

## Unaudited results of Latvenergo Group for Q1 2021

Today, on 31 May, the unaudited interim condensed consolidated financial statements of Latvenergo Group for the first three months of 2021 are published.

Latvenergo Group is one of the largest power suppliers and a leader in green energy generation in the Baltics, and it generated 2% more electricity and 37% more thermal energy than in the respective period a year ago. In the reporting period, the amount of electricity and natural gas sold in retail trade increased by 9% and 120%, respectively. In Q1 2021, operations of the Group were affected by the increase in demand for electricity due to colder weather and also by a general increase in prices of energy sources, this led to a considerable increase in the average electricity price in the entire Nord Pool region. In 2021, Latvenergo experienced growth in all new business directions.

In Q1 2021, Latvenergo Group's revenue reached EUR 249.9 million, which was 14% more than in the respective period a year ago. Meanwhile, lower electricity output at the Daugava HPPs had a negative impact on the Group's EBITDA<sup>1</sup>, which amounted to EUR 80.7 million, and that is 18% decrease compared to Q1 2020.

Q1 2021 was characterised by a significant increase in electricity prices. In the first three months of 2021, there was a rapid increase in electricity spot prices both in the Nordic and the Baltic countries. This was related to higher demand for electricity due to colder weather and higher energy resource prices. The Nord Pool system's average electricity price was almost 3 times higher (+173%) and reached 42.14 EUR/MWh, while in Latvia it was 88% higher than in the respective period last year.

In Q1 2021, Latvenergo Group was the largest electricity generator in the Baltics, generating 36% of the total electricity output in the region or 1,565 gigawatt-hours (GWh), half of which was electricity from renewable energy sources. The operation of the Latvenergo AS CHPPs is adjusted to the conditions of the electricity market and thermal energy demand. In the reporting period, the Latvenergo AS CHPPs generated 2.6 times more electricity than in the respective period a year ago or 787 GWh. The increase can mainly be explained by warm weather conditions and low electricity price in the respective period a year ago.

The electricity output at the Daugava HPPs decreased by 37% compared to the respective period a year ago and amounted to 769 GWh. The output was impacted by a significantly lower water inflow in the Daugava River, which was 576 m<sup>3</sup>/s in Q1 2021 (in the respective period a year ago: 979 m<sup>3</sup>/s). Nevertheless the Group is the leader in generation of green energy in the Baltics – 775 GWh or 50% of the Group's total electricity output were generated from renewable energy sources.

Due to colder weather, the Group's thermal energy output increased by 37% compared to the respective period a year ago and constituted 1,011 GWh. The data show that in the reporting period the average air temperature in Riga was -1.3 degrees Celsius, whereas in Q1 2020 it was +3.6 degrees Celsius.

In the reporting period, the total amount of electricity sold by Latvenergo Group to retail customers in the Baltics constituted 1,799 GWh, which is 9% more than in Q1 2020. The overall amount of retail electricity trade outside Latvia accounted for about 40% of the total. Since the opening of the Lithuanian household electricity market, almost 20 thousand contracts had been concluded by 31 March 2021. In the reporting period, the volume of natural gas sold increased more than two times, reaching 341 GWh. Robust growth was seen in all of the new business directions – 153 new contracts for installation of solar panels were concluded in the Baltics, and the first solar park of the Group was commissioned in Lithuania. Customers of the *Elektrum* mobile application made more than 1,700 charges at public charging stations, comprising 100 MWh. The number of *Elektrum Apdrošināts (Elektrum Insured)* customers and the activity of the e-shop are also increasing.

In Q1 2021, Latvenergo Group's revenue reached EUR 249.9 million, which was EUR 30.1 million or 14% more than in the respective period a year ago. This was mainly affected by higher electricity market prices and higher sales of electricity and thermal energy. In the reporting period, the Group's EBITDA decreased by 18% or EUR 17.3 million compared to Q1

2020, reaching EUR 80.7 million. It was negatively affected mainly by lower electricity output at the Daugava HPPs. The Group's profit for the reporting period reached EUR 35.5 million.

In the first three months of 2021, the total amount of investment of Latvenergo Group comprised EUR 26.6 million, which is by EUR 28.9 million or 52% less than in the respective period a year ago mainly due to the unbundling of transmission system assets. The investments in the distribution network assets represented 73% of the total investment amount or EUR 19.5 million. Contributing to environmentally friendly projects, in Q1 2021, EUR 4.2 million were invested in the Daugava HPPs' hydropower unit reconstruction.

After the end of the reporting period, on May 17, Latvenergo AS issued 7-year green bonds for a total of EUR 50 million, which sparked high interest from investors. The funds received will be used for the implementation of environmentally friendly investment projects.

After the end of the reporting period, on 12 May 2021, at the Shareholder's Meeting of Latvenergo AS it was decided to pay EUR 98.2 million in dividends to the state. Latvenergo AS dividends are also used as a source of funding for the state budget programme *Electricity User Support*, thereby decreasing the mandatory procurement component.

The next interim financial statements of Latvenergo Group for 2021 will be published on 31 August and 30 November. The unaudited interim condensed consolidated financial statements of Latvenergo Group for Q1 2021 are available in the section [Investors/Reports](#).

<sup>1</sup> *earnings before interest, corporate income tax, share of profit or loss of associated companies, depreciation and amortisation, and impairment of intangible and fixed assets*