

# LATVENERGO CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST 9 MONTHS OF 2024

29.11.2024, Riga



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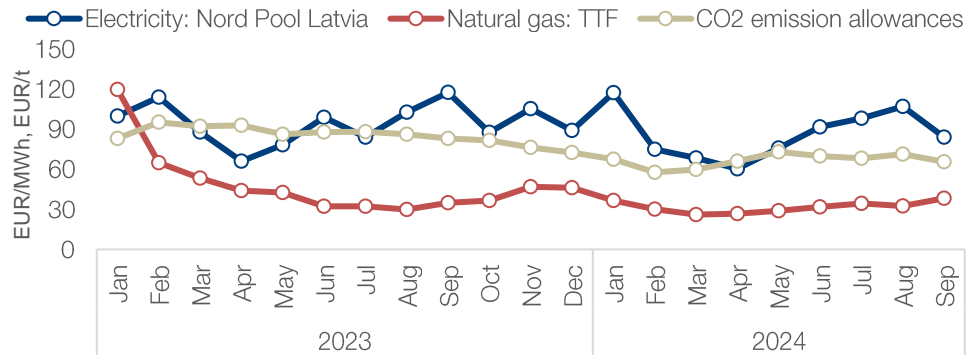
Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group’s consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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# Electricity and natural gas prices are lower



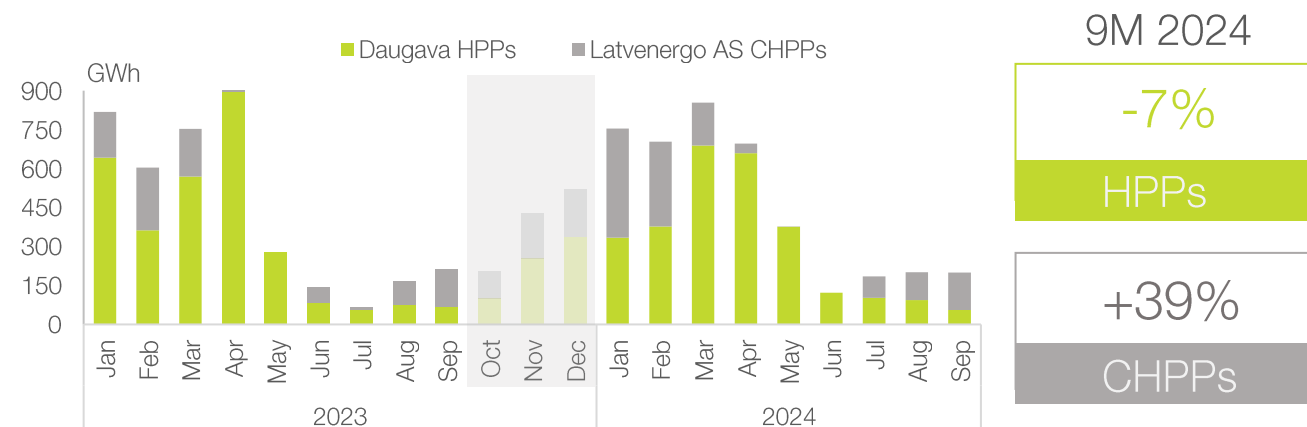
## Main facts – 9M 2024

- 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) 37% lower, reaching 32 EUR/MWh
- The average price of CO2 emission allowances (EUA DEC futures) 25% lower, reaching 66 EUR/t

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

Region	9M 2024	9M 2023	D, %
System price	37.8	56.2	(33%)
Latvia	86.3	94.2	(8%)
Lithuania	86.3	94.9	(9%)
Estonia	87.5	90.1	(3%)

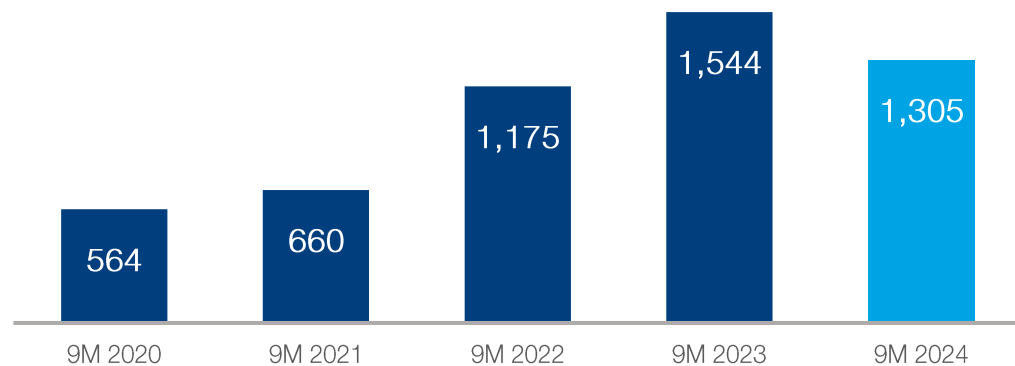
## CHPPs operate based on market conditions



