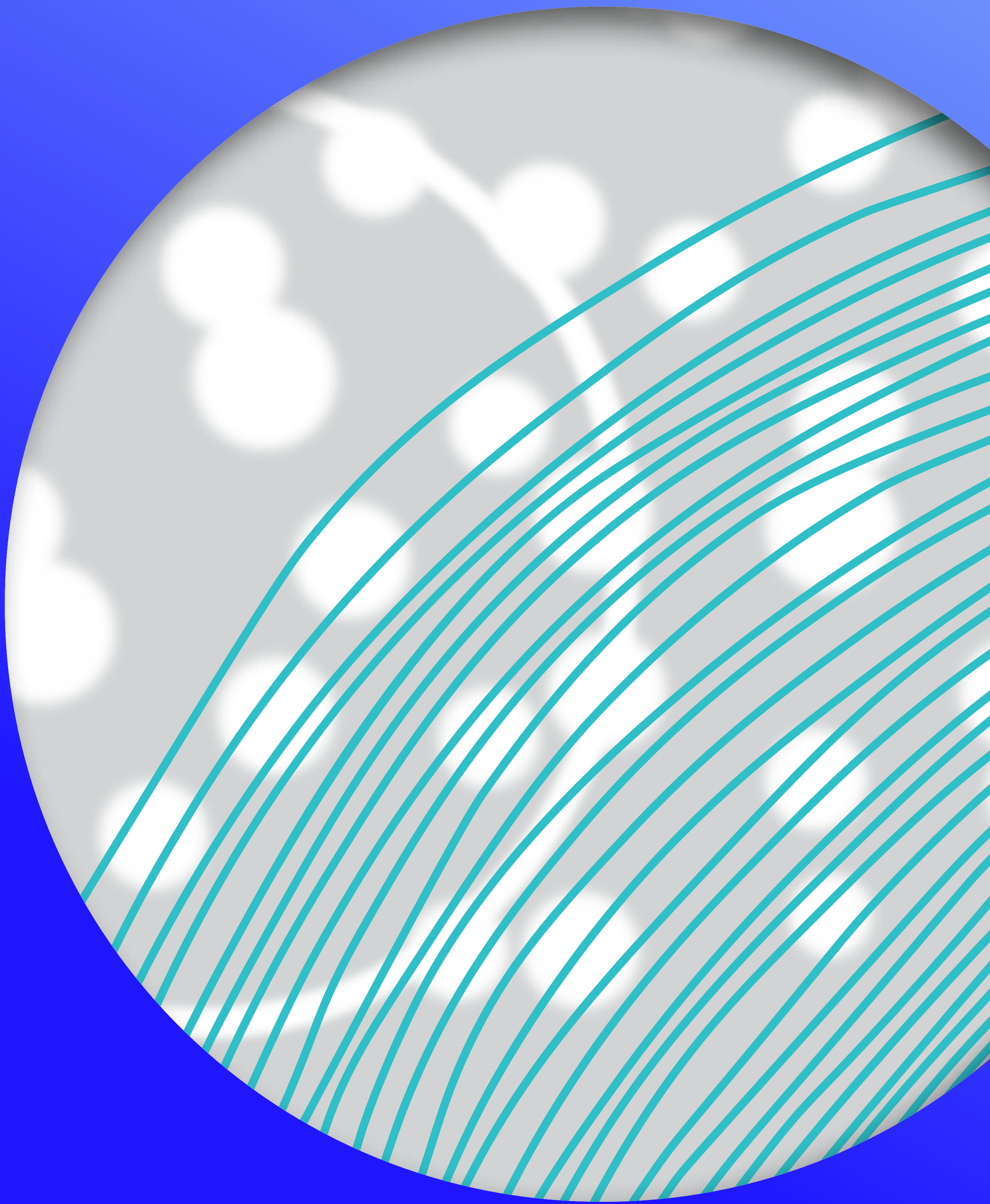


THE COMMUNITIES • Connections that transform

Composed of three unique pieces, it represents Floene's spirit and its catalytic role in promoting sustainable communities. The presence of predominantly parallel lines creates a synergistic rhythm. Each of the colours represents the multiplicity of communities — their stories, aspirations, and diversity — united by the same direction, the same desire. Floene positions itself as an invisible force, acting as the link that fosters a continuous flow of growth and innovation.

Annexes

Annex III a) – Consolidated Financial Statements as at 31 December 2024

Index

Disclaimer:
Translation of a report originally issued in Portuguese. In the event of a discrepancy, the Portuguese language version prevails.

Consolidated statement of financial position

Consolidated statement of financial position as at 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

Assets	Notes	2024	2023
NON-CURRENT ASSETS			
Tangible assets	5	1,465	454
Goodwill	9	2,275	2,275
Intangible assets	6	1,119,805	1,120,442
Right-of-use of assets	7	11,491	10,279
Deferred tax assets	17	12,292	11,416
Other receivables	12	20,138	28,077
Other financial assets	13	4	3
Total non-current assets		**1,167,471**	**1,172,946**
CURRENT ASSETS		,	,
Inventories	11	1,130	1,209
Trade receivables	12	13,593	10,565
Other receivables	12	70,622	63,470
Current income tax receivable	17	-	4,921
Cash and cash equivalents	14	19,711	79,505
Total current assets		**105,055**	**159,670**
Total assets		**1,272,526**	**1,332,616**

(Amounts stated in thousand Euros - € k)

Equity and Liabilities	Notes	2024	2023
EQUITY			
Share capital	23	89,529	89,529
Ancillary capital contributions	23	22,358	21,588
Reserves	23	13,402	13,223
Retained earnings		87,541	113,152
Total equity attributable to shareholders		**212,830**	**237,493**
Non-controlling interests	24	21,292	22,088
Total equity		**234,122**	**259,581**
LIABILITIES			
Non-current liabilities:			
Financial debt	15	597,933	599,896
Lease liabilities	7	11,133	9,923
Other payables	16	172,702	181,310
Post-employment and other employee benefit liabilities	18	49,427	44,441
Deferred tax liabilities	17	17,573	18,588
Provisions	19	88,269	84,060
Total non-current liabilities		**937,038**	**938,219**
Current liabilities		,	,
Financial debt	15	30,831	71,444
Lease liabilities	7	1,281	1,093
Trade payables	16	8,359	10,683
Other payables	16	57,899	51,597
Current income tax payable	17	2,996	-
Total current liabilities		**101,367**	**134,817**
Total liabilities		**1,038,404**	**1,073,035**
Total equity and liabilities		**1,272,526**	**1,332,616**

The accompanying notes form an integral part of the consolidated statement of financial position and must be read in conjunction.

Consolidated statement of income and other comprehensive income

Consolidated statement of income and other comprehensive income for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
Sales	25	7,307	6,188
Services rendered	25	172,479	161,127
Other operating income	25	42,335	43,613
Financial income	25 and 28	2,201	6,640
Total revenue and income		**224,322**	**217,568**
Cost of sales	26	(4,526)	(4,525)
Supplies and external services	26	(54,352)	(42,483)
Staff costs	27	(27,768)	(25,602)
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	26	(49,991)	(49,446)
Provisions	26	(206)	272
Impairment losses on accounts receivable	26	(143)	(1,148)
Other operating costs	26	(32,730)	(34,547)
Financial expenses	26 and 28	(33,384)	(29,490)
Total costs and expenses		**(203,099)**	**(186,969)**
Profit before taxes and other contributions		**21,222**	**30,599**
Income tax	17	(6,400)	(8,299)
Energy sector extraordinary contribution	19	(4,773)	(5,275)
Consolidated net income for the year		**10,050**	**17,025**
Income attributable to:			
Floene Energias, S.A. shareholders		**9,330**	**15,976**
Non-controlling interests	24	**720**	**1,049**
Basic and diluted earnings per share (in Euros)		**0,10**	**0,18**
Consolidated net income for the year		**10,050**	**17,025**
ITEMS WHICH WILL NOT BE RECYCLED IN THE FUTURE THROUGH NET INCOME			
Remeasurements – pension benefits	18	(6,007)	1,187
Income taxes related to remeasurements	17 and 18	1,245	(31)
Total other comprehensive income		**(4,762)**	**1,156**
Total comprehensive income for the year, attributable to:		**5,287**	**18,181**
Floene Energias, S.A. shareholders		**4,568**	**17,132**
Non-controlling interests		**720**	**1,049**

The accompanying notes form an integral part of the consolidated statement of income and other comprehensive income and must be read in conjunction.

Consolidated statement of changes in equity

Consolidated statement of changes in equity for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	Share Capital	Ancillary capital contributions	Reservas	Retained earnings	Sub-Total	Non-controlling interests (Note 24)	Total
As at 1 January 2023		**89,529**	**19,516**	**13,037**	**111,206**	**233,289**	**21,089**	**254,378**
Consolidated net income for the year		-	-	-	15,976	15,976	1,049	17,025
Other comprehensive income	18	-	-	-	1,156	1,156	-	1,156
Comprehensive income for the year		**-**	**-**	**-**	**17,132**	**17,132**	**1,049**	**18,181**
Dividends distribution		-	-	-	(15,000)	(15,000)	-	(15,000)
Increase/decrease in reserves		-	-	186	(186)	-	(50)	(50)
Constitution of ancillary capital contributions		-	2,072	-	-	2,072	-	2,072
As at 31 December 2023		**89,529**	**21,588**	**13,223**	**113,152**	**237,493**	**22,088**	**259,581**
Consolidated net income for the year		-	-	-	9,330	9,330	720	10,050
Other comprehensive income	18	-	-	-	(4,762)	(4,762)	-	(4,762)
Comprehensive income for the year		**-**	**-**	**-**	**4,568**	**4,568**	**720**	**5,287**
Dividends distribution	23	-	-	-	(14,356)	(14,356)	(1,520)	(15,876)
Interim dividends	23	-	-	-	(15,644)	(15,644)	-	(15,644)
Increase/decrease in reserves	23	-	-	179	(179)	-	5	5
Constitution of ancillary capital contributions	23	-	770	-	-	770	-	770
As at 31 December 2024		**89,529**	**22,358**	**13,402**	**87,541**	**212,830**	**21,292**	**234,122**

The accompanying notes form an integral part of the consolidated statement of changes in equity and must be read in conjunction.

Consolidated statement of cash flow

Consolidated statement of cash flow for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
OPERATING ACTIVITIES			
Cash received from customers		255,617	221,012
(Payments) to suppliers		(77,900)	(66,164)
(Payments) to staff		(31,465)	(28,733)
(Payments) relating to VAT		(26,053)	(28,344)
(Payments) relating to income tax	17	891	(14,021)
(Payments) relating to subsoil occupation levies		(20,402)	(18,637)
(Payments, net) relating to energy sector extraordinary contribution		-	60
Other receipts relating to the operational activity		(2,849)	(2,272)
Cash flow from operating activities (1)		**97,840**	**62,901**
INVESTING ACTIVITIES			
(Payments) for the acquisition of tangible and intangible assets		(49,914)	(39,516)
Cash received from interest and similar income		1,325	5,048
Cash flow used in investing activities (2)		**(48,590)**	**(34,468)**
FINANCING ACTIVITIES			
Cash received related to loans obtained	15	39,300	599,160
(Payments) related to loans obtained	15	(82,667)	(601,042)
(Payments) of interests and similar costs		(33,069)	(18,273)
Payments relating to leases	7	(655)	(915)
Payments relating to lease interests	7	(451)	(328)
Dividends paid	23	(31,503)	(15,054)
Cash flow used in financing activities (3)		**(109,044)**	**(36,451)**
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(59,794)	(8,017)
Effect of exchange rate change on cash and cash equivalents		-	(1)
Cash and cash equivalents at the beginning of the year	14	79,505	87,523
Cash and cash equivalents at the end of the year	**14**	**19,711**	**79,505**

The accompanying notes form an integral part of the consolidated statement of cash flow and must be read in conjunction.

Notes to the consolidated financial statements as at 31 December 2024

1. Introductory Note

Parent-Company

Floene Energias, S.A. ("Floene" or "Company"), established on 2 December 2009 and formerly designated Galp Gás Natural Distribuição, S.A., with Head Office at Rua Tomás da Fonseca in Lisbon, Portugal, and with the corporate purpose of developing activity in the energy sector, especially the natural gas distribution and commercialisation, including supporting management services in the areas of management, administration, and logistics, purchasing and supply and information systems.

The Group

On 31 December 2024, Floene Energias, S.A. and its subsidiaries (jointly as "Group" or "Floene Group"), developed their activities in the distribution and last resort commercialisation of natural gas.

In October 2016, Galp Gás & Power, SGPS, S.A. (nowadays Galp New Energies, S.A.) sold 22.50% of the Floene Energias, S.A. to Meet Europe Natural Gas Lda. This sale resulted in an agreement concluded on 28 July 2016 between Galp Energia SGPS, S.A., through its subsidiary Galp New Energies, S.A. and Marubeni Corporation and Toho Gas Co. Ltd.

On 26 October 2020, Galp New Energies S.A. agreed with Allianz Capital Partners, the asset management division of the Allianz Group, and on behalf of the Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., to sell 75.01% of its stake in Floene, with the remaining 2.49% of Floene's share capital being held by Galp Energia, SGPS, S.A. through its subsidiary Petrogal, S.A.

On 24 March 2021, after the regulatory authorizations and obtaining consents from third parties, Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., became the respective holders of 45.51%, and 29.50% of Floene's share capital. The remaining share capital of Floene is held by Meet Europe Natural Gas, Lda. and Petrogal, S.A.

Gas Activity

The business segment of gas covers the natural gas distribution, exercised under a public service regime, and the natural gas commercialisation as a retail last resort, according to the applicable regulation.

This public service was granted by the Portuguese State to the Floene Group companies, five of which operate under a Concession contract for a period of 40 years starting in 2008 (until the year 2047), while the others operate under exploration licenses for operating the local distribution network, for a period of 20 years, from 1 January 2008 until 2027 and, as it supplies gas to less than 100,000 customers, last resort commercialisation retailer licenses were also granted, to the commercialisation to customers with consumption below 2 M m^3/year, who choose to remain under the regulated tariff regime. The licenses for gas distribution and commercialisation, whose period ended in 2022, were reissued in February 2022, pursuant to paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008 to 31 December 2027, similar to the other licenses held by the Group.

In summary, for each subsidiary company, the detail of concession/licenses, as well as their maturity, is presented below:

Subsidiary	Licences and period
Beiragás – Companhia de Gás das Beiras, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution and Last Resort Commercialisation Retailer activities.
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution and Last Resort Commercialisation Retailer activities.
Lusitaniagás – Companhia de Gás do Centro, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution activity.
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution activity.
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	Concession Area: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution activity.
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	Exploration licenses: for a period of 20 years, which ends in the year 2027 for the Évora exploration hub (the start date of the license was modified in 2022 under paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008) and Sines, for the Distribution and Last Resort Commercialisation Retailer activities.
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	Exploration licenses: for a period of 20 years, which ends in the year 2027 (for Bragança, Chaves and Vila Real the start date of the license was modified in 2022 under paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008) for the Amarante, Bragança, Chaves, Marco de Canaveses and Vila Real exploration hubs, for the Distribution and Last Resort Commercialisation Retailer activities.
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	Exploration licenses: for a period of 20 years, which ends in the year 2027 for the Faro and Olhão exploration hubs (the start date of the license was modified in 2022 under paragraph 2 of article No. 70 of Decree-Law 140/2006 from 26 July, starting from 1 January 2008) and Portimão, for the Distribution and Last Resort Commercialisation Retailer activities.
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	Exploration licenses: for a period of 40 years from 1 January 2008 until the year 2047 for the Distribution and Last Resort Commercialisation Retailer activities.

Energy Services Regulatory Entity (“ERSE”), according to Directive No. 18/2024, published in the Portuguese Republic Diary No. 136/2024, of 16 July, the “Natural gas tariffs and prices for the gas year 2024-2025”, following the parameters proposed for the 2024-2027 regulation period, which integrate the tariffs for access to distribution networks, prices for regulated services and supply perspectives for the period between 1 October 2024 and 30 September 2025.

The published tariffs aim to allow for the recovering of income in by regulated companies which reflect the efficient costs of the national gas system activities, calculated by ERSE according to the regulatory methodologies in force.

There has been a generalized increase of network access tariffs in all segments, essentially resulting from the negative oscillation of demand in the last few years and by the inclusion of the definitive adjustment of 2022, a period in which was verified a negative change in Portuguese Treasury Bonds, that had a direct negative impact in the remuneration rate. When it comes to allowed revenue for companies over the 2024-2025 period, excluding adjustments for previous years, a slight decrease is observed when compared to prior year.

Within the scope of the Tariff Regulation, the Group develops the Gas Distribution Activity ("ADG") and the Network Access Activity ("AAR") in its role as Distribution Network Operator ("ORD"), and also the Gas Commercialisation Activity in its role as Retail Last Commercialisation Retailer ("CURr"), which includes the following functions: (i) Purchase and Sale of Gas ("FCVG"); (ii) Purchase and Sale of Network Access ("FCVAR"); and (iii) Commercialisation of Gas ("FCG").

Due to the current situation resulting from the geopolitical conflict between Russia and Ukraine, and the Middle East conflict, the Company's Management continues to monitor the evolution of the situation, in order to control possible operational risks, guarantee the maintenance of its activities and mitigate any materially relevant financial impacts – in Floene's Group companies. Up to the date of approval of the accounts, the conflicts aforementioned had no significant impact on the activity.

2. Material accounting policies, judgments and estimates

The material information of the main policies adopted by the Group to prepare the financial statements is explained below. During the year ended 31 December 2024, no material misstatements related to previous years were recognised.

Basis of presentation

Financial Statements are presented in thousands of Euros (Unit: € k), rounded to the nearest thousand, unless otherwise stated. Therefore, the subtotals and totals of the tables presented in these consolidated financial statements and explanatory notes may not be equal to the sum of the amounts presented, due to rounding.

Company's consolidated financial statements were prepared on a going concern basis, at historical cost, on the accounting records of companies included in the consolidation maintained in accordance with International Financial Reporting Standards as adopted by the European Union, effective for the economic exercise beginning on 1 January 2024. These standards include International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") issued by the International Accounting Standards Committee ("IASC") and respective interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee ("SIC") and International Financial Reporting Interpretation Committee ("IFRIC"). These standards and interpretations are hereinafter referred to as "IFRS".

The accounting policies adopted are, according to their content, included in the respective note in the notes to the financial statements. Common or generic accounting policies for several notes is found in this Note.

Information disclosure

In 2023, with the emission of a Bond loan (EMTN 2023), admitted to trading on the Euronext Dublin regulated market, and for the purposes of the Transparency Directive and the Market Abuse Regulation, Floene became subject to the supervision of the CBI (Central Bank of Ireland) and to provide and disclose relevant information in accordance with the reporting and transparency obligations applicable to Ireland.

Under the Law No. 99-A/2021 on 31 December, Floene does not qualify as a Public Interest Entity in Portugal in virtue of its Securities not being admitted to negotiation in Portugal's regulated market.

Judgments and estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and expenses recognised each year. The actual results could be different depending on the estimates currently made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or a high susceptibility of these situations to changes; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

The accounting principles and areas that require the greatest number of judgments and estimates in the preparation of the financial statements are: (i) impairment of goodwill, tangible and intangible assets and right-of-use assets (Notes 9, 5, 6 and 7); (ii) provisions for contingencies (Note 19); (iii) demographic and financial assumptions used to calculate liabilities for retirement and other benefits (Note 18); (iv) impairment of accounts receivable (Note 12); (v) useful lives and residual values of tangible and intangible assets (Note 5 and 6); and (vi) deferred tax assets and uncertain tax position estimates (Note 17); and (vii) revenue and income (Note 25).

Accounting policy

Basic and diluted earnings per share

The basic earnings per share are calculated based on the division of profits or losses attributable to holders of the Company's common equity by the weighted average number of outstanding common shares during the period. For the purpose of calculating diluted earnings per share, the Company adjusts the profits or losses attributable to holders of the Company's common equity, as well as the weighted average number of outstanding shares, for the purposes of all potential diluting common shares. In the period covered by these financial statements, there were no dilutive effects with an impact on net earnings per share, so this is equal to the basic earnings per share.

3. Impacts resulting from the application of new standards or changes to IFRS standards

Published standards and interpretations that came into force in the financial year

The IFRS standards approved and published in the Official Journal of the European Union ("OJEU") with application during the year 2024 are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: 'Supplier financing arrangements' (issued on 25 May 2023)	16/05/2024	01/01/2024	2024	No accounting impacts.
Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as non-current and current (issued on 23 January 2020); Classification of liabilities as non-current and current – deferral of the effective date (issued on 15 July 2020); Non-current liabilities with covenants (issued on 31 October 2022)	20/12/2023	01/01/2024	2024	No accounting impacts.
Amendments to IFRS 16 Leases: Lease liability in a sale and leaseback transactions (issued on 22 September 2022)	21/11/2023	01/01/2024	2024	No accounting impacts.

Published standards and interpretations that will become effective in future years

The IFRS standards approved and published in the OJEU during the year ended 31 December 2024 and with accounting application in subsequent years are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 21 Effects of changes in exchange rates: Lack of interchangeability (issued on 15 August 2023)	13/11/2024	01/01/2025	2025	No predictable accounting impacts.

Standards and interpretations not yet published by the European Union

The IFRS standards (new and amended), not yet endorsed by the EU are summarised in the table below:

IAS Standards	Accounting application date	Enforcement year	Observations
IFRS 19 — Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	01/01/2027	2027	No significative predictable impact.
IFRS 18 — Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	01/01/2027	2027	Impact on disclosures.
Annual Improvements — Volume 11 (issued on 18 July 2024)	01/01/2026	2026	No significative predictable impact.
Amendments to IFRS 9 and IFRS 7 — Classification and measurement of financial instruments and contracts referencing nature-dependent electricity (issued in May and December 2024)	01/01/2026	2026	No significative predictable impact.

4. Segment information

Accounting policy

The operational segment is a component of an entity:

a) That develops business activities that can obtain revenue and incur in costs (including revenue and costs related with transactions with other components of the same entity);

b) Whose operating results are regularly reviewed by the entity's chief operating decision maker for the purpose of making decisions about allocating resources to the segment and assessing its performance; and

c) For which distinct financial information is available.

