



ROMGAZ

Quarterly report on the economic-
financial activity
of ROMGAZ GROUP
on March 31, 2023
(January 1, 2023 - March 31, 2023)

romgaz.ro

IDENTIFICATION DETAILS ON REPORT AND ISSUER

Report Basis	<i>Law no. 24/2017 on issuers of financial instruments and market operations (Article 69) and ASF Regulation no.5/2018 on issuers of financial instruments and market operations (Annex no.13), for the three-month period ended on March 31, 2023</i>
Report Date	May 12, 2023
Name of the Company	Societatea Națională de Gaze Naturale “ROMGAZ” SA
Headquarters	Mediaș, 551130, 4 Constantin I. Motas Square, Sibiu County
Telephone/Fax number	004 0374401020/004 0374474325
Web/E-mail	www.romgaz.ro / secretariat@romgaz.ro
Trade Registry No.	J32/392/2001
Fiscal Code	RO14056826
Legal Entity Identifier (LEI)	2549009R7KJ38D9RW354
Regulated market where company 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

ROMGAZ GROUP¹ PERFORMANCES

In the first quarter (Q1) 2023, Romgaz Group recorded a **revenue of RON 2,909.0 million**, a decrease of 25.90%, namely by RON 1,016.8 million, as compared to the revenue achieved in Q1 2022, against a 5.69% drop in deliveries. As compared to Q4 2022, revenue increased by 14.21%, while deliveries increased by 6.25%.

Net consolidated profit of RON 970.0 million was lower by 0.98%, namely RON 9.6 million as compared to the similar period of last year. Compared to Q4 2022, net profit increased by 214.01%, considering that this quarter was influenced by the solidarity contribution introduced at the end of 2022 (the contribution, presented as profit tax, was for the full year 2022, not just for Q4). Gross profit increased by 20.28% as compared to Q4 2022.

Net consolidated profit per share (**EPS**) was RON 2.52.

The achieved margins of the consolidated net profit (33.34%), consolidated EBIT (59.90%) and consolidated EBITDA (64.71%) recorded a significant increase as compared to Q1 2022 (24.95%; 28.97% and 31.24% respectively). The increase is due to lower royalty expenses (RON 146.5 million in Q1 2023 as compared to RON 458.4 million in Q1 2022) and lower windfall tax expenses from gas sale activity (RON 476.9 million in Q1 2023 as compared to RON 1,843.2 million in Q1 2022), as a result of Government Emergency Ordinance No. 27/2022 as subsequently amended and

¹**Romgaz Group** consists of SNGN Romgaz SA (“The Company”/“Romgaz”) as parent company, Filiala de Îmagazinare Gaze Naturale Depogaz Ploiești SRL (“Depogaz”) and Romgaz Black Sea Limited.

supplemented. According to GEO 27/2022, the windfall tax does not apply for the gas sold at 150 RON/MWh, and royalty is paid based on this price, and not based on the reference price communicated by the National Agency for Mineral Resources. Monthly reference prices for the reviewed period are (RON/MWh):

Year	January	February	March
2023	550.34	318.28	271.58
2022	535.86	432.73	408.47

Natural gas consumption estimated² at national level for Q1 2023 was about 38.72 TWh, approximately 12% lower than the consumption recorded in Q1 2022.

Natural gas production recorded in Q1 2023 was **1,236.7 million m³**, 0.73% higher than planned. Compared to the natural gas production of Q1 2022, the production recorded in Q1 2023 dropped by 5.4%.

The amount of **electricity produced** was **323.04 GWh** in Q1 2023, 6.46% lower than production in the similar period of last year (345.337 GWh).

Relevant Consolidated Financial Results

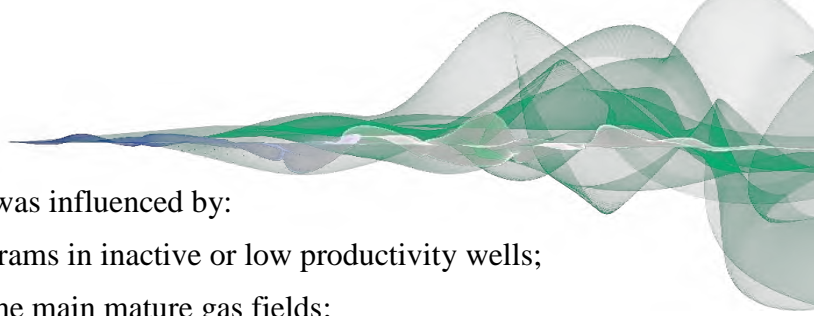
				RON million			
Q1 2022	Q4 2022	Q1 2023	ΔQ1/Q4 (%)	Main indicators	Q1 2022	Q1 2023	Δ Q1 (%)
3,925.8	2,547.1	2,909.0	14.21	Revenue	3,925.8	2,909.0	-25.90
3,924.4	2,604.3	2,984.5	14.60	Income	3,924.4	2,984.5	-23.95
2,755.0	1,120.5	1,199.5	7.05	Expenses	2,755.0	1,199.5	-56.46
(0.1)	0.7	0.5	-27.94	Share of profit of associates	(0.1)	0.5	n/a
1,169.4	1,484.5	1,785.5	20.28	Gross profit	1,169.4	1,785.5	52.69
189.7	1,175.6	815.5	-30.63	Profit tax	189.7	815.5	329.77
979.6	308.9	970.0	214.01	Net profit	979.6	970.0	-0.98
1,137.5	1,457.2	1,742.4	19.57	EBIT	1,137.5	1,742.4	53.18
1,226.5	1,637.3	1,882.4	14.97	EBITDA	1,226.5	1,882.4	53.47
2.5	0.8	2.5	214.01	Earnings per share (EPS) (RON)	2.5	2.5	0.98
24.95	12.13	33.34	174.90	Net profit ratio (% from Revenue)	24.95	33.34	33.63
28.97	57.21	59.90	4.70	EBIT ratio (% from Revenue)	28.97	59.90	106.77
31.24	64.28	64.71	0.67	EBITDA ratio (% from Revenue)	31.24	64.71	107.14
5,843	5,971	5,943	-0.47	Number of employees at the end of the period	5,843	5,943	1.71

Operational Results

Q1 2022	Q4 2022	Q1 2023	ΔQ1/Q4 (%)	Main Indicators	Q1 2022	Q1 2023	Δ Q1 (%)
1,307.2	1,248.5	1,236.7	-0.95	Gross production (million m ³)	1,307.2	1,236.7	-5.39
92.6	89.0	88.5	-0.56	Petroleum royalty (million m ³)	92.6	88.5	-4.42
5,369	5,240	5,617	7.06	Condensate production (tonnes)	5,369	5,617	4.62
345.3	271.0	323.0	19.21	Electricity production (GWh)	345.3	323.0	-6.46
1,026.4	620.1	1,114.9	79.79	UGS withdrawal services (million m ³) invoiced	1,026.4	1,114.9	8.62
78.8	483.3	45.4	-90.61	UGS injection services (million m ³) invoiced	78.8	45.4	-42.39

Note: information is not consolidated, it also includes transactions between Romgaz and Depogaz.

² Consumption is estimated as ANRE has not published, until the date hereof, the reports on the gas market for 2023.



Natural gas production recorded in Q1 2023 was influenced by:

- ✓ well workover and recompletion programs in inactive or low productivity wells;
- ✓ continuous rehabilitation projects of the main mature gas fields;
- ✓ implementation of measures to optimize gas field production;
- ✓ completion of investment works to extend the production infrastructure and connection of new wells to this infrastructure.

The conditions underlying these results were:

- ✍ gas imports for consumption were approximately 3.24 TWh, 75% lower than in the same period of the previous year;
- ✍ lower gas withdrawals from Romgaz UGSs by 0.203 million MWh than in the similar period of 2022 (1.762 million MWh compared to 1.965 million MWh).

National gas consumption estimated for Q1 2023 was 38.72 TWh, approximately 12% lower than the consumption recorded in Q1 2022, out of which approximately 3.24 TWh was covered by import gas and the difference of 35.48 TWh by domestic gas. Romgaz contribution was 14.84 TWh, representing 38.33% from the national consumption and **41.81%** from the consumption covered from domestic gas.

ROMGAZ GROUP – BRIEF 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.

Shareholder Structure

On March 31, 2023 SNGN Romgaz SA shareholders' structure was the following:

	Number of shares	%
Romanian State ³	269,823,080	70.0071
Free float – total, out of which:	115,599,320	29.9929
*legal persons	95,494,135	24.7765
*natural persons	20,105,185	5.2164
Total	385,422,400	100.0000



Company Organization

The organization of the company corresponds to a hierarchical-functional structure with a number of six hierarchical levels from company shareholders to execution personnel.

