

REPORT AND ISSUER IDENTIFICATION DATA

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

Date of report: 15 May 2024

Company name: SNTGN TRANSGAZ SA

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

Telephone/fax: 0269-803333/0269-839029

Tax identification code: RO13068733

Trade Register number: J32/301/2000

Subscribed and paid-up capital: lei 1.883.815.040

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

**QUARTERLY REPORT
ON THE ECONOMIC AND FINANCIAL ACTIVITY OF SNTGN TRANSGAZ SA
as at 31.03.2024
(1 January-31 March 2024)**

Overview

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

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

The revenue obtained by Transgaz results from the following activities:

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

For the period ended on 31 March 2024 the revenue obtained from the transmission activity is regulated by **ANRE Order 41/15 March 2019** on the approval of the *Regulated Gas Transmission Tariff Setting Methodology*.

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

The following items are included into the total regulated revenue:

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

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

Law 244/9 November 2020 established the annual royalty rate paid by the gas transmission operator to 0,4% of the gross revenue achieved from gas transmission and transit operations through the national transmission systems, owned by the State. By Law 296/2023 *on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability*, the provisions of Article 103(2) of the Electricity and Gas Law 123/2012 were repealed. As of 30 October 2023, the royalty rate was changed from 0,4% to 11,5% of the value of the gross revenue from transmission and transit operations through the national transmission systems, according to Article 49(2)(b) of Petroleum Law 238/2004.

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

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

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

The substantiation of the regulated revenue is made by regulatory periods of 5 years (the current regulatory period started on 1 October 2019 and 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 achieving or non-achieving the approved regulated revenue for the previous gas year, as follows:

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

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

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

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

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

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

GEO 27/2022 provides that in order to cover the additional costs related to own technological consumption and technological consumption, respectively, generated by the increase in prices on the wholesale market above the value taken into account by the regulator when calculating natural gas transmission tariffs in 2021, the Energy Regulatory Authority (ANRE) modifies the regulated tariffs, applicable from 1 April 2022. The resulting tariffs remain unchanged for the period 1 April 2022 - 30 September 2023. ANRE did not modify the transmission tariffs with the price increase substantiated by the company.

By Order 95/18.05.2022, ANRE extends the deadlines laid down in ANRE Order 32/2021 on the approval of the adjusted regulated revenue and transmission tariffs for the natural gas transmission activity through the National Transmission System until 30 September 2023 and establishes that the differences resulting from the recalculation of the regulated revenue and the adjusted regulated revenue for the fourth regulatory year, 1 October 2022 - 30 September 2023, of the fourth regulatory period, are determined and adjusted with the adjustment of the regulated revenue and the approval of the revenue for the last year of the fourth regulatory period, i.e. for 1 October 2023 - 30 September 2024.

By Order 68/30 May 2023 ANRE approved for 01.10.2023 - 30.09.2024 the corrected regulated revenue amounting to lei 1.647.348 thousand and the revised transmission tariffs.

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

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

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

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

1. Analysis of the economic and financial indicators achieved at 31 March 2024 compared to the indicators obtained at 31 March 2023

The main economic and financial indicators during the 1 January 2024 – 31 March 2024 reporting period

No.	Indicator	31.03.2024	Consolidated statements result	Individual statements result
1.	Current liquidity indicator	Current assets/Current liabilities	1,15	1,14
2.	Leverage indicators			
2.1	Leverage indicator 1	Borrowed capital/Equity	39,88%	36,34%
2.2	Leverage indicator 2	Borrowed capital/Invested capital	28,51%	26,65%
3.	Days' sales outstanding	Average accounts receivable x 90 / Turnover	112,78	122,97
4.	Fixed assets turnover	Turnover/Fixed assets	0,102	0,098

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

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

Transgaz is the sole shareholder of EUROTRANSGAZ SRL.

Since 2018, following the procurement of VESTMOLDTRANSGAZ SRL of the Republic of Moldova by EUROTRANSGAZ SRL, SNTGN Transgaz SA, as a parent company, prepares consolidated group financial statements.

