

## REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report according to the provisions of art. 227 of Law no. 297/2004

Date of report: 16 May 2022

Company name: SNTGN TRANSGAZ SA

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

Telephone/fax: 0269-803333/0269-839029

Tax identification code: RO13068733

Trade Register number: J32/301/2000

Subscribed and paid-up capital: Lei 117,738,440

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

## QUARTERLY REPORT ON THE ECONOMIC AND FINANCIAL ACTIVITY OF SNTGN TRANSGAZ SA as of 31.03.2022 (1 January-31 March 2022)

### 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 gas transmission, international transit, dispatching, research and design, by performing trading acts according to its object of activity, in line with the Romanian laws in force.

The revenue obtained by Transgaz results from the following activities:

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

For the period ended on 31 March 2022 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.

By ANRE Order 2/20 January 2021 the Tariff Setting Methodology was amended, the royalties for the concession of the assets owned by the State and the royalties established under the contracts for the concession of the gas transmission service and/or related assets owned by the State or an administrative-territorial unit being recognised as gas transmission activity expenses, with the exception of those relating to the period between the date of entry into force of the provisions of Law 155/2020 on the amending and supplementation of Electricity and Gas Law 123/2012 and on the amending and supplementation of other normative acts, and the date of entry into force of Law 244/2020 on the approval of Government Emergency Ordinance 103/2020 for the prorogation of the time limit for the application of the measures established by Government Emergency Ordinance 26/2018 on some electric energy safety of supply measures (30 July 2020 – 11 November 2020). Law 244/9 November 2020 established the annual royalty rate paid by the gas transmission operator to 0.4% of the gross revenue obtained from gas transmission and transit operations through the national transmission systems, owned by the State.

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

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

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

Following regulation of the transmission activity according to the methodology above, the revenue from the transmission activity covers the costs generated by it and allows the possibility to obtain a regulated profit limited to 6,9% of the amount of capital invested in this activity for the 1 October 2019 - 30 April 2020 period, to 5,66 % for the 30.04.2020-12.05.2020 period and to 6,39% starting from 13.05.2020.

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

By derogation from the previous provision for investments in tangible and intangible assets which are commissioned/accepted within the fourth regulatory period, representing natural gas transmission system facilities, achieved by equity in projects where EU grants were obtained as well, an incentive of 2 percentage points over the approved regulated rate of return on invested capital is established, except for investments in tangible and intangible assets made following the development of investment projects established in Regulation (EU) No. 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructures and repealing Decision No. 1364/2006/EC and amending Regulations (EC) No. 713/2009, (EC) No. 714/2009 and (EC) No. 715/2009, for which European grants were obtained.

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

👉 **international gas transmission activity and similar**, which is a gas transmission activity performed through dedicated transmission pipelines (which are not connected to the national transmission system).

Considering Order 34/2016 amended by Order 158/2019, by Order 149/29 July 2020 ANRE establishes the total regulated revenue for a gas year for the Isaccea 2- Negru Vodă 2 pipeline gas transmission activity performed by the National Gas Transmission Company TRANSGAZ S.A., and the transmission tariffs valid for the 1 October 2021 - 30 September 2022 period, tariffs applicable only if interconnection agreements with the neighbouring operators are concluded (according to Art. 3 of ANRE Order 34/2016).

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 and puts in place the conditions to increase the use of the natural gas transmission infrastructure in Romania.

The conclusion of the Agreement for the termination of the legacy contract regarding the T3 transit pipeline between SNTGN Transgaz SA and Gazprom Export LLC, ensures the collection of the remaining amounts to be paid under the legacy contract and allows the booking of transmission capacities at NTS entry/exit points and on international transmission pipelines. The revenue collected from transmission are regulated according to ANRE Order 41/2019 and ANRE Order 34/2014, based on the points where capacity is booked, the monthly difference being classified as similar revenue.

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

The total revenue from other activities with a small contribution to the turnover, such as asset sales, renting and royalty, interest revenue and foreign exchange gains, and the operating revenue and the financial revenue related to the debt for the regulated value remaining unamortised of the regulated asset base at the end of the Concession Agreement complete the total revenue of the company.