The Company has six branches established based on the specific business as well as on the activity location (production branches), as follows:

- Sucursala Mediaș (Medias Branch);
- Sucursala Târgu Mureș (Targu Mures 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 (SPEE) (Iernut Power Generation Branch);

³ The Romanian State through the *Ministry of Energy*

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

As of 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, subject to EC Directive No. 73/2009 implemented by Electricity and Natural Gas Law 123/2012 (art. 141), the storage activity is unbundled from SNGN Romgaz SA and 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 the underground storages licensed by SNGN Romgaz SA, the operation of assets that contribute to performing the activities belonging to SNGN Romgaz SA and the entire personnel performing storage activities.

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

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.

Romgaz Black Sea Limited is a company operating in compliance with the laws of the Commonwealth of the Bahamas.

Romgaz Black Sea Limited 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

On March 31, 2023, Romgaz Board of Directors consisted of:

Item no.	Name	Position in the Board	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 adviser, MBA	SNGN Romgaz SA
3	Nuț Marius Gabriel	member	non-executive independent	economist	SC Sanex SA and SC Lasselberger SA
4	Brasla Răzvan	member	non-executive independent	economist	SC Blom Project Management SRL

Item no.	Name	Position in the Board	Status ^{*)}	Professional Qualification	Institution of Employment
5	Sorici Gheorghe Silvian	member	non-executive independent	economist	SC Sobis Solutions SRL
6	Balazs Botond	member	non-executive non-independent	legal adviser	SNGN Romgaz SA
7	Stoian Elena Lorena	member	non-executive independent	legal adviser	SCA Stoian și Asociații

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

Board members were elected under OGMS Resolution No.5 of March 14, 2023, for a 4-year mandate, as of March 16, 2023.

During January 1 – March 14, 2023, the Board of Directors consisted of:

Item no.	Name	Position in the Board	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 adviser, 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	executive non-independent	legal adviser	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

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

Executive Management

Chief Executive Officer (CEO)

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

Deputy Chief Executive Officer (Deputy CEO)

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

Chief Financial Officer (CFO)

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

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

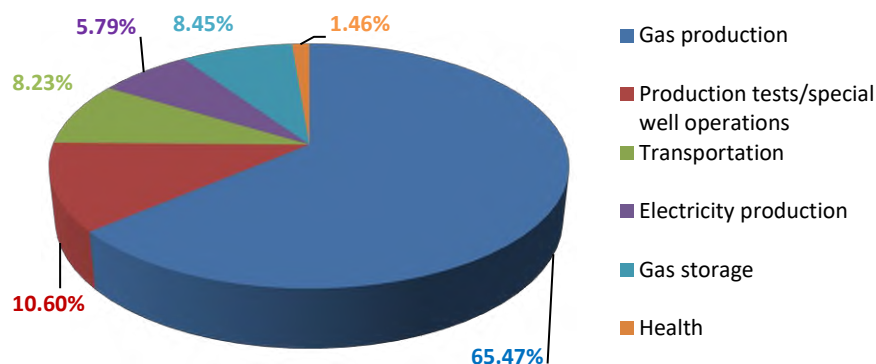
Human Resources

On March 31, 2023, Romgaz Group had 5,943 and SNGN Romgaz SA had 5,426 employees.

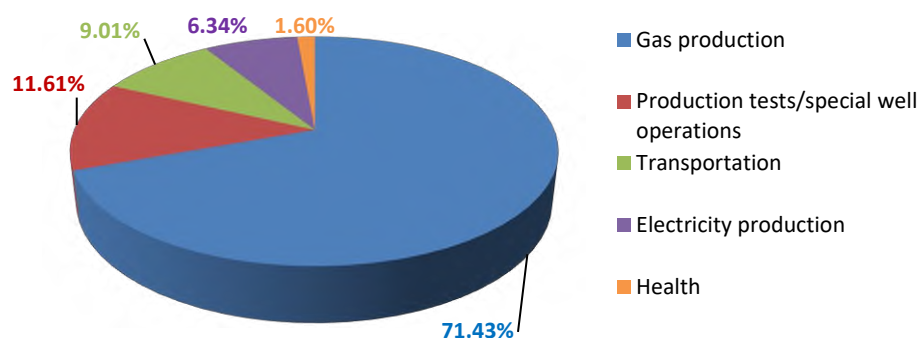
The table below shows the evolution of the employees' number for January 1, 2022 - March 31, 2023:

Description	2022 GROUP		March 31, 2023	
	Q1	Year	GROUP	Romgaz
Employees at the beginning of the period	5,863	5,863	5,971	5,453
Newly hired employees	73	354	41	35
Employees who terminated their labour relationship with the company	93	246	69	62
Employees at the end of the period	5,843	5,971	5,943	5,426

Romgaz Group personnel structured by activities at the end of the reporting period is shown below:



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ROMGAZ on the Stock Exchange

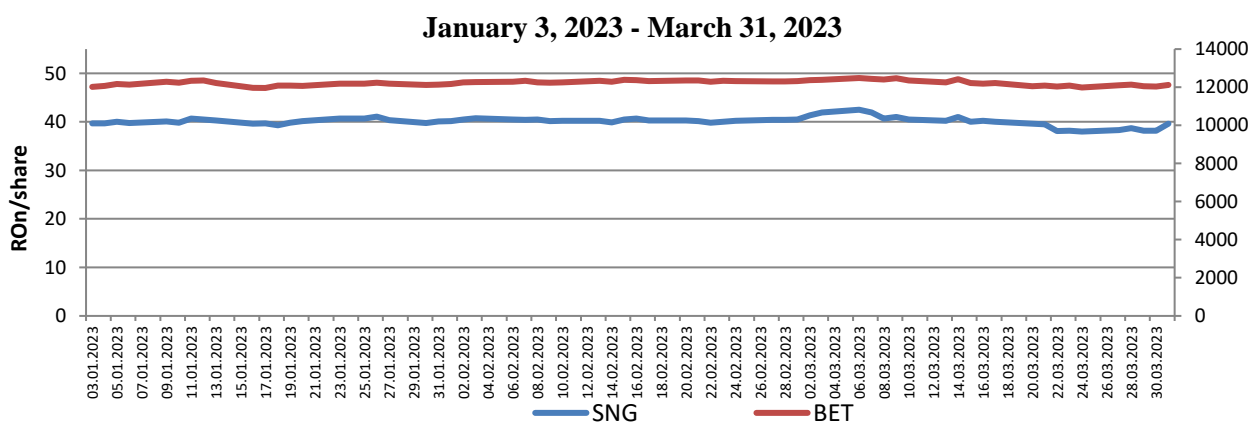
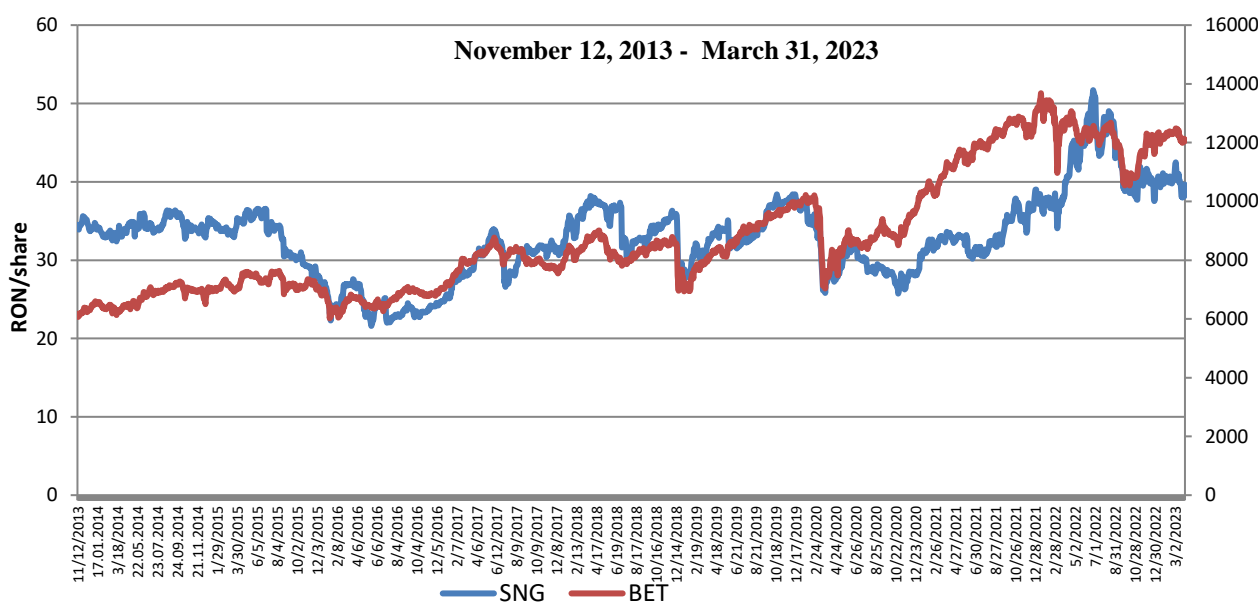
As of November 12, 2013, company shares are traded on the regulated market governed by BVB (Bucharest Stock Exchange) under the symbol “SNG” and on the main market for financial instruments of LSE (London Stock Exchange), as GDRs (Global Depository Receipts) issued by the Bank of New York Mellon under the symbol “SNGR”.

