Unaudited results of Latvenergo Group for the first six months of 2021

Today, on 31 August, the unaudited consolidated interim condensed financial statements of Latvenergo Group for the first six months of 2021 are published.

In 2021, prices of energy resources continued to increase all over the world affecting also the electricity prices in the Nord Pool region and therefore in Latvia, where the electricity spot price in the first six months of 2021 was almost twice or 91% higher than in the respective period a year ago. In most European countries the electricity prices have been the highest of the last 10 years. The rapid increase in electricity prices is caused by the global economic recovery from COVID-19, the increase in prices of energy resources and CO_2 allowances. In the reporting period, GASPOOL and TTF natural gas (Front Month) prices were almost three times higher than in the first half of 2020 reaching 21.5 EUR/MWh. In the first half of 2021, the average price of carbon emission allowances (EUA DEC.21) increased by 91% and reached 47.0 EUR/t.

In the reporting period, Latvenergo Group's revenue reached EUR 448.1 million, which was 14% more than in the respective period a year ago. Higher prices of purchased energy resources negatively affected the Group's EBITDA[1], which was 10% lower than in the first half of 2020 and reached 145.1 million euro.

In the first half of 2021, Latvenergo Group was the largest electricity generator in the Baltics, generating 36% of the total electricity output in the Baltics or 2,827 gigawatt-hours (GWh), 67% of which were from renewable energy sources. Our leadership in the generation of green electricity in the Baltics is ensured by the Daugava HPP cascade, which has generated about the same level as in the respective period a year ago, reaching 1,882 GWh. In the reporting period, the amount generated at the Latvenergo AS CHPPs reached 930 GWh, which was 29% more than in the respective period a year ago. The thermal energy output also increased by 29% and constituted 1,259 GWh. The increase was mainly due to the untypically low generation in the respective period of 2020, when the weather was warmer during the heating season and electricity prices were low.

In the first six months of 2021, Latvenergo Group's revenue reached EUR 448.1 million, which was 14% more than in the respective period a year ago. This was mainly affected by higher electricity market prices and increase in retail sales volume. In the reporting period, the Group's EBITDA decreased by 10% compared to the first six months of 2020, and constituted EUR 145.1 million. The Group's profit for the reporting period reached EUR 57.1 million, which is 34% lower compared to the first six months of last year. Profit and EBITDA were negatively affected by the significant increase in price of purchased energy resources.

In the reporting period, Latvenergo considerably increased its presence in the electricity and natural gas markets, as well as solar energy and electric mobility business segments in the Baltic countries. In June 2021, Elektrum Eesti, a Latvenergo subsidiary, signed an agreement for purchasing capital shares of three micro-network service companies in Estonia and on the takeover of a portfolio of 20,000 customers from Imatra Elekter, thus considerably increasing competitiveness of Latvenergo in the Estonian market of electricity, and related products and services. In April, the first solar energy park of Latvenergo Group was commissioned in Lithuania, Klaipeda, with the total capacity of 1.5 MW. A solar park in Estonia is planned to be launched this year.

In the first six months of 2021, the number of contracts for sale of solar panels and shares of solar parks in the Baltics increased significantly – more than 370 new contracts were concluded, which is 59% more than in the respective period a year ago. The total installed solar panel capacity provided to Latvenergo Group's retail customers in the Baltics reached more than 8 MW; thus, Latvenergo is one of the leading providers of this service in the Baltics. The leadership position in electric mobility has strengthened by rapidly developing a network of charging stations. In the reporting period, customers of the *Elektrum* mobile app made approximately 3,100 charging cycles at public charging stations charging for more than 50 MWh.

In the first half of 2021, Latvenergo Group supplied 3,384 GWh of electricity to its retail customers in the Baltics, which is 10% more than in the respective period a year ago. 40% of electricity was sold to retail customers outside Latvia. It was impacted by an increase in sales in the segments of large business customers and households in Lithuania. The volume of natural gas sold in the reporting period increased more than two times and constituted 506 GWh.

On 17 May 2021, Latvenergo AS issued seven-year green bonds with a total nominal value of EUR 50 million, and the demand of investors reached 229.8 million euro. The green bond revenue will be invested in environmentally friendly investment projects. The independent research centre CICERO Shades of Green has rated the updated Latvenergo AS green bonds as Dark Green, which is the highest possible category.

The total investments of Latvenergo Group amounted to EUR 58.1 million in the first six months of 2021, which is EUR 35.1 million or 38% less than in the respective period a year ago, mainly affected by the unbundling of transmission system assets on 10 June 2020. The investments in the distribution network assets comprised 73% of the total investment amount or EUR 42.2 million. As part of the Group's investments in environmentally friendly projects, during the reporting period, EUR 7.7 million have been invested in the Daugava HPPs' hydropower reconstruction.

The next interim financial statement of Latvenergo Group for 2021 will be published on 30 November. The unaudited consolidated interim condensed financial statements of Latvenergo Group for the first six months of 2021 are available in the section Investors/Reports.

[1] *earnings before interest, corporate income tax, share of profit or loss of associated companies, depreciation and amortisation, and impairment of intangible and fixed assets*