## 1. Analysis of the economic and financial indicators obtained at 31 March 2022 compared to the indicators obtained at 31 March 2021

**The main economic and financial indicators during the 1 January 2022 - 31 March 2022 reporting period.**

No.	Indicator	31.03.2022	Consolidated statements result	Individual statements result
1.	Current liquidity indicator	Current assets/Current liabilities	1,42	1,32
2.	Leverage indicators			
2.1	Leverage indicator 1	Borrowed capital/Equity	39,71%	34,96%
2.2	Leverage indicator 2	Borrowed capital/Invested capital	28,42%	25,90%
3.	Days' sales outstanding	Average accounts receivable x 90/Turnover	98,74	98,74
4.	Fixed assets turnover	Turnover/Fixed assets	0,111	0,114

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

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

Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

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

### Consolidated companies in the Transgaz group:

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

*\*Thousand lei\**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Obtained Q I 2022	Obtained Q I 2021	Increase
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	457.112	456.390	0%
Revenue from the balancing activity	316.952	74.253	327%
Revenue from the construction activity according to IFRIC12	26.440	158.010	-83%
Financial revenue	156.886	31.466	399%
Operating costs before the balancing and construction activity, according to IFRIC12	217.550	279.383	-22%
Balancing activity costs	316.952	74.253	327%
Cost of constructed assets according to IFRIC12	26.440	158.010	-83%
Financial costs	81.713	14.966	446%
<b>GROSS PROFIT</b> , of which:	<b>314.734</b>	<b>193.506</b>	<b>63%</b>
• from operation	239.561	177.006	35%
• from the financial activity	75.172	16.500	356%
<b>Income tax</b>	56.376	39.091	44%
<b>NET PROFIT</b>	<b>258.357</b>	<b>154.416</b>	<b>67%</b>

\* Thousand lei \*

<b>STATEMENT OF CONSOLIDATED FIANCIAL POSITION</b>			
<b>Indicator</b>	<b>Obtained Q I 2022</b>	<b>Obtained 31 December 2021</b>	<b>Increase</b>
1	2	3	4=2/3x100-100
<b>Fixed assets</b>			
Tangible Assets	832.876	852.179	-2%
Rights of use of the leased assets	19.214	19.617	-2%
Intangible assets	3.936.778	3.997.052	-2%
Financial assets	9.559	9.705	-2%
Trade receivables and other receivables	1.878.617	1.788.571	5%
Deferred tax	0	353	x
<b>Total fixed assets</b>	<b>6.677.043</b>	<b>6.667.476</b>	<b>0%</b>
<b>Current assets</b>			
Inventories	398.554	311.708	28%
Commercial receivables and other receivables	585.926	612.007	-4%
Cash and cash equivalent	217.194	414.955	-48%
<b>Total current assets</b>	<b>1.201.674</b>	<b>1.338.671</b>	<b>-10%</b>
<b>Total assets</b>	<b>7.878.717</b>	<b>8.006.146</b>	<b>-2%</b>
<b>Equity</b>	<b>4.129.718</b>	<b>3.874.820</b>	<b>7%</b>
<b>Non-controlling interests</b>	<b>89.920</b>	<b>93.549</b>	<b>-4%</b>
<b>Long-term debts</b>			
Long-term loans	1.640.549	1.899.193	-14%
Other long-term debts	1.172.095	1.192.554	-2%
<b>Total long-term debts</b>	<b>2.812.644</b>	<b>3.091.747</b>	<b>-9%</b>
<b>Current debts</b>			
Short-term loans	132.093	132.104	-97%
Other short-term debts	714.342	813.926	-12%
<b>Total current debts</b>	<b>846.435</b>	<b>946.030</b>	<b>-11%</b>
<b>Total debts</b>	<b>3.659.079</b>	<b>4.037.778</b>	<b>-9%</b>
<b>Equity and debts</b>	<b>7.878.717</b>	<b>8.006.146</b>	<b>-2%</b>

The variation of the consolidated economic and financial indicators at 31 March 2022, compared to the indicators obtained in the similar period of 2021 is mainly determined by the variation of the individual economic-financial indicators recorded by SNTGN Transgaz SA at 31 March 2022 compared to the indicators obtained in the similar period of 2021.

