Latvenergo

LATVENERGO CONSOLIDATED AND LATVENERGO AS UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 9-MONTH PERIOD ENDING 30 SEPTEMBER 2022

CONTENTS

Management Report

Unaudited Condensed Interim Financial Statements*

** 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*

FINANCIAL CALENDAR

28. 02. 2023.
Condensed Consolidated Interim Financial Statements for the 12-Month Period Ending 31 December 2022 (unaudited)

19. 04. 2023.
Latvenergo Consolidated Annual Report 2022

31. 05. 2023.
Condensed Consolidated Interim Financial Statements for the 3-Month Period Ending 31 March 2023 (unaudited)

31. 08. 2023.
Condensed Consolidated Interim Financial Statements for the 6-Month Period Ending 30 June 2023 (unaudited)

30. 11. 2023.
Condensed Consolidated Interim Financial Statements for the 9-Month Period Ending 30 September 2023 (unaudited)

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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.

Highlights

Record-high electricity and energy resource prices.

In the 9-month period of 2022, the rise in energy prices continued. Electricity spot prices in the Baltics were more than 3 times higher than in the respective period a year ago. The price of natural gas was more than 4 times higher and exceeded 134 EUR/MWh in the reporting period (in the 9-month period of 2021 it was 30 EUR/MWh). Meanwhile, the price of CO_2 emission allowances exceeded 82 EUR/t, which is 71% higher than in the respective period a year ago.

The share of generated renewable electricity reached 83%.

In the reporting period, electricity output at Latvenergo Group's plants reached 2,729 GWh. Electricity output at the Daugava HPPs increased by 6%, reaching 2,242 GWh. Meanwhile, the amount of electricity generated at the Latvenergo AS CHPPs decreased by 64%, reaching 465 GWh due to record-high prices of natural gas and CO_2 emission allowances. The share of generated renewable electricity reached 83%. The amount of thermal energy generated was 13% lower, reaching 1,147 GWh. The decrease was impacted by warmer weather compared to the respective period a year ago.

Latvenergo is purposefully moving towards developing wind energy in Latvia

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. Meanwhile, on 16 September, Latvenergo and RWE – the global leader in renewable energy – signed a memorandum of cooperation to develop, build and manage offshore wind projects off the coast of Latvia.

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

800 thous. customers

3,892 GWh of electricity sold to Baltic retail customers

20 thous. customers

719 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 800 thousand electricity customers, and more than 160 thousand of them are outside Latvia. The number of natural gas customers comprised more than 20 thousand at the end of September.

Revenue and EBITDA increased by 78%.

MEUR

1,174.6	226.1	104.3	4,040.9
REVENUE	EBITDA	PROFIT	ASSETS

In the 9-month period of 2022, Latvenergo Group's revenue was 78% or EUR 515.0 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 also increased by 78% or EUR 99.4 million. This was mainly positively impacted by the adjustment of electricity sales prices to the market situation and 6% 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 the reporting period, the total amount of investment comprised EUR 85.4 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.

Latvenergo AS receives a corporate governance award.

After the reporting period, on 14 October, the Corporate Governance Advisory Board of Latvia distinguished Latvenergo AS as the best in the category "Stakeholder Engagement Practitioner", acknowledging our effort to implement good governance standards and the Latvian Corporate Governance Code.

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 six 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.

Latvia 2030 - Sustainable Development Strategy of Latvia outlines the need to promote the country's energy independence, and this goal can be achieved by developing the potential of wind energy. The importance of energy dependence grew significantly after Russia's invasion of Ukraine, as the geopolitical situation in the region changed.

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 prevent CO2 emissions* in this amount:

- **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.

* the calculation is based on the assumption that the green energy generated by Latvenergo's new capacity replaces the same amount of energy that would be produced using coal or fuel stone

Latvenergo Group Key Performance Indicators

Latvenergo Group Operational Figures

		9M 2022	9M 2021	9M 2020	9M 2019	9M 2018
Retail electricity [1]	GWh	3,892	4,987	4,650	4,868	5,029
Retail natural gas	GWh	719	677	318	193	74
Electricity generation	GWh	2,729	3,407	3,298	3,565	4,052
Thermal energy generation	GWh	1,147	1,320	1,101	1,216	1,545
Number of employees		3,236	3,176	3,347	3,474	3,521
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Latvenergo Group Financial Figures

		9M 2022	9M 2021	9M 2020	9M 2019	9M 2018
Revenue*	MEUR	1,174.6	659.5	564.4	621.1	613.0
EBITDA [2)*]	MEUR	226.1	126.8	212.1	172.0	240.3
Profit	MEUR	104.3	26.4	94.7	62.0	82.6
Assets	MEUR	4,040.9	3,313.6	3,265.4	3,786.1	3,820.3
Equity	MEUR	2,367.3	2,037.1	2,012.5	2,232.5	2,324.4
Net debt [2)*]	MEUR	917.8	703.9	584.3	590.9	546.9
Adjusted funds from operations (FFO)	MEUR	219.5	145.9	204.1	197.8	165.0
Capital expenditure	MEUR	85.4	96.8	130.4	158.9	158.5

Latvenergo Group Financial Ratios

	9M 2022	9M 2021	9M 2020	9M 2019	9M 2018
Return on equity (ROE) [2]	6.8%	2.4%	6.0%	2.4%	11.7%
Adjusted FFO / net debt	36.1%	32.8%	47.3%	42.6%	48.5%
Net debt / EBITDA [2]	2.7	3.3	2.1	2.7	1.2
EBITDA margin [2]	19%	22%	36%	25%	56%
Return on assets (ROA) [2]	4.1%	1.5%	3.6%	1.5%	7.3%
Return on capital employed (ROCE) [2)*]	5.1%	2.3%	4.6%	2.3%	4.9%
Net debt / equity [2]	39%	35%	29%	26%	24%

* 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

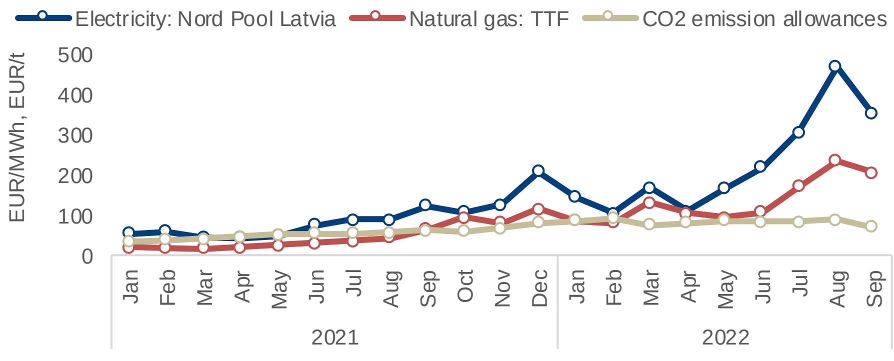
Latvenergo Group's operations and performance are influenced by various global and regional factors, including electricity and natural gas prices. In the 9-month period of 2022:

- the Nord Pool system price increased 2.7 times and the electricity price in Latvia increased 3.3 times;
- the price of natural gas at TTF (the Dutch natural gas virtual trading point) increased 4.4 times compared to the respective period a year ago.

Record-high electricity prices

As Russia's invasion of Ukraine continues and European countries are gradually abandoning Russian energy resources, there is uncertainty in Europe about future supplies of natural gas and other energy resources. This has contributed to a significant increase in the electricity market price. In the reporting period, the Nord Pool system price was 2.7 times higher than in the 9-month period a year ago (+167%), reaching 136 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 increased 3.3 times. In August, another historical average monthly price record was reached, exceeding 467 EUR/MWh. The electricity price in the Baltics is affected by gas-fired power plants. Given that the price of natural gas in the reporting period was about 4.4 times higher, exceeding 134 EUR/MWh (in the 9-month period of 2021 it was 30 EUR/MWh), the price of electricity also increased significantly. Meanwhile, the price of CO_2 emission allowances reached 82 EUR/t, which is 71% higher than in the respective period a year ago.

Energy resource prices



Average electricity price in Nord Pool regions (monthly)

Region	9M 2022	9M 2021	Δ, %
Latvia	225.7	69.3	226%
Estonia	230.1	70.4	227%
Lithuania	183	68.1	169%
Poland	168.3	71.0	137%
Sweden	87.7	52.9	66%
Finland	143.0	58.0	147%
Denmark	226.2	68.1	232%
Norway	115.8	47.8	142%
Germany	248.5	69.1	260%
France	295.5	71.3	314%
Great Britain	254.5	103.1	147%

In the reporting period, total electricity consumption in the Baltics decreased by 2% compared to the respective period a year ago, reaching 20.6 TWh. Electricity consumption in Latvia decreased by 3%. In Lithuania, it increased by 1% and in Estonia, it decreased by 5%.

In the 9-month period of 2022, the amount of overall electricity generation in the Baltics increased by 7%, reaching 11.9 TWh (in the 9-month period of 2021 it was 11.2 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 3.3 TWh. In Lithuania, electricity output remained at the same level in the 9-month period of 2021, reaching 3.2 TWh. Meanwhile, in Estonia electricity output increased by 42% to 5.4 TWh, which was mainly affected by 21% higher output at oil shale plants. In the reporting period, the electricity purchased from neighbouring countries decreased by 10%; it amounted to 8.3 TWh.

Operating Environment

Natural gas price more than four 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 the 9-month period of 2022, the average price of natural gas at the TTF (front month) exceeded 134 EUR/ MWh, which is 4.4 times higher than in the respective period a year ago, when the average price was 30 EUR/ MWh. The European Union's (EU) goal of ensuring gas storage capacity of at least 80% by November 1, 2022, affected the increase in gas demand from suppliers in other countries to replace natural gas supplies from Russia. 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 89% at the end of September (a year ago – 75%).