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

Since the listing day up to present, Romgaz has been considered an attractive company for investors and holds a significant position in the top of local issuers, being included in BVB trading indices by the end of Q1 2023, as follows:

- Second place by market capitalization in the top of Premium BVB issuers. With a market capitalization of RON 15,281.99 million, EUR 3,087.83 million, on March 31, 2023, Romgaz is the second largest listed company in Romania, being preceded by OMV Petrom with a capitalization of RON 28,694.52 million (EUR 5,797.92 million);
- Fourth place by the total amount of transactions in Q1 2023 in the top of Premium BVB issuers, with RON 131.13 million;
- Weight of 9.01% and 9.43% in BET index (top 15 issuers) and BET-XT (top 25 issuers) respectively, 27.66% in BET-NG index (energy and utilities) and 9.01% in BET-TR index (BET Total Return).

Performance of Romgaz shares compared to BET index between listing and March 31, 2023, and in Q1, 2023 is shown below:



In Q1 2023, Romgaz shares and GDRs trading prices recorded a slightly oscillating trend with an average value of RON 40.10 /share.

The most important events of the period took place in March 2023, therefore Romgaz share reached the maximum threshold of RON 42.50/share (on March 6, 2023) as well as the minimum threshold of RON 38/share (on March 24, 2023). The main events of the period were: the Romanian Government approved a memorandum for distributing minimum 90% from the profit for 2022 as dividends (+), decrease of gas reference prices in Europe below the threshold of 40 Euro (43 USD) for one MWh, due to warm weather conditions that cut down demand (-), the Board of Directors approved conclusion of two contracts with Duro Felguera S.A. in order to finalise the construction of the new Iernut power plant (+).

On March 31, 2023, Romgaz share reached RON 39.65 by 5% higher than the value of the last trading day of 2022.

The trading price of global depositary receipts (GDR), underlying Romgaz shares, had a different evolution as compared to shares. Therefore, the maximum and minimum values were recorded in January 2023: 8 USD/GDR (equivalent of RON 37.11/GDR), namely 9.70 USD/GDR (equivalent of RON 44.10/GDR). The average trading value for the period was 8.85 USD/GDR (equivalent of RON 40.56/GDR), and on March 31, 2023 GDRs reached 8.30 USD/GDR (equivalent of RON 37.73/GDR). Compared to the last trading day of 2022, price of GDRs increased by 3.75% in USD, namely 1.77% in RON, taking into account the decrease of the exchange rate RON/USD by 2.79% in Q1 2023.

PHYSICAL INDICATORS

The table below shows the gas volumes (million m³) that were produced, delivered, injected/withdrawn into/from UGSs during January-March 2023 in comparison with the similar period of 2021 and 2022 (million m³):

Item No.	Specifications	Q1 2021	Q1 2022	Q1 2023	Indices (%)
0	1	2	3	4	5=4/3x100
1.	Gross gas production	1,311.5	1,307.2	1,236.7	94.6
2.	Technological consumption	19.0	19.8	18.5	93.4
3.	Net internal gas production (1.-2.)	1,292.5	1,287.4	1,218.2	94.6
4.	Internal gas volumes injected into UGS	0.0	0.0	0.0	-
5.	Internal gas volumes withdrawn from UGS	377.7	183.9	143.7	78.1
5.1.	Gas sold in storages	0.0	0.0	22.7	-
6.	Difference from conversion to Gross Calorific Value	0.2	0.1	0.1	100.0
7.	Volumes supplied from internal production (3.-4.+5.-6.)	1,670.1	1,471.3	1,384.5	94.1
8.	Gas supplied to CTE Iernut and Cojocna from Romgaz's gas	55.0	103.3	94.4	91.4
9.	Gas supplied from internal production to the market (7.-8.)	1,615.0	1,367.9	1,290.1	94.3
10.	Gas from partnerships (Amromco 50%)	13.7	5.6	4.1	73.2
11.	Purchased internal gas volumes (including imbalances and commodity gas)	20.4	0.7	7.5	1,071.4
12.	Sold internal gas volumes (9.+10.+11.)	1,649.2	1,374.3	1,301.7	94.7
13.	Supplied internal gas volumes (8.+12.)	1,704.1	1,477.5	1,396.1	94.5
14.	Supplied import gas volumes	0.0	0.0	0.0	-
15.	Gas supplied to Iernut and Cojocna from other sources (including imbalances)	8.0	0.0	0.1	0.0
16.	Total gas supplies (13.+14.+15.)	1,712.1	1,477.5	1,396.2	94.5
*	Invoiced UGS withdrawal services	1,289.9	1,026.4	1,114.9	108.6
*	Invoiced UGS injection services *)	2.4	78.8	45.4	57.6

Note: information is not consolidated, it also includes the transactions between Romgaz and Depogaz.

*) – represent gas volumes related to injection services invoiced by the Subsidiary.

INVESTMENTS

Romgaz Group scheduled for the first 3 months of 2023 investments of *RON 325.17 million* and made investments of *RON 222.56 million*, by 31.55% namely *RON 102.61 million* less than scheduled.

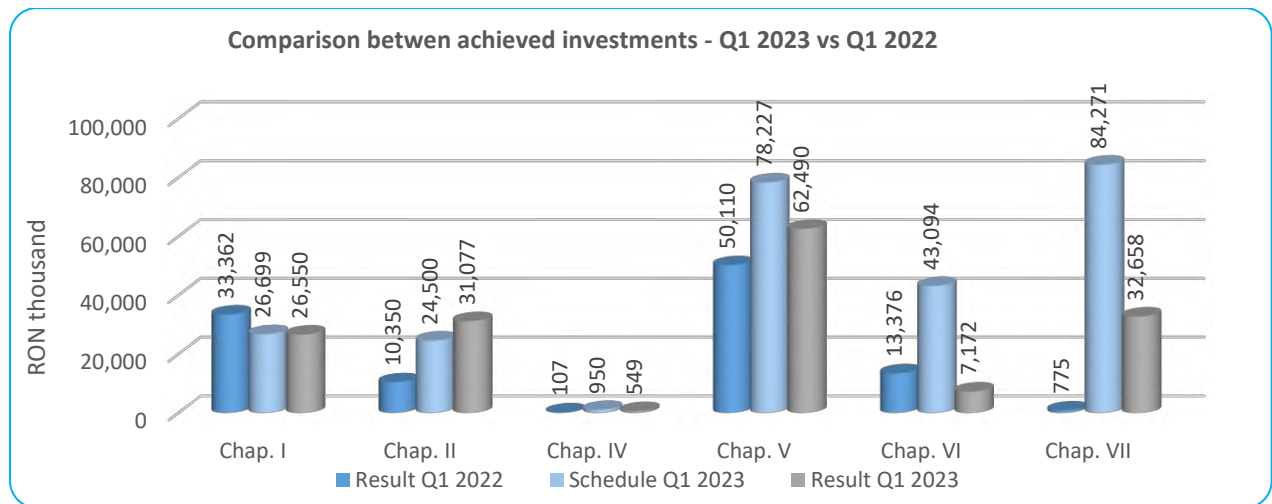
On March 31, 2023, from the Annual Investment Program of *RON 1,973.90 million*, **Romgaz** carried out investments in amount of *RON 160.50 million*, namely 8.13%.

Compared to the similar period of 2022, the investments increased by 77.84%, *RON 160.50 million* in Q1 2023 as compared to *RON 108.08 million* in Q1 2022.

