

LATVENERGO GROUP UNAUDITED RESULTS 1H 2022

Investor Conference Webinar Presentation

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Group profile



Financials



Current events



Q&A



Group profile



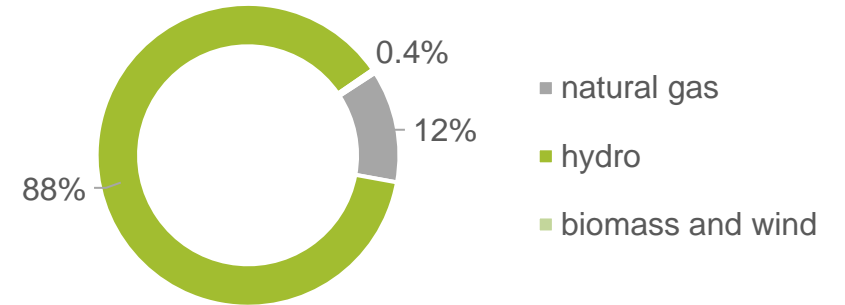
One of the leading energy suppliers and leader in green energy generation in the Baltics

Balanced and environmentally friendly energy generation portfolio

- Low-cost hydropower plants (1,559 MW_{el})
- Highly efficient combined heat and power plants (1,039 MW_{el}; 1,617 MW_{th})

Share of renewable resources in the electricity output 1H 2022

88%



Sound business model

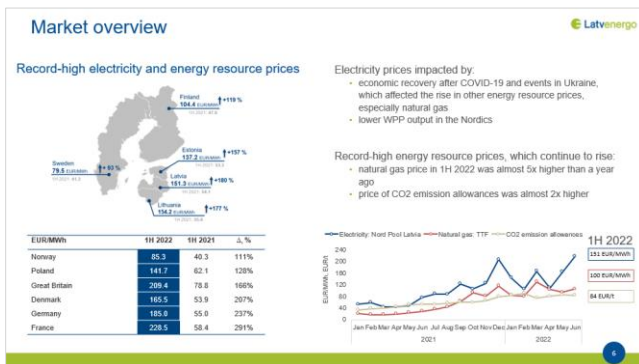
- Stable cash flow from regulated distribution network activities
- 35% of retail electricity trade supplied to customers in Lithuania and Estonia
- Broad customer base



- **Baa2** credit rating with stable outlook by Moody's
- 100% owned by the Republic of Latvia A3 / A+ / A-
- 80+ years of experience in energy sector



