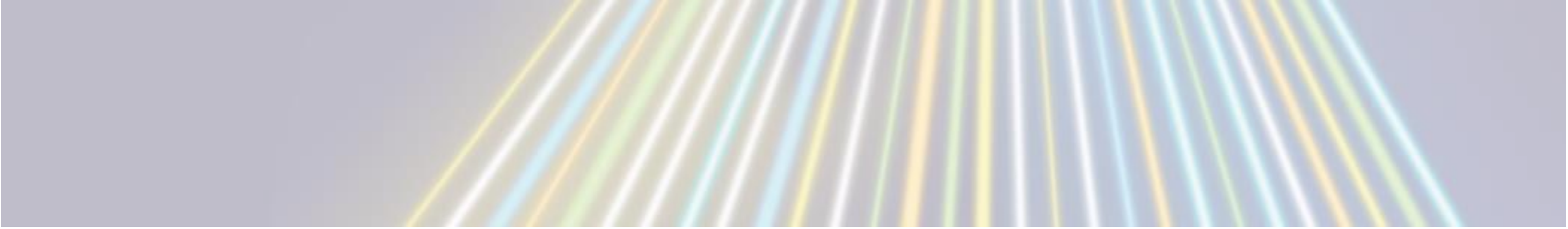
LATVENERGO CONSOLIDATED AND LATVENERGO AS UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 6-MONTH PERIOD ENDING 30 JUNE 2022



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FINANCIAL CALENDAR

30. 11. 2022.
Condensed Consolidated Interim Financial Statements for the 9-Month Period Ending 30 September 2022 (unaudited)

CONTACT DETAILS FOR INVESTOR RELATIONS

E-mail: investor.relations@latvenergo.lv

Website: http://www.latvenergo.lv

DISCLAIMER

The financial report includes future projections that are subject to risks, uncertainties and other important factors beyond the control of Latvenergo Group; therefore, the actual results in the future may differ materially from those stated or implied in the future projections.

The report has been prepared in Latvian and in English. In the event of any discrepancies between the Latvian and the English reports, the Latvian version shall prevail.

** Financial Statements include* Latvenergo *consolidated and Latvenergo AS financial information prepared in accordance with the International Financial Reporting Standards as adopted by the European Union*

Highlights

Record-high electricity and energy resource prices.

The rise in energy prices continued in 1H 2022. Electricity spot prices in the Baltics were almost 3 times higher than in the respective period a year ago. The price of natural gas was about 4.6 times higher and reached almost 100 EUR/MWh in the reporting period (in 1H 2021 it was 22 EUR/MWh). Meanwhile, the price of CO_2 emission allowances reached 84 EUR/t, which is almost two times higher than in 1H 2021.

The share of renewable electricity reached 88%.

In 1H 2022, electricity output at Latvenergo Group's plants reached 2,253 GWh. Electricity output at the Daugava HPPs increased by 5%, reaching 1,969 GWh. Meanwhile, the amount of electricity generated at the Latvenergo AS CHPPs decreased by 71%, reaching 269 GWh due to record-high prices of natural gas and CO_2 emission allowances. The share of renewable electricity reached a record-high level – 88%. The amount of thermal energy generated was 13% lower, reaching 1,092 GWh. The decrease was impacted by warmer weather compared to the respective period a year ago.

Latvenergo operates in all energy trade segments in Latvia, Lithuania and Estonia.

790 thous. customers

2,643 GWh of electricity sold to Baltic retail customers

20 thous. customers

518 GWh of natural gas sold to Baltic retail customers

In the reporting period, there is a positive dynamic in the number of Latvenergo customers in both the electricity and natural gas segments. We have about 790 thousand electricity customers, and more than 140 thousand of them are outside Latvia. The number of natural gas customers comprised more than 20 thousand at the of June.

EBITDA increased by 56%.

MEUR

744.6	226.5	141.9	3,947.4
REVENUE	EBITDA	PROFIT	ASSETS

In 1H 2022, Latvenergo Group's revenue was 66% or EUR 296.5 million higher than in the respective period a year ago. This was mainly positively impacted by higher electricity and natural gas spot prices.

The Group's EBITDA increased by 56% or EUR 81.4 million. This was mainly positively impacted by the adjustment of electricity sales prices to the market situation and 5% greater output at the Daugava HPPs, as well as the 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's investments contribute to high-quality and secure energy supply to customers.

In 1H 2022, the total amount of investment comprised EUR 56.2 million, of which two thirds was made in distribution network assets. We are also continuing the implementation of the Daugava HPPs' hydropower unit reconstruction project. In the reporting period, the last of the six hydro units of Riga HPP was put into operation; thus, a total of 8 of the 11 hydro units included in the programme have already been reconstructed. We plan to reconstruct three more hydro units within the framework of the programme at Kegums and Plavinas HPPs.

Latvijas vēja parki SIA was registered.

After the reporting period, on 22 July, Latvijas vēja parki SIA, a joint venture of Latvenergo AS and Latvijas valsts meži AS for the development of wind parks of strategic importance, was registered.

The highest category of the Sustainability Index received.

In June, for the first time in the history of the Sustainability Index, Latvenergo AS received the highest category - Diamond. The Diamond category distinguishes companies that have demonstrated consistently high performance in the work environment, the natural environment, society and other aspects of sustainability for a long time. Sadales tīkls AS, a subsidiary of Latvenergo AS, received the Platinum category for the fourth year in a row, as well as a special award "Innovation leader 2022". Meanwhile subsidiary Liepājas enerģija SIA received the Gold category.

SUSTAINABILITY INDEX

Latvenergo Group in Brief

Latvenergo Group is one of the largest power suppliers and a leader in green energy generation in the Baltics, operating in electricity and thermal energy generation and trade, natural gas trade, supply of products and services related to electricity consumption and energy efficiency, and electricity distribution services.

At the end of the reporting period, Latvenergo Group is comprised of the parent company Latvenergo AS, with decisive influence, and five subsidiaries. All shares of Latvenergo AS are owned by the state and held by the Ministry of Economics of the Republic of Latvia.

Latvenergo Group divides its operations into two operating segments: 1) generation and trade and 2) distribution. This division was made according to the internal organisational structure, which forms the basis for regular performance monitoring, decision-making on resources allocated to segments and their performance measurement. From a commercial point of view, each segment is managed differently.

The generation and trade segment

- comprises electricity and thermal energy generation operations, electricity and natural gas trade in the Baltics and administration of mandatory procurement in Latvia.

The distribution segment

- provides electricity distribution services in Latvia. Sadales tīkls AS is the largest state distribution system operator, covering approximately 98% of the territory of Latvia. Distribution system tariffs are approved by the Public Utilities Commission (PUC).

Latvenergo Group in Brief

Latvenergo Group's Strategy

The European Union has prioritised issues pertaining to climate and environmental change, as well as digitalization. These priorities follow the European Commission's Communication on the European Green Deal of 2019, which focuses on the use of renewable energy sources (RES) and progress towards climate neutrality by 2050.

Taking into account the new climate and energy policy settings and the significant changes they bring to the energy sector, at the end of 2021, the Cabinet of Ministers (CM) set a new general strategic objective for Latvenergo AS:

promote the competitiveness and growth of climate-neutral Latvia and increase the value of Latvenergo Group in the domestic market in the Baltics and beyond through developing and providing goods and services in the energy and related business value chains in a sustainable, innovative and economically sound manner and the effective management of resources and infrastructure that are strategically important for the country's development and security.

In 2021, Latvenergo Group's medium-term strategy for 2022–2026, with new strategic operational and financial objectives, was developed, and in March 2022, it was conceptually approved by the Supervisory Board of Latvenergo AS.

The new strategy was developed in accordance with the guidelines on corporate governance of state-owned enterprises set by the Organization for Economic Cooperation and Development. Taking into account the general strategic objective set by the shareholder, the strategic priorities of Latvenergo Group were defined, which are further detailed in specific objectives. During the development phase of the strategy, extensive discussions were held in thematic working group sessions, which involved both the Group's employees and external experts. In September 2021, an online seminar was held to identify the Group's stakeholders' vision for the Group's development.

Along with the strategy approval, Latvenergo Group's financial objectives have been set. The objectives are divided into four groups: profitability, capital structure, dividend policy, and other targets. The financial objectives are set to ensure:

- ambitious, yet achievable profitability, which is consistent with the average ratios of benchmark companies in the European energy sector and provides for an adequate return on the business risk;
- an optimal and industry-relevant capital structure that limits potential financial risks;
- an adequate dividend policy that is consistent with the planned investment policy and capital structure targets;
- an investment-grade credit rating to secure funding for the strategy's ambitious investment programme.

The Group's financial objectives

Target group	Ratio	Year 2026
Profitability	Return on equity (ROE) excluding distribution*	> 7%
Capital structure	Adjusted FFO / Net debt ratio	> 25%
Dividend policy	Dividend payout ratio	> 64%
Other	Moody's credit rating	Maintain an investment-grade credit rating

* The profitability of the regulated services provided by the Group is determined by the Public Utilities Commission. The most significant share in the Group's regulated services is the distribution service. When evaluating the fulfilment of the ROE target, the Group's return indicator will be assessed, excluding the regulated return on the distribution service – ROE excluding distribution.

Latvenergo Group in Brief

The Group's strategic objectives

GENERATION Expand and diversify the generation portfolio with green technologies.	The aim is to grow the RES generation portfolio, focusing on WPP and SPP: • 2026: constructed or acquired WPP and SPP with total capacity of 600 MW; • 2030: constructed or acquired WPP and SPP with total capacity of 2,300 MW. The objective also provides for: • increasing the Daugava HPPs' asset value, guaranteeing their safe operation in the long run; • ensuring stable, efficient and economically viable operation of the CHPPs in the long run.
TRADE Strengthen the position of *Elektrum* as the most valuable energy trader in the Baltics.	The goal is to increase the customer portfolio; promote microgeneration, electrification, energy efficiency and product innovation; and launch operations in Poland.
ELECTROMOBILITY Develop electrification of the transport sector.	The objective is to develop a public charging network in the Baltics: • 2026: 1200-1,500 charging ports; • 2030: about 3,000 charging ports.
DISTRIBUTION Ensure a sustainable and economically viable distribution service and improve the security and quality of electricity supply.	The objective is to systematically and cost-effectively improve the quality and security of electricity supply: • SAIDI reduced to 160 min. in 2026; • SAIFI reduced to 1.85 times in 2026. It also envisages the creation of a two-way network for the development of microgeneration and the implementation of digital transformation and efficiency measures.

By implementing the strategy of Latvenergo Group, we plan to achieve the following CO_2 emission saving targets:

- **2026: 2.6 million tonnes**
- **2030: 17.8 million tonnes**

SDGs set as a priority and relevant to the Group's core business

In addition, the Group plans to develop innovative products, services and processes that are relevant to the Group's priority Sustainable Development Goals (SDGs). This target provides for the introduction of a culture of innovation in the Group, which supports: 1) research and development of innovative technologies; 2) development and implementation of innovative products and services, business directions and models; 3) systematic and continuous innovation to increase the efficiency of technological and corporate processes.

Latvenergo Group Key Performance Indicators

Latvenergo Group Operational Figures

		1H 2022	1H 2021	1H 2020	1H 2019	1H 2018
Retail electricity [1]	GWh	2,643	3,384	3,083	3,365	3,320
Retail natural gas	GWh	518	506	227	143	51
Electricity generation	GWh	2,253	2,827	2,550	2,373	3,139
Thermal energy generation	GWh	1,092	1,259	978	1,139	1,442
Number of employees		3,201	3,303	3,374	3,478	3,539
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Latvenergo Group Financial Figures

		1H 2022	1H 2021	1H 2020	1H 2019	1H 2018
Revenue*	MEUR	744.6	448.1	393.3	432.5	431.0
EBITDA [2)*]	MEUR	226.5	145.1	161.9	127.8	167.5
Profit	MEUR	141.9	57.1	86.8	54.0	97.2
Assets	MEUR	3,947.4	3,299.7	3,248.0	3,731.7	3,833.7
Equity	MEUR	2,552.6	2,068.6	2,004.4	2,202.6	2,341.9
Net debt [2)*]	MEUR	829.0	587.2	596.1	574.9	450.3
Adjusted funds from operations (FFO)	MEUR	217.2	159.4	158.0	131.0	131.3
Capital expenditure	MEUR	56.2	58.1	93.2	99.6	96.6

Latvenergo Group Financial Ratios

	1H 2022	1H 2021	1H 2020	1H 2019	1H 2018
Return on equity (ROE) [2]	6.8%	4.3%	6.0%	1.4%	13.5%
Adjusted FFO / net debt	39.2%	45.8%	51.0%	40.9%	65.4%
Net debt / EBITDA [2]	2.5	2.3	2.1	2.1	1.0
EBITDA margin [2]	21%	32%	35%	29%	55%
Return on assets (ROA) [2]	4.3%	2.6%	3.6%	0.9%	8.4%
Return on capital employed (ROCE) [2)*]	5.3%	3.7%	4.7%	1.5%	6.5%
Net debt / equity [2]	32%	28%	30%	26%	19%

* 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.
1) Including operating consumption
2) Formulas are available on page 22

Operating Environment

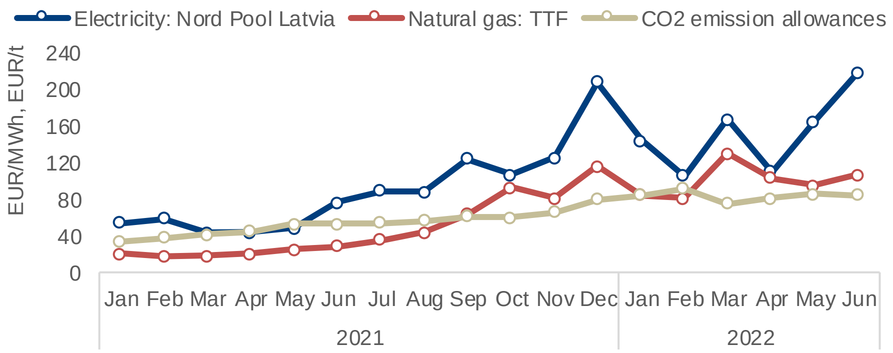
Latvenergo Group's operations and performance are influenced by various global and regional factors, including electricity and natural gas prices. In 1H 2022:

- the Nord Pool system price and the electricity price in Latvia increased 2.8 times;
- the price of natural gas at TTF (the Dutch natural gas virtual trading point) increased 4.6 times compared to the respective period a year ago.

Record-high electricity prices

As Russia's invasion of Ukraine continues, uncertainty remains in Europe about future supplies of natural gas and other energy resources. This contributes to a significant increase in the electricity market price. In 1H 2022, the Nord Pool system price was 2.8 times higher than in 1H 2021 (+175%), reaching 116 EUR/MWh. The rapid rise in electricity prices in the Nord Pool region continued to be affected by record-high energy resource prices and lower generation of hydropower plants in the Nordics. The electricity price in Latvia also increased 2.8 times. In June, the historical average monthly price record was reached, exceeding 218 EUR/MWh. The electricity price in the Baltics is affected by gas-fired power plants. Considering that the price of natural gas in the reporting period was about 4.6 times higher and reached almost 100 EUR/MWh (in 1H 2021 it was 22 EUR/MWh), the price of electricity also increased significantly. Meanwhile, the price of CO_2 emission allowances reached 84 EUR/t in Q1 2022, which is almost two times higher than in the respective period a year ago.

