

No. 24.285/21.03.2025

Submitted for approval in the OGMS meeting of 29-30 April 2025

REPORT

on the proposal for the distribution of the net profit for the financial year 2024

SUMMARY

The net profit was distributed according to *Government Ordinance no. 64 of 30 August 2001 on the distribution of profit of national companies, national companies and trading companies fully or mainly controlled by the State, as well as autonomous companies* under the conditions of the application of the **90,7079289%** rate to the distribution of profit in the form of dividends. The rate provided for in SNTGN Transgaz SA's revenue and expense budget for 2024 as approved by OGMS Resolution no. 1/21.02.2024 was 50%.

PROPOSAL

According to Art. 15.3 point (f) of the updated Articles of Incorporation of SNTGN TRANSGAZ SA, we submit for approval:

1. the distribution of the net profit as follows:

- | | |
|--|--------------------|
| - legal reserves | 22.905.250,52 Lei |
| - other reserves representing tax incentives provided for by Law 237/2015 on the Tax Code, profit invested in technological equipment-machinery, equipment and work installations, electronic computers and peripheral equipment, cash register, control and billing machines and appliances, as well as in software, produced and/or purchased and put into operation, used for the purpose of carrying out the economic activity | 30.520.848,10 Lei |
| - covering accounting loss from the previous years | 134.700.633,65 Lei |
| - dividends due to shareholders | 203.452.024,32 Lei |
| - profit for the establishment of own financing sources | 451.193,41 Lei |

2. Employees' participation in profit sharing according to Art.141 of the applicable Collective Labour Contract concluded by SNTGN TRANSGAZ SA, amounting to lei 20.390.321,77.

DETAILED CONTENT

The net profit to be distributed according to the financial statements and to the "Statement of comprehensive income" after the deduction of the income tax amounts to **lei 392.029.950**.

The proposal for the distribution of the net profit for 2024 was put forth according to the provisions of *G.O. no. 64/2001 on the distribution of profit in national companies, national companies and trading companies fully or mainly controlled by the State, as well as autonomous companies*, as amended, the specifications approved by *Order of the MPF 144/2005 on the approval of the Specifications for the determination of the amounts subject to profit distribution according to GO no 64/2001 on the distribution of profits in national companies, national companies and trading companies fully or mainly controlled by the State, as well as autonomous companies approved as amended by Law 769/2001*, as amended and the provisions of Law 227/2015 on the Tax Code.

The net profit was allocated as dividends in a share of **90,7079289%**. The distribution rate provided for in the revenue and expense budget for 2024 approved by OGMS Resolution no. 1/21.02.2023 is 50%.

The calculations of the net profit amounts distributed are indicated in the annex to this report on which we make the following clarifications:

↳ legal reserves amounting to **lei 22.905.250,52** calculated by the application of a percentage of 5% to the accounting profit, before the determination of the corporate income tax according to the provisions of Article 183 (1) and (2) of Law no.31/1990 on companies, republished as amended. According to Art.183 para. (1) of Law no.31/1990 on trading companies, republished as amended, at least 5% of the company's profits shall be taken over each year to form the reserve fund, until it reaches at least one fifth of the share capital.

↳ amounts of **lei 30.520.848,10** were distributed to reserves, according to Article 22 of Law no. 227/2015 on the Tax Code and represents the profit invested in technological equipment-machines, machinery and working installations, electronic computers and peripheral equipment, cash register, control and invoicing machines and appliances, as well as in software, produced and/or purchased and put into operation, used for the purpose of carrying out the economic activity. According to this article, the amount of the profit for which exemption from corporation tax has been granted, less the part relating to the legal reserve, shall be allocated at the end of the financial year or during the following year, with priority for the establishment of reserves up to the amount of the accounting profit recorded at the end of the financial year;

↳ With regard to the coverage of the accounting loss carried forward in the amount of lei **134.700.633,65**, we make the following clarifications:

In 2024, the Company paid to the National Agency for Fiscal Administration (ANAF) the amount of lei 213.316.628 representing the additional oil royalty for the period 01.10.2021 - 25.07.2022, in order to benefit from the provisions of GEO no. 107/2024 and to eliminate the risk of payment of the additional oil royalty established by the

Ministry of Finance for SNTGN Transgaz SA and challenged by the Company in court. The Company recorded a loss for previous years amounting to **lei 213.316.628**.

It should be noted that the mandatory provision issued by the Ministry of Finance, which established the additional royalty for SNTGN Transgaz SA, has been challenged in court by Transgaz. The dispute is currently under appeal before the High Court of Cassation and Justice, in the filter procedure, and no trial date has been set. The Bucharest Court of Appeal dismissed Transgaz' action.