The table below shows the investments made in the first 3 months of 2023 split into main investment chapters, compared to the investments made and scheduled in the similar period of 2022:

Investment Chapter	*RON thousand*				
	Result Q1 2022	Schedule Q1 2023	Result Q1 2023	Q1 2023/ Q1 2022	R 2023/ S 2023
1	2	3	4	5=4/2x100	6=4/3x100
I. Geological exploration works for the discovery of new gas reserves	33,362	26,699	26,550	79.58%	99.44%
II. Exploitation drilling works, streaming in production new wells, infrastructure, utilities and electricity generation	10,350	24,500	31,077	300.26%	126.84%

Investment Chapter	Result Q1 2022	Schedule Q1 2023	Result Q1 2023	Q1 2023/ Q1 2022	R 2023/ S 2023
1	2	3	4	5=4/2x100	6=4/3x100
IV. Environmental protection works	107	950	549	513.08%	57.79%
V. Revamping and retrofitting of existing installations and pieces of equipment	50,110	78,227	62,490	124.71%	79.88%
VI. Independent equipment and installation	13,376	43,094	7,172	53.62%	16.64%
VII. Expenses with studies and projects	775	84,271	32,658	4,213.94%	38.75%
TOTAL	108,080	257,741	160,496	148.50%	62.27%



Investments achieved in Q1 2023:

- drilling works for one well were finalised, 2,420 m drilled;
- works for surface facilities were finalised to stream in production 5 wells and works in progress for surface facilities for 14 wells;
- well intervention works performed at 40 wells (recompletions, reactivation and repairs) – 19 wells at Medias Branch and 21 wells Targu Mures Branch.
- the following were purchased:
 - office building located in Bucharest, Verii Str. No.1-3 following the mortgage contract with Interconnection S.R.L., which is under insolvency proceedings, building accepted in exchange of receivables, in compliance with the reorganisation plan of said company;
 - electric vehicle charging station, suction separators at Filitelnic Gas Compressor Station, well cluster 8, underground separators for wells 11, 13, 21, 22, 23, 24 from well cluster 24 Dumbravioara, conference call equipment, metering panel Radauti, security equipment (Firewall), graphic stations, portable computers, nitrogen converter, GPS systems, equipment for testing oil dielectric rigidity, pneumatic-hydraulic truck jack, gas detection equipment - gas and hazardous substance detection device, portable laser spectrometer, aluminium scaffolding (working height 12.3 m), dewatering pumps, AutoCAD licenses, licences for the program “Deviz Profesional”, software application for sector procurement management and contract monitoring;
- following investments were made:
 - tank replacement at Nades field, reservoir water discharge system at Filitelnic Compressor Station, non-polluting discharge systems for well cluster 271 Filitelnic, non-polluting discharge systems for well cluster 202 Filitelnic, non-polluting discharge

systems for well cluster 131 Filitelnic, electrical compressor C260 C11 at Mures Gas Compressor Station, refurbishment at Delenii gas Compressor Station unit No.3, repair works at Bibesti gas injection Station;

- the project „Update of information systems MAIS, BI, Hyperion and changing servers”;
- loans in amount of RON 31.516 million were granted for the development of Romgaz Black Sea Limited infrastructure.

The value of fixed assets in place in Q1 2023 was *RON 140.77 million*.

For 2023, **Filiala Depogaz SRL Ploiesti** has an approved investment program of RON 72,500 thousand.

For the first three months of 2023, the Subsidiary had an approved investment plan of RON 12,780 thousand and made investments of RON 34,665.10 thousand, representing 271% of scheduled investments (RON thousand):

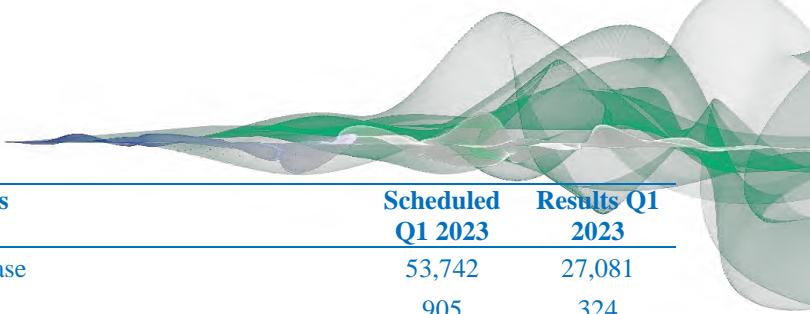
Item No.	Specifications	Scheduled Q1 2023	Results Q1 2023
1.	Exploration works for the discovery of new gas reserves	0	0
2.	Operation of fields and UGSs, infrastructure and facilities on the field and in storages	8,690	30,909
3.	Underground gas storage activities	25	0
4.	Environment improvement and protection works	0	0
5.	Revamping and retrofitting of existing facilities and equipment, surface facilities, utilities	3,000	2,336
6.	Independent equipment and installations	50	500
7.	Expenses related to consultancy, studies and projects, soft, licenses and patents, etc.	1,015	919
TOTAL GENERAL		12,780	34,665

Investment objectives achieved in Q1 2023 are:

- wells drilled at Bilciurești: RON 30,907.32 thousand;
- wells drilled at Sărmășel: RON 1.72 thousand, representing fees related to works execution permits;
- gathering lines Butimanu – Bilciurești: RON 0.23 thousand, representing fees related to works execution permits;
- systematization gathering lines Butimanu – Bilciurești – SC Butimanu: RON 2,336.48 thousand;
- automated calibration systems pressure transducers, pressure gauges: RON 90.00 thousand;
- TRSV command unit: RON 500 thousand;
- design for Ghercești Compressors Station: RON 919.35 thousand.

For 2023, **Romgaz Black Sea Limited** has a total approved investment program of RON 736,199 thousand, out of which RON 599,943 thousand is approved as contingent budget, conditional upon the final investment decision.

For the first 3 months of 2023, the Subsidiary had an approved investment program of RON 54,647 thousand and achieved RON 27,405 thousand, representing 50.15%, as follows (RON thousand):



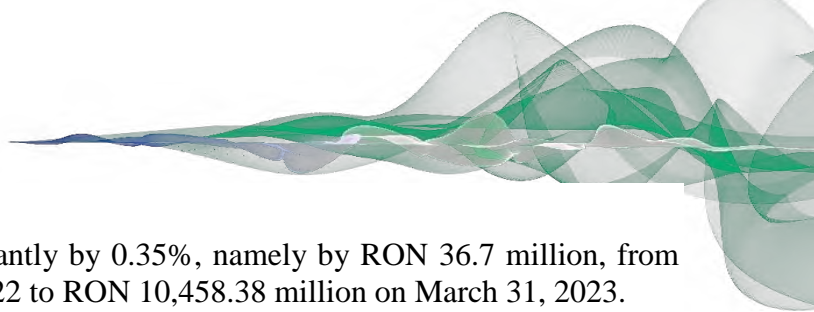
Item No	Specifications	Scheduled Q1 2023	Results Q1 2023
1.	Preparatory activities for the development phase	53,742	27,081
2.	Exploration activities	905	324
TOTAL		54,647	27,405

ECONOMIC-FINANCIAL INDICATORS

Interim Statement of the Consolidated Financial Position

The table below shows the summary of the interim consolidated financial result on March 31, 2023, as compared to December 31, 2022:

INDICATOR	December 31, 2022 (RON thousand)	March 31, 2023 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
ASSETS			
<i>Non-active assets</i>			
Property, plant and equipment	5,039,314	5,081,858	0.84
Other intangible assets	5,140,425	5,140,441	0.00
Investments in associates	28,537	29,045	1.78
Deferred tax assets	199,016	192,243	-3.40
Other financial assets	5,616	5,616	0.00
Right of use asset	8,766	9,176	4.68
Total non-current assets	10,421,674	10,458,379	0.35
<i>Current assets</i>			
Inventories	284,007	222,126	-21.79
Trade and other receivables	1,373,664	1,368,253	-0.39
Contract costs	3	-	n/a
Other financial assets	99,597	2,990,760	2,902.86
Other assets	265,232	211,848	-20.13
Cash and cash equivalents	1,883,882	625,489	-66.80
Total current assets	3,906,385	5,418,476	38.71
TOTAL ASSETS	14,328,059	15,876,855	10.81
EQUITY AND LIABILITIES			
<i>Equity</i>			
Issued capital	385,422	385,422	0.00
Reserves	3,579,274	3,579,274	0.00
Retained earnings	6,111,869	7,081,872	15.87
Total equity and reserves	10,076,565	11,046,568	9.63
<i>Non-current liabilities</i>			
Retirement benefit obligation	168,830	164,319	-2.67
Deferred revenue	230,419	230,414	0.00
Provisions	210,838	212,581	0.83
Bank loans	1,125,534	1,045,497	-7.11
Lease liability	7,499	7,674	2.33
Total non-current liabilities	1,743,120	1,660,485	-4.74
<i>Current liabilities</i>			
Trade payables and other liabilities	110,006	101,122	-8.08
Contract liabilities	263,340	98,714	-62.51
Current tax liabilities	1,177,498	1,986,197	68.68
Deferred revenue	11	9	-18.18
Lease liability	2,181	2,382	9.22
Provisions	321,489	399,595	24.30
Bank loans	321,581	321,691	0.03
Other liabilities	312,268	260,092	-16.71
Total current liabilities	2,508,374	3,169,802	26.37
Total liabilities	4,251,494	4,830,287	13.61
TOTAL EQUITY AND LIABILITIES	14,328,059	15,876,855	10.81



NON-CURRENT ASSETS

Total non-current assets increased insignificantly by 0.35%, namely by RON 36.7 million, from RON 10,421.67 million on December 31, 2022 to RON 10,458.38 million on March 31, 2023.

