

# LATVENERGO CONSOLIDATED UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR 2023

29.02.2024, Riga



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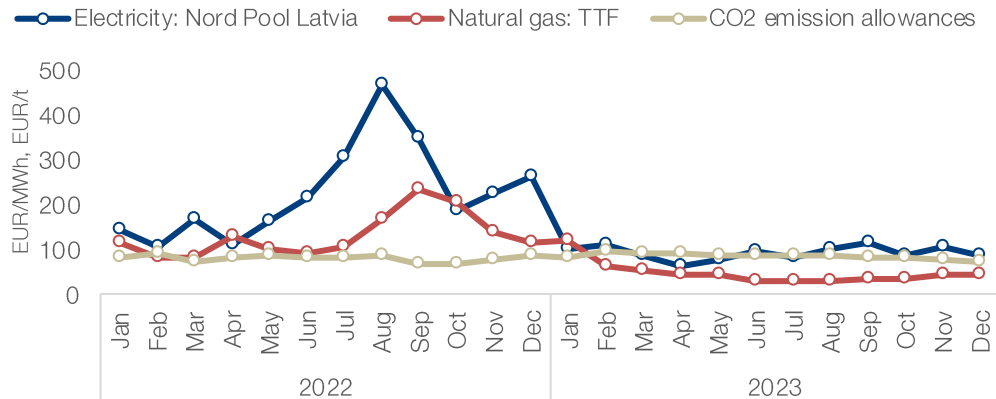
Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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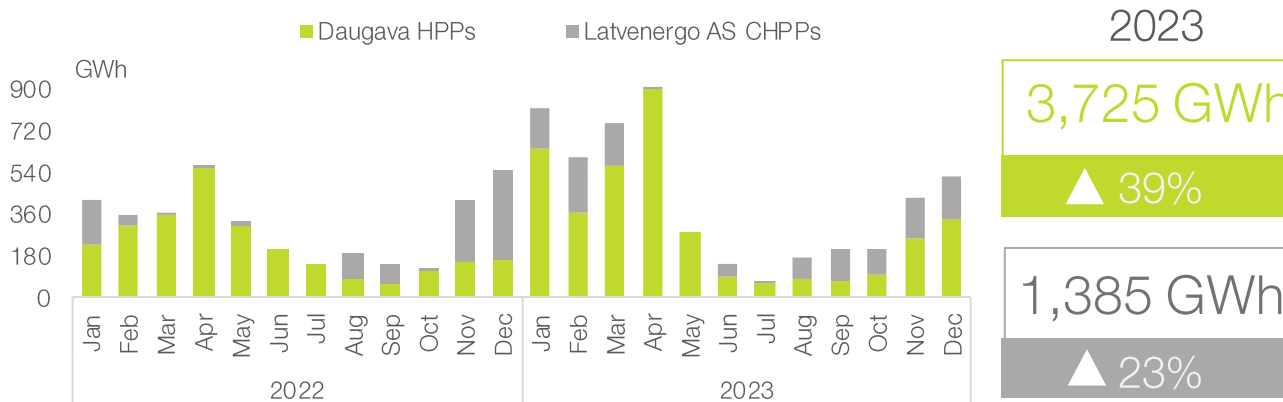
# Prices of electricity and natural gas decreased



## Main facts – 2023

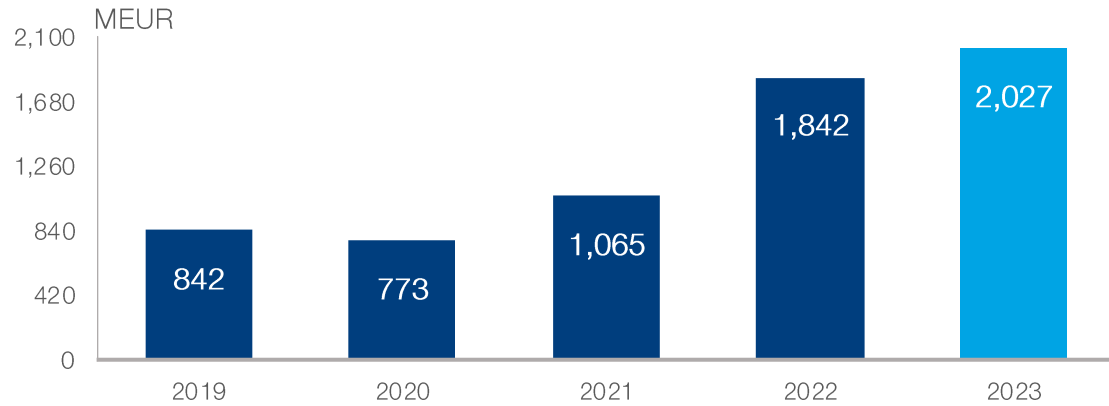
- Decrease in electricity prices was primarily affected by a decrease in the price of energy resources, mainly natural gas, and a greater output of renewable energy
- The price of natural gas at TTF virtual trading point (front month) 63% lower, reaching 49 EUR/MWh (2022: 132 EUR/MWh)
- The average price of CO2 emission allowances (EUA DEC.23) 5% higher, reaching 85 EUR/t (2022: 81 EUR/t)

