

# LATVENERGO CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST 6 MONTHS OF 2024

30.08.2024, Riga



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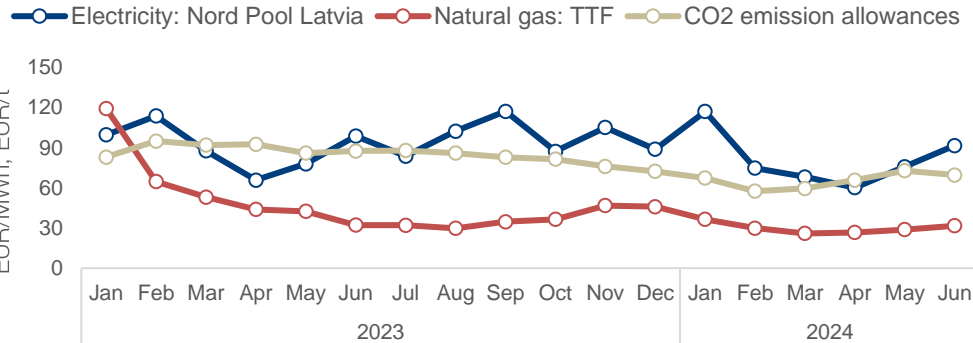
Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group’s consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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# Electricity and natural gas prices are lower



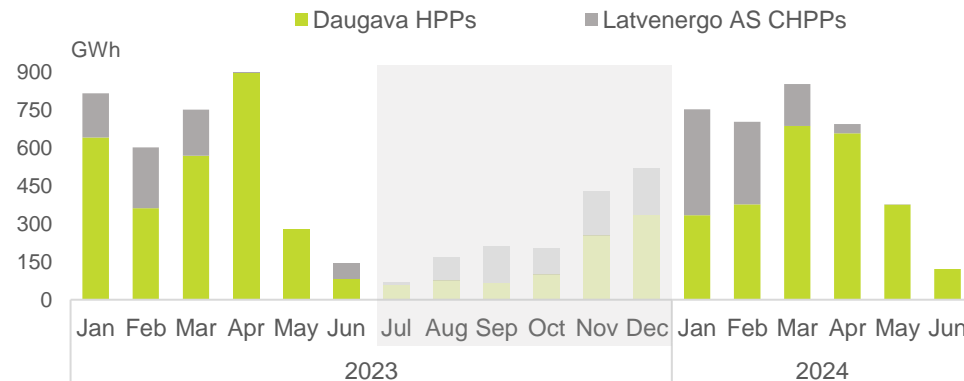
## Main facts – 1H 2024

- Decrease in electricity prices was primarily affected by a decrease in the price of energy resources, mainly natural gas, and a greater output of renewable energy
- The price of natural gas at TTF virtual trading point (front month) 49% lower, reaching 30 EUR/MWh
- The average price of CO2 emission allowances (EUA DEC futures) 27% lower, reaching 66 EUR/t

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

Region	1H 2024	1H 2023	D, %
System price	46.8	70.6	(34%)
Latvia	81.3	90.7	(10%)
Lithuania	81.4	91.7	(11%)
Estonia	83.0	87.2	(5%)

## 41% higher output at the CHPPs



1H 2024

2,558 GWh

-10%

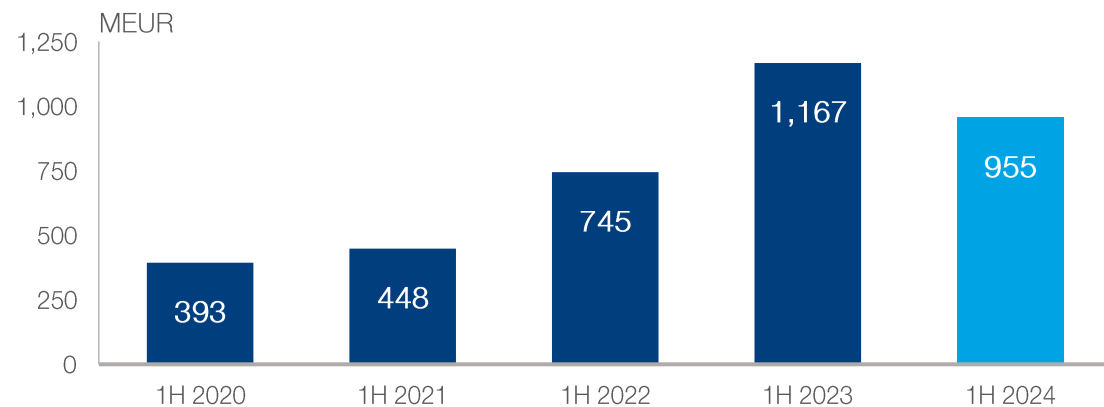
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949 GWh