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, raising the risks of natural gas supplies:

- The average price of Brent crude futures oil in the 9-month period of 2022 was 102.5 USD / bbl., which was 51% higher than in the respective period a year ago. The rise in oil prices was affected by the low level of crude oil inventories in the US and the plan of OPEC+ members to reduce oil production. In addition, concerns about the onset of a global economic recession remain.
- The average price of coal (API2 Rotterdam coal futures front month) in the reporting period increased almost three times, reaching 251.6 USD / t. In Europe, the summer heat caused the level of the Rhine River to drop sharply to critical levels, limiting Europe's inland coal transport. Lower generation at nuclear power plants and limited operation of gas plants also affected the increase in coal prices. Import demand for non-Russian coal remains high.
- The average price of CO_2 emission allowances (EUA DEC.22) was almost two times higher than a year ago, reaching 82.3 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 decision of the European Parliament on the sale of quotas for the partial financing of *REPowerEU* in the amount of EUR 20 billion to reduce Europe's dependence on Russian energy resources.

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 original law provided 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). Meanwhile, the amendments made to the Law in August and September stipulate that support measures will also be realised from 1 September 2022 to 31 May 2023. The implementation of the support measures specified by law is ensured through the state budget programme "Contingency Funds". Various state support mechanisms for reducing energy prices have been established in Estonia and Lithuania.

Operating Environment

Latvenergo is purposefully moving towards developing wind energy in Latvia

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 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.

Meanwhile, on 16 September, Latvenergo and RWE – the global leader in renewable energy – signed a memorandum of cooperation to develop, build and manage offshore wind projects off the coast of Latvia. The new partnership is focused on participating in the upcoming auctions for the rights to develop the Latvian-Estonian joint project ELWIND for the delivery of 1 gigawatt (GW) of offshore wind energy, as well as development of offshore wind farms in other Latvian offshore areas.

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 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. On 30 September 2022, the natural gas reserves recognized in the Group's balance sheet comprised EUR 507.6 million (30.09.2021 – EUR 115.5 million); this has increased the current assets and net borrowings of the Group accordingly.

In September 2022, Latvenergo AS participated in the long-term liquid natural gas (LNG) terminal capacity allocation procedure organised by Klaipėdos nafta AB and obtained the rights to use the *Klaipėdos nafta* terminal's annual capacity of 6 TWh for the next 10 years for regular supplies of natural gas. As of 2023, Latvia will completely stop importing Russian natural gas. This has significantly increased the importance of the *Klaipėdos nafta* LNG terminal, which is currently the only gas supply alternative in the Baltic region.

Financial Results

In the reporting period, Latvenergo Group's revenue reached EUR 1,174.6 million, which was EUR 515.0 million or 78% more than in the respective period a year ago. This was mainly impacted by EUR 494.0 million higher energy sales revenues mainly due to higher electricity market prices.

Latvenergo Group financial figures		9M 2022	9M 2021	Δ	Δ, %
Revenue	MEUR	1,174.6	659.5	515.0	78%
EBITDA	MEUR	226.1	126.8	99.4	78%
Net profit	MEUR	104.3	26.4	77.9	295%
Assets	MEUR	4,040.9	3,313.6	727.3	22%

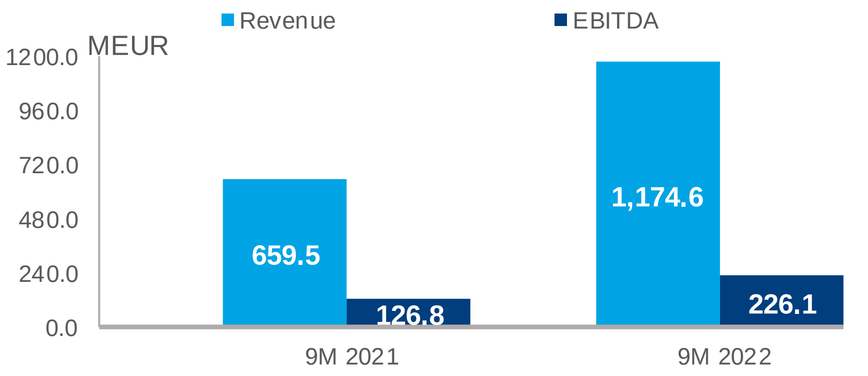
> Latvenergo Group's revenue and EBITDA increased by 78%

Latvenergo Group's EBITDA increased by EUR 99.4 million or 78% compared to the 9-month period a year ago, reaching EUR 226.1 million. This was positively impacted mainly by the adjustment of electricity sales prices to the market situation and 6% 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.

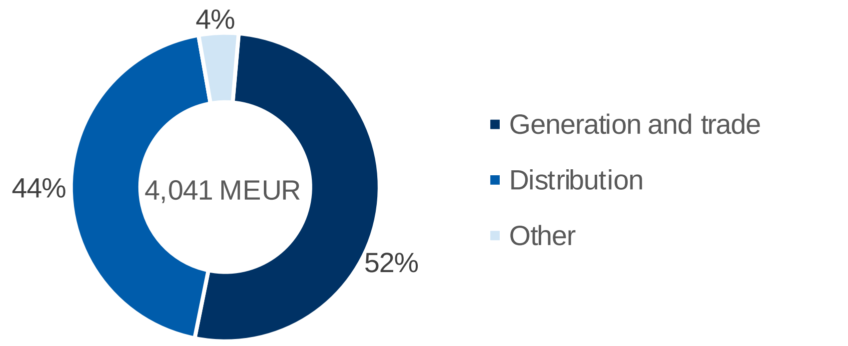
In the reporting period, the electricity spot price in Latvia was 3.3 times higher compared to the respective period a year ago. Meanwhile, the price of natural gas was more than four times higher, and the average price of CO_2 emission allowances was almost two times higher.

The Group's profit for the reporting period reached EUR 104.3 million.

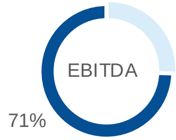
Revenue and EBITDA



Assets



Generation and Trade



Segment weight in Latvenergo Group

Revenue
80%

EBITDA
71%

Assets
52%

Employees
31%

In the reporting period, generation and trade comprised Latvenergo Group's largest operating segment by revenue and EBITDA. The majority or 93% of the segment's revenue came from electricity and natural gas trade, while 7% came from thermal energy supply.

The segment's revenue was positively impacted by EUR 494.0 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 20.2 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 6% 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 the 9-month period of 2022, the total volume of electricity generated at Latvenergo Group's plants amounted to 2,729 GWh, which corresponded to 70% of the amount of electricity sold to retail customers (in the 9-month period of 2021: 68%).

Operational figures		**9M 2022**	**9M 2021**	**Δ**	**Δ, %**
Electricity supply, incl.	GWh	5,352	6,884	(1,532)	(22%)
*Retail electricity**	*GWh*	*3,892*	*4,987*	*(1,096)*	*(22%)*
*Wholesale electricity***	*GWh*	*1,460*	*1,897*	*(436)*	*(23%)*
Retail natural gas	GWh	719	677	42	6%
Electricity generation	GWh	2,729	3,407	(678)	(20%)
Daugava HPPs	GWh	*2,242*	*2,105*	*137*	*6%*
CHPPs	GWh	*465*	*1,283*	*(817)*	*(64%)*
Liepaja plants and small plants	GWh	*21*	*19*	*2*	*12%*
Thermal energy generation	GWh	1,147	1,320	(174)	(13%)
CHPPs	GWh	*980*	*1,140*	*(160)*	*(14%)*
Liepaja plants	GWh	*166*	*180*	*(14)*	*(8%)*

Financial figures		**9M 2022**	**9M 2021**	**Δ**	**Δ, %**
Revenue	MEUR	952.7	429.9	522.9	122%
EBITDA	MEUR	160.5	34.5	126.0	365%
Assets	MEUR	2,092.7	1,375.2	717.4	52%
Capital expenditure	MEUR	14.0	25.5	(11.5)	(45%)

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

Generation and Trade

Generation

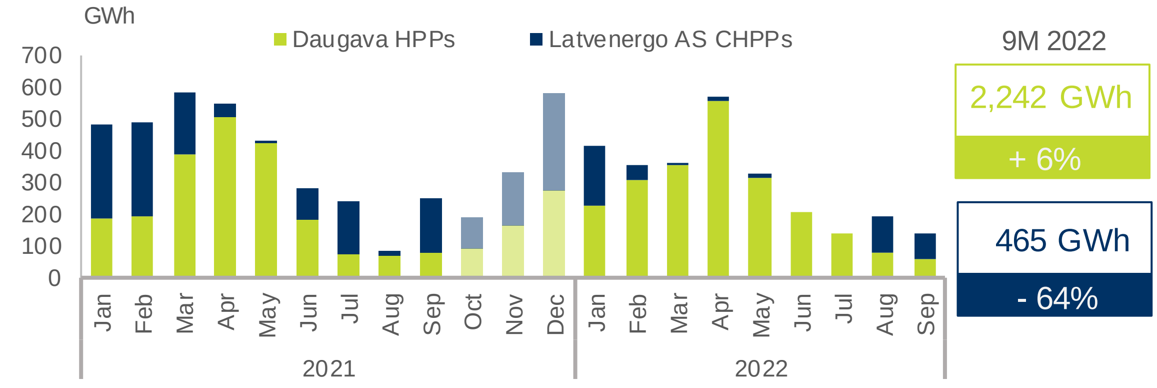
Latvenergo Group is the largest green electricity producer in the Baltics. In the reporting period, Latvenergo Group produced 23% of the total electricity generated in the Baltics. The total amount generated by Latvenergo Group's power plants comprised 2,729 GWh of electricity and 1,147 GWh of thermal energy.

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

In the 9-month period of 2022, the amount of power generated at the Daugava HPPs increased by 6% compared to the respective period a year ago, reaching 2,242 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 the reporting period was 569 m^3/s, while in the respective period a year ago it was 535 m^3/s.

