



# **REPORT ISSUED BY THE BOARD OF ADMINISTRATION FOR H1 2024**

**- CONSOLIDATED -**

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## THE ADMINISTRATORS' MESSAGE

*With a long tradition in Romania, gas transmission is a strategic activity for the national economy. The performance of this activity increased year by year through the work, passion and professionalism of those who have worked in this field and contributed to what SNTGN TRANSGAZ SA is today - a group of sustainable companies with responsibility for the future, a company in which the corporate governance model added value and the transparency needed to increase of the stakeholders in the management and performance of the company.*

*Acting with professionalism, integrity and responsibility, the members of the Board of Administration demonstrated through the performance obtained every year that they have become a strong team, adapted to the requirements of the current context, able to undertake and fulfil responsibilities of great scope and strategic importance not only for the future of the company but also for the sustainable development of the national economy.*

*The undertaken strategic objectives regarding the management of SNTGN Transgaz SA in 2021-2025 aim at optimizing the company's performance, streamlining the company's activity, aligning it with modern standards of performance and corporate governance and enhancing the international recognition of SNTGN Transgaz SA, its role as a leader on the energy market in the region, making the most of all existing and future opportunities for Romania to become an important energy corridor for natural gas to Europe.*

*For SNTGN Transgaz SA, an objective of strategic importance deriving from the European Green Deal for a transition to the green economy is the establishment and implementation of a strategy for the repurposing and retrofitting of the existing natural gas transmission infrastructure for the use of hydrogen and other green gases, for decarbonization.*

*Our guarantee for success in the face of the challenges and constraints of the external and internal context in which the Transgaz group operates and will operate is the link between the efficient management strategies and the vast expertise and professional experience of the human resources employed to operationalize these strategies.*

Yours sincerely,

**ION STERIAN**

**Executive Administrator**

**Director - General**

**PETRU ION VĂDUVA**

**Non-Executive Administrator**

**Chairman of the Board of Administration**

**NICOLAE MINEA**

**Non-Executive Administrator**

**ILINCA VON DERENTHALL**

**Non-Executive Administrator**

**ADINA LĂCRIMIOARA HANZA**

**Non-Executive, Interim Administrator**

## 1. REPORT AND ISSUER GENERAL DATA

<b>Basis of the report</b>	Report for Half I 2024, prepared in accordance with the provisions of Law 24/2017 on issuers of financial instruments and market operations (Article 65) and FSA Regulation 5/2018 on issuers of financial instruments and market operations (Annex 15), as amended - <b>Financial year 2024</b>
<b>Date of the report:</b>	12 August 2024
<b>Name of the issuer</b>	The National Gas Transmission Company TRANSGAZ SA
<b>Headquarters</b>	Mediaş, 1 C.I. Motaş Square, code 551130, Sibiu county
<b>Phone/fax</b>	0269-803333/0269-839029
<b>Web/e-mail</b>	<a href="http://www.transgaz.ro">www.transgaz.ro</a> / <a href="mailto:cabinet@transgaz.ro">cabinet@transgaz.ro</a>
<b>Trade register number</b>	J32/301/2000
<b>Tax registration code</b>	RO13068733
<b>Regulated market on which the securities issued are traded</b>	Bucharest Stock Exchange
<b>Subscribed and paid-up share capital</b>	1.883.815.040 lei
<b>Main characteristics of securities issued</b>	188.381.504 shares with a nominal value of 10 lei. The shares are registered, ordinary, indivisible, issued in dematerialised form and freely tradable since 2008 under the TGN stock exchange symbol

## 2. EXECUTIVE SUMMARY H1 2024

### 2.1. Consolidated companies in the Transgaz Group:

		Share (%)
<b>SNTGN Transgaz SA</b>	Parent company	
<b>Eurotransgaz SRL, the Republic of Moldova</b>	Company held by SNTGN Transgaz SA	100%
<b>Vestmoldtransgaz SRL, the Republic of Moldova</b>	Company held by Eurotransgaz SRL	75%
	EBRD	25%

The establishment of the company EUROTRANSGAZ SRL on the territory of the Republic of Moldova was approved by Extraordinary General Meeting of the Shareholders Resolution (EGMS) 10/12.12.2017 for enabling participation in the privatization procedure of the State Enterprise Vestmoldtransgaz. Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

Since 2018, following the procurement of Vestmoldtransgaz SRL of the Republic of Moldova by Eurotransgaz SRL, Transgaz, as a parent company, prepares consolidated group financial statements.

As at 25.08.2021 the European Bank for Reconstruction and Development (EBRD) became a shareholder, holding a 25% stake in the share capital of the natural gas transmission company VESTMOLDTRANSGAZ SRL, a subsidiary of TRANSGAZ in the Republic of Moldova, which owns and operates the Ungheni-Chisinau gas transmission pipeline.

As of 19 September 2023 SNTGN TRANSGAZ SA, through Vestmoldtransgaz SRL (VMTG), its subsidiary in the Republic of Moldova, the company operating, developing and dispatching the Ungheni-Chisinau gas pipeline and certified on the ownership unbundling model, took over from Moldovatransgaz SRL the operation, development, dispatching and transmission of natural gas in the Republic of Moldova.

### 2.2. Indicators of the consolidated economic and financial results

#### ***Consolidated standard performance indicators***

The economic and financial activity of the National Gas Transmission Company Transgaz S.A. since the beginning of the year until 30 June 2024 was conducted based on the indicators included in the Revenue and Expense Budget (REB) approved by OGMS Resolution no. 1 / 21.02.2024.

The value of the standard performance indicators on 30 June 2024 as compared to their value as at 30 June 2023 is as follows:

No.	Performance criteria	Performance objective	MU	Weighting factor	Achieved	
					Half I 2024	Half I 2023
1.	<b>Commissioned investments</b>	Plan achieved	Thousand lei	0,15	25.090	286.717
2.	<b>EBITDA</b>	EBITDA increase	Thousand lei	0,15	435.739	265.680
3.	<b>Labour productivity</b>	Increasing labour productivity in units of value (turnover / average no. of employees);	Thousand lei/pers.	0,15	283	239
4.	<b>Outstanding payments</b>	Payments made during the contract duration (in current prices)	Thousand lei	0,15	0	0
5.	<b>Outstanding receivables</b>	Diminished amount of outstanding receivables (in current prices)	Thousand lei	0,1	661.312	592.348
6.	<b>NTS gas consumption</b>	Remaining within the gas quantities representing NTS gas consumption	%	0,15	50,74%	42,37%
7	<b>OPEX at lei 1000 operating revenue</b>	Diminishing of OPEX at lei 1000 operating revenue	lei	0,15	837	957

**Table 1- Consolidated standard performance indicators for Half I 2024 compared to Half I 2023**

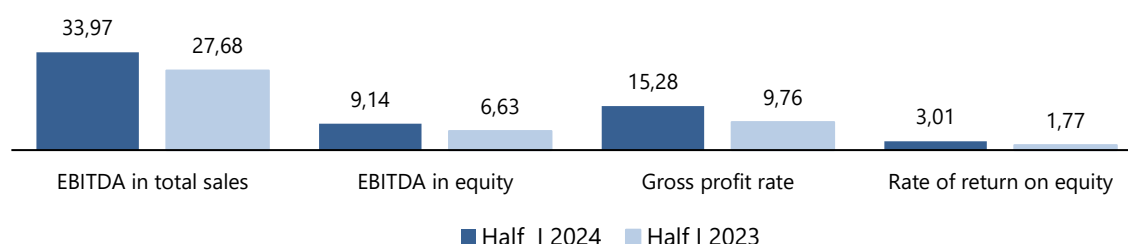
### **Consolidated profitability, liquidity, risk and management indicators**

The values of the profitability, liquidity, risk and management indicators – consolidated – for Half I 2024 compared to the similar period of 2023:

No.	Indicators	Calculation formula	Half I 2024	Half I 2023
<b>1.</b>	<b>Profitability indicators</b>			
	EBITDA in total sales	EBITDA	39,97%	27,68%
		Turnover		
	EBITDA in equity	EBITDA	9,14%	6,63%
		Equity		
	Gross profit share	Gross profit	15,28%	9,76%
		Turnover		
	Return on equity	Net profit	3,01%	1,77%
		Equity		
<b>2.</b>	<b>Liquidity indicators</b>			
	Current liquidity indicator	Current assets	1,25	1,29
		Short term debts		
	Acid test ratio	Current assets - Stocks	0,90	0,65
		Short term debts		
<b>3.</b>	<b>Risk indicators</b>			
	Leverage indicator	Borrowed capital		48,87%

No.	Indicators	Calculation formula	Half I 2024	Half I 2023
		Equity	57,90%	
	Interest coverage ratio	EBIT	4,34	1,71
		Interest expense		
4.	Management indicators			
	Days' sales outstanding	Average accounts receivable x 181 days	138,42	141,21
		Turnover		
	Days' payable outstanding	Average accounts payable x 181 days	48,75	36,75
		Turnover		

**Table 2 - Consolidated profitability, liquidity, risk and management indicators in Half I 2024 compared to Half I 2023**



**Chart 1- Consolidated profitability indicators evolution in Half I 2024 compared to Half I 2023**

The main consolidated economic and financial indicators achieved in Half I 2024 compared to the ones achieved during the same period of 2023 are as follows:

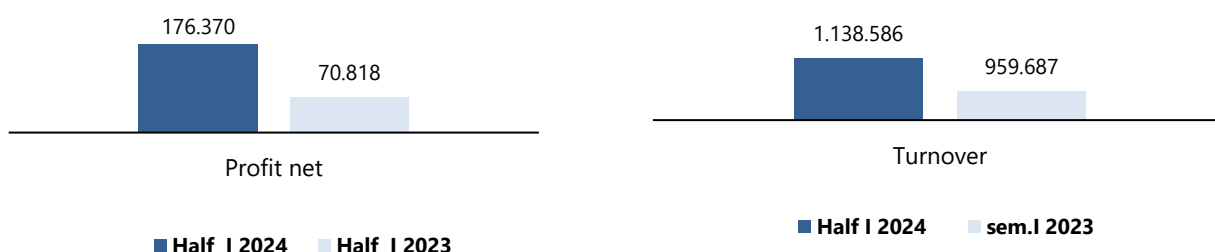
Thousand lei

Tag no.	Indicator	Consolidated Half I 2024	Consolidated Half I 2023	Dynamics (%)
<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4=2/3*100</b>
1.	Turnover	1.138.586	959.687	118,64
2.	Operating revenue before balancing and the construction activity according to IFRIC12	1.104.669	761.091	145,14
3.	Revenue from balancing	114.784	263.067	43,63
4.	Revenue from the construction activity according to IFRIC12	675.817	35.270	1916,11
5.	Financial revenue	108.334	140.742	76,97
6.	Operating cost before balancing and the construction activity according to IFRIC12	924.901	728.224	127,01
7.	Cost of balancing gas	114.784	263.067	43,63
8.	Cost of constructed assets according to IFRIC12	675.817	35.270	1916,11
9.	Financial cost	65.092	79.898	81,47
10.	Gross profit	223.011	93.711	237,98



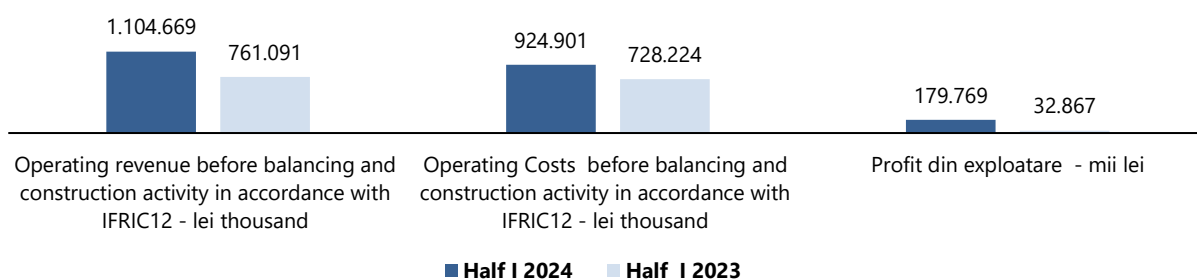
Tag no.	Indicator	Consolidated Half I 2024	Consolidated Half I 2023	Dynamics (%)
0	1	2	3	4=2/3*100
11.	Profit tax	46.641	22.892	203,74
12.	Net profit	176.370	70.818	246,04
13.	Total comprehensive result related to the period	180.949	88.142	205,29
14.	Transmitted gas -thousand cm-	6.472.933	6.363.964	108,97
15.	Investment cost	689.148	44.650	1.543,44
16.	Rehabilitation cost	41.083	7.101	578,55
17.	Technological consumption thousand lei	61.963	61.633	100,53
18.	Technological consumption thousand cm	30.782	30.640	100,46

**Table 3- Evolution of the main consolidated economic and financial indicators in Half I 2024 compared to Half I 2023**



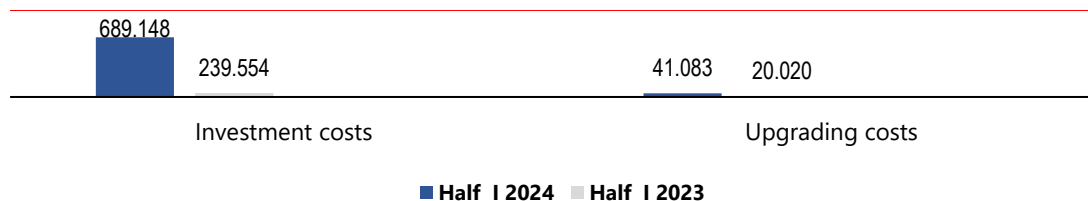
**Chart 2 – (Consolidated) Net profit in Half I 2024 compared to Half I 2023 (thousand lei)**

**Chart 3- (Consolidated) Turnover in Half I 2024 compared to Half I 2023 (thousand lei)**



**Chart 4- Operating revenue, expense and profit, before the construction activity according to IFRIC 12 – consolidated - in Half I 2024 compared to Half I 2023 (thousand lei)**





**Chart 5- Evolution of the investment and upgrading costs – consolidated - in Half I 2024 compared to Half I 2023 (thousand lei)**

## 2.3. Indicators of the individual economic and financial results

### Standard performance indicators

The economic and financial activity of the National Gas Transmission Company Transgaz S.A. in Half I 2024 was conducted based on the indicators established in the Revenue and Expense Budget approved by Resolution 1 /21.02.2024 of the Ordinary General Meeting of the Shareholders.

The value as at 30.06.2024 of the individual standard performance indicators compared to their value as at 30 June 2023 is as follows:

No.	Performance criteria	Performance objective	MU	Weighting factor	Achieved	
					Half I 2024	Half I 2023
1.	<b>Commissioned investments</b>	Plan achieved	Thousand lei	0,15	23.878	286.371
2.	<b>EBITDA</b>	EBITDA increase	Thousand lei	0,15	398.542	264.798
3.	<b>Labour productivity</b>	Increasing labour productivity in units of value (turnover / average no. of employees);	Thousand lei/ pers.	0,15	264	360
4.	<b>Outstanding payments</b>	Payments made during the contract duration (in current prices)	Thousand lei	0,15	0	0
5.	<b>Outstanding receivables</b>	Diminished amount of outstanding receivables (in current prices)	Thousand lei	0,1	661.312	592.348
6.	<b>Technological consumption</b>	Remaining within the gas quantities representing technological consumption	%	0,15	50,74%	42,37%
7	<b>OPEX at lei 1000 operating revenue</b>	Diminishing of OPEX at lei 1000 operating revenue	lei	0,15	835	948

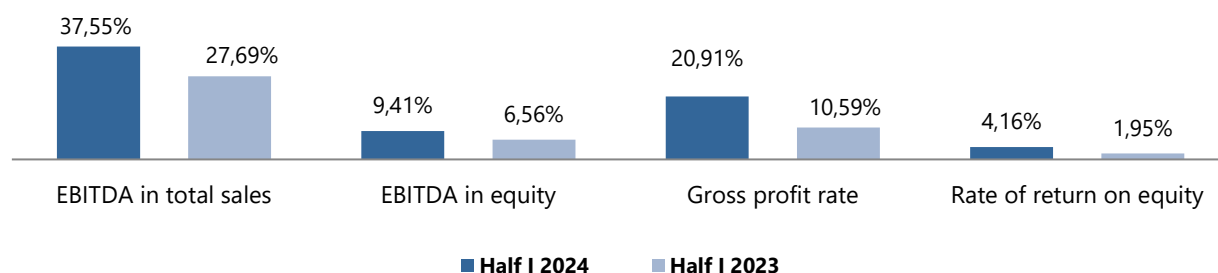
**Table 4 – Individual standard performance indicators in Half I 2024 compared to Half I 2023**

### Profitability, liquidity, risk and management indicators - individual

The comparative statement of the values of the individual profitability, liquidity, risk and management indicators in Half I 2024 compared to the values recorded by these indicators at the end of the first half of 2023 is presented in the table below:

Indicators	Calculation formula	Half I 2024	Half I 2023
<b>Profitability indicators</b>			
EBITDA in total sales	EBITDA Turnover	37,55%	27,69%
EBITDA in equity	EBITDA Equity	9,41%	6,56%
Gross profit share	Gross profit Turnover	20,91%	10,59%
Return on equity	Net profit Equity	4,16%	1,95%
<b>Liquidity indicators</b>			
Current liquidity indicator	Current assets Short term debts	1,26	1,27
Acid test ratio	Current assets - Stocks Short term debts	0,90	0,61
<b>Risk indicators</b>			
Leverage indicator	Borrowed capital Equity	54,07%	44,16%
Interest coverage ratio	EBIT Interest expense	3,80	1,68
<b>Management indicators</b>			
Days' sales outstanding	Average accounts receivable x 181 days Turnover	148,49	141,74
Days' payable outstanding	Average accounts payable x 181 days	52,30	36,89

**Table 5 – Evolution of profitability, liquidity, risk and management indicators in Half I 2024 compared to Half I 2023**

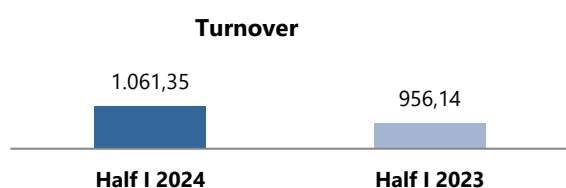


**Chart 6 – Evolution of profitability indicators in Half I 2024 compared to Half I 2023**

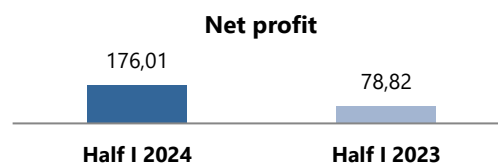
The value of the main economic and financial indicators achieved in Half I 2024 compared to the value thereof achieved in Half I 2023 are as follows:

Tag no.	Indicator	MU	Half I 2024	Half I 2023	Variation %
0	1	2	3	4	5=3/4*100
1.	Turnover	thousand lei	1.061.349	956.144	111,00
2.	Operating revenue before balancing and the construction activity according to IFRIC12	thousand lei	1.016.130	757.139	134,21
3.	Operating cost before balancing and the construction activity according to IFRIC12	thousand lei	848.582	717.504	118,27
4.	Operating profit before balancing and the construction activity according to IFRIC12	thousand lei	167.548	39.635	422,72
5.	Revenues from balancing	thousand lei	114.784	263.067	43,63
6.	Balancing gas expense	thousand lei	114.784	263.067	43,63
7.	Construction revenues according to IFRIC12	thousand lei	675.817	35.270	1916,11
8.	Cost of constructed assets according to IFRIC12	thousand lei	675.817	35.270	1916,11
9.	Operating profit	thousand lei	167.548	39.635	422,72
10.	Financial revenues	thousand lei	102.995	125.418	82,12
11.	Financial expenses	thousand lei	48.633	63.781	76,25
12.	Gross profit	thousand lei	221.910	101.272	219,12
13.	Profit tax	thousand lei	45.899	22.451	204,44
14.	Net profit	thousand lei	176.011	78.821	223,30
15.	Transported gas	MWh	69.457.227	69.206.474	101,71
16.	Investment costs	thousand lei	687.440	50.542	1360,13
17.	Upgrading costs	thousand lei	7.072	7.086	99,80
18.	Technological consumption	thousand lei	61.963	61.633	100,53
19.	Technological consumption	MWh	326.285	331.546	98,41

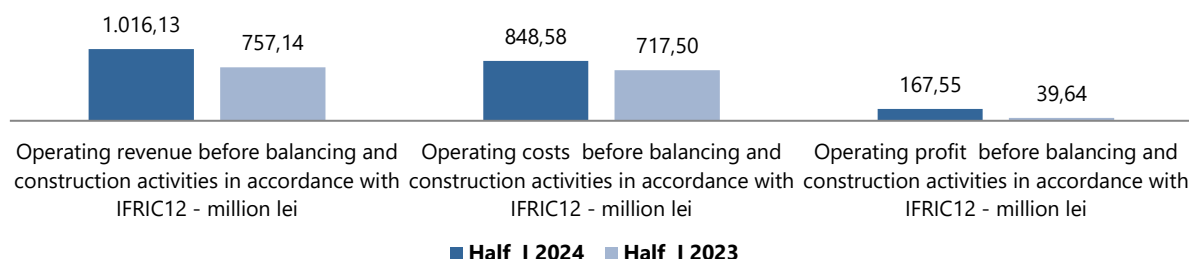
**Table 6 - Evolution of the main economic-financial indicators in Half I 2024 compared to Half I 2023**



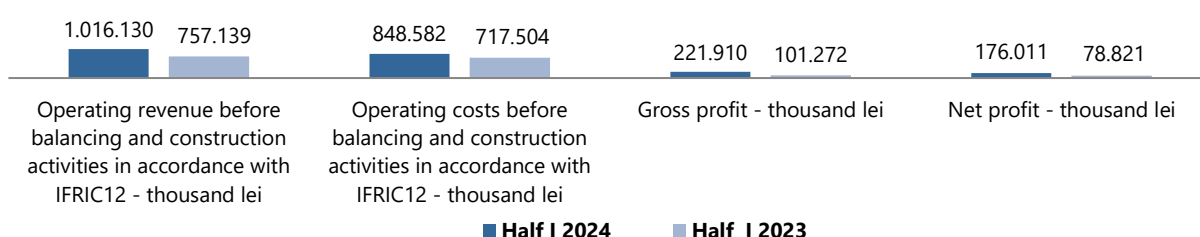
**Chart 7-Turnover (individual) Half I 2024 compared to Half I 2023 (mil. lei)**



**Chart 8 - Net profit (individual) in Half I 2024 compared to Half I 2023 (mil. lei)**



**Chart 9 – Evolution of operating revenue, expense and operating profit before the construction activity according to IFRIC – individual – Half I 2024 compared to Half I 2023 (mil. lei)**



**Chart 10 – Evolution of the main economic and financial indicators – individual – in Half I 2024 compared to Half I 2023 (thousand lei)**

Transgaz holds a monopoly position in Romania in terms of natural gas transmission and circulates approximately 90% of the total natural gas consumed.



**Chart 11 - Evolution of investment and upgrading costs – individual – in Half I 2024 compared to Half I 2023 (thousand lei)**

## 2.4. Non-financial reporting

SNTGN Transgaz SA according to the legal requirements under Order 2.844 / 12 December 2016 of the Ministry of Finance on the approval of the Accounting Regulations in accordance with International Financial Reporting Standards, as amended, chose to disclose non-financial information for financial year 2023, through a sustainability report approved at the level of the Board of Administration and prepared separately from the consolidated Report issued by the Board of Administration.

SNTGN Transgaz SA reported non-financial information for the year 2023 based on the requirements provided for in the new ESRS stipulated in the Commission DELEGATED REGULATION (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, the requirements of the Order of the Ministry of Public Finance no. 2844/2016 as amended and supplemented, and of the Methodology for Sustainability Reporting - Romanian Sustainability Code, of 16.11.2023, which is an integral part of Decision No. 1117/2023 on the approval of the Methodology for Sustainability Reporting, as amended.

In addition, the information required under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council ("the Taxonomy Regulation") for the financial year 2023 has been included in the Sustainability Report. Following the analysis of the audited financial data, the activities that can be considered Taxonomy aligned or eligible under the Taxonomy Regulation were assessed.

The statement of the Taxonomy financial key performance indicators (KPIs) for the year 2023 is shown in the table below.

In LEI	2023					
	Turnover		CapEx		OpEx	
<b>Environmentally sustainable activities (aligned to taxonomy)</b>	0	0%	225.104.157	99,03%	0	0%
<b>Activities eligible but not aligned to the taxonomy</b>	0	0%	2.228.230	0,97%	0	0%
<b>Activities not eligible for taxonomy</b>	1.712.546.184	100%	0	0	686.059.563	100%
<b>Total</b>	1.712.546.184	100%	227.332.387	100%	686.059.563	100%

In accordance with the requirements set out in the ESRS, approved by Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, a dual materiality

analysis was performed in order to determine the material topics required to be presented in the sustainability report.

Thus, in the Sustainability Report prepared for the financial year 2023, approved by the Resolution of the Board of Administration No. 25/28.06.2024, only the data of SNTGN Transgaz SA was included as the two consolidated subsidiaries were not considered material in the context of the non-financial reporting. The impact of the activity of the subsidiaries on the group's reporting is considered immaterial and therefore does not influence the indicators included under the applicable standards. The two subsidiaries did not have a major contribution that would influence the group's main factors reported under ESRS requirements. Therefore, for clarity and relevance, only the performance of SNTGN Transgaz SA was presented in the 2023 sustainability report without the activity of the subsidiaries.

Double materiality assessment was carried out and validated internally by the special working group established within SNTGN Transgaz SA, and the rules and conclusions resulting from the assessment of the identified impact, risks and opportunities were submitted to the Board of Administration for approval, prior to the publication of the sustainability report, by the Resolution of the Board of Administration no. 51908/19.06.2024.

The sustainability report for 2023 considered all activities of SNTGN Transgaz SA Romania. All core activities of SNTGN Transgaz SA were included: domestic transmission of natural gas - regulated monopoly activity, with tariffs set on the basis of the methodology issued by the National Energy Regulatory Authority, international transmission of natural gas - unregulated activity carried out through dedicated pipelines, with tariffs set in accordance with the commercial contracts concluded between the parties, gas dispatching, research and design in the field of natural gas transmission.

The Sustainability Report of SNTGN Transgaz SA reflects the company's commitment to sustainable development and to the fulfilment of its objectives. SNTGN Transgaz SA aims to support the preservation of the environment, improve the quality of life in the local community, provide high quality services and develop sustainable partnerships with customers, authorities and the local community, while managing the used resources efficiently and sustainably.

Stakeholders were informed about the publication of the Sustainability Report prepared for the year 2023 via the SNTGN Transgaz SA release posted on the company's website at: [https://www.transgaz.ro/sites/default/files/Comunicat%20raport%20de%20sustenabilitate%202023\\_0.pdf](https://www.transgaz.ro/sites/default/files/Comunicat%20raport%20de%20sustenabilitate%202023_0.pdf), release also submitted to the Bucharest Stock Exchange on 28.06.2024 <https://www.bvb.ro/FinancialInstruments/SelectedData/NewsItem/TGN-Disponibilitate-Raport-Sustenabilitate-2023/73A5D>.

The Sustainability Reports prepared for 2020 - 2023 were structured so that the information is complementary to the information presented in the consolidated Report issued by the Board of Administration and covers the most important aspects implemented at company level with regard to the governance structure, environmental risk management and the social component, also considering the legal requirements and recommendations of the guidelines issued by:

- European Commission - Guidelines on non-financial reporting C/2017/4234, published in the Official Journal of the European Union on 5 July 2017;
- Financial Supervisory Authority - Recommendations on a prudent approach to climate risk - 2021;
- Bucharest Stock Exchange - ESG Reporting Guidelines 2022.

The business sustainability reporting for the financial year 2024 will be carried out also in 2025 in accordance with the new ESRS in line with the requirements of the Commission DELEGATED REGULATION (EU) 2023/2772 of July 31, 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards and the data will be integrated into the consolidated Report issued by the Board of Administration, thus providing all stakeholders with an integrated view of the company's performance.

With regard to actions and resources related to climate change policies, measures are to be adopted at the company level to establish an action plan for the implementation of the short, medium and long-term investment plan stipulated in the Climate and Decarbonization Strategy of SNTGN Transgaz SA, a document that was finalized in December 2023. The transition plan has been defined/established in the Climate and Decarbonization Strategy of SNTGN Transgaz SA and is to be initiated for implementation and approval in 2024, with appropriate highlighting of actions and financial impact, including in the financial statements..

SNTGN Transgaz SA harmonized its current governance structure as of 2023 by setting up the Corporate Governance and Sustainability Committee and the Sustainability Department, a structure that operates, as of 1 December 2023, within the Investor Relations and Sustainability Unit.

## Quality management

On 30.06.2024 the following certificates were in force at the company level obtained from the recertification audit carried out in October 2021 and covered by surveillance audit no. 2 of September 2023:

- **Certificate No. 3533/27.10.2021 related to SR EN ISO 9001:2015;**
- **Certificate No. 529/27.10.2021 related to SR EN ISO 14001:2015;**
- **Certificate No. 3276/27.10.2021 related to SR ISO 45001:2018,**

By its activity, the Quality Management Department ensured/advised:

- implementation of the requirements of SR EN ISO 9001:2015;
- implementation of the requirements under SR EN ISO 14001:2015 and SR EN ISO 45001:2023 common with SR EN ISO 9001:2015;
- implementation of corrective actions and corrections related to the areas for improvement identified by the SRAC in the previous audit;
- raising awareness of personnel on the contribution to the effectiveness of the QMS;
- assessing customer satisfaction,



in order for SNTGN TRANSGAZ SA to maintain its certification according to SR EN ISO 9001:2015, SR EN ISO 14001:2015 and SR EN ISO 45001:2023 when assessed by the certification body-SRAC within the certification audit.

### Occupational health and safety

During 01.01 – 20.06.2024, the occupational health and safety activity was carried out in an organized manner, according to planning, aimed at reducing and/or eliminating the risks of occurrence of events, work accidents, dangerous incidents and occupational diseases at workplaces within the company, as well as compliance with the legislative provisions in the field of safety and health at work, by implementing the measures included in the ***Prevention and Protection Plan for 2024*** no. DMPS 70/03.01.2024 and fulfilling the duties established by the Rules on the Organization and Operation of the company.

**In Half I 2024, no occupational diseases were reported/researched/declared**

### Environmental management

The main environmental management activities related to the first 6 months of 2024 aimed at preventing pollution, reducing the risks of environmental incidents on the company's sites, as well as complying with the legislative provisions in the field.

### Corporate social responsibility (CSR)

Corporate Social Responsibility is integral part of corporate governance through which companies have initiated a range of socially responsible actions that can be quantified in terms of sustainability and sustainable performance.

