



ROMGAZ

Consolidated Board of
Directors' Report
2023

romgaz.ro

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I. 2023 ROMGAZ GROUP OVERVIEW

1.1. Romgaz Group in Figures

Romgaz Group¹ recorded in 2023 a **revenue** of RON 9,001.87 million, down by 32.62%, namely RON 4,357.77 million, as compared to 2022 revenue (RON 13,359.65 million).

Net profit of RON 2,812.10 million, higher by RON 265.39 million than the net profit recorded in 2022 (+10.42%).

Romgaz Group performances for the year ended December 31, 2023, were mainly influenced by the following factors:

- ✓ **Total revenue** is lower in 2023 by RON 4,295.4 million, recording a drop of 31.45% due to the following factors:
 - decrease of revenues from natural gas sales (RON 7,766.97 million in 2023 as compared to RON 11,306.97 million in the previous year); the obligation enforced by GEO No. 27/2022 had a significant impact that led to the drop of 31.31% of revenues from gas sales, therefore Romgaz sold most of production at the regulated price of RON 150/MWh (86.43% of deliveries);
 - electricity revenues also dropped (RON 406.98 million in 2023 as compared to RON 1,330.61 million in the previous year). According to GEO No.27/2022, as of 2023, Romgaz sold almost all electricity production at RON 450/MWh;
 - revenue from underground storage activities increased by 17.66% (RON 552.19 million in 2023, as compared to RON 469.33 million in 2022), mainly due to the increase of capacities booked by clients for underground gas storage;
- ✓ **Total expenses** decreased by 54.77% as compared to last year, mainly due to the decrease of windfall tax on revenues from natural gas (RON -4,014.05 million) and royalty expenses (RON -1,039.56 million). The Group recorded in January-December 2022 expenses of RON 403.80 million with the windfall tax on electricity sales, which became subsequently a contribution to the energy transition fund; taking into account that 90% electricity was sold at 450 RON/MWh, this contribution is insignificant for the reviewed period;
- ✓ **Increase of the consolidated gross profit** by 21.98% as compared to the similar period of the previous year was offset by the profit tax. Profit tax includes the solidarity contribution introduced at the end of 2022, for 2022-2023. In 2023, the expense recorded with this contribution is RON 1,687.37 million, an increase by RON 684.58 million as compared to the previous year;

Achieved **net consolidated profit margins** (31.24%), **consolidated EBIT** (54.41%) and **EBITDA** (59.70%) strengthened as compared to 2022 (19.06%; 29.81% and 33.93% respectively). The increase is due to lower royalty expenses (RON 600.52 million in 2023 as compared to RON 1,640.08 million in 2022) and to lower expense with the windfall tax from gas sales (RON 889.80 million in 2023 as compared to RON 4,903.85 million in 2022), as a result of enforcing provisions of GEO No. 27/2022. According to this ordinance, natural gas quantities sold at RON 150/MWh are exempted from payment of windfall tax, and royalty is calculated and paid at this price, and not at the reference price communicated monthly by the National Agency for Mineral Resources.

Net profit per share rose by 10.42% as compared to the previous year, reaching RON 7.30.

Investments made by Romgaz Group in 2023 amounted to RON 1,214.15 million.

As regards quantities, Romgaz Group **natural gas sales** (including gas acquired for resale) decreased in 2023 by 4.57%.

Natural gas consumption in Romania for 2023 recorded a decrease of roughly 6.52%, from 109.50 TWh to 102.45 TWh, according to company's estimations and ANRE² reports.

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 (former ExxonMobil Exploration and Production Romania Limited), both owned 100% by Romgaz.

² Consumption and market share is estimated as, at the date hereof, ANRE did not publish the report on the natural gas market for December 2023.

Natural gas production reached in 2023, a volume of 4,788.5 million m³, namely a 3.00% decline related to 2022 production.

According to estimates, this production ensured Romgaz a **market share** of approx. 50% of deliveries in the total consumption of Romania, increasing by 1% as compared to 2022.

In 2023, Romgaz **electricity production** was 962.6 GW, by 13.32% lower as compared to the production of 2022. 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** is 1.72%.

Operational results

The table below shows a summary of the main indicators related to production (gas, condensate, electricity), royalty and storage services:

Q4 2022	Q3 2023	Q4 2023	Δ Q4 (%)	Main indicators	2022	2023	Δ'23/'22 (%)
1,248.5	1,131.7	1,273.5	2.0	Gas production (million m3)	4,935.9	4,788.5	-3.0
5,240	5,544	6,232	18.9	Condensate production (tons)	20,878	22,715	8.8
89	79.2	103.4	16.2	Petroleum royalty (million m3)	348	349.7	0.5
271.0	143.9	321.1	18.5	Electricity production (GWh)	1,110.5	962.6	-13.3
620.1	3.2	582.2	-6.1	Invoiced UGS withdrawal services (million m3)	1,722.5	1,742.8	1.2
483.3	841.5	204.2	-57.7	Invoiced UGS injection services (million m3)	2,450.2	1,905.5	-22.2

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

Item No.	Specifications	2021	2022	2023	Ratios
0	1	2	3	4	5=4/3x100
1.	Gross gas production	5,028.5	4,935.9	4,788.5	97.0%
2.	Technological consumption	69.9	73.6	71.6	97.3%
3.	Net internal gas production (1.-2.)	4,958.6	4,862.3	4,716.9	97.0%
4.	Internal gas volumes injected in storages	487.9	84.6	93.3	110.3%
5.	Internal gas volumes withdrawn from storages	422.2	283.9	144.5	50.9%
5.1.	Gas sold in storage	0.0	0.0	22.7	
6.	Differences resulting from GCV	8.6	2.7	2.5	92.6%
7.	Volumes supplied from internal production (3.-4.+5.+5.1.-6.)	4,884.3	5,058.9	4,788.3	94.7%
8.1.	Gas supplied to CTE Iernut and Cojocna from Romgaz gas	192.5	338.8	286.5	84.6%
8.2.	Self-supplied gas			0.5	
9.	Gas supplied from internal production to the market (7.-8.1.-8.2)	4,691.8	4,720.1	4,501.3	95.4%
10.	Gas from partnerships - total, out of which:	35.4	19.3	15.3	79.3%
	Amromco (50%)*	35.4	19.3	15.3	79.3%
11.	Purchased internal gas volumes (including commodity gas and imbalances)	239.5	1.9	8.0	421.1%
12.	Sold internal gas volumes (9.+10.+11.)	4,966.7	4,741.3	4,524.6	95.4%
13.	Supplied internal gas volumes (8.1.+8.2.+12.)	5,159.2	5,080.1	4,811.6	94.7%
14.	Supplied internal gas volumes	0.0	0.0	0.0	
15.	Gas supplied to CTE Iernut and Cojocna from other sources (including imbalances)	8.4	0.1	0.4	400.0%
16.	Total gas supplied (13.+14.+15.)	5,167.6	5,080.2	4,812.0	94.7%

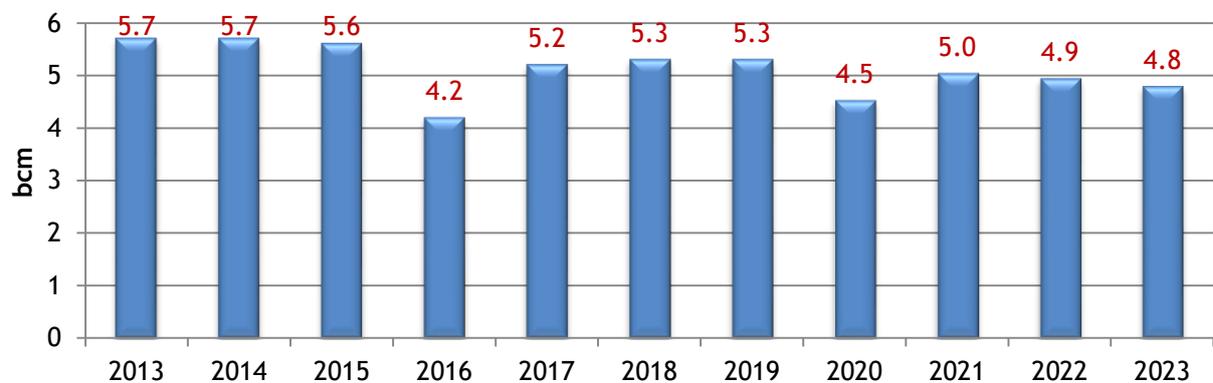
Item No.	Specifications	2021	2022	2023	Ratios
0	1	2	3	4	5=4/3x100
*	Invoiced UGS withdrawal services - represent gas quantities for withdrawal services invoiced by Depogaz	2,109.2	1,722.5	1,742.8	101.2%
*	Invoiced UGS injection services - represent gas quantities for injection services invoiced by Depogaz	1,821.9	2,450.2	1,905.5	77.8%

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

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

2023 production 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.

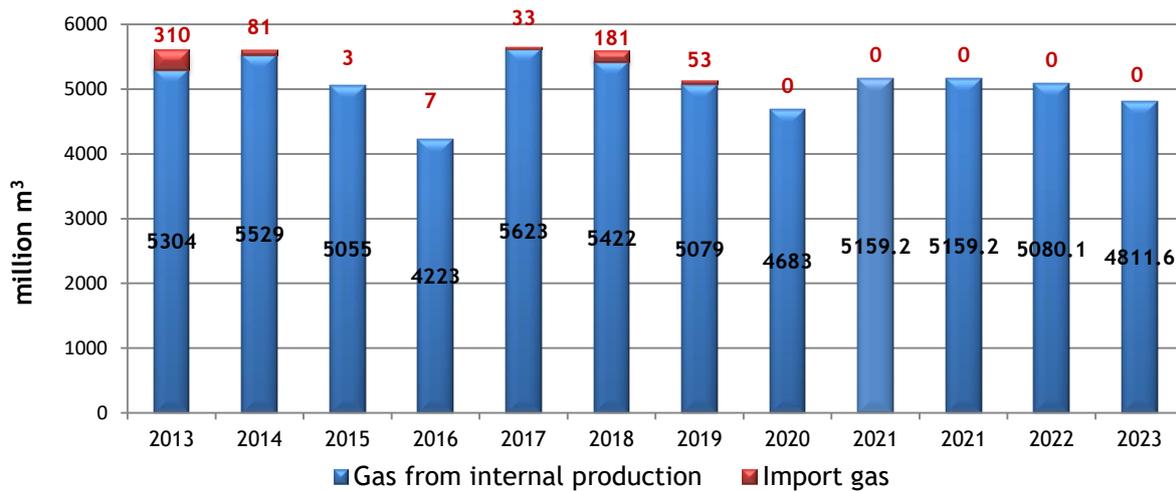
Evolution of natural gas production between 2013-2023 is shown below:



The table below shows the *quarterly electricity production* for 2023, as compared to 2022:

	MWh		
	2022	2023	Variation (%)
1	2	3	4=(3-2)/2x100
1 st Quarter	345,337	323,037	-6.46
2 nd Quarter	199,323	174,542	-12.43
3 rd Quarter	294,806	143,887	-54.24
4 th Quarter	270,991	321,132	18.50
Year total	1,110,456	962,598	-13.32

Romgaz is one of the largest gas suppliers in Romania. The evolution of gas supplies³ between 2013-2023 is shown below:



Relevant Consolidated Financial Results

(RON million, if not stated otherwise)

Q4 2022	Q3 2023	Q4 2023	Δ Q4 (%)	Main indicators	2022	2023	Δ '23/'22 (%)
2,547.1	1,913.0	2,191.6	-13.96	Revenue	13,359.7	9,001.9	-32.62
2,604.3	2,065.7	2,171.4	-16.62	Income	13,658.1	9,362.7	-31.45
1,120.5	1,025.3	1,153.3	2.93	Expenses	9,506.2	4,300.1	-54.77
0.7	1.7	1.6	128.57	Share of profit of associates	2.4	4.9	104.17
1,484.5	1,042.1	1,019.6	-31.32	Gross profit	4,154.2	5,067.5	21.98
1,175.6	559.0	376.2	-68.00	Income tax expense	1,607.5	2,255.4	40.30
308.9	483.1	643.4	108.29	Net profit	2,546.7	2,812.1	10.42
1,457.2	1,007.7	991.4	-31.97	EBIT	3,982.3	4,897.6	22.98
1,637.3	1,114.9	1,099.7	-32.83	EBITDA	4,532.4	5,374.2	18.57
0.80	1.3	1.7	108.29	Earnings per share EPS (RON)	6.6	7.3	10.61
12.13	25.25	29.36	142.04	Net profit ratio (% from Revenue)	19.06	31.24	63.90
57.21	52.68	45.23	-20.94	EBIT Ratio (% from Revenue)	29.81	54.41	82.52
64.28	58.28	50.18	-21.94	EBITDA Ratio (% from Revenue)	33.93	59.70	75.95
5,971	5,951	5,980	0.15	Number of employees at the end of the period	5,971	5,980	0.15

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

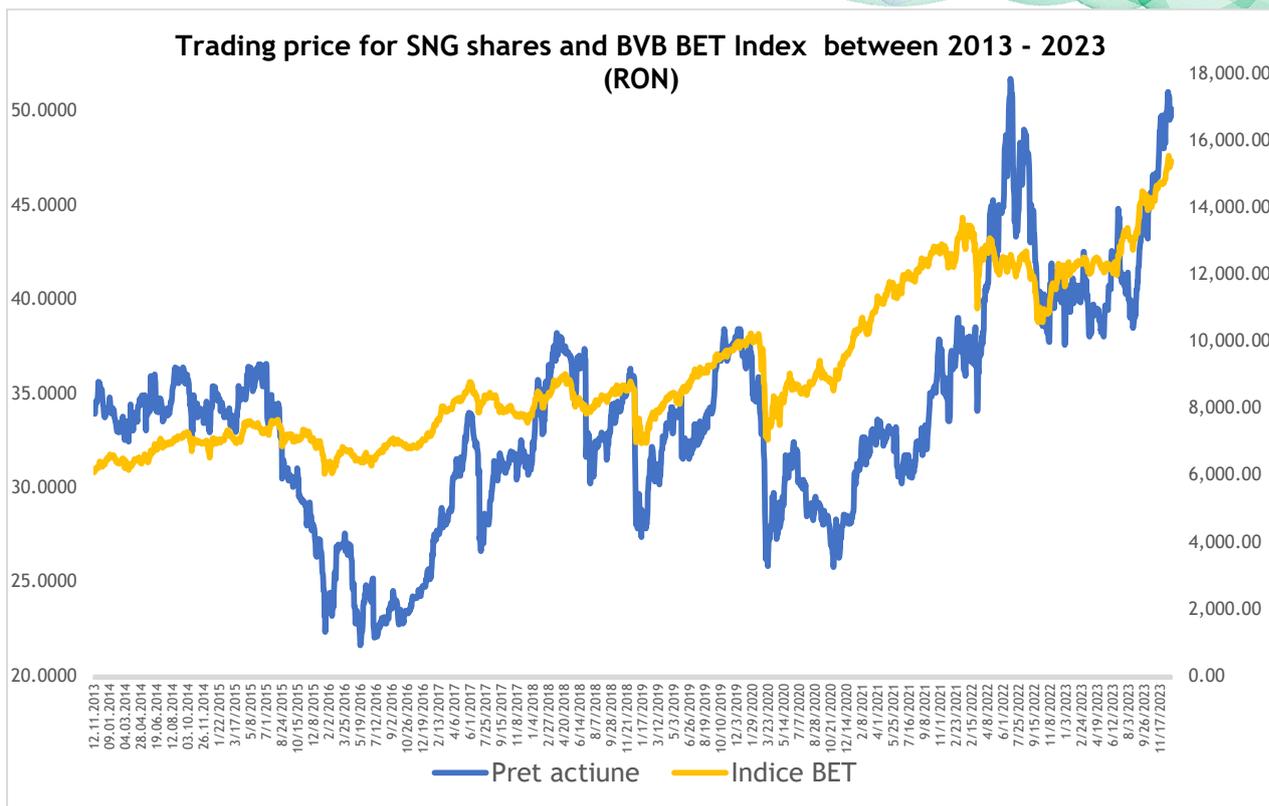
Romgaz on the Stock Exchange

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 on the main market for financial instruments traded on LSE (London Stock Exchange) as Global Depository Receipts (GDR) issued by the Bank of New York Mellon - under the symbol "SNGR".

Romgaz is considered an attractive company for investors as regards dividends paid to shareholders, stability and development perspectives, such being reflected in the evolution of Romgaz securities prices in the reviewed period.

Performance of Romgaz shares compared to the evolution of BET index (Bucharest Exchange Trading) from listing to December 31, 2023 is shown below:

³ Include gas from internal production, including gas supplied to CTE Iernut and Cojocna.



1.2. Significant Events

January 12, 2023

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

February 3, 2023

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

March 14, 2023

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

- Dragan Dan Dragos
- Jude Aristotel Marius
- Nut Marius-Gabriel
- Brasla Razvan
- Sorici Gheorghe Silvian
- Balazs Botond
- Stoian Elena-Lorena.

March 16, 2023

Romgaz Black Sea Ltd. concluded the transmission framework agreement for transportation of natural gas to be produced from Neptun Deep through the National Transmission System (NTS). The transmission

framework agreement was signed with the national gas transmission operator, SNTGN Transgaz SA, following the successful completion of an incremental capacity booking process in compliance with procedures approved by the National Energy Regulatory Authority (ANRE).

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

March 20, 2023

By Resolution No. 28, the Board of Directors appoints Mr. Dragan Dan Dragos as chairman of the Board of Directors.

March 23, 2023

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

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

March 28, 2023

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

March 29, 2023

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

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

April 3, 2023

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

April 20, 2023

By Resolution No. 6, Company's shareholders:

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

May 15, 2023

By Resolution No.55, the Board of Directors:

- appoints Mr. Popescu Razvan, as Chief Executive Officer, for a 4-year term, starting with May 16, 2023 until May 16, 2027;

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

May 17, 2023

To implement the project PCI 6.20.7 - "Daily withdrawal capacity increase - Bilciuresti UGS" Depogaz signed the Grant Agreement - Project 101103289 - 6.20.7-RO-W-M-22-Bilciuresti UGS with the European Climate, Infrastructure and Environment Executive Agency (CINEA). The grant value is EUR 37,962,111.95. The project aims to increase the daily gas delivery capacity at Bilciuresti UGS from 14 million Sm³/day up to 20 million Sm³/day, together with an increase of storage capacity of 108 million Sm³/cycle. The total estimated investment value is EUR 123,657 thousand. Implementation of Bilciuresti project ensures a high degree of security of supply and market integration by increasing transmission flows and diversifying natural gas resources, both in Romania and in South-Eastern Europe, as well as by providing flexibility in natural gas network balancing operations and services, supporting renewable energy production.

May 18, 2023

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

June 20, 2023

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

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

June 21, 2023

Romgaz, through its subsidiary, Romgaz Black Sea Limited submits together with OMV Petrom SA (OMV Petrom) for confirmation to the National Agency for Mineral Resources, the Development Plan of two commercial fields in Neptun Deep Block.

June 30, 2023

Publication of Romgaz Group Sustainability Report for 2022.

July 24, 2023

In compliance with the Settlement Agreement No. 40924/03.04.2023, between Romgaz and Duro Felguera SA, the conditions precedent were fulfilled in order to settle the disputes between the parties and to create the conditions necessary to complete the remaining works at Iernut Power Plant.

July 27, 2023

The Ordinary General Meeting of Shareholders, approved by Resolution No.10 conclusion of a loan agreement between SNGN Romgaz SA (as lender) and Romgaz Black Sea Limited by Romgaz Black Sea Limited Nassau (Bahamas), Bucuresti Subsidiary (as borrower) in maximum amount of RON 2.1 billion (equivalent value of USD 454 million), to ensure the financing required by Romgaz Black Sea Limited for the period between the signing date of the loan agreement until May 2024. The interest rate shall be ROBOR 12 months + 1.74%.

The Extraordinary General Meeting of Shareholders approved by Resolution No.11 Romgaz withdrawal from the "Joint Operating Agreement referring to Bilca Gas Project Area from EIII-1 Brodina Block".

August 1, 2023

Iernut Electricity Production Branch issued the order related to the start of works for “*Development of CTE Iernut by building a new combined cycle gas turbine power plant*” and handed over the location to the Constructor Duro Felguera to start the works. The completion deadline is 16 months from the date of the works start order, with the possibility to extend the term, according to contractual provisions.

August 3, 2023

The development plan for Domino and Pelican Sud commercial fields was confirmed by the National Agency for Mineral Resources. This represents the starting point of the development stage, namely drilling works and building the infrastructure necessary for gas production and trading.

September 11, 2023

Romgaz Ordinary General Meeting of Shareholders approved by Resolution No.12:

- ✓ the financial and non-financial key performance indicators resulted from the Governance Plan;
- ✓ the annual variable component of non-executive board members remuneration;
- ✓ the maximum limit of remuneration for managers and/or executive board members (consisting of the monthly fixed allowance and the annual variable component).

