

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

**PRELIMINARY UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2023**

**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.

CONSOLIDATED PRELIMINARY CASH FLOW STATEMENT
(expressed in lei, unless otherwise stated)



	<u>31 December 2023</u> <u>(unaudited)</u>	<u>31 December 2022</u>
ASSET		
Fixed assets		
Tangible Assets	767.359.458	801.193.708
Rights of use of the leased assets	187.272.930	16.934.813
Intangible Assets	3.631.015.300	3.909.592.137
Goodwill	10.126.276	9.566.769
Trade receivables and other receivables	2.423.669.229	2.141.205.428
Deferred tax	<u>7.186.195</u>	<u>-</u>
	7.026.629.388	6.878.492.855
Current assets		
Inventories	585.217.588	613.182.876
Trade receivables and other receivables	433.883.893	346.798.529
Cash and cash equivalent	<u>712.592.750</u>	<u>418.666.555</u>
	1.731.694.231	1.378.647.960
Total asset	8.758.323.619	8.257.140.815
Equity		
Share capital	1.883.815.040	1.883.815.040
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	241.396.473	199.648.810
Exchange rate differences from consolidation	<u>23.812.304</u>	<u>19.932.259</u>
	4.103.717.939	4.058.090.231
Shareholders` equity		
Non-controlling interests	<u>99.069.694</u>	<u>82.818.034</u>
	4.202.787.633	4.140.908.265
Long-term debts		
Long-term loans	2.025.632.533	2.054.247.351
Provision for employee benefits	114.807.183	110.895.341
Deferred revenue	849.564.612	969.150.112
Deferred tax	-	3.053.157
Commercial debt and other debts	<u>155.051.001</u>	<u>14.178.481</u>
	3.145.055.329	3.151.524.442
Current debts		
Commercial debts and other debts	699.161.698	634.601.301
Deferred revenue	113.993.591	107.439.092
Provision for risks and charges	125.243.573	81.438.491
Short-term loans	455.946.578	136.644.990
Provision for employee benefits	<u>16.135.217</u>	<u>4.584.234</u>
	1.410.480.657	964.708.108
Total debts	4.555.535.986	4.116.232.550
Total equity and debts	8.758.323.619	8.257.140.815

Director – General
Ion Sterian

Chief Financial Officer
Marius Lupean

CONSOLIDATED PRELIMINARY CASH FLOW STATEMENT
(expressed in lei, unless otherwise stated)



	The year ended 31 December 2023 (unaudited)	The year ended 31 December 2022
Revenue from the domestic transmission activity	1.519.421.773	1.356.044.593
Revenue from the international transmission activity and assimilated	116.305.612	73.926.517
Other revenue	<u>149.207.638</u>	<u>149.312.392</u>
Operational revenue before the balancing and construction activity according to IFRIC12	1.784.935.023	1.579.283.502
Depreciation	(482.704.105)	(435.409.965)
Employees costs	(572.057.843)	(495.131.807)
NTS gas consumption, materials and consumables used	(148.293.231)	(180.267.951)
Cost of royalty	(55.285.137)	(5.703.430)
Maintenance and transport	(40.822.612)	(37.253.061)
Taxes and other state duties	(87.662.227)	(86.781.521)
Revenue/ (Expenses) with provisions for risks and charges	(23.012.421)	(18.096.076)
Other operating cost	<u>(262.679.613)</u>	<u>(174.323.882)</u>
Operational profit before the balancing and construction activity according to IFRIC12	112.417.834	146.315.809
Revenue from the balancing activity	458.810.505	1.005.543.997
Cost of balancing gas	(458.810.505)	(1.005.543.997)
Revenue from the construction activity according to IFRIC12	170.617.135	299.868.442
Cost of assets constructed according to IFRIC12	<u>(170.617.135)</u>	<u>(299.868.442)</u>
Operational profit	112.417.834	146.315.809
Financial revenue	260.962.331	498.370.151
Financial cost	<u>(161.568.335)</u>	<u>(225.110.222)</u>
Financial revenue, net	<u>99.393.996</u>	<u>273.259.929</u>
Profit before tax	211.811.830	419.575.738
Profit tax expense	<u>(39.424.866)</u>	<u>(72.507.267)</u>
Net profit for the period	<u>172.386.964</u>	<u>347.068.471</u>
Attributable to the parent company	169.280.666	351.895.142
Attributable to the non-controlling interests	3.106.298	(4.826.671)
Number of shares	188.381.504	188.381.504
Other elements of the comprehensive result		
Basic and diluted earnings per share (expressed in lei per share)	0,92	1,84
Actuarial (gain)/loss for the period	4.334.050	2.452.222
Exchange rate differences	30.170.769	(8.396.441)
Total comprehensive income for the period	<u>206.891.783</u>	<u>341.124.252</u>
Attributable to the parent company	203.785.485	345.950.923
Attributable to the non-controlling interests	3.106.298	(4.826.671)

Director - General
Ion Sterian

Chief Financial Officer
Marius Lupean

CONSOLIDATED PRELIMINARY CASH FLOW STATEMENT
(expressed in lei, unless otherwise stated)



