

**NATIONAL GAS TRANSMISSION COMPANY  
TRANSGAZ S.A. GROUP**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS  
ENDED ON 31 MARCH 2025**

**PREPARED IN ACCORDANCE WITH  
THE ORDER OF THE MINISTRY OF PUBLIC FINANCE 2844/2016**

**Contents**

**Page**

Interim consolidated Statement of Financial Position	1 - 2
Interim consolidated Statement of Comprehensive Income	3
Interim consolidated Statement of Changes in Equity	4
Interim consolidated Cash Flow Statement	5
Notes to the interim consolidated Financial Statements	6-91

**INTERIM CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**  
(expressed in lei, unless otherwise stated)



	<u>Note</u>	<u>31 March 2025</u> (unaudited)	<u>31 December 2024</u>
<b>ASSET</b>			
<b>Non-current assets</b>			
Tangible Assets	7	688,070,583	710,016,488
Righth of use assets	7.1	145,479,285	156,238,537
Intangible assets	9	5,169,395,755	5,117,108,681
Goodwill	9.1	10,082,934	10,149,917
Other receivables	12	2,722,570,044	2,648,907,892
Deferred tax	18	77,113,237	81,111,504
Restricted cash	13	<u>2,408,572</u>	<u>2,301,307</u>
		<b>8,815,120,410</b>	<b>8,725,834,326</b>
<b>Current assets</b>			
Inventories	11	554,783,550	514,142,628
Trade receivables	12.1	351,961,430	345,848,299
Other receivables	12.2	111,092,196	104,047,643
Income tax receivables		-	15,184,160
Cash and cash equivalent	13	<u>964,818,377</u>	<u>1,064,299,187</u>
		<b>1,982,655,553</b>	<b>2,043,521,917</b>
<b>Total assets</b>		<b>10,797,775,963</b>	<b>10,769,356,243</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	1,883,815,040	1,883,815,040
Hyperinflation adjustment of share capital	14	441,418,396	441,418,396
Share premium	14	247,478,865	247,478,865
Other reserves	15	1,265,796,861	1,265,796,861
Retained earnings	15	933,999,894	433,983,777
Foreign currency translation reserve		<u>8,684,936</u>	<u>9,922,595</u>
Equity attributable to shareholders of the Parent		<b>4,781,193,992</b>	<b>4,282,415,534</b>
Non-controlling interests	15	<u>122,928,260</u>	<u>107,136,408</u>
<b>Total equity</b>		<b>4,904,122,252</b>	<b>4,389,551,942</b>
<b>Non-current liabilities</b>			
Long-term borrowings	16	3,064,348,299	3,406,202,889
Deferred revenue	17	1,113,497,843	1,141,200,092
Lease liabilities	19	115,620,290	125,610,112
Provision for employee benefits	21	<u>144,540,452</u>	<u>144,260,768</u>
		<b>4,438,006,884</b>	<b>4,817,273,861</b>

Notes 1 to 34 are part of these financial statements.

This version of the financial statements is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**INTERIM CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**  
(expressed in lei, unless otherwise stated)



	<u>Note</u>	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
<b>Current liabilities</b>			
Short-term borrowings	16	373,952,903	368,781,400
Deferred revenue	17	105,100,414	103,676,018
Trade payables	19.1.a	303,957,515	508,085,044
Other payables	19.1.b	471,774,135	389,921,373
Contract liabilities	19.1.c	37,707,244	97,965,975
Lease liability	19.2	37,771,201	37,415,435
Current tax payable	18	66,766,862	-
Other provisions	20	41,875,279	39,650,849
Provision for employee benefits	21	<u>16,741,274</u>	<u>17,034,346</u>
		<b><u>1,455,646,827</u></b>	<b><u>1,562,530,440</u></b>
<b>Total liabilities</b>		<b><u>5,893,653,711</u></b>	<b><u>6,379,804,301</u></b>
<b>Total equity and liabilities</b>		<b>10,797,775,963</b>	<b>10,769,356,243</b>

Director – General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

Notes 1 to 34 are part of these financial statements.

This version of the financial statements is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

# INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



(expressed in lei, unless otherwise stated)

	<u>Note</u>	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Revenue from the domestic transmission activity - Romania	22.1	907,762,224	607,207,967
Revenue from the transmission activity – Republic of Moldova	22.1	103,023,002	60,707,900
Revenue from the international transmission activity and similar		-	-
Other income	22.2	<u>42,354,494</u>	<u>38,639,669</u>
<b>Operational revenue before the balancing and construction activity according to IFRIC12</b>		<b>1,053,139,720</b>	<b>706,555,536</b>
Depreciation	7, 9	(134,867,862)	(127,653,709)
Employees costs	24	(144,577,323)	(134,817,755)
Natural gas consumption, materials and consumables used		(38,460,217)	(32,422,603)
Royalty costs		(104,392,656)	(69,828,916)
Maintenance and transmission costs		(20,562,066)	(6,105,538)
Taxes and duties		(21,595,791)	(17,152,565)
Income/ (Expenses) with other provisions		(2,224,430)	(5,733,922)
Receivables impairment (loss)/gain		(2,825,269)	(11,080,097)
Other operating expenses	23.1	<u>(32,010,463)</u>	<u>(40,163,838)</u>
<b>Operational profit before the balancing and construction activity according to IFRIC12</b>		<b>551,623,643</b>	<b>261,596,593</b>
Revenue from the balancing activity	22.1	160,818,991	62,886,631
Expenses with the balancing activity	23.2	(160,818,991)	(62,886,631)
Revenue from the construction activity according to IFRIC12	32	116,221,380	223,547,415
Cost of assets constructed according to IFRIC12	32	<u>(116,221,380)</u>	<u>(223,547,415)</u>
<b>Operational profit</b>		<b>551,623,643</b>	<b>261,596,593</b>
Interest income	25	75,971,398	76,565,700
Other Financial income	25	2,895,989	8,461,940
Financial cost	25	<u>(25,530,473)</u>	<u>(32,142,691)</u>
<b>Financial income, net</b>		<b>53,336,914</b>	<b>52,884,949</b>
<b>Profit before tax</b>		<b>604,960,557</b>	<b>314,481,542</b>
Income tax expense	0	<u>(88,379,626)</u>	<u>(56,590,848)</u>
<b>Net profit for the period</b>		<b>516,580,931</b>	<b>257,890,694</b>
Attributable to equity holders of the parent		500,054,304	253,937,796
Attributable to the non-controlling interests		16,526,627	3,952,897
Basic and diluted earnings per share (expressed in lei per share)	28	2,74	1,37
Exchange differences on translation of foreign operations		(2,010,620)	4,589,050
<b>Total comprehensive income for the period</b>		<b>514,570,311</b>	<b>262,479,744</b>
Attributable to equity holders of the the parent		498,778,459	256,839,883
Attributable to the non-controlling interests		15,791,852	5,639,861

Director - General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

Notes 1 to 33 are integral part of these financial statements.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(expressed in lei, unless otherwise stated)



	Share Capital	Share capital adjustments	Share premium	Other reserves	Legal reserve	Profit reserve	Retained earnings	C Foreign currency translation reserve	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2024</b>	<b>1,883,815,040</b>	<b>441,418,396</b>	<b>247,478,865</b>	<b>1,265,796,861</b>	<b>55,765,430</b>	<b>17,275,596</b>	<b>30,332,218</b>	<b>9,485,774</b>	<b>3,951,368,180</b>	<b>100,320,862</b>	<b>4,051,689,042</b>
Net profit for the period	-	-	-	-	-	-	253,937,796	-	253,937,796	3,952,897	257,890,694
	-	-	-	-	-	-	253,937,796	-	253,937,796	3,952,897	257,890,694
Foreign currency translation reserve	-	-	-	-	-	-	(155,659)	3,057,746	2,902,087	1,686,963	4,589,050
<b>Balance at 31 March 2024</b>	<b>1,883,815,040</b>	<b>441,418,396</b>	<b>247,478,865</b>	<b>1,265,796,861</b>	<b>55,765,430</b>	<b>17,275,596</b>	<b>284,114,355</b>	<b>12,543,520</b>	<b>4,208,208,063</b>	<b>105,960,722</b>	<b>4,314,168,786</b>
Net profit for the period	-	-	-	-	-	-	150,166,850	-	150,166,850	2,640,402	152,807,252
Actuarial gain / loss for the period	-	-	-	-	-	-	(7,505,715)	-	(7,505,715)	-	(7,505,715)
Foreign currency translation reserve	-	-	-	-	-	-	100,787	(2,620,925)	(2,520,138)	(1,464,717)	(3,984,855)
<b>Total other comprehensive income</b>	-	-	-	-	-	-	(7,404,928)	(2,620,925)	(10,025,853)	(1,464,717)	(11,490,570)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	<b>142,761,922</b>	<b>(2,620,925)</b>	<b>140,140,997</b>	<b>1,175,686</b>	<b>141,316,682</b>
Reinvested profit reserves	-	-	-	-	-	40,845,861	(40,845,861)	-	-	-	-
	-	-	-	-	22,905,250	-	(22,905,250)	-	-	-	-
<i>Legal reserve increase</i>											
<i>Shareholder transactions</i>											
Dividends related to 2023	-	-	-	-	-	-	(65,933,526)	-	(65,933,526)	-	(65,933,526)
<b>Balance at 31 December 2024</b>	<b>1,883,815,040</b>	<b>441,418,396</b>	<b>247,478,865</b>	<b>1,265,796,861</b>	<b>78,670,680</b>	<b>58,121,457</b>	<b>297,191,640</b>	<b>9,922,595</b>	<b>4,282,415,534</b>	<b>107,136,408</b>	<b>4,389,551,942</b>
Net profit for the period	-	-	-	-	-	-	500,054,303	-	500,054,303	16,526,629	516,580,932
	-	-	-	-	-	-	500,054,303	-	500,054,303	16,526,629	516,580,932
Reinvested profit reserves	-	-	-	-	-	-	-	-	-	-	-
<i>Legal reserve increase</i>	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	-	-	-	(38,185)	(1,237,659)	(1,275,844)	(734,776)	(2,010,620)
<b>Balance at 31 March 2025</b>	<b>1,883,815,040</b>	<b>441,418,396</b>	<b>247,478,865</b>	<b>1,265,796,861</b>	<b>78,670,680</b>	<b>58,121,457</b>	<b>797,207,757</b>	<b>8,684,936</b>	<b>4,781,193,992</b>	<b>122,928,260</b>	<b>4,904,122,252</b>

Foreign currency translation reserves arise from translating to presentation currency of the financial statements of the subsidiary Eurotransgaz in the reporting (RON).

Director – General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

Notes 1 to 33 are integral part of these financial statements.

## INTERIM CONSOLIDATED CASH FLOW STATEMENT

(expressed in lei, unless otherwise stated)

		The three months ended <u>31 March 2025</u> <u>(unaudited)</u>	The three months ended <u>31 March 2024</u> <u>(unaudited)</u>
	<u>Note</u>		
<b>Cash generated from operations</b>	26	<b>624,495,087</b>	<b>318,138,355</b>
<b>Net cash generated from operating activities</b>		<b>624,495,087</b>	<b>318,138,355</b>
<b>Cash flow from investing activities</b>			
Purchase of intangible assets		(329,196,231)	(186,594,956)
Purchase of property, plant and equipment		(982,207)	(1,477,494)
Repayment of loans		-	-
Interest received		4,139,614	4,018,117
<b>Net cash used in investing activities</b>		<b><u>(326,038,824)</u></b>	<b><u>(184,054,333)</u></b>
<b>Cash flow from financing activities</b>			
Repayment of long term borrowings		(38,599,687)	(38,614,736)
Repayment of borrowings for working capital		( 303,916,947)	(10,371,898)
Proceeds from long term borrowings		-	-
Payment of principal portion of lease liabilities		(13,925,892)	(2,575,148)
Receipt of government grants		-	-
Receipt of connection fees		879,281	133,579,201
Interest paid		(42,315,576)	(26,101,202)
Dividends paid		<u>(58,252)</u>	<u>(55,767)</u>
<b>Net cash generated from financing activities</b>		<b><u>(397,937,073)</u></b>	<b><u>55,860,450</u></b>
<b>Net change in cash and cash equivalents</b>		<b><u>(99,480,810)</u></b>	<b><u>189,944,472</u></b>
<b>Cash and cash equivalent as at the beginning of the year</b>	13	<b><u>1,064,299,187</u></b>	<b><u>713,389,219</u></b>
<b>Cash and cash equivalent as at the end of the year</b>	13	<b><u>964,818,377</u></b>	<b><u>903,333,691</u></b>

Director – General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 1. GENERAL INFORMATION

Information on the S.N.T.G.N. Transgaz S.A. Group ("the Group") and its subsidiaries.

The Group consists of S.N.T.G.N. Transgaz S.A. ("the Company"/"Transgaz") as the parent company and its wholly-owned subsidiaries EUROTRANSGAZ S.R.L., VESTMOLDTRANSGAZ S.R.L and TRANSPORT ROMÂNIA HIDROGEN S.R.L.

The National Gas Transmission Company - SNTGN Transgaz SA (`Company` `Transgaz`) has as main activity the transmission of natural gas. Also, Transgaz maintains and operates the national gas transmission system and carries out research and design activities in the area of natural gas transmission. At 31 March 2025, the majority shareholder of the company is the Romanian state, through the General Secretariat of the Government.

According to the applicable European and national provisions, Transgaz ensures the balancing activity for the National Transmission System ("NTS"). The balancing activity is carried out by the Company based on ANRE Order no.160/2015 establishing the obligations regarding the balancing of the national transmission system, a financially neutral activity, any profit or loss from this activity being distributed to the clients for which domestic transmission services are provided.

Transgaz was established in May 2000, following several reorganizations of the gas sector in Romania: its predecessor was part of the former national gas monopoly SNGN Romgaz SA (`predecessor company`), which was reorganized under Government Decision 334/2000.

The natural gas sector is regulated by the `National Energy Regulatory Authority` - `ANRE`. ANRE's main responsibilities are the following:

- issuing or withdrawing licenses for companies operating in the natural gas sector;
- publishing framework contracts for the sale, transmission, purchase and distribution of natural gas;
- setting the criteria, requirements and procedures related to the selection of eligible consumers;
- setting the pricing criteria and the calculation methods for the natural gas sector.

The Group is headquartered in 1 C.I. Motaş Square, Mediaş, Romania.

Since January 2008, the Transgaz has been listed at the Bucharest Stock Exchange, as a Tier 1 company, under the TGN symbol.

On 18 December 2017, the limited liability company EUROTRANSGAZ SRL Chisinau (EUROTRANSGAZ S.R.L.) was established in the Republic of Moldova. SNTGN Transgaz SA Mediaş is the sole shareholder of EUROTRANSGAZ S.R.L. under EGMS Resolution no. 10/12 December 2017 on the establishment company.

The core business of EUROTRANSGAZ is:

1. Natural gas production; natural gas transmission; natural gas distribution; natural gas storage; natural gas supply
2. Transmission through pipelines
3. Storage
4. Business and management consulting activities.



## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(expressed in lei, unless otherwise stated)**

The share capital of EUROTRANSGAZ S.R.L. as at 31 March 2025 is in the amount of MDL 728,034,705 (equivalent in RON of lei 186.304.081) and is wholly owned by SNTGN Transgaz SA Medias - the founder of the Company, as sole shareholder.

The Decision of the Board of Administration of March 2018 approved the signing of the Sale and Purchase Agreement of I.S Vestmoldtransgaz and the payment of the price offered for the privatization and all taxes and fees related to the privatization process.

Based on the Decision no.39/05.09.2019, the Board of Administration of SNTGN Transgaz S.A. approved the authorization of Eurotransgaz (ETG) administrators to register the sale-purchase contract and the transfer of the property right on the single asset complex IS "Vestmoldtransgaz" and also to carry out any actions necessary for the reorganization procedure of Vestmoldtransgaz (VTMG) into a limited liability company.

Based on the Resolution no. 434 of the National Agency for Energy Regulation Board of Administration of 07.07.2023, S.R.L. Vestmoldtransgaz was appointed as operator of the natural gas transmission system in the Republic of Moldova as of 19.09.2023 on a temporary basis until the completion of the certification procedure.

Also, from 19.09.2023 SRL Vestmoldtransgaz became the successor of the rights and obligations of SRL Moldovatrangaz regarding the contracts with system users and interoperability agreements.

For the purpose of consolidating this set of financial statements, the non-controlling interest in the Group's share capital in amount of LEI 122,928,260 (MDL 480,376,164) represents EBRD's share in the total net assets of the Vestmoldtransgaz S.R.L. in statement as at 31 March 2025.

By EGMS Resolution 5 of 5 June 2024 the establishment of a limited liability company TRANSPORT ROMÂNIA HIDROGEN S.R.L. was approved, having as its object of activity the hydrogen transmission, with sole shareholder SNTGN Transgaz SA. The company's activity is suspended.

The Ordinary General Meeting of Shareholders approves the annual financial statements of the Company based on the reports of the Board of Administration and of the financial auditors.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

---

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**Basis of preparation**

The Group's consolidated financial statements have been prepared in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in line with International Financial Reporting Standards as adopted by the European Union (OMF 2844/2016). OMF 2844/2016, complies with IFRS as adopted by the European Union, with the following exceptions:

- a) IAS 21 The effects of changes in foreign exchange rates on functional currency,
- b) IAS 20 Accounting for Government Grants on the recognition of revenue from green certificates,
- c) the exception of IAS 12 Income Taxes relating to the treatment of the minimum tax on turnover as an income tax expense.

These exceptions do not affect the compliance of the Company's financial statements with IFRS Accounting Standards as adopted by the EU.

- d) IFRS 15 Revenue from Contracts with Customers on revenue from connection fees to the distribution network. The Company's policy on connection fee income, as described in Note 3.17, does not affect the compliance of the Company's financial statements with IFRS Accounting Standards as adopted by the EU with regards to measurement, it does affect however its presentation. In accordance with OMF 2844 these items are presented as deferred revenue, while under IFRS 15 these should have been classified as contract liability.
- e) Another exception is provided by the provisions of Government Emergency Ordinance no. 119/1 September 2022 to amend and supplement Government Emergency Ordinance no. 27/2022 on the measures applicable to end customers in the electricity and natural gas market in the period from 1 April 2022 to 31 March 2023, as well as for amending and supplementing some normative acts in the energy sector, according to which the natural gas transmission service provider is obliged to capitalize on a quarterly basis the additional costs of natural gas purchase, realized in the period from 1 January 2022 to 31 March 2025, in order to cover the technological consumption, compared to the costs included in the regulated tariffs and the assets resulting from the capitalization are recognized in the accounting records and financial statements according to the instructions prepared by the Ministry of Finance. In application of the provisions of Article III of the Government Emergency Ordinance no. 119/2022 on the recognition in the accounting records and financial statements of assets resulting from capitalization, the Minister of Finance issued Order no. 3900/19 October 2022 and the Company recorded the related amount under intangible assets. These assets are depreciated over 5 years. These provisions are not in accordance with IFRS Accounting Standards. If the provisions of IFRS Accounting Standards had been applied, the value of the lines in the statement of comprehensive income would have recorded the following effect: NTS gas consumption, materials and consumables would have recorded an increase of 20,547,260 lei in Q1 2025 (41,986,105 lei in 2024), Depreciation would have recorded a decrease of 2,772,235 lei in 2025 (5,152,947 lei in 2024), Operating profit would have decreased by 17,775,025,319,494 lei in Q1 2025 (36,833,158 lei in 2024), and the value of the lines in the statement of financial position

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(expressed in lei, unless otherwise stated)**

would have recorded the following effect: Intangible assets would have decreased by 66,632,609 lei in Q1 2025 (48,857,582 lei in 2024) and Retained earnings would have recorded a reduction of 66,632,609 lei in 2024 (48,857,582 lei in 2024). The financial statements were prepared based on the historical cost convention.

The financial statements have been prepared based on a going concern principle.

The material accounting policies applied in the preparation of these financial statements are presented below. These policies were consistently applied to all the financial years considered, unless otherwise stated.

The preparation of the financial statements in accordance with OMFP 2844/2016 requires the use of critical accounting estimates. Also, the management is required to use judgment in applying the company's accounting policies. Areas with a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 5.

The parent company must disclose non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent company. Changes in a parent's interest in the equity of a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e., transactions with owners, in their capacity as owners).

### **Basis for Consolidation**

Since 2017, the year in which EUROTRANSGAZ was established with SNTGN Transgaz S.A. as its founder, the company is required to prepare consolidated financial statements in accordance with IFRS 10-Consolidated Financial Statements, IFRS 12-Disclosure of Interests in Other Entities and IAS 21-The Effects of Changes in Foreign Exchange Rates.

As of 2018, following the acquisition of Vestmoldtransgaz SRL in Moldova by Eurotransgaz SRL, Transgaz, as the parent company, files consolidated group financial statements including the subsidiaries of Eurotransgaz SRL with Vestmoldtransgaz SRL in Moldova.

In accordance with the Accounting Law no. 82/1991 republished, as amended and supplemented, and with OMFP 2844/2016, as amended and supplemented, for the approval of accounting regulations in accordance with International Financial Reporting Standards, the parent company must prepare both its own separate financial statements and consolidated financial statements of the Group.

IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee and also sets out the accounting requirements for the preparation of consolidated financial statements.

The parent company must prepare consolidated financial statements using uniform accounting policies for similar transactions and events in similar circumstances. Consolidation of an investee shall begin at the date when the investor obtains control and shall cease when the investor loses control of the investee.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### *Subsidiaries*

The consolidated financial statements comprise the financial statements of Transgaz and its subsidiaries as at 31 March 2025.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value..

#### a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 3. SUMMARY OF THE MATERIAL ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are set out below.

#### 3.1 Standards/amendments

##### **Standards/amendments that are in force and have been endorsed by the European Union**

The accounting policies adopted are consistent with those of the previous financial year with the exception of the following standards and amendments to IFRS Accounting Standards that have been adopted by the Company as from 1 January 2024:

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, and are applied retrospectively. The objective of the amendments is to clarify the

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied within twelve months after the reporting period. The amendments had no impact on the Company's financial statements.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. Under the amendments, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendments apply retrospectively to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments had no impact on the Company's financial statements.

- **IAS 7 Statement of Cash Flows and IFRS 7 Presentation of Financial Instruments - Supplier Financing Arrangements (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments had no impact on the Company's financial statements.

### Standards issued but not yet in force and not adopted early

#### Standards/amendments which are not yet in force but have been approved by the European Union

- **IAS 21 The effects of changes in foreign exchange rates: lack of an official exchange rate (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The Amendments specify how an entity should



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

assess whether a currency is capable of being exchanged into another currency and how it should determine a spot exchange rate when the possibility of exchange is absent. A currency is considered to be capable of being exchanged into another currency when an entity can obtain the other currency within a time frame that allows a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency cannot be exchanged into another currency, an entity shall estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an exchange transaction would occur at the measurement date between market participants under objective economic conditions. The amendments indicate that an entity may use an observable exchange rate without adjustment or other estimation technique. Management will assess the impact on the financial statements of the Company.

