



FINANCIAL STATEMENT

for the year ending on 31 December 2024

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Statement of profit or loss and other comprehensive income
for the year ending on 31 December

<i>in BGN thousand</i>	Notes	2024	2023
Revenue from contracts with customers	5	5,301	4,783
Other income	6	5	7
Total revenue		5,306	4,790
Cost of materials	7	(11)	(14)
Hired services expenses	8	(630)	(571)
Depreciation, amortization and impairment of non-financial assets	13,14	(10)	(9)
Employee remuneration	9	(318)	(317)
Other expenses	10	(62)	(54)
Operating profit		4,275	3,825
Finance income	11	199	5
Finance costs	11	(2)	(4)
Net financial revenues/(expenses), net		197	1
Profit before tax		4,472	3,826
Income tax expense	12	(481)	(383)
Profit for the year		3,991	3,443
Total comprehensive income for the year		3,991	3,443

The notes on pages 5 to 30 are an integral part of this financial statement.

This financial statement was approved by the Board of Director and signed on 14 May 2025.

Executive Director
Petya Ivanova
Date: 08/05/2025

Prepared by
Elena Evtimova

By Audit report of 14/05/2025:

Grant Thornton Ltd
Audit company No. 32
Mariy Apostolov
Manager

Emilia Marinova
Registered auditor in charge of the audit

Statement of financial position

<i>BGN thousand</i>	Notes	December 31, 2024	December 31, 2023
Assets			
Property, plant and equipment	13	12	13
Intangible assets	14	37	19
Long-term related party receivables	19	7	7
Total non-current assets		56	39
Trade and other financial receivables	15	256	289
Related party receivables	19	15	57
Cash and cash equivalents	16	9,823	5,810
Total current assets		10,094	6,156
Total assets		10,150	6,195
Equity and liabilities			
Share capital	17	500	500
Reserve	17	43	43
Retained earnings		9,398	5,407
Total equity		9,941	5,950
Liabilities			
Trade and other payables	18	158	196
Income tax liabilities		41	29
Current related party payables	19	10	20
Total current liabilities		209	245
Total equity and liabilities		10,150	6,195

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Statement of changes in equity

	Share capital	Reserve	Retained earnings	Total equity
<i>in BGN thousand</i>				
Balance at 01 January 2023	500	43	1,964	2,507
Profit for the year	-	-	3,443	3,443
Total comprehensive income for the year	-	-	3,443	3,443
Balance at 31 December 2023	500	43	5,407	5,950
Balance at 01 January 2024	500	43	5,407	5,950
Profit for the year	-	-	3,991	3,991
Total comprehensive income for the year	-	-	3,991	3,991
Balance at 31 December 2024	500	43	9,398	9,941

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Statement of cash flows

for the year ending on 31 December

in BGN thousand

Notes

2024

2023

Operating activities

Cash receipts from customers

5,882

5,263

Cash paid to suppliers

(813)

(663)

Cash paid to employees and social security institutions

(318)

(333)

Income taxes paid

(469)

(358)

Paid taxes and excise duties

(433)

(391)

Other operating activity payments, net

(4)

(8)

Net cash flow from operating activities

Total cash flows from operating activities

3,845

3,510

Investing activities

Purchase of property, plant and equipment

(3)

(5)

Acquisition of equipment

(24)

-

Purchase of intangible assets

195

-

Interest received

Net cash flow from investing activities

Total cash flows from investment activities

168

(5)

Net change in cash and cash equivalents

4,013

3,505

Cash and cash equivalents, beginning of year

5,810

2,305

Exchange gains/(losses) on cash and cash equivalents

-

(2)

Effect of expected credit losses

-

2

Cash and cash equivalents, end of year

16

9,823

5,810

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Notes to the financial statement

1. General information and nature of operations

A sole shareholding company Balkan Gas Hub EAD (the Company) is a Bulgarian legal entity having its seat in the Republic of Bulgaria. The Company is registered in the Commercial Register and the Register of NPLE at the Registry Agency on 18 January 2019 under UIC 205478458. The Company's registered address is in the Republic of Bulgaria, Sofia, Studentski region, residential area Darvenitsa, Sv. Kliment Ohridski Blvd., Kintex business building.

Bulgartransgaz EAD is the sole owner of Balkan Gas Hub EAD capital. The sole owner of Bulgartransgaz EAD capital is Bulgarian Energy Holding EAD. The final control is carried out by the Bulgarian state through the Minister of Energy.

Balkan Gas Hub EAD subject of activity involves establishment and operation of electronic platform providing conditions for conclusion of bilateral transactions and stock exchange market with physical and non-physical products – natural gas, energy products, energy carriers, energy green and white certificates, carbon emissions and others energy consumption products.

Within the meaning of Art. 21, para. 1, item 1 and Art. 39, para. 1, item 6 of the Energy Act, the company holds a license for organization of a natural gas exchange market № L-532-11 of 25.03.2021, issued by the regulatory authority Energy and Water Regulatory Commission EWRC.

Bilateral transactions and stock exchange trading are carried out by meeting or facilitating the meeting of buy and sell offers within the platform natural gas traders, natural gas producers and other third parties, admitted based on specific financial and other requirements, in accordance with the Platform Rules and the statutory rules for bilateral and exchange trade. The result is conclusion of transactions with physical and non-physical products, as well as any trading activity which is not prohibited by law in compliance with all applicable authorizations, licensing and registration regimes applicable to the electronic platform operator for trading with energy products and the other products as laid down in the subject of the business activity on bilateral or stock exchange principle, as well as any activity which is not prohibited by law in compliance with all applicable authorizations and licensing regimes.

In 2024 Balkan Gas Hub EAD conducted a public and non-discriminatory procedure for the selection of a contractor for the provision of clearing services for the market needs of Balkan Gas Hub EAD in fulfilment of the provision of Art. 175(3) of the Energy Act, according to which the operators of an organised natural gas exchange market conclude contracts with a person providing clearing services. As a result, on 24 June 2024, Balkan Gas Hub signed a Clearing services agreement with the Hungarian clearing house KELER CCP. It will ensure introduction of central counterparty services for the Balkan Gas Hub (BGH) market to reduce the financial and market risks for Company members. The estimated time for realisation of BGH market clearing project is the second quarter of 2025.

The company has a one-tier management system - Board of Directors (BoD).

BoD Members as at 31 December 2024 are Darina Koleva, Kiril Ravnachki and Petya Ivanova. As at 31 December 2024, the Company is represented and managed by the Executive Director Petya Ivanova.

By virtue of its decision of 29 January 2025, the Board of Directors of Balkan Gas Hub EAD appointed Vladimir Malinov as a Chairman of the Company Board of Directors. As of 04 February 2025, Vladimir Malinov was entered in the Commercial Register and the Register of Non-Profit Legal Entities as a non-executive member of the Board of Directors, replacing Darina Koleva.

Notes to the financial statement

2. Statement of compliance with IFRS, and going concern assumption

2.1 Statement of compliance with IFRS, as adopted by the EU

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, the term "IFRS adopted by EU" means International Accounting Standards (IAS) adopted in compliance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

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

2.2 Going concern principle

At the date of preparation of this financial statement, the management of Balkan Gas Hub EAD has made an assessment of the ability of the company to continue to function as a going concern based on the information available for the foreseeable future. After the investigations made, the management has a reasonable expectation that the Company has sufficient resources to continue functioning for the foreseeable future. Accordingly, it continues to run as a going concern when preparing the annual financial statements.

Financial statements was adopted by the Board of Directors on 14 May 2025.

3. New or revised standards or interpretations

3.1. New standards, amendments and interpretations to existing standards as at 1 January 2024

The following new standards, amendments and interpretations to IFRS, issued by the International Accounting Standards Board and approved by the EU, are effective for the financial statements for the annual period beginning on 1 January 2024 but have no significant impact on the financial results or positions of the Company:

- Amendments to IAS 1 Presentation of Financial statements: Classification of liabilities as current and non-current, effective as of 1 January 2024 adopted by the EU;
- Amendments to IAS 1 Presentation of Financial statements: Non-current liabilities related to financial indicators, in force since 1 January 2024 adopted by the EU
- Amendments to IFRS 16 Leasing: Sale and leaseback obligation in force no earlier than 1 January 2024, adopted by the EU;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Suppliers' financing agreements, in force since 1 January 2024 adopted by the EU.

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early 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 2024 and have not been applied by the Company from an earlier date. 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. Information about these standards and amendments is presented below.

- Amendments to IAS 21 Effects of Changes in Foreign Exchange Rates: lack of exchangeability, in force since 1 January 2025, not yet adopted by the EU;
- Annual improvements effective as of 1 January 2026, not yet adopted by the EU;
- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, not yet adopted by the EU;

Notes to the financial statement

- IFRS 18 Presentation and Disclosure in Financial Statements, effective as of 1 January 2027, not yet adopted by the EU;
- IFRS 19 Subsidiaries without public accountability: Disclosures, effective as of 1 January 2027, not yet adopted by the EU.