SNTGN TRANSGAZ SA, consistent with the principle of applying a responsible management in fulfilling the undertaken mission, is aware of the importance that sometimes financial support for a noble cause or for an important purpose is vital and, in this respect, through the programs and projects of social responsibility initiated, it is actively involved in community life, demonstrating his status as a *good citizen*.

Corporate social Responsibility is an aspect of corporate governance, with TRANSGAZ's key role in the energy field in Romania and Europe being naturally complemented by the desire to support the real needs of all those who are constantly contributing to the smooth way of its activity.

As part of Transgaz's sustainable development strategy, the *social responsibility policy* aims to increase the company's commitment to employees, shareholders, partners, the community and the environment, as well as streamlining the impact of social responsibility programs initiated for this purpose.

The commitment undertaken by the company's management through the *Environmental Quality Management System Policy Statement* is a definite proof that TRANSGAZ acknowledges the importance of ensuring an organizational climate where all stakeholders: employees, shareholders,

customers, suppliers, community and the environment can effectively and responsibly network both from an economic and social point of view.

The company's social responsibility policy is based on a set of principles that define this interaction between Transgaz on the one hand and employees, shareholders, partners, community and the environment on the other. The priority areas in which TRANSGAZ carries out social responsibility programmes are: sport, community development ( churches, schools, kindergartens), education, arts and culture, humanitarian actions, health (hospitals), environment.

**SPORT - *We are among those who believe that sport has the power to ensure harmony between body and mind!***

We support the entire sports movement for the for the harmonious development of the younger generation.

**COMMUNITY DEVELOPMENT - *We are where it's needed!***

TRANSGAZ supports through financial aid the construction and/or reconstruction of churches, monasteries; restoration of national heritage vestiges; construction and/or reconstruction, renovation of buildings of educational institutions (schools, kindergartens), and others.

**EDUCATION - *We believe in the potential of the young generation and that's why we invest in their education!***

We are involved through financial and social support in the educational construction of the young generation. We support through financial partnership technical projects, symposiums and conferences on natural gas topics and related activities organized by universities. We are active through various professional and social partnerships in the training of a new generation of gas workers. We contribute financially and through material support to the provision of teaching material in educational institutions, so necessary for a continuous education.

**ART AND CULTURE - *Development through culture ensures a sustainable development of society, and we are at the side of those who initiate projects in this regard!***

We support financially through partnerships, cultural events, the organization of theatre performances and music festivals, competitions and artistic creations of pupils and students. We support cultural foundations in their work. We support both the established values of Romanian art and culture and young talents.

**HUMANITARIAN ACTIONS - *TRANSGAZ is always there for those who really need help!***

We try through our financial support to get involved in solving some of the life problems of disabled people, needy people, people without material possibilities, or people who need medical care. We are next to those who, whether our employees or not, have suffered damage due to natural disasters. We financially support cultural, sports, artistic actions of disabled pupils and students as well as NGOs and foundations that care for these people.

**HEALTH- *We take care of other people's health as well as our own!***

We contribute financially to investments in hospitals in Romania through the project "HEALTH FOR ROMANIA" and we are present when financial support is needed to solve medical cases of our employees or their relatives.

**ENVIRONMENT- *We all want a healthy life and a clean environment, and that's why we care about everything around us!***

We financially support the partnerships concluded by NGOs with schools or public institutions for environmental protection projects and the development of green spaces; we also support greening projects initiated by the local administrations, where Transgaz has units.

Complying with the principles of financial prudence and transparency, the communication and CSR actions proposed for Half I 2024 were rigorously quantified both in structure and value and responded to Transgaz's reporting requirements as a securities issuer, but also to the requirements related to the company's image and reputation.

Detailed information on social responsibility is available on the Transgaz website at: <http://www.transgaz.ro/responsabilitate-sociala>.

### **Internal managerial/control system**

The managerial internal control system of SNTGN Transgaz SA covers all the company's operations having the following objectives:

- the economic, efficient and effective use of resources;
- compliance with legislation, regulations and internal policies;
- fraud and error prevention and detection;
- credibility of financial reporting (accuracy, completeness and fair presentation).

SNTGN Transgaz SA considers internal/managerial control to be the continuous monitoring of activities using a set of management rules applicable in each department, in response to the question: **`What can be done to have the most effective control over the company's activities?`**

The specific activities of the Internal/Managerial Control System carried out at the company's level in Half I 2024 were carried out in full compliance with both the requirements of the Order 600/2018 of the General Secretariat of the Government on the approval of the Internal Managerial Code of Public Entities and the provisions of internal procedures.

**The specific activities of the Internal/Managerial Control System carried out in Half I 2024 were as follows:**

- assessment of the status of implementation and development of the company's internal/managerial control system **as at 31.12.2023**;
- submission of *Reports* to the Director - General **for 2023**:
  - Report on company's performance monitoring **for 2023**;
  - Report on the implementation of the internal/managerial control system within SNTGN Transgaz SA **for 2023**;
  - Report on the conduct of the risk management process **for 2023**;

- Report on the analysis of the achievement of the specific objectives and directions for action set out in the Programme for the implementation of the measures set out IN THE RISK MANAGEMENT STRATEGY 2021-2025, 2023, within SNTGN TRANSGAZ SA.

- evaluation of the internal managerial control system **for 2023**, an action carried out on two levels: at department level, carried out by the organisational structures by completing the Self-Assessment Questionnaires, and at company level, a task to be carried out by the Monitoring Committee. The established conclusion is that the Internal Managerial Control System, **in 2023**, maintained its degree of compliance at the Compliant stage, with all 16 internal/managerial control standards implemented, and the average degree of implementation of the standards of the Internal Managerial Control System increased to 99,79% compared to 2022 when the percentage was 99,78%;
- submission of the internal/managerial control system assessment documents **for 2023** to the Public Supervisory Body (GSG) within the requested deadline.
- report to the Board of Administration on the implementation of the internal managerial control system and performance monitoring **for 2023**;
- report to the Risk Management Committee on the specific activities of managerial internal control **for 2023**;
- updating, **for 2024**, the Internal Decision establishing the Monitoring Committee and its functioning in accordance with its own Rules of Procedure;
- approval and publication of the Programme for the Development of the Managerial Internal Control System, updated progress **for 2024**, for the purpose of continuous development of the Internal Managerial Control System;
- documentation of the internal/managerial control system, **for 2024**, in accordance with internal procedures, at the level of the organisational structures and of the company regarding:
  - setting specific, operational objectives and performance indicators associated with operational objectives;
  - the establishment of activities and risks related to operational objectives;
  - identification of situations leading to discontinuity;
  - management of procedural actions and processes;
  - risk management;
  - establishing the monitoring system for operational and general objectives;

Through the development of the Internal/Managerial Control System, SNTGN Transgaz SA is moving to a type of management suitable for a flexible company, which includes strategic management, performance management and risk management.

## Risk Management

The strategic requirements for the safe and economically efficient operation of the National Natural Gas Transmission System lead the company to approach risk management in a forward-looking manner to identify and treat potential losses before the generating events occur.

Risk management is an integral part of the management process at all levels and adds value by increasing the probability of achieving objectives in an efficient and effective manner, based on the following internal regulations approved by the company's management:

- The Risk Management Strategy 2021-2025 - sets out both the actions required to optimise the risk management process and the framework for identifying, assessing, monitoring and controlling significant risks in order to keep them at acceptable levels within the *risk tolerance limit*;
- *The Statement of commitment by the Director - General on Risk Management for 2021-2025*;
- System Procedure PS 05 SMI Risk Management, published in the "Zonapublic" intranet. System Procedure PS 05 SMI establishes a uniform set of rules for risk management and for the preparation and updating of the Risk Register;
- the tolerance limit **for 2024**, using a five-step matrix representation;
- the company risk profile for 2023;
- the decisions on the establishment of the structures coordinating the risk management process - i.e. the Monitoring Committee and the Risk Management Team, updated for 2024;
- the global risk (GR), calculated as a weighted average of the risk exposure value in relation to the tolerance limit, both at the level of each division/unit/independent department/regional offices/Medias Subsidiary and at company level. This parameter was introduced starting from 2023.

In the first half of 2024 the risk management process **carried out in 2023** was analysed. This process was carried out in full and timely compliance with internal regulations, by going through the following stages successively:

- establishment of a coherent set of objectives, with sufficient specificity to allow risks to be identified and assessed;
- establishment of the internal/external context in which each structure operates;
- risk identification and analysis;
- risk assessment;
- responding to risk (action plans to minimise risk);
- risk monitoring;
- risk review and reporting

All 329 organisational structures, according to the organizational chart in force, completed the above steps by integrating risk management data into risk registers.

The final stage of risk management was the review and reporting of risks and the submission of *Risk Management Progress Reports for 2023* to the Technical Secretariat of the Monitoring Committee for review.

In compliance with the requirements of the Order 600/2018 of the General Secretariat of the Government on the approval of the Internal Managerial Code of Public Entities, the following were developed and approved **for 2023 at the level of the company**:

- the Transgaz REVISED Risk Register, 2023. Thus, as at 31.12.2023, 20 significant risks were summarised and prioritised, of which 17 strategic risks and 3 operational risks;
- Information report for the Director General on risk management and monitoring within SNTGN Transgaz SA for the year 2023;
- Information report for the Board of Administration on risk management and monitoring within SNTGN Transgaz SA, year 2023;

- Information report to the Board of Administration on the analysis of the specific objectives and action directions set out in the "Programme for the implementation of the measures set out in the Risk Management Strategy, 2021-2025, the year 2023;
- Report to the Risk Management Committee, on the evolution of risk management, at SNTGN Transgaz SA, 2015 – September 2023;
- Regular reports to the Risk Management Committee, on significant milestones in the development of the risk management process, 2023.

For carrying out the risk management activity at Company level **in 2024**, the revised System Procedure "Risk Management" code PS 05 SMI, in force as at 03.01.2024, shall be applied. The main risk management development included in the procedure revision is **the introduction of the five-step risk assessment matrix**: a more analytical risk assessment resulted demonstrating more mature risk management implemented within the company. This scale can become a basic component of the basis for decisions.

Each organizational structure identified the risks and prepared the documents established in the System Procedure "Risk Management" code PS 05 SMI.

The documents were analysed and synthesized at company level resulting in:

- Risk Register at SNTGN Transgaz SA level, which integrates significant risks (strategic and operational), year 2024;
- Plan of measures to minimize significant risks at company level, year 2024.

## 2.5. Important events

**11 January 2024** - Transgaz completed the Climate and Decarbonization Strategy.

With the support of the European Investment Bank (EIB), Transgaz has developed the Climate and Decarbonization Strategy with a view to a phased transition to a climate-neutral activity and to strengthening climate resilience, taking into account best practices and national and international climate change policies and regulations. The project was developed in the context of the European Investment Advisory Hub (EIAH).

**11 January 2024** – At Transgaz SA headquarters in Bucharest the strategic meeting of the TSOs within the Vertical Corridor initiative took place.

At the initiative of SNTGN Transgaz SA, the meeting of the natural gas Transmission System Operators signatories of the Memorandum of Understanding for the Vertical Corridor - Transgaz S.A., DESFA S.A., Gastrade S.A., Bulgartransgaz EAD, ICGB AD, FGSZ Ltd and with observer status, Eustream S.A., Gas TSO of Ukraine and Vestmoldtransgaz of the Republic of Moldova - was held in Bucharest.

**19 January 2024** - The cooperation for the Vertical Corridor is strengthened by the signing of a Memorandum of Understanding which provides for the participation of three new operators: GTSO from Ukraine, Vestmoldtransgaz from the Republic of Moldova, Eustream from Slovakia.

This corridor will bring prestige to Romania and energy security for the countries of Eastern Europe, the Republic of Moldova and Ukraine, as well as for Central Europe.



**23 January 2024** - The Ministry of Energy and Transgaz signed financing contracts worth 93 million euro.

The Minister of Energy and the Director - General of SNTGN Transgaz SA, signed the financing contracts for two investment projects: the Black Sea - Podișor natural gas transmission pipeline and the Ghercești-Jitaru natural gas transmission pipeline (including electricity supply, cathodic protection and fiber optic).

**31 May 2024** - The Ministry of Energy and Transgaz have signed the financing contract for the gas supply to the Mintia power plant. The Energy Ministry's support amounts to almost 7 million euro. The Minister of Energy and the Director - General of SNTGN Transgaz SA have signed a financing contract for the construction of a natural gas transmission pipeline to supply the Mintia power plant in Hunedoara County. The pipeline will also supply other industrial and also domestic consumers.

**31 May 2024** – SNTGN Transgaz SA informs all stakeholders that by Order no. 17/29 May 2024 issued by the National Energy Regulatory Authority, the regulated revenue, the corrected regulated revenue and the transmission tariffs for the regulatory year from 1 October 2024 to 30 September 2025, for the activity of natural gas transmission through the National Transmission System, carried out by the National Gas Transmission Company TRANSGAZ S.A., were approved.

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**During Half I 2024, the activity of the Board of Administration of SNTGN Transgaz SA materialized in a number of 25 meetings, of which the following are subject to analysis, approval and/or endorsement:**

**17 January 2024**

- By the Resolution of the Board of Administration no. 2/17 January 2024 the following were endorsed and/or approved:
  - Draft Revenue and Expenditure Budget for the year 2024 and estimates 2025-2026;
  - Revised values for some financial key performance indicators included in the Management Plan of SNTGN Transgaz SA for 2021-2025;
  - Revenue and Expenditure Budget of Eurotransgaz SRL for the year 2024 and estimates for the period 2025-2026.

**31 January 2024**

- The following were approved by the Resolution of the Board of Administration no. 4/31 January 2024:
  - Policy on granting sponsorships and financial support at the level of SNTGN Transgaz SA in 2024;
  - Activity report of the Advisory Committees set up at the level of the Board of Administration of SNTGN Transgaz SA in 2023;
  - The corrected regulated revenue and the regulated tariffs for the natural gas transmission activity for the transition year from the fourth to the fifth regulatory period, i.e. 1 October 2024 - 30 September 2025, for submission for analysis and approval to the National Energy Regulatory Authority.



**22 February 2024**

- The Management Plan of SNTGN Transgaz SA for the period 2021-2025, updated February 2024, was approved by the Resolution of the Board of Administration no. 7/22 February 2024.

**14 March 2024**

- By the Resolution of the Board of Administration No. 12/March 14, 2024, the conclusion of the Agreement for Technical and Administrative Support Services for the establishment of ENNOH (European Network of Hydrogen Transmission System Operators), attached to the report, was approved, as well as the payment of the amount of 10.000 Euro, which Transgaz, as member of the Plenary Group for the establishment of ENNOH, is liable to pay.

**20 March 2024**

- By Resolution of the Board of Administration No. 14/20 March 2024, the following were acknowledged, endorsed and/or approved:
  - The company's individual and consolidated annual financial statements for 2023;
  - Financial audit report on the individual annual financial statements for the year 2023;
  - Financial audit report on the consolidated annual financial statements for the year 2023;
  - Consolidated report of the administrators of SNTGN Transgaz SA for the activity carried out in 2023;
  - Remuneration report for the year 2023;
  - SNTGN Transgaz SA accounting policies;
  - Assessment of the fulfillment of financial and non-financial performance indicators for the year 2023;
  - Report on the execution of the Director General's mandate for the year 2023;
  - Report on the performance of the Chief Financial Officer's mandate for the year 2023;
  - Individual financial statements of Eurotransgaz SRL for the year 2023;
  - The consolidated financial statements of Eurotransgaz SRL for the year 2023;
  - Report of the independent auditor on the individual financial statements of Eurotransgaz SRL for the year 2023;
  - Report of the independent auditor on the consolidated financial statements of Eurotransgaz SRL for the year 2022;
  - Report on the activity of Eurotransgaz SRL administrators for the year 2023.

**26 April 2024**

- By the Resolution of the Board of Administration No. 18/26 April 2024 the following were noted, endorsed and/or approved:
  - Evaluation report on the activity of SNTGN Transgaz SA's directors regarding the execution of the mandate contracts and the management component of the Management Plan for 2023.
  - Establishment of a limited liability company with the object of activity of hydrogen transmission, with SNTGN Transgaz SA as sole shareholder.

**13 May 2024**

- By Resolution of the Board of Administration No. 19/13 May 2024, the Board of Administration took note/notified/approved the following:

- Report on the execution of the mandate of the Director General of SNTGN Transgaz SA for the first quarter of 2024;
- Report on the situation of economic and financial indicators as at 31 March 2024;
- Appointment of ERNST& YOUNG ASSURANCE SERVICES SRL as financial auditor of SNTGN Transgaz S.A. for a period of three years.

#### **20 June 2024**

- By the Resolution of the Board of Administration no. 23/20 June 2024 the "Development Plan of the National Gas Transmission System in the period 2024-2033" was approved for submission for approval to ANRE.

#### **21 June 2024**

- By Resolution of the Board of Administration no. 24/21 June 2024, the projects to be submitted by SNTGN Transgaz SA for financing under the measure "Supporting investments in new capacity for the production of electricity from renewable energy sources for self-consumption, within the Key Program 1: Renewable Energy Sources and Energy Storage" were approved, as well as the approval of the co-financing of projects and the coverage of the countervalue of ineligible expenses, namely the financing of costs incurred from own sources for investments Transgaz S. A. in the installation of photovoltaic panels (the difference between CAPEX with VAT and non-refundable funds from the Modernization Fund).

#### **28 June 2024**

- The Sustainability Report for the year 2023 was approved by the Resolution of the Board of Administration no. 25/28 June 2024.

### **2.6. Main risks related to Half II 2024**

#### **Strategic risks**

- the national and international macroeconomic and geopolitical framework changes may affect the conclusion of gas transmission contracts as well as the implementation of the strategic projects;
- decreasing natural gas consumption following the increasing of the share of consumption of green energy, generated from natural/renewable resources, i.e. wind energy, solar energy as well as nuclear energy consumption;
- restricting funding for gas projects
- the war in Ukraine has increased the level of geopolitical risk, which is now to one of its highest levels seen in the last years;
- the evolution of the Romanian economy, the global and European macro-financial climate, the internal mix of economic policies, can determine additional financing considering the increasing in the costs of some investments and the additional costs determined by the fluctuation of qualified personnel.
- frequent changes and bottlenecks in the legislative process at national level;
- instability of gas price in Romania;
- cybersecurity - cyber attacks, company information security.

**Financial risks** - arising from the way in which the company's business is financed, given the sensitivity of the result to changes in funding conditions (lending, exchange rate fluctuations, interest rate changes, liquidity).

### Operational risks

- failure to perform on time and within the scheduled parameters the works provided in the Maintenance and Technical Revision Program of MRSs and pipelines or of the SCADA system;
- impossibility to perform maintenance due to external factors such as adverse weather conditions;
- increasing expenses with maintenance and repairs in the NTS due to extreme weather phenomena;
- failure to perform the contract as a result of the contractor's reduced ability to perform the contract in accordance with the contract terms;
- lack of materials and spare parts for the execution of preventive and corrective maintenance works at the main NTS facilities;
- failure to apply environmental legal requirements during the main works at the company level;
- recruitment difficulties for certain positions in specific areas of activity;
- lack of specialised/job-specific vocational training programmes on offer.

### Investment activity risks

- failure to realise the investment programme for the following reasons:
  - ✓ lack of landowners' agreements;
  - ✓ unforeseen soil conditions;
  - ✓ failure to obtain within the established time the approvals and agreements of the landowners necessary to obtain the Building Permit;
  - ✓ lacking information or late transmission of the information reflecting the real situation in the field;
  - ✓ provision of incomplete / inaccurate data regarding the identification of land owners, by the competent bodies;
  - ✓ deficient cadastral records, at the level of local / county authorities;
  - ✓ temporary cessation of land use as a result of the discovery of vestiges;

The most appropriate **measures to minimize risks** are identified in accordance with risk management responsibilities so as to result in the lowest possible exposure to risk, including:

- strengthening cooperation relations with Natural Gas Transmission System Operators from neighbouring countries, but also with natural gas companies and other Natural Gas Transmission System Operators from the European Union and non-EU countries, with particular impact on the Balkan area and the Southern Gas Transmission Corridor in order to anticipate changes in the interconnection architecture at European level;
- analysis and preparation of the studies necessary for the development of new natural gas transmission corridors; achievement of savings in operational costs recognized by the authorities by accurately determining the technological consumption at the level of the NTS and the quantities of natural gas transported;

- optimizing the expenditure incurred at the level of organizational structures and keeping within the approved annual amounts for ongoing investment programs;
- staff training;
- planning cyber vulnerability scanning activities;
- developing or revising procedures.

## 3. ABOUT SNTGN TRANSGAZ SA

### 3.1. Mission, vision, organizational values

#### **Mission**

The fulfilment in conditions of efficiency, transparency, safety and competitiveness of the national energy strategy established for domestic and international gas transmission, natural gas dispatching and research and design in the field of natural gas transmission.

**Transgaz's mission** aims at:

- The safe operation of the NTS based on economic efficiency;
- NTS rehabilitation, upgrading and development;
- NTS interconnection with the natural gas transmission systems of the neighbouring countries;
- Development of new gas transmission infrastructures towards Western Europe;
- Ensuring non-discriminatory access to the NTS;
- The implementation of participatory management in all of the company's action fields;
- Development of the organizational culture and of the national performance standards;
- Implementation of the regulations in the natural gas sector;
- Improvement of the natural gas transmission activity informatization, preparation of the normative acts draft and European actions to support them;
- The good corporate governance principles integration into the business practice.

#### **Vision**

The company intends to become a transmission operator recognized on the international gas market, a leader on the energy market in the region with a modern gas transmission system integrated at European level and with an effective management system.

#### **Vision as a message to the community**

The responsible fulfilment of the public service mission, the safe operation of the National Gas Transmission System, high quality services, safe connection to the NTS under non-discriminatory and transparent conditions for all network users and the integration at European level of the national gas market.

#### **Vision as a message to the shareholders**

A proficient company oriented towards continuous growth of the plus value for the shareholders.

#### **Vision as a message to employees**

The company as an attractive, stable and motivating working environment with a continuous commitment to professional excellence.

**The organisational values** defining Transgaz's business ethics are the following:

- Professionalism and performance;
- team spirit;
- mutual respect;
- responsibility towards the environment and people;

**Transgaz' core strengths:**

- The quality of licensed NTS operator - monopoly;
- The solid financial profile of the company;
- The continuity of the technical, economic and financial performance;
- The predictability of the cash-flow due to the regulated character of the gas transmission activity;
- Dividends granted to shareholders.

### 3.2 The activity of the company

SNTGN TRANSGAZ is the technical operator of the National Gas Transmission System and ensures the performance in terms of efficiency, transparency, safety, non-discriminatory access and competitiveness of the object of activity established for:

- **domestic gas transmission;**
- **international gas transmission;**
- **gas dispatching;**
- **research and design in the field of gas transmission,**

in compliance with the national and European legislation and standards of quality, performance, environment and sustainable development.

The natural gas transmission activity is carried out based on the Concession Agreement for the pipelines, installations, equipment and facilities related to NTS, in the public domain of the Romanian state, concluded with the National Agency for Mineral Resources (ANRM), as the representative of the Romanian state, approved by Government Resolution 668/20 June 2002 (published in Official Journal 486/8 July 2002), valid until 2032, as further amended and supplemented by nine (9) addenda approved by Government resolutions, and based on the natural gas transmission system operating licence no. 1933/20.12.2013 issued by the National Energy Regulatory Authority (ANRE), effective until 08.07.2032.

*By ANRE Order 3/22 January 2014 on the approval of the certification of the National Gas Transmission Company Transgaz - SA Mediaș as transmission system operator of the National Gas Transmission System it was established that the company must be organized and must operate as an `independent system operator`.*

**The operation** by SNTGN Transgaz SA of the National Gas Transmission System mainly includes the following activities:

- commercial balancing;
- contracting natural gas transmission services;
- dispatching and technological regimes;
- measurement and monitoring of gas quality;

- gas odorization and international gas transmission.

**SNTGN TRANSGAZ S.A.** may also carry out other related activities to support the main object of activity, in accordance with the legislation in force and its own bylaws, being able to proceed even to the purchasing of gas only for the balancing and safe operation of the National Transmission System.

The quality of the transmission service is a constant concern of both SNTGN Transgaz SA and the National Energy Regulatory Authority. In order to monitor the quality of the natural gas transmission service based on specific indicators and minimum performance levels, starting with 1 October 2022, **ANRE Order 140/2021** on the **Performance Standard for the natural gas transmission service**, as amended, entered into force, repealing ANRE Order no.161/2015.

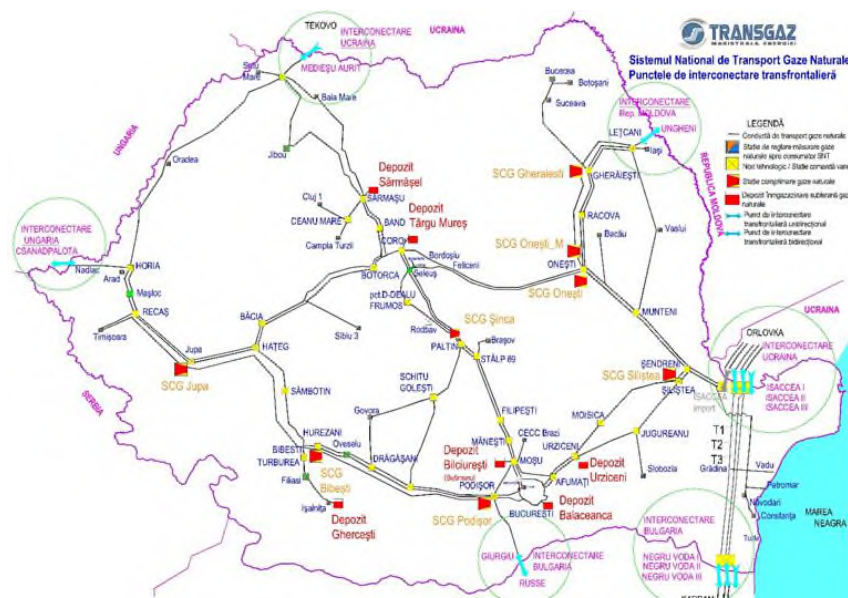
### 3.3. NTS infrastructure

#### Main components of the National Gas Transmission System:

- **13.962,13 km** of main gas transmission pipelines and connections for gas supply, of which 183,54 km international gas transmission pipelines (**Transit III**) and 481 km BRUA;
- **1.166** metering regulating stations (MRS) in operation (**1.272** metering directions);
- **60** valve control stations (VCS, TN);
- **6** gas metering stations for import/export (GMS) **Giurgiu, Medieșu Aurit, Isaccea I, Isaccea 2, Negru Vodă 1, Negru Voda 2**);
- **2** gas metering stations located on gas transit pipelines (GMS) (**Isaccea Transit III, Negru Vodă III**);
- **8** gas compressor stations (GCS) (**Șinca, Onești, Siliștea, Jupa, Podișor, Bibești, Onești M, Gherăești**);
- **1.079** cathodic protection stations (CPS);
- **1.079** gas odorization units (GOU)

The National Transmission System (NTS) has coverage across the entire national territory and has a radial-ring structure. The gas transmission and transit capacity is provided through a network of pipelines and supply connections with diameters between 50 mm and 1200 mm at pressures between 6 bar and 63 bar.





**Figure 1 - Map of the National Gas Transmission System and the NTS cross-border interconnection points**

### Cross-border interconnection points

At the end of Half I 2024, the import/export of natural gas to/from Romania was achieved by seven cross-border interconnection points, as follows:

Country	Interconnection pipeline	Technical specifications	Total technical capacity
UKRAINE	Orlovka (UA) - Isaccea (RO) * LLC GAS TSO UA → Transgaz	DN 1000, Pmax = 45 bar	6,85 Sbcm/y
	Tekovo (UA) - Medieșu Aurit (RO) ** LLC GAS TSO UA → Transgaz	DN 700, Pmax = 75 bar	2,71 Sbcm/y at Pmin=47 bar
	Isaccea 1 (RO) - Orlovka 1 (UA) Transgaz ↔ LLC GAS TSO UA	DN 1000, Pmax = 55 bar	6,85 Sbcm/y at import capacity at Pmin=46,5 bar 4,12 Sbcm/y export capacity*** at Pmin=35,4 bar
HUNGARY	Szeged (HU) - Arad (RO) - Csanádpalota (HU) FGSZ ↔ Transgaz	DN 700, Pmax = 64 bar	2,63 Sbcm/y import capacity at Pmin=40 bar 2,63 Sbcm/y export capacity at Pmin=40 bar****
REPUBLIC OF MOLDOVA	Iași (RO) - Ungheni (MO) Transgaz ↔ Vestmoldtransgaz	DN 500, Pmax = 55 bar	1,88 Sbcm/y export capacity at Pmin=39,5 bar 0,73 Sbcm/y import capacity la Pmin=24 bar
BULGARIA	Giurgiu (RO) - Ruse (BG) Transgaz. ↔ Bulgartransgaz	DN 500, Pmax = 50 bar	1,50 Sbcm/y export capacity at Pmin=40 bar 0,92 Sbcm/y import capacity at Pmin=30 bar
	Kardam (BG) - Negru Vodă 1 (RO) Transgaz ↔ Bulgartransgaz	DN 1000, Pmax = 55 bar	6,36 Sbcm/y on export capacity at Pmin=31,5 bar (of which 2,31 Sbcm/year at



			Pmin 41 bar available from the NTS) ***** 5,31 Sbcm/y import capacity at Pmin=45 bar
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\* This interconnection point is not used since there is no interconnection agreement concluded. Gas import from Ukraine is currently performed through Isaccea 1.

\*\*For this point the Romanian TSO and the Ukrainian TSO are having discussions on the signature of a new Interconnection Agreement.

\*\*\*capacity is offered on an interruptible basis (commercially) as the Annex to the Interconnection Agreement on gas quality requirements is not signed. Capacity conditional on the capacity booking at the Negru Vodă 1 IP, in the BG-RO direction.

\*\*\*\*\*The difference of capacity 6,36-2,31=4,05 billion Scm/year is available for transit, conditional on entry capacity booking at the Isaccea 1 IP in the UA-RO direction.

### 3.4. Shareholding

As of 14 November 2019, the exercising of the rights and the fulfilment of the obligations arising from the quality of shareholder of the Romanian State at the National Gas Transmission Company Transgaz SA is performed by the Romanian State through the General Secretariat of the Government, following the transfer of shares from the account of the Romanian State through the Ministry of Economy, according to GEO 68/06.11.2019 on the establishment of measures at the level of the central public administration and for the amending and supplementation of some normative acts.