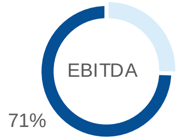
The amount generated at the Latvenergo AS CHPPs comprised 465 GWh, which is 64% lower than in the 9-month period of 2021. The decrease in the amount of power generated at the CHPPs was impacted by the price of natural gas, the main fuel resource in the Latvenergo AS CHPPs' operation, which was more than four 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 in the 9-month period – 83% (9-month period of 2021: 62%).

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 the respective period a year ago it was +0.7 C°.



Generation and Trade

Trade

In the reporting period, there was a 7% increase in the number of electricity customers, which comprised more than 800 thousand, including more than 160 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.

The number of customers increased by 7%

In the 9-month period of 2022, the Group supplied 3,892 GWh of electricity to its customers in the Baltics, which is 22% less than in the respective period a year ago. The decrease was mainly 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 2,512 GWh, while in Lithuania it was 847 GWh and in Estonia it was 533 GWh.

Meanwhile, the number of natural gas customers increased by 14%, comprising more than 20 thousand at the end of September. Given the increase in natural gas prices on the market, demand in Latvia decreased by almost 30% compared to the 9-month period of 2021. Despite this, natural gas sales to retail customers increased by 6%, reaching 719 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 almost 7 times compared to the 9-month period of 2021, exceeding 5,300. 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 exceeded 30 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, we have four *Elektrum* solar parks in operation with a total capacity of 11 MW. Meanwhile, there are solar park projects in in the project or construction stage with a total capacity exceeding 150 MW.

During the reporting period, the interest of customers in individual energy technology solutions grew significantly. *Elektrum* offers its customers in the Baltics the most efficient heat pump technologies, natural gas heating boilers, e-charging equipment, and other solutions.

In the 9-month period of 2022, the *Elektrum Drive* electric car charging network grew, reaching 159 charging ports. In the reporting period, more than 16,000 electric vehicle charges were made, comprising 254 MWh. In July, the 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).

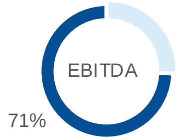
Completed in the 9-month period of 2022

3,892 GWh of electricity sold to retail customers.

719 GWh of natural gas sold to Baltic retail customers.

More than 5,300 contracts were concluded for the installation of solar panels.

More than 16,000 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 1 September 2022, the MPC fee is not applied

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 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 of 100%, which was fully compensated from the state budget.

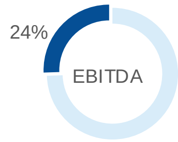
Meanwhile, on 6 September 2022, CM order No. 584 *On complex measures for solving the complex problem of mandatory procurement components and developing the electricity market* was adopted. It sets the MPC fee rate from 1 September 2022 at 0 EUR/MWh.

At the same time, amendments are being made to the Electricity Market Law, which envisages the complete cancellation of MPC payments to electricity end-users. Meanwhile, the costs related to the mandatory procurement expenditures are expected to be financed from state budget funds, formed from the received dividends of Latvenergo AS.

Operating figures		**9M 2022**	**9M 2021**	**Δ**	**Δ, %**
Mandatory procurement component income	MEUR	35.6	86.5	(50.9)	(59%)
Mandatory procurement reduction – state support to energy-intensive manufacturing companies	MEUR	1.8	2.6	(0.8)	(30%)
Mandatory procurement expenditures*	MEUR	9.2	71.6	(62.4)	(87%)
Incl. cogeneration	MEUR	17.6	23.3	(5.7)	(25%)
Incl. renewable energy resources	MEUR	(10.0)	47.8	(57.8)	(121%)

* 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 the reporting period was EUR 50.9 million lower than in the respective period a year ago. This was impacted by the decrease in the average MPC of 57% starting from 1 January 2022 and the reduction of the MPC fee of 100% as of 1 September 2022. Meanwhile, MPC expenditures decreased to EUR 9.2 million (in the 9-month period of 2021: EUR 71.6 million), which is EUR 62.4 million or 87% less than in the 9-month period of 2021. The decrease was impacted by a significantly higher average electricity sales price at the Nord Pool exchange (+226%), for which electricity purchased within MPC was sold, as well as a 47% 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 80%. Overall, MPC expenditures decreased by 25% for cogeneration plants and by 121% for renewable energy sources.



Distribution

Segment weight in Latvenergo Group

Revenue
19%

EBITDA
24%

Assets
44%

Employees
51%

In the 9-month period of 2022, the segment's revenue did not change significantly compared to the respective period a year ago, reaching EUR 224.2 million. Meanwhile, the segment's EBITDA decreased by 34%, reaching EUR 55.0 million. EBITDA was mainly negatively impacted by EUR 24.0 million higher electricity loss costs, with the electricity market price in Latvia increasing 3.3 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 of 100%, which was fully compensated from the state budget. Meanwhile, from 1 October 2022 to 30 April 2023, a reduction of the electricity distribution system service fee of 100% will be applied to legal entities, except for state and local government institutions, as well as legal entities that use the system service tariff intended for households.

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 September 2022, the number of employees at Sadales tīkls AS has been reduced by more than 800. The amount of smart electricity meters installed by the company comprised 1,037 thousand, which is almost 96% of the total number of electricity meters of customers of Sadales tīkls AS.

Operational figures		**9M 2022**	**9M 2021**	**Δ**	**Δ, %**
Electricity distributed	GWh	4,640	4,772	(132)	(3%)
Distribution losses	GWh	173	196	(23)	(12%)
SAIFI	number	2.0	1.7	0.3	15%
SAIDI	minutes	188	155	33	21%

Financial figures		**9M 2022**	**9M 2021**	**Δ**	**Δ, %**
Revenue	MEUR	224.2	225.4	(1.2)	(1%)
EBITDA	MEUR	55.0	82.9	(28.0)	(34%)
Assets	MEUR	1,780.2	1,789.5	(9.4)	(1%)
RAB	MEUR	1,581.3	1,579.4	1.9	0%
Capital expenditure	MEUR	60.3	63.3	(3.0)	(5%)

In the reporting period, investments in distribution comprised EUR 60.3 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 the reporting period.

In the 9-month period of 2022, the segment's operating result before tax is a loss of EUR 5.8 million (in the 9-month period of 2021 it was a profit of EUR 22.1 million).

Considering the huge increase in costs, which is affected by three important factors – the planned increase in the transmission tariff of the electricity transmission system operator Augstsprieguma tīkls AS of more than 100%, the high price of electricity, and general inflation – Sadales tīkls AS developed and submitted a new tariff project for PUC evaluation in November. The new distribution tariff could enter into force on 1 July 2023.

Completed in the 9-month period of 2022

- Renewed a total of 806 km of power lines
- Installed 68 thousand smart electricity meters
- Power line routes cleared at a length of 2,970 km

Investments

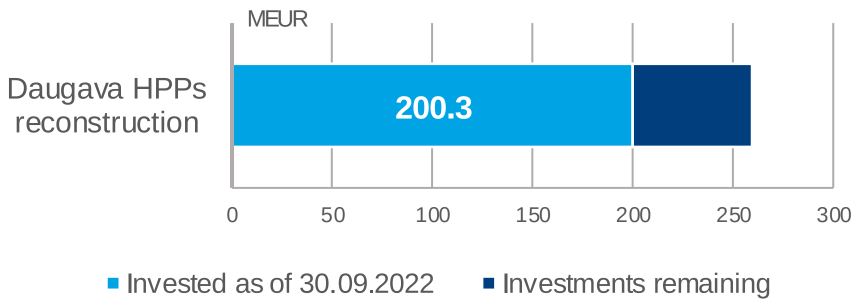
In the 9-month period of 2022, the total amount of investment comprised EUR 85.4 million, which is 12% or EUR 11.4 million lower compared to the respective period a year ago.

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 71% of total investment.

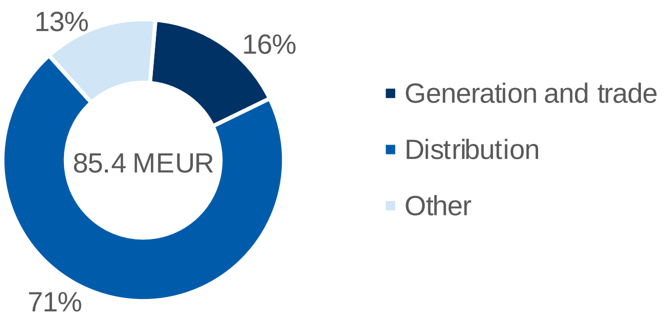
> Investment in power distribution network assets – 2/3 of the total

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 exceeded EUR 200 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 September 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.

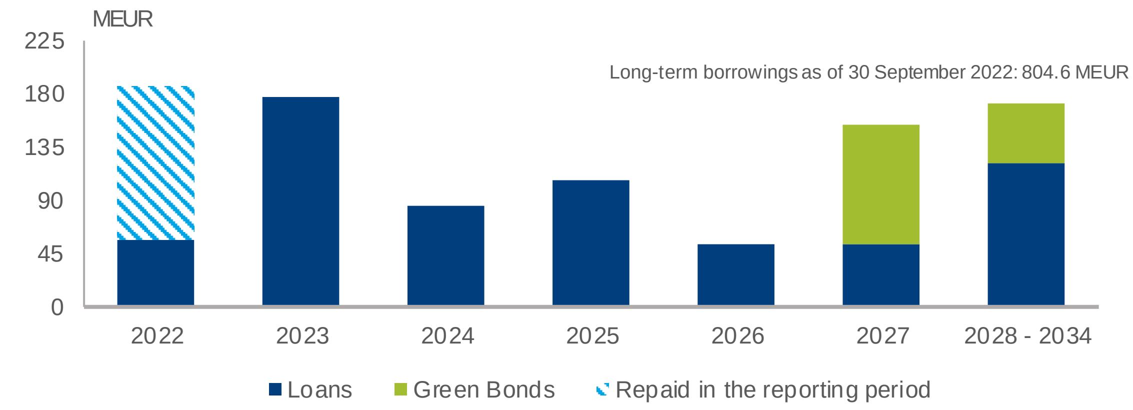
Planning the sourcing of borrowings in a timely manner is also crucial in order to ensure loan refinancing risk management and debt repayment in due time.