Energy resource prices



Average electricity price in Nord Pool regions (monthly)

Region	1H 2022	1H 2021	Δ, %
Latvia	151.3	54.1	180%
Estonia	154.2	55.6	177%
Lithuania	137.2	53.3	157%
Poland	141.7	62.1	128%
Sweden	79.5	41.3	93%
Finland	104.4	47.6	119%
Denmark	165.5	53.9	207%
Norway	85.3	40.3	111%
Germany	185.0	55.0	237%
France	228.5	58.4	291%
Great Britain	209.4	78.8	166%

In the reporting period, total electricity consumption in the Baltics decreased by 1% compared to the respective period a year ago, reaching 14.3 TWh. Electricity consumption in Latvia decreased by 1%. In Lithuania, it increased by 2% and in Estonia, it decreased by 4% compared to 1H 2021.

In 1H 2022, the amount of overall electricity generation in the Baltics increased by 6%, reaching 8.4 TWh (in 1H 2021 it was 7.9 TWh). Due to the higher price of natural gas, there was a decrease in electricity output of CHPPs in Latvia, and therefore the total volume of electricity generation in Latvia decreased by 21%, reaching 2.7 TWh. In Lithuania, electricity output remained at the same level in 1H 2021, reaching 2.2 TWh. Meanwhile, in Estonia electricity output increased by almost half to 3.6 TWh, which was affected by 39% higher output at oil shale plants. In the reporting period, the electricity purchased from neighbouring countries decreased by 8%; it amounted to 5.5 TWh.

Operating Environment

Natural gas price almost five times higher

Natural gas is the main fuel resource in the Latvenergo AS CHPPs' operation. In the reporting period, the price of natural gas in Europe was mainly impacted by higher consumption due to Russia's invasion of Ukraine, uncertainty about future supplies caused by the war, and higher prices of other energy products. In 1H 2022, the average price of natural gas at the TTF (front month) reached 100 EUR/ MWh, which is almost five times higher than in 1H 2021, when the average price was 22 EUR/ MWh. Russia's invasion of Ukraine caused a significant increase in geopolitical risk, raising the risks of natural gas supplies and affecting the increase in natural gas prices. The EU has set a goal of ensuring gas storage capacity of at least 80% by November 1, 2022. The high import of liquefied natural gas during the reporting period contributed to the increase in the natural gas reserve fill rate in Europe's gas storage facilities to 58% at the end of June (a year ago – 47%). This is close to the average storage fill rate of the last five years.

The dynamics of the natural gas market are linked with the oil and other energy resource markets. Energy prices continued to rise during the reporting period. This started in 2021 due to the positive pace of economic recovery after COVID-19 restrictions; the upward dynamics of energy resource prices this year is also influenced by events in Ukraine:

- The average price of Brent crude futures oil in 1H 2022 was 104.9 USD / bbl., which was 61% higher than in the respective period a year ago.
- The average price of coal (API2 Rotterdam coal futures front month) in the reporting period increased more than three times, reaching 264.1 USD / t. Coal prices were impacted by the EU coal embargo from Russia, as well as record-high natural gas prices, contributing to higher market demand for coal in power generation.
- The average price of CO_2 emission allowances (EUA DEC.22) in 1H 2022 was almost two times higher than a year ago, reaching 83.7 EUR / t. The rise in allowance prices was impacted by rising raw material prices, a lower amount of emission allowances allocated to the market, and the EU Emissions Trading System reform proposal, which aims to reduce CO_2 emissions by 61% by 2030 compared to 2005.

Dividends

After the reporting period, on 7 July 2022, an extraordinary Shareholder Meeting of Latvenergo AS was held, where it was decided to pay 70.2 million EUR of the 2021 profit of Latvenergo AS to the state as dividends. According to the law "On the medium-term budgetary framework for 2022, 2023 and 2024", Latvenergo AS dividend payout in the year 2023 (for the reporting year 2022) amounts to 64% of profit for the reporting year and is not less than EUR 56.8 million. Accordingly, corporate income tax is calculated and paid in accordance with laws and regulations. The actual amount of the dividend payout is set at the Shareholder Meeting of Latvenergo AS after the approval of the annual report, upon evaluation of the results of the previous year. Latvenergo AS dividends will be used as a source of funding for the state budget programme Electricity User Support, thereby decreasing the mandatory procurement public service obligation fee. Latvenergo Group's capital structure ratios are sufficient to proceed with the dividend payout. As of 30 June 2022, the Group's asset value exceeds EUR 3.9 billion and its equity reached EUR 2.6 billion.

State aid for the reduction of energy prices

Taking into account the extraordinary increase in energy prices, in January 2022, the Saeima of the Republic of Latvia adopted a law on measures to reduce it. The aim of this law is to mitigate the negative socioeconomic impact on the well-being of the population and economic growth which is associated with this unprecedented sharp rise in energy prices. The law provides for various types of support measures to legal and natural persons to partially compensate the rising costs of energy resources for four months (from 1 January to 30 April 2022). In total, four support measures were included to reduce the costs of electricity, heat and natural gas. The necessary financing for the implementation of the support measures specified by law was EUR 250 million, which was provided from the state budget programme "Contingency Funds". Various state support mechanisms for reducing energy prices have been established in Estonia and Lithuania. Various support mechanisms for energy resource price increases are also planned for the heating season 2022/2023.

Operating Environment

A joint venture of Latvenergo AS and Latvijas valsts meži AS – Latvijas vēja parki SIA – was established

On 22 February 2022, the CM conceptually approved the proposal of the Ministry of Economics, which urgently addresses the targets of the National Energy and Climate Plan for 2021-2030 and strengthens the state's energy independence. For this purpose, a joint venture between Latvenergo AS and Latvijas valsts meži AS was registered on July 22, 2022. The purpose of this joint venture is to develop wind parks of strategic importance. The share capital of the joint venture is EUR 2 million at the time of establishment, 80% of the shares are owned by Latvenergo AS and 20% are owned by Latvijas valsts meži AS.

The objective of the joint venture is to build wind farms with a total capacity of at least 800 MW by 2030, which will ensure a significant increase in renewable electricity generation capacity and contribute to Latvia's progress towards energy independence, security and climate neutrality, while reducing GHG emissions, preserving natural diversity and developing a circular economy.

Russia's invasion of Ukraine

On 24 February 2022, the Russian Federation launched an invasion of the Republic of Ukraine. Shortly after the invasion, the EU and the rest of the world, including global bodies, imposed a wide-ranging set of restrictive measures against Russia which is updated and expanded on a regular basis.

The restrictive measures imposed had no significant impact on the Group's performance; no significant direct losses related to the restrictive measures have been incurred. Latvenergo Group has evaluated its contracts, and as a result several of them were terminated. Latvenergo Group has not entered into any significant direct agreements with companies in Russia, Belarus, or Ukraine which could have a significant negative impact on the Group's operations in the current situation. The general economic downturn could have an additional impact on Latvenergo Group's financial results.

Assessing the possible risks related to Russia's invasion of Ukraine, on 21 April 2022, amendments to the Energy Law of the Republic of Latvia were accepted which stipulate that the purchase and storage of natural gas in the amount of 1.8-2.2 TWh to ensure energy supply reserves on behalf of the state shall be organised by Latvenergo AS. Even though the situation on the European gas market is tense, Latvenergo AS has made gas purchases in a timely manner and continues to independently replenish gas stocks, ensuring the necessary amount of natural gas for state reserves as well.

Financial Results

In 1H 2022, Latvenergo Group's revenue reached EUR 744.6 million, which was EUR 296.5 million or 66% more than in the respective period a year ago. This was mainly impacted by EUR 273.4 million higher energy sales revenues mainly due to higher electricity market prices.

Latvenergo Group financial figures		1H 2022	1H 2021	Δ	Δ, %
Revenue	MEUR	744.6	448.1	296.5	66%
EBITDA	MEUR	226.5	145.1	81.4	56%
Net profit	MEUR	141.9	57.1	84.8	148%
Assets	MEUR	3,947.4	3,299.7	647.7	20%

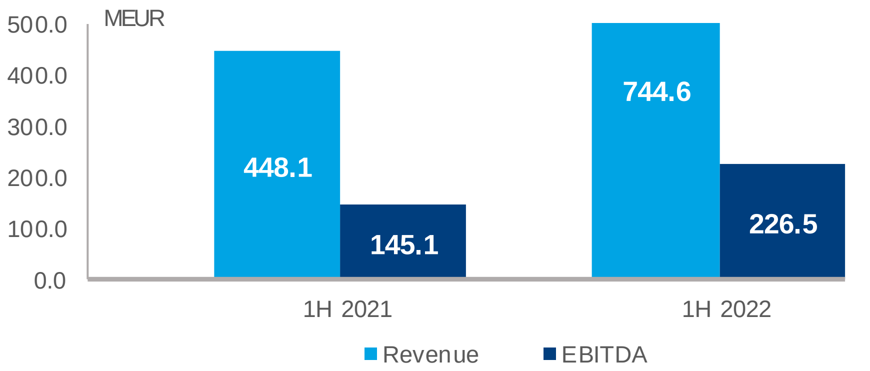
Latvenergo Group's revenue and EBITDA increased by more than half

Latvenergo Group's EBITDA increased by EUR 81.4 million or 56% compared to 1H 2021, reaching EUR 226.5 million. This was positively impacted mainly by the adjustment of electricity sales prices to the market situation and 5% greater output at the Daugava HPPs, as well as the 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.

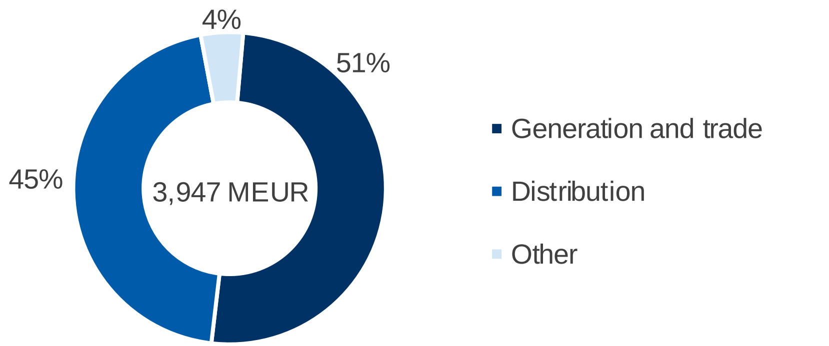
In 1H 2022, the electricity spot price in Latvia was 2.8 times higher compared to the respective period a year ago. Meanwhile, the price of natural gas was almost five times higher, and the average price of CO_2 emission allowances was almost two times higher.

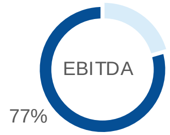
The Group's profit for the reporting period reached EUR 141.9 million, which, as usual, is significantly higher in the first half of the year than in the second half, since in the spring period, due to higher water inflow, significantly more electricity is generated at the Daugava HPPs compared to the rest of the year.

Revenue and EBITDA



Assets





Generation and Trade

Segment weight in Latvenergo Group

Revenue
79%

EBITDA
77%

Assets
50%

Employees
30%

In the reporting period, generation and trade comprised Latvenergo Group's largest operating segment by revenue and EBITDA. The majority or 90% of the segment's revenue came from electricity and natural gas trade, while 10% came from thermal energy supply.

The segment's revenue was positively impacted by EUR 273.4 million higher energy sales revenues mainly due to higher electricity and natural gas market prices. The segment's revenue was also positively impacted by EUR 20.6 million higher heat sales due to the increase in the average sales price, which was impacted by the higher market price of natural gas.

Meanwhile, the segment's EBITDA was positively impacted by the adjustment of electricity sales prices to the market situation and 5% greater output at the Daugava HPPs, as well as the 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.

In 1H 2022, the total volume of electricity generated at Latvenergo Group's plants amounted to 2,253 GWh, which corresponded to 85% of the amount of electricity sold to retail customers (in 1H 2021: 84%).

Operational figures		**1H 2022**	**1H 2021**	**Δ**	**Δ, %**
Electricity supply, incl.	GWh	3,918	4,935	(1,016)	(21%)
*Retail electricity**	*GWh*	*2,643*	*3,384*	*(741)*	*(22%)*
*Wholesale electricity***	*GWh*	*1,276*	*1,551*	*(275)*	*(18%)*
Retail natural gas	GWh	518	506	12	2%
Electricity generation	GWh	2,253	2,827	(574)	(20%)
Daugava HPPs	GWh	*1,969*	*1,882*	*87*	*5%*
CHPPs	GWh	*269*	*930*	*(661)*	*(71%)*
Liepaja plants and small plants	GWh	*14*	*14*	*0.3*	*2%*
Thermal energy generation	GWh	1,092	1,259	(167)	(13%)
CHPPs	GWh	*945*	*1,099*	*(154)*	*(14%)*
Liepaja plants	GWh	*147*	*160*	*(12)*	*(8%)*

Financial figures		**1H 2022**	**1H 2021**	**Δ**	**Δ, %**
Revenue	MEUR	589.5	293.7	295.9	101%
EBITDA	MEUR	174.7	82.6	92.1	111%
Assets	MEUR	1,992.4	1,253.2	739.2	59%
Capital expenditure	MEUR	9.3	13.0	(3.7)	(29%)

** Including operating consumption*
*** Including sale of energy purchased within the mandatory procurement on the Nord Pool*

Generation and Trade

Generation

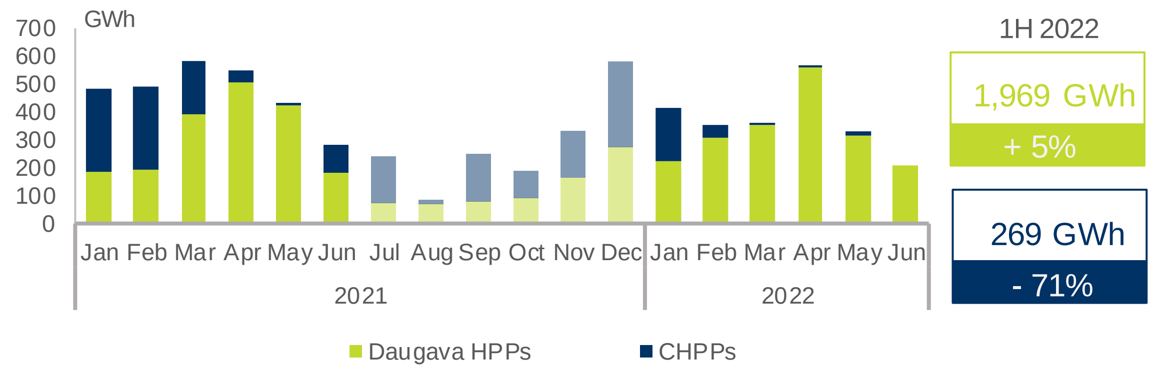
Latvenergo Group is the largest green electricity producer in the Baltics. In the reporting period, Latvenergo Group produced 27% of the total electricity generated in the Baltics. The total amount generated by Latvenergo Group's power plants comprised 2,253 GWh of electricity and 1,092 GWh of thermal energy.

> Latvenergo Group is a leader in green energy generation in the Baltics

In 1H 2022, the amount of power generated at the Daugava HPPs increased by 5% compared to the respective period a year ago, reaching 1,969 GWh. The amount of power generated at the Daugava HPPs was impacted by higher water inflow in the river Daugava. According to data from the Latvian Environment, Geology and Meteorology Centre, the average water inflow in the Daugava River in 1H 2022 was 754 m^3/s, while in the respective period a year ago it was 719 m^3/s.