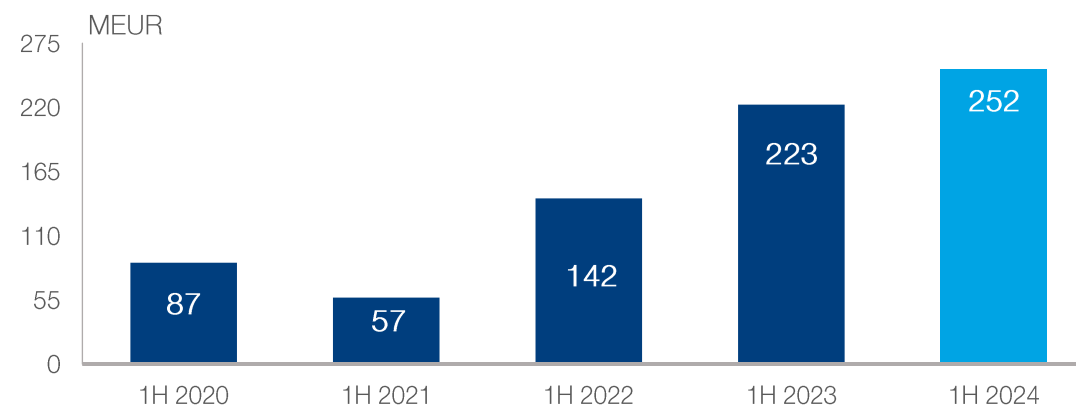
+41%

# Key financial figures

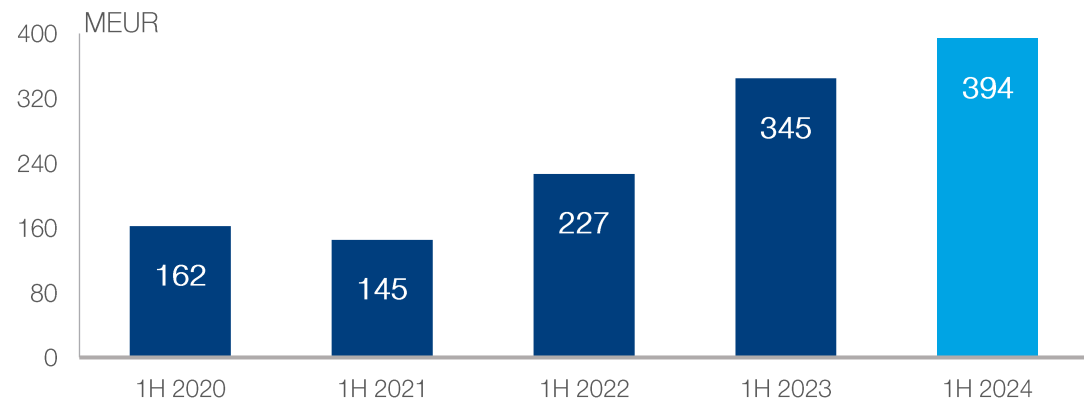
## Revenue



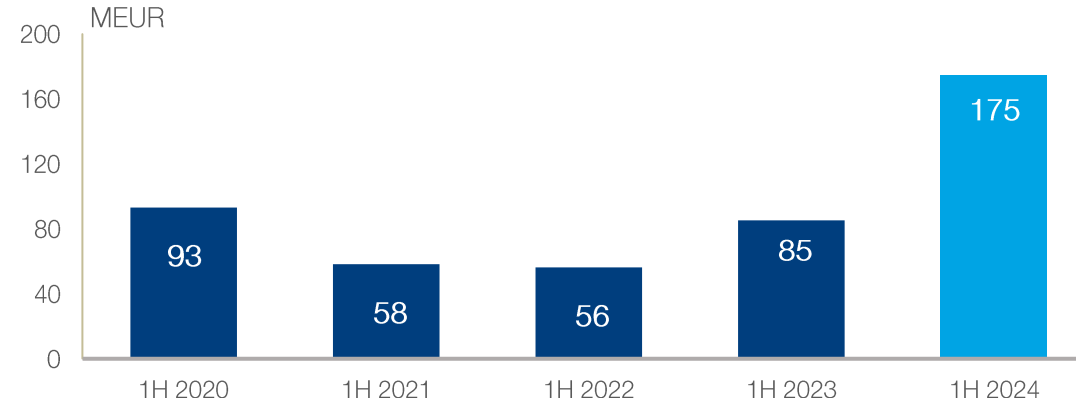
## Net profit



## EBITDA

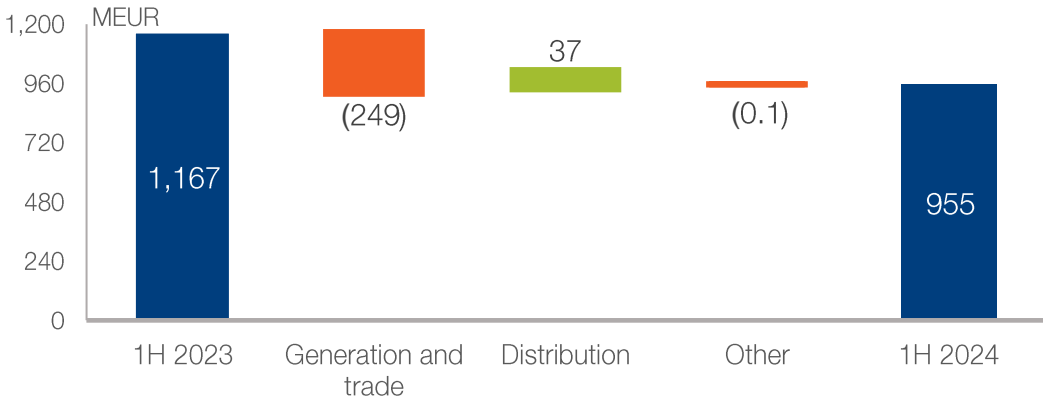


## Investments

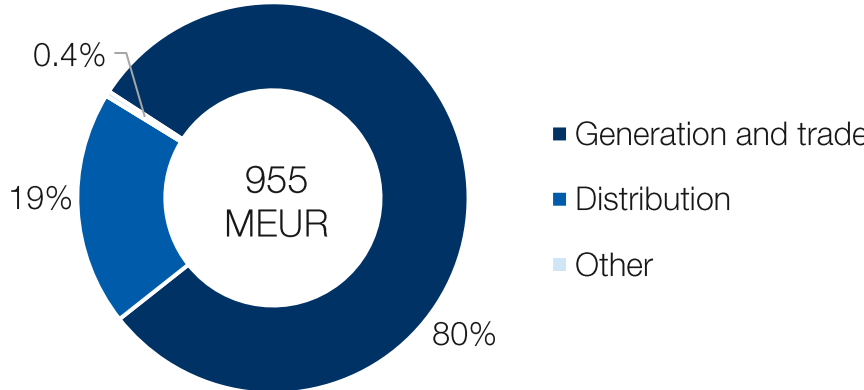


# Latvenergo Group's EBITDA increased by 14%

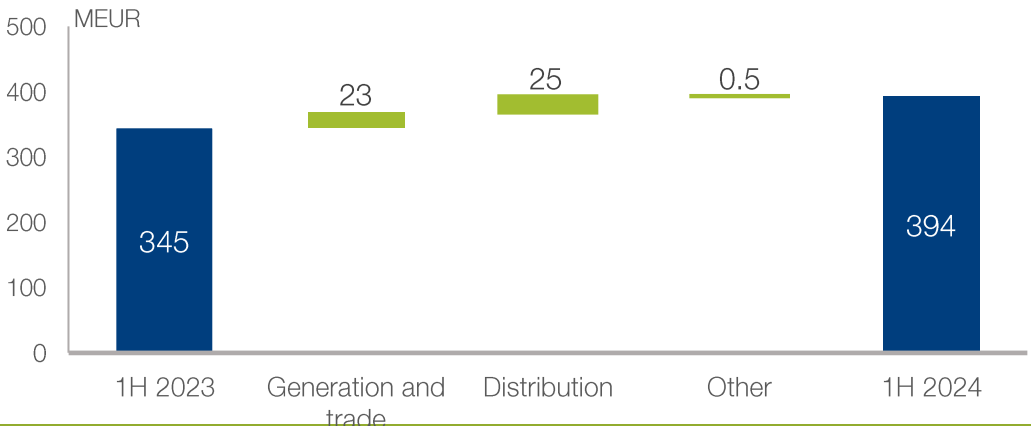
## Revenue dynamics by segments



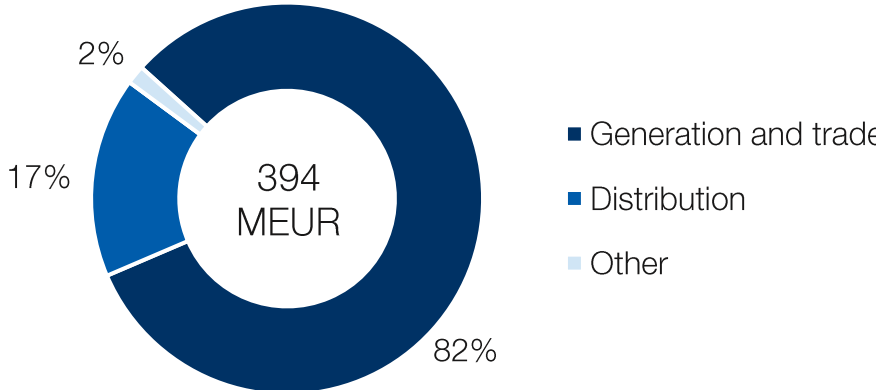
## Revenue weight by segments



## EBITDA dynamics by segments

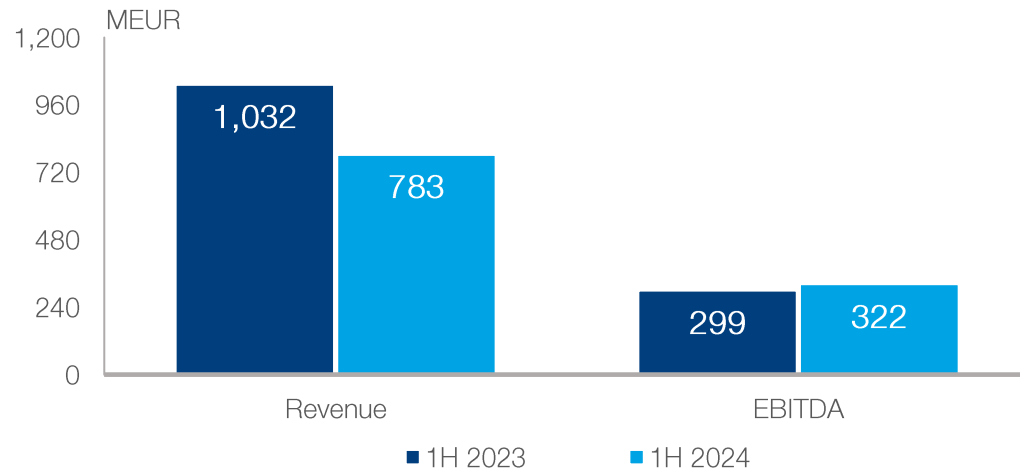