October 18, 2023

S.N.G.N. Romgaz S.A. Board of Directors approves by Resolution No.94 to set up a new advisory committee of the Board of Directors, namely the *Risk Management Committee*, consisting of 3 members:

- Mr. Marius Gabriel NUT - president
- Mr. Botond BALAZS - member
- Mr. Razvan BRASLA - member

October 19, 2023

The Board of Directors approved by Resolution No. 93/18.10.2023, to set up the production branch Buzau - Caragele having as main business activity natural gas extraction. Buzau Branch was added on the company's organisational chart on the last days of last year, by Resolution No.1441/December 27, 2023. The branch was set up in 2024.

November 27, 2023

Company shareholders approve by Resolution No.15 correction of some errors of financial and non-financial performance indicators resulted from Romgaz Governance Plan.

December 12, 2023

Neptun Deep project records important progresses - **more than 80% of main infrastructure and drilling contracts were awarded** - progress recorded due to the commitments made, i.e. the award of contracts for the drilling rig and integrated drilling services, including the main contract for offshore infrastructure development concluded in August 2023 (estimated value of roughly EUR 1.6 billion, ROMGAZ BLACK SEA LIMITED interest share is 50%).

December 12, 2023

For the project “Daily withdrawal capacity increase - Bilciuresti UGS” with a total value of EUR 121,654 thousand, Depogaz Ploiesti contracted, besides the grant from the European Climate, Infrastructure and Environment Executive Agency and own sources, a bank financing in amount of EUR 50,000 thousand. The financing contract was signed with Banca Transilvania.

December 18, 2023

The Extraordinary General Meeting of Shareholders approves by Resolution No.17, the increase of S.N.G.N. Romgaz S.A. share capital with RON 3,468,801,600 by issuing 3,468,801,600 shares with a nominal value of RON 1/share, each shareholder registered on the registration day received 9 free shares for each share held. The total value of the share capital shall increase in 2024 from RON 385.422.400 to RON 3,854,224,000. The share capital was increased to support the current activity of the company.

December 27, 2023

Government Decision no. 1.118/November 16, 2023 amended Government Decision no. 1.096/2013, approving the mechanism for the transitional free allocation of greenhouse gas emission allowances to electricity producers for the period 2013 - 2020, including the National Investment Plan (NIP). By Government Decision no. 1.118/November 16, 2023, the following deadlines are extended: the completion and commissioning term of investments that received a grant from the National Investment Plan account - until December 31, 2024, the deadline for reimbursement - until June 30, 2025, as well as other related deadlines.

Therefore, the Ministry of Energy submitted Addendum No. 9 to the Financing Contract No.4/ December 7, 2017, for the investment "Combined cycle gas turbines" - Iernut, signed by both parties, registered at S.N.G.N. ROMGAZ S.A. on December 27, 2023. The scope of the addendum is to amend the contract term until December 31, 2024, for financing, as well as to amend the completion schedule of the investment provided by the contract.

The completion term of the investment, confirmed by its commissioning, shall not exceed December 31, 2024.

II. Parent Company at a Glance

2.1. Identification Data

Name: *Societatea Nationala 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

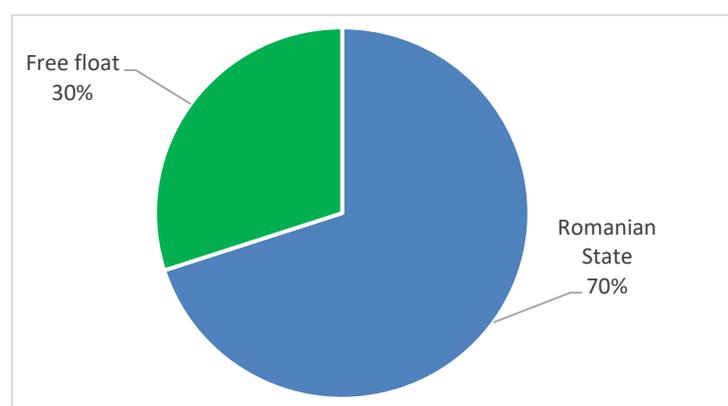
E-mail: secretariat@romgaz.ro

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

Shareholder Structure

On December 31, 2023, the shareholder structure was the following:

	Shares	%
Romanian State ⁴	269,823,080	70.0071
Free float - total, out of which:	115,599,320	29.9929
*legal persons ⁵	95,343,630	24.7374
*natural persons	20,255,690	5.2555
Total	385,422,400	100.0000



The company **did not perform transactions with own shares** in financial year 2023, and on December 31, 2023 it does not hold own shares.

⁴ The Romanian State through the Ministry of Energy

⁵ Including the Bank of New York Mellon, GDR's depository

2.2. Company Organization

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

- ✎ General Meeting of Shareholders
- ✎ Board of Directors
- ✎ Chief Executive Officer (with mandate), Deputy Chief Executive Officer (with mandate), Chief Financial Officer (with mandate)
- ✎ directors without contract of mandate
- ✎ heads of functional and operational departments subordinated to directors
- ✎ 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 directors 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 afore mentioned.

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 had on December 31, 2023, 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.

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

Subject to Directive 2009/73/EC concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, implemented in the Romanian laws by Law No. 123/2012 (Electricity and Gas Law), SNGN Romgaz SA as vertically integrated economic operator had the obligation to perform the legal and functional unbundling of the underground gas storage activity from the gas production and supply activity, at least as regards the legal status, organization and the decision making process.

To perform the legal unbundling of the storage activity, SNGN Romgaz SA approved to set up a new limited liability company, with Sole Associate, a subsidiary held 100% by SNGN Romgaz SA, namely SNGN ROMGAZ SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (hereinafter "Depogaz"). The subsidiary performs specific underground storage activities, independent from gas production and supply activities.

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

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.

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

Filiala Romgaz Black Sea Limited (RBS)

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

By Resolution No.9/September 22, 2022 of Romgaz Extraordinary General Meeting of Shareholders, EMEPR was renamed ROMGAZ BLACK SEA LIMITED (RBS).

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

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

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

The activity of the project is carried out through Romgaz Black Sea Limited Nassau (Bahamas) Bucharest branch. Currently, Neptun Deep block is in the development phase of commercial reservoirs, namely drilling works and building the infrastructure necessary for gas production and trading.

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 41-42%;
- 👉 ROACE equal to or higher than 12%.

Strategic options:

- ✓ We continue to develop the portfolio of resources focused on mitigating climate changes effects, centred on resilient hydrocarbons and on operational safety and reliability;

- ✓ 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;
- ✓ Create long-term relationships with equal profitability for both the market and social environment;
- ✓ Digital transformation of the company and supporting innovations to approach new customer interaction methods, to increase efficiency and to support new development directions;

Main objectives for the period 2023-2027, derived from the strategic objectives, are the following:

- Increase of hydrocarbon resources and reserves portfolio (onshore and offshore Black Sea):
 - Exploration-development-production activities in concessioned reservoirs;
 - Concession new blocks;
 - Acquire petroleum rights and obligations.
- Maximise the hydrocarbon reserves recovery factor under safety, reliability and sustainability conditions by:
 - Extending the exploitation term of mature gas reservoirs;
 - Reduce emissions and streamline surface facilities related to hydrocarbon reservoirs.

To maximise the gas reserves recovery factor, to obtain an annual production decline within controlled limits (maximum 2.5%/year), to obtain reserves replacement ratios of over 50% and to achieve annual production programs. Related to production activities, following measures and actions are foreseen, with implementation/achievement deadlines:

- Stream in production capacities at major onshore projects, provided in Romgaz Development Strategy 2021-2030;
- Perform well workover works;
- Investments in gas transmission, compression and dehydration:
 - Natural gas compression activities. Measures and actions for 2023-2027 provide for investments in new compressor stations in the most important commercial delivery-take over points, to ensure security of supply, installation of field compressors and procurement of compression services (rental of gathering compressors);
 - Natural gas dehydration activities. Measures and actions for 2023-2027 provide for investments in new gas dehydration stations for continuous assurance of natural gas quality requirements (compliance) at commercial gas delivery-take over points (National Transmission System) and investments in gas measurement systems/facilities for ensuring gas quality;
 - Natural gas transmission activities. For the period 2023-2027 several measures and actions are foreseen for the safe operation of natural gas pipelines that are part of the surface production infrastructure;
- Development, implementation and monitoring of a strategy for exploitation and optimisation of natural gas production capacities for the period 2023-2027 in order to maximise the recovery of reserves in technically and economically efficient conditions and monitoring the results of the implementation. The purpose of this strategy is to ensure the optimal and efficient framework for planning, execution and monitoring of all works necessary for the achieving the gas production which will ultimately lead to achieving the objective of maximizing natural gas reserves and maintaining an annual production decline of less than 2.5%;
- Continue mature gas reservoir rehabilitation projects.
- Consolidate the position on gas and energy supply markets/extend Romgaz activities nationally/take all opportunities for growth and diversification of activities, both nationally and regionally and to identify new opportunities;

- Permanently adapt the gas and electricity trading policy taking into account the internal and external context, to maximise the added value;
- Permanently adapt the energy trading business model, including by implementing partnerships;
- Adapt the electricity trading policy so as to ensure a significant portfolio of final household and non-household clients, in line with applicable laws;
- Develop the trading activity;
- Complete the investment in the new 430 MW power plant (CTE Iernut) and commission the plant to generate electricity;
- Economic efficiency of Romgaz activities;
- Produce sustainable energy - electricity and energy with low carbon dioxide emissions;
- Minimum 10% reduction of carbon, methane and other gas emissions;
 - Decarbonisation of exploration-production activities, by:
 - Using electric driven drilling rigs;
 - Reduce greenhouse gas emissions during well testing operations;
 - NOx emission management during exploration activities;
 - Implement a program to detect and reduce fugitive emissions within the management system, related to integrity of production equipment;
 - Reduce the execution time for developing production infrastructure to reduce energy consumption, and emissions respectively;
 - Use non-polluting closed discharge systems at well clusters;
 - Reduce emissions at compressors stations;
 - Reduce transportation of liquids resulted from production activities;
 - Reduce technological gas quantities, flared in a controlled manner, by implementing methane capture and recovery solutions;
 - Reduce emissions and making hydrocarbon surface facilities more efficient by upgrading facilities and equipment and finding solutions to capture methane;
 - Modernise of the existing car fleet and making it more efficient - the target is to have 80% of the car fleet to run on low emission fuels by 2030;
- Romgaz digitalisation:
 - Technology and digital support and improvement of exploration/production activities;
 - Improve the decision-making process and simplify the administrative process by digitalisation;
 - Digital integration - unify and standardise hardware and software infrastructure;
- Underground gas storage (Depogaz);
- Training of human resources for the transition to future trends in sustainable energy, by:
 - a more efficient organisation and functioning of the company, in order to develop human resources through professional training and career development of employees in order to achieve strategic, derived and specific objectives (i.e. management by objectives);
 - Adapting to future trends of sustainable energy, to elaborate and implement a human resources strategy (attract, train and retain personnel);

- Continue, and as the case may be, to develop partnerships with the academic and pre-university environment through specific programs to attract students/recent graduates to Romgaz;
- Romgaz corporate governance:
 - Internal Management Control System - the main objective is to increase the acknowledgement so that its functionality within the company reaches an appropriate level of understanding, application and monitoring. The degree of implementation of Internal Management Control System standards is checked annually through self-assessment. For each standard, where appropriate, improvement measures and actions are included, with deadlines for implementation/accomplishment;
 - Integrated Management System - provides for 2023-2027 actions related to management of the system;
 - National Anticorruption Strategy 2021-2025 - continues specific actions to fulfil the provisions of the anticorruption strategy. In this respect, the Ethics and Integrity Code is permanently reviewed, there are also information, awareness-raising and counselling sessions for employees, annual perception surveys, briefings to promote the role of the ethics counsellor and to promote the system of values and principles contained in the Ethics and Integrity Code;
 - Implementation of standard SR ISO 37001:2017 (anti-bribery management systems);
 - Ongoing monitoring of progress in achieving objectives, indicators (including performance indicators);
 - Relationship with the capital market and with investors;
 - Compliance with corporate governance principles provided by applicable national regulations, namely Bucharest Stock Exchange Corporate Governance Code;
- Active participation in corporate social responsibility activities. The social responsibility policy will be Romgaz's voluntary and conscious choice to promote a transparent business climate and to integrate social responsibility concerns and business objectives into a coherent strategy to achieve economic success in an ethical manner, with respect for the community and the environment;
- Achieve investment programs (to fulfil objectives).

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 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 2023 are:

- ✘ drilling exploration wells:
 - two wells are finalised, both in conservation, testing gas;
 - one well tested and abandoned after tests;
 - two exploration wells awarded by tender procedure and another six wells in progress to procure drilling works;
 - thirty four wells in various stages of preparation for drilling procurement;
- ✘ ongoing procurement and processing of 3D seismic data for exploration-development-production blocks RG.01 Transylvania Nord and RG.02 Transylvania Centru, covering an area of approximately 700 km².

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

The table below shows the evolution of the reserves replacement ratio between 2013-2023:



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 2023 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.

2023 natural gas production was 4,788.5 million m³, by 147.4 million m³ lower than the production of the previous year, representing a 3.0% production decline.

Whereas most operational commercial fields are mature, in an advanced stage of energy depletion, keeping the production under control 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. continue and extend rehabilitation projects of the main mature gas fields: Filitelnic, Delenii, Laslau, Sadinca, Copsa Mica, Nades-Prod-Seleus, Roman, Corunca Sud, Targu Mures, Grebenis, Bazna, Cetatea de Balta, Margineni, Corunca Nord, Iclanzel Vaideiu, Sarmasel;
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 4.065 bcm and a working gas volume of 2.870 bcm.

Nationally, the ratio between the working gas volume and the annual consumption was about 29.5% in 2023. This level ranks in the first upper half of the European values chart.

In 2023 the ratio between stored gas volumes and working volume of the UGSs was 102.81%.

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 are the most important producers), 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 2016-2023, a national market share ranging between 37%-50%:

	Unit	2016	2017	2018	2019	2020	2021	2022	2023
Total consumption	national bcm	11.8	12.3	12.3	11.5	12.0	12.3	10.4	9.7
Romgaz traded volumes (domestic + import)	bcm	4.4	5.7	5.6	5.1	4.7	5.2	5.1	4.8
Romgaz market share	%	37.1	46.3	45.5	44.1	39.1	42.4	49.41	50.0

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 and snubbing units.

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 2023 were higher both in terms of workover, recompletion operations and in terms of services supplied as special operations, thus performing **8,572** operations.

As regards well reactivation works for 2023, **191** well operations were planned and the same number of works were performed.

The table below shows a comparison between planned and achieved recompletion operations and capitalizable repairs for 2023:

	Medias Branch	Targu Mureș Branch	TOTAL Romgaz
Planned	81	110	191
Achieved	88	103	191
Difference	109%	94%	100%

Transportation and Maintenance

STTM was established in October 2003, by taking over the means of transportation from Medias, Targu-Mures and Ploiesti branches.

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

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

- a) passenger carriers: cars, minibuses, buses and large buses;
- b) mixt transportation with utility vehicles < 3.5 t and utility vehicles > 3.5 t;
- c) technological transportation with trucks, platforms, dumpers, dump trucks, tankers, self-trailers and crane trucks;
- d) 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 Mureș, Mediaș, Ploiești 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 units of 100 MW of Czechoslovakian manufacturing and 2 units of 200 MW 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, and unit 4 in June 2020; all units were decommissioned on the grounds of non-compliance with the environmental conditions.

In 2023, SPEE Iernut operated with power unit 5 of 200MW.

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 110 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 m³)
- 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 m³)
- 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 Tirgu-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

- By Resolution No.185/February 16, 2023 amended the organisational structure as follows:
 - Trading Department was set up, subordinated to the Energy Trading Direction;
 - The Development, Electricity Market Office and the Electricity Trading and Self-Supply Office were transferred from the headquarters to Iernut Electricity Production Branch, subordinated to the Trading Director;
 - The Strategic Development and International Relations Office subordinated to the Strategy, International Relations, European Funds Department - headquarters - was dissolved;
 - The department Monitoring, Implementation of Strategic Objectives subordinated to the Strategy, International Relations, European Funds Department was renamed into Identification of Strategic Projects and International Relations;
 - The office Debt Recovery, subordinated to the Legal Direction was transferred to the Chief Executive Officer;
 - The Legal Department was dissolved, therefore the Legal Office from the headquarters was subordinated directly to the Chief Executive Officer, all other legal departments were subordinated to their respective branch managers;
 - The Department Governance, Relation with the Capital Market and Investors was dissolved and all subordinated departments were transferred to the Chief Executive Officer;
- Resolution No.517/April 28, 2023, amended the organisational structure as follows, namely the GMS and BoD Secretariat Office was changed into Department;
- Resolution No.636/May 30, 2023 amended the organisational structure of the headquarters and of SPEE Iernut, as follows:
 - Bratislava Branch was excluded from S.N.G.N. Romgaz S.A. organisational chart, headquarters;
 - S.P.E.E. Iernut Branch organisational chart was amended, namely the Compartment Electricity Trading and Self-Supply subordinated to the Electricity Market Development Department was transferred to the Trading Director of SPEE Iernut;
- Resolution No.1441/December 27, 2023, amended the organisational structure of the headquarters, as follows:
 - Buzau Branch was added to the organizational chart of the headquarters;
 - The Internal Public Audit Department, subordinated to Chief Executive Officer was transferred to the Board of Directors;
 - STTM Tg. Mures Branch and SIRCOSS Medias Branch subordinated to the Chief Executive Officer, were transferred to the Deputy Chief Executive Officer;
 - Set up the Control Department, subordinated to the Chief Executive Officer, and consequently:
 - the Financial Management Control Department was subordinated to this Department;
 - the Internal Control Office was subordinated to the Control Department;
 - Set up the Antifraud and Ethics Office subordinated to the Control Department.
 - Set up the Investment Project Management Direction subordinated to the Deputy Chief Executive Officer, and consequently:
 - The Patrimony Office was subordinated to the Investment Project Management Department;
 - The Investment Project Management Department was renamed into Investment Department and subordinated to the Investment Project Management Direction;
 - Project Management Office was dissolved and a new office was established namely Strategic Projects Office;
 - A new office was set up Projects for Renewable Energy Sources subordinated to the Investment Project Management Department.
 - The Sustainability Standards -EGS Office was set up, subordinated to the Chief Executive Officer;

- The Compartment Personal Data Protection was set up, subordinated to the Chief Executive Officer;
- The department for Methane Emissions Management was set up within the Exploration-Production Division, subordinated to the Division Director;
- The compartment for Legal Analysis and Endorsement was set up, subordinated to the Legal Office.

No mergers of the company took place in financial year 2023.

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

					RON thousand
Item no.	Description	2022	2023	Ratio (2023/2022)	
0	1	2	3	4=(3/2-1)x100	
1	Total Income, out of which:	13,658,095	9,362,688	-31.45	
	*operating income	13,438,793	9,120,060	-32.14	
	*financial income	219,302	242,628	10.64	
2	Revenue	13,359,653	9,001,878	-32.62	
3	Expenses - total, out of which:	9,506,196	4,300,099	-54.77	
	*operating expenses	9,433,625	4,199,220	-55.49	
	*financial expenses	72,571	100,879	39.01	
4	Share of associates' result	2,350	4,873	107.36	
5	Gross Profit	4,154,249	5,067,462	21.98	
6	Income tax	(1,607,537)	(2,255,353)	40.30	
7	Net Profit	2,546,712	2,812,109	10.42	

The total income of 2023 was lower by 31.45% as compared to 2022.

