

# LATVENERGO CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 9-MONTH PERIOD  
ENDING 30 SEPTEMBER 2022

30.11.2022, 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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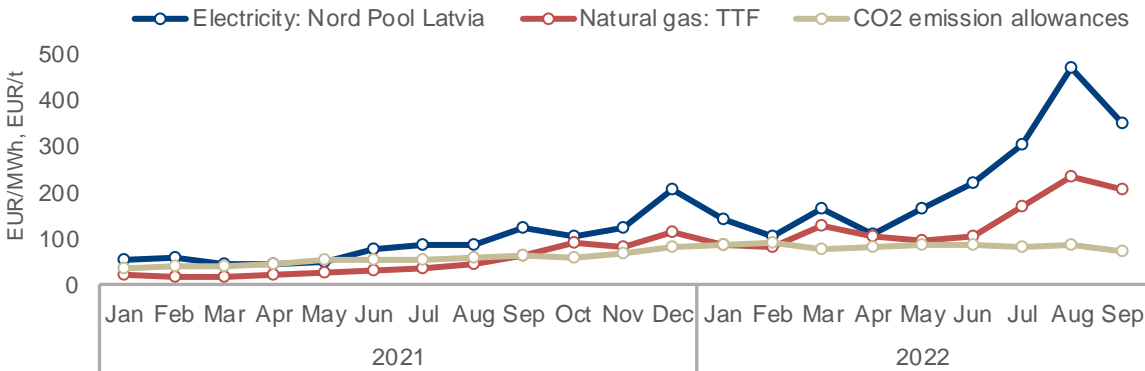
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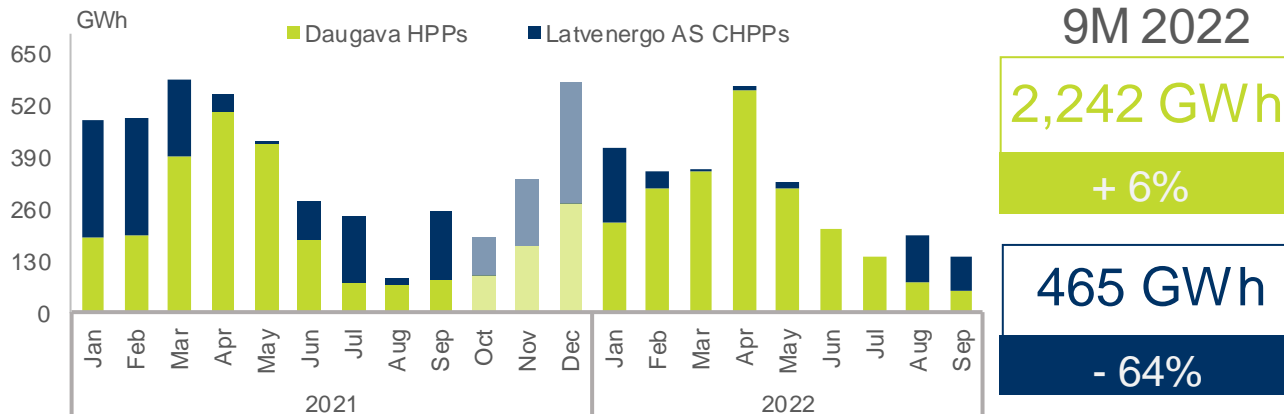
# Record-high electricity and energy resource prices

## Main facts – 9M 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) more than 4x higher, reaching 134 EUR/MWh (9M 2021: 30 EUR/MWh)
- The average price of CO2 emission allowances (EUA DEC.22) 71% higher, exceeding 82 EUR/t (9M 2021: 48 EUR/t)