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.

After the reporting period, Latvenergo AS attracted new long-term loans from commercial banks in the amount of EUR 200 million for the financing and refinancing of green investments of the Latvenergo Group.

Latvenergo Group's long-term debt repayment schedule



As of 30 September 2022, the Group's borrowings amount to EUR 970.0 million (30 September 2021: EUR 751.4 million), including long-term loans in the amount of EUR 804.6 million (30 September 2021: EUR 751.0 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.

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 September 2022, all borrowings are denominated in euro currency. The weighted average long-term loan repayment period is 3.9 years (30 September 2021: 4.0 years). The effective weighted average interest rate (with interest rate swaps) is 1.0% (30 September 2021: 1.2%). Also, sufficient coverage of debt service requirements has been ensured (debt service coverage ratio: 1.76).

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

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 1.8 years as of 30 September 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 September 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 September 2022, Latvenergo Group's liquid assets (cash and short-term deposits up to 3 months) reached EUR 52.2 million (30 September 2021: EUR 47.4 million), while the current ratio was 1.2 (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

		9M 2022	9M 2021	9M 2020
Electricity supply. incl.	GWh	3,370	3,947	4,039
Retail electricity[2)]	GWh	*2,512*	*2,989*	*3,121*
Wholesale electricit[3)]	GWh	*858*	*958*	*918*
Retail natural gas	GWh	621	522	280
Electricity generation	GWh	2,247	3,391	3,271
Thermal energy generation	GWh	980	1,140	951
Number of employees		1,301	1,276	1,278
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Latvenergo AS financial figures

		9M 2022	9M 2021	9M 2020
Revenue	MEUR	736.6	331.4	283.0
EBITDA[1)]	MEUR	166.8	36.8	165.1
Profit	MEUR	125.5	34.7	148.5
Assets	MEUR	3,527.4	2,750.2	2,781.8
Equity	MEUR	2,025.8	1,676.1	1,752.0
Net debt (adjusted)[1)*]	MEUR	914.8	695.7	576.9
Capital expenditure	MEUR	21.7	21.3	38.6

Latvenergo AS financial ratios

	9M 2022	9M 2021	9M 2020
Return on equity (ROE)[1)]	9.2%	2.4%	9.2%
Net debt / equity (adjusted)[1)*]	45%	42%	33%
EBITDA margin[1)]	22%	16%	51%

* 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 9-month period ending 30 September 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 9-month period ending 30 September 2022* were approved by the Management Board of Latvenergo AS on 22 November 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

22 November 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)

CHPPs – Latvenergo AS combined heat and power plants

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

EU – European Union

GW – gigawatt

kV – kilovolt

LET – Latvijas elektriskie tīkli AS

LNG – liquid natural gas

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 01/01–30/09/2022	Group 01/01–30/09/2021	Parent Company 01/01–30/09/2022	Parent Company 01/01–30/09/2021
Revenue	4	1,174,584	659,543	736,554	331,442
Other income		26,253	21,174	24,234	19,852
Raw materials and consumables	5	(841,055)	(437,510)	(527,003)	(257,463)
Personnel expenses		(89,368)	(82,028)	(40,727)	(34,993)
Other operating expenses		(44,287)	(34,405)	(26,222)	(21,990)
EBITDA		**226,127**	**126,774**	**166,836**	**36,848**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment (PPE) and right–of–use assets	7, 8	(115,733)	(92,076)	(52,314)	(28,896)
Operating profit		**110,394**	**34,698**	**114,522**	**7,952**
Finance income	6 a	1,090	1,885	7,369	8,855
Finance costs	6 b	(6,914)	(6,949)	(6,933)	(7,058)
Dividends from subsidiaries		–	–	10,585	24,978
Profit before tax		**104,570**	**29,634**	**125,543**	**34,727**
Income tax		(311)	(3,231)	–	–
Profit for the period		**104,259**	**26,403**	**125,543**	**34,727**
Profit / (loss) attributable to:					
– Equity holder of the Parent Company		*105,105*	*25,527*	*125,543*	*34,727*
– Non–controlling interests		*(846)*	*876*	*–*	*–*

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 01/01–30/09/2022	Group 01/01–30/09/2021	Parent Company 01/01–30/09/2022	Parent Company 01/01–30/09/2021
Profit for the period		**104,259**	**26,403**	**125,543**	**34,727**
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:					
- losses from change in hedge reserve	13	(18,331)	(6,852)	(18,331)	(6,852)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(18,331)**	**(6,852)**	**(18,331)**	**(6,852)**
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		**209,365**	**(6,852)**	**209,365**	**(6,852)**
TOTAL comprehensive income for the period		**313,624**	**19,551**	**334,908**	**27,875**
Comprehensive income / (loss) attributable to:					
– Equity holder of the Parent Company		*314,470*	*18,675*	*334,908*	*27,875*
– Non–controlling interests		*(846)*	*876*	*–*	*–*

Statement of Financial Position

EUR'000

	Notes	Group 30/09/2022	Group 31/12/2021	Parent Company 30/09/2022	Parent Company 31/12/2021
ASSETS					
Non–current assets					
Intangible assets	7 a	51,077	53,557	16,991	17,406
Property, plant, and equipment	7 c	3,023,335	2,826,654	1,264,875	1,066,973
Right–of–use assets	8	8,118	8,312	4,960	5,143
Investment property	7 d	3,131	3,316	3,565	3,602
Non–current financial investments	9	40	40	647,320	645,218
Non–current loans to related parties	19 e	–	–	499,611	477,010
Other non–current receivables	11 c	5,637	2,544	441	441
Deferred income tax assets		–	79	–	–
Derivative financial instruments	15	8,443	–	8,443	–
Total non-current assets		**3,099,781**	**2,894,502**	**2,446,206**	**2,215,793**
Current assets					
Inventories	10	613,572	192,132	582,616	171,287
Current intangible assets	7 b	32,903	24,266	32,903	24,266
Receivables from contracts with customers	11 a	196,919	181,136	150,142	110,638
Other current receivables	11 b, c	41,729	59,740	51,344	45,402
Deferred expenses		2,466	1,235	1,441	949
Current loans to related parties	19 e	–	–	217,136	229,368
Prepayment for income tax		–	65	–	–
Derivative financial instruments	15	1,365	25,735	1,259	25,466
Cash and cash equivalents	12	52,156	97,079	44,319	92,418
Total current assets		**941,110**	**581,388**	**1,081,160**	**699,794**
TOTAL ASSETS		**4,040,891**	**3,475,890**	**3,527,366**	**2,915,587**
Equity					
Share capital		790,368	790,368	790,368	790,368
Reserves		1,376,626	1,175,355	1,001,774	795,731
Retained earnings		194,469	151,430	233,676	174,971
Equity attributable to equity holder of the Parent Company		**2,361,463**	**2,117,153**	**2,025,818**	**1,761,070**
Non–controlling interests		5,849	6,295	–	–
Total equity		**2,367,312**	**2,123,448**	**2,025,818**	**1,761,070**
Liabilities					
Non–current liabilities					
Borrowings	14	614,292	614,075	605,397	603,728
Lease liabilities	8	6,507	6,540	4,081	4,085
Deferred income tax liabilities		348	2,955	–	–
Provisions		16,365	15,421	7,959	7,407
Derivative financial instruments	15	3,761	2,332	3,761	2,332
Deferred income from contracts with customers	18 I, a	133,273	137,019	752	802
Other deferred income	18 I, b, c	127,413	146,115	121,838	139,958
Other non–current liabilities		3,198	–	3,198	–
Total non–current liabilities		**905,157**	**924,457**	**746,986**	**758,312**
Current liabilities					
Borrowings	14	355,694	180,954	353,679	178,594
Lease liabilities	8	1,746	1,888	973	1,141
Trade and other payables	17	356,130	189,018	361,167	176,061
Deferred income from contracts with customers	18 II, a	15,426	15,031	67	67
Other deferred income	18 II, b, c	24,902	24,906	24,152	24,154
Derivative financial instruments	15	14,524	16,188	14,524	16,188
Total current liabilities		**768,422**	**427,985**	**754,562**	**396,205**
Total liabilities		**1,673,579**	**1,352,442**	**1,501,548**	**1,154,517**
TOTAL EQUITY AND LIABILITIES		**4,040,891**	**3,475,890**	**3,527,366**	**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	–	(9,358)	9,358	**–**	–	**–**	–	(3,721)	3,721	**–**
Total transactions with owners and other changes in equity	**20**	**(9,358)**	**(88,888)**	**(98,226)**	**(2,508)**	**(100,734)**	**20**	**(3,721)**	**(94,525)**	**(98,226)**
Profit for the period	–	–	25,527	**25,527**	876	**26,403**	–	–	34,727	**34,727**
Other comprehensive loss for the period	–	(6,852)	–	**(6,852)**	–	**(6,852)**		(6,852)	–	**(6,852)**
Total comprehensive income / (loss) for the period	**–**	**(6,852)**	**25,527**	**18,675**	**876**	**19,551**	**–**	**(6,852)**	**34,727**	**27,875**
As of 30 September 2021	**790,368**	**1,138,157**	**102,311**	**2,030,836**	**6,223**	**2,037,059**	**790,368**	**755,542**	**130,175**	**1,676,085**
Disposal of non–current assets revaluation reserve	–	(3,971)	3,971	**–**	–	**–**	–	(3)	3	**–**
Total transactions with owners and other changes in equity	**–**	**(3,971)**	**3,971**	**–**	**–**	**–**	**–**	**(3)**	**3**	**–**
Profit for the period	**–**	**–**	45,148	**45,148**	72	**45,220**	–	–	44,793	**44,793**
Other comprehensive income for the period	–	41,169	–	**41,169**	–	**41,169**	–	40,192	–	**40,192**
Total comprehensive income for the period	**–**	**41,169**	**45,148**	**86,317**	**72**	**86,389**	–	**40,192**	**44,793**	**84,985**
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**
Non–controlling interests' contributions to share capital	–	–	–	**–**	400	**400**	–	–	–	**–**
Dividends for 2021	–	–	(70,160)	**(70,160)**	**–**	**(70,160)**	**–**	–	(70,160)	**(70,160)**
Disposal of non–current assets revaluation reserve	–	(8,094)	8,094	**–**	–	**–**	**–**	(3,322)	3,322	**–**
Total transactions with owners and other changes in equity	–	**(8,094)**	**(62,066)**	**(70,160)**	**400**	**(69,760)**	**–**	**(3,322)**	**(66,838)**	**(70,160)**
Profit / (loss) for the period	–	–	105,105	**105,105**	(846)	**104,259**	**–**	**–**	125,543	**125,543**
Other comprehensive income for the period	–	209,365	–	**209,365**	–	**209,365**	**–**	209,365	**–**	**209,365**
Total comprehensive income / (loss) for the period	–	**209,365**	**105,105**	**314,470**	**(846)**	**313,624**	**–**	**209,365**	**125,543**	**334,908**
As of 30 September 2022	**790,368**	**1,376,626**	**194,469**	**2,361,463**	**5,849**	**2,367,312**	**790,368**	**1,001,774**	**233,676**	**2,025,818**

