

No. 4936/20 January 2022

Submitted for the approval of the OGMS dated 28 February/1 March 2022

REPORT

on the approval of the revenue and expense budget for 2022 and of the estimations for 2023 - 2024

SUMMARY:

The draft Revenue and Expense Budget for 2022 and the estimations for 2023-2024 were approved within the meeting of Transgaz' Board of Administration of 26 January 2022.

The substantiation of the draft was based on the programmes for NTS design, maintenance, rehabilitation, supply of materials and spare parts; programmes for the provision of services; the provisions of the Collective Labour Contract; the laws in force; based on the gas quantities estimated to be transmitted and the expected capacity bookings.

* Lei thousand *

Nr. crt.	ITEM	2021 REB	Estimated 2021	2022 REB
0	1	2	3	4
1.	Operating revenue before the balancing and the construction activity according to IFRIC 12	1 336 272	1 368 489	1 355 629
	2021 REB comparison		2,41%	1,45%
	Estimated 2021 comparison			-0,94%
1.1.	Revenue from the balancing activity	304.727	442.200	553.023
1.2.	Revenue from the construction activity according to IFRIC 12	1.083.672	568.148	532.410
1.3.	Financial revenue	95.114	104.784	150.115
2.	Operating costs before the balancing and the construction activity according to IFRIC 12	1 282 586	1 286 236	1 392 445
	2021 REB comparison		0,28%	8,57%
	Estimated 2021 comparison			8,26%

Nr. crt.	ITEM	2021 REB	Estimated 2021	2022 REB
0	1	2	3	4
2.1.	Costs before the balancing activity	304.727	442.200	553.023
2.2.	Cost of assets constructed according to IFRIC 12	1.083.672	568.148	532.410
2.3.	Financial costs	32.778	19.868	62.002
3.	GROSS PROFIT	116.021	167.168	51.288
	2021 REB comparison		44,08%	-55,79%
	Estimated in 2021 comparison			-69,32%
4.	Tax on profit	18.738	50.734	9.789
5.	NET PROFIT	97.283	116.434	41.499
	2021 REB comparison		19,69%	-57,34%
	Estimated 2021 comparison			-64,36%

PROPOSAL:

The approval of the draft revenue and expense budget for 2022 and of the estimations for 2023-2024, according to GO 26/21 August 2013, Art.4 (1) (d) and to the effective Transgaz' Articles of Incorporation, Chapter IV, Art.15 (3)(c).

General considerations regarding REB preparation

Considering GO 26/21 August 2013, as amended, *`on strengthening the financial discipline at the level of the economic operators where the state or the territorial administrative units are sole or majority shareholders or directly or indirectly hold a controlling interest`*, which regulates:

- Art. 6, paragraph (1)¹ *The economic operators under Art. 4, paragraph (1), letter d), whose shares are accepted to be traded on a regulated market, as well as their subsidiaries, shall submit to the General Meeting of the Shareholders, according to the law the revenue and expense budget and the substantiation annexes, prepared according to the applicable laws, for approval, following the prior consultation of the trade unions, and shall publish the revenue and expense budget including the amount for the current year **within 60 days from the entering into force of the annual law on the state budget** or from the date of approval of the village, town, Bucharest district, County, Bucharest local budgets, as appropriate.*
- **Art. 7, paragraph (1) annually, the state budget law establishes salary policy objectives on which economic operators substantiate revenue and expense budget indicators.**

- Art. 9, paragraph (1) *Economic operators shall consider, without limitation, the following when substantiating the revenue and expense budget:*
 - a) *Compliance with the Government's and administrative-territorial units' policy on improving the economic and financial performance of the operators;*
 - b) Compliance with the salary policy objectives set by the annual state budget law;**
 - c) the specific performance criteria and the quantified objectives for the reduction of payments and outstanding debts, the reduction of loss, the increase in profit and turnover and the labour productivity growth provided in the mandate contracts, established in relation to the management strategy of the Board of Directors//Supervisory Board and the management plan of the economic operators' directors / members of the directorate;**

when substantiating the Revenue and Expense Budget of SNTGN Transgaz SA it is required to comply with the Government's policy on enhancing the economic and financial performance and of the salary policy objectives approved under the State Budget Law.

The Revenue and Expense Budget for 2022 is substantiated in compliance with the provisions of:

- GO 26/21 August 2013, as amended, *`on strengthening the financial discipline at the level of the economic operators where the state or the territorial administrative units are sole or majority shareholders or directly or indirectly hold a controlling interest;*
- Order 3818/30 December 2019 of the Ministry of Public Finance *`on the form and structure of the economic operators' revenue and expense budget and of the annexes for the substantiation of the budget';*
- Law nr.317/28 December 2021 on the State Budget for 2022;
- ANRE Order 41/ 15 March 2019 on the approval of the Gas Transmission Regulated Tariff Setting Methodology;
- ANRE Order 34/19 July 2016 on the approval of the Methodology for transmission capacity booking and tariff setting for natural gas transmission services through the gas transmission pipelines Isaccea – Negru Vodă;
- Regulation EU 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks;
- ANRE Order 160/2015 amending and supplementing the Network Code for the National Gas Transmission System, approved by ANRE President Order 16/2013;
- Power and Gas Law no. 123/10.07.2012 as amended;
- ANRE Order 85/2017 on the approval of the Methodology for the calculation of the neutrality tariffs for balancing, including their allocation to the network users of the gas transmission network;

- *Trading Companies` Law 31/1990, republished, as further amended and supplemented;*

Preliminary values for 2021 are determined on the basis of individual eleven-month results and estimates for December.

The draft Revenue and Expense Budget for 2022 was submitted for consultation to the financial management control according to Government Decision no. 1151/2012 approving the Methodological rules for the organization and exercise of financial management control, and to the trade unions.

