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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Societatea Nationala de Transport Gaze Naturale TransGaz SA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of societatii Societatea Nationala de Transport Gaze Naturale TransGaz SA (the "Company") with official head office in P-ta. Constantin I. Motas nr.1, loc. Medias, jud. Sibiu, Romania, identified by sole fiscal registration number 1306873, which comprise the statement of financial position as at December 31, 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments ("OMFP 2844/2016").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 32 to these separate financial statements, which presents the details and effects of the changes in presentations made during current year and correction of prior period errors. Our opinion is not qualified in respect of this matter.

Other matter

The Company's separate financial statements for the year ended 31 December 2023 were audited by another auditor who issued on 21 March 2024 an unmodified audit opinion and an emphasis of matter in respect of ongoing litigations impact.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter
<p>Application of IFRIC 12 - Split Model The information presented by the Company regarding the application of IFRIC 12 is included in note 3.5 "Intangible Assets" and in note 5 "Material Accounting Judgments and Estimates in Applying Accounting Policies", points 5.2 and 5.4."</p> <p>Accounting for service concession arrangements involves a high degree of complexity and the application of professional judgment.</p> <p>The Company entered into a concession agreement in 2002 for a period of 30 years for the operation of the national gas transport system. In accordance with IFRIC 12 "Service Concession Arrangements", modernization or expansion works carried out on the concessioned infrastructure give rise to an intangible asset, a financial asset, or a combination of the two (the split model).</p> <p>Law 127/2014 states that, in the event of termination of the concession contract for any reason or upon expiration of the contract, the investments made by the operator are transferred to the grantor of the infrastructure or to another operator in exchange for compensation equal to the remaining unamortized regulated value established by the National Energy Regulatory Authority ("ANRE"). According to Order 41/2016 regarding the methodology for establishing regulated tariffs, the Company has obtained the right to adjust the remaining regulated value for inflation.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> a) We obtained a thorough understanding of the terms and conditions related to the concession agreement. For this, we: <ul style="list-style-type: none"> ➤ read the service concession agreement concluded in 2002 to understand the rights and obligations of the operator, as well as the specific legislation that complements the contractual provisions; ➤ conducted interviews with the Company's management to understand the judgement applied in determining the values recorded in the financial statements as result of IFRIC 12 standard application. b) We evaluated together with IFRS Accounting Standards internal specialists, the correctness of the IFRIC 12 standard and respectively of the split model application by the management against the specifications from the concession agreement; c) We analysed the recognition criteria of the recorded financial asset, as well as its measurement;

The Company has been applying IFRIC 12, the split model, since 2010, which has led to the recognition of an intangible asset with a carrying amount of 5,117 million lei and a long-term financial asset with a carrying amount of 2,648 million lei as of December 31, 2024. Revenues within the scope of the concession include an amount of 1,876 million lei in 2024, relating to the construction costs for modernisation and expansion works carried out on the concessioned infrastructure.

Given the size of the carrying amount of these assets as of December 31, 2024, the complexity of the applicable legislative framework, and the judgments and estimates used in the application of IFRIC 12 by the Company's management, this is considered a key audit matter.

- d) in particular, we analyzed the algorithm for determining the remaining regulated value, we involved our internal valuation specialists to assist with the analysis of the discount rate applied;
- e) we verified the mathematical accuracy of the model, as well as the correctness of the hypothesis used in the model against the contractual and/or legislative specifications.

We also evaluated the adequacy of the disclosures made by the Company in relation to the requirements of IFRIC 12 and OMFP 2844/2016.

Other information

The other information comprises the Consolidated Administrators' Report as well as Remuneration Report, but does not include the separate financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Separate Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Consolidated Administrators' Report and Remuneration Report, we have read these reports and report that:

- a) in the Consolidated Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2024;
- b) the Consolidated Administrators' Report, except the sustainability statement which is subject to a separate assurance reporting, includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent amendments, Annex 1 articles 15 - 19;
- c) based on our knowledge and understanding concerning the Company and its environment gained during our audit of the separate financial statements as at December 31, 2024, we have not identified information presented in the Consolidated Administrators' Report, except the sustainability statement which is subject to a separate assurance reporting, that contains a material misstatement of fact.
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 5 March 2023 to audit the separate financial statements for the financial year end December 31, 2024. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for one year, covering the financial period ending December 31, 2024.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the separate financial statements, no other services which were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the separate financial statements, with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of Societatea Nationala de Transport Gaze Naturale TransGaz SA (the "Company") for the year ended 31 December 2024, with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).

These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended 31 December 2024 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements should be presented in XHTML format.

Responsibilities of the Management and Those Charged with Governance

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the separate financial statements in XHTML format and for ensuring consistency between the electronic format of the separate financial statements (XHTML) and the audited separate financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the separate financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation. Those charged with governance are responsible for overseeing the financial reporting process for the preparation of separate financial statements, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the separate financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Management

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the financial statements of the Company, including the preparation of the separate financial statements of the Company in XHTML format
- tested the validity of the applied XHTML format
- checked whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements

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

Opinion on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, our opinion is that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania
Registered in the electronic Public Register under No. FA77

Name of the Auditor / Partner: Verona Cojocar
Registered in the electronic Public Register under No. AF1568

Bucharest, Romania
24 March 2025