

LATVENERGO CONSOLIDATED UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3-MONTH PERIOD
ENDING 31 MARCH 2024

31.05.2024, Riga



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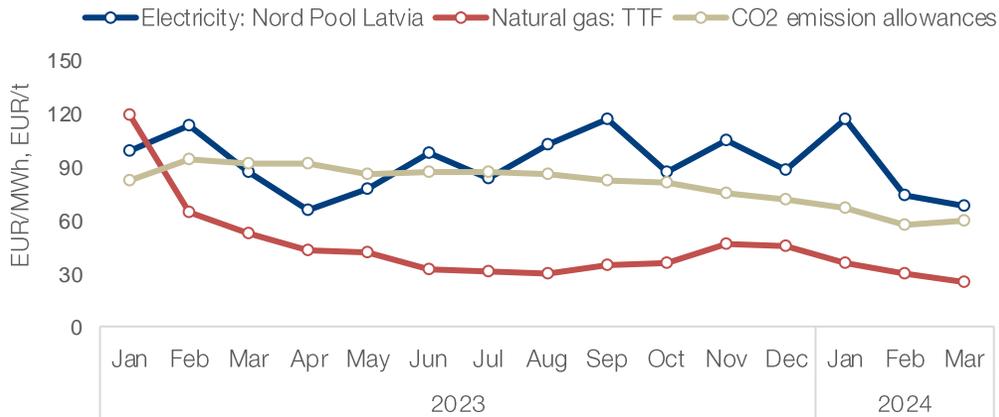
Information about the financial indicators and coefficients used by the Latvenergo Group is available in Latvenergo Group's consolidated and Latvenergo AS Unaudited Annual Financial statements, see the section “Formulas”.

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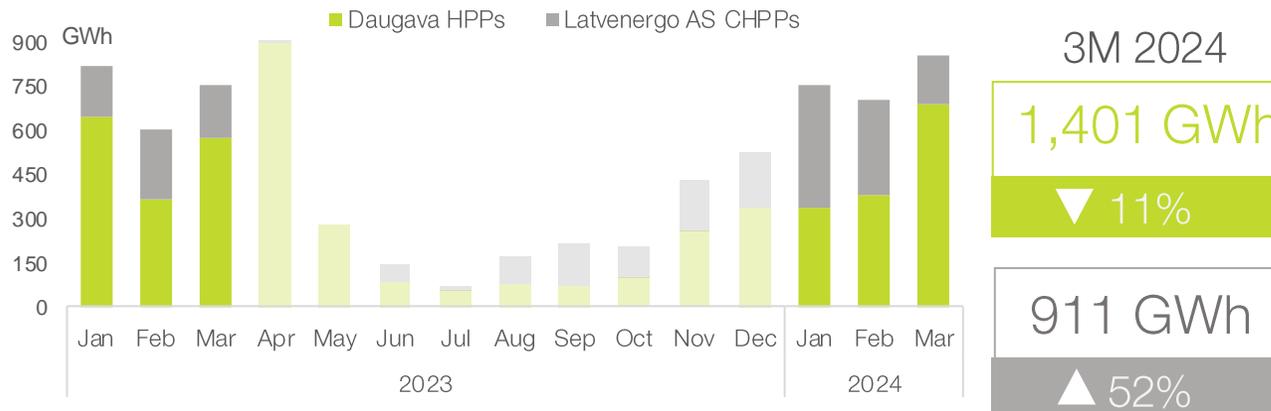
Electricity and natural gas prices continue to decrease



