

ROMGAZ



Consolidated
Board of
Directors' Report
2022

romgaz.ro

Tabel of Contents

Tabel of Contents	2
I. 2022 ROMGAZ GROUP OVERVIEW	3
1.1. ROMGAZ Group in Figures	3
1.2. Significant Events	8
II. Parent company at a glance	12
2.1. Identification Data	12
2.2. Company Organisation.....	12
2.3. Mission, Vision and Goal.....	14
2.4. Strategic Objectives, Strategic Options and Secondary Objectives	14
III. Review of ROMGAZ GROUP business	16
3.1. Business Segments.....	16
3.2. Brief History	20
3.3. Mergers and Reorganisations, Acquisitions and Divestments of Assets	21
3.4. Group's Business Performance	21
3.4.1. Overall Performance	21
3.4.2. Sales.....	24
3.4.3. Prices and Tariffs.....	26
3.4.4. Human Resources	27
3.4.5. Environmental Aspects	30
3.4.6. Occupational Safety and Health	32
3.4.7. Litigations	33
3.4.8. Legal Acts concluded under GEO 109/2011 Art. 52	34
IV. Group's tangible assets	35
4.1. Main Production Capacities	35
4.2. Investments.....	38
V. Securities market	45
5.1. Dividend Policy.....	47
VI. Company management	49
6.1. Board of Directors.....	49
6.2. Executive Management	50
VII. Consolidated financial – accounting information	53
7.1. Statement of Consolidated Financial Position	53
7.2. Statement of Consolidated Comprehensive Income	55
7.3. Statement of Consolidated Cash Flows	57
VIII. Corporate Governance	58
IX. Performance of director agreements and mandate contracts	72
Signatures:	73

I. 2022 ROMGAZ GROUP OVERVIEW

1.1. ROMGAZ Group in Figures

Romgaz Group¹ recorded in 2022 a **revenue** of RON 13,359.65 million, higher by 128.26%, RON 7,506.73 million, respectively, as compared to 2021 revenue (RON 5,852.93 million).

Net profit of RON 2,546.71 million was higher by RON 631.72 million (+32.99%) than the net profit of 2021.

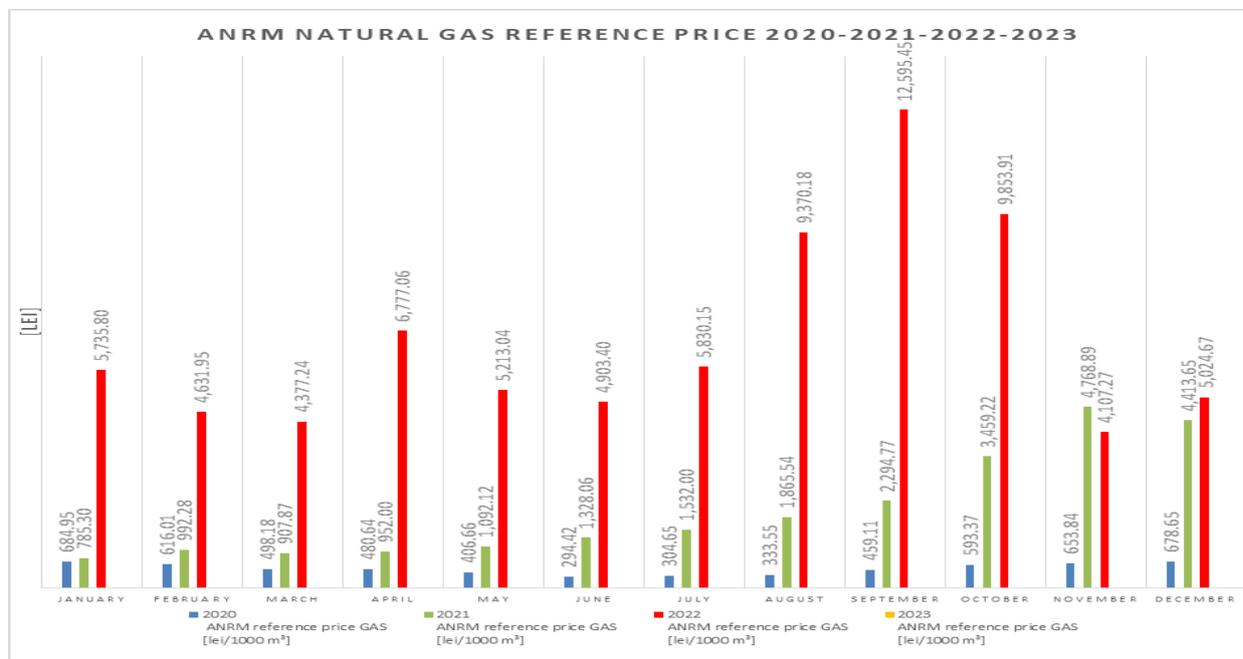
Following factors influenced Romgaz Group performances for the year ended December 31, 2022:

- ✓ **Revenue** increase as compared to the previous year triggered by following factors:
 - revenue from **natural gas sales** for 2022 is RON 11.31 billion, increasing by 124.20% as compared to the previous year. Quantity of natural gas sold (including gas purchased for resale) was by 4.54% lower in 2022 as compared to 2021; in Q4 2022 revenue from gas sales increased by 28.36% as compared to the previous quarter (+17.07% from a quantitative point of view);
 - in 2022, **storage activities** recorded an increase by 80.51% of the revenue Group-wide, following 60.18% higher booking services (RON +115.06 million), by 249.53% higher injection services (RON +84.36 million) and by 28.29% higher withdrawal services (RON +9.90 million). As for Depogaz, revenue from these services increased by 51.85%;
 - revenue from **electricity sales** increased by 313.75% as compared to last year (RON +1.01 billion) against a 73.52% rise in production as compared to last year. The revenue is due to the high prices on centralised markets where the Group is active, following the conflict in Ukraine. However, the electricity generation and sale activity recorded a RON 49.95 million loss due to overtaxing income from this activity;
- ✓ **Government Emergency Ordinance² (GEO) No.27**, as subsequently amended and supplemented, issued in 2022, sets certain obligations with respect to gas deliveries and sale prices, summarised as follows:
 - for the period April 2022 – March 2023, the price of gas sold to household suppliers was set at RON 150/MWh; the period was extended until March 31, 2025;
 - for the period April 2022 – August 2022, the price of gas sold to suppliers of heat producers or directly to heat producers, as the case may be, only for the gas quantity used for heat production in cogeneration plants and in power plants, for consumption of population, was set at RON 250/MWh; as of September 2022, for the period between September 2022 – March 2025 for this client category, the sale price is set at RON 150/MWh;
 - quantities sold at the above mentioned prices were established in accordance with the procedure included in GEO 27/2022;
 - generally, Romgaz concludes natural gas sales contracts for the gas year (October – September). Therefore quantities available to be sold under GEO 27/2022 until September 31, 2022 represented approximately 30% from the deliveries of the period and after October 1, 2022, 90% of the gas quantity delivered by Romgaz, was sold at RON 150/MWh;
 - for the entire year 2022, deliveries under GEO 27/2022 represented 33.3% of total deliveries and since enforcement of GEO 27/2022 until the end of 2022, 53.5% deliveries were made at a regulated price;
- ✓ **Petroleum royalty** expenses (including royalty for storage activities) in amount of RON 1,640.08 million, increased by RON 890.67 million as compared to the previous year, namely by 118.85%, mainly as a result of an increased reference price considered for calculating royalty. Royalty

¹ **Romgaz** Group consists of SNGN Romgaz SA (“the Company”/“Romgaz”) as parent company and the subsidiaries SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (“Depogaz”) and Romgaz Black Sea Limited, both owned 100% by Romgaz.

² Government Emergency Ordinance No. 22 of March 18, 2022 on measures applicable to end customers from the electricity and gas market during April 1, 2022-March 31, 2023, as well as to amend and supplement certain pieces of legislation in the energy field.

expenses decreased significantly in Q4 2022 (-88.71% as compared to Q3 2022), as over 90% of the deliveries were sold at RON 150/MWh (subject to GEO 27/2022 the royalty price for these quantities is RON 150/MWh, and not the reference price). The chart below shows the evolution of the reference price as communicated by the National Agency for Mineral Resources (“NAMR”) for the period 2020 – 2023;



- ✓ **Windfall tax on the gas production sales** increased in 2022 by RON 3.65 billion (289.81%) reaching RON 4.90 billion, as compared to 2021. Windfall tax decreased significantly in Q4 2022 (-96.61% compared to Q3 2022) due to delivering over 90% of the sold quantities at RON 150 /MWh (according to GEO 27/2022, windfall tax does not apply to such quantities);
- ✓ A **new windfall tax** was introduced in 2022 **for electricity producers, on electricity sales/contribution to the Energy Transition Fund**. The value of both taxes was RON 403.80 million. The Group expects the value of the windfall tax to be insignificant in 2023 following the obligation set by GEO 27/2022, to sell electricity at RON 450 /MWh;
- ✓ As of 2022, a **solidarity contribution** was introduced for gas producers, as Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices was implemented in the Romanian legislation. The tax for 2022 is RON 1.00 billion and is reflected at income tax expenses.

The table below shows the petroleum royalty, the windfall tax and the solidarity contribution compared to revenues from sales of natural gas from the Group’s production and from electricity sales:

Indicator	unit	Q4 2021	Q4 2022	2021	2022
Revenue from sale of gas and electricity production	RON mln	2,207.46	2,346.7	5,034.4	12,622.9
Petroleum royalty from gas production	RON mln	400.03	143.5	740.0	1,625.8
Windfall tax	RON mln	894.0	153.7	1,258.0	4,903.8
Windfall tax on electricity sales/contribution to the Energy Transition Fund	RON mln	-	109.9	-	403.8
Contribution to the Solidarity Fund	RON mln	-	1,002.8	-	1,002.8
% from revenue	%	58.62	60.08	39.69	62.87

- ✓ In August 2022, Romgaz finalised the acquisition of **ExxonMobil Exploration and Production Romania Limited shares** (currently Romgaz Black Sea Limited) which holds 50% of the rights and obligations under the Petroleum Agreement for the eastern area, deep water zone of Neptun XIX

offshore block in the Black Sea. The final acquisition price was RON 5,118.99 million, the acquisition was financed from Romgaz own sources and a bank loan of RON 1,606.5 million (EUR 325 million).

Net profit per share was **RON 6.60**, increasing by 32.99% as compared to the previous year.

The **achieved margins** of the consolidated net profit (19.06%), consolidated EBIT (29.81%) and consolidated EBITDA (33.93%) decreased as compared to 2021 (32.72%, 35.86% and 47.58% respectively) mainly following overtaxing the Group's business. As regards Q4, EBIT and EBITDA increased as compared to Q4 2021 by 71.13% and 55% respectively, due to lower petroleum royalties and a lower windfall tax on gas production; the net profit margin dropped by 62.32% due to the contribution to the solidarity fund.

Investments made by Romgaz Group in 2022 amount to **RON 5,627.12 million**, higher by RON 5,167.8 million, respectively 1,125.1%, as compared to 2021.

Natural gas consumption in Romania for 2022 recorded a 16% decrease, from 130.12 TWh to **109.50 TWh**, according to company's estimations and ANRE³ reports.

Natural gas production reached in 2022 **4,935.9 million m³**, namely a 1.8% decline related to 2021 production, such decline is in line with the strategic target of 2.5%.

According to estimates, this production ensured Romgaz a **market share** of approx. **49.41%** of deliveries in the total consumption of Romania, increasing by 7% as compared to 2021.

In 2022, Romgaz **electricity production** was **1,110.456 GW**, by 73.51% higher as compared to the production of 2021. This evolution is strongly related to the energy demand, the evolution of prices on competitive markets, fuel quantity allocated for electricity generation. According to preliminary data published by Transelectrica, Romgaz **market share** was **2.05%**.

Operational Results

The table below shows a summary of the main production, royalty and storage services indicators:

Q4 2021	Q3 2022	Q4 2022	Δ Q4 (%)	Main indicators	2021	2022	Δ '22/'21 (%)
1,322	1,172.4	1,248.5	-5.6	Gas production (million m ³)	5,029	4,936	-1.8
5,027	5,030	5,240	4.2	Condensate production (tons)	24,420	20,878	-14.5
94	84	89	-5.3	Petroleum royalty (million m ³)	355	348	-2.1
213.9	294.8	271.0	26.7	Electricity production (GWh)	640.0	1,110.5	73.5
663.3	12.3	620.1	-6.5	Invoiced UGS withdrawal services (million m ³)	2,109.2	1,722.5	-18.3
192.1	1,185.8	483.3	151.6	Invoiced UGS injection services (million m ³)	1,821.9	2,450.2	34.5

Natural gas quantities produced, delivered, injected into and withdrawn from gas storages are shown in the table below (million m³):

Item No.	Specifications	2020	2021	2022	Ratios
0	1	2	3	4	5=4/3x100
1.	Gross gas production	4,519.7	5,028.5	4,935.9	98.2%
2.	Technological consumption	63.7	69.9	73.6	105.3%
3.	Net internal gas production (1.-2.)	4,456.0	4,958.6	4,862.3	98.1%
4.	Internal gas volumes injected into UGS	225.9	487.9	84.6	17.3%
5.	Internal gas volumes withdrawn from UGS	367.8	422.2	283.9	67.2%

³ Consumption and market share is estimated as, at the date hereof, ANRE did not publish the report on the natural gas market for December 2022.

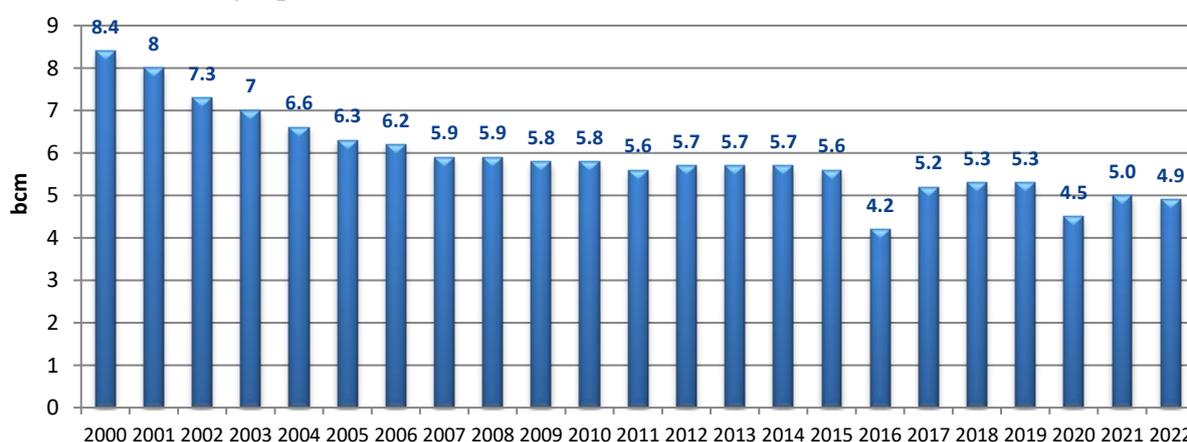
Item No.	Specifications	2020	2021	2022	Ratios
0	1	2	3	4	5=4/3x100
6.	Difference from conversion to Gross Calorific Value	6.4	8.6	2.7	31.4%
7.	Volumes supplied from internal production (3.-4.+5.-6.)	4,591.6	4,884.3	5,058.9	106.3%
8.	Gas supplied to CTE Iernut and Cojocna from Romgaz gas	277.2	192.5	338.8	176.0%
9.	Gas supplied from internal production to the market (7.-8.)	4,314.4	4,691.8	4,720.1	100.6%
10.	Gas from partnerships – Amromco (50%)*	91.4	35.4	19.3	54.5%
11.	Purchased internal gas volumes (including commodity gas and imbalances)	0.4	239.5	1.9	0.8%
12.	Sold internal gas volumes (9.+10.+11.)	4,406.1	4,966.7	4,741.3	95.5%
13.	Supplied internal gas volumes (8.+12.)	4,683.3	5,159.2	5,080.1	98.5%
14.	Supplied import gas volumes	0.0	0.0	0.0	-
15.	Gas supplied to CTE Iernut and Cojocna from other sources (including imbalances)	4.7	8.4	0.1	1.2%
16.	Total gas supplies (13.+14.+15.)	4,688.1	5,167.6	5,080.2	98.3%
*	Invoiced UGS withdrawal services	1,816.7	2,109.2	1,722.5	81.7%
*	Invoiced UGS injection services	1,115.1	1,821.9	2,450.2	134.5%

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

*) The produced gas is reflected in Romgaz revenue, according to the participating interest share in the partnership.

Production level of 2022 was supported by ongoing production rehabilitation projects of main mature fields, performance of capitalizable repair works and well recompletion works and by streaming into production new wells.

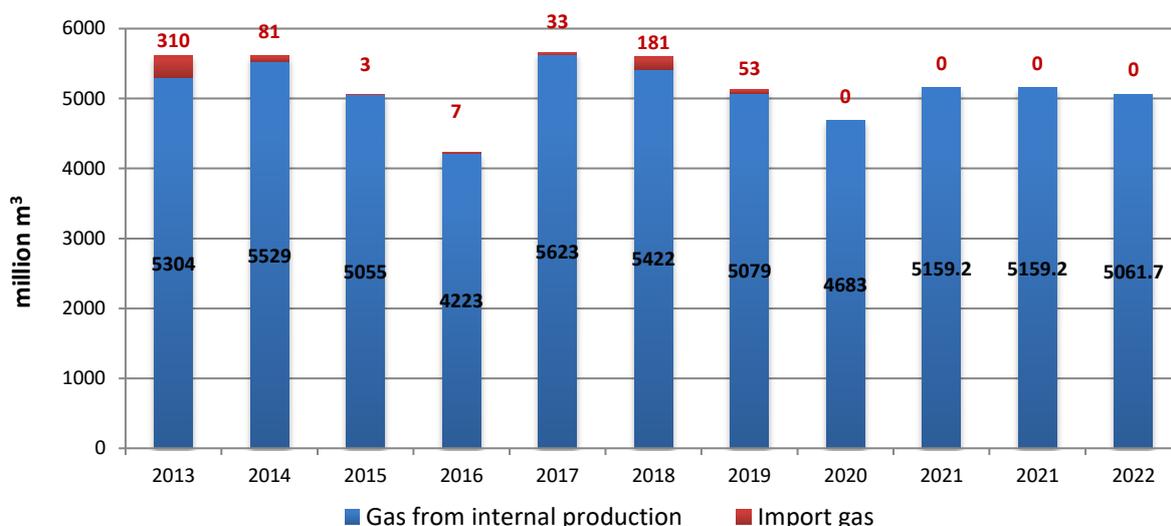
Evolution of natural gas production between 2000-2022 is shown below:



The table below shows the *quarterly electricity production* for 2022, as compared to 2021:

	MWh			
	2021	2022	Variation (%)	
	1	2	3	4=(3-2)/2x100
1st Quarter	202,073	345,337	70.90	
2nd Quarter	1,010	199,323	19,636.95	
3rd Quarter	222,989	294,806	32.21	
4th Quarter	213,930	270,991	26.67	
Year total	640,001	1,110,456	73.51	

Romgaz is one of the largest gas suppliers in Romania. The evolution of gas supplies⁴ between 2013-2022 is shown below:



Relevant Consolidated Financial Results

				RON million			
Q4 2021	Q3 2022	Q4 2022	Δ Q4 (%)	Main indicators	2021	2022	Δ '22/'21 (%)
2,356.4	3,316.5	2,547.1	8.09	Revenue	5,852.9	13,359.7	128.26
2,428.6	3,449.3	2,604.3	7.23	Income	6,156.5	13,658.1	121.85
1,620.9	2,838.2	1,120.5	-30.87	Expenses	3,999.4	9,506.2	137.69
0.1	1.4	0.7	840.00	Share of profit of associates	0.1	2.4	2,664.71
807.8	612.5	1,484.5	83.76	Gross profit	2,157.3	4,154.2	92.57
49.2	100.6	1,175.6	2,288.68	Income tax expense	242.3	1,607.5	563.55
758.6	511.9	308.9	-59.28	Net profit	1,915.0	2,546.7	32.99
787.8	561.9	1,457.2	84.98	EBIT	2,098.9	3,982.3	89.74
977.3	712.4	1,637.3	67.54	EBITDA	2,784.6	4,532.4	62.76
1.97	1.33	0.80	-59.28	Earnings per share EPS (RON)	4.97	6.6	32.99
32.19	15.43	12.13	-62.32	Net profit ratio (% from Revenue)	32.72	19.06	-41.74
33.43	16.94	57.21	71.13	EBIT Ratio (% from Revenue)	35.86	29.81	-16.88
41.47	21.48	64.28	55.00	EBITDA Ratio (% from Revenue)	47.58	33.93	-28.69
5,863	5,909	5,971	1.84	Number of employees at the end of the period	5,863	5,971	1.84

Figures in the above table are rounded; therefore, small differences may result upon reconciliation.

Note 1: Income and Expenses do not include those related to in-house production of non-current assets.

Romgaz on the Stock Exchange

Since November 12, 2013, company's shares have been traded on the regulated market governed by BVB (Bucharest Stock Exchange) under the symbol "SNG" and the GDRs on the regulated market governed by LSE (London Stock Exchange) under the symbol "SNGR".

Performance of Romgaz shares compared to the evolution of BET index (Bucharest Exchange Trading) from listing to December 31, 2022 is shown below:

⁴ include gas from internal production, including gas supplied to CTE Iernut and Cojocna



1.2. Significant Events

January 6, 2022

Company's shareholders approve by Resolution No. 1 the extension of board members mandates, by two months from the expiration date, in line with the provisions of art. 64¹, paragraph (5) of GEO No. 109/2011 on corporate governance of public enterprises.

February 28, 2022

Company's shareholders appoint by Resolution No. 2, the following persons as board members, for a 4-month term interim mandate, starting with March 14, 2022:

- ✍ Drăgan Dan Dragoș
- ✍ Jude Aristotel Marius
- ✍ Batog Cezar
- ✍ Simescu Nicolae Bogdan
- ✍ Balazs Botond
- ✍ Sorici Gheorghe Silvian.

March 22, 2022

The Board of Directors appoints Mr. Jude Aristotel Marius as Chief Executive Officer for a 4-month term, as of April 16, 2022 until August 16, 2022.

The Board of Directors appoints Mr. Popescu Răzvan as Chief Financial Officer for a 4-month term, as of April 17, 2022 until August 17, 2022.

March 22, 2022

Romgaz Board of Directors endorsed conclusion of the sale-purchase agreement of all shares issued by (representing 100% of the share capital of) ExxonMobil Exploration and Production Romania Limited (EMEPRL) which holds 50% of the rights and obligations under the Petroleum Agreement for the eastern area, deep water zone of Neptun XIX offshore Block in the Black Sea.

The contract shall be signed following the approval of the Extraordinary General Meeting of Shareholders called for April 28, 2022, transaction completion is conditioned upon fulfilling the conditions precedent included in the contract. The acquisition price is USD 1,060,000,000 and may be adjusted in compliance with the mechanisms provided in the share sale-purchase agreement.

March 30, 2022

Romgaz signed a financing agreement of EUR 325 million with Raiffeisen Bank SA for partial financing of the acquisition price to be paid for all shares issued by EMEPRL. The loan has a maturity of five years.

April 28, 2022

Company's shareholders approve by Resolution No.4 the conclusion of the sale-purchase agreement of shares issued by EMEPRL.

May 3, 2022

Romgaz signed the sale-purchase agreement of shares issued by EMEPRL. Transaction completion was conditioned by fulfilment of conditions precedent provided in the contract.

May 25, 2022

The Board of Directors appoints Mr. Metea Virgil Marius as interim non-executive board member, as of May 25, 2022 until the date of the first meeting of the Ordinary General Meeting of Shareholders that shall take place after the OGMS meeting called for June 8, 2022.

June 2, 2022

An important investment was carried out, which is included in the priority Project Onshore Snagov, part of the Development Strategy 2021-2030, namely Cosereni gas dehydration station was commissioned. The investment amounted to roughly RON 31 million; the station treats 230 thousand m³ natural gas/day, production obtained after streaming in production three new wells, following that until the end of Q1 2023, to stream in production in phases, other new wells, increasing the dehydration capacity up to 800 thousand m³/day.

June 8, 2022

The National Energy Regulatory Authority (ANRE), extended at Romgaz request, the validity of the Permit to initiate the construction of the new power plant with combined cycle gas turbines, until June 30, 2023 (Decision of ANRE President No.907).

June 27, 2022

Romgaz shares trading price on Bucharest Stock exchange reached a new historic maximum of 51.70 RON/share, this value represents the highest share price recorded since listing on Bucharest Stock Exchange (November 2013).

June 28, 2022

Romgaz – as debtor and Raiffeisen Bank S.A. and Banca Comercială Română S.A. (BCR) – as lenders, signed Addendum No.1 to the bank loan agreement no. 37843/30.03.2022 (facility agreement), whereby the parties agree with BCR to join the facility agreement as lender and agree to transform the facility agreement from a bilateral agreement into a syndicated loan agreement, without any additional costs for Romgaz.

June 29, 2022

Romanian Government Decision No. 834 issued the following provisions with impact on Romgaz:

- Art.11 para.(3): *“Investments funded by grants have to be put in operation until December 31, 2023 the latest [...]”;*
- Art.12 para.(5): *“Beneficiaries of investments provided for in annex no. 3 receive a grant for the investments from the National Investment Plan made after June 25, 2009, put into operation or in progress at the time of concluding the financing contracts, related to expenses invoiced and paid after June 25, 2009. Reimbursement of such expenses shall be made by instalments until June 30, 2024, according to the financing contract”.*

June 30, 2022

Concluded Addendum No.6 to Financing Agreement no.4/07.12.2017 for the investment *“Combined Cycle Gas Turbine – Iernut”*, for amending the contract term until March 31, 2024, related to financing, as well as amending the schedule for carrying out the investment provided by the contract.

July 8, 2022

Company's shareholders appoint by Resolution No.6, Mr. Metea Virgil Marius as interim board member, as of July 9, 2022 until September 14, 2022 and approve to extend the mandate of interim board members appointed by OGMS Resolution No. 2 of February 28, 2022, by two months from the expiration date, namely from July 14, 2022 until September 14, 2022.

July 12, 2022

The Company concluded the Addendum to Financing Contract No.4/07.12.2017 for the investment "Combined cycle gas turbines" – Iernut, for amending the contract term until June 30, 2024 with respect to financing, and for amending the investment completion schedule provided in the contract.

August 1, 2022

Romgaz announces completion of the acquisition and the transfer of all shares issued by EMEPRL, successfully fulfilling all conditions precedent provided in the contract.