# Key financial figures

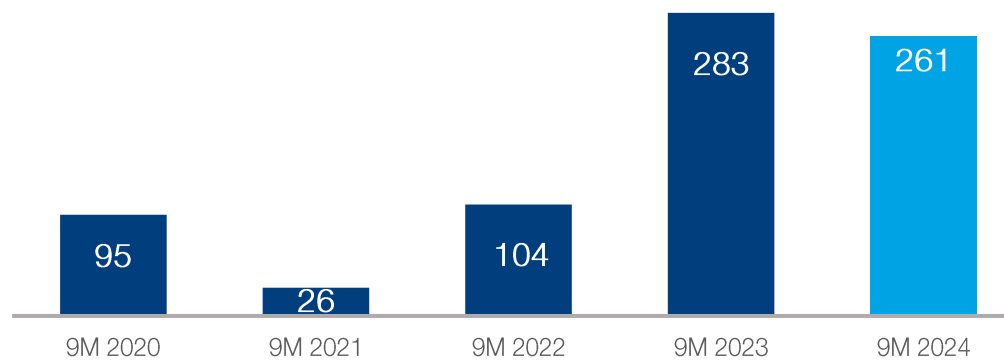
## Revenue

MEUR



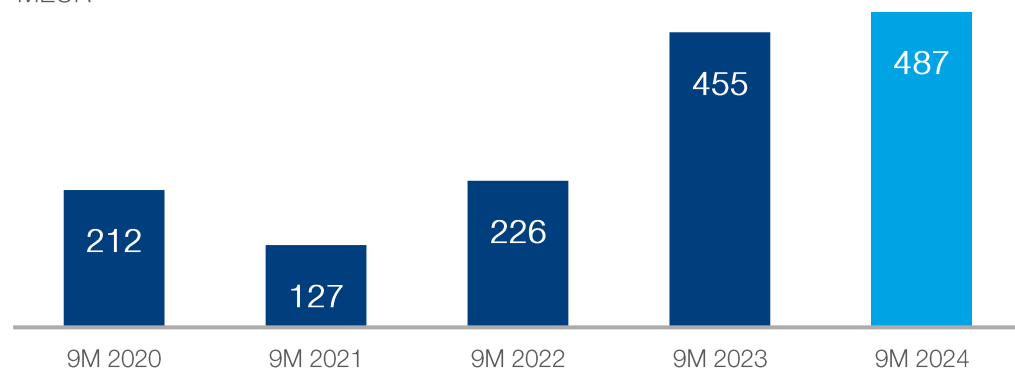
## Net profit

MEUR



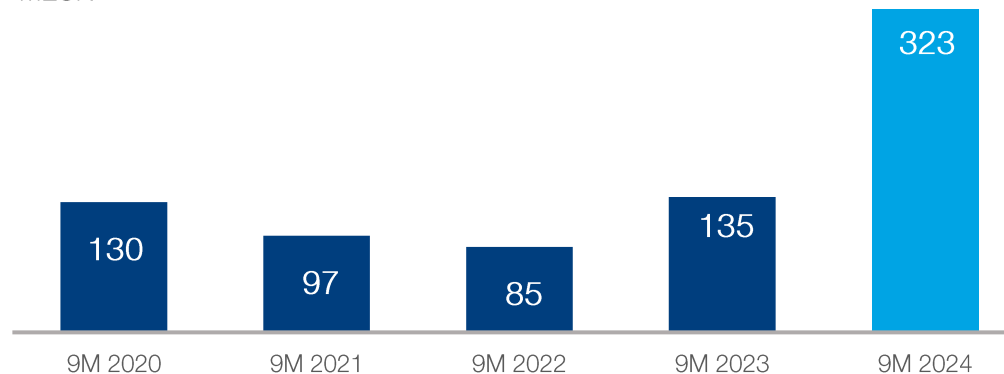
## EBITDA

MEUR



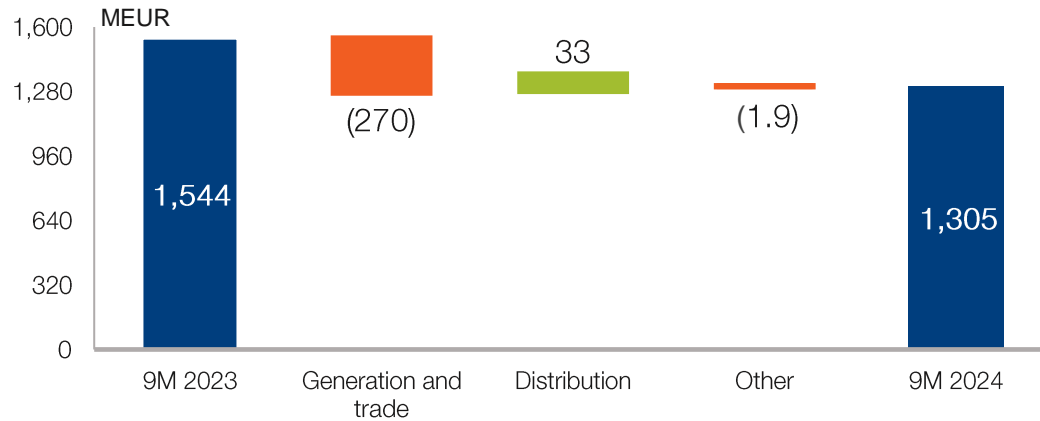
## Investments

MEUR

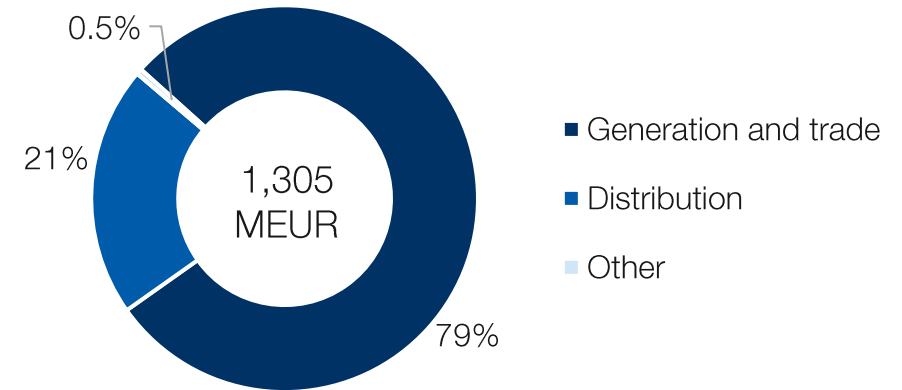


