

RELEASE

regarding the preliminary economic and financial indicators as at 31 December 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.

By Resolution of the Extraordinary GMS No. 10 of 12.12.2017, the establishment of EUROTRANSGAZ SRL on the territory of the Republic of Moldova was approved in order to successfully participate in the privatization procedure of the State Enterprise Vestmoldtransgaz. Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

Since 2018, following the takeover of Vestmoldtransgaz SRL of the Republic of Moldova by Eurotransgaz SRL, Transgaz, as the parent company, has been preparing consolidated group financial statements.

Consolidated companies of Transgaz' group:

		Shareholding (%)
SNTGN Transgaz SA	Parent company	
Eurotransgaz SRL	Company owned by SNTGN Transgaz SA	100%
Vestmoldtransgaz SRL	Company owned by Eurotransgaz SRL	75%
	EBRD	25%

The European Bank for Reconstruction and Development (EBRD) has become, as of 25.08.2021, a 25% shareholder in the share capital of the natural gas transmission company VESTMOLDTRANSGAZ SRL, a subsidiary of TRANSGAZ of the Republic of Moldova, which took over from Moldovatrangaz SRL the activity of operation, exploitation, dispatching and transmission of natural gas in the Republic of Moldova.

The revenue obtained by Transgaz results from the following activities:

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

For the period ended on 31 December 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 recognized in the regulated revenue related to natural gas transmission activity and recoverable through the transmission tariff. In the regulated revenue and natural gas transmission tariffs approved by ANRE Order no. 68 of 30 May 2023 and applicable in the period from 1 October 2023 to 30 September 2024, the royalty determined as a percentage of 0.4% of the value of gross revenues realized from natural gas transmission and transit operations through the national transmission system is recognized.

The difference between the rate of 0.4% and 11.5% will be recovered through the 2024-2025 regulated revenue.

- ✎ *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 provision of the transmission services.

The substantiation of the regulated revenue is made by regulatory periods of 5 years 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 the achievement or non-achievement of 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 the 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 establishment or extension of the transmission system is recovered through the regulated revenue.

GEO no 27/2022 provides that in order to cover the additional costs related to own technological consumption and technological consumption, respectively, 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 for 01.10.2023 - 30.09.2024 the corrected regulated revenue amounting to lei 1.647.348 thousand and the revised transmission tariffs.

As of 1 October 2024, the natural gas transmission tariffs approved by ANRE President Order no.17 of 29.05.2024 are applicable. The approved regulated revenue related to natural gas transmission in the period 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 creates 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 company's total revenues are also supplemented by revenues from other activities with a low share in turnover, such as sales of assets, rents, royalties; financial revenues from interest and exchange rate differences, as well as operating and financial revenues related to the receivable for the unamortized regulatory value of the regulated asset base at the end of the Concession Agreement.

1. Analysis of the preliminary economic and financial indicators as at 31 December 2024 compared to the indicators obtained as at 31 December 2023

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

* thousand lei*

Indicator	Preliminary consolidated 2024	Preliminary Transgaz 2024	Preliminary ETG, VMTG, adjustments 2024
Revenue from the domestic transmission activity	2.150.194	1.954.194	196.000
Other revenue	155.649	151.020	4.629
Operating revenue before the balancing and construction activity according to IFRIC12	2.305.843	2.105.214	200.629
Depreciation	522.777	470.426	52.351
Employees costs	636.820	626.693	10.127
Technological consumption, materials and consumables used	146.879	146.879	0
Cost of royalty	224.732	224.732	0
Maintenance and transmission	132.779	58.584	74.195
Taxes and duties due to the state	89.963	89.534	428
Revenue/ (Costs) of provisions for risks and charges	-17.044	-17.806	762

