



**LATVIJAS GĀZE GROUP CONSOLIDATED AND
JSC "LATVIJAS GĀZE"
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE 9-MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

Prepared in compliance with the International Financial
Reporting Standards as adopted by the European Union

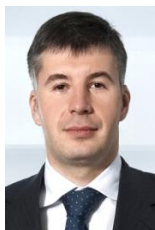
Riga 2021

CONTENTS

COUNCIL OF THE JSC "LATVIJAS GĀZE"	3
MANAGEMENT BOARD OF THE JSC "LATVIJAS GĀZE"	4
LATVIJAS GĀZE GROUP IN SHORT.....	5
STRATEGY AND OBJECTIVES.....	5
SHARES AND SHAREHOLDERS OF THE JSC "LATVIJAS GĀZE"	6
MANAGEMENT REPORT	9
STATEMENT OF THE BOARD RESPONSIBILITY	17
FINANCIAL STATEMENTS	18
CORPORATE INFORMATION	18
STATEMENT OF PROFIT OR LOSS	19
STATEMENT OF COMPREHENSIVE INCOME	19
BALANCE SHEET.....	20
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
COMPANY'S STATEMENT OF CHANGES IN EQUITY.....	23
STATEMENT OF CASH FLOWS.....	24
NOTES TO FINANCIAL STATEMENTS.....	25

COUNCIL OF THE JSC “LATVIJAS GĀZE”

Council's term of office from 15 June 2021 till 15 June 2024.



Kirill Seleznev
(Кирилл Селезнев), 1974
Member of the Council

Head of Gas and Liquid Hydrocarbon Marketing and Processing Division, Member of the Management Committee at PJSC “Gazprom”



Juris Savickis, 1946
Member of the Council

President of LLC “ITERA Latvija”



Oliver Giese, 1967
Member of the Council

Senior Vice President for Infrastructure Management at Uniper SE (formerly E.ON Global Commodities SE, Düsseldorf, Germany)



Nicolàs Merigó Cook, 1963
Member of the Council

Chief Executive Officer of Marguerite Adviser S.A. (Luxemburg)



Matthias Kohlenbach, 1969
Member of the Council

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



Hans-Peter Floren, 1961
Member of the Council

Owner and Chief Executive Officer of FLORENGY AG (Essen, Germany)



Elena Mikhaylova
(Елена Михайлова), 1977
Member of the Council

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



Vitaly Khatkov
(Виталий Хатьков), 1969
Member of the Council

Head of the Department for Pricing and Economic Expert Analysis at PJSC “Gazprom”



Oleg Ivanov
(Олег Иванов), 1974
Member of the Council

Head of the Department for Gas Business Planning, Efficiency Management and Development at PJSC “NK Rosneft”



Yury Ivanov
(Юрий Иванов), 1974
Member of the Council

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



Eriks Atvars
(Ēriks Atvars), 1972
Member of the Council

Unicredit Corporate and Investment Banking (Germany)

MANAGEMENT BOARD OF THE JSC “LATVIJAS GĀZE”

Management Board’s term of office from 16 August 2021 till 15 August 2024.

Board member’s Inga Āboliņa’s term of office from 17 August 2020 till 16 August 2023.



Aigars Kalvītis, 1966
Chairman of the Board

Latvian University of Agriculture,
Master’s Degree in Economics



Denis Emelyanov, 1979
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 enterprises management



Elita Dreimane, 1968
Member of the Board

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



Inga Āboliņa, 1974
Member of the Board

Stockholm School of
Economics in Riga, Executive
MBA

LATVIJAS GĀZE GROUP IN SHORT

Latvijas Gāze group is fully committed to ensuring safe and stable natural gas supplies to its customers as well as to strengthening its position as a leader in the Latvian and Baltic energy market. Latvijas Gāze group consists of two business segments:

The natural gas sales & trading segment comprises the purchase, trade and sale of natural gas. The JSC “Latvijas Gāze” (hereinafter also “Company”) operates the sales & trading business, which includes wholesale trading and the sale of natural gas to industrial and commercial customers as well as to households.

The natural gas distribution segment provides natural gas distribution services in Latvia. The JSC “Gasos” holds an exclusive license for the distribution of natural gas on the territory of Latvia. The license is valid until 6 December 2037. The JSC “Gasos” owns and operates all distribution assets necessary to provide the respective services to its approximately 400 thousand customers. The JSC “Gasos” fully complies with the requirements of the Energy Law, which foresees a full legal, structural, and operational separation of the distribution business from the sales & trading activities. The JSC “Gasos” has an own Board of Management and Council that are fully independent from the sales & trading business of the JSC “Latvijas Gāze”.

STRUCTURE OF LATVIJAS GĀZE GROUP AS OF 30 SEPTEMBER 2021

	Countries of operation	Type of business operation	Participation share
JSC “Latvijas Gāze”	Latvia, Lithuania, Estonia, Finland	Sales & trading of natural gas	
JSC “Gasos”	Latvia	Distribution of natural gas	100%

STRATEGY AND OBJECTIVES



OUR OBJECTIVE

To strengthen the position of *Latvijas Gāze* group 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 people's life through delivering natural gas for a variety of purposes in different segments and to promote the advancement of natural gas as a key source of energy for the benefit of society.

SHARES AND SHAREHOLDERS OF THE JSC “LATVIJAS GĀZE”

SHARES AND SHAREHOLDERS

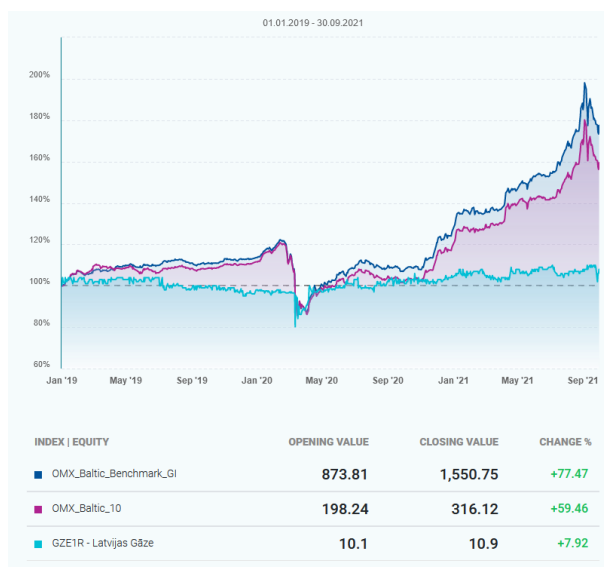
The shares of the JSC “Latvijas Gāze” are listed on the Nasdaq Riga stock exchange since February 15, 1999, and its ticker code is GZE1R since August 1, 2004. The total number of securities has not changed since 1999. The total number of shareholders of JSC “Latvijas Gāze” as of 30.09.2021 was 6 384.

COMPANY’S SHARE PRICE, OMX RIGA GI AND OMX BALTIC GI INDEX CHANGES (01.01.2019. – 30.09.2021.)

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

Number of securities in public offering	25 328 520
Liquidity provider	None

Source: Nasdaq Baltic



Source: Nasdaq Baltic

The shares of the JSC “Latvijas Gāze” are included in four Baltic country industry indexes, which include public utilities - B7000GI, B7000PI, B7500GI, B7500PI, as well as in several 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-level 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 30th of September 2021, in terms of stock market capitalization, the JSC “Latvijas Gāze”, the market capitalization value of the Company amounted to 434.9 million EUR, which is by 6% more, compared to the same period of 2020.

SHARE PRICE DEVELOPMENT AND SHARE TURNOVER (01.01.2019.-30.09.2021.)

