

REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report according to the provisions of art. 69 of Law no. 24/2017

Date of report: 14 November 2024

Company name: SNTGN TRANSGAZ SA

Headquarters: Medias, 1 Constantin I. Motas Square, code: 551130

Telephone/fax: 0269-803333/0269-839029

Tax identification code: RO13068733

Trade Register number: J32/301/2000

Subscribed and paid-up capital: lei 1.883.815.040

Regulated market on which issued securities are traded: Bucharest Stock Exchange

QUARTERLY REPORT**ON THE ECONOMIC AND FINANCIAL ACTIVITY OF SNTGN TRANSGAZ SA****as at 30.09.2024****(1 January-30 September 2024)****Overview**

SNTGN Transgaz SA is a public limited liability company operated according to the Romanian laws and to the Articles of Incorporation.

According to Government Resolution 334/2000 and to the Articles of Incorporation, Transgaz aims at giving effect to the national strategic goals set for domestic and international gas transmission, dispatching, research and design, by performing trading acts according to its object of activity, in line with the Romanian laws in force.

The revenue obtained by Transgaz results from the following activities:

- 👉 **Domestic gas transmission**, which, due to its monopolistic feature, is regulated by the National Energy Regulatory Authority.

For the period ended on 30 September 2024 the revenue obtained from the transmission activity is regulated by **ANRE Order 41/15 March 2019** on the approval of the Regulated Gas Transmission Tariff Setting Methodology.

The above-mentioned methodology establishes the regulated revenue resulting from the transmission activity, based on which the regulated gas transmission tariffs are set, considering the capacities booked and the amounts of gas transmitted.

The following items are included into the total regulated revenue:

- ✎ *operating expense* allowed by the authority (materials, energy and water, technological consumption, salaries, maintenance and repair, and others);
- ✎ *pass-through costs*, which are beyond the control of the operator (national transmission system royalty, transmission licence fee, wage fund contributions, other taxes and duties).

According to ANRE Order 41/15 March 2019, from 1 October 2019 the monopoly tax is not recognised by ANRE at the pass-through costs and implicitly at the regulated revenue.

Law 244/9 November 2020 established the annual royalty rate paid by the gas transmission operator to 0,4% of the gross revenue achieved from gas transmission and transit operations through the national transmission systems, owned by the State. By Law 296/2023 *on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability*, the provisions of Article 103(2) of the Electricity and Gas Law 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 revenue from transmission and transit operations through the national transmission systems, according to Article 49(2)(b) of Petroleum Law 238/2004.

The oil royalty is an expense recognised in the regulated revenue related to the natural gas transmission activity and recoverable through the transmission tariff. The regulated revenue and the natural gas transmission tariffs approved by ANRE Order 68 of 30 May 2023 and applicable for 1 October 2023 - 30 September 2024 recognise the royalty determined as 0,4% of the value of the gross revenue from natural gas transmission and transit operations through the national transmission system.

The difference between 0,4% and 11,5% will be recovered through the regulated revenue of 2024-2025.

- ✎ *regulated depreciation* of the assets related to the transmission activity;
- ✎ *regulated profit* set by applying the regulatory rate of return to the regulatory value of the assets used for the performing of the transmission activity.

The substantiation of the regulated revenue is made by regulatory periods of 5 years (the current regulatory period started on 1 October 2019 and ends on 30 September 2024), and the regulated revenue is adjusted annually within the regulatory period, based on the annual inflation rate minus the growth factor of economic efficiency, the operational fixed assets value (through the related regulated depreciation and regulated profit) and on achieving or non-achieving the approved regulated revenue for the previous gas year, as follows:

- if during the previous year the regulated revenue obtained is higher than the approved regulated revenue, the difference is subtracted from the regulated revenue of the following year;
- if during the previous year the regulated revenue obtained is lower than the approved regulated revenue, the difference is added to the regulated revenue of the following year.

Following regulation of the transmission activity according to the methodology above, the revenue from the transmission activity covers the costs generated by it and allows the possibility to obtain a regulated profit limited to 6,39% of the amount of capital invested in this activity, starting from 13.05.2020.

For the capital invested in tangible and intangible assets, assets put into service/received in the fourth regulatory period, which are objectives of the gas transmission system, an incentive of 1 percentage point above the regulated rate of return on invested capital approved by ANRE for the natural gas transmission activity is granted.

By derogation from the previous provision for investments in tangible and intangible assets which are commissioned/accepted within the fourth regulatory period, representing natural gas transmission system facilities, achieved by equity in projects where EU grants were obtained as well, an incentive of 2 percentage points over the approved regulated rate of return on invested capital is established, except for investments in tangible and intangible assets made following the development of investment projects established in Regulation (EU) No.