All the accounting policies in the segment reporting are coherently used within the Group. All the inter-segmental revenues are at market prices and are eliminated in the consolidation.

Operating segments

The Group, as at 31 December 2024, is comprised by Floene Energias, S.A. and its subsidiaries that develop their activities in the distribution and commercialisation of natural gas on a last resort basis.

The Natural Gas operational segment encompasses the areas of distribution and commercialisation of natural gas on a last resort basis (Note 25 for further details on the Gas activity).

In respect of the segment "Other", the Group considered the holding Floene Energias, S.A.

The financial information of the segments identified above, as at 31 December 2024 and 2023, is presented as follows:

(Unit: € k)

	Consolidated		Natural Gas		Other		Consolidation adjustments	
	2024	2023	2024	2023	2024	2023	2024	2023
Sales and Services rendered	**179,786**	**167,315**	**179,451**	**166,670**	**25,737**	**24,932**	**(25,402)**	**(24,286)**
Cost of sales	**(4,526)**	**(4,525)**	**(4,526)**	**(4,525)**	**-**	**-**	**-**	**-**
Other income and expenses	**(72,658)**	**(60,168)**	**(73,115)**	**(60,668)**	**(25,028)**	**(23,873)**	**25,485**	**24,374**
EBITDA	**102,601**	**102,622**	**101,810**	**101,476**	**709**	**1,059**	**83**	**87**
Amortisation, depreciation and impairment losses	**(49,991)**	**(49,446)**	**(49,108)**	**(48,285)**	**(883)**	**(1,160)**	**-**	**-**
Provisions (net)	**(206)**	**272**	**(206)**	**272**	**-**	**-**	**-**	**-**
EBIT	**52,405**	**53,449**	**52,497**	**53,463**	**(175)**	**(102)**	**83**	**87**
Financial income and expenses	**(31,182)**	**(22,850)**						
Income tax	**(6,400)**	**(8,299)**						
Energy Sector Extraordinary Contribution	**(4,773)**	**(5,275)**						
Consolidated net income, of which is attributable to:	**10,050**	**17,025**						
Non-controlling interests	**720**	**1,049**						
Floene Energias, S.A. shareholders	**9,330**	**15,976**						
OTHER INFORMATION								
Segment assets [1]								
Investments in subsidiaries [2]	2,279	2,278	4	3	2,275	2,275	-	-
Other assets	1,270,247	1,330,338	1,239,333	1,272,150	199,752	238,118	(168,838)	(179,930)
Segment assets	**1,272,526**	**1,332,616**	**1,239,337**	**1,272,153**	**202,027**	**240,393**	**(168,838)**	**(179,930)**
of which rights-of-use of assets	11,491	10,279	6,597	5,728	6,237	4,550	(1,343)	-

1. Net amount
2. Goodwill and Other financial assets

The main inter-segmental services rendered transactions refer to back-office and management services.

In a context of related parties, similar to what happens between independent companies that carry out transactions with each other, the conditions on which their commercial and financial relations are based are governed by market mechanisms.

The assumptions underlying the determination of prices in transactions between the Group's Companies are based on the consideration of the economic realities and characteristics of the situations under consideration, that is, on the comparison of the characteristics of the operations or of the companies likely to have an impact on the conditions inherent to commercial transactions under analysis. In this context, the goods and services traded, the functions exercised by the parties (including the assets used and the risks assumed), the contractual clauses, the economic situation of the parties as well as the respective business strategies are analysed, among others.

The remuneration, in a context of related parties, thus corresponds to that which is, as a rule, adequate to the functions exercised by each intervening company, considering the assets used and the risks assumed. Thus, and in order to determine this remuneration, the activities carried out and the risks assumed by the companies within the value chain of the goods/services they transact are identified, according to their functional profile, namely with regard to the functions they carry out – distribution and marketing.

In short, market prices are determined not only by analysing the functions that are performed, the assets used, and the risks incurred by an entity, but also bearing in mind the contribution of these elements to the company's profitability. This analysis involves verifying whether the profitability indicators of the companies involved fall within the ranges calculated based on the assessment of a panel of functionally comparable, but independent companies, thus allowing prices to be fixed with a view to respecting the principle of fair competition.

The reconciliation between segment information and Statement of income for 2024 and 2023 is as follows:

(Unit: € k)

Segment information captions	2024	2023
Sales and services rendered	179,786	167,315
Cost of Sales	(4,526)	(4,525)
Other income and expenses	(72,658)	(60,168)
EBITDA	**102,601**	**102,622**
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	(49,991)	(49,446)
Provisions (net)	(206)	272
EBIT	**52,405**	**53,449**
Financial income and expenses	(31,182)	(22,850)
Income tax	(6,400)	(8,299)
Energy Sector Extraordinary Contribution	(4,773)	(5,275)
Consolidated net income for the year	**10,050**	**17,025**

(Unit: € k)

Consolidated statement of income captions	2024	2023
Sales	7,307	6,188
Services rendered	172,479	161,127
Cost of sales	(4,526)	(4,525)
Other operating income	42,335	43,613
Supplies and external services	(54,352)	(42,483)
Staff costs	(27,768)	(25,602)
Impairment losses on accounts receivable	(143)	(1,148)
Other operating costs	(32,730)	(34,547)
Operating income before amortisations and provisions	**102,601**	**102,622**
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	(49,991)	(49,446)
Provisions (net)	(206)	272
Operating income	**52,405**	**53,449**
Financial income and expenses	(31,182)	(22,850)
Income tax	(6,400)	(8,299)
Energy Sector Extraordinary Contribution	(4,773)	(5,275)
Consolidated net income for the year	**10,050**	**17,025**

5. Tangible assets

Accounting policy

Recognition

Tangible assets acquired up to 1 January 2010 (date of transition to IFRS) are recorded under the option provided for in IFRS 1 at their deemed cost, which corresponds to the acquisition cost, revalued, when applicable, in accordance with the legal provisions on 1 January 2004, date of the first adoption of IFRS in the financial statements of the parent entity that owned the Company at the time, less accumulated depreciation and eventual impairment losses.

Tangible assets acquired after that date are stated at cost, less accumulated depreciation and impairment losses. The acquisition cost includes the purchase amount, plus transport and assembly costs and financial costs incurred during the construction phase.

Tangible assets in progress reflect assets that are still under construction and are recorded at acquisition cost less any impairment losses, depreciated from the moment the investment projects are substantially completed or ready for use.

Depreciations are calculated on the deemed cost (for acquisitions until 1 January 2010) or on the acquisition cost, using the straight-line method, applied from the date on which the assets are available to be used as intended by management. It is used among the most appropriate economic rates, those that allow the reinstatement of the tangible assets, during its estimated useful life, considering, where applicable, the concession period.

The average effective annual depreciation rate used for Buildings and other constructions is 2% for 2024 and 2023.

The capital gains or losses resulting from the sale or write-off of tangible assets are determined by the difference between the sale price and the net book value on the date of sale/write-off. The net book value includes accumulated impairment losses. The recorded capital gains and losses are recorded in the consolidated statement of income under Other operating income or Other operating costs, respectively.

Costs for repairs and maintenance of a current nature are recorded as expenses for the year in which they are incurred. Major repairs related to the replacement of parts of equipment or other tangible assets are recorded as tangible assets, if the replaced component is identified and written off, and depreciated at rates corresponding to the residual useful life of the respective main fixed assets.

Impairment

Impairment tests are carried out whenever a devaluation of the asset in question is identified. In cases where the amount at which the asset is recorded is greater than its recoverable amount, an impairment loss is recognised, which is recorded in the consolidated statement of income under the item of depreciation, depreciation, impairment losses of assets and right-of-use of assets.

The recoverable amount is the higher of the net selling price and the value in use. The net selling price is the amount that would be obtained from the sale of the asset, in a transaction between independent and knowledgeable entities, less costs directly attributable to the sale. The value in use is determined by updating the estimated future cash flows of the asset over its estimated useful life. The recoverable amount is estimated for the asset or cash-generating unit to which it may belong. The discount rate used to update discounted cash flows reflects the Floene Group's Weighted Average Cost of Capital ("WACC").

The projection period of the cash flows varies according to the average useful life of the cash-generating unit.

The movements occurred during the period are as follows:

(Unit: € k)

	Land, natural resources and buildings	Other	Total
AS AT 31 DECEMBER 2023			
Acquisition cost	938	53	992
Accumulated depreciation	(526)	(12)	(537)
Net amount	**413**	**42**	**454**
AS AT 31 DECEMBER 2024			
Acquisition cost	1,992	53	2,045
Accumulated depreciation	(556)	(25)	(581)
Net amount	**1,436**	**29**	**1,465**

(Unit: € k)

	Land, natural resources and buildings	Other	Total
Balance as at 1 January 2023	**432**	**14**	**445**
Depreciation	(19)	(12)	(30)
Transfers	-	39	39
Balance as at 31 December 2023	**413**	**42**	**454**
Balance as at 1 January 2024	**413**	**42**	**454**
Additions	1,054	-	1,054
Depreciation	(30)	(13)	(44)
Balance as at 31 December 2024	**1,436**	**29**	**1,465**

The additions to tangible assets, in the amount of € 1,054 k, are related to renovation works at the new Group's headquarters.

6. Intangible assets

Accounting policy

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses. Intangible assets are only recognised if they are identifiable, and if they are likely to result in future economic benefits for the Group and are controllable and measurable with reliability.

Development expenses are only recorded as intangible assets if the Group demonstrates technical and economic capacity, as well as a decision to complete that development and start its commercialisation or own use, and also demonstrates the probability of the asset generating future economic benefits. If expenses do not meet these requirements, development expenses are recorded as a cost for the year in which they are incurred.

Research expenses are recognised as a cost for the year.

Intangible assets with finite useful lives are amortised using the straight-line method.

Amortisation rates vary according to the terms of existing contracts or the expected use of the intangible asset.

With the application of IFRIC 12, the Group classifies the Natural Gas assets that are the subject to the concession and exploration license, and whose remuneration is controlled by ERSE, in accordance with the Intangible Asset Model. Thus, tangible assets of companies with regulated activity are classified as intangible assets, under the heading of Concession Services Agreements, being amortised over their economic useful lives using the straight-line method applicable as from the date of deployment using among the most appropriate economic rates, those that allow the asset to be reinstated, during the estimated useful life or according to the terms of existing contracts or the expected use.

According to the Concession Contracts and Licences signed with the Portuguese State, and currently in force, when the concessions contracts/licenses period reaches its end or if they are extinguished, the transmission of the infra-structures and other means related to the concession to the State occurs, and the concessionaire, unless the law relieves the State from this obligation, will be paid an indemnity corresponding to the book value of the intangible assets net of amortisations and co-payments.

The book value of the net intangible assets at the end of the Concession Agreements or Licenses, may be considered as a financial asset (Mixed Model under IFRIC 12) at that moment. This amount is recognised as at 31 December 2024 as Intangible assets, based on Management's best estimate regarding the effective amount's recovery, and considering the definition by ERSE for assets remuneration.

Usage rights on infrastructures related to gas, namely gas distribution networks, are being amortised over the period of 45 years.

The Group capitalises the expenses related to the conversion of consumption to gas that are reflected in the adaptation of facilities. The Group considers that it is able to control the future economic benefits of these reconversions through the continuous distribution/sale of gas provided for in Decree-Law 140/2006, of 26 July. These expenses are amortised by the straight-line method until the end of the concession period attributed to the natural gas distribution companies.

Impairment

See Note 5.

By the IFRIC 12 application, the regulated assets subject to the public concession of infrastructure to private individuals were transferred to the headings "Concession agreements", as shown below:

(Unit: € k)

	Concession agreement								
	Lands	Buildings	Basic equipment	NG consumption reconversion	Intangible assets under construction	Other concession agreements	Total concession agreement	Other intangible assets	Total
AS AT 31 DECEMBER 2023									
Acquisition cost	12,717	12,980	1,421,795	633,520	3,214	26,939	2,111,165	14,687	2,125,852
Accumulated amortisation	(5,379)	(8,036)	(651,473)	(312,206)	-	(24,746)	(1,001,840)	(3,569)	(1,005,409)
Net amount	**7,338**	**4,943**	**770,322**	**321,314**	**3,214**	**2,193**	**1,109,325**	**11,117**	**1,120,442**
AS AT 31 DECEMBER 2024									
Acquisition cost	12,717	13,469	1,448,643	637,753	1,632	28,392	2,142,606	30,889	2,173,495
Accumulated amortisation	(5,647)	(8,235)	(683,249)	(326,959)	-	(25,551)	(1,049,641)	(4,048)	(1,053,690)
Net amount	**7,070**	**5,234**	**765,394**	**310,794**	**1,632**	**2,840**	**1,092,965**	**26,841**	**1,119,805**

(Unit: € k)

	Concession agreement								
	Lands	Buildings	Basic equipment	NG consumption reconversion	Intangible assets under construction	Other concession agreements	Total concession agreement	Other intangible assets	Total
Balance as at 1 January 2023	**7,606**	**5,099**	**775,051**	**331,277**	**2,263**	**1,506**	**1,122,801**	**4,928**	**1,127,729**
Additions	-	-	-	-	34,115	-	34,115	6,963	41,077
Amortisations	(268)	(217)	(32,093)	(14,525)	-	(567)	(47,671)	(734)	(48,405)
Write-offs	-	-	(20)	-	-	-	(20)	-	(20)
Other adjustments and transfers	-	62	27,384	4,562	(33,163)	1,254	99	(39)	60
Balance as at 31 December 2023	**7,338**	**4,943**	**770,322**	**321,314**	**3,214**	**2,193**	**1,109,325**	**11,117**	**1,120,442**
Balance as at 1 January 2024	**7,338**	**4,943**	**770,322**	**321,314**	**3,214**	**2,193**	**1,109,325**	**11,117**	**1,120,442**
Additions	-	-	-	-	32,240	-	32,240	16,202	48,442
Amortisations	(268)	(199)	(32,557)	(14,753)	-	(816)	(48,593)	(479)	(49,072)
Write-offs	-	-	(6)	-	-	-	(6)	-	(6)
Other adjustments and transfers	-	490	27,636	4,234	(33,822)	1,463	**-**	**-**	**-**
Balance as at 31 December 2024	**7,070**	**5,234**	**765,394**	**310,794**	**1,632**	**2,840**	**1,092,965**	**26,841**	**1,119,805**

The additions related with the concession agreement for the year ended 2024, in the amount of € 32,240 k (2023: € 34,115 k) mainly refer to assets related to the construction of gas infrastructures and investments in the gas consumption reconversion (Notes 25 and 26). The additions of Other intangible assets in the amount of € 16,202 k, relates to projects related to the change of the new IT system of Floene Group companies and the new brand.

7. Right-of-use of assets and Lease liabilities

Accounting policy

Recognition

The Group recognises both a right-of-use of assets and a lease liability as at the lease commencement date. The right-of-use of assets are initially measured at cost, which represents the initial amount of the lease liabilities, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

Lease liabilities are initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The types of lease payments included in the measurement of the lease liabilities are as follows:

- fixed payments, including in kind fixed payments;
- variable lease payments that are pegged to an index or a rate;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to be able to exercise; and
- penalties for the early termination of a lease unless the Company is reasonably certain not to terminate it early.

Lease liabilities are initial is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use of assets, or it is recorded in profit or loss if the carrying amount of the right-of-use of assets has been reduced to zero.

The Group presents right-of-use of assets and lease liabilities are a separate line in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use of assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use of assets are amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of assets or the end of the lease term. The estimated useful lives of right-of-use of assets are determined as those used for the property and equipment items.

Impairment

The right-of-use of assets are reduced by eventual amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of intangible assets and discount rates

The calculation of the residual values of assets, the estimation of the useful lives, and the discount rates used are based on the assumptions of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

Impairment of Right-of-use of assets

Identifying impairment indicators, estimating future cash flow and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

The details of right-of-use of assets are as follows:

(Unit: € k)

	Buildings	Other	Total
AS AT 31 DECEMBER 2023			
Acquisition cost	13,537	934	14,472
Accumulated amortisation	(3,627)	(566)	(4,193)
Net amount	**9,910**	**369**	**10,279**
AS AT 31 DECEMBER 2024			
Acquisition cost	13,888	702	14,591
Accumulated amortisation	(2,611)	(488)	(3,100)
Net amount	**11,277**	**214**	**11,491**

The movements occurred during the period are as follows:

(Unit: € k)

	Buildings	Other	Total
Balance as at 1 January 2023	**10,618**	**461**	**11,078**
Additions	-	238	238
Amortisation	(708)	(303)	(1,011)
Write-offs	-	2	2
Other adjustments	-	(30)	(30)
Balance as at 31 December 2023	**9,910**	**369**	**10,279**
Balance as at 1 January 2024	**9,910**	**369**	**10,279**
Additions	6,543	106	6,649
Amortisation	(636)	(240)	(876)
Write-offs	(271)	-	(271)
Other adjustments	(4,269)	(21)	(4,289)
Balance as at 31 December 2024	**11,277**	**214**	**11,491**

During 2024, the Group signed a lease agreement for non-residential purposes, with the entity MP Torre A, S.A., relating to fractions of Torre A' building at the Torres de Lisboa Business Centre, as well as car parking spaces, with an expected term in 2039. The Group recorded an increase of € 6,260 k in Right-of-use of assets – Buildings, and an increase in non-current and current liabilities, as Lease liabilities, of € 5,822 k and € 457 k, respectively. The amount of € 4,269k, recorded in Other adjustments, corresponds to the write-off of the lease agreement for the former headquarters that would end in 2037.

Lease liabilities are as follows:

(Unit: € k)

	2024	2023
Maturity analysis – contractual undiscounted cash flow:	**16,686**	**13,352**
Less than one year	1,308	1,108
One to five years	4,809	3,909
More than five years	10,569	8,334
Lease liabilities included in the consolidated statement of financial position:	**12,414**	**11,016**
Current	1,281	1,093
Non-current	11,133	9,923

In addition to the depreciations of the rights-of-use of assets for the year shown in the first table of this note, the amounts recognised in the consolidated statement of income for the year present the following detail:

(Unit: € k)

	Notes	2024	2023
		1,469	**1,297**
Lease interests	28	451	328
Expenses related to short-term, low-value and variable-payment leases		1,018	969

The amounts recognised in the consolidated statement of cash flow are as follows:

(Unit: € k)

	2024	2023
Financing activities	**1,106**	**1,243**
Payments relating to leases	655	915
Payments relating to lease interests	451	328

8. Government grants and other grants

Accounting policy

Government grants and other grants are recorded at fair value when there is certainty that they will be received and that the Group will comply with the conditions required for them to be granted. The investment grants for tangible and intangible assets are recorded in deferred income as a liability and recognised in the consolidated statement of income as operating income, in proportion to the depreciation/amortisation of the granted assets.

The amounts recognised in the financial statement related to grants are as follows:

(Unit: € k)

	Notes	2024	2023
Programmes		**428,151**	**428,078**
Energy Programme ("Programa Energia")		103,689	103,689
Protede		19,708	19,708
Operational Economy Programme ("Programa Operacional Economia")		303,393	303,393
Proalgarve – FEDER		882	882
Portugal 2020 Programme ("Programa Portugal 2020")		110	110
Green Pipeline - Environmental Fund		370	297
Accumulated amount recognised as income		**(247,625)**	**(239,007)**
Amount to be recognised	**16**	**180,526**	**189,071**

During the year ended 31 December 2024, an amount of € 8,618 k (2023: € 8,635 k) was recognised in the consolidated statement of income (Note 25).

9. Goodwill

Recognition

The differences between the investee's acquisition cost and the fair value of the identifiable assets and liabilities of the acquired entities at the acquisition date, if positive, are recorded within goodwill. The negative differences are recognised immediately in the consolidated statement of income.

The difference between the payment amount of the participation in the Group companies and the fair value of their equity was, at 31 December 2024 and 2023, as follows:

(Unit: € k)

	2024	2023
	2,275	**2,275**
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	1,640	1,640
Lusitaniagás – Companhia de Gás do Centro, S.A.	585	585
Beiragás – Companhia de Gás das Beiras, S.A.	50	50

Goodwill impairment analysis

In the Goodwill impairment analysis, the carrying value of Goodwill is allocated to the respective cash generating unit ("CGU"). The recoverable amount of Goodwill is estimated based on the value in use, which is determined by updating the estimated future cash flows of the cash generating unit. The recoverable amount is estimated for the cash generating unit to which it may belong, according to the discounted cash flow method.

The discount rate used to update discounted cash flows reflects the WACC of the Group for the business segment to which the cash generating unit belongs to.

(Unit: € k)

Cash generating unit	Valuation Model	Cash flows	Discount rates	
			2024	2023
Financial Investments (included in the concession period)	DCF (Discounted Cash Flow) or RAB	In accordance with the budget for 2025 and the four-year strategic plan	5.7%	5.9%

The demand and consumption of natural gas has been steady through the years. There is no evidence of impairment. The core business of the Floene Group is regulated and, as a result, the impairment analysis is based on Regulatory Asset Base (RAB).

10. Financial investment in subsidiaries

Not applicable.

11. Inventories

Accounting policy

Inventories (goods, raw and subsidiary materials, finished and semi-finished goods, and products and work in progress) are stated at acquisition cost (in the case of goods and raw and subsidiary materials) or production cost (in the case of finished and semi-finished goods and products and work in progress) or at the net realisable value, whichever is the lower.

The net realisable value corresponds to the selling price less costs to complete production and to sell.

Whenever the cost exceeds the net realisable value, the difference is recorded in operating expenses as part of the Cost of sales.

Inventories at 31 December 2024 and 31 December 2023 are as follows:

(Unit: € k)

	2024	2023
	1,130	**1,209**
Raw, subsidiary and consumable materials	1,190	1,270
Goods	10	10
Decrease in inventories	(70)	(70)

As at 31 December 2024, raw, subsidiary and consumables materials, in the amount of € 1,190 k (2023: € 1,270 k), essentially corresponds to materials to be used in the construction of the Group's infrastructure.

