

## RELEASE

### regarding the economic and financial indicators at

### 30 June 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 30 June 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.

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 6,39% of the amount of capital invested in this activity starting from 13.05.2020.

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

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

From 1 October 2019 with the entry into force of ANRE Order 41/15 March 2019 the efficiency gain achieved by the TSO from the fourth regulatory period (1 October 2019 - 30 September 2024) will be 60% transferred by linearization to natural gas consumers and 40% will be retained by the TSO and the interest which was not capitalized according to the legal provisions, related to the bank credits contracted for the

financing of the tangible fixed assets, for the establishing or extension of the transmission system is recovered through the regulated revenue.

GEO 27/2022 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 - 31 March 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.

👉 **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 30 June 2022 compared to the indicators obtained at 30 June 2021

### 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%

From 25.08.2021 the European Bank for Reconstruction and Development (EBRD) became a shareholder with a 25% share 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 natural gas transmission pipeline.

*\*thousand lei\**

Indicator	Consolidated obtained Half I 2022	Transgaz obtained Half I 2022	ETG, VMTG obtained, adjustments Half I 2022
Revenue from the domestic transmission activity	592.601	592.601	0
Revenue from the international transmission activity	42.416	42.416	0

Indicator	Consolidated obtained Half I 2022	Transgaz obtained Half I 2022	ETG, VMTG obtained, adjustments Half I 2022
Other revenue	68.901	68.905	-4
<b>Operating revenue before the balancing and construction activity according to IFRIC12</b>	<b>703.917</b>	<b>703.921</b>	<b>-4</b>
Depreciation	214.170	209.636	4.533
Employees costs	235.864	234.035	1.829
Technological consumption, materials and consumables used	93.645	93.645	0
Cost of royalty	2.540	2.540	0
Maintenance and transmission	15.813	15.665	149
Taxes and duties due to the state	37.675	37.675	0
Revenue/ (Costs) of provisions for risks and charges	17.600	17.595	5
Other operating cost	57.210	56.452	759
<b>Operational profit before the balancing and the construction activity according to IFRIC12</b>	<b>29.400</b>	<b>36.679</b>	<b>-7.279</b>
Revenue from the balancing activity	540.476	540.476	-
Cost of balancing gas	540.476	540.476	-
Revenue from the construction activity according to IFRIC12	104.332	104.332	-
Cost of constructed assets according to IFRIC12	104.332	104.332	-
<b>Operational profit</b>	<b>29.400</b>	<b>36.679</b>	<b>-7.279</b>
Financial revenue	294.951	277.698	17.252
Financial cost	102.579	84.475	18.104
<b>Financial revenue, net</b>	<b>192.372</b>	<b>193.224</b>	<b>-852</b>
<b>Profit before tax</b>	<b>221.772</b>	<b>229.903</b>	<b>-8.131</b>
Profit tax expense	44.494	44.097	396
<b>Net profit for the period</b>	<b>177.278</b>	<b>185.805</b>	<b>-8.527</b>
Attributable to the parent company	<b>179.704</b>		
Attributable to the non-controlling interests	<b>-2.425</b>		
Exchange rate differences	2.685		
Actuarial (gain)/loss for the period	0	0	
<b>Total comprehensive income for the period</b>	<b>179.963</b>	<b>185.805</b>	<b>-5.843</b>
Attributable to the parent company	<b>181.717</b>		
Attributable to the non-controlling interests	<b>-1.754</b>		

### Analysis of the consolidated revenue and expense at 30 June 2022 compared to the consolidated achievements on 30 June 2021

The main consolidated economic and financial indicators on 30 June 2022, compared to the consolidated economic and financial indicators obtained in the similar period of 2021 are presented in the following table:

\*Thousand lei\*

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Obtained Half I 2022	Obtained Half I 2021	Increase
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	703.917	701.291	0%
Revenue from the balancing activity	540.476	142.059	280%
Revenue from the construction activity according to IFRIC12	104.332	345.847	-70%
Financial revenue	294.951	60.645	386%
Operating costs before the balancing and construction activity, according to IFRIC12	674.517	576.659	17%
Balancing activity costs	540.476	142.059	280%
Cost of constructed assets according to IFRIC12	104.332	345.847	-70%
Financial costs	102.579	21.426	379%
<b>GROSS PROFIT</b> , of which:	<b>221.772</b>	<b>163.851</b>	<b>35%</b>
• from operation	29.400	124.633	-76%
• from the financial activity	192.372	39.219	391%
<b>Income tax</b>	<b>44.494</b>	<b>30.554</b>	<b>46%</b>
<b>NET PROFIT</b>	<b>177.278</b>	<b>133.297</b>	<b>33%</b>