## The second largest Daugava HPPs output in the last 25 years

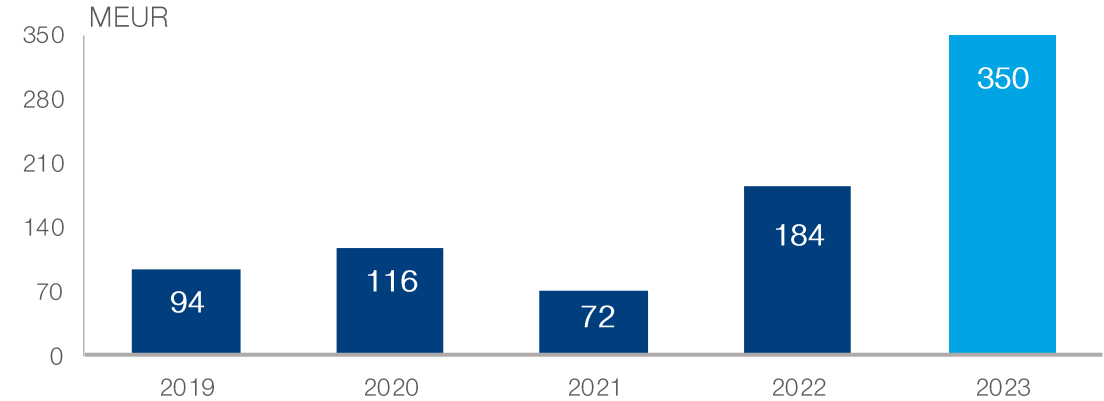


# Key financial figures

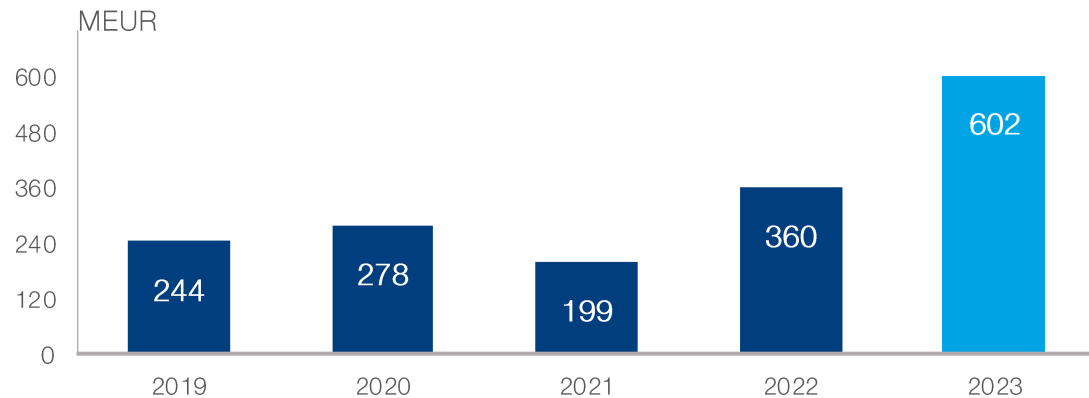
## Revenue\*



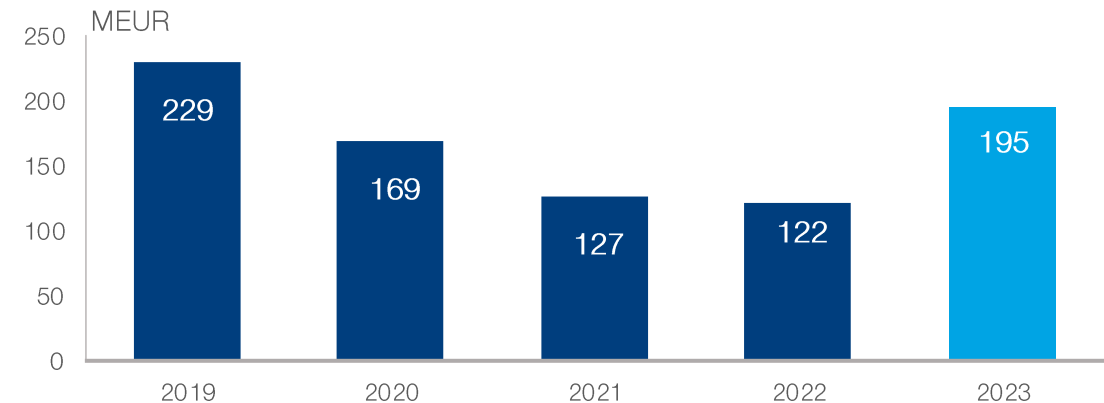
## Net profit



## EBITDA\*

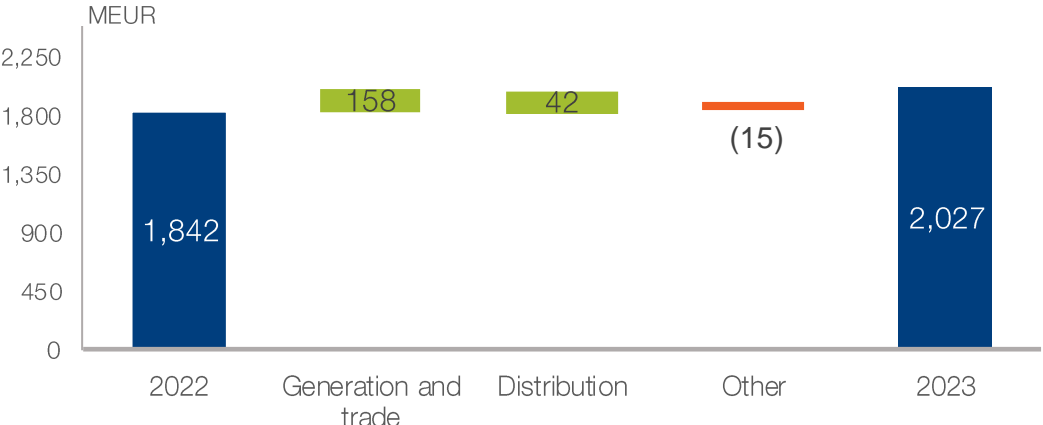


## Investments

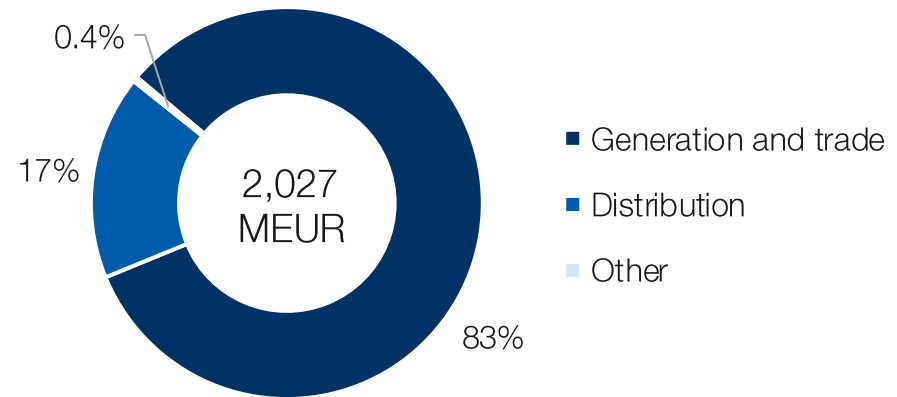


# Latvenergo Group's EBITDA increased by 67%

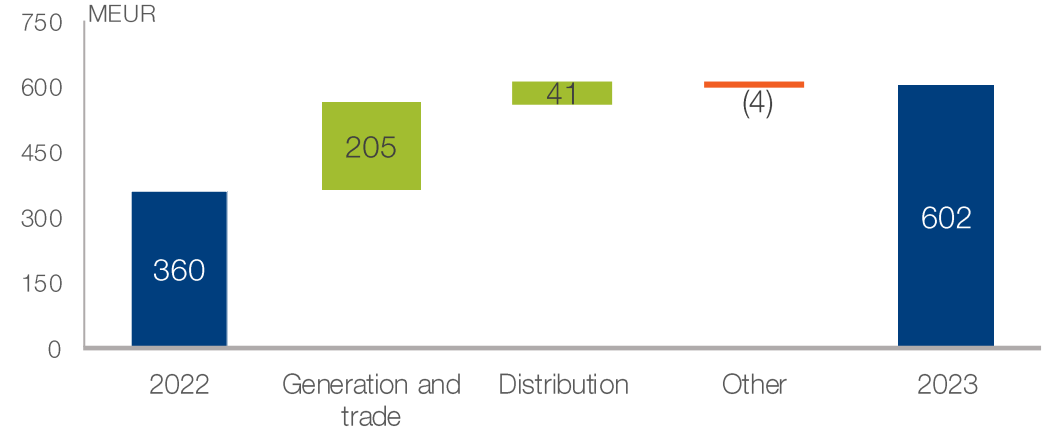
## Revenue dynamics by segments



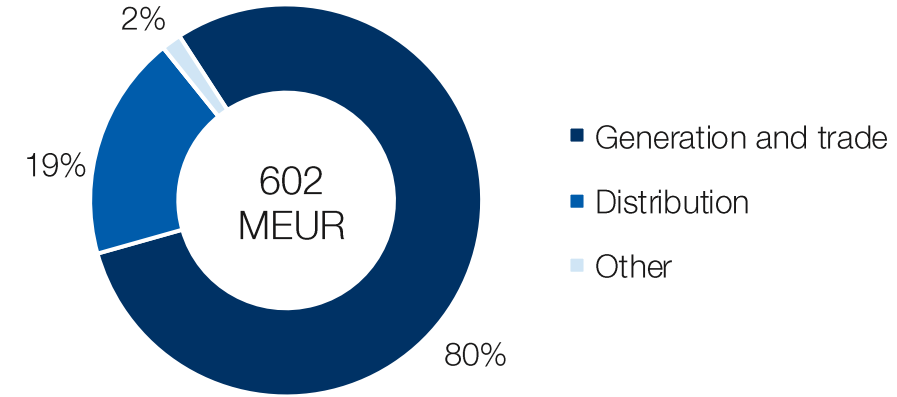
