BULGARTRANSGAZ

ANNUAL SEPARATE ACTIVITY REPORT

CORPORATE GOVERNANCE STATEMENT

INDEPENDENT AUDITOR'S REPORT

ANNUAL SEPARATE FINANCIAL STATEMENT

Translation from Bulgarian

31 December 2025

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

ANNUAL SEPARATE

ACTIVITY REPORT

of

BULGARTRANSGAZ EAD

for the period

from 1 January until 31 December 2025

Translation from Bulgarian

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Annual Separate Activity Report

for the year ending on 31 December 2025

This Annual Separate Activity Report of Bulgartransgaz EAD provides in-depth analysis and commentary of the financial statements and other material information regarding the financial position and the results of the Company activity for the period from 1 January to 31 December 2025.

The Report has been prepared in accordance with the requirements of article 39 of the Accounting Act, article 187(e), article 247(1) and (2) and (3) of the Commerce Act, as well as in accordance with Annex 10 to Regulation No. 2 of 17.09.2003 of the Financial Supervision Commission.

In accordance with the good corporate reporting practices, this report provides an objective and reliable overview of the development, performance and financial position of Bulgartransgaz EAD (hereinafter referred to as the "Company"), including an analysis of the main risks and factors affecting its activities.

1. GENERAL INFORMATION

Legal status and registration

Bulgartransgaz EAD is a joint-stock company with its seat and registered address at: Republic of Bulgaria, the city of Sofia, Lyulin Region, Lyulin 2 residential area, 66 Pancho Vladigerov Blvd. The Company is entered in the Commercial Register with the Registry Agency with UIC 175203478.

The Company is a state-controlled enterprise, whose sole capital owner is Bulgarian Energy Holding EAD.

Background and business activity

Bulgartransgaz EAD is the legal successor of the state-owned company Oil&Gas, incorporated in 1973 and holds an experience of over 50 years in gas transmission and storage. The Company performs the functions of a combined gas operator within the meaning of article 39(1) of the Energy Act, providing strategically important services for the energy system of the Republic of Bulgaria and the region.

Bulgartransgaz EAD holds the following licenses issued by the Energy and Water Regulatory Commission (EWRC) where each of them is effective for a term of 35 years:

- License for natural gas transport on the territory of the Republic of Bulgaria (License No Л-214-06/29.11.2006);
- License for natural gas transport on the territory of the Republic of Bulgaria (License No Л-214-09/29.11.2006);
- Licence for natural gas storage on the territory of the Republic of Bulgaria (Licence No Л-214-10/29.11.2006).

The license fees are paid according to the current tariff approved by the Council of Ministers.

By a decision of EWRC, adopted on the basis of an opinion of the European Commission dated 22.04.2015, the Company is certified as an independent transmission operator in accordance with the requirements of European energy legislation (Directive 2009/73/EC and Regulation (EC) No. 715/2009), which guarantees a high degree of transparency, independence and equal access to the infrastructure.

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Main functions and responsibilities

Bulgartransgaz EAD carries out key activities related to the reliable functioning and development of the country's gas infrastructure, including:

- the management and operation of the natural gas transmission networks and the underground gas storage facility (UGS);
- maintaining the balance between natural gas import, production and consumption;
- ensuring secure, efficient and uninterrupted transmission and storage of natural gas in compliance with the quality and reporting requirements;
- maintaining optimal infrastructure operation;
- ensuring the technical serviceability and safety of the facilities;
- infrastructure development and modernization in accordance with the long-term consumption forecasts and regional energy policies;
- ensuring equal access to the network and facilities;
- organization and administration of the natural gas balancing market.

Along with its licensing activities, the Company also develops complementary value-added activities, including:

- hot tapping and stopple operations;
- design and construction of gas installations and facilities;
- implementation of construction and installation works under the technological part;
- provision of telecommunications services through the rental of dark optical fibres.

Ownership and capital

Bulgartransgaz EAD is a sole shareholding company in the structure of Bulgarian Energy Holding EAD. The Company unbundled from Bulgargaz Holding EAD with its constituent instrument of 15.01.2007.

As of 31.12.2025 the registered capital of the Company amounts to BGN 1 710 078 297, distributed in the same number of registered shares with nominal value of BGN 1 each. In 2025, the capital has been increased by BGN 95 292 033, which reflects the Company's ongoing investment activity and strategic development.

Bulgarian Energy Holding EAD is the sole owner of the capital of Bulgartransgaz EAD; the Ministry of Energy owns 100% of the registered capital of Bulgarian Energy Holding EAD.

Changes in the ownership and issued instruments

The Company has not acquired own shares in 2025. Currently, there is no information available about any arrangements that would lead to changes in the shareholder structure.

Bulgartransgaz EAD has not issued bonds and currently does not envisage using this instrument in the short term, retaining the flexibility regarding future financial decisions.

Bulgartransgaz EAD management bodies

Having regard to the certification of Bulgartransgaz EAD as an independent transmission operator by decision of the Board of Directors of Bulgarian Energy Holding EAD (BEH EAD) as of 25 January 2013 Bulgartransgaz EAD switches from a one-tier to a two-tier management system. The management bodies of the Company are:

- Sole owner of the capital;
- Supervisory Board;
- Management Board.

The Company is managed and represented by an Executive Director who carries out the operational management of the Company and organizes its activities.

Bulgartransgaz EAD Supervisory Board Members as at 31 December 2025:

- Deyan Valeriev Dimitrov;
- Snezhana Bobeva Yovkova - Markova;
- Nikolay Ivanov Stefanov;
- Ekaterina Hristova Mihaylova;
- Dragomir Mitkov Monev.

Chairperson is Dragomir Monev and Snezhana Bobeva Yovkova - Markova is Deputy Chairperson of the Supervisory Board of the Company.

Bulgartransgaz EAD Management Board members as at 31 December 2025:

- Darina Hristova Koleva;
- Kiril Dimchov Ravanachki;
- Vladimir Asenov Malinov.

Management Board Chairperson is Darina Koleva and Bulgartransgaz EAD Executive Director is Vladimir Asenov Malinov.

Related parties and transactions

Bulgartransgaz EAD's related parties include a principal, represented by the Ministry of Energy, a sole owner of the capital, subsidiaries and joint ventures, key management personnel and entities under joint control.

The parent company and the ultimate controlling entity is Bulgarian Energy Holding EAD (BEH).

In 2025, the Company made transactions with the following companies from the BEH group:

Bulgarian Energy Holding EAD	controlling company
Bulgargaz EAD	subsidiary of BEH
ESO EAD	subsidiary of BEH
Mini Maritsa Iztok EAD	subsidiary of BEH
National electric company EAD	subsidiary of BEH
NPP Kozloduy EAD	subsidiary of BEH
Bulgartel EAD	joint venture with ESO
South Stream Bulgaria AD	joint venture of BEH

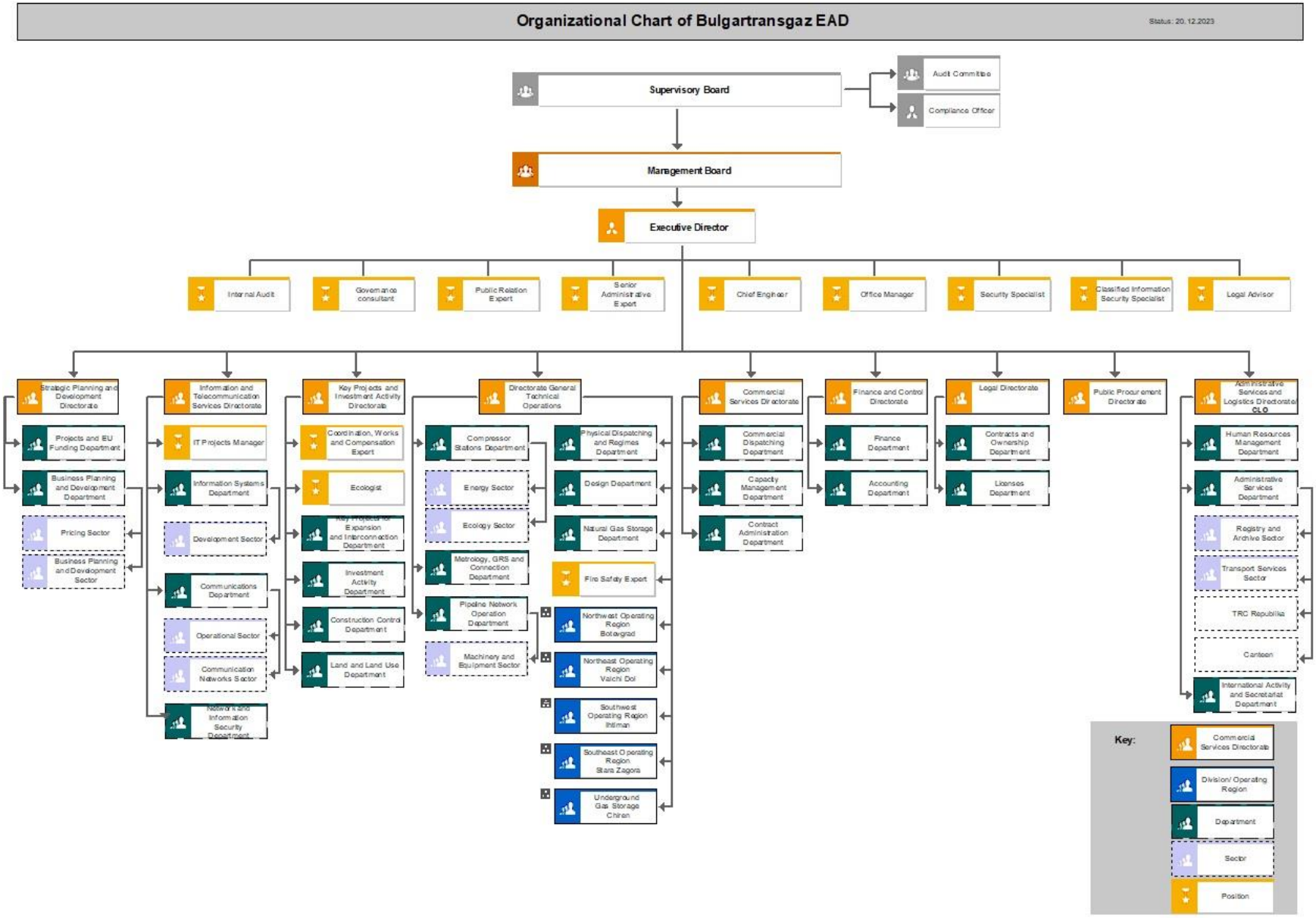
ICGB AD	joint venture of BEH
Gastrade S.A.	joint venture
Balkan Gas Hub EAD	subsidiary

Branches of the Company

Bulgartransgaz EAD has no registered branches. The activity of the Company is administratively divided into 5 regional units which are not separate legal entities.

Annual Separate Activity Report

for the year ending on 31 December 2025



Obligations of the members of the Management Board

In line with the requirements of the IFRS accounting standards, adopted by the European Commission, the members of the Management Board in their capacity of a governance body guarantee that at the time of preparing the financial statements for the year ending on 31 December 2025 appropriate accounting policies consistently have been taken and used and reasonable and cautious projections and estimates are laid down. Management Board members ensure that the applicable accounting standards are followed and the financial statements are prepared on the going-concern basis.

Information under article 247(2) of the Commerce Act- Remuneration to key management personnel

The Company has a related party relationship with directors and employees with controlling functions. The total amount of remunerations included in the personnel expenses in 2025 is as follows:

- Remunerations paid to the Executive Director and the members of the Management and Supervisory Board – BGN 1,145 thousand.
- Social security contributions on remunerations paid to the Executive Director and the members of the Management and Supervisory Board - BGN 49 thousand.

Information on the contracts under Article 240b of the Commerce Act concluded during the year

Supervisory Board Members, Management Board Members or the persons, related thereto are not in any contractual relation beyond the usual activity of the Company or in conflict with the adopted market standards.

Information on the acquisition and holding of shares of the Company by members of the Supervisory and the Management Board.

Supervisory and Management Board Members do not hold shares of the Company. No privileges or exclusive rights to acquire shares and bonds of the Company have been envisaged for them. All shares are owned by Bulgarian Energy Holding EAD.

Information on the participation as at 31 December 2025 of the members of the boards in commercial companies as unlimited liability partners, the holding of more than 25 per cent of the capital of another company, as well as their participation in the management of other companies or co-operations, as procurators, managers or board members (in line with Article 247 para 2(4) of the Commerce Act).

Supervisory Board of Bulgartransgaz EAD:

Dragomir Mitkov Monev - Chairperson of the Supervisory Board

- Owner and managing director of **iConstruction Ltd.**
- Partner and managing director **of MAYDAYIN Ltd.**

Snezhana Bobeva Yovkova - Markova - Deputy Chairperson of the Supervisory Board

- Partner in **FINESPACE Ltd.**

Nikolay Ivanov Stefanov - Member of the Supervisory Board

- Does not participate as an unlimited liability partner in trading companies;
- Does not hold more than 25 percent of the capital of commercial companies;
- Is not involved in the management of other companies.

Ekaterina Hristova Mihaylova

- Does not participate as an unlimited liability partner in trading companies;
- Does not hold more than 25 percent of the capital of commercial companies;
- Is not involved in the management of other companies.

Deyan Valeriev Dimitrov

- Does not participate as an unlimited liability partner in trading companies;
- Does not hold more than 25 percent of the capital of commercial companies;
- Is not involved in the management of other companies.

Management Board of Bulgartransgaz EAD

Darina Hristova Koleva - Chairperson of the Management Board

- Does not participate as an unlimited liability partner in trading companies;
- Does not hold more than 25 percent of the capital of commercial companies;
- Is not involved in the management of other companies.

Kiril Dimchov Ravanachki – Member of the Management Board

- Does not participate as an unlimited liability partner in trading companies;
- Does not hold more than 25 percent of the capital of commercial companies;
- Participates in the management of Balkan Gas Hub EAD as a Member of the Board of Directors.

Vladimir Asenov Malinov - Member of the Management Board

- Does not participate as an unlimited liability partner in trading companies;
- Does not hold more than 25 percent of the capital of commercial companies;
- Participates in the management of Balkan Gas Hub EAD as a Member of the Board of Directors;
- Participates in the management of Gastrade S.A., Greece as a Member of the Board of Directors.

Actions in the field of scientific and research activities

Currently Bulgartransgaz EAD does not carry out independent research and development activities, as the Company's strategic focus is directed towards the implementation of established technological solutions, digitalization and infrastructure development in accordance with best European practices.

Information on pending legal, administrative or arbitrage proceedings relating to liabilities or receivables of the issuer, the person accordingly under §1e of the Supplementary Provisions of the Public Offerings of Securities Act amounting to at least 10 per cent of its own capital; if the total amount of the liabilities or the receivables of the issuer, the person accordingly under §1e of the Supplementary Provisions of the Public Offerings of Securities Act, under all proceedings exceed 10 per cent of its own capital, information shall be supplied on each proceeding separately.

As of the date of the preparation of the financial statements Bulgartransgaz EAD is not a party to any material assessable pending legal, administrative or arbitrage proceedings relating to liabilities or receivables whose total value exceeds 10 per cent of the Company’s own capital.

INFORMATION ON THE MAIN INTANGIBLE RESOURCES AND AN EXPLANATION OF HOW THE BUSINESS MODEL OF THE COMPANY DEPENDS ON THEM, AS WELL AS HOW THESE RESOURCES ARE A SOURCE FOR CREATING VALUE FOR THE COMPANY (ARTICLE 39 (2) OF THE ACCOUNTANCY ACT).

The intangible assets acquired and controlled by the Company play a key role in the operation and development of Bulgartransgaz EAD, they can have a significant impact on the Company's efficiency and sustainability. The main ways that intangible assets affect Bulgartransgaz EAD are the following:

Reputation

Bulgartransgaz EAD established reputation as a reliable operator of critical energy infrastructure contributes to strengthening the trust among the customers, partners and institutions. This creates prerequisites for a sustainable development of the business, expansion of the client base and maintenance of stable financial results.

Software and information systems

The Company uses various software and information systems related to the processes of monitoring and managing the gas transmission system, trading in transmission capacities, their reporting and balancing, as well as all additional systems ensuring the normal functioning of the business processes and their continuity.

The main information systems essentially relate to ensuring the Company's core business and contribute to its effective functioning and guaranteeing the security and continuity of natural gas supplies on the territory of the Republic of Bulgaria, cost optimisation, risk management, service improvement and increased operational efficiency.

The security of these information systems is maintained by adhering to the policies and rules established by the implemented information security management system in accordance with the requirements of the ISO/IEC 27001:2022 standard, certified by an independent accredited organization.

The amendments to the Cybersecurity Law of the Republic of Bulgaria of 17.02.2026 define the Company as an entity of essential importance, which additionally imposes compliance requirements with the high cybersecurity and provision of continuity in the business processes standards through adequate organizational and technical measures.

The goals and objectives that the management undertakes in relation to the maintenance of the Information Security Management System and the requirements of the Cybersecurity Law are to ensure:

- Confidentiality, integrity and availability of information systems;
- Approval and provisioning of the actions required to minimise the risks that may result in damages or losses to Bulgartransgaz EAD, customers, partners and other interested parties;

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- Taking measures for process continuity and to minimize the degree of loss or damage caused by breaches in the security of information;
- Awareness and commitment of the employees of Bulgartransgaz EAD regarding their obligations and responsibilities regarding the compliance with the information security policies and measures;
- Compliance of Bulgartransgaz EAD's activities with the applicable regulatory and contractual requirements related to the security of information and cybersecurity.

Training and human capital

Bulgartransgaz EAD management considers the management of human resources as a key factor in the implementation of its mission, goals and programmes. The integration of the corporate social responsibility aims to make it an integral part of the overall strategy of the Company. Main tools for attracting and retaining quality employees are increasing qualifications, creating a systematic approach to human capital management (favourable working environment, social benefits, career paths, balance of work and personal life) and medical examinations.

The employees, their skills, know-how and motivation are the decisive factor securing the Company as a contemporary national and regional gas transmission operator, investing in maintaining and expanding a reliable gas infrastructure, involved in cross-border energy projects and playing a key role in achieving the objectives of the pan-European free gas market.

In 2025, the Company has conducted 23 external training courses, of which 8 specialised and 21 internal, related to the OH&S and EMS and mandatory briefings in accordance with other regulations.

The total number of people trained in external training is 220, of which 71 have undergone specialised training under the regulation.

Corporate culture and organigramme

One of the key success factors on the path to achieving the mission, vision, strategic and operational objectives of the Company is the building of a corporate culture based on certain principles and values. These principles and values are enshrined in the Company's Code of Ethics.

The clearly defined and shared by all employees corporate culture, including the implementation of best practices in management (management systems, business process management, etc.) improves the internal communication and coordination, which leads to a better productivity, increased efficiency and effectiveness of the processes implemented in the Company.

Also, Bulgartransgaz EAD Management declares its commitment to develop a high culture of occupational health and safety, in all activities and at all levels in the structure of the Company. The Management is convinced that by ensuring safe and healthy working conditions in accordance with the regulatory requirements, any accident or occupational disease can be avoided.

Integrated management system is in place in Bulgartransgaz EAD, which includes:

- Occupational Health and Safety Management System in compliance with the requirements of ISO 45001:2018, certified by an independent accredited body;
- Environmental Management System in compliance with the requirements of ISO 14001:2015, certified by an independent accredited body;
- Information Security Management System in compliance with the requirements of ISO 27001:2022, certified by an independent accredited body;
- Quality Management System in compliance with the requirements of ISO 9001:2015, currently partially implemented;
- Gas Pipeline Network Safety and Integrity Management System; Pipeline network part in compliance with the requirements of EN 17649:2022, currently partially implemented.

Environmental policy and responsibility

Bulgartransgaz EAD develops its activity by implementing policies to reduce its overall footprint on the environment and climate during the construction and operation of its facilities, applying the Best Available Techniques and Practices, protecting human health both in routine, and emergency situations and incidents.

The main tools for implementing the objectives of the environmental policies and responsibilities implemented by the Company are:

- Environmental Impact Assessment (EIA) and Environmental Assessment (EA).

Environmental protection during the design, construction and operation of new investment projects and/or maintenance and modernization of existing facilities owned by Bulgartransgaz EAD is carried out on the basis of the assessments, analyses and planned measures in the Environmental Impact Assessment procedures (EIA) and as a result of an Environmental Assessment (EA) of the detailed spatial plans required for the authorization of the construction activities. The Environmental Impact Assessment (EIA) is the main preventive tool that Bulgartransgaz EAD uses to identify possible negative impacts on the environment and human health as a result of the Company's activities.

- Complex permits

The activities that require complex prevention and control of pollution are defined in the Industrial Emissions Directive. The main tool for protecting the environment from these activities is the application of the Best Available Techniques by the relevant installations. For this purpose, complex permits are issued to the Company in accordance with Chapter Seven, Section Two of the Environmental Protection Act.

- Climate change mitigation and adaptation

For the relevant combustion installations, within the scope of the Climate Change Mitigation Act, the Company has issued and complies with the issued Greenhouse Gas Emission Permits. Activities are planned and implemented as part of the Company's investment/operational activities to reduce greenhouse gas emissions and achieve the European Union's greenhouse gas emission reduction goals. The Company plans and implements climate change adaptation measures in accordance with the available national and international strategic documents and local conditions.

- Environmental management system

The Company has an active (developed, implemented and certified) environmental management system, in full compliance with the requirements of ISO 14001:2015 standard. In 2023, in connection with implementation of Chiren UGS expansion project, Bulgartransgaz EAD approved and is currently implementing an "Environmental and Social Management and Monitoring Plan" as well as a "Stakeholder Engagement Plan". According to the "Environmental and Social Management and Monitoring Plan", the integrated management system of Bulgartransgaz EAD has been upgraded with a social responsibility management system. In particular, the environmental and social impacts of Chiren UGS expansion project are managed as a single system in accordance with the globally accepted interconnectivity concept. In accordance with the above, since 2023 Bulgartransgaz EAD applies a systematic approach to environmental management, upgrading the scope according to ISO 14001:2015 standard.

Partnerships with gas transmission operators and associations

Partnerships at regional and European level are key to the security of supply, the infrastructure development and the integration of gas markets.

Bulgartransgaz EAD successfully cooperates with the gas transmission operators and project companies from the region: DESFA S.A., Gastrade S.A., Transgaz S.A., Transportgas Srbija, Gastrans d.o.o., Botas S.A., TAGTAS, ICGB AD, Nomagas AD and the gas transmission operators of Slovakia, Hungary, Ukraine and Moldova.

The Company is a member and co-founder of the European Network of Transmission System Operators for Gas (ENTSOG). Bulgartransgaz EAD is also an active participant in the initiative to create the European Network of Network Operators for Hydrogen (ENNOH) to establish cooperation between the operators, implement the newly introduced regulatory framework, synchronize views and join efforts related to the progress in development of hydrogen networks and decarbonisation of the energy sector in synergy with the EU mid-term and long-term objectives.

Bulgartransgaz EAD is a member of Gas Infrastructure Europe (GIE) - an organisation pooling together 72 gas companies (gas transmission operators, operators of storage facilities and operators of liquefied natural gas terminals) from 25 countries in Europe.

GIE is a representative organization to the European institutions and other stakeholders, which aims to find market-based solutions to best meet the interests of the network users. GIE also promotes the interoperability of European gas systems to improve the cross-border gas exchange.

Bulgartransgaz EAD actively participates in the ongoing processes for adapting the energy sector in accordance with the plans to achieve energy decarbonization and climate neutrality under the European energy policy. Important in this regard are the Company's participation in the initiatives European Clean Hydrogen Alliance (ECH2A) and the European Hydrogen Backbone (EHB) within GIE.

Other key partnerships in the field of hydrogen are also in the process of development, both with gas transmission operators in the region within the framework of the regional initiative (SEEHyC) to build a priority South-East European Hydrogen Corridor from Greece through Bulgaria, Romania, Hungary, Slovakia and the Czech Republic to Germany, and with various

hydrogen associations at national and European level in connection with the need for coordinated development along the entire hydrogen value chain.

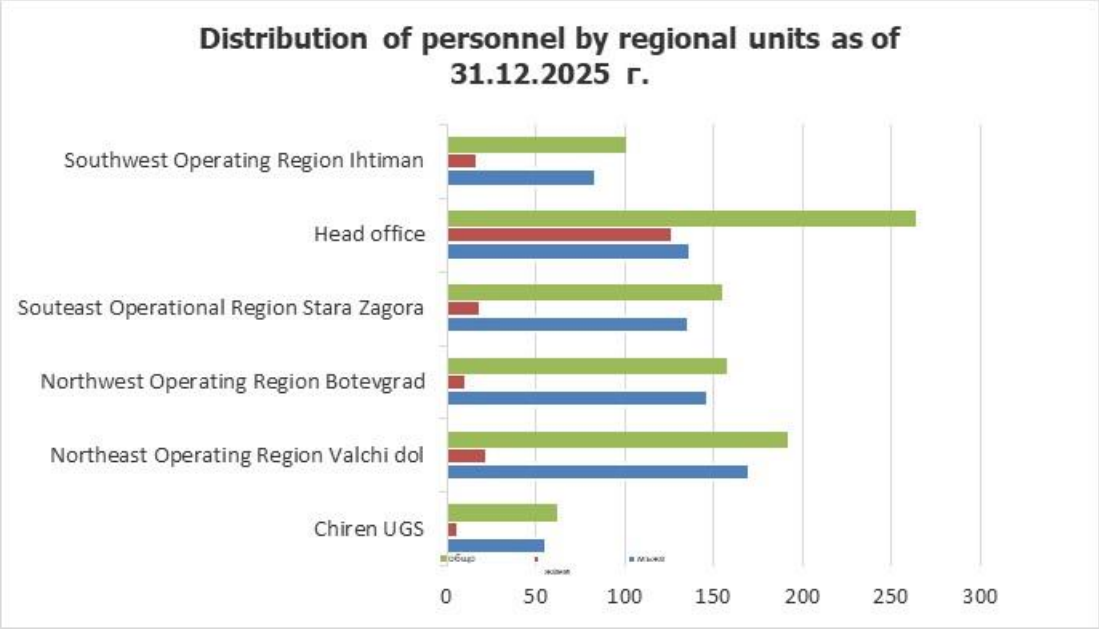
In conclusion, it shall be noted that the intangible assets are a key factor in the success of Bulgartransgaz EAD, and they not only support the daily operational activities, but also create long-term added value and sustainability of the Company.

2. DESCRIPTION OF THE POLICIES THAT THE COMPANY HAS ADOPTED AND IS FOLLOWING REGARDING THE SOCIAL AND HUMAN RESOURCE MANAGEMENT ISSUES

Personnel - number of personnel by regional units, education, age

The management of Bulgartransgaz EAD pays special attention to human resources policy in order to create conditions for high motivation and personnel development prospects. The continuous improvement of the working conditions, provision of personnel development prospects and a high standard of living are key directions in the employment and social policy of the management and are reflected in the current Collective Labour Agreement.

By the end of the fourth quarter of 2025, the Company's personnel numbers 932 employees.



The distribution of personnel under the National Professions and Positions Classification 2011 shows a balanced structure, consistent with the specifics of the Company's activities and the need to maintain reliable and effective operation of the gas transmission infrastructure:

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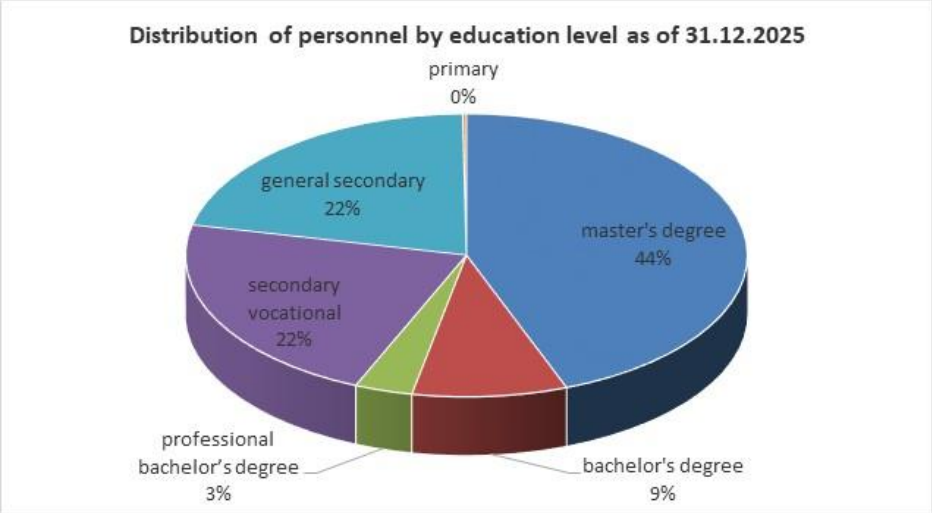
Personnel distribution according to NPPC - 2011	*Number*
Class 1 Managers	**77**
Class 2 Experts	**93**
Class 3 Technicians and applied experts	**231**
Class 4 Administrative support personnel	**39**
Class 5 Personnel tasked with services to the public, trade and security	**13**
Class 7 Qualified workers and related craftsmen	**175**
Class 8 Machine operators and assemblers	**270**
Class 9 Professions requiring no special qualifications	**34**

Bulgartransgaz EAD consistently implements a policy of equal opportunities and non-discrimination, ensuring equal access to professional development and career growth for all employees.

The observed imbalances in the gender structure of the staff are determined by the specifics of the sector and the traditional distribution of professions. In this regard, the Company is taking measures to encourage wider participation of women in the technical and engineering fields, including through training and professional development opportunities.

Conditions have been created for the development of the individual potential of employees, including preparation for taking up management positions, taking into account the need for a balance between professional and private life.



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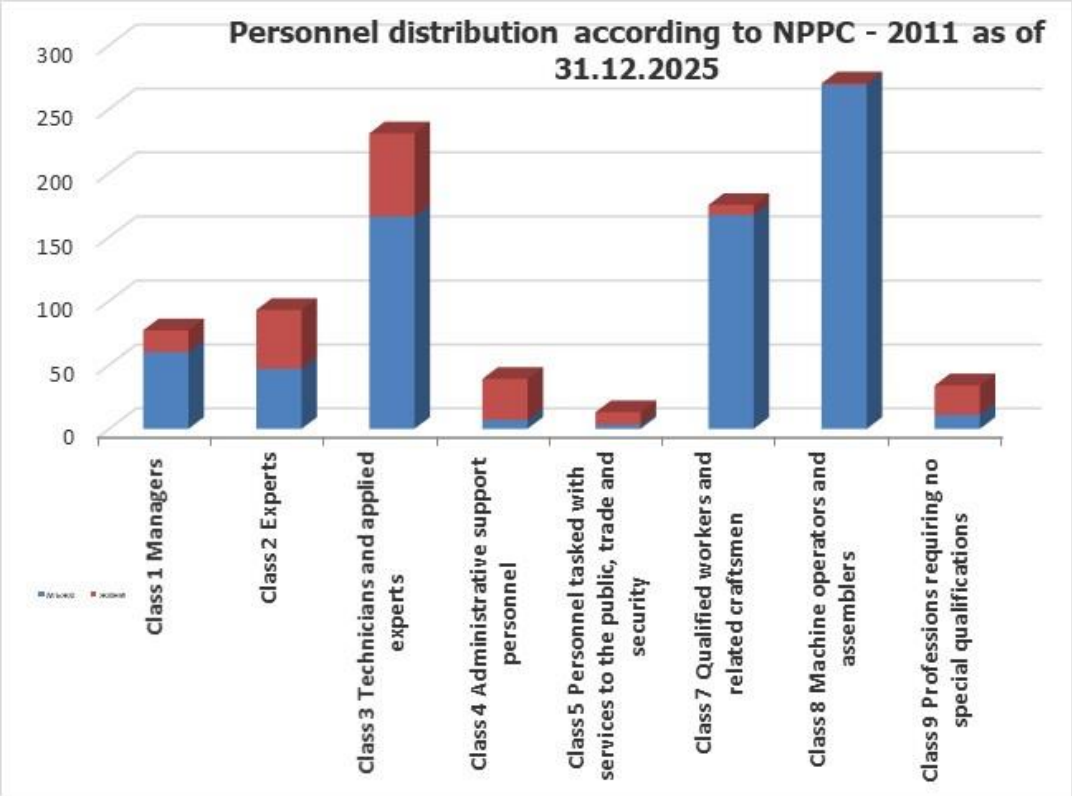
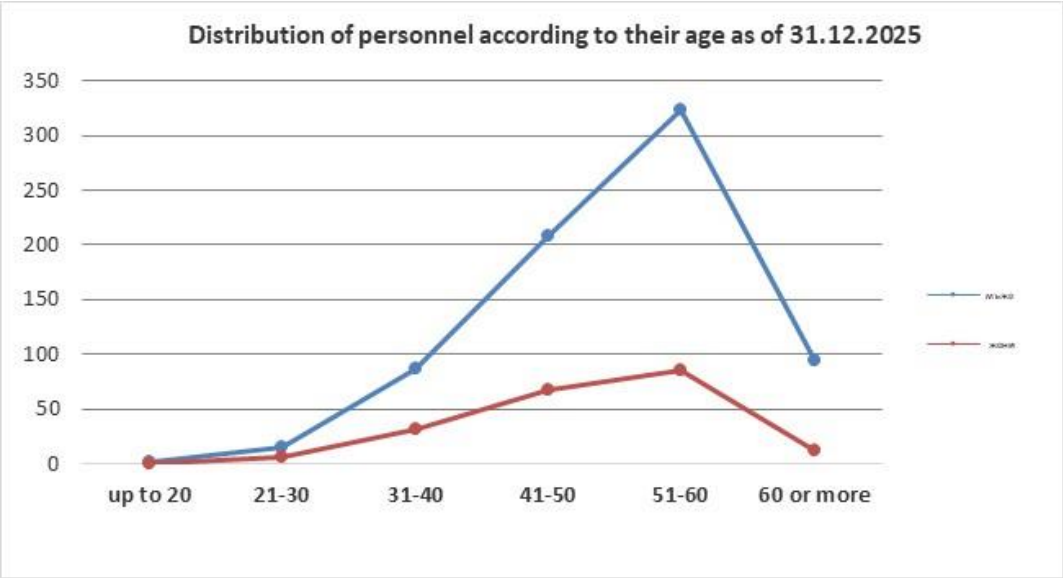
The trend of a predominant share of a personnel with secondary and secondary specialized education remains, which is determined by the specific requirements for the operation of the gas transmission infrastructure.

The relative share of employees with higher education amounts to 56%, and their expertise, commitment and professional capacity contribute significantly to the quality of the management decisions and the development of the Company.





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The age structure of the staff reflects general the demographic trends in the country, including an aging workforce and longer working lives.

in this context, Bulgartransgaz EAD implements an approach for effective management of generational differences aimed at:

- preservation and transfer of expert knowledge and experience;
- development of young professionals;
- creating a balanced and sustainable work environment

Main strategic priorities for human resources development in Bulgartransgaz EAD

The Company's main priorities in the field of human resources are aimed at:

- providing qualified and competent personnel necessary to fulfil the license obligations and strategic goals of the Company;
- increasing the efficiency and flexibility of personnel selection and development processes;
- prolonging the active professional life by maintaining the health and working capacity of employees;
- integrating socially responsible practices to increase the sustainability and competitiveness of the Company.

Human rights issues

The management of the human resources in Bulgartransgaz EAD is carried out in accordance with national laws and regulations on social engagement, including implementation of the international conventions of the UN, the WHO, the ILO and the EU, to which the Republic of Bulgaria is a party.

One of the success factors on the path to achieving the mission, vision, strategic and operational objectives of the Company is the building of a corporate culture based on certain principles and values. The Company's social policy is focused on caring for employees and society and is achieved through:

- In carrying out its operational activities, the Company respects the human rights of every individual and applies the principles of non-discrimination and respect towards all employees, partners, the general public and local communities;
- engaging with all stakeholders of the Company's activities and projects in order to provide relevant information in accordance with the international standards and the best practices;
- engaging with the local authorities, the public and owners/tenants/users of land properties for effective contribution to the economic and social development plan of the respective communities, as well as compliance with the requirements of the national legislation and the international standards on livelihood restoration, where applicable, and in relation to the acquisition of land properties;

- creating a safe workplace for all workers and employees;
- setting measurable goals and objectives aimed at the continuous improvement of the corporate and social responsibility strategy and policy;
- and similar practices.

Bulgartransgaz EAD provides equal rights and opportunities for work, development and career growth, depending solely on the initiative, professional qualifications, experience and personal qualities of the employees as well as on the results achieved in their work.

3. RESULTS OF BULGARTRANSGAZ EAD ACTIVITY IN 2025

Bulgartransgaz EAD transport and storage activities are carried out on the basis of issued licenses. The main requirements for these activities are regulated in the Energy Act and the regulations harmonized with the European legislation in the field.

The Energy and Water Regulatory Commission (EWRC) carries out the ongoing monitoring on Bulgartransgaz EAD's activity including analysis and evaluation of the information for the reported results and periodic regulatory reviews.

Pricing of natural gas transmission and storage services

Entry/Exit tariff model

As of 01.10.2017, Bulgartransgaz EAD introduced an effective entry-exit model for pricing natural gas access and transmission services in accordance with Regulation (EC) No. 715/2009, the Energy Act and the regulatory framework.

The introduction of this model:

- enabled the transition from a "postage stamp" system to a two-component tariff system with a predominant component based on the booked capacity;
- introduced incentives to improve the operator's performance;
- guaranteed transparency, stability and non-discrimination in the access to the transmission network.

Regulatory decisions and methodologies

- For the period 1.10.2020 – 30.09.2025, the required revenue for the second regulatory period were approved with Decision No. НГП-1/02.10.2020;
- For the period 1.10.2025 – 30.09.2030, the required revenue for the new regulatory period and the parameters of the tariff model were approved with Decision No. НГП-1/19.09.2025;
- For gas year 01.10.2024 – 30.09.2025, prices for access and transport were set by virtue of Decision of Bulgartransgaz EAD's Management Board (MoM No. 815/10.06.2024);
- For gas year 01.10.2025 – 30.09.2026, prices for access and transport were set by

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virtue of Decision of Bulgartransgaz EAD's Management Board (MoM No. 945/25.09.2025).

Pricing of the storage services

EWRC by Decision No Ц-34/13.08.2020 approved the required revenue for the natural gas storage activity and prices for access and storage of natural gas in the storage facilities owned by the Company. The approved prices refer to the provided services of commercial storage of natural gas.

Daily balancing regime

As of 1 October 2017, Bulgartransgaz EAD introduced an effective daily balancing regime in line with the Natural Gas Market Balancing Rules and the Methodology setting out the daily imbalance charge in line with the requirements of Regulation 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks.

The effects of the requirements set out in the Regulation allow for market-based balancing by using short-term standardized products, with the network users performing the primary balancing and operators having a residual balancing role, with the aim of an overall balanced system on a daily basis, for which users have the primary responsibility. In addition, liquidity and competition are increased and hub churn rates (the ratio of commercial gas volumes to physical gas delivered) are increased.

The introduction of the new balancing regime implements the requirements of the Regulation and more particularly in the part dealing with the requirements to the supply of information and daily financial clearing of accumulated daily imbalances with monthly settlement.

Following a public consultation in the period 15 August 2025 - 24 August 2025 by Decision under item 5 of a Protocol No. 940/29.08.2025 of Bulgartransgaz EAD's Management Board, values of the parameters under Article 25 of the Daily Imbalance and Neutrality Balancing Charge Methodology (the Methodology) have been determined, applicable for the gas year 2025/2026, as follows:

- amount of the small adjustment under Article 12(4) of the Methodology in the amount of 8%;
- duration of the period of clearing the balancing neutrality account of 6 months;
- criteria for setting the price of natural gas for balancing shall apply, as follows - more than two commercial transactions for natural gas purchase/sale with total volume not less than 1,000 MWh for the reporting day.

In line with Article 26 of the Daily Imbalance and Neutrality Balancing Charge Methodology, the applicable amount of the neutrality balancing charge of BGN 0.0092/MWh applicable for the period 1 October 2025 - 31 March 2026 has been determined by a Decision under item 1 of Protocol No. 943/15.09.2024 of Bulgartransgaz EAD's Management Board.

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Change in the accounting policy for the valuation of natural gas

As of 1 April 2020, EWRC approves a monthly price at which the public supplier sells natural gas to the end suppliers of natural gas and to the persons to whom a license for production and transmission of heat has been issued, as the components including the component "natural gas price at entry of the gas transmission networks" for MWh are not of a public nature. In this respect, with a Management Board decision a change has been made in the accounting policy of the Company and as of 1 April 2020 the subsequent evaluation of the natural gas (inventory) shall be determined as follows:

- The free of charge gas for compressor stations along the gas transmission network - at a price at which the public supplier sells natural gas to end suppliers of natural gas and to persons to whom a license for production and transmission of heat has been issued, determined with EWRC Decision for the respective month in MWh;
- The natural gas in the gas transmission network - at a price at which the public supplier sells natural gas to the end suppliers of natural gas and to the persons, to whom a license for production and transmission of heat has been issued, determined with EWRC Decision for the respective month in MWh;
- The natural gas calorific difference entry-exit, generated in the gas transmission network - at a price at which the public supplier sells natural gas to the end suppliers of natural gas and to the persons, to whom a license for production and transmission of heat has been issued, determined with EWRC Decision for the respective month in MWh.

As a result of the introduction of the entry-exit tariff model, Bulgartransgaz EAD uses the MWh unit for natural gas reporting purposes.

3.1. Natural gas transmission

The gas network represents a complex facility, comprised of 3 484 km gas pipelines and gas pipeline branches, as well as the compressor stations – CS Kardam, CS Valchi Dol, CS Polski Senovets, CS Rasovo, CS Provadia, CS Nova Provadia, CS Lozenets, CS Strandzha, CS Ihtiman and CS Petrich, with approximate total installed capacity of 374 MW,

The network also includes an electrical and chemical protection system, pigging facilities, communication system and 113 exit points (AGRSs and GRSs) on the territory of the country with a total of 243 natural gas delivery points and 10 points of interconnection with the operators of gas transmission networks of the neighbouring countries.

The average daily booked capacity at the entry and exit points in 2025 remains at stable levels - 1,509,453 MWh, practically unchanged compared to 2024 (1,509,406 MWh), which confirms the sustainable interest in using the infrastructure of Bulgartransgaz EAD.

As a gas transmission network operator, Bulgartransgaz EAD ensures the unified management, reliable operation and secure transmission of natural gas while maintaining high standards of safety, technical reliability and compliance with the European environmental protection requirements. The planned activities for maintenance and development of the gas transmission system are being implemented, aimed at increasing its efficiency and sustainability.

