Latvenergo

LATVENERGO CONSOLIDATED AND LATVENERGO AS UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 9-MONTH PERIOD ENDING 30 SEPTEMBER 2023

CONTENTS

Management Report

Unaudited Condensed Interim Financial Statements*

FINANCIAL CALENDAR

29. 02. 2024.
Latvenergo Consolidated and Latvenergo AS Condensed Financial Statements for 2023 (unaudited)

24. 04. 2024.
Latvenergo Consolidated and Latvenergo AS Annual Report 2023

31. 05. 2024.
Condensed Consolidated Interim Financial Statements for the 3-Month Period Ending 30 September 2024 (unaudited)

30. 08. 2024.
Condensed Consolidated Interim Financial Statements for the 6-Month Period Ending 30 June 2024 (unaudited)

29. 11. 2024.
Condensed Consolidated Interim Financial Statements for the 9-Month Period Ending 30 September 2024 (unaudited)

CONTACT DETAILS FOR INVESTOR RELATIONS

E-mail: investor.relations@latvenergo.lv

Website: http://www.latvenergo.lv

DISCLAIMER

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

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

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

Highlights

Electricity and natural gas prices decreased.

In the reporting period, electricity spot prices in the Baltics were on average 56% lower than in the respective period a year ago. Meanwhile, the average price of natural gas at the TTF (front month) reached 50 EUR/MWh, which is 60% lower than a year ago. The price of CO_2 emission allowances reached 88 EUR/t, which is 7% higher than in the respective period a year ago.

The Daugava HPPs generated the largest amount of electricity over the last 20 years in a 9-month period

In the reporting period, electricity output at Latvenergo Group's plants reached 4.0 TWh, which is 46% more than in the respective period a year ago. Due to a significantly higher water inflow in the Daugava River, the Daugava HPPs generated the largest amount of electricity over the last 20 years in a 9-month period – 3.0 TWh, which is 35% more than in the respective period a year ago. Meanwhile, the amount of electricity generated at the Latvenergo AS CHPPs increased almost 2 times compared to the respective period a year ago, reaching 0.9 TWh. The operation of the CHPPs is adjusted to the conditions of the market. The amount of thermal energy generated was 13% lower, reaching 1 TWh.

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

834 thous. customers

4,491 GWh of electricity sold to Baltic retail customers

42 thous. customers

567 GWh of natural gas sold to Baltic retail customers

In the reporting period, the Group supplied 4,491 GWh of electricity to Baltic retail customers, which is 15% more than in the respective period a year ago. The Group's natural gas sales in the Baltics increased by 28%, reaching 921 GWh. The number of Latvenergo customers increased in both the electricity and natural gas segments. We have about 834 thousand electricity customers, and 212 thousand of them are outside Latvia. The number of natural gas customers comprised more than 42 thousand at the end of September.

EBITDA increased two times.

MEUR

1,537.6	455.3	283.4	4,132.2
REVENUE	EBITDA	PROFIT	ASSETS

In the 9-month period of 2023, Latvenergo Group's revenue was 31% or EUR 363.0 million higher than in the respective period a year ago. This was mainly positively impacted by the greater amount of electricity sold, higher sales prices and the greater amount of power generated at the Daugava HPPs.

The Group's EBITDA increased two times or by EUR 229.2 million. This was mainly positively impacted by the greater amount of power generated at the Daugava HPPs and lower electricity and natural gas purchase prices.

Sustainable investments advancing group strategy.

In the 9-month period of 2023, the total amount of investment comprised EUR 135.4 million, of which more than half was made in distribution network assets, promoting the quality and security of the energy supply. As per Latvenergo Group's strategic plan for 2022-2026, there will be a substantial increase in investments towards expanding the Group's renewable energy production capacity. This will lead to a significant reduction in greenhouse gas emissions and contribute to Latvia's goal of achieving climate neutrality by 2050. During the reporting period, EUR 25.2 million were invested in solar park projects, which is about 1/5 of Latvenergo Group's total investments.

Purposeful promotion of electromobility.

Over the past four years since Latvenergo introduced electric car charging services under the Elektrum brand, the Elektrum charging network has grown into the largest in the country and is rapidly expanding not only in Latvia but also in Lithuania and Estonia. During the reporting period, the largest electric car charging station in Latvia with 28 charging points was opened in the New Teika office complex. By the end of the year, the Elektrum Drive network will offer more than 500 charging points.

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. For more details, please see Note 9 attached to this report.

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 99% 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 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 March, 2022, Latvenergo Group's medium-term strategy for 2022–2026, with strategic operational and financial objectives, was approved by the Supervisory Board of Latvenergo AS.

The 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. 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 renewable energy. The importance of energy dependence grew significantly after Russia's invasion of Ukraine, as the geopolitical situation in the region changed.

The financial objectives of the Strategy 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 CO_2 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 2023	9M 2022	9M 2021	9M 2020	9M 2019
Retail electricity 1)	GWh	4,491	3,892	4,987	4,650	4,868
Natural gas sales	GWh	921	719	677	318	193
Electricity generation	GWh	3,971	2,729	3,407	3,298	3,565
Thermal energy generation	GWh	1,000	1,147	1,320	1,101	1,216
Number of employees		3,486	3,236	3,176	3,347	3,474
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Latvenergo Group Financial Figures

		9M 2023	9M 2022	9M 2021	9M 2020	9M 2019
Revenue*	MEUR	1,537.6	1,174.6	659.5	564.4	621.1
EBITDA 2)*	MEUR	455.3	226.1	126.8	212.1	172.0
Profit	MEUR	283.4	104.3	26.4	94.7	62.0
Assets	MEUR	4,132.2	4,040.9	3,313.6	3,265.4	3,786.1
Equity	MEUR	2,904.7	2,367.3	2,037.1	2,012.5	2,232.5
Net debt 2)*	MEUR	421.3	917.8	703.9	584.3	590.9
Adjusted funds from operations (FFO) 2)**	MEUR	385.3	201.3	120.6	184.1	181.0
Capital expenditure	MEUR	135.4	85.4	96.8	130.4	158.9

Latvenergo Group Financial Ratios

	9M 2023	9M 2022	9M 2021	9M 2020	9M 2019
Return on equity (ROE) 2)	13.8%	6.8%	2.4%	6.0%	2.4%
Adjusted FFO / net debt	84.0%	37.0%	32.0%	46.8%	39.7%
Net debt / EBITDA 2)	1.1	2.7	3.3	2.1	2.7
EBITDA margin 2)	27%	19%	22%	36%	25%
Return on assets (ROA) 2)	8.9%	4.1%	1.5%	3.6%	1.5%
Return on capital employed (ROCE) 2)*	11.8%	5.1%	2.3%	4.6%	2.3%
Net debt / equity 2)	15%	39%	35%	29%	26%

* 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.
** Comparative figures recalculated, presenting changes in current intangible assets (CO_2 emission rights) in net cash flows from operating activities as changes in current assets
1) Including operating consumption
2) Formulas are available on page 21

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 2023:

- the Nord Pool system price decreased by 59%, and the electricity price in Latvia decreased by 58%
- the price of natural gas at the TTF (the Dutch natural gas virtual trading point) decreased by 60% compared to the respective period a year ago

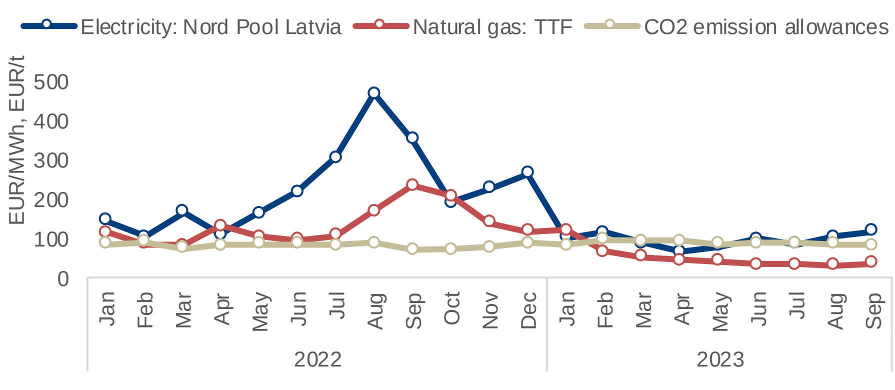
Electricity prices decreased

In the 9-month period of 2023, the Nord Pool system price was 59% lower compared to the respective period a year ago, reaching 56 EUR/MWh. The electricity price in Latvia decreased by 58%, reaching 94 EUR/MWh. In Europe, the decrease in the price of electricity was mainly affected by the lower natural gas prices and higher output of renewable energy. The electricity market was also stabilized with the help of the European Commission's REPowerEU plan, in response to the difficulties in the world energy market caused by the Russian invasion of Ukraine. The REPowerEU plan envisions implementing energy-saving measures, diversification of energy sources to reduce dependence on Russian fossil fuels and accelerated development of renewable energy resources.

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

Region	9M 2023	9M 2022	Δ, %
SYS	56.2	135.7	(59%)
Latvia	94.2	225.7	(58%)
Lithuania	94.9	230.0	(59%)
Estonia	90.1	183.0	(51%)
Poland	118.7	168.5	(30%)
Sweden	48.7	89.9	(46%)
Finland	55.1	143.0	(61%)
Denmark	88.7	226.2	(61%)
Norway	55.7	133.8	(58%)
Germany	99.8	248.4	(60%)
France	102.8	295.4	(65%)
Great Britain	111.0	254.5	(56%)

Energy resource prices



In the 9-month period of 2023, total electricity consumption in the Baltics was on average 6% lower compared to the respective period a year ago, reaching 19.3 TWh. The decrease was affected by energy efficiency measures introduced by consumers, as well as the increasing volume of electricity generated by micro-generators.

Meanwhile, the amount of overall electricity generation in the Baltics decreased by 3%, reaching 11.6 TWh (in the 9-month period of 2022, it was 11.9 TWh). Due to higher output at the Daugava HPPs, the total volume of electricity generation in Latvia increased by 33%, reaching 4.4 TWh. In Lithuania, electricity output increased by 17%, reaching 3.8 TWh. Meanwhile, in Estonia electricity output decreased by 37% to 3.4 TWh, which was mainly impacted by 50% lower output at oil shale plants. In the reporting period, the electricity purchased from neighbouring countries decreased by 12%; it amounted to 7.3 TWh.

Operating Environment

The natural gas price decreased

Natural gas is the main fuel resource in the Latvenergo AS CHPPs' operation. In the 9-month period of 2023, the average price of natural gas at the TTF (front month) reached 50 EUR/MWh, which is 60% lower than in the respective period a year ago. At the end of September, the natural gas reserve fill rate in Europe's gas storage facilities increased to 96%. This is 6 percentage points above the European Commission's mandatory reserve filling requirements as of 1 November 2023 (90%). This was affected by a 10% decrease in natural gas consumption along with a high import of liquid natural gas (LNG) during the reporting period.