Main facts – 3M 2024

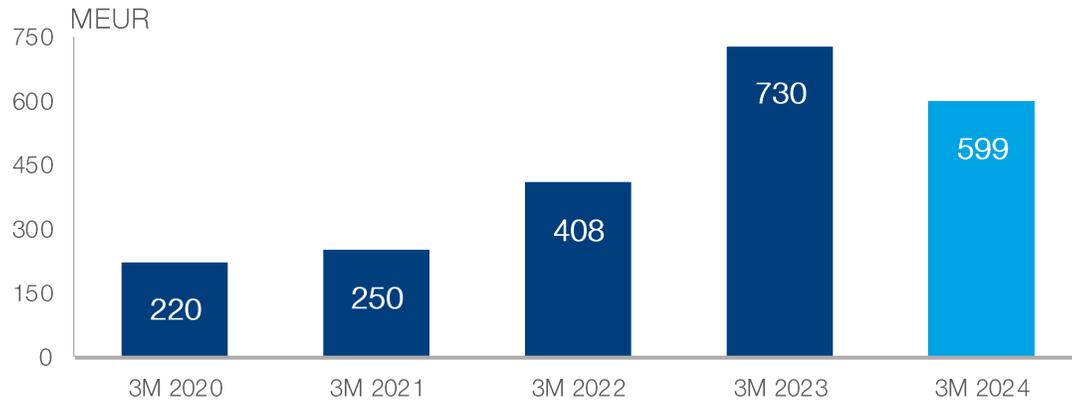
- Decrease in electricity prices was primarily affected by a decrease in the price of energy resources, mainly natural gas, and a greater output of renewable energy
- The price of natural gas at TTF virtual trading point (front month) 61% lower, reaching 31 EUR/MWh
- The average price of CO2 emission allowances (EUA DEC.23) 32% lower, reaching 62 EUR/t