### Standards/amendments not yet in force and not yet approved by the European Union

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments).** In May 2024, IASB issued Amendments to Classification and Measurement of Financial Instruments, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Presentation, and are effective for annual reporting periods beginning on or after 1 January 2026, with early adoption permitted. In subsequent reporting periods, Management will review the requirements of this newly issued standard and assess its impact.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts for Factor-Dependent Electricity.** In December 2024, IASB issued specific amendments for enhanced presentation of contracts relating to naturally-dependent electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, these become effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. In subsequent reporting periods, Management will review the requirements of this newly issued standard and assess its impact.
- **IFRS 18 Financial Statement Disclosures.** In April 2024, IASB issued IFRS 18 Presentation of Financial Statement Disclosures, which replaces IAS 1 - Presentation of Financial Statements, it is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. In subsequent reporting periods, Management will review the requirements of this newly issued standard and assess its impact.
- **IFRS 19 - Non-public Subsidiaries: Disclosures.** In May 2024, IASB issued IFRS 19 - Non-publicly Accountable Subsidiaries: Disclosure Requirements, which will be effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. In subsequent reporting periods, Management will review the requirements of this newly issued standard and assess its impact.
- **Annual Improvements to IFRS Accounting Standards - Volume 11.** In July 2024, IASB issued Annual Improvements to IFRS Accounting Standards - Volume 11. An entity shall adopt these amendments for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted. In subsequent reporting periods, Management will consider the requirements of this newly issued standard and assess its impact.

**Amendment to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and the Associate or Joint Venture.** In December 2015, IASB indefinitely postponed the effective date of this amendment pending the outcome of its research project on the equity method.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 3.2 Segment information

The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the gas transportation segment and other activities, including headquarter activities. The Directors of the Group have chosen to organize the Group around differences in activities performed.

Specifically, the Group is organized in the following segments:

- Domestic gas transmission segment for the gas transmission services in Romania
- International gas transmission segment – for the international gas transmissions using part of the NTS
- Balancing market segment – the Group is obliged to ensure balancing of the physical gas market, a profit neutral activity
- Republic of Moldova gas transmission segment – the services performed on the territory of Republic of Moldova by the Group's subsidiary, Vestmoldtransgaz
- Other activities

Transactions between the companies within the Group are at current market prices. Unrealized profits are eliminated in the financial statements.

All transactions between Group's segments within the same company (SNTN Transgaz SA) are at cost.

### 3.3 Foreign currencies

The Group's consolidated financial statements are presented in Romanian RON ("lei"), which is also the parent company's functional currency.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into lei at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

---

### 3.4 Accounting for the effects of hyperinflation

Romania has gone through periods of relatively high inflation and was considered hyperinflationary under IAS 29 `Financial Reporting in Hyperinflationary Economies`. This standard required financial statements prepared in the currency of a hyperinflationary economy to be presented in terms of purchasing power as of 31 December 2003. As the characteristics of the economic environment in Romania indicate the cessation of hyperinflation, from 1 January 2004, the company no longer applies IAS 29.

Therefore, values reported in terms of purchasing power on 31 December 2003 are treated as basis for the accounting values of these financial statements.

### 3.5 Intangible Assets

#### *Computer Software*

Licenses acquired related to rights of use of the computer software are capitalized on the basis of the costs incurred with the acquisition and operation of the software in question. These costs are amortized over their estimated useful lives (three years).

Costs associated with maintaining computer software are recognized as expenses in the period in which they are registered.

#### *Other fixed assets (for example international connectors)*

Regarding the assets developed by the company, which are complementary to the provision of services according to the concession agreement, the State has the option to acquire these assets at the end of the concession agreement. The company does not have the obligation to keep these assets until the end of the concession agreement and it is allowed to sell them. These assets do not fall within the scope of IFRIC 12, as these assets are not part of the concession agreement and the grantor has no residual interest on these assets. All the other assets related to the domestic transmission activity and which are part of the national gas transmission system, including improvements made after signing the concession agreement and which must be handed over to the ANRM at the end of the concession agreement fall within the scope of IFRIC 12.

### 3.6 Service concession agreement

#### **Public concession agreement and Regulated Asset Base (used for computation of regulated tariffs)**

In 2002 Transgaz SA has signed Concession Agreement with ANRM (Agentia Nationala a Resurselor Minerale) for the concession of the national gas transmission system for a period of 30 years (up to 2032)

In accordance with Public Domain Law No. 213/1998, pipelines for gas transmission are public property. Government Decision 491/1998, confirmed by Government Decision 334/2000, states that fixed assets with a gross historical statutory book value of lei 474,952,575 (31 December 2017: lei 474,952,575), representing gas pipelines, are managed by the company. Therefore, the company has the exclusive right to use such assets during the concession and shall return them to the state at the end of this period.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In 2004 ANRE has issued Order 141/ 14.06.2004 and introduced the first regulated tariff on the natural gas transmission system starting with July 1, 2004, for the period 2004-2005, on the basis of the methodology for the approval of transmission tariffs approved by ANRE Decision No 1078/2003.

The tariff methodology provided that the determination of the initial value of the Regulated Asset Base (RAB), used for the calculation of the base revenue of the first regulatory period, is carried out by the Default RAB method.

The default RAB value was allocated to the objectives participating in the provision of natural gas transmission service as at June 2004, including the remaining value of the NTS assets subject to the Concession Agreement and recoverable from regulated tariffs until 2032.

The additions and modernization of the NTS, that at the end of the concession agreement will be returned to the state (ANRM) and are expected to be recovered from tariffs until 2032 are recognized as RAB. As such this RAB is constantly updated with upgrades and developments of the National Gas Transmission System. The value of the amount to be recovered at end of concession is fixed, and known, at the moment construction of an extension/improvement to the National Gas Transport System is finalized, as it is equal to the residual value of the assets, computed as unamortized net book value at the end of concession. This value is adjusted each year with inflation index.

Order 41/2019 issued by the ANRE related to the methodology for the approval of the gas transmission tariffs includes the formula based on which the RAB is computed (art. 16)

RAB is recognized at the level of CAPEX less funds used from non-refundable funds such as investment subsidies.

In 2012 the Law 123/2012 (Legea energiei electrice și a gazelor naturale) was issued by the Romanian Parliament. Based on Law 123/2012, ANRE (Autoritatea Națională de Reglementare în Domeniul Energiei) has become the natural gas sector regulatory authority that took over the regulatory activity, the control and oversight of the NTS.

Art. 125-133 of Law 123 contain the newly established legal framework and the tasks of ANRE and the NTS operator.

Transgaz prepares every year, in the first part of the year, the substantiation note of the transmission tariffs for the following gas year (October - September).

In the tariff methodology approved by ANRE Order 41/2019 methodology, art. 17 is mentioned the computation formula of RAB included in the tariff. The RAB used for the next year's tariff substantiation note, is the actual RAB for the past months with estimated values until the end of the gas year.

### ***Bifurcated model according to IFRIC 12***

#### ***Initial application and recognition of intangible asset***

Transgaz receives most of the benefits associated with the assets and is exposed to most of the risks, including the obligation to maintain network assets over a period at least equal to the remaining useful life, and the financial performance of the company is directly influenced by the state of the network. Therefore, before 1 January 2010, Transgaz recognized those assets as tangible assets. Accounting policies applied to these assets were the same as those applied to the Transgaz's tangible assets

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

Transgaz adopted IFRIC 12 as of 1 January 2010 and reclassified these assets and the subsequent improvements as intangible assets.

The scope of IFRIC 12 includes: the existing infrastructure at the time of signing the concession agreement and, also, the modernization and improvement brought to the gas transmission system, which are transferred to the regulatory authority at the end of the concession agreement.

Due to the fact that the Service Concession Agreement ( `SCA` ) had nothing substantial changed in the way the Transgaz assets are operated (i.e.; cash flows changed only with the payment of royalties, but, on the other hand, the transmission tariff increased to cover the royalty), the intangible asset was measured at the remaining net value of the derecognized assets (classified in the financial statements as tangible assets on the date of application of IFRIC 12). Consequently, Transgaz continued to recognize the asset, but reclassified it as intangible asset. Transgaz tested the intangible assets recognized at that time for impairment, and no impairment resulted.

Transgaz is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right. At the same time Transgaz is entitled to a compensation at the end of the concession that would reflect the unamortised residual value of the assets, as determined in the law. Given that the value and the depreciation rate are also determined in the law, at the time of implementation of IFRIC 12, Transgaz could estimate the amount that is entitled to at the end of the concession. This amount, as per the law, represent an unconditional receivable, thus, per IFRIC 12, is recognised as a financial asset (details follow).

### *Financial Asset (Long term receivable) and intangible asset computation basis*

Law 127/2014 entered into force on 5 October 2014 states that if the concession contract is terminated for any reason, or upon contract termination, the investment made by the national transmission system operator shall be transferred to the national transmission system owner or another grantor on payment of compensation equal to the Regulated Asset Base which was not depreciated fixed by ANRE.

The company applies the bifurcated model.

Under this model, the intangible asset is excess of the costs occurred over the financial asset (measured as per below). Said differently, the company recognized for the investments made until the balance sheet date an updated receivable related to the Regulated Asset Base remained undepreciated at the end of the concession agreement (2032), and an intangible asset at a value less the updated receivable.

The present value of this long-term receivable is discounted using a discount rate equal to Romanian long-term government bonds, with a maturity close to the remainder of the concession agreement.

The initial measurement of the receivable is made at the fair value which reflects the credit risk which applies to the regulated amount remaining unamortized at the end of the contract, discounted using a risk-free rate - Romanian long term government bond rate. Subsequent valuation is done at amortized cost using the effective interest method. The actual interest rate used is based on historical data and does not change according to market interest rate.

### *Long term receivable adjusted with inflation rate*

In 2019, ANRE Order no. 41/2019 on the adjustment of Regulated Asset Base to the inflation rate. The Company records the present value of the contractual cash flows recalculated as a result of the adjustment of the Regulated Asset Base with the yearly inflation rate and recognizes a gain or loss

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

from the change in the profit or loss account.

This method is in accordance with FRS 9.B5.4.5, is based on the traditional approach of accounting for floating-rate debt instruments. Rather than taking account of expectations of future inflation it takes account of inflation only during the reporting period.

The depreciation of intangible assets falling within the scope of the concession agreement have a useful life defined in the accounts ending at the time of the termination of the concession agreement (2032). The amortization of these intangible assets is calculated using the straight-line method in order to allocate their cost less residual value over their useful life.

In accordance with Public Concession Law No. 238/2004, a royalty is due for public goods managed by companies other than state-owned. The royalty rate for using the gas transmission pipelines is set by the government. As of October 2007, the royalty was set at 10% of the revenue. The duration of the concession agreement is 30 years, until 2032. Subsequent to entry into force of the provisions of art. 103 para. 2 of Law no. 123/2012, as of 12 November 2020, the royalty was set at 0.4%, from the domestic and international gas transmission services provided by the company, and as of 30 October 2023 the royalty has been set at 11.5% of the value of gross revenues from natural gas transmission services, in accordance with GEO No 91 of 27 October 2023.

### 3.7 Property, plant and equipment

Property, plant and equipment assets include buildings, land, assets used for the non-regulated international transmission activity (e.g. pipelines, compressors, filtering installations, devices).

The Group's policy is to reflect property, plant and equipment at their cost at their cost less any accumulated depreciation and any impairment accumulated losses.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Buildings include particularly ancillary buildings of operating assets, a research centre and office buildings.

Subsequent expenditure is included in the carrying amount of the asset or recognized as separate asset, as the case may be, only when the entry of future economic benefits for the group associated to the item is likely and the cost of the respective item can be valued in a reliable manner. The carrying amount of the replaced asset is derecognized. All the other expenses with repairs and maintenance are recognized in the statement of comprehensive income in the financial period when they occur.

Land is not depreciated. Depreciation on other items of tangible assets is calculated based on the straight-line method in order to allocate their cost minus the residual value, during their useful life, as follows:

#### Number of years

Buildings	50
Assets of the gas transmission system	20
Other non-current assets	4 - 20

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

---

The residual values of the assets and their useful lives are reviewed and adjusted as appropriate, at the end of each reporting period.

The carrying amount of the asset is written down immediately to its recoverable amount if the carrying amount of the respective asset is greater than its estimated recoverable amount (Note 3.7). Gain and loss on disposal are determined by comparing amounts to be received with the book value and are recognized in the statement of comprehensive income in the period in which the sale took place.

### Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of an asset with a long production cycle are capitalized as part of the cost of the respective asset. Borrowing costs attributable directly to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if expenses with the asset hadn't been made. To the extent that funds are borrowed specifically for obtaining a qualifying asset, the borrowing costs eligible for the capitalization of the respective asset is determined by the actual cost generated by that borrowing during the period, minus the income from the temporary investments of those borrowings. To the extent that funds are generally borrowed and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset.

The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for obtaining the qualifying asset.

The costs of the funds borrowed for obtaining a qualifying asset (achievement of the investment) are capitalized by the company on the asset as a difference between the current leverage costs related to such loan during the period and any revenue from the investments obtained from the temporary investment of these loans.

### **3.8. Impairment of non-financial assets**

Non-current assets must be recognized at the lower of the carrying amount and recoverable amount. If and only if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to be equal to its recoverable amount. Such a reduction represents an impairment loss that is recognized in the result of the period.

Thus, at the end of each reporting period, the Group assesses whether there is any indication of impairment of assets. If such indication is identified, the Group tests the assets to determine whether they are impaired.

The Group's assets are allocated to cash-generating units. The cash-generating unit is the smallest identifiable asset group that generates independent cash inflows to a large extent from cash inflows generated by other assets or asset groups. The Group considers the National Transport System from Romania and Moldova as a separate cash-generating units.

No impairment indicators were identified as of 31 March 2025 or 2024.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

---

### 3.8 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years
- Leased gas transmission network in Moldova – 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.



## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(expressed in lei, unless otherwise stated)**

I) Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term

### **3.9 Financial assets**

#### **Financial assets and liabilities**

The Company's financial assets include cash and cash equivalents, trade receivables, the long term receivable under the concession agreement other receivables, loans granted, bank deposits and government securities with a maturity from the date of incorporation/acquisition of more than three months and other investments in equity instruments.

Financial debts include interest-bearing bank loans, overdrafts, commercial debts and other debts.

For each item, the accounting policies on recognition and measurement are presented in this note.

Cash and cash equivalents include cash in hand and bank accounts and short-term bank deposits with a maturity of less than three months from the date of deposit.

The Company recognises a financial asset or a financial liability in the statement of financial position when and only when it becomes a party to the contractual provisions of the instrument. At initial recognition, financial assets are classified as measured at amortized cost or measured at fair value through profit or loss. The classification depends on the Company's business model for managing financial assets and their contractual cash flows.

The Company does not hold financial assets measured at fair value through other comprehensive income elements.

At initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of assets measured at amortized cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Receivables arising from contracts with customers represent the Company's unconditional right to consideration. The right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. They are measured on initial recognition at the transaction price.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method for each difference between the initial

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

amount and the maturity amount and, for financial assets, modified for any adjustment for impairment.

Any difference between the entry value and the value at the maturity date is recognised in the statement of comprehensive income for the period of the loans, using the effective interest method.

Financial instruments are classified as liabilities or equity according to the nature of the contractual arrangement. Interest, dividends, gains and losses related to a financial instrument classified as debt are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are recorded directly in equity.

Financial instruments are offset when the Company has an enforceable legal right to offset and intends to settle either on a net basis or to realize the asset and settle the obligation simultaneously.

### *Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are measured for impairment at the end of each reporting period.

With the exception of trade receivables, the loss adjustment related to a financial instrument shall be measured at an amount equal to the expected lifetime credit losses if the credit risk of that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk for a financial instrument has not increased significantly since initial recognition, the Company measures the loss adjustment for that financial instrument at an amount equal to the expected 12-month credit losses.

The adjustment for losses related to trade receivables arising from transactions within the scope of IFRS 15 is measured at an amount equal to the expected lifetime credit losses. The Company considers the risk or probability that a credit loss will occur by reflecting the possibility that a credit loss will occur and the possibility that a credit loss will not occur, even if the possibility of a credit loss is very remote.

The Company assesses the expected credit losses of a financial instrument in a manner that reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying amount of financial assets, other than those measured at fair value through the profit and loss account, is reduced by using an impairment adjustment account.

### *Derecognition of assets and liabilities*

The Company derecognises a financial asset only when the contractual rights to the cash flows related to the assets expire, or when it transfers the financial asset and, substantially, all risks and rewards related to the asset to another entity.

The Company derecognizes financial liabilities if and only if the Company's obligations have been discharged or cancelled/expired.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

---

**3.10. Inventories**

Inventories are stated at the lower of cost and net achievable value.

The components recovered from disassembling and repairs of pipelines built by the company are recorded as inventories at a value determined by a technical committee. The amount so determined does not exceed the net realisable value.

The cost for spare parts bought is determined based on the first in, first out method. Where necessary, adjustment is made for obsolete and slow-moving inventories. Individually identified obsolete inventories are adjusted for the full value or written off. For slow moving inventory, an estimate is made of the age of each main category on inventory rotation.

The calculation of the general adjustment for the depreciation of stocks is made monthly depending on the age of the existing items in stock, applying the following percentages according to age: 0 - 12 months 0%; 1 - 2 years 10%; 2 - 3 years 30% - 40%; over 3 years 75% - 80%. The company holds a minimum safety stock of spare parts and materials.

The cost of natural gas used for the balancing activity related to the transmission system is determined based on the average weighted cost method.

The minimum gas stock that the company, as holder of the national natural gas transmission system operating license is required to have in underground storage facilities, is established by decision of the President of the National Energy Regulatory Authority (ANRE President). The Decision no. 711/10.04.2024 of the ANRE President established the obligation for the company to have a level of natural gas stock of 393,546,504 MWh as at 31 October 2024.

**3.11. Trade receivables**

Trade receivables are amounts due from customers for services rendered in the course of the company's ordinary activities. If the collection period is one year or less (or in the normal operating cycle of the business), they are classified as current assets.

Trade receivables are initially recognized at the transaction price and subsequently measured at amortized cost using the effective interest method, minus the adjustments for impairment.

The impairment adjustment policy according to IFRS9 is presented in note 12.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 3.12. Cash and cash equivalent

Cash and cash equivalents comprise cash on hand, cash in current accounts with banks, other short-term investments with high liquidity and with maturity terms of up to three months. In the statement of financial position, overdraft facilities are registered at loans, under current liabilities.

### 3.13. Equity

#### *Share capital*

Ordinary shares are classified as equity.

Additional costs directly attributable to the issue of new shares or options are registered at equity as a deduction, net of tax, from the receipts.

#### *Dividends*

Dividends are recognized as liabilities and deducted from equity at the end of the reporting period if they are declared before or at the end of the reporting period. Dividends are recognized when they are proposed before the end of the reporting period.

The company did not distribute partial dividends during the financial year.

#### *Reserves*

Reserves are accounted for by categories of reserves: legal reserves, statutory or contractual reserves, reserves from reinvested earnings and other reserves.

Legal reserves are established annually from the company's profits, in the proportions and within the limits laid down by law, and from other sources laid down by law. Legal reserves may be used only under the conditions provided for by law.

#### *Retained earnings*

Comprise the result carried forward from the takeover at the beginning of the current financial year of the profit and loss account result of the previous financial year and the result carried forward from the correction of accounting errors.

### 3.14. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs recorded. Subsequently, borrowings are stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss during the borrowings, based on the effective interest method.

Borrowings are classified as current liabilities, unless the company has an unconditional right to defer payment of debt for no less than 12 months after the end of the reporting period.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 3.15. Current and deferred income tax

Tax expense for the period includes the current tax and the deferred tax and is recognized in profit or loss, unless it is recognized in other items of the comprehensive income or directly in equity because it relates to transactions that are, in turn, recognized in the same or in a different period, in other items of the comprehensive income or directly in equity.

Current income tax expense is calculated based on the tax regulations in force at the end of the reporting period. The company periodically evaluates situations where the applicable tax regulations are subject to interpretation and establishes provisions/ adjustments for impairment, where appropriate, for the amounts with accounting/fiscal impact.

The deferred income tax is recognized based on the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax arising from the initial recognition of an asset or liability in a transaction other than a business combination and at the time of the transaction does not affect the accounting profit and the taxable revenue is not recognized. The deferred income tax is determined based on tax rates (and legal regulations) in force until the end of the reporting period and which are expected to apply in the period in which the deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred revenue tax assets are recognized to the extent that it is probable that future taxable profit be derived from temporary differences.

### 3.16. Trade payables and other payables

Suppliers and other payables are recognized initially at transaction price and subsequently measured at amortized cost, using the effective interest method.

### 3.17. Deferred revenue

Deferred revenue is recorded for

- a) connection fees applied to customers upon their connection to the gas transmission network
- b) for the assets received free of charge (mainly land) and
- c) for government grants received.

The connection fees are billed to some large clients for their connection to the gas transmission network (additional connecting pipeline to be built by Transgaz). The fees billed to customer can cover partially or totally the cost of the pipes construction cost. These fees are considered to partially finance the construction of these additional connection pipelines, and are recognised as deferred revenue. The income from this deferred revenue is recognized straight line over the useful life of the asset financed. These additional pipelines are considered objective-specific, not customer specific. .

The governmental subsidies are recognised at their market value when there is a reasonable assurance that they will be received and that the relevant conditions will be met

The company recognizes a right to collect the grant when there is reasonable assurance that it will

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

comply with the conditions attached to its award and that the grant will be received. The Company considers that the reasonable assurance that the grant will be received can be confirmed by the fulfilment of the eligibility conditions in the funding applications, prior to the approval of the funding application.

The income from the grant is recognized proportionally from the amortization of the financed assets, applying the percentage of financing of the eligible expenses on the monthly amortization.

Cash inflows from government grant cashed or Connection fees are presented within financing cash flows in the Statement of Cash flows, as it is a the group's policy choice under IAS 7.

### 3.18. Employee benefits

In the normal course of business, the company makes payments to the Romanian state on behalf of its employees, for health funds, pensions and unemployment benefits. All the company employees are members of the pension plan of the Romanian state, which is a fixed contribution plan. These costs are recognized in the profit and loss account with the recognition of salary expenses.

#### *Benefits granted on retirement*

Under the collective agreement, the company must pay the employees on retirement a compensatory amount equal to a certain number of gross salaries, depending on the time worked in the gas industry, working conditions etc. The company recorded a provision for such payments (see Note 21). The obligation recognized in the balance sheet represents the present value of the obligation at the reporting date. The obligation is calculated annually by independent experts using the Projected Unit Credit Method. The present value is determined by discounting future cash flows with the interest rate of the long-term government bonds.