347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructures and repealing Decision No. 1364/2006/EC and amending Regulations (EC) No. 713/2009, (EC) No. 714/2009 and (EC) No. 715/2009, for which European grants were obtained.

From 1 October 2019 with the entry into force of ANRE Order 41/15 March 2019 the efficiency gain achieved by the TSO from the fourth regulatory period (1 October 2019 - 30 September 2024) will be 60% transferred by linearization to natural gas consumers and 40% will be retained by the TSO and the interest which was not capitalized according to the legal provisions, related to the bank credits contracted for the financing of the tangible fixed assets, for the establishing or extension of the transmission system is recovered through the regulated revenue.

GEO 27/2022 provided 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.

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 for 01.10.2023 - 30.09.2024 the corrected regulated revenue amounting to lei 1.647.348 thousand and the revised transmission tariffs.

From 1 October 2024 the gas transmission tariffs approved by Order 17/29.05.2024 of the ANRE President are applied. The regulated revenue approved for gas transmission in 1 October 2024 – 30 September 2025 is lei 2.005.007 thousand.

At the end of 2020, the legacy transmission contract regarding the Isaccea 3 - Negru Vodă 3 pipeline 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 the Isaccea 2,3 and Negru Vodă/Kardam 2,3 Interconnection Points, for ensuring the free access of third party to the capacity booking on the T2 and T3 transit pipelines and for the collection of the remaining amounts to be paid under the legacy contract.

The validity of the Termination Agreement of the legacy Contract between SNTGN Transgaz SA and Gazprom Export LLC, concluded at the end of 2020, expired on 31 December 2023.

👉 **balancing activity** performed as at 1 December 2015 based on ANRE Order 160/2015 establishing the obligations of the company on the balancing of the national transmission system, a financially neutral activity, any profit or loss from this activity following to be distributed to the customers for which the domestic transmission services are provided.

The total revenue from other activities with a small contribution to the turnover, such as asset sales, renting and royalty, interest revenue and foreign exchange gains, and the operating revenue and the financial revenue related to the debt for the regulated value remaining

unamortised of the regulated asset base at the end of the Concession Agreement complete the total revenue of the company.

1. Analysis of the economic and financial indicators achieved at 30 September 2024 compared to the indicators obtained at 30 September 2023

The main economic and financial indicators during the 1 January 2024 – 30 September 2024 reporting period

| No. | Indicator | 30.09.2024 | Consolidated statements result | Individual statements result |
|-----|-----------------------------|--|--------------------------------|------------------------------|
| 1. | Current liquidity indicator | Current assets/Current liabilities | 1,00 | 1,00 |
| 2. | Leverage indicators | | | |
| 2.1 | Leverage indicator 1 | Borrowed capital/Equity | 60,10% | 56,23% |
| 2.2 | Leverage indicator 2 | Borrowed capital/Invested capital | 37,54% | 35,99% |
| 3. | Days' sales outstanding | Average accounts receivable x 273 / Turnover | 157,65 | 169,23 |
| 4. | Fixed assets turnover | Turnover/Fixed assets | 0,190 | 0,185 |

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, SNTGN Transgaz SA, as a parent company, prepares consolidated group financial statements.

Consolidated companies in the Transgaz group:

| | | Share (%) |
|----------------------|--|------------|
| SNTGN Transgaz SA | Parent company | |
| Eurotransgaz SRL | Company held by SNTGN Transgaz SA | 100% |
| Vestmoldtransgaz SRL | Company held by Eurotransgaz SRL EBRD | 75% 25% |

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 starting with September 19, 2023 took over the activity of operation, exploitation, dispatching and transmission of natural gas in the Republic of Moldova.

thousand lei

| STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME | | | |
|--|---------------------------------------|---------------------------------------|-------------|
| Indicator | Achieved 9 months 2024 | Achieved 9 months 2023 | % |
| 0 | 1 | 2 | 3=1/2x100 |
| Operating revenue before the balancing and construction activity, according to IFRIC12 | 1.505.637 | 1.098.884 | 137% |
| Revenue from the balancing activity | 160.273 | 321.672 | 50% |
| Revenue from the construction activity according to IFRIC12 | 1.298.474 | 56.414 | 2.302% |
| Financial revenue | 156.096 | 219.191 | 71% |
| Operating costs before the balancing and construction activity, according to IFRIC12 | 1.384.707 | 1.135.399 | 122% |
| Balancing activity costs | 160.273 | 321.672 | 50% |
| Cost of constructed assets according to IFRIC12 | 1.298.474 | 56.414 | 2.302% |
| Financial costs | 92.073 | 128.321 | 72% |
| GROSS PROFIT, of which: | 184.953 | 54.355 | 340% |
| • from operation | 120.930 | -36.515 | X |
| • from the financial activity | 64.023 | 90.870 | 70% |
| Income tax | 40.744 | 15.702 | 259% |
| NET PROFIT | 144.208 | 38.653 | 373% |

