

## CURRENT REPORT

### according to FSA Regulation No. 5/2018 on issuers of financial instruments and market operations

Date of report: **28.02.2023**

Name of issuing entity: **SNTGN TRANSGAZ SA**

Headquarters: Mediaș, 1 Constantin I. Motaș Square, Sibiu County

Telephone/fax number: **0269803333/0269839029**

Tax number: **RO 13068733**

Trade Register number: **J32/301/2000**

Subscribed and paid-up capital: **117.738.440 RON**

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

Reported events: **Preliminary unaudited financial results for year 2022**

According to the Financial Communication Calendar and compliant with the capital market laws on reporting to capital market institutions and shareholders, SNTGN Transgaz SA brings to the attention of all those concerned the preliminary unaudited annual individual and consolidated financial statements for 2022.

### THE MAIN INDICATORS OF THE CONSOLIDATED ECONOMIC AND FINANCIAL RESULTS

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%

As of 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.

The main preliminary consolidated economic and financial indicators at 31 December 2022, compared to the indicators in the same period of 2021 are presented in the table below:

*\*thousand lei\**

Indicator	Preliminary 2022	Obtained 2021	Increase
1	2	3	4=3/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	1.579.284	1.364.950	16%
Revenue from the balancing activity	1.005.544	442.200	127%
Revenue from the construction activity according to IFRIC12	296.791	704.027	-58%
Financial revenue	498.370	152.208	227%
Operating costs before the balancing and construction activity, according to IFRIC12	1.429.915	1.244.239	15%
Balancing activity costs	1.005.544	442.200	127%
Cost of constructed assets according to IFRIC12	296.791	704.027	-58%
Financial costs	225.110	42.669	428%
<b>GROSS PROFIT, of which:</b>	<b>422.628</b>	<b>230.250</b>	<b>84%</b>
• from operation	149.368	120.711	24%
• from the financial activity	273.260	109.539	149%
<b>Income tax</b>	<b>72.625</b>	<b>53.445</b>	<b>36%</b>
<b>NET PROFIT</b>	<b>350.003</b>	<b>176.805</b>	<b>98%</b>

**The preliminary consolidated gross profit in 2022 increased by lei 192.378 thousand, which is higher by 84% compared to the level obtained in 2021.**

#### **THE MAIN INDICATORS OF THE INDIVIDUAL ECONOMIC AND FINANCIAL RESULTS**

The main preliminary economic and financial indicators according to the preliminary individual financial statements on 31 December 2022, compared to the indicators obtained in the same period of 2021 are as follows:

**\*thousand lei\***

<b>Indicator</b>	<b>Preliminary 2022</b>	<b>Obtained 2021</b>	<b>Increase</b>
1	2	3	4=3/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	1.575.186	1.364.511	15%
- -revenue from domestic transmission	1.351.931	1.164.419	16%
- -revenue from international transmission and similar	73.927	72.037	2%
Operating costs before the balancing and construction activity, according to IFRIC12	1.412.501	1.230.118	15%
<b>Operating profit before the balancing and construction activity, according to IFRIC12</b>	<b>162.685</b>	<b>134.393</b>	<b>21%</b>
Revenue from the balancing activity	1.005.544	442.200	127%
Balancing activity costs	1.005.544	442.200	127%
Revenue from the construction activity according to IFRIC12	296.791	704.027	-58%
Cost of constructed assets according to IFRIC12	296.791	704.027	-58%
<b>Operating profit</b>	<b>162.685</b>	<b>134.393</b>	<b>21%</b>
Financial revenue	461.287	130.013	255%
Financial costs	183.446	25.138	630%
<b>Financial result</b>	<b>277.841</b>	<b>104.875</b>	<b>165%</b>
<b>GROSS PROFIT</b>	<b>440.526</b>	<b>239.268</b>	<b>84%</b>
<b>Income tax, of which</b>	<b>71.837</b>	<b>52.327</b>	<b>37%</b>
- - Current tax profit	70.092	48.447	44%
- - Deferred tax profit	1.745	3.880	-55%
<b>NET PROFIT</b>	<b>368.689</b>	<b>186.941</b>	<b>97%</b>

**Operating revenue before the balancing and construction activity, according to IFRIC12** increased by **15%** as compared to obtained at 31 December 2021, which is higher by **lei 210.675 thousand**.