The substantiation of costs was based on the following:

- estimated inflation ratios and/or exchange rates projected according to the „**1. Projection of main macroeconomic indicators 2021-2025 - Autumn 2021 forecast (November 2021) of the National Forecast Commission** for the costs which by their nature have a relatively linear evolution;
- technical regulations in force;
- programme for NTS modernization and development (Investments), design, maintenance and rehabilitation, supply of materials and spare parts;
- programs for the provision of various services (security and safety, training, consulting, etc.);
- normative acts that are in force regarding legislated costs (contribution to social insurance, health insurance, unemployment benefit, transmission licence fee, royalty for the concession of the transmission system, etc.);
- costs related to the social actions, according to the provisions of the Collective Labour Contract (CLC). On the basis of Article 1 of GEO No 8/2009 on the granting of holiday vouchers approved with amendments and additions by Law No 94 /2014, which states "Starting from the date of entry into force of this Emergency Ordinance, for the recovery and maintenance of the working capacity of the salaried staff, employers who employ staff by concluding an individual employment contract may grant, under the law, vouchers, hereinafter referred to as holiday vouchers", in conjunction with the provisions of the CLC in force, when basing the REB 2022 and estimates for 2023-2024, no expenditure on holiday vouchers was based, taking into account the rights of employees under art.189 of the CLC in force concerning the partial settlement of holiday and health care.
- technological consumption costs were established based on:
 - an estimate of the specific consumption of the gas compressor stations, technological loss caused by the discharge as a result of new pipe couplings and planned repairs, differences due to measurement errors, etc.;
 - price if gas in stock as at the date of REB substantiation, the price of natural gas in the current contract and estimation regarding the gas price for the period which is not covered by the current contract;

- costs of gas for NTS balancing according to ANRE Order 160/2015 amending and supplementing the Network Code for the National Gas Transmission System, approved by ANRE President Order 16/2013 and ANRE Order 1/18.01.2016;
- The following were considered while substantiating personnel costs:
 - I. Application of the provisions of the State Budget Law for 2022, art 48, para (1) letter a) and c), para (3) and para (4) letter a) and c) namely:

"(1 For the year 2022, the economic operators to which the provisions of art. 9 paragraph (1) letter b) and paragraph (3) of Government Ordinance no. 26/2013 on strengthening financial discipline at the level of economic operators where the state or the administrative-territorial units are sole or majority shareholders or directly or indirectly hold a controlling interest, approved as amended by Law no. 47/2014, as amended, may provide for the increase of salary expenses in the revenue and expense budget compared to the estimations under the last revenue and expense budget approved according to the legal provisions, as follows:

.....

a) by the amounts representing increases in salary expenses related to the average price growth index forecast for 2022;

c) by the amounts representing increases in salary-related costs relating to their replenishment for the full year 2022, due to the increase in staff numbers in 2021 as a result of the diversification/expansion of activity provided for in the regulations;

(3) Economic operators may increase the average gross monthly earnings per employee within the limit of the amounts laid down in paragraph 1. (1), provided that the rate of increase does not exceed the labour productivity growth index calculated in value or physical units, as appropriate.

(4) To determine the gross monthly average earnings per employee, provided for at paragraph (3), in order to establish its increase index, the following expenses shall not be considered:

.....

a) the amounts representing increases in salary-related expenditure related to the average price increase index forecast for 2022;

(c) amounts representing increases in salary-related costs relating to their replenishment for the whole of 2022, due to an increase in the number of staff in 2021 as a result of the diversification/expansion of activity provided for in legislation"

Upon the application of the aforementioned legal provisions, the expenses related to the personnel salaries were substantiated at the level of the at the level of base salaries, increases and bonuses of employees existing at the end of 2021, granted based on the applicable company's Collective Labour Contract and provided for in the ongoing individual employment contracts.

The salary related costs for the year 2022 are Lei 507.173 thousand, Lei 30.967 thousand higher than the one foreseen in the 2021 budget (6.5%), following the provisions of

Article 48 paragraph 1 letter a) of the State Budget Law for the year 2022, the average price growth index forecast for the year 2022 according to "1. Projection of the main macroeconomic indicators 2021-2025 - autumn forecast 2021 (November 2021) of the National Forecast Commission being 6.5%".

The provisions of Government Ordinance 26/2013 and art. 48, para. (3) and para. (4) letters a) and c), of the Law on the state budget for 2022 are observed, the increase of the average monthly earnings per employee, determined on the basis of salary expenses recalculated according to the annual Law on the state budget, is 100.09% lower than the increase of labour productivity in value units on average total staff, in percentage of 104.08%. We present below their inclusion in the legal provisions:

thousand lei

No	Indicators	REB 2021	Preliminary 2021	REB 2022	%	%
0	1	2	3	4	5 = 4/3	5 = 4/2
1	Salary expenses	476.206	467.276	507.173	108,54%	
2	Salary expenditure determined according to the provisions of art. 3 letter f of GEO 26/2013.	444.018	433.238	470.320	108,56%	
3	Expenditure of a salary nature determined in accordance with the provisions of the Law on the Annual State Budget Line1-Line6	476.206	467.276	507.173		106,50%
4	Average number of staff	4.172	4.097	4.151	101,32%	
5	Amount of increase in salary-related expenditure related to the average price increase index forecast for 2022;			30.967		
6	Amounts representing increases in salary-related expenditure relating to their replenishment for the full year 2022, due to an increase in the number of staff in 2021 as a result of the diversification/expansion of activity provided for by legislation	24.770		0		
7	Average monthly earnings per employee (lei/person) determined on the basis of salary expenses. Line 2/Line 4/12/1000	8.869	8.812	9.442	107,15%	
8	Average monthly earnings per employee (lei/person) determined on the basis of salary expenses recalculated according to the annual Law of the state budget (Line2 – Line 5- Line6)/Line4/12/1000	8.374	8.812	8.820	100,09%	
9	Labour productivity in physical units per average total staff (quantity of finished products / person)	393	442	460	104,04%	

I. With regard to the average number of staff for the year 2022 the following is required:

- o Maintaining the current number of 5,305 positions approved to date by the company's organisation chart, with a resizing of the organisation chart to be carried out after approval of other projects and finalisation of the normalisation of all activities carried out on the NTS. At the same time, the modernisation and

- upgrading to be carried out in the NTS and its ancillary installations will be considered, with a view to implementing the Network Code and maintaining and developing a SCADA-type monitoring, control and data acquisition system.
- Natural reduction of the number of staff employed without affecting current activity by redeployment of tasks and responsibilities for some posts whose incumbents are due to retire in 2022. A total of 45 retirements for age limit are foreseen for 2022. Early retirement has also been considered for 20 employees;
 - Continue the organisational redesign of some activities within the company and the roles and responsibilities of the staff carrying out these activities. In this respect, it is also necessary to continue the voluntary departure programme, which will reduce the number of employees approaching retirement age or in poor health, factors which lead to a reduction in the ability to perform their duties. It has been estimated that 30 employees will apply for inclusion on these lists in 2022;
 - Continue the recruitment process of specialised staff needed for the implementation of projects of major importance for the development of the company, as well as for the design, access to European funds and development/maintenance of existing information and communication systems in order to digitise operations. For this purpose, both in-house employees and external specialists will be selected. In line with the management's strategic vision of staff reduction, the number of external employees will be limited to 150 in 2022;
 - By redistributing tasks and responsibilities to the remaining staff, work programmes will be carried out with existing employees. In this way it is estimated that an average of 4,151 employees will be used in 2022, compared to 4,172 approved by the REB in 2021.
- II.** The following were taken into account when substantiating the salary fund, as well as the other personnel expenses necessary for S.N.T.G.N. 'TRANSGAZ' S.A. Medias:
- setting the basis of calculation at the current level of the employees' salaries, bonuses and additional payments granted on the basis of the Collective Labour Contract in force at company level and provided for in the individual labour contracts currently in force;
 - the indexation of the salaries of all staff in 2022 by 6.5%, in accordance with Article 147 of the C.L.C. in force at company level;
 - the provision of a fund amounting to 2,500 thousand for granting compensations for the continuation of the voluntary departure of approximately 30 employees. This fund was calculated for that number of employees, as foreseen at Art. 47 of the Collective Labour Contract. The provision of these funds represents an increase in the cost of personnel over the short term, but over the long term it triggers benefits from the reduction of the cost with the

