

Unaudited results of Latvenergo Group for the nine-month period of 2020

Today, on 27 November, the unaudited interim condensed consolidated financial statements of Latvenergo Group for the nine-month period of 2020 were published.

In the nine-month period of 2020, Latvenergo Group was the largest electricity generator in the Baltics, generating 3,298 GWh of electricity. The amount of power generated at the Daugava HPPs was 54% higher than in the respective period a year ago. Revenue of Latvenergo Group in the nine-month period of 2020 was EUR 564.4 million or 9% less than in the respective period a year ago affected by lower electricity and thermal energy demand, lower electricity prices and lower distribution segment revenues. The Group's EBITDA* reached EUR 212.1 million, which was 23% more than in the nine-month period of 2019.

Latvenergo Group's operations and performance are affected by various global and regional factors. In the nine-month period of 2020, electricity prices in the Baltic and Nordic countries were significantly lower than in the respective period a year ago. This was related to the improvement of the hydrobalance in the Nordic countries and lower demand due to warmer weather and COVID-19. In Latvia, the electricity market price in the reporting period decreased by 33% compared to the last year.

After the reporting period, for the 12th time in a row and for the 13th time altogether Latvenergo received the award as the most valuable Latvian company in TOP 101 Most Valuable Companies of Latvia.

In the nine-month period of 2020, Latvenergo Group services were not significantly affected by the spread of COVID-19. Latvenergo Group continuously evaluates the impact of the spread of COVID-19, implements measures for customer and employee safety, and ensures appropriate shift arrangements in the facilities of strategic importance. However, the virus has affected economic activity in all Baltic countries, reducing electricity consumption. In the nine-month period of 2020, electricity consumption in Latvia decreased by 2.9% compared to the respective period a year ago. At the same time, it should be noted that the decrease in electricity consumption was also underpinned by warmer weather at the beginning of the year.

The fall in electricity prices and demand reduced electricity generation in the Baltics by 8% in the nine-month period of 2020 compared to the respective period a year ago. Despite that Latvenergo Group was the largest electricity generator in the Baltics, whose output accounted for 30% of the total electricity output in the Baltic countries. The total amount generated by Latvenergo Group's power plants comprised 3,298 GWh of electricity and 1,101 GWh of thermal energy.

In the nine-month period of 2020, the amount of power generated at the Daugava HPPs reached 2,100 GWh, which was 54% higher compared to the respective period a year ago. The average water inflow in the Daugava River was 559 m³/s, while in the respective period a year ago it was 357 m³/s. In the nine-month period of 2020, the share of electricity generated from renewable energy sources at Latvenergo Group was 64% (in the respective period of 2019 it was 39%).

In the reporting period, the electricity amount generated at the Latvenergo AS CHPPs reached 1,168 GWh, which was 46% less than in the respective period a year ago. The thermal energy output decreased by 9% due to warmer weather conditions during the heating season. In the reporting period, Latvenergo Group supplied 4,650 GWh of electricity in the Baltics. The Group maintains a stable position in the Baltic electricity market and strengthens it even further by launching operations in the Lithuanian household electricity market.

The Group also continues to actively expand into new business segments – trading of solar panels, electric mobility and natural gas trading. 460 contracts were signed for the installation of solar panels in the Baltics, thus the number of concluded contracts has doubled compared to the respective period a year ago. The total installed solar panel capacity in the Baltics reached 4.7 MW, of which 76% were installed for customers outside Latvia. During the reporting period, *Elektrum* has started construction projects for two solar panel parks in Lithuania and Estonia. The planned installed capacity of the Lithuanian solar park will be 1.5 MW, while for Estonia it will be 0.25 MW.

In the reporting period, more than 4,500 charges amounting to 122 MWh were made at *Elektrum* electric vehicle charging stations. The number of electric vehicle charging sites has reached 27 charging ports at 9 stations. As a confirmation of furthering electric mobility as one of the strategic

development segments is the memorandum on promotion of electric mobility in Latvia by developing data-based infrastructure signed by Latvenergo AS, Ceļu satiksmes drošības direkcija VAS and the shared services companies *Fiqsy*, *Carguru*, *CityBee* on October 1.

Furthermore, Latvenergo Group's natural gas sales to retail customers were 65% higher than in the nine-month period of 2019, reaching 318 GWh. The increase in natural gas sales can be observed in all three Baltic countries, due to the positive dynamics of the number of customers. At the end of September, the natural gas portfolio in the Baltics consisted of 11.7 thousand customers, of which 10.4 thousand were households.

In the nine-month period of 2020, Latvenergo Group's revenue reached EUR 564.4 million, which was 9% less than in the respective period a year ago. This was affected by lower electricity and thermal energy demand, lower electricity price and lower distribution segment income. Meanwhile, the Group's EBITDA increased by 23% compared to the respective period a year ago reaching EUR 212.1 million. This was mainly affected by higher electricity output at the Daugava HPPs and lower electricity purchase prices. The Group's profit in the nine-month period of 2020 reached EUR 94.7 million (EUR 62.0 million in the respective period a year ago). In the reporting period, the total amount of investment comprised EUR 130.4 million. Contributing to environmentally friendly projects, in the nine-month period of 2020, EUR 15.7 million were invested in the Daugava HPPs' hydropower unit reconstruction. The investments in the network assets represented 70% of the total investment amount. EUR 28.9 million of those were invested in transmission system assets.

On 10 June, transmission assets were separated from Latvenergo Group in accordance with the decision of the Cabinet of Ministers by transferring the shares of Latvijas elektriskie tīkli AS to the Ministry of Economics. Along with the unbundling of the transmission assets, all the liabilities of Latvijas elektriskie tīkli AS were also transferred to Augstsprieguma tīkls AS.

After the end of the reporting period, on 30 October 2020, the Chairman of the Management Board of Latvenergo AS Āris Žīgurs, ceased to work for Latvenergo AS, and the Member of the Management Board and Chief Commercial Officer of Latvenergo AS Uldis Bariss also does not continue working for the Latvenergo Group after 11 November 2020. As of October 31, the Member of the Management Board and Chief Financial Officer Guntars Baļčūns is appointed as acting Chairman of the Management Board; the Chief Technology and Support Officer Kaspars Cikmačs continues to work in the Management Board, and Arnis Kurgs was appointed as a Member of the temporary Management Board. New members of the Management Board of Latvenergo AS will be selected through a competition.

After the end of the reporting period, on November 25, for the 12th time in a row and for the 13th time altogether Latvenergo Group received the award as the most valuable Latvian company in the TOP 101 Most Valuable Companies of Latvia created by Prudentia and Nasdaq Riga. As it was emphasised by Guntars Baļčūns, the world is becoming increasingly aware of the need for clean air and green environment, which will be the prevailing arguments in the next 10-30 years in progression of Europe and, hopefully, the world towards the climate-neutral economy.

The unaudited condensed financial statements of Latvenergo Group for 2020 will be published on 26 February 2021. The unaudited interim condensed consolidated financial statements of Latvenergo Group for the first nine months of 2020 are available in the section [Investors/ Reports](#).

** earnings before interest, corporate income tax, share of profit or loss of associated companies, depreciation and amortisation, and impairment of intangible and fixed assets*