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

- *revenue from capacity booking* higher by **lei 238.854 thousand** due to:
  - *revenue from the auction premium* higher by lei 165.179 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points. Revenue from the auction premium at 31 December 2021 amounted to lei 13.545 thousand, and at 31 December 2022 to lei 178.724 thousand;
  - *capacity surplus revenue* higher by lei 6.175 thousand. Capacity surplus revenue at 31 December 2021 amounted to lei 69.562 thousand, and at 31 December 2022 to lei 75.737 thousand;
  - *average capacity booking tariff, determined by the structure of the booked products*, higher by lei 0,365/MWh, with a positive influence of lei 130.146 thousand;

- *booked capacities* lower by 27.584.341 MWh, with a negative influence of lei 62.646 thousand;
- *commodity revenue* lower by **lei 51.342 thousand** due to:
  - *the gas transmitted capacities* lower by 11.181.596 MWh/994.203 thousand cm (▼7%), as compared to 31 December 2021, with a negative influence of lei 14.656 thousand, detailed by categories of consumers as follows:

		<b>12 months 2022</b>	<b>12 months 2021</b>	<b>Differences</b>
Quantity transmitted for direct consumers	MWh	68.472.756	68.657.931	-185.175
	thousand m <sup>3</sup>	6.185.284	6.237.780	-52.496
Quantity transmitted for distribution	MWh	73.495.131	84.491.552	-10.996.421
	thousand m <sup>3</sup>	6.846.782	7.788.489	-941.707
Total	MWh	141.967.887	153.149.483	-11.181.596
	thousand m <sup>3</sup>	13.032.066	14.026.269	-994.203

- *the commodity transmission tariff* lower by lei 0,25 lei/MWh, with a negative influence of lei 36.686 thousand;

The commodity tariffs decreased at 31 December 2022 as compared to 31 December 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 1.889 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 21.273 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 24.048 thousand, the increasing of the revenue from penalties by lei 7.756 thousand and the decreasing of other revenue by lei 10.531 thousand.

*The revenue from the balancing activity* was higher by **lei 563.344 thousand** based on the following factors:

- trading price higher by lei 319,64/MWh, with a positive influence of lei 604.516 thousand;
- quantity lower by 194.163 MWh with a negative influence of lei 41.171 thousand.

*The revenue from the construction activity* lower by **lei 407.235 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 331.274 thousand**, mainly due to the recording of the updating of the debt for the regulated value remaining unamortised of the regulated asset base at the end of the Concession Agreement with the inflation rate for 2022. While in 2021 an inflation rate of 5,05% (lei 87.970 thousand) was recorded, in 2022 the inflation rate was 13,80% (lei 286.877 thousand). Revenue from shareholdings recorded following the reduction of Eurotransgaz's share capital by EUR 21,67 million, amount received by Transgaz in Q I and Q IV 2022, also had a positive influence.

**Operating costs before the balancing and construction activity according to IFRIC12** increased by **15%** as compared to 31 December 2021, which is higher by **lei 182.383 thousand**.

***The company made savings of lei 25.581 thousand***, due to following cost elements:

- cost of auxiliary materials: lei 4.111 thousand;
- cost of monopoly tax: lei 1.257 thousand;
- other operating costs: lei 20.213 thousand, mainly due to the decrease in the expense with the impairment of current assets (lei 36.932 thousand), the capitalisation of the difference between the costs of the technological consumption achieved over the approved one in the transmission tariff in accordance with the provisions of GEO 27/2022 in the amount of lei 3.345 thousand and the increase in energy and water costs by lei 11.530 thousand and in security and capacity booking services by lei 9.005 thousand.

***A surplus amounting to lei 207.964 thousand*** was recorded to the following cost elements

- transmission system gas consumption of lei 76.425 thousand due to:
  - the average purchase price obtained higher by lei 100,17/MWh as compared to the one obtained at 31 December 2021, with a negative influence of lei 75.489 thousand;
  - the quantity of natural gas for NTS gas consumption higher by 9.171 MWh as compared to 31 December 2021, with a negative influence of lei 936 thousand;
- employee costs: lei 26.992 thousand;
- cost of depreciation: lei 72.410 thousand, based on the completion and commissioning of the major investment projects;
- cost of royalty for NTS concession: lei 758 thousand;
- cost of provision for risks and charges: lei 25.397 thousand mainly on account of establishing the provision for voluntary departures higher by lei 12.340 thousand and write back of provisions lower in 2022 by lei 6.292 thousand;
- cost of other taxes and duties: lei 1.838 thousand;
- costs of maintenance and transport: lei 4.144 thousand.