6% more electricity was generated

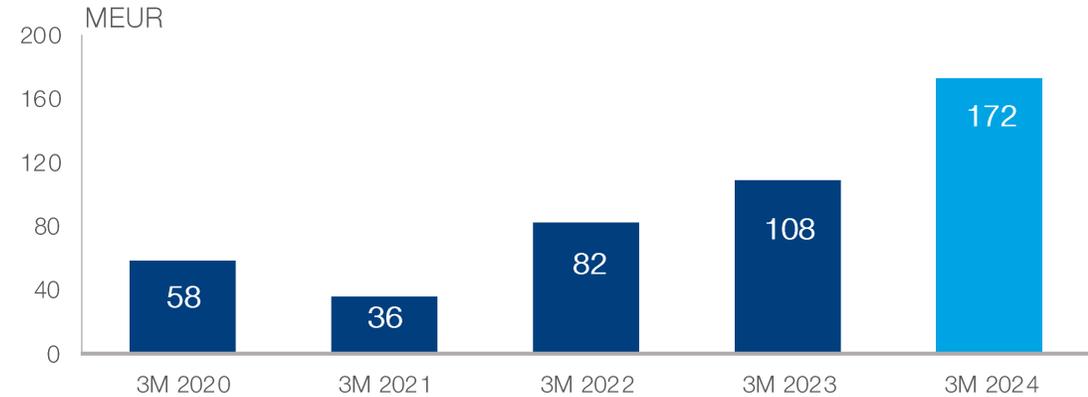


Key financial figures

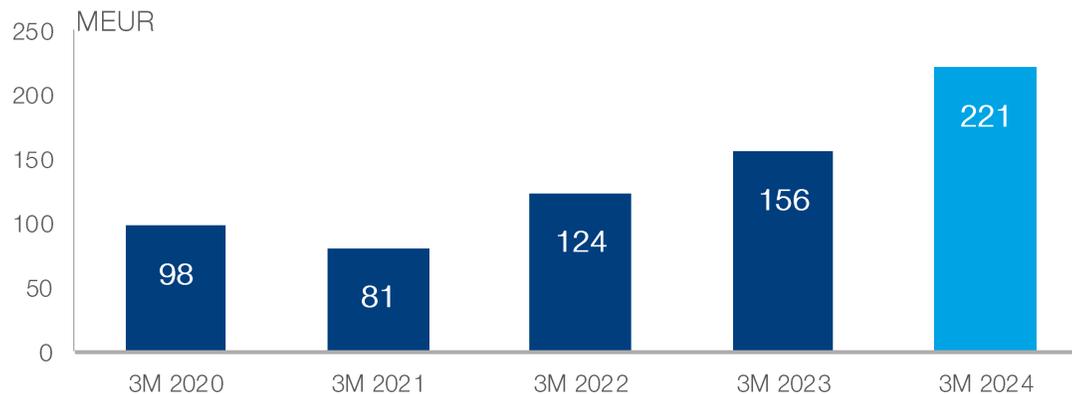
Revenue*



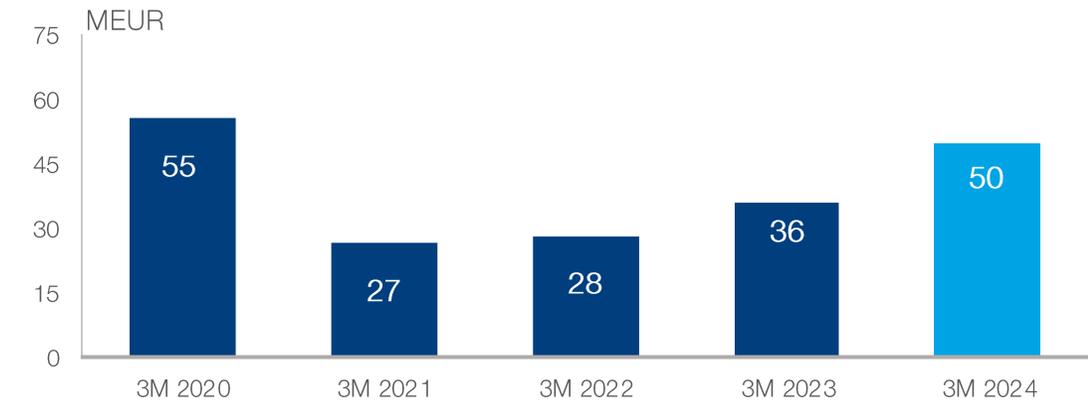
Net profit



EBITDA*

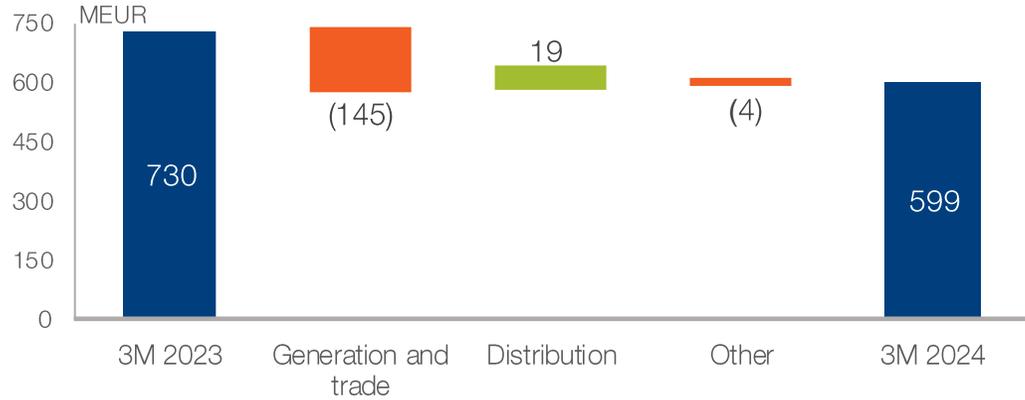


Investments

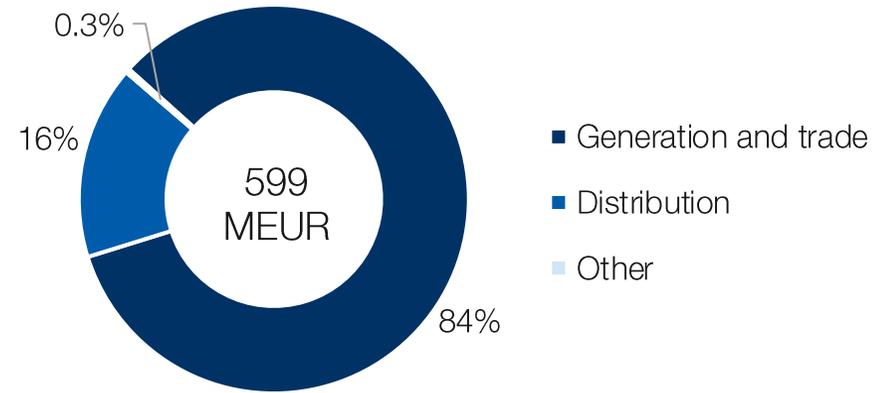


Latvenergo Group's EBITDA increased by 42%

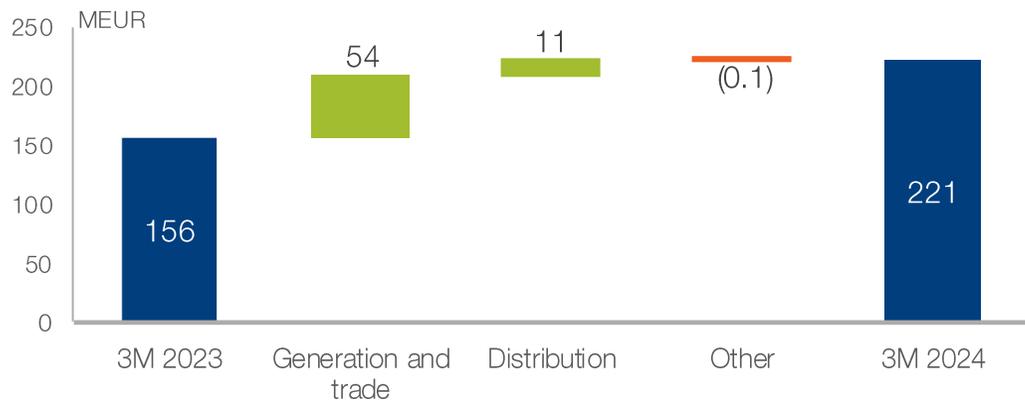
Revenue dynamics by segments



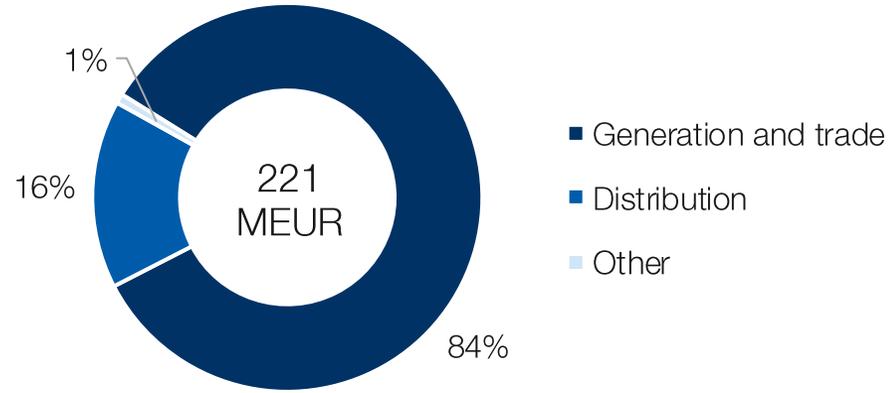
Revenue weight by segments



EBITDA dynamics by segments