## Revenue weight by segments



## EBITDA dynamics by segments

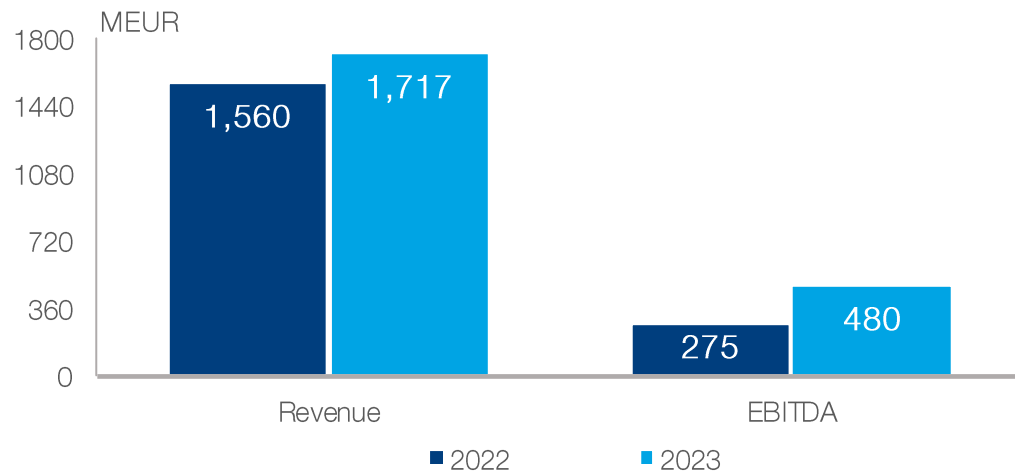


## EBITDA weight by segments



# Generation and trade

## Revenue and EBITDA



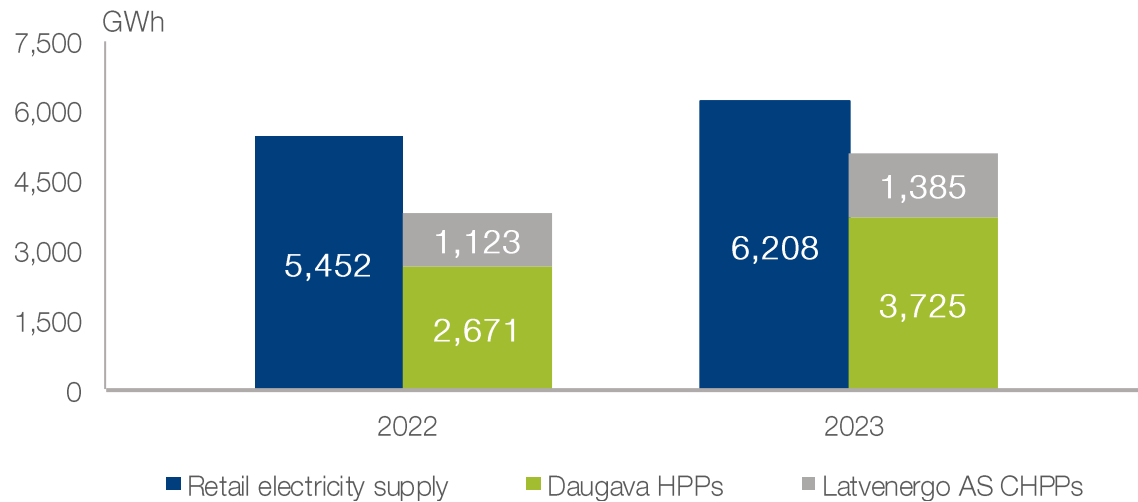
## Main facts – 2023

- The segment's revenue positively impacted by 14% greater amount of electricity sold in retail, higher energy sales prices and greater amount of power generated at the Daugava HPPs