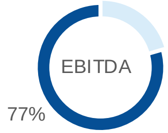
The amount generated at the Latvenergo AS CHPPs comprised 269 GWh, which is 71% lower than in 1H 2021. The decrease in the amount of power generated at the CHPPs was impacted by the price of natural gas, the main fuel resource in the Latvenergo AS CHPPs' operation, which was almost five times higher. Also, the price of CO_2 emission allowances was almost two times higher. The operation of the CHPPs is adjusted to the conditions of the electricity market and heat demand.

Electricity generation at Daugava HPPs and Latvenergo AS CHPPs



With the increase in electricity generation at the Daugava HPPs and the decrease in the electricity output at the Latvenergo AS CHPPs, the share of electricity generated from renewable energy sources at Latvenergo Group increased significantly, reaching a record-high level – 88% (1H 2021: 67%).

The total amount of thermal energy generated by Latvenergo Group decreased by 13% due to warmer weather conditions. Data from the Central Statistical Bureau show that the average air temperature in Riga in the reporting year was +2.5 C°, whereas in 1H 2021 it was +0.7 C°.



Generation and Trade

Trade

Latvenergo Group is one of the largest energy traders in the Baltics, offering its customers electricity and natural gas, as well as a wide range of related products and services, under the *Elektrum* brand.

> The number of customers increased by 8%

In the reporting period, there was an 8% increase in the number of electricity customers, which comprised about 790 thousand, including more than 140 thousand foreign customers. The electricity customer portfolio shows a positive increase in both the business and household customer segments, mainly due to the increase in the number of customers within households in Lithuania and the purchase of the Estonian customer portfolio from the electricity company *Imatra Elekter* in 2021.

In 1H 2022, the Group supplied 2,643 GWh of electricity to its customers in the Baltics, which is 22% less than in 1H 2021. The decrease was impacted by the adjustment of electricity sales prices for large business customers, reducing the difference between the Group's sales and generation volume in conditions of high and volatile electricity market prices.

The overall amount of retail electricity trade outside Latvia accounted for about 35%. The electricity trade volume in Latvia was 1,710 GWh, while in Lithuania it was 543 GWh and in Estonia it was 390 GWh.

Meanwhile, the number of natural gas customers increased by 20%, comprising more than 20 thousand at the end of June. Natural gas sales to retail customers increased by 2%, reaching 518 GWh.

With the growing market demand for renewable energy, the demand for solar panels increased significantly. The number of contracts for the installation of solar panels and trade of solar park components in the Baltics increased more than 9 times compared to 1H 2021, exceeding 3,400. Such demand was reinforced by the introduction of state support programmes in Latvia for the use of renewable energy resources, as well as the agreements concluded on remote solar parks in Lithuania. The total installed solar panel capacity provided to Latvenergo Group's retail customers in the Baltics reached almost 17 MW; thus, Latvenergo is one of the leading providers of this service in the Baltics. 2/3 of panels are installed for customers outside Latvia.

Moving towards the goal set in the strategy – to expand and diversify the generation portfolio with green technologies – we continue to develop solar park projects. Currently, a total of 11 new solar park projects in the Baltics with a total capacity of 186 MW are in the project or construction stage. The capacity of solar parks built in Lithuania (6.5 MW) is offered for purchase to customers in Lithuania.

In the reporting period, the *Elektrum Drive* electric car charging network grew, reaching 130 charging ports. More than 9,100 electric vehicle charges were made, comprising 160 MWh. After the reporting period, on 21 July most powerful electric car charging station in the Baltics was unveiled, comprising 11 public charging ports, four of which are ultra fast ports with a charging capacity of up to 150 kilowatts (kW).

Completed in 1H 2022

- 2,643 GWh of electricity sold to retail customers.
- 518 GWh of natural gas sold to Baltic retail customers.
- More than 3,400 contracts were concluded for the installation of solar panels.
- More than 9,100 electric vehicle charges were made at the *Elektrum Drive* electric car charging stations.

Generation and Trade

Mandatory procurement

According to the Electricity Market Law, the functions of public trader are performed by Enerģijas publiskais tirgotājs SIA. Mandatory procurement expenditures* are covered through an MPC charged to end users in Latvia. The MPC is determined on the basis of the actual costs in the preceding year and approved by the PUC.

> As of 2022, the average MPC is the lowest since its introduction more than 15 years ago

Starting from 1 January 2022, the average MPC is reduced by 57% – from 1.751 EUR / KWh in the year 2021 to 0.755 EUR / KWh in the year 2022. The average MPC rate starting from 1 January 2022 is the lowest since the introduction of the MPC more than 15 years ago. The reduction will be financed by a part of the dividends of Latvenergo AS.

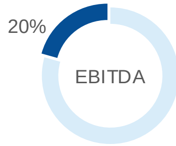
Under the law on measures to reduce the extraordinary rise in energy prices, all end-users of electricity from 1 January to 30 April 2022 were granted state aid for the reduction of the MPC fee by 100%, which was fully compensated from the state budget.

Meanwhile, there have been discussions in the government about possible new support mechanisms for customers to overcome the energy resource price crisis, which envisages the complete cancellation of MPC payments, financing it from the state budget.

Operating figures		1H 2022	1H 2021	Δ	Δ, %
Mandatory procurement component income	MEUR	26.8	58.0	(31.2)	(54%)
Mandatory procurement reduction – state support to energy-intensive manufacturing companies	MEUR	0.2	0.2	(0.0)	(18%)
Mandatory procurement expenditures*	MEUR	13.6	57.0	(43.4)	(76%)
Incl. cogeneration	MEUR	11.7	17.2	(5.5)	(32%)
Incl. renewable energy resources	MEUR	1.0	39.6	(38.6)	(97%)

* Mandatory procurement expenditures – costs of electricity purchased within the mandatory procurement and the guaranteed fee for electrical capacity installed at power plants minus revenues from the sale of electricity purchased on the Nord Pool exchange and plus income from support paid by producers and plus the costs of balancing mandatory procurement

The MPC income in 1H 2022 was EUR 31.2 million lower than in 1H 2021. This was impacted by the decrease in the average MPC of 57% starting from 1 January 2022. Meanwhile, MPC expenditures decreased to EUR 13.6 million (in 1H 2021: EUR 57.0 million), which is EUR 43.4 million or 76% less than in 1H 2021. The decrease was impacted by a significantly higher average electricity sales price at the Nord Pool exchange (+180%), for which electricity purchased within MPC was sold, as well as a 38% decrease in the volume of purchased electricity. The decrease in the amount of purchased electricity occurred in all types of cogeneration plants. This was due to the cancellation of MPC support permits for a number of power plants, as well as the end of the support period for an increasing number of power plants. An additional impact was made by the high price of natural gas; as a result, the amount of electricity generated at natural gas cogeneration power plants decreased by 76%. Overall, MPC expenditures decreased by 32% for cogeneration plants and by 97% for renewable energy sources.



Distribution

Segment weight in Latvenergo Group

Revenue **20%**

EBITDA **20%**

Assets **45%**

Employees **52%**

In 1H 2022, the segment's revenue did not change significantly compared to the respective period a year ago, reaching EUR 152.3 million. Meanwhile, the segment's EBITDA decreased by EUR 11.2 million, reaching EUR 45.1 million. EBITDA was mainly negatively impacted by EUR 11.6 million higher electricity loss costs, with the electricity market price in Latvia increasing 2.8 times compared to the respective period a year ago.

Under the law on measures to reduce the extraordinary rise in energy prices, all end-users of electricity from 1 January to 30 April 2022 were granted state aid for the reduction of the electricity distribution system service fee by 100%, which was fully compensated from the state budget.

Since 2017, Sadales tīkls AS has been implementing an efficiency programme, which comprises process reviews, decreasing the number of employees and transportation units, and optimizing the number of technical and support real estate bases. As of 30 June 2022, the number of employees at Sadales tīkls AS has been reduced by about 870. The amount of smart electricity meters installed by the company comprised almost 1,021 thousand, which is about 94% of the total number of electricity meters of customers of Sadales tīkls AS.

Operational figures		1H 2022	1H 2021	Δ	Δ, %
Electricity distributed	GWh	3,181	3,212	(31)	(1%)
Distribution losses	GWh	125	139	(14)	(10%)
SAIFI	number	1.5	1.0	0.5	46%
SAIDI	minutes	138.3	97.0	41.3	43%

Financial figures		1H 2022	1H 2021	Δ	Δ, %
Revenue	MEUR	152.3	151.5	0.8	1%
EBITDA	MEUR	45.1	56.3	(11.2)	(20%)
Assets	MEUR	1,783.2	1,786.4	(3.3)	(0%)
RAB	MEUR	1,585.1	1,575.2	9.9	1%
Capital expenditure	MEUR	39.3	42.2	(2.9)	(7%)

In the reporting period, investments in distribution comprised EUR 39.3 million, which is 2/3 of the Group's total investments. The purpose of investments in the distribution segment is to promote the quality and security of the energy supply, reduce the frequency and duration of power supply disruptions caused by planned and unplanned maintenance, and ensure the appropriate voltage quality. The intense period of storms, ice, snow and a more active thunderstorm season compared to the previous year caused more power grid damage, which significantly impacted SAIDI and SAIFI indicators in 1H 2022.

Completed in 1H 2022

- Renewed a total of 655 km of power lines
- Installed 51 thousand smart electricity meters
- Power line routes cleared at a length of 2,241 km

Investments

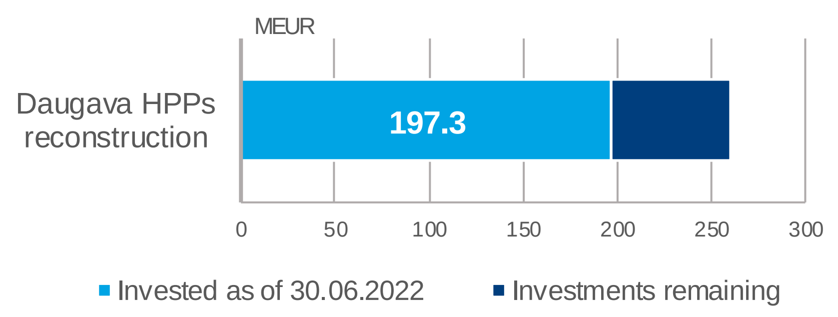
In 1H 2022, the total amount of investment comprised EUR 56.2 million; it did not change significantly compared to the respective period a year ago.

To ensure high-quality power network service, technical parameters and operational safety, a significant amount is invested in the modernization of the power distribution network. In the reporting period, the amount invested in power distribution network assets represented 70% of total investment.

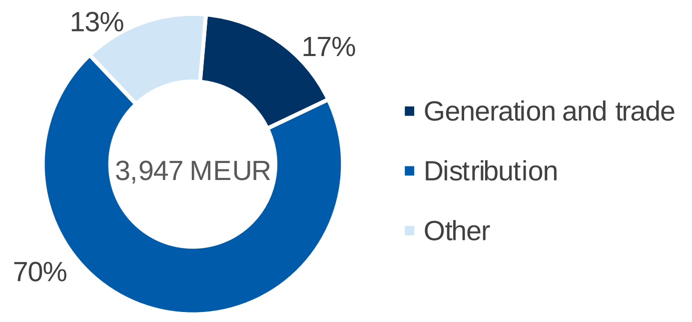
> Investment in power distribution network assets – 2/3 of the total

We continued the hydropower unit reconstruction of the Daugava HPPs. By the end of the reporting period, work completed within the scope of the contract reached EUR 197.3 million. The hydropower unit reconstruction programme for the Daugava HPPs provides for the reconstruction of 11 hydropower units in order to ensure environmentally safe, sustainable and competitive operations and efficient water resource management. In the reporting period, one hydro unit of Riga HPP was put into operation; thus, a total of 8 of the 11 hydro units included in the programme have already been reconstructed as of 30 June 2022. The total reconstruction costs will exceed EUR 250 million. Reconstruction will ensure functionality of the hydropower units for more than 40 years.

Main ongoing project



Capital expenditure



Funding and Liquidity

Latvenergo Group finances its investments from its own resources and external long-term borrowings, which are regularly sourced in financial and capital markets in a timely manner.

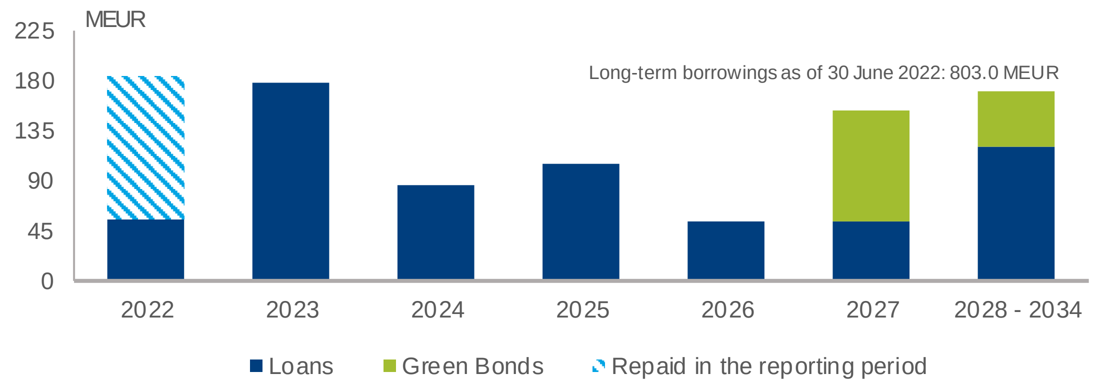
Planning the sourcing of borrowings in a timely manner is also crucial in order to ensure loan refinancing risk management and debt repayment in due time.

In the reporting period, Latvenergo AS continued to issue bonds under the third Latvenergo AS EUR 200 million programme and, on 5 May 2022, issued five-year green bonds with a total nominal value of EUR 100 million, a maturity date of 5 May 2027, a fixed annual interest rate (coupon) and a yield of 2.42%. As of 6 May 2022, they are listed on Nasdaq Riga AS.

The bonds were issued in the format of green bonds, according to the Green Bond Framework of Latvenergo AS. The independent research centre CICERO Shades of Green has rated the updated Latvenergo AS Green Bond Framework as Dark Green (the highest category), indicating the compliance of the planned projects with long-term environmental protection and climate change mitigation objectives, as well as good governance and transparency.

As of 30 June 2022, the Group's borrowings amount to EUR 890.7 million (30 June 2021: EUR 750.3 million), including long-term loans in the amount of EUR 803.0 million (30 June 2021: EUR 750.3 million), which include long-term loans from commercial banks and international financial institutions, as well as green bonds in the amount of EUR 150 million.

Latvenergo Group's long-term debt repayment schedule



External funding sources are purposefully diversified in the long run, thus creating a balance between lender categories in the total loan portfolio.

As of 30 June 2022, all borrowings are denominated in euro currency. The weighted average long-term loan repayment period is 4.2 years (30 June 2021: 4.1 years). The effective weighted average interest rate (with interest rate swaps) is 1.0% (30 June 2021: 1.2%). Also, sufficient coverage of debt service requirements has been ensured (debt service coverage ratio: 4.0).

In the reporting period, all the binding financial covenants set in Latvenergo Group's loan agreements were met.

> Latvenergo AS issued five-year green bonds with a total nominal value of EUR 100 million

On 24 January 2022, Moody's published an updated Credit Opinion of Latvenergo AS. The rating of Latvenergo AS remains unchanged: Baa2 with a stable outlook. The credit rating Baa2 for Latvenergo AS has been stable for eight years in a row, confirming the consistency of operations and financial soundness of Latvenergo Group.