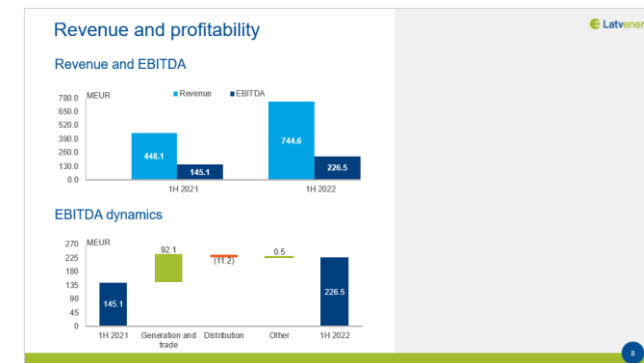
Market overview



Main indicators



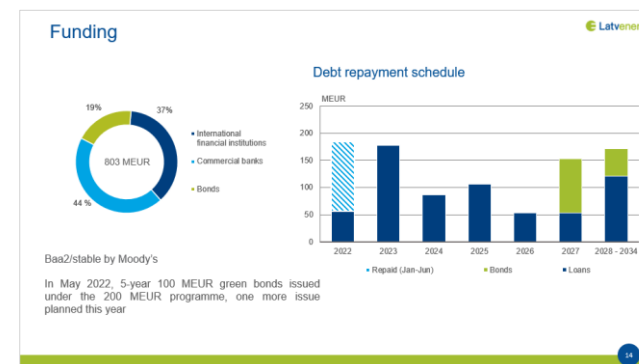
Revenue and profitability



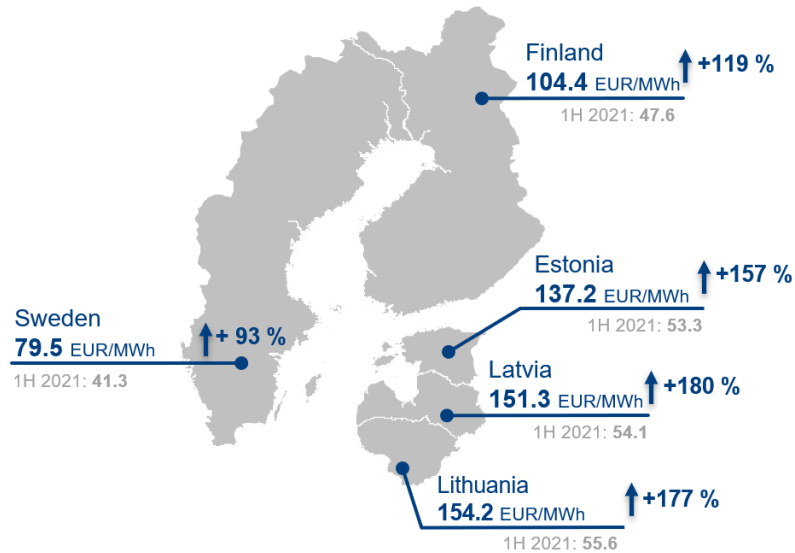
Investments



Funding



Record-high electricity and energy resource prices



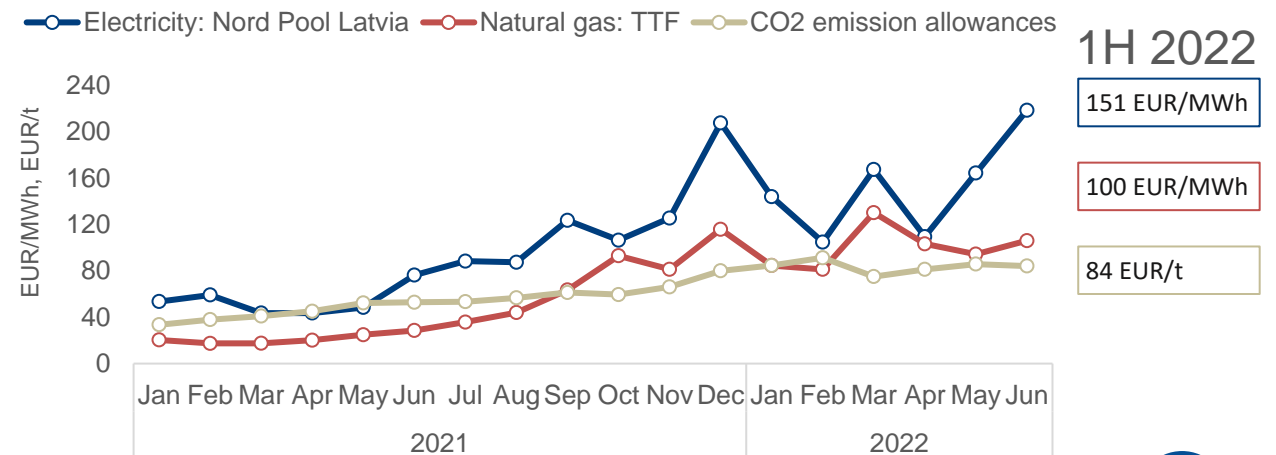
EUR/MWh	1H 2022	1H 2021	Δ, %
Norway	85.3	40.3	111%
Poland	141.7	62.1	128%
Great Britain	209.4	78.8	166%
Denmark	165.5	53.9	207%
Germany	185.0	55.0	237%
France	228.5	58.4	291%

Electricity prices impacted by:

- economic recovery after COVID-19 and events in Ukraine, which affected the rise in other energy resource prices, especially natural gas
- lower WPP output in the Nordics