The dynamics of the natural gas market are linked with the oil market and other energy resource markets. In the 9-month period of 2023:

- The average price of Brent crude futures oil was 82.1 USD / bbl., which is 20% lower than in the respective period a year ago. Despite the OPEC+ member countries' decision to reduce oil production, the decrease in oil market prices was influenced by concerns about the risk of a global economic recession and the slower pace of China's economic recovery.
- The average price of coal (API2 Rotterdam coal futures front month) was 49% lower, reaching 137.7 USD / t. The decrease in the coal price was affected by lower coal consumption in Europe due to the lower price of natural gas and LNG, higher output of renewable energy, and high levels of coal stockpiles in European ports.
- The average price of CO_2 emission allowances (EUA DEC.23) was 7% higher compared to the respective period a year ago, reaching 88.2 EUR / t. European countries have agreed to reduce CO_2 emissions by 55% by 2030 compared to the levels of 1990. This reduction is being implemented gradually, excluding 24% of emission allowances from circulation and absorbing them in the Market Stability Reserve from 1 September 2023 to 31 August 2024. However, in the short term, factors such as concerns over financial sector stability and the European Parliament's decision to allocate additional quotas for financing REPowerEU have been compensating for the increase in quota prices. This decision aims to reduce Europe's reliance on energy resources from Russia.

Latvenergo AS has not imported natural gas from Russia since 24 February 2022, switching to supplies of LNG from other countries. In September 2022, Latvenergo AS participated in the long-term 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. Latvenergo AS has concluded contracts for the supply of 6 TWh of LNG from the USA, Norway and Chile for the year 2023.

Dividends

In May 2023, Latvenergo AS paid 134.0 million EUR of its 2022 profit to the state as dividends, paying a corporate income tax of 26.5 million EUR accordingly. On 18 October, at the extraordinary shareholders' meeting of Latvenergo AS, a decision was made to pay additional dividends to the state in the amount of EUR 18.5 million from the undistributed profit of the 2022 financial year. The paid additional dividends will be directed towards reducing the extraordinary increase in energy resource prices. Latvenergo Group's capital structure ratios are sufficient to proceed with the dividend payout. As of 30 September 2023, the Group's asset value exceeds EUR 4.1 billion and its equity exceeds EUR 2.9 billion.

Wind energy development in Latvia

After the end of the reporting period, on 28 November 2023, the Cabinet of Ministers of the Republic of Latvia approved a one-off payment of EUR 3.1 million that Latvijas vēja parki SIA is required to pay to Latvijas valsts meži AS for the right to conclude a building rights agreement for strategically significant wind parks to be located in state forest territories. To realize wind power plants with a total capacity of at least 800 MW, they will be designed, constructed and operated on state-owned land, managed by Latvijas valsts meži AS.

Financial Results

In the 9-month period of 2023, Latvenergo Group's revenue reached EUR 1,537.6 million, which was EUR 363.0 million or 31% more than in the respective period a year ago. This was mainly impacted by EUR 334.2 million higher energy sales revenues mainly due to a 15% greater amount of electricity sold in retail, higher sales prices and a 35% greater amount of power generated at the Daugava HPPs.

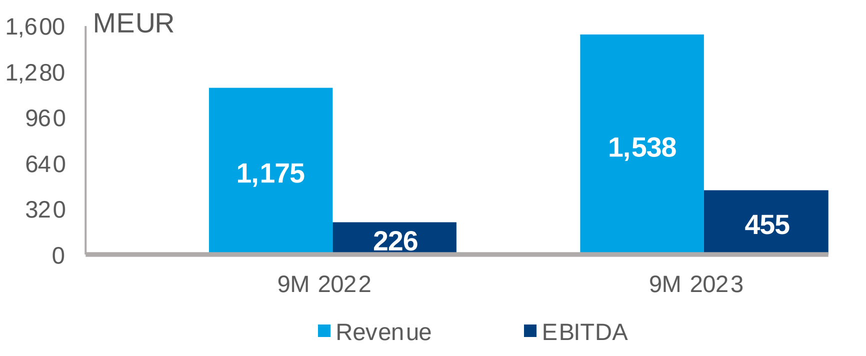
> Latvenergo Group's EBITDA increased two times

Latvenergo Group financial figures		9M 2023	9M 2022	Δ	Δ, %
Revenue	MEUR	1,537.6	1,174.6	363.0	31%
EBITDA	MEUR	455.3	226.1	229.2	101%
Net profit	MEUR	283.4	104.3	179.1	172%
Assets	MEUR	4,132.2	4,040.9	91.3	2%

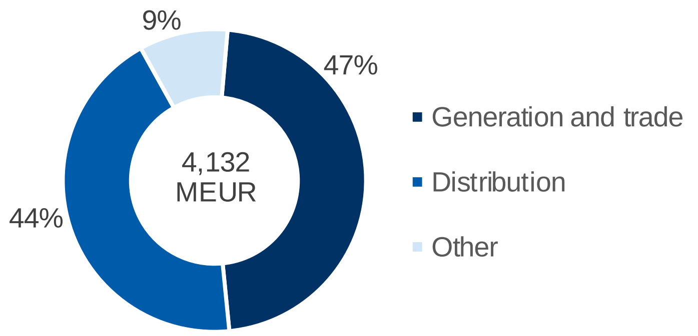
Latvenergo Group's EBITDA increased by EUR 229.2 million, which is two times more compared to the respective period a year ago, reaching EUR 455.3 million. This was mainly positively impacted by the greater amount of power generated at the Daugava HPPs and lower electricity and natural gas purchase prices.

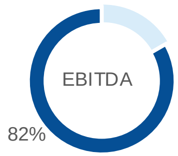
The Group's profit for the reporting period reached EUR 283.4 million.

Revenue and EBITDA



Assets





Generation and Trade

Segment weight in Latvenergo Group

Revenue
84%

EBITDA
82%

Assets
47%

Employees
35%

In the 9-month period of 2023, generation and trade comprised Latvenergo Group's largest operating segment by revenue and EBITDA. The majority or 88% of the segment's revenue came from electricity and natural gas trade, while 12% came from thermal energy supply.

The segment's revenue was positively impacted by EUR 334.2 million higher energy sales revenues mainly due to a 15% greater amount of electricity sold in retail, higher sales prices and a 35% greater amount of power generated at the Daugava HPPs.

Meanwhile, the segment's EBITDA was mainly positively impacted by the greater amount of power generated at the Daugava HPPs and lower electricity and natural gas purchase prices.

In the reporting period, the total volume of electricity generated at Latvenergo Group's plants amounted to 3,971 GWh, which corresponded to 88% of the amount of electricity sold to retail customers (in the 9-month period of 2022: 70%).

Operational figures		**9M 2023**	**9M 2022**	**Δ**	**Δ, %**
Electricity customers	thous.	834	806	28	3%
Electricity supply	GWh	6,557	5,352	1,205	23%
*Retail**	*GWh*	*4,491*	*3,892*	*599*	*15%*
*Wholesale***	*GWh*	*2,066*	*1,460*	*606*	*41%*
Natural gas customers	thous.	42	21	22	105%
Natural gas supply	GWh	921	719	202	28%
Retail	*GWh*	*567*	*609*	*(42)*	*(7%)*
Wholesale	*GWh*	*354*	*110*	*244*	*221%*
Electricity generation	GWh	3,971	2,729	1,242	46%
Daugava HPPs	GWh	*3,036*	*2,242*	*794*	*35%*
CHPPs	GWh	*920*	*465*	*455*	*98%*
Liepaja plants and small plants	GWh	*15*	*21*	*(6.5)*	*(31%)*
Thermal energy generation	GWh	1,000	1,147	(146)	(13%)
CHPPs	GWh	*846*	*980*	*(135)*	*(14%)*
Liepaja plants	GWh	*154*	*166*	*(12)*	*(7%)*

Financial figures		**9M 2023**	**9M 2022**	**Δ**	**Δ, %**
Revenue	MEUR	1,311.7	952.7	359.0	38%
EBITDA	MEUR	372.1	160.5	211.6	132%
Assets	MEUR	1,943.7	2,092.7	(148.9)	(7%)
Capital expenditure	MEUR	52.9	14.0	38.8	277%

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

Generation and Trade

Generation

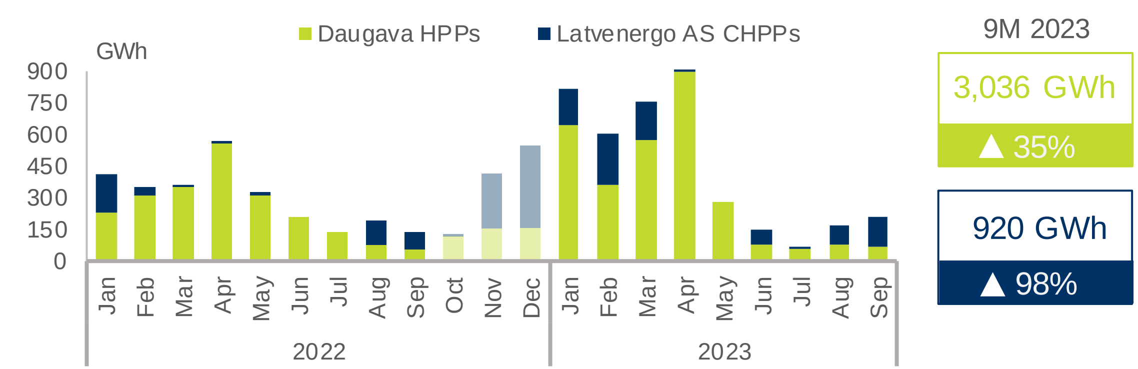
Latvenergo Group is the largest renewable electricity producer in the Baltics. In the 9-month period of 2023, Latvenergo Group produced 34% of the total electricity generated in the Baltics. The total amount generated by Latvenergo Group's power plants comprised 4 TWh of electricity and 1 TWh of thermal energy.

> The Daugava HPPs generated the largest amount of electricity over the last 20 years in a 9-month period

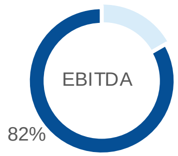
The Daugava HPPs generated the largest amount of electricity over the last 20 years in a 9-month period, which is 35% more than in the respective period a year ago, reaching 3,036 GWh. The amount of power generated at the Daugava HPPs was impacted by significantly higher water inflow in the Daugava River. According to data from the Latvian Environment, Geology and Meteorology Centre, the average water inflow in the Daugava River in the reporting period was 878 m^3/s, while in the respective period a year ago it was 569 m^3/s.

The amount generated at the Latvenergo AS CHPPs has doubled, reaching 920 GWh. The increase was influenced by relatively low generation in the previous year, which was affected by high natural gas prices. 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



In the 9-month period of 2023, the share of electricity generated from renewable energy sources at Latvenergo Group reached 77% (in the 9-month period of 2022: 83%). The amount of thermal energy generated decreased by 13% mainly due to energy efficiency measures that significantly reduced the consumption of thermal and electrical energy in residential, state, and local government buildings.



Generation and Trade

Trade

At the end of September, the number of electricity customers exceeded more than 834 thousand, including 212 thousand foreign customers. The electricity customer portfolio shows a positive increase mainly due to the increase in the number of customers within households in Lithuania. Under the *Elektrum* brand, Latvenergo Group has become the second-largest electricity supplier in the household customer segment in Lithuania.

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

In the 9-month period of 2023, the Group supplied 4,491 GWh of electricity to its customers in the Baltics, which is 15% more than in the respective period a year ago. The increase in electricity sales volume was mainly impacted by the growth in sales volume in the business customer segment, as well as the increase in sales volume in the household market in Lithuania.