4. Material Accounting Policy Information

4.1. Overall considerations

The most significant information about accounting policies applied in drawing up this financial statement is presented 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, adopted by the EU. The valuation bases are disclosed in detail in the financial statement accounting policy.

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 2023, unless otherwise stated.

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

4.2. Presentation of financial statements

The Financial Statement is set out 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.

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.

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

4.3. Climate-related matters

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.

As of 31 December 2024, Balkan Gas Hub 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. Revenue

The main revenues, generated by the Company, are related to services for providing access to and use of an electronic platform for natural gas trading, services for the use of additional screens and data provision services.

a) Revenue from contracts with customers

Recognition and estimate of the revenues from contracts with customers

Notes to the financial statement

To determine whether and how to recognize the revenues, the Company applies the following 5 steps: 1. Identify the contract with a 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 according to the performance of individual performance obligations on a straight-line basis over the term of each contract. As the amount of work required to execute these contracts does not differ significantly from month to month, the straight-line basis reflects accurately the transfer of access services to the platform.

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 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 and customer's remuneration are taken into account in determining the transaction price.

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

Revenues from the provision of access to and using an electronic natural gas trading platform

Balkan Gas Hub EAD was established as a natural gas trading platform operator in accordance with the Bulgarian Energy Act. In 2024, the company offered the following services for access to its electronic trading platform:

Notes to the financial statement

- **Short-term (spot) segment** of the platform, which offers short-term standardized products "within the day", "day ahead", as well as temporal and locational products for the needs of balancing of the transmission system operator's network. Trade is carried out on an anonymous basis in accordance with the provisions of Regulation (EU) No 312/2014.

- **Long-term segment**

1. Standardized products traded on screen anonymously for the periods - week, month, quarter, year/up to five years ahead.

2. Non-anonymous bilateral contracts for standardized period, traded on the BGH market by registration in Trayport Transactions module.

3. BGH Brokering services - through which products and services for end customers are offered - natural gas consumers and end suppliers directly connected to the gas transmission system, who do not have access to the gas transmission networks and to the VTP, but would like to purchase natural gas at exit points from registered BGH members for their own needs. In this case, the end customer/end supplier has the status of a non-trading user and is not chargeable according to the applicable price list. A non-trading user shall be entitled to use BGH brokering services by signing a Brokering Services Agreement, and shall be granted with special rights to access a specialized section of BGH webpage.

Revenues from the provision of access service to and using an electronic natural gas trading platform are recognized in the period in which the services are provided. The Company transfers the control over the services over time and therefore satisfies the performance obligation and recognizes revenues over time. In recognizing the revenues from the service provided, the Company applies a measuring progress method, taking into account the resources invested.

In 2020, Balkan Gas Hub (BGH) commenced active operations. In order to be able to operate on the platform, BGH customers pay initially a registration fee of BGN 5,000. The Company enters into open-ended contracts with its customers to provide services for access to and use of the electronic natural gas trading platform. Contracts have standard terms and conditions that are the same for all customers. The contract requires the customer to pay an advance payment fee for initial registration in the platform. The fee is non-refundable. The initial administrative activities of the Company regarding registration do not transfer a good or service to the customer and therefore do not give rise to an obligation to perform.

The advance fee is an advance payment for future services for access to and use of the electronic natural gas trading platform. Therefore, the Company sets the transaction price and includes the advance fee as a non-refundable position, and recognises revenue for the services for access to and use of the electronic trading platform for natural gas in the course of their provision.

The period for rescheduling and recognizing as current income the non-refundable amounts collected by the Company is subject to management discretion. In preparing this assessment, the management analysed the current state of the exchange market, the expectations for changes and development of the market, the presence of competitors after issuing of licenses for an organized exchange market, any changes in services' provision, the applicable regulatory framework, upcoming legislative amendments, intentions to conclude agreements with external parties - clearing service providers and other relevant factors. In this regard and taking into account the circumstances that have occurred, the company's management made an evaluation showing that the registration fee revenues should be deferred for a period of 18 months as of the date of their occurrence.

The implementation of the clearing mechanism is expected to enter into force by the end of the second quarter of 2025. In 2024 the company's management made a thorough analysis of the period of deferral of the registration fee revenues and decided that it should be until the expected date of implementation of the mechanism.

Revenues from use of additional screens

Notes to the financial statement

In addition to the main contracts, the Company provides its customers with the option to use more than one screen to access and operate on the natural gas trading platform.

The Company considers that the option to use additional screens does not provide substantive right that the customer would not have received without concluding these basic contracts. The prices for use of additional screens reflect the unit sales prices for these services. As far as the option to use additional screens does not provide the customer with a substantive right, the Company concludes that this is not an obligation to perform in the contract. As a result, the Company does not allocate any part of the transaction price to the option to use additional screens. The Company recognises revenue for use of additional screens if and when it provides these services.

Revenues from the use of an additional screen shall be recognised 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. In recognizing the revenues from the service provided, the Company applies a measuring progress method, taking into account the resources invested.

Revenues from the provision of a data provision and reporting service and disclosure of inside information

Regarding implementation of Regulation (EU) 1227/2011 and Implementation Regulation (EU) 1348/2014, Balkan Gas Hub EAD offers a choice between the following services for reporting the offers and transactions concluded or registered through the BGH system:

- **Reporting service** - BGH sends to ACER data on the transactions of the respective market participant with wholesale energy products executed on the BGH organized market, including matched and unmatched orders. Reporting takes place through the Third-party Registered Reporting Mechanism (RRM). The service includes reporting data to ACER and customer's access to the reported data and reporting confirmations sent by ACER.
- **Service on providing access to data for self-reporting purpose** - for customers using another reporting organization, BGH offers access to ready-to-report XML documents containing data on the transactions of the respective market participant on the BGH organized market, prepared in the form and according to ACER requirements. Data is provided through web-based customer profiles in the BGH information system.
- **Inside Information Disclosure Service (BGH IIP)** - the service is approved and included by ACER in the official register of inside information disclosure platforms, which certifies that BGH IIP meets the requirements of REMIT and ACER, and guarantees market participants an efficient and in full compliance with the regulatory requirements for disclosure of inside information.

BGH IIP allows market participants to publish inside information in accordance with the requirements of Regulation (EU) No.1227/2011 and ACER Guidance for REMIT Implementation. The access to the published information is free of charge, with no need to register or pay any fee.

The BGH IIP Inside Information Publishing Services are available both to members of the BGH Organized Market and to third-party market participants who do not use the BGH Trading Platform.

Revenue from data reporting services and disclosure of inside information shall be recognised 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. In recognizing the revenues from the service provided, the Company applies a measuring progress method, taking into account the resources invested.

Revenues from services provided to the Company for a fixed amount shall be recognised when the Company transfers control over the customer's assets. Invoices for transferred services are being issued monthly, which reflects the linear method for their recognition, i.e. upon receipt of the assets

Notes to the financial statement

from the customer.

Invoices shall be due for payment by the tenth day of the month following the month of the transaction.

Revenues from API services

Balkan Gas Hub offers a 24/7 web API communication channel for access to public and private information. The public part contains information that can be used without paying fees and related to the members of BGH market, the traded quantities and achieved prices, publicly available at the company's website. Private information is available only to BGH market members in addition to public information. The private information contains data about offers and transactions, as well as other commercial information about the market segments in which the respective customer is active. The private information is used on a fee-paying basis.

Balances under contracts

Trade receivables and contract assets

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 contract asset 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.

Contract liabilities

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

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 contract assets are reviewed for impairment in accordance with IFRS 9 Financial Instruments.

b) Other income

Other income include operations different from the main activities of the Company, which are revenues or incomes recognized by other standards and beyond the scope of IFRS 15.

c) Interest and dividend revenue

Revenues include revenues from interest on funds invested and profit from foreign currency transactions. 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.

Notes to the financial statement

4.5. Expenses

Expense is a decrease in the economic benefit during the accounting period in the form of an expiry of assets' useful life or decrease of assets, or an accumulation of liabilities that results in decrease in equity apart from what is due for 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. the provision. All expenses of the Company are initially reported in line with economic elements – costs for: materials, consumables, external services, depreciations, personnel, taxes, charges, and other similar payments, assets impairment, etc.

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.

4.6. 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 payables 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.

Deferred tax liabilities shall be recognized in full.

Notes to the financial statement

Deferred tax assets shall be recognized only if there is 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 tax revenue or expense in profit or loss, unless they are related to items recognized in other comprehensive income.

4.7. Property, plant and equipment and right-of-use assets

Initial recognition

Equipment shall be 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 the costs of dismantling and restoring the site where they are located;

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

When equipment consists of components with different useful lives, they are accounted for separately.

Subsequent evaluation

For the purposes of subsequent evaluation of 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 equipment is determined based on market evidences presented in the report prepared by an independent certified appraiser.