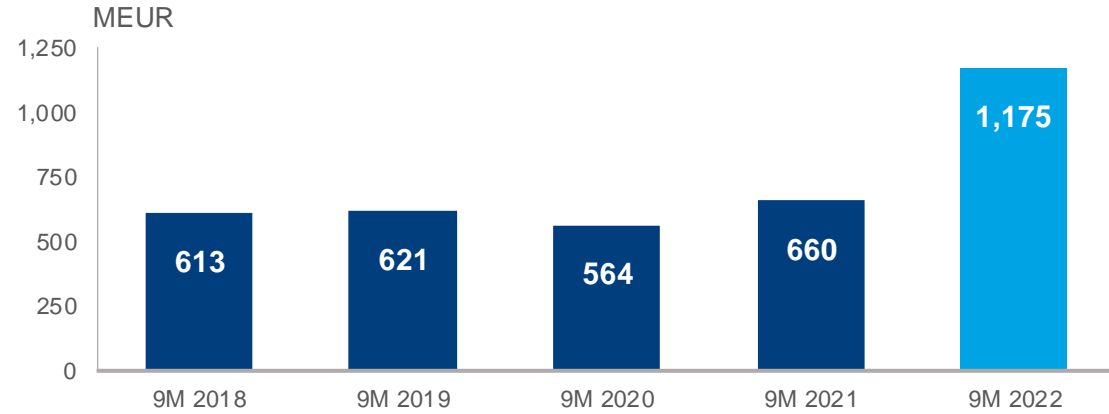


## Generation at the Daugavas HPPs increased by 6%

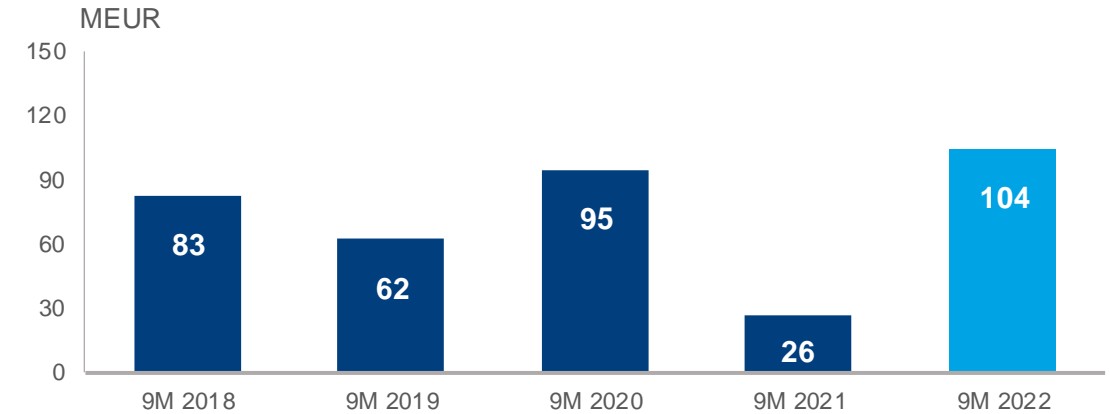


# Key financial figures

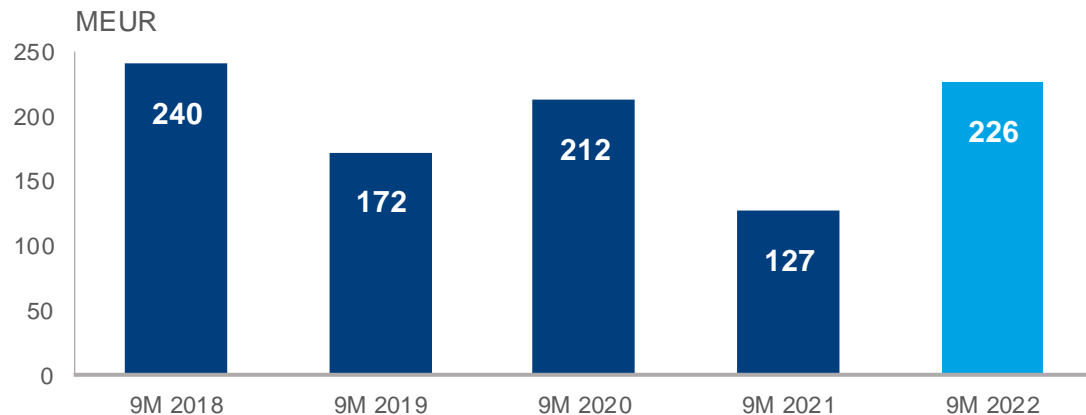
## Revenue\*



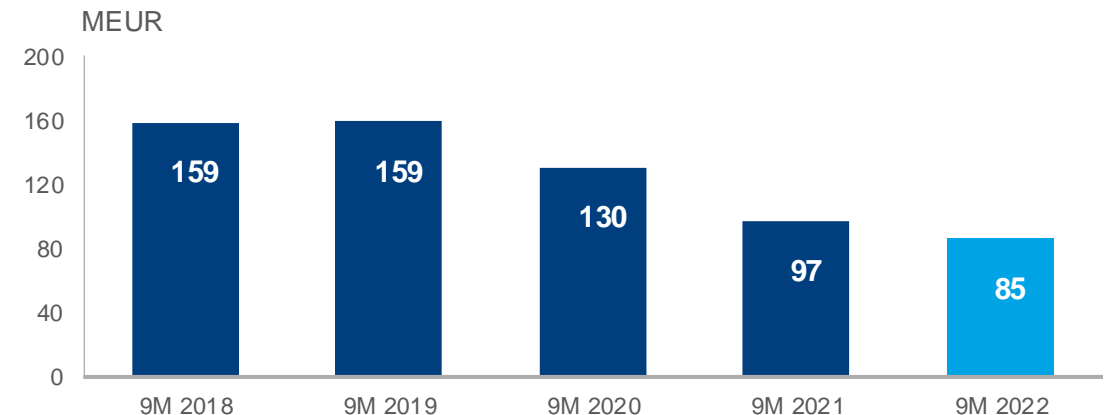
## Net profit



## EBITDA\*



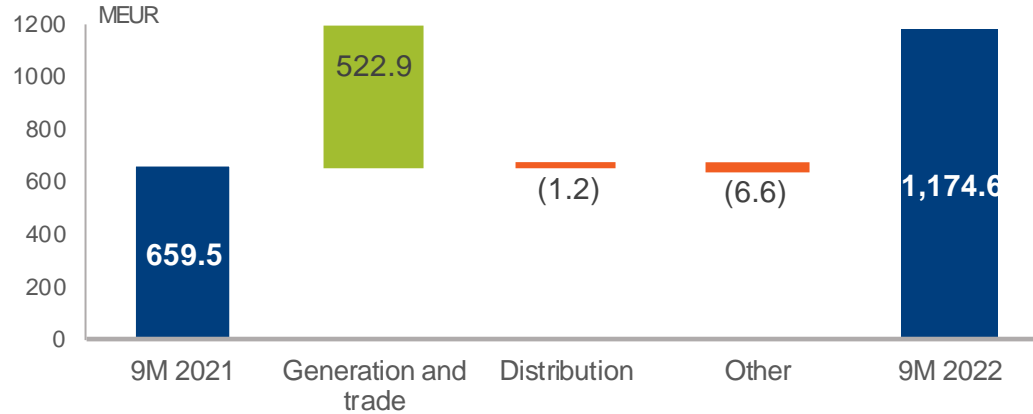
## Investments



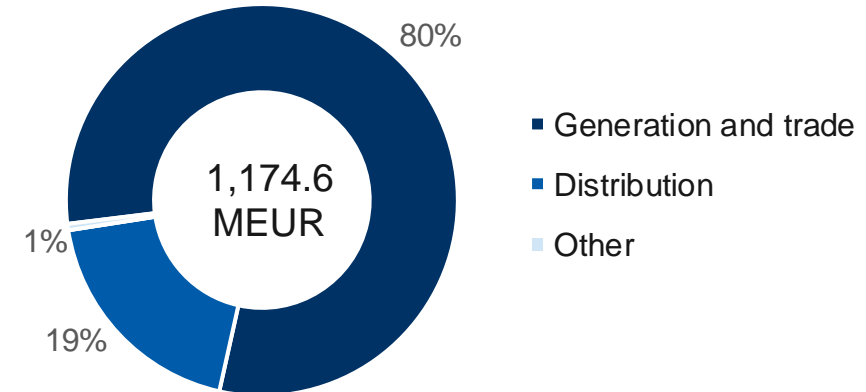
\* Figures and ratios until 10 June 2020 are presented by excluding discontinuing operations (unbundling transmission system asset ownership). For more details, please see the Group's annual report for 2020