According to the recordings of Depozitarul Central, on 28.06.2024 Transgaz` consolidated summary structure of holders of financial instruments of is as follows:

Shareholder's name	Number of shares	Percentage %
The State of Romania represented by the General Secretariat of the Government	110.221.440	58,5097
Free float - Other shareholders (natural and legal persons) out of which:	78.160.064	41,4903
✓ legal persons	60.216.054	31,9650
✓ natural persons	17.944.010	9,5254
<b>Total</b>	<b>188.381.504</b>	<b>100</b>

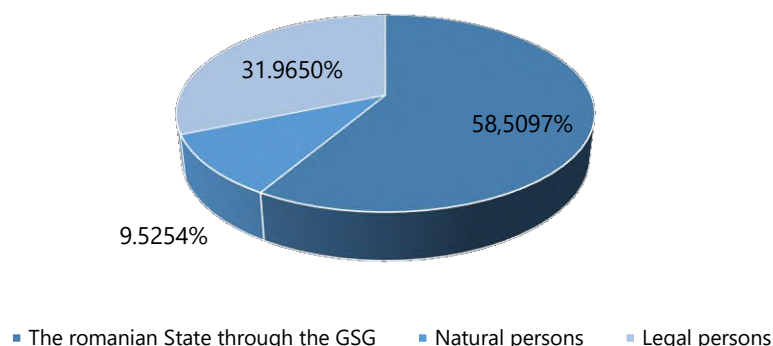
**Table 7 - Shareholding structure as at 28 June 2024**

By Resolution 11/07.12.2022 the Extraordinary General Meeting of the Shareholders of SNTGN Transgaz SA approved the increase of the share capital by incorporating the reserves constituted from the net profit of the previous financial years in the amount of 1.766.076.600 lei, from the amount of 117.738.440 lei to the amount of 1.883.815.040 lei, by issuing 176.607.660 new shares with a nominal value of 10 lei/share.

The newly issued shares do not change the shareholders' holding quotas and were distributed free of charge to all shareholders registered in the Transgaz shareholders' register, kept by the Depozitarul Central SA, on the record date of 03.05.2023, payment date 04.05.2023.

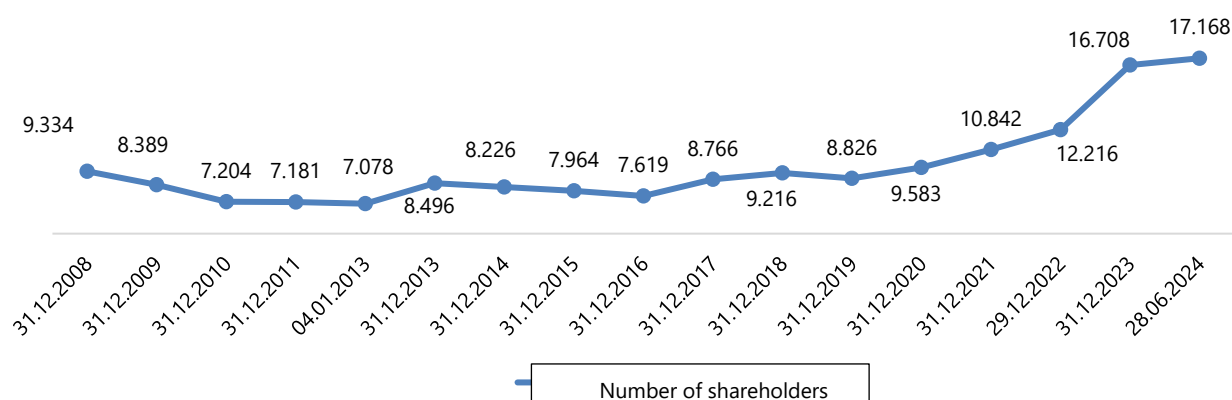
Thus, the share capital of Transgaz as at 28 June 2024 was lei 1.883.815.040 and was divided into 188.381.504 registered shares, each share having a nominal value of lei 10.

### Shareholding structure on 31 December 2023



**Chart 12 - Shareholding structure at 28 June 2024**

Regarding the number of shareholders, as at 28 June 2024, the company had 17.168 TGN shareholders, which is 3.460 shareholders more than on 29.12.2023.



**Chart 13 – Evolution of the number of Transgaz shareholders from the BSE listing date and until 28.06.2024**

## 3.5 Structure

SNTGN TRANSGAZ SA is structured into functional entities (divisions, units, departments, offices, compartments, etc.) and production entities (9 regional offices, sectors, laboratories, work units, etc.)

**SNTGN Transgaz SA** conducts its activity at the premises as follows:

### MEDIAS, SIBIU county - Romania

- **Transgaz registered office:** 1 C. I. Motaş Square, code 551130;
- **Maintenance Division:** 11 George Enescu Street, code 551018;
- **Research and Design Division:** 6 ie Boar Unirii Street, code 550173.

### BUCHAREST - Romania

- **Transgaz Representative Office – Romania:** 55 Primaverii Blvd;
- **General Inspection Division:** 155 Victoriei Blvd., District 1, code 010073;
- **Bucharest Gas Market Operation Division:** 155 Victoriei Blvd., building D1, area 6, floor 11.

## CHISINAU, THE REPUBLIC OF MOLDOVA

The SNTGN Transgaz SA subsidiaries in the Republic of Moldova are the following:

- EUROTRANSGAZ Limited Liability Company: 7/E Balcani Road, outside the build-up area, Ghidighici village;
- VESTMOLDTRANSGAZ Limited Liability Company: 7/E Balcani Road, outside the build-up area, Ghidighici village.

SNTGN Transgaz SA has 9 regional offices and a subsidiary:

- **Arad Regional Office**, 56 Poetului Street, Arad, Arad County, code 310369;
- **Bacău Regional Office**, 63 George Bacovia Street, Bacău, Bacău County, code 600238;
- **Brăila Regional Office**, 5 Ion Ghica Street, Brăila, Brăila County, code 810089;
- **Braşov Regional Office**, 102A Griviţei Bvd, Braşov, Braşov County, code 500449;
- **Bucharest Regional Office**, 24 Lacul Ursului Street, District 6, Bucharest, code 060594;
- **Cluj Regional Office**, 12 Crişului Street, Cluj-Napoca, Cluj County, code 400597;
- **Craiova Regional Office**, 33 Arhitect Ioan Mincu Street, Craiova, Dolj County, code 200011;
- **Mediaş Regional Office**, 29 George Coşbuc Street, Mediaş, Sibiu County, code 551027;
- **Constanţa Regional Office**, 2 bis Caraiman Street, Constanţa, Constanţa County, code 900117;
- **Mediaş Subsidiary**, 59 Sibiului Street, Mediaş, Sibiu County.



Figure 2 - Transgaz administrative map

## 3.6 Management

### THE ADMINISTRATIVE MANAGEMENT

The company is managed in a unitary system by the Board of Administration, consisting of 5 administrators, 1 executive administrator and 4 non-executive administrators, appointed by the General Meeting of the Shareholders. There is a **separation** between the non-executive, control function (non-executive administrator) and the executive function (directors) - mandatory separation, in the case of joint stock companies whose annual financial statements are subject to a legal auditing obligation.

The members of the company's Board of Administration on 31.12.2023 were as follows:

- **ION STERIAN** - *Executive Administrator - Director – General;*
- **PETRU ION VĂDUVA** - *Non-Executive Administrator – Chairman ;*
- **NICOLAE MINEA** - *Independent Non-Executive Administrator;*
- **ILINCA VON DERENTHALL** - *Non-Executive Interim Administrator until 16.03.2024;*
- **ADINA LĂCRIMIOARA HANZA** - *Non-Executive Interim Administrator until 16.03.2024.*

The CVs of the members of Transgaz' Board of Administration are available on the company's website at: [www.transgaz.ro/Despre noi/Consiliul de administratie](http://www.transgaz.ro/Despre noi/Consiliul de administratie)

#### Special agreements/arrangements or family ties

According to the information provided by the administrators, there is no agreement, arrangement or family relationship between that person and any other person by virtue of which that person was appointed as administrator.

#### Administrators' shareholding in Transgaz

The company's administrators do not hold shares in the company's share capital.

#### Disputes or administrative proceedings

In the last 5 years there were no litigations or administrative proceedings involving persons who are part of the administrative or executive management.

### EXECUTIVE MANAGEMENT

The Board of Administration delegated the management of the company to the Director - General of Transgaz. The Director - General of Transgaz represents the company in its relations with third parties and is responsible for taking all measures related to management, within the scope of activity of the company and in compliance with the exclusive powers established by law, the Articles of Incorporation or delegated by the Board of Administration and the General Meeting of Shareholders.

The members of the executive management of the company, with the exception of the Director - General and the Chief Financial Officer, are employees of the company, with an individual labour contract for an indefinite period of time.

The management and execution personnel within Transgaz is employed, promoted and discharged by the Director - General, based on the duties delegated by the Board of Administration.

The members of the executive management holding shares at Transgaz on 30 June 2024:

No.	Name and first name	Position	Number of shares on 30.06.2024	Interest share (%)
1	Tătaru Ion	Director	400	0,000212
2	Lupean Marius Vasile	Director	320	0,000169
3	Șai Alexandru	Director	160	0,000084
4	Niță Viorel	Director	80	0,000042

**Table 8 - Members of Transgaz' executive management holding TGN shares in the company on 30.06.2024**

#### The executive management of SNTGN Transgaz SA as at 30 June 2024:

No.	Name and first name	Position	Division/Unit
1.	Sterian Ion	Director - General	SNTGN Transgaz SA
2.	Lupean Marius Vasile	Chief Financial Officer	SNTGN Transgaz SA
3.	Leahu Mihai Leontin	Director/Deputy Director - General-delegated	Research and Design Division
4.	Iuga Alexandru	Deputy Director-General	SNTGN Transgaz SA
5.	Tătaru Ion	Director/Deputy Director - General-delegated	Development Division
6.	Simionescu Alexandru Adrian	PMU 1 Project Manager NTS Developments in North-East/ Deputy Director - General-delegated	Project Management Unit
7.	Ghidiu Elisabeta	Director	Strategy and Corporate Management Division
8.	Mateș Angela Aneta	Director	HR Organization Division
9.	Târsac Grigore	Deputy Director/ Development Division Director -delegated	Natural Gas Quality Measurement Unit
10.	Bunea Florin	Director	Operation Division
11.	Sârbu Ionel	Director	Land Regulation and Acquisition Division
12.	Oancea Paul	Director/ Exploitation Maintenance Division Director -delegated	Exploitation Maintenance Division
13.	Andronic Bogdan Constantin	Director	EU Funds and International Relations Division

14.	Luca Bogdan Avram	Director	Sectoral Procurement and Contracting Division
15.	Stoica Constantin Marius	Director	Logistics Division
16.	Costea Dragoș Vasile	Director	Gas Compression Division
17.	Iancu Cristina Daniela	Director/ Legal Division Director delegated	Projects Legal Assistance Unit
18.	Stroi Dan	Director/Research and Design Division delegated	Chief Engineer Design
19.	Oniga Ciprian	Director/ Research and Design Division Director delegated	Special Projects and Technical Support Unit
20.	Codreanu Liudmila Gabriela	Director	Internal Audit Unit
21.	Ene Alin	Director/General Inspection Division Director delegated	Control Unit
22.	Vlahbei Andra	Deputy Director/Unit Director delegated	Gas Regulation Unit
23.	Drăghici Aurelian	Director	Projects Analysis, Checking and Endorsement Unit
24.	Lupu Emil	Director	Archaeological Unit
25.	Voican Nicolae Adrian	Subsidiary Director	Mediaș Subsidiary
26.	Colcer Elena Gabriela	Economist/Chief Financial Officer delegated	Mediaș Subsidiary
27.	Alexandru Ionel	Director	Arad Regional Office
28.	Schimdt-Hăineală Eduard-Cristian	Director	Bacău Regional Office
29.	Dumitru Nicușor	Director	Brăila Regional Office
30.	Pârlea Mirel	Engineer/Regional Office Director delegated	Brașov Regional Office
31.	Gurgu Victorel	Regional Office Director/PMU Project Manager delegated	Bucharest Regional Office
32.	Goia Petru	Cluj Sector Engineer/Regional Office Director delegated	Cluj Regional Office
33.	Andrei Romeo	Director	Constanta Regional Office
34.	Niță Viorel	Director	Craiova Regional Office
35.	Oancea Paul	Director	Mediaș Regional Office

**Table 9 -Transgaz' executive management on 30.06.2024**

**VESTMOLDTRANSGAZ SRL management team structure:**

	VESTMOLDTRANSGAZ	Name and Surname
1	Company Board	1. Mihai Leontin Leahu – Chairman on behalf of Transgaz 2. Marius Constantin Stoica - Member on behalf of Transgaz 3. Octavian Costas – Member on behalf of EBRD 4. Pop-Gîscă Sanda – Member on behalf of Transgaz 5. Iancu Cristina – Member on behalf of Transgaz



2	Company Administrator	Duminică Liviu Valentin
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**Table 10 - Vestmoldtransgaz SRL management members on 30.06.2024**

### EUROTRANSGAZ SRL management team structure:

	EUROTRANSGAZ	Name and Surname
1	Administrator	Lupean Marius Vasile
2	Administrator	Vasilica Grăjdan
3	Administrator	Tătaru Ion

**Table 11 - Eurotransgaz SRL management members on 30.06.2024**

## 3.7 Human resources

The company's human resources strategy aims to cover the operational needs of the organization, through the efficient use of the human resources.

The optimal dimensioning of the number of personnel in the company is correlated with the real personnel needs required by the operational activities carried out by the company, with the modernizations and refurbishments realized for increasing the safety and efficiency in NTS operation and annex facilities, as well as the realization of the major development projects of company.

As at 30 June 2024, Transgaz Group had 4.021 employees, of which SNTGN Transgaz SA had 3.955 employees.

No.	Indicator	2021	2022	2023	Half I 2024
1	Number of Transgaz employees	4.050	4.029	4.022	3.955
2	Number of VMTG employees	34	31	61	63
3	Number of Eurotransgaz employees	3	3	3	3
<b>TOTAL</b>		<b>4.087</b>	<b>4.063</b>	<b>4.086</b>	<b>4.021</b>

**Table 12 - The evolution of the number of Transgaz Group personnel between 2021-Half I 2024**

The evolution of the number of Transgaz personnel in 2021-Half I 2024:

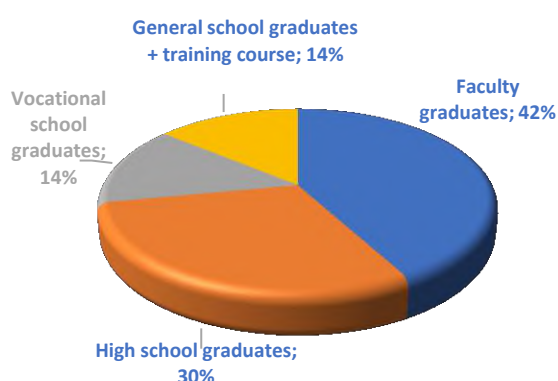
Specification	2021	2022	2023	Half I 2024
Number of employees at the beginning of the period	4.145	4.050	4.029	4.022
Number of persons employed/resuming activity	210	243	258	95
Number of employees who terminated/suspended their working relations with the company	305	264	265	162
<b>Number of employees at the end of the period</b>	<b>4.050</b>	<b>4.029</b>	<b>4.022</b>	<b>3.955</b>

**Table 13 – Number of Transgaz employees between 2021- Half I 2024**



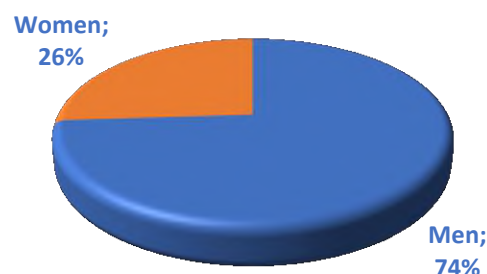
## SNTGN Transgaz SA employees structure as at 30 June 2024:

### a) By category of studies



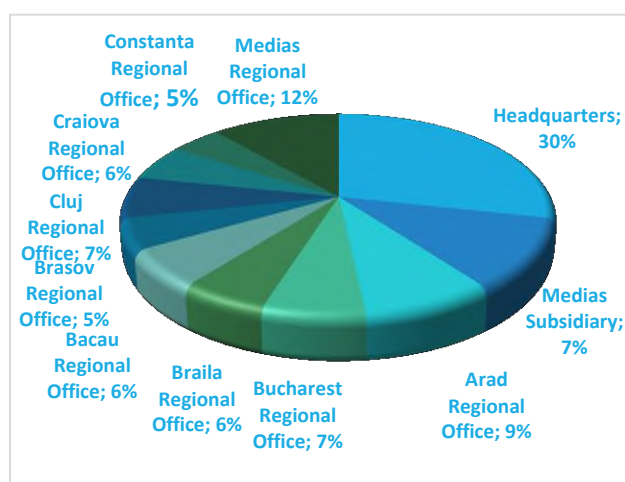
**Chart 14- Personnel structure by categories of studies as at 30 June 2024**

### b) By gender



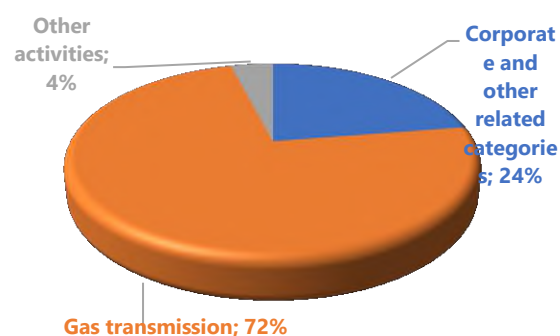
**Chart 15 - Personnel structure by gender as at 30 June 2024**

### c) By headquarters and regional offices



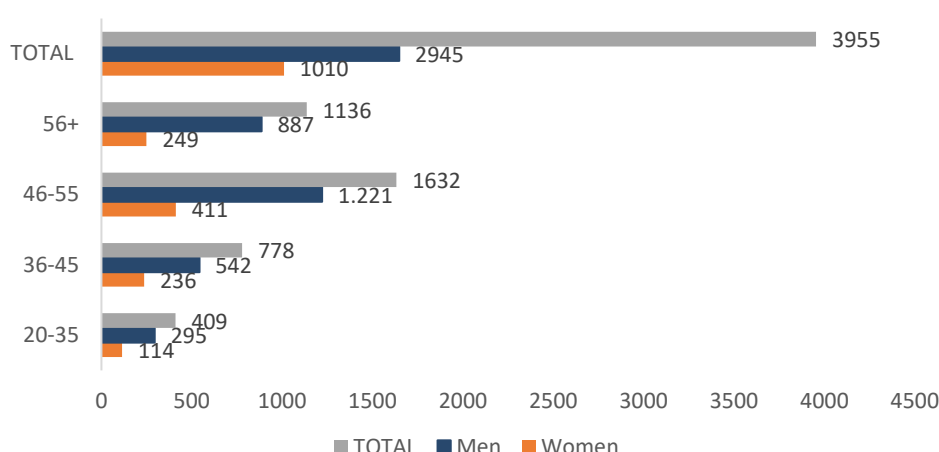
**Chart 16 – Personnel structure by headquarters and regional offices as at 30 June 2024**

### d) By activities



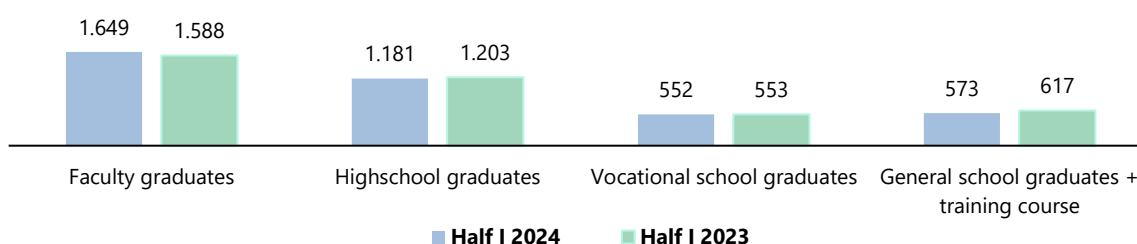
**Chart 17 - Personnel structure by activities as at 30 June 2024**

### e) By age categories



**Chart 18 - Personnel structure by age categories as at 30 June 2024**

The personnel structure by category of studies reveals the interest of the company to cover the needs of personnel through the employment of highly qualified specialists as well as the continuous improvement of the existing personnel, considering the tendencies of increasing the number of employees with higher education in parallel with the decrease of the number of employed persons with secondary education and the number of employees with general education and in training.



**Chart 19 - Personnel structure by categories of studies in Half I 2024 compared to Half I 2023**

### Improving staff training, instruction and professional development

The high level of professional competence of employees is considered a prerequisite for achieving the objectives of any organisation, which is why investment in human resources is considered profitable in all areas of activity.

This is regulated by the following legislative documents: Law 53/2003 (Labour Code), republished, as amended and supplemented; GO 129/2000 on adult vocational training, republished, as amended, approved by Law 375/2002, as amended; Law 227/2015 on the Tax Code, as amended.

The process of training employees with external training providers is carried out on a continuous and planned basis, through the participation of employees in training programs (courses, conferences, seminars, workshops and other similar types of events), hereinafter referred to as courses.

The courses aim to develop theoretical and practical knowledge common to most professions and to develop theoretical and practical knowledge specific to certain fields of activity, both of which are necessary for the performance of work, in order to fulfil the duties of the job.

The training, improvement and professional development of the company's employees is carried out on the basis of the 'Annual training and professional improvement program for employees', drawn up at company level, taking into account the provisions of Articles 194 and 195 of Law 53/2003 (Labour Code), republished, with subsequent amendments and additions, according to which the legal entity employer with more than 20 employees shall draw up annual training programs and shall ensure the participation of employees in courses at least once every two years.

In the field of training and professional development, the programs cover the areas of interest for the company's activity, namely, engineering, management of natural gas transmission systems, including SCADA, research and design, economics, legal, human resources, corporate strategy and management, information technology and communications and quality - environment, health and safety at work, security, safety, internal audit, internal and financial management control, as well as other topics of general interest necessary for the company's activity.

In Half I 2024, through the External Training and Career Management Unit, together with the Performance Evaluation and Improvement Office and the Authorization Support and Compliance Office, 54 training and professional development courses were initiated and carried out for a total of 489 participants.

At the end of Half I 2024, the degree of unionization of the labour force was 97,55 %, out of a total of 3.955 employees, 3.858 being union members.

At SNTGN Transgaz SA there are 4 trade union organizations that employees can choose to affiliate to, namely:

- The Transport Gaz Mediaș Trade Union;
- The Metan Mediaș Professional Trade Union;
- The CERTEH Mediaș Technological Research Trade Union;
- The SNTGN TRANSGAZ SA Mediaș Free Trade Union;

The Transport Gaz Medias Trade Union is the representative union at the unit level, according to Law 367/2022 of the Social Dialogue, Art. 54 (1) C, which is why they represent the employees of the company when concluding and carrying out the collective labour contract concluded at the level of SNTGN TRANSGAZ SA. The relations between the employer and the employees are regulated by the Collective Labour Contract at the company level as well as by the individual labour contracts.

Since 25.06.2024 a new Collective Labour Contract entered into force at SNTGN TRANSGAZ SA, with a validity of 24 months, registered at the Territorial Labour Inspectorate Sibiu under no. 104/18.06.2024 in the Single Register of Records.

The relations between the employer and the employees are in line with the legal provisions in force in Half I 2024 and there are no conflicting elements connected to these relations.

### 3.8 Transgaz on the Bucharest Stock Exchange

TGN shares are attractive portfolio shares due to the company's business scope, the monopoly Transgaz holds in the natural gas transmission, the company's position on the national and international energy market, the strong financial profile and the capacity of the company to generate performance, stable and predictable income, and attractive dividend policy.

SNTGN TRANSGAZ SA, through the efficient use of managerial tools and the responsible execution of the measures undertaken towards shareholders, investors, business environment and the community, managed to perform on the capital market, in the 6-month period ended on 30 June 2024, ranking 10 in the Top 15 companies listed on the Bucharest Stock Exchange, by market capitalization, according to the Monthly Bulletin issued by Bucharest Stock Exchange.

For financial year 2023, in accordance with the provisions of Resolution 3 of the Ordinary General Meeting of the Shareholders of 24.04.2024, the National Gas Transmission Company Transgaz SA makes dividend payments through Depozitarul Central SA and Banca Transilvania, the designated payment agent, as of 18 July 2024 (the payment date), for the shareholders registered as at 28 June 2024, the value of the gross dividend/share being lei 0,35.

#### **TGN share**

In the second half of Half I 2024, the closing price of TGN shares followed an upward trend, registering values significantly higher compared to the same period of 2023, with a period peak of lei 24,30/share recorded on 21.06.2024, on the background of approaching 28.06.2024, the registration date for the payment of dividends for financial year 2023.

In January 2024, the closing price of the TGN share followed an upward trend, recording higher values compared to the same period of 2023. Thus, against the background of Transgaz's development of the Climate and Decarbonization Strategy for a phased transition to a climate-neutral activity, as well as the steps taken by the company's management for the signing between SNTGN Transgaz SA and the Ministry of Energy of financing contracts amounting to EUR 93 million for two investment projects (the Black Sea - Podișor gas transmission pipeline and the Ghercești-Jitaru gas transmission pipeline), the closing price of the TGN share recorded the value of lei 19,14/share, 6% higher than in January 2023.

Later, following the publication of the preliminary financial results as at 31.12.2023, the closing price of TGN shares recorded a slight decrease, reaching on 29.02.2024 the value of lei 19,02/share.

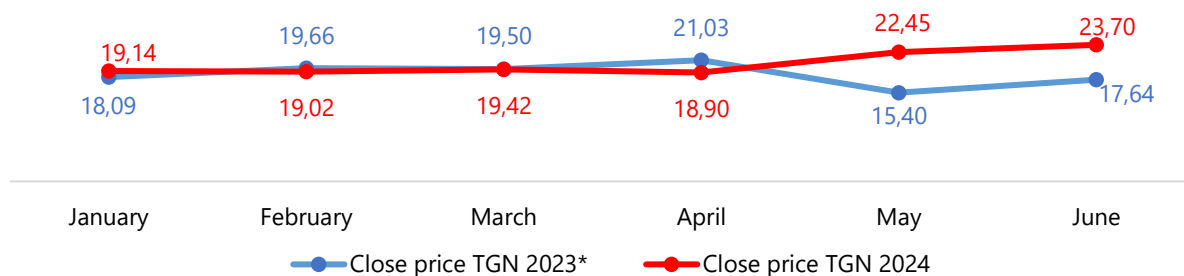
In March, following the publication of the documents for the General Meeting of the Shareholders on the approval of the final annual financial results and the proposal of the dividend amount for financial year 2023, the TGN share price reaches on 28.03.2024 a monthly peak of lei 19,62/share. Compared to the end of March 2023, the closing price of TGN share on 29.03.2024 was lei 19,42/share, which is lower by 0,4%.

In April, the closing price of the TGN share continued its downward trend, registering on 30.04.2024 the value of lei 18,90/share, approximately 10% less than on 30.04.2023, i.e. lei 21,03/share.

Later, in May, against the background of the publication of the financial results for the Q I 2024, in the context of Fitch's affirmation of the company's BBB- rating with a stable outlook, , following the signature by the company's management of the financing contract with the Ministry of Energy for gas supplying to Mintia Power Plant and based on the approval of the transmission tariffs by

ANRE, the TGN share price increased by approximately 46% compared to the same period of the previous year, amounting to lei 22,45/share on 31.05.2024.

In June the TGN share continued its upward trend, registering on 21.06.2024 the value of lei 24,30/share, a peak of the analysed period, mainly due to approaching 28.06.2024, the registration date for the payment of dividends for financial year 2023. Compared to the end of June 2023, the closing price of the TGN share on 30.06.2024 increased to lei 23.70/share, which is higher by 34%.

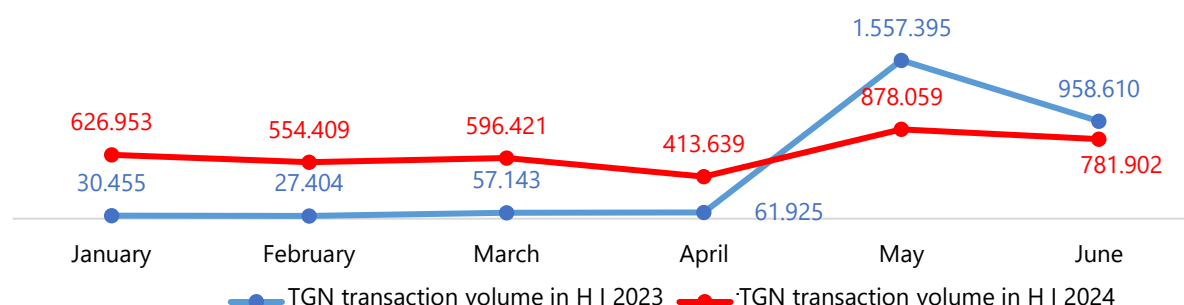


**Chart 20 - The closing price of the TGN shares in 01.01.2024 – 30.06.2024 vs. 01.01.2023 – 30.06.2023**

\* To ensure the most accurate reflection of the TGN share value evolution, the price indicated in the chart is adjusted by the 1:16 ratio for the period 03.01-28.04.2023, taking into account the operation of increasing the share capital of SNTGN Transgaz SA by incorporating the reserves with 03.05.2023 the registration date and 04.05.2023 the payment date.

Traded volumes and transaction values for the period ended 30 June 2024 registered higher values compared to Half I 2023. Thus, in the first 4 months of 2024 the traded volumes recorded an average growth approximately 16 times higher than compared to the same period of 2023.

Later, in May and June 2024, they registered lower values compared to the same period of 2023, due to the fact that on 04.05.2023 the operation of increase of the share capital of SNTGN Transgaz SA took place by incorporation of reserves, constituted from the net profit of the previous financial years in the amount of lei 1.766.076.600 from the amount of lei 117.738.440 to the amount of lei 1.883.815.040, by issuing 176.607.660 new shares, and each shareholder registered in the Transgaz shareholder register on the registration date received free of charge a number of 15 shares for 1 share held.



**Chart 21 - TGN transactions volume in 01.01.2024 – 30.06.2024 vs. 01.01.2023 – 30.06.2023**

In Half I 2024 trading values were oscillating compared to the same period in 2023.