# Latvenergo Group's EBITDA increased by 7%

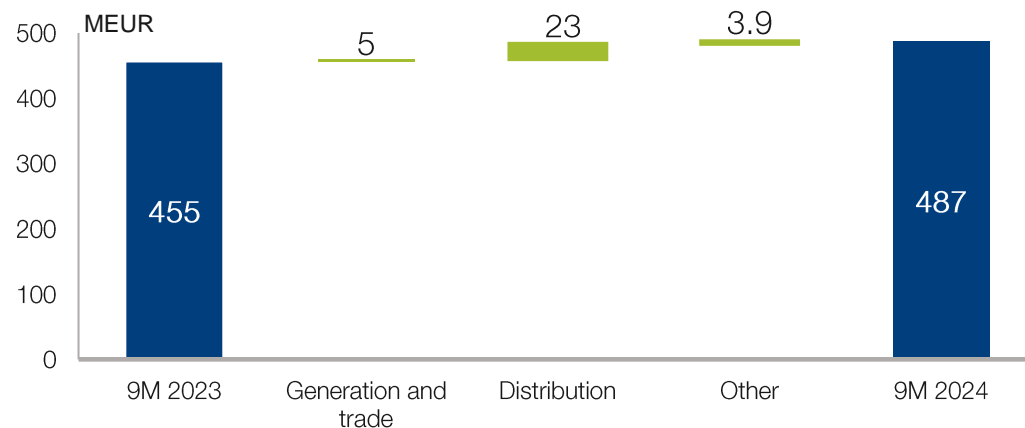
## Revenue dynamics by segments



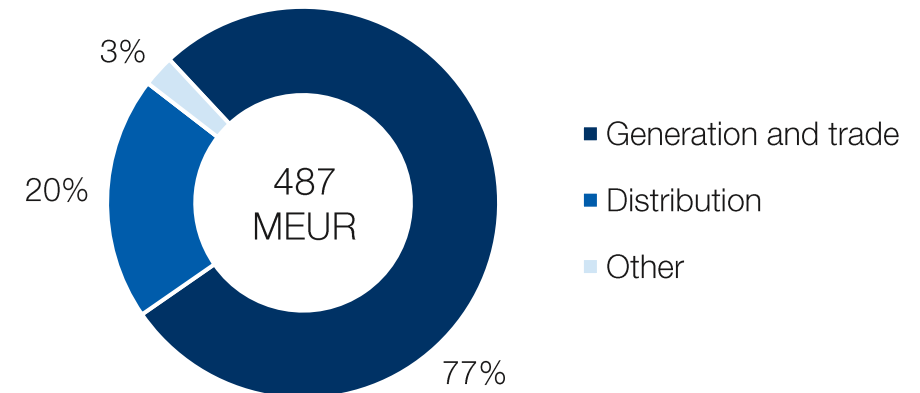
## Revenue weight by segments



## EBITDA dynamics by segments

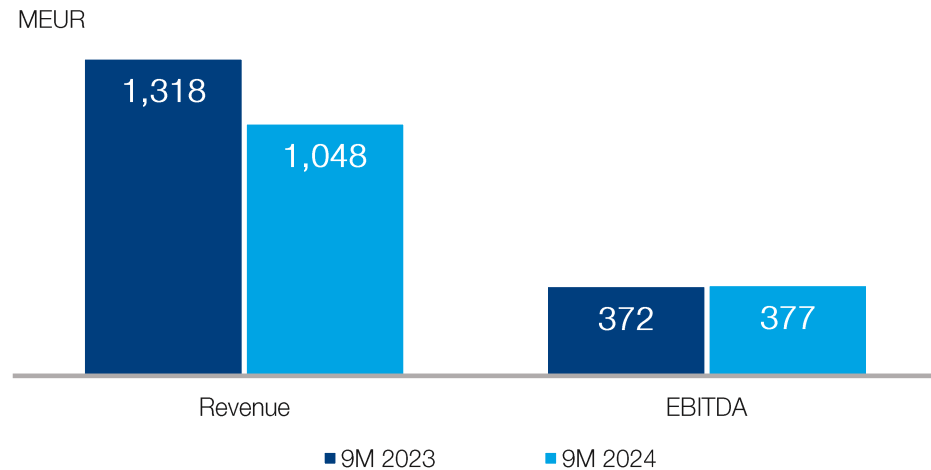


## EBITDA weight by segments



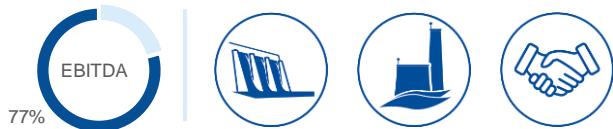