August 12, 2022

The Board of Directors appoints by Resolution No.57 for a 4-month term starting with August 17, 2022 until December 17, 2022:

- ✍ Mr. Popescu Răzvan as Chief Executive Officer;
- ✍ Mr. Jude Aristotel Marius as Deputy Chief Executive Officer;
- ✍ Mr. Bobar Andrei as Chief Financial Officer.

September 13, 2022

Company shareholders appoint by Resolution No.7 as interim board members for a 4-month term, starting with September 15, 2022 until January 15, 2023, the following persons:

- ✍ Drăgan Dan Dragoș
- ✍ Jude Aristotel Marius
- ✍ Batog Cezar
- ✍ Metea Marius Virgil
- ✍ Simescu Nicolae Bogdan
- ✍ Balazs Botond
- ✍ Sorici Gheorghe Silvian.

September 22, 2022

Company shareholders decide by Resolution No.9 to change the name from ExxonMobil Exploration and Production Romania Limited to Romgaz Black Sea Limited.

September 30, 2022

Mr. Drăgan Dan Dragoș was elected Chairman of the Board of Directors; establishing the composition of the advisory committees of the Board of Directors as follows:

Nomination and Remuneration Committee:

- Mr. Sorici Gheorghe Silvian – chairman
- Mr. Batog Cezar – member
- Mr. Drăgan Dan Dragoș – member

Audit Committee:

- Mr. Sorici Gheorghe Silvian – chairman
- Mr. Batog Cezar – member
- Mr. Simescu Nicolae Bogdan – member

Strategy Committee:

- Mr. Balazs Botond – chairman

- Mr. Drăgan Dan Dragoș – member
- Mr. Jude Marius Aristotel – member
- Mr. Metea Virgil Marius – member
- Mr. Sorici Gheorghe Silvian – member

October 7, 2022

Finalize procedures to change the name of ExxonMobil Exploration and Production Romania Limited into Romgaz Black Sea Limited.

October 19, 2022

Romgaz and SOCAR, national oil company of the Republic of Azerbaijan, sign in Bucharest a Memorandum of Understanding formalising the intention to jointly develop a liquefied natural gas project at the Black Sea.

November 17, 2022

Company shareholders approve by OGMS Resolution No. 10:

- ✍ the profile of board members;
- ✍ candidate profile for the position as board member;
- ✍ S.N.G.N. Romgaz S.A. electricity sales strategy for 2023–2026.

November 23, 2022

The Board of Directors appoints by Resolution No. 78, for a 4-month term, as of December 18, 2022 until April 18, 2023:

- ✍ Mr. Popescu Razvan as Chief Executive Officer;
- ✍ Mr. Jude Aristotel Marius as Deputy Chief Executive Officer.

November 28, 2022

Company shareholders approve by Resolution No. 18, the Natural Gas Sale-Purchase Contract No.VG55/2022 concluded between Romgaz and S Electrocentrale București S.A.

December 8, 2022

Company shareholders, approve by Resolution No.12:

- ✍ to increase the loan facility limit for issuing letters of bank guarantee by RON 70 million, namely from RON 350 million to the limit of RON 420 million;
- ✍ to extend by 1 year the loan facility contract concluded with Banca Comercială Română S.A. for issuing warranty instruments as letters of bank guarantee and irrevocable stand-by letters of credit, to the limit of RON 420 million;
- ✍ to issue the bank guarantee letter in amount of EUR 89,228.00, at the Lender's (Romgaz) order, in favour of the beneficiary Floreasca Business Park for securing the rent payment obligation for the building where Romgaz Black Sea Limited performs its activities.

December 16, 2022

Romgaz and SOCAR Trading signed the first individual contract for the delivery of Azeri gas in Romania. The individual contract allows planned gas deliveries as of January 1, 2023.

December 20, 2022

The Board of Directors appoints Mrs. Trânbițaș Gabriela, as Chief Financial Officer, by Resolution No.85, for a 4-month term, as of December 20, 2022 until April 20, 2023.

II. Parent company at a glance

2.1. Identification Data

Name: Societatea Națională de Gaze Naturale "ROMGAZ" SA

Main scope of activity: natural gas production

Address: Medias, 4 Constantin I. Motas Square, 551130, Sibiu County

Trade Registry registration number: J32/392/2001

Fiscal registration number: RO14056826

LEI Code: 2549009R7KJ38D9RW354

Legal form of establishment: joint-stock company

Subscribed and paid in share capital: RON 385,422,400

Number of shares: 385,422,400 each having a nominal value of RON 1

Regulated market where the company's shares are traded: Bucharest Stock Exchange (shares) and London Stock Exchange (GDRs)

Phone: 0040 374 401020

Fax: 0040 269 846901

Web: www.romgaz.ro

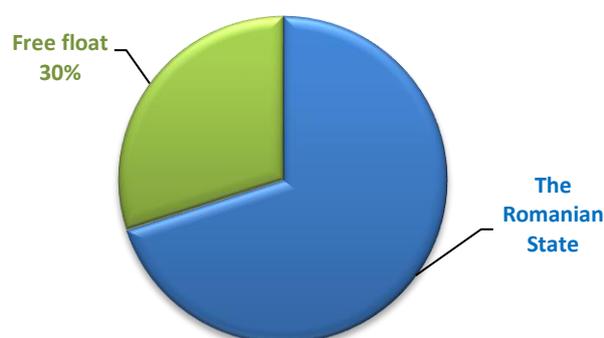
E-mail: secretariat@romgaz.ro

Bank accounts opened at: Banca Comerciala Romana, BRD-Groupe Société Générale, Citibank Europe, Patria Bank, Raiffeisen Bank, Banca Transilvania, ING Bank, Eximbank, CEC Bank.

Shareholder Structure

On December 31, 2022 the shareholder structure was the following:

	Shares	%
Romanian State ⁵	269,823,080	70.0071
Free float – total, out of which:	115,599,320	29.9929
*legal persons	96,125,570	24.9503
*natural persons	19,473,750	5.0526
Total	385,422,400	100.0000



In financial year 2022 the Company *neither performed transactions with own shares* nor held own shares on December 31, 2022.

2.2. Company Organisation

⁵ the Romanian State through the Ministry of Energy

Romgaz organization structure is a hierarchy-functional type, with the following hierarchy levels from company's shareholders to execution personnel:

- ↳ General Meeting of Shareholders
- ↳ Board of Directors
- ↳ Chief Executive Officer, Deputy Chief Executive Officer (with mandate), Chief Financial Officer (with mandate)
- ↳ managers without contract of mandate
- ↳ heads of functional and operational departments subordinated to managers
- ↳ execution personnel

The duties of the Board of Directors are detailed both in the Company's Articles of Incorporation as well as in the Terms of Reference of the Board of Directors.

The Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, as well as managers without contract of mandate are key people in the structure and operation of the company. The heads of compartments (branches/departments/directions/offices etc.) representing the connection between the upper structure and the employees of the respective compartment are directly subordinated to the aforementioned.

Each compartment has its own duties well-defined in the company's Rules of Organization and Operation and all these elements work as a whole.

The tasks, duties and responsibilities of the execution personnel are included in the job descriptions of each position.

The company has six branches, set up based on the specific of the activities performed and on the specific of the region (natural gas production branches) as follows:

- ✕ Sucursala Medias (Medias Branch) having its office in Medias, 5 Garii Street, postal code 551025, Sibiu County, territorially organized in 8 sections;
- ✕ Sucursala Targu Mures (Targu Mures Branch) having its office in Targu Mures, 23 Salcamilor Street, postal code 540202, Mures County, territorially organized in 9 sections;
- ✕ Sucursala de Interventii, Reparatii Capitale si Operatii Speciale la Sonde Medias (SIRCOSS – Branch for Well Workover, Recompletions and Special Well Operations) having its office in Medias, 5 Soseaua Sibiului Street, postal code 551009, Sibiu County, territorially organized in 3 sections and 5 workshops;
- ✕ Sucursala de Transport Tehnologic si Mentenanta Targu Mures (STTM – Technological Transport and Maintenance Branch) having its office in Targu Mures, 6 Barajului Street, postal code 540101, Mures County, territorially organized in 5 sections and one laboratory;
- ✕ Sucursala de Productie Energie Electrica Iernut (SPEE – Iernut Power Generation Branch) having its office in Iernut, 1 Energeticii Street, postal code 545100, Mures County, organised in 7 sections;
- ✕ Sucursala Drobeta-Turnu Severin (Drobeta-Turnu Severin Branch), having its office in Drobeta-Turnu Severin, 27 Aurelian Street, Mehedinti County.

As of April 1, 2018 Sucursala Ploiesti ceased its activity and **SNGN Romgaz SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL** (hereinafter "Depogaz") became operational, managing the natural gas underground storage activity.

Therefore, subject to EC Directive No. 73/2009 implemented by the Electricity and Natural Gas Law 123/2012 (art. 141), the storage activity is unbundled from SNGN Romgaz SA and performed by a storage operator, namely 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.

The Subsidiary took over the operation of the underground storages licensed by SNGN Romgaz SA, the operation of assets that contribute to performing the storage activity and the entire personnel performing storage activities.

Information about Filiala Depogaz can be found at: <https://www.depogazploiesti.ro>

On August 1, 2022 Romgaz completed the transaction to acquire and the transfer of all shares issued by (representing 100% share capital of) **ExxonMobil Exploration and Production Romania Limited** (currently **Romgaz Black Sea Limited**), which holds 50% of the rights acquired and the obligations under the Petroleum Agreement for the deep water zone of XIX Neptun offshore block in the Black Sea.

Romgaz Black Sea Limited is a company operating in compliance with the laws of the Commonwealth of the Bahamas and which operates through its Romanian branch, Romgaz Black Sea Limited Nassau (Bahamas), București subsidiary.

Whereas:

- (i) Provisions of art.21 (“*Debranding and Separation*”) of the sale-purchase agreement of all shares issued by (representing 100% share capital of) (hereinafter referred to “SPA”) ExxonMobil Exploration and Production Romania Limited signed on May 3, 2022, by which Romgaz as buyer, has the obligation after transaction completion, to change the name of the purchased company as well as its brand within the terms provided in the SPA upon transaction completion, namely:
 - (a) *to undertake, but not later than 90 (ninety) business days from completion all practical, legal, regulatory, and administrative formalities to record and give effect to the change of Company’s corporate, trade, company and all other business names of the Company; and*
 - (b) *to discard, but not later than 60 (sixty) business days from completion, all brand and visual elements that are similar with those used by the Sellers and their affiliates, as well as all colour combinations substantially identical with those used by the Sellers and their affiliates, and to cease to use any domain names or URLs which include or resemble the words “Exxon”, “Mobil”, “ExxonMobil”, or “Esso”, or any name which may be confused with or is similar to such names;*
- (ii) Completion of the transaction to acquire EMEPRL shares on August 1, 2022;
- (iii) Board of Directors Resolution No.56 of August 11, 2022;
- (iv) Extraordinary General Meeting of Shareholders No.9 of September 22, 2022 approving:
 - (a) to change the name of the company from ExxonMobil Exploration and Production Romania Limited to ROMGAZ BLACK SEA LIMITED;
 - (b) to amend Art. 1 of the Articles of Association of ExxonMobil Exploration and Production Romania Limited as follows: “The name of the company is ROMGAZ BLACK SEA LIMITED”;

SNGN Romgaz SA, the sole associate, decided on September 30, 2022, to change the name of ExxonMobil Exploration and Production Romania Limited to Romgaz Black Sea Limited, as well as to amend Art. 1 of the Articles of Association of ExxonMobil Exploration and Production Romania Limited as follows: “*The name of the company is Romgaz Black Sea Limited*”

2.3. Mission, Vision and Goal

Mission

Sustainable increase of added value for the company, employees and shareholders, resilient over the long term.

Vision

Gaining profit by producing and trading hydrocarbons and electricity, including electricity from renewable sources, under efficiency and low emission conditions.

Goal

Future ambition to reach NetZeRomGAZ in our business. Romgaz plans to develop its business and to reach net zero CO₂ emissions by 2050.

2.4. Strategic Objectives, Strategic Options and Secondary Objectives

Strategic Objectives

- 👉 Minimum 10% reduction of carbon, methane and other gas emissions (10-10-10). Reduction is set for the validity term of the strategy (2021-2030) having 2020 as reference year;
- 👉 Annual natural gas production decline below 2.5%;
- 👉 EBITDA margin between 25-40%;
- 👉 ROACE equal to or higher than 12%.

Strategic options and secondary objectives

- 👉 We continue to develop the portfolio of resources focused on mitigating climate changes effects, centred on resilient hydrocarbons and on operational safety and reliability:
 - ✓ Maximize the recovery factor of hydrocarbon reserves under safety, reliability and sustainable development conditions;
 - ✓ Increase of onshore and offshore (Black Sea) hydrocarbon resources and reserves portfolio;
- 👉 Electricity and energy with low CO₂ emissions with large scale use of renewable energy sources, seeking opportunities on the hydrogen market and developing a portfolio of gas clients to complete such low CO₂ emission energy:
 - ✓ Production of sustainable energy;
 - ✓ Minimum 10% reduction of carbon, methane and other gas emissions (10-10-10);
- 👉 Digital transformation of the company and supporting innovations to approach new customer interaction methods, to increase efficiency and to support new development directions:
 - ✓ Company digitalization;
 - ✓ Increase of market share and portfolio diversification;
- 👉 Create long-term relationships with equal profitability for both the market and social environment:
 - ✓ Training human resources to embrace future trends in the field of sustainable energy;
 - ✓ Citizens in a green society.

III. Review of ROMGAZ GROUP business

3.1. Business Segments

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.

Exploration

Since October 1997, the exploration activity is carried out in 8 blocks located in Transylvania, Muntenia-Oltenia and Moldova, subject to the Concession Agreement approved by Government Decision No. 23/2000.

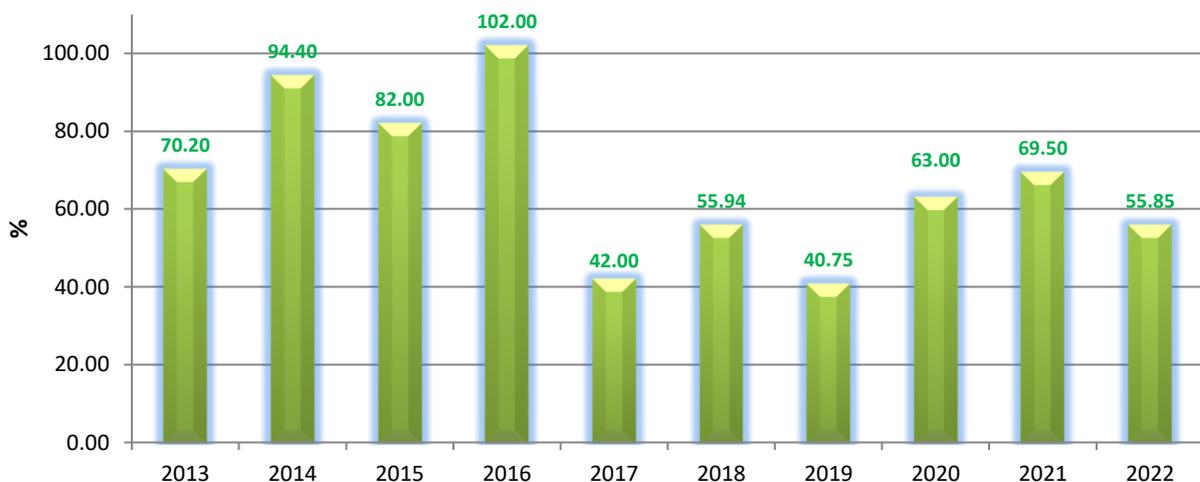
Currently, exploration activities are performed under Addendum No. 6 (approved by GD No.1011/22.09.2021 to the Concession Agreement for petroleum exploration-development-production approved by GD No.23/2000, with a validity term of 6 years (10.10.2021 – 9.10.2027). The approved minimum work program includes 36 wells with a total length of 92,000 m and 1,000 km² 3D seismic for all eight blocks, with the total value of the program of USD 195 million.

Main works performed in 2022 are:

- ✎ exploration drilling:
 - four wells are finalised, out of which one is in conservation, testing gas;
 - surface facilities in progress for one well;
 - procurement of drilling works for one well;
 - preparatory works for initiating procurement of drilling works for 27 wells;
- ✎ two projects related to 3D seismic data acquisition and processing in exploration-development-production blocks RG 07 Muntenia Centru and RG 06 Muntenia Nord-Est, covering an area of approx. 650 km².

Exploration works are designed and prioritised based on technical-economic principles, in order to increase the hydrocarbon resources and reserves portfolio and to maximise the prospective potential of the eight exploration-development-production blocks licensed by Romgaz.

The table below shows the evolution of the *reserves replacement ratio* between 2013-2022:



Reserves replacement ratio is influenced by the improvement of the final recovery factor, by promoting probable and possible reserves and by investments in the infrastructure necessary for streaming in experimental production of new exploration discoveries.

Production



The 2022 annual program for petroleum operations took into account the gas demand dynamics, reactivation, recompletion and workover operations, bringing into production new wells and exploration wells; the program focused also on maintenance programs of compressor stations and of dehydration stations.

2022 natural gas production was 4,935.9 million m³, by 93 million m³ lower than last year's production, representing a production decline of 1.8%.

Whereas most operational commercial fields are mature, in an advanced stage of energy depletion, keeping the production decline below the committed level of 2.5% was possible mainly due to the following:

1. measures implemented to optimise gas field production;
2. investments to extend production infrastructure and to connect new wells to this infrastructure;
3. continuous production rehabilitation of the main mature gas fields: Filitelnic, Delenii, Laslău, Sădinca, Copșa Mică, Nadeș-Prod-Seleuș, Roman, Corunca Sud, Târgu Mureș, Grebeniș, Bazna, Cetatea de Baltă, Mărgineni, Corunca Nord, Iclânzel Vaideiu, Sărmășel;
4. performing capitalisable repair works and well recompletion operations for inactive or low production wells.

Underground Gas Storage



Currently, there are six operational UGSs in depleted gas reservoirs in Romania. Romgaz owns and operates through Filiala Depogaz five UGSs with a total capacity of 3.965 bcm and a working gas volume of 2.770 bcm.

Nationally, the ratio between the working gas volume and the annual consumption was about 25% in 2022. This level ranks in the first upper half of the European values chart.

In 2022 the ratio between stored gas volumes and working volume of the UGSs was 99.39%.

The Romanian Government issued Emergency Ordinance No. 106/2020 amending Gas and Electricity Law No. 123/2012 ruling deregulation of storage activities. Therefore, after the withdrawal cycle 2020-2021, the storage activity is no longer regulated.

Natural Gas Supply



After a thorough restructuring, the Romanian natural gas sector is currently split into independent activities. The Romanian natural gas market includes a National Transmission System operator - NTS (Transgaz), producers (Romgaz and Petrom holding together 97% of national production), underground gas storage operators, companies for the distribution and supply of gas to captive customers, and suppliers on the wholesale market.

In 2022, considering the international context generated by the increase of prices on energy markets, in order to ensure a rigorous discipline on the national market and to ensure high economic and social customer protection, the Government approved GEO 27/2022 on measures applicable to end users on the gas and electricity market during April 1, 2022 – March 31, 2023, as well as to amend and supplement certain enforcement guidelines in the energy sector. Enforceability of GEO 27/2022 was subsequently extended until March 31, 2025.

Therefore, as of April 2022 there was a significant regulation of households and heat producers, both as regards prices and contracted quantities.

In terms of supply, Romgaz held, between 2015-2022, a national market share ranging between 37%-49%:

	unit	2015	2016	2017	2018	2019	2020	2021	2022
National consumption	bcm	11.6	11.8	12.3	12.3	11.5	12.0	12.3	10.4
Romgaz traded volumes (domestic + import)	bcm	5.1	4.4	5.7	5.6	5.1	4.7	5.2	5.1
Romgaz market share	%	44.0	37.1	46.3	45.5	44.1	39.1	42.4	49.41

The above quantities include gas from own internal production, including technological consumption, domestic gas purchased from third parties, 100% gas from Schlumberger joint venture (until 2018) and import gas. Deliveries include gas delivered to Iernut and Cojocna for electricity production.

Well Workover, Recompletion and Special Operations

SIRCOSS was set up in 2003 in accordance with GSM Resolution No. 5/June 13, 2003. SIRCOSS performs two main types of activities:

- ↳ well workover, recompletion operations and production tests;
- ↳ special well operations.

All *well workover, recompletion operations and production tests* are performed by means of rig installations. The second main activity consists of *special well operations*, namely services supplied by means of different transportable equipment for downhole or surface operations.

The operations performed in 2022 were characterised by an upward consolidation of volumes both in terms of workover, recompletion operations and in terms of services supplied as special operations, thus performing 7,793 operations.

As regards well reactivation works for 2022, 171 well operations were planned and 216 works were performed.

The table below shows a comparison between planned and achieved recompletion operations and capitalizable repairs for 2022:

	Mediaş Branch	Târgu Mureş Branch	TOTAL Romgaz
Planned	82	89	171
Achieved	105	111	216
Difference	23	22	45

Transportation and Maintenance

STTM was established in October 2003, by taking over the means of transportation from Mediaş, Târgu-Mureş and Ploiesti branches.

The branch's scope of activity is transportation of goods and people, specific technological transportation, and maintenance activities for the benefit of the company and of third parties.

STTM car fleet includes various motor vehicles and machinery for the following transportation services:

- passenger carriers: cars, minibuses, buses and large buses;
- mixt transportation with utility vehicles < 3.5 t and utility vehicles > 3.5 t;
- technological transportation with trucks, platforms, dumpers, dump trucks, tankers, self-trailers and crane trucks;
- transport and machinery: tractors, bulldozers, front loaders, earth-moving machinery, excavators

Maintenance of the car fleet is carried out in own car services. STTM holds at the four sections (Târgu Mureş, Mediaş, Ploieşti and Roman), services authorised by the Romanian Automobile Register, with specialised personnel for the maintenance of STTM vehicles and machinery.

As regards the maintenance activity, the various services are provided by specialized teams in the mechanical, electrical and automation fields.

Electricity Generation

CTE Iernut is an important junction point of the NPG (National Power Grid), located in the centre of the country, in Mures County, on the left bank of Mures River, between towns Iernut and Cuci, with gas and industrial water sources and power discharge facilities.

CTE Iernut is operated by Romgaz through *Sucursala de Productie Energie Electrica* (SPEE).

CTE Iernut has an installed power of 800 MW and comprises 6 power units: 4 100 MW units of Czechoslovakian manufacturing and 2 200 MW units of Soviet manufacturing. These units were commissioned between 1963 and 1967. Taking in consideration the start of investment works at the 430 MW CCGT Power Plant and the requirement to ensure appropriate conditions for the execution of works at the related cooling circuit, unit 6 of 200 MW was decommissioned in November 2019.

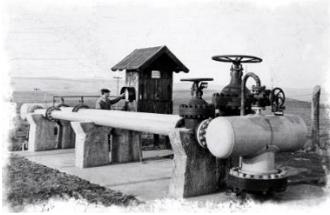
In January 2019, units 2 and 3 of 100 MW were decommissioned followed by unit 1 (of 100 MW) in November 2019; all units were decommissioned on the grounds of non-compliance with the environmental conditions.

In 2022, SPEE Iernut operated with power unit 5 of 200MW, power unit 4 of 100 MW was decommissioned due to non-compliance with NOx emission limits, provided by effective regulations. Therefore, at the end of 2022, SPEE Iernut held the commercial operating licence for one power unit.

Natural Gas Distribution

The natural gas distribution activity is regulated, carried out in Ghercesti and Piscu Stejari areas. Romgaz has concession agreements with the Ministry of Economy and Trade for Ghercesti area and with Piscu Stejari Town Hall for Piscu Stejari distribution. The activity is carried out by Targu-Mures Branch.

3.2. Brief History



Societatea Nationala de Gaze Naturale "ROMGAZ" SA is Romania's most important natural gas producer and supplier. The company's experience in the field of gas exploration and production exceeds 100 years. Its history began in 1909 when the first natural gas commercial reservoir was discovered, in the Transylvanian Basin, upon drilling of well Sarmasel-2.

The most important historic benchmarks are:

1909	• Natural gas discovery in Sarmasel (Transylvanian Basin)
1913	• First gas production recorded in Romania (113,000 m ³)
1915	• On November 26, Societatea Ungară de Gaz Metan is established, receiving the right for gas exploration and production from Transylvania's richest gas fields
1925	• Setting up the National Gas Company "SONAMETAN"
1958	• First underground gas storage in Romania, at Ilimbav, Sibiu County
1972	• Use of compressors in the course of production
1976	• Maximum gas production obtained by Romgaz (29,834 million m ³)
1979	• Import gas from the Russian Federation
1991	• Centrala Gazului Metan was reorganized, by Government decision, to Regia Autonoma "ROMGAZ" RA
1998	• "ROMGAZ" RA becomes Societatea Națională de Gaze Naturale "ROMGAZ" SA
2000	• SNGN "ROMGAZ" SA was reorganized in five independent companies (SC "Exprogaz" SA Mediaș, SNDSGN "Depogaz" SA Ploiești, SNTGN "Transgaz" SA Mediaș, SC "Distrigaz Sud" SA București și SC "Distrigaz Nord" SA Tîrgu-Mureș
2001	• The current SNGN "ROMGAZ" SA Medias was established
2013	• Company shares are traded on Bucharest Stock Exchange and London stock Exchange (GDR's)
2015	• Unbundling the underground gas storage activity by setting up Filiala de Înmagazinare Gaze Naturale Depogaz SRL Ploiești
2018	• As of April 1, 2018 Filiala de Înmagazinare Gaze Naturale Depogaz SRL Ploiești became operational
2022	• Acquisition of all shares issued by ExxonMobil Exploration and Production Romania Limited, which holds 50% of the rights and obligations under the Petroleum Agreement for the eastern area, deep water zone, of Neptun XIX offshore block in the Black Sea.

3.3. Mergers and Reorganisations, Acquisitions and Divestments of Assets

Changes to the organisational structure

- BoD Resolution No. 16 of March 22, 2022 amended the organisational structure as follows:
 - set up the Corporate Governance, Capital Market and Investor Relation Direction;
 - changed the Corporate Governance Department into Corporate Governance Office subordinated to the Corporate Governance, Capital Market and Investor Relation Direction;
 - subordinated the Capital Market Department to the Corporate Governance, Capital Market and Investor Relation Direction;
 - set up the Reporting Department and the Social Responsibility and Statistics Office subordinated to the Corporate Governance, Capital Market and Investor Relation Direction;
 - subordinated the Headquarters Monitoring Office to the Technical Direction;
 - subordinated the Electricity Trading and Self-Supply Department to the Electricity Market Development Department;
 - dissolved the Investment Compartment within Iernut Power Plant and established the Development-Investment Department;
- Decision No. 1659/08.12.2022 amended the organisational chart, by setting up the Department Supply of Last Resort within the Energy Trading Department.