Consolidated companies in the Transgaz group:

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

As at 25.08.2021 the European Bank for Reconstruction and Development (EBRD) became a shareholder, holding a 25% stake in the share capital of the natural gas transmission company VESTMOLDTRANSGAZ SRL, a subsidiary of TRANSGAZ in the Republic of Moldova, which owns and operates the Ungheni-Chisinau gas transmission pipeline.

thousand lei

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Achieved Q I 2024	Achieved Q I 2023	Increase
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	706.556	460.324	53%
Revenue from the balancing activity	62.887	197.962	-68%
Revenue from the construction activity according to IFRIC12	223.547	10.756	1.978%
Financial revenue	81.656	73.708	11%
Operating costs before the balancing and construction activity, according to IFRIC12	444.949	352.760	26%
Balancing activity costs	62.887	197.962	-68%
Cost of constructed assets according to IFRIC12	223.547	10.756	1.978%
Financial costs	28.771	31.392	-8%
GROSS PROFIT , of which:	314.492	149.879	110%
• from operation	261.607	107.564	143%
• from the financial activity	52.885	42.316	25%
Income tax	51.632	26.259	97%
NET PROFIT	262.860	123.620	113%

thousand lei

STATEMENT OF CONSOLIDATED FINANCIAL POSITION			
Indicator	Achieved Q I 2024	Achieved 2023	Increase
1	2	3	4=2/3x100-100
Fixed assets			
Tangible assets	755.636	769.080	-2%
Rights of use of the leased assets	166.636	173.446	-4%
Intangible assets	3.771.281	3.643.272	4%
Goodwill	10.292	10.126	2%
Trade receivables and other receivables	2.497.751	2.423.669	3%
Deferred tax	2.361	5.116	-54%
Restricted cash	1.991	1.956	2%
Total fixed assets	7.205.947	7.026.666	3%
Current assets			
Inventories	620.705	583.515	6%
Commercial receivables and other receivables	368.150	441.071	-17%
Cash and cash equivalent	903.334	710.857	27%
Total current assets	1.892.189	1.735.443	9%

STATEMENT OF CONSOLIDATED FINANCIAL POSITION			
Indicator	Achieved Q I 2024	Achieved 2023	Increase
1	2	3	4=2/3x100-100
Total assets	9.098.135	8.762.109	4%
Equity	4.379.565	4.118.983	6%
Non-controlling interests	104.075	97.131	7%
Long-term debts			
Long-term loans	1.746.500	2.033.509	-14%
Other long-term debts	1.224.175	1.109.410	10%
Total long-term debts	2.970.675	3.142.919	-5%
Current debts			
Short-term loans	685.349	448.070	53%
Other short-term debts	958.472	955.006	0%
Total current debts	1.643.821	1.403.076	17%
Total debts	4.614.496	4.545.996	2%
Equity and debts	9.098.135	8.762.109	4%

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

In 1 January 2024 – 31 March 2024 Vestmoldtransgaz SRL of the Republic of Moldova provided natural gas delivery services amounting to lei 60.707,9 thousand.

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

On 4.09.2023 Lease Contract for Natural Gas Transmission Networks No.70-SJ of 04.09.2023 was signed between Moldovatrangaz Ltd. and Vestmoldtransgaz Ltd. This contract entered into force on 19.09.2023, was concluded for a period of 5 years and the amount of annual lease is MDL 165 mln., VAT excluded.

On 18.09.2023 Maintenance Contract No. 25/23 was signed between Moldovatrangaz Ltd. and Vestmoldtransgaz Ltd. for ensuring the proper technical and industrial safety operation of the natural gas transmission networks. The Maintenance Contract was concluded for the period 19.09.2023 - 31.12.2024, with the possibility of extension for periods of 12 months if neither Party notifies the other Party about its termination. The value of the Contract may not exceed MDL 350.000 thousand VAT excluded and is composed of the value of the fixed component plus the value of the variable component.

