

Latvenergo Group's unaudited results for the first nine months of 2021

Today, on November 30, the unaudited interim condensed consolidated financial statements of Latvenergo Group for the nine-month period of 2021 are published.

The world in overall, the Baltic States and Latvia are beginning to recover from the effects of the Covid-19 pandemic. In the nine months of this year, electricity consumption in the Baltic States has increased by 5% and the amount of electricity generated by 2% compared to the same period last year. At the same time, the recovery of the global economy has contributed to record high electricity and energy prices, which also affects Latvenergo's operational results. In the 9-month period of 2021, the price of electricity increased significantly in both the Nordic and Baltic countries - the price of the *Nord Pool* system increased more than five times, while in Latvia the increase was 119%.

The current situation in the electricity market indicates the need to develop local renewable electricity generation capacity in the region, which would eliminate the dependence of electricity prices on fossil energy sources and thus help to reduce prices in the future.

In the reporting period, Latvenergo Group's revenue is 659.5 million EUR or by 17% more than in the corresponding period last year. Significantly higher prices of purchased energy sources have negatively affected the Group's EBITDA ¹, which is by 40% lower than in the nine-month period of 2020, reaching 126.8 million EUR.

In the 9-month period of 2021, Latvenergo Group was the largest electricity producer in the Baltics, providing 31% of the total electricity generated in the Baltics. Latvenergo's power plants generated 3,407 GWh of electricity and 1,320 GWh of heat. The Daugava HPPs generated 2,105 GWh, while generation at the Latvenergo AS CHPPs during the reporting period was 10% higher, reaching 1,283 GWh. The amount of generated thermal energy increased by 20% compared to the same period last year, which was affected by colder weather conditions during heating season at the beginning of the year. In total, in the 9-month period of this year, electricity generation in the Baltics was 2% higher than in the corresponding period last year, reaching 11.2 TWh. The total amount of electricity generated in Latvia was at the same level as the previous year, reaching 4.2 TWh.

Significantly, with the economic recovery from Covid-19 restrictions, colder weather conditions at the beginning of the year and a hot summer, the Baltic States consumed 5% more electricity than last year - 21 TWh. The improvement in the level of economic activity increased the demand for energy sources, which in turn contributed to a significant increase in energy prices. The average price of natural gas in September 2021 reached 63 EUR / MWh (in September 2020 - 11 EUR / MWh). Meanwhile the price of emission allowances in September 2021 exceeded 60 EUR / t. Consequently, electricity prices in both the Nordic and Baltic countries are at a record high, increasing by more than double in Latvia in the 9-month period of 2021.

High electricity and energy resource prices affected the operations of Latvenergo Group - although the Group's revenue is 17% higher than in the same period last year, reaching 659.5 million EUR, EBITDA in the reporting period is 40% lower than in 2020, reaching 126.8 million EUR. This was mainly due to significantly higher prices for purchased electricity, as well as natural gas and emission allowances. These factors also affected the Group's profit, which in the reporting period is 26.4 million EUR.

The rapid development and growth of renewable power plants, as well as electrification, are the main highlights of the Group's new strategy, thus developing local energy generation capacity as a significant direction in reducing electricity prices. At the end of 2020, the development of a mid-term strategy for 2022-2026 was started and will continue in 2021. In addition, on November 9, 2021, the Cabinet of Ministers set a new overall strategic goal for Latvenergo AS - to promote the

competitiveness and growth of climate-neutral Latvia and increase the value of Latvenergo Group in the Baltic home market and beyond by developing and providing goods and services in a sustainable, innovative and economically sound manner in the energy and related business value chains and the efficient governance of resources and infrastructure that are strategically important for the country's development and security.

In the nine-month period of this year, Latvenergo Group sold 5.0 TWh of electricity to its customers in the Baltics, which is 7% more than in the corresponding period last year. Electricity sold outside Latvia accounts for about 40% of the total retail electricity sales. The increase in electricity sales was driven by the success in markets outside Latvia, especially in Lithuania's large business and household segments. The amount of electricity sold by Latvenergo Group in Latvia is 3.0 TWh, in Lithuania - 1.2 TWh and in Estonia - 0.8 TWh.

The number of contracts for the sale of solar panels and parts of solar parks concluded in the Baltics significantly increased - almost 800 new contracts, which is 79% more than in the corresponding period last year. The total installed capacity of solar panels in the Baltics for Latvenergo Group's retail customers exceeds 9 MW, making Latvenergo one of the leading providers of this service in the Baltics. 3/4 of the total capacity is installed for customers outside Latvia.

Approaching the goal of closing the year with 84 electric car charging ports, the number of charges increased - in the nine-month period of this year, the number of charges made by Elektrum mobile app customers doubled compared to the same period last year, performing more than 5,500 charges in the amount of 100 MWh.

The unaudited condensed financial statements of Latvenergo Group for 2021 will be published on 28 February 2022. The unaudited consolidated interim condensed financial statements of Latvenergo Group for the nine months of 2021 are available in the section [Investors/Reports](#).

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