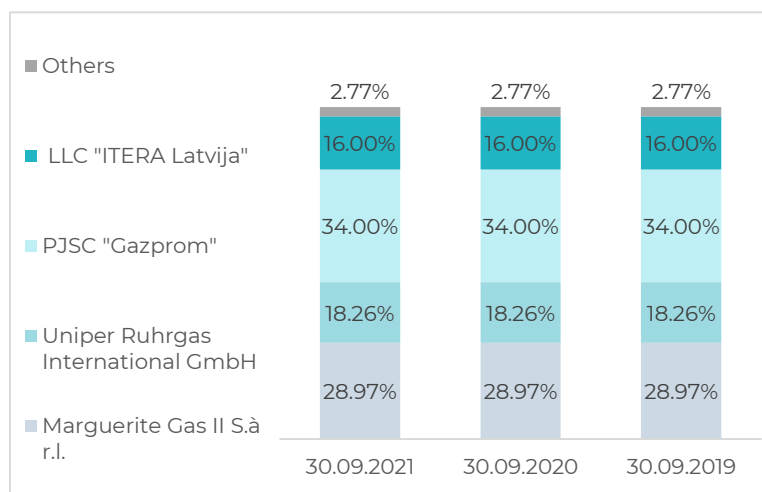
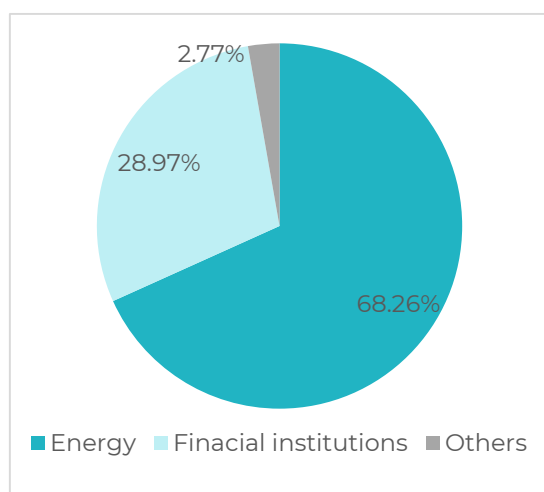


Source: Nasdaq Baltic

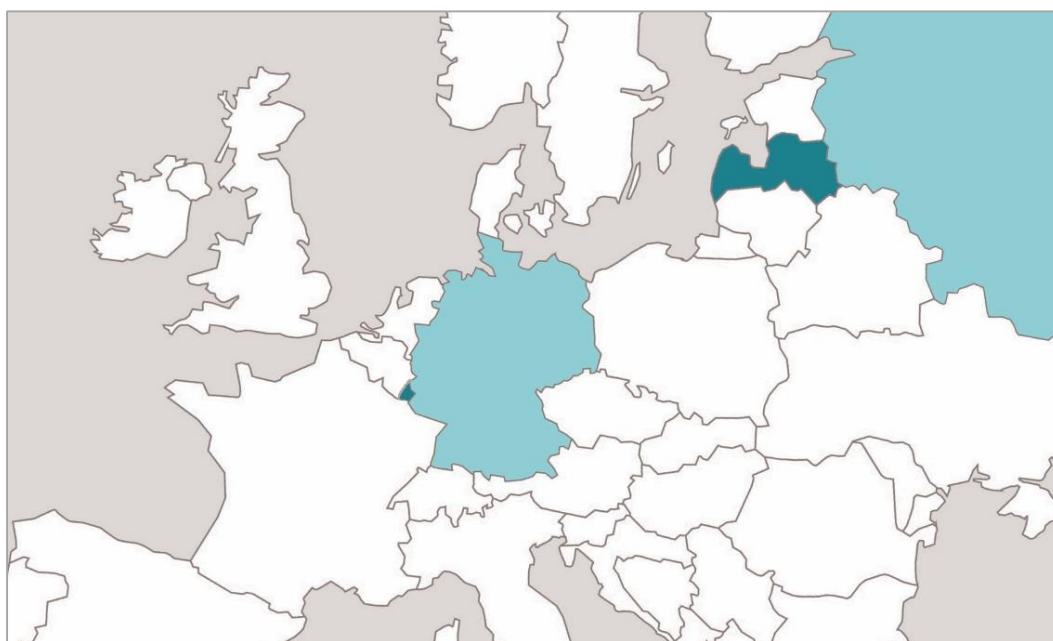
INFORMATION ON SHARE TRANSACTIONS (9M 2019 –9M 2021)

	9M 2021	9M 2020	9M 2019
Share price (EUR)			
First	10.50	9.90	10.20
Highest	11.10	10.50	10.60
Lowest	10.10	8.10	9.80
Average	10.72	9.90	10.26
Last	10.90	10.30	10.00
Change (From First to Last share price)	3.81%	4.04%	-1.96%
Number of transactions	2 276	1 292	729
Number of shares traded	56 878	61 806	65 903
Turnover (million EUR)	0.61	0.61	0.67
Capitalization (million EUR)	435	411	399

COMPOSITION OF SHAREHOLDERS, 30.09.2021



GEOGRAPHICAL DISTRIBUTION OF THE MAJOR SHAREHOLDERS



- Russia (PAS Gazprom)
- Luxembourg (Marguerite GAS I S.À R.L.)
- Germany (Uniper Ruhrgas International GMBH)
- Latvia (SIA Itera Latvija)

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

		At the date of signing financial statements
		Number of shares
Management Board		
Chairman of the Board	Aigars Kalvītis	None
Deputy Chairman of the Board	Denis Emelyanov	None
Member of the Board	Elita Dreimane	None
Member of the Board	Inga Āboliņa	None
Council		
Member of the Council	Kirill Seleznev	None
Member of the Council	Juris Savickis	None
Member of the Council	Oliver Giese	None
Member of the Council	Nicolas Merigo Cook	None
Member of the Council	Matthias Kohlenbach	None
Member of the Council	Hans-Peter Floren	None
Member of the Council	Elena Mikhaylova	None
Member of the Council	Vitaly Khatkov	None
Member of the Council	Oleg Ivanov	None
Member of the Council	Yury Ivanov	None
Member of the Council	Eriks Atvars	None

MANAGEMENT REPORT

Colder temperature during heating season and significantly higher natural gas prices were the two main factors, which influenced the JSC "Latvijas Gāze" performance in nine months of 2021. Colder temperature increased JSC "Latvijas Gāze" sales and utilization of JSC "Gasol" distribution network. At the same time price rally in natural gas environment, on the back of economic recovery, posed a challenge during first nine months of 2021. However, prices started to drop in Q4-2021, which might provide additional sales and trading opportunities.

JSC "Latvijas Gāze" results were heavily impacted by negative revaluation of derivatives as JSC "Latvijas Gāze" executed hedges to lock into margin for index-price linked sales contracts for winter period. According to accounting policy, JSC "Latvijas Gāze" has to recognize marked-to-market value of derivatives every month, however profit from these natural gas sales contracts will only be recognized once the allocated inventory will be depleted during withdrawal season. Inventory is not revaluated based on market prices and its book value is recognized based on purchase price. Consequently, the negative value of derivatives will be compensated during Q4 2021 and Q1 2022. JSC "Latvijas Gāze" has injected timely sufficient volume of natural gas in Inčukalns Underground Gas Storage despite high price environment to prioritize security of the supply.

Natural gas prices posted significant gains during the nine months of 2021 on the back of low gas storage inventories in Europe, robust economic recovery and higher European Union Allowance (EUA) prices. Particularly unprecedented price increase was observed during Q3 2021 when winter natural gas price almost tripled on the back of supply disruptions and lower gas flows from Russia.

During nine months of 2021, JSC "Latvijas Gāze" sold 10 662 GWh of natural gas to customers in Latvia and abroad. Compared to the same period in 2020, sales volumes have increased by 26%. Sales volumes to foreign counterparties accounted for 30% of the total sales volumes. JSC "Latvijas Gāze" successfully managed to compensate domestic share loss with sales abroad.

JSC "Latvijas Gāze" profit in October is 117 million EUR that dramatically decreases YTD losses.

The Group's net turnover during nine months of 2021 reached 281.2 million EUR – a 113% increase compared to same period in 2020. This is due to higher sales prices and increase in sales volumes compared to same period in 2020. The air temperature was below three-year average in the heating period (January - April) which increased demand for natural gas and additional sales contracts were signed. The average price of natural gas in nine months of 2021 was three times higher compared to the average price of nine months of 2020. The Group's loss as of 30.09.2021 amounted to 167.47 million EUR and was significantly lower in comparison to the same period in 2020 when profit amounted to 17.7 million EUR. Dramatic loss is attributable to negative derivative revaluation as winter natural gas price almost tripled from already high level in previous reporting period. Part of compensating effect will be observed already in October as JSC "Latvijas Gāze" has started to deplete underlying asset – inventory, thus recognizing the gains of hedged item. The observed drop in natural gas price from record highs in September and beginning of October will give another positive effect in mark to market revaluation of financial derivatives in next month. JSC "Latvijas Gāze" profit in October is 117 million EUR that dramatically decreases YTD losses.

High natural gas price environment diminished margins in 2021 as it is extremely challenging to pass high natural gas price to clients. For the further course of business, JSC “Latvijas Gāze” expects that natural gas market will consolidate around big players and competition will be less severe as market players eventually learnt that offering prices below market level in order to gain market share is not a sustainable business strategy.

The economic performance of the distribution segment managed by JSC “Gasol” depends on the overall natural gas demand and volumes transported through the distribution network over the year. Cold weather during first quarter of 2021, boosted utilization of JSC “Gasol” distribution system as a result “Gasol” financial results for the nine months of 2021 have significantly improved. During 2021, JSC “Gasol” continued to develop a safe and available natural gas distribution infrastructure, with major investments made in construction and reconstruction of gas pipelines and shut-off devices, reconstruction of technological equipment, and development of information technologies and computing equipment.