Below are the compared economic-financial indicators for 2022 and 2023 and their detailed structure split by activity:

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)	(5,228)	(2,417)	(291)	(3,298)	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	-	

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
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)	-
Taxes and duties	(6,954,380)	(6,532,607)	(14,318)	(404,846)	(2,609)	-
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	(658,916)	(775,402)	(212,439)	(332,094)	(137,486)	798,505
Other Income	80,068	66,750	28	1,199	12,500	(409)
Profit before tax	4,154,249	3,966,892	115,767	(49,952)	209,407	(87,865)
Income tax expense	(1,607,537)	(1,002,428)	(15,948)	-	(589,161)	-
Profit for the year	2,546,712	2,964,464	99,819	(49,952)	(379,754)	(87,865)

Indicators split by activities - 2023

RON thousand

Description	TOTAL 2023, out of which:	Gas production and deliveries	Underground Storage	Gas	Electricity	Other activities	Settlement between segments
1	2	3	4	5	6	7	
Revenue	9,001,878	8,398,731	550,278	588,609		464,701	(1,000,441)
Cost of commodities sold	(107,130)	(20,327)	(70)	(85,507)		(1,226)	-
Investment Income	213,008	1,192	7,648	95		271,963	(67,890)
Other gains and losses	(17,748)	(13,482)	436	(111)		(3,296)	(1,295)
Net losses from impairment of trade receivables	(57,546)	(71,190)	-	12,711		933	-
Changes in inventories	(5,767)	(7,396)	-	3		1,626	-
Raw materials and consumables	(109,441)	(76,407)	(45,269)	(304,259)		(15,467)	331,961
Depreciation, amortization and impairment	(476,568)	(373,363)	(13,253)	(18,787)		(43,015)	(28,150)
Employee benefit expense	(914,054)	(531,541)	(90,094)	(53,213)		(239,206)	-
Taxes and duties	(1,495,473)	(1,476,356)	(17,036)	438		(2,519)	-
Finance cost	(62,003)	(17,230)	(1,994)	(18)		(43,729)	968
Exploration Expenses	(84,640)	(84,640)	-	-		-	-
Share of associates' result	4,873	-	-	-		4,873	-

Description	TOTAL 2023, out of which:	Gas production and deliveries	Underground Storage	Gas	Electricity	Other activitie s	Settlement between segments
1	2	3	4	5	6	7	
Other expenses	(944,191)	(812,151)	(218,324)	(454,999)		(127,716)	668,999
Other Income	122,264	127,406	139	(11,114)		6,259	(426)
Profit before tax	5,067,462	5,043,246	172,461	(326,152)		274,181	(96,274)
Income tax expense	(2,255,353)	(1,558,442)	(23,302)	-		(673,609)	-
Profit for the year	2,812,109	3,484,804	149,159	(326,152)		(399,428)	(96,274)

Revenue

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

Description	2022		2023	
	RON mln	% Revenue	RON mln	% Revenue
Gas production and delivery	12,356.0	92.49%	8,398.7	93.30%
UGS activity	476.0	3.56%	550.3	6.11%
Electricity generation and delivery	1,646.8	12.33%	588.6	6.54%
Other activities	438.1	3.28%	464.7	5.16%
Settlement between branches	(1,557.2)	-11.66%	(1,000.4)	-11.11%
TOTAL Revenue	13,359.7	100.00	9,001.9	100.00

Financial Income

The financial income is higher by 10.64% than the one recorded in the previous year. Financial income consists mainly of interests from cash in bank deposits and in state bonds.

Expenses

Description	Year 2022 (RON thousand)	Year 2023 (RON thousand)	Ratio (2023/2022)
1	2	3	4=(3-2)/2x100
Operating expenses	9,433,625	4,199,220	-55.49%
Financial expenses	72,571	100,879	39.01%
Total expenses	9,506,196	4,300,099	-54.77%

Financial Expenses

Financial expenses incurred in 2023 are higher by 39.01% as compared to 2022 mainly as a result of the interest related to the loan contracted by Romgaz in 2022.

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	2022	2023	Ratio (2023/2022)
1	2	3	4=(3-2)/2x100
Operating results	4,005,168	4,920,840	22.86%
Financial results	146,731	141,749	-3.40%
Share of associates' results	2,350	4,873	107.36%
Gross result	4,154,249	5,067,462	21.98%
Income tax	(1,607,537)	(2,255,353)	40.30%
Net result	2,546,712	2,812,109	10.42%

Gross result for January - December 2023 in amount of 5,067,462 thousand is by 21.98% higher than the gross result of 2022.

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

Indicators	Formula	UM	2022	2023
1	2	3	4	5
Working capital (WC)	$C_p - A_i = C_{pr} + D_{tl} + Pr + S_i - A_i$	RON mln	1,398	1,911
Working capital requirements (WCR)	$(A_c - D + Ch_{av}) - (D_{crt} - Cr_{ts} + V_{av})$	RON mln	164	1,700
Net cash	$WC - WCR = D - Cr_{ts}$	RON mln	1,562	212
Economic Rate of Return (ERR)	$P_b / C_p \times 100$	%	35.15	38.06
Return on Equity (ROE)	$P_n / C_{pr} \times 100$	%	25.27	24.32
Return on Sales	$P_b / CA \times 100$	%	31.10	56.29
Return on Assets	$P_n / A \times 100$	%	17.77	17.1
EBIT	$P_b + Ch_d - V_d$	RON mln	3,983	4,898
EBITDA	$EBIT + Am$	RON mln	4,532	5,374
ROCE	$EBIT / C_{ang} \times 100$	%	33.70	36.79
Current liquidity	A_{crt} / D_{crt}	-	1.56	1.61
Asset Solvency	$C_{pr} / P \times 100$	%	70.33	70.21

where:

C_p	long-term capital;	P_b	gross profit;
A_i	non-current assets;	P_n	net profit;
C_{pr}	equity;	CA	revenue;
D_{tl}	non-current liabilities;	A	total assets;
Pr	provisions;	Ch_d	interest expense;
S_i	investment subsidies;	V_d	interest income;
A_c	short term assets;	Am	amortization and impairment;
D	liquidity position;	C_{ang}	capital employed (total assets - current liabilities);
Ch_{av}	prepayments;	A_{crt}	current assets;
Cr_{ts}	short-term credit;	D_{crt}	current liabilities;
V_{av}	deferred income;	P	total liabilities.

3.4.2. Sales

Sales Evolution and Perspective

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	MU	2022	2023	2023/2022
Delivered gas, out of which:	TWh	53.277	50.444	-5.32%
Sales to third parties	TWh	49.701	47.406	-4.62%
Gas for electricity production in own power plant	TWh	3.576	3.033	-15.18%
Self-supply	TWh	-	0.005	-

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 centralized market governed by the Romanian Commodities Exchange (BRM).

The quantity of 47.406 TWh was delivered to the market, to third parties, as follows:

- ✍ Gas delivered under contracts concluded on centralized markets (BRM+GRP and other contracts concluded on the centralized market + SPOT market): 3.417 (7.21%);
- ✍ Gas delivered under GEO No. 27/2022: 40.973 TWh (86.43%);
- ✍ Gas delivered under bilateral negotiated contracts: 2.219 TWh (4.68%),
- ✍ Gas delivered as supplier of last resort: 0.796 TWh (1.68%).

As compared to 2022, Romgaz natural gas production recorded a 3.0% drop and the volumes delivered in 2023 recorded a 5.32% drop. Gas deliveries from own production decreased by 4.75% compared to 2022.

Gas delivered to third parties decreased by 4.62%. It is worth mentioning that in 2023 no import gas quantities were traded. Concurrently, gas quantities used at CTE Iernut decreased by 15.18% compared to 2022.

As regards gas trading on Romanian centralized markets, Romgaz share was about 18.2% of the total gas traded on these markets (forward and SPOT) with delivery in 2023. With respect to quantities, Romgaz traded 3.417 TWh on centralized markets, with delivery in 2023, out of 18.76 TWh that represented all transactions on these markets with the same delivery period.

Out of the total gas traded on centralized markets, 2.38 TWh are quantities sold on SPOT market - on the day ahead market and intraday market.

2024 gas sales perspectives are characterized by:

- ✍ A decrease of natural gas sales prices compared to 2023 prices;
- ✍ according to GEO No. 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 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 No. 27/2022 and subsequent acts to protect household consumers and heat producers by distributing gas from internal production at a capped price for these customer categories.

The cumulated impact of these conditions led to a 7% decrease of national consumption, as several production facilities were closed as they reached below the profitability threshold due to increased gas prices and implementation of energy efficiency measures.

In this context, Romgaz sold approximately 86.43% of the total gas sold in 2023, at regulated prices, to suppliers of household costumers, to suppliers of heat producers and to heat producers as well as to network operators and, following the extension of the applicability of GEO No. 27/2022, sold an insignificant gas quantity on the competitive gas market, with delivery in 2024, until the allocation by the Transmission System Operator - TSO (SNTGN Transgaz SA) of the obligation to sell at regulated price.

According to company estimates, national gas consumption decreased by approximately 7% as compared to 2022. Romgaz share of deliveries in the national consumption increased by 1% as compared to 2022.

According to preliminary data of the system operator, national electricity production reached 55,864,971 MWh in 2023.

Annual evolution of electricity production and market share:

Description	2021 (MWh)	2022 (MWh)	2023 (MWh)	2022/2021 (%)	2023/2022 (%)
National production	58,560,986	54,193,070	55,864,871	-7.46	3.08
Romgaz production	640,001	1,110,456	962,598	73.51	-13.32
Romgaz market share	1.07	2.05	1.72	91.59	-16.10

National electricity production sources in 2023⁶:

- ↳ 33% hydroelectric power plants;
- ↳ 30% power plants;
- ↳ 19% nuclear;
- ↳ 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 heat power plants) and the wholesale market where it sells gas to suppliers.

3.4.3. Prices and Tariffs

Law No. 123/2012⁷ 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.

Romgaz Group activates 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

The table below shows the storage tariffs:

Tariff component	MU	Tariff (01.04.2021 31.03.2022)	Tariff (01.04.2022 31.03.2023)	Tariff (as of 01.04.2023)
Volumetric component for gas injection	RON/MWh	2.29	4.50	7.27
Fixed component for capacity reservation	RON/MWh/storage cycle	9.31	11.44	9.82
Volumetric component for gas withdrawal	RON/MWh	1.74	3.48	5.94

Natural Gas Trading

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

In the context of the trading policy and considering the specific regulations, natural gas marketing is carried out by using 2 sales channels: trading on centralized market governed by the Romanian Commodities Exchange and bilateral negotiations.

In 2023 natural gas trading was influenced to a certain extent, from the point of view of both quantity and pricing, by two specific regulations:

1. GRP (Gas Release Program)

⁶ Approximate levels - Source: CNTEE Transelectrica SA Preliminary Report 2023. Note: at the date of the Report ANRE annual report containing the energy label is not published.

⁷ Electricity and Gas Law No. 123, July 10, 2012, as subsequently amended and supplemented.

Pursuant to Article 177 paragraph 3¹⁶ of Law No. 123/2012, between July 1, 2020 - December 31, 2022, natural gas producers whose annual production in the previous year exceeds 3,000,000 MWh have the obligation to annually offer the sale of 40% of the natural gas production with delivery between July 1, 2020 - December 31, 2022, in a transparent, public and non-discriminatory manner, on centralized markets in accordance with the regulations issued by ANRE.

The prices in the initiating offers through which gas quantities from GRP are offered must be "lower by at least 5% compared to the weighted average prices for the offered products" pursuant to the provisions of ANRE Order No.143/2020⁸.

The natural gas quantities representing Romgaz obligation to offer pursuant to GRP are presented in the following table (MWh):

	2020	2021	2022	2023
Obligations to offer	12,434,563	17,537,059	19,704,757	0

In 2023, the natural gas quantity delivered by Romgaz within the GRP was 46.8 GWh, 99.99% lower than the quantity delivered in the similar period of the previous year when a quantity of 10,854.31 GWh was delivered.

In accordance with the provisions of GEO No. 27/2022, the implementation of Article 177 paragraph (3¹⁵) - (3¹⁷) of Law No.123/2012 - on GRP, extends to December 31, 2024, noting that, during the application period of the emergency ordinance, the quantities relating to the fulfilment of the delivery obligation by the natural gas producers will be sold pursuant to Article 12 of the ordinance.

2. GEO No. 27/2022

2.1 Supply of Natural Gas at Regulated Price

Pursuant to this regulation, the Transmission System Operator (SNTGN Transgaz SA), based on the information sent by the natural gas producers on one hand and the suppliers of household customers, suppliers of heat producers, directly by the heat producers and by the transmission and distribution network operators, established and sent to each producer the natural gas quantities representing the contracting obligation for April 1, 2022 - March 31, 2023, April 1, 2023 - March 31, 2024 and April 1, 2024 - March 31, 2025 at regulated prices, namely at 150 RON/MWh (until August 31, 2022 the price for heat producers and suppliers of heat producers was 250 RON/MWh).

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

- For the period April 1, 2022 - March 31, 2023: 28,839,939 MWh;
- For the period April 1, 2023 - March 31, 2024: 41,256,848 MWh;
- For the period April 1, 2024 - March 31, 2025, the quantities will be communicated by the TSO.

Quantities delivered pursuant to GEO No. 27/2022 are as follows:

- In 2022, in which gas was delivered only beginning with May: 16,678,014.51 MWh, out of which:
 - Suppliers of household costumers: 14,099,961.86 MWh;
 - Suppliers of heat producers and heat producers: 2,628,052.65 MWh;
- In 2023: **40,973,459.99 MWh**, out of which:
 - Suppliers of household costumers: 32,644,345.74 MWh;
 - Suppliers of heat producers and heat producers: 7,223,962.40 MWh;
 - Network operators: 1,105,151.85 MWh.

2.2 Natural Gas Supply at Capped Price

Pursuant to Article 1 paragraph (2) "for the consumption achieved between April 1, 2022 - March 31, 2025, the final price invoiced by the natural gas suppliers is:

- a) *maximum 0.31 RON/kWh, including VAT, for household costumers;*
- b) *maximum 0.37 RON/kWh, including VAT, for non-household costumers whose annual gas consumption in 2021 at the consumption place is maximum 50,000 MWh, as well as for heat producers".*

⁸ Order No.143 of July 17, 2020 on the obligation of natural gas producers to offer gas on centralized markets if their annual production in the previous year exceeds 3,000,000.MWh.

The natural gas quantity invoiced at capped price in 2023 is 1,191,485.61 MWh, and the quantity for 2022 is 53,513.72 MWh.

The natural gas quantity sold in 2023 was 47,405.3 GWh, 2,295.4 GWh lower than the quantity sold in 2022 (49,700.6 MWh) and 1,912.2 GWh, namely **4.2%, higher than the quantity scheduled to be sold.**

From the quantity sold in 2023, 40,973.5 GWh, representing 86.43%, is gas delivered pursuant to GEO No. 27/2022.

The average gas supply prices between 2020 - December 2023 are shown in the following table:

Description	UM	2020	2021	2022	2023
1	2	3	4	5	6
Average supply price for gas from internal production ⁹	RON/1000 m ³	751.3	1,019.66	2,392.06	1,729.10
	RON/MWh	73.3	96.66	227.27	163.85

Natural Gas Distribution

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

- ↪ Order No. 122/2020 on approving regulated tariffs applicable to distribution services for Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Medias (as of July 1, 2020);
- ↪ Order No. 77/2021 on approving regulated tariffs applicable to distribution services for Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Medias (as of July 1, 2021);
- ↪ Order No. 57/2022 on amending Order 77/2021 on approving regulated tariffs applicable to distribution services for Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Medias (as of April 1, 2022);
- ↪ Order No. 45/2023 on the approval of regulated tariffs applicable to distribution services for Societatea Nationala de Gaze Naturale "ROMGAZ" - S.A. Medias (as of April 1, 2023);

Tariffs are shown in the table below:

Description	01.07.'20-30.06.2021	01.07.'21-31.03.2022	01.04.'22-31.03.2023	01.04.'23-present
Distribution tariffs (RON/MWh)				
*C1 consumption up to 280 MWh	52.52	48.19	49.31	74.05
*C2 annual consumption between 280 and 2,800 MWh	46.17	42.37	43.35	65.13
*C3 annual consumption between 2,800 and 28,000 MWh	41.29	37.91	38.79	58.29

3.4.4. Human Resources

On December 31, 2023, Romgaz Group had 5,980 employees and SNGN Romgaz SA 5,462 employees.

The table below shows the evolution of employees' number between January 1, 2021 - December 31, 2023:

Specifications	2021		2022		2023	
	Group	SNGN Romgaz SA	Group	SNGN Romgaz SA	Group	SNGN Romgaz SA
Employees at the beginning of the year	6,188	5,673	5,863	5,363	5,971	5,453
Newly hired employees	179	157	354	315	274	238
Employees who terminated their labour relationship with the company	504	467	246	225	265	229

⁹ Including commodity gas, less storage costs.

Specifications	2021		2022		2023	
	Group	SNGN Romgaz SA	Group	SNGN Romgaz SA	Group	SNGN Romgaz SA
Employees at the end of the year	5,863	5,363	5,971	5,453	5,980	5,462

The structure of SNGN Romgaz SA employees at the end of 2023, was the following:

a) by level of education

- University 27.48 %
- Secondary education 31.27 %
- Foreman education 2.11 %
- Vocational school 30.50 %
- Various general studies 8.64 %

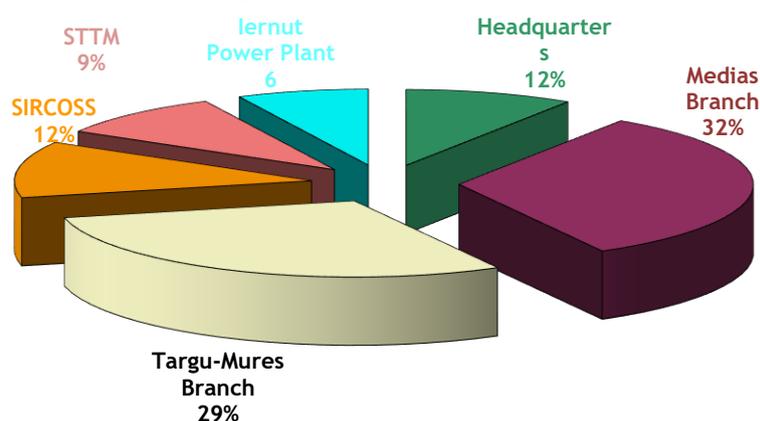
b) by age

- under 30 years 5.77 %
- 30-40 years 13.57 %
- 40-50 years 27.85 %
- 50-60 years 45.42 %
- over 60 years 7.40 %

c) by activities

- gas production 71.40 %
- production tests/well special operations 11.64 %
- health 1.61%
- transportation 8.97 %
- electricity production 6.37 %

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 table below:

Entity	Workers	Foremen	Administrative employees	Total employees
Headquarters	40		638	678
Medias Branch	1,360	84	296	1,740
Targu-Mures Branch	1,257	49	262	1,568
SIRCROSS	464	48	124	636
STTM	366	19	105	490
Iernut Branch	217	31	100	348
Drobeta Turnu Severin Branch			2	2

TOTAL

3,704

231

1,527

5,462

In 2023, **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.

Subsequently, 2,499 employees were trained in 2023 and the expenses incurred amount to RON 1,965 thousand (81.26% out of RON 2,418 thousand - total amount allocated for 2023).

The annual training program was implemented as follows:

- 846 persons participated in professional training programs on job related subject matters carried out by training courses providers;
- 699 persons participated in courses to obtain authorization and re-authorization in accordance with their position;
- 954 persons participated in in-house training courses.

As regards the number of participants, the 2023 professional training plan was fulfilled 118.38%. This was caused by the participation of several employees higher than planned in trainings held by Romgaz employees.

„ROMGAZ SCHOLARSHIPS” Program continued in 2023 the focus of which is to identify young professionals, the future employees of the company. In this regard, in 2023, the second edition was completed (for 2022-2023 academic year) and the third edition of the program was started for 2023-2024 academic year. Pursuant to the collaboration framework agreements concluded with Lucian Blaga University in Sibiu - Faculty of Engineering, Babeş-Bolyai University in Cluj-Napoca - Faculty of Biology and Geology, Ploieşti Oil and Gas University - Faculty of Petroleum Engineering, Bucharest University - Faculty of Geology and Geophysics, Alexandru Ioan Cuza University in Iaşi - Faculty of Geography and Geology, „George Emil Palade” Medicine, Pharmacy, Science and Technology University in Târgu Mureş - Faculty of Engineering and Information Technology and Politehnica University in Bucharest - Faculty of Energy Engineering, the conditions for the contest were set which resulted in the Scholarship Rules/Guidelines. The scholarships, in amount of 1,500 RON/month, are intended for students in the third, and fourth year of study and/or for master students majoring in:

- ✓ Hydrocarbon Transmission, Storage and Distribution (students) and Gas Engineering and Management (master students)- for Lucian Blaga University in Sibiu;
- ✓ Petroleum Engineering, Geological Engineering and Hydrocarbon Transmission, Storage and Distribution (students) and Well Drilling, Hydrocarbon Transmission, Storage and Distribution Technology, Reservoir Engineering (master students)- Oil and gas University in Ploieşti;
- ✓ Geological Engineering (students) and Applied Geology (master students) - Babeş-Bolyai University in Cluj-Napoca;
- ✓ Geological Engineering (students) and Well Geology (master students) - Alexandru Ioan Cuza University in Iaşi;
- ✓ Geophysics and Geological Engineering (students) and Assessment of Sedimentary Basins and Mineral Resources, Applied Geophysics and Geological Engineering and Ambient Geotechnique (master students) - Bucharest University - Faculty of Geology and Geophysics;
- ✓ Energy Engineering and Information Technology (students) and Energy Systems Management (master students) - “George Emil Palade” Medicine, Pharmacy, Science and Technology University in Târgu Mureş - Faculty of Engineering and Information Technology;
- ✓ Thermoenergetics, Energy Management, Energy Engineering and Fluid Engineering (students) and Energy Services, Energy Efficiency, Hydroinformatics and Fluid Engineering, Energy Systems Management (master students) - Politehnica University in Bucharest - Faculty of Energy Engineering.