## EBITDA weight by segments



# Generation and trade

## Revenue and EBITDA



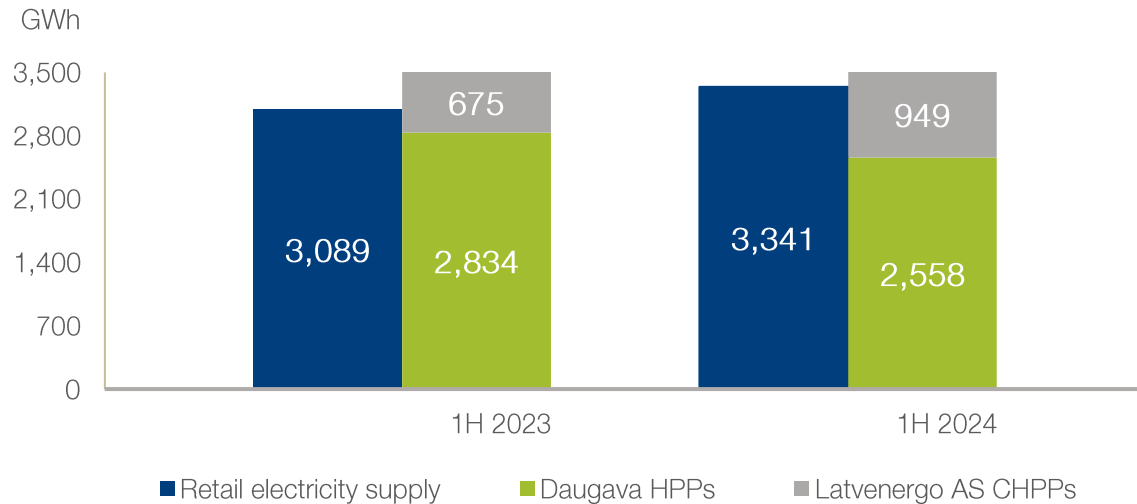
## Main facts – 1H 2024

- The segment's revenue was negatively impacted by lower energy sales prices.
- The segment's EBITDA mainly positively impacted by
  - lower natural gas purchase prices
  - 8% increase in the amount of electricity sold in retail
  - 39% increase in retail natural gas sales volume
  - 41% higher output at the CHPPs