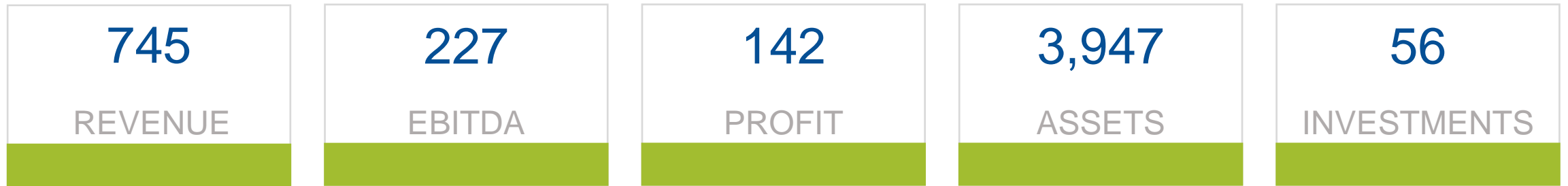
Record-high energy resource prices, which continue to rise:

- natural gas price in 1H 2022 was almost 5x higher than a year ago
- price of CO2 emission allowances was almost 2x higher



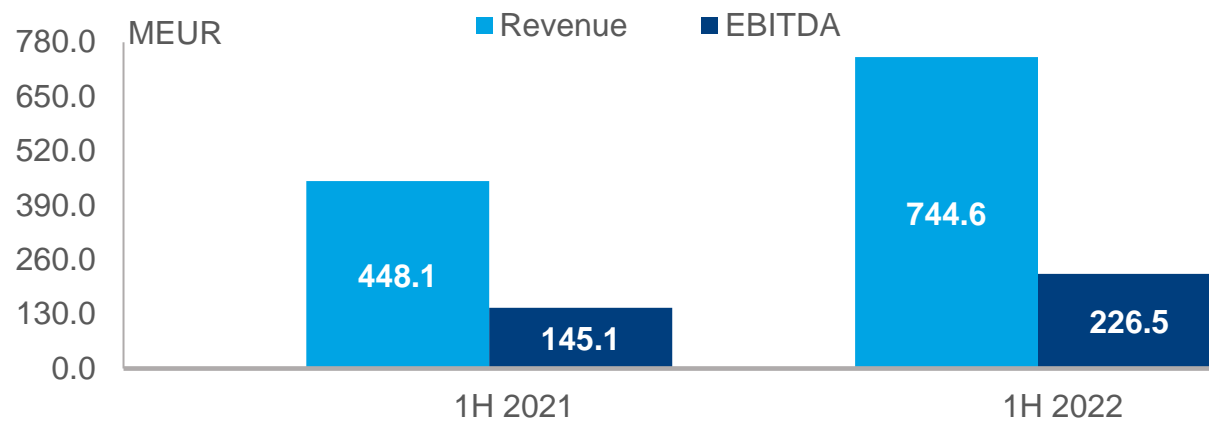
Main indicators: Key financial figures 1H 2022