CURRENT ASSETS

Current assets increased by RON 1,512.09 million (+38.71%) on March 31, 2023, following the increase of other financial assets and of cash and cash equivalents by RON 1,632.77 million.

Inventories

Inventories decreased by 21.79% at the end of Q1 2023 as compared to year 2022, further to the decrease of gas stocks in storages due to the seasonal character of activities (for Q1 2023 Romgaz withdrew 143.7 million m³ of its own gas in storage and sold 22.7 million m³ in storage).

Other assets

The decrease in other assets on March 31, 2023 as compared to December 31, 2022 is a result of the recovery by Romgaz of the receivables representing windfall tax (RON 142.23 million). On the other hand, as of March 31, 2023, the Group records a receivable in amount of RON 63.08 million representing the value by which CO₂ certificates related to electricity sold in accordance with the centralised electricity purchase mechanism provided for in GEO No. 27/2022 with subsequent amendments and additions, exceeds the contribution to the energy transition fund introduced by the same ordinance. Currently, the legislation does not provide for the procedure through which the Group can recover this amount.

Cash and cash equivalents. Other financial assets

Cash and cash equivalents and other financial assets (bank deposits and purchased state bonds) were on March 31, 2023 in amount of RON 3,616.25 million, as compared to RON 1,983.48 million at the end of 2022 (+ RON 1,632.77 million). The increase was triggered by collections in Q1.

EQUITY AND RESERVES

Group's equity increased by 9.63% due to the profit achieved in Q1 2023.

NON-CURRENT LIABILITIES

Non-current liabilities recorded on March 31, 2023 a decrease of 4.74% as compared to December 31, 2022, as the due instalment of the bank loan was paid according to contractual terms.

CURRENT LIABILITIES

Current liabilities increased by RON 661.43 million, from RON 2,508.37 million, as recorded on December 31, 2022, to RON 3,169.80 million, recorded on March 31, 2023. The main influences are detailed below.

Contract liabilities

These liabilities are advance payments from Group clients for deliveries for the following period. The decrease compared to December 31, 2022 is mainly due to the seasonal character of activities, with deliveries for April 2023 being lower than January 2023 deliveries.

Current tax liabilities

In Q1 2023, the Group did not pay the income tax for 2022, the due date being June 25, 2023. Furthermore, in Q1 2023 the Group recorded a solidarity contribution for this period of RON 537.50 million. Thus, the increase of current income tax liability is due to this contribution and the current income tax for Q1 2023.

Provisions

The increase of current provisions by RON 78.11 million compared to December 31, 2022 is mainly due to the provision for CO₂ certificates related to Q1 2023. Until the actual purchase of these certificates, the Group records a provision to the amount it expects to pay.

Other liabilities

Other current liabilities decreased by 16.71% (RON -52.18 million) as compared to the end of 2022, mainly due to recording lower tax liabilities, thus:

- petroleum royalty: RON 117.54 million on March 31, 2023, as compared to RON 146.97 million on December 31, 2022;
- value added tax: RON 1.37 million on March 31, 2023, as compared to RON 20.61 million on December 31, 2022;
- the contribution to the energy transition fund: RON 0.31 million on March 31, 2023 as compared to RON 11.93 million on December 31, 2022.

Interim Statement of Consolidated Comprehensive Income

The Group's profit and loss account summary for the period January 1 – March 31 2023, as compared to the similar period of 2022, is shown below:

Description	Q 1 2022 (RON thousand)	Q 1 2023 (RON thousand)	Variance (RON thousand)	Variance (%)
1	2	3	4=3-2	5=4/2x100
Revenue	3,925,789	2,909,038	(1,016,751)	-25.90
Cost of commodities sold	(8,914)	(19,786)	10,872	121.97
Investment income	31,866	51,181	19,315	60.61
Other gains and losses	(2,659)	6,784	n/a	n/a
Net impairment gains/(losses) on trade receivables	12,036	16,285	4,249	35.30
Changes in inventories	(51,710)	(62,023)	10,313	19.94
Raw materials and consumables used	(24,814)	(26,060)	1,246	5.02
Depreciation, amortization and net impairment expenses	(89,043)	(139,956)	50,913	57.18
Employee benefit expense	(157,993)	(199,153)	41,160	26.05
Finance costs	(5,452)	(12,706)	7,254	133.05
Exploration expense	(1,032)	(486)	(546)	-52.91
Share of associates' result	(57)	508	n/a	n/a
Other expenses	(2,475,832)	(813,710)	(1,662,122)	-67.13
Other income	17,181	75,559	58,378	339.78
Profit before tax	1,169,366	1,785,475	616,109	52.69
Income tax expense	(189,745)	(815,472)	625,727	329.77
Net Profit	979,621	970,003	(9,618)	-0.98

Revenue

On March 31, 2023 the Group's revenue recorded a decrease by 25.90% (RON 1,016.76 million) as compared to the similar period of the previous year.

The decrease of revenue resides in the decrease by 25.46% (-RON 877.31 million) of consolidated revenues from gas sales and from the decrease by 62.19% (-RON 199.60 million) of revenues from electricity sales.

Quantitatively, gas volumes sold in Q1 2023 were lower by 5.69% as compared to Q1 2022. For the reporting period, electricity production was lower by 6.46% as compared to Q1 2022.

In Q1 2023, Romgaz was appointed as supplier of last resort for February 2023. According to the legislation, for this type of customers, Romgaz has to deliver gas as supplier of last resort, for one month, if the annual consumption of the consumption site is higher than 28,000 MWh, or for at least 12 months if the annual consumption of the consumption site is below this limit. In Q1 2023, revenue from this activity (including the equivalent value for services) was RON 181.28 million.

In Q1 2023 the consolidated revenues from storage services increased by 71.22% as compared to Q1 2022 (+RON 62.70 million). We mention that, consolidated storage revenues include revenues from services invoiced by Romgaz for gas volumes sold from storages; unconsolidated storage revenues increased by 66.45% as compared to Q1 2022 (+RON 51.48 million).

Cost of commodities sold

In Q1 2023 cost of commodities sold increased by 121.97% as compared to the similar period of 2022, mainly as a result of higher gas volumes purchased for resale. These gas quantities were mostly purchased to meet the delivery obligations as supplier of last resort.

Investment income

Investment income is represented by interest earned on the investment of cash in bank deposits and state bonds. The increase in this income is due to higher interest rates.

Net losses from trade receivables

The Group records impairments for trade receivables depending on non-collection risks. Therefore, as regards clients undergoing bankruptcy proceedings, the Group records losses from impairment for the entire uncollected amount; the same policy is applied to old receivables.

For the three months period ended on March 31, 2023, the Group recorded a net gain from impairment of receivables of RON 16.29 million as a result of recovering outstanding receivables.

Depreciation, amortization and net impairment

Expenses with depreciation, amortization and net impairment increased by 57.18% following a net loss from impairment of RON 53.69 million, as compared to a net gain on impairment of fixed assets of RON 10.87 million in Q1 2022. The recorded impairment relates to individual abandoned assets.

Other expenses

Other expenses decreased by 67.13% as compared to Q1 2022. The decrease of RON 1,662.12 million resides mainly to the decrease of expenses with windfall tax and royalty expenses. Royalty expenses (including royalty for storage activity) decreased by RON 310.32 million (-67.36%) as compared to Q1 2022, and in Q1 2023 the windfall tax decreased by RON 1,366.26 million (-74.13%) as compared to Q2 2022.

Other income

In Q1 2023 other income increased by 339.78% as compared to the similar period of Q1 2022. These include, mostly, the amount of RON 63.08 million previously reported under Other assets.