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

Subsequent expenditures

Subsequent expenditures 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

Equipment is depreciated from the date on which it is 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 equipment. Depreciation is accounted for in profit or loss unless it is included in the balance sheet value of another asset.

Depreciation of equipment shall be calculated using the straight-line method over the estimated useful lives of the individual asset groups, as follows:

Equipment in the form of business inventory - 5 years

Computers - 2 years

Depreciation costs are included in the statement of profit or loss and the other comprehensive income in line "Depreciation, amortization and impairment of non-financial assets".

Notes to the financial statement

The depreciation methods, useful life and residual values are reviewed as at each reporting date and corrected if necessary. The rough estimates of equipment were revised as at 31/12/2024.

4.8. Intangible assets

Intangible assets acquired by the Company, having a definite useful life are presented at acquisition price less accumulated depreciation and impairment losses.

Subsequent expenditures

Subsequent expenditures 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:

Website – 3 years

Licenses - 35 years

The depreciation methods, useful life and residual values are reviewed as at each reporting date and corrected if necessary.

4.9. Financial instruments

Recognition and derecognition

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.

Classification of initial measurement 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 or loss are included in other expenses.

Subsequent measurement of financial assets

Financial assets at amortised 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):

Notes to the financial statement

- 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 loans and receivables are measured at amortized cost using the method of effective interest rate less the impairment losses.

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.

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 writes 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.

Financial assets and liabilities are netted and the net amount presented in financial statement when, and only when the Company has a legal justification to net the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: trade and other receivables, cash and cash equivalents.

Impairment requirements under IFRS 9 use more forward looking information to recognize the expected credit losses - the "expected credit loss" model.

Instruments that fall within the requirements scope are trade and other receivables, as well as cash and cash equivalents.

The company considers a wider range of information in measuring the credit risk and the expected credit losses, i.e. current conditions, reasonable and sustained estimates that affect the expected collection of future cash flow of the instrument.

Notes to the financial statement

Determining the amount of expected credit losses

The Company estimates the expected credit losses of a financial instrument in a manner that shows:

- The exact and probability-weighted estimate of the asset determined by assessment of number of possible results;
- Value of the money over time; and
- Reasonable and supporting information for past events, current terms and conditions and future estimates for economic conditions which is available without significant expenses or efforts as of the reporting date.

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.

Classification and measurement of financial liabilities

The financial liabilities of the company include trade and other payables.

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 income. 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.

4.10. Leases

For contracts concluded in 2024, the Company measures whether a contract is or contains a lease. Leasing is defined as "a contract or part of a contract that convey the right to use an asset (the underlying asset) for a specified period of time in exchange for consideration". To apply this definition, the Company makes three fundamental judgements:

- Whether the contract contains an identified asset which is either explicitly indicated in the contract or identified by default at the time the asset is made available for use.
- The Company has the right to receive substantially all the economic benefits from the use of the asset throughout the period of use, within the defined scope of its right to use the asset under the contract.
- The Company has the right to manage the use of the identified asset throughout the entire period of use.

The Company measures whether it has the right to manage the "how and for what purpose" the asset will be used throughout the period of use.

The company has an effective lease agreement for office space. According to the agreement, the Company has no control over the leased asset and therefore it is not recognized as an asset with a right of use and liability under the lease agreement, and payments in respect to these shall be

Notes to the financial statement

recognized as an expense in the profit or loss under the straight-line method for the term of the lease agreement.

4.11. Equity, reserves and dividend payments

The share capital of the Company represents the nominal value of the issued shares.

Statutory reserves formed in accordance with the effective commercial legislation and the Articles of Association of the Company.

Retained earnings include the current financial result and accumulated profits and uncovered losses from previous years.

All transactions with the sole owner of the Company shall be presented separately in the statement of changes in equity.

4.12. Significant management judgement in applying accounting policies

In preparing this 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.

Judgements

Information on critical judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement is set out in the relevant notes.

Estimation uncertainty

In preparing the financial statement, the management made a number of assumptions, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses.

Actual results may differ from management's assumptions, and estimates, and, in rare cases, may be fully consistent with the estimated results.

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.

Measurement of expected credit losses

Credit loss represents 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.

At the end of the reporting period, the management assesses whether the credit risk of a financial instrument has increased significantly compared to the initial recognition.

Useful lives of depreciable assets

The management reviews the useful lives of depreciable assets at the end of each reporting period.

As at December 31, 2024, the management determines the useful life of the assets, which is the expected useful life of the Company assets. The carrying amounts of the assets are analysed in

Notes to the financial statement

clarifications 12 and 13. The actual useful lives may differ from the assessment made due to technical and moral obsolescence, mainly of software products and computer equipment.

Recognition of revenue from contracts with customers

As described in Note 4.4, the initial registration fees do not give rise to an obligation to perform, but constitute an advance payment for future services for access to and use of the electronic natural gas trading platform. Therefore, the Company sets the transaction price, including the non-refundable advance fee, and recognises revenue for the services for access to and use of the electronic trading platform for natural gas in the course of their provision.

As of 31.12.2024, the management decided that the most suitable period for deferral of the registration fee is 12 months, until 30.06.2025. The management's assessment was made on the basis of future development of the Company, development of the gas market, current discussions on legislative changes, potential presence of competitors after the issuance of licenses for an organized exchange market by the regulatory body, changes in the manner and procedure of offering and using the services, actions taken to implement a clearing mechanism to secure the transactions and to guarantee payments both between market participants and payments to the Company and others. The degree of complexity of the calculations is low and the degree of subjectivity is medium, as it depends on a number of factors, some of which are beyond the Company control.

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 2024. The Bulgarian tax authorities are still expected to publish a standard form of a declaration and rules for calculating income tax under Pillar Two. The Company's management has made an analysis and forecast based on the available rules and guidelines published by the OECD, however the amount recognized in 2024 financial statements may differ from the amount that will actually be reported to the tax authorities when the local rules are published.

5. Revenue from contracts with customers

in BGN thousand

	2024	2023
Revenues from services for access to natural gas trading platform	4,880	4,446
Revenues from additional screens fee	330	264
Revenues from data provision and reporting	73	51
Revenues from training	9	16
Service for access to public and private information (API communication channel)	9	6
	<u>5,301</u>	<u>4,783</u>

By location/Geographic markets

in BGN thousand

	2024	2023
Internal market	2,269	2,050
External market	3,032	2,733
	<u>5,301</u>	<u>4,783</u>

Notes to the financial statement

In the period until 31.12.2024, the quantities under the transactions at the short-term segment reached 16,118,475 MWh, which is 26% more compared to the same period of the previous year. On the long-term segment (including transactions at the virtual trading point and brokering service) within the period until 31.12.2024, the quantities under the transactions reached 26 614 856 MWh, which is 20% less compared to the same period of the previous year on this segment.

Balkan Gas Hub EAD offers services of reporting the transactions concluded or registered through Balkan Gas Hub EAD system in connection with the requirements of Regulation (EU) No.1227/2011 on the integrity and transparency of the wholesale energy market, through developed and implemented functionality of the company's information system. This type of service is divided into two subtypes:

(1) Reporting service where the Company sends to the Agency for the Cooperation of Energy Regulators (ACER) of the European Union data on the transactions of the respective market participant with wholesale energy products, executed on the organized market of Balkan Gas Hub EAD, including matched and unmatched orders and

(2) Service of providing access to data for self-reporting - for customers using another reporting organization. The Company also offers access to ready-to-report XML documents containing data on the transactions of the respective market participant on the organized natural gas market, prepared in the form and according to the requirements of ACER. Each platform member has the right to provide a Declaration of refusal to use the reporting services, which releases Balkan Gas Hub from the obligation to provide and/or report data and this remains responsibility of the platform member as a participant in the energy wholesale market. BGH successfully implements the requirements related to the disclosure of "inside information" derive from Art. 4 of Regulation (EU) No.1227/2011 and Art. 10 (1) of Regulation (EU) No.1348/2014.

Regarding these requirements, the Inside Information Platform (BGH IIP) was successfully implemented in accordance with the requirements of REGULATION (EU) 1227/2011 on wholesale energy market integrity and transparency and in accordance with the requirements of the Ordinance on licensing of activities in the energy sector, fully complying with the requirements of EWRC and ACER for complete disclosure of inside information, also enabling TSOs to fulfil their obligations to disclose capacity unavailability and other inside information in the form of Urgent Market Messages (UMMs). Please note that the service is available to all market participants, including traders and TSOs in and for all balancing zones in Europe, and the service is free for BGH members.

All revenues from services rendered to the Company are recognized over time.