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia



# Generation

## 3,531 GWh of electricity generated



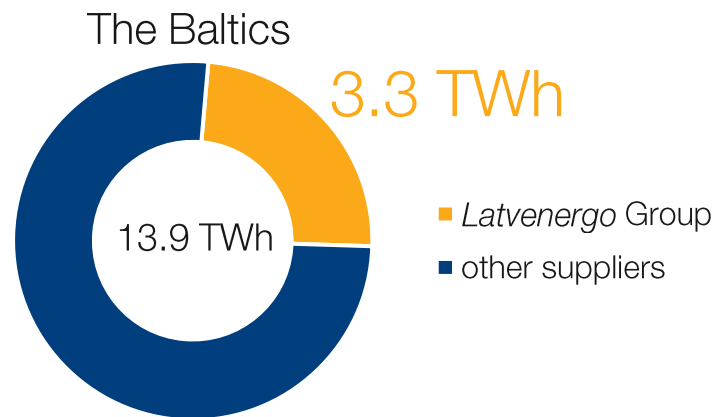
## 73% of electricity generated from renewable sources

- *Latvenergo* produced 35% of the total electricity generated in the Baltics
- Electricity generated at *Latvenergo* corresponds to 106% of the electricity sold at retail
- Electricity generation at Latvenergo CHPPs is up by 41%, and at Daugava HPPs, it's down by 10%
- The amount of generated thermal energy increased by 8%, reaching 1,045 GWh