Financial Risk Management

The activities of Latvenergo Group are exposed to a variety of financial risks: market risks, credit risk, and liquidity and cash flow risk. Latvenergo Group's Financial Risk Management Policy focuses on mitigating the potential adverse effects from such risks on financial performance. In the framework of financial risk management, Latvenergo Group uses various financial risk controls and hedging to reduce certain risk exposures.

a) Market risks

I) Price risk

Price risk might negatively affect the financial results of the Group due to falling revenue from generation and a mismatch between floating market prices and fixed retail prices.

The main sources of Latvenergo Group's exposure to price risk are the floating market prices of electricity on the Nord Pool power exchange in Baltic bidding areas and the fuel price for CHPPs. The financial results of the Group may be negatively affected by the volatility of the electricity market price, which depends on the weather conditions in the Nordic countries, global prices of resources, and the influence of local factors (water availability and ambient air temperature) on electricity generation opportunities. Due to supply-demand factors and seasonal fluctuations, natural gas price volatility may have a negative effect on the difference between fixed retail electricity prices in contracts with customers and variable generation costs at CHPPs.

In order to hedge the price risk, the Group enters into long-term fixed price customer contracts, uses electricity financial derivatives and enters into fixed price contracts for natural gas supply. The impact of price risk on generation is hedged gradually – 55%–60% of projected electricity output is sold prior to the upcoming year. Further hedging of risk is limited by the seasonal generation pattern of the Daugava HPPs.

II) Interest rate risk

Latvenergo Group's interest rate risk mainly arises from long-term borrowings at variable rates. They expose the Group to the risk that finance costs might increase significantly when the reference rate surges. Most of the borrowings from financial institutions have a variable interest rate, comprising 6-month EURIBOR and a margin. The Group's Financial Risk Management Policy stipulates maintaining at least 35% of its borrowings as fixed interest rate borrowings (taking into account the effect of interest rate swaps and issued bonds) with a duration of 1–4 years. Taking into account the effect of interest rate swaps and bonds with a fixed interest rate, 36% of the long-term borrowings had a fixed interest rate with an average period of 1.9 years as of 30 June 2022.

III) Currency risk

Foreign currency exchange risk arises when future transactions or recognised assets or liabilities are denominated in a currency other than the functional currency.

As of 30 June 2022, all borrowings of Latvenergo Group are denominated in euros, and during the reporting year, there was no substantial exposure to foreign currency risk as regards the Group's investments.

To manage the Group's foreign currency exchange risk, the Financial Risk Management Policy envisages use of foreign exchange forward contracts.

b) Credit risk

Credit risk is managed at the Latvenergo Group level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, and receivables. Credit risk exposure of receivables is limited due to the large number of Group customers as there is no significant concentration of credit risk with any single counterparty or group of counterparties with similar characteristics.

Credit risk related to cash and short-term deposits with banks is managed by balancing the placement of financial assets in order to simultaneously choose the best offers and reduce the probability of incurrence of loss. No credit limits were exceeded during the reporting year, and the Group's management does not expect any losses due to the occurrence of credit risk.

c) Liquidity risk and cash flow risk

Latvenergo Group's liquidity and cash flow risk management policy is to maintain a sufficient amount of cash and cash equivalents and the availability of long and short-term funding through an adequate amount of committed credit facilities in order to meet existing and expected commitments and compensate for fluctuations in cash flows due to the occurrence of a variety of financial risks. On 30 June 2022, Latvenergo Group's liquid assets (cash and short-term deposits up to 3 months) reached EUR 61.6 million (30 June 2021: EUR 123.1 million), while the current ratio was 2.1 (1.1).

The Group continuously monitors cash flow and liquidity forecasts, evaluating the total volume of undrawn borrowing facilities and cash and cash equivalents.

Latvenergo AS Key Performance Indicators

Latvenergo AS operational figures

		1H 2022	1H 2021	1H 2020
Electricity supply. incl.	GWh	2,520	2,932	2,916
Retail electricity[2)]	GWh	*1,710*	*2,060*	*2,115*
Wholesale electricit[3)]	GWh	*810*	*871*	*801*
Retail natural gas	GWh	435	389	198
Electricity generation	GWh	1,973	2,815	2,526
Thermal energy generation	GWh	945	1,099	847
Number of employees		1,281	1,280	1,275
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Latvenergo AS financial figures

		1H 2022	1H 2021	1H 2020
Revenue	MEUR	473.7	232.9	204.2
EBITDA[1)]	MEUR	179.3	82.8	141.0
Profit	MEUR	151.6	72.0	142.8
Assets	MEUR	3,386.3	2,733.8	2,773.5
Equity	MEUR	2,199.9	1,714.1	1,746.0
Net debt (adjusted)[1)*]	MEUR	822.9	580.4	588.9
Capital expenditure	MEUR	10.8	15.2	21.9

Latvenergo AS financial ratios

	1H 2022	1H 2021	1H 2020
Return on equity (ROE)[1)]	8.1%	4.9%	8.9%
Net debt / equity (adjusted)[1)*]	37%	34%	34%
EBITDA margin[1)]	22%	34%	46%

* Financial 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.
1) Formulas are available on page 22
2) Including operating consumption
3) Including sale of energy purchased within the mandatory procurement on the Nord Pool

Statement of Management Responsibility

Based on the information available to the Management Board of Latvenergo AS, the *Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 6-month period ending 30 June 2022,* including the Management Report, have been prepared in accordance with the International Financial Reporting Standards and in all material respect present a true and fair view of the assets, liabilities, financial position and profit and loss of Latvenergo Group and Latvenergo AS. Information provided in the Management Report is accurate.

The *Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 6-month period ending 30 June 2022* were approved by the Management Board of Latvenergo AS on 23 August 2022 and have been signed by Member of the Management Board Guntars Baļčūns as authorized person.

This document is signed with a secure digital signature and contains a time stamp

Guntars Baļčūns — Member of the Management Board

23 August 2022

Formulas

In order to ensure an objective and comparable presentation of the financial results. Latvenergo Group and Latvenergo AS use various financial figures and ratios that are derived from the financial statements.

Based on the most commonly used financial figures and ratios in the industry. the Latvenergo Group Strategy for 2022-2026. and the binding financial covenants set in the Group's loan agreements. Latvenergo Group has set and therefore uses the following financial figures and ratios:

- Profitability measures: EBITDA; EBITDA margin; return on assets (ROA); return on equity (ROE); ROE excluding distribution; return on capital employed (ROCE);
- Financial leverage measures: net debt; equity-to-asset ratio; net debt / EBITDA; net debt / equity; debt service coverage ratio; Adjusted Funds from operations (FFO) / Net debt;
- Liquidity measure: current ratio;
- Dividend policy measure: dividend pay-out ratio.

The financial ratios binding on loan agreements are: equity-to-asset ratio. net debt / EBITDA and debt service coverage ratio. Other ratios and financial figures. including net debt / EBITDA are the most commonly used ones in the industry.

The definitions and components of the financial figures and ratios are described below.

These financial figures and ratios have not changed compared to the financial statements for 2021.

Net debt* = borrowings at the end of the period - cash and cash equivalents at the end of the period

Adjusted Funds from operations (FFO) =
funds from operations (FFO) – compensation from the state-on-state support for the installed capacity of CHPPs

Adjusted Funds from operations (FFO) / Net debt =

$$\frac{\text{adjusted FFO (12-month rolling)}}{(\text{net debt at the beginning of the 12-month period} + \text{net debt at the end of the 12-month period})/2} \times 100\ \%$$

Net debt/ EBITDA =

$$\frac{(\text{net debt at the beginning of the 12-month period} + \text{net debt at the end of the 12-month period}) \times 0.5}{\text{EBITDA (12-month rolling)}}$$

$$\text{EBITDA margin} = \frac{\text{EBITDA (12-month rolling)}}{\text{revenue (12-month rolling)}} \times 100\%$$

$$\text{Net debt/equity} = \frac{\text{net debt at the end of the reporting period}}{\text{equity at the end of the reporting period}} \times 100\%$$

Return on assets =

$$\frac{\text{net profit (12-month rolling)}}{(\text{assets at the beginning of the 12-month period} + \text{assets at the end of the 12-month period})/2} \times 100\%$$

Return on equity =

$$\frac{\text{net profit (12-month rolling)}}{(\text{equity at the beginning of the 12-month period} + \text{equity at the end of the 12-month period})/2} \times 100\%$$

Return on equity excluding distribution=

(Group's profit – Sadales tīkls AS profit (12-month rolling)) / ((Group's equity – Sadales tīkls AS equity (at the beginning of the 12-moth period)

+ Group's equity – Sadales tīkls AS equity (at the end of the 12-month period) / 2)

$$\text{Return on capital employed} = \frac{\text{operating profit of the 12-month period}}{\text{average value of equity} + \text{average value of borrowings (without LET)}} \times 100\%$$

Average value of borrowings =

$$\frac{\text{borrowings from FI at the beginning of the 12-month period} + \text{borrowings from FI at the end of the 12-month period}}{2}$$

$$\text{Debt service coverage ratio} = \frac{\text{net income +/- extraordinary items + depreciation + interest expense}}{\text{principal payments + interest payments}}$$

$$\text{Current ratio} = \frac{\text{current assets at the end of the reporting period}}{\text{current liabilities at the end of the reporting period}}$$

$$\text{Equity-to-asset ratio} = \frac{\text{total equity at the end of the reporting period}}{\text{total assets at the end of the reporting period}} \times 100\%$$

$$\text{Dividend payout ratio} = \frac{\text{dividends paid in the reporting year}}{\text{profit of the parent company in the previous reporting year}} \times 100\%$$

* Financial figures and ratios until 10 June 2020 are presented by excluding discontinuing operations (unbundling transmission system asset ownership).

List of Abbreviations

AST –	Augstsprieguma tīkls AS
bbl –	barrel of oil (158.99 litres)
CM –	Cabinet of Ministers
CO_2 –	Carbon dioxide
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
CHPPs –	Latvenergo AS combined heat and power plants
kV –	kilovolt
LET –	Latvijas elektriskie tīkli AS
MEUR –	million euros
MW –	megawatt
MWh –	megawatt hour (1.000.000 MWh = 1.000 GWh = 1 TWh)
MP –	mandatory procurement
MPC –	mandatory procurement component
nm^3 –	normal cubic meter
PUC –	Public Utilities Commission
RAB –	Regulated asset base
RES –	Renewable energy sources
SAIDI –	System Average Interruption Duration Index
SAIFI –	System Average Interruption Frequency Index
SDG –	Sustainable Development Goals
SPP –	Solar power plant
TTF –	the Dutch natural gas virtual trading point
WACC –	Weighted average cost of capital
WPP –	Wind power plant

Unaudited Condensed Interim Financial Statements

Statement of Profit or Loss

EUR'000

	Notes	Group		Parent Company	
		01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
Revenue	4	744,582	448,052	473,714	232,861
Other income		14,694	13,600	13,320	13,504
Raw materials and consumables	5	(442,093)	(237,486)	(261,731)	(124,475)
Personnel expenses		(60,105)	(56,915)	(27,306)	(23,986)
Other operating expenses		(30,575)	(22,130)	(18,696)	(15,072)
EBITDA		**226,503**	**145,121**	**179,301**	**82,832**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment (PPE) and right–of–use assets	7, 8	(80,973)	(83,448)	(38,746)	(37,072)
Operating profit		**145,530**	**61,673**	**140,555**	**45,760**
Finance income	6 a	759	1,403	4,895	6,021
Finance costs	6 b	(4,426)	(4,695)	(4,446)	(4,783)
Dividends from subsidiaries		–	–	10,585	24,978
Profit before tax		**141,863**	**58,381**	**151,589**	**71,976**
Income tax		42	(1,268)	–	–
Profit for the period		**141,905**	**57,113**	**151,589**	**71,976**
Profit / (loss) attributable to:					
– Equity holder of the Parent Company		142,042	56,012	151,589	71,976
– Non–controlling interests		(137)	1,101	–	–

EBITDA – operating profit before depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets (Earnings Before Interest, Tax, Depreciation and Amortisation)

Statement of Comprehensive Income

EUR'000

	Notes	Group		Parent Company	
		01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
Profit for the period		**141,905**	**57,113**	**151,589**	**71,976**
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods:					
– gains / (losses) from change in hedge reserve	13	59,558	(6,068)	59,558	(6,068)
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		**59,558**	**(6,068)**	**59,558**	**(6,068)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
– gains on revaluation of non–current assets		227,696	–	227,696	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**227,696**	**–**	**227,696**	**–**
Other comprehensive income / (loss) for the period		**287,254**	**(6,068)**	**287,254**	**(6,068)**
TOTAL comprehensive income for the period		**429,159**	**51,045**	**438,843**	**65,908**
Comprehensive income / (loss) attributable to:					
– Equity holder of the Parent Company		429,296	49,944	438,843	65,908
– Non–controlling interests		(137)	1,101	–	–

Statement of Financial Position

EUR'000

	Notes	Group 30/06/2022	Group 31/12/2021	Parent Company 30/06/2022	Parent Company 31/12/2021
ASSETS					
Non–current assets					
Intangible assets	7 a	51,660	53,557	16,871	17,406
Property, plant, and equipment	7 c	3,029,682	2,826,654	1,267,425	1,066,973
Right–of–use assets	8	7,714	8,312	4,719	5,143
Investment property	7 d	3,142	3,316	3,577	3,602
Non–current financial investments	9	40	40	645,218	645,218
Non–current loans to related parties	19 e	–	–	485,003	477,010
Other non–current receivables	11 c	4,175	2,544	441	441
Deferred income tax assets		147	79	–	–
Derivative financial instruments	15	5,755	–	5,755	–
Total non-current assets		**3,102,315**	**2,894,502**	**2,429,009**	**2,215,793**
Current assets					
Inventories	10	482,284	192,132	461,808	171,287
Current intangible assets	7 b	37,940	24,266	37,940	24,266
Receivables from contracts with customers	11 a	135,405	181,136	98,914	110,638
Other current receivables	11 b, c	43,585	59,740	41,961	45,402
Deferred expenses		3,326	1,235	1,688	949
Current loans to related parties	19 e	–	–	177,209	229,368
Prepayment for income tax		75	65	–	–
Derivative financial instruments	15	80,795	25,735	80,526	25,466
Cash and cash equivalents	12	61,633	97,079	57,205	92,418
Total current assets		**845,043**	**581,388**	**957,251**	**699,794**
TOTAL ASSETS		**3,947,358**	**3,475,890**	**3,386,260**	**2,915,587**
Equity					
Share capital		790,368	790,368	790,368	790,368
Reserves		1,456,310	1,175,355	1,079,677	795,731
Retained earnings		299,771	151,430	329,868	174,971
Equity attributable to equity holder of the Parent Company		**2,546,449**	**2,117,153**	**2,199,913**	**1,761,070**
Non–controlling interests		6,158	6,295	–	–
Total equity		**2,552,607**	**2,123,448**	**2,199,913**	**1,761,070**
Liabilities					
Non–current liabilities					
Borrowings	14	696,286	614,075	687,773	603,728
Lease liabilities	8	6,030	6,540	3,771	4,085
Deferred income tax liabilities		348	2,955	–	–
Provisions		16,051	15,421	7,776	7,407
Derivative financial instruments	15	2,091	2,332	2,091	2,332
Deferred income from contracts with customers	18 I, a	134,486	137,019	768	802
Other deferred income	18 I, b, c	133,647	146,115	127,878	139,958
Other non–current liabilities		5,490	–	5,490	–
Total non–current liabilities		**994,429**	**924,457**	**835,547**	**758,312**
Current liabilities					
Borrowings	14	194,382	180,954	192,345	178,594
Lease liabilities	8	1,813	1,888	1,038	1,141
Trade and other payables	17	163,330	189,018	132,568	176,061
Deferred income from contracts with customers	18 II, a	15,266	15,031	67	67
Other deferred income	18 II, b, c	24,902	24,906	24,153	24,154
Derivative financial instruments	15	629	16,188	629	16,188
Total current liabilities		**400,322**	**427,985**	**350,800**	**396,205**
Total liabilities		**1,394,751**	**1,352,442**	**1,186,347**	**1,154,517**
TOTAL EQUITY AND LIABILITIES		**3,947,358**	**3,475,890**	**3,386,260**	**2,915,587**