\* Thousand lei \*

STATEMENT OF CONSOLIDATED FINANCIAL POSITION			
Indicator	Obtained Half I 2022	Obtained 31 December 2021	Increase
1	2	3	4=2/3x100-100
<b>Fixed assets</b>			
Tangible assets	831.341	852.179	-2%
Rights of use of the leased assets	18.668	19.617	-5%
Intangible assets	3.911.562	3.997.052	-2%
Goodwill	9.689	9.705	0%
Trade receivables and other receivables	2.003.003	1.788.571	12%
Deferred tax	0	353	x
<b>Total fixed assets</b>	<b>6.774.262</b>	<b>6.667.476</b>	<b>2%</b>
<b>Current assets</b>			
Inventories	469.794	311.708	51%
Commercial receivables and other receivables	407.012	612.007	-33%
Cash and cash equivalent	226.681	414.955	-45%
<b>Total current assets</b>	<b>1.103.487</b>	<b>1.338.671</b>	<b>-18%</b>
<b>Total assets</b>	<b>7.877.750</b>	<b>8.006.146</b>	<b>-2%</b>
<b>Equity</b>	<b>3.882.719</b>	<b>3.874.820</b>	<b>0%</b>
<b>Non-controlling interests</b>	<b>88.689</b>	<b>93.549</b>	<b>-5%</b>

<b>STATEMENT OF CONSOLIDATED FINANCIAL POSITION</b>			
<b>Indicator</b>	<b>Obtained Half I 2022</b>	<b>Obtained 31 December 2021</b>	<b>Increase</b>
1	2	3	4=2/3x100-100
<b>Long-term debts</b>			
Long-term loans	1.773.325	1.899.193	-6%
Other long-term debts	1.129.655	1.192.554	-5%
<b>Total long-term debts</b>	<b>2.902.980</b>	<b>3.091.747</b>	<b>-6%</b>
<b>Current debts</b>			
Short-term loans	130.181	132.104	-1%
Other short-term debts	873.181	813.926	7%
<b>Total current debts</b>	<b>1.003.362</b>	<b>946.030</b>	<b>6%</b>
<b>Total debts</b>	<b>3.906.342</b>	<b>4.037.778</b>	<b>-3%</b>
<b>Equity and debts</b>	<b>7.877.750</b>	<b>8.006.146</b>	<b>-2%</b>

The variation of the consolidated economic and financial indicators at 30 June 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 30 June 2022 compared to the indicators obtained in the similar period of 2021.

The main impact of the subsidiaries in the consolidated result is determined by the evolution of the MDL (Moldavian leu) exchange rate compared to the EUR currency in which the source for financing the investment project carried out by the subsidiary was partially obtained and compared to the reporting currency of the consolidated financial statements (RON).

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

### **2.1 Analysis of the revenue and expense obtained at 30 June 2022 compared to the revenue and expense obtained at 30 June 2021**

The main economic and financial indicators obtained at 30 June 2022, compared to the indicators obtained in the same period of 2021 are as follows:

*\* Thousand lei \**

<b>STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME</b>			
<b>Indicator</b>	<b>Obtained Half I 2022</b>	<b>Obtained Half I 2021</b>	<b>Increase</b>
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	703.921	700.829	0%
-revenue from domestic transmission	592.601	620.166	-4%
-revenue from international transmission and similar	42.416	33.912	25%
Operating costs before the balancing and construction activity, according to IFRIC12	667.242	569.815	17%

STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME			
Indicator	Obtained Half I 2022	Obtained Half I 2021	Increase
0	1	2	3=1/2x100-100
<b>Operating profit before the balancing and construction activity, according to IFRIC12</b>	<b>36.679</b>	<b>131.015</b>	<b>-72%</b>
Revenue from the balancing activity	540.476	142.059	280%
Balancing activity costs	540.476	142.059	280%
Revenue from the construction activity according to IFRIC12	104.332	345.847	-70%
Cost of constructed assets according to IFRIC12	104.332	345.847	-70%
<b>Operating profit</b>	<b>36.679</b>	<b>131.015</b>	<b>-72%</b>
Financial revenue	277.698	49.207	464%
Financial costs	84.475	8.541	889%
<b>Financial result</b>	<b>193.224</b>	<b>40.666</b>	<b>375%</b>
<b>GROSS PROFIT</b>	<b>229.903</b>	<b>171.680</b>	<b>34%</b>
<b>Income tax, of which</b>	<b>44.097</b>	<b>30.206</b>	<b>46%</b>
<b>NET PROFIT</b>	<b>185.805</b>	<b>141.474</b>	<b>31%</b>

**Operating revenue before the balancing and construction activity, according to IFRIC12** is similar to the one obtained at 30 June 2021.

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

- *revenue from capacity booking* higher by **lei 9.703 thousand** due to:
  - *revenue from the auction premium* higher by lei 14.447 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points. Revenue from the auction premium at 30 June 2021 amounted to lei 7.393 thousand, and at 30 June 2022 to lei 21.839 thousand;
  - *booked capacity* lower by 14.216.593 MWh, with a negative influence of lei 33.789 thousand;
  - *capacity booking tariff* higher by lei 0,182 /MWh, with a positive influence of lei 32.658 thousand;
  - *capacity surplus revenue* lower by lei 3.613 thousand. Capacity surplus revenue at 30 June 2021 amounted to lei 36.856 thousand, and at 30 June 2022 to lei 33.243 thousand;
- *commodity revenue* lower by **lei 37.269 thousand** due to:
  - *the gas transmitted capacities* lower by 8.568.735 MWh/815.817 thousand cm (▼11%), as compared to 30 June 2021, with a negative influence of lei 12.510 thousand, detailed by categories of consumers as follows:

		6 months 2022	6 months 2021	Differences
Quantity transmitted for direct consumers	MWh	26.129.688	29.959.272	-3.829.584
	thousand m <sup>3</sup>	2.305.009	2.781.068	-476.059
Quantity transmitted for distribution	MWh	44.606.890	49.346.041	-4.739.151
	thousand m <sup>3</sup>	4.167.847	4.507.605	-339.758
Total	MWh	70.736.578	79.305.313	-8.568.735
	thousand m <sup>3</sup>	6.472.856	7.288.673	-815.817



- *the commodity transmission tariff lower* by lei 0,35 lei/MWh, with a negative influence of lei 24.758 thousand;

The commodity tariffs decreased at 30 June 2022 as compared to 30 June 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 8.503 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 22.154 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 17.828 thousand.

*The revenue from the balancing activity* was higher by **lei 398.418 thousand** based on the following factors:

- trading price higher by lei 309,03 /MWh, with a positive influence of lei 337.435 thousand;
- quantity higher by 327.953 MWh with a positive influence of lei 60.982 thousand.

*The revenue from the construction activity* lower by **lei 241.514 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 228.491 thousand**, mainly due to the recording of the updating of the regulated assets value with the inflation rate for

Half I 2022 (lei 185.929 thousand at 30 June 2022 as compared to lei 28.041 thousand at 30 June 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 increased by 17% as compared to 30 June 2021, which is higher by lei 97.428 thousand.**

**The company made savings of lei 37.060 thousand**, due to following cost elements:

- other operating costs: lei 31.889 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 3.246 thousand;
- cost of taxes and duties: lei 1.848 thousand;
- cost of royalty: lei 76 thousand.

**A surplus amounting to lei 134.488 thousand** was recorded to the following cost elements

- transmission system gas consumption of lei 33.037 thousand due to:
  - the average purchase price obtained higher by lei 69,53 lei/MWh as compared to the one obtained at 30 June 2021, with a negative influence of lei 32.179 thousand;
  - the quantity of natural gas for NTS gas consumption higher by 8.593 MWh as compared to 30 June 2021, with a negative influence of lei 858 thousand;
- cost of provision for risks and charges: lei 43.704 thousand;
- employee costs: lei 5.120 thousand;
- cost of depreciation: lei 51.614 thousand, based on the completion and commissioning of the major investment projects;
- costs of maintenance and transport: lei 1.012 thousand.