Statement of Cash Flows

EUR'000

	Notes	Group		Parent Company	
		01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022	01/01–30/09/2021
Cash flows from operating activities					
Profit before tax		**104,570**	**29,634**	**125,543**	**34,727**
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		136,793	120,172	69,548	53,985
– Net financial adjustments		3,997	26,155	(2,406)	19,299
– Other adjustments		742	(1,069)	488	(105)
– Dividends from subsidiaries		–	–	(10,585)	(24,978)
Interest paid		(5,933)	(6,368)	(5,642)	(6,193)
Interest received		2	2,277	2	2,283
Paid corporate income tax		(2,644)	(6,860)	–	–
Funds from operations (FFO)		**237,527**	**163,941**	**176,948**	**79,018**
Increase in current assets		(423,546)	(81,525)	(440,574)	(41,543)
Increase / (decrease) in trade and other liabilities		151,033	(3,267)	172,394	16,366
Impact of non–cash offsetting of operating receivables and liabilities from subsidiaries, net		–	–	153,840	173,944
Net cash flows (used in) / generated from operating activities		**(34,986)**	**79,149**	**62,608**	**227,785**
Cash flows from investing activities					
Loans issued to subsidiaries, net	19	–	–	(164,187)	(229,086)
Repayment of loans to related parties	19	–	86,672	–	86,672
Purchase of intangible assets and property, plant, and equipment		(113,551)	(136,102)	(50,285)	(65,336)
Dividends received from subsidiaries		–	–	156	2,927
Proceeds from redemption of other financial investments		–	14,158	–	14,158
Payment for acquisition of subsidiaries, net of cash acquired		–	(4,410)	(2,102)	–
Net cash flows used in investing activities		**(113,551)**	**(39,682)**	**(216,418)**	**(190,665)**
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	203,312	2,380	200,013	–
Repayment of borrowings from financial institutions	14	(29,181)	(44,155)	(24,082)	(42,165)
Received financing from European Union		–	748	–	748
Lease payments		(757)	(940)	(60)	(241)
Proceeds from non–controlling interests' contributions to share capital		400	–	–	–
Dividends paid to non–controlling interests		–	(2,508)	–	–
Dividends paid to equity holder of the Parent Company		(70,160)	(98,246)	(70,160)	(98,246)
Net cash flows generated from / (used in) financing activities		**103,614**	**(92,721)**	**105,711**	**(89,904)**
Net decrease in cash and cash equivalents		**(44,923)**	**(53,254)**	**(48,099)**	**(52,784)**
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**	**52,156**	**47,449**	**44,319**	**45,477**

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 with 100%
  - Elektrum Latvija SIA (since 18 September 2012),
  - Energiaturu Võrguehitus OÜ (since 25 August 2021);
- Elektrum Lietuva, UAB (since 7 January 2008) with 100% interest held;
- Enerģijas publiskais tirgotājs SIA (since 25 February 2014) with 100% interest held;
- Latvijas vēja parki SIA (since 22 July 2022) with 80% 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 9–month period ending on 30 September 2022 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 September 2022 and comparative information for the 9–month period of 2021 starting on 1 January 2021 and ending on 30 September 2021.

Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 9–month period ending on 30 September 2022 were authorised by the Latvenergo AS Management Board on 22 November 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 subsidiary – Energiaturu Võrguehitus OÜ) and Elektrum Lietuva UAB, development of wind farms provided by Latvijas vēja parki SIA, 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: 01/01–30/09/2022											
Revenue											
External customers	944,754	223,730	6,100	**1,174,584**	–	**1,174,584**	712,353	24,201	**736,554**	–	**736,554**
Inter–segment	7,964	472	38,112	**46,548**	(46,548)	–	1,603	21,686	**23,289**	(23,289)	–
TOTAL revenue	**952,718**	**224,202**	**44,212**	**1,221,132**	**(46,548)**	**1,174,584**	**713,956**	**45,887**	**759,843**	**(23,289)**	**736,554**
Results											
EBITDA	**160,472**	**54,960**	**10,695**	**226,127**	–	**226,127**	**155,510**	**11,326**	**166,836**	–	**166,836**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(46,201)	(60,713)	(8,819)	**(115,733)**	–	**(115,733)**	(43,393)	(8,921)	**(52,314)**	–	**(52,314)**
Segment profit / (loss) before tax	**114,271**	**(5,753)**	**1,876**	**110,394**	**(5,824)**	**104,570**	**112,117**	**2,405**	**114,522**	**11,021**	**125,543**
Capital expenditure	14,016	60,282	11,149	**85,447**	–	**85,447**	10,540	11,149	**21,689**	–	**21,689**
Periods: 01/01–30/09/2021											
Revenue											
External customers	429,198	224,661	5,684	**659,543**	–	**659,543**	308,544	22,898	**331,442**	–	**331,442**
Inter–segment	657	745	35,524	**36,926**	(36,926)	**–**	583	19,330	**19,913**	(19,913)	**–**
TOTAL revenue	**429,855**	**225,406**	**41,208**	**696,469**	**(36,926)**	**659,543**	**309,127**	**42,228**	**351,355**	**(19,913)**	**331,442**
Results											
EBITDA	**34,485**	**82,939**	**9,350**	**126,774**	**–**	**126,774**	**26,109**	**10,739**	**36,848**	**–**	**36,848**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(23,065)	(60,881)	(8,130)	**(92,076)**	–	**(92,076)**	(20,597)	(8,299)	**(28,896)**	–	**(28,896)**
Segment profit / (loss) before tax	**11,420**	**22,058**	**1,220**	**34,698**	**(5,064)**	**29,634**	**5,512**	**2,440**	**7,952**	**26,775**	**34,727**
Capital expenditure	25,538	63,317	5,351	**94,206**	**2,591**	**96,797**	15,907	5,370	**21,277**	**–**	**21,277**

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 September 2022	2,092,650	1,780,165	115,880	**3,988,695**	52,196	**4,040,891**	1,975,990	142,990	**2,118,980**	1,408,386	**3,527,366**
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: 01/01–30/09/2022									
Revenue from contracts with customers recognised over time:									
Trade of energy and related supply services	877,332	2,599	–	**879,931**	**879,931**	655,169	–	**655,169**	**655,169**
Distribution system services	–	206,814	–	**206,814**	**206,814**	–	–	–	–
Heat sales	63,982	70	–	**64,052**	**64,052**	56,363	–	**56,363**	**56,363**
Other revenue	3,440	14,192	4,553	**22,185**	**22,185**	821	21,557	**22,378**	**22,378**
Total revenue from contracts with customers	**944,754**	**223,675**	**4,553**	**1,172,982**	**1,172,982**	**712,353**	**21,557**	**733,91**	**733,910**
Other revenue:									
Lease of other assets	–	55	1,547	**1,602**	**1,602**	–	2,644	**2,644**	**2,644**
Total other revenue	–	**55**	**1,547**	**1,602**	**1,602**	–	**2,644**	**2,644**	**2,644**
Periods: 01/01–30/09/2021									
Revenue from contracts with customers recognised over time:									
Trade of energy and related supply services	383,497	2,430	–	**385,927**	**385,927**	272,526	–	**272,526**	**272,526**
Distribution system services	–	209,461	–	**209,461**	**209,461**	–	–	**–**	**–**
Heat sales	43,750	50	10	**43,810**	**43,810**	35,266	10	**35,276**	**35,276**
Other revenue	1,951	12,667	4,232	**18,850**	**18,850**	752	20,341	**21,093**	**21,093**
Total revenue from contracts with customers	**429,198**	**224,608**	**4,242**	**658,048**	**658,048**	**308,544**	**20,351**	**328,895**	**328,895**
Other revenue:									
Lease of other assets	–	53	1,442	**1,495**	**1,495**	–	2,547	**2,547**	**2,547**
Total other revenue	**–**	**53**	**1,442**	**1,495**	**1,495**	**–**	**2,547**	**2,547**	**2,547**