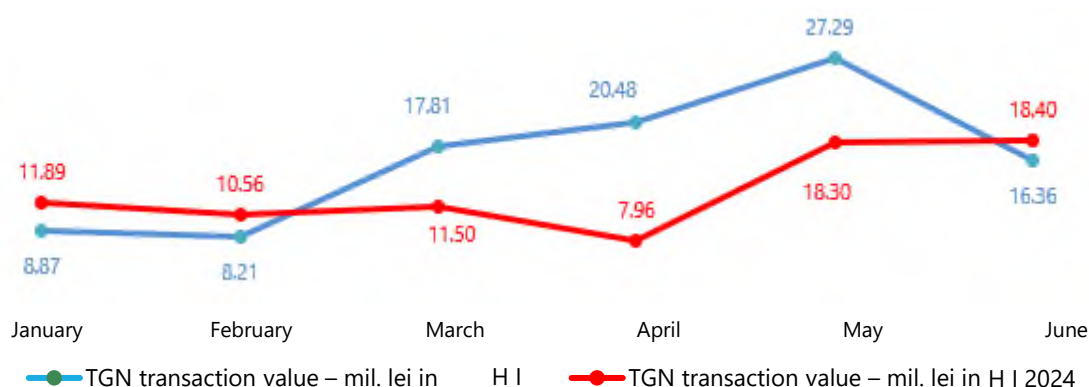
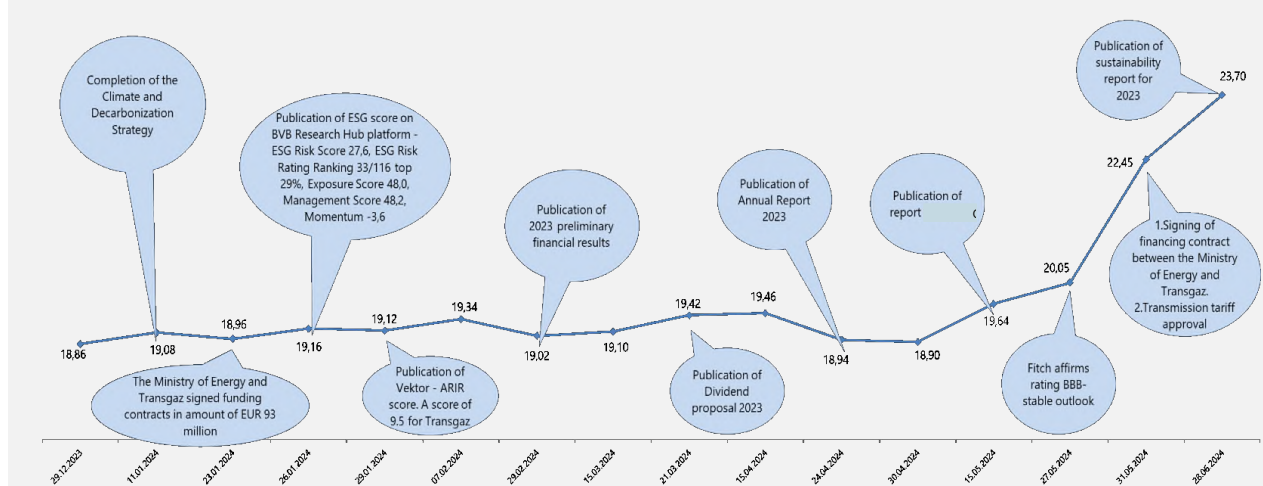


Chart 22 - TGN trading value – mil. lei in 01.01.2024 – 30.06.2024 vs. 01.01.2023 – 30.06.2023

### Main corporate events with an impact upon the TGN share price in January - June 2024



### Stock Market Indices: P/BV, EPS, PER, DIVY

Date	P/BV	PER*	DIVY	EPS
30.06.2024	1,06	24,04	1,48	0,99
30.06.2023	0,80	9,57	3,97	1,84

\*date PER 31 December 2023 and 31 December 2022

In the six month period ended 30 June 2024, **the P/BV ratio** (a share price to book value ratio) increased compared to the same period of 2023, the over-unit value of this indicator showing that the TGN share is correctly valued by the market.

At the same time, **the PER ratio** (share price to earnings ratio) recorded a net higher value compared to the value recorded on 30.06.2023, reflecting investors' confidence in the company's activity but also the fact that the TGN share is an expensive share.

The decrease in **dividend yield (DIVY)**, compared to the value recorded on 30.06.2023, was determined by the lower value of the gross dividend for financial year 2023, namely lei 0,35/share (according to OGMS 3/24.04.2024) as compared to lei 0,70/share (according to OGMS 5/27.04.2023).

Also, from the data presented it results that the **EPS (profit per share)** decreased in Half I 2024 as compared to the same period of 2023, recording a value of 0,99, due to the increase in the number of TGN shares on the market as a result of the company's share capital increase and decrease of the profit for financial year 2023.

#### **TGN share in the stock market indices (BET, BET-TR, BET Plus, BET-NG, BET-XT, BET-BK)**

On 28 June 2024, the last trading day of the year, the weighting of the TGN share in the composition of the stock market indices analysed above is as follows:

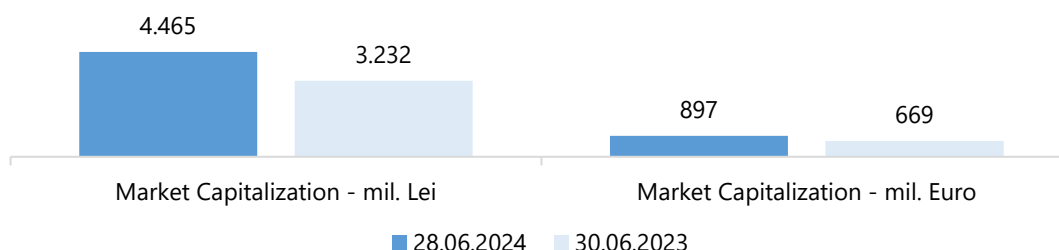
<b>Name of stock market index</b>	<b>Place</b>	<b>Share in index</b>
<b>BET</b> (the BSE reference index, it represents the 10 most liquid companies listed on the BSE)	9	3,09%
<b>BET-BK</b> (benchmark index, calculated as a price index weighted by the free float capitalisation of the most traded companies listed on the BSE regulated market)	12	4,66%
<b>BET-NG</b> (sector index / energy - utilities)	6	5,72%
<b>ROTX</b> price index weighted by free float capitalization and reflecting in real time the movement of "blue chip" shares traded on the Bucharest Stock Exchange)	9	3,30%
<b>BET-XT</b> (blue-chip index reflects the price evolution of the most liquid 25 traded companies)	9	3,07%
<b>BET-TR</b> (total return index, based on the structure of the market reference index, BET, and reflects both the price evolution of the component companies and the dividends they offer)	9	3,11%
<b>BET-XT-TR</b> (the total return BET-XT index, including the 25 most traded Romanian companies listed on the Bucharest Stock Exchange. The BET-XT-TR index reflects both the price evolution of the component companies and the dividends they offer)	9	3,10%

#### **Stock market capitalization**

The stock market capitalization of the company at the end of Half I 2024 increased compared to the same period of the previous year by approximately 38%, that is by lei 1.233 million (~ EUR 228 million), from lei 3.323 million (EUR 669 million) registered on 30.06.2023 to lei 4.645 million (~EUR 897 million) registered on 30.06.2024.



Currency	2024		2023	
	03.01.2024	30.06.2024	03.01.2023	30.06.2023
LEI	3.541.572.275	4.464.641.645	3.396.753.994	3.323.049.731
EURO	712.145.799	897.036.757	689.374.301	669.510.765
Euro/BNR exchange rate	4,9731	4,9771	4,9273	4,9634



**Chart 23 - Stock market capitalization of Transgaz on 30.06.2024 vs. 30.06.2023**

Following the market capitalization registered by the company in June 2024, the Bucharest Stock Exchange ranked Transgaz **10 in the Top 15 companies listed on the Bucharest Stock Exchange, by market capitalization.**

**The TGN share compared to BET, BET-BK, BET-TR, ROTX, BET-NG and BET-XT stock indices in Half I 2024:**

### TGN VERSUS BET

Published on TradingView.com, July 04, 2024 12:36:29 EEST  
BVB:BET, D 0: 18257,2000 H: 18298,5800 L: 18245,0900 C: 18257,5200



TradingView

### TGN VERSUS BET-BK

Published on TradingView.com, July 04, 2024 12:47:08 EEST  
BVB:BET-BK, D 0: 3396,8800 H: 3401,8500 L: 3390,8000 C: 3391,9300



TradingView

## TGN VERSUS ROTX

Published on TradingView.com, July 04, 2024 12:48:12 EEST  
BVB:ROTX, D 0:40167,9900 H:40221,5200 L:40098,9900 C:40172,0200



TradingView

## TGN VERSUS BET-NG

Published on TradingView.com, July 04, 2024 13:15:13 EEST  
BVB:BET-NG, D 0:1304,5200 H:1304,6800 L:1300,2700 C:1302,9500



TradingView

## TGN VERSUS BET-TR

Published on TradingView.com, July 04, 2024 13:17:59 EEST  
BVB:BET-TR, D 0:29803,6400 H:39969,3300 L:39803,6400 C:39864,6700



TradingView

## TGN VERSUS BET-XT

Published on TradingView.com, July 04, 2024 13:18:59 EEST  
BVB:BET-XT, D 0:1557,5600 H:1560,5300 L:1553,3100 C:1555,0000



TradingView

Source: <http://www.bvb.ro>

**Chart 24 – The TGN share compared to stock exchange indices BET, BET-BK, BET-TR, ROTX, BET-NG and BET-XT in Half I 2024**

As it can be noted, the TGN share had a similar evolution to that of the main stock market indices BET, BET-BK, ROTX, BET-NG, BET-TR and BET-XT in the first part of Half I 2024, after which, in the middle of the semester, it registered an evolution with values below those of the main stock market indices. Later in the last part of Half I 2024, the TGN share changed the trend with an evolution above the values recorded by the main stock market indices.

## Dividend policy

In 2024 the proposal for determining the value of the dividends for financial year 2023 was established according to GO 64/2001 on the distribution of profit to national enterprises, national companies and trading companies with full or majority state capital, as well as to autonomous administrations as amended, of the specifications approved by Order 144/2005 of the Minister of Public Finance on the approval of the Specifications for determining the amounts subject to profit distribution in accordance with Government Ordinance 64/2001 on the distribution of profit to national enterprises, national companies and trading companies with full or majority state capital, as well as to autonomous administrations, approved as amended by Law 769/2001, as amended, and of Law 227/2015 on the Tax Code.

The distribution of the net profit as dividends was 51,12090909%. The distribution ratio foreseen in the revenue and expense budget for year 2023 approved by OGMS Resolution 2/16.02.2023 is 50%.

According to Article 67 (2) of Law 31/1990 on trading companies, republished as amended, dividends are distributed to shareholders proportionally to their stake in the share capital.

Thus, in accordance with OGMS Resolution 3/24.04.2024, SNTGN Transgaz SA paid dividends through Depozitarul Central SA and Banca Transilvania, the appointed paying agent, starting from 18 July 2024 (the date of payment), for the shareholders registered at the registration date of 28 June 2024, the value of the gross dividend/share amounting to lei 0,35.

### **Transgaz' rating**

From 2006 to March 2019, S&P Global Ratings rated and monitored the Transgaz rating. Getting this rating was a necessary step in addressing an openness policy to international capital markets, with a view to obtaining the most advantageous sources of funding and also providing a valuable instrument investors in the IPO stock listing process as well as the SPO. Thus, S&P Global Ratings published the latest report in 2018, revising the outlook for Transgaz, from stable to negative, and, at the same time, it affirmed the company's credit rating at BB +.

In 2019, following the internal analysis and in compliance with all the legal provisions regarding the procurement of rating services, the company concluded a credit rating contract with Fitch Ratings. Thus, following the evaluation, on 17 July 2019 the agency awarded Transgaz the 'BBB-' rating, Stable Outlook.

The most recent review dated May 2024, Fitch Ratings confirming the company's rating of **'BBB-' with Stable Outlook**. According to the opinion of the assessors presented in the rating report *"The ratings reflect SNTGN TRANSGAZ SA's (Transgaz) solid business profile as the concessionaire and operator of the gas transport network in Romania, which we perceive as broadly unchanged following the recent addition of Moldova's gas TSO operations, as well as our expectation of regulatory continuity into the new five-year regulatory period (RP5), whose start has been postponed by one year to October 2025"*.

### **3.9 List of all entities where Transgaz holds shares**

- **SC MEBIS SA Bistrita**, based in Bistrita, (J06/150/1991), where SNTGN Transgaz SA owns 17.47% of the share capital, having as object the realization of metal structures and complex welded assemblies, assemblies and hydraulic products; is in liquidation proceedings, which is why the shareholding in SC MEBIS SA was fully provisioned. SNTGN Transgaz SA has no obligations towards SC MEBIS SA;
- **SC Resial SA** with headquarters in Alba Iulia (J01 / 77/1991), where SNTGN Transgaz SA owns 68.16% of the share capital, having as object the production and marketing of silico aluminous refractory products, entered into liquidation procedure in year 2006; the procedure is carried out by a court bailiff appointed by the court and is independent of the control of Transgaz,

which is why the share is not consolidated and is recorded at the cost less the impairment provision established at 100% of the cost. The loan granted to SC RESIAL SA is fully serviced. The management does not expect Transgaz to recover any amount of this share and does not record any residual liabilities for SC RESIAL SA;

- **SC EUROTRANSGAZ SRL** with headquarters in Chisinau, Republic of Moldova, where SNTGN Transgaz SA owns 100% of its share capital with the objective of producing, transporting, distributing, storing and supplying natural gas, pipeline transport, storage as well as business consulting activities; management (establishment of this subsidiary was approved by EGMS Resolution No. 10 of 12.12.2017); in 2018, the subsidiary purchased State Enterprise Vestmoldtransgaz.

- **Shareholding in TRANSPORT ROMANIA HIDROGEN S.R.L.**

The incorporation of the a limited liability company for hydrogen transmission with SNTGN Transgaz SA as sole shareholder was approved by EGMS Resolution No. 5 dated 05 June 2024.

## 4. ACTIVITY ANALYSYS

### 4.1 Operation activity

**Domestic gas transmission ensures** the fulfilling of all obligations of Transgaz to provide NTS access to network users in equivalent, non-discriminatory and transparent conditions and contract clauses.

In Half I 2024, a total of 516 contracts were concluded and signed with network users, or the duration of contracts was extended, of which 512 contracts for domestic points and 4 contracts for cross-border interconnection points, for gas transmission services, including annual, quarterly, monthly, daily, within-day capacity products for National Gas Transmission System entry/exit points, including for the Csanadpalota, Ruse - Giurgiu, Negru Vodă 1/Kardam and Isaccea 1/Orlovka and Ungheni interconnection points.

The total number of gas contracts concluded for gas transmission with capacity booking at the domestic NTS entry/exit points, concluded in Half I 2024, by booking period:

Contract type	Annual	Quarterly	Monthly	Daily	Total
No. of contracts	6	38	457	11	512

The gas quantities circulated and transmitted through the National Transmission System (NTS) and the technological consumption in 01.01.2021-30.06.2024 are as follows:

Indicator	MU	2021	2022	2023	Half I 2024
1	2	3	4	5	6
<b>Circulated gas</b>	thousand cm	14.098.211	13.106.226	13.110.875	6.504.954
<b>Transmitted gas</b>	thousand cm	14.026.269	13.032.066	13.055.920	6.472.933

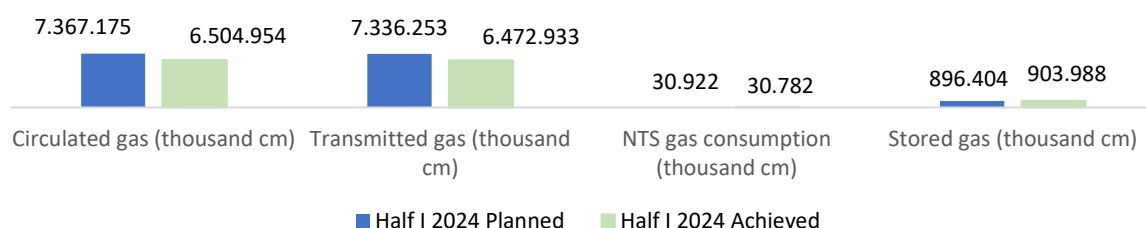
<b>NTS gas consumption</b>	thousand cm	70.188	70.739	57.690	30.782
<b>The share of NTS gas consumption / circulated gas</b>	%	0,50%	0,54%	0,44%	0,47%

**Table 14 - Gas quantities circulated, transmitted, and NTS gas consumption in 2021-Half I 2024**

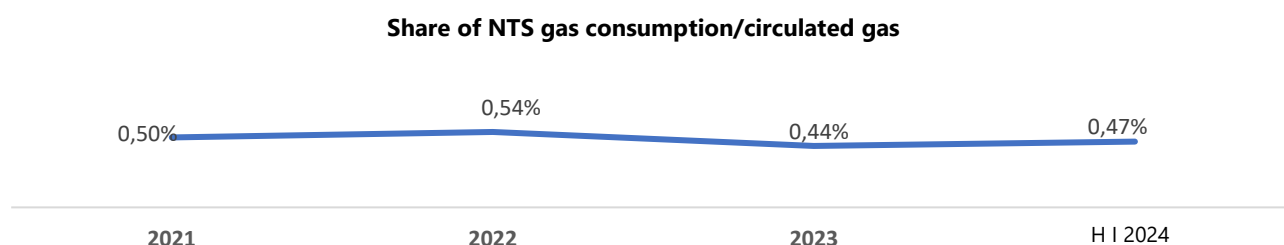
The gas quantities circulated and transmitted through the National Transmission System, NTS consumption and the quantity stored, planned and achieved in Half I 2024, compared to the same period of the previous year, is as follows:

	MU	Half I 2023			Half I 2024		
		Planned	Achieved	%	Planned	Achieved	%
<b>Circulated gas</b>	thousand cm	6.694.715	6.392.623	95,5	7.367.175	6.504.954	88,3
<b>Transmitted gas</b>	thousand cm	7.422.702	6.363.964	85,7	7.336.253	6.472.933	88,2
<b>NTS gas consumption</b>	thousand cm	33.413	30.640	91,7	30.922	30.782	99,6
<b>Stored gas</b>	thousand cm	784.389	954.873	121,7	896.404	903.988	100,85

**Table 15 - Planned vs achieved gas quantities circulated, transmitted and NTS consumption in Half I 2024 and Half I 2023**



**Chart 25 - Planned vs. achieved gas quantities circulated, transmitted and NTS consumption in Half I 2024**

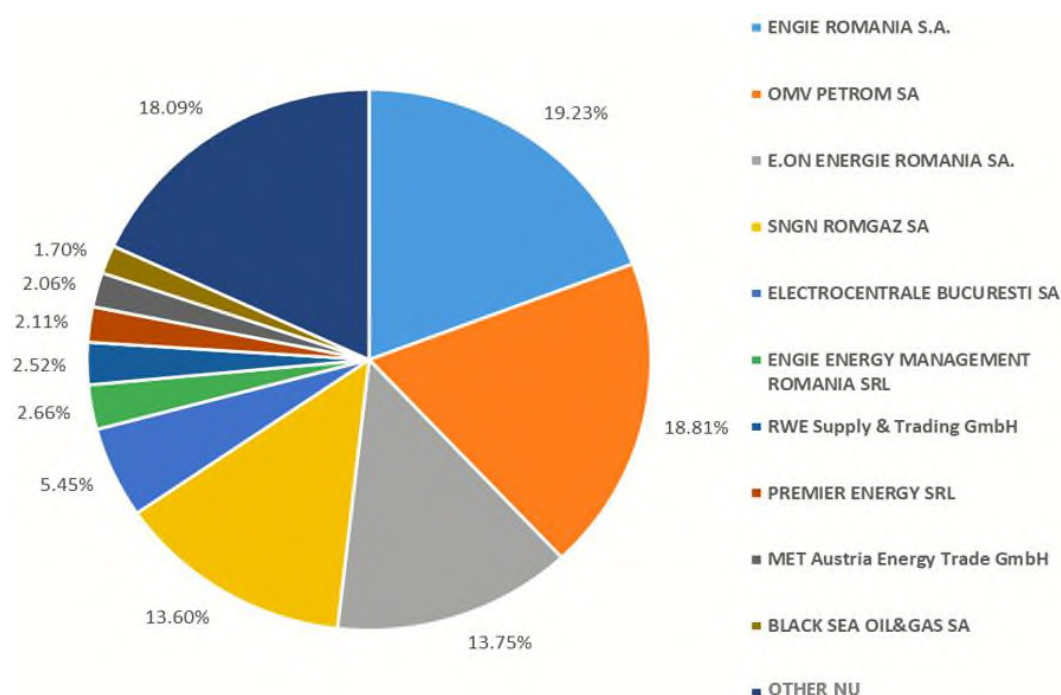


**Chart 26 - The share NTS gas consumption in total circulated gas in 2021-Half I 2024**

	2021	2022	2023	Half I 2024
<b>PLANNED NTS GAS CONSUMPTION–thousand cm</b>	79.423	86.136	60.880	30.922
<b>ACHIEVED NTS GAS CONSUMPTION–thousand cm</b>	70.188	70.739	57.690	30.782

**Table 16 – Gas quantities as NTS gas consumption achieved vs planned in 2021-Half I 2024**

**The main beneficiaries** of the gas transmission service in Half I 2024:



**Chart 27 - The share of the main NTS users in Half I 2024**

Through the **transmission services** contracted in Half I 2024, the total quantity of 69.257.207,321MWh (6.472.932,907 thousand cubic meter) was transported to:

	MWh	thousand cm	%
<b>Distribution</b>	37.504.153,594	3.507.416,242	54,15
<b>Direct customers</b>	14.219.430,971	1.336.737,928	20,53
<b>Storage</b>	9.655.072,740	903.988,050	13,94
<b>Export Csanadpalota, Giurgiu Ruse, Negru Voda, Ungheni</b>	7.878.550,016	724.790,687	11,38



## 4.2 The investment activity

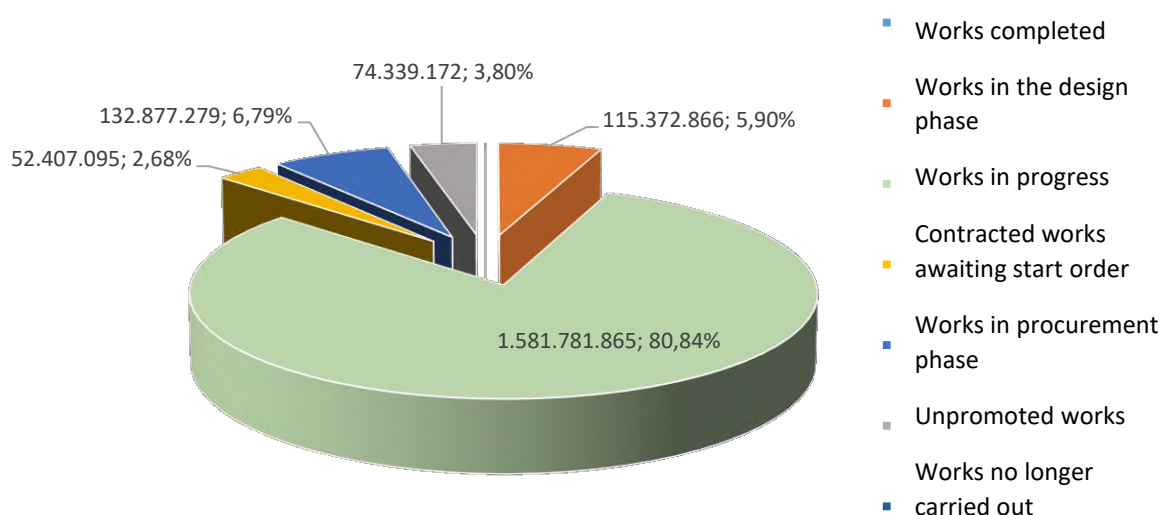
The investment activity is mainly directed towards the modernization and development of the NTS in order to improve efficiency, to increase its capacity and to develop new consumption areas.

The amount of investment funds for 2024, initially approved in the revenue and expense budget was lei **1.956.778.277** according to Board of Administration Resolution 36/19.12.2023.

Compared to the total value of the program of **lei 1.956.778 thousand**, the total value of achievements is lei **639.962** thousand, which is a program fulfilment of **32,70%**.

In January 2024, the structure of the Modernisation and Investment Development Plan was as follows: 80,84% works in progress from 2023, 6,79% works in the procurement procedure, 5,90% works at the engineering phase, 3,80% works not requested and 2,68% contracted works awaiting commencement order to be issued.

**Modernisation and Investment Development Plan – January 2024**



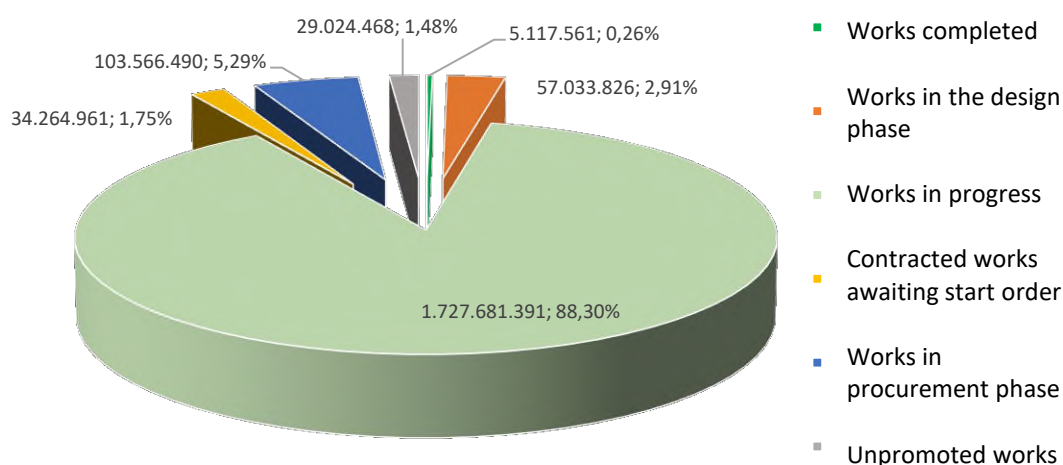
**Chart 28 – Modernisation and Investment Development Plan 2024 – January 2024**

**At the end of H I 2024 the structure of the Modernisation and Investment Development Plan was as follows:** 88,30% works in progress, 5,29% works in the engineering phase, 2,91% works in procurement phase, 1,75% contracted works awaiting commencement order to be issued, 1,48 % works not requested and 0,26% works completed.

Compared with the situation of the works at the end of January, the percentage of works in progress increased, mainly in conjunction with a decrease in the percentage of works in the design and procurement phase.



### Modernisation and Investment Development Plan - June 2024



**Chart 29 – Modernisation and Investment Development Plan 2024 – June 2024**

### The main investment objectives completed in Half I 2024 are the following:

- TN Racova - power supply to actuator and automation components;
- Capacity increase PRMS Lețcani;
- Connection and PRMS Dumbrava, Ciurea, Iași county;
- Connection and PRMS Gușoeni, VL;
- Connection and PRMS Dorobanț (Aroneanu), Iași county;
- Arranging the crossroad between DN73A - KM 16+305 with the access road to TN Stâlp 89 Râșnov and modernization of the access road to the objective;
- Securing DN300 connection pipeline Stejari MP connection in the vicinity of Amărăzuia stream, Stejari, Gorj county;
- Cathodic protection on the gas transmission DN400 connection pipeline MRS Alprom Slatina, Olt county;
- Flow computer type ERZ-2000 NG;
- Securing the gas transmission pipelines DN 500 Filipești - Răzvad and DN 400 Filipești - Moreni, undercrossing of the Cricovul Dulce river, I.L. Caragiale area, Dâmbovița county - acceptance underway;
- Securing the above-crossing over the Tarnava Mica river with DN200 Fântânele-Sovata gas transmission pipeline, Chibed area, Mures county
- Replacement of the undercrossing of the county road, railway Bucharest Beltway and railway Progresu of the gas transmission pipeline DN 700 Bucharest Ring, Moara Domneasă-Măgurele section;
- DN 500 Plătărești-Bălăceanca gas transmission pipeline - acceptance underway

- Securing DN 350 Cășei-Baia Mare gas transmission pipeline at the undercrossing of the Craica stream, Baia Mare area, Maramureș county - acceptance underway

### **The main works in progress:**

- Development on the Romanian territory of the Southern Transmission Corridor for taking over the Black Sea gas, Black Sea–Podișor Gas Transmission Pipeline;
- DN600 Mihai Bravu – Siliștea gas transmission pipeline and transformation into a piggable pipeline, Danube Undercrossing Măcin Arm and Borcea Arm;
- MRS Timișoara I – MRS Timișoara III gas transmission pipeline (including power supply, cathodic protection and optical fiber);
- Deta - Denta - Moravița gas transmission pipeline, Timiș County;
- Tg. Neamț - Balătești gas transmission pipeline, Neamț county;
- Modernization of central hardware and software infrastructure - servers and SCADA operator stations;
- Securing DN 800 Butimanu - Brazi gas transmission pipeline at the Prahova river undercrossing, Stâncești area, Prahova county;
- Deviation of DN 800 Onești-Han Domnești and DN 500 Onești-Adjudul Vechi, gas transmission pipelines at Căiuți, Bacău county;
- Securing DN 800 BRUA gas transmission pipeline, Jupânești area, Gorj county
- Modernization of CS Vințu;
- Ariniș - Oarța de Jos gas transmission pipeline (including power supply, cathodic protection and optical fiber);
- MRS Moinești I (Dealul Mare) connection to the NGNTS and to the gas Distribution System;
- Location of metallic containers module for offices and storage spaces for Ploiești sector;
- Construction of administrative building and materials storage at the Bucharest Regional Office (design and execution);
- Connection and PMRS CC Thermoenergy, Bacău, BC county;
- Capacity increase PRMS Reditu, IS;
- Connection and PRMS Copalău, BT;
- Connection and PRMS Valea Mare Pravăț, Argeș county;
- Connection and PMRS Visina, Olt county;
- Connection and PMRS Borlești, Neamț county;
- Connection and PRMS Almaj, Dolj county;
- Connection and PRMS Niculești, Dâmbovița county;
- Connection and PRMS Botești, Neamț county;
- Connection and PRMS Târgu Trotuș, Bacău county.
- Connection and PRMS Toplița, Harghita county.