At the end of 2020, redesigned client portal with enhanced functionality and other modernised services became available to customers. JSC “Latvijas Gāze” keeps working on improvements in different areas, including customer care and IT system upgrade. During nine months of 2021, JSC “Latvijas Gāze” continued to work on improvements in remote customer attendance, enabling multiple options of reaching the Company and receiving services remotely as customer centres of JSC “Latvijas Gāze” and JSC “Gasol” remain closed to visitors due to epidemiological situation.

Group`s key figures	9M 2021	9M 2020	9M 2019
Natural gas sales, GWh	10 590	8 369	12 451
Number of employees, average	1 012	994	990
Length of distribution lines, km	5 366	5 317	5 256

Group`s key financial figures	9M 2021	9M 2020	9M 2019
	EUR'000	EUR'000	EUR'000
Net turnover	281 223	132 290	258 516
EBITDA	-156 482	29 710	14 427
EBITDA, %	-55.6	22.5	5.6
EBIT	-166 771	19 516	5 394
EBIT, %	-59.3	14.8	2.1
Net profit	-167 471	17 683	2 832
Net profit margin, %	-59.6	13.4	1.1
Earnings per share, EUR	-4.20	0.44	0.07
P/E	-2.6	23.41	140.89
Current ratio	0.76	4.37	3.40
ROCE	-0.71	0.05	0.02
Dividends / net profit	-	0.96	0.87

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)	$\text{EBITDA, \%} = \frac{\text{EBITDA}}{\text{Revenue from contracts with customers}} \times 100\%$
EBIT(Profit before income tax and interest)	EBIT= Profit of the year + Corporate income tax + Financial expense - Financial income
EBIT,% (or EBIT margin)	$\text{EBIT, \%} = \frac{\text{EBIT}}{\text{Revenue from contracts with customers}} \times 100\%$
Net profitability (or Commercial profitability) The indicator reflects how much the company earns from each of the EUR received from customers	Net profitability, % = $\frac{\text{Profit of the year}}{\text{Revenue from contracts with customers}} \times 100\%$
P/E Ratio (Relationship between Share Price and Earnings per Share)	$\text{P/E} = \frac{\text{Last share price}}{\text{Earnings per share for the reporting year}}$
Return on equity (ROE) (Company's earnings ratio on the company's equity source - shareholders) The indicator reflects the effective use of equity capital by the company	Return on equity,% = $\frac{\text{Profit of the year}}{\text{Average annual equity value*}} \times 100\%$
Return on assets (ROA) (The amount of profit earned by the company on the assets used) The indicator reflects how effectively company is profiting from the use of its assets	Return on assets,% = $\frac{\text{Profit of the year}}{\text{Average annual asset value**}} \times 100\%$
Current ratio The indicator measures Company's ability to pay short-term obligations that matures within one year.	Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$
Return on capital employed (ROCE) The indicator measures the effective use of available capital by the company.	Return on capital employed = $\frac{\text{EBIT}}{\text{Capital employed}}$
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 = $\frac{\text{Dividends paid}}{\text{Net income}}$

* Average equity value is calculated by adding the equity value at the beginning of the financial period and at the end of the financial period and dividing the amount by 2

** Average asset value is calculated by adding the value of assets at the beginning of the financial period and at the end of the financial period and dividing the amount by 2

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

GENERAL MARKET AND INDUSTRY ENVIRONMENT

Europe failed to bring natural gas inventories to five-year average level by start of winter season. Unplanned maintenance on supply side and increase in Carbon Emission Allowances (EUA) futures supported natural gas price rally. Additionally, significantly lower prices for next summer discourage trades to store any additional gas for this winter. Such high winter season natural gas

prices are not sustainable as there will be a demand destruction. This might ultimately lead to significant price drop.

The latest economic review by the International Monetary Fund¹ (IMF) estimates a positive growth rate of the global economy (+5.9%) in 2021. The global economy is projected to grow 4.9% in 2022. The projections for 2021 have decreased by 0.1%, however projections for 2022 have not changed. The downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, with limited room to manoeuvre.

According to the latest macroeconomic forecasts of the Bank of Latvia² (LB) as revised in September 2021, Latvia's GDP will grow by 5.3% in 2021 (increase by 2% compared to June report) and 5.1% in 2022. The recovery of the global economy is supported by the roll-out of the Covid-19 vaccines and the progress made with vaccinations. The euro area economy is also recovering swiftly and approaching the pre-pandemic levels. Central banks view the rise in inflation caused by the growing demand and supply bottlenecks as transitory. Meanwhile, Latvia's inflation forecast has been revised upwards to 2.8% in 2021 and to 4.0% in 2022 from 2.0% and 2.9% in the June forecast respectively. Solid economic growth and a sustainable wage increase will result in a gradual pick-up of the underlying inflation over the projection horizon, yet, with the global commodity price pressures easing, inflation is expected to retreat below 3% in 2023.

KEY EVENTS DURING THE REPORTING PERIOD

- **On April 6, 2021**, the state of emergency in Latvia, which was in force from November 6, 2020 related to the spread of coronavirus ended. JSC “Latvijas Gāze” continues serving its customers only remotely, with the customer service centre remaining closed. When and where possible JSC “Latvijas Gāze” employees are working remotely to minimize risks associated with the spread of coronavirus.
- **On June 15, 2021**, JSC “Latvijas Gāze” held its annual Meeting of Shareholders.
- **On June 29, 2021**, JSC “Latvijas Gāze” has concluded amendments to the existing overdraft agreement with OP Corporate Bank plc, increasing credit line from 30 million euros to 75 million euros. 75 million euros credit line will be available until 2nd January 2022 afterwards credit line will be decreased back to 30 million euros as per original agreement that expires on 31 May, 2023.
- **On July 1, 2021**, the new tariffs for households of the natural gas and distribution system operator Gaso has entered into force. The changes are related to both the increase in the natural gas prices in the global markets and the amendments to the service tariff of distribution system operator Gaso, which was approved by the Public Utilities Commission on 30 April this year.
- **On September 28, 2021** JSC “Latvijas Gāze” management of the board signed amendments to the existing overdraft agreement with OP Corporate Bank plc, increasing credit line from 75 million euros to 100 million euros. 100 million euros credit line will be available until 2nd February 2022 afterwards credit line will be decreased back to 30 million euros as per original agreement that expires on 31 May 2023. There was critical need for additional funding as winter price doubled compared to August settled price.

OPERATING RESULTS OF THE BUSINESS SEGMENTS

Sales & trading segment: On 30th September 2021, the sales & trading segment operated by JSC “Latvijas Gāze” had an asset value of 245.2 million EUR. In the nine months 2021, the segment generated a net turnover of 240.5 million EUR, which was by 144% higher in comparison to the same period in 2020. The significantly higher net turnover was mainly attributable to higher sales prices due to developments in global natural gas market, as well as higher sales quantities, compared to the same period in 2020. During third quarter of 2021 segment’s EBITDA amounted to -175.4 million EUR, losses before taxes reached 176.5 million EUR, while in same period in 2020 EBITDA was 15.7 million EUR, and profit before taxes was 14.7 million EUR. Sales and trading segment bottom line is negatively impacted by derivative revaluation, however it will be compensated in future period once withdrawal season starts.

Distribution segment: The distribution segment operated by JSC “Gasol” is the largest business segment within Latvijas Gāze group by its asset value. At the end of third quarter 2021, assets of the segment were worth 324.5 million EUR, which represents 57% of the Group’s total asset value. In the reporting period, the distribution segment generated a net turnover of 40.8 million EUR and EBITDA of 18.9 million EUR (increase by 20% and 35% accordingly, compared to the same period of 2020, respectively). Distribution services are regulated and form the main source of revenue for JSC “Gasol”. The increase in net turnover was mainly caused by higher utilization of the Latvian natural gas distribution system, because of lower temperatures during the heating months. The segment’s profit before taxes amounted to 9.5 million EUR in nine months of 2021 and was by 111% higher, compared to same period 2020.

LONG-TERM GAS SUPPLIES

JSC “Latvijas Gāze” business portfolio consist of long-term natural gas supplies as well as booked storage and transmission capacities, thus contributing to the Latvia and region long-term stability of gas provision.

JSC “Latvijas Gāze” procures almost all of its natural gas under a long-term contract with the PJSC “Gazprom”. The contract is subject to a take-or-pay obligation that requires the JSC “Latvijas Gāze” to buy a defined amount of natural gas on an annual basis or make a payment for the quantity not taken. Under this type of contracts prices paid for natural gas usually relate to the prices of competing energy sources (e.g. oil and oil products) and/or market reference prices (e.g. hub prices such as TTF or NBP), as dictated by market conditions. Any of the contract parties in regular intervals (usually every two years) may trigger a review of the contract conditions. In case of no agreement after a defined period, the parties may refer the case to a neutral board of arbitration that will make a binding decision.