Indicator	Preliminary consolidated 2024	Preliminary Transgaz 2024	Preliminary ETG, VMTG, adjustments 2024
Other operating cost	198.502	184.160	14.342
Operational profit before the balancing and the construction activity according to IFRIC12	2.305.843	2.105.214	200.629
Revenue from the balancing activity	249.300	248.967	-
Cost of balancing gas	249.300	248.967	-
Revenue from the construction activity according to IFRIC12	1.877.041	1.877.041	-
Cost of constructed assets according to IFRIC12	1.877.041	1.877.041	-
Operational profit	370.435	322.012	48.423
Financial revenue	206.065	203.923	2.142
Financial cost	112.501	85.695	26.806
Financial revenue, net	93.564	118.229	-24.664
Profit before tax	463.999	440.241	23.758
Profit tax expense	72.576	67.981	4.595
Net profit for the period	391.423	372.260	19.163
Exchange rate differences	571		571
Actuarial (gain)/loss of the period	2.070	2.070	0
Total comprehensive income of the period	394.064	374.330	19.734
Attributable to the parent company	387.195		
Attributable to the non-controlling interests	6.869		

1.1 Analysis of the preliminary consolidated revenue and expense at 31 December 2024 compared to the consolidated achievements at 31 December 2023

The main preliminary consolidated economic and financial indicators on 31 December 2024, compared to the consolidated economic and financial indicators obtained in 2023 are presented in the following table:

thousand lei

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Preliminary 2024	Achieved 2023 restated	%
0	1	2	3=1/2x100
Operating revenue before the balancing and construction activity, according to IFRIC12	2.305.843	1.784.244	129%
Revenue from the balancing activity	249.300	458.811	54%

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Preliminary 2024	Achieved 2023 restated	%
0	1	2	3=1/2x100
Revenue from the construction activity according to IFRIC12	1.877.041	182.450	1.029%
Financial revenue	206.065	257.167	80%
Operating costs before the balancing and construction activity, according to IFRIC12	1.935.408	1.665.300	116%
Balancing activity costs	249.300	458.811	54%
Cost of constructed assets according to IFRIC12	1.877.041	182.450	1.029%
Financial costs	112.501	162.803	69%
GROSS PROFIT, of which:	463.999	213.307	218%
• from operation	370.435	118.944	311%
• from the financial activity	93.564	94.363	99%
Income tax	72.576	14.773	491%
NET PROFIT	391.423	198.534	197%

thousand lei

STATEMENT OF CONSOLIDATED FINANCIAL POSITION			
Indicator	Preliminary 2024	Achieved 2023	%
1	2	3	4=2/3x100
Fixed assets			
Tangible assets	713.131	772.024	92%
Rights of use of the leased assets	154.179	173.446	89%
Intangible assets	5.119.126	3.654.207	140%
Goodwill	10.150	10.126	100%
Trade receivables and other receivables	2.648.908	2.392.525	111%
Deferred tax	80.622	87.498	92%
Restricted cash	2.301	1.956	118%
Total fixed assets	8.728.417	7.091.782	123%
Current assets			
Inventories	511.850	580.342	88%
Commercial receivables and other receivables	684.317	440.794	155%
Cash and cash equivalent	1.064.299	710.857	150%
Total current assets	2.260.466	1.731.993	131%
Total assets	10.988.884	8.823.775	125%
Equity	4.494.074	4.172.894	108%
Non-controlling interests	112.113	105.162	107%
Long-term debts			
Long-term loans	3.406.205	2.033.509	168%
Other long-term debts	1.395.666	1.109.410	126%
Total long-term debts	4.801.871	3.142.919	153%

STATEMENT OF CONSOLIDATED FINANCIAL POSITION			
Indicator	Preliminary 2024	Achieved 2023	%
1	2	3	4=2/3x100
Current debts			
Short-term loans	349.167	451.015	77%
Other short-term debts	1.231.659	951.784	129%
Total current debts	1.580.826	1.402.799	113%
Total debts	6.382.697	4.545.719	140%
Equity and debts	10.988.884	8.823.775	125%

The variation of the preliminary consolidated economic and financial indicators at 31 December 2024, compared to the indicators achieved in 2023 is mainly determined by the variation of the individual economic-financial indicators recorded by SNTGN Transgaz SA at 31 December 2024 compared to the indicators achieved in 2023.

In 2024 Vestmoldtransgaz SRL of the Republic of Moldova provided natural gas delivery services amounting to lei 196.000 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 the 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, was concluded for a period of 5 years.

On 18.09.2023 the 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 the 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".