Income tax expense

In Q1 2023 income tax expense consists of the following taxes:

- current income tax of RON 271.20 million;
- deferred income tax of RON 6.77 million;

- contribution to solidarity fund in amount of RON 537.5 million. This contribution was introduced by the end of 2022.

The table below shows the breakdown of the interim consolidated comprehensive income by activity segments for January-March 2023 compared to January-March 2022:

Structure of indicators by activity segments – **March 2023**

*RON thousand *

Description	TOTAL, out of which:	Gas production and delivery	Underground gas storage	Electricity	Other activities	Consolidation on adjustments
1	2	3	4	5	6	7
Revenue	2,909,038	2,777,067	128,947	165,489	107,979	(270,444)
Cost of commodities sold	(19,786)	(18,660)	(1)	(854)	(271)	-
Investment income	51,181	191	2,053	20	49,925	(1,008)
Other gains or losses	6,784	132	(459)	(4)	6,655	460
Net losses/gains from impairment of trade receivables	16,285	18,023	-	(876)	(862)	-
Change in inventory	(62,023)	(62,419)	-	11	385	-
Raw materials and amortisation	(26,060)	(17,792)	(12,068)	(100,543)	(3,548)	107,891
Net depreciation and amortization	(139,956)	(130,040)	(3,375)	(3,685)	(6,608)	3,752
Employee benefit expenses	(199,153)	(115,292)	(18,393)	(11,932)	(53,536)	-
Finance costs	(12,706)	(4,117)	(497)	-	(8,242)	150
Exploration expense	(486)	(486)	-	-	-	-
Share of associates' result	508	-	-	-	508	-
Other expenses	(813,710)	(808,058)	(36,668)	(110,818)	(20,832)	162,666
Other income	75,559	10,508	1	63,987	1,175	(112)
Profit before tax	1,785,475	1,649,057	59,540	795	72,728	3,355
Income tax expense	(815,472)	(537,275)	(9,631)	-	(268,566)	-
Profit for the period	970,003	1,111,782	49,909	795	(195,838)	3,355

Structure of indicators by activity segments – **March 2022 (restated*)**

* RON thousand *

Description	TOTAL, out of which:	Gas production and delivery	Underground gas storage	Electricity	Other activities	Consolidation on adjustments
1	2	3	4	5	6	7
Revenue	3,925,789	3,796,945	77,472	380,509	94,422	(423,559)
Cost of commodities sold	(8,914)	(3,779)	-	(4,958)	(177)	-
Investment income	31,866	70	171	5	31,625	(5)
Other gains or losses	(2,659)	260,346	(1)	(15)	(262,989)	-
Net losses/gains from impairment of trade receivables	12,036	13,397	-	(346)	(1,015)	-
Change in inventory	(51,710)	(52,014)	-	(21)	325	-
Raw materials and amortisation	(24,814)	(17,338)	(7,432)	(251,077)	(4,337)	255,370
Net depreciation and amortization	(89,043)	(63,891)	(3,083)	(1,105)	(6,539)	(14,425)
Employee benefit expenses	(157,993)	(91,284)	(14,675)	(9,426)	(42,608)	-

Description	TOTAL, out of which:	Gas production and delivery	Underground gas storage	Electricity	Other activities	Consolidation on adjustments
1	2	3	4	5	6	7
Finance costs	(5,452)	(4,873)	(464)	-	(120)	5
Exploration expense	(1,032)	(1,032)	-	-	-	-
Share of associates' result	(57)	-	-	-	(57)	-
Other expenses	(2,475,832)	(2,504,635)	(33,949)	(93,644)	(11,909)	168,305
Other income	17,181	16,121	1	58	1,117	(116)
Profit before tax	1,169,366	1,348,033	18,040	19,980	(202,262)	(14,425)
Income tax expense	(189,745)	-	(2,971)	-	(186,774)	-
Profit for the period	979,621	1,348,033	15,069	19,980	(389,036)	(14,425)

*) In 2022, the main decision maker of Romgaz decided to change the way in which Romgaz reports gas and electricity deliveries between its branches. In the past, these deliveries were accounted for at cost. Starting with 2022, these deliveries are accounted for at market price or regulated price, as appropriate. The change enables the Company's management to have a better view of the performance of its business segments. As a result of this change, the comparative segment information for Q1 2022 has been restated. Romgaz or the Group's results are not affected by this change.

Consolidated Statement of Cash Flows

Cash flows recorded during January – March 2023 compared to the similar period of 2022 are shown below:

INDICATOR	Q1 2022 (RON thousand)	Q1 2023 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
Cash flow from operating activities			
Net profit for the period	979,621	970,003	-0.98
<i>Adjustments for:</i>			
Income tax expense	189,745	815,472	329.77
Share of associates' result	57	(508)	n/a
Interest expense	121	8,265	6,730.58
Unwinding of decommissioning provision	5,331	4,441	-16.69
Interest revenue	(31,866)	(51,181)	60.61
Loss on disposal of non-current assets	(101)	(647)	540.59
Change in decommissioning provision recognized in the result of the period, other than unwinding	(911)	(1,534)	68.39
Change in other provisions	(5,413)	73,651	n/a
Impairment of exploration assets	4,810	6,190	28.69
Exploration projects written-off	16	-	n/a
Net impairment of non-current assets	(15,682)	47,497	n/a
Exchange rate differences	-	486	n/a
Depreciation and amortization	99,915	86,269	-13.66
Amortization of contract costs	312	3	-99.04
Loss/(Gains) on trade receivables and other receivables	(11,055)	(20,250)	83.18
Impairment of inventories	1,653	(1,879)	n/a
Income from subsidies	(2)	(2)	0,00
Cash generated from operational activities before movements in working capital	1,216,551	1,936,276	59.16

INDICATOR	Q1 2022 (RON thousand)	Q1 2023 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
Movements in working capital			
(Increase)/Decrease in inventories	75,340	63,760	-15.37
(Increase)/Decrease in trade and other receivables	(812,253)	57,775	n/a
Increase/(Decrease) in trade and other liabilities	447,536	(225,591)	n/a
Net Cash generated by operational activities	927,174	1,832,220	97.61
Income tax paid	-	(8,120)	n/a
Net cash generated by operational activities	927,174	1,824,100	96.74
Cash flows from investing activities			
Bank deposits set up and acquisition of state bonds	(2,633,306)	(2,885,779)	9.59
Bank deposits and state bonds matured	393,698	15,000	-96.19
Interest received	30,084	30,797	2.37
Proceeds from sale of non-current assets	136	516	279.41
Acquisition of non-current assets	(68,191)	(152,997)	124.37
Acquisition of exploration assets	(32,902)	(8,739)	-73.44
Net cash used in investing activities	(2,310,481)	(3,001,202)	29.90
Cash flows from financing activities			
Loan repayments	-	(80,413)	n/a
Dividends paid	(40)	(100)	150.00
Repayment of lease liability	(492)	(778)	58.13
Net cash used in financing activities	(532)	(81,291)	15,180.26
Increase/(decrease) in net cash and cash equivalents	(1,383,839)	(1,258,393)	-9.07
Net cash and cash equivalents at the beginning of the period	3,580,412	1,883,882	-47.38
Cash and cash equivalents on March 31	2,196,573	625,489	-71.52

Indicators

The Company's financial performance is also reflected by the evolution of indicators as shown in the table below:

Indicators	Calculation formula	M.U.	Q1 2022	Q1 2023
1	2	3	4	5
Working Capital (WC)	$C_p - A_i = C_{pr} + D_{tl} + Pr + S_i - A_i$	RON million	5,247	2,249
Working Capital Requirements (WCR)	$(A_c - D + Ch_{av}) - (D_{crt} - Cr_{ts} + V_{av})$	RON million	3,050	1,945
Net Cash Flow	$FR - NFR = D - Cr_{ts}$	RON million	2,197	304
Economic Rate of Return	$\frac{P_b}{C_p} \times 100$	%	10.86	14.05
Return of Equity (ROE)	$\frac{P_n}{C_{pr}} \times 100$	%	9.83	8.78
Return on Sales	$\frac{P_b}{CA} \times 100$	%	29.79	61.38
Return on Assets	$\frac{P_n}{A} \times 100$	%	7.63	6.11
EBIT	$P_b + Ch_d - V_d$	RON million	1,138	1,742
EBITDA	$EBIT + Am$	RON million	1,227	1,882