No mergers of the company took place in financial year 2022.

3.4. Group's Business Performance

3.4.1. Overall Performance

The Group's revenues are generated mainly from gas production and deliveries (own gas production and delivery, gas produced by joint ventures, import gas deliveries and gas deliveries from other domestic producers), from supply of underground gas storage services, from production and supply of electricity and from other specific services.

Financial Results

<i>*RON thousand*</i>				
Item No.	Description	2021	2022	Ratio (2022/2021)
0	1	2	3	4=(3/2)x100
1	Total Income, out of which:	6,156,535	13,658,095	121.85%
	*operating income	6,098,082	13,438,793	120.38%
	*financial income	58,453	219,302	275.18%
2	Revenue	5,852,926	13,359,653	128.26%
3	Expenses – total, out of which:	3,999,369	9,506,196	137.69%
	*operating expenses	3,982,298	9,433,625	136.89%
	*financial expenses	17,071	72,571	325.11%
4	Share of associates' result	85	2,350	2,664.71%
5	Gross Profit	2,157,251	4,154,249	92.57%
6	Income tax	(242,264)	(1,607,537)	563.55%
7	Net Profit	1,914,987	2,546,712	32.99%

The total income of 2022 was higher by 121.85% as compared to 2021.

Below are the compared economic-financial indicators for 2021 and 2022 and their detailed structure split by activity:

Indicators split by activities – 2021 (restated*)

RON thousand

Description	TOTAL 2021, out of which:	Gas production and deliveries	Underground Gas Storage	Electricity	Other activities	Settlement between segments
1	2	3	4	5	6	7
Revenue	5,852,926	5,486,486	313,456	458,656	408,161	(813,833)
Cost of commodities sold	(281,589)	(246,933)	(2)	(33,901)	(753)	-
Investment Income	58,403	133	534	7	85,823	(28,094)
Other gains and losses	23,388	(3,599)	(7,995)	(95)	28,804	6,273
Net losses from impairment of trade receivables	349,989	362,633	-	(12,593)	(51)	-
Changes in inventories	74,787	73,538	-	25	1,224	-
Raw materials and consumables	(81,146)	(43,135)	(21,606)	(208,174)	(13,705)	205,474
Depreciation, amortization and impairment	(685,772)	(580,293)	(8,506)	(7,102)	(25,877)	(63,994)
Employee benefit expense	(766,639)	(453,144)	(72,325)	(47,959)	(193,221)	10
Finance cost	(16,739)	(14,829)	(1,387)	-	(553)	30
Exploration Expenses	(1,197)	(1,197)	-	-	-	-
Share of associates' result	85	-	-	-	85	-
Other Expenses	(2,539,086)	(2,644,595)	(169,101)	(259,850)	(74,442)	608,902
Other Income	169,841	41,036	274	126,909	2,071	(449)
Profit before tax	2,157,251	1,976,101	33,342	15,923	217,566	(85,681)
Income tax expense	(242,264)	-	(2,835)	-	(239,429)	-
Profit for the year	1,914,987	1,976,101	30,507	15,923	(21,863)	(85,681)

*) In 2022, Romgaz main decision-maker decided to change the manner of reporting gas and electricity deliveries between its branches. In the past, these deliveries were accounted as costs. As of 2022, these deliveries are accounted at the market price or at regulated price, as the case may be. The change, allows the management to have a better view on performance of its business segments. Following this change, the compared indicators split by activities for 2021 were restated. Neither Romgaz nor the Group's results are affected by this change.

Indicators split by activities – 2022

RON thousand

Description	TOTAL 2022, out of which:	Gas production and deliveries	Underground Gas Storage	Electricity	Other activities	Settlement between segments
1	2	3	4	5	6	7
Revenue	13,359,653	12,355,984	475,989	1,646,783	438,097	(1,557,200)
Cost of commodities sold	(183,578)	(15,009)	(3)	(167,405)	(1,161)	-
Investment Income	176,979	609	2,547	40	187,755	(13,972)
Other gains and losses	(9,441)	257,414	(2,417)	(291)	(265,940)	1,793
Net losses from impairment of trade receivables	(55,166)	(44,137)	-	(1,510)	(9,519)	-
Changes in inventories	(2,197)	(3,272)	-	16	1,059	-
Raw materials and consumables	(118,037)	(83,127)	(43,925)	(732,422)	(17,691)	759,128
Depreciation, amortization and impairment	(550,076)	(426,336)	(12,329)	(10,160)	(25,470)	(75,781)
Employee benefit expense	(846,001)	(491,677)	(75,505)	(49,262)	(229,557)	-
Finance cost	(27,295)	(19,942)	(1,861)	-	(5,563)	71
Exploration Expenses	(59,714)	(59,714)	-	-	-	-
Share of associates' result	2,350	-	-	-	2,350	-
Other Expenses	(7,613,296)	(7,308,009)	(226,757)	(736,940)	(140,095)	798,505
Other Income	80,068	66,750	28	1,199	12,500	(409)
Profit before tax	4,154,249	4,229,534	115,767	(49,952)	(53,235)	(87,865)
Income tax expense	(1,607,537)	(1,002,428)	(15,948)	-	(589,161)	-
Profit for the year	2,546,712	3,227,106	99,819	(49,952)	(642,396)	(87,865)

Revenue

The table below shows the compared revenue and the revenue share on activity segments:

Description	2020		2021		2022	
	RON mln	% Revenue	RON mln	% Revenue	RON mln	% Revenue
Gas production and delivery	3,690.2	90.56	5,486.5	93.74%	12,356.0	92.49%
UGS activity	333.9	8.19	313.5	5.36%	476.0	3.56%
Electricity generation and delivery	261.1	6.41	458.7	7.84%	1,646.8	12.33%
Other activities	376.9	9.25	408.2	6.97%	438.1	3.28%
Settlement between branches	-587.3	-14.41	-813.8	-13.90%	-1,557.2	-11.66%
TOTAL Revenue	4,074.9	100.00	5,852.9	100.00	13,359.7	100.00

Financial income

The financial income is higher by 275.18 % than recorded in the previous year. Financial income consists mainly of interests from cash in bank deposits and in state bonds.

Expenses

Description	Year 2021 (RON thousand)	Year 2022 (RON thousand)	Ratio (2022/2021)
1	2	3	4=(3-2)/2x100
Operating expenses	3,982,298	9,433,625	136.89%
Financial expenses	17,071	72,571	325.11%
Total expenses	3,999,369	9,506,196	137.69%

Financial expenses

Financial expenses incurred in 2022 are higher by 325.11% as compared to the previous year.

Chapter 7 shows a detailed split of different expenses categories and a comparative assessment thereof.

Economic-Financial Results

Compared economic-financial results are shown in the table below (RON thousand):

Description	2021	2022	Ratio (2022/2021)
1	2	3	4=(3-2)/2x100
Operating results	2,115,784	4,005,168	89.30%
Financial results	41,382	146,731	254.58%
Share of associates' result	85	2,350	2,664.71%
Gross result	2,157,251	4,154,249	92.57%
Income tax	(242,264)	(1,607,537)	563.55%
Net result	1,914,987	2,546,712	32.99%

Gross result for January – December 2022 in amount of RON 4,154,249 thousand is by 92.57% higher than the gross result of 2021.

Financial Performance is also emphasized by the evolution of indicators presented in the table below:

Indicators	Formula	M.U.	2021	2022
1	2	3	4	5
Working capital (WC)	$C_{It}-A_f = E+L_{nc}+Pr+S_i-A_f$	RON mln	4,223	1,398
Working capital requirements (WCR)	$(A_{st}-L+P_p) - (L_{crt}-Cr_{st}+I_{df})$	RON mln	639	164
Net cash	$WC-WCR = L-Cr_{st}$	RON mln	3,584	1,562

Indicators	Formula	M.U.	2021	2022
1	2	3	4	5
Economic Rate of Return (ERR)	$P_g/C_{lt} \times 100$	%	22.04	35.15
Return on Equity	$P_n/Ex \times 100$	%	21.32	25.27
Return on Sales	$P_g/R \times 100$	%	36.86	31.10
Return on Assets	$P_n/A \times 100$	%	16.96	17.77
EBIT	$P_g + Ex_i - I_r$	RON mln	2.099	3.983
EBITDA	$EBIT + Am$	RON mln	2.785	4.532
ROCE	$EBIT/C_{emp} \times 100$	%	21.44	33.70
Current liquidity	Ac/Lc	-	3.81	1.56
Asset Solvency	$E/L \times 100$	%	79.53	70.33

where:

C_{lt}	long-term capital;	P_g	gross profit;
A_f	non-current assets;	P_n	net profit;
E	equity;	R	revenue;
L_{nc}	non-current liabilities;	A	total assets;
Pr	provisions;	Ex_i	interest expense;
S_i	investment subsidies;	I_r	interest income
A_{st}	short term assets;	Am	amortization and impairment;
L	liquidity position;	C_{emp}	capital employed (total assets–current liabilities)
Pp	Prepayments;	Ac	Current assets
Cr_{st}	short-term credit;	Lc	Current liabilities
I_{df}	deferred income	L	total liabilities

3.4.2. Sales

Sales Evolution and Perspectives

The table below shows the evolution of delivered gas quantities, by splitting gas quantities delivered to third parties and quantities used for electricity production in own plants:

Description	unit	2020	2021	2022	2021/2020	2022/2021
Delivered gas	mil. m ³	4,688.1	5,167.6	5,061.7	+10.2%	-2.0%
Sales to third parties	mil. m ³	4,406.2	4,966.7	4,722.0	+12.7%	-4.9%
Gas for electricity production in own power plant	mil. m ³	277.2	192.5	339.7	-30.6%	+76.5%

Description	unit	2021	2022	2022/2021
Delivered gas	TWh	54.141	53.277	-2.0%
Sales to third parties	TWh	52.018	49.701	-4.9%
Gas for electricity production in own power plant	TWh	2.123	3.576	+76.5%

The entire gas quantity traded by Romgaz was sold on the domestic market. Romgaz traded gas quantities both on the regulated market and on the free market, both by bilateral negotiation as well as on the centralised market managed by the Romanian Commodities Exchange (BRM).

The quantity of 49.70 TWh was delivered to the market, to third parties, as follows:

- ✍ Gas delivered under contracts concluded on centralised markets (GRP and other contracts concluded on the centralised market): 11.46 TWh (23.08%);
- ✍ Gas delivered under GEO 27/2022: 16.68 TWh (33.56%);
- ✍ Gas delivered under bilateral negotiated contracts: 21.55 TWh (43.36%), out of which:
 - to Electrocentrale București and Electrocentrale Constanța: 9.41 TWh (18.94%).

As compared to 2021, Romgaz recorded a 2% drop of both production and delivered volumes. Gas deliveries from own production increased by 3.4% as compared to 2021.

Gas delivered to third parties decreased by 4.9%. We state that in 2022 no import gas quantities were traded. Gas quantities used at CTE Iernut increased by 68.64% as compared to 2021.

As regards gas trading on Romanian centralised markets, Romgaz share was about 27% from the total gas traded on these markets (forward and SPOT) with delivery in 2022 until enforcement of GEO 27/2022. With respect to quantities, Romgaz traded 11.46 TWh with delivery in 2022 on centralised markets, out of 42.7 TWh that represented all transactions on these markets with the same delivery period.

Until enforcement of GEO 27/2022, Romgaz was active on the SPOT market – on the day ahead market, the intraday market, on one hand in order to optimise sales and on the other hand to balance the portfolio, the quantities sold on such markets are approximately 0.45 TWh.

2023 gas sales perspectives are characterized by:

- ✎ high delivery prices given the domestic and international gas market context, characterised by the instability of supply sources, but below the prices of 2022;
- ✎ according to GEO 27/2022, we estimate that a significant gas quantity from Romgaz internal production will be traded at regulated prices.

Competition and Market Share of Romgaz Products and Services

The evolution of the gas market was significantly influenced by two factors:

- surging domestic and international gas prices within the geopolitical situation that limited gas sources from the Russian Federation and their partial replacement with LNG;
- enforcement of GEO 27/2022 and subsequent acts to protect households and heat producers by distributing gas from internal production at a capped price for the above mentioned customer categories;

The cumulated impact of these conditions led to a 16% decrease of national consumption, as several production facilities were closed due to increased gas prices and implementation of energy efficiency measures.

In this context, Romgaz traded gas at regulated prices to household suppliers, to suppliers of heat producers and directly to heat producers approximately 33.3% of the total gas sold in 2022. Following extension of GEO 27/2022 applicability, Romgaz had to sell an insignificant gas quantity on the competitive market, with delivery in 2023, until the Transmission System Operator - TSO (SNTGN Transgaz SA) allocated the quantities to be sold at regulated price.

According to company's estimates, national gas consumption decreased by approximately 16% as compared to 2021. Romgaz share in the national consumption increased by 7% as compared to 2021.

According to preliminary data of the system operator, national electricity production reached 54,193,070 MWh in 2022. Romgaz share on the wholesale electricity market was 2.05%, higher than last year by 91.59%.

Annual evolution of electricity production and market share:

Description	2020 (MWh)	2021 (MWh)	2022 (MWh)	2021/2020 (%)	2022/2021 (%)
National production	55,519,195	58,560,986	54,193,070	5.48	-7.46
Romgaz production	937,500	640,001	1,110,456	-31.73	73.51
Romgaz market share	1.69	1.07	2.05	-35.50	91.59

As regards electricity generation sources, in 2022, these were as follows⁶:

- ✎ 30% hydro;
- ✎ 18% coal;
- ✎ 19% nuclear;
- ✎ 16% gas;

⁶ Approximate levels - Source ANRE, market reports. Note: on the date of preparing the Report, ANRE did not publish the annual report containing the energy label.

↳ 17% renewable sources and other producers.

Market Dependence

The Romanian gas market situation allowed the company to have an extended customer portfolio both on centralized markets and as regards contracts by direct negotiation. Moreover, the company has a balanced portfolio as regards the ratio between the end user market (especially power plants) and the wholesale market where it sells gas to suppliers.

3.4.3. Prices and Tariffs

Law No. 123/2012 sets the regulatory framework for natural gas **production**, transmission, **distribution, supply and storage**, for organization and operation of the gas sector, for market access as well as criteria and procedures for granting authorizations and/or licenses in the natural gas sector.

In 2022, Romgaz Group activated both on the regulated market carrying out distribution activities and on the free market, carrying out gas and electricity production and supply activities and underground storage activities.

Underground Gas Storage

By GEO 106/2020 on amending Electricity and Gas Law 123/2012, the Romanian Government decided that gas storage activities will no longer be regulated. Therefore, after the withdrawal cycle 2020-2021, storage activities are no longer regulated.

Taking into account GEO 106/2020 and Law No. 155/2020 on amending and supplementing Law 123/2012, starting with April 1, 2021 the price and tariffs system for storage activities is no longer set by the National Energy Regulatory Authority.

As a result, storage tariffs for the two compared periods were approved by ANRE Order No.24 of March 23, 2020 (01.04.2020-31.03.2021), Depogaz Board of Directors Resolution 3/2021 (01.04.2021-31.03.2022) and Depogaz Board of Directors Resolution 1/2022 (01.04.2022-31.03.2023).

The table below shows the storage tariffs:

Tariff component	unit	Tariff (01.04.2020- 31.03.2021)	Tariff (01.04.2021- 31.03.2022)	Tariff (as of 01.04.2022)
Volumetric component for <i>gas injection</i>	RON/MWh	3.67	2.29	4.50
Fixed component for <i>capacity reservation</i>	RON/MWh/storage e cycle	7.58	9.31	11.44
Volumetric component for <i>gas withdrawal</i>	RON/MWh	2.03	1.74	3.48

Natural Gas Supply

Romgaz average gas supply price increased significantly in 2022, by 210% higher than the average price of 2020 and by 135% higher than the average price of 2021, taking into account that most of the gas sold in 2022 was at regulated price, together with invoicing some gas quantities at a capped price, according to GEO 27/2022.

The table below shows the average gas supply prices between 2020-2022:

Description	unit	2020	2021	2022
1	2	3	4	5
Average supply price for gas from internal production ⁷	RON/1000 m ³	751.3	1,019.66	2,392.06
	RON/MWh	73.3	96.66	227.27

Natural Gas Distribution

Regulated distribution tariffs valid for the reviewed period are approved by ANRE Orders, as follows:

- ↳ Order 56/2020 on setting the unitary tariff for regulated supply services between January 1- June 30, 2020 and on approving regulated gas prices for Societatea Națională de Gaze Naturale "ROMGAZ" - S.A. Medias (as of January 1, 2020);

⁷ Including commodity gas, less storage costs.

- ↪ Order 122/2020 on approving regulated tariffs applicable to distribution services for Societatea Națională de Gaze Naturale "ROMGAZ" - S.A. Medias (as of July 1, 2020);
- ↪ Order 77/2021 on approving regulated tariffs applicable to distribution services for Societatea Națională de Gaze Naturale "ROMGAZ" - S.A. Medias (as of July 1, 2021);
- ↪ Order 57/2022 on amending Order 77/2021 on approving regulated tariffs applicable to distribution services for Societatea Națională de Gaze Naturale "ROMGAZ" - S.A. Medias (as of April 1, 2022);

Tariffs are shown in the table below:

Description	01.01.'20-30.06.'20	01.07.'20-30.06.'21	01.07.'21-31.03.'22	01.04.'22-today
Distribution tariffs (RON/MWh)				
*C1 consumption up to 280 MWh	52.87	52.52	48.19	49.31
*C2 annual consumption between 280 and 2.800 MWh	0.00	46.17	42.37	43.35
*C3 annual consumption between 2.800 and 28.000 MWh	50.00	41.29	37.91	38.79

3.4.4. Human Resources

On December 31, 2022, Romgaz Group had 5,971 employees and SNGN Romgaz SA 5,453 employees.

The table below shows the evolution of employees' number during January 1, 2020 – December 31, 2022:

Description	2020		2021		2022	
	Romgaz Group	Romgaz	Romgaz Group	Romgaz	Romgaz Group	Romgaz
1	3	4	3	4	5	6
Employees at the beginning of the year	6,251	5,738	6,188	5,673	5,863	5,363
Newly hired employees	198	177	179	157	354	315
Employees who terminated their labour relationship with the company	261	242	504	467	246	225
Employees at the end of the year	6,188	5,673	5,863	5,363	5,971	5,453

The structure of SNGN Romgaz SA employees at the end of 2022 was the following:

a) by level of education

- University 26.63 %
- Secondary education 30.90 %
- Foreman education 2.20 %
- Vocational school 31.41 %
- Middle school 8.86 %

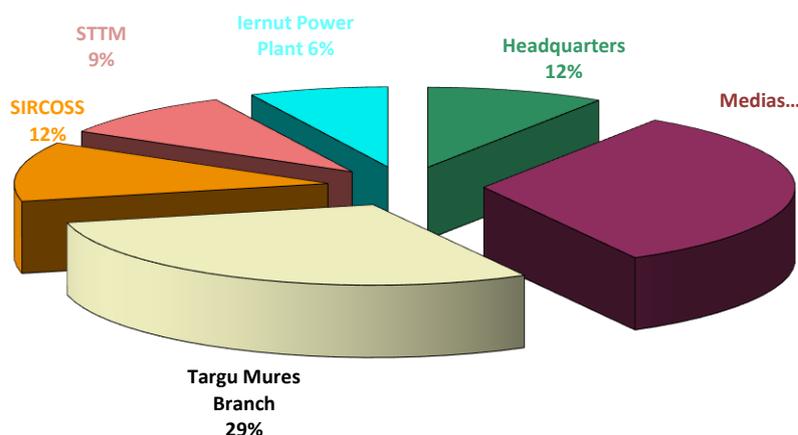
b) by age

- under 30 years 5.76 %
- 30-40 years 13.08 %
- 40-50 years 29.30 %
- 50-60 years 44.97 %
- over 60 years 6.90 %

c) by activities

- gas production 71.43 %
- production tests/well special operations 11.66 %
- health 1.61 %
- transportation 9.02 %
- electricity production 6.27 %

Distribution of Romgaz employees by headquarters and by branches is shown in the figure below:



Distribution of Romgaz employees by headquarters and by branches is shown in the figure below:

Entity	Workers	Foremen	Administrative employees	Total
Headquarters	40		635	675
Medias Branch	1,366	84	292	1,742
Targu-Mures Branch	1,270	53	241	1,564
SIRCROSS	473	49	114	636
STTM	370	15	107	492
Iernut Branch	225	30	87	342
Drobeta Turnu Severin Branch			2	2
TOTAL	3,744	231	1,478	5,453

In 2022, *professional training courses* were meant to increase competitiveness and to improve professional performance.

Thus, the following were taken into account:

- training of administrative employees in various areas of activity, in cooperation with national training suppliers;
- authorization/re-authorization, according to their specialization and position;
- skills improvement and vocational training of workers through internal training courses.

A number of 1,450 employees were trained in 2022 and expenses incurred amount to RON 904 thousand (44.48% out of RON 2,033 thousand – total amount allocated for 2022).

The annual training program was implemented as follows:

- 1,450 persons participated in professional training programs on job related subject matters;
- 403 persons participated in training courses to obtain authorization and re-authorization in accordance with their position;
- 217 persons participated in internal training courses;

As regards the number of participants, the 2022 professional training plan was fulfilled 81.32%. This was caused partly by the SARS-CoV2 pandemic and by implementing in the first part of 2022 a procedure related to procurement of training services.

The program „ROMGAZ SCHOLARSHIPS” was initiated in 2022 and it focuses on identifying young professionals and future employees of our company. Therefore, the company concluded framework agreements with Universitatea Lucian Blaga Sibiu – Facultatea de Inginerie, Universitatea Babeş-Bolyai Cluj-Napoca – Facultatea de Biologie și Geologie, Universitatea Petrol-Gaze Ploiești, Universitatea Alexandru Ioan Cuza Iași – Facultatea de Geografie și Geologie and Universitatea Politehnica București – Facultatea de Energetică.

The scholarships in amount of 1,500 RON/month are intended for students in their third, fourth study year and/or master students major in the following:

- ✓ Hydrocarbon Transmission, Storage and Distribution (students) and Engineering and Gas Management (master students) - Universitatea Lucian Blaga Sibiu;

- ✓ Petroleum Engineering, Geological Engineering and Hydrocarbon Transmission, Storage and Distribution (students) and Well Drilling, Hydrocarbon Transmission, Storage and Distribution Technologies, Reservoir Engineering (master students) - Universitatea Petrol-Gaze Ploiești;
- ✓ Geological Engineering (students) and Applied Geology (master students) - Universitatea Babeș-Bolyai Cluj-Napoca;
- ✓ Geological Engineering (students) and Well Geology (master students) - Universitatea Alexandru Ioan Cuza Iași;
- ✓ Thermal energetics, Energy Management, Energetics and Fluid Engineering (students) and Energetic Services, Energetic Efficiency, Hydro-Informatics and Fluid Engineering, Energy System management (master students) - Universitatea Politehnica București – Facultatea de Energetică.

In 2022, 12 scholarships were awarded following application and interview session, as follows:

- 4 scholarships – Universitatea Lucian Blaga Sibiu: three students and one master student – the latter was employed in May 2022 at Medias Branch as engineer at Delenii Rehabilitation Project Unit;
- 6 scholarships – Universitatea Petrol-Gaze Ploiești: five students and one master student;
- 2 scholarships – Universitatea Alexandru Ioan Cuza Iași – two students.

As of 2018, the company concluded partnership contracts for dual education with Colegiul Școala Națională de Gaz Mediaș (2018-2021 and 2022-2025) and with Liceul Tehnologic Iernut (2020-2023, 2021-2024 and 2022-2025). 65 individual training contracts were signed in 2022 with students who chose to follow this study programme. These students receive a monthly scholarship of RON 200.

The training areas are the following:

- Colegiul Școala Națională de Gaz Mediaș:
 - 14 high-school students (9th grade – class of 2022-2025) – gas production, treatment and distribution;
- Liceul Tehnologic Iernut:
 - 9 high school students (9th grade – class of 2022-2025) – electro mechanic, professional qualification as boiler, steam turbine, auxiliary and heating plant operator;
 - 8 high school students (9th grade – class of 2022-2025) – electrical, professional qualification as electrician operating power plants, stations and electrical networks;
 - 8 high school students (10th grade – class of 2021-2024) – electrical, professional qualification as electrician operating power plants, stations and electrical networks;
 - 9 high school students (10th grade – class of 2021-2024) – electro mechanic, professional qualification as boiler, steam turbine, auxiliary and heating plant operator;
 - 7 high school students (11th grade – class of 2020-2023) – electrical, professional qualification as electrician operating power plants, stations and electrical networks;
 - 10 high school students (11th grade – class of 2020-2023) – electro mechanic, professional qualification as boiler, steam turbine, auxiliary and heating plant operator.

In 2022, part of the graduates of the first dual education class of Colegiul Școala Națională de Gaz Mediaș (2018-2021) were employed on positions according to their studies at Medias, Targu Mures and SIRCOSS Branches. Out of the 18 graduates of Colegiul Școala Națională de Gaz Mediaș, 14 were employed (78%).

Romgaz Group has **two trade unions**:

- “Sindicatul Liber din cadrul S.N.G.N. Romgaz S.A.”, consisting of 5,392 members, out of the 5,453 employees, resulting a ratio of 98.88% union members;
- “Sindicatul Filiala Inmagazinare DEPOGAZ”, consisting of 379 members.

Relationship between manager and employees: on May 31, 2022 the parties concluded a new Collective Labour Agreement for SNGN Romgaz SA, registered at Sibiu Labour Inspectorate under no. 8075/31.05.2022, valid as of June 1, 2022 until May 31, 2024, inclusive.

There were no conflicts between the management and the trade union in 2022.

3.4.5. Environmental Aspects

In 2022, the environmental protection activity continued to focus on ensuring compliance with the Group's obligations in this respect. Another aim was meeting specific objectives related to:

- ☞ increasing awareness on compliance with legal requirements;
- ☞ monitor drafting of all reports required by the effective environmental legislation, by centralizing the information required and reported by Romgaz Branches and submitting it to competent authorities;
- ☞ efficiency of environmental protection activities which support the management process.