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

Indicators of the SNTGN Transgaz SA individual economic and financial results

The main economic and financial indicators achieved at 31 March 2024, compared to the indicators achieved in the same period of 2023 are as follows:

thousand lei

STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME			
Indicator	Achieved Q I 2024	Achieved Q I 2023	Increase
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	643.816	457.755	41%
-revenue from domestic transmission	607.208	393.758	54%
-revenue from international transmission and similar	0	29.016	-100%
Operating costs before the balancing and construction activity, according to IFRIC12	407.005	347.586	17%
Operating profit before the balancing and construction activity, according to IFRIC12	236.810	110.169	115%
Revenue from the balancing activity	62.887	197.962	-68%
Balancing activity costs	62.887	197.962	-68%
Revenue from the construction activity according to IFRIC12	223.547	10.756	1.978%
Cost of constructed assets according to IFRIC12	223.547	10.756	1.978%
Operating profit	236.810	110.169	115%
Financial revenue	77.931	68.066	14%
Financial costs	21.481	26.841	-20%
Financial result	56.450	41.225	37%
GROSS PROFIT	293.260	151.394	94%
Income tax	51.322	26.027	97%
NET PROFIT	241.938	125.366	93%

Operating revenue before the balancing and construction activity, according to IFRIC12 increased by 41% compared to the one achieved at 31 March 2023, which is higher by lei 186.061 thousand.

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

From 1 October 2023, the natural gas transmission tariffs approved by the Order 68 of 30.05.2023 of the ANRE President are applicable. The approved regulated revenue for natural gas transmission for 1 October 2023 - 30 September 2024 is lei 1.647.347.820.

The revenue was influenced mainly by the following factors:

- *revenue from capacity booking* higher by **lei 193.249 thousand** due to:
 - *capacity booking tariff* higher by lei cu 1,88/MWh, with a positive influence of lei 191.924 thousand;
 - *booked capacity* lower by 1.621.762 MWh, with a negative influence of lei 4.617 thousand;

- *capacity overrun revenue* higher by lei 12.990 thousand. Capacity overrun revenue at 31 March 2023 amounted to lei 35.720 thousand, and at 31 March 2024 to lei 48.711 thousand;
- *revenue from the auction premium* lower by lei 7.049 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points; revenue from the auction premium at 31 March 2023 amounted to lei 19.432 thousand, and at 31 March 2024 to lei 12.383 thousand.
- *commodity revenue* higher by **lei 20.201 thousand** due to:
 - *the commodity transmission tariff* higher by lei 0,52 lei/MWh, with a positive influence of lei 20.486 thousand;
 - *the gas transmitted capacities* lower by 257.327 MWh as compared to 31 March 2023, with a negative influence of lei 286 thousand, detailed by categories of consumers as follows:

		3 months 2024	3 months 2023	Differences
Quantity transmitted for direct consumers	MWh	10.098.625	9.967.544	131.081
	thousand m ³	930.595	891.646	38.949
Quantity transmitted for distribution	MWh	29.298.461	29.686.869	-388.408
	thousand m ³	2.742.330	2.780.474	-38.144
Total	MWh	39.397.086	39.654.413	-257.327
	thousand m ³	3.672.925	3.672.120	805

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

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

- *other operating revenue* higher by **lei 1.627 thousand**.

The revenue from the balancing activity was lower by **lei 135.076 thousand** based on the following factors:

- trading price lower by lei 134,46/MWh, with a negative influence of lei 82.323 thousand;
- quantity lower by 279.304 MWh with a negative influence of lei 52.753 thousand;

The revenue from the construction activity higher by **lei 212.792 thousand**, recorded in line with IFRIC 12, according to which revenue and costs related to the construction activity or the improvement of the transmission network, in exchange of which the intangible asset is recorded, must be acknowledged in line with IAS 11, Construction Contracts;

The financial revenue has a positive influence of **lei 9.865 thousand**.

Operating costs before the balancing and construction activity according to IFRIC12 increased by **17%** as compared to 31 March 2023, which is higher by **lei 59.419 thousand**.