In 2023, following application and interview session, 25 scholarships were awarded:

- 6 scholarships - Lucian Blaga University in Sibiu: five students and one master students (third edition, 2023-2024 academic year);
- 5 scholarships - Oil and Gas University in Ploieşti: four students and one master student (third edition, 2023-2024 academic year);

- 2 scholarships - Babeş-Bolyai University in Cluj-Napoca: one student and one master student (third edition, 2022-2023 academic year);
- 6 scholarships - Bucharest University: 5 students and 1 master student (2 in the second edition, 2022-2023 academic year and 4 students in the third edition, 2023-2024 academic year);
- 4 scholarships - Alexandru Ioan Cuza University in Iași - 4 students (third edition, 2023-2024 academic year);
- 1 scholarship - “George Emil Palade” Medicine, Pharmacy, Science and Technology University in Târgu Mureş (third edition, 2023-2024 academic year);
- 1 scholarship - Politehnica University in Bucharest (second edition, 2022-2023 academic year).

During 2023, 12 scholars were employed, selected in the first and second edition of Romgaz Scholarships Program. Two of them were employed at Medias Branch (Nadeş - Prod - Seleuş Rehabilitation Project Unit and Extraction Technologies and Reservoir Engineering Department), three at Târgu Mureş Branch (Corunca Sud Rehabilitation Project Unit, Gas Quality Office and South Production Office) and seven at the headquarters (Portfolio and Opportunities Assessment Department, Exploration and Appraisal Department, Gas Quality and Metering Department, Resources and Reserves Assessment Department and Caragele Project Unit).

In 2023, the partnerships with Colegiul Școala Nationala de Gaz Mediaș (2022-2025) and with Liceul Tehnologic Iernut (2020-2023, 2021-2024 and 2022-2025) for dual education continued. These students were awarded a monthly scholarship in amount of RON 300, proportional to the theoretical and practical training period.

The training areas are the following:

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

In 2023, part of the graduates of the dual education class of Liceului Tehnologic Iernut (2020-2023) were employed in vacant positions according to their studies in Iernut Power Plant . Out of the 15 graduates of Liceului Tehnologic Iernut 6 were employed (40%).

Romgaz Group has **two trade unions**:

- “Sindicatul Liber din cadrul S.N.G.N. Romgaz S.A.”, consisting of 5.383 members, out of the 5.459, employees, resulting a ratio of 98.61% union members;
- „Sindicatul Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiesti”, with 403 members and 92 members pertaining to „Sindicatul Liber din cadrul SNGN Romgaz SA”, out of the 509 employees, resulting a ratio of 97.25% union 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.

Beginning with June 1, 2022 Depogaz has a new Collective Labour Contract following negotiations with “Sindicatul Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiesti”, the representative trade union of the subsidiary. The Collective Labour Contract is valid for June 1, 2022 - May 31, 2024.

There were no conflicts between the management and the trade union in 2023.

3.4.5. Environmental Aspects

In 2023, 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:

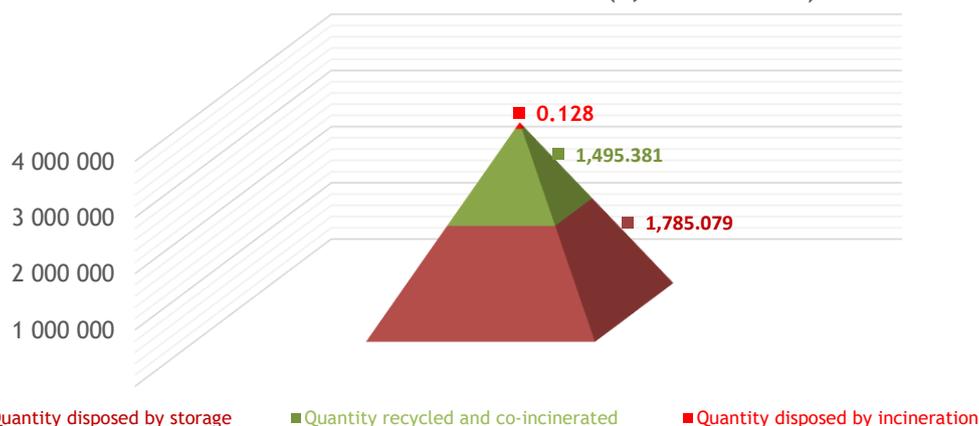
- ↻ increasing awareness on compliance with legal requirements;
- ↻ monitor drafting of all reports required by the effective environmental legislation, by centralizing the information required and reported by Romgaz Branches and submitting it to competent authorities;
- ↻ efficiency of environmental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

In 2023 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;
 - implementation of the environmental and ecology program which had the following actions planned:
 - installing petroleum products separators;
 - installing concrete tanks;
 - upgrading hydrocarbon separators at compressor stations;
 - works to reduce noise level at compressor stations;
 - installing wastewater disposal equipment;
 - mounting polistif-type tanks at well clusters;
 - works to capture casing and cellar emissions in gas wells;
 - mounting well injection pipes;
 - stabilization of landslides;
 - connections for wastewater evacuation;
 - mounting secondary drums for condensation tanks;
 - mounting gathering-storage systems for reservoir water from intake gas;
 - mounting wastewater injection systems;
 - mounting anti-pollution discharge systems at well clusters.
 - controlled disposal of hazardous substances used for treating cooling water;
 - integrating environmental aspects in all decision making processes;
 - communication and cooperation with all suppliers and stakeholders, to minimize the impact of their operations on the environment;
 - maintaining compliance with the provisions of regulations (environmental and water management permits/agreements/authorizations) issued for the execution of works/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 120 units. Thus, revision of permits was requested for 2 units, permits were reviewed for 6 units, reauthorization was requested and obtained for 4 units, documentation for obtaining the annual endorsement was submitted for 14 units, the annual endorsement was obtained for 79 units, new permits were obtained for 3 units, the term of validity was extended for 3 units;
 - complying with legal requirements regarding water management permits, for:
 - ✓ 62 units for water use, mentioning that for 4 units the company submitted reauthorization documents;
 - ✓ 36 units related to reservoir water injection systems/wells.
- A company-wide application is under development to monitor environmental/water management/wastewater injection authorizations, 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 2023, the company recycled and co-incinerated 1,495.381 tons of waste (1,471.116 tons were recycled and 24.265 tons were co-

incinerated), disposed 1,785.079 tons of waste (0.102 tons were incinerated and 1,784.977 tons were stored).

AMOUNT OF WASTE MANAGED IN 2022 (3,280.460 tons)



In 2023, 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/program-de-prevenire-si-reducere-cantitatilor-de-deseuri>.

The Program aims at identifying the SMART objectives, establishing targets with performance indicators and monitoring the implementation of measures/actions regarding waste prevention/reduction/minimization of waste generation/reduce waste harmfulness as well as the recorded progress in order to fulfil the country’s strategic objectives.

Moreover, it sets the framework for ensuring sustainable waste management to achieve proposed objectives and targets.

- Monitoring compliance with legal requirements on environment protection. In 2023 Romgaz recorded an exceeding of limits permitted by the regulations in force, namely an accidental pollution caused by heavy precipitations, a spill of petroleum products from the rainwater discharge pipe at FPGN Frasin, intervening urgently in the contaminated area with biodegradable absorbents. Following this environmental incident the company incurred a civil fine in amount of RON 35,000;
- In 2023, Romgaz continued to monitor compliance with a permanent measure namely maintaining the perchloroethylene consumption under 1 ton/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.

In 2023, 41 internal environmental inspections were planned at authorized locations belonging to Romgaz branches. Romgaz activity complies with the applicable legal environmental requirements, with a 99.27% 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 2023;
- 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>;
- compliance of CO₂ emissions from SPEE lernut combustion facilities;
- making all payments required by the applicable environmental legislation (environmental fund, environmental/water authorization/reauthorization fees, provisions, water consumption subscriptions, etc.);

- Monitoring one of Romgaz strategic objectives included in SNGN ROMGAZ SA Strategy for 2021-2030, 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 2023, through an inventory of emission sources, resulting the following:

tCO₂

Item	BRANCH	QUANTITY OF EMISSIONS FROM IMMOBILE SOURCES by fuel consumption	QUANTITY OF EMISSIONS FROM MOBILE SOURCES by fuel consumption	QUANTITY OF EMISSIONS FROM MOBILE SOURCES by pollution standard
1.	STTM Targu Mures	444.130	5,998.790	1,113.140
2.	SIRCOSS Medias	1,418.630	2,727.720	18.430
3.	SPEE Iernut	614,295.810	18.280	12.287
4.	Targu Mures Branch	36,422	114,720	69.920
5.	Medias Branch	107,775.982	108.116	40.310
6.	Romgaz Headquarters	317.351	102.921	167.980
	Total	760,673.903	123,675.827	1,422.067
Total Romgaz emissions from immobile and mobile sources (by fuel consumption): 884,349.730				
Total Romgaz emissions from immobile (by fuel consumption) and mobile (by pollution standard) sources: 762,095.970				

In 2023, the Environmental Guard, the Water Basins Administrations /Water Management System carried out 16 inspections at Romgaz locations. The company received one civil fine in amount of RON 35,000.

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 finances 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.

Romgaz is among the beneficiaries of the above-mentioned government decision and, in 2017, launched the investment “The Development of CTE Iernut Power Plant by Building a New Combined Cycle Gas Turbine Power Plant” with NIP funds.

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 starting with 2020 free of charge transitory certificates are no longer allocated.

In order to comply with the legal requirements of GD No. 780/2006, updated (article 8, letter e) Romgaz has the obligation 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 2023, CO₂ emissions equal 543,772.9 tons which is equivalent to 543,772.9 certificates.

3.4.6. Prevention and Firefighting, Civil Protection and Critical Infrastructure

Emergency Situations and Critical Infrastructure Department carries out its activity pursuant to the updated GEO No. 21/2004 on the Emergency Situations Management System, the updated Law No. 307/2006 on fire protection, Law No. 481/2004 republished in 2023 on civil protection, GEO No. 98/2010 on the identification, designation and protection of critical infrastructure as well as pursuant to other specific legislative acts.

In 2023, 2 legislative acts were issued concerning emergency situations which were brought to the attention of company personnel:

- Order No. 135/2023 for the approval of Technical Rules on using, checking, recharging, repairing and taking out of use fire extinguishers.
- Order No. 2.061 dated September 20, 2023 for the approval of the Regulation on the management of emergency situations generated by earthquakes.

Prevention of emergency situations represents an integrated set of specific technical and operational actions, planned and carried out in order to reduce the risk of emergency situations and mitigate their consequences in order to protect life, environment and property against the negative effects of such. In accordance with the legal provisions in effect and pursuant to the approved activity plan an internal control was performed on the prevention and compliance with firefighting rules, requirements and measures.

It is well known that, in the prevention and firefighting/civil protection field, prevention is less expensive than interventions and removing the effects of an event.

The prevention activity consists in verifying, planning, organizing, coordinating, intervening, guiding and controlling the rules in the area of competence:

- Internal control/inspection - on compliance with the law, targeted and collective (Emergency Situations and Critical Infrastructure Department);
- external control/inspection carried out by the County Inspectorates for Emergency Situations- on compliance with the law and targeted;
- Verification of specific authorizations, documents, plans, equipment, rules, training, instructions, etc.;

Measures are taken to promptly remedy the irregularities found or the findings are hierarchically communicated in order to set deadlines for remediation.

In 2023, the control activity carried out within internal/external inspections is summarized below:

	County Inspectorates for Emergency Situations	Emergency Situations and Critical Infrastructure Department
Medias Branch	2	23
Targu Mures Branch	2	15
STTM Targu Mures	0	5
SIRCOSS Medias	0	5
SPEE Iernut	2	9

By carrying out preventive controls, the employees became aware of the legal requirements, how to behave in emergency situations and the importance of training in emergency situations.

Training of employees in emergency situations is mandatory and permanent and is carried out during the production process and at the work place in accordance with the training level of employees and with the specifics of their activity.

In 2023, the personnel working within the Emergency Situations and Critical Infrastructure Department carried out the General Introduction Training for Emergency Situations for 307 employees and 128 students.

Opinions and Protocols were drafted in the field of emergency situations and were annexed to the works contracts concluded with third parties.

In order to perform works with third party personnel, specific training was carried out and collective training forms were drawn up for the employees who perform their activity within company premises based on a contract or order.

Students who carried out their activity (internship) within company premises were trained in accordance with the legislation in force and the internal rules.

In 2023, 86 firefighting exercises were planned and carried out including the evacuation of personnel.

In the field of critical infrastructure protection, in 2023, by hiring a liaison officer, the specific documents were updated pursuant to the requirements sent by the competent public authority - Ministry of Energy.

3.4.7. Occupational Health and Safety

In 2023 internal controls were carried out at work places within headquarters and branches, during which the following were checked: personnel training in the field of occupational health and safety, provision and use of the personal protective equipment, the existence of personal protective equipment stocks in the storages of branches, validity of the medical certificates of fitness issued by the occupational physician, the hygiene conditions at work places, provision of sanitary hygienic materials, the existence and equipping of first aid medical kits, etc.

Other activities carried out in this field:

- ✓ Drafting the annual training - testing program as well as the training topics in the field of occupational health and safety for all 2023 training stages;
- ✓ Drafting the annual internal controls schedule for 2023;
- ✓ Drafting identification sheets for occupational risk factors for the new employees, for those employees who changed their work place and for internship students;
- ✓ Occupational health and safety trainings for new employees and internship students;
- ✓ Drafting the occupational health and safety requirements for the acquisition of products/services/works, Form: 02F-07 Act.3.1, in accordance with the operational procedure "Establishing the requirements on occupational health and safety, emergency situations and environmental protection when purchasing products, services and works", code: 02PO-03, ed. 3, rev. 2;
- ✓ Drafting the self-assessment questionnaire on the implementation status of the internal control/management control standards;
- ✓ Completion of the acquisition procedure concerning the voluntary health insurance services for Romgaz employees, resulting in the conclusion of a framework agreement for a period of two years;
- ✓ Following the acquisition of voluntary health insurance services, the Prevention and protection Department prepared an employee information material on accessing medical services which was brought to the attention on all employees;
- ✓ Monthly update of the list of persons included in the voluntary health insurance policy;
- ✓ A training and information material was drawn up with a view to prevent the occurrence of severe events - this material was brought to the attention of all Romgaz workers;
- ✓ The *Prevention and Protection Plan* for the headquarters was updated following the announcement made by the World Health Organization on May 5, 2023 informing on *the end of the public health emergency of international interest caused by COVID-19*;
- ✓ A first aid course was organized in which 85 employees from the headquarters participated;
- ✓ All employees at company headquarters were tested in accordance with the training - testing program for 2023 in the field of occupational health and safety, code: 01F-101-Act.3.0. - testing was made based on a 10-question multiple choice test;
- ✓ Two events communication diagrams were prepared and approved within the Occupational Health and Safety Committee, one for the headquarters and one for company branches;
- ✓ The Internal List of Personal Protective Equipment for company employees was amended/supplemented;
- ✓ The Occupational Health and Safety Committee decided to provide transportation or to equip with means of transportation those employees who supervise/maintain/operate/intervene at surface technological facilities to the place where they are located if the presence of dangerous animals (bears) was reported in those areas and if cars are available;
- ✓ Steps were taken and subsequent contracts no. 4 and no. 5 relating to framework agreements for the acquisition of personal protective equipment were signed for a total of 53 types of personal protective equipment; the documentation relating to the acquisition of personal protective equipment was drawn up for 4 (four) specification books containing 60 types of personal preventive equipment - all four specification books were posted on S.I.C.A.P. electronic platform;
- ✓ Two instructions were updated:
 - The occupational health and safety instruction for the provision and use of personal protective equipment, code: 00IP-00-04;
 - Internal control in the field of occupational health and safety work instruction, code: 18IL-04.

3.4.8. Litigations

The summarized breakdown of litigations in which Romgaz is involved as of December 31, 2023 and their value is the following:

- 📄 A total number of 131 litigations are recorded in company records, out of which:
 - ✎ 49 cases where Romgaz is plaintiff;
 - ✎ 80 cases where Romgaz is defendant;

- ✎ 2 cases where Romgaz is civil party/injured party;
- 📄 the total (approximate) value of litigations is RON 342,222,376;
- 📄 the (approximate) total value of the files where Romgaz is plaintiff is RON 278,465,286;
- 📄 the (approximate) total value of the files where Romgaz is defendant is RON 63,757,090;
- 📄 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 → 2023.

3.4.9. Legal Acts Concluded under GEO No.109/2011 Article 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) provides as follows:

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

Paragraph (2): *"the Board of Directors has the obligation to convene a meeting [...] also in case of transactions concluded with the spouse, relatives/affinity of fourth degree including the persons mentioned in Paragraph (1)"*.

Paragraph (3): *"the Board of Directors [...] informs the shareholders, during the first general meeting of shareholders taking place after concluding the legal act, on any transaction concluded by the public company with a) the persons mentioned in Paragraph (1) and (2), if the value of the transaction is below the level established in Paragraph (1); b) another public company or with the public supervisory authority, in case the transaction value, individually or in a series of transactions, of at least the equivalent in RON of EUR 100,000"*.

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

Romgaz financial auditor draws up, half-yearly, an „Independent Limited Assurance Report on the information included in the current reports issued by SNGN Romgaz SA in accordance with the requirements of Law No. 24/2017, as subsequently amended and supplemented and in accordance with Regulation No. 5/2018 of the Financial Supervisory Authority”, report which is sent to BVB and published on company website.

Considering that current reports of the above type are public, being posted on BVB website, as well as that half-year current reports are posted on company website with the legal acts concluded in each semester, reports audited by the financial auditor of the company, for details regarding concluded legal acts please access company website at www.romgaz.ro → Investors → News and Events → Current Reports Contracts (under the name of “Auditor Report - H1 2023 Contracts” on July 25, 2023 and “Auditor Report - H2 2023 Contracts” on January 25, 2023).

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, began to emerge 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 hydrocarbon reservoirs is a particularly complex system today that needs to ensure continuous gathering, transmission, conditioning and metering of gas produced by wells and the quality parameters provided in applicable regulations.

Following the discovery and exploitation of new reservoirs, the infrastructure of the company developed continuously. 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.).

Utilization 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 makes extensive and continuous efforts focused on workover and special operations in wells, maintenance and rehabilitation of pipes, maintenance and modernization of gas compressor stations and dehydration stations as well as of commercial (fiscal) gas delivery panels.

In 2023, Romgaz carried out petroleum operations in 124 reservoirs out of the 159 commercial reservoirs under Romgaz concession, the rest of the reservoirs being depleted.

Also, during 2023, SNGN Romgaz SA carried out petroleum operations to exploit or build surface facilities to bring into production 13 new reservoirs identified within the exploration-development-production blocks.

Production from these fields is obtained through more than 2960 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 90 compressor units are installed), 21 booster compressors and 22 cluster compressors.

One technical demand required by applicable laws is the quality of gas, which is 100% fulfilled by means of 56 gas dehydration stations.

Underground Storage

Depogaz holds License No. 1942/2014 for the operation of five underground gas storages, developed in depleted gas fields, their aggregate capacity representing about 90.54 % of the total storage capacity of Romania.

The capacity of the underground gas storages operated by Depogaz as of January 1, 2023, 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]
Balaceanca	50	0.535	1,200	12,840	1,000	10,700
Bilciuresti	1,310	14,017	14,000	149,800	10,000	107,000
Ghercesti	250	2,675	2,000	21,400	2,000	21,400
Sarmasel	900	9,630	7,500	80,250	6,500	69,550
Urziceni	360	3,852	4,500	48,150	3,000	32,100
Total	2,870	20,709	29,200	312,440	22,500	240,750

1. Balaceanca UGS

Balaceanca UGS is located approximately 4 km from Bucharest.

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

- ☞ 24 well of which 21 injection/withdrawal wells and 3 piezometric wells;
- ☞ Surface infrastructure includes:
 - Balaceanca gas compressor station;
 - 8,4 km collecting pipelines;
 - 4 separators;
 - 4 technological gas metering panels;
 - Dehydration station;
 - 15 gas heaters;
 - Communication system and fiber-optic data acquisition system;
 - Bi-directional fiscal metering system.

2. Bilciurești UGS

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

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

- ☞ 65 wells of which 60 injection/withdrawal wells, 4 piezometric wells, 1 waste water injection well;
- ☞ Surface infrastructure includes:
 - Butimanu gas compressor station;
 - 4 gas dehydration stations;
 - 26.5 km gathering pipelines for 60 injection/withdrawal wells;
 - 37.5 km gathering pipelines and fittings;
 - 50 gas heaters;
 - 14 impurity separators;
 - 14 technological gas metering panels;
 - Bi-directional fiscal metering system;
 - Waste-water injection station.