**The financial cost** is higher by **lei 158.308 thousand** mainly based on the cost of financial fixed assets transferred (lei 108.667 thousand), the interest expenses (lei 38.398 thousand) and the foreign exchange loss (lei 8.962 thousand).

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 and by BoA Resolution 19/2022 Transgaz approved the reduction of Eurotransgaz's share capital by EUR 8,52 million, amount received by Transgaz in Q IV 2022.

**The preliminary gross profit at 31 December 2022 increased by 84%, which is higher by lei 201.258 thousand as compared to 31 December 2021.**

The preliminary consolidated and individual financial statements for 2022 were prepared in accordance with the EU-IFRS and are unaudited.

The full report is published at the link below and on Transgaz's website at: [http://www.transgaz.ro/ro/investitori/raportari\\_financiare](http://www.transgaz.ro/ro/investitori/raportari_financiare)

**DIRECTOR - GENERAL  
ION STERIAN**

**THE NATIONAL GAS TRANSMISSION COMPANY  
TRANSGAZ S.A.**

**PRELIMINARY UNAUDITED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED DECEMBER 2022**

**PREPARED IN ACCORDANCE WITH  
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS  
ADOPTED BY THE EUROPEAN UNION**

**PRELIMINARY CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**  
**(expressed in lei, unless otherwise stated)**



	<b><u>The year ended</u></b> <b><u>31 December 2022</u></b> <b><u>(unaudited)</u></b>	<b><u>The year ended</u></b> <b><u>31 December 2021</u></b>
<b>ASSET</b>		
Fixed assets		
Tangible Assets	801.193.875	852.178.630
Rights of use of the leased assets	16.934.813	19.617.136
Intangible Assets	3.907.142.990	3.997.052.066
Goodwill	9.566.769	9.704.675
Trade receivables and other receivables	2.140.671.685	1.788.570.507
Deferred tax	-	352.591
	<b><u>6.875.510.132</u></b>	<b><u>6.667.475.605</u></b>
Current assets		
Inventories	612.862.336	311.708.204
Commercial receivables and other receivables	347.973.058	612.007.279
Cash and cash equivalent	418.666.555	414.955.056
	<b><u>1.379.501.949</u></b>	<b><u>1.338.670.539</u></b>
<b>Total asset</b>	<b><u>8.255.012.081</u></b>	<b><u>8.006.146.144</u></b>
<b>EQUITY AND DEBTS</b>		
<b>Equity</b>		
Share capital	1.883.815.040	117.738.440
Hyperinflation adjustment of share capital	441.418.396	441.418.396
Share premium	247.478.865	247.478.865
Other reserves	1.265.796.861	1.265.796.861
Retained earnings	202.583.294	1.785.866.415
Exchange rate differences from consolidation	19.932.246	16.520.600
Shareholders` equity	<b><u>4.061.024.702</u></b>	<b><u>3.874.819.577</u></b>
Non-controlling interests	82.818.034	93.548.755
	<b><u>4.143.842.736</u></b>	<b><u>3.968.368.332</u></b>
<b>Long-term debts</b>		
Long-term loans	2.054.247.351	1.899.193.227
Provision for employee benefits	110.895.341	106.041.177
Deferred revenue	969.150.112	1.069.813.639
Deferred tax payment	2.148.922	-
Commercial debt and other debts	14.178.481	16.699.325
	<b><u>3.150.620.207</u></b>	<b><u>3.091.747.368</u></b>
<b>Current debts</b>		
Commercial debts and other debts	630.442.331	650.466.973
Deferred revenue	107.439.092	91.671.887
Provision for risks and charges	81.438.491	67.779.988
Short-term loans	136.644.990	132.104.365
Provision for employee benefits	4.584.234	4.007.231
	<b><u>960.549.138</u></b>	<b><u>946.030.444</u></b>
<b>Total debts</b>	<b><u>4.111.169.345</u></b>	<b><u>4.037.777.812</u></b>
<b>Total equity and debts</b>	<b><u>8.255.012.081</u></b>	<b><u>8.006.146.144</u></b>
Director - General	Chief Financial Officer	
Sterian Ion	Lupean Marius	