# Generation and trade

## Revenue and EBITDA



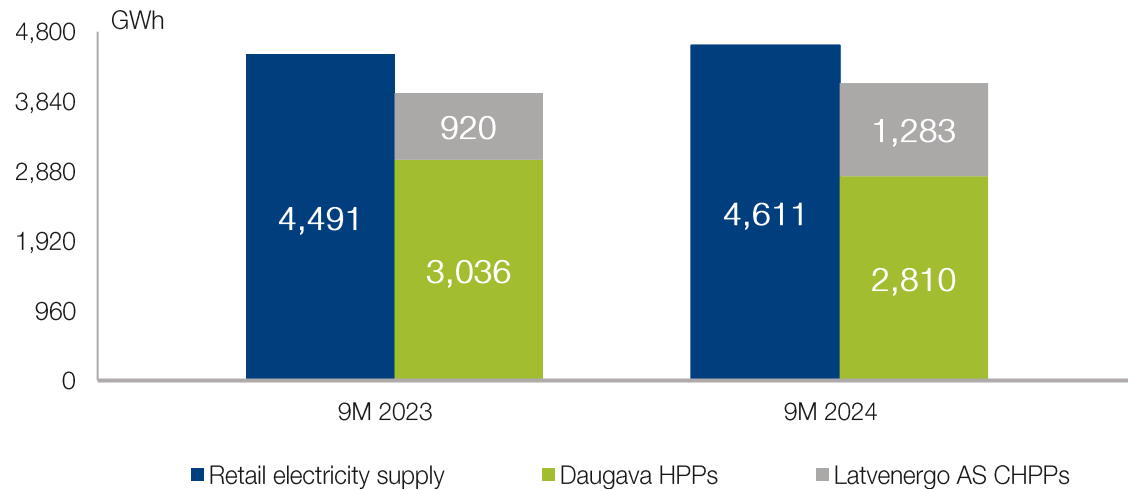
## Main facts – 9M 2024

- 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
  - 3% increase in the amount of electricity sold in retail
  - 35% increase in retail natural gas sales volume
  - 39% higher output at the CHPPs
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia



# Generation

4,147 GWh of electricity generated



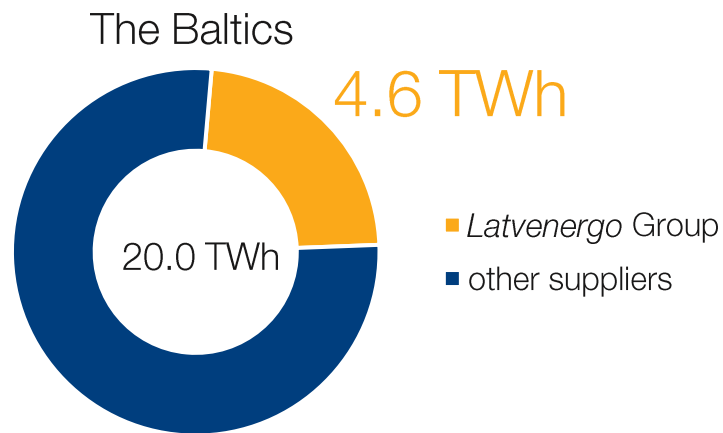
69% of electricity generated from renewable sources

- *Latvenergo* produced 30% of the total electricity generated in the Baltics
- Electricity generated at *Latvenergo* corresponds to 90% of the electricity sold at retail
- Electricity generation at Latvenergo CHPPs is up by 39%, and at Daugava HPPs, it's down by 7%
- The amount of generated thermal energy increased by 13%, reaching 1,128 GWh



# Trade

Retail electricity\* supply +3% and natural gas +35%

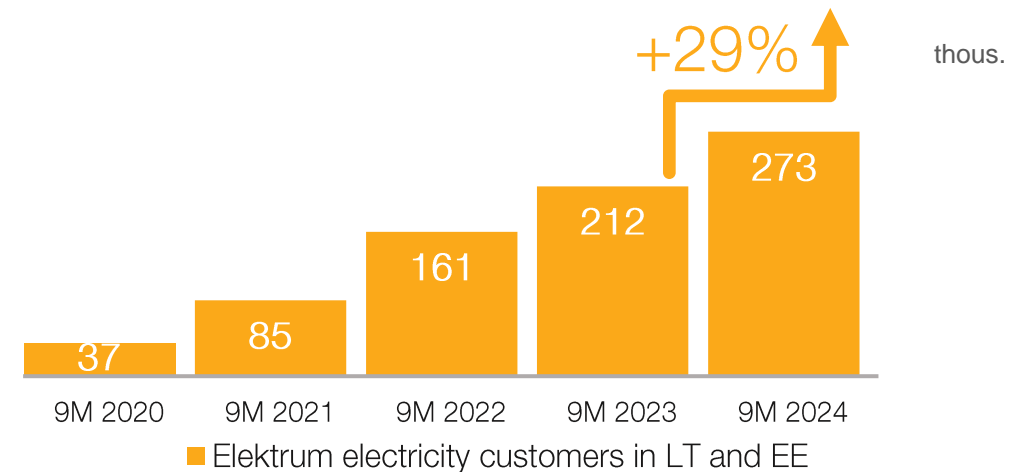


4.6 TWh of electricity sold to Baltic retail customers. The number of customers is up by 6%, reaching 885 thous.



769 GWh of natural gas sold to Baltic retail customers. The number of customers is up by 47%, reaching 62 thous.

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



*Elektrum Drive* electric car charging network in the Baltics had 592 charging ports at the end of September