**The financial cost** is higher by **lei 75.933 thousand** 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 30 June 2021 the gross profit obtained at 30 June 2022 increased by 34%, which is higher by lei 58.222 thousand, and the net profit increased by 31%, which is higher by lei 44.331 thousand.**

*\* Thousand lei \**

<b>STATEMENT OF INDIVIDUAL FINANCIAL POSITION</b>			
<b>Indicator</b>	<b>Obtained Half 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	436.053	454.059	-4%
Rights of use of the leased assets	18.668	19.617	-5%
Intangible assets	3.911.543	3.997.028	-2%
Financial assets	233.673	296.576	-21%
Trade receivables and other receivables	2.003.003	1.788.571	12%
Deferred tax	0	1.443	x
<b>Total fixed assets</b>	<b>6.602.939</b>	<b>6.557.294</b>	<b>1%</b>
<b>Current assets</b>			
Inventories	466.654	308.541	51%
Commercial receivables and other receivables	372.698	536.070	-30%
Cash and cash equivalents	173.659	321.185	-46%
<b>Total current assets</b>	<b>1.013.011</b>	<b>1.165.797</b>	<b>-13%</b>
<b>Total assets</b>	<b>7.615.951</b>	<b>7.723.090</b>	<b>-1%</b>
<b>Equity</b>	<b>3.900.344</b>	<b>3.889.027</b>	<b>0%</b>
<b>Long-term debts</b>			
Long-term loans	1.586.034	1.711.802	-7%
Other long-term debts	1.128.168	1.192.555	-5%
<b>Total long-term debts</b>	<b>2.714.202</b>	<b>2.904.357</b>	<b>-7%</b>
<b>Current debts</b>			
Short-term loans	130.181	132.104	1%
Other short-term debts	871.223	797.603	9%
<b>Total current debts</b>	<b>1.001.404</b>	<b>929.707</b>	<b>8%</b>
<b>Total debts</b>	<b>3.715.607</b>	<b>3.834.063</b>	<b>-3%</b>
<b>Equity and debts</b>	<b>7.615.951</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 18.005 thousand*** as compared to the value as at 31.12.2021, mainly due to the fact that the tangible assets inflow was 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 949 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 Programs*

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

#### *Service concession agreement*

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

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

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

**Intangible assets decreased by lei 85.486 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 30 June 2022 increased by the amount of lei 214.432 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 214.432 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 per ANRE Order 41/2019.

The amount of the adjustment of the receivable with inflation increased in Half 1 2022 compared to the same period of 2021 due to the increase of the inflation rate in Half 1 2022 to 9,98% (3,42% in Half 1 2021) and the increase of the regulated asset base with the fixed asset inflows in gas year October 2020-September 2021 in the amount of lei 1.297.561.310. Fixed assets recognised in the regulated asset base in a gas year are discounted with the rate of inflation from the following gas year.

### ***Inventories***

**On 30 June 2022 inventories increased by lei 158.113 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 30 June 2022**, the balance of the commercial receivables and other receivables **decreased by lei 163.372 thousand** as compared to 31 December 2021, mainly due to the following factors:

- decrease of the client receivables balance by lei 176.527 thousand mainly generated by the decrease in the balance of the outstanding receivables;
- increase of the provisions for the impairment of the trade receivables and of other receivables by lei 7.790 thousand;
- decrease of the grants as subventions by lei 18.949 thousand;
- increase of the balance of other receivables by lei 39.973 thousand, mainly due to the receivables representing taxes and VAT to be recovered.

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

**On 30 June 2022 the company's cash decreased by lei 147.526 thousand** as compared to the end of 2021. The cash in bank accounts in lei decreased by lei 212.859 thousand and the cash in bank accounts in currency increased by lei 55.383 thousand.

Other cash elements and cash equivalent register an increase by lei 9.950 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:

- increase of the balance of the commercial debt and other debt by lei 46.486 thousand;
- increase of the provision for risks and charges by lei 13.628 thousand
- increase of the deferred revenue over the short term by lei 13.507 thousand;
- decrease of short-term loans by lei 1.924 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 125.768 thousand;
- decrease of deferred revenue and of the subsidies by lei 64.093 thousand;
- the recording of the deferred tax in the amount of lei 651 thousand;
- decrease of the commercial debts and other debts in the amount of lei 944 thousand.