Natural gas transport to national exit points on the territory of Bulgaria

Over the reporting 2025, the quantities of natural gas transported to exit points in Bulgaria amount to 27,655,910 MWh, which is comparable to the levels of the previous year (27,850,701 MWh) and confirms the stable system load.

Natural gas transport to exit points in Bulgaria, MWh			
Transmission	**2025**	**2024**	**Change 2025/2024 in %**
January	3,084,060	3,082,961	0,04 %
February	3,119,263	2,508,196	24,36 %
March	2,685,123	2,740,078	(2,01%)
April	2,281,207	2,047,338	11,42 %
May	1,765,111	2,008,558	(12,12%)
June	1,544,695	1,824,499	(15,34%)
July	1,561,353	1,588,515	(1,71%)
August	1,519,698	1,835,909	(17,22%)
September	1,815,680	1,895,728	(4,22%)
October	2,314,461	2,201,288	5,14 %
November	2,703,984	3,038,172	(11,00%)
December	3,261,275	3,079,459	5,90 %
Total:	**27,655,910**	**27,850,701**	**(0,70%)**

The monthly dynamics of the transmission reflect the characteristic seasonality in the consumption, with higher volumes observed during the winter months and traditionally lower activity during the summer period. However, the overall rhythm of the system remains stable and predictable:

- At the beginning of the year, quantities remained at stable levels, with significant growth recorded in February, contributing to the positive dynamics for the period.
- During the spring months, a uniform development in transmission is observed, including a distinct increase in April.
- The period May - September is characterized by seasonally lower volumes, mainly due to climatic factors, without significantly affecting the overall load of the network.
- At the end of the year, volumes recovered and a stable trend was maintained, despite warmer than expected temperatures in November. The next graphic shows the dynamic in the change of the transported MWh of natural gas over the reported period.

In summary, the results for the period January – December 2025 confirm the sustainable operation of the national gas transmission system, the high degree of reliability of the infrastructure and the stable interest in the use of the capacity of the Bulgartransgaz EAD.

The next graphic shows the dynamic in the change of the transported natural gas quantities (Mwh) over the reported period.

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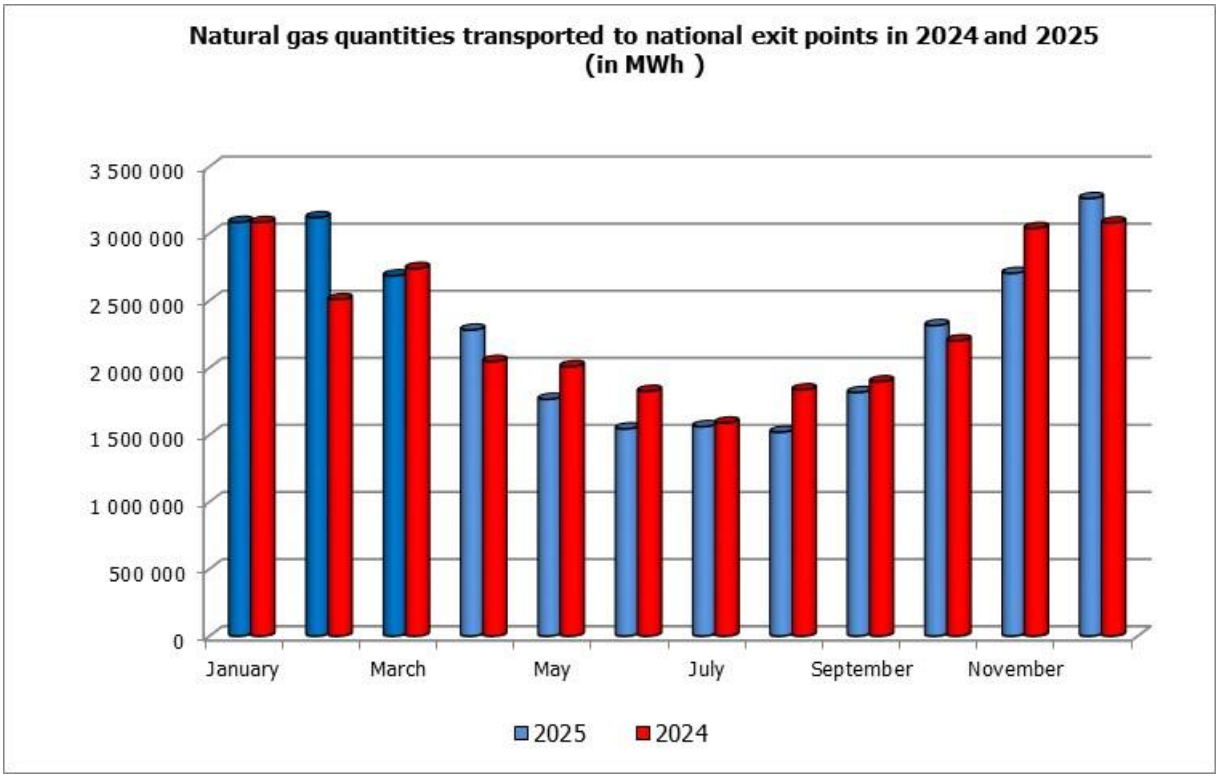

3.2. Natural gas transport through the cross-border network

Points of the gas transmission system of Bulgartransgaz EAD with the gas transmission systems of the neighbouring operators are, as follows:

- Negru Voda 1/Kardam – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Romania;
- Negru Voda 2, 3/Kardam – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Romania;
- Ruse/Giurgiu – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Romania;
- Kulata/Sidirocastro – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Greece;
- Strandzha/Malkoclar – exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Türkiye;
- Kyustendil/Jidilovo – exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and North Macedonia;
- Strandzha 2/Malkoclar – entry interconnection point between the networks of Bulgartransgaz EAD and Türkiye;
- Kireevo/Zaycar – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Serbia;

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- Stara Zagoora – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and ICGB;
- Kalotina/Dimitrovgrad – entry-exit interconnection point between the gas transmission infrastructure of Bulgartransgaz EAD and Serbia.

The in-flows of natural gas transported to interconnection points with neighbouring countries operators, expressed in MWh, for the period under consideration are as follows:

Natural gas transport to the borders with neighbouring countries through Bulgartransgaz EAD network by months, in MWh										
Month	**Greece**		**North Macedonia**		**Serbia**		**Romania**		**Total**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
January	3,592,520	2,029,763	504,265	510,113	10,835,150	9,286,715	2,051,362	1,143,465	16,983,297	12,970,056
February	3,462,836	2,428,431	454,371	426,191	9,429,717	8,729,256	3,363,451	1,241,202	16,710,375	12,825,079
March	1,756,921	2,790,497	236,704	262,802	10,205,299	9,781,582	2,765,219	1,509,063	14,964,143	14,343,944
April	2,112,233	2,476,310	74,696	134,089	8,622,918	7,732,256	2,382,471	2,304,453	13,192,318	12,647,109
May	3,065,454	3,261,278	40,783	41,510	9,319,387	8,623,766	2,898,516	2,277,913	15,324,141	14,204,467
June	2,551,690	3,240,716	91,661	202,954	7,088,173	6,922,500	2,836,732	2,346,400	12,568,255	12,712,570
July	3,389,423	4,093,417	295,191	344,148	9,321,075	9,121,590	4,354,222	2,419,637	17,359,911	15,978,791
August	2,575,138	4,004,579	228,883	380,395	9,297,817	9,067,706	4,758,578	2,338,562	16,860,416	15,791,243
September	3,114,562	3,459,929	223,935	358,501	9,116,037	9,041,865	3,685,410	2,375,424	16,139,944	15,235,719
October	3,113,977	2,710,886	365,581	198,143	9,715,280	9,932,691	4,570,821	2,539,539	17,765,659	15,381,259
November	2,696,893	3,564,716	430,563	477,781	10,426,989	10,402,071	4,276,216	1,801,941	17,830,661	16,246,509
December	3,886,625	3,387,061	514,832	441,640	10,551,073	10,873,486	4,222,392	1,886,074	19,174,921	16,588,261
Total:	**35,318,272**	**37,447,583**	**3,461,465**	**3,778,267**	**113,928,915**	**109,515,484**	**42,165,390**	**24,183,673**	**194,874,041**	**174,925,007**

Over the twelve months of 2025, the total transport of natural gas along the cross-border network of Bulgartransgaz EAD amounted to 194,874,041 MWh, which is an increase of 11,40% compared to 2024 (174,925,007 MWh).

The growth is mainly due to the increased flows to Romania and Serbia, which reinforce the importance of the Bulgarian infrastructure as a strategic supply route in the Southeastern European region.

The analysis of the directions shows:

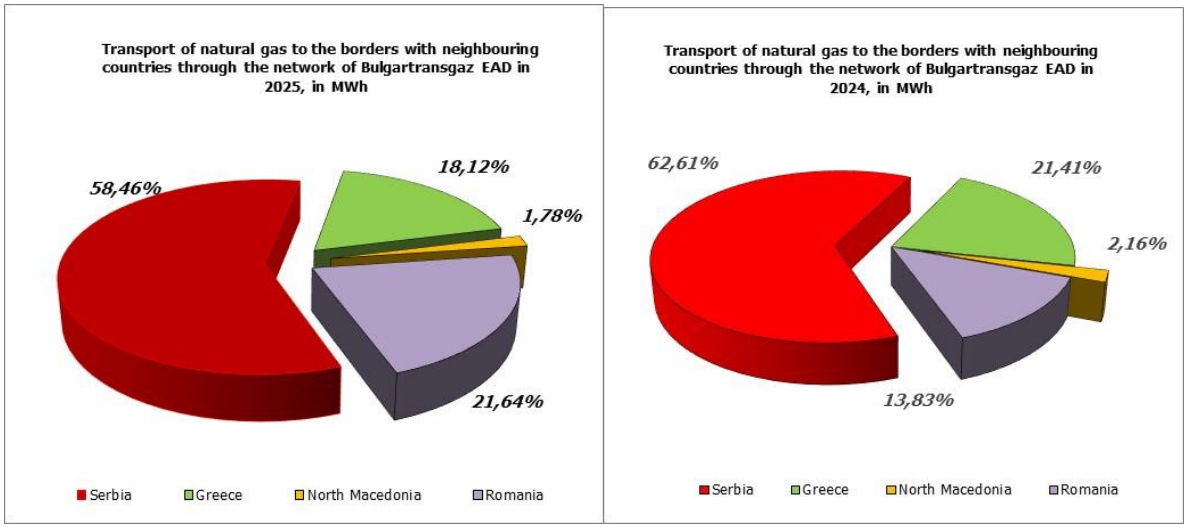
- Significant increase in the transmission to Romania, which is a leading factor for the overall growth during the period;
- Stable development of flows to Serbia, supported by sustainable demand for capacity;
- Seasonal adjustment of volumes in the direction to Greece and North Macedonia, determined by market conditions without significant impact on the overall system load.

The monthly dynamics follow the typical seasonal profile of the regional consumption. The highest monthly volume was recorded in December 2025 – 19,174,921 MWh (9,84% of total transmission), and the lower values over the summer period reflect the usual decrease in the demand. Regardless of the seasonal fluctuations, the load across the interconnection points remains stable and predictable.

In summary, the 2025 results confirm Bulgartransgaz EAD enhanced role as a key interconnection operator in the region, characterized by a high degree of operational

reliability, flow flexibility and sustainable interest in booking cross-border capacity.

The percentage distribution of natural gas transported to Greece, Serbia, Romania and North Macedonia in 2025 and the previous 2024 is shown in the diagrams below.



These data confirm the flexibility of the Bulgarian gas transmission system and its ability to respond to the dynamics of the regional markets, while maintaining high levels of load and reliability.

3.3. Natural gas storage

The storage of natural gas is in the underground gas storage facility Chiren, owned by Bulgartransgaz EAD – the only facility of this type in the country. Chiren UGS is a complex group of underground and above-ground facilities, including exploitation wells, collecting gas pipelines, a compressor station with a total installed capacity of approximately 9 MW, gas preparation, treatment, control and metering of the natural gas.

The gas storage facility, located near the city of Vratsa, has 24 exploitation wells and the necessary technological infrastructure for injection and withdrawal of natural gas, and by 2025 the capacity allows storage of up to 650 mcm. The technological process is cyclical and follows the seasonal dynamics of consumption - injection during the warm months and withdrawal during the winter period.

In the period January-December 2025, 4,285,760 MWh have been withdrawn from Chiren UGS and 4,791,446 MWh of natural gas have been injected. The injected quantities exceed those of 2024 by 7,50% (334,465 MWh), which confirms the active use of the storage as a tool for managing the seasonal imbalances and increasing security of supply.

The total natural gas injected and withdrawn in the reported 2025 and the previous 2024 is shown in the table below:

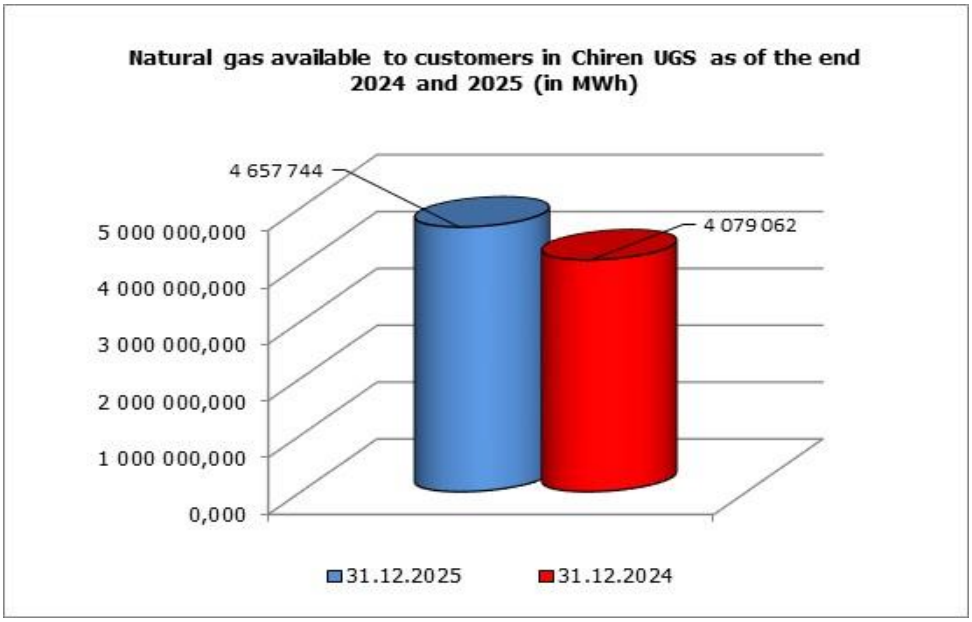
Withdrawn and injected natural gas quantities in 2025 against 2024, in MWh				
Month	**Withdrawal 2025**	**Withdrawal 2024**	**Injection 2025**	**Injection 2024**
January	1,100,401	886,811	40,920	33,127
February	1,089,858	722,960	56,129	35,779
March	375,388	758,971	156,667	49,540
April	226,059	394,430	21,621	391,881
May	12,619	21,694	688,468	834,399
June	89,280	154,379	599,846	938,513
July	8,411	19,901	788,238	701,005

August	49,190	138,664	1,046,350	440,593
September	28,302	151,332	907,175	505,060
October	37,206	13,054	276,425	374,618
November	369,234	697,494	154,879	52,580
December	899,812	1,027,587	54,748	99,906
Total:	**4,285,760**	**4,987,277**	**4,791,466**	**4,457,001**

Natural gas withdrawal is carried out in volumes corresponding to market needs, while maintaining the balanced operation of the facilities and optimal use of the technical capabilities of the storage facility.

The natural gas owned by customers as of 01.01.2025 amounts to 4,079,062 MWh, and as of 31.12.2025 reaches 4,657,744 MWh. The data includes actual and virtual withdrawn and injected quantities in accordance with the contractual storage mechanisms.

The results for the reporting period confirm the sustainable load of Chiren UGS, its key role in covering the seasonal unevenness in natural gas consumption and its importance in ensuring the security of supply both at national and regional level. The natural gas availability for customers in Chiren UGS in the period January - December 2025 and the same period of the previous 2024 is shown in the following diagram:



4. FINANCIAL AND ECONOMIC SITUATION

The financial and economic condition of Bulgartransgaz EAD has been reviewed and analysed based on the prepared financial and accounting documents for 2025 compared to the previous 2024.

in thousand BGN

Financial indicators	**Report 01.01-31.12.2025**	**Report 01.01-31.12.2024**	**Change 2025/2024**
Total revenue from licensing activities	918,569	904,761	1,5 %
Total revenues	1,093,440	1,080,486	1,2 %
Operating expenses	381,368	355,543	7,3 %
EBITDA	712,072	724,943	(1,8%)
Net earnings for the period	270,064	306,783	(12,0%)
Financial stability and debt indicators	**Report as of 31.12.2025**	**Report as of 31 December 2024**	**Change 2025/2024**
Debt ratio	0,27	0,40	(31,0%)
Financial autonomy ratio	4,31	2,81	53,4 %
Net debt/EBITDA	0,93	1,46	(36,2%)

In 2025, the Company implemented significant management actions aimed at reducing the indebtedness and optimizing the financial costs, as a result of which the total amount of liabilities to banks, related parties and deferred payments to contractors was reduced by **BGN 1,459,402 thousand** to **BGN 775,808 thousand** which is also reflected in the significant improvement in debt indicators.

As a result of these actions, both significant savings in interest costs and additional positive effects have been achieved, including a realized positive financial effect from agreed discounts for early repayment of liabilities.

It must be noted that the Company continues to implement a consistent policy to optimize the indebtedness and strengthen the financial autonomy, which leads to a sustainable reduction in non-current liabilities, as well as a significant decrease in liabilities to related parties and trade payables.

In 2025, the revenues from Bulgartransgaz EAD licensing activities maintain high and sustainable levels, comparable to those of the previous year, with a growth of **BGN 13,808 thousand (1,5%).**

The increase is a result of the consistently implemented investments in modernization, rehabilitation and expansion of the gas transmission infrastructure as well as the increased number of entry and exit points and increased flexibility in natural gas supplies from various sources, including LNG terminals in the region.

The operating expenses (excluding depreciation, impairment, provisions and financial expenses) total to **BGN 381,368 thousand** that is an increase by **BGN 25,825 thousand (7,3%)** compared to the previous year.

A major factor for this is the higher price of natural gas in the first eight months of 2025, compared to the same period in 2024, which has a direct impact on the costs for technological needs and the cost of natural gas used for balancing. The total amount of these costs reaches **BGN 197,029 thousand** and adds by **BGN 14,183 thousand.**

An additional increase is also reported in the costs of external services related to inspections,

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repairs and maintenance of the gas transmission network, as well as as a result of the general increase in prices in the country.

EBITDA for 2025 amounts to **BGN 712,072 thousand**, which represents a slight decrease of 1,8% compared to the record value reported in 2024.

The decrease is mainly due to the increased technological costs, driven by higher volumes of transported natural gas and the dynamics of natural gas prices over the year as well as the increase in the infrastructure maintenance costs.

However, the achieved EBITDA level clearly confirms the preservation of high operational efficiency and sustainability of the business model.

The decrease in net profit was significantly influenced by the increase in non-cash expenses, including:

- depreciation expenses that increase by **BGN 33,393 thousand (11,0%)** as a result of the commissioning of new assets;
- the provisions for carbon emission allowances, which reach **BGN 48,812 thousand** growing by **BGN 14,461 thousand** (42,1%) compared to the previous year.

The Company applies a conservative policy in recognizing these provisions, which are determined based on current market prices of emission allowances and reflect a realistic assessment of the future obligations.

In terms of the financial results, in 2025 there was an impact of negative currency exchange rate differences related to the dynamics of the US dollar, which led to a net negative effect of approximately **BGN 36,750 thousand** without this having a significant impact on the Company's operational activities.

However, thanks to the actions taken to optimize the indebtedness and renegotiate the terms of the loan agreements, a positive effect was achieved in terms of reducing interest costs, which partially offset the currency impact.

When calculating the indicators of indebtedness and financial autonomy, deferred financing income is excluded from the total amount of liabilities, as they do not represent real financial obligations of the Company.

For the purposes of the analysis, an adjusted EBITDA indicator was used, which eliminated the effects of carbon emission provisions and impairment losses to present a more realistic assessment of the operating efficiency.

The improvement of the Company's financial position is clearly reflected in the key financial stability indicators, with the debt ratio decreasing from 0,40 to 0,27, and the financial autonomy ratio increasing from 2,81 to 4,31.

The ratio „Net debt/EBITDA" also improves significantly – from 1,46 in 2024 to 0,93 in 2025, reflecting the significant reduction in indebtedness and the maintenance of stable operating efficiency.

The level of the indicator remains low and within conservative limits, which is an indicator of a limited financial risk and a high ability of the Company to service its obligations.

These indicators clearly reflect a significant improvement in the capital structure and a reduction in the financial risk.

The achieved levels of the indicators create additional capacity to attract external financing under favourable conditions.

In conclusion, despite the influence of external factors on the financial result, Bulgartransgaz EAD maintains a stable financial position, high operational efficiency and a consistent policy of reducing the indebtedness.

The Company demonstrates sustainability, financial discipline and ability to generate stable cash flows, which creates a solid foundation for the future development and implementation of the Company's strategic investment projects.

REVENUE, EXPENSES AND FINANCIAL RESULT

4.1. Revenues. Analysis and dynamics of the revenue structure

The main revenues of Bulgartransgaz EAD in the period 1 January – 31 December 2025 come from the licensing activities for natural gas transport and storage.

The table below shows a comparative analysis of the reported revenue in 2025 and 2024 and the dynamics of their change.

in thousand BGN

Operating income	**Report 01.01-31.12.2025**	**Report 01.01-31.12.2024**		**Change 2025/2024**	
	value	**value**	**relative weight**	**absolute value**	**in %**
Revenues from natural gas transport	888,066	868,843	80,41 %	19,223	2,2 %
Revenues from natural gas storage	30,503	35,918	3,32 %	(5,415)	(15,1%)
Revenues from balancing	44,322	44,380	4,11 %	(58)	(0,1%)
Revenue from gas in-kind	113,398	115,345	10,68 %	(1,947)	(1,7%)
Other operating revenues	17,151	16,000	1,48 %	1,151	7,2 %
Total revenues from the activity	**1,093,440**	**1,080,486**	**100,00 %**	**12,954**	**1,2 %**
Financial revenue	**59,787**	**41,472**	**3,84 %**	**18,315**	**44,2 %**

In 2025, Bulgartransgaz EAD generated a total revenue from the activity in the amount of BGN 1,093,440 thousand, which is a rise by BGN 12,954 thousand (1,2%) compared to 2024.

The revenue structure remains stable, with revenues from natural gas transmission continuing to account for the main share.

Revenues from natural gas transmission amount to **BGN 888,066 thousand**, with a relative share of 81,22%, and boost by **BGN 19,223 thousand** (2,2%) compared to the previous year.

The growth is due to the sustainable demand for the service and the effects of the investments made in the expansion and modernization of the gas transmission infrastructure that increase the capacity and flexibility of the system.

Revenues from natural gas storage amount to **BGN 30,503 thousand**, and decrease by **BGN 5,415 thousand** (-15,1%) compared to 2024.

The decrease is mainly due to lower realized auction premiums, which is not a result of a decline in the demand, but rather a better planning by the users and more efficient use of the storage products offered. This reflects increased maturity and predictability in the market.

At the same time, there remains high interest in storage services, supported by:

- implemented electronic platform for capacity booking;
- increased transparency and process automation;
- enhanced cooperation with Bulgarian and international customers.

These factors establish Chiren UGS as a strategic asset at national and regional level.

With respect to the Natural Gas Balancing Rules, Bulgartransgaz EAD, in its capacity of a balancing entity, performs commercial balancing of the natural gas market, i.e. offsetting of the differences between the quantity of natural gas input by a gas transmission network user at entry points, and the quantity of natural gas off-taken by him at the network's exit points. The obligation of the balancing entity is to cover the individual imbalances of the gas transmission networks' users. The Company generates revenue form balancing corresponding to the balancing zones of the gas transmission networks on the territory of the Republic of Bulgaria.

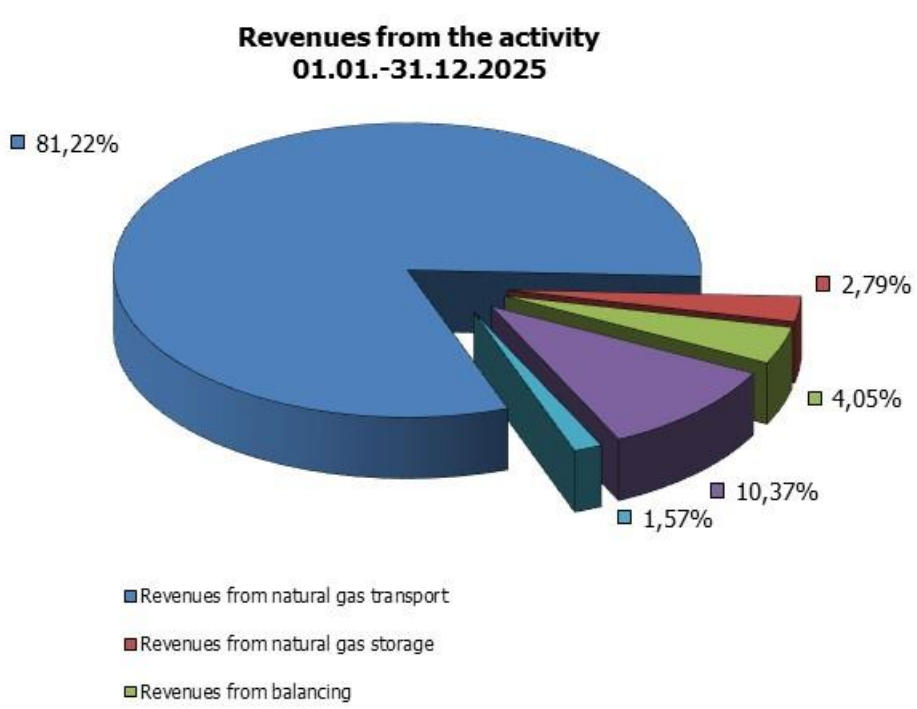
In this regard and in accordance with the entry-exit tariff model, contracts for natural gas purchase and sale for balancing have been concluded with customers, and in the period 1 January - 31 December 2025, the Company generated revenues from balancing in the amount of BGN 44,322 thousand (4,05% of the total sales revenue). In comparison with 2024, there is a slight decrease in the revenue from balancing by (-0,1%).

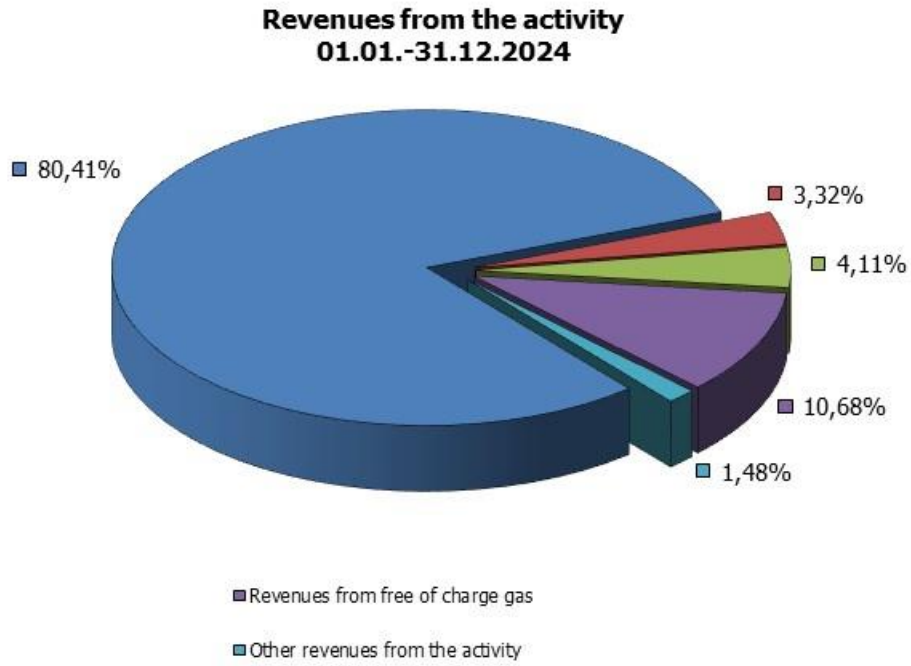
Revenues from the non-cash remuneration provided by a customer in connection with a natural gas transport contract are also accounted for within the net revenue from the activity which in 2025 amounted to BGN 113,398 thousand (10,37% of the total sales revenue). This gas is mostly used as fuel for compressor stations along the gas transmission system for transport to the borders with neighbouring countries and does not bring actual income to the Company. The revenues from the non-cash remuneration in the form of a free of charge gas for 2025 are lower than those in 2024 and the decline is by BGN 1,947 thousand (-1,7%).

The other revenues of the Company that represent 1,57% of the total revenues from sales are by BGN 1,151 thousand (7,2%) more than those realised in 2024. In 2025, BGN 17,151 thousand, whilst in 2024 – BGN 16,000 thousand have been reported. The increase is mainly due to reported income from jointly controlled entities, including accrued interest on subordinated financing provided.

In 2025, the Company reports financial revenues in the amount of BGN 59,787 thousand, with a significant contribution from revenues generated in connection with the actions taken to optimize the indebtedness and management of the financial instruments.

The structure of the reported net sales revenue in 2025 compared to 2024 is shown in the graph below:


Revenues from the activity
01.01.-31.12.2025
81,22%
2,79%
4,05%
10,37%
1,57%
Revenues from natural gas transport
Revenues from natural gas storage
Revenues from balancing

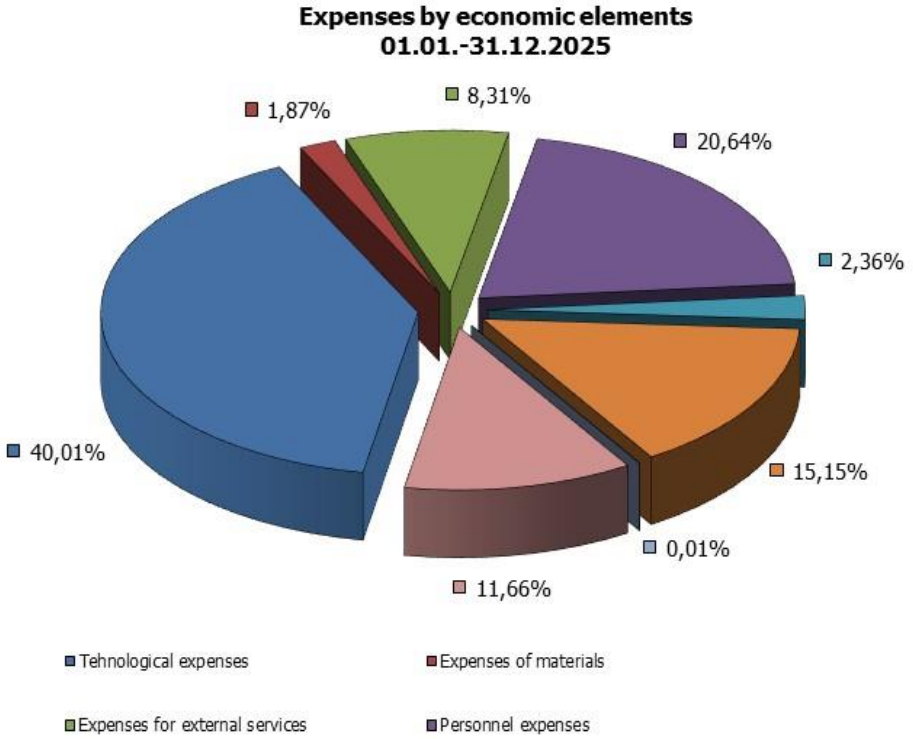

Revenues from the activity
01.01.-31.12.2024
80,41%
3,32%
4,11%
10,68%
1,48%
Revenues from free of charge gas
Other revenues from the activity

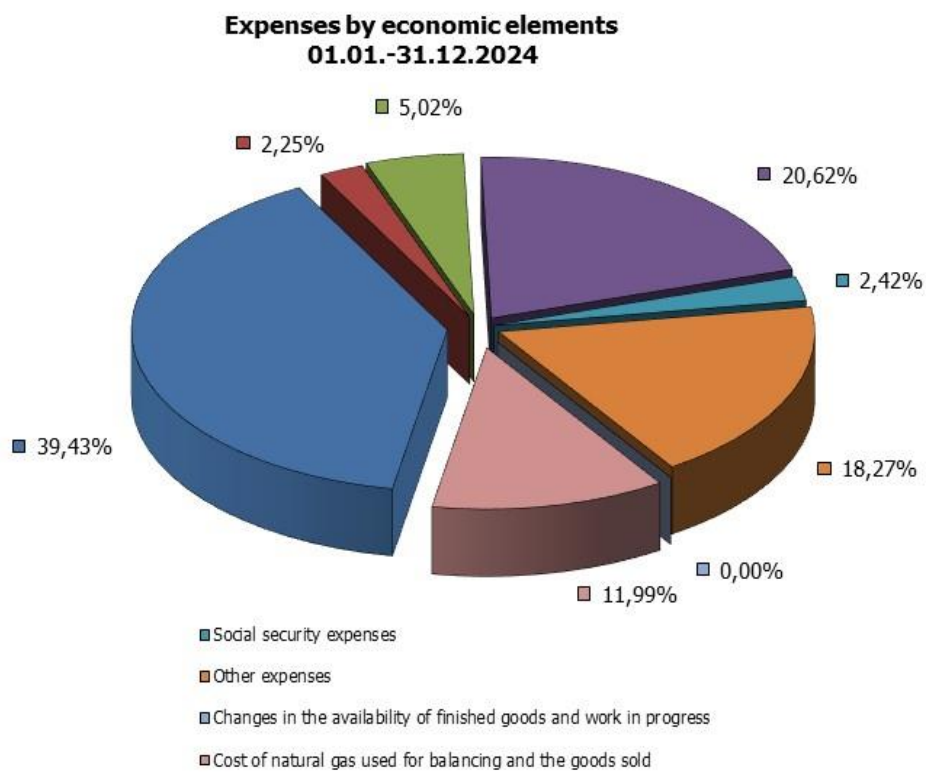
4.2. Expenses. Analysis and dynamics of the expenses structure

in thousand BGN

Expenses for the activity	Report 01.01-31.12.2025		Report 01.01-31.12.2024		Change 2025/2024	
	value	relative weight	value	relative weight	absolute value	in %
Technological expenses	152,576	40,01 %	140,208	39,43 %	12,368	8,8 %
Expenses for materials	7,113	1,87 %	8,011	2,25 %	(898)	(11.2%)
External services expenses	31,683	8,31 %	17,836	5,02 %	13,847	77,6 %
Personnel expenses	78,699	20,64 %	73,318	20,62 %	5,381	7,3 %
Social security expenses	9,015	2,36 %	8,600	2,42 %	415	4,8 %
Other expenses	57,781	15,15 %	64,947	18,27 %	(7,166)	(11.0%)
Changes in the availability of finished goods and work in progress	48	0,01 %	(15)	(0.00%)	63	(420.0%)
Cost of natural gas used for balancing and the goods sold	44,453	11,66 %	42,638	11,99 %	1,815	4,3 %
Operating expenses	**381,368**	**100,00 %**	**355,543**	**100,00 %**	**25,825**	**7,3 %**
Financial expenses	**69,933**	**100,00 %**	**55,780**	**100,00 %**	**14,154**	**25,4 %**

The structure of the expenses reported by Bulgartransgaz EAD for **economic activity** in 2025, compared to the structure of the operating expenses in 2024, is shown in the diagram below:


Expenses by economic elements
01.01.-31.12.2025
1,87%
8,31%
20,64%
2,36%
40,01%
15,15%
0,01%
11,66%
Tehnological expenses
Expenses of materials
Expenses for external services
Personnel expenses


Expenses by economic elements
01.01.-31.12.2024
5,02%
2,25%
20,62%
2,42%
39,43%
18,27%
0,00%
11,99%
Social security expenses
Other expenses
Changes in the availability of finished goods and work in progress
Cost of natural gas used for balancing and the goods sold

The structure of reported operating expenses of Bulgartransgaz EAD in 2025, compared to the one in 2024, is shown in the table above.

In 2025, the operating costs amount to **BGN 381,368 thousand**, marking an increase of **BGN 25,825 thousand** (7,3%) compared to the previous year. The increase is mainly a result of increased technological costs and costs for external services related to the maintenance and reliable operation of the gas transmission infrastructure.

The reported technological costs amount to BGN 152,576 thousand and increase by BGN 12,368 thousand (8,8%) against 2024. The increase is mainly due to the higher volumes of transported natural gas as well as the impact of the natural gas prices during the reporting period.

The costs for materials amount to BGN 7,113 thousand (1,87% of the operating costs) and decline by BGN 898 thousand (-11,2%) compared to the previous year. The reduction is due to lower costs for basic materials and spare parts as well as optimized consumption of energy resources.

The costs for external services total to BGN 31,683 thousand (8,31% of the operating costs) and increase significantly by BGN 13,847 thousand (77,6%).

The increase is mainly due to:

- expanded scope of preventive maintenance and repair activities of the gas transmission system;
- specialized in-line inspections performed, including using high-tech methods;
- costs related to waste management and treatment;
- the effect of the inflationary environment and updated contractual terms with contractors.

It must be noted that these costs are investment costs in nature and are aimed at ensuring the reliability, safety and long-term operation of the infrastructure.

The personnel expenses amount to BGN 78,699 thousand, marking an increase of BGN 5,381 thousand (7,3%), and the social security expenses – at BGN 9,015 thousand, with an increase of BGN 415 thousand (4,8%). The increase is driven by both the Company's policy of maintaining competitive salaries and securing the necessary qualified personnel, as well as the dynamics of the labour market in the country, including the significant increase in the minimum wage - from BGN 933 in 2024 to BGN 1,077 in 2025 (an increase of approximately 15%) and the reported growth in the average wage in the country by approximately 11% on an annual basis.

"Other expenses for the activity" amount to BGN 57,781 thousand and diminish by BGN 7,166 thousand (-11,0%) compared to 2024.

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The main component in this group are the expenses for the "Energy System Security" fund, which amount to BGN 45,929 thousand and are directly related to the revenues from licensing activities.

In 2025, the Company reports depreciation expenses in the amount of BGN 338,184 thousand as well as asset impairment losses in the amount of BGN 6,383 thousand, related to the management of the asset base.

The financial costs amount to BGN 69,933 thousand, increasing compared to 2024. However, interest expenses, which are a major component, decreased by 44,1% as a result of the actions taken to optimize indebtedness and renegotiate the terms of the loan agreements.

In summary, in 2025 Bulgartransgaz EAD maintains the effective control over the costs and their increase is justified by the higher operational activity and targeted infrastructure maintenance and development activities. At the same time, there is an optimization in certain expense categories and a reduction in the financial interest expenses that contributes to the sustainable financial condition of the Company.

4.3. Financial indicators

Financial indicators	Report 01.01-31.12.2025	Report 01.01-31.12.2024
Liquidity ratios		
Total liquidity	0,62	0,97
Quick liquidity	0,47	0,83
Absolute liquidity	0,40	0,77
Profitability ratios		
Profitability of sales revenue	0,28	0,32
Cost effectiveness	0,47	0,58
Efficiency ratios		
Cost efficiency ratio	1,36	1,45
TFA turnover	0,14	0,13
Assets turnover	0,13	0,12
Financial autonomy ratios		
Debt ratio	0,27	0,40
Financial autonomy ratio	4,31	2,81
Net debt/EBITDA	0,93	1,46

When calculating the indicators of indebtedness and financial autonomy, deferred financing income is excluded from the total amount of liabilities, as they do not represent real financial obligations of the Company.

The cost efficiency is calculated based on the operating expenses, excluding non-cash components such as depreciation and amortization to more accurately represent the efficiency of the Company's core business.

In 2025, there has been a significant improvement in the Company's financial stability indicators, expressed in a significant reduction in the indebtedness, increased financial autonomy and an improvement in the ratio „Net debt/EBITDA".

The debt ratio decreases from 0,40 in 2024 down to 0,27 in 2025, which reflects a significant decrease in the dependence on external sources of financing. At the same time, the financial autonomy ratio increased from 2,81 to 4,31, which is a clear indicator of strengthening the capital structure and increasing the financial sustainability of the Company.

The ratio „Net debt/EBITDA" also improves significantly – from 1,46 in 2024 to 0,93 in 2025, reflecting the significant reduction in the indebtedness and the maintenance of the stable operating efficiency. The level of the indicator remains low and within conservative limits, which is an indicator of a limited financial risk and a high ability of the Company to service its obligations.

The cost efficiency ratio remains at a high level and shows that the Company generates BGN 1,36 in revenue per BGN 1 in expenses, which confirms the effective cost management and the stability of the business model.

The assets and fixed assets turnover remain stable or show a slight improvement, which is an indicator of the effective use of the Company's available infrastructure and resource base.

The observed decrease in the liquidity and profitability ratios is the result of targeted management decisions related to the debt reduction, active investment activity and increased non-cash expenses, and does not have a significant impact on the Company's ability to service its current liabilities.

In conclusion, in 2025 Bulgartransgaz EAD demonstrates improved financial stability, effective resource management and sustainable revenue generation capacity, which creates a solid foundation for the future development and implementation of the strategic investment projects.

5. REVIEW OF THE RISKS THE COMPANY IS EXPOSED TO

Financial Risk Management

Review

The Company is exposed to various types of risks with respect to its financial instruments. The most significant financial risks the Company is exposed to are market risk, credit risk and liquidity risk.

General risk management provisions

The Management Board is responsible for identifying and managing the risks the Company faces. The risk management policy of the Company has been developed to identify and analyse the risks faced by the Company, to set limits on taking risks and controls, to monitor risks and compliance with the limits set. These policies are subject to periodic review to reflect changes in market conditions and in the Company's activities. The Company, through its training and management standards and procedures, aims at developing a constructive control environment in which all employees understand their roles and responsibilities.

Credit risk

Credit risk is the risk that one party to a financial agreement may fail to fulfil its obligation and thus cause a loss to the other party. The Company's credit risk consists of the risk of financial loss in a situation where a customer fails to fulfil their contractual obligations.

The Company is exposed to credit risk in case any of its customers fail to pay their liabilities. Customers' credit worthiness is assessed by taking into account their financial position, past experience, additional arrangements and other factors.

