2024

JSC "LATVIJAS GĀZE" UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENT FOR THE 3-MONTHS PERIOD ENDED 31 MARCH 2024

Prepared in accordance with the International Accounting Standards 34 “Interim Financial Reporting” as adopted by the European Union

*Translation from Latvian original

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COUNCIL OF THE JSC “LATVIJAS GĀZE”

The Council’s term of office runs from 22 February 2024 till 22 February 2027.

Guntars Reidzans, 1970
Chairman of the Council

AS ”Amber Latvijas Balzams”, Member of the Supervisory Council

GRINVEST SIA Member of the Board

Kirill Neyimin, 1985
Vice-Chairman of the Council

PJSC “Gazprom”, Deputy Head of the Department for Foreign Economic Affairs – Head of the Directorate for Relations with Neighbouring Countries

Matthias Kohlenbach, 1969
Vice-Chairman of the Council

Legal Department, Uniper SE, Germany; responsible for international projects

Valentin Bluger, 1959
Member of the Council

AS "Rietumu Banka" Member of the Remuneration Committee

Kirill Seleznev, 1974
Member of the Council

Head of the Department for Marketing and Processing of Gas and Liquid Hydrocarbons, PJSC “Gazprom”

Elena Mikhaylova, 1977
Member of the Council

Member of the Asset Management Committee, Head of the Asset Management and Corporate Relations Department, PJSC “Gazprom”

Vitaly Khatkov, 1969
Member of the Council

Head of Department 817, PJSC “Gazprom”

Yury Ivanov, 1982
Member of the Council

Head of the Directorate for Legal Support of Foreign Economic Activity, PJSC “Gazprom”

Nikolay Dorofeyev, 1982
Member of the Council

AS “Rietumu Banka” Head of Corporate Finance Department Energy Sector, Real Estate Development, Metalworking, Project Management, Business Analysis, Financial Analysis, Market Research, Project Financing, Distressed Asset Management

Edgars Buncis, 1975
Member of the Council

CEO LOC, IIHF World Men 2023 World Championship

Dr. Christian Janzen
Member of the Council

Observer in the Board of Directors, Transitgas AG, Zürich, CH

Vice President Joint Ventures South/West Uniper Global Commodities SE, Düsseldorf

MANAGEMENT BOARD OF THE JSC "LATVIJAS GĀZE"

The Management Board's term of office runs from 16 August 2021 till 15 August 2024.

The term of office of Member of the Board Egīls Lapsalis runs from 1 November 2022 till 15 August 2024.

Aigars Kalvītis, 1966
Chairman of the Board

Latvian University of Agriculture, Master's Degree in Economics

Denis Emelyanov, 1979
Member of the Board, Vice-Chairman of the Board

Gubkin Russian State University of Oil and Gas, Faculty of Economics and Management – Economist-Manager, Economics and Oil and Gas Enterprise Management

Elita Dreimane, 1968
Member of the Board

University of Latvia, Faculty of Law, Master's Degree of Social Sciences in Law

Stockholm School of Economics in Riga (SSE Riga)
Executive Master of Business Administration (EMBA)

Egīls Lapsalis, 1979
Member of the Board

University of Latvia, Faculty of Law, Bachelor's Degree of Social Sciences in Law

JSC “LATVIJAS GĀZE” IN BRIEF

JSC “Latvijas Gāze” (hereinafter – Latvijas Gāze or the Company) provides services related to the purchase, trade and sale of natural gas in Latvia, Lithuania, Estonia and Finland. These services include the wholesale and sale of natural gas to industrial and commercial customers as well as to households.

STRATEGY AND OBJECTIVES

OUR OBJECTIVE

To strengthen the position of Latvijas Gāze as a leader in the Latvian and Baltic energy market by becoming the natural gas supplier of first choice for customers and by ensuring the most stable supply of natural gas for the Baltic region.

OUR MISSION

To contribute to the Baltic region’s economy by ensuring the reliable, safe and flexible supply of natural gas to households and businesses at competitive prices.

OUR VISION

To improve the public’s well-being by promoting the use of natural gas as a source of clean and high-efficiency energy towards climate neutrality.

SHARES AND SHAREHOLDERS OF THE JSC "LATVIJAS GĀZE"

SHARES AND SHAREHOLDERS

The shares of the Latvijas Gāze have been listed on the Nasdaq Riga Stock Exchange since 15 February 1999, and its ticker code is GZE1R as of 1 August 2004. The total number of shareholders of Latvijas Gāze as at 31 March 2024 was 6 950.

COMPANY'S SHARE PRICE, OMX RIGA GI AND OMX BALTIC GI INDEX CHANGES (01.01.2022-31.03.2024)

ISIN	LV0000100899
Ticker code	GZE1R
List	Second list
Nominal value	1.40 EUR
Total number of securities	39 900 000

Source: Nasdaq Baltic

Number of securities in public offering	25 328 520
Number of closed-issue securities	14 571 480
Liquidity providers	None

INDEX | EQUITY	OPENING VALUE	CLOSING VALUE	CHANGE %
OMX_Baltic_Benchmark_GI	1,568.82	1,441.36	-8.12
OMX_Baltic_GI	1,129.11	1,048.1	-7.17
GZE1R - Latvijas Gāze	10.7	9.5	-11.21

Source: Nasdaq Baltic

The shares of Latvijas Gāze are included in four Baltic industry indexes that include public utilities – B7000GI, B7000PI, B7500GI, B7500PI, as well as in geographical indexes – OMXBGI, OMXBPI, OMXRGI.

OMX RIGA (OMXR.) – a domestic index of all shares. Its basket consists of the shares of the Official and Second list of Nasdaq Riga. The index reflects the current situation and changes at Nasdaq Riga.