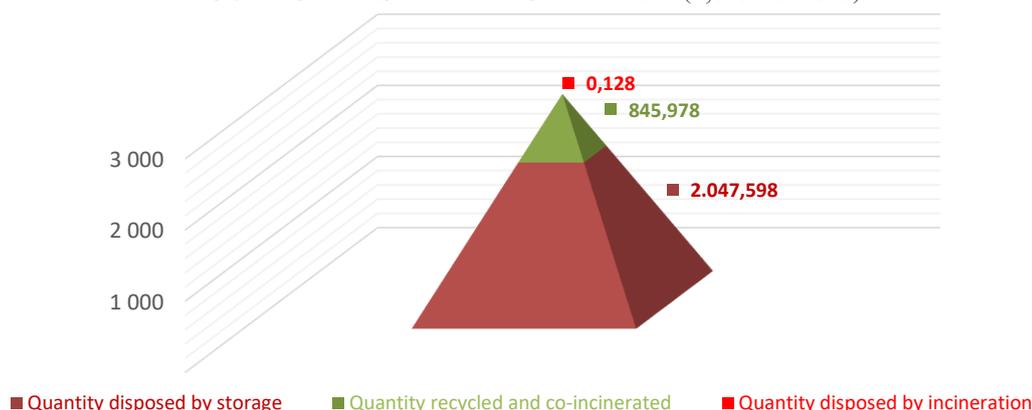
In 2022 environmental protection activities focused on:

- complying with legal and regulatory requirements, operating in an environmentally responsible manner;
- actions to reduce the consumption of utilities, materials and the level of polluting emissions;
- reducing the consumption of process water, technological gas and triethylene glycol (used in gas conditioning);
- reducing the consumption of compressor parts and compressed gas cooling components;
- controlled disposal of hazardous substances treating cooling water;
- integrating environmental aspects in all decision making processes;
- communication and cooperation with all suppliers and stakeholders, to minimise the impact of their operations on the environment;
- maintaining compliance with the provisions of regulations (environmental and water management permits/agreements/authorisations) issued for the activities;
- promoting respect for the environment in balance with economic growth in every strategic decision.
- daily updating the Register of environmental regulatory acts applicable to all activities, thus ensuring the Group's permanent compliance;
- conducting environmental protection training, at least annually, for Romgaz employees and service/work providers operating on the company's locations;
- compliance with permitting requirements:
 - complying with legal requirements related to environmental permits for all 119 units. Thus, the company took the following steps: required and obtained review of permits for 9 units; re-authorisation was requested and obtained for 6 units; the annual endorsement was filed for 26 units; the annual endorsement was obtained for 71 units, submitted required documents for temporary ceasing activities at 7 units; submitted required documents for ceasing activity at 3 units;
 - complying with legal requirements regarding water management permits, for:
 - ✓ 83 units for water use, mentioning that for 18 units the company submitted authorisation/reauthorisation documents;
 - ✓ 40 units related to reservoir water injection systems/wells.

A company-wide application is under development to monitor environmental/water/injection permits, permanently analysing and continuously supervising compliance with legal requirements on environment protection;

- Management of waste generated from own activities, according to the legal requirements in force. Activities related to waste management are performed in compliance with environmental protection laws that reflect the requirements of national and European laws. In 2022, the company recycled and co-incinerated 845.978 tons of waste (769.978 tons were recycled and 76 tons were co-incinerated), disposal of 2,047.726 tons waste (by incineration 0.128 tons and by storage 2,047.598 tons).

AMOUNT OF WASTE MANAGED IN 2022 (2,893.704 tons)



In 2022, the “*Program for Preventing and Reducing Waste Generated by S.N.G.N. Romgaz S.A.*” focused on the accomplishment of the measures thereunder; the program can be accessed at the following link <https://www.romgaz.ro/ro/content/program-de-prevenire-si-reducere-cantitatilor-de-deseuri>.

The Program aims at continuously identifying the objectives, targets and action policies the company is required to comply related to waste management in order to fulfil the country’s strategic objectives. Moreover, it sets the framework for ensuring a sustainable waste management to achieve objectives and targets;

- Monitoring compliance with legal requirements on environment protection. In 2022 Romgaz did not exceed the limits permitted by regulations in force;
- In 2022, Romgaz continued to monitor compliance with permanent or multiannual measures of implementation provided in the Remedial Report (maintenance of the perchlorethylene consumption under 1 tonne/year, for each location, to comply with the provisions of GD No. 699/2003 on establishing certain measures for decreasing emissions of volatile organic compounds resulting from the use of organic solvents in certain activities and installations, locating industrial units at safe distances from protected receivers;
- Reducing fugitive emissions in the areas with calibration tanks, metallic tanks and concrete reservoirs for temporary storage of reservoir waters – by equipping the tanks with ecologic dispersion systems;
- Periodic payment of the contribution towards the “Closing Fund”, until reaching the mandatory provision, for Ogra specific waste facility, supervising the annual monitoring frequency for Dumbravioara drilling waste facility, closed in 2003;
- Planning and organizing the internal environmental inspection activity in order to verify compliance with the legal requirements applicable to inspected activities.
Inspectors planned in 2022 – 39 internal environmental inspections at locations belonging to Romgaz branches. Romgaz activity complies with the applicable legal environmental requirements, with a 96% compliance identified following implementation of an assessment procedure, representing a very good value indicating potential for reaching 100%;
- Assessing the compliance with environmental protection requirements and contractual requirements of contractors and subcontractors of drilling works contracted by Romgaz in 2022;
- Accomplishing actions/measures programs for prevention and/or limitation of the impact on the environment for 2022, as follows:
 - ✓ procurement/modernisation of reservoir water storage tanks and hydrocarbon decanter-separators;
 - ✓ waste water measuring and discharge facility;
 - ✓ install waste water systems;
 - ✓ transform abandoned wells into reservoir water injection wells;
 - ✓ procurement of products for preventing pollution and for interventions in case of accidental pollution;

- ✓ laboratory analyses to monitor and measure environmental factors, required by regulatory documents. In this respect, the company publishes quarterly a Measuring-Monitoring Register of environmental factors, which can be viewed at <https://www.romgaz.ro/factori-de-mediu> ;
- ✓ reduce noise levels;
- ✓ landslide stabilisation;
- ✓ install anti-pollution backflow systems on well groups;
- ✓ install sound absorbing panels;
- ✓ waste management compliance from activities;
- ✓ compliance with CO₂ emissions from SPEE Iernut combustion facilities;
- ✓ making all payments required by the applicable environmental legislation (environmental fund, environmental/water authorisation/re-authorisation fees, provisions, water consumption subscriptions, etc.);

Monitoring one of Romgaz strategic objectives included in SNGN ROMGAZ SA Strategy for 2021-2023, namely “*Minimum 10% reduction of carbon, methane and other gas emissions (10-10-10)*” having 2020 as reference year. Therefore, CO₂ emissions were determined in 2022, through an inventory of emission sources, resulting the following:

- 879,204.771 tons, from mobile and immobile sources and
- 871,025.126 tons, from immobile sources.

In 2022, the Environmental Guard, the Water Basins Administrations and Environmental Protection Agencies carried out 26 inspections at Romgaz locations. The company did not receive any fine.

CO₂ Certificates - SPEE Iernut

By GD No. 1096/2013 on approving the mechanism for the free of charge transitory allocation of greenhouse gas emissions certificates to electric power producers for 2013-2020, including the National Investment Plan (NIP), the Romanian Government intends to finance replacement of old thermoelectric installations from a fund supplied from sales of greenhouse gas emissions certificates, investments receiving a non-reimbursable funding of 25% of the value of eligible expenses based on financing contracts, within available funds, according to the order of financing request and approval.

By means of Annexes:

- Annex No. 1: provides the eligible installations for free of charge transitory allocation and the number of annually allocated certificates for 2013-2020;
- Annex No. 3: National Investment Plan beneficiaries,

Romgaz is included in the above mentioned annexes and, in 2017, launched the investment from the National Investment Plan.

Therefore, pursuant to Annex No.1 of the Order, free of charge transitory allocation of certificates is made for the period between 2016 - June 30, 2019, while in 2020 free of charge transitory certificates are no longer allocated.

In order to comply with the legal requirements of GD 780/2006, updated (article 8, letter e) the requirement to reimburse, by April 30 of the year following the year for which greenhouse gas emissions were monitored, a number of greenhouse gas emission certificates equal to the total number of emissions from such installations. For 2022, CO₂ emissions equal 640,740 tons which is equivalent to 640,740 certificates. By the end of 2022, SPEE Iernut holds in the National CO₂ Emissions Register 81,000 CO₂ certificates. In order to comply with legal requirements, SPEE Iernut has to purchase at least the difference required for compliance. The acquisition has to be finalized until April 26, 2022.

3.4.6. Occupational Safety and Health

In 2022 the company concluded the subsequent contract no.2 to the framework agreement for purchasing additional voluntary health insurances for all employees.

Moreover, the company concluded subsequent contracts to the framework agreements for personal protective equipment (PPE), necessary for the working personnel, namely 53 types of protective equipment.

Internal controls were carried out at the workplaces at the headquarters and branches, verifying the training of staff in occupational health and safety, the provision and use of PPE, the existence of PPE stocks in branch stores, hygiene conditions at workplaces, the provision of hygienic and sanitary materials, the existence and provision of medical first aid kits, etc.

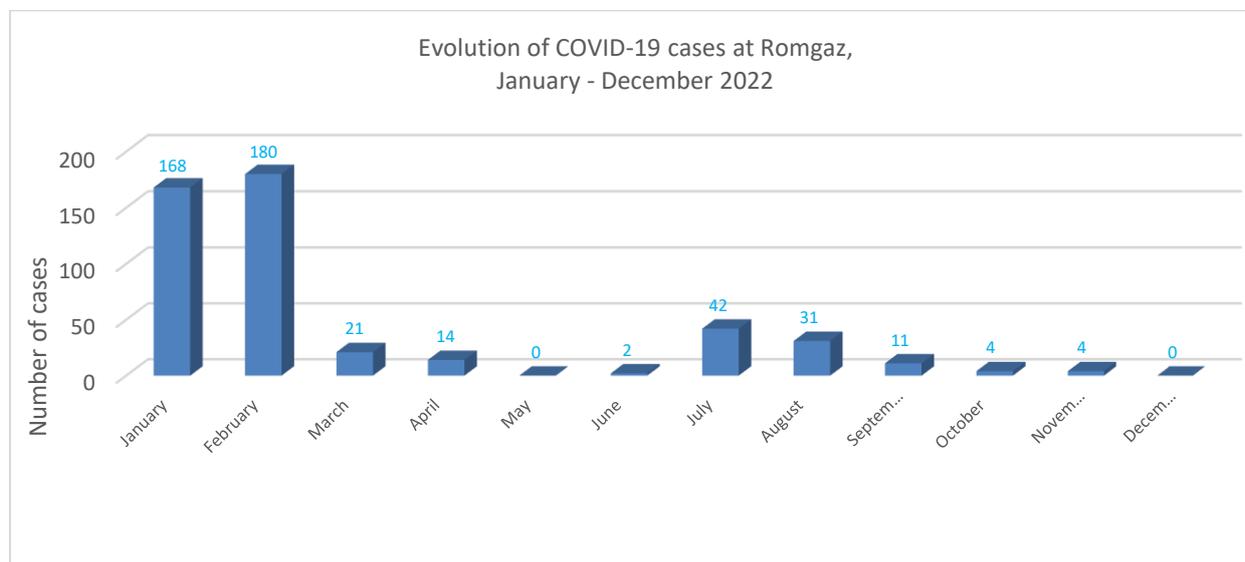
Other activities carried out in this field:

- ✓ development of the annual training-testing programme and establish training topics;
- ✓ preparing the annual internal control chart;
- ✓ drawing up identification sheets of occupational risk factors for new employees and for those who have changed positions;
- ✓ occupational health and safety training for new employees;
- ✓ drafting of occupational safety and health requirements related to the procurement of products/services/works in accordance with internal operational procedures;
- ✓ prepare self-assessment questionnaire on the state of implementation of internal/managerial control standards;
- ✓ monitoring the situation of Romgaz employees infected with SARS-CoV-2;
- ✓ testing of all employees in accordance with the training-testing programme in the field of occupational safety and health;
- ✓ elaborate the procedure for the reassessment of risks of occupational injury and illness for Romgaz employees.

SARS-CoV2 infections at Romgaz

The company has paid and continues to pay particular attention to measures to combat the SARS-CoV2 virus, developing and implementing the necessary measures and procedures to minimise the impact on the company, as well as carrying out ongoing inspections to verify their implementation.

For the period 01.01 – 31.12.2022, there were 477 SARS-CoV2 cases. The chart below show the evolution of COVID-19 cases at Romgaz in 2022.



3.4.7. Litigations

The summarized breakdown of litigations in which Romgaz is involved as of December 31, 2022 is the following:

- 📄 A total number of 137 litigations are recorded in company's records, out of which:
 - ✂ 59 cases where Romgaz is plaintiff;
 - ✂ 74 cases where Romgaz is defendant;
 - ✂ 2 cases where Romgaz is civil party/injured party;
 - ✂ 2 cases garnishee;
- 📄 the total (approximate) value of litigations is RON 151,857,202.09;

- ☞ the (approximate) total value of the files where Romgaz is plaintiff is RON 99,176,700.01;
- ☞ the (approximate) total value of the files where Romgaz is defendant is RON 52,869,012.66;
- ☞ the (approximate) total value of the files where Romgaz is civil party is RON 53.750;
- ☞ the (approximate) total value of the files where Romgaz is garnishee is RON 0.

The detailed list of litigations can be viewed on Romgaz website www.romgaz.ro → Investor Relations → Annual Reports → 2022.

3.4.8. Legal Acts concluded under GEO 109/2011 Art. 52

According to the provisions of Article 52 paragraph (6) of GEO no.109/2011 "The half-year and annual reports of the Board of Directors ... shall mention, in a special chapter, the legal acts concluded under paragraphs (1) and (3), ...".

Paragraphs (1) and (3) provide as follows:

“(1) The Board of Directors ... shall convene a general meeting of shareholders to approve any transaction if it has, individually or in a series of transactions concluded, a value greater than 10% of the value of the net assets of the public company or greater than 10% of the revenue of the public company according to the last audited financial statements, with the directors or managers or, as the case may be, members of the supervisory board or of the management board, employees, with shareholders controlling a company or with a company controlled by them.

(3) The Board of Directors ... informs the shareholders, in the first general meeting of shareholders following conclusion of the legal document, on any transaction concluded by the public company with:

.....

b) another public enterprise or with the public supervisory authority, if the transaction has a value, individually or in a series of transactions, of at least the equivalent in RON of EUR 100,000”.

Art. 82 paragraph (1) of Law 24/2017⁸ provides that “Directors of issuers whose securities are traded on a regulated market have to report immediately any legal act concluded by the issuer with board members, employees, shareholders that control, as well as with persons involved with them, the aggregate value of which is at least the equivalent in RON of EUR 50,000”.

Therefore, Romgaz prepares current reports whenever it concludes legal acts such as to above mentioned, the reports are sent to Bucharest Stock Exchange and published on their website.

Romgaz financial auditor elaborates half-yearly an “Independent Report for limited assurance on the information included in current reports issued by SNGN Romgaz SA in line with the requirements of Law 24/2017 (article 82) and of Regulation 5/2018 of the Financial Supervisory Authority” this report is sent to BVB and published on the company’s website.

The current reports prepared by the company in compliance with Law 24/2017 art. 82, also include legal acts concluded in compliance with GEO 109/2011, art. 52.

Taking into account that the above mentioned current reports are public on Bucharest Stock Exchange website, and that, the company publishes on its website half year current reports on the legal acts concluded in each semester, reports audited by the company’s financial auditor. For details related to legal acts concluded please see the company’s website at www.romgaz.ro → Investors → News and Events → Current Reports Contracts (posted as “Auditor Report – H1 2022 Contracts” on July 27, 2022 and “Auditor Report – Contracts H2 2022” on January 25, 2023).

⁸ Law No.24 of March 21, 2017 on issuers of financial instruments and market operations.

IV. Group's tangible assets

4.1. Main Production Capacities

The occurrence and thereafter the development and gradual diversification of what was truly going to be the Romanian natural gas infrastructure has an important benchmark, **year 1909**, when the first gas reservoir was discovered by drilling well 2 Sarmasel (Mures County).

During the immediately following years, a gas infrastructure unique in Europe for those times started to outline at a small scale, consisting of the following assets:

- gas transmission pipeline, the first of this kind in Europe, built in 1914, connecting towns Sarmasel and Turda (Cluj County), and
- gas compressor station from Sarmasel; built in 1927- the first one in Europe.

It is notable that the country's large gas structures were discovered after 1960 and in parallel, a complex infrastructure started to be developed, at national scale, dedicated exclusively to the gas extraction process and later to the injection and underground storage process. These large gas structures located in the Transylvanian basin supply considerable gas quantities even today.

Exploitation of Natural Gas Reservoirs

The infrastructure related to exploitation of natural gas reservoirs is a particularly complex system today that needs to ensure continuous gathering, transmission, conditioning and metering of gas produced by wells ensuring continuously the quality parameters provided in applicable regulations.

As a whole, the infrastructure of the company developed continuously upon discovery and exploitation of new reservoirs. The maximum intensity of the rate of development of production capacities was reached between 1970-1980, when the annual production was extremely high both due to the consumption demand in those times and to the great volumes of resources and reserves in most of the newly discovered gas fields.

Production capacities of company's infrastructure are summarized as follows:

1. natural gas production wells and wells for reservoir water injection;
2. gathering pipelines connecting wells and well clusters;
3. collecting pipelines connecting well clusters and the NTS (National Transmission System);
4. Gas heaters (radiators);
5. Underground and surface gas separators;
6. Flow metering panels (for technological and fiscal metering located at the interface with the NTS);
7. Gas dehydration (conditioning) stations;
8. Gas compressor units:
 - low capacity portable compressors installed at the well head or at the well cluster;
 - booster compressors for one or more gas fields;
 - gas compressor stations, usually consisting of two or more high capacity compressor units, which can be intermediate or final compressor stations (entry in the NTS);
9. Industrial or reservoir water pumping stations;
10. Other facilities (buildings, workshops, storehouses, electric lines, well access roads etc.).

Utilisation of production capacities depends on gas sales volume, generally being close to 100%.

In order to keep these production capacities in operation, under safety and efficiency conditions, Romgaz carries out extensive and continuous efforts focused on workover and special operations in wells, maintenance and rehabilitation of pipes, maintenance and modernisation of gas compressor stations and dehydration stations as well as of commercial (fiscal) gas delivery panels.

In 2022, Romgaz carried out petroleum operations in 137 gas fields out of which 124 are well defined blocks and 13 are considered gas fields with experimental production.

Production from these fields is obtained through more than 2,900 wells and through almost the same number of surface facilities consisting mainly of gathering pipelines, gas heaters (where applicable), liquid separators and gas flow technological metering panels.

Pressure and flow rate limits of production wells are maintained by 16 compressor stations (in which 83 compressor units are installed), 17 booster compressors and 20 well cluster compressors.

One technical demand required by applicable laws is the quality of gas, which is 100% fulfilled by means of 64 gas dehydration stations.

Underground Gas Storage

Depogaz holds Licence No. 1942/2014 for the operation of five underground gas storages, developed in depleted gas fields, their aggregate capacity representing about 90.5 % of the total storage capacity of Romania.

The capacity of the underground gas storages operated by Depogaz, by storages, is shown in the table below:

UGS	Active capacity		Withdrawal capacity		Injection capacity	
	[mil.ScM/cycle]	[TWh/cycle]	[mil.ScM/cycle]	[GWh/day]	[mil.ScM/cycle]	[GWh/day]
Bălăceanca	50	0,535	1,200	12,840	1,000	10,700
Bilciurești	1,310	14,017	14,000	149,800	10,000	107,000
Ghercești	150	1,605	2,000	21,400	2,000	21,400
Sărmășel	900	9,630	7,500	80,250	6,500	69,550
Urziceni	360	3,852	4,500	48,150	3,000	32,100
Total	2,770	29,639	29,200	312,440	22,500	240,750

1. Balaceanca UGS

Balaceanca UGS is located at approximately 4 km from Bucharest.

The fixed assets contributing to the storage process are as follows:

- ☞ 24 wells of which 21 injection/withdrawal wells and 3 piezometric wells;
- ☞ surface infrastructure includes:
 - Balaceanca gas compressor station;
 - 8.73 km collecting pipelines;
 - 1.07 km gathering pipelines;
 - 4 separators;
 - 4 technological gas metering panels;
 - dehydration station;
 - 15 gas heaters;
 - communication system and fibre-optic data acquisition system;
 - 1 bi-directional fiscal metering system.

2. Bilciuresti UGS

Bilciuresti UGS is located in Dambovita County, approximately 40 km W-NW of Bucharest.

The fixed assets contributing to the storage process are as follows:

- ☞ 61 wells of which 57 injection/withdrawal wells, 3 piezometric wells, 1 waste water injection well;
- ☞ surface infrastructure includes:
 - Butimanu gas compressor station;
 - 4 gas dehydration stations;
 - 26.6 km gathering pipelines for 57 injection/withdrawal wells;
 - 31.7 km gathering pipelines and fittings;
 - 50 gas heaters;
 - 14 impurities separators;
 - 14 technological gas metering panels;
 - 37.5 km gathering pipelines;
 - bi-directional fiscal metering system;
 - waste-water injection station.

Following the call for proposals of CEF Energy (Connecting Europe Facility) on projects of common interest in the energy field, the European Commission announced on December 9, 2022 the projects of common interest that will benefit from European financing in the following period.

The investment from Bilciuresti UGS "Increase of daily withdrawal capacity at Bilciuresti UGS – Modernisation of the gas storage system infrastructure" promoted by Depogaz, is one of the projects supported by CEF Energy, receiving a grant in a mount of EUR 37,962.

3. Ghercesti UGS

Ghercesti UGS is located in Dolj County, near Craiova.

The fixed assets contributing to the storage process are as follows:

- ✧ 85 wells, out of which 79 active wells and 6 piezometric wells;
- ✧ surface infrastructure includes:
 - 1 gas dehydration station;
 - 135.7 km gathering pipelines for 79 injection/withdrawal wells;
 - 22.7 km gathering pipelines;
 - 13 impurities separators;
 - 12 technological gas metering facilities;
 - communication system and fibre-optic data acquisition system;
 - bi-directional fiscal metering system.

4. Sarmasel UGS

Sarmasel UGS is located near Sarmasel, approximately 35 km NW of Targu-Mures, 35 km north of Ludus and 48 km east of Cluj-Napoca.

The fixed assets contributing to the storage process are as follows:

- ✧ 63 wells, out of which 63 active wells;
- ✧ surface infrastructure includes:
 - Sarmasel gas compressor station;
 - 3 dehydration stations;
 - 26.9 km gathering pipelines for 63 wells;
 - 15.8 km gathering pipelines;
 - 59 impurities separators;
 - bi-directional fiscal metering system.

5. Urziceni UGS

Urziceni UGS is located in Ialomita County approximately 50 km NE of Bucharest.

The fixed assets contributing to the storage process are as follows:

- ✧ 32 wells of which 30 injection/withdrawal wells and 2 piezometric wells;
- ✧ surface infrastructure includes:
 - Urziceni gas compressor station;
 - 20.7 km of collecting pipelines for 30 injection/withdrawal wells;
 - 3.3 km of collecting pipelines;
 - 6 technological gas metering facilities;
 - 30 gas heaters;
 - 1 gas dehydration station;
 - optic fibre data acquisition system;
 - bi-directional fiscal metering system.

Workover and Special Operations

Well workover, recompletions and well production tests represent all the services performed with workover rigs, as well as equipment for specific support operations such as: cement plug drilling installations, mud

tank equipped with agitator, sand control-sand blender, DST- cased hole testing of productive layers, shale shaker, mud pumps.

Special Well Operations are performed with the following equipment: cementing unit, slickline, wireline, coiled tubing unit, liquid nitrogen converter, liquid nitrogen tank truck, cement container, filter unit, equipment for discharge and measurement with two-phase separation, equipment for discharge and measurement with three-phase separation, equipment for tubing investigation, echometer, tubing cutting, packer assembling device, hydraulic packer recovery tool, well fire-fighting equipment.

Future well workover and special well operations are required in order to stop production decline, taking into consideration the continuous need for such works and the large number of works performed in the past.

Transportation and Maintenance

On **December 31, 2022**, the car fleet of STTM consists of **718** motor vehicles, as follows:

- passenger carriers: cars **92**, minibuses **14**, buses **2** and large buses **2**;
- passengers and goods utility cars - **212** < than 3.5 t, and **12** > than 3.5 t;
- vehicles for goods transportation: dumpers **22**, cesspit emptier **46**, platform trucks **28**, tank trucks **3**;
- vehicles for heavy transportation: truck-tractors **2** and semitrailer trucks **19**;
- lifting and handling machinery: auto cranes **25** and hook and ladder trucks **5**;
- other special vehicles: mobile laboratory for equipment testing and checking **1**;
- heavy machinery: bulldozers **10**, caterpillar shovels **2**, tyre shovels **2**, wheel loaders **15**, motor grader **3**, compactor **3**, front end loaders **11**;
- other machinery: tractor trucks **95**, fork lift trucks **11**, motorized cleaning vehicles **3**;
- other vehicles: trailers for heavy transportations, trailers and semitrailers for tractors **77**.

Considering the dynamics of gas exploration – production activities performed by Romgaz, in order to achieve the activities on medium term (approx. 5 years) the perspective to develop STTM has to be achieved by permanently determining methods and measures resulted by carrying out quality services and in terms of economic efficiency.

Out of the **718** vehicles existing in STTM fleet on **December 31, 2022**:

- **60** motor vehicles were approved to be put out of service;
- **6** motor vehicles are proposed to be put out of service.

Electricity Generation

CTE Iernut is an important junction point of the NPG (the National Power Grid), located in the centre of the country, in Mures County, on the left bank of Mures River, between towns Iernut and Cuci, with gas and industrial water sources and power discharge facilities.

CTE Iernut is operated by Romgaz through *Sucursala de Productie Energie Electrica* (SPEE).

CTE Iernut has an installed power of 800 MW and comprises 6 power units: 4 100 MW units of Czechoslovakian manufacturing and 2 200 MW units of Soviet manufacturing. These units were commissioned between 1963 and 1967. Taking in consideration the start of investment works at the 430 MW CCGT Power Plant and the necessity to ensure appropriate conditions for the execution of works at the related cooling circuit, the 200 MW unit 6 was decommissioned in November 2019.

In January 2019, units 2 and 3 of 100 MW were decommissioned, followed by unit 1 (of 100 MW) in November 2019; all units were decommissioned due to non-compliance with environmental conditions.

In 2022, SPEE Iernut operated with power unit 5 of 200MW, energy group 4 of 100 MW was decommissioned due to non-compliance with NOx emission limits required by effective regulations. Therefore, at the end of 2022, SPEE Iernut held the commercial operating licence for one power unit.