## Indicators of the SNTGN Transgaz SA individual economic and financial results

The main economic and financial indicators obtained at 31 March 2022, compared to the indicators obtained in the same period of 2021 are as follows:

\* Thousand lei \*

STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME			
Indicator	Obtained Q I 2022	Obtained Q I 2021	Increase
0	1	2	$3=1/2 \times 100 - 100$
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	457.084	455.789	0%
-revenue from domestic transmission	411.335	421.450	-2%
-revenue from international transmission and similar	11.255	10.342	9%
Operating costs before the balancing and construction activity, according to IFRIC12	213.816	276.002	-23%
<b>Operating profit before the balancing and construction activity, according to IFRIC12</b>	<b>243.268</b>	<b>179.787</b>	<b>35%</b>
Revenue from the balancing activity	316.952	74.253	327%
Balancing activity costs	316.952	74.253	327%
Revenue from the construction activity according to IFRIC12	26.440	158.010	-83%
Cost of constructed assets according to IFRIC12	26.440	158.010	-83%
<b>Operating profit</b>	<b>243.268</b>	<b>179.787</b>	<b>35%</b>
Financial revenue	154.038	24.024	541%
Financial costs	73.965	7.008	955%
<b>Financial result</b>	<b>80.073</b>	<b>17.016</b>	<b>371%</b>
<b>GROSS PROFIT</b>	<b>323.341</b>	<b>196.802</b>	<b>64%</b>
<b>Income tax</b>	<b>55.423</b>	<b>38.906</b>	<b>42%</b>
<b>NET PROFIT</b>	<b>267.918</b>	<b>157.896</b>	<b>70%</b>

**Operating revenue before the balancing and construction activity, according to IFRIC12** is similar to the one obtained at 31 March 2021.

**The revenue was influenced mainly by the following factors:**

- *revenue from capacity booking* higher by **Lei 11.401 thousand** due to:
  - *revenue from the auction premium* higher by Lei 16.243 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points. Revenue from the auction premium at 31 March 2021 amounted to Lei 314 thousand, and at 31 March 2022 to Lei 16.557 thousand;

- *booked capacity* lower by 5.370.928 MWh, with a negative influence of Lei 15.542 thousand;
  - *capacity booking tariff* higher by Lei 0,121 /MWh, with a positive influence of Lei 12.944 thousand;
  - *capacity surplus revenue* lower by Lei 2.243 thousand. Capacity surplus revenue at 31 March 2021 amounted to Lei 24.995 thousand, and at 31 March 2022 to Lei 22.752 thousand;
- *commodity revenue* lower by **Lei 21.517 thousand** due to:
    - *the gas transmitted capacities* lower by 4.275.569 MWh/379.594 thousand cm (▼9%), as compared to 31 March 2021, with a negative influence of Lei 6.242 thousand, detailed by categories of consumers as follows:

		3 months 2021	3 months 2022	Differences
Quantity transmitted for direct consumers	MWh	12.444.925	9.715.385	-2.729.540
	thousand m <sup>3</sup>	1.070.759	831.980	-238.779
Quantity transmitted for distribution	MWh	35.471.660	33.925.631	-1.546.029
	thousand m <sup>3</sup>	3.311.074	3.170.259	-140.815
Total	MWh	47.916.585	43.641.016	-4.275.569
	thousand m <sup>3</sup>	4.381.833	4.002.239	-379.594

- *the commodity transmission tariff* lower by Lei 0,35 lei/MWh, with a negative influence of Lei 15.274 thousand;

The commodity tariffs decreased at 31 March 2022 as compared to 31 March 2021 mainly due to:

- Order 10/2017 of the ANRE President on the amending of Order 32/2014 of ANRE President on the approval of the Gas Transmission Regulated Revenue, Total Revenue and Regulated Tariffs Methodology, which establishes the increasing by 5% per year of the percentage by which the approved revenue is recovered by the application of the capacity booking tariff, up to 85%, and the decreasing of the percentage by which the approved revenue is recovered by the application of the commodity tariff. In gas year 2020-2021 the variable component of the total revenue at the basis of the commodity tariffs is 20% of the total revenue, in gas year 2021-2022 it decreased to 15% of the total revenue;
  - at the substantiation of the tariffs for gas years 2020-2021 and 2021-2022, the tax on the monopoly was not recognised by ANRE at the pass-through costs and implicitly at the regulated revenue.
- *international gas transmission revenue and similar* higher by **Lei 913 thousand**. According to the Agreement for the termination of the legacy Contract between SNTGN Transgaz SA and GPE, the remaining amounts will be paid over a period of maximum three years and the transmission revenue is regulated according to ANRE Order 41/2019 and ANRE Order 34/2014, based on the points where capacity is booked, the monthly difference being classified as similar income.



- *other operating revenue* higher by **Lei 10.498 thousand**, mainly due to the recording to revenue of the grants obtained for the financing of the major investment projects following their completion and commissioning, higher by Lei 8.917 thousand.