Compared to 30 September 2023 the consolidated gross profit realized at 30 September 2024 increased by 340%, which is higher by lei 130.598 thousand, and the consolidated net profit increased by 373%, which is higher by lei 105.555 thousand.

thousand lei

| STATEMENT OF CONSOLIDATED FINANCIAL POSITION | | | |
|---|-----------------------------------|--------------------------|-------------|
| Indicator | Achieved 9 months 2024 | Achieved 2023 | % |
| 1 | 2 | 3 | 4=2/3x100 |
| Fixed assets | | | |
| Tangible assets | 715.119 | 769.080 | 93% |
| Rights of use of the leased assets | 162.974 | 173.446 | 94% |
| Intangible assets | 4.674.024 | 3.643.272 | 128% |
| Goodwill | 10.079 | 10.126 | 100% |
| Trade receivables and other receivables | 2.562.755 | 2.423.669 | 106% |
| Deferred tax | 2.542 | 5.116 | 50% |
| Restricted cash | 2.140 | 1.956 | 109% |
| Total fixed assets | 8.129.632 | 7.026.666 | 116% |
| Current assets | | | |
| Inventories | 558.896 | 583.515 | 96% |
| Commercial receivables and other receivables | 357.629 | 441.071 | 81% |
| Cash and cash equivalent | 677.503 | 710.857 | 95% |

| STATEMENT OF CONSOLIDATED FINANCIAL POSITION | | | |
|---|-----------------------------------|--------------------------|-------------|
| Indicator | Achieved 9 months 2024 | Achieved 2023 | % |
| 1 | 2 | 3 | 4=2/3x100 |
| Total current assets | 1.594.028 | 1.735.443 | 92% |
| Total assets | 9.723.659 | 8.762.109 | 111% |
| Equity | 4.201.067 | 4.118.983 | 102% |
| Non-controlling interests | 94.265 | 97.131 | 97% |
| Long-term debts | | | |
| Long-term loans | 2.524.643 | 2.033.509 | 124% |
| Other long-term debts | 1.306.243 | 1.109.410 | 118% |
| Total long-term debts | 3.830.886 | 3.142.919 | 122% |
| Current debts | | | |
| Short-term loans | 348.198 | 448.070 | 78% |
| Other short-term debts | 1.249.244 | 955.006 | 131% |
| Total current debts | 1.597.442 | 1.403.076 | 114% |
| Total debts | 5.428.327 | 4.545.996 | 119% |
| Equity and debts | 9.723.659 | 8.762.109 | 111% |

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

In 1 January 2024 – 30 September 2024 Vestmoldtransgaz SRL of the Republic of Moldova provided natural gas delivery services amounting to lei 105.715 thousand.

As of 19 September 2023, according to ANRE MD Resolution 434/2023, Vestmoldtransgaz SRL of the Republic of Moldova was appointed as operator of the entire gas transmission system in the Republic of Moldova.

On 4.09.2023 Lease Contract for Natural Gas Transmission Networks No.70-SJ of 04.09.2023 was signed between Moldovatrangaz Ltd. and Vestmoldtransgaz Ltd. This contract entered into force on 19.09.2023 and was concluded for a period of 5 years.

On 18.09.2023 Maintenance Contract No. 25/23 was signed between Moldovatrangaz Ltd. and Vestmoldtransgaz Ltd. for ensuring the proper technical and industrial safety operation of the natural gas transmission networks. The Maintenance Contract was concluded for the period 19.09.2023 - 31.12.2024, with the possibility of extension for periods of 12 months if neither Party notifies the other Party about its termination. The value achieved from the Contract is presented in the Comprehensive Result at the category „Maintenance and transport”.

On 18.09.2023 Technical Operation Contract No. 26/23 was signed between Moldovatrangaz Ltd. and Vestmoldtransgaz Ltd., having as subject the interconnection and interoperability of the natural gas transmission network managed by Vestmoldtransgaz and the natural gas transmission network managed by Moldovatrangaz. The Technical Operation Contract entered into force on 19 September 2023, is valid until 31.12.2024 and is automatically extended for each subsequent year if neither Party notifies the other Party of its termination within 15 days. The value achieved from the Contract is presented in the Comprehensive Result at the category „Maintenance and transport”.