	<b>The year ended 31 December 2022</b>	<b>The year ended 31 December 2021</b>
	<b>(unaudited)</b>	
Revenue from the domestic transmission activity	1.356.044.593	1.164.418.613
Revenue from the international transmission activity and assimilated	73.926.517	72.037.147
Other revenue	<u>149.312.392</u>	<u>128.493.903</u>
<b>Operational revenue before the balancing and construction activity according to IFRIC12</b>	<b>1.579.283.502</b>	<b>1.364.949.663</b>
Depreciation	(435.224.640)	(359.741.684)
Employees costs	(495.131.807)	(467.705.112)
NTS gas consumption, materials and consumables used	(180.267.951)	(112.818.316)
Cost of royalty	(5.703.430)	(4.945.824)
Maintenance and transmission	(37.253.061)	(32.925.423)
Taxes and other state duties	(86.781.521)	(86.200.783)
Revenue/ (Expenses) with provisions for risks and charges	(18.096.076)	7.226.509
Other operating costs	<u>(171.456.666)</u>	<u>(187.128.338)</u>
<b>Operational profit before the balancing and construction activity according to IFRIC12</b>	<b><u>149.368.350</u></b>	<b><u>120.710.692</u></b>
Revenue from the balancing activity	1.005.543.977	442.199.967
Cost of balancing gas	(1.005.543.977)	(442.199.967)
Revenue from the construction activity according to IFRIC12	296.791.455	704.026.548
Cost of assets constructed according to IFRIC12	(296.791.455)	(704.026.548)
<b>Operational profit</b>	<b><u>149.368.350</u></b>	<b><u>120.710.692</u></b>
Financial revenue	498.370.151	152.208.435
Financial cost	<u>(225.110.222)</u>	<u>(42.669.235)</u>
<b>Financial revenue, net</b>	<b><u>273.259.929</u></b>	<b><u>109.539.200</u></b>
<b>Profit before tax</b>	<b><u>422.628.279</u></b>	<b><u>230.249.892</u></b>
Profit tax expense	<u>(72.625.335)</u>	<u>(53.445.225)</u>
<b>Net profit for the period</b>	<b><u>350.002.944</u></b>	<b><u>176.804.667</u></b>
Attributable to the parent company	354.829.615	178.145.746
Attributable to the non-controlling interests	(4.826.671)	(1.341.079)
Other elements of the comprehensive result		
Number of shares	188.381.504	11.773.844
Basic and diluted earnings per share (expressed in lei per share)	1,86	15,03
Actuarial (gain)/loss for the period	2.452.222	15.782.924
Exchange rate differences	(8.396.454)	31.649.572
<b>Total comprehensive income for the period</b>	<b><u>344.058.712</u></b>	<b><u>224.237.163</u></b>
Attributable to the parent company	348.885.382	224.390.110
Attributable to the non-controlling interests	(4.826.670)	(152.947)
Director - General Ion Sterian		Chief Financial Officer Marius Lupean

**THE NATIONAL GAS TRANSMISSION COMPANY  
TRANSGAZ S.A.**

**PRELIMINARY UNAUDITED INDIVIDUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2022**

**PREPARED IN ACCORDANCE WITH  
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS  
ADOPTED BY THE EUROPEAN UNION**

This version of the interim financial statements is a translation from the original, which was prepared in Romanian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**INTERIM STATEMENT OF FINANCIAL POSITION**  
**(expressed in lei, unless otherwise stated)**