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	
	01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022	01/01–30/09/2021
EBITDA	**226,127**	**126,774**	**166,836**	**36,848**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(115,733)	(92,076)	(52,314)	(28,896)
Segment profit before tax	**110,394**	**34,698**	**114,522**	**7,952**
Finance income	1,090	1,885	7,369	8,855
Finance costs	(6,914)	(6,949)	(6,933)	(7,058)
Dividends received from subsidiaries	–	–	10,585	24,978
Profit before tax	**104,570**	**29,634**	**125,543**	**34,727**

Reconciliation of assets

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Segment operating assets	**3,988,695**	**3,378,627**	**2,118,980**	**1,471,573**
Non–current financial investments	40	40	647,320	645,218
Loans to related parties	–	–	716,747	706,378
Prepayment for income and other taxes	–	144	–	–
Cash and cash equivalents	52,156	97,079	44,319	92,418
TOTAL assets	**4,040,891**	**3,475,890**	**3,527,366**	**2,915,587**

4. Revenue

EUR'000

	IFRS or IAS applied	Group		Parent Company	
		01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022	01/01–30/09/2021
Revenue from contracts with customers recognised over time:					
Trade of energy and related supply services	IFRS 15	879,931	385,927	655,169	185,271
Distribution system services	IFRS 15	206,814	209,461	–	–
Heat sales	IFRS 15	64,052	43,810	56,363	31,745
Other revenue	IFRS 15	22,185	18,850	22,378	14,127
Total revenue from contracts with customers		**1,172,982**	**658,048**	**733,910**	**231,143**
Other revenue:					
Lease of other assets	IFRS 16	1,602	1,495	2,644	1,718
Total other revenue		**1,602**	**1,495**	**2,644**	**1,718**
TOTAL revenue		**1,174,584**	**659,543**	**736,554**	**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.

From 1 January to 30 April 2022 in the revenue from contracts with customers recognised reduction in the fee for consumed natural gas in amount of EUR 1,135 thousand, reduction in the fee of electricity distribution system in amount of EUR 95,437 thousand and 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 mechanisms of the Republic of Estonia for reducing energy prices.

In accordance with amendments in 'Law on measures to reduce extraordinary rise in energy prices' and Regulations of the Cabinet of Ministers of the Republic of Latvia No. 50 'Regulations regarding the trade and use of electricity' the government granted support for mandatory procurement PSO fees from 1 September to 31 December 2022 for full fee, in amount of EUR 4,327 thousand, which is covered from the operations in the electricity market.

In accordance with amendments in 'Law on measures to reduce extraordinary rise in energy prices' and Regulations of the Cabinet of Ministers of the Republic of Latvia No. 78 'Regulations regarding the trade and use of natural gas' the government granted various supports to households and business customers as reduction in the fee for natural gas consumed from 1 July 2022 to 30 April 2023, in amount of EUR 257 thousand, which is reimbursed from the state budget.

In the revenue from contracts with customers recognised reduction of the fee to end–users for consumed electricity from 1 July 2022 in amount of EUR 1,578 thousand in accordance with state support mechanisms of the Republic of Lithuania for reducing energy prices.

State support, fully reducing the electricity distribution system service fee for electricity end–users – business customers, with the exception for state and local government institutions, as well business customers that use the system service tariff intended for households, will continue as well in the period from 1 October 2022 to 30 April 2023.

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	
	01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022	01/01–30/09/2021
Mandatory procurement PSO fees	8,447	46,909	8,766	48,843
Distribution system services	19,769	17,026	65,807	134,290
Transmission system services	639	1,304	652	1,317
Insurance intermediation	1,063	334	1,061	334
TOTAL revenue recognised applying agent accounting principle	**21,468**	**65,573**	**76,286**	**184,784**

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

5. Raw materials and consumables

EUR'000

	Group		Parent Company	
	01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022	01/01–30/09/2021
Energy costs:				
Electricity and costs of related supply services	520,215	214,089	284,476	99,962
Electricity transmission services costs	54,321	55,440	2,226	2,490
Natural gas and other energy resources costs	250,144	130,491	233,920	124,966
(Gains) / losses on fair value changes on energy futures, forwards, and swaps (Note 15 II)	(1,589)	21,134	(1,751)	21,134
	823,091	**421,154**	**518,871**	**248,552**
Raw materials, spare parts, and maintenance costs	17,964	16,356	8,134	8,911
TOTAL raw materials and consumables	**841,055**	**437,510**	**527,005**	**257,463**

6. Finance income and costs

EUR'000

	Group		Parent Company	
	01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022	01/01–30/09/2021
a) Finance income:				
Interest income	–	192	–	192
Interest income on loans to related parties	–	1,341	6,281	8,311
Gains on fair value changes on interest rate swaps (Note 15 I)	1 049	236	1,049	236
Net gain on issued debt securities (bonds)	39	85	39	85
Net gain on currency exchange rate fluctuations	–	31	–	31
TOTAL finance income	**1,090**	**1,885**	**7,369**	**8,855**
b) Finance costs:				
Interest expense on borrowings	4,717	5,452	4,796	5,614
Interest expense on issued debt securities (bonds)	2,006	1,499	2,006	1,499
Interest expense on assets lease	93	89	57	48
Capitalised borrowing costs	(179)	(250)	(179)	(250)
Net losses on redemption of other financial investments	–	17	–	17
Net losses on currency exchange rate fluctuations	15	–	2	–
Other finance costs	262	142	250	130
TOTAL finance costs	**6,914**	**6,949**	**6,932**	**7,058**

7. Intangible assets and property, plant, and equipment

a) Non–current intangible assets

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	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	2,170	7,942	9,453	2,037	2,838	4,321
Disposals	–	(81)	(81)	–	(81)	(81)
Impairment charge	–	–	81	–	–	81
Amortisation charge	(4,650)	(4,385)	(5,924)	(2,452)	(2,308)	(3,108)
Closing net book amount at the end of the period	**51,077**	**53,504**	**53,557**	**16,991**	**16,150**	**17,406**
Cost	122,460	118,803	120,295	66,718	63,221	64,687
Accumulated amortisation	(71,383)	(65,299)	(66,738)	(49,727)	(46,579)	(47,281)
Closing net book amount at the end of the period	**51,077**	**53,504**	**53,557**	**16,991**	**16,642**	**17,406**

b) Current intangible assets

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	2021
Net book amount at the beginning of the period	**24,266**	**3,157**	**3,157**	**24,266**	**3,157**	**3,157**
Additions	–	44,722	64,500	–	44,722	64,500
Disposals	(18,284)	(25,314)	(43,391)	(18,284)	(25,314)	(43,391)
Closing net book amount at the end of the period	**32,903**	**22,565**	**24,266**	**32,903**	**22,565**	**24,266**

c) Property, plant, and equipment

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	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	83,276	88,855	117,255	19,652	18,439	25,203
Invested in share capital	–	–	20	–	–	20
Reclassified to investment properties	(315)	(3,046)	(3,182)	(315)	(1,257)	(692)
Reclassified to non–current assets held for sale	(5)	–	(105)	(5)	–	(20)
Disposals	(4,384)	(3,298)	(5,456)	(134)	(319)	(351)
Increase in value of assets as a result of revaluation	227,695	–	–	227,695	–	–
Reversal of impairment charge as a result of revaluation	417	–	–	417	–	–
Reversed impairment charge	6,355	26,699	41,423	6,422	26,699	41,393
Depreciation	(116,358)	(113,194)	(150,627)	(55,830)	(52,641)	(70,150)
Closing net book amount at the end of the period	**3,023,335**	**2,823,342**	**2,826,654**	**1,264,875**	**1,062,491**	**1,066,973**
Cost or revalued amount	6,895,430	6,381,999	6,396,917	3,638,164	3,165,109	3,170,860
Accumulated depreciation and impairment	(3,872,095)	(3,581,480)	(3,570,263)	(2,373,289)	(2,102,618)	(2,103,887)
Closing net book amount at the end of the period	**3,023,335**	**2,800,519**	**2,826,654**	**1,264,875**	**1,062,491**	**1,066,973**

d) Investment property

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	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 property, plant, and equipment	315	3,046	3,182	315	1,257	692
Disposal	(25)	(10)	(18)	(25)	(10)	(18)
Sold	(466)	(243)	(348)	(314)	(243)	(348)
Depreciation	(9)	–	(12)	(13)	(45)	(58)
Closing net book amount at the end of the period	**3,131**	**3,305**	**3,316**	**3,565**	**4,293**	**3,602**
Cost or revalued amount	3,647	4,243	3,807	4,560	6,140	4,561
Accumulated depreciation and impairment	(516)	(938)	(491)	(995)	(1,847)	(959)
Closing net book amount at the end of the period	**3,131**	**3,305**	**3,316**	**3,565**	**4,293**	**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		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	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	1,293	59	1,925	675	(97)	1,723
Depreciation	(1,487)	(1,196)	(1,866)	(858)	(601)	(1,066)
Closing net book amount at the end of the period	**8,118**	**7,116**	**8,312**	**4,960**	**3,788**	**5,143**
Initial recognition cost	14,125	11,006	12,871	8,017	5,522	7,342
Accumulated depreciation	(6,007)	(3,890)	(4,559)	(3,057)	(1,734)	(2,199)
Closing net book amount at the end of the period	**8,118**	**7,116**	**8,312**	**4,960**	**3,788**	**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	1,291	39	1,906	675	(97)	1,725
Decrease of lease liabilities	(1,559)	(1,259)	(1,960)	(904)	(634)	(1,122)
Recognised interest liabilities (Note 6)	93	89	138	57	48	83
At the end of the period	**8,253**	**7,213**	**8,428**	**5,054**	**3,857**	**5,226**
Of which are:						
– non–current	*6,507*	*5,654*	*6,540*	*4,081*	*3,068*	*4,085*
– current	*1,746*	*1,559*	*1,888*	*973*	*789*	*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	30/09/2022 Interest held, %	30/09/2022 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%	600	100%	98
Latvijas vēja parki SIA	Latvia	Development of wind parks and generation of electricity	80%	1,600	–	–
Liepājas enerģija SIA	Latvia	Thermal energy generation and trade, electricity generation	51%	3,556	51%	3,556
TOTAL				**647,281**		**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**
TOTAL non-current financial investments of the Parent Company				**647,320**		**645,218**

The Group's non–current financial investments

Name of the company	Country of incorporation	Business activity held	30/09/2022 Interest held, %	30/09/2022 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		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Raw materials and materials	17,523	17,978	991	847
Natural gas*	507,584	115,461	507,584	115,461
Goods for sale	14,334	3,896	2,107	754
Other inventories	17,068	8,121	16,411	8,059
Prepayments for inventories	58,410	47,786	56,260	46,901
Allowance for raw materials and other inventories	(1,347)	(1,110)	(737)	(735)
TOTAL inventories	**613,572**	**192,132**	**582,616**	**171,287**

* Latvenergo AS has purchased natural gas to ensure the availability of energy resources, as well to ensure the necessary volumes of natural gas state reserves.