Goods, in the amount of € 10 k (2023: € 10 k), corresponds essentially to natural gas held in the regasification units ("UAG").

12. Trade receivables and Other receivables

Accounting policy

Accounts receivable are initially recorded at fair value and subsequently measured at amortised cost, less any impairment losses, recognised in Impairment losses on accounts receivable. Usually, the amortised cost of these assets does not differ from their nominal value or their fair value.

Trade receivables and Other receivables are derecognised when the contractual rights to the cash flow expire (i.e., they are collected), when they are transferred (e.g., sold) or when they are impaired.

Accounting estimates and judgments

Impairment of accounts receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses the lifetime expected losses for all accounts receivable. Accounts receivables were grouped by business segment (common credit risk characteristics) for the purpose of assessing the expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the clients' credit risk profiles. The credit risk analysis is based on the annual probability of default and considers the clients' credit risk profiles. The probability of default represents an annual probability of default, reflecting the current and projected information and considering macroeconomic factors.

Accounts receivables are adjusted for management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

Credit risk

For credit risk purposes, if trade and other receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit risk assessment considers the credit quality of the client, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings, in accordance with limits set by Management. Clients' compliance with credit limits is regularly monitored by Management.

Exposure to credit risk is non-significant, given that the services provided in "Services rendered" are invoiced to natural gas suppliers in the regulated market. For further credit risk mitigation, contracts with natural gas suppliers anticipate the provision of bank guarantees that are destined to cover that risk, in addition to being formalised in contracts insurance policies for eventual credit defaults, which are a standard part of the Group's overall risk policy.

Trade receivables

The caption Trade receivables, on 31 December 2024 and 2023, presented the following detail:

(Unit: € k)

	Notes	2024	2023
		13,593	**10,565**
Trade receivables		14,175	11,004
Impairment of trade receivables		(583)	(439)
Ageing of trade receivables	**Exposure to risk**	**13,593**	**10,565**
Not yet due	Low	12,449	8,752
Overdue up to 180 days	Medium	17	841
Overdue between 181 and 365 days	High	89	214
Overdue over 365 days	Very High	1,038	758

(Unit: € k)

Impairment of Trade receivables	Notes	2024	2023
Impairment at the beginning of the year		**439**	**561**
Net increase (decrease) in impairment losses	26	143	(122)
Impairment at the end of the year		**583**	**439**

Other receivables

The caption Other receivables, at 31 December 2024 and 2023, presented the following detail:

(Unit: € k)

		2024		2023	
	Notes	Current	Non-current	Current	Non-current
		70,622	**20,138**	**63,470**	**28,077**
Other debtors		**24,060**	**210**	**25,308**	**365**
Subsoil Occupation Levies	29	21,218	210	21,754	365
Others		2,842	-	3,554	-
Assets resulting from contracts		**43,908**	**19,859**	**36,278**	**27,643**
Sales and services rendered but not yet invoiced		19,192	-	16,390	-
Tariff deviation – pass-through		8,740	-	10,574	-
Tariff deviation – core		14,808	19,859	8,781	27,643
Other accrued income		1,169	-	534	-
Deferred charges		**2,735**	**69**	**3,235**	**69**
Other deferred charges		2,735	69	3,235	69
Impairment of other receivables		**(81)**	**-**	**(1,351)**	**-**

(Unit: € k)

Impairment of Other receivables	Notes	2024	2023
Impairment at the beginning of the year		**1,351**	**81**
Net increase of impairment	26	-	1,270
Utilisation of impairment losses		(1,270)	-
Impairment by the end of the year		**81**	**1,351**

The Tariff deviation – pass-through refer to the remuneration of the network access charges related to the global use of the system ("UGS") and use of the transport networks ("URT"), paid to third parties, corresponding to the difference between the amount paid by the Group and the amount billed to customers, duly accrued so that the impact on the consolidated statement of income for these functions is nil.

The utilisation of impairment losses of other receivables, in the amount of € 1,270 k, followed the write-off of Medigás (€ 456 k) and Dianagás (€ 814 k) of the pass-through tariff deviation balances from the commercialisation activity with more than 2 years, whose impairment had been constituted in 2023.

The annual allocation of the tariff deviation with origin in adjustments of core activity is detailed below:

(Unit: € k)

	2023	Change	2024
"ORD" – GAS DISTRIBUTION ACTIVITY (ADG)			
2021:	**4,969**	**(4,969)**	**-**
Increases	6,308	-	6,308
Adjustment	317	-	317
Reversal	(1,656)	(4,969)	(6,625)
2022:	**11,363**	**(1,899)**	**9,464**
Increases	11,363	-	11,363
Adjustment	-	943	943
Reversal	-	(2,843)	(2,843)
2023:	**18,400**	**-**	**18,400**
Increases	18,400	-	18,400
2024:	**-**	**5,278**	**5,278**
Increases	-	5,278	5,278
TARIFF DEVIATION – ADG	**34,732**	**(1,591)**	**33,141**
Assets resulting from contracts	36,364		34,563
Accrued costs	(1,633)		(1,422)

(Unit: € k)

	2023	Change	2024
"CURR" – GAS COMMERCIALISATION ACTIVITY (FCG)			
2021:	**(1)**	**1**	**-**
Increases	7	-	7
Reversal	(8)	1	(7)
2022:	**(35)**	**61**	**26**
Increases	(35)	24	(11)
Adjustment	-	70	70
Reversal	-	(33)	(33)
2023:	**(76)**	**-**	**(76)**
Increases	(76)	-	(76)
2024:	**-**	**78**	**78**
Increases	-	78	78
TARIFF DEVIATION – ADG	**(112)**	**140**	**28**
Assets resulting from contracts	60		104
Accrued costs	(172)		(76)

The accrued costs are included in the caption Other payables (Note 16).

13. Other financial assets

Other financial assets as at 31 December 2024 and 2023 is detailed as follows:

(Unit: € k)

	Non-current	
	2024	2023
	4	**3**
Financial assets at fair value through other comprehensive income	4	3

14. Cash and cash equivalents

Accounting policy

The amounts included in Cash and cash equivalents correspond to cash values, bank deposits, time deposits and other treasury applications with maturities of less than three months at the issue date, and which can be immediately mobilised with an insignificant risk of change in value.

For the purposes of the consolidated statement of cash flow, Cash and cash equivalents also include bank overdrafts recorded in the caption financial debt in the statement of financial position.

As at 31 December 2024 and 2023, Cash and cash equivalents details are as follows:

(Unit: € k)

	2024	2023
	19,711	**79,505**
Cash and cash equivalents	19,711	79,505

15. Financial debt

Accounting policy

Loans are recorded as liabilities at the nominal value received, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost.

Financial charges are calculated at the effective interest rate and recorded in the consolidated statement of income on an accruals basis in accordance with each loan agreement.

Financial charges include interest on financing and, eventually, commission expenses on the structuring of loans.

Financial Debt as at 31 December 2023 and 31 December 2022 are as follows:

(Unit: € k)

		2024		2023	
	Notes	Current	Non-current	Current	Non-current
		30,831	**597,933**	**71,444**	**599,896**
Bank loans		**30,831**	**-**	**1,065**	**3,125**
Bank Loans and Commercial paper		30,800	-	1,042	3,125
Others		31	-	23	-
Bonds and Notes		**-**	**597,933**	**70,379**	**596,771**
Origination Fees		-	(2,067)	379	(3,229)
Bond loans and Notes		-	600,000	70,000	600,000

The average interest rate on loans supported by the Group in 2024 and 2023, amount to 3.83% and 3.15%, respectively.

Current and non-current loans, excluding origination fees and bank overdrafts, have the following repayment plan as at 31 December 2024:

(Unit: € k)

Maturity	Loans		
	Total	Current	Non-current
	630,800	**30,800**	**600,000**
2025	30,800	30,800	-
2026	180,000	-	180,000
2027	-	-	-
2028	420,000	-	420,000

Changes in the financial debt during the period ended 31 December 2024 are as follows:

(Unit: € k)

	Opening balance	New financing	Repayment of the principal	Other	Final balance
	671,340	**39,300**	**(82,667)**	**791**	**628,764**
Bank loans	4,190	**39,300**	**(12,667)**	**8**	**30,831**
Bank Loans and Commercial paper	4,167	39,300	(12,667)	-	30,800
Other	23	-	-	8	31
Bonds and notes	667,150	**-**	**(70,000)**	**783**	**597,933**
Origination fees	(2,850)	-	-	783	(2,067)
Bond loans and Notes	670,000	-	(70,000)	-	600,000

For comparative information, please refer to the financial statements for the year ended 31 December 2023.

Description of main loans

Bank loans – Other

In December 2005 it was celebrated, by Beiragás – Companhia de Gás das Beiras, S.A., a financial contract under a Project Finance regime that includes a credit line for investment until the maximum amount of € 27,000 k (Instalment A) which could be drawn until December 2008 and an operating credit line until the maximum amount of € 4,000 k (Instalment B) which could be reimbursed until December 2012, being this term extent until 31 December 2013.

In 2017, an amendment to the previously mentioned contract was signed, and the following was amended: i) Agent Bank; ii) reimbursement plan of Instalment A (repaid in 36 consecutive half-yearly instalments, from 15 June 2010 until 15 December 2027) and iii) the margin. The outstanding amount of the loan bears interest at 6-month Euribor increased by a spread, which varies over the repayment period.

On 15 June 2024, the financing was repaid in advance, with recourse to Caixa and its equivalents.

Bond Loan
On 1 August 2019, the Company issued bonds to the amount of € 70,000 k, with a 6-month Euribor interest rate plus spread with a maturity date of 1 August 2024. On 24 April 2024, the Company completed the early repayment of the entire Bond Loan, through Cash and cash equivalents.

Syndicate Bond Loan 2023
On 26 February 2023, the Company formalised a Syndicate Bond Loan, with an amount of up to € 300,000 k. On 7 March 2023, the Syndicate Bond Loan was used to finance the partial repurchase of EMTN 2016 through, in the total amount of € 180,000 k, with a maturity of 3 years and a variable interest rate indexed to the Euribor rate plus a contractual spread. The remaining amount was cancelled.

On 7 March 2025, the Company proceeded to the anticipated reimbursement of the total of the Syndicated bond loan, through the use of a new Syndicated Bond Loan, contracted as of 14 February 2025, which was fully used on 27 February 2025, in the amount of € 180,000 k, a 5-year term and variable interest rate indexed to Euribor rate and a contractual spread (Note 32).

EMTN 2023
On 3 July 2023, the Company concluded the EMTN 2016 refinancing process, with the issuance of a 5-year bond loan, in the amount of € 420,000 k, admitted to trading on the Euronext Dublin regulated market, with maturity on 3 July 2028 and coupon of 4.875%. The issuance was made under an EMTN Programme in accordance with the Prospectus published on 16 June 2023. Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander Totta, S.A., BNP Paribas and Mizuho Securities Europe GmbH acted as Joint-Bookrunners in this transaction. On 31 December 2024, the market value of the EMTN 2023 corresponds to € 438,564 k (fair value hierarchy Level 1, as of Note 21).

For the purposes of the Transparency Directive and the Market Abuse Regulation, and in the sequence of the last emission of securities, Floene became subject to the supervision of the CBI (Central Bank of Ireland) and to provide and disclose relevant information in accordance with the reporting and transparency obligations applicable to Ireland.

Commercial Paper Programme
On 8 March 2024, the Company formalised a Commercial Paper Programme, in the amount of € 79,000 k, with the purpose of reinforcing its financial position. The Commercial Paper Programme has a maturity date of 4 years (from its first emission, this is, 26 June 2028) and has a variable interest rate, indexed to the Euribor rate and a contractual spread. As at 31 December 2024, the Commercial paper debt amount ascends to € 23,750 k, with emissions with a maturity of less than a year. During the financial year ending on 31 December 2024, € 8,500 k were also borrowed and repaid, relating to this Commercial Paper Programme.

Commercial Paper Programme – Others
On 30 July 2024, Beiragás – Companhia de Gás das Beiras, S.A., formalised a Commercial Paper Programme, in the amount of € 12,500 k, with the purpose of reinforcing its financial position. The Commercial Paper Programme has 5-year term (from the formalisation of the contract) and a variable interest rate, indexed to Euribor rate and a contractual spread. As at 31 December 2024, the Commercial paper debt amount ascends to € 7,050 k, with emissions with a maturity of less than a year.

Under the loans in force on 31 December 2024, financial covenants do not apply.

16. Trade payables and Other payables

Accounting policy

Trade payables and Other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually, the amortised cost does not differ from the nominal value.

On 31 December 2024 and 31 December 2023, Trade payables and Other payables, current and non-current, are presented as follows:

(Unit: € k)

		2024		2023	
	Notes	Current	Non-current	Current	Non-current
Trade payables		**8,359**	**-**	**10,683**	**-**
Other payables		**57,899**	**172,702**	**51,597**	**181,310**
State and other public entities		5,022	-	2,582	-
VAT payable		3,927	-	1,487	-
"ISP" - Tax on oil products		290	-	256	-
Other taxes		805	-	839	-
Other creditors		**10,196**	**-**	**7,431**	**-**
Tangible and intangible assets suppliers		10,182	-	7,413	-
Other		13	-	17	-
Related parties		**157**	**-**	**138**	**-**
Other accounts payable		**3,339**	**-**	**3,053**	**-**
Accrued costs		**30,478**	**761**	**29,679**	**824**
External supplies and services		5,882	-	4,872	-
Staff renumerations to be paid		7,324	-	7,286	-
Tariff deviation – core	12	737	761	981	824
Tariff deviation – pass through		1,532	-	911	-
Bond Loans interests		13,327	-	14,605	-
Other accrued costs		1,676	-	1,025	-
Deferred income		**8,708**	**171,942**	**8,714**	**180,487**
Government grants	8	8,584	171,942	8,584	180,487
Others		124	-	130	-

17. Income tax

Accounting policy

Current Income tax is calculated based on the taxable results of the companies included in the consolidation in accordance with the applicable tax rules in each geographical area in which the Floene Group operates.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities recorded for accounting purposes and their amounts for tax purposes. Deferred tax assets and liabilities are calculated and reviewed annually using the tax rates expected to be in force when the temporary differences revert.

Deferred tax assets are recorded only when there is reasonable expectation of enough future taxable income to use them or whenever there are taxable temporary differences that offset the deductible temporary differences in the period they revert. Deferred tax liabilities are always recognised on the consolidated financial statements. Temporary differences underlying deferred tax are reviewed at each statement of financial position date in order to recognise deferred tax assets or liabilities that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Deferred taxes are recorded in the consolidated statement of income for the year, unless they result from items recorded directly in equity, in which case the deferred tax is also recorded in equity.

The companies that are part of the Floene Group for over 1 year and whose participation percentage is 75% or more, and as long as such participation gives more than 50% of the voting right, they are taxed in accordance with the special regime for the taxation of groups of companies ("RETGS"), with the tax result of this group of entities being calculated at the level of Floene Energias, S.A. (until 2021 it was calculated at the level of Galp Energia SGPS, S.A.). The average tax rate applied to Group companies was 25%.

As at 31 December 2023 and 2022, the income tax payable is as follows:

(Unit: € k)

	Assets/(Liabilities)	
	2024	2023
	(2,996)	**4,921**
State and other public entities	(2,996)	4,921

The balance corresponds to the amount calculated resulting from the estimated income tax for the period, deducted from withholding taxes and payments on account.

As of 31 December 2024, and 31 December 2023, the amount of income tax is as follows:

(Unit: € k)

	2024			2023		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Income tax	**7,048**	**(648)**	**6,400**	**5,551**	**2,748**	**8,299**
Corporate income tax	7,048	(648)	6,400	5,551	2,748	8,299

The effective income tax rate as at 31 December 2024 and 2023, is as follows:

	2024	2023
Effective income tax rate	**30.16%**	**27.12%**
Income tax rate	25.00%	25.00%
Tax rate differences	5.02%	1.55%
(Excess)/insufficiency of estimated income tax	(2.40%)	(0.38%)
Autonomous taxation	1.93%	1.21%
Other increases and deductions	0.61%	(0.26%)

As at 31 December 2024 and 31 December 2023, incorporating the reduction in the income tax rate by 1%, as provided for in the Portuguese State Budget for 2025, the deferred tax assets and liabilities movements is as follows:

(Unit: € k)

	1 January 2024	Impact on the statement of income	Impact on equity	Other changes	31 December 2024
Deferred tax assets	**11,416**	**(369)**	**1,245**	**-**	**12,292**
Adjustments to tangible and intangible assets	15	(8)	-	-	7
Retirement benefits and other benefits	9,951	(496)	1,245	-	10,699
Tariff deviation	68	192	-	-	260
Non-deductible provisions	1,383	(57)	-	-	1,326
Deferred tax liabilities	(18,588)	**1,017**	**-**	**(2)**	**(17,573)**
Adjustments to tangible and intangible assets - Fair value	(9,106)	382	-	-	(8,724)
Tariff Deviation	(8,479)	261	-	-	(8,218)
Other	(1,003)	373	-	(2)	(631)

For comparative information, please refer to the financial statements for the year ended 31 December 2023.

18. Post-employment and other employee benefit liabilities

Accounting policy

Defined-contribution plans

The Group has a defined-contribution plan funded by a pension fund, which is managed by an independent entity. The Group contributions to the defined-contribution plan are charged to the consolidated statement of income in the relevant year.

Defined-benefit plans

The Group has a defined-benefit plan that provides the following benefits: retirement, disability and survivor pension supplement; pre-retirement; early retirement; retirement bonuses; and voluntary social insurance.

The payment of pension supplements for old age and disability, as well as survivors' pensions, is funded by a pension fund managed by independent entities.

Other retirement benefits

Along with the plans mentioned above, Group provided additional benefits related to healthcare, life insurance and a minimum defined-benefit plan (for disability and survival).

Recognition of defined-benefit plans

The period costs for post-employment benefit plans are determined based on the Projected Unit Credit method. This method reflects the services provided by employees at the valuation date, based on actuarial assumptions, as well as considering a discount rate to determine the present value of benefits and the remuneration projected rates of growth. The discount rate is based on the yield on high-quality bonds in Euros. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income during the period in which they arise. Past service costs are recognised immediately in the consolidated statement of income.

A defined-benefit plan net excess (in other words, asset) is only recognised when the Group is capable of obtaining future economic benefits, such as plan repayments or reduction of future contributions. When a plan is unfunded, a liability for the retirement benefit obligation is recognised in the consolidated statement of financial position. Costs recognised for retirement benefits are included in staff costs. The net obligation recognised in the consolidated statement of financial position is reported within non-current liabilities.

Accounting estimates and judgments

Demographic and financial assumptions used to calculate the retirement benefit liabilities

Accounting for pensions and other post-retirement benefits requires estimates to be made when measuring the group's pension plan surpluses and deficits. These estimates require assumptions to be made regarding uncertain events, including discount rates, inflation and life expectancy.

Post-employment benefits

(Unit: € k)

	2024	2023
Liabilities at the end of the year	(49,427)	(44,441)
Net liabilities	**(49,427)**	**(44,441)**
Post-employment obligations	**(69,023)**	**(63,949)**
Past services covered by the pension fund	(21,720)	(21,237)
Liabilities related with other benefits	(47,303)	(42,712)
Fund Assets	**19,596**	**19,508**

Post-employment obligations

(Unit: € k)

	2024	2023
Past service liability at the end of the current year	**69,023**	**63,949**
Past service liability at the end of the previous year	63,949	66,083
Current service cost	1,007	1,049
Interest cost	2,413	2,222
Actuarial (gains)/losses	6,284	(451)
Payment of benefits made by the Fund	(1,526)	(1,515)
Payment of benefits made by the Group	(4,583)	(3,557)
Curtailments	1,571	118
Other adjustments	(93)	1

The average maturity of the liabilities under the defined-benefit plans is 10.1 years (7.2 years in 2023).

Pension fund with defined benefits

(Unit: € k)

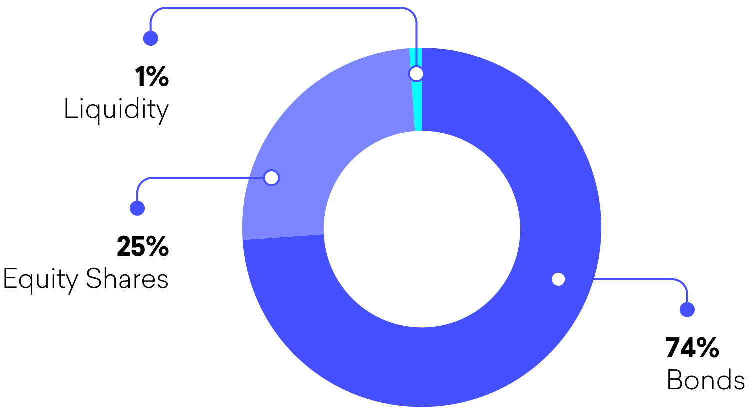
	2024	2023
Assets at the end of the current year	**19,596**	**19,508**
Assets at the end of the previous year	19,508	18,953
Net interest	749	682
Associate contributions	582	651
Payment of benefits	(1,526)	(1,515)
Financial gains/(losses)	283	736

Fund assets

(Unit: € k)

	2024	2023
Total	**19,596**	**19,508**
Shares	4,948	4,623
Bonds	14,383	13,342
Liquidity	265	1,543

Type of Assets 2024



The fair value hierarchy of assets is mostly Level 1 for shares and alternative investments and a uniform combination of Level 1 and 2 for bonds and real estate. Level 1 includes financial instruments valued on the basis of net market prices, e.g. from Bloomberg. Level 2 includes financial instruments valued at prices observable in current liquid markets for the same financial instrument provided by external counterparties, available through Bloomberg.