Indicators	Calculation formula	M.U.	Q1 2022	Q1 2023
1	2	3	4	5
ROCE	$\frac{EBIT}{C_{ang}} \times 100$	%	10.57	13.71
Asset Solvency	$\frac{C_{pr}}{P} \times 100$	%	77.54	69.58
Current Liquidity	$\frac{A_{crt}}{D_{crt}}$	-	3.52	1.71
Gearing Ratio	$\frac{C_i}{C_{pr}} \times 100$	%	0.00	12.38
Accounts Receivables Turnover	$\frac{\bar{S}_{clienti}}{CA} \times 90$	-	39.86	42.41
Property, Plant and Equipment Turnover	$\frac{CA}{A_i}$	-	0.71	0.28

where:

C _{lt}	long-term capital;	I _{df}	deferred income
A _f	non-current assets;	P _g	gross profit;
E	equity;	P _n	net profit;
L _{nc}	non-current liabilities;	R	revenue;
Pr	provisions;	A	total assets;
S _i	investment subsidies;	Ex _i	interest expense;
A _c	current assets;	I _r	interest income;
L	liquidity position;	Am	depreciation, amortization and impairment;
Pp	Prepayments;	C _{emp}	capital employed (total assets-current liabilities);
L _{crt}	current liabilities;	A _{crt}	current assets+prepayments;
Cr _{st}	short-term credit;	L	total liabilities;
Lc	Loan capital;	Aar	Average Accounts Receivables.

Please find attached the Simplified Interim Consolidated Financial Statements for the period ending on March 31, 2023 prepared in compliance with the International Accounting Standard 34 and not audited by the financial auditor.

SIGNATURES

CHAIRMAN OF THE BOARD OF DIRECTORS,

Dan Dragoș DRĂGAN

.....

Chief Executive Officer,

Răzvan POPESCU

.....

Deputy Chief Executive Officer,

Aristotel Marius JUDE

.....

Chief Financial Officer,

Gabriela TRĂNBIȚAȘ

.....

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

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023
(UNAUDITED)**

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

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CONDENSED STATEMENT OF CONSOLIDATED INTERIM COMPREHENSIVE INCOME

	Note	Three months ended March 31, 2023	Three months ended March 31, 2022
		'000 RON	'000 RON
Revenue	3	2,909,038	3,925,789
Cost of commodities sold	4	(19,786)	(8,914)
Investment income		51,181	31,866
Other gains and losses	5	6,784	(2,659)
Impairment (losses)/gains on trade receivables	10 c)	16,285	12,036
Changes in inventory of finished goods and work in progress		(62,023)	(51,710)
Raw materials and consumables used	4	(26,060)	(24,814)
Depreciation, amortization and impairment expenses	6	(139,956)	(89,043)
Employee benefit expense	8	(199,153)	(157,993)
Finance cost		(12,706)	(5,452)
Exploration expense		(486)	(1,032)
Share of profit/(loss) of associates		508	(57)
Other expenses	9	(813,710)	(2,475,832)
Other income	3	75,559	17,181
Profit before tax		1,785,475	1,169,366
Income tax expense	7	(815,472)	(189,745)
Profit for the period		970,003	979,621
Total comprehensive income for the period		970,003	979,621
Basic and diluted earnings per share		0.0025	0.0025

These financial statements were approved by the Board of Directors on May 11, 2023.

Răzvan Popescu
 Chief Executive Officer

Gabriela Trânbițaș
 Chief Financial Officer

CONDENSED STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION

	<u>Note</u>	<u>March 31, 2023</u> <u>'000 RON</u>	<u>December 31, 2022</u> <u>'000 RON</u>
ASSETS			
Non-current assets			
Property, plant and equipment		5,081,858	5,039,314
Other intangible assets		5,140,441	5,140,425
Investments in associates		29,045	28,537
Deferred tax asset		192,243	199,016
Other financial assets		5,616	5,616
Right of use assets		9,176	8,766
Total non-current assets		10,458,379	10,421,674
Current assets			
Inventories		222,126	284,007
Trade and other receivables	10 a)	1,368,253	1,373,664
Contract costs		-	3
Other financial assets		2,990,760	99,597
Other assets	10 b)	211,848	265,232
Cash and cash equivalents		625,489	1,883,882
Total current assets		5,418,476	3,906,385
Total assets		15,876,855	14,328,059
EQUITY AND LIABILITIES			
Equity			
Share capital		385,422	385,422
Reserves		3,579,274	3,579,274
Retained earnings		7,081,872	6,111,869
Total equity		11,046,568	10,076,565
Non-current liabilities			
Retirement benefit obligation	11	164,319	168,830
Deferred revenue		230,414	230,419
Lease liability		7,674	7,499
Borrowings		1,045,497	1,125,534
Provisions	11	212,581	210,838
Total non-current liabilities		1,660,485	1,743,120

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

	<u>Note</u>	<u>March 31, 2023</u> <u>'000 RON</u>	<u>December 31, 2022</u> <u>'000 RON</u>
Current liabilities			
Trade payables		101,122	110,006
Contract liabilities		98,714	263,340
Current tax liabilities		1,986,197	1,177,498
Deferred revenue		9	11
Provisions	11	399,595	321,489
Lease liability		2,382	2,181
Borrowings		321,691	321,581
Other liabilities		260,092	312,268
Total current liabilities		3,169,802	2,508,374
Total liabilities		4,830,287	4,251,494
Total equity and liabilities		15,876,855	14,328,059

These financial statements were approved by the Board of Directors on May 11, 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	-	-	-	970,003	970,003
Total comprehensive income for the period	-	-	-	970,003	970,003
Balance as of March 31, 2023	385,422	90,294	3,488,980	7,081,872	11,046,568
Balance as of January 1, 2022	385,422	85,250	2,913,725	5,596,756	8,981,153
Result for the period	-	-	-	979,621	979,621
Total comprehensive income for the period	-	-	-	979,621	979,621
Balance as of March 31, 2022	385,422	85,250	2,913,725	6,576,377	9,960,774

These financial statements were approved by the Board of Directors on May 11, 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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CONDENSED STATEMENT OF CONSOLIDATED INTERIM CASH FLOW

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Cash flows from operating activities		
Net profit	970,003	979,621
Adjustments for:		
Income tax expense (note 7)	815,472	189,745
Share of associates' result	(508)	57
Interest expense	8,265	121
Unwinding of decommissioning provision	4,441	5,331
Interest revenue	(51,181)	(31,866)
Net (gain)/loss on disposal of non-current assets (note 5)	(647)	(101)
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 9)	(1,534)	(911)
Change in other provisions (note 9)	73,651	(5,413)
Net impairment of exploration assets (note 6)	6,190	4,810
Exploration projects written off	-	16
Net impairment of property, plant and equipment and intangibles (note 6)	47,497	(15,682)
Forex	486	-
Depreciation and amortization (note 6)	86,269	99,915
Amortization of contract costs	3	312
Net receivable write-offs and movement in allowances for trade receivables and other assets (note 10)	(20,250)	(11,055)
Net movement in write-down allowances for inventory (note 5)	(1,879)	1,653
Subsidies income	(2)	(2)
	1,936,276	1,216,551
Movements in working capital:		
(Increase)/Decrease in inventory	63,760	75,340
(Increase)/Decrease in trade and other receivables	57,775	(812,253)
Increase/(Decrease) in trade and other liabilities	(225,591)	447,536
Cash generated from operations	1,832,220	927,174
Interest paid	(8,120)	-
Net cash generated by operating activities	1,824,100	927,174

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 CASH FLOW

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Cash flows from investing activities		
Bank deposits set up and state bonds acquired	(2,885,779)	(2,633,306)
Bank deposits and state bonds matured	15,000	393,698
Interest received	30,797	30,084
Proceeds from sale of non-current assets	516	136
Acquisition of non-current assets	(152,997)	(68,191)
Acquisition of exploration assets	(8,739)	(32,902)
Net cash used in investing activities	(3,001,202)	(2,310,481)
Cash flows from financing activities		
Repayment of borrowings	(80,413)	-
Dividends paid	(100)	(40)
Repayment of lease liability	(778)	(492)
Net cash used in financing activities	(81,291)	(532)
Net increase/(decrease) in cash and cash equivalents	(1,258,393)	(1,383,839)
Cash and cash equivalents at the beginning of the period	1,883,882	3,580,412
Cash and cash equivalents at the end of the period	625,489	2,196,573

These financial statements were approved by the Board of Directors on May 11, 2023.

Răzvan Popescu
 Chief Executive Officer

Gabriela Trâmbițaș
 Chief Financial Officer

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).