# Latvenergo Group's revenue and EBITDA increased by 78%

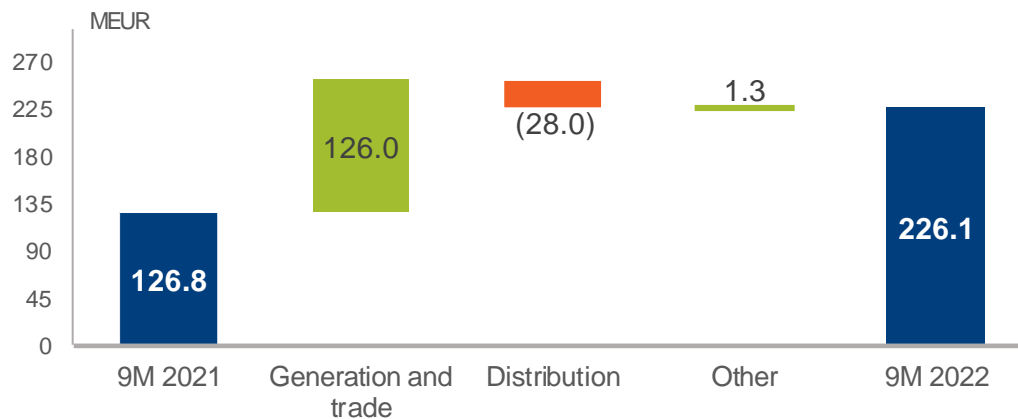
## Revenue dynamics by segments



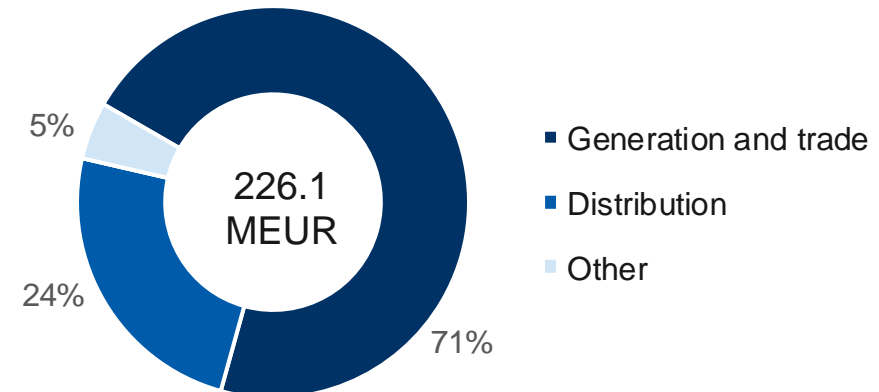
## Revenue weight by segments



## EBITDA dynamics by segments

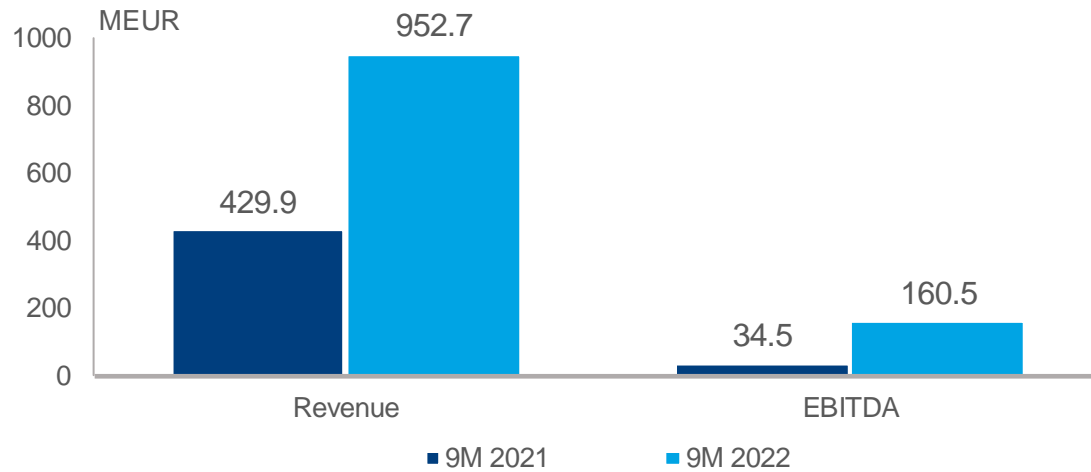


## EBITDA weight by segments



# Generation and trade

## Revenue and EBITDA

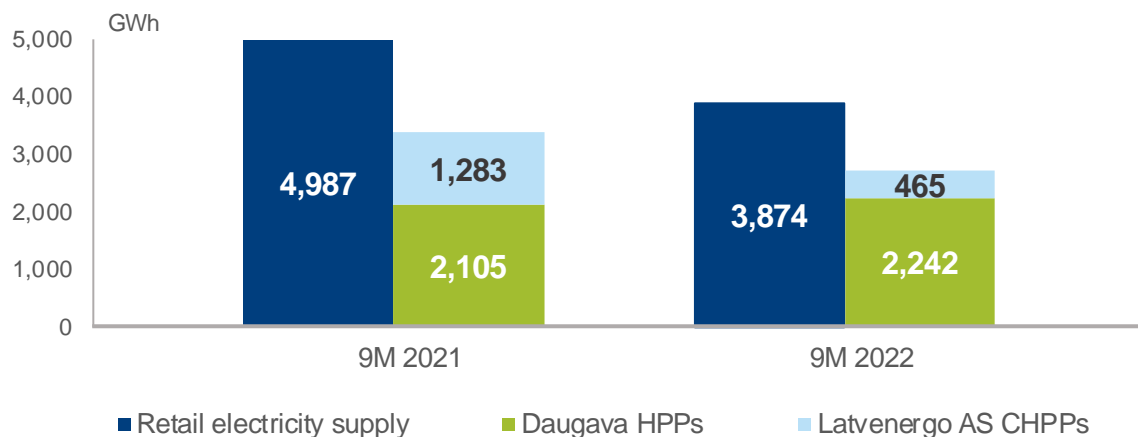


## Main facts – 9M 2022

- The segment’s revenue positively mainly impacted by 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
  - 6% greater output at the Daugava HPPs
  - successfully concluded derivative financial instruments, which partially limited the negative impact of the increase in costs due to the significant increase in the prices of energy resources in the market
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia
- As of 1 September 2022, the average PSO fee is not applied

# Latvenergo – largest green electricity producer in the Baltics

2,729 GWh of electricity generated



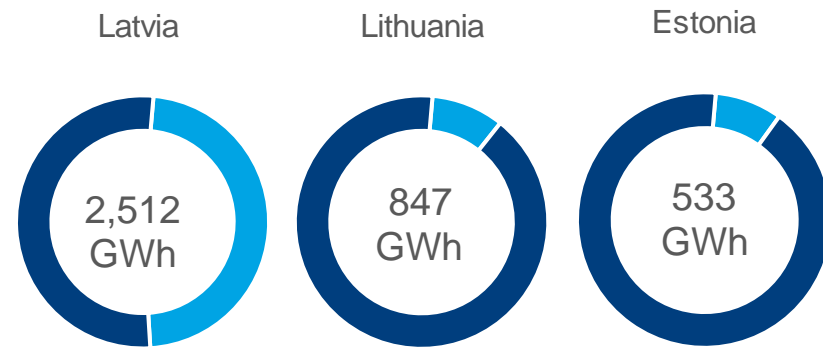
83% of electricity generated from renewable sources