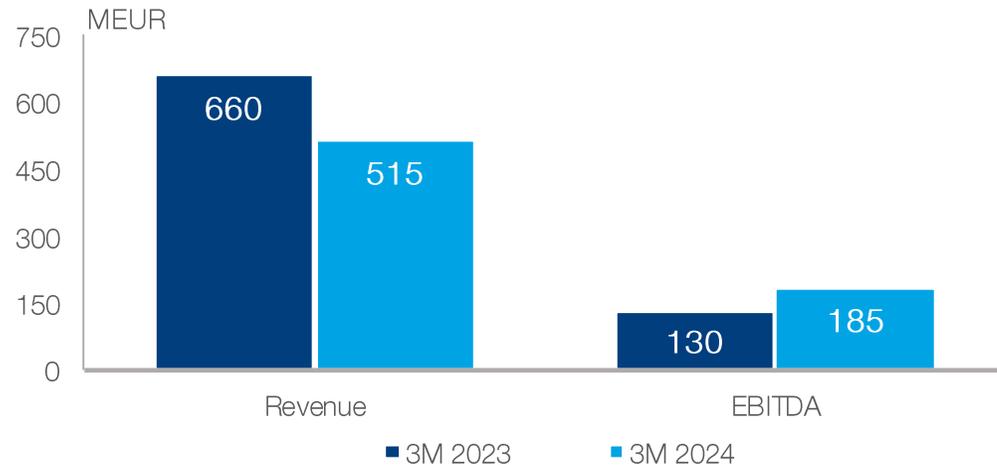


EBITDA weight by segments



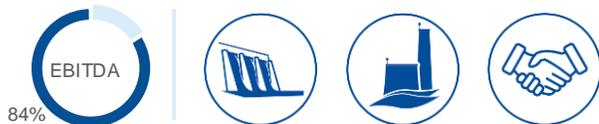
Generation and trade

Revenue and EBITDA



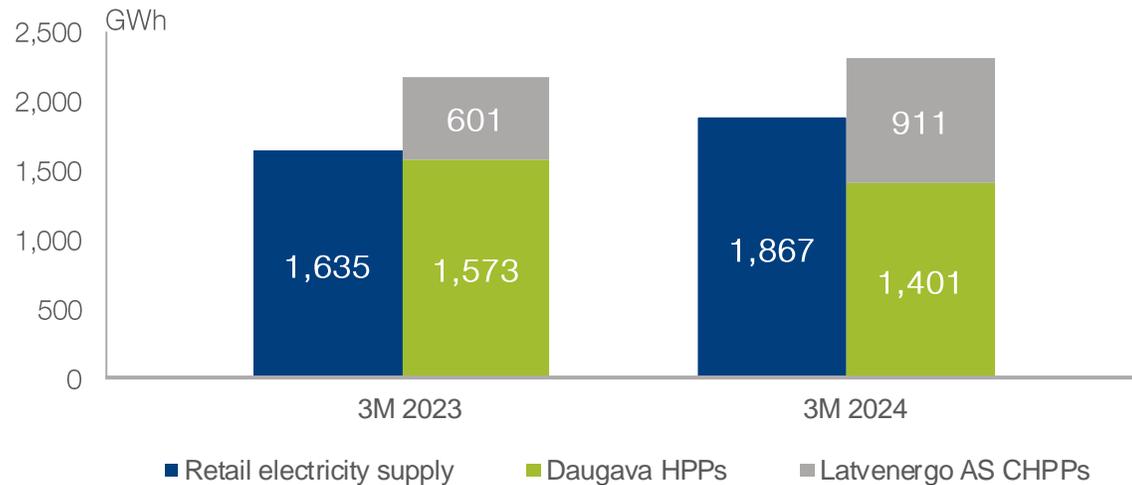
Main facts – 3M 2024

- The segment's revenue was negatively impacted by lower energy sales prices. However, a 14% increase in the amount of electricity sold in retail and a 46% increase in retail natural gas sales volume positively impacted the financial results
- The segment's EBITDA mainly positively impacted by lower natural gas purchase prices
- Latvenergo Group operates in all energy trade segments in Latvia, Lithuania and Estonia



Generation

2,319 GWh of electricity generated



61% of electricity generated from renewable sources

- *Latvenergo* produced 41% of the total electricity generated in the Baltics
- Electricity generated at *Latvenergo* corresponds to 124% of the electricity sold at retail
- Electricity generation at Latvenergo CHPPs is up by 52%, and at Daugava HPPs, it's down by 11%
- The amount of generated thermal energy increased by 12%, reaching 903 GWh