	<u>Share Capital</u>	<u>Share capital adjustments</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Exchange rate differences from consolidation</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Balance on 1 January 2022	<u>117.738.440</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>1.785.866.415</u>	<u>16.520.600</u>	<u>93.548.755</u>	<u>3.968.368.332</u>
Net profit for the period, reported	-	-	-	-	351.895.142	-	(4.826.671)	347.068.471
Actuarial gain / loss for the period	-	-	-	-	<u>2.452.222</u>	-	-	<u>2.452.222</u>
	-	-	-	-	354.347.364	-	(4.826.671)	349.520.693
Establishing profit reserves	-	-	-	-	(21.873.676)	-	-	(21.873.676)
Legal reserve increase	-	-	-	-	21.873.676	-	-	21.873.676
<i>Transactions with shareholders:</i>	-	-	-	-	-	-	-	-
Increase of share capital	1.766.076.600	-	-	-	(1.766.076.600)	-	-	-
Dividends related to 2021	-	-	-	-	(174.488.369)	-	-	(174.488.369)
Exchange rate differences from consolidation	-	-	-	-	-	3.411.659	(11.808.100)	(8.396.441)
Non-controlling interests	-	-	-	-	-	-	<u>5.904.050</u>	<u>5.904.050</u>
Balance on 31 December 2022	<u>1.883.815.040</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>199.648.810</u>	<u>19.932.259</u>	<u>82.818.034</u>	<u>4.140.908.265</u>
Net profit for the period	-	-	-	-	169.280.666	-	3.106.298	172.386.964
Actuarial gain / loss for the period	-	-	-	-	4.334.050	-	-	4.334.050
	-	-	-	-	<u>173.614.716</u>	-	<u>3.106.298</u>	<u>176.721.014</u>
<i>Transactions with shareholders:</i>	-	-	-	-	-	-	-	-
Dividends related to 2022	-	-	-	-	(131.867.053)	-	-	(131.867.053)
Non-controlling interests	-	-	-	-	-	3.880.045	26.290.724	30.170.769
Exchange rate differences from consolidation	-	-	-	-	-	-	(13.145.362)	(13.145.362)
Balance on 31 December 2023 (unaudited)	<u>1.883.815.040</u>	<u>441.418.396</u>	<u>247.478.865</u>	<u>1.265.796.861</u>	<u>241.396.473</u>	<u>23.812.304</u>	<u>99.069.694</u>	<u>4.202.787.633</u>

The exchange rate differences from consolidation arise from the presentation of the financial statements of the subsidiary Eurotransgaz under the reporting currency of the parent company (RON).

Director - General
Ion Sterian

Chief Financial Officer
Marius Lupean

INTERIM CASH FLOW STATEMENT
(expressed in lei, unless otherwise stated)

	The year ended 31 December 2023 (unaudited)	The year ended 31 December 2022
Profit before tax	211.811.830	419.575.738
<i>Adjustments for:</i>		
Depreciation	482.704.105	435.409.965
Gain/(loss) on transfer of fixed assets	(123.138)	(451.748)
Provisions for risks and charges	11.862.111	13.759.358
Revenue from connection fees, grants and goods taken free of charge	(113.957.081)	(107.066.896)
Adjustment of the Claim regarding the Concession Agreement	(147.131.305)	(286.877.258)
Sundry debtors and receivable loss	126.282	1.695.530
Loss/(gain) from the impairment of inventories	8.499.713	13.249.122
Adjustments for the receivable's impairment	108.175.204	42.126.151
Provisions for employee benefits	12.567.497	2.341.979
The effect of updating the provision for employee benefits	7.229.379	5.541.410
Interest revenue	(59.913.067)	(50.739.681)
Interest expenses	103.554.726	55.752.281
Effect of exchange rate fluctuation on other items than from operation	9.686.599	2.312.196
Other revenue and expenses	<u>(330.242)</u>	<u>(834.770)</u>
Operating profit before the changes in working capital	<u>634.762.613</u>	<u>545.793.377</u>
(Increase)/decrease in trade and other receivables	47.935.656	110.453.918
(Increase)/decrease in inventories	19.031.377	(320.635.665)
Increase/(decrease) in trade payables and other debts	<u>104.026.565</u>	<u>326.100.884</u>
Cash generated from operations	<u>805.756.211</u>	<u>661.712.514</u>
Interest paid	(128.084.979)	(69.604.175)
Interest received	4.317.150	1.277.835
Paid profit tax	<u>(93.897.260)</u>	<u>(77.532.781)</u>
Net cash inflow from operation activities	588.091.122	515.853.393
Cash flow from investment activities		
Payments to acquire intangible assets	(441.200.047)	(598.243.216)
Payments to acquire tangible assets	(5.087.811)	(18.801.250)
Financial investment/shares	-	-
Receipts from the disposal of tangible assets	263.919	479.363
Cash flow from connection fees and grants	<u>4.477.340</u>	<u>133.208.997</u>
Net cash used in investment activities	<u>(441.546.599)</u>	<u>(483.356.106)</u>

INTERIM CASH FLOW STATEMENT
(expressed in lei, unless otherwise stated)

	The year ended 31 December 2023 (unaudited)	The year ended 31 December 2022
Cash flow from financing activities		
Share capital increase		3.205.405
Long term loans repayments	(136.659.386)	(143.485.273)
Credit withdrawals/repayments for working capital	175.431.456	291.740.052
Payments IFRS 16	(5.601.390)	(5.157.454)
Dividends paid	(132.399.008)	(175.088.518)
Long-term loan withdrawals	<u>246.610.000</u>	<u>-</u>
Net cash used in financing activities	<u>147.381.672</u>	<u>(28.785.788)</u>
Net change in cash and cash equivalents	<u>293.926.195</u>	<u>3.711.499</u>
Cash and cash equivalent as at the beginning of the year	<u>418.666.555</u>	<u>414.955.056</u>
Cash and cash equivalent as at the end of the period	<u>712.592.750</u>	<u>418.666.555</u>

Director – General
 Ion Sterian

Chief Financial Officer
 Marius Lupean