The current service cost is recognized in the profit and loss account in the employee costs. Interest expense is included in the profit and loss account in the financial costs.

Actuarial gain or loss due to changes in actuarial assumptions is recognized in the statement of comprehensive income in the period for which the actuarial calculation is made.

#### *Social insurance*

The company records expenses related to its employees, as a result of granting social insurance benefits. These amounts mainly include the implicit costs of employing workers and, therefore, are included in the salary expenses.

#### *Profit sharing and bonuses*

*The company recognizes an obligation and expense for bonuses and profit sharing, based on a formula taking into account the profit attributable to the company's shareholders, after certain adjustments. The company recognizes an obligation where it is required under contract or where there is a past practice which created an implicit obligation.*

### 3.19. Provisions

The provisions are recognized when the company has a legal or implicit obligation as a result of past events, when for the settlement of the obligation an outflow of resources is required, which incorporates economic benefits and for which a credible estimate can be made in terms of the

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

obligation value. Where there are similar obligations, the probability for an outflow of resources to be necessary for settlement is set after the assessment of the obligation class as a whole.

The provision is recognized even if the probability of an outflow of resources related to any item included in any obligation class is reduced.

Where the company expects the reversal of a provision, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is theoretically certain.

Provisions are measured at the discounted value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

### 3.20. Revenue recognition

The Company recognizes contracts with customers when all of the following criteria are met:

- the parties to the contract have approved the contract and undertake to fulfil their obligations;
- The Company may identify the rights of each party in relation to the goods or services to be transferred;
- The Company can identify the payment terms;
- the contract has commercial substance;
- it is likely that the Company will collect the value of the goods delivered and of the services provided.

Income from contracts with customers is recognised when, or as, the Company transfers the goods or provides services to the client, i.e. the client gains control over them.

Depending on the nature of the goods or services, revenue may be recognised over time or at a specific time.

Revenue is recognised over time if:

- the client simultaneously receives and consumes the benefits of obtaining the goods and services as the Company performs the obligation;
- the Company's performance creates or enhances an asset that the client controls to the extent that the asset is created or enhanced;
- the Company's performance does not create an asset with an alternative use for the Company.

All other revenue that does not meet the above criteria is recognised at a specific time.

In order for revenue to be recognized over time, the Company assesses progress towards the performance obligation using either outcome-based or input-based methods, depending on the nature of the good or service transferred to the client. Revenue is recognized only if the Company can reasonably estimate the outcome of the performance obligation, or, if the outcome cannot be estimated, only at the level of costs incurred that it expects to recover from the client.

Revenue from client contracts mainly relates to gas transportation services and balancing services. Revenues related to these contracts are recognized at a specific point in time, based on actual quantities, at the prices set in the contracts.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

1. The Group has the following revenue streams:

a) *Revenues linked to the concession agreement in Romania*

- Revenue from transmission services – Romania
- Revenue from the balancing activity -Romania
- Revenues from connection fees charged to clients upon their connection to the gas transmission network- Romania
- Revenue from construction activity according to IFRIC 12

b) *Revenues not linked to the concession agreement in Romania*

- Revenue from transmission services – republic of Moldova

The contracts entered into by the Company do not contain significant financing components.

a) *Revenue from transmission services-Romania*

Revenue from the domestic gas transmission results from the booking the transmission capacity and from the transmission through the National Transmission System of the determined quantities of natural gas, expressed in units of energy, during the validity of a gas transmission contract, and are recognized at the moment of their delivery. During the administration of the transmission contracts, the Company issues and submits to the clients, by day 15 of the month following the month for which the transmission service was provided.

Revenue from international transmission and similar activities are represented by the transmission capacity booking on the Isaccea 2.3 - Negru Voda 2.3 international transmission pipelines and by the amounts receivable for the reporting period under the Termination Agreement of the legacy contract between SNTGN Transgaz SA and GPE concluded for the transmission of natural gas through the T3 transit pipeline on Romanian territory to third countries. According to the Agreement for the termination of the legacy Contract between SNTGN Transgaz SA and GPE, the payment of the remaining amounts to be paid will be made in instalments over a maximum period of three years and the revenues received from transmission are regulated according to ANRE Order 41/2019 and ANRE Order 34/2014 respectively depending on the points where capacity is booked, the monthly difference being classified as assimilated revenues.

b) *Revenue from the balancing activity-Romania*

In accordance with the applicable European and national provisions, Transgaz ensures the balancing activity for the National Transmission System (NTS). The balancing activity is carried out by Transgaz on the basis of ANRE Order no.160/2015 establishing the obligations regarding the balancing of the national transmission system, a financially neutral activity, any profit or loss from this activity being distributed on a monthly basis to the customers for which internal transmission services are provided.

The commercial, operational and physical balancing of the NTS defines a set of activities and procedures necessary to allocate the quantities of natural gas at network user level and to ensure the safe transmission of natural gas through the NTS. Commercial balancing takes the form of issuing Surplus invoices by network users, Deficit invoices by the transmission system operator and neutrality invoices respectively.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The balancing actions carried out by Transgaz imply the recording of revenues and expenses separately in the accounting records. The difference between the revenues and expenses related to the balancing actions carried out is allocated on a monthly basis to the network users, according to the methodology approved by ANRE, by applying a neutrality tariff.

ANRE Order 85/2017 regulates the mechanism that ensures the cost and revenue neutrality of the natural gas transmission operator (TSO) and considers only the following categories:

- costs and revenues of the TSO as a result of paying or charging imbalance charges in relation to individual NUs;
- costs and revenues arising from the purchase/sale of gas by the TSO for the physical balancing of the NTS;
- costs and revenues arising from the activity of gas storage to ensure the physical balance of the transmission system;
- costs resulting from taking out a credit line to finance the physical and commercial balancing activity;
- costs and revenues resulting from contracting balancing services.

Transgaz presents separate line items for *Revenues from the balancing activity* and *Expenses from the balancing activity* in the statement of comprehensive income, which provides a better picture and understanding of Transgaz' financial results and performance and of the contribution of the balancing activity to the entity's performance.

The presentation of the line item *Revenues from the balancing activity* under operating revenue does not provide a fair and complete picture of Transgaz' financial performance. The financial neutrality required by the regulations makes it appropriate to present balancing revenues and expenses separately from the Transgaz' other operating revenues and expenses, separating the balancing activity that has zero regulated profit from the rest of the activities performed by Transgaz.

### *Revenue from transmission services – Republic of Moldova*

Revenues from the provision of natural gas transmission services consist of the reservation of transmission capacity, nominations at interconnection points and the transport of natural gas through the transmission system of the allocated quantities to the exit points in the distribution networks, during the validity period of a natural gas transmission contract and are recognized at the time of their delivery.

During the administration of transmission contracts, the company issues and transmits by the 15th of the month following the month for which the transmission service was provided, an invoice for the transmission services provided for the previous month, drawn up based on the Delivery-Receipt Acts of the natural gas transmission service and the applicable tariffs provided by the National Agency for Energy Regulation (ANRE). Payment of invoices issued by the Transmission System Operator ("TSO") is made within 15 calendar days from the date of issue of the invoice.

- c) *Revenues from connection fees charged to clients upon their connection to the gas transmission network*



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

These connection fees partially or fully finance the cost of construction works for connection to the National Gas Transmission System, are recognized as deferred revenues at the time of invoicing to the client and are recognized as revenue over the asset's useful life.

*d) Revenue from the sale of goods (including network balancing)*

Revenue from the sale of goods is registered when the goods are delivered.

Revenue from the sale of waste materials is generated from the scrapping and capitalization of decommissioned assets.

*e) Interest income*

Interest income is recognized proportionally, based on the effective interest method.

*f) Revenue from dividends*

Dividends are recognized when the right to receive payment is recognized.

*g) Revenue from penalties*

Revenue from penalties for late payment is recognized when future economic benefits are expected for the company.

### 3.21. Contract liabilities

Contract liabilities are an obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (ie. a receivable), before the Group transfers the good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

### 3.22. Related parties

The Parties are considered related if one of the parties has the ability to control the other party, to exercise a significant influence over the other party in financial or operational decision making, if they are under the common control with another party, if there is a joint venture in which the entity is an associate or a member of the management as described in the IAS 24 `Related Party Disclosures`. In evaluating each possible related party relationship, the focus is on the essence of this relationship and not necessarily on its legal form. Related parties may enter into transactions which unrelated parties cannot conclude, and transactions between related parties will not apply the same terms, conditions and values as for unrelated parties.

## 4. FINANCIAL RISK MANAGEMENT

### Financial risk factors

By the nature of the activities performed, the company is exposed to various risks, which include: market risk (including currency risk, interest rate risk on fair value, interest rate risk on cash flow and price risk), credit risk and liquidity risk. company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company. The group does not use derivative financial instruments to protect itself from certain risk exposures.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

**(a) Market risk**

**(i) Currency risk**

The group is exposed to currency risk by exposures to various foreign currencies, especially to EUR. Currency risk is associated to assets (Note 12) and recognized liabilities.

The group does not perform formal actions to minimize the currency risk related to its operations; therefore, the company does not apply hedge accounting.

<b>31 March 2025</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>MDL</b>	<b>RON</b>	<b>Total</b>
	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>
<b>Financial assets</b>						
Cash and cash equivalents (including restricted cash)	24,822,570	1,583	36,200	92,295,716	850,070,880	967,226,949
Long term financial asset concession					2,722,570,044	2,722,570,044
Other financial assets	24,870	-	-		-	24,870
Trade and other receivables	156,256,143	-	7,210,886	59,660,854	239,900,872	463,028,754
<b>Total financial assets</b>	<b>181,103,583</b>	<b>1,583</b>	<b>7,247,086</b>	<b>151,956,570</b>	<b>3,812,541,796</b>	<b>4,152,850,617</b>
<b>Financial liabilities</b>						
Trade and other payables	68,356,517	-	167,188	17,748,664	727,166,525	813,438,894
Lease liabilities	-	-	-	133,176,429	20,215,062	153,391,491
Borrowings	1,106,990,865	-	-	160,469,348	2,170,840,988	3,438,301,201
<b>Total financial liabilities</b>	<b>1,175,347,382</b>	<b>-</b>	<b>167,188</b>	<b>311,394,441</b>	<b>2,918,222,575</b>	<b>4,405,131,586</b>
<b>Net</b>	<b>(994,243,800)</b>	<b>1,583</b>	<b>7,079,898</b>	<b>(159,437,871)</b>	<b>894,319,221</b>	<b>(252,280,969)</b>
<b>31 December 2024</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>MDL</b>	<b>RON</b>	<b>Total</b>
	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>	<u>(RON)</u>
<b>Financial assets</b>						
Cash and cash equivalents	24,822,570	1,583	36,200	70,648,049	971,092,092	1,066,600,494
Long term financial asset concession					2,648,907,892	2,648,907,892
Other financial assets	24,870	-	-		-	24,870
Trade and other receivables	156,256,143	-	7,210,886		286,404,043	449,871,072
<b>Total financial assets</b>	<b>181,103,583</b>	<b>1,583</b>	<b>7,247,086</b>	<b>70,648,049</b>	<b>3,906,404,027</b>	<b>4,165,404,328</b>
<b>Financial liabilities</b>						
Trade and other payables	68,676,406	-	167,188	37,479,035	617,062,875	723,385,504
Lease liabilities	-	-	-	142,143,642	20,881,905	163,025,547
Borrowings	1,275,685,216	-	-	-	2,499,299,073	3,774,984,289
<b>Total financial liabilities</b>	<b>1,344,361,622</b>	<b>-</b>	<b>167,188</b>	<b>179,622,677</b>	<b>3,137,243,853</b>	<b>4,661,395,340</b>
<b>Net</b>	<b>(1,163,258,039)</b>	<b>1,583</b>	<b>7,079,898</b>	<b>(108,974,628)</b>	<b>769,160,174</b>	<b>(495,991,012)</b>

As at 31 March 2025, the amount of Lei 167,714,792 (31 December 2024: Lei 163,491,899) representing trade receivables and other receivables net is expressed in foreign currency, of which 4% in USD (31 December 2024: 4%) and 95% in EUR (31 December 2024: 96%).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The following table shows the sensitivity of profit or loss and equity, to reasonably possible changes in exchange rates applied at the end of the reporting period of the functional currency of the Group, with all variables held constant and takes into account the maximum market fluctuation of the exchange rate of each currency during the reporting periods:

	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
<i>Impact on profit and loss and on equity of:</i>		
USD appreciation by 8%	1,178,162	566,392
USD depreciation by 8%	(1,178,162)	(566,392)
EUR appreciation by 2%	(22,344,479)	(23,264,663)
EUR depreciation by 2%	22,344,479	23,264,663

(ii) **Price risk**

The Group is exposed to the commodity price risk related to gas purchased for own consumption. If the gas price had been 5% higher/lower, the net profit related to the period would have been lower/higher by lei 1,980,848 (on December 2024: lei 6,161,452).

(iii) **Interest rate risk on cash flow and fair value**

The Group is exposed to interest rate risk by its bank deposits and variable and fixed interest borrowings. The Group did not conclude any commitment to diminish the risk. For the average exposure of the period, if the interest rates had been lower/higher by 50 basis points, with all the other variables maintained constant, the profit related to the period and equity would have been higher/lower by lei 3,662,079 (December 2024: lei 10,863,638 higher / lower) as a result of reducing the interest rate for variable interest loans and the interest rate on the bank deposits.

The value of 50 basis points represents management's assessment of the reasonable change in interest rates.

(b) **Credit risk**

Credit risk is especially related to cash and cash equivalents and trade receivables. The Group drew up a number of policies, through their application ensuring that sales of products and services are made to proper customers. The book value of receivables, net of adjustments for contingent liabilities, represents the maximum value exposed to credit risk. The Group's credit risk is concentrated on the 5 main customers, which together account for 48% of the trade receivable balances as at 31 March 2025 (31 December 2024: 42%). Although the collection of receivables can be influenced by economic factors, the management believes that there is no significant risk of loss exceeding the already made adjustments.

As at 31 March 2025 the payment guarantees available to the Group from clients amounting to lei 568,825,686 (2024: lei 614,828,887 Lei) - mainly in form of bank guarantee letters and guarantee deposits.

Cash is placed with financial institutions, which are considered as associated to a minimum performance risk.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Without rating	92,619,693	71,598,559
BB+	-	-
BBB-	789,810,511	890,375,218
BBB	-	-
BBB+	81,823,184	101,888,737
A+	134,030	134,273
AA-	202,535	157,385
AA	-	-
	<b><u>964,589,953</u></b>	<b><u>1,064,154,172</u></b>

All the financial institutions are presented in the Fitch rating or equivalent.

**(c) *Liquidity risk***

Preventive liquidity risk management involves keeping enough cash and funds available by a proper value of committed credit facilities.

The Group projects cash flows. The financial function of the company continually monitors the company's liquidity requirements to ensure that there is sufficient cash to meet operational requirements, while maintaining a sufficient level of unused borrowing facilities (Note 16) at any time, so the company does not violate the limits or loan agreements (where applicable) for any of its borrowing facilities. These projections take into account the company's debt financing plans, compliance with agreements, compliance with internal targets on the balance sheet indicators and, where appropriate, external regulations or legal provisions.

The Financial Division of the Group invests extra cash in interest bearing current accounts and term deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide the appropriate framework, established under the provisions mentioned above.

The table below shows obligations on 31 March 2025 in terms of contractual maturity remained. The amounts disclosed in the maturity table are contractual undiscounted cash flows.

Maturity analysis of financial liabilities as at 31 March 2025 is as follows:

	<b><u>Total</u></b> <b><u>amount</u></b>	<b><u>Less than 1</u></b> <b><u>year</u></b>	<b><u>1-5 years</u></b>	<b><u>Over 5 years</u></b>
Borrowings	4,903,780,642	523,330,742	2,277,712,482	2,102,737,418
Trade payables and other payables	612,732,344	612,732,344	-	-
Lease liabilities	153,391,491	37,771,201	115,620,290	-
Other debts	<u>309,735</u>	<u>309,735</u>	<u>-</u>	<u>-</u>
	<b><u>5,670,214,212</u></b>	<b><u>1,174,144,022</u></b>	<b><u>2,393,332,772</u></b>	<b><u>2,102,737,418</u></b>

Maturity analysis of financial liabilities as at 31 December 2024 is as follows:

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

	<u>Total amount</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
Borrowings	4,920,901,783	534,841,486	2,142,499,066	2,243,561,231
Trade payables and other payables	723,385,504	723,385,504	-	-
Lease liabilities	187,376,694	42,254,606	145,122,088	-
Other debts	<u>194,293</u>	<u>194,293</u>	<u>-</u>	<u>-</u>
	<u>5,831,858,274</u>	<u>1,300,675,889</u>	<u>2,287,621,154</u>	<u>2,243,561,231</u>

Trade payables and other payables include trade payables, suppliers of non-current assets, dividends payable, payables and other payables (see Note 19) and are not included: payables generated as a result of the legal provisions imposed by the authorities, payables to the employees and advance registered revenue.

Financial instruments categories:

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
<b>Financial assets</b>		
Cash and cash equivalents	313,793,804	625,958,233
Term bank deposits	653,433,145	440,642,262
Trade and other receivables	<u>3,126,418,929</u>	<u>3,029,191,677</u>
	<b><u>4,093,645,878</u></b>	<b><u>4,095,792,171</u></b>
<b>Financial liabilities</b>		
Debts evaluated to amortised cost		
Loans	3,411,456,601	3,772,167,976
Liabilities evaluated at fair value:		
Financial securities for contracts	146,853,064	118,379,633
Commercial liabilities and other liabilities	<u>496,429,143</u>	<u>695,560,926</u>
	<b><u>4,054,738,808</u></b>	<b><u>4,586,108,535</u></b>

ANRE Order no. 130/2020 regulates two types of guarantee deposits, namely the auction participation guarantee, established before the entry into capacity auctions and the financial payment guarantee, established after the auctions close, for the booked capacity products.

Auction participation guarantees are used by network users to participate in future capacity booking auctions, in which daily, within-day, monthly, quarterly, annual capacity products are offered by Transgaz and entitle them to enter at any time during the term of the transmission framework contract, in capacity booking auctions, for the booking of capacity products offered by Transgaz, within the limit of the guarantees established. The guarantees for participation in capacity booking auctions shall be partially or fully returned at the request of the NU.

Contract payment guarantees shall be established, in accordance with the provisions of the Framework Transmission Contract, after the capacity products have been booked and shall be

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

increased or reduced according to the value of the contracted products. They shall be returned 45 days after the termination of the contract by the due date, if the NU has honoured all payment obligations.

In the category including loans and liabilities, the liabilities related to employees and payables registered in advance are not included.

### Capital risk management

The Group's objectives related to capital management refer to keeping the company's capacity to continue its activity to provide compensation to shareholders and benefits to the other stakeholders and to maintain an optimal structure of the capital, as to reduce capital expenditure. There are no capital requirements imposed from outside.

As for the other companies in this sector, the company monitors the capital based on the leverage degree. This coefficient is calculated as net debt divided by total capital. The net debt is calculated as total borrowings (including `current and long-term borrowings`, according to the statement of financial position), except for cash and cash equivalent. The total capital is calculated as `equity`, according to the statement of the financial position, plus the net debt.

The net leverage degree at 31 March 2025 and at 31 December 2024 is reflected in the table below:

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
Total borrowings	3,438,301,201	3,774,984,289
Except: cash and cash equivalents (Note 13)	<u>(967,226,949)</u>	<u>(1,064,299,187)</u>
Net debt	<u>2,471,074,252</u>	<u>2,710,685,102</u>
Equity capital	4,904,122,253	4,389,551,942
Leverage ratio	0.50	0.62

### Fair value estimate

The book value of financial assets and liabilities is assumed to approximate their fair value.

On-balance sheet financial instruments include trade and other receivables, cash and cash equivalents, other financial assets, trade payables, interest-bearing loans. The estimated values of these instruments approximate their carrying amount. The carrying amount values represent the Company's maximum exposure to credit risk for existing receivables.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 5. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

#### Critical accounting estimates and assumptions

The company develops estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including predictions of future events considered reasonable under certain circumstances.

The resulting accounting estimates will, by definition, seldom equal the actual results. Estimates and assumptions that have a significant risk of causing an important material adjustment to the carrying amount of assets and liabilities within the next financial year are presented below.

#### 5.1 Assumptions for the determination of the provision for retirement benefits

This provision was calculated based on estimates of the average wage, the average number of employees and the average number of wage payment at retirement, as well as based on the benefits payment scheme. The provision was brought to the present value by applying a discount factor calculated based on the risk-free interest rate (i.e. interest rate on government bonds).

The present value of the obligations at 31 March 2025 is of lei 160,073,832 (at 31 December 2024: lei 160,073,832) (Note 21).

The presentation of the current value for the 2024 depending on the following variables (having potential effect in Other comprehensive income, being actuarial gains/losses):

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
Inflation rate +1%	180,722,068	180,722,068
Inflation rate -1%	154,502,134	154,502,134
Investment return +10%	158,634,270	158,634,270
Investment return -10%	175,859,845	175,859,845

Analysis of the maturity of benefits payments:

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
Up to one year	11,165,196	11,165,196
Between 1 and 2 years	5,121,283	5,121,283
Between 2 and 5 years	14,378,356	14,378,356
Between 5 and 10 years	109,307,865	109,307,865

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 5.2 The accounting treatment of the concession agreement

As indicated in Note 8, in May 2002 the company concluded a Concession Agreement with the National Agency for Mineral Resources (‘ANRM’), which entitles the company to use the main pipelines of the national gas transmission system for a period of 30 years

#### Scope of IFRIC 12 - applicability

The Grantor - National Agency for Mineral Resources (‘ANRM’) is a public sector entity and it granted concession to Transgaz. Transgaz being owned by the Romanian State, can be considered also a public entity.

While IFRIC 12 doesn't specifically state its applicability to "public-to-public concession" it does applies to any such arrangement where infrastructure is provided to the public and involves a concession arrangement, regardless of whether the operator is in the private or public sector

IFRIC 12 applies to service concession arrangements where:

- (a) the grantor is a public sector entity;
- (b) the operator is a private sector entity (or, in some cases, a public sector entity); and
- (c) the operator is granted the right to operate the infrastructure used to provide services to the public."

**Based on the above details, upon detailed analysis , management of Transgaz considered the Concession Agreement signed with ANRM is in scope of IFRIC 12.**

#### Scope of IFRIC 12 – bifurcated model

##### Transgaz has the following rights:

- a) To charge users of the national Transport system with a tariff which is approved by ANRE and which is based on its Regulated Asset Base (basically pipes, compression stations, etc – which forms the infrastructure called National Gas Transport System
- b) If the concession contract is terminated for any reason, or upon contract termination, the investment made by the national transmission system operator shall be transferred to the national transmission system owner or another grantor on payment of compensation equal to the Regulated Asset Base which was not depreciated fixed by ANRE (Law 127/2014 entered into force on 5 October 2014 states) – basically undepreciated NBV at the end of concession ( using fiscal useful lives which approximates economic useful lives). All the parameters were known since the enactment of the law, and as such, it represents an unconditional right to receive cash at the end of the cencession.