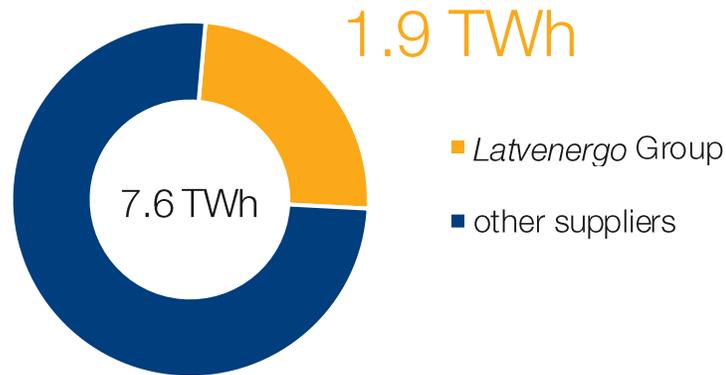


Trade

Retail electricity supply* increased by 14%

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

The Baltics



1.9 TWh of electricity sold to Baltic retail customers. The number of customers is up by 2.5%, reaching 853 thous.



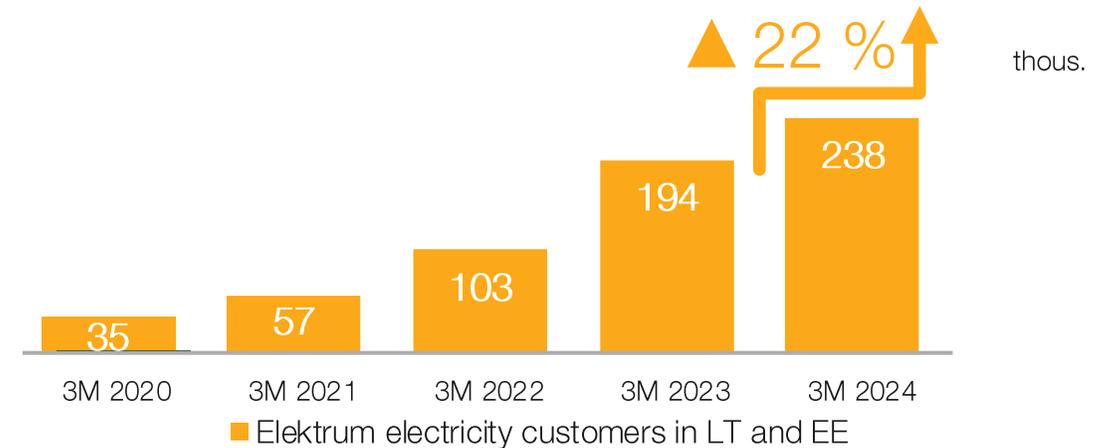
455 GWh of natural gas sold to Baltic retail customers (+46%). The number of customers is up by 94%, reaching 54 thous.



Over 400 contracts were signed for installing solar panels in the Baltics. The total installed solar panel capacity for Baltic customers reached more than 77 MW.

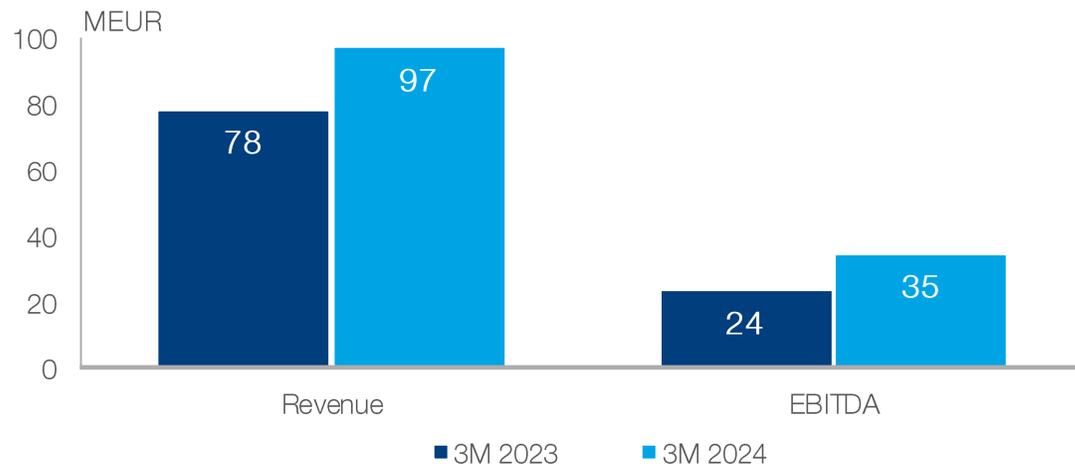


More than 25.6 thous. electric vehicle charges were made at the *Elektrum Drive* electric car charging stations.



Distribution

Revenue and EBITDA



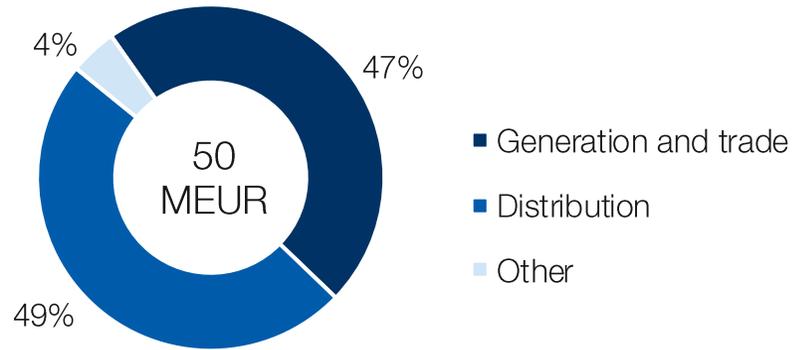
Main facts – 3M 2024

- Electricity distributed increased by 3%, reaching 1,677 GWh
- Financial results were positively affected by the new distribution tariffs of Sadales tīkls AS and increased electricity consumption
- Financial results were negatively affected by a rise in electricity transmission service costs by 5.1 MEUR
- Capital expenditure in distribution assets reached 24.2 MEUR (3M 2023: 22.0 MEUR)