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;
 - 22.6 km gathering pipelines;
 - 13 impurities separators;
 - 12 technological gas metering facilities;
 - Communication system and fiber-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;
 - 26.7 km gathering pipelines for 63 wells;
 - 13.8 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:

- ✧ 31 wells out of which 30 injection/withdrawal wells and 1 piezometric well;
- ✧ Surface infrastructure includes:
 - Urziceni gas compressor station;
 - 19.5 km collecting pipelines for 31 injection/withdrawal wells;
 - 3.3 km of collecting pipelines;
 - 6 technological gas metering facilities;
 - 29 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, 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 assembly device, hydraulic packer recovery tool.

Future well workover and special well operations are required 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, 2023**, the car fleet of STTM consists of **697** motor vehicles, as follows:

- passenger carriers: cars **89**, minibuses **14**, buses **2** and large buses **2**;
- passengers and goods utility cars **207** < than 3.5 t and **6** > than 3.5 t;
- vehicles for goods transportation: dumpers **20**, cesspit emptier **40**, platform trucks **24**, tank trucks **4**;
- vehicles for heavy transportation: truck-tractors **2** and semitrailer trucks **18**;
- lifting and handling machinery: auto cranes **28** and hook and ladder trucks **4**;
- other special vehicles: mobile laboratory for equipment testing and checking **2**;
- heavy machinery: bulldozers **9**, caterpillar shovels **2**, tire shovels **2**, wheel loaders **16**, motor grader **3**, compactor **4**, front end loader **10**;
- other machinery: tractor trucks **94**, forklift trucks **11**, motorized cleaning vehicles **3**;
- other vehicles: trailers for heavy transportation, trailers and semitrailers for tractors **82**.

Considering the dynamics of gas exploration - production activities performed by Romgaz, on medium term (approx. 5 years), the perspective to develop STTM has to be achieved by permanently determining methods and measures resulting from quality services and economic efficiency conditions.

Out of the **697** vehicles existing in STTM fleet on **December 31, 2023**, **6** motor vehicles were approved to be put out of service.

Electricity Generation

CTE Iernut is an important junction point of the NEG (the National Energy 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 *Productie Energie Electrica* (SPEE) Branch.

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 into 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, and in June 2020 unit 4; all units were decommissioned due to non-compliance with environmental conditions.

In 2023, SPEE Iernut operated with power unit 5 of 200MW.

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 2023, **Romgaz Group** invested RON 1,214.15 million, investments representing approximately 58.20% of the scheduled investments.

The Company invested RON 8.577 billion during 2019-2023, as follows:

Year	2019	2020	2021	2022	2023	Total
Amount (RON thousand)	866,218	601,800	417,658	5,584,823	1,106,161	8,576,660

For 2023, Romgaz forecasted the achievement of an investment program with a total budget of RON 1,973,900 thousand, based mostly on objectives aiming to compensate the natural decline of natural gas at minimum level (under 2.5%), increasing the natural reserves and resources portfolio (onshore and offshore) and electricity production, as follows:

- Loans awarded by SNGN Romgaz SA to Romgaz Black Sea Limited Subsidiary to support current activity and finance the Subsidiary's investments;

- Keep the current participation 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 6 exploration wells with a total depth of approx. 20,500 m; exploration works in partnership with Lukoil in EX-30 Trident Block);
- production development by adding new facilities on existing structures (7 drilling exploration wells, 39 surface facilities, 6 dehydration stations, 3 gas compressor stations and 5 collecting pipelines);
- develop electricity production capacities from natural gas by continuing and finalizing the works to build the Combined Cycle Gas Turbine Power Plant - Iernut;
- modernization and revamping equipment and facilities used for well workover and special operations, recompletion operations/well reactivation-capitalizable repairs at 160 wells, revamping dehydration and compressor stations;
- purchase of new high-performance equipment and installations specific to the core activity (ACF 700 cementing units; well parameters metering device; nitrogen converter; well intervention equipment, hydraulic activation keys, power generation units, field units, etc.);
- procurement of specific machinery to ensure the technological transportation and maintenance of core activities, maintaining gas fields road infrastructure in good conditions (platform tipper trucks, crane trucks, 4x4 trucks, tractor trailers, bulldozers, road tractors, mini buses, backhoe loaders, excavators, etc.).

The investments are intended to ensure on the one hand the sustainable development of the company and on the other hand to achieve the strategic objectives for the period 2021-2030.

The investment costs of the Company amount RON 1,106,161 thousand, representing 56.04% of scheduled investments.

The value of fixed assets put into service in 2023 was RON 658.4 million.

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 for financing the Romgaz Black Sea Limited (RBS) activity.

Regarding the physical achievements during the assessed period, the investment objectives initiated in the previous year were completed; preparatory works were carried out (design, obtaining lands, approvals, agreements, authorizations, acquisitions); works for part of the new objectives started and modernization and capitalizable repairs of wells in production.

Table below shows the investments made in 2023 as compared to those scheduled and accomplished in 2022, similar to Annex 4 to the Income and Expenditure Budget:

Item. No.	Investment Chapter	2022	2023		% achievements 2023/2022 5=4/2x100
			Program	Achieved	
			0	1	
1.	Investments in progress - total, out of which:	121,438	470,949	200,919	165.45%
1.1	Natural gas exploration, production works	120,052	462,319	197,712	164.69%
1.2	Environment protection works	1,386	8,630	3,207	231.39%
2.	New investments - total, out of which:	32,357	28,897	23,060	71.27%
2.1	Natural gas exploration, production works	32,320	28,627	23,060	71.35%
2.2	Environment protection works	37	270	0	0
3.	Investment in existing tangible assets	247,154	359,552	300,982	121.78%

RON thousand

4.	Equipment (other acquisitions of tangible assets)	51,311	159,235	74,376	144.95%
5.	Other investments (studies, licenses, software, financial assets etc.)	5,132,563	955,267	506,825	9.87%
TOTAL		5,584,823	1,973,900	1,106,162	19.81%

Table below shows the achieved investments according to Romgaz Investment Program for 2023:

RON thousand

Investment chapter	Program 2023	Achieved on December 31, 2023	%
1	2	3	4=3/2x100
I. Geological exploration works to discover new gas reserves	99,148	55,238	55.71%
II. Exploitation drilling works, putting into production of wells, infrastructure and utilities and electricity generation	391,798	16,534	42.25%
IV. Environment protection works	8,900	3,207	36.03%
V. Retrofitting and revamping of installation and equipment	359,552	300,982	83.71%
VI. Independent equipment and machinery	159,235	74,376	46.71%
VII. Expenses related to studies and projects	955,267	506,825	53.06%
TOTAL	1,973,900	1,106,162	56.04%

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

Item No.	Main physical objectives	Planned	Results
1.	Exploration drilling	19 wells	3 completed wells out of which: <ul style="list-style-type: none"> • 2 wells drilled • 1 well tested 6 wells drilling works procurement in preparation 34 wells drilling works procurement in preparation
2.	Production drilling	7 wells	3 wells completed; 2 wells drilling in progress; 3 wells with technical design prepared for the procurement of drilling works; 1 well design in progress.
3.	Surface infrastructure - execution of facilities at gas wells;	Construction of 39 facilities to bring into production the remaining gas wells.	14 surface facilities completed for putting into production of 17 wells; 4 surface facilities in progress for putting into production of 6 wells; 2 surface facilities procurement of construction works in progress; 3 surface facilities obtaining approvals and land in progress to bring 6 wells into production.
4.	Gathering pipes	5 gathering pipes.	<ul style="list-style-type: none"> • gathering pipeline D20 between Dehydration Station Tigmandru and Compressor Station Tigmandru - in progress, 80% completed;

Item No.	Main physical objectives	Planned	Results
5.	Gas dehydration stations and gas compressors stations	6 gas dehydration stations; 3 gas compressor stations.	<ul style="list-style-type: none"> gathering pipeline between high pressure collector Ø6" 106-17 Nades Group and the collector Ø20" Nades Brateiu - in-house design; Pipelines taken over from Transgaz=>pipeline expertise services were contracted; Collector Caragele field - Damianca phase I. - prepared for execution. Gas compressor stations Delenii IV., Filitelnic III., Tigmandru II. - in design; Dehydration stations Frasin and Daneş II. - in design; Dehydration stations Giulesti and Herepea - design procurement in progress; Gas dehydration station Galbenu III and LTS (Low Temperature System) - execution design procurement in progress.
6.	Well capitalizable repairs, recompletion operations and reactivation	approx. 160 wells, correlated with the annual program agreed by ANRM	Workovers at 191 wells, 88 related to Medias Subsidiary and 103 to Tg Mures Subsidiary, works performed in-house by SIRCOSS
7.	Acquisition of high-performance equipment and installations specific to core activity	<ul style="list-style-type: none"> Cementing units ACF 700; Well parameters metering system; Nitrogen convertor; Well intervention rigs; Hydraulic activation keys; Power generation units; Field units; platform tipper trucks, crane trucks, 4x4 trucks, tractor trailers, bulldozers, road tractors, minibuses, backhoe loaders, excavators, etc. 	<p>The following were accepted:</p> <p>Compressor stations and wells separators, Radauti metering panel, well parameter metering system, 30 tons force rig - 3 items, cementing and cracking units ACF 700 - 5 items, pressure lubricator 3x10000 PSI, nitrogen convertor, GPS systems, flexible tubing tools, vertical preventor - 1 item, 3 tachographs, 22 tractor trailers, road roller, 5 truck cranes, cesspool emptier, 4x4 trucks - 4 items, 4x4 platform truck with lift arm - 4 items, 1 electric forklift truck, 1 semitrailer, computerized diagnostic equipment for motor vehicles, car air-conditioning system tester and charger, megohmmeter, three-phase power generator, equipment for testing the dielectric strength of oil, Pneumo-hydraulic channel jack for trucks, water and foam fire fighting vehicle, office computers, portable computers (type I, II laptop and ultra laptop), graphic stations, 22" and 27" monitors, videoconference endpoints, water softening station, gas metering and regulating unit, fixed metering pump for injecting liquid foaming agent into the wells, automatic sticks launchers in productive wells, drones;</p>

Item No.	Main physical objectives	Planned	Results
			The electric cars charging station was commissioned.
8.	Land acquisitions		The office building in Bucharest Verii Str. no. 1-3 was purchased.
9.	Consultancy, studies and projects, software and licenses		<ul style="list-style-type: none"> • AUTOCAD licenses, professional quote licenses; • Software for sector procurements management and contract follow-up; • MAIS, BI, Hyperion IT systems; • Technical design services for workovers at reservoir dam on Mures river; • Technical design services for workovers at the natural draft cooling tower no. 2 at CTE Iernut.
10.	Electricity generation	Works continue at CTE Iernut	<ul style="list-style-type: none"> • Contract in progress „Completing and commissioning the investment objective Development of CTE Iernut by building a new gas turbine combined cycled power plant”.
11.	Partnerships/Associations	<p><u>LUKOIL OVERSEAS:</u></p> <ul style="list-style-type: none"> - drilling and well safety in preparation in 30 EX Trident block 	<ul style="list-style-type: none"> • In 2023 the location establishment works were completed and the outpost well trajectory for Lira block discovery. Geomechanical modelling works were completed and the assessment of the well bore stability for establishing the outpost well trajectory, flow dynamic modelling for Lira block an well testing objectives confirmation. 3 D seismic reprocessing works were completed in September 2023, and the seismic interpretation/reinterpretation are estimated to be completed in January 2024.
		<p><u>Amromco:</u></p> <ul style="list-style-type: none"> - Permits and authorizations; well abandonment 	<ul style="list-style-type: none"> • Preliminary design works were performed, and approvals were obtained for wells planned for drilling; 4 well abandonment works were performed for wells that had ANRM approval and demolition works at facility groups, drilling locations and access roads to abandoned wells.

The main reasons for the lower rate of achievement of the investment objectives foreseen in the investment program of Romgaz for 2023 are the following:

- Monthly credits awarded to Black Sea Limited Subsidiary, much lower than the ones initially provided;
- Completion of some procurement procedures was offset/delayed for different reasons;
- Cancellation of some procurement procedures due to no offer being submitted, though the estimated values were determined based on market consultation or cancellation of some procedures because the estimated value has been exceeded;
- Cancellation of some objectives by the Technical Economic Committee on economic efficiency grounds;
- Procurement at lower prices than the budgeted price;

- Delayed deliveries of some fixed assets;
- Coming into force of the design and execution works contract for „Completion of works and commissioning of the objective CTE Iernut Development by building a new combined cycle gas turbine power plant” only on August 1, 2023.

The investment objective for which offsets/delays were recorded during 2023 will be carried out during the investment year 2024.

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 Thermolectric 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 the end of 2020 as deadline.

In 2021, pursuant to the notice of termination no. 10872/April 02, 2021, Romgaz terminated the Contract of Works no.13384/October 31, 2016, executed 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 complete the works within the deadline established under Addendum No. 15/May 26, 2020, namely December 26, 2020.

Considering the new legal framework, Romgaz exploited all legal possibilities, including with the Consortium, to complete the work and put into operation the new power plant, pursuing the completion of works and the plant’s contribution to the stability of the NEG (National Energy Grid).

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

“*Unique article:*

Law no.99/2016 on sectoral procurement, published in the Official Gazette of Romania, Part I, no.391 of 23 May 2016, with subsequent amendments and additions, is supplemented as follows:

1. After Article 117, a new article is inserted, Article 117¹, with the following content:

Article 117¹

As an 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, having as object the execution of the remainder to be executed for the construction and development of electricity generating capacity where this represents less than 40% of the physical stage of the investment objective.

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

(6^1) "Where contracts are awarded in accordance with the provisions of Article 117^1, the contracting entity may decide not to exclude from the award procedure the economic operators referred to in paragraph (1)(g)." Thus, the procurement procedure applied by Romgaz was negotiated without prior invitation to a competitive bidding procedure, in accordance with the provisions of Article 117^1 of Law 99/2016.



The procurement procedure of the above mentioned work was carried out in compliance with Romgaz internal procedures and the principles provided in Article 2, paragraph 2 of Law no.99/2016, namely: non-discrimination, equal treatment, mutual recognition, transparency, proportionality and accountability. The executive management recommended and Romgaz Board of Directors agreed to initiate the procurement having as object "Completion and commissioning of the investment objective: Development of CTE Iernut by building a combined cycle gas turbine power plant" - (Board of Directors Resolution no.43/July 8, 2022).

The new Works Contract for CTE Iernut completion

- ✓ As of March 31, 2023 the works contract having as object "Completion and putting into operation the investment objective: Development of CTE Iernut by building a combined cycle gas turbine power plant" was signed with the approval of Romgaz Board of Directors;
- ✓ Execution term: Duro Felguera must complete all works within 16 months of the entry into force of the contract (the works start order will be issued within 25 days of the entry into force of the Settlement Agreement).

Settlement Agreement

- ✓ As of May 10, 2023, Romgaz General Meeting of Shareholders approved the Settlement Agreement between Romgaz and Duro Felguera SA (together with all its appendices);
- ✓ The settlement was negotiated with regards to the entire legal situation generated by the conclusion of the initial Works Contract, the occurrence of numerous unforeseeable problems during the works, respectively the termination of this contract;
- ✓ The Conditions Precedent for the Settlement enforcement are:
 - The Transfer Agreement between Duro Felguera and Romelectro to be in force, and Duro Felguera to make prove of:
 1. The prior approval of the Transfer Agreement between Duro Felguera and Romelectro by the General Meeting of Romelectro Creditors;
 2. The Transfer Agreement between Duro Felguera and Romelectro by the syndic judge;
 3. Expiry of the deadline for appealing against the syndic judge confirmation, proved by adequate means which are satisfying for Romgaz;
 - Provision by Duro Felguera of a valid resolution of the Board of Directors approving the Settlement.

The enforcement period of the Settlement was 5 days as of meeting all the Precedent Conditions set by the parties.

On June 24, 2023, the precedent conditions were met in compliance with the provisions of Settlement Agreement no. 40924/April 3, 2023, between Romgaz and Duro Felguera SA, to settle disputes between the parties and to create the conditions necessary for the completion of the remaining work to be carried out at Iernut Power Plant.

Electricity Production Branch Iernut (CTE Iernut) issued the order to start the works at the investment's objective „Development of CTE Iernut by building a new combined cycle gas turbine power plant” on August 1, 2023 and handed over the site to the contractor Duro Felguera SA for the commencement of works on the project. The deadline for completion is 16 months, as of the date of the start order, with the possibility of an extension according to the provisions of the contract.

Among the works performed during 2023 for the above mentioned contract the following are listed:

- Platforms for low traffic were executed in the HRSG heat recovery steam generators area, in the gas compressors areas and the chemical station, while the West platform works are ongoing;
- Normal traffic roads were built in the HRSG heat recovery steam generators area, the West area, while in the gas compressors areas, the North area, the South area, the interconnection station and in the water cooling pumps area the works are in execution phase and will continue during 2024;
- Foundations were built around the HRSG heat recovery steam generators area and the gas compressors area, while in the water cooling pumps area and in the turbines area the works are still in execution phase;
- Equipment and wiring in the electricity building are in execution phase;
- For the electricity part civil works, ground outlets, high voltage transformers tests and the grounding of cable routes were completed.

In 2023, **DEPOGAZ** had an approved investment program of RON 112,090 thousand and achieved investments of RON 107,988 thousand, representing 96.34% as follows:

<i>Item No.</i>	<i>Description</i>	<i>*RON thousand*</i>	
		<i>Program</i>	<i>Results</i>
1.	<i>Gas fields and UGS exploitation, infrastructure and utilities in fields and underground storages</i>	54,850	54,488
2.	<i>Underground gas storage activities</i>	7,307	7,436
3.	<i>Modernization and upgrading of installations and equipment, surface facilities, utilities</i>	42,546	38,789
4.	<i>Independent equipment and machinery</i>	3,549	3,286
5.	<i>Costs with consultancy, studies and projects, software, licenses and patents etc.</i>	3,838	3,989
*	TOTAL	112,090	107,988

The investments were financed entirely from own Subsidiary sources.

For the reporting period, fixed assets were commissioned in amount of RON 76,979 thousand.

The main objectives recording achievements in 2023 were:

- Drilling of Bilciuresti wells: RON 53,782 thousand;
- Modernization of Sarmasel wells: RON 24,609 thousand;
- Collectors' systematization Butimanu-Bilciuresti at SC Butimanu: RON 7,044 thousand;
- Modernization of gas metering system Bilciuresti-Butimanu: RON 5,926 thousand;
- Drilling 6 wells Sarmasel: RON 1,182 thousand;
- Natural gas compressor, dehydration, metering station for increasing the underground gas storage in Ghercesti Deposit: RON 3,620 thousand;
- TRSV control units: RON 875 thousand;
- Ghercesti compressor station designing: RON 2,740 thousand;

- Increasing the daily extraction capacity in Bilciuresti Deposit: RON 6,556 thousand, representing design, taxes and permits related to authorization of works execution.

In 2023, **ROMGAZ BLACK SEA LIMITED** had an approved total investment program of RON 736,199 thousand and achieved RON 548,903 thousand, representing 74.56%, as follows (RON thousand):

Item No.	Description	Program 2023	Results 2023
1.	Preparatory activities for the development phase	708,361	547,211
2.	Exploration activities	27,838	1,693
TOTAL		736,199	548,903

Note: the values in the table do not comply with IFRS.

For Neptun Deep joint operations, the National Agency for Mineral Resources confirmed the Development Plan of reservoirs, therefore more than 80% of execution contracts were awarded until the end of 2023, steps have been taken to obtain approvals, to initiate construction works and to prepare drilling works.

V. SECURITIES MARKET

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

On November 12, 2023, S.N.G.N. Romgaz S.A. celebrated 10 years since its listing on the Bucharest Stock Exchange (BVB) and the London Stock Exchange (LSE). The company's shares are traded on the BVB under the symbol „SNG”, and the global deposit receipts¹⁰ (GDR) on the LSE under the symbol „SNGR”.