- The segment's EBITDA mainly positively impacted by greater amount of power generated at the Daugava HPPs and lower electricity and natural gas purchase prices
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia



# Generation

5,132 GWh of electricity generated



73% of electricity generated from renewable sources

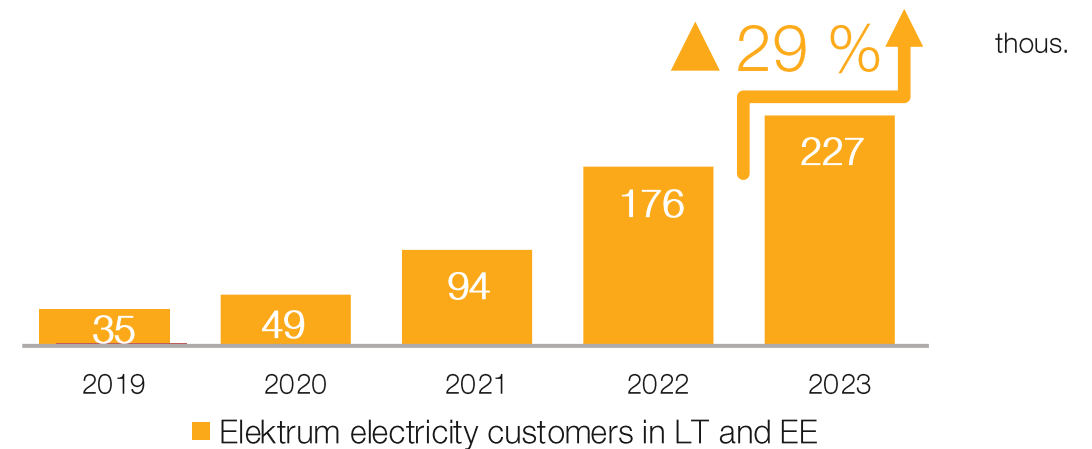
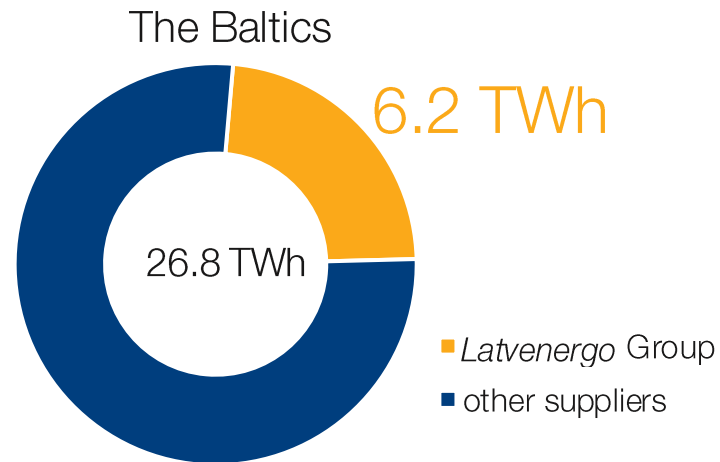
- *Latvenergo* – produced 1/3 of the total electricity generated in the Baltics
- Electricity generated at *Latvenergo* corresponds to 83% of the electricity sold at retail
- Electricity generation at Daugava HPPs is up by 39%, and at *Latvenergo* CHPPs, it's up by 23%
- The amount of thermal energy reached 1.7 TWh (2022: 1,8 TWh)



# Trade

Retail electricity supply\* increased by 14%

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



6.2 TWh of electricity sold to Baltic retail customers. The number of customers is up by 3%, reaching 845 thous.



0.9 TWh of natural gas sold to Baltic retail customers. The number of customers has more than doubled, reaching 49 thous.