MEUR

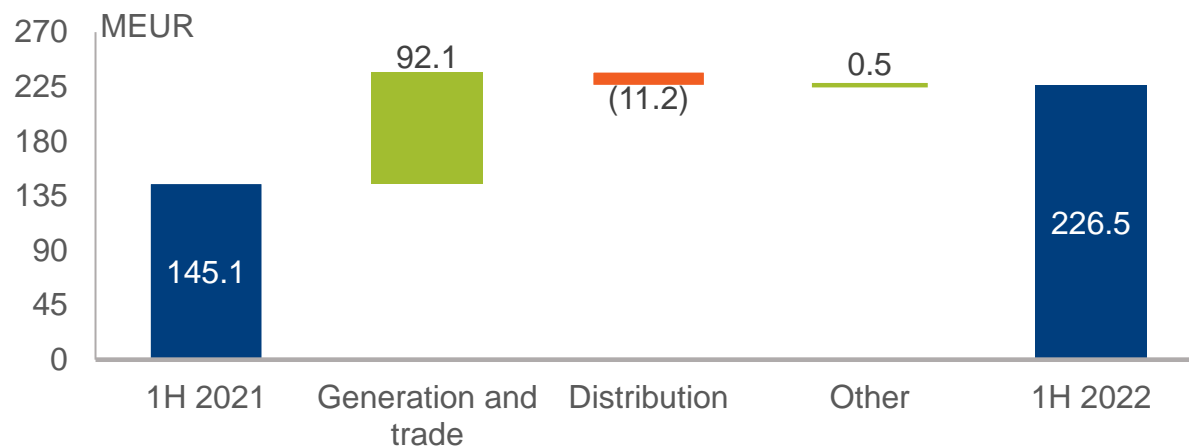


Revenue and profitability

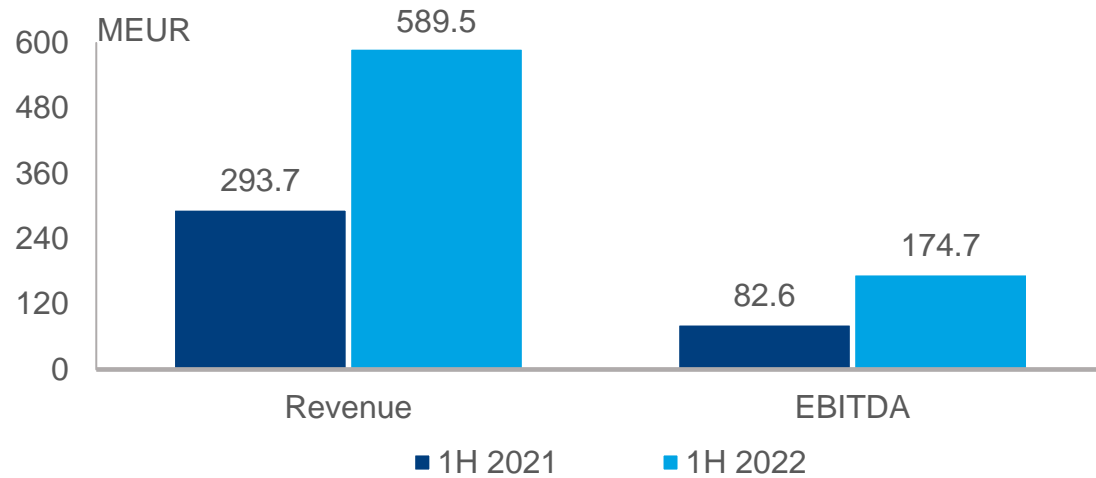
Revenue and EBITDA



EBITDA dynamics



Revenue and EBITDA

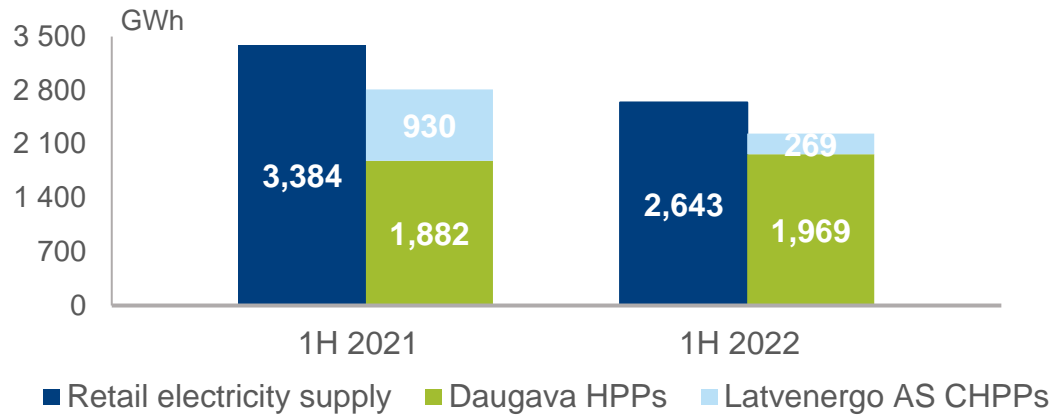


- Impacts on revenue:
 - 2.8x higher electricity spot prices in the Baltics
- Impacts on EBITDA:
 - adjustment of electricity sales prices to the market situation
 - 5% greater output at the Daugava HPPs
 - well balanced hedging policy