2. Analysis of the economic and financial indicators according to the individual financial statements of SNTGN Transgaz SA

2.1 Analysis of the preliminary revenue and expense obtained at 31 December 2024 compared to the revenue and expense obtained at 31 December 2023

The main preliminary economic and financial indicators achieved at 31 December 2024, compared to the indicators achieved in 2023 are as follows:

thousand lei

STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME						
Indicator	Q IV 2024 preliminary	Q IV 2023	%	Preliminary 2024	Achieved 2023 (restated)	%
0	1	2	3=1/2x100	4	5	6=4/5x100
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	718.775	631.958	114%	2.105.214	1.711.286	123%
-revenue from the domestic transmission activity	682.658	565.195	121%	1.954.194	1.451.982	135%
- revenue from the international transmission activity and similar	0	27.566	x	0	116.306	x
Operating costs before the balancing and construction activity, according to IFRIC12	511.429	494.389	103%	1.783.202	1.609.652	111%
Operating profit before the balancing and construction activity, according to IFRIC12	207.347	137.569	151%	322.012	101.634	317%
Revenue from the balancing activity	88.693	137.138	65%	248.967	458.811	54%
Balancing activity costs	88.693	137.138	65%	248.967	458.811	54%
Revenue from the construction activity according to IFRIC12	578.568	126.036	459%	1.877.041	182.450	1029%
Cost of constructed assets according to IFRIC12	578.568	126.036	459%	1.877.041	182.450	1029%
Operating profit	207.347	137.569	151%	322.012	101.634	317%
Financial revenue	51.945	35.615	146%	203.923	230.123	89%
Financial costs	17.938	23.027	78%	85.695	129.106	66%
Financial result	34.008	12.588	270%	118.229	101.017	117%
GROSS PROFIT	241.355	150.157	161%	440.241	202.651	217%
Income tax	27.979	4.977	562%	67.981	20.006	340%
NET PROFIT	213.376	145.181	147%	372.260	182.645	204%

Operating revenue before the balancing and construction activity, according to IFRIC12 registers an increase of **123%** compared to the revenues achieved on 31 December 2023, i.e. an increase of lei 393.928 thousand.

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

As of 1 October 2023, the natural gas transmission tariffs approved by ANRE President's Order no.68 of 30.05.2023 were applied. The approved regulated revenue related to natural gas transmission in the period 1 October 2023 - 30 September 2024 is lei 1.647.347.820.

As of 1 October 2024, the natural gas transmission tariffs approved by ANRE President Order no.17 of 29.05.2024 were applied. The approved regulated revenue related to natural gas transmission in the period 1 October 2024 - 30 September 2025 is lei 2.005.006.850.

The revenue was influenced mainly by the following factors:

- *revenue from capacity booking* higher by **lei 435.600 thousand** due to:
 - *capacity booking tariff* higher by lei cu 1,538 /MWh, with a positive influence of lei 525.348 thousand;
 - *booked capacity* lower by 17.560.208 MWh, with a negative influence of lei 49.906 thousand;
 - *capacity overrun revenue* higher by lei 33.158 thousand. Capacity overrun revenue at 31 December 2023 amounted to lei 121.196 thousand, and at 31 December 2024 to lei 154.354 thousand;
 - *revenue from the auction premium* lower by lei 73.000 thousand further to the capacity booking auctions performed according to the CAM-NC by interconnection points; revenue from the auction premium at 31 December 2023 amounted to lei 133.343 thousand, and at 31 December 2024 to lei 60.343 thousand.
- *commodity revenue* higher by **lei 66.611 thousand** due to:
 - *the commodity transmission tariff* higher by lei 0,47 lei/MWh, with a positive influence of lei 66.120 thousand;
 - *the gas transmitted capacities* higher by 133.845 MWh as compared to 2023, with a positive influence of lei 491 thousand, detailed by categories of consumers as follows:

		2024	2023	Differences
Quantity transmitted for direct consumers	MWh	71.714.751	71.894.881	-180.130
	thousand m ³	6.658.533	6.548.241	110.292
Quantity transmitted for distribution	MWh	69.938.725	69.624.750	313.975
	thousand m ³	6.539.254	6.507.679	31.575
Total	MWh	141.653.476	141.519.631	133.845
	thousand m ³	13.197.787	13.055.920	141.867

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 revenue* higher by **lei 8.022 thousand**.