The company made savings of lei 22.783 thousand to the following cost elements:

- transmission system gas consumption of lei 15.707 thousand due to:

- the quantity of natural gas for NTS gas consumption lower by 39.687 MWh as compared to 31 March 2023, with a positive influence of lei 8.087 thousand;
- the average purchase price achieved lower by lei 49,45/MWh as compared to the one achieved at 31 March 2023, with a positive influence of lei 7.620 thousand;
- other operating expenses: lei 6.786 thousand, mainly due to impairment adjustments on current assets;
- cost of maintenance and transport: lei 290 thousand.

A surplus amounting to lei 82.203 thousand was recorded to the following cost elements:

- employee costs: lei 5.127 thousand;
- cost of provision for risks and charges: lei 1.409 thousand;
- cost of royalty: lei 68.138 thousand; By Law 296/2023 on some fiscal-budgetary measures to ensure Romania's long-term financial sustainability, the provisions of Article 103(2) of the Electricity and Gas Law 123/2012 were repealed. As of 30 October 2023, the royalty rate was changed from 0,4% to 11,5% of the value of the gross revenue from transmission and transit operations through the national transmission systems, according to Article 49(2)(b) of Petroleum Law 238/2004;
- cost of depreciation: lei 4.613 thousand, based on the completion and commissioning of investments projects;
- cost of auxiliary materials: lei 1.904 thousand;
- cost of taxes and duties: lei 1.012 thousand.

The financial cost is lower by lei 5.360 thousand.

Compared to 31 March 2023 the gross profit realized at 31 March 2024 increased by 94%, which is higher by lei 141.866 thousand, and the net profit increased by 93%, which is higher by lei 116.573 thousand.

** thousand lei **

STATEMENT OF INDIVIDUAL FINANCIAL POSITION			
Indicator	Achieved Q I 2024	Achieved 31.12.2023	Increase
1	2	3	4=2/3x100-100
Fixed assets			
Tangible assets	361.827	377.640	-4%
Rights of use of the leased assets	13.655	14.501	-6%
Intangible assets	3.771.274	3.643.263	4%
Financial assets	177.619	177.619	0%
Trade receivables and other receivables	2.497.751	2.423.669	3%
Deferred tax	0	1.734	x
Restricted cash	1.991	1.956	2%
Total fixed assets	6.824.117	6.640.382	3%
Current assets			
Inventories	613.342	577.081	6%
Commercial receivables and other receivables	324.792	400.845	-19%
Cash and cash equivalent	862.034	675.601	28%
Total current assets	1.800.169	1.653.526	9%

STATEMENT OF INDIVIDUAL FINANCIAL POSITION			
Indicator	Achieved Q I 2024	Achieved 31.12.2023	Increase
1	2	3	4=2/3x100-100
Total assets	8.624.286	8.293.909	4%
Equity	4.365.592	4.123.653	6%
Long-term debts			
Long-term loans	1.586.403	1.865.388	-15%
Other long-term debts	1.097.947	976.922	12%
Total long-term debts	2.684.344	2.842.310	-6%
Current debts			
Short-term loans	669.610	432.316	55%
Other short-term debts	904.740	895.629	1%
Total current debts	1.574.350	1.327.945	19%
Total debts	4.258.694	4.170.255	2%
Equity and debts	8.624.286	8.293.909	4%

Tangible assets

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

Tangible assets decreased by lei 15.813 thousand as compared to the value as at 31.12.2023, mainly due to the fact that the tangible assets entries did not exceed the depreciation cost for tangible assets.

Rights of use of leased assets

As at 1 January 2019 the company applies IFRS 16 for lease contracts complying with the recognition criteria and recognized as intangible asset right of use related to the lease contracts.

The rights of use of leased assets decreased by lei 846 thousand as compared to 31 December 2023 due to the fact that the initial value of the leased assets contracts was lower than the depreciation cost.

Intangible assets

IT Programs

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

Service concession agreement

From 2010, in accordance with the EU approval process, the company started to apply IFRIC 12, **Service Concession Arrangements**, adopted by the EU.

The scope of IFRIC 12 includes: the existing infrastructure at the time of signing the concession agreement and, also, modernization and improvement brought to the gas transmission system, which are transferred to the regulatory authority at the end of the concession agreement.