Main indicators: Generation

2,253 GWh of electricity generated



1H 2022

-71%

CHPPs

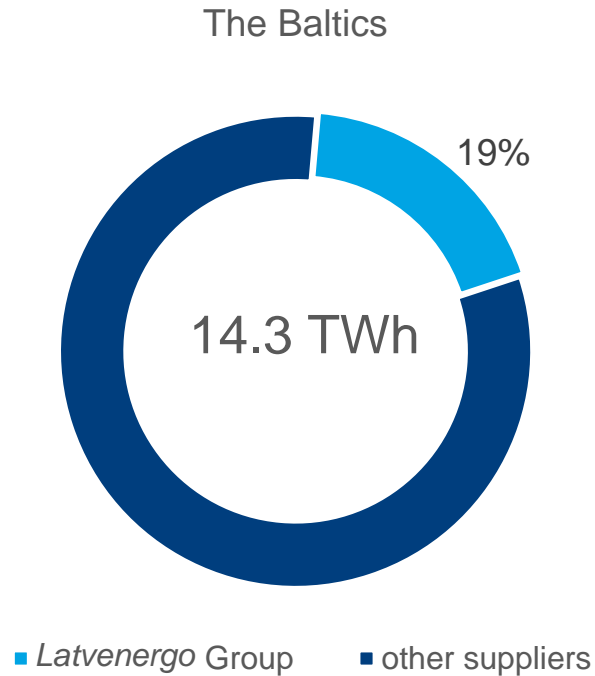
+5%

HPPs

- Latvenergo – largest green electricity producer in the Baltics
- 27% of the total electricity generated in the Baltics
- 88% generated from renewable energy sources
- Electricity generated at Latvenergo corresponds to 85% of the amount of electricity sold in retail

Retail electricity supply in the Baltics

including operational consumption



The number of *Elektrum* electricity customers increased by 8%

2,643 GWh of electricity and 518 GWh of natural gas sold to Baltic retail customers

790 K retail electricity customers



The number of *Elektrum* customers outside Latvia increased more than 2x, exceeding 140,000

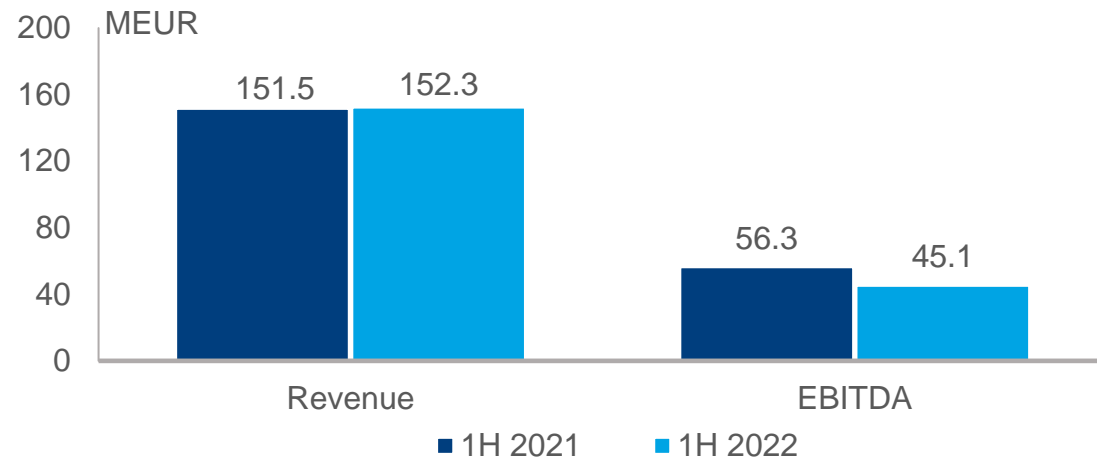


The total installed solar panel capacity provided to retail customers in the Baltics reached almost 17 MW



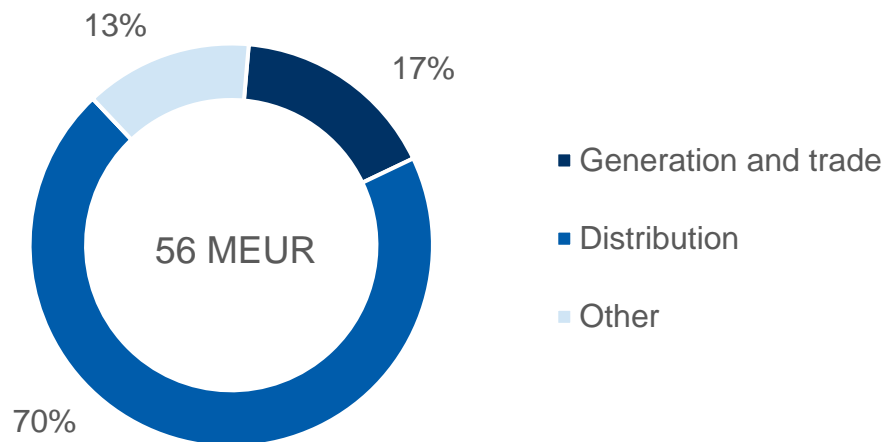
More than 9,100 electric vehicle charges were made at the *Elektrum Drive* electric car charging stations