FINANCIAL RISK MANAGEMENT

JSC “Latvijas Gāze” is exposed to credit, liquidity as well as market risks.

As in previous periods, JSC “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 default risks** major customers are subject to individual credit risk management policies, which include a number of practices, such as evaluation of credit limits, a detailed supervision of financial figures, and frequent billing cycles to avoid the accumulation of debt. For transactions with smaller customers Latvijas Gāze group has put in place detailed policies and processes that ensure the



continuous monitoring of incoming customer payments and trigger respective customer communication as well as follow-up actions in case of arising credit issues.

The group's **liquidity risk** mainly stems from the distinct seasonality of the natural gas business. To ensure security of supply for the winter months the Company usually injects significant natural gas quantities into the Inčukalns Underground Gas Storage ("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. To actively monitor and manage the liquidity risk the Company continuously improves its internal cash planning tools and instruments. To take account of the increased importance of a systematic and rigorous cash management in a competitive and highly volatile market the Company has in place a dedicated treasury function. JSC "Latvijas Gāze" management of the board signed amendments to the existing overdraft agreement with OP Corporate Bank plc, increasing credit line from 75 million euros to 100 million euros. 100 million euros credit line will be available until 2nd February 2022 afterwards credit line will be decreased back to 30 million euros as per original agreement that expires on 31 May 2023. There was critical need for additional funding as winter price doubled compared to August settled price. The closed transaction strengthens the overall liquidity of the Company and liquidity will start to improve in Q4 2021 as JSC "Latvijas Gāze" will order significantly less volume from Russia and mainly will use inventory from storage to meet its sales obligations.


Following the opening of the Latvian natural gas market to competition 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 actively manage and mitigate these risks, the Company established a separate Risk Management function. Apart from that, the Company continuously monitors and develops further its risk management policies and strategies. Although internal market risk mitigation, e.g. through negotiating supply agreement terms and working with the sales portfolio, is the preferred risk mitigation option, the Company actively uses financial hedging instrument.

FUTURE PROSPECTS

Despite the negative results during nine months JSC "Latvijas Gāze" believes that financial performance will be boosted in Q4-2021 and losses will be covered during winter season (Q4-2021 and Q1-2022). Although there is record high price environment natural gas in 2021 demand remains robust in the region on the back of economic recovery, however medium term there could natural gas demand destruction.

At the same time JSC "Latvijas Gāze" supports EU policy on climate neutrality objectives for 2050 and plans to contribute achieving the goals of sustainable development. Particularly the Company puts its focus on promoting the CNG use in transport sector thus reducing the greenhouse gas emissions and diminishing environmental footprint. The Company plans to explore additional markets and has set up an internal project group to analyse opportunities for expanding its business into environmentally friendly segments. The analysis puts a particular focus on business opportunities arising around CNG and bio methane production technologies in the Baltic region.

Following the EU Methane strategy and objectives for transportation sector put forward in the Renewables Directive, supporting both a motivational system for organic waste recovery and the demand side for the use of biomethane in transport the Company will respond through



economically sustainable answers to the challenge of combating climate change and giving access to energy resources in an efficient and sustainable way, overall.

JSC “Latvijas Gāze” will continue to invest consequently into modernization and digitalization of customer care processes as well as into new product and service development. Furthermore, to increase the effectiveness JSC “Latvijas Gāze” will continue to implement new functionalities to the new billing system and customer portal.

Finally, the Company plans to explore additional markets and has set up an internal project group to analyse opportunities for expanding its business into new segments. The analysis puts a particular focus on business opportunities arising around CNG, LNG, and gas powered technologies in the Baltic region.

Being aware of the urgency of the issues connected with climate change and the environment, JSC “Latvijas Gāze” implements an effective environmental management system in accordance with the requirements of the ISO 14001: 2015 Standard, thus confirming the high standards of the company, purposeful reduction of its impact on the environment, and responsible management. To receive the certification, JSC “Latvijas Gāze” assesses all internal and external aspects that affect or could potentially affect the environment, implements an environmental management system that reflects all these aspects and risks, as well as measures to reduce or eliminate the impact, and develops a plan for constant improvement and assurance of a more environmentally friendly economic activity. It includes caring for the environment at various levels, i.e., in the choice and use of energy sources, in the application of technology, in waste management, and in communication solutions.

One of these measures to reduce the environmental impact is the participation in a project that can neutralise greenhouse gas (GHG) emissions from the offices and employees of JSC “Latvijas Gāze”. Calculations have been made and it has been established that the main sources of GHG emissions JSC “Latvijas Gāze” are heat, electricity, and transport. To neutralize the situation, JSC “Latvijas Gāze” has decided to plant 2,000 birch trees this year, which will compensate the emissions generated by the company over three years, absorbing 560 tons of CO₂ emissions and releasing oxygen, thus making the environment greener. Specially prepared and certified birch seedlings will be planted, the birch plantation will be registered, regularly maintained, and protected for 40 years.

Latvijas Gāze group will continue to build on its strong reputation in the Latvian market and expanding its activities in the single market area formed by Estonia, Latvian and Finland.

CORPORATE MANAGEMENT REPORT AND REMUNERATION REPORT

www.lg.lv

COVID-19 IMPACT

The management of the Latvijas Gāze group complies with all the necessary safety measures to keep its customers and employees safe.



SUBSEQUENT EVENTS

JSC “Latvijas Gāze” profit in October is 117 million EUR that dramatically decreases YTD losses.

Since 30 September 2021 up to the signing of these financial statements there have been no other events with effect on the financial position or financial results of the Company and the Group as at the balance sheet date.



STATEMENT OF THE BOARD RESPONSIBILITY

The Board of the Joint Stock Company “Latvijas Gāze” is responsible for the preparation of the “Latvijas Gāze” Group consolidated and the JSC "Latvijas Gāze" unaudited interim condensed financial statements for 9-months period ended 30 September 2021 (further – Financial statements), which consist of the Company's and the Company's and its subsidiary (further - Group's) financial statements.

Financial statements for the 6-months period ended 30 September 2021 have been prepared in compliance with the International Financial Reporting Standards adopted by the European Union.

According to the information available to the management of the Company, the Financial statements provide a true and fair view of the Group's and the Company's assets, liabilities, financial position, operational results and cash flows in all key aspects. The principles of recognition and valuation of items observed in the preparation of financial information were the same as in the annual accounts.

The Financial statements were approved by the Board of the JSC “Latvijas Gāze” on 24 November 2021, and they are signed on behalf of the Board by:

Aigars Kalvītis
Chairman of the Board

Inga Āboliņa
Member of the Board



FINANCIAL STATEMENTS

Prepared in compliance with the International Financial Reporting Standards as Adopted by the European Union

CORPORATE INFORMATION

Company	Latvijas Gāze, Joint Stock Company
LEI code	097900BGMO0000055872
Registration number, place and date of registration	Unified registration number 40003000642 Riga, Latvia, 25 March 1991 re-registered in Commercial Register on 20 December 2004
Address	A.Briāna 6, Riga, Latvia, LV-1001
Major shareholders	PJSC Gazprom (34.0%) Marguerite Gas II.S.a.r.l. (28.97%) Uniper Ruhrgas International GmbH (18.26%) ITERA Latvija SIA (16.0%)
Financial period	1 January – 30 September 2021

STATEMENT OF PROFIT OR LOSS

	Note	Group 01.01.- 30.09.2021	Group 01.01.- 30.09.2020	Company 01.01.- 30.09.2021	Company 01.01.- 30.09.2020
		EUR'000	EUR'000	EUR'000	EUR'000
Revenue from contracts with customers	2	281 223	132 290	242 023	99 512
Other income		1 064	3 830	348	3 005
Raw materials and consumables used	3	(206 979)	(81 734)	(205 829)	(80 602)
Personnel expenses	4	(20 269)	(18 553)	(3 673)	(3 437)
Depreciation, amortization and impairment of property, plant and equipment, intangible assets and right-of use assets		(10 289)	(10 194)	(944)	(891)
Other operating expenses	5	(211 521)	(6 123)	(207 897)	(3 010)
Operating profit / (loss)		(166 771)	19 516	(175 972)	14 577
Financial expenses		(276)	(339)	(275)	(187)
Dividends received from subsidiary		-	-	6 783	-
Profit / (loss) before taxes		(167 047)	19 177	(169 464)	14 390
Corporate income tax		(424)	(1 494)	(424)	(1 494)
Profit / (loss) for the period		(167 471)	17 683	(169 888)	12 896