4.2. Investments

Investments play an important part in maintaining production decline which is achieved both by discovering new reserves and by improving the current recovery rate through rehabilitation, development and modernization of existing facilities.

In 2022, **Romgaz Group** invested RON 5,627.12 million, 1,125.1% (RON 5,167.8 million) higher than 2021 investments representing approximately 97.61 % of the scheduled investments.

The Company invested *RON 8.62 billion* during 2018-2022, as follows:

Year	2018	2019	2020	2021	2022	Total
Amount (RON thousand)	1,150,349	866,218	601,800	417,658	5,584,823	8,620,848

For 2022, Romgaz forecasted the achievement of an investment program with a total budget of *RON 5,720 million*, based mostly on objectives aiming to compensate natural decline and to generate electricity, such as:

- Romgaz acquisition of all shares representing 100% of ExxonMobil Exploration and Production Romania Limited share capital, which holds 50% participating interest in the deep water zone of Neptun XIX offshore block in the Black Sea (hereinafter referred to as “Neptun Deep”);
- keep the current participating interest in EX-30 Trident Block, in the Black Sea, in partnership with Lukoil (12.2% Romgaz share)
- continue geological research works by performing new exploration drillings for the discovery of new gas reserves (drilling 9 exploration wells with a total depth of 36,000 m; exploration works in partnership with Lukoil in EX-30 Trident Block;
- production development by adding new facilities on existing structures (production drilling in 3 wells, 38 surface facilities, 7 dehydration stations, 3 gas compressor stations, 4 collecting pipelines);
- develop electricity generation capacities from natural gas by continuing and finalising the works to build the Combined Cycle Gas Turbine Power Plant – Iernut;
- construction of a Solar Park with 60 MW power output;
- modernization and revamping equipment and facilities used for well workover and special operations, recompletion operations/well reactivation-capitalizable repairs at 200 wells, revamping dehydration s and compressor stations;
- purchase of new high-performance equipment and installations specific to the core activity (equipment for discharge and measurement with three phase separator 700 bar; cementing units ACF 700; well parameter metering device; lab on wheels; nitrogen convertor; crane truck; 30 TF and 50 TF intervention equipment; online process gas chromatographs for fiscal metering points etc.);
- procurement of specific machinery to ensure the technological transportation and maintenance of core activities, maintaining gas fields road infrastructure in good conditions (trucks, crane trucks, tractor units, bulldozers, road tractors, dump trucks, dumpers, wheel loaders etc.);

In figures, the investment costs for 2022 reached RON 5,584.823 thousand, representing:

- ↳ 1,337.17% as compared to 2021 achievements;
- ↳ 97.64% of scheduled investments.

The investments were financed as follows:

- exclusively from own sources for investments related to onshore gas production and Lukoil partnership;
- own sources and sources obtained from the National Investment Plan (approx. 22% from eligible expenses) for “*The Development of CTE Iernut Power Plant by Building a New Combined Cycle Gas Turbine Power Plant*”;
- own sources and loans for the acquisition of EMEPRL shares.

As regards physical investments, following were achieved for the analysed period: completion of investment objectives initiated in the previous; preparatory works were carried out (design, obtaining lands, approvals, agreements, authorizations, acquisitions); works for part of the new objectives and modernisation works and repairs that can be capitalized at producing wells.

Table below shows the investments made in 2022 as compared to those scheduled and accomplished in 2021, similar to Annex 4 to the Income and Expenditure Budget:

RON thousand

Item No.	Investment Chapter	2021	2022		% '22/'21
			Program	Achieved	
0	1	2	3	4	5=4/2x100
1.	Investments in progress – total, out of which:	78,688	160,872	121,438	154.33
1.1	Natural gas exploration, production works	76,854	159,326	120,052	156.21
1.2	Environmental protection works	1,834	1,546	1,386	75.57
2.	New investments – total, out of which:	65,462	71,589	32,357	49.43
2.1	Natural gas exploration, production works	64,767	71,417	32,320	49.90
2.2	Environmental protection works	695	172	37	5.32
3.	Investment in existing tangible assets	222,957	274,028	247,154	110.85
4.	Equipment (other acquisitions of tangible assets)	46,415	70,384	51,311	110.55
5.	Other investments (studies, licenses, software, financial assets etc.)	4,136	5,143,127	5,132,563	124.10
*	TOTAL	417,658	5,720,000	5,584,823	1,337.17

Table below shows the achieved investments according to Romgaz Investment Program for 2022:

RON thousand

Investment Chapter	Program 2022	Achieved on December 31, 2022	%
1	2	3	4=3/2x100
I. Geological exploration works to discover new gas reserves	125,379	94,296	75.21%
II. Exploitation drilling works, putting into production of wells, infrastructure and utilities and electricity generation	105,364	58,046	55.12%
IV. Environmental protection works	1,718	1,423	82.81%
V. Retrofitting and revamping of installation and equipment	274,028	247,154	90.19%
VI. Independent equipment and machinery	70,384	51,311	72.90%
VII. Expenses related to studies and projects	5,143,127	5,132,563	99.79%
TOTAL	5,720,000	5,584,823	97.64%

A summary of outcomes shows that, to a large extent, investments were completed.

Item No.	Main physical objectives	Planned	Results
1.	Performance of exploration drilling	9 wells	4 wells completed 1 well drilling in progress 3 wells drilling works procurement in progress 3 wells drilling works procurement in preparation
2.	Drilling design	23 wells	20 wells design/redesign in progress
3.	Performance of production drilling	3 wells	1 well completed 7 wells drilling works procurement in progress 2 wells design in progress
4.	Surface infrastructure – construction of technological installations at successfully tested gas wells to be	Construction of 38 technological installations to bring into production 47	- 9 technological installations completed;

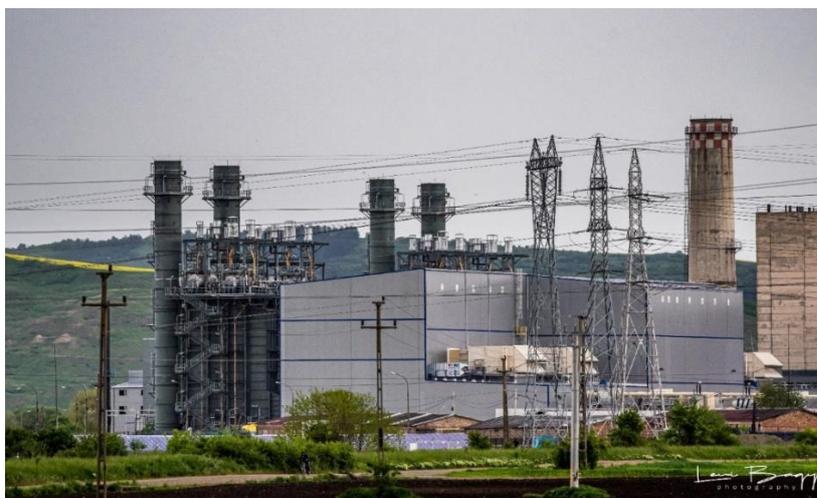
Item No.	Main physical objectives	Planned	Results
	tied-in/; collecting pipes; compression stations; dehydration stations	successfully tested gas wells to be tied-in; 4 collecting pipes; 2 gas dehydration stations	<ul style="list-style-type: none"> - 9 technological installations in progress; - 4 technological installations procurement of construction works in progress; - 7 technological installations obtaining approvals and land in progress to bring 11 wells into production; - 7 technological installations preparation of feasibility studies or technical projects in progress to bring 8 wells into production; - collecting pipe DN 200 mm-Dn 300 mm, L = 8.2 km, Fulga-Adâncata was put into operation (Prahova County section); - collecting pipe DN 400 mm, L = 17 km, Adâncata - SU Coșereni was put into operation (Ialomița County section); - construction works at Coșereni Gas Dehydration Station were accepted
5.	Well recompletion operations, reactivation and capitalizable repairs	approx. 160 wells, correlated with the annual program agreed by ANRM	Workovers in 215 wells, works performed in-house by SIRCOSS
6.	Acquisition of high-performance equipment and installations specific to core activity	<p>Nitrogen tank truck; 700 bar three-phase gas discharge, metering and separation system; ACF 700 cementing units; Well parameters automatic measurement equipment; 30 TF and 50 TF workover installation; utility vehicles;</p> <p>Tractor unit; crane trucks; cesspool emptier; bulldozer-excavator; 6x6 dump truck; platform truck with lift arm; bulldozer etc.</p>	<p>The following were accepted:</p> <p>Electrical compressor, semitrailer, tractor, cesspool emptier, laboratory on wheels, fuel tank truck, nitrogen tank truck, mechanical jar, IF 2 7/8 drilling rods, digital tachographs, 700 bar three-phase gas discharge, metering and separation system, laboratory infrared spectrometer, glass fiber tanks, priming pumps, video-conference equipment, complete solution for migrating, upgrading and improving the storage infrastructure and data protection of Exchange and SharePoint systems, security equipment (Firewall), Server Manager licenses, underground metal pipe locator, 1 cubic meter calibration tank, foaming system, metallic tanks, coiled tubing cleaning with jetting nozzle, wastewater treatment plants</p>
7.	Electricity generation	Works continue at CTE Iernut	The procedure for procurement (negotiation) of remaining works and completion of the investment is currently in progress.
8.	Partnerships/Associations	<u>LUKOIL OVERSEAS:</u>	Interpretation of seismically reprocessed data and of seismic inversion results, update of

Item No.	Main physical objectives	Planned	Results
		- drilling and well safety in preparation in 30 EX Trident block	geological model and estimation of reserves were carried out. Works have begun to establish the outpost well and its final trajectory.
		<u>Amromco</u> - Permits and authorizations; well abandonment	Preliminary design works were performed and approvals were obtained for wells planned to be drilled; abandonment works were carried out for wells that had ANRM's approval and demolition works at facility groups, drilling locations and access roads to abandoned wells

Achievement of investment objectives which were not carried out or which were delayed in 2022 will continue in 2023.

Development of CTE Iernut

One of Romgaz main strategic directions, provided in “*The Development Strategy for 2015-2025*”, is consolidation of the company’s position on the energy supply markets. In this case, in the field of electricity generation, Romgaz planned to have “*a more efficient activity by making investments to increase the efficiency of Iernut Thermoelectric Power Plant to a minimum of 55%, complying with the environmental requirements (NOx, CO₂) and increasing operational safety*”.



Therefore, a very important objective is “*The Development of CTE Iernut by building a new combined cycle gas turbine power plant*”, with a deadline for completion the end of 2020.

In 2021, pursuant to the notice of termination no. 10872/April 02, 2021, Romgaz terminated the Contract of Works no.13384/October 31, 2016 between Romgaz and DURO FELGUERA S.A. and ROMELECTRO S.A Consortium, considering the continuous breach of contractual obligations undertaken by the Consortium which failed to finalise works within the deadline established under Addendum No. 15/May 26, 2020, namely December 26, 2020.

Romgaz further undertook all necessary steps to identify optimum solutions to finalise remaining works:

- Protocol no.11418/April 08, 2021 and addenda no. 1-4 thereto successively suspending the effects of the notice of termination until June 16, 2021;
- Actual termination of the Contract of Works following failed negotiations between the parties as of June 17, 2021;
- Decision no. 833/August 08, 2021 appointing a Project Management Team (PMT) to finalise this complex project establishing the specific tasks of the PMT as well as other necessary and useful tasks

for the Completion of Combined Cycle Gas Turbine Power Plant SNGN ROMGAZ – SPEE Iernut project (managing all necessary activities, partial acceptance of works performed under Contract No. 133843/October 31, 2016, drawing up the Tender Book and the tender documents for awarding the Consultancy, Project Management and Supervision Services Contract, identification of procurement procedures, drafting all documents and documentations necessary to finalize remaining works).



Romgaz Project Management Team analysed and assessed a “Draft Court Settlement and a Draft Out-Of-Court Settlement” – sent by the Consortium on November 17, 2021. The answer provided that Romgaz cannot accept the financial claims raised by the Consortium, for the same reasons for which they could not be accepted before the termination of the Works Contract.

Therewith, a “Draft Agreement” sent on January 28, 2022 to continue works with the Consortium was rejected by Romgaz for the same reasons.

Other actions/milestones:

- On April 21, 2022, GEO No.54/2022 on amending Law No. 99/2016 on sector specific procurement was published in the Official Gazette, namely article 117¹ that provides: *by way of exception to the provisions of Article 117, the contracting entity has the right to apply the negotiated procedure without prior invitation to a competitive tendering procedure for the award of sectoral contracts for the execution of the remainder to be executed for the construction and development of electricity generating capacities, where this represents less than 40% of the physical stage of the investment objective;*
- Using this legal provision, on July 13, 2022 the invitation to participate in a negotiated procedure without prior publication was sent to Duro Felguera SA regarding completion of works and commissioning of: “Development of CTE Iernut by building a new combined cycle gas turbine power plant investment project”. In this regard, the link was made available to access the tender documentation and all information regarding the negotiation procedure was specified;
- Until the deadline for submitting the offer established in the tender documentation, namely August 03, 2022, at 10:00, the evaluation/negotiation commission found that, the potential provider - Duro Felguera SA did not submit an offer. Accordingly, the evaluation commission decided to cancel the procurement procedure as no offers were submitted until the deadline for submission of the offer;
- Subsequently, the procurement procedure was reinitiated, with September 13, 2022 as deadline for submission of the offer. This time Duro Felguera SA submitted the offer on time and it was assessed internally;
- By analysing the offer and related documents, several conditions resulted which, both in the negotiation phase and during performance of works, if commenced, may create problems, such as:
 - The offer provides for a framework agreement structured on two distinct documents: the Settlement Agreement and a new Works Contract, noting that the Consortium requires the Settlement Agreement to be concluded in order to conclude the Works Contract;
 - Payment to Duro Felguera SA of retentions related to the old contract represents a condition precedent to start works;

- Despite all these discrepancies and conditions, finalizing works as soon as possible and under legal conditions is the main interest of Romgaz; as such, reasonable efforts were taken to conclude the above mentioned contracts covering the works remaining to be finalized and commissioning as well as the mutual concessions of the parties, understanding the importance of the project for the stability of the national energy system;
- Negotiations between the parties continue at the date hereof.

In 2022, *Filiala Depogaz* had an approved investment program of RON 45,000 thousand and achieved investments of RON 42,297 thousand, representing 93.99% as follows:

Item No.	Description	Program	Results
1.	Gas fields and UGSs exploitation, infrastructure and utilities in fields and underground storages	24,859	22,651
2.	Underground gas storage activities	405	390
3.	Modernisation and upgrading of installations and equipment, surface facilities, utilities	14,505	14,078
4.	Independent equipment and machinery	3,865	3,825
5.	Costs with consultancy, studies and projects, software, licences and patents etc.	1,366	1,353
*	TOTAL	45,000	42,297

The investments were financed entirely from own sources.

For the reporting period, fixed assets were commissioned in amount of RON 8,160 thousand.

The main objectives recording achievements in 2022 were:

- Drilling of Bilciurești wells;
- Modernisation of 12 wells Sărmășel;
- Modernisation of gas metering system, Bilciurești UGS;
- Automation of suction and discharge manifold, Butimanu Compressor Station;
- Modernisation of cooling towers M3 Butimanu module;
- Data storage unit.

In 2022, Romgaz Black Sea Limited and OMV Petrom SA submitted the commercial discovery statement for the natural gas exploitation project in Neptun Deep block.

V. Securities market

Romgaz – company listed on Bucharest Stock Exchange and London Stock Exchange

Government Decision No. 831/2010⁹ approved “the sale by secondary initial public offering of shares representing 15% of S.N.G.N. Romgaz S.A. share capital by the Ministry of Economy, Trade and Business Environment, through the State Ownership and Privatization in Industry Office”.

On November 12, 2013, Romgaz was listed on Bucharest Stock Exchange (BVB) and on London Stock Exchange (LSE). As of this date, the shares of the company have been traded on the regulated market governed by BVB, under the symbol “SNG”, and on the regulated market governed by LSE, as GDRs, issued by the Bank of New York Mellon (1 GDR = 1 share) under the symbol “SNGR”.

Table below shows the evolution of a series of specific indicators, the number of shares being the same from listing to present, namely 385,422,400:

Item No.	Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1.	Market capitalization ¹⁰										
	*million RON	13,178	14,018	10,483	9,636	12,064	10,714	14,299	10,830	15,031	14,550
	*million EUR	2,952	3,127	2,315	2,122	2,589	2,297	2,992	2,224	3,038	2,941
2.	Maximum price (RON)	35.60	36.37	36.55	27.55	33.95	38.20	38.40	37.70	39.00	51.70
3.	Minimum price (RON)	33.80	32.41	26.30	21.60	25.10	27.80	27.35	25.75	28.35	34.05
4.	Year-end price (RON)	34.19	35.36	27.20	25.00	31.30	27.80	37.10	28.10	39.00	37.75
5.	Net profit per share (RON)	2.58	3.66	3.10	2.66	4.81	3.53	2.83	3.24	4.97	6.61
6.	Gross dividend per share (RON)	2.57	3.15	2.70	5.76 ¹⁾	6.85 ²⁾	4.17 ³⁾	1.61 ⁴⁾	1.79 ⁵⁾	3.80 ⁶⁾	3.42 ⁷⁾
7.	Dividend yield (6./4.x100)	7.5%	8.9%	9.9%	23.0%	21.9%	15.0%	4.3%	6.4%	9.7%	9.1%
8.	Exchange rate (RON/EUR)	4.4639	4.4834	4.5285	4.5411	4.6597	4.6639	4.7785	4.8694	4.9481	4.9474

¹⁾ The gross dividend per share of RON 5.76 is composed of the gross dividend per share for financial year 2016 (RON 2.40 per share), the additional gross dividend (RON 1.42 per share) resulted from the distribution of retained earnings and the additional dividend (RON 1.94 per share) assigned under the provisions of Article II and III of Government Emergency Ordinance No.29/2017, distributed from the company’s reserves, representing own financing sources.

²⁾ The gross dividend per share of RON 6.85 is composed of the gross dividend per share for financial year 2017 (RON 4.34 per share), the additional gross dividend (RON 0.65 per share) resulted from the distribution of retained earnings and the additional dividend (RON 1.86 per share) assigned under the provisions of Article II and III of Government Emergency Ordinance No. 29/2017, distributed from the company’s reserves, representing own financing sources.

³⁾ The gross dividend per share of RON 4.17 is composed of the gross dividend per share for financial year 2018 (RON 3.15 per share), the additional gross dividend (RON 0.08 per share) resulted from the distribution of retained earnings and the additional dividend (RON 0.94 per share) assigned under the provisions of Article 43 of Government Emergency Ordinance No 114/2018.

⁴⁾ The gross dividend per share of RON 1.61 is composed of the gross dividend per share for financial year 2019 (RON 1.39 per share) and the additional gross dividend (RON 0.22 per share) resulted from the distribution of retained earnings.

⁵⁾ The gross dividend per share of RON 1.79 is composed of the gross dividend per share for financial year 2020 (RON 1.63 per share) and the additional gross dividend (RON 0.16 per share) resulted from the distribution of retained earnings.

⁶⁾ The gross dividend per share of RON 3.80 is composed of the gross dividend per share for financial year 2021 in amount of RON 3.62 per share and the additional gross dividend of RON 0.18 per share resulted from the distribution of retained earnings.

⁷⁾ The gross dividend per share of RON 3.42 is composed of the gross dividend per share for financial year 2022 in amount of RON 3.3 per share and the additional gross dividend of RON 0.12 per share resulted from the distribution of retained earnings.

In 2022, the average trading prices of ROMGAZ securities (shares and global depository receipts – GDR) were RON 41.85/share, USD 8.89/GDR (the equivalent of RON 41.70/GDR) respectively. The minimum prices of the period were recorded on March 07, 2022 for shares (RON 34.05) and November 01, 2022 for

⁹ Government Decision No.831 of August 4, 2010 on approving the privatization strategy through public offering of Societății Naționale de Gaze Naturale “Romgaz” – S.A. Mediaș and the mandate of the public institution involved in this process.

¹⁰ Calculated based on the closing price on the last trading day of that year and on the exchange rate announced by BNR and valid in the last trading day of that year, respectively

GDRs (USD 7.05 ≈ RON 32.69) while the maximum prices were reached in the same day, June 27, 2022 both for shares (RON 51.70) and for GDRs (USD 11.20 ≈ RON 52.34).

The oscillating evolution of trading prices which had a similar trend for shares and GDRs during the year, was determined by important external and internal factors, such as: the events in Ukraine (which conditioned the evolution of natural gas price on the global market), the conclusion of the transaction concerning the acquisition of ExxonMobil Exploration and Production Romania Limited shares, the distribution of 2021 dividends with a yield of 7.3%, the favourable financial results achieved by the company in the 1st half and 3rd quarter 2022, the oscillation of stock indices on the international stock markets and implicitly on the Romanian capital market, the adoption by the Romanian Government of legal regulations with impact on energy companies, the adoption by the European Commission of a set of measures to manage the crisis in the energy market through consumption reduction and additional charges¹¹.

On the last trading day of the year, December 30, 2022, the share prices recorded a value of RON 37.75, 3.21% lower than the one recorded at the end of 2021 and GDRs were traded at a value of USD 8 (the equivalent of RON 37.07), 2.44% lower than the end of the previous year in USD, but 3.45% higher in RON (due to the ascending trend of the RON/USD exchange rate during 2022: +6.04%).

Noteworthy is that the end of 2022 was marked by an event that caused the trading values of shares and GDRs to drop. Thus, if ROMGAZ shares were among the best performing shares included in the BET index in the first 11 months of 2022, ROMGAZ being one of the four BET issuers recording increases during this period¹², during December 27-30, 2022, the value of the share decreased by 5.62% considering that the Romanian Government announced the discussion of a draft emergency ordinance on surcharging the profits of energy companies in accordance with European directives¹³. GDRs were also traded at a price down by 5% during the same period. However, at the beginning of 2023, the prices of shares and GDRs returned to the level of those recorded before December 28, 2022.

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 2022, as follows:

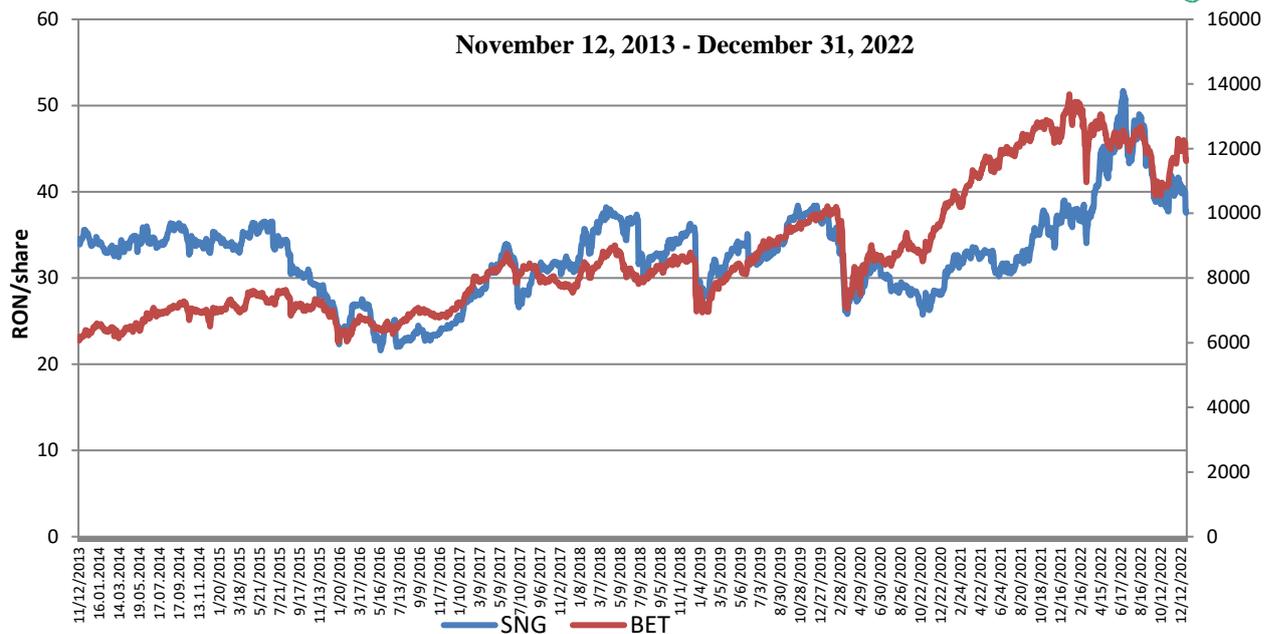
- Second place by market capitalization in the top of Premium BVB issuers. With a market capitalization amounting to RON 14,550, EUR 2,941 million respectively, on December 31, 2022, Romgaz is the second largest listed company in Romania, being preceded by OMV Petrom with a capitalization of RON 26,170.90 million (EUR 5,289.82 million);
- Fifth place as regards the total amount of transactions in 2022 in the top of Premium BVB issuers (RON 616.34 million), after BRD - Groupe Societe Generale, Banca Transilvania, Fondul Proprietatea and OMV Petrom;
- Weight of 9.42% and 9.64% in BET index (top 15 issuers) and BET-XT (top 25 issuers), respectively, 29.22% in BET-NG index (energy and utilities) and 9.42% in BET-TR index (BET Total Return).

Performance of Romgaz shares compared to BET index between listing and December 31, 2022, is shown below:

¹¹ Source: Ziarul Bursa #Piața de Capital 06.10.2022

¹² Source: Ziarul Financiar 02.12.2022

¹³ Source: Ziarul Financiar 28.12.2022



5.1. Dividend Policy

The General Meeting of Shareholders determines the value of dividends to be distributed to shareholders considering the specific legal provisions.

Therefore, **Government Ordinance No. 64/2001**¹⁴ approved by *Law No. 769/2001* as subsequently amended and supplemented, provides at Article 1, paragraph (1), letter f) that the accounting profit after deduction of profit tax is distributed in proportion of *minimum 50%* as dividends.

State-owned companies are required, according to the provisions of Government Ordinance No.64/2001, to pay the due dividends to the shareholders *within 60 days* from the legal deadline for the submission of the annual financial statements to the competent fiscal authorities.

¹⁴ Government Ordinance No. 64/August 30, 2001 on distribution of profit in majority state-owned companies as well as in autonomous government-owned enterprises.

According to **Government Emergency Ordinance No. 29/2017**¹⁵:

- ☐ “The amounts distributed in the previous years to other reserves under the provisions of Article 1 paragraph (1) letter (g) of Government Ordinance No.64/2001 [...], existing at the date of entry into force of this Emergency Ordinance, can be redistributed as dividends [...]” – Article II;
- ☐ “After the approval of the financial statements of 2016, the entities provided in Article 1, paragraph (1) of the Government Ordinance No.64/2001, [...], the retained earnings existing in the balance account on December 31 of each year, can be distributed as dividends” – Article III paragraph (1).