OMX BALTIC (OMXB.) – a Baltic-wide index of all shares. Its basket consists of the shares of the Official and Second list of Baltic exchanges. The index reflects the current situation and changes on the Baltic market overall.

On 31 March 2024, the market capitalisation of Latvijas Gāze amounted to 379.05 million EUR, which is 12% more than in the respective period of 2023.

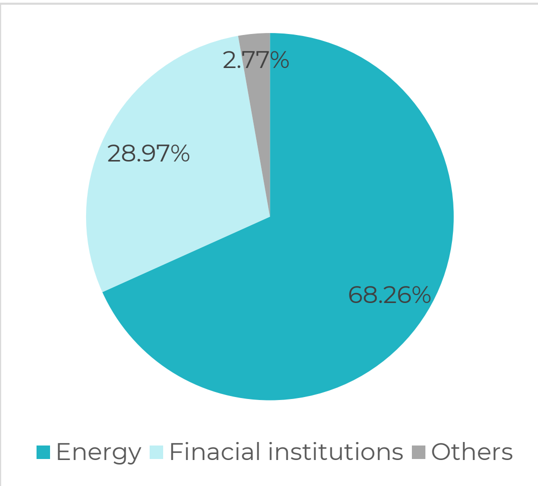
SHARE PRICE DEVELOPMENT AND SHARE TURNOVER (01.01.2022-31.03.2024)

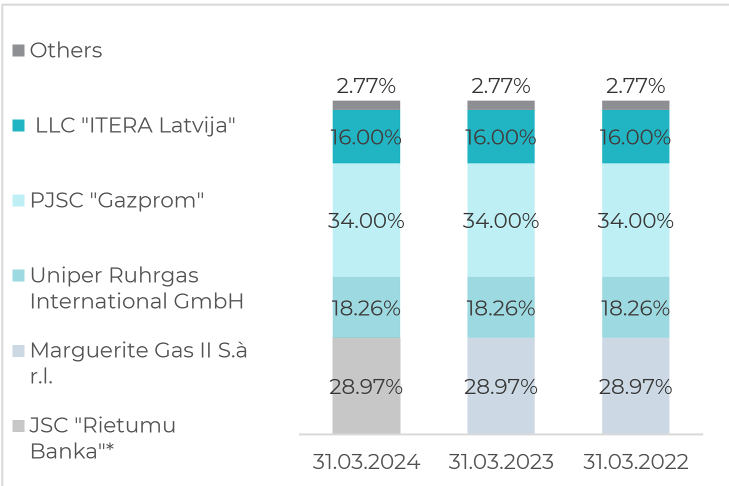
Source: Nasdaq Baltic

INFORMATION ON SHARE TRANSACTIONS (3M 2022 – 3M 2024)

	3M 2024	3M 2023	3M 2022
Share price (EUR):			
First	9.70	8.60	10.60
Highest	9.90	9.10	11.10
Lowest	9.38	8.50	7.90
Average	9.56	8.81	10.08
Last	9.50	8.52	9.20
Change (from first to last share price)	-2.06%	-0.93%	-13.21%
Number of transactions	236	635	919
Number of shares traded	2 537	8 512	25 724
Turnover (million EUR)	0.02	0.08	0.25
Capitalisation (million EUR)	379	340	367

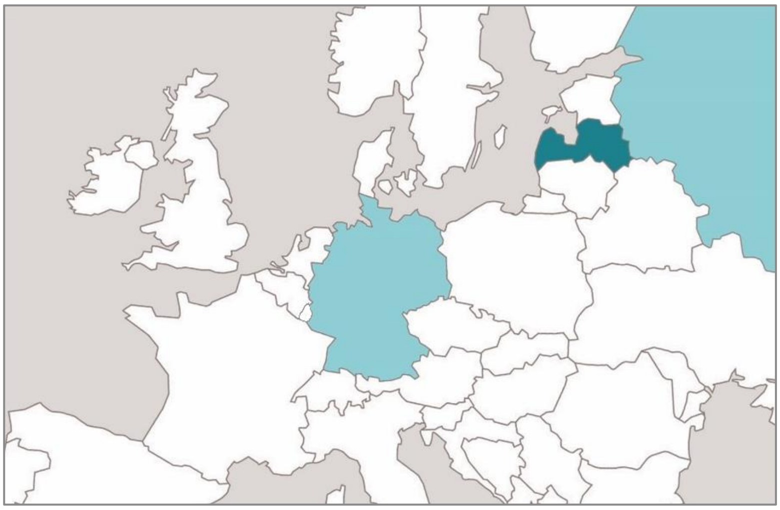
SHAREHOLDER STRUCTURE AS AT 31.03.2024





*JSC "Rietumu Banka" became a shareholder of Latvijas Gāze on 6 December 2023.

GEOGRAPHICAL DISTRIBUTION OF MAJOR SHAREHOLDERS AS AT 31.03.2024



— Latvia (JSC Rietumu Banka, LLC Itera Latvija)
— Russia (PJSC Gazprom)
— Germany (Uniper Ruhrgas International GmbH)

SHARES OWNED BY MEMBER OF THE GOVERNING BODIES OF THE JSC “LATVIJAS GĀZE”

		At the date of signing financial statements
Board		**Number of shares**
Chairman of the Board	Aigars Kalvītis	None
Member of the Board, Vice-Chairman of the Board	Denis Emelyanov	None
Member of the Board	Elita Dreimane	None
Member of the Board	Egīls Lapsalis	None
Council		
Chairman of the Council	Guntars Reidzans	None
Vice-Chairman of the Council	Kirill Neyimin	None
Vice-Chairman of the Council	Matthias Kohlenbach	None
Member of the Council	Valentin Bluger	None
Member of the Council	Kirill Seleznev	None
Member of the Council	Elena Mikhaylova	None
Member of the Council	Vitaly Khatkov	None
Member of the Council	Yury Ivanov	None
Member of the Council	Nikolay Dorofeyev	None
Member of the Council	Edgars Buncis	None
Member of the Council	Dr. Christian Janzen	None