As such, these two points above, represent two separate assets under IFRIC 12. One representing the unconditional right to receive cash (financial asset) and the other representing the right to charge tariffs for the transition of gaz.

**Therefore, in this arrangement it is necessary to divide the two components of the contract asset - and measured as a long term financial asset and an intangible asset accordingly.**



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

---

### **5.3 The accounting treatment of royalties payable for using the national gas transmission system**

As indicated in Note 8, the company pays royalties, calculated as percentage of the gross revenue achieved from the operation of pipelines of the national gas transmission system. These costs were recognized as expenses, rather than deduction from revenue, because they are not of the nature of taxes collected from customers and sent to the state, given the nature of activity and the regulatory framework:

- the company's revenue is based on tariffs approved by another regulator than the one setting the level of royalties;
- expense with royalties is an item taken into consideration at the calculation of the transmission tariff;

As of 1 January 2020, according to ANRE Order no. 1/2020, the company has the obligation to pay annually to ANRE a tariff amounting to 0.062 lei MWh applied to the quantity of natural gas transmitted for carrying out activities in the natural gas sector based on a license.

### **5.4 Accounting treatment of the lease agreement between VestmoldTransgaz and Moldovatrangaz**

On 04.09.2023, Lease Agreement No. 70-SJ was concluded between Moldovatrangaz and Vestmoldtransgaz.

The lease agreement is presented in accordance with IFRS 16, its arguments for being included in IFRS 16 being:

- a. The contract concluded with Moldovatrangaz ensures only the transmission for use of the transmission network, not the right to provide the public service. The goods (infrastructure) are not public goods, they are leased by Moldovatrangaz.
- b. Moldovatrangaz is not a public sector entity in order to be associated with the Regulatory Authority of the Republic of Moldova, which grants Vestmoldtransgaz the right to provide the public service.
- c. The risks related to maintenance, as well as the decisions regarding capital repairs remain with Moldovatrangaz, respectively Moldovatrangaz has the obligation to carry out all capital repairs in order to maintain the Transmission Network in accordance with their destination.
- d. ANRE is not a party to the lease agreement and as a result cannot have a residual interest in the assets that are the subject of the lease agreement (the gas transmission network).



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 6. INFORMATION ON SEGMENTS

Reporting segments are set according to the nature of the activities conducted by the company: the regulated activity, the unregulated activity and other activities. As transmission system operator, the company reported annually to the National Regulatory Authority on the activity performed on the four reporting segments.

The segment information provided to the Board of Administration, which makes strategic decisions for reportable segments, for the period ended 31 March 2025 is:

	<u>Domestic gas transmission</u>	<u>International gas transmission</u>	<u>Balancing</u>	<u>Unallocated</u>	<u>Moldova domestic gas transmission</u>	<u>Total</u>
Revenue from domestic transmission	907,762,224	-	-	-	103,023,002	1,010,785,226
Revenue from international transmission and similar	-	-	-	-	-	-
Other commercial revenues	1,180,157	-	-	-	-	1,180,157
Other revenue	30,187,439	2,612,409	-	8,374,209	281	41,174,338
<b>Operating revenue before the balancing and the construction activity according to IFRIC12</b>	<b>939,129,819</b>	<b>2,612,409</b>	<b>-</b>	<b>8,374,209</b>	<b>103,023,283</b>	<b>1,053,139,721</b>
Depreciation	(113,453,249)	(7,756,918)	-	(600,802)	(13,056,892)	(134,867,861)
Operating expenses other than depreciation	(342,436,939)	(2,955,596)	-	(3,145,842)	(18,109,838)	(366,648,215)
<b>Profit from operation before the balancing and construction activity according to IFRIC12</b>	<b>483,239,631</b>	<b>(8,100,105)</b>	<b>-</b>	<b>4,627,565</b>	<b>71,856,553</b>	<b>551,623,645</b>
Revenue from the balancing activity	-	-	160,196,012	-	622,979	160,818,991
Cost of balancing activity	-	-	(160,196,012)	-	(622,979)	(160,818,991)
Revenue from the construction activity according to IFRIC12	116,221,380	-	-	-	-	116,221,380
Cost of constructed assets according to IFRIC12	(116,221,380)	-	-	-	-	(116,221,380)
<b>Operating profit</b>	<b>483,239,631</b>	<b>(8,100,105)</b>	<b>-</b>	<b>4,627,565</b>	<b>71,856,553</b>	<b>551,623,645</b>
Net financial gain	-	-	-	-	-	53,336,914
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>604,960,557</b>
Income tax	-	-	-	-	-	(88,379,626)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>516,580,931</b>
Assets on segments	8,637,464,685	123,147,145	371,555,785	1,003,968,987	661,639,360	10,797,775,962
Liabilities on segments	4,931,503,881	636,411	579,120,085	70,378,630	312,014,701	5,893,653,708
Capital expenditure - increases in assets in progress	138,692,520	-	-	-	-	138,692,520
Non-monetary expenses other than depreciation	(1,690,350)	(2,503,387)	(807,735)	(48,226)	-	(5,049,698)

In 2025, the Eurotransgaz SRL and Vestmoldtransgaz subsidiaries carried out transmission activities, their assets amounting to lei 661,639,360 and liabilities amounting to lei 312,014,701.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

Assets shown for the two main operating segments mainly comprise tangible and intangible assets, inventories and receivables, and mainly exclude cash and bank accounts. Assets shown for the balancing segment comprise mainly gas stocks procured for NTS balancing and trade receivables from the balancing activity.

The assets presented in the segment Domestic gas transmission Moldova include the value of the lease contract of natural gas transmission networks no.70-SJ of 04.09.2023 concluded between Moldovatrangaz SRL and Vestmoldtransgaz SRL recorded as the right of use of the leased assets.

*Unallocated assets include:*

Tangible and intangible assets	29,218,225
The right of use of the leased assets	18,960,867
Cash	874,931,233
Other assets	265,088
Deffered tax	<u>80,593,574</u>
	<b>1,003,968,987</b>

*Unallocated liabilities include:*

Tax payable	67,254,496
Dividends payable	891,107
Lease liabilities	47,061
Other debts	<u>2,185,966</u>
	<b>70,378,630</b>

The liabilities presented for the two main operating segments consist of payables and borrowings contracted by the company for the acquisition of assets for the respective segments. Liabilities shown for the balancing segment comprise mainly trade payables from the balancing activity and the borrowings contracted to finance the balancing activity.

Non-cash expenses other than depreciation consist of the expense with the impairment of receivables and the inventory write-downs, provisions for risks.

Transmission services are performed for several domestic and foreign clients.

	<u><b>Domestic Clients</b></u>	<u><b>Foreign Clients</b></u>	<u><b>Moldova domestic transmission</b></u>	<u><b>Total</b></u>
Revenue from the domestic transmission	804,116,179	103,646,045	103,023,002	1,010,785,226
Other trade income	1,180,157	-	-	1,180,157
Other revenue	<u>40,550,733</u>	<u>623,324</u>	<u>281</u>	<u>41,174,338</u>
	<b><u>845,847,069</u></b>	<b><u>104,269,369</u></b>	<b><u>103,023,283</u></b>	<b><u>1,053,139,720</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### ***Domestic clients with over 10% of the total revenue include:***

	<b><u>Percentage of the total revenue</u></b>
ROMANIAN COMMODITIES EXCHANGE	6%
ENGIE ROMANIA S.A.	2%
E.ON ENERGIE ROMANIA SA.	1%

All of the assets of the parent company are located in Romania. All of the activities of the parent company are carried out in Romania.

The company has external trade receivables amounting to lei 186,661,266 (31 December 2024: 182,319,227).

The *domestic gas transmission* segment includes information related to the activity of domestic gas transmission, which is regulated by the National Regulatory Authority as well as the operating and financial income related to the claims for the regulated value of the regulated asset base remained undepreciated at the end of the Concession Agreement; the *international gas transmission* segment includes information related to the activity of pipeline gas transmission without the transshipment of the Romanian territory and similar; the *balancing* segment includes expenses and revenue related to the national transmission system balancing activity developed starting with 1 December 2015, neutral in financial terms, any profit or loss from this activity will be distributed to clients for whom domestic transmission services are provided; the *unallocated* segment includes activities with a low share in the company's revenue such as sales of assets, rents, royalties.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The information on segments provided to the Board of Administration, who makes strategic decisions for the reporting segments, related to the financial year ended 31 March 2024, is as follows:

	<u>Domestic gas transmission</u>	<u>International gas transmission</u>	<u>Balancing</u>	<u>Unallocated</u>	<u>Domestic transmission Moldova</u>	<u>Total</u>
Revenue from						
domestic transmission	667,915,867	-	-	-	-	667,915,867
Revenue from international transmission	-	-	-	-	-	-
Other revenue	20,343,668	2,380,510	-	15,915,494	-	38,639,672
<b>Operating revenue before the balancing and the construction activity according to IFRIC12</b>	<b>688,259,535</b>	<b>2,380,510</b>	<b>-</b>	<b>15,915,494</b>	<b>-</b>	<b>706,555,539</b>
Depreciation	(119,989,324)	(7,210,228)	-	(443,745)	-	(127,643,297)
Operating expense other than depreciation	(299,416,383)	(2,799,456)	-	(15,089,396)	-	(317,305,235)
<b>Profit from operation before the balancing activity according to IFRIC12</b>	<b>268,853,828</b>	<b>(7,629,174)</b>	<b>-</b>	<b>382,353</b>	<b>-</b>	<b>261,607,007</b>
Revenue from the balancing activity	-	-	62,886,631	-	-	62,886,631
Cost of balancing activity	-	-	(62,886,631)	-	-	(62,886,631)
Revenue from the construction activity according to IFRIC12	-	-	-	223,547,415	-	223,547,415
Cost of constructed assets according to IFRIC12	-	-	-	(223,547,415)	-	(223,547,415)
<b>Profit from operation</b>	<b>268,853,828</b>	<b>(7,629,174)</b>	<b>-</b>	<b>382,353</b>	<b>-</b>	<b>261,607,007</b>
Net financial gain	-	-	-	-	-	52,884,946
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>314,491,953</b>
Income tax	-	-	-	-	-	(51,631,610)
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262,860,344</b>
Assets on segments	7,342,529,974	143,171,287	325,588,854	1,287,608,062	-	9,098,898,177
Liabilities on segments	3,860,503,355	597,424	567,423,486	186,734,760	-	4,615,259,025
Capital expenditure - increases in assets in progress	181,387,856	-	-	282	-	181,388,138
Non-cash costs other than depreciation	(524,530)	(2,380,227)	(4,288,017)	(51,692)	-	(7,244,466)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In 2024, the Eurotransgaz SRL and Vestmoldtransgaz subsidiaries carried out transmission activities, their assets in the amount of 645,834,694 lei and liabilities in the amount of 375,755,059 lei being presented in the unallocated segment.

Assets indicated for the two main operating segments mainly comprise tangible and intangible assets, inventories and receivables, and mainly exclude cash and bank accounts. The presented assets for the balancing segment are mainly gas stocks procured for NTS balancing and trade receivables from the balancing activity.

*Unallocated assets include:*

Tangible and intangible assets	153,974,576
Right of use of leased assets	166,635,693
Goodwill	10,291,763
Cash	905,324,318
Deferred tax	3,123,723
Other assets	<u>48,257,989</u>
	<b>1,287,608,062</b>

*Unallocated liabilities include:*

Deferred tax	762,974
Tax payable	7,839,326
Dividends payable	1,039,764
Other debts	<u>177,092,696</u>
	<b>186,734,760</b>

The liabilities presented for the two main operating segments consist of payables and borrowings contracted by the company for the acquisition of assets for the respective segments. Liabilities shown for the balancing segment comprise mainly trade payables from the balancing activity.

Non-cash expenses other than depreciation consist of the expense with the impairment of receivables and the expense with the inventory of write-downs, other provisions for risks.

International transmission services are provided for several foreign customers, while the domestic transmission activity is performed for several domestic customers.

	<u>Domestic Clients</u>	<u>Foreign Clients</u>	<u>Domestic gas transmission Moldova</u>	<u>Total</u>
Revenue from domestic transmission	630,756,996	37,158,871	-	667,915,867
Revenue from international transmission and similar	-	-	-	-
Other revenue	<u>31,100,591</u>	<u>7,539,081</u>	<u>-</u>	<u>38,639,672</u>
	<b>661,857,587</b>	<b>44,697,952</b>	<b>-</b>	<b>706,555,539</b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

<b><i>Domestic clients with over 10% of the total revenue include:</i></b>	<b><u>Percentage of the total revenue</u></b>
ENGIE ROMANIA S.A.	19%
OMV PETROM S.A	15%
E.ON ENERGIE ROMANIA S.A.	14%
SNGN ROMGAZ S.A.	11%

All of the assets of the parent company are located in Romania. All of the activities of the parent company are carried out in Romania.

The company has external trade receivables amounting to lei 186,661,266 (31 December 2024: lei 182,319,227).

The *domestic gas transmission* segment includes information related to the activity of domestic transmission of natural gas that is regulated by the National Regulatory Authority, as well as the operating and financial income related to the receivable for the unamortized regulated value of the regulated asset base at the end of the Concession Agreement; the *international gas transmission* segment includes information related to the activity carried out through pipelines without transshipment on the territory of Romania and similar; the *balancing* segment comprises expenses and revenue related to the activity of balancing the national transmission system, an activity carried out since 1 December 2015, financially neutral, any profit or loss from this activity will be distributed to customers for which domestic transmission services are provided; the unallocated segment comprises activities with a low share in the company's revenue such as: asset sales, rents, royalties.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 7. PROPERTY, PLANT AND EQUIPMENT

The category Other fixed assets include measuring, controlling and regulating equipment and installations, means of transport, furniture, office equipment, equipment for the protection of human and material values and other tangible assets.

	<u>Lands and buildings</u>	<u>Transmission system assets</u>	<u>Other non-current assets</u>	<u>Assets in progress</u>	<u>Total</u>
<b>On 31 March 2024</b>					
Cost	341,352,606	986,500,401	756,342,778	12,534,894	2,096,730,678
Accumulated depreciation	(192,141,145)	(792,467,359)	(340,667,061)	-	(1,325,275,565)
Accumulated impairment charge	-	-	-	(1,656,182)	(1,656,182)
Foreign currency translation reserve	(107,979)	-	(859,739)	-	(967,718)
<b>Initial net book value</b>	<b><u>149,103,482</u></b>	<b><u>194,033,042</u></b>	<b><u>414,815,978</u></b>	<b><u>10,878,712</u></b>	<b><u>768,831,213</u></b>
Additions	-	-	-	2,803,260	2,803,260
Reclassification	72,734	(3,340,200)	-	-	(3,267,466)
Transfers	277,200	930,534	1,881,168	(3,088,902)	-
Disposals (net value)	(163,669)	(2,215)	(9,565)	-	(175,449)
Expense with depreciation	(2,190,364)	(7,363,278)	(9,351,577)	-	(18,905,220)
Foreign currency translation reserve	642,452	-	5,706,810	-	6,349,263
<b>Final net book value as at 31 March 2024</b>	<b><u>147,741,835</u></b>	<b><u>184,257,883</u></b>	<b><u>413,042,814</u></b>	<b><u>10,593,069</u></b>	<b><u>755,635,601</u></b>
Cost	318,829,191	984,061,936	763,216,003	12,249,251	2,078,356,382
Accumulated depreciation	(171,014,277)	(799,804,053)	(349,601,468)	-	(1,320,419,797)
Accumulated impairment charge	-	-	-	(1,656,182)	(1,656,182)
Foreign currency translation reserve	(73,079)	-	(571,722)	-	(644,801)
<b>Final net book value</b>	<b><u>147,741,835</u></b>	<b><u>184,257,883</u></b>	<b><u>413,042,814</u></b>	<b><u>10,593,069</u></b>	<b><u>755,635,601</u></b>
<b>As at 31 December 2024</b>					
<b>Initial net book value</b>	<b><u>147,741,835</u></b>	<b><u>184,257,883</u></b>	<b><u>413,042,814</u></b>	<b><u>10,593,069</u></b>	<b><u>755,635,601</u></b>
Additions	-	-	(400,791)	20,776,789	20,375,998
Reclassification	-	-	(216,400)	(49)	(216,449)
Transfers	1,654,339	-	19,207,064	(20,861,404)	-
Disposals (net value)	(55,591)	(1,663)	(81,399)	-	(138,653)
Expense with depreciation	(6,731,611)	(23,707,607)	(29,814,170)	-	(60,253,386)
Foreign currency translation reserve	(543,567)	-	(4,843,052)	-	(5,386,620)
<b>Final net book value as at 31 December 2024</b>	<b><u>142,065,405</u></b>	<b><u>160,548,613</u></b>	<b><u>396,894,064</u></b>	<b><u>10,508,406</u></b>	<b><u>710,016,488</u></b>
Cost	319,264,270	984,059,610	772,876,442	12,164,588	2,088,364,910
Accumulated depreciation	(177,222,472)	(823,510,998)	(376,162,962)	-	(1,376,896,431)
Accumulated impairment charge	-	-	-	(1,656,182)	(1,656,182)
Foreign currency translation reserve	23,607	-	180,584	-	204,191
<b>Final net book value as at 31 December 2024</b>	<b><u>142,065,405</u></b>	<b><u>160,548,613</u></b>	<b><u>396,894,064</u></b>	<b><u>10,508,406</u></b>	<b><u>710,016,488</u></b>
<b>As at 31 March 2025</b>					
<b>Initial net book value as at 1 January 2025</b>	<b><u>142,065,405</u></b>	<b><u>160,548,613</u></b>	<b><u>396,894,064</u></b>	<b><u>10,508,406</u></b>	<b><u>710,016,488</u></b>
Additions	-	-	89,249	1,044,445	1,133,694
Reclassification	42,795	(3,360,409)	(217,023)	(335,014)	(3,869,651)
Transfers	60,572	-	648,859	(709,431)	-
Disposals (net value)	(54,153)	-	(3,530)	-	(57,683)
Expense with depreciation	(2,073,567)	(4,487,868)	(10,112,363)	-	(16,673,798)
Foreign currency translation reserve	(248,789)	-	(2,229,678)	-	(2,478,467)
<b>Final net book value as at 31 March 2025</b>	<b><u>139,792,263</u></b>	<b><u>152,700,336</u></b>	<b><u>385,069,578</u></b>	<b><u>10,508,406</u></b>	<b><u>688,070,583</u></b>
Cost	318,768,154	984,059,610	770,350,469	12,164,588	2,085,342,821
Accumulated depreciation	(178,984,742)	(831,359,275)	(385,353,134)	-	(1,395,697,151)
Accumulated impairment charge	-	-	-	(1,656,182)	(1,656,182)
Foreign currency translation reserve	8,852	-	72,243	-	81,095
<b>Final net book value</b>	<b><u>139,792,263</u></b>	<b><u>152,700,336</u></b>	<b><u>385,069,578</u></b>	<b><u>10,508,406</u></b>	<b><u>688,070,583</u></b>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

The gross book value of the fully depreciated assets, still used, is lei 404,207,444 (31 December 2024: lei 382,303,036). As at 31 March 2025 no advances granted for the procurement of tangible assets are registered.

Regarding the assets developed by the company, which are complementary to the provision of services according to the concession agreement, the State has the option to acquire these assets at the end of the concession agreement. The company does not have the obligation to keep these assets until the end of the concession agreement and it is allowed to sell them. These assets do not fall within the scope of IFRIC 12. All the other assets related to the domestic transmission activity and which are part of the national gas transmission system, including improvements made after signing the concession agreement and which must be handed over to the ANRM at the end of the concession agreement fall within the scope of IFRIC 12.

Impairment adjustments have been established for work in progress whose completion and commissioning are uncertain.

The company does not depreciate tangible non-current assets approved for scrapping and has no pledged non-current assets.

**7.1. The rights of use of the leased assets (IFRS 16)**

As of 1 January 2019, the company applies IFRS 16 for the leasing contracts complying with the recognition criteria and recognized the intangible asset as a right of use related to the leasing contract:

	<b>Leases according to IFRS16</b>
Cost on 1 January 2025	<b>221.701.412</b>
Accumulated depreciation	(65.462.875)
Net book value as at 01 January 2025	156.238.537
Additions	325.769
Disposals	(27.908)
Depreciation	<u>(11.057.113)</u>
Final net book value on 31 March 2025	145.479.285
Cost as at 31 March 2025	<b>220.805.591</b>
Accumulated depreciation as at 31 March 2025	(75.326.306)

Detailed information on IFRS 16 as at 31 March 2025:

	<b>31 March 2025 of which:</b>	<b>Forestry conventions</b>	<b>Lease contract VMTG</b>
Right of use assets	220,805,591	16,699,440	179,684,262
Right of use asset- accumulated depreciation	(52,849,623)	(7,029,663)	(34,534,837)
Interest expense on lease liability	14,564,477	99,658	14,265,342
Lease liability	153,391,491	10,600,425	141,205,582
Of which:			
Short term	37,771,201	1,339,541	33,280,787
Long term	115,620,290	9,260,884	107,924,796

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

Detailed information on IFRS 16 as at 31 December 2024:

	<b>Leases according to IFRS16</b>
Cost on 1 January 2024	<b>201,790,462</b>
Accumulated depreciation	(28,344,494)
Net book value as at 01 January 2024	173,445,968
Additions	21,446,921
Disposals	(1,535,971)
Depreciation	(37,118,382)
Final net book value on 31 December 2024	156,238,537
Cost as at 31 December 2024	<b>221,701,412</b>
Accumulated depreciation as at 31 December 2024	(65,462,876)

	<b>31 December 2024 of which:</b>	<b>Forestry conventions</b>	<b>Lease contract VMTG</b>
Right of use assets	221,701,412	16,683,915	180,877,944
Right of use asset- accumulated depreciation	(55,892,636)	(6,712,689)	(34,764,260)
Interest expense on lease liability	15,264,231	445,744	14,360,110
Lease liability	163,025,547	10,889,456	142,143,642
Of which:			
Short term	37,415,435	1,320,203	33,501,878
Long term	125,610,112	9,569,253	108,641,764

Lease liability according to IFRS 16 is presented in the balance sheet at long-term and short-term leasing payables.

The group of forestry agreements includes contracts of temporary occupation of forest land under private ownership, concluded on the basis of Law no.185/2016 on some measures necessary for the implementation of projects of national importance in the field of natural gas.