# Trade

Retail electricity\* supply +8% and natural gas +39%

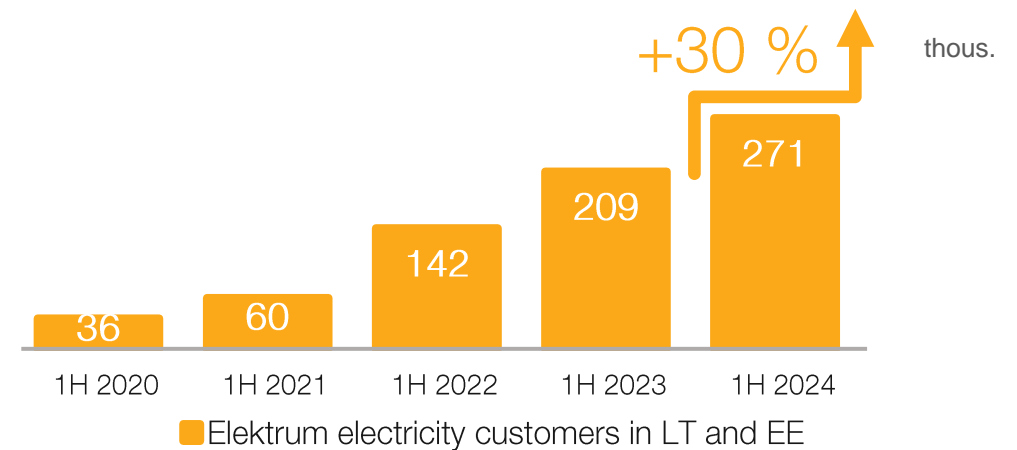


3.3 TWh of electricity sold to Baltic retail customers. The number of customers is up by 5%, reaching 884 thous.



619 GWh of natural gas sold to Baltic retail customers. The number of customers is up by 56%, reaching 59 thous.

The number of *Elektrum* customers in neighbouring countries grows rapidly



More than 49 thous. electric vehicle charges were made at the *Elektrum Drive* electric car charging stations.