Post-employment benefit expenses

(Unit: € k)

	Notes	2024	2023
Current service cost		1,007	1,049
Net interest		1,664	1,540
Net cost for the year before special events		**2,671**	**2,588**
Curtailments impact – terminations by mutual agreement		-	(1)
Curtailments impact – pre-retirements and early retirements		1,573	118
Other adjustments		(199)	-
Net cost for the year of defined-benefit plan expenses		**4,046**	**2,705**
Defined contribution		482	451
Net cost for the year of defined-contribution plan expenses		**482**	**451**
Total	**27**	**4,526**	**3,158**

Remeasurements

(Unit: € k)

	Notes	2024	2023
		(4,762)	**1,156**
Gains and losses recognised through other comprehensive income		**(6,007)**	**1,187**
(Loss)/gains from actuarial experience		(3,637)	(819)
(Loss)/gains from changes in actuarial assumptions		(2,647)	1,270
Financial gain/(loss)		283	736
Other gains/(losses)		(7)	-
Income tax related to remeasurements	**17**	**1,245**	**(31)**

Assumptions

	Retirement benefits		Other benefits	
	2024	2023	2024	2023
Rate of return on assets	3.50%	4.00%	-	-
Discount rate	3.50%	4.00%	3.50%	4.00%
Rate of increase of salaries/costs	1.00%	1.00%	[0.00% – 3.00%]	[0.00% – 3.00%]
Rate of increase of pensions	[0.00% – 2.00%]	[0.00% – 2.00%]	0.00%	0.00%
Mortality table for current staff and pre-retirees	INE 2009-2011	INE 2009-2011	INE 2009-2011	INE 2009-2011
Mortality table for retired staff	INE 2009-2011	INE 2009-2011	INE 2009-2011 | GKF95	INE 2009-2011 | GKF95
Disability table	EVK80 – 50%	EVK80 – 50%	EVK80 – 50%	EVK80 – 50%
Normal age for retirement	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security at 65 years, respectively
Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

Stress analysis

Stress analysis of the discount rate

(Unit: € k)

	Discount rate 3.50%	-0.25%
Total	**69,023**	**1,402**
Retirement benefits	47,077	814
Other benefits	21,947	588

Stress analysis of the growth rate of health insurance costs

(Unit: € k)

	0% in the 1st year and 3% in the following	Δ +1.00% from 2nd year onwards	Δ -1.00% from 2nd year onwards
Past services	20,153	2,046	(2,408)

19. Provisions

Accounting policy

Provisions are recorded when the Group has a present obligation (legal, contractual or constructive) resulting from a past event, it is probable that an outflow of resources entailing economic benefits will be required to settle that obligation, and a reliable estimate of the obligation amount can be made. Provisions are reviewed and adjusted on each consolidated statement of financial position date to reflect the best estimate at that date.

The Group calculates its estimates evolution based on the most likely outcome. Disputes for which no reliable estimate can be made are disclosed as contingent liabilities.

Provisions to legal disputes contain several types of provisions related to ongoing legal disputes. Management makes estimates regarding to provisions and contingencies, including assessing the likelihood of pending and potential litigation outcomes. By determining the outcomes, the Board of Directors considers the lawyers' opinions, as well as the past experience.

Floene measures uncertain tax positions (except corporate income tax), namely tax provisions, by the most likely outcome and not by probabilities.

Accounting estimates and judgements

Provisions by contingencies

The final cost of lawsuits, liquidations and other litigation may vary from estimates made due to different interpretations of standards, opinions and final assessments of the amount of losses. Therefore, any change in circumstances related to this type of contingencies could have a significant effect on the amount of the provision for contingencies recorded.

During the years ended 31 December 2024 and 2023, Provisions caption presented the following movements:

(Unit: € k)

	2024			2023
	CESE I	Other provisions	Total	Total
At the beginning of the year	**79,903**	**4,157**	**84,060**	**81,069**
Increases	14,552	206	14,758	12,605
Decreases	(9,779)	-	(9,779)	(7,602)
Utilisation	(769)	-	(769)	(2,012)
At the end of the year	**83,907**	**4,363**	**88,269**	**84,060**

For comparative information, please refer to the financial statements for the year ended 31 December 2023

The net increases for the year ended 31 December 2024 have the following decomposition:

(Unit: € k)

	Operational costs (Note 26)	CESE I	Total
2024	**206**	**4,773**	**4,978**
CESE I	-	4,773	4,773
Other provisions	206	-	206

For comparative information, please refer to the financial statements for the year ended 31 December 2023.

CESE

Since 2014, the Group has been subject to a special tax, the Energy Sector Extraordinary Contribution ("CESE"), under article No. 228 of Law 83C/2013 of 31 December, whose term has been successively prorogued by Law No. 82-B/2014, of 31 December, by Law No. 7-A/2016, of 30 March, by Law No. 114/2017, of 29 December, by Law No. 71/2018, of 31 December, by Law No. 2/2020, of 31 March, by Law No. 75-B/2020, of 31 December, by Law No. 99/2021, of 31 December, by Law No. 24-D/2022, of 30 December 2022 and by Law No. 82/2023, of 29 December.

CESE applies to companies from the energy sector, namely concessionaire companies of the distribution of natural gas and is levied on the amount of eligible net assets, this is the value of the assets allocated to the concessions accepted by ERSE ("Entidade Reguladora dos Serviços Energéticos") in the determination of allowed revenue to be recovered by tariffs in the following year, if this is higher than the value of the intangible asset elements recorded in the statutory accounts, on which the a 0.85% rate is applied.

Due to the fact that the Company contests the application of this contribution, the Group has not proceeded with the respective settlement at the due moment since 2014, having recorded the total amount of CESE in the Provisions caption and the expense was recognised in results in the respective years.

In 2024, the changes registered in the provision of CESE are detailed as follows:

- An increase in the amount of € 14,552 k, referring to 2024's CESE, including default interest. This has been recurrent and registered in January of each year, since this contribution began taking effect.

- The utilisation of € 769 k is related to payments made by Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A. relating to the CESE of 2015 and 2017, in the sequence of the unfavourable final decision of the Constitutional Court, correspondent to Court Decisions No. 248/2024 and No. 301/2024, respectively. Payments were financed via ancillary capital contributions from shareholders (Note 23).

- The decrease occurred in 2024, in the amount of € 9,779 k, is due to: i) the Summary Decision No. 399/2024, proffered by section 3 of the Constitutional Court, referring to CESE of 2019, which judged this tribute as unconstitutional, notified to Lisboagás on 27 June 2024 and which, having become final, allowed the reversal of the provision that amounted to € 5,240 k; ii) the decision taken by Court Decision No. 197/2024, proffered by section 1 of the Constitutional Court, referring to CESE of 2019, which judged this tribute as unconstitutional, notified to Setgás on 19 March 2024 and which, having become final, allowed the reversal of the provision that amounted to € 1,558 k; iii) the decision taken by Court Decision No. 197/2024, proffered by section 1 of the Constitutional Court, referring to CESE of 2019, which judged this tribute as unconstitutional, notified to Duriensegás on 24 April 2024 and which, having become final, allowed the reversal of the provision that amounted to € 306 k; and iv) the decision taken by the Constitutional Court in 2024, in favour of Lusitaniagás, referring to CESE of 2020, which allowed the reversal of its provision by € 2,675 k.

On 31 December 2024, the caption of CESE provisions in the amount of € 83,907 k corresponds to the total liability, excluding the years for which there was an unfavourable court decision, and the respective payment was made, but the Group continues to contest.

Other provisions

The caption Other provisions essentially refers to the provision made (€ 3,968 k) for the total debts issued by the Administration of the Port of Lisbon for the occupation of the Cabo Ruivo land claimed by Lisboagás GDL - Sociedade Distribuidora de Gás Natural de Lisboa, S.A. Part of the increase in 2024, in the amount of € 206 k, under this caption concerns to the reinforcement of this provision.

20. Derivative financial instruments

Not applicable.

21. Financial assets and liabilities

Accounting policy

The Group classifies financial assets and liabilities into the following categories:

a) Financial assets at fair value through other comprehensive income;

b) Financial assets and liabilities carried at amortised cost;

c) Financial assets and liabilities at fair value through profit or loss (derivatives).

Management determines the classification of its financial assets on initial recognition and changes this classification, if and only if there is a change in the model of financial assets management, which should rarely occur, and these are significant to the entity's operations and demonstrable to external parties. For financial liabilities, such changes in classification are not allowed.

Recognition and measurement

Purchases and sales of financial assets are recognised on the date of the transaction. Financial assets are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently restated at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Derecognised of financial assets

Financial Assets are derecognised from the consolidated statement of financial position when the rights to receive cash flow from investments have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if: (i) the inherent objective to the business model used is achieved, either to collect contractual cash flows or to sell financial assets, and (ii) the underlying contractual cash flows represent only principal and interest payments. Assets in this category, which are debt instruments, are initially and subsequently measured at their fair value, with changes in their book value recorded against Other comprehensive income, except for the recognition of impairment losses, interest or exchange gains and losses, which are recognised in the consolidated statement of income. When the asset is derecognised, the accumulated gain or loss in other comprehensive income is reclassified to profit or loss.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets/liabilities which are held solely for payments of principal and interests ("SPPI"). If collection/payment is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets/liabilities. If not, they are presented as non-current assets/liabilities.

Trade receivables and other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest method, less impairment.

Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement. The fair value hierarchy has the following levels:

- Level 1 – the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 – the fair value of the assets or liabilities is determined through valuation models based on observable market inputs; and
- Level 3 – the fair value of the assets or liabilities is determined through valuation models; whose main inputs are not observable in the market.

In general, the book value of financial assets and liabilities approximates fair value.

(Unit: € k)

	Notes	2024	2023
Financial assets by category		**99,835**	**156,196**
Financial assets at fair value through other comprehensive income	13	4	3
Financial assets at amortised cost	12	104,353	102,112
- less deferred costs, subsoil occupation levies and receivable amounts from the State	12	(24,233)	(25,423)
Cash and cash equivalents	14	19,711	79,505

Financial assets at amortised cost comprises Trade receivables and Other receivables, net of impairments.

(Unit: € k)

	Notes	2024	2023
Financial liabilities by category		**694,468**	**734,163**
Financial liabilities not measured at fair value	7, 15 and 16	880,139	925,946
- less deferred income and payable amounts to the State	16	(185,671)	(191,782)

Financial liabilities comprise Financial debt, Lease liabilities, Trade payables and Other payables.

22. Financial risk management

The Group is organised to identify, measure and control the different risks to which it is exposed to using various financial instruments to cover them, in accordance with the corporate guidelines across the Group. The contracting of these instruments is centralised.

The Group's exposure to financial risks resides, essentially in the interest rate risk.

Interest rate risk

The risk associated to interest rate fluctuations has, essentially, two significant impacts in the Group's accounts: i) remuneration on the Group's assets, in accordance with the Tariff Regulation; ii) in the debt service level of bank loans and bonds.

Since the remuneration rate of the Group's regulated assets changes with the evolution of 10-year Portuguese Treasury Bonds, which depends on the market interest rates, its cash flows from operating activities are affected by these fluctuations, positively or negatively, depending on whether these rates increase or decrease.

At the debt service level, the purpose of managing interest rate risk is to reduce the volatility of financial costs in the consolidated statement of income. The policy for interest rate risk management aims to reduce the exposure to variable rates by fixing the interest rate risk on loans, using a mix of variable and fixed rate instruments.

Interest rate stress analysis

The analysis of interest rate risk includes investments and loans at variable interest rates. As at 31 December 2024 and 2023, there were no financial investments with variable interest rates. A 0.5% increase in the interest rate would impact Group's financial income as outlined in the table below:

(Unit: € k)

	2024		2023	
	Risk exposure	Impact on statement of income	Risk exposure	Impact on statement of income
Financial debt	210,800	(1,389)	254,167	(1,288)

Note: excludes loans not subject to volatility risk of interest rate i.e. fixed rate loans.

Liquidity risk

Liquidity risk is defined as the impact on the profit and/or cash flow of the business of the Group's ability to obtain the financial resources necessary to meet its operating and investment commitments. Floene finances itself through the cash flow generated by its operations and maintains a diversified portfolio of loans and bonds.

In 2024, the Group formalised two Commercial Paper Programmes, whose unused amounts ascended to € 55,250 k and € 5,450 k, and are available for use (Note 15). Additionally, has also available short-term credit lines that have not been used in the amount of € 5 million as at 31 December 2024 and € 20 million as at 31 December 2023.

Floene has immediate access to Cash and cash equivalents amounting around to € 20 million as at 31 December 2024 and € 80 million as at 31 December 2023. The total of these combined amounts is over € 85 million as at 31 December 2024 and € 100 million as at 31 December 2023.

Regarding the maturity of the Group's financial liabilities, Floene will limit the concentration of debt maturity dates, in order to mitigate the risks associated with the refinancing of significant amounts of debt during a specific period (Note 15).

Credit risk and counterparty credit risk

Credit risk results from the potential non-payment by one of the parties of their contractual obligations, thus depending on the risk level of the counterparty. Credit risk limits are established by Floene and are implemented in the various business segments. The credit risk limits are defined and documented, and the credit limits for certain counterparties are based on their credit ratings, periods of exposure and the monetary amount of the exposure to credit risk. See Note 12 for further risk assessments, specifically regarding Trade receivables and Other receivables.

Additionally, counterparty credit risk exists in monetary investments and hedging instruments. The policy of counterparty credit risk management must ensure that all treasury counterparties involved in achieving the Group's objectives have adequate credit quality. Furthermore, for each type of treasury transaction, counterparties must comply with minimum rating requirements, as well as maximum exposure limits per counterpart.

Claims risk

Floene Group owns a wide insurance programme to reduce its exposure to various risks resulting from claims that may occur during the execution of its activity, as follows:

- Indemnity and environmental Insurance: covering general activity risks caused by third parties and risks of management risks;
- Patrimony Insurance: answer for damages with external origin that can be caused at Floene Group' assets and exploration losses;
- Social Insurances: cover work accidents, personal accidents, life and health risks;
- Other Insurances: cover risks on vehicles, travels, etc.

23. Equity

Equity management policy

Floene Energias, S.A. is the Group's holding Company in the natural gas distribution and commercialisation business in Portugal, with the Group's consolidated equity as at 31 December 2024 amounting to € 234,122 k (2023: € 259,581 k), and the net financial debt, corresponding to the difference between total Financial debt and Cash and cash equivalents at the end of the year, amounting to € 609,053 (2023: € 591,835 k) (Notes 14 and 15).

Shareholder structure and Dividends

Shareholder structure

During 2024, Floene shareholder structure has not changed, with the share capital remaining at € 89,529,141 divided into 89,529,141 shares, with a nominal value of one Euro each, being fully subscribed and paid up by the following shareholders

Shareholders	%	No. of shares
	100.00	**89,529,141**
Allianz Infrastructure Luxembourg II, S.à r.l.	45.51	40,743,759
Allianz European Infrastructure Acquisition Holding, S.à r.l.	29.50	26,412,050
Meet Europe Natural Gas, Lda.	22.50	20,144,057
Petrogal, S.A.	2.49	2,229,275

Reserves

During the year ended 31 December 2024, by deliberation at the Shareholders' General Meeting, the Company reinforced the legal reserve in € 179 k. The total amount of legal reserve is € 13,402 k.

Ancillary capital contributions

The Ancillary capital contributions was reinforced by € 770 k during the 2024 financial year, for a global amount of € 22,358 k, paid on 23 December 2024, with a view to strengthening the Group's capital structure and fulfil its financial obligations relating to the payment of CESE (Note 19). The Ancillary capital contributions are non-remunerated, are subject to the supplementary capital contributions regime as to their enforceability and delivery obligation, and were made in accordance with the following distribution among shareholders:

- Allianz Infrastructure Luxembourg II, S.à r.l.: € 350 k (2023: € 9,825 k);
- Allianz European Infrastructure Acquisition Holding, S.à r.l.: € 227 k (2023: € 6,369 k);
- Meet Europe Natural Gas, Lda.: € 173 k (2023: € 4,857 k); and
- Petrogal, S.A.: € 19 k (2022: € 538 k).

In accordance with current legislation, ancillary capital contributions can only be distributed to shareholders as long as the equity, after its repayment, is not less than the sum of capital and undistributed reserves.

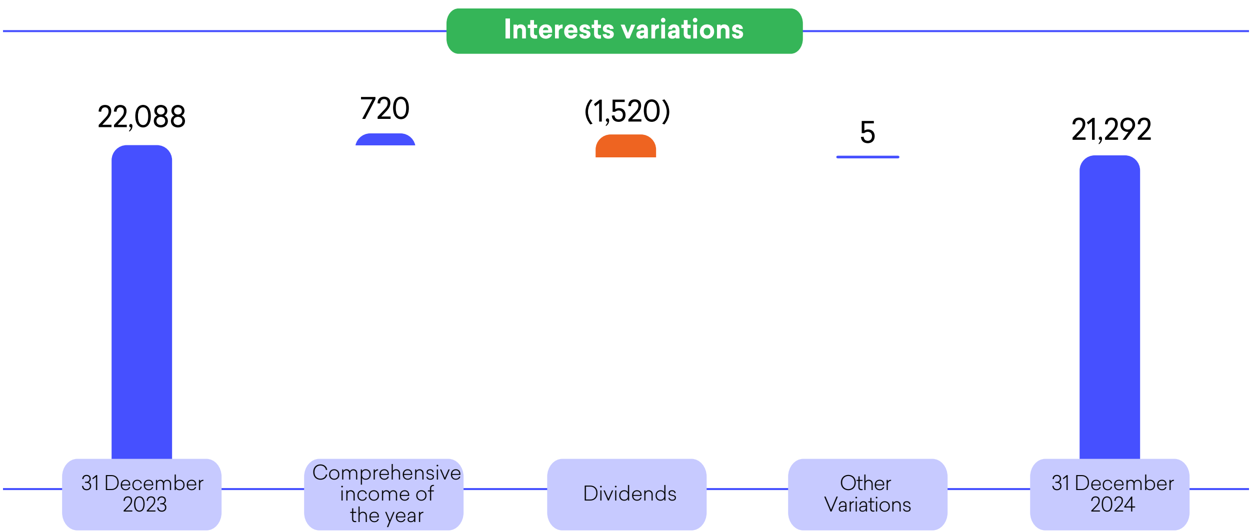
Dividends

In accordance with the unanimous written corporate resolution from 28 August 2024, dividends in the amount of € 14,356 k were attributed to the Company's shareholders, which were paid on 13 September 2024.

Additionally, on 29 October 2024, the Company's Board of Directors approved the Interim dividends to shareholders, in the amount of € 15,644 k, paid on 13 November 2024, making the total distributed dividends in 2024 amount to € 30,000 k.

24. Non-controlling interests

As at 31 December 2024, the changes in non-controlling interests during the year and included in equity are as follows:



The other variations refer mainly to remeasurements with a pension fund.

25. Revenue and income

Accounting policy

Revenue from gas sales (under the last resort commercialisation regime) and the services rendered for the use of the natural gas distribution network is recognised in the statement of income when the risks and rewards related to the possession of the assets are transferred to the buyer or the services are rendered, and the amount of the corresponding revenue can be reasonably estimated. Sales and services rendered are recognised net of taxes, discounts, and other costs inherent to their materialisation, by the fair value of the amount received or receivable.

Allowed revenue for the Gas Distribution Activity results from the sum of the following parts:

- the cost of capital, defined as the product of the Regulated Asset Base ("RAB") by the Rate of Return on regulated assets ("RoR") published by ERSE, plus the amortisation and depreciation of those assets. The RoR is defined by the application of a methodology that comprises a variety of fixed parameters as well as a variable component indexed to the average daily quotation of Portuguese Treasury Bonds ("OTs") at 10 years, framed by a maximum and a minimum value;

- recovery of allowed net operating costs ("OPEX") indexed to efficiency factors defined by the regulator, updated by the GDP deflator and market evolution (number of active customers and energy demand); and,

- adjustments to allowed revenue that correspond to the difference between the revenue actually recovered and the allowed revenue calculated by ERSE, relating to calendar year n-2.

Regarding to the Last Resource Commercialisation Activity, the amount of allowed revenue results from the sum of the following parts:

- recovery of allowed net operating costs (OPEX) indexed to efficiency factors defined by the regulator, updated by the GDP deflator and market evolution (number of active customers in the regulated market);

- additional income established in the commercialisation license;

- difference between average payment and collection periods; and

- adjustments to allowed revenue that correspond to the difference between the income actually recovered and the allowed revenue calculated by ERSE, relating to calendar year n-2.

The regulated tariffs applied by the Group in the invoicing of sold gas and access to the gas distribution networks conveyed in the National Gas System are defined by ERSE and allow the recovery of the permitted revenue calculated at the beginning of each gas year for each regulated activity/function, which are as follows:

- energy tariff to be applied by the wholesale supplier of last resort, which must provide the benefits of the Purchase and Sale of Gas function ("FCVG") for supply to the Last Resort Commercialisation Retailer;

- commercialisation tariff to be applied by the Last Resort Commercialisation Retailer, which must provide the permitted revenue from the Commercialisation of gas activity of each "CURr";

- Global Use of the System tariff ("UGS") to be applied by the transmission system operator to the distribution network operator, which must provide the allowed revenue from the Global Technical Management Activity of the ORT System;

- use of the Transportation Network tariff ("URT") to be applied by the transportation system operator, which must provide the allowed revenue from the Gas Transport Activity;

- Distribution Network Use tariff ("URD") in medium pressure (MP) and for the Distribution Network Use tariff in low pressure (BP), which must provide the allowed revenue from the Gas Distribution Activity of each Distribution Network Operator; and

- logistics Operation for the Change of Merchant tariff ("OLMC"), which must provide the allowed revenue of the entity responsible for managing the supplier change process, until September 2023.

According to current regulatory assumptions, the period of the gas year is between October and September of the following year, period in which the regulated tariffs are applied. In 2024 the applied tariffs and prices corresponds to the gas year of 2023-2024 (period from 1 January and 30 September) and the gas year of 2024-2025 (period from 1 October to 31 December) published by ERSE.

The gas regulation system is based on the principle of tariff uniformity (where the same tariff is applicable to all regions of the country), and considering the different levels of use of the networks and the efficiency of the regulated companies. ERSE published a transfers and compensations mechanism, applicable across the sector's companies, in order allow for an equilibrium between the revenue recovered by applying the regulated tariffs and the regulated revenue of those companies (Notes 12 and 16).

