

REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report according to the provisions of art. 227 of Law no. 297/2004

Date of report: 14 May 2021

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 117,738,440

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

QUARTERLY REPORT
ON THE ECONOMIC AND FINANCIAL ACTIVITY OF
SNTGN TRANSGAZ SA as of 31.03.2021
(1 January-31 March 2021)

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 31 March 2021 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.

By ANRE Order 2/20 January 2021 the Tariff Setting Methodology was amended, the royalties for the concession of the assets owned by the State and the royalties established under the contracts for the concession of the gas transmission service and/or related assets owned by the State or an administrative-territorial unit being recognised as gas transmission activity expenses, with the exception of those relating to the period between the date of entry into force of the provisions of Law 155/2020 on the amending and supplementation of Electricity and Gas Law 123/2012 and on the amending and supplementation of other normative acts, and the date of entry into force of Law 244/2020 on the approval of Government Emergency Ordinance 103/2020 for the prorogation of the time limit for the application of the measures established by Government Emergency Ordinance 26/2018 on some electric energy safety of supply measures (30 July 2020 – 11 November 2020). 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 6,9% of the amount of capital invested in this activity for the 1 October 2019 - 30 April 2020 period, to 5,66 % for the 30.04.2020-12.05.2020 period and to 6,39% 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) is 60% transferred by linearization to natural gas consumers and 40% is 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.

- 👉 **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 2020 - 30 September 2021 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 difference being classified as similar income.

- 👉 **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 31 March 2021 compared to the indicators obtained at 31 March 2020

The main economic and financial indicators obtained during the 1 January 2021 - 31 March 2021 reporting period.

No.	Indicator	31.03.2021	Result
1.	Current liquidity indicator	Current assets/Current liabilities	1,73
2.	Leverage indicators		
2.1	Leverage indicator 1	Borrowed capital/Equity	37,19%
2.2	Leverage indicator 2	Borrowed capital/Invested capital	27,11%
3.	Days' sales outstanding	Average accounts receivable x 90 /Turnover	122,14
4.	Fixed assets turnover	Turnover/Fixed assets	0,082

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	100%

thousands lei

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Indicator	Obtained Q I 2021	Obtained Q I 2020	Increase
0	1	2	$3 = 1/2 \times 100 - 100$
Operating revenue before the balancing and construction activity, according to IFRIC12	456.390	512.801	-11%
Revenue from the balancing activity	74.253	64.515	15%
Revenue from the construction activity according to IFRIC12	158.010	339.363	-53%
Financial revenue	31.466	8.226	283%
Operating costs before the balancing and construction activity, according to IFRIC12	279.383	274.042	2%
Balancing activity costs	74.253	64.515	15%
Cost of constructed assets according to IFRIC12	158.010	339.363	-53%
Financial costs	14.966	5.915	153%
GROSS PROFIT, of which:	193.506	241.070	-20%
• from operation	177.006	238.759	-26%
• from the financial activity	16.500	2.311	614%
Income tax	39.091	40.488	-3%
NET PROFIT	154.416	200.582	-23%

thousand lei

STATEMENT OF CONSOLIDATED FINANCIAL POSITION			
Indicator	Obtained Q I 2021	Obtained 2020	Increase
1	2	3	4=2/3x100-100
Fixed assets			
Tangible assets	729.048	731.438	0%
Rights of use for the leased assets	18.742	19.192	-2%
Intangible Assets	4.019.105	3.931.693	2%
Financial assets	9.185	9.082	1%
Trade receivables and other receivables	1.390.261	1.364.269	2%
Deferred tax	4.018	4.985	-19%
Total fixed assets	6.170.359	6.060.659	2%
Current assets			
Inventories	178.815	194.142	-8%
Commercial receivables and other receivables	629.286	677.396	-7%
Cash and cash equivalent	329.942	289.452	14%
Total current assets	1.138.043	1.160.990	-2%
Total assets	7.308.402	7.221.649	1%
Equity	3.908.849	3.746.269	4%
Long-term debts			
Long-term borrowings	1.651.679	1.593.385	4%
Other long-term debts	1.172.017	1.178.729	-1%
Total long-term debts	2.823.696	2.772.114	2%
Current debts			
Short-term borrowings	76.125	121.410	-37%
Other short-term debts	499.733	581.856	-14%
Total current debts	575.858	703.266	-18%
Total debts	3.399.554	3.475.380	-2%
Equity and debts	7.308.402	7.221.649	1%

The variation of the consolidated economic-financial indicators at 31 March 2021, compared to the indicators obtained in the similar period of 2020 is mainly determined by the variation of the individual economic-financial indicators recorded by SNTGN Transgaz SA at 31 March 2021 compared to the indicators obtained in the similar period of 2020.