On 04 September 2023 the gas transmission network lease contract No.70-SJ of 04.09.2023 between Moldovatrangaz Ltd. and Vestmoldtrangaz Ltd. was signed. This contract entered into force on 19.09.2023. The lease was concluded for a period of 5 years. The amount of annual rent is 42.6/ 165 mil. lei/MDL. The lease contract was recognized as an asset related to the right of use and a corresponding liability on the date the asset was leased and became available for use by Vestmoldtrangaz. On 19.08.2024 the Addendum Agreement No.1 was signed on amendments and additions to the above mentioned contract, namely the amount of annual rent for 2024 was increased and constitutes the amount of Lei (MDL) 45,636.6/176,612.31 thousand lei/thousand MDL.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 8. SERVICE CONCESSION AGREEMENT

In May 2002, the company concluded a Service Concession Agreement (`SCA`) with the ANRM, which entitles the company to operate the main pipelines of the national gas transmission system for a period of 30 years. All modernizations and improvements made by the company to the system are considered part of the system and become property of the ANRM at the end of their useful life. The company cannot sell or discard any asset part of the national transmission system; withdrawals can only be made with the approval of the state.

At the expiration of the agreement, the assets belonging to the public domain, existing upon signing the agreement and all investments made in the system will be returned to the State. The company owns and will develop other assets that are not directly part of the national gas transmission system, but are complementary assets for gas transmission operations. The ANRM has the option to buy these assets at the end of the concession agreement, at the fair value.

The main terms of the Concession Agreement are the following:

- The company is entitled to operate directly the assets subject to the concession agreement and to apply and collect tariffs for domestic and international transmission from clients in exchange for services provided; the company is the only entity authorized to operate the pipelines of the national gas transmission system, no sub-concession being allowed;
- Any change of tariffs must be proposed by the company and then approved by the ANRE;
- The company is exempt from the payment of import duties for the assets acquired for operation, improvement or development of the system;
- The company must annually publish by 30 October the available capacity of the system for the following year;
- The company must annually respond to the clients' orders by 30 November and the ANRM must be informed on all rejected orders decided by the company's management;
- The company must keep a specific level of functioning (guaranteed through a mandatory minimum investment programme);
- Royalties are paid as percentage (by 30 September 2007: 5%, between October 2007 and 11 November 2020: 10%, between 12 November 2020 – 29 October 2023: 0.4%, as of 30 October 2023: 11.5%) of the gross revenue from the operation of the national transmission system (domestic and international transmission);
- All operating expenses for operating the system are incurred by the company;
- The company may cancel the agreement by notifying the ANRM 12 months in advance;
- The ANRM may cancel the agreement by a 6-month prior notice, if the company fails to comply with the contractual conditions; it also has the option to cancel the agreement with a 30-day prior notice for `national interest` reasons; in this case, the company will receive compensation equal to the average net profit of the past 5 years multiplied by the remaining duration of the agreement.

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(expressed in lei, unless otherwise stated)**

---

The Concession Agreement does not include an automatic renewal clause.

By GD 906/28 September 2023, the amendment of Annex No 22 to Government Decision No 1 was approved. 705/2006 for the approval of the centralized inventory of goods in the public domain of the State, as subsequently amended and supplemented, by including the goods resulting from the completion of the investment objective "Interconnection pipeline of the National Gas Transmission System of Romania with the National Gas Transmission System of the Republic of Moldova on the direction Iasi (Romania)-Ungheni (Republic of Moldova), electricity supply, automation, data procurement, burglary and fire surveillance" and the transfer of these goods to the administration of the National Agency for Mineral Resources and to the concession of the National Gas Transmission Company "TRANSGAZ" - S.A.

No changes were made to the terms of the Concession Agreement after June 2003, except for the approval of the minimum investment plans.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

**9. INTANGIBLE ASSETS**

	<b>Assets related to the Service Concession Agreement</b>	<b>Goodwill from consolidation</b>	<b>Software</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>On 31 March 2024</b>					
<b>Cost</b>	8,421,229,990	9,413,102	87,826,328	373,525,658	8,891,995,078
Accumulated depreciation	(5,154,741,097)	-	(64,490,232)	-	(5,219,231,329)
Adjustments for impairment	-	-	-	(9,142,777)	(9,142,777)
Foreign currency translation effect	-	713,174	(858)	-	712,316
<b>Net book value as at 01 January 2024</b>	<b>3,266,488,893</b>	<b>10,126,276</b>	<b>23,335,238</b>	<b>364,382,881</b>	<b>3,664,333,288</b>
Additions	-	-	-	224,623,208	224,623,208
Reclassifications	2,372,983	-	-	-	2,372,983
Transfers	3,582,329	-	196,000	(3,778,329)	-
Disposals	-	-	-	-	-
Depreciation	(107,901,410)	-	(2,020,834)	-	(109,922,244)
Foreign currency translation effect	-	165,488	120	-	165,608
<b>Final net book value 31 March 2024</b>	<b>3,164,542,795</b>	<b>10,291,763</b>	<b>21,510,525</b>	<b>585,227,760</b>	<b>3,781,572,843</b>
<b>Cost</b>	8,416,250,736	-	88,023,198	594,370,537	9,098,644,471
Accumulated depreciation	(5,251,707,941)	-	(66,512,113)	-	(5,318,220,054)
Adjustment for impairment	-	-	-	(9,142,777)	(9,142,777)
Goodwill from consolidation	-	9,413,102	-	-	9,413,102
Foreign currency translation effect	-	878,661	(561)	-	878,100
<b>Final net book value 31 March 2024</b>	<b>3,164,542,795</b>	<b>10,291,763</b>	<b>21,510,525</b>	<b>585,227,760</b>	<b>3,781,572,843</b>
<b>At 31 December 2024</b>					
<b>Initial net book value 01 January 2024</b>	<b>3,164,542,795</b>	<b>10,291,763</b>	<b>21,510,525</b>	<b>585,227,760</b>	<b>3,781,572,843</b>
Additions	-	-	41,986,105	1,667,454,232	1,709,440,337
Reclassifications	1,110,883	-	-	-	1,110,883
Transfers	119,310,324	-	1,374,278	(191,041,588)	(70,356,986)
Disposals	-	-	-	-	-
Depreciation	(284,361,322)	-	(7,946,110)	-	(292,307,432)
Adjustment for impairment	-	-	-	(2,059,121)	(2,059,121)
Foreign currency translation effect	-	(141,847)	(79)	-	(141,926)
<b>Final net book value as at 31 December 2024</b>	<b>3,000,602,680</b>	<b>10,149,917</b>	<b>56,924,718</b>	<b>2,059,581,283</b>	<b>5,127,258,598</b>
<b>Cost</b>	8,547,606,509	9,413,102	131,382,835	2,070,783,181	10,759,185,627
Accumulated depreciation	(5,547,003,829)	-	(74,458,274)	-	(5,621,462,103)
Adjustment for impairment	-	-	-	(11,201,898)	(11,201,898)
Foreign currency translation effect	-	141,847	79	-	141,926
<b>Net book value as at 31 December 2024</b>	<b>3,000,602,680</b>	<b>10,149,917</b>	<b>56,924,718</b>	<b>2,059,581,283</b>	<b>5,127,258,598</b>
<b>At 31 March 2025</b>					
<b>Initial net book value 01 January 2025</b>	<b>3,000,602,680</b>	<b>10,149,917</b>	<b>56,924,718</b>	<b>2,059,581,283</b>	<b>5,127,258,598</b>
Additions	-	-	20,547,260	137,648,075	158,195,335
Reclassifications	-	-	-	339,451	339,451
Transfers	6,028,113	-	609,704	(6,637,817)	-
Disposals	(1,757,920)	-	-	-	(1,757,920)
Depreciation	(100,561,628)	-	(3,928,147)	-	(104,489,775)
Foreign currency translation effect	-	(67,983)	(17)	-	(67,000)
<b>Final net book value as at 31 March 2025</b>	<b>2,904,311,245</b>	<b>10,082,934</b>	<b>74,153,518</b>	<b>2,190,930,992</b>	<b>5,179,478,689</b>
<b>Cost</b>	8,551,876,703	-	152,539,445	2,202,132,890	10,906,549,038
Accumulated depreciation	(5,647,565,458)	-	(78,385,986)	-	(5,725,951,444)
Adjustment for impairment	-	-	-	(11,201,898)	(11,201,898)
Goodwill from consolidation	-	9,413,102	-	-	9,413,102
Foreign currency translation effect	-	669,831	59	-	669,891
<b>Net book value as at 31 March 2025</b>	<b>2,904,311,245</b>	<b>10,082,934</b>	<b>74,153,518</b>	<b>2,190,930,992</b>	<b>5,179,478,689</b>

\*Transfers - due to the use of the bifurcated model under IFRIC 12, when an improvement or expansion of NTS is put into operation, the respective value is split between a long-term financial asset (note 12.3) and an intangible asset (note 9).

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In accordance with IFRIC12, in the Current intangible assets category the investment projects carried out by the Company for the development and modernization of the national gas transmission system are presented, which will be handed over to the grantor at the end of the Concession Agreement (Note 8).

The project "Development of the Southern Transmission Corridor on Romanian territory for the offtake of natural gas from the Black Sea coast" has the largest share in the value of the additions in 2024.

The minimum NTS gas quantity required to ensure the pressures and flow rates for the end consumers under the contractual conditions (NTS pipeline stock) is recognized in the value of the right to use, as an intangible asset. At 31 March 2025 the line pack quantity is 830,196 MWh and has a value of 66,749,022 lei, of which the NTS pipeline stock is 693,903 MWh and amounts to 55,786,754 lei. At 31 December 2024 the line pack quantity is 820,296 MWh and has a value of 65,143,903 lei, of which the NTS pipeline stock is 693,293 MWh and has a value of 55,713,584 lei.

In 2025, the Company capitalized interest expense amounting to lei 23,546,777 (in 2024 it capitalized interest expenses amounting to 30,176,746), for National Transmission System assets (NTS assets).

As at 31 March 2025 and advances are granted in the amount of lei 61,125 and at 31 December 2024 there are advances amounted to 806 lei granted for the procurement of national gas transmission system development works are presented in the intangible assets in progress.

The remaining life of the intangible assets is presented in Note 3.5 and Note 3.8.

As at 31 March 2025, the Company capitalized additional costs for the procurement of natural gas, incurred between 1 January 2025 – 31 March 2025 amounting to lei 20,547,260 (41,986,083 lei on 31 December 2024), in order to cover its own technological consumption compared to the costs included in the regulated tariffs, in accordance with the provisions of the Order of the Ministry of Finance no. 5378/12 December 2023 and the Order of the President of ANRE no.128 /12 October 2022.

As a result of the acquisition of Vestmoldtransgaz SRL (VTMG) by Eurotransgaz SRL ( ETG), goodwill calculated as the difference between the value of the shareholding and the value of the equity of VTMG weighted by the percentage of shareholding held, i.e. 100%, was recognized in the consolidated financial statements as intangible assets. The calculation of goodwill was performed at the acquisition date, i.e. March 2018, and is presented in the consolidated financial statements at the closing rate.

Impairment adjustments were made for work in progress for which completion and commissioning is uncertain.

### 9.1. Goodwill

On 28 March 2018 the Moldovan company Eurotransgaz S.R.L. owned by "SNTGN Tansgaz" S.A. Romania, concluded as buyer with the Public Property Agency of the Republic of Moldova, the contract for the sale and purchase of the single asset complex - state-owned enterprise Vestmoldtransgaz, the resulting goodwill being RON 10,082,934.

The company has carried as at 31/12/2024 out an impairment test in respect of the goodwill for its investment of the Moldova operations and did not identify any elements that would lead to goodwill impairment.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 10. FINANCIAL ASSETS

Financial assets consist of shares in unlisted companies. The fair value of these investment as at 31 March 2025 and 31 December 2024 is zero:

<u>Company</u>	<u>Activity</u>	<u>% Percentage owned 2025</u>	<u>% Percentage owned 2024</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Resial SA	Production	-	68,16	-	-
Mebis SA	Gas production distribution and supply	17,47	17,47	-	-

#### *Shares in Resial SA*

Shares owned in Resial SA were obtained in December 2003, as a result of a procedure for the recovery of claims due from a client. Resial SA went into liquidation in 2006; the procedure is carried out by a bailiff appointed by the court.

According to the Insolvency Proceedings Bulletin no. 19144/24.11.2023, the bankruptcy proceedings of Resial SA were closed by Decision no. 230/F/16.11.2023, which became final by Decision 50/21.05.2024, Resial SA being struck off the Commercial Register without Transgaz recovering any amounts from the value of the shareholding.

#### *Shares in Mebis SA*

Shares owned in Mebis SA were obtained in February 2004, as a result of a procedure for the recovery of claims due from a client. Mebis SA is in the liquidation procedure, which is why the stake in Mebis SA was fully adjusted. The company has no obligations to Mebis SA.

In case of the financial assets held by Transgaz, i.e. Mebis SA and Resial SA, the application of IFRS 9 has no impact whatsoever, as such assets are measured at the fair value by the profit and loss account and 100% impairment adjustments were established

### 11. INVENTORIES

	<u>31 March 2025</u> <u>(unaudited)</u>	<u>31 December 2024</u>
Gas inventories for balancing purposes	321,844,672	307,812,978
Gas for technological consumption	70,647,035	105,370,085
Spare parts and materials	157,118,833	156,576,284
Materials in custody at third parties	62,697,562	1,914,056
Adjustments for inventory write-downs	<u>(57,524,552)</u>	<u>(57,530,775)</u>
	<b><u>554,783,550</u></b>	<b><u>514,142,628</u></b>

ANRE Order 160/2015 sets the obligations of Transgaz, as the transmission system operator, regarding the balancing of the national transmission system.



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The company does not hold any restricted inventories and has established safety inventories amounting to Lei 12,471,393 as at 31 March 2025 (12,471,393 lei as at 31 December 2024).

Discharge for the balancing activity is achieved by applying the weighted average cost method, and for the remaining operations by applying the first-in-first-out method (FIFO).

Movements in the adjustments account are analysed below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Adjustment on 1 January expense with adjustment for inventory write-downs (Note 23)	57,530,775	46,494,077
	<u>(6,223)</u>	<u>11,036,698</u>
Adjustment at the end of the period	<b><u>57,524,552</u></b>	<b><u>57,530,775</u></b>

In 2025 adjustments for inventory write-downs were established according to Note 3.10.

Since 2022 the company has recorded a provision for the negative difference between the quantities of natural gas invoiced as initial imbalance and the final monthly imbalances, which will be requested to ANRE for recovery through the neutrality tariff.

## 12. TRADE RECEIVABLES AND OTHER RECEIVABLES

### 12.1 Trade receivables

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Trade receivables	1,027,932,013	1,017,843,820
Adjustment of impairment of trade receivables	<u>(675,970,583)</u>	<u>(671,995,521)</u>
	351,961,430	345,848,299

At 31 March 2025, the amount of 167,714,792 lei (31 December 2024: 163,531,609 lei) of trade and other receivables net is denominated in foreign currency of which 5% in USD (31 December 2024: 4%) and 95% in EUR (31 December 2024: 96%).

### 12.2 Other receivables

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Advance payments to suppliers for goods and services	619,815	339,131
State budget receivables	27,116,037	50,694,980
Other receivables	145,170,213	116,030,598
Other assets	906,984	906,984
Adjustment of impairment of other receivables	<u>(62,720,853)</u>	<u>(63,924,050)</u>
	<b><u>111,092,196</u></b>	<b><u>104,047,643</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In 2020, the Company administratively challenged the tax decision regarding additional fiscal payment obligations amounting to lei 7,642,671 issued by ANAF in 2020 consisting of income tax and VAT and constituted an adjustment, which was maintained in 2023.

In 2024 the amount of the tax assessment decision was reduced to lei 2,806,218 being reduced by the Company the amount of the adjustment.

In July 2022 the Company paid the amount of 29,277,726 lei, to which it was bound by Arbitral Award no. 39/06.06.2022, rendered by the Arbitral Tribunal in case no. 107/2018, following the conclusion of the arbitration proceedings concerning the non-fulfilment of obligations under the supply contract for "Software Licences for Additional I/Os/Bandwidth Upgrade for SCADA System", a contract concluded by Transgaz with the Association consisting of RMG REGEL UND MESSTECHNIK GmbH Germany, IDS GmbH Germany and General Fluid S.A. Bucharest. The company appealed the arbitral tribunal's decision in court and recorded an impairment allowance of 29,277,726 lei as at 31 December 2022. This adjustment was maintained as at 31 March 2025 as well.

The advance payments granted to the company in the context of the contractual relationships are guaranteed by the suppliers by letters of bank guarantee.

### 12.3 Other receivables related to the Concession Agreement

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Receivable related to the regulated value remaining unamortized at the end of the concession agreement	<u>2.722.570.044</u>	<u>2.648.907.892</u>

According to ANRE Order no. 41/2019 the value of the assets recognised in the Regulated Asset Base is adjusted to the inflation. The Company recalculated the amount of the receivable related to the Concession Agreement and recognized a gain amounting to 55,916,048 lei in accordance with IFRS 9 (31 December 2024: 127,698,456 lei).

According to IFRS 9.B5.4.5 in cases where there is an inflation adjustment embedded in the cash flows of a financial instrument, the adjustment for inflation is typically treated as part of the total contractual cash flows and is included in the effective interest rate calculation. As such, the inflation adjustment will contribute to the recognition of interest income over time.

In practice, the inflation adjustment will be reflected in the interest income recognized in profit or loss, as part of the overall effective interest rate calculation, which takes into account both the nominal interest rate and any inflation-related adjustments that affect the cash flows of the instrument.

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
<b>Initial balance</b>	2,648,907,892	2,392,525,261
Additions	1,757,920	76,202,595
Interest accrued	15,988,184	59,648,308
Inflation update	55,916,048	127,698,456
Disposals	<u>-</u>	<u>(7,166,728)</u>
	<u>2,722,570,044</u>	<u>2,648,907,892</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In 2019, ANRE Order no. 41/2019 on the adjustment of Regulated Asset Base to the inflation rate. The Company records the present value of the contractual cash flows recalculated as a result of the adjustment of the Regulated Asset Base with the yearly inflation rate and recognizes a gain or loss from the change in the profit or loss account.

This method is in accordance with IFRS 9.B5.4.5, is based on the traditional approach of accounting for floating-rate debt instruments. Rather than taking account of expectations of future inflation it takes account of inflation only during the reporting period.

Trade receivables analysis according to IFRS9 is as follows:

\* Transfers / Additions - due to the use of the bifurcated model under IFRIC 12, when an improvement or extension of an NTS is commissioned, the respective value is split between a long-term financial asset (note 12.3) and an intangible asset (note 9).

Given that the Long term concession receivable is guaranteed by the Romanian state, the Group considered the potential impairment using ECL model to be immaterial for these financial statements.

### 12.4 Analysis of receivable impairment

#### Trade receivables

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
<b>Unimpaired</b>		
Transit receivables	157,264,775	154,558,999
Contingent or insolvency receivables	163,137,963	153,388,965
Related party receivables	285,934,897	300,049,254
Other trade receivables	<u>421,342,697</u>	<u>409,846,602</u>
Total	1,027,680,331	1,017,843,820
<b>Impairment by category</b>		
Transit receivables	157,264,775	154,558,999
Contingent or insolvency receivables	163,137,967	153,388,969
Affiliated party receivables	139,171,906	151,830,188
Other trade receivables	<u>215,279,824</u>	<u>212,217,368</u>
Total impairment	674,854,472	671,995,524
Total trade receivables net of provision	352,825,859	345,848,296

#### Receivables from various debtors

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
<b>Unimpaired</b>		
Receivables from various debtors	60,746,411	61,150,527
<b>Impairment</b>		
Receivables from various debtors	58,557,754	55,798,255
Total debtors' receivables net of provision	2,188,657	5,352,272

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

On 24.12.2020, the Agreement on the Termination of the Legacy Contract on the T3 transit pipeline was signed between SNTGN Transgaz S.A. and Gazprom Export LLC for the period 01.12.2020 - 31.12.2023, which ensures the collection of the outstanding amounts under the historical contract and allows the booking of transmission capacities on entry/exit points in/out of the NTS and on international transmission pipelines. The transit receivables category includes invoices issued on the basis of the Agreement on Termination of the Legacy Contract after October 2022, invoices that have not been paid by Gazprom Export LLC and for which Transgaz has initiated legal proceedings necessary to recover the outstanding debt recorded.

IFRS 9 applies a new model for expected impairment loss based on the estimated loss. This model entails the expected recognition of the loss from receivables impairment. The standard requires entities to recognize the expected impairment loss on receivables from the time of initial recognition of financial instruments, and to recognize the anticipated impairment loss over their lifetime. The amount of expected loss will be updated for each reporting period so as to reflect changes in credit risk as compared to initial recognition.

For the application of IFRS 9 on the held receivables, based on a loss estimation model, the client's categories were reconsidered starting from the IFRS 9 principle for the anticipation of a non-cashing in risk related to the current receivables.

Risk exposure for trade and receivables and other debtors:

<b>31 March 2025</b>	<b><u>Gross value</u></b>	<b><u>Expected loss rate</u></b>	<b><u>Expected lifetime loss</u></b>
Current receivables including invoices to be issued	320.211.434	3%	10,617,123
Overdue by up to 30 days	134.824.975	8%	13,485,866
Overdue by up to 60 days	285.368	20%	57,074
Overdue by up to 90 days	2.331.090	30%	699,327
Overdue by up to 120 days	1.427.072	35%	499,475
Overdue by up to 150 days	1.724.289	60%	1,034,574
Overdue by over 150 days	712.297.997	100%	712,297,997
Total receivables	1.173.102.225		738,691,436

<b>1 December 2024</b>	<b><u>Gross value</u></b>	<b><u>Expected loss rate</u></b>	<b><u>Expected lifetime loss</u></b>
Current receivables including invoices to be issued	352,405,304	1%	4,390,655
Overdue by up to 30 days	1,285,026	85%	1,552,016
Overdue by up to 60 days	1,914,542	88%	1,683,383
Overdue by up to 90 days	466,405	87%	404,894
Overdue by up to 120 days	6,744,777	54%	3,632,829
Overdue by up to 150 days	1,662,473	97%	1,614,178
Overdue by over 150 days	714,515,820	100%	<u>714,515,824</u>
Total receivables	1,078,994,347		727,793,779

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The company constantly analyses the customers' situation and records adjustments whenever there are indications of an increase in the non-collection risk.

As at 31 March 2025, the Company has recorded adjustments for receivables with an increased risk of non-collection, mainly for Gazprom Export LLC LLC (2.706.473 lei) and Black Sea Oil&Gas SA (590,776 lei), due to the financial situation of these customers and the ongoing litigations concerning these receivables.

The payment of the equivalent value of the invoices for the natural gas transmission services, issued according to the provisions of the Network Code, is made within 15 calendar days from the date of issuing the invoice. If the due date is a non-working day, the deadline is considered fulfilled on the next working day.

