



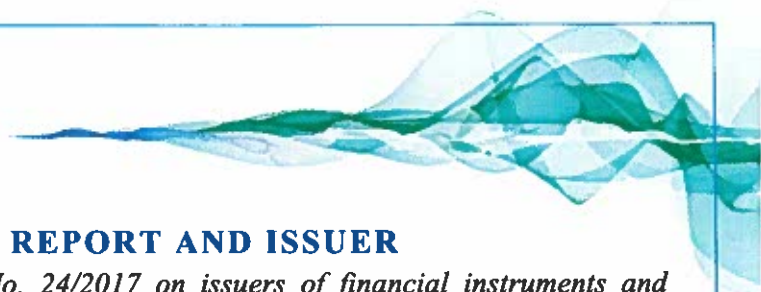
ROMGAZ

BOARD OF DIRECTORS' REPORT
1ST HALF YEAR 2023

romgaz.ro

SUMMARY

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IDENTIFICATION DETAILS ON REPORT AND ISSUER

Report based on	<i>Law No. 24/2017 on issuers of financial instruments and market operations (Article 67) and ASF Regulation (Financial Supervisory Authority) no.5/2018 on issuers of financial instruments and market operations (Annex No.14) for the six-month period ended on June 30, 2023 (H1 of financial year 2023)</i> <i>GEO No.109 of November 30, 2011 on corporate governance of public enterprises, as subsequently amended and supplemented – art.55 para (1)</i>
Report Date	August 11, 2023
Company Name	Societatea Națională de Gaze Naturale “ROMGAZ” SA
Headquarters	Mediaș, Piața Constantin I. Motaș, nr.4, 551130, Sibiu
Telephone/fax number	0040 374 401020 / 0040 269 846901
Web/E-mail	www.romgaz.ro / secretariat@romgaz.ro
Registration No. with the Trade Register Office	J32/392/2001
Fiscal Code	RO14056826
Legal Entity Identifier (LEI)	2549009R7KJ38D9RW354
Regulated market where the company's shares are traded	Bucharest Stock Exchange (shares) and London Stock Exchange (GDRs)
Subscribed and paid in share capital	RON 385,422,400
Shares main characteristics	385,422,400 shares, each with a nominal value of RON 1; nominative, ordinary, indivisible shares, issued dematerialised and free tradable since November 12, 2013 as SNG – for shares and SNGR – for GDRs

I. 1st Half Year 2023 Overview

1.1. Romgaz¹ Group Performances

Romgaz Group keeps high operational and financial performances in the first six months of 2023 (H1 2023).

National gas consumption recorded a decrease of roughly 12.4% for the first 6 months of 2023 as compared to the similar period of last year, while Romgaz deliveries decreased by 5.7%. Therefore, Romgaz *market share*² is 47.8%, by 3.4% higher than the share held in the similar period of last year.

Natural gas production for the first half of 2023, was 2,383.3 million m³, indicating a 5.2% production decline related to production recorded in H1 2022.

Romgaz *electricity production* reached 497.579 GWh, lower by 47.08 GWh than the production recorded in the similar period of 2022 (-8.64%). This production placed Romgaz at a market share of 1.69%³.

Consolidated net profit per share (EPS) was RON 4.4.

Margins of the main profitability indicators for H1 2023: net consolidated profit (34.42%), consolidated EBIT (59.19%) and consolidated EBITDA (64.52%) increased significantly as compared to the first half of 2022 (23.02%; 26.19% and 29.12% respectively).

The increase is due to lower royalty expenses (RON 290.1 million in H1 2023 compared to RON 917.1 million in H1 2022) and due to lower expenses with the windfall tax from gas sales activities (RON 645.1 million in H1 2023, compared to RON 3,607.3 million in H1 2022) following GEO No.27/2022⁴. According to this Ordinance, natural gas quantities sold for 150 RON/MWh are exempted from payment of the windfall tax, and royalty is calculated and paid at this price and not at the reference price communicated monthly by the National Agency for Mineral Resources.

Relevant financial results (consolidated)

				RON million			
Q2 2022	Q1 2023	Q2 2023	Δ Q2 (%)	Main Indicators	H1 2022	H1 2023	Δ H1 (%)
3,570.3	2,909.0	1,988.3	-44.31	Revenue	7,496.0	4,897.3	-34.67
3,680.1	2,984.5	2,141.2	-41.82	Income	7,604.5	5,125.6	-32.60
2,792.5	1,199.5	921.9	-66.99	Expenses	5,547.5	2,121.5	-61.76
0.3	0.5	1.1	266.67	Share of the associates' result	0.2	1.6	700.00
887.9	1,785.5	1,220.3	37.44	Gross Profit	2,057.3	3,005.7	46.10
141.6	815.5	504.6	256.36	Profit Tax	331.3	1,320.1	298.46
746.3	970.0	715.6	-4.11	Net Profit	1,725.9	1,685.6	-2.34
825.7	1,742.4	1,156.1	40.01	EBIT	1,963.2	2,898.6	47.65
956.2	1,882.4	1,277.2	33.57	EBITDA	2,182.7	3,159.6	44.76
1.9	2.5	1.9	-4.11	Earnings per share ³) (RON)	4.5	4.4	-2.34
20.90	33.34	35.99	72.18	Net Profit Rate (% from Revenue)	23.02	34.42	49.49
23.13	59.90	58.15	151.42	EBIT ratio (% from Revenue)	26.19	59.19	125.99
26.78	64.71	64.24	139.85	EBITDA ratio (% from Revenue)	29.12	64.52	121.57

¹ Romgaz Group consists of SNGN Romgaz SA ("the Company"/"Romgaz") as parent company and its wholly owned subsidiaries, Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz") and Romgaz Black Sea Limited.

² Market share is calculated as a weight of Romgaz deliveries in the total national gas consumption.

³ Source: CNTEE Transelectrica SA

⁴ Emergency Ordinance No.27 of March 18, 2022 on measures applicable to end users from the electricity and gas market during April 1, 2022 – March 31, 2023, as well as for amending and supplementing some pieces of legislation in the energy sector, as subsequently amended and supplemented.

Q2 2022	Q1 2023	Q2 2023	Δ Q2 (%)	Main Indicators	HI 2022	HI 2023	Δ HI (%)
5,884	5,943	5,944	1.02	Number of employees at the end of the period	5,884	5,944	1.02

The figures above are rounded. Therefore, small differences may result upon reconciliation.

Note: income and expenses do not include in-house works capitalized as non-current assets.

Summary of the Group's main indicators for H1 2023:

- ↳ *Total income* decreased by RON 2,478.9 million in H1 2023, recording a drop of 32.6% due to the following factors:
 - Decrease of revenue from natural gas sales (RON 4,283.68 million in H1 2023 as compared to RON 6,694.78 million in H1 2022); deliveries decreased by 5.5% than in H1 2022, an important effect in reducing the revenue from gas sales was triggered by the obligation imposed by GEO No.27/2022, under which Romgaz had to sell most of production at a regulated price of 150 RON/MWh (86.16% of H1 2023 deliveries (21.22 TWh) were made at regulated price, compared to H1 2022, when only 4.23% of deliveries (1.10 TWh) were made at regulated price);
 - Revenue from electricity sales also recorded a decrease (RON 200.40 million in H1 2023 as compared to RON 498.58 million in H1 2022). As of 2023, Romgaz had to sell almost all electricity produced at 450 RON/MWh, according to GEO No. 27/2022;
 - Revenue from storage services increased by 59.84% (RON 287.29 million in H1 2023 as compared to RON 179.74 million in H1 2022), mainly due to increased capacities booked by clients for natural gas storage;
- ↳ *Total expenses* decreased in H1 2023 by 61.76% (-3,426.00 million), mainly due to the reduced windfall tax for natural gas (-2,962.16 million) and royalty expenses (-627.05 million);
- ↳ Increase of the *gross consolidated profit* by 46.10% as compared to H1 2022 was offset by the profit tax. The profit tax includes the solidarity contribution introduced at the end of 2022, the expense recorded with this contribution in H1 2023 was RON 970.92 million;
- ↳ *Net consolidated profit* of RON 1,685.64 million, by 2.34% lower, namely by RON 40.30 million, as compared to the similar period of last year;
- ↳ *Labour productivity* decreased as compared to the previous period, from RON 1,273.97 thousand revenue/employee in H1 2022 to RON 823.91 thousand revenue/employee in H1 2023 (-35.33%);
- ↳ *EPS* of RON 4.4 is by 2.34% lower than recorded in H1 2022.

Operational results

Q2 2022	Q1 2023	Q2 2023	Δ Q2 (%)	Main Indicators	HI 2022	HI 2023	Δ HI (%)
1,207.9	1,236.7	1,146.6	-5.1	Gas production (million m3)	2,515.1	2,383.3	-5.2
83.8	88.5	78.6	-6.2	Petroleum royalty (million m3)	176.5	167.1	-5.3
5,239	5,617	5,322	1.6	Condensate production (tons)	10,607	10,939	-3.1
199.3	323.0	174.5	-12.4	Electricity production (GWh)	544.7	497.6	-8.64
63.7	1,114.9	42.4	-33.4	Invoiced UGS withdrawal services (million m3)	1,090.1	1,157.3	6.2
702.2	45.4	814.3	16.0	Invoiced UGS injection services (million m3)	781.0	859.7	10.1

Note: the information is not consolidated, namely it contains transactions between Romgaz and Depogaz.

H1 2023 gas production was influenced by:

- ✓ production decline specific for production of hydrocarbon reservoirs;
- ✓ well workover operations at wells with low productivity or inactive wells;

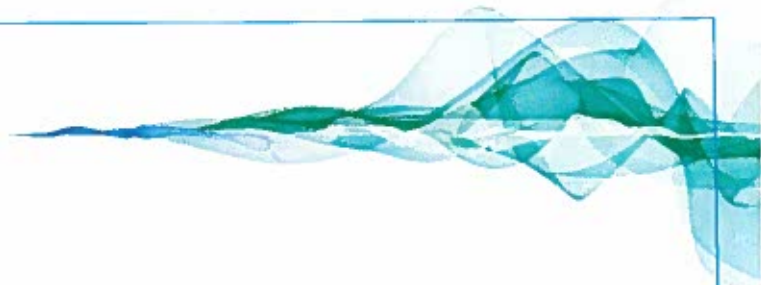
- ✓ ongoing rehabilitation projects of main mature gas fields;
- ✓ optimisation of gas field exploitation;
- ✓ investments to expand production infrastructure and to connect new wells to it.

National gas consumption estimated for H1 2023 was 55.6 TWh, approximately 12.4% lower than the consumption recorded in H1 2022, out of which about 8 TWh was import gas and the difference of 47.6 TWh is gas from domestic production, Romgaz deliveries being 26.6 TWh, representing 47.8% of the national consumption and 55.8% of the consumption covered with gas from domestic production.

Electricity production is shown in the table below and its trend was closely related to the energy demand, price trends on competitive markets and equipment maintenance and repair activities.

MWh

	2022	2023	Variation
1	2	3	$4 = \frac{3-2}{2} \times 100$
Q1	345,337	323,037	-6.46%
Q 2	199,323	174,542	-12.43%
H I	544,660	497,579	-8.64%



1.2. Significant Events

January 12, 2023

By Resolution No.1, company's shareholders approve extension of interim board members mandates appointed by Resolution of the Ordinary General Meeting of Shareholders No.7/September 13, 2022, by two months from the expiration date.

February 3, 2023

Romgaz and Socar Trading, a subsidiary of the State Oil Company of the Republic of Azerbaijan, signed a new individual contract for gas deliveries from Azerbaijan to Romania. The signing of this contract continues and consolidates the good cooperation between both companies and the contractual relationship based on a framework agreement concluded in November 2022 for an unlimited term. The contract provides the possibility of gas deliveries up to 1 billion m³ until March 31, 2024, this new contractual arrangement thus serves the strategic objectives of security of supply and diversification of gas sources.

March 14, 2023

By Resolution No.5, company's shareholders appoint the following persons as members of the board of directors, for a 4-year term of mandate, as of March 16, 2023:

- Drăgan Dan Dragoș
- Jude Aristotel Marius
- Nuț Marius-Gabriel
- Brasla Răzvan
- Sorici Gheorghe Silvian
- Balazs Botond
- Stoian Elena-Lorena.

March 16, 2023

Romgaz Black Sea Ltd. concluded the transmission framework agreement for transportation of natural gas to be produced from Neptun Deep through the National Transmission System (NTS). The transmission framework agreement was signed with the national gas transmission operator, SNTGN Transgaz SA, following the successful completion of an incremental capacity booking process in compliance with procedures approved by the National Energy Regulatory Authority (ANRE).

According to the agreement, the required technical capacity is booked for acceptance in the National Transmission System, allowing natural gas from Neptun Deep block to enter the market. The agreement was concluded for September 2026-September 2042.

March 20, 2023

By Resolution No. 28, the Board of Directors appoints Mr. Drăgan Dan Dragoș as chairman of the Board of Directors.

March 23, 2023

By Resolutions No. 32, 33 and 34, the Board of Directors:

- approves to extend the mandate of Romgaz Chief Executive Officer, Mr. Razvan Popescu, for a 2-month term, starting with April 19, 2023 until June 19, 2023;
- approves to extend the mandate of Romgaz Deputy Chief Executive Officer, Mr. Aristotel Marius Jude, for a 2-month term, starting with April 19, 2023 until June 19, 2023;
- approves to extend the mandate of Romgaz Chief Financial Officer, Mrs. Gabriela Trâmbițaș, for a 2-month term, starting with April 21, 2023 until June 21, 2023;

March 28, 2023

By Resolution No. 35, the Board of Directors approves to initiate the procedure for selection of the chief executive officer, deputy chief executive officer and chief financial officer, in line with the provisions of GEO No. 109/2011, as subsequently amended and supplemented.

March 29, 2023

By Resolutions No. 36 and 37, the Board of Directors:

- a) agrees with the conclusion of the Procurement Contract for “*Completion of works and commissioning of the investment objective: Development of CTE Iernut by building a new combined cycle gas turbine power plant*”, with Duro Felguera S.A.;
- b) endorsed conclusion of the Transaction Agreement between Romgaz and Duro Felguera S.A., for solving some disputes between the parties and completing the remaining works to be executed at CTE Iernut. The agreement shall become effective within 5 days from fulfilling all conditions precedent, one condition would be the approval of Romgaz General Meeting of Shareholders.

April 3, 2023

Romgaz concludes with Duro Felguera S.A., the Procurement Contract No. 40928/03.04.2023 for: “*Completion of works and commissioning of the investment objective: Development of CTE Iernut by building a new combined cycle gas turbine power plant*”.

April 20, 2023

By Resolution No. 6, Company's shareholders:

- approve the increase of the credit facility limit, provided in the Credit Facility Contract No. 201812070225, by RON 210 million, namely from RON 420 million to RON 630 million;
- approve the issue of guarantee instruments for the guaranteed third party, namely for Romgaz Black Sea Limited, acting through its subsidiary from Romania, Romgaz Black Sea Limited Nassau (Bahamas) Sucursala București.

May 15, 2023

By Resolution No.55, the Board of Directors:

- appoints Mr. Popescu Razvan, as Romgaz Chief Executive Officer, for a 4-year term, starting with May 16, 2023 until May 16, 2027;
- appoints Mr. Jude Aristotel Marius, as Romgaz Deputy Chief Executive Officer, for a 4-year term, starting with May 16, 2023 until May 16, 2027;
- appoints Mrs. Tranbitas Gabriela as Romgaz Chief Financial Officer, for a 4-year term, starting with May 16, 2023 until May 16, 2027;

May 18, 2023

Romgaz informs shareholders and investors on the conclusion of a Market Making service contract for the Issuer, with Raiffeisen Bank International AG, for a 24-month term. The contract is concluded in compliance with the provisions set by Bucharest Stock Exchange on the Issuer's Market-Maker, included in BVB Code – Market Operator and envisages to increase the liquidity of company's shares.

June 20, 2023

The Board of Directors agreed on Romgaz Black Sea Limited Sole Partner decision, related to Romgaz Black Sea Limited approving, in compliance with the Joint Operating agreement for XIX Neptun Deep block, the following:

- a) Domino Structure Development Plan (geological resources and oil reserves assessment study);

- b) Pelican South Structure Development Plan (geological resources and oil reserves assessment study);
- c) submission of the development plans mentioned at items a) and b) above to the National Agency for Mineral Resources.

II. ROMGAZ GROUP OVERVIEW

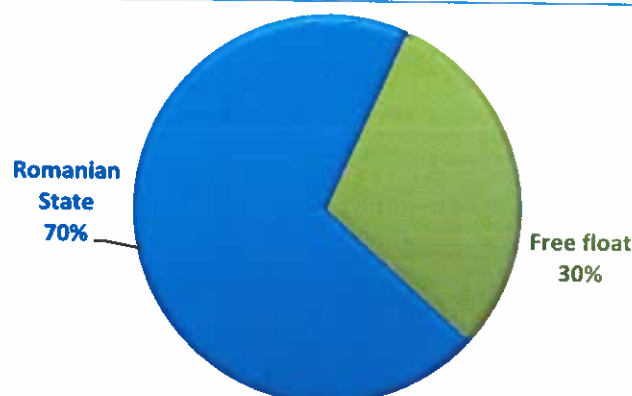
Romgaz Group undertakes business in the following segments:

- ✎ natural gas exploration and production (carried out at Romgaz and Romgaz Black Sea Limited);
- ✎ UGS activity (carried out at Filiala Depogaz);
- ✎ natural gas supply;
- ✎ special well operations and services;
- ✎ maintenance and transportation services;
- ✎ electricity generation;
- ✎ natural gas distribution.

Shareholding Structure

On June 30, 2023, SNGN Romgaz SA shareholding structure was:

	Shares	%
Romanian State ⁵	269,823,080	70.0071
Free float – total, out of which:	115,599,320	29.9929
*legal persons	94,998,745	24.6480
*natural persons	20,600,575	5.3449
Total	385,422,400	100.0000



Company Organisation

The organization of the company is of hierarchy-functional type with six hierarchical levels reaching from the company's shareholders to the execution personnel.

The company has six branches established in consideration of activities performed and territoriality (natural gas production branches), namely:

- Sucursala Mediaș (Mediaș Production Branch);
- Sucursala Târgu Mureș (Targu Mures Production Branch);
- Sucursala de Intervenții, Reparații Capitale și Operații Speciale la Sonde Mediaș (SIRCOSS) (Well Workover, Recompletions and Special Well Operations Branch);
- Sucursala de Transport Tehnologic și Mentenanță Târgu Mureș (STTM) (Technological Transport and Maintenance Branch);
- Sucursala de Producție Energie Electrică Iernut (Iernut Power Generation Branch);

⁵ The Romanian State through *the Ministry of Energy*.

■ Sucursala Drobeta-Turnu Severin (Drobeta-Turnu Severin Branch).

SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (Depogaz)

On April 1, 2018 the subsidiary managing the gas storage activity became operational under the name of SNGN Romgaz SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL.

Therefore, according to EC Directive 73/2009 implemented by the Electricity and Natural Gas Law 123/2012 (art. 141), the storage activity is unbundled from SNGN Romgaz SA and is performed by a storage operator, a subsidiary where SNGN Romgaz SA is sole associate.

The subscribed and paid in share capital of the company is RON 66,056,160 divided in 6,605,616 shares, with a nominal value of RON 10/share, solely owned by Romgaz.

The Subsidiary took over the operation of underground storages licensed to SNGN Romgaz SA, the operation of assets required for performing the activities belonging to SNGN Romgaz S.A. and the entire personnel performing storage activities.

Information about the Subsidiary can be found at: <https://www.depogazploiesti.ro>.

Romgaz Black Sea Limited (RBS)

On August 1, 2022, Romgaz as Buyer, concluded the sale-purchase agreement of all shares issued by ExxonMobil Exploration and Production Romania Limited (“EMEPRL”) with ExxonMobil Exploration and Production Romania Holdings Limited, ExxonMobil Exploration and Production Romania (Domino) Limited, ExxonMobil Exploration and Production Romania (Pelican South) Limited, ExxonMobil Exploration and Production Romania (Califar) Limited and ExxonMobil Exploration and Production Romania (Nard) Limited, as Sellers.

By Resolution No.9/September 22, 2022 of Romgaz Extraordinary General Meeting of Shareholders, EMEPRL was renamed Romgaz Black Sea Limited.

RBS is a company operating in compliance with the laws of the Commonwealth of the Bahamas.

RBS holds 50% from the rights and obligations under the Petroleum Agreement for petroleum exploration, development and production for the Deep Water Zone of XIX Neptun offshore block in the Black Sea. OMV Petrom S.A. holds the remaining 50% of such rights and obligations and as of August 1, 2022 OMV Petrom is operator of the block.

The subsidiary Romgaz Black Sea Limited does not own any assets or interests and is not a party to any joint operating agreement, production agreement, production sharing agreement or any similar agreement, besides the Petroleum Agreement for petroleum exploration, development and production for the Deep Water Zone of XIX Neptun offshore block in the Black Sea (Neptun Deep Project).