	<b>The year ended</b> <b>31 December 2022</b> <b>(unaudited)</b>	<b>The year ended</b> <b>31 December 2021</b>
<b>ASSET</b>		
<b>Fixed assets</b>		
Tangible Assets	418.132.071	454.058.620
Rights of use of the leased assets	16.934.813	19.617.136
Intangible Assets	3.907.128.285	3.997.028.494
Financial assets	191.122.702	296.576.170
Trade receivables and other receivables	2.140.671.685	1.788.570.507
Deferred tax	-	1.442.960
	<b><u>6.673.989.556</u></b>	<b><u>6.557.293.887</u></b>
<b>Current assets</b>		
Inventories	609.556.297	308.541.252
Trade receivables and other receivables	336.505.795	536.070.089
Cash and cash equivalent	<u>384.237.135</u>	<u>321.185.261</u>
	<b><u>1.330.299.227</u></b>	<b><u>1.165.796.602</u></b>
<b>Total asset</b>	<b><u>8.004.288.783</u></b>	<b><u>7.723.090.489</u></b>
<b>EQUITY AND DEBTS</b>		
<b>Equity</b>		
Share capital	1.883.815.040	117.738.440
Hyperinflation adjustment of share capital	441.418.396	441.418.396
Share premium	247.478.865	247.478.865
Other reserves	1.265.796.861	1.265.796.861
Retained earnings	<u>247.171.069</u>	<u>1.816.594.475</u>
	<b><u>4.085.680.231</u></b>	<b><u>3.889.027.037</u></b>
<b>Long-term debts</b>		
Long-term loans	1.871.382.547	1.711.802.456
Provision for employee benefits	110.895.341	106.041.177
Deferred revenue	969.150.112	1.069.813.639
Commercial debt and other debts	14.178.481	16.699.325
Deferred tax	<u>301.969</u>	-
	<b><u>2.965.908.450</u></b>	<b><u>2.904.356.597</u></b>
<b>Current debts</b>		
Commercial debts and other debts	627.380.008	634.477.008
Deferred revenue	107.439.092	91.671.887
Current tax payment	-	-
Provision for risks and charges	81.197.994	67.446.364
Short-term loans	132.098.774	132.104.365
Provision for employee benefits	<u>4.584.234</u>	<u>4.007.231</u>
	<b><u>952.700.102</u></b>	<b><u>929.706.855</u></b>
<b>Total debts</b>	<b><u>3.918.608.552</u></b>	<b><u>3.834.063.452</u></b>
<b>Total equity and debts</b>	<b><u>8.004.288.783</u></b>	<b><u>7.723.090.489</u></b>

Director – General  
 Ion Sterian

Chief Financial Officer  
 Marius Lupean

**INTERIM STATEMENT OF COMPREHENSIVE RESULT**  
**(expressed in lei, unless otherwise stated)**



	<b>The year ended 31 December 2022 (unaudited)</b>	<b>The year ended 31 December 2021</b>
Revenue from the domestic transmission activity	1.351.930.670	1.164.418.613
Revenue from the international transmission activity and assimilated	73.926.517	72.037.147
Other revenue	<u>149.328.948</u>	<u>128.055.482</u>
<b>Operational revenue before the balancing and construction activity according to IFRIC12</b>	<b><u>1.575.186.135</u></b>	<b><u>1.364.511.242</u></b>
Depreciation	(423.464.346)	(351.054.254)
Employees costs	(491.588.137)	(464.596.008)
NTS gas consumption, materials and consumables used	(180.267.951)	(112.818.316)
Cost of royalty	(5.703.430)	(4.945.824)
Maintenance and transport	(36.913.734)	(32.769.283)
Taxes and other state duties	(86.781.521)	(86.200.670)
Revenue/ (Expenses) with provisions for risks and charges	(18.088.348)	7.308.411
Other operating cost	<u>(169.693.830)</u>	<u>(185.042.332)</u>
<b>Operational profit before the balancing and construction activity according to IFRIC12</b>	<b>162.684.838</b>	<b>134.392.966</b>
Revenue from the balancing activity	1.005.543.977	442.199.967
Cost of balancing gas	(1.005.543.977)	(442.199.967)
Revenue from the construction activity according to IFRIC12	296.791.455	704.026.548
Cost of assets constructed according to IFRIC12	<u>(296.791.455)</u>	<u>(704.026.548)</u>
<b>Operational profit</b>	<b>162.684.838</b>	<b>134.392.966</b>
Financial revenue	461.287.140	130.012.861
Financial cost	<u>(183.445.916)</u>	<u>(25.137.500)</u>
<b>Financial revenue, net</b>	<b><u>277.841.224</u></b>	<b><u>104.875.361</u></b>
<b>Profit before tax</b>	<b>440.526.062</b>	<b>239.268.327</b>
Profit tax expense	<u>(71.836.721)</u>	<u>(52.326.855)</u>
<b>Net profit for the period</b>	<b><u>368.689.341</u></b>	<b><u>186.941.472</u></b>
Number of shares	188.381.504	11.773.844
Basic and diluted earnings per share (expressed in lei per share)	1,96	15,88
Actuarial (gain)/loss for the period	2.452.222	15.782.924
<b>Total comprehensive income for the period</b>	<b><u>371.141.563</u></b>	<b><u>202.724.396</u></b>

Director - General  
Ion Sterian

Chief Financial Officer  
Marius Lupean