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 attracted and compared to the reporting currency of the consolidated financial statements (RON).

Indicators of the SNTGN Transgaz SA individual economic and financial results

The main economic and financial indicators obtained at 31 March 2021, compared to the indicators obtained in the same period of 2020 are as follows:

thousand lei

STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME			
Indicator	Obtained Q I 2021	Obtained Q I 2020	Increase
0	1	2	3=1/2x100-100
Operating revenue before the balancing and construction activity, according to IFRIC12, of which	455.789	512.801	-11%
-revenue from domestic transmission	421.450	474.268	-11%
-revenue from international transmission and similar	10.342	29.547	-65%
Operating costs before the balancing and construction activity, according to IFRIC12	276.002	272.333	1%
Operating profit before the balancing and construction activity, according to IFRIC12	179.787	240.469	-25%
Revenue from the balancing activity	74.253	64.515	15%
Balancing activity costs	74.253	64.515	15%
Revenue from the construction activity according to IFRIC12	158.010	339.363	-53%
Cost of constructed assets according to IFRIC12	158.010	339.363	-53%
Operating profit	179.787	240.469	-25%
Financial revenue	24.024	7.271	230%
Financial costs	7.008	5.381	30%
Financial result	17.016	1.889	801%
GROSS PROFIT	196.802	242.358	-19%
Income tax	38.906	40.491	-4%
NET PROFIT	157.896	201.867	-22%

Operating revenue before the balancing and construction activity, according to IFRIC12 decreased by **11%** as compared to Q I 2020, which is lower by **Lei 57.013 thousand**.

The revenue was influenced mainly by the following factors:

- *commodity revenue* higher by **Lei 3.159 thousand** due to:
 - *the gas transmitted capacities* higher by 3.678.472MWh/264.465 thousand cm (**▲8%**), as compared to 2020, with a positive influence of Lei 6.169 thousand, detailed by categories of consumers as follows:

		3 months 2020	3 months 2021	Differences
Quantity transmitted for direct consumers	MWh	11.545.026	12.444.925	899.899
	thousand m ³	1.078.004	1.070.759	-7.245
Quantity transmitted for distribution	MWh	32.693.087	35.471.660	2.778.573
	thousand m ³	3.039.364	3.311.074	271.710
Total	MWh	44.238.113	47.916.585	3.678.472
	thousand m ³	4.117.368	4.381.833	264.465

- *the commodity transmission tariff lower* by Lei 0,05 lei/MWh, with a negative influence of Lei 2.394 thousand;

The commodity tariffs decreased in Q I 2021 as compared to Q I 2020 mainly due to:

- o 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 2019-2020 the variable component of the total revenue at the basis of the commodity tariffs is 25% of the total revenue and in gas year 2020-2021 to 20% of the total revenue;
- o at the substantiation of the tariffs for gas years 2019-2020 and 2020-2021, the tax on the monopoly was not recognised by ANRE at the pass-through costs and implicitly at the regulated revenue.
- *revenue from capacity booking lower* by **Lei 55.976 thousand** due to:
 - *revenue from the auction premium lower* by Lei 60.686 thousand following the capacity booking auctions performed according to the CAM-NC by interconnection points. Revenue from the auction premium in Q I 2020 amounted to Lei 61.048 thousand, and in Q I 2021 to Lei 363 thousand;
 - *booked capacity lower* by 9.948.243 MWh, with a negative influence of Lei 29.488 thousand;
 - *capacity booking tariff higher* by Lei 0,19/MWh, with a positive influence of Lei 21.882 thousand;
 - *capacity surplus revenue higher* by Lei 12.315 thousand. Capacity surplus revenue in Q I 2020 amounted to Lei 12.680 thousand, and in Q I 2021 to Lei 24.995 thousand;
- *international gas transmission revenue and similar lower* by **Lei 19.205 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 15.010 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.
- *revenue from the balancing activity* higher by **Lei 9.737 thousand** based on the following factors:
 - trading price higher by Lei 27,68/MWh, with a positive influence of Lei 21.149 thousand;
 - quantity lower by 164.163 MWh with a negative influence of Lei 11.411 thousand;
- *revenue from the construction activity* lower by **Lei 181.353 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* with a positive influence of **Lei 16.754 thousand**, mainly due to the recording of the updating of the regulated assets value with the inflation rate for Q I 2021 (Lei 14.266 thousand) .