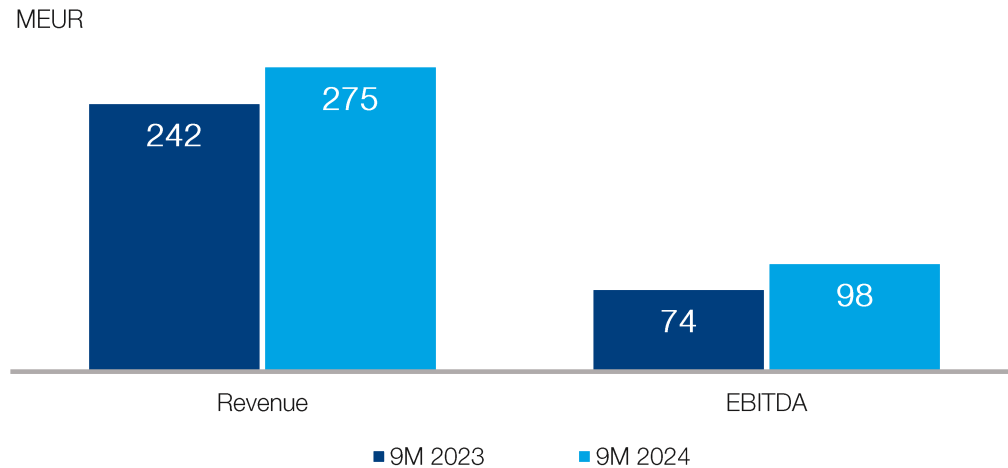


Over 790 contracts were signed for installing solar panels in the Baltics. The total installed solar panel capacity for Baltic customers reached 90 MW.



# Distribution

## Revenue and EBITDA



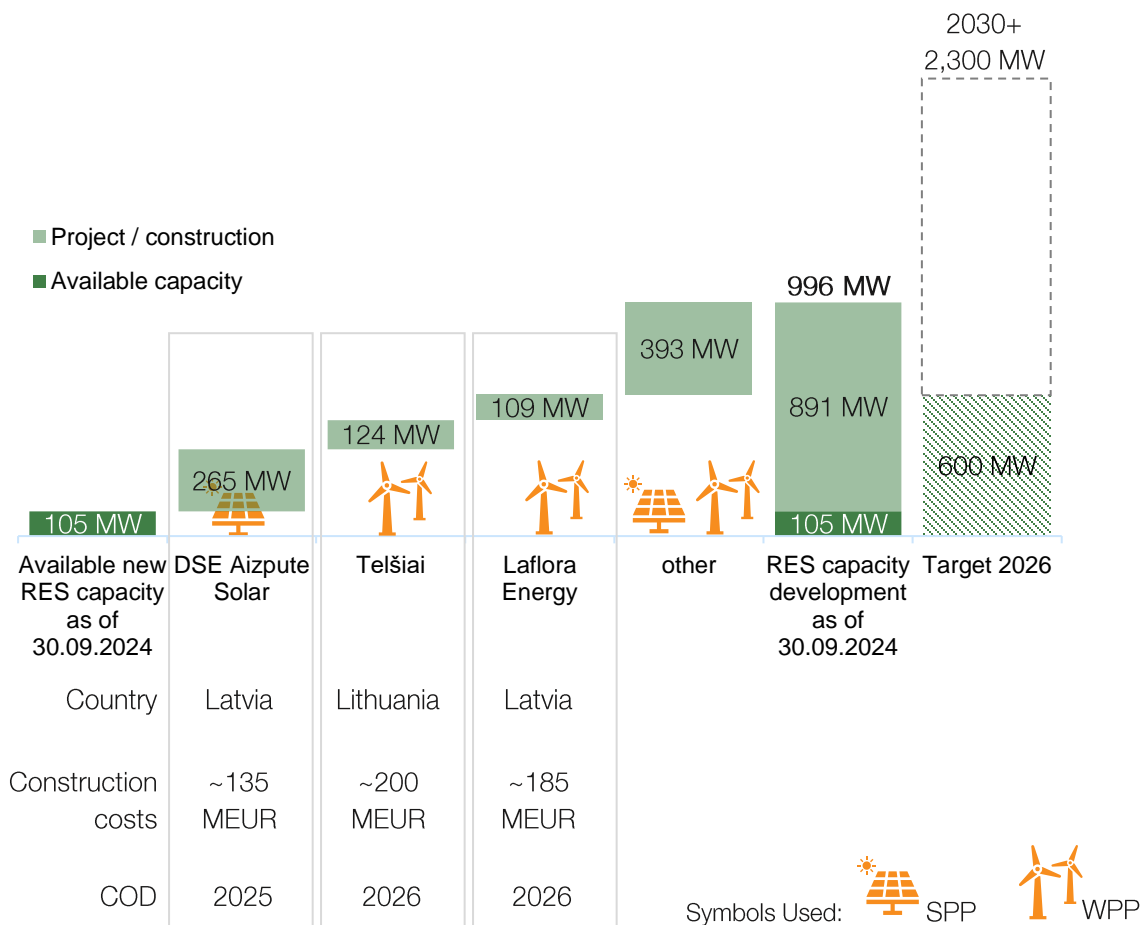
## Main facts – 9M 2024

- Electricity distributed increased by 2%, reaching 4,490 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 8.4 MEUR
- Capital expenditure in distribution assets reached 83.9 MEUR (9M 2023: 70.1 MEUR)



