

## Latvenergo Group's unaudited results for the first quarter of 2024 are published

Today, on 31 May, Latvenergo Group published its unaudited condensed interim consolidated financial statements for the first three months of 2024.

Like last year, the operations of Latvenergo Group in the first three months of the year were significantly affected by the operation of the River Daugava hydroelectric power plants. Despite generating 11% less electricity than in the same period last year, this year still recorded one of the highest quarterly electricity generation volumes in history – 1,401 GWh. Due to the decrease in the price of natural gas, the amount of electricity generated by CHPPs of Latvenergo AS increased by 52% to 911 GWh. The total electricity production of the Group in the first quarter increased by 6% year-on-year, reaching 2,319 GWh. Thus, Latvenergo Group accounts for 41% of the total electricity generated in the Baltic states.

Consequently, Latvenergo Group has maintained its export position in the first quarter of 2024, selling 14% more electricity to customers than in the same period last year. The number of *Elektrum* customers is increasing constantly – the number of electricity customers has increased to 853 thousand, while the number of natural gas customers has doubled to 54 thousand.

The Group's export markets are thriving, with significant growth in both sales and new power generation capacities. 43% of electricity was sold beyond Latvia, and the number of customers abroad has increased to 238 thousand. The first solar parks of *Elektrum* are already operational in Lithuania and Estonia, and the first wind farm of Latvenergo Group is under construction in Lithuania.

The growth in retail sales of electricity and natural gas, the increase in the number of *Elektrum* customers, as well as better results in the distribution segment, had a positive impact on the financial results of the Group. In the first 3 months of 2024, the EBITDA of Latvenergo Group increased by 42% and reached EUR 221.1 million, the revenue of the Group amounted to EUR 599.3 million, a drop of 18% compared to the same period last year, while the profit amounted to EUR 172.4 million, increasing 59% year-on-year.

In the first 3 months of 2024, the total electricity production of Latvenergo Group increased by 6% year-on-year to 2,319 GWh. Daugava HPPs accounted for most of the production in the first quarter of 2024, generating one of the historically highest quarterly volumes of 1,401 GWh, although it was 11% less than in the first quarter of 2023 due to lower inflow.

Meanwhile, as the natural gas prices fell to the levels of 2021, the CHPPs of Latvenergo AS became increasingly competitive in the power generation market. Their electricity generation reached 911 GWh, which is 52% more than in the same period of the previous year. The operation of the CHPPs of Latvenergo AS is adapted to the electricity market conditions and the demand for heat energy.

Heat production has also increased by 12% to 903 GWh. The electricity generated by the Group accounted for 41% of the total electricity generation in the Baltic states, with 61% of electricity generated from renewable energy sources.

By taking advantage of its export position and successful performance in the market, Latvenergo sold 1,867 GWh of electricity to customers in the Baltic states in the first 3 months of 2024, which is a 14% increase from the same period of the previous year. The number of electricity customers of *Elektrum* exceeds 853 thousand. The increase in electricity sales was significantly influenced by the increase in sales in the Lithuanian household market. The operations of the Group in export markets should be emphasised, as 43% of the total retail electricity sales have been made outside Latvia, and the number of customers abroad has already reached 238 thousand.

The number of natural gas customers has doubled to 54 thousand and the volume of natural gas sold has increased by 46% to 455 GWh. Including wholesale, a total of 930 GWh of natural gas was sold, which is almost three times more than in the same period last year.

In progress towards the goals set in the strategy for 2022–2026, Latvenergo Group is purposefully developing RES capacities across the Baltic states, with the total amount of investments growing respectively – in the first 3 months of this year, the investment amounted to EUR 49.8 million, which is 38% or EUR 13.6 million more than in the respective period last year. A quarter of this amount, or EUR 12.2 million, has been earmarked for the development of solar parks. At the end of the reporting period, 8 solar parks with a total capacity of almost 37 megawatts (MW) were producing electricity under the *Elektrum* brand in the Baltic states. This year also saw the commencement of the construction of roads and turbine foundations for the first wind power plant of Latvenergo Group in Lithuania, in Akmenė District, with a capacity of up to 15 MW. The Group has solar parks and wind farms with a total capacity of approximately 400 MW under design or construction in the Baltic states, which are expected to be commissioned gradually from 2024 to 2025.

On 23 May 2024, Latvenergo AS purchased 100% of the *Utilitas Wind OÜ* project *Telšiai*, which will enable the start of wind energy production with a capacity of 124 MW in the first quarter of 2026. The *Telšiai* project was approved at the Latvenergo AS shareholders' meeting on 17 May 2024. The project plans to install 20 *Vestas* 6.2 MW wind turbines, providing for the annual electricity consumption of more than 125 thousand households.

The financial results of the distribution segment have also improved in the first 3 months of 2024. They were positively affected by the introduction of new tariffs, increasing the proportion of the fixed part of the tariff fee in the tariff calculation, which is a more appropriate solution for the actual structure of distribution network maintenance costs, as well as an increase of 3% in distributed electricity.

The growth in retail sales of electricity and natural gas, the increase in the number of *Elektrum* customers, as well as better results of the distribution segment, were the factors that positively affected the financial results of the Group. New business directions are also having an increasing impact on financial and operational performance. At the end of March, the *Elektrum Drive* electric vehicle charging network reached 460 ports in the Baltic states with more than 25,6 thousand charges of 570 MWh made in the charging network, saving 350 tonnes of CO<sub>2</sub> emissions.

Under the influence of all the above factors, the EBITDA of Latvenergo Group increased by 42% in the first 3 months of 2024 and reached EUR 221.1 million, the revenue of the Group amounted to EUR 599.3 million, a drop of 18% year-on-year, while the profit amounted to EUR 172.4 million, increasing by 59% compared to the same period a year ago.

After the end of the reporting period on 29 May, the shareholder of Latvenergo AS decided to pay EUR 212.2 million in dividends to the State as profit for 2023. For the dividends paid out, Latvenergo AS will pay approximately EUR 48 million in corporate income tax, thereby contributing a total of more than EUR 260 million to the Latvian state budget.

The unaudited condensed interim financial statements of Latvenergo Group for the 6-month period of 2024 will be published on 30 August, and for 9-month period – on 29 November. The unaudited condensed interim consolidated financial statements of Latvenergo Group covering the 3-month period of 2024 are available in the [Investors/Reports](#) section.