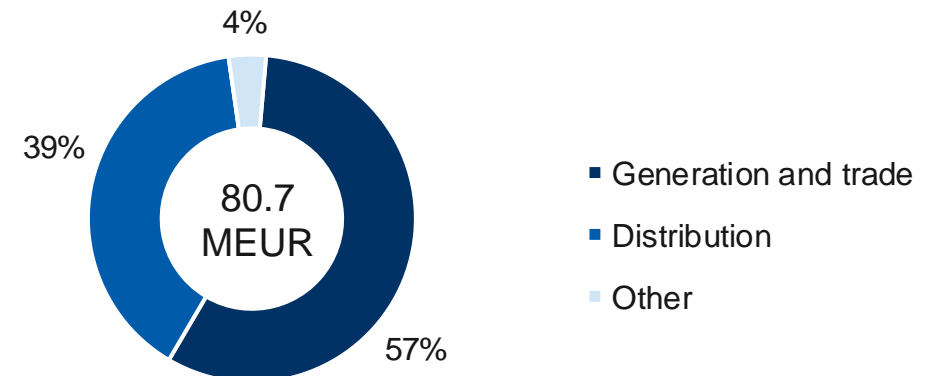
Revenue weight by segments



EBITDA dynamics by segments

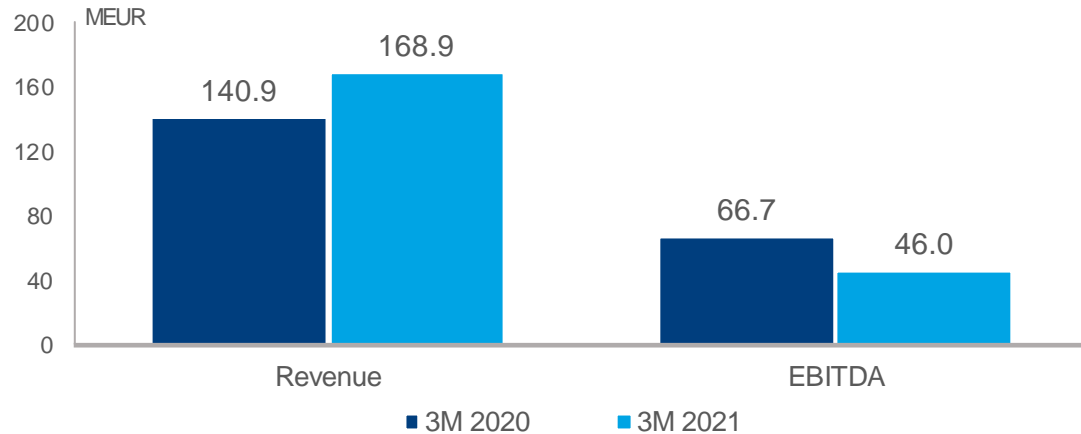


EBITDA weight by segments



Generation and trade

Revenue and EBITDA

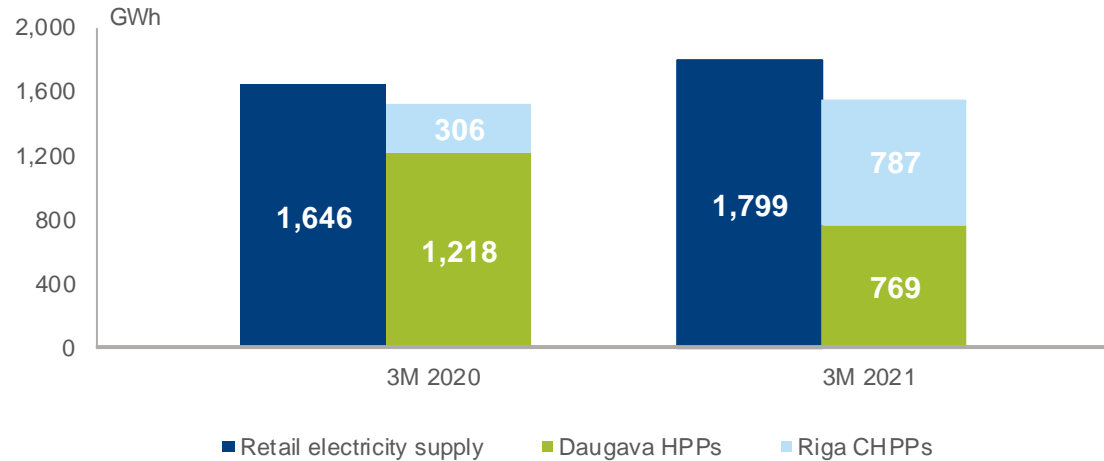


Main facts – 3M 2021

- The segment’s revenue positively impacted by:
 - 9% increase in retail sales volume
 - higher electricity market prices
 - 37% higher heat output due to colder weather
- The segment’s EBITDA negatively impacted by:
 - 37% lower electricity output at the Daugava HPPs
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia
- As of 1 January 2021, the average PSO fee is reduced by 23% – 17,51 EUR/MWh

Energy generation

1,565 GWh of electricity generated



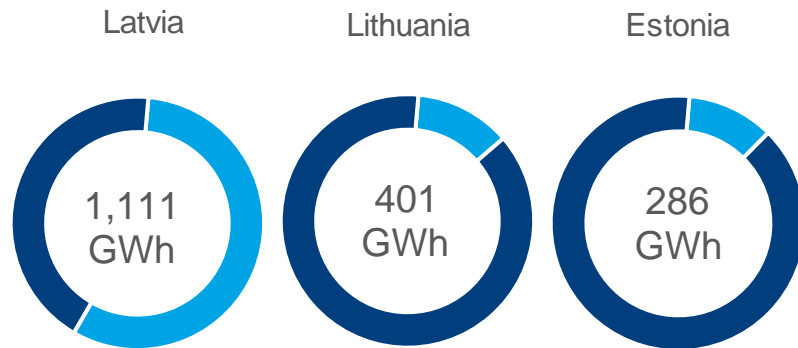
Main facts – 3M 2021

- *Latvenergo* – the largest *green* electricity producer in the Baltics, producing 36% of the total electricity generated in the Baltics
- Total amount of electricity generated at *Latvenergo* power plants corresponds to 87% of the amount of electricity sold to retail customers (3M 2020: 93%)
- Power generation at the Daugavas HPPs was 37% lower due to lower water inflow
- Power generation at the Latvenergo AS CHPPs increased by 2.6 times, impacted by untypically low output in Q1 2020 and higher heat demand
- The amount of thermal energy generated increased by 37% due to colder weather conditions, reaching 1,011 GWh

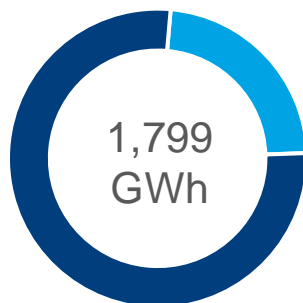


Trade of electricity and natural gas

Retail electricity supply increased by 9%*



The Baltics



■ Latvenergo Group ■ other suppliers



Main facts – 3M 2021



1.8 TWh of electricity sold to retail customers



The amount of natural gas used for both operating consumption and trade reached 2.4 TWh



More than 150 contracts were concluded for the installation of solar panels



At the end of March, the total number of *Elektrum* Insured customers reached more than 100,000



