

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

**INTERIM SEPARATE FINANCIAL STATEMENTS FOR THE THREE MONTHS  
ENDED ON 31 MARCH 2025 (UNAUDITED)**

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

## **SEPARATE FINANCIAL STATEMENTS**

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**INTERIM 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	318.076.244	333.770.260
Lease liabilities	7.1	18.960.867	19.695.092
Intangible assets	9	5.169.393.366	5.117.106.134
Investments in subsidiaries	10.1	177.644.145	177.644.145
Investments in associates	10.2	-	-
Other receivables	12.3	2.722.570.044	2.648.907.892
Deferred tax	18	80.593.574	82.718.086
Restricted cash	13	<u>2.408.572</u>	<u>2.301.308</u>
		<b>8.489.646.812</b>	<b>8.382.142.917</b>
<b>Current assets</b>			
Inventories	11	548.218.503	508.219.412
Trade receivables	12.1	311.585.961	322.973.435
Other receivables	12.2	91.806.810	82.996.924
Income tax receivables		-	17.147.652
Cash and cash equivalent	13	<u>872.497.661</u>	<u>993.071.864</u>
		<b>1.824.108.935</b>	<b>1.924.409.287</b>
<b>Total asset</b>		<b>10.313.755.747</b>	<b>10.306.552.204</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	<u>893.607.577</u>	<u>440.307.635</u>
		<b>4.732.116.739</b>	<b>4.278.816.797</b>
<b>Non-current liabilities</b>			
Long-term loans	16	2.919.751.253	3.253.799.769
Deferred revenue	17	1.113.497.843	1.141.200.092
Deferred tax	18	-	-
Lease liabilities	0.2	16.516.269	16.968.348
Provision for employee benefits	21	<u>144.260.768</u>	<u>144.260.768</u>
		<b>4.194.026.133</b>	<b>4.556.228.977</b>

Notes 1 to 33 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 STATEMENT OF FINANCIAL POSITION**  
**(expressed in lei, unless otherwise stated)**



	<u>Note</u>	<u>31 March 2025</u> <u>(unaudited)</u>	<u>31 December 2024</u>
<b>Current liabilities</b>			
Short-term loans	16	358.080.600	350.726.742
Deferred revenue	17	105.100.414	103.676.018
Current income tax	18	67.254.496	-
Trade payables	0.1.a	290.821.342	486.630.526
Other payables	0.1.b	470.684.188	389.374.125
Client contract liabilities	0.1.c	34.184.699	81.621.549
Lease liability	19.2	3.698.793	3.913.557
Other provisions	20	41.875.279	39.650.849
Provision for employee benefits	21	<u>15.913.064</u>	<u>15.913.064</u>
		<b><u>1.387.612.875</u></b>	<b><u>1.471.506.430</u></b>
<b>Total liabilities</b>		<b><u>5.581.639.008</u></b>	<b><u>6.027.735.407</u></b>
<b>Total equity and liabilities</b>		<b>10.313.755.747</b>	<b>10.306.552.204</b>

Director – General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

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# INTERIM STATEMENT OF COMPREHENSIVE INCOME

(expressed in lei, unless otherwise stated)



	<b>Note</b>	<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	22.1	907.762.224	607.207.967
Revenue from the international transmission activity and similar		-	-
Other revenue	22.2	<u>42.354.213</u>	<u>36.607.537</u>
<b>Operational revenue before the balancing and construction activity according to IFRIC12</b>		<b>950.116.437</b>	<b>643.815.504</b>
Depreciation	7, 9	(121.810.970)	(115.198.980)
Employees costs	24	(141.833.635)	(132.484.668)
NTS gas consumption, materials and consumables used		(38.460.217)	(32.422.603)
Expenses with royalties		(104.392.656)	(69.828.916)
Maintenance and transmission		(7.585.616)	(6.093.450)
Taxes and other amounts owed to the state		(21.333.381)	(17.037.907)
Revenue/ (Expenses) with provisions for risks and charges		(2.224.430)	(5.733.922)
Receivables impairment loss/(gain)		(2.825.269)	(1.510.544)
Other operating cost	23.1	<u>(29.883.173)</u>	<u>(26.694.146)</u>
<b>Operational profit before the balancing and construction activity according to IFRIC12</b>		<b>479.767.090</b>	<b>236.810.368</b>
Revenue from the balancing activity	22.1	160.196.012	62.886.631
Cost of balancing activity	23.2	(160.196.012)	(62.886.631)
Revenue from the construction activity according to IFRIC12	22.1	116.221.380	223.547.415
Cost of assets constructed according to IFRIC12	33	<u>(116.221.380)</u>	<u>(223.547.415)</u>
<b>Operational profit</b>		<b>479.767.090</b>	<b>236.810.368</b>
Interest Income	25	75.952.966	76.565.700
Financial income	25	190.622	1.365.054
Financial cost	25	<u>(16.084.076)</u>	<u>(21.480.880)</u>
<b>Financial income, net</b>		<b><u>60.059.512</u></b>	<b><u>56.449.874</u></b>
<b>Profit before tax</b>		<b>539.826.602</b>	<b>293.260.242</b>
Income tax expense	18	<u>(86.526.661)</u>	<u>(51.321.751)</u>
<b>Net profit for the period</b>		<b><u>453.299.941</u></b>	<b><u>241.938.491</u></b>
Shares number		188.381.504	188.381.504
Basic and diluted earnings per share (expressed in lei per share)	28	2,41	1,28
<b>Total comprehensive income for the period</b>		<b><u>453.299.941</u></b>	<b><u>241.938.491</u></b>

Director - General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

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

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



	Note	Share Capital	Share capital adjustments for hyperinflation	Share premium	Other reserves	Legal reserve	Reinvested profit reserve	Retained earnings	Total equity
<b>Balance at 1 January 2024</b>		<u>1.883.815.040</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>55.765.430</u>	<u>17.275.596</u>	<u>48.675.901</u>	<u>3.960.226.089</u>
<i>Elements of the comprehensive income</i>									
Net profit for the period								241.938.491	241.938.491
<i>Shareholder transactions:</i>									
Dividends for 2023	15	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2024</b>		<u>1.883.815.040</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>55.765.430</u>	<u>17.275.596</u>	<u>290.614.392</u>	<u>4.202.164.580</u>
<i>Elements of the comprehensive income</i>									
Net profit for the period								150.091.459	150.091.459
Other elements of the comprehensive income		-	-	-	-	-	-	(7.505.716)	(7.505.716)
Total comprehensive income for the period								142.585.743	142.585.743
Legal reserve increase						22.905.250		(22.905.250)	-
Establishing tax reserves							40.845.861	(40.845.861)	-
<i>Shareholder transactions:</i>									
Dividends related to 2023	15	-	-	-	-	-	-	(65.933.526)	(65.933.526)
<b>Balance at 31 December 2024</b>		<u>1.883.815.040</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>78.670.680</u>	<u>58.121.457</u>	<u>303.515.498</u>	<u>4.278.816.797</u>
<i>Elements of the comprehensive income</i>									
Net profit for the period								453.299.941	453.299.941
<i>Shareholder transactions:</i>									
Dividends for 2024	15	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2025</b>		<u>1.883.815.040</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>78.670.680</u>	<u>58.121.457</u>	<u>756.815.440</u>	<u>4.732.116.739</u>

Director – General  
Ion Sterian

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

## CASH FLOW STATEMENT

(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>
<b>Cash generated from operations</b>	26	<b>579.748.845</b>	<b>301.056.999</b>
Paid income tax		-	-
<b>Net cash inflow from operating activities</b>		<b>579.748.845</b>	<b>301.056.999</b>
<b>Cash flow from investing activities</b>		(329.106.982)	(186.594.956)
Payments to acquire intangible assets		(982.207)	(1.477.494)
Payments to acquire tangible assets		-	83.123
Receipts from the disposal of tangible assets		-	-
Financial investments/shareholdings		4.139.614	4.018.117
Interest received			
<b>Net cash used in investing activities</b>		<b>(325.949.575)</b>	<b>(183.971.210)</b>
<b>Cash flow from financing activities</b>			
Long-term loans withdrawals		-	-
Long term loans repayments		(30.667.130)	(30.667.928)
Credit repayments for working capital		(303.916.947)	(10.371.898)
Cash flow from connection fees and grants		879.281	133.579.201
Lease Payments (IFRS 16)		(2.627.120)	(2.575.148)
Interest paid		(37.983.305)	(20.526.200)
Dividends paid		(58.252)	(55.768)
<b>Net cash used in financing activities</b>		<b>(374.373.473)</b>	<b>69.382.259</b>
<b>Net change in cash and cash equivalents</b>		<b>(120.574.203)</b>	<b>186.468.048</b>
<b>Cash and cash equivalent as at the beginning of the year</b>	13	<b>993.071.864</b>	<b>677.556.651</b>
<b>Cash and cash equivalent as at the end of the period</b>	13	<b>872.497.661</b>	<b>864.024.699</b>

Director – General  
Ion Sterian

Chief Financial Officer  
Marius Lupean

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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### **1. GENERAL INFORMATION**

The National Gas Transmission Company - SNTGN Transgaz SA (`company`) has as main activity the transmission of natural gas. Also, the company 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, 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.

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

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

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.

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

#### **Statement of compliance**

The Company's financial statements were prepared in accordance with the Order of the Minister of Public Finance no. 2.844/2016, as amended ("OMF 2844/2016") for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the European Union, applicable to companies whose real shares are admitted for trading on a regulated market.