The overall amount of retail electricity trade outside Latvia accounted for about 38%. The electricity trade volume in Latvia was 2,796 GWh, while in Lithuania it was 1,340 GWh and in Estonia it was 354 GWh.

Meanwhile, the number of natural gas customers doubled, comprising more than 42 thousand at the end of September. The Group's natural gas sales in the Baltics decreased by 7%, reaching 567 GWh. The decrease is significantly lower than the overall reduction in natural gas consumption for energy conservation purposes. The Group's natural gas sales in the Baltics increased by 28%, reaching 921 GWh.

In the reporting period, we continued to develop retail activities of other products and services related to electricity consumption and energy efficiency:

- The number of contracts for the installation of solar panels and trade of solar park components in the Baltics exceeded 1,300. The total installed solar panel capacity (including remote solar parks) provided to Latvenergo Group's retail customers in the Baltics reached almost 70 MW at the end of September; thus, Latvenergo is one of the leading providers of this service in the Baltics. Almost 3/4 of panels are installed for customers outside Latvia.
- Steady growth in the number of *Elektrum Insured* customers in the Baltics continued, reaching more than 129 thousand.
- The *Elektrum Drive* electric car charging network grew, reaching almost 290 charging ports, including the largest electric car charging station in Latvia with 28 charging points in the New Teika office complex. By the end of the year, the network is set to be expanded to 500 charging ports throughout the Baltics, thereby solidifying a leading position in the electric charging infrastructure sector. In the 9-month period of 2023, more than 34.8 thousand electric vehicle charges were made, comprising 735 MWh, resulting in savings of 450 tonnes of CO_2 emissions.

Completed in the 9-month period of 2023

4.5 TWh of electricity sold to Baltic retail customers.

0.6 TWh of natural gas sold to Baltic retail customers.

More than 1,300 contracts were concluded for the installation of solar panels in the Baltics.

More than 34.8 thousand electric vehicle charges were made at the *Elektrum Drive* electric car charging stations.

16%

EBITDA

Distribution

Segment weight in Latvenergo Group

Revenue
16%

EBITDA
16%

Assets
44%

Employees
47%

As of 1 July 2023, the new distribution tariffs of Sadales tīkls AS have come into effect, with the tariff calculation increasing the proportion of the fixed tariff, providing a more appropriate solution to the actual maintenance cost structure of the distribution network. With the introduction of the new tariff, the financial results of the distribution segment have improved. In the reporting period, the segment's revenue increased by 8%, reaching EUR 242.2 million. Meanwhile, the segment's EBITDA increased by 35%, reaching EUR 74.5 million. In addition, a positive impact on EBITDA was made by 15 million EUR lower electricity loss costs due to a lower market price of electricity. Meanwhile financial results were negatively impacted by 5% lower electricity distributed, which was affected by lower consumption due to energy efficiency measures implemented by customers, the increasing volume of microgenerators, and a rise in operating costs due to inflation.

Under the law on measures to reduce the extraordinary rise in energy prices, from 1 September 2023 to 31 December 2023, a 60% reduction will be applied to the fixed component of the electricity distribution tariff (maintenance fee for power) for all households. This reduction will be compensated for through funds allocated from the state budget and dividends received from Latvenergo AS.

Operational figures		9M 2023	9M 2022	Δ	Δ, %
Electricity distributed	GWh	4,399	4,640	(241)	(5%)
Distribution losses	GWh	130	173	(43)	(25%)
SAIFI*	number	1.8	2.0	(0.2)	(10%)
SAIDI*	minutes	173	188	(15)	(8%)

Financial figures		9M 2023	9M 2022	Δ	Δ, %
Revenue	MEUR	242.2	224.2	18.0	8%
EBITDA	MEUR	74.5	55.0	19.5	35%
Assets	MEUR	1,797.7	1,780.2	17.6	1%
RAB	MEUR	1,569.1	1,581.3	(12.2)	(1%)
Capital expenditure	MEUR	70.1	60.3	9.8	16%

*Including mass damage caused by storms and other forces of nature

To ensure a more sustainable approach and predictability of changes for customers in the future, there is a provision that from 1 January 2024 to 31 December 2025, the increase in the capacity payments of the electricity distribution tariff for household users may be applied gradually. The difference between the approved tariff and the one applied to customers would be compensated from dividends of Latvenergo AS.

Implementing targeted capital investment programmes to establish a weather-resistant electrical grid has improved SAIDI and SAIFI indicators.

Investments

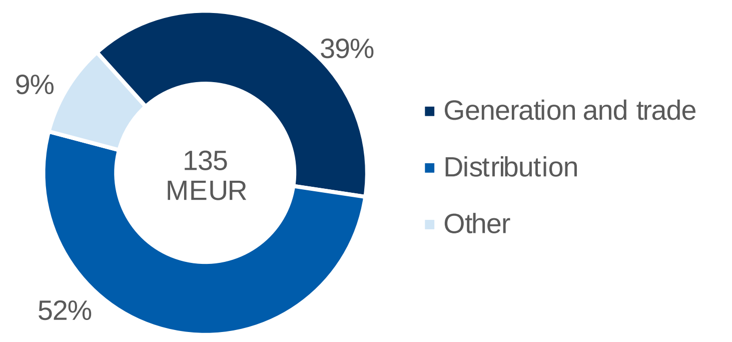
In the 9-month period of 2023, the total amount of investment comprised EUR 135.4 million, which is 58% or EUR 50.0 million more compared to the respective period a year ago, and the largest increase was generated by investments in the development projects of solar power plants.

Investment in power distribution network assets – more than half of the total

In the reporting period, investments in distribution comprised EUR 70.1 million, which is more than half of the Group's total investments. The majority of funds are invested in the construction and reconstruction of power lines and transformers, thereby ensuring high-quality network services, technical performance, and operational safety. 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.

In the reporting period, EUR 25.2 million in the generation and trade segment were allocated towards the development of *Elektrum* solar parks, which is about 1/5 of Latvenergo Group's total investments. Also, the process of initiating reconstruction work on the last three hydro units of the Daugava HPPs continued. The Group plans to carry out procurement procedures and conclude reconstruction contracts at the beginning of the year 2024. 8 hydro units included in the programme have already been reconstructed as of 30 September 2023.

Capital expenditure



As per Latvenergo Group's strategic plan for 2022-2026, there will be a substantial increase in investments towards expanding the Group's renewable energy production capacity. This will lead to a significant reduction in greenhouse gas emissions and contribute to Latvia's goal of achieving climate neutrality by 2050.

Latvenergo Group purposefully develops solar energy generation capacity in the Baltic region

In the reporting period, the Group continued to develop solar park projects, and 2 solar parks with a total capacity of 5.7 MW were put into operation in Lithuania. By the end of the reporting period, we had 5 *Elektrum* solar parks in operation with a total capacity of 16.6 MW in Lithuania. By the end of 2023, we plan to put into operation 1 more with a total capacity of more than 13 MW. The solar park capacity in Lithuania will be distributed in three revenue streams: selling capacity to customers, leasing capacity to customers, and generated energy supply to customers. Meanwhile, in Latvia, the first solar park with a total capacity of 11 MW is expected to be operational by the end of this year. Overall, in the Baltic region, there are 15 solar park projects in the project or construction stage with a total capacity exceeding 300 MW; their gradual commissioning is expected from 2023-2025.

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.

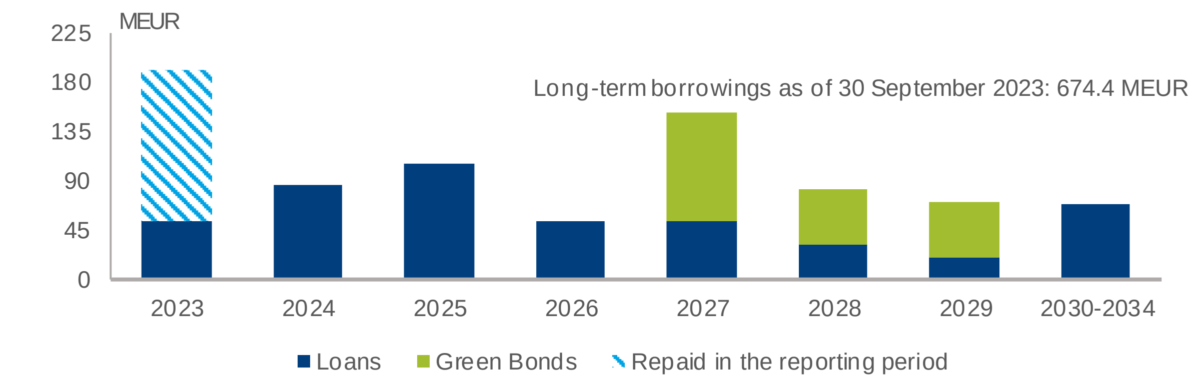
Planning the sourcing of borrowings in a timely manner is also crucial in order to ensure loan refinancing risk management and debt repayment in due time.

On February 22, 2023, Latvenergo AS concluded the third bond programme in the amount of EUR 200 million by issuing six-year green bonds with a total nominal value of EUR 50 million with a maturity date of February 22, 2029, and a fixed interest rate (coupon) and yield of 4.952% per year. The bonds are listed on Nasdaq Riga AS.

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

As of 30 September 2023, the Group's borrowings amount to EUR 674.4 million, all of which are long-term loans (30 September 2022: EUR 970.0 million, including long-term loans in the amount of EUR 804.6 million). The loan portfolio includes long-term loans from commercial banks and international financial institutions, as well as green bonds in the amount of EUR 200 million.

Latvenergo Group's long-term debt repayment schedule



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

As of 30 September 2023, all borrowings are denominated in euro currency. The weighted average long-term loan repayment period is 4.0 years (30 September 2022: 3.9 years). The effective weighted average interest rate (with interest rate swaps) is 3.1% (30 September 2022: 1.0%). Also, sufficient coverage of debt service requirements has been ensured (debt service coverage ratio: 2.7).

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

On 9 March 2023, 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 since 2015, 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. The price fixing level reached 70% of the annual production volume by the end of September.

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, 46% of the long-term borrowings had a fixed interest rate with an average period of 2.1 years as of 30 September 2023.

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 2023, all borrowings of Latvenergo Group are denominated in euros, and during the reporting period, 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. Latvenergo AS and the Group have concluded several foreign currency exchange forward contracts to limit the currency risk of the planned payments regarding natural gas purchases. All transactions have been concluded as instruments for mitigating cash flow risk, and they are in accordance with risk mitigation accounting requirements.

Financial Risk Management

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 period, 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 2023, Latvenergo Group's liquid assets (cash and short-term deposits up to 3 months) reached EUR 253.2 million (30 September 2022: EUR 52.2 million), while the current ratio was 1.9 (1.2).

The Group plans to use its funds in the amount of EUR 253.2 million for dividend payout, repayment of the existing loan principal, and financing investments and operating expenses.