- relevant employees, employed under individual labour contracts for an indefinite period;
- payment of the personnel employed for the positions created over fixed-term for the implementation of projects highly important for the company's development, the salary fund of which will be settled in part from the funds received from the European Union. Such positions will be terminated after the completion of the projects. The funds provided for this purpose in the amount of LEI 15,807.9 thousand were assigned to personnel salary costs, representing the kind of costs incurred for business expansion. Out of this amount the personnel salary costs allocations will be settled from the funds attracted for the implementation of such projects;
 - granting the salary bonuses for Easter, Christmas and the Gas worker's Day according to the provisions of art. 181 of the Collective Labour Contract, at a level of 1,000 lei/employee/event;
 - the granting of birth, marriage, retirement and death benefits in accordance with the provisions of applicable Collective Labour Contract;
 - the amounts necessary for granting food vouchers in nominal value of LEI 20 during 2022;
 - expenses incurred on behalf of an employee related to voluntary pension schemes, up to an amount representing the LEI equivalent of EUR 400 during a financial year, for each participant. The C.L.C. in force at company level, art. 62, paragraph (4) provides for a limit of 400 euro/employee in a fiscal year;
 - cost of voluntary health insurance premia up to an amount representing the LEI equivalent of EUR 400 in a financial year, for each participant. The C.L.C. in force at company level, art.62, paragraph (5), provides for a limit of 400 euro/employee in a fiscal year;
 - the provision of expenses with gifts in cash or in kind offered to minor children and employees, gifts in cash or in kind granted to female employees. The company's applicable Collective Labour Contract provides for in art. 183 paragraph (2) for granting of such gifts for Women's Day, June 1 and Christmas, within the limits of at least 10% of the level of category 27F from the company salary range, respectively 300 lei gross/beneficiary/event;
 - the provision of the sums necessary to bear part of the cost of the treatment and rest benefits, including transport for the Company employees and their family members according to Art. 189 of the C.L.C. in force;
 - expenses representing the employees' share in the Company's profit under G.O. 64/2001 on profit distribution within national companies, companies publicly owned or controlled and autonomous regies, as amended, corroborated with Art. 141 of the company's applicable Collective Labour Contract;
 - the provision of a fund of LEI 500 thousand for various social actions, amounts requested by the Gas Transport Union by the letter no. 26/28.10.2021;
 - further, for the year 2023 an indexation of the base salaries of the staff by 5% starting with January 2023 was taken into account and for the year 2024 an

indexation of the salaries of the staff by 5% starting with January 2024 was taken into account, according to the provisions of art. 147 of the company's applicable Collective Labour Contract.

- In aggregate the salary expenses foreseen for the year 2022 exceed the level of the salary expenses approved in the revenue and expense budget of S.N.T.G.N. 'TRANSGAZ' S.A. for 2021 by **Lei 31 million**, mainly due to the following influences:
 - indexing of basic salaries in 2022 to compensate for inflation;
 - provision in 2022 of funds for the payment of staff needed to carry out projects of major importance for the development of the company. The funds provided for this purpose, Lei 696.6 thousand more than those used in 2021, have been included in the expenditure on staff salaries. From this amount, the allocations for staff expenses will be settled from the funds attracted for the implementation of the respective projects;
 - provision of the amounts needed to grant retirement benefits in 2022 in accordance with the provisions of the C.L.C. in force calculated for a higher number of employees, i.e. an increase of Lei 1,110.2 thousand compared to the 2021 REB;
 - provision of the amounts needed to grant death aids in 2022 in accordance with the provisions of the C.L.C. in force calculated for a higher number of employees, i.e. an increase of Lei 464.4 thousand compared to the 2021 REB;
 - provision of the amounts representing the employees' profit-sharing in 2022 in accordance with the provisions of the C.L.C. in force, i.e. an increase of Lei 603.6 thousand compared to the 2021 REB;
 - provision of the amounts needed to settle part of the cost of the employees' rest and treatment tickets in 2022 in accordance with the provisions of the C.L.C. in force, calculated for a higher number of employees requesting them, i.e. an increase of Lei 3,708.5 thousand compared to the 2021 REB;

III. Expenses with training and the professional development of the employees

Employee training and professional development expenses, amounting to LEI 1,944.15 thousand, based on the Annual Program for Training and Professional Development of employees for 2022, to which LEI 1,685.14 thousand are added for vocational training services and related activities included in projects co-financed by European funds and Lei 38.64 thousand expenditure related to practical training services for qualification.

IV. Expenses related to the civil liability insurance of administrators and executive management

The expenses with the insurance premiums for the professional risk insurance of the members of the Board of Administration and the executive management of the

company, in the amount of 75,000 Euro/year according to art. 4 of Resolution no. 2 of 6.03.2018 of the Ordinary General Meeting of Shareholders of S.N.T.G.N TRANSGAZ S.A. and Article 36.2 of the Decision no. 15 / 21.03.2018 of the Board of Administration of S.N.T.G.N TRANSGAZ S.A.

V. Expenses related to the civil liability insurance of the operating staff

The expenses related to the insurance premiums for the insurance of professional risks of the operating staff, which are borne by the employer according to art. 62 paragraph (7) of the company's applicable Collective Labour Contract. Such expenses were estimated at 67,095 lei/year.

In line with the provisions of ANRE Order no. 41 of 15 March 2019 *on the approval of the Methodology for setting regulated tariffs for the gas transmission services*, personnel expenses are recovered through the regulated revenue from the gas transmission activity up to the forecasted amount approved by ANRE upon the substantiation of the regulated revenue.

Within the regulated income for the year 2022 ANRE has approved lower personnel expenses by about LEI 32 million compared to the amounts substantiated in the REB for 2022.