Movement on the allowance for inventories

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	2021
At the beginning of the period	**1,110**	**991**	**991**	**735**	**607**	**607**
Charged / (credited) to the Statement of Profit or Loss	237	201	119	2	142	128
At the end of the period	**1,347**	**1,192**	**1,110**	**737**	**749**	**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	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Individually assessed receivables with lifetime ECL assessment (counterparty model)	18,152	15,530	27,532	16,837
Receivables with lifetime ECL assessment by simplified approach (portfolio model)	178,767	165,606	122,610	93,801
TOTAL receivables from contracts with customers	**196,919**	**181,136**	**150,142**	**110,638**

a) Receivables from contracts with customers, net

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Receivables from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	184,156	133,497	133,655	87,828
– Electricity, natural gas trade and related services customers (counterparty model)	4,787	22,493	–	–
– Heating customers (portfolio model)	2,681	21,233	2,383	18,807
– Other receivables from contracts with customers (portfolio model)	6,015	5,384	2,077	1,150
– Other receivables from contracts with customers (counterparty model)	18,171	15,557	12,383	12,792
– Subsidiaries (counterparty model) (Note 19 b)	–	–	15,168	4,070
	215,810	**198,164**	**165,666**	**124,647**
Allowances for expected credit loss from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	(16,723)	(14,748)	(15,178)	(13,621)
– Electricity, natural gas trade and related services customers (counterparty model)	(6)	(28)	–	–
– Heating customers (portfolio model)	(319)	(361)	(303)	(343)
– Other receivables from contracts with customers (portfolio model)	(1,824)	(1,864)	(24)	(20)
– Other receivables from contracts with customers (counterparty model)	(19)	(27)	(14)	(22)
– Subsidiaries (counterparty model) (Note 19 b)	–	–	(5)	(3)
	(18,891)	**(17,028)**	**(15,524)**	**(14,009)**
Receivables from contracts with customers, net:				
– Electricity, natural gas trade and related services customers (portfolio model)	167,433	118,749	118,477	74,207
– Electricity, natural gas trade and related services customers (counterparty model)	4,781	22,465	–	–
– Heating customers (portfolio model)	2,362	20,872	2,080	18,464
– Other receivables from contracts with customers (portfolio model)	4,191	3,520	2,053	1,130
– Other receivables from contracts with customers (counterparty model)	18,152	15,530	12,369	12,770
– Subsidiaries (counterparty model) (Note 19 b)	–	–	15,163	4,067
	196,919	**181,136**	**150,142**	**110,638**

Movements in loss allowances for impaired receivables from contracts with customers

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	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	(2,056)	(2,427)	(30,094)	(1,988)	(2,154)	(29,679)
Allowances for expected credit losses	3,919	479	2,853	3,503	313	2,683
At the end of the period	**18,891**	**42,321**	**17,028**	**15,524**	**39,164**	**14,009**

b) Other current financial receivables

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Current financial receivables:				
Unsettled revenue on mandatory procurement PSO fee recognised as assets*	11,971	36,588	–	–
Receivables for lease	30	18	23	15
Other current financial receivables	30,939	22,475	29,994	21,707
Allowances for expected credit losses	(1,677)	(1,583)	(1,356)	(1,247)
Receivables for lease from subsidiaries (Note 19 b)	–	–	13	21
Other financial receivables from subsidiaries (Note 19 b)	–	–	21,156	21,196
Other accrued income from subsidiaries (Note 19 c)	–	–	1,333	1,534
Allowances for expected credit losses on subsidiaries receivables (Note 19 b)	–	–	(13)	(14)
TOTAL other current financial receivables	**41,263**	**57,498**	**51,150**	**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	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Non–current non–financial receivables	5,637	2,544	441,	441
Current non–financial receivables	466	2,242	194	2,190
TOTAL non–financial receivables	**6,103**	**4,786**	**635**	**2,631**

12. Cash and cash equivalents

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Cash at bank	52,156	97,079	44,319	92,418
TOTAL cash and cash equivalents	**52,156**	**97,079**	**44,319**	**92,418**

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	(9,358)	–	–	–	**(9,358)**	(3,721)	–	–	**(3,721)**
Losses from fair value changes of derivative financial instruments	–	(6,852)	–	–	**(6,852)**	–	(6,852)	–	**(6,852)**
As of 30 September 2021	**1,161,796**	**(20,853)**	**(2,896)**	**110**	**1,138,157**	**778,052**	**(20,853)**	**(1,657)**	**755,542**
Disposal of revaluation reserve	(3,971)	–	–	–	**(3,971)**	(3)	–	–	**(3)**
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	–	40,071	–	–	**40,071**	–	40,071	–	**40,071**
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	(8,094)	–	–	–	**(8,094)**	(3,322)	–	–	**(3,322)**
Gains from fair value changes of derivative financial instruments	–	(18,331)	–	–	**(18,331)**	–	(18,331)	–	**(18,331)**
As of 30 September 2022	**1,377,427**	**887**	**(1,798)**	**110**	**1,376,626**	**1,002,423**	**887**	**(1,536)**	**1,001,774**

14. Borrowings

EUR'000

	Group		Parent Company	
	30/09/2022	**31/12/2021**	**30/09/2022**	**31/12/2021**
Non–current borrowings from financial institutions	464,411	564,209	455,516	553,862
Issued debt securities (bonds)	149,881	49,866	149,881	49,866
TOTAL non–current borrowings	**614,292**	**614,075**	**605,397**	**603,728**
Current portion of non–current borrowings from financial institutions	188,102	79,186	186,131	76,866
Issued debt securities (bonds)	–	100,055	–	100,055
Overdraft from financial institutions	165,013	–	165,013	–
Accrued interest on non–current borrowings	1,505	495	1,461	455
Accrued coupon interest on issued debt securities (bonds)	1,074	1,218	1,074	1,218
TOTAL current borrowings	**355,694**	**180,954**	**353,679**	**178,594**
TOTAL borrowings	**969,986**	**795,029**	**959,076**	**782,322**

Movement in borrowings

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	**01/01–30/09/2021**	**2021**	**01/01–30/09/2022**	**01/01–30/09/2021**	**2021**
At the beginning of the period	**795,029**	**743,199**	**743,199**	**782,322**	**733,392**	**733,392**
Borrowings received	38,299	2,380	79,997	35,000	–	75,000
Borrowings repaid	(29,181)	(44,155)	(77,928)	(24,082)	(42,165)	(75,830)
Proceeds from issued debt securities (bonds)	100,000	50,000	50,000	100,000	50,000	50,000
Overdraft received	165,013	–	–	165,013	–	–
Repayment of issued debt securities (bonds)	(100,000)	–	–	(100,000)	–	–
Change in accrued interest on borrowings from financial institutions	865	204	19	862	216	18
Changes in outstanding value of issued debt securities (bonds)	(39)	(233)	(258)	(39)	(233)	(258)
At the end of the period	**969,986**	**751,395**	**795,029**	**959,076**	**741,210**	**782,322**