*The revenue from the balancing activity* was higher by **Lei 242.700 thousand** based on the following factors:

- trading price higher by Lei 381,55/MWh, with a positive influence of Lei 252.605 thousand;
- quantity lower by 101.911 MWh with a negative influence of Lei 9.905 thousand;

*The revenue from the construction activity* lower by **Lei 131.570 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 positive influence of **Lei 130.014 thousand**, mainly due to the recording of the updating of the regulated assets value with the inflation rate for Q I 2022 (Lei 76.040 thousand at 31 March 2022 as compared to Lei 14.266 thousand at 31 March 2021) and revenue from shareholdings recorded following the reduction of Eurotransgaz's share capital by EUR 13,15 million, amount received by Transgaz in Q I 2022.

**Operating costs before the balancing and construction activity according to IFRIC12** decreased by **23%** as compared to 31 March 2021, which is lower by **Lei 62.186 thousand**.

**The company made savings of Lei 105.002 thousand**, due to two factors:

- other operating costs: Lei 100.824 thousand, mainly due to the decrease in the impairment of current assets, following the collection of outstanding receivables from Electrocentrale București in the amount of Lei 116.337.652.
- cost of auxiliary materials: Lei 4.178 thousand.

**A surplus amounting to Lei 43.327 thousand** was recorded to the following cost elements

- transmission system gas consumption of Lei 12.624 thousand due to:
  - the average purchase price obtained higher by Lei 25,21 lei/MWh as compared to the one obtained at 31 March 2021, with a negative influence of Lei 7.747 thousand;
  - the quantity of natural gas for NTS gas consumption higher by 45.377 MWh as compared to 31 March 2021, with a negative influence of Lei 4.877 thousand;
- cost of provision for risks and charges: Lei 2.452 thousand;
- employee costs: Lei 2.450 thousand;
- cost of depreciation: Lei 25.624 thousand, based on the completion and commissioning of the major investment projects;
- costs of maintenance and transport: Lei 178 thousand.

**The financial cost** is higher by **Lei 66.957thousand** mainly based on the cost of financial fixed assets transferred. By BoA Resolution 39/2021 Transgaz approved the reduction of Eurotransgaz's share capital by EUR 13,15 million, amount received by Transgaz in Q I 2022.

**Compared to 31 March 2021 the gross profit obtained at 31 March 2022 increased by 64%, which is higher by Lei 126.539thousand.**

*\* Thousand lei \**

<b>STATEMENT OF INDIVIDUAL FINANCIAL POSITION</b>			
<b>Indicator</b>	<b>Obtained Q I 2022</b>	<b>Obtained 31.12.2021</b>	<b>Increase</b>
1	2	3	4=2/3x100-100
<b>Fixed assets</b>			
Tangible Assets	438.987	454.059	-3%
Rights of use of the leased assets	19.214	19.617	-2%
Intangible assets	3.936.756	3.997.028	-2%
Financial assets	233.673	296.576	-21%
Trade receivables and other receivables	1.878.617	1.788.571	5%
Deferred tax	0	1.443	x
<b>Total fixed assets</b>	<b>6.507.247</b>	<b>6.557.294</b>	<b>-1%</b>
<b>Current assets</b>			
Inventories	395.444	308.541	28%
Commercial receivables and other receivables	518.917	536.070	-3%
Cash and cash equivalents	202.615	321.185	-37%
<b>Total current assets</b>	<b>1.116.976</b>	<b>1.165.797</b>	<b>-4%</b>
<b>Total assets</b>	<b>7.624.223</b>	<b>7.723.090</b>	<b>-1%</b>
<b>Equity</b>	<b>4.156.945</b>	<b>3.889.027</b>	<b>7%</b>
<b>Long-term debts</b>			
Long-term loans	1.453.239	1.711.802	-15%
Other long-term debts	1.170.790	1.192.555	-2%
<b>Total long-term debts</b>	<b>2.624.029</b>	<b>2.904.357</b>	<b>-10%</b>
<b>Current debts</b>			
Short-term loans	132.092	132.104	0%
Other short-term debts	711.158	797.603	-10%
<b>Total current debts</b>	<b>843.250</b>	<b>929.707</b>	<b>-9%</b>
<b>Total debts</b>	<b>3.467.279</b>	<b>3.834.063</b>	<b>-10%</b>
<b>Equity and debts</b>	<b>7.624.223</b>	<b>7.723.090</b>	<b>-1%</b>

### ***Tangible Assets***

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

**Tangible assets decreased by Lei 15.072 thousand** as compared to the value as at 31.12.2021, mainly due to the fact that the tangible assets inflow were exceeded by the depreciation cost for tangible assets.