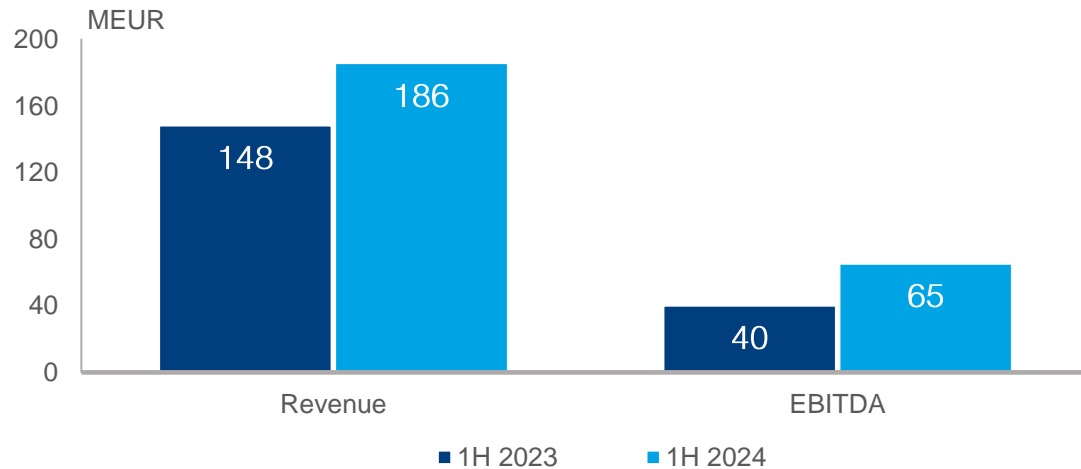


Over 660 contracts were signed for installing solar panels in the Baltics. The total installed solar panel capacity for Baltic customers reached 85 MW.



# Distribution

## Revenue and EBITDA

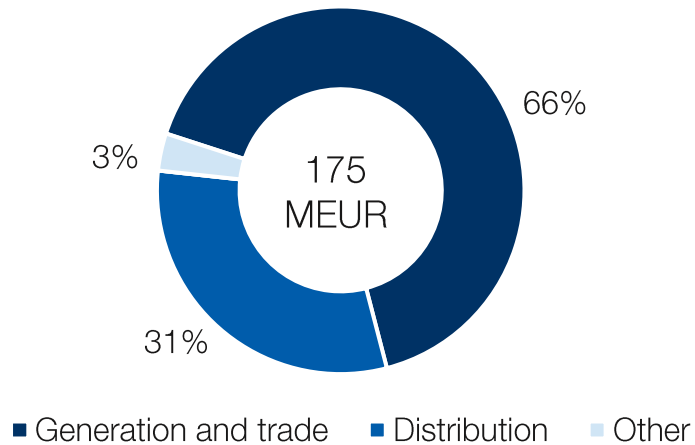


## Main facts – 1H 2024

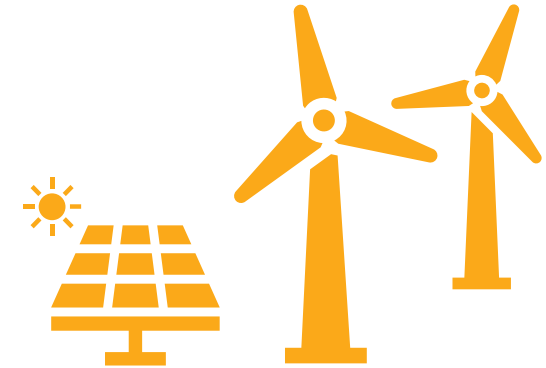
- Electricity distributed increased by 2%, reaching 3,078 GWh
- Financial results were positively affected by the new distribution tariffs of Sadales tīkls AS starting from 1 July 2023 and increased electricity consumption
- Financial results were negatively affected by a rise in electricity transmission service costs by 9.2 MEUR
- Capital expenditure in distribution assets reached 54.0 MEUR (1H 2023: 45.4 MEUR)