MANAGEMENT REPORT

Similar to year 2023, the situation in natural gas markets in the first quarter of 2024 has been favourable for natural gas consumers – despite the increase in natural gas prices in November and December 2023 due to geopolitical events in the Middle East, natural gas prices continued to decrease in the first quarter of 2024, and in March reached the lowest point since June 2021. The decrease in natural gas prices is mainly explained by warmer than usual weather in Europe during the heating season, as well as high natural gas storage fulfilment levels. In order to reduce the risks to natural gas supplies, at the beginning of the heating season, European natural gas traders increased the withdrawal of natural gas from Ukrainian natural gas storages, which, in turn, made it possible to reduce the withdrawal of natural gas from European storages. After reaching the lowest point in March, natural gas prices have experienced a slight uptick in April and May. This is mainly due to the start of the natural gas injection season in European natural gas storages from April 1, and as a result natural gas traders in Europe have to compete for supplies of liquefied natural gas (LNG) with traders in Asia. Also, the price of natural gas was affected by planned and unplanned natural gas supply interruptions from Norway, which has become Europe's largest supplier of natural gas since the beginning of the war in Ukraine. Despite the slight increase in natural gas prices, the natural gas market in Europe at the beginning of 2024 is characterized by lower uncertainty compared to the last two years, but natural gas traders continue to face new challenges.

The main challenges for natural gas traders, including the Company, are still the low consumption of natural gas compared to the pre-war level, the ever-increasing costs of the use of natural gas storage, as well as the economic and political events in Europe and the world. Although natural gas consumption in Latvia has increased by 25% in the first quarter of 2024 compared to the corresponding period last year, according to the data published by the Central Statistical Bureau of Latvia[1], it still has not returned to the pre-war level. A similar situation has been observed in other parts of Europe, where, despite lower natural gas prices, consumers still continue to save natural gas, which shows that consumer habits caused by the sharp rise in natural gas prices in 2022 have not changed significantly. And although there is a tendency for natural gas consumption to increase in certain industrial sectors, such as fertilizer production, weak overall economic activity in the Eurozone reduces the chances of natural gas consumption increasing in the near term and returning to pre-war levels. Also, the consumption of natural gas is affected by the ever-increasing production capacity of renewable energy resources, as well as the commitment at the European Union (hereinafter - EU) level to voluntarily reduce natural gas consumption by 15% until March 31, 2025. Latvia's natural gas supply, although without a direct technical connection with Western Europe, is directly dependent on economic and political events not only in the Baltics, but also in Europe and the world, as the price of natural gas in Latvia is linked to Western European natural gas hub indexes. As a result of the decrease in natural gas prices, price differences between summer and winter periods are getting smaller and smaller, but at the same time, the costs of the use of natural gas storage are increasing every year. For example, the tariff of the stock transfer product will increase 2.4 times during the storage cycle, which will last from 1 May 2024 to 30 April 2025, based on the information published by JSC "Conexus Baltic Grid"[2]. In order to ensure the safety and stability of natural gas supplies to its customers, as well as to fulfil the conditions of the

1 https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START__NOZ__EN__ENB/ENB020m/
2 https://www.conexus.lv/zinas-presei/uzglabasanas-pakalpojuma-pamata-produktu-tarifi-sogad-nemainisies

European Union Council Regulation (EU) 2022/1032 regarding the fulfilment levels of natural gas storage facilities by November 1 of a given year, natural gas traders, including the Company, inject natural gas into storage facilities in the summer, in order to deliver it to its customers during the heating season. This situation creates significant challenges for natural gas traders to be able to compensate for rising storage costs, but at the same time continue to provide customers with favourable natural gas prices.

In such market conditions, the Company's years of experience and knowledge of the natural gas markets in Latvia and Europe play an important role. As a result, despite all the challenges, the Company has achieved firm profit figures in the first quarter of 2024. In the first quarter of 2024, the Company worked with a net profit of 8.7 million EUR, which was 25% higher compared to the corresponding period of 2023, when the net profit was 7 million EUR.

The Company still continues talks with the institutions responsible for the energy sector regarding the compensation of losses in the amount of 21.88 million EUR, which were incurred by fulfilling the obligations set out in the Cabinet of Ministers Regulations No. 503 “On the Supply of Energy Users During the Declaration of Early Warning and Alarm Level”, as well as the losses resulting from the difference between tariff and actual price of natural gas in the last regulated tariff period from January to April 2023 before the opening of the natural gas market from 1 May 2023, when the Company performed the duties of a Public trader in accordance with the law “Amendments to the Energy Law”.

Company’s key financial figures	**3M 2024**	**3M 2023**
	EUR'000	EUR'000
Net turnover	**36 041**	**85 750**
EBITDA	**8 770**	**7 269**
EBITDA, %	24.3	8.5
Depreciation, amortisation and impairment of property, plant and equipment, intangible assets and right-of-use assets	(304)	(302)
EBIT	**8 466**	**6 967**
EBIT, %	23.5	8.1
Financial revenues	284	45
Financial expenses	(5)	(1)
Corporate income tax	(8)	-
Net profit	**8 737**	**7 011**
Net profit margin, %	24.2	8.2
Profit per share, EUR	0.22	0.18
P/E	43.18	47.33
Current ratio	4.48	6.93
ROCE	0.06	0.02

Alternative Performance Measures (APM)	**Formulas**
EBITDA *(Profit before income tax, interest, depreciation and amortization)*	EBITDA = Profit of the year + Corporate income tax + Financial expense - Financial income + Depreciation, amortization and impairment of property, plant and equipment, intangible assets and right-of use assets
EBITDA, % *(or EBITDA margin)*	EBITDA, % = $\frac{EBITDA}{Revenue\ from\ contracts\ with\ customers}$ x 100%