The activity of the project is carried out through Romgaz Black Sea Limited Nassau (Bahamas) Bucharest branch. Exploration activities are currently undergoing in the block, as well as preparatory activities for the development phase of the discovered commercial gas fields.

Company Management

BOARD OF DIRECTORS

The company is governed by a Board of Directors consisting of 7 members, having on **June 30, 2023**, the following structure:

Item no.	Name	Position	Status ^{*)}	Professional qualification	Institution of employment
1	Drăgan Dan Dragoș	chairman	non-executive non-independent	economist	Ministry of Energy
2	Jude Aristotel Marius	member	executive non-independent	legal advisor, MBA	SNGN Romgaz SA
3	Nuț Marius Gabriel	member	non-executive independent	economist	SC Sanex SA and SC Lasselberger SA
4	Braslă Răzvan	member	non-executive independent	economist	SC Blom Project Management SRL
5	Sorici Gheorghe Silvian	member	non-executive independent	economist	SC Sobis Solutions SRL
6	Balazs Botond	member	non-executive non-independent	legal advisor	SNGN Romgaz SA
7	Stoian Elena Lorena	member	non-executive independent	legal advisor	SCA Stoian și Asociații

^{*)} - members of the Board of Directors submitted the independent statements in compliance with the provisions of Romgaz Corporate Governance Code.

Board members were appointed under OGMS Resolution No.5 of March 14, 2023, for a 4-year mandate term, starting with March 16, 2023.

Members of the Board of Directors from January 1, 2023 to March 14, 2023:

Item no.	Name	Position	Status	Professional qualification	Institution of employment
1	Drăgan Dan Dragoș	chairman	non-executive non-independent	economist	Ministry of Energy
2	Jude Aristotel Marius	member	executive non-independent	legal advisor, MBA	SNGN Romgaz SA
3	Simescu Nicolae Bogdan	member	non-executive non-independent	engineer	SNGN Romgaz SA
4	Batog Cezar	member	non-executive independent	economist	Publicis Groupe Romania
5	Balazs Botond	member	non-executive non-independent	legal advisor	SNGN Romgaz SA
6	Sorici Gheorghe Silvian	member	non-executive independent	economist	SC Sobis Solutions SRL
7	Metea Virgil Marius	member	non-executive non-independent	engineer	SNGN Romgaz SA

Board members' CVs are available on the company's webpage at www.romgaz.ro, *Investors – Corporate Governance – Structure of the Board of Directors*".

Advisory Committees

Three advisory committees support the Board of Directors activity, namely:

- ✍ nomination and remuneration committee;
- ✍ audit committee and
- ✍ strategy committee.

On June 30, 2023 the advisory committees' structure was the following:

- Nomination and remuneration committee:

Sorici Gheorghe Silvian – chairman
Braslă Răzvan – member
Drăgan Dan Dragoș – member

• **Audit Committee**

Sorici Gheorghe Silvian – chairman
Nuț Marius Gabriel – member
Stoian Elena Lorena – member

• **Strategy Committee:**

Balazs Botond – chairman
Braslă Răzvan – member
Drăgan Dan Dragoș – member
Jude Marius Aristotel – member
Stoian Elena Lorena – member.

Information on the Board of Directors and advisory committees meetings

The Board of Directors held in H1 2023 a number of **30 meetings**, in compliance with the legal and statutory provisions, out of which:

- 26 conference-call meetings;
- 4 electronic vote meetings.

Attendance at Board of Directors' meetings:

Name	Number of meetings during the mandate	P		PA		NP	
		no.	%	no.	%	no.	%
Drăgan Dan Dragoș	30	30	100.0				
Sorici Gheorghe Silvian	30	29	96.7			1	3.3
Balazs Botond	30	29	96.7			1	3.3
Simescu Nicolae Bogdan	12	12	100.0				
Jude Aristotel Marius	30	28	93.3			2	6.7
Batog Cezar	12	12	100.0				
Metea Marius Virgil	12	11	91.7			1	8.3
Nuț Marius-Gabriel	18	18	100.0				
Braslă Răzvan	18	18	100.0				
Stoian Elena-Lorena	18	18	100.0				

where:

P = participated;
PA = power of attorney;
NP = did not participate.

Board members' attendance at Advisory Committees' meetings:

Nomination and Remuneration Committee: 8 meetings

First and last name	Physical attendance
Drăgan Dan Dragoș	8
Sorici Gheorghe Silvian	8
Batog Cezar	1
Braslă Răzvan	7

Audit Committee: 5 meetings

First and last name	Physical attendance
Sorici Gheorghe Silvian	5

Simescu Nicolae Bogdan	3
Batog Cezar	3
Nuț Marius-Gabriel	2
Stoian Elena-Lorena	2

Strategy Committee: 1 meeting

First and last name	Physical attendance
Drăgan Dan Dragoș	1
Sorici Gheorghe Silvian	1
Jude Aristotel Marius	1
Balazs Botond	1
Metea Marius Virgil	1

Board meetings were held in compliance with the approved agenda. The main resolutions relate to the following:

- Endorse S.N.G.N. Romgaz S.A. 2023 Individual Income and Expenditure Budget;
- Approval of modifications and supplements to SNGN Romgaz SA Rules on valorisation of decommissioned goods;
- Approval of the Gas Trading Policy;
- Approval of modifications to SNGN Romgaz SA Group Accounting Policy Manual;
- Approval to publish the 2022 Annual Report on Sponsorship and Patronage on the company's website;
- Approval of the Preliminary Consolidated Annual Report on the Economic-Financial Activity of SNGN Romgaz SA Group for 2022;
- Approval of the 2022 Consolidated Board of Directors' Report;
- Approval of the Report on Payments to Governments for 2022;
- Endorse SNGN Romgaz SA Annual Individual Financial Statements for financial year ended on December 31, 2022, prepared in compliance with the International Financial Reporting Standard (IFRS) together with the Report of the Independent Auditor Ernst&Young Assurance Service SRL;
- Endorse Romgaz Group Annual Consolidated Financial Statements for financial year ended on December 31, 2022, prepared in compliance with the International Financial Reporting Standard (IFRS) together with the Report of the Independent Auditor Ernst&Young Assurance Service SRL;
- Approval of the Report on remuneration, benefits and/or other benefits granted to Board members and Romgaz managers for financial year 2022;
- Endorse conclusion of the Transaction Agreement between Romgaz and Duro Felguera;
- Approval to decommission fully depreciated fixed assets, of non-depreciated fixed assets related to the second half of 2022;
- Approval to decommission some components, replaced, related to some depreciated/non-depreciated fixed assets, related to the second half of 2022;
- Approval to decommission fully depreciated/non-depreciated wells, related to the second half of 2022;
- Approval to decommission fully depreciated/non-depreciated fixed assets on December 31, 2022, under Romgaz property – headquarters and rented to Filiala Depogaz;

- Approval to decommission some components, replaced, related to some depreciated/non-depreciated fixed assets on December 31, 2022, under Romgaz property – headquarters and rented to Filiala Depogaz;
- Approval of Rules and Procedures of SNGN Romgaz SA General Meeting of Shareholders;
- Approval of the Quarterly Report on the economic-financial activity of Romgaz Group for the period ended March 31, 2023;
- Approval of the consolidated simplified financial statements for the period ended March 31, 2023, prepared in compliance with the international financial reporting standards;
- Approval of the Report on assessing the activity of managers for 2022;
- Approval of fulfilling all formalities necessary for SNGN Romgaz SA to become member of the Oil and Gas Methane Partnership (OGMP 2.0);
- Approval of 2022 Romgaz Group Sustainability Report.

In the first six months of 2023, OGMS held nine meetings, passing 9 resolutions. Detailed information on the meetings and the documents are published on the company's website <https://www.romgaz.ro/en/general-meeting-shareholders>

UPPER MANAGEMENT

Chief Executive Officer (CEO)

By Resolution No. 78/November 23, 2022 the Board of Directors appointed Mr. Popescu Razvan as Chief Executive Officer for a 4-month interim term starting with December 18, 2022 until April 18, 2023.

By Resolution No.32.March 23, 2023, the Board of Directors approved to extend the mandate of Mr. Razvan Popescu as Chief Executive Officer, for a 2-month term, starting with April 19, 2023 until June 19, 2023.

By Resolution No.55/May 15, 2023, the Board of Directors appointed Mr. Razvan Popescu as Chief Executive Officer for a 4-year term, starting with May 16, 2023 until May 16, 2027.

Deputy Chief Executive Officer (Deputy CEO)

By Resolution No. 78 /November 23, 2022, the Board of Directors appointed Mr. Aristotel Marius Jude as Deputy Chief Executive Officer for a 4-month interim term starting with December 18, 2022 until April 18, 2023.

By Resolution No.33/March 23, 2023, the Board of Directors approved to extend the mandate of Mr. Aristotel Marius Jude as Deputy Chief Executive Officer, for a 2-month term, starting with April 19, 2023 until June 19, 2023.

By Resolution No.55/May 15, 2023, the Board of Directors appointed Mr. Aristotel Marius Jude as Deputy Chief Executive Officer for a 4-year term, starting with May 16, 2023 until May 16, 2027.

Chief Financial Officer CFO)

By Resolution No. 85/December 20, 2022, the Board of Directors appointed Mrs. Gabriela Tranbitas as Chief Financial Officer for a 4-month interim term, starting with December 20, 2022 until April 20, 2023.

By Resolution No.34/March 23, 2023, the Board of Directors approved to extend the mandate of Mrs. Gabriela Tranbitas as Chief Financial Officer, for a 2-month term, starting with April 21, 2023 until June 21, 2023.

By Resolution No.55/May 15, 2023, the Board of Directors appointed Mrs. Gabriela Tranbitas as Chief Financial Officer for a 4-year term, starting with May 16, 2023 until May 16, 2027.

Other persons holding management positions without being delegated management powers by the Board of Directors, can be found on the company's website at: <https://www.romgaz.ro/management>.

Other persons holding management positions without being delegated management powers by the Board of Directors, on June 30, 2023:

Name	Position
ROMGAZ - headquarters	
Chircă Robert Stelian	Exploration Production Director
Foidaş Ion	Production Director
Greco Marius Rareş	Human Resources Director
Veza Marius Leonte	Accounting Director
Bobar Andrei	Finance Director
Păunescu Octavian Aurel	Exploration Appraisal Director
Sasu Rodica	Exploration Production support Director
Sandu Valentin Mircea	Drilling Director
Boiarciuc Adrian	Information Technology Director
Lupă Leonard Ionuţ	Procurement Director
Chertes Viorel Claudiu	Director for Technical Regulations
Moldovan Radu Costică	Energy Trading Director
Mareş Gabriela Elena	Strategy, International Relations, European Funds Director
Antal Francisc	HSEQ Director
Haţegan Gheorghe	Technical Department Director
Mediaş Branch	
Totan Constantin Ioan	Director
Achimeţ Teodora Magdalena	Economic Director
Veress Tudoran Ladislau Adrian	Production Director
Man Ioan Ştefan	Technical Director
Târgu Mureş Branch	
Baciu Marius Tiberiu	Director
Boşca Mihaela	Economic Director
Rusu Graţian	Production Director
Roiban Claudiu	Technical Director
Iernut Branch	
Balazs Bela Atila	Director
Hătăgan Olimpiu Sorin	Economic Director
Oprea Maria Aurica	Trading Director
Bircea Angela	Technical Director
SIRCOSS	
Rotar Dumitru Gheorghe	Director
Bordeu Viorica	Economic Director
Gheorghiu Sorin	Technical Director
STTM	
Lucaci Emil	Director
Ilinca Cristian Alexandru	Economic Director
Grosu Adrian Doru	Technical Director
Drobeta Branch	
Săceanu Constantin	Director

Members of the upper management, except for the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer, are employees of the company having an individual employment contract for an indefinite period.

ROMGAZ

Board of Directors' Report - H1 2023

In compliance with the powers delegated by the Board of Directors, the Chief Executive Officer employs, promotes and dismisses management and operating personnel.

Information on the Board of Directors and the upper management of Depogaz is available on the website: <https://www.depogazploiesti.ro/ro/despre-noi/conducere>

RBS is governed by a board of directors, consisting of 3 members, having on June 30, 2023 the following structure:

Item no.	Name	Position	Status	Professional qualification	Institution of employment
1	Rodica Sasu	chairman	non-executive	geophysical engineer	SNGN Romgaz SA
2	Robert Stelian Chircă	member	non-executive	engineer	SNGN Romgaz SA
3	Tiberiu Andrei Novac	member	non-executive	economist	SNGN Romgaz SA

Board members were elected based on the Resolution of the Sole Partner No.230131-3 of January 31, 2023, for a 4-month term, starting with February 3, 2023. Subsequently, by Resolution No. 230524-4 of May 24, 2023, board members mandates were extended by 2 months, from June 4, 2023 until August 4, 2023, inclusively.

By Resolution No.7/February 3, 2023, the Board of Directors appointed Mr. Alin Alexandru Stirbu as General Manager and legal representative of the company, manager of the subsidiary and legal representative of Romgaz Black Sea Limited Nassau (Bahamas) Sucursala București, for a 4-month term, starting with February 3, 2023 until June 3, 2023. By Resolution No. 23/May 25, 2023, the Board of Directors approved the extension of Mr. Alin Alexandru Stirbu mandate by 2 months, respectively from June 4, 2023 until August 4, 2023.

Human Resources

On June 30, 2023, Romgaz Group had 5,944 employees and SNGN Romgaz SA 5,424 employees.

The table below shows the evolution of the employees' number during January 1, 2020 - June 30, 2023:

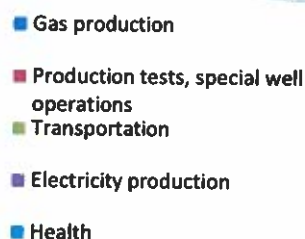
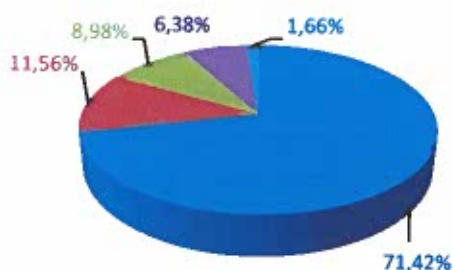
Description	2020	2021	2022		H1 2023	
			Romgaz Group	SNGN Romgaz SA	Romgaz Group	SNGN Romgaz SA
Employees at the beginning of the period	6,251	6,188	5,863	5,363	5,971	5,453
Newly hired employees	198	179	354	315	114	94
Employees who terminated their relationship with the company	261	504	246	225	141	123
Employees at the end of the period	6,188	5,863	5,971	5,453	5,944	5,424

The structure of *SNGN Romgaz SA* employees at the end of the reporting period is shown below:

a) by activities

ROMGAZ

Board of Directors' Report - H1 2023



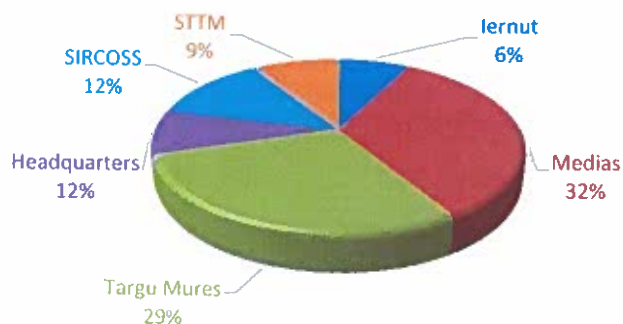
b) by level of education

- university 27.05%;
- secondary school 31.05%;
- foreman school 2.16%;
- vocational school 30.97%;
- middle school 8.77%;

c) by age

- under 30 years 5.49%;
- 30-40 years 13.26%;
- 40-50 years 28.69%;
- 50-60 years 45.52%;
- over 60 years 7.04%;

d) by headquarters and branches



e) by categories

Entity	Workers	Foremen	Office	Total
1	2	3	4	5
Headquarters	40		625	665
Medias Branch	1,358	81	294	1,733
Târgu-Mureş Branch	1,258	51	255	1,564
SIRCOSS	460	48	119	627
STTM	363	15	109	487
Iernut Branch	218	31	97	346
Drobeta Turnu Severin Branch			2	2
TOTAL	3,697	226	1,501	5,424

Romgaz on the stock exchange

As of November 12, 2013, company's shares are traded on the regulated market governed by BVB (Bucharest Stock Exchange) – under the symbol “SNG” and on the regulated market

governed by LSE (London Stock Exchange), as GDRs issued by the Bank of New York Mellon – under the symbol “*SNGR*”.

Romgaz is considered an attractive company for investors in terms of dividend distribution to shareholders and the company’s stability and future development perspectives, as reflected by the evolution of Romgaz securities’ prices in the reviewed period.

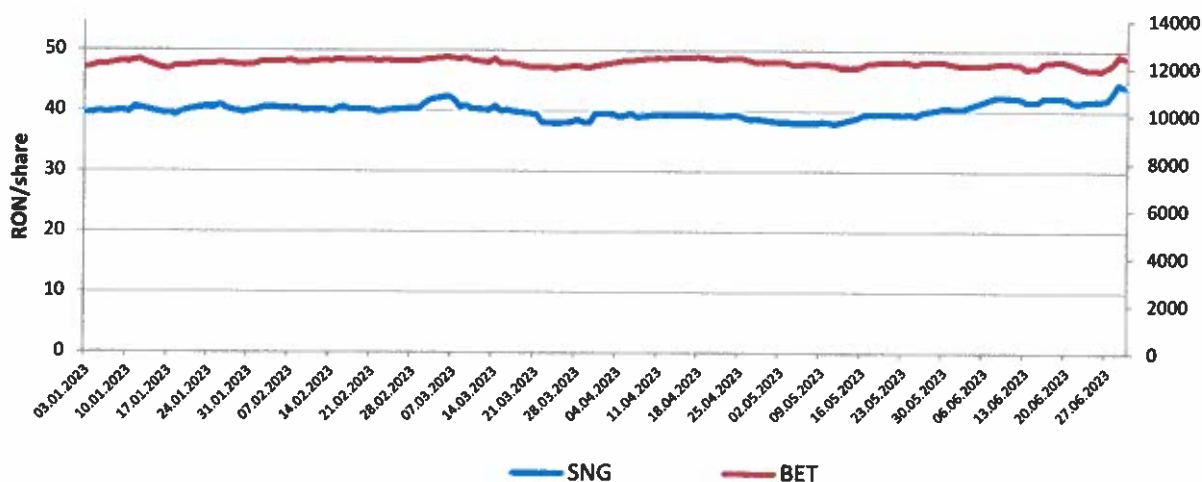
Since listing until today, Romgaz holds a significant position in the top of local issuers, being included in BVB trading indices by the end of H1 2023, as follows:

- Second place by market capitalization in the top of Premium BVB issuers. With a market capitalization of RON 17,054.94 million, namely EUR 3,436.14 million on June 30, 2023, Romgaz is the second largest listed company in Romania, being preceded by OMV Petrom with a capitalization of RON 31,155.83 million (EUR 6,277.11 million);
- Fourth place by the total amount of transactions in H1 2023 in the top of Premium BVB issuers, with RON 276.92 million;
- Weight of 9.43% and 9.85% in BET index (top 20 issuers) and BET-XT (top 30 issuers) respectively, 29.46% in BET-NG index (energy and utilities) and 10.30% in BET-TR index (BET Total Return).

Performance of Romgaz shares compared to BET index between listing and June 30, 2023, respectively H1 2023, is shown below:



January 3, 2023 - June 30, 2023



The table below shows the evolution of closing price and the company's market capitalization on the last day of H1 of 2021, 2022 and 2023:

	June 30 2021	June 30 2022	June 30 2023
Number of shares	385,422,400	385,422,400	385,422,400
Closing price (RON)	31.55	50.40	44.25
Capitalization			
*mil. RON	12,160	19,425	17,055
mil. EUR	2,468	3,928	3,436 ^{)}

^{*)} – exchange rate set by BNR and valid for 30.06.2023, namely 4.963 RON/EUR.

In H1 2023, the average trading price of Romgaz shares was RON 40.17, with higher oscillations in Q2 as compared to Q1.

The most important events of the period that influenced the share price were: the Romanian Government approved a memorandum to distribute as dividends minimum 90% of the net profit achieved by majority state-owned companies in 2022 (+), decrease of European natural gas reference prices below EUR 40 (USD 43) for one MWh, under the circumstances of warm weather conditions that reduced demand (-), proposal of a net dividend for 2022 representing 50% from the net profit to be distributed (-), conclusion of two contracts with Duro Felguera S.A. to complete building the new Iernut power plant (+), making the final investment decision for Neptun Deep project, and OMV Petrom and Romgaz approved the development plan (+), investors had an increased interest in the shares traded on Bucharest Stock Exchange following listing of Hidroelectrica at the end of June (+).

On the last day of the semester, June 30, 2023, Romgaz share reached RON 44.25, by 17.2% higher than in the last trading day of 2022. Moreover, the maximum price of the period was achieved at the end of June, namely on June 29, 2023 (44.80 RON/share), and the minimum share value, of RON 38, was reached both in Q1 2023 (March 24) and in Q2 2023 (May 11).