Statement of Changes in Equity

EUR'000

	Group						Parent Company			
	Attributable to equity holder of the Parent Company						Attributable to equity holder of the Parent Company			
	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	TOTAL	Share capital	Reserves	Retained earnings	TOTAL
As of 31 December 2020	**790,348**	**1,154,367**	**165,672**	**2,110,387**	**7,855**	**2,118,242**	**790,348**	**766,115**	**189,973**	**1,746,436**
Increase of share capital	20	–	–	**20**	–	**20**	20	–	–	**20**
Dividends for 2020	–	–	(98,246)	**(98,246)**	(2,508)	**(100,754)**	–	–	(98,246)	**(98,246)**
Disposal of non–current assets revaluation reserve	–	(6,756)	6,756	**–**	–	**–**	–	(3,714)	3,714	**–**
Total transactions with owners and other changes in equity	**20**	**(6,756)**	**(91,490)**	**(98,226)**	**(2,508)**	**(100,734)**	**–**	**(3,714)**	**(94,532)**	**(98,226)**
Profit for the period	–	–	56,012	**56,012**	1,101	**57,113**	–	–	71,976	**71,976**
Other comprehensive income for the period	–	(6,068)	–	**(6,068)**	–	**(6,068)**	–	(6,068)	–	**(6,068)**
Total comprehensive income / (loss) for the period	**–**	**(6,068)**	**56,012**	**49,944**	**1,101**	**51,045**	**–**	**(6,068)**	**71,976**	**65,908**
As of 30 June 2021	**790,368**	**1,141,543**	**130,194**	**2,062,105**	**6,448**	**2,068,553**	**790,368**	**756,333**	**167,417**	**1,714,118**
Disposal of non–current assets revaluation reserve	–	(6,573)	6,573	**–**	–	**–**	–	(10)	10	**–**
Total transactions with owners and other changes in equity	**–**	**(6,573)**	**6,573**	**–**	**–**	**–**	**–**	**(10)**	**10**	**–**
Profit / (loss) for the period	–	–	14,663	**14,663**	(153)	**14,510**	–	–	7,544	**7,544**
Other comprehensive income for the period	–	40,385	–	**40,385**	–	**40,385**	–	39,408	–	**39,408**
Total comprehensive income / (loss) for the period	**–**	**40,385**	**14,663**	**55,048**	**(153)**	**54,895**	**–**	**39,408**	**7,544**	**46,952**
As of 31 December 2021	**790,368**	**1,175,355**	**151,430**	**2,117,153**	**6,295**	**2,123,448**	**790,368**	**795,731**	**174,971**	**1,761,070**
Disposal of non–current assets revaluation reserve	–	(6,299)	6,299	**–**	–	**–**	–	(3,308)	3,308	**–**
Total transactions with owners and other changes in equity	**–**	**(6,299)**	**6,299**	**–**	**–**	**–**	**–**	**(3,308)**	**3,308**	**–**
Profit / (loss) for the period	–	–	142,042	**142,042**	(137)	**141,905**	–	–	151,589	**151,589**
Other comprehensive income for the period	–	287,254	–	**287,254**	–	**287,254**	–	287,254	–	**287,254**
Total comprehensive income / (loss) for the period	**–**	**287,254**	**142,042**	**429,296**	**(137)**	**429,159**	**–**	**287,254**	**151,589**	**438,843**
As of 30 June 2022	**790,368**	**1,456,310**	**299,771**	**2,546,449**	**6,158**	**2,552,607**	**790,368**	**1,079,677**	**329,868**	**2,199,913**

Statement of Cash Flows

EUR'000

	Notes	Group 01/01–30/06/2022	Group 01/01–30/06/2021	Parent Company 01/01–30/06/2022	Parent Company 01/01–30/06/2021
Cash flows from operating activities					
Profit before tax		**141,863**	**58,381**	**151,589**	**71,976**
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		95,847	102,482	51,522	54,370
– Net financial adjustments		(12,858)	9,883	(16,969)	5,394
– Other adjustments		484	(731)	305	(54)
– Dividends from subsidiaries		–	–	(10,585)	(24,978)
Interest paid		(5,455)	(5,671)	(5,156)	(5,791)
Interest received		–	1,927	–	1,927
Paid corporate income tax		(2,641)	(6,852)	–	–
Funds from operations (FFO)		**217,240**	**159,419**	**170,706**	**102,844**
(Increase) / decrease in current assets		(231,994)	1,925	(261,571)	30,230
Decrease in trade and other liabilities		(30,834)	(18,449)	(46,831)	(12,859)
Impact of non–cash offsetting of operating receivables and liabilities from subsidiaries, net		–	–	90,803	117,678
Net cash flows (used in) / generated from operating activities		**(45,588)**	**142,895**	**(46,893)**	**237,893**
Cash flows from investing activities					
Loans issued to subsidiaries, net	19	–	–	(46,582)	(147,778)
Repayment of loans to related parties	19	–	46,672	–	46,672
Purchase of intangible assets and property, plant, and equipment		(85,782)	(88,619)	(40,436)	(42,124)
Dividends received from subsidiaries		–	–	156	2,927
Proceeds from redemption of other financial investments		–	14,153	–	14,153
Net cash flows used in investing activities		**(85,782)**	**(27,794)**	**(86,862)**	**(126,150)**
Cash flows from financing activities					
Repayment of issued debt securities (bonds)	14	(100,000)	–	(100,000)	–
Proceeds on issued debt securities (bonds)	14	100,000	50,000	100,000	50,000
Proceeds on borrowings from financial institutions	14	124,678	1,500	122,678	–
Repayment of borrowings from financial institutions	14	(28,239)	(43,214)	(24,082)	(42,165)
Received financing from European Union		–	207	–	207
Lease payments		(515)	(448)	(54)	(153)
Dividends paid to non–controlling interests		–	(2,508)	–	–
Dividends paid to equity holder of the Parent Company		–	(98,246)	–	(98,246)
Net cash flows generated from / (used in) financing activities		**95,924**	**(92,709)**	**98,542**	**(90,357)**
Net (decrease) / increase in cash and cash equivalents		**(35,446)**	**22,392**	**(35,213)**	**21,386**
Cash and cash equivalents at the beginning of the period	12	97,079	100,703	92,418	98,261
Cash and cash equivalents at the end of the period	**12**	**61,633**	**123,095**	**57,205**	**119,647**

Funds from operations = Net cash flows from operating activities – changes in current assets – changes in trade and other liabilities – Impact of non–cash offsetting of operating receivables and liabilities from subsidiaries, net

Notes to the Financial Statements

1. Corporate information

All shares of public limited company Latvenergo, parent company of Latvenergo Group (hereinafter – Latvenergo AS or the Parent Company) are owned by the Republic of Latvia and are held by the Ministry of Economics of the Republic of Latvia. The registered address of Latvenergo AS is 12 Pulkveža Brieža Street, Riga, Latvia, LV–1230. According to the Energy Law of the Rupublic of Latvia, Latvenergo AS is designated as a national economy object of State importance and, therefore, is not subject to privatisation.

Latvenergo AS is power supply utility engaged in electricity and thermal energy generation, as well as sales of electricity and natural gas. Latvenergo AS is one of the largest corporate entities in the Baltics.

Latvenergo AS heads the Latvenergo Group (hereinafter – the Group) that includes the following subsidiaries:

- Sadales tīkls AS (since 18 September 2006) with 100% interest held;
- Elektrum Eesti OÜ (since 27 June 2007) and its subsidiaries Elektrum Latvija SIA (since 18 September 2012), Energiaturu Võrguehitus OÜ (since 25 August 2021), Baltic Energy System OÜ (since 25 August 2021) and SNL Energia 1 OÜ (since 25 August 2021) all with 100% interest held;
- Elektrum Lietuva, UAB (since 7 January 2008) with 100% interest held;
- Enerģijas publiskais tirgotājs SIA (since 25 February 2014) with 100% interest held;
- Liepājas enerģija SIA (since 6 July 2005) with 51% interest held.

Latvenergo AS and its subsidiaries Sadales tīkls AS and Enerģijas publiskais tirgotājs SIA are also shareholders with 48.15% interest held in company Pirmais Slēgtais Pensiju Fonds AS (Latvenergo AS helds 46.30% of interest) that manages a defined–contribution corporate pension plan in Latvia.

Latvenergo AS shareholding in subsidiaries and other non–current financial investments are disclosed in Note 9.

Since 1 February 2021, the Management Board of Latvenergo AS was comprised of the following members: Guntars Baļčūns (Chairman of the Board), Kaspars Cikmačs, Arnis Kurgs and Uldis Mucinieks.

Since 3 January 2022, the Management Board of Latvenergo AS was comprised of the following members: Mārtiņš Čakste (Chairman of the Board), Dmitrijs Juskovecs, Guntars Baļčūns, Kaspars Cikmačs, Harijs Teteris.

Since 11 June 2020, the Supervisory Board of Latvenergo AS was comprised of the following members: Ivars Golsts (Chairman), Kaspars Rokens (Deputy Chairman), Toms Siliņš, Aigars Laizāns and Gundars Ruža.

The Supervisory body – Audit Committee:
Since 3 February 2021, Audit Committee was comprised of the following members: Torbens Pedersens *(Torben Pedersen)*, Svens Dinsdorfs, Ilvija Grūba, Toms Siliņš and Gundars Ruža.

Latvenergo Group Consolidated and Latvenergo AS Annual Report 2021 has been approved on 9 May 2022 by the Latvenergo AS Shareholder's meeting (see on Latvenergo AS web page section "Investors": http://www.latvenergo.lv/eng/investors/reports/.

Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 6–month period ending on 30 June 2021 include the financial information in respect of the Latvenergo Group and Latvenergo AS for the period starting on 1 January 2022 and ending on 30 June 2022 and comparative information for the period of 2021 starting on 1 January 2021 and ending on 30 June 2021.

Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 6–month period ending on 30 June 2022 were authorised by the Latvenergo AS Management Board on 23 August 2022.

2. Significant accounting policies

These Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements are prepared in accordance with the International Financial Reporting Standards as adopted for use in the European Union (IFRS) and principal accounting policies applied to these financial statements were identical to those used in the Latvenergo Group Consolidated and Latvenergo AS Financial Statements of 2021. These policies have been consistently applied to all reporting periods presented in financial statements, unless otherwise stated. Where it is necessary, comparatives are reclassified.

Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements are prepared under the historical cost convention, except for some financial assets and liabilities (including derivative financial instruments and non–current financial investments) measured at fair value and certain property, plant and equipment carried at revalued amounts as disclosed in accounting policies presented in Latvenergo Group Consolidated and Latvenergo AS Annual Report 2021.

Unaudited Condensed Interim Financial Statements had been prepared in euros (EUR) currency and all amounts except non–monetary items shown in these Financial Statements are presented in thousands of EUR (EUR'000). All figures, unless stated otherwise are rounded to the nearest thousand.

Certain monetary amounts, percentages and other figures are subject to rounding adjustments. On occasion, therefore, amounts shown in tables may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100 percent.

3. Operating segment information

Operating segments of the Group and the Parent Company

For segment reporting purposes, the division into operating segments is based on internal management structure, which is the basis for the reporting system, performance assessment and the allocation of resources by the operating segment decision maker – management of the Group's company operating in each of segments. The Management Board of the Parent Company reviews financial results of operating segments.

The profit measure monitored by the chief operating decision maker primarily is EBITDA, but it also monitors operating profit. In separate financial statements operating profit excludes the dividend income and interest income from subsidiaries. The subsidiaries operate independently from the Parent Company under the requirements of EU and Latvian legislation and their businesses are different from that of the Parent Company. Therefore, the Parent Company's chief operating decision maker monitors the performance of the Parent Company and makes decisions regarding allocation of resources based on the operating results of the Parent Company.

The Group divides its operations into two main operating segments – generation and trade, and distribution. The Parent Company divides its operations into one main operating segment – generation and trade.

In addition, corporate functions, that cover administration and other support services, are presented in the Group and the Parent Company as separate segment.

Corporate functions provide management services to subsidiaries as well as provides IT and telecommunication, rental services to external customers.

Generation and trade comprises the Group's electricity and thermal energy generation operations, which are organised into the legal entities: Latvenergo AS and Liepājas enerģija SIA; electricity and natural gas trade (including electricity and natural gas wholesale) in the Baltics carried out by Latvenergo AS, Elektrum Eesti OÜ (including its subsidiaries – Energiaturu Võrguehitus OÜ, Baltic Energy System OÜ and SNL Energia 1 OÜ) and Elektrum Lietuva UAB, as well as administration of the mandatory procurement process provided by Enerģijas publiskais tirgotājs SIA.

The operations of the ***distribution*** operating segment relate to the provision of electricity distribution services in Latvia and is managed by the subsidiary Sadales tīkls AS (the largest distribution system operator in Latvia).

The following table presents revenue, financial results and profit information and segment assets and liabilities of the Group's and the Parent Company's operating segments. Inter–segment revenue is eliminated on consolidation and reflected in the 'adjustments and eliminations' column. All transactions between segments are made based on the regulated tariffs, where applicable, or on an arm's length principle.