EBIT *(Profit before income tax and interest)*	EBIT= Profit of the year + Corporate income tax + Financial expense - Financial income
EBIT, % *(or EBIT margin)*	EBIT,% = $\frac{EBIT}{Revenue\ from\ contracts\ with\ customers}$ x 100%
Net profitability *(or Commercial profitability)* The indicator reflects how much the company earns from each of the EUR received from customers	Net profitability, %= $\frac{Profit\ of\ the\ year}{Revenue\ from\ contracts\ with\ customers}$ x 100%
P/E Ratio *(Relationship between Share Price and Earnings per Share)*	P/E= $\frac{Last\ share\ price}{Earnings\ per\ share for\ the\ reporting\ year}$
Current ratio The indicator measures Company's ability to pay short-term obligations that matures within one year.	Current ratio = $\frac{Current\ assets}{Current\ liabilities}$
Return on capital employed (ROCE) The indicator measures the effective use of available capital by the company.	Return on capital employed = $\frac{EBIT}{Capital\ employed}$
Dividend payout ratio The indicator reflects total amount of dividends paid out to shareholders relative to the net income of the company.	Dividend payout ratio = $\frac{Dividends\ paid}{Net\ income}$

The management of the Company uses the above-described alternative performance measures to evaluate the Company's performance for a particular financial period as well as to make decisions and allocate resources.

GENERAL MARKET AND INDUSTRY ENVIRONMENT

A slight increase in natural gas consumption could be observed at the beginning of 2024 both in Latvia and Europe, and low natural gas prices persisted – natural gas prices continued to decrease and in March reached their lowest point since June 2021. In the power sector, a combination of stronger nuclear availability, higher hydroelectric output and continued growth in renewables is set to narrow the share of power demand that will need to be met by thermal generators (that are powered by natural gas). As for manufacturing industry, while lower natural gas costs might continue to drive higher consumption in price-sensitive sectors such as fertilisers, a weak economy in the Eurozone blocks any larger near-term recovery. Besides a weak economy, high energy costs relative to elsewhere in the world constrain Europe's industrial gas demand recovery. European natural gas and power prices remain several times higher than those in the United States. Some demand has been permanently destroyed, either through shutdowns or relocations to other regions, while many industrial users installed alternative fuel systems during the energy crisis, allowing them to switch between fuels depending on relative profitability. Households and small businesses continued to conserve energy despite lower natural gas prices, showing that consumer habit changes spurred by the 2022 price spike remain unchanged. Stagnating demand paired with another mild winter has created a situation where European natural gas stocks ended the heating season at record highs, reducing volumes that need to be injected this summer for stocks to reach an EU-mandated target of 90% storage fulfilment by 1 November. However, while the 2023/24 heating season was milder on average, it was accompanied by severe cold spells and natural gas demand spikes, which highlighted the importance of natural gas supply flexibility for energy security. Therefore, it is still very important for Europe to have the storages filled to the near maximum level during the summer and fill some of the Ukrainian storage capacity (despite the increased risks regarding the Ukraine storage sites safety), as otherwise Europe would be more vulnerable (price wise) to cold spikes in next winter. It is also important for the remaining buyers of Russian pipeline gas in central Europe to work on alternative natural gas imports in case transit via Ukraine stops at the end of 2024, when the Ukraine transit agreement expires. Lastly, while the EU has not imposed any sanctions on Russian natural gas from pipeline and LNG, any ban could see upward pressure on the natural gas prices in Europe.

The latest economic report by the International Monetary Fund[3] forecasts a positive global economic growth of 3.2% in 2024 (0.1 percentage point increase compared to the previous forecast) and 3.2% in 2025 (forecast unchanged). The pace of growth is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, as well as weak growth in productivity. Overall, the global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price (inflation) stability. Global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 (0.1 percentage point increase compared to the previous report) and 4.5% in 2025 (0.1 percentage point increase compared to the previous report), with advanced economies returning to their inflation targets sooner than emerging market and developing economies. However, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation, raise interest rate expectations and reduce asset prices.

According to the latest macroeconomic forecasts by the Bank of Latvia[4] (LB)) as revised in March 2024, Latvia's GDP growth forecast for 2024 has been revised to 1.8% (a decrease by 0.2 percentage points as compared to the December 2023 report). The decrease is mostly explained by weaker external demand from Latvia's main trade partners, Estonia, and Germany in particular, and as a result the activity in the manufacturing and transport sectors is expected to be lower. Retail trade has exhibited more inertia as consumer sentiment, even with a rise in purchasing power, is improving only slowly. The outlook for the construction sector growth has remained broadly unchanged: the sector will be supported by the progress in large infrastructure projects implemented with EU funding and a gradual expansion of investment in the private sector. Nonetheless, the situation in external markets is expected to gradually improve over the medium term, therefore the outlook for medium-term growth has remained unchanged from the December 2023 report at 3.6% for 2025 and 3.8% for 2026. The inflation forecasts for 2024 and 2025 have been revised downwards to 1.5% (a decrease by 0.5 percentage points as compared to the December 2023 report) and 1.9% (a decrease by 0.4 percentage points as compared to the December 2023 report) respectively. Forecast is mainly affected by the notable decline in global gas prices. The inflation forecast for 2026 has remained unchanged at 1.8%. Over the medium term, the persistent rise in wages will further influence inflation, preventing the core inflation (inflation excluding energy and food prices) from decreasing as rapidly as the headline inflation. While inflation has also significantly declined on a global scale, substantial challenges for further global economic development persist as global uncertainty remains high, and some developments point to rising geopolitical tensions.