As at 31.12.2024 the Company has reported balances on contracts with customers as follows:

<i>in BGN thousand</i>	31.12.2024	31.12.2023
Contract assets		
Trade receivables (Note 15)	241	281
Receivables from related parties (Note 19)	15	57
Contract liabilities		
Deferred revenue (Note 18)	41	74

6. Other income

<i>in BGN thousand</i>	2024	2023
Revenues from penalties	5	1
Revenues from funding for electric power expenses	-	1
Revenues from provisioned leaves	-	5
	<u>5</u>	<u>7</u>

Notes to the financial statement

7. Cost of materials

in BGN thousand

Electric power, water and heat

Auxiliary materials, including

Business inventory

Fuels and lubricants

Vehicle spare parts and accessories

Other auxiliary materials

2024	2023
(7)	(7)
(4)	(7)
(1)	(3)
(1)	(1)
-	(1)
(2)	(2)
(11)	(14)

8. Hired services expenses

in BGN thousand

Services for use of exchange trading platform

Expenses for financial, administrative, legal and other services

Short-term leases

Subscription service

Consulting services

Civil contracts

Repairs

Other expenses for hired services

2024	2023
(447)	(400)
(56)	(45)
(41)	(41)
(38)	(36)
(32)	(20)
(1)	(13)
-	(5)
(15)	(11)
(630)	(571)

The Company has a contract concluded with Trayport Limited for access to and use of an electronic platform for natural gas trade under which costs for the access and use of the platform amounting to 447 thousand BGN have been reported. (2023: BGN 400 thousand).

The Company has a contract concluded with Bulgartransgaz EAD under which it receives financial, administrative, legal, accounting and other services.

The Company has decided not to recognize a liability under leases if they are short-term (leases with an expected term of 12 months or less) or if they are for the lease of low-value assets. The Company has a leased motor vehicle under an operating lease from Bulgartransgaz EAD under a signed agreement. It is a short-term lease and is measured as a straight-line lease expense over the remaining contract period.

The Company has leased office space, part of leased real estate from Bulgartel AD for a period of 3 years. According to the terms of the lease, there are restrictions for the tenant on the extent and manner of managing the use of and operating the leased property. Following the analysis of the terms of the contract, the management of the Company has concluded that the agreement does not constitute a lease and there are no conditions to recognize an asset with a right of use and a lease liability. The monthly payments due under the agreement are reported as current lease expense under the straight-line method.

As at December 31, 2024, the Company has no commitments for payments under short-term leases, neither related to future leases that have not started as at that date.

Notes to the financial statement

9. Employee remuneration

<i>in BGN thousand</i>	2024	2023
Salaries and staff social expenses	(283)	(283)
Social security costs	(29)	(28)
Unused paid annual leave	(5)	(5)
Contributions on unused paid annual leave	(1)	(1)
	<u>(318)</u>	<u>(317)</u>

In 2024, the average number of staff is 3 people (2023: 3 people).

10. Other expenses

<i>in BGN thousand</i>	2024	2023
Membership fees of organizations	(49)	(34)
Business trips	(3)	(13)
Taxes on expenses	(4)	(3)
Licence fees	(5)	(3)
Others	(1)	(1)
	<u>(62)</u>	<u>(54)</u>

Balkan Gas Hub EAD is a member of the Association of European Energy Exchanges - EUROPEX. Its main priorities include:

- Promoting and enabling efficient, accessible, liquid, secure and transparent wholesale energy and environmental markets;
- Representing members' interests to legislative and regulatory bodies as

well as other relevant stakeholders, working for common positions on specific issues and providing a unified voice;

- Providing support to members on regional and national policy issues relevant to European wholesale energy markets.

11. Finance costs and finance income

<i>in BGN thousand</i>	2024	2023
Expenses for bank charges/commissions	(2)	(2)
Exchange rate differences, net	-	(2)
	<u>(2)</u>	<u>(4)</u>
Revenue from interests on bank accounts	199	5
	<u>199</u>	<u>5</u>
Net financial revenues/(expenses) recognized in profits and losses	<u>197</u>	<u>1</u>

Notes to the financial statement

12. Income tax expense

The recognized income tax expense is based on management's best estimate of the expected annual corporate tax rate for 2024, applied to the financial result realized as of 31 December 2024 (annual rate for 2023 - 10%).

<i>in BGN thousand</i>	2024	2023
Taxes recognised in profits and losses		
Profit before tax	4,472	3,826
Tax rate	10 %	10 %
Expected tax expense	(447)	(383)
Tax effect of:		
Adjustments for tax-exempt income	2	4
Adjustments for non-deductible expenses	(2)	(4)
Current tax expense in connection with the Additional National Tax pursuant to Article 260 ²⁵ of the Corporate Income Tax Act	(34)	-
Current tax		
Current tax expense	(481)	(383)
Total income tax expense	(481)	(383)

Current tax expenses include the accrual of corporate tax on profit amounting to 10% on the accounting profit, converted for the purposes of taxation.

Due to the amount of business activity of BEH Group to which Balkan Gas Hub EAD belongs, the Group is subject to an additional corporate tax according to the Corporate Income Tax pursuant to the new tax requirements for large national and multinational groups of companies with national additional tax. The Company has applied the mandatory exemption of IAS 12 in relation to income taxes under Pillar Two and has made preliminary 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.

13. Property, plant and equipment

<i>in BGN thousand</i>	Computers	Office equipment	Total
Gross carrying amount			
Balance at 1 January 2024	17	5	22
Additions	-	3	3
Balance at 31 December 2024	17	8	25
Depreciation			
Balance at 01 January 2024	(6)	(3)	(9)
Depreciation	(3)	(1)	(4)
Balance at 31 December 2024	(9)	(4)	(13)
Carrying amount			
As of 01 January 2024	11	2	13
Carrying amount at 31 December 2024	8	4	12

Notes to the financial statement

<i>in BGN thousand</i>	Computers	Office equipment	Total
Gross carrying amount			
Balance at 1 January 2023	12	5	17
Additions	5	-	5
Balance at 31 December 2023	17	5	22
Depreciation			
Balance at 01 January 2023	(3)	(2)	(5)
Depreciation	(3)	(1)	(4)
Balance at 31 December 2023	(6)	(3)	(9)
Carrying amount			
As of 01 January 2023	9	3	12
Carrying amount at 31 December 2023	11	2	13

As at December 31, 2024, the Company has no significant contractual obligations in connection with purchase of equipment and no contractual obligations for purchase of such, which should be repaid in 2023.

All depreciation costs are included in the statement of profit or loss and the other comprehensive income in line " Depreciation, amortization and impairment of non-financial assets ".

The Company has not pledged equipment as collateral for its liabilities.

14. Intangible assets

<i>in BGN thousand</i>	Software	Licenses	Total
Gross carrying amount			
Balance at 1 January 2024	49	15	64
Additions	24	-	24
Balance at 31 December 2024	73	15	88
Amortization			
Balance as at 01 January 2024	(44)	(1)	(45)
Amortization	(6)	-	(6)
Balance at 31 December 2024	(50)	(1)	(51)
Carrying amount			
Balance at 1 January 2024	5	14	19
Carrying amount at 31 December 2024	23	14	37

Notes to the financial statement

BGN thousand

	Software	Licenses	Total
Gross carrying amount			
Balance at 1 January 2023	49	15	64
Balance at 31 December 2023	49	15	64
Amortization			
Balance at 01 January 2023	(39)	(1)	(40)
Amortization	(5)	-	(5)
Balance at 31 December 2023	(44)	(1)	(45)
Carrying amount			
Balance at 1 January 2023	10	14	24
Carrying amount at 31 December 2023	5	14	19

All depreciation costs are included in the statement of profit or loss and the other comprehensive income in line " Depreciation, amortization and impairment of non-financial assets ". The Company has not pledged intangible assets as collateral for its liabilities.

15. Trade and other finance receivables

	31.12.202	31.12.202
<i>in BGN thousand</i>	4	3
Trade receivables, gross	251	291
Allowance for expected credit loss and impairment of trade receivables	(10)	(10)
Trade receivables	241	281
Receivables in relation to financing	9	5
Financial assets	250	286
Prepayments	6	3
Non-financial assets	6	3
Trade and other receivables		
Current receivables	256	289
	256	289

The net balance value of trade and other receivables is considered as a reasonable estimate of their fair value.

The receivables from customers are for concluded transactions on the electronic platform for natural gas trade in 2024, which according to the contracts shall be paid up to the tenth day of the month following that of the transaction.

Prepaid expenses in a total amount of BGN 6 thousand. (2023: BGN 3 thousand) represent a virtual server subscription, which will be rescheduled on a straight-line basis over the term of the contract

The 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. The corrective amount of the expected credit losses of trade and other receivables can be presented as follows:

Notes to the financial statement

in BGN thousand

Balance at 1 January 2023

Corrective/Adjustment for expected credit losses

Balance at 31 December 2023

Corrective/Adjustment for expected credit losses

Balance at 31 December 2024

Corrective/Adjustment for expected credit losses

(7)

(3)

(10)

-

(10)

16. Cash and cash equivalents

in BGN thousand

Cash on current accounts

Short-term deposits

Cash in hand

Cash and cash equivalents, gross

Allowance for expected credit loss and impairment

Cash and cash equivalents

31.12.2024

31.12.2023

935

922

8,890

4,890

1

1

9,826

5,813

(3)

(3)

9,823

5,810

The change in the corrective/adjustment amount for expected credit losses of cash and cash equivalents can be presented as follows:

in BGN thousand

Balance as at 1 January 2023

Impairment loss reversed Recovery of impairment loss

Balance as at 31 December 2023

Impairment loss reversed Recovery of impairment loss

Corrective/Adjustment for expected credit losses

Balance as at 31 December 2024

Corrective/Adjustment for expected credit losses

(5)

2

(3)

3

(3)

(3)

As at 31.12.2024 Balkan Gas Hub EAD has three short-term deposits with 2,50% annual interest rate. The Company has no restricted cash and cash equivalents as at 31.12.2024.