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

As of 1 January 2019 the company applies IFRS 16 for lease contracts complying with the recognition criteria and recognized as intangible asset right of use related to the lease contracts. The rights of use of leased assets decreased by Lei 403 thousand as compared to 31 December 2021 due to the fact that the initial value of the leased assets contracts was exceeded by their depreciation cost .

### ***Intangible Assets***

#### *IT Programmes*

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

#### *Service concession agreement*

From 2010, in accordance with the EU approval process, the 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 decreased by lei 60.272 thousand** as compared with the value as at 31.12.2021, this decrease being mainly due to the fact that the intangible assets inflow was exceeded by the cost of amortization of intangible assets.

### ***Financial assets***

**The financial assets decreased by Lei 62.903 thousand as compared to 31.12.2021** following the decrease of the share capital of the company EUROTRANSGAZ SRL Chisinau in the Republic of Moldova, established by EGMS Resolution 10/12.12.2017 of SNTGN Transgaz SA.

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

**The receivables regarding the right to collect the regulated value remaining unamortized at the end of the concession agreement on 31 March 2022 increased by the amount of Lei 90.046 thousand**, receivables registered according to Law 127/2014 of 5 October 2014, which states that in case of termination of the concession agreement for any reason, or upon termination, the investment of the national transmission system operator shall be transferred to the owner of the national transmission system or another concession provider on payment of a compensation equal to the regulated value remaining not amortized, established by ANRE. The increase of Lei 90.046 thousand compared to the value at 31 December 2021 is mainly due to the updating of the receivables with the changes recorded in the regulated asset base and the adjustment of the regulated value of the assets with the inflation rate as from 2019, as per ANRE Order 41/2019.

### ***Inventories***

**On 31 March 2022 inventories increased by Lei 86.903 thousand** compared to the value as at 31 December 2021, mainly due to the increasing of the value of the natural gas procured within the balancing activity.

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

**On 31 March 2022**, the balance of the commercial receivables and other receivables **decreased by Lei 17.152 thousand** as compared to 31 December 2021, mainly due to the following factors:

- decrease of the client receivables balance by Lei 86.239 thousand mainly generated by the decrease in the balance of the outstanding receivables;
- decrease of the provisions for the impairment of the trade receivables and of other receivables by Lei 85.489 thousand;
- decrease of the grants as subventions by Lei 13.946 thousand;
- decrease of the balance of other receivables by Lei 2.456 thousand, mainly due to the receivables representing taxes and VAT to be recovered.

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

**On 31 March 2022 the company's cash decreased by Lei 118.571 thousand** as compared to the end of 2021. The cash in bank accounts in lei decreased by Lei 203.861 thousand and the cash in bank accounts in currency increased by Lei 84.602 thousand.

Other cash elements and cash equivalent register an increase by Lei 688 thousand compared with 2021.

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

In the structure of debts to be paid over a one-year period, the following changes were recorded compared to 31 December 2021:

- decrease of the balance of the commercial debt and other debt by Lei 137.314 thousand;
- increase of the provision for risks and charges by Lei 2.058 thousand mainly on account of recording of the provision for employees participation in the profit;
- the recording of the income tax payable in the amount of Lei 39.728 thousand;
- 
- increase of the deferred revenue over the short term by Lei 9.082 thousand;
- decrease of short-term loans by Lei 11.981 thousand.

### **Long-term debts**

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

- decrease of long-term loans in the amount of Lei 258.563 thousand;
- decrease of deferred revenue and of the subsidies by Lei 35.446 thousand;
- the recording of the deferred tax in the amount of Lei 14.202 thousand;
- decrease of the commercial debts and other debts in the amount of Lei 520 thousand.

### **Equity**

The subscribed and paid up capital remained unchanged.

The increasing of the retained earnings by Lei 267.918 thousand is determined by the registration of the profit related to Q I 2022.