The above-mentioned reported loss has been reduced by:

- the amount of **lei 49.889.441,35** determined by the restatements of previous years regarding the discounting of the deferred tax calculation for tangible and intangible fixed assets taking into account the adjustment for depreciation of IFRIC12 concessions, the recalculation of the provision for voluntary leaves of employees, the decrease of the receivable related to the Concession Agreement with the value related to own assets and some connection works to the National Gas Transmission System financed by third parties and the discounting of the depreciation value of balancing natural gas, and
- the amount of **lei 28.726.553** representing retained profit recorded in 2018 from the deferred tax adjustment

↳ the employees` participation to the profit in the amount of **lei 20.390.321,77** was determined within the limits of 10% of the net profit remaining after deduction of the above amounts but not more than the level of the average monthly basic salary paid to each employee during 2024;

↳ dividends due to shareholders were determined according to Order no. 144/2005 of the Ministry Public Finance, by applying the share of **90,7079289%** to the net profit after its reconsolidation with the amount of the costs representing employees` participation in the profit sharing, affecting the gross profit before taxation.

↳ the retained earnings, for establishing own financing sources, were determined as the difference between net profit to be allocated and the profit proposed to be allocated according to GO no 64/2001.

The proposal regarding profit sharing according to GO no 64/2001 is presented in the table below:

<i>Indicators</i>	<i>Amount</i>		<i>Increase</i>
	<i>REB approved</i>	<i>Achieved</i>	<i>%</i>
0	1	2	3
A. Gross result of the financial year	211.608.000	458.105.011,00	216,49%
B. Current income tax	43.971.000	73.296.802	166,69%
C. Deferred income tax	5.281.000	7.221.741	136,75%
D. Net result of the financial year (A-B+C), of which allocated as follows:	172.918.000	392.029.950,00	226,71%
a) legal reserves	10.580.000	22.905.250,52	216,50%
b) other reserves representing fiscal facilities provided by the law (art. 22 of Law no. 227/2015 on the Tax Code)		30.520.848,10	
c) the covering of the accounting losses from the previous years		134.700.633,65	
c ¹) the establishment of own financing sources for projects co-financed from external loans		0	
d) other allocations provided by special laws		0	
E. Net profit remained (D-a-b-c¹)	162.338.000	203.903.217,73	125,60%
e) employees` participation to the profit	16.234.000	20.390.321,77	125,60%
f) dividends due to the shareholders	90.423.000	203.452.024,32	225,00%
g) profit for the establishment of own financing sources	71.915.000	451.193,41	0,63%
TOTAL allocations	162.338.000	203.903.217,73	125,60%

**Chairman of the Board of Administration,
PETRU ION VĂDUVA**

Calculation of the amounts allocated from the profit for 2024 according to GO no 64/2001, as amended and to the specifications approved by Order no. 144/2005 of the Ministry of Public Finance

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A. Net PROFIT to be allocated (from account 121)	392.029.950
a) legal reserves (Art.183 (1) and (2) of Law 31/1990	22.905.250,52
- share capital	1.883.815.040
- 20% share	376.763.008
- existing reserve fund	55.765.430
- reserve fund to be established (admitted amount: 5% of the accounting profit)	22.905.250,52
b) Other reserves representing fiscal facilities provided by the law (art. 22 of Law no. 227/2015 on the Tax Code)	30.520.848,10
c) The covering of the accounting losses from the previous years	134.700.633,65
c¹) The establishment of own financing sources for projects co-financed from external loans	-
d) Other allocations provided by special laws (not applicable)	-
B) NET PROFIT REMAINED – (a+b-c+c¹+d)	203.903.217,73
e) employees` participation to the profit	20.390.321,77
f) gross dividends due to the shareholders (minimum 50% of the profit remained after the deduction of the amounts foreseen at letters a, b, c, c¹ and d corrected with the employees` participation in the profit)	203.452.024,32
g) retained earnings for establishing own financing sources (point B – point f)	451.193,41
C) TOTAL profit allocated (a+b+c¹ +f+g)	392.029.950,00
D) AMOUNTS representing employees` participation to the profit, retained from the gross profit before taxation.	
- participation in the profit within the limit of 10% of the net profit remaining to be allocated (point B)	20.390.321,77
- average number of employees	3.996
- average monthly base salary achieved in 2024	5.668
- fund of employees' participation to the profit, calculated up to the limit of the average basic monthly salary earned per employee in the year 2024, based on the average number of employees during the financial year ended	22.648.080