Indicators of the SNTGN Transgaz SA individual economic and financial results

The main economic and financial indicators achieved at 30 September 2024, compared to the indicators achieved in the same period of 2023 are as follows:

thousand lei

| STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME | | | |
|--|---------------------------------------|---------------------------------------|--------------------|
| Indicator | Achieved 9 months 2024 | Achieved 9 months 2023 | % |
| 0 | 1 | 2 | $3=1/2 \times 100$ |
| Operating revenue before the balancing and construction activity, according to IFRIC12, of which | 1.386.439 | 1.079.328 | 128% |
| -revenue from domestic transmission | 1.271.536 | 886.787 | 143% |
| -revenue from international transmission and similar | 0 | 88.739 | x |
| Operating costs before the balancing and construction activity, according to IFRIC12 | 1.271.773 | 1.115.263 | 114% |
| Operating profit before the balancing and construction activity, according to IFRIC12 | 114.665 | -35.935 | x |
| Revenue from the balancing activity | 160.273 | 321.672 | 50% |
| Balancing activity costs | 160.273 | 321.672 | 50% |
| Revenue from the construction activity according to IFRIC12 | 1.298.474 | 56.414 | 2.302% |
| Cost of constructed assets according to IFRIC12 | 1.298.474 | 56.414 | 2.302% |
| Operating profit | 114.665 | -35.935 | x |
| Financial revenue | 151.978 | 194.508 | 78% |
| Financial costs | 67.757 | 106.079 | 64% |
| Financial result | 84.221 | 88.429 | 95% |
| GROSS PROFIT | 198.886 | 52.494 | 379% |
| Income tax | 40.002 | 15.029 | 266% |
| NET PROFIT | 158.884 | 37.464 | 424% |

Operating revenue before the balancing and construction activity, according to IFRIC12 increased by **128%** compared to the one achieved at 30 September 2023, which is higher by lei 307.111 thousand.

In 1 October 2021 - 30 September 2023 the gas transmission tariffs were not updated, being applied the transmission tariffs approved by ANRE Order 32/2021, corresponding to a regulated tariff of lei 1.041.465,61 thousand.

From 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 337.762 thousand** due to:
 - *capacity booking tariff* higher by lei cu 1,73/MWh, with a positive influence of lei 434.647 thousand;

- *booked capacity* lower by 19.729.786 MWh, with a negative influence of lei 43.798 thousand;
 - *capacity overrun revenue* higher by lei 23.130 thousand. Capacity overrun revenue at 30 September 2023 amounted to lei 51.169 thousand, and at 30 September 2024 to lei 74.299 thousand;
 - *revenue from the auction premium* lower by lei 76.217 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points; revenue from the auction premium at 30 September 2023 amounted to lei 120.747 thousand, and at 30 September 2024 to lei 44.531 thousand.
- *commodity revenue* higher by **lei 46.987 thousand** due to:
 - *the commodity transmission tariff* higher by lei 0,52 lei/MWh, with a positive influence of lei 51.494 thousand;
 - *the gas transmitted capacities* lower by 4.060.498 MWh as compared to 30 September 2023, with a negative influence of lei 4.507 thousand, detailed by categories of consumers as follows:

| | | 9 months 2024 | 9 months 2023 | Differences |
|---|-------------------------|---------------|---------------|-------------|
| Quantity transmitted for direct consumers | MWh | 55.526.604 | 55.940.390 | -413.786 |
| | thousand m ³ | 5.165.105 | 5.088.477 | 76.628 |
| Quantity transmitted for distribution | MWh | 43.499.684 | 47.146.396 | -3.646.712 |
| | thousand m ³ | 4.063.815 | 4.406.791 | -342.976 |
| Total | MWh | 99.026.288 | 103.086.786 | -4.060.498 |
| | thousand m ³ | 9.228.920 | 9.495.268 | -266.348 |

At the end of 2020, the legacy transmission contract on the Isaccea 3 - Negru Voda 3 pipeline was terminated through the conclusion of a Termination Agreement between SNTGN Transgaz SA and Gazprom Export LLC, which created the necessary framework for the conclusion of the interconnection agreements for the Isaccea 2,3 and Negru Voda/Kardam 2,3 Interconnection Points, ensuring free access of third parties to the capacity booking on the T2 and T3 transit pipelines and the collection of the remaining amounts to be paid from the legacy contract.

The validity of the Termination Agreement of the historical Contract between SNTGN Transgaz SA and Gazprom Export LLC, concluded at the end of 2020, expired on 31 December 2023.

- *other operating revenue* higher by **lei 11.101 thousand**.