The revenue from the balancing activity was lower by **lei 209.844 thousand** based on the following factors:

- *trading price* lower by lei 55,06 /MWh, with a negative influence of lei 78.430 thousand;
- *quantity* lower by 571.785 MWh with a negative influence of lei 131.414 thousand;

The revenue from the construction activity higher by **lei 1.694.592 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 26.200 thousand** mainly due to the recording of the updating of the regulated assets value with the inflation rate of 5,14% at 31 December 2024 as opposed to 6,61% at 31 December 2023 (lei 128.489 thousand at 31 December 2024 as compared to lei 138.389 thousand at 31 December 2023). In 2023 the company recorded revenue of lei 13.504 thousand from the decrease of Eurotransgaz's share capital, amount received in August 2023.

Operating costs before the balancing and construction activity according to IFRIC12 increased by **111%** as compared to 31 December 2023, which is higher by **lei 173.550 thousand**.

The company made savings of lei 84.291 thousand to the following cost elements:

- transmission system gas consumption of lei 1.553 thousand due to:
 - achieved medium purchase price lower than achieved in 2023 by 19,08 lei/MWh with a positive influence of lei 13.288 thousand;
 - the quantity of natural gas for NTS gas consumption higher by 69.258 MWh as compared to 2023, with a negative influence of lei 11.735 thousand;

As at 31 December 2024, the Company capitalized the amount of lei 41.986 thousand (lei 10.113 thousand as of 31 December 2023), representing the difference between the costs related to technological consumption incurred in excess of the one approved in the transmission tariff, in accordance with GEO 27/2022;

- other operating costs: lei 54.333 mainly on account of the current assets impairment adjustments;
- risk and expense provision costs: lei 28.405 thousand.

Overruns of lei 257.840 thousand were recorded in respect of the following cost elements:

- personnel costs: lei 55.898 thousand;
- tax and duties costs: lei 2.028 thousand;
- royalty costs: lei 169.447 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 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 13.215 thousand accounted by the completion and commissioning of investment projects;
- auxiliary material costs: lei 231 thousand;
- transport and maintenance costs: lei 17.021 thousand.

The financial costs decreased by **lei 43.412 thousand** mainly due to lower foreign exchange and bank interest expenses. In 2023 Eurotransgaz' share capital decreased by lei 13.504, amount collected in August 2023.

Compared to the achievements as at 31 December 2023 the preliminary gross profit as at 31 December 2024 increased by 217%, i.e. by lei 237.590 thousand, and the preliminary net profit is higher by 204 %, i.e. by lei 189.615 thousand.

* thousand lei *

STATEMENT OF INDIVIDUAL FINANCIAL POSITION			
Indicator	Preliminary 2024	Achieved 2023 (restated)	%
1	2	3	4=2/3x100
Fixed assets			
Tangible assets	333.770	377.640	88%
Rights of use of the leased assets	19.695	14.501	136%
Intangible assets	5.119.124	3.654.198	140%
Financial assets	177.644	177.619	100%
Trade receivables and other receivables	2.648.908	2.392.525	111%
Deferred tax	81.813	84.115	97%
Restricted cash	2.301	1.956	118%
Total fixed assets	8.383.255	6.702.554	125%
Current assets			
Inventories	508.136	577.081	88%
Commercial receivables and other receivables	640.759	400.845	160%
Cash and cash equivalent	993.072	675.601	147%
Total current assets	2.141.967	1.653.526	130%
Total assets	10.525.222	8.356.081	126%
Equity	4.494.221	4.185.825	107%
Long-term debts			
Long-term loans	3.253.800	1.865.388	174%
Other long-term debts	1.287.024	976.922	132%
Total long-term debts	4.540.824	2.842.310	160%
Current debts			
Short-term loans	331.112	432.316	77%
Other short-term debts	1.159.065	895.629	129%
Total current debts	1.490.177	1.327.945	112%
Total debts	6.031.001	4.170.255	145%
Equity and debts	10.525.222	8.356.081	126%

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 43.870 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 5.194 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 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 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 1.464.926 thousand as compared with the value as at 31.12.2023, this increase being mainly due to the value of the expense incurred for the major investment projects under implementation.