EUR'000

	Group						Parent Company				
	Generation and trade	Distri–bution	Corporate functions	TOTAL segments	Adjustments and eliminations	TOTAL Group	Generation and trade	Corporate functions	TOTAL segments	Adjustments and eliminations	TOTAL Parent Comapny
Periods: 01/01–30/06/2022											
Revenue											
External customers	588,559	152,037	3,986	**744,582**	–	**744,582**	457,697	16,017	**473,714**	–	**473,714**
Inter–segment	961	245	25,255	**26,461**	(26,461)	**–**	999	14,443	**15,442**	(15,442)	**–**
TOTAL revenue	**589,520**	**152,282**	**29,241**	**771,043**	**(26,461)**	**744,582**	**458,696**	**30,460**	**489,156**	**(15,442)**	**473,714**
Results											
EBITDA	**174,660**	**45,092**	**6,751**	**226,503**	**–**	**226,503**	**171,319**	**7,982**	**179,301**	**–**	**179,301**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(34,642)	(40,429)	(5,902)	**(80,973)**	–	**(80,973)**	(32,775)	(5,971)	**(38,746)**	–	**(38,746)**
Segment profit / (loss) before tax	**140,018**	**4,663**	**849**	**145,530**	**(3,667)**	**141,863**	**138,544**	**2,011**	**140,555**	**11,034**	**151,589**
Capital expenditure	9,287	39,338	7,551	**56,176**	–	**56,176**	3,239	7,551	**10,790**	–	**10,790**
Periods: 01/01–30/06/2021											
Revenue											
External customers	293,297	150,958	3,797	**448,052**	–	**448,052**	217,487	15,374	**232,861**	–	**232,861**
Inter–segment	358	510	23,672	**24,540**	(24,540)	**–**	357	12,883	**13,240**	(13,240)	**–**
TOTAL revenue	**293,655**	**151,468**	**27,469**	**472,592**	**(24,540)**	**448,052**	**217,844**	**28,257**	**246,101**	**(13,240)**	**232,861**
Results											
EBITDA	**82,584**	**56,267**	**6,270**	**145,121**	**–**	**145,121**	**75,197**	**7,635**	**82,832**	**–**	**82,832**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(33,029)	(44,900)	(5,519)	**(83,448)**	–	**(83,448)**	(31,437)	(5,635)	**(37,072)**	–	**(37,072)**
Segment profit / (loss) before tax	**49,555**	**11,367**	**751**	**61,673**	**(3,292)**	**58,381**	**43,760**	**2,000**	**45,760**	**26,216**	**71,976**
Capital expenditure	13,021	42,233	2,895	**58,149**	–	**58,149**	12,320	2,916	**15,236**	–	**15,236**

Segment assets

EUR'000

	Group						Parent Company				
	Generation and trade	Distri–bution	Corporate functions	TOTAL segments	Adjustments and eliminations	TOTAL Group	Generation and trade	Corporate functions	TOTAL segments	Adjustments and eliminations	TOTAL Parent Company
As of 30 June 2022	1,992,355	1,783,155	109,953	**3,885,463**	61,895	**3,947,358**	1,878,951	142,674	**2,021,625**	1,364,635	**3,386,260**
As of 31 December 2021	1,473,344	1,801,062	104,221	**3,378,627**	97,263	**3,475,890**	1,341,057	130,516	**1,471,573**	1,444,014	**2,915,587**

The Group's and the Parent Company’s revenue from external customers

EUR'000

	Group					Parent Company			
	Generation and trade	Distribution	Corporate Functions	TOTAL segments	TOTAL Group	Generation and trade	Corporate Functions	TOTAL segments	TOTAL Parent Company
Periods: 01/01–30/06/2022									
Revenue from contracts with customers recognised over time:									
Trade of energy and related supply services	526,197	1,681	–	**527,878**	**527,878**	404,062	–	**404,062**	**404,062**
Distribution system services	–	140,967	–	**140,967**	**140,967**	–	–	**–**	**–**
Heat sales	60,031	68	–	**60,099**	**60,099**	53,094	–	**53,094**	**53,094**
Other revenue	2,331	9,286	3,003	**14,620**	**14,620**	541	14,309	**14,850**	**14,850**
Total revenue from contracts with customers	**588,559**	**152,002**	**3,003**	**743,564**	**743,564**	**457,697**	**14,309**	**472,006**	**472,006**
Other revenue:									
Lease of other assets	–	35	983	**1,018**	**1,018**	–	1,708	**1,708**	**1,708**
Total other revenue	**–**	**35**	**983**	**1,018**	**1,018**	**–**	**1,708**	**1,708**	**1,708**
Periods: 01/01–30/06/2021									
Revenue from contracts with customers recognised over time:									
Trade of energy and related supply services	252,925	1,560	–	**254,485**	**254,485**	185,271	–	**185,271**	**185,271**
Distribution system services	–	141,046	–	**141,046**	**141,046**	–	–	**–**	**–**
Heat sales	39,457	48	10	**39,515**	**39,515**	31,735	10	**31,745**	**31,745**
Other revenue	915	8,267	2,817	**11,999**	**11,999**	481	13,646	**14,127**	**14,127**
Total revenue from contracts with customers	**293,297**	**150,921**	**2,827**	**447,045**	**447,045**	**217,487**	**13,656**	**231,143**	**231,143**
Other revenue:									
Lease of other assets	–	37	970	**1,007**	**1,007**	–	1,718	**1,718**	**1,718**
Total other revenue	**–**	**37**	**970**	**1,007**	**1,007**	**–**	**1,718**	**1,718**	**1,718**

Adjustments and eliminations

Finance income and expenses, fair value gains and losses on financial assets, financial instruments and deferred taxes are not allocated to individual segments as the underlying instruments are managed on a group basis. Taxes and certain financial assets and liabilities, including loans and borrowings are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

Reconciliation of profit before tax

EUR'000

	Group		Parent Company	
	01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
EBITDA	**226,503**	**145,121**	**179,301**	**82,832**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(80,973)	(83,448)	(38,746)	(37,072)
Segment profit before tax	**145,530**	**61,673**	**140,555**	**45,760**
Finance income	759	1,403	4,895	6,021
Finance costs	(4,426)	(4,695)	(4,446)	(4,783)
Dividends received from subsidiaries	–	–	10,585	24,978
Profit before tax	**141,863**	**58,381**	**151,589**	**71,976**

Reconciliation of assets

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Segment operating assets	**3,885,463**	**3,378,627**	**2,021,625**	**1,471,573**
Non–current financial investments	40	40	645,218	645,218
Loans to related parties	–	–	662,212	706,378
Prepayment for income and other taxes	222	144	–	–
Cash and cash equivalents	61,633	97,079	57,205	92,418
TOTAL assets	**3,947,358**	**3,475,890**	**3,386,260**	**2,915,587**

4. Revenue

EUR'000

	IFRS or IAS applied	Group		Parent Company	
		01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
Revenue from contracts with customers recognised over time:					
Trade of energy and related supply services	IFRS 15	527,878	254,485	404,062	185,271
Distribution system services	IFRS 15	140,967	141,046	–	–
Heat sales	IFRS 15	60,099	39,515	53,094	31,745
Other revenue	IFRS 15	14,620	11,999	14,850	14,127
Total revenue from contracts with customers		**743,564**	**447,045**	**472,006**	**231,143**
Other revenue:					
Lease of other assets	IFRS 16	1,018	1,007	1,708	1,718
Total other revenue		**1,018**	**1,007**	**1,708**	**1,718**
TOTAL revenue		**744,582**	**448,052**	**473,714**	**232,861**

In accordance with 'Law on measures to reduce extraordinary rise in energy prices' adopted by the Saeima of the Republic of Latvia and Regulations of the Cabinet of Ministers of the Republic of Latvia No. 74 'Amendments in Regulations of the Cabinet of Ministers of the Republic of Latvia No. 50 'Regulations regarding the trade and use of electricity' ', which entered into force on 29 January 2022, the government granted support to all end-users, while not changing the tariffs, for electricity distribution fee and mandatory procurement PSO fees from 1 January to 30 April 2022 by 100% of the fee, as well reduction in the fee for natural gas consumed by households in accordance with the provisions of the law, which was reimbursed from the state budget.

During the reporting period in the revenue from contracts with customers recognised reduction in the fee for consumed natural gas in amount of EUR 1,135 thousand and reduction in the fee of electricity distribution system in amount of EUR 95,466 thousand. Reduction in the mandatory procurement PSO fees in amount of EUR 18,028 thousand recognised in assets. In the revenue from contracts with customers recognised reduction of the fee to end–users for consumed electricity in amount of EUR 888 thousand in accordance with state support mechanism of the Republic of Estonia for reducing energy prices.

Gross amounts invoiced to customers by applying agent accounting principle, recognised on net basis under trade of energy and related supply services:

EUR'000

	Group		Parent Company	
	01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
Mandatory procurement PSO fees	2	31,967	4,345	33,242
Distribution system services	12,354	12,101	28,764	92,250
Transmission system services	282	854	288	866
Insurance intermediation	581	–	580	–
TOTAL revenue recognised applying agent accounting principle	**13,219**	**44,922**	**33,977**	**126,358**

Net effect in revenue from applying agent accounting principle is 0.

5. Raw materials and consumables

EUR'000

	Group		Parent Company	
	01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
Energy costs:				
Electricity and costs of related supply services	208,747	99,800	81,886	31,247
Electricity transmission services costs	36,365	36,964	1,430	1,622
Natural gas and other energy resources costs	201,650	83,709	189,196	79,284
(Gains) / losses on fair value changes on energy futures, forwards, and swaps (Note 15 II)	(16,341)	6,660	(16,341)	6,660
	430,421	**227,133**	**256,171**	**118,813**
Raw materials, spare parts, and maintenance costs	11,672	10,353	5,560	5,662
TOTAL raw materials and consumables	**442,093**	**237,486**	**261,731**	**124,475**

6. Finance income and costs

EUR'000

	Group		Parent Company	
	01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022	01/01–30/06/2021
a) Finance income:				
Interest income	–	157	–	157
Interest income on loans to related parties	–	990	4,136	5,608
Gains on fair value changes on interest rate swaps (Note 15 I)	715	167	715	167
Net gain on issued debt securities (bonds)	44	59	44	59
Net gain on currency exchange rate fluctuations	–	30	–	30
TOTAL finance income	**759**	**1,403**	**4,895**	**6,021**
b) Finance costs:				
Interest expense on borrowings	2,912	3,687	2,966	3,811
Interest expense on issued debt securities (bonds)	1,333	959	1,333	959
Interest expense on assets lease	61	59	37	32
Capitalised borrowing costs	(109)	(169)	(109)	(169)
Net losses on redemption of other financial investments	–	12	–	12
Net losses on currency exchange rate fluctuations	3	–	3	–
Other finance costs	226	147	216	138
TOTAL finance costs	**4,426**	**4,695**	**4,446**	**4,783**

7. Intangible assets and property, plant, and equipment

a) Non-current intangible assets

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
Cost	120,295	111,105	111,105	64,687	60,591	60,591
Accumulated amortisation	(66,738)	(61,077)	(61,077)	(47,281)	(44,398)	(44,398)
Net book amount at the beginning of the period	**53,557**	**50,028**	**50,028**	**17,406**	**16,193**	**16,193**
Additions	1,240	1,547	9,453	1,136	1,499	4,321
Disposals	–	–	(81)	–	–	(81)
Impairment charge	–	–	81	–	–	81
Amortisation charge	(3,137)	(2,900)	(5,924)	(1,671)	(1,542)	(3,108)
Closing net book amount at the end of the period	**51,660**	**48,675**	**53,557**	**16,871**	**16,150**	**17,406**
Cost	121,530	112,642	120,295	65,818	62,081	64,687
Accumulated amortisation	(69,870)	(63,967)	(66,738)	(48,947)	(45,931)	(47,281)
Closing net book amount at the end of the period	**51,660**	**48,675**	**53,557**	**16,871**	**16,150**	**17,406**

b) Current intangible assets

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
Net book amount at the beginning of the period	**24,266**	**3,157**	**3,157**	**24,266**	**3,157**	**3,157**
Additions	–	26,740	64,500	–	26,740	64,500
Disposals	(13,069)	(17,682)	(43,391)	(13,069)	(17,682)	(43,391)
Closing net book amount at the end of the period	**37,940**	**12,215**	**24,266**	**37,940**	**12,215**	**24,266**

c) Property, plant and equipment

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
Cost or revalued amount	6,396,917	6,373,740	6,373,740	3,170,861	3,177,841	3,177,841
Accumulated depreciation and impairment	(3,570,263)	(3,546,414)	(3,546,414)	(2,103,888)	(2,106,271)	(2,106,271)
Net book amount at the beginning of the period	**2,826,654**	**2,827,326**	**2,827,326**	**1,066,973**	**1,071,570**	**1,071,570**
Additions	54,936	56,602	117,255	9,653	13,736	25,203
Invested in share capital	–	–	20	–	–	20
Reclassified (to) / from investment properties	(315)	(1,665)	(3,182)	(315)	128	(692)
Reclassified to non–current assets held for sale	(5)	–	(105)	(5)	–	(20)
Disposals	(2,450)	(1,989)	(5,456)	(92)	(312)	(351)
Increase in value of assets as a result of revaluation	227,696	–	–	227,696	–	–
Reversal of impairment charge as a result of revaluation	417	–	–	417	–	–
(Recognised) / reversed impairment charge	(206)	(73)	41,423	(184)	–	41,393
Depreciation	(77,045)	(79,682)	(150,627)	(36,718)	(35,098)	(70,150)
Closing net book amount at the end of the period	**3,029,682**	**2,800,519**	**2,826,654**	**1,267,425**	**1,050,024**	**1,066,973**
Cost or revalued amount	6,881,454	6,381,999	6,396,917	3,631,355	3,163,926	3,170,860
Accumulated depreciation and impairment	(3,851,772)	(3,581,480)	(3,570,263)	(2,363,930)	(2,113,902)	(2,103,887)
Closing net book amount at the end of the period	**3,029,682**	**2,800,519**	**2,826,654**	**1,267,425**	**1,050,024**	**1,066,973**

d) Investment property

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
Cost or revalued amount	3,807	1,455	1,455	4,561	5,432	5,432
Accumulated depreciation and impairment	(491)	(943)	(943)	(959)	(2,098)	(2,098)
Net book amount at the beginning of the period	**3,316**	**512**	**512**	**3,602**	**3,334**	**3,334**
Reclassified from / (to) property, plant, and equipment	315	1,665	3,182	315	(128)	692
Disposal	(18)	(5)	(18)	(331)	(5)	(18)
Sold	(465)	(135)	(348)	–	(133)	(348)
Depreciation	(6)	–	(12)	(8)	(31)	(58)
Closing net book amount at the end of the period	**3,142**	**2,037**	**3,316**	**3,578**	**3,037**	**3,602**
Cost or revalued amount	3,647	2,539	3,807	4,560	4,437	4,561
Accumulated depreciation and impairment	(505)	(502)	(491)	(983)	(1,400)	(959)
Closing net book amount at the end of the period	**3,142**	**2,037**	**3,316**	**3,577**	**3,037**	**3,602**

e) Property, plant, and equipment revaluation

Hydropower plants and distribution system assets (property, plant, and equipment) of the Group and the Parent company are revalued regularly but not less frequently than every five years, revaluation may be performed more frequently if there is a significant and sustained increase in the civil engineering construction costs.

a) Assets of Hydropower plants:
   – hydropower plants' buildings and facilities, revalued as of 1 April 2022 (see Note 7 c)
   – hydropower plants' technology equipment and machinery, revalued as of 1 April 2022 (see Note 7 c)

b) Distribution system electricity lines and electrical equipment:
   – electricity lines, revalued as of 1 January 2021
   – electrical equipment of transformer substations, revalued as of 1 April 2020