### **Equity**

The subscribed and paid up capital remained unchanged.

The increasing of the retained earnings by lei 11.318 thousand is determined by the registration of the profit related to Half I 2022, which exceeded the profit distribution for establishing own financing sources.

### **3. Analysis of the revenue and expense at 30 June 2022 compared to the revenue and expense budget approved by OGMS Resolution 3/28 February 2022**

The main economic and financial indicators obtained at 30 June 2022, compared to the revenue and expense budget approved by OGMS Resolution 3/28 February 2022:

*\* Thousand lei \**

No.	Indicator	REB Half I 2022	Obtained Half 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	625.340	703.921	13%
2.	Revenue from the balancing activity	321.324	540.476	68%
3.	Revenue from the construction activity, according to IFRIC12	258.093	104.332	-60%
4.	Financial revenue	73.905	277.698	276%
5.	Operating costs before the balancing and construction activity, according to IFRIC12	721.377	667.242	-8%
6.	Costs from the balancing activity	321.324	540.476	68%
7.	Cost of constructed assets according to IFRIC12	258.093	104.332	-60%
8.	Financial costs	28.337	84.475	198%
<b>9.</b>	<b>GROSS PROFIT</b>	<b>-50.469</b>	<b>229.903</b>	x
<b>10.</b>	<b>Income tax</b>	<b>7.535</b>	44.097	485%
<b>11.</b>	<b>NET PROFIT</b>	<b>-58.004</b>	<b>185.805</b>	x

**Operating revenue before the balancing and construction activity according to IFRIC12 increased by lei 78.581 thousand as compared to the REB.**

The revenue was influenced by the following:

- Gas transmission services increased by **lei 75.389 thousand** due to:
  - *capacities booked* higher by 17.099.391 MWh with a positive influence of **lei 80.775 thousand**;
  - *the gas transmitted capacities* lower than planned by 4.852.095 MWh (▼6%) with a negative influence of **lei 5.386 thousand**;
- Revenue from international gas transmission services and similar increased by **lei 3.731 thousand**;
- Other operating revenue decreased by **lei 539 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 219.152 thousand** based on the following:

- trading price higher by lei 250,10 lei/MWh, with a positive influence of lei 273.091 thousand;
- quantity lower by 220.270 MWh with a negative influence of lei 53.939 thousand;

**Financial revenue** increased by **lei 203.794 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 Q1 2022.

**Operating costs before the balancing and construction activity according to IFRIC12** decreased by **8%** as compared to the approved plan, which is lower by **lei 54.135 thousand** as compared to the REB.

**Savings amounting to lei 106.971 thousand** were recorded mainly the following cost elements:

- employee costs: lei 29.291 thousand;
- costs auxiliary materials and other material costs: lei 11.451 thousand;
- costs of maintenance and transport: lei 20.538 thousand;
- transmission system gas consumption: lei 14.164 thousand;
- cost of taxes and duties: lei 8.674 thousand;
- other operating costs: lei 22.853 thousand.

**A surplus of lei 52.835 thousand** was recorded mainly in relation to the following cost elements:

- cost of NTS concession royalty: lei 316 thousand;
- cost of depreciation: lei 13.976 thousand;
- cost of provision for risks and charges: lei 38.543 thousand;

**The financial cost** is higher by **lei 56.138 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 280.372 thousand as compared to the REB.***

#### **4. Investment plan achievement**

The **capital expenditure** obtained at 30 June 2022 amounted to **lei 118.230 thousand**.

Investments amounting to lei 63.887 thousand were commissioned in the analysed period.

In Half I 2022, instalments were reimbursed for the loans taken by the company to finance the investment works amounting to lei 66.759 thousand.

#### **5. Receivables and arrears**

On 30 June 2022 the outstanding receivables amounted to lei 505.259 thousand, which is lower by lei 74.481 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 30 June 2022 Transgaz has no outstanding payments.

**DIRECTOR - GENERAL  
ION STERIAN**

**Chief Financial Officer  
Marius Lupean**