The values of transfers and compensations are in accordance with the values published for the same tariff application period mentioned above.

In 2024, Group companies estimated and included in their accounts the difference between the published allowed revenue and adjusted allowed revenue, that is, the amount obtained considering the real variables underlying its calculation.

The Group companies recognise in their financial statements, under accruals and deferrals (Notes 12 and 16), the difference between the estimated allowed revenue published for its regulated activity and the revenue generated by the actual billing issued.

Given the regulatory framework and legislation in place, tariff deviations calculated in each year meet several conditions (measurement reliability; financial asset remuneration; entitlement to their recovery and transmissibility of same, among other) that support their recognition as revenue, and as assets in the year they are calculated, namely because they can be reliably measured and there is certainty that economic benefits will flow to the Group. All tariff deviations recognised by the Group were, in accordance with the foreseen mechanisms, incorporated into the calculation of the respective tariffs.

Costs and income are recorded in the corresponding year, regardless of the date of payment or receipt. Costs and income which actual amounts are unknown, are estimated.

Under Other receivables and Other payables are recorded costs and income of the current year and which receipt and payment will only occur in future years, as well as receipts and payments that have already occurred, but which relate to future years and will be imputed, in the corresponding amounts, to each year's results.

Estimates and accounting judgements

The Group analysed, under the accounting principles established in IFRS 15, the income framework recognised within the scope of the Gas Distribution and Commercialisation Activities, namely in what regards its performance as Principal vs. Agent.

Within the scope of the Gas Distribution and Commercialisation Activities, the transactions associated with the billed tariffs related to the Global Use of the System ("UGS") and the Use of the Transportation Network ("URT") tariffs were analysed, among others. These tariffs are initially recognised as expenses within the scope of gas distribution and commercialisation services provided by the entity, being subsequently billed to customers and recognised as operating income, given that the services provided or promised to their customers contain the cost of the tariffs included in the price.

Based on the analysis carried out, the Group concluded that each performance obligation defined contractually to provide the specified good or service is its responsibility, thus controlling the goods or services provided to the customer, in its entirety, acting as Principal and not as Agent.

The Group's operating income for the years ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	Notes	2024	2023
		224,322	**217,568**
Sales		**7,307**	**6,188**
Goods		7,307	6,188
Services rendered		**172,479**	**161,127**
URD tariff		153,593	151,378
URT tariff		10,966	5,525
UGS tariff		5,827	2,249
OLMC tariff		-	176
ORT transfer to company - Social tariff		(201)	(400)
ORT and ORD transfer		4,089	4,778
MP Discount		(5,186)	(4,741)
"Sobreproveito" transfer		1,756	743
Connections/reconnections		1,129	997
Other		507	421
Other operating income		**42,335**	**43,613**
Profits under IFRIC 12	6 and 26	32,240	34,115
Investment subsidies	8	8,618	8,635
Other		1,477	863
Financial income	**28**	**2,201**	**6,640**

Regarding the concession contracts under IFRIC 12, the construction of the concession assets is subcontracted to specialised entities, which assume the risk inherent in the construction activity, with income and costs associated with the construction of these assets being recognised. The income and costs associated with the construction of these assets are of equal amounts and are duly mentioned in the table above, as well as in the following note of operating costs.

The decrease in Financial income is related to financial investments made during 2023 in a context of higher interest rates combined with greater invested amounts resulting from the refinancing process that took place in 2023 (Note 15).

26. Costs and expenses

Costs and expenses for the years ended 31 December 2024 and 2023 are as follows:

(Unit: € k)

	Notes	2024	2023
		203,099	**186,969**
Total costs and expenses		**4,526**	**4,525**
Goods		4,526	4,554
Decrease in inventories	11	-	(29)
Supplies and external services		**54,352**	**42,483**
Specialised works		1,816	1,538
Subcontracts - network use		19,511	8,510
IT Services		7,112	7,159
Administrative and financial services		3,921	3,850
Maintenance and repairs		3,797	3,911
Rental costs		1,239	1,016
Technical assistance maintenance		2,953	2,869
Commercial Service / Marketing		577	495
Call centre / Contact centre		2,264	1,690
Electricity, fuel and water		1,060	978
Insurance		3,739	3,826
Readings		1,687	1,752
Connections/reconnections		908	864
Cleaning and security		492	459
Travel and accommodation		620	583
Gas meters and infrastructure charges		900	887
Communications		1,019	773
Personnel assigned from other companies		69	27
Billing and collection		140	228
General services		247	573
Other		282	494
Staff costs	**27**	**27,768**	**25,602**
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	**5, 6 and 7**	**49,991**	**49,446**
Provisions	**19**	**206**	**(272)**
Impairment losses of accounts receivable	**12**	**143**	**1,148**
Other operating costs		**32,730**	**34,547**
Costs under IFRIC 12	6 and 25	32,240	34,115
Donations		34	18
Other taxes		91	98
Other		366	317
Financial expenses	**28**	**33,384**	**29,490**

The amount of € 19,511 k reflected as Subcontracts – network use relates to the Use of the Transport Networks (“URT”) and Global Use of the System (“UGS”) tariffs, which are billed by REN.

27. Staff costs

Accounting policy

Staff costs

Salaries, social security contributions, annual and sick leave, bonuses, and non-monetary benefits are recognised in the year in which the respective services are rendered by the Company's employees.

Remuneration of the Board of Directors

Under the policy currently adopted, the remuneration of Floene's governing bodies includes all remuneration due for the exercise of positions in Group companies and the accrual of costs related to amounts to be allocated to this period.

According to IAS 24, key personnel correspond to the group of all persons with authority and responsibility to plan, direct and control Group's activities, directly or indirectly, including any director, whether executive or non-executive. According to the interpretation of this standard by Floene, the only people who meet all these characteristics are the members of the Board of Directors.

Staff costs for the years ended 31 December 2024 and 2023 are as follows:

(Unit: € k)

	Notes	2024	2023
Staff costs recognised in the year		**27,768**	**25,602**
Staff costs capitalisation		(2,181)	(2,019)
Total costs		**29,949**	**27,621**
Board of Directors remuneration		1,055	1,046
Staff remuneration		17,273	17,824
Social charges		3,970	3,992
Retirement benefits – pension and insurance	18	4,526	3,158
Other insurance		1,601	1,033
Other charges		1,524	568

During the years ended 31 December 2024 and 2023, the average number of employees at Floene Group service was 396 and 411, respectively.

28. Financial income and expenses

Accounting policy

The financial charges on loans obtained are recorded as financial expenses on an accrual basis.

Financial charges arising from general and specific loans obtained to finance investments in fixed assets are assigned to tangible and intangible assets in progress, in proportion to the total expenses incurred on those investments net of investment government grants (Notes 5 and 6), until the commencement of its operations, with the remaining being recognised under financial expenses in the consolidated statement of income for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised.

Financial charges included in fixed assets are depreciated over the useful life of the respective assets.

Financial income and expenses for the years ended 31 December 2024 and 2023 are as follows:

(Unit: € k)

	Notes	2024	2023
		(31,182)	**(22,850)**
Financial income		**2,201**	**6,640**
Interest on bank deposits		2,201	5,650
Other financial income		-	990
Financial expenses		**(33,384)**	**(29,490)**
Interest on bank loans, overdrafts and others		(31,420)	(24,894)
Interest on lease liabilities	7	(451)	(328)
Charges relating to loans		(893)	(2,955)
Foreign exchange gains/(losses)		-	(1)
Other financial costs		(620)	(1,312)

In the year ended 31 December 2024, Interest on bank loans, overdrafts and others in the amount of € 31,420 k, refers essentially to interest costs from financial debt during the year.

29. Contingent assets and liabilities and provided guarantees

Accounting policy

Contingent assets and liabilities arise from past events that need confirmation as to their future occurrence and which may cause economic inflows or outflows from the Group. The Group does not reflect this type of assets and liabilities in its accounts, as they may not be effective. When the probability of occurrence is not remote, the contingent assets and liabilities are disclosed in the notes to the accounts.

Contingent Liabilities

Many municipalities demand payments (liquidations and executions) concerning Subsoil Occupation Levies ("TOS") with existing gas pipelines, from the concessionaire companies of the distribution and commercialisation of natural gas, in the amount of € 652 k. The Group does not agree with the municipalities and refuses to pay what they demand. Because of that they have actions in the Tax Administrative Court, having the suspension of execution request deferred, and the and the execution is suspended until the final decision is handed down. For that reason, guarantees were established.

In the course of negotiating the Concession Contract between the Portuguese State and the Company, it was agreed, among other matters, that the Concessionaire has the right to charge, to the entities selling natural gas and to the final costumers, the full amount of the subsoil occupation levies assessed by the municipalities in the areas conceded under the previous concession contract but not yet paid or contested legally by the Concessionaire if such payment is considered to be mandatory by the competent authority, after issuance of the sentence, or after express prior consent of the Conceding entity. The subsoil occupation levies paid each year will be reflected on the entities supplying gas that use the infrastructures or on the final costumers served by them, during the subsequent years, under the conditions to be defined by ERSE. The subsoil occupation levies will be assessed for each municipality, based on the amount charged by it.

Given the fact that eventual levies to be paid to municipalities until 31 December 2024 and interest to be paid will be passed through to customers, the Group has decided not to recognise any provision for responsibilities resulting from legal proceedings concerning this issue.

As of 31 December 2024, the amounts paid to City Councils and charged to customers related to subsoil usage levies are as follows (the transfer conditions, including the amount to be recovered each year, the number of years of transfer and unit values for customers are governed by ERSE):

(Unit: € k)

	2024
Amount to be recovered – Subsoil Occupation Levies (Note 12)	**21,429**
Paid amount (includes additional costs)	267,501
Interest	6,814
Amount billed to clients	(252,886)

The amount to be recovered is remunerated based on the 12-month Euribor rate increased by a spread stipulated by ERSE.

Provided guarantees

During its commercial operations, the Group entered into contracts, under which it assumed commitments for commercial, regulatory or other commercial purposes.

As of 31 December 2024, and 31 December 2023, the liabilities for provided guarantees are as follows:

(Unit: € k)

	2024	2023
Provided guarantees	**13,641**	**14,282**
Portuguese State, for the duties and obligations arising from the Concession Agreement	10,273	8,628
Municipalities, relating to Subsoil Occupation Levies	1,055	3,471
Directorate-General of Energy and Geology (DGEG)	1,076	1,576
IP – Infraestruturas de Portugal, S.A.	361	299
Tax Authority (AT – "Autoridade Tributária")	300	19
Others	576	287

In accordance with the Concession Contracts and Licenses established with the Group Companies, the entities, as Concessionaires, must promote adequate financing for the development of the object of the concession or license; in order to fully and timely fulfil all the obligations they assume in the present contract.

Thus, Concessionaires must maintain at the end of each year a Financial Autonomy ratio greater than 20%. As at 31 December 2024, the Financial Autonomy ratio presented by the Companies that comprise the Group varies between 41.95% and 132.77%.

30. Related parties

Accounting policy

A related party is a person or entity that is related to the entity preparing its financial statements, and meeting the following requisites:

(a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) An entity is related to a reporting entity if any of the following conditions applies: (i) the entity and the reporting entity are members of the same group (which means that each parent and subsidiaries are related to the others); (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity, and the other entity is an associate of the third entity; (v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Group has had the following material balances and transactions with related parties for the years ended 31 December 2024 and 2023 as follows:

Assets

(Unit: € k)

	2024	2023
	Current	Current
Assets	**5,303**	**4,066**
Galp Group (a)	5,303	4,066

(a) Galp Group includes all the companies that compose the Galp Energia Group.

Liabilities

(Unit: € k)

	2024	2023
	Current	Current
Liabilities	**(3,862)**	**(6,658)**
Grupo Galp (a)	(3,862)	(6,658)

(a) Galp Group includes all the companies that compose the Galp Energia Group.

Transactions

(Unit: € k)

	2024			2023		
	Operating costs	Operating income	Total	Operating costs	Operating income	Total
Transactions	**(15,933)**	**70,118**	**54,185**	**(15,440)**	**58,593**	**43,153**
Grupo Galp (a)	(15,933)	70,118	54,185	(15,440)	58,593	43,153

(a) Galp Group includes all the companies that compose the Galp Energia Group.

Transactions with Galp Group companies are mainly due to corporate services rendered and IT services, provided by those companies to the Floene Group, the sale of gas by Galp Group companies to the Floene Group, and the services rendered relating to the use of the Floene Group distribution networks by Galp Group companies. Transactions between related parties occurred under market conditions.

31. Companies from the Floene Group

Group companies are considered to be all the financial investments in companies over which the Group has control, namely if it has cumulatively:

- power over the investee;
- exposure or rights in relation to the variable results arising through its relationship with the investee; and
- ability to use its power over the investee to impact the amounts of the results to the investors.

The equity and the net income corresponding to the participation of third parties in the subsidiaries companies are presented separately in the consolidated financial statement and in the consolidated statement of income, respectively, in Non-controlling interests. The losses and gains that result from the non-controlling interests, are imputed to them, even if it exceeds, in the case of losses, the amount invested by the interests that they do not control.

Regarding the control acquisition date, the Group already has an acquired interest, the fair value of that interest contributes to the determination of Goodwill or negative Goodwill.

Transaction costs that are directly assignable to the business combinations are recognised immediately in the consolidated statement of income.

Non-controlling interests include the proportion of the third parties' the fair value of identifiable assets and liabilities at the date of acquisition of the subsidiaries.

When control is acquired in a percentage lower than 100%, by applying the purchase method, the interests that they do not control can be measured at fair value or in proportion to the fair value of the assets and liabilities acquired. Each option is defined in each transaction.

The results of the subsidiaries acquired or sold during the year are included in the consolidated statement of income from the date of their acquisition or the control exercise date until their sale.

Subsequent transactions for the sale or acquisition of financial investments of non-controlling interests, which do not imply control change, nor result in the recognition of gains/losses or Goodwill, being any difference determined between the transaction value and the book value of the transaction recognised in equity.

When required, there are adjustments made in the subsidiary's statement of incomes in order to adapt its accounting policies to the one's used by the Group. Transactions (including gains and losses that may exist due to the disposals between Group companies), the balances and the dividends that are distributed between companies' Group are excluded of the consolidation process, unless the losses that proof there were impairment losses in the transferred assets.

Situations where the Group has, in substance, the control of other structured entities, even if it does not have equity interests directly in these entities, they are consolidated using the full consolidation method. The entities in these situations, when existing, they are included in this Note.

Consolidation perimeter

The companies included in the consolidation and the percentage of shares owned are as follows:

Company and country	Percentage of shares owned 2024	Percentage of shares owned 2023
Parent-Company		
Floene Energias, S.A., Portugal	-	-
Subsidiaries		
Beiragás – Companhia de Gás das Beiras, S.A., Portugal	59.60%	59.60%
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A., Portugal	100.00%	100.00%
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A., Portugal	100.00%	100.00%
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A., Portugal	100.00%	100.00%
Lusitaniagás – Companhia de Gás do Centro, S.A., Portugal	97.19%	97.19%
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A., Portugal	100.00%	100.00%
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A., Portugal	100.00%	100.00%
Setgás – Sociedade de Distribuição de Gás Natural, S.A., Portugal	100.00%	100.00%
Tagusgás – Empresa de Gás do Vale do Tejo, S.A., Portugal	99.36%	99.36%

32. Subsequent events

On 14 February 2025, Floene formalised a new Syndicate Bond Loan, in the amount of € 180,000 k, with the aim of financing the anticipated reimbursement of the entire Syndicated Bond Loan from 2023, which was fully utilised on 27 February 2025. The Syndicated bond loan contracted in 2025 has 5-year term from its emission date (this is, 27 February 2030) at a variable interest rate indexed to Euribor rate and a contractual spread. On 7 March 2025, the Company fully reimbursed the Syndicated bond loan from 2023, that was due on 7 March 2026.

On 20 February 2025, Medigás was notified to proceed to the payment of the CESE of 2014, in sequence of the Court Decision No. 915/2024, of 17 December 2024, handed down by the Constitutional Court with unfavourable final decision to the company, whose financial impact ascends to € 228 k, including default interest. This amount is completely provisioned.

There were no additional subsequent events after 31 December 2024 with a material impact on the attached financial statements.

33. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 28 April 2025. However, they are still subject to approval by the Shareholders' General Meeting, in accordance with the commercial law applicable in Portugal. The Board of Directors believes that these financial statements truly and appropriately reflect the Group's operations, its financial performance and cash flows.

34. Translation note

These financial statements are a translation of the consolidated financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

The Board of Directors

Diogo António Rodrigues da Silveira
President

Gabriel Nuno Charrua de Sousa
Member

Roxana Tataru
Member

Pedro Álvaro de Brito Gomes Doutel
Member

Karl Klaus Liebel
Member

Carlos Miguel Faria da Silva
Member

Ippei Kojima
Member

Satoshi Kanomata
Member

Francisco Maria Metello de Almeida e Brito de Moraes
Member

The certified accountant

Ana Maria Serafim de Brito Mousinho

Annex III b) – Separate Financial Statements as at 31 December 2024

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Statement of financial position

Statement of financial position as at 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

Assets	Notes	2024	2023
NON-CURRENT ASSETS			
Tangible assets	4	1,070	42
Intangible assets	5	26,841	11,117
Right-of-use of assets	6	6,237	4,550
Financial investments in subsidiaries	9	640,422	640,422
Deferred tax assets	16	187	139
Other receivables	11	38	38
Other financial assets	12	-	127,246
Total Non-current assets		**674,795**	**783,555**
CURRENT ASSETS			
Trade receivables	11	1,632	6,591
Other receivables	11	135,760	9,247
Current income tax receivable	16	7,088	5,375
Cash and cash equivalents	13	18,693	74,555
Total current assets		**163,173**	**95,768**
Total assets		**837,968**	**879,323**

(Amounts stated in thousand Euros - € k)

Equity and Liabilities	Notes	2024	2023
EQUITY			
Share capital	22	89,529	89,529
Ancillary capital contributions	22	22,358	21,588
Reserves	22	13,793	13,614
Retained Earnings		29,913	14,535
Total Equity		**155,593**	**139,266**
LIABILITIES			
Non-current liabilities			
Financial debt	14	597,933	596,771
Lease liabilities	6	5,902	4,277
Other payables	15	206	220
Post-employment and other employee benefits liabilities	17	871	749
Total non-current liabilities		**604,912**	**602,017**
Current liabilities			
Financial debt	14	23,750	70,379
Lease liabilities	6	658	436
Trade payables	15	2,411	6,775
Other payables	15	47,433	57,853
Current income tax payable	16	3,212	2,598
Total current liabilities		**77,463**	**138,040**
Total liabilities		**682,375**	**740,057**
Total equity and liabilities		**837,968**	**879,323**

The accompanying notes form an integral part of the statement of financial position and must be read in conjunction.

Statement of income and other comprehensive income

Statement of income and other comprehensive income for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
Services rendered	23	25,737	24,932
Other operating income	23	513	220
Financial income	23 and 26	12,412	16,749
Results related to financial investments in subsidiaries	9 and 23	63,246	14,996
Total revenue and income		**101,908**	**56,898**
Supplies and external services	24	(12,125)	(10,862)
Staff costs	24 and 25	(13,283)	(13,127)
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	4, 5, 6 and 24	(883)	(1,160)
Other operating costs	24	(133)	(104)
Financial expenses	24 and 26	(34,485)	(30,665)
Total costs and expenses		**(60,910)**	**(55,919)**
Earnings before taxes and other contributions		**40,998**	**979**
Income taxes	16	4,541	2,600
Net income for the year		**45,539**	**3,579**
Basic and diluted earnings per share (in Euros)		0,51	0,04
Net income for the year		**45,539**	**3,579**
ITEMS WHICH WILL NOT BE RECYCLED IN THE FUTURE THROUGH NET INCOME			
Remeasurements – pensions fund	17	23	31
Income taxes related to actuarial gains and losses	16 and 17	(5)	(7)
Total comprehensive income for the year		**45,557**	**3,603**

The accompanying notes form an integral part of the statement of income and other comprehensive income and must be read in conjunction.

Statement of changes in equity

Statement of changes in equity for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	Share capital	Ancillary capital contributions	Reserves	Retained earnings – remeasure-ments	Retained earnings – other	Net income of the year	Total
Balance as at 1 January 2023		**89,529**	**19,516**	**13,428**	**(188)**	**22,588**	**3,718**	**148,591**
Net income for the year		-	-	-	-	-	3,579	3,579
Other comprehensive income	17	-	-	-	24	-	-	24
Comprehensive income for the year		**-**	**-**	**-**	**24**	**-**	**3,579**	**3,603**
Constitution of ancillary capital contributions		-	2,072	-	-	-	-	2,072
Net income application		-	-	186	-	3,532	(3,718)	-
Dividends distribution		-	-	-	-	(15,000)	-	(15,000)
Balance as at 31 December 2023		**89,529**	**21,588**	**13,614**	**(163)**	**11,120**	**3,579**	**139,266**
Balance as at 1 January 2024		**89,529**	**21,588**	**13,614**	**(163)**	**11,120**	**3,579**	**139,266**
Net income for the year		-	-	-	-	-	45,539	45,539
Other comprehensive income	17	**-**	**-**	**-**	**18**	**-**	**-**	**18**
Comprehensive income for the year		-	-	-	18	-	45,539	45,557
Constitution of ancillary capital contributions	22	-	769	-	-	-		769
Net income application	22	-	-	179	-	3,400	(3,579)	-
Dividends distribution	22	-	-	-	-	(14,356)	-	(14,356)
Interim dividends	**22**	**-**	**-**	**-**	**-**	**-**	**(15,644)**	**(15,644)**
Balance as at 31 December 2024		**89,529**	**22,358**	**13,793**	**(145)**	**164**	**29,895**	**155,593**

The accompanying notes form an integral part of the statement of changes in equity and must be read in conjunction.