### **The main works under procurement are:**

- Natural gas transmission pipeline Prunișor-Orșova-Băile Herculane-Jupa;
- Natural gas transmission pipeline Tetila-Horezu-Râmnicu Vâlcea (including power supply, cathodic protection and fiber optics);

- CTGN Bentu, CTGN Siliștea București-Cotu Ciorii;
- Natural gas transmission pipeline to supply natural gas to CET Mintia (including electricity supply, cathodic protection and fiber optics);
- Natural gas transmission pipeline Ghercești - Jitaru;
- Coupling of the overhead crossing of the Siret river in the DN 800 Han Domnești-Tecuci natural gas transmission pipeline, Cosmești area
- Replacement of the natural gas transmission pipeline DN 500 Moinești-Dărmănești, in the area of Dărmăneasca-Dărmănești, Bacău county;
- Securing the aerial crossing of the Arieș river with the natural gas transmission pipeline DN 500 Ozd - Câmpia Turzii in the area of Luncani, Cluj county;
- Connection and PMRS Ciumeghiu, BH;
- Capacity increase PMRS Tămășeni (existing), Neamț county;
- Connection and PMRS Cefin 2, Ilfov county;
- Capacity increase PMRS Brătuleni Vorovești, Iași county;
- Connection and PMRS Budești, Vâlcea county

**Main works in the process of drafting the technical design documentation:**

- Segarcea-Băilești-Calafat natural gas transmission pipeline;
- Vladimirescu-Lipova natural gas transmission pipeline;
- BRUA (Phase II);
- Natural gas transmission pipeline DN 500 Horia-Borș;
- Techirghiol-Ovidiu natural gas transmission pipeline;
- Increasing the transmission capacity of the NTS and the security of natural gas supply of the Ișalnița Electrocentrale branch (Dolj County) and the Turceni Electrocentrale branch (Gorj);
- Natural gas transmission pipeline DN 800 Bordoșiu-Coroi (including electricity supply, cathodic protection and fiber optics);
- CS Coroi;
- Connection and PMRS Roserv Green Energy Onești, Bacău county;
- Capacity increase Connection and PMRS Luna, Cluj county;
- Installation of the DN600/ANSI400 PIG receiving station in TN RECAS;
- Transmission pipeline 28" Gănești - Botorca and realization of interconnections between the new pipeline 28" Coroi - Gănești and the pipelines 28" Band - Idrifaia, respectively 24" Coroi - Botorca - Băcia (West II), in the area of Bahnea and Gănești;
- Securing of the DN 300 Agârbiciu - Sibiu pipeline, Șeica Mare area;
- Installation of a natural gas flow metering system at the GMS Negru Voda Transit 1 (flow computers, supervision system and transducers);
- Making safe the natural gas transmission pipeline DN500 Schitu Golesti-Tigveni at the aerial crossing of the stream Valea Danului, area loc. Valea Danului, Argeș county;
- Connection and PMRS Craiova Sud, Dolj county;
- Modernization and replacement of technological installations in MRS Miercurea Ciuc;
- Modernization of MK Constanta, MK Constanta;
- Valea Lungă warehouse modernization.

## MAJOR PROJECTS

For compliance with Art. 22 of European Directive EC/73/2009 on the obligation of all EU gas transmission system operators to prepare a **TYNDP**, on a yearly basis, SNTGN Transgaz SA Mediaș, as the technical operator of the National Gas Transmission System of Romania, prepared the **Development Plan for the gas transmission system for 2022-2031, approved by ANRE by Decision No.1944/01.11.2022 updated and approved by ANRE by Decision No. 1956/04.08.2023.**

Through the proposed major projects, the company aims to become an energy hub in Eastern Europe both from the perspective of achieving a gas transmission network strongly interconnected with similar gas transmission networks in the region, and from the perspective of gas supplying.

### ***Development on the Romanian territory of the National Gas Transmission System on the Bulgaria – Romania – Hungary – Austria Corridor – Phase II***

In the year 2023, the tender documents for the purchase of compression units were finalised. The Technical Documentation for obtaining the Building Permit is completed and submitted to the Competent Authority for Projects of Common Interest and the updated Technical Design is approved by the TEC.

The BRUA Phase II project involves increasing Romania's natural gas transmission capacity from Receaș at Horia to Hungary to 4,4 billion cubic metres per year and expanding the compression stations at Podișor, Bibești and Jupa, as well as the bi-directional flow between Romania and Hungary.

Unlike BRUA Phase I, which is considered a Security of Supply project, BRUA Phase II is considered a commercial project and the Final Investment Decision will only be taken if the project is commercially viable.

### ***Development on the Romanian territory of the transmission pipeline for taking over the Black Sea gas (Tuzla – Podișor)***

The project Black Sea-Podișor natural gas transmission pipeline is included in the TYNDP and in the list of EU projects of common interest and was submitted for funding through the Modernisation Fund, obtaining a financing of euro 85 million. The funding gap will be covered by a competitive financial mix.

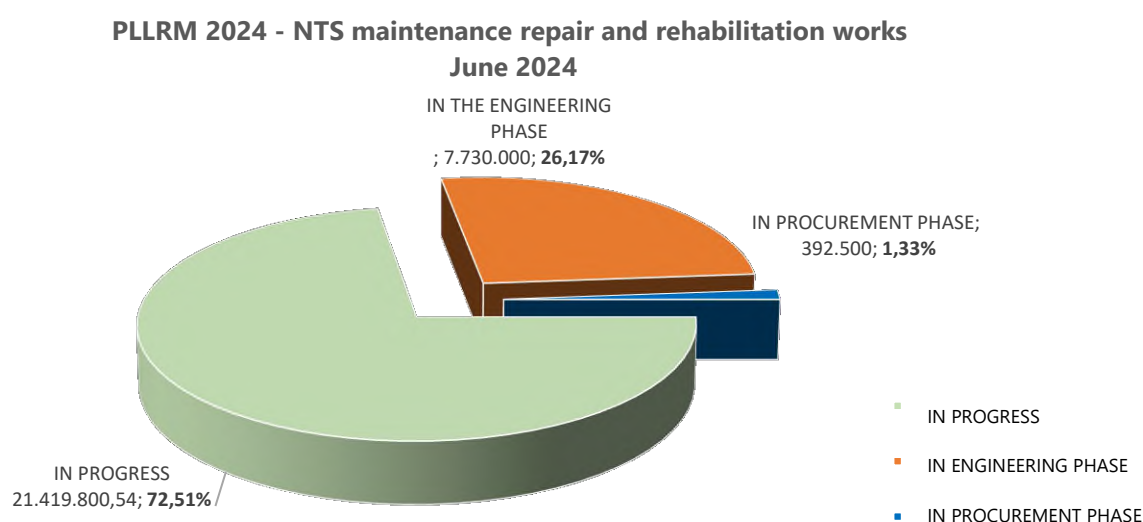
The pipeline will be located in the south-eastern part of the country and crosses 3 counties: Constanța, Călărași and Giurgiu, i.e. 42 administrative territorial units (TAU). This investment will significantly contribute to increasing the security of natural gas supply in Romania, to diversifying the sources of natural gas supply, to the social and economic development of the areas crossed, through the creation of new jobs, both during the implementation of the project and during its operation.

On June 16, 2023, at the seat of the Romanian Government, the works commencement order for the Tuzla-Podîşor gas pipeline was signed. The contract for the execution of the works worth about 500 million euro was signed with KALYON INSAAT SANAYI VE TICARET ANONIM SİRKETİ from Türkiye. The state of progress of the execution works as of 30.06.2024 is about 40%.

### 4.3. Maintenance activity

#### Repair and Rehabilitation Works Programme for NTS Maintenance

The **Repair and Rehabilitation Work Plan for NTS Maintenance (PLRRM) 2024** has an allocated value of **lei 29.542.300,54**. As at 30.06.2024, the works within the Program of repair and rehabilitation works for the maintenance of the NTS (PLRRM) 2024-2026 are in various stages of execution as follows: 72,51% works in progress, 26,17% works in design and 1,33% works in procurement.

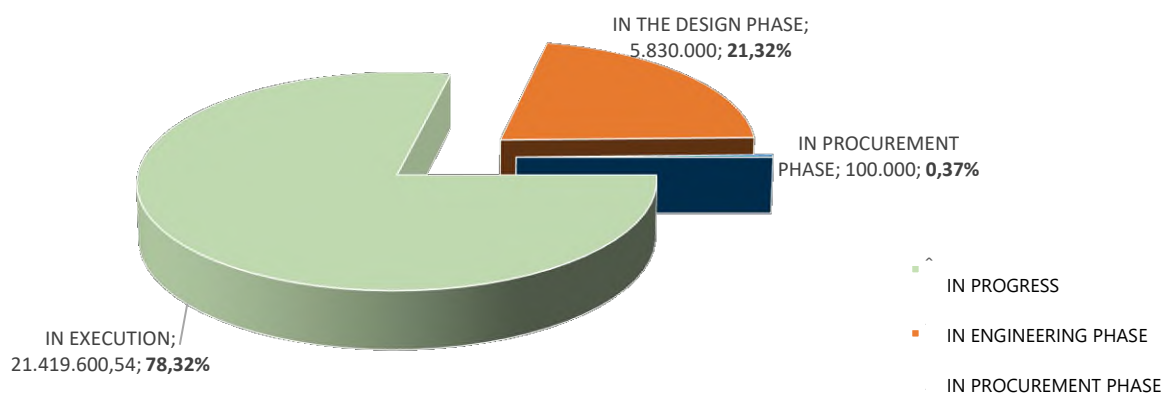


*Chart 30 -PLRRM 2024- NTS maintenance repair and rehabilitation works -June 2024*

#### Pipeline Rehabilitation and Repair Works

The Pipeline Repair and Rehabilitation works amounting to lei 27.349.600,54 represent 92,58% of the allocated budget. As at 30.06.2024 these works were in various stages of execution, as follows: 78,32% works in progress, 21,23% works in engineering phase and 0,37% works in procurement phase.

**PLLRM 2024 - Pipeline repair and rehabilitation works  
June 2024**



**Chart 31 -PLRRM 2024-Pipeline Repair and Rehabilitation June 2024**

**The repair and rehabilitation works for the maintenance of the SNT in progress at the end of Half I 2024 are as follows:**

- Repairs/aerial painting Bucharest Regional Office, Mediaş Regional Office, Braşov Regional Office, Cluj Regional Office;
- works on securing the DN 400 Filipeşti-Ghirdoveni and DN 500 Filipeşti-Răzvad pipelines in the Cioc plateau area;
- preparation of the natural gas transmission pipeline DN 700 Seleuş Cristur Băţani in order to convert it into a gas transmission pipeline - stage 2B (Harghita County);
- repair of the DN 500 Maşloc-Caransebeş pipeline following inspection with intelligent PIG;
- repair of the DN 1000 Isaccea-Şendreni pipeline following inspection with Intelligent PIG;
- repair of the DN 800 Şendreni-Butimanu pipeline following inspection with Intelligent PIG.

**The NTS maintenance repair and rehabilitation works planned at the end of the first semester 2024 are as follows:**

- preparation of the DN 500 Munteni-Bârlad pipeline for transformation into a piggable pipeline;
- preparing the DN 400 Micfalău-Sfântu Gheorghe pipeline for transformation into a piggable pipeline;
- Rehabilitation of the DN 500 Coroi-Ungheni pipeline, stage I preparation for transformation into a piggable pipeline;
- Rehabilitation of the natural gas transmission pipeline DN 700 Bucharest Ring; preparation for transformation into a piggable pipeline, section Linde Gaz-Moara Domneasă;
- repair of the DN 500 Drăgăşani-Căldăraru pipeline following inspection with intelligent PIG.

**Preventive works** are the works preparing the pipelines for diagnosis, followed by one-off rehabilitation works designed on the basis of diagnosis to restore nominal gas transmission

capacity. Preparing pipelines to be traversed by cleaning and diagnostic equipment (PIG) is achieved by replacing or reconsidering components that do not allow their passage. The technological activity of internal pipeline cleaning has also the aim of maintaining the pipeline at its original gas transmission capacity by periodically removing impurities (solid and liquid).

All these activities are geared towards carrying out maintenance, based on the principle of in-service risk assessment.

As described above, an important category of the **repair works is that based on diagnosis**, resulting from the interpretation and evaluation of the reports obtained by analysing the information provided by running intelligent pigs, which resulted in spot or area repair projects carried out using welding or seamless technologies.

**With regard to the efficiency and effectiveness of the process of carrying out the repair and rehabilitation works on main pipelines**, we underline the main external factors with a negative impact thereupon:

- late delivery of the materials (pipes and valves) needed to carry out the work in the current economic and political context;
- lack or expiry of the necessary permits; lack of landowner agreements.

**The following measures were taken to address the blockings of carrying out repair and rehabilitation works:**

- documentation for obtaining permits/authorisations was re-drafted and submitted to the competent authorities;
- in some more difficult areas, in terms of obtaining agreements from landowners or at the request of local administrations, it was taken the decision to re-design the pipeline route and the technical solutions for construction;
- The priority works were achieved inhouse (Mediaş Subsidiary and E.T.).

#### 4.4 The procurement activity

The **Annual Sectoral Procurement Plan** (PAAS) includes all contracts that the company is to award during a year, following the conduct of procurement procedures, direct procurement and framework agreements based on which subsequent contracts are awarded, in accordance with the provisions of Law 99/2016 on sectoral procurement, as further amended and supplemented.

**Annual Sectoral Procurement Plan for 2024** (PAAS 2024) had an assigned value of lei **1.687.666.371,36**.



The situation of the physical implementation of procurement procedures is as follows:

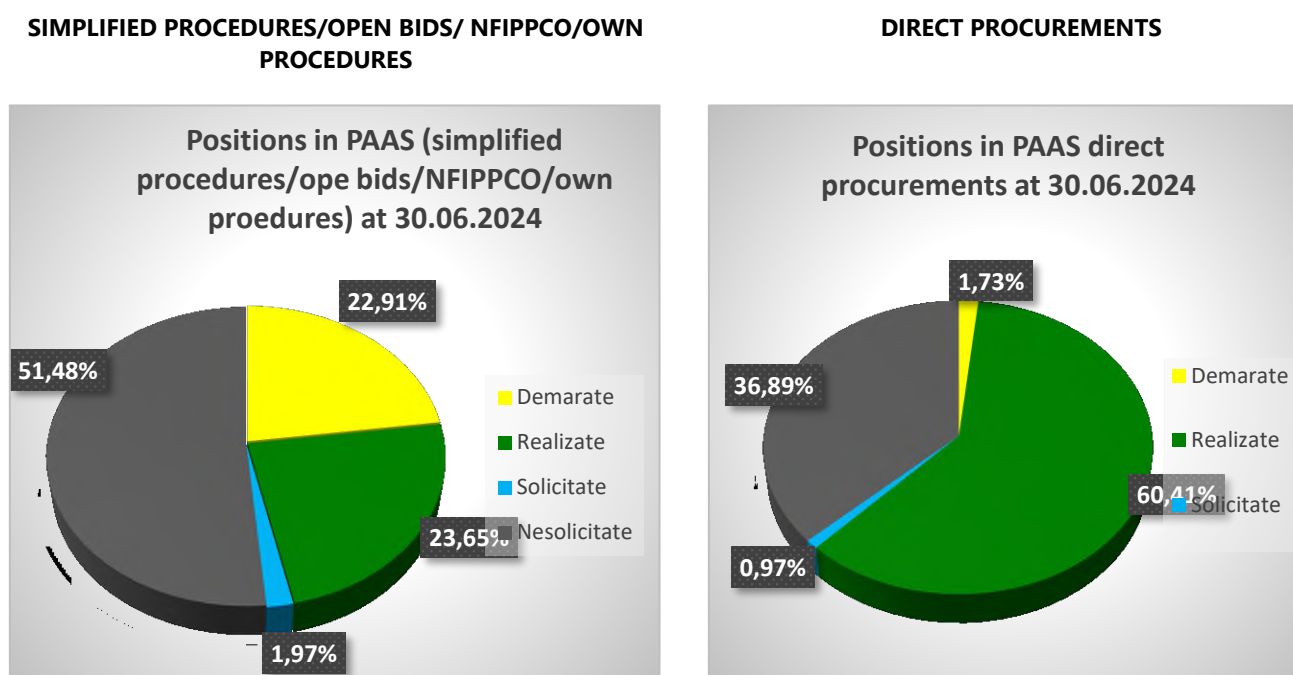


Chart 32 – Actual status of procurement procedures on 30 June 2024

#### 4.5. The legal assistance and representation activity

**The activity of legal assistance and representation of SNTGN Transgaz SA before the courts and other bodies with jurisdictional activity** aimed mainly at:

- ensuring legal assistance before courts of all levels of jurisdiction and other bodies with jurisdictional activity;
- initiating legal actions, establishing claims, filing statement of defence, preparing answers to statements of defence, examinations, setting objectives of expertise and / or objecting to judicial expertises approved by the court, administration of evidence, etc.
- promoting remedies at law;
- enforcement of the enforceable titles obtained;
- assistance and legal representation of Transgaz within the enforcement procedure (formulation of enforcement requests and any other steps specific to the enforcement procedure);
- preparation of various reports/evidence on the state of litigation to which the company is a party;
- participation in commissions set up to evaluate tenders submitted under the sectoral procurement procedures;
- participation in various working groups/committees in order to support normative acts promoted by various public institutions with an impact on Transgaz's activity.

According to case registry records, until 31.12.2023 there were a total of **46 cases** in which SNTGN Transgaz SA was plaintiff and defendant as follows:

- **32 cases** as plaintiff;
- **14 cases** as defendant.



**Chart 33 - Structure and number of cases in which the company was involved in Half I 2024**

#### **Solutions:**

- **30 favourable decision cases** SNTGN Transgaz SA (final decisions);
- **16 unfavourable decision cases** SNTGN Transgaz SA (final decisions).

#### **4.6. International cooperation activity**

In the Half I 2024 the international cooperation activity mainly was directed to:

- the cooperation with the Gas Transmission System Operators from the neighbouring countries (Bulgaria, Hungary, Ukraine, Moldova, Serbia) in order to implement and jointly operate the cross-border interconnection;
- the cooperation with the European and neighbouring gas Transmission System Operators within the Trans Balkan Corridor project
- the collaboration with European and adjacent Transmission System Operators within the Vertical Gas Corridor Project (Transgaz, DESFA Greece, ICGB, Bulgartransgaz Bulgaria, FGSZ Hungary, Eustream Slovakia, Gastrade Greece, GTSOU Ukraine, Vestmoldtransgaz the Republic of Moldova)
- the cooperation with national and international bodies, the European Commission and other institutional relations
- the cooperation with gas transmission operators at the regional level for the development of new relevant partnerships for the energy sector and the conclusion of cooperation agreements or memoranda.

In order to expand its activity, **TRANSGAZ is considering the development of new partnerships with various international companies relevant to the energy sector** and, to this end, is engaged in sustained discussions to conclude cooperation agreements

Over the years, SNTGN Transgaz SA has initiated contacts with natural gas transmission operators in the European Union and not only with a view to developing partnership relations aimed at exchanging experience and analysing the potential for bilateral cooperation to promote possible joint projects (Gaz-System Poland, ICGB - the company managing the Greece-Bulgaria

Interconnection project, Botaş-Türkiye, GasConnect Austria, CEGH Austria, FGSZ – Hungary, SOCAR – Azerbaijan, EGAS Egypt, Energy Community Secretariat (SEEGAS initiative), etc.).

In Half I 2024, correspondence was ensured with the Adjacent Transmission System Operators, the European Commission and Network Users who have concluded transportation contracts and balancing and PVT access contracts with the company or who express interest in developing a collaborative relationship with Transgaz.

With the support of the European Investment Bank (EIB), SNTGN Transgaz SA has developed the Climate and Decarbonization Strategy with a view to a phased transition to a climate-neutral activity and to strengthening resilience to climate change, taking into account best practices and national and international climate change policies and regulations.

The project has been developed in the context of the European Investment Advisory Hub (EIAH) and technically supported by RINA Consulting.

The overall objective of the strategy is twofold, addressing both decarbonization and climate issues.

#### 4.7. Internal audit

According to the Audit Plan approved for the year 2024, by BoA Resolution no. 4/31.01.2024, during the first semester, a number of 5 (five) internal audit missions were planned to be carried out.

The status of missions on 30.06.2024 is as follows:

No.	Internal audit mission	Planned mission	Ad hoc mission	Current status
1.	Evaluation of the work of the Prognosis Division	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 18/26.04.2024).
2.	Evaluation of direct purchases	X		Finalized (Report approved by the Director General and approved by BoA Resolution no. 21/30.05.2024).
3.	Evaluation of concessions activity	X		As of 30.06.2024, the mission is in the reporting phase.
4.	Evaluation of the Quality Management Service	X		As of 30.06.2024, the mission is in the on-site intervention phase.
5.	Evaluation of the activity of the IT Services Department	X		As of 30.06.2024, the mission is in the on-site intervention phase.

The audit reports prepared following the verifications carried out and endorsed by the Director-General were sent to the Audit Committee for information.

A permanent concern of the internal audit structure is to monitor the implementation of the recommendations made in the audit reports and to increase the efficiency of their implementation, as well as compliance with the implementation deadlines set in the action plan.

#### 4.8. Investor relations

SNTGN TRANSGAZ SA set up a specialized organizational structure to manage the capital market activity, namely - *Investor Relations and Sustainability Department* - structure whose activity is dedicated to the relationship with investors and shareholders. The personnel of the department is permanently formed, instructed, professionally trained on the aspects concerning the company's relationship with its shareholders, the principles of corporate governance, management, relation with stakeholders.

The Company makes regular and continuous reporting of material events, including but not limited to financial condition, performance, ownership and management, both in the media and on its website ([www.transgaz.ro](http://www.transgaz.ro)).

In accordance with the provisions of the legal regulations on the capital market, in December 2023 the company prepared and published the *Financial Communication Calendar for 2024*, which informs the public about the dates of the general meetings of shareholders for the approval of the financial statements for the previous year and the publication of the annual report, the dates of publication of quarterly and half-yearly reports, the dates of meetings with financial analysts, investment advisors, brokers, SSIFs for the presentation of financial results.

TRANSGAZ prepares and communicates relevant periodic and ongoing information in accordance with International Financial Reporting Standards (IFRS), the European Electronic Single Electronic Reporting Format (ESEF) and other reporting standards, respectively Environmental, Social and Governance (ESG). These are published on the BVB, ASF and Transgaz websites in both Romanian and English.

The company organizes meetings with financial analysts, brokers, market specialists as well as investors, on the occasion of the dissemination of the financial statements, on which occasion it publishes materials relevant to the investment decision.

In order to inform investors transparently, SNTGN Transgaz SA carried out the following activities in Half I 2024:

- call- conference organized with financial analysts and investors to present the preliminary financial results for 2023 - on 05 March 2024;
- call-conference organized with financial analysts and investors for the presentation of the interim financial results for Q1 2024 - 21 May 2024;
- responding to requests for information from financial analysts and investors.

The company also created a special section on its website called *Investor Relations*, where relevant information of the company is published in Romanian and English with regard to the procedures for access and participation in the General Meeting of Shareholders (GMS), GMS summons, supplementations to the GMS agenda, BoA's answers to shareholders' questions, exercise of voting rights at the GMS, GMS agenda materials, special and general proxy forms, current reports, company financial statements, financial calendar, corporate governance, dividend distribution, ratings, transaction notifications, etc. They are constantly updated and accessible, thus contributing to transparent and fair information for all stakeholders.

#### 4.9. The tariff setting methodology

GEO 27/2022 provides that in order to cover the additional costs related to own technological consumption and technological consumption generated by the increase in prices on the wholesale market above the value taken into account by the regulator when calculating natural gas transmission tariffs in 2021, the Energy Regulatory Authority (ANRE) modifies the regulated tariffs, applicable from 1 April 2022. The resulting tariffs remain unchanged for the period 1 April 2022 – 30 September 2023. ANRE did not modify the transmission tariffs with the price increase substantiated by the company.

By Order 95/18.05.2022, ANRE extends the deadlines laid down in ANRE Order 32/2021 on the approval of the adjusted regulated revenue and transmission tariffs for the natural gas transmission activity through the National Transmission System until 30 September 2023 and establishes that the differences resulting from the recalculation of the regulated revenue and the adjusted regulated revenue for the fourth regulatory year, 1 October 2022 - 30 September 2023, of the fourth regulatory period, are determined and adjusted with the adjustment of the regulated revenue and the approval of the revenue for the last year of the fourth regulatory period, i.e. for 1 October 2023 - 30 September 2024.

By Order 68/30 May 2023 ANRE approved the corrected regulated revenue amounting to lei 1.647.348 thousand and revised transmission tariffs for the period 01.10.2023 – 30.09.2024.

Starting with 1 October 2024, the natural gas transmission tariffs approved by Order no.17 of 29.05.2024 of ANRE President are applicable. The approved regulated revenue for natural gas transmission during the period 1 October 2024 - 30 September 2025 is lei 2.005.007 thousand.

#### **4.10 Consolidated financial results (consolidated factorial analysis of the activity)**

##### ***Indicators of the consolidated economic and financial results (SNTGN Transgaz SA, Eurotransgaz SRL, Vestmoldtransgaz SRL)***

The establishment of the company EUROTRANSGAZ SRL on the territory of the Republic of Moldova was approved by Extraordinary General Meeting of the Shareholders Resolution no. 10/12.12.2017 for enabling participation in the privatization procedure of the State Enterprise Vestmoldtransgaz.

Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

Since 2018, following the procurement of Vestmoldtransgaz SRL of the Republic of Moldova by Eurotransgaz SRL, Transgaz, as a parent company, prepares consolidated group financial statements.

As at 25.08.2021 the European Bank for Reconstruction and Development (EBRD) became a shareholder, holding a 25% stake in the share capital of the natural gas transmission company VESTMOLDTRANSGAZ SRL, a subsidiary of TRANSGAZ in the Republic of Moldova, which owns and operates the Ungheni-Chisinau gas transmission pipeline.

## Consolidated companies in the Transgaz Group:

		Share (%)
<b>SNTGN Transgaz SA</b>	Parent company	
<b>Eurotransgaz SRL</b>	Company held by SNTGN Transgaz SA	100%
<b>Vestmoldtransgaz SRL</b>	Company held by Eurotransgaz SRL	75%
	EBRD	25%

(thousand lei)

Indicator	Consolidated statements Half I 2024	Transgaz individual statements	ETG, VMTG, adjustments
0	1=2+3	2	3
Revenue from the domestic transmission activity	1.019.344	942.107	77.238
Revenue from the international transmission activity	0	0	0
Other revenue	85.325	74.023	11.302
<b>Operating revenue before the balancing and construction activity according to IFRIC12</b>	<b>1.104.669</b>	<b>1.016.130</b>	<b>88.540</b>
Depreciation	255.970	230.995	24.975
Employees costs	301.596	296.751	4.844
Technological consumption, materials and consumables used	58.455	58.455	0
Cost of royalty	108.342	108.342	0
Maintenance and transport	49.178	15.167	34.011
Taxes and duties due to the state	40.384	40.237	146
Revenue/ (Costs) of provisions for risks and charges	10.182	10.182	0
Other operating cost	100.794	88.452	12.342
<b>Operational profit before the balancing and the construction activity according to IFRIC12</b>	<b>179.769</b>	<b>167.548</b>	<b>12.221</b>
Revenue from the balancing activity	114.784	114.784	-
Cost of balancing gas	114.784	114.784	-
Revenue from the construction activity according to IFRIC12	675.817	675.817	-
Cost of constructed assets according to IFRIC12	675.817	675.817	-
<b>Operational profit</b>	<b>179.769</b>	<b>167.548</b>	<b>12.221</b>
Financial revenue	108.334	102.995	5.338
Financial cost	65.092	48.633	16.459

Indicator	Consolidated statements Half I 2024	Transgaz individual statements	ETG, VMTG, adjustments
0	1=2+3	2	3
<b>Financial revenue, net</b>	<b>43.242</b>	<b>54.363</b>	<b>-11.121</b>
<b>Profit before tax</b>	<b>223.011</b>	<b>221.910</b>	<b>1.100</b>
Profit tax expense	46.641	45.900	741
<b>Net profit for the period</b>	<b>176.370</b>	<b>176.011</b>	<b>359</b>
Attributable to the parent company	<b>175.675</b>		<b>175.675</b>
Attributable to the non-controlling interests	<b>695</b>		
Exchange rate differences	2.523		2.523
Actuarial gain/loss for the period	2.057	2.057	0
<b>Total comprehensive income for the period</b>	<b>180.949</b>	<b>178.067</b>	<b>2.882</b>

**Table 17- Indicators of consolidated economic and financial results (SNTGN Transgaz SA, Eurotransgaz SRL, Vestmoldtransgaz SRL)**

### Consolidated achievements Half I 2024 compared to consolidated achievements Half I 2023

The consolidated financial results achieved in Half I 2024 have reached the level of the achievements of Half I 2023 and have recorded, compared to this level, variations as presented in the table below:

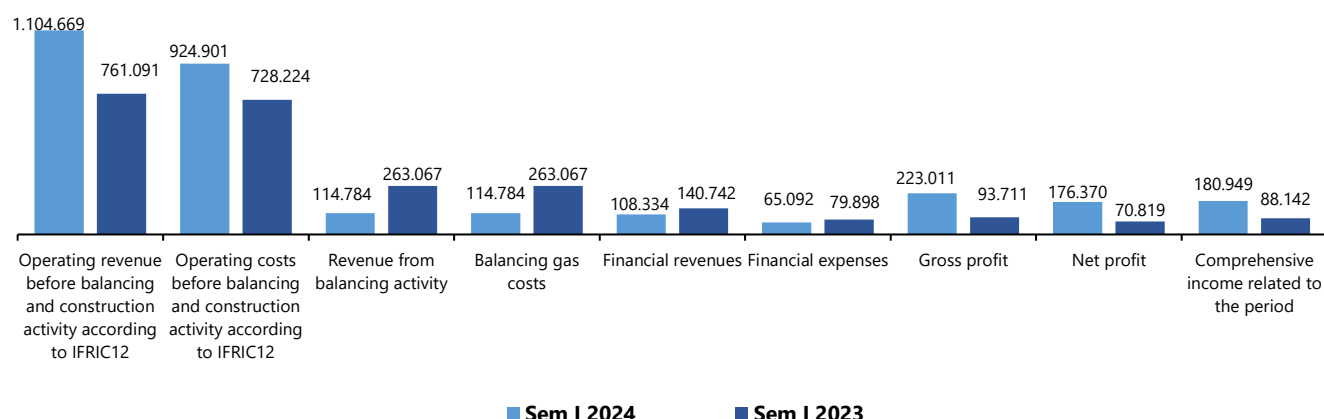
(thousand lei)

No.	Name	Achieved Half I 2024	Achieved Half I 2023	Changes
0	1	2	3	4=2/3x100-100
1.	Operating revenue before the balancing and construction activity, according to IFRIC12	1.104.669	761.091	45%
2.	Revenue from the balancing activity	114.784	263.067	-56%
3.	Revenue from the construction activity according to IFRIC12	675.817	35.270	1816%
4.	Financial revenue	108.334	140.742	-23%
5.	Operating costs before the balancing and construction activity, according to IFRIC12	924.901	728.224	27%
6.	Costs of balancing activity	114.784	263.067	-56%
7.	Cost of constructed assets according to IFRIC12	675.817	35.270	1816%
8.	Financial costs	65.092	79.898	-19%
9.	<b>GROSS RESULT</b> , of which:	<b>223.011</b>	<b>93.711</b>	<b>138%</b>
	• from operation	179.769	32.867	447%
	• from the financial activity	43.242	60.844	-29%
10.	<b>Income tax</b>	<b>46.641</b>	<b>22.892</b>	<b>104%</b>

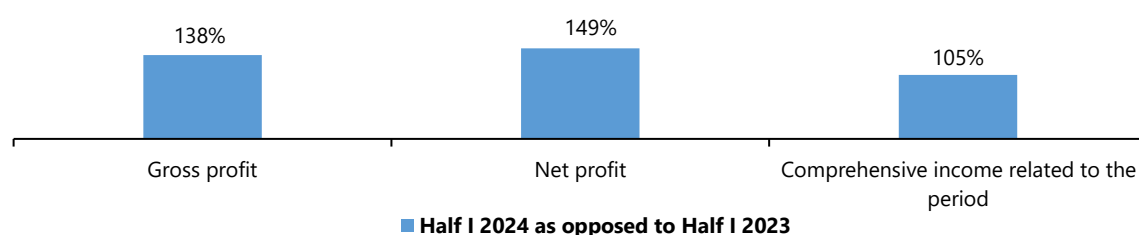


No.	Name	Achieved Half I 2024	Achieved Half I 2023	Changes
0	1	2	3	4=2/3x100-100
11.	<b>NET PROFIT</b>	<b>176.370</b>	<b>70.818</b>	<b>149%</b>
12.	<b>Exchange rate difference</b>	<b>2.523</b>	<b>10.928</b>	<b>-77%</b>
13.	<b>Actuarial gain/loss for the period</b>	<b>2.057</b>	<b>6.395</b>	<b>-68%</b>
14.	<b>Total comprehensive result of the period</b>	<b>180.949</b>	<b>88.142</b>	<b>105%</b>

**Table 18 – Consolidated financial results in Half I 2024 compared to Half I 2023**



**Chart 34 - Consolidated financial results in the Half I 2024 compared to Half I 2023 (thousand lei)**



**Chart 35 - Consolidated financial results in the Half I 2024 compared to Half I 2023 (%)**

The variation of the consolidated economic-financial indicators at 30 June 2024, compared to the indicators obtained in the similar period of 2023 is mainly determined by the variation of the individual economic-financial indicators recorded by SNTGN Transgaz SA on 30 June 2024 compared to the indicators obtained in the similar period of 2023.