Table below shows the status of dividends for years 2020-2022:

Description	2020	2021	2022 Proposal
Dividends	689,906,096	1,464,605,120	1,318,144,608
Gross dividend per share (RON/share)	1.79 ^{**}	3.80 ^{**}	3.42 ^{***}
Dividend distribution rate (%)	55.29	71.61	51.76
Number of shares	385,422,400	385,422,400	385,422,400

^{*}) The gross dividend of RON 1.79 is composed of the gross dividend per share for financial year 2020 in amount of RON 1.63 per share and the additional gross dividend of RON 0.16 per share resulted from the distribution of retained earnings representing the impairment value of fixed assets and the value of fixed assets and abandoned investment projects in the reporting year that were financed from “*the share of expenses necessary for the development and modernization of gas production*” according to GD No.168/1998, as subsequently amended and supplemented.

^{**}) The gross dividend of RON 3.80 is composed of the gross dividend per share for financial year 2021 in amount of RON 3.62 per share and the additional gross dividend of RON 0.18 per share resulted from the distribution of retained earnings representing the impairment value of fixed assets and the value of fixed assets and abandoned investment projects in the reporting year that were financed from “*the share of expenses necessary for the development and modernization of gas production*” according to GD No.168/1998, as subsequently amended and supplemented.

^{***}) The proposed gross dividend per share of RON 3.42 is composed of the gross dividend per share for financial year 2022 in amount of RON 3.3 per share and the additional gross dividend of RON 0.12 per share resulted from the distribution of retained earnings representing the impairment value of fixed assets and the value of fixed assets and abandoned investment projects in the reporting year that were financed from “*the share of expenses necessary for the development and modernization of gas production*” according to GD No.168/1998, as subsequently amended and supplemented.

The internal regulation “*Dividend Policy*” was approved by the company’s Board of Directors in March 2017 and is currently published on company’s webpage www.romgaz.ro at “*Investors – Corporate Governance – Reference Documents*”.

¹⁵ Government Emergency Ordinance No.29 of March 30, 2017 amending Article 1 paragraph (1) letter g) of Government Ordinance No. 64/2001 on the distribution of profit in national companies, and trading companies with full or majority state capital, as well as in autonomous government-owned enterprises, and amending Article 1 paragraph (2) and (3) of Government Emergency Ordinance no.109/2011 on corporate governance of public enterprises.

VI. Company management

6.1. Board of Directors

The company is governed by a Board of Directors which, on *December 31, 2022* has the following structure:

Item No.	Last name and first 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	MBA Legal Adviser	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 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

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

The Curricula Vitae of the Board members are to be found on company's webpage: <http://www.romgaz.ro/consiliu-administratie>.

During January 1 – March 13, 2022 the Board of Directors had the following structure:

Item No.	Last name and first 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	MBA Legal Adviser	SNGN Romgaz SA
3	Simescu Nicolae Bogdan	member	non-executive non-independent	Engineer	SNGN Romgaz SA
4	Stan-Olteanu Manuela-Petronela	member	non-executive non-independent	Legal Adviser	Hidroelectrica SA
5	Niculescu Sergiu George	member	non-executive non-independent	Legal Adviser	Ministry of Energy
6	Balazs Botond	member	non-executive non-independent	Legal Adviser	SNGN Romgaz SA
7	Sorici Gheorghe Silvian	member	non-executive independent	Economist	SC Sobis Solutions SRL

Starting with March 14, 2022 the structure of the Board of Directors changed, only 6 members being appointed:

Item No.	Last name and first 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	MBA Legal Adviser	SNGN Romgaz SA
3	Simescu Nicolae Bogdan	member	non-executive non-independent	Engineer	SNGN Romgaz SA

Item No.	Last name and first name	Position in the Board	Status	Professional Qualification	Institution of Employment
4	Batog Cezar	member	non-executive independent	Economist	Publicis Groupe Romania
5	Balazs Botond	member	non-executive non-independent	Legal Adviser	SNGN Romgaz SA
6	Sorici Gheorghe Silvian	member	non-executive independent	Economist	SC Sobis Solutions SRL

On May 25, 2022, Mr. Metea Virgil Marius joined the Board of Directors, initially being appointed by the Board of Directors pursuant to Resolution No. 34 until the date of the first Ordinary General Meeting of Shareholders and subsequently being appointed by the company shareholders during the meeting dated July 8, 2022 pursuant to OGMS Resolution No. 6.

According to the information supplied by each director, *there is no agreement, understanding or family relationship* between them and another person that contributed to their appointment as directors.

On December 31, 2022, the following directors *hold shares in the company*:

Item No.	Last name and first name	Number of shares held	Weight in the share capital (%)
0	1	2	3
1	Drăgan Dan Dragoș	18,757	0.00486661
2	Simescu Nicolae Bogdan	30	0.00000778
3	Balasz Botond	11	0.00000285

6.2. Executive Management

Chief Executive Officer (CEO)

SNGN Romgaz SA Board of Directors gathered in a meeting on November 2, 2021, appointed Mr. Jude Aristotel Marius as Chief Executive Officer pursuant to Resolution No. 67 for a period of 4 months, from December 15, 2021 to April 15, 2022.

Pursuant to Resolution No.17 of March 22, 2022, the Board of Directors appointed Mr. Jude Aristotel Marius as Chief Executive Officer for a period of 4 months, from April 16, 2022 to August 16, 2022.

Pursuant to Resolution No.57 of August 12, 2022, the Board of Directors appointed Mr. Popescu Răzvan as Chief Executive Officer for a period of 4 months, from August 17, 2022 to December 17, 2022.

Pursuant to Resolution No. 78 of November 23, 2022, the Board of Directors appointed Mr. Popescu Răzvan as Chief Executive Officer for an interim mandate of 4 months, from December 18, 2022 to April 18, 2023.

Deputy Chief Executive Officer (Deputy CEO)

Pursuant to Resolution No.57 of August 12, 2022, the Board of Directors appointed Mr. Jude Aristotel Marius as Deputy Chief Executive Officer for a period of 4 months, from August 17, 2022 to December 17, 2022.

Pursuant to Resolution No.78 of November 23, 2022, the Board of Directors appointed Mr. Jude Aristotel Marius as Deputy Chief Executive Officer for an interim mandate of 4 months, from December 18, 2022 to April 18, 2023.

Chief Financial Officer (CFO)

Pursuant to Resolution No. 68 of November 2, 2021, the Board of Directors appointed Mr. Popescu Răzvan, as Chief Financial Officer, for a period of 4 months, from December 16, 2021 to April 16, 2022.

Pursuant to Resolution No.18 of March 22, 2022, the Board of Directors appointed Mr. Popescu Răzvan as Chief Financial Officer for a period of 4 months, from April 17, 2022 to August 17, 2022.

Pursuant to Resolution No. 57 of August 12, 2022, the Board of Directors appointed Mr. Bobar Andrei as Chief Financial Officer for a period of 4 months, from August 17, 2022 to December 17, 2022.

Pursuant to Resolution No.85 of December 20, 2022, the Board of Directors appointed Ms. Trânbițaș Gabriela as Chief Financial Officer for an interim mandate of 4 months, from December 20, 2022 to April 20, 2023.

Other persons holding management positions without being delegated management powers by the Board of Directors, on December 31, 2022:

Last name and first name	Position
ROMGAZ - headquarters	
Chircă Robert Stelian	Exploration-Production Department Director
Foidaș Ion	Production Department Director
Greco Marius Rareș	Human Resources Director
Veza Marius Leonte	Accounting Department Director
Bobar Andrei	Finance Department Director
Păunescu Octavian Aurel	Exploration-Appraisal Department Director
Sasu Rodica	Exploration-Production Support Department Director
Sandu Valentin Mircea	Drilling Department Director
Boiarciuc Adrian	Information Technology Department Director
Lupă Leonard Ionuț	Procurement Department Director
Chertes Viorel Claudiu	Regulations Department Director
Moldovan Radu Costică	Energy Trading Department Director
Ioo Endre	Legal Department Director
Mareș Adrian Alexandru	Strategy, International Relations, European Funds Director
Antal Francisc	Quality, Environment, Emergency Situations and Infrastructure Department
Hațegan Gheorghe	Technical Department Director
Mediaș Branch	
Totan Constantin Ioan	Branch Director
Achimeț Teodora Magdalena	Economic Director
Veress Tudoran Ladislau Adrian	Production Director
Man Ioan Ștefan	Technical Director
Târgu Mureș Branch	
Baciu Marius Tiberiu	Branch Director
Boșca Mihaela	Economic Director
Rusu Grațian	Production Director
Roiban Claudiu	Technical Director
Iernut Branch	
Balazs Bela Atila	Branch Director
Hățăgan Olimpiu Sorin	Economic Director
Oprea Maria Aurica	Commercial Director
Bircea Angela	Technical Director
SIRCOSS	
Rotar Dumitru Gheorghe	Branch Director
Bordeu Viorica	Economic Director
Gheorghiu Sorin	Technical Director
STTM	
Lucaci Emil	Branch Director
Ilinca Cristian Alexandru	Economic Director

Last name and first name	Position
Grosu Adrian Doru	Technical Director
Drobeta Branch	
Săceanu Constantin	Branch Director

The members of the executive management, except for the mandated managers (Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer), are employees of the company having an individual employment contract for an indefinite period.

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

Table below shows the number of *company shares held by the members of the executive management* on December 31, 2022:

Item No.	Last name and first name	Number of shares held	Weight in the share capital (%)
0	1	2	3
1	Dincă Ispasian Ioan	1,048	0.00027191
2	Andrea Nicolae	200	0.00005189
3	Balasz Bela Atila	38	0.00000986

According to the information supplied, *there is no agreement, understanding or family relationship between the above nominated members of the executive management and another person that contributed to their appointment as member of the executive management.*

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

Therewith, from Depogaz executive management the following members hold shares in the company: Mr. Cârstea Vasile – 412 shares, representing a weight of 0.00010690% in the share capital and Mr. Gîrlicel Victor Cristian – 125 shares, representing a weight of 0.00003243% in the share capital.

To the best of our knowledge, the persons mentioned at 6.1 and 6.2 above, *have not been involved in litigations or administrative proceedings* related to their activity in Romgaz *in the last 5 years*, nor in proceedings related to their capacity of fulfilling the duties within Romgaz, except for the litigations under File No. 1596/85/2018*, no. 229/85/2019 (please see the “Litigations” published on Romgaz website at www.romgaz.ro → Investors → Annual Reports → 2022) and File No. 2041/85/2018 which was finally settled in 2021.

VII. Consolidated financial – accounting information

7.1. Statement of Consolidated Financial Position

The consolidated financial statements of Romgaz Group were prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of the Ministry of Finance Order No. 2844/2016. For the purposes of preparing these consolidated 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 IASB. However, the differences have no significant impact on the Group's consolidated financial statements for the years presented.

The consolidated financial statements have been prepared on the basis of business as a going concern principle in accordance with the historical cost convention.

Table below presents a summary of the statement of consolidated financial position as of December 31, 2020, December 31, 2021 and December 31, 2022:

Indicator	31.12.2020 (thousand RON)	31.12.2021 (thousand RON)	31.12.2022 (thousand RON)	Variance (2022/2021)
0	1	2	3	4=(3-2)/2*100
ASSETS				
<i>Non-current assets</i>				
Property, plant and equipment	5,613,122	5,240,697	5,039,314	-3.84%
Other intangible assets	14,774	16,133	5,140,425	31,762.80%
Investments in associates	26,102	26,187	28,537	8.97%
Deferred tax assets	275,328	269,645	199,016	-26.19%
Other financial assets	5,378	5,616	5,616	0.00%
Right of use asset	7,915	7,128	8,766	22.98%
Total non-current assets	5,942,619	5,565,406	10,421,674	87.26%
<i>Current assets</i>				
Inventories	244,563	305,241	284,007	-6.96%
Trade and other receivables	592,875	1,352,345	1,373,664	1.58%
Contract costs	651	483	3	-99.38%
Other financial assets	1,995,523	417,923	99,597	-76.17%
Other assets	68,023	67,962	265,232	290.27%
Current tax receivable	-	3,201	-	n/a
Cash and cash equivalents	416,913	3,580,412	1,883,882	-47.38%
Total current assets	3,318,548	5,727,567	3,906,385	-31.80%
TOTAL ASSETS	9,261,167	11,292,973	14,328,059	26.88%
EQUITY AND LIABILITIES				
<i>Equity</i>				
Issued capital	385,422	385,422	385,422	0.00%
Reserves	2,251,909	2,998,975	3,579,274	19.35%
Retained earnings	5,149,919	5,596,756	6,111,869	9.20%
TOTAL EQUITY	7,787,250	8,981,153	10,076,565	12.20%
<i>Non-current liabilities</i>				
Retirement benefit obligation	128,690	156,420	168,830	7.93%
Provisions	538,931	412,846	210,838	-48.93%
Deferred income	136,308	230,438	230,419	-0.01%
Borrowings	-	-	1,125,534	n/a
Lease liability	7,845	7,211	7,499	3.99%
Total non-current liabilities	811,774	806,915	1,743,120	116.02%

Indicator	31.12.2020 (thousand RON)	31.12.2021 (thousand RON)	31.12.2022 (thousand RON)	Variance (2022/2021)
0	1	2	3	4=(3-2)/2*100
Current liabilities				
Trade payables and other liabilities	89,132	71,317	110,006	54.25%
Contract liabilities	81,318	204,384	263,340	28.85%
Current tax liabilities	59,831	52,299	1,177,498	2,151.47%
Deferred income	10,899	49	11	-77.55%
Provisions	156,415	237,144	321,489	35.57%
Lease liability	767	810	2,181	169.26%
Borrowings	-	-	321,581	n/a
Other liabilities	263,781	938,902	312,268	-66.74%
Total current liabilities	662,143	1,504,905	2,508,374	66.68%
TOTAL LIABILITIES	1,473,917	2,311,820	4,251,494	83.90%
TOTAL EQUITY AND LIABILITIES	9,261,167	11,292,973	14,328,059	26.88%

NON-CURRENT ASSETS

Total non-current assets increased by 87.26%, namely RON 4.86 billion during the reviewed period. The increase was caused by the acquisition of ExxonMobil Exploration and Production Romania Limited, the cost of the acquisition being RON 5.12 billion. The company has been consolidated in Romgaz Group as of the acquisition date (August 1, 2022).

CURRENT ASSETS

Current assets decreased by RON 1.82 billion on December 31, 2022, because of the decrease in cash, cash equivalents and other financial assets by RON 2.01 billion.

Inventories

At the end of 2022, natural gas inventories decreased by RON 60.4 million compared to the end of 2021. During 2022, 84.60 million m³ of gas were injected in underground gas storages while 283.90 million m³ of gas were withdrawn. Quantitatively, the Group's gas inventory in UGSs decreased by 45% compared to the previous year.

Cash and cash equivalents. Other financial assets

Cash, cash equivalents and other financial assets (bank deposits and state bonds purchased) reached RON 1,983.48 million on December 31, 2022, as compared to RON 3,998.34 million at the end of 2021 (-RON 2,014.86 million). This decrease was mainly generated by the acquisition of ExxonMobil Exploration and Production Romania Limited, as shown in the consolidated statement of cash flows.

Other assets

On December 31, 2022, other assets include RON 182.3 million representing the windfall tax from natural gas and electricity paid in excess. This amount will be recovered in 2023.

NON-CURRENT LIABILITIES

At the end of 2022, non-current liabilities increased by 116.02% compared to the same period of 2021 mainly as a result of contracting a loan in amount of RON 1,606.5 million (the equivalent of EUR 325 million) required to partially finance the acquisition of ExxonMobil Exploration and Production Romania Limited.

CURRENT LIABILITIES

Current liabilities increased by RON 1,003.5 million, from RON 1,504.90 million, recorded on December 31, 2021, to RON 2,508.37 million at the end of 2022, mainly as a result of a solidarity contribution in amount of RON 1,002.79 million.

Contract liabilities

These liabilities represent advances collected from clients on December 31, 2022 for deliveries to take place in 2023.

Provisions

On December 31, 2022, short term provisions recorded an increase of 35.57% as compared to December 31, 2021. This increase is mainly due to the provision for greenhouse gas emission certificates (RON 228.13 million on December 31, 2022, the equivalent of 560,586 certificates, compared to RON 154.90 million on December 31, 2021, the equivalent of 377,905 certificates). The increase in the number of certificates that need to be acquired in 2023 for 2022 compliance is caused by the increase in electricity generation compared to the previous year which required higher gas consumption consequently generating an increase in the CO₂ emissions.

Other liabilities

Other liabilities recorded a decrease by 66.74% compared to the end of 2021. Most of these liabilities are represented by the petroleum royalty due for Q 4 (RON 147.0 million on December 31, 2022, compared to RON 400.3 million on December 31, 2021). Decrease of liabilities with royalty was due to the decrease in the price of royalty for certain clients in accordance with GEO 27/2022.

The Group *did not issue bonds or other debt instruments* in financial year 2022.

7.2. Statement of Consolidated Comprehensive Income

The Group profit and loss account summary for the period January 1 – December 31, 2022, as compared to the similar period of the years 2020 and 2021, is shown below:

Indicator	Year 2020 (thousand RON)	Year 2021 (thousand RON)	Year 2022 (thousand RON)	Variance (2022/2021)
0	1	2	3	4=(3-2)/2*100
Revenue	4,074,893	5,852,926	13,359,653	128.26%
Cost of commodities sold	(18,617)	(281,589)	(183,578)	-34.81%
Investment income	47,845	58,403	176,979	203.03%
Other gains and losses	(6,534)	23,388	(9,441)	n/a
Net impairment gains/(losses) on trade receivables	17,551	349,989	(55,166)	n/a
Changes in inventories	(16,151)	74,787	(2,197)	n/a
Raw materials and consumables used	(58,282)	(81,146)	(118,037)	45.46%
Depreciation, amortization and net impairment expenses	(672,063)	(685,772)	(550,076)	-19.79%
Employee benefit expense	(767,251)	(766,639)	(846,001)	10.35%
Finance costs	(17,000)	(16,739)	(27,295)	63.06%
Exploration expense	(26,509)	(1,197)	(59,714)	4,888.64%
Share of associates' result	1,330	85	2,350	2,664.71%
Other expenses	(1,158,143)	(2,539,086)	(7,613,296)	199.84%
Other income	25,439	169,841	80,068	-52.86%
Profit before tax	1,426,508	2,157,251	4,154,249	92.57%
Income tax expense	(178,604)	(242,264)	(1,607,537)	563.55%
Profit for the period	1,247,904	1,914,987	2,546,712	32.99%

Revenue

In 2022, Romgaz recorded consolidated revenues of RON 13.4 billion, as compared to RON 5.9 billion achieved in 2021.

The increase resides in a 124.20% increase of revenue from sales of gas produced by Romgaz and of gas purchased for resale, as well as 313.75% increase of revenue from sales of electricity and 80.51% increase of consolidated revenues from storage services.

Investment Income

Investment income is represented by the interests obtained from placing cash in bank deposits and state bonds. The increase in income resides from the increase of interest rates.

Cost of Commodities Sold

In 2022, cost of commodities sold is mainly represented by the cost of imbalances in the electricity sales business (RON 167.41 million in 2022). During periods in which electricity production was stopped, in order to meet the delivery contractual obligations, the Group had to acquire from the market the amount of energy needed.

Net Gains/Losses from Impairment of Trade Receivables

The Group calculates impairments for trade receivables depending on non-collection risk. Thus, for clients undergoing bankruptcy procedures the Group records losses from impairment for the entire non-collected amount; the same policy is applied to old debts.

In 2022, the Group recorded a net loss from impairment of receivables of RON 55.2 million.

Changes in Inventories

In 2022, the gas quantity injected by Romgaz in storages was lower by 70.20% than the quantity withdrawn from storages, thus generating negative changes in inventories. The quantity of gas injected in/withdrawn from storages by the Company in 2022 compared to 2021 decreased by 82.66%, and 32.76% respectively. The decrease in gas quantity injected in storages was caused by the allocation of non-contracted production to deliveries towards destinations provided under GEO 27/2022.

Raw Materials and Consumables Used

Increase of expenses with raw materials and consumables is mainly due to a 70.63% higher technological consumption for the reviewed period of 2022 as compared to 2021 (+57% from a quantitative point of view for gas and electricity production) and the increase of expenses with spare parts used in current repairs.

Depreciation, Amortization and Net Impairment

The depreciation, amortization and net impairment expenses decreased by 19.79% due to the decrease by 11.83% of depreciation and amortization expenses generated by the full amortization of certain assets during previous periods and due to a low level of investment in the recent period. Moreover, net impairment of non-current assets decreased by 36.41%.

Taking into consideration the current market conditions, the Group considered that there was no need to update the impairment test of assets used in gas production activity.

Financial Cost

The increase of finance cost by 63.06% was generated by the interest cost related to the bank loan in amount of EUR 325 million contracted for the acquisition of ExxonMobil Exploration and Production Romania Limited shares (RON 5.04 million) and the increase of the discount rate used for calculating the well decommissioning provision.

Exploration Expenses

Exploration expenses recorded in 2022 of RON 59.71 million, increased from RON 1.20 million recorded in the same period of the previous year. Government Decision No.1011 of September 22, 2021 approved Addendum No. 6 to the Concession Agreement concluded between ANRM and Romgaz extending the exploration period for eight petroleum blocks until October 2027. Pursuant to this addendum, Romgaz undertook to perform a certain minimum 3D seismic program that will result in increased exploration expenses.

Other expenses

Other expenses increased by 199.84% in 2022 as compared to 2021. The increase of RON 5.07 billion is mainly due to a higher windfall tax expense on gas sales, a higher windfall tax/contribution to the Energy Transition Fund on electricity sales, royalty expenses as shown in the introductory section of this report.

Other income

Other income decreased by 52.86% in the year ended December 31, 2022 as compared to the same period of 2021. Mostly, these include interest and late payment penalties invoiced to clients for failure to pay in due time or to suppliers for delays in providing works.

7.3. Statement of Consolidated Cash Flows

Statements of cash flows recorded in the period 2020-2022 are shown in the table below:

RON thousand

INDICATOR	2020	2021	2022
Cash flow from operating activities			
Net profit for the year	1,247,904	1,914,987	2,546,712
<i>Adjustments for:</i>			
Income tax expense	178,604	242,264	1,607,537
Share from associates' result	(1,330)	(85)	(2,350)
Interest expense	593	557	5,627
Unwinding of decommissioning provision	16,407	16,182	21,668
Interest revenue	(47,845)	(58,403)	(176,979)
(Gain)/loss on disposal of non-current assets	7	(321)	451
Change in decommissioning provision recognized in profit or loss, other than unwinding	24,273	(20,750)	(75,652)
Change in other provisions	66,467	68,578	111,564
Net impairment of exploration assets	97,695	37,046	66,447
Exploration projects written-off	836	33	16
Net impairment of non-current assets	125,997	184,943	74,726
Foreign exchange differences	-	-	(453)
Depreciation and amortization	448,371	463,783	408,903
Amortization of contract costs	795	1,626	773
(Gains)/losses on financial investments evaluated at fair value through profit or loss	10	10	-
Net losses/(gains) from trade receivables and other receivables	(19,700)	(378,352)	55,765
Net impairment of inventories	8,427	5,014	5,438
Income from liabilities written off	(368)	(810)	(512)
Income from subsidies	(7)	(9)	(7)
Cash generated from operations before movement in working capital	2,147,136	2,476,293	4,649,674
<i>Movements of working capital</i>			
((Increase)/decrease in inventories	58,516	(64,913)	21,731
(Increase)/decrease in trade and other receivables	38,311	(400,838)	(276,839)
Increase/(decrease) in trade and other liabilities	17,600	790,347	(526,915)
Cash generated from operational activities	2,261,563	2,800,889	3,867,651
Interest paid	(3)	(3)	(5,040)
Income tax paid	(224,796)	(233,084)	(410,976)
Net cash generated by operating activities	2,036,764	2,567,802	3,451,635
Cash flows from investing activities			
Investments in other entities	-	(250)	-
Bank deposits set up and acquisition of state bonds	(2,964,757)	(3,896,521)	(3,355,306)
Bank deposits and state bonds matured	2,060,925	5,463,332	3,669,504
Interest received	38,601	58,340	181,067
Proceeds from sale of non-current assets	1,733	513	1,033
Proceeds from disposal of other investments	-	2	-
Acquisition of non-current assets	(547,215)	(340,695)	(5,529,611)
Acquisition of exploration assets	(66,516)	(91,865)	(96,500)
Net cash used in investment activities	(1,477,229)	1,192,856	(5,129,813)
Cash flows from financing activities			
Borrowings received	-	-	1,606,475
Repayment of borrowings	-	-	(158,907)
Dividends paid	(620,346)	(690,027)	(1,463,984)
Subsidies received	115,027	94,148	-
Repayment of lease liability	(1,196)	(1,280)	(1,936)
Subsidies reimbursed	(50)	-	-
Net cash used in financing activities	(506,565)	(597,159)	(18,352)
Net increase/(decrease) in net cash and cash equivalents	52,970	3,163,499	(1,696,530)
Net cash and cash equivalents at the beginning of the year	363,943	416,913	3,580,412
Cash and cash equivalents at the end of the year	416,913	3,580,412	1,883,882

VIII. Corporate Governance

Corporate governance accommodates continuously to the requirements of a modern economy, to increasing globalization of social life and to investors and interested parties need for information on companies business.

As a national company Romgaz has to comply with GEO No. 109 of November 30, 2011 on corporate governance of public enterprises, as subsequently amended and supplemented (the "Ordinance"), approved by Law 111/2016 and Government Decision no. 722 of September 28, 2016 on Methodological Norms for establishing the financial and nonfinancial performance indicators and variable component of remuneration of Board members, or if applicable, of the supervisory board members, and of managers and members of the directorate.

The Ordinance sets up a number of principles and provisions to ensure their application.

The provisions of the Ordinance are observed by the company, and are included in the Company's Articles of Incorporation, as amended and approved by the company's shareholders in resolutions no. 19 of October 18, 2013, no. 5 of July 30, 2014, no. 8 of October 29, 2015, no.9 of October 28, 2016 and no.4 of August 9, 2017 (latest update of the Articles of Incorporation).

The updated Company's Articles of Incorporation is published on the webpage www.romgaz.ro, at "Investors – Corporate Governance – Reference Documents".

Since November 12, 2013, Romgaz shares have been traded on the regulated market governed by BVB, under the symbol "SNG", as well as on London Stock Exchange (where GDRs are traded) under the symbol "SNGR".