## **2. Analysis of the revenue and expense at 31 March 2022 compared to the revenue and expense budget approved by OGMS Resolution 3/28 February 2022**

The main economic and financial indicators obtained at 31 March 2022, compared to the revenue and expense budget approved by OGMS Resolution 3/28 February 2022:

*\* Thousand lei \**

No.	Indicator	REB Q I 2022	Obtained Q I 2022	Increase
0	1	2	3	$4=3/2 \times 100 - 100$
1.	Operating revenue before the balancing and construction activity, according to IFRIC12	407.501	457.084	12%
2.	Revenue from the balancing activity	189.782	316.952	67%
3.	Revenue from the construction activity, according to IFRIC12	117.761	26.440	-78%
4.	Financial revenue	36.838	154.038	318%
5.	Operating costs before the balancing and construction activity, according to IFRIC12	356.112	213.816	-40%
6.	Costs from the balancing activity	189.782	316.952	67%
7.	Cost of constructed assets according to IFRIC12	117.761	26.440	-78%

No.	Indicator	REB Q I 2022	Obtained Q I 2022	Increase
8.	Financial costs	8.671	73.965	753%
<b>9.</b>	<b>GROSS PROFIT</b>	<b>79.555</b>	<b>323.341</b>	<b>306%</b>
<b>10.</b>	<b>Income tax</b>	<b>3.768</b>	<b>55.423</b>	<b>1371%</b>
<b>11.</b>	<b>NET PROFIT</b>	<b>75.788</b>	<b>267.918</b>	<b>254%</b>

**Operating revenue before the balancing and construction activity according to IFRIC12** increased by **Lei 49.583 thousand** as compared to the REB. The revenue was influenced by the following:

- Gas transmission services increased by **Lei 57.693 thousand** due to:
  - *capacities booked* higher by 8.894.970 MWh with a positive influence of **Lei 59.042 thousand**;
  - *the gas transmitted capacities* lower than planned by 1.215.128 MWh (▼3%) with a negative influence of **Lei 1.349 thousand**;
- Revenue from international gas transmission services and similar decreased by **Lei 8.087 thousand**;
- Other operating revenue decreased by **Lei 23 thousand** as compared to the REB. The Transgaz financial statements 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 increased by **Lei 127.170 thousand** based on the following:

- trading price higher by Lei 233,86 lei/MWh, with a positive influence of Lei 154.830 thousand;
- quantity lower by 112.955 MWh with a negative influence of Lei 27.660 thousand;

**Financial revenue** increased by **Lei 117.200 mii lei thousand** as compared to the REB mainly due to the recording of the updating of the regulated assets value with the inflation rate and to the revenue from shareholdings recorded following the reduction of Eurotransgaz's share capital by EUR 13,15 million, amount received by Transgaz in Q I 2022.

**Operating costs before the balancing and construction activity according to IFRIC12** decreased by **40%** as compared to the approved plan, which is lower by **Lei 142.296 thousand** as compared to the REB.

**Savings amounting to Lei 153.935 thousand** were recorded mainly the following cost elements:

- employee costs: Lei 18.614 thousand;
- costs auxiliary materials and other material costs: Lei 9.221 thousand;
- costs of maintenance and transport: Lei 9.617 thousand;
- transmission system gas consumption: Lei 1.590 thousand;
- cost of taxes and duties: Lei 9.115 thousand;
- other operating costs: Lei 105.779 thousand.

**An surplus of Lei 11.638 thousand** was recorded mainly in relation to the following cost elements:

- cost of NTS concession royalty: Lei 198 thousand;
- cost of depreciation: Lei 6.772 thousand;
- cost of provision for risks and charges: Lei 4.668 thousand;

**The financial cost** is higher by **Lei 65.294 thousand** as compared to the REB mainly based on the cost of financial fixed assets transferred. By BoA Resolution 39/2021 Transgaz approved the reduction of Eurotransgaz's share capital by EUR 13,15 million, amount received by Transgaz in Q I 2022.

**The gross profit increased by Lei 243.785 thousand** as compared to the REB.

### **3. Investment plan achievement**

The **capital expenditure** obtained at 31 March 2022 amounted to **Lei 32.868 thousand**.

Investments amounting to Lei 7.608 thousand were commissioned in the analysed period.

In Q I 2022, instalments were reimbursed for the loans taken by the company to finance the investment works amounting to Lei 30.879 thousand.

### **4. Receivables and arrears**

On 31 March 2022 the outstanding receivables amounted to Lei 462.058 thousand, which is lower by Lei 117.683 thousand as compared 31 December 2021, mainly due to the collection of the receivables from Electrocentrale București in the amount of Lei 116.337 thousand).

On 31 March 2022 Transgaz has no outstanding payments.

**DIRECTOR - GENERAL  
ION STERIAN**

**Chief Financial Officer  
Marius Lupean**