Revenue substantiation was determined considering:

- the gas quantities estimated to be transmitted (including the quantities transmitted for storage) and the capacity booking estimated for 2022 – 2024;
- the gas quantities estimated to be procured both for the physical balancing of the National Transmission System and for the commercial balancing;
- the regulated transmission tariffs approved by the ANRE under Order no. 32 of 26 May 2021 on the approval of the regulated revenue, total revenue and transmission tariffs for the transmission of gas through the National Transmission System for the period 1 January 2022 - 30 September 2022, respectively the tariffs estimated for the period 1 October 2022 - 31 December 2024 based on the methodology approved by ANRE Order 41/2019;
- the value of the international gas transmission service was estimated:
 - according to the agreement concluded with Gazprom Export Ltd for the years 2022 and, respectively, 2023;
 - **ANRE Order no. 92/10.08.2021 extended until 30 September 2022 the deadline for application of ANRE Order no. 149/29.07.2020 approving a regulated revenue of Lei 169,820,239 for the provision of regulated transmission service on T2 and T3 pipelines for the 2020-2021 gas year; a reserved capacity of 84 million MWh was estimated for setting transmission tariffs; no booked transmission capacity for international transmission activity was estimated in the draft REB 2022.**

The assumptions underlying the substantiation of the economic-financial indicators for the period 2022-2024 are illustrated in the table below:

No.	Item	MU	2022	2023	2024
1.	Average annual inflation index	%	4,70	3,40	2,70
2.	Exchange rate	lei/EURO	4,98	5,03	5,08
3.	Exchange rate	lei/USD	4,18	4,23	4,27
4.	Transmitted gas quantity (including injection in underground storage)	MWh	150.649.844	163.524.097	165.699.700
5.	The average transmission tariff	lei/MWh	7,53	9,62	9,82
6.	Technological consumption procurement price	lei/MWh	213,28	252,36	259,71

Based on these assumptions the following economic and financial indicators resulted:

<i>*thousand lei*</i>				
No.	Indicators	REB 2022	Estimated for 2023	Estimated for 2024
1	TOTAL REVENUE, of which:	2.591.168	3.444.476	4.262.918
1.1.	Operating revenue before the construction activity according to IFRIC 12	1.908.643	2.348.529	2.324.136
1.2.	Financial revenue	150.115	158.866	181.269
1.3.	Revenue from the construction activity according to IFRIC 12	532.410	937.080	1.757.513
2.	TOTAL COST, of which:	2.539.880	3.126.213	3.972.646
2.1.	Operating costs before the construction activity according to IFRIC 12	1.945.468	2.128.901	2.151.387
2.2.	Financial costs	62.002	60.231	63.747
2.3.	Cost of assets built according to IFRIC 12	532.410	937.080	1.757.513
3.	GROSS PROFIT	51.288	318.263	290.272
4.	TAX ON PROFIT	9.789	47.075	42.140
5.	NET PROFIT	41.499	271.188	248.132

The evolution of the economic and financial indicators during the estimated period is mainly influenced by:

- The estimated commissioning of investment objectives;
- the progress of the National Transmission System rehabilitation and maintenance works;
- the evolution of the costs regarding the procurement of gas for technological consumption;

- extension of the monopoly tax application term until 31 December 2025 and non-recognition in the regulated income of the monopoly tax expenditure whose estimated value in 2022 is Lei 69,802 thousand;
- adjustment of the regulated revenue for the gas year 2021-2022 with the efficiency gain registered by the company in the third regulatory period (-93,288 thousand lei), with the value of the additional registered revenue (-203,962 thousand lei) and other elements of adjustment of regulated revenue (-69,106 thousand lei);
- the evolution of financial expenses representing interest and exchange rate differences on loans taken out by the company to finance investment works not covered by its own resources.

Profit distribution was determined taking into account the provisions of G.O. 64/2001 *on profit distribution within national companies, companies publicly owned or controlled and autonomous companies, as amended* and the specifications approved by MPF Order 144/2005 *approving the Specifications for the determination of the amounts subject to profit distribution according to G.O. 64/2001 on profit distribution within national companies, companies publicly owned or controlled and autonomous companies, approved as amended by Law 769/2001*, as amended as follows:

- no amounts were distributed to legal reserves as they are currently constituted under the quota of 20% of the share capital, according to Art.183, paragraphs (1) and (2) of Law 31/1990, as amended, and the company's share capital is not expected to change;
- employees share in to profit was determined within the limit of the monthly average base salary estimated per employee in the year for which the share in is granted, per average number of employees, obtained in the closed financial year;
- dividends to shareholders were determined according to MPF Order 144/2005, by applying 50% to remaining net profit after its recompletion with the amount of the cost representing the share in to profit, with which the gross profit before tax was affected;
- the amount of the retained earnings for setting up own financing sources was determined as the difference between the net profit to be distributed and the profit proposed to be allocated according to GO 64/2001.

The analysis of the 2022 REB economic and financial indicators as compared to the 2021 estimations

The synthesis of the 2022 REB indicators compared to the 2021 estimations is illustrated below:

thousand lei

No.	Item	Estimated in 2021	2022 REB	Variation
0	1	2	3	4=3/2-1
1.	TOTAL REVENUE, of which:	2.483.621	2.591.168	4%
1.1.	Operating revenue before the construction activity according to IFRIC 12	1.368.489	1.355.620	-0,94%
1.2.	Balancing revenue	442.200	553.023	25%
1.3.	Financial revenue	104.784	150.115	43%
1.4.	Revenue from the construction activity according to IFRIC 12	568.148	532.410	-6%
2.	TOTAL COST	2.316.453	2.539.880	10%
2.1.	Operating cost before the construction activity according to IFRIC 12	1.286.236	1.392.445	8%
2.2.	Balancing costs	442.200	553.023	25%
2.3.	Financial cost	19.868	62.002	212%
2.4.	Cost of constructed assets according to IFRIC 12	568.148	532.410	-6%
3.	GROSS PROFIT	167.168	51.288	-69%
4.	TAX ON PROFIT	50.734	9.789	-81%
5.	NET PROFIT	116.434	41.499	-64%

- I. **The revenue from the operation activity before the construction activity according to IFRIC 12** amounting to **LEI 1,355,620 thousand**, is smaller by **LEI 12,869 thousand** as compared to the 2021 estimated revenue, which is a decrease by **0.94 %**, mainly due to decrease in revenue from international transmission services by Lei **11,318 thousand**.

Revenues from transmission activities increased by Lei 4,904 thousand mainly due to:

- increase in the capacity booking component by **Lei 29,989 thousand** mainly due to:
 - capacity booking tariff higher by 0.272 lei/MWh, with a positive influence of Lei 92,296 thousand mainly due to the regulated revenue approved by ANRE for the 2021-2022 gas year and Transgaz' estimates for the 2022-2023 gas year higher than the year 2020-2021;
 - booked capacity lower by 24,629,547 MWh, with a negative influence of Lei 62,308 thousand;
- a decrease in revenue from the volumetric component of **Lei 25,085 thousand** due to:

- volumetric tariff lower by 0.15 lei/Mwh with a negative influence of Lei 22,776 thousand;
- quantity transported lower by 1,856,500 Mwh with a negative influence of Lei 2,309 thousand;

Regarding the annual evolution of revenue from gas transmission it is worth highlighting the following aspects:

Gas transmission is regulated by the National Energy Regulatory Authority (ANRE). According to the methodology for setting the regulating revenue, the costs savings of the transmission operator in a gas year and the additional revenue obtained in a gas year diminish the regulated revenue approved in the following gas years. In other words, the more effective the company is in reducing costs, the more the revenues from gas transmission will be reduced in the coming gas years.