# Investments

## Development of renewable energy generation capacities

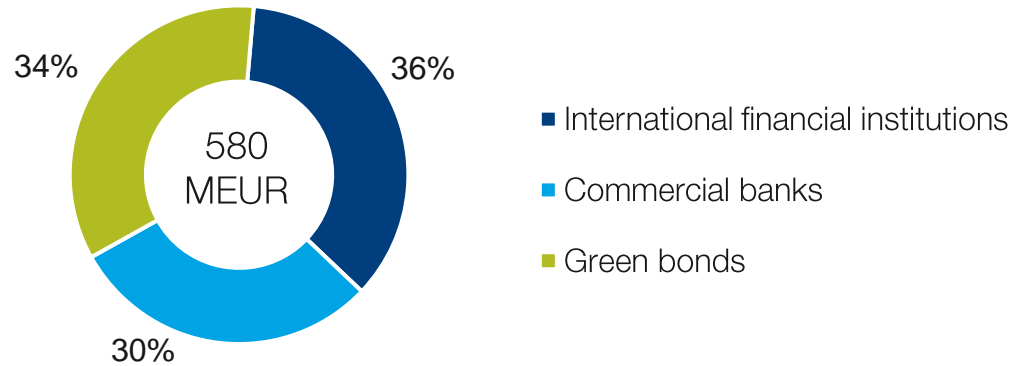


## Significant increase in investments in renewable energy generation capacities in the Baltics

- In 9M 2024, investments doubled to EUR 323 million. 72% of it was made in Generation and trade segment and 26% in Distribution segment
- ~200 MEUR were allocated towards the development of wind and solar parks, which is about 60% of the Group's total investments
- The largest new RES investment projects:
  - DSE Aizpute Solar SPP (265 MW)
  - Telšiai WPP (124 MW)
  - Laflora Energy WPP (109 MW)
- In 9M 2024, nine SPPs in Latvia, with a total capacity of 65 MW, two SPPs in Estonia (24 MW), and one WPP (15 MW) in Lithuania 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 890 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

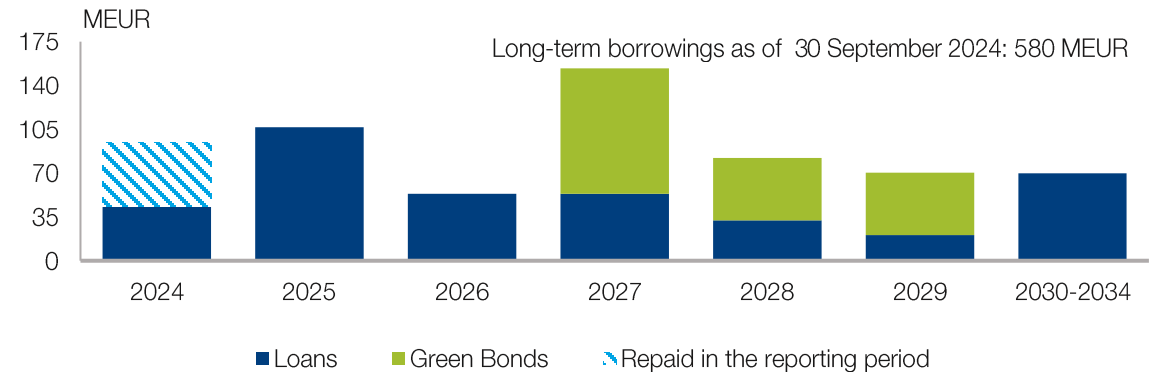
# Investment funding

## Diversified long-term funding



- On 13 September 2024, *Moody's* reaffirmed Latvenergo AS credit rating at Baa2 with a stable outlook

## Long-term debt repayment schedule



## Main figures of the long-term debt portfolio

	30.09.2024.
Share of fixed interest rate*	49%
Weighted average fixed interest rate duration*	1.8 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- 30/09/2024	01/01- 30/09/2023
Revenue	1,305,125	1,543,716
Other income	22,853	23,861
Raw materials and consumables	(675,904)	(952,600)
Personnel expenses	(115,024)	(107,893)
Other operating expenses	(49,800)	(51,738)
<b>EBITDA</b>	<b>487,250</b>	<b>455,346</b>
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	(167,655)	(130,534)
<b>Operating profit</b>	<b>319,595</b>	<b>324,812</b>
Finance income	11,938	5,710
Finance costs	(16,384)	(18,850)
<b>Profit before tax</b>	<b>315,149</b>	<b>311,672</b>
Income tax	(53,851)	(28,279)
<b>Profit for the period</b>	<b>261,298</b>	<b>283,393</b>
<b>Profit attributable to:</b>		
- Equity holder of the Parent Company	260,476	283,120
- Non-controlling interests	822	273