The trading price of global depository receipts (GDRs), underlying Romgaz shares, had a different evolution than that of shares, especially in Q1. In Q2, there were sharp ups and downs of prices, some being similar to shares. Therefore, GDRs reached the maximum value in the last day of the semester, June 30, 2023: USD 9.90 (+23.75% as compared to the end of 2022) and the minimum price on May 19, 2023: USD 7.95.

The average trading value for the period was 8.74 USD/GDR (equivalent of 39.88 RON/GDR). In H1 2023, the evolution of RON/USD exchange rate had a small influence on GDR prices equivalent in RON, oscillating only by 1.3% (-) as compared to the end of 2022.

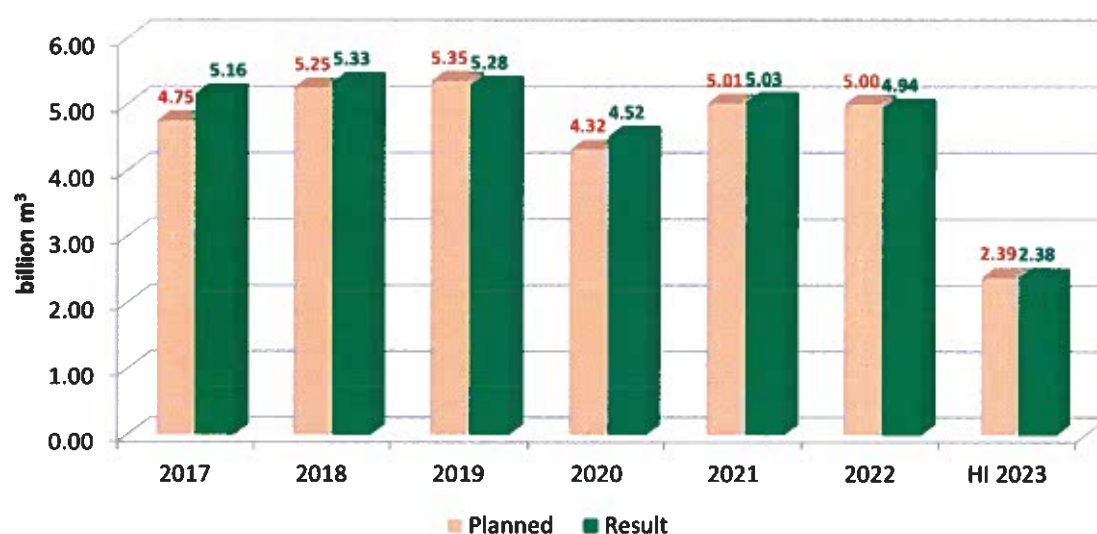
III. REVIEW OF GROUP'S BUSINESS

3.1. Operational Results

A retrospective analysis relating to natural gas volumes produced during 2017-2022 and H1 2023 is shown below:

Specifications	2017	2018	2019	2020	2021	2022	H1 2023
1	2	3	4	5	6	7	8
Planned (mil.m ³)	4,750	5,250	5,350	4,315	5,010	5,000	2,386
Result (mil.m ³)	5,158	5,333	5,277	4,520	5,029	4,936	2,383
Balance (Result vs Planned)							
*mil.m ³	408	83	-73	205	19	-64	-3
*%	108.6	101.6	98.6	104.7	100.4	98.7	99.9

The chart below shows the evolution of gas volumes produced during 2017-2022 and in H1 2023, planned versus result:



Analysis of production data shows that produced gas volumes were substantially equal to the planned level.

The achievement of such gas volumes was positively impacted by the following factors:

- streaming in new wells resulted from geological exploration activities which brought new commercial gas discoveries into the economic circuit;
- continuing rehabilitation projects performed in the main mature gas fields;
- performing well workover operations that contributed to the reactivation of a series of wells with important flow rates;
- optimizing production by applying modern water removal methods by implementing minimum invasive technologies for well workovers, by monitoring operational parameters with modern pressure and flow rate measuring devices.

The table below shows the produced gas quantities (gross production), the delivered gas quantities (net production) and gas quantities injected/withdrawn in/from the underground storages during January – June 2023, as compared to the similar period of 2021 and 2022 (mil. m³):

Item No.	Specifications	H1 2021	H1 2022	H1 2023	Indices
0	1	2	3	4	5=4/3x100
1.	Gross gas production	2,519.2	2,515.1	2,383.3	94.8%
2.	Technological consumption	35.5	37.8	35.9	95.0%
3.	Net own gas production (1.-2.)	2,483.7	2,477.3	2,347.4	94.8%
4.	Own gas injected in UGS	167.0	43.8	32.0	73.1%
5.	Own gas withdrawn from UGS	378.7	202.9	143.8	70.9%
5.1.	Sold gas in UGS	0.0	0.0	22.7	-
6.	Difference from conversion to Gross Calorific Value	3.3	1.2	0.7	58.3%
7.	Delivered own gas (3.-4.+5.+5.1.-6.)	2,692.1	2,635.2	2,481.2	94.2%
8.	Gas delivered to CTE Iernut and Cojocna from Romgaz gas	55.5	164.5	147.1	89.4%
9.	Own gas delivered to the market (7.-8.)	2,636.6	2,470.7	2,334.1	94.5%
10.	Gas from joint operations (Amromco - 50%)	22.7	10.4	7.9	76.0%
11.	Gas acquisitions from domestic production (including imbalance and commodity gas)	63.6	0.7	7.7	1,100.0%
12.	Traded domestic gas (9.+10.+11.)	2,722.9	2,481.8	2,349.7	94.7%
13.	Gas delivered from domestic production (8.+12.)	2,778.4	2,646.3	2,496.8	94.4%
14.	Delivered import gas	0.0	0.0	0.0	0.0%
15.	Gas delivered to Iernut and Cojocna from other sources (including imbalances)	8.0	0.0	0.1	-
16.	Total delivered gas (13.+14.+15.)	2,786.4	2,646.3	2,496.9	94.4%
*	Invoiced UGS withdrawal services	1,420.7	1,090.1	1,157.3	106.2%
*	Invoiced UGS injection services *)	559.0	781.0	859.7	110.1%

Note: information is not consolidated, namely these include the transactions between Romgaz and Depogaz.

*) – represent the gas quantities related to injection services invoiced by Depogaz.

Gas delivered by Romgaz in H1 2023, representing deliveries to customers and CTE Iernut consumption is 5.6% lower than in the same period of the previous year.

3.2. Consolidated Financial Results

The Group's income originates from natural gas production and delivery (production and delivery of own gas, gas from joint operations, sales of import gas and of gas purchased from other domestic producers), from providing underground storage services, from electric power generation and supply and from other related services.

RON thousand					
Item No.	Specifications	H1 2021	H1 2022	H1 2023	Ratios (2023/2022)
0	1	2	3	4	5=(4/3)x100
1	Income – total, out of which:	2,258,201	7,604,493	5,125,640	-32.60%
	*operating income	2,231,621	7,508,367	4,983,292	-33.63%
	*financial income	26,580	96,126	142,348	48.08%
2	Revenue	2,250,031	7,496,049	4,897,317	-34.67%
3	Expenses – total, out of which:	1,355,457	5,547,454	2,121,460	-61.76%
	*operating expenses	1,347,044	5,526,792	2,072,891	-62.49%
	*financial expenses	8,413	20,662	48,569	135.06%
4	Share of associates' results	(809)	244	1,562	540.16
5	Profit before tax	901,934	2,057,283	3,005,742	46.10%
6	Income tax expenses	140,333	331,338	1,320,102	298.42%

Item No.	Specifications	H1 2021	H1 2022	H1 2023	Ratio (2023/2022)
0	1	2	3	4	5=(4-3)/3x100
7	Profit for the period	761,601	1,725,945	1,685,640	-2.34%

Note: income and expenses do not include fixed production.

In H1 2023 total income was lower by 32.60% as compared to H1 2022.

Economic – Financial Results

The table below shows a comparison between the consolidated financial results (RON thousand):

Description	H1 2021	H1 2022	H1 2023	Ratio (2023/2022)
1	2	3	4	5=(4-3)/3x100
Operating result	884,577	1,981,575	2,910,401	46.87%
Financial result	18,167	75,464	93,779	24.27%
Share of associates' result	(809)	244	1,562	540.16%
Profit before tax	901,934	2,057,283	3,005,742	46.10%
Income tax expenses	140,333	331,338	1,320,102	298.42%
Profit for the period	761,601	1,725,945	1,685,640	-2.34%

The net result achieved for H1 2023 of RON 1,685,640 thousand is lower by 2.34% than the result of H1 2022.

3.3. Investments

Investments play an important part in maintaining the production decline at current levels by discovering new reserves and improving the current recovery rate by rehabilitation, development and modernization of existing facilities.

During H1 2023, *Romgaz Group* invested RON 340.62 thousand, representing approx. 63% from the scheduled investments, less Neptun Deep project.

During 2020 – June 30, 2023 the *Company* invested RON 6.95 billion, as follows:

Year	2020	2021	2022	H1 2023	Total
Value (thousand RON)	601,800	417,658	5,584,823	343,106	6,947,387

For 2023, *Romgaz* planned investments of RON 1,973.9 million out of which RON 936.7 million were allocated for Neptun Deep project and the amount planned for H1, less Neptun Deep project is RON 464.4 million and achieved (without Neptun Deep project) RON 268.4 million, representing:

- 57.79% of investments planned for H1 2023;
- 25.88% of the investment program for 2023;
- 123.85% as compared to the investment results of H1 2022.

Investments were financed exclusively from own sources.

Regarding physical achievements for the reviewed period, the investments commenced in the previous years were finalized, preparatory works were carried out (design, obtaining lands, approvals, agreements, authorizations, procurement) for new investment objectives, and modernisation works and capitalizable repairs were performed at producing wells.

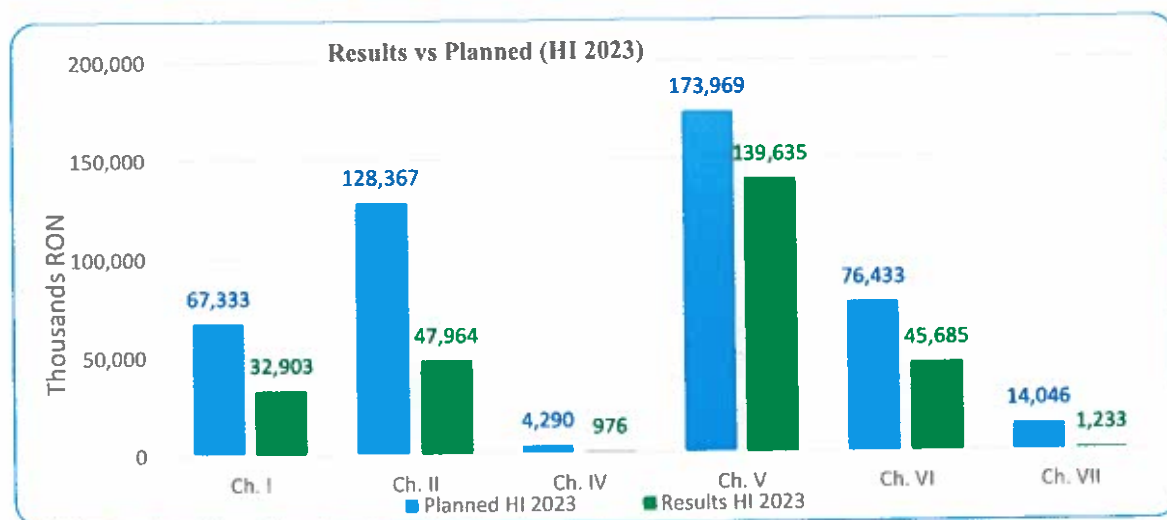
Such activities are the prerequisite for future results.

The table below shows a comparison to the similar period of previous year split into main investment chapters:

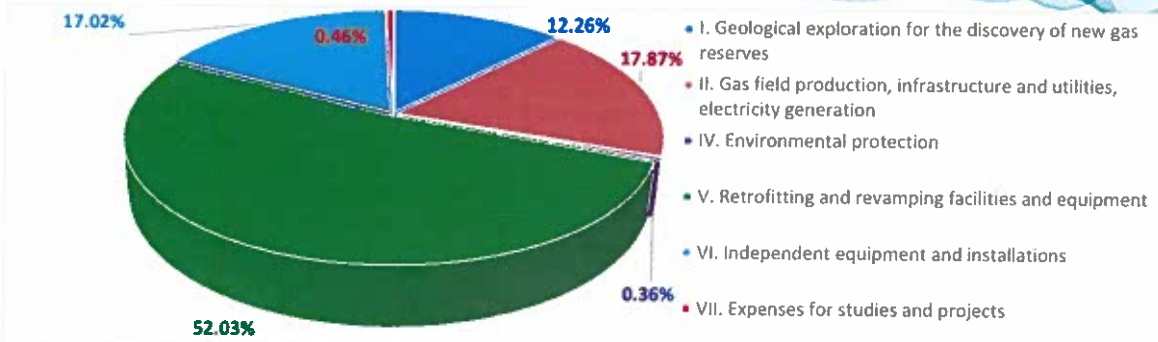
Investment Chapter	*RON thousand*		
	H1 2022	H1 2023	%
1	2	3	4=3/2x100
I. Geological exploration works to discover new gas reserves	56,171	32,903	58.58
II. Exploitation drilling works, putting into production of wells, infrastructure and utilities and electricity generation	37,739	47,964	127.09
IV. Environmental protection works	300	976	325.33
V. Retrofitting and revamping of installation and equipment	103,161	139,635	135.36
VI. Independent equipment and installations	18,554	45,685	246.23
VII. Expenses related to studies and projects	781	1,233	157.87
TOTAL	216,706	268,396	123.85

The table below shows the investment results split by main chapters for H1 2023, compared to the investment program, without Neptun Deep project:

Investment Chapter	*RON thousand*		
	Program	Results	%
1	2	3	4=3/2x100
I. Geological exploration works to discover new gas reserves	67,333	32,903	48.87
II. Exploitation drilling works, putting into production of wells, infrastructure and utilities and electricity generation	128,367	47,964	37.36
IV. Environmental protection works	4,290	976	22.75
V. Retrofitting and revamping of installations and equipment	173,969	139,635	80.26
VI. Independent equipment and installations	76,433	45,685	59.77
VII. Expenses related to studies and projects	14,046	1,233	8.78
TOTAL	464,438	268,396	57.79



The following diagram shows the investments achieved during the reporting period:



The following summary of achieved investments shows that, to a large extent, planned investments were completed or are in progress:

Item No.	Main physical investment objectives	Planned	Results
1.	Exploratory drilling	6 wells	2 wells - drilled 2 wells - drilling in progress 11 wells - drilling works under procurement
2.	Drilling design for exploration wells	24 wells	24 wells - in various preparatory stages (design, permits, approvals, construction permit)
3.	Drilling production wells	7 wells	1 well - drilled 1 well - drilling in progress 5 wells - drilling works under procurement
4.	Surface facilities – constructing facilities at wells with gas; gathering pipes; compressor stations; dehydration stations	construction of 39 facilities for streaming into production wells with gas; 5 gathering pipes; 6 gas dehydration stations; 3 compressor stations	<ul style="list-style-type: none"> - 5 facilities - completed for streaming into production of wells; - 14 facilities - in execution for streaming in wells; - 4 wells - procurement of construction works in progress for facilities; - 21 facilities - in various stages (design, permits, approvals, construction permit) for streaming into production of wells; - gathering pipe for Caragele – Damianca field, stage I.- design was completed; the next stage consists of obtaining permits, approvals and procurement of tubing and construction works; - D20 pipeline between Tigmandru Dehydration Station and Tigmandru Compressor Station – under construction since April 2023; - pipeline between the gathering pipe of group 106-107 Nadeş, and Ø20”gathering pipe Nadeş Brateiu – under design; - gas compressor stations Delenii IV, Filitelnic III, Tigmandru II – under design; - gas dehydration stations Giuleşti, Coşereni and Herepea –design phase is under procurement; - Daneş II gas dehydration station - under design; - Galbenu III gas dehydration station and LTS - feasibility study; - replacement of tanks on Nades field, reservoir water discharge system at Filitelnic

Item No.	Main physical investment objectives	Planned	Results
			compressor station, non-polluting discharge systems at 271 Filitelnic well group, non-polluting discharge systems at 202 Filitelnic well group, non-polluting discharge systems at Filitelnic 131 well group, C260 C11 Compressor Station Mures, upgrading compressor unit No. 3 at Delenii compressor station.
5.	Capitalizable well repairs, well recompletion operations and well reactivation	roughly 160 wells, correlated with the annual program established with the National Agency for Mineral Resources	Works performed in-house, by SIRCOSS, in 81 wells
6.	Procurement of modern equipment and facilities specific for the core activity	ACF 700 cementing units, self measuring devices for well parameters; nitrogen converter; well workover installations; hydraulic key; generating sets; field units, tipper vans, truck cranes, 4x4 utility vehicles, tractor trailers, bulldozers, road tractors, minibuses, buldo excavators, crawler excavators	<p>- an office building was acquired in Bucharest, 1-3 Verii St., following a mortgage agreement concluded with INTERACTION S.R.L. which entered into insolvency; the building represented a settlement in exchange of receivables, pursuant to the reorganization plan of said company;</p> <p>- a large project „Update of MAIS, B.I., Hyperion information systems and change of servers” was completed;</p> <p>- charging station for electric vehicles, suction separators at Filitelnic Compressor Station, 8 Filitelnic Well Group, underground separators for wells 11., 13., 21., 22., 23., 24 of 24 Dumbrăvioara Group, videoconference terminals, Radauti metering panel, security equipment (Firewall), workstations, tablets, portable computers, self measuring devices for well parameters, workover installation (30 tf - 3 pieces), ACF 700, 3 x 10000 PSI pressure lubricators, nitrogen converter, GPS systems, equipment for testing dielectric oil rigidity, Pneumo-hydraulic pit jack for trucks, portable laser spectrometer, truck cranes, semitrailer, water foam fire truck, gas detection equipment</p> <p>- hazardous substances and gas detection devices, fixed dosing pump for injection of liquid foam in wells, portable laser spectrometer, aluminium scaffolding (12.3 m working height), dewatering pumps, AutoCAD licenses, <i>Deviz Profesional</i> license, application soft for managing sector-specific procurement and for monitoring contracts.</p>
7.	Electricity production	Continue and finalize works at CTE Iernut	Procurement procedure for remaining works was completed on March 31, 2023, the contract "Completion of works and commissioning of investment: Development of CTE Iernut by building a new combined cycle gas turbine power plant" was concluded, following that the work start order will be issued in QIII 2023.
8.	Partnerships/Associations	<u>Lukoil Overseas:</u> - currently Romgaz share is 12.2%;	- dynamic flow modelling for Lira discovery was completed and the well testing objectives were confirmed;

Item No.	Main physical investment objectives	Planned	Results
		<ul style="list-style-type: none"> - maintaining the current participation share in EX-30 Trident block, Black Sea, - prepare drilling, ensure wells in Ex-Trident block; -geophysical and geochemical studies, general and administrative expenses. 	<ul style="list-style-type: none"> -following works are in progress: - 3D seismic reprocessing and inversion of minimum 75% of EX-30 Trident block phase 2; - interpretation/reinterpretation of 3D seismic data and estimation of reserves and resources in this block.
		<p><u>Amromco Energy:</u></p> <ul style="list-style-type: none"> - Romgaz share is 50% - abandoning 8 wells, according to the Annual Plan 	<ul style="list-style-type: none"> - works for abandoning 123 Frasin Brazi well; -permits and authorizations were obtained to abandon wells.
		<p><u>Raffles Energy:</u></p> <ul style="list-style-type: none"> - Joint Operating Agreement for E3-1 Brodina block (Romgaz share is 50%) - Gas to Power (G2P) project restream in experimental production well 1 Voitinel 	<p>Currently, a documentation is prepared to be submitted to the network operator (Delgaz Grid) and to ANRE to obtain an exemption for putting into operation the generation equipment used in other electricity generation sites.</p>
9.	Financial assets	<p>Loans granted by SNGN Romgaz SA to Romgaz Black Sea Limited to support its current activity and to finance its investments.</p> <p>For the first half of 2023, planned loans were RON 189,891 thousand.</p>	<ul style="list-style-type: none"> - credits in amount of RON 74.715 thousand were granted to develop the Black Sea Subsidiary infrastructure.

During the reviewed period, investments amounting to RON 254,172 thousand were implemented.

