

## **Latvenergo Group publishes unaudited results for the first half of 2022**

**Today, on 31 August, the unaudited condensed interim consolidated financial statements of Latvenergo Group for the first six months of 2022 are published.**

**As Russia's invasion of Ukraine continues, uncertainty about the supply of energy resources in Europe causes a significant increase in the market prices of energy resources and electricity. Throughout Europe prices increased multiple times compared to the first half of 2021.**

**To reduce the dependence on Russian energy resources and promote a climate-neutral future, Latvenergo Group is developing significant renewable energy projects: on 22 July, Latvijas vēja parki SIA, a joint venture of Latvenergo AS and Latvijas valsts meži AS for the development of wind parks of strategic importance, was registered.**

**During the reporting period, 2,253 gigawatt hours (GWh) of electricity and 1,092 GWh of thermal energy was generated in Latvenergo Group. The generation output of the Daugava HPPs increased by 5%. The share of renewable energy generated has reached a record high level – 88% of all electricity generated.**

**Compared to the corresponding period last year, the number of electricity customers of Latvenergo Group increased by 8%, reaching 790 thousand in the Baltic states. The number of customers in the neighbouring countries Estonia and Lithuania increased by 80 thousand. The number of customers in the natural gas sales segment increased by 20%, exceeding 20 thousand customers. Adjustment of electricity sales prices to the market situation, larger electricity output at the Daugava HPPs, as well as successfully concluded derivative financial instruments increased the EBITDA by 56% to EUR 226.5 million, and revenues by 66% to EUR 744.6 million.**

In the first six months of 2022, record-high prices of energy resources and, accordingly, electricity remained in Europe. The price increase is observed in all European countries: in the Baltics, the price of electricity was about three times higher than in the corresponding period last year; in France, it was almost four times, in Germany – more than three times, and in Denmark, it was about three times higher. In the first half of 2022, the average price of natural gas reached 100 EUR/MWh, which is almost five times more than in the corresponding period last year. Meanwhile, the price of emission allowances reached 84 EUR/t, which is almost twice as high compared to the first half of 2021. Although the situation in the gas market throughout Europe is tense, Latvenergo AS has already purchased gas in a timely manner and continues to replenish gas stocks, thus ensuring the necessary amount of natural gas for the state reserves as well.

In the first half of 2022, Latvenergo Group was the largest green electricity generator in the Baltics. Latvenergo Group generated 27% of the total electricity generated in the Baltics. During the reporting period, the Daugava HPPs generated 1,969 GWh of electricity, which is 5% more than in the corresponding period last year. Since the operation of Latvenergo AS CHPPs was determined by the high price of natural gas and CO<sub>2</sub> allowances, they generated 269 GWh or 71% less electricity than a year ago, and the share of renewable electricity of the Group was at a record high level, reaching 88%. In total, Latvenergo Group generated 2,253 GWh of electricity. Due to the warmer weather conditions, the amount of thermal energy generated decreased by 13%, reaching 1,092 GWh.

During the reporting period, the number of both electricity and natural gas customers increased significantly by 8% and 20%, respectively. As a result, the Group's portfolio is constituted by approximately 790,000 electricity customers, of which more than 140,000 are outside Latvia, while the number of natural gas customers exceeds 20,000. The number of customers in the neighbouring countries Estonia and Lithuania increased by 80 thousand, which is mainly determined by the significant growth of customers in the household market. In the first half of 2022, the amount of electricity sold by Latvenergo Group in the Baltics is 2,643 GWh, of which a third, or 933 GWh, was sold in Estonia and Lithuania. The amount of natural gas sold comprised 518 GWh.

New strategic business directions, i.e., the sale of solar panels, and electric mobility services, have performed very well.

The number of contracts for the sale of solar panels and parts of solar parks in the Baltics rose almost 9 times, exceeding 3,400. The total capacity of solar panels installed for Latvenergo Group's retail customers in the Baltics reaches 17 MW, making Latvenergo one of the leading providers of this service in the Baltics. Solar park projects undergo development as part of the expansion and diversification of the generation portfolio with green technologies. There are currently 11 new solar park projects in the Baltics in the development or construction stage, with a total capacity of 186 MW.

The *Elektrum Drive* electric car charging network grew rapidly, reaching 130 charging ports. During the reporting period, 9,100 charges were carried out, comprising 160 MWh.

Adjustment of electricity sales prices to the market situation, larger electricity output at the Daugava HPPs, as well as successfully concluded derivative financial instruments, which partially limited the negative impact of the increase in costs along with the significant increase in the prices of energy resources in the market, increased EBITDA of Latvenergo Group by 56% to EUR 226.5 million, and revenues by 66% to EUR 744.6 million.

The profit of the Group in the first six months of 2022 is EUR 141.9 million. After the end of the reporting period, on 7 July 2022, an Extraordinary Shareholder Meeting of Latvenergo AS was held, where it was decided to pay 70.2 million EUR of the 2021 profit of Latvenergo AS to the state as dividends.

The total amount of investments made by Latvenergo Group in the first six months of 2022 was about the same as in the first six months of last year, comprising EUR 56.2 million euros, investing the majority or 70% in distribution network assets. The Daugava HPPs' hydropower unit reconstruction continued, the total amount of investments reaching 197.3 million euros.

After the end of the reporting period, on 22 July 2022, the most powerful *Elektrum Drive* electric car charging station in the Baltic states was opened in Riga with 11 ports, four of which are ultra-fast charging ports with a capacity of up to 150 kW.

Latvenergo AS operates following Latvenergo Group's medium-term strategy for 2022–2026, i.e., the Growth strategy with new operational and financial objectives. It emphasizes a rapid development of renewable energy power plants and electrification in order to achieve the Group's objectives and to promote energy independence.

The unaudited condensed interim financial statements of Latvenergo Group for the 9-month period of 2022 will be published on 30 November. The unaudited condensed interim consolidated financial statements of Latvenergo Group covering the first six months of 2022 are available in the [Investors/Reports](#) section.