3 https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024
4 https://www.macroeconomics.lv/forecasts/latvijas-banka-has-revised-its-macroeconomic-forecasts-march-2024

KEY EVENTS DURING THE REPORTING PERIOD

— **On 22 February 2024**, the new Council of the Company was elected in the following composition: V. Blugers, N. Dorofejevs, G. Reidzans (Chairman of the Council), E. Buncis, M. Kohlenbach (Vice-Chairman of the Council), K. Janzen, E. Mikhaylova, Y. Ivanov, K. Seleznev, V. Khatkov and K. Neyimin (Vice-Chairman of the Council). The Council's term of office runs from 22 February 2024 till 22 February 2027.

NATURAL GAS SUPPLIES

The Company purchases natural gas of other than Russian origin from alternative suppliers (bilateral contracts with suppliers from EU countries, LNG deliveries, GET Baltic natural gas exchange).

FINANCIAL RISK MANAGEMENT

The Company is exposed to credit, liquidity and market risks.

As in previous periods, Latvijas Gāze faced a high customer concentration risk with only a few customers accounting for a significant share of overall sales volumes. To mitigate ***credit risk*** customers are subject to individual credit risk evaluation, which include a number of practices, such as evaluation of credit limits, a detailed supervision of financial figures, and ongoing billing control and monitoring to avoid the accumulation of debt.

The Company's ***liquidity risk*** mainly stems from the seasonal nature of the natural gas business. To ensure security of supply for the winter months the Company usually injects significant natural gas quantities into the IUGS during the injection season starting in early summer. While the Company needs to ensure the availability of respective cash reserves to finance the injection of natural gas into the storage during the summer months, customers will typically consume and subsequently pay most of the natural gas only during the winter period. In order to mitigate liquidity risk, Company prioritized natural hedge (internal market risk mitigation). Currently, Company operates without borrowed capital, short-term liquidity is good.

Following the liberalisation of the Latvian natural gas market in 2017, the natural gas sales and trading segment continues to be exposed to ***market risks***. Particularly the greater variety of pricing structures requested by customers and high price volatility have created new risk positions. To manage and mitigate these risks, the Company established a separate Risk Management function. Company continuously monitors and develops further its risk management policies and strategies. Internal market risk mitigation ("natural hedge"), e.g. through negotiating supply agreement terms and working with the sales portfolio, is the preferred risk mitigation option.

Other risks are associated with regulatory changes. On 10 August 2022, Cabinet Regulations No. 503 "On the Supply of Energy Users During the Declaration of Early Warning and Alarm Level" (hereinafter – the Regulations) took effect stipulating that from 10.08.2022 till 30.09.2022 the public trader has to keep in the IUGS natural gas reserves of 1.150 TWh designed for the supply of household customers from 01.10.2022 till 30.04.2023. According to Article 2.1 of the Regulations, the total reserved natural gas quantity is calculated as an average of the household consumers' consumption between 1 October and 30 April in the last three years. The Public trader could only use these reserves for supplying household customers. In fulfilment of this obligation, the Company as Public trader purchased natural gas and it was reserved in the IUGS for the needs of households in the 2022/2023 heating season. The Company paid for these reserves at the best time

– December 2022, at a price of 119.51 EUR/MWh. The TTF forward prices at the time ranged between 123 and 146 EUR/MWh. The supervisory authorities were submitted both data on the previous three year historical actual natural gas deliveries to household consumers for October-December period and a natural gas sales forecast for 2023 with a 20% reduction of the quantity required for the needs of household consumers. However, despite the information provided, under the current wording of the Regulations, any natural gas quantity above the forecast for household consumers from 1 October 2022 till 30 April 2023 was blocked. As a result of the fulfilment of the Regulations, after the revaluation of natural gas inventory, the losses incurred by the Company amount to EUR 16.86 million. Also, on 14 July 2022, the Saeima (Parliament of the Republic of Latvia) adopted the law "Amendments to the Energy Law", which foresaw the exclusion of the public trader definition from the Energy Law from 1 May 2023. The Company, as a public trader, was obliged to sell natural gas at a regulated tariff from 1 January 2023, when the tariff was approved, until 30 April 2023. According to the tariff methodology, losses incurred by the public trader are compensated by including the price difference in the next tariff period. The next tariff period did not start due to the amendments to the aforementioned law, nor was the transition set from the regulated industry to market condition that would compensate for the losses caused to the Company in the regulated market. Respectively, the Company, according to the legal norms valid until 30 April 2023, had the right to receive compensation for the losses, but the Company has not been compensated. The Company's losses resulting from the difference between tariff and actual price of natural gas in the period (January – April 2023) are 5.02 million EUR.

CORPORATE MANAGEMENT REPORT AND REMUNERATION REPORT

Available: www.lg.lv

FUTURE PROSPECTS

Under the amendments to the Energy Law, the natural gas market has been fully open for households since 1 May 2023. The natural gas trading service is provided in line with the content of the universal service and the principles of its application, offering a fixed price for 6 months. Clients are also offered the opportunity to conclude a contract for natural gas supplies at a fixed price for 12 months. Starting from 1 October 2023, household customers are also offered the opportunity to conclude an open-ended contract with a variable price which can be revised with 30 days' notice to the customer. The Company continues trading natural gas to households and commercial customers, investing in the modernisation and digitalisation of customer service processes and the development of new products and services. Furthermore, in order to streamline billing processes, the Company will continue rolling out new functionalities in its billing system and customer portal.

Pursuant to the climate neutrality goals set by the European Union for 2050, the Company focuses on offsetting the environmental impact caused by customers by carrying out projects that allow reducing GHG emissions. In line with the European Union's "Fit for 55" proposal package, the European Commission's Hydrogen and Gas Market Decarbonisation Package, the Methane Strategy, and the targets set in the Renewable Energy Directive, the Company plans to develop renewable energy projects. The Company's objective is to increase the use of natural gas in areas where other fossil resources are currently preferred.