STATEMENT OF COMPREHENSIVE INCOME

	Group 01.01.- 30.09.2021	Group 01.01.- 30.09.2020	Company 01.01.- 30.09.2021	Company 01.01.- 30.09.2020
	EUR'000	EUR'000	EUR'000	EUR'000
Profit / (loss) for the period	(167 471)	17 683	(169 888)	12 896
Other comprehensive income – items that will not be reclassified to profit or loss	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income / (expense) for the period	(167 471)	17 683	(169 888)	12 896

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Member of the Board

BALANCE SHEET

	Note	Group 30.09.2021	Group 31.12.2020	Company 30.09.2021	Company 31.12.2020
		EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Non-current assets					
Intangible assets	6	9 026	9 177	4 947	5 057
Property, plant and equipment	7	306 476	309 971	2 348	2 534
Right-of-use assets		24	40	228	295
Investment in subsidiary	8	-	-	194 534	194 534
Other debtors		68	8	5	5
Total non-current assets		315 594	319 196	202 062	202 425
Current assets					
Inventories	9	153 381	42 220	151 848	40 854
Pre-payments for inventories		1	8 046	-	8 035
Trade receivables		23 607	28 306	21 358	25 339
Other financial assets at amortised cost		981	1 573	885	1 513
Other current assets		65 113	1 972	62 805	1 363
Cash and cash equivalents		10 982	54 236	966	44 968
Total current assets		254 065	136 353	237 862	122 072
TOTAL ASSETS		569 659	455 549	439 924	324 497

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Member of the Board

BALANCE SHEET (continued)

	Note	Group 30.09.2021	Group 31.12.2020	Company 30.09.2021	Company 31.12.2020
		EUR'000	EUR'000	EUR'000	EUR'000
LIABILITIES AND EQUITY					
Equity					
Share capital		55 860	55 860	55 860	55 860
Share premium		20 376	20 376	20 376	20 376
Reserves		183 686	188 432	204 491	204 491
Retained earnings / (loss)		(62 329)	111 169	(164 428)	16 233
Total equity		197 593	375 837	116 299	296 960
Liabilities					
Non-current liabilities					
Provisions		688	700	-	-
Borrowings	10	19 250	22 167	-	-
Lease liabilities		-	-	136	187
Deferred income	11	14 450	18 318	-	-
Employee benefit obligations		2 305	2 305	61	61
Total non-current liabilities		36 693	43 490	197	248
Current liabilities					
Trade payables		7 661	5 725	8 244	8 202
Interest-bearing loans and borrowings	10	55 074	3 500	51 574	-
Lease liabilities		24	21	92	89
Deferred income	11	3 047	1 079	-	-
Other liabilities	12	269 567	25 897	263 518	18 998
Total current liabilities		335 373	36 222	323 428	27 289
Total liabilities		372 066	79 712	323 625	27 537
TOTAL LIABILITIES AND EQUITY		569 659	455 549	439 924	324 497

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Employee benefits revaluation reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000 Restated	EUR'000 Restated
31 December 2019 (restated)	55 860	20 376	195 087	510	110 719	382 552
Transactions with owners						
Dividends	-	-	-	-	(17 556)	(17 556)
Total transactions with owners	-	-	-	-	(17 556)	(17 556)
Depreciation of revaluation reserve and disposal of revalued assets	-	-	(6 817)	-	6 817	-
Comprehensive income						
Profit for the year	-	-	-	-	11 189	11 189
Other comprehensive income	-	-	-	(348)	-	(348)
Total comprehensive income	-	-	-	(348)	11 189	10 841
31 December 2020	55 860	20 376	188 270	162	111 169	375 837
Transactions with owners						
Transferred to unpaid dividends	-	-	-	-	(10 773)	(10 773)
Total transactions with owners	-	-	-	-	(10 773)	(10 773)
Depreciation of revaluation reserve and disposal of revalued assets	-	-	(4 746)	-	4 746	-
Comprehensive income / (expense)						
Loss for the year	-	-	-	-	(167 471)	(167 471)
Total comprehensive expense	-	-	-	-	(167 471)	(167 471)
30 September 2021	55 860	20 376	183 524	162	(62 329)	197 593

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COMPANY'S STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Employee benefits revaluation reserve	Reorganisation reserve	Retained earnings	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000 Restated	EUR'000 Restated
31 December 2019 (restated)	55 860	20 376	(51)	204 545	22 288	303 018
Transactions with owners						
Dividends	-	-	-	-	(17 556)	(17 556)
Total transactions with owners	-	-	-	-	(17 556)	(17 556)
Comprehensive income						
Profit for the year	-	-	-	-	11 501	11 501
Other comprehensive income	-	-	(3)	-	-	(3)
Total comprehensive income	-	-	(3)	-	11 501	11 498
31 December 2020	55 860	20 376	(54)	204 545	16 233	296 960
Transactions with owners						
Transferred to unpaid dividends	-	-	-	-	(10 773)	(10 773)
Total transactions with owners	-	-	-	-	(10 773)	(10 773)
Comprehensive income / (expense)						
Loss for the year	-	-	-	-	(169 888)	(169 888)
Total comprehensive expense	-	-	-	-	(169 888)	(169 888)
30 September 2021	55 860	20 376	(54)	204 545	(164 428)	116 299

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Member of the Board

STATEMENT OF CASH FLOWS

	Note	Group 01.01.- 30.09.2021	Group 01.01.- 30.09.2020	Company 01.01.- 30.09.2021	Company 01.01.- 30.09.2020
		EUR'000	EUR'000	EUR'000	EUR'000
Cash flow from operating activities					
Profit / (loss) before corporate income tax		(167 047)	19 177	(169 464)	14 390
<i>Adjustments:</i>					
- depreciation of property, plant and equipment and right-of-use assets	7	8 603	8 697	281	351
- amortisation of intangible assets	6	1 686	1 514	664	540
- (profit) / losses from long-term asset exclusions		261	203	(3)	-
- income from participating interests		-	-	(6 783)	-
- interest expenses		276	339	275	186
<i>Changes in operating assets and liabilities:</i>					
- in accounts receivable		(55 286)	17 575	(56 830)	13 754
- in inventories		(111 160)	8 091	(110 994)	8 445
- in advances for inventories		8 044	(9 311)	8 035	(9 310)
- in accounts payable		241 081	(5 925)	244 843	(2 762)
Corporate income tax paid		(424)	(1 494)	(424)	(1 494)
Net cash (outflow) / inflow from operating activities		(73 966)	38 866	(90 400)	24 100
Cash flow from investing activities					
Payments for property, plant and equipment		(5 179)	(5 217)	(37)	(132)
Payments for intangible assets		(1 631)	(1 425)	(836)	(810)
Proceeds from sale of property, plant and equipment		47	95	13	-
Dividends received		-	-	6 783	-
Net cash (outflow) / inflow from investing activities		(6 763)	(6 547)	5 923	(942)
Cash flow from financing activities					
Overdraft received		51 574	-	51 574	-
Loan paid		(2 917)	(2 917)	-	-
Leases paid		-	-	(51)	(51)
Interest paid		(409)	(339)	(275)	(186)
Dividends paid		(10 773)	(17 556)	(10 773)	(17 556)
Net cash inflow /(outflow) from financing activities		37 475	(20 812)	40 475	(17 793)
Net cash flow		(43 254)	11 507	(44 002)	5 365
Cash and cash equivalents at the beginning of the reporting period		54 236	48 995	44 968	38 487
Cash and cash equivalents at the end of the reporting period		10 982	60 502	966	43 852

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Member of the Board

NOTES TO FINANCIAL STATEMENTS

1. Segment information

In 2021 and 2020, Latvijas Gāze group consisted of two segments – the natural gas sales & trading segment and the distribution segment.

The natural gas sales & trading segment comprises the purchase, trade and sale of natural gas. The JSC “Latvijas Gāze” operates the sales & trading business, which includes wholesale trading and the sale of natural gas to industrial and commercial customers as well as to households.

The distribution segment provides natural gas distribution services in Latvia. The JSC “Gasol” holds an exclusive license for the distribution of natural gas on the territory of Latvia. JSC “Gasol” owns and operates all distribution assets.

The information included in the operating segments corresponds to the information used by the Board of JSC “Latvijas Gāze” for the gas sales & trading segment and the Board of the JSC “Gasol” for the gas distribution segment in making operational decisions and allocating resources. Given the regulatory requirements provided in the Energy Law, segments are managed separately.

The Board of each company assesses the performance of each respective segment based on EBITDA (adjusted earnings before interest, tax, depreciation and amortisation) and monitors profit before taxes. As the segments are based on legal entities, transactions between entities are eliminated (see Note 2).

