

Latvenergo Group's unaudited results for the first nine months of 2022

Today, on November 30, the unaudited condensed interim consolidated financial statements of Latvenergo Group for the first nine months of 2022 are published.

Russia's invasion of Ukraine continues to push up the market prices of energy resources and electricity in Europe. Compared to the same period in 2021, the price of natural gas has more than quadrupled in the first nine months of this year, while the average Nord Pool system electricity price is 2.7 times higher. The electricity price in Latvia increased 3.3 times. However, European countries have now substantially increased their natural gas stocks for this winter, easing tensions over the availability of natural gas. Latvenergo Group has been active during this period, purchasing natural gas safety reserves for the benefit of its customers and the State, and acquiring the right to use the Klaipeda LNG terminal.

In the reporting period, Latvenergo Group's revenue reached EUR 1,174.6 million, which is 78% more than in the respective period last year. The Group's EBITDA¹ increased by 78 % compared to the 9-month period a year ago, reaching EUR 226.1 million.

In 2022, Europe continued to see record high energy prices and, consequently, electricity prices. With the price of natural gas around 4.4 times higher at more than EUR 134/MWh in the reporting period (EUR 30/MWh in the respective period of 2021), the price of electricity also increased significantly. In the Baltics, the electricity price was around 3 times higher than in the same period last year, in France more than 4 times higher, and in Denmark and Germany, more than 3 times higher. In August, the Latvian electricity market reached a historical record of average monthly price of 467 EUR/MWh. The average price of emission allowances in the reporting period was EUR 82/t, 71% higher compared to the 9-month period of 2021. Even though the situation on the European gas market is tense, Latvenergo AS at the end of summer found the possibilities to both replenish natural gas stocks and offer it to business customers. In September 2022, Latvenergo AS obtained the right to use the Klaipeda LNG terminal for regular supplies of natural gas in the coming years.

In the nine months of 2022, Latvenergo Group was the largest green electricity generator in the Baltics. 83 % of the Group's electricity output – 2,729 GWh – is generated from renewable energy sources. The Group's total electricity output during the reporting period represented 23% of the total electricity output in the Baltics. In addition, Latvenergo's power plants generated 1,147 GWh of thermal energy.

During the reporting period, the Daugava HPPs generated 2,242 GWh of electricity, which is 6% more than in the respective period last year. The operation of Latvenergo AS CHPPs was defined by the high price of natural gas and CO₂ allowances, the CHPPs generated 64 % less electricity than a year ago, reaching 465 GWh.

Compared to the same period last year, the number of Latvenergo Group's electricity customers increased by 7 % reaching more than 800,000 in the Baltic states, of which more than 160,000 are outside Latvia. In the first nine months of 2022, the amount of electricity sold by Latvenergo Group in the Baltics is 3,892 GWh, of which 35 % or 1,380 GWh, was sold in Estonia and Lithuania. Even considering the increase in natural gas prices on the market and the decrease in demand, the amount of natural gas sold increased by 6% to 719 GWh.

Targeted growth continues in the new business directions that support the sustainability and climate neutrality ambitions defined in the Group's strategy.

With the growing market demand for renewable energy, the demand for solar panels increased significantly. The number of contracts for the installation of solar panels and trade of solar park components in the Baltics increased almost 7 times compared to 9-month period of 2021, exceeding 5,300. The total installed solar panel capacity provided to Latvenergo Group's retail customers in the Baltics exceeded 30 MW; thus, Latvenergo is one of the leading providers of this service in the Baltics. Expanding and diversifying the generation portfolio with green technologies, new solar park projects are being developed – four *Elektrum* solar parks with a total capacity of 11 MW are now in operation. There are currently solar park projects in the Baltics in the project or construction stage, with a total capacity of more than 150 MW.

The *Elektrum Drive* electric car charging network is growing ambitiously, reaching 159 charging ports at the end of the reporting period. More than 16,000 electric vehicle charges amounting to 254 MWh were carried out during the reporting period. The network is growing not only in quantity but also in quality – in July, *Elektrum Drive* opened the most powerful electric car charging station in the Baltic states in Riga with 11 charging ports, 4 of which are ultra-fast ports with a charging capacity of up to 150 kW.

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 related to the significant increase in the prices of energy resources in the market, increased the revenue of Latvenergo Group by 78 % to EUR 1,174.6 million, and EBITDA by 78% to EUR 226.1 million.

In the 9-month period of 2022, the total amount of investment comprised EUR 85.4 million, which is 12% lower compared to the respective period a year ago. The majority or 71% of total investment is in distribution network assets. The reconstruction of Daugava HPPs' hydropower units continued, with total investments since the start of the reconstruction exceeding EUR 200 million.

On 22 July 2022, 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. Meanwhile, on 16 September, *Latvenergo* and *RWE* – the global leader in renewable energy – signed a memorandum of cooperation to develop, build and manage offshore wind projects off the coast of Latvia.

Latvenergo AS operations are in line with the Latvenergo Group's medium-term strategy for 2022–2026, the Growth strategy, approved in March 2022, which sets new operational and financial objectives. It emphasises a rapid development of renewable energy power plants and electrification to achieve the Group's objectives and to promote energy independence.

The unaudited condensed financial statements of Latvenergo Group for 2022 will be published on 28 February 2023. The unaudited condensed interim consolidated financial statements of Latvenergo Group for the 9-month period of 2022 are available in the [Investors / Reports](#) section.

¹ *Earnings before interest, taxes, depreciation, and amortization as well as impairment of intangible assets and depreciation of the value of fixed assets*