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 2023	9M 2022	9M 2021
Electricity supply	GWh	4,721	3,370	3,947
Retail[2]	*GWh*	*2,796*	*2,512*	*2,989*
Wholesale[3]	*GWh*	*1,925*	*858*	*958*
Natural gas supply	GWh	841	621	522
Retail	*GWh*	*488*	*511*	*522*
Wholesale	*GWh*	*354*	*110*	*–*
Electricity generation	GWh	3,960	2,713	3,391
Thermal energy generation	GWh	846	980	1,140
Number of employees		1,404	1,301	1,276
Moody's credit rating		Baa2 (stable)	Baa2 (stable)	Baa2 (stable)

Latvenergo AS financial figures

		9M 2023	9M 2022	9M 2021
Revenue	MEUR	1,083.9	736.6	331.4
EBITDA[1]	MEUR	370.9	166.8	36.8
Profit	MEUR	276.8	125.5	34.7
Assets	MEUR	3,504.5	3,527.4	2,750.2
Equity	MEUR	2,560.9	2,025.8	1,676.1
Net debt (adjusted)[1]	MEUR	425.0	914.8	695.7
Capital expenditure	MEUR	48.0	21.7	21.3

Latvenergo AS financial ratios

	9M 2023	9M 2022	9M 2021
Return on equity (ROE)[1]	15.7%	9.2%	2.4%
Net debt / equity (adjusted)[1]	17%	45%	42%
EBITDA margin[1]	31%	22%	16%

1) Formulas are available on page 21
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 2023,* 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 2023* were approved by the Management Board of Latvenergo AS on 28 November 2023 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

28 November 2023

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 =

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

Net debt/ EBITDA =

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

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

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

Return on assets =

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

Return on equity =

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

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)

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

Average value of borrowings =

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

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

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

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

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

* 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 01/01-30/09/2023	Group 01/01-30/09/2022	Parent Company 01/01-30/09/2023	Parent Company 01/01-30/09/2022
Revenue	4	1,537,552	1,174,584	1,083,874	736,554
Other income		30,025	26,253	24,101	24,234
Raw materials and consumables	5	(952,600)	(841,055)	(657,935)	(527,003)
Personnel expenses		(107,893)	(89,368)	(48,719)	(40,727)
Other operating expenses		(51,738)	(44,287)	(30,398)	(26,222)
EBITDA*		**455,346**	**226,127**	**370,923**	**166,836**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment (PPE) and right–of–use assets	7, 8	(130,534)	(115,733)	(66,312)	(52,314)
Operating profit		**324,812**	**110,394**	**304,611**	**114,522**
Finance income	6 a	5,710	1,090	16,622	7,369
Finance costs	6 b	(18,850)	(6,914)	(18,846)	(6,933)
Dividends from subsidiaries		–	–	924	10,585
Profit before tax		**311,672**	**104,570**	**303,311**	**125,543**
Income tax		(28,279)	(311)	(26,462)	–
Profit for the period		**283,393**	**104,259**	**276,849**	**125,543**
Profit attributable to:					
- Equity holder of the Parent Company		283,120	105,105	276,849	125,543
- Non-controlling interests		273	(846)	–	–

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 01/01-30/09/2023	Group 01/01-30/09/2022	Parent Company 01/01-30/09/2023	Parent Company 01/01-30/09/2022
Profit for the period		**283,393**	**104,259**	**276,849**	**125,543**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
- gains / (losses) from change in hedge reserve	13	87,249	(18,330)	87,249	(18,330)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**87,249**	**(18,330)**	**87,249**	**(18,330)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
– gains on revaluation of non–current assets	7 c	312,062	227,695	312,062	227,695
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**312,062**	**227,695**	**312,062**	**227,695**
Other comprehensive income for the period		**399,311**	**209,365**	**399,311**	**209,365**
TOTAL comprehensive income for the period		**682,704**	**313,624**	**676,160**	**334,908**
Comprehensive income attributable to:					
- Equity holder of the Parent Company		682,431	314,470	676,160	334,908
- Non-controlling interests		273	(846)	–	–

Statement of Financial Position

EUR'000

	Notes	Group 30/09/2023	Group 31/12/2022	Parent Company 30/09/2023	Parent Company 31/12/2022
ASSETS					
Non-current assets					
Intangible assets	7 a	57,858	51,789	20,251	18,397
Property, plant and equipment	7 c	3,313,473	3,005,370	1,535,391	1,242,660
Right-of-use assets	8 a	9,790	10,526	5,008	5,066
Investment property	7 d	1,781	2,297	2,209	2,222
Non-current financial investments	9	40	40	647,320	647,320
Non-current loans to related parties	19 e	–	–	470,226	510,468
Other non-current receivables	11 c	483	482	483	482
Derivative financial instruments	15	6,930	8,131	6,930	8,131
Total non-current assets		**3,390,355**	**3,078,635**	**2,687,818**	**2,434,746**
Current assets					
Inventories	10	245,660	295,638	206,301	261,586
Current intangible assets	7 b	17,186	31,664	17,186	31,664
Receivables from contracts with customers	11 a	182,631	314,109	123,391	233,192
Other current receivables	11 b, c	38,975	17,521	53,944	36,451
Deferred expenses		1,946	2,408	1,635	2,191
Current loans to related parties	19 e	–	–	172,343	202,840
Derivative financial instruments	15	2,239	2,598	2,239	2,598
Cash and cash equivalents	12	253,163	112,757	239,645	100,268
Total current assets		**741,800**	**776,695**	**816,684**	**870,790**
TOTAL ASSETS		**4,132,155**	**3,855,330**	**3,504,502**	**3,305,536**
Equity					
Share capital		790,368	790,368	790,368	790,368
Reserves	13	1,676,440	1,282,683	1,309,460	910,683
Retained earnings		430,925	276,242	461,035	317,643
Equity attributable to equity holder of the Parent Company		**2,897,733**	**2,349,293**	**2,560,863**	**2,018,694**
Non-controlling interests		6,948	7,126	–	–
Total equity		**2,904,681**	**2,356,419**	**2,560,863**	**2,018,694**
Liabilities					
Non-current liabilities					
Borrowings	14	569,701	574,754	561,941	561,551
Lease liabilities	8 b	7,814	8,648	3,906	4,206
Deferred income tax liabilities		1,618	667	–	–
Provisions		16,441	15,566	8,096	7,552
Deferred income from contracts with customers	18 I, a	134,046	133,116	685	735
Other deferred income	18 I, b, c	103,528	121,180	97,678	115,798
Other non-current liabilities		93	265	–	–
Total non-current liabilities		**833,241**	**854,196**	**672,306**	**689,842**
Current liabilities					
Borrowings	14	104,744	301,164	102,656	302,387
Lease liabilities	8 b	2,150	2,027	1,212	960
Trade and other payables	17	228,579	165,274	129,832	133,768
Deferred income from contracts with customers	18 II, a	20,444	29,330	66	13,714
Other deferred income	18 II, b, c	24,901	24,901	24,152	24,152
Derivative financial instruments	15	13,415	122,019	13,415	122,019
Total current liabilities		**394,233**	**644,715**	**271,333**	**597,000**
Total liabilities		**1,227,474**	**1,498,911**	**943,639**	**1,286,842**
TOTAL EQUITY AND LIABILITIES		**4,132,155**	**3,855,330**	**3,504,502**	**3,305,536**

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 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**
Disposal of non–current assets revaluation reserve	–	(3,435)	3,435	–	–	–	–	(148)	148	**–**
Total transactions with owners and other changes in equity	**–**	**(3,435)**	**3,435**	**–**	**–**	**–**	**–**	**(148)**	**148**	**–**
Profit for the period	–	–	78,338	**78,338**	1,277	**79,615**	–	–	83,819	**83,819**
Other comprehensive loss for the period	–	(90,508)	–	**(90,508)**	–	**(90,508)**	–	(90,943)	–	**(90,943)**
Total comprehensive income / (loss) for the period	**–**	**(90,508)**	**78,338**	**(12,170)**	**1,277**	**(10,893)**	**–**	**(90,943)**	**83,819**	**(7,124)**
As of 31 December 2022	**790,368**	**1,282,683**	**276,242**	**2,349,293**	**7,126**	**2,356,419**	**790,368**	**910,683**	**317,643**	**2,018,694**
Dividends for 2022	–	–	(133,991)	**(133,991)**	(451)	**(134,442)**	–	–	(133,991)	**(133,991)**
Disposal of non–current assets revaluation reserve	–	(5,554)	5,554	–	–	**–**	–	(534)	534	–
Total transactions with owners and other changes in equity	**–**	**(5,554)**	**(128,437)**	**(133,991)**	**(451)**	**(134,442)**	**–**	**(534)**	**(133,457)**	**(133,991)**
Profit for the period	–	–	283,120	**283,120**	273	**283,393**	–	–	276,849	**276,849**
Other comprehensive income for the period	–	399,311	–	**399,311**	–	**399,311**	–	399,311	–	**399,311**
Total comprehensive income for the period	–	**399,311**	**283,120**	**682,431**	**273**	**682,704**	–	**399,311**	**276,849**	**676,160**
As of 30 September 2023	**790,368**	**1,676,440**	**430,925**	**2,897,733**	**6,948**	**2,904,681**	**790,368**	**1,309,460**	**461,035**	**2,560,863**

Statement of Cash Flows

EUR'000

	Notes	Group 01/01-30/09/2023	Group 01/01-30/09/2022	Parent Company 01/01-30/09/2023	Parent Company 01/01-30/09/2022
Cash flows from operating activities					
Profit before tax		**311,672**	**104,570**	**303,311**	**125,543**
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*		133,719	118,510	66,203	51,265
- Net financial adjustments		(4,747)	3,997	(15,645)	(2,406)
- Other adjustments		894	742	563	488
- Dividends from subsidiaries		–	–	(924)	(10,585)
Interest paid		(14,465)	(5,933)	(14,100)	(5,642)
Interest received		3,590	2	3,381	2
Paid corporate income tax		(27,364)	(2,644)	(26,462)	–
Funds from operations (FFO)		**403,299**	**219,244**	**316,327**	**158,665**
Decrease / (increase) in current assets*		174,955	(432,183)	173,830	(449,212)
Increase / (decrease) in trade and other liabilities		16,625	151,033	(40,374)	172,394
Impact of non-cash offsetting of operating receivables and liabilities from subsidiaries, net		–	–	15,950	153,840
Net cash flows generated from / (used in) operating activities		**594,879**	**(61,906)**	**465,733**	**35,687**
Cash flows from investing activities					
Loans (repaid) / issued to subsidiaries, net	19	–	–	51,385	(164,187)
Purchase of intangible assets and property, plant, and equipment*		(128,261)	(86,631)	(45,592)	(25,466)
Dividends received from subsidiaries		–	–	924	156
Net cash flows (used in) / generated from investing activities		**(128,261)**	**(86,631)**	**6,717**	**(189,497)**
Cash flows from financing activities					
Repayment of issued debt securities (bonds)	14	–	(100,000)	–	(100,000)
Proceeds on issued debt securities (bonds)	14	50,000	100,000	50,000	100,000
Proceeds on borrowings from financial institutions	14	–	203,312	–	200,013
Repayment of borrowings from financial institutions	14	(256,866)	(29,181)	(251,424)	(24,082)
Received financing from European Union		16,245	–	2,625	–
Lease payments		(1,149)	(757)	(283)	(60)
Dividends paid to non–controlling interests		(451)	–	–	–
Proceeds from non–controlling interests contributions to share capital		–	400	–	–
Dividends paid to equity holder of the Parent Company		(133,991)	(70,160)	(133,991)	(70,160)
Net cash flows (used in) / generated from financing activities		**(326,212)**	**103,614**	**(333,073)**	**105,711**
Net increase / (decrease) in cash and cash equivalents		**140,406**	**(44,923)**	**139,377**	**(48,099)**
Cash and cash equivalents at the beginning of the period	12	112,757	97,079	100,268	92,418
Cash and cash equivalents at the end of the period	**12**	**253,163**	**52,156**	**239,645**	**44,319**

* Comparative figures recalculated, presenting changes in current intangible assets (CO_2 emission rights) in net cash flows from operating activities as changes in current assets

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 the Parent Company is 12 Pulkveža Brieža Street, Riga, Latvia, LV–1230. According to the Energy Law of the Republic 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) and subsidiaries included in the Group are presented in Note 9.