8. Leases

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	**01/01–30/06/2021**	**2021**	**01/01–30/06/2022**	**01/01–30/06/2021**	**2021**
a) Right–of–use assets						
Initial recognition cost	12,871	10,970	10,970	7,342	5,619	5,619
Accumulated depreciation	(4,559)	(2,717)	(2,717)	(2,199)	(1,133)	(1,133)
Net book amount at the beginning of the period	**8,312**	**8,253**	**8,253**	**5,143**	**4,486**	**4,486**
Recognised changes in lease agreements	398	(112)	1,925	158	(98)	1,723
Depreciation	(996)	(793)	(1,866)	(582)	(401)	(1,066)
Closing net book amount at the end of the period	**7,714**	**7,348**	**8,312**	**4,719**	**3,987**	**5,143**
Initial recognition cost	13,252	10,846	12,871	7,500	5,521	7,342
Accumulated depreciation	(5,538)	(3,498)	(4,559)	(2,781)	(1,534)	(2,199)
Closing net book amount at the end of the period	**7,714**	**7,348**	**8,312**	**4,719**	**3,987**	**5,143**
b) Lease liabilities						
At the beginning of the period	**8,428**	**8,344**	**8,344**	**5,226**	**4,540**	**4,540**
Of which are:						
– non–current	*6,540*	*6,783*	*6,783*	*4,085*	*3,734*	*3,734*
– current	*1,888*	*1,561*	*1,561*	*1,141*	*806*	*806*
Recognised changes in lease agreements	399	(132)	1,906	157	(98)	1,725
Decrease of lease liabilities	(1,045)	(834)	(1,960)	(611)	(423)	(1,122)
Recognised interest liabilities (Note 6)	61	59	138	37	32	83
At the end of the period	**7,843**	**7,437**	**8,428**	**4,809**	**4,051**	**5,226**
Of which are:						
– non–current	*6,030*	*5,921*	*6,540*	*3,771*	*3,265*	*4,085*
– current	*1,813*	*1,516*	*1,888*	*1,038*	*786*	*1,141*

9. Non–current financial investments

The Parent Company's participating interest in subsidiaries and other non–current financial investments

Name of the company	Country of incorporation	Business activity held	30/06/2022 Interest held, %	30/06/2022 EUR'000	31/12/2021 Interest held, %	31/12/2021 EUR'000
Investments in subsidiaries						
Sadales tīkls AS	Latvia	Electricity distribution	100%	641,450	100%	641,450
Enerģijas publiskais tirgotājs SIA	Latvia	Administration of mandatory electricity procurement process	100%	40	100%	40
Elektrum Eesti, OÜ	Estonia	Electricity and natural gas trade	100%	35	100%	35
Elektrum Lietuva, UAB	Lithuania	Electricity and natural gas trade	100%	98	100%	98
Liepājas enerģija SIA	Latvia	Thermal energy generation and trade, electricity generation	51%	3,556	51%	3,556
TOTAL				**645,179**		**645,179**
Other non–current financial investments						
Pirmais Slēgtais Pensiju Fonds AS	Latvia	Management of pension plans	46.30%	36	46.30%	36
Rīgas siltums AS	Latvia	Thermal energy generation and trade, electricity generation	0.0051%	3	0.0051%	3
TOTAL				**39**		**39**
				645,218		**645,218**

The Group's non–current financial investments

Name of the company	Country of incorporation	Business activity held	30/06/2022 Interest held, %	30/06/2022 EUR'000	31/12/2021 Interest held, %	31/12/2021 EUR'000
Other non–current financial investments (Group)						
Pirmais Slēgtais Pensiju Fonds AS	Latvia	Management of pension plans	48.15%	37	48.15%	37
Rīgas siltums AS	Latvia	Thermal energy generation and trade, electricity generation	0.0051%	3	0.0051%	3
TOTAL				**40**		**40**

The Group owns 48.15% of the shares of the closed pension fund Pirmais Slēgtais Pensiju Fonds AS (Latvenergo AS – 46.30%). However, the Group and the Parent Company are only a nominal shareholder as the Pension Fund is a non-profit company, and all risks and benefits arising from associate's activities and investments in the pension plan are taken and accrued by the members of the Pension Fund pension plan. For this reason, the investment in Pirmais Slēgtais Pensiju Fonds AS is valued at acquisition cost.

10. Inventories

EUR'000

	Group 30/06/2022	Group 31/12/2021	Parent Company 30/06/2022	Parent Company 31/12/2021
Raw materials and materials	16,317	17,978	1,089	847
Natural gas	408,651	115,461	408,650	115,461
Goods for sale	6,379	3,896	1,778	754
Other inventories	8,200	8,121	7,878	8,059
Prepayments for inventories	43,986	47,786	43,142	46,901
Allowance for raw materials and other inventories	(1,249)	(1,110)	(729)	(735)
TOTAL inventories	**482,284**	**192,132**	**461,808**	**171,287**

Movement on the allowance for inventories EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
At the beginning of the period	**1,110**	**991**	**991**	**735**	**607**	**607**
Charged / (credited) to the Statement of Profit or Loss	139	252	119	(6)	108	128
At the end of the period	**1,249**	**1,243**	**1,110**	**729**	**715**	**735**

11. Receivables from contracts with customers and other receivables

Receivables from contracts with customers grouped by the expected credit loss (ECL) assessment model, net EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Individually assessed receivables with lifetime ECL assessment (counterparty model)	15,826	15,530	24,444	16,837
Receivables with lifetime ECL assessment by simplified approach (portfolio model)	119,579	165,606	74,470	93,801
TOTAL receivables from contracts with customers	**135,405**	**181,136**	**98,914**	**110,638**

a) Receivables from contracts with customers, net

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Receivables from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	126,561	133,497	87,770	87,828
– Electricity, natural gas trade and related services customers (counterparty model)	5,820	22,493	–	–
– Heating customers (portfolio model)	1,715	21,233	1,413	18,807
– Other receivables from contracts with customers (portfolio model)	4,260	5,384	927	1,150
– Other receivables from contracts with customers (counterparty model)	15,843	15,557	13,615	12,792
– Subsidiaries (counterparty model) (Note 19 b)	–	–	10,845	4,070
	154,199	**198,164**	**114,570**	**124,647**
Allowances for expected credit loss from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	(16,624)	(14,748)	(15,317)	(13,621)
– Electricity, natural gas trade and related services customers (counterparty model)	(7)	(28)	–	–
– Heating customers (portfolio model)	(320)	(361)	(301)	(343)
– Other receivables from contracts with customers (portfolio model)	(1,826)	(1,864)	(22)	(20)
– Other receivables from contracts with customers (counterparty model)	(17)	(27)	(14)	(22)
– Subsidiaries (counterparty model) (Note 19 b)	–	–	(2)	(3)
	(18,794)	**(17,028)**	**(15,656)**	**(14,009)**
Receivables from contracts with customers, net:				
– Electricity, natural gas trade and related services customers (portfolio model)	109,937	118,749	72,453	74,207
– Electricity, natural gas trade and related services customers (counterparty model)	5,813	22,465	–	–
– Heating customers (portfolio model)	1,395	20,872	1,112	18,464
– Other receivables from contracts with customers (portfolio model)	2,434	3,520	905	1,130
– Other receivables from contracts with customers (counterparty model)	15,826	15,530	13,601	12,770
– Subsidiaries (counterparty model) (Note 19 b)	–	–	10,843	4,067
	135,405	**181,136**	**98,914**	**110,638**

Movements in loss allowances for impaired receivables from contracts with customers

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
At the beginning of the period	**17,028**	**44,269**	**44,269**	**14,009**	**41,005**	**41,005**
Receivables written off during the period as uncollectible	(1,489)	(1,922)	(30,094)	(1,443)	(1,696)	(29,679)
Allowances for expected credit losses	3,255	333	2,853	3,090	254	2,683
At the end of the period	**18,794**	**42,680**	**17,028**	**15,656**	**39,563**	**14,009**

b) Other current financial receivables

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Current financial receivables:				
Unsettled revenue on mandatory procurement PSO fee recognised as assets*	23,393	36,588	–	–
Receivables for lease	29	18	24	15
Other current financial receivables	20,832	22,475	20,114	21,707
Other accrued income	540	–	540	–
Allowances for expected credit losses	(1,569)	(1,583)	(1,234)	(1,247)
Receivables for lease from subsidiaries (Note 19 b)	–	–	13	21
Other financial receivables from subsidiaries (Note 19 b)	–	–	20,986	21,196
Other accrued income from subsidiaries (Note 19 c)	–	–	1,411	1,534
Allowances for expected credit losses on subsidiaries receivables (Note 19 b)	–	–	(13)	(14)
TOTAL other current financial receivables	**43,225**	**57,498**	**41,841**	**43,212**

* By applying agent principle unsettled revenue on mandatory procurement PSO fee is recognised as assets in net amount, as difference between revenue and costs recognised under the mandatory procurement.

c) Other non–financial receivables

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Non–current non–financial receivables	4,175	2,544	441	441
Current non–financial receivables	360	2,242	120	2,190
TOTAL non–financial receivables	**4,535**	**4,786**	**561**	**2,631**

12. Cash and cash equivalents

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Cash at bank	61,633	100,703	57,205	98,261
TOTAL cash and cash equivalents	**61,633**	**100,703**	**57,205**	**98,261**

13. Reserves

EUR'000

	Group					Parent Company			
	Non–current assets revaluation reserve	Hedge reserve	Post–employment benefit plan revaluation reserve	Other reserves	TOTAL	Non–current assets revaluation reserve	Hedge reserve	Post–employment benefit plan revaluation reserve	TOTAL
As of 31 December 2020	**1,171,154**	**(14,001)**	**(2,896)**	**110**	**1,154,367**	**781,773**	**(14,001)**	**(1,657)**	**766,115**
Disposal of revaluation reserve	(6,756)	–	–	–	**(6,756)**	(3,714)	–	–	**(3,714)**
Losses from fair value changes of derivative financial instruments	–	(6,068)	–	–	**(6,068)**	–	(6,068)	–	**(6,068)**
As of 30 June 2021	**1,164,398**	**(20,069)**	**(2,896)**	**110**	**1,141,543**	**778,059**	**(20,069)**	**(1,657)**	**756,333**
Disposal of revaluation reserve	(6,573)	–	–	–	**(8,831)**	(10)	–	–	**(10)**
Gains on re–measurement of defined post–employment benefit plan	–	–	1,098	–	**1,098**	–	–	121	**121**
Gains from fair value changes of derivative financial instruments	–	39,287	–	–	**39,287**	–	39,287	–	**39,287**
As of 31 December 2021	**1,157,825**	**19,218**	**(1,798)**	**110**	**1,175,355**	**778,049**	**19,218**	**(1,536)**	**795,731**
Increase of non–current assets revaluation reserve as a result of revaluation (Note 7 c)	227,696	–	–	–	**227,696**	227,696	–	–	**227,696**
Disposal of revaluation reserve	(6,299)	–	–	–	**(6,299)**	(3,308)	–	–	**(3,308)**
Gains from fair value changes of derivative financial instruments	–	59,558	–	–	**59,558**	–	59,558	–	
As of 30 June 2022	**1,379,222**	**78,776**	**(1,798)**	**110**	**1,456,310**	**1,002,437**	**78,776**	**(1,536)**	**1,079,677**

14. Borrowings

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Non–current borrowings from financial institutions	546,410	564,209	537,897	553,862
Issued debt securities (bonds)	149,876	49,866	149,876	49,866
TOTAL non–current borrowings	**696,286**	**614,075**	**687,773**	**603,728**
Current portion of non–current borrowings from financial institutions	105,746	79,186	103,750	76,866
Issued debt securities (bonds)	–	100,055	–	100,055
Overdraft from financial institutions	87,678	–	87,678	–
Accrued interest on non–current borrowings	557	495	516	455
Accrued coupon interest on issued debt securities (bonds)	401	1,218	401	1,218
TOTAL current borrowings	**194,382**	**180,954**	**192,345**	**178,594**
TOTAL borrowings	**890,668**	**795,029**	**880,118**	**782,322**

Movement in borrowings

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
At the beginning of the period	**795,029**	**743,199**	**743,199**	**782,322**	**733,392**	**733,392**
Borrowings received	124,678	1,500	79,997	122,678	–	75,000
Borrowings repaid	(28,239)	(43,214)	(77,928)	(24,082)	(42,165)	(75,830)
Proceeds from issued debt securities (bonds)	100,000	50,000	–	100,000	50,000	–
Repayment of issued debt securities (bonds)	(100,000)	–	50,000	(100,000)	–	50,000
Change in accrued interest on borrowings from financial institutions	(756)	(987)	19	(756)	(984)	18
Changes in outstanding value of issued debt securities (bonds)	(44)	(207)	(258)	(44)	(207)	(258)
At the end of the period	**890,668**	**750,291**	**795,029**	**880,118**	**740,036**	**782,322**

15. Derivative financial instruments

Outstanding fair values of derivatives and their classification

EUR'000

	Group				Parent Company			
	30/06/2022		31/12/2021		30/06/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	5,755	(629)	–	(4,312)	5,755	(629)	–	(4,312)
Energy forwards, futures, and swaps	80,795	(2,091)	25,735	(14,208)	80,526	(2,091)	25,466	(14,208)
Total outstanding fair values of derivatives	**86,550**	**(2,720)**	**25,735**	**(18,520)**	**86,281**	**(2,720)**	**25,466**	**(18,520)**

I) Interest rate swaps

The Parent Company enters into interest rate swap agreements with 7 to 10 year initial maturities and hedged floating rates are 6 month EURIBOR.

All contracts are designed as cash flow hedges and are eligible for hedge accounting. During the prospective and retrospective testing, an ineffective portion of some transactions has been identified and recognised in the Statement of Profit or Loss.

Fair value changes of interest rate swaps

EUR'000

	Group						Parent Company					
	01/01–30/06/2022		01/01–30/06/2021		2021		01/01–30/06/2022		01/01–30/06/2021		2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the period	**–**	**(4,312)**	**–**	**(9,504)**	**–**	**(9,504)**	**–**	**(4,312)**	**–**	**(9,504)**	**–**	**(9,504)**
Included in the Statement of Profit or Loss (Note 6)	–	715	–	167	–	316	–	715	–	167	–	316
Included in the Statement of Comprehensive Income	5,755	2,968	–	2,683	–	4,876	5,755	2,968	–	2,683	–	4,876
Outstanding fair value at the end of the period	**5,755**	**(629)**	**–**	**(6,654)**	**–**	**(4,312)**	**5,755**	**(629)**	**–**	**(6,654)**	**–**	**(4,312)**

II) Energy forwards, futures, and swaps

The Parent Company enters into electricity future contracts in the Nasdaq Commodities exchange, as well as concludes electricity forward contracts with energy companies. Electricity forward and future contracts are intended for hedging of the electricity price risk and are used for fixing the price of electricity purchased in the Nord Pool AS power exchange. For the contracts which are fully effective contracts fair value gains or losses are included in other comprehensive income.

The Parent Company also concludes natural gas swap contracts with banks and energy companies. Natural gas swap contracts are intended for hedging of the natural gas price risk and are used for fixing the price of natural gas purchased in wholesale gas market. For the contracts which are fully effective contracts fair value gains or losses are included in other comprehensive income.

Fair value changes of energy forward and future contracts

EUR'000

	Group						Parent Company					
	01/01–30/06/2022		01/01–30/06/2021		2021		01/01–30/06/2022		01/01–30/06/2021		2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the period	**25,735**	**(14,208)**	**1,557**	**(4,993)**	**1,557**	**(4,993)**	**25,466**	**(14,208)**	**1,557**	**(4,993)**	**1,557**	**(4,993)**
Included in Statement of Profit or Loss (Note 5)	5,845	10,496	(335)	(6,325)	(785)	(12,588)	5,845	10,496	(335)	(6,325)	(1,054)	(12,588)
Included in Statement of Comprehensive Income	49,215	1,621	834	(9,592)	24,963	3,373	49,215	1,621	834	(9,592)	24,963	3,373
Outstanding fair value at the end of the period	**80,795**	**(2,091)**	**2,056**	**(20,910)**	**25,735**	**(14,208)**	**80,526**	**(2,091)**	**2,056**	**(20,910)**	**25,466**	**(14,208)**

16. Fair values and fair value measurement

In this Note are disclosed the fair value measurement hierarchy for the Group's and the Parent Company's financial assets and liabilities and revalued property, plant and equipment.