17. Equity

The share capital is allocated in 500,000 ordinary, available, registered shares. All shares have a nominal value of 1 BGN. The sole owner of the capital is Bulgartransgaz EAD.

The reserves represent statutory reserves and 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.

18. Trade and other payables

in BGN thousand

Deferred income from registration fee

Deferred income generated by the API fee

Liabilities to suppliers

Liabilities to unused leave

Other liabilities

31.12.2024

31.12.2023

40

73

1

1

61

59

6

6

10

16

118

155

Liabilities to the budget:

VAT to be paid

Personal income tax

Liabilities to social security institutions

Liabilities for taxes on expenses

Total trade and other payables

33

35

2

2

4

4

1

-

158

196

Notes to the financial statement

The deferred revenue in the amount of BGN 41 thousand as at 31.12.2024 represent advance paid fees for the API service and registration fee, recognized as current revenue on a straight-line basis for a term of 12 months.

The net balance value of trade and other payables is considered as a reasonable estimate of their fair value.

19. Related party transactions

Bulgartransgaz EAD is the Company's parent company. Bulgarian Energy Holding EAD is the Company's ultimate controlling entity.

Balkan Gas Hub EAD related entities include its owners, other related entities under Bulgarian Energy Holding EAD control as well as key management personnel.

Unless explicitly stated, transactions with related entities were not conducted under special conditions and no guarantees were provided or received.

The Company has made transactions with:

Bulgartransgaz EAD pursuant to:

- Contract for provision of financial, administrative, legal, accounting and other services;
- Bulgartransgaz EAD Membership Agreement on the Balkan Gas Hub EAD Trading Platform;

Bulgargaz EAD

- Bulgargaz EAD Membership agreement on Balkan Gas Hub EAD trading platform. The Company has provided access services to Bulgargaz EAD in the amount of BGN 217 thousand during the reporting period. At the end of the reporting period the receivables from Bulgargaz EAD amounted to BGN 11 thousand.

Bulgartel AD

- A lease agreement of real estate concluded between Balkan Gas Hub EAD and Bulgartel AD of duration until 31/03/2026. The Company has provided a guarantee deposit under the lease agreement in the amount of BGN 7 thousand, recoverable at the end of agreement duration. At the end of the reporting period the outstanding liabilities under the lease and other services amounted to BGN 5 thousand.
- Provision of electronic communication services by Bulgartel AD to Balkan Gas Hub EAD and a file server subscription for volume of information and encryption.

ICGB AD

- Membership agreement of ICGB AD on the trading platform of Balkan Gas Hub EAD;

<i>in BGN thousand</i>	Transactions value during:		End balances	
	2024	2023	31.12.2024	31.12.2023
Transactions with Bulgartransgaz EAD				
sales of services to Services rendered	32	28	2	2
purchases of services from Services received	(63)	(52)	(5)	(15)
Transactions with Bulgargaz EAD				
sales of services to Services rendered	217	575	11	55

Notes to the financial statement

Transactions with Bulgartel AD

Warranty	-	-	7	7
purchases of services from Services received	(35)	(34)	(5)	(5)

Transactions with ICGB AD

sales of services to Services rendered	22	17	2	-
--	----	----	---	---

Total receivables from related parties :

-	-	22	64
---	---	----	----

Non-current receivables

-	-	7	7
---	---	---	---

Current receivables

-	-	15	57
---	---	----	----

Total liabilities to related parties

-	-	10	20
---	---	----	----

Current liabilities

-	-	10	20
---	---	----	----

Significant part of the receivables from related entities result from services rendered for access and use of the platform by the public provider Bulgargaz EAD in December 2024. The receivables were settled within the agreed deadlines, i.e. until the 10th of the month following the use of the service. There were no guarantees received and/or issued to/from related entities.

Remuneration to key management personnel

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

<i>in BGN thousand</i>	2024	2023
Remunerations paid to the Executive Director and BoD members	154	154
Social security on remunerations to the Executive Director and BoD members	13	11
Total remunerations	167	165

Involvement of key management personnel in management of other companies

Members of the Board of Directors as at 31.12.2024 are:

Darina Hristova Koleva - Chairperson of the Management Board

Kiril Dimchov Ravanachki - Member of the Board of Directors of Balkan Gas Hub EAD and member of the Management Board and Executive Director of Bulgartransgaz EAD

Petya Todorova Ivanova - Member of the Board of Directors and Executive Director

20. Categories of financial assets and liabilities

The balance sheet values of the Company financial assets and liabilities can be presented in the following categories:

Financial assets

in BGN thousand

Debt instruments measured at amortised cost:

	31.12.2024	31.12.2023
Trade and other receivables	250	286
Related party receivables	64	64
Cash and cash equivalents	9,823	5,810
	10,137	6,160

Notes to the financial statement

Financial liabilities

in BGN thousand

Financial liabilities measured at amortized cost

Trade and other payables

Related party payables

31.12.2024

31.12.2023

65

65

10

20

75

85

21. Financial instrument risk

Risk management objectives and policies

Review

The Company is exposed to various types of risks with respect to its financial instruments, such as market risk, credit risk and liquidity risk.

BoD 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.

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.

With regard to receivables, the Company is not exposed to significant credit risk due to the introduced control mechanisms in negotiating the terms of participation with market participants. The Company has evaluated the expected credit losses on all financial assets and has not established any indications of such.

Credit risk on cash and cash equivalents is considered insignificant as the counterparties are reputable banks.

The Company has not provided its financial assets as collateral for other transactions.

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. As at 31.12.2024 the Company has no overdue liabilities.

Market risk

Market risk is the risk where upon market conditions change, the level of liquidity and, accordingly, the volume and number of transactions do not sufficiently ensure the return on investments made by the Company. The objective of market risk management is to control the exposure to market risk within acceptable limits by optimizing the return.

Foreign currency risk

The Company's transactions are in BGN and EUR, which is why it is not exposed to currency risk.

22. Contingent assets and contingent liabilities

No bank guarantees from third parties were issued to the benefit of the Company.

No court cases were filed from/against the Company during the period.

23. Capital management policies and procedures

The Company objectives regarding capital management are to ensure the Company ability to continue to exist as a going concern and to provide adequate profitability to the sole owner by setting

Notes to the financial statement

the price of his products and services in accordance with the level of risk.

The capital for the presented reporting periods can be analysed as follows:

in thousand BGN	31.12.2024	31.12.2023
Equity	9,975	5,950
Total assets	10,150	6,195
Capital to assets ratio	98 %	96 %

The company monitors the capital based on the ratio of adjusted capital to the total sum of the assets.

The increase in the ratio in 2024 is mainly due to the development of the volume of the activity and the successful cash flows management.

The Company has not changed the objectives, policies and processes for capital management, as well as the method of determining the capital during the presented reporting periods.

There are no externally imposed requirements for maintaining a certain amount of capital, except for the general requirements applicable to joint stock companies within the meaning of the Commercial Act.

24. Post-reporting date events

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

- According to a decision of the Board of Directors of Balkan Gas Hub EAD of 29.01.2025, Vladimir Malinov was elected as a member of the Board of Directors and Darina Koleva was dismissed as a member of the Board of Directors of Balkan Gas Hub EAD. These circumstances were entered in the Commercial Register and the Register of Non-Profit Legal Entities on 4 February 2025.

ANNUAL ACTIVITY REPORT of BALKAN GAS HUB EAD

**For the period
1 January - 31 December 2024**



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1. GENERAL INFORMATION

1.1 Status and business activity

Balkan Gas Hub EAD is a joint-stock company and a Bulgarian legal entity with its registered office in the Republic of Bulgaria. The Company is registered in the Commercial Register and the Register of NPLE at the Registry Agency on 18 January 2019 under UIC 205478458. The Company's registered address is in the Republic of Bulgaria, 1756 Sofia, Studentski region, residential area Darvenitsa, 19 Sv. Kliment Ohridski next to Block 19, Business Building Kintex.

The sole owner of Balkan Gas Hub EAD capital is Bulgartransgaz EAD, which in turn is a state-controlled enterprise. The sole owner of Bulgartransgaz EAD capital is Bulgarian Energy Holding EAD. The final control is carried out by the Bulgarian state through the Minister of Energy. Balkan Gas Hub EAD subject of activity involves establishment and operation of electronic platform providing conditions for conclusion of bilateral transactions and stock exchange market of natural gas with physical and non-physical products – natural gas, energy products, energy carriers, energy green and white certificates, carbon emissions and others energy consumption products..