Operating costs before the balancing and construction activity according to IFRIC12 increased by **1%** as compared to Q I 2020, which is higher by **Lei 3.669 thousand**.

The company made savings of Lei 52.188 thousand, in relation to the following cost elements:

- cost of NTS concession royalty: Lei 48.654 thousand; Transgaz pays a royalty of 0,4% of the value of gross revenue from the gas transmission and transit operations through the national transmission systems in the public property of the state, following the entry into force of Law 244/09.11.2020; previously the royalty payment obligation amounted to 10%;
- cost of gas transmission licence: Lei 2.258 thousand;
- costs of provision for risks and charges: Lei 1.276 thousand.

Exceedings amounting to Lei 55.857 thousand were recorded to the following cost elements:

- transmission system gas consumption Lei 2.264 thousand due to:
 - the quantity of natural gas for NTS gas consumption higher by 21.777 MWh as compared to Q I 2020, with a negative influence of Lei 2.347 thousand;
 - the average purchase price obtained lower by Lei 0,32/MWh as compared to the one obtained in Q I 2020, with a negative influence of Lei 83 thousand;
- employee costs: Lei 4.893 thousand;
- cost of depreciation: Lei 17.685 thousand, based on the completion and commissioning of the major investment projects;
- costs of maintenance and transmission: Lei 948 thousand;
- costs auxiliary materials: Lei 4.845 thousand;
- costs of monopoly tax and other duties and taxes: Lei 1.690 thousand;

- other operating costs: Lei 23.532 thousand, mainly based on the increasing of the cost of the adjustment for impairment of current assets by Lei 22.716 thousand. In Q I 2021 additional adjustments were made for outstanding receivables registered mainly by Electrocentrale Constanta (Lei 16.864 thousand) and the AIK Group (Lei 8.379 thousand) and the adjustment decreased at Electrocentrale Galați by Lei 6.527 thousand following the collection of outstanding receivables.

The financial cost is higher by **Lei 1.627 thousand** mainly based on the non-capitalized interest expenses related to the use of credit to finance the current activity.

Compared to Q I 2020 the gross profit obtained in Q I 2021 decreased by 19%, which is lower by Lei 45.556 thousand.

thousand lei

STATEMENT OF INDIVIDUAL FINANCIAL POSITION			
Indicator	Obtained Q I 2021	Obtained 2020	Increase
1	2	3	4=2/3x100-100
Fixed assets			
Tangible assets	439.936	449.718	-2%
Rights of use for the leased assets	18.742	19.192	-2%
Intangible assets	4.019.077	3.931.662	2%
Financial assets	286.808	284.273	1%
Trade receivables and other receivables	1.390.261	1.364.269	2%
Deferred tax	4.545	5.322	-15%
Total fixed assets	6.159.369	6.054.436	2%
Current assets			
Inventories	175.720	191.061	-8%
Commercial receivables and other receivables	564.215	626.163	-10%
Cash and cash equivalent	252.664	276.174	-9%
Total current assets	992.599	1.093.398	-9%
Total assets	7.151.968	7.147.835	0%
Equity	3.940.038	3.782.142	4%
Long-term debts			
Long-term borrowings	1.465.205	1.486.684	-1%
Other long-term debts	1.172.017	1.178.729	-1%
Total long-term debts	2.637.222	2.665.413	-1%
Current debts			
Short-term borrowings	76.125	120.993	-37%
Other short-term debts	498.583	579.287	-14%
Total current debts	574.708	700.280	-18%
Total debts	3.211.931	3.365.693	-5%
Equity and debts	7.151.968	7.147.835	0%

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 9.782 thousand as compared to the value as at 31.12.2020, mainly due to the fact that the tangible assets inflow did not exceed 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 450 thousand as compared to 31 December 2020, due to the fact that the entry value of the leased assets contracts was lower than the depreciation cost.