These financial statements are prepared for general purposes, for users familiar with the IFRS as adopted by EU; these are not special purpose financial statements. Consequently, these financial statements must not be used as sole source of information by a potential investor or other users interested in a specific transaction.

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 the date of issue of the financial statements, the following standards, amendments to existing standards and interpretations were issued by IASB and adopted by the UE, but not yet effective:

- 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.

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 is presented the value of the corresponding item for the previous period ended, 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.

NOTES
3. REVENUE AND OTHER INCOME

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Revenue from gas sold - domestic production	2,539,863	3,436,260
Revenue from gas sold – other arrangements	9,382	5,594
Revenue from gas acquired for resale	18,824	3,528
Revenue from storage services-capacity reservation	106,067	62,653
Revenue from storage services-extraction	39,610	19,021
Revenue from storage services-injection	5,047	6,353
Revenue from electricity	121,352	320,953
Revenue from services	51,197	52,115
Revenue from sale of goods	15,008	17,133
Other revenues from contracts	191	59
Total revenue from contracts with customers	2,906,541	3,923,669
Other revenues	2,497	2,120
Total revenue	2,909,038	3,925,789
Other operating income *)	75,559	17,181
Total revenue and other income	2,984,597	3,942,970

*) Other operating income include RON 63,079 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. The receivable is presented in note 10 b).

4. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Consumables used	14,265	11,982
Technological consumption	10,237	11,396
Cost of gas acquired for resale	18,657	3,528
Cost of electricity imbalance	831	4,958
Cost of other goods sold	298	428
Other consumables	1,558	1,436
Total	45,846	33,728

5. OTHER GAINS AND LOSSES

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Forex gain	10,206	1,156
Forex loss	(9,913)	(1,282)
Net loss on disposal of non-current assets	647	101
Net allowance for other receivables (note 10 c)	3,965	(981)
Net write down allowances for inventory	1,879	(1,653)
Total	6,784	(2,659)

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

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Depreciation	86,269	99,915
out of which:		
- depreciation of property, plant and equipment	84,484	98,511
- depreciation of right of use assets	599	239
- amortization of intangible assets	1,186	1,165
Net impairment of non-current assets	53,687	(10,872)
Total depreciation, amortization and impairment	139,956	89,043

7. INCOME TAX

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Current tax expense	271,198	132,793
Solidarity contribution	537,501	-
Deferred income tax (income)/expense	6,773	56,952
Income tax expense	815,472	189,745

8. EMPLOYEE BENEFIT EXPENSE

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Wages and salaries	205,785	164,084
Social security charges	7,502	5,969
Meal tickets	9,810	6,511
Other benefits according to collective labor contract	4,048	2,804
Private pension payments	2,811	2,779
Private health insurance	2,412	1,695
Total employee benefit costs	232,368	183,842
Less, capitalized employee benefit costs	(33,215)	(25,849)
Total employee benefit expense	199,153	157,993

9. OTHER EXPENSES

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Energy and water expenses	7,752	8,896
Expenses for capacity booking and gas transmission services	45,146	51,732
Expenses with other taxes and duties *)	631,994	2,305,649
(Net gain)/Net loss from provisions movement	72,117	(6,324)
Other operating expenses	56,701	115,879
Total	813,710	2,475,832

*) In the three-month period ended March 31, 2023, the major taxes and duties included in the amount of RON 631,994 thousand (three-month period ended March 31, 2022: RON 2,305,649 thousand) are:

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

- RON 476,902 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 (three-month period ended March 31, 2022: RON 1,843,162 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 150,403 thousand represent royalty on gas production, storage activity and other activities (three-month period ended March 31, 2022: RON 460,725 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.

10. ACCOUNTS RECEIVABLE
a) Trade and other receivables

	March 31, 2023	December 31, 2022
	'000 RON	'000 RON
Trade receivables	1,550,185	1,492,403
Allowances for expected credit losses for trade and other receivables (note 10 c)	(708,096)	(724,386)
Accrued receivables	526,164	605,647
Total	1,368,253	1,373,664

b) Other assets

	March 31, 2023	December 31, 2022
	'000 RON	'000 RON
Advances paid to suppliers	825	1,053
Joint operation receivables	10,470	10,550
Other receivables	37,598	37,377
Allowance for expected credit losses for other receivables (note 10 c)	(174)	(172)
Other debtors	47,528	58,543
Allowance for expected credit losses for other debtors (note 10 c)	(46,088)	(50,055)
Prepayments	23,828	10,297
VAT not yet due	4,144	5,764
Subsidies receivable (note 3)	63,079	-
Other taxes receivable	70,638	191,875
Total	211,848	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)	190	999
Charge in the allowance for trade receivables (note 10 a)	9,413	7,957
Write-off against trade receivables (note 10 a)	(5)	(262,642)
Release in the allowance for receivables (note 5, note 10 b)	(4,155)	(18)
Release in the allowance for trade receivables (note 10 a)	(25,698)	(19,993)
At March 31	754,358	707,800

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

	March 31, 2023	December 31, 2022
	'000 RON	'000 RON
Decommissioning provision	212,581	210,838
Retirement benefit obligation	164,319	168,830
Total long term provisions	376,900	379,668
Decommissioning provision	25,596	25,652
Litigation provision	465	6,620
Other provisions *)	373,534	289,217
Total short term provisions	399,595	321,489
Total provisions	776,495	701,157

*) Other provisions include the provision for CO2 certificates of RON 305,253 thousand (December 31, 2022: RON 228,126 thousand).

12. RELATED PARTY TRANSACTIONS AND BALANCES
(i) Sales of goods and services

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Romgaz's associates	1,414	1,200
Total	1,414	1,200

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.

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
	'000 RON	'000 RON
Companies controlled by the Ministry of Energy		
Electrocentrale Constanța SA	14,468	16,217
Electrocentrale București SA	77,771	280,748
Companies significantly influenced by the Ministry of Energy		
OMV Petrom SA	25,822	17,394
Engie România SA	283,127	328,864
E.On Energie România SA	221,053	156,102
Total	622,240	799,325

NOTES
(ii) Trade receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	'000 RON	'000 RON
Romgaz's associates	388	-
Total	388	-

13. 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

March 31, 2023	<u>Upstream</u>	<u>Storage</u>	<u>Electricity</u>	<u>Other</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Total assets	9,291,876	1,055,013	1,335,529	4,477,563	(283,126)	15,876,855
Total liabilities	2,196,470	103,159	550,395	2,063,210	(82,947)	4,830,287

December 31, 2022	<u>Upstream</u>	<u>Storage</u>	<u>Electricity</u>	<u>Other</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'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

Three months ended March 31, 2023	<u>Upstream</u>	<u>Storage</u>	<u>Electricity</u>	<u>Other</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	2,777,067	128,947	165,489	107,979	(270,444)	2,909,038
Less: revenue between segments	(107,919)	(13,640)	(44,362)	(104,523)	270,444	-
Third party revenue	2,669,148	115,307	121,127	3,456	-	2,909,038
Segment profit/(loss) before tax	1,649,057	59,540	795	72,728	3,355	1,785,475

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

Three months ended
March 31, 2022
(restated)

	<u>Upstream</u>	<u>Storage</u>	<u>Electricity</u>	<u>Other</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Revenue	3,796,945	77,472	380,509	94,422	(423,559)	3,925,789
Less: revenue between segments	<u>(255,386)</u>	<u>(15,285)</u>	<u>(59,743)</u>	<u>(93,145)</u>	423,559	-
Third party revenue	3,541,559	62,187	320,766	1,277	-	3,925,789
Segment profit/(loss) before tax	<u>1,348,033</u>	<u>18,040</u>	<u>19,980</u>	<u>(202,262)</u>	<u>(14,425)</u>	<u>1,169,366</u>

14. COMMITMENTS UNDERTAKEN

In 2022, 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 420,000 thousand. On March 31, 2023 are still available for use RON 101,240 thousand.

As of March 31, 2023, the Group's contractual commitments for the acquisition of non-current assets are of RON 356,908 thousand (December 31, 2022: RON 396,551 thousand).

15. EVENTS AFTER THE BALANCE SHEET DATE

a) *Allocation of dividends*

In April 2023, the Company's shareholders approved the allocation to dividends of RON 1,318,145 thousand.

b) *Increase of maximum amount of the facility for issuing letters of guarantee and opening letters of credit*

In April 2023, the Company's shareholders approved the increase of the maximum amount of the facility for issuing letters of guarantee and opening letters of credit from RON 420,000 thousand to RON 630,000 thousand.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 11, 2023.

Răzvan Popescu
Chief Executive Officer

Gabriela Trânbițaș
Chief Financial Officer