OMF 2844/2016 complies with IFRS Accounting Standards as adopted by the European Union with the following exceptions:



## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

- IAS 21 The Effects of Changes in Foreign Exchange Rates regarding the functional currency, IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, and with the exception of IAS 12 Income Taxes related to the treatment of 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.
- IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid. The Company's policy on connection fee income, 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.
- 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, under 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 year period. 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:

*Consumption of NTS gas, materials and consumables* would have recorded an increase by Lei 20.547.260 in Q1 2025 (Lei 41.986.105 in 2024), *Depreciation* and amortization would have recorded a decrease by Lei 2.772.235 in 2025 (Lei 5.152.947 in 2024), *Operating profit* would have recorded a decrease by Lei 17.775.025 in Q1 2025 (Lei 36.833.158 in 2024), and the value of the lines in the statement of the financial position would have recorded the following effect: *Intangible assets* would have recorded a reduction by lei 66.632.609 in Q1 2025 (Lei 48.857.582 in 2024) and *Retained result* would have recorded a reduction of Lei 66.632.609 in 2024 (Lei 48.857.582 in 2024).

The financial statements were prepared based on the historical cost convention, except for the financial assets which are measured at fair value by the profit and loss account or at the fair value by other elements of the comprehensive income.

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 3. SUMMARY OF THE MATERIAL ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements are presented 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. The objective of the amendments is to clarify the principles in IAS 1 for classifying liabilities as current or non-current liabilities. The amendments clarify issues related to the right to defer settlement, the requirement that this right exists at the end of the reporting period, that management's intention does not affect the classification, and issues related to settlement options by transferring the entity's own equity instruments. The amendments also specify that only requirements in contracts that an entity must comply with on or before the reporting date will affect the classification of a liability. Additional disclosures are also required for long-term liabilities arising from contracts that are subject to contractual requirements that must be complied with within twelve months of the reporting date. The amendments had no impact on the Company's financial statements.

- **IFRS 16 Leases: lease liabilities arising under a sale and leaseback (Amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. The amendments are intended to enhance the requirements that a seller-lessee uses to measure the liability arising from a sale and leaseback transaction in IFRS 16, without changing the accounting for leases that are unrelated to sale and leaseback transactions. In particular, the seller-lessee establishes 'lease payments' or 'revised lease payments' in such a way that the seller-lessee does not recognize any amount of the gain or loss on the right of use that it retains. Applying those requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss related to the partial or total termination of a lease. The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application, which is 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 1 January 2024. The amendments supplement the requirements already in IFRS and require an entity to disclose the terms and conditions of vendor financing arrangements. In addition, entities

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

are required to disclose, at the beginning and end of the reporting period, the carrying amounts of financial liabilities related to vendor financing arrangements and the lines where those liabilities are disclosed, as well as the carrying amounts of financial liabilities for which the lenders have already settled the related trade payables. Entities should also disclose the type and effect of non-monetary changes in the carrying amounts of the financial liabilities of vendor financing arrangements that prevent comparability of the carrying amounts of financial liabilities. In addition, the amendments require an entity to disclose, at the beginning and end of the reporting period, the range of payment terms for financial liabilities due to supplier finance providers and 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

- **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.

### 3.2 Reporting on segments

Reporting on business segments is made consistently with the internal reporting by the main operating decision-maker. The main operating decision-maker, which is in charge with resource allocation and assessment of business segments' performance, was identified as being the Board of Administration, which makes the strategic decisions.

### 3.3 Transactions in foreign currency

#### a) *Functional currency*

The items included in the financial statements of the company are valued using the currency of the economic environment where the entity operates ('functional currency'). The financial statements are presented in Romanian leu ('lei'), which is the functional currency and the currency of company presentation.

#### b) *The rounding level used in the presentation of the financial statements*

In the financial statements the value is presented rounded by units.

#### c) *Transactions and balances*

Transactions in foreign currency are converted into functional currency using the exchange rate valid on the date of transactions or valuation at the reporting date. Profit and loss resulting from foreign currency translation reserve following the conclusion of such transactions and from the conversion at the exchange rate at the end of the reporting period of monetary assets and liabilities denominated in foreign currency are reflected in the statement of the comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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### 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.

#### *Service Concession Agreement*

From 2010, the company started to apply IFRIC 12 **Service Concession Arrangements**, adopted by the EU. 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. As of 01.01.2018, IFRS 15 Revenue from Contracts with Customers became applicable in Romania. This standard replaces some older standards (such as IAS 11, IAS 18) and amends IFRIC 12 by introducing new interpretations to the notion of a contract. As a result, the company applies the bifurcated model registering the updated receivable related to the regulated amount remaining unamortized at the end of the concession agreement as a financial asset the intangible asset will be presented in the financial statements by the residual method resulted less the value of the construction works, achieved at fair value with the amount of the updated long-term receivable (compensation) upon the commissioning of the investment.



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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 value which was not depreciated fixed by ANRE. The company recognized for the investments made until the reporting date an updated receivable related to the regulated value remained undepreciated at the end of the concession agreement, at a counterperformance and an intangible asset at a value less the updated receivable. The discount rate used to calculate the present value of the debt is long-term government bonds, zero coupon, over a period close to the remainder of the concession agreement. The initial measurement of the compensation 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. 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.

In 2019, ANRE Order no. 41/2019 on the adjustment of asset regulated value 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 value to the inflation rate and recognizes a gain or loss from the change in the profit or loss account.

As presented in Note 8, the company is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right.

Due to the fact that the Service Concession Agreement (‘SCA’) had no commercial substance (i.e. nothing substantial changed in the way the company operated assets; 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 (in the financial statements as tangible assets on the date of application of IFRIC 12). Consequently, the company continued to recognize the asset, but reclassified it as intangible asset. The company tested the intangible assets recognized at the time without identifying depreciation.

As they occur, costs of replacements are recorded as expense, while the improvements of assets used within SCA are recognized at cost.

Intangible assets are fully amortized during the remaining period of the concession agreement.

### 3.6 Assets of public domain

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 non-current assets with a gross historical statutory book value of 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 (see Note 8). The company 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, the company recognized those assets as tangible assets, with a proper reserve in the shareholders' equity (see Note 5.2.). Accounting policies applied to these assets were the same as those applied to the company's tangible assets (Notes 3.7 and 3.8).

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The company adopted IFRIC 12 as of 1 January 2010 and reclassified these assets and the subsequent improvements as intangible assets (except for international transmission pipelines).

Starting with 01.01.2018, IFRS 15 "Revenues from the contracts with the clients" became applicable in Romania. This standard replaces a set of older standards (such as IAS 11, IAS 18) and changes IFRIC 12 giving a new interpretation to the contract notion. Therefore, our company registered the discounted receivables related to the regulated value remained undepreciated at the end of the concession agreement as a counterperformance and an intangible asset at a value diminished with the amount of the discounted receivables.

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 Tangible Assets

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

The company's policy is to reflect intangible assets at their cost at their cost less any accumulated depreciation and any impairment accumulated losses.

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

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

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 company 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

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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.

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.

Borrowing costs attributable to the arrangement are recognized as an expense in the period in which they are incurred, unless the operator has the contractual right to receive an intangible asset, in which case the borrowing costs attributable to an arrangement are capitalized during the engagement stage.

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.

### 3.8 Impairment of non-financial assets

Depreciated assets are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The impairment loss is the difference between the carrying amount and the recoverable amount of the asset. The recoverable amount is the greater of the asset's fair value minus costs to sell and value



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in use. An impairment loss recognized for an asset in prior periods is reversed if there are changes in the estimates used to determine the recoverable amount of the asset at the date the last impairment loss was recognized. For the calculation of this impairment, assets are grouped at the lowest levels for which there are identifiable independent cash flows (cash generating units).

Depreciated non-financial assets are reviewed for possible reversal of the impairment at each reporting date.

### Leased assets

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

#### The 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 recognizes lease liabilities for lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets The Group recognizes right-of-use assets at the commencement date of the lease contract (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 revaluation of lease liabilities.

The cost of right-of-use assets includes the amount of recognized lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date, less any lease inducements 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

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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.

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 call 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.

## NOTES TO THE FINANCIAL STATEMENTS

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The Company does not hold financial assets measured at fair value by 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

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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 paid,

#### (i) *Assets measured at cost*

The share held at Eurotrangaz SRL is recognized at its fair value as of the date of trading, being evaluated, after the initial recognition, at cost according to Art.4.1.2 of IFRS 9 and Art.10.a- IAS 27- Separate Financial Statements:

In 2023 and 2022 the company evaluated the stake held in Eurotrangaz SRL in order to identify any possible impairment losses No impairments were found.

### 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 stocks at a value determined by a technical committee. The amount so determined does not exceed the net achievable value.

The cost for spare parts bought is determined based on the first in, first out method, except for the cost of gas used in the national transmission system balancing activity which is determined based on the weighted average cost 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 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.

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### 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 fair value 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.

### 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 and overdrafts from banks. 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 partially distribute 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.

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

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### 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.

### 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 fair value and subsequently measured at amortized cost, using the effective interest method.

### 3.17. Deferred revenue

Deferred revenue is recorded for connection fees applied to customers upon their connection to the gas transmission network, for the objectives received free of charge and for grants collected(governmental subsidies).

The grants collected are assimilated to the governmental subsidies.

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.

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For the connection fees applied to the clients for their connection to the gas transmission network and to the facilities received free of charge, for the grants the company chose to record the total asset value and a deferred revenue.

The company recognizes a right to collect the grant when there is reasonable assurance that it will 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 grants received or from connection fees are presented within financing cash flows in the Statement of Cash Flows as this is a policy choice of the Group in accordance with 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.



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### 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 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 writing back to revenue 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.



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Revenue from client contracts mainly relates to natural gas transmission 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.

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

a) *Revenue from services*

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 invoices 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*

In accordance with 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 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.