Investments

Latvenergo purposefully develops renewable generation capacity in the Baltics



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

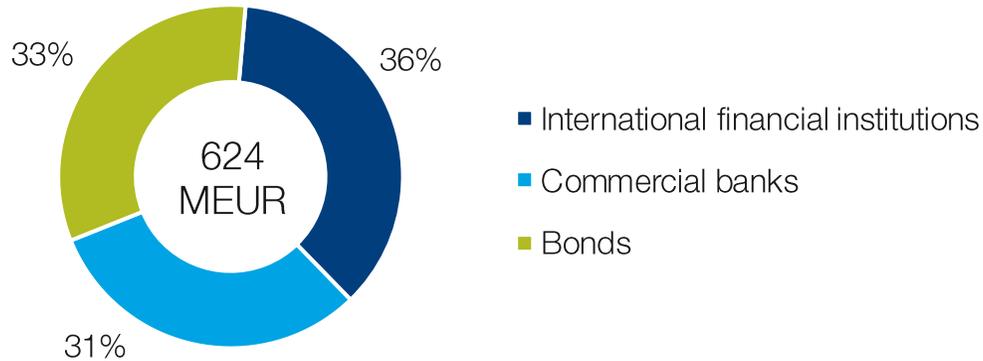


Development of solar park projects

- In 3M 2024, 12.2 MEUR were allocated towards the development of solar parks, which is about 1/4 of Group's total investments
- In the reporting period, 1 solar park with a total capacity of 7 MW were put into operation in Estonia
- In the Baltic region, we have solar park projects in the project or construction stage with a total capacity of more than 400 MW; their gradual commissioning is expected from 2024-2025.

Investment funding

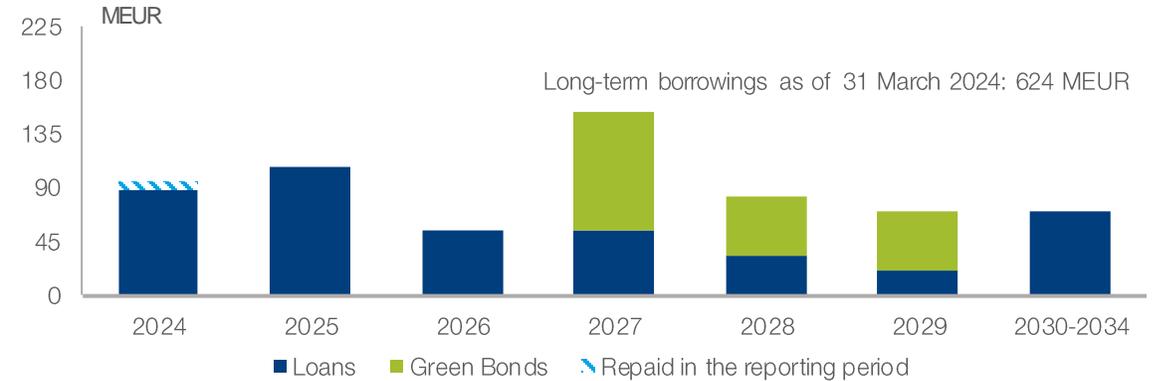
Diversified long-term funding



Main facts – 3M 2024

- Moody's credit rating Baa2 for Latvenergo AS has been consistently stable since 2015

Long-term debt repayment schedule



Main figures of the long-term debt portfolio

31.03.2024.