Within the meaning of Art. 21, para. 1, item 1 and Art. 39, para. 1, item 6 of the Energy Act, the company holds a license for organization of a natural gas exchange market № L-532-11 of 25.03.2021, issued by the regulatory authority Energy and Water Regulatory Commission EWRC.

The activity of Balkan Gas Hub EAD is entirely set in the context of the European objectives for establishing an interconnected and integrated pan-European gas market and in support of the plans for gas infrastructure development across Europe. The concept of establishing and developing a gas distribution hub on the territory of the Republic of Bulgaria, as well as the establishment of a natural gas trading exchange is actively supported by the Council of Ministers of the Republic of Bulgaria and the European Commission and is strictly in line with the needs identified by the High Level Group for Central and South-Eastern Europe Energy Connectivity (CESEC).

The main activity of Balkan Gas Hub EAD includes management and maintenance of an electronic platform for natural gas trading with physical delivery. Balkan Gas Hub EAD shares are not quoted on a stock exchange.

Bilateral transactions and stock exchange trading are carried out by meeting or facilitating the meeting of buy and sell offers within the platform natural gas traders, natural gas producers and other third parties, admitted based on specific financial and other requirements, in accordance with the Platform Rules and the statutory rules for bilateral and exchange trade. The result is conclusion of transactions with physical products, as well as any trading activity which is not prohibited by law in compliance with all applicable authorizations, licensing and registration regimes applicable to the electronic platform operator for trading with energy products and the other products as laid down in the subject of the business activity on bilateral or stock exchange principle, as well as any activity which is not prohibited by law in compliance with all applicable authorizations and licensing regimes.

The company has no branches. The company has not undertaken any activities in the field of research and development in 2024.

1.2. Management bodies in the Company

The subsidiary Balkan Gas Hub EAD is managed by a one-tier governance system – Board of Directors (BoD).

By virtue of its decision of 9 April 2024, the Board of Directors of Balkan Gas Hub EAD appointed Darina Koleva to be the Chairperson. As of 15 April 2024, Darina Koleva has been entered as a member of the Board of Directors in the Commercial Register and the Register of Non-Profit Legal Entities, replacing Vladimir Malinov.

BoD Members as at 31 December 2024 are Darina Koleva, Kiril Ravnachki and Petya Ivanova.

As at 31 December 2024, the Company is represented and managed by the Executive Director Petya Ivanova.

2. BALKAN GAS HUB EAD MARKET

The Company operates trading platforms servicing the needs of the natural gas markets within Balkan Gas Hub EAD. In synergy with the physical infrastructure of the gas distribution hub, the prerequisites required for establishment of the first liquid physical and trading gas hub in the South East Europe region, based in Bulgaria, are being provided. In the first stage of establishing the exchange, Balkan Gas Hub EAD provided the participants in the natural gas market in Bulgaria and the region with the opportunity to use a trading platform with all the necessary functionalities in accordance with the requirements of Article 10 of Regulation (EU) No 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks, as well as a long-term segment for transactions with physical supply.

Balkan Gas Hub EAD trading platform was launched in December 2019 with the first auctions under the Gas Release Programme for 2020. The start of the platform is as well in implementation of the overall concept for increasing the natural gas market liquidity in Bulgaria and implementation of actual diversification and liberalization of the market both, in the country and in the region.

The electronic system of Balkan Gas Hub EAD is provided by Trayport Ltd., a subsidiary entirely owned by TMX Group Ltd., which is a widespread network and leading software solution for wholesale trade in many of the most developed European energy markets. Trayport's Exchange Trading System (ETS) is a powerful real-time bidding mechanism and trading system designed specifically to help commodity exchanges to provide customers and traders electronic trading environment and direct access to liquidity in the market through the trading screen of Trayport Joule.

Balkan Gas Hub EAD provides the services of reporting the transactions concluded or registered through Balkan Gas Hub EAD system in connection with the requirements of Regulation (EU) No 1227/2011 on the integrity and transparency of the wholesale energy market, through developed and implemented functionality of the company's information system. Balkan Gas Hub EAD offers two types of services to its customers:

- ACER reporting service where BGH sends to ACER data on the transactions of the respective market participant with wholesale energy products executed on the BGH organized market, including matched and unmatched orders.

- Service on providing access to data for self-reporting purpose - for customers using another reporting organization, BGH offers access to ready-to-report XML documents containing data on the transactions of the respective market participant on the BGH organized market, prepared in the form and according to ACER requirements. Each BGH member has the right to provide a Declaration of refusal to use the reporting services, which releases Balkan Gas Hub EAD from the obligation to provide and/or report data and this remains the responsibility of the member of BGH as a participant in the energy wholesale market.

Meanwhile, in pursuit of the goal of becoming not only a local, but also a regional distribution centre, Balkan Gas Hub attracts traders from neighbouring EU member states - Greek and Romanian companies, as well as a number of Central and Western European companies. Companies from Europe represent about 41 % of the companies registered on BGH market. As for the Bulgarian companies, which form about 55% of the market, there is a pronounced diversity in the type of customers, namely - traders, end industrial customers, district heating companies, operators of local production facilities.

Being a Trading Platform Operator, Balkan Gas Hub strictly monitors for the implementation and action in accordance with *Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks* as the leading regulatory instrument for European energy markets and for complying with the provisions of the Energy Act and all sub-regulatory legal acts in force at a national level.

In line with Article 39 para. 1(6) of the Energy Act (EA), promulgated OJ, issue 79, effective as of 8 October 2019, the activity "organising natural gas exchange market" is subject to licensing; in line with §29 of the Transitional and Final Provisions of the Energy Act, until the license issuance, the operator of the approved trading platform as determined by EWRC, carries out the activities involving the organising the exchange market and the implementation of the approved Natural Gas Release Programme Implementation Agreement.

As of 25 March 2021 Balkan Gas Hub EAD holds license No. Л-532 for an operator on an organized natural gas exchange market for a period of 35 years.

On 10 September 2021, Balkan Gas Hub EAD joined the Memorandum of Understanding on cross-border cooperation on the development of an integrated natural gas market in the South-East European Gas Initiative Community (SEEGAS). Within the framework of the initiative for development of an integrated natural gas market in South-Eastern and Eastern Europe, exchange operators and gas transmission network operators participated, together with Balkan Gas Hub EAD. The memorandum aims to create and develop a useful exchange infrastructure for natural gas trade, in order to facilitate natural gas trade and serve as a basis for cooperation between the countries to implement an effective clearing system for natural gas transactions in accordance with European practices.

Balkan Gas Hub EAD became a member of the Association of European Energy Exchanges - EUROPEX on 18 April 2023. EUROPEX is the association of energy exchanges, market operators and delegated operators in Europe. Europex main priorities include:

- Promoting and enabling efficient, accessible, liquid, secure and transparent wholesale energy and environmental markets;
- Representing members' interests to legislative and regulatory bodies as

well as other relevant stakeholders, working for common positions on specific issues

and providing a unified voice;

- Providing support to members on regional and national policy issues relevant to European wholesale energy markets.

Web Application Programming Interface (web API)

In 2022, market members and specialized electronic media expressed interest in establishing automatic communication between their information systems and the trading system of Balkan Gas Hub EAD by using a web-based automatic communication channel. In this regard, in April 2022, a software option was implemented through a web API for the members of BGH market to receive data of their trade (offers and transactions), as well as anonymous data of the overall trade by each segment (anonymous offers and transactions other than those of the receiving party). The same applies to customers as of June 2022. Also, an opportunity was implemented to receive (by members and specialized media) public data published on BGH website (weighted average and reference prices by segments, as well as traded quantities by segments, public information about the members of BGH market, etc.).

Obligation to disclose inside information:

The requirements related to the disclosure of "inside information" derive from Art. 4 of Regulation (EU) №1227/2011 and Art. 10 (1) of Regulation (EU) №1348/2014.

The obligation to publish inside information rests with market participants.

Art. 155c (3).6 of Ordinance № 3 of 21.03.2013 on licensing of the activities in the energy sector (OLAES) obliges exchange market operators to establish a decision that "ensures publication within 1 hour of occurrence of the event, as well as storage of messages published by market participants in wholesale energy products regarding changes in structural data on production, consumption or prices of wholesale energy products, such as: production capacity, planned or unplanned downtime or other limitation of transmission capacity; storage capacity; cross-border capacity; accidental or forced market interruption".

Regarding the above requirements, an Inside Information Platform (BGH IIP) was successfully implemented in November 2021 in accordance with the requirements of REGULATION (EU) 1227/2011 on wholesale energy market integrity and transparency and in accordance with the requirements of the Ordinance on licensing of activities in the energy sector, fully complying with the requirements of EWRC and ACER for complete disclosure of inside information, also enabling TSOs to fulfil their obligations to disclose capacity unavailability and other inside information in the form of Urgent Market Messages (UMMs). Please note that the service is available to all market participants, including traders and TSOs in and for all balancing zones in Europe, and the service is free for BGH members.