The balancing actions carried out by the Company 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 Network Users (NUs);

## NOTES TO THE FINANCIAL STATEMENTS

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- 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.

The Company 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 the Company's 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 the Company's financial performance. The financial neutrality required by the regulations makes it appropriate to present balancing revenues and expenses separately from the Company's other operating revenues and expenses, separating the balancing activity that has zero regulated profit from the rest of the activities performed by the Company.

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

These connection fees partially or fully finance the cost of construction works for connection to the National Gas Transmission System, are recognized as prepaid 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.

According to the Network Code for the National Gas Transmission System, Transgaz sells natural gas within the actions aimed at balancing the differences between the quantities of natural gas delivered to the NTS and those taken over by the network users from it.

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.

*Revenue from dividends*

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

*f) 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).

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 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 company does not use derivative financial instruments to protect itself from certain risk exposures.

#### (a) *Market risk*

##### (i) Currency risk

The company is exposed to currency risk by exposures to various foreign currencies, especially to EUR. Currency risk is associated to monetary assets and recognized liabilities.

The company 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>RON</b>	<b>Total</b>
	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>
<b>Financial assets</b>					
Cash and cash equivalents	13.656.835	975	33.859	861.214.564	874.906.233
Loans granted to subsidiaries	-	-	-	-	-
Other financial assets	24.886	-	-	-	24.886
Receivable on the Regulated value remaining undepreciated at the end of the concession agreement	-	-	-	2.722.570.044	2.722.570.044
Trade and other receivables	158.931.884	-	6.944.750	237.491.251	403.367.885
<b>Total financial assets</b>	<b>172.613.605</b>	<b>975</b>	<b>6.978.609</b>	<b>3.821.275.859</b>	<b>4.000.869.048</b>
<b>Financial liabilities</b>					
Trade and other payables	31.228.949	-	-	564.844.678	596.073.627
Lease liabilities	-	-	-	20.215.062	20.215.062
Loans	1.099.278.061	-	-	2.178.553.792	3.277.831.853
<b>Total financial liabilities</b>	<b>1.130.507.010</b>	<b>-</b>	<b>-</b>	<b>2.763.613.532</b>	<b>3.894.120.542</b>
<b>Net</b>	<b>(957.893.405)</b>	<b>975</b>	<b>6.978.609</b>	<b>1.057.662.327</b>	<b>106.748.506</b>

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

<b>31 December 2024</b>	<b><u>EUR</u></b> <b><u>(RON)</u></b>	<b><u>GBP</u></b> <b><u>(RON)</u></b>	<b><u>USD</u></b> <b><u>(RON)</u></b>	<b><u>RON</u></b> <b><u>(RON)</u></b>	<b>Total</b> <b><u>(RON)</u></b>
<b>Financial assets</b>					
Cash and cash equivalents	24.822.570	1.583	36.200	970.512.819	995.373.172
Loans granted to subsidiaries	-	-	-	-	-
Other financial assets	24.870	-	-	-	24.870
Receivable on the Regulated value remaining undepreciated at the end of the concession agreement	-	-	-	2.648.907.892	2.648.907.892
Trade and other receivables	<u>156.281.013</u>	<u>-</u>	<u>7.210.886</u>	<u>259.601.242</u>	<u>423.093.141</u>
<b>Total financial assets</b>	<b>181.128.453</b>	<b>1.583</b>	<b>7.247.086</b>	<b>3.849.046.823</b>	<b>4.067.399.075</b>
<b>Financial liabilities</b>					
Trade and other payables	68.356.517	-	167.188	690.460.458	758.984.163
Lease liabilities	-	-	-	20.881.905	20.881.905
Loans	<u>1.106.990.865</u>	<u>-</u>	<u>-</u>	<u>2.497.535.646</u>	<u>3.604.526.511</u>
<b>Total financial liabilities</b>	<b>1.175.347.382</b>	<b>-</b>	<b>167.188</b>	<b>3.208.878.009</b>	<b>4.384.392.579</b>
<b>Net</b>	<b>(994.218.929)</b>	<b>1.583</b>	<b>7.079.898</b>	<b>670.168.815</b>	<b>(316.993.504)</b>

As at 31 March 2025, the amount of RON 165.926.405 (31 December 2024: RON 163.531.609) representing trade receivables and other receivables net is expressed in foreign currency, of which 4% in USD (31 December 2024: 4%) and 96% in EUR (31 December 2024: 96%).

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 company, 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><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></b>
<i>Impact on profit and loss and on equity of:</i>		
USD appreciation by 8%	558.289	566.392
USD depreciation by 8%	(558.289)	(566.392)
EUR appreciation by 2%	(19.157.370)	(19.884.379)
EUR depreciation by 2%	19.157.370	19.884.379

(ii) **Price risk**

The company 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).

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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

The company is exposed to interest rate risk by its bank deposits and variable interest loans. The company 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 3.465.183 (December 2024: lei 10.098.260 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 company 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 company'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 impairment adjustments. As at 31 March 2025 the payment guarantees available to the company from clients amounting to lei 568.825.686 (as at 31 December 2024: 614.828.887 lei).

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

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Without rating	329.224	401.496
BB+	-	-
BBB-	789.810.511	890.375.218
BBB	-	-
BBB+	81.817.937	101.883.477
A+	134.030	134.273
AA-	202.535	157.385
AA	-	-
<b>Total</b>	<b>872.294.237</b>	<b>992.951.849</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 company 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

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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 company 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:

	<u>Total amount</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
Borrowings	4.705.724.089	500.796.866	2.194.362.928	2.010.564.295
Trade payables and other payables	596.073.627	596.073.627	-	-
Lease liabilities	<u>20.215.062</u>	<u>3.698.793</u>	<u>16.516.269</u>	-
	<u>5.322.012.778</u>	<u>1.100.569.286</u>	<u>2.210.879.197</u>	<u>2.010.564.295</u>

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

	<u>Total amount</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
Borrowings	4.703.903.245	510.840.913	2.053.719.820	2.139.342.512
Trade payables and other payables	758.984.163	758.984.163	-	-
Lease liabilities	<u>20.881.905</u>	<u>3.913.557</u>	<u>16.968.348</u>	-
	<u>5.483.769.313</u>	<u>1.273.738.633</u>	<u>2.070.688.168</u>	<u>2.139.342.512</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	221.473.088	554.730.910
Term bank deposits	653.433.145	440.642.262
Trade and other receivables	3.086.043.460	3.027.109.463
	<b><u>3.960.949.693</u></b>	<b><u>4.022.482.635</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

	<b>31 March 2025</b>	<b>31 December 2024</b>
<b>Financial liabilities</b>	<b>(unaudited)</b>	
Debts evaluated to amortised cost		
Loans	3.250.987.253	3.584.911.807
Liabilities evaluated at fair value		
Financial securities for contracts	146.853.064	118.379.633
Commercial liabilities and other liabilities	<u>449.220.563</u>	<u>640.604.530</u>
	<b><u>3.847.060.880</u></b>	<b><u>4.343.895.970</u></b>

ANRE Order no. 130/2020 regulates two types of financial guarantees, 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 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 Network User ("NU") has honoured all payment obligations.

The category Trade and other receivables does not include the receivables related to employees and payables registered in advance are not included.

## Capital risk management

The company'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:



## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
Total borrowings	3.250.987.253	3.584.911.807
Except: cash and cash equivalents (Note 13)	<u>(874.906.233)</u>	<u>(995.373.172)</u>
Net cash position	<u>2.376.081.020</u>	<u>2.589.538.635</u>
Equity capital	4.732.116.739	4.278.816.797
Leverage ratio	0,51	0,61

### 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 book value. The book values represent the Company's maximum exposure to credit risk for existing receivables.

## 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 31 March 2025 and 31 December 2024 depending on the following variables:



**NOTES TO THE 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>
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><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></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

## **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. Before concluding this agreement, the pipelines were managed by the company according to Public Domain Law No. 213/1998, Government Decision (`GD`) No. 491/1998 and GD No. 334 of 2000 by which the company was established. According to the provisions of this agreement, the company receives most of benefits associated to assets and is exposed to most of the risks. Therefore, the company recognized these assets in the statement of the financial position, with an appropriate reserve in equity.

Regarding the already existing infrastructure on the date of signing the Concession Agreement, given that the company has no payment obligations at the time of terminating the Concession Agreement (but only obligations on maintenance and modernization, investments in new pipelines), the company's management considered that it is, in substance, an equity component, defined as the residual interest in the company's assets after the deduction of all debts. In addition, because the company and its predecessor, SNGN Romgaz SA, were controlled by the Romanian state, the publication of Public Patrimony Law (i.e. loss of property) and the reorganization of SNGN Romgaz SA into 5 companies can be treated as transactions with shareholders, in its capacity of shareholder, which supports the recognition of transactions in equity. As of 2010, the company applied IFRIC 12 (Note 3.5).

## NOTES TO THE 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 Long-term receivables

Law 127/2014, which became effective on 5 October 2014, stipulates that in the event of termination of the concession contract irrespective of the reason, or upon termination of the contract, the investment made by the national transmission system operator shall be transferred to the owner of the national transmission system or to another conceder in exchange for the payment of compensation equal to the remaining undepreciated regulated value established by ANRE.

The company believes that the legislative change represents a compensation for the value of the investments made, which the company will not recover through the tariff, implicitly the value of the intangible asset not recovered through the tariff, recognized for the right to charge users.