- *Latvenergo* – produced 23% of the total electricity generated in the Baltics
- Electricity generated at *Latvenergo* corresponds to 70% of the amount of electricity sold in retail
- Power generation at the Daugavas HPPs increased by 6%
- Power generation at the Latvenergo AS CHPPs decreased by 64% due to record-high prices of natural gas and CO2 emission allowances
- The amount of thermal energy generated decreased by 13% due to warmer weather conditions, reaching 1,147 GWh

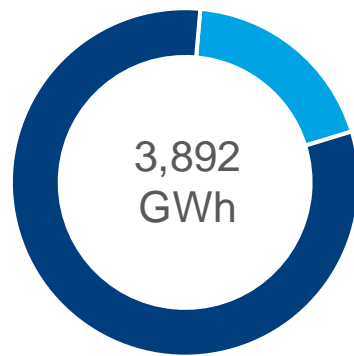


# Trade

## Retail electricity supply\*



### The Baltics



■ Latvenergo Group ■ other suppliers

## The number of *Elektrum* customers increased by 7%



The number of *Elektrum* customers outside Latvia increased almost 2x, exceeding 160,000.



3,892 GWh of electricity sold to Baltic retail customers.



719 GWh of natural gas sold to Baltic retail customers. The number of customers increased by 14%.



More than 5,300 contracts were concluded for the installation of solar panels. Installed solar capacity in the Baltics comprised 30 MW.