Movements in the provision account are analysed below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Adjustment on 1 January	735,919,571	747,288,265
Expense with the adjustment for contingent clients (Note 23)	9,383,302	47,156,660
(Reversing the adjustment for contingent clients (Note 23)	(8,381,785)	(44,694,467)
Adjustment at the end of the period	<u>736,921,088</u>	<u>735,919,571</u>

Top 5 clients by balance at 31 March 2025:

<b>CLIENT</b>	<b>Client balance</b>	<b>Adjustment made</b>
GAZPROM EXPORT	158,421,950	158,421,950
ELECTROCENTRALE CONSTANTA	105,300,281	105,300,281
E.ON ENERGIE ROMANIA SA.	95,031,869	-
ENGIE ROMANIA S.A.	50,478,318	-
OMV PETROM SA	47,137,976	-

Top 5 clients by balance at 31 December 2024:

<b>CLIENT</b>	<b>Client balance</b>	<b>Adjustment made</b>
GAZPROM EXPORT	155,715,477	155,715,477
ELECTROCENTRALE CONSTANTA	106,779,570	106,779,570
E.ON ENERGIE ROMANIA SA.	85,306,029	-
ENGIE ROMANIA S.A.	75,315,856	-
OMV PETROM SA	51,217,004	-

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

**13. CASH AND CASH EQUIVALENT**

Cash at bank in foreign currency is mostly denominated in EUR.

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Cash at bank in lei	943,958,140	1,053,754,754
Cash at bank in foreign currency	20,700,850	10,424,349
Other cash equivalents	<u>159,387</u>	<u>120,084</u>
	<b><u>964,818,377</u></b>	<b><u>1,064,299,187</u></b>

Most of the foreign currency cash at the bank is denominated in EUR.

The weighted average of the effective interest related to short-term bank deposits was of 4.94% on 31 March 2025 (3.31% on 31 December 2024) and these deposits have a maximum maturity of 30 days.

**14. SHARE CAPITAL AND SHARE PREMIUM**

	<b><u>Number of ordinary shares</u></b>	<b><u>Share capital</u></b>	<b><u>Share premium</u></b>	<b><u>Total</u></b>
On 31 December 2024	188,381,504	1,883,815,040	247,478,865	2,131,293,905
On 31 March 2025	188,381,504	1,883,815,040	247,478,865	2,131,293,905
Capital adjustment to the hyperinflation accumulated on 31 December 2003	<u>-</u>	<u>441,418,396</u>	<u>-</u>	<u>441,418,396</u>
On 31 December 2024	188,381,504	2,325,233,436	247,478,865	2,572,712,301
On 31 March 2025	188,381,504	2,325,233,436	247,478,865	2,572,712,301

The authorized number of ordinary shares registered at the National Trade Registry Office is 188,381,504 (31 December 2024: 188,381,504) with a nominal value of LEI 10 each.  
Each share represents one vote.

The ownership structure registered with Depozitarul Central on 31 March 2025 is the following:

	<b><u>Number of ordinary shares</u></b>	<b><u>Statutory value (lei)</u></b>	<b><u>Percentage (%)</u></b>
The Romanian state, represented by the General Secretariat of the Government	110,221,440	1,102,214,400	58.5097
Other shareholders	<u>78,160,064</u>	<u>781,600,640</u>	<u>41.4903</u>
	<b><u>188,381,504</u></b>	<b><u>1,883,815,040</u></b>	<b><u>100.0000</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The ownership structure registered with Depozitarul Central on 31 December 2024 is the following:

	<b><u>Number of ordinary shares</u></b>	<b><u>Statutory value (lei)</u></b>	<b><u>Percentage (%)</u></b>
The Romanian state, represented by the General Secretariat of the Government	110,221,440	1,102,214,400	58.5097
Other shareholders	<u>78,160,064</u>	<u>781,600,640</u>	<u>41.4903</u>
	<u>188,381,504</u>	<u>1,883,815,040</u>	<u>100.0000</u>

In the statutory accounting, before 1 January 2012, the company included in the share capital certain reserves from revaluation for revaluations made before 31 December 2001. In order to prepare these financial statements according to Order no. 2844/2016 of the Minister of Finance, such increases were not recognized, because adjustments to hyperinflation for non-current assets were annually recognized in the statement of comprehensive income by 31 December 2003. Therefore, in this financial statements, the company recorded only the share capital from cash or in-kind contribution, adjusted to inflation from the date of the initial contribution on 31 December 2003 and the increase in the share capital that took place after 1 January 2004 was recognized in nominal terms.

### 15. OTHER RESERVES, LEGAL RESERVE AND RETAINED EARNINGS

#### ***Other reserves***

Before IFRIC 12, a proper reserve related to assets belonging to the public domain (Notes 3.6 and 5.2) was included in equity as `Reserve of the public domain` at the value of the respective assets restated depending on inflation until 1 January 2004. It was renamed `Other reserves` at the adoption of IFRIC 12 (Note 3.5), to reflect the change in the statute of the related assets. The Company does not intend to change the allocation of deferred income arising from the first-time adoption of IAS 29.

#### ***Legal reserve***

In accordance with the Romanian law and the company's Articles of Incorporation, the Transgaz must transfer five percent of the profit from the statutory financial statements in a statutory reserve of up to 20% of the statutory share capital. The balance of the statutory reserve, which is not available for allocation on 31 March 2025, amounts to lei 78,670,680 (31 December 2024: 78,670,680 lei).

The legal reserve is included in the `Retained earnings` in these financial statements. The company does not intend to change the allocation of the legal reserve.

#### ***Reserve relating to reinvested profit***

The balance of the invested profit reserve as at 31 Marh 2025 is lei 58,121,457 (31 December 2024 lei 58,121,457).

The Ordinary General Meeting of Shareholders approved the constitution from the 2023 profit a reserve in the amount of 40,845,861 lei representing tax incentives provided for by Law 227/2015



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

on the Tax Code on the profit invested in technological equipment-machinery, machinery and work installations, electronic computers and peripheral equipment, cash register, control and invoicing machines and appliances, as well as in software, produced and/or purchased and put into operation, used for the purpose of carrying out the economic activity, amended in 2023 by GO 16/2022 which extended the exemption from payment of reinvested profits also for some categories of assets related to the refurbishment.

The reserve for reinvested profits was carried out after the approval of the profit distribution by the general meeting of shareholders, in accordance with the law.

### **Dividend allocation**

In 2024, the company declared a dividend of lei 0.35 /share, related to the profit of the previous year (2023: lei 0,7 /share). The total dividends declared from the profit of 2023 are lei 65,933,526 (dividends declared from the profit of 2022: lei 131,867,052).

### **Non controlling interest**

For the purpose of consolidating this set of financial statements, the non-controlling interest in the Vestmoldtransgaz share capital of lei 122,928,260 (MDL 480,376,164) on 31 March 2025, lei 106,827,168 (MDL 414,701,738) on 31 December 2024 represents EBRD's share in the total net assets of Vestmoldtransgaz S.R.L. (lei 0.2576 on 31 December 2024).

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Non-controlling interests		
Shareholders' deposits (EBRD)	107.136.408	100.320.862
Net profit for the period	16.526.629	6.601.772
Foreign currency translation reserve	<u>(734.776)</u>	<u>213.774</u>
Non-controlling interests	122.928.260	107.136.408

## **16. LONG-TERM BORROWINGS**

Loans breakdown by maturity range:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	346,994,147	346,864,337
Over 1 year	<u>3,064,348,299</u>	<u>3,406,202,889</u>
<b>Total</b>	<b><u>3,411,342,446</u></b>	<b><u>3,753,067,226</u></b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

The amount of long-term loans recorded by the Company as at 31 March 2025:

	<b><u>31 March 2025</u></b>	<b><u>31 December 2024</u></b>
	<b>(unaudited)</b>	
BEI 83644RO	163,248,880	166,134,940
BEI 88825RO	184,355,847	189,203,207
BEI 89417RO	248,855,000	248,705,000
BEI 90512RO	497,710,000	497,410,000
BEI ETG 90703	160,355,193	168,155,419
BCR 20190409029	119,040,000	126,480,000
BCR 20201028056	259,200,000	259,200,000
BCR 20210817030	70,833,331	74,999,998
BCR 20211124044	165,000,000	165,000,000
BERD	177,880,320	188,997,840
Syndicated BCR	238,484,071	238,484,071
Syndicated BT	238,484,071	238,484,071
Syndicated CEC	85,854,265	85,854,265
Syndicated Raiffeisen	238,484,071	238,484,071
Syndicated Unicredit	118,693,522	118,693,522
BT	-	280,668,392
Raiffeisen Bank	245,963,875	269,312,430
BRD GSG	<u>198,900,000</u>	<u>198,800,000</u>
<b>Total</b>	<b><u>3,411,342,446</u></b>	<b><u>3,753,067,226</u></b>

As at 31 March 2025, the balance of interest due on the loans contracted by the company is 26,958,756 lei, detailed by loan as follows:

	<b><u>31 March 2025</u></b>	<b><u>31 December 2024</u></b>
	<b>(unaudited)</b>	
BEI 83644RO	646,948	433,204
BEI 88825RO	1,274,880	1,502,740
BEI 89417RO	1,212,629	1,377,066
BEI 90512RO	1,973,876	2,224,708
BEI ETG 90703	114,156	2,302,359
BCR 20190409029	2,561,930	744,492
BCR 20201028056	6,333,712	2,533,485
BCR 20210817030	332,005	1,410,411
BCR 20211124044	3,281,466	799,685
BERD	1,205,386	1,253,055
Syndicated BCR	1,808,504	1,631,448
Syndicated Unicredit	900,093	811,971
Syndicated BT	1,808,504	1,631,448
Syndicated CEC	651,062	587,321
Syndicated Raiffeisen	1,808,504	1,631,448
BRD	1,045,101	1,042,222
Raiffeisen	-	-
	<b><u>26,958,756</u></b>	<b><u>21,917,063</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### The European Investment Bank (EIB)

The company signed with the European Investment Bank the following loans for the financing of the project `Development on the Romanian territory of the National Gas Transmission System on the Bulgaria – Romania – Hungary – Austria corridor` (BRUA Phase 1).

- Loan Agreement no. 83644RO concluded on 27.10.2017 for the amount of EUR 50 million, fixed interest rate, maturity of 15 years, grace period of 3 years at principal repayment.
- Loan Agreement no.88825RO concluded on 14.12.2017 for the amount of EUR 50 million, with disbursements in lei or EUR (at the choice of the company), with fixed or variable interest (at the choice of the company), maturity of 15 years, the grace period of 3 years of repayment of the principal.

The company signed with the EIB the following loans for the financing of the project `Development on the Romanian territory of the Southern Transmission Corridor for taking over Black Sea gas` (Black Sea - Podișor):

- the Loan Agreement no.89417RO dated 17.12.2018 for the amount of EUR 50 million, maturity of 15 years, grace period of 3 years at principal repayment.
- the Loan Agreement no. 90512RO dated 24 January 2019 for the amount of EUR 100 million, maturity of 15 years, grace period of 3 years at principal repayment.

On 24 January 2019, the Company signed a loan agreement with the European Investment Bank for an amount of EUR 38 million, maturity of 15 years, grace period of 3 years for the repayment of the principal, for the purpose of financing the project "Construction of the pipeline interconnecting the national natural gas transmission system of the Republic of Moldova with the natural gas transmission system of the European Union, through Romania, in the direction Ungheni - Chisinau".

The financial commitments undertaken by the loan agreements requires the company to comply with the negotiated limits of the following financial indicators: the ratio of the total net debts to the Borrower's RAB, the net leverage ratio and the Interest coverage rate.

The Borrower's own RAB means the Borrower's undepreciated regulated asset base, as recognized by the National Energy Regulatory Authority (ANRE).

Below we present the accepted limits of the indicators and the calculation formula, noting that for the reporting periods ended 31 March 2025 and 31 December 2024 reporting periods all indicators have been met:

The maturity of the loan 83644RO from the EIB is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	19,908,400	19,896,400
Between 1 and 5 years	79,633,600	79,585,600
Over 5 years	<u>63,706,880</u>	<u>66,652,940</u>
	<b><u>163,248,880</u></b>	<b><u>166,134,940</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In 2019 the company received under Loan Agreement no. 88825RO two tranches totalling EUR 50 million.

The maturity of the loan 88825RO from the EIB is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	19,845,893	19,833,930
Between 1 and 5 years	79,383,573	79,335,724
Over 5 years	<u>85,126,381</u>	<u>90,033,553</u>
	<b><u>184,355,847</u></b>	<b><u>189,203,207</u></b>

In July 2023 the company received under Loan Agreement no. 89417RO the first tranche of EUR 25 million and in June 2024 the final tranche of EUR 25 million.

The maturity of the loan 89417RO from the EIB is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	68,562,092	63,445,153
Over 5 years	<u>180,292,908</u>	<u>185,259,847</u>
	<b><u>248.855.000</u></b>	<b><u>248.705.000</u></b>

In July 2023 the company received under Loan Agreement no. 90512 RO the first tranche of EUR 25 million and in June 2024 the final tranche of EUR 75 million.

The maturity of the loan 90512 RO from the EIB is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	129,506,173	119,276,887
Over 5 years	<u>368,203,827</u>	<u>378,133,113</u>
	<b><u>497,710,000</u></b>	<b><u>497,410,000</u></b>

At 24 April 2020, the Company received the first tranche of EUR 22 million from the EIB loan No 90703RO and on 22 January 2021, the second tranche of EUR 16 million.

The EBRD 90703RO loan maturity is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	7,879,074	15,752,300
Between 1 and 5 years	63,032,588	63,009,201
Over 5 years	<u>89,443,531</u>	<u>89,393,918</u>
	<b><u>160,355,193</u></b>	<b><u>168,155,419</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### The European Bank for Reconstruction and Development (EBRD)

At 23 February 2018 Transgaz signed with EBRD a contract amounting to lei 278 million, the equivalent of EUR 60 million, for the financing of the BRUA Project.

The loan was fully disbursed by two equal disbursements: on 29 April 2020 and on 29 May 2020.

The EBRD loan maturity is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	22,235,040	22,235,040
Between 1 and 5 years	88,940,160	88,940,160
Over 5 years	<u>66,705,120</u>	<u>77,822,640</u>
	<b><u>177,880,320</u></b>	<b><u>188,997,840</u></b>

The carrying amount of loans approximates their fair value as they bear a variable interest rate.

### The Romanian Commercial Bank (BCR)

The company signed on 24.04.2019 the contract no. 20190409029 with the Romanian Commercial Bank for committing the financing in the amount of 186 million lei, the equivalent of 40 million EUR, with drawing and repayment in lei, maturity 15 years, grace period for principal repayment of 3 years, variable interest for the financing of the project Development on the Romanian territory of the National Gas Transmission System on the Bulgaria – Romania – Hungary – Austria corridor` (BRUA Phase 1).

The BCR loan no. 20190409029 is fully disbursed and its maturity is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	14,880,000	14,880,000
Between 1 and 5 years	59,520,000	59,520,000
Over 5 years	<u>44,640,000</u>	<u>52,080,000</u>
	<b><u>119,040,000</u></b>	<b><u>126,480,000</u></b>

On 29.10.2020, the Company signed contract no.20201028056 with Banca Comercială Română contemplating the Company's benefiting from a lei 360 million loan for a period of 13 years, destined to refinance two major projects carried out by Transgaz: "National Transmission System Developments in the North Eastern part of Romania (Onești - Gherăești - Lețcani)" and "The interconnection of the National Transmission System with the international gas transmission pipeline T1 and reverse flow at Isaccea Phase II (Onești - Siliștea)".

BCR loan no. 20201028056 is fully collected and its maturity is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	28,800,000	28,800,000
Between 1 and 5 years	115,200,000	115,200,000
Over 5 years	<u>115,200,000</u>	<u>115,200,000</u>
	<b><u>259,200,000</u></b>	<b><u>259,200,000</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

On 17.08.2021, the Company signed contract no. 20210817030 with Banca Comercială Română contemplating the Company's benefiting from a lei 100 million loan for a period of 12 years, destined to refinance the project "National Transmission System Developments in the North Eastern part of Romania (Onești - Gherăești - Lețcani)".

BCR loan no. 20210817030 is fully collected and its maturity is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	8,333.334	8,333.334
Between 1 and 5 years	33,333.336	33,333.336
Over 5 years	<u>29,166.661</u>	<u>33,333.328</u>
	<b><u>70,833.331</u></b>	<b><u>74,999.998</u></b>

On 24.11.2021, the Company signed contract no. 20211124044 with Banca Comercială Română contemplating the Company's benefiting from a lei 220 million loan for a period of 12 years, destined to refinance the project: "National Transmission System Developments in the North Eastern part of Romania (Onești - Gherăești - Lețcani)".

BCR loan no. 20211124044 is fully collected and its maturity is presented below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	18,333.333	18,333.333
Between 1 and 5 years	73,333.333	73,333.333
Over 5 years	<u>73,333.334</u>	<u>73,333.334</u>
	<b><u>165,000,000</u></b>	<b><u>165,000,000</u></b>

### Transilvania Bank (BT)

On 15 July 2020, as a result of a competitive negotiation procedure, the company signed a contract with Transilvania Bank allowing the company to benefit from a credit facility amounting to lei 300 million, for 2 years, to cover the necessary working capital and partly to issuing letters of guarantee. By Addendum No. 1/20.12.2021, Addendum No. 4/22.03.2023 and Addendum No. 5/14.06.2024 the parties agreed successive extensions of the final maturity date of the loan agreement until 13.06.2026.

Following the annulment of the letter of guarantee issued in favour of ANAF, the Addendum no.6 was concluded with Banca Transilvania, signed on 27.11.2024, for the inclusion of the amount of 153,000,000 lei in the cash threshold of the facility, the new amount of the commitment becoming 453,000,000 lei.

As at 31 March 2025, 0 lei (2024: 280,668,392 lei) of the total credit line was used and the amount of 23,250,000 lei (2024: 12,250,000 lei) from the threshold for the issuing of letters of guarantee was used to cover two bank letters of guarantee issued in favour of third parties. The Company believes that the conditions for presenting the credit line under the long-term loan category are met.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### RAIFFEISEN BANK

The company signed on 14 July 2022, following a competitive negotiation procedure, an agreement with Raiffeisen Bank under which it benefits from a credit facility of 300 million lei for a period of 2 years, intended to finance working capital for the commercial balancing activity. By Addendum No. 1/11.07.2024, the loan term was extended by 24 months as of the execution date.

As at 31 March 2025 the credit facility is drawn down to the level of 245,963,875 lei (2024: lei 269,312,430). The obligation is presented under long-term.

### BRD GROUPE SOCIETE GENERALE

The company signed on 2 August 2023, following a competitive negotiation procedure, an agreement with BRD Groupe Societe Generale, whereby it benefits from a credit facility of 200 million lei for a period of 2 years, intended to finance working capital for the commercial balancing activity.

As at 31 March 2025 the credit facility is drawn down to the maximum level of 198,900,000 (2024: 198,800,000) lei. The obligation is presented under short-term loans.

### SYNDICATED LOAN

On 31.07.2024, the company signed a syndicated loan agreement for a total amount of lei 1,928,850,000 to ensure the financing of investment projects included in the National Natural Gas Transmission System Development Plan. The banks participating in the transaction are Banca Transilvania, Banca Comercială Română, Raiffeisen Bank, UniCredit Bank and CEC Bank.

At the reporting date the amount drawn from this loan is lei 920,000,000.

The maturity of the amount drawn from the BCR syndicated loan is shown below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	76.314.903	66.775.540
Over 5 years	<u>162.169.168</u>	<u>171.708.531</u>
	<b><u>238.484.071</u></b>	<b><u>238.484.071</u></b>

The maturity of the amount drawn from the BT syndicated loan is shown below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	76.314.903	66.775.540
Over 5 years	<u>162.169.168</u>	<u>171.708.531</u>
	<b><u>238.484.071</u></b>	<b><u>238.484.071</u></b>

The maturity of the drawn amount of the syndicated CEC loan is shown below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	27,473,365	24,039,194
Over 5 years	<u>58,380,900</u>	<u>61,815,071</u>
	<b><u>85,854,265</u></b>	<b><u>85,854,265</u></b>



# **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(expressed in lei, unless otherwise stated)

The maturity of the drawn amount of the syndicated Raiffeisen Bank loan is shown below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	76.314.903	66.775.540
Over 5 years	<u>162.169.168</u>	<u>171.708.531</u>
	<b><u>238.484.071</u></b>	<b><u>238.484.071</u></b>

The maturity of the drawn amount of the Unicredit syndicated loan is shown below:

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Within 1 year	-	-
Between 1 and 5 years	37,981,927	33,234,186
Over 5 years	<u>80,711,595</u>	<u>85,459,336</u>
	<b><u>118,693,522</u></b>	<b><u>118,693,522</u></b>

The exposure of the company's loans to the changes of the interest rate is as follows:

	<b><u>31 March 2025</u></b>		<b><u>31 December 2024</u></b>		<b><u>1 January 2024</u></b>	
	<b>Accounting value</b>	<b>Fair value</b>	<b>Accounting value</b>	<b>Fair value</b>	<b>Accounting value</b>	<b>Fair value</b>
Variable interest rate loans	3,248,093,566	3,248,093,566	3,586,932,286	3,586,934,511	2,295,529,071	2,295,529,071
Fixed interest rate loans	<u>163,248,880</u>	<u>147,975,655</u>	<u>166,134,940</u>	<u>147,813,795</u>	<u>186,050,040</u>	<u>158,294,282</u>
Total	<b><u>3,411,342,446</u></b>	<b><u>3,396,069,221</u></b>	<b><u>3,753,067,226</u></b>	<b><u>3,734,748,306</u></b>	<b><u>2,481,579,111</u></b>	<b><u>2,453,823,353</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 17. DEFERRED REVENUE

Based on the connection contracts, the necessary infrastructure is built to ensure the estimated transmission capacity to be used over the duration of the concession agreement.

<b>Connections</b>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Initial balance	136.266.747	135.223.335
Increases	-	15.332.544
Revenue from connection fees (Note 22)	<u>(3.594.916)</u>	<u>(14.289.132)</u>
Final balance	<b><u>132.671.831</u></b>	<b><u>136.266.747</u></b>

<b>Non-reimbursable funding</b>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Initial balance	1,025,577,142	741,382,632
Increases	-	369,637,301
Income from non-reimbursable funds -grants (Note 22)	<u>(21,354,331)</u>	<u>(85,442,791)</u>
Final balance	<b><u>1,004,222,810</u></b>	<b><u>1,025,577,142</u></b>

<b>Assets received free of charge</b>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Initial balance	83.032.221	87.293.377
Increases	4.556	1.222.046
Income from goods taken over free of charge (Note 22)	<u>(1.333.161)</u>	<u>(5.483.202)</u>
Final balance	<b><u>81.703.617</u></b>	<b><u>83.032.221</u></b>

The balance of the deferred revenue consists of:

	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
Connections	132,671,831	136,266,747
Assets received free of charge	81,703,617	83,032,221
Grants	<u>1,004,222,810</u>	<u>1,025,577,142</u>
	<b><u>1,218,598,257</u></b>	<b><u>1,244,876,110</u></b>

The connections and other assets taken over free of charge from third parties (MRSs, pipelines) do not result from investments made by TRANSGAZ and are classified as Transgaz' own assets.