From 01.01.2018, IFRS 15 Revenue from Contracts with Customers became applicable in Romania. This standard replaces some older standards (such as IAS 11, IAS 18) and amends IFRIC 12 by introducing new interpretations to the notion of a contract. As a result, the company applies the bifurcated model registering the updated receivable related to the regulated amount remaining unamortized at the end of the concession agreement as a financial asset the intangible asset will be presented in the financial statements by the residual method resulted less the value of the construction works, achieved at fair value with the amount of the updated long-term receivable (compensation) upon the commissioning of the investment.

The present value was determined for the remaining period of the concession contract (the year 2032), because it is estimated that it will not be terminated before the expiration date (see Note 3.6).

In 2019 ANRE Order no. 41/2019 on the adjustment of the regulated value of the assets at the inflation rate entered into force. The company records the present value of the contractual cashflows recalculated as a result of the adjustment of the regulated asset value to the inflation rate and recognizes a gain or loss from the change in the profit or loss account.

The company estimates the discount rate for the present value calculation, using the NBR reference rate for government securities (fixing), considering that this rate reflects with increased fidelity the internal context in which the transactions take place;

## NOTES TO THE 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>Total</u>
Revenue from domestic transmission	907.762.223	-	-	-	907.762.223
Revenue from international transmission and similar	-	-	-	-	-
Other trade revenue	1.180.157	-	-	-	1.180.157
Other revenue	<u>30.187.439</u>	<u>2.612.409</u>	<u>-</u>	<u>8.374.209</u>	<u>41.174.057</u>
<b>Operating revenue before the balancing and the construction activity according to IFRIC12</b>	<b><u>939.129.819</u></b>	<b><u>2.612.409</u></b>	<b><u>-</u></b>	<b><u>8.374.209</u></b>	<b><u>950.116.437</u></b>
Depreciation	(113.453.249)	(7.756.918)	-	(600.802)	(121.810.970)
Operating expenses other than depreciation	<u>(342.436.939)</u>	<u>(2.955.596)</u>	<u>-</u>	<u>(3.145.842)</u>	<u>(348.538.377)</u>
<b>Profit from operation before the balancing and construction activity according to IFRIC12</b>	<b><u>483.239.631</u></b>	<b><u>(8.100.105)</u></b>	<b><u>-</u></b>	<b><u>4.627.565</u></b>	<b><u>479.767.090</u></b>
Revenue from the balancing activity	-	-	160.196.012	-	160.196.012
Cost of balancing activity	-	-	(160.196.012)	-	(160.196.012)
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><u>483.239.631</u></b>	<b><u>(8.100.105)</u></b>	<b><u>-</u></b>	<b><u>4.627.565</u></b>	<b><u>479.767.090</u></b>
Net financial gain	-	-	-	-	60.059.512
<b>Profit before tax</b>	-	-	-	-	<b>539.826.602</b>
Income tax	-	-	-	-	(86.526.661)
<b>Net profit</b>	-	-	-	-	<b>453.299.941</b>
Assets on segments	8.637.464.685	123.147.145	371.555.785	1.181.588.132	10.313.755.747
Liabilities on segments	4.931.503.881	636.411	579.120.085	70.378.630	5.581.639.007
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)	(5.049.699)

## NOTES TO THE 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.

*Unallocated assets include:*

Tangible and intangible assets	29.218.225
The right of use of the leased assets	18.960.867
Financial fixed assets	177.644.145
Cash	874.906.233
Deferred tax	265.088
Other assets	<u>80.593.574</u>
	<b>1.181.588.132</b>

*Unallocated liabilities include:*

Income tax	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>Total</b></u>
Revenue from the domestic transmission	907.139.180	623.043	907.762.223
Other revenue	<u>41.731.171</u>	<u>623.043</u>	<u>42.354.214</u>
	948.870.351	1.246.086	950.116.437

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

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

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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All of the assets of the company are located in Romania. All of the activities of the 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 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 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>Total</u>
Revenue from domestic transmission	607.207.967	-	-	-	607.207.967
Revenue from international transmission	-	-	-	-	-
Other revenue	<u>18.311.536</u>	<u>2.380.510</u>	-	<u>15.915.491</u>	<u>36.607.537</u>
<b>Operating revenue before the balancing and the construction activity according to IFRIC12</b>	<b><u>625.519.503</u></b>	<b><u>2.380.510</u></b>	-	<b><u>15.915.491</u></b>	<b><u>643.815.504</u></b>
Depreciation	(107.545.007)	(7.210.228)	-	(443.745)	(115.198.980)
Operating expense other than depreciation	<u>(274.070.150)</u>	<u>(2.799.456)</u>	-	<u>(14.936.550)</u>	<u>(291.806.156)</u>
<b>Profit from operation before the balancing activity according to IFRIC12</b>	<b><u>243.904.346</u></b>	<b><u>(7.629.174)</u></b>	-	<b><u>535.196</u></b>	<b><u>236.810.368</u></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><u>243.904.346</u></b>	<b><u>(7.629.174)</u></b>	-	<b><u>535.196</u></b>	<b><u>236.810.368</u></b>
Net financial gain	-	-	-	-	56.449.874
<b>Profit before tax</b>	-	-	-	-	<b>293.260.242</b>
Income tax	-	-	-	-	<u>(51.321.751)</u>
<b>Net profit</b>	-	-	-	-	<b>241.938.491</b>
Assets on segments	7.068.795.735	143.171.287	325.588.854	1.086.730.155	8.624.286.031
Liabilities on segments	3.680.066.831	597.424	567.423.486	10.606.522	4.258.694.263
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 FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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	30.769.817
Right of use of leased assets	13.655.219
Financial fixed assets	177.619.145
Cash	864.024.699
Deferred tax	-
Other assets	<u>661.275</u>
	<b>1.086.730.155</b>

*Unallocated liabilities include:*

Deffered tax	762.974
Tax payable	7.839.326
Dividends payable	1.039.764
Other debts	<u>964.458</u>
	<b>10.606.522</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.

Transmission services are provided for several domestic and foreign customers.

	<u><b>Domestic Clients</b></u>	<u><b>Foreign Clients</b></u>	<u><b>Total</b></u>
Revenue from domestic transmission	570.049.096	37.158.871	607.207.967
Revenue from international transmission	-	-	-
Other revenue	<u>29.068.456</u>	<u>7.539.081</u>	<u>36.607.537</u>
	599.117.552	44.697.952	643.815.504

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

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

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

**7. TANGIBLE ASSETS**

	<b><u>Lands and buildings</u></b>	<b><u>Transmissio n system assets</u></b>	<b><u>Other non-current assets</u></b>	<b><u>Assets in progress</u></b>	<b>Total</b>
Cost	296.158.004	986.500.401	360.605.141	12.534.894	1.655.798.439
Accumulated depreciation	(186.698.994)	(792.467.359)	(297.336.205)	-	(1.276.502.558)
Adjustments for impairment	-	-	-	(1.656.182)	(1.656.182)
<b>Initial net book value as at 1 January 2024</b>	<b><u>109.459.010</u></b>	<b><u>194.033.042</u></b>	<b><u>63.268.936</u></b>	<b><u>10.878.711</u></b>	<b><u>377.639.699</u></b>
Inflows	-	-	-	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)	-
Outflow (net value)	(163.669)	(2.215)	(9.565)	-	(175.449)
Expense with depreciation	(1.722.540)	(7.363.278)	(6.087.077)	-	(15.172.895)
<b>Final net book value as at 31 March 2024</b>	<b><u>107.922.735</u></b>	<b><u>184.257.883</u></b>	<b><u>59.053.462</u></b>	<b><u>10.593.069</u></b>	<b><u>361.827.149</u></b>
Cost	272.852.581	984.061.936	361.054.477	12.249.251	1.630.218.245
Accumulated depreciation	(164.929.846)	(799.804.053)	(302.001.015)	-	(1.266.734.914)
Adjustments for impairment	-	-	-	(1.656.182)	(1.656.182)
<b>Final net book value as at 31 March 2024</b>	<b><u>107.922.735</u></b>	<b><u>184.257.883</u></b>	<b><u>59.053.462</u></b>	<b><u>10.593.069</u></b>	<b><u>361.827.149</u></b>
<b>Initial net book value as at 1 January 2024</b>	<b><u>107.922.735</u></b>	<b><u>184.257.883</u></b>	<b><u>59.053.462</u></b>	<b><u>10.593.069</u></b>	<b><u>361.827.149</u></b>
Inflows	-	-	(456.825)	20.776.789	20.319.964
Reclassification	-	-	(216.400)	(49)	(216.449)
Transfers	1.654.339	-	19.207.064	(20.861.404)	-
Outflow (net value)	(55.591)	(1.665)	(59.254)	-	(116.510)
Expense with depreciation	(5.154.881)	(23.707.606)	(19.181.407)	-	(48.043.894)
<b>Final net book value as at 31 December 2024</b>	<b><u>104.366.602</u></b>	<b><u>160.548.613</u></b>	<b><u>58.346.640</u></b>	<b><u>10.508.405</u></b>	<b><u>333.770.260</u></b>
Cost	273.964.156	984.059.610	376.181.015	12.164.588	1.646.369.369
Accumulated depreciation	(169.597.554)	(823.510.997)	(317.834.375)	-	(1.310.942.925)
Adjustments for impairment	-	-	-	(1.656.182)	(1.656.182)
<b>Final net book value at 31 December 2024</b>	<b><u>104.366.602</u></b>	<b><u>160.548.613</u></b>	<b><u>58.346.640</u></b>	<b><u>10.508.405</u></b>	<b><u>333.770.260</u></b>
<b>At 31 March 2025 (unaudited)</b>					
<b>Initial net book value as at 1 January 2025</b>	<b><u>104.366.602</u></b>	<b><u>160.548.613</u></b>	<b><u>58.346.640</u></b>	<b><u>10.508.405</u></b>	<b><u>333.770.260</u></b>
Inflows	-	-	-	1.044.445	1.044.445
Reclassification	42.794	(3.360.409)	(217.023)	(335.013)	(3.869.651)
Transfers	60.572	-	648.859	(709.431)	-
Outflow (net value)	(54.153)	-	(3.530)	-	(57.683)
Expense with depreciation	(1.566.780)	(4.487.868)	(6.756.479)	-	(12.811.127)
<b>Final net book value as at 31 March 2025</b>	<b><u>102.849.035</u></b>	<b><u>152.700.336</u></b>	<b><u>52.018.467</u></b>	<b><u>10.508.406</u></b>	<b><u>318.076.244</u></b>
Cost	273.766.992	984.059.610	376.183.736	12.164.588	1.646.174.926
Accumulated depreciation	(170.917.957)	(831.359.274)	(324.165.269)	-	(1,326.442.500)
Adjustments for impairment	-	-	-	(1.656.182)	(1,656.182)
<b>Final net book value as at 31 March 2025</b>	<b><u>102.849.035</u></b>	<b><u>152.700.336</u></b>	<b><u>52.018.467</u></b>	<b><u>10.508.406</u></b>	<b><u>318.076.244</u></b>



## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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.