One of the ways in which the Company can achieve sustainability is by implementing the objective of biogas production/trading which is aligned with the business development directions set out in the Company's strategy. Other renewable resource development projects are also evaluated.

The Company’s energy management system has been certified and on 11 February 2022 successfully passed recertification under the LVS EN ISO 50001:2018 standard. In addition, attention is paid to a good management of buildings, and those managed by the Company will undergo green office certification. There has been an environment management system implemented, certified under the ISO 14001:2015 standard, and a calculation of CO_2 emissions has been made. Based on the environment policy and the CO_2 calculations, the Company has planted 2000 birches, thus offsetting 560 tons of CO_2 emissions in the coming years. A reduction of CO_2 and other emissions can also be achieved through replacing petrol and diesel cars with cars that use compressed natural gas (CNG) as fuel. Transport that uses CNG emits up to 30% less CO_2 than diesel or petrol and up to 90% less other harmful substances. Hence, one of the Company’s current objectives is to actively promote the development of CNG infrastructure in Latvia, providing technical support and other competences to companies that invest in building CNG filling stations.

In 2023, the Company completed 9 energy efficiency tasks, and as a result energy savings reached 83.4 MWh per year. In March 2023, solar panels with a total capacity of 23.56 kilowatts were installed on the roof of the Company's office building in Riga, Aristida Briāna Street 6. The electricity produced in an environmentally friendly way is used for the Company's own needs and covers on average 25% of the total electricity consumption of the Company’s office building. After gathering information on the achieved energy savings in 2023, a plan of measures for energy savings in this year was prepared and approved at the beginning of 2024. The plan includes 9 different energy efficiency tasks. The greatest savings of natural resources is expected from the use of installed solar panels, as well as from the planned modernization works in the heating and ventilation systems of the Company’s office building.

SUBSEQUENT EVENTS

In the period after 31 March 2024, no events have occurred that would affect the Company's financial position or financial results as of the balance sheet date.

On behalf of the Board by:

Aigars Kalvītis	Elita Dreimane	Egīls Lapsalis
Chairman of the Board	Member of the Board	Member of the Board

* DOCUMENT SIGNED WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP

STATEMENT OF BOARD RESPONSIBILITY

The Board of the Company “Latvijas Gāze” is responsible for the preparation of the JSC "Latvijas Gāze" unaudited interim condensed financial statement for 3-months period ended 31 March 2024 (further – Financial statements).

Financial statement for the 3-months period ended 31 March 2024 have been prepared in accordance with the International Accounting Standards 34 “Interim Financial Reporting” adopted by the European Union.

According to the information available to the management of the Company, the Financial statement provide a true and fair view of the Group’s and the Company’s assets, liabilities, financial position, operational results and cash flows. The management report contains a clear overview of the business development and operational results of the capital company.

The Financial statement were approved by the Board of Latvijas Gāze on 24 May 2024, and they are signed on behalf of the Board by:

Aigars Kalvītis Chairman of the Board	Elita Dreimane Member of the Board	Egīls Lapsalis Member of the Board

* DOCUMENT SIGNED WITH SECURE ELECTRONIC SIGNATURE AND CONTAINS TIME STAMP

FINANCIAL STATEMENT

Prepared in accordance with the International Accounting Standards 34 “Interim Financial Reporting as Adopted by the European Union

CORPORATE INFORMATION

Company	Latvijas Gāze, Joint Stock Company
LEI code	097900BGMO0000055872
Registration number, date and place of registration	Unified registration number 40003000642 Riga, Latvia, 25 March 1991, re-registered in the Commercial Register on 20 December 2004
Address	A.Briāna 6, Riga, Latvia, LV-1001
Major shareholders	PJSC Gazprom (34.0%) AS Rietumu banka (28.97%) Uniper Ruhrgas International GmbH (18.26%) ITERA Latvija SIA (16.0%)
Financial period	1 January – 31 March 2024

STATEMENT OF PROFIT OR LOSS

	Note	3M 2024	3M 2023
		EUR'000	EUR'000
Revenue from contracts with customers	**2**	**36 041**	**85 750**
Other income	3	588	363
Raw materials and consumables used	4	(25 434)	(76 196)
Personnel expenses	5	(1 349)	(1 384)
Depreciation, amortization and impairment of property, plant and equipment, intangible assets and right-of use assets		(304)	(302)
Other operating expenses	6	(1 076)	(1 264)
Gross profit		**8 466**	**6 967**
Financial revenues		284	45
Financial expenses		(5)	(1)
Profit before taxes		**8 745**	**7 011**
Corporate income tax		(8)	-
Profit for the period		**8 737**	**7 011**

Aigars Kalvītis
Chairman of the Board

Elita Dreimane
Member of the Board

Egīls Lapsalis
Member of the Board

Laima Dudiča
Chief Accountant, Head of the Accounting and Reporting department

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STATEMENT OF COMPREHENSIVE INCOME

	Note	3M 2024	3M 2023
		EUR'000	EUR'000
Profit for the period		**8 737**	**7 011**
Other comprehensive income - items that will not be reclassified to profit or loss			
Revaluation of post-employment benefit obligations		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income for the period		**8 737**	**7 011**

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BALANCE SHEET

	Note	31.03.2024	31.12.2023
		EUR'000	EUR'000
ASSETS			
Non-current assets			
Intangible assets	7	3 868	4 001
Property, plant and equipment	8	2 245	2 293
Right-of-use assets		316	3
Trade receivables		5	16
Total non-current assets		**6 434**	**6 313**
Current assets			
Inventories	9	39 886	54 649
Pre-payments for inventories		5 455	297
Trade receivables	10	17 041	21 737
Other financial assets at amortised cost		2 025	1 775
Other current assets		275	628
Cash and cash equivalents		99 697	78 328
Total current assets		**164 379**	**157 414**
TOTAL ASSETS		**170 813**	**163 727**

