

INDEPENDENT AUDITOR'S REPORT

To the stockholders of
Joint Stock Company "Latvijas Gāze"

Report on the Audit of the Financial Statements

Our Opinion on the Financial Statements

We have audited the accompanying financial statements of Joint Stock Company "Latvijas Gāze", reg.No. 40003000642 ("the Company") set out on pages 21 to 54 of the accompanying annual report, which comprise:

- the balance sheet as at 31 December 2023,
- the statement of profit and loss and statement of comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Audit. Tax. Advisory.

Key audit matter	Our response
Valuation of inventories	
<p><i>The carrying amount of the inventories (natural gas) in the Company's balance sheet as at 31 December 2023: EUR 54 649 thousand; losses from inventory revaluation recognized in 2023: EUR 29 424 thousand.</i></p> <p><i>Reference to the Notes to the Company's financial statements: Note 11 "Inventories" and Note 24 "Summary of significant accounting policies" – Inventories, as well as the explanatory information specified in the Management Report.</i></p> <p>Valuation of inventories is considered a key audit matter due to the nature of the activity of the Company that depends primarily on the sale of inventory in generating revenues and the extent of its impact on business results. Valuation of inventories and determination of its impairment require using assumptions and estimates that may have material impact on the Company's financial statements.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> • assessed whether the Company's accounting policies for valuation of inventories, which is lower of cost or net realizable value (NRV) at the reporting date, correspond to the IFRS Accounting Standards as adopted by the European Union and were consistently applied; • analysed the trends and forecasts of natural gas prices in Latvia and Europe in 2023 and at the beginning of 2024, also taking into account a significant event in the natural gas industry in Latvia - the opening of the household market from 1 May 2023; • discussed with the management / responsible employees the calculation for a lower of cost and net realizable value (NRV) adjustment to inventory carrying value methodology, the basis for inventory write-down and the process with respect to inventory write-down; • reviewed, whether relevant market data (TTF) was used by the Company in its calculation for inventory carrying value adjustment at the reporting date to ensure appropriate basis of valuation; • recalculated the Company's inventory carrying value adjustment (write-down) at the reporting date; • evaluated, whether inventories were stated at the lower of cost or net realizable value at the reporting date by comparing on a sample basis the sales prices of inventories subsequent to the reporting date, taking into account the following factors: <ul style="list-style-type: none"> - seasonality of the natural gas market; - natural gas price trends; - sources of supply; - sales volumes, revenues and costs; • evaluated the appropriateness of the management's assumptions and judgements used based on our knowledge and information about the Company and the industry.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- information about council, as set out on page 6 of the accompanying Annual Report,
- information about management board, as set out on page 7 of the accompanying Annual Report,
- information about Company in brief, strategy and objectives, shares and shareholders, as set out on pages 8-11 of the accompanying Annual Report,
- the Management Report, as set out on pages 12-19 of the accompanying Annual Report,
- the Statement on Board Responsibility, as set out on page 20 of the accompanying Annual Report,
- the Non-financial Statement, as set out on pages 55-96 of the accompanying Annual Report,
- the Statement on Corporate Governance, prepared as a separate part of the annual report, indicating in the Management Report the website address on the Internet, where the Statement on Corporate Governance is available to the public in electronic form,
- the Remuneration Report, indicating in the Management Report the website address on the Internet, where the Remuneration Report is available to the public in electronic form.

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Law On the Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement on Corporate Governance includes the information required in section 56.¹, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.², second paragraph, clause 5 and if it includes the information stipulated in section 56.² second paragraph, clause 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In our opinion, the Statement on Corporate Governance includes the information required in section 56.¹, first paragraph, clause 3, 4, 6, 8 and 9, as well as section 56.², second paragraph, clause 5 and it includes the information stipulated in section 56.² second paragraph, clause 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Non-financial Statement, our responsibility is to consider whether the Company has prepared the Non-financial Statement and whether the Non-financial Statement is included in the Management Report or prepared as a separate part of the Annual Report.

We report that the Company has prepared the Non-financial Statement as a separate part of the Annual Report.

Furthermore, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information required in section 59.⁴ of the Financial Instruments Market Law, and whether material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the annual report.

In our opinion, the Remuneration Report includes the information required in section 59.⁴ of the Financial Instruments Market Law, and no material misstatements have been identified in the Remuneration Report in relation to the financial information disclosed in the annual report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other reporting responsibilities and confirmations required by the legislation of the Republic of Latvia and the European Union when providing audit services to public interest entities

We were appointed by the ordinary shareholders' meeting on 19 June 2023 to audit the financial statements of Joint Stock Company "Latvijas Gāze" for the year ended 31 December 2023. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 December 2022 to 31 December 2023.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- as referred to in paragraph 37.⁶ of the Law on Audit Services of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU

Regulation (EU) No. 537/2014. We also remained independent of the audited Company in conducting the audit.

For the period to which our statutory audit relates, in addition to the audit, we have not provided any services to the Company other than those disclosed in the Management Report or the Company's financial statements.

The responsible certified auditor on the audit resulting in this independent auditors' report is Marija Jansone.

AS "Nexia Audit Advice"
The Firm of Sworn Auditors, Licence No. 134



Marija Jansone
Member of the Board, the responsible Certified Auditor,
Certificate No. 25



Andrejs Ponomarjovs
Chairman of the Board

Riga, Latvia
19 April 2024