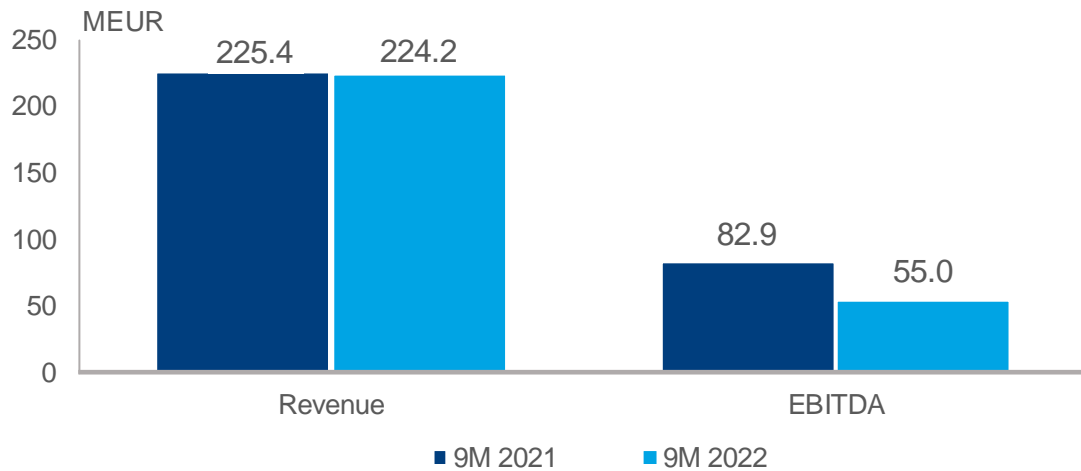


More than 16,000 electric vehicle charges were made at the *Elektrum Drive* electric car charging stations.



# Distribution

## Revenue and EBITDA



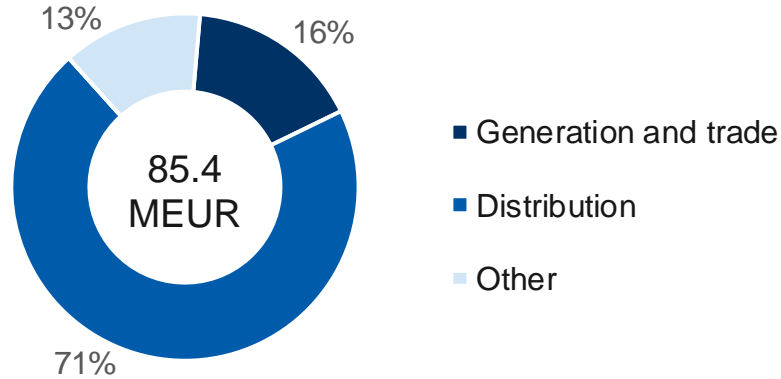
## Main facts – 9M 2022

- Electricity distributed decreased by 3%, reaching 4,640 GWh (9M 2021: 4,772 GWh)
- Financial performance was negatively impacted by higher electricity loss costs with the electricity market price in Latvia increasing more than 3x
- Capital expenditure in distribution assets reached 60.3 MEUR (9M 2021: 63.3 MEUR)
- Considering the huge increase in costs, Sadales tīkls AS developed and submitted a new tariff project for PUC evaluation in November



