

PUBLIC STATEMENT

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Chisinau

It is with great sadness we announce that, after twenty years of proudly and diligently serving Moldovan consumers, Rotalin Gaz Trading has today been forced out of the gas supply market in Moldova by the Moldovan government and ANRE. Since its establishment in 2003, Rotalin has invested tens of millions of Euros to build pipelines and supply clean gas to underserved regions of Moldova, and until today, it provided gas to over 21,000 households and businesses. Throughout these years, Rotalin has stood proudly as Moldova's leading independent gas supplier, growing to a market share of 3% to compete with Gazprom's Moldovagaz market share of 97%. On October 2, ANRE officially suspended Rotalin's supply license and transferred all its customers to Moldovagaz.

Throughout its many years of operation, Rotalin suffered discrimination and unfair treatment in Moldova, leading to enormous losses and unrecovered investments. This led to the current arbitration initiated against the Moldovan government in 2021 at the World Bank. Yet despite this, Rotalin remained hopeful that a constructive dialogue was possible, and that, if it kept fulfilling its obligations, the government of Ms. Sandu would also respect its legal duties to liberalize the market and treat all companies fairly, leading to a positive outcome for all concerned.

In February, Rotalin became the first private European company to import non-Russian gas to Moldova, and it began to implement its strategy to compete with Moldovagaz on the non-regulated market. The resulting reaction from ANRE and the Government was extraordinary: the Emergency Commission decided to impose an exit fee on all customers wishing to leave Moldovagaz for another gas supplier, essentially killing the possibility of competition. And, at the same time, ANRE decided to impose (for the first time in its history) a separate end-user tariff for Rotalin, which it set at 35% lower than the Moldovagaz one – indeed, at a level far below the market price for gas, and which endangers Rotalin's ability to safely maintain its network of pipelines. This can only be intended to be the coup de grace for Rotalin's supply business. As Rotalin repeatedly told ANRE during this process, it could not comply with the new regulated end-user price without jeopardizing the safety of its network, and indeed its very existence as a viable company.

Rotalin's commitment to its customers led it to continue to supply them with gas in September, despite incurring substantial losses. Rotalin also expressed its willingness to continue to supply gas to all its customers at unregulated (market) prices, which we could have done safely and still more cheaply than Moldovagaz. Yet, with the suspension of the supply license and the automatic transfer of all customers to Moldovagaz, neither Rotalin nor its customers have been given that choice. ANRE did not permit Rotalin to supply gas at non-regulated prices; and Energocom refused to sell gas to Rotalin on terms that would permit it to comply with this obligation.

Rotalin is the most recent in a list of many companies in Moldova that have suffered from unfair and anti-competitive behaviour by the government and ANRE. Of the 11 gas companies required

"Rotalin Gaz Trading" S.R.L.

IBAN MD07EN000000222481879845, BC "Energbank S.A., C/f1003600063520

Republica Moldova, Mun. Chişinău, str. Vasile Alecsandri, 50

Tel. (+37322) 220319; 220321, fax: (+37322) 220319

E-mail: info@altarisenergy.md

Date cu caracter personal. Operator : "Rotalin Gaz Trading" SRL, ID 0000781

by ANRE to supply gas at a regulated tariff, over half have lost their supply license since 2019, including "BELVILCOM", "BV Group Company", "DARNIC-GAZ", "PROALFA-SERVICE", "PIELART SERVICE", "NORD-UNIONGAZ", "DOBOS" and "CANTGAZ". On the electricity market, the respected Spanish utility Gas Union Fenosa finally left Moldova following a similar arbitration process against the government regarding unfair electricity tariffs imposed by ANRE. Today, the world is watching and supporting the Moldovan government in its time of crisis; however, neither the foreign governments supporting Moldova, nor their much-needed investors, will be pleased to see how the Moldovan government disregards its legal obligations and mistreats its foreign investors who have been developing essential Moldovan infrastructure for twenty years.

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