The company is entitled to charge the users of the public service and, consequently, an intangible asset was recognized for this right. As they occur, costs of replacements are recorded as expense, while the improvements of assets used within SCA are recognized at fair value. Intangible assets are amortized at zero value during the remaining period of the concession agreement.

Intangible assets increased by lei 128.011 thousand as compared with the value as at 31.12.2023, this increase being mainly due to the fact that the intangible assets entries exceeded the cost of amortization of intangible assets.

Financial assets

The financial assets are at the same level compared to the value recorded at 31.12.2023 and is the share in 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 2024 increased by the amount of lei 74.082 thousand, receivables recorded according to Law 127/2014 of 5 October 2014, which states that in case of termination of the concession agreement for any reason, or upon termination, the investment of the national transmission system operator shall be transferred to the owner of the national transmission system or another concession provider on payment of a compensation equal to the regulated value remaining not amortized, established by ANRE.

The increase of lei 74.082 thousand compared to the value at 31 December 2023 is mainly due to the updating of the receivables with the changes recorded in the regulated asset base and the adjustment of the regulated value of the assets with the inflation rate starting with 2019, as per ANRE Order 41/2019.

Fixed assets recognised in the regulated asset base in a gas year are discounted with the rate of inflation from the following gas year.

Inventories

On 31 March 2024 inventories increased by lei 36.261 thousand compared to the value as at 31 December 2023, mainly due to the increasing by lei 3.567 thousand of the value of the natural gas procured within the balancing activity, the increasing by lei 7.185 thousand of the stored gas procured to cover technological consumption, and the increasing by lei 25.509 thousand of the stocks of raw and other materials.

Commercial receivables and other receivables

On 31 March 2024, the balance of the commercial receivables and other receivables **decreased by lei 76.054 thousand** as compared to 31 December 2023, mainly due to the following factors:

- decrease of the client receivables balance by lei 68.433 thousand mainly generated by the collection of the balance of the receivables from domestic transmission and balancing;
- increase of the provisions for the impairment of the trade receivables and of other receivables by lei 1.511 thousand;
- decrease of the claims against the state budget by lei 40.980 thousand;
- increase of the balance of other receivables by lei 34.870 thousand.

Cash at hand and in bank

On 31 March 2024 the company's cash increased by lei 186.433 thousand as compared to the end of 2023. Cash in bank accounts in lei increased by lei 227.328 thousand and cash in bank accounts in foreign currency decreased by lei 40.934 thousand. Other cash and cash equivalents increased by lei 39 thousand compared to 2023.

Debts to be paid over a one-year period

In the structure of debts to be paid over a one-year period, the following changes were recorded compared to 31 December 2023:

- increase of the balance of the commercial debt and other debt by lei 9.179 thousand;
- decrease of the balance of the debts related to the rights of use of leased assets by lei 636 thousand;
- increase of the provision for risks and charges by lei 2.040 thousand mainly on account of recording the employee profit sharing;
- recording the debt with the current tax payable in the amount of lei 7.839 thousand;
- decrease of the deferred revenue over the short term by lei 9.311 thousand;
- increase of short-term loans by lei 237.294 thousand, on account of the short-term reclassification of the credit line contracted with Banca Transilvania, to cover working capital requirements, the maturity of the credit line being 22.03.2025.

Long-term debts

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

- decrease of long-term loans by lei 278.985 thousand;
- increase of deferred revenue and of the subsidies by lei 120.495 thousand;
- registration of the debt with the deferred revenue by lei 763 thousand;
- decrease of the debts related to the rights of use of leased assets in the amount of lei 239 thousand.

Equity

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

Retained earnings increased by lei 241.939 thousand due to the recording of the profit related to Q I 2024.