Group 9 months 2021	Gas trade	Gas distribution	Total
	EUR'000	EUR'000	EUR'000
EBITDA	(175 381)	18 899	(156 482)
Depreciation and amortisation	(893)	(9 396)	(10 289)
Financial expenses	(275)	(1)	(276)
(Loss) / profit before taxes	(176 549)	9 502	(167 047)

Group 9 months 2020	Gas trade	Gas distribution	Total
	EUR'000	EUR'000	EUR'000
EBITDA	15 697	14 013	29 710
Depreciation and amortisation	(840)	(9 354)	(10 194)
Financial expenses	(187)	(152)	(339)
Profit before taxes	14 670	4 507	19 177

Company / Gas trade	9 months 2021	9 months 2020
	EUR'000	EUR'000
EBITDA	(168 245)	15 468
Depreciation and amortisation	(944)	(891)
Financial expenses	(275)	(187)
(Loss) / profit before taxes	(169 464)	14 390

Group 9 months 2021	Gas trade	Gas distribution	Total
	EUR'000	EUR'000	EUR'000
Purchase of property, plant, equipment and intangible assets	591	6 382	6 973
Segment assets 30.09.2021	245 186	324 473	569 659

Group 9 months 2020	Gas trade	Gas distribution	Total
	EUR'000	EUR'000	EUR'000
Purchase of property, plant and equipment and intangible assets	680	7 030	7 710
Segment assets 30.09.2020	127 648	331 299	458 947

Company / Gas trade	9 months 2021	9 months 2020
	EUR'000	EUR'000
Purchase of property, plant and equipment and intangible assets	591	680
Segment assets 30.09	439 924	322 460

Assets	JSC "Latvijas Gāze"	JSC "Gasol"	Investment	Intercompany receivables/payables	Rent	Total Group
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Assets 30.09.2021	439 924	327 223	(194 534)	(2 750)	(204)	569 659
Assets 31.12.2020	324 497	331 152	(194 534)	(5 311)	(255)	455 549

Assets 30.09.2021	Segment assets	Investment	Intercompany receivables/payables	Rent	Total company
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
JSC "Latvijas Gāze"	245 186	194 534	-	204	439 924
JSC "Gasol"	324 473	-	2 750	-	327 223

Assets 31.12.2020	Segment assets	Investment	Intercompany receivables/payables	Rent	Total company
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
JSC "Latvijas Gāze"	129 530	194 534	178	255	324 497
JSC "Gasol"	326 020	-	5 132	-	331 152

2. Revenue from contracts with customers

Group 9 months 2021	Gas trade		Gas distribution	Total
	Latvia	Other countries	Latvia	
	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenue	184 863	55 251	37 522	277 636
Inter-segment revenue	(1 551)	-	-	(1 551)
Connection, balancing and other service fees recognised as revenue	1 806	103	2 436	4 345
Other revenue	-	-	793	793
	185 118	55 354	40 751	281 223

Group 9 months 2020	Gas trade		Gas distribution	Total
	Latvia	Other countries	Latvia	
	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenue	77 557	21 225	32 377	131 159
Inter-segment revenue	(1 098)	-	-	(1 098)
Connection, balancing and other service fees recognised as revenue	653	77	791	1 521
Other revenue	-	-	708	708
	77 112	21 302	33 876	132 290

Company 9 months 2021	Gas trade		Total
	Latvia	Other countries	
	EUR'000	EUR'000	EUR'000
Segment revenue	184 863	55 251	240 114
Other revenue (balancing services)	1 806	103	1 909
	186 669	55 354	242 023

Company 9 months 2020	Gas trade		Total
	Latvia	Other countries	
	EUR'000	EUR'000	EUR'000
Segment revenue	77 557	21 225	98 782
Other revenue (balancing services)	653	77	730
	78 210	21 302	99 512

3. Raw materials and consumables used

	Group 9 months 2021	Group 9 months 2020	Company 9 months 2021	Company 9 months 2020
	EUR'000	EUR'000	EUR'000	EUR'000
Natural gas purchase	205 943	80 798	205 797	80 565
Costs of materials, spare parts and fuel	1 036	936	32	37
	206 979	81 734	205 829	80 602

4. Personnel expenses

	Group 9 months 2021	Group 9 months 2020	Company 9 months 2021	Company 9 months 2020
	EUR'000	EUR'000	EUR'000	EUR'000
Wages and salaries	15 300	14 232	2 708	2 577
State social insurance contributions	3 627	3 413	654	578
Life, health and pension insurance	1 016	941	137	139
Other personnel costs	326	234	174	143
	20 269	18 820	3 673	3 437

5. Other operating expenses

	Group 9 months 2021	Group 9 months 2020	Company 9 months 2021	Company 9 months 2020
	EUR'000	EUR'000	EUR'000	EUR'000
Net fair value losses on financial derivatives	204 863	-	204 863	-
Selling and advertising costs	516	507	320	333
Expenses related to premises (rent, electricity, security and other services)	1 056	1 035	156	153
Donations, financial support	413	726	336	705
Office and other administrative costs	1 222	1 275	509	639
Taxes and duties	652	745	392	458
Costs of IT system maintenance, communications and transport	1 392	1 353	560	637
Bad debtors provisions	865	-	722	-
Other costs	542	482	39	85
	211 521	6 123	207 897	3 010

In nine months 2021 Other operating expenses position includes a net amount of (204 863) thousand EUR originating from financial hedging activities. (7 568) thousand EUR out of this amount is attributable to operational activities during the 9 months reporting period. The remaining amount for outstanding derivatives of (197 295) thousand EUR is evaluated on a mark-to-market basis as of the balance sheet date. (78 572) thousand EUR is attributable to operational activity in 2021 whereas (118 723) thousand EUR is attributable to operational activity in 2022.

6. Intangible assets

	Group 9 months 2021	Group 2020	Company 9 months 2021	Company 2020
	EUR'000	EUR'000	EUR'000	EUR'000
Cost				
As at the beginning of period	24 029	20 967	6 459	5 468
Additions	1 535	3 062	554	991
Disposals	(246)	-	-	-
As at the end of period	25 318	24 029	7 013	6 459
Amortisation				
As at the beginning of period	14 852	12 830	1 402	669
Amortisation	1 686	2 022	664	733
Disposals	(246)	-	-	-
As at the end of period	16 292	14 852	2 066	1 402
Net book value as at the end of the period	9 026	9 177	4 947	5 057

7. Property, plant and equipment

Group	Land, buildings, constructions	Machinery and equipment	Other fixed assets	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost or revalued amount					
31.12.2020	655 714	40 251	17 485	675	714 125
Additions	2 169	1 123	411	1 735	5 438
Disposals	(924)	(471)	(255)	-	(1 650)
30.09.2021	656 959	40 903	17 641	2 410	717 913
Depreciation					
31.12.2020	365 507	25 718	12 929	-	404 154
Calculated	6 077	1 440	1 109	-	8 626
Disposals	(651)	(447)	(245)	-	(1 343)
30.09.2021	370 933	26 711	13 793	-	411 437
Net book value as of 30.09.2021	286 026	14 192	3 848	2 410	306 476
Net book value as of 31.12.2020	290 207	14 533	4 556	675	309 971

Group	Land, buildings, constructions	Machinery and equipment	Other fixed assets	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost or revalued amount					
31.12.2019	650 929	38 835	16 443	1 079	707 286
Additions	6 159	2 163	1 051	-	9 373
Transfers	-	-	404	(404)	-
Disposals	(1 374)	(747)	(413)	-	(2 534)
31.12.2020	655 714	40 251	17 485	675	714 125
Depreciation					
31.12.2019	358 636	23 998	12 002	-	394 636
Calculated	7 814	2 389	1 312	-	11 515
Disposals	(943)	(669)	(385)	-	(1 997)
31.12.2020	365 507	25 718	12 929	-	404 154
Net book value as of 31.12.2020	290 207	14 533	4 556	675	309 971
Net book value as of 31.12.2019	292 293	14 837	4 441	1 079	312 650

Company	Land, buildings, constructions	Machinery and equipment	Other fixed assets	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost or revalued amount					
31.12.2020	1 811	-	1 721	-	3 532
Additions	-	-	37	-	37
Disposals	-	-	(21)	-	(21)
30.09.2021	1 811	-	1 737	-	3 548
Depreciation					
31.12.2020	90	-	908	-	998
Calculated	54	-	159	-	213
Disposals	-	-	(11)	-	(11)
30.09.2021	144	-	1 056	-	1 200
Net book value as of 30.09.2021	1 667	-	681	-	2 348
Net book value as of 31.12.2020	1 721	-	813	-	2 534