Statement of cash flow

Statement of cash flow for the years ended 31 December 2024 and 31 December 2023

(Amounts stated in thousand Euros - € k)

	Notes	2024	2023
OPERATING ACTIVITIES			
Cash received from customers		37,770	37,759
Cash payments to suppliers		(13,813)	(22,331)
Payments relating to employees		(10,110)	(9,906)
Payments/receipts relating to income taxes		3,403	7,993
Other (payments)/receipts relating to the operational activity		(4,666)	(5,150)
Dividends receipts	9 and 23	63,246	14,996
Cash Flow from operating activities (1)		**75,832**	**23,361**
INVESTING ACTIVITIES			
Cash receipts related to:			
Investment Subsidies		72	217
Interests and similar income		11,425	18,928
Cash payments related to:			
Tangible and Intangible assets		(20,521)	(4,127)
Cash Flow from investing activities (2)		**(9,024)**	**15,018**
FINANCING ACTIVITIES			
Cash receipts related to:			
Loans obtained		32,250	600,000
Loans obtained – related parties		4,447	3,606
Interests and similar income		1,059	-
Ancillary capital contributions	22	769	2,072
Cash payments related to:			
Loans obtained	14	(78,500)	(600,000)
Loans obtained – related parties		(19,439)	(11,980)
Interests on loans obtained		(32,590)	(12,751)
Interests and similar costs		(235)	(6,085)
Leases	6	(218)	(390)
Lease interests	6	(213)	(73)
Dividends paid	22	(30,000)	(15,000)
Cash Flow from financing activities (3)		**(122,670)**	**(40,602)**
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(55,862)	(2,223)
Effect of exchange rate change on cash and cash equivalents		-	(1)
Cash and cash equivalents at the beginning of the year	13	74,555	76,779
Cash and cash equivalents at the end of the year	**13**	**18,693**	**74,555**

The accompanying notes form an integral part of the statement of cash flow and must be read in conjunction.

Notes to the financial statements as at 31 December 2024

1. Corporate Information

Floene Energias, S.A., ("Floene" or "Company") was established on 2 December 2009 under the company name Galp Gás Natural Distribuição, SGPS, S.A., being its corporate business the management of shareholdings in other societies. On 1 April 2015, by unanimous decision of the unique shareholder, GDP Gás de Portugal, SGPS, S.A., the Company changed its corporate name to Galp Gás Natural Distribuição, S.A., changing its corporate purpose to the distribution of natural gas, including supporting services in the areas of management, administrative and logistics, purchasing and supply and information systems. In October 2022, the Company changed its corporate name from Galp Gás Natural Distribuição, S.A. to the current one, Floene Energias, S.A., maintaining its corporate purpose.

In October 2016, Galp Gás & Power, SGPS, S.A. (currently Galp New Energies, S.A.) sold 22.50% of the Floene Energias, S.A. Group to Meet Europe Natural Gas Lda. This sale resulted in an agreement concluded on 28 July 2016 between Galp Energia SGPS, S.A., through its subsidiary Galp New Energies, S.A. and Marubeni Corporation and Toho Gas Co. Ltd.

On 26 October 2020, Galp New Energies S.A. agreed with Allianz Capital Partners, the asset management division of the Allianz Group, and on behalf of the Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., to sell 75.01% of its stake in Floene, with the remaining 2.49% of Floene's share capital being held by Galp Energia, SGPS, S.A. through its subsidiary Petrogal, S.A.

On 24 March 2021, after the regulatory authorisations and obtaining consents from third parties, Allianz Infrastructure Luxembourg II S.à.r.l. and Allianz European Infrastructure Acquisition Holding S.à.r.l., became the respective holders of 45.51%, and 29.50% of Floene's share capital. The remaining share capital of Floene is held by Meet Europe Natural Gas, Lda. and Petrogal, S.A.

In 2024, its Head Office in Lisbon changed to Rua Tomás da Fonseca, Torre A – 15th floor, 1600-209 Lisbon.
Due to the current situation resulting from the geopolitical conflict between Russia and Ukraine and the Middle East conflict, Floene Management continues to monitoring the evolution of the situation to control any operational risks, guarantee the maintenance of its activities and mitigate any material relevant financial impacts on the companies of the Group Floene (or "Group"), constituted by Floene Energias, S.A. and his subsidiaries. Up to the date of approval of the accounts, the conflicts aforementioned had not had significant impacts on the activity.

2. Material accounting policies, judgments, and estimates

The material information of the accounting policies adopted by the Company to prepare the financial statements in explained below. During the year ended 31 December 2024, no material misstatements related to previous years were recognised.

Basis of presentation

Company's financial statements were prepared on a going concern basis, at historical cost, on the accounting records of the Company maintained in accordance with International Financial Reporting Standards as adopted by the European Union, effective for the economic exercise beginning on 1 January 2024.

These standards include International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and International Accounting Standards ("IAS") issued by the International Reporting Standards Committee ("IASC") and respective interpretations – SIC and IFRIC, issued by the Standing Interpretation Committee ("SIC") and International Financial Reporting Interpretation Committee ("IFRIC"). These standards and interpretations are hereinafter referred to as "IFRS".

The Company's Board of Directors believes that the attached financial statements and the Notes to the financial statements ensure an adequate presentation of the financial information.

Financial Statements are presented in thousands of Euros (Unit: € k), rounded to the nearest thousand, unless otherwise stated. Therefore, the subtotals and totals of the tables presented in these financial statements and explanatory Notes may not be equal to the sum of the amounts presented, due to rounding.

The accounting policies adopted are, according to their content, included in the respective Note in the Notes to the financial statements. Common or generic accounting policies for several notes is disclosed in this Note.

Provision and disclosure of information

In 2023, with the emission of a Bond loan (EMTN 2023), admitted to trading on the Euronext Dublin regulated market, and for the purposes of the Transparency Directive and the Market Abuse Regulation, Floene became subject to the supervision of the CBI (Central Bank of Ireland) and to provide and disclose relevant information in accordance with the reporting and transparency obligations applicable to Ireland.

Under the Law No 99-A/2021 on 31 December, Floene does not qualify as a Public Interest Entity in Portugal in virtue of its Securities not being admitted to negotiation in Portugal's regulated market.

Estimates and judgments

The preparation of financial statements in accordance with generally accepted accounting principles requires estimates to be made that affect the recorded amount of assets and liabilities, the disclosure of contingent assets and liabilities at the end of each year and income and costs recognised each year. The actual results could be different depending on the current estimates made.

Certain estimates are considered critical if: (i) the nature of the estimates is considered to be significant due to the level of subjectivity and judgment required to record situations in which there is great uncertainty or are very susceptible to changes in the situation; and (ii) the impact of the estimates on the financial situation or operating performance is significant.

The accounting principles and areas that require the greatest number of judgments and estimates in the preparation of financial statements are: i) impairment of intangible assets, rights-of-use of assets and financial investments (Notes 5, 6 and 9); (ii) pensions and other post-employment benefits demographic and financial assumptions (Note 17); (iii) impairment for accounts receivable (Note 11); (iv) useful lives and residual values of intangible assets (Note 5); (v) deferred tax assets and uncertain tax position estimates (Note 16); and (vi) revenue (Note 23).

General accounting policies

Basic and diluted earnings per share

The basic earnings per share are calculated based on the division of profits or losses attributable to holders of the Company's common equity by the weighted average number of outstanding common shares during the period. To calculate diluted earnings per share, the Company adjusts the profits or losses attributable to holders of the Company's common equity, as well as the weighted average number of outstanding shares, for the purposes of all potential diluting common shares. In the period covered by these financial statements, there were no dilutive effects with an impact on net earnings per share, so this is equal to the basic earnings per share.

3. Impacts resulting from the application of new standards or changes to IFRS standards

Published standards and interpretations that came into force in the financial year

The IFRS standards approved and published in the Official Journal of the European Union ("OJEU") with application during the year 2024 are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: 'Supplier financing arrangements' (issued on 25 May 2023)	16/05/2024	01/01/2024	2024	No accounting impacts.
Amendments to IAS 1 – Presentation of financial statements: Classification of liabilities as non-current and current (issued on 23 January 2020); Classification of liabilities as non-current and current – deferral of the effective date (issued on 15 July 2020); Non-current liabilities with covenants (issued on 31 October 2022)	20/12/2023	01/01/2024	2024	No accounting impacts.
Amendments to IFRS 16 – Leases: Lease liability in a sale and leaseback transactions (issued on 22 September 2022)	21/11/2023	01/01/2024	2024	No accounting impacts.

Published standards and interpretations that will become effective in future years

The IFRS standards approved and published in the OJEU during the year ended 31 December 2024 with accounting application in subsequent years are summarised in the table below:

IAS Standards	Publication date in OJEU	Accounting application date	Enforcement year	Observations
Amendments to IAS 21 – Effects of changes in exchange rates: Lack of interchangeability (issued on 15 August 2023)	13/11/2024	01/01/2025	2025	No predictable accounting impacts.

Standards and interpretations not yet published by the European Union

The IFRS standards (new and amended) not yet endorsed by the EU are summarised in the table below:

IAS Standards	Accounting application date	Enforcement year	Observations
IFRS 19 — Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	01/01/2027	2027	No significative predictable Impact.
IFRS 18 – Presentation and Disclosure in Financial Statements (issued on 9 April 2024)	01/01/2027	2027	Impact on disclosures.
Annual Improvements - Volume 11 (issued on 18 July 2024)	01/01/2026	2026	No significative predictable Impact.
Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments and contracts referencing nature-dependent electricity (issued in May and December 2024)	01/01/2026	2026	No significative predictable Impact.

4. Tangible assets

Accounting policy

Tangible assets are recorded at acquisition cost, revalued when applicable, less accumulated depreciation and any impairment losses. The acquisition cost includes the invoice price, transportation and assembly costs.

Depreciations are calculated on the considered cost amount or on the acquisition cost, using the straight-line method, applied from the date on which they are available for use under the conditions intended by the Board of Directors, using economic rates more appropriate, those that allow the reintegration of tangible assets, during their estimated useful life.

Tangible assets are, as a whole, allocated to the Company's activity.

The average annual depreciation rates utilised can be summarised as follows:

	2024	2023
Buildings and Other constructions	7.00%	-
Office Equipment	27.00%	25.00%

Gains and losses resulting in the disposal or write-off of tangible assets are determined by the difference between selling price and net amount in the date of disposal/write-off. Net amount incorporates accumulated impairment losses, when applicable. Accounting Gains and losses determined are registered in the Statement of income and other comprehensive income as Other operating income or Other operating costs, respectively.

Tangible assets are detailed as follows:

(Unit: € k)

			2024	2023
	Buildings and other constructions	Office equipment	Total	Total
AS AT 31 DECEMBER				
Acquisition cost	1,054	53	1,107	53
Accumulated depreciation	(12)	(25)	(37)	(12)
Net amount	**1,042**	**28**	**1,070**	**42**
Opening balance	**-**	**42**	**42**	**14**
Additions	1,054	-	1,054	40
Depreciations	(12)	(13)	(25)	(12)
Closing balance	**1,042**	**28**	**1,070**	**42**

The additions to tangible assets, in the amount of € 1,054 k, are related to renovation works at the new Company's headquarters.

5. Intangible assets

Accounting policy

Recognition

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses. Intangible assets are only recognised if they are identifiable, and if they are likely to result in future economic benefits for the Company and are controllable and measurable with reliability.

Development expenses are only recorded as intangible assets if the Company demonstrates technical and economic capacity, as well as a decision to complete that development and start its commercialisation or own use and demonstrates the probability of the asset generating future economic benefits. If expenses do not meet these requirements, development expenses are recorded as a cost for the year in which they are incurred.

Amortisation

Intangible assets with finite useful life are amortised using straight-line method.

Amortisation rates vary according to the terms of existing contracts or the expected use of the intangible asset.

The average annual amortisation rates used can be summarised as follows:

	2024	2023
Industrial property and other rights	18.00%	24.00%

Accounting estimates and judgments

Useful lives and residual values of intangible assets
The calculation of the assets' residual values and useful lives, as well as the amortisation method to be applied, are essential to determine the amortisation recognised in the statement of income for each period. These parameters are set based on Board of Directors' judgment, as well as the practices adopted by peers in the industry. Changes in the economic life of the assets are recorded prospectively.

Intangible assets are as follows:

(Unit: € k)

	2024			2023
	Industrial property and other rights	Intangible assets under construction	Total	Total
AS AT 31 DECEMBER				
Acquisition cost	5,836	25,053	30,889	14,687
Accumulated amortisation	(4,048)	-	(4,048)	(3,569)
Net amount	**1,788**	**25,053**	**26,841**	**11,117**
Opening balance	**1,499**	**9,618**	**11,117**	**4,928**
Additions	-	16,202	16,202	6,963
Amortisations	(479)	-	(479)	(734)
Transfers	768	(768)	-	(25)
Regularisations	-	-	-	(14)
Closing balance	**1,788**	**25,053**	**26,841**	**11,117**

The amount of € 16,202 k essentially refers to projects to develop IT systems for Floene Group companies.

6. Right-of-use of assets and lease liabilities

Accounting policy

Recognition
The Company recognises both a right-of-use of assets and a lease liability as at the lease commencement date. The right-of-use of assets are initially measured at cost, which represents the initial amount of the lease liabilities, adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or restore the site on which it is located (if applicable), less any lease incentives received.

The lease liabilities are initially measured at the present value of the lease payments that have not yet been paid up to the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The types of lease payments included in the measurement of the lease liabilities are as follows:

- fixed payments, including in kind fixed payments;
- variable lease payments that are pegged to an index or a rate;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to be able to exercise, and
- penalties for the early termination of a lease unless the Company is reasonably certain not to terminate it early.

The lease liabilities are measured at amortised cost using the effective interest method – reduced in accordance with the lease payments made. It is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use of assets, or it is recorded in profit or loss if the carrying amount of the right-of-use of assets has been reduced to zero.

The Company presents right-of-use of assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

The Company decided not to recognise right-of-use of assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use of assets are subsequently amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use of assets or the end of the lease term. The estimated useful lives of right-of-use of assets are determined as those used for the tangible assets.

Impairment

The right-of-use of assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of assets and discount rates

The calculation of the residual values of assets, the estimation of the useful lives, and the discount rates used are based on the assumptions of the lease contracts (or for similar assets) and are set based on Management's judgment, as well as the practices of its peers in the industry.

Impairment of right-of-use of assets
Identifying impairment indicators, estimating future cash flow, and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives, and residual amounts.

The details of right-of-use of assets are as follows:

(Unit: € k)

			2024	2023
	Buildings	Vehicles	Total	Total
AS AT 31 DECEMBER				
Acquisition cost	6,368	404	6,772	6,265
Accumulated amortisation	(276)	(259)	(535)	(1,714)
Net amount	**6,092**	**145**	**6,237**	**4,550**
Opening balance as at 1 January	**4,339**	**212**	**4,550**	**4,863**
Additions	6,260	74	6,334	102
Amortisations	(238)	(141)	(379)	(415)
Other adjustments	(4,269)	-	(4,269)	-
Closing balance as at 31 December	**6,092**	**145**	**6,237**	**4,550**

During 2024, the Company signed a lease agreement for non-residential purposes, with the entity MP Torre A, S.A., relating to fractions of Torre A building at the Torres de Lisboa Business Centre, as well as car parking spaces, with an expected term in 2039.

The Company recorded an increase of € 6,260 k in Right-of-use of assets – Buildings, and an increase in non-current and current liabilities, as Lease liabilities, of € 5,822 k and € 457 k, respectively. The amount of € 4,269 k, recorded in Other adjustments, corresponds to the write-off of the lease agreement for the former headquarters that would end in 2037.

Lease liabilities are as follows:

(Unit: € k)

	2024	2023
Maturity analysis – contractual undiscounted cash flow	**9,346**	**5,204**
Less than one year	726	439
One to five years	2,598	1,560
More than five years	6,022	3,205
Lease liabilities in the statement of financial position	**6,560**	**4,713**
Current	658	436
Non-current	5,902	4,277

The amounts recognised in profit or loss are as follows:

(Unit: € k)

	Notes	2024	2023
		946	**819**
Interest on leases	26	213	73
Expenses related to short-term, low-value and variable-payment leases	24	733	746

The amounts recognised in statement of cash flow are as follows:

(Unit: € k)

	2024	2023
Financing activities	**(431)**	**(463)**
Payments related to leases	(218)	(390)
Payments related to lease interests	(213)	(73)

7. Government grants and other grants

Accounting policy

Government subsidies are recognised according to their fair value when there is certainty that they will be received and that the Company will comply with the conditions required for their granting. Investment subsidies for financing tangible and intangible assets are recorded as deferred income under the caption Other payables in liabilities, and recognised in the statement of income, as operating income for the period, in proportion to the respective depreciation/amortisation of the subsidised assets.

The details of the subsidies are as follows:

(Unit: € k)

	Notes	2024	2023
Programmes		**370**	**297**
Green Pipeline - Environmental Fund		370	297
Accumulated value recognised as income		**(147)**	**(62)**
Amount to be recognised	**15**	**222**	**236**

During the year € 86 k (2023: € 62 k) was recognised in income for the year.

8. Goodwill

Not applicable.

9. Financial investments in subsidiaries

Accounting policy

Financial investments in subsidiaries are accounted at acquisition cost, being subsequently measured at cost, deducted of impairment losses, when applicable.

Dividends received from subsidiaries are recognised in the statement of income, when allocated. Whenever the recoverable amount determined is lower than the net book value of the financial investment, the Company records the respective impairment loss in the same caption.

Financial investments in subsidiaries are as follows:

Company	Country	Percentage of capital held	
		2024	2023
SUBSIDIARIES			
Beiragás – Companhia de Gás das Beiras, S.A.	Portugal	59.60%	59.60%
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	Portugal	100.00%	100.00%
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	Portugal	100.00%	100.00%
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	Portugal	100.00%	100.00%
Lusitaniagás – Companhia de Gás do Centro, S.A.	Portugal	97.19%	97.19%
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	Portugal	100.00%	100.00%
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	Portugal	100.00%	100.00%
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	Portugal	100.00%	100.00%
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	Portugal	99.36%	99.36%

All financial investments are related to the Company's main activity as well as the Group's gas distribution and commercialisation business.

(Unit: € k)

Company	Subsidiaries financial information – 2024			
	Total assets	Total liabilities	Equity	Net income for the year
	1,207,092	**516,088**	**691,004**	**28,860**
Beiragás – Companhia de Gás das Beiras, S.A.	77,421	29,776	47,645	921
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	13,570	3,931	9,639	(3)
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	34,676	8,656	26,020	1,045
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	510,779	321,526	189,253	5,993
Lusitaniagás – Companhia de Gás do Centro, S.A.	290,142	78,775	211,367	11,834
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	19,906	5,605	14,301	83
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	6,257	1,218	5,039	(21)
Setgás-Sociedade de Distribuição de Gás Natural, S.A.	166,929	44,418	122,511	5,863
Tagusgás-Empresa de Gás do Vale do Tejo, S.A.	87,412	22,183	65,229	3,145

For comparative information, refer to the financial statements for the year ended 31 December 2023.

(Unit: € k)

	Financial investments in subsidiaries		Results related to financial investments in subsidiaries	
	Acquisition cost	Net amount	Dividends	Total
Financial investments in subsidiaries	**640,422**	**640,422**	**63,246**	**63,246**
SUBSIDIARIES				
Beiragás – Companhia de Gás das Beiras, S.A.	20,296	20,296	1,192	1,192
Dianagás – Sociedade Distribuidora de Gás Natural de Évora, S.A.	9,987	9,987	-	-
Duriensegás – Sociedade Distribuidora de Gás Natural do Douro, S.A.	25,766	25,766	847	847
Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.	157,205	157,205	15,107	15,107
Lusitaniagás – Companhia de Gás do Centro, S.A.	175,258	175,258	20,466	20,466
Medigás – Sociedade Distribuidora de Gás Natural do Algarve, S.A.	14,073	14,073	260	260
Paxgás – Sociedade Distribuidora de Gás Natural de Beja, S.A.	4,995	4,995	193	193
Setgás – Sociedade de Distribuição de Gás Natural, S.A.	143,273	143,273	6,420	6,420
Tagusgás – Empresa de Gás do Vale do Tejo, S.A.	89,570	89,570	18,762	18,762

For comparative information, refer to the financial statements for the year ended 31 December 2023.

From the analysis carried out by Directors on the risk of impairment, it was considered that there are no relevant impairment indicators as at 31 December 2024.

10. Inventories

Not applicable.

11. Trade receivables and Other receivables

Accounting policy

Accounts receivable are initially recorded at fair value and subsequently measured at amortised cost, less any impairment losses, recognised as impairment losses on accounts receivable. Usually, the amortised cost of these assets does not differ from their nominal value or their fair value.

Trade and other receivables are derecognised when the contractual rights to the cash flow expire (i.e., they are collected), when they are transferred (e.g., sold) or when they are impaired.

Accounting estimates and judgments

Impairment of accounts receivable

The Company applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Trade receivables were grouped by business segment for the purposes of the assessment of expected credit losses. The credit risk of the accounts receivable balance is evaluated at each reporting date, taking into consideration the client's credit risk profile. The credit risk analysis is based on the annual default probability and considers the loss in the event of default. The default probability represents an annual probability of default, reflecting the current and projected information and considering macroeconomic factors, whereas the loss in the event of default represents the expected loss when a default occurs.

Accounts receivable are adjusted for management's estimate of the collection risks as at the statement of financial position date, which may differ from the actual impairment to be incurred.

Credit risk

For credit risk purposes, if customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Credit Risk assessment considers the credit quality of the customer, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. Customers' compliance with credit limits is regularly monitored by Management.

For further credit risk mitigation measures, guarantees and insurance policies for eventual credit defaults are a standard part of Company overall risk policy.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics.

Trade receivables

Trade receivables as at 31 December 2024 and 2023 is detailed as follows:

(Unit: € k)

	Notes	2024	2023
		Current	Current
		1,632	**6,591**
Trade receivables – related parties	28	1,632	6,591
Ageing schedule of trade receivables		**1,632**	**6,591**
Not yet due		1,452	1,876
Overdue up to 180 days		154	1,394
Overdue between 181 days and 365 days		21	438
Overdue over 365 days		5	2,883

The outstanding balances entirely correspond to balances with its subsidiaries, which the Company intends to be settled during 2025.