The company obtained from the European Union through the Innovation and Networks Executive Agency (INEA), for the BRUA project, a grant amounting to 1,519,342 Euro, representing 50% of the estimated eligible expenses, awarded to finance the design for the three compressor stations of the project (Podișor, Bibești and Jupa) and a grant amounting to 159,449,379 Euro, representing 40% of the estimated eligible expenses, awarded to finance the implementation works of the BRUA Phase I project.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The following amounts were received as pre-financing for the financing of the implementation works of the BRUA Phase I project: EUR 25,834,489.60 (in 2016), EUR 13,839,087.37 (in 2018), EUR 29,192,463.92 (in 2019), EUR 37,740,347 (in 2020) and EUR 20,953,114.91 in 2021. On 19 July 2022 the amount of EUR 21,129,634.05 was received from INEA.

The following amounts were received as pre-financing to finance the implementation of the BRUA Phase I project: EUR 25,834,489.60 (in 2016) and EUR 13,839,087.37 (in 2018) and EUR 29,192,463.92 (in 2019), EUR 37,740,347 (in 2020) and EUR 20,953,114.91 in 2021. On 19 July 2022 the amount of EUR 21,129,634.05 was received from INEA.

On 22.11.2018 the company signed with the Ministry of European Funds AM POIM Financing Contract 226 for non-reimbursable financing for the implementation of the draft project code MYSMIS 2014-122972 NTS developments in North-East Romania for enhancing gas supply to the area and for ensuring transmission capacities to the Republic of Moldova within the Specific objective 8.2 – Increasing the interconnectivity of the National Transmission System with neighbouring states. The amount of the grant is lei 214,496,026.71, namely 32.53% of the value of the eligible expenses.

For the financing of the works for the implementation of the project NTS developments in North-East Romania for enhancing gas supply to the area and for ensuring transmission capacities to the Republic of Moldova, the amount of lei 203,657,168 was collected as eligible expenses grant funding.

On 18.06.2020 the company signed Grant Agreement no. HCOP/685/3/8/132556 on the implementation of the project „TransGasFormation” Code 132556 for the amount of LEI 701,259.60 with the Ministry of European Funds, as Management Authority for the Human Capital Operational Programme.

In 2024, the company concluded two grant agreements for the projects: Black Sea - Podișor natural gas transmission pipeline, for which it received pre-financing in February amounting to lei 243,216,983.06 and Ghercești-Jitaru natural gas transmission pipeline (including power supply, cathodic protection and fiber optics). The contracts were concluded based on EC Decision No C(2023) 3643 of 30.05.2023, by which the projects were allocated grants under the Modernization Fund in total amount of EUR 93,582,770:

- Black Sea - Podișor natural gas transmission pipeline: EUR 85,544,422;
- Ghercești-Jitaru natural gas transmission pipeline (including power supply, cathodic protection and optical fiber): EUR 8,038,348.

As at 27 September 2024, the Company concluded with the Ministry of Energy the financing contract for "Increasing the transmission capacity of the NTS and the security of natural gas supply of the Ișalnița Electrocentrale branch (Dolj County) and the Turceni Electrocentrale branch (Gorj County)". The financing is provided from the Modernization Fund and amounts to approximately EUR 8.5 million.

On 04.09.2024 the Government Decision no.1102/04.09.2024 (published in the Official Gazette no. 904/06.09.2024) approved the financing from the Environment Fund of three natural gas transmission projects worth 500,000,000 lei, for which Transgaz has concluded financing contacts in 2024, namely:

- Gas transmission pipeline Prunișor - Orșova - Băile Herculane-Jupa (including electricity supply, cathodic protection and fiber optics): lei 229,108,514.31 lei;
- Gas transmission pipeline Tetila - Horezu - Râmnicu Vâlcea (including power supply, cathodic protection and fiber optics) lei 101,713,128.45;
- Gas transmission pipeline DN 600 Mihai Bravu - Siliștea and transformation into a piggable pipeline lei 169,178,357.24.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 18. INCOME TAX

#### Income tax expense

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Expense with the income tax - current	84,381,359	72,955,953
Deferred tax - impact of temporary differences	<u>3,998,267</u>	<u>(16,365,105)</u>
Income tax expense	<u>88,379,626</u>	<u>56,590,848</u>

In Q1 2025 and Q1 2024 the Company calculated the income tax at the rate of 16% applied to the profit determined in accordance with the Romanian laws.

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Income before tax	539,826,602	293,260,242
Income/loss (ETG-VMTG)	65,133,955	21,221,300
Theoretical expense with the tax the statutory rate of 16% (2021: 16%)	84,623,125	52,190,736
Non-deductible expenses/non taxable income, net	<u>3,756,501</u>	<u>4,400,112</u>
Income tax expense	<u>88,379,626</u>	<u>56,590,848</u>
Current income tax liability	<u>66,766,862</u>	<u>8,032,200</u>

Depreciation of tangible assets hyperinflation adjustments is a deductible expense with the adoption of EU IFRS as framework of statutory reporting.

At Eurotransgaz the current expenses regarding income tax is calculated based on the taxable income in the statutory financial statements. For tax purposes, the deductibility of certain expenses, such as protocol expenses, is limited to a certain percentage of the profit specified in the tax legislation. On 31 March 2025 the standard rate of income tax was set at 12% (31 December 2024: 12%).

**Deferred tax**

Deferred tax payment and recoverable tax are valued at the actual tax rate of 16% on 31 March 2025 (31 December 2024: 16%). Deferred tax payment and recoverable tax, as well as expenses with/(revenue from) deferred tax recognized in the statement of comprehensive income are attributable to the following items:

	<b><u>31 March 2025</u></b>	<b><u>Movement</u></b>	<b><u>31 December 2024</u></b>	<b><u>Movement</u></b>	<b><u>31 March 2024</u></b>
	<b><u>(unaudited)</u></b>				<b><u>(unaudited)</u></b>
<b>Deferred tax payment</b>					
Tangible and intangible assets	54,637,428	(6,291,752)	48,345,676	(13,845,299)	62,190,974
<b>Recoverable deferred tax</b>					
Provision for					
Employee benefits	(22,573,556)	(75,464)	(22,498,092)	(3,979,863)	(18,518,229)
Other provisions	(13,512,186)	(2,218,021)	(11,294,165)	2,911,968	(14,206,132)
Receivables and other assets	<u>(95,664,923)</u>	<u>-</u>	<u>(95,664,923)</u>	<u>(334,165)</u>	<u>(95,330,758)</u>
	<b>(77,113,237)</b>	<b>3,998,267</b>	<b>(81,111,504)</b>	<b>(15,247,359)</b>	<b>(65,864,145)</b>

Deferred revenue tax liability related to tangible and intangible assets is determined by the fact that: a) the fiscal value of intangible assets does not include inflation update; and b) the nature of public domain property does not represent depreciable assets from a tax perspective, regardless of how they are reflected in the accounts. Temporary differences for receivables and other assets arise from impairment adjustments for bad debts.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The amounts presented in the statement of the financial position include the following:

	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></b>
Deferred tax liabilities/receivables in more than 12 months as reported	<u>(77.113.237)</u>	<u>(81.111.504)</u>
<b>19. TRADE PAYABLES AND OTHER PAYABLES</b>		
<b>19.1 Short term payables</b>		
<b>19.1.a Trade payables</b>		
	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></b>
Trade payables	211.628.002	302.569.512
Suppliers of non-current assets	<u>92.329.513</u>	<u>205.515.532</u>
	<b><u>303.957.515</u></b>	<b><u>508.085.044</u></b>
<b>19.1.b Other payables</b>		
	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></b>
Dividends payable	891,107	949,359
Payables related to royalties	104,392,656	78,505,674
Other taxes	29,144,995	33,266,523
Amounts payable to employees	19,834,415	22,408,093
VAT payable	16,657,167	-
Non-exemptible VAT	22,828,616	3,020,830
Transmission service guarantees	139,040,939	109,569,064
Tender guarantees	103,841,090	105,731,396
Other debts	<u>35.143.150</u>	<u>36.470.434</u>
	<b><u>471.774.135</u></b>	<b><u>389.921.373</u></b>
<b>19.1.c Contract liabilities</b>		
	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></b>
Clients advances	581,345	565,930
Transmission service advances	<u>37.125.899</u>	<u>97.400.045</u>
	<b><u>37.707.244</u></b>	<b><u>97.965.975</u></b>

At 31 March 2025, of the total trade payables and other debts the amount of lei 77,200,230 (31 December 2024: lei 68,523,705) is expressed in foreign currency, especially in EUR.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 (expressed in lei, unless otherwise stated)

**19.2 Lease liability**

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
Initial balance	162,253,027	177,330,399
Inflows	325,769	21,484,161
Interest expense	3,554,587	15,308,827
Leasing payments	(12,741,892)	(51,097,840)
Final balance, of which:	<u>153,391,491</u>	<u>163,025,547</u>
Long-term debts	115,620,290	125,610,112
Short-term debts	37,771,201	37,415,435

As at 04.09.2023, the lease contract for natural gas transmission networks no. 70-SJ of 04.09.2023 concluded between SRL Moldovatrangaz and SRL Vestmoldtrangaz was signed. This contract entered into force on 19.09.2023. The lease contract was concluded for a period of 5 years. The amount of the annual rent is lei 42.6 mil. / 165 mln. MDL, VAT excluded. The lease contract was recognized as a right-of-use asset and a corresponding liability on the date the asset was leased and became available for use by Vestmoldtrangaz.

**20. PROVISIONS**

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
<i>Current provision</i>		
Provision for litigation	3,973,985	3,973,985
Provision for BoA remuneration	3,416,984	3,416,984
Provision for employee participation in profits	27,164,295	22,648,080
Other provision	<u>7,320,015</u>	<u>9,611,800</u>
	<u>41,875,279</u>	<u>39,650,849</u>

Employees` participation in the profit is calculated within the limit of 10% of the net profit, but not more than a monthly average salary achieved in the relevant financial year according to the provisions of GO 64/2001 and the Collective Labour Agreement.

Following the conclusion of the arbitration proceedings which had as dispute the restitution of the quantity of natural gas from the Transit 1 pipeline, the arbitral tribunal admitted Bulgargaz EAD's action, and a provision for litigation in the amount of Lei 1,673,984, the equivalent in Lei for legal interest and incidental expenses was established. The arbitral tribunal's decision was appealed, and the action for annulment was registered with the Bucharest Court of Appeal.

The company also made provisions for the dispute with Blue Star SRL for the MRS Timisoara I - Timisoara pipeline in the amount of Lei 2,300,000.

The Company records provisions for untaken leave at the end of the financial year.

The Company has recorded provisions for untaken leave in the amount of lei 5,095,585 relating to the period ended 31 March 2025.



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 21. PROVISION FOR EMPLOYEE BENEFITS

#### Employee benefits

The present value of the provision was determined based on the Projected Unit Credit Method. Retirement benefits received by an employee were first raised by the contributions of the employer and then every benefit was updated taking into account the rotation of employees, layoffs and the probability of survival until retirement. The number of years until retirement was calculated as the difference between retirement age and age at time of reporting. The expected average of the remaining work period was calculated based on the number of years until retirement, also taking into account the rate of layoffs, employee rotation rate and the probability of survival.

#### Assumptions 2024

The amount of the provision has been calculated individually for each distinct employee/beneficiary of the company using the actuarial calculation method and taking into account International Accounting Standards, in particular the IAS 19. The provision is calculated taking into account the long-term liabilities undertaken by the company under the collective labour contract. The calculation assumptions and specifications for the calculation model were established based on the company's previous experience and a set of assumptions about the company's future experience. The most important actuarial assumptions used are as follows:

- for the benefit consisting of basic salaries paid at retirement, this benefit is paid for company employees who reach retirement;
- Employee rotation considers seniority and staff rotation within the company;
- the mortality of the entity's employees is calculated according to the data provided by the National Institute of Statistics for the years 2014-2023;
- The employee turnover rate is calculated as a function of departures from the company and a probability has been assigned to each age group and gender;
- Employee turnover was calculated for each age and gender group for both female and male gender;
- The method used is the projected credit factor method, with values allocated to each employee and discounted to 12/31/2024;
- The plan is unfunded by the entity and the employees;
- The age of retirement was considered as 65 years for men and 63 years for women, but the percentage of early retirement at certain ages was also taken into account.
- The plan is unfunded by the entity and the employees.
- For the death compensation for retired former employees of S.N.T.G.N. TRANSGAZ SA in the first year after retirement, the mortality at the age of 66 for men and 64 for women was used by simplification;
- Data provided by the beneficiary for the years 2018 - 2024 were analysed

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### Financial assumptions

The discount rate is the interest rate curve in lei without adjustments of variations provided by EIOPA for the month of December 2024. For the calculation for the year 2024, according to the National Institute of Statistics, the long-term wage growth rate is considered equal to the forecast inflation rate for lei and is 2.5%, while the short-term wage growth rate is considered equal to the forecast inflation rate for lei and is 3.88% in the first year and 3.33% in the second year for both men and women.

### Movement in the provision for employee benefits

1 January 2023 (restated)*	<u>138,908,684</u>
of which:	
Short-term	4,584,234
Long-term	134,324,450
Interest cost	8,655,792
Current service cost	28,837,826
Payments from provisions during the year	(19,872,423)
Actuarial gain/loss related to the period	(2,880,078)
31 December 2023 (restated)*	<u>153,649,801</u>
of which:	
Short-term	16,496,896
Long-term	137,152,905
Interest cost	9,056,425
Current service cost	9,347,924
Payments from provisions during the year	(18,264,751)
Actuarial gain/loss related to the period	7,505,716
31 December 2024	<u>161,295,114</u>
of which:	
Short-term	17,034,346
Long-term	144,260,768

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 22. REVENUE

#### 22.1 Revenue from contracts with customers

	The three months ended 31 March 2025 (unaudited)	The three months ended 31 March 2024 (unaudited)
Revenues from domestic transmission activity - Romania	907,762,224	607,207,967
Revenues from the transmission activity- Republic of Moldova	103,023,002	60,707,900
Revenues from international transmission and other similar activities	-	-
Balancing revenues	160,818,991	62,886,631
Revenue from connection fees	116,221,380	223,547,415
Revenue from construction activities according to IFRIC12		
<b>Operating revenue within the scope of IFRS 15</b>	<b>1,287,825,597</b>	<b>954,349,913</b>

#### 22.2 Other income

	The three months ended 31 March 2025 (unaudited)	The three months ended 31 March 2024 (unaudited)
Income from penalties applied to clients for delay payments	5,460,168	6,239,750
Income from leases	360,060	359,592
Income from recovered materials	5,954,169	668,565
Income from the sale of residual materials	(51,683)	416,957
Income from connection fees	3,594,916	13,926,724
Income from grants and goods taken free of charge	22,687,492	12,509,605
Other operating income	4,349,372	4,518,476
	<b>42,354,494</b>	<b>38,639,669</b>

As at 31 March 2025 and 31 December 2024 there is no intra-group income to be eliminated.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 23. OTHER OPERATING EXPENSES

#### 23.1 Other operating expenses - for the provision of the transmission service

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Utilities	8,322,856	3,624,370
Insurance premium	472,543	386,912
Maintenance costs	11,867	12,680
Security and protection expenses	7,479,170	6,158,069
Professional training	55,157	246,470
Telecommunications	598,501	607,953
Bank charges and other fees	51,621	461,142
Rents	2,011,383	2,968,363
Loss on amounts receivable	40,365	207,021
Marketing and protocol costs	42,063	132,751
Penalties and fines	40,538	546,633
Gas storage capacity booking	1,250,995	2,854,065
Expenses related to the impairment of intangible assets	8,700	447,000
Other expenses	<u>11,624,704</u>	<u>21,510,409</u>
	<b><u>32,010,463</u></b>	<b><u>40,163,838</u></b>

#### 23.2 Balancing activity expenses

According to the applicable European and national provisions, the Company ensures the balancing activity for the National Transmission System ("NTS"). The balancing activity is carried out by the Company based on ANRE Order no.160/2015 establishing the obligations regarding the balancing of the national transmission system, a financially neutral activity, any profit or loss from this activity being distributed to the clients for which domestic transmission services are provided.

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Expenses on balancing gas	152,343,997	54,014,238
Expenses on balancing financing line	6,902,957	7,368,211
Expenses on balancing gas storage	<u>1,572,037</u>	<u>1,504,182</u>
	<b><u>160,818,991</u></b>	<b><u>62,886,631</u></b>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

**24. EMPLOYEE COSTS**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Salaries and benefits	133,859,108	124,354,856
Cost of insurance and social security	8,382,229	7,941,950
Other employee costs	<u>2,335,986</u>	<u>2,520,949</u>
	<b>144,577,323</b>	<b>134,817,755</b>

Average number of employees in financial year:

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Blue collars	2,162	2,218
White collars	<u>1,930</u>	<u>1,826</u>
	<u>4,092</u>	<u>4,044</u>
Eurotransgaz S.R.L.	3	3
Vestmoldtransgaz S.R.L.	<u>58</u>	<u>58</u>
	<u>61</u>	<u>61</u>

**25. NET FINANCIAL INCOME/(LOSS)**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Interest income from bank deposits	20,055,350	18,000,629
Income from the adjustment of the Concession	55,916,048	58,565,071
<b>Total interest income</b>	<b>75,971,398</b>	<b>76,565,700</b>

**Other financial income**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Foreign exchange income	2,894,534	8,461,699
Other financial income	<u>1,455</u>	<u>241</u>
	<b>2,895,989</b>	<b>8,461,940</b>
Foreign exchange loss	(5,098,054)	(5,155,985)
Interest expense	<u>(20,432,419)</u>	<u>(26,986,706)</u>
	<b>(25,530,473)</b>	<b>(32,142,691)</b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

According to ANRE Order no. 41/2019 the value of the assets recognised in the Regulated Asset Base is adjusted to the inflation. The company recalculated the value of the Concession Agreement receivables and recognized gains amounting to lei 55,916,048 according to IFRS 9 (31 December 2024: Lei 127,698,456).

Non-current assets recognized under regulated assets within a gas year are updated with the inflation rate starting from the next gas year. The income from the adjustment of the receivable related to the Concession Agreement is a non-monetary item (Note 26).

### 26. CASH FROM OPERATION

	The three months ended <b>31 March 2025</b> <b>(unaudited)</b>	The three months ended <b>31 March 2024</b> <b>(unaudited)</b>
<b>Profit before tax</b>	<b>604,960,557</b>	<b>314,481,542</b>
<i>Adjustments for:</i>		
Depreciation	134,867,862	127,653,709
Adjustments for impairment of intangible assets	-	-
Gain/(loss) on transfer of non-current assets	57,683	92,327
Provisions for risks and expenses	2,224,430	2,039,856
Income from connection fees, grants and goods taken free of charge	(26,282,408)	(26,436,329)
Adjustment of the Receivable regarding the Concession Agreement	(55,916,048)	(58,565,071)
Sundry debtors and receivable loss	40,365	207,021
Impairment loss / (gain) on inventory	-	-
Adjustments for the receivables impairment	2,825,269	11,080,097
Provisions for employee benefits	-	-
Effect of restatement of the provision for employee benefits	-	-
Interest income	(20,055,350)	(18,080,862)
Interest expenses	20,152,043	26,847,120
Effect of exchange rate fluctuation on other items than from operation	<u>1,806,397</u>	<u>(3,540,572)</u>
<b>Operating profit before the changes in working capital</b>	<b><u>664,680,800</u></b>	<b><u>375,778,838</u></b>
Increase/(decrease) in trade and other receivables	(22,735,032)	55,849,972
Increase/(decrease) in inventories	20,102,696	(35,421,354)
Increase/(decrease) in trade payables and other debts	<u>(37,553,377)</u>	<u>(78,069,101)</u>
<b>Cash generated from operations</b>	<b>624,495,087</b>	<b>318,138,355</b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 27. TRANSACTIONS WITH RELATED PARTIES

The prices / tariffs related to the transport and balancing contracts are approved by the National Energy Regulatory Authority (ANRE), are regulated and are not established under market conditions.

Procurement is carried out in compliance with the legal regulations on public procurement.

Transactions with Vestmoldtransgaz were concluded at the market value established by the cost-plus method and represent services provided by specialized personnel for the conduct of the procurement and equipment rental procedures.

In the periods ended 31 March 2025 and 31 December 2024, the following transactions with related parties were performed and the following balances were payable/receivable from related parties at the respective dates.

- i) Compensation granted to the members of the Board of Administration and of the management

	The three months ended <b>31 March 2025</b> <b>(unaudited)</b>	The three months ended <b>31 March 2024</b> <b>(unaudited)</b>
Salary paid to the members of the Board of Administration and management	6,281,535	21,961,189
Social contribution of the company	<u>129,908</u>	<u>483,944</u>
	<u>6,411,443</u>	<u>22,445,133</u>

In the periods ended 31 March 2025 and 31 December 2024, no advance payments and loans were granted to the company's administrators and management, except for advance payments from salaries

and those for business trips, and they don't owe any amount from such advance payments to the company at the end of the period .

The company has no contractual obligations related to pensions towards the current administrators and directors.

The provision for the mandate contract is presented in Note 20.

The company has no contractual obligations related to pensions towards the former administrators and directors.

