

CURRENT REPORT

According to the provisions of art. 67 of Law no. 24/2017 on issuers of financial instruments and market operations

Date of report: **16 August 2023**

Name of issuing entity: SNTGN TRANSGAZ SA MEDIAS

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: 1.883.815.040 RON

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

Important events to report: **Half-Year Report as at 30.06.2023**

According to the provisions of the capital market legislation, SNTGN Transgaz SA informs stakeholders of the following:

In the meeting held on 11 August 2023, by Resolution No. 22, the Board of Administration approved the unaudited half-year financial statements of SNTGN Transgaz SA for the first half of 2023, prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

At the same meeting, the Board of Administration endorsed the Report issued by the Board of Administration of SNTGN Transgaz SA on the activity carried out in the first half of 2023, with a view to presenting it to the Ordinary General Meeting of Shareholders.

CONSOLIDATED 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 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.

The consolidated financial results as at 30 June 2023 compared to those as at 30 June 2022 are as follows:

thousand lei

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Achieved Half I 2023	Achieved Half I 2022	Increase
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12	761.091	703.917	8%
Revenue from the balancing activity	263.067	540.476	-51%
Revenue from the construction activity according to IFRIC12	35.270	104.332	-66%
Financial revenue	140.742	294.951	-52%
Operating costs before the balancing and construction activity, according to IFRIC12	728.224	674.517	8%
Balancing activity costs	263.067	540.476	-51%
Cost of constructed assets according to IFRIC12	35.270	104.332	-66%
Financial costs	79.898	102.579	-22%
GROSS PROFIT, of which:	93.711	221.772	-58%
• from operation	32.867	29.400	12%
• from the financial activity	60.844	192.372	-68%
Income tax	22.892	44.494	-49%
NET PROFIT	70.818	177.278	-60%

The variation of the consolidated economic and financial indicators at 30 June 2023, compared to the indicators achieved in the similar period of 2022 is mainly determined by the variation of the individual economic-financial indicators recorded by SNTGN Transgaz SA at 30 June 2023 compared to the indicators achieved in the similar period of 2022.

In Half I 2023 Vestmoldtransgaz SRL of the Republic of Moldova provided gas delivery services amounting to lei 3.543 thousand.

INDIVIDUAL FINANCIAL RESULTS

The individual financial results obtained in Half I 2023 compared to those obtained in Half I 2022 are as follows:

thousand lei

STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME			
Indicator	Achieved Half I 2023	Achieved Half I 2022	Increase
0	1	2	$3=1/2 \times 100 - 100$
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	757.139	703.921	8%
-revenue from domestic transmission	631.170	592.601	7%
-revenue from international transmission and similar	58.872	42.416	39%
Operating costs before the balancing and construction activity, according to IFRIC12	717.504	667.242	8%
Operating profit before the balancing and construction activity, according to IFRIC12	39.635	36.679	8%
Revenue from the balancing activity	263.067	540.476	-51%
Balancing activity costs	263.067	540.476	-51%
Revenue from the construction activity according to IFRIC12	35.270	104.332	-66%
Cost of constructed assets according to IFRIC12	35.270	104.332	-66%
Operating profit	39.635	36.679	8%
Financial revenue	125.418	277.698	-55%
Financial costs	63.781	84.475	-24%
Financial result	61.637	193.224	-68%
GROSS PROFIT	101.272	229.903	-56%
Income tax	22.451	44.097	-49%
NET PROFIT	78.821	185.805	-58%

The operating result as at 30 June 2023 increased by 8% compared to the one achieved in 30 June 2022.

Operating revenue before the balancing and construction activity, according to IFRIC12 are higher by **lei 53.218 thousand** than the one achieved at 30 June 2022.

The revenue from the balancing activity was lower by **lei 277.410 thousand** based on the following factors:

- trading price lower by lei 219,14/MWh, with a negative influence of lei 208.999 thousand;
- quantity lower by 138.208 MWh with a negative influence of lei 68.410 thousand;

The revenue from the construction activity lower by **lei 69.062 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;

Financial revenue has a negative influence of **lei 152.280 thousand**, mainly due to the recording of the adjustment of the regulated assets value with the inflation rate of 4,19% for Half I 2023 compared to 9,98% in Half I 2022 (lei 92.384 thousand as at 30 June 2023 compared to lei 185.929 thousand as at 30 June 2022) and to the recording of equity income as a result of the reduction of EUROTRANSGAZ share capital in Q I 2022 by EUR 13,15 million.

Operating costs before the balancing and construction activity according to IFRIC12 increased by 8% as compared to 30 June 2022, which is higher by **lei 50.262 thousand**.

The financial cost is lower by **lei 20.693 thousand**. In Q I 2022 Transgaz recorded costs regarding the financial fixed assets transferred following the reduction of Eurotransgaz' share capital by EUR 13,15 million. Interest expenses increased in Half I 2023, mainly as a result of the completion of investment projects, the interest being capitalised during their implementation.

Compared to 30 June 2022 the gross profit achieved at 30 June 2023 decreased by 56%, which is lower by lei 128.631 thousand.

The situation of the indicators is detailed in the Report issued by the Board of Administration of SNTGN Transgaz SA for Semester I 2023.

The full version of the Half-Year Report on 30.06.2023 is available:

- on the website of TRANSGAZ SA at: http://www.transgaz.eu/investitori/raportari_financiare
- at the headquarters of SNTGN TRANSGAZ SA in Mediaş, 1 C.I. Medias Square, Sibiu County.
- In soft copy – on the website of the Bucharest Stock Exchange at the link below;

**Director - General
ION STERIAN**