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.

The Management Board of Latvenergo AS:
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 (until 24 September 2023), Harijs Teteris.

The Supervisory Board of Latvenergo AS:
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: Svens Dinsdorfs, Torbens Pedersens (Torben Pedersen), Ilvija Grūba, Toms Siliņš and Gundars Ruža.

The Latvenergo Group's and Latvenergo AS auditor is the certified audit company Ernst & Young Baltic SIA (40003593454) (licence No. 17) and certified auditor in charge is Diāna Krišjāne, certificate No. 124.

Latvenergo Group Consolidated and Latvenergo AS Annual Report 2022 has been approved on 11 May 2023 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 2023 include the financial information in respect of the Latvenergo Group and Latvenergo AS for the period starting on 1 January 2023 and ending on 30 September 2023 and comparative information for the period of 2022 starting on 1 January 2022 and ending on 30 September 2022.

Latvenergo Consolidated and Latvenergo AS Unaudited Condensed Interim Financial Statements for the 9–month period ending on 30 September 2023 were authorised by the Latvenergo AS Management Board on 28 November 2023.

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 2022. 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 2022.

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

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

3. Operating segment information

Operating segments of the Group and the Parent Company

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

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

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

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

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

Generation and trade comprises the Group's electricity and thermal energy generation operations, which are organised into the legal entities: Latvenergo AS and Liepājas enerģija SIA; electricity and natural gas trade (including electricity and natural gas wholesale) in the Baltics carried out by Latvenergo AS, Elektrum Eesti OÜ (including its subsidiaries – Energiaturu Võrguehitus OÜ and HN põld ja mets 1 OÜ) and Elektrum Lietuva, UAB (including its subsidiary – Klaipėda unlimited sun, 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 Group
Period: 01/01–30/09/2023											
Revenue											
External customers	1,289,717	241,615	6,220	**1,537,552**	–	**1,537,552**	1,056,734	27,140	**1,083,874**	–	**1,083,874**
Inter–segment	21,987	580	45,017	**67,584**	(67,584)	**–**	2,243	26,858	**29,101**	(29,101)	**–**
TOTAL revenue	**1,311,704**	**242,195**	**51,237**	**1,605,136**	**(67,584)**	**1,537,552**	**1,058,977**	**53,998**	**1,112,975**	**(29,101)**	**1,083,874**
Results											
EBITDA	**372,067**	**74,468**	**8,811**	**455,346**	**–**	**455,346**	**358,482**	**12,441**	**370,923**	**–**	**370,923**
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment and right-of-use assets	(59,998)	(61,339)	(9,197)	**(130,534)**	**–**	**(130,534)**	(56,994)	(9,318)	**(66,312)**	**–**	**(66,312)**
Segment profit / (loss) before tax	**312,069**	**13,129**	**(386)**	**324,812**	**(13,140)**	**311,672**	**301,488**	**3,123**	**304,611**	**(1,300)**	**303,311**
Capital expenditure	52,858	70,077	12,489	**135,424**	**–**	**135,424**	35,513	12,489	**48 002**	**–**	**48 002**
Period: 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 o 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**

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 Group
As of 30 September 2023	1,946,970	1,797,737	134,245	**3,878,952**	253,203	**4,132,155**	1,813,792	161,176	**1,974,968**	1,529,534	**3,504,502**
As of 31 December 2022	1,833,099	1,791,684	117,750	**3,742,533**	112,797	**3,855,330**	1,700,079	144,561	**1,844,640**	1,460,896	**3,305,536**

The Group's and the Parent Company's revenue from external customers (Note 4)

EUR'000

	Group					Parent Company			
	Generation and trade	Distribution	Corporate Functions	TOTAL segments	TOTAL Group	Generation and trade	Corporate Functions	TOTAL segments	TOTAL Group
Period: 01/01–30/09/2023									
Revenue from contracts with customers:									
Trade of energy and related supply services	1,095,332	2,564	–	**1,097,896**	**1,097,896**	896,431	–	**896,431**	**896,431**
Distribution system services	–	224,621	–	**224,621**	**224,621**	–	–	–	–
Heat sales	162,371	86	–	**162,457**	**162,457**	149,366	–	**149,366**	**149,366**
Sales of goods and energy related solutions	28,115	–	–	**28,115**	**28,115**	9,950	–	**9,950**	**9,950**
Other revenue	3,899	14,292	4,993	**23,184**	**23,184**	987	24,574	**25,561**	**25,561**
Total revenue from contracts with customers	**1,289,717**	**241,563**	**4,993**	**1,536,273**	**1,536,273**	**1,056,734**	**24,574**	**1,081,308**	**1,081,308**
Other revenue:									
Lease of other assets	–	52	1,227	**1,279**	**1,279**	–	2,566	2,566	2,566
Total other revenue	**–**	**52**	**1,227**	**1,279**	**1,279**	**–**	**2,566**	**2,566**	**2,566**
Period: 01/01–30/09/2022									
Revenue from contracts with customers:									
Trade of energy and related supply services	859,520	2,599	–	**862,119**	**862,119**	646,202	–	**646,202**	**646,202**
Distribution system services	–	206,814	–	**206,814**	**206,814**	–	–	–	–
Heat sales	63,982	70	–	**64,052**	**64,052**	56,363	–	**56,363**	**56,363**
Sales of goods and energy related solutions	17,812	–	–	**17,812**	**17,812**	8,967	–	**8,967**	**8,967**
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**	**733,910**	**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**

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	
	01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
EBITDA	**455,346**	**226,127**	**370,923**	**166,836**
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right–of–use assets	(130,534)	(115,733)	(66,312)	(52,314)
Segment profit before tax	**324,812**	**110,394**	**304,611**	**114,522**
Finance income	5,710	1,090	16,622	7,369
Finance costs	(18,850)	(6,914)	(18,846)	(6,933)
Dividends received from subsidiaries	–	–	924	10,585
Profit before tax	**311,672**	**104,570**	**303,311**	**125,543**

Reconciliation of assets

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Segment operating assets	**3,878,952**	**3,742,533**	**1,974,968**	**1,844,640**
Non-current financial investments	40	40	647,320	647,320
Loans to related parties	–	–	642,569	713,308
Cash and cash equivalents	253,163	112,757	239,645	100,268
TOTAL assets	**4,132,155**	**3,855,330**	**3,504,502**	**3,305,536**

4. Revenue

EUR'000

	IFRS or IAS applied	Group		Parent Company	
		01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
Revenue from contracts with customers:					
Trade of energy and related supply services	IFRS 15	1,097,896	862,119	896,431	646,202
Distribution system services	IFRS 15	224,621	206,814	–	–
Heat sales	IFRS 15	162,457	64,052	149,366	56,363
Sales of goods and energy related solutions	IFRS 15	28,115	17,812	9,950	8,967
Other revenue	IFRS 15	23,184	22,185	25,561	22,378
Total revenue from contracts with customers		**1,536,273**	**1,172,982**	**1,081,308**	**733,910**
Other revenue:					
Lease of other assets	IFRS 16	1,279	1,602	2,566	2,644
Total other revenue		**1,279**	**1,602**	**2,566**	**2,644**
TOTAL revenue		**1,537,552**	**1,174,584**	**1,083,874**	**736,554**

In Latvia, Lithuania, and Estonia, according to the state support mechanism for reducing the prices of energy, end-users have been granted state support. This state support was provided for electricity, distribution system services, consumed natural gas and for heat. The support did not change tariffs and energy prices (and thus gross revenue is recognised) rather the process of receiving the transaction fees, the payment being partially received from the end-users and partially from the state budget. During the reporting period, the Group has recognised gross revenue for the allocated state support for the end-users of the Group companies in amount of EUR 104,414 thousand (01/01 - 30/09/2022: in amount of EUR 99,311 thousand).

The Group's and the Parent Company's revenue from contracts with customers based on the timing of revenue recognition: EUR'000

	Group		Parent Company	
	01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
Goods and services transferred over time	1,437,683	1,106,145	917,631	676,354
Goods and services transferred at a point in time	98,590	66,837	163,677	57,556
TOTAL revenue from contracts with customers	**1,536,273**	**1,172,982**	**1,081,308**	**733,910**

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	
	01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
Mandatory procurement PSO fees*	(143)	8,447	(3)	8,766
Distribution system services	31,358	19,769	109,220	65,807
Transmission system services	1,025	639	1,036	652
Insurance intermediation	1,303	1,063	1,233	1,061
TOTAL revenue recognised applying agent accounting principle	**33,543**	**29,918**	**111,486**	**76,286**

* Recalculation of previous periods and starting from 1 May 2023 the mandatory procurement PSO fees payment for electricity end–users has been cancelled. In 2022, in accordance with state support mechanism for reducing the prices of energy, the government granted support to all end–users for mandatory procurement PSO fees by 100% of the fee.

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

5. Raw materials and consumables

EUR'000

	Group		Parent Company	
	01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
Energy costs:				
Electricity and costs of related supply services	279,876	520,215	63,550	284,475
Electricity transmission services costs	58,481	54,321	2,110	2,226
Natural gas and other energy resources costs	610,502	250,144	601,025	233,920
Gains on fair value changes on energy futures, forwards, and swaps (Note 15 II)	(19,837)	(1,589)	(19,837)	(1,751)
	929,022	**823,091**	**646,848**	**518,870**
Raw materials, spare parts, and maintenance costs	23,578	17,964	11,087	8,133
TOTAL raw materials and consumables used	**952,600**	**841,055**	**657,935**	**527,003**

6. Finance income and costs

EUR'000

	Group		Parent Company	
	01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
a) Finance income:				
Interest income on loans to related parties	–	–	11,121	6,279
Interest income on interest rate swaps	2,111	–	2,111	–
Interest income	3,590	2	3,381	2
Gains on fair value changes on interest rate swaps (Note 15 I)	9	1,049	9	1,049
Net gain on issued debt securities (bonds)	–	39	–	39
TOTAL finance income	**5,710**	**1,090**	**16,622**	**7,369**

EUR'000

	Group		Parent Company	
	01/01–30/09/2023	01/01–30/09/2022	01/01–30/09/2023	01/01–30/09/2022
b) Finance costs:				
Interest expense on borrowings from financial institutions	15,913	4,717	15,989	4,796
Interest expense on issued debt securities (bonds)	3,489	2,006	3,489	2,006
Interest expense on assets lease	119	93	61	57
Losses on fair value changes on interest rate swaps	51	–	51	–
Capitalised borrowing costs	(884)	(179)	(884)	(179)
Other finance costs	162	277	140	253
TOTAL finance costs	**18,850**	**6,914**	**18,846**	**6,933**