# Investments



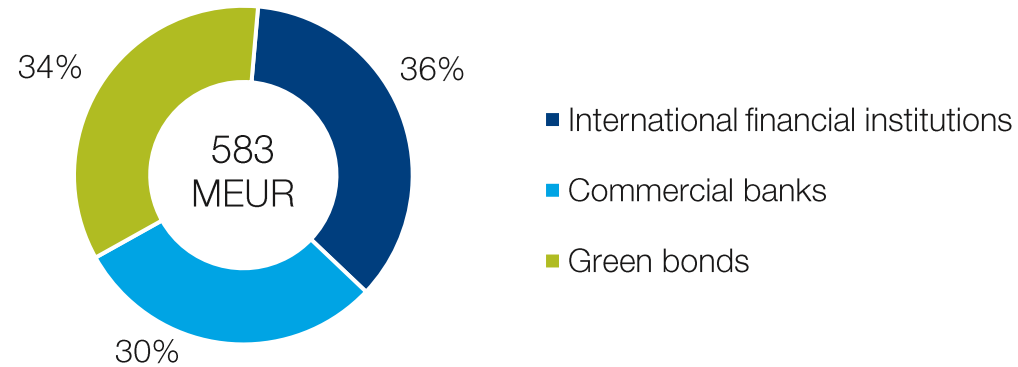
## Significant increase in investments in renewable energy production capacities in the Baltics



- In 1H 2024, 98 MEUR were allocated towards the development of wind and solar parks, which is more than half of the Group's total investments
- In 1H 2024, Latvenergo AS purchased the wind project *Telšiai* (124 MW), which will enable the start of wind energy production in 2026
- In 1H 2024, the first four solar parks in Latvia, with a total capacity of 29 MW, one solar park in Lithuania (13 MW), and one solar park in Estonia (7 MW) began operations
- In the Baltic region, we have solar and wind parks in the project or construction stage with a total capacity of more than 500 MW; their gradual commissioning is expected from 2024-2026
- Investments in network assets allows to improve the quality of the power network services and technical parameters

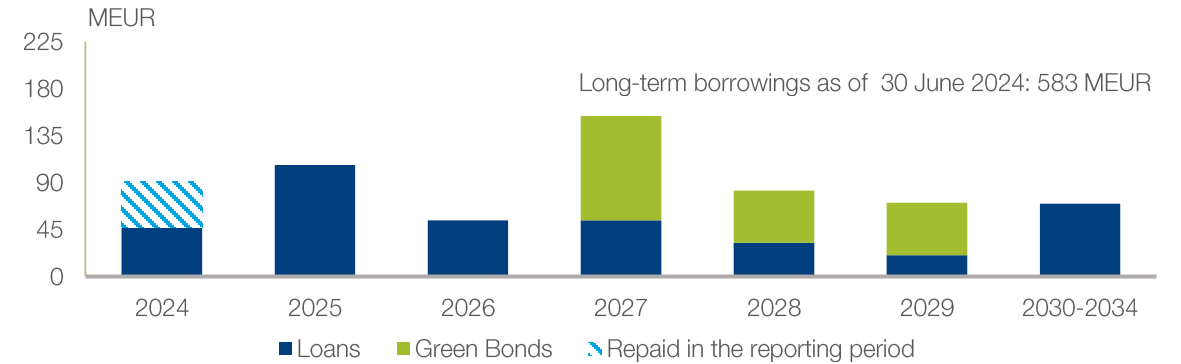
# Investment funding

## Diversified long-term funding



- Moody's credit rating Baa2 for Latvenergo AS has been consistently stable since 2015

## Long-term debt repayment schedule



## Main figures of the long-term debt portfolio

	30.06.2024.
Share of fixed interest rate*	48%
Weighted average fixed interest rate duration*	1.9 years
Weighted average effective interest rate*	3.6%

# Thank you!

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# Abbreviations

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)

CHPPs – Latvenergo AS combined heat and power plants

SAIDI – System Average Interruption Duration Index

SAIFI – System Average Interruption Frequency Index

SPP – Solar power plant

# Consolidated Statement of Profit or Loss\*

	EUR'000	
	01/01- 30/06/2024	01/01- 30/06/2023
Revenue	955,423	1,167,466
Other income	15,415	16,296
Raw materials and consumables	(467,797)	(731,991)
Personnel expenses	(76,425)	(72,688)
Other operating expenses	(32,890)	(34,415)
<b>EBITDA</b>	<b>393,726</b>	<b>344,668</b>
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	(86,582)	(85,523)
<b>Operating profit</b>	<b>307,144</b>	<b>259,145</b>
Finance income	9,208	2,381
Finance costs	(11,584)	(11,910)
<b>Profit before tax</b>	<b>304,768</b>	<b>249,616</b>
Income tax	(52,280)	(27,097)
<b>Profit for the period</b>	<b>252,488</b>	<b>222,519</b>
<b>Profit attributable to:</b>		
- Equity holder of the Parent Company	251,368	221,999
- Non-controlling interests	1,120	520