Over 1,600 contracts were signed for installing solar panels in the Baltics. The total installed solar panel capacity for Baltic customers reached more than 70 MW.

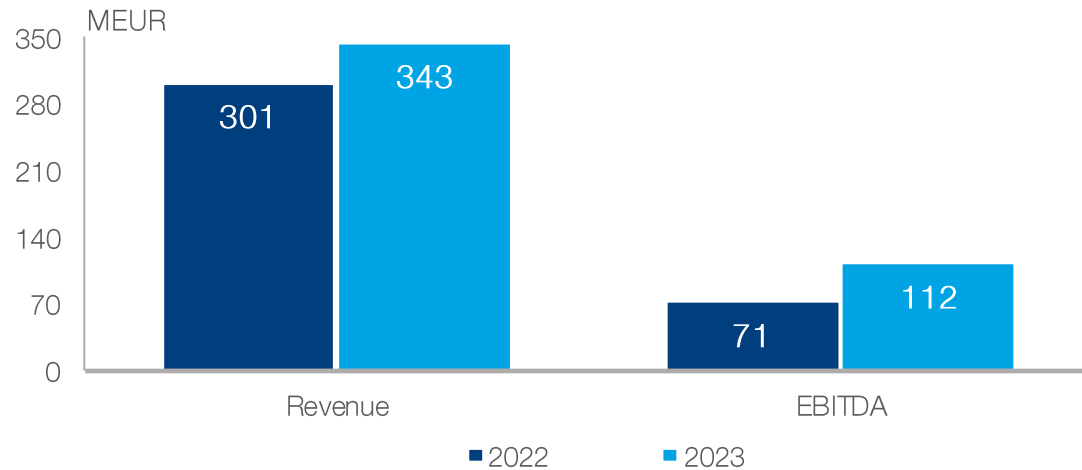


More than 44.3 thous. electric vehicle charges were made at the *Elektrum Drive* electric car charging stations.



# Distribution

## Revenue and EBITDA



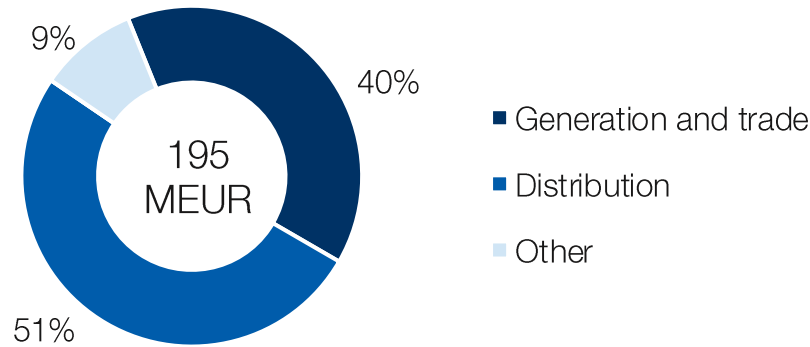
## Main facts – 2023

- Electricity distributed decreased by 3.5%, reaching 6,021 GWh (2022: 6,241 GWh)
- In 2023, the capacity of microgenerators and generators connected to the distribution grid increased by almost 207 MW
- Financial results were positively affected by the new distribution tariffs of Sadales tīkls AS that came into effect on 1 July 2023 and lower electricity loss costs due to a lower market price of electricity
- Financial results were negatively affected by reduced consumption and a rise in electricity transmission service costs and operating costs due to inflation
- Capital expenditure in distribution assets reached 99.6 MEUR (2022: 84.6 MEUR)



# Investments

## Investment in distribution network assets – 1/2 of the total



- Investments in network assets allows to improve the quality of the power network services and technical parameters