Company	Land, buildings, constructions	Machinery and equipment	Other fixed assets	Assets under construction	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Cost or revalued amount					
31.12.2019	1 811	-	1 593	1	3 405
Additions	-	-	186	-	186
Transfer	-	-	1	(1)	-
Disposals	-	-	(59)	-	(59)
31.12.2020	1 811	-	1 721	-	3 532
Depreciation					
31.12.2019	18	-	658	-	676
Calculated	72	-	289	-	361
Disposals	-	-	(39)	-	(39)
31.12.2020	90	-	908	-	998
Net book value as of 31.12.2020	1 721	-	813	-	2 534
Net book value as of 31.12.2019	1 793	-	935	1	2 729

8. Investment in subsidiary

	Company
	EUR'000
Invested during reorganisation 01.12.2017	194 534
Balance sheet value 30.09.2021 and 31.12.2020	194 534

Shares held	30.09.2021	31.12.2020
JSC "Gasol"	100%	100%

	Subsidiary's equity	Subsidiary's equity	Subsidiary's profit 9 months	Subsidiary's profit 9 months
	30.09.2021	31.12.2020	2021	2020
	EUR'000	EUR'000	EUR'000	EUR'000
JSC "Gasol"	275 828	273 411	9 200	4 787

9. Inventories

	Group 30.09.2021	Group 31.12.2020	Company 30.09.2021	Company 31.12.2020
	EUR'000	EUR'000	EUR'000	EUR'000
Natural gas	151 848	40 854	151 848	40 854
Materials and spare parts	1 600	1 437	-	-
Allowance for slow-moving inventory	(67)	(71)	-	-
	153 381	42 220	151 848	40 854

10. Interest-bearing loans and borrowings

	Group 30.09.2021	Group 31.12.2020	Company 30.09.2021	Company 31.12.2020
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Loan from JSC "SEB banka"</i>				
Long-term part of the loan	19 250	22 167	-	-
Short-term part of the loan (i.e. less than 12 months)	3 500	3 500	-	-
<i>Overdraft in OP bank</i>	51 574	-	51 574	-
	74 324	25 667	51 574	-

In 2017 the Company received a long-term loan of 35 000 thousand EUR for 5 years. Under the reorganisation, the Company transferred this loan to the newly established acquiring JSC "Gasol". The loan is due for repayment starting in April 2018. Loan interest rate is fixed % p.a. plus 6 month EURIBOR. The Company has overdraft possibility. Overdraft interest rate is fixed % p.a. plus 3 month EURIBOR.

11. Deferred income

	Group 30.09.2021	Group 31.12.2020	Company 30.09.2021	Company 31.12.2020
	EUR'000	EUR'000	EUR'000	EUR'000
Income from residential and corporate customers' contributions to construction of gas pipelines:				
Long-term part	14 450	18 318	-	-
Short-term part	3 047	1 079	-	-
	17 497	19 397	-	-

12. Other liabilities

	Group 30.09.2021	Group 31.12.2020	Company 30.09.2021	Company 31.12.2020
	EUR'000	EUR'000	EUR'000	EUR'000
Prepayments received	53 096	11 872	52 954	11 813
Derivative financial instruments	197 908	3 688	197 908	3 688
Value added tax	12 058	1 848	11 507	899
Accrued costs	3 098	4 324	362	1 153
Excise tax	251	891	251	889
Vacation pay reserve	1 149	1 250	214	215
Salaries	995	878	165	169
Social security contributions	587	696	95	104
Personnel income tax	297	353	51	54
Natural resource tax	1	11	1	-
Real estate tax	48	-	-	-
Other current liabilities	79	86	10	14
	269 567	25 897	263 518	18 998

13. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during all years presented, unless otherwise stated.

Basis of preparation

The consolidated and separate financial statements (financial statements) of the JSC "Latvijas Gāze" are prepared in accordance with the International Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted for use in the European Union, and are presented together in one document.

The financial statements are prepared on a historical cost basis, except for derivative financial instruments that are measured at fair value and certain classes of property, plant and equipment that are carried at revalued amount, as disclosed in the notes below.

All amounts shown in these financial statements are presented in thousands of Euros (EUR), unless identified otherwise. Euros (EUR) is the functional and presentational currency of the Group and the Company.

Financial instruments

Financial assets Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's and Company's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group and Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. All Group's and Company's debt instruments are classified in the amortised cost measurement category.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses). Foreign exchange gains and losses and impairment losses are presented within other income/(expenses) in the statement of profit or loss.



The following financial assets of the Company and Group were classified in this category:

- trade receivables;
- accrued income;
- reserved funds;
- cash and cash equivalents.

Equity instruments

The Group and the Company have no investments in equity instruments.

Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the reporting period.

Impairment

The Group and the Company assess on a forward-looking basis the expected credit losses (“ECL”) associated with their debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- time value of money and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables and accrued income without a significant financing component, the Group and the Company apply a simplified approach permitted by IFRS 9 and measure the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. As individual assessment is not possible due to the large number of individual balances, only the significant debtors are assessed individually. Receivables that are not individually assessed for impairment are classified into groups of receivables based on days overdue and are collectively assessed for impairment.

Revenue from contracts with customers

Revenue is income arising in the course of the Group’s and Company’s ordinary activities. Revenue is measured in the amount of transaction price. Transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. The Group and the Company recognise revenue when it transfers control of a good or service to a customer.



Sale of natural gas – wholesale

The Group and the Company sell natural gas in the wholesale market. Revenue is recognized at the point in time when the product (natural gas) is delivered to the wholesaler (buyer) and he has full discretion as to the place and price of the products, and the wholesaler (buyer) has no claim for performance of the contract that could affect the acceptance of the products from the wholesaler (buyer). Delivery takes place when products are delivered to a particular location, the prescription and limitation risks are passed on to the wholesaler (buyer), and the Group and the Company have objective evidence that all acceptance-transfer criteria are met.

It is considered that there is no financing element here, because the sale is made with a credit term of 10-30 days, which corresponds to the prevailing market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of natural gas to end users – commercial customers and households

The Group and the Company sell natural gas to end users – corporate customers and households. These sales meet over the time recognition criteria as the customer receives and uses the benefits simultaneously as the gas is delivered. Revenue is recognised based on the actual quantities delivered up to the end of the reporting period, normally one month, as the gas sold is priced on a per quantity basis.

Households settle their debts according to equalized payment schedules with end-dates not necessarily coinciding with calendar year-end, based on the actual consumption during previous settlement year. Management exercises judgement when estimating revenue for quantities delivered but not yet billed to these customers. This is determined using an established methodology within the Group.

If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such consideration.

Excise duty

The excise duty is levied on the natural gas delivered to the end user and is calculated on the basis of fixed rate per quantity delivered depending upon purpose of use of natural gas by the end user. The Group and the Company act as an agent in collecting the excise duty from customers, and pay it to the government, therefore revenue is recognised net of excise tax levied on the customers.

Sale of services – natural gas distribution

The Group provides natural gas distribution services to the gas traders who sell the natural gas to end users. Revenue from providing services is recognised over time in the period in which the services are rendered. The management exercises judgement related to the quantity of natural gas delivered to the household end-customers of the Group, as explained in the policy “Sale of natural gas to end users – commercial customers and households” above.



Connection fees

When connecting to the gas network, the clients must pay a connection fee based on the actual costs of infrastructure to be built in order to connect them to the network. The management has concluded that the connection fees do not represent a separate performance obligation from the ongoing provision of network distribution services, and thus the revenue from connection fees is deferred and recognised as revenue over the estimated customer relationship period, which, in management's view, approximates 30 years. Connection fees received from customers are carried in the statement of financial position as "Deferred income" within long-term liabilities.

Contract assets and contract liabilities related to contracts with customers

Due to equalised invoicing and settlement arrangements with household customers, these customers routinely are in the position of over-payment in relation to their actual consumption. It is also common for households to make an advance payment for the whole year ahead, based on the actual consumption of prior settlement year. There are also corporate customers who have overpaid to the Group and the Company for the goods and services received. The balances of overpaid amounts that represent contract liabilities are offset against future consumption. They are reported within other liabilities as prepayments received.

Contract asset that relates to contract with the natural gas transmission and storage operator, where the Group and the Company have undertaken commitment to store an agreed quantity of natural gas in the underground storage for particular period of time is reported as accrued income within other current assets. The revenue is receivable when all the conditions of the contract are fulfilled.

Financing component

The Group and the Company do not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group and the Company do not adjust any of the transaction prices for the time value of money.

Property, plant and equipment

Property, plant and equipment are tangibles, which are held for use in the supply of goods and in the provision of services, and used in more than one period. The Group's and the Company's main asset groups are buildings and constructions, which include distribution gas pipelines, as well as equipment and machinery that is mainly related to technical gas distribution.