Financial assets

The financial assets increased compared to the value recorded at 31.12.2023 by lei 25 thousand. The establishment of a limited liability company was approved by EGMS resolution no. 5 of 05 June 2024 with the transportation of hydrogen as its core business, with 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 at 30 September 2024 increased by the amount of lei 256.383 thousand. The receivables is 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 by lei 256.383 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

As at 31 December 2024 inventories decreased by lei 68.945 thousand compared to the value as at 31 December 2023, due to the decrease by lei 78.589 thousand of the procured natural gas stocks to cover the technological consumption, the increase by lei 20.679 thousand

of the stocks of raw and other materials and the increase in the stock impairment adjustment by lei 11.035 thousand.

Commercial receivables and other receivables

As at 31 december 2024, the balance of the commercial receivables and other receivables **increased by lei 239.914 thousand** as compared to 31 December 2023, mainly due to the following factors:

- increase in the client receivables balance by lei 34.392 thousand mainly generated by the collection of the balance of the receivables from domestic transmission and balancing;
- decrease in the provisions for the impairment of the trade receivables and of other receivables by lei 14.215 thousand;
- increase of the claims against the state budget by lei 162.780 thousand determined mainly by the payment of the additional oil royalty in dispute in order to benefit from the provisions of GEO 107/2024, an amount for which it has registered a claim; by Decision 636/2024 the court ordered the rejection of the request for annulment of the Mandatory Provision no. 6009/2022 by which the Ministry of Finance - General Division of Economic and Financial Inspection ordered Transgaz to pay two royalty rates (10% and 0.4%). Transgaz appealed against this decision
- increase in the balance of other receivables by lei 28.527 thousand.

Cash at hand and in bank

As at 31 December 2024 the company's cash increased by lei 317.471 thousand as compared to the end of 2023. The cash in bank accounts in lei increased by lei 633.865 thousand and the cash in bank accounts in currency decreased by lei 316.402 thousand. Other cash elements and cash equivalent register an increase by lei 8 thousand compared to 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 in the balance of the commercial debt and other debt by lei 295.764 thousand;
- increase in the balance of debts related to rights of use of leased assets by lei 581 thousand;
- decrease in the provision for risks and charges by lei 19.364 thousand mainly on account of recording the provision for the employees share in to profit recorded in 2023;
- decrease in the current part of the provision for employee benefits in amount of lei 4.970 thousand;
- decrease in the deferred revenue over the short term by lei 8.574 thousand;
- decrease in short-term loans by lei 101.204 thousand.

Long-term debts

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

- increase of long-term loans by lei 1.388.411 thousand;
- increase of the provision for employee benefits in the amount of lei 13.717 thousand;
- increase of advance revenues and subsidies by lei 291.626 thousand mainly due to the receipt in 2024 of grants to finance the Black Sea-Podișor gas transmission pipeline and the Ghercești-Jitaru gas transmission pipeline projects;
- increase in the debts related to rights of use of leased assets in amount of lei 4.759 thousand.

Equity

The subscribed and paid-up capital was not changed.
Retained earnings increased by lei 314.616 thousand.

The company presented the following prior year restatements in the financial statements:

- *Update of the calculation of deferred tax on property, plant and equipment and intangible assets, taking into account the IFRIC12 adjustment for amortization of concessions and presented an increase in the deferred income tax amount by lei 18.434.632 for 2023 and by lei 63.946.626 for the years previous to 2022.*
- *The decrease of the receivable related to the Concession Agreement by the value related to own assets recognized by ANRE in the regulated asset base and to works for connection to the National Natural Gas Transmission System financed by third parties and presented for 2023 a lower amount under other income by lei 1.259.850, a lower value under financial revenue by lei 2.970.699, a higher value under intangible assets by lei 10.934.566 and a lower value under long-term receivables by lei 31.143.967.*