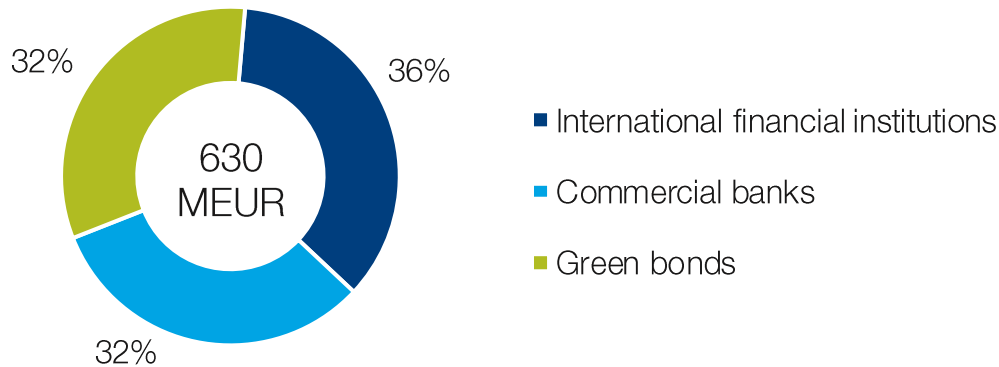


## Development of solar park projects

- In 2023, 34.9 MEUR were allocated towards the development of solar parks, which is almost 1/5 of Group's total investments
- In 2023, 3 solar parks with a total capacity of 18.7 MW were put into operation in Lithuania
- In the Baltic region, we have solar park projects in the project or construction stage with a total capacity of 400 MW; their gradual commissioning is expected from 2024-2025.

# Investment funding

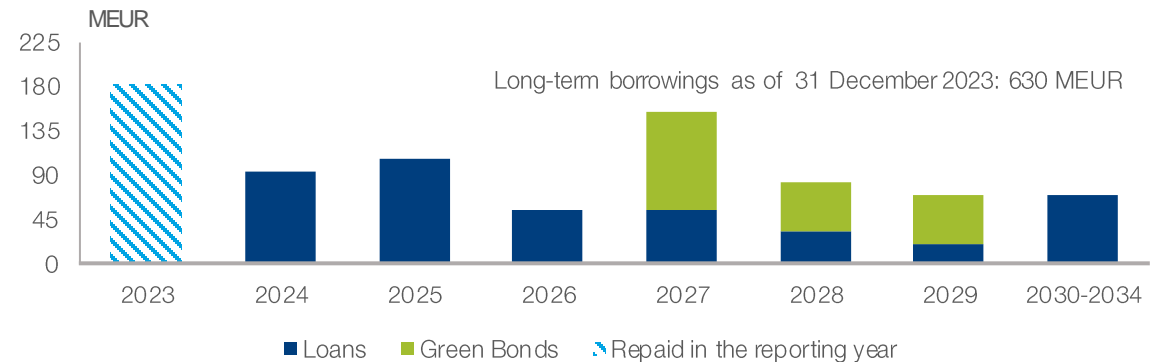
## Diversified long-term funding



## Main facts – 2023

- On 22.02.2023, 6-year green bonds worth 50 MEUR were issued
- In March 2023, Moody’s published an updated Credit Opinion of Latvenergo AS: Baa2 (stable)

## Long-term debt repayment schedule



## Main figures of the long-term debt portfolio

	31.12.2023.
Share of fixed interest rate*	46%
Weighted average fixed interest rate duration*	2.1 years
Weighted average effective interest rate*	3.2%

# Thank you!

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# Abbreviations

Daugava HPPs – Daugava hydropower plants

EBITDA – Earnings before interest, corporate income tax, share of profit or loss of associates, depreciation and amortization, and impairment of intangible and fixed assets

EU – European Union

IFRS – International Financial Reporting Standards

MEUR – Million euros

MWh – Megawatt hour (1,000,000 MWh = 1,000 GWh = 1 TWh)

CHPPs – Latvenergo AS combined heat and power plants

SAIDI – System Average Interruption Duration Index

SAIFI – System Average Interruption Frequency Index

SPP – Solar power plant

# Consolidated Statement of Profit or Loss\*

	EUR'000	
	2023	2022
Revenue	2,027,160	1,841,801
Other income	39,164	31,174
Raw materials and consumables	(1,248,320)	(1,333,708)
Personnel expenses	(141,882)	(116,993)
Other operating expenses	(74,315)	(62,065)
<b>EBITDA</b>	<b>601,807</b>	<b>360,209</b>
Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment (PPE) and right-of-use assets	(197,173)	(166,248)
<b>Operating profit</b>	<b>404,634</b>	<b>193,961</b>
Finance income	9,226	1,414
Finance costs	(25,293)	(10,830)
<b>Profit before tax</b>	<b>388,567</b>	<b>184,545</b>
Income tax	(38,397)	(671)
<b>Profit for the year</b>	<b>350,170</b>	<b>183,874</b>
<b>Profit attributable to:</b>		
- Equity holder of the Parent Company	349,002	183,443
- Non-controlling interests	1,168	431