Revenue and EBITDA



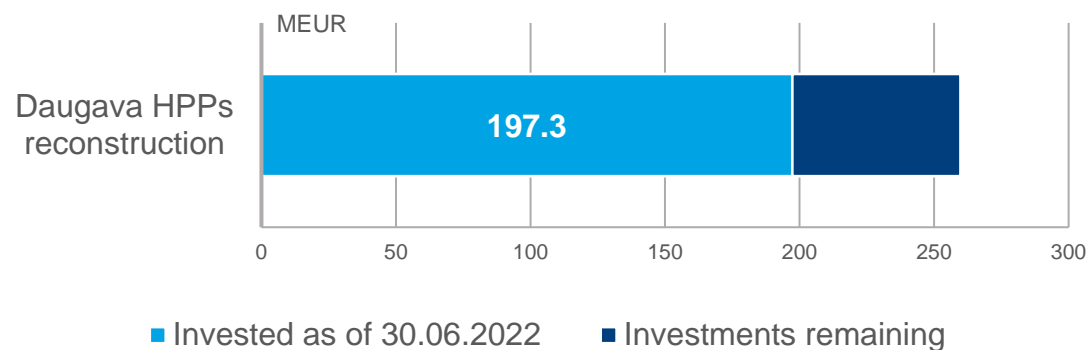
- Impacts on financial performance:
 - higher electricity loss costs
 - lower distributed electricity
- Electricity distributed: 3,181 GWh (1H 2021: 3,212 GWh)

Investments



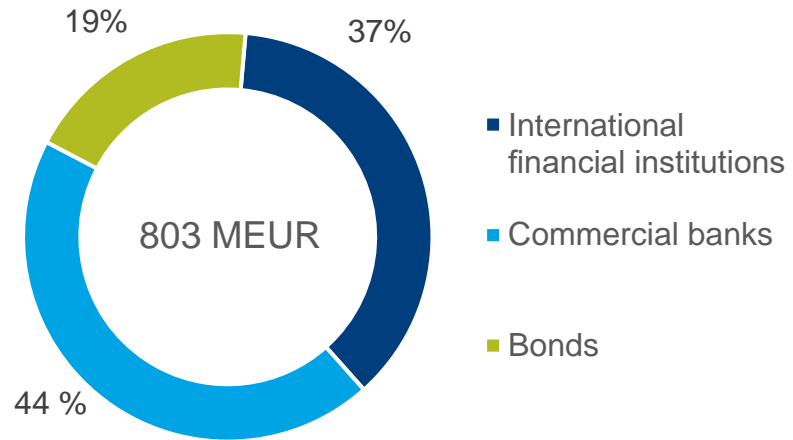
Investment in power network assets – 2/3 of the total

Main investment project



The reconstruction will provide for further 40-year operation of hydropower units