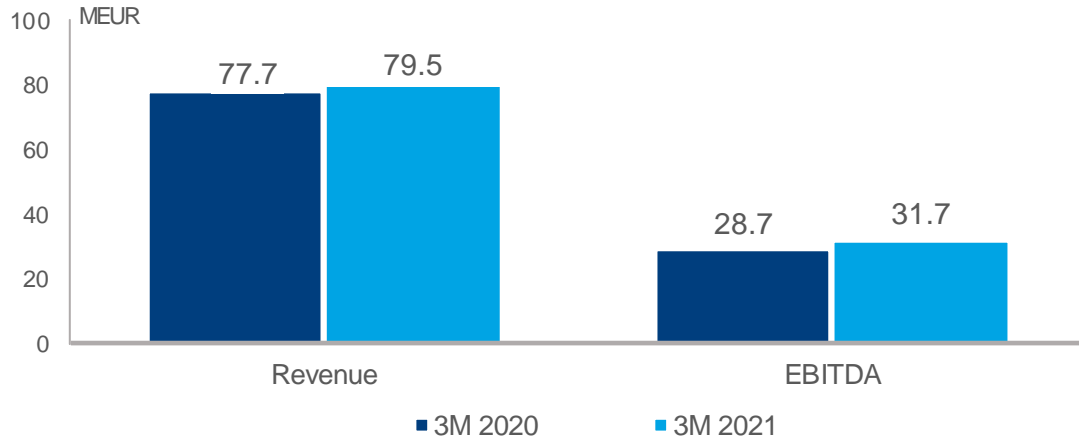
More than 1,300 units sold in the *Elektrum* e-shop



Customers of the mobile application *Elektrum* made more than 1,700 charges

Distribution

Revenue and EBITDA



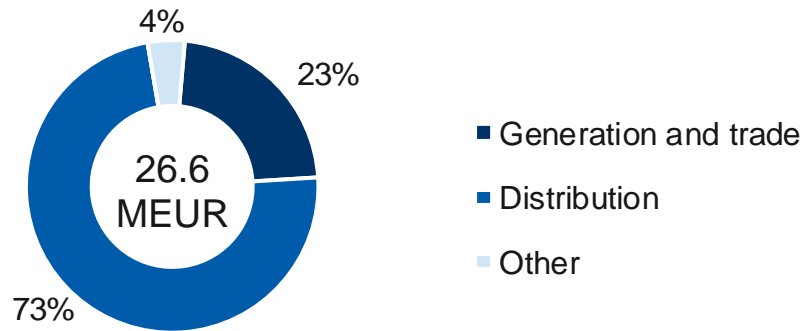
Main facts – 3M 2021

- Electricity distributed: 1,711 GWh (3M 2020: 1,690 GWh)
- The efficiency programme helps reduce operating costs:
 - Within the framework of the efficiency programme, the number of employees at Sadales tīkls AS will be reduced by around 800 (31.03.2021: ~700)
 - Smart electricity meters installed in the company exceeded 890 thousand, which is more than 80% of the total electricity meters
- Investments in distribution assets: 19.5 MEUR (3M 2020: 20.1 MEUR)
- The value of distribution assets: 1,784.8 MEUR (31.03.2020: 1,684.3 MEUR)