7. Intangible assets and property, plant, and equipment

a) Non–current intangible assets

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
Cost	123,660	120,295	120,295	67,879	64,687	64,687
Accumulated amortisation	(71,871)	(66,738)	(66,738)	(49,482)	(47,281)	(47,281)
Net book amount at the beginning of the period	**51,789**	**53,557**	**53,557**	**18,397**	**17,406**	**17,406**
Additions	5,474	2,170	4,559	4,403	2,037	4,387
Acquisition of a subsidiary (goodwill)	5,375	–	–	–	–	–
Amortisation charge	(4,780)	(4,650)	(6,327)	(2,549)	(2,452)	(3,396)
Closing net book amount at the end of the period	**57,858**	**51,077**	**51,789**	**20,251**	**16,991**	**18,397**
Cost	134,432	122,460	123,660	72,207	66,718	67,879
Accumulated amortisation	(76,574)	(71,383)	(71,871)	(51,956)	(49,727)	(49,482)
Closing net book amount at the end of the period	**57,858**	**51,077**	**51,789**	**20,251**	**16,991**	**18,397**

b) Current intangible assets

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
Net book amount at the beginning of the period	**31,664**	24,266	24,266	**31,664**	24,266	24,266
Additions	13,096	26,921	46,643	13,096	26,921	46,643
Disposals	(27,574)	(18,284)	(39,245)	(27,574)	(18,284)	(39,245)
Closing net book amount at the end of the period	**17,186**	**32,903**	**31,664**	**17,186**	**32,903**	**31,664**

c) Property, plant, and equipment

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
Cost or revalued amount	6,904,473	6,396,917	6,396,917	3,639,619	3,170,861	3,170,861
Accumulated depreciation and impairment	(3,899,103)	(3,570,263)	(3,570,263)	(2,396,959)	(2,103,888)	(2,103,888)
Net book amount at the beginning of the period	**3,005,370**	**2,826,654**	**2,826,654**	**1,242,660**	**1,066,973**	**1,066,973**
Additions	124,316	83,276	117,108	43,600	19,652	25,653
Acquisition of a subsidiary (property, plant, and equipment)	258	–	–	–	–	–
Reclassified to investment properties	(80)	(315)	(823)	(2)	(315)	(315)
Reclassified to non-current assets held for sale	(21)	(5)	(8)	–	(5)	(8)
Disposals	(4,346)	(4,384)	(7,395)	(103)	(134)	(410)
Increase in value of assets as a result of revaluation	312,062	227,695	227,695	312,062	227,695	227,695
Reversal of impairment charge as a result of revaluation	1,108	417	417	1,108	417	417
((Impairment) / reversed impairment charge	24	6,355	(2,413)	(2)	6,422	(2,364)
Depreciation	(125,218)	(116,358)	(155,865)	(63,932)	(55,830)	(74,981)
Closing net book amount at the end of the period	**3,313,473**	**3,023,335**	**3,005,370**	**1,535,391**	**1,264,875**	**1,242,660**
Cost or revalued amount	7,305,393	6,895,430	6,904,473	3,990,752	3,638,164	3,639,619
Accumulated depreciation and impairment	(3,991,920)	(3,872,095)	(3,899,103)	(2,455,361)	(2,373,289)	(2,396,959)
Closing net book amount at the end of the period	**3,313,473**	**3,023,335**	**3,005,370**	**1,535,391**	**1,264,875**	**1,242,660**

d) Investment property

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
Cost or revalued amount	2,542	3,807	3,807	2,914	4,561	4,561
Accumulated depreciation and impairment	(245)	(491)	(491)	(692)	(959)	(959)
Net book amount at the beginning of the year	**2,297**	**3,316**	**3,316**	**2,222**	**3,602**	**3,602**
Reclassified from property, plant, and equipment	80	315	823	2	315	315
Disposal	(5)	(25)	(31)	(2)	(25)	(1,678)
Sold	(582)	(466)	(1,799)	–	(314)	–
Depreciation	(9)	(9)	(12)	(13)	(13)	(17)
Closing net book amount at the end of the period	**1,781**	**3,131**	**2,297**	**2,209**	**3,565**	**2,222**
Cost or revalued amount	2,001	3,647	2,542	2,914	4,560	2,914
Accumulated depreciation and impairment	(220)	(516)	(245)	(705)	(995)	(692)
Closing net book amount at the end of the period	**1,781**	**3,131**	**2,297**	**2,209**	**3,565**	**2,222**

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 2023 and previously revalued as of 1 April 2022.

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.

As of 30 September 2023, the management of Sadales tīkls AS has assessed internal and external indicators that a revaluation would be needed. In this assessment, the increase in the price levels of general construction costs and electrical equipment costs accompanied with the increase of inflation and discount rates, which are exceeding criteria determined in the Group accounting policies, are indicators that revaluation of assets should be performed. After examining the recoverable value of the assets, the management of Sadales tīkls AS concluded that the fair value of the assets does not significantly differ from the assets book value on 30 September 2023. Such conclusion was mainly driven by the "Methodology of capital costs accounting and calculation" approved by the decision of the Public Utilities Commission as of 29 August 2022, which stipulates that the value of assets used in calculations of regulatory asset base are included without the effect of asset revaluations after 31 December 2021. Considering the above, revaluation of assets as of 30 September 2023 does not need to be carried out.

8. Leases

a) Right–of–use assets

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
Initial recognition cost	16,784	12,871	12,871	8,436	7,342	7,342
Accumulated depreciation	(6,258)	(4,559)	(4,559)	(3,370)	(2,199)	(2,199)
Net book amount at the beginning of the period	**10,526**	**8,312**	**8,312**	**5,066**	**5,143**	**5,143**
Recognised changes in lease agreements	923	1,293	4,261	867	675	1,094
Depreciation	(1,659)	(1,487)	(2,047)	(925)	(858)	(1,171)
Closing net book amount at the end of the period	**9,790**	**8,118**	**10,526**	**5,008**	**4,960**	**5,066**
Initial recognition cost	17,707	14,125	16,784	9,303	8,017	8,436
Accumulated depreciation	(7,917)	(6,007)	(6,258)	(4,295)	(3,057)	(3,370)
Closing net book amount at the end of the period	**9,790**	**8,118**	**10,526**	**5,008**	**4,960**	**5,066**

b) Lease liabilities

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
At the beginning of the period	**10,675**	**8,428**	**8,428**	**5,166**	**5,226**	**5,226**
Of which are:						
– non–current	*8,648*	*6,540*	*6,540*	*4,206*	*4,085*	*4,085*
– current	*2,027*	*1,888*	*1,888*	*960*	*1,141*	*1,141*
Recognised changes in lease agreements	923	1,291	4,261	*867*	675	1,094
Decrease of lease liabilities	(1,753)	(1,559)	(2,150)	*(976)*	(904)	(1,234)
Recognised interest liabilities (Note 6)	119	93	136	*61*	57	80
At the end of the period	**9,964**	**8,253**	**10,675**	***5,118***	**5,054**	**5,166**
Of which are:						
– non–current	*7,814*	*6,507*	*8,648*	*3,906*	*4,081*	*4,206*
– current	*2,150*	*1,746*	*2,027*	*1,212*	*973*	*960*

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	30/09/2023 Interest held, %	30/09/2023 EUR'000	31/12/2022 Interest held, %	31/12/2022 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%	600
Latvijas vēja parki SIA	Latvia	Development of wind parks and generation of electricity	80%	1,600	80%	1,600
Liepājas enerģija SIA	Latvia	Thermal energy generation and trade, electricity generation	51%	3,556	51%	3,556
TOTAL					**647,281**	**647,281**
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**
				647,320		**647,320**

Subsidiaries' participating interest held (%)

Name of the company	Country of incorporation	Business activity held	30/06/2023 Interest held, %	31/12/2022 Interest held, %
***Elektrum Eesti OÜ* subsidiaries**				
Elektrum Latvija, SIA	Latvia	Electricity trade	100%	100%
Energiaturu Võrguehitus OÜ	Estonia	Electricity microgrid services	100%	100%
HN põld ja mets 1 OÜ	Estonia	Renewable energy generation	100%	–
***Elektrum Lietuva, UAB* subsidiary**				
Klaipėda unlimited sun, UAB	Lithuania	Renewable energy generation	100%	–

The Group's non–current financial investments

Name of the company	Country of incorporation	Business activity held	30/06/2023 Interest held, %	30/06/2023 EUR'000	31/12/2022 Interest held, %	31/12/2022 EUR'000
Other non–current financial investments						
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	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Natural gas	177,079	241,588	177,079	241,588
Raw materials and materials	22,472	18,888	1,188	1,084
Goods for sale	15,861	12,802	5,689	3,259
Other inventories	19,328	16,585	18,907	16,055
Unfinished products and orders	7,322	5,128	92	–
Prepayments	5,225	2,027	4,426	469
Allowances for impaired inventories	(1,627)	(1,380)	(1,080)	(869)
TOTAL inventories	**245,660**	**295,638**	**206,301**	**261,586**

Movement on the allowance for inventories

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
At the beginning of the period	**1,380**	**1,110**	**1,110**	**869**	**735**	**735**
Charged / (credited) to the Statement of Profit or Loss	247	237	270	211	2	134
At the end of the period	**1,627**	**1,347**	**1,380**	**1,080**	**737**	**869**

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	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Individually assessed receivables with lifetime ECL assessment (counterparty model)	24 474	59,630	19 493	46,609
Receivables with lifetime ECL assessment by simplified approach (portfolio model)	158 157	254,479	103 898	186,583
TOTAL receivables from contracts with customers	**182 631**	**314,109**	**123 391**	**233,192**

a) Receivables from contracts with customers, net

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Receivables from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	175,733	214,542	119,684	152,285
– Electricity, natural gas trade and related services customers (counterparty model)	12,932	36,133	–	14,953
– Heating customers (portfolio model)	1,247	54,228	773	49,237
– Other receivables from contracts with customers (portfolio model)	4,542	5,622	1,309	1,444
– Other receivables from contracts with customers (counterparty model)	11,573	23,541	11,252	18,181
– Subsidiaries (counterparty model) (Note 19 b)	–	–	8,272	13,503
	206,027	**334,066**	**141,290**	**249,603**
Allowances for expected credit loss from contracts with customers:				
– Electricity, natural gas trade and related services customers (portfolio model)	(21,426)	(17,642)	(17,547)	(15,938)
– Electricity, natural gas trade and related services customers (counterparty model)	(7)	(18)	–	–
– Heating customers (portfolio model)	(317)	(448)	(300)	(422)
– Other receivables from contracts with customers (portfolio model)	(1,622)	(1,823)	(21)	(23)
– Other receivables from contracts with customers (counterparty model)	(24)	(26)	(24)	(20)
– Subsidiaries (counterparty model) (Note 19 b)	–	–	(7)	(8)
	(23,396)	**(19,957)**	**(17,899)**	**(16,411)**

Receivables from contracts with customers, net:				
– Electricity, natural gas trade and related services customers (portfolio model)	154,307	196,900	102,137	136,347
– Electricity, natural gas trade and related services customers (counterparty model)	12,925	36,115	–	14,953
– Heating customers (portfolio model)	930	53,780	473	48,815
– Other receivables from contracts with customers (portfolio model)	2,920	3,799	1,288	1,421
– Other receivables from contracts with customers (counterparty model)	11,549	23,515	11,228	18,161
– Subsidiaries (counterparty model) (Note 19 b)	–	–	8,265	13,495
	182,631	**314,109**	**123,391**	**233,192**