# Consolidated Statement of Financial Position\*

	EUR'000	
	31/12/2023	31/12/2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	58,133	51,789
Property, plant, and equipment	3,301,605	3,005,370
Right-of-use assets	11,219	10,526
Investment property	2,308	2,297
Non-current financial investments	42	40
Non-current loans to related parties	863	–
Other non-current receivables	447	482
Derivative financial instruments	3,210	8,131
<b>Total non-current assets</b>	<b>3,377,827</b>	<b>3,078,635</b>
<b>Current assets</b>		
Inventories	183,798	295,638
Current intangible assets	23,051	31,664
Receivables from contracts with customers	224,698	314,109
Other current receivables	50,021	17,521
Deferred expenses	2,388	2,408
Derivative financial instruments	7,959	2,598
Other current financial investments	140,000	–
Cash and cash equivalents	118,456	112,757
<b>Total current assets</b>	<b>750,371</b>	<b>776,695</b>
<b>TOTAL ASSETS</b>	<b>4,128,198</b>	<b>3,855,330</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	790,368	790,368
Reserves	1,681,801	1,282,683
Retained earnings	482,319	276,242
<b>Equity attributable to equity holder of the Parent Company</b>	<b>2,954,488</b>	<b>2,349,293</b>
Non-controlling interests	7,844	7,126
<b>Total equity</b>	<b>2,962,332</b>	<b>2,356,419</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	536,316	574,754
Lease liabilities	9,015	8,648
Deferred income tax liabilities	5,475	667
Provisions	18,239	15,566
Deferred income from contracts with customers	139,030	133,116
Other deferred income	98,624	121,180
Other non-current liabilities	–	265
<b>Total non-current liabilities</b>	<b>806,699</b>	<b>854,196</b>
<b>Current liabilities</b>		
Borrowings	93,380	301,164
Lease liabilities	2,391	2,027
Trade and other payables	217,091	165,274
Deferred income from contracts with customers	21,331	29,330
Other deferred income	24,974	24,901
Derivative financial instruments	–	122,019
<b>Total current liabilities</b>	<b>359,167</b>	<b>644,715</b>
<b>Total liabilities</b>	<b>1,165,866</b>	<b>1,498,911</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,128,198</b>	<b>3,855,330</b>

# Consolidated Statement of Cash Flows\*

	EUR'000	
	2023	2022
<b>Cash flows from operating activities</b>		
Profit before tax	388,567	184,545
<b>Adjustments:</b>		
– Depreciation, amortisation and impairment of intangible assets, property, plant, and equipment and right-of-use assets, and loss from disposal of non-current assets	203,802	170,232
– Net financial adjustments	(4,265)	19,488
– Other adjustments	(33)	509
Interest paid	(23,752)	(9,186)
Interest received	5,506	27
Paid corporate income tax	(32,119)	(2,648)
<b>Funds from operations (FFO)</b>	<b>537,706</b>	<b>362,967</b>
Decrease / (increase) in current assets	38,082	(200,772)
Increase / (decrease) in trade and other liabilities	1,255	(35,696)
<b>Net cash flows generated from operating activities</b>	<b>577,043</b>	<b>126,499</b>
<b>Cash flows from investing activities</b>		
Loans issued to other related parties	(863)	–
Purchase of intangible assets and property, plant, and equipment	(179,874)	(118,210)
Investments in subsidiaries	(3,002)	–
<b>Net cash flows used in investing activities</b>	<b>(183,739)</b>	<b>(118,210)</b>
<b>Cash flows from financing activities</b>		
Repayment of issued debt securities (bonds)	–	(100,000)
Proceeds on issued debt securities (bonds)	50,000	100,000
Proceeds on borrowings from financial institutions	2,000	207,846
Repayment of borrowings from financial institutions	(301,090)	(129,118)
Received financing from European Union	16,245	4
Lease payments	(1,772)	(1,583)
Proceeds from non-controlling interests' contributions to share capital	–	400
Dividends paid to non-controlling interests	(450)	–
Dividends paid to equity holder of the Parent Company	(152,538)	(70,160)
<b>Net cash flows (used in) / generated from financing activities</b>	<b>(387,605)</b>	<b>7,389</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,699</b>	<b>15,678</b>
Cash and cash equivalents at the beginning of the year	112,757	97,079
<b>Cash and cash equivalents at the end of the year</b>	<b>118,456</b>	<b>112,757</b>