According to ANRE Order 41`/15 March 2019 *on the approval of the Gas Transmission Regulated Tariff Setting Methodology* the following are also considered for the determination of the annual regulated revenue:

- o the total revenue correction component for the previous years;
- o the technological consumption correction component for the previous years;
- o the capital cost adjustment component for previous years;
- o the efficiency increase factor redistribution component obtained by the transmission operator during a regulatory period (the savings obtained by the transmission operator regarding cost items as compared to the levels approved by ANRE) shall be kept by the transmission operator and aggregated at the end of such period and then entirely transferred to the transmission system users by linearity throughout the following regulatory period by reducing the regulated revenue by such savings.

In accordance with the legal provisions in force during the third regulatory period (2012-2019), the efficiency increase factor was fully maintained by the operator for a period of 5 years and starting with year 1 (2019-2020) of the fourth regulatory period (2019-2024) the full transfer to the users of the transmission system started through linearization by decreasing the regulated income by such savings.

- o The efficiency increase factor achieved by the TSO beginning with the fourth regulatory period (2019-2024) will be 60% transferred to gas consumers and 40% will be retained by the TSO starting with year 1 (2024-2025) of the fifth regulatory period (2024-2029).

On 5 March 2021, SNTGN "Transgaz" SA submitted to ANRE the Note for the substantiation of the corrected regulated income for year "3" (October 1, 2021 - September 30, 2022) within the fourth regulatory period (October 1, 2019 - September

30, 2024) and related tariffs, according to the provisions of the methodology approved by ANRE.

The corrected **regulated revenue** approved for the period 1 October 2021 - 30 September 2022 was determined on the basis of the regulated income based on and **negatively adjusted** by the efficiency gain recorded by the company in the third regulated period (-93,288 thousand lei), by the amount of additional revenue recorded (-203,962 thousand lei) and other elements of adjustment of regulated revenue (-69,106 thousand lei)

Transgaz intends to apply to ANRE for an advance recognition in the regulated revenue of 2022-2023, within the CAPEX component, of the investment expenses for the Black Sea connection project (estimated value of the investment: lei 1,409.18 million), provided that the following conditions are met:

- It is a project included in the categories provided for at point 2 of Annex II of Regulation (EU) no. 347/2013 of the European Parliament and of the Council of 17 April 2013 on the guidelines for trans-European energy infrastructures, repealing Decision no. 1364/2006/EC and amending Regulations (EC) no. 713/2009, (EC) no. 714/2009 and (EC) no. 715/2009, included in the investment and development plan of the transmission system, approved by ANRE;
- It is a PCI:
 - PCI Project (second list): 6.24.8;
 - PCI Project (third list): 6.24.4-5: „Black Sea shore – Podișor pipeline (RO) for taking over Black Sea gas” within "The groups of project implying the staged development of the capacity on the bidirectional transmission corridor Bulgaria–Romania–Hungary–Austria (also currently known as ROHUAT/BRUA) which will enable 1.75 bcm/y at the first stage and 4.4 bcm/y at the second stage with the possibility of also taking over the new Black Sea resources at the second, the third and the fourth stage”;
 - Included in the list of conditional priority projects prepared within the CESEC group.
 - Included in the TYNDP ENTSOG 2020: TRA-N-362.
 - The project is included in the investment and Plan for the Development of the National Gas Transmission System 2020-2029 approved by ANRE.

In this regard, the proposed revenue and expense budget for the year 2022 and estimates for the years 2023 and 2024 includes the advance recognition, within the CAPEX component, of the return on investment expenditure related to the Black Sea connection project (**Lei 89,373 thousand**), in the regulatory revenue determined for the years 2022-2023, 2023-2024.

The estimated revenue from the gas transmission activity for 2021, according to the tariffs approved by ANRE for the period 1 October 2021 - 30 September 2022 the

substantiated tariffs based on the existing regulations and submitted to ANRE for approval for the fourth quarter of 2022 is **Lei 1,134,697 thousand, by Lei 4,904 thousand** higher compared to 2021 preliminary.

Considering the aspects mentioned above, we believe that the provisions of the Instructions for preparing the REB approved by Order no. 3818/30.12.2019, of the Ministry of Public Finance, Annex 6 par.II.6 according to which *'the total revenue and expenses are estimated, so the index related to the increase in total expenses usually does not exceed the total income increase index'* cannot be applied to Transgaz which carries over activity regulated at a rate of approx. 95%.

Revenues from balancing the NTS increase by **Lei 110,823 thousand** mainly due to the estimated higher purchase price of gas for balancing the NTS than that projected for 2021. In estimating the quantity of natural gas intended for balancing the NTS, the consumption history recorded in the winter months/temperature-dependent, the quantities purchased by Transgaz from the Stock Exchange for the purpose of physical balancing of the NTS as well as quantities purchased as part of the commercial balancing process representing surplus.

EU Regulation 312/2014 establishing a network code on the gas transmission networks balancing provides uniform balancing rules at European level, reflecting the specific needs of the transmission system and take into account the drivers available to the operators for balancing the transmission systems. According to the Regulation mentioned above the role of the system operator is to perform balancing activities based on non-discriminatory market principles through the purchase/sale of natural gas quantities required for balancing. The system operator does not record gains or losses as a result of conducting the balancing activity.

The provisions of the Regulation mentioned above are taken over in the ANRE Order no.16/2013 on the approval of the Network Code for the National Gas Transmission System modified by ANRE Order no.160 /2015, which states in Article 83 (2) that *"to ensure the safe operation of the NTS, the TSO should have enough gas for system balancing as natural gas stored in pipelines and/or as balancing gas stored in underground storages, and to take NTS balancing actions including by conducting sales and/or purchasing transactions for the natural gas quantities required to balance the system in a transparent, non-discriminatory manner, by using market mechanisms"*.

The estimation of the gas quantity for NTS balancing was based on the historical consumption data recorded in winter months/depending on temperature, as well as the quantities purchased by Transgaz on the Stock Exchange for physical balancing of the NTS. Such gas will be procured in 2022 as needed to balance fluctuations in gas flow and to keep pressure levels at levels that allow safe and efficient operation of the NTS.