3. Analysis of the preliminary revenue and expense at 31 December 2024 compared to the revenue and expense budget approved by OGMS Resolution 1/21 February 2024

The main preliminary economic and financial indicators at 31 December 2024, compared to the revenue and expense budget approved by OGMS Resolution 1/21 February 2024:

thousand lei

No.	Indicator	REB 2024	Preliminary 2024	%
0	1	2	3	4=3/2x100
1.	Operating revenue before the balancing and construction activity, according to IFRIC12	2.057.551	2.105.214	102%
2.	Revenue from the balancing activity	454.595	248.967	55%
3.	Revenue from the construction activity, according to IFRIC12	2.117.715	1.877.041	89%
4.	Financial revenue	215.152	203.923	95%
5.	Operating costs before the balancing and construction activity, according to IFRIC12	1.958.028	1.783.202	91%
6.	Costs from the balancing activity	454.595	248.967	55%
7.	Cost of constructed assets according to IFRIC12	2.117.715	1.877.041	89%
8.	Financial costs	103.067	85.695	83%
9.	GROSS PROFIT , of which:	211.608	440.241	208%
	• from operation	99.523	322.012	324%
	• from the financial activity	112.085	118.229	105%
10.	Income tax	38.690	67.981	176%
11.	NET PROFIT	172.918	372.260	215%

Operating revenue before the balancing and construction activity according to IFRIC12 increased by lei 47.663 thousand as compared to the REB.

The revenue was influenced by the following:

- Gas transmission services increased by **lei 63.306 thousand** due to:
 - *capacities booked* higher by 18.006.879 MWh with a positive influence of **lei 83.565 thousand**;
 - *average capacity booking tariff, determined by the structure of the booked products*, higher by lei 0,119/MWh, with a positive influence of lei **42.658 thousand**
 - *the gas transmitted capacities* lower than planned by 34.866.698 MWh with a negative influence of **lei 60.309 thousand**;
 - *commodity tariff* lower by lei 0,017/MWh, with a negative influence of **lei 2.608 thousand**.
- Other operating revenue decreased by **lei 15.643 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 205.629 thousand** based on the following:

- trading price lower by lei 76,40 /MWh, with a negative influence of lei 108.834 thousand;
- quantity lower by 385.369 MWh with a negative influence of lei 96.795 thousand;

Financial revenue decreased by **lei 11.229 thousand** as compared to the REB mainly due to the decrease in exchange rate differences.

Operating costs before the balancing and construction activity according to IFRIC12 are lower by **lei 174.826 thousand** as compared to the REB.

Savings amounting to lei 218.017 thousand were recorded mainly the following cost elements:

- transmission system gas consumption: lei 15.581 thousand;
- personnel expenses: lei 62.517 thousand;
- auxiliary materials and other material costs: lei 44.464 thousand;
- cost of maintenance and transport: lei 27.522 thousand;
- cost of taxes and duties: lei 26.821 thousand;
- depreciation costs: lei 1.707 thousand;
- cost of provision for risks and charges: lei 39.404 thousand.

A surplus of lei 43.191 thousand was recorded mainly in relation to the following cost elements:

- cost of NTS concession royalty: lei 7.280 thousand;
- other operating costs: lei 35.911 thousand.

The financial cost is lower by **lei 17.372 thousand** than the REB.

The preliminary gross profit increased by **lei 228.633 thousand** as compared to the REB, recording an increase by 208% and the **preliminary net profit** increased by **lei 199.342 thousand** as compared to the REB.

4. Investment plan achievement

The preliminary **capital expenditure** as at 31 December 2024 amounted to **lei 1.915.150 thousand**.

Investments amounting to lei 217.544 thousand were commissioned during the analysed period.

In 2024 instalments for the loans contracted by the company to finance the investment works amounting to lei 132.316 thousand were repaid.

5. Receivables and arrears

As at 31 December 2024 the outstanding receivables amounted to lei 668.872 thousand, which is higher by lei 28.431 thousand as compared to 31 December 2023.

As at 31 December 2024 Transgaz had no outstanding payments.

ION STERIAN
DIRECTOR GENERAL

Chief Financial Officer
Marius Lupean