Investments were lower than planned due to the following:

- Completion of procurement procedures was delayed/offset;
- Granting monthly credits to Black Sea Subsidiary lower than the initially envisaged;
- Decision not to proceed with “*increase of share capital of AGRI LNG Project Company SRL*” because the corporate bodies (BoD and GMS) of both Romgaz and AGRI SRL did not approve such increase;
- Acceptance of the objective: “*Modernization of IT Data Centre infrastructure*” was carried out on December 31, 2022 but at the preparation date of 2023 investment program (October 2022) there was the possibility that this objective could not be completed in the previous year;
- Delays in preparing design briefs, tender books for different objectives;
- The non-entry into force of the design and works execution contract “*Completion of works and putting into operation of the objective: Development of CTE Iernut by building a new combined cycle gas turbine power plant*”,
- wells 76 and 78 Rosetti were withdrawn from the tender in the beginning of 2023 for a new draft of the drilling contract. The documentation was resent in April 2023 in order to resume the tender;

- difficulties encountered in carrying out certain procurements (execution of well 959 C Frasin, 250 Noul Săseșc and 208 Nadeș);
- acquisition of certain independent machines at prices lower than the budgeted ones (e.g. portable computers, workstations, automatic sticks launchers in productive wells etc.);
- cancelling a number of procurement procedures because of lack of participants (reservoir water injection pump, glycol circulation pumps etc.).

Development of CTE Iernut

One of Romgaz main strategic directions, provided in “*The Development Strategy for 2015 - 2025*”, is consolidation of company’s position on the energy supply markets. In this respect, in the field of electricity production, Romgaz planned to “*improve activity efficiency by making investments to increase Iernut Power Plant (CTE) efficiency to at least 55%, comply with environmental requirements (NOx, CO₂ emissions) and increase operational safety*”.

As a result, a very important objective is “*The Development of CTE Iernut by building a new combined cycle gas turbine power plant*” scheduled to be put into operation at the end of 2020.

In 2021, by Notice of Termination No. 10872/April 2, 2021, Romgaz terminated Works Contract No. 13 384/October 31, 2016 concluded between Romgaz and the Consortium of DURO FELGUERA S.A. and ROMELECTRO S.A., in view of the constant breach of contractual obligations undertaken by the Consortium, which did not complete the works within the deadline set out in the Addendum No. 15/May 26, 2020, namely December 26, 2020.

Within the applicable legal framework, Romgaz used all the available means in order to ensure progress and completion of works.

Considering the emergence of a new legal framework, Romgaz exploited all legal possibilities in order to complete the works and to put the new power plant into operation, including with the Consortium, this decision being based on the interest towards the completion of works and the contribution of the power plant to the stability of the National Energy System (SEN).

The Romanian Government adopted the Emergency Ordinance No. 54 of April 21, 2022 supplementing Law No. 99/2016 on the sectoral procurement, published in the Official Gazette of Romania No. 393/April 21, 2022, which provides as follows:

“Sole Article:

Law No. 99/2016 on sectoral procurement, published in the Official Gazette of Romania, Part I, No. 391 of May 23, 2016, as subsequently amended and supplemented, is supplemented as follows:

1. A new article, Article 117¹, is inserted after Article 117, with the following content:

Article 117¹

By way of exception to the provisions of Article 117, the contracting entity shall have the right to apply the negotiation procedure without prior publication for the award of the sectoral contracts, having as object the execution of the remainder to be executed for the construction and development of electricity production capacities in case it represents less than 40% of the physical stage related to the investment objective.

2. In Article 180, after paragraph (6) a new paragraph is inserted, paragraph (6¹), with the following content:

(6¹) For contracts awarded in accordance with the provisions of Article 117¹, the contracting entity may decide not to exclude from the award procedure the economic operators referred to in paragraph (1) letter g.”

Therefore, the procurement procedure applied by Romgaz is *negotiation without prior publication*, in accordance the provisions of Article 117¹ of Law 99/2016.

Considering that the procurement procedure for the above-mentioned work is carried out both in accordance with Romgaz internal procedures as well as in compliance with the principles provided in Article 2, paragraph 2 of Law No. 99/2016, such as: non-discrimination, equal treatment, mutual recognition, transparency, proportionality and assumption of responsibility, the executive management recommended, and Romgaz Board of Directors agreed to initiate the procurement operation having as object "*Completion of works and putting into operation of the investment objective: the Development of CTE Iernut by building a new combined cycle gas turbine power plant*" (Board of Directors Resolution No. 43/July 08, 2022).

New Works Contract for completion of CTE Iernut

- ✓ Works Contract for the "*completion of works and putting into operation of the investment objective: the Development of CTE Iernut by building a new combined cycle power plant*" was signed on March 31, 2023 with the approval of Romgaz Board of Directors;
- ✓ Deadline: Duro Felguera has the obligation to complete all works within 16 months from the effective date of the contract (the order to start works will be issued within 25 days from the effective date of the Settlement Agreement). We estimate the order to start works to be issued at the end of July 2023 and the completion of works and putting into operation to take place in December 2024.

Settlement Agreement

- ✓ On May 10, 2023, Romgaz General Meeting of Shareholders approved the Settlement Agreement between Romgaz and Duro Felguera SA (together with all its annexes);
- ✓ The Settlement Agreement was negotiated considering the entire legal situation generated by the conclusion of the initial Works Contract, by the rise of numerous unforeseeable problems during the performance of works and by the termination of said contract;
- ✓ Conditions Precedent for the entry into force of the Settlement Agreement are as follows:
 - The entry into force of the Assignment Agreement between Duro Felguera and Romelectro and Duro Felguera demonstrating the following:
 1. The prior approval of the Assignment Agreement between Duro Felguera and Romelectro by Romelectro General Meeting of Creditors;
 2. Confirmation of the Assignment Agreement between Duro Felguera and Romelectro by the delegated judge;
 3. Expiry of the term to challenge the confirmation decision pronounced by the delegated judge demonstrated by appropriate means, satisfactory to Romgaz;
 - Provision by Duro Felguera of a valid resolution of the Board of Directors approving the Settlement Agreement;

The Settlement Agreement enters into force 5 days after the fulfilment of all Conditions Precedent set by the parties.

For 2023, **DEPOGAZ** has an approved investment program of RON 112,090 thousand.

In H1 2023, the Subsidiary had an approved investment plan amounting to RON 76,242 thousand out of which 94.7% was achieved, i.e. RON 72,225 thousand, as follows:

Item No.	Specification	*RON thousand*	
		Scheduled	Achieved
0	1	2	3
1.	Exploitation of fields and UGSs, and related infrastructure and utilities	50,331	46,251
2.	UGS related activities	887	894

Item No.	Specification	Scheduled	Achieved
3.	Environment protection and improvement	0	0
4.	Retrofitting and revamping of installation and equipment, surface infrastructure, utilities	19,931	20,686
5.	Independent equipment and installations	1,203	1,147
6.	Expenses related to consultancy, studies and projects, software, licenses and patents etc.	3,890	3,247
*	TOTAL GENERAL	76,242	72,225

Investments were financed exclusively from the Subsidiary's own sources.

The following main objectives recorded progress in H1 2023:

- Drilling of Bilciuresti wells: RON 46,240 thousand;
- Modernization of Sărmășel wells: RON 13,445 thousand;
- Systematization of Butimanu-Bilciurești gathering system at Butimanu Compressor Station: RON 3,741 thousand;
- Modernization of Bilciurești-Butimanu gas metering system: RON 3,500 thousand;
- Ghercești Compressor Station design: RON 1,681 thousand;
- Drilling 6 wells at Sărmășel – design: RON 905 thousand;
- Gas compression, dehydration and metering facility to increase the underground storage capacity of Ghercești UGS: RON 880 thousand;
- TRSV control unit: RON 875 thousand;
- Design for increasing daily withdrawal capacity of Bilciurești UGS: RON 662 thousand;
- Increase of daily withdrawal capacity of Bilciurești UGS: RON 12 thousand, representing fees and approvals associated with the authorization of the execution of works;
- Sărmășel drilling wells: RON 11 thousand, representing fees associated with the authorization of the execution of works.

IV. OTHER SIGNIFICANT ASPECTS

4.1. Prices and Tariffs

The regulatory framework for *natural gas production, transmission, distribution, supply and storage*, organization and operation of the gas sector, market access as well as criteria and procedures for granting authorizations and/or licenses in the natural gas sector are set by Law No. 123/2012⁶.

Romgaz Group operates both on the regulated market by performing the gas distribution activity and on the free market by performing the gas and electricity production and supply activities and underground gas storage activities.

Underground Gas Storage

Income from the underground storage activity and the underground storage tariffs were regulated as of April 1, 2004 when *ANRGN Decision No. 1078/2003* came into force, Decision that was repealed by *ANRE Order No.22/May 25, 2012* to approve the Methodology for price approval and establishment of regulated tariffs in natural gas sector, published in the Official Gazette No. 379/June 6, 2012, replaced by ANRE Order No. 14/February 13, 2019 for the approval of the Methodology to set the regulated tariffs for the provision of underground gas storage services.

Through Emergency Ordinance No. 106/2020, to amend the Law No. 123/2012, the Romanian Government also decided to remove the regulation of gas storage activity. Thus, after the extraction cycle 2020 – 2021, the storage activity is no longer a regulated activity.

ANRE Order No. 21/March 16, 2021 is currently in force, repealing ANRE Order No. 14/2019 on the approval of the Methodology to set the regulated tariffs for the provision of underground gas storage services and establishing certain reporting obligations as of April 1, 2021.

The applied storage tariffs are shown in the table below:

Tariff Component	Unit	Tariffs (April 1, 2021-March 31, 2022)	Tariffs (April 1, 2022- March 31, 2023)	Tariffs (as of April 1, 2023)
Volumetric component related to gas injection	RON/MWh	2.29	4.50	7.27
Fixed component related to storage capacity booking	RON/MWh/ storage cycle	9.31	11.44	9.82
Volumetric component related to gas withdrawal	RON/MWh	1.74	3.48	5.94

Natural Gas Trading

Romgaz natural gas trading policy is based on principles governed by transparency, competition, equal and non-discriminatory treatment, efficiency and effectiveness.

In the context set in the trading policy and taking into account the specific regulations, natural gas is traded using two sales channels: trading on the centralized market managed by the Romanian Commodities Exchange and bilateral negotiations.

In H1 2023, natural gas sales were influenced to some extent both in terms of quantity and price formation, by two specific regulations, namely:

1. GRP (Gas Release Program)

⁶ Law No. 123 of July 10, 2022 on electricity and natural gas, as subsequently amended and supplemented.

In accordance with the provisions of Article 177 paragraph 3¹⁶ of Law No. 123/2012, during July 1 2020 – December 31, 2022, natural gas producers whose annual production for the previous year exceeds 3,000,000 MWh are obliged to tender annually the sale of 40% of their gas production, with delivery during July 1, 2020 – December 31, 2022, in a transparent, public and non-discriminatory manner, on centralized markets, in accordance with the regulations issued by ANRE.

The prices in the initiating tenders offering GRP gas quantities must be, according to ANRE Order No. 143/2020⁷, “at least 5% lower than the weighted average prices for the products tendered”.

The gas quantities representing Romgaz tender obligation according to GRP, are presented in the table below (MWh):

	2020	2021	2022	H1 2023
Tender obligation	12,434,563	17,537,059	19,704,757	46,800

In H1 2023, the gas quantity delivered by Romgaz under GRP was 46.8 GWh, 99.4% lower than the quantity delivered during the same period of the previous year, when a quantity of 7,787.1 GWh was delivered.

Pursuant to GEO No. 27/2022, the application of Art.177 par. (3¹⁵) – (3¹⁷) of Law No. 123/2012 – on GRP is extended until December 31, 2024, with the mention that, during the application of the emergency ordinance, the quantities related to meeting the delivery obligation of natural gas producers will be sold in accordance with Art.12 of the ordinance.

2. GEO No. 27/2022

2.1 Supply of Natural Gas at a Regulated Price

Based on this regulation, the Transmission and System Operator – TSO (S.N.T.G.N. Transgaz S.A.), on the basis of the information transmitted by natural gas producers and household customers suppliers (HCS), the suppliers of heat producers (SHP), directly by the heat producers (HP) on one hand and the transmission and distribution network operators (NO) on the other hand), determined and transmitted to each producer the gas quantities representing the contracting obligation for the period April 1, 2022 – March 31, 2023 and April 1 2023-March 31, 2024 respectively, at regulated prices, namely RON 150/MWh (until August 31, 2022 the price for SHP and HP was RON 250/MWh).

The natural gas quantities set by the TSO as a delivery obligation of Romgaz are as follows (TWh):

- For April 1, 2022-March 31, 2023: 28,839,939 MWh;
- For April 1, 2023-March 31, 2024: 41,256,848 MWh.

The quantities delivered based on GEO No. 27/2022 are as follows:

- H I 2022, gas was delivered only in May and June: **1,100,946 MWh**, out of which:
 - HCS: 997,968 MWh;
 - SHP and HP: 112,978 MWh;
- H I 2023: **21,216,630 MWh**, out of which:
 - HCS: 17,021,340 MWh;
 - SHP and HP: 3,881,299 MWh;
 - NO: 313,992 MWh.

⁷ Order No.143 of June 17, 2020 on the obligation to tender natural gas on centralized markets of natural gas producers whose annual production achieved in the previous year exceeds 3,000,000 MWh.

2.2 Supply of natural gas at capped price

According to the provisions of Article 1, paragraph (2) "for the consumption achieved during the period April 1, 2022 – March 31, 2023, the final price invoiced by the gas suppliers is:

- a) Maximum RON 0.31/kWh, VAT included, for household customers;
- b) Maximum RON 0.37/kWh, VAT included, for non-household customers with an annual gas consumption achieved at the place of consumption in 2021 of at most 50,000 MWh, as well as for heat producers".

The gas quantity invoiced at capped price in H1 2023 was 1,231,286 MWh and in H1 2022 was 672.56 MWh.

The gas quantity traded in H1 2023 was 24,624.4 GWh, 1,400.3 GWh lower than the quantity traded in H1 2022 (26,024.7 MWh) and 1,840.0 GWh, namely 8.1%, higher than the quantity scheduled to be traded.

From the quantity traded in H1 2023, 21,216.63 GWh, representing 86.16%, is gas delivered pursuant to GEO No.27/2022.

The gas quantity owned by Romgaz in underground storages on June 30, 2023 was of 1,201,145.7 MWh, representing only 39.38% of the quantity owned in storages on June 30, 2022 (3,050,450.5 MWh). The big difference between the two quantities is generated by the application of ANRE Order No.10/2023 pursuant to which 90% of the storage capacity was allocated to natural gas suppliers and, consequently, the available capacity, outside the storage obligation established for suppliers, is insufficient.

The table below shows the average gas supply prices for June 2020 – June 2023:

Specification	Unit	2020	2021	2022	H1 2023
1	2	3	4	5	6
Average gas supply price from internal production ⁸	RON/1000 m ³	751.3	1,019.66	2,392.06	1,829.46
	RON/MWh	73.3	96.66	227.27	173.98

Natural Gas Distribution

ANRE Orders approve the *Distribution tariffs and final regulated prices* applied for the reviewed period, namely:

- ↳ Order No. 122/2020 on approving the regulated tariffs for gas distribution services, performed by Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Mediaş (as from July 1, 2020);
- ↳ Order No. 77/2021 on approving the regulated tariffs for gas distribution services, performed by Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Mediaş (as from July 1, 2021);
- ↳ Order No. 57/2022 for amending ANRE President Order No. 77/2021 on approving the regulated tariffs for gas distribution services, performed by Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Mediaş (as from April 1, 2022);
- ↳ Order No. 45/2023 for amending ANRE President Order No. 57/2022 on approving the regulated tariffs for gas distribution services, performed by Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Mediaş (as from April 1, 2023).

The table below shows the applied tariffs and prices:

⁸ Including commodity gas and excluding the cost of storage services.

ROMGAZ

Board of Directors' Report - H1 2023



Specification	July 7, 2020 - June 30, 2021	July 1, 2021 - March 31, 2022	April 01, 2022 - March 31, 2023	April 01, 2023-present
Distribution tariffs (RON/MWh):				
*C1 consumption up to 280 MWh	52.52	48.19	49.31	74.05
*C2 annual consumption between 280 and 2,800 MWh	46.17	42.37	43.35	65.13
*C3 annual consumption between 2,800 and 28,000 MWh	41.29	37.91	38.79	58.29

4.2. Litigations

The summarized breakdown of litigations involving Romgaz as of June 30, 2023 shows the following:

- ☞ The total number of litigations recorded by the company is 174 pending cases, out of which:
 - ☒ 74 cases where Romgaz is plaintiff;
 - ☒ 101 cases where Romgaz defendant;
 - ☒ 2 cases where Romgaz is plaintiff claiming damages/injured party;
- ☞ The total value of files where Romgaz is plaintiff amounts to (approximately) RON 92,737,640.80;
- ☞ The total value of files where the company is defendant amounts to (approximately) RON 44,836,266.50;
- ☞ The total value of files where Romgaz is plaintiff claiming damages/injured party is RON 283,188,565.55.

4.3. Legal documents concluded under Article 52 of GEO No. 109/2011

In accordance with the provisions of Article 52, paragraph (6) of GEO No. 109/2011 *“In the half-year and annual reports of the Board of Directors... the legal acts concluded under the conditions of paragraphs (1) and (3) shall be mentioned ... in a special chapter, [...]”*.

Paragraph(1) provides as follows:

“The Board of Directors [...] convenes the General Meeting of Shareholders for the approval of any transaction if it has, individually or in a series of concluded transactions, a value higher than 10% of the public enterprise net assets value or higher than 10% of the public enterprise revenue in accordance with the last audited financial statements, with the Board members or the managers or, where appropriate, with the members of the Supervisory Committee or the directorate, the employees, the shareholders who have control over the company or a company controlled by them”.

Paragraph (2): *“the obligation to convene a meeting shall be the responsibility of the Board of Directors [...] and in case of transactions concluded with the spouse, relatives/affinity of fourth degree including the persons mentioned in Paragraph (1)”*.

Paragraph (3): *“the Board of Directors [...] informs the shareholders, during the first general meeting of shareholders taking place after concluding the legal act, on any transaction concluded by the public company with:*

- a) the persons mentioned in Paragraph (1) and (2), if the value of the transaction is below the level established in Paragraph (1);*
- b) another public company or with the public supervisory authority, in case the transaction value, individually or in a series of transactions, is equal or above the RON equivalent of EUR 100,000”*.

The transactions concluded under the provisions of Article 52 of GEO No. 109/2011 are published on Romgaz website at www.romgaz.ro → Investors → Interim reports → 2023.

4.4. Main risks and Uncertainties for H1 2023

Operational risks:

- ☞ Full/partial non-performance of gas production schedule due to the influence of several factors reducing the production capacity, such as:

- Major defaults occurred during operation of gas dehydration stations, compressor stations, collecting pipelines that take a long time to be remediated;
 - High pressures in the National Transmission System (NTS) which negatively impact the operational results of the gas reservoirs;
 - Reduction of gas consumption on some subsystems within the NTS with a negative impact on gas deliveries from Romgaz production obtained from captive sources in these consumption directions;
 - Reduction of usage of production facilities due to unfavourable weather (suspension of electricity supply, landslides – pipelines rupture);
 - non-compliance with schedule of works related to new production facilities (technological facilities, collecting pipelines);
 - lack of materials and spare parts for performing preventive and corrective maintenance works at the company's main production facilities (wells, gas drying stations, compressor station, pipelines);
- ☞ increase of production costs as a result of national and European regulations.

Investment risks:

- ⚠ non-performance of the Investment Program in terms of physical investments and relating budget, in case unforeseen situations occur during the implementation of the Program;
- ⚠ defective or delayed performance of investment works due to non-compliance with tender books, technical specifications of projects and performance schedules;

4.5. Internal Public Audit

The activity of Internal Public Audit is carried out in accordance with the Annual Business Plan endorsed by the Audit Committee and approved by the company's CEO.

For the period January 1 – June 30, 2023, in accordance with the Revised Business Plan, the activity of the Internal Public Audit may be synthetized as follows:

- the following audit missions were **completed**:
 - *"Evaluation of extraction and reservoir engineering activity carried out within Medias and Targu Mures Production Branches"*;
 - *"Evaluation of the performance of the maintenance activities of Level 3 pipelines – Current Repairs and Level 4 pipelines - Capital Repairs"*;
 - *"Evaluation of the use of the financial resources granted to Gaz Metan Medias Sports Club, based on sponsorship contracts concluded with S.N.G.N. Romgaz S.A. during 2021"* and
- The following planned audit missions were **initiated**:
 - *"Analysis of how procurement is substantiated and how sectoral procurement procedures for products/services/works are carried out - as well as how contracts concluded within branches are followed up"*;
 - *Evaluation of how to determine the fees and taxes owed by S.N.G.N. Romgaz S.A. (income tax, additional income tax and VAT)*;
 - *Evaluation of compliance of legal activity with applicable procedure provisions"*.

The audit reports prepared on the basis of the inspections carried out, endorsed by the Chief Executive Officer, were submitted for the information of the Audit Committee.

Monitoring the implementation of the recommendations made in the endorsed audit reports, increasing the efficiency of their implementation, as well as compliance with the implementation deadlines undertaken in the action plan, is a permanent concern of the Internal Public Audit.

The activity of the internal audit contributed to adding value to the company, through the recommendations made during the missions carried out. The quality of internal audit reports is one of the main objectives of Romgaz internal audit activity, as they constitute the essence of internal audit work, reflecting the professional capacity of internal auditors.

During H1 2023 the internal public audit structure did not have any cases of recommendations made through audit reports not submitted by the Chief Executive Officer and did not face with any situations of constraint/special problems.