II. Operating expenses before the construction activity according to IFRIC12 amounting to **LEI 1,392,445 thousand are by **LEI 106,209 thousand** higher than the**

preliminary ones related to 2021, which represents an increase by 8%, determined mainly by:

- a) Overruns especially in respect of the following expense elements:
 - 1. Expenses related to services executed by third parties higher by **LEI 36,876 thousand**;
 - 2. expenses with technological consumption higher by **Lei 111,550 thousand** both due to the quantities of gas representing technological consumption higher in 2022 compared to 2021 by 102,028 MWh (13%) but especially due to the increase in the average price of natural gas from 101.17 lei/Mwh in 2021 to 213.28 lei/Mwh in 2022.
 - 3. staff salary expenses higher by **Lei 46,587 thousand**;
 - 4. Depreciation expense higher by **LEI 21,344 thousand** on account of the fixed assets commissioned in 2021 and estimated to be commissioned in 2022;
- b) savings on other operating expenses, lower by **Lei 148,644 thousand** mainly due to income from provisions for the collection in 2022 of the outstanding receivables from Electrocentrale București in the amount of **Lei 116 million**.

III. The gross result estimated for 2022 is of **LEI 51,288 thousand**, by **LEI 115,880 thousand** (-58 %) lower than the preliminary one for 2021.

IV. The tax on profit was calculated considering:

- ✎ The influence of the provisions for risks and expenses and of the provisions for the depreciation of current assets;
- ✎ The influence of the employees' share in to profit expense related to 2021 and of the rights related to the mandate contract to be paid for during the next year;
- ✎ Expenses related to sponsorship granted to a legal extent (Law 227/2015 – Fiscal Code Art. 25 (4) let. i) of 0.75% of the turnover, but not more than 20% of the tax on profit.

Planning the investment financial effort related to 2022-2024

The total expenses for investment include funds for NTS development and modernization works, for the procurement of shares in the relevant European operators the amounts necessary for the repayment of the instalments related to the loans contracted by the company to finance the investments which were not covered by equity and the amounts required for the payment of guarantees related to the temporary removal of land from agricultural use.

The sources for financing investment expenses are:

- Equity including the depreciation and the amounts distributed from the net profit to finance investments according to G.O. no. 64/2001 *regarding profit distribution to national companies and companies where the state has a full or partial interest, as well as the autonomous administrations*, as amended;
- Amounts resulting from the absorption of European funds;
- Unused own resources from previous years and other sources.

The investment expenses were determined based on:

- The modernization and development investment program for 2022 and estimates for the period 2023-2024;
- The design software for investment works for 2022;
- The 10-year National Transmission System development program.

The 10-year National Transmission System Development Plan includes large-scale projects aimed at reconfiguring the natural gas transmission network.

The current plan for the development of the Romanian gas transmission system includes large-scale projects aimed at reconfiguring the natural gas transmission network, which, in spite of its being extensive and complex, was conceived at a time when the focus was on the gas supply to large consumers and their access to concentrated resources mostly in the centre of the country and in Oltenia region as well as to the only source of imports.

In order to determine the necessary projects to be developed in the national gas transmission system the prerequisites that it has to meet in the current dynamics of the regional gas market were identified first. Having in mind the latest developments and trends as far as the European gas transmission routes are concerned, the fact that two new sources of gas supply came up is obvious: the Caspian Sea gas and the gas discovered in the Black Sea.

Thus, the projects planned by the company envisage:

- ensuring an adequate degree of interconnectivity with neighbouring countries;
- creating gas transmission routes at regional level to ensure gas transmission from different new sources of supply;
- creating the necessary infrastructure to take over and transport gas from the Black Sea offshore blocks in order for it to be tapped into on the Romanian market and other regional markets;
- extension of the gas transmission infrastructure to improve gas supply to areas with scarce resources;

- creating a single EU integrated market;
- implementing a strategy to modernise and adapt the existing natural gas transmission infrastructure for the use of hydrogen and other green gases with a view to decarbonisation.

In this context, it is very important for Transgaz to implement the projects in a very short period of time so to connect the Central European markets to such resources and thus to redefine itself as an important gas transmission operator.

By enabling the connection between different gas supply sources and the European market, these investment projects have a say in the achievement of the European Union's goals. The main benefits of the above-mentioned projects can be summarized as follows:

- Integration of the gas market and interoperability of the gas transmission systems in the region;
- Price convergence in the region;
- Removing gas transmission bottlenecks in the Bulgaria-Romania-Hungary direction;
- Increasing the flexibility of the European gas transmission system by the construction of bi-directional flow interconnections;
- Through the interconnection of the Bulgaria - Romania - Hungary - Austria corridor with the Black Sea, the access of Romania and the European Union to a new gas source will be ensured;
- Boosting competition on the European gas market by diversifying sources, transmission routes and active companies in the region;
- Increasing the security of gas supply;
- Reducing dependence on Russian gas imports;
- Urging the development of the renewable energy at regional level (especially wind and solar energy) considering the possibility to use gas as a back-up renewable energy option which leads to the significant increase in the sustainability of the proposed projects.

The progress in the implementation of Transgaz' major investment projects obliges the company to take parallel steps to secure the funding of the 10-year National Transmission System Development Plan. During 2022-2024 the company aims at attracting bank funds to complement the necessary financing.

The synthesis of the capital expenditure for the period 2022- 2024 as well as its financing is indicated below:

***thousand LEI ***

No.	Item	2022	2023	2024	Total
					2022-2024
0	1	2	3	4	5=2+3+4
I.	Investment expenses, of which:	587.391	1.019.366	1.809.301	3.416.058
1.1.	Investments	454.233	882.087	1.644.629	2.980.950
1.2.	Capitalized interest	0	3.802	30.794	34.596
1.3.	Loan repayment	133.158	133.477	133.877	400.512
II.	Financing sources, of which:	619.968	1.019.366	1.809.301	3.448.635
2.1.	Own sources, of which:	171.296	237.802	216.597	625.694
	-amounts from the net profit	11.592	126.112	114.584	252.287
	- depreciation and other non-monetary expenses / revenues	159.704	111.690	102.013	373.407
2.2.	European funds	123.869	0	0	123.869
2.3.	Bank loans	110.500	748.988	1.592.704	2.452.192
2.4.	Other sources	66.150			66.150
2.5.	Surplus/deficit from previous years	148.153	32.577	0	180.730
III.	SURPLUS/DEFICIT(II-I)	32.577	0	0	32.577

In 2022 the leverage indicator determined based on the assumptions used for the substantiation of the Revenue and Expense Budget are within the limits approved by financing contracts concluded as from 2020.

According to the provisions of the GO no. 26 of 21 August 2013 regarding the strengthening of the financial discipline at the level of economic operators in which the state or the administrative-territorial units are sole or majority shareholders or hold directly or indirectly a majority stake, if the approved investment financing sources are unfulfilled the related commitments will be reconsidered and all the legal steps for the reception of services, works and goods will be taken according to the recalculated funding sources.