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 were made for work in progress for which completion and commissioning is 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:

#### Leases according to IFRS16

Cost on 1 January 2025	<b>40.823.468</b>
Accumulated depreciation	(21.128.376)
Net book value	<u>19.695.092</u>
Inflow	325.769
Outflow	(27.908)
Depreciation	(1.032.086)
Final net book value on 31 March 2025	<u>18.960.867</u>

Detailed information on IFRS 16 as at 31 March 2025:

	<b>31 March 2025</b>	<b>Of which related to - Forestry conventions</b>
Right of use asset (DU)	41.121.329	16.699.440
Accumulated depreciation on DU	(22.160.462)	(7.029.663)
Interest on DU	281.135	99.658
Lease liability	20.215.062	10.600.425
Of which:		
Short term	3.698.793	1.339.541
Long term	16.516.269	9.260.884

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

	<u>Leases according to IFRS16</u>
Cost on 1 January 2024	<b>32.903.879</b>
Accumulated depreciation	(18.403.176)
Net book value	<u>14.500.703</u>
Inflow	9.455.560
Outflow	(1.535.971)
Depreciation	(2.725.200)
Final net book value on 31 December 2024	<u>19.695.092</u>

Detailed information on IFRS 16 as at 31 December 2024:

	<b>31 December 2024</b>	<b>Of which related to - Forestry conventions</b>
Right of use assets	40.823.468	16.683.915
Right of use asset-accumulated depreciation	(21.128.376)	(6.712.689)
Interest expense on lease liability	904.121	445.744
Lease liability	20.881.905	10.889.456
Of which:		
Short term	3.913.557	1.320.203
Long term	16.968.348	9.569.253

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

## 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:

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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- 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 9. INTANGIBLE ASSETS

	Assets related to the ACS	Information programmes	Intangible assets under construction	Total
<b>On 31 March 2024 (unaudited)</b>				
Cost	8.410.295.424	92.433.377	373.525.658	8.876.254.459
Accumulated depreciation	(5.154.741.098)	(69.107.242)	-	(5.223.848.341)
Adjustments for impairment	-	-	(9.142.777)	(9.142.777)
<b>Final net book value as at 1 January 2024</b>	<b>3.255.554.327</b>	<b>23.326.135</b>	<b>364.382.881</b>	<b>3.643.263.343</b>
Inflow	-	-	224.623.208	224.623.208
Reclassifications	3.267.466	-	-	3.267.466
Transfers*	3.582.329	196.000	7.156.237	10.934.566
Outflow	-	-	-	-
Depreciation	(126.967.242)	(2.018.433)	-	(128.985.675)
Concession Agreement receivables	(894.483)	-	-	(894.483)
Concession Agreement receivable depreciation	30.000.398	-	-	30.000.398
<b>Final net book value as at 31 March 2024</b>	<b>3.164.542.795</b>	<b>21.503.702</b>	<b>596.162.326</b>	<b>3.782.208.823</b>
Cost	9.972.313.256	87.969.099	605.305.103	10.665.587.458
Accumulated depreciation	(5.796.591.203)	(66.465.397)	-	(5.863.056.600)
Adjustment for impairment	-	-	(9.142.777)	(9.142.777)
Concession Agreement receivables	(1.556.062.520)	-	-	(1.556.062.520)
Concession Agreement receivable depreciation	544.883.262	-	-	544.883.262
<b>Final net book value as at 31 March 2024</b>	<b>3.164.542.795</b>	<b>21.503.702</b>	<b>596.162.326</b>	<b>3.782.208.823</b>
<b>At 31 December 2024</b>				
<b>Initial net book value as at 01 January 2024</b>	<b>3.164.542.795</b>	<b>21.503.702</b>	<b>596.162.326</b>	<b>3.782.208.823</b>
Inflow	-	41.986.104	1.669.044.965	1.711.031.068
Reclassifications	216.400	-	(1.590.732)	(1.374.332)
Transfers*	189.667.311	(688.107)	(201.976.154)	(12.996.950)
Outflow	-	-	-	-
Depreciation	(385.968.231)	(5.879.528)	-	(391.847.759)
Adjustment for impairment	-	-	(2.059.121)	(2.059.121)
Concession Agreement receivables	(58.527.937)	-	-	(58.527.937)
Concession Agreement receivable depreciation	90.672.343	-	-	90.672.343
<b>Final net book value as at 31 December 2024</b>	<b>3.000.602.680</b>	<b>56.922.171</b>	<b>2.059.581.283</b>	<b>5.117.106.134</b>
Cost	10.162.196.968	131.329.481	2.070.783.181	12.364.309.629
Accumulated depreciation	(6.182.559.434)	(74.407.309)	-	(6.256.966.743)
Adjustment for impairment	-	-	(11.201.898)	(11.201.898)
Concession Agreement receivables	(1.614.590.458)	-	-	(1.614.590.458)
Concession Agreement receivable depreciation	635.555.605	-	-	635.555.605
<b>Final net book value as at 31 December 2024</b>	<b>3.000.602.680</b>	<b>56.922.171</b>	<b>2.059.581.283</b>	<b>5.117.106.134</b>
<b>At 31 March 2025 (unaudited)</b>				
<b>Initial net book value as at 01 January 2025</b>	<b>3.000.602.680</b>	<b>56.922.171</b>	<b>2.059.581.283</b>	<b>5.117.106.134</b>
Inflow	-	20.547.260	137.648.075	158.195.335
Reclassifications	-	-	339.451	339.451
Transfers*	6.028.112	609.704	(6.637.816)	-
Outflow	-	-	-	-
Depreciation	(132.823.080)	(3.928.006)	-	(136.751.086)
Concession Agreement receivables	(1.757.920)	-	-	(1.757.920)
Concession Agreement receivable depreciation	32.261.452	-	-	32.261.452
<b>Final net book value as at 31 March 2025</b>	<b>2.904.311.244</b>	<b>74.151.129</b>	<b>2.190.930.993</b>	<b>5.169.393.366</b>
Cost	10.168.225.080	152.486.444	2.202.132.891	12.522.844.415
Accumulated depreciation	(6.315.382.514)	(78.335.315)	-	(6.393.717.829)
Adjustment for impairment	-	-	(11.201.898)	(11.201.898)
Concession Agreement receivables	(1.616.348.378)	-	-	(1.616.348.378)
Concession Agreement receivable depreciation	667.817.056	-	-	667.817.056
<b>Final net book value as at 31 March 2025</b>	<b>2.904.311.244</b>	<b>74.151.129</b>	<b>2.190.930.993</b>	<b>5.169.393.366</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 FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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

The project "Development of the Southern Transportation Corridor in Romania to take over natural gas from the Black Sea coast" accounts for 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 has a value of 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 lei (in 2024 it capitalized interest expenses amounting to 30.176.746 lei, for NTS (National Transmission System) assets.

As at 31 March 2025, advances amounting to 61.125 lei are granted, and as 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 20.547.260 lei (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.

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

### 10.1 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of unlisted stakes in the following companies:

<b>Company</b>	<b>Activity</b>	<b>% Percentage owned 2025</b>	<b>% Percentage owned 2024</b>	<b>31 March 2025</b>	<b>31 December 2024</b>
Eurotransgaz	Gas transmission	100	100	177.619.145	177.619.145
Transport România Hidrogen S.R.L.	Transmission by pipelines	100	100	25.000	25.000
				<u>177.644.145</u>	<u>177.644.145</u>

*Participation in the Limited liability company Eurotransgaz Ltd.*

By EGMS Resolution 10/12.12.2017 the establishment of the company EUROTRANSGAZ Ltd. on the territory of the Republic of Moldova was approved for the successful participation in the privatization of the State Enterprise Vestmoldtransgaz.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

After the company was incorporated, Transgaz participated in multiple share capital increases reaching an investment value of lei 177.619.145 as at 31 March 2025 (2024: 177.619.145 lei).

The equity securities held at Eurotransgaz S.R.L represent a capital investment recognized according to IFRS 9, at the date of the transaction being measured at its fair value at the date of the transaction, and assessed, after the initial recognition, at the cost.

For 31 March 2025 and 31 December 2024 the Company has carried out the valuation of the shareholding in Eurotransgaz S.R.L. and Vestmoldtransgaz SRL, for the estimation of the fair value of the shareholders' equity of the two companies the Adjusted Net Assets method was applied and did not identify any elements that would lead to investment impairment.