Trade receivables balance overdue over 365 days do not present a risk of being uncollectible, as they are amounts relating to subsidiary companies.

As mentioned in the policies above, customer receivables are grouped based on shared credit risk characteristics and days past due.

For the Company, the credit risk level of accounts receivable is as follows:

Type	Risk exposure
Not yet due	Low
Overdue up to 180 days	Medium
Overdue between 181 days and 365 days	High
Overdue over 365 days	Very High

Other receivables

As at 31 December 2024 and 2023, Other receivables are detailed as follows:

(Unit: € k)

	Notes	2024		2023	
		Current	Non-current	Current	Non-current
		135,760	**38**	**9,247**	**38**
State and other public entities		**1,657**	**-**	**806**	**-**
Other debtors		**408**	**-**	**808**	**-**
Receivables from suppliers		62	-	160	-
Advanced payments to suppliers		301	-	617	-
Guarantees provided		18	-	-	-
Other		26	-	30	-
Related parties	**28**	**127,279**	**-**	**31**	**-**
Loans		127,246	-	-	-
Other		33	-	31	-
Assets resulting from contracts		**4,777**	**-**	**5,496**	**-**
Services rendered but not invoiced		-	-	1	-
Interests to be received		432	-	504	-
Others		4,345	-	4,991	-
Deferred charges		**1,638**	**38**	**2,107**	**38**
Other deferred charges		1,638	38	2,107	38

The amount of € 432 k refers to interest to be received by the subsidiary Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A., being included in Note 28 as Accruals and deferrals.

The amount of € 4,345 k, recorded in Assets resulting from contracts – others, refers mainly to management services provided to Group companies in 2024 (€ 4,042 k), invoiced in January 2025. This amount is included in Note 28 as Accruals and deferrals.

The amount of € 1,638 k recorded in Other deferred charges, refers essentially to financial charges related to the Commercial Paper Programme referred to in Note 14, to be recognised throughout the useful life of the loan.

The amount of € 127,246 k recorded in current related parties loans, refers to a shareholder loan granted to its subsidiary Lisboagás GDL, S.A., which pay interest at market rate and matures on 15 September 2025 (Notes 12 and 28). On 6 March 2025 an amendment to the contract was formalised, by which – with effect from 15 March 2025 – the contract term was extended to 15 September 2035.

12. Other financial assets

Other financial assets as at 31 December 2024 and 2023 is detailed as follows:

(Unit: € k)

	2024	2023
	Current	Non-current
	-	**127,246**
Financial assets not measured at fair value – Loans	-	127,246

The recognised loans refer to loans granted to subsidiaries that bear interest at a market rate, indexed to Euribor (Note 11).

As at 31 December 2024, in virtue of the maturity date of the ongoing loan contract on 15 September 2025, the total amount was reclassified to Current assets, in the caption Other receivables (Note 11).

13. Cash and cash equivalents

Accounting policy

The amounts included in cash and cash equivalents correspond to cash values, bank deposits, term deposits and other cash investments with maturities less than three months from the date of issue, and which can be immediately mobilised with a risk of insignificant changes in value.

For the purposes of the statement of cash flow, cash and cash equivalents also include bank overdrafts recorded as financial debt in the statement of financial position.

For the years ended 31 December 2024 and 2023 the caption Cash and cash equivalents is detailed as follows:

(Unit: € k)

	2024	2023
	18,693	**74,555**
Cash and cash equivalents	18,693	74,555

14. Financial debt

Accounting policy

Loans are recorded as liabilities at the nominal value received, net of the expenses incurred on the issuance of these loans. Loans are subsequently measured at amortised cost.

Financial charges are calculated at the effective interest rate and recorded in the statement of income on an accruals basis in accordance with each loan agreement.

Financial charges include mainly loan interests and, eventually, commission expenses for structuring loans.

Financial debt as at 31 December 2024 and 31 December 2023 is as follows:

(Unit: € k)

	2024		2023	
	Current	Non-current	Current	Non-current
	23,750	**597,933**	**70,379**	**596,771**
Bank loans	**23,750**	**-**	**-**	**-**
Bank loans and commercial paper	23,750	-	-	-
Bond loans and notes	**-**	**597,933**	**70,379**	**596,771**
Origination Fees	-	(2,067)	379	(3,229)
EMTN 2023 and Bond loans	-	600,000	70,000	600,000

Description of the main loans

Bond Loan

On 1 August 2019, the Company issued bonds to the amount of € 70,000 k, with a 6-month Euribor interest rate plus spread with a maturity date of 1 August 2024. As at 24 April 2024, the Company completed the early repayment of the entire Bond Loan, through Cash and cash equivalents.

Syndicated Bond Loan 2023

On 26 February 2023, the Company formalised a Syndicate Bond Loan, with an amount of up to € 300,000 k. On 7 March 2023, the Syndicate Bond Loan was used to finance the partial repurchase of EMTN 2016 through an LME, in the total amount of € 180,000 k, with a maturity of 3 years and a variable interest rate indexed to the Euribor Rate plus a contractual spread. The remaining amount was cancelled.

On 7 March 2025, the Company proceeded to the anticipated reimbursement of the entire Syndicated Bond Loan, through the use of a new Syndicated Bond Loan, contracted on 14 February 2025, which was fully used on 27 February 2025, in the amount of € 180,000 k, a 5-year term and variable interest rate indexed to Euribor rate and a contractual spread (Note 30).

EMTN 2023

On 3 July 2023, the Company concluded the EMTN 2016 refinancing process, with the issuance of a 5-year bond loan, in the amount of € 420,000 k, admitted to trading on the Euronext Dublin regulated market, with maturity on 3 July 2028 and coupon of 4.875%. The issuance was made under an EMTN Programme in accordance with the Prospectus published on 16 June 2023. Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander Totta, S.A., BNP Paribas and Mizuho Securities Europe GmbH acted as Joint-Bookrunners in this transaction. On 31 December 2024, the market value of the notes EMTN 2023 corresponds to € 438,564 k (fair value hierarchy Level 1, as of Note 20).

Commercial Paper Programme

On 8 March 2024, the Company formalised a Commercial Paper Programme, in the amount of € 79,000 k, with the purpose of reinforcing its financial position. The Commercial Paper Programme has a maturity date of 4 years (from its first emission, this is, 26 June 2028) and has a variable interest rate, indexed to Euribor rate and a contractual spread. As at 31 December 2024, the Commercial paper debt amounts to € 23,750 k, with emissions with a maturity of less than a year. During the financial year ending on 31 December 2024, € 8,500 k were also borrowed and repaid, relating to this Commercial Paper Programme.

Under the loans in force on 31 December 2024, financial covenants do not apply.

15. Trade payables and Other payables

Accounting policy

Trade payables and Other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Usually, the amortised cost does not differ from the nominal value.

As at 31 December 2024 and 2023, Trade payables and Other payables, current and non-current, are detailed as follows:

(Unit: € k)

	Notes	2024		2023	
		Current	Non-current	Current	Non-current
Trade payables		**2,411**	**-**	**6,775**	**-**
Trade payables - current accounts		759	-	761	-
Trade payables - pending invoices		244	-	903	-
Trade payables - related parties	28	1,408	-	5,110	-
Other payables		**47,433**	**206**	**57,853**	**220**
State and other public entities		**230**	**-**	**223**	**-**
Other taxes		230	-	223	-
Other creditors		**4,242**	**-**	**755**	**-**
Tangible and intangible assets suppliers		4,243	-	724	-
Personnel		(1)	-	31	-
Related parties		**22,036**	**-**	**35,619**	**-**
Loans	28	22,036	-	35,619	-
Accrued costs		**20,113**	**-**	**20,114**	**-**
Supplies and external services		2,598	-	1,905	-
Staff renumerations to be paid		4,272	-	3,613	-
Accrued interest		13,267	-	14,595	-
Other accrued costs		(23)	-	1	-
Deferred income		**811**	**206**	**1,143**	**220**
Investment grants	7	16	206	16	220
Others		795	-	1,127	-

The Related parties - loans, in the amount of € 22,036 k, concerns to cash pooling with subsidiaries and aims to manage the Group's treasury needs (Note 28). This balance bears interest at a rate indexed to Euribor.

The item Supplies and external services in the amount of € 2,598 k includes € 1,330 k relating to increased costs with related parties (Note 28).

16. Income taxes

Accounting policy

The Company is subject to Income Tax ("CIT" or "IRC"). The Company and some of its subsidiaries are covered by the special tax regime for groups of companies ("RETGS"), being Floene the dominant company. Income tax is calculated based on the taxable results of the Company in accordance with the applicable tax rules in Portugal.

Deferred taxes are calculated based on the liability method and reflect the temporary differences between the amounts of assets and liabilities recorded for accounting purposes and their amounts for tax purposes.

Deferred tax assets and liabilities are calculated and evaluated annually using the tax rates expected to be in force when the temporary differences revert.

Accounting estimates and judgments

Deferred tax assets are recorded only when there is reasonable expectation of sufficient future taxable income to use them or whenever there are taxable temporary differences that offset the deductible temporary differences in the period they revert. Temporary differences underlying deferred tax assets are reviewed at each statement of financial position date to recognise deferred tax assets that were not recorded in prior years as they did not fulfil all requisites and/or to reduce the amounts of deferred tax assets recorded based on the current expectation of their future recovery.

Deferred taxes are recorded in the statement of income for the year, unless they result from items recorded directly in equity, in which case the deferred tax is also recorded in equity.

Income taxes for the year ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	Notes	Assets		Liabilities	
		2024	2023	2024	2023
		7,088	**5,375**	**3,212**	**2,598**
Group companies	**28**	**7,088**	**-**	**-**	**2,598**
Income tax receivable/payable		7,088	-	-	2,598
State and other public entities		**-**	**5,375**	**3,212**	**-**
Income tax receivable/payable		-	5,375	3,212	-

As at 31 December 2024, the open balance with Floene Group companies results from the application of the RETGS, with the Company being the dominant company responsible for the payments to the State under this regime. The payable balance corresponds to the amount calculated resulting from the income tax estimate for the period less withholding tax and payments on account.

Income taxes for the year ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	2024			2023		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Income tax for the period	**(4,489)**	**(53)**	**(4,541)**	**(2,550)**	**(50)**	**(2,600)**
Current income tax	(4,360)	(53)	(4,413)	(2,680)	(50)	(2,730)
Insufficiency/(excess) of estimated income tax	(128)	-	(128)	130	-	130

The effective income tax rate reconciliation as at 31 December 2024 and 2023 is as follows:

(Unit: € k)

	2024	Tax rate	Income tax	2023	Tax rate	Income tax
Earnings before taxes	**40,998**	**21.00%**	**8,610**	**979**	**21.00%**	**206**
Income tax adjustments						
Excess/Insufficiency of estimated income tax		(0.31%)	(128)		13.32%	130
Autonomous taxation		0.62%	255		24.88%	244
Received dividends		(32.40%)	(13,282)		(321.69%)	(3,149)
Other increases and deductions		0.01%	5		(3.06%)	(30)
Effective tax rate and Income taxes		**(11.08%)**	**(4,541)**		**(265.55%)**	**(2,600)**

During the year ended 31 December 2024, the movements in deferred tax assets and liabilities at a rate of 21.5% is as follows:

(Unit: € k)

	31 December 2023	Impact on the Statement of Income	Impact on equity	31 December 2024
Deferred taxes assets	**139**	**53**	**(5)**	**187**
Post-employment and other employee benefits	139	53	(5)	187

For comparative information, refer to the financial statements for the year ended 31 December 2023.

17. Post-employment and other employee benefits liabilities

Accounting policy

Defined-contribution plan

The Company has a defined-contribution plan financed by a pension fund and managed by an independent entity. The Company's contributions to the defined-contribution plan are recorded in the statement of income in the period in which they occur.

Other retirement benefits

Associated with the defined-contribution plan, the Company grants a minimum benefit for situations of disability and survival.

Recognition of defined benefit plans

The period costs for post-employment benefit plans are determined based on the Projected Unit Credit method. This method reflects the services provided by employees at the valuation date, based on actuarial assumptions, as well as considering a discount rate to determine the present value of benefits and the remuneration projected rates of growth. The discount rate is based on the yield on high-quality bonds denominated in Euros.

Actuarial gains and losses resulting from experience adjustments and changes in actuarial assumptions are recorded in equity in the period in which they occur. Past Services Liabilities are recognised immediately in the statement of income.

Accounting estimates and judgments

Demographic and financial assumptions used to calculate the retirement benefit liabilities

Accounting for pensions and other post-retirement benefits requires estimates to be made when measuring the Group's pension plan surpluses and deficits. These estimates require assumptions to be made regarding uncertain events, including discount rates, inflation and life expectancy.

Post-employment benefits

(Unit: € k)

	2024	2023
Liabilities	**(871)**	**(749)**
Retirement benefits	**-**	**(129)**
Other benefits	**(871)**	**(620)**
Minimum benefit defined-contribution plan	(871)	(620)

Post-employment liabilities

(Unit: € k)

	2024	2023
Past service liability at the end of the current year	**871**	**749**
Past service liability at the end of the previous year	749	680
Current service cost	231	207
Interest cost	3	7
Actuarial (gain)/loss	(23)	(31)
Payment of benefits made by the Company	(110)	(131)
Other adjustments	22	16

The average maturity of liabilities for defined-contribution plan is 10 years in 2024 (2023: 10 years).

Post-employment benefit expenses

(Unit: € k)

	Notes	2024	2023
Current service cost		231	207
Interest cost		3	7
Net cost for the year before special events		**233**	**214**
Other adjustments		-	16
Net cost for the year of defined-benefit plan expenses		**233**	**230**
Defined contribution		143	108
Net cost for the year defined-contribution plan expenses		**143**	**108**
Total	**25**	**376**	**338**

Remeasurements

(Unit: € k)

	Notes	2024	2023
Gains and losses recognised through other comprehensive income:		**23**	**31**
(Loss)/Gains from actuarial experience		47	23
(Loss)/Gains from changes in actuarial assumptions		(24)	9
Taxes related to actuarial gains and losses	16	**(5)**	**(7)**

Assumptions

	Other benefits	
	2024	2023
Discount rate	3.50%	4.00%
Rate of increase of salaries/costs	1.00%	1.00%
Rate of increase of pensions	0.00%	0.00%
Mortality table for current staff and pre-retirees	INE 2009-2011	INE 2009-2011
Mortality table for retired staff	INE 2009-2011 | GKF95	INE 2009-2011 | GKF95
Disability table	EVK 80 – 50%	EVK 80 – 50%
Normal age for retirement	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security. at 65 years, respectively	67 years, except for early retirement cases at 66 or 65 years if at least with 43 or 46 years of discounts to Social Security. at 65 years, respectively
Method	Projected Unit Credit	Projected Unit Credit

Stress analysis

Stress analysis of the discount rate

(Unit: € k)

	Discount rate	
	3.50%	Δ-0.25%
	871	**12**
Other benefits	871	12

18. Provisions

Not applicable.

19. Derivative financial instruments

Not applicable.

20. Financial assets and liabilities

Accounting policy

The Company classifies financial assets and liabilities into the following categories:

a) financial assets at fair value through other comprehensive income;

b) financial assets and liabilities carried at amortised cost;

c) financial assets and liabilities at fair value through profit or loss.

Management determines the classification of its financial assets on initial recognition and changes that classification at the end of each reporting period, if and only if, there is a change in the financial assets management, and these changes are significant. For financial liabilities such changes in classification are not allowed.

Recognition and measurement

Financial assets are recognised as at the trade date, that is the date in which the Company has assumed the commitment to acquire that asset and are initially recognised at fair value. Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value. Fair value disclosures are made separately for each class of financial instruments at the end of the reporting period.

Derecognition

Financial assets are derecognised from the statement of financial position when the rights to receive cash flow from investments have expired or have been transferred, and company has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if: (i) the inherent objective to the business model used is achieved, either to collect contractual cash flows or to sell financial assets, and (ii) the underlying contractual cash flows represent only principal and interest payments. Assets in this category are initially and subsequently measured at their fair value, with changes in their book value recorded against other comprehensive income, except for the recognition of impairment losses, interest or exchange gains and losses, which are recognised in the statement of income. When the asset corresponding to a debt instrument is derecognised, the accumulated gain or loss in other comprehensive income is reclassified to profit or loss.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are non-derivative financial assets/liabilities which are held solely for payments of principal and interests ("SPPI"). If collection/payment is expected within one year (or in the normal operating cycle of the business if longer), they are classified as current assets/liabilities. If not, they are presented as non-current assets/liabilities.

Trade receivables and Other receivables are recognised initially at fair value. Subsequently they are measured at amortised cost using the effective interest method, less impairment.

Fair value hierarchy

In accordance with the accounting rules, an entity must classify the fair value measurement based on a fair value hierarchy that reflects the meaning of the inputs used for measurement. The fair value hierarchy has the following levels:

- Level 1 – the fair value of the assets or liabilities is based on active liquid market quotation as at the date of the statement of financial position;
- Level 2 – the fair value of the assets or liabilities is determined through valuation models based on observable market inputs;
- Level 3 – the fair value of the assets or liabilities is determined through valuation models; whose main inputs are not observable in the market.

In general, the book value of financial assets and liabilities approximates fair value.

(Unit: € k)

	Notes	2024	2023
Financial assets by category		**152,471**	**214,109**
Financial assets not measured at fair value	11 and 12	137,430	143,122
- less deferred costs, guarantees, advanced payments to suppliers and receivable amounts from the State	11	(3,652)	(3,568)
Cash and cash equivalents	13	**18,693**	**74,555**

Financial assets at amortised cost comprises Other financial assets, Trade receivables and Other receivables net of impairments.

(Unit: € k)

	Notes	2024	2023
Financial liabilities by category		**677,046**	**735,125**
Financial liabilities not measured at fair value	6, 14 and 15	678,293	736,711
- less deferred income, guarantees, and payable amounts to the State	15	**(1,247)**	**(1,586)**

Financial liabilities comprise Financial debt, Lease liabilities, Trade payables and Other payables.

21. Financial risk management

The Company is exposed to various types of market risks inherent in the activity it conducts. Detailed information on these risks and their impact on the Floene Group is reflected in Note 22 of the Notes to the Company's Consolidated Financial Statements.

22. Capital Structure

Share Capital

The shareholder structure of Floene did not change in 2024. The share capital remains at € 89,529,141 divided into 89,529,141 shares with a nominal value of one Euro each. Share capital is fully subscribed and paid up by the following shareholders:

(Unit: € k)

Shareholders	2024		2023	
	%	No. of shares	%	No. of shares
	100.00	**89,529,141**	**100.00**	**89,529,141**
Meet Europe Natural Gas, Lda.	22.50	20,144,057	22.50	20,144,057
Allianz Infrastructure Luxembourg II S.à.r.l.	45.51	40,743,759	45.51	40,743,759
Allianz European Infrastructure Acquisition Holding S.à.r.l.	29.50	26,412,050	29.50	26,412,050
Petrogal, S.A.	2.49	2,229,275	2.49	2,229,275

Legal reserves

In accordance with the Company deeds and Commercial Law ("Código das Sociedades Comerciais – CSC"), the Company must transfer a minimum of 5% of its annual net profit to legal reserves, included in the caption Reserves in equity, until the legal reserves reach 20% of share capital. The legal reserves cannot be distributed to the shareholders but may, in certain circumstances, be used to increase capital or to absorb losses after all the other reserves have been utilised.

For the years ended 31 December 2024 and 2023 Legal reserves is detailed as follows:

(Unit: € k)

	2024	2023
	13,793	**13,614**
Legal reserves	13,793	13,614

During the year ended 31 December 2024 the Company reinforced the legal reserve in the amount of € 179 k.

Ancillary capital contributions

During the year ended 31 December 2021, the Company's shareholders, in proportion to their holdings, made ancillary capital contributions in the amount of € 19,516 k, subject to the supplementary capital regime. These ancillary capital contributions were intended to the payment in 2021 of the Floene Group's responsibilities related to the Extraordinary Contribution to the Energy Sector ("CESE").

During the year ended 31 December 2023 the Company's shareholders, in proportion to their shares, made additional ancillary capital contributions in the amount of € 2,072 k, subject to the supplementary capital regime, also provided for the payment in 2023 of Floene Group's obligations related to CESE. As at 31 December 2023 the Ancillary capital contributions amount € 21,588 k.

Additionally, during the year ended 31 December 2024, the Company's shareholders, in proportion to their shares, made additional ancillary capital contributions in the amounts € 769 k, subject to the supplementary capital regime, also provided for the payment in 2024 of Floene Group's obligations related to CESE, reaching a total of Ancillary capital contributions, to this date, of € 22,358 k.

Dividends

In 2024, dividends in the amount of € 30,000 k were distributed. In accordance with the unanimous written corporate resolution from 28 August 2024, dividends in the amount of € 14,356 k, which were paid on 13 September 2024 from Retained earnings. On 29 October 2024, there were also attributed to the Company's shareholders Interim dividends, as an advancement out of the net income for the year ended 2024, in the amount of € 15,644 k, paid on 13 November 2024.

23. Revenue and income

Accounting policy

Sales revenue and services rendered are recorded in the statement of income when all the risks and rewards related with the ownership of the assets are transferred to the buyer or the services are rendered, and the amount of the corresponding revenue can be reasonably estimated. Sales and services rendered are recognised net of taxes, discounts and rebates by the fair value of the amount received or receivable. Costs and revenues are recorded in the corresponding year, independently of the date of payment or receipt. Costs and revenues for whose actual amount is unknown, are estimated.

Under the captions Other receivables and Other payables are recorded costs and revenues of the current year, and which receipt and payment will only occur in future periods, as well as receipts and payments already occurred but related to future years and that are assigned to each year's results.

Exchange differences arising from Trade payables and Trade receivables balances are recognised in operating results.

For the years ended 31 December 2024 and 2023 the revenue and income is detailed as follows:

(Unit: € k)

	Notes	2024	2023
Total revenue and income		**101,908**	**56,898**
Services rendered		**25,737**	**24,932**
Other operating income		**513**	**220**
Supplementary gains		391	148
Other		**121**	**72**
Results related to financial investments in subsidiaries	**9**	**63,246**	**14,996**
Financial income	**26**	**12,412**	**16,749**

Services rendered includes the amounts of € 25,402 k and € 24,286 k, in 2024 and 2023, respectively, which relate to management services provided to Group companies. These amounts are included in Operating income in Note 28.