In order to manage and limit the credit risk from the balancing activity, the Company takes measures by imposing specific contractual requirements, which include obligations to provide and maintain financial collateral in the form of a guarantee deposit in a bank account or provide an irrevocable and unconditional bank guarantee in favour of the Company, or corporate guarantee (security), payable to the Company. It is possible that Bulgartransgaz EAD, as an operator, may impose limits on the volume of trade transactions carried out at a virtual trading point up to an amount guaranteed by a financial collateral as well as take other measures to limit the credit risk from the balancing activity.

The carrying amount of financial assets, net of impairment losses, represents as far as possible the credit risk to which the Company is exposed.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its current financial obligations on time due to a lack of liquidity. The policy of Bulgartransgaz EAD in this area is focused on ensuring that sufficient liquidity is available to meet the liabilities when they become due, including in emergencies and unforeseen situations.

Since the nature of the Company activity is related to the regular transport and storage of natural gas, the liquidity risk control mainly consists of:

- Careful planning of all cash inflows and outflow based on monthly forecast;
- Payment terms for transactions with related parties and customers executed on a monthly basis.

Market risk

Market risk is the risk of financial losses arising from adverse changes in the market prices of financial instruments, as a result of which the Company's income or the value of its investments may be affected. The objective of the market risk management is to control the exposure to market risk within acceptable limits by optimizing the return. The main sources of market risk are the following:

Currency risk

Currency risk is the risk of financial loss caused by adverse changes in the exchange rates between two currencies, leading to a decrease in the value of assets, revenues or payments denominated in a foreign currency. The Company is exposed to currency risk in case of purchases and/or sales denominated in a currency other than the functional currency of the Company. The Company mainly deals in BGN and EUR in connection with the provided technical and other services. The currency risk for these purchases, due to possible fluctuations in the foreign exchange rate, is minimal due to the fixed lev to euro exchange rate set by the Bulgarian National Bank (BNB). The Company also deals in USD, therefore, the existence of foreign exchange risk associated with fluctuations in the USD exchange rate is recognized.

Interest risk

The interest rate risk is the probability that changes in market interest rates will lead to a decrease in the yield or value of financial assets, liabilities or investments. The Company's bank loans are with a floating interest rate, formed by a fixed interest rate plus a spread (margin), which is a variable component based on 1m Euribor.

6. ACTIVITIES PERFORMED UNDER THE INVESTMENT, PRE-INVESTMENT AND OPERATING PROGRAMMES

The investment programme aims to support the implementation of the combined gas operator's policy with specific and concrete measures. Bulgartransgaz EAD with its Investment Programme provides for the conditions for sustainable development of the natural gas market in Bulgaria, security and reliability of the gas transmission system, including the natural gas transmission and storage infrastructure, as well as their integration into the pan-European gas market.

The total amount of funds disbursed in 2025 under the annual programmes for Pre-Investment Preparation, Investments and Operational Maintenance for 2025 is BGN 304,797 thousand. The distribution by programmes, licensing activities and purpose is as follows:

BGN thousand, VAT excluded

Programme/Section/Licensed Activity	Reporting period 01.01-31.12.2025 as at 31 December 2025 under Update 1
TOTAL Annual Programmes for Pre-Investment Preparation, Investments and Maintenance:	**304,797**
TOTAL Annual Programme for Pre-Investment Preparation:	**-**
TOTAL Annual Programme for Investments:	**251,867**
SECTION I.1 - Construction of new sites	**231,476**
SECTION I.2 - Reconstruction, rehabilitation and overhauls of TFA	**11,609**
SECTION I.3 - Supply of machinery and equipment	**8,782**
TOTAL Annual Maintenance Programme:	**52,930**
SECTION II.1 - Current inspections, repairs and maintenance	**49,233**
SECTION II.2 - Supply of machinery and equipment	**3,697**

7. MAJOR INFRASTRUCTURE PROJECTS OF THE COMPANY

In 2025, the work on the implementation of the main projects for expansion and maintenance of the networks and facilities for natural gas transmission and storage owned by Bulgartransgaz EAD, continued. The activities on developing projects to increase the capacity at interconnection points within the Vertical Gas Corridor and the expansion and modernization of the existing gas network are ongoing.

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- **Major projects for the development of the gas infrastructure**

A priority for Bulgartransgaz EAD in 2025 was the implementation of the infrastructure expansion projects along the Vertical Gas Corridor in Bulgaria. Their timely completion will increase the energy security for the country and the region by ensuring the possibility of transporting increased quantities of natural gas from reliable sources through the gas transmission infrastructure of Bulgartransgaz EAD.

- **Project for the increase of the technical transmission capacity at Interconnection point Negru Voda/Kardam in the Bulgaria-Romania direction**

The project consists of the construction of a gas infrastructure, including a gas pipeline in the section Rupcha - Vetrino (about 61 km, DN 1200), reversing the compressor station Kardam (with no need for new compressors) and expanding the capacity of its control system. The new infrastructure will provide an additional capacity of 137,2 GWh/d for natural gas transmission from Bulgaria to Romania.

For the site „Looping from Rupcha to Vetrino" the environmental procedures and the procedures under the Spatial Development Act are being finalised for the coordination of the DSP-PP, a Detailed Design is currently prepared and the activities involving the acquisition of property rights are completed. The archaeological research is in its final phase. A building permit has been issued for the pipeline network part and deliveries and construction and installation works are being carried out. For the site CS Kardam - reversal and expansion of the capacity of its control system a detailed design has been approved and a building permit has been issued, the

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required materials and equipment have been delivered. The construction and installations works are underway.

- **A project to increase the technical transmission capacity at Interconnection point Kulata/Sidirokastro in the Greece-Bulgaria direction**

The project envisages the construction of a looping in the section Kulata - Kresna with a length of approximately 48 km (DN 700), as well as the construction of a new gas pipeline from Piperevo to Pernik with a length of approximately 53 km (DN 500). The new infrastructure will provide additional capacity for natural gas transmission from Greece to Bulgaria with 35.4 GWh/d.

For the site Looping from Kulata to Kresna: a decision of the MOEW has been issued stating that no EIA should be carried out; a Detailed Spatial Plan - Parcelling Plan has been approved and property rights have been established. The necessary materials and equipment have been delivered and the archaeological surveys have been completed. The detailed designs have been approved and building permits have been issued for the stage: Pipeline network, stage PF Kulata and stage PF Kresna of the site; construction and installation works are being carried out.

For the site "Gas Transmission Pipeline from Piperevo to Pernik" a decision of the MOEW has been made stating that no EIA should be carried out; a Detailed Spatial Plan - Parcelling Plan has been approved and easement rights have been established. The detailed design for the stage Pipeline network part has been approved and a building permit has been issued, delivery of materials and equipment and construction and installation works and archaeological studies are under way.

The projects' implementation will improve the energy security and contribute to the development of a diversified and competitive gas market in the region.

- **Rehabilitation, modernization and expansion of the Bulgarian gas transmission system - Phase 3.**

Phase 3 covers the activities for the construction of gas infrastructure, including gas pipeline sections Gorni Bogrov - Novi Iskar (19 km) and Ihtiman - Venkovets (17 km) as well as the construction of a new compressor station Bogrov.

The implementation of the infrastructure will contribute to the strengthening of the energy security in the region by improving the technical capacity of the network to transport expected additional quantities of natural gas across the country, entering from south to north.

After the completion of the entire infrastructure covered by Phase 3, an increase in the capacity of the Bulgaria - Serbia gas interconnection (IBS) will be achieved from 1,8 to 3,2 bcm/y.

Work continues as well related to the project for the expansion of Chiren UGS capacity, included in the previous fifth list of projects of common interest, entitled:

- **PCI 6.20.2 Chiren UGS Expansion**

Chiren UGS capacity expansion project provides for the capacity increase in stages of the only gas storage on the territory of Bulgaria in order to achieve larger gas volumes stored, increased gas reservoir pressure and higher daily average withdrawal and injection rates. Its realisation will achieve an increase of the working gas volume up to 1 bcm and an increase of the withdrawal and injection rates up to 8-10 mcm/day.

It shall be implemented in three directions - design and construction of a new compressor station, underground facilities and transmission gas pipeline. The transmission gas pipeline connecting Chiren UGS to the existing gas transmission system of Bulgartransgaz EAD in the area of Butan village was built and commissioned in November 2024 was commissioned in November 2024, and the compressor station and its auxiliary equipment were commissioned in March 2025. This allowed as of 1 May 2025 the capacity of Chiren UGS to be increased by 100 mcm up to a total of 650 mcm.

The storage capacity will continue to be gradually expanded in parallel with the drilling of the new wells.

In March 2025, the European Climate, Infrastructure and Environment Executive Agency (CINEA) approved an amendment to the Grant Agreement whereby the implementation period has been extended until 7 December 2027.

- **Project for high-pressure gas transmission infrastructure to supply consumers in Maritsa East Basin**

In order to contribute to the EU's climate and green transition goals, Bulgartransgaz EAD is developing a project to provide a new high-pressure gas transmission infrastructure with capacity to transport gas to consumers in the Maritsa East Coal Basin.

The envisaged activities include design, supply, construction and commissioning of a new gas transmission infrastructure with a total length of approximately 73 km and the auxiliary facilities technological facilities. To continue the project implementation activities, input data from the main potential users must be provided.

The company is developing projects to build an all-hydrogen infrastructure, as well as to introduce hydrogen and other low-carbon gases into the energy mix.

- **Projects of common interest (PCI)**

By delegated regulation of 01 December 2025 amending Regulation (EU) No 2022/869 of the European Parliament and of the Council as regards the Union list of projects of common interest and projects of mutual interest, the European Commission published a second list of projects of common interest (PCIs) and projects of mutual interest (PMIs).

The following hydrogen projects of Bulgartransgaz EAD have been included in the list:

- **A project for the construction of hydrogen transport infrastructure in Bulgaria - Phase 1 (PCI 10.3.2. Internal hydrogen infrastructure in Bulgaria towards the Greece border).**

The planned infrastructure includes a DN 1000 pipeline with a length of approximately 250 km, together with 2 compressor stations in the area of Petrich and Dupnitsa. Its objective is to provide conditions for the transport of hydrogen from/to Greece and the Sofia region in Bulgaria. In 2025, activities were undertaken to attract grant funding from the Connecting Europe Facility (CEF) for the execution of preparatory and pre-investment activities under PCI 10.3.2.

- **Smartening of the existing Bulgarian gas transmission system and the associated network assets to effectively integrate low carbon and renewable gases (PCI 14.3 SmartSwitch project)**

PCI 14.3 is a joint project of Bulgartransgaz EAD and DESFA S.A. in the category "smart gas transmission networks", the aim of which is to adapt the existing Bulgarian and Greek gas networks to transport mixtures of natural gas and hydrogen up to 10%, thus ensuring interoperability and synchronized development of both networks.

Activities are planned for the digitalization of the gas network and the integration of components and systems that will allow for more effective management, interactive and intelligent monitoring, measurement and control of the quality of transmission of natural gas mixtures in the gas networks. The activities on the Bulgarian territory will be set following the completion of the envisaged studies.

The work continues as well under the project for the further expansion of the hydrogen infrastructure both internally and to the interconnection points with Romania and other neighbouring countries.

- **Hydrogen transport infrastructure in Bulgaria - Phase 2**

In order to expand the hydrogen corridor under the approved PCI between Greece and Bulgaria, Bulgartransgaz EAD is considering the option for the expansion of the hydrogen transport infrastructure in order to provide interconnection with Romania. The project will create the conditions for bi-directional cross-border transport of H2 between Bulgaria and Romania at a new hydrogen connection point in the Ruse/Giurgevo region and envisages the construction of a new pipeline with a length of about 330 km, DN1000 and three new compressor stations. Activities are under way to include the project in various Community lists and initiatives.

8. ENVIRONMENT

Bulgartransgaz EAD is actively involved in the environmental protection in all activities and at all levels of the Company's structure. The basic rule in this respect is that by ensuring environmentally friendly behaviour that complies with regulatory requirements, any incident or negative environmental impact can be avoided.

Climate

Limiting the impact and adapting to the changes are the main current and future challenges and accordingly provide an opportunity for the most significant contribution to environmental protection regarding Bulgartransgaz EAD activities.

In developing its core business activities - natural gas transmission and storage, Bulgartransgaz EAD is guided by the long-term vision and strict planning to support the sustainable development of the whole sector in the country, the region and in Europe. In this regard, Bulgartransgaz EAD efforts to achieve the EU's climate objectives to reduce net greenhouse gas emissions by at least 55% by 2030 are aimed at implementing technical and organizational measures to limit emissions. The main greenhouse gases emitted by Bulgartransgaz EAD are carbon dioxide and methane.

Greenhouse Gas Emissions Trading System (ETS) is applied in the Member States of the European Union to limit and reduce carbon dioxide emissions. To reduce methane emissions by 2024, various regulatory instruments were applied to protect the air quality, control industrial pollution, etc.

On 15 July 2024 Regulation (EU) 2024/1787 of the European Parliament and of the Council of 13.06.2024 on reducing methane emissions in the energy sector and amending Regulation (EU) 2019/942 was published in the Official Journal of the European Union, introducing uniform provisions for the territory of the Union for regular periodic monitoring of possible sources of methane from facilities in methane transmission networks. The Regulation also requires the immediate action to remedy identified methane leaks and implementation of investment, organizational and control measures to stop the organised release of methane, except in some very specific and urgent circumstances.

After the Regulation entered into force in 2025, the Company continues to apply organisational measures to prepare for implementation of its provisions.

Limiting climate change

- ***Reduction of carbon dioxide emissions from own organized sources***

Bulgartransgaz EAD is an operator of medium-sized combustion plants whose carbon dioxide emissions are controlled according to EST.

In addition to strict compliance with its obligations under EST, the Company implements a targeted policy to reduce carbon dioxide emissions. Regarding the investment projects and facilities (compressor units in compressor stations and Chiren UGS), which processes involve natural gas combustion and therefore emit carbon dioxide, equipment with the highest possible coefficient of useful effect from fuel combustion is planned, as well as subsequent maintenance of optimal operating mode and technical condition of the facilities in accordance with the best available techniques/practices. In parallel with this, the Company monitors the trends, analyses, studies the possibilities of introducing hydrogen technologies replacing natural gas, depending on their availability on the market and their applicability to the natural gas transmission and storage activities.

With permit to use No. CT – 05-148/25.03.2025, the new compressor station Chiren UGS was commissioned, including the new gas-turbine compressor units of higher efficiency (in terms of the natural gas quantity burned for the transport of 1 m^3 natural gas).

In 2025, preparatory works were also carried out for the implementation of the "Hydrogen Transmission Infrastructure in Bulgaria" project (refer to the information in section "Development of a hydrogen transmission network" below).

Ensuring the reliability of Bulgartransgaz EAD gas transmission network and reduction of the methane emissions

Bulgartransgaz EAD carries out regular activities, including organization of activities to limit methane emissions, both as a result of failures of the tightness/integrity of the network and the related repair/recovery activities, as well as by replacement (if technical and organizational possibility exists) of the ventilation equipment of natural gas in the atmosphere (vents) with equipment for organized burning of the released natural gas. An integral part of these efforts is the constant monitoring improvement to cover more areas, increase the frequency of inspections and improve monitoring tools, the use of high quality materials and equipment and last but not least - improve the quality of construction and installation activities.

Therefore, in 2025 the following sites were completed, put into operation or their implementation has begun:

- Technological connection between transmission gas pipeline Greece - Bulgaria and transit gas pipeline to the Hellenic Republic and the Republic of North Macedonia DN 1000;
- Repair of gas pipeline DN 1000 to the Hellenic Republic and the Republic of North Macedonia is the section between LV Yavorovo and LV Gorno Belevo;
- Protective structure at the crossing of Struma river of transit gas pipeline to the Hellenic Republic in the lands belonging to the village of Buranovo, municipality Kocherinovo;
- Facility for strengthening the right bank of a ravine in the lands belonging to the town Kresna of the transit gas pipeline to the Hellenic Republic DN 700;
- New external power supply to Lom - Cherkovna GMS;
- New external power supply to Strashimirovo GRS;
- New external power supply to Samokov AGRS;
- The work under the contract for the spatial planning and preparation of an investment design - technical design phase for site Replacement of a main gas pipeline in section VA Kalugerovo - VA Vrachesh continued;
- The work under the contract for the spatial planning and preparation of an investment design - technical design phase for site Launch and receive trap for gas pipeline branch Razgrad DN300 continued;
- The work under the contract for the spatial planning and preparation of investment design - technical design phase for site "Replacement of sections of transit gas pipeline 1 (TG1) and main gas pipeline (MG) for gas pipelines upgrade and construction of a new valve assembly VA DN 1200" ended, as building permits have been issued for both stages of the site;
- The implementation of an investment design contract and construction of the site Replacement of a section from VG - 4 to VG - Vratsa (GRS Vratsa - old) of the gas pipeline branch Vratsa - 2 has begun;

- An investment design contract is being implemented and construction of a facility Connection for a reverse flow operation at CS Ihtiman;
- Expansion of Chiren UGS capacity - above-ground part;
- Re-insulation of sections of the gas pipeline network;
- Scheduled in-line inspections of gas pipelines sections were carried out.

- ***Power generation from sources with lower greenhouse gas emissions***

Bulgartransgaz EAD is provided with electricity needed for its activities from the electricity transmission network through the local electricity distribution companies. This source has no alternative at the moment. Therefore, in order to reduce the carbon footprint of the electricity used by the Company, its efforts are aimed at construction of a transmission network that corresponds to the plans and needs of the thermal power plants for transition from solid fossil fuels to natural gas. At the same time, the Company directs more and more efforts to study the possibilities for implementation of activities on construction of a hydrogen transmission network, within the framework of achieving the objectives of the EU Hydrogen strategy as well as building its own renewable energy sources to meet its electricity needs.

- ***Development of hydrogen transport network***

In 2025, the first hydrogen project for Bulgaria retained its place on the EU list of projects of common and mutual interest. PCI 10.3.2 Internal hydrogen infrastructure in Bulgaria towards the Greece border has been included in the Union second list of the projects of common interest (PCIs) and the projects of mutual interest (PMIs), published by the European Commission.
PCI 10.3.2 represents the first phase of the planned infrastructure in Bulgaria that consists of a new pipeline with a length of approximately 250 km and two compressor stations in the area of Dupnitsa and Kulata. The objective of the project is to provide conditions for the transport of hydrogen from/to Greece and to region of Sofia, Bulgaria. The infrastructure on Bulgarian territory is planned to be connected in the Kulata/Sidirakastro region with a hydrogen infrastructure on the territory of Greece, representing a project of the Greek gas transmission operator DESFA. In 2025, activities were undertaken to attract grant funding from the Connecting Europe Facility (CEF) for the execution of preparatory and pre-investment activities under PCI 10.3.2.

In 2025, the work continued on the project for the hydrogen transmission infrastructure on the territory of Bulgaria (phase 2) for its inclusion in the Union lists. The project, entitled Hydrogen transmission infrastructure in Bulgaria Phase aims to provide an inland expansion and additional cross-border connectivity with Romania at a planned connection point in the Ruse/Giurgiu area. The infrastructure includes a pipeline with a length of approximately 330 km together with three compressor stations.

In 2025, the joint work continued on the SEEHyC initiative between eight European operators, including Bulgartransgaz EAD, with the aim of implementing a hydrogen corridor from Southeastern to Central Europe for the transport of hydrogen. Bulgartransgaz EAD projects for the construction of a hydrogen infrastructure in two phases are part of this initiative.

In 2025, a joint project of Bulgartransgaz EAD and the Greek operator Desfa in the category „smart gas transmission networks" – PCI 14.3 Smartening of existing Greek and Bulgarian Gas Transmission System for the integration of hydrogen and renewable gases in the network (SmartSwitch project). Its major objective is the implementation of activities to adapt the existing natural gas networks of Greece and Bulgaria to transport natural gas mixtures with up to 10% hydrogen. Activities are planned for the digitalization of the gas network and the integration of digital components and systems that will allow for more effective management, interactive and intelligent monitoring, measurement and control of the quality of transmission of natural gas mixtures in the gas networks.

Acquiring the PCI status provides the opportunity to receive grants from the Connecting Europe Facility (CEF) for the implementation of the projects.

- ***Services from subcontractors/external service providers with lower greenhouse gas emissions***

In the course of its activities, Bulgartransgaz EAD inevitably assigns works to external contractors (subcontractors) - both, when necessary to implement new projects or modernization of existing facilities, and as part of the regular operation of the gas transmission network. As part of the selection criteria of a subcontractor and in fulfilment of the requirements and objectives of the Green Deal, EU/Bulgaria regulations and the Equator Principles, Bulgartransgaz EAD also evaluates the efforts and achievements of the applying companies in reducing greenhouse gas emissions resulting from the service provided. The company monitors and is familiar with the requirements for clean vehicles that apply during award of public procurements for delivery of vehicles of categories M1, M2, M3, N1, N2 and N3 and is ready for their implementation.

In 2025, Bulgartransgaz EAD has fulfilled all conditions and measures to prevent, mitigate the impact on environmental components, ordered by the Assessment Decisions/EIA, the Complex Permits and the Permits for use of a water body for water use, discharge and reinjection of water, as well as the contracts with operators providing water/waste management services. With regard to the above implementation, the Company has prepared/is preparing the relevant periodic reports, some of which have already been provided to the supervisory authorities and the public, and others are yet to be provided within the specified deadlines.

9. FUTURE DEVELOPMENT OF THE COMPANY

The national priorities in the field of the energy are related to increasing the energy security and diversification of energy resource supplies, utilizing the potential of natural gas to reduce carbon emissions and accelerating the process of introducing and using energy from renewable sources and, in this regard, developing the necessary infrastructure.

At the end of 2025, the Council of the European Union and the European Parliament have reached an agreement on a concrete timetable for an effective and permanent cessation of

Russian gas imports in 2027. The agreement ensures a gradual but permanent cessation of Russian gas imports into the European Union, with liquefied natural gas to be stopped by 31 December 2026 and pipeline gas by 30 September.2027.

In this regard, ensuring the security of supplies of natural gas and mainly liquefied natural gas from alternative, reliable sources are priorities both at national level and in a regional aspect.

These factors determine the future development of the Company, which will be aimed at ensuring the security of natural gas supplies, diversifying sources and supply routes, building a competitive pan-European gas market and, at the same time, at activities in the implementation of climate and energy policies.

The priorities for Bulgartransgaz EAD: are the projects to increase the transmission capacities along the Vertical Gas Corridor and to improve the interconnection, to modernize and expand the gas infrastructure with a contribution to guaranteeing the necessary capacities and promoting gasification and the participation in projects related to liquefied natural gas.

Contributing to achieving carbon emission reduction goals are the projects in the field of hydrogen, aimed at building an entirely new infrastructure for the transmission of pure hydrogen and adapting the existing gas transmission network for the transportation of hydrogen-gas mixtures.

In this regard, the consistent work on the implementation of the infrastructure of the Vertical Gas Corridor will continue as the main highway for transport of liquefied natural gas to the region. An entry point for the expected additional quantities of liquefied natural gas for the gas markets in the region is Alexandroupolis Independent Natural Gas System (INGS) and Bulgartransgaz EAD has a 20% shareholding there.

The project for Chiren UGS capacity expansion and its conversion into a commercial storage facility is a key factor in the development of the regional gas market. Chiren UGS plays a major role in compensating for the seasonal fluctuation of natural gas consumption in the country and providing an emergency reserve for unforeseen and force majeure situations. The increased capacity for storage, injection and withdrawal will ensure the security of natural gas supply and will contribute to enhancing competition and access to natural gas from alternative sources. The project will contribute to enhancing the liquidity of gas markets in Bulgaria and the region.

The Vertical Gas Corridor is a strategic initiative for diversification and ensuring security of supply and diversification of natural gas supplies to Bulgaria and the countries of South-Eastern, Eastern and Central Europe. The projects that Bulgartransgaz EAD developed to increase the transmission capacities from Greece to Bulgaria and from Bulgaria to Romania are fundamental for the Vertical Corridor, and their implementation and the infrastructure already available will allow to achieve the set objectives for improving the security of supply in the region.

Important for improving the technical capabilities of the existing infrastructure for the transmission of increasing quantities of natural gas are the initiated activities for the replacement and rehabilitation of key sections of the network, as part of Phase 3 of the project for Modernization, rehabilitation and expansion of the existing gas network.

A project in the conceptual phase is the construction of a second gas interconnection between the Republic of Bulgaria and the Republic of North Macedonia with route Petrich - Strumica. The development of interconnectivity between the two countries will boost energy security and contribute to further energy market integration.

The well-developed gas transmission infrastructure and the participation of Bulgartransgaz EAD in all major natural gas projects in South East Europe guarantee the European consumers transparent and non-discriminatory access to diverse and reliable sources of natural gas, including from LNG terminals in South East Europe.

Currently, the share of household gas supply in Bulgaria remains low compared to other EU member states, but a trend can be seen for its increase. One of the priorities in the investment activity of Bulgartransgaz EAD is the construction of new gas pipeline branches. The expansion of the existing gas transmission system in the country through the construction of new gas pipeline branches to municipalities and regions creates conditions for accelerated gasification with the corresponding economic, social, environmental other benefits for society, increasing the energy efficiency.

Also important for the development and expansion of the gas infrastructure is the project for the construction of a Gas Transmission Infrastructure to Supply Consumers in Maritsa East Basin and it is expected to make a significant contribution to the decarbonization of the energy sector in Bulgaria and achieve economic and environmental benefits for the region.

In line with the European goals for decarbonisation of the sector and significant reduction of greenhouse gas emissions in the context of the energy transition, Bulgartransgaz EAD is developing both solutions to prepare the existing gas transmission network to be compatible with the hydrogen and other low-carbon gases, and entirely new routes for the transmission of green hydrogen, with the potential for them to become part of a future hydrogen corridor in the SEE region.

The project for the construction of hydrogen transmission infrastructure on the territory of Bulgaria (Phase 1) was included in the 2nd Union List of Projects of Common Interest (PCIs) and Projects of Mutual Interest (PMIs), published on 1 December 2025. The objective of the project is to establish a hydrogen transmission network in Bulgaria from and to Greece. Additional infrastructure on the territory of Bulgaria and to ensure cross-border connectivity with Romania (Phase 2) is being envisaged.

The project for the smart upgrade of the existing gas transmission network was also recognized as a key European infrastructure and was included in the 2nd list of projects of common interest (PCIs) and projects of mutual interest (PMIs). Its aim is to create opportunities to integrate and transport renewable gas mixtures in concentrations of up to 10% hydrogen. Functional connectivity of the project with a similar project in Greece has been envisaged.

The above-mentioned projects and network development activities are the basis of the investment plans of Bulgartransgaz EAD and are reflected in the overall corporate policy of the Company, aimed at preserving Bulgaria's strategic role for the energy security of Europe in the long term.

10. DISCLOSURE OF INFORMATION REGARDING THE KEY INDICATORS FOR THE RESULTS UNDER ARTICLE 8 OF REGULATION (EU)2020/852 AS OF 31.12.2025

POTENTIAL ENVIRONMENTALLY SUSTAINABLE ACTIVITIES IN LINE WITH REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AND DEGREE OF COMPLIANCE WITH THE ENVIRONMENTAL SUSTAINABILITY REQUIREMENTS

(*part 1.2.2.1(a) of Annex I of Commission Delegated Regulation specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities*)

Assessment of compliance with Regulation (EU) 2020/852

This disclosure has been prepared in accordance with the requirements of Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178 and presents the assessment of Bulgartransgaz EAD regarding the eligibility and compliance of the economic activities carried out by the Company with the requirements of the European taxonomy for environmentally sustainable activities.

For the purposes of this disclosure, the Company distinguishes between:

- **taxonomy-eligible economic activities**, i.e. activities described in the applicable delegated acts to Regulation (EU) 2020/852;
- **taxonomy-aligned economic activities**, i.e. activities that, in addition to being eligible, also meet the requirements under Article 3 of Regulation (EU) 2020/852;
- **supporting economic activities** that meet the requirements of Article 16 of Regulation (EU) 2020/852.

Bulgartransgaz EAD is a combined gas operator, holder of natural gas transmission and storage licenses on the territory of the Republic of Bulgaria in line with article 39 of the Energy Act. The Company develops the country's gas transmission system and maintains the sites and facilities of the gas transmission network in compliance with the applicable technical, operational, environmental and safety requirements.

In view of the Company's subject of activity and its classification under the National Classification of Economic Activities - H 49.50, the activities carried out by Bulgartransgaz EAD have been analysed in relation to the environmental objective under Article 9, letter "a" of Regulation (EU) 2020/852 - climate change mitigation, including with regard to the possibility of falling within the scope of activities related to the creation of energy infrastructure necessary for the decarbonisation of the energy systems.

Activities eligible under the Taxonomy Regulation

Based on the analysis of the subject of activity, the infrastructure functions of the Company and the applicable classification by NACE/National Classification of Economic Activities, Bulgartransgaz EAD identifies as **an economic activity eligible for the taxonomy** the activity under item 4.14 "Transmission and distribution networks for gases from renewable and low-carbon sources" of Annex I to Commission Delegated Regulation (EU) 2021/2139.

According to item 4.14 of the delegated Regulation, the activity is described as:

- construction or operation of new transmission and distribution networks for hydrogen or other gases from low-carbon sources;
- conversion, reconstruction or modernization of existing gas pipeline networks to include hydrogen or other low-carbon gases. The economic activities in this category could be associated with several NACE codes, in particular D35.22, F42.21 and H49.50 in accordance with the statistical classification of economic activities established by Regulation (EC) No 1893/2006.

In 2025, Bulgartransgaz EAD took action to attract grant funding under the Connecting Europe Facility (CEF). After approval of the project proposal and signing of a grant agreement with CINEA in 2026, it is planned to begin preparatory and pre-investment activities as part of a project to build hydrogen infrastructure in Bulgaria – phase 1 (PCI 10.3.2).

In addition, the main current activity of the Company, related to the development of the country's gas transmission system and maintenance of the gas transmission network facilities and equipment, is considered an economic activity supporting the future development of low-carbon gas infrastructure within the meaning of Article 16 of Regulation (EU) 2020/852.

On this basis, the Company accepts that the activities carried out and prepared by it are **eligible for the taxonomy**.

Activities aligned with the Taxonomy Regulation

Article 9 of Regulation (EU) 2020/852 defines the **environmental objectives** aimed at:

a) climate change mitigation;

b) climate change adaptation;

c) sustainable use and protection of water and marine resources;

d) transition to a circular economy;

e) pollution prevention and control;

f) protection and restoration of biodiversity and ecosystems.

In order to be classified as an **environmentally sustainable** activity, it is necessary for the Company's activity to meet one of the criteria described in Article 3 of the Taxonomy Regulation, namely to:

a) contributes substantially to one or more of the specified environmental objectives,

b) does not significantly harm any of the environmental objectives

c) is carried out in accordance with the minimum safeguards put in place by the economic undertaking to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights;

d) complies with technical screening criteria that have been established by the European Commission (EC).

Bulgartransgaz EAD activity **complies with all above listed criteria** and meets the definition of ***"taxonomy-eligible economic activity"***.

Fulfilment of the criteria shall be as follows:

Bulgartransgaz EAD activity contributes to achievement of an environmental objective according to Article 9a - "climate change mitigation" of Regulation (EU) 2020/852 by contributing substantially to stabilization of greenhouse gases concentrations in the atmosphere at a level that would prevent dangerous anthropogenic intervention in the climate system, in accordance with the long-term temperature goal under the Paris Agreement by preventing or reducing greenhouse gas emissions by "establishing energy infrastructure required for enabling the decarbonisation of energy systems", according to Art. 10.1g of the Regulation.

The Company's activity is not related to operation of large emitters of greenhouse gases, in the sense of the regulations limiting climate change.

The Company has an active (developed, implemented and certified) environmental management system, in full compliance with the requirements of ISO 14001:2015 standard.

An Environmental and Social Management and Monitoring Plan, as well as a Stakeholder Engagement Plan have been developed and are being implemented.

For the construction and operating activities, the relevant Health and Safety Plans are adopted and implemented regarding the staff employed. An Internal Emergency Plan of Chiren UGS was also adopted in accordance with the Environmental Protection Act and Emergency Plans were developed for the rest of the pipeline network and site facilities under the Disaster Protection Act.

Occupational Health and Safety Management System in compliance with the requirements of ISO 45001:2018, certified by an independent accredited body has been introduced.

The requirements of the national and international regulations and principles for protection of human rights, human health, including the Company's personnel and the population are applied through the above-described and used by the Company systems and plans.

Compliance with **Technical screening criteria under item 4.14** of Annex No. 1 of Commission Delegated Regulation (EU) 2021/2139:

A significant contribution to mitigating climate change through:

1. Implementation of at least one of the following activities:

a) construction or operation of new transmission and distribution networks for hydrogen or other gases from low-carbon sources;

b) re-purposing/retrofitting (reconstruction) of the existing natural gas networks to networks designed to transport hydrogen;

c) modernisation of gas transmission and gas distribution networks, which helps to include hydrogen and other gases from low-carbon sources in the network, including any activity on a gas transmission or gas distribution network helping to increase the mixture of hydrogen or other gases from low carbon sources in the gas pipeline system;

2. The activity includes detection and repair of leaks in existing gas pipelines and other network components in order to reduce methane leaks.

The Company is currently conducting and planning infrastructure expansion procedures. The projects are at different levels of implementation and in the forthcoming years the capital costs for their implementation are expected to increase. Operating costs for the projects are currently not realized, as well as turnover. These are only available for facilities in operation.

Do no significant harm criteria

In accordance with item 4.14 "Transmission and distribution networks for renewable and low-carbon gases" of Annex 1 of the Commission delegated Regulation (EO) 2021/2139, the activity must meet the criteria laid down in Annexes A, B and D of Annex 1 to the delegated Regulation. The introduction and integration of compressors, fans, pumps and other equipment covered by Directive 2009/125/EC of the European Parliament and of the Council must meet in the relevant cases the requirements for the highest energy labelling class and the implementation regulations according to the specified Directive, and represent the best available technology.

Climate change adaptation	Bulgartransgaz EAD activity meets the criteria laid down in Appendix A of Annex No. 1 of the delegated Regulation.
Sustainable use and protection of water and marine resources	Bulgartransgaz EAD activity meets the criteria laid down in Appendix B of Annex No. 1 of the delegated Regulation.
Pollution prevention and control	The fans, compressors, pumps and other equipment used by Bulgartransgaz EAD, covered by Directive 2009/125/EC of the European Parliament and of the Council, meet in these cases the requirements for the highest energy labelling class and the implementation regulations according to that Directive and represent the best available technology.

The protection and restoration of biodiversity and ecosystems	Bulgartransgaz EAD activity meets the criteria laid down in Appendix D of Annex No. 1 of the delegated Regulation.

Additional clarifications:

- ***Appendix A (classification of climate-related hazards):***

Both the current activity of the Company (including any changes or expansions), and any new activities, laid down in item 1 of item 4.14 of Annex 1 of the delegated Regulation are subject to and have been approved by virtue of EIA procedures/Environmental Assessment according to Chapter Six of the Environmental Protection Act, complex permits according to Chapter seven, section two of the Environmental Protection Act and approval of a Safety Report according to Chapter seven, section one of the Environmental Protection Act.

Bulgaria has adopted and is implementing a National Climate Change Adaptation Strategy and an Action Plan, publicly available on the website of the Ministry of Environment and Water (https://www.moew.government.bg/en/climate/international-negotiations-and-adaptation/adaptation/).

The strategy describes the risks and climate characteristics/phenomena relevant to the respective industrial sectors and types of facilities.

Due to the geographical coverage of the gas transmission network, including compressor/gas metering/distribution stations, Chiren UGS and the various facilities/equipment, auxiliary infrastructure, underground/above-ground location, Bulgartransgaz EAD aligns its operational and investment activities with all expected climate changes on the territory of Bulgaria.

In accordance with the requirements of the Water Act, the planning and implementation of the activities must correspond to the one in force for each water management area (4 on the territory of the Republic Bulgaria).

Each of the environmental regulatory instruments listed above requires the adaptation of activities to climate change within the scope laid down in Appendix A and applicable to the specific site/pipeline network site, both in terms of normal operation and in terms of prevention and emergency control.

In addition, an Emergency Plan has been developed for the entire activity; it is maintained, implemented and updated in accordance with the requirements of the Disaster Protection Act. The requirements of the law regarding the assessment of possible causes for accidents ensure that climate changes are taken into account and the prevention and control of accidents in the activity are adapted to these changes.

In fulfilment of the above, the current activity of the Company fully complies with the requirements of Appendix A.

Any new activity, including these listed in item 1 of item 4.14 of Annex No. 1 of the delegated Regulation will correspond to Appendix A, since to be approved they must comply with the same regulations and instruments.

- ***Appendix B (Sustainable use and protection of water and marine resources):***

In accordance with the requirements of the Water Act, the activities planned and implemented by the Company must correspond to the current River Basin Management Plan and Flood Risk Management Plan for each water management area (4 on the territory of the Republic Bulgaria).

As mentioned above, the current activity of the Company (including any changes or expansions), and any new activities, laid down in item 1 of item 4.14 of Annex 1 of the delegated Regulation are subject to approval by virtue of EIA procedures (Directive 2011/92/EU)/Environmental Assessment according to Chapter Six of the Environmental Protection Act, complex permits according to Chapter Seven, Section Two of the Environmental Protection Act and approval of a Safety Report according to Chapter Seven, Section One of the Environmental Protection Act. Each of the listed instruments complies with and takes into account the requirements of Directive 2000/60/EC establishing a framework for Community action in the field of water policy.

- ***Appendix D (protection and restoration of biodiversity and ecosystems):***

As mentioned above, the current activity of Bulgartransgaz EAD (including any amendments or expansions), and any new activities, laid down in item 1 of item 4.14 of Annex 1 of the delegated Regulation are subject to approval by virtue of EIA procedures (Directive 2011/92/EU)/Environmental Assessment (EA) according to Chapter Six of the Environmental Protection Act.

The Environmental Protection Act and the Biodiversity Act require the EIA and Environmental Assessment procedures to be always compatible with the conformity assessment under Art. 6 of the Directive on the conservation of natural habitats (92/43/EEC) in relation to protected areas within the scope of Natura 2000. The Environmental Protection Act, the EIA/EA also cover the impact on the sites of the world cultural and natural heritage from the UNESCO list, protected areas and biological diversity. The Contracting Authority of the activities must plan and implement measures to prevent/mitigate the impact.

- ***Pollution prevention and control***

A significant part of the specified equipment is located and runs in installations for which complex permits have been issued and are being complied with, issued in accordance with Chapter Seven, Section Two of the Environmental Protection Act - "Complex Permits". In accordance with the requirements of this section for the equipment, including available and planned compressors, fans, pumps, etc. the competent authorities have confirmed the application of the Best Available Techniques. The energy efficiency of the equipment is a mandatory element of Best Available Techniques. The application of the Best Available Techniques therefore is the guarantee that the equipment with the highest applicable level of energy efficiency is used.

Contribution to achievement of multiple objectives

The main contribution of the Company to the achievement of multiple goals is aimed at mitigating climate change - Art. 9 (a) of Regulation (EU) 2020/852.

Presentation of Key Performance Indicators (KPIs)

Bulgartransgaz EAD is classified as a non-financial enterprise and, according to Annex I of Delegated Regulation (EU) 2021/2178, defines key performance indicators (KPI) for turnover, capital expenditure and operating expenses.

This declaration presents the key indicators for the results for the reporting period 01.01-31.12.2025. In the disclosed information, Bulgartransgaz EAD uses the same currency as in its financial statements, namely Bulgarian Lev. The calculation of the key performance indicators (KPR) of the Company complies with the Methodology for calculating these results in accordance with sections 1.1.1, 1.1.2 and 1.1.3 of Annex I to Delegated Regulation (EU) 2021/2178.

The Company's KPI data is presented in the tables attached:

Table 1: Share of the turnover from products or services related to taxonomy-aligned economic activities — disclosure for financial year 2025

				Criteria for substantial contribution						DNSH criteria (Do no significant harm)										
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Turnover share (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular Economy (8)**	**Pollution (9)**	**Biodiversity of ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular Economy (14)**	**Pollution (15)**	**Biodiversity of ecosystems (16)**	**Minimum ranges (17)**	**Share of taxonomy-aligned turnover 2025 (18)**	**Share of taxonomy-aligned turnover 2024 (19)**	**Category (enabling activity or) (20)**	**Category (transition of activity) (21)**
		thousand BGN	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**%**	**%**	**C**	**П**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
Construction and operation of new hydrogen transmission and distribution networks		0	0%	100%							Yes	Yes	No	Yes	Yes		0%			
Conversion of existing natural gas networks to hydrogen networks		0	0%	100%							Yes	Yes	No	Yes	Yes		0%			
"Development of the national gas transmission system and maintenance of the sites and facilities of the gas transmission network"		0	0%	100%							Yes	Yes	No	Yes	Yes		0%			
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1.)																				
A.2. Taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned)																				
Turnover from taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned activities) (A.2.)																				
Total (A.1.+A.2.)		0	0%														0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover from taxonomy-non-eligible activities (B)		0	0%																	
Total (A+B)		0	0%																	

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Table 2: Share of CapEx from products or services related to taxonomy-aligned economic activities — disclosure for 2025 financial year

				Criteria for substantial contribution						DNSH criteria (Do no significant harm)										
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Turnover share (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular Economy (8)**	**Pollution (9)**	**Biodiversity of ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular Economy (14)**	**Pollution (15)**	**Biodiversity of ecosystems (16)**	**Minimum ranges (17)**	**Share of taxonomy-aligned CapEx 2025 (18)**	**Share of taxonomy-aligned CapEx 2024 (19)**	**Category (enabling activity or) (20)**	**Category (previous activity) (21)**
		thousand BGN	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**%**	**%**	**C**	**П**
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
"Development of the national gas transmission system		196 174	55,74%	100%							Yes	Yes	No	Yes	Yes		55,74%	86,90%	W	
Maintenance of the sites and facilities of the gas transmission network"		76 591	21,76%	100%							Yes	Yes	No	Yes	Yes		21,76%	1,92%	W	
CapEx from environmentally sustainable activities (taxonomy-aligned) (A.1.)																				
A.2. Taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned)																				
CapEx from taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned activities) (A.2.)																				
Total (A.1.+A.2.)		272 765	77,50%														77,50%	88,82%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx from taxonomy-non-eligible activities (B)		79 187	22,50%																	
Total (A+B)		351 952	100,0%																	

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Table 3: Share of OpEx from products or services related to taxonomy-aligned economic activities — disclosure for 2025 financial year

				Criteria for substantial contribution						DNSH criteria (Do no significant harm)										
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Turnover share (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular Economy (8)**	**Pollution (9)**	**Biodiversity of ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular Economy (14)**	**Pollution (15)**	**Biodiversity of ecosystems (16)**	**Minimum ranges (17)**	**Share of taxonomy-aligned OpEx 2025 (18)**	**Share of taxonomy-aligned OpEx 2024 (19)**	**Category (enabling activity or) (20)**	**Category (previous activity) (21)**
		thousand BGN	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**Yes/No**	**%**	**%**	**C**	**П**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy-aligned)																				
"Development of the national gas transmission system and maintenance of the sites and facilities of the gas transmission network"		16 303	82,44%	100%							Yes	Yes	No	Yes	Yes		82,44%	62,04%	W	
OpEx from environmentally sustainable activities (taxonomy-aligned) (A.1.)																				
A.2. Taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned)																				
OpEx from taxonomy-eligible activities that are not environmentally sustainable (taxonomy-non-aligned activities) (A.2.)																				
Total (A.1.+A.2.)		16 303	82,44%														82,44%	62,04%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx from taxonomy-non-eligible activities (B)		3 472	17,56%																	
Total (A+B)		19 775	100,00%																	

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Bulgartransgaz EAD accounting policy

The Company's current accounting policies have been developed based on the requirements of the IFRS accounting standards, adopted for implementation by the European Commission.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Company in preparing and presenting financial statements.