The main impact of the subsidiaries in the consolidated result is determined by the evolution of the MDL (Moldovan Leu) exchange rate compared to the EUR currency in which the source of

financing of the investment project carried out by the subsidiary was partially drawn and compared to the reporting currency of the consolidated financial statements (RON).

In the Half I 2024 Vestmoldtransgaz SRL of Moldova provided natural gas delivery services amounting to lei 77.238 thousand.

#### 4.11. Individual financial results (factorial analysis of the individual activity)

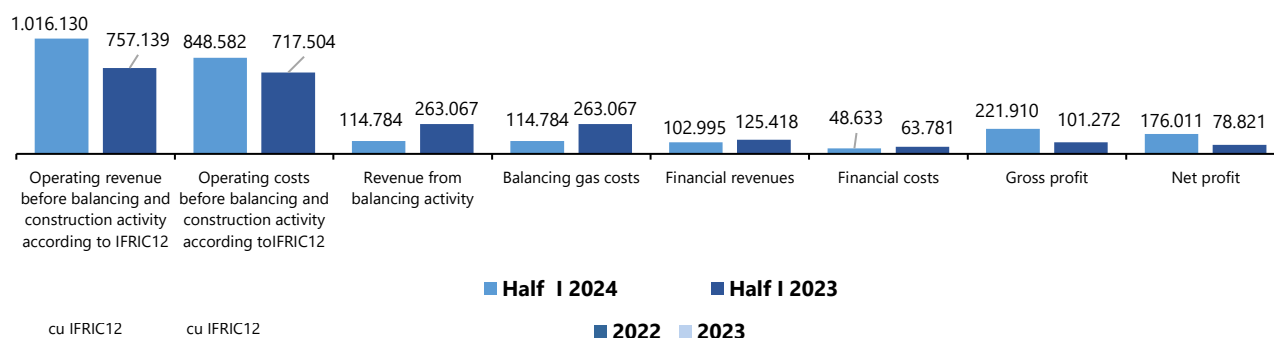
##### Achievements Half I 2024 compared to achievements Half I 2023

The financial results achieved in Half I 2024 reached the level of the achievements of Half I 2023 and have recorded, compared to this level, variations as presented in the table below:

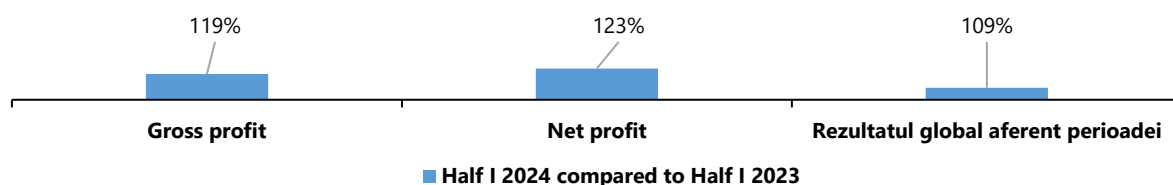
(thousand lei)

Name	Obtained Half I 2024	Obtained Half I 2023	Changes
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	1.016.130	757.139	34%
Revenue from the balancing activity	114.784	263.067	-56%
Revenue from the construction activity according to IFRIC12	675.817	35.270	1816%
Financial revenue	102.995	125.418	-18%
Operating costs before the balancing and construction activity, according to IFRIC12	848.582	717.504	18%
Costs of balancing gas	114.784	263.067	-56%
Cost of assets according to IFRIC12	675.817	35.270	1816%
Financial costs	48.633	63.781	-24%
<b>GROSS PROFIT -total, of which:</b>	<b>221.910</b>	<b>101.272</b>	<b>119%</b>
· from operation	167.548	39.635	323%
· from the financial activity	54.363	61.637	-12%
Profit tax	45.900	22.451	104%
<b>NET PROFIT</b>	<b>176.011</b>	<b>78.821</b>	<b>123%</b>

Table 19 - Individual financial results in H1 2024 compared to H1 2023



**Chart 36 - Individual financial results in Half I 2024 compared to Half I 2023 (thousands lei)**



**Chart 37 - Individual financial results in H1 2024 compared to H1 2023 (%)**

Operating revenue before the balancing and construction activity, according to IFRIC12 increased by 34% compared to the one achieved as at 30 June 2023, which is higher by lei 258.990 thousand.

During the period 1 October 2021 - 30 September 2023 the natural gas transmission tariffs were not updated, the transmission tariffs approved by ANRE Order no. 32/2021 being applicable, corresponding to a regulated revenue of lei 1.041.465,61 thousand.

Starting with 1 October 2023, the natural gas transmission tariffs approved by the Order 68 / 30.05.2023 of the ANRE President are applicable. The approved regulated revenue for natural gas transmission for 1 October 2023 - 30 September 2024 is lei 1.647.347.820.

The revenue was influenced mainly by the following factors:

- *revenue from capacity booking* higher by lei 274.541 thousand due to:
  - *capacity booking tariff* higher by 1,77 lei/MWh, with a positive influence of lei 313.038 thousand;
  - *booked capacity* lower by 5.942.489 MWh, with a negative influence of lei 14.226 thousand;
  - *capacity overrun revenue* higher by lei 17.036 thousand. Capacity overrun revenue as at 30 June 2023 amounted to lei 46.555 thousand, and as at 30 June 2024 to lei 63.591 thousand;
  - *revenue from the auction premium* lower by lei 41.308 thousand following the capacity booking auctions conducted according to the CAM-NC at interconnection points; revenue from the auction premium as at 30 June 2023 amounted to lei 69.098 thousand, and as at 30 June 2024 to lei 27.994 thousand.

- *commodity revenue* higher by lei 36.396 thousand due to:
  - *the commodity transmission tariff* higher by lei 0,52 lei/MWh, with a positive influence of lei 36.118 thousand;
  - *the gas transmitted capacities* higher by 250.753 MWh as compared to 30 June 2023, with a positive influence of lei 278 thousand, detailed by categories of consumers as follows:

		6 months 2024	6 months 2023	Differences
Quantity transmitted for direct consumers	MWh	31.953.073	27.862.470	4.090.603
	thousand cm	2.965.517	2.496.396	469.121
Quantity transmitted for distribution	MWh	37.504.154	41.344.004	-3.839.850
	thousand cm	3.507.416	3.867.568	-360.152
Total	MWh	69.457.227	69.206.474	250.753
	thousand cm	6.472.933	6.363.964	108.969

At the end of 2020, the legacy transmission contract related to the pipeline Isaccea 3 – Negru Voda 3 was terminated by the conclusion of an Agreement for the termination of the Legacy Contract between SNTGN Transgaz SA and Gazprom Export LLC, which created the necessary framework for the conclusion of the Interconnection Agreements for Interconnection Points Isaccea 2,3 and Negru Voda/Kardam 2,3, enabling free access of third parties to the capacity booking on the transit pipelines T2 and T3 and the collection of the outstanding amounts under the legacy contract.

The Agreement for the termination of the Legacy Contract between SNTGN Transgaz SA and Gazprom Export LLC concluded at the end of 2020 expired on 31 December 2023.

- Other operating revenues higher by **lei 6.925 thousand**.

*The revenue from the balancing activity* was lower by **lei 148.282 thousand** based on the following factors:

- trading price lower by 121,34 lei /MWh, with a negative influence of lei 90.155 thousand;
- quantity lower by 210.732 MWh with a negative influence of lei 58.127 thousand;

*The revenue from the construction activity* higher by **lei 640.547 thousand**, registered in line with IFRIC 12, according to which revenue and costs related to the construction activity or the improvement of the transmission network, in exchange of which the intangible asset is registered, must be acknowledged in line with IAS 11, Construction Contracts;

*The financial revenue* has a negative influence of **lei 22.423 thousand** mainly due to the recording of the inflation rate discounting of regulated assets value of 2,57 % as at 30 June 2024 compared to 4,19 % as at 30 June 2023 (lei 63.931 thousand as at 30 June 2024 as compared to lei 92.384 thousand as at 30 June 2023).

**Operating costs before the balancing and construction activity according to IFRIC12** increased by **18 %** as compared to 30 June 2023, which is higher by **lei 131.078 thousand**.

**The company made savings of lei 36.904 thousand** to the following cost elements:

- other operating expenses: 36,287 thousand lei. As at 30 June 2024 the Company capitalized the amount of lei 22.641 thousand (lei 3.682 thousand as at 30 June 2023), representing the difference between the costs of technological consumption incurred in excess of the amount approved under the transmission tariff, in accordance with the provisions of GEO 27/2022;

- maintenance and transport expenses: lei 617 thousand;

**Overruns of lei 167.982 thousand** were recorded in respect of the following cost elements:

- natural gas consumption related to the transmission system lei 330 thousand, due to the following factors:

- the actual average purchase price higher than the one achieved as at 30 June 2023 by 4,01 lei/MWh with a negative influence of lei 1.308 thousand;

- the quantity of natural gas intended for NTS gas consumption lower compared to 30 June 2023 by 5.262 MWh, with a positive influence of lei 978 thousand;

- personnel costs: lei 20.424 thousand;

- risk and expense provision costs: lei 31.542 thousand;

- royalty costs: lei 105.582 thousand. By Law no. 296/2023 on fiscal-budgetary measures to ensure Romania's long-term financial sustainability, the provisions of Article 103, paragraph (2) of the Power and Natural Gas Law no. 123/2012, were repealed. As of 30 October 2023, the royalty rate was changed from 0,4% to 11,5% of the value of the gross revenues achieved from transmission and transit operations through the national transmission systems, in accordance with Art. 49, paragraph (2) letter b) of the Oil Law No 238/2004;

- depreciation costs: lei 5.832 thousand accounted by the completion and commissioning of investment projects;

- auxiliary material costs: lei 1.496 thousand;

- tax and duties costs: lei 2.776 thousand.

**The financial costs decreased by lei 15.149 thousand.**

**Compared to the achievements as at 30 June 2023 the gross profit achieved as at 30 June 2024 increased by 119%, i.e. by lei 120.638 thousand, and the net profit is higher by 123 %, i.e. by lei 97.189 thousand.**

### Achievements H1 2024 compared to the REB H1 2024

The main economic and financial indicators realized in Half I 2024, compared to the revenue and expense budget approved by OGMS Resolution 1/21 February 2024:

*(thousand lei)*

Indicator	REB Half I 2024	Achieved Half I 2024	Changes
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	994.131	1.016.130	2%
Revenue from the balancing activity	238.420	114.784	-52%
Revenue from the construction activity, according to IFRIC12	248.102	675.817	172%
Financial revenue	104.849	102.995	-2%

Indicator	REB Half I 2024	Achieved Half I 2024	Changes
0	1	2	3=1/2x100-100
Operating costs before the balancing and construction activity, according to IFRIC12	956.316	848.582	-11%
Costs with balancing gas	238.420	114.784	-52%
Cost of assets according to IFRIC12	248.102	675.817	172%
Financial costs	53.862	48.633	-10%
<b>GROSS PROFIT - total, of which:</b>	<b>88.802</b>	<b>221.910</b>	<b>150%</b>
- from operations	37.815	167.548	343%
- from the financial activity	50.987	54.363	7%
Income tax	21.986	45.900	109%
<b>NET PROFIT</b>	<b>66.817</b>	<b>176.011</b>	<b>163%</b>

**Table 20 - Individual financial results in Half I 2024 compared to Budget for Half I 2024**

**Operating revenue before the balancing and construction activity according to IFRIC12** increased by **lei 21.998 thousand** as compared to the REB.

The revenue was influenced by the following:

- Gas transmission services increased by **lei 31.307 thousand** due to:
  - *capacities booked* higher by 10.572.662 MWh with a positive influence of **lei 46.007 thousand**;
  - *average capacity booking tariff, determined by the structure of the booked products*, higher by 0,126 lei /MWh, with a positive influence of lei **23.269 thousand**
  - *the gas transmitted capacities* lower than planned by 23.293.927 MWh with a negative influence of **lei 37.969 thousand**;
- Other operating revenue decreased by **lei 9.308 thousand** as compared to the REB; the financial statements of Transgaz do not present the value of revenue from the production of tangible assets or the amount of the relevant expenses according to Order 2.844/2016 on the approval of the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

**Revenue from the balancing** activity decreased by **lei 123.636 thousand** based on the following:

- trading price lower by 95,53 lei /MWh, with a negative influence of lei 70.977 thousand;
- quantity lower by 210.615 MWh with a negative influence of lei 52.659 thousand;

**Financial revenue** decreased by **lei 1.854 thousand** as compared to the REB.

**Operating costs before the balancing and construction activity according to IFRIC12** decreased by **11%** as compared to the approved plan, which is lower by **lei 107.734 thousand** as compared to the REB.

**Savings amounting to lei 131.185 thousand** were recorded mainly the following cost elements:

- employee costs: lei 47.184 thousand;
- auxiliary materials and other material costs: lei 24.259 thousand;
- cost of maintenance and transport: lei 12.208 thousand;
- cost of taxes and duties: lei 16.736 thousand;
- depreciation costs: lei 4.620 thousand
- other operating costs: lei 26.178 thousand.

**Overruns of lei 23.451 thousand** was recorded mainly in relation to the following cost elements:

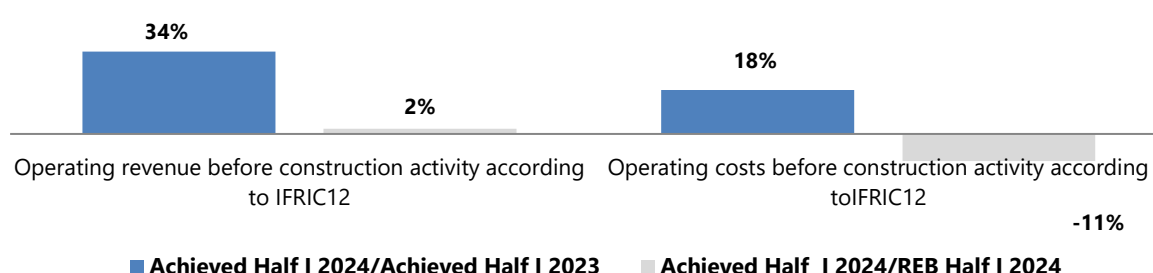
- NTS gas consumption: lei 263 thousand;
- NTS concession royalty costs: lei 3.600 thousand;
- Risk and expense provision costs: lei 19.588 thousand.

**The financial cost** is lower by **lei 5.229 thousand** than as provided for in the REB.

**The gross profit increased by lei 133.108 thousand as compared to the REB.**

	Achieved Half I 2024 compared to Achieved H1 2023	Achieved Half I 2024 compared to REB H1 2023
Operating revenue before the balancing and construction activity, according to IFRIC12	34%	2%
Operating costs before the balancing and construction activity, according to IFRIC12	18%	-11%
Gross result	119%	150%
Income tax	104%	109%
Net profit	123%	163%

**Table 21 - H1 2024 achievements compared to H1 2023 achievements and H1 2024 achievements compared to REB (%)**



**Chart 38 – Individual achievements Half I 2024 compared to individual achievements Half I 2023 and Individual Achievements Half I 2024 compared to REB Half I 2024**



## Individual achievements H1 compared to the Management Plan 2024

The key financial performance indicators were substantiated on the basis of data from the company's Revenue and Expense Budget approved by Resolution 1/2024 of the General Meeting of the Shareholders.

The level of financial performance indicators achieved compared to those set out in the Management Plan is presented in the table below:

*(thousand lei)*

No.	Performance criteria	Management plan 2024	Achieved H1 2024	Percentage	Difference
1.	Outstanding payments-thousand lei	0	0	100%	0
2.	Operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and expenses)-thousand lei	1.486.728	580.237	256%	-906.491
3.	Acid test ratio	1	1,26	126%	0,26
4.	Net leverage	5,5	3,99	138%	-1,51
5.	EBITDA-thousand lei	579.907	398.542	69%	-181.365

**Table 22 – Individual achievements in H1 2024 compared to the Management Plan 2024**

## 5. CONSOLIDATED ECONOMIC AND FINANCIAL STATEMENT

### 5.1 Consolidated financial position

According to Article 1 of Order 881/25 June 2012 of the Ministry of Public Finance on the application of the International Financial Reporting Standards by companies having securities admitted to trading on a regulated market, starting with financial year 2012, the companies having securities admitted to trading on a regulated market are obliged to apply the International Financial Reporting Standards (IFRS) upon preparation of the annual financial statements.

The statement of the consolidated financial position as at 30.06.2024 as compared to 31.12.2023 is as follows:

Thousand lei

Indicator	30.06.2024	31.12.2023	Dynamics
	Thousand lei	Thousand lei	(%)
0	1	2	3 = 1/2
Tangible assets	739.497	769.080	96%
Rights of use for the leased assets	156.461	173.446	90%
Intangible assets	4.145.343	3.643.272	114%
Goodwill	10.221	10.126	101%

Trade receivables and other receivables	2.522.065	2.423.669	104%
Deferred tax	4.004	5.116	78%
<b>Restricted cash</b>	<b>2.060</b>	<b>1.956</b>	<b>105%</b>
<b>Fixed assets</b>	<b>7.579.675</b>	<b>7.026.666</b>	<b>108%</b>
Inventories	571.949	583.515	98%
Commercial receivables and other receivables	289.296	441.071	66%
Cash at hand and in bank	1.177.372	710.857	166%
<b>Current assets –TOTAL</b>	<b>2.038.617</b>	<b>1.735.443</b>	<b>117%</b>
<b>TOTAL ASSETS</b>	<b>9.618.292</b>	<b>8.762.109</b>	<b>110%</b>
Debts to be paid over a one-year period	1.625.828	1.403.076	116%
Debts to be paid over a period of more than one year	3.661.334	3.142.919	116%
<b>Total debts</b>	<b>5.287.162</b>	<b>4.545.996</b>	<b>116%</b>
<b>Shareholders' equity</b>	<b>4.232.396</b>	<b>4.118.983</b>	<b>103%</b>
Non-controlling interests	<b>98.734</b>	<b>97.131</b>	<b>102%</b>
<b>Equity</b>	<b>4.232.396</b>	<b>4.118.983</b>	<b>103%</b>
Share capital	1.883.815	1.883.815	100%
Hyperinflation adjustment of share capital	441.418	441.418	100%
Share premium	247.479	247.479	100%
Other reserves	1.265.797	1.265.797	100%
Retained earnings	382.654	253.557	151%
Consolidation exchange rate differences	11.233	26.917	42%
<b>Total equity and debts</b>	<b>9.618.292</b>	<b>8.762.109</b>	<b>110%</b>

**Table 23 - Statement of consolidated financial position in H1 2024 compared to 2023**

### **Tangible assets**

Tangible assets include auxiliary buildings of operating assets, office buildings, land, assets used for the transit activity, as well as objectives related to the national transmission system taken over free of charge.

**Tangible assets decreased by lei 29.583 thousand** as compared to the value as at 31.12.2023, mainly due to the fact that the tangible assets entries were exceeded by the depreciation cost for tangible assets.

### **Rights of use of leased assets**

As at 1 January 2019 the company applies IFRS 16 for lease contracts complying with the recognition criteria and recognized as intangible asset right of use related to the lease contracts.

**The rights of use of leased assets decreased by lei 16.985 thousand** as compared to 31 December 2023 due to the fact that the entry value of the contracts for leased goods was lower than the depreciation expense.

### **Intangible assets**

#### *IT Programmes*

The purchased licenses related to the rights to use the IT programmes are capitalized on based on the costs incurred with the procurement and commissioning of the respective IT programmes. Such

costs are depreciated over their estimated useful life (three years). Costs related to the development or maintenance of the IT programmes are recognized as costs during the period when they are registered.

#### *Service concession agreement*

From 2010, in accordance with the EU approval process, the parent company started to apply IFRIC 12, **Service Concession Arrangements**, adopted by the EU.

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

The parent company is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right. As they occur, costs of replacements are recorded as expense, while the improvements of assets used within SCA are recognized at fair value. Intangible assets are amortized at zero value during the remaining period of the concession agreement.

**Intangible assets increased by lei 502.070 thousand** as compared with the value as at 31.12.2023, this increase being mainly due to the fact that the intangible assets entries exceeded the cost of depreciation of intangible assets.

#### **Financial assets**

##### **Trade receivables and other receivables/Fixed assets**

**The receivables regarding the right to collect the regulated value remaining unamortized at the end of the concession agreement on 30 June 2024 increased by the amount of lei 98.396 thousand**, receivables registered according to Law no 127/2014 of 5 October 2014, which states that in case of termination of the concession agreement for any reason, or upon termination, the investment of the national transmission system operator shall be transferred to the owner of the national transmission system or another concession provider on payment of a compensation equal to the regulated value remaining not amortized, established by ANRE.

The increase of lei 98.396 thousand compared to the value at 31 December 2023 is mainly due to the updating of the receivables with the changes recorded in the regulated asset base and the adjustment of the regulated value of the assets with the inflation rate as from 2019, as per ANRE Order 41/2019. Fixed assets recognised in the regulated asset base in a gas year are discounted with the rate of inflation from the following gas year.

##### **Inventories**

**On 30 June 2024 inventories decreased by lei 11.566 thousand** compared to the value as at 31 December 2023, mainly due to the decreasing of the value of the natural gas procured within the balancing activity by lei 473 thousand, the decrease in the stock of natural gas purchased to cover the technological consumption by lei 20.491 thousand and the increase in the stock of raw materials and materials by lei 9,398 thousand.

##### **Commercial receivables and other receivables**

**On 30 June 2024**, the balance of the commercial receivables and other receivables **decreased by lei 151.775 thousand** as compared to 31 December 2023, mainly due to the following factors:

- decrease of the client receivables balance by lei 184.939 thousand mainly generated by the collection of the outstanding receivables resulted from the domestic transmission and balancing activity;
- increase of the adjustment of impairment of the trade receivables and of other receivables by lei 21.720 thousand;
- decrease of the grants as subventions by lei 11.013 thousand;
- increase of the claims against the state budget by lei 32.976 thousand;
- increase of the balance of other receivables by lei 32.921 thousand.

### ***Cash at hand and in bank***

**On 30 June 2024 the company's cash increased by lei 466.540 thousand** as compared to the end of 2023. The cash in bank accounts in lei increased by lei 300.434 thousand and the cash in bank accounts in currency increased by lei 166.057 thousand.

Other cash equivalent register an increase by lei 49 thousand compared with 2023.

### ***Debts to be paid over a one-year period***

In the structure of debts to be paid over a one-year period, the following changes were recorded compared to 31 December 2023:

- increase of the balance of the commercial debt and other debt by lei 252.774 thousand;
- decrease of the provision for risks and charges by lei 14.899 thousand;
- decrease of the provision for employee benefit by lei 6.275 thousand;
- increase of the deferred revenue over the short term by lei 9.490 thousand;
- decrease of short-term loans by lei 29 thousand.
- increase of current liabilities related to the rights of use of leased assets by lei 613 thousand

### ***Long-term debts***

The evolution of long-term debts is due to the following aspects:

- increase of short-term loans in the amount of lei 417.164 thousand;
- increase of deferred revenue and of the subsidies by lei 84.940 thousand;
- increase of the provision for employee benefit by lei 30.931 thousand;
- decrease of the current debts related to the rights of use of the leased assets by lei 14.621 thousand.

### ***Equity***

There was no change in the subscribed and paid-up capital.

Retained earnings increased by lei 129.097 thousand due to the recording of the profit distribution for 2023 and the recording of the profit related to Half 1 2024.

## **5.2 Consolidated comprehensive income**

The situation of the profit and loss account – consolidated statement – in H1 2024 compared to H1 2023:

-thousand lei-

Specification	Achieved (thousand lei)		Dynamics (%)
	30.06.2024	30.06.2023	
1	2	3	4=2/3
<b>TOTAL revenue of which:</b>	<b>2.003.605</b>	<b>1.200.170</b>	<b>167%</b>
Operating revenue before the construction activity, according to IFRIC12 and balancing	1.104.669	761.091	145%
Revenue from the balancing activity	114.784	263.067	44%
Revenue from the construction activity according to IFRIC12	675.817	35.270	1916%
Financial revenue	108.334	140.742	77%
<b>TOTAL costs of which:</b>	<b>1.780.594</b>	<b>1.106.459</b>	<b>161%</b>
Operating costs before the construction activity, according to IFRIC12, and balancing	924.901	728.224	127%
Cost of balancing	114.784	263.067	44%
Cost of constructed assets according to IFRIC12	675.817	35.270	1916%
Financial costs	65.092	79.898	82%
<b>GROSS PROFIT, of which:</b>	<b>223.011</b>	<b>93.711</b>	<b>238%</b>
Result from operation	179.769	32.867	547%
Financial result	43.242	60.844	71%
<b>PROFIT TAX</b>	<b>46.641</b>	<b>22.892</b>	<b>204%</b>
<b>NET PROFIT</b>	<b>176.370</b>	<b>70.818</b>	<b>249%</b>
Attributable to the parent company	175.675	72.819	241%
Attributable to the non-controlling interests	695	-2.001	-35%
<b>Number of shares</b>	188.381.504	188.381.504	
<b>Other comprehensive income</b>			
Basic and diluted earnings per share (in lei per share)	0.94	0,38	
Actuarial (gain)/loss of the period	2.057	6.395	32%
Exchange rate differences	2.523	10.928	23%
<b>Total comprehensive income for the period</b>	<b>180.949</b>	<b>88.142</b>	<b>205%</b>
Attributable to the parent company	179.624	90.142	199%
Attributable to the non-controlling interests	1.326	-2.001	-66%

**Table 24 - Consolidated profit and loss account in H1 2024 compared to H1 2023**

### 5.3 Consolidated cash flow statement

The consolidated cash flow statement on 30 June 2024 is as follows:

-thousand lei-

Indicator	Financial year ended 30 June (thousand lei)	
	2024	2023
<b>Profit before tax</b>	<b>223.011</b>	<b>93.711</b>
Adjustments for:		
Depreciation	255.970	232.814
Gain/(loss) from the transfer of fixed assets	89	-194
Provisions for risks and charges	-14.932	-30.288
Revenue from connection fees, grants and goods taken free of charge	-52.558	-57.251
Concession Agreement receivable adjustment	-63.931	-92.384
Loss on amounts receivable and sundry debtors	783	14
Gain/(loss) from impairment of inventory	5.216	5.084
Adjustment of impairment of receivables	21.708	48.733
Provisions for employee benefits	19.794	3.932
Effect of updating the provision for employee benefits	6.920	9.601
Interest revenue	-37.077	-26.566
Interest expenses	73.253	41.835
The effect of the currency exchange rate variation on other elements than operation	-3.877	7.198
Other revenue/costs	0	0
<b>Operating profit before the changes in working capital</b>	<b>434.370</b>	<b>236.239</b>
(Increase)/decrease in trade and other receivables	95.471	100.883
(Increase)/decrease in inventories	7.858	32.363
Increase/(decrease) in commercial debt and other debts	61.106	-9.545
<b>Cash from operations</b>	<b>598.804</b>	<b>359.940</b>
Paid interest	-64.216	-65.096
Received interest	7.466	694
Paid profit tax	-46.922	-37.122
<b>Net cash inflows from operation</b>	<b>495.132</b>	<b>258.416</b>
<b>Cash flow from investments</b>		
Payments for the acquisition of intangible assets	-548.085	-203.195
Payments for the acquisition of tangible assets	-7.851	-7.155
Receipts from the transfer of tangible assets	110	0
Financial investments/participations	0	0
Repaid loans	0	0
Cash from connection fees and non-reimbursable funds	136.014	274
<b>Net cash used in investment activities</b>	<b>-419.812</b>	<b>-210.075</b>
<b>Cash flow from financing activities</b>		
Share capital increase	0	0
Repayments of long term loans	-74.050	-70.081

Indicator	Financial year ended 30 June (thousand lei)	
	2024	2023
Credit drawdowns/payments for the working capital	-6.924	-24.203
Withdrawals of shareholders	0	0
Payments IFRS 16	-25.197	-3.487
Paid dividends	-175	-575
Drawdown of long-term loans	497.670	0
<b>Net cash used in financing activities</b>	<b>391.323</b>	<b>-98.346</b>
<b>Net change in cash and cash equivalents</b>	<b>466.643</b>	<b>-50.006</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>712.813</b>	<b>418.667</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1.179.456</b>	<b>368.661</b>

*Table 25 - Consolidated cash flow statements in H1 2024 compared to H1 2023*

The analysis of the cashflow in H1 2024 show an **increase of liquid assets** by **lei 810.795 thousand** as compared to H1 2023.