Intangible Assets

IT Programmes

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 increased by lei 87.414 thousand as compared with the value as at 31.12.2020, this increase being mainly due to the investment works related to the main projects under the TYNDP.

Financial assets

The financial assets increased by Lei 2.535 thousand as compared to 31.12.2020 and it is the increase of the share capital of the company EUROTRANSGAZ SRL Chisinau, established 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 2021 increased by the amount of Lei 25.992 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 by Lei 25.992 thousand compared to the one as at 31 December 2020 is determined mainly by the updating of the receivables with the modifications registered in the RAB and the adjustment of the regulatory asset value by the inflation rate starting with 2019, according to ANRE Order 41/2019.

Inventories

On 31 March 2021 inventories decreased by Lei 15.341 thousand compared to the value as at 31 December 2020, mainly due to the using of the materials procured for the execution of the investment projects.

Commercial receivables and other receivables/Current assets

On 31 March 2021, the balance of the commercial receivables and other receivables decreased by **Lei 61.948 thousand** as compared to 31 December 2020, mainly due to the following factors:

- Increase of the client receivables balance by Lei 42.714 thousand mainly generated by the increase in the balance of the receivables resulted from the transmission activity;
- increase of the provisions for the impairment of the trade receivables and of other receivables by Lei 21.401 thousand;
- decrease of the amounts to be collected as grants by Lei 29.046 thousand;
- decrease of the balance of other receivables by Lei 54.215 thousand, mainly due to the reduction of the VAT value to be recovered by Lei 40.720 thousand.

Cash at hand and in bank

On 31 March 2021 the company's cash decreased by Lei 23.510 thousand as compared to the end of 2020. The cash in bank accounts in lei decreased by Lei 32.868 thousand and the cash in bank accounts in currency increased by Lei cu 9.297 thousand.

Other cash elements and cash equivalent register an increase by Lei 61 thousand compared with 2020.

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 noticed compared to 31 December 2020:

- decrease of the balance of the commercial debt and other debt by Lei 86.618 thousand;
- increase of the provision for risks and charges by Lei 2.216 thousand on account of establishing the provision for employee participation in the profit related to 2021 and of reconsideration in the revenue of the provision for holidays not taken in the previous years;
- increase of the deferred revenue over the short-term by Lei 697 thousand;
- recording of short-term borrowings of Lei 44.868 thousand.

Long-term debts

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

- decrease of long-term borrowings by Lei 21.479 thousand;
- decrease of deferred revenue and of the subsidies by Lei 6.214 thousand;
- decrease of the commercial debts and other debts in the amount of Lei 498 thousand.

Equity

The subscribed and paid up capital remained unchanged.

The increasing of the retained earnings by Lei 157.897 thousand is determined by the profit related to Q I 2021.

2. Investment plan achievement

The capital expenditure achieved at 31 March 2020 amounted to **Lei 166.566 thousand.**

Investments amounting to Lei 9.751 thousand were commissioned in the analysed period.

In Q I 2021, instalments were reimbursed for the loans taken by the company to finance the investment works amounting to Lei 21.351 thousand.

3. Receivables and arrears

On 31 March 2021 the outstanding receivables amounted to Lei 471.249 thousand, which is higher by Lei 6.962 thousand as compared 31 December 2020.

On 31 March 2021 Transgaz has no outstanding payments.

4. Debts to the state budget

On 31 March 2021 the amount of **Lei 72.688 thousand** was paid up to the state budget, out of which:

- VAT: Lei 15.539 thousand;
- Oil royalty: Lei 11.082 thousand;

- Natural monopoly tax: Lei 10.174 thousand;
- Tax on salary: Lei 7.312 thousand;
- Excises: Lei 243 thousand;
- Income tax: Lei 28.281 thousand;
- Dividend tax: Lei 57 thousand.

The amount of Lei 39.214 thousand was also paid up to local budgets, special funds and social insurance budgets.

**DIRECTOR - GENERAL
ION STERIAN**

**Chief Financial Officer
Marius Lupean**