The Company prepares its financial statements based on International Financial Reporting Standards.

International financial reporting standards include:

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS);
- Clarifications issued by the IFRS Interpretations Committee (IFRS) or the former Standing Interpretations Committee (SIC).

Contextual information

In calculation of the Company's key performance indicators (KPIs) for the turnover, capital expenditure (CapEx) and operating expenses (OpEx), the requirements of Annex I of Delegated Regulation 2021/2178 have been complied with and they derive from products or services, including intangibles, in accordance with the taxonomy of economic activities - **"Development of the national gas transmission system and maintenance of the sites and facilities of the gas transmission network"**.

Information about KPIs for the turnover

When calculating the KPIs of the turnover, a ratio should be presented between the assumed Company's basic net turnover (the amounts received from the sale of products and the provision of services after deducting trade discounts, value added tax and other taxes directly related to the turnover) and the part of the Company's net turnover that results from products or services, including intangibles, related to taxonomy-aligned economic activities.

The main activity of Bulgartransgaz EAD is natural gas transmission and storage and in this sense the complementary economic activity defined for the purposes of the taxonomy, related to development and maintenance of the sites of the gas transmission network, has no turnover realized in 2025 that could to be recognized for taxonomy purposes.

The Company's future projects regarding construction and operation of new transmission and distribution networks for hydrogen or other low-carbon gases, as well as conversion of the existing natural gas networks to networks dedicated to 100% hydrogen, including modernization of the gas transmission and gas distribution networks to include hydrogen, are still at the Design stage and do not bring revenues to Bulgartransgaz EAD.

Information on KPIs for the Capital expenditure (CapEx)

The calculation of the key performance indicators for the capital expenditure (CapEx) takes into account the additions to tangible and intangible assets in 2025 before depreciation and

other revaluations. The Company's Capital expenditures include expenses reported on the basis of IAS 16 - Property, plant and equipment, as well as leases, IAS 38 - Intangible assets, IAS 40 - Investment properties. Bulgartransgaz EAD does not report additions to tangible and intangible assets as a result of business combinations. The value of non-current tangible and intangible assets (acquired and transferred) totals:

- Acquired lands and buildings - BGN 6,121 thousand;
- Machinery, facilities and equipment - BGN 336,839 thousand;
- Means of transport – BGN 2,241 thousand;
- Business inventory and other long-term tangible assets - BGN 3,062 thousand;
- Software products and property rights – BGN 3,688 thousand.

The total value of the determined capital expenditure of the Company relating to taxonomy-aligned economic activities is BGN 272,765 thousand, of which BGN 196,174 thousand are reported for "Development of the country's gas transmission system" (55.74% of the total share of the turnover), and BGN 76,591 thousand were set for "Maintenance of the sites and facilities of the gas transmission network". (21.76% of the total share of the turnover).

Information on KPIs for Operating expenses (OpEx)

Bulgartransgaz EAD sets the key indicators for operating expenses that are a ratio between the operating expenses of the Company's taxonomy-aligned enabling activities and the direct non-capitalized costs related to maintenance and repair, as well as all other direct costs related to current maintenance of the assets of category property, machinery and equipment, carried out by the Company or by external contractors to whom activities are awarded, as necessary to ensure the continuous and efficient operation of these assets.

The reported operating expenses related to maintenance and repair are in the total value of BGN 4,819 thousand, comprising costs for:

- Materials for technological equipment - BGN 513 thousand;
- Valves, pipes, fittings and insulating materials - BGN 156 thousand;
- Electrical, communication equipment and equipment used for maintenance - BGN 793 thousand;
- Electric power, water and heat - BGN 3,357 thousand.

For KPIs calculation from the above reported operating expenses, the amount recognized with the taxonomic activity is BGN 1,086 thousand, which does not include the cost of electricity, water, heat, communication and electrical equipment.

The operating expenses incurred for external services by the Company amount to BGN 14,956 thousand. The bulk of these are the costs of inspecting a gas pipeline (BGN 11,493 thousand) and the repair costs (BGN 2,555 thousand). The remaining costs, which include - rent, laboratory tests and examination and inspection of equipment, total BGN 908 thousand. Each of the expenses incurred is defined as a taxonomy-compliant activity for the development of the gas transmission system and maintenance of the sites and facilities of the gas transmission network.

As part of the taxonomy-eligible activities, the Company also reports costs for training in the amount of BGN 261 thousand.

The ratio of taxonomy-eligible economic activities, recognised as environmentally sustainable, reached 82.44% by the end of 2025.

Bulgartransgaz EAD does not carry out research and development activities.

11. EVENTS THAT OCCURRED AFTER THE DATE OF THE FINANCIAL STATEMENT

No corrective events have occurred between the date of the financial statement and the date of its adoption. Significant non-corrective events have been as follows:

Following the official decision of the EU Council of 8 July 2025 on Bulgaria's accession to the euro area, our country has officially been admitted to the monetary union, effective as of 01.01.2026, with a fixed exchange rate of 1 EUR = 1.95583 BGN, fixed without possibility of change. In order to ensure a smooth and transparent process, the responsible institutions issued the Law on the Introduction of the Euro in the Republic of Bulgaria (LIERB). According to the Law on the Introduction of the Euro in the Republic of Bulgaria, effective as of 1 January 2026, the official currency and legal tender in the Republic of Bulgaria is the euro. The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional currency, which will be accounted for prospectively and does not constitute an adjusting event after the date of the financial statements. Financial statements dated after January 1, 2026 shall be prepared and presented in euros, and comparative information for the previous reporting period (which was in BGN) must also be recalculated and presented in euros.

• On 14 January 2026, an increase in Bulgartransgaz EAD capital in the amount of EUR 1,020 thousand was entered in the Commercial Register and the Register of Non-Profit Legal Entities. After obtaining permission from the Minister of Energy with Protocol No. Е-РД-21-49/30.12.2025, Bulgarian Energy Holding EAD increased the capital of Bulgartransgaz EAD with a consideration in cash in the amount of EUR 1,020 thousand, by issuing 2,000,000 000 new ordinary registered shares with voting rights with a nominal value of EUR 0,51 each, and BEH EAD subscribed and acquired the entire new issue of shares.

• In January 2026, Bulgartransgaz EAD received official notification from the European Climate, Infrastructure and Environment Executive Agency (CINEA) for the approval of the project proposal and the start of the process of preparing a grant agreement. The project proposal includes activities from the category of "studies" related to the implementation of PCI 10.3.2. Internal hydrogen infrastructure in Bulgaria towards the Greece border. The project envisages construction of bidirectional hydrogen transmission infrastructure between Bulgaria and Greece, including pipeline network of approximately 250 km length and two new compressor stations with indicative total compressor capacity of approximately 48 MW. The project aims to provide a hydrogen transmission capacity of about 0.9 Mt/y (80 GWh/d). The approved project is No. 101287437 – 10.3.2-BG-S-M-25-PCI 10.3.2 – Studies, with maximum amount of the grant EUR 4,561 thousand, representing 50% of the total eligible costs of EUR 9,123 thousand.

• After the date of preparation of the annual separate financial statement for 2025, significant geopolitical events occurred related to escalation of a military conflict between

the USA and Iran characterized by mutual military actions. The events lead to increased geopolitical uncertainty and risk to energy supplies. As of the date of preparation of this report, no reliable assessment of the potential financial impact on the Company's operations can be made. At present, the management has not identified a significant direct impact on the operations and financial position of Bulgartransgaz EAD and continues to monitor the development of the situation.

EXECUTIVE DIRECTOR

Vladimir Malinov

Signed with electronic signature

DIRECTOR, FINANCE AND CONTROL DIRECTORATE

Zachary Dechev

Signed with electronic signature

CORPORATE GOVERNANCE STATEMENT

of

BULGARTRANSGAZ EAD

2025

Translation from Bulgarian

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Corporate Governance Statement

31 December 2025

This corporate governance statement is a separate report, which is published together with the Activity report of Bulgartransgaz EAD and has been prepared in compliance with the requirements of Art. 61, para. 3, item 5 of the Rules on Implementation of the Public Enterprises Act (RIPEA), in accordance with Art. 100n, para. 7, item 1 and para. 8 of the Public Offering of Securities Act (POSA).

Bulgartransgaz EAD is a public-interest entity within the meaning of paragraph 1, item 22(k) of the Additional Provisions of the Accountancy Act.

Bulgartransgaz EAD is a company having its seat and registered address in the Republic of Bulgaria, Sofia, Municipality Lyulin, Lyulin 2 residential area, 66 Pancho Vladigerov Blvd.

The Company is entered in the Commercial Register at the Registry Agency with UIC 175203478.

1. **INFORMATION UNDER ART. 100n, PARA. 8, ITEM 1 of POSA regarding compliance, as appropriate, with: a) the National Corporate Governance Code or b) another Corporate Governance Code, as well as information regarding the corporate governance practices applied by the Company in addition to the Code under "a" or "b"**

Bulgartransgaz EAD complies, where appropriate, with the National Corporate Governance Code (latest revision as of June 2024), approved by decision of the Financial Supervision Commission of 05.06.2025 and approved by the National Corporate Governance Committee.

The Code is applied based on the "comply or explain" principle. This means that the Company complies with the Code, and in case of deviation, the management should explain the reasons therefore.

In addition to the National Corporate Governance Code, the Company observes the principles and norms of good corporate governance established by the Commerce Act and the Public Enterprises Act. Good corporate governance means loyalty and responsible corporate management, transparency and independence, as well as the Company's responsibility to society.

The Company has adopted and follows a Code of Ethics, which establishes the norms of behaviour that most accurately reflect the shared principles and values in Bulgartransgaz EAD. Building a corporate culture is considered one of the main factors for success towards implementing the mission, vision, strategic and operational goals of the Company. The Code of Ethics is implemented and observed by the Management Board, the managers and all employees and staff of Bulgartransgaz EAD, who demonstrate personal integrity and ethical values in performance of their duties.

Bulgartransgaz EAD employees are provided with access to the Code of Ethics through the Company's internal website. By a declaration, employees confirm that they are familiar with and adhere to the requirements of the Code of Ethics, and any subsequent amendment shall be communicated to them. After becoming familiar with the amendments, employees confirm this by signing a new declaration.

2. **INFORMATION UNDER ART. 100n, para. 8, item 2 of POSA regarding an explanation by the Company about the parts of the Corporate Governance Code under item 1, "a" or "b" it does not comply with and the grounds therefore, respectively, when the Company has decided not to refer to any of the rules of the Corporate Governance Code - the grounds therefore**

The Company complies with the basic principles of the National Corporate Governance Code, relevant to its activities, to the extent that they do not contradict legislation.

Bulgartransgaz EAD strictly complies with the requirements for disclosure of information in terms of time-limit and comprehensiveness according to Bulgarian legislation and following the instructions of the Minister of Energy. Information on the annual, six-monthly and quarterly financial statements, activity reports is published in a timely manner on the Company's website and through the web-based electronic information system for public enterprises of the Agency for Public Enterprises and Control.

Important and essential information of the Company's activities is periodically published on its website https://www.bulgartransgaz.bg/.

Bulgartransgaz EAD has not approved general rules for taking into account the interests of interested parties, but about any issues that directly or indirectly concern them, coordination procedures are carried out while respecting their rights established by law or by virtue of mutual agreements with the Company, as well as taking into account the interested parties in accordance with the principles of transparency, accountability and business ethics and protection of human rights.

3. **INFORMATION UNDER ART. 100n, para. 8, item 3 of POSA - description of the main characteristics of the Company's internal control and risk management systems regarding the financial reporting process**

Bulgartransgaz EAD has created and operates a unified financial management and control system consisting of policies, rules, internal rules and instructions, systematised in accordance with the management responsibility and the interconnected elements of the financial management and control according to Art. 5 of the Financial Management and Control in the Public Sector Act (control environment, risk management, control activities, information and communication, monitoring).

Bulgartransgaz EAD financial management and control is carried out through systems introduced by the management, including policies, procedures and activities, aimed to provide reasonable assurance of achieving the Company's objectives through compliance with legislation, internal acts and contracts; reliability and comprehensiveness of financial and operational information; economy, effectiveness and efficiency of activities; protection of assets and information; prevention and detection of irregularities, as well as undertaking follow-up actions.

In compliance with the requirements for good financial management, the introduced internal control rules are aimed at economical, effective and efficient management and spending of public funds, including acquisition of the necessary resources for implementation of the activity at the lowest cost while complying with the requirements for quality of resources and achieving maximum results from the resources used in implementation of the Company's activities.

The control environment in Bulgartransgaz EAD includes:

- Goal-setting process;
- Personal integrity and professional ethics of the Company's employees;
- Management philosophy and work style;
- Organizational structure ensuring division of responsibilities, accountability and reporting;
- Human resources management policy;
- Competence and professional skills of the staff.

Bulgartransgaz EAD Business Programme and the Ten-Year Network Development Plan are long-term strategic documents of the Company, in which the management defines the main objectives, key stages and necessary resources to achieve the mission, vision for development and acknowledgement of Bulgartransgaz EAD as an independent gas transmission operator and operator of Chiren, in line with established practices in the sector.

In order to effectively implement the policies in Bulgartransgaz EAD, an optimal structure has been developed to achieve the strategic and operational goals set. The organisational structure of Bulgartransgaz EAD ensures the division of responsibilities, hierarchy and clear rules, rights, obligations and reporting levels.

Each unit of the Company (directorate/department/regional unit, employees and workers) has clearly defined powers and responsibilities in decision-making, implementation and control, described in the organizational structure, functional characteristics and orders of the Executive Director, etc.

Adequate lines of control, accountability and reporting have been created, corresponding to the delegated powers in order to monitor the achieved results.

In order to monitor, analyse and evaluate the implementation of the Company's Business Programme, Reports on the implementation of the Business Programme are prepared every quarter, which reflect the annual investment and maintenance programme, financial indicators, physical indicators and information on the status and results of the Company's activities.

Bulgartransgaz EAD management considers the management of human resources as a key factor in the implementation of its mission, goals and programmes. The employees in the Company, their qualification, know-how and motivation are the decisive factor securing the development of the Company as a national and regional gas transmission operator, investing in maintaining and expanding a reliable gas infrastructure, involved in cross-border energy projects and playing a key role in achieving the objectives of the pan-European free gas market.

The personnel recruitment and appointment processes are described in detail in the Human resources management procedure and provide support in the appointment of qualified employees.

The risk management process is aimed at ensuring favourable conditions to achieve the strategic and operational objectives of Bulgartransgaz EAD. Risk management in

Bulgartransgaz EAD is a structured, consistent and continuous process, integrated in its operational activities, with clearly assigned responsibilities and roles.

Risk management in Bulgartransgaz EAD is carried out in close cooperation with the internal auditor, who, in accordance with the International Standards for the Professional Practice of Internal Auditing, assesses the risk management systems, identifies and evaluates significant risks and supports the management without assuming managerial responsibility for the practical management of risks.

Bulgartransgaz EAD applies a Risk Management Strategy, prepared in accordance with Art. 12, para. 3 of the Financial Management and Control in the Public Sector Act, as well as in connection with the strategic and operational objectives set out in the Company's Business programme.

The Risk management strategy of Bulgartransgaz EAD has also been developed in accordance with the Guidelines for Risk Management in Public Sector Organizations, approved by Order No. ЗМФ 184/06.03.2020, and introduces a standardized approach to risk management in the Company, which allows for timely taking of adequate actions against identified risks that threaten achievement of the Company's objectives.

In Bulgartransgaz EAD Risk management strategy, implementation and control of the risk management process is the responsibility of the Executive Director. In accordance with the possibilities provided by Art. 9 para. 1 of the Financial Management and Control in the Public Sector Act, the Executive Director delegates his powers to other persons of the Company responsible for risk management:

- Risk management;
- Risk owners;
- Employees of the Company;
- Internal audit.

The Risk Management shall organize and coordinate the entire risk management process in the Company and its roles and responsibilities, as well as those of all the above-listed participants in the process, are detailed in the Risk management strategy. The identification of risks in Bulgartransgaz EAD is carried out at organizational unit level, at which stage the external and internal events that may occur and adversely affect the activities/processes for achieving the strategic and operational goals of the Company are specified. Various sources of information are used to identify significant risks, that can support risk owners in identifying the sources and factors that may lead to risk occurrence.

In addition, a risk register has been prepared in Bulgartransgaz EAD, which documents the identified risks, their assessment and the corresponding responses to counteract the risk. It is reviewed regularly every 6 months and in any emergency situation, with all risk owners being directly involved in the risk assessment and filling in the risk register.

The risk owners carry out ongoing monitoring of the identified risks in the Company, examine the risks periodically, and prepare regular reports with the appropriate frequency based on risk assessment. If necessary, corrective actions are taken based on the results of the monitoring. Risk assessment and monitoring shall be documented in an annual Risk

assessment and monitoring report to the Company's management bodies, presented by the risk management.

The control activities applied in the Financial Management and Control System and the rules, procedures and actions are aimed at reducing the risks, achieving the goals of the organisation and contributing to the implementation of the decisions of the managers related to financial reporting and communication.

Currently, the following effective control activities and lines of protection have been introduced in Bulgartransgaz EAD:

- **Rules for implementing a double signature system** - each process, procedure and financial obligation and payment shall be made after being signed by the person in charge of the accounting entries and the head of the organization. This system ensures that the undertaking of commitment/payment order is made by authorized persons;
- **Rules for access to assets and information** – Bulgartransgaz EAD applies an Access Control Policy, as well as a Privacy and Personal Data Protection Policy;
- **Internal rules for exercising prior control of legality**, The developed "Internal rules for implementing prior control of legality" in Bulgartransgaz EAD aim to regulate the objectives, scope, procedure and manner of implementing prior control for legality within the meaning of the Financial Management and Control in the Public Sector Act in the Company;
- **Checking for public liabilities when making payments under contracts** in the amount of or over BGN 10,000.00 (5,112.92 EUR) or single payments in the same amount, for which reporting shall be made to the National Revenue Agency and to the Customs Agency. The payment shall be made after obtaining their permission.
- **Control over the provided bank guarantees and performance guarantees** as collaterals under contracts for services provided by Bulgartransgaz EAD and under construction contracts;
- Others.

The approval, implementation, accounting and control functions shall be carried out by different employees. Separation of duties, hierarchy, clear rules, rights, obligations and levels of reporting and applying the "double signature" system shall be ensured.

The double signature system is being efficiently applied and is one of the main control elements operating in Bulgartransgaz EAD. It is daily used in all processes, procedures and operations related to assuming a liability or making an expense, income regardless of their amount.

Financial management and control monitoring system aims to assess its proper functioning and ensure its timely update in case of changes in the conditions. In Bulgartransgaz EAD, the system includes ongoing monitoring and self-assessment.

The state of internal control is currently monitored and periodically assessed by the Executive Director, Management Board, Supervisory Board, internal auditor and the audit

committee. The state of internal control is assessed periodically - monthly, quarterly, six-monthly, annually, and measures are taken in a timely manner to remove identified shortcomings. An Audit programme of the integrated management system is approved annually, which includes internal and external audits of the individual components of the system, such as health and safety, environment and information security.

The Finance and Control Directorate carries out ongoing monitoring of expenses, revenues and liabilities and their impact on the Business Programme and the Ten-Year Network Development Plan of Bulgartransgaz EAD. At an analytical level, a review of expenses on individual accumulation accounts is made, and at a synthetic level, aggregated expenses are analysed by groups of accounts that provide information on processes, sites, types of activities, etc.

The ongoing monitoring is supported by an appropriate information system that enables accounting of expenses and reporting of account movements in real time.

The next stage of monitoring is the periodic preparation of quarterly reports with data being collated to:

- the planned for the relevant period in the approved Business programme;
- the actual expenses for the same period in the previous reporting year.

Since 2009, an internal audit has been established and is functioning in the Company. As third line of defence, the internal auditor, through the performed audit engagements and the prepared audit reports, provides assurance to the management on the effectiveness of risk management, internal controls and governance, as well as on the manner in which the first and second lines of defence achieve the objectives of risk management and control.

Financial reporting process

The Company's current accounting policies have been developed based on the requirements of the International Financial Reporting Standards (IFRS), adopted for implementation by the European Commission.
The Company prepares its financial statements based on International Financial Reporting Standards.
International financial reporting standards include:

- ✓ International Financial Reporting Standards (IFRS);
- ✓ International Accounting Standards (IAS);
- ✓ Clarifications issued by the IFRS Interpretations Committee (IFRS) or the former Standing Interpretations Committee (SIC).

The Company's accounting policies shall be approved and amended by a decision of the Management Board upon a proposal from the Chief Accountant and/or Director of Finance and Control Directorate.

Bulgartransgaz EAD management is responsible for ensuring an appropriate accounting records and processes to guarantee that the financial information is relevant, reliable, in accordance with applicable law and prepared and published by the Company in due time. The Company's management reviews and approves the financial statements to ensure that the Company's financial position and results are properly reflected.

The external registered auditor reviews and reports on significant matters included in the auditor's report.

The financial information published by the Company is subject to approval by the Management and Supervisory Boards of Bulgartransgaz EAD.

4. INFORMATION UNDER ART. 100n, PARA. 8, ITEM 4 OF POSA

4.1. Information under Art. 10, para. 1, "c" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids – significant direct or indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Art. 85 of Directive 2001/34/EC

Bulgartransgaz EAD is a joint-stock company within the structure of Bulgarian Energy Holding EAD, the sole owner of the capital is Bulgarian Energy Holding EAD, whose principal is the Ministry of Energy.

On 02 December 2025, an increase in Bulgartransgaz EAD capital in the amount of BGN 95,292,033 was entered in the Commercial Register and the Register of Non-Profit Legal Entities. After obtaining permission from the Minister of Energy and according to a decision under Protocol No. 73/20.11.2025 of the Board of Directors of BEH EAD, Bulgarian Energy Holding EAD increased the capital of Bulgartransgaz EAD with a consideration in cash in the amount of BGN 95,292,033, by issuing 95,292,033 new ordinary registered shares with voting rights with a nominal value of BGN 1 each, and BEH EAD subscribed and acquired the entire new issue of shares.

According to the Law on the Introduction of the Euro in the Republic of Bulgaria, on 14.01.2026 the converted amount of capital was announced in the Commercial Register in the amount of 873,159,931.47 euros, distributed in 1,712,078,297 ordinary registered shares. All shares have a nominal value of 0.51 euros.

By virtue of decision of the Board of Directors of Bulgarian Energy Holding EAD and a permission by the Minister of Energy, in 2017 Bulgartransgaz EAD capital was increased in line with Art. 193 of the Commerce Act through non-cash contribution (apportionment), representing 50% of the shares of Bulgartel AD, owned by BEH EAD. The in-kind contribution amounts to 3 thousand shares of Bulgartel AD capital amounting to BGN 3 256 thousand by issuing of 3 256 thousand new ordinary registered shares with voting rights and nominal value of BGN 1. On 23 November 2017 the Company capital increase with the non-cash contribution was registered in the Commercial Register.

The rest of the capital and the voting rights in Bulgartel EAD are owned by Electricity System Operator EAD. The allocation of capital and voting rights are the basis for classifying the investment as such in a joint venture.

Bulgartel AD has its registered office in the Republic of Bulgaria. Bulgartel AD primary business includes commercial, marketing and engineering activities in telecommunications, construction, use and maintenance of telecommunication networks and information systems, and provision of telecommunication and information services, as well as any other activity not prohibited by law. Bulgartel AD shares are not quoted on a stock exchange.

The investment in Bulgartel AD is carried at cost in the separate financial statement.

By Decision of the Management Board of 15 January 2019 and approval by the Company Supervisory Board, Bulgartransgaz EAD established a sole-owned joint-stock company named Balkan Gas Hub EAD, and at a later stage no more than 49% of Balkan Gas Hub EAD shares could potentially be transferred to third parties. The new Company was entered in the Commercial Register and the Register of NPLE at the Registry Agency on 18 January 2019.

The value of the investment amounts to BGN 500 thousand, which is also the amount of the registered capital of the subsidiary.

In implementation of Decision No. 6 of the Council of Ministers of the Republic of Bulgaria of 08.01.2020, Bulgartransgaz EAD acquired a 20% shareholding in Gastrade S.A., a company registered under the laws of the Republic of Greece. The company is the owner and licensed operator of the liquefied natural gas regasification terminal near the city of Alexandroupolis. The relations between the five shareholders in the company, the powers of the management bodies and the methods of transferring shares are strictly regulated in the company's Articles of association and in the shareholders' agreement.

4.2. Information under Art. 10, para. 1, "d" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids - the holders of all securities with special control rights and description of these rights

Bulgartransgaz EAD has no issued securities with special control rights.

4.3. Information under Art. 10(1)(f) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids – any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

There are no restrictions on voting rights.

4.4. Information under Art. 10(1)(h) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids – the rules governing the appointment and replacement of board members and the amendment of the Articles of association

The rules governing the appointment or replacement of members of the Management and Supervisory Boards are described in item 5.

4.5. Information under Art. 10, para. 1, "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids – the powers of board members, and in particular the power to issue or buy back shares;

The powers of the members of the Management and Supervisory Board are described in item 5.

5. INFORMATION UNDER ART. 100n, PARA. 8, ITEM 5 OF POSA – Composition and functioning of the administrative, management and supervisory bodies and their committees

Bulgartransgaz EAD management bodies are:

- Sole owner of the capital;
- Supervisory Board;
- Management Board.

The company has an appointed Audit committee under Art. 107 of the Independent Financial Audit and Sustainability Assurance Act.

5.1. Sole owner of the capital

5.1.1. Status

Bulgartransgaz EAD is a single-member joint-stock company with a two-tier management system, operating in accordance with the provisions of the Commercial Act and the applicable legislation in the Republic of Bulgaria.

The Company has the status of an independent legal entity under the Bulgarian law, separate from its shareholders.

The Company is responsible for its liabilities to its creditors with all of its property. The shareholders' liability is limited to the amount of the instalments made against the subscribed shares.

5.1.2. Competence

(1) The sole owner of the capital shall have all the rights of a shareholder of the Company in accordance with the law and the Articles of association. The sole owner of the capital shall resolve all issues the law places within the competence of the general meeting of the shareholders.

- amends and supplements the Company's Articles of association;
- increases and reduces the capital of the Company;
- restructures and terminates the Company;
- elects and dismisses the members of the Supervisory Board and determines their remuneration;
- elects and releases from office registered auditors of the Company, other than the auditors of the vertically integrated enterprise within the meaning of § 1, subparagraph 3a of the Additional Provisions of the Energy Act and the companies within it;
- approves the annual consolidated financial statement after certification by the appointed independent registered auditor;
- decides on the issuing of bonds;

- appoints the liquidators upon dissolution of the Company except in case of insolvency;
- releases from liability the members of the Supervisory Board and of the Management Board;
- decides on opening, transfer or closure of branches of the Company;
- approves the annual separate financial statement after certification by the appointed independent registered auditor, makes a decision for distribution of the profit, for filling-in the Reserve fund and for payment of a dividend;
- determines the amount of the security which the members of the Supervisory Board and the Management Board provide for their management;
- without prejudice to the Supervisory Board decisions under Article 24 of the Company Articles of association, secures in due time sufficient financial resources to the Independent Transmission Operator (ITO) for future investment projects and/or replacement of existing assets upon a justified and economically viable request from the Company's Management board;
- resolves any other issues within its competence according to law and the Articles of association of Bulgartransgaz EAD.

The sole owner of the capital shall refrain from actions obstructing or damaging the Company upon fulfilment of his obligations under the law and shall not with its actions determine directly or indirectly the competitive behaviour of the Company with respect to its current activities and the management of the network or with respect to the activities required for preparation of the Ten-Year Network Development Plan.

5.1.3. Decision making

(1) The sole owner of the capital shall make decisions falling within the competence of a regular annual general meeting once a year, and of the competence of an extraordinary general meeting – as required. No invitation shall be announced in the Commercial Register and the Register of Non-Profit Legal Entities for exercising the competence of a general assembly by the sole owner of the capital. The sole owner of the capital may take decisions within the competence of the General Assembly at any time in writing, by sending to the Supervisory and Management Boards through their Chairpersons the original of their decisions.

(2) In line with Art. 223 of the Commerce Act, the Management Board or the Supervisory Board sends a written notice to the sole owner of the capital regarding the need for decision making by the latter. The written notice shall contain proposals concerning the issues, on which the Management Board or the Supervisory Board offers the sole owner of the capital to make decisions The proposals shall not bind the sole owner of the capital to consider and make decisions on the raised issues, nor shall they limit the sole owner of the capital about the range of issues, on which it may make decisions, unless it is about decisions that are binding upon the sole owner of the capital according to the law or the Articles of association of the Company.

(3) A written protocol that shall be drafted for decisions of the sole owner of the capital which shall be signed by the members of the Board of Directors of the sole owner of the capital.

(4) The application for registration of the decisions of the sole owner of the capital, when these decisions are subject to registration, shall be filed by the Executive Member (the Executive Members) of the Management Board or a person(s) explicitly authorized by it (them).

5.2. Supervisory Board

5.2.1. Composition

As of 31.12.2025, Bulgartransgaz EAD Supervisory Board members are, as follows:

- Snezhana Bobeva Yovkova - Markova;
- Nikolay Ivanov Stefanov;
- Dragomir Mitkov Monev;
- Ekaterina Hristova Mihaylova;
- Deyan Valeriev Dimitrov.

Chairperson is Dragomir Monevand Snezhana Yovkova - Markova is Deputy Chairperson of the Supervisory Board.

5.2.2. Status

(1) The Supervisory Board of the Company consists of 5 to 7 members - physical entities. The composition of the Supervisory Board shall also include independent persons, who shall constitute no less than one third but no more than one half of it. The members of the Supervisory Board shall be elected and dismissed by the sole owner of the capital. Their election and appointment shall be carried out by the sole owner of the capital following a competition, under the conditions and in accordance with the procedure laid down in the Regulations for the Implementation of the Public Enterprises Act. The Energy and Water Regulatory Commission (the EWRC) shall be notified of the election as well as the early dismissal of the members of the Supervisory Board in accordance with the procedure and requirements of the Energy Act.

(2) The independent members of the Supervisory Board must meet the requirements of Art. 20 of the Public Enterprises Act and Art. 23, paragraph 5 of the Articles of association of the Company. An independent member cannot be:

1. an employee in the public undertaking;

2. shareholder/partner in the same public undertaking;

3. a person who personally or through related persons has commercial relations with the public undertaking;

4. a sole trader, shareholder or partner in a trading company that has the same or similar object of activity as the public undertaking;

5. a person related to another member of the management or control body of the public undertaking.

(3) The representatives of the state in the Supervisory Board of the company are not independent members.

(4) The members of the Supervisory Board shall be elected for a period of 3 to 5 years, and of the first Supervisory Board – for a period of 3 years. The Supervisory Board continues to perform its activity after the expiration of the term of office, until a new Supervisory Board is elected. The Chairperson of the Supervisory Board must be an independent member.

(5) A member of the Supervisory Board of the Company may be a Bulgarian citizen or a citizen of the European Union, of a state which is a party to the Agreement on the European Economic Area, or to the Swiss Confederation, who:

1. has obtained a bachelor degree;

2. has at least 5 years of professional experience;

3. has not been interdicted;

4. has not been convicted of deliberate crime of general nature;

5. has not be deprived from holding the relevant position;

6. has not been declared bankrupt as a sole trader or a partner with unlimited liability in a trading company declared bankrupt, if there are unsatisfied creditors;

7. has not been a member of the management or supervisory body of a company or cooperative dissolved due to insolvency in the last two years prior to the appointment, if any creditors have been left unsatisfied;

8. is not a spouse or de facto cohabitee, or a lineal relative, collateral relative up to and including the fourth degree, or a relative-in-law up to and including the second degree, to a managing director or a member of a collective management or control body of the same public enterprise;

9. does not hold a high public office under article 6, paragraph 1, points 1-38 and 41-43 of the Counter-Corruption Act, is not a member of a political cabinet and a municipality secretary;

10. does not carry out commercial transactions on its own behalf or on behalf of others, similar to the company's activities;

11. they are a partner in a collective, limited partnership or limited liability company, when it carries out activities similar to the activities of the company;

12. is not a manager or a member of an executive or control body of another public undertaking within the meaning of the Public Enterprises Act;

13. does not meet other requirements provided by law.

5.2.3. Competence

- exercises general supervision and control over the activity of the Management Board of the Company;
- appoints and dismisses the members of the Management Board in accordance with the rules of the Articles of association of the Company and the law and determine their remuneration;

- adopts decisions on its own initiative or at the proposal of the Management Board:
  - on matters that may significantly affect the value of the assets of the Company;
  - on matters related to approval of the annual and long-term financial plans of the Company or any changes in them;
  - on matters related to the level of indebtedness of the Company;
  - on the amount of the dividends;
- elects and appoints a compliance officer within the meaning of Art. 81k (2) of the Energy Act and Art. 33 of the Articles of association of the Company;
- resolves other issues within its competence by law and the Articles of association of the Company.

5.2.4. Contracts with members of the Supervisory Board, remunerations and expenses

The relations between the Company and a member of the Supervisory Board shall be governed by a management and control contract. The contract shall be concluded on behalf of the Company through a person authorized by the sole owner of the capital. The remuneration of the members of the Supervisory Board is fully linked to the activity of the Company and does not depend on the activities or results of the other companies, part of the vertically integrated undertaking. The members of the Supervisory Board shall provide a guarantee for their management to an amount determined by the sole owner of the capital but no less than their 3-month gross remuneration. The security shall be released after contract termination and following the decision of the sole capital owner for discharge of the respective member of the Supervisory Board:

The Supervisory Board adopts its rules of procedure and elects a Chairperson and a Deputy Chairperson. The rules of procedure shall be approved by the sole capital owner of the Company.

The Supervisory Board meets at regular meetings at least once per month.

The members of the Supervisory Board shall be seconded to the country by the Chairperson of the Supervisory Board (including by seconding himself), and abroad by the person (s) representing the Holding.

5.3. Management Board

5.3.1. Composition

Bulgartransgaz EAD Management Board members as at 31 December 2025:

- Darina Hristova Koleva
- Kiril Dimchov Ravanachki
- Vladimir Asenov Malinov

Management Board Chairperson is Darina Koleva and Bulgartransgaz EAD Executive Director is Vladimir Asenov Malinov.

5.2.3. Status

(1) The Management Board shall be responsible to the Supervisory Board for the Company's management. It shall meet when necessary, but at least once a month.

(2) The Management Board shall be composed of 3 to 9 members - natural persons, who shall be elected and dismissed by the Supervisory Board in accordance with the provisions of the current legislation. The decisions of the Supervisory Board for election, as well as information on the conditions under which the respective member has been elected, including the duration of his term and his remuneration, respectively the decisions for early dismissal of the members of the Management Board and the reasons for them, shall be sent to the EWRC. The decisions shall take effect, unless EWRC raises objections to them, within 3 weeks from the notification, in compliance with the procedure and the requirements of the law. Members of the Management Board are independent from the State.

The members of the Management Board shall be elected for a period of 3 to 5 years, and of the first Management Board – for a period of 3 years. The Management Board continues to perform its activity after expiration of the term of office until a new Management Board is elected.

(4) Member of the Management Board may be any Bulgarian citizen or EU citizen, of a State party to the EEA Agreement or of the Swiss Confederation, who:

1. has obtained a bachelor degree;

2. has at least 5 years of professional experience;

3. has not been interdicted;

4. has not been convicted of deliberate crime of general nature;

5. has not be deprived from holding the relevant position;

6. has not been declared bankrupt as a sole trader or a partner with unlimited liability in a trading company declared bankrupt, if there are unsatisfied creditors;

7. has not been a member of the management or supervisory body of a company or cooperative dissolved due to insolvency in the last two years prior to the appointment, if any creditors have been left unsatisfied;

8. is not a spouse or de facto cohabitee, or a lineal relative, collateral relative up to and including the fourth degree, or a relative-in-law up to and including the second degree, to a managing director or a member of a collective management or control body of the same public enterprise;

9. does not hold a high public office under article 6, paragraph 1, points 1-38 and 41-43 of the Counter-Corruption Act, is not a member of a political cabinet and a municipality secretary;

10. does not carry out commercial transactions on its own behalf or on behalf of others, similar to the company's activities;

11. they are a partner in a collective, limited partnership or limited liability company, when it carries out activities similar to the activities of the company;

12. is not a manager or a member of an executive or control body of another public undertaking within the meaning of the Public Enterprises Act;

13. does not meet other requirements provided by law.

14. does not holds a professional position or responsible position, or has economic interests or business relations, directly or indirectly, with any other part of the Vertically Integrated Undertaking within the meaning of §1., item 3(a) of the Additional Provisions of the Energy Act or its shareholders holding a controlling stake;

15. does not have any interests or receives no financial benefits, directly or indirectly, from any part of the vertically integrated undertaking within the meaning of §1. item 3(a) of the Additional Provisions of the Energy Act;

16. the majority of the Management Board members of the Company are persons who, within three years prior to their appointment, have not had professional position or responsibility, no interest or business relationship, directly or indirectly, with the vertically integrated undertaking in the meaning of §1, item 3(a) of the Additional provisions of the Energy Act or any part thereof other than the transmission network operator or with its shareholders with controlling shareholding. The other members of the Management Board shall be persons, who, during a period of at least 6 months prior to their appointment, have not exercised any management or other similar activity in the vertically integrated undertaking.

5.3.3. Functions of the Management Board

(1) The Management Board shall manage and represent the Company;

(2) The Management Board shall control the activity of the Executive Member (the Executive Members). The Management Board shall carry out all functions and decide on all issues that are not within the exclusive competence of the sole capital owner or of the Supervisory Board;

(3) The internal distribution and the scope of the governance and representation right of the members of the Management Board are determined in the Rules for the activity of the Management Board.

5.3.4. Competence of the Management Board

- decides upon issues associated with current activities of the transmission system operator, the network management and the activities required for the preparation of the Ten-Year Network Development Plan;
- without prejudice to the decisions of the Supervisory Board under Art. 24 of the Articles of association of the Company, decides upon, regardless of the vertically integrated undertaking, assets required for the functioning, maintenance or development of the transmission network;
- without prejudice to the decisions of the Supervisory Board under Art. 24 of the Articles of association of the Company, proposes decisions on fund raising on the capital market through a loan or capital increase;
- draw up and proposes for adoption by the Supervisory Board the annual and long-term financial plans or any changes therein;

- carries out the Company's investment policy and adopts decisions on the acquisition, management and disposal of property and other rights on corporeal immovables that are not within the exclusive competence of the sole capital owner or of the Supervisory Board and only after the adoption of decision on behalf of the Supervisory Board in cases when such is required by law or the Articles of association of the Company;
- is responsible for the implementation of the terms under the licenses of the Company and of the daughter companies of the Company (if applicable) and their maintenance, for the implementation of the Company's production and business programmes and shall monitor the current economic state of the Company;
- chooses one or two of its members to be Executive Member/Members and empowers them to manage the Company in front of third parties. In the event that two Executive Members are chosen, they represent the Company only together;
- adopt resolutions for proposals to the Energy and Water Regulatory Commission in view of its powers set forth in the law;
- decides upon proposals to the sole capital owner or the Supervisory Board to decide on issues that are not of their competence;
- elects a procurator/procurators of the Company. The procurator/procurators shall satisfy the requirements of Art. 25, para. 4 of the Articles of association of the Company;
- notifies to EWRC any planned transactions which may require a reassessment of the Company's compliance with the independence requirements; any Company's contracts with any member of the vertically integrated undertaking as well as all obtained financial funds for future investment project and/or for the replacement of existing assets of the vertically integrated undertaking in the meaning of § 1, item 3(a) of the Additional provisions of the Energy Act;
- takes part in the selection of a special commercial administrator in the cases of article 56 of the Energy Act;
- resolves other issues within its competence by law and the Articles of association of the Company.

5.3.5. Contracts with the members of the Management Board, remunerations and expenses

(1) The relations between the Company and a member of the management board shall be settled with a management contract. The contract shall be signed in writing on behalf of the Company through the Chairperson of the Supervisory Board or through a member of the Supervisory Board authorized by him. The term of office of the respective member is 5 /five/ years, starting from the date of entry of the decision in the Commercial Register and Register of NPLE. The contract regulates the rights and obligations of the parties, the amount of the remuneration and the manner of payment thereof, the parties' liability upon non-performance, the ground for termination of the contract and the type and amount of the guarantee that the members give for their management, as well as the amount of the default interest for early termination of the contract. The remuneration of the members of

the Management Board shall be fully subject to the Company activity and does not depend on the activities or results of the other parts of the vertically integrated undertaking.

(2) The members of the Management Board shall provide guarantee for their management to an amount determined by the sole capital owner, but no less than their 3-month gross remuneration. The provided guarantee shall be refunded after termination of the contract and after a decision of the sole owner of the capital for releasing from liability the respective member of the Management Board. When the guarantee has been paid in cash, the interest on the paid amount is also subject to return.

(3) If business trips in the country and abroad are required, the members of the Management Board shall be seconded by the Executive member(s) of the Management Board at the expense of the Company. The Executive member (s) shall second themselves. The costs for seconding shall be borne by the Company.

5.3.6. Status of an Executive Member of the Management Board

(1) The Management Board shall assign to the Executive Member (the Executive Members) to manage and represent the Company. The Non-executive Members of the Management Board shall control the activity of the Executive Member (the Executive Members) of the Management Board.