24. Costs and expenses

Costs and expenses for the years ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	Notes	2024	2023
Total costs		**60,910**	**55,918**
Supplies and external services		**12,125**	**10,862**
Other specialised services		4,723	4,096
Travel and accommodation		430	381
Rental costs	6	733	746
Fuel		227	216
Insurance		138	149
IT services		4,113	3,662
Communications		621	447
Legal services		322	215
Other costs		820	950
Staff costs	**25**	**13,283**	**13,127**
Amortisation, depreciation and impairment losses on tangible and intangible assets and rights-of-use	4, 5 and 6	883	1,160
Other operating costs:		**133**	**104**
Other taxes		1	3
Other costs		132	101
Financial expenses	**26**	**34,485**	**30,665**

From the amount of € 12,125 k recorded as supplies and external services, € 4,660 k refer to services provided by Galp Energia, S.A. (Note 28).

25. Staff costs

Accounting policy

Staff costs
Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year in which the respective services are rendered by employees of Floene.

Staff costs for the years ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	Notes	2024	2023
Staff costs recognised during the year	**24**	**13,283**	**13,127**
Staff costs capitalisation		(909)	(670)
Total costs		**14,192**	**13,797**
Board of Directors remuneration		997	1,020
Staff remuneration		5,137	4,524
Social charges		1,114	985
Assigned staff		5,727	6,240
Retirement benefits	17	376	338
Other insurance		280	241
Other costs		561	449
Board of Directors remuneration		**997**	**1,020**
Salaries		926	949
Bonuses		60	60
Allowances		11	12

The amount of € 5,727 k recorded as assigned staff includes a cost of € 6,189 k related to personnel assigned by other Group companies to Floene and an income of € 462 k referring to personnel assigned by Floene to other Group companies. These amounts are included in Operating costs in Note 28.

During the years ended 31 December 2024 and 31 December 2023, the average number of employees working for the Company, including assigned staff, was 154 and 152 respectively.

26. Financial income and expenses

Accounting policy

Financial income and expenses include interest on external loans, related party loans and leases. Other financial income and expenses from other financial assets or liabilities are not included in this caption.

Financial charges on loans obtained are recorded as financial expenses on an accrual's basis.

Financial charges arising from general and specific obtained loans to finance investments in fixed assets are assigned to tangible and intangible assets under construction, in proportion to the total expenses incurred on those investments net of investment government grants, until the commencement of its operations. The remainder is recognised under the heading of financial expenses in the statement of income for the year. Any interest income from loans directly related to the financing of fixed assets which are in the process of construction is deducted from the financial charges capitalised.

Those financial charges included within fixed assets are depreciated over the useful lives of the respective assets.

The detail of the value calculated in relation to financial income and costs for the years ended 31 December 2024 and 2023 is as follows:

(Unit: € k)

	Notes	2024	2023
		(22,073)	**(13,916)**
Financial income		**12,412**	**16,749**
Interest on bank deposits		1,059	5,155
Interest and other income with related parties	28	11,353	10,604
Other financial income		-	990
Financial expenses		**(34,485)**	**(30,665)**
Interest on bank loans, bonds, overdrafts and others		(31,261)	(24,658)
Lease interests	6	(185)	(4)
Lease interests – related parties	6 and 28	(28)	(69)
Other interest and charges incurred – related parties	28	(1,567)	(1,819)
Liquid exchange gains/(losses)		-	(1)
Cost with Bond loan issuance		-	(2,831)
Other financial costs		(1,444)	(1,284)

As at 31 December 2024 the interest on bank deposits amounts € 1,059 k, referring to interest arising from investments in term deposits.

In the year ending 31 December 2024 the Interest on bank loans, bonds, overdrafts, and others amounts of € 31,261 k, essentially referring to interest arising from the loans obtained throughout the year (Note 14).

27. Contingent assets and liabilities and provided guarantees

Contingent liabilities
Not applicable.

Provided guarantees
As of 31 December 2024, and 31 December 2023, the liabilities for provided guarantees are as follows:

(Unit: € k)

	2024	2023
Provided guarantees	**314**	**-**
MP Torre A, S.A.	314	-

28. Related Parties

Accounting policy
A related party is a person or entity that is related to the entity preparing its financial statements, as follows:

a) a person or a close member of that person's family is related to a reporting entity if that person: i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) an entity is related to a reporting entity if any of the following conditions applies: i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); iii) both entities are joint ventures of the same third party; iv) one entity is a joint venture of a third entity, and the other entity is an associate of the third entity; v) the entity is a post-employment defined benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity; vi) the entity is controlled or jointly controlled by a person identified in (a); vii) a person identified in (a) i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

As at 31 December 2023 the Company presents the following balances and transactions with related parties:

Assets

(Unit: € k)

	Total	Trade receivables (Note 11)	Other receivables (Note 11)	Current taxes (Note 16)	Accruals and deferrals (Note 11)
Assets	**140,775**	**1,631**	**127,279**	**7,088**	**4,777**
Entities from Floene Group	140,702	1,558	127,279	7,088	4,777
Entities from Galp Group	69	69	-	-	-
Other related entities	4	4	-	-	-

For comparative information, refer to the financial statements for the year ended 31 December 2023.

Liabilities

(Unit: € k)

	Total	Current		
		Trade payables (Note 15)	Loans obtained (Note 15)	Accruals and deferrals (Note 15)
Liabilities	**24,774**	**1,408**	**22,036**	**1,330**
Entities from Floene Group	22,641	605	22,036	-
Entities from Galp Group	2,133	804	-	1,330

For comparative information, refer to the financial statements for the year ended 31 December 2023.

Transactions

(Unit: € k)

	Operating costs	Operating income	Financial costs (Note 26)	Financial income (Note 26)
Transactions	**(10,699)**	**25,623**	**(1,595)**	**11,353**
Entities from Floene Group	(5,727)	25,566	(1,567)	11,353
Entities from Galp Group	(4,972)	57	(28)	-

For comparative information, refer to the financial statements for the year ended 31 December 2023.

From the amount of € 4,972 k, € 4,660 k refer to services provided by Galp Energia, S.A. (Note 24).

Related Parties transactions were performed under market conditions.

29. Information of Environmental Matters

Not applicable.

30. Subsequent Events

On 14 February 2025, Floene formalised a new Syndicate Bond Loan in the amount of € 180,000 k, with the aim of financing the anticipated reimbursement of the entire Syndicated Bond Loan from 2023, which was fully used on 27 February 2025. The Syndicated Bond Loan contracted in 2025 has 5-year term from its emission date (this is, 27 February 2030) at a variable interest rate indexed to Euribor rate and a contractual spread. On 7 March 2025, the Company fully reimbursed the Syndicated Bond Loan from 2023, which was due on 7 March 2026.

There were no additional subsequent events after 31 December 2024, beside the extension of the maturity of the shareholder loan granted to its subsidiary Lisboagás GDL, S.A., mentioned in Note 11, with relevant impact in the financial statements.

31. Approval of the financial statements

The financial statements were approved by the Board of Directors on 28 April 2025. However, they are still subject to approval by the Shareholders' General Meeting, in accordance with the commercial law applicable in Portugal.

32. Translation note

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with the International Financial Reporting Standards as adopted by the European Union, some of which may not conform to the generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version shall prevail.

The Board of Directors

Diogo António Rodrigues da Silveira
President

Gabriel Nuno Charrua de Sousa
Member

Roxana Tataru
Member

Pedro Álvaro de Brito Gomes Doutel
Member

Karl Klaus Liebel
Member

Carlos Miguel Faria da Silva
Member

Ippei Kojima
Member

Satoshi Kanomata
Member

Francisco Maria Metello de Almeida e Brito de Moraes
Member

The certified accountant

Ana Maria Serafim de Brito Mousinho

Annex IV – Report and Opinion of the Audit Board

REPORT AND OPINION OF THE AUDIT BOARD

Dear Shareholders,

In accordance with the provisions of paragraph g) of Article 420 (1) of the Portuguese Commercial Companies Code (CSC) and of paragraph g) of Article 6 (1) of the Regulations of the Audit Board of Floene Energias, S.A. ("Floene"), this body hereby presents its report on the supervisory activities carried out during the 2024 financial year and give an opinion on the Management Report, the individual and consolidated Financial Statements, and other reporting documents submitted by the Board of Directors, in respect of the financial year ended December 31, 2024.

1. ANNUAL REPORT ON SUPERVISORY ACTION

Within the scope of its responsibilities as the Company's supervisory body, the Audit Board monitored the management and results of the Company throughout the 2024 financial year, particularly with regard to:

- compliance with and control over the policies and strategies defined by the Board of Directors;
- observance of legal, regulatory, and statutory provisions;
- the adequacy of the accounting policies, criteria and practices adopted, as well as the process of preparing financial information;
- the effectiveness of internal control systems.

Although Floene is not classified as a Public Interest Entity under the Article 3 of Law No. 148/2015 of September 9, since it is listed on a regulated market, but outside Portugal, the Audit Board is nonetheless subject to the following duties, in accordance with Regulation (EU) No. 537/2014 and the IESBA Code:

- Inform the management body of the results of the statutory audit of the individual accounts and explain how it contributed to the integrity of the financial reporting and disclosure process, as well as the role played by the Audit Committee in this process;
- Monitor the process of preparing and disclosing individual financial information and make recommendations or proposals to ensure its integrity;
- Oversee the effectiveness of internal control and risk management systems with respect to the process of preparing and disclosing financial information, without compromising its independence;
- Monitor the statutory audit of the annual (individual) accounts, particularly its execution, taking into consideration any findings and conclusions of the Portuguese Securities Market Commission (CMVM), as the competent authority for audit oversight;
- Verify and monitor the independence of the Statutory Auditor and the Audit Firm in accordance with legal requirements, including Article 6 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014, and, in particular, assess and approve the provision of services other than audit services, where applicable, in accordance with Article 5 of the same regulation;
- Select the Statutory Auditors or Audit Firms to be proposed to the General Meeting for appointment and duly recommend a justified preference for one of them, pursuant to Article 16 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014.

To this end, during the reporting period, the Audit Committee carried out the following actions:

- analyzed the current internal regulations and their updates;
- monitored the review of the Company's organizational structure, as well as the functioning of its main operational units;
- monitored the development of initiatives and projects relevant to the Company's activity;
- analyzed information obtained from the main areas responsible for the preparation and disclosure of financial information, the Risk and Internal Control Committee, and Floene's Ethics and Conduct Committee;
- participated in the meeting with the Board of Directors focused on matters within the Audit Committee's remit, during which the Financial Statements and the Company's business developments were discussed;
- met, when necessary, with the Heads of Divisions to obtain information and clarification on specific aspects of the Company's management;
- analyzed, where applicable, requests for prior approval of non-audit services submitted by the Statutory Auditor and ensured compliance with the independence rules governing the provision of such services;
- analyzed the independence confirmation statements prepared by the Statutory Auditor in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014;
- met, when necessary, with the Statutory Auditor, PwC PricewaterhouseCoopers & Associados SROC S.A. (PwC), to review the main conclusions and recommendations made in the course of their duties.

In carrying out the aforementioned tasks, the Audit Board held eight meetings from May 2024 to April 2025. As part of its interaction with members of the management bodies, it met on several occasions with:

- the Chairman of the Executive Committee,
- the Executive Director responsible for the financial and IT Divisions,
- the Heads of the First-Line Functions:
    - o Internal Audit Division,
    - o Legal and Compliance Division;
    - o Finance Division,
    - o Transformation Management Division (within the scope of the service agreement in force with Galp Energia, S.A.);
    - o Investor Relations, Risk, Social, Environmental and Governance Responsibility Division; and
    - o Information Systems Division,
- PwC & Associados, SROC.

Through these meetings, the Audit Board monitored specifically monitored:

- the company's financial position and the Floene Group's risk management system;
- the main processes of the Company's ongoing transformation and carve-out project, with regular attention to the transition of information systems and the progress of the stages outlined in the TSA;
- key developments in the energy sector that could potentially impact the Group's financial statements, particularly those related to the extraordinary contribution to the energy sector (CESE);
- the activities of the Floene Group's internal audit department, with particular emphasis on compliance with its annual audit plan, the reporting of deficiencies, and the follow-up of action plans for their resolution;
- PwC's activities concerning the planning of the audit work, interim reporting, and final audit conclusions and reporting, including details of the most significant identified risks, the methodology used to address those risks, and recommendations related to internal control matters that require Management's attention.

Additionally, it monitored the application of the Code of Ethics and Conduct through the Ethics and Conduct Committee (ECC), which it appointed.

Furthermore, it actively participated in the Risk and Internal Control Committee.

As part of its duties, the Audit Board evaluated and carried out the selection process for the Statutory Auditor or Audit Firm (ROC) for the term relating to the year 2025, and resolved to recommend the reappointment of PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

The Audit Board also examined, under the terms of Article 452 of the Portuguese Commercial Companies Code:

- the individual and consolidated statement of financial position; the individual and consolidated statement of profit or loss and other comprehensive income; the individual and consolidated statement of changes in equity; the individual and consolidated statement of cash flows; and the notes to the individual and consolidated financial statements, all relating to the period ended December 31, 2024;
- the management report of the Board of Directors for the 2024 period;
- the individual and consolidated Statutory Auditors' Certificates prepared by the Statutory Auditor, issued without qualifications, regarding the audit of the period ended December 31, 2024.

2. OPINION ON THE REPORT, ACCOUNTS AND PROPOSAL PRESENTED BY THE BOARD OF DIRECTORS

In light of the above, the Audit Board is of the opinion that:

- the individual and consolidated Financial Statements and the Management Report are in accordance with the applicable accounting standards, legal and statutory provisions and give a true and fair view of the individual and consolidated financial position and results of the Company;

- the Management Report accurately describes the evolution of the Company's business and is consistent with the financial statements for the period;

Therefore, the Audit Board recommends their approval at the Annual General Meeting of Shareholders, as well as the proposal for the allocation of individual net result, as set out in the aforementioned Management Report.

Finally, the Audit Board expresses its gratitude and appreciation to the Board of Directors, the Company's Divisions and Services, the Statutory Auditor for their continued cooperation and support.

Lisbon, April 29, 2025

THE AUDIT BOARD

____

Pedro Fontes Falcão

Chairman

____

José Carlos Carvalho Brites

Member

____

João Albino Cordeiro Augusto

Member

Annex V a) Statutory Audit Certificate – Consolidated

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Floene Energias, S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2024 (which shows total assets of Euro 1,272,526 thousand and total equity of Euro 234,122 thousand including a consolidated net income for the year of Euro 10,050 thousand), the consolidated statement of income and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Floene Energias, S.A. as at December 31, 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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

Key audit matters

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

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
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Matriculada na CRC sob o NIPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Key Audit Matter	Summary of the Audit Approach
Concession assets	
Disclosures related to intangible assets are presented in notes 2 and 6 of the consolidated financial statements.	
As at December 31, 2024, Intangible assets amounts to Euro 1,119,805 thousand (Euro 1,120,442 thousand as at December 31, 2023) and corresponds mainly to assets built and/or acquired under licenses and concession agreements signed between the Group and the Portuguese State, and which are accounted for in accordance with the Intangible assets model defined in IFRIC 12 – Service concession agreements. According to the above-mentioned agreements and licenses, unless the law exempts it, the Portuguese State must indemnify the Group companies, at the end of each concession period, in the amount corresponding to the net book value of the assets allocated to the concessions. Considering the relevance of the net book value of intangible assets in the total assets of the consolidated financial statements, as well as the relevance that their recovery may have in the continuity of operations of the Group companies in the medium and long term, the concession assets, namely their initial recognition and subsequent measurement, were considered as a key audit matter.	In order to ensure the correct recognition and measurement of the Intangible assets allocated to concessions, the following procedures were performed, among others: - understanding and evaluation of the internal control process associated with the management of intangible assets and procurement, namely regarding to investment approval policies and respective monitoring; - obtaining, from the Group's services, the details of the intangible assets allocated to concessions, with an indication of amount, date of acquisition, useful life, accumulated amortization and amortization of the year, when applicable; - holding meetings with management, in order to understand the monitoring carried out on the net amount and recoverability of assets allocated to concessions, namely for assets whose useful lives are longer than the term of the respective operating licenses/concession agreements; - reading the minutes of the Executive Committee and of the Board of Directors of the respective Group companies, in order to validate existing investment projects; - performing substantive audit procedures on assets allocated to concessions in order to confirm their correct classification, their initial recognition and subsequent measurement, as well as the appropriateness of the operations cut-off. We also verified the adequacy of the disclosures presented in the consolidated financial statements, considering the requirements of the applicable accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
Revenue recognition and tariff deviation *Disclosures related to revenue and tariff deviation are presented in notes 2,12,16 and 25 of the consolidated financial statements.*	
As at December 31, 2024, the Group presents tariff deviations, assets and liabilities, respectively in the amounts of Euro 43,407 thousand and Euro 3,030 thousand. In compliance with the legislation and in accordance with the applicable regulatory parameters published by ERSE (Energy Services Regulatory Authority), the revenue of the distribution and retail of natural gas is recognized based on the allowed revenue published at the beginning of each regulatory period. The tariff deviations calculated in each year, which correspond to the difference between the revenue actually billed and the revenue estimated, are recognized in the Other receivables and Other payables captions, as applicable. Any adjustments resulting from the definitive amounts of the allowed revenue published by ERSE are incorporated in the calculation of the regulated revenue for the second gas year subsequent to the calendar year to which they relate. Given the relevance of the amounts in question and the timing of their recovery, we consider the recognition of revenue from regulated activities and the associated tariff deviation as a key audit matter.	In order to ensure the correct revenue recognition from regulated activities and the correct measurement of tariff deviations, the following audit procedures were performed, among others: - understanding of the applicable regulatory framework; - obtaining from the Group's services the calculation of tariff deviations and reconciling the values contained therein with the several existing sources of information, namely publications made by ERSE; - substantive audit procedures to validate the amounts invoiced by the Group, namely with regard to its regulated activity; - performing analytical procedures to validate the tariff deviations estimate of the year and respective classification, based on the information published by ERSE and the amounts invoiced by the Group. We also verified the adequacy of the disclosures presented in the consolidated financial statements, considering the requirements of the applicable accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
Litigation and tax contingencies *Disclosures related to litigation and tax contingencies are presented in notes 2, 17, 19, 29 and 32 of the consolidated financial statements.* The dimension and structure of the Group originates an increase in the complexity of the tax recognition in the Group's financial statements. As a consequence, the Group has several pending tax matters and litigations in progress, including those related to the Energy Sector Extraordinary Contribution - "CESE", recognizing provisions whenever the Group considers that a negative outcome is probable, in accordance with IAS 37. The assessment of the outcome probability is supported by the legal consultants and tax advisors of the Group, as well as by the management judgment in relation to these matters. As at December 31, 2024 the provisions recognized in the consolidated financial statements amounted to Euro 88,269 thousand (2023: Euro 84,060 thousand). The relevance of this matter in our audit is related with the complexity and level of judgment inherent to the tax matters, as well as the unpredictability associated with the respective outcome.	The audit procedures performed included, among others: - obtaining detailed information of the pending tax contingencies and legal actions; - understanding tax and legal contingency processes; - obtaining and analyzing the replies to the confirmation letters sent to external lawyers; - inquiry of the management and of the tax and legal Directors of the Group over the estimates and judgments considered. We also assessed the adequacy of the disclosures presented in the notes to the consolidated financial statements, considering the requirements of the applicable accounting standard.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated 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 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 an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated 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;

b) 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 Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) 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 Group'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 consolidated 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 Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, 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;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

April 29, 2025

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by:

Rita da Silva Gonçalves dos Santos, ROC no. 1681
Registered with the Portuguese Securities Market Commission under no. 20161291

Annex V b) Statutory Audit Certificate – Individual

Statutory Audit Report

(Free translation from the original in Portuguese)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Floene Energias, S.A. (the Entity), which comprise the statement of financial position as at December 31, 2024 (which shows total assets of Euro 837,968 thousand and total shareholders' equity of Euro 155,593 thousand including a net profit of Euro 45,539 thousand), the statement of income and other comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Floene Energias, S.A. as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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

Key audit matters

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

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Key Audit Matter	*Summary of the Audit Approach*
Valuation of financial investments	
Disclosures related to financial investments are presented in the notes 2 and 9 of the financial statements.	
As at December 31, 2024, Floene Energias, S.A. holds financial investments in subsidiaries in the amount of Euro 640,422 thousand, which are valued at acquisition cost, deducted of impairment losses. These financial investments are subject to impairment testing whenever there are indicators or changes in the underlying circumstances which indicate that the carrying value may not be recoverable. For that purpose, the recoverable amount is determined by the value in use, in accordance with the discounted cash flows method. The calculation of the recoverable amount requires the use of estimates and assumptions by the management, which depend on economic and market estimates, namely those related to future cash-flows, growth rates for the perpetuity and discount rates used. The relevance of this matter in our audit is related to the significance of the amounts involved and level of potential complexity and judgement associated to the impairment models, when impairment indicators related with the mentioned financial investments exist.	To confirm the accurate valuation of the financial investments the following audit procedures were performed, among others: - evaluation of impairment indicators in the financial investments; and - obtaining and analyzing the impairment testing on financial investments, when applicable. The analysis of the impairment testing, based on discounted cash flows models, considers the following procedures, when applicable: - verifying the mathematical accuracy of the model; - assessing the reasonableness of the future cash flows projections, from the comparison with historical performance; - evaluating the accuracy of the discount rate considered; and - evaluating the estimates and judgments assumed by the management, underlying the relevant assumptions supporting the model. Additionally, we have verified the accuracy of the disclosures presented in the financial statements, considering the requirements of the applicable accounting standard.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' report in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is 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 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 an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) 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;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern;

e) 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;

f) communicate with those charged with governance, including the supervisory board, 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;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

April 29, 2025

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2024 ANNUAL REPORT

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