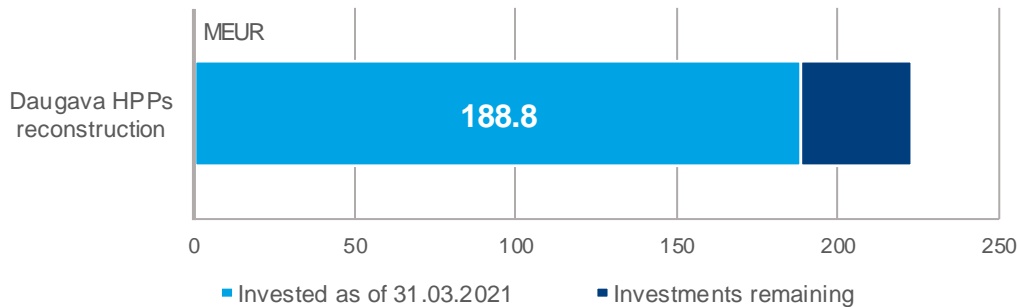
Investments

Investment in distribution network assets – 3/4 of the total



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

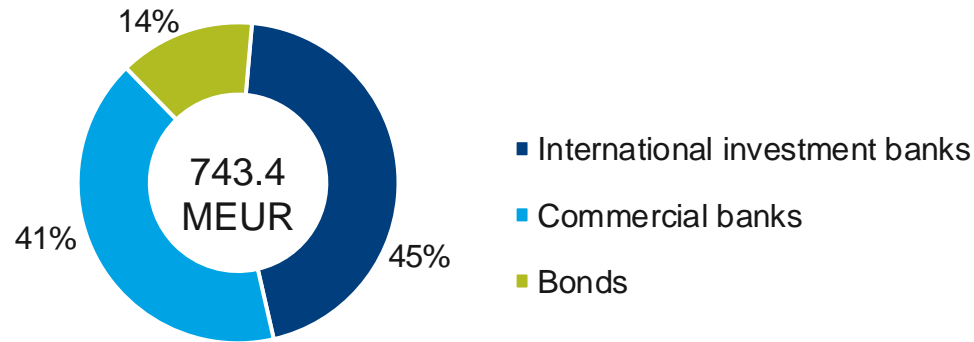
Major investment project



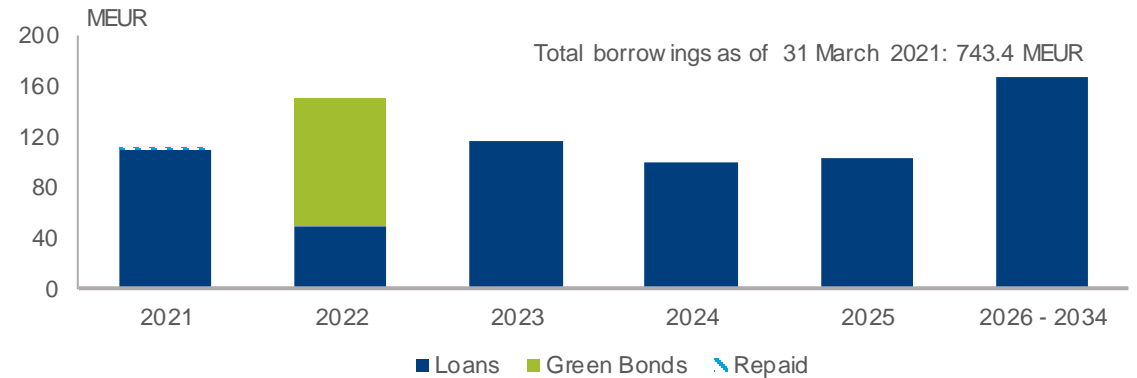
The reconstruction will provide for further 40-year operation of hydropower units

Funding and Liquidity

Diversified sources of funding



Debt repayment schedule



Main facts – 3M 2021

- Latvenergo group again receives the award for Best Investor Relations on the Bond Market
- Moody's completed a periodic review of the credit rating of Latvenergo AS: Baa2 (stable)
- After the reporting period, on 17 May 2021, Latvenergo AS issued seven-year green bonds in the total nominal value of EUR 50 million

Main figures

	31.03.2021
Share of fixed interest rate*	37%
Duration*	1.5 years
Effective weighted average interest rate*	1.3 %

* with interest rate swaps

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

LET – Latvijas elektriskie tīkli AS

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

Consolidated Statement of Profit or Loss*

	EUR'000	
	3M 2021	3M 2020
Revenue	249,888	219,768
Other income	7,127	7,104
Raw materials and consumables	(136,609)	(87,782)
Personnel expenses	(28,189)	(28,141)
Other operating expenses	(11,531)	(12,991)
EBITDA	80,686	97,958
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets	(158,421)	(42,666)
Operating profit	38,020	59,058
Finance income	665	295
Finance costs	(2,331)	(2,941)
Profit before tax	36,354	56,412
Income tax	(812)	(1,276)
Profit for the period from continuing operations	35,542	55,136
Profit for the period from discontinued operation	–	2,763
Profit for the period	35,542	57,899
Profit attributable to:		
- Equity holder of the Parent Company	34,467	56,648
- Non-controlling interests	1,075	1,251