(2) The Executive Member of the Management Board shall represent the Company independently within the powers granted to the Management Board in line with the law and the Articles of association of the Company, and shall have the right to carry out all actions and transactions related to the activity of the Company, to prepare and sign any documents on behalf of the Company, as well as to authorize other persons to carry out separate actions and transactions. In the event that two Executive Members of the Management Board are chosen, they represent the Company only together.

(3) The Executive Member shall organize the activity of the Company and represent it in line with the law, the Articles of association of the Company, the Rules for the activity of the Management Board, the decisions of the sole capital owner, the decisions of the Supervisory Board, the decisions of the Management Board and the internal documents of the Company. He/she shall carry out operational management of the Company, shall sign and terminate the labour and other contracts of employees and collaborators of the Company and shall be responsible for reporting the activity and the archives of the Company. He/she shall also decide on any other issues that are not within the exclusive competence of the sole capital owner, of the Supervisory Board or of the Management Board or that are assigned to it by virtue of decision of the sole capital owner, of the Supervisory Board or of the Management Board.

(4) The Management contract with the Executive member (the Executive members) shall be signed by the Chairperson of the Management Board or a person expressly authorized by him/her.

5.4. Audit Committee

5.4.1. Composition

As at 31 December 2025, the members of the Company's Audit committee are:

- Nadya Stefanova
- Momchil Anastasov
- Lilyana Dragieva

5.4.2. Status

The committee is a specialized, monitoring, advisory body. The members of the committee are elected by the Minister of Energy of the Republic of Bulgaria in his capacity as the sole owner of the capital of Bulgartransgaz EAD on the proposal of the Board of Directors of BEH EAD. The committee consists of 3 to 5 members, one of whom is the Chairperson.

5.4.3. Remuneration

- Monthly remuneration of the committee members is for the account and is paid by Bulgartransgaz EAD;
- The amount of the monthly remuneration is two average monthly wages for the country according to data from the National Statistical Institute for the previous year;
- The Contractor is also paid half of the minimum wage for the country for each meeting of the audit committee of Bulgartransgaz EAD.

5.4.4. Rights and obligations

(1) The Audit Committee carries out its activities in accordance with the requirements of the Independent Financial Audit and Sustainability Assurance Act, Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Regulation (EU) No. 537/2014), Directive 2014/56 and Directive 2006/43 of the European Parliament and of the Council and the current status.

(2) The Committee shall have the following powers:

- The Audit Committee informs the management bodies of Bulgartransgaz EAD about the results of the mandatory financial audit and explains how it contributed to the reliability of the financial reporting, as well as the role of the Audit Committee in this process.
- The Audit Committee monitors the financial reporting process and makes recommendations and suggestions to ensure its effectiveness.
- The Committee reviews and, at its discretion, expresses an opinion regarding the Company's accounting policy and its application in financial reporting.
- The Committee monitors the effectiveness of the current controls adopted during the monthly review of Bulgartransgaz EAD financial status.
- The audit committee monitors the effectiveness of the internal control system, the risk management system and the internal audit activity in relation to financial reporting in Bulgartransgaz EAD.
- The Committee reviews and expresses an opinion on the risk management strategy, the Company's risk register and the annual report on the status of the financial management and control system.

The Committee expresses an opinion on the status and numbers of the internal audit unit and on the strategic and annual plans for the internal audit activity.

The Committee discusses and adopts the Annual Report on the Internal Audit Activity and, if necessary, familiarises itself with and gives opinions on individual audit reports from performed audit engagements, as well as on all significant issues related to the internal audit.

– The Audit Committee supervises the mandatory audit of the annual financial statements, including its performance, taking into account the findings and conclusions of the Commission for Public Supervision of Registered Auditors in the implementation of Art. 26. para. 6 of Regulation (EU) No.537/2014;

The Committee familiarises itself with the audit strategy and the audit plan of the statutory audit and expresses an opinion on them, evaluating the arguments in support of important decisions and choices made in the planning stage.
The Committee supervises the implementation of the audit plan, giving recommendations to the Company's management and the auditors for the elimination of difficulties that have arisen.

The Committee reviews the drafts of audit reports under Art. 59 and Art. 60 of the Independent Financial Audit and Sustainability Assurance Act (IFASAA) and the identified key audit issues, the findings made and the auditor's opinion expressed, as well as forms an opinion on the annual work of the statutory auditor which includes: independence of the auditor, objectivity and professional scepticism, composition of the audit team, findings from inspections by the Commission for Public Oversight of Statutory Auditors, communication and relations with the Company's management. The annual opinion is formed on the basis of criteria that are accepted by the Audit Committee and communicated in advance with the auditor.

The Committee discusses the Additional Report of the statutory auditor (prepared pursuant to article 11. 1.2 of Regulation (EU) No.537/2014 of the European Parliament and of the Council), and makes recommendations to the Company's management to eliminate the significant weaknesses and deficiencies identified in the report.

In the event that the term of the statutory audit contract with one auditor exceeds one year, the Committee expresses an opinion on the work of the auditor for the entire period of this contract, which summarises the annual opinions.

– The Audit Committee checks and monitors the independence of the statutory auditor in accordance with the requirements of chapters six and seven of the Independent Financial Audit and Sustainability Assurance Act, as well as with article 6 of Regulation (EU) No. 537/2014, including monitoring the expediency of providing non-audit services under article 5 of the same regulation;

The Committee pre-approves the provision of non-audit services by the auditor of Bulgartransgaz EAD and, within 7-day term as of the date of the decision, notifies the Commission for Public Supervision of Statutory Auditors, as well as the Company's Management Board, of any given approval under article 64, paragraph 3 and article 66, paragraph 3 of the Independent Financial Audit and Sustainability Assurance Act.

- The Audit Committee is responsible for the selection procedure of the statutory auditor, except in cases where the audited entity has a Selection Committee, and recommends his/her appointment.
- The Audit Committee reports its activities annually to the Board of Directors of Bulgarian Energy Holding EAD.

The Audit Committee prepares and submits an annual report on its activities to the Commission for Public Supervision of Statutory Auditors by 30 June.

6. INFORMATION UNDER ART. 100n, PARA. 8, ITEM 6 OF POSA – description of the diversity policy applied as regards the administrative, managerial and supervisory bodies of the issuer in connection with aspects such as age, gender or education and professional experience, the objectives of such diversity policy, its method of application and the results therefrom during the reporting period; when no such policy is applied, the declaration shall contain an explanation regarding the reasons for that.

Bulgartransgaz EAD applies a diversity policy regarding the administrative, management and supervisory bodies, and the implementation of this policy aims to create conditions for a more diverse, more flexible and at the same time more equal working environment, providing the best opportunities for development of everyone's talent.

The Company does not allow discrimination of employees based on gender, race, age, religion, property status, health status, political convictions or nationality. The rights and personal dignity of everyone are respected. These provisions are set out in a number of internal documents such as the Code of Ethics, Collective Labour Agreement, Corporate Social Responsibility Policy, etc.

Women in the Company are provided with the same opportunities for realization as men, considering their specific needs arising both from the nature of the sector in which they work, and the need for a balance between professional development and personal life. Opportunities have been created to develop women's individual abilities within the company, with a view to their effective preparation for leadership at all levels through specific and ongoing training.

The members of the Management and Supervisory Boards of Bulgartransgaz EAD should meet the specified criteria for holding a position, regulated in the Energy Act, the Public Enterprises Act and the Company's Articles of association.

The members of the Supervisory Board shall be elected and dismissed by the sole owner of the capital. Some of the members of the Supervisory Board - representatives of the state shall be elected after a selection procedure by the Sole owner of the capital - BEH. The other independent members of the Supervisory Board shall be elected by BEH after a competitive procedure conducted by the Agency for Public Enterprises and Control. The election, as well as the dismissal of the Supervisory Board members, require approval from the Energy and Water Regulatory Commission (EWRC) in compliance with the procedure and requirements of the law.

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE OWNER OF

BULGARTRANSGAZ EAD

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of BULGARTRANSGAZ EAD (the "Company"), which comprise the separate statement of financial position as of 31 December 2025, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, as well as the explanatory notes to the separate financial statements, containing significant accounting policy information and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material aspects, the financial position of the Company as of 31 December 2025, and its separate financial results of operations and its cash flows for the year then ended in accordance with IFRS accounting standards as adopted by the European Union (EU).

Basis for expressing an opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) relevant to audits of financial statements of public interest entities, together with the ethical requirements relevant to audits of financial statements of public interest entities in Bulgaria. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Fair value of "Property, plant and equipment" Note 13 “Property, plant and equipment ”, Note 4.6 “Accounting policies for reporting property, plant and equipment”, Note 4.19 “Significant management judgments in applying accounting policies. Uncertainty of accounting estimates.” and Note 33 “Determination of fair values” of the Separate financial statement.	
Key audit matter	*How was this key audit matter addressed in our audit?*
The Company has adopted the revaluation model for subsequent valuation of assets in the Property, Plant and Equipment class. The revaluation value represents the fair value of the asset at the date of revaluation, less subsequent depreciation and accumulated impairment losses. The fair value of property, plant and equipment is determined by an independent licensed appraiser. The revaluation of property, plant and equipment is performed every 3 years, unless there are indications of significant deviations in a shorter period of time. A deviation of the carrying amount from the fair value of an asset of more than 5% is considered “significant”. During the annual impairment test of non-financial assets, it was determined that the carrying amount of the buffer gas exceeds its value in use by BGN 87,367 thousand and the corresponding impairment loss was recognized at the expense of the accumulated revaluation reserve. As a result, the carrying amount of the buffer gas as of 31.12.2025 amounts to BGN 427,399 thousand, included in the line Property, plant and equipment in the separate statement of financial position. Due to the specific nature of the buffer gas as a non-current asset, as well as the lack of similar assets to be treated as market analogues, the valuer has used the amortized replacement cost method, which is part of the cost approach. The valuation is influenced by assumptions about replacement cost, physical, functional and economic wear and tear of the buffer gas and remaining useful life. Economic factors have also been taken into account, such as the price of natural gas announced by the Energy and Water Regulatory Commission (EWRC), which is one of the the main indicators of the presence or absence of impairment of the specific asset of the Company.	In this area, our audit procedures included, but were not limited to: • Review of the Company's adopted accounting policy regarding the subsequent reporting of this group of assets in accordance with applicable standards; • Review of the estimated useful life of this group of assets and the depreciation method; • assessment of the independence, objectivity, competence, professional qualifications and experience of the independent certified external appraiser for the purposes of the assessment prepared by him of the market value of the buffer gas; • Assessment of the methodology used and the appropriateness of the key assumptions used, made by the appraiser when determining the market value of the buffer gas; • Obtaining an understanding and assessing the reasonableness of the underlying results calculated by the independent evaluator; • Performing independent impairment tests based on our knowledge of the nature and operations of the Company; • Reconciliation of the results of the appraisal report with the Company's accounting records; • Review of the completeness and adequacy of the disclosures in the separate financial statements.

Therefore, these impairments are inherently subject to some uncertainty, associated with the use of various estimates and assumptions with a certain degree of subjectivity. Due to the specificity of the valuation process, the type of assets and the significant use of fair value from level 3 of the fair value hierarchy, as well as the materiality of this group of assets, we have identified this issue as a key audit matter.	

Other information other than the separate financial statements and the auditor's report thereon

Management is responsible for the other information. The other information consists of a activity report and a corporate governance statement prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent specifically stated in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Report in relation to other legal and regulatory requirements

Additional reporting issues raised by the Accounting Act

In addition to our responsibilities and reporting under ISAs, regarding the activity report, we also performed the procedures added to those required under ISAs, in accordance with the "Guidelines on New and Extended Audit Reports and Auditor Communication" of the professional organization of registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICEP)" . These procedures concern checks for the existence, as well as checks on the form and content of this other information, in order to assist us in forming an opinion on whether the other information includes the disclosures and reporting required by Chapter Seven of the Accountancy Act and the Public Offering of Securities Act, applicable in Bulgaria.

Opinion in relation to Art. 37, para. 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the activity report for the financial year for which the separate financial statement was prepared is consistent with the separate financial statement.
b) The activity report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(n), para. 7, item 2 of the Public Offering of Securities Act.

c) The corporate governance statement for the financial year for which the separate financial statement was prepared is presented in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 61, para. 3, item 5 of the Regulations for the Implementation of the Public Enterprises Act and in accordance with Art. 100n, para. 7, item 1 of the Public Offering of Securities Act.

Opinion in relation to Art. 37, para. 3 of the Energy Act

Based on the procedures performed, our opinion is that:

a) The Entity has organized its accounting activities in such a way as to generate information for each licensed activity and other type of activity, including activities at regulated and freely negotiated prices. The Entity maintains analytical reporting for the activities carried out in the transmission of natural gas through the territory of the country to Greece, the Republic of North Macedonia and Serbia and transmission on the national gas transmission network, storage and balancing of natural gas, as well as auxiliary activities, management activities and unregulated activities;

b) The Entity has organized its accounting in such a way as to generate information for each regional unit that is part of the Entity's organizational structure;

c) The Entity's accounting records are organized and maintained in a manner that provides the necessary information for regulatory accounting purposes, namely:

- the assets and liabilities of the Entity mpany are classified to the relevant activities to which they belong;
- Revenue and expenses are the main licensing activities of the Entity and are reported through analytical accounts by type of licensing activities;
- The revenue and expenses for non-licensed activities - ancillary, management and unregulated, as well as the total revenue and expenses for licensed activities, are allocated to the main licensed activities based on an allocation coefficient.

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

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with IFRS accounting standards as adopted by the EU and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our auditor's opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statement.

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

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

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

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

Among the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of information about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report in relation to other legal and regulatory requirements

Reporting pursuant to Article 10 of Regulation (EU) No 537/2014 in relation to the requirements of Article 59 of the Independent Financial Audit and Sustainability Assurance Act

In accordance with the requirements of the Independent Financial Audit and Sustainability Assurance Act in relation to Article 10 of Regulation (EU) No. 537/2014, we additionally report the information set out below.

- HLB BULGARIA OOD has been appointed as the statutory auditor of the independent financial statement for the year ending 31 December 2025 of **BULGARTRANSGAZ EAD** (the "Entity") by Decision of the Board of Directors of Bulgarian Energy Holding with Minutes No. 45-2025/02.07.2025 and as a result of a public procurement procedure, for a period of one year.
- The audit of the Entity's Separate financial statement for the year ended 31 December 2025 represents the fourth consecutive year of a full continuous statutory audit engagement of this entity performed by us.
- We confirm that our audit opinion is consistent with the additional report presented to the Entity's audit committee, in accordance with the requirements of Article 60 of the Independent Financial Audit Act. and the expression of assurance on sustainability.
- We confirm that we have not provided any prohibited non-audit services specified in Article 64 of the Independent Financial Audit and Sustainability Assurance Act.
- We confirm that we have maintained our independence from the Entity in conducting the audit.
- For the period covered by our statutory audit, in addition to the audit, we have provided the following services to the Entity, which are not disclosed in the Entity's annual report or financial statements:
  - Review of the interim separate financial statements as of 30.06.2025 of **Bulgartransgaz EAD**, in accordance with International Standard on Review Engagements 2410 (ISSAI 2410), in Bulgarian and translated into English;
  - Review of the interim consolidated financial statements as of 30.06.2025 of Bulgartransgaz EAD, in accordance with International Standard on Review Engagements 2410 (ISSAI 2410), in Bulgarian and translated into English;

Auditing firm

"HLB BULGARIA" Ltd.

Registration number 017

Natalia Vladimirova,

Procurator

Signed with electronic signature

Evtim Evtimov,

Registered auditor responsible for the audit

Signed with electronic signature

27 April 2026

BULGARTRANSGAZ

SEPARATE
FINANCIAL STATEMENT

for the year ending on 31 December 2025

Translation from Bulgarian

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

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Separate statement on profit or loss and other comprehensive income for the year ending on 31 December

in BGN thousand	Notes	2025	2024
Operating income	5	1,076,289	1,064,486
Other operating revenue	6	17,151	16,000
Total revenues		1,093,440	1,080,486
Technological expenses	7	(152,576)	(140,208)
Expenses for materials	8	(7,113)	(8,011)
External services expenses	9	(31,683)	(17,836)
Expenses for employees' remuneration	10	(87,714)	(81,918)
Expenses for depreciation and impairment of non-financial assets	13,14	(338,184)	(304,791)
Recovered impairment losses/(impairment losses) on financial assets	18,19,20.28	1,599	(2,919)
Expenses for impairment/reversal of impairment of investments joint ventures	15	(235)	(462)
Expenses for impairment of inventories	17	(7,747)	(19,557)
Provisions for pollution emission allowances	24	(48,812)	(34,351)
Other expenses	11	(57,781)	(64,947)
Cost of natural gas used for balancing and the goods sold		(44,453)	(42,638)
Changes in the availability of finished goods and work in progress		(48)	15
Operating activity profit		318,693	362,863
Financial revenue	12	59,787	41,472
Financial expenses	12	(69,933)	(55,780)
Net financial expenses	12	(10,146)	(14,308)
Profit before taxes		308,547	348,555
Expenses for taxes	22	(38,483)	(41,772)
Profit for the period		270,064	306,783
Other comprehensive income/(loss)			
Components that will not be later reclassified in the profit or loss:			
Revaluation of property, plant and equipment	13	(87,367)	557,262
Revaluation of liabilities under defined benefit plans	25	(1,536)	(1,408)
Tax on other comprehensive income	22	8,891	(55,585)
Other comprehensive income/(loss), net of taxes		(80,012)	500,269
Total comprehensive income/(loss) for the period		190,052	807,052

The separate financial statement was approved by the Management Board on 21 April 2026 and signed on 27 April 2026.

Vladimir Malinov
Executive Director
/Signed with electronic signature/

Elena Evtimova
Prepared by
/Signed with electronic signature/

Date: 07/04/2026

Audit Company HLB Bulgaria Ltd Reg. № 017

Nataliya Vladimirova
Audit procurator
/Signed with electronic signature/
Pursuant to Audit report of 27/04/2026

Evtim Evtimov
Registered auditor in charge of the audit
/Signed with electronic signature/

The notes on pages 7 to 66 are an integral part of this separate financial statement.

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Separate statement of financial position

BGN thousand	Notes	31 December 2025	31 December 2024
Assets			
Property, plant and equipment	13	7,256,998	7,434,236
Intangible assets	14	6,486	5,042
Investment in joint ventures	15	37,048	37,283
Bond loan provided to a joint venture	28	28,050	22,078
Investments in a subsidiary	15	500	500
Long-term receivables	16	374	188
Long-term receivables from related parties	28	14	20
Total non-current assets		7,329,470	7,499,347
Inventories	17	87,564	97,808
Assets under contracts	18	-	6,082
Trade and other receivables	18	31,852	25,675
Receivables from related parties	28	3,267	5,533
Bond loan provided to a joint venture	28	2,573	-
Cash and cash equivalents	19	107,991	342,466
Cash provided as collateral	20	115,028	175,409
Total current assets		348,275	652,973
Total assets		7,677,745	8,152,320

The separate financial statement was approved by the Management Board on 21 April 2026 and signed on 27 April 2026.

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Separate statement of financial position (continued)

in BGN thousand	Notes	31 December 2025	31 December 2024
Capital and reserves			
Registered capital	21	1,710,078	1,614,786
Revaluation reserve	21	2,780,294	3,016,380
Reserves	21	156,878	138,260
Retained earnings		1,384,837	1,072,609
Total equity		6,032,087	5,842,035
Liabilities			
Long-term loans	26	378,984	357,137
Deferred tax liabilities	22	345,402	368,095
Deferred revenue from funding	23	247,489	232,551
Provisions	24	53,715	53,715
Liabilities to related parties	28	47,303	243,198
Employees' benefits	25	12,179	9,854
Guarantees under contracts	29	710	801
Trade and other liabilities	27	-	375,125
Total non-current liabilities		1,085,782	1,640,476
Short-term loans	26	330,279	266,192
Guarantees under contracts	29	84,272	90,353
Provisions	24	48,812	34,351
Trade and other liabilities	27	46,001	119,467
Liabilities under contracts	27	766	855
Liabilities to related parties	28	31,839	146,066
Employees' benefits	25	321	952
Liabilities related to income taxes	22	17,586	11,573
Total current liabilities		559,876	669,809
Total liabilities		1,645,658	2,310,285
Total equity and liabilities		7,677,745	8,152,320

The separate financial statement was approved by the Management Board on 21 April 2026 and signed on 27 April 2026.

Vladimir Malinov
Executive Director
/Signed with electronic signature/

Elena Evtimova
Prepared by
/Signed with electronic signature/

Date: 07/04/2026
Audit Company
HLB Bulgaria Ltd
Reg. № 017
Nataliya Vladimirova
Audit procurator
/Signed with electronic signature/

Evtim Evtimov
Registered auditor in charge of the audit
/Signed with electronic signature/

Pursuant to Audit report of 27/04/2026

The notes on pages 7 to 66 are an integral part of this separate financial statement.

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Separate statement of changes in equity

in BGN thousand	Notes	Registered capital	Revaluation reserve	Reserves	Retained earnings	Total equity
Balance on 1 January 2025	21	1,614,786	3,016,380	138,260	1,072,609	5,842,035
Profit for the year		-	-	-	270,064	270,064
Other comprehensive income						
Revaluation of property, plant and equipment	13	-	(87,367)	-	-	(87,367)
Revaluation of liabilities under defined benefit plans	25	-	-	(1,536)	-	(1,536)
Tax on other comprehensive income		-	8,737	154	-	8,891
Total comprehensive income for the year		-	(78,630)	(1,382)	270,064	190,052
Transactions with owners accounted for in equity						
Dividends to the sole capital owner		-	-	-	(95,292)	(95,292)
Share issue		95,292	-	-	-	95,292
Total transactions with owners		95,292	-	-	(95,292)	-
Transfer of revaluation reserve to retained earnings		-	(157,456)	-	157,456	-
Distribution of profits		-	-	20,000	(20,000)	-
Balance on 31 December 2025		1,710,078	2,780,294	156,878	1,384,837	6,032,087

The separate financial statement was approved by the Management Board on 21 April 2026 and signed on 27 April 2026.

The notes on pages 7 to 66 are an integral part of this separate financial statement.

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Separate statement of changes in equity
(continued)

in BGN thousand	Notes	Registered capital	Revaluation reserve	Reserves	Retained earnings	Total equity
Balance on 1 January 2024	21	1,414,786	2,659,808	103,248	914,392	5,092,234
Profit for the year		-	-	-	306,783	306,783
Other comprehensive income						
Revaluation of property, plant and equipment	13	-	557,262	-	-	557,262
Revaluation of liabilities under defined benefit plans	25	-	-	(1,408)	-	(1,408)
Tax on other comprehensive income		-	(55,726)	141	-	(55,585)
Total comprehensive income for the year		-	501,536	(1,267)	306,783	807,052
Transactions with owners accounted for in equity						
Dividends to the sole capital owner		-	-	-	(257,251)	(257,251)
Share issue		200,000	-	-	-	200,000
Total transactions with owners		200,000	-	-	(257,251)	(57,251)
Transfer of revaluation reserve to retained earnings		-	(144,964)	-	144,964	-
Distribution of profits		-	-	36,279	(36,279)	-
Balance on 31 December 2024		1,614,786	3,016,380	138,260	1,072,609	5,842,035

The separate financial statement was approved by the Management Board on 21 April 2026 and signed on 27 April 2026.

Vladimir Malinov
Executive Director
/Signed with electronic signature/

Elena Evtimova
Prepared by
/Signed with electronic signature/

Date: 07/04/2026
Audit Company HLB Bulgaria Ltd Reg. № 017
Nataliya Vladimirova
Audit procurator
/Signed with electronic signature/
Pursuant to Audit report of 27/04/2026

Evtim Evtimov
Registered auditor in charge of the audit
/Signed with electronic signature/

The notes on pages 7 to 66 are an integral part of this separate financial statement.

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Separate cash flows statement

for the year ending on 31 December

in BGN thousand	Notes	2025	2024
Cash flows from operating activity			
Proceeds from trade counterparties		1,040,846	1,028,309
Payments to trade counterparties		(205,474)	(208,083)
Payments to personnel and social security institutions		(87,542)	(82,165)
Payments for income tax		(19,671)	(45,198)
Recovered taxes and excise duties, net		(51,225)	(5,682)
Proceeds/(payments) from/of interests and penalties on late payments		(1,538)	388
Other cash flows from operating activities, net		(3,939)	(4,368)
Total cash flows from operating activities		671,457	683,201
Cash flows from investment activities			
Acquisition of property, plant and equipment		(673,745)	(503,119)
Acquisition of intangible assets		(2,018)	(465)
Proceeds from financing non-current assets		27,004	855
Cash provided as collateral	20	(1,406)	(1,446)
Proceeds from cash provided as collateral	20	40,140	86,768
Proceeds from interest on deposits and cash provided as collateral		10,704	17,535
Total cash flows from investment activities		(599,321)	(399,872)
Cash flow from financial activity			
Dividends paid	28	(305,292)	-
Proceeds from issuing shares	28	95,292	200,000
Loans received	26	402,992	-
Repaid loans	26	(316,910)	(283,255)
Repaid loans to related parties	26	(98,486)	(10,770)
Interest paid to related parties	26	(4,343)	(3,254)
Interest paid on loans received	26	(19,337)	(42,432)
Interests paid to trade counterparties		(40,150)	-
Total cash flows from financial activity		(286,234)	(139,711)
Net change in cash and cash equivalents		(214,098)	143,618
Cash and cash equivalents on 1 January	19	342,466	188,091
Effect of changes in foreign exchange rates, net		(20,457)	10,757
Effect of recovery of expected credit losses		80	-
Cash and cash equivalents on 31 December	19	107,991	342,466

The separate financial statement was approved by the Management Board on 21 April 2026 and signed on 27 April 2026.

Vladimir Malinov
Executive Director
/Signed with electronic signature/

Elena Evtimova
Prepared by
/Signed with electronic signature/

Date: 07/04/2026

Audit Company HLB Bulgaria Ltd Reg. № 017

Nataliya Vladimirova
Audit procurator
/Signed with electronic signature/

Evtim Evtimov
Registered auditor in charge of the audit
/Signed with electronic signature/

Pursuant to Audit report of 27/04/2026

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Notes to the separate financial statement

1. Status and business activities

Bulgartransgaz EAD (the Company) is a company with its registered office in the Republic of Bulgaria. The Company is entered in the Commercial Register and the Register of Non-Profit Legal Entities at the Registry Agency with UIC 175203478. The registered office of the Company is in Bulgaria, Sofia, 2 Lyulin district, 66 Pancho Vladigerov Blvd.

By Decision of the Management Board of 15 January 2019 and approval by the Company Supervisory Board, Bulgartransgaz EAD established a sole-owned joint-stock company named Balkan Gas Hub EAD. The new Company was entered in the Commercial Register and the Register of NPLE at the Registry Agency on 18 January 2019.

Bulgartransgaz EAD is a state-controlled entity. The sole owner of the capital is Bulgarian Energy Holding EAD.

The main subject of Bulgartransgaz EAD activities comprises of natural gas storage and transmission; maintenance, operation, management and development of gas transmission networks; maintenance, operation, management and development of underground gas storages; development of programmes and activities for compliance of natural gas transmission and storage activities with the requirements of the European energy law; development of a price policy for access to and transmission through gas transmission networks, natural gas storage and connection to gas transmission networks; natural gas transactions administration and organisation of natural gas market balancing in compliance with the requirements of existing legislation; engineering, investment, production and service activity; imports of goods, machinery and equipment related to company activities; centralised operating management, coordination and control on gas transmission networks operational regime.

By virtue of decision of the Energy and Water Regulatory Commission, Bulgartransgaz EAD has been certified as an Independent Transmission Operator of the gas transmission system of Bulgaria in line with the requirements of Directive 2009/73/EC of the European Parliament and of the Council of 13.07.2009 concerning common rules for the internal market in natural gas, Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13.07.2009 on conditions for access to the natural gas transmission networks and Chapter Eight "a" of the Energy Act. The Decision was adopted in line with the opinion of the European Commission of 22 April 2015.

Pursuant to Article 39, para. 1 of the Energy Act, the company holds licenses issued by the regulatory authority Energy and Water Regulatory Commission (EWRC):

- License for natural gas transport on the territory of the Republic of Bulgaria (License No Л-214-06/29.11.2006);
- License for natural gas transport on the territory of the Republic of Bulgaria (License No Л-214-09/29.11.2006);
- Licence for natural gas storage on the territory of the Republic of Bulgaria (Licence No Л-214-10/29.11.2006).

The three licenses have a 35-years term of validity. The Company pays license fees for each license, specified in a tariff, approved by the Council of Ministers. The fees are the following: initial fee, paid with regard to issuance of the licenses and annual fees for the term of the license payable by the licensee for each year following the issue of the relevant license.

Bulgartransgaz EAD is a public-interest entity within the meaning of paragraph 1, item 22, k) of the Additional Provisions of the Accountancy Act.

In line with the requirements of Regulation (EC) 715/2009 of the Commission of 13.07.2009 on conditions for access to the natural gas transmission networks, the Energy Act and the regulations, Bulgartransgaz EAD effectively implemented as of 01.10.2017 an entry-exit pricing model for the access and transport services along the gas transmission system, owned by the Company. The entry-exit tariff model implementation replaces the pricing model of the natural gas access and

Notes to the separate financial statement

transport services offered by Bulgartransgaz EAD from the "post stamp" system with uniform prices set out for transported natural gas quantities charged at exit points of the gas transmission network to an entry-exit model with a two-component tariff system and prevailing component based on the booked capacity. The new system results from the requirements, imposed by the European and national regulatory framework in the natural gas sector.

The Company has a two-tier management system - Supervisory Board and Management Board. The Supervisory Board of Bulgartransgaz EAD as at 31 December 2025 is composed of: Snezhana Yovkova-Markova, Nikolay Stefanov, Dragomir Monev, Ekaterina Mihaylova and Deyan Dimitrov, and the Management Board: Vladimir Malinov, Darina Koleva and Kiril Ravnachki. As at 31 December 2025, the Company is represented and managed by the Executive Director Vladimir Malinov.

As at 31 December 2025, the members of the Company's Audit committee are: Momchil Anastasov, Liliana Dragieva and Nadya Stefanova.

2. Statement of compliance with IFRS and application of the going-concern principle

The Company's financial statement was drawn up in compliance with IFRS accounting standards, developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union. Within the meaning of para 1(8) of the Additional Provisions of the Accounting Act applicable in Bulgaria, they include the International Accounting Standards (IAS) adopted in compliance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The financial statement has been prepared in Bulgarian lev (BGN), which is the functional currency of the Company. All amounts are shown in thousands of BGN (thousand BGN), including comparative information for 2024, unless otherwise stated.

The management is responsible for the preparation and fair presentation of the information in this financial statement.

This financial statement is separate. The Company also prepares consolidated financial statement in accordance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), in which investments in subsidiaries are accounted for and disclosed in line with IFRS 10 Consolidated Financial Statements.

The separate financial statement has been prepared in compliance with the going concern principle.

The management has made an assessment of the Company's ability to continue its activities as an operating entity based on the available information for the foreseeable future. Following review of the Company's activities, the management expects that the Company has sufficient financial resources to continue operation in the foreseeable future and keep applying the going concern principle in drawing up the annual separate financial statement.

3. New or amended standards and clarifications

3.1 New standards, amendments and interpretations effective since 1 January 2025

The Company has adopted the following new standards, amendments and interpretations to IFRS, issued by the International Accounting Standards Board and approved by the EU, which are relevant and effective for the financial statements of the Company for the annual period beginning on 1 January 2025 but have no significant impact on the financial results or positions:

Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates: Lack of convertibility, in force since 1 January 2025, adopted by the EU

The amendments to IAS 21 include the following:

- specification when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency;
- specification how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Requirement for the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

3.2. Standards, amendments and interpretations that have not yet entered into force and are not applied from an earlier date by the Company

As at the approval date of this financial statement new standards, amendments and interpretations to the existing standards have been published but have not entered into force or have not been approved by the EU for the financial year starting at 1 January 2025 and have not been applied by the Company from an earlier date. They are not expected to have a significant effect on the Company's financial statements. The management expects all standards and amendments to be approved in the Company's accounting policy during the first period starting after the date of their entry into force. Amendments are related to the following standards:

Annual improvements in force as of 1 January 2026 approved by the EU

The annual improvements cover a wide range of topics in the following standards:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards*

Hedge accounting by a first-time adopter of IFRS The amendment addresses potential misinterpretation arising from inconsistency in the wording of paragraph B6 of IFRS 1 and the hedge accounting requirements in IFRS 9 Financial Instruments.

- *IFRS 7 Financial Instruments: Disclosures*

- *Gain or loss from derecognition.* The amendment addresses potential misinterpretation in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that has been deleted from the standard when IFRS 13 Fair Value Measurement was issued.
- *Disclosure of deferred difference between fair value and transaction price.* The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and the accompanying implementation guidance (IG) that arises when a subsequent amendment resulting from the issuance of IFRS 13 is made to paragraph 28 but not to the corresponding paragraph in the implementation guidance.
- *Introduction and disclosure of credit risk.* The amendment addresses potential misinterpretation and paragraph IG1 clarifies that the guidance does not necessarily illustrate all requirements in the specified paragraphs of IFRS 7. Some disclosures are simplified.

- *IFRS 9 Financial Instruments:*

- *Derecognition of lease liabilities by the lessee.* The amendment addresses a potential lack of clarity in implementation of the requirements of IFRS 9 for accounting the repayment of lease liabilities of the lessee that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a reference to paragraph 3.3.1 but not to paragraph 3.3.3 of IFRS 9.
- *Transaction price.* The amendment addresses potential misinterpretation arising from the reference in Appendix A to IFRS 9 to the definition of "transaction price" in IFRS 15 Revenue from Contracts with Customers, while the term "transaction price" is used in certain paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.

Notes to the separate financial statement

- *IFRS 10 Consolidated Financial Statements*

- *Definition of "de facto agent".* The amendment addresses potential misinterpretation arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to investor's determination whether another party is acting on its behalf, by aligning the wording in both paragraphs.

- *IAS 7 Statement of Cash Flows*

- *Cost Method.* The amendment addresses potential misinterpretation in the implementation of paragraph 37 of IAS 7 arising from the use of the term 'cost method', which is no longer defined in IFRS accounting standards.

Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, adopted by the EU

The amendments are as follows:

- *Derecognition of financial liability settled through electronic transfer.*

The amendments to the implementation guidance of IFRS 9 allow the entity to consider that a financial liability (or part of it) that will be settled in cash through an electronic payment system, is extinguished before the settlement date if certain criteria have been met. The entity that decides to apply the derecognition option must implement it to all payments made through the same electronic payment system.

- *Classification of financial assets*

- *Contractual terms that are consistent with a basic loan arrangement.* The amendments to IFRS 9 implementation guidance provide guidance on how the entity can assess whether the contractual cash flows of a financial asset are consistent with a basic loan agreement. To illustrate the changes to the implementation guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the outstanding principal amount.

- Assets with non-recourse features. The amendments improve the description of the term "non-recourse". According to the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- Contractually related instruments. The amendments clarify the characteristics of contractually related instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually related instruments and provide an example. In addition, the amendments clarify that a reference to instruments in the basic group can include financial instruments that are not within the scope of the classification requirements.

- *Disclosures*

- Investments in equity instruments designated at fair value through other comprehensive income. The requirements of IFRS 7 are amended with respect to disclosures that an entity provides in relation to these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.

- *Contractual terms that could change the timing or amount of contractual cash flows.* The amendments require disclosure of contractual terms that could change the timing or amount of contractual cash flows upon the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in the basic credit risks and costs. The requirements apply to each class of financial asset measured at amortised cost or fair value through other comprehensive income, as well as to each class of financial liability measured at amortised cost.

IFRS 18 Presentation and Disclosure in Financial Statements, effective as of 1 January 2027, not yet adopted by the EU

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Notes to the separate financial statement

The objective of IFRS 18 is to improve the way entities disclose their financial statements, placing the emphasis on information about financial performance in the statement of profit or loss. IFRS 18 involves limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 shall be effective as of 1 January 2027. Entities are permitted to apply IFRS 18 earlier. IFRS 18 replaces IAS 1 Presentation of Financial Statements. The unchanged requirements in IAS 1, have been transferred to IFRS 18 and other standards. IFRS 18 will affect all entities in all industries. Although IFRS 18 will not affect the way companies measure financial results, it will affect the way they present and disclose them. IFRS 18 aims to improve financial reporting by:

- requiring additional defined subtotals in the statement of profit or loss; Adding defined subtotals in the statement of profit or loss makes it easier to compare entities' financial performance and provides a consistent starting point for investors to make an analysis.
- a requirement for disclosures of performance measures set by the management. The requirement for companies to disclose management-determined performance measures improves discipline in using them and transparency in their calculation.
- adding new grouping principles (aggregating and disaggregating) of information. Setting out requirements on whether information should be in the basic financial statements or in the notes and providing principles for the required level of details improve the effective communication of information.

IFRS 19 Subsidiaries without public accountability: Disclosures, effective as of 1 January 2027, not yet adopted by the EU

The objective of IFRS 19 is to specify the disclosure requirements that an entity is permitted to apply instead of the disclosure requirements in other IFRS accounting standards. An entity may choose to apply this standard in its consolidated, separate and individual financial statements only if, at the end of the reporting period, it is a subsidiary and is not publicly reporting and has an ultimate or intermediate parent that prepares consolidated financial statements available for public use that comply with IFRS.

IFRS 19 specifies the detailed disclosures that an entity applying IFRS 19 is required to make. These disclosure requirements are a short version of the requirements specified in other IFRS accounting standards. Out of 34 IFRS accounting standards that include disclosure requirements, IFRS 19 provides reduced disclosure requirements for 30 of them. The disclosure requirements for 3 standards must be applied in full (IFRS 8, IFRS 17 and IAS 33). Entities applying IAS 26 Accounting and Reporting by Retirement Benefit Plans do not meet the criterion "are not subject to publicly reporting obligations" and therefore cannot apply IFRS 19.

4. Material Accounting Policy Information

4.1 General provisions

The most significant accounting policies, applied in preparing this separate financial statement, are listed below.

The financial statement has been prepared in accordance with the principles of valuation of all types of assets, liabilities, revenues and expenses in line with the accounting standards IFRS. The valuation bases are disclosed in detail in the separate financial statement accounting policy.

It should be noted that accounting estimates and assumptions were used in preparing the separate financial statement. Although they are based on information provided to the management at the date of preparation of the separate financial statement, the actual results may differ from the estimates and assumptions made.

4.2 Presentation of the separate financial statement

The separate financial statement is presented in line with IAS 1 Presentation of Financial Statements.

Profit or loss report and other comprehensive income is presented in a single statement by the Company.

The notes on pages 7 to 66 are an integral part of this separate financial statement.

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Notes to the separate financial statement

Two comparative periods are presented in the statement of financial position when the Company applies the accounting policy retrospectively, recalculates items in the financial statement or reclassifies items in the financial statement, and this has a material effect on the information in the statement of financial position as of the beginning of the previous period.

The Company has agreed to present two comparative periods in each case in order to ensure consistency in the presentation for each year.

Significant accounting policies set out below have been applied consistently in all periods presented.

4.3 Climate issues

Climate change brings new and significant risks that are assessed by many companies due to the impact they will have on their future activities and the economic sectors in which they operate. The changes may also create opportunities for the companies aimed at mitigating and adapting to climate change. Companies may be exposed to these risks and opportunities directly or through third parties, such as suppliers and customers outside their direct operational control due to interconnected global value chains.

In the development of its core business activities - natural gas transmission and storage, Bulgartransgaz EAD is guided by the long-term vision and strict planning to support the sustainable development of the whole sector in the country, the region and in Europe. In this regard, Bulgartransgaz EAD efforts to achieve the EU's climate objectives to reduce net greenhouse gas emissions by at least 55% by 2030 are aimed at implementing technical and organizational measures to limit emissions. The main greenhouse gases emitted by Bulgartransgaz EAD are carbon dioxide and methane. Following promulgation of Regulation (EU) 2024/1787 on the reduction of methane emissions in the energy sector and amending Regulation (EU) 2019/942, which introduces uniform provisions on the territory of the Union for regular periodic monitoring of any possible sources of methane from facilities in methane transmission networks. The Regulation also requires the immediate action to remedy identified methane leaks and implementation of investment, organizational and control measures to stop the organised release of methane, except in some very specific and urgent circumstances.

After the Regulation entered into force in 2025, the Company continues to apply organisational measures to prepare for implementation of its provisions.

The company implements a targeted policy to reduce carbon dioxide emissions. Regarding the investment projects and facilities (compressor units in compressor stations and Chiren UGS), which processes involve natural gas combustion and therefore emit carbon dioxide, equipment with the highest possible coefficient of useful effect from fuel combustion is planned, as well as subsequent maintenance of optimal operating mode and technical condition of the facilities in accordance with the best available techniques/practices. In parallel with this, the Company monitors the trends, analyses, studies the possibilities of introducing hydrogen technologies replacing natural gas, depending on their availability on the market and their applicability to the natural gas transmission and storage activities.

In 2025 preparatory works were also carried out for implementation of project "Hydrogen transmission infrastructure in Bulgaria".

Bulgartransgaz EAD carries out regular activities, including organization of activities to limit methane emissions, both as a result of failures of the tightness/integrity of the network and the related repair/recovery activities, as well as by replacement (if technical and organizational possibility exists) of the ventilation equipment of natural gas in the atmosphere (vents) with equipment for organized burning of the released natural gas. An integral part of these efforts is the constant monitoring improvement to cover more areas, increase the frequency of inspections and improve monitoring tools, the use of high quality materials and equipment and last but not least - improve the quality of construction and installation activities.

Notes to the separate financial statement

As of 31 December 2025, Bulgartransgaz EAD has not identified significant risks caused by climate changes that could have a negative and significant impact on the Company's financial statements. The management continuously assesses the impact of climate issues and will continue to conduct analyses in this field.

4.4 Revenues

(a) Revenues under contracts with customers

Recognition and estimate of the revenues from contracts with customers

To determine whether and how to recognize the revenues, the Company applies the following 5 steps:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations;
5. Revenues recognition when the performance obligations are satisfied.

Revenues from contracts with customers are recognized when the control over the goods and/or services promised in the contract is transferred to the customer to the extent that reflects the remuneration to which the Company expects to be entitled in exchange for those goods or services.

The control is transferred to the customer when (or as) performance obligation is fulfilled, according to the contract's terms and conditions, by transferring the promised good or service to the customer. An asset (good or service) is transferred when (or as) the customer obtains control over that asset.

In the initial evaluation of its contracts with customers, the Company assesses whether two or more contracts should be considered as bundled and accounted for as one, and whether the promised goods and/or services in each separate and/or bundled contract should be accounted for as one and/or more performance obligations.