3. RESULTS FROM THE COMPANY ACTIVITY IN 2024

In the beginning of January 2020, Balkan Gas Hub EAD for the first time in Bulgaria launched the multilateral trading on the organized natural gas exchange market by introducing three trading segments - a short-term segment (spot), a long-term segment and a brokerage service.

The short-term segment of the platform offers short-term standardized within-day, day-ahead and weekend products, as well as products for the network balancing needs of the

TSOs. Trade is carried out on an anonymous basis in accordance with the provisions of Regulation (EU) No 312/2014.

The **long-term segment** of the platform offers products traded on a mid- and long-term basis on an anonymous and non-anonymous basis, as follows:

- Weekly;
- Monthly and Balance of Month;
- Quarterly;
- Yearly.

The long-term segment also provides the environment for administration of long-term contracts for natural gas purchase and sale (mainly at VTP) for a period after 1 January 2020 of less than or equal to one year, in compliance with the requirements of Article 176(3) of the Energy Act.

The **brokering service** enables conclusion of gas purchase contracts by end customers/end suppliers directly connected to the Bulgarian gas transmission system, without incurring costs for trading platform membership and without the need to obtain access to the network access and transport services of the TSO Bulgartransgaz EAD. The brokering service also provides the environment for administration of long-term contracts with subject natural gas purchase and sale at a physical exit point with connected end natural gas customers/gas distribution companies for a period after 1 January 2020, less than or equal to one year in compliance with the requirements of Article 176(3) of the Energy Act.

Information on natural gas trade of the individual segments of Balkan Gas Hub EAD trading platform:

For the period up to 01.01.2024 to 31.12.2024, quantities traded on the Trading Platform by products are as follows:

Short-term segment:

In the period up to 01.01.2024 to 31.12.2024, the volumes of transactions on the short-term segment reached 16,118,475 MWh, which is 26% more compared to the same period of the previous year. The number of transactions for the period under review is 28 315.

2024 Short-term segment													2024
	January	February	March	April	May	June	July	August	September	October	November	December	
Number of trades	1 480	1 312	1 572	2 152	2 124	2 026	2 458	2 274	2 397	4 380	3 405	2 735	28 315
Monthly traded volumes, MWh	721 218	678 861	1 004 582	1 198 155	1 351 327	1 309 000	1 703 545	1 830 698	1 373 783	2 403 400	1 474 086	1 069 820	16 118 475
Number of participants	92	93	93	95	95	97	98	100	101	104	107	108	

Long-term segment (including VTP transactions and by brokering service):

In the period 01.01.2024 to 31.12.2024 the volumes of transactions on the long-term segment reached 26 614 856 MWh. The number of transactions for the period under review is 1 855.

2024 Long-term segment													2024
	January	February	March	April	May	June	July	August	September	October	November	December	
Number of trades	158	174	157	166	166	154	151	148	145	133	141	162	1 855
Monthly traded volumes, MWh	1 947 134	1 989 268	2 353 115	2 949 355	2 787 430	2 517 832	2 269 106	2 248 742	2 518 500	1 764 544	1 643 590	1 626 240	26 614 856
Number of participants	92	93	93	95	95	97	98	100	101	104	107	108	

Over the reporting period new members were welcomed and thus the total number of members on the BGH market reached 108 as of 31.12.2024, of which three gas transmission system operators and one production company.

In 2024, Balkan Gas Hub EAD conducted a public and non-discriminatory procedure for the selection of a contractor for the provision of clearing services for the market needs of Balkan Gas Hub EAD in fulfilment of the provision of article 175(3) of the Energy Act, according to which the operators of an organised natural gas exchange market conclude contracts with a person providing clearing services. As a result, on 24 June 2024, Balkan Gas Hub signed a Clearing services agreement with the Hungarian clearing house KELER CCP. It will ensure introduction of central counterparty services for the BGH market to reduce the financial and market risks for BGH members. The estimated time for realisation of BGH market clearing project is the second quarter of 2025.

In view of the realisation of the clearing and settlement project within the prescribed period by June 2025, Balkan Gas Hub EAD launched intense communication with KELER CCP and Trayport both at the strategic and at the technical level. As a result of communication with KELER CCP, on 30 August 2024 a Market Service Design (MSD) was signed with KELER CCP; the document determines the clearing model, the clearing products, the type and contents of the communication between Balkan Gas Hub EAD and KELER CCP, the specification for the risk management system and other technical details. Based on the specifications laid down in the MSD, Balkan Gas Hub EAD launched and successfully completed a procedure for the selection of a supplier and developer of the IT infrastructure introducing the clearing, including a risk management system, the system for communicating messages between BGH and KELER, the administrative panel for BGH needs and the VPN SOAP crypted communication. Three companies took part in the procedure and by virtue of a Decision of Balkan Gas Hub EAD's Board of Directors FrogSmile Ltd. were chosen to be the contractor the company that develops the information system of the Company since 2019 and ongoing.

On 06.02.2025 the first working meeting was organised in Sofia between Balkan Gas Hub EAD and the members of the trading platform and the Hungarian clearing house KELER CCP. Representatives of more than 100 Bulgarian and international companies – members of Balkan Gas Hub took part.

The discussion focused on mechanisms that will allow the organized stock market in Bulgaria to operate even more efficiently, promoting greater liquidity and stability in the market. The meeting also gave the members of BGS the opportunity to learn about the clearing services of the Hungarian company. The development of natural gas exchange trading in our country has significant added value to the market and regional infrastructure development projects. The joint work between Balkan Gas Hub and KELER will lead to a

further streamlining of the post-trade processes, contributing to the overall stability of the regional energy sector. This will contribute to the development of the gas market and infrastructure in South East Europe.

Conduct of auctions on the trading platform

During the reporting period, eight auctions for the purchase of natural gas for technological needs of Bulgartransgaz EAD were held on BGH trading platform and two auction of Bulgargaz EAD – one for natural gas purchase and one for natural gas sale.

4. FINANCIAL AND ECONOMIC SITUATION

The financial and economic situation of Balkan Gas Hub EAD has been reviewed and analysed based on the prepared financial and accounting documents and a statement of financial position of the Company for 2024.

The Company reports a significant growth of BGN 518 thousand in the revenue from services (about 10,8%) against the previous year which leads to a total revenue growth of BGN 516 thousand (10,8%). The better financial result is mainly due to the growth in operating profit, as well as the significant increase in financial income to BGN 199 thousand compared to only BGN 5 thousand a year earlier. At the same time, costs have been kept within the similar parameters, which has contributed to the increased profitability. As a result, the net financial revenues for the period reached **BGN 4,025 thousand**, which represents an increase of **BGN 582 thousand (16,9%)** against the previous year, confirming the Company's improved financial performance.

4.1. Revenues

The total revenues earned by the Company in 2024 amounted to BGN 5,306 thousand and are mostly revenues from the provided service for access to the electronic platform for natural gas trading, including long-term and short-term segment of the trading platform (BGN 4 880 thousand). The Company also reports revenue from an additional screen fee in the amount of BGN 330 thousand, followed by revenue from providing and reporting data – BGN 73 thousand. Over the period 01.01.2024 - 31.12.2024 revenues from a service for access to public and private information were also generated – BGN 9 thousand, revenue from training in the tune of BGN 9 thousand and other revenue – BGN 5 thousand.

Comparing the reported revenue by Balkan Gas Hub EAD in 2024 with the ones realised in 2023, an increase was registered in the total amount of BGN 516 thousand (10,8%).

In the period 01.01.2024 - 31.12.2024, the Company also reports interest revenues amounting to BGN 199 thousand.

4.2. Costs

Costs are given in the table below reported by the Company in 2024 compared to 2023, as follows:

Costs for the activity	Report 01.01-31.12.2024		Report 01.01-31.12.2023		Change 2024/2023	
	value	relative weight	value	relative weight	absolute value	in %
Materials costs	11	1,08 %	14	1,46 %	3	21,43 %
Costs for external services	630	61,70 %	571	59,73 %	59	10,33 %
Personnel costs	289	28,31 %	289	30,23 %	-	0,00 %
Social security costs	29	2,84 %	28	2,93 %	1	3,57 %
Other costs	62	6,07 %	54	5,65 %	8	14,81 %
Operating costs	1,021	100,00 %	956	100,00 %	65	6,80 %
Depreciation costs	10	0,97 %	9	0,94 %	1	11,11 %
Financial costs	0	0,00 %	4	0,41 %	4	
Total costs	1,031	100,00 %	969	100,00 %	62	6,40 %

In 2024 the Company total costs amounted to BGN 1,031 thousand, growing by BGN 62 thousand (6.4 %) compared to BGN 969 thousand reported in 2023.