# Consolidated Statement of Financial Position\*

	EUR'000	
	30/06/2024	31/12/2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	69,630	57,326
Property, plant, and equipment	3,372,245	3,301,051
Right-of-use assets	10,278	11,219
Investment property	2,266	2,309
Non-current financial investments	40	42
Non-current loans to related parties	16,079	863
Other non-current receivables	447	447
Deferred income tax assets	66	800
Derivative financial instruments	3,734	3,210
<b>Total non-current assets</b>	<b>3,474,785</b>	<b>3,377,267</b>
<b>Current assets</b>		
Inventories	141,734	183,798
Current intangible assets	39,668	69,312
Receivables from contracts with customers	167,029	224,922
Other current receivables	36,564	50,081
Deferred expenses	4,184	2,388
Prepayment for income tax	304	–
Derivative financial instruments	2,398	7,959
Other current financial investments	170,000	140,000
Cash and cash equivalents	71,245	118,456
<b>Total current assets</b>	<b>633,126</b>	<b>796,916</b>
<b>TOTAL ASSETS</b>	<b>4,107,911</b>	<b>4,174,183</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	790,368	790,368
Reserves	1,676,997	1,681,852
Retained earnings	521,538	483,016
<b>Equity attributable to equity holder of the Parent Company</b>	<b>2,988,903</b>	<b>2,955,236</b>
Non-controlling interests	6,713	7,844
<b>Total equity</b>	<b>2,995,616</b>	<b>2,963,080</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	484,865	536,316
Lease liabilities	8,085	9,015
Deferred income tax liabilities	3,449	5,475
Provisions	18,485	18,240
Deferred income from contracts with customers	142,438	138,506
Other deferred income	102,886	112,509
<b>Total non-current liabilities</b>	<b>760,208</b>	<b>820,061</b>
<b>Current liabilities</b>		
Borrowings	98,596	93,380
Lease liabilities	2,646	2,391
Trade and other payables	179,700	202,733
Deferred income from contracts with customers	17,624	21,304
Other deferred income	24,974	24,973
Provisions	27,591	46,261
Derivative financial instruments	956	–
<b>Total current liabilities</b>	<b>352,087</b>	<b>391,042</b>
<b>Total liabilities</b>	<b>1,112,295</b>	<b>1,211,103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,107,911</b>	<b>4,174,183</b>

# Consolidated Statement of Cash Flows\*

	EUR'000	
	01/01- 30/06/2024	01/01- 31/06/2023
<b>Cash flows from operating activities</b>		
Profit before tax	304,768	249,616
<b>Adjustments:</b>		
– Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	86,582	85,523
– loss from disposal of non-current assets	2,076	1,699
– Interest expense	11,495	11,773
– Interest income	(7,446)	(1,170)
– Fair value loss on derivative financial instruments	719	35,726
– Increase in provisions	(18,425)	(17,546)
Interest paid	(15,833)	(11,769)
Interest paid on leases	(69)	(54)
Interest received	5,505	1,170
Paid corporate income tax	(55,550)	(27,153)
<b>Funds from operations (FFO)</b>	<b>313,822</b>	<b>327,815</b>
Decrease in inventories and current intangible assets	74,489	96,413
Decrease in receivables from contracts with customers and other receivables	71,733	122,792
Increase in other current financial investments	(30,000)	–
Decrease in trade and other liabilities	(36,664)	(853)
<b>Net cash flows generated from operating activities</b>	<b>393,380</b>	<b>546,167</b>
<b>Cash flows from investing activities</b>		
Loans issued to related parties	(15,229)	–
Purchase of intangible assets and PPE	(169,357)	(80,855)
<b>Net cash flows used in investing activities</b>	<b>(184,586)</b>	<b>(80,855)</b>
<b>Cash flows from financing activities</b>		
Proceeds on issued debt securities (bonds)	–	50,000
Repayment of borrowings from financial institutions	(43,236)	(173,867)
Received financing from European Union	2,867	13,620
Lease payments	(958)	(716)
Acquisition of non-controlling interests	(400)	–
Dividends paid to non-controlling interests	(2,079)	(451)
Dividends paid to equity holder of the Parent Company	(212,199)	(133,991)
<b>Net cash flows used in financing activities</b>	<b>(256,005)</b>	<b>(245,405)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(47,211)</b>	<b>219,907</b>
Cash and cash equivalents at the beginning of the period	118,456	112,757
<b>Cash and cash equivalents at the end of the period</b>	<b>71,245</b>	<b>332,664</b>