Any promise to transfer goods and/or services that are identifiable (separately and in the context of the contract) is recognized as one performance obligation.

The Company recognizes revenue for each separate performance obligation at the level of an individual contract with a customer by analysing each specific contract's type, terms and conditions. For contracts with similar characteristics, revenues are recognized on a portfolio basis only if their bundling into a portfolio would not result in a materially different impact on the financial statement.

Contracts with customers typically involve a single performance obligation.

Measurement

Revenues are measured on the basis of the transaction price set for each contract.

When determining the transaction price, the Company takes into account the contract's terms and conditions and its usual commercial practices.

The transaction price is the amount of the remuneration to which the Company expects to be entitled in exchange for the transfer of the promised goods or services to the customer, except for the amounts collected on behalf of third parties (for example, value added tax). The remuneration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

When (or as) a performance obligation is satisfied, the Company recognizes as revenue the value of the transaction price (which excludes estimates of the variable remuneration containing restrictions) that is attributable to that performance obligation.

The Company examines whether there are other promises in the contract, which are separate

Notes to the separate financial statement

obligations to be fulfilled, for which part of the transaction price must be allocated.

The impact of variable remuneration, the availability of significant financing components, non-monetary remuneration (gas free of charge) and customer's remuneration are taken into account in determining the transaction price.

In cases where the customer contributes by providing goods or services (natural gas for technological needs) to support the Company in contract implementation, it shall obtain control of these goods or services. In determining the transaction price under contracts where the customer promises remuneration in a form other than payment in cash, the Company shall evaluate the non-monetary remuneration (or the promise of non-monetary remuneration) at fair value.

Obligations concerning implementation and approach for recognition of basic types of revenues under contracts with customers

Transport of natural gas to third parties, access and transport of natural gas

Revenues from natural gas transport to third parties include natural gas transport from the border with Turkey Romania to the borders with Greece, Serbia and North Macedonia.

Revenue from access and transport of natural gas include access and transport of natural gas by entry and exit points/zones of the gas transmission network.

Balancing of the natural gas market

With respect to the Natural Gas Balancing Rules in force as of 1 October 2017, Bulgartransgaz EAD, in its capacity as a balancing entity, performs commercial balancing of the natural gas market, i.e. offsetting of the differences between the quantity of natural gas input by a gas transmission network user at entry points, and the quantity of natural gas off-taken by him at the network's exit points. The obligation of the balancing entity is to cover the individual imbalances of the gas transmission networks' users. The price for the balancing service is determined according to the terms and conditions of the Daily Imbalance and Neutrality Balancing Charge Calculation Methodology, approved by the EWRC. The price setting elements - the natural gas price approved for the public supplier, the price for natural gas sale to end natural gas suppliers and to customers connected to the gas transmission network, "small adjustment", which is a correction in the price of natural gas for balancing, expressed as a percentage of it, applied with a positive or negative mark, depending on the imbalance mark, in order to determine the daily imbalance charges and the imbalance charge, calculated on a daily basis, which the network user pays or receives depending on the amount of his daily imbalance. In order to achieve neutrality from the balancing activity, the Company shall also charge a balancing neutrality fee, which can be a positive or negative value, depending on the allocated natural gas quantities at each entry/exit point/zone of the gas transmission system owned by Bulgartransgaz EAD.

Natural gas storage

The activity of natural gas storage is carried out in the only underground gas storage on the territory of the country, Chiren UGS, owned by Bulgartransgaz EAD. Chiren UGS is a complex group of underground and surface facilities - operating wells, collecting gas pipelines (gatherings), a compressor station of 10 MW total installed capacity, gas preparation, treatment, control and metering equipment, as well as other adjacent facilities. The technological process related to the natural gas storage activity is seasonal (cyclic) and consists of gas withdrawal and injection from/to the underground gas storage facility.

All revenue from the main business of the Company, namely revenue from natural gas transmission to third countries, access and transmission, balancing and storage of natural gas is recognized over time as supply is a sequence of a separate service, which is a promise to supply natural gas that is substantially the same and has a uniform pattern of transfer to the customer.

Revenue is recognized in the profit or loss statement and other comprehensive income when natural gas is transported through the gas transmission network to the respective point of the customer. Revenue from sales is recognized on the basis of the quantities reported by the

Notes to the separate financial statement

measuring devices or registered schedules.

The sales prices for the access and transmission service through the gas transmission networks owned by Bulgartransgaz EAD are calculated based on the necessary revenues and price setting ng elements for the gas year starting on 01.10. The same are approved by a decision of the Energy and Water Regulatory Commission.

The access price is charged at entry and exit points/zones of the gas transmission system owned by Bulgartransgaz EAD based on the allocated capacity at the respective points, with interruptible capacity products at exit point Kulata/Sidirokastro being priced with a pre-determined discount of 9.48%. All other interruptible products are priced with a discount depending on the actual reported interruption during their use.

The transmission price consists of a technological component, charged at all entry and exit points/zones of the gas transmission system depending on the allocated natural gas volumes at these points/zones, and a public service obligation component, which covers costs related to imposed obligations to society and is charged at all national exit points/zones of the gas transmission system without exit points to natural gas storage facilities, according to the allocated natural gas volumes at these points/zones.

The sales prices of the service for access and storage of natural gas in storage facilities are determined by a Decision of the Energy Regulatory Commission and are published on the website of Bulgartransgaz EAD.

Allocation of the transaction price against the performance obligations is made on the basis of unit selling prices (statutory, contractual or market).

At the end of each reporting period, the Company measures its progress towards a full settlement of the performance obligation met over time. The measurement shall be carried out by confirming the transported quantities and/or quantities nominated as per the schedule. I.e. an assessment is made of the quantities of natural gas transported for which the Company recognizes revenues from the access and transmission of natural gas.

The usual credit period is 10 to 30 days. In certain cases, the Company collects short-term advance payments from customers that do not have a significant component of funding. The collected advance payments by the customer are presented in the statement of financial position as liabilities under contracts with customers.

Revenues from other services

Revenue from services provided is recognized in the period over which the services have been provided. The Company transfers the control over the services over time and therefore satisfies the performance obligation and recognizes revenues over time. If, at the end of the reporting period, the service under the contract is not fully provided, the revenue is recognized on the basis of the actual service provided by the end of the reporting period as a proportional part of the total services to be provided as the customer receives and uses the benefits simultaneously. This is determined on the basis of time actually spent on work performed against the total time expected required for that service.

The customer shall pay for the services provided on the basis of the clauses stipulated in the specific contract. The usual credit period is 10 to 30 days after the service has been delivered. In the event that the services provided by the Company exceed the payment, an asset is recognized under the contract. If payments exceed the services provided, a liability is recognized under the contract.

Revenues from sale of goods

Revenues from sales of goods and materials are recognized when the control over the assets is transferred. Delivery takes place when the assets have been submitted to the customer, the risks of potential losses have been transferred on to the buyer and he has accepted the assets in accordance with the sale contract. The usual payment term is up to 30 days after delivery.

The notes on pages 7 to 66 are an integral part of this separate financial statement.

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Principal or agent

When a third party participates in the provision of goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation relating to provision of the particular goods or services (principal) or to arranging the third party to provide these goods or services (agent).

The Company is a principal when it controls the promised goods or services prior to its transfer to the customer. However, the Company does not necessarily acts as a principal if it receives the ownership right of an asset only temporarily before the ownership right is transferred to the customer.

The Company is an agent if its performance obligation is to arrange the delivery of the goods or services by a third party. When the Company - agent fulfils the performance obligation, it recognizes revenue to the amount of the fee or commission it expects to be entitled to in exchange for arranging the goods and services to be provided by another party. The fee or commission of the Company may be the net amount of the consideration the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

The main activity of Bulgartransgaz EAD relates to transmission of natural gas through and on the territory of the country. The Company is primarily responsible for contract implementation and transport of the nominated natural gas quantities.

For some of its contracts Bulgartransgaz EAD has no power to set the prices of the services to its customers and thus the benefit that the Company can receive from these services is limited. However, this is due not to the agency function of the Company acting as an intermediary between the producers and customers/traders of natural gas, but to its function of independent transmission operator of the gas transmission system of Bulgaria conferred by the legislation.

As a result of the related sales of the Company, the complete consideration for the transported natural gas quantities is due, and upon arising of the receivable, Bulgartransgaz EAD is exposed to a credit risk for the receivable from the customer in exchange for the goods.

Material accounting estimates, valuations and assumptions related to revenue from contracts with customers are given in Note 5 and 6.

Balances under contracts

Trade receivables and assets under contracts

The receivable is the right of the Company to receive a remuneration of a certain amount that is unconditional (i.e. before the payment of remuneration becomes due, it is only necessary a certain period of time to expire).

The asset under contract is the right of the Company to receive remuneration in exchange for the goods or services it has transferred to the customer, but which is not unconditional (accrue to receive). If, through the transfer of goods and/or the provision of services, the Company fulfils its obligation before the customer pays the relevant remuneration and/or before the payment becomes due, a contract asset is recognized for the remuneration worked (which is conditional). Recognized contractual assets are reclassified as a trade receivable when the right to consideration becomes unconditional.

Liabilities under contracts

As a liability under a contract the Company presents the payments received from the customer and/or an unconditional right to receive a payment before fulfilling its contractual obligations. Liabilities under a contract are recognized as revenue when (or as) it discharges its performance obligations.

For some of its trade receivables, the Company is entitled to receive irrevocable and unconditional

bank guarantees, insurance policies or deposits to secure the respective receivable. The Company owes no interest for the time during which the amount of a deposit provided as a collateral has been retained by it, nor any additional payments of fees, expenses, etc. related to the collateral provided. The deposit shall be reimbursable and the bank guarantee released in the event of replacement of the form of financial collateral by the customer or upon termination of the contract with the customer when settling the relations with the Company.

Assets and liabilities arising from a contract shall be presented net in the statement of financial position even if they are the result of different contractual performance obligations under the contract.

After initial recognition, trade receivables and assets under the contract shall be reviewed for impairment in accordance with IFRS 9 Financial Instruments rules.

(b) Other revenue/income

Other revenue includes operations that are incidental to the main activities of the Company and are revenue or income recognized by other standards and beyond the scope of IFRS 15.

	Recognition approach
Net profit from sale of property, plant and equipment.	Profits or losses arising from the disposal of a property, plant, equipment or intangible asset as a result of a sale are included in the profit or loss when the asset is written off. The asset is written off when control over the sold asset is transferred.
Revenue from revaluation of property, plant and equipment.	Revaluation revenue is recognized as revenue to the extent of previously accrued expenses.
Surplus assets and liquidation of assets.	Revenue from asset surpluses is recognized when the surplus is established.
Revenue from financing	Where a grant (financing) is related to an expense item, it is recognized as revenue for the periods necessary to compare it on a systematic basis with the expenses it is intended to offset. When the grant (financing) is related to an asset, it is presented as a liability and included in the revenues over the useful life of the related asset.
Revenues from insurance events	Revenue is recognized when the right of the Company to receive payment is established.
Revenues from penalties	Revenue is recognized when the right of the Company to receive payment is established.
Revenues from write-off of liabilities	Revenues from write-off of liabilities are recognized when the liability period expires or the creditor gives up his rights.

(c) Interests and dividend revenue

Revenues include revenues from interest on funds invested, profit from foreign currency transactions, revenues from interests of long-term receivables. Revenue from interest is recognized in profit and loss at the time of its accrue using the effective interest rate method.

The dividend revenue is recognized when the right to receive it is established.

4.5 Expenses

Notes to the separate financial statement

Expense is a decrease in the economic benefit over the reporting period in the form of expiry or decrease in assets or accumulation of liabilities, thus resulting to decrease in the equity independently from the decrease due to an allocation to the sole owner.

Expenses of the Company shall be recognised at the time of their occurrence and based on the principles of accrual accounting and compatibility. Where the economic benefit is expected to be acquired over several reporting periods so the relationship with the income can be determined only in general and indirectly, expenses shall be recognized in the Statement of profit or loss and other comprehensive income on the basis of systematic and rational rescheduling procedures. The objective behind similar procedures is expenses to be recognised in these reporting periods when the related economic benefit regarding with these items, will be acquired and completely used. An expense shall be recognized immediately as current in cases where it will not result in future income or other economic benefit or when it is established that it is more likely that economic benefit not to be classified as an asset in the Statement of financial position.

A reported obligation with no asset acquisition is also recognised to be an expense, i.e. provision.

All expenses of the Company are initially reported in line with economic elements – costs for: materials, raw materials and consumables, external services, depreciations, personnel, taxes, fees and any other similar payments, assets impairment, provisions under liabilities, balance sheet value of the sold assets, excise duty, contribution to the Security of the Electricity Systems Fund, fines, penalties, deficits/gaps, representative funds, training and qualification, technological losses, etc. After being reported as costs by economic elements, all Company costs are distributed as expenses also for: main, auxiliary, social and management activity.

Costs for the main activity relate to the natural gas services offered:

- Natural gas transmission to third countries on the basis of contractual relations with customers;
- Access and transport of natural gas through the national gas transmission network, owned by the Company, through high pressure gas pipelines, from the gas metering stations to the gas distribution stations to be further on supplied to natural gas end consumers;
- Storage – activity involving natural gas injection and its subsequent withdrawal to be further on supplied to end users. It is carried out in Chiren UGS; and
- Balancing - purchase and sale of natural gas with a view to covering the individual imbalances of the gas transmission networks users.

The Company reports two types of expenses related to the execution of services (goods) contracts with customers: expenses for contract conclusion and expenses for the implementation of the contract. When expenses are not eligible for deferral under IFRS 15, they are recognized as current at the time when they are incurred when they are not expected to be recovered or the deferral period is up to one year.

The following operational expenses are always presented as current expense when they arise:

- General and administrative expenses (unless they are at the expense of the customer);
- Inventories write-off expenses;
- Expenses related to obligation performance;
- Expenses for which the company cannot determine whether they are related to a satisfied or unsatisfied performance obligation.

Interests and loans expenses

Financial expenses include interest expenses on loans, expenses resulting from an increase of liabilities due to approach by one period of the date fixed for the implementation of the obligations under defined benefit plans, and other financial operations - bank charges, commissions and others.

Notes to the separate financial statement

Loans expenses are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit and loss using the method of effective interest rate.
Profit and losses from foreign currency exchange differences are accounted on a net basis or as financial income or financial costs, depending on whether the exchange rate differences represent a net profit or net loss.

4.6 Property, plant and equipment

(a) Recognition and evaluation. Specific assets.

Initial recognition

Property, plant and equipment are initially measured at their acquisition cost, which includes costs directly related to acquisition of the asset. Cost of acquisition of self-constructed assets includes the following:

- material costs and direct labour;
- costs directly related to bringing the asset to the condition necessary for the intended use;
- when the company has the obligation to dismantle an asset or restore the terrain, estimate of costs of dismantling and restoring the site on which they are located;

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When property, plant and equipment include components with different useful lives, they are accounted for separately.

Subsequent evaluation

For the purposes of subsequent valuation of property, plant and equipment the Company applies the revaluation model in IAS 16. The revalued amount is the fair value on the date of revaluation, less subsequent depreciation and accumulated impairment losses.

The fair value of property, plant and equipment is determined based on market evidences presented in the report prepared by an independent certified appraiser.

Revaluation of property, plant and equipment is carried out every three years. When the fair value changes significantly for a shorter period this revaluation may be done more frequently.

Specific fixed asset to Bulgartransgaz EAD is the buffer gas in Chiren UGS and in the gas pipeline. It is a constant quantity that only supports usability of the storage and pipeline without participating in the quantity transported or used for own technological needs natural gas. These quantities should not decrease because it will reduce the capacity of Chiren Underground Gas Storage and the gas pipeline.

Buffer gas in Chiren UGS and in transit and main gas pipeline is divided into depreciable and non-depreciable buffer gas. Depreciable buffer gas in Chiren UGS is that quantity of gas that will remain in the underground reservoir after closure the exploitation of gas storage and cannot be used for commercial purposes.

Non-depreciable buffer gas is a part of buffer gas in Chiren UGS that could yield on the surface at a pressure of 35 bar of the gas pipeline upon currently available facilities.

Buffer gas in the gas pipeline is divided also into depreciable and non-depreciable buffer gas on the basis of the above assumption. Quantities buffer gas as well as their value are disclosed in *Note 13*.

Profits and losses upon writing off of property, plant and equipment (defined as a difference between the proceeds and the balance sheet value of the asset) are recognized net within other income/other expenses in profits and losses. When revalued assets are sold, the amounts included in the revaluation reserve are reclassified to retained earnings or loss.

At the end of each reporting period part of revaluation reserve is realized in accordance with the

Notes to the separate financial statement

use of the asset by the company. The amount of the revaluation realized represents the difference between depreciation based on the revaluated balance sheet value of the asset and depreciation based on the acquisition cost.

Subsequent expenses

Subsequent expenses are capitalized only when it is likely that future economic benefits of these expenses will be received by the Company. Current repairs and maintenance are recognized as an expense upon their occurrence.

Depreciation

Property, plant, facilities and equipment are depreciated from the date on which they are installed and ready for use or for the acquired in a commercial manner, from the date when the asset is completed and ready for use. Depreciation is recognized to the extent of the initial value of the asset minus the expected residual value of the asset on a straight-line method, based on the expected useful lives of each of the components of property, plant, facilities and equipment. Depreciation is accounted for in profit or loss unless it is included in the balance sheet value of another asset. Depreciation and amortization of assets acquired under finance leases are charged to the shorter period between the contract and their useful live unless it is reasonably certain the acquisition of ownership by the end of the contract term. Land is not depreciated.

The expected useful life terms for the current and comparative period are as follows:

Buildings	7 - 70 years
Plants, facilities and equipment	3 - 50 years
Computer equipment and office furniture	3 - 12 years
Transport vehicles	3 - 15 years
Depreciable buffer gas	75 years
All the rest	3 - 15 years

The depreciation methods, useful life and residual values are reviewed as at each reporting date and corrected if necessary. The rough estimates of property, plant and equipment were revised as at 31.12.2025 (see also *Note 13*).

(b) Impairment of non-financial assets

The accounted values of non-financial assets of the Company, other than inventories and deferred tax assets, are reviewed on each reporting date to determine whether there are signs of impairment. If any, a rough estimate of the recoverable amount of the asset is made. An impairment loss is recognized always if the balance value of an asset or a cash-generating unit (CGU), part of which it is, exceeds its recoverable value.

The recoverable value of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. In measuring the value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments, the money value over time and the risk specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are bundled together into the smallest possible bundle of assets that generates cash inflows from continuing use that are to a large extent independent of the cash inflows from other assets or CGU.

Impairment losses are recognized in profit and loss. Impairment losses recognized for CGU are allocated so as to reduce the assets accounting values in the unit proportionately. An impairment loss is recovered to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

4.7 Intangible assets

Notes to the separate financial statement

Intangible assets acquired by the Company, having a definite useful life are presented at acquisition price less accumulated depreciation and impairment losses.

Subsequent expenses

Subsequent expenses are capitalized only when they increase the future economic benefit of the asset to which they relate. All other expenses are recognized as an expense at the time of their occurrence.

Depreciation

Intangible assets are depreciated on a straight line basis in profit or loss based on their estimated useful economic life as of the date on which they are ready for use.

The expected useful life terms for the current and comparative period are as follows:

Licenses for storage and transmission of natural gas	4 - 35 years
Software licenses and mobile telecommunications and radiotelephone network	2 - 10 years
Software products	2 - 8 years
Others	3 - 25 years

Depreciation methods, useful life and residual values are reviewed as at each reporting date and corrected if necessary.

4.8 Investments in subsidiaries

Subsidiaries are all entities under the Company control. Control is exercised when the Company is exposed to, or is entitled to, variable returns from its participation in the investee, and is able to influence that return through its powers over the investee. Bulgartransgaz EAD has an investment in the subsidiary Balkan Gas Hub EAD amounting to 100% of the capital. In the separate financial statement of the Company, investments in subsidiaries are accounted for at cost.

The Company recognizes a dividend from a subsidiary in profit or loss in its separate financial statements when the right to receive the dividend is established.

4.9 Investments in joint ventures

The company determines the type of joint venture in which it participates, based on the rights and obligations laid down in the Joint activities agreement.
The joint venture is a contractual agreement in line with which the Company and other independent parties engage in an economic activity, which is subject to a joint control and the parties holding the joint control over the joint venture have the right to the joint venture net assets.
The Company accounts for its shareholding in joint ventures at cost.

Any subsequent variations in the percentage of Company's participation in the joint venture's equity are recognized in the carrying amount of the investment.

4.10 Inventories

Inventories include: fuels, operating gas, property of the Company, used to cover the technological needs, balancing natural gas, spare parts, equipment, office materials, stationery and consumables, goods, emission allowances, work in progress and finished goods, including produced condensate.
Inventories are accounted at the lower of their cost and their net realizable value. The cost of inventories is based on the weighted average principle, and includes the acquisition costs of inventories, production costs or processing and any other costs relating to bringing the inventories to their present location and condition. The cost of manufactured goods and unfinished production includes labour costs, social security expenses and depreciation costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete the production cycle and those expenses that are necessary to make the sale. Spare parts and spare

equipment are considered as property, plant, facilities and equipment when the company expects to use them longer than an accounting period and they are used only in connection with a certain property, plant, facilities and equipment. For their accounting policy 4.6 is applied.
The subsequent valuation of natural gas (inventory) shall be determined at a price at which the public supplier sells natural gas to the end suppliers of natural gas and to the persons, to whom a license for production and transmission of heat has been issued, determined with EWRC Decision for the respective month in MWh.

4.11 Financial instruments

The Company initially recognizes a financial asset at the time when the Company becomes a party to a contractual arrangement and classifies it according to its financial asset management model and the characteristics of the contracted cash flows.
The company deducts the financial liability (or part of a financial liability) from its statement of the financial position when and only when it is paid off - that is, when the obligation specified in the contract is fulfilled, cancelled or its term has expired.

(a) Financial assets

Classification and initial assessment of financial assets

Except for those trade receivables that do not have a significant financial component and which are measured at transaction price under IFRS 15, all financial assets are initially measured at fair value, adjusted for transaction expenses (where applicable).
Financial assets different from those which are created and effective as hedging instruments, are classified into one of the following categories:

- Amortized cost
- Fair value in the profit or loss
- Fair value in other comprehensive income

Classification is determined by both:

- Company's Business Model for Financial Asset Management;
- Characteristics of the contractual cash flow of the financial asset.

All revenues and expenses related to the financial asset which are recognized in the profit of loss are included in other expenses.

Subsequent evaluation of financial assets

Financial assets at amortized cost

Financial assets are evaluated at amortized cost if the assets meet the following requirements (and are not determined for measured under fair value in profit and loss):

- The company manages assets in a business model that aims to hold financial assets and collect contractual cash flows;
- Under the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal and interest payments on the outstanding amount of the principal.

This category includes non-derivative financial assets such as loans, receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is skipped when its effect is insignificant. Cash and cash equivalents, trade and other receivables and related party receivables are part of this category.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly correlated transaction costs. After initial recognition receivables are measured at amortized cost using the method of effective interest rate less the impairment losses.

Notes to the separate financial statement

Cash and cash equivalents

Cash and cash equivalents includes cash balances and call deposits with original maturities of three months or less from the date of acquisition, that are associated with insignificant risk of changes in their fair value and are used by the Company to manage short-term commitments.

Deposits with maturity of over three months are classified as short-term receivables in the separate statement of financial position.

Deposits set as securities for counterpart liabilities are classified as Cash provided as a collateral in the separate statement of financial position.

Impairment of financial assets

Financial assets that are within the scope of the impairment calculation are debt instruments evaluated at amortized cost.

The Company recognizes a revaluation allowance for expected credit losses from a financial asset, contract asset or credit obligation and a financial guarantee contract to which the impairment requirements apply. Expected credit losses are a probability-weighted estimate of the credit losses for the expected term of the financial instrument i.e. the cash deficit that represents the difference between the cash flows due to the Company and the cash flows that the Company expects to receive.

The Company wrote off a financial asset when the contractual rights on the cash flows from the asset are expired or the Company transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred. Any participation in transferred financial assets that are created or retained by the Company is acknowledged as a separate asset or liability.

The Company has the following non-derivative financial assets: trade and other receivables, receivables from related entities, cash and cash equivalents and cash provided as a collateral.

Impairment requirements under IFRS 9 use forward looking information to recognize the expected credit losses - the "expected credit loss" model.

Instruments that fall within the scope of the new requirements include loans and other debt financial assets measured at amortized cost, trade receivables, related party receivables, assets under contract recognized and measured in accordance with IFRS 15.

Recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead, the Company considers a wider range of information in assessing credit risk and estimating the expected credit losses, including past events, current conditions, reasonable and sustained estimates that affect the expected collection of future cash flow of the instrument.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of each shortage of money) over the expected term of the financial instrument. Cash deficiency is the difference between the cash flows payable to the Company in accordance with the contract and the cash flows that the Company expects to receive. As the expected credit losses account for the payment amount and deadline, an expected credit loss is recognized even if the Company expects the asset to be fully paid but later than the due date.

The calculation of the expected credit losses shall be determined based on the probability-weighted estimate of credit losses over the expected period of the financial instruments.

Significant increase of the credit risk

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly compared to the initial recognition. When making the estimate, the Company uses the change in the default risk arising during the life of the financial instrument instead of the change in the amount of expected credit losses. This assessment is made on the basis of a default risk comparison of the financial instrument at the reporting date by the default

Notes to the separate financial statement

risk occurred at the date of initial recognition. Information is identified without unnecessary cost or efforts.

(b) Financial liabilities

Financial liabilities classification and measurement

The financial liabilities of the company include loans received, trade and other liabilities. Financial liabilities are initially evaluated at fair value and, where applicable, adjusted for transaction costs unless the company has designated a certain financial liability as measured at fair value in profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest costs and, if applicable, changes in the fair value of the instrument that are reported in profit or loss are included in the financial expenses or financial revenues. Financial liabilities are initially recognized on their transaction date on which the Company becomes party under the contract conditions of the instrument. The Company wrote off a financial liability when its contractual obligations are discharged or cancelled or they are no longer valid.

Financial assets and liabilities are netted and the net amount is presented in the statement of financial position when, and only when the Company has a legal right to net the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.12 Equity, reserves and payment of dividends

The share capital of the Company represents the nominal value of the issued shares.

The revaluation reserve includes gains or losses from revaluation of non-financial assets.

The other reserves include:

- statutory reserves and general reserves formed in accordance with the effective commercial legislation and the Articles of Association of the Company
- reserve of revaluation on defined benefit plans - includes actuarial gains or losses from changes in demographic or financial assumptions and the return on plan assets.

Retained earnings include the current financial result and accumulated profits and uncovered losses from previous years.

Dividend payables to the sole owner are included in line "Liabilities to related parties" in the financial statement. All transactions with the sole owner of the Company are presented separately in the statement of changes in equity.

4.13 Employees benefits

Short-term employees benefits

The Company reports short-term liabilities for compensatory leaves arising from unused paid annual leave in cases where it is expected to be used within 12 months after the date of the reporting period during which employees have performed work related to these leaves. Short-term liabilities to staff include salaries and social security contributions.

Defined benefit plans

The Company has an obligation to pay income upon retirement to those employees who retire in accordance with Art. 222, § 3 of the Labor Code (LC). Pursuant to these provisions of the Labor Code and the Collective Labor Agreement in Bulgartransgaz EAD upon termination of the employment contract of an employee of the Company, who acquired the right to pension, the Company pays a compensation of twelve gross wages in the event that the employee has acquired length of service in the Company over 10 years as of the date of retirement and compensation of five gross wages if the employee has acquired length of service in the Company up to 10 years. As at the date of the financial statement, the Management estimates the total amount of the potential expenditures for all employees based on a report prepared by an actuary by applying the projected unit credit method.

Notes to the separate financial statement

The Company recognizes all actuarial profit and loss arising from defined benefit plan at the expense of the other comprehensive income.

In Note 25 to the separate financial statement is mentioned the amount of the obligation accrued and the main assumptions on which the valuation of the obligation is made.

4.14 Grants provided by the State

Greenhouse gas emission allowance trading

In accordance with the current European legislation, the Company receives emission allowances to settle its obligations arising from the pollutants emitted by it into the atmosphere. The government provides a certain number of emission allowances to be used within a certain period of time. The Company may trade these allowances with third parties to ensure the availability of emission allowances that correspond to its emissions into the atmosphere.

Due to a lack of accounting standard or interpretation under IFRS that specifically deals with the accounting transactions related to emissions of greenhouse gases (CO2 emissions), the Company's management has developed accounting policies that are considered as most relevant and reliable to meet the needs of the users of financial information. Pursuant to Directive 2003/87/EC, last amended by Directive 2018/410/EU for the period 2021 - 2025, based on fully harmonized rules, Bulgartransgaz EAD installations, depending on their level of activity, are allocated free of charge greenhouse gas emissions allowances. The emissions provided are not reported as an asset or purchase, and upon sale, if any, the gross value of the sale of emissions shall be accounted. The greenhouse gas emissions (CO2 emissions) allowances received free of charge by the state shall not be recognized in the statement of financial position and are subject to off-balance sheet monitoring. When the annual emissions exceed the available allowances, the obligation for the excess is measured at the fair value of greenhouse gas emissions at the end of the reporting period for which are due and provision is accrued. The value of the provision is determined based on the best estimate of the costs as of the reporting date that would arise to settle the obligation. The total number of allowances reached is determined by presenting a report verified by an independent, accredited verification body.

Bulgartransgaz EAD holds a Greenhouse gas emissions permit. In accordance with provision 5 of the Permit, as well as in connection with the requirements of Art. 48(1) of the Climate change mitigation act, the Company is obliged by 30.09 (Amended - SG, 16 of 2024, effective as of 23.02.2024) of the current year, to surrender a certain number of allowances equal to the total emissions from the installation during the previous year, verified by a registered independent verifier.

The necessary number of greenhouse gas emission allowances shall be ensured through purchase, with the allowances being transferred to a special account of the installation operators in the National register, administered by the Executive Environmental Agency.

The available allowances in Bulgartransgaz EAD account in the National register shall be reported as an asset upon their acquisition and as current operating expense when the greenhouse gases emitted as a result of the Company's activities exceed the available allowances in the account, up to the amount of the emitted quantity. The difference between the available allowances in the account and the emitted greenhouse gases shall be presented in the Company's financial statement as a current asset.

As at 31 December of the current year, the Company shall report provisions for a shortage of greenhouse gas emission allowances when there is a difference between the actually emitted and verified CO_2 and the available CO_2 for the current year at the Company's account in the National register at the end of the year. The value of the provisions shall be calculated in accordance with the average sale price at the spot segment, announced by the European Energy Exchange (EEX) after the end of the financial year until the date of the verification report issued by an independent accredited verification body. The provision for greenhouse gas emissions shall be presented in the separate financial statement of the Company as a current liability.

Notes to the separate financial statement

Grants provided by the State bound with assets

Grants provided by the State are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Company will meet the conditions connected with the funds. Afterwards they are recognized in profit and loss as other income on a systematic basis for the useful life of the asset.

Grants that compensate the Company for the expenses incurred are acknowledged in profit or loss on a systematic basis in the periods in which they arise.

4.15 Foreign Currency Transactions

The transactions in foreign currency are recorded into the functional currency at the exchange rate applicable on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are recorded into the functional currency at the exchange rate of the BNB on the day of the statement of financial position. Profit or loss from exchange differences arising on monetary positions is the difference between the amortized cost in the functional currency in the beginning of the period, corrected with the effective interest and payments during the period, and the amortized cost in foreign currency accounted at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are reported at fair value are converted to the functional currency at the exchange rate on the date to which the fair value was determined. Non-monetary assets and liabilities in foreign currency which are assessed at historical cost are converted into the functional currency at the exchange rate on the date of the transaction. Exchange rate differences arising of conversion are accounted in profit and loss.

Since 1 January 1999 the exchange rate of the Bulgarian lev (BGN) is fixed to the euro (EUR). The exchange rate is BGN 1.95583 / EUR 1.0.

4.16 Income taxes

Expenses for taxes recognized in profit or loss include the sum of deferred and current taxes that are not recognized in the other comprehensive income or directly in equity.

Current tax assets and/or liabilities represent the liabilities to or receivables from tax institutions related to current or previous reporting periods that have not been paid as at the date of the financial statements. Current tax shall be payable on the taxable income that differs from profit or loss in the financial statements. The calculation of current tax is based on tax rates and tax laws in force at the end of the reporting period.

The Company has determined that the additional national tax introduced in connection with the minimum tax requirements that it must pay under Pillar Two legislation, is an income tax within the scope of IAS 12. The Company has applied a temporary mandatory relief from accounting for deferred taxes for the impact of the additional tax and accounts for it as current tax when it arises.

Deferred taxes shall be calculated by applying the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax basis. Deferred tax shall not be provided for the initial recognition of an asset or liability, unless the relevant transaction affects tax or accounting profit.

Deferred tax assets and liabilities shall not be discounted. Tax rates are used in their calculation that are expected to be applicable for the period of their realization, provided that they have entered into force or are certain to become effective by the end of the reporting period.

Deferred tax liabilities shall be recognized in full.

Deferred tax assets shall be recognized only if they are a probability to be utilized by future taxable incomes.

Deferred tax assets and liabilities shall be reimbursed only when the Company has the right and intention to reimburse current tax assets or liabilities from the same tax institution.

The change in deferred tax assets or liabilities shall be recognized as a component of the tax revenue or expense in the profit or loss, unless they are related to items recognized in the other

Notes to the separate financial statement

comprehensive income or directly in equity, in which case the respective deferred tax is recognized in the other comprehensive income or in equity.

4.17 Contingent assets, contingent liabilities, provisions

Provisions shall be recognized when it is probable that current liabilities as a result of past event will lead to an outflow of resources from the Company and a reliable estimate of the amount of the liability can be made. The timing or amount of the cash outflow may be uncertain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events, such as guarantees, legal disputes or onerous contracts. Provisions for restructuring shall be recognized only if a detailed formal restructuring plan has been developed and implemented or management has disclosed the highlights of the restructuring plan to those that would be affected. Provisions for future operating losses shall not be recognized.

The amount recognized as a provision shall be calculated on the basis of the most reliable estimate of the costs, necessary to settle the current liability at the end of the reporting period, taking into account the risks and uncertainties related to the current liability. When a number of such liabilities exist, the probable need for an outflow to repay the liability shall be determined by considering the group of liabilities as a whole. Provisions shall be discounted when the effect of time differences in the value of the money is significant.

Compensations from third parties with regard to a liability that the Company is certain to receive, shall be recognized as a separate asset. This asset may not exceed the value of the relevant provision.

Provisions shall be reviewed at the end of each reporting period and their value shall be adjusted to reflect the best estimate.

In cases where an outflow of economic resources is considered unlikely to occur as a result of a current liability, a liability shall not be recognized. Contingent liabilities should be subsequently measured at the higher value between the comparable provision described above and the amount initially recognized, decreased by the accumulated depreciation.

Probable inflows of economic benefits, that do not yet meet the criteria for recognition of an asset, shall be considered contingent assets. They are described together with the contingent liabilities of the Company in Note 34.

4.18 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in bank accounts, non-maturity deposits and deposits of up to 3 months, short-term and highly liquid investments that are readily convertible to specific cash amounts and are subject to an insignificant risk of changes in value.

4.19 Significant management judgements in applying accounting policies. Uncertainty of accounting estimates.

In preparing this separate financial statement, the management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets and liabilities, income and expenses. The actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. The revision of estimates is prospectively recognized. In preparing the submitted separate financial statement, the significant management judgements in applying the Company's accounting policies and the main sources of uncertainty of the accounting estimates, do not differ from those disclosed in the interim financial statement of the Company as of 30 June 2025.

Information on the material assumptions, measurements and estimates that have the most significant effect on the recognition and measurement of assets, liabilities, revenues and expenses is shown below.

Notes to the separate financial statement

Impairment of non-financial assets

An impairment loss is recognized as the amount by which the carrying amount of an asset or cash-generating unit exceeds their recoverable amount, which is the higher of fair value less costs of asset sale and its value in use. In order to determine the value in use, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. In calculating the expected future cash flows, the management makes assumptions about the future gross profits. These assumptions are related to future events and circumstances. The actual results may differ and may require significant adjustments in the Company assets in the next reporting year.

In most cases, when determining the applicable discount factor, an assessment is made of the appropriate adjustments related to market risk and asset-specific risk factors.

The Company has reported impairment losses on non-current assets in the amount of BGN 87,367 thousand in 2025 (2024: revaluation BGN 557,262 thousand) to reduce the carrying amount of non-current assets to their recoverable amount.

Useful life of depreciable assets

The management reviews the useful lives of depreciable assets at the end of each reporting period. As of 31.12.2024, an assessment of the fair value of property, plant, equipment, cushion gas and vehicles was made by an independent licensed appraiser and the useful life of the depreciable assets was reviewed.

The carrying amounts of assets are analysed in notes 13 and 14. The actual useful life may differ from the evaluation made due to technical and moral obsolescence, or other factors that could subsequently affect the determination of useful lives.

Inventories

Inventories are valued at the lower of cost and net realizable value. In determining the net realizable value, the management takes into account the most reliable information available at the date of the estimate. Determination of impairment requires management to evaluate the turnover of inventories, mostly by putting them into use, including their use for technological purposes. The Company's management believes that the carrying amount of inventories, consisting primarily of natural gas and spare parts, is the best estimate of their net realizable value at the date of the statement of financial position, as required by IAS 2 Inventories. In 2025, the Company reported an impairment loss of natural gas in the amount of BGN 7,747 thousand. (2024: BGN 19,557 thousand).

Measuring of the expected credit losses

Credit losses represent the difference between all contracted cash flows owed to the company and all cash flows that the company expects to receive. Expected credit losses are probability-weighted estimate of credit losses that require the company's assessment. Expected credit losses were discounted at the original effective interest rate (or at the loan-adjusted effective interest rate for purchased or initially created financial assets with credit impairment).

The assessment on the expected credit loss of long-term receivables was prepared on an individual basis taking into account all available facts and circumstances accompanying the existence and assessment of the receivables including the expected development of the procedural actions taken by the Company.

At each reporting date, the management assesses whether the credit risk of a financial instrument has increased significantly compared to the initial recognition.

Defined benefit payment obligation

The Management estimates, once a year, with the help of an independent actuary the obligation to pay defined benefit. The actual value of the obligation may differ from the preliminary estimate due to its uncertainty. The estimate of the obligation to pay defined revenues amounting to BGN

Notes to the separate financial statement

12,500 thousand (2024: BGN 10,806 thousand) is based on statistical indicators of inflation, health care expenses and mortality. Another factor that has an impact is the future salary increases provided for by the Company. The discount factors are determined at the end of each year against the interest rates of long-term risk-free bonds denominated in the currency in which the defined benefit (Bulgarian lev) will be paid and which have a maturity corresponding approximately to the maturity of the respective pension liabilities. Uncertainty in the estimate exists regarding the actuarial assumptions, which may vary and impact significantly the value of the obligations to pay defined benefits and the related expenses.

Provisions and contingent liabilities

The Company is currently defendant in several court cases the outcome of which may result in liabilities other than the sum of the provisions recognized herein. Provisions will not be considered here in greater detail to avoid any prejudice related to the Company's position in the above court cases.

As at 31 December of the current year, the Company shall report provisions for a shortage of greenhouse gas emission allowances when there is a difference between the actually emitted and verified CO_2 and the available CO_2 for the current year at the Company's account in the National register at the end of the year. The value of the provisions shall be calculated in accordance with the average sale price at the spot segment, announced by the European Energy Exchange (EEX) after the end of the financial year until the date of the verification report issued by an independent accredited verification body.

Fair values

Some of the Company's accounting policies and disclosures require fair values measurement for financial and non-financial assets and liabilities.

The Company has established a control framework of fair values measurement. Significant unobservable input data and adjustments of the estimates are being regularly examined. If information by third parties such as quotations from brokers or similar services, is used to measure the fair values, then the evidence obtained from third parties is assessed to support the conclusion that such measurements meet the requirements of IFRS, including the level in the fair value hierarchy in which such measurements should be classified.

As at 31 December 2025, the Company management has awarded review of the carrying amounts, recoverable amounts and the useful life of the non-current assets to an external appraiser.

More information about the assumptions made in fair value measurement is included in Note 31 Risks related to financial instruments and Note 33 Fair values measurement.

Uncertainty in determining the Company's corporate tax liabilities and uncertain contingent tax liabilities

Due to the specificity and complexity of the calculations in the introduced rules for income tax under Pillar Two, there may be deviations between the calculated income tax and the actual income tax payable on the payment date. Based on the rules introduced in the Corporate Income Tax Act, the additional income tax will be declared and payable 18 months after the end of 2025. The Company's management has worked based on the available rules and guidelines published by the OECD, however, the amount recognized in 2025 financial statements may differ from the amount that will actually be reported to tax authorities.

Notes to the separate financial statement

5. Revenues

Segment information for revenues under customer contracts

The main revenue groups under customer contracts include:

in BGN thousand	**2025**	**2024**
Revenues from natural gas transport along the gas transmission network - License №Л-214-09	756,322	742,992
Revenues from natural gas transport along the gas transmission network - License №Л-214-06	131,744	125,851
Revenues from natural gas storage – License №Л-214-10	30,503	35,918
Revenues from balancing	44,322	44,380
Gas in-kind - non-cash consideration, received by the customer under a natural gas transport contract	113,398	115,345
	1,076,289	1,064,486

By location/Geographic markets

in BGN thousand	**2025**	**2024**
Internal market	195,362	205,389
Foreign markets	880,927	859,097
	1,076,289	1,064,486

Time of revenues recognition

in BGN thousand	**2025**	**2024**
Products and services transferred over time	1,076,289	1,064,486
	1,076,289	1,064,486

The Company recognizes revenues from provision of services over time by the types presented in the table above.

The revenues from the activity are formed from the provision of access and transport services along the gas transmission network, from carrying out natural gas storage services in Chiren UGS, owned by Bulgartransgaz EAD and from concluded binding contracts for capacity booking for a period of 20 years after conducted Open Season procedure, according to the pan-European legal framework.

When performing the service of access and transport of natural gas, natural gas is required for the operation of the compressor stations and for other technological needs, which is a technological gas (gas for technological needs). The technological gas can to be provided in kind (free of charge) by the users. Bulgartransgaz EAD accounts for this free of charge gas as current revenue and current expense. Under the new IFRS 15, the received gas in-kind is considered as non-cash consideration received by the customer for contract implementation.

