

## The Latvenergo Group publishes the audited results of 2022 and the Sustainability report

Today, 19 April, the audited consolidated financial results of Latvenergo Group and Latvenergo AS for 2022 are published. Along with the consolidated annual report of Latvenergo and the report of Latvenergo AS for 2022, the Sustainability Report prepared in accordance with the requirements of the GRI Standards and the Corporate Governance Report of Latvenergo AS for 2022 are published.

Russia's invasion of Ukraine led to record price hikes, with Latvian electricity prices rising 2.5 times, bringing Latvenergo's 2022 revenue to EUR 1,841.8 million, which was 73% more than a year ago. Group's EBITDA was EUR 360.2 million, which was 81% more than a year ago; and Group's profit reached EUR 183.9 million.

In 2022, the Group reached one of its highest ever renewable electricity generation levels, with 70% of the total 3,822 GWh generated. The Group increased the number of electricity customers by 8%, doubling the number of customers outside Latvia.

Assessing last year's results, Latvenergo's management emphasises that 2022 was a landmark year, when, after 24 February, a lot of resources were devoted to vigorous actions to create a sustainable foundation for the Group's future development, Latvia's energy independence and the irreversible transition from fossil fuels to indigenous renewable energy sources.

With Russia's invasion of Ukraine in 2022, Europe gradually abandoned Russian gas, which affected not only natural gas supplies but also other energy sources, pushing up their prices. In 2022, the average Nord Pool electricity price was 2.2 times higher, reaching 136 EUR/MWh. This was against the backdrop of a natural gas price that was almost 3 times higher in 2022, at over 132 EUR/MWh. In Latvia, the price of electricity increased 2.5 times. Meanwhile, the average price of emission allowances was 81 EUR/t, 53% higher than in 2021. Latvenergo AS has stopped purchasing natural gas from Russia as of 24 February 2022.

These factors not only affected Latvenergo Group's financial results, but also the amount of electricity generated and confirmed the importance of the Group's chosen strategic development objectives for the security of the country's energy supply.

Latvenergo's operational strategy for 2022–2026, or the Growth Strategy, approved last year, naturally focuses on the use of renewable energy source capacities and the sustainability of the Group's operations. The Group has made a significant contribution to the implementation of its strategic objectives, which at the same time support the country's energy security. In 2022, the joint venture Latvijas vēja parki SIA between Latvenergo AS and Latvijas valsts meži AS was registered and a Memorandum of Cooperation was signed with RWE on an offshore wind farm. Both projects provide for a significant investment in the development of large-capacity wind farms to generate renewable, reliable and cheaper electricity. In addition, Latvenergo Group has been active purchasing natural gas safety stocks for the benefit of its customers and the State, and acquiring the right to use the Klaipeda LNG terminal.

As a result of the high electricity and natural gas market prices, as well as an increase in the number of electricity customers and an active pursuit of new business lines, the Latvenergo Group's financial performance has increased. In 2022, the Latvenergo Group's revenues amounted to EUR 1,841.8 million, which is an increase of EUR 776.6 million or 73% year-on-year. Latvenergo Group's EBITDA is EUR 161.4 million or 81% higher than in 2021, reaching EUR 360.2 million. The Group's profit amounted to EUR 183.9 million.

Latvenergo Group in 2022 was the largest generator of green electricity in the Baltics. Of the total 3,822 GWh of electricity generated, 70%, or 2,671 GWh, was generated at the Daugava HPPs. This historically significant share of green energy was influenced by high prices for natural gas and CO<sub>2</sub> allowances. Therefore, Latvenergo AS CHPP generated 39% less electricity than last year, or 1,123 GWh, and 14% less heat, or 1,777 GWh, due to warmer weather.

Compared to last year, the number of Latvenergo Group's electricity customers increased by 8% to more than 818 thousand in the Baltic states, of which more than 175 thousand are outside Latvia. In 2022, the amount of electricity sold by Latvenergo Group in the Baltics is 5,452 GWh, of which 35%, or 1,912 GWh, was sold in Estonia and Lithuania. However, the number of natural gas customers increased by 15% to over 21 thousand at the end of December. Even taking into account the increase in natural gas prices on the market and the decrease in demand, the volume of natural gas sold increased by 1.3% to 1,040 GWh.

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

As market demand for renewable energy increases, demand for solar panels has increased significantly and Latvenergo is one of the leading providers of this service in the Baltics. The number of solar panel and solar park parts sales contracts signed by the Group in the Baltics has increased by almost 5 times to over 6,200. The total installed capacity of solar panels for Latvenergo Group's retail customers in the Baltics already exceeds 38 MW. 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 operational. There are currently solar park projects in the Baltics in the development or construction stage, with a total capacity of more than 190 MW.

The *Elektrum Drive* electric vehicle charging network is growing ambitiously, reaching 195 ports at the end of the reporting year. More than 24,000 charging events amounting to 480 MWh were carried out. 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 super-fast charging with a capacity of up to 150 kW. In November, the use of the *Elektrum Drive* app was significantly expanded in cooperation with the CSDD *e-mobi* charging network. This provided convenient and fast access to more than 300 additional charging stations nationwide with a single app.

Latvenergo Group has made investments of EUR 121.7 million in 2022, which have not changed significantly compared to last year. The majority, or 70%, was invested in distribution network assets. The reconstruction of the Daugava HPPs hydropower units also continued.

The reports are available at in the section [Investors/Reports](#).