The revenue from the balancing activity was lower by **lei 161.399 thousand** based on the following factors:

- trading price lower by lei 93/MWh, with a negative influence of lei 94.167 thousand;
- quantity lower by 267.539 MWh with a negative influence of lei 67.231 thousand;

The revenue from the construction activity higher by **lei 1.242.060 thousand**, recorded 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 recorded, must be acknowledged in line with IAS 11, Construction Contracts;

The financial revenue has a negative influence of **lei 42.530 thousand**, mainly due to the recording of the updating of the regulated assets value with the inflation rate of 3,77% at 30 September 2024 as compared to 5,74% at 30 September 2023 (lei 93.633 thousand at 30 September 2024 as compared to lei 126.961 thousand at 30 September 2023).

Operating costs before the balancing and construction activity according to IFRIC12 increased by **114%** as compared to 30 September 2023, which is higher by **lei 156.510 thousand**.

The company made savings of lei 70.872 thousand to the following cost elements:

- other operating expenses: lei 68.561 thousand, mainly due to impairment adjustments on current assets. On 30 September 2024 the company capitalized the amount of lei 25.218 thousand (lei 3.682 thousand at 30 September 2023), representing the difference between the costs of technological consumption realized over the one approved in the transmission tariff, in accordance with GEO 27/2022;
- cost of maintenance and transport: lei 2.312 thousand;

A surplus amounting to lei 227.383 thousand was recorded to the following cost elements:

- transmission system gas consumption of lei 8.9190 thousand due to:
 - the average purchase price achieved higher by lei 17,06/MWh as compared to the one achieved at 30 September 2023 with a negative influence of lei 8.285 thousand;
 - the quantity of natural gas for NTS gas consumption higher by 3.370 MWh as compared to 30 September 2023, with a negative influence of lei 634 thousand;
- employee costs: lei 36.847 thousand;
- cost of provision for risks and charges: lei 24.767 thousand;
- cost of royalty: lei 142.325 thousand; By Law 296/2023 on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability, Article 103(2) of Electricity and Gas Law 123/2012 was repealed. As of 30 October 2023, the royalty rate was changed from 0,4% to 11,5% of the value of the gross revenue from transmission and transit operations through the national transmission systems, according to Article 49(2)(b) of Petroleum Law 238/2004;
- cost of depreciation: lei 9.307 thousand, based on the completion and commissioning of investments projects;
- cost of auxiliary materials: lei 4.125 thousand;
- cost of taxes and duties: lei 1.093 thousand.

The financial cost is lower by **lei 38.322 thousand**, mainly due to lower foreign exchange and bank interest expenses. In 2023 the share capital of Eurotransgaz decreased by lei 13.504 thousand, which was received in August 2023.

Compared to 30 September 2023 the gross profit realized at 30 September 2024 increased by 379%, which is higher by lei 146.392 thousand, and the net profit increased by 424%, which is higher by lei 121.420 thousand.

The main economic and financial indicators realized in the Q III 2024 compared to the same period of 2023 are presented in the table below:

thousand lei

| STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME | | | |
|--|--------------------------------|--------------------------------|--------------------|
| Indicator | Achieved Q III 2024 | Achieved Q III 2023 | % |
| 0 | 1 | 2 | $3=1/2 \times 100$ |
| Operating revenue before the balancing and construction activity, according to IFRIC12, of which | 370.309 | 322.189 | 115% |
| -revenue from domestic transmission | 329.429 | 255.618 | 129% |

| STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME | | | |
|--|--------------------------------|--------------------------------|-------------|
| Indicator | Achieved Q III 2024 | Achieved Q III 2023 | % |
| 0 | 1 | 2 | 3=1/2x100 |
| -revenue from international transmission and similar | 0 | 29.868 | x |
| Operating costs before the balancing and construction activity, according to IFRIC12 | 423.192 | 397.759 | 106% |
| Operating profit before the balancing and construction activity, according to IFRIC12 | -52.882 | -75.571 | x |
| Revenue from the balancing activity | 45.489 | 58.605 | 78% |
| Balancing activity costs | 45.489 | 58.605 | 78% |
| Revenue from the construction activity according to IFRIC12 | 622.656 | 21.143 | 2.945% |
| Cost of constructed assets according to IFRIC12 | 622.656 | 21.143 | 2.945% |
| Operating profit | -52.882 | -75.571 | x |
| Financial revenue | 48.982 | 69.090 | 71% |
| Financial costs | 19.124 | 42.298 | 45% |
| Financial result | 29.858 | 26.792 | 111% |
| GROSS PROFIT | -23.024 | -48.779 | x |
| Income tax | 370.309 | 322.189 | 115% |
| NET PROFIT | 329.429 | 255.618 | 129% |

Operating revenue before the balancing and construction activity, according to IFRIC12 increased by **115%** compared to the one achieved Q III 2023, which is higher by lei 48.120 thousand.