With respect to the Natural Gas Balancing Rules, Bulgartransgaz EAD, in its capacity of a balancing entity, performs commercial balancing of the natural gas market, i.e. offsetting of the differences between the quantity of natural gas input by a gas transmission network user at entry points, and the quantity of natural gas off-taken by him at the network's exit points. The obligation of the balancing entity is to cover the individual imbalances of the gas transmission networks' users. In this regard and in accordance with the "Entry-exit" tariff model, contracts for natural gas purchase and sale for balancing were concluded with the customers and the Company has realized revenues from balancing.

Notes to the separate financial statement

6. Other revenue

in BGN thousand	**2025**	**2024**
Revenue from financing	12,066	12,059
Revenue from joint ventures	1,363	155
Revenues from sale of goods	1,046	822
Revenue from services provided in TRC Republika	306	330
Revenues from funding for electric power	233	422
Revenue from connection and hazardous natural gas works	188	168
Revenue from liquidation of properties, plant and equipment	184	178
Revenue from use of auxiliary network resources	144	144
Revenue from collocation	132	131
Revenues from penalties	908	106
Revenue from optic fibre rent	93	562
Insurance compensations	46	94
Miscellaneous	442	829
	17,151	16,000

Main part of the Other revenues of the Company fall beyond the scope of IFRS 15 and shall be recognized by other standards.

Other revenues within the scope of IFRS 15 are, as follows:

in BGN thousand	**2025**	**2024**
Products transferred at a certain point of time		
Revenues from sale of goods	1,046	822
Products and services transferred over time		
Revenue from services provided in TRC Republika	306	330
Revenue from use of auxiliary network resources	144	144
Revenue from connection and hazardous natural gas works	188	168
Revenue from collocation	132	131

Detailed description of the accounting policy for revenue recognition is given in Note 4.

7. Technological expenses

The total costs for technological needs for 2025 amount to BGN 152,576 thousand (2024: 140,208 thousand), including technological costs for natural gas transport from the border with Türkiye to the border with Greece, Serbia and North Macedonia in the amount of 141,957 thousand BGN (2024: BGN 127,209 thousand).

The in-kind technological gas received for natural gas transmission from the border with Türkiye to the border with Greece, Serbia and North Macedonia, shall be recognized as current revenue. The received in-kind gas is used to maintain the operation of compressor stations in connection with gas transmission and is accounted for as a current expense for technological needs.

Notes to the separate financial statement

8. Expenses for materials

in BGN thousand	2025	2024
Electric power, water and heat	3,357	3,620
Basic materials, including:	1,463	1,835
- Spare parts	1,238	1,520
- Others	225	315
Auxiliary materials, including	2,293	2,556
- Fuels and lubricants	1,146	1,269
- Vehicle spare parts and accessories	397	356
- Business inventory	87	72
- Tools	19	24
- Other auxiliary materials	644	835
	7,113	8,011

9. External services expenses

in BGN thousand	2025	2024
Gas pipeline inspection	11,493	2,935
Security	5,073	4,342
Insurance	5,095	4,215
Subscription service	2,650	1,813
Repair and maintenance	3,228	1,298
Garbage disposal fees, property tax and vehicle taxes	1,274	1,162
Consulting services	987	1,202
Communications	287	267
Civil contracts	112	136
Laboratory tests	162	112
Advertising	124	97
Vehicles expenses	71	96
Other expenses for external services	1,127	161
	31,683	17,836

The remuneration for audit services for 2025 amounts to BGN 69 thousand, excluding VAT. The amount of remuneration includes independent financial audit on Bulgartransgaz EAD annual separate financial statement for 2025 to the amount of BGN 38 thousand and a review of the interim separate and consolidated financial statement of Bulgartransgaz EAD by 30 June 2025 in accordance with the requirements of the International Standard on review engagements (ISRE) 2410 amounting to BGN 21 thousand. The remaining part of the remuneration is for audit of the consolidated financial statements.

During the year, the auditor has not provided tax consultations.

10. Expenses for employees' remuneration

in BGN thousand	Notes	2025	2024
Salaries and staff social expenses		75,197	70,094
Social security contributions		9,015	8,600
Expenses related to defined benefit plans	25	656	622
Unused paid annual leave		2,432	2,234
Contributions on unused paid annual leave		414	368
		87,714	81,918

The notes on pages 7 to 66 are an integral part of this separate financial statement.

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Notes to the separate financial statement

The average number of personnel in 2025 was 943 people (2024: 954).

11. Other expenses for the activity

in BGN thousand	**2025**	**2024**
Expenses for the Energy System Security Fund	45,929	45,238
Excise duties	5,421	5,021
Expenses for pollution emission allowances	3,117	830
Membership fees of organizations	644	650
Licence fees	511	446
Business trips	435	586
Insurance event	429	1
Taxes on expenses	331	538
Training and qualification	261	219
Waste of inventories	111	82
Donations	196	20
Waste/scrap and missing properties, plant, equipment	144	9,945
Non-depreciable assets write-offs	-	992
Representation expenses	74	61
Fines on legal acts	4	12
Miscellaneous	174	306
	57,781	64,947

12. Financial revenues and expenses

Financial revenues and expenses recognised in profits and losses

in BGN thousand	**2025**	**2024**
Interest expenses on financial liabilities carried at amortized cost	(30,926)	(55,363)
Loss from exchange differences, net	(36,750)	-
Expenses for bank charges/commissions	(1,832)	(33)
Interest expenses related to defined benefit plans	(425)	(384)
Financial expenses on financial liabilities that are not measured at fair value in profit or loss	(69,933)	(55,780)
Revenues from interest on financial assets at amortized cost	13,515	19,912
Profit from foreign exchange differences, net	-	21,560
Other financial revenues	46,272	-
Financial revenue	59,787	41,472
Net financial, revenues/(expenses) recognized in profit and loss	(10,146)	(14,308)

Interest expenses amount to BGN 30,926 thousand; (2024: BGN 55,363 thousand), of which BGN 19,337 thousand are interests under bank loans (2024: BGN 42,432 thousand).

Interest revenues amount to BGN 13,515 thousand; (2024: BGN 19,912 thousand), of which BGN 10,704 thousand are interest revenues on deposits and cash provided as collateral (2024: BGN 17,535 thousand).

Notes to the separate financial statement

13. Property, plant and equipment

in BGN thousand	Lands and buildings	Plants, facilities and equipment	Buffer (cushion gas)	Transport vehicles	Business inventory	Under construction	Advance payments for non-current asset acquisition	Total
Book value								
Balance as at 1 January 2025	121,977	6,256,766	521,253	15,104	13,670	314,208	207,127	7,450,105
Acquired	52	4,066	-	2,241	1,219	350,064	704	358,346
Written-off	-	(138)	-	(178)	(3)	(9,783)	(102,176)	(112,278)
Impairment at the expense of revaluation reserve	-	-	(87,367)	-	-	-	-	(87,367)
Netting against accumulated depreciation	-	(105)	(6,487)	(59)	(134)	-	-	(6,785)
Transfers	6,070	332,773	-	-	1,843	(340,686)	-	-
Balance as at 31 December 2025	128,099	6,593,362	427,399	17,108	16,595	313,803	105,655	7,602,021
Depreciation and impairment								
Balance as at 1 January 2025	355	-	-	5,279	10,235	-	-	15,869
Depreciation expenses	2,884	323,692	6,487	1,348	1,528	-	-	335,939
Netting against accumulated depreciation	-	(105)	(6,487)	(59)	(134)	-	-	(6,785)
Balance as at 31 December 2025	3,239	323,587	-	6,568	11,629	-	-	345,023
Balance sheet value								
Balance as at 1 January 2025	121,622	6,256,766	521,253	9,825	3,435	314,208	207,127	7,434,236
Balance as at 31 December 2025	124,860	6,269,775	427,399	10,540	4,966	313,803	105,655	7,256,998

The notes on pages 7 to 66 are an integral part of this separate financial statement.

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

Notes to the separate financial statement

in BGN thousand	Lands and buildings	Plants, facilities and equipment	Buffer (cushion gas)	Transport vehicles	Business inventory	Under construction	Advance payments for non-current asset acquisition	Total
Book value								
Balance as at 1 January 2024	115,255	6,090,929	608,497	13,426	12,894	42,195	181,926	7,065,122
Acquired	92	9,212	-	2,759	817	406,313	141,290	560,483
Written-off	-	(9,933)	-	(6)	(3)	(17,222)	(116,089)	(143,253)
Revaluation	10,865	629,362	-	754	-	-	-	640,981
Impairment reimbursed at the expense of profit	5	181	-	19	-	-	-	205
Impairment at the expense of revaluation reserve	(100)	(3,850)	(79,765)	(4)	-	-	-	(83,719)
Netting against accumulated depreciation	(4,738)	(575,387)	(7,479)	(1,844)	(266)	-	-	(589,714)
Transfers	598	116,252	-	-	228	(117,078)	-	-
Balance as at 31 December 2024	121,977	6,256,766	521,253	15,104	13,670	314,208	207,127	7,450,105
Depreciation and impairment								
Balance as at 1 January 2024	2,622	284,681	-	5,813	9,043	-	-	302,159
Depreciation expenses	2,471	290,706	7,479	1,310	1,458	-	-	303,424
Netting against accumulated depreciation	(4,738)	(575,387)	(7,479)	(1,844)	(266)	-	-	(589,714)
Balance as at 31 December 2024	355	-	-	5,279	10,235	-	-	15,869
Balance sheet value								
Balance as at 1 January 2024	112,633	5,806,248	608,497	7,613	3,851	42,195	181,926	6,762,963
Balance as at 31 December 2024	121,622	6,256,766	521,253	9,825	3,435	314,208	207,127	7,434,236

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Notes to the separate financial statement

The buffer /cushion/ gas of the Company is a specific non-current asset, a material part of which is the gas stored in the underground gas storage Chiren UGS and the remaining part is in the gas pipeline. Buffer gas is divided into depreciable and non-depreciable. Depreciable buffer gas in Chiren UGS is that quantity of gas that will remain in the underground reservoir after decommissioning of the gas storage. Non-depreciable buffer gas is part of the buffer gas in Chiren UGS that could be withdrawn on the surface at 35 bar pressure of the gas pipeline by the currently available facilities.
Buffer gas in the transit and main gas pipeline is also divided in depreciable and non-depreciable, and depreciable is the quantity of natural gas, which cannot be off-taken in case of gas pipeline liquidation.
More detailed information about the allocation of buffer gas is presented below:

	Balance value - thousands BGN	
	Depreciable	Non-depreciable
2025		
Buffer gas - main gas pipelines	747	11,003
Buffer gas - Chiren UGS	299,699	100,335
Buffer gas - transit gas pipelines	1,145	14,470
	301,591	125,808
2024		
Buffer gas - main gas pipelines	915	13,252
Buffer gas - Chiren UGS	367,409	120,845
Buffer gas - transit gas pipelines	1,404	17,428
	369,728	151,525

As at 31 December 2025, the Company management reviewed the carrying values, recoverable amounts and the useful life of the non-current assets. Management's estimates are based on examination by an independent appraiser as at the date of the financial statements. The valuation was made in accordance with the requirements of IAS 16 "Property, Plant and Equipment" and IFRS 13 "Fair Value Measurement", as well as in compliance with the requirements of International Accounting Standards (IAS).
An impairment test was carried out finding out that, as at the evaluation date, there is a deviation of more than the allowable, according to the Company's accounting policy 5% of the cushion gas and an impairment loss for 2025 in the amount of BGN 87,367 thousand has been recognized at the expense of revaluation reserve.
For information on determining the fair value of assets in the Property, plant and equipment group, refer to Note 33.
All depreciation and impairment expenses are included in the separate statement of profit or loss and the other comprehensive income in line "Depreciation and impairment expenses of non-financial assets".
The Company has not pledged property, plant and equipment as a collateral for its liabilities.

Property, plant and equipment run into operation

Bulgartransgaz EAD is the owner and operator of a transmission and storage of natural gas infrastructure, part of the single European gas network. The company operates in a dynamic, constantly changing world and European energy market accordingly.
The number of entry and exit points of the gas transmission network and their capacities are expected to continue to increase in the coming years. This comes as a result from implementation and development of the interconnection projects with Greece and Serbia, reversal of the existing interconnections and realisation of the project for expansion of the infrastructure between the Bulgarian-Turkish and the Bulgarian-Serbian border. These projects will enable natural gas supply from various sources, including the liquefied natural gas terminals in neighbouring countries, which in turn will contribute to boost the competition and will positively impact natural gas consumers in the country and the region. This will stimulate as well the demand for natural gas storage capacity.
The substantial assets constructed and run into operation in 2025 are the following:

- Repair of transit gas pipeline Dn 1000 to the the Republic of Greece and the Republic of North Macedonia in the section between VA (Valve assembly) Yavorovo and VA Gorno Belevo in the amount of BGN 19,870 thousand;
- Expansion of Chiren UGS capacity - above-ground part in the amount of BGN 311,032 thousand.

Property, plant and equipment under construction

The main sites under construction as at 31 December 2025 are the following:

- Construction and commissioning of site: Expansion of Chiren UGS Capacity - Wells;
- Expansion of Bulgartransgaz EAD gas transmission infrastructure to increase the capacities at interconnection points Kulata/Sidirikastro and Negru Voda/Kardam, including: Looping from Kulata to Kresna, Looping from Rupcha to Vetrino, site Gas transmission pipeline from Piperevo to Pernik;
- Compressor station Kardam - reversal and expansion of the capacity of its control system;

Advance payments for assets' acquisition

The advance payments for assets acquisition in the total amount of BGN 105,655 thousand (2024: BGN 207,127 thousand) refer mostly to: advance payments under concluded contracts for construction and commissioning of new sites for expansion of the gas transmission infrastructure of Bulgartransgaz EAD in order to increase the capacities at interconnection points Kulata/Sidirikastro and Negru Voda/Kardam, including: Looping from Kulata to Kresna, Looping from Rupcha to Vetrino, site Gas transmission pipeline from Piperevo to Pernik, investment design, procurement of the necessary materials and equipment, construction and commissioning of site: Reversal and expansion of the capacity of Compressor Station Kardam control system.

Commitments for acquisition of property, plant and equipment

The commitments for acquisition of property, plant and equipment are all concluded contracts the Company for construction and commissioning of assets. They relate mostly to the gas transmission network, including all facilities required for its maintenance.

14. Intangible assets

in BGN thousand	**Software**	**Patents and licenses**	**Others**	**Total**
Book value				
Balance as at 1 January 2025	13,934	1,123	1,922	16,979
Acquired	3,689	-	-	3,689
Written-off	(85)	-	-	(85)
Balance as at 31 December 2025	17,538	1,123	1,922	20,583
Depreciation				
Balance as at 01 January 2025	9,410	797	1,730	11,937
Depreciation expenses	2,072	46	127	2,245
Written-off	(85)	-	-	(85)
Balance as at 31 December 2025	11,397	843	1,857	14,097
Balance sheet value				
Balance as at 1 January 2025	4,524	326	192	5,042
Balance as at 31 December 2025	6,141	280	65	6,486

Notes to the separate financial statement

in BGN thousand	**Software**	**Patents and licenses**	**Others**	**Total**
Book value				
Balance as at 1 January 2024	13,257	1,122	1,922	16,301
Acquired	726	1	-	727
Written-off	(49)	-	-	(49)
Balance as at 31 December 2024	13,934	1,123	1,922	16,979
Depreciation				
Balance as at 01 January 2024	7,832	751	1,602	10,185
Depreciation expenses	1,624	46	128	1,798
Written-off	(46)	-	-	(46)
Balance as at 31 December 2024	9,410	797	1,730	11,937
Balance sheet value				
Balance as at 1 January 2024	5,425	371	320	6,116
Balance as at 31 December 2024	4,524	326	192	5,042

All depreciation costs are included in the separate statement of profit or loss and the other comprehensive income in line "Depreciation and impairment costs of non-financial assets". The Company has not pledged intangible assets as collateral for its liabilities.

A significant part of the Company's intangible assets, acquired in 2025, is the purchase of licensed software: a system locating the deployment and activation of malicious software, a system for a modern solution for proactive protection of workstations, a system for detecting and stopping hybrid threats in real time, a system for protecting WEB traffic, and others, designed to ensure the operation of administrative processes and protect the IT infrastructure in the Company from cyberattacks.

At the end of the reporting period, the Company has no commitments to acquire intangible assets.

15. Investment in subsidiaries and joint ventures

		31 December 2025		**31 December 2024**	
	Country of incorporatio	**Share** %	**Value of the investments** *thousand BGN*	**Share** %	**Value of the investments** *thousand BGN*
Subsidiary					
Balkan Gas Hub EAD	Bulgaria	100	500	100	500
Investments in subsidiaries			500		500
Joint ventures					
Bulgartel AD	Bulgaria	50	469	50	931
Impairment			(235)		(462)
Bulgartel AD, net			234		469
Gastrade S.A.	Greece	20	36,814	20	36,814
Investment in joint ventures			37,048		37,283

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Notes to the separate financial statement

Subsidiaries

Balkan Gas Hub EAD

By Decision of the Management Board of 15 January 2019 and approval by the Company Supervisory Board, Bulgartransgaz EAD established a sole-owned joint-stock company named Balkan Gas Hub EAD. The new Company was entered in the Commercial Register and the Register of NPLE at the Registry Agency on 18 January 2019.

The value of the investment amounts to BGN 500 thousand, which is also the amount of the registered capital of the subsidiary.

Balkan Gas Hub EAD primary business involves the establishment and operation of electronic platform providing conditions for conclusion of bilateral transactions and exchange market with physical and non-physical products – natural gas, energy products, energy carriers, energy green and white certificates, carbon emissions and other energy consumption products. Balkan Gas Hub EAD shares are not quoted on a stock exchange.

The investment in Balkan Gas Hub EAD was reflected in Bulgartransgaz EAD financial statements by the cost method.

The Company has not received any dividends during the reporting period and has no contingent liabilities or other undertaken commitments related to the investment in the subsidiary.

Joint ventures

Bulgartel AD

By virtue of a decision of the Board of Directors of Bulgarian Energy Holding EAD and a permission by the Minister of Energy, in 2017 Bulgartransgaz EAD capital was increased in line with Article 193 of the Commercial Act through non-cash contribution (apportionment), representing 50% of the shares of Bulgartel AD, owned by BEH EAD. The in-kind contribution amounts to 3,203 thousand shares of Bulgartel AD capital and amounts to BGN 3 256 thousand. On 23 November, 2017 the capital increase with the non-cash contribution was registered in the Commercial Register.

The rest of the capital and the voting rights are owned by Electricity System Operator EAD. The allocation of capital and voting rights are the basis for classifying the investment as such in a joint venture.

Bulgartel AD has its registered office in the Republic of Bulgaria. Bulgartel AD primary business includes commercial, marketing and engineering activities in telecommunications, construction, use and maintenance of telecommunication networks and information systems, and provision of telecommunication and information services, as well as any other activity not prohibited by law. Bulgartel AD shares are not quoted on a stock exchange.

The investment in Bulgartel AD is carried at cost in the separate financial statement. As at 31 December 2025, Bulgartransgaz EAD investment in Bulgartel AD was evaluated by a licensed appraiser in order to express an opinion on the market value of Bulgartel AD equity.

Based on the expert evaluation, the Company has estimated that the carrying amount exceeds the recoverable amount of the investment and as a result has recognized an impairment in the amount of BGN 235 thousand. (2024: BGN 462 thousand), included in line Depreciation of an investment in a jointly controlled entity in the separate statement of profit or loss and the other comprehensive income. As at 31 December 2025, the carrying amount of investment was its recoverable amount of BGN 234 thousand. (31.12.2024: BGN 469 thousand).

The Company has not received any dividends during the reporting period and has no contingent liabilities or other undertaken commitments related to the investment in Bulgartel AD.

Gastrade S.A.

In line with a Council of Ministers' Decision of 8 January 2020 Bulgartransgaz EAD acquired a shareholding in Gastrade S.A. amounting to 20% of its capital. The Agreement for purchase and sale of shares from Gastrade S.A. capital between the seller, who is a natural person and Bulgartransgaz EAD was signed on 21.08.2020.

Notes to the separate financial statement

On 28 January 2021 the transaction for acquisition of a shareholding in Gastrade S.A. amounting to 20% of its capital has been finalized by Bulgartransgaz EAD and on the same date Bulgartransgaz EAD was entered as a shareholder in the book of shareholders of Gastrade S.A.

On 27 January, 2022 at the General Shareholders' Meeting of Gastrade S.A. in Athens, a final investment decision was unanimously approved for construction of the LNG terminal in Alexandroupolis, Greece, thus launching the implementation of the project.

According to the signed Shareholders' commitment agreement between Gastrade S.A., National Bank of Greece and the Shareholders, the latter undertake commitment of additional financing in the form of increase in the capital of Gastrade S.A. or borrowed funds during construction phase and until Project completion, which meet the conditions of standard project financing with limited participation of the Shareholders. The shareholding shall be "initial" and "additional". With a view to finalizing the negotiations for financing of part of the project, the shareholders and in particular Bulgartransgaz EAD provided as proof of availability of their "initial" shareholding a collateral in accordance with the requirements of National Bank of Greece (bank guarantee or deposit) immediately after voting on the final investment decision.

The LNG terminal was run into commercial operation on 1 October 2024.

As at 31 December 2025 Bulgartransgaz EAD has 1 262 200 registered shares with a nominal value of EUR 5.00 each of the capital of Gastrade S.A. and has provided a Subordinated Bond Loan of EUR 14,230 thousand (certificates received for 14 230 000 bonds of 1 euro nominal value each).

The investment in Gastrade S.A. is accounted for at cost in the separate financial statement. As at 31 December 2025, Bulgartransgaz EAD investment in Gastrade S.A. was assessed by a licensed appraiser, and its purpose is to determine the fair value of the investment as at the date of the financial statements. According to the appraisal report, the fair value of 20% of Gastrade S.A. equity as at 31 December 2025 is in the amount of EUR 35,000 thousand, which with registered 1 262 200 shares, is reflected in EUR 27.73 value per share (share).

The carrying amount of Bulgartransgaz EAD investment in Gastrade S.A. as of December 31, 2024 amounts to BGN 36,814 thousand. (31.12.2024: BGN 36,814 thousand).

DZZD Novatel - Bulgartransgaz

On 3 September 2025, Bulgartransgaz EAD and Novatel EOOD joined their efforts to organize and implement joint business activities by establishing a Company under the Obligations and Contracts Act, entitled DZZD NOVATEL- BULGARTRANSGAZ. The Company was entered in the BULSTAT Register under No. 181440695. DZZD is a contractual association and is not an independent legal entity, as the rights and obligations arising from its activities are assumed directly by the partners according to the agreed terms.

The subject of activity of DZZD NOVATEL- BULGARTRANSGAZ is as follows: for design, construction and commissioning of a joint electronic communications infrastructure and/or electronic communications network, including rights on the physical infrastructure and optic cable, and afterwards on provision to the Company of free of charge rights on the same infrastructure, in order for the Company to reassign for a fee irrevocable rights of access and use of the electronic communications network built by the parties to the selected counterparty.

The agreed shareholding in the DZZD is as follows: Bulgartransgaz EAD - 45%, Novatel EOOD - 55%.

For the reporting year 2025, DZZD did not carry out any business activity and accordingly no assets, liabilities, income or expenses arose to be recognized in the company's financial statements.

Financial information about joint ventures may be summarized according to audited information for 2024 and unaudited information for 2025, as follows:

Notes to the separate financial statement

31/12/2025

thousand BGN	Total assets	Total liabilities	Revenues	Net profit/(loss)
Bulgartel AD (unaudited data)	8,593	6,195	3,192	(479)
Gastrade S.A. (unaudited data)	1,064,083	987,155	156,802	34,346
	1,072,676	993,350	159,994	33,867

31 December 2024

thousand BGN	Total assets	Total liabilities	Revenues	Net profit/(loss)
Bulgartel AD	9,469	6,560	3,387	(670)
Gastrade S.A.	1,091,648	1,049,076	42,588	(28,566)
	1,101,117	1,055,636	45,975	(29,236)

16. Long-term receivables

Bulgartransgaz EAD long-term receivables are paid guarantee deposits by the Company and prepaid subscription service charges.

On 29.01.2025, BGN 180 thousand were received in Bulgartransgaz EAD bank account, which represent the allocated amount from the sixth partial account for allocation of the bankruptcy mass of Corporate Commercial Bank AD in bankruptcy (CCB AD (bankrupt)). This amount is in accordance with the stated for publication in 2024 in the Commercial Register by the administrators of Corporate Commercial Bank in bankruptcy (CCB AD (bankrupt), sixth partial account for allocation of the available amounts among the bank creditors.

17. Inventories

in BGN thousand	**31.12.2025**	**31.12.2024**
Natural gas	43,195	60,115
Materials	43,982	37,147
Finished goods	214	307
Pollution emission allowances	45	108
Fuel	89	90
Work in progress	10	10
Miscellaneous	29	31
	87,564	97,808

As of 23 December 2020, a new Emergency Action Plan to safeguard security of gas supply to the Republic of Bulgaria is in force, according to which Bulgartransgaz EAD stores natural gas quantities in Chiren UGS, up to 70 mcm pursuant to an order of the Minister of Energy, issued under Article 70 of the Energy Act for imposing additional obligations to society. The quantities specified in the order constitute a reserve necessary to ensure continuity of supply in accordance with Annex VIII to Regulation 2017/1938.

In 2022, regarding the war in Ukraine, the Minister of Energy by his orders imposed on Bulgartransgaz EAD additional public service obligations in order to ensure the security and continuity of natural gas supplies on the territory of the Republic of Bulgaria, according to which the Company has purchased and stores 205,300 MWh natural gas.

In 2025, a total of BGN 164,079 thousand of the inventory have been reported as expense in the profit or loss (2024: BGN 164,156 thousand), including an impairment loss on inventories in the amount of BGN 7,747 thousand. (2024: impairment loss on inventories in the amount of BGN 21,043 thousand and reversal of BGN 1,486 thousand).

The Company has no inventory provided as a collateral of liabilities.

Notes to the separate financial statement

18. Trade and other receivables and assets under contracts

in BGN thousand	**31.12.2025**	**31.12.2024**
Receivables from sales of services	31,872	19,734
Assets under contracts	-	6,082
Expected credit losses of trade receivables	(1,676)	(1,647)
Receivables from sales of services, net of impairments	30,196	24,169
Interests on deposits	624	126
Interest related to cash provided as collateral	86	119
Judicial and awarded receivables	2,245	2,119
Expected credit losses from judicial and awarded receivables	(2,200)	(2,077)
Financial receivables	30,951	24,456
VAT recovery	-	6,703
Prepaid expenses	539	528
Miscellaneous	362	70
Non-financial receivables	901	7,301
Total trade and other receivables	31,852	31,757

All receivables are short-term. The Company's trade receivables related to access, transport and storage are due within 5 business days after issue and receipt of the invoice by the respective counterparty. The Company's trade receivables related to the Balancing activity, are due by the 25th of the month, following the reporting one in which the invoice was issued. The net balance value of trade and other receivables is considered as a reasonable estimate of their fair value.

All financial receivables of the Company have been reviewed in respect of events of default. For all trade receivables, a simplified approach has been applied to determine the expected credit losses as at the end of the period.

Impairment costs and their recovery were recognized in the separate statement of profit or loss and the other comprehensive income in line „Recovered/(accrued) impairment of financial assets. Impaired receivables are due by customers in connection with services rendered and ongoing court proceedings. The change in the corrective/adjustment amount for expected credit losses of trade receivables can be presented as follows:

in BGN thousand	**2025**	**2024**
Balance as at January 1	(3,724)	(1,203)
Corrective/Adjustment for expected credit losses	(170)	(2,521)
Recovery of impairment loss	18	-
Balance as at December 31	(3,876)	(3,724)

The Company's exposure to credit and currency risks and losses is presented in Note 31 *Risks related to financial instruments*.

The Company has not recognized assets under contracts with customers (2024: BGN 6,082 thousand). They have arisen as a result of services rendered in December 2024 for which Bulgartransgaz EAD is entitled to remuneration, but the invoice is issued in the month following the reporting one, in accordance with the clauses of the contracts concluded with the counterparties. The recognised contractual assets are reclassified as a trade receivable when the right to remuneration becomes unconditional i.e. upon acceptance by the customer.

The Company does not recognise an adjustment for expected credit and impairment losses on contractual assets.

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19. Cash and cash equivalents

in BGN thousand	**31.12.2025**	**31.12.2024**
Cash on current accounts	9,456	65,139
Short-term deposits	98,547	277,413
Cash in hand	18	24
Gross value of cash and cash equivalents	108,021	342,576
Expected credit losses	(30)	(110)
Cash and cash equivalents	107,991	342,466

The change in the corrective/adjustment amount for expected credit losses of cash and cash equivalents can be presented as follows:

in BGN thousand	**2025**	**2024**
Balance as at January 1	(110)	(110)
Corrective/Adjustment for expected credit losses	-	(1)
Recovery of impairment loss	80	1
Balance as at December 31	(30)	(110)

The Company has no restricted cash and cash equivalents.

The Company has earmarked expected credit losses of BGN 30 thousand regarding cash and cash equivalents, recognised as a result of the Company's exposure to risk related to financial institutions.

The Company's exposure to credit and currency risks and losses is presented in Note 31 *Risks related to financial instruments*.

20. Cash provided as collateral

in BGN thousand	**31.12.2025**	**31.12.2024**
Cash provided as collateral	115,070	175,520
Gross value of cash provided as collateral	115,070	175,520
Expected credit losses	(42)	(111)
Cash provided as collateral	115,028	175,409

The change in the corrective/adjustment amount for expected credit losses of cash provided as collateral can be presented as follows:

in BGN thousand	**2025**	**2024**
Balance as at January 1	(111)	(207)
Recovery of impairment loss	69	96
Balance as at December 31	(42)	(111)

Bulgartransgaz EAD received credits for operating and investment costs from different financial institutions. They are secured with cash in the form of deposits up to 20% of the used and unpaid part of the credit, as follows:

- Bulgarian Development Bank AD - a security in the amount of USD 6,137 thousand, with one-month SOFR;
- Bulgarian Development Bank AD - a security in the amount of USD 2,149 thousand, with one-month SOFR;
- UniCredit Bulbank AD - collateral in the amount of USD 24,635 thousand, with one-month SOFR + margin added to the interest rate index of 0.10% on an annual basis for the first twenty-four months of the contract term and a surcharge of 0.05% on an annual basis for the remaining term of the contract;

- United Bulgarian Bank AD (KBC Bank Bulgaria EAD) - a collateral in the amount of USD 11,884 thousand, with one-month SOFR + margin to the interest rate index of 0.01% on an annual basis;
- DSK Bank AD - collateral in the amount of USD 3,051 thousand, with one-month SOFR + margin to the interest rate index of 0.04%;
- DSK Bank AD - collateral in the amount of USD 4,216 thousand, with one-month SOFR + margin to the interest rate index of 0.04%;
- D Bank Commerce AD - collateral in the amount of USD 2,107 thousand, with one-month SOFR plus margin to the interest rate index of -0.40% (minus zero point forty hundredths);
- Eurobank Bulgaria AD - a collateral in the amount of USD 2,129 thousand, with one-month SOFR + margin added to the interest rate index of 0.1674% until 09.12.2024 and a margin to the interest rate index of 0.2174% for the remaining term of the contract;
- Eurobank Bulgaria AD - a collateral in the amount of USD 1,473 thousand, with one-month SOFR + margin added to the interest rate index of 0.1674% until 24.03.2025 and a margin to the interest rate index of 0.2174% for the remaining term of the contract;
- United Bulgarian Bank AD - a collateral in the amount of USD 7,064 thousand, with one-month SOFR + margin to the interest rate index of 0.01% on an annual basis;
- Citibank Europe AD - a collateral in the amount of EUR 2,973 thousand;

Regarding an agreement concluded between Bulgartransgaz EAD and Gastrade S.A., pursuant to which Bulgartransgaz EAD undertakes to operate and maintain the pipeline and onshore facilities of Gastrade S.A., providing these services independently or by subcontracting, in November 2024 the Company provided financial collateral as a pledge cash in the amount of 831 thousand US dollars with ING Bank N.V. - Sofia branch, at an annual interest rate of 3.50%.

21. Capital and reserves

Share capital

The share capital is divided into 1 710 078 297 registered shares (31.12.2024: 1 614 786 264 registered shares). All shares have a nominal value of 1 BGN. The sole owner of the capital is Bulgarian Energy Holding EAD, whose principal is the Ministry of Energy.

The share entitles to one vote at the General Meeting of Shareholders, dividend right and liquidation share commensurate with its nominal value.

On 02 December 2025, an increase in Bulgartransgaz EAD capital in the amount of BGN 95,292 thousand was entered in the Commercial Register and the Register of Non-Profit Legal Entities. After obtaining permission from the Minister of Energy with protocol No. Е-РД-21-42/24.11.2025, Bulgarian Energy Holding EAD increased the capital of Bulgartransgaz EAD with a consideration in cash in the amount of BGN 95,292 thousand, by issuing 95 292 033 new ordinary registered shares with voting rights with a nominal value of BGN 1 each, and BEH EAD subscribed and acquired the entire new issue of shares.

In 2025 there are no financial dematerialized transactions that do not use cash or cash equivalents were used and were not recognised in the cash flows statement.

Reserve

The reserves of the Company include statutory reserves, other reserves and revaluation reserve of defined benefit plans under IAS 19 Employee benefits.

Statutory reserves

The statutory reserves include a "Reserve Fund", set up by at least 1/10 of the profit until the resources of the fund reach at least 1/10 of the registered capital. As at 31.12.2025 the statutory reserves of the Company amounted to BGN 161,479 thousand. (31.12.2024: BGN 141,479 thousand).

Notes to the separate financial statement

Other reserves

Other reserves amount to 7 027 thousand BGN and have been set up in 2009 by virtue of a decision of Bulgarian Energy Holding EAD, when the retained earnings for 2008 was transformed in Other Reserves following the deductions for Reserve fund.

Actuarial gains/losses

The accumulated actuarial (profits)/losses within 2011 - 2025 amount to 11,628 thousand BGN and are formed by the loss from revaluation of liabilities for retirement benefits. In 2025 the actuarial loss amounted to BGN 1,536 thousand.

Revaluation reserve

The accumulated revaluation reserve as at 31.12.2025 amounted to BGN 2 780 294 thousand. (31.12.2024: BGN 3 016 380 thousand).

Pursuant to the applicable legislation the revaluation reserve set up from revaluation of properties, plants and equipment, cannot be allocated for dividends.

According to the Company policy, each year the revaluation reserve shall be transferred to the retained earnings based on costs accounted for amortization of the revaluation reserve. Writing off of the revaluation reserve in retained earnings for 2025 amounted to BGN 157,456 thousand (2024: BGN 144,964 thousand).

22. Deferred tax assets and liabilities and tax expenses

The recognized income tax expense is based on management's best estimate of the expected annual corporate tax rate for 2025, applied to the financial result realized as of 31 December 2025 (annual rate for 2024 - 10%).

in BGN thousand	**2025**	**2024**
Taxes recognised in profits and losses		
Profit before tax	308,547	348,555
Tax rate	10 %	10 %
Estimated expense on income taxes	(30,855)	(34,856)
Tax effect from:		
Adjustments for revenues exempt from tax	26,191	23,467
Adjustments for expenses not recognized for tax purposes	(40,006)	(37,782)
Current tax expense in connection with the Additional National Tax pursuant to Article 260я[25] of the Corporate Income Tax Act	(7,615)	(6,902)
Current tax		
Current tax expense	(52,285)	(56,073)
Occurrence and reversal of temporary differences	13,802	14,301
Total tax expenses	(38,483)	(41,772)
Deferred tax expenses, recognized directly in the other comprehensive income	8,891	(55,585)

Current tax expenses include the accrual of corporate tax on profit amounting to 10% on the accounting profit, converted for the purposes of taxation. The amounts recognized in the other comprehensive income refer to revaluation of non-financial assets and revaluations under defined benefit plans.

Due to the scale of the business activity of the Group to which the Company belongs, it is a subject to an additional national tax according to the Corporate Income Tax. Pursuant to the new requirements for taxation of large national and multinational groups of enterprises. The Company has applied the mandatory exemption of IAS 12 in relation to income taxes under Pillar Two and has made calculations on applying the additional national tax and the additional taxation, but has not applied these effective tax rates when determining the amount of deferred tax assets and liabilities.

Notes to the separate financial statement

Based on the rules introduced in the Corporate Income Tax Act, the additional income tax will be declared and payable 18 months after the end of 2024. The Bulgarian tax authorities published a standard form for declaring income tax. The Company's management has worked based on the available rules and guidelines published by the OECD and in accordance with the Corporate Income Tax Act, as well as following the instructions and the model for calculation of the national additional tax for the BEH Group developed by the owner.

The deferred taxes arise as a result of temporary differences and can be presented as follows:

Deferred tax liabilities (assets)	**31 December 2024** thousand BGN	**Recognised in the other comprehensive income** thousand BGN	**Recognised in the profit or loss** thousand BGN	**31 December 2025** thousand BGN
Non-current assets				
Property, plant and equipment	380,594	(8,737)	(11,670)	360,187
Investment in joint venture	(279)	-	(23)	(302)
Long-term financial assets	(4,488)	-	-	(4,488)
Current assets				
Short-term financial assets	(699)	-	161	(538)
Inventories	(2,183)		(775)	(2,958)
Provisions for pollution emission allowances	(3,435)	-	(1,446)	(4,881)
Liabilities				
Employees' pensions	(1,081)	(154)	(15)	(1,250)
Provisions for unused leaves	(333)	-	(35)	(368)
Employees' benefits	(1)	-	1	-
	368,095	**(8,891)**	**(13,802)**	**345,402**
Deferred tax assets	(12,499)			(14,785)
Deferred tax liabilities	380,594			360,187
Recognised as:				
Net deferred tax liabilities	**368,095**			**345,402**

Deferred taxes for the comparative period 2024 can be summarized as follows:

Deferred tax liabilities (assets)	**31 December 2023** thousand BGN	**Recognised in the other comprehensive income** thousand BGN	**Recognised in the profit or loss** thousand BGN	**31 December 2024** thousand BGN
Non-current assets				
Property, plant and equipment	333,802	55,726	(8,934)	380,594
Investment in joint venture	(233)	-	(46)	(279)
Long-term financial assets	(4,488)	-	-	(4,488)
Current assets				
Short-term financial assets	(407)	-	(292)	(699)
Inventories	(587)		(1,596)	(2,183)
Provisions for pollution emission allowances	-	-	(3,435)	(3,435)
Liabilities				
Employees' pensions	(973)	(141)	33	(1,081)
Provisions for unused leaves	(302)	-	(31)	(333)
Employees' benefits	(1)	-	-	(1)
	326,813	**55,585**	**(14,301)**	**368,095**
Deferred tax assets	(6,989)			(12,499)
Deferred tax liabilities	333,802			380,594
Recognised as:				
Net deferred tax liabilities	**326,813**			**368,095**

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Notes to the separate financial statement

Upon calculation of deferred taxes as at 31 December 2025, tax rate of 10% was applied, defined by the Corporate Income Tax Act for 2025 (for 2024: 10%). All deferred tax assets are included in the separate financial statement.

23. Deferred revenue from funding

in BGN thousand	Notes	31.12.2025	31.12.2024
Balance on 1 January		232,551	239,162
Received funding		27,004	866
Recovered funding		-	(11)
Donations related to fixed assets		-	4,593
Revenue recognised over the year	6	(12,066)	(12,059)
Balance on 31 December		247,489	232,551

Deferred revenue from funding, recognized in the separate financial statement, relate to non-current assets, whose acquisition and/or construction is partially financed by external organizations. The material part of the assets, subject to financing, are part of the Company's investment programme and as at the date of the financial statement they have been commissioned. In addition, the Company has been provided with funds to finance assets that are still under construction.

On 22 June 2022, a grant agreement was signed with the European Climate, Infrastructure and Environment Executive Agency (CINEA) for co-funding of Chiren UGS expansion with the following identification number and title: Project 101069718 — 6.20.2-BG-W-M-21-Chiren UGS expansion. The total amount of costs, according to EC decision on approval of financing, is in the amount of EUR 155,820 thousand. The grant amount is 50% of the value under the Grant Agreement - up to EUR 77,910 thousand. As at the date of preparation of the financial statements, an advance payment of EUR 38,955 thousand or 50% of the value of the financing has been received. In June 2024, an interim payment of EUR 271 thousand was received under the agreement. In March 2025, Amendment No. 1 to the grant agreement was signed, according to which the project implementation period was extended until 07.12.2027.

24. Provisions

in BGN thousand	**Provision under case AT.39849 BEH-gas**	**Provisions for pollution emission**	**Total**
Carrying amount as at 31 December	**53,715**	**-**	**53,715**
Provision accrued	-	34,351	34,351
Carrying amount as at 31 December	**53,715**	**34,351**	**88,066**
Reversal of a provision	-	(34,351)	(34,351)
Provision accrued	-	48,812	48,812
Carrying amount as at 31 December	**53,715**	**48,812**	**102,527**

in BGN thousand	31.12.2025	31.12.2024
Non-current provisions	53,715	53,715
Current provisions	48,812	34,351
Total provisions	102,527	88,066

The Company is a party to Case AT39849 BEH-gas initiated by the European Commission (EC) in connection with an official investigation procedure as to whether BEH EAD and its subsidiaries Bulgargaz EAD and Bulgartransgaz EAD have violated the EU rules for competition on the natural gas market in the country.

As at 31.12.2018, the Company has accrued provisions for legal liabilities in the amount of BGN 50 244 thousand, which correspond to 1/3 of the pecuniary penalty determined by EC decision in the amount of EUR 77 068 thousand under Case AT.39849 BEH-gas.

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Notes to the separate financial statement

Pursuant to Decisions of the National Assembly of 24.11.2017 and of 26.07.2018 and after approval by the management bodies of Bulgarian Energy Holding EAD, Bulgargaz EAD and Bulgartransgaz EAD, as well as with regard to a letter Ref. No C-26-E-07 of 26 February 2019 of the Minister of Energy with instructions for taking action to implement the Decision of the 44th National Assembly of the Republic of Bulgaria on the completion of Case COMP/B1/AT.39849 BEH-gas of 24 November 2017, the parties under the case, including Bulgartransgaz EAD, have decided to appeal the Commission's Decision under Case AT.39849 BEH-gas before the General Court of the European Union.

The appeal against the Decision of the European Commission in case AT.39849 BEH-gas before the General Court of the European Union was entered in the register of the General Court of the European Union on 28.02.2019. The number of the initiated case is T-136/19.

On 4 July 2019, the Bulgarian state, through the Ministry of Foreign Affairs, filed an application to intervene in support of the parties in it, including Bulgartransgaz EAD.