The changes to the structure of the cash flow are:

- cash flow from operation is of lei 495.132 thousand, higher by lei 236.716 thousand than in H1 2023;
- cash flow from the investment activity is of lei 419.812 thousand, lower by lei 209.736 thousand than in H 1 2023;
- cash flow used in the financing activity is of lei 391.323 thousand, higher by lei 489.669 thousand than in H 1 2023.

## 5.4 Evaluation of the activity related to the financial risk management

### Financial risk factors

By the nature of the activities performed, the company is exposed to various risks, which include: market risk (including currency risk, interest rate risk on fair value, interest rate risk on cash flow and price risk), credit risk and liquidity risk.

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company does not use derivative financial instruments to protect itself from certain risk exposures.

### Market risk

#### Currency risk

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

The Company does not perform formal actions to minimize the currency risk related to its operations; the Company does not apply hedge accounting. The management believes that the Company is covered in terms of the currency risk, given that sales in foreign currencies (mainly



incomes from international transmission) are used to settle liabilities denominated in foreign currencies.

The following table shows the sensitivity of profit or loss and equity, to reasonably possible changes in exchange rates applied to the end of the reporting period of the functional currency of the Company, with all variables held constant:

	30 June 2024 (unaudited)	31 December 2023
<i>Impact on profit and loss and on equity of:</i>		
USD appreciation by 10%	709.484	684.054
USD depreciation by 10%	(709.484)	(684.054)
EUR appreciation by 10%	(76.966.602)	(43.314.636)
EUR depreciation by 10%	76.966.602	43.314.636

#### Price risk

The company is exposed to commodity price risk for the gas purchased for its own consumption. If the gas price had been 5% higher/lower, the net profit related to the period would have been lower/higher by lei 2.602.446 (December 2023: 4.888.012 lei).

#### Interest rate risk on cash flow and fair value

The Company is exposed to interest rate risk by deposits with banks and loans with variable interest taken. The Company did not conclude any commitment to diminish the risk.

For the average exposure of the period, if the interest rates had been by 50 basis points lower/higher, with all the other variables maintained constant, the profit related to the period and equity would have been higher/lower by lei 3.870.868 (December 2023: higher/lower by lei 9.012.228), as a net result of the change of interest rate for variable interest loans and interest rate for bank deposits.

#### **Credit risk**

Credit risk is especially related to cash and cash equivalents and trade receivables. The Company prepared a number of policies ensuring that products and services are sold to proper customers.

The accounting value of the receivables without the adjustments for uncertain receivables represents the maximum value exposed to credit risk.

The Company's credit risk is concentrated on the five main customers, which together account for 52% of the trade receivable balances as at 30 June 2024 (31 December 2023: 43%). Although the collection of receivables can be influenced by economic factors, the management believes that there is no significant risk of loss exceeding the adjustments already made.

On 30 June 2024 the Company has off-balance payment guarantees from clients amounting to lei 401.666.664.

The cash is placed in financial institutions which are considered to be associated with a minimum performance risk.

(lei)

	<b>30 June 2024 (unaudited)</b>	<b>31 December 2023</b>
Without rating	46.707.359	33.048.306
BB+	412.261.991	251.805.038
BBB-	504.344.599	276.682.320
BBB	4.441.577	614.290
BBB+	208.863.685	150.261.015
A+	134.713	134.911
AA	<u>457.291</u>	<u>156.187</u>
	<b>1.177.211.215</b>	<b><u>712.702.067</u></b>

All financial institutions are presented to Fitch rating or equivalent.

### Liquidity risk

Cautious liquidity risk management involves keeping enough cash and funds available by a proper value of committed credit facilities. The company forecasts the cash flows.

The financial structure of the Company continuously monitors the Company's liquidity requirement to make sure there is enough cash to meet the operational requirements, maintaining at the same time a sufficient level of unused borrowing facilities at any time, so that the Company does not break the limits or breach loan agreements (where applicable) for any of its credit facilities.

Such forecasts consider the Company's debt financing plans, compliance with agreements, compliance with internal objectives on the balance sheet indicators and, if appropriate, external regulations or provisions.

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

The table below shows the obligations as at 30 June 2024 in terms of remained contractual maturity. The amounts disclosed in the maturity table are contractual undiscounted cash flows.

The analysis of financial liabilities on 30 June 2024 in terms of maturity is as follows:

(lei)

	<b>Total amount</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Loans	3.724.654.199	601.918.144	1.565.934.273	1.556.801.782
Commercial debts and other debts	846.617.645	846.617.645	-	-
Liabilities related to rights of use of leased assets	<u>162.445.597</u>	<u>32.369.696</u>	<u>130.075.900</u>	-
	<b><u>4.733.717.441</u></b>	<b><u>1.480.905.485</u></b>	<b><u>1.696.010.173</u></b>	<b><u>1.556.801.782</u></b>

The analysis of financial liabilities on 31 December 2023:

(lei)

	<b>Total amount</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Loans	3.093.774.456	582.926.342	1.395.339.865	1.115.508.249
Commercial debts and other debts	555.757.798	528.124.416	27.633.382	-
Liabilities related to rights of use of leased assets	<u>146.564.072</u>	<u>31.756.889</u>	<u>114.807.183</u>	<u>-</u>
	<u>3.796.096.326</u>	<u>1.142.807.647</u>	<u>1.537.780.430</u>	<u>1.115.508.249</u>

Commercial and other debts comprise trade payables, suppliers of fixed assets, dividends payable and other debts which are not included: debt generated as a result of the legal provisions imposed by the authorities, debts to employees and deferred revenue.

Categories of financial instruments:

(lei)

	<b>30 June 2024 (unaudited)</b>	<b>31 December 2023</b>
<b>Financial assets</b>		
Cash and cash equivalents	237.415.985	123.999.082
Term bank deposits	942.015.420	588.813.963
Credits and receivables	2.717.454.772	2.781.926.204
Financial assets - shares	24.603.237	24.578.237
Adjustments for financial assets - shares	<u>(24.578.237)</u>	<u>(24.578.237)</u>
	<u><b>3.896.911.177</b></u>	<u><b>3.494.739.249</b></u>

	<b>30 June 2024 (unaudited)</b>	<b>31 December 2023</b>
<b>Financial liabilities</b>		
Debts measured at depreciated cost:		-
Loans	2.898.773.125	2.481.579.111
Debts measured at fair value:		
-Financial guarantees related to contracts	203.501.194	50.446.894
-Commercial debts and other debts	<u>673.357.200</u>	<u>507.098.374</u>
	<u><b>3,775,631,518</b></u>	<u><b>3.039.124.379</b></u>

The loans and receivables category does not include the receivables from the relationship with employees and advance expenses.

## Capital risk management

The company's objectives related to capital management refer to maintaining the Company's capacity to continue its activity in order to provide compensation to shareholders and benefits to the other stakeholders and maintain an optimal structure of the capital, as to reduce capital expenditure.

There are no capital requirements imposed from outside. Like the other companies in this sector, Transgaz monitors the capital based on the debt leverage. This factor is calculated as net debt divided by total capital.

The net debt is calculated as total borrowings (including `current and long-term borrowings`, as indicated in the statement of financial position), except cash and cash equivalent. The total capital is calculated as `equity`, according to the statement of financial position, plus the net debt.

The net leverage at 30 June 2024 and at 31 December 2023 is as follows:

(lei)

	30 June 2024 (unaudited)	31 December 2023
Total loans	2.898.773.125	2.481.579.111
Less: cash and cash equivalents	<u>(1.179.431.405)</u>	<u>(712.813.045)</u>
Net cash position	<u>1.719.341.720</u>	<u>1.768.766.066</u>
Equity	4.331.129.676	4.216.113.767
Leverage	0,40	0,42

## Fair value estimate

The fair value of financial instruments traded on an active market is based on market prices quoted at the end of the reporting period. The fair value of financial instruments that are not traded on an active market is set using valuation techniques.

The book value less the adjustment for the impairment of trade receivables and commercial debt is deemed to approximate their fair value. The fair value of financial liabilities is estimated by discounting the future contractual cash flows using the current market interest rate available to the Company for similar financial instruments.

## 6. INDIVIDUAL ECONOMIC AND FINANCIAL STATEMENT

### 6.1 Individual financial position

According to Article 1 of Order 881/25 June 2012 of the Ministry of Public Finance on the application of the International Financial Reporting Standards by companies having securities admitted to trading on a regulated market, starting with financial year 2012, the companies having securities admitted to trading on a regulated market are obliged to apply the International Financial Reporting Standards (IFRS) upon preparation of the individual annual financial statements.

The statement of the financial position as at 30.06.2024 as compared to 31.12.2023 is as follows:

Indicator	30.06.2024	31.12.2023	Dynamics
	Thousand lei	Thousand lei	(%)
0	1	2	3=1/2 -1

Tangible assets	352.403	377.640	-6,68%
Rights of use for the leased assets	13.038	14.501	-10,09%
Intangible assets	4.145.339	3.643.263	13,78%
Financial assets	177.644	177.619	0,01%
Trade receivables and other receivables	2.522.065	2.423.669	4,06%
Deferred tax	1.332	1.734	-23,18%
Restricted cash	2.060	1.956	5,32%
<b>Fixed assets</b>	<b>7.213.881</b>	<b>6.640.382</b>	<b>8,64%</b>
Inventories	565.326	577.081	-2,04%
Commercial receivables and other receivables	264.148	400.845	-34,10%
Cash at hand and in bank	1.131.258	675.601	67,44%
<b>Current assets –TOTAL</b>	<b>1.960.732</b>	<b>1.653.527</b>	<b>18,58%</b>
<b>TOTAL ASSETS</b>	<b>9.174.613</b>	<b>8.293.909</b>	<b>10,62%</b>
Debts to be paid over a one-year period	1.556.192	1.327.946	17,19%
Debts to be paid over a period of more than one year	3.382.634	2.842.310	19,01%
<b>Total debts</b>	<b>4.938.826</b>	<b>4.170.256</b>	<b>18,43%</b>
<b>Shareholders' equity</b>	<b>4.235.787</b>	<b>4.123.653</b>	<b>2,72%</b>
Share capital	1.883.815	1.883.815	0,00%
Hyperinflation adjustment of share capital	441.418	441.418	0,00%
Share premium	247.479	247.479	0,00%
Other reserves	1.265.797	1.265.797	0,00%
Retained earnings	397.278	285.144	39,33%
<b>Total equity and debts</b>	<b>9.174.613</b>	<b>8.293.909</b>	<b>10,62%</b>

**Table 26- Statement of individual financial position in H1 2024 compared to 2023**

### ***Tangible assets***

Tangible assets include auxiliary buildings of operating assets, office buildings, land, assets used for the international transmission activity, as well as objectives related to the national transmission system taken over free of charge.

**Tangible assets decreased by lei 25.236 thousand** as compared to the value as at 31.12.2023, mainly due to the fact that the tangible assets entries did not exceed the depreciation cost for tangible assets.

### ***Rights of use of leased assets***

As at 1 January 2019 the company applies IFRS 16 for lease contracts complying with the recognition criteria and recognized as intangible asset right of use related to the lease contracts. **The rights of use of leased assets decreased by lei 1.463 thousand as compared to 31**

**December 2023** due to the fact that the initial value of the leased assets contracts was lower than the depreciation cost.

### ***Intangible assets***

#### *IT Programs*

The purchased licenses related to the rights to use the IT programmes are capitalized on based on the costs incurred with the procurement and commissioning of the respective IT programmes. Such costs are depreciated over their estimated useful life (three years). Costs related to the development or maintenance of the IT programmes are recognized as costs during the period when they are registered.

#### *Service concession agreement*

From 2010, in accordance with the EU approval process, the company started to apply IFRIC 12, **Service Concession Arrangements**, adopted by the EU.

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

The company is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right. As they occur, costs of replacements are recorded as expense, while the improvements of assets used within SCA are recognized at fair value. Intangible assets are amortized at zero value during the remaining period of the concession agreement.

**Intangible assets increased by lei 502.075 thousand** as compared with the value as at 31.12.2023, this increase being mainly due to the fact that the intangible assets entries exceeded the cost of amortization of intangible assets.

### ***Financial assets***

**The financial assets increased compared to the value recorded at 31.12.2023 representing** the share capital of the company EUROTRANSGAZ SRL Chisinau in the Republic of Moldova, established by EGMS Resolution 10/12.12.2017 of SNTGN Transgaz SA **by lei 25.000, representing** the share capital of *TRANSPORT ROMÂNIA HIDROGEN S.R.L.*, having as its object of activity the transportation of hydrogen, with sole shareholder SNTGN Transgaz SA, with registered office in Bucharest, established by EGMS resolution no. 5 of 05 June 2024 of SNTGN Transgaz SA.

#### ***Trade receivables and other receivables/ Fixed assets***

**The receivables regarding the right to collect the regulated value remaining unamortized at the end of the concession agreement on 30 June 2024 increased by the amount of lei 98.396 thousand**, receivables registered according to Law 127/2014 of 5 October 2014, which states that in case of termination of the concession agreement for any reason, or upon termination, the investment of the national transmission system operator shall be transferred to the owner of the national transmission system or another concession provider on payment of a compensation equal to the regulated value remaining not amortized, established by ANRE.

The increase of lei 98.396 thousand compared to the value at 31 December 2023 is mainly due to the updating of the receivables with the changes recorded in the regulated asset base and the adjustment of the regulated value of the assets with the inflation rate starting with 2019, as per

ANRE Order 41/2019. Fixed assets recognised in the regulated asset base in a gas year are discounted with the rate of inflation from the following gas year.

### ***Inventories***

**On 30 June 2024 inventories decreased by lei 11.755 thousand** compared to the value as at 31 December 2023, due to the decrease by lei 2.175 thousand of the value of the natural gas procured within the balancing activity, the decrease by lei 20.492 thousand of the stored gas procured to cover technological consumption and the increase by lei 10.912 thousand of the stocks of raw and other materials.

### ***Commercial receivables and other receivables***

**On 30 June 2024**, the balance of the commercial receivables and other receivables **decreased by lei 136.697 thousand** as compared to 31 December 2023, mainly due to the following factors:

- decrease of the client receivables balance by lei 163.514 thousand mainly generated by the collection of the balance of the receivables from domestic transmission and balancing;
- increase of the provisions for the impairment of the trade receivables and of other receivables by lei 21.952 thousand;
- increase of the claims against the state budget by lei 26.923 thousand;
- increase of the balance of other receivables by lei 21.846 thousand.

### ***Cash at hand and in bank***

**On 30 June 2024 the company's cash increased by lei 455.657 thousand** as compared to the end of 2023. The cash in bank accounts in lei increased by lei 276.745 thousand and the cash in bank accounts in currency increased by lei 178.863 thousand. Other cash elements and cash equivalent register an increase by lei 49 thousand compared with 2023.

### ***Debts to be paid over a one-year period***

The structure of debts to be paid over a one-year period recorded the following changes compared to 31 December 2023:

- increase of the balance of the commercial debt and other debt by lei 259.958 thousand;
- decrease in the balance of debts related to rights of use of leased assets by lei 1.034 thousand;
- decrease of the provision for risks and charges by lei 14.932 thousand mainly on account of cancellation the provision for the employees participation to profit recorded in 2023;
- decrease of the current part of the provision for employee benefits in the amount of lei 6.275 thousand;
- decrease of the deferred revenue over the short term by lei 9.490 thousand;
- increase of short-term loans by lei 20 thousand, on account of the inclusion of the short term loan of lei 300 million the contract concluded to finance the balancing activity being extended in 14 July 2024.

### ***Long-term debts***

The evolution of long-term debts is due to the following aspects:

- increase of long-term loans by lei 424.921 thousand;



- increase of the provision for employee benefits in the amount of 30.932;
- increase of advance revenues and subsidies by lei 84.940 thousand;
- decrease of the debts related to rights of use of leased assets in the amount of lei 470 thousand.

### Equity

The subscribed and paid-up capital was not changed.

Retained earnings increased by lei 112.134 thousand due to the recording of the profit related to Half I 2024.

## 6.2 Individual comprehensive income

The situation of the profit and loss account in Half I 2024 compared to Half I 2023:

Specification	Achieved (lei thousand)		Dynamics (%)
	H1 2024	H1 2023	
0	1	2	$3 = 1/2 \times 100 - 100$
<b>TOTAL revenue of which:</b>	<b>1.909.727</b>	<b>1.180.894</b>	<b>62%</b>
Operating revenue before the construction activity, according to IFRIC12 and balancing	1.016.130	757.139	34%
Revenue from the balancing activity	114.784	263.067	-56%
Revenue from the construction activity according to IFRIC12	675.817	35.270	1816%
Financial revenue	102.995	125.418	-18%
<b>TOTAL costs of which:</b>	<b>1.687.816</b>	<b>1.079.622</b>	<b>56%</b>
Operating costs before the construction activity, according to IFRIC12, and balancing	848.582	717.504	18%
Cost of balancing	114.784	263.067	-56%
Cost of constructed assets according to IFRIC12	675.817	35.270	1816%
Financial costs	48.633	63.781	-24%
<b>Total GROSS PROFIT, of which:</b>	<b>221.910</b>	<b>101.272</b>	<b>119%</b>
Result from operation	167.548	39.635	323%
Result from the financial activity	54.363	61.637	-12%
<b>PROFIT TAX</b>	<b>45.900</b>	<b>22.451</b>	<b>104%</b>
<b>NET PROFIT</b>	<b>176.011</b>	<b>78.821</b>	<b>123%</b>
<b>Other elements of the comprehensive income</b>	<b>2.057</b>	<b>6.395</b>	<b>-68%</b>
<b>Comprehensive income of the period</b>	<b>178.067</b>	<b>85.216</b>	<b>109%</b>

Table 27 - Individual profit and loss account in Half I 2024 compared to Half I 2023

## Operating revenue

Operating revenue before the balancing and the construction activity according to IFRIC 12 achieved in Half I 2024 as compared to Half I 2023 is as follows:

No.	Specification	Achieved H1 (thousand lei)		Dynamics (%)
		2024	2023	
0	1	2	3	$4=2/3*100$
1.	<b>Revenue from the transmission activity</b>			
	- Thousand lei	942.107	631.170	149,26
	- MWh	69.457.227	69.206.474	100,36
	- lei/MWh	13,56	9,12	148,72
3.	<b>Revenue from the international transmission activity</b>			
	- Thousand lei	0	58.872	0,00
4.	<b>Other operating revenue</b>			
	- Thousand lei	74.023	67.098	110,32
<b>TOTAL OPERATING REVENUE before the balancing and the construction activity according to IFRIC12</b>		<b>1.016.130</b>	<b>757.139</b>	<b>134,21</b>

Table 28 - Revenue from the operating activity –achieved in Half1 2024 compared to achieved in Half1 2023

## Operating expense

The operating expense achieved in H1 2024 as compared to H1 2023:

No.	Specification	H1 (thousand lei)		Dynamics (%)
		2024	2023	
0	1	2	3	$4=2/3*100$
1.	Depreciation	230.995	225.162	102,59
2.	Indemnities, salaries, other expenditures related to salaries and benefits to employees	296.751	276.328	107,39
3.	Gas consumption in NTS, materials and consumables used, of which:	81.096	79.270	102,30
	- Gas consumption in transmission system	61.963	61.633	100,53
	- gas consumption quantity in NTS - (MWh)	326.285	331.546	98,41
	- Auxiliary materials	16.979	15.944	106,49
	- Other material expenditures	2.154	1.693	127,25
4.	Expenditures related to royalties	108.342	2.760	3.925,21
5.	Maintenance and transport, of which:	15.167	15.784	96,09
	- Works, services performed by third parties	7.072	7.086	99,80
6.	Taxes and other amounts due to the State, of which:	40.237	37.461	107,41
	- Gas transmission and international transit license fee	4.369	5.165	84,59
	- Monopoly tax	30.911	27.817	111,12
7.	Cost of the provision for risks and charges	10.182	-21.360	X

8.	Other operating expense	65.811	102.098	64,46
<b>TOTAL OPERATING EXPENSE before the balancing and the construction activity according to IFRIC12</b>		<b>848.582</b>	<b>717.504</b>	<b>118,27</b>

*Table 29 - Operating costs achieved in H1 2024 compared to H1 2023*

### 6.3 Individual cash flow statement

The cash flow statement on 30 June 2024 is as follows:

Indicator	Financial year ended June (thousand lei)	
	2024	2023
<b>Profit before tax</b>	<b>221.910</b>	<b>101.272</b>
<i>Adjustments for:</i>	-	
Depreciation	230.995	225.162
Gain/(loss) from the transfer of fixed assets	89	-194
Provisions for risks and charges	-14.932	-30.323
Provisions for employee benefits	19.794	3.932
Write-down of inventories	5.216	5.084
Revenue from connection fees, grants and goods taken free of charge	-52.558	-57.251
Loss on amounts receivable and sundry debtors	783	14
Adjustment of impairment of receivables	21.952	48.733
Interest revenue	59.810	-26.556
Interest expenses	-36.923	46.040
Concession Agreement receivable adjustment	-63.931	-92.384
Effect of discounting the provision for benefits	6.920	9.601
Effect of exchange rate changes on non-operating items	711	1.543
<b>Operating profit before the changes in working capital</b>	<b>399.836</b>	<b>234.674</b>
(Increase)/decrease in trade and other receivables	80.200	103.211
(Increase)/decrease in inventories	7.986	31.982
Increase/(decrease) in commercial debt and other debt	65.103	-16.185
<b>Cash from operations</b>	<b>553.126</b>	<b>353.682</b>
Received interest	7.466	694
Paid interest	-58.688	-61.630
Paid profit tax	-46.922	-37.122
<b>Net cash inflows from operation</b>	<b>454.982</b>	<b>255.624</b>
<b>Cash flow from investment activities</b>	<b>-</b>	<b>-</b>
Payments for the acquisition of intangible assets	-548.085	-203.195
Payments for the acquisition of tangible assets	-7.851	-7.155
Financial investments/shares	110	264
Receipts from the transfer of tangible assets	-25	0
Cash from connection fees and grants	136.014	274
<b>Net cash used in investment activities</b>	<b>-419.837</b>	<b>-209.811</b>

Indicator	Financial year ended June (thousand lei)	
	2024	2023
<b>Cash flow from financing activities</b>	-	-
Long-term loan drawings	497.670	0
Repayments of long term loans	-66.158	-70.081
Credit drawings/payments for the working capital	-6.924	-24.203
Leasing payments (IFRS 16)	-3.797	-3.487
Paid dividends	-175	-575
<b>Net cash used in financing activities</b>	<b>420.616</b>	<b>-98.346</b>
<b>Net change in cash and cash equivalents</b>	<b>455.761</b>	<b>-52.534</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>677.557</b>	<b>384.237</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1.133.318</b>	<b>331.703</b>

*Table - Individual cash flow statements in H1 2024 compared to H1 2023*

The analysis of the cashflow as at Half I 2024 shows an increase of liquid assets by lei 801.615 thousand as compared to Half I 2023.

The changes to the structure of the cash flow for are:

- cash flow from operation is of lei 454.982 thousand, higher by lei 199.358 thousand than in H1 2023;
- cash flow from the investment activity is of lei -419.837 thousand, lower by lei 210,025 thousand than in H1 2023;
- cash flow used in the financing activity is of lei 420,616 thousand, lower by lei 518,962 thousand than in H1 2023.

As at 30 June 2024, the balance of liquid assets in the company's bank accounts was lei 1.133.157 thousand, of which 7,68 % represented liquid assets denominated in foreign currency, mostly in EUR.

## 6.4 Evaluation of the activity related to the financial risk management

### Financial risk factors

By the nature of the activities performed, the company is exposed to various risks, which include: market risk (including currency risk, interest rate risk on fair value, interest rate risk on cash flow and price risk), credit risk and liquidity risk.

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company does not use derivative financial instruments to protect itself from certain risk exposures.

## Market risk

### Currency risk

The Company is exposed to currency risk by exposures to various foreign currencies, especially to EUR. Currency risk is associated to assets and recognized liabilities. The Company does not perform formal actions to minimize the currency risk related to its operations.

The following table shows the sensitivity of profit or loss and equity, to reasonably possible changes in exchange rates applied to the end of the reporting period of the functional currency of the Company, with all variables held constant:

(lei)

	30 June 2024 (unaudited)	31 December 2023
<i>Impact on profit and loss and on equity of:</i>		
USD appreciation by 10%	709.484	684.054
USD depreciation by 10%	(709.484)	(684.054)
EUR appreciation by 10%	(59.843.790)	(26.662.039)
EUR depreciation by 10%	59.843.790	26.662.039

### Price risk

The company is exposed to commodity price risk on gas purchased for its own consumption. If the gas price had been 5% higher/lower, the net profit related to the period would have been lower/higher by lei 2.602.446 (December 2023: lei 4.888.012).

### Interest rate risk on cash flow and fair value

The Company is exposed to interest rate risk by deposits with banks and loans with variable interest taken. The Company did not conclude any commitment to diminish the risk.

For the average exposure of the period, if the interest rates had been by 50 basis points lower/higher, with all the other variables maintained constant, the profit related to the period and equity would have been higher/lower by lei 3.541.105 higher/lower (December 2023: 7.805.365 (higher/lower), as a net result of the change of interest rate for variable interest loans and interest rate for bank deposits.

## Credit risk

Credit risk is especially related to cash and cash equivalents and trade receivables. The Company prepared a number of policies ensuring that products and services are sold to proper customers. The accounting value of the receivables without the adjustments for uncertain receivables represents the maximum value exposed to credit risk.

The Company's credit risk is concentrated on the five main customers, which together account for 52% of the trade receivable balances as at 30 June 2024 (31 December 2023: 43%). Although the collection of receivables can be influenced by economic factors, the management believes that there is no significant risk of loss exceeding the adjustments already made.

On 30 June 2024 the company has available good payment guarantees from clients amounting to lei 401.666.664.

The cash is placed in financial institutions which are considered to be associated with a minimum performance risk.

(lei)

	30 June 2024 (unaudited)	31 December 2023
Without rating	598.834	269.860
BB+	412.261.991	251.805.038
BBB-	504.344.599	276.682.320
BBB	4.441.577	614.290
BBB+	208.858.342	147.783.067
A+	134.713	134.911
AA	457.291	156.187
	<b>1.131.097.347</b>	<b>677.445.673</b>

All financial institutions are presented to Fitch rating or equivalent.

### Liquidity risk

Cautious liquidity risk management involves keeping enough cash and funds available by a proper value of committed credit facilities. The company forecasts the cash flows.

The financial structure of the Company continuously monitors the Company's liquidity requirement to make sure there is enough cash to meet the operational requirements, maintaining at the same time a sufficient level of unused borrowing facilities at any time, so that the Company does not break the limits or breach loan agreements (where applicable) for any of its credit facilities.

Such forecasts consider the Company's debt financing plans, compliance with agreements, compliance with internal objectives on the balance sheet indicators and, if appropriate, external regulations or provisions.

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

The table below shows the obligations as at 30 June 2024 in terms of remained contractual maturity. The amounts disclosed in the maturity table are contractual undiscounted cash flows.

The analysis of financial liabilities on 30 June 2024 in terms of maturity is as follows:

(lei)

	Total amount	Less than 1 year	1-5 years	Over 5 years
Loans	2.842.179.180	556.350.271	1.298.599.124	987.229.785
Commercial debts and other debts	498.127.534	498.127.534	-	-

Liabilities related to rights of use of leased assets	15.542.003	3.333.037	12.208.966	-
	<b>3.355.848.717</b>	<b>1.057.810.842</b>	<b>1.310.808.090</b>	<b>987.229.785</b>

Commercial and other debts comprise trade payables, suppliers of fixed assets, dividends payable and other debts which are not included: debt generated as a result of the legal provisions imposed by the authorities, debts to employees and deferred revenue.

Categories of financial instruments:

(lei)

	<b>30 June 2024 (unaudited)</b>	<b>31 December 2023</b>
<b>Financial assets</b>		
Cash and cash equivalents	198.768.985	96.204.966
Term bank deposits	934.548.552	581.351.685
Credits and receivables	2.692.133.028	2.741.685.641
Financial assets - shares	202.222.382	202.197.382
Adjustments for financial assets - shares	<u>(24.578.237)</u>	<u>(24.578.237)</u>
	<b><u>4.003.094.709</u></b>	<b><u>3.596.861.437</u></b>

	<b>30 June 2024 (unaudited)</b>	<b>31 December 2023</b>
<b>Financial liabilities</b>		
Debts measured at depreciated cost:		
-Loans	2.722.645.527	2.297.704.366
Debts measured at fair value:		
-Financial guarantees related to contracts	203.501.194	50.446.894
-Commercial debts and other debts	<u>619.879.614</u>	<u>451.013.677</u>
	<b><u>3.546.026.335</u></b>	<b><u>2.799.164.937</u></b>

The loans and receivables category does not include the receivables from the relationship with employees and advance expenses.

### Capital risk management

The company's objectives related to capital management refer to maintaining the Company's capacity to continue its activity in order to provide compensation to shareholders and benefits to the other stakeholders and maintain an optimal structure of the capital, as to reduce capital expenditure. There are no capital requirements imposed from outside. Like the other companies in this sector, Transgaz monitors the capital based on the debt leverage.

This factor is calculated as net debt divided by total capital.



The net debt is calculated as total borrowings (including `current and long-term borrowings`, as indicated in the statement of financial position), except cash and cash equivalent. The total capital is calculated as `equity`, according to the statement of financial position, plus the net debt.

The net leverage at 30 June 2024 and at 31 December 2023 is as follows:

(lei)

	<b>30 June 2024 (unaudited)</b>	<b>31 December 2023</b>
Total loans	2.722.645.527	2.297.704.366
Less: cash and cash equivalents	<u>(1.133.317.537)</u>	<u>(677.556.651)</u>
Net cash position	<u>1.589.327.990</u>	<u>1.620.147.715</u>
Equity	<u>4.235.787.237</u>	4.123.653.277
Leverage	0,38	0,39

## Fair value estimate

The fair value of financial instruments traded on an active market is based on market prices quoted at the end of the reporting period. The fair value of financial instruments that are not traded on an active market is set using valuation techniques.

The book value less the adjustment for the impairment of trade receivables and commercial debt is deemed to approximate their fair value. The fair value of financial liabilities is estimated by discounting the future contractual cash flows using the current market interest rate available to the Company for similar financial instruments.

## 7. CORPORATE GOVERNANCE

Corporate governance includes the totality of systems and processes put in place to lead and control a company to increase its performance and value. Corporate governance basically involves balancing the interests of the company's stakeholders, which may include shareholders, senior management, customers, suppliers, creditors, government and the community. As such, corporate governance encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate development.