### *Shareholding in TRANSPORT ROMÂNIA HIDROGEN S.R.L*

By EGMS resolution no. 5 of 05 June 2024 the establishment of a limited liability company with the activity of hydrogen transport, with sole shareholder SNTGN Transgaz SA, was approved.

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.

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.

## 10.2. INVESTMENTS IN ASSOCIATES

<u>Company</u>	<u>Activity</u>	<u>% Percentage owned 2024</u>	<u>% Percentage owned 2023</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Resial SA	Production	-	68,16	-	18.116.501
Mebis SA	Gas production distribution and supply	17,47	17,47	6.461.736	6.461.736
Minus adjustments for impairment of investments in: Resial SA and Mebis SA				(6.461.736)	(24.578.237)

### *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.



## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 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 fair value of the stake in Mebis SA was fully adjusted. The company has no obligations to Mebis SA.

## 11 INVENTORIES

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Gas inventories for balancing purposes	318.777.372	307.812.978
Gas for technological consumption	70.647.035	102.091.149
Spare parts and materials	152.684.366	152.989.061
Materials in custody at third parties	62.697.562	1.914.056
Adjustments for inventory write-downs	<u>(56.587.832)</u>	<u>(56.587.832)</u>
	<u><b>548.218.503</b></u>	<u><b>508.219.412</b></u>

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

The company does not hold any restricted stocks and has established safety stocks amounting to Lei 12.471.393 as at 31 March 2025 (12.471.393 lei as at 31 December 2024).

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	56.587.832	45.553.332
(Revenue)/expense with adjustment for inventory write-downs (Note 23)	<u>-</u>	<u>11.034.500</u>
Adjustment at the end of the period	<u><b>56.587.832</b></u>	<u><b>56.587.832</b></u>

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.



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

**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	979.517.562	986.876.570
Adjustment of impairment of trade receivables	<u>(667.931.601)</u>	<u>(663.903.135)</u>
	311.585.961	322.973.435

At 31 March 2025, the amount of 165.926.405 lei (31 December 2024: 163.531.609 lei) of trade and other receivables net is denominated in foreign currency of which 4% in USD (31 December 2024: 4%) and 96% 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	408.786	150.421
State budget receivables	7.486.515	13.823.771
Other receivables	145.725.378	132.134.150
Non-refundable loans as subsidies	906.984	906.984
Adjustment of impairment of other receivables	<u>(62.720.853)</u>	<u>(64.018.401)</u>
	91.806.810	82.996.924

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.

In the year 2024 the amount of the tax assessment decision was reduced to lei 2.806.218 being reduced by the Company and 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 has appealed the arbitral tribunal's decision in court and has recorded an impairment allowance of 29.277.726 lei as at 31 December 2022. This adjustment was maintained 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.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 12.3 Receivable 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).

In accordance with IFRS 9.B5.4.5, in cases where there is an inflation adjustment incorporated in the cash flows of a financial instrument, the adjustment for inflation is usually treated as part of the contractual cash flows and is included in the calculation of the effective interest rate. Thus, the adjustment for inflation 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 calculation of the overall effective interest rate, which takes into account both the nominal interest rate and any inflation-related adjustments that affect 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
Inflow	1.757.920	76.202.595
Interest	15.988.184	59.648.308
Inflation update	55.916.048	127.698.456
Outflow	<u>-</u>	<u>(7.166.728)</u>
	<u>2.722.570.044</u>	<u>2.648.907.892</u>

In 2019, ANRE Order no. 41/2019 on the adjustment of the Regulated Assets Base to the inflation rate. The Company records the present value of the contractual cash flows recalculated as a result of adjusting the Regulated Asset Base to the annual inflation rate and recognizes a gain or loss from this change in the income statement.

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

As the long-term concession receivable is guaranteed by the Romanian State, the Group considered that the potential impairment using the ECL model is not significant for these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 12.4 Analysis of receivable impairment

Trade receivables analysis according to IFRS9 is as follows:

#### Trade receivables

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
<b>Non-impaired</b>		
Transit receivables	157.264.775	154.558.999
Contingent or insolvency receivables	155.098.981	145.296.579
Related party receivables	285.934.897	300.049.254
Other trade receivables	<u>381.218.909</u>	<u>386.971.738</u>
	979.517.562	986.876.570
<b>Amortization</b>		
Transit receivables	157.264.775	154.558.999
Contingent or insolvency receivables	155.098.981	145.296.579
Affiliated party receivables	139.171.906	151.830.188
Other trade receivables	<u>216.395.939</u>	<u>212.217.369</u>
Total impairment	667.931.601	663.903.135
Total trade receivables net of provision	311.585.961	322.973.435

#### Receivables from various debtors

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
<b>Non-impaired</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

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

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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 existing receivables.

Risk exposure for trade and other receivables:

<b>31 March 2025 (unaudited)</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%	11.733.236
Overdue by up to 30 days	1.986.722	8%	167.672
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	1.724.290	60%	1.034.574
Overdue by over 150 days	<u>712.297.997</u>	100%	<u>712.297.997</u>
Total receivables	1.040.263.973		726.489.355

  

<b>31 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	329.530.440	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	<u>706.423.435</u>	100%	<u>706.423.435</u>
Total receivables	1.048.027.098		719.701.390

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

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:

**NOTES TO THE 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>
Adjustment on 1 January	729.597.533	747.834.691
Expense with the adjustment for contingent clients	11.207.054	37.356.903
Adjustment reversal for contingent clients	<u>(8.381.785)</u>	<u>(55.594.061)</u>
Adjustment at the end of the period	<u>732.422.800</u>	<u>729.597.533</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	-

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.

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 has appealed the arbitral tribunal's decision in court and has recorded an impairment allowance of 29.277.726 lei as at 31 December 2022, adjustment maintained as at 31 March 2025 as well.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### 13 CASH AND CASH EQUIVALENT

Most of the foreign currency cash at the bank is 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	858.710.743	983.079.612
Cash at bank in foreign currency	13.627.784	9.872.237
Other cash equivalents	<u>159.134</u>	<u>120.015</u>
	<u>872.497.661</u>	<u>993.071.864</u>
	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Restricted cash (administrators guaranties)	2.408.572	2.301.308

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 2024 and 2023	<u>-</u>	<u>441.418.396</u>	<u>-</u>	<u>441.418.396</u>
On 31 December 2024				
On 31 March 2025	<u>188.381.504</u>	<u>2.325.233.436</u>	<u>247.478.865</u>	<u>2.572.712.301</u>

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</u></b> <b>(lei)</b>	<b><u>Percentage</u></b> <b>(%)</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>

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

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

	<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 Accounting Standards approved by 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 2022, 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 (Note 3.5 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 March 2025 is lei 58.121.457 (31 December 2024 lei 58.121.457).

The Company shall submit for the OGMS' approval the constitution from the 2023 profit a reserve in the amount of 30.520.848 lei representing tax incentives provided for by Law 227/2015 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 shall be carried out after the approval of the profit distribution by the general meeting of shareholders, in accordance with the law.



## NOTES TO THE FINANCIAL STATEMENTS

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### 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).

## 16 LONG-TERM BORROWINGS

The value of the long-term loans recorded by the company on 31 March 2025:

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</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
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
BCR syndicated	238.484.071	238.484.071
BT syndicated	238.484.071	238.484.071
CEC syndicated	85.854.265	85.854.265
Raiffeisen syndicated	238.484.071	238.484.071
Unicredit syndicated	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><u>3.250.987.253</u></b>	<b><u>3.584.911.807</u></b>

As at 31 March 2025, the balance of interest due on the loans contracted by the company is 26.844.600 lei, detailed by loan as follows:

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</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
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
BCR sindicalizat	1.808.504	1.631.448
Unicredit sindicalizat	900.093	811.971
BT sindicalizat	1.808.504	1.631.448
CEC sindicalizat	651.062	587.321
Raiffeisen sindicalizat	1.808.504	1.631.448
Raiffeisen Bank	-	-
BRD GSG	<u>1.045.101</u>	<u>1.042.222</u>
	<b><u>26.844.600</u></b>	<b><u>19.614.704</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

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Loans breakdown by maturity range:

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</b>
Within 1 year	331.236.000	331.112.038
Interest to be paid	<u>26.844.600</u>	<u>19.614.704</u>
	358.080.600	350.726.742
Over 1 year	<u>2.919.751.253</u>	<u>3.253.799.769</u>
<b>Total loan and interest</b>	<b><u>3.277.831.853</u></b>	<b><u>3.604.526.511</u></b>

### 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.

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 2025 and 2024 reporting periods all indicators have been met:

<b>Indicator name</b>	<b>Calculation formula</b>	<b>Commitment</b>
Ratio of total net debt to RAB	Total net debt/RAB	Max. 0.70x
Net debt ratio	Total net debt/EBITDA	Max. 5.5x
Interest coverage ratio	Cash flow from operating/financing charges	Min. 3.00x

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

In 2017 the company received the first tranche of Loan Agreement number 83644RO of EUR 15 million issued by EIB on 30 November 2017, in 28 February 2018 the second tranche of the loan amounting to EUR 15 million and on 30 April 2018, the third tranche of the loan amounting to EUR 20 million was received.