Quantitative disclosures of fair value measurement hierarchy for assets at the end of the period EUR'000

Type of assets	Group: Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL	Parent Company: Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL
As of 30 June 2022								
Assets measured at fair value								
Revalued property, plant, and equipment	–	–	2,631,701	**2,631,701**	–	–	1,010,768	**1,010,768**
Non-current financial investments (Note 9)	–	–	40	**40**	–	–	39	**39**
Derivative financial instruments, including:								
Interest rate swaps (Note 15 I)	–	5,755	–	**5,755**	–	5,755	–	**5,755**
Energy forwards, futures, and swaps (Note 15 II)	–	80,795	–	**80,795**	–	80,526	–	**80,526**
Assets for which fair values are disclosed								
Investment properties (Note 7 c)	–	–	3,142	**3,142**	–	–	3,577	**3,577**
Loans to related parties:								
– Floating rate loans (Note 19 c)	–	–	–	**–**	–	172,656	–	**172,656**
– Fixed rate loans (Note 19 c)	–	–	–	**–**	–	489,556	–	**489,556**
Current financial receivables (Note 11 a, b)	–	–	178,630	**178,630**	–	–	140,755	**140,755**
Cash and cash equivalents (Note 12)	–	61,633	–	**61,633**	–	57,205	–	**57,205**
As of 31 December 2021								
Assets measured at fair value								
Revalued property, plant and equipment	–	–	2,407,773	**2,407,773**	–	–	776,350	**776,350**
Non-current financial investments (Note 9)	–	–	40	**40**	–	–	39	**39**
Derivative financial instruments, including:								
Energy forwards, futures, and swaps (Note 15 II)	–	25,735	–	**25,735**	–	25,466	–	**25,466**
Assets for which fair values are disclosed								
Investment properties (Note 7 c)	–	–	3,316	**3,316**	–	–	3,602	**3,602**
Loans to related parties:								
– Floating rate loans (Note 19 c)	–	–	–	**–**	–	172,313	–	**172,313**
– Fixed rate loans (Note 19 c)	–	–	–	**–**	–	534,065	–	**534,065**
Current financial receivables (Note 11 a, b)	–	–	238,634	**238,634**	–	–	153,850	**153,850**
Cash and cash equivalents (Note 12)	–	97,079	–	**97,079**	–	92,418	–	**92,418**

There have been no transfers for assets between Level 1, Level 2 and Level 3 during the reporting period.

Quantitative disclosures of fair value measurement hierarchy for liabilities at the end of the period EUR'000

Type of liabilities	Group – Fair value measurement using – Quoted prices in active markets (Level 1)	Group – Significant observable inputs (Level 2)	Group – Significant unobservable inputs (Level 3)	Group – TOTAL	Parent Company – Fair value measurement using – Quoted prices in active markets (Level 1)	Parent Company – Significant observable inputs (Level 2)	Parent Company – Significant unobservable inputs (Level 3)	Parent Company – TOTAL
As of 30 June 2022								
Liabilities measured at fair value								
Derivative financial instruments, including:								
Interest rate swaps (Note 15 I)	–	629	–	**629**	–	629	–	**629**
Energy forwards, futures, and swaps (Note 15 II)	–	2,091	–	**2,091**	–	2,091	–	**2,091**
Liabilities for which fair values are disclosed								
Issued debt securities (bonds) (Note 14)	–	150,277	–	**150,277**	–	150,277	–	**150,277**
Borrowings from financial institutions (Note 14)	–	652,713	–	**652,713**	–	642,163	–	**642,163**
Trade and other financial current payables (Note 17)	–	–	127,268	**127,628**	–	–	113,865	**113,865**
As of 31 December 2021								
Liabilities measured at fair value								
Derivative financial instruments, including:								
Interest rate swaps (Note 15 I)	–	4,312	–	**4,312**	–	4,312	–	**4,312**
Energy forwards, futures, and swaps (Note 15 II)	–	14,208	–	**14,208**	–	14,208	–	**14,208**
Liabilities for which fair values are disclosed								
Issued debt securities (bonds) (Note 14)	–	151,139	–	**151,139**	–	151,139	–	**151,139**
Borrowings from financial institutions (Note 14)	–	643,890	–	**643,890**	–	631,183	–	**631,183**
Trade and other financial current payables (Note 17)	–	–	163,950	**163,950**	–	–	166,517	**166,517**

There have been no transfers for liabilities between Level 1, Level 2 and Level 3 during the reporting period.

The fair value hierarchy for the Group's and the Parent Company's financial instruments that are measured at fair value, by using specificv aluation methods, is disclosed above.

Set out below, is a comparison by class of the carrying amounts and fair values of the Group's and the Parent Company's financial instruments, other than those with carrying amounts which approximates their fair values: EUR'000

	Group – Carrying amount – 30/06/2022	Group – Carrying amount – 31/12/2021	Group – Fair value – 30/06/2022	Group – Fair value – 31/12/2021	Parent Company – Carrying amount – 30/06/2022	Parent Company – Carrying amount – 31/12/2021	Parent Company – Fair value – 30/06/2022	Parent Company – Fair value – 31/12/2021
Financial assets								
Fixed rate loans to related parties	–	–	–	–	489,556	534,065	475,415	545,297
Financial liabilities								
Interest–bearing liabilities, including:								
issued debt securities (bonds)	150,277	151,139	140,162	151,683	150,277	151,139	140,162	151,683

Management assessed that fair values of cash and short–term deposits, receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short–term maturities of these instruments.

17. Trade and other payables

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Financial liabilities:				
Payables for materials and services	45,699	60,945	26,435	29,672
Payables for electricity and natural gas	36,322	78,053	21,926	57,297
Payables to related parties (Note 19 b)	10,629	10,969	25,011	30,541
Accrued expenses	26,547	10,889	22,536	5,832
Accrued expenses from related parties (Note 19 b)	487	327	15,533	41,359
Other financial current payables	8,073	2,767	2,913	1,816
TOTAL financial liabilities	**127,757**	**163,950**	**114,354**	**166,517**
Non–financial liabilities:				
State social security contributions and other taxes	19,609	12,405	11,391	4,095
Contract liabilities	12,508	9,822	5,437	4,289
Other current payables	3,456	2,841	1,386	1,160
TOTAL non–financial liabilities	**35,573**	**25,068**	**18,214**	**9,544**
TOTAL trade and other current payables	**163,330**	**189,018**	**132,568**	**176,061**

18. Deferred income

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
I) Non–current deferred income				
a) contracts with customers				
From connection fees	133,718	136,217	–	–
Other deferred income	768	802	768	802
	134,486	**137,019**	**768**	**802**
b) operating lease				
Other deferred income	331	342	331	342
	331	**342**	**331**	**342**
c) other				
On grant for the installed electrical capacity of CHPPs	125,455	137,450	125,455	137,450
On financing from European Union funds	7,774	8,220	2,043	2,114
Other deferred income	87	103	49	52
	133,316	**145,773**	**127,547**	**139,616**
Total non–current deferred income	**268,133**	**283,134**	**128,646**	**140,760**
II) Current deferred income				
a) contracts with customers				
From connection fees	15,056	14,794	–	–
Other deferred income	210	237	67	67
	15,266	**15,031**	**67**	**67**
b) operating lease				
Other deferred income	20	20	20	20
	20	**20**	**20**	**20**
c) other				
On grant for the installed electrical capacity of CHPPs	23,990	23,990	23,990	23,990
On financing from European Union funds	892	896	143	144
	24,882	**24,886**	**24,133**	**24,134**
TOTAL current deferred income	**40,168**	**39,937**	**24,220**	**24,221**
TOTAL deferred income	**308,301**	**323,071**	**152,866**	**164,981**

Movement in deferred income (non–current and current part) EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
At the beginning of the period	**323,071**	**349,916**	**349,916**	**164,981**	**189,177**	**189,177**
Recognised in Statement of Financial Position:						
– fees for connection to distribution system	5,230	4,846	12,556	–	–	–
– other deferred non–current income (financing)	–	207	848	–	207	848
Recognised in Statement of Profit or Loss:						
– Other deferred income	(12,461)	(12,418)	(24,907)	(12,071)	(12,024)	(24,106)
– Deferred income from contracts with customers and operating lease	(7,539)	(7,748)	(15,342)	(44)	(594)	(938)
At the end of the period	**308,301**	**334,803**	**323,071**	**152,866**	**176,766**	**164,981**

19. Related party transactions

The Parent Company and, indirectly, its subsidiaries are controlled by the Latvian state. Related parties of the Latvenergo Group and the Parent Company are Shareholder of the Parent Company who controls over the Parent Company in accepting operating business decisions, members of Latvenergo Group entities' management boards, members of the Supervisory board of the Parent Company, members of Supervisory body of the Parent Company – the Audit Committee and close family members of any above–mentioned persons, as well as entities over which those persons have control or significant influence.

Trading transactions taking place under normal business activities with the Latvian government including its departments and agencies as well as transactions with state–controlled entities and providers of public utilities are excluded from the scope of related party disclosures. The Group and the Parent Company enter into transactions with many of these bodies on an arm's length basis.

Transactions with government related entities include sales of energy and related services but does not contain individually significant transactions therefore quantitative disclosure of transactions with those related parties is impossible due to broad range of the Latvenergo Group's and the Parent Company's customers, except for transactions with transmission system operators – Augstsprieguma tīkls AS and Conexus Baltic Grid AS.

a) Sales/purchases of goods, PPE and services to/from related parties EUR'000

	Group		Parent Company			
	01/01–30/06/2022	01/01–30/06/2021	01/01–30/06/2022		01/01–30/06/2021	
	Other related parties*	Other related parties*	Subsidiaries	Other related parties*	Subsidiaries	Other related parties*
Sales of goods, PPE and services, finance income	20,239	10,545	27,374	20,122	27,760	10,438
Purchases of goods, PPE, and services	54,696	51,544	78,489	18,083	142,023	14,464
including gross expenses from transactions with subsidiaries recognised in net amount through profit or loss:						
– Sadales tīkls AS	–	–	29,477	–	121,120	–

b) Balances at the end of the period arising from sales/purchases of goods, PPE and services EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Receivables from related parties:				
– subsidiaries (Note 11 a, b)	–	–	24,048	25,004
– other related parties*	9,833	12,991	9,121	12,453
– loss allowances for expected credit loss from receivables of subsidiaries (Note 11 a, b)	–	–	(15)	(16)
– loss allowances for expected credit loss from receivables of other related parties*	(12)	(23)	(11)	(22)
	9,821	**12,968**	**33,143**	**37,419**
Payables to related parties:				
– subsidiaries	–	–	20,805	28,415
– other related parties*	10,629	8,324	4,206	5,430
	10,629	**8,324**	**25,011**	**33,845**

c) Accrued income raised from transactions with related parties

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
– for goods sold/services provided for subsidiaries (Note 11 a, b)	–	–	7,861	435
– for interest received from subsidiaries	–	–	1,346	1,381
– for goods sold/services provided for other related parties*	354	107	354	107
	354	**107**	**9,561**	**1,923**

d) Accrued expenses raised from transactions with related parties

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
– for purchased goods/received services from subsidiaries	–	–	15,060	41,032
– for purchased goods/received services from other related parties*	487	327	473	327
	487	**327**	**15,533**	**41,359**

* Other related parties included transmission system operators – Augstsprieguma tīkls AS and Conexus Baltic Grid AS, Pirmais Slēgtais Pensiju Fonds AS and other entities controlled by the management members of Latvenergo Group

In the 6–month period ending on 30 June 2022 remuneration to the Latvenergo Group's management includes remuneration to the members of the Management Boards the Group entities, the Supervisory Board, and the Supervisory body (Audit Committee) of the Parent Company, including salary, social insurance contributions and payments to pension plan and is amounted to EUR 1,563.9 thousand (01/01 – 30/06/2021: EUR 1,449.8 thousand).

In the 6–month period ending on 30 June 2022 remuneration to the Parent Company's management includes remuneration to the members of the Parent Company's Management Board, the Supervisory Board, and the Supervisory body (Audit Committee), including salary, social insurance contributions and payments to pension plan and is amounted to EUR 567.5 thousand (01/01 – 30/06/2021: EUR 501.2 thousand).

Remuneration to the Latvenergo Group's and the Parent Company's management is included in the Statement of Profit or Loss position 'Personnel expenses'.

e) Loans to related parties

Non–current and current loans to related parties

EUR'000

	Group		Parent Company	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Non–current loans to subsidiaries				
Sadales tīkls AS	–	–	473,156	467,786
Elektrum Eesti OÜ	–	–	7,410	7,560
Elektrum Lietuva, UAB	–	–	4,728	1,970
Allowances for expected credit loss	–	–	(291)	(306)
TOTAL non–current loans	**–**	**–**	**485,003**	**477,010**
Current portion of non–current loans				
Sadales tīkls AS	–	–	95,312	97,000
Elektrum Eesti OÜ	–	–	300	300
Elektrum Lietuva, UAB	–	–	591	–
Allowances for expected credit loss	–	–	(57)	(62)
Current loans to subsidiaries				
Sadales tīkls AS	–	–	10,000	10,000
Elektrum Eesti OÜ	–	–	16,403	34,880
Elektrum Lietuva, UAB	–	–	34,486	56,198
Enerģijas publiskais tirgotājs SIA	–	–	20,223	31,137
Allowances for expected credit loss	–	–	(49)	(85)
TOTAL current loans	**–**	**–**	**177,209**	**229,368**
TOTAL loans to related parties	**–**	**–**	**662,212**	**706,378**

Movement in loans issued to related parties

EUR'000

	Group			Parent Company		
	01/01–30/06/2022	01/01–30/06/2021	2021	01/01–30/06/2022	01/01–30/06/2021	2021
At the beginning of the period	**–**	**86,620**	**86,620**	**706,378**	**742,229**	**742,229**
Change in current loans in cash (net)	–	–	–	46,582	147,778	319,304
Change in current loans by non–cash offsetting of operating receivables and payables (net)	–	–	–	(40,863)	(79,354)	(199,767)
Issued non–current loans in cash	–	–	–	–	–	7,860
Repayment of loan in cash	–	(46,672)	(86,672)	–	(46,672)	(86,672)
Repaid non–current loans by non–cash offset	–	–	–	(49,940)	(38,325)	(76,648)
Allowances for expected credit loss	–	26	52	55	60	72
At the end of the period	**–**	**39,974**	**–**	**662,212**	**725,716**	**706,378**
incl. loan movement through bank account						
Issued loans to subsidiaries	–	–	–	401,981	309,508	716,106
Repaid loans issued to subsidiaries	–	–	–	(355,399)	(161,730)	(388,942)
Repaid loans issued to other related parties	–	(46,672)	(86,672)	–	(46,672)	(86,672)
Issued loans, net	**–**	**(46,672)**	**(86,672)**	**46,582**	**101,106**	**240,492**

20. Events after the reporting period

On 19 July 2022, Latvenergo AS paid out dividends to the State in the amount of EUR 70,160 thousand.

On 22 July 2022, a joint venture of Latvenergo AS and Latvijas valsts meži AS for the development of wind parks, Latvijas vēja parki SIA, was registered in the Commercial Register of the Register of Enterprises. The share capital of Latvijas vēja parki SIA is 2 million EUR. Latvenergo AS has an 80% equity stake in the newly established joint venture.

There have been no other significant events after the end of the reporting period that might have a material effect on the Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 6–month period ending on 30 June 2022.