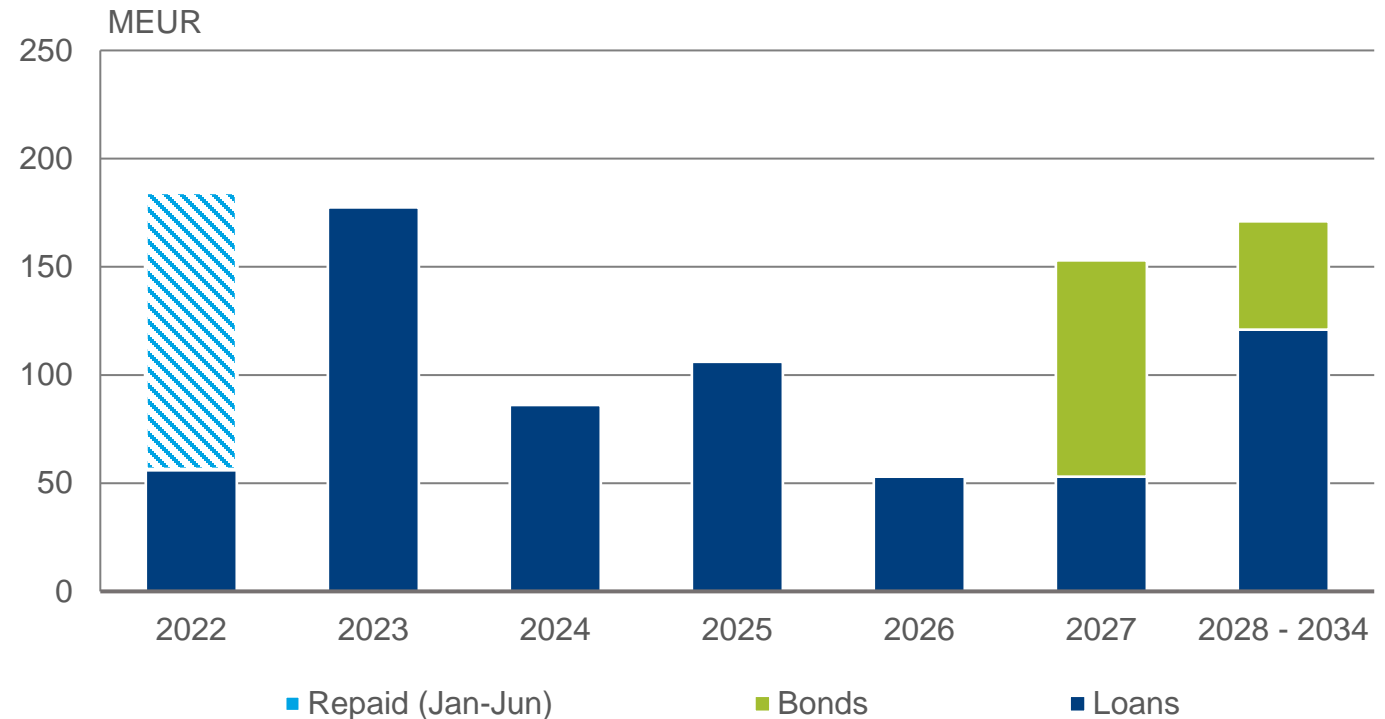




Baa2/stable by Moody's

In May 2022, 5-year 100 MEUR green bonds issued under the 200 MEUR programme, one more issue planned this year

Debt repayment schedule





Current events

Wind park project

Latvijas vēja parki SIA – 800MW wind park project in forest lands

Latvenergo strategy 2022-2026:
One of operational objectives

Generation
Grow and diversify portfolio with wind and solar

New wind and solar capacities

2026	600 MW
2030	2300 MW

- In July 2022 registered in Commercial Register
- A joint venture of Latvenergo AS (80%) and Latvijas valsts mežs AS (20%)
- Share capital: 2 MEUR
- Installed capacity:** ~ 800 MW
- Investments:** ~ 1 billion EUR
- Planned production start:** in 2026
- Electricity produced:** 2,5-2,9 TWh/year (~40% of total Latvia's consumption)

16

Elektrum Drive

Elektrum in the Baltics

Elektrum Drive charging network in the Baltics

	2019	2020	2021	2022 (planned)
Total points	7	36	90	230

First electric charging stations in Lithuania and Estonia: by the end of this year

Elektrum Drive strategy

Development of **electromobility** is one of the **objectives set** in Latvenergo medium-term **strategy, promoting sustainable and smart mobility**.
Our **target is by 2026** to reach at least **1200 public electric charging ports** in the Baltics

In Riga launched the most powerful electric car charging area in the Baltic States with 11 simultaneous public charge ports, 4 of them with charging power up to 150 kW

17

Summary

Summary

- Share of renewable energy 88%
- The number of *Elektrum* electricity customers increased by 8%
- Established joint venture with LVM for the development of wind parks in Latvia
- Group's EBITDA – 227 MEUR, profit – 142 MEUR

18

Latvijas vēja parki SIA – 800MW wind park project in forest lands

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Q&A

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