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>
	<u>163.248.880</u>	<u>166.134.940</u>

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>
	<u>184.355.847</u>	<u>189.203.207</u>

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>
	<u>248.855.000</u>	<u>248.705.000</u>

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>
	<u>497.710.000</u>	<u>497.410.000</u>

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

## NOTES TO THE 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>
	<u>177.880.320</u>	<u>188.997.840</u>

### 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>
	<u>119.040.000</u>	<u>126.480.000</u>

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>
	<u>259.200.000</u>	<u>259.200.000</u>

## NOTES TO THE 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>
	<u>70.833.331</u>	<u>74.999.998</u>

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	18.333.334
Between 1 and 5 years	73.333.333	73.333.333
Over 5 years	<u>73.333.334</u>	<u>73.333.333</u>
	<u>165.000.000</u>	<u>165.000.000</u>

### 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.

Further to the cancellation of the letter of guarantee issued for the National Agency for Fiscal Administration (ANAF), Addendum no. 6 was concluded on 27.11.2024 with Banca Transilvania on the inclusion of the amount of lei 153.000.000 in the cash threshold of the facility with the new commitment amounting to lei 453.000.000.

As at 31 March 2025, an amount of 0 lei (2024: 280.668.392 lei) out of the total credit line was used, and the amount of lei 23.250.000 (2024: lei 12.250.000) 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 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 lei 245.963.875 (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 lei 198.900.000 (2024: lei 198.800.000). The obligation is presented under short-term loans.

### SYNDICATED LOAN

As at 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.

As at reporting date, the amount drawn on this loan is of 920.000.000 lei.

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

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</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>
	<u>238.484.071</u>	<u>238.484.071</u>

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

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

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

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</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>
	<u>85.854.265</u>	<u>85.854.265</u>

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</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>
	<u>238.484.071</u>	<u>238.484.071</u>

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

	<b>31 March 2025</b> <b>(unaudited)</b>	<b>31 December 2024</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>
	<u>118.693.522</u>	<u>118.693.522</u>

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

	<b>31 March 2025</b>		<b>31 December 2024</b>	
	<b>Accounting</b>	<b>Fair value</b>	<b>Accounting</b>	<b>Fair value</b>
	<b>value</b>		<b>value</b>	
Variable interest rate loans	3.087.738.373	3.087.738.373	3.418.776.867	3.418.776.867
Fixed interest rate loans	<u>163.248.880</u>	<u>147.975.655</u>	<u>166.134.940</u>	<u>147.813.795</u>
	3.250.987.253	3.235.714.028	3.584.911.807	3.566.590.662

  

	Long term loans	Working capital	Leasing debt	Total
Balance as at 01.01.2024	<u>1.564.216.276</u>	<u>749.057.803</u>	<u>15.542.003</u>	<u>2.328.816.082</u>
Net cash flows	1.285.353.968	2.174.192	(5.611.248)	1.281.916.912
Exchange rate differences	(318.920)	-	-	(318.920)
New leasing contracts	-	-	9.455.560	9.455.560
Leasing adjustments	-	-	-	-
Interest expense	71.098.342	1.056.158	898.319	73.052.819
Capitalized interest	30.176.746	29.484.565	5.802	59.667.113
Paid interest	(95.822.945)	(31.949.674)	591.469	(127.181.150)
Balance as at 31 December 2024	<u>2.854.703.467</u>	<u>749.823.044</u>	<u>20.881.905</u>	<u>3.625.408.416</u>
Balance as at 01.01.2025	<u>2.854.703.467</u>	<u>749.823.044</u>	<u>20.881.905</u>	<u>3.625.408.416</u>
Net cash flows	(30.667.130)	(303.916.947)	(2.627.120)	(337.211.197)
Exchange rate differences	659.450	-	-	659.450
New leasing contracts	-	-	325.769	325.769
Leasing adjustments	-	-	-	-
Interest expense	14.402.906	7.262.501	280.375	21.945.782
Capitalized interest	23.546.777	6.923.567	759	23.547.536
Paid interest	(30.722.594)	(7.259.621)	1.353.373	(36.628.843)
Balance as at 31 March 2025	<u>2.831.922.877</u>	<u>445.908.976</u>	<u>20.215.062</u>	<u>3.298.046.915</u>



## NOTES TO THE 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><u>Connections</u></b>	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></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	<u>132.671.831</u>	<u>136.266.747</u>

<b><u>Non-reimbursable funding</u></b>	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></b>
Initial balance	1.025.577.142	741.382.632
Increases	-	369.637.301
Income from non-reimbursable funds and goods taken over free of charge (Note 22)	<u>(21.354.331)</u>	<u>(85.442.791)</u>
Final balance	<u>1.004.222.810</u>	<u>1.025.577.142</u>

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

The balance of the deferred revenue consists of:

	<b><u>31 March 2025</u></b> <b><u>(unaudited)</u></b>	<b><u>31 December 2024</u></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>
	<u>1.218.598.257</u>	<u>1.244.876.110</u>

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 the Company's 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 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.

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 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.
- Natural gas transmission pipeline to supply the Mintia Power Plant (including other industrial and household customers): EUR 6.826.947

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 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	84.402.149	48.824.538
Deferred tax - impact of temporary differences	<u>2.124.512</u>	<u>2.497.213</u>
Income tax expense	<u>86.526.661</u>	<u>51.321.751</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>
Profit before tax	539.826.602	293.260.242
Theoretical expense with the tax the statutory rate of 16% (2023: 16%)	86.372.256	46.921.639
Non-taxable expenses/non-taxable revenues or deductions, net	<u>154.405</u>	<u>4.400.112</u>
Income tax expense	<u>86.526.661</u>	<u>51.321.751</u>
Income tax liability/receivable, current	<u>67.254.496</u>	<u>7.839.326</u>

Depreciation of tangible assets hyperinflation adjustments is a deductible expense with the adoption of Accounting standards as adopted by Order no. 20244/2016 of the Minister of Finance.

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

### Deferred tax

Deferred tax payment and recoverable tax are valued at the actual tax rate of 16% on 30 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:

	<u>31 March 2025</u> <u>(unaudited)</u>	<u>Movement</u>	<u>31 December 2024</u>	<u>Movement</u>	<u>31 March 2024</u> <u>unaudited)</u>	<u>Movement</u>	<u>1 January 2024</u>
<b>Deferred tax payment</b>							
Tangible and intangible assets	49.969.133	4.348.942	45.620.191	(12.424.670)	58.044.861	218.453	57.826.408
<b>Recoverable deferred tax</b>							
Provision for							
Employee benefits	(22.350.276)	-	(22.350.276)	(3.873.545)	(18.476.731)	-	(18.476.731)
Other provisions	(12.547.508)	(2.224.430)	(10.323.078)	4.893.031	(15.216.109)	(2.224.430)	(12.991.679)
Receivables and other assets	<u>(95.664.923)</u>	<u>-</u>	<u>(95.664.923)</u>	<u>(6.566.503)</u>	<u>(89.098.420)</u>	<u>-</u>	<u>(89.098.420)</u>
	<u>(80.593.574)</u>	<u>2.124.512</u>	<u>(82.718.086)</u>	<u>(17.971.687)</u>	<u>(64.746.399)</u>	<u>(2.005.977)</u>	<u>(62.740.422)</u>

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 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>(unaudited)</b>	<b><u>31 December 2024</u></b>
Deferred tax liabilities/receivables	<u>(80.593.574)</u>	<u>(82.718.086)</u>

**19. TRADE PAYABLES AND OTHER PAYABLES**

**19.1 Short term payables**

**19.1.a Trade payables**

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Trade payables	198.491.829	281.114.994
Suppliers of non-current assets	<u>92.329.513</u>	<u>205.515.532</u>
	<b><u>290.821.342</u></b>	<b><u>486.630.526</u></b>

**19.1.b Other payables**

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Dividends payable	891.107	949.359
Debts 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>34.053.203</u>	<u>35.923.186</u>
	<b><u>470.684.188</u></b>	<b><u>389.374.125</u></b>

**19.1.c Clients contract liabilities**

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
Clients advances	581.345	565.930
Transmission service advances	<u>33.603.354</u>	<u>81.055.619</u>
	<b><u>34.184.699</u></b>	<b><u>81.621.549</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 FINANCIAL STATEMENTS**  
**(expressed in lei, unless otherwise stated)**

**19.2 Lease liability**

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></b>
	Land and buildings	Land and buildings
Initial balance	20.881.905	15.542.003
Inflows	325.769	9.455.560
Interest expense	281.135	904.121
Leasing payments	<u>(1.273.747)</u>	<u>(5.019.779)</u>
Final balance, of which:	<u>20.215.062</u>	<u>20.881.905</u>
Long-term debts	16.516.269	16.968.348
Short-term debts	3.698.793	3.913.557

**20. OTHER PROVISIONS**

	<b><u>31 March 2025</u></b> <b>(unaudited)</b>	<b><u>31 December 2024</u></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 FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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### 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 period between 2014-2023;
- Employee rotation is calculated based on leaves from the company and a probability was assigned to each age group and gender;
- Employee rotation was calculated for each age and gender group for both female and male gender;
- The method used is the projected credit factor method, the amounts being allocated to each employee and updated to 31.12.2024;
- Retirement age at retirement was considered 65 for men and 63 for women, but the share of early retirements at certain ages was also considered;
- The plan is not funded by the entity and employees.
- For the death compensation for pensioners former employees of S.N.T.G.N. TRANSGAZ SA in the first year after retirement, the mortality at the age of 66 years for men and 64 years for women was used by simplification;
- Data provided by the beneficiary for the period between 2018 - 2024 were analysed



**NOTES TO THE 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 December 2024. For the calculation for the year 2024, according to the National Institute of Statistics, the long-term salary growth rate is considered equal to the forecasted inflation rate for lei and is 2,5%, and in the short term it is considered equal to the forecasted inflation rate for lei and is 3,88% in the first year and 3,33% in the second year for both genders.