The revenue was influenced mainly by the following factors:

- *revenue from capacity booking* higher by **lei 63.221 thousand** due to:
 - *capacity booking tariff* higher by lei cu 1,54/MWh, with a positive influence of lei 116.779 thousand;
 - *booked capacity* lower by 13.696.395 MWh, with a negative influence of lei 24.743 thousand;
 - *capacity overrun revenue* higher by lei 6.094 thousand. Capacity overrun revenue in Q III 2023 amounted to lei 4.613 thousand, and in Q III 2024 to lei 10.707 thousand;
 - *revenue from the auction premium* lower by lei 34.909 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points; revenue from the auction premium in Q III 2023 amounted to lei 51.446 thousand, and in Q III 2024 to lei 16.537 thousand.
- *commodity revenue* higher by **lei 10.590 thousand** due to:
 - *the commodity transmission tariff* higher by lei 0,52 lei/MWh, with a positive influence of lei 15.376 thousand;
 - *the gas transmitted capacities* lower by 4.311.251 MWh as compared to Q III 2023, with a negative influence of lei 4.785 thousand, detailed by categories of consumers as follows:

| | | Q III 2024 | Q III 2023 | Differences |
|---|-------------------------|------------|------------|-------------|
| Quantity transmitted for direct consumers | MWh | 23.573.531 | 28.077.920 | -4.504.389 |
| | thousand m ³ | 2.199.588 | 2.592.081 | -392.493 |
| Quantity transmitted for distribution | MWh | 5.995.530 | 5.802.392 | 193.138 |
| | thousand m ³ | 556.399 | 539.223 | 17.176 |
| Total | MWh | 29.569.061 | 33.880.312 | -4.311.251 |
| | thousand m ³ | 2.755.987 | 3.131.304 | -375.317 |

At the end of 2020, the legacy transmission contract on the Isaccea 3 - Negru Voda 3 pipeline was terminated through the conclusion of a Termination Agreement between SNTGN Transgaz SA and Gazprom Export LLC, which created the necessary framework for the conclusion of the interconnection agreements for the Isaccea 2,3 and Negru Voda/Kardam 2,3 Interconnection Points, ensuring free access of third parties to the capacity booking on the T2 and T3 transit pipelines and the collection of the remaining amounts to be paid from the legacy contract.

The validity of the Termination Agreement of the historical Contract between SNTGN Transgaz SA and Gazprom Export LLC, concluded at the end of 2020, expired on 31 December 2023.

- *other operating revenue* higher by **lei 4.176 thousand**.

The revenue from the balancing activity was lower by **lei 13.116 thousand** based on the following factors:

- trading price lower by lei 10,81/MWh, with a negative influence of lei 2.915 thousand;
- quantity lower by 56.807 MWh with a negative influence of lei 10.202 thousand;

The revenue from the construction activity higher by **lei 601.513 thousand**, recorded 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 recorded, must be acknowledged in line with IAS 11, Construction Contracts;

The financial revenue has a negative influence of **lei 20.107 thousand**, mainly due to lower foreign exchange and bank interest expenses. By BoA Resolution 38/2022 of SNTGN Transgaz SA it was approved the decreasing of the share capital of Eurotransgaz by MDL 44.652.300 (lei 11.396.219), which was received in August 2023.

Operating costs before the balancing and construction activity according to IFRIC12 increased by **106%** as compared to Q III 2023, which is higher by **lei 25.432 thousand**.

The company made savings of lei 42.427 thousand to the following cost elements:

- other operating expenses: lei 32.273 thousand, due to impairment of receivables. In Q III 2024 the company capitalized the amount of lei 2.578 thousand, representing the difference between the costs of technological consumption realized over the one approved in the transmission tariff, in accordance with GEO 27/2022;
- cost of provision for risk and charges: lei 6.775 thousand;
- cost of taxes and duties: lei 1.684 thousand;
- cost of maintenance and transport: lei 1.695 thousand.

A surplus amounting to lei 67.859 thousand was recorded to the following cost elements:

- transmission system gas consumption of lei 8.590 thousand due to:
 - the average purchase price achieved higher by lei 43,47/MWh as compared to the one achieved in Q III 2023 with a negative influence of lei 6.923 thousand;

- the quantity of natural gas for NTS gas consumption higher by 8.632 MWh as compared to Q III 2023, with a negative influence of lei 1.667 thousand;
- employee costs: lei 16.423 thousand;
- cost of royalty: lei 36.742 thousand; By Law 296/2023 on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability, Article 103(2) of Electricity and Gas Law 123/2012 was repealed. As of 30 October 2023, the royalty rate was changed from 0,4% to 11,5% of the value of the gross revenue from transmission and transit operations through the national transmission systems, according to Article 49(2)(b) of Petroleum Law 238/2004;
- cost of depreciation: lei 3.475 thousand, based on the completion and commissioning of investments projects;
- cost of auxiliary materials: lei 2.629 thousand.