4.6. Investor Relations

As a company listed on BVB and LSE (through GDRs) Romgaz carried out the following activities to meet the requirements of information and transparency on the company's business:

- ✉ publication of regular (financial) reports, current reports and press releases on new events in the company's activity, in accordance with the legal provisions applicable to capital market issuers;
- ✉ organisation of regular conference calls with investors and financial analysts to discuss the reported economic and financial results (according to the financial communication schedule approved by the company's management);
- ✉ participation in conferences organized by brokers/local and international financial institutions (under the form of one to one meetings with investors);
- ✉ participation in meetings/telephone discussions upon request of financial analysts/investors;
- ✉ carrying out materials to present the company – as a support for discussions during the meetings with the investors, as well as reports including preliminary operational data – to be published on the BVB;
- ✉ providing prompt answers to analysts'/investors' requests for information as a permanent activity;
- ✉ participation in other events dedicated to the capital market.

For H1 2023, for a transparent information of investors, Romgaz participated in the following events and carried out specific activities, such as:

- 1 conference call organized by Romgaz with financial analysts and investors to discuss the preliminary economic-financial results reported for 2022 – on March 1, 2023;
- 1 conference call to discuss the economic-financial results reported for Q1 2023 – on May 15, 2023;
- 1 international conference call organized in London by Wood&Company Financial Services SA in partnership with Bucharest Stock Exchange in the form of one-to-one meetings with institutional financial investors: "Romania Days" – on March 3, 2023;
- Participation in meetings and conference calls with institutional financial investors;
- Providing prompt answers – both by telephone and by e-mail – to requests for information from financial analysts and investors representatives (legislative, operational, financial public information)

4.7. Sponsorships

The activities carried out by Romgaz in the field of social responsibility are accomplished on a voluntary basis, beyond the legal responsibilities, the company being aware of the role it plays in society.

For Romgaz, social responsibility is a business culture that includes business ethics, customer rights, economic and social equity, technologies that do not harm the environment, fair treatment of workforce, transparent relations with public authorities, moral integrity and investments in the community.

Also, Romgaz supports the sustainable development of the company and community, by financial support/sponsorship of some actions and initiatives in the following main fields: education, social, sports, health, environment, thus proving a pro-active attitude in the field of social responsibility and raising the awareness of stakeholders about the importance and benefits of applying social responsibility.

For H1 2023, Romgaz carried out sponsorships in amount of RON 10,980,437 as follows:

- RON 5,084,228 for category a) of GEO No. 2/2015 – Health;
- RON 5,476,209 for category b) of GEO No. 2/2105 – Education, Social and Sports;
- RON 420,000 category c) of GEO No.2/2015 – Others.

V. CONSOLIDATED FINANCIAL-ACCOUNTING STATEMENT

5.1. Interim Statement of Consolidated Financial Position

The table below presents a summary of the consolidated financial position as of June 30, 2023, as compared to December 31, 2022:

INDICATOR	December 31, 2022 (RON thousand)	June 30, 2023 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	5,039,314	5,220,111	3.59
Other intangible assets	5,140,425	5,139,237	-0.02
Investments in associates	28,537	30,099	5.47
Deferred tax assets	199,016	291,808	46.63
Other financial assets	5,616	5,616	0.00
Right of use assets	8,766	8,888	1.39
Total non-current assets	10,421,674	10,695,759	2.63
<i>Current assets</i>			
Inventories	284,007	250,789	-11.70
Trade and other receivables	1,373,664	1,150,552	-16.24
Contract costs	3	18	500.00
Other financial assets	99,597	999,669	903.71
Other assets	265,232	224,858	-15.22
Cash and cash equivalent	1,883,882	2,370,158	25.81
Total current assets	3,906,385	4,996,044	27.89
TOTAL ASSETS	14,328,059	15,691,803	9.52
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	385,422	385,422	0.00
Reserves	3,579,274	4,895,009	36.76
Retained earnings	6,111,869	5,163,629	-15.51
Total equity	10,076,565	10,444,060	3.65
<i>Non-current liabilities</i>			
Retirement benefit obligation	168,830	159,661	-5.43
Deferred revenue	230,419	324,620	40.88
Bank loans	1,125,534	967,863	-14.01
Provisions	210,838	278,301	32.00
Lease liability	7,499	7,498	-0.01
Total non-current liabilities	1,743,120	1,737,943	-0.30
<i>Current liabilities</i>			
Trade and other payables	110,006	166,848	51.67
Contract liabilities	263,340	109,878	-58.28
Current income tax liabilities	1,177,498	1,141,137	-3.09
Deferred revenue	11	11	0.00
Bank loans	321,581	322,622	0.32
Lease liability	2,181	2,376	8.94
Provisions	321,489	152,131	-52.68
Other liabilities	312,268	1,614,797	417.12
Total current liabilities	2,508,374	3,509,800	39.92
Total liabilities	4,251,494	5,247,743	23.43
TOTAL EQUITY AND LIABILITIES	14,328,059	15,691,803	9.52

NON-CURRENT ASSETS

Total non-current assets increased by 2.63%, namely by RON 274.09 million, from RON 10,421.67 million on December 31, 2022, to RON 10,695.76 million on June 30, 2023. The increase is mainly generated by the investment achieved in H1 2023 for wells rehabilitation and investment in Neptun Deep Project (RON 65.42 million).

The increase in the deferred tax asset is due to the recognition of a deferred tax asset related to the tax loss recorded by Black Sea Limited. The Group considers that the tax loss that generated this asset will be recovered from future taxable profits.

CURRENT ASSETS

Current assets increased by 27.89% (RON 1,089.66 million) on June 30, 2023. The main influences are listed below.

Other assets

The decrease in other assets on June 30, 2023 as compared to December 31, 2023 is due to Romgaz recovery of the receivable representing tax on additional income (RON 142.23 million). On the other hand, on June 30, 2023 the Group records a receivable in amount of RON 97.45 million representing the amount by which CO₂ certificates related to electricity sold under the centralized electricity purchase mechanism provided for in GEO No. 27/2022 as subsequently amended and supplemented exceeds the contribution to the energy transition fund introduced by the same ordinance. The legislation does not currently provide for the procedure by which the Group can recover this amount.

Cash and cash equivalent. Other financial assets

Cash, cash equivalent and other financial assets (bank deposits and state bonds purchased) reached RON 3,369.83 million on June 30, 2023, as compared to RON 1,983.48 million at the end of 2022 (+RON 1,386.35 million)

The increase was determined by H1 earnings. A negative effect on cash, cash equivalents and financial assets was caused by the solidarity contribution for 2022 paid in H1 2023 in amount of RON 1,003.24 million.

EQUITY AND RESERVES

Group's equity increased by 3.65% due to the profit achieved in H1 2023, exceeding the amount of dividends of RON 1,318.15 million approved by the shareholders.

NON-CURRENT LIABILITIES

On June 30, 2023 non-current liabilities decreased by 0.30% as compared to December 31, 2022 mainly due to the payment of the bank loan instalment on contractual terms. The increase in long-term provisions by RON 67.46 million was determined by the change in the discount rate used in the calculation of the provision for the decommissioning of wells.

Deferred revenue

Deferred revenue increased by RON 94.21 million as compared to December 31, 2022 due to the recording of the amount received by Depogaz following the grant agreement concluded with the European Executive Agency for Climate, Infrastructure and Environment to increase the daily withdrawal capacity of the Bilciurești gas storage.

CURRENT LIABILITIES

Current liabilities increased by 39.92% from RON 2,508.37 million on December 31, 2022, to RON 3,509.80 million on June 30, 2023. The main influences are shown below.

Contract liabilities

These liabilities represent advances collected from the Group's clients for deliveries for the following period. Decrease of these liabilities as compared to December 31, 2022, is mainly due to seasonal activity, with deliveries in July 2023 being lower than in January 2023.

Provisions

The decrease in short-term provisions by RON 169.36 million as compared December 31, 2022 is mainly due to the decrease in provision for CO₂ certificates.

Other short-terms liabilities

Other short-term liabilities increased by 417.12% (+RON 1,302.53 million) as compared to the end of 2022 mainly due to dividends payable to shareholders (these were paid in July 2023).

5.2. Interim Statement of Consolidated Comprehensive Income

The Group's profit and loss account summary for the period January 1 – June 30, 2023, as compared to the similar period of year 2022 is shown below:

Description	HI 2022 (RON thousand)	HI 2023 (RON thousand)	Variance (RON thousand)	Variance (%)
1	2	3	4=3-2	5=4/2x100
Revenue	7,496,049	4,897,317	(2,598,732)	-34.67
Cost of commodities sold	(32,354)	(46,607)	14,253	44.05
Investment income	94,076	125,918	31,842	33.85
Other gains and losses	(2,363)	2,081	n/a	n/a
Net impairment losses on trade receivables	21,057	9,332	(11,725)	-55.68
Changes in inventories	(20,418)	(43,953)	23,535	115.27
Raw materials and consumables	(57,887)	(52,600)	(5,287)	-9.13
Depreciation, amortization and impairment expenses	(219,489)	(261,043)	41,554	18.93
Employee benefit expenses	(368,275)	(440,646)	72,371	19.65
Finance cost	(18,546)	(27,904)	9,358	50.46
Exploration expenses	(32,432)	(1,068)	(31,364)	-96.71
Share of associates result	244	1,562	1,318	540.16
Other expenses	(4,834,977)	(1,285,400)	(3,549,577)	-73.41
Other income	32,598	128,753	96,155	294.97
Profit before tax	2,057,283	3,005,742	948,459	46.10
Income tax expenses	(331,338)	(1,320,102)	988,764	298.42
Net Profit	1,725,945	1,685,640	(40,305)	-2.34

Revenue

By the end of H1 2023, the Group's revenue decreased by 34.67% (-RON 2,598.73 million) as compared to the similar period of the previous year.

The decrease of the revenue comes from the decrease by 36.01% (-RON 2,411.10 million) in consolidated income from gas sales and the decrease by 59.81% (-RON 298.18 million) of income from electricity sales.

In H1 2023 Romgaz, was appointed as Supplier of Last Resort („SoLR”) for February 2023. According to the legislation, for this type of clients, Romgaz has to supply gas under SoLR conditions for one month, if the annual consumption of the consumption location exceeds 28,000 MWh, or for at least 12 months, if the annual consumption of the consumption location

is below this limit. In H1 2023, income from this activity (including the consideration for services) was RON 215.60 million.

Consolidated revenue from gas storage services increased by 59.84% in H1 2023 as compared to H1 2022 (+RON 107.55 million). We mention that the consolidated revenue from storage services include services invoiced by Romgaz related to gas sold from storage; non-consolidated revenues from Depogaz storage increased by 52.19% as compared to 2022 (+ 93.02 million).

Cost of commodities sold

Cost of commodities sold increased by 44.05% as compared to the similar period of 2022, mainly as a result of higher gas quantities purchased by sale. These gas quantities were purchased mainly to comply with SoLR delivery obligations.

Net impairment losses on trade receivables

The Group calculates the impairment on trade receivables based on the risk of non-collecting such. Therefore, as regards clients undergoing bankruptcy procedure, the Group records losses from impairment for the entire non-collected amount; the same policy is applied to old debts.

For the six-months period ended June 30, 2023, the Group recorded a net gain from impairment of receivables in amount of RON 9.33 million after collecting receivables. Most of the additional impairment of receivables was recorded for penalties invoiced for late payment of invoices or for delays of suppliers in the performance of contracts.

Raw materials and consumables

In H1 2023, expenses with raw materials and consumables decreased by 9.13% as compared to H1 2022, mainly as a result of the decrease in expenses with technological consumption.

Depreciation, amortization and impairment expenses

Net depreciation, amortization and impairment expenses increased by 18.93% as a result of a net impairment loss in amount of RON 62.84 million as compared to a net impairment loss on fixed assets in amount of RON 18.32 million in H1 2022. The impairment recorded refers to abandoned individual assets.

Financial expenses

The increase in financial expenses by 50.46% was generated by interest costs related to the bank loan in amount of EUR 325 million contracted in 2022 for the acquisition of ExxonMobil Exploration and Production Romania Limited shares.

Other expenses

Other expenses decreased by 73.41% as compared to H1 2022. The decrease of RON 3,549.58 million is mainly due to the decrease in additional income tax and royalty expenses. Royalty expenses (including royalty for storage activities) decreased by RON 627.05 million (-68.37%) as compared to H1 2022, and the additional income tax related to natural gas decreased in H1 2023 by RON 2,962.16 million (-82.12%) as compared to H1 2022.

Other income

Other income increased by 294.97% in H1 2023 as compared to the similar period of 2022. These mostly comprise the amount of RON 97.45 million mentioned above in *Other assets*.

Income tax expenses

In H1 2023 income tax expenses consist of the following taxes:

- Current income tax in amount of RON 441.98 million;
- Deferred income tax in amount of RON -92.79 million;

- Solidarity Fund Contribution in amount of RON 970.92 million. This contribution was introduced at the end of 2022.

The comparative consolidated statement of interim consolidated comprehensive income by segment for the period January-June 2023 and January-June 2022, respectively, is shown below:

<i>*RON thousand*</i>						
Description	Gas production and deliveries	UGS	Electricity	Other activities	Consolidation Adjustment	TOTAL
1	2	3	4	5	6	7
<i>Revenue</i>						
*H I 2023	4,612,453	271,333	287,152	224,288	(497,909)	4,897,317
*H I 2022	7,276,781	178,277	621,382	205,594	(785,985)	7,496,049
<i>Cost of commodities sold</i>						
*H I 2023	(19,524)	(14)	(26,470)	(599)	-	(46,607)
*H I 2022	(4,221)	(1)	(27,644)	(488)	-	(32,354)
<i>Investment income</i>						
*H I 2023	433	4,061	37	174,609	(53,222)	125,918
*H I 2022	181	511	13	106,966	(13,595)	94,076
<i>Other gains and losses</i>						
*H I 2023	(1,311)	(442)	(11)	3,385	460	2,081
*H I 2022	(1,515)	(1,794)	(14)	(833)	1,793	(2,363)
<i>Net impairment losses on trade receivables</i>						
*H I 2023	10,110	-	(868)	90	-	9,332
*H I 2022	25,968	-	(501)	(4,410)	-	21,057
<i>Changes in inventories</i>						
*H I 2023	(44,804)	-	51	800	-	(43,953)
*H I 2022	(21,009)	-	46	545	-	(20,418)
<i>Raw materials and consumables used</i>						
*H I 2023	(36,088)	(27,456)	(156,245)	(6,826)	174,015	(52,600)
*H I 2022	(39,118)	(20,126)	(421,719)	(9,508)	432,584	(57,887)
<i>Depreciation, amortization and impairment expenses</i>						
*H I 2023	(224,966)	(6,781)	(6,920)	(12,953)	(9,423)	(261,043)
*H I 2022	(165,212)	(6,170)	(5,393)	(13,034)	(29,680)	(219,489)
<i>Employment benefit expenses</i>						
*H I 2023	(256,060)	(42,635)	(25,084)	(116,867)	-	(440,646)
*H I 2022	(214,251)	(33,472)	(21,107)	(99,445)	-	(368,275)
<i>Finance cost</i>						
*H I 2023	(8,277)	(996)	-	(18,989)	358	(27,904)
*H I 2022	(16,711)	(1,588)	-	(260)	13	(18,546)
<i>Exploration expenses</i>						
*H I 2023	(1,068)	-	-	-	-	(1,068)
*H I 2022	(32,432)	-	-	-	-	(32,432)
<i>Share of associates' result</i>						
*H I 2023	-	-	-	1,562	-	1,562
*H I 2022	-	-	-	244	-	244
<i>Other expenses</i>						
*H I 2023	(1,284,563)	(104,525)	(196,227)	(24,181)	324,096	(1,285,400)
*H I 2022	(4,840,875)	(86,937)	(214,363)	(46,408)	353,606	(4,834,977)
<i>Other income</i>						
*H I 2023	27,583	36	98,386	2,950	(202)	128,753

Description	Gas production and deliveries	UGS	Electricity	Other activities	Consolidation Adjustment	TOTAL
1	2	3	4	5	6	7
*H I 2022	27,733	3	88	4,979	(205)	32,598
Profit before tax						
*H I 2023	2,773,918	92,581	(26,199)	227,269	(61,827)	3,005,742
*H I 2022	1,995,319	28,703	(69,212)	143,942	(41,469)	2,057,283
Income tax expense						
*H I 2023	(854,060)	(14,823)	-	(451,219)	-	(1,320,102)
*H I 2022	-	(5,129)	-	(326,209)	-	(331,338)
Profit for the period						
*H I 2023	1,919,858	77,758	(26,199)	(223,950)	(61,827)	1,685,640
*H I 2022	1,995,319	23,574	(69,212)	(182,267)	(41,469)	1,725,945

5.3. Statement of Consolidated Cash Flow

Statements of consolidated cash flows recorded for the period January-June 2023, as compared to the similar period of 2022, are shown in the table below:

INDICATOR	H I 2022 (RON thousand)	H I 2023 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
Cash flow from operating activities			
Net profit for the period	1,725,945	1,685,640	-2.34
<i>Adjustments for:</i>			
Income tax expenses	331,338	1,320,102	298.42
Share from associates' result	(244)	(1,562)	540.16
Interest expense	261	19,041	7,195.40
Unwinding of decommissioning provision	18,285	8,863	-51.53
Interest revenue	(94,076)	(125,918)	33.85
(Gains)/Losses on disposal of non-current assets	(94)	(1,664)	1,670.21
Change in decommissioning provision recognized in profit or loss other than unwinding	(63,078)	10,043	n/a
Changes in other provisions	(35,397)	(178,520)	404.34
Net impairment of exploration assets	6,098	7,366	20.79
Exploration projects written-off	16	-	n/a
Net impairment of non-current assets	12,228	55,476	353.68
Net foreign exchange differences	780	4,455	471.15
Depreciation and amortization	201,163	198,201	-1.47
Amortization of contract costs	602	27	-95.51
Net Losses/(Gains) from trade and other receivables	(19,791)	(13,359)	-32.50
Impairment of inventories	1,127	(607)	n/a
Subsidies income	(3)	(6)	100.00
Cash generated from operations before movement in working capital	2,085,160	2,987,578	43.28
Movement of working capital			
(Increase)/Decrease in inventory	45,578	34,382	-24.56
(Increase)/Decrease in trade and other receivables	(171,384)	226,554	n/a
Increase/(Decrease) in trade and other liabilities	399,838	(83,067)	n/a
Cash generated from operations	2,359,192	3,165,447	34.18
Interest paid	(2)	(18,728)	936,300.00

INDICATOR	H I 2022 (RON thousand)	H I 2023 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
Income tax paid	(184,478)	(1,449,255)	685.60
Net cash generated from operations	2,174,712	1,697,464	-21.95
Cash flows from investing activities			
Bank deposits set up and acquisition of state bonds	(3,270,306)	(3,403,236)	4.06
Bank deposits and state bonds mature	2,265,065	2,520,252	11.27
Interest received	76,918	108,831	41.49
Proceeds from sale of non-current assets	136	1,175	763.97
Advances for the acquisition of financial investment	(499,082)	-	n/a
Acquisition of non-current assets	(147,908)	(355,841)	140.58
Acquisition of exploration assets	(61,012)	(13,836)	-77.32
Net cash used in investing activities	(1,636,189)	(1,142,655)	-30.16
Cash flows from financing activities			
Loans granted	1,606,475	-	n/a
Repayment of loans	-	(161,085)	n/a
Dividends paid	(68)	(175)	157.35
Subsidies granted	-	94,192	n/a
Repayment of lease liabilities	(788)	(1,465)	85.91
Net cash used in financing activities	1,605,619	(68,533)	n/a
Net increase/(decrease) in cash and cash equivalents	2,144,142	486,276	-77.32
Cash and cash equivalents at the beginning of the period	3,580,412	1,883,882	-47.38
Cash and cash equivalents as of June 30	5,724,554	2,370,158	-58.60

VI. PERFORMANCE OF CONTRACTS OF MANDATE OF BOARD MEMBERS, CEO AND CFO

Contracts of mandate of Board members

Romgaz board members carried out their activity in H1 2023 subject to the contracts of mandate as approved by the General Meeting of Shareholders.

By Resolution No.7 of September 13, 2022, the Ordinary General Meeting of Shareholders appoints the interim Board members for a 4-months mandate term, starting with September 15, 2022, sets their fixed gross allowance and approves the form of the Contract of mandate.

OGMS Resolution No. 1 of January 12, 2023, approves the extension of interim Board members mandate term by 2 months from the expiration date, namely as of January 15, 2023 until March 15, 2023 and approves form of the addendum to the Contract of Mandate.

By Resolution No. 5 of March 14, 2023 the Ordinary General Meeting of Shareholders approves the selection of 7 members of Romgaz Board of Directors, as of March 16, 2023, for a period of 4 years, sets their gross monthly fixed allowance and approves the form of the Contract of Mandate.

Board members contracts of mandate do not include key financial and non-financial performance indicators, therefore board members do not benefit from variable allowance related to H1 2023.