**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	28.476.147
Payments from provisions during the year	(19.872.423)
Actuarial gain/loss related to the period	(2.880.078)
31 December 2023 (restated)*	<u>153.288.122</u>
of which:	
Short-term	16.135.217
Long-term	137.152.905
Interest cost	9.056.425
Current service cost	8.226.642
Payments from provisions during the year	(17.903.073)
Actuarial gain/loss related to the period	7.505.716
31 December 2024	<u>160.173.832</u>
of which:	
Short-term	15.913.064
Long-term	144.260.768

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

**22. REVENUE AND OTHER INCOME**

**22.1 Revenue from gas transmission activity:**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Capacity booking component	817.444.041	542.990.717
Commodity component	<u>90.318.183</u>	<u>64.217.250</u>
	<u>907.762.224</u>	<u>607.207.967</u>

**22.2 Other income**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
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
Other income from operation	4.349.091	2.486.344
Income from connection fees	3.594.916	3.530.247
Income from grants and goods taken free of charge	22.687.492	22.906.082
	<u>42.354.213</u>	<u>36.607.537</u>

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

**23. OTHER OPERATING EXPENSES**

**23.1 Other operating expenses**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Utilities	7.693.634	3.476.156
Insurance premium	472.543	386.912
Security and protection expenses	7.324.497	6.133.267
Maintenance costs	11.867	12.680
Professional training	55.157	246.470
Telecommunications	598.501	607.953
Bank charges and other fees	41.531	451.499
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
Sponsorship costs	8.700	447.000
Computer service	2.314.204	2.023.408
Other	<u>7.977.195</u>	<u>6.199.967</u>
	<b><u>29.883.173</u></b>	<b><u>26.694.145</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	151.721.018	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>160.196.012</u></b>	<b><u>62.886.631</u></b>

**NOTES TO THE 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	132.527.654	123.489.710
Cost of insurance and social security	8.382.229	7.941.950
Other employee costs	<u>923.752</u>	<u>1.053.008</u>
	<u>141.833.635</u>	<u>132.484.668</u>

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	2.158	2.218
White collars	<u>1.851</u>	<u>1.826</u>
	<u>4.009</u>	<u>4.044</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>
Foreign exchange income	189.167	1.364.813
Interest income	20.036.918	18.000.629
Income from the update of the Receivable regarding the Concession Agreement	55.916.048	58.565.071
Other financial income	<u>1.455</u>	<u>241</u>
	<u>76.143.588</u>	<u>77.930.754</u>
Foreign exchange loss	(1.061.861)	(1.002.228)
Interest expense to IFRS16	(280.375)	(139.589)
Interest expense	<u>(14.741.840)</u>	<u>(20.339.063)</u>
	<u>(16.084.076)</u>	<u>(21.480.880)</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 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).

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

**26. CASH FROM OPERATION**

	<b>The three months ended <u>31 March 2025</u> (unaudited)</b>	<b>The three months ended <u>31 March 2024</u> (unaudited)</b>
<b>Profit before tax</b>	<b>539.826.602</b>	<b>293.260.242</b>
Depreciation	121.810.970	115.198.980
Gain/(loss) on transfer of non-current assets	57.683	92.327
Provisions for risks and expences	2.224.430	2.039.856
Income from connection fees, grants and goods taken free of charge	(26.282.408)	(26.436.329)
Sundry debtors and receivable loss	40.365	207.021
Adjustments for the receivable's impairment	2.825.269	1.510.544
Interest income	(20.036.918)	(18.000.629)
Interest expenses	14.741.840	20.339.063
Update of the Receivable regarding the Concession Agreement	(55.916.048)	(58.565.071)
Effect of exchange rate fluctuation on other items than from operation	525.040	(677.673)
<b>Operating profit before the changes in working capital</b>	<b><u>579.816.825</u></b>	<b><u>328.968.331</u></b>
Increase in trade and other receivables	(6.210.098)	67.850.043
Decrease in inventories	20.784.415	(34.615.646)
Increase/(decrease) in trade payables and other debts	<u>(14.642.297)</u>	<u>(61.145.729)</u>
<b>Cash generated from operations</b>	<b><u>579.748.845</u></b>	<b><u>301.056.999</u></b>

**NOTES TO THE 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.

In the periods ended 31 March 2025 and 31 March 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**

	<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
Salary paid to the members of the Board of Administration and management	5.773.679	4.763.070
Social contribution of the company	<u>129.908</u>	<u>107.169</u>
	<u>5.903.587</u>	<u>4.870.239</u>

In the periods ended 31 March 2025 and 31 March 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**

		<b>The three months ended 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (unaudited)</b>
	<b><u>Relationship</u></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 FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

**iii) Sales of other goods and services**

	<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	1.259	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	<u>1.124</u>	<u>1.165</u>
		<u>1.140.685</u>	<u>1.600.051</u>

**iv) Gas sales – 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	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	Entity under common control	1.210.343	536.571
E.ON Energie Romania	Entity under significant influence	<u>13.498.918</u>	<u>13.067.629</u>
		<u>21.149.507</u>	<u>16.461.830</u>

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

	<b><u>Relationship</u></b>	<b>31 March 2025 (unaudited)</b>	<b>31 December 2024</b>
SNGN Romgaz	Entity under common control	36.212.880	40.800.418
Complex 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 FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

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

	<u>Relationship</u>	<u>31 March 2025</u> <u>(unaudited)</u>	<u>31 December</u> <u>2024</u>
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)**

	<u>Relationship</u>	<u>The three months ended</u> <u>31 March 2025</u> <u>(unaudited)</u>	<u>The three months ended</u> <u>31 March 2024</u> <u>(unaudited)</u>
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**

	<u>Relationship</u>	<u>The three months ended</u> <u>31 March 2025</u> <u>(unaudited)</u>	<u>The three months ended</u> <u>31 March 2024</u> <u>(unaudited)</u>
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 FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

**ix) Procurement of natural gas**

	<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**

	<u>Relationship</u>	<u>31 March 2025 (unaudited)</u>	<u>31 December 2024</u>
SNGN Romgaz	Jointly controls entities	<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 )**

	<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**

	<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 FINANCIAL STATEMENTS**  
(expressed in lei, unless otherwise stated)

**xiii) Guarantees from affiliates (bank guarantee letter)**

	<u>Relationship</u>	<u>31 March</u> <u>2025</u> <u>(unaudited)</u>	<u>31 December</u> <u>2024</u>
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		<u>15.499.992</u>	<u>15.999.992</u>
		<u>76.124.573</u>	<u>105.631.296</u>

**xiv) Loans and interest to be reimbursed**

	<u>Relationship</u>	<u>31 March</u> <u>2025</u> <u>(unaudited)</u>	<u>31 December</u> <u>2024</u>
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>

**xv) Transactions during the period**

	<u>Relationship</u>	<u>The three months</u> <u>ended</u> <u>31 March 2025</u> <u>(unaudited)</u>	<u>The three months</u> <u>ended</u> <u>31 March 2024</u> <u>(unaudited)</u>
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.

	<u>The three</u> <u>months ended</u> <u>31 March 2025</u> <u>(unaudited)</u>	<u>The three months</u> <u>ended</u> <u>31 March 2024</u> <u>(unaudited)</u>
Profit attributable to the company's equity holders	453.299.941	241.938.491
Weighted average of the number of shares	188.381.504	188.381.504
Basic and diluted earnings per share (lei per share)	2,41	1,28

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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### 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.

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 owner of the national transmission system or to another grantor in exchange for compensation equal to the unamortized regulated value established by ANRE, as presented in Note 3.5.

As at 31 March 2025 the value of the contractual firm obligations of parent Company for the purchase of tangible and intangible assets is of lei 1.409.587.666 (31 March 2024: lei 1.480.860.342).

Eurotransgaz SRL, the company established and owned by Transgaz in Moldova, was appointed the winner of the privatization investment contest for the single patrimonial complex State Enterprise Vestmoldtransgaz operating the Iasi-Ungheni gas transmission pipeline on the territory of Moldova.

The company is a guarantor of the loan agreement concluded on 24 January 2019 between the European Investment Bank and Eurotransgaz, in total amount of Euro 38 million, for the funding of the construction by Vestmoldtransgaz of the Ungheni-Chisinau gas transmission pipeline.

#### 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.

See the existing litigation referring to oil royalty detailed in the chapter "Court and other actions".

## NOTES TO THE FINANCIAL STATEMENTS

(expressed in lei, unless otherwise stated)

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### 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 March 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 the company, various litigations in which the Company is a defendant or plaintiff have been registered with the courts. The company has pending disputes for the lack of use of some lands occupied with NTS objectives, commercial and labour disputes. Based on its own estimates and internal and external consulting, the company's management believes there will be no material loss exceeding the provisions established in these financial statements and is not aware of circumstances that give rise to potentially significant obligations in this regard.

As of 6 June 2016, the company 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:

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- 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. 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 lodged an appeal, currently pending before the High Court of Cassation and Justice".

The Company paid in 2024 the amount of lei 213.041.251 representing the above mentioned oil royalty and an additional amount 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

## NOTES TO THE FINANCIAL STATEMENTS

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appeal in court. The amount of the petroleum royalty is recovered through the regulated revenue of natural gas transmission, through the component relating to the pass through costs but the amount of the accessorial amounts, not being recovered through the regulated revenue, would represent a loss for the company that was avoided by applying the mechanism approved by GEO 107/2024. Amending returns were also filed for the period not covered by the tax audit and comparatives were restated for this amount.

### vi) 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 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 October 1, 2024, the gas transmission tariffs approved by ANRE President Order no.17 of 29.05.2024 were applicable. The approved regulated revenue related to gas transmission between 1 October 2024 - 30 September 2025 is 2.005.006.850 lei.

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 TSOs 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;



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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.

vii) 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

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**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 31 March 2025 (unaudited)</b>	<b>The three months ended 31 March 2024 (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.

**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