The financial cost is lower by **lei 23.174 thousand**, mainly due to lower foreign exchange and bank interest expenses. In 2023 the share capital of Eurotransgaz decreased by lei 13.504 thousand, which was received in August 2023.

* thousand lei *

| STATEMENT OF INDIVIDUAL FINANCIAL POSITION | | | |
|---|---------------------------------------|--------------------------------|-------------|
| Indicator | Achieved 9 months 2024 | Achieved 31.12.2023 | % |
| 1 | 2 | 3 | 4=2/3x100 |
| Fixed assets | | | |
| Tangible assets | 337.300 | 377.640 | 89% |
| Rights of use of the leased assets | 20.447 | 14.501 | 141% |
| Intangible assets | 4.674.021 | 3.643.263 | 128% |
| Financial assets | 177.644 | 177.619 | 100% |
| Trade receivables and other receivables | 2.562.755 | 2.423.669 | 106% |
| Deferred tax | 0 | 1.734 | 0% |
| Restricted cash | 2.140 | 1.956 | 109% |
| Total fixed assets | 7.774.307 | 6.640.382 | 117% |
| Current assets | | | |
| Inventories | 551.482 | 577.081 | 96% |
| Commercial receivables and other receivables | 329.250 | 400.845 | 82% |
| Cash and cash equivalent | 650.090 | 675.601 | 96% |
| Total current assets | 1.530.822 | 1.653.526 | 93% |
| Total assets | 9.305.129 | 8.293.909 | 112% |
| Equity | 4.218.661 | 4.123.653 | 102% |
| Long-term debts | | | |
| Long-term loans | 2.372.215 | 1.865.388 | 127% |
| Other long-term debts | 1.189.836 | 976.922 | 122% |
| Total long-term debts | 3.562.051 | 2.842.310 | 125% |
| Current debts | | | |

| STATEMENT OF INDIVIDUAL FINANCIAL POSITION | | | |
|---|---------------------------------------|--------------------------------|-------------|
| Indicator | Achieved 9 months 2024 | Achieved 31.12.2023 | % |
| 1 | 2 | 3 | 4=2/3x100 |
| Short-term loans | 332.324 | 432.316 | 77% |
| Other short-term debts | 1.192.092 | 895.629 | 133% |
| Total current debts | 1.524.416 | 1.327.945 | 115% |
| Total debts | 5.086.467 | 4.170.255 | 122% |
| Equity and debts | 9.305.129 | 8.293.909 | 112% |

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 40.340 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 increased by lei 5.946 thousand as compared to 31 December 2023** due to the fact that the initial value of the leased assets contracts exceeded 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 recorded.

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 authority 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 1.030.758 thousand as compared with the value as at 31.12.2023, this increase being mainly determined by the amount of expenditure on major investment projects under implementation.

Financial assets

Financial fixed assets increased compared to the amount recorded at 31.12.2023 with lei 25 thousand. By EGMS Resolution 5 of 5 June 2024 it was approved the establishment of a limited liability company having as scope of activity hydrogen transmission, with the sole shareholder 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 September 2024 increased by the amount of lei 139.086 thousand. The receivables are recorded 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 139.086 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 September 2024 inventories decreased by lei 25.599 thousand compared to the value as at 31 December 2023, mainly due to the decreasing by lei 47.542 thousand of the stored gas procured to cover technological consumption, and the increasing by lei 25.397 thousand of the stocks of raw and other materials.

Commercial receivables and other receivables

On 30 September 2024, the balance of the commercial receivables and other receivables **decreased by lei 71.595 thousand** as compared to 31 December 2023, mainly due to the following factors:

- decrease of the client receivables balance by lei 120.746 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 9.049 thousand;
- increase of the claims against the state budget by lei 32.701 thousand;
- increase of the balance of other receivables by lei 25.499 thousand.

Cash at hand and in bank

On 30 September 2024 the company's cash decreased by lei 25.511 thousand as compared to the end of 2023. Cash in bank accounts in lei increased by lei 167.180 thousand and cash in bank accounts in foreign currency decreased by lei 192.727 thousand. Other cash and cash equivalents increased by lei 36 thousand compared to 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 327.289 thousand;
- increase of the balance of the debts related to the rights of use of leased assets by lei 598 thousand;

- decrease of the provision for risks and charges by lei 17.322 thousand mainly on account of the recording of the provision for employee profit-sharing recorded in 2023;
- decrease in 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 7.828 thousand;
- decrease of short-term loans by lei 99.992 thousand.