Contracts of mandate of CEO, Deputy CEO and CFO

In H1 2023, the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer carried out their activities subject to the Contracts of Mandate, the form and content of which had been approved by the Board of Directors.

Until the completion of the selection procedure and until Romgaz CEO, Deputy CEO and CFO were appointed for 4 years, that is until May 16, 2023, their mandates were interim.

Chief Executive Officer (CEO)

By Resolution No. 78 of November 2022, the Board of Directors appointed Mr. Razvan Popescu as Chief Executive Officer for an interim mandate of 4 months as of December 18, 2022 until April 2023 and set the gross monthly fixed allowance.

By Resolution No. 85 of December 20, 2022, the Board of Directors approved the CEO Contract of Mandate.

By Resolution No. 32 of March 23, 2023, the Board of Directors approved the extension of the CEO Contract of Mandate of Mr. Razvan Popescu, for a period of 2 months, as of April 19, 2023 as well as the form of the Addendum of the Contract of Mandate.

By Resolution No. 55 of May 15, 2023, the Board of Directors appointed Mr. Razvan Popescu as Chief Executive Officer of Romgaz for a period of 4 years, as of May 16, 2023 until May 16, 2027, set the gross monthly fixed allowance and approved the Contract of Mandate.

By Resolution No. 57 of May 16, 2023, the Board of Directors approved the conclusion of an Addendum to the CEO Contract of Mandate. By Resolution No. 78 of November 23, 2022, the Board of Directors appointed Mr. Aristotel Marius Jude as Deputy Chief Executive Officer for an interim mandate of 4 months as of December 18, 2022 until April 18, 2023 and set the monthly fixed allowance.

By Resolution No. 85 of December 20, 2022, the Board of Directors approved the Deputy CEO Contract of Mandate.

Deputy Chief Executive Officer

By Resolution No. 33 of March 23, 2023, the Board of Directors approved the extension of the Deputy CEO Contract of Mandate of Mr. Aristotel Marius Jude, for a period of 2 months, as of April 19, 2023 until June 19, 2023 and the form of the Addendum to the Contract of Mandate.

By Resolution No. 55 of May 15, 2023, the Board of Directors appointed Mr. Aristotel Marius Jude as Deputy Chief Executive Officer of Romgaz for a period of 4 years, as of May 16, 2023 until May 16, 2027, set the gross monthly fixed allowance and approved the Contract of Mandate.

By Resolution No. 57 of May 16, 2023, the Board of Directors approved the conclusion of an Addendum to the Deputy CEO Contract of Mandate.

Chief Financial Officer (CFO)

By Resolution No. 85 of December 20, 2022, the Board of Directors appointed Mrs. Gabriela Tranbitas as Chief Financial Officer for an interim mandate term of 4 months as of December 20, 2022 until April 20, 2023 and set the gross monthly fixed allowance.

By Resolution No. 90 of December 29, 2022, the Board of Directors approved the CFO Contract of Mandate.

By Resolution No. 34 of March 23, 2023, the Board of Directors approved the extension of the CFO Contract of Mandate of Mrs. Gabriela Tranbitas for a period of 2 months, as of April 21, 2023 until June 21, 2023 and the form of the Addendum to the Contract of Mandate.

By Resolution No. 55 of May 15, 2023, the Board of Directors appointed Mrs. Gabriela Tranbitas as Chief Financial Officer of Romgaz for a period of 4 years, as of May 16, 2023 until May 16, 2027, set the gross monthly fixed allowance and approved the Contract of Mandate.

By Resolution No. 57 of May 16, 2023, the Board of Directors approved the conclusion of an Addendum to the CFO Contract of Mandate.



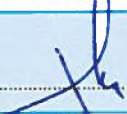

The Contracts of Mandate concluded with the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer do not provide for performance indicators and criteria. These will be established in an Addendum to the Contract of Mandate, following the General Meeting of Shareholders approval of key financial and non-financial performance indicators.

We hereby attach:

- 📄 The Simplified Interim Consolidated Financial Statements for the period ended June 30, 2023, and
- 📄 the Simplified Interim Individual Financial Statements for the period ended June 30, 2023, prepared in compliance with the International Accounting Standard 34 and not audited by the financial auditor.



SIGNATURES

CHAIRMAN OF THE BOARD OF DIRECTORS		
<i>Dan Dragoș DRĂGAN</i>		
		
Chief Executive Officer,	Deputy Chief Executive Officer,	Chief Financial Officer,
<i>Razvan POPESCU</i>	<i>Aristotel Marius JUDE</i>	<i>Gabriela TRANBITAS</i>
		

S.N.G.N. ROMGAZ S.A. GROUP

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH AND THREE-MONTH PERIODS ENDED JUNE 30, 2023
(UNAUDITED)**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL ACCOUNTING STANDARD 34**

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of SNGN Romgaz SA

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of SNGN Romgaz SA and its subsidiaries (together "the Group") for the six months and three months periods ended 30 June 2023, which comprise the condensed statement of consolidated interim financial position as at 30 June 2023, the condensed statements of consolidated interim comprehensive income and cash flows for the six months and three months periods then ended and the condensed statement of consolidated interim changes in equity for the six-month period then ended and related condensed explanatory notes.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard Nr. 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

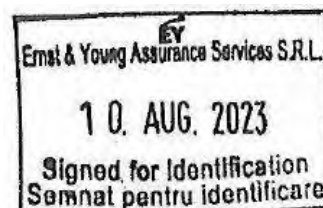
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania
Registered in the electronic Public Register under No. 77



Name of the Auditor / Partner: Verona Cojocaru
Registered in the electronic Public Register under No. 1568

Bucharest, Romania
10 August 2023

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CONDENSED STATEMENT OF CONSOLIDATED INTERIM COMPREHENSIVE INCOME

	Note	Six months ended June 30, 2023 '000 RON	Three months ended June 30, 2023 '000 RON	Six months ended June 30, 2022 '000 RON	Three months ended June 30, 2022 '000 RON
Revenue	3	4,897,317	1,988,279	7,496,049	3,570,260
Cost of commodities sold	4	(46,607)	(26,821)	(32,354)	(23,440)
Investment income		125,918	74,737	94,076	62,210
Other gains and losses	5	2,081	(4,703)	(2,363)	296
Impairment (losses)/gains on trade receivables	10 c)	9,332	(6,953)	21,057	9,021
Changes in inventory of finished goods and work in progress		(43,953)	18,070	(20,418)	31,292
Raw materials and consumables used	4	(52,600)	(26,540)	(57,887)	(33,073)
Depreciation, amortization and impairment expenses	6	(261,043)	(121,087)	(219,489)	(130,446)
Employee benefit expense	8	(440,646)	(241,493)	(368,275)	(210,282)
Finance cost		(27,904)	(15,198)	(18,546)	(13,094)
Exploration expense		(1,068)	(582)	(32,432)	(31,400)
Share of profit/(loss) of associates		1,562	1,054	244	301
Other expenses	9	(1,285,400)	(471,690)	(4,834,977)	(2,359,145)
Other income	3	128,753	53,194	32,598	15,417
Profit before tax		3,005,742	1,220,267	2,057,283	887,917
Income tax expense	7	(1,320,102)	(504,630)	(331,338)	(141,593)
Profit for the period		1,685,640	715,637	1,725,945	746,324
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial gains/(losses) on post-employment benefits		-	-	40,182	40,182
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-	(6,429)	(6,429)
Total items that will not be reclassified subsequently to profit or loss		-	-	33,753	33,753
Other comprehensive income for the year net of income tax		-	-	33,753	33,753
Total comprehensive income for the period		1,685,640	715,637	1,759,698	780,077
Basic and diluted earnings per share		0.0044	0.0019	0.0045	0.0019

These financial statements were approved by the Board of Directors on August 10, 2023.


Răzvan Popescu
Chief Executive Officer


Gabriela Trânbițaș
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

CONDENSED STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION

	Note	June 30, 2023 '000 RON	December 31, 2022 '000 RON
ASSETS			
Non-current assets			
Property, plant and equipment		5,220,111	5,039,314
Other intangible assets		5,139,237	5,140,425
Investments in associates		30,099	28,537
Deferred tax asset		291,808	199,016
Other financial assets		5,616	5,616
Right of use assets		8,888	8,766
Total non-current assets		10,695,759	10,421,674
Current assets			
Inventories		250,789	284,007
Trade and other receivables	10 a)	1,150,552	1,373,664
Contract costs		18	3
Other financial assets	12 b)	999,669	99,597
Other assets	10 b)	224,858	265,232
Cash and cash equivalents	12 a)	2,370,158	1,883,882
Total current assets		4,996,044	3,906,385
Total assets		15,691,803	14,328,059
EQUITY AND LIABILITIES			
Equity			
Share capital		385,422	385,422
Reserves		4,895,009	3,579,274
Retained earnings		5,163,629	6,111,869
Total equity		10,444,060	10,076,565
Non-current liabilities			
Retirement benefit obligation	11	159,661	168,830
Deferred revenue	13 b)	324,620	230,419
Lease liability		7,498	7,499
Borrowings		967,863	1,125,534
Provisions	11	278,301	210,838
Total non-current liabilities		1,737,943	1,743,120

The accompanying notes form an integral part of these financial statements.
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CONDENSED STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION

	Note	June 30, 2023 '000 RON	December 31, 2022 '000 RON
Current liabilities			
Trade payables		166,848	110,006
Contract liabilities		109,878	263,340
Current tax liabilities		1,141,137	1,177,498
Deferred revenue		11	11
Provisions	11	152,131	321,489
Lease liability		2,376	2,181
Borrowings		322,622	321,581
Other liabilities	13 a)	1,614,797	312,268
Total current liabilities		3,509,800	2,508,374
Total liabilities		5,247,743	4,251,494
Total equity and liabilities		15,691,803	14,328,059

These financial statements were approved by the Board of Directors on August 10, 2023.


 Răzvan Popescu
 Chief Executive Officer


 Gabriela Trânbițaș
 Chief Financial Officer

CONDENSED STATEMENT OF CONSOLIDATED INTERIM CHANGES IN EQUITY

	Share capital	Legal Reserve	Other reserves	Retained earnings	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2023	385,422	90,294	3,488,980	6,111,869	10,076,565
Result for the period	-	-	-	1,685,640	1,685,640
Total comprehensive income for the period	-	-	-	1,685,640	1,685,640
Allocation to dividends *)	-	-	-	(1,318,145)	(1,318,145)
Allocation to other reserves	-	-	1,315,735	(1,315,735)	-
Balance as of June 30, 2023	385,422	90,294	4,804,715	5,163,629	10,444,060
Balance as of January 1, 2022	385,422	85,250	2,913,725	5,596,756	8,981,153
Profit for the period	-	-	-	1,725,945	1,725,945
Other comprehensive income	-	-	-	33,753	33,753
Total comprehensive income for the period	-	-	-	1,759,698	1,759,698
Allocation to dividends *)	-	-	-	(1,464,605)	(1,464,605)
Allocation to other reserves	-	-	540,227	(540,227)	-
Balance as of June 30, 2022	385,422	85,250	3,453,952	5,351,622	9,276,246

*) In 2023 the Group's shareholders approved the allocation of dividends of RON 1,318,145 thousand (2022: RON 1,464,605 thousand), dividend per share being RON 3.42 (2022: RON 3.80).

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Răzvan Popescu
Chief Executive Officer


Gabriela Trânbițaș
Chief Financial Officer

The accompanying notes form an integrant part of these financial statements.
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CONDENSED STATEMENT OF CONSOLIDATED INTERIM CASH FLOW

	Six months ended June 30, 2023 <u>'000 RON</u>	Three months ended June 30, 2023 <u>'000 RON</u>	Six months ended June 30, 2022 <u>'000 RON</u>	Three months ended June 30, 2022 <u>'000 RON</u>
Cash flows from operating activities				
Net profit	1,685,640	715,637	1,725,945	746,324
Adjustments for:				
Income tax expense (note 7)	1,320,102	504,630	331,338	141,593
Share of associates' result	(1,562)	(1,054)	(244)	(301)
Interest expense	19,041	10,776	261	140
Unwinding of decommissioning provision	8,863	4,422	18,285	12,954
Interest revenue	(125,918)	(74,737)	(94,076)	(62,210)
Net (gain)/loss on disposal of non-current assets (note 5)	(1,664)	(1,017)	(94)	7
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 9)	10,043	11,577	(63,078)	(62,167)
Change in other provisions (note 9)	(178,520)	(252,171)	(35,397)	(29,984)
Net impairment of exploration assets (note 6)	7,366	1,176	6,098	1,288
Exploration projects written off	-	-	16	-
Net impairment of property, plant and equipment and intangibles (note 6)	55,476	7,979	12,228	27,910
Net foreign exchange differences	4,455	3,969	780	780
Depreciation and amortization (note 6)	198,201	111,932	201,163	101,248
Amortization of contract costs	27	24	602	290
Net receivable write-offs and movement in allowances for trade receivables and other assets (note 10)	(13,359)	6,891	(19,791)	(8,736)
Net movement in write-down allowances for inventory (note 5)	(607)	1,272	1,127	(526)
Subsidies income	(6)	(4)	(3)	(1)
	2,987,578	1,051,302	2,085,160	868,609
Movements in working capital:				
(Increase)/Decrease in inventory	34,382	(29,378)	45,578	(29,762)
(Increase)/Decrease in trade and other receivables	226,554	168,779	(171,384)	640,869
Increase/(Decrease) in trade and other liabilities	(83,067)	142,524	399,838	(47,698)
Cash generated from operations	3,165,447	1,333,227	2,359,192	1,432,018
Interest paid	(18,728)	(10,608)	(2)	(2)
Income taxes paid	(1,449,255)	(1,449,255)	(184,478)	(184,478)
Net cash generated by operating activities	1,697,464	(126,636)	2,174,712	1,247,538

The accompanying notes form an integral part of these financial statements.
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CONDENSED STATEMENT OF CONSOLIDATED INTERIM CASH FLOW

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Cash flows from investing activities				
Bank deposits set up and state bonds acquired	(3,403,236)	(517,457)	(3,270,306)	(637,000)
Bank deposits and state bonds matured	2,520,252	2,505,252	2,265,065	1,871,367
Interest received	108,831	78,034	76,918	46,834
Proceeds from sale of non-current assets	1,175	659	136	-
Advance paid for acquisition of financial investments	-	-	(499,082)	(499,082)
Acquisition of non-current assets	(355,841)	(202,844)	(147,908)	(79,717)
Acquisition of exploration assets	(13,836)	(5,097)	(61,012)	(28,110)
Net cash used in investing activities	(1,142,655)	1,858,547	(1,636,189)	674,292
Cash flows from financing activities				
Repayment of borrowings	(161,085)	(80,672)	-	-
Borrowings received	-	-	1,606,475	1,606,475
Dividends paid	(175)	(75)	(68)	(28)
Subsidies received (note 13 b)	94,192	94,192	-	-
Repayment of lease liability	(1,465)	(687)	(788)	(296)
Net cash used in financing activities	(68,533)	12,758	1,605,619	1,606,151
Net increase/(decrease) in cash and cash equivalents	486,276	1,744,669	2,144,142	3,527,981
Cash and cash equivalents at the beginning of the period	1,883,882	625,489	3,580,412	2,196,573
Cash and cash equivalents at the end of the period	2,370,158	2,370,158	5,724,554	5,724,554

These financial statements were approved by the Board of Directors on August 10, 2023.


Răzvan Popescu
Chief Executive Officer


Gabriela Trânbițaș
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.
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NOTES

1. BACKGROUND AND GENERAL BUSINESS

Information regarding S.N.G.N. Romgaz S.A. Group (the "Group")

The Group is formed of S.N.G.N. Romgaz S.A. ("the Company"/"Romgaz"), as parent company, its fully owned subsidiaries S.N.G.N. ROMGAZ S.A. - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L. ("Depogaz") and Romgaz Black Sea Limited.

Romgaz is a joint stock company, incorporated in accordance with the Romanian legislation.

The Company's headquarter is in Mediaș, 4 Constantin I. Motaș Square, 551130, Sibiu County.

The Romanian State, through the Ministry of Energy, is the majority shareholder of S.N.G.N. Romgaz S.A. together with other legal and physical persons.

The Group has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensed reserves;
2. operation, production and usage, including trading, of mineral resources;
3. natural gas production for:
 - ensuring the storage flow continuity;
 - technological consumption;
 - delivery in the transportation system.
4. underground storage of natural gas;
5. commissioning, interventions, capital repairs for wells equipping the deposits, as well as the natural gas resources extraction wells, for its own activity and for third parties;
6. electricity production and distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The condensed consolidated interim financial statements ("financial statements") of the Group have been prepared in accordance with the provisions of the International Accounting Standard 34 "Interim Reporting". For the purpose of the preparation of these financial statements, the functional currency of the Group is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB), however, the differences have no material impact on the Group's financial statements for the periods presented.

Basis of preparation

The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below.

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei. Unless otherwise stated, the amounts are presented in thousand lei (thousand RON).

*Basis for consolidation**Subsidiaries*

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when it loses control of that subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. All intra-group assets and liabilities, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES*Associated entities*

An associate is a company over which the Group exercises significant influence through participation in decision making on financial and operational policies of the entity invested in. Investments in associates are recorded using the equity method of accounting. By this method, the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Group's share of the investee's net assets. The Group's profit or loss includes its share of the investee's profit or loss and the Group's other comprehensive income includes its share of the investee's other comprehensive income.

Standards and interpretations valid for the current period

The following standards and amendments or improvements to existing standards issued by the IASB and adopted by the EU have entered into force for the current period:

- Amendments to IAS 12 "Income taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction" (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IFRS 17 "Insurance Contracts: initial application of IFRS 17 and IFRS 9 - comparative information" (applicable to annual periods beginning on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates (effective for annual periods beginning on or after January 1, 2023);
- IFRS 17 "Insurance Contracts" including Amendments to IFRS 17 (effective for annual periods beginning on or after January 1, 2023). The Group does not issue contracts in scope of IFRS 17, thus the financial statements will not be impacted by this standard.

The adoption of these amendments, interpretations or improvements to existing standards did not lead to changes in the Group's accounting policies.

Standards and interpretations issued by IASB not yet endorsed by the EU

At present, IFRS endorsed by the EU do not significantly differ from IFRS adopted by the IASB except for the following standards, amendments or improvements to the existing standards and interpretations, which were not endorsed for use in EU as at date of publication of financial statements:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date; Non-current Liabilities with Covenants (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IFRS 16 "Leases" - Lease liabilities in a sale and leaseback (applicable to annual periods beginning on or after 1 January 2024).

The Group is currently evaluating the effect that the adoption of these standards, amendments or improvements to the existing standards and interpretations will have on the financial statements of the Group in the period of initial application.

Seasonality and cyclicity

Natural gas and electricity consumption is seasonal and affected by weather conditions. Natural gas consumption is highest in winter time. Electricity consumption also depends on climatic conditions, being impacted both by cold weather, as it can be used to produce heat, but also by high temperatures, as air conditioning systems rely on it. Consequently, the results of the Group may vary according to the seasonal character of the demand for natural gas and electricity.

Regarding the gas storage activity, injection normally happens during the period April-October, while gas is usually being extracted during the period October-April.

NOTES

Comparative information

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes the value of the corresponding item for the previous period ended is presented, unless the changes are insignificant. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements, which has a material impact on the Group.

3. REVENUE AND OTHER INCOME

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Revenue from gas sold - domestic production *)	4,248,680	1,708,817	6,664,027	3,227,767
Revenue from gas sold - other arrangements	16,019	6,637	15,154	9,560
Revenue from gas acquired for resale	18,976	152	15,598	12,070
Revenue from storage services-capacity reservation	178,398	72,331	119,808	57,155
Revenue from storage services-extraction	42,799	3,189	21,324	2,303
Revenue from storage services-injection	66,090	61,043	38,605	32,252
Revenue from electricity **)	200,399	79,047	498,583	177,630
Revenue from services	92,047	40,850	93,979	41,864
Revenue from sale of goods	28,489	13,481	24,527	7,394
Other revenues from contracts	452	261	164	105
Total revenue from contracts with customers	4,892,349	1,985,808	7,491,769	3,568,100
Other revenues	4,968	2,471	4,280	2,160
Total revenue	4,897,317	1,988,279	7,496,049	3,570,260
Other operating income ***)	128,753	53,194	32,598	15,417
Total revenue and other income	5,026,070	2,041,473	7,528,647	3,585,677

*) The decrease in revenue from gas sold is due to lower prices, as introduced by GEO no. 27/2022.

**) The decrease in revenue from electricity is due to lower prices, as introduced by GEO no. 27/2022. According to the Ordinance, most of electricity is sold at the regulated price of RON 450/MWh, the price being significantly lower than prices in the first half of 2022.

***) Other operating income include RON 97,449 thousand representing the amount by which CO₂ certificates for electricity sold according to the mechanism for centralized electricity acquisitions provided for in GEO no. 27/2022 as subsequently amended and supplemented exceeds the contribution to the energy transition fund introduced by the same Ordinance. The legislation does not currently include the procedure to be applied by the Group to collect this amount, however, it stipulates the right to receive these amounts. The receivable is presented in note 10 b).

4. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Consumables used	31,018	16,753	29,775	17,793
Technological consumption	19,003	8,766	25,736	14,340
Cost of gas acquired for resale	19,520	863	3,867	339
Cost of electricity imbalance	26,440	25,609	27,644	22,686
Cost of other goods sold	647	349	843	415
Other consumables	2,579	1,021	2,376	940
Total	99,207	53,361	90,241	56,513

The accompanying notes form an integral part of these financial statements.
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NOTES

5. OTHER GAINS AND LOSSES

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Forex gain	16,414	6,208	2,047	891
Forex loss	(20,649)	(10,736)	(2,111)	(829)
Net loss on disposal of non-current assets	1,664	1,017	94	(7)
Net allowance for other receivables (note 10 c)	4,027	62	(1,266)	(285)
Net write down allowances for inventory	607	(1,272)	(1,127)	526
Other gains and losses	18	18	-	-
Total	2,081	(4,703)	(2,363)	296

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Depreciation	198,201	111,932	201,163	101,248
out of which:				
- depreciation of property, plant and equipment	194,503	110,019	198,188	99,677
- depreciation of right of use assets	1,224	625	473	234
- amortization of intangible assets	2,474	1,288	2,502	1,337
Net impairment of non-current assets	62,842	9,155	18,326	29,198
Total depreciation, amortization and impairment	261,043	121,087	219,489	130,446

7. INCOME TAX

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Current tax expense	441,979	170,781	260,311	127,518
Solidarity contribution *)	970,915	433,414	-	-
Deferred income tax (income)/expense **)	(92,792)	(99,565)	71,027	14,075
Income tax expense	1,320,102	504,630	331,338	141,593

*) In 2022, a solidarity contribution was introduced in Romania as a result of Council Regulation (EU) 2022/1854 on an emergency intervention to address high energy prices. The temporary solidarity contribution is calculated at a rate of 60% of taxable profits, as determined under national tax rules, in the fiscal years 2022 and 2023 which are above a 20% increase of the average of the taxable profits, as determined under national tax rules, in the four fiscal years starting on or after 1 January 2018.

***) The income recorded as deferred income tax in 2023 relates to the tax loss carried forward of Romgaz Black Sea. The deferred income tax related to this tax was recorded following the final investment decision related to the development of the Neptun Deep Block.

NOTES

8. EMPLOYEE BENEFIT EXPENSE

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Wages and salaries	458,342	252,557	385,714	221,630
Social security charges	16,191	8,689	13,547	7,578
Meal tickets	18,634	8,824	12,426	5,915
Other benefits according to collective labor contract	10,345	6,297	7,950	5,146
Private pension payments	5,619	2,808	5,563	2,784
Private health insurance	5,167	2,755	3,401	1,706
Total employee benefit costs	514,298	281,930	428,601	244,759
Less, capitalized employee benefit costs	(73,652)	(40,437)	(60,326)	(34,477)
Total employee benefit expense	440,646	241,493	368,275	210,282

9. OTHER EXPENSES

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Energy and water expenses	48,300	40,548	35,276	26,380
Expenses for capacity booking and gas transmission services	75,076	29,930	86,953	35,221
Expenses with other taxes and duties *)	936,114	304,120	4,590,526	2,284,877
(Net gain)/Net loss from provisions movement **)	(168,477)	(240,594)	(98,475)	(92,151)
Other operating expenses	394,387	337,686	220,697	104,818
Total	1,285,400	471,690	4,834,977	2,359,145

*) In the six-month period ended June 30, 2023, the major taxes and duties included in the amount of RON 936,114 thousand (six-month period ended June 30, 2022: RON 4,590,526 thousand) are:

- RON 645,091 thousand represent windfall tax resulting from the deregulation of prices in the natural gas sector according to Government Ordinance no. 7/2013 with the subsequent amendments for the implementation of the windfall tax following the deregulation of prices in the natural gas sector (six-month period ended June 30, 2022: RON 3,607,249 thousand); the decrease of this expense is due to the provisions of Government Emergency Ordinance nor. 27/2022 as subsequently amended and supplemented, according to which gas sold at RON 150/MWh is not subject to the tax;
- RON 290,076 thousand represent royalty on gas production, storage activity and other activities (six-month period ended June 30, 2022: RON 917,122 thousand). The decrease of this expense is due to the provisions of Government Emergency Ordinance nor. 27/2022 as subsequently amended and supplemented, according to which for gas sold at RON 150/MWh the royalty is determined considering this price, instead of the reference price communicated by the National Agency for Mineral Resources on a monthly basis.

***) The net gain from provisions movement of RON 168,477 thousand relates mainly to:

- the release of provision for CO₂ certificates, an income of RON 228,289 thousand, partially offsetting the expense of RON 280,681 thousand incurred with the acquisition of these certificates for 2022 and partial 2023 compliance, recorded in other operating expenses. An additional provision (expense) of RON 96,414 thousand was recorded for 2023 emissions;
- payment of amounts representing employees' participation to profit, according to shareholders' decision (net gain of RON 19,802 thousand). This gain offsets the expense recorded as employees costs when granted (note 8).

NOTES

10. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Trade receivables	1,495,039	1,492,403
Allowances for expected credit losses for trade and other receivables (note 10 c)	(714,189)	(724,386)
Accrued receivables	369,702	605,647
Total	1,150,552	1,373,664

b) Other assets

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Advances paid to suppliers	2,693	1,053
Joint operation receivables	9,844	10,550
Other receivables	20,992	37,377
Allowance for expected credit losses for other receivables (note 10 c)	(172)	(172)
Other debtors	47,425	58,543
Allowance for expected credit losses for other debtors (note 10 c)	(46,028)	(50,055)
Prepayments	19,821	10,297
VAT not yet due	3,241	5,764
Subsidies receivable (note 3)	97,449	-
Other taxes receivable	69,593	191,875
Total	224,858	265,232

c) Changes in the allowance for expected credit losses for trade and other receivables and other assets

	2023	2022
	'000 RON	'000 RON
At January 1	774,613	981,497
Charge in the allowance for receivables (note 5, note 10 b)	192	1,303
Charge in the allowance for trade receivables (note 10 a)	18,795	28,304
Write-off against trade receivables (note 10 a)	(865)	(262,641)
Release in the allowance for receivables (note 5, note 10 b)	(4,219)	(37)
Release in the allowance for trade receivables (note 10 a)	(28,127)	(49,361)
At June 30	760,389	699,065

11. PROVISIONS

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Decommissioning provision (see below)	278,301	210,838
Retirement benefit obligation	159,661	168,830
Total long term provisions	437,962	379,668

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

NOTES

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Decommissioning provision (see below)	25,645	25,652
Litigation provision	352	6,620
Other provisions *)	126,134	289,217
Total short term provisions	152,131	321,489
Total provisions	590,093	701,157

*) Other provisions include the provision for CO₂ certificates of RON 96,251 thousand (December 31, 2022: RON 228,126 thousand).

	2023	2022
	'000 RON	'000 RON
Decommissioning provision movement		
At January 1	236,490	437,638
Additional provision recorded against non-current assets	49,637	100
Unwinding effect	8,863	18,285
Recorded in profit or loss	10,043	(63,078)
Decrease recorded against non-current assets	(1,087)	(144,603)
At June 30	303,946	248,342

As of June 30, 2023 the discounting rate used in the computation of the decommissioning provision was reduced to 6.78% from 8.19% as of December 31, 2022. This decrease generated the changes shown above.

12. CASH AND CASH EQUIVALENTS. OTHER FINANCIAL ASSETS

a) Cash and cash equivalents

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Current bank accounts *)	174,986	122,559
Petty cash	51	50
Term deposits	2,193,688	1,759,683
Restricted cash **)	1,407	1,584
Amounts under settlement	26	6
Total	2,370,158	1,883,882

*) Current bank accounts include overnight deposits.

**) At June 30, 2023 restricted cash refers to bank accounts used only for dividend payments to shareholders, according to stock market regulations.

b) Other financial assets

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Bank deposits	972,984	90,000
Accrued interest receivable on bank deposits	26,685	9,597
	999,669	99,597

NOTES

13. OTHER LIABILITIES. DEFERRED REVENUE

a) Other liabilities

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Payables related to employees	35,504	61,735
Royalties	139,392	146,965
Contribution to Energy Transition Fund	-	11,931
Joint venture payables	29,481	18,043
Social security taxes	27,282	37,756
Other current liabilities	10,623	12,174
VAT	11,828	20,612
Dividends payable	1,319,195	1,225
Windfall tax	37,387	-
Other taxes	4,105	1,827
Total other liabilities	1,614,797	312,268

b) Deferred revenue (long term portion)

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Amounts collected from NIP	230,169	230,169
Subsidy Bilciuresti storage *)	94,211	-
Other deferred revenue	138	145
Other amounts received as subsidies	102	105
Total long term deferred revenue	324,620	230,419

*) In 2023, Depogaz signed a financing agreement with the European Climate, Infrastructure and Environment Executive Agency to increase the daily withdrawal capacity of the Bilciurești storage facility. Following this agreement, Depogaz received the amount of RON 94,211 thousand as an advance.

14. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Sales of goods and services

	Six months ended June 30, 2023	Three months ended June 30, 2023	Six months ended June 30, 2022	Three months ended June 30, 2022
	'000 RON	'000 RON	'000 RON	'000 RON
Romgaz's associates	6,767	5,353	6,509	5,309
Total	6,767	5,353	6,509	5,309

The Group is controlled by the Ministry of Energy, on behalf of the Romanian State. As such, all companies over which the Ministry of Energy has control or significant influence are considered related parties of the Group. No other ministry or agency of the Romanian State has control or significant influence over the Group, therefore companies over which the Romanian State has control or significant influence through organizations other than the Ministry of Energy are not considered related parties of the Group.

NOTES

The table below shows the transactions of the Group with companies over which the Ministry of Energy has control or significant influence:

	Six months ended June 30, 2023 '000 RON	Three months ended June 30, 2023	Six months ended June 30, 2022 '000 RON	Three months ended June 30, 2022
Companies controlled by the Ministry of Energy				
Electrocentrale Constanța SA	85,402	29,279	71,548	19,826
Electrocentrale București SA	632,750	134,943	1,185,680	361,021
Companies significantly influenced by the Ministry of Energy				
OMV Petrom SA	62,823	23,750	240,800	209,505
Engie România SA	1,168,125	404,672	1,406,155	464,489
E.On Energie România SA	1,243,659	641,829	883,577	478,864
Total	3,192,759	1,234,473	3,787,760	1,533,705

(ii) Trade receivables

	June 30, 2023 '000 RON	December 31, 2022 '000 RON
Romgaz's associates	3,738	-
Total	3,738	-

15. SEGMENT INFORMATION

a) Products and services from which reportable segments derive their revenues

The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the upstream segment, storage services, electricity production and distribution, and others, including headquarter activities. The Directors of the Group have chosen to organize the Group around differences in activities performed.

Specifically, the Group is organized in the following segments:

- upstream, which includes exploration activities, natural gas production and trade of gas extracted by Romgaz or acquired for resale; these activities are performed by Medias, Mures and in part by the Company's headquarters and also by subsidiary Romgaz Black Sea Limited;
- storage activities, performed by Depogaz subsidiary. The Company's associate Depomures is also operating in the gas underground storage business;
- electricity production and distribution activities, performed by Iernut branch;
- other activities, such as technological transport, operations on wells and corporate activities.

b) Segment assets and liabilities

June 30, 2023	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Total assets	9,312,723	1,146,630	1,378,425	4,193,380	(339,355)	15,691,803
Total liabilities	1,744,896	222,267	379,027	3,025,793	(124,240)	5,247,743

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

NOTES

December 31, 2022	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Total assets	9,478,393	1,007,078	1,283,328	2,783,013	(223,753)	14,328,059
Total liabilities	1,782,028	105,129	483,530	1,901,060	(20,253)	4,251,494

c) Segment revenues, results and other segment information

Six months ended June 30, 2023	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Revenue	4,612,453	271,333	287,152	224,288	(497,909)	4,897,317
Less: revenue between segments	(174,051)	(19,409)	(86,976)	(217,473)	497,909	-
Third party revenue	4,438,402	251,924	200,176	6,815	-	4,897,317
Segment profit/(loss) before tax	2,773,918	92,581	(26,199)	227,269	(61,827)	3,005,742
Three months ended June 30, 2023	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Revenue	1,835,386	142,386	121,663	116,309	(227,465)	1,988,279
Less: revenue between segments	(66,132)	(5,769)	(42,614)	(112,950)	227,465	-
Third party revenue	1,769,254	136,617	79,049	3,359	-	1,988,279
Segment profit/(loss) before tax	1,124,861	33,041	(26,994)	154,541	(65,182)	1,220,267
Six months ended June 30, 2022	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Revenue	7,276,781	178,277	621,382	205,594	(785,985)	7,496,049
Less: revenue between segments	(432,621)	(29,398)	(123,282)	(200,684)	785,985	-
Third party revenue	6,844,160	148,879	498,100	4,910	-	7,496,049
Segment profit/(loss) before tax	1,995,319	28,703	(69,212)	143,942	(41,469)	2,057,283

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

NOTES

Three months ended June 30, 2022	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Revenue	3,479,836	100,805	240,873	111,172	(362,426)	3,570,260
Less: revenue between segments	(177,235)	(14,113)	(63,539)	(107,539)	362,426	-
Third party revenue	3,302,601	86,692	177,334	3,633	-	3,570,260
Segment profit/(loss) before tax	909,928	10,663	(89,192)	83,562	(27,044)	887,917

16. COMMITMENTS UNDERTAKEN

In 2023, Romgaz signed an addendum to the credit agreement with BCR SA representing a facility for issuing letters of guarantee and opening letters of credit for a maximum amount of RON 630,000 thousand. On June 30, 2023 are still available for use RON 113,119 thousand.

As of June 30, 2023, the Group's contractual commitments for the acquisition of non-current assets are of RON 1,433,116 thousand (December 31, 2022: RON 396,551 thousand). This amount includes commitments of RON 874,064 thousand of Romgaz Black Sea Limited for its joint-arrangement with OMV Petrom SA.

In June 2023, after taking the final investment decision, Romgaz Black Sea Limited and the operator of the Neptun Deep Block submitted for endorsement to the National Agency for Mineral Resources the Development Plan for two commercial reservoirs in this block, namely Domino and Pelican South. The value of the investment is estimated to EUR 4 billion, the stake of the Romgaz Group being 50%.

17. EVENTS AFTER THE BALANCE SHEET DATE

a) Iernut power plant



In 2023, Romgaz and Duro Felguera signed an agreement to complete the works on the Iernut Power Plant. The agreement having a value of RON 345 million entered into force in July 2023. On August 1, 2023, the Order to start work on the investment objective in Iernut was issued by Romgaz to the contractor. The deadline for completion of the investment is 16 months.

b) Endorsement of development plan for Neptun Deep block

In August 2023 The National Agency for Mineral Resources confirmed the Development Plan of Domino and Pelican South natural gas commercial reservoirs. This moment represents the actual start of the development phase of the commercial reservoirs.

18. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on August 10, 2023.



Răzvan Popescu
 Chief Executive Officer


Gabriela Trânbițaș
 Chief Financial Officer

STATEMENT

in accordance with the provisions of art. 67 (2) c) of Law No. 24/2017
regarding issuers of financial instruments and market operations

Entity: Societatea Nationala de Gaze Naturale ROMGAZ S.A.
County: 32--SIBIU
Address: MEDIAȘ, 4 C.I. Motaș Square, tel. +4-0374-401020
Registration Number in the Trade Register: J32/392/2001
Form of Property: 14--State owned companies and enterprises
Main activity (CAEN code and denomination): 0620–Natural Gas Production
Tax Identification Number: 14056826

The undersigned,
RĂZVAN POPESCU, as Chief Executive Officer, and
GABRIELA TRÂNBÎȚAȘ, as Chief Financial Officer,

hereby confirm that according to our knowledge, the interim condensed consolidated financial statements for the half year ended June 30, 2023, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, namely IAS 34, offer a true and fair view of the assets, liabilities, financial position, statement of profit and loss of the S.N.G.N. ROMGAZ S.A. Group and that the Board of Directors' report presents correctly and completely the information about S.N.G.N. ROMGAZ S.A. Group.

**CHIEF EXECUTIVE OFFICER,
RĂZVAN POPESCU**

**CHIEF FINANCIAL OFFICER,
GABRIELA TRÂNBÎȚAȘ**



S.N.G.N. ROMGAZ S.A.

**SEPARATE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(UNAUDITED)**

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL ACCOUNTING STANDARD 34**

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STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended June 30, 2023 '000 RON	Six months ended June 30, 2022 '000 RON
Revenue	3	4,716,275	7,411,776
Cost of commodities sold	4	(46,593)	(32,352)
Investment income		175,080	107,160
Other gains and losses	5	1,742	(4,156)
Net impairment gains/(losses) on trade receivables	10	9,332	21,057
Changes in inventory of finished goods and work in progress		(43,953)	(20,418)
Raw materials and consumables used	4	(44,245)	(49,081)
Depreciation, amortization and impairment expenses	6	(244,201)	(183,639)
Employee benefit expense	8	(395,739)	(334,802)
Finance cost		(27,853)	(18,546)
Exploration expense		(250)	(32,432)
Other expenses	9	(1,247,915)	(4,830,726)
Other income		128,719	32,595
Profit before tax		2,980,399	2,066,436
Income tax expense	7	(1,422,135)	(326,209)
Profit for the period		1,558,264	1,740,227
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on post-employment benefits		-	40,182
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	(6,429)
Total items that will not be reclassified subsequently to profit or loss		-	33,753
Other comprehensive income for the year net of income tax		-	33,753
Total comprehensive income for the period		1,558,264	1,773,980

These financial statements were endorsed by the Board of Directors on August 10, 2023.

Răzvan Popescu
Chief Executive Officer



Gabriela Trâmbițaș
Chief Financial Officer

The accompanying notes form an integrant part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2023 '000 RON	December 31, 2022 '000 RON
ASSETS			
Non-current assets			
Property, plant and equipment		4,442,105	4,387,058
Other intangible assets		18,628	19,735
Investments in subsidiaries		5,185,051	5,185,051
Investments in associates		120	120
Deferred tax asset		193,832	217,073
Net lease investment		263	286
Other assets	10 b)	105,397	27,722
Right of use asset		7,399	6,786
Other financial assets		5,616	5,616
Total non-current assets		9,958,411	9,849,447
Current assets			
Inventories		242,251	274,531
Trade and other receivables	10 a)	1,101,691	1,334,163
Contract costs		18	3
Other financial assets	12 b)	932,673	8,481
Other assets	10 b)	198,560	250,922
Net lease investment		100	88
Cash and cash equivalents	12 a)	2,259,400	1,867,570
Total current assets		4,734,693	3,735,758
Assets held for disposal		681,321	677,634
Total assets		15,374,425	14,262,839
EQUITY AND LIABILITIES			
Equity			
Share capital		385,422	385,422
Reserves		4,761,102	3,492,228
Retained earnings		5,162,783	6,191,538
Total equity		10,309,307	10,069,188
Non-current liabilities			
Retirement benefit obligation		150,402	158,934
Deferred revenue		230,409	230,419
Lease liability		7,498	7,090
Borrowings		967,863	1,125,534
Provisions	11	249,110	186,778
Total non-current liabilities		1,605,282	1,708,755

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2023 '000 RON	December 31, 2022 '000 RON
Current liabilities			
Trade payables		117,587	86,903
Contract liabilities		109,878	263,340
Current tax liabilities		1,136,823	1,171,873
Deferred revenue		11	11
Provisions	11	148,261	312,867
Lease liability		1,181	1,017
Borrowings		322,621	321,581
Other liabilities	12	1,571,070	279,797
Total current liabilities		3,407,432	2,437,389
Liabilities directly associated with the assets held for disposal		52,404	47,507
Total liabilities		5,065,118	4,193,651
Total equity and liabilities		15,374,425	14,262,839

These financial statements were endorsed by the Board of Directors on August 10, 2023.

Răzvan Popescu
Chief Executive Officer



Gabriela Trânbițaș
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.
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STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Other reserves	Retained earnings	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2023	385,422	77,084	3,415,144	6,191,538	10,069,188
Profit for the period	-	-	-	1,558,264	1,558,264
Total comprehensive income for the period	-	-	-	1,558,264	1,558,264
Allocation to dividends *)	-	-	-	(1,318,145)	(1,318,145)
Allocation to other reserves	-	-	1,268,874	(1,268,874)	-
Balance as of June 30, 2023	385,422	77,084	4,684,018	5,162,783	10,309,307
Balance as of January 1, 2022	385,422	77,084	2,843,090	5,684,411	8,990,007
Profit for the period	-	-	-	1,740,227	1,740,227
Other comprehensive income for the period	-	-	-	33,753	33,753
Total comprehensive income for the period	-	-	-	1,773,980	1,773,980
Allocation to dividends *)	-	-	-	(1,464,605)	(1,464,605)
Allocation to other reserves	-	-	540,227	(540,227)	-
Balance as of June 30, 2022	385,422	77,084	3,383,317	5,453,559	9,299,382

*) In 2023 the Company's shareholders approved the allocation of dividends of RON 1,318,145 thousand (2022: RON 1,464,605 thousand), dividend per share being RON 3.42 (2022: RON 3.80).