- ii) Revenue from related parties – services supplied (VAT excluded)

		The three months ended <b>31 March 2025</b> <b>(unaudited)</b>	The three months ended <b>31 March 2024</b> <b>(unaudited)</b>
	<b>Relationship</b>		
SNGN Romgaz	Entity under common control	99,438,808	72,635,108
Electrocentrale București SA	Entity under common control	41,857,384	33,697,309
Electrocentrale Constanța	Entity under common control	-	-
Termo Calor Confort	Entity under common control	1,814,901	1,377,620
Complex Energetic Oltenia	Entity under common control	995,815	1,318,824
E.ON Energie Romania	Entity under significant influence	<u>115,415,258</u>	<u>89,175,901</u>
		<u>259,522,166</u>	<u>198,204,762</u>



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

**iii) Sales of other goods and services (VAT excluded)**

	<b><u>Relationship</u></b>	<b><u>The three months ended 31 March 2025 (unaudited)</u></b>	<b><u>The three months ended 31 March 2024 (unaudited)</u></b>
SNGN Romgaz	Entity under common control	1,259	10,929
Electrocentrale Bucuresti	Entity under common control	1,062	1,068
Electrocentrale Constanța	Entity under common control	1,137,241	1,205,718
E.ON Energie Romania	Entity under significant influence	-	2,387
Complex Energetic Hunedoara	Entity under common control	-	378,784
Complex Energetic Oltenia	Entity under common control	1,124	1,165
		<u>1,140,685</u>	<u>1,600,051</u>

**iv) Gas sales – balancing activity (VAT excluded)**

	<b><u>Relationship</u></b>	<b><u>The three months ended 31 March 2025 (unaudited)</u></b>	<b><u>The three months ended 31 March 2024 (unaudited)</u></b>
SNGN Romgaz	Entity under common control	3,350,567	217,865
Electrocentrale București	Entity under common control	1,890,827	1,965,767
Electrocentrale Constanța	Entity under common control	-	-
Termo Calor Confort	Entity under common control	1,198,852	673,998
Complex Energetic Oltenia		1,210,343	536,571
E.ON Energie Romania	Entity under significant influence	13,498,918	13,067,629
		<u>21,149,507</u>	<u>16,461,830</u>

**v) Receivables from related parties (without the adjustment)**

	<b><u>Relationship</u></b>	<b><u>The three months ended 31 March 2025 (unaudited)</u></b>	<b><u>The three months ended 31 March 2024 (unaudited)</u></b>
SNGN Romgaz	Entity under common control	36,212,880	40,800,418
Comple energetic Hunedoara	Entity under common control	-	7,951
Electrocentrale București	Entity under common control	15,151,663	20,361,191
Electrocentrale Constanța	Entity under common control	-	-
Termo Calor Confort	Entity under common control	(31,034)	(28,200)
E.ON Energie Romania	Entity under significant influence	83,691,738	81,185,043
Complex Energetic Oltenia	Entity under common control	39,373	610,908
Eurotransgaz SRL	Company branch	-	-
		<u>135,064,620</u>	<u>142,937,312</u>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 (expressed in lei, unless otherwise stated)

**vi) Client receivables – the balancing activity (without the adjustment)**

	<b><u>Relationship</u></b>	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
SNGN Romgaz	Entity under common control	14,128	35,350
Electrocentrale Constanța	Entity under common control	-	1,625,072
Complex Energetic Oltenia	Entity under common control	2,722	958,556
Electrocentrale București	Entity under common control	687,008	228,842
Termo Calor Confort	Entity under common control	109,026	707
Complex Energetic Hunedoara	Entity under common control	-	39,548
E.ON Energie Romania	Entity under significant influence	<u>12,040,694</u>	<u>4,194,725</u>
		<u>12,853,578</u>	<u>7,082,800</u>

**vii) Procurement of services from related parties (other services – VAT excluded)**

	<b><u>Relationship</u></b>	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
SNGN Romgaz	Entity under common control	3,661,007	9,592,809
Complex Energetic Oltenia	Entity under common control	1,273	1,333
Electrocentrale București	Entity under common control	<u>2,713</u>	<u>2,126</u>
		<u>3,664,993</u>	<u>9,596,268</u>

**viii) Procurement of gas – the balancing activity (VAT excluded)**

	<b><u>Relationship</u></b>	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
SNGN Romgaz	Entity under common control	1,467,920	2,047,872
Electrocentrale București	Entity under common control	3,198,468	474,174
Electrocentrale Constanța	Entity under common control	-	-
Termo Calor Confort	Entity under common control	2,637,173	511,068
Complex Energetic Oltenia	Entity under common control	588,041	184,865
E.ON Energie Romania	Entity under significant influence	<u>29,254,990</u>	<u>8,110,132</u>
		<u>37,146,592</u>	<u>11,328,111</u>

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 (expressed in lei, unless otherwise stated)

**ix) Procurement of natural gas (VAT excluded)**

	<u>Relationship</u>	<u>The three months ended 31 March 2025 (unaudited)</u>	<u>The three months ended 31 March 2024 (unaudited)</u>
SNGN Romgaz	Entity under common control	<u>46,925,476</u>	<u>12,896,077</u>
		<u>46,925,476</u>	<u>12,896,077</u>

**x) Debts to gas suppliers – balancing activity (VAT included)**

	<u>Relationship</u>	<u>31 March 2025 (unaudited)</u>	<u>31 December 2024</u>
SNGN Romgaz	Entity under common control	<u>12,338,544</u>	<u>13,178,154</u>
		<u>12,338,544</u>	<u>13,178,154</u>

**xi) Debts to affiliated parties from services (other services - VAT included)**

	<u>Relationship</u>	<u>31 March 2025 (unaudited)</u>	<u>31 December 2024</u>
SNGN Romgaz	Entity under common control	-	656,989
Complex Energetic Oltenia	Entity under common control	-	520
Electrocentrale București	Entity under common control	-	799
		-	<u>658,308</u>

**xii) Debts to suppliers – balancing activity (VAT included)**

	<u>Relationship</u>	<u>31 March 2025 (unaudited)</u>	<u>31 December 2024</u>
SNGN Romgaz	Entity under common control	2,893,358	1,052,433
Electrocentrale București	Entity under common control	3,449,093	3,528,452
Electrocentrale Constanța	Entity under common control	48,213	48,213
Termo Calor Confort	Entity under common control	2,817,694	139,207
E.ON Energie Romania	Entity under significant influence	44,026,598	19,632,327
Complex Energetic Oltenia	Entity under common control	<u>924,454</u>	<u>187,691</u>
		<u>54,159,410</u>	<u>24,588,324</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

<b>xiii) Guarantees from affiliates (bank guarantee letter)</b>			
	<b><u>Relationship</u></b>	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December</u></b> <b><u>2024</u></b>
SNGN Romgaz	Entity under common control	2,909,124	2,909,124
E.ON Energie Romania	Entity under significant influence	57,715,457	86,722,180
Electrocentrale București	Entity under common control	<u>15,499,992</u>	<u>15,999,992</u>
		<u>76,124,573</u>	<u>105,631,296</u>

  

<b>xiv) Loans and interest to be reimbursed</b>			
	<b><u>Relationship</u></b>	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December</u></b> <b><u>2024</u></b>
EUROPEAN BANK FOR RECONSTRUCTION	Jointly controls entities	<u>179,085,706</u>	<u>190,250,896</u>
		<u>179,085,706</u>	<u>190,250,896</u>

  

<b>xv) Transactions during the period</b>			
	<b><u>Relationship</u></b>	<b><u>The three months ended</u></b> <b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>The three months ended</u></b> <b><u>31 March 2024</u></b> <b><u>(unaudited)</u></b>
EUROPEAN BANK FOR RECONSTRUCTION	Jointly controls entities	<u>3,119,777</u>	<u>3,818,825</u>
		<u>3,119,777</u>	<u>3,818,825</u>

## 28. EARNINGS PER SHARE

The company shares are listed on the first category of the Bucharest Stock Exchange.

Basic earnings per share are calculated by dividing the profit attributable to the company's equity holders to the average number of ordinary shares existing during the year.

	<b><u>The three months ended</u></b> <b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>The three months ended</u></b> <b><u>31 March 2024</u></b> <b><u>(unaudited)</u></b>
Profit attributable to the company's equity holders	516,580,931	257,890,694
Weighted average of the number of shares	188,381,504	188,381,504
Basic and diluted earnings per share (lei per share)	2.74	1.37

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 29. MATERIAL NON-CASH TRANSACTIONS

#### *Compensations*

Approximately 2.20 % of the receivables were settled by transactions that haven't involved cash outflows during the period ended 31 March 2025 (31 December 2024: 4.55%). Transactions mainly represent offsets with clients and suppliers within the operating cycle and offsets between tax debts and receivables registered with the state budget.

### 30. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS

#### i) Commitments

The Service Concession Agreement (S.C.A. - Note 8) provides that, at the end of the agreement, the ANRM is entitled to receive back, all goods of public property existing when the agreement was signed and all investments made into the national transmission system, in accordance with the investment program stipulated in the service concession agreement. The company also has other obligations related to the concession agreement, which are described in Note 8.

As at 31 March 2025 the value of the contractual firm obligations for the purchase of tangible and intangible assets is of lei 1,409,587,666, (31 March 2024: lei 1,480,860,342), and subsidiary Eurotranzgaz SRL has no capital commitments.

#### ii) Taxation

The taxation system in Romania is in a phase of consolidation and harmonization with the European law. However, there are still various interpretations of the tax law. In Romania, the tax year remains open for fiscal verification for 5 years. The company's management believes that fiscal obligations included in these financial statements are properly presented and that it is not necessary for any additional provisions to be established to cover the uncertainties related to tax treatment.

The royalty rate for the use of gas transmission pipelines is set by the government. Since October 2007, the royalty has been set at 10% of revenue. After the entry into force of Art. 103 para. 2 of the Law no. 123/2012, starting from 12 November 2020 the fee was set at 0.4% of the domestic and international gas transmission services value performed by the company. ANRM (transformed in 2024 into ANRMPSG) requests Transgaz to calculate and pay the royalty by applying the percentage of 10% according to Law 238/2004, for the period between November 2020 – December 2021. The company considers that it is obliged to calculate and pay a single royalty at the rate of 0.4% established by the special law, namely Law 123/2012. Law 248/July 2022 approving GEO 143/2021 amending and supplementing the Electricity and gas Law 123/2012 sets the royalty percentage at 0.4% of the gross revenue from natural gas transmission and the specialist report drawn up by the specialist committees of the Chamber of Deputies clarifies that the Electricity and gas Law 123/2012 is a special regulation in the field of natural gas, in relation to Oil Law 238/2004. Administrative and judicial dispute settlement is detailed in the chapter "Court and other actions".

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The tax system in Moldova is subject to different interpretations and continuous changes, which may have retroactive effect. The tax authorities' interpretation of the tax legislation on the Group's transactions may differ from that of management. As a result, the tax authorities may question certain transactions as giving rise to additional taxes, penalties or interest, which may be significant.

### iii) Insurance policies

The company does not have insurance policies related to operations, complaints on products, or for the public debt. The company has insurance policies for buildings and mandatory civil liability policies for the car fleet. Moreover, the company has contracted professional liability insurance services for the members of the Board of Administration and for 59 managers in 2025 (58 managers in 2024).

### iv) Environmental aspects

Environmental regulations are under development in Romania and the company did not record any obligation on 31 March 2025 and on 31 December 2024 related to anticipated expenses that include legal and consulting fees, analysis of locations, preparing and implementing recovery measures related to environmental protection. The management of the company believes there are no significant obligations related to environmental aspects.

Transgaz, as natural gas transmission operator in Romania, plays a key role in decarbonizing the entire Romanian energy system. To this end, in December 2023, Transgaz' Climate and Decarbonization Strategy was developed in order to meet national and international (climate) policy requirements and regulations.

The Strategy is intended for Romania and will be extended to the other entities after Transgaz' first consolidated reporting exercise. This is planned to take place in the next two years, after the assessment of the first report that will establish the baseline situation for Transgaz. The strategy is also applicable for Transgaz as a whole, but the specific objectives are only for Romania. Transgaz's Climate and Decarbonization Strategy can be consulted at: <https://www.transgaz.ro/ro/sustenabilitate/strategia-climatica-si-de-decarbonizare>.

Transgaz has conducted an assessment of the impacts of climate change on its operations and infrastructure using climate scenarios. Transgaz does not currently have a detailed transition plan to address the impacts of climate change in 2024. However, Transgaz intends to develop such a plan within the next three years. In the absence of a transition plan, its climate and decarbonization strategy acts as a substitute, directing the company's efforts towards managing climate risks and emerging opportunities.

### v) Lawsuits and other actions

During the normal activity of Transgaz, there were complaints against it. Transgaz has pending disputes for the lack of use of lands occupied with NTS objectives, commercial and labour disputes. Based on its own estimates and internal and external consulting, the Transgaz's management believes there will be no material loss exceeding the provisions established in these financial

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

statements and is not aware of circumstances that give rise to potentially significant obligations in this regard.

As of 6 June 2016, Transgaz was subject to an inspection carried out by the European Commission - Directorate General for Competition under Art. 20 (4) of Council Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the EC Treaty, which became Articles 101 and 102 of the Treaty on the Functioning of the European Union. In 2020, the European Commission approved the Company's commitments to address concerns related to a possible breach of Article 102 of the Treaty on the Functioning of the European Union, namely:

- to provide a minimum export capacity of 1.75 billion cubic meters per year at the interconnection point between Romania and Hungary (Csanádpalota);
- to make available minimum export capacities of 3.7 billion cubic meters per year in total at two interconnection points between Romania and Bulgaria (Giurgiu / Ruse and Negru Vodă I / Kardam);
- to make sure that the tariffs to be proposed to the Romanian Energy Regulatory Authority (ANRE) will not make any difference between the export and the domestic markets, thus avoiding interconnection tariffs that render exports commercially non-feasible;
- refrain from using any other means of obstructing exports.

The company meets its commitments and, based on its own estimates, the company's management considers that there are no circumstances that would give rise to significant potential liabilities in this regard.

Following the conclusion of the arbitration proceedings with Bulgargaz EAD, the arbitral tribunal upheld Bulgargaz EAD's claim and ordered the restitution of the quantity of natural gas of 6,733,433 cm and, if restitution in kind is not possible, the reimbursement of the monetary equivalent of the linepack, and statutory interest (Note 20). The decision of the arbitral tribunal has been appealed and the action for annulment has been registered with the Bucharest Court of Appeal. The action for annulment was dismissed as unfounded. Transgaz lodged an appeal. The Court of Cassation of the Court of Justice has admitted Transgaz' appeal, the case being sent to the Bucharest Court of Appeal for retrial.

The dispute between ANRM and Transgaz was the subject of a tax inspection of the royalty which ended with the issuance of a mandatory order to pay two royalty rates, namely 10% and 0.4% of the value of domestic and international natural gas transmission services performed by the company. The company lodged a preliminary complaint against the mandatory provision no. 6006/250938/IEF/14.04.2022 issued by the Ministry of Finance, by which Transgaz S.A. was charged with the payment of the amount of 152,964,894 lei, representing the royalty due to the state budget and ancillaries. The preliminary complaint was upheld and the Ministry of Finance, by decision 82/P/2022, ordered the annulment in its entirety of binding order No 6006/250938/IEF/14.04.2022 and the issue of a new order taking into account the considerations put forward by the Ministry of Finance in the decision. Following decision no 85/P/2022 issued by the Ministry of Finance, binding order No 6009/253087/IEF of 14.12.2022 was issued, which only supplements the recitals of the first decision, maintaining the same amount payable by Transgaz. The company lodged a preliminary complaint against this new provision, which was rejected by the settlement body. An appeal was also lodged with the court, within the legal time-limit, against the administrative act consisting of mandatory order 6009/253087/IEF., seeking its full annulment.



## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

The application for the annulment of the mandatory injunction 6009 was decided on the merits by the Bucharest Court of Appeal, which rejected it. Transgaz has lodged an appeal, currently pending before the ICCJ

The Company paid in 2024 the amount of lei 213,041,251 representing the additional oil royalty for the period between Quarter 4 2020 and 25 July 2022, in order to eliminate, according to the provisions of GEO no. 107/2024, the risk of payment of the amount of lei 65,452,508 representing accessories for the claim on the additional oil royalty, in case it loses the appeal in court.

### vi) Litigations of Vestmoldtransgaz subsidiary:

#### Dispute I – Administrative (VMTG vs. ANRE)

- Subject: Challenging ANRE's decisions (BoA Decisions no. 211, 432 and 447) on the rejection of the amount of 8,399,070 MDL for tariff expenses (remuneration of UIPIGUC specialists), calculation of the depreciation of fixed assets and the setting of reserve tariffs.
- Stage: Preparation phase for examination; chances of winning or losing: difficult to estimate.

#### Dispute II – Civil (Chisinau Municipal Council vs. RM Government, third parties: UCIPE, VMTG etc.)

- Subject: Disagreement on the amount of land compensation..
- VMTG role: Involved as a third party with no direct financial impact.

#### Dispute III – Civil (“Totalgaz Industrie” S.R.L. vs. VMTG)

- Subject: Request for the collection of 1,644,956.46 MDL, the amount withdrawn for the SGBE (1,849,750.00 EUR) and the state tax of 50,000 lei.
- Stage: In preparation for examination; Totalgaz is expected to lose the case as the request is unfounded and time-barred.

#### Dispute IV – Civil/Administrative (Moldovagaz S.A vs. ANRE)

- Subject: Challenging ANRE's administrative document - BoA Decision no. 433/28.09.2021 on ordering Moldovagaz S.A. to apply the regulated price for end consumers.
- VMTG role: It has not intervened on the merits and will not submit its own request; the dispute is under preparation and the chances are difficult to estimate.

#### Dispute V – Civil (POLIMER GAZ CONDUCTE S.R.L. vs. INDPRODCOM SRL MOCIRA CHIȘINĂU BRANCH and INDPRODCOM BAIJA MARE S.R.L., with interveners ACI CLUJ S.A. and VMTG)

- Subject: The recovery of the amount of 11,766,617.77 lei and the penalty of 40,697.53 lei.
- VMTG role : Involved as a third party with no financial effect on the company.

#### Dispute VI – Civil (VMTG vs. East Gas Trading SRL)

- Subject: Confirmation of transaction no. 2 of 02.10.2024, amounted to 34,100,434.28 MDL, for the prevention of a civil lawsuit and issuance of the enforceable title.
- Stage: After the Chisinau Court had rejected the request, VMTG submitted an appeal. The chances of winning are high, due to the res judicata of the settlement agreement (art. 1920 Civil Code), but the deadline for the issuance of the judgment remains unclear.

VMTG is not involved in disputes that would result in loss of license, insolvency, bankruptcy, dissolution of the legal entity, excessive liabilities, other negative effects.

### vii) Government policies in the gas sector in Romania

ANRE is an autonomous public institution and sets tariffs for the natural gas transmission activity charged by the company. It is likely that the Agency decides the implementation of changes of the government strategies in the gas sector, determining changes in the tariffs approved for the

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

company and, thus, having a significant impact on the company's revenue. At the same time, the Romanian government could decide to change the royalty applied to the company for using the assets part of the public domain according to SCA.

Currently, the effects cannot be determined, if they exist, of the future government policies in the gas sector in Romania on the company's asset and liability.

There are various interpretations of the legislation in force. In certain situations, ANRE may treat differently certain aspects, proceeding to the calculation of additional tariffs and of delay penalties. The company's management believes that its obligations to ANRE are properly presented in these financial statements.

ANRE Order no.126/12.2021 approved the modification of the contractual clauses for the balancing activity and access to the PVT which allows the Company to terminate access to the virtual trading point (VTP) and to terminate balancing contracts, for network users who register cumulative imbalances of the Deficit type during the month higher than the guarantees established.

As of 1 October 2023, the natural gas transmission tariffs approved by the Order of the President of ANRE no.68 of 30.05.2023 were applicable. The approved regulated revenue related to natural gas transmission for the period from 1 October 2023 to 30 September 2024 is lei 1,647,347,820.

Starting with 1 October 2024, the natural gas transmission tariffs approved by ANRE President Order no.17 of 29.05.2024 are applicable. The approved regulated revenue related to natural gas transmission in the period 1 October 2024 - 30 September 2025 is lei 2,005,006,850.

According to GEO no. 119/1 September 2022 amending and supplementing Government Emergency Ordinance no. 27/2022 on measures applicable to end customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, the natural gas transmission service provider is required to capitalise on a quarterly basis the additional costs for the procurement of natural gas incurred during the period from 1 January 2022 to 31 March 2025 to cover technological consumption, compared to the costs included in the regulated tariffs, and the assets resulting from the capitalisation shall be recognised in the accounting records and financial statements in accordance with the instructions issued by the Ministry of Finance.

By Order 111/24 August 2022, ANRE stipulates, as of 1 October 2022, that the mechanism ensuring cost and revenue neutrality of the Transport System Operator ("Transgaz" or "TSO")s take into account the following categories of costs and revenues:

- a) costs and revenues of the TSO as a result of the payment or collection of imbalance charges under the provisions of the Network Code in relation to individual NUs;
- b) costs and revenues arising from the purchase/sale of gas by the TSO for the physical balancing of the NTS, in compliance with the procedure on the operating limits of the NTS, approved by the TSO and endorsed by ANRE;
- c) costs and revenues resulting from the activity of natural gas storage intended to ensure the physical balance of the transmission system in accordance with the provisions of Article 130(1) of the Law no. 123/2012 on electricity and natural gas, as amended;
- d) costs arising from the taking out of a credit line to finance physical and commercial balancing activity;
- e) costs and revenues arising from the contracting of balancing services, in accordance with the provisions of Article 832 of the Network Code and Article 6(3) b of Regulation (EU) No 312/2014.

Eurotransgaz has fulfilled all its obligations under the Contract for Sale and Purchase of the State Enterprise Vestmoldtransgaz, concluded between Eurotransgaz S.R.L. on the one hand and the Public Property Agency ("APP") and the Ministry of Economy and Infrastructure ("MEI").

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

viii) The military conflict in Ukraine

As of 24 February 2022 a military conflict is taking place on the territory of Ukraine. Gas flows can be redirected through the Negru Voda entry point and other interconnection points with transmission operators in Bulgaria and Hungary. The Company considers that no additional adjustments to those disclosed in the financial statements are necessary.

### 31. FEES OF THE STATUTORY AUDITOR

In 2024, the contractual fees for the statutory audit of the annual consolidated and individual financial statements of the Company and its subsidiaries is lei 654,000 and non-audit services related to the limited assurance of the Sustainability Report for the year ended 31 December 2024 is lei 274,150, services provided by Ernst & Young Assurance Services SRL ('E&Y').

Other non-audit services for 2024 provided by Ernst & Young Assurance Services SRL ('E&Y') amounted to lei 65,000. The non-audit services contracted by the Company are for the issuance of supplementary audit reports, statutory audit services for transactions reported pursuant to art. 225 of Law 297/2004, audit services of financing agreements and audit services of the remuneration report.

### 32. REVENUE AND COSTS FROM THE CONSTRUCTION OF ASSETS

In accordance with IFRIC 12 the revenue and costs of network construction should be recognized in accordance with IFRS 15 Revenue from Contracts with Customers.

	<b>The three months ended <u>31 March 2025</u> (unaudited)</b>	<b>The three months ended <u>31 March 2024</u> (unaudited)</b>
Revenue from the construction activity according to IFRIC12	116,221,380	223,547,415
Cost of assets constructed according to IFRIC12	(116,221,380)	(223,547,415)

The related costs were equal to the revenue, the company did not obtain any profit from the construction activity.

More than 90% of the construction works are carried out by third companies, under contracts concluded as a result of public procurement procedures by electronic public procurement system, with the cost of the works approximating fair value.

## **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(expressed in lei, unless otherwise stated)**

---

### **33. EVENTS SUBSEQUENT TO THE BALANCE DATE**

By the OGMS Resolution no. 4 of 9 April 2025, the Revenue and Expense Budget of SNTGN Transgaz SA for 2025 and estimates for the years 2026-2027 were approved and by the OGMS Resolution no. 5 of 9 April 2025, the acquisition of a 51% stake in the share capital of Petrostar SA, a design and consulting company for the oil and gas extractive industry was approved.

By the OGMS Resolution no. 6 of 29 April 2025, the distribution of the profit for 2024 and the dividend per share were approved.

Director – General  
Ion Sterian

Chief Financial Officer  
Marius Lupean