Consolidated Statement of Financial Position*

	EUR'000	
	31/03/2021	31/12/2020
ASSETS		
Non-current assets		
Intangible assets and property, plant and equipment	2,859,616	2,877,354
Right-of-use assets	7,702	8,253
Investment property	2,168	512
Non-current financial investments	40	40
Non-current loans to related parties	86,617	86,620
Other non-current receivables	2,520	429
Derivative financial instruments	246	291
Other financial investments	2,688	2,693
Total non-current assets	2,961,597	2,976,192
Current assets		
Inventories	31,838	68,754
Current intangible assets	–	3,157
Receivables from contracts with customers	110,047	108,178
Other current receivables	82,278	85,316
Deferred expenses	1,779	1,083
Prepayment for income tax	50	43
Derivative financial instruments	537	1,266
Other financial investments	–	14,143
Cash and cash equivalents	233,471	100,703
Total current assets	460,000	382,643
TOTAL ASSETS	3,421,597	3,358,835
EQUITY AND LIABILITIES		
EQUITY		
Share capital	790,348	790,348
Reserves	1,152,379	1,154,367
Retained earnings	204,637	165,672
Equity attributable to equity holder of the Parent Company	2,147,364	2,110,387
Non-controlling interests	8,930	7,855
Total equity	2,156,294	2,118,242
LIABILITIES		
Non-current liabilities		
Borrowings	633,105	634,077
Lease liabilities	6,261	6,783
Deferred income tax liabilities	1,691	6,401
Provisions	17,276	17,317
Derivative financial instruments	5,836	9,672
Deferred income from contracts with customers	137,968	139,613
Other deferred income	164,418	170,413
Total non-current liabilities	966,555	984,276
Current liabilities		
Borrowings	135,281	109,122
Lease liabilities	1,522	1,561
Trade and other payables	112,247	100,912
Deferred income from contracts with customers	14,490	15,091
Other deferred income	24,789	24,799
Derivative financial instruments	10,419	4,832
Total current liabilities	298,748	256,317
Total liabilities	1,265,303	1,240,593
TOTAL EQUITY AND LIABILITIES	3,421,597	3,358,835

* The Latvenergo Consolidated Unaudited Condensed Interim Financial Statements for the 3-Month Period Ending 31 March 2021 are prepared in accordance with the IFRS as adopted by the European Union

Consolidated Statement of Cash Flows*

	EUR'000	
	3M 2021	3M 2020
Cash flows from operating activities		
Profit before tax	36,354	56,412
Profit before tax from discontinued operation	–	2,865
Profit before tax. total	36,354	59,277
Adjustments:		
– Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets, and loss from disposal of non-current assets	46,008	48,664
– Net financial adjustments	6,910	6,643
– Other adjustments	989	166
Operating profit before working capital adjustments	90,261	114,750
Decrease / (increase) in current assets	34,465	(18,658)
Increase in trade and other liabilities	3,055	11,132
Cash generated from operating activities	127,781	107,224
Interest paid	(440)	(2,020)
Interest received	1,226	948
Paid corporate income tax	(22)	(2,452)
Net cash flows from operating activities	128,545	103,700
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	(33,946)	(54,534)
Proceeds from redemption of other financial investments	14,148	12
Net cash flows used in investing activities	(19,798)	(54,522)
Cash flows from financing activities		
Proceeds on borrowings from financial institutions	–	2,000
Repayment of borrowings	(942)	(2,943)
Received financing from European Union	207	202
Lease payments	(231)	(256)
Net cash flows used in financing activities	(966)	(997)
Net increase in cash and cash equivalents	107,781	48,181
Cash and cash equivalents at the beginning of the period	100,703	122,723
Cash and cash equivalents at the end of the period	208,484	170,904