Other additional information

1. The substantiation of the remunerations related to the Director General, the members of the Board of Administration and the Chief Financial Officer

According to the relevant applicable Mandate Contracts, the remuneration of the Director General, of the non-executive members of the Board of Administration (BoA) and of the Chief Financial Officer consists of a monthly fixed allowance and a variable benefit. Over the period when GEO 109/2011 as amended is applicable in the form which is effective as at the date of the mandate contracts' approval, the gross monthly fixed allowance due to the non-executive members of the Board of Administration may not exceed twice the means of the gross monthly average salary over the last twelve months relevant for the activity carried out in accordance with the main object of activity of the company at class level according to the classification of activities in the national economy, reported by the National Statistics Institute before the appointment of such mandators and, as for the Member of the BoA also acting as Director General, executive administrator, the monthly gross fixed allowance may not exceed six times the means of the gross monthly average salary over the last 12 months relevant for the activity carried out in accordance with the main object of activity of the company at class level according to the classification of activities in the national economy, reported by the National Statistics Institute before the appointment of such mandators.

The resolution of OGMS no. 2/2021 the value of the monthly fixed allowance of the non-executive members of the Board of Administration representing twice the mean over the last 12 months of the gross monthly average salary for the activity performed according to the main activity of the company registered at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

Additionally, to the gross monthly fixed allowance, the members of the BoA, the Director General and the Chief Financial Officer are entitled to an annual variable benefit.

The level of the variable benefit is set as follows:

- for the non-executive members of the Board of Administration the variable annual component of the remuneration was substantiated within the limit of 12 monthly fixed allowances according to GEO 109/2011 (art. 37, paragraph (2)) on corporate governance, as amended by Law 111/2016 for the approval of GEO 109/2011
- for the Director General and the Chief Financial Officer, the variable component is based on the financial and non-financial performance indicators, negotiated and approved by the General Meeting of Shareholders, by resolution of OGMS no. 8/2021, determined in accordance with the Methodological Rules for determining the financial and non-financial performance indicators and the variable component of the remuneration of the members of the Board of Administration.

According to the provisions of GEO 109/2011 (art. 37 para. (2)) on corporate governance, amended by Law no. 111/2016 for the approval of GEO no.109/2011, the value of the variable benefit due to the non-executive members of the BoA may not exceed maximum 12 monthly fixed allowances; therefore, as far as the non-executive members of the BoA are concerned, the annual variable allowance component was substantiated within the limit of 12 monthly fixed allowances.

The maximum lawful amount of the variable benefit over the term of the mandate contract may be amended pursuant to Decision no 22/2016 of the Romanian Government on the approval of Methodological rules for the approval of GEO 109/2011 on the corporate governance of public enterprises, Annex 2, Chapter II, section 5 – *"The Methodology for revising the variable component of the non-executive and executive administrators' remuneration"*.

The annual variable remuneration = the value of the variable remuneration established based on the study x the indicator total achievement degree.

The total key performance indicator achievement (TD_{KPI}) degree is the weighted average by the weighing factor related to each KPI of each KPI achievement degree.

$$GT_{ICP} = \sum(GI_{ICP} * \text{weighing factor})$$

The degree of each KPI (GI_{ICP}) achievement may be higher than 100% and lower than 0% but the calculation of the total degree of the KPI (GT_{ICP}) achievement will be considered as follows:

- GI_{ICP} > 100% meaning GI_{ICP} = 100%;
- GI_{ICP} < 0% meaning GI_{ICP} = 0%.

KPIs are annually assessed based on the annual audited financial statements and other verification tools.

2. The substantiation of the economic-financial indicators which are facing material changes as compared to the previous year

- Increase in raw material expenses by Lei 111,550 thousand (237.66%) due to the increase in the price of natural gas and quantities representing technological consumption in 2022 compared to 2021;
- Increase in energy and water expenses by Lei 24,647 thousand (404.06%) due to the increase in utility prices;
- The increase in the expenses related to the maintenance and repair by LEI 36,876 thousand (311,53%) due to the increase in the maintenance program for 2022.

The program for the scheduled repairs to pipelines for 2022 includes mainly: the works started and unfinished under the relevant program of 2021, as well as a guaranteeing amount for the situations caused by unforeseen events as extreme weather conditions, landslides, floods and impact on the NTS facilities, the works under the program for 2021 but which were not promoted to be implemented (mainly due to the lack of the construction documentation or permits). All the

works were initiated as a necessity by the pre-feasibility studies underlying the construction based on the FEED or reports for the assessment of the pipelines by means of inspection methods (external or by intelligent pig). Out of the works proposed under the program, most of them are substantiated by projects endorsed by the T.E.C of Transgaz;

- The increase in expenses with the commissions and fees. Such expenses consist mainly of expenses for legal advice (LEI 5,394 thousand), representing consultancy, assistance and the legal representation of a law firm with international expertise in the Community competition law, and consultancy, assistance and the legal representation needed to implement the applicable European regulations pertaining to the company's business, the implementation of rules relating to the financing of energy infrastructure by CEF mechanism and providing legal expertise in international and European regulations;
- c) **Substantiation of economic-financial indicators that are significantly changing as opposed to the administration plan**

Art. 9, paragraph (1) (c) of GO 26/2013 as amended stipulates as follows:

„Upon the substantiation of the Revenue and Expense Budget, the economic agents envisage, without being limited to, the following: ...

- d) quantified specific performance criteria and objectives for the reduction of payments and outstanding receivables, reduction of loss, increase in profit, turnover and labour output as provided for in the mandate contracts established in relation with the administration strategy of the Board of Administration/Supervisory Board and the management plan of the economic agents' directors/members of the board of directors“;***

The level of the EBITDA indicator provided for in the Administration Plan for 2022 approved by OGMS Resolution no.8 / 2021 will not be achieved because of the following factors:

- application of the monopoly tax in the amount of Lei 69,802 thousand for the year 2022 compared to the administration program, due to the extension of the deadline for the application of the monopoly tax until December 2025;
- increase in energy and water expenses by Lei 22,460 thousand due to the increase in energy prices;
- increased expenses on repairs by Lei 22,351 thousand;
- Decreased revenue from domestic and international transmission services mainly due to lower contracted capacity in the 2021-2022 gas year than the estimates used to base the administration plan;

The level of the indicator "Operating Expenses" provided for in the Administration Plan for 2022 approved by OGMS Resolution No. 8/2021 will not be achieved due to the following factors:

- increase in energy and water expenses by Lei 22,460 thousand due to the increase in energy prices;
- application of the monopoly tax in the amount of Lei 69,802 thousand for the year 2022 compared to the administration program, due to the extension of the deadline for the application of the monopoly tax until December 2025;
- increased expenses on repairs by Lei 22,351 thousand;

The new values of the amended key performance indicators are illustrated in the table below:

Indicator		2022	2023	2024
EBITDA	Draft REB 2022-2024	354.495	609.808	573.203
	Administration Plan	451.334	831.953	901.714
	Differences	-96.839	-222.145	-328.511
Operating expenses	Draft REB 2022-2024	1.112.356	1.205.112	1.218.233
	Administration Plan	1.065.014	1.115.400	1.127.150
	Differences	47.341	89.712	91.083

Before the approval of the draft REB 2022 and of the estimations for 2023 – 2024 by GMS, the revision of the performance indicators approved by OGMS Resolution no.8/2021 in order to comply with the provisions of GO no 26/2013 will be required.

e) Debt cost capitalization according to IAS 23

Transgaz contracts bank loans during the period 2022 - 2024 to fund projects under the development plan, which is why, according to IAS 23 "Borrowing Costs", the company capitalized the expense related to interest associated to the loans until the date the facilities financed by such loans have been commissioned.