At the same time, it addresses the effectiveness of management systems, emphasising the role of the Board of Administration, the accountability and remuneration of Board members, the credibility of financial/non-financial statements and the effectiveness of risk management systems.

Corporate governance is a key element in improving the company's efficiency and economic growth, as well as increasing investor confidence. It provides the framework/context through which the company's objectives are set and the means by which these objectives are achieved. The

existence of an effective system in this regard, both within the company and the economy at large, provides the confidence necessary for the proper functioning of the market economy.

Sustainable corporate governance is a guarantee that the company provides value for its stakeholders over the long term. A priority for the boards of administration is to identify the company's relevant stakeholders, including customers, investors, regulators and suppliers, as well as local communities. It should also be considered that different stakeholder groups are not homogeneous, and a wide range of views and interests may exist within each stakeholder group. It also sets guidelines to help governing bodies clarify purpose and values, ensure that the strategy is aligned with this intent and that it generates value for all relevant stakeholders to strategically achieve the purpose in line with the values.

Responsibility at all levels is another principle of good governance, both the members of the administrative and executive management and those to whom management was delegated must enforce and supervise compliance with the legislation in force. The management of the company is responsible for the actions and omissions of the organisation, therefore the governing bodies must ensure that they define roles and responsibilities and have a functioning reporting and accountability system. As they move towards sustainable business strategies, companies need to ensure that non-financial indicators and targets are as important and meaningful as financial indicators, financial targets and financial reporting.

Non-financial reporting and financial reporting must be integrated so that when the company announces its annual results, they incorporate all types of values generated by the business. Sustainability should be seen as an important part of setting strategy and objectives at company level, with a high level of focus on sustainability issues at both strategic and operational levels.

At SNTGN Transgaz SA level, the development of corporate governance is carried out taking into account its impact on economic performance, market integrity, as well as the context it creates for market participants and the proportion of transparent and efficient markets. Sustainability is an integral part of the company's purpose and strategy, environmental, social and governance (ESG) issues are embedded in the company's culture and taken into account in the decision-making process at every level as well as in the reports issued by the company. Shareholders have the right to be informed and to participate in the decision-making on fundamental changes within the company, to consult with other shareholders on issues concerning their rights.

The members of the Board of Administration make decisions and act on the basis of complete information and in the interest of the company and its shareholders. At the same time, the Board operates with high ethical standards and integrity, taking into account the interests of shareholders, stakeholders, sustainability and sustainable development issues.

**The Corporate Governance Rules of SNTGN TRANSGAZ SA** were approved by the Ordinary General Meeting of the Shareholders on 2 March 2011, by GMS Resolution 1/2011 (Art. 4), and the updating of the document was approved in the Board of Administration meeting of 29.06.2022, according to the Code of Corporate Governance of the Bucharest Stock Exchange. Subsequently, within the Rules, the name of the Advisory Committees set up at the level of the Board of

Administration was modified, according to the Resolution of the Board of Administration of 08.12.2022.

The updated corporate governance reference document has a structure in line with corporate governance requirements.

SNTGN Transgaz SA as a company listed on BSE in the Premium category, voluntarily adopted the provisions of the Corporate Governance Code of the Bucharest Stock Exchange and had been reporting since 2010 total or partial compliance with its provisions by the **Statement of Compliance or Non-Compliance with the Code of Corporate Governance**, included in the annual Report issued by the Board of Administration.

As of September 2015, **a new BSE Code of Corporate Governance** was launched for companies listed on the main market, applicable from 4 January 2016. The Code was developed by the BSE as part of a new corporate governance framework for promoting higher governance and transparency standards for the listed companies. The implementation of the new rules is based on the apply and explain principle which provides the market with clear, accurate and timely information on how listed companies comply with corporate governance rules.

Transgaz is in full compliance with most of the provisions of the new Code, and the provisions with which the company was not yet in compliance/will comply with were explicitly presented in a current report sent to the BSE in January 2016, which was also published on the company's website at the section: *Informații investitori/Raportări curente/2016*.

Later, on 12 October 2016, by a Current Report sent to BSE, SNTGN TRANSGAZ SA reported to the market the compliance with another provision A.2., and on 3 May 2022 the compliance with provision C.1. of the BSE Code of Corporate Governance was reported.

Any further compliance of the company in this respect will be reported to the capital market.

## 7.1. Management System

Transgaz has a unitary management system and is managed by a Board of Administration. It has the general competence to take out all necessary actions in order to successfully carry out the object of the company, except for the issues that are within the competence of the General Meeting of the Shareholders according to the provisions of the Articles of Incorporation updated on 11.10.2023, or the applicable laws.

The management of Transgaz is provided by a Board of Administration formed mostly by non-executive and independent administrators within the meaning of Art.138<sup>2</sup> of the Law no. 31/1990 on companies, republished, as amended.

The Board of Administration is composed of 5 members that guarantee the efficiency of the supervisory, analysing and evaluating capacity of the company as well as the fair treatment of the shareholders. Members of the Board of Administration are elected by the General Meeting of Shareholders for a four-year term. Depending on the extent to which they have fulfilled their duties,

the administrators' mandates may be renewed or revoked, the decision being taken by the ordinary general meeting.

The Members of the Board of Administration may also be shareholders. The Transgaz Board of Administration is chaired by a Chairman appointed by the Board of Administration, from among its, which ensures the optimal functioning of the company's bodies. Members of the Board of Administration will participate in all the General Meetings of the Shareholders and will exercise their mandate in good faith and knowledge for the interest of the Company with due-diligence and care without disclosing the confidential information and trade secrets of the Company during the term of office and after its termination.

The Articles of Incorporation of Transgaz, updated on 11.10.2023 and approved by the Extraordinary General Meeting of the Shareholders by Resolution 10/11.10.2023, regulates the duties, responsibilities and powers of the Board of Administration as well as the obligations of the company's administrators. The Board of Administration operates in accordance with its own regulations and legal regulations in force. Following the implementation of the new Corporate Governance Code of the BSE, the Board of Administration approved the amendment of the *Rules of procedure and organization for the Board of Administration of TRANSGAZ S.A* in order to comply with its provisions and was approved based on Art. 2 of OGMS Resolution 8/17 December 2018 of the Ordinary General Meeting of the Shareholders.

Also, Transgaz has approved an *Internal Rules on the organization and operation of the Advisory Committees established at the level of the Board of Administration of SNTGN Transgaz SA*. At the meeting of the Board of Administration held on 24.08.2023, according to art.3, the following were approved:

- The change of name of the following advisory committees:
  - The Strategy, Sustainability and Equal Opportunities Advisory Committee and The Corporate Governance and Relations with Public Authorities Advisory Committee are merged and become the Corporate Governance and Sustainability Advisory Committee;
  - The Audit and Rating Advisory Committee becomes Audit Advisory Committee
- The establishment of the Risk Management Advisory Committee.
- Amendment of the Internal Rules on the organization and operation of the Advisory Committees established at the level of the Board of Administration of SNTGN Transgaz SA and their composition.

By the Resolution no.32/31.10.2023 of the Board of Administration the amendment of Internal Rules on the organization and operation of the Advisory Committees established at the level of the Board of Administration of SNTGN Transgaz SA and the composition of the Advisory Committees established at the level of the Board of Administration of SNTGN Transgaz SA was approved.

The updated version of the *Internal Rules on the organization and operation of the Advisory Committees established at the level of the Board of Administration of SNTGN Transgaz SA* is available on the company's own website, in the section [www.transgaz.ro/en/guvernanta-corporativa/documents-for-corporate-governance](http://www.transgaz.ro/en/guvernanta-corporativa/documents-for-corporate-governance)

The structure of Transgaz' Board of Administration ensures a balance between executive and non-executive members, so that no individual or restricted group of persons can dominate the decision-making process of the Board of Administration.

The decision-making process within the company will remain a collective responsibility of the Board of Administration, which will be held jointly and severally responsible for all decisions taken in the exercise of its powers. The renouncement of the mandate by independent administrators shall be accompanied by a detailed statement of the reasons for such renouncement.

The Members of the Board of Administration will constantly update their competencies and will improve their knowledge of the company's business and best corporate governance practices in order to fulfil their role.

### **Members of the Board of Administration of SNTGN Transgaz SA**

Following OGMS Resolution 2/22.04.2021 the mandates of three administrators were renewed for a four-year term, as of 30.04.2021:

ION STERIAN	Executive Administrator - Director-General
PETRU ION VĂDUVA	Non-Executive Administrator - Chairman of the Board of Administration
NICOLAE MINEA	Independent, Non-Executive Administrator

By OGMS Resolution 10/07.12.2022, Mr Csaba Orosz and Mr Gheorghică Agafitei were appointed provisional members of the Board of Administration for a maximum term of office of 4 months, starting on 17.12.2022, with the possibility of extending the term of office by another 2 months, until the completion of the selection procedure, and by OGMS Resolution 3/12.04.2023 it was approved the extension of the duration of the mandate of the provisional members of the Board of Administration by two months from the date of expiry, meaning 17.04.2023.

Subsequently, by OGMS Resolution 6/14.06.2023 the appointment Mr Csaba Orosz and Mr Gheorghică Agafitei as provisional members of the Board of Administration for a maximum term of office of 4 months, starting on 17.06.2023, was approved with the possibility of extending the term of office by another 2 months, until the completion of the selection procedure.

At the meeting held on 11.10.2023, by OGMS Resolution 9/11.10.2023 the appointment of Ms. Ilinca Von Derenthall and Ms. Adina-Lăcrimioara Hanza as provisional members of the Board of Administration with a maximum term of office of 5 months, starting with 17.10.2023 was approved, with the possibility of extending the term of office only once by another two months, for justified reasons, and subsequently, by OGMS Resolution no.2/06.03.2024, the extension of the term of office of the provisional members of the Board of Administration was approved, for two months from the expiration date, i.e. 17 March 2024.

Then, by art. 2.2 of OGMS resolution no. 4/16.05.2024 the appointment of Mrs. Ilinca VON DERENTHALL as member of the Board of Administration of SNTGN Transgaz SA was approved as follows: from 17.05.2024 until 29.04.2025, following the completion of the selection procedure, and

by art. 4 the appointment of Ms. Adina-Lăcrimioara HANZA as a provisional member of the Board of Administration was approved for a term of office of maximum 5 months, starting from 17.05.2024, with the possibility of extension, once, for another 2 months, for justified reasons.

Name, Surname	Position in the Board of Administration/Legal basis for appointment		Term of office
ION STERIAN	OGMS Resolution 2/22.04.2021	Executive Administrator	4 years
	BoA Resolution 22/27.07.2021	Appointed Director - General	4 years
PETRU ION VĂDUVA	OGMS Resolution 2/22.04.2021	Non-Executive Administrator	4 years
NICOLAE MINEA	OGMS Resolution 2/22.04.2021	Independent Non-Executive Administrator	4 years
ILINCA VON DERENTHALL	OGMS Resolution 9/11.10.2023	Independent Non-Executive Interim Administrator	5 months, starting with 17.10.2023 with the possibility of extending the term of office only once by another two months for justified reasons
	OGMS Resolution 2/06.03.2024	Independent Non-Executive Interim Administrator	extending the term of office by two months from the date of expiry, i.e. 17 March 2024
	OGMS Resolution 4/16.05.2024	Independent Non-Executive Administrator	as of 17.05.2024 until 29.04.2025, following the completion of the selection procedure
ADINA-LĂCRIMIOARA HANZA	OGMS Resolution 9/11.10.2023	Independent Non-Executive Interim Administrator	5 months, starting with 17.10.2023 with the possibility of extending the term of office only once by another two months for justified reasons
	OGMS Resolution no. 2/06.03.2024	Independent Non-Executive Interim Administrator	extension of the term of office by two months from the date of expiry, i.e. 17 March 2024
	OGMS Resolution no. 4/16.05.2024	Independent Non-Executive Interim Administrator	Maximum 5 months, starting with 17.05.2024 with the possibility of extending the term of office only once by another two months for justified reasons

The CVs of the members of the Transgaz Board of Administration are available on the company's website at: [www.transgaz.ro/Despre noi/Consiliul de administratie](http://www.transgaz.ro/Despre noi/Consiliul de administratie).

The Board of Administration delegates the management of the company to the Director - General of SNTGN Transgaz SA, which is not the Chairman of the Board of Administration. The Director - General of the National Gas Transmission Company Transgaz S.A. represents the company in its relations with third parties.



The Director prepares and submits to the Board of Administration a proposal for the management component of the management plan for the duration of the mandate in order to achieve the financial and non-financial performance indicators.

The Board of Administration may require that the management plan be amended or revised if it does not provide for measures to achieve the objectives set out in the letter of expectation and does not include the expected results to ensure the assessment of the financial and non-financial performance indicators.

After the approval of the management plan by the Board of Administration, the management component or, as appropriate, the approved financial and non-financial performance indicators are an annex to the mandate contract concluded with the director.

The assessment of the directors' activity by the Board of Administration will concern both the execution of the mandate contract and the management plan management component. The Director - General prepares and submits to the Board of Administration the reports provided by law.

The Director - General submits to the Board of Administration for approval the transactions concluded with the administrators or directors, employees or shareholders holding control over Transgaz or with a company controlled by them, if the transaction has, individually or in a series of transactions, a value of at least the equivalent in lei of EUR 50,000.

The executive directors and the directors of subsidiaries are appointed by the Director-General and are subordinate to it, are officials of SNTGN TRANSGAZ S.A., carry out its operations and are accountable to it for the performance of their duties under the same conditions as the members of the Board of Administration. The duties of the executive directors and of the directors within the subsidiaries are established by Transgaz' Rules of Procedure.

Persons who are incompatible under the Companies Law no. 31/1990, republished, as amended, may not act as executive directors or Subsidiary directors.

According to Art. 19 (8<sup>1</sup>) of the Articles of Incorporation, updated on 11.10.2023, the Board of Administration reports, at the first general meeting of the shareholders following the conclusion of the legal act regarding the following:

- any transaction with the administrators or with the directors, the employees, the shareholders who control the company or with a company controlled by them;
- any transactions concluded with the spouse, with relatives or kin up to the 4th degree including any of the persons above;
- any transaction concluded between SNTGN TRANSGAZ S.A. and another public undertaking or with the public supervisory body, if the transaction has the value, individually or in a series of transactions, of at least the RON equivalent of EUR 100.000.

The Board of Administration has the obligation to provide the general meeting of the shareholders and the financial auditors with the documents of SNTGN TRANSGAZ S.A. and the activity reports in accordance with the law.

**Transgaz' intention to purchase own shares**

Not applicable.

**Number and nominal value of shares issued by the parent company held by subsidiaries**

Not applicable.



### Bonds and/or other debt securities

Not applicable.

### Significant mergers or reorganizations

During Half I 2024, there were no mergers or reorganizations within SNTGN TRANSGAZ SA.

## 7.2. Legal documents concluded under Article 52 paragraph (1) and paragraph (6) of GEO 109/30.11.2011

In H1 2024, no legal documents were concluded in accordance with art. 52 paragraph (1) and paragraph (6) of GEO no.109/ 30.11.2011, as amended.

## 7.3. Main transactions between affiliated parties (in accordance with Article 108 of Law 24/2017 on issuers of financial instruments and market operations, republished)

In accordance with the provisions of Article 108 of Law 24/2017 on issuers of financial instruments and market operations, as amended, Transgaz did not identify and, accordingly, did not report in Half I 2024 any material transactions entered into with related parties the value of which exceeds 5% of the company's net assets value, as per the last published individual financial reports.

## 8. KEY PERFORMANCE INDICATORS ESTABLISHED IN THE CONTRACTS OF MANDATE

By OGMS Resolution 8/6.12.2021 the financial and non-financial performance indicators for 2021 - 2025, which are annexed to the administrators' contracts of mandate, were approved and the revision of some financial key performance indicators for the same period was approved by OGMS Resolution 3/28 February 2022 and by OGMS Resolution 10/7 December 2022 the revision of some key non-financial performance indicators for the same period was approved.

### Achievement of key financial and non-financial performance indicators

#### Key financial performance indicators for the calculation of the variable component of the remuneration (individual)

No.	Indicator	Objective	2024		Achievement*
			Budgeted	Achieved H1 2024	
1.	<b>Outstanding payments</b>	<i>Maintenance of the outstanding payments at zero.</i>	0	0	100%
2.	<b>Operating expenses</b> (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges) ( <b>thousand lei</b> )	<i>Maintenance of the operating expenses at the level under the Management Plan</i>	1.486.728	580.237	256%
3.	<b>Liquidity ratio</b>	<i>Liquidity ratio to record values higher than 1</i>	1	1,26	126%

No.	Indicator	Objective	2024		Achievement*
			Budgeted	Achieved H1 2024	
4.	Net leverage rate	Maintenance of a net leverage rate below the limits set for obtaining bank financing, i.e.: 5-2021, 5,5-2022, 5 – 2023-2024, 4,5 2025	5,5	3,99	138%
5.	EBITDA (thousand lei)	Achievement of the EBITDA target under the Management Plan	579.907	398.542	69%

**Table 30- Key financial performance indicators for the calculation of the variable component of remuneration in H1 2024 compared to the 2024 Budget (according to the management Plan 2021-2025)**

### Key non-financial performance indicators for the calculation of the variable component of the remuneration

No.	Indicator	Objective	No.	2024		Achievement
				Planned	Achieved H I	
Operational						
6	Monitoring the Investment Strategy and Implementation	Achievement of the FID projects under the TYNDP (2022-2031) <i>I = (achieved+initiated actions)/proposed actions</i>				
		Development on the Romanian territory of the Southern Transmission Corridor for taking over the Black Sea gas	6.1	Construction 2023-2025 The completion date depends on the upstream offshore projects implementation schedules.	On 16 June 2023, the works commencement order was signed. The work is in progress according to the schedule.	100%
		Achievement of the pilot project for metering and using the hydrogen gas blending	6.2	The design, execution and mounting of the pilot project installation related to the use of hydrogen gas blend and the studying of the influences on materials, metering systems and combustion equipment.	All activities related to the design, execution and mounting of the pilot project installation for the use of natural gas mixture with hydrogen and the study of the influences on materials, measurement systems and combustion equipment were completed.	100%
7	Increasing energy efficiency	Maintaining the share of the NTS gas consumption in the total circulated gas below 1%	7.1	<1	0,47%	100%

8	Customer satisfaction	Achievement of the targets established in the management plan (According to PP 165 Evaluation of Clients satisfaction, a score between 6-8 represents the fact that the services offered satisfied accordingly the requirements of the clients)	8.1	8	Achieved – 8 Report SMC/ 17930/29.02.2024 on the evaluation of SNTGN Transgaz SA clients satisfaction for 2023	100%
9	Strengthening and diversifying cooperation and collaboration relations with European gas transmission system operators	Conclusion of memoranda of cooperation and collaboration with European gas transmission system operators (minimum 5 operators) regarding the collaboration on hydrogen injection	9.1	1	The Memorandum of Understanding was signed between four gas transmission system operators in Central Europe (Transgaz - Romania, Gaz-System - Poland, Eustream - Slovakia and FGSZ – Hungary), on exploring the possibilities of decarbonising their operations, transmitting green gas and investigating the potential of transmitting CO2.	100%
Public service oriented						
10	Performance indicators related to the gas transmission service	Achievement of the targets established in the Performance Standard for the gas transmission service (ANRE Order 140/2021 entered into force as at 1 October 2022).	10.1	$IP_0^1 \geq 90\%$	99,79%	100%
			10.2	$IP_1^1 \geq 90\%$	100%	
			10.3	$IP_1^2 \geq 95\%$	*	
			10.4	$IP_1^3 \geq 95\%$	*	
			10.5	$IP_1^4 \geq 95\%$	99,6%	
			10.6	$IP_1^5 \geq 95\%$	100%	
			10.7	$IP_2^1 \geq 95\%$	100%	
			10.8	$IP_3^1 \geq 95\%$	98,15%	
			10.9	$IP_3^2 \geq 95\%$	*	
			10.10	$IP_4^1 \geq 95\%$	*	
			10.12	$IP_5^1 \geq 98\%$	100%	
			10.12	$IP_5^2 \geq 98\%$	100%	
			10.13	$IP_6^1 \geq 98\%$	100%	
			10.14	$IP_6^2 \geq 98\%$	100%	
Corporate governance						
11	Optimization of internal/management control system	Implementing the provisions of GSG Order 600/2018 for the approval of the Internal/Management Control Code of public enterprises as amended.	11.1	Development of the internal/management control system for maintaining it at a level considered compliant with the standards included in the	Achieved - Monitoring Committee Decision 908/14.06.2024; - letter to GSG 7133/ 26.01.2024, entry no. to GSG 2687/26.01.2024 regarding the submission of the following internal/management control system reporting documents:	100%

		<p><i>I = implemented standards/ standards provided for in the Order 600/2018*100</i></p> <p><i>Implementation of the measures established in the internal/management control system</i></p> <p><i>Implementation Plan</i></p> <p><i>I = Implemented measures /proposed measures *100</i></p>		<p>Internal/Management Control Code.</p>	<p>✓ Report of the Director General on the Internal/Managerial Control System as at December 31, 2023, no 7138/26.01.2024;</p> <p>✓ Centralizing situation on the status of implementation and development of the internal/managerial control system within SNTGN Transgaz SA, as at 31 December 2023, no. 7135/ 26.01.2024.</p> <p>✓ The data provided for in the above documents are uploaded in the SCIM (Internal Management Control System) – GSG (The General Secretariat of the Government) IT Platform. The General Secretariat of the Government notifies the approval of the forms uploaded in the IT Platform by e-mail dated 23.02.2024);</p> <p>- SCI/M (Internal Management Control System) development program, updated for the year 2024, no. DSMC/20442/07.03.2024;</p> <p>- information on the state of implementation of the internal/managerial control system at Transgaz level for the year 2023, no. DSMC/20390/07.03.2024;</p> <p>- information on performance monitoring at Transgaz level for 2023, no. DSMC/20389/07.03.2024;</p> <p>- The Board of Administration acknowledged Report No. DG/20396/07.03.2024 on the "Status of implementation of the internal/managerial control system and performance monitoring" for 2022, by BoA Resolution 14/20.03.2024;</p> <p>- identification of the need to update the System Procedure PS 07 SMI "Management of SCIM (Internal Management Control System) ".</p>	
	11.2	<p>Streamline the processing and management of SCI/M documentation by implementing an SCI/M web platform (preparation of</p>		<p><b>Achieved</b></p> <p>- Specification no. 43806/08.06.2021 for the design and implementation of the SCI/M web platform . The analysis, diagnosis, assessment of the Internal/Managerial Control System is included in Chapter 2 of the Specifications.</p>	100%	

				procurement documents).	<p>- Necessity report no. DSMC/61781/22.08.2023 on the budgeting of the product 'Automated Information System dedicated to the development, management and continuous monitoring of the Internal/Managerial Control System;</p> <p>- The implementation of the platform was postponed to 2025.</p>	
12	<b>Optimization of risk management process</b>	Implementation of the requirements of Standard 8 of GSG Order no. 600/2018 for the approval of the internal/management Control Code of public entities as further amended. Moving to a 5-step risk assessment scale	12.1	Continuous monitoring and adaptation of the organisational, conceptual and methodological framework of the risk management process	<p><b>Achieved</b></p> <p>- EGR Decision No 228/15.02.2024;</p> <p>- EGR Decision no. 909/14.06.2024;</p> <p>- Risk Management Strategy, 2021-2025; no. DSMC/38586/19.05.2021 was approved by Board of Administration Resolution. 25/31.08.2021;</p> <p>- the meeting of the Board of Administration held on 20 March 2024 (BoA Resolution 14/20.03.2024) took note of the "Report no. DG/20398/07.03.2024 on the analysis of the specific objectives and action directions set out in the Program for the implementation of the measures set out in the Risk Management Strategy, 2021-2025, period under review - 2023";</p> <p>- the revision of the Risk Management System Procedure is approved in order to introduce the five-step risk assessment matrix. The System Procedure rev1 ed.1 has entered into force on 03.01.2024 (notification via Internal Newsletter about the internal publishment of the procedure in the public area);</p> <p>- delivery by Internal Newsletter on 11.01.2024, to all organizational structures of the document "Training on the implementation of the System Procedure PS 05 SMI ed.1 rev.1" which summarizes all the new aspects introduced by the 1st revision of the procedure, with emphasis on risk assessment in the 5-step risk matrix.</p> <p>- for the year 2024, the 5-step risk tolerance limit no. DSMC/2851/12.01.2024 was approved, disseminated by publication in the public area:  <a href="https://portal.intranet.transgaz.ro/zonapublica/scim/Managementul%20riscurilor/6.%20Limita%20de">https://portal.intranet.transgaz.ro/zonapublica/scim/Managementul%20riscurilor/6.%20Limita%20de</a> </p>	100%

					<a href="#">%20toleranta/7.%20Limita%20toleran%C8%9B%C4%83_%202024%20Transgaz.pdf</a>	
			12.2	Systematic analysis of risks associated with operational objectives at the level of organisational structures.	<b>Achieved</b> In accordance with the letter No. DSMC/2144444/11.03.2024 all organizational structures have posted in the dedicated area: <ul style="list-style-type: none"> <li>- the list of operational objectives, activities and risks, year 2024;</li> <li>- The Risk Registers at service and departmental level, year 2024;</li> <li>- The plans of measures to minimize risks at service, departmental level, year 2024;</li> </ul> According to Letter No. DSMC/91253/04.12.2023 all organizational structures have posted the revised Risk Registers, December 2023, and Risk Management Report, year 2023 at the level of the divisions, independent units, independent departments and offices, regional offices, the Medias Subsidiary.	
			12.3	Implementation of risk management policy, procedures and legal requirements and monitoring their application at company level.	<b>Achieved</b> <ul style="list-style-type: none"> <li>- Company-wide Risk Register, 2023, No. DSMC/14825/22.12.2023, REVISED December 2023;</li> <li>- Company-wide Risk Register, year 2024, no. DSMC/20439/07.03.2024;</li> <li>- Risk Minimization Measures Plan, at company level, year 2023, no. DSMC/20444/07.03.2024;</li> <li>- Report on risk management and monitoring, within SNTGN Transgaz SA, for the year 2023, no. DSMC/12873/13.02.2024;</li> <li>- The Board of Administration acknowledged Report no. DG/20388/07.03.2024 on risk management and monitoring within SNTGN Transgaz SA, by BoA Resolution 14/20.03.2024;</li> <li>- the risk profile, December 2023 No DSMC/2851/12.01.2024;</li> <li>- The report of the Risk Management Committee on the approval of the Tolerance Limit for the year 2024 and the Risk Profile, December 2023, Registration No. DSMC/7931/30.01.2024</li> </ul>	
13	Timely reporting of the performance indicators	Compliance with the legal deadlines for reporting	13.1	Calendar for Financial communication to BSE	<b>Achieved</b> (see the company's website) <a href="https://www.transgaz.ro/ro/calendar-financiar-2024">https://www.transgaz.ro/ro/calendar-financiar-2024</a>	100%

		<i>I = actual reporting deadlines/reporting deadlines provided *100</i>	13.2	Report on the status of implementation of the 10-Year Development Plan of the National Gas Transmission System	<b>Achieved</b> Letter DSMC/14.323/16.02.2024 Deadline March 1, 2024	
			13.3	Internal/management control system reporting	<b>Achieved</b> It was sent to the General Secretariat of the Government by Letter no. DSMC/7133/26.01.2024, entry no. SGG 2687/26.01.2024, - Centralized Progress Report on the implementation and development of the internal/management control system in SNTGN Transgaz SA on 31 December 2023; - Report on the internal/management control system on 31 December 2023.	
			13.4	Reporting related to the achievement of the performance indicators of the gas transmission service	<b>Achieved</b> Letter 89648/24.11.2023 ANRE report for gas year 2022-2023 Reported annually (November).	
			13.5	Reporting form S1100 on the monitoring of the application of the provisions of GEO 109/2011	<b>Achieved</b> - Letter no. 2016/09.01.2024 Report H1100 for H2 2023; - Letter no. 55962/03.07.2024 H1100 reporting for H1 2024;	
14	2021-2025 NAS implementation	Implementation of the measures established in the NAS <i>I = measures achieved within the deadline /proposed measures *100</i>	14.1	Achievement of the objectives under the Integrity Plan for the implementation of the Anti-Corruption Strategy 2021-2025	<b>Achieved</b> - The measures foreseen in the Integrity Plan for the implementation of the National Anti-Corruption Strategy 2021-2025, for H1 2024, were realized: - elaboration, submission to the GSG (The General Secretariat of the Government) and publication on the Intranet page of the Report on the status of implementation of the measures envisaged in the SNA 2021-2025 for 2023, at the level of S.N.T.G.N. Transgaz S.A.; - preparation, submission to the General Secretariat of the Government and publication on the Intranet page of Transgaz' Integrity Incident Assessment Report for 2023, - the system procedure PS 06 SMI prevention of corruption was updated; - carrying out an anti-corruption training activity (2 employees of the company participated - key positions in	100%



					<p>terms of whistleblower protection in the public interest);</p> <ul style="list-style-type: none"> <li>- the necessary steps were taken to implement the provisions of Law no. 361/2022 on the protection of whistleblowers in the public interest and PS 21 SMI on the protection of whistleblowers in the public interest, regarding the display of reporting channels and the person designated according to the law (poster, report preparation and approval, transmission to the concerned Divisions, Regional Operating Centres, Subsidiary);</li> <li>- participation of 2 persons within the General Inspection Division in the webinar "Artificial Intelligence - ethics and integrity";</li> <li>- participation, within the Business Cooperation Platform organized by the Technical Secretariat of the SNA, in the Working Group on the second phase of Romania's evaluation by the OECD;</li> <li>- Participation, within the Business Cooperation Platform organized by the Technical Secretariat of the SNA, in two working meetings.</li> </ul>	
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**Table 31 – Key non-financial performance indicators achievements for the calculation of the variable component of remuneration at 30.06.2024**

**Note:** Given that in the period analysed for the performance indicators of the gas transmission service marked \* no requests/notifications/complaints were registered, we conclude that the potential risk did not materialize, and, therefore, it results that the indicators are met according to the requirements established in the Performance Standard, although the degree of fulfilment of these indicators cannot be determined by mathematical calculation.

In order to optimize the performed activities, the company's administrators and management will continue to act with maximum responsibility and will efficiently use modern administration/management methods and techniques, adequate for the optimization of all processes and activities carried out by the company, as they are presented:



**ION STERIAN – Executive Administrator – Director – General**

**PETRU ION VĂDUVA – Non-Executive Administrator**

**NICOLAE MINEA – Non-Executive Administrator**

**ILINCA VON DERENTHALL – Non-Executive Administrator**

**ADINA LĂCRIMIOARA HANZA - Non-Executive, Interim Administrator**

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