The Group's buildings and constructions (including the gas distribution system) and equipment and machinery are recognised at fair value as determined under the policy of revaluation of fixed assets approved by the Board, less accumulated depreciation and impairment loss. Revaluation shall be made with sufficient regularity to ensure the carrying amount does not differ materially from the one, which would be determined using fair value at the end of the reporting period. All other property, plant and equipment groups (including land) are stated at historical cost, less accumulated depreciation and impairment charge. The historical cost includes expenditure directly attributable to the acquisition of the items.



Assets purchased, but not ready for the intended use or under installation process are classified under “Assets under construction”. This group is measured at cost less accumulated impairment losses. Subsequent costs are included in the asset’s carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss statement for the financial period when they incurred.

Upon revaluation of property, plant and equipment, the accumulated depreciation is changed in proportion to changes in the gross value of the property, plant and equipment revalued. Increases in the carrying amount arising on revaluation of buildings, gas distribution system and equipment are credited to Revaluation reserve in shareholders’ equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; any further decreases are charged to the profit or loss statement. The revaluation surplus is transferred to retained earnings on the retirement or disposal of the asset. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset’s original cost is reclassified from the property, plant and equipment revaluation reserve to retained earnings.

Land and assets under construction are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revaluated amounts to their residual values over their estimated useful lives, as follows:

	years
Buildings	20 - 100
Constructions, including gas distribution system	20 - 70
Machinery and equipment	5 - 20
Other fixed assets	2 - 10

The assets’ useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit or loss statement during the period when they are incurred.

Intangible assets

Intangible assets primarily consist of software licences and patents. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation and impairment loss.

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their useful lives. Generally, intangible assets are amortised over a period of 5 to 10 years.

Impairment of non-financial assets

All the Group’s and Company’s the non-financial assets, except for land, have a finite useful life. Assets subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An



impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets having suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Inventories are stated in the balance sheet at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The cost of natural gas is composed of the gas purchase price and is determined using FIFO (first in first out) method. The cost of other materials, spare parts and other inventories is determined using the weighted average method.

The value of outdated, slow-moving or damaged inventories has been provisioned for.

Leases


The Group and Company are lessee. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- the exercise price of a purchase option if the Group and the Company are reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease duration used in the calculation is based on signed agreements for external lease and 5 years for intragroup lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Discount rate applied to measure lease liabilities as at 30 September 2021, 31 December 2020 and 30 September 2020 is 3.33%.



Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the expected lease term on a straight-line basis. If the Group or the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group and the Company revalues its land and buildings that are presented within property, plant and equipment, they have chosen not to do so for the right-of-use buildings held by the Group or the Company.

Principles of consolidation


Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated in consolidation.

There is only one subsidiary in the consolidated group – JSC “Gasol” which was established on 1 December 2017 as a result of a reorganisation (spun-off of distribution business segment from the parent company JSC “Latvijas Gāze”). The reorganisation was determined to be a transaction among entities under common control and was recorded based on predecessor values. As a result, on the reorganisation date, the assets and liabilities with resulting entries in equity were transferred to the opening balance sheet of subsidiary based on their predecessor amounts in the books of JSC “Latvijas Gāze”. The reorganisation as such did not impact the consolidated financial statements following an establishment of Group as consolidated financial statements continued to report the natural gas trading and distribution business in one consolidated entity.

Reorganisation and investment in subsidiary

In the separate financial statements of the parent company, investment in subsidiary's capital is accounted at cost less any impairment loss. The cost of investment was determined with the reference to the carrying amount in the predecessor's (i.e., JSC “Latvijas Gāze”) books of assets and liabilities that were transferred to subsidiary AS “Gasol” as a result of reorganisation.



Reorganisation was determined to be a transaction between entities under common control and accounted for at predecessor values based on the following:

- In the course of the reorganization process, JSC “Latvijas Gāze” acquired ownership of 100% of JSC “Gasol” shares in exchange for the net assets transferred to JSC “Gasol”, thereby acquiring non-monetary assets (shares) in exchange for a combination of non-monetary and monetary assets and liabilities (i.e., JSC “Gasol” transferable assets according to the asset allocation act).
- The assets and liabilities of the new group immediately after the reorganization were the same as assets and liabilities of JSC “Latvijas Gāze” immediately before the reorganization;
- The absolute and relative participation of JSC “Latvijas Gāze” shareholders in the net assets of the newly created group immediately after the reorganization was the same as their share in the net assets of JSC “Latvijas Gāze” immediately before the reorganization.

As a result of this reorganisation the Company recognised a reorganisation reserve which arose as a result of a difference between the net assets received and transferred within reorganisation process.

Dividends from the subsidiary are recognised in the separate financial statements of the Company when the right to receive the dividend is established. The dividend is recognised in the profit or loss statement.


If there is objective evidence that the carrying amount of the investment in the subsidiary exceeds its recoverable amount, the impairment loss is calculated as the difference between these two amounts and recognised immediately in profit or loss. The recoverable amount of investment is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the investment in subsidiary. Impairment loss with regard to investment in subsidiary is reversed if the recoverable amount of investment has increased above the previously estimated recoverable amount used in measuring the recognised impairment loss, but reversal should not exceed the initial cost of investment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker of each legal entity in the Group (i.e., the parent entity and subsidiary). Although the internal reporting formats are similar for both entities, there is no single chief operating decision-maker for the whole Group, given the legal requirements regarding operational independence of natural gas distribution operator from its vertically integrated parent company – the largest natural gas trader in Latvia. Management Board and Supervisory Board of each entity are regarded as chief operating decision-makers who are responsible for allocating resources and assessing performance of each segment.

Share capital and dividend authorised

Ordinary shares are classified as equity. No preference shares have been issued. Incremental external costs directly attributable to the issues of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividend distribution to the Group's parent company's shareholders



is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group and the Company prior to the end of the reporting period which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition with an exception of personnel related accruals where the payment terms might be up to 12 months. If the payment is not due within 12 months after the reporting period, such payables are presented as non-current. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Fees paid for establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss statement in the period in which they are incurred.

Provisions


Provisions are recognised when the Group or the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value according to the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Employee benefits

Wages, salaries and bonus plans

Liabilities for wages and salaries, including non-monetary benefits, annual leave and bonuses that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The Group and the Company recognise a liability and expense for bonuses



based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise liability where contractually obliged or where there is a past practice that has created a constructive obligation. The liabilities are presented as Other liabilities in the balance sheet.

Social security and pension contributions

The Group and the Company pay social security contributions for state pension insurance to the state funded pension scheme in compliance with the Latvian legislation. The state funded pension scheme is a fixed-contribution pension plan whereby the Group and the Company have to make payments in an amount specified by law. The Group and the Company also pay contributions to an external fixed-contribution private pension plan. The Group and the Company do not incur legal or constructive obligations to pay further contributions if the state funded pension scheme or private pension plan are unable to meet their liabilities towards employees. The social security and pension contributions are recognised as an expense on an accrual basis and are included within staff costs.

Vacation pay accrual

The amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued but unused annual leave at the end of the reporting year.

Post-employment and other employee benefits

Under the Collective Agreement, the Group and the Company provide certain defined benefits over employment and upon termination of employment to employees whose employment conditions meet certain criteria. The amount of benefit liability is calculated annually based on the current salary level and the number of employees who are entitled to receive those payments, as well as based on actuarial assumptions, using the projected unit credit method.

The present value of the benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds.


The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arisen from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur within separate reserve "Employee benefits revaluation reserve". They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Income tax

The corporate income tax is calculated for distributed profits (20/80 from the net amount payable to shareholders). The tax on the distributed profit is recognised when the Company's shareholders



decide upon distribution. Corporate income tax is also paid on conditionally distributed profits (non-business related disbursements, entertainment and donation costs exceeding certain criteria and similar). Such tax is not regarded as income tax in the context of IAS 12 as it is calculated on the gross rather than net amounts, and recognised in the statement of profit or loss as other operating cost.

The Group recognise deferred tax liability for taxable temporary differences associated with investment in subsidiary (arising from existence of untaxed retained earnings arisen after 1 January 2018 in subsidiary) except to the extent that it is probable that the temporary difference will not reverse in the foreseeable future, i.e., the untaxed retained earnings will not be distributed from subsidiary to the parent company in foreseeable future. In the reporting periods ended 30 September 2021 and 31 December 2020 the management of the Group did not recognise the deferred tax liability in the consolidated financial statement related to the above.

Related parties

Related parties are defined as the Company's shareholders with a significant influence and the entities where these shareholders have control or joint control, as well as members of the Council and the Board of the Company or its subsidiary, their close relatives and entities in which they have a significant influence or control.

14. Subsequent events

JSC "Latvijas Gāze" profit in October is 117 million EUR that dramatically decreases YTD losses.

Since 30 September 2021 up to the signing of these financial statements there have been no other events with effect on the financial position or financial results of the Company and the Group as at the balance sheet date.