These financial statements were endorsed by the Board of Directors on August 10, 2023.

Răzvan Popescu
Chief Executive Officer



Gabriela Trânbițaș
Chief Financial Officer

The accompanying notes form an integrant part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF CASH FLOW

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Cash flows from operating activities		
Net profit	1,558,264	1,740,227
Adjustments for:		
Income tax expense (note 7)	1,422,135	326,209
Interest expense	18,990	261
Income from dividends	(50,247)	(13,583)
Unwinding of decommissioning provision (note 11)	8,863	18,285
Interest revenue	(124,833)	(93,577)
Net loss on disposal of non-current assets	(1,665)	(94)
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 9)	10,043	(63,078)
Change in other provisions (note 9)	(173,131)	(30,541)
Net impairment of exploration assets	7,367	6,098
Exploration projects written off	-	16
Net impairment of property, plant and equipment and intangibles	55,382	11,213
Foreign exchange differences	4,454	780
Depreciation and amortization (note 6)	181,452	166,328
Amortization of contract costs	27	602
Net receivable write-offs and movement in allowances for trade receivables and other assets (note 10)	(13,359)	(19,791)
Other gains and losses	459	1,793
Net movement in write-down allowances for inventory (note 5)	(607)	1,127
Subsidies income	(4)	(3)
	2,903,590	2,052,272
Movements in working capital:		
(Increase)/Decrease in inventory	33,444	42,401
(Increase)/Decrease in trade and other receivables	247,902	(156,760)
Increase/(Decrease) in trade and other liabilities	(120,502)	382,203
Cash generated from operations	3,064,434	2,320,116
Interest paid	(18,729)	(2)
Income taxes paid	(1,434,178)	(182,295)
Net cash generated by operating activities	1,611,527	2,137,819

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

STATEMENT OF CASH FLOW

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Cash flows from investing activities		
Bank deposits set up and acquisition of state bonds	(3,358,236)	(3,220,306)
Bank deposits and state bonds matured	2,450,252	2,229,566
Loans granted to subsidiaries	(74,710)	-
Interest received	105,650	76,523
Proceeds from sale of non-current assets	1,175	136
Dividends received	50,247	13,583
Advance paid for acquisition of financial investments	-	(499,082)
Acquisition of non-current assets	(218,142)	(146,907)
Acquisition of exploration assets	(13,837)	(61,012)
Collection of lease payments	60	56
Net cash (used in)/generated by investing activities	(1,057,541)	(1,607,443)
Cash flows from financing activities		
Borrowings received	-	1,606,475
Repayment of borrowings	(161,085)	-
Dividends paid	(175)	(68)
Repayment of lease liability	(896)	(787)
Net cash used in financing activities	(162,156)	1,605,620
Net increase/(decrease) in cash and cash equivalents	391,830	2,135,996
Cash and cash equivalents at the beginning of the period	1,867,570	3,572,651
Cash and cash equivalents at the end of the period	2,259,400	5,708,647

These financial statements were endorsed by the Board of Directors on August 10, 2023.

Răzvan Popescu
Chief Executive Officer



Gabriela Trâmbițaș
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.
This is a free translation of the original Romanian version.

NOTES

1. BACKGROUND AND GENERAL BUSINESS

Information regarding S.N.G.N. Romgaz S.A. (the "Company"/"Romgaz")

S.N.G.N. Romgaz S.A. is a joint stock company, incorporated in accordance with Romanian legislation.

The Company's headquarter is in Mediaș, 4 Constantin I. Motaș Square, 551130, Sibiu County.

The Romanian State, through the Ministry of Energy is the majority shareholder of S.N.G.N. Romgaz S.A. together with other legal and physical persons.

Romgaz has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensed reserves;
2. operation, production and usage, including trading, of mineral resources;
3. natural gas production for:
 - ensuring the storage flow continuity;
 - technological consumption;
 - delivery in the transmission system.
4. commissioning, interventions, capital repairs for wells equipping the deposits, as well as the natural gas resources extraction wells, for its own activity and for third parties;
5. electricity production and distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The separate condensed interim financial statements ("financial statements") of the Company have been prepared in accordance with the provisions of the International Accounting Standard 34 "Interim Reporting". For the purpose of the preparation of these financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board (IASB), however, the differences have no material impact on the Company's financial statements for the periods presented.

Basis of preparation

The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below.

Accounting is kept in Romanian and in the national currency. Items included in these financial statements are denominated in Romanian lei. Unless otherwise stated, the amounts are presented in thousand lei (thousand RON).

Standards and interpretations valid for the current period

The following standards and amendments or improvements to existing standards issued by the IASB and adopted by the EU have entered into force for the current period:

- Amendments to IAS 12 "Income taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction" (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IFRS 17 "Insurance Contracts: initial application of IFRS 17 and IFRS 9 - comparative information" (applicable to annual periods beginning on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates (effective for annual periods beginning on or after January 1, 2023);
- IFRS 17 "Insurance Contracts" including Amendments to IFRS 17 (effective for annual periods beginning on or after January 1, 2023). The Company does not issue contracts in scope of IFRS 17, thus the financial statements will not be impacted by this standard.

The accompanying notes form an integral part of these financial statements.
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NOTES

The adoption of these amendments, interpretations or improvements to existing standards has not led to changes in the Company's accounting policies.

Standards and interpretations issued by IASB not yet endorsed by the EU

At present, IFRS endorsed by the EU do not significantly differ from IFRS adopted by the IASB except for the following standards, amendments or improvements to the existing standards and interpretations, which were not endorsed for use in EU as at date of publication of financial statements:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date; Non-current Liabilities with Covenants" (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IFRS 16 "Leases: Lease liabilities in a sale and leaseback" (applicable to annual periods beginning on or after 1 January 2024).

The Company is currently evaluating the effect that the adoption of these standards, amendments or improvements to the existing standards and interpretations will have on the financial statements of the Company in the period of initial application.

Seasonality and cyclicity

Natural gas and electricity consumption is seasonal and affected by weather conditions. Natural gas consumption is highest in winter time. Electricity consumption also depends on climatic conditions, being impacted both by cold weather, as it can be used to produce heat, but also by high temperatures, as air conditioning systems rely on it. Consequently, the results of the Company may vary according to the seasonal character of the demand for natural gas and electricity.

Comparative information

For each item of the statement of financial position, the statement of comprehensive income and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes the value of the corresponding item for the previous period ended is presented, unless the changes are insignificant. In addition, the Company presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the financial statements, which has a material impact on the Company.

3. REVENUE AND OTHER INCOME

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Revenue from gas sold - own production *)	4,266,568	6,674,374
Revenue from gas sold - other arrangements	16,019	15,154
Revenue from gas acquired for resale	18,976	3,867
Revenue from electricity **)	200,407	498,590
Revenue from services	129,906	127,450
Revenue from sale of goods	28,439	36,251
Other revenues from contracts	435	143
Total revenue from contracts with customers	4,660,750	7,355,829
Revenues from rental activities	55,525	55,947
Total revenue	4,716,275	7,411,776
Other operating income ***)	128,719	32,595
Total revenue and other income	4,844,994	7,444,371

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NOTES TO THE FINANCIAL STATEMENTS

*) The decrease in revenue from gas sold is due to lower prices, as introduced by GEO no. 27/2022.

***) The decrease in revenue from electricity is due to lower prices, as introduced by GEO no. 27/2022. According to the Ordinance, most of electricity is sold at the regulated price of RON 450/MWh, the price being significantly lower than prices in the first half of 2022.

****) Other operating income include RON 97,449 thousand representing the amount by which CO2 certificates for electricity sold according to the mechanism for centralized electricity acquisitions provided for in GEO no. 27/2022 as subsequently amended and supplemented exceeds the contribution to the energy transition fund introduced by the same Ordinance. The legislation does not currently include the procedure to be applied by the Company to collect this amount, however, it stipulates the right to receive these amounts. The receivable is presented in note 10 b).

4. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Consumables used	27,268	24,836
Technological consumption	14,605	22,451
Cost of gas acquired for resale, sold	19,520	3,867
Cost of electricity imbalance	26,440	27,644
Cost of other goods sold	633	841
Other consumables	2,372	1,794
Total	90,838	81,433

5. OTHER GAINS AND LOSSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Forex gain	15,647	2,046
Forex loss	(19,764)	(2,110)
Net gain/(loss) on disposal of non-current assets	1,665	94
Net allowances for other receivables (note 10 c)	4,027	(1,266)
Net write down allowances for inventory	607	(1,127)
Other gains and losses	(440)	(1,793)
Total	1,742	(4,156)

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Depreciation and amortization	181,452	166,328
out of which:		
- depreciation of property, plant and equipment	178,546	163,586
- amortization of intangible assets	2,350	2,309
- amortization of right-of use assets	556	433
Net impairment of non-current assets	62,749	17,311
Total depreciation, amortization and impairment	244,201	183,639

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NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAX

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Current tax expense	428,213	256,158
Solidarity contribution*)	970,915	-
Deferred income tax (income)/expense	23,007	70,051
Total employee benefit costs	1,422,135	326,209

*) In 2022, a solidarity contribution was introduced in Romania as a result of Council Regulation (EU) 2022/1854 on an emergency intervention to address high energy prices. The temporary solidarity contribution is calculated at a rate of 60% of taxable profits, as determined under national tax rules, in the fiscal years 2022 and 2023 which are above a 20% increase of the average of the taxable profits, as determined under national tax rules, in the four fiscal years starting on or after 1 January 2018.

8. EMPLOYEE BENEFIT EXPENSE

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Wages and salaries	418,063	355,533
Social security charges	14,990	12,645
Meal tickets	16,989	11,362
Other benefits according to collective labor contract	9,259	7,316
Private pension payments	5,140	5,090
Private health insurance	4,950	3,183
Total employee benefit costs	469,391	395,129
Less, capitalized employee benefit costs	(73,652)	(60,327)
Total employee benefit expense	395,739	334,802

9. OTHER EXPENSES

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Energy and water expenses	12,494	13,812
Expenses for capacity booking and gas transmission services	75,076	86,953
Expenses with other taxes and duties *)	927,950	4,585,159
(Net gain)/Net loss from provisions movement**)	(163,088)	(93,619)
Gas storage services	19,409	29,398
Other operating expenses	376,074	209,023
Total	1,247,915	4,830,726

*) In the six-month period ended June 30, 2023, the major taxes and duties included in the amount of RON 927,950 thousand (six-month period ended June 30, 2022: RON 4,585,159 thousand) are:

- RON 645,091 thousand representing windfall tax resulting from the deregulation of prices in the natural gas sector according to Government Ordinance no. 7/2013 with the subsequent amendments for the implementation of the windfall tax following the deregulation of prices in the natural gas sector (six-month period ended June 30, 2022: RON 3,607,249 thousand); the decrease of this expense is due to the provisions of Government

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NOTES TO THE FINANCIAL STATEMENTS

Emergency Ordinance nor. 27/2022 as subsequently amended and supplemented, according to which gas sold at RON 150/MWh is not subject to the tax;

- RON 281,938 thousand representing royalty on gas production (six-month period ended June 30, 2022: RON 911,774 thousand). The decrease of this expense is due to the provisions of Government Emergency Ordinance nor. 27/2022 as subsequently amended and supplemented, according to which for gas sold at RON 150/MWh the royalty is determined considering this price, instead of the reference price communicated by the National Agency for Mineral Resources on a monthly basis.

** The net gain from provisions movement of RON 163,088 thousand relates mainly to:

- the release of provision for CO2 certificates, an income of RON 228,289 thousand, partially offsetting the expense of RON 280,681 thousand incurred with the acquisition of these certificates for 2022 and partial 2023 compliance, recorded in other operating expenses. An additional provision (expense) of RON 96,414 thousand was recorded for 2023 emissions;
- payment of amounts representing employees' participation to profit, according to shareholders' decision (net gain of RON 16,755 thousand). This gain offsets the expense recorded as employees costs when granted (note 8).

10. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Trade receivables	1,464,459	1,471,250
Allowances for expected credit losses (note 10 c)	(714,189)	(724,386)
Accrued receivables	351,421	587,299
Total	1,101,691	1,334,163

b) Other assets

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Loans granted to subsidiaries	102,071	27,359
Interest receivable on loans granted to subsidiaries	3,326	363
Total other assets (long term)	105,397	27,722
Advances paid to suppliers	2,532	-
Joint operation receivables	9,844	10,550
Other receivables	20,406	36,921
Allowance for expected credit losses other receivables (note 10 c)	(172)	(172)
Other debtors	47,417	58,487
Allowances for expected credit losses for other debtors (note 10 c)	(46,028)	(50,055)
Prepayments	18,067	9,829
VAT not yet due	2,486	3,072
Subsidies receivable	97,449	-
Other taxes receivable	46,559	182,290
Total other assets (short term)	198,560	250,922

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NOTES TO THE FINANCIAL STATEMENTS

c) Changes in the allowance for expected credit losses for trade and other receivables and other assets

	2023	2022
	'000 RON	'000 RON
At January 1	774,613	981,497
Charge in the allowance for other receivables (note 5, note 10 b)	192	1,303
Charge in the allowance for trade receivables (note 10 a)	18,795	28,304
Write-off against trade receivables (note 10 a)	(865)	(262,641)
Release in the allowance for other receivables (note 5, note 10 b)	(4,219)	(37)
Release in the allowance for trade receivables (note 10 a)	(28,127)	(49,361)
At June 30	760,389	699,065

11. PROVISIONS

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Decommissioning provision (see below)	249,110	186,778
Retirement benefit obligation	150,402	158,934
Total long term provisions	399,512	345,712
Decommissioning provision (see below)	22,039	22,046
Litigation provision	351	6,620
Other provisions *)	125,871	284,201
Total short term provisions	148,261	312,867
Total provisions	547,773	658,579

*) Other provisions include the provision for CO₂ certificates of RON 96,251 thousand (December 31, 2022: RON 228,126 thousand).

Decommissioning provision

(i) Decommissioning provision movement for non-current assets

	2023	2022
	'000 RON	'000 RON
At January 1	208,824	398,039
Additional provision recorded against non-current assets	45,491	101
Unwinding effect	7,878	16,709
Recorded in profit or loss	10,043	(63,078)
Change recorded against non-current assets	(1,087)	(130,658)
At June 30	271,149	221,113

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NOTES TO THE FINANCIAL STATEMENTS

(ii) Decommissioning provision movement for assets held for disposal

	2023	2022
	'000 RON	'000 RON
At January 1	27,666	39,598
Additional provision recorded against assets held for disposal	4,146	-
Unwinding effect	985	1,576
Change recorded against assets held for disposal	-	(13,945)
At June 30	32,797	27,229

As of June 30, 2023 the discounting rate used in the computation of the decommissioning provision was reduced to 6.78% from 8.19% as of December 31, 2022. This decrease generated the changes shown above.

12. OTHER LIABILITIES

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Payables related to employees	32,345	56,624
Royalties	135,122	142,651
Contribution to Energy Transition Fund	-	11,931
Social security taxes	24,876	34,896
Other current liabilities	10,317	11,635
VAT	7,762	19,048
Dividends payable	1,319,195	1,225
Windfall tax	37,387	-
Other taxes	4,066	1,787
Total other liabilities	1,571,070	279,797

13. RELATED PARTY TRANSACTIONS AND BALANCES

i. Sales of goods and services

	Six months ended June 30, 2023	Six months ended June 30, 2022
	'000 RON	'000 RON
Subsidiaries *)	70,883	64,606
Associates	11,278	10,848
Total	82,161	75,454

*) Of RON 70,883 thousand representing revenue obtained from transactions with subsidiaries, RON 50,557 thousand relate to rental revenues (2022: RON 51,667 thousand).

The Company is controlled by the Ministry of Energy, on behalf of the Romanian State. As such, all companies over which the Ministry of Energy has control or significant influence are considered related parties of the Company. No other ministry or agency of the Romanian State has control or significant influence over the Company, therefore companies over which the Romanian State has control or significant influence through organizations other than the Ministry of Energy are not considered related parties of the Company.

The table below shows the transactions of the Company with companies over which the Ministry of Energy has control or significant influence:

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NOTES TO THE FINANCIAL STATEMENTS

	Six months ended June 30, 2023 '000 RON	Six months ended June 30, 2022 '000 RON
Companies controlled by the Ministry of Energy		
Electrocentrale Constanța SA	84,670	71,389
Electrocentrale București SA	612,872	1,174,711
Companies significantly influenced by the Ministry of Energy		
OMV Petrom SA	27,272	217,350
Engie România SA	1,098,895	1,363,789
E.On Energie România SA	1,185,613	858,163
Total	3,009,322	3,685,402
ii. Purchase of goods and services	Six months ended June 30, 2023 '000 RON	Six months ended June 30, 2022 '000 RON
Subsidiaries	19,409	29,398
Total	19,409	29,398
iii. Interest income	Six months ended June 30, 2023 '000 RON	Six months ended June 30, 2022 '000 RON
Subsidiaries	2,964	-
Total	2,964	-
iv. Trade receivables	June 30, 2023 '000 RON	December 31, 2022 '000 RON
Subsidiaries	16,921	16,018
Asociates	3,738	-
Total	20,659	16,018
v. Net lease investment	June 30, 2023 '000 RON	December 31, 2022 '000 RON
Subsidiaries	363	374
Total	363	374
vi. Loans granted and related interest	June 30, 2023 '000 RON	December 31, 2022 '000 RON
Subsidiaries	105,397	27,722
Total	105,397	27,722

The accompanying notes form an integral part of these financial statements.
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NOTES TO THE FINANCIAL STATEMENTS

vii. Trade payables

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Subsidiaries	1,559	3,861
Total	1,559	3,861

14. CASH AND CASH EQUIVALENTS. OTHER FINANCIAL ASSETS

a) Cash and cash equivalents

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Current bank accounts *)	64,239	106,252
Petty cash	40	45
Term deposits	2,193,688	1,759,683
Restricted cash **)	1,407	1,584
Amounts under settlement	26	6
Total	2,259,400	1,867,570

*) Current bank accounts include overnight deposits.

**) At June 30, 2023 restricted cash refers to bank accounts used only for dividend payments to shareholders, according to stock market regulations.

b) Other financial assets

	June 30, 2023	December 31, 2022
	'000 RON	'000 RON
Bank deposits	907,984	-
Accrued interest receivable on bank deposits	24,689	8,481
	932,673	8,481

15. COMMITMENTS UNDERTAKEN

In 2023, Romgaz signed an addendum to the credit agreement with BCR SA representing a facility for issuing letters of guarantee, and opening letters of credit for a maximum amount of RON 630,000 thousand. On June 31, 2023 are still available for use RON 113,119 thousand.

As of June 30, 2023, the Company's contractual commitments for the acquisition of non-current assets are of RON 559,052 thousand (December 31, 2022: RON 181,936 thousand).

16. EVENTS AFTER THE BALANCE SHEET DATE

a) Iernut power plant

In 2023, Romgaz and Duro Felguera signed an agreement to complete the works on the Iernut Power Plant. The agreement having a value of RON 345 million entered into force in July 2023. On August 1, 2023, the Order to start work on the investment objective in Iernut was issued by Romgaz to the contractor. The deadline for completion of the investment is 16 months.

b) New loan agreement with Romgaz Black Sea Limited

In July 2023, the Company's shareholders approved a loan of RON 2.1 billion to be granted by Romgaz to its subsidiary Romgaz Black Sea Limited to support the investments in the development of the Neptun Deep block.

The accompanying notes form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were endorsed by the Board of Directors on August 10, 2023.


Răzvan Popescu
Chief Executive Officer


Gabriela Trâmbițaș
Chief Financial Officer

The accompanying notes form an integral part of these financial statements.
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STATEMENT

in accordance with the provisions of art. 67 (2) c) of Law No. 24/2017
regarding issuers of financial instruments and market operations

Entity: Societatea Nationala de Gaze Naturale ROMGAZ S.A.
County: 32--SIBIU
Address: MEDIAȘ, 4 C.I. Motaș Square, tel. +4-0374-401020
Registration Number in the Trade Register: J32/392/2001
Form of Property: 14--State owned companies and enterprises
Main activity (CAEN code and denomination): 0620—Natural Gas Production
Tax Identification Number: 14056826

The undersigned,
RĂZVAN POPESCU, as Chief Executive Officer, and
GABRIELA TRÂNBIȚAȘ, as Chief Financial Officer,

hereby confirm that according to our knowledge, the interim condensed financial statements for the half year ended June 30, 2023, prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, namely IAS 34, offer a true and fair view of the assets, liabilities, financial position, statement of profit and loss of the S.N.G.N. ROMGAZ S.A. and that the Board of Directors' report presents correctly and completely the information about S.N.G.N. ROMGAZ S.A.

**CHIEF EXECUTIVE OFFICER,
RĂZVAN POPESCU**

**CHIEF FINANCIAL OFFICER,
GABRIELA TRÂNBIȚAȘ**