Movements in loss allowances for impaired receivables from contracts with customers

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
At the beginning of the period	**19,957**	**17,028**	**17,028**	**16,411**	**14,009**	**14,009**
Receivables written off during the period as uncollectible	(1,119)	(2,056)	(2,372)	(929)	(1,988)	(2,284)
Allowances for expected credit losses	4,558	3,919	5,301	2,417	3,503	4,686
At the end of the period	**23,396**	**18,891**	**19,957**	**17,899**	**15,524**	**16,411**

b) Other current financial receivables

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Current financial receivables:				
Uncovered costs of mandatory procurement and guaranteed fee for the installed electrical capacity of cogeneration power plants, net*	23,964	108	–	–
Receivables for lease	105	35	102	32
Other current financial receivables	13,672	18,182	3,839	13,953
Other accrued income	1,432	280	1,432	280
Allowances for expected credit losses	(1,542)	(1,516)	(1,183)	(1,198)
Receivables for lease from subsidiaries (Note 19 b)	–	–	14	13
Other financial receivables from subsidiaries (Note 19 b)	–	–	31,370	21,037
Other accrued income from subsidiaries (Note 19 c)	–	–	17,403	2,150
Allowances for expected credit losses on subsidiaries receivables (Note 19 b)	–	–	(25)	(14)
TOTAL other current financial receivables	**37,631**	**17,089**	**52,952**	**36,253**

* By applying agent principle, Uncovered costs of mandatory procurement and guaranteed fee for the installed electrical capacity of cogeneration power plants are 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	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Non–current non–financial receivables	483	482	483	482
Current non–financial receivables	1,344	432	992	198
TOTAL non–financial receivables	**1,827**	**914**	**1,475**	**680**

12. Cash and cash equivalents

Cash and cash equivalents include cash balances on bank accounts, demand deposits at bank and other short–term deposits with original maturities of three months or less.

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Cash at bank	253,163	112,757	239,645	100,268
TOTAL cash and cash equivalents	**253,163**	**112,757**	**239,645**	**100,268**

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 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)	227,695	–	–	–	**227,695**	227,695	–	–	**227,695**
Disposal of revaluation reserve	(8,094)	–	–	–	(8,094)	(3,322)	–	–	(3,322)
Gains from fair value changes of derivative financial instruments	–	(18,330)	–	–	(18,330)	–	(18,330)	–	(18,330)
As of 30 September 2022	**1,377,426**	**888**	**(1,798)**	**110**	**1,376,626**	**1,002,422**	**888**	**(1,536)**	**1,001,774**
Disposal of revaluation reserve	(3,435)	–	–	–	**(3,435)**	(148)	–	–	**(148)**
Gains on re–measurement of defined post–employment benefit plan	–	–	645	–	**645**	–	–	210	**210**
Losses from fair value changes of derivative financial instruments	–	(91,153)	–	–	**(91,153)**	–	(91,153)	–	**(91,153)**
As of 31 December 2022	**1,373,991**	**(90,265)**	**(1,153)**	**110**	**1,282,683**	**1,002,274**	**(90,265)**	**(1,326)**	**910,683**
Increase of non–current assets revaluation reserve as a result of revaluation (Note 7 c)	312,062	–	–	–	312,062	312,062	–	–	312,062
Disposal of revaluation reserve	(5,554)	–	–	–	**(5,554)**	(534)	–	–	**(534)**
Gains from fair value changes of derivative financial instruments	–	87,249	–	–	**87,249**	–	87,249	–	**87,249**
As of 30 September 2023	**1,680,499**	**(3,016)**	**(1,153)**	**110**	**1,676,440**	**1,313,802**	**(3,016)**	**(1,326)**	**1,309,460**

14. Borrowings

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Non–current portion of non-current borrowings from financial institutions	369,799	424,867	362,039	411,664
Non-current portion of issued debt securities (bonds)	199,902	149,887	199,902	149,887
Total non-current borrowings from financial institutions	**569,701**	**574,754**	**561,941**	**561,551**
Current portion of non–current borrowings from financial institutions	95,458	177,778	93,478	175,798
Overdraft from financial institutions	–	119,478	–	119,478
Accrued interest on non–current borrowings from financial institutions	6,719	2,161	6,611	2,047
Accrued coupon interest on issued debt securities (bonds)	2,567	1,747	2,567	1,747
Total current borrowings from financial institutions	**104,744**	**301,164**	**102,656**	**299,070**
TOTAL borrowings from financial institutions	**674,445**	**875,918**	**664,597**	**860,621**
Current borrowings from related parties (Note 19 f)	–	–	–	3,317
Total current borrowings	**104,744**	**301,164**	**102,656**	**302,387**
TOTAL borrowings	**674,445**	**875,918**	**664,597**	**863,938**

Movement in borrowings:

EUR'000

	Group			Parent Company		
	01/01–30/09/2023	01/01–30/09/2022	2022	01/01–30/09/2023	01/01–30/09/2022	2022
At the beginning of the year	**875,918**	**795,029**	**795,029**	**863,938**	**782,322**	**782,322**
Received borrowings from financial institutions	–	38,299	207,846	–	35,000	200,013
Repaid borrowings from financial institutions	(256,866)	(29,181)	(129,118)	(251,424)	(24,082)	(123,801)
Proceeds from issued debt securities (bonds)	50,000	100,000	100,000	50,000	100,000	100,000
Received overdraft	–	165,013	–	–	165,013	–
Borrowings received from related parties	–	–	–	(3,317)	–	3,317
Repayment of issued debt securities (bonds)	–	(100,000)	(100,000)	–	(100,000)	(100,000)
Change in accrued interest on borrowings from financial institutions	5,377	865	2,195	5,384	862	2,121
Changes in outstanding value of issued debt securities (bonds)	16	(39)	(34)	16	(39)	(34)
At the end of the year	**674,445**	**969,986**	**875,918**	**664,597**	**959,076**	**863,938**

15. Derivative financial instruments

Outstanding fair values of derivatives and their classification

EUR'000

	Group				Parent Company			
	30/09/2023		31/12/2022		30/09/2023		31/12/2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	9,169	–	10,279	–	9,169	–	10,279	–
Energy forwards, futures, and swaps	–	(13,415)	450	(120,520)	–	(13,415)	450	(120,520)
Currency exchange forwards	–	–	–	(1,499)	–	–	–	(1,499)
Total outstanding fair values of derivatives	**9,169**	**(13,415)**	**10,729**	**(122,019)**	**9,169**	**(13,415)**	**10,729**	**(122,019)**

I) Interest rate swaps

The Group and 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					
	01/01–30/09/2023		01/01–30/09/2022		2022		01/01–30/09/2023		01/01–30/09/2022		2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the period	**10,279**	**–**	**–**	**(4,312)**	**–**	**(4,312)**	**10,279**	**–**	**–**	**(4,312)**	**–**	**(4,312)**
Included in the Statement of Profit or Loss (Note 6)	(51)	9	–	1,049	–	1,074	(51)	9	–	1,049	–	1,074
Included in the Statement of Comprehensive Income	(1,059)	(9)	9,695	3,263	10,279	3,238	(1,059)	(9)	9,695	3,263	10,279	3,238
Outstanding fair value at the end of the period	**9,169**	**–**	**9,695**	**–**	**10,279**	**–**	**9,169**	**–**	**9,695**	**–**	**10,279**	**–**

II) Energy forwards, futures, and swaps

The Group and the Parent Company enter into electricity future contracts in the *Nasdaq Commodities* exchange and with energy companies., as well as concludes natural gas price swap contracts with other counterparties. Electricity future contracts are used for fixing the price of electricity sold in the *Nord Pool* AS power exchange.

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					
	01/01–30/09/2023		01/01–30/09/2022		2022		01/01–30/09/2023		01/01–30/09/2022		2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the period	**450**	**(120,520)**	**25,735**	**(14,208)**	**25,735**	**(14,208)**	**450**	**(120,520)**	**25,466**	**(14,208)**	**25,466**	**(14,208)**
Included in Statement of Profit or Loss (Note 5)	(450)	20,287	(162)	1,751	181	(10,277)	(450)	20,287	–	1,751	450	(10,277)
Included in Statement of Comprehensive Income	–	86,818	(25,460)	(5,828)	(25,466)	(96,035)	–	86,818	(25,460)	(5,828)	(25,466)	(96,035)
Outstanding fair value at the end of the period	–	**(13,415)**	**113**	**(18,285)**	**450**	**(120,520)**	–	**(13,415)**	**6**	**(18,285)**	**450**	**(120,520)**

III) Currency exchange forwards

The Group and the Parent Company has concluded several forward foreign currencies exchange transactions in order to limit the currency risk of the payments in foreign currencies planned in the natural gas purchase agreements.

All contracts are designed as cash flow hedges and are eligible for hedge accounting.

Fair value changes of forward currencies exchange contracts

EUR'000

	Group						Parent Company					
	01/01–30/09/2023		01/01–30/09/2022		2022		01/01–30/09/2023		01/01–30/09/2022		2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Outstanding fair value at the beginning of the period	**–**	**(1,499)**	**–**	**–**	**–**	**–**	**–**	**(1,499)**	**–**	**–**	**–**	**–**
Included in other comprehensive income	–	1,499	–	–	–	(1,499)	–	1,499	–	–	–	(1,499)
Outstanding fair value at the end of the period	**–**	**–**	**–**	**–**	**–**	**(1,499)**	**–**	**–**	**–**	**–**	**–**	**(1,499)**

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

	Group				Parent Company			
	Fair value measurement using				Fair value measurement using			
Type of assets	**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 2023								
Assets measured at fair value								
Revalued property, plant, and equipment	–	–	2,900,495	**2,900,495**	–	–	1,286,299	**1,286,299**
Non-current financial investments (Note 9)	–	–	40	**40**	–	–	39	**39**
Derivative financial instruments, including:								
Interest rate swaps (Note 15 I)	–	9,169	–	**9,169**	–	9,169	–	**9,169**
Energy forwards, futures, and swaps (Note 15 II)	–	–	–	–	–	–	–	–
Assets for which fair values are disclosed								
Investment properties (Note 7 c)	–	–	1,781	**1,781**	–	–	2,209	**2,209**
Loans to related parties:								
– Floating rate loans (Note 19 c)	–	–	–	–	–	262,437	–	**262,437**
– Fixed rate loans (Note 19 c)	–	–	–	–	–	380,132	–	**380,132**
Current financial receivables (Note 11 a, b)	–	–	220,262	**220,262**	–	–	176,343	**176,343**
Cash and cash equivalents (Note 12)	–	253,163	–	**253,163**	–	239,645	–	**239,645**
As of 31 December 2022								
Assets measured at fair value								
Revalued property, plant, and equipment	–	–	2,622,747	**2,622,747**	–	–	998,090	**998,090**
Non-current financial investments (Note 9)	–	–	40	**40**	–	–	39	**39**
Derivative financial instruments, including:								
Interest rate swaps (Note 15 I)	–	10,279	–	**10,279**	–	10,279	–	**10,279**
Energy forwards, futures, and swaps (Note 15 II)	–	450	–	**450**	–	450	–	**450**
Assets for which fair values are disclosed								
Investment properties (Note 7 c)	–	–	2,297	**2,297**	–	–	2,222	**2,222**
Loans to related parties:								
– Floating rate loans (Note 19 c)	–	–	–	**–**	–	266,737	–	**266,737**
– Fixed rate loans (Note 19 c)	–	–	–	**–**	–	446,571	–	**446,571**
Current financial receivables (Note 11 a, b)	–	–	331,198	**331,198**	–	–	269,445	**269,445**
Cash and cash equivalents (Note 12)	–	112,757	–	**112,757**	–	100,268	–	**100,268**