Comparing the Company's operating costs reported in 2024 to the previous 2023, a minimal increase of BGN 65 thousand (6.8%) is reported, i.e. from BGN 956 thousand in 2023 to BGN 1,021 thousand in 2024.

The reported increase in the operating costs is primarily due to the reported higher costs for external services and "Other operating costs".

As of 31 December 2024, the Company reports costs of materials in the amount of BGN 11 thousand which mostly represent costs for electricity, water and heating in the amount of BGN 7 thousand. When compared to the costs of materials reported in 2023, a drop of BGN 3 thousand (21,4%) is reported.

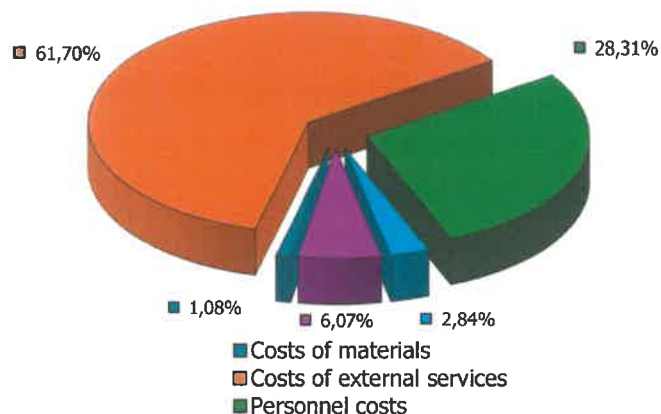
Hired services expenses in the amount of BGN 630 thousand (10.3 %) higher than the reported BGN 571 thousand in 2023, mostly due to the higher costs for the use of the exchange trading platform by BGN 47 thousand (11,8%) are reported. Part of the hired services expenses include the reported costs from a contract for administrative, legal, accounting and other services provided to the Balkan Gas Hub EAD by the parent company Bulgartransgaz EAD in the amount of BGN 56 thousand.

Employee remuneration remain unchanged at BGN 289 thousand compared to the previous period, which indicates stability in the company's spending policy regarding remuneration. Although the amount has not changed, the share of these costs in the total costs has decreased from 30.23% to 28.31%. This stability is a sign of the effective management of the labour costs with increasing revenues.

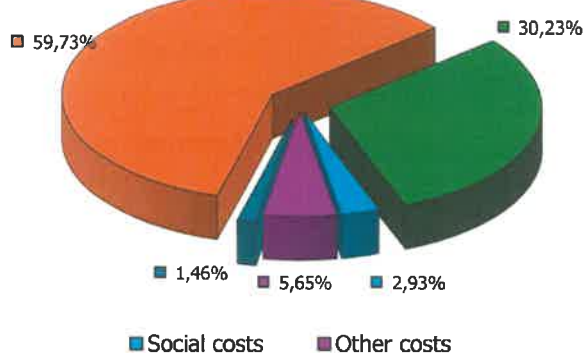
The Company also reports depreciation, amortization and impairment of non-financial assets costs in the amount of BGN 10 thousand, which represent 0.97% of the total expenses.

The structure of the expenses by economic elements reported by Balkan Gas Hub EAD for 2024, compared to the structure of costs for 2023, is presented in the following chart:

Operational activity expenses
01.01.-31.12.2024



Operational activity expenses
01.01.-31.12.2023



4.3. Statement of the financial position

As at 31 December 2024, the Company owns **total assets** amounting to BGN 10,150 thousand, and their amount has increased by BGN 3,955 thousand (63.84%) compared to the reported value as at 31 December 2023 (BGN 6,195 thousand).

As of 31 December 2024 the value of the **non-current assets** amounted to BGN 56 thousand, of which „Property, plant and equipment“ in the amount of BGN 12 thousand, „Intangible assets“ in the amount of BGN 37 thousand and „Long-term related party receivables“ in the amount of BGN 7 thousand.

As at 31 December 2024, the **current assets** amounted to 10,094 thousand BGN, of which Trade and other financial receivables amounted to 256 thousand BGN, Related party receivables – 15 thousand BGN and Cash and equivalents – 9,823 thousand BGN. As of 31.12.2023 the Company has 69,07% more „Cash and cash equivalents“.

The Company's **equity** as at 31 December 2024 amounts to BGN 9,975 thousand and increases by BGN 4,025 thousand (67.65%) compared to the reported value as at 31 December 2023 - BGN 5,950 thousand.

As at 31 December 2024 the **Share capital** of Balkan Gas Hub EAD is BGN 500 thousand. Currently Bulgartransgaz EAD owns 100% of the shares.

As at 31.12.2024, Balkan Gas Hub EAD has no paid **dividends** to the sole owner of the capital - Bulgartransgaz EAD.

Current liabilities according to reported data as at 31 December 2024 amount to BGN 175 thousand and are less by BGN 70 thousand (28.57%) compared to the reported ones as at 31 December 2023 - BGN 245 thousand. As of 31 December 2024, the value of current liabilities includes "Trade and other payables " - BGN 158 thousand, Current related party payables in the amount of BGN 10 thousand and "Income tax liabilities" - BGN 7 thousand.

4.4. Cash flows

One of the important indicators of the Company's financial position is the availability and dynamics of cash in the period 01.01-31.12.2024. This is due to the fact that cash is the absolutely liquid assets so their availability or absence determines the possibility of timely repayment of the Company's liabilities.

The table below shows Balkan Gas Hub EAD net cash flows (NCF) for the period 1 January 2024 – 31 December 2024 compared to those in the same period of 2023:

CASH FLOW	Report 01.01- 31.12.2024	Report 01.01- 31.12.2023	Change 2024/2023
NCF from operating activity	3,845	3,510	9,54 %
NCFs from investment activity	168	(5)	100,00 %
Net increase/(decrease) in cash and cash equivalents	4,013	3,505	14,49 %
Cash and cash equivalents at the end of the period	9,823	5,810	69,07 %

As of 31 December 2024, Balkan Gas Hub EAD cash and cash equivalents was BGN 9,823 thousand. A significant increase of 69.07% was reported over the previous year, suggesting enhanced financial liquidity and improved cash flow management.

In 2024, net cash flows from operating activities amounted to BGN 3,845 thousand, showing an increase of 9.54 % compared to the reported BGN 3,510 thousand in 2023. This is due to the Cash receipts from customers in the amount of BGN 5,882 thousand whilst these were BGN 5,263 thousand in 2023 and an increase of 11,76% is reported.

An increase was also recorded in the cash outflows related to "Cash paid to employees and social security institutions ", which from BGN 663 thousand in 2023 reached BGN 813 thousand in 2024. During the period under review, the Company also reported larger cash outflows related to "Paid taxes and excise duties " in the amount of BGN 433 thousand while BGN 391 thousand were reported as of 31.12.2023.

As of 31.12.2024 the cash flows from investing activities in the amount of BGN 28 thousand were reported, which represent "Purchase of intangible assets" BGN 24 thousand. BGN thousand and cash outflows related to "Purchase of property, plant and equipment" - BGN 4 thousand.

5. FUTURE DEVELOPMENT OF THE COMPANY

Among the planned activities for 2025, which are of key importance for Balkan Gas Hub EAD successful development, are the introduced clearing services for transactions made on the platform, which will provide market participants with additional security. In this regard, traders' activity is expected to increase after offering clearing services.

Agreements are also to be concluded with market makers and market participants, which will further increase market liquidity and increase competition in supply, and will inevitably impact price signals.

Another important aspect of the activity will be research and use of the opportunities for regional integration of the Bulgarian gas market with the neighbouring markets, based on various models of market coupling.

EXECUTIVE DIRECTOR



Petya Ivanova



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INDEPENDENT AUDITOR'S REPORT

**To the sole shareholder of
Balkan Gas Hub EAD**

Sofia, Studentski region, residential area Darvenitsa, Sv. Kliment Ohridski Blvd., Kintex business building

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Balkan Gas Hub EAD (the Company), which comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU and Bulgarian legislation.

Basis for 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 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 Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual management report, prepared in accordance with Bulgarian Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, as adopted by the EU and Bulgarian legislation, 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act 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 financial statements.

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

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

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Financial Statements and Auditor's Report Thereon", regarding annual management report, including the non-financial declaration and other information required under Article 61(3) of the Implementing Rules of the Public Enterprises Act we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the management report is consistent with the financial statements for the same reporting period;
- (b) the management report is prepared in accordance with the applicable legal requirements; and
- (c) as a result of the acquired knowledge and understanding of the activities of the Company and the environment in which it operates, we have found no cases of material misrepresentation in the management report.
- (d) the non-financial statement has been provided and prepared in accordance with the requirements of Article 48 of the Accounting Act.

Mariy Apostolov
Managing partner

Emilia Marinova
Registered auditor responsible for the audit

Grant Thornton Ltd.
Audit firm, reg. №032

14 May 2025
Bulgaria, Sofia, 26, Cherni Vrah Blvd.