15. Derivative financial instruments

Outstanding fair values of derivatives and their classification

EUR'000

	Group				Parent Company			
	30/09/2022		31/12/2021		30/09/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	9,695	–	–	(4,312)	9,695	–	–	(4,312)
Energy forwards, futures, and swaps	113	(18,285)	25,735	(14,208)	6	(18,285)	25,466	(14,208)
Total outstanding fair values of derivatives	**9,808**	**(18,285)**	**25,735**	**(18,520)**	**9,701**	**(18,285)**	**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					
	01/01–30/09/2022		01/01–30/09/2021		2021		01/01–30/09/2022		01/01–30/09/2021		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)	–	1,049	–	236	–	316	–	1,049	–	236	–	316
Included in the Statement of Comprehensive Income	9,695	3,263	–	3,502	–	4,876	9,695	3,263	–	3,502	–	4,876
Outstanding fair value at the end of the period	**9,695**	**–**	**–**	**(5,766)**	**–**	**(4,312)**	**9,695**	**–**	**–**	**(5,766)**	**–**	**(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					
	01/01–30/09/2022		01/01–30/09/2021		2021		01/01–30/09/2022		01/01–30/09/2021		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)	(162)	1,751	109	(21,243)	(785)	(12,588)	–	1,751	109	(21,243)	(1,054)	(12,588)
Included in Statement of Comprehensive Income	(25,460)	(5,829)	7,394	(17,755)	24,963	3,373	(25,460)	(5,828)	7,394	(17,755)	24,963	3,373
Outstanding fair value at the end of the period	**113**	**(18,286)**	**9,060**	**(43,991)**	**25,735**	**(14,208)**	**6**	**(18,285)**	**9,060**	**(43,991)**	**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				Parent Company			
	Fair value measurement using				Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL
As of 30 September 2022								
Assets measured at fair value								
Revalued property, plant, and equipment	–	–	2,620,480	**2,620,480**	–	–	1,003,221	**1,003,221**
Non-current financial investments (Note 9)	–	–	40	**40**	–	–	39	**39**
Derivative financial instruments, including:								
Interest rate swaps (Note 15 I)	–	9,695	–	**9,695**	–	9,695	–	**9,695**
Energy forwards, futures, and swaps (Note 15 II)	–	113	–	**113**	–	6	–	**6**
Assets for which fair values are disclosed								
Investment properties (Note 7 c)	–	–	3,131	**3,131**	–	–	3,565	**3,565**
Loans to related parties:								
– Floating rate loans (Note 19 c)	–	–	–	**–**	–	251,157	–	**251,157**
– Fixed rate loans (Note 19 c)	–	–	–	**–**	–	465,590	–	**465,590**
Current financial receivables (Note 11 a, b)	–	–	238,182	**238,182**	–	–	201,292	**201,292**
Cash and cash equivalents (Note 12)	–	52,156	–	**52,156**	–	44,319	–	**44,319**
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)	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 September 2022								
Liabilities measured at fair value								
Derivative financial instruments, including:								
Energy forwards, futures, and swaps (Note 15 II)	–	18,285	–	**18,285**	–	18,285	–	**18,285**
Liabilities for which fair values are disclosed								
Issued debt securities (bonds) (Note 14)	–	150,955	–	**150,955**	–	150,955	–	**150,955**
Borrowings from financial institutions (Note 14)	–	654,018	–	**654,018**	–	643,108	–	**643,108**
Trade and other financial current payables (Note 17)	–	–	119,920	**119,920**	–	–	143,651	**143,651**
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 specific valuation 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				Parent Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	30/09/2022	**31/12/2021**	**30/09/2022**	**31/12/2021**	**30/09/2022**	**31/12/2021**	**30/09/2022**	**31/12/2021**
Financial assets								
Fixed rate loans to related parties	–	–	–	–	465,590	534,065	436,525	545,297
Financial liabilities								
Interest–bearing liabilities, including:								
issued debt securities (bonds)	150,956	151,139	131,631	151,683	150,956	151,139	131,631	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	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Financial liabilities:				
Payables for materials and services	44,872	60,945	23,923	29,672
Payables for electricity and natural gas	31,850	78,053	13,455	57,297
Payables to related parties (Note 19 b)	9,835	10,969	56,572	30,541
Accrued expenses	16,888	10,889	12,307	5,832
Accrued expenses from related parties (Note 19 b)	5,935	327	33,781	41,359
Other financial current payables	10,540	2,767	3,613	1,816
TOTAL financial liabilities	**119,920**	**163,950**	**143,651**	**166,517**
Non–financial liabilities:				
State social security contributions and other taxes	54,688	12,405	48,012	4,095
Contract liabilities	18,301	9,822	8,251	4,289
Received payment for natural gas state security reserves of energy supply	159,903	–	159,903	–
Other current payables	3,318	2,841	1,350	1,160
TOTAL non–financial liabilities	**236,210**	**25,068**	**217,516**	**9,544**
TOTAL trade and other current payables	**356,130**	**189,018**	**361,167**	**176,061**

18. Deferred income

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
I) Non–current deferred income				
a) contracts with customers				
From connection fees	132,521	136,217	–	–
Other deferred income	752	802	752	802
	133,273	**137,019**	**752**	**802**
b) operating lease				
Other deferred income	326	342	326	342
	326	**342**	**326**	**342**
c) other				
On grant for the installed electrical capacity of CHPPs	119,458	137,450	119,458	137,450
On financing from European Union funds	7,551	8,220	2,008	2,114
Other deferred income	78	103	46	52
	127,087	**145,773**	**121,512**	**139,616**
Total non–current deferred income	**260,686**	**283,134**	**122,590**	**140,760**
II) Current deferred income				
a) contracts with customers				
From connection fees	15,192	14,794		–
Other deferred income	235	237	67	67
	15,427	**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	891	896	142	144
	24,881	**24,886**	**24,132**	**24,134**
TOTAL current deferred income	**40,328**	**39,937**	**24,219**	**24,221**
TOTAL deferred income	**301,014**	**323,071**	**146,809**	**164,981**

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

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	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	7,959	8,730	12,556	–	–	–
– other deferred non–current income (financing)	–	848	848	–	848	848
Recognised in Statement of Profit or Loss:						
– Other deferred income	(18,690)	(18,668)	(24,907)	(18,106)	(18,067)	(24,106)
– Deferred income from contracts with customers and operating lease	(11,326)	(11,571)	(15,342)	(66)	(817)	(938)
At the end of the period	**301,014**	**329,255**	**323,071**	**146,809**	**171,141**	**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			
	01/01–30/09/2022	01/01–30/09/2021	01/01–30/09/2022		01/01–30/09/2021	
	Other related parties*	Other related parties*	Subsidiaries	Other related parties*	Subsidiaries	Other related parties*
Sales of goods, PPE and services, finance income	34,245	18,405	47,687	34,076	41,379	18,250
Purchases of goods, PPE, and services	92,899	76,489	200,520	38,195	231,480	20,968
including gross expenses from transactions with subsidiaries recognised in net amount through profit or loss:						
– Sadales tīkls AS	–	–	70,022	–	177,055	–

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

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Receivables from related parties:				
– subsidiaries (Note 11 a, b)	–	–	29,683	25,004
– other related parties*	10,957	12,991	10,289	12,453
– loss allowances for expected credit loss from receivables of subsidiaries (Note 11 a, b)	–	–	(18)	(16)
– loss allowances for expected credit loss from receivables of other related parties*	(13)	(23)	(13)	(22)
	10,944	**12,968**	**39,941**	**37,419**
Payables to related parties:				
– subsidiaries	–	–	53,591	28,415
– other related parties*	9,835	8,324	2,981	5,430
	9,835	**8,324**	**56,572**	**33,845**

c) Accrued income raised from transactions with related parties

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
– for goods sold/services provided for subsidiaries (Note 11 a, b)	–	–	6,711	435
– for interest received from subsidiaries	–	–	1,276	1,381
– for goods sold/services provided for other related parties*	–	107	–	107
	–	**107**	**7,987**	**1,923**

d) Accrued expenses raised from transactions with related parties

EUR'000

	Group		Parent Company	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
– for purchased goods/received services from subsidiaries	–	–	27,846	41,032
– for purchased goods/received services from other related parties*	5,935	327	5,935	327
	5,935	**327**	**33,781**	**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 9–month period ending on 30 September 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 2,420.7 thousand (01/01 – 30/09/2021: EUR 2,129.4 thousand).

In the 9–month period ending on 30 September 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 907.3 thousand (01/01 – 30/09/2021: EUR 719.6 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	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Non–current loans to subsidiaries				
Sadales tīkls AS	–	–	485,457	467,786
Elektrum Eesti OÜ	–	–	7,260	7,560
Elektrum Lietuva, UAB	–	–	7,194	1,970
Allowances for expected credit loss	–	–	(300)	(306)
TOTAL non–current loans	**–**	**–**	**499,611**	**477,010**
Current portion of non–current loans				
Sadales tīkls AS	–	–	95,312	97,000
Elektrum Eesti OÜ	–	–	300	300
Elektrum Lietuva, UAB	–	–	736	–
Allowances for expected credit loss	–	–	(57)	(62)
Current loans to subsidiaries				
Sadales tīkls AS	–	–	10,000	10,000
Elektrum Eesti OÜ	–	–	26,078	34,880
Elektrum Lietuva, UAB	–	–	80,162	56,198
Enerģijas publiskais tirgotājs SIA	–	–	4,679	31,137
Allowances for expected credit loss	–	–	(74)	(85)
TOTAL current loans	**–**	**–**	**217,136**	**229,368**
TOTAL loans to related parties	**–**	**–**	**716,747**	**706,378**

Movement in loans issued to related parties

EUR'000

	Group			Parent Company		
	01/01–30/09/2022	01/01–30/09/2021	2021	01/01–30/09/2022	01/01–30/09/2021	2021
At the beginning of the period	**–**	**86,620**	**86,620**	**706,378**	**742,229**	**742,229**
Change in current loans in cash (net)	–	–	–	164,187	229,086	319,304
Change in current loans by non–cash offsetting of operating receivables and payables (net)	–	–	–	(79,316)	(135,619)	(199,767)
Issued non–current loans in cash	–	–	–	–	–	7,860
Repayment of loan in cash	–	(86,672)	(86,672)	–	(86,672)	(86,672)
Repaid non–current loans by non–cash offset	–	–	–	(74,524)	(38,325)	(76,648)
Allowances for expected credit loss	–	52	52	22	60	72
At the end of the period	**–**	**–**	**–**	**716,747**	**710,759**	**706,378**
incl. loan movement through bank account						
Issued loans to subsidiaries	–	–	–	678,617	490,652	716,106
Repaid loans issued to subsidiaries	–	–	–	(514,430)	(261,566)	(388,942)
Repaid loans issued to other related parties	–	(86,672)	(86,672)	–	(86,672)	(86,672)
Issued loans, net	**–**	**(86,672)**	**(86,672)**	**164,187**	**142,414**	**240,492**

20. Events after the reporting period

Latvenergo AS signed two long–term loan agreements for financing and refinancing green investments of the Latvenergo Group – in October 2022 with AS SEB Pank in the amount of EUR 100,000 thousand and in November 2022 with Swedbank AS in the amount of EUR 100,000 thousand. The term for both agreements is up to 7 years.

In October 2022, Latvenergo AS received payment from the Ministry of Economics of the Republic of Latvia for the purchase of natural gas state security reserves of energy supply in the amount of EUR 195,804 thousand.

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 9–month period ending on 30 September 2022.