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

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

EUR'000

Type of liabilities	Group: Fair value measurement using: Quoted prices in active markets (Level 1)	Group: Significant observable inputs (Level 2)	Group: Significant unobservable inputs (Level 3)	Group: TOTAL	Parent Company: Fair value measurement using: Quoted prices in active markets (Level 1)	Parent Company: Significant observable inputs (Level 2)	Parent Company: Significant unobservable inputs (Level 3)	Parent Company: TOTAL
As of 30 September 2023								
Liabilities measured at fair value								
Derivative financial instruments, including:	–	–	–	–	–	–	–	–
Energy forwards, futures, and swaps (Note 15 II)	–	13,415	–	**13,415**	–	13,415	–	**13,415**
Liabilities for which fair values are disclosed								
Issued debt securities (bonds) (Note 14)	–	202,469	–	**202,469**	–	202,469	–	**202,469**
Borrowings from financial institutions (Note 14)	–	471,976	–	**471,976**	–	462,128	–	**462,128**
Trade and other financial current payables (Note 17)	–	–	153,200	**153,200**	–	–	107,878	**107,878**
As of 31 December 2022								
Liabilities measured at fair value								
Derivative financial instruments, including:								
Energy forwards, futures, and swaps (Note 15 II)	–	120,520	–	**120,520**	–	120,520	–	**120,520**
Forward currencies exchange contracts (Note 15 III)	–	1,499	–	**1,499**	–	1,499	–	**1,499**
Liabilities for which fair values are disclosed								
Issued debt securities (bonds) (Note 23)	–	151,634	–	**151,634**	–	151,634	–	**151,634**
Borrowings from financial institutions (Note 23)	–	724,284	–	**724,284**	–	708,987	–	**708,987**
Borrowings from related parties (Note 23)	–	–	–	**–**	–	3,317	–	**3,317**
Trade and other financial current payables (Note 26)	–	–	107,811	**107,811**	–	–	99,902	**99,902**

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: Carrying amount 30/09/2023	Group: Carrying amount 31/12/2022	Group: Fair value 30/09/2023	Group: Fair value 31/12/2022	Parent Company: Carrying amount 30/09/2023	Parent Company: Carrying amount 31/12/2022	Parent Company: Fair value 30/09/2023	Parent Company: Fair value 31/12/2022
Financial assets								
Fixed rate loans to related parties	–	–	–	–	380,132	446,571	351,547	414,187
Financial liabilities								
Issued debt securities (bonds)	202,469	151,634	181,171	128,948	202,469	151,634	181,171	128,948

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	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Financial liabilities:				
Payables for materials and services	74,500	59,392	43,171	19,283
Payables to related parties (Note 19 b)	8,694	8,191	14,329	24,026
Accrued expenses	34,604	27,204	21,606	21,351
Accrued expenses from related parties (Note 19 b)	256	–	1,247	31,191
Other financial current payables	35,146	13,024	27,525	4,051
TOTAL financial liabilities	**153,200**	**107,811**	**107,878**	**99,902**
Non–financial liabilities:				
Taxes other than income tax	24,958	38,418	13,644	27,159
Contract liabilities	30,999	15,539	4,071	5,368
Received European Union prepayments*	15,363	168	2,625	–
Other current payables	4,059	3,338	1,614	1,339
TOTAL non–financial liabilities	**75,379**	**57,463**	**21,954**	**33,866**
TOTAL trade and other current payables	**228,579**	**165,274**	**129,832**	**133,768**

* including an advance payment in the amount of EUR 12.6 million received by Sadales tīkls AS on 28 April 2023, as part of the agreement with the Ministry of Economics of the Republic of Latvia on the financing of the European Union Recovery and Resilience Facility and an advance payment in the amount of EUR 2,6 million received by Latvenergo AS on 4 August 2023 with the help of the funding attracted through the Connecting Europe Facility (CEF) for the development of electric vehicles charging networks

18. Deferred income

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
I) Non–current deferred income				
a) contracts with customers				
From connection fees	133,361	132,381	–	–
Other deferred income	685	735	685	735
	134,046	**133,116**	**685**	**735**
b) operating lease				
Other deferred income	305	321	305	321
	305	**321**	**305**	**321**
c) other				
On grant for the installed electrical capacity of CHPPs	95,468	113,460	95,468	113,460
On financing from European Union funds	7,710	7,329	1,866	1,973
Other deferred income	45	70	39	44
	103,223	**120,859**	**97,373**	**115,477**
Total non–current deferred income	**237,574**	**254,296**	**98,363**	**116,533**
II) Current deferred income				
a) contracts with customers				
From connection fees	16,058	15,386		–
Other deferred income	4,386	13,944	66	13,714
	20,444	**29,330**	**66**	**13,714**
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	891	142	142
	24,881	**24,881**	**24,132**	**24,132**
TOTAL current deferred income	**45,345**	**54,231**	**24,218**	**37,866**
TOTAL deferred income	**282,919**	**308,527**	**122,581**	**154,399**

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

	Group			Parent Company		
	01/01-30/09/2023	01/01-30/09/2022	2022	01/01-30/09/2023	01/01-30/09/2022	2022
At the beginning of the period	**308,527**	**323,071**	**323,071**	**154,399**	**164,981**	**164,981**
Recognised in Statement of Financial Position:						
– fees for connection to distribution system	13,441	7,959	11,840	–	–	–
– other deferred non–current income (financing)	5,022	–	13,647	–	–	13,647
Recognised in Statement of Profit or Loss:						
– Other deferred income	(18,270)	(18,690)	(24,920)	(18,105)	(18,106)	(24,142)
– Deferred income from contracts with customers and operating lease	(25,801)	(11,326)	(15,111)	(13,713)	(66)	(87)
At the end of the period	**282,919**	**301,014**	**308,527**	**122,581**	**146,809**	**154,399**

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.

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

	Group		Parent Company			
	01/01-30/09/2023	01/01-30/09/2022	01/01-30/09/2023		01/01-30/09/2022	
	Other related parties*	Other related parties*	Subsidiaries	Other related parties*	Subsidiaries	Other related parties*
Sales of goods, PPE and services, finance income	36,216	34,245	149,543	36,182	47,687	34,076
Purchases of goods, PPE, and services	68,767	92,899	93,574	9,344	200,520	38,195
including gross expenses from transactions with subsidiaries recognised in net amount through profit or loss:						
– Sadales tīkls AS	–	–	*103,162*	–	*70,022*	–

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

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
Receivables from related parties:				
– subsidiaries (Note 11 a, b)	–	–	39,383	35,120
– other related parties*	15,668	15,873	15,424	15,701
– loss allowances for expected credit loss from receivables of subsidiaries (Note 11 a, b)	–	–	(32)	(22)
– loss allowances for expected credit loss from receivables of other related parties*	(33)	(19)	(33)	(19)
	15,635	**15,854**	**54,742**	**50,780**
Payables to related parties:				
– subsidiaries	–	–	13,159	22,369
– other related parties*	8,694	8,191	1,170	1,657
	8,694	**8,191**	**14,329**	**24,026**

c) Accrued income raised from transactions with related parties

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
– for goods sold/services provided for subsidiaries (Note 11 a, b)	–	–	16,449	2,483
– for interest received from subsidiaries	–	–	1,227	2,100
	–	**–**	**17,676**	**4,583**

d) Accrued expenses raised from transactions with related parties

EUR'000

	Group		Parent Company	
	30/09/2023	31/12/2022	30/09/2023	31/12/2022
– for purchased goods/received services from subsidiaries	–	–	991	31,191
– for purchased goods/received services from other related parties*	256	–	256	–
	256	**–**	**1,247**	**31,191**

* Related parties included transmission system operators – Augstsprieguma tīkls 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 2023 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 2,818.1 thousand (01/01 – 30/09/2022: EUR 2,420.7 thousand).

In the 9–month period ending on 30 September 2023 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 1,094.5 thousand (01/01 – 30/09/2022: EUR 907.3 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

	Parent Company	
	30/09/2023	31/12/2022
Non–current loans to subsidiaries		
Sadales tīkls AS	452,754	494,979
Elektrum Eesti OÜ	6,960	7,260
Elektrum Lietuva, UAB	10,888	8,535
Allowances for expected credit loss	(376)	(306)
TOTAL non–current loans	**470,226**	**510,468**
Current portion of non–current loans		
Sadales tīkls AS	107,009	95,312
Elektrum Eesti OÜ	300	300
Elektrum Lietuva, UAB	1,555	904
Allowances for expected credit loss	(86)	(57)
Current loans to subsidiaries		
Sadales tīkls AS	10,000	10,000
Elektrum Eesti OÜ	14,186	41,700
Elektrum Lietuva, UAB	19,968	54,746
Enerģijas publiskais tirgotājs SIA	19,463	–
Allowances for expected credit loss	(52)	(65)
TOTAL current loans	**172,343**	**202,840**
TOTAL loans to related parties	**642,569**	**713,308**

Movement in loans issued to related parties EUR'000

	Parent Company		
	01/01-30/09/2023	01/01-30/09/2022	2022
At the beginning of the period	**713,308**	**706,378**	**706,378**
Change in current loans in cash (net)	(51,385)	164,187	225,482
Change in current loans by non–cash offsetting of operating receivables and payables (net)	54,487	(79,316)	(120,831)
Repaid non–current loans by non–cash offset	(73,755)	(74,524)	(97,746)
Allowances for expected credit loss	(86)	22	25
At the end of the period	**642,569**	**716,747**	**713,308**
incl. loan movement through bank account			
Issued loans to subsidiaries	523,508	678,617	921,687
Repaid loans issued to subsidiaries	(574,893)	(514,430)	(696,205)
Issued loans, net	**(51,385)**	**164,187**	**225,482**

f) Borrowings from related parties

To ensure efficiency and centralised management of Latvenergo Group companies' financial resources and using the functionality of Group accounts and possibility for non–cash offsetting of mutual invoices between the parties, current loans / borrowings are provided. In the reporting period Latvenergo AS issued loans to subsidiaries in accordance with mutually concluded agreement 'On provision of mutual financial resources', allowing the subsidiaries to borrow and to repay the loan according to daily operating needs and including non-cash offsetting of operating receivables and payables. Within the framework of the agreement, as of 30 September 2023, Parent Company has not a current borrowings from related parties (31/12/2022: borrowing from Enerģijas publiskais tirgotājs SIA in the amount of EUR 3,317 thousand).

20. Events after the reporting period

On 27 October 2023, Latvenergo AS paid out dividends to the State in the amount of EUR 18,547 thousand.

There have been no other significant events subsequent 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 2023.

***