2. Analysis of the revenue and expense realized at 31 March 2024 compared to the revenue and expense budget approved by OGMS Resolution 12/21 February 2024

The main economic and financial indicators realized in 01.01.- 31.03.2024, compared to the revenue and expense budget approved by OGMS Resolution 1/21 February 2024:

thousand lei

No.	Indicator	REB Q I 2024	Achieved Q I 2024	Increase
0	1	2	3	4=3/2x100-100
1.	Operating revenue before the balancing and construction activity, according to IFRIC12	635.363	643.816	1%
2.	Revenue from the balancing activity	163.815	62.887	-62%

No.	Indicator	REB Q I 2024	Achieved Q I 2024	Increase
3.	Revenue from the construction activity, according to IFRIC12	108.835	223.547	105%
4.	Financial revenue	51.858	77.931	50%
5.	Operating costs before the balancing and construction activity, according to IFRIC12	490.353	407.005	-17%
6.	Costs from the balancing activity	163.815	62.887	-62%
7.	Cost of constructed assets according to IFRIC12	108.835	223.547	105%
8.	Financial costs	20.729	21.481	4%
9.	GROSS PROFIT , of which:	176.140	293.260	66%
	• from operation	145.011	236.810	63%
	• from the financial activity	31.130	56.450	81%
	Income tax	10.993	51.322	367%
	NET PROFIT	165.148	241.938	46%

Operating revenue before the balancing and construction activity according to IFRIC12 increased by **lei 8.452 thousand** as compared to the REB.

The revenue was influenced by the following:

- Gas transmission services increased by **lei 13.510 thousand** due to:
 - *capacities booked* higher by 2.922.951 MWh with a positive influence of **lei 14.357 thousand**;
 - *average capacity booking tariff, determined by the structure of the booked products*, higher by lei 0,238/MWh, with a positive influence of lei **25.113 thousand**
 - *the gas transmitted capacities* lower than planned by 15.926.432 MWh with a negative influence of **lei 25.960 thousand**;
- Other operating revenue decreased by **lei 5.058 thousand** as compared to the REB; the financial statements of Transgaz do not present the value of revenue from the production of tangible assets or the amount of the relevant expenses according to Order 2.844/2016 on the approval of the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market.

Revenue from the balancing activity decreased by **lei 100.928 thousand** based on the following:

- trading price lower by lei 83,65/MWh, with a negative influence of lei 32.820 thousand;
- quantity lower by 279.203 MWh with a negative influence of lei 68.108 thousand;

Financial revenue increased by **lei 26.072 thousand** as compared to the REB, mainly due to the inflation adjustment of 2,35% as at 31 March 2024 of fixed assets included in the regulated asset base.

Operating costs before the balancing and construction activity according to IFRIC12 decreased by **17%** as compared to the approved plan, which is lower by **lei 83.347 thousand** as compared to the REB.

Savings amounting to lei 86.576 thousand were recorded mainly the following cost elements:

- employee costs: lei 26.091 thousand;
- transmission system gas consumption: lei 11.933 thousand;

- auxiliary materials and other material costs: lei 13.086 thousand;
- cost of maintenance and transport: lei 5.056 thousand;
- cost of taxes and duties: lei 12.099 thousand;
- cost of depreciation: lei 2.156 thousand;
- other operating costs: lei 16.155 thousand.

A surplus of lei 3.229 thousand was recorded mainly in relation to the following cost elements:

- cost of NTS concession royalty: lei 1.554 thousand;
- cost of provision for risks and charges: lei 1.675 thousand.

The financial cost is higher by **lei 752 thousand**.

The gross profit increased by lei 117.119 thousand as compared to the REB.

3. Investment plan achievement

The capital expenditure achieved at 31 March 2024 amounted to **lei 226.276 thousand**.

Investments amounting to lei 5.717 thousand were commissioned in the analysed period.

In Q I 2024 instalments were reimbursed for the loans taken by the company to finance the investment works amounting to lei 30.668 thousand.

4. Receivables and arrears

On 31 March 2024 the outstanding receivables amounted to lei 659.002 thousand, which is higher by lei 18.561 thousand as compared 31 December 2023.

On 31 March 2024 Transgaz has no outstanding payments.

**DIRECTOR - GENERAL
ION STERIAN**

**Chief Financial Officer
Marius Lupean**