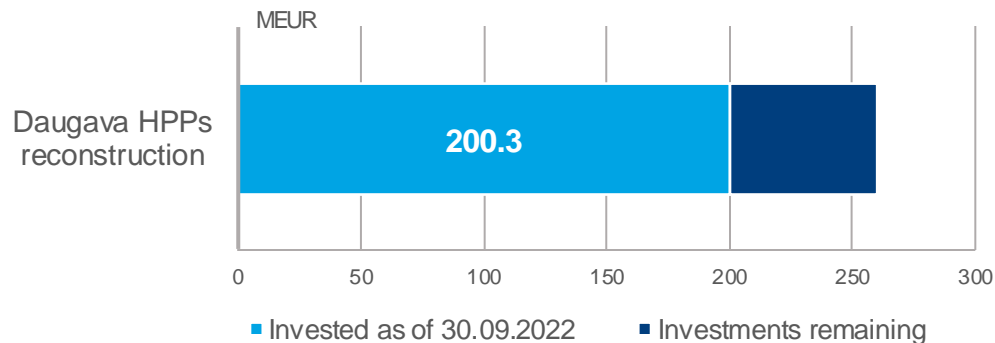
# Investments

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

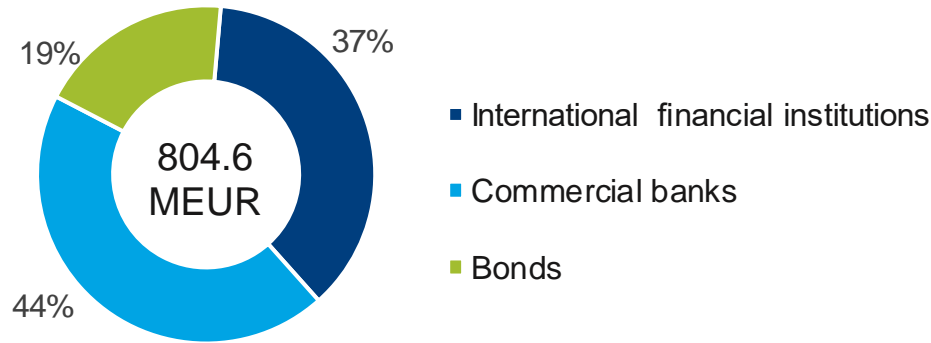
## Major investment project



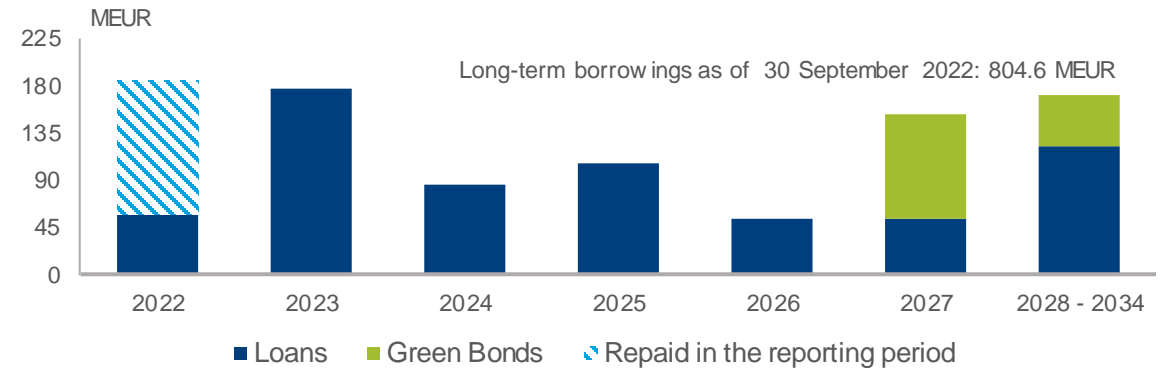
The reconstruction will provide for further 40-year operation of hydropower units

# Investment funding

## Diversified long-term funding



## Long-term debt repayment schedule



## Main facts – 9M 2022

- In January 2022, Moody’s published an updated Credit Opinion of Latvenergo AS.: Baa2 (stable)
- On 5 May, Latvenergo AS issued five-year green bonds in the total nominal value of EUR 100 million
- In October and November, Latvenergo AS attracted new long-term loans from commercial banks in the amount of EUR 200 million

## Main figures of the long-term debt portfolio

	30.09.2022
Share of fixed interest rate*	36%
Average Fixed Interest Rate Period*	1.8 years
Effective weighted average interest rate*	1.0%

\* 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

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- 30/09/2022	01/01- 30/09/2021
Revenue	1,174,584	659,543
Other income	26,253	21,174
Raw materials and consumables	(841,055)	(437,510)
Personnel expenses	(89,368)	(82,028)
Other operating expenses	(44,287)	(34,405)
<b>EBITDA</b>	<b>226,127</b>	<b>126,774</b>
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	(115,733)	(92,076)
<b>Operating profit</b>	<b>110,394</b>	<b>34,698</b>
Finance income	1,090	1,885
Finance costs	(6,914)	(6,949)
<b>Profit before tax</b>	<b>104,570</b>	<b>29,634</b>
Income tax	(311)	(3,231)
<b>Profit for the reporting period</b>	<b>104,259</b>	<b>26,403</b>
<b>Profit attributable to:</b>		
- <i>Equity holder of the Parent Company</i>	105,105	25,527
- <i>Non-controlling interests</i>	(846)	876