According to the provisions of Transgaz' applicable Articles of Incorporation, Chapter IV, art. 15, para. 3, letter c), **the revenue and expense budget for 2022 and the estimates for 2023-2024 are submitted to the General Meeting of the Shareholders for approval**, according to the provisions of GO no. 26 on 21 August 2013, art. 4, para. 1, letter d).

Enclosures:

- The revenue and expense budget for 2022 and the estimates for 2023-2024: Annex no.1*;
- The detailing of the economic-financial indicators provided in the revenue and expense budget and their split by quarters: Annex no 2*,
- The execution rate of the total revenues: Annex no.3*;
- The investment program and sourcing of investment funding: Annex no.4*;
- Means to improve the gross result and the reduction of outstanding payments: Annex no. 5*;
- The revenue and expense budget for 2022: Annex no. 6

**** Note: Annexes 1 – 5 will not be made public***

Chairman of the Board of Administration
PETRU ION VĂDUVA

Economic operator: S.N.T.G.N. Transgaz S.A. Medias
 Headquarters: 1 C.I. Motas Sq., Medias
 VAT number: RO 13068733

REVENUE AND EXPENSE BUDGET
for 2022

thousand lei

		INDICATORS	No. row	REB 2022
0	1	2	3	4
I.		TOTAL REVENUE (row1=row2+row5a+row5)	1	2.591.168
	1	Total operating revenue before the construction activity according to IFRIC 12	2	1.908.643
		a) subsidies according to the applicable laws	3	
		b) transfers according to the applicable laws	4	
	2	Revenue from the construction activity according to IFRIC12	5a	532.410
	3	Financial revenue	5	150.115
II		TOTAL EXPENSE (row6=row7+row19a+row19)	6	2.539.880
	1	Operating expense before the construction activity according to IFRIC12, of which:	7	1.945.468
		A. Expense with goods and services	8	1.016.937
		B. Expenses with taxes, charges and similar	9	94.301
		C. Expense with personnel, of which:	10	551.266
		C0 Salary-related costs (row12+row13)	11	507.173
		C1 Salary costs	12	448.841
		C2 Bonuses	13	58.332
		C3 Other personnel expense, of which:	14	1.871
		Compensation expense related to employees layoffs	15	1.771
		C4 Expense on mandate contract and other governing and control bodies, commissions and committees	16	5.956
		C5 Expense on employer contributions	17	36.267
		D. Other operating costs	18	282.964
	2	Cost of assets built according to IFRIC12	19a	532.410
	3	Financial costs	19	62.002
III		GROSS RESULT (profit/loss)	20	51.288
IV	1	TAX ON CURRENT PROFIT	21	15.070
	2	TAX ON DEFERRED PROFIT	22	
	3	REVENUE FROM TAX ON DEFERRED PROFIT	23	5.281
	4	TAX SPECIFIC TO SOME ACTIVITIES	24	
	5	OTHER TAX NON REPRESENTED IN THE ELEMENTS ABOVE	25	

		INDICATORS	No. row	REB 2022
0	1	2	3	4
V		NET PROFIT/LOSS OF THE REPORTING PERIOD (ROW 26=ROW 20-ROW 21-ROW 22+ ROW 23-ROW 24-ROW 25) OF WHICH:	26	41.499
	1	Legal reserves	27	
	2	Other reserves representing tax incentives provided according to the law	28	
	3	Covering accounting losses in the previous years	29	
	4	Establishment of own financial sources for the projects cofinanced by foreign loans as well as establishment of the sources necessary for the capital repayments, interest payment and other costs related to these foreign loans	30	
	5	Other assignments provided by law	31	
	6	Accounting profit left after the deduction of the amounts in row 27, 28 , 29, 30, 31 (row 32=row26-(row 27 to row 31)>=0).	32	41.499
	7	Employees' participation in profit up to 10% of net profit, but not more than the level of an average monthly basic salary achieved at the level of the economic operator in the reference financial year	33	18.315
	8	Minimum 50% payments to the state or local budget in the case of autonomous utilities, or dividends due to shareholders, in the case of national companies and majority or entirely state owned companies, of which:	34	29.907
	a)	- dividends owed to the state budget	35	17.498
	b)	- dividends owed to the local budget	36	
	c)	- dividends owned to other shareholders	37	12.408
	9	Profit not assigned for the destinations provided at row 33 - row 34 is assigned to other reserves and it is an own financing source	38	11.592
VI		INCOME FROM EUROPEAN FUNDS	39	
VII		ELIGIBLE COSTS FROM EUROPEAN FUNDS, of which:	40	
	a)	material costs	41	
	b)	salary costs	42	
	c)	service supply costs	43	
	d)	publicity costs	44	
	e)	other costs	45	
VIII		INVESTMENT FUNDING SOURCES, of which:	46	619.968
	1	Budget allocations	47	

		INDICATORS	No. row	REB 2022
0	1	2	3	4
		Budget allocations regarding payment of commitments from the previous years	48	
IX		INVESTMENT COSTS	49	587.391
X		SUBSTANTIATION DATA		
	1	No. of personnel estimated at the end of the year	50	4.153
	2	Total average no. of employees	51	4.151
	3	Average monthly income per employee (RON/person) determined based on the salary costs	52	9.442
	4	Average monthly income per employee (RON/person) determined based on the salary costs, re-calculated acc. to annual State Budget Law	53	8.820
	5	Labour productivity in units of value per total average personnel (thousand RON/person) (row 2/row 51)	54	460
	6	Labour productivity in units of value per total average personnel re-calculated acc. to the annual State Budget Law	55	460
	7	Labour productivity in physical units per total average personnel (qty of finite products/person)	56	0,0000
	8	Total costs at lei 1000 total income (row 6/row 1)x1000	57	980
	9	Outstanding payments	58	0
	10	Outstanding receivables	59	463.919