During this time, respectively as of the initial publishing date in 2013 until the end of 2023, Romgaz capitalization increased by 67%. The main indicators evolution is shown in the table below:

No.	Specification	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1.	Market capitalization ¹¹											
	*million RON	13,178	14,018	10,483	9,636	12,064	10,714	14,299	10,830	15,031	14,550	19,310
	*million EUR	2,952	3,127	2,315	2,122	2,589	2,297	2,992	2,224	3,038	2,941	3,882
2.	Maximum (RON/share) price	35.60	36.37	36.55	27.55	33.95	38.20	38.40	37.70	39.00	51.70	51.00
3.	Minimum (RON/share) price	33.80	32.41	26.30	21.60	25.10	27.80	27.35	25.75	28.35	34.05	38.00
4.	Year-end (RON/share) price	34.19	35.36	27.20	25.00	31.30	27.80	37.10	28.10	39.00	37.75	50.10
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	7.3
6.	Gross dividend per share (RON) - Total,											
	out of which:	2.57	3.15	2.70	5.76	6.85	4.17	1.61	1.79	3.80	3.42	
	Option I											0.3561
	Option II											0.1425
	- annual dividend	2.57	3.15	2.70	2.40	4.34	3.15	1.39	1.63	3.62	3.30	
	Option I											0.3397
	Option II											0.1359
	- additional dividend	-	-	-	3.36 ¹⁾	2.51 ²⁾	1.02 ³⁾	0.22 ⁴⁾	0.16 ⁴⁾	0.18 ⁴⁾	0.12 ⁴⁾	
	Option I											0.0164 ⁴⁾
	Option II											0.0066 ⁴⁾
7.	Dividend yield (6./4.x100) (%)	7.5	8.9	9.9	23.04	21.88	15.00	4.34	6.37	6.79	9.1	
	Option I											7.1
	Option II											2.8
8.	Exchange (RON/EUR)	4,4639	4,4834	4,5285	4,5411	4,6597	4,6639	4,7785	4,8694	4,9481	4,9474	4,9746

NOTE: The number of shares remained at the same level since the listing until December 31, 2023. By EGMS Resolution no. 17/2023, the share capital increase was approved by issuing 9 new shares for each share owned by the shareholders on payment date. Considering that the dividends payment date comes after the payment date of the bonus shares (May 30, 2024, according to EGMS Resolution No. 17/2023), the dividend per share was calculated for the increased shares number, respectively 3,854,224,000.

¹⁾ consisting of the dividend resulting from the distribution of retained earnings (RON 1.42/share) and the additional dividend granted pursuant to the provisions of Articles II and III of GEO 29/2017, distributed from the company's reserves representing own sources of financing (RON 1.94/share).

²⁾ consisting of the dividend resulting from the distribution of retained earnings (RON 0.65/share) and the additional dividend granted pursuant to the provisions of Articles II and III of GEO 29/2017, distributed from the company's reserves representing own sources of financing (RON 1.86/share).

³⁾ consisting of the dividend from the distribution of retained earnings (RON 0.08/share) and the additional dividend granted pursuant to Article 43 of GEO No. 114/2018 (RON 0.94/share).

⁴⁾ resulting from the distribution of retained earnings.

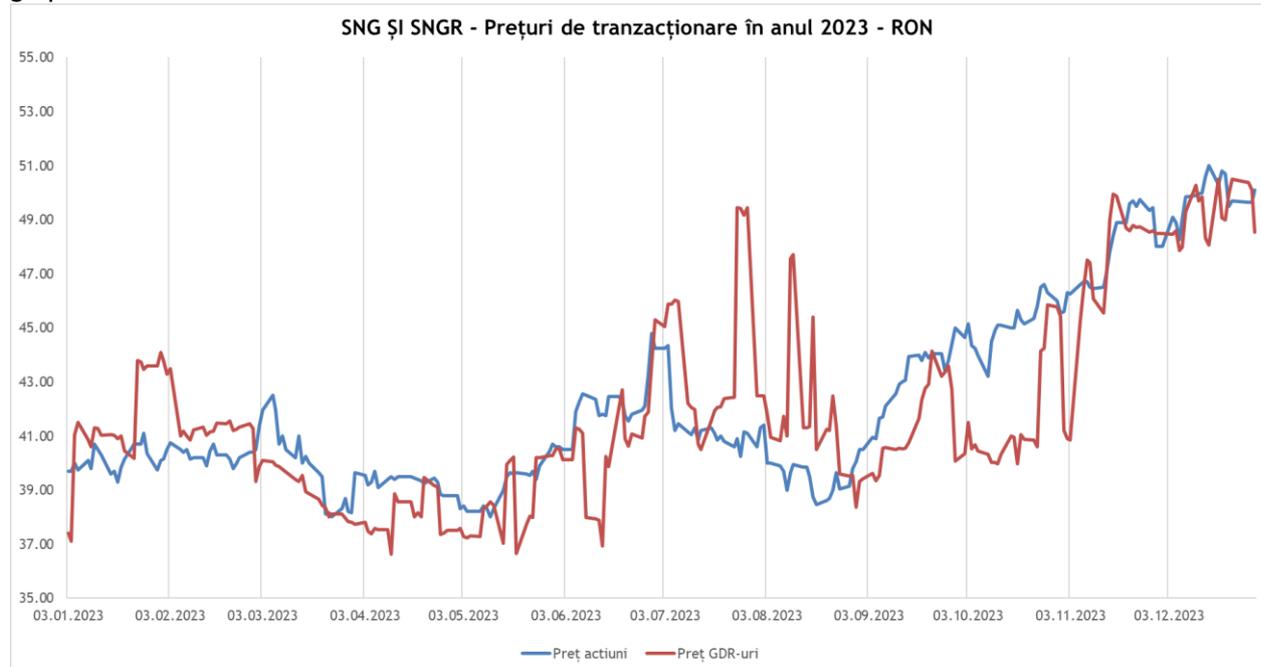
¹⁰ Global Deposit Receipts - GDR, issued by The Bank of New York Mellon, 1 GDR = 1 share

¹¹ Calculated based on the closing price on the last trading day of the year in question, respectively on the basis of the exchange rate communicated by BNR and valid on the last trading day of the year in question.

In 2023, the average trading prices of ROMGAZ securities (shares and global depository receipts - GDR) were RON 42.26/share, respectively USD 9.17/GDR (equivalent of RON 41.95/GDR). The minimum prices of the period were recorded on March 24, 2023, for shares (RON 38) and May 19, 2023 for GDRs (USD 7.95/RON 36.63) while the maximum prices were reached in December 15, 2023 for shares (RON15), respectively December 22, 2023 for GDRs (USD 11.20/RON 50.51).

Quarterly, the average share price having an upward trend from RON 40.10 in Q1 2023 to RON 40.17 in Q2 2023 (+0.18%) and, respectively, RON 41.31 in Q3 2023 (+2.83%) and RON 47.45 in Q4 2023 (+14.85%). The GDRs average trading price decreased in Q2 compared to Q1 by 2.75% (USD 8.85 in T1 and USD 8.61 in Q2), thereafter, the trend remained upward similar to shares: +8.37% in Q3 2023 (USD 9.33) and +6.30% in Q4 2023 (USD 9.92).

The comparative evolution of share price and GDR price (in RON) during 2023 is illustrated in the following graph:



The oscillating evolution of trading prices can be observed, influenced by the following main events that led to sharp decreases and increases in 2023:

- in Q1 2023: approval by the Romanian Government of a memorandum for the distribution of at least 90% of the net profit of state-owned companies in 2022 in the form of dividends (increase: beginning of March 2023), decrease of gas reference prices in Europe under the EUR 40 (USD 43) threshold for one MWh, as mild weather in 2022/2023 winter decreased the demand¹² (decrease: end of March 2023);
- in Q2 2023: increase in investors' interest for the shares traded on the BVB as a result of the final decision to invest in Neptun Deep project and approving the development plan by OMV Petrom and Romgaz, as well as starting the listing process of Hidroelectrica (increase: end of June 2023);
- in Q3 2023: Ex-data dividends 2022 and publication of key indicators for Semester 1, 2023 highlight the decrease of hydrocarbon production (decrease July 2023), sharp declines in the BVB indices in line with the depreciation of European markets, as a result of global investors' fears about market developments¹³ (decrease August 2023), good long term perspectives of the company, considering the natural gas exploration project in the Black Sea¹⁴ and concluding an approximately RON 1 billion contract with E.ON Energie Romania (increase September 2023);
- in Q4 2023: declines in indices on foreign markets, also reflected on the BVB due to the Middle East conflict (decrease October 2023), proposal and approval of increasing Romgaz share capital (increase November and December 2023)

¹²Source: Financial Intelligence, 20.03.2023

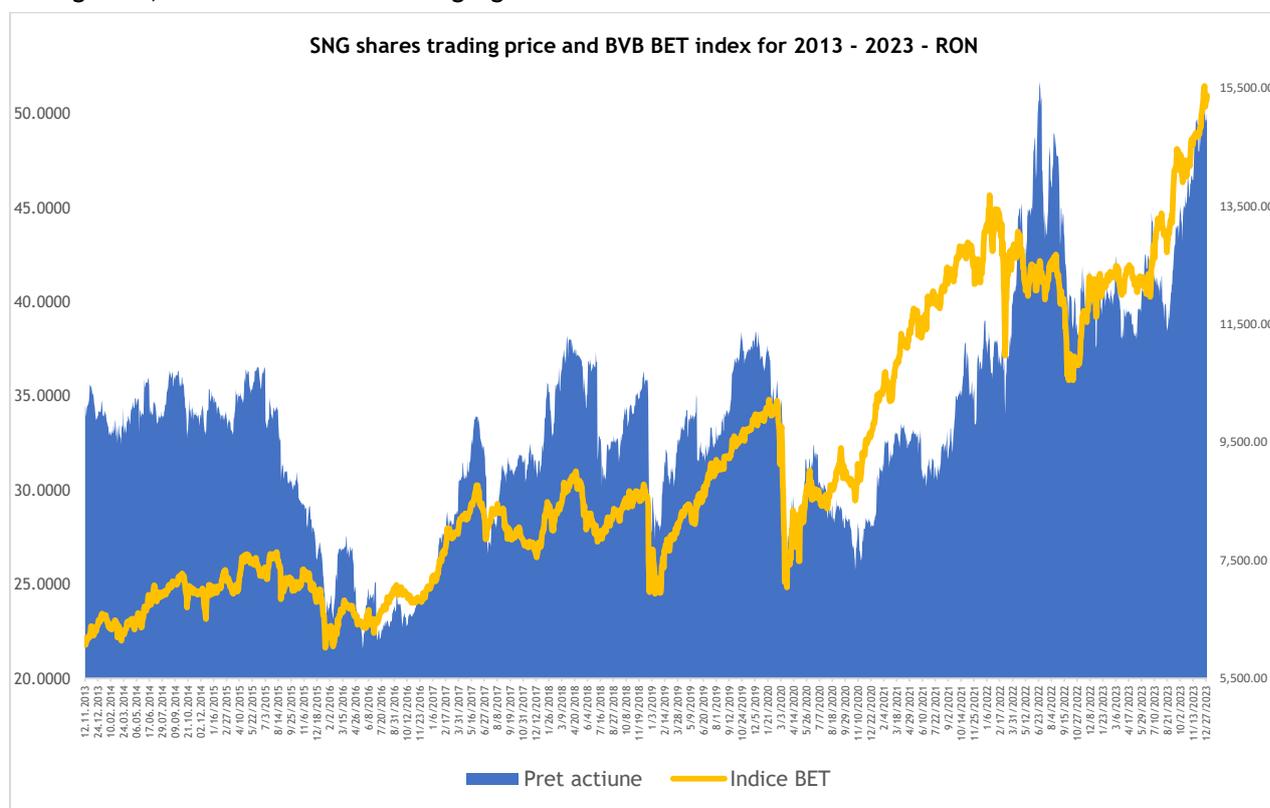
¹³ Source: Bursa Newspaper, 04.08.2023 and 21.08.2023

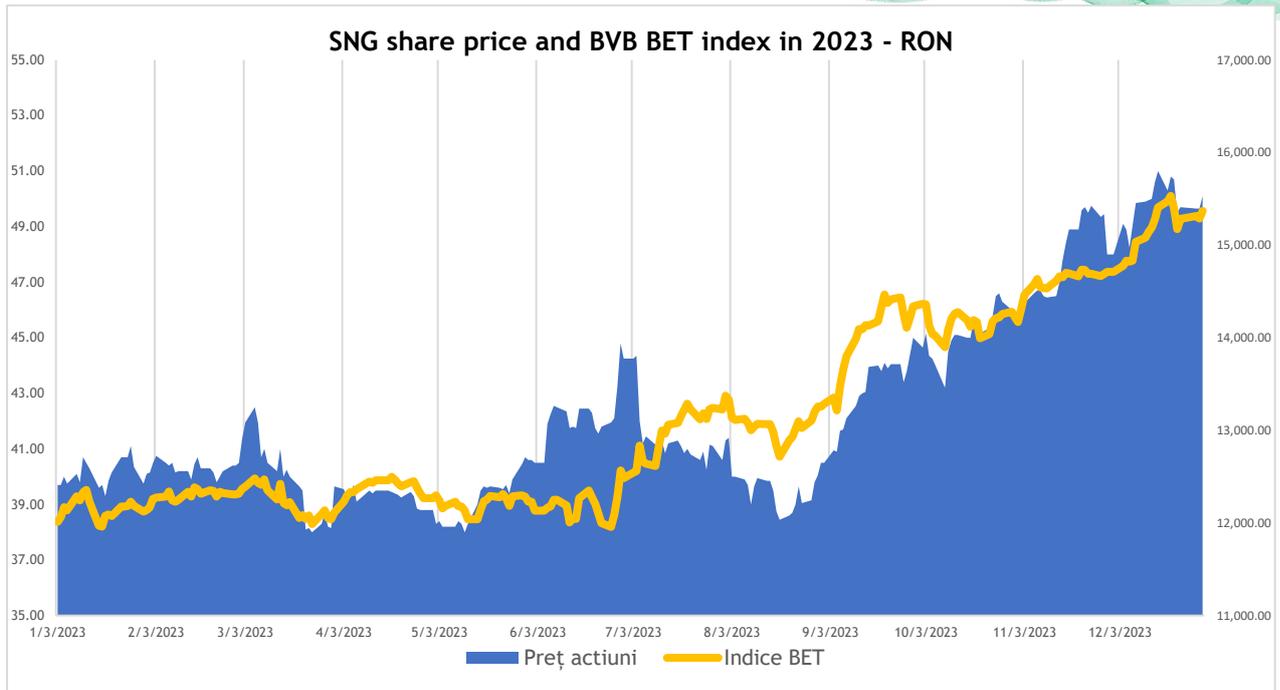
¹⁴ Source: Bursa Newspaper, 11.09.2023

Since the listing and until now, Romgaz is considered an attractive company for the investors and takes an important place among the top local issuers. Romgaz was included in the BVB trading indices at the end of 2023 as follows:

- 4th place by market capitalization among issuers in the BVB Premium category. With a market capitalization on 31 December 2023 of RON 19,309.66 million, respectively EUR 3,881.65 million, Romgaz is the fourth biggest company listed from Romania, being preceded by Hidroelectrica with a capitalization of RON 57,574.72 million (EUR 11,573.73 million) OMV Petrom with a capitalization of RON 35,798.05 million (EUR 7,196.16 million) and by Transilvania Bank with a capitalization of RON 19,375.44 million (EUR 3,894.87 million).
- 5th place after the total value of the transactions from 2023 among the top issuers in the BVB Premium category (RON 809.18 million) after Hidroelectrica, Fondul Proprietatea, Transilvania Bank and OMV Petrom;
- 9.26% and 9.36% weights in the BET index (top 15 issuers) and respectively BET-XT (top 25 issuers), 17.10% in the BET-NG index (energy and utilities) and 9.26% in the BET-TR index (BET Total Return).

The evolution of Romgaz share prices compared to the BET index, from the listing to the present and during 2023, is shown in the following figures:





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**¹⁵ approved by *Law No. 769/2001* as subsequently amended and supplemented, provided in 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.

According to **Government Emergency Ordinance No.29/2017**¹⁶:

- ☐ “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).

The table below shows the status of dividends for years 2021-2023:

Description	2021	2022	2023 Proposal
Dividends	1,464,605,120	1,318,144,608	
<ul style="list-style-type: none"> • Option I • Option II - recommended by the Board of Directors and executive management 			1,372,489,166.40
			586,998,315.20
Gross dividend per share (RON/share)	3.80 [*]	3.42 ^{**}	
<ul style="list-style-type: none"> • Option I 			0.3561 ^{***}

¹⁵ Government Ordinance no.64 of 30 August 2001 on the distribution of profits of companies with majority state capital and autonomous companies.

¹⁶ Government Emergency Ordinance no.29 of 30 March 2017 amending Article 1(1)(g) of Government Ordinance no.64/2001 on the distribution of profits of national companies, national companies and companies with full or majority state capital, as well as autonomous regions and amending Article 1(2) and (3) of Government Emergency Ordinance no.109/2011 on corporate governance of public enterprises.

- Option II - recommended by the Board of Directors and executive management

0.1425****)

Dividend distribution rate (%)	71.61	51.76	
• Option I			51.81
• Option II - recommended by the Board of Directors and executive management			20.73
Number of shares	385.422.400	385.422.400	3.854.224.000

*) The gross dividend of RON 3.80 per share 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 gross dividend of RON 3.42 per share is composed of the gross dividend per share for financial year 2022 in amount of RON 3.30 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 proposed gross dividend per share of RON 0.3561 per share is composed of the gross dividend per share for financial year 2023 in amount of RON 0.3397 per share and the additional gross dividend of RON 0.0164 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, recommended by the Board of Directors and executive management, of RON 0.1425 per share is composed of the gross dividend per share for financial year 2023 in amount of RON 0.1359 per share and the additional gross dividend of RON 0.0066 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.

EMGS Resolution No. 17/2023 approved the share capital increase by issuing 9 new shares for each share held by the shareholders on the payment date. Considering that the dividend payment date will be after the date of payment of the bonus shares (May 30, 2024, according to EGMS Resolution No. 17/2023), the dividend per share was calculated for the increased number of shares, respectively 3,854,224,000.

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”.

VI. Company management

6.1. Board of Directors

The company is governed by a Board of Directors consisting of 7 members which, on **December 31, 2023**, has the following structure:

Item No.	Surname and name	Position in the Board	Status *)	Professional Qualification	Institution of Employment
1.	Dragan Dan Dragos	chairman	non-executive non-independent	Economist	Ministry of Energy
2.	Jude Aristotel Marius	member	executive non-independent	MBA Legal Adviser	SNGN Romgaz SA

3.	Nut Marius Gabriel	member	non-executive independent	Economist	SC Sanex SA și SC Lasselberger SA
4.	Brasla Razvan	member	non-executive independent	Economist	SC Blom Project Management SRL
5.	Sorici Gheorghe Silvian	member	non-executive independent	Economist	SC Sobis Solution SRL
6.	Balasz Botond	member	non-executive independent	Legal Adviser	SNGN Romgaz SA
7.	Stoian Elena Lorena	member	non-executive independent	Legal Adviser	SCA Stoian and Partners

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

The company's Board members were elected on the basis of OGMS Resolution No. 5 of March 14, 2023, for a 4-year mandate, starting on March 16, 2023.

During January 1 - March 14, 2023, the Board of Directors had the following structure:

Item No.	Surname and name	Position in the Board	Status ^{*)}	Professional Qualification	Institution of Employment
1	Dragan Dan Dragos	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 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

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

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.**

On December 31, 2023, the following Board members hold shares in the company:

Item No.	Surname and name	Number of shares held	Weight in the share capital (%)
0	1	2	3
1	Dragan Dan Dragos	18,757	0.00486661
2	Balasz Botond	11	0.00000285

6.2. Executive Management

Chief Executive Officer (CEO)

By Resolution no. 78 of November 23, 2022, the Board of Directors appointed MR. Popescu Razvan as Chief Executive Officer for a period of 4 months, from December 18, 2022, until April 18, 2023.

By Resolution no. 32 of March 23, 2023, the Board of Directors approved the extension of Mr. Popescu Razvan mandate as Chief Executive Officer, for a period of 2 months, from April 19, 2023, until June 19, 2023.

By Resolution no. 55 of May 15, 2023, the Board of Directors appointed Mr. Popescu Razvan as Chief Executive Officer for a period of 4 years, from May 16, 2023, until May 16, 2027.

By Resolution no. 87 of September 19, 2023, the Board of Directors approved the conclusion of the addendum to the mandate contract of Mr. Popescu Razvan related to the financial and nonfinancial performance indicators underlying the establishment and granting of the variable component of the Chief Executive Officer's remuneration, determining the amount of the variable component of remuneration and how it is calculated and paid.

By Resolution no. 115 of December 19, 2023, the Board of Directors approved the conclusion of the addendum to the Chief Executive Officer's mandate contract on the modification of financial and non-financial performance indicators.

Deputy Chief Executive Officer (Deputy CEO)

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 mandate of 4 months starting from December 18, 2022, until April 18, 2023.

By Resolution no. 33 of March 23, 2023, the Board of Directors approved the extension of Mr. Jude Aristotel Marius mandate as Deputy Chief Executive Officer, for a period of 2 months, from April 19, 2023, until June 19, 2023.

By Resolution no. 55 of May 15, 2023, the Board of Directors appointed Mr. Jude Aristotel Marius as Deputy Chief Executive Officer for a period of 4 years, from May 16, 2023 until May 16, 2027.