# Consolidated Statement of Financial Position\*

	EUR'000	
	30/09/2022	31/12/2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	51,077	53,557
Property, plant, and equipment	3,023,335	2,826,654
Right-of-use assets	8,118	8,312
Investment property	3,131	3,316
Non-current financial investments	40	40
Other non-current receivables	5,637	2,544
Deferred income tax assets	-	79
Derivative financial instruments	8,443	-
<b>Total non-current assets</b>	<b>3,099,781</b>	<b>2,894,502</b>
<b>Current assets</b>		
Inventories	613,572	192,132
Current intangible assets	32,903	24,266
Receivables from contracts with customers	196,919	181,136
Other current receivables	41,729	59,740
Deferred expenses	2,466	1,235
Prepayment for income tax	-	65
Derivative financial instruments	1,365	25,735
Cash and cash equivalents	52,156	97,079
<b>Total current assets</b>	<b>941,110</b>	<b>581,388</b>
<b>TOTAL ASSETS</b>	<b>4,040,891</b>	<b>3,475,890</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	790,368	790,368
Reserves	1,376,626	1,175,355
Retained earnings	194,469	151,430
<b>Equity attributable to equity holder of the Parent Company</b>	<b>2,361,463</b>	<b>2,117,153</b>
Non-controlling interests	5,849	6,295
<b>Total equity</b>	<b>2,367,312</b>	<b>2,123,448</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	614,292	614,075
Lease liabilities	6,507	6,540
Deferred income tax liabilities	348	2,955
Provisions	16,365	15,421
Derivative financial instruments	3,761	2,332
Deferred income from contracts with customers	133,273	137,019
Other deferred income	127,413	146,115
Other non-current liabilities	3,198	-
<b>Total non-current liabilities</b>	<b>905,157</b>	<b>924,457</b>
<b>Current liabilities</b>		
Borrowings	355,694	180,954
Lease liabilities	1,746	1,888
Trade and other payables	356,130	189,018
Deferred income from contracts with customers	15,426	15,031
Other deferred income	24,902	24,906
Derivative financial instruments	14,524	16,188
<b>Total current liabilities</b>	<b>768,422</b>	<b>427,985</b>
<b>Total liabilities</b>	<b>1,673,579</b>	<b>1,352,442</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,040,891</b>	<b>3,475,890</b>

\* The Latvenergo Consolidated Unaudited Condensed Interim Financial Statements for the 9-month period ending 30 September 2022 are prepared in accordance with the IFRS as adopted by the European Union

# Consolidated Statement of Cash Flows\*

	EUR'000	
	01/01- 30/09/2022	01/01- 30/09/2021
<b>Cash flows from operating activities</b>		
Profit before tax	104,570	29,634
<b>Adjustments:</b>		
– Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right-of-use assets, and loss from disposal of non-current assets	136,793	120,172
– Net financial adjustments	3,997	26,155
– Other adjustments	742	(1,069)
Interest paid	(5,933)	(6,368)
Interest received	2	2,277
Paid corporate income tax	(2,644)	(6,860)
<b>Funds from operations (FFO)</b>	<b>237,527</b>	<b>163,941</b>
Increase in current assets	(423,546)	(81,525)
Increase / (decrease) in trade and other liabilities	151,033	(3,267)
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(34,986)</b>	<b>79,149</b>
<b>Cash flows from investing activities</b>		
Repayment of loans to related parties	–	86,672
Purchase of intangible assets and property, plant and equipment	(113,551)	(136,102)
Proceeds from redemption of other financial investments	–	14,158
Payment for acquisition of subsidiaries, net of cash acquired	–	(4,410)
<b>Net cash flows used in investing activities</b>	<b>(113,551)</b>	<b>(39,682)</b>
<b>Cash flows from financing activities</b>		
Repayment of issued debt securities (bonds)	(100,000)	–
Proceeds on issued debt securities (bonds)	100,000	50,000
Proceeds on borrowings from financial institutions	203,312	2,380
Repayment of borrowings from financial institutions	(29,181)	(44,155)
Received financing from European Union	–	748
Lease payments	(757)	(940)
Proceeds from non-controlling interests' contributions to share capital	400	–
Dividends paid to non-controlling interests	–	(2,508)
Dividends paid to equity holder of the Parent Company	(70,160)	(98,246)
<b>Net cash flows generated from / (used in) financing activities</b>	<b>103,614</b>	<b>(92,721)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(44,923)</b>	<b>(53,254)</b>
Cash and cash equivalents at the beginning of the period	97,079	100,703
<b>Cash and cash equivalents at the end of the period</b>	<b>52,156</b>	<b>47,449</b>

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