# Consolidated Statement of Financial Position\*

	EUR'000	
	30/09/2024	31/12/2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	79,532	57,326
Property, plant, and equipment	3,428,674	3,301,051
Right-of-use assets	9,762	11,219
Investment property	2,256	2,309
Non-current financial investments	40	42
Non-current loans to related parties	21,589	863
Other non-current receivables	447	447
Deferred income tax assets	66	800
Derivative financial instruments	2,520	3,210
<b>Total non-current assets</b>	<b>3,544,886</b>	<b>3,377,267</b>
<b>Current assets</b>		
Inventories	173,440	183,798
Current intangible assets	44,097	69,312
Receivables from contracts with customers	165,396	224,922
Other current receivables	20,840	50,081
Deferred expenses	3,429	2,388
Prepayment for income tax	304	-
Derivative financial instruments	4,710	7,959
Other current financial investments	79,940	140,000
Cash and cash equivalents	74,863	118,456
<b>Total current assets</b>	<b>567,019</b>	<b>796,916</b>
<b>TOTAL ASSETS</b>	<b>4,111,905</b>	<b>4,174,183</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	790,368	790,368
Reserves	1,676,163	1,681,852
Retained earnings	532,985	483,016
<b>Equity attributable to equity holder of the Parent Company</b>	<b>2,999,516</b>	<b>2,955,236</b>
Non-controlling interests	6,415	7,844
<b>Total equity</b>	<b>3,005,931</b>	<b>2,963,080</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	476,868	536,316
Lease liabilities	7,573	9,015
Deferred income tax liabilities	5,022	5,475
Provisions	18,608	18,240
Derivative financial instruments	324	-
Deferred income from contracts with customers	146,179	138,506
Other deferred income	96,639	112,509
<b>Total non-current liabilities</b>	<b>751,213</b>	<b>820,061</b>
<b>Current liabilities</b>		
Borrowings	102,956	93,380
Lease liabilities	2,461	2,391
Trade and other payables	170,661	202,733
Deferred income from contracts with customers	17,525	21,304
Other deferred income	24,974	24,973
Provisions	35,868	46,261
Derivative financial instruments	316	-
<b>Total current liabilities</b>	<b>354,761</b>	<b>391,042</b>
<b>Total liabilities</b>	<b>1,105,974</b>	<b>1,211,103</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,111,905</b>	<b>4,174,183</b>

# Consolidated Statement of Cash Flows\*

	EUR'000	
	01/01- 30/09/2024	01/01- 31/09/2023
<b>Cash flows from operating activities</b>		
Profit before tax	315,149	311,672
<b>Adjustments:</b>		
– Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	167,655	130,534
– loss from disposal of non-current assets	3,550	3,205
– Interest expense	16,208	18,637
– Interest income	(9,431)	(3,590)
– Fair value loss / (income) on derivative financial instruments	810	(19,794)
– Increase in provisions	(10,025)	(10,711)
Interest paid	(17,193)	(14,383)
Interest paid on leases	(100)	(82)
Interest received	9,786	3,590
Paid corporate income tax	(56,046)	(27,364)
<b>Funds from operations (FFO)</b>	<b>420,363</b>	<b>391,714</b>
Decrease in inventories and current intangible assets	38,402	76,031
Decrease in receivables from contracts with customers and other receivables	87,906	110,509
Decrease in other current financial investments	60,000	–
(Decrease) / increase in trade and other liabilities	(85,347)	16,625
<b>Net cash flows generated from operating activities</b>	<b>521,324</b>	<b>594,879</b>
<b>Cash flows from investing activities</b>		
Loans issued to related parties	(20,744)	–
Purchase of intangible assets and PPE	(279,779)	(128,261)
<b>Net cash flows used in investing activities</b>	<b>(300,523)</b>	<b>(128,261)</b>
<b>Cash flows from financing activities</b>		
Proceeds on issued debt securities (bonds)	–	50,000
Proceeds on borrowings from financial institutions	57	–
Repayment of borrowings from financial institutions	(51,235)	(256,866)
Received financing from European Union	2,867	16,245
Lease payments	(1,405)	(1,149)
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>(264,394)</b>	<b>(326,212)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(43,593)</b>	<b>140,406</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>74,863</b>	<b>253,163</b>