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BALANCE SHEET (continued)

	Note	31.03.2024	31.12.2023
		EUR'000	EUR'000
LIABILITIES AND EQUITY			
Equity			
Share capital	11	55 860	55 860
Share premium		20 376	20 376
Reserves		(67)	(67)
Retained earnings		57 655	48 918
Total equity		**133 824**	**125 087**
Liabilities			
Non-current liabilities			
Lease liabilities		253	-
Employee benefit obligations		76	76
Total non-current liabilities		**329**	**76**
Current liabilities			
Trade payables	12	5 473	5 492
Lease liabilities		64	-
Corporate income tax		3	55
Other liabilities	13	7 908	9 805
Dividends unpaid		23 212	23 212
Total current liabilities		**36 660**	**38 564**
Total liabilities		**36 989**	**38 640**
TOTAL LIABILITIES AND EQUITY		**170 813**	**163 727**

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COMPANY`S STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2022	**55 860**	**20 376**	**(20)**	**235 903**	**312 119**
Transactions with owners					
Dividends	-	-	-	(130 074)	(130 074)
Transactions with owners	-	-	-	**(130 074)**	**(130 074)**
Comprehensive income					
Profit/losses for the year	**-**	**-**	**-**	(56 911)	(56 911)
Other comprehensive income/(losses)	-	-	(47)	-	(47)
Total comprehensive income	**-**	**-**	**(47)**	**(56 911)**	**(56 958)**
31 December 2023	**55 860**	**20 376**	**(67)**	**48 918**	**125 087**
Profit for the year	-	-	-	8 737	8 737
31 March 2024	**55 860**	**20 376**	**(67)**	**57 655**	**133 824**

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STATEMENT OF CASH FLOWS

	Note	3 M 2024	3 M 2023
		EUR'000	EUR'000
Cash flow from operating activities			
Profit/ (losses) before tax		**8 745**	**7 011**
Adjustments:			
- depreciation of property, plant and equipment and right-of-use assets	8	(244)	81
- amortisation of intangible assets	7	218	221
- changes in provision		-	-
- profit/losses from long-term asset exclusions		-	-
- interest expenses		-	-
- interest income		-	-
- losses on impairment of investments		-	-
- losses from sale of property, plant and equipment		-	-
Changes in operating assets and liabilities:			
- in accounts receivable		5 127	46 124
- in inventories		14 763	44 396
- in advances for inventories		(5 158)	(9 812)
- in accounts payable		(1 916)	(14 085)
- corporate income tax paid		(60)	-
Net cash inflow from operating activities		**21 475**	**73 936**
Cash flow from investing activities			
Payments for property, plant and equipment	8	(21)	(61)
Payments for intangible assets	7	(85)	(56)
Proceeds from sale of property, plant and equipment		-	47
Assets held for sale		-	-
Net cash outflow from investing activities		**(106)**	**(70)**
Cash flow from financing activities			
Overdraft/factoring received		-	-
Leases paid		-	(51)
Interest paid		-	-
Interest received		-	-
Dividends paid		-	-
Net cash outflow from financing activities		**-**	**(51)**
Net cash flow		**21 369**	**73 815**
Cash and cash equivalents at the beginning of the reporting period		**78 328**	**41 237**
Cash and cash equivalents at the end of the reporting period		**99 697**	**115 052**

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NOTES

1. Segment information

The financial report will consider the only segment of the Company's activity - natural gas trade.

The Company provides services related to the purchase, trade and sale of natural gas in Latvia, Lithuania, Estonia and Finland. These services include the wholesale and sale of natural gas to industrial and commercial customers as well as to households.

2. Revenue from contracts with customers

3M 2024	Gas trade Latvia	Other countries	Total
	EUR'000	EUR'000	EUR'000
Segment revenue	35 283	612	35 895
Other revenue	-	146	146
	35 283	**758**	**36 041**

3M 2023	Gas trade Latvia	Other countries	Total
	EUR'000	EUR'000	EUR'000
Segment revenue	80 043	5 088	85 131
Other revenue	501	118	619
	80 544	**5 206**	**85 750**

3. Other income

	3M 2024	3M 2023
	EUR'000	EUR'000
Penalties collected from customers	267	283
Other	321	80
	588	**363**

4. Raw materials and consumables used

	3M 2024	3M 2023
	EUR'000	EUR'000
Natural gas purchase	25 419	76 182
Costs of materials, spare parts and fuel	15	14
	25 434	**76 196**

5. Personnel expenses

	3M 2024	3M 2023
	EUR'000	EUR'000
Wages and salaries	950	999
State social insurance contributions	245	249
Life, health and pension insurance	59	50
Other personnel costs	95	86
	1 349	**1 384**

6. Other operating expenses

	3M 2024	3M 2023
	EUR'000	EUR'000
Office and other administrative costs	237	298
Donations, financial support	7	8
Costs of IT system maintenance, communications and transport	266	276
Selling and advertising costs	292	328
Taxes and duties	197	218
Expenses related to premises (rent, electricity, security and other services)	67	69
Other costs	10	67
	1 076	**1 264**

7. Intangible assets

	3M 2024	2023
	EUR'000	EUR'000
Cost		
As at the beginning of period	**8 116**	**7 656**
Additions	85	460
As at the end of period	**8 201**	**8 116**
Accumulated amortisation		
As at the beginning of period	**4 115**	**3 323**
Amortisation	218	792
As at the end of period	**4 333**	**4 115**
Net book value as at the end of period	**3 868**	**4 001**