Long-term debts

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

- increase of long-term loans by lei 506.827 thousand;
- increase of the provision for employees benefit in the amount of lei 30.932 thousand;
- increase of deferred revenue and of the subsidies by lei 176.487 thousand;
- registration of deferred tax liabilities in the amount of lei 89 thousand;
- increase of the debts related to the rights of use of leased assets in the amount of lei 5.406 thousand.

Equity

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

Retained earnings increased by lei 95.008 thousand .

2. Analysis of the revenue and expense realized at 30 September 2024 compared to the revenue and expense budget approved by OGMS Resolution 12/21 February 2024

The main economic and financial indicators realized in 01.01.- 30.09.2024, compared to the revenue and expense budget approved by OGMS Resolution 1/21 February 2024:

thousand lei

| No. | Indicator | REB 9 months 2024 | Achieved 9 months 2024 | % |
|-----------|--|----------------------|---------------------------|---------------|
| 0 | 1 | 2 | 3 | 4=3/2x100 |
| 1. | Operating revenue before the balancing and construction activity, according to IFRIC12 | 1.372.503 | 1.386.439 | 101% |
| 2. | Revenue from the balancing activity | 323.240 | 160.273 | 50% |
| 3. | Revenue from the construction activity, according to IFRIC12 | 477.401 | 1.298.474 | 272% |
| 4. | Financial revenue | 165.601 | 151.978 | 92% |
| 5. | Operating costs before the balancing and construction activity, according to IFRIC12 | 1.459.207 | 1.271.773 | 87% |
| 6. | Costs from the balancing activity | 323.240 | 160.273 | 50% |
| 7. | Cost of constructed assets according to IFRIC12 | 477.401 | 1.298.474 | 272% |
| 8. | Financial costs | 64.910 | 67.757 | 104% |
| 9. | GROSS PROFIT , of which: | 13.987 | 198.886 | 1.422% |
| | • from operation | -86.704 | 114.665 | x |
| | • from the financial activity | 100.691 | 84.221 | 84% |
| | Income tax | 32.978 | 40.002 | 121% |
| | NET PROFIT | -18.991 | 158.884 | x |

Operating revenue before the balancing and construction activity according to IFRIC12 increased by **lei 13.936** as compared to the REB.

The revenue was influenced by the following:

- Gas transmission services increased by **lei 24.030 thousand** due to:
 - *capacities booked* higher by 9.060.499 MWh with a positive influence of **lei 37.194 thousand**;
 - *average capacity booking tariff, determined by the structure of the booked products*, higher by lei 0,15/MWh, with a positive influence of **lei 38.337 thousand**
 - *the gas transmitted capacities* lower than planned by 31.595.733 MWh with a negative influence of **lei 51.501 thousand**;
- Other operating revenue decreased by **lei 10.094 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 162.966 thousand** based on the following:

- trading price lower by lei 94,25/MWh, with a negative influence of lei 95.431 thousand;
- quantity lower by 267.422 MWh with a negative influence of lei 67.536 thousand.

Financial revenue decreased by **lei 13.623 thousand** as compared to the REB, mainly due to lower exchange rate gains.

Operating costs before the balancing and construction activity according to IFRIC12 decreased by **lei 187.434 thousand** as compared to the REB.

Savings amounting to lei 212.795 thousand were recorded mainly the following cost elements:

- employee costs: lei 63.888 thousand;
- auxiliary materials and other material costs: lei 33.709 thousand;
- cost of maintenance and transport: lei 33.990 thousand;
- cost of taxes and duties: lei 23.636 thousand;
- cost of depreciation: lei 3.903 thousand;
- other operating costs: lei 53.669 thousand, mainly energy and water costs and services provided by third parties.

A surplus of lei 25.361 thousand was recorded mainly in relation to the following cost elements:

- transmission system gas consumption: lei 8.030 thousand;
- cost of NTS concession royalty: lei 2.763 thousand;
- cost of provision for risks and charges: lei 14.568 thousand.

The financial cost is higher by **lei 2.847 thousand** as compared to the REB.

The gross profit increased by lei 184.899 thousand as compared to the REB, which is higher by 1422%, and the net profit is lei 177.876 thousand higher than the one foreseen in the REB.

3. Investment plan achievement

The capital expenditure achieved at 30 September 2024 amounted to **lei 1.313.248thousand**.

Investments amounting to lei 40.148 thousand were commissioned in the analysed period.

Until 30 September 2024 instalments were reimbursed for the loans taken by the company to finance the investment works amounting to lei 96.826 thousand.

4. Receivables and arrears

On 30 September 2024 the outstanding receivables amounted to lei 664.149 thousand, which is higher by lei 23.708 thousand as compared to 31 December 2023.

On 30 September 2024 Transgaz has no outstanding payments.

**DIRECTOR - GENERAL
ION STERIAN**

**Chief Financial Officer
Marius Lupean**