Share of fixed interest rate* 46%

Weighted average fixed interest rate duration* 2.0 years

Weighted average effective interest rate* 3.6%

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	
	01/01- 31/03/2024	01/01- 31/03/2023
Revenue	599,316	729,850
Other income	7,448	8,198
Raw materials and consumables	(330,914)	(529,278)
Personnel expenses	(38,432)	(35,977)
Other operating expenses	(16,328)	(17,087)
EBITDA	221,090	155,706
Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	(43,128)	(41,553)
Operating profit	177,962	114,153
Finance income	4,216	561
Finance costs	(5,970)	(5,567)
Profit before tax	176,208	109,147
Income tax	(3,759)	(775)
Profit for the period	172,449	108,372
Profit attributable to:		
- Equity holder of the Parent Company	171,353	107,592
- Non-controlling interests	1,096	780

Consolidated Statement of Financial Position*

	EUR'000	
	31/03/2024	31/12/2023
ASSETS		
Non-current assets		
Intangible assets	57,267	57,326
Property, plant, and equipment	3,303,951	3,301,051
Right-of-use assets	10,659	11,219
Investment property	2,393	2,309
Non-current financial investments	40	42
Non-current loans to related parties	14,025	863
Other non-current receivables	447	447
Deferred income tax assets	581	800
Derivative financial instruments	4,167	3,210
Total non-current assets	3,393,530	3,377,267
Current assets		
Inventories	85,018	183,798
Current intangible assets	82,307	69,312
Receivables from contracts with customers	212,534	224,922
Other current receivables	78,925	50,081
Deferred expenses	3,001	2,388
Derivative financial instruments	2,174	7,959
Other current financial investments	330,000	140,000
Cash and cash equivalents	151,510	118,456
Total current assets	945,469	796,916
TOTAL ASSETS	4,338,999	4,174,183
EQUITY AND LIABILITIES		
EQUITY		
Share capital	790,368	790,368
Reserves	1,676,565	1,681,852
Retained earnings	655,604	483,016
Equity attributable to equity holder of the Parent Company	3,122,537	2,955,236
Non-controlling interests	8,940	7,844
Total equity	3,131,477	2,963,080
LIABILITIES		
Non-current liabilities		
Borrowings	528,322	536,316
Lease liabilities	8,516	9,015
Deferred income tax liabilities	8,693	5,475
Provisions	18,364	18,240
Deferred income from contracts with customers	139,259	138,506
Other deferred income	109,130	112,509
Total non-current liabilities	812,284	820,061
Current liabilities		
Borrowings	95,655	93,380
Lease liabilities	2,391	2,391
Trade and other payables	183,268	202,733
Deferred income from contracts with customers	17,266	21,304
Other deferred income	24,973	24,973
Provisions	71,363	46,261
Derivative financial instruments	322	-
Total current liabilities	395,238	391,042
Total liabilities	1,207,522	1,211,103
TOTAL EQUITY AND LIABILITIES	4,338,999	4,174,183

Consolidated Statement of Cash Flows*

	EUR'000	
	01/01- 31/03/2024	01/01- 31/03/2023
Cash flows from operating activities		
Profit before tax	176,208	109,147
Adjustments:		
– Depreciation, amortisation and impairment of intangible assets, property, plant and equipment (PPE) and right-of-use assets	43,128	41,553
– loss from disposal of non-current assets	1,051	1,137
– Interest expense	5,923	5,480
– Interest income	(3,277)	(85)
– Fair value loss / (gain) on derivative financial instruments	1,098	(5,900)
– Increase in provisions	25,226	17,730
– Unrealised gain on currency translation differences	(5)	–
Interest paid	(4,472)	(1,119)
Interest paid on leases	(37)	(27)
Interest received	892	85
Paid corporate income tax	(118)	(9)
Funds from operations (FFO)	245,617	167,992
Decrease in inventories and current intangible assets	88,891	128,425
(Increase) / decrease in receivables from contracts with customers and other receivables	(14,647)	57,098
Increase in other current financial investments	(190,000)	–
(Decrease) / increase in trade and other liabilities	(27,291)	84,955
Net cash flows generated from operating activities	102,570	438,470
Cash flows from investing activities		
Loans issued to related parties	(13,173)	–
Purchase of intangible assets and PPE	(50,688)	(39,950)
Net cash flows used in investing activities	(63,861)	(39,950)
Cash flows from financing activities		
Proceeds on issued debt securities (bonds)	–	50,000
Repayment of borrowings from financial institutions	(7,999)	(129,644)
Received financing from European Union	2,867	975
Lease payments	(523)	(426)
Net cash flows used in financing activities	(5,655)	(79,095)
Net increase in cash and cash equivalents	33,054	319,425
Cash and cash equivalents at the beginning of the period	118,456	112,757
Cash and cash equivalents at the end of the period	151,510	432,182