8. Property, plant and equipment

	Land, buildings, constructions	Other fixed assets	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Cost or revalued amount				
31.12.2023	**1 938**	**1 806**	**-**	**3 744**
Additions	-	18	3	21
Disposals	-	(11)	-	(11)
31.03.2024	**1 938**	**1 813**	**3**	**3 754**
Accumulated depreciation				
31.12.2023	**310**	**1 141**	**-**	**1 451**
Calculated	19	50	-	69
Disposals	-	(11)	-	(11)
31.03.2024	**329**	**1 180**	**-**	**1 509**
Net book value as of 31.03.2024	**1 609**	**633**	**3**	**2 245**
Net book value as of 31.12.2023	**1 628**	**665**	**-**	**2 293**

	Land, buildings, constructions	Other fixed assets	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Cost or revalued amount				
31.12.2022	**1 811**	**1 755**	**140**	**3 706**
Additions	18	192	-	210
Relocated	109	31	(140)	-
Disposals	-	(172)	-	(172)
31.12.2023	**1 938**	**1 806**	**-**	**3 744**
Accumulated depreciation				
31.12.2022	**234**	**1 101**	**-**	**1 335**
Calculated	76	185	-	261
Disposals	-	(145)	-	(145)
31.12.2023	**310**	**1 141**	**-**	**1 451**
Net book value as of 31.12.2023	**1 628**	**665**	**-**	**2 293**
Net book value as of 31.12.2022	**1 577**	**654**	**140**	**2 371**

9. Inventories

	31.03.2024	31.12.2023
	EUR'000	EUR'000
Natural gas	39 886	54 649
	39 886	**54 649**

10. Trade receivables

Debitori	31.03.2024	31.12.2023
	EUR'000	EUR'000
Long-term receivables (nominal value)	5	16
	5	**16**
Short-term receivables (nominal value)	25 519	30 412
Allowance for impairment of short-term receivables	(8 478)	(8 675)
	17 041	**21 737**

11. Shares and shareholders

	31.03.2024 % of total share capital	31.03.2024 Number of shares	31.12.2023 % of total share capital	31.12.2023 Number of shares
Share capital				
Registered (closed issue) shares	36.52	14 571 480	36.52	14 571 480
Bearer (public issue) shares	63.48	25 328 520	63.48	25 328 520
	100.00	**39 900 000**	**100.00**	**39 900 000**
Shareholders				
Uniper Ruhrgas International GmbH (including registered (closed issue) shares 7 285 740)	18.26	7 285 740	18.26	7 285 740
AS Rietumu banka (public issue shares 11 560 645)	28.97	11 560 645	28.97	11 560 645
LLC Itera Latvija (public issue shares 6 384 001)	16.00	6 384 001	16.00	6 384 001
PJSC "Gazprom" (including registered (closed issue) shares 7 285 740)	34.00	13 566 701	34.00	13 566 701
Bearer (public issue) shares 6 260 961	2.77	1 102 913	2.77	1 102 913
	100.00	**39 900 000**	**100.00**	**39 900 000**

As at 31 December 2023 and 31 March 2024, the registered, signed and paid-up share capital is EUR 55 860 000 and consisted of 39 900 000 shares, with a nominal value of EUR 1.40 per share.. Shares in the Company give their owners equal rights to dividends and liquidation quota and voting rights at shareholders' meetings. 14 571 480 (fourteen million five hundred seventy one thousand four hundred eighty) shares of the Company are registered shares. 25 328 520 (twenty five million three hundred twenty eight thousand five hundred twenty) shares of the Company are bearer shares in public circulation. All shares of the Company are dematerialised shares.

The company determines, calculates and pays out dividends in accordance with the Commercial Law.

12. Trade payables

	31.03.2024	31.12.2023
	EUR'000	EUR'000
Payables to third parties	5 473	5 492
	5 473	**5 492**

13. Other liabilities

	31.03.2024	31.12.2023
	EUR'000	EUR'000
Prepayments received	4 176	5 069
Value added tax	1 700	2 649
Accrued costs	1 041	958
Excise tax	258	363
Vacation pay reserve	375	375
Salaries	191	135
Social security contributions	105	153
Personnel income tax	48	83
Other current liabilities	14	20
	7 908	**9 805**

14. Financial risk management

Fair value

Financial assets and liabilities	Level	31.03.2024	31.12.2023
		EUR'000	EUR'000
Trade receivables	3	17 041	21 737
Reserved funds	2	2 025	1 775
Cash and cash equivalents	2	99 697	78 328
Financial assets		**118 763**	**101 840**
Lease liabilities	3	317	-
Accrued expenses	3	1 041	958
Trade payables	3	5 473	5 492
Financial liabilities		**6 831**	**6 450**

The fair value of derivative financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In order to arrive at the fair value of a derivative financial instrument, different methods are used: quoted prices, valuation techniques incorporating observable data, and valuation techniques based on internal models. These valuation methods are divided into Level 1, Level 2 and Level 3 according with the fair value hierarchy and in accordance with the IFRS Accounting Standards.

The level in the fair value hierarchy, within which the fair value of a financial instrument is categorised, shall be determined on the basis of the lowest level input that is significant to the fair value in its entirety.

The classification of financial assets in the fair value hierarchy is a two-step process:

1. Classifying each input used to determine the fair value into one of the three levels;
2. Classifying the entire financial instrument based on the lowest level input that is significant to the fair value in its entirety.

Quoted market prices – Level 1

Valuations in Level 1 are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques using observable inputs – Level 2

Valuation techniques in Level 2 are models where all significant inputs are observable for the asset or liability, either directly or indirectly. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as price) or indirectly (that is, derived from prices).

Valuation technique using significant unobservable inputs - Level 3

A valuation technique that incorporates significant inputs not based on observable market data (unobservable inputs) is classified in Level 3. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. Level 3 inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Financial assets of the Company fall under Level 3, except cash and cash equivalents and derivative financial instruments, which fall under Level 2.

15. Summary of significant accounting policies

The interim financial report follows the same accounting policies and calculation methods as used in the last year's financial report.

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