By Resolution no. 87 of September 19, 2023, the Board of Directors approved the conclusion of the addendum to the mandate contract of Mr. Jude Aristotel Marius related to the financial and nonfinancial performance indicators underlying the establishment and granting of the variable component of the Deputy Chief Executive Officer's remuneration, determining the amount of the variable component of remuneration and how it is calculated and paid;

By Resolution no. 115 of December 19, 2023, the Board of Directors approved the conclusion of the addendum to the Chief Executive Officer's mandate contract on the correction of financial and non-financial performance indicators.

Chief Financial Officer (CFO)

By Resolution no. 85 of December 20, 2022, the Board of Directors appointed Mrs. Tranbitas Gabriela as Chief Financial Officer for an interim mandate of 4 months, from December 20, 2022, until April 20, 2023.

By Resolution no. 34 of March 23, 2023, the Board of Directors approved the extension of Mrs. Tranbitas Gabriela mandate as Chief Financial Officer, for a period of 2 months, from April 21, 2023 until June 21, 2023.

By Resolution no. 55 of May 15, 2023, the Board of Directors appointed Mrs. Tranbitas Gabriela as Romgaz Chief Financial Officer, for a period of 4 years, from May 16, 2023 until May 16, 2027.

By Resolution no. 87 of September 19, 2023, the Board of Directors approved the conclusion of the addendum to the mandate contract of Mrs. Tranbitas Gabriela, related to the financial and nonfinancial performance indicators underlying the establishment and granting of the variable component of the Deputy Chief Financial Officer's remuneration, determining the amount of the variable component of remuneration and how it is calculated and paid.

By Resolution no. 115 of December 19, 2023, the Board of Directors approved the conclusion of the addendum to the Chief Financial Officer's mandate contract on the correction of financial and non-financial performance indicators.

The other persons in management positions within the company, to whom the Board of Directors has not delegated management powers, can be found on the company's website at the link below: <https://www.romgaz.ro/management>.

Other persons holding management positions without being delegated management powers by the Board of Directors, on December 31, 2023:

Surname and name	Position
ROMGAZ - headquarters	
Chirca Robert Stelian	Exploration-Production Department Director
Foidas Ion	Production Department Director
Greco Marius Rares	Human Resources Director
Veza Marius Leonte	Accounting Department Director
Zilahi Ioana Maria	Finance Department Director
Paunescu Octavian Aurel	Exploration-Appraisal Department Director
Sasu Rodica	Exploration-Production Support Department Director
Dinu Dorin	Drilling Department Director
-	Information Technology Department Director
Lupa Leonard Ionut	Procurement Department Director
Chertes Viorel Claudiu	Regulations Department Director
Moldovan Radu Costica	Energy Trading Department Director
Mares Gabriela Elena	Strategy, International Relations, European Funds Department Director
Antal Francisc	Quality, Environment, Emergency Situations and Infrastructure Department
Hategan Gheorghe	Technical Department Director
Medias Branch	
Totan Constantin Ioan	Branch Director
Achimet Teodora Magdalena	Economic Director
Veress Tudoran Ladislau Adrian	Production Director
Popa Bogdan	Technical Director
Targu Mures Branch	
Baciu Marius Tiberiu	Branch Director
Bosca Mihaela	Economic Director
Rusu Gratian	Production Director
Roiban Claudiu	Technical Director
Iernut Branch	
Balazs Bela Atila	Branch Director
Hatagan 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
Grosu Adrian Doru	Technical Director
Drobeta Branch	

Surname and name	Position
Saceanu Constantin	Branch Director

The members of the executive management, except for the mandated officers (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.

The table below shows the number of *company shares held by the members of the executive management* on December 31, 2023:

Item no.	Surname and name	Number of shares held	Weight in the share capital (%)
0	1	2	3
1.	MATEI Delia Gabriela	233	0.00006045
2.	Andrea Nicolae	225	0.00005837
3.	ZILAH I Ioana Maria	60	0.00001556
4.	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>.

Depogaz Board of Directors

Depogaz is governed by the Board of Directors, consisting of 5 board members, selected and appointed by the Sole Associate in compliance with the law.

Selection and appointment of Depogaz Board of Directors was made in compliance with GEO No. 109/2011 on corporate governance of public enterprises, as amended from time to time, and related enforcement guidelines.

Thus, the appointment of members in the Board of Directors of SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești SRL, was approved by Sole Associate Resolution No. 1/January 19, 2023, for a 4 -year mandate term, for the period January 20, 2023 - January 20,2027, respectively, as follows:

No.	Surname and name	Position in the BoD	Status*)
1.	Stanescu Nicolae Bogdan Codrut	chairman	independent non-executive
2.	Tarinda Ileana	member	independent non-executive
3.	Lazar George	member	independent non-executive
4.	Vasile Anna-Maria	member	independent non-executive
5.	Ciornea Anca-Isabela	member	independent non-executive

*) - *members of the Board of Directors submitted the independent statements in compliance with the Internal Rules of the Board of Directors.*

Executive Management of Depogaz

Director General

Mr. Carstea Vasile was appointed as interim Director General of SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL for 4 months, by Board of Directors Resolution No. 18 from November 21, 2022, with the possibility of extension up to 6 months or until the selection procedure is completed, based on a contract of mandate, starting on November 11, 2022.

The procedure for recruiting DEPOGAZ Director General was approved by Board Resolution No. 2/January 20, 2023, in compliance with the provisions of GEO No. 109/2011 on corporate governance of public enterprises, as amended.

Upon the completion of the recruiting procedure, Mr. Carstea Vasile was appointed Director General of DEPOGAZ by Board of Directors Resolution No. 5/March 6, 2023, based on a Contract of Mandate concluded for a term of 4 years, starting with March 6, 2023.

The Director General of the company has the duties provided in the Contract of Mandate, by the Internal Rules of the Board of Directors and by the Articles of Association, supplemented by the applicable law.

Other persons holding management position during the reference period:

No.	Surname and name	Position
1.	Alupei Valentin Lucian	Storage Director
2.	Ionescu Viorica Mariana	Economic Director
3.	Girilcel Victor Cristian	Technical Director
4.	Galea Paul	Commercial Director
5.	Moise Sanda Madalina	Quality, Health, Safety, Environment Director

Also, members of Depogaz management holding Romgaz shares are: Mr. Carstea Vasile - 412 shares representing 0.00010690% of the share capital and Mr. Girilcel Victor Cristian - 125 shares representing 0.00003243% of the share capital.

Board of Directors and Executive Management of RBS

RBS Subsidiary is governed by a Board of Directors consisting of 3 members who, starting with December 31, 2023, are:

No.	Name and surname	Position in BD	Status	Professional Qualification	Employer Company
1	Rodica Sasu	chairman	non-executive	geophysical engineer	SNGN Romgaz SA
2	Robert Stelian Chirca	member	non-executive	engineer	SNGN Romgaz SA
3	Tiberiu Andrei Novac	member	non-executive	economist	SNGN Romgaz SA

Board members have been selected based on Sole Associate Resolution No. 230131-3 of January 31, 2023, for a 4-month term mandate as of February 3, 2023. Further, the Board members mandates have been extended by 2 months, by Resolution No. 230524-4 of May 24, 2023, from June 4, 2023, until August 4, 2023. Board members have been appointed for a 4-month mandate by the Sole Associate Resolution no. 14 of July 21, 2023, starting at August 5, 2023. Further, Board members have been appointed for a 5-month term mandate by Resolution no. 25 of November 22, 2023, starting from December 6, 2023, until May 6, 2024.

Mr. Alin Alexandru Stirbu was appointed by Board Resolution No. 5 of February 3, 2023, as Director General and legal representative of the company, Branch Director and legal representative of Romgaz Black Sea Limited Nassau (Bahamas)- Bucuresti Branch for a 4-month term mandate starting from February 3, 2023, until June 3, 2023. The extension of Mr. Alin Alexandru Stirbu's mandate by 2 months, from June 4, 2023, until August 4, 2023, was approved by Board of Directors Resolution No. 23 of May 25, 2023.

The Board of Directors acknowledged by Resolution No. 29 of June 29, 2023, the resignation of Mr. Alin Alexandru Stirbu from his position as Director General and legal representative of the company, Branch Director and legal representative of Romgaz Black Sea Limited Nassau (Bahamas)- Bucuresti Branch.

The Board of Directors appointed by Board of Directors Resolution No. 30 of June 29, 2023, Mrs. Diana Andreea Lupu as Director General and legal representative of the company, Branch Director and legal representative of Romgaz Black Sea Limited Nassau (Bahamas)- Bucuresti Branch for a 4-month term mandate starting from July 4, 2023 until November 4, 2023.

The Board of Directors appointed by Board of Directors Resolution No. 56 of October 26, 2023, Mrs. Diana Andreea Lupu as Director General and legal representative of the company, Branch Director and legal representative of Romgaz Black Sea Limited Nassau (Bahamas)- Bucuresti Branch for a 5-month term mandate starting from November 5, 2023 until April 5, 2024.

We state that, to the best of our knowledge, the persons nominated at paragraphs 6.1. and 6.2. above ***have not been involved in litigations or administrative procedures during the last 5 years***, relating to their activity performed in Romgaz, as well as those related to the respective persons capacity to perform their duties in Romgaz, except for the litigations that are subject to files No. 1596/85/2018*, nr.229/85/2019 (please see “Litigations” posted on Romgaz website at the address www.romgaz.ro → Investors → Annual Reports → 2023), and file No. 2041/85/2018, 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 based on 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, 2021, December 31, 2022, and December 31, 2023:

Indicator	December 31, 2021 (thousand RON)	December 31, 2022 (thousand RON)	December 31, 2023 (thousand RON)	Variation (2023/2022)
0	1	2	3	4=(3-2)/2*100
ASSETS				
<i>Non-current assets</i>				
Property, plant and equipment	5,240,697	5,039,314	5,891,788	16.92
Other intangible assets	16,133	5,140,425	5,135,930	-0.09
Investments in associates	26,187	28,537	33,410	17.08
Deferred tax assets	269,645	199,016	324,175	62.89
Other financial assets	5,616	5,616	5,616	0.00
Right of use asset	7,128	8,766	11,596	32.28
Total non-current assets	5,565,406	10,421,674	11,402,515	9.41
<i>Current assets</i>				
Inventories	305,241	284,007	301,690	6.23
Trade and other receivables	1,352,345	1,373,664	1,398,953	1.84
Contract costs	483	3	-	n/a
Other financial assets	417,923	99,597	2,505,463	2,415.60
Other assets	67,962	265,232	321,799	21.33
Current tax receivable	3,201	-	-	n/a
Cash and cash equivalents	3,580,412	1,883,882	535,210	-71.59
Total current assets	5,727,567	3,906,385	5,063,115	29.61
TOTAL ASSETS	11,292,973	14,328,059	16,465,630	14.92
EQUITY AND LIABILITIES				
<i>Equity</i>				
Issued capital	385,422	385,422	385,422	0.00
Reserves	2,998,975	3,579,274	4,971,109	38.89
Retained earnings	5,596,756	6,111,869	6,204,783	1.52
TOTAL EQUITY	8,981,153	10,076,565	11,561,314	14.73
<i>Non-current liabilities</i>				
Retirement benefit obligation	156,420	168,830	189,314	12.13
Provisions	412,846	210,838	373,536	77.17
Deferred income	230,438	230,419	370,941	60.99
Borrowings	-	1,125,534	808,373	-28.18
Lease liability	7,211	7,499	10,450	39.35

Indicator	December 31, 2021 (thousand RON)	December 31, 2022 (thousand RON)	December 31, 2023 (thousand RON)	Variation (2023/2022) 4=(3-2)/2*100
0	1	2	3	4=(3-2)/2*100
Total non-current liabilities	806,915	1,743,120	1,752,614	0,54
Current liabilities				
Trade payables and other liabilities	71,317	110,006	146,111	32.82
Contract liabilities	204,384	263,340	153,723	-41.63
Current tax liabilities	52,299	1,177,498	1,766,637	50.03
Deferred income	49	11	7	-36.36
Provisions	237,144	321,489	121,732	-62.13
Lease liability	810	2,181	2,579	18.25
Borrowings	-	321,581	323,349	0.55
Other liabilities	938,902	312,268	637,564	104.17
Total current liabilities	1,504,905	2,508,374	3,151,702	25.65
TOTAL LIABILITIES	2,311,820	4,251,494	4,904,316	15.36
TOTAL EQUITY AND LIABILITIES	11,292,973	14,328,059	16,465,630	14.92

NON-CURRENT ASSETS

Total non-current assets recorded an increase of 9.41%, namely RON 980.84 million, from RON 10,421.67 million on December 31, 2022, to RON 11,402.52 million on December 31, 2023. The increase is generated mainly by the investments made in 2023 in well rehabilitation and the investments in Neptun Deep Project. The investment in Neptun Deep was RON 535.41 million. The investment related to Iernut power plant was RON 56,026.32.

CURRENT ASSETS

Current assets increased by RON 1,156.73 million on December 31, 2023 mainly due to increase of cash, cash equivalents and other financial assets by RON 1.06 billion. The main influences on current assets are shown below.

Inventories

At the end of 2023, natural gas inventories decreased as compared to the end of 2022 by RON 38.60 million. During 2023 a gas quantity of 93.3 million m³ was injected in the underground gas storages, while the withdrawn gas quantity was 144.5 million m³. In terms of quantity, the Group's gas inventories in storage deposits decreased by 29.76% as compared to the previous year.

Cash and cash equivalents. Other financial assets

Cash, cash equivalents and other financial assets (bank deposits and purchased state bonds) were RON 3,040.67 million on December 31, 2023, as compared to RON 1,983.48 million at the end of 2022 (RON +1,057.19 million). The increase was mainly due to collections during 2023. In 2023, the Group received RON 46.35 million from the National Investment Plan for the investment in the new power plant from Iernut, and RON 94.19 million following conclusion of a grant agreement with the European Climate, Infrastructure and Environment Executive Agency to increase daily withdrawal capacity at Bilciuresti UGS. These amounts are also included in deferred income (non-current section).

Other assets

Other assets decreased on December 31, 2023 as compared to December 31, 2022 due to the receivables recovered by Romgaz representing windfall tax (RON 142.23 million) and some receivables of RON 28.98 million generated by receiving favourable decisions in the disputes with the National Agency for Fiscal Administration in the previous periods.

NON-CURRENT LIABILITIES

Non-Current liabilities increased by 0.54% at the end of 2023 as compared to the similar period of 2022. Significant variations were recorded by the elements listed below.

Deferred income

The Group received in 2023 RON 46.35 million from the National Investment Plan for the investment in the new Iernut power plant, and RON 94.19 million following conclusion of a grant agreement with the European Climate, Infrastructure and Environment Executive Agency to increase daily withdrawal capacity at Bilciuresti UGS.

Provisions

The increase of the decommissioning provision recorded for the Groups' wells was determined by the decrease of the discount rate considered.

CURRENT LIABILITIES

Current liabilities increased by RON 643.33 million, from RON 2,508.37 million recorded on December 31, 2022, to RON 3,151.70 million at the end of 2023. Main influences are shown below.

Current tax liabilities

Current tax liabilities on December 31, 2023 includes the profit tax liability of RON 79.72 million (RON 174.71 million on December 31, 2022) and the liability related to the solidarity contribution of RON 1,686.92 million (RON 1,002.79 million on December 31, 2022).

Provisions

The decrease of current provisions by RON 199.76 million as compared to December 31, 2022 is mainly caused by using in 2023 the provision for CO2 certificates. Moreover, this year the Group purchased during the year CO2 certificates required for compliance purposes, unlike previous years when the purchase took place after the end of the calendar year. The costs related to these certificates are reflected at other expenses.

Other liabilities

Other liabilities recorded an increase of 104.17% as compared to the end of 2022. Most of these liabilities are related to the Group's obligation to return the CO2 certificates purchased in 2023 related to this year in order to be entered in the Single Register of Greenhouse Gas Emissions in the amount of 208.62 million lei, to petroleum royalties due for Q4 (RON 174.77 million on December 31, 2023, as compared to RON 146.96 million on December 31, 2022) and to amounts due to the operator for works performed to develop Neptun Deep block.

In 2023 financial year, the Group **did not issue bonds or other debt instruments**.

7.2. Statement of Consolidated Comprehensive Income

The Group profit and loss account summary for the period January 1 - December 31, 2023, as compared to the similar period of the years 2021 and 2022, is shown below:

Indicator	Year 2021 (thousand RON)	Year 2022 (thousand RON)	Year 2023 (thousand RON)	Variation (2023/2022)
0	1	2	3	4=(3-2)/2*100
Revenue	5,852,926	13,359,653	9,001,878	-32.62
Cost of commodities sold	(281,589)	(183,578)	(107,130)	-41.64
Investment income	58,403	176,979	213,008	20.36
Other gains and losses	23,388	(9,441)	(17,748)	87.99
Net impairment gains/ (losses) on trade receivables	349,989	(55,166)	(57,546)	4.31
Changes in inventories	74,787	(2,197)	(5,767)	162.49
Raw materials and consumables used	(81,146)	(118,037)	(109,441)	-7.28
Depreciation, amortization and net impairment expenses	(685,772)	(550,076)	(476,568)	-13.36
Employee benefit expense	(766,639)	(846,001)	(914,054)	8.04
Taxes and duties *)	-	(6,954,380)	(1,495,473)	-78.50

Indicator	Year 2021 (thousand RON)	Year 2022 (thousand RON)	Year 2023 (thousand RON)	Variation (2023/2022)
0	1	2	3	4=(3-2)/2*100
Finance costs	(16,739)	(27,295)	(62,003)	127.16
Exploration expense	(1,197)	(59,714)	(84,640)	41.74
Share of associates' result	85	2,350	4,873	107.36
Other expenses	(2,539,086)	(658,916)	(944,191)	43.29
Other income	169,841	80,068	122,264	52.70
Profit before tax	2,157,251	4,154,249	5,067,462	21.98
Income tax expense	(242,264)	(1,607,537)	(2,255,353)	40.30
Profit for the period	1,914,987	2,546,712	2,812,109	10.42

**) Starting with 2023, the Group presents separately the taxes and duties for the related period. Therefore year 2022 is represented. Year 2021 is presented in compliance with the consolidated financial position issued for that year.*

Revenue

In 2023, Romgaz recorded consolidated revenues of RON 9.0 billion, as compared to RON 13.4 billion achieved in 2022.

The decrease of revenue is generated by a 31.31% decline in sale of gas produced by Romgaz and of gas purchased for resale, as well as from decrease of revenue from sale of electricity by 69.41%. Consolidated revenue from storage services increased by 17.66%.

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 2023, cost of commodities sold decreased by 41.64% as compared to the similar period of 2022, mainly due to the decrease of costs of imbalances in the electricity market.

Net Gains/Losses from Impairment of Trade Receivables

In 2023, the Group recorded a net loss from impairment of receivables of RON 57.5 million. During the year, adjustments for impairment of receivables of RON 109.2 million were recorded, out of which RON 28.4 million for penalties invoiced but not collected, and RON 72.86 million penalties from a client for gas contracted but not taken. In 2023 the Group recovered outstanding debts of RON 51.65 million.

Raw materials and Consumables Used

Decrease of expenses with raw materials and consumables is mainly due to a 33.22% lower technological consumption for the reviewed period as compared to 2022.

Depreciation, Amortization and Net Impairment

The depreciation, amortization and net impairment expenses decreased by 13.36 % due to the decrease by 3.73% of depreciation and amortization expenses generated by the full amortization of certain assets during previous periods and due to lower production in 2023 as compared to the previous year. Moreover, net impairment of non-current assets decreased by 41.28%.

Financial Cost

The increase of finance cost by 127.16% 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.

Exploration Expenses

Exploration expenses recorded in 2023 of RON 84.64 million, increased from RON 59.71 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 specific minimum 3D seismic program that will result in increased exploration expenses.

Taxes and duties

The expense with taxes and duties decreased by 43.29% in the year ended December 31, 2023 as compared to 2022. The drop of RON 5,458.91 million resides from lower expenses with the windfall tax and lower royalty expenses. Royalty expenses (including royalty for storage activities) decreased by RON 1,039.56 million (-63.39%) as compared to 2022, and the windfall tax on natural gas decreased in 2023 by RON 4,014.05 million (-81.86%) as compared to 2022. The decrease of such taxes and duties was generated by the provisions of Government Emergency Ordinance No. 27/2022 as subsequently amended, according to which gas sold at regulated prices are not subject to windfall tax, and royalty is calculated at the regulated price, lower than the reference price calculated and communicated by the National Agency for Mineral Resources.