On January 5, 2015, after the Financial Supervisory Authority approved the proposals to amend BVB's regulations, Romgaz was admitted into the PREMIUM category of BVB regulated market.

As issuer of securities traded on the regulated market, Romgaz has to fully comply with the corporate governance standards provided by applicable national regulations, namely the Code of Corporate Governance of BVB, published on the internet webpage www.bvb.ro, at "Investors – Regulations - BVB Regulations".

The Corporate Governance system of the company was and will be continuously improved according to the rules and recommendations applicable to companies listed on Bucharest Stock Exchange and on London Stock Exchange.

Some of the *already implemented measures include*:

- ✘ drafting a new Code of Corporate Governance, in accordance with the new Code of Corporate Governance of BVB applicable since January 4, 2016 – the document was approved by Romgaz Board of Directors by Resolution no.2/January 28, 2016. The Code of Corporate Governance was updated and will be submitted for approval to the Board of Directors.
The Company's Code of Corporate Governance is posted on the webpage www.romgaz.ro, at "Investors – Corporate Governance";
- ✘ Board of Directors approval of the Internal Rules of the advisory committees on March 24, 2016 and their subsequent revision and approval by S.N.G.N. Romgaz S.A Board of Directors: *The Internal Rules of the Nomination and Remuneration Committee* on August 28, 2018 and on August 11, 2022, the Internal Rules of the Audit Committee on May14, 2018 and October 10, 2022 and the Internal Rules of the Strategy Committee on March 23, 2017 and October 27, 2022;
- ✘ Update of the Terms of Reference of the Board of Directors to include the latest legal changes on corporate governance. The Terms of Reference were approved by the Board of Directors on March 23, 2017 and subsequently updated in January 2018 and in February 2019;
- ✘ Approval of the Policy related to the assessment of the Board of Directors during March 12, 2019 meeting;
- ✘ Approval of the Policy related to remuneration of Board members and managers by the OGMS during April 28, 2022;
- ✘ Approval of Romgaz Policy related to transactions with affiliates and the draft statement on Board of Directors commitment to develop and implement the internal management control system and the risk management policy on February 24, 2022;

- ✗ Drafting/updating a series of internal regulations/policies in compliance with BVB Code of Corporate Governance;
- ✗ Inclusion in the Board of Directors Annual Report of a chapter dedicated to corporate governance. This chapter presents a series of elements regarding corporate governance, such as: the applicable Code of Corporate Governance, the duties of the corporate management bodies and of the three advisory committees of the Board of Directors (the Nomination and Remuneration Committee, the Audit Committee and the Strategy Committee), aspects related to remuneration of members of the Board and of managers, measures to improve corporate governance, aspects related to internal control and risk management system, internal audit and aspects related to social responsibility;
- ✗ Incorporation in the Board of Directors Annual Report of a section referring to compliance with the provisions of BVB Code of Corporate Governance (Annex 1);
- ✗ Diversification of communication with shareholders and investors by posting on the website press releases addressed to market players, half year and quarterly financial statements, annual reports, procedures to follow for access and participation to GMS, and by setting up an “Infoline” for shareholders/investors to respond to their requirements and/or questions;
- ✗ Setting up a specialized department dedicated to investor and shareholder relations;
- ✗ Conclusion of professional liability insurance contract for members of the Board and managers with mandate, starting with October 1, 2022;
- ✗ Continuation of the necessary steps for the implementation of 2021-2025 National Anti-corruption Strategy in 2022. In this regard, the Commission responsible for the implementation of the strategy drafted and submitted to the Ministry of Energy – Antifraud, Integrity and Inspection Department the Narrative Report on the status of implementation of the measures provided in the NAS, the Inventory of institutional transparency and corruption prevention measures as well as evaluation indicators for 2022.

Among the measures to be implemented, we mention:

- Revision of the Remuneration Policy for the members of the Board and managers with mandate and submission to shareholders for approval, after completion of the selection procedure for members of the Board and managers;
- Quarterly assessment of the fulfilment of financial and non-financial performance indicators approved by the General Meeting of Shareholders ;
- Continue required actions to align with the new 2021-2025 National Anti-Corruption Strategy, approved by Government Decision No. 1269/December 17, 2021;
- Drafting the organizational integrity agenda and company integrity plan in compliance with NAS 2021-2025.

Aspects related to shareholders

The shareholders structure is presented within Chapter II “*Parent Company at a Glance*”.

Romgaz respects and protects the rights and legitimate interests of all shareholders, constantly informing them on the rules and procedures governing the General Meeting of Shareholders, on decisions concerning corporate changes and significant events within the company. Rights of minority shareholders are also protected in accordance with the legal provisions in force and with the Articles of Incorporation.

All relevant information on exercising all legitimate rights of shareholders are to be found on company’s website, www.romgaz.ro, under “*Investors*”.

General Meeting of Shareholders

The General Meeting of Shareholders is convened by the Board of Directors, whenever necessary, in accordance with the legal provisions. The convening notices and afterwards, the GMS resolutions, are sent to Bucharest Stock Exchange, London Stock Exchange and to the Financial Supervisory Authority in compliance with the regulations of the capital market and are published on the company’s website at “*Investors – General Meeting of Shareholders*”.

The Ordinary General Meeting of Shareholders has the following main competencies:

- a) to approve the company’s strategic objectives;

- b) to discuss, approve or amend, as the case may be, the annual financial statements of the company based on the reports submitted by the Board of Directors and the financial auditor, and to set the dividend;
- c) to discuss, approve or request, as the case may be, supplementation or review of the company's governance plan, under legal provisions;
- d) to set the income and expenditure budget for the following financial year;
- e) to appoint and revoke Board members and to set their remuneration;
- f) to decide upon the governance of the Board of Directors;
- g) to appoint and to dismiss the financial auditor and to set the minimum term of the financial audit contract;
- h) to approve the contracting of bank loans, the value of which exceeds, individually or cumulatively with other bank loans in progress, over a financial year, the equivalent in RON of EUR 100 million;
- i) to approve conclusion of documents establishing guarantees, other than guarantees for the company's non-current assets, the value of which exceeds, individually or cumulatively with other guarantees in progress, other than guarantees for the company's non-current assets, over a financial year, the equivalent in RON of EUR 50 million.

The Extraordinary General Meeting of Shareholders has the following main competencies:

- a) to change company's legal form;
- b) to move the headquarters;
- c) to change the Company's scope of activity;
- d) to establish companies, as well as conclude or amend incorporation documents of the companies where Romgaz is associate;
- e) to conclude or amend joint venture contracts where the company is contracting party;
- f) to increase the share capital;
- g) to reduce the share capital or to restore it by issuing new shares;
- h) to merge with other companies or to spin-off the company;
- i) the anticipated winding up of the company;
- j) to convert shares from a category into the other;
- k) to convert one category of bonds into another one or in shares;
- l) to issue bonds;
- m) to conclude documents related to the acquisition of non-current assets the value of which exceeds, individually or cumulatively, during a financial year, 20% of the total non-current assets of the company, except for receivables;
- n) to conclude the documents related to disposal, exchange or set up of guaranties referring to non-current assets the value of which exceeds, individually or cumulatively, during a financial year, 20% of the total non-current assets, except for receivables;
- o) to conclude the documents related to rental of tangible assets to the same contractors or to persons involved or acting together, for a period longer than 1 (one) year, the value of which exceeds, individually or cumulatively, 20% of the total non-current assets, except for receivables at the document conclusion date;
- p) any other change in the Articles of Incorporation or any other resolution that requires the approval of the extraordinary general meeting of shareholders.

Board of Directors

Romgaz is a joint-stock company governed under a one-tier system.

The Board of Directors consists of 7 (seven) members elected by the Ordinary General Meeting of Shareholders, in compliance with applicable legal provisions and with the Articles of Incorporation and one of its members is appointed Chairman of the Board.

Board of Directors composition complies with the legal criteria/conditions on the share of non-executive and independent members, studies and competencies, experience and gender diversity (criteria detailed in the Board of Directors Terms of Reference.

Board of Directors competence on December 31, 2022 is presented in Chapter VI “*Company management*”. According to the statements of independency sent to the company, two board members declared to be independent and five declared to be non-independent. The independence of Board members is determined based on the criteria detailed in Romgaz Code of Corporate Governance (art.6).

Aspects on board members' rights, obligations and competencies, as well as aspects related to Board meetings are detailed in the Articles of Incorporation and in the Board of Directors Terms of Reference.

Until December 31, 2022, the Board of Directors did not make a self- assessment for 2022.

Advisory Committees

The activity of the Board of Directors is supported by three advisory committees, namely: the Nomination and Remuneration Committee, the Audit Committee and the Strategy Committee.

The Audit Committee has legal duties provided in Article 65 of Law No. 162/2017¹⁶ consisting mainly in monitoring the financial reporting process, the internal control systems, the internal audit and risk management systems within the company, as well as in supervising the statutory audit activity related to annual financial statements and in managing the relationship with the external auditor.

The Nomination and Remuneration Committee has, basically, the competence to set the procedures for selecting the candidates for the board members and manager positions, and to make proposals for the position as board member and to get involved in the selection and recruitment procedure of managers, and to make proposals for their remunerations. During the financial year, the committee has also the obligation to elaborate an *annual report on the remuneration and other benefits awarded to directors and managers*.

The main scope of the Strategy Committee is to coordinate drafting/updating and monitoring of the company's development strategies, correlated with the national and European energy strategy, to analyse the implementation of such strategies and the measures needed to reach the objectives set, and to monitor the business diversification projects by carrying out some investment objectives.

The detailed presentation of duties and responsibilities of each advisory committee can be found in their respective Internal Rules published on the company's webpage www.romgaz.ro at “*Investors – Corporate Governance – Reference Documents*”.

On December 31, 2022, the advisory committees' structure was the following:

I) Nomination and Remuneration Committee:

- ✎ Sorici Gheorghe Silvian (chairman)
- ✎ Batog Cezar
- ✎ Drăgan Dan Dragoș

II) Audit Committee

- ✎ Sorici Gheorghe Silvian (chairman)
- ✎ Batog Cezar
- ✎ Simescu Nicolae Bogdan

III) Strategy Committee

- ✎ Balazs Botond (chairman)
- ✎ Drăgan Dan Dragoș
- ✎ Jude Aristotel Marius
- ✎ Metea Virgil Marius
- ✎ Sorici Gheorghe Silvian.

Information regarding the Board of Directors' meetings and the Advisory Committees meetings held in 2022

The Board of Directors held in 2022 a number of 43 meetings, in compliance with the legal and statutory provisions, out of which:

- 36 meetings with physical attendance of board members and
- 7 electronic vote meetings.

¹⁶ Law No. 162 of July 15, 2017 on the statutory audit of annual financial statements and of annual consolidated financial statements and on amending pieces of legislation

The attendance at the Board of Directors meetings:

Last name and first name	Number of meetings during mandate	P		PA		NP	
		No.	%	No.	%	No.	%
Stan Manuela Petronela	8	8	100.0				
Niculescu George	8	8	100.0				
Drăgan Dan Dragoș	43	43	100.0				
Jude Aristotel Marius	43	43	100.0				
Balazs Botond	43	42	97.67			1	2.33
Simescu Nicolae Bogdan	43	43	100.0				
Sorici Gheorghe Silvian	43	40	93.02			3	6.98
Batog Cezar	35	31	88.57			4	11.43
Metea Marius Virgil	22	22	83.33			5	16.67

where:

P = participation;

PA = power of attorney;

NP = non-participation

Board members' attendance at Advisory Committee meetings:

Nomination and Remuneration Committee: 10 meetings

Last name and first name	Physical attendance
Ciobanu Romeo Cristian	8/9
Drăgan Dan Dragoș	10/10
Jude Aristotel Marius	1/1
Sorici Gheorghe Silvian	10/10

Audit Committee: 12 meetings

Last name and first name	Physical attendance
Stan Manuela Petronela	2/2
Simescu Nicolae Bogdan	12/12
Sorici Gheorghe Silvian	12/12
Batog Cezar	9/10

Strategy Committee: 2 meetings

Last name and first name	Physical attendance
Drăgan Dan Dragoș	1/2
Jude Aristotel Marius	2/2
Niculescu George Sergiu	0/1
Simescu Bogdan Nicolae	1/1
Metea Marius Virgil	1/1
Sorici Gheorghe Silvian	1/1
Balazs Botond	2/2

Chief Executive Officer

In compliance with the company's Articles of Incorporation "Board of Directors shall assign, in whole or in part, management competencies of the Company to one or more managers, appointing one of them as Chief Executive Officer" -Article 24, paragraph (1), the term "manager" meaning "the person to whom the Board of Directors delegated authority to manage the Company" -Article 24, paragraph (12).

According to Resolution No. 67 of November 2, 2021, the Board of Directors appointed Mr. Jude Aristotel Marius as Chief Executive Officer of Romgaz for a 4-month term mandate, starting with December 15, 2021 until April 15, 2022.

By Resolution No. 17 of March 22, 2022, the Board of Directors appointed Mr. Jude Aristotel Marius as Chief Executive Officer of Romgaz for a 4-month term mandate, starting with April 16, 2022 until August 16, 2022.

By Resolution No. 57 of August 12, 2022, the Board of Directors appointed Mr. Popescu Razvan as Chief Executive Officer of Romgaz for a 4-month term mandate, starting with April 17, 2022 until December 17, 2022.

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

Until August 17, 2022 powers delegated to the CEO by the Board of Directors according to Resolution no. 47 of June 30, 2021 modified by Resolution No. 54 of August 12, 2021 were the following:

- a) Approval of employment, promotion and dismissal of employees;
- b) Approval of work duties and tasks of employees;
- c) Approval of bonuses and sanctions of employees;
- d) Approval of material operations (technical, economic, commercial etc. actions or processes) that are required and useful to fulfil Romgaz scope of business;
- e) Approval of operations with the scope of concluding/issuing legal documents:
 - Up to RON 400 million, concluded on centralized markets (stock exchange) or based on sector-specific procurement law;
 - Up to RON 400 million, concluded outside centralized markets or outside the scope of sector-specific procurement law (by means of internal procedures);
- f) Approval of sponsorship and patronage contracts;
- g) Approval of Romgaz Rules of Organization and Operation;
- h) Change and appointment of managers (with individual employment contract);
- i) Any other duty, except for those not assigned pursuant to the above mentioned BoD Resolution;
- j) Fulfilment of any ancillary duties, material acts and operations required and useful to perform the duties under a) – i).

Among the duties not delegated to the interim Chief Executive Officer, the Board of Directors established:

- a) Approval of Romgaz organizational chart;
- b) Approval of operations with the scope of concluding/issuing legal acts other than those provided at article 2) letter e);
- c) Management powers which cannot be delegated to company managers pursuant to legal provisions and to the Articles of Incorporation.

Starting with August 17, 2022, according to Board of Directors Resolution no. 57, the Chief Executive Officer as legal representative of Romgaz exercises all management competencies except for the competencies delegated to the Deputy CEO and the CFO.

Deputy Chief Executive Officer

By Resolution No. 57 of August 12, 2022, the Board of Directors appointed Mr. Jude Aristotel Marius as Deputy Chief Executive Officer for a 4-month term from August 17, 2022 to December 17, 2022.

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

By Resolution No. 57, the Board of Directors delegated to the Deputy Chief Executive Officer the following duties:

- Planning, approval and coordination of required and useful operations for Romgaz scope of activity and which fall within the competence expressly given by the Board of Directors in accordance with the company's Rules of Organization and Operation and the law;
- Coordination of activities performed by Romgaz in connection with Neptun Deep project.

Chief Financial Officer

By Resolution No. 68 of November 2, 2021, the Board of Directors appointed Mr. Popescu Razvan as Chief Financial Officer for a 4-month term from December 16, 2021 until April 16, 2022.

By Resolution No. 18 of March 22, 2022, the Board of Directors appointed Mr. Popescu Razvan as Chief Financial Officer for a 4-month term from April 17, 2022 until August 17, 2022.

By Resolution No. 57 of August 12, 2022 the Board of Directors appointed Mr. Bobar Andrei as Chief Financial Officer for a 4-month term from August 17, 2022 until December 17, 2022.

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

The competency of the Chief Financial Officer established by Board of Directors Resolution No. 57 consists of planning, approval and coordination of operations required and useful for performing Romgaz scope of activity, in accordance with the law and the company's Rules of Organization and Operation, within the competencies of the Economic Department.

The Board of Directors delegates the management competence to the three managers acting by mandate, who were appointed by Board of Directors Resolution No. 57, except for the following competencies:

- a. Competencies to manage Romgaz which cannot be delegated by the Board of Directors according to provisions of article 19, par. (3) of the company's Articles of Incorporation;
- b. Concluding/issuance of legal acts exceeding RON 300 million.

The Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer have the obligation to inform the Board of Directors periodically on how the assigned duties were implemented, and the right to request and to obtain instructions on the manner of exercising the assigned duties.

Internal Audit

Internal audit activity is organised and conducted in compliance with Law No. 672/2002 on the public internal audit, as subsequently amended and supplemented.

From an organisational perspective the Internal Public Audit Department is subordinated to the Chief Executive Officer and from a functional perspective it is subordinated to Romgaz Board of Directors through the Audit Committee.

Based on Law No. 672/2002, the general scope of the internal audit in public entities is the improvement of their management mainly by:

- assurance activities that represent objective examinations of evidence, carried out in order to provide public entities with an independent assessment of risk management, control and governance processes, and
- advisory activities aimed at adding value and improving governance processes in public entities.

In order to achieve its objectives, the Public Internal Audit Department drafts the Multi-Annual Public Internal Audit Plan for a period of 3 years, and based on this, it also drafts the Annual Public Internal Audit Plan.

The draft plan is prepared based on the assessment of risk associated with the different activities, programs/projects or operations, as well as by taking the suggestions of the Chief Executive Officer, Board of Directors and of recommendations made by the Romanian Court of Accounts.

In order to observe and to meet the above mentioned conditions and subject to the 2022 Activity Plan of the Public Internal Audit Department, No. 40668/November 11, 2021, endorsed by the Audit Committee and approved by the Chief Executive Officer, the audit activity consisted of 8 audit missions for assurance purposes aimed at confirming regularity/conformity of procedures and operations with the regulatory framework, by comparing reality with the established reference system. In 2022, the annual audit plan was updated pursuant to Report No. 34392/September 14, 2022, and 1322/January 11, 2023.

Therefore, a total of 8 audit missions were performed in 2022:

- 8 planned missions, in accordance with 2022 annual plan;
- 2 ad-hoc missions;

The missions were performed in the following fields:

- financial-accounting;
- public procurement;

- legal;
- entity specific functions;
- internal management control system;
- health and wellness;
- human resources – Ethics Adviser.

The accomplishment degree of the 2022 internal audit plan was **100%**. Against this context, during 2022, 52 recommendations were made being implemented by the audited structure.

Internal auditing is conducted permanently in order to provide an independent assessment of operational, control and management processes, to evaluate potential risk exposure of various business segments (asset security, compliance with laws and contracts, integrity of operational and financial information etc.) to make recommendations for improving the systems, controls and procedures to ensure efficiency and effectiveness of operations and to monitor proposed corrective actions and results.

As a general note, Romgaz focused on compliance with internal integrity rules and on continuous self-assessment of the implementation level of internal anti-corruption mechanisms, as described in the 2020 – 2025 National Anti-Corruption Strategy and other subsequent documents (Order No.600/2018 on approving the Internal Management Control Code of public entities).

Risk Management and Internal Control

Policies and Objectives related to Risk Management

Risk management is a complex process of identification, analysis and response to possible company risks through a documented approach which uses material, financial and human resources to meet the objectives, aiming at reducing exposure to losses.

One major concern of the management is to raise awareness of the organisation on the objectives of the risk management process, on the necessity to be directly involved in the risk management process, and on the alignment to the latest field-specific practices complying with the applicable law, standards and norms related to such process.

In March 2019, the Board of Directors approved the draft BoD Statement on the commitment to develop and implement the internal management control system and the risk management policy.

The company's risk management system is implemented in accordance with:

- 📄 Government Ordinance No.119/1999 on internal/management control and preventive financial control, republished, as subsequently amended and supplemented;
- 📄 Emergency Ordinance No. 109/2011 on corporate governance of public enterprises;
- 📄 Law No. 111/2016 for the approval of Government Emergency Ordinance No. 109/2011 on corporate governance of public enterprises;
- 📄 Order of the General Secretary of the Government No. 600/2018 for the approval of the Code of Internal Management Control of public entities;
- 📄 Methodology to implement the internal control standard Risk Management – 2018;
- 📄 BVB Code of Corporate Governance
- 📄 SNGN Romgaz S.A. Code of Corporate Governance

Considering that the risk management standard is unanimously accepted in EU, being one of the important standards of the internal management control system (SCIM) in risk management, the company systematically reviews risks associated with its objectives and activities, drafts appropriate control plans towards limiting the possible consequences of such risks and establishes responsibilities related to their implementation.

The main benefit of the risk management process is the improvement of company's performance by identifying, analysing, assessing and managing all risks of the company, in order to minimize the negative risk consequences or to increase the positive risk consequences, as the case may be.

A risk management department has been established for an efficient assessment of the company's risks. One major task of this department is drafting the company's documents in terms of risk management (Risk Register, Risk Report, Plan for Implementing Measures and Risk Profile), and managing and developing the risk management system through the following means:

- Implementation of audit and control recommendations contained in reports generated by competent entities;
- Continuous improvement of the information application developed by the company, following periodic reviews and feedback given by the heads of organisational units;
- Permanent counselling of the heads of organisational units and constant support for risk identification and fulfilment of requirements;
- Developing personnel's competence level in terms of understanding and managing risks through methodological guidance.

Three role levels are set up in the risk management system:

- *base level*, represented by risk identifiers and by risk responsible persons (head of each organizational unit) who are responsible for preparing risk management documents of their organizational unit;
- *middle level*, represented by the company's middle management which together with the heads of the organizational units make up the Risk Management Commission that facilitates and coordinates the risk management process within the respective direction/department/division;
- *high level*, represented by the executive upper management in the Monitoring Commission that approves the company's risk appetite and risk profile in accordance with its objectives.

The Company's *general objectives regarding the risk management activity* are:

1. setting a general and single framework for risk identification, analysis and management;
2. providing the appropriate tool for controlled and efficient risk management;
3. providing a description of the manner in which control measures are set and implemented to prevent negative risks occurrence.

Some of the assessed risk categories are: financial risks, market risks, occupational health and safety risks, personnel risks, IT systems related risks, legal and regulatory risks. All risks are assessed from the following perspectives:

- the specific objective addressed by the risk;
- causes of risk occurrence;
- consequences further to risk materialization;
- probability of occurrence;
- risk materialization impact;
- risk exposure;
- risk response strategy;
- recommended control (treatment) measures;
- residual risks remaining after handling initial risks.

Financial and Commercial Risk Exposure

The Company is exposed to a variety of **financial risks**: market risk (which includes currency risk, inflation risk, interest rate risk), credit risk, liquidity risk. The Company's risk management program is focused on the unpredictability of financial markets and seeks to minimize, within some limits, the potential negative consequences on the Company's financial performance. However, this approach does not prevent losses outside these limits in case of significant variations on the market. The Company does not use derivatives to cover the exposure to certain risks.

The Company faces *currency risks* following the exposure to different foreign currencies. The currency risk arises from future commercial transactions and from recorded receivables and payables.

Financial assets exposing the Group to a potential credit risk are mainly trade receivables. The Group's policies provide for gas sales to clients with low *credit risk*. Moreover, sales have to be secured either by advanced payments or by letters of bank guarantee. The net value of receivables following the adjustment for impairment of doubtful debts, represents the maximum value exposed to credit risk.

Even though collection of receivables might be influenced by economic factors, the management believes that there is no significant risk of loss for the Group, besides the impairment of doubtful debts, already established.

The final responsibility for the *liquidity risk* lies with the company's management, which established a suitable framework for liquidity risk management for the Company's short, medium and long-term financing and for complying with requirements concerning liquidity risk management. The Company manages liquidity risk by maintaining an adequate level of reserves by continuous monitoring forecasts and current cash flows and by connecting maturity profile of financial assets with financial debts.

The risk management system continuously evaluates the **commercial risks** faced by the Company. Currently, commercial risks are reduced considering accepted payment method (mainly advance payments or payment deadline securing the payment by means of letter of bank guarantee), existing natural gas demand securing sales and sales prices significantly exceeding production costs.

Internal Control

For an optimum management of the activity, the company performs several types of internal controls:

- ✍ preventive financial control;
- ✍ work quality control;
- ✍ legal control of documents and transactions concluded by the company;
- ✍ internal control regarding the compliance with legal requirements in the field of labour health and security and of environment protection;
- ✍ internal cost control etc.

As such, the internal management control provides reasonable assurance on understanding, interpretation and implementation of specific regulations, being supported and consolidated by the company's internal control.

The internal management control system implemented in the company operates through different procedures, means, actions targeting every aspect of activity. The management implements such system to attain a better control over the company's general operation and over each activity/operation. The internal management control system (IMCS) secures the implementation of all management functions and is a process carried out by the personnel irrespective of the level of employment, i.e. Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, heads of functional and operational compartments subordinated to the Chief Executive Officer, to the Deputy Chief Executive Officer and to the Chief Financial Officer, execution personnel.

IMCS increases the probability to meet objectives by means of systematic implementation (objectives, indicators, risks, duties, organisation, procedures etc.). Also, it reduces errors, risk of fraud, losses, inefficiency, assistance in compliance with regulations, issuance of truthful reporting. In case IMCS is not implemented, risks can be generated which may threaten the existence or even the continuity of the organisation.

Main objectives of IMCS developed and implemented by Romgaz are:

- compliance with legal regulations, with internal rules, with contracts, and administrative and jurisdictional decisions applicable to the company's activity;
- fulfilment of Romgaz objectives under effectiveness, economy and efficiency conditions;
- protection of Romgaz patrimony against losses caused by errors, waste, fraud or abuse;
- development and maintenance of collection, storage, processing, updating and distribution of financial and management data and information, as well as of proper systems/procedures to inform the public.

The internal management control system is drafted, implemented, developed and assessed in compliance with the provisions of Government Ordinance No. 119/1999 and with the standards provided by SGG¹⁷ Order No. 600/2018.

