

## Unaudited results of Latvenergo Group for 2022

**Today, on 28 February, the unaudited condensed financial statements of Latvenergo Group for 2022 are published.**

**Russia's invasion of Ukraine last year led to record high electricity and energy prices. In Latvia, the price of electricity increased 2.5 times in 2022. Consequently, the record high market prices for electricity and natural gas have resulted in Latvenergo's 2022 revenues of EUR 1,842.0 million, which is an increase of 73% year-on-year. The Group's EBITDA amounted to EUR 359 million, which is an increase of 81% compared to 2021, and the Group's profit reached EUR 183.4 million.**

**In 2022, the Group's electricity generation balance reached one of its highest ever renewable electricity levels, with 70% of the total 3,822 GWh generated. Thermal energy generation reached 1,777 GWh. The Group increased the number of electricity customers by 8%.**

**Last year, Latvenergo Group sold 5,452 GWh of electricity in the Baltics, of which 35% or 1,912 GWh was sold in Estonia and Lithuania.**

**Last year, Latvenergo played an active role in the country's energy security by launching high-capacity wind power projects and acquiring natural gas security reserves for the country, as well as the right to use the liquefied natural gas (LNG) terminal in Klaipeda.**

With Russia's invasion of Ukraine in 2022, Europe gradually abandoned Russian gas, which affected not only natural gas supplies but also other energy sources, pushing up their prices. In 2022, the average Nord Pool electricity price was 2.2 times higher at 136 EUR/MWh. This was against the backdrop of a natural gas price that was almost 3 times higher in 2022, at over 132 EUR/MWh. In Latvia, the price of electricity increased 2.5 times, reaching a historical record for the average monthly price in August, exceeding 467 EUR/MWh. Meanwhile, the average price of emission allowances was 81 EUR/t, 53% higher than in 2021. Latvenergo AS has stopped purchasing natural gas from Russia since 24 February 2022, switching to LNG supplies from other countries.

These factors not only affected Latvenergo Group's financial results, but also the amount of electricity generated and confirmed the importance of the Group's chosen strategic development objectives for the security of the country's energy supply.

As a result of these high electricity and natural gas market prices, as well as an increase in the number of electricity customers and an active pursuit of new business lines, Latvenergo Group's financial performance has increased, while the Group's dividend contribution to the State budget in the public interest has also grown. In 2022, Latvenergo Group's revenues amounted to EUR 1,842.0 million, which is an increase of EUR 776.8 million or 73% year-on-year. Latvenergo Group's EBITDA is EUR 160.1 million or 81% higher than in 2021, at EUR 359.0 million. The Group's profit amounted to EUR 183.4 million.

In the past year, the Group made a significant contribution to the implementation of its strategic objectives, which at the same time supports the country's energy security. On 22 July 2022, the joint venture Latvijas vēja parki SIA between Latvenergo AS and Latvijas valsts meži AS was registered, while on 16 September a Memorandum of Cooperation was signed between Latvenergo and RWE. Both projects will significantly contribute to the development of large-capacity wind farms to generate renewable, reliable and cheaper electricity. In addition, Latvenergo Group has been active in purchasing natural gas safety stocks for the benefit of its customers and the State by acquiring the right to use the Klaipeda LNG terminal.

Latvenergo Group in 2022 was the largest generator of green electricity in the Baltics. Of the total 3,822 GWh of electricity generated, 70%, or 2,671 GWh, was generated at the Daugava HPPs. This historically significant share of green energy was influenced by high prices of natural gas and CO<sub>2</sub> allowances. Therefore, Latvenergo AS CHPP generated 39% less electricity than last year, or 1,123 GWh, and 14% less heat, or 1,777 GWh, due to warmer weather.

Compared to last year, the number of Latvenergo Group's electricity customers increased by 8% to more than 818 thousand in the Baltic states, of which more than 175 thousand are outside Latvia. In 2022, the amount of electricity sold by Latvenergo Group in the Baltics is 5,452 GWh, of which 35%, or 1,912 GWh, was sold in Estonia and Lithuania. Meanwhile, the number of natural gas customers increased by 15% to over 21 thousand at the end of December. Despite the rise in natural gas prices and the decrease in demand, we managed to increase the volume of natural gas sold by 1.3% to 1,040 GWh.

The group is continuing to pursue growth in new business lines that align with its sustainability and climate neutrality goals as defined in its strategy.

As market demand for renewable energy increases, demand for solar panels has increased significantly and Latvenergo is one of the leading providers of this service in the Baltics. The number of solar panel and solar park parts sales contracts signed by the Group in the Baltics has increased almost 5 times to over 6,200. The total installed capacity of solar panels for Latvenergo Group's retail customers in the Baltics already exceeds 38 MW. Expanding and diversifying the generation portfolio with green technologies, new solar park projects are being developed – four *Elektrum* solar parks with a total capacity of 11 MW are now operational. There are currently solar park projects in the Baltics in the development or construction stage, with a total capacity of more than 190 MW.

The *Elektrum Drive* electric vehicle charging network is growing ambitiously, reaching 195 ports at the end of the reporting year. More than 24,000 charges were made, amounting to 480 MWh. The network is growing not only in quantity but also in quality – in July, *Elektrum Drive* opened the most powerful electric car charging station in the Baltic states in Riga with 11 charging ports, 4 of which are super-fast ports with a capacity of up to 150 kW. In November, the use of the *Elektrum Drive* app was significantly expanded in cooperation with the CSDD *e-mobi* charging network. This provides convenient and fast access to more than 300 additional charging stations nationwide with a single app.

Latvenergo Group has made investments of EUR 121.7 million in 2022, which have not changed significantly compared to last year. The majority, or 70%, was invested in distribution network assets. The reconstruction of the Daugava HPPs hydropower units also continued.

Latvenergo AS operations are in line with Latvenergo Group's medium-term operational strategy for 2022–2026, the Growth strategy, approved in March 2022, which sets new operational and financial targets. It emphasises a rapid development of renewable energy plants and electrification in order to achieve the Group's objectives and to promote energy independence.

The unaudited condensed financial statements of Latvenergo Group for 2022 are available at [www.latvenergo.lv](http://www.latvenergo.lv) in the section [Investors/Reports](#). The audited results of Latvenergo Group for 2022 will be published on 19 April 2023.