In 2019, considering the EC decision that „in case a financial guarantee is provided, its sum will bear interest amounting to the main interest percentage, plus one and a half percentage, i.e. 1,5%", and after a request sent in this regard to the EC and received reply, it becomes clear that as at 31.12.2019 the total sum of the pecuniary penalty is EUR 77 977 thousand for the three companies – Bulgartransgaz EAD, Bulgargaz EAD and Bulgarian Energy Holding EAD, and includes the principal of EUR 77 068 thousand and the interest for delay in payment amounting to EUR 909 thousand, where Bulgartransgaz EAD part amounts to BGN 50,244 thousand principal and BGN 593 thousand interest.

On 29 September 2022, an open court session was held, at which the case was announced for resolution.

By its decision of 25.10.2023, the General Court of the European Union in Luxembourg ruled with a final decision of first instance on annulment of the decision of the European Commission in Case COMP/B1/AT.39849 BEH-gas, annulling the decision of the European Commission, as well as the fine imposed in the amount of a total of EUR 77,068 thousand on the three Companies. The European Commission appealed the decision to the Court of Justice of the EU.

The oral hearing was held at the end of 2025. A decision is expected.

Regarding Case AT.39849 BEH-gas, as at 31 December 2025 the Company has recognized provisions in the total amount of BGN 53,715 thousand, classified as long-term liabilities.

As at 31 December of the current year, the Company reports provisions for a shortage of pollution emission allowances in the amount of BGN 48,812 thousand as there is a difference between the actually emitted and verified CO_2 and the available CO_2 on the Company's account in the National register at the end of the year. The value of the provisions shall be calculated in accordance with the average sale price at the spot segment, announced by the European Energy Exchange (EEX) after the end of the financial year until the date of the verification report issued by an independent accredited verification body. The provision for greenhouse gas emissions shall be presented in the separate financial statement of the Company as a current liability.

25. Employees' benefits

in BGN thousand	**31.12.2025**	**31.12.2024**
Liability for defined benefit plans upon retirement – non-current	12,179	9,854
Liability for defined benefit plans upon retirement – current	321	952
Total liabilities for employees' benefits	12,500	10,806

Liabilities for defined benefit plans upon retirement

Pursuant to the requirements of the Labour Code and the Collective Labour Agreement upon termination of employment after the employee has acquired the right of receiving the old-age pension, the Company is obliged to pay the employee benefits in the amount of up to six gross

Notes to the separate financial statement

salaries and additional benefit in line with the Collective Labour Agreement. The Company has accrued a legal obligation to pay retirement benefits to employees in line with the requirements of IAS 19 Employee Benefits based on the forecast payments for the next years discounted at the present moment with a long-term interest rate of risk-free securities.

The liability recognized in the separate financial statement regarding defined benefit plans is the current value of the liability of paying defined benefits at the end of the reporting period.

The estimated amount of liabilities under defined benefit plans upon retirement at each reporting period and the expenses recognized in profit and loss are based on an actuarial report (information on the parameters and assumptions used is disclosed below).

Movements in the current value of liabilities under defined benefit plans

in BGN thousand	**2025**	**2024**
Current value of the liability as at 1 January	10,806	9,725
Interest expenses for the period	425	384
Current service costs for the period	656	622
Income paid	(923)	(1,333)
Actuarial loss/(profit) for the period	1,536	1,408
Current value of the liability as at 31 December	12,500	10,806

Costs recognised in profits and losses

in BGN thousand	**2025**	**2024**
Current service costs	656	622
Interest expenses	425	384
	1,081	1,006

The costs for current professional service are included in line Expenses for employees' remuneration. Net interest expenses are included in the separate statement of profit or loss and other comprehensive income in line „Financial expenses" (see Note 12).

The total amount of actuarial loss under the Company's defined benefit plans, recognized in the other comprehensive income, amounts to BGN 1,536 thousand (2024: BGN 1,408 thousand actuarial profit), due to changes in the financial assumptions.

Actuarial assumptions

The principal actuarial assumptions as at the financial statement date (presented as average values) and sensitivity analysis with a change in assumptions by +/- 1%, are shown as follows:

	2025	**2024**
Discount rate as at 31 December	3,93 %	3,95 %
Salaries' increase for 2025	-	8 %
Salaries' increase for 2026	9,00 %	1,10 %
Salaries' increase for 2026	1,10 %	-

thousand BGN	**31.12.2025**		**31.12.2024**	
Discount rate	+3,68 %	+4,18 %	+3,70 %	+4,20 %
	12,700	12,305	10,894	10,633
Future salaries increase	+0,10 %	+2,10 %	+0,10 %	+2,10 %
	11,829	13,229	10,211	11,454
Life expectancy	-1	+1	-1	+1
	12,314	12,663	10,644	10,948
Staff turnover	-1 %	+1 %	-1 %	+1 %
	13,207	11,714	11,446	10,110

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Notes to the separate financial statement

The sensitivity analysis is based on a change in only one of the assumptions. It may differ from the actual change in the obligations for defined benefits as the changes in assumptions are very often interrelated.

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions set out.

26. Loans received

Received loans from financial institutions

The loans include the following financial liabilities:

in BGN thousand	Current		Non-current	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Financial liabilities measured at amortized cost:				
Bank loans	330,099	265,864	378,984	357,137
Interest	180	328	-	-
Total carrying amount	330,279	266,192	378,984	357,137

Bulgartransgaz EAD received credits for operating and investment costs from different financial institutions. The credit is secured with cash in the form of deposit of up to 20% of the used and unpaid part of the credit. All loans received by Bulgartransgaz EAD are long-term. The funds are intended to cover the Company's investment expenses related to the implementation of large scale investment projects.

As of 31.12.2025, the utilised and outstanding principals on the loans amounted to EUR 362,548 thousand, including EUR 98,643 thousand guaranteed by the Republic of Bulgaria by a state guarantee, at interest rates of one-month Euribor + a premium of 0.05% up to 2.00% depending on the terms of the respective contract.

Changes in the Company's liabilities arising from a financial activity, can be classified as follows:

in BGN thousand	Loans received	Loans from a related party	Total
01 January 2025	623,329	104,037	727,366
Cash flows:			
Repaid credits	(316,910)	(98,486)	(415,396)
Payments of interests	(19,337)	(916)	(20,253)
Proceeds	402,992	-	402,992
Non-monetary changes:			
Interest accrued	19,517	916	20,433
Undue accrued interest as of 31.12.2024	(328)	-	(328)
31 December 2025	709,263	5,551	714,814

in BGN thousand	Loans received	Loans from a related party	Total
01 January 2024	906,928	114,807	1,021,735
Cash flows:			
Repaid credits	(283,255)	(10,770)	(294,025)
Payments of interests	(42,432)	(3,254)	(45,686)
Non-monetary changes:			
Interest accrued	42,761	3,254	46,015
Undue accrued interest as of 31.12.2023	(673)	-	(673)
31 December 2024	623,329	104,037	727,366

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Notes to the separate financial statement

27. Trade and other obligations and liabilities under contracts

in BGN thousand	**31.12.2025**	**31.12.2024**
Liabilities to suppliers	23,721	483,156
Liabilities under contracts	766	855
Liabilities to the staff for unused full-pay annual leave	3,681	3,335
Liabilities to insurers	419	373
Other liabilities	531	520
	29,118	488,239
Liabilities to the budget:		
Liabilities to Security of the Electricity System Fund (5%)	4,056	3,934
Liabilities for social security contributions	1,296	1,241
Personal income tax	1,200	1,086
Liabilities to customs	521	470
Liabilities for taxes on expenses	331	309
VAT to be paid	10,245	-
Other liabilities to the budget	-	168
Total trade and other liabilities	46,767	495,447

in BGN thousand	**31.12.2025**	**31.12.2024**
Non-current liabilities	-	375,125
Current liabilities	46,767	120,322
Total trade and other liabilities	46,767	495,447

Most of the Company's trade liabilities as of 31.12.2025 are related to its usual commercial activities.

The liabilities under contracts of the Company amount to BGN 766 thousand (2024: BGN 855 thousand) and have arisen as a result of advances received from counterparties of the Company under contracts for connection to the gas transmission network.

The Company's exposure to liquidity and currency risk is presented in Note 31.

28. Related parties

Bulgartransgaz EAD's related parties include a principal, represented by the Ministry of Energy, a sole owner of the capital, subsidiaries and joint ventures, key management personnel and entities under joint control.

The parent company and the ultimate controlling entity is Bulgarian Energy Holding EAD (BEH).

In 2025, the Company made transactions with the following companies from the BEH group:

Bulgarian Energy Holding EAD	controlling company
Bulgargaz EAD	subsidiary of BEH
ESO EAD	subsidiary of BEH
Mini Maritsa Iztok EAD	subsidiary of BEH
National electric company EAD	subsidiary of BEH
NPP Kozloduy EAD	subsidiary of BEH
Bulgartel EAD	joint venture with ESO
South Stream Bulgaria AD	joint venture of BEH
ICGB AD	joint venture of BEH
Gastrade S.A.	joint venture
Balkan Gas Hub EAD	Subsidiary

Notes to the separate financial statement

Transactions with related parties	*Transactions value during:*		*End balances*	
in BGN thousand	**01.01.2025-31.12.2025**	**01.01.2024-31.12.2024**	**31.12.2025**	**31.12.2024**
Transactions with the owners				
BEH EAD				
Loan received	-	-	(5,551)	(104,037)
Principals under loans granted	(98,486)	(10,770)		
Interest under loans granted	(916)	(3,254)	-	-
Accrued interest related to distributed dividends	(2,982)	(445)	-	(445)
Accrued interest related to distributed dividends	(3,427)	-	-	-
Issuance of shares	95,292	200,000	-	-
Dividend distributed for 2021 and 2022 and interest	(210,000)	(257,251)	(47,251)	(257,251)
Dividend distributed 2023	(95,292)	-	-	-
	(315,811)	(71,720)	(52,802)	(361,733)
Transactions with BEH subsidiaries				
Bulgargaz EAD				
Sales:				
Transmission, storage and balancing services	115,742	124,311	3,054	5,318
Penalties	16	-	-	-
Other services	-	4	-	-
Judicial receivables	-	-	1,373	1,373
Expected credit losses	-	-	(1,343)	(1,335)
	115,758	124,315	3,084	5,356
Purchase of:				
Purchase of natural gas	(13,424)	(16,285)	(1,167)	(1,281)
Guarantees under contract	(1,044)	-	(25,087)	(26,131)
	(14,468)	(16,285)	(26,254)	(27,412)
ESO EAD				
Guarantees	6	42	14	20
Services rendered	3	-	-	-
Electric power transmission services	(51)	(45)	(7)	(5)
Other services	(3)	(3)	-	-
	(45)	(6)	7	15
Mini Maritsa Iztok EAD				
Services rendered	2	-	-	-
Services received	(1)	-	-	-
	1	-	-	-
NEK EAD				
Services received	-	(1)	-	-
	-	(1)	-	-
NPP Kozloduy EAD				

Notes to the separate financial statement

Transactions with related parties	*Transactions value during:*		*End balances*	
Services received	-	(2)	-	-
	-	(2)	-	-
South Stream Bulgaria EAD				
Rent	1	1	-	-
	1	1	-	-
Transactions with joint ventures				
Bulgartel EAD				
Sales:				
Provision of resources, optic fibres and collocation	369	837	12	11
	369	837	12	11
Bulgartel EAD				
Purchase of:				
Use of resources of the auxiliary network and communication services	(38)	(38)	(76)	(99)
Guarantees	(10)	-	(3)	(13)
	(48)	(38)	(79)	(112)
ICGB AD				
Transmission, storage and balancing services	52	96	5	6
Lands, property rights, building right, DSDP, etc. donated assets	-	2,027	-	-
	52	2,123	5	6
Gastrade S.A.				
Provided Subordinated Bond Loan	(5,692)	(5,868)	27,832	22,140
Interest under subordinated bond loan	1,420	1,040	3,067	1,647
Services rendered	1,363	155	159	155
Expected credit losses	-	-	(276)	(1,709)
	(2,909)	(4,673)	30,782	22,233
Transactions with Bulgartransgaz EAD subsidiaries				
Balkan Gas Hub EAD				
Services received	(26)	(31)	-	(2)
Services rendered	67	63	7	5
	41	32	7	3
Total receivables from related parties		-	33,904	27,631
Total liabilities to related parties		-	(79,142)	(389,264)

Notes to the separate financial statement

The aggregated estimates with related parties are as follows:

in BGN thousand	**31.12.2025**	**31.12.2024**
Subordinated bond loan provided to a joint venture - non-current part	28,050	22,078
Subordinated bond loan provided to a joint venture - current part	2,573	-
Non-current receivables from related parties	14	20
Current receivables from related parties	3,267	5,533
	33,904	27,631

in BGN thousand	**31.12.2025**	**31.12.2024**
Non-current liabilities to related parties	47,303	243,198
Current liabilities to related parties	31,839	146,066
	79,142	389,264

The change in the corrective/adjustment amount for expected credit losses of receivables from related parties can be presented as follows:

in BGN thousand	**2025**	**2024**
Balance as at January 1	(3,044)	(2,552)
Corrective/Adjustment for expected credit losses	(558)	(518)
Recovery of impairment loss	1,983	26
Balance as at December 31	(1,619)	(3,044)

In 2025, a new subordinated bond loan was provided to Gastrade S.A. at interest rate of 5,85% per annum. Each Subscriber under the Subordinated Bond Loan receives a certificate for 2,910,000 bonds with a nominal value of 1 EUR each. Each Subscriber under SBL has transferred a proportional amount for the subscribed bonds in the amount of EUR 2,910 thousand to the specified project account of the Issuer Gastrade S.A., in the National Bank of Greece.

As at 31 December 2025 the Company recognised receivables under provided bond loan to Gastrade S.A. in the amount of BGN 30,623 thousand, including principal of BGN 27,832 thousand, interest accrued in the amount of EUR 2,574 thousand at an interest rate of 5% on an annual basis for the loan as at 31 December 2024 and BGN 493 thousand at an interest rate of 5,85 % on an annual basis for the provided loan in 2025 and accrued expected credit losses of BGN 276 thousand.

Most of the trade receivables from related parties are due from Bulgargaz EAD in connection with services for transmission, storage and balancing of natural gas in the amount of BGN 3,054 thousand as of 31 December 2025, which are paid within the usual commercial practice of the Company and according to the terms agreed with the customer.

The Company also reports judicial receivables in gross amount (before impairment) from the same related party in the amount of BGN 1,373 thousand as of 31 December 2025, which amounts are disputed in connection with case No 458 according to the inventory of Sofia City Court for unpaid principal and due penalties for delayed payments under a contract for natural gas transport through the gas transmission networks of Bulgartransgaz EAD.

Most of the liabilities to related parties of the Company are due to Bulgargaz EAD and to Bulgarian Energy Holding EAD. The liabilities to Bulgargaz EAD were incurred due to purchase of natural gas for balancing in the amount of BGN 1,167 thousand. (2024: BGN 1,281 thousand) and received guarantee deposits in the amount of BGN 25,087 thousand. (2024: BGN 26,131 thousand), required by the Company as part of the credit risk management mechanisms under the terms and conditions of the Daily imbalance and neutrality balancing charge calculation methodology.

In 2022, Bulgartransgaz EAD received a loan from Bulgarian Energy Holding EAD in the amount of BGN 37,865 thousand, for the period until 30 June 2026, at an annual interest rate of 1.735%, related to targeted financing of public service obligations imposed to Bulgartransgaz EAD by the

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Minister of Energy, by Order No. Е-РД-16-113/24.02.2022 and Order No. Е-РД-16-219/06.04.2022. The liabilities as of 31 December 2025 under the received loan amount to BGN 5,551 thousand.

By its decision of 11 September 2024, the Board of Directors of Bulgarian Energy Holding EAD approved Bulgartransgaz EAD profit-sharing for 2021 and 2022 and distributed a dividend in favour of BEH EAD in the total amount of 257,251 BGN thousand for the two years. On 9 December 2024, Bulgartransgaz EAD and Bulgarian Energy Holding EAD concluded an agreement to defer the determined dividend into three annual instalments until 31 December 2027, at an interest rate of 3.275% per annum. In 2025, in accordance with decisions of the Company Management and Supervisory Board, Annex No. 1, Annex No. 2 and Annex No. 3 were signed to the Agreement of 9 December 2024 concluded between Bulgartransgaz EAD and Bulgarian Energy Holding EAD on deferred repayment of distributed dividends in favour of the sole owner of the capital for 2021 and 2022, and the annexes relate to early repayment of principal instalment in a total amount of BGN 210,000 thousand.

The liabilities as at 31 December 2025 under the agreement deferring the dividend amount to BGN 47,251 thousand.

In 2025, by its decision, the Board of Directors of Bulgarian Energy Holding EAD approved Bulgartransgaz EAD profit-sharing for 2023 and distributed a dividend in favour of BEH EAD in the amount of 95,292 BGN thousand. The dividend has been paid.

Remuneration to key management personnel

The Company has a related party relationship with directors and employees with control functions.

The total amount of remunerations included in the personnel expenses is as follows:

in BGN thousand	**2025**	**2024**
Costs for remunerations of the Executive Director and the members of the Management and Supervisory Board	1,145	1,074
Social security contributions on the remunerations of the Executive Director and the members of the Management and the Supervisory Board	49	44
Total expenses for remunerations of the key management personnel	1,194	1,118

29. Guarantees under contracts

in BGN thousand	**31.12.2025**	**31.12.2024**
Non-current guarantees		
Guarantees under contracts for assets' construction	710	801
	710	801
Current guarantees		
Guarantees under contracts for assets' construction	785	3,315
Guarantees under contracts for access, transport, storage and balancing	79,183	75,854
Trade deposits	4,304	11,184
	84,272	90,353
Total guarantees under contracts	84,982	91,154

The majority of the Company's liabilities under guarantees received represent:

- sums withheld under construction works contracts that are paid depending on the stage of implementation of the construction sites in line with the clauses of the contract;
- sums to guarantee payments under Storage Contracts and Contracts for access and natural gas transport which each user of the service is obliged to deposit as collateral for the nominations for capacity and access;
- amounts to secure payments for purchase and sales of natural gas for balancing;

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- amounts to secure payments for purchase and sale of natural gas for balancing on the natural gas trading platform.

30. Financial assets and liabilities by categories

The balance sheet values of the Company financial assets and liabilities can be presented in the following categories:

Financial assets

in BGN thousand	**31.12.2025**	**31.12.2024**
Debt instruments at amortised cost:		
Long-term receivables	297	92
Trade and other receivables	30,951	24,456
Receivables from related parties	33,904	27,631
Cash and cash equivalents	107,991	342,466
Cash provided as collateral	115,028	175,409
	288,171	570,054

Financial liabilities

in BGN thousand	**31.12.2025**	**31.12.2024**
Financial liabilities measured at amortized cost		
Long-term loans	378,984	357,137
Short-term loans	330,279	266,192
Trade and other liabilities - long-term	-	375,125
Trade and other liabilities - short-term	24,264	108,547
Liabilities to related parties	79,066	389,164
Guarantees under contracts	84,982	91,154
	897,575	1,587,319

31. Risks related to financial instruments

Financial Risk Management

Review

The Company is exposed to various types of risks with respect to its financial instruments. For more information on the Company's financial assets and liabilities by categories, refer to *Note 31.*

General risk management provisions

The Management Board is responsible for identifying and managing the risks the Company faces. The risk management policy of the Company has been developed to identify and analyse the risks faced by the Company, to set limits on taking risks and controls, to monitor risks and their compliance with the limits set. These policies are subject to periodic review to reflect changes in market conditions and in the Company's activities. The Company, through its training and management standards and procedures, aims at developing a constructive control environment in which all employees understand their roles and responsibilities. Management's priority is to secure short-term and medium-term cash flows by reducing its exposure to financial markets. Long-term financial investments should be managed so as to ensure long-term return.

The Company does not actively trade financial assets for speculative purposes, nor issues options.

The most significant financial risks to which the Company is exposed are described below.

Currency risk

The Company is exposed to currency risk in case of purchases and/or sales denominated in a currency other than the functional currency of the Company. It mainly deals in BGN and EUR in connection with the provided technical and other services. The currency risk for these purchases, due to possible fluctuations in the foreign exchange rate, is minimal due to the fixed lev to euro exchange rate set by the Bulgarian National Bank (BNB). The Company also deals in USD, therefore, the existence of foreign exchange risk associated with fluctuations in the USD exchange rate is recognized.

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Exposure to currency risk

The Company's exposure to foreign currency risk is as follows based on financial assets and liabilities, which are presented in foreign currency and are recalculated in BGN:

in BGN thousand	**EUR**	**USD**	**EUR**	**USD**
	December 31, 2025		December 31, 2024	
Cash and cash equivalents	55,900	50,223	154,027	184,035
Cash provided as collateral	5,813	109,256	15,212	160,309
Trade receivables	48,266	2,903	17,737	3,031
Loans	(709,082)	-	(575,400)	-
Trade liabilities	(48,834)	-	(85,486)	(7)
Net exposure from the financial statement	(647,937)	162,382	(473,910)	347,368

The following significant exchange rates are applicable during the year:

	Average exchange rate		**Exchange rate at the reporting date**	
BGN	**2025**	**2024**	**2025**	**2024**
EUR	1.95583	1.95583	1.95583	1.95583
USD	1.73494	1.80747	1.66355	1.88260

Sensitivity analysis

Increase of the exchange rate of the Bulgarian lev (BGN) against USD as at 31.12.2025 would increase/decrease its equity and profits and losses by the amounts shown below. This analysis is based on variations in the exchange rates of the foreign currency which the Company considers to be reasonably possible at the end the reporting period. The analysis assumes that all variables, especially interest rates, remain unchanged and ignores any impact of forecast sales and purchases. The analysis was made on the same basis as in 2024, although the reasonably possible variations in exchange rates have been different, as shown below.

	Increase		**Decrease**	
Effect in BGN thousand	**Equity**	**Gains and losses**	**Equity**	**Gains and losses**
31 December 2025				
USD (7.7 percent movement)	(3,670)	(3,670)	3,670	3,670
31 December 2024				
USD (2.6 percent movement)	(8,276)	(8,276)	8,276	8,276

Credit risk

Credit risk is the risk that one party to a financial instrument may fail to fulfil its obligation and thus cause a loss to the other party. The Company’s credit risk consists of the risk of financial loss in a situation where a customer fails to fulfil their contractual obligations.

The Company is exposed to credit risk in case any of its customers fail to pay their liabilities. Customers’ credit worthiness is assessed by taking into account their financial position, past experience and other factors.

In order to manage and limit the credit risk from its activity, the Company takes measures by imposing specific contractual requirements, which include obligations to provide and maintain financial collateral in the form of a guarantee deposit in a bank account or provide an irrevocable and unconditional bank guarantee in favour of the Company, insurance or corporate guarantee (collateral), payable to the Company. It is possible that Bulgartransgaz EAD, as an operator, may impose limits on the volume of trade transactions carried out at a virtual trading point up to an amount guaranteed by a financial collateral as well as take other measures to limit the credit risk related to the activity.

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The carrying amount of financial assets, net of impairment losses, represents as far as possible the credit risk to which the Company is exposed.

Credit risk exposure

The balance sheet value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

in BGN thousand	**Notes**	**31.12.2025**	**31.12.2024**
Debt instruments at amortised cost:			
Trade and other receivables	16.18	31,248	24,548
Receivables from related parties	28	33,904	27,631
Cash and cash equivalents	19	107,991	342,466
Cash provided as collateral	20	115,028	175,409
		288,171	570,054

Trade and other receivables

The maximum exposure to credit risk for trade and other receivables and receivables from related parties at the reporting date by type of customers is as follows:

in BGN thousand	**31.12.2025**	**31.12.2024**
Residents	4,989	32,878
Non-residents	60,163	19,301
	65,152	52,179
including		
Related parties	33,904	27,631
Unrelated parties	31,248	24,548

The Company has provided financial assets as collateral under loan contracts in the gross amount of BGN 113,687 thousand, described in detail in Note 20.

Impairment losses

The time structure of trade and other financial receivables (excluding judicial ones) as at the date of the statement, is as follows:

in BGN thousand	**31.12.2025**	**31.12.2024**
Neither overdue, nor impaired	29,260	22,658
Overdue between 31-90 days	145	202
Overdue over 120 days	1,798	1,646
	31,203	24,506

The time structure of receivables from related parties as at the date of the statement, is as follows:

in BGN thousand	**31.12.2025**	**31.12.2024**
Neither overdue, nor impaired	33,874	27,593
	33,874	27,593

With respect to trade receivables, the Company is exposed to significant credit risk to the majority of its counter parties having similar characteristics, as trade receivables consist of customers in the same industry. The difference in geographical area predetermines to some extent the diversification of risk. Based on historical indicators, the management believes that the credit assessment of non-expired trade receivables is good. Receivables have been collected regularly, according to the agreed terms and conditions and for this reason no additional impairment had to be charged.

The expected loss levels are based on the sales revenue profile for the last 48 months before 31.12.2025 and 31.12.2024, as well as on the corresponding historical credit losses during that period. Historical percentages are being adjusted to reflect the current and future macroeconomic factors affecting the customer's ability to settle the outstanding amount.

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Liquidity risk

Liquidity risk is the risk where the Company is not able to meet its financial liabilities when they become due. The policy in this area is focused on ensuring that sufficient liquidity is available to meet the liabilities when they become due, including in emergencies and unforeseen situations.
Since the nature of the Company activity is related to the regular transport and storage of natural gas, the liquidity risk control mainly consists of:

- Careful planning of all cash inflows and outflow based on monthly forecast;
- Payment terms for transactions with related entities and customers executed on a monthly basis.

The following table presents the contractual maturities of financial liabilities based on the earliest date on which the Company may be obliged to pay them. The table shows the undiscounted cash flows, including principals and interests:
Listed below are the contractual maturities of financial liabilities, including estimated interest payments that exclude the effect of netting arrangements:

31 December 2025

in BGN thousand	Note	Balance sheet value	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Loans	*26*	709,263	(746,290)	177,622	182,105	227,281	133,173	26,109
Trade and other liabilities	27	24,264	(24,264)	24,264	-	-	-	-
Guarantees under contracts	29	84,982	(84,982)	12,989	71,284	9	700	-
Liabilities to related parties	28	79,066	(82,189)	11,781	21,610	48,798	-	-
		897,575	(937,725)	226,656	274,999	276,088	133,873	26,109

31 December 2024

in BGN thousand	Note	Balance sheet value	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Loans	26	623,329	(656,353)	146,298	141,350	282,259	86,446	-
Trade and other liabilities	27	483,672	(527,168)	105,934	16,303	94,865	212,408	97,658
Guarantees under contracts	29	91,154	(91,154)	3,289	87,064	101	700	-
Liabilities to related parties	28	389,164	(414,323)	15,414	141,986	100,739	151,434	4,750
		1,587,319	(1,688,998)	270,935	386,703	477,964	450,988	102,408

Market risk

Market risk is the risk that if market prices such as foreign exchange rates, interest rates or equity prices change, the Company's income or the value of its investments will be affected. The objective of market risk management is to control the exposure to market risk within acceptable limits by optimizing the return.

Interest risk

The Company's policy is aimed at minimizing the interest rate risk in long-term funding. The Company's bank loans are with a floating interest rate, formed by a fixed interest rate plus a spread (margin), which is a variable component based on 1m Euribor. As of 31.12.2025, the Company is exposed to risk of changes in market interest rates on its bank loans with variable interest rate. All other financial assets and liabilities of the Company have fixed interest rates. All investments in bonds of the Company are paid out based on fixed interest rates.

The tables presented below show the sensitivity of the annual net financial result after taxes and of the equity to a likely change in the interest rates on loans with a floating interest rate according to the Base Interest Rate (BIR) in Bulgaria, in the amount of +/- 0.00 % (for 2024: +/- 0.01 %) and on loans with a floating interest rate based on EURIBOR, in the amount of +/- 0.3% (for 2024: +/-

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0.3 %). These changes are determined as probable based on observations of the current market conditions. The calculations are based on the change in the average market interest rate and on the financial instruments held by the Company at the end of the reporting period, which are sensitive to interest rate changes. All other parameters are assumed to be constant.

As of 31.12.2025, Bulgartransgaz EAD has no loans received in BGN.

Fair value sensitivity analysis for fixed interest instruments

	Increase		Decrease	
Effect in BGN thousand	**Equity**	**Gains and losses**	**Equity**	**Gains and losses**
31 December 2025				
Loans (BIR +/-0.00%)	-	-	-	-
Loans (EURIBOR +/-0.3%)	(1,938)	(1,938)	1,938	1,938
31December 2024				
Loans (BIR +/-0.01%)	(6)	(6)	6	6
Loans (EURIBOR +/-0.3%)	(1,684)	(1,684)	1,684	1,684

The Company does not account for financial assets and liabilities with fair value fixed interest rate in gains or losses. Therefore, changes in interest rates at the date of the financial statement would not affect gains and losses.

32. Capital management

The Company manages its capital in such a way as to ensure its functioning as a going concern, while also aiming to maximize the return on the sole owner of the capital by optimizing the debt-to-equity ratio (return on invested capital). The purpose of the Management is to guarantee stable future development of the Company.

The Management Board's policy is to maintain a strong capital base so as to maintain the confidence of customers, creditors and the market as a whole, and to provide conditions for future business development.

The Company is not subject to externally imposed capital requirements.

During the year there were no changes in the approach to management of the Company capital.

The Company determines the adjusted capital based on the carrying amount of equity presented in the statement of financial position.

Net debt includes the sum of all liabilities reduced by the carrying amount of cash and cash equivalents.

The capital for the presented reporting periods can be analysed as follows:

BGN thousand	**31.12.2025**	**31.12.2024**
Equity	6,032,087	5,842,035
Adjusted capital	**6,032,087**	**5,842,035**
Total liabilities	1,645,658	2,310,285
- Cash and cash equivalents	(107,991)	(342,466)
Net debt	**1,537,667**	**1,967,819**
Ratio of adjusted capital to net debt	**1:3.92**	**1:2.97**

The increase in the ratio in 2025 is due to implementation of the large-scale investment programme of Bulgartransgaz EAD and the early repayment of loans received and long-term trade liabilities.

33. Determining fair values

Some of the Company's accounting policies and disclosures require determination of fair values for financial and non-financial assets and liabilities. Fair values are determined for reporting and disclosures purposes based on the methods below. Where applicable, additional information on the

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assumptions made in determining fair values of the specific asset or liability is disclosed in the relevant notes.

Financial assets and liabilities accounted for at fair value or for which fair value disclosure is required in the statement of financial position are grouped into three levels according to the fair value hierarchy. This hierarchy is determined based on the significance of the input used to determine the fair value of financial assets and liabilities, as follows:

- Level 1: market prices (unadjusted) in active markets for similar assets or liabilities.
- Level 2: input other than market prices included in Level 1 that can be observed for a certain asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices); and
- Level 3: input for a certain asset or liability that is not based on observed market data.

A financial asset or liability is classified at the lowest level of material input used to determine its fair value.

The fair value of the Company's non-financial assets is determined on the basis of reports of independent licensed appraisers.

Fair value estimates are based on observed prices of recent market transactions for similar properties, adjusted for specific factors such as area, location and current use.

Material unobservable data relate to the adjustment for the specific factors applicable to the Company's property, plant and equipment.

(i) Property, plant and equipment

The fair value of property is the estimated amount for which the property can be exchanged at the acquisition date between a willing buyer and seller in a transaction at market conditions after proper marketing and parties acting deliberately. The fair value of property, plant and equipment is based on a market approach and approach of the acquisition price by using market prices for similar items when available and replacement value when appropriate. The estimate of the amortized cost of replacement reflects the adjustments for physical wear, as well as functional and economic obsolescence.

As at 31 December 2025, the Company management reviewed the carrying values, recoverable amounts and the useful life of the non-current assets. Management's estimates are based on examination by an independent appraiser as at the date of the financial statements. The valuation was made in accordance with the requirements of IAS 16 "Property, Plant and Equipment" and IFRS 13 "Fair Value Measurement", as well as in compliance with the requirements of International Accounting Standards (IAS).

An impairment test has been carried out, ascertaining that as at the evaluation date the value in use is higher than the balance sheet value of the fixed assets as at 31 December 2025, as well as higher than the created value of the smallest cash flow generating unit.

In valuation of machinery, equipment and technical equipment for the valued assets, the cost-based approach was assessed as acceptable and possible to be implemented through the Acquisition costs based method ("depreciated replacement cost").

The income-based approach is not used as there are no clearly identifiable incomes for assets from which to develop reliable forecasts of future cash flows. In addition, information on short and mid-term lease rates for similar assets, that could be used to forecast income, is not available and is not public.

The market comparison approach was not used due to the absence on the national market of representative data from transactions with similar assets.

The valuation was made based on a study of the available documentation in terms of the year of acquisition and method of operation, value of acquisition. The factors taken into account in valuation, are the following: service life, degree of operating fitness, quality and technical level, reliability.

The Acquisition costs based method ("depreciated replacement cost") measures the value of an asset by determining its new value as at the valuation date, reflecting the costs of its acquisition, reduced by its physical wear, functional and economic depreciation as a result of its operation.

The valuation of the available (depreciable and non-depreciable) buffer (cushion) gas by location was made based on prices set by the EWRC. The price for the calculations of the fair value of

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buffer gas is 63.01 BGN/MWh, determined by the EWRC and valid for the period from 01.12.2025 MWh and as of 31.12.2025.
The lands were evaluated by applying the Method of market analogues, with adjustment of derived comparable market prices.
The buildings are mostly specialized, i.e. there is actually no developed active market for them, so the main approach applied to them was through the "depreciated replacement cost" method. Other evaluation methods and approaches were used according to their relevance to the particular asset.
Depreciated replacement cost is directly related to setting of the new replacement cost that includes all costs (routine and additional) for construction of a building of the same functional characteristics, as well as the associated costs for design, Designer's supervision, construction supervision, temporary structures during construction and other inherent costs.
To determine the market value of means of transport, a cost method and a method of market analogues have been applied.

(ii) Trade and other receivables

The fair values of trade and other receivables are determined as the current value of future cash flows discounted at market interest rates as at the reporting date. Short-term non-interest receivables are measured at original invoice value if the discounting effect is insignificant. Fair value shall be determined at initial recognition and for disclosure purposes at each reporting period.

(iii) Non-derivative financial liabilities

Fair values that are determined for disclosure purposes are measured on the basis of the current value of future cash flows of principals and interests discounted at the market interest rate as at the reporting date.

Accounting classifications and fair values

Fair values compared to balance sheet values

The fair values of financial assets and liabilities, together with the balance sheet values included in the statement of financial position, are as follows:

31 December 2025		**Balance sheet value**		**Fair value**	
in BGN thousand	**Note**		**Total**	**Level 3**	**Total**
Financial assets not measured at fair value					
Cash and cash equivalents	19	107,991	107,991	107,991	107,991
Cash provided as collateral	20	115,028	115,028	115,028	115,028
Trade and other receivables	16.18	31,248	31,248	31,248	31,248
Receivables from related parties	28	33,904	33,904	33,904	33,904
		288,171	288,171	288,171	288,171
Financial liabilities not measured at fair value					
Loans	26	(709,263)	(709,263)	(709,263)	(709,263)
Guarantees under contracts	29	(84,982)	(84,982)	(84,982)	(84,982)
Trade and other liabilities	27	(24,264)	(24,264)	(24,264)	(24,264)
Liabilities to related parties	28	(79,066)	(79,066)	(79,066)	(79,066)
		(897,575)	(897,575)	(897,575)	(897,575)

31 December 2024		**Balance sheet value**		**Fair value**	
in BGN thousand	**Note**		**Total**	**Level 3**	**Total**
Financial assets not measured at fair value					
Cash and cash equivalents	19	342,466	342,466	342,466	342,466
Cash provided as collateral	20	175,409	175,409	175,409	175,409
Trade and other receivables	16.18	24,548	24,548	24,548	24,548
Receivables from related parties	28	27,631	27,631	27,631	27,631
		570,054	570,054	570,054	570,054

The notes on pages 7 to 66 are an integral part of this separate financial statement.

This document is a translation of the original Bulgarian text, in case of divergence the Bulgarian text shall prevail.

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Financial liabilities not measured at fair value

Loans	26	(623,329)	(623,329)	(623,329)	(623,329)
Guarantees under contracts	29	(91,154)	(91,154)	(91,154)	(91,154)
Trade and other liabilities	27	(483,672)	(483,672)	(483,672)	(483,672)
Liabilities to related parties	28	(389,164)	(389,164)	(389,164)	(389,164)
		(1,587,319)	(1,587,319)	(1,587,319)	(1,587,319)

Based on the analyses made, the management believe that the balance sheet values of the financial assets and liabilities may be accepted as reasonable approximation to their fair value.

Fair value measurement of non-financial assets

The table below presents the levels in hierarchy of non-financial assets as at 31 December 2025 and 31 December 2024, periodically measured at fair value:

in BGN thousand	**31.12.2025**	**31.12.2024**
Property, plant and equipment:	Level 3	Level 3
- land	16,039	15,410
- buildings	108,821	106,212
- plants, facilities and equipment	6,269,775	6,256,766
- buffer (cushion) gas	427,399	521,253
- transport vehicles	10,540	9,825

Revaluations shall be made in the following frequency:

- When the assets' fair value undergoes only minor changes, revaluation is made every three years.
- When the assets' fair value changes substantially at relatively short intervals, revaluation is made so that the carrying amount of assets does not differ materially from their fair value.

As at 31 December 2025, the Company management reviewed the carrying values, recoverable amounts and the useful life of the non-current assets. Management's estimates are based on examination by an independent appraiser as at the date of the financial statements. The valuation was made in accordance with the requirements of IAS 16 "Property, Plant and Equipment" and IFRS 13 "Fair Value Measurement", as well as in compliance with the requirements of International Accounting Standards (IAS).

An impairment test has been carried out, ascertaining that as at the evaluation date the value in use is higher than the balance sheet value of the fixed assets as at 31 December 2025, as well as higher than the created value of the smallest cash flow generating unit.

The opening balance of non-financial assets at level 3 of the buffer gas may be equal to its final balance at the reporting date as follows:

	Property, plant and equipment
BGN thousand	Buffer (cushion gas)
Balance as at 1 January 2024	608,497
Accrued impairments 2024	(7,479)
Profits or losses recognised in the other comprehensive income	
- revaluation	(79,765)
Balance as at 31 December 2024	521,253

	Property, plant and equipment
BGN thousand	Buffer (cushion gas)
Balance as at 1 January 2025	521,253
Accrued impairments 2025	(6,487)
Profits or losses recognised in the other comprehensive income	
- revaluation	(87,367)
Balance as at 31 December 2025	427,399

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34. Contingent assets and contingent liabilities

Bank guarantees and insurance policies from third parties in the amount of BGN 389,606 thousand have been issued in favour of the Company.

On 1 July 2019, a corporate guarantee was issued in favour of the Company under a Capacity Booking Contract in the amount of BGN 1,085,313 thousand by a foreign legal entity.

The Company reports as a contingent asset, respectively contingent liability, Operational balancing account (OBA). This is a joint account in which the daily balance position of two Transmission System Operators at the interconnection point is recorded. The operator responsible for calculating the daily balance position and the total balance position, respectively, shall update the OBA on a daily basis and send it to the other operator. The operational balancing account is reported off-balance.

During the year various legal claims were raised against the Company. Except of those for which provisions have already been accrued, the Company management considers that the claims are unfounded and that they not very likely to incur expenses for the Company in settling them. This judgement of the management is supported by the opinion of lawyers of the Company's legal department and by independent legal consultants. None of the above claims was set forth here in detail.

In 2025, the Company underwent tax audits in connection with requests for VAT refund, which arise as a result of implementation of the investment programme.

The Company's management does not consider that there are significant risks as a result of the dynamic fiscal and regulatory environment in Bulgaria, which would require adjustments in the separate financial statement for the year ending on 31.12.2025.

35. Events following the reporting period date

No corrective events have occurred between the date of the financial statement and the date of its adoption. Significant non-corrective events have been as follows:

- Following the official decision of the EU Council of 8 July 2025 on Bulgaria's accession to the euro area, our country has officially been admitted to the monetary union, effective as of 01.01.2026, with a fixed exchange rate of 1 EUR = 1.95583 BGN, fixed without possibility of change. In order to ensure a smooth and transparent process, the responsible institutions issued the Law on the Introduction of the Euro in the Republic of Bulgaria (LIERB). According to the Law on the Introduction of the Euro in the Republic of Bulgaria, effective as of 1 January 2026, the official currency and legal tender in the Republic of Bulgaria is the euro. The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional currency, which will be accounted for prospectively and does not constitute an adjusting event after the date of the financial statements. Financial statements dated after 1 January 2026 shall be prepared and presented in euros, and comparative information for the previous reporting period (which was in BGN) must also be recalculated and presented in euros.
- On 14 January 2026, an increase in Bulgartransgaz EAD capital in the amount of EUR 1,020 thousand was entered in the Commercial Register and the Register of Non-Profit Legal Entities. After obtaining permission from the Minister of Energy with Protocol No. Е-РД-21-49/30.12.2025, Bulgarian Energy Holding EAD increased the capital of Bulgartransgaz EAD with a consideration in cash in the amount of EUR 1,020 thousand, by issuing 2 000 000 new ordinary registered shares with voting rights with a nominal value of EUR 0.51 each, and BEH EAD subscribed and acquired the entire new issue of shares.
- In January 2026, Bulgartransgaz EAD received an official notification from the European Climate, Infrastructure and Environment Executive Agency (CINEA) for approval of the project proposal and start of the process of preparing a grant agreement, which includes activities in the "studies" category related to implementation of PCI 10.3.2 "Internal hydrogen infrastructure in Bulgaria towards the Greece border". The project envisages construction of bidirectional hydrogen transmission infrastructure between Bulgaria and Greece, including pipeline network of approximately 250 km length and two new compressor stations with indicative total compressor

Notes to the separate financial statement

capacity of approximately 48 MW. The project aims to provide a hydrogen transmission capacity of about 0.9 Mt/y (80 GWh/d). The approved project is No. 101287437 – 10.3.2-BG-S-M-25-PCI 10.3.2 – Studies, with maximum amount of the grant EUR 4,561 thousand, representing 50% of the total eligible costs of EUR 9,123 thousand.

- After the date of preparation of the annual separate financial statement for 2025, significant geopolitical events occurred related to escalation of a military conflict between the USA and Iran characterized by mutual military actions. The events lead to increased geopolitical uncertainty and risk to energy supplies. As of the date of preparation of this report, no reliable assessment of the potential financial impact on the Company's operations can be made. At present, the management has not identified a significant direct impact on the operations and financial position of Bulgartransgaz EAD and continues to monitor the development of the situation.