Below are some of the development/improvement actions of the internal management control system during 2022:

- in order to consolidate the knowledge on regulations in the field of IMCS, during January 5 to 19, 2022 methodological guiding on the implementation of IMCS was carried out;
- at company level, in order to raise awareness among employees, the company made available a Guideline on internal rules related to each internal control standard and the actions required to be undertaken by every head of organizational unit in order to implement the standards;

¹⁷ General Secretariat of the Government

- guidance for the employees of the headquarters and the branches in order to identify sensitive positions and to establish risk exposure for these positions;
- assessment and identification of sensitive positions (December 1, 2021-March 15, 2022) for each organisational unit pursuant to PS-16 Inventory of Sensitive Positions (procedure). Risks identified following the assessment were centralised and submitted to the monitoring commission which, following debates and final vote, drafted the inventory of sensitive positions and the list of persons holding such positions no.5647 of February 14, 2022;
- during 2022, the Risk Management Methodology (including corruption related risks) was drafted/updated and is pending approval;
- during October 17-November 29, 2022 the representatives of the Court of Accounts verified the company conducting also an assessment on compliance with requirements for the implementation of internal control standards. Following the verification, several recommendations were issued on the implementation of internal management control system.

As a result of the self-assessment action regarding the IMCS implementation for 2022, Romgaz IMCS is **partially compliant** having 15 implemented standards and 1 partially implemented standard, namely Standard 16 Internal Audit.

Romgaz is constantly preoccupied to implement and develop anticorruption and anti-bribery instruments. Actions implemented in 2022 by the Internal Management Control Department, as secretary to the Committee for the implementation of the 2016-2020 and 2021-2025 National Anticorruption Strategy (NAS), are:

- *Statement* for the assumption of an organizational integrity agenda and Romgaz 2022-2025 Integrity Plan according to Decision No. 1269/December 17, 2021 approving the 2021-2025 National Anticorruption Strategy;
- Self-assessment of 2016-2020 National Anticorruption Strategy for 2021 – “*Narrative on implementation degree of measures provided in NAS*” and Annex 3 to GD No. 583/2016 regarding 2016-2020 National Anticorruption Strategy “*Inventory of institutional transparency and corruption prevention measures, and assessment indicators*” sent to Anti-Fraud, Integrity and Inspection Direction under the Ministry of Energy.
- Anti-Fraud, Integrity and Inspection Direction under the Ministry of Energy together with Romgaz executive management and the ethics advisor carried out a corruption prevention activity in May 11, 2022;
- During October 25-27, 2022, the Anti-Fraud, Integrity and Inspection Department of the Ministry of Energy performed an anti-fraud and anticorruption verification at Romgaz.

Corporate Social Responsibility (CSR)

Romgaz activities in the field of social responsibility are performed voluntarily, beyond the legal responsibilities, the company being aware of its role in society.

Social responsibility means for Romgaz a business culture including business ethics, customer rights, economic and social equity, environmental friendly technologies, fair treatment of workforce, transparent relationship with public authorities, moral integrity and investment in the community.

Moreover, Romgaz supports a sustainable development of the society and community, through financial support/ total or partial sponsorship for some actions and initiatives in the following main fields: education, social, sport, health and environment.

Granting partial or total financial support/ sponsorship for actions and initiatives, within the budgeted limits, Romgaz has shown a pro-active attitude of social responsibility and increased the awareness of the parties involved regarding the importance and benefits of social responsibility actions.

In 2022, Romgaz supported, totally or partially, actions and initiatives stipulated in Government Emergency Ordinance (“GEO”) No.2/2015, complying with the budget, as follows:

Expenses/activities	Achieved (RON thousand)
Total of sponsorship expenses, out of which:	24,216
• Expenses with sponsorships in medical and health fields - art. XIV letter a)	12,500

• Expenses with sponsorships in education and sport fields - art. XIV letter b) – total, out of which:	9,966
○ For sports clubs	6,059
• Sponsorship for other actions and activities - art. XIV letter c)	1,750

The detailed description of the projects regarding sponsorship provided in GEO No.2/2015 is included in the 2022 Annual Report on Social Responsibility and Patronage published on www.romgaz.ro at “Investor Relations - Corporate Governance - Social Responsibility”.

The projects carried out in 2022 had, besides the positive impact on the environment and community, an important benefit for the company by inspiring the organisational culture and the goodwill being a responsible employer, and also an involved social partner, promotor of a transparent and open relationship. This is positively reflected in Romgaz image, domestically and internationally, both for investors, government and local authorities, and for other stakeholders.

When supporting/performing projects, actions, social responsibility initiatives, Romgaz took into consideration the provisions of 2022 Sponsorship Policy and Sponsorship Guide published on the company’s website at Social Responsibility. (<https://www.romgaz.ro/en/content/social-responsibility-0>).

Remuneration Policy and Criteria of the Executive and Non-Executive Members of the Board of Directors and of Managers

Legal Framework

Remuneration policy and criteria of executive and non-executive members of the Board of Directors are based on the following norms:

- Law No. 31/1990 on trading companies, as subsequently amended and supplemented;
- GEO No. 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented, approved by Law No.111/2016;
- Company’s Articles of Incorporation approved by the Extraordinary General Meeting of Shareholders No. 9/October 28, 2016 and No. 4/August 9, 2017 (latest update of the Articles of Incorporation);
- SNGN Romgaz SA Remuneration Policy, endorsed by the Board of Directors by Resolution No. 20 of March 28, 2022 and approved by the OGMS by Resolution No. 3 of April 28, 2022;
- Resolution No. 7/ September 9, 2021 of the Ordinary General Meeting of Shareholders whereby the shareholders appoint the interim Board of Directors members for a 4-month term from September 13 2021 to January 13,2021, approve the form of the mandate contract and establish the fixed gross monthly allowance;
- Board of Directors Resolution No. 67/ November 2, 2021 appointing Romgaz CEO for a 4-month term from December 15, 2021 until April 15 2022, and signing the mandate contract and the fixed gross monthly allowance;
- Board of Directors Resolution No. 68/ November 2, 2021 appointing Romgaz CFO for a 4-month term from December 16, 2021 until April 16 2022, and signing the mandate contract and the fixed gross monthly allowance;
- Resolution No. 1/ January 6, 2022 of the Ordinary General Meeting of Shareholders whereby the shareholders approve a 2-month extension of BoD members mandate term starting with the mandate expiration date, and the form of addendum to the mandate contract;
- Resolution No. 2/ February 28, 2022 of the Ordinary General Meeting of Shareholders whereby the shareholders appoint BoD interim members for a 4-month term from March 14, 2022, establish the fixed gross monthly allowance and approve the form of the mandate contract;
- Board of Directors Resolution No. 17/ March 22, 2022 appointing Romgaz CEO for a 4-month term from April 16, 2022 until August 16, 2022 and establishing the fixed gross monthly allowance;
- Board of Directors Resolution No. 18/ March 22, 2022 appointing Romgaz CFO for a 4-month term from April 17, 2022 until August 17, 2022 and establishing the fixed gross monthly allowance;
- Board of Directors Resolution No. 33/ May 25, 2022 approving the mandate contract for the CEO and the CFO;

- Board of Directors Resolution No. 34/ May 22, 2022 appointing a new interim Romgaz board member starting with May 25, 2022 until the date of the first Ordinary General Meeting of Shareholders;
- Board of Directors Resolution No. 36/ June 17, 2022 approving the mandate contract for the interim board member;
- Resolution No.6/ July 8, 2022 of the Ordinary General Meeting of Shareholders whereby the shareholders appoint BoD interim members, establish the mandate term, the fixed gross allowance, the form of mandate contract, and approve the 2-month extension of mandate term from the date of expiration for the interim board members appointed by Ordinary General Meeting of Shareholders No. 2/February 28, 2022, and the form of addendum to the mandate contract;
- Board of Directors Resolution No. 57/ August 12, 2022 appointing Romgaz CEO, Deputy CEO and CFO for a 4-month term from August 17, 2022 until December 17, 2022, and approving the monthly gross fixed allowance;
- Board of Directors Resolution No. 60/ August 31, 2022 approving the mandate contract of the CEO;
- Board of Directors Resolution No. 61/ August 31, 2022 approving the mandate contract of the Deputy CEO;
- Board of Directors Resolution No. 62/ August 31, 2022 approving the mandate contract of the CFO;
- Resolution No.7/ September 13, 2022 of the Ordinary General Meeting of Shareholders whereby the shareholders appoint BoD interim members, establish the 4-month mandate term from September 15/2022 until January 15, 2023, the gross monthly allowance and the form of mandate contract;
- Board of Directors Resolution No. 78/ November 23, 2022 appointing the CEO and Deputy CEO for a 4-month term from December 18, 2022 until April 18, 2023, and approving the monthly gross fixed allowance;
- Board of Directors Resolution No. 85/ December 20, 2022 approving the mandate contract of the CEO and Deputy CEO, appointing Romgaz CFO for a 4-month term from December 20, 2022 until April 20, 2023, and approving the monthly gross fixed allowance;
- Board of Directors Resolution No. 90/ December 29, 2022 approving the mandate contract of the CFO;

For compliance with the requirements of BVB Code of Corporate Governance, GEO No. 109/2011 and Law No.24/2017 on issuers of financial instruments and market operations as amended and supplemented by Law No. 158/2020, the Policy on Remuneration was revised and approved by the Ordinary General Meeting of Shareholders by Resolution No. 3/April 28, 2022.

Structure of the remuneration granted to non-executive members of the Board of Directors

The fixed monthly remuneration was established in accordance with the applicable legal provisions (detailed in 2022 Annual Report on Remuneration and Other Benefits Granted to Members of the Board and Managers of SNGN Romgaz SA) and provided in the Director Agreement of each board member, as approved by the applicable GMS resolutions.

The fixed monthly remuneration for 2022 was established at a gross monthly allowance equal to twice the average of the gross monthly average salary over the last 12 months for the activity carried out pursuant to the company's main business, at the level of class of activity, in accordance with the classification of activities in the national economy, as communicated by the National Institute of Statistics prior to appointment.

The variable remuneration will be established and granted depending on the achievement of the objectives included in the governance plan and of the financial and non-financial performance indicators approved by the General Meeting of Shareholders. The variable component as well as the conditions to revise the objectives and performance indicators will be subject to an addendum to the director agreement.

Director agreements do not include key financial and non-financial performance indicators, therefore members of the Board of Directors do not benefit from a variable allowance.

The structure of the remuneration granted to the executive members of the Board of Directors, namely the Chief Executive Officer/Deputy Chief Executive Officer

The Interim Chief Executive Officer/Deputy Chief Executive Officer, who is also an executive member of the Board of Directors, concluded a director agreement as member of the Board of Directors and a mandate

contract as Chief Executive Officer/Deputy Chief Executive Officer. The Chief Executive Officer/ Deputy Chief Executive Officer was strictly entitled to receive remuneration pursuant to the mandate contract.

The structure of remuneration granted to managers

The fixed monthly remuneration, was granted under the applicable legal provisions (detailed in the 2022 Annual Report on the Remuneration and Other Benefits Granted to Members of the Board and Managers of SNGN Romgaz SA), being provided in the contract of mandate concluded with each manager and approved by Board resolutions.

The fixed monthly remuneration for 2022 was set at a gross monthly allowance of up to 6 times the average of the gross monthly average salary over the last 12 months for the work carried out in accordance with the company's main business as communicated by the National Institute of Statistics prior to appointment. The fixed allowance is updated at the beginning of each year based on the data provided by the National Institute of Statistics. In 2022, the Chief Executive Officer and the Deputy Chief Executive Officer had a fixed monthly remuneration of 6 times the average, for the interim Chief Financial Officer the fixed monthly remuneration was set to 6 respectively 5 times this average.

The variable remuneration established depending on the fulfilment of objectives and of approved financial and non-financial performance indicators will be reflected in an addendum to the mandate contract. In 2022, the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer did not benefit from a variable remuneration.

NON-FINANCIAL STATEMENT

Romgaz prepares a *separate report* for 2022 financial year, that will be public on the company's website by the end of June 2023, according to the Order of the Ministry of Public Finance No. 2844/2016¹⁸ (chapter 7, item 42, paragraph (1)).

¹⁸ Order of the Ministry of Public Finances no.2844 of December 12, 2016 on approving Accounting Regulations compliant with the International Financial Reporting Standards.

IX. Performance of director agreements and mandate contracts

Mandate Contracts of Board Members

In 2022, Romgaz Board members performed their activity based on mandate contracts approved in terms of form and content by the General Meeting of Shareholders.

Until completion of selection process initiated by Resolution No. 9/October 27, 2021 of the Ordinary General Meeting of Shareholders the Board members' mandates are interim with an initial term of 4 months and a maximal term of 6 months, following their extension. The interim Board members' contracts do not include performance indicators and criteria.

By Resolution No. 7/ September 9, 2021 of the Ordinary General Meeting of Shareholders the shareholders appoint the interim Board of Directors members for a 4-month term from September 13, 2021 to January 13, 2022, establish the fixed gross allowance and approve the form of the mandate contract.

By Resolution No. 1/ January 6, 2022 of the Ordinary General Meeting of Shareholders the shareholders approve a 2-month extension of BoD members mandate term starting with the mandate expiration date, and the form of addendum to the mandate contract.

By Resolution No. 2/ February 28, 2022 of the Ordinary General Meeting of Shareholders the shareholders appoint BoD interim members for a 4-month term from March 14, 2022, establish their fixed gross allowance and approve the form of the mandate contract.

By Board of Directors Resolution No. 34/ May 22, 2022 the Board appoints a new interim board member starting with May 25, 2022 until the date of the first Ordinary General Meeting of Shareholders;

By Board of Directors Resolution No. 36/ June 17, 2022 the Board of Directors approves the mandate contract for the interim board member appointed by the Board.

By Resolution No.6/ July 8, 2022, the Ordinary General Meeting of Shareholders appoints one BoD interim member, starting with July 9, 2022 until September 14, 2022, establishes the mandate term, the monthly gross allowance, and the form of mandate contract, approves the 2-month extension of mandate term from the date of expiration for the interim board members appointed by Ordinary General Meeting of Shareholders Resolution No. 2/February 28, 2022, and the form of addendum to the mandate contract regarding the extension.

By Resolution No.7/ September 13, 2022, the Ordinary General Meeting of Shareholders appoints BoD interim members, for a 4-month mandate term from September 15/2022 until January 15, 2023, establishes the gross monthly allowance and the form of mandate contract.

The director agreement does not include key financial and non-financial performance indicators, therefore the board members do not benefit from the variable component.

Mandate Contracts of Managers

During the reporting period, the Chief Executive Officer, Deputy Chief Executive Officer and for the Chief Financial Officer performed their activity based on mandate contracts approved in terms of form and content by the Board of Directors.

During the reporting period, Romgaz managers' mandates were interim having a maximum term of 6 months per mandate contract.

By Resolution No. 67, Romgaz Board of Directors convened on November 2, 2021, appoints Mr. Jude Aristotel Marius as Romgaz CEO starting with December 15, 2021 for a 4-month term interim mandate, establishes the fixed gross monthly allowance and approves the signing of the mandate contract in the form previously approved by the Board of Directors for the mandate ending on December 14, 2021.

By Resolution No. 68, Romgaz Board of Directors convened on November 2, 2021, appoints Mr. Popescu Razvan as Romgaz CFO starting with December 16, 2021 until April 16, 2022 for a 4-month term interim mandate, establishes the fixed gross monthly allowance and approves the signing of the mandate contract in the form previously approved by the Board of Directors for the mandate ending on December 14, 2021.

By Resolution No. 17, Romgaz Board of Directors convened on March 22, 2022, appoints Mr. Jude Aristotel Marius as Romgaz CEO starting with April 16, 2022 until August 16, 2022 for a 4-month term interim mandate, and establishes the fixed gross monthly allowance.

By Resolution No. 18, Romgaz Board of Directors convened on March 22, 2022, appoints Mr. Popescu Razvan as Romgaz CFO starting with April 17, 2022 until August 17, 2022 for a 4-month term interim mandate, and establishes the fixed gross monthly allowance.

By Resolution No. 33/ May 25, 2022, the Board of Directors approves the mandate contract for the CEO and the CFO.

By Resolution No. 57/ August 12, 2022, the Board of Directors appoints Mr. Popescu Razvan as Romgaz CEO, Mr. Jude Aristotel Marius as Romgaz Deputy CEO and Mr. Bobar Andrei as Romgaz CFO for a 4-month term from August 17, 2022 until December 17, 2022, and establishes the monthly gross fixed allowance.

By Resolution No. 60/ August 31, 2022, the Board of Directors approves the mandate contract of the CEO.

By Resolution No. 61/ August 31, 2022, the Board of Directors approves the mandate contract of the Deputy CEO.

By Resolution No. 62/ August 31, 2022, the Board of Directors approves the mandate contract of the CFO.

By Resolution No. 78/ November 23, 2022 the Board of Directors appoints Mr. Popescu Razvan as Romgaz CEO and Mr. Jude Aristotel Marius as Romgaz Deputy CEO for a 4-month term from December 18, 2022 until April 18, 2023, and approves their monthly gross fixed allowance.

By Resolution No. 85/ December 20, 2022, the Board of Directors approves the mandate contract of the CEO and Deputy CEO, appoints Mrs. Tranbitas Gabriela as Romgaz CFO for a 4-month term from December 20, 2022 until April 20, 2023, and approves the monthly gross fixed allowance.

By Resolution No. 90/ December 29, 2022, the Board of Directors approves the mandate contract of the CFO.

The mandate contracts concluded with the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer, respectively, do not include performance indicators and criteria.

Signatures:

Chairman of the Board of Directors,

DAN DRAGOȘ DRĂGAN

Chief Executive Officer,

RĂZVAN POPESCU

Chief Financial Officer,

GABRIELA TRÂNBÎȚAȘ

Table on compliance with BVB Code of Corporate Governance

BVB CGC Provisions		Compliance	Noncompliance / Partial compliance	Reason for noncompliance/ Explanation on compliance
1		2	3	4
A.1	All companies should have in place Regulations of the Board of Directors to include the terms of reference / the responsibilities of the Board and the company's key management positions, and which apply, among others, the General Principles in section A.	x		
A.2	The BoD Regulations shall include provisions for the management of conflict of interest. The members of the Board should notify the Board on any conflicts of interest which have arisen or may arise and should refrain from taking part in the discussion (including by absence, except where such absence prevents quorum to be attained) and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	x		
A.3	The BoD should comprise at least five members.	x		
A.4	The majority of the BoD members should be non-executive. The number of independent non-executive BoD members shall not be less than two. Each independent BoD member shall submit a statement upon his/her nomination for election or re-election, as well as whenever a change in his/her status occurs, indicating the elements on which he/she is deemed independent in terms of his/her character and his/her judgment.	x		As of March 14, 2022 (OGMS Resolution No. 2/ February 28, 2022), two non-executive BoD members are independent.
A.5	A BoD member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and non-profit organizations, shall be disclosed to shareholders and to potential investors prior to his/her nomination and during his/her mandate.	x		
A.6	Any BoD member shall submit to the Board information on any relationship with a shareholder who holds, directly or indirectly, shares representing more than 5% of all voting rights. This also applies to any relationship which may affect the member's position on matters decided by the Board.	x		
A.7	The company shall appoint a Board secretary responsible for supporting the work of the BoD.	x		
A.8	The Corporate Governance Statement shall inform on whether an evaluation of the Board has taken place under the leadership of the chairperson or the nomination committee and, if so, it shall summarize key action points and changes resulting from it.	x		The Corporate Governance Statement informs on the 2022 BoD evaluation.

BVB CGC Provisions		Compliance	Noncompliance / Partial compliance	Reason for noncompliance/ Explanation on compliance
1		2	3	4
	The company should have a policy/ guidelines on the BoD evaluation, containing the purpose, criteria and frequency of the evaluation process.			
A.9	The Corporate Governance Statement shall contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (personally and in their absence) and a report of the Board and committees on their activities.	x		
A.10	The Corporate Governance Statement shall contain information on the precise number of the independent members of the Board of Directors.	x		
A.11	The BoD shall set up a nomination committee comprised of non-executives, which will lead the nomination process for new Board members and make recommendations to the Board. The majority of the members of the nomination committee shall be independent.	x		As of March 14, 2022 (BoD Resolution No. 13/2022), two non-executive members of the Nomination and Remuneration Committee are independent.
B.1	The Board shall set up an Audit Committee, and at least one member should be an independent non-executive. The Audit Committee shall comprised at least three members and the majority shall be independent. The majority of members, including the chairperson, shall have proven an adequate qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have a proven and appropriate auditing and/or accounting experience.	x		As of March 14, 2022 (BoD Resolution No. 13/2022), two non-executive members of the Audit Committee are independent.
B.2	The Chairperson of the Audit Committee shall be an independent non-executive member.	x		
B.3	Among its responsibilities, the Audit Committee shall perform an annual assessment of the internal control system.	x		
B.4	The assessment mentioned in section B.3 shall consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports submitted to the BoD Audit Committee, the executive management's responsiveness and effectiveness in dealing with the failures and weak points identified during the internal control, and submission of relevant reports to the Board.	x		

BVB CGC Provisions		Compliance	Noncompliance / Partial compliance	Reason for noncompliance/ Explanation on compliance
1	2	3	4	
B.5	The Audit Committee shall review conflicts of interests in connection with related party transactions of the company and its subsidiaries.		x partially	<p>This provision is already mentioned in Article 8, par. 2 of Romgaz CCG.</p> <p>The Audit Committee Rules approved by the BoD in the meeting of May 14, 2018, revised and approved on October 10, 2022, includes provisions on such obligation.</p> <p>Moreover, a <i>Policy on related party transactions</i> was developed by Romgaz, and it obtained BoD approval on March 20, 2019.</p> <p>Following approval it was published on the company's website.</p>
B.6	The Audit Committee shall evaluate the effectiveness of the internal control system and the risk management system	x		
B.7	The Audit Committee shall monitor the application of statutory and generally accepted standards of internal auditing. The reports of the internal audit team shall be submitted to the Audit Committee, which shall evaluate such reports.	x		
B.8	The Audit Committee shall report periodically (at least annually) or adhoc to the BoD with regard to the reports or analyses undertaken by the committee.	x		
B.9	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	x		
B.10	The BoD shall adopt a policy ensuring that any transaction of the company with any of the companies in close relationship amounting to at least 5% of the company's net assets (as stated in the latest financial report) is approved by the Board, based on a mandatory opinion of the Audit Committee, and it is fairly disclosed to the shareholders and potential investors, to the extent such transactions are events which are subject to reporting requirements.	x		
B.11	The internal audits shall be carried out by a separate structural division (internal audit department) within the company or by hiring an independent third-party entity.	x		

BVB CGC Provisions		Compliance	Noncompliance / Partial compliance	Reason for noncompliance/ Explanation on compliance
1		2	3	4
B.12	The Internal Audit Department shall functionally report to the BoD via the Audit Committee. For administration purposes and as part of the management obligations to monitor and mitigate risks, the Internal Audit Department shall report directly to the Director General.	x		
C.1	<p>The company shall publish the Remuneration Policy on its website. The Remuneration Policy should be formulated so as to allow the shareholders to understand the principles and arguments underlying the remuneration of the BoD members and the General Director. Any significant change occurred in the Remuneration Policy shall be posted in due time on the company's website.</p> <p>The company shall include in its Annual Report a statement on the implementation of the Remuneration Policy during the annual period under review.</p> <p>The Report on Remuneration shall present the implementation of the Remuneration Policy for persons identified in such Policy during the annual period under review.</p>	x		
D.1	<p>The company shall establish an Investors Relation Department - indicating to the public the responsible person/persons or the organizational unit.</p> <p>Besides the information required by the legal provisions, the company shall also include on its website a dedicated Investor Relations section, both in Romanian and English, with all the relevant information of interest for investors, including:</p>	x		
D.1.1	Main corporate regulations: the Articles of Incorporation, procedures on general meeting of shareholders;		x partially	Items on organizing the GMS are presented to shareholders at each meeting.
D.1.2	Professional CVs of the members of the company's governing bodies, other professional commitments of BoD members, including executive and non-executive Board positions in companies and non-profit organizations.	x		
D.1.3	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least those specified at item D.8 - including current reports with detailed information on non-compliance with the Bucharest Stock Exchange Code of Corporate Governance;	x		
D.1.4	Information related to GMS: the agenda and supporting materials; the Board of Directors election procedure; the arguments in support of the proposal of candidates to the Board of Directors together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including decisions taken;	x		

BVB CGC Provisions		Compliance	Noncompliance / Partial compliance	Reason for noncompliance/ Explanation on compliance
1		2	3	4
D.1.5	<p>Information on corporate events (such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder) including the deadlines and principles applicable to such operations.</p> <p>Such information shall be published within due course of time so as to allow investors to take investment decisions;</p>	x		
D.1.6	The names and contact data of the persons who should be able to provide knowledgeable information upon request;	x		
D.1.7	Corporate presentations (e.g. presentations for investors, presentations on quarterly results, etc.), financial statements (quarterly, semi-annual, annual), audit reports and annual reports.	x		
D.2	<p>The company shall have a policy for the annual distribution of dividends or other benefits to shareholders, proposed by the Director General and adopted by the BoD as the company's Guideline on net profit distribution.</p> <p>The principles of the policy on annual distribution of dividends to shareholders shall be published on the company's website.</p>	x		
D.3	The company shall adopt a policy with respect to forecasts, whether or not made public. The Policy on forecasts shall determine the frequency, period and content of the forecasts and shall be published on the company's website.	x		
D.4	GMS rules should not restrict the participation of shareholders in general meetings and should not limit the exercise of their rights. The modification of rules shall become effective no sooner than the next shareholders' meeting.	x		
D.5	The external auditors shall attend those shareholders' meetings where their reports are presented.	x		
D.6	The BoD shall submit to the GMS a brief assessment of the internal control and significant risk management systems, as well as opinions on matters to be submitted to the GMS for decision.	x		
D.7	<p>Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the BoD.</p> <p>Accredited journalists may also attend the GMS, unless the Chairperson of the Board decides otherwise.</p>	x		

BVB CGC Provisions		Compliance	Noncompliance / Partial compliance	Reason for noncompliance/ Explanation on compliance
1		2	3	4
D.8	The quarterly and semi-annual financial reports shall include, in the Romanian and English languages, information on the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, on a quarter-on-quarter and year-on-year basis.	x		
D.9	The company shall organize meetings/conference calls with analysts and investors at least twice a year. Information presented on such occasions shall be published on the company's website in the Investors Relation section at the date of the meetings/teleconferences.	x		
D.10	If the company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers that their resulting impact on the innovativeness and competitiveness of the company is part of its business mission and development strategy, the company shall publish the policy guiding its activity in such field.	x		

Abbreviations:

GMS	= General Meeting of Shareholders
BVB	= Bucharest Stock Exchange
BoD	= Board of Directors
CCG	= Code of Corporate Governance
ROMGAZ CCG	= Code of Corporate Governance of S.N.G.N. ROMGAZ S.A., as approved on January 28, 2016
CV	= Curriculum Vitae
ToR	= Terms of Reference