As regards electricity, windfall tax expenses and the contribution to the energy transition fund recorded by the Group in 2022 were in amount of RON 403.80 million. In 2023, considering that most of electricity produced was sold at the regulated price of RON 450/MWh, the Group recorded an insignificant expense with these taxes. According to GEO No.27/2022, electricity producers that sell electricity at RON 450/MWh, have to receive from the Romanian state the positive difference between the value of CO2 certificates for the energy sold at this price, on one hand, and the contribution to the energy transition fund, on the other hand. As this right cannot be exercised so far due to lack of legal provisions, it was considered that the conditions for recognition of this subsidy were not met, and the Group did not record any income in this respect. The amount to be recovered by the Group on December 31, 2023, is RON 167.74 million; representing a contingent asset at the end of 2023.

Other Expenses

In 2023, Romgaz shareholders approved conclusion of a settlement agreement with Duro Felguera to unlock the investment in the new Iernut power plant. One of the clauses included in the transaction agreement provided that Duro Felguera receives the value of executed performance bond upon termination of the previous works contract, conditioned upon fulfilment of certain obligations. The performance bond value of RON 114 million was paid in 2023.

Other Income

Other income increased by 52.70% in the year ended December 31, 2023 as compared to 2022. These include mostly interests and late payment penalties invoiced to clients for late payment or for not taking over the contracted gas quantities, and to suppliers for delays in providing works.

7.3. Statement of Consolidated Cash Flows

Comparative statements of cash flows recorded during 2021-2023 are shown in the table below:

	RON thousand		
INDICATOR	2021	2022	2023
Cash flow from operating activities			
Net profit for the year	1,914,987	2,546,712	2,812,109
<i>Adjustments for:</i>			
Income tax expense	242,264	1,607,537	2,255,353
Share from associates' result	(85)	(2,350)	(4,873)
Interest expense	557	5,627	43,838
Unwinding of decommissioning provision	16,182	21,668	18,165
Interest revenue	(58,403)	(176,979)	(213,008)
(Gain)/loss on disposal of non-current assets	(321)	451	6,867
Change in decommissioning provision recognized in profit or loss, other than unwinding	(20,750)	(75,652)	33,861
Change in other provisions	68,578	111,564	(196,640)
Net impairment of exploration assets	37,046	66,447	23,361
Exploration projects written-off	33	16	3
Net impairment of non-current assets	184,943	74,726	59,537
Foreign exchange differences	-	(453)	7,382
Depreciation and amortization	463,783	408,903	393,670

INDICATOR	2021	2022	2023
Amortization of contract costs	1,626	773	59
(Gains)/losses on financial investments evaluated at fair value through profit or loss	10	-	-
Net losses/(gains) from trade receivables and other receivables	(378,352)	55,765	53,523
Net impairment of inventories	5,014	5,438	5,647
Income from liabilities written off	(810)	(512)	(172)
Income from subsidies	(9)	(7)	(7)
Cash generated from operations before movement in working capital	2,476,293	4,649,674	5,298,675
<i>Movements of working capital</i>			
(Increase)/decrease in inventories	(64,913)	21,731	(22,571)
(Increase)/decrease in trade and other receivables	(400,838)	(276,839)	(35,114)
Increase/(decrease) in trade and other liabilities	790,347	(526,915)	122,199
Cash generated from operational activities	2,800,889	3,867,651	5,363,189
Interest paid	(3)	(5,040)	(43,183)
Income tax paid	(233,084)	(410,976)	(1,781,868)
Net cash generated by operating activities	2,567,802	3,451,635	3,538,138
Cash flows from investing activities			
Investments in other entities	(250)	-	-
Bank deposits set up and acquisition of state bonds	(3,896,521)	(3,355,306)	(6,184,938)
Bank deposits and state bonds matured	5,463,332	3,669,504	3,790,236
Interest received	58,340	181,067	201,844
Proceeds from sale of non-current assets	513	1,033	1,684
Proceeds from disposal of other investments	2	-	-
Acquisition of non-current assets	(340,695)	(5,529,611)	(1,141,956)
Acquisition of exploration assets	(91,865)	(96,500)	(50,746)
Net cash used in investment activities	1,192,856	(5,129,813)	(3,383,876)
Cash flows from financing activities			
Borrowings received	-	1,606,475	-
Repayment of borrowings	-	(158,907)	(322,775)
Dividends paid	(690,027)	(1,463,984)	(1,317,745)
Grants received	94,148	-	140,541
Repayment of lease liability	(1,280)	(1,936)	(2,955)
Net cash used in financing activities	(597,159)	(18,352)	(1,502,934)
Net increase/(decrease) in net cash and cash equivalents	3,163,499	(1,696,530)	(1,348,672)
Cash and cash equivalents at the beginning of the year	416,913	3,580,412	1,883,882
Cash and cash equivalents at the end of the year	3,580,412	1,883,882	535,210

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, approved by Law 111/2016 and amended by Law No. 187/2023, and GD No. 639/2023 for approval of methodological norms for implementing Government Emergency Ordinance No. 109/2011 on corporate governance of public enterprises replacing, starting of July 27, 2023, the Government Decision no. 722 of September 28, 2016 on enforcement guideline for establishing the financial and non-financial 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 several 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, No.4 of August 9, 2017, and No. 17/18 of December 2023 (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 "*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 Code of Corporate Governance, in accordance with the 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 as follows:
 - a. The Internal Rules of the Nomination and Remuneration Committee on August 28, 2018, on August 11, 2022, and on December 19, 2023;
 - b. The Internal Rules of the Audit Committee on May 14, 2018 and October 10, 2022 currently in the process of updating;
 - c. The Internal Rules of the Strategy Committee on March 23, 2017, on October 27, 2022, and on December 19, 2023;
- ✎ Approval by the Board of Directors of S.N.G.N. Romgaz S.A on October 18, 2023, of the Internal Rules of the Risk Management Committee, following the enforcement of the amendments imposed by Law 187/2023;
- ✎ Continuous 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, currently in the process of alignment with the amendments of the Law No. 187/2023;
- ✎ 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 Rules and Procedures of S.N.G.N. Romgaz General Meeting of Shareholders, approved by the Board of Directors of S.N.G.N. Romgaz S.A. by Decision No. 54 of May 11, 2023, published on the Company website at “*Investors -General Meeting of Shareholders*”;
- ✓ 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 four advisory committees of the Board of Directors (the Nomination and Remuneration Committee, the Audit Committee, the Risk Management Committee and the Strategy Committee), aspects related to remuneration of Board members and of officers, 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 for access and participation to GMS, and by setting up an “*Infoline*” for shareholders/investors to receive response 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 officers with mandate, for the period October 2022 to October 2024;
- ✓ Continue with necessary steps for the implementation of 2021-2025 National Anti-Corruption Strategy in 2023. 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 2023.
- ✓ The amendment of Art. 34 par. (2), no. 1 of the GEO No. 109/2011 by Law No. 187/2023 enforces the obligation to setup the Risk Management Committee, which is meant to provide consistency between control activities and the risks generated by control activities and processes, to identify, analyse, assess, monitor and report identified risks, the risks mitigation and prediction plan, other measures taken by the executive management. The Internal Rules of the Risk Management Committee was approved on October 18, 2023.

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, following the amendments to the law;
- Regular evaluation of the fulfilment of financial and non-financial performance indicators approved by the General Meeting of Shareholders;
- Drafting a new Corporate Governance Code in compliance with the amendments to the corporate governance law issued in 2023;
- Finalizing the update of the Internal Rules of the Audit Committee approved in May 14, 2018, and in October 10, 2022, and submitting it for approval to the Board of Directors;
- Finalizing the update of the Internal Rules of the Board of Directors in compliance with the latest amendments to the corporate governance law;
- 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 at 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 is 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 one 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 guarantees referring to non-current assets of the company 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 and governed under a one-tier system.

The Board of Directors (BoD) comprises seven (7) members selected by the Ordinary General Meeting of Shareholders, by complying with the legal applicable requirements of the Articles of Incorporation, where one Director is appointed as chairman of the Board of Directors.

The BoD composition complies with the criteria/requirements of the legislation on proportion of non-executive and independent directors, studies and balance of competences, experience, and gender diversity (criteria detailed in the BoD Internal Rules).

The BoD composition as of December 31, 2023 is shown in Chapter VI "Company Management". According to the Declarations of Independence submitted to the Company, four of the Directors have declared themselves as independent and three non-independent Directors. The independency of the Directors is determined based on the criteria detailed in Romgaz Code of Corporate Governance (Article 6).

Details regarding rights, obligations, and competencies of the Directors, as well as details on conduct of BoD meetings are described in the Articles of Incorporation and BoD internal Rules.

As of December 31, 2023, no self-assessment of the BoD for 2023 was performed.

Advisory Committees

The BOD is supported in its activity by the following four advisory committees: Nomination and Remuneration Committee, Audit Committee, Risk Management Committee and Strategy Committee.

The Audit Committee fulfils the legal duties provided in Article 65 of Law 162/2017¹⁷ consisting mainly in monitoring the financial reporting process, the internal control, internal audit and risk management systems within the Company, and in supervising the statutory audit of the annual financial statements and in managing the relation with the external auditor.

The Nomination and Remuneration Committee organizes training sessions for board members, makes proposals for remuneration of BoD members and Officers, by complying with the remuneration policy transmitted by Agentia pentru Monitorizarea și Evaluarea Performantelor Intreprinderilor Publice (AMEPIP) (The Agency for Monitoring and Performance Evaluation of Public Enterprises), and support the BoD in evaluating its own performance as well as the performance of the executive management. The Committee shall also prepare a yearly Report on remuneration and other benefits granted to Directors and Officers during the financial year.

Risk Management Committee

Taking into account the amendment of GEO 109/2011 on corporate governance of public enterprises by Law 187/2023, the BoD is required to set up a new advisory committee on:

- ensuring that control activities are consistent with the risks arising from the activities and processes subject to control;
- identifying, reviewing, evaluating, monitoring and reporting on identified risks, mitigation or anticipation action plan, other actions taken by the executive management;
- measuring the solvency of the company by reference to its usual duties and obligations;
- informing or, where appropriate, making proposals to the Board in this respect.

In case of public enterprises governed under a one-tier system, as is the case of Romgaz, the Risk Management Committee may also comprise non-executive Directors. The chairman of the Risk Management Committee shall be an independent Director in accordance with the Law.

A series of duties on internal control and risk management have been taken over by the Risk Management Committee from the Audit Committee. Hence, the Internal Rules of the Audit Committee is going to be

¹⁷ Law 162 of July 15, 2017 on statutory audit of the annual financial statements and consolidated annual financial statements and on amending several legal acts

reviewed accordingly. Article 14 of the BoD Internal Rules approved/amended on February 5, 2019 is also going to be amended.

Besides the duties on internal control and risk managements, the Risk Management Committee shall be also granted with duties on sustainability and ESG requirements, because of the importance of ESG factors within the costs - revenues equation, the development opportunities and the structuring and implementing way of any business strategy.

The Strategy Committee - its main activity is to coordinate the preparation/updating and monitoring of the company's development strategies, correlated with the national and European energy strategy, to assess the stage of the implementation of these development strategies, as well as the measures required to achieve the established objectives, and to monitor the company's activity diversification projects by implementing investment objectives.

The detailed presentation of the duties and responsibilities of each Advisory Committees is to be found in the related Internal Rules, as published on the company's website www.romgaz.ro, "Investors - Corporate Governance - Reference Documents".

As of December 31, 2023, the composition of the Advisory Committees was as follows:

I) The Nomination and Remuneration Committee:

- ✕ Sorici Gheorghe Silvian (chairman)
- ✕ Brasla Razvan
- ✕ Dragan Dan Dragos

II) Audit Committee

- ✕ Sorici Gheorghe Silvian (chairman)
- ✕ Brasla Razvan
- ✕ Nut Marius Gabriel

III) Risk Management Committee

- ✕ Nut Marius Gabriel (chairman)
- ✕ Balazs Botond
- ✕ Brasla Razvan

IV) Strategy Committee

- ✕ Balazs Botond (chairman)
- ✕ Dragan Dan Dragos
- ✕ Jude Aristotel Marius
- ✕ Stoian Elena Lorena
- ✕ Brasla Razvan.

Information on BoD and Advisory Committees meetings in 2023

In 2023, by compliance with the legal and statutory provisions, 52 BoD meetings were conducted, out of which:

- 44 in-person meetings attended by board members, and
- 8 meetings by electronic vote.

Participation in BoD meetings:

Surname and Name	Number of meetings during the mandate	P		PA		NP	
		No.	%	No.	%	No.	%
Batog Cezar	12	11	91.6			1	8.3
Simescu Nicolae Bogdan	12	12	100%				
Dragan Dan Dragos	52	49	94.2			3	5.7
Metea Virgil Marius	12	11	91.6			1	8.3
Sorici Gheorghe Silvian	52	50	96.1			2	3.8
Jude Marius Aristotel	52	50	96.1			2	3.8
Balazs Botond	52	50	96.1			2	3.8

Stoian Elena Lorena	40	40	100%
Brasla Razvan	40	40	100%
Nut Marius Gabriel	40	40	100%

where:

P = participation;

PA = power of attorney;

NP = no participation.

Board members participation in the Advisory Committees meetings:

Nomination and Remuneration: 10 meetings

Surname and Name	In-person participation
Batog Cezar	1/1
Dragan Dan Dragos	10/10
Brasla Razvan	9/9
Sorici Gheorghe Silvian	10/10

Audit Committee: 13 meetings

Surname and Name	In-person participation
Batog Cezar	3/3
Simescu Nicolae Bogdan	3/3
Sorici Gheorghe Silvian	13/13
Nut Marius Gabriel	10/10
Stoian Lorena Elena	8/8
Brasla Razvan	2/2

Risk Management Committee: 0 meetings

Surname and Name	In-person participation
Nut Marius Gabriel	0/0
Balazs Botond	0/0
Brasla Razvan	0/0

Strategy Committee: 2 meetings

Surname and Name	In-person participation
Balazs Botond	2/2
Dragan Dan Dragos	2/2
Jude Marius Aristotel	2/2
Sorici Gheorghe Silvian	1/1
Metea Virgil Marius	1/1
Stoian Elena Lorena	1/1
Brasla Razvan	1/1

Chief Executive Officer

In accordance with the provisions of the Company's Article of Incorporation "the Board of Directors shall delegate, in whole or in part, the managing powers of the Company to one or more officers, where one officer shall be appointed as Chief Executive Officer" - Article 24 paragraph (1), where officer means

“person to whom Company managing powers have been delegated by the Board of Directors” - Article 24 paragraph (12).

By Resolution No. 78 of November 23, 2022 the Board of Directors (BoD) appointed Mr. Popescu Razvan as Chief Executive Officer for a provisional mandate of 4 months from December 18, 2022 to April 18, 2023.

The BoD, by Resolution No. 32 of March 23, 2023 approved the extension of the CEO's mandate granted to Mr. Popescu Razvan by two months, from April 19, 2023 to June 19, 2023.

By Resolution No 55 of May 15, 2023, BoD appointed Mr. Popescu Razvan as Romgaz CEO for a period of four years, from May 16, 2023 to May 16, 2027.

The CEO powers pursuant to the BoD Resolution No. 55 of May 15, 2023 are the following:

- exercises all managing powers of S.N.G.N. ROMGAZ S.A., except for the powers not delegated to officers, and except for powers that have been delegated to the Chief Financial Officer and the Deputy Chief Executive Officer;
- coordinates/is responsible for the activities performed at S.N.G.N. ROMGAZ S.A in connection with securing financing for ROMGAZ Group share in Neptun Deep Project;
- in case of a positive power conflict between a CEO power and a Deputy CEO power or CFO power, the power lies with Mr. Popescu Razvan, as CEO;
- as CEO, Mr. Popescu Razvan is also the legal representative of S.N.G.N. ROMGAZ S.A., in accordance with Article 143A2, paragraph (4) of the Company Law 31/1990;
- as legal representative, the CEO is entitled to empower other natural persons, who are S.N.G.N. ROMGAZ S.A. officers or employees, to represent S.N.G.N. ROMGAZ S.A. and/or the component branches by 5 days' notification given to the BoD prior to the issuance of the powers of attorney document;
- as legal representative, the CEO is entitled to delegate the representation of the Company and/or the component branches, to one or more in-house legal advisors and/or persons having the status of lawyer, without previous notification of the BoD.

Deputy Chief Executive Officer

By Resolution No.78 of November 23, 2022, BoD appointed Mr. Jude Aristotel Marius as Deputy Chief Executive Officer for a provisional mandate of 4 months from December 18, 2022 to April 18, 2023.

The BoD, by Resolution No. 33 of March 23, 2023 approved the extension of the Deputy CEO's mandate granted to Mr. Jude Aristotel Marius by two months, from April 19, 2023 to June 19, 2023.

By Resolution No 55 of May 15, 2023, BoD appointed Mr. Jude Aristotel Marius as Romgaz Deputy CEO for a period of four years, from May 16, 2023 to May 16, 2027.

The Deputy CEO powers pursuant to Article 6 of the BoD Resolution No. 55 of May 15, 2023 are the following:

- exercising managing powers of the Department of Strategy, International Relations, European Funds, the Department for Regulations, the Energy Trade Department, the Department for Quality, Environment, Emergency Situations and Critical Infrastructure, the IT Department, the Department for Investments and Project Management, STTM Targu Mures and SIRCOSS Medias;
- coordinating the activities performed at S.N.G.N. ROMGAZ S.A. in connection with the Neptun Deep Project, except for those activities related to securing financing for ROMGAZ Group share in the Project;
- planning, approving, and coordinating the performance of operations necessary and useful for the Company's business purposes, falling within the competence of the aforementioned organisational units, in accordance with the Law and S.N.G.N. ROMGAZ S.A. Rules of Organisation and Operation.

Chief Financial Officer

By Resolution No. 85 of December 20, 2022, BoD appointed as Chief Financial Officer Mrs. Tranbitas Gabriela for a provisional mandate of four months, from December 20, 2022 to April 20, 2023.

By Resolution No. 34 of March 23, 2023, the BoD approved the extension of the CFO mandate granted to Mrs. Tranbitas Gabriela by two months, from April 21, 2023 to June 21, 2023.

By Resolution No. 55 of May 15, 2023, BoD appointed Mrs. Tranbitas Gabriela as Romgaz CFO for a period of four years, from May 16, 2023 to May 16, 2027.

The CFO powers pursuant to Article 5 of the BoD Resolution No. 55 of May 15, 2023 are the following:

- exercising managing powers of the Economic Department with its organizational structures as provided in S.N.G.N. ROMGAZ S.A. Organisation Chart;

- planning, approving, coordinating performance of the operations necessary and useful for the Company's business purposes, falling within the competence of the subordinated organisational units of the Economic Department, in accordance with the Law and S.N.G.N. ROMGAZ S.A. Rules of Organisation and Operation.

The BoD delegates management powers to the three officers appointed by Resolution No. 55/2023, except for the following:

- a. powers of managing Romgaz that may not be delegated by the BoD in accordance with the provisions of Article 19 paragraph (3) of the Articles of Incorporation,
- b. issuance/conclusion of legal acts with a value exceeding RON 300 million.

Romgaz Officers shall periodically inform the BoD on performance of delegated powers, and they are entitled to request instructions on performance of delegated powers.

The BoD empowers the Deputy CEO, in case the CEO is in a situation of conflict of interest in approving and/or signing acts by S.N.G.N. ROMGAZ S.A. or acts to which S.N.G.N. ROMGAZ S.A. is a party, to approve and/or sign for and on behalf of S.N.G.N. ROMGAZ S.A..

The BoD also empowers the CFO, in case both CEO and Deputy CEO are in a situation of conflict of interest in approving and/or signing acts by S.N.G.N. ROMGAZ S.A. or acts to which S.N.G.N. ROMGAZ S.A. is a party, to approve and/or sign for and on behalf of S.N.G.N. ROMGAZ S.A..

Public Internal Audit

The activity of public internal audit is organized and performed in accordance with the provisions of Law 672/2002 on internal public audit, republished, as subsequently amended and supplemented.

The Internal Public Audit Office is subordinated, from an administrative point of view, to Romgaz CEO and, from an operating point of view, to Romgaz BoD through the Audit Committee.

Pursuant to the provisions of Law 672/2002, the general objective of the internal public audit in public entities is to enhance the management of such, and the objectives may be achieved mainly by the following:

- assurance activities, representing objective examinations of evidence, performed with the purpose to provide to public entities an independent evaluation of risk management, control, and governance processes;
- advisory activities, with the aim of adding value and enhancing the governance processes in public entities.

In 2023, the activity on internal audit was performed under the *Internal Public Audit Annual Plan*, endorsed by the Audit Committee, and approved by the CEO.

As a result, during the period January 01 - December 31, 2023, in accordance with the reviewed Internal Public Audit Annual Plan, nine internal public audit missions were performed, where eight were planned missions of regularity/conformity, and one was an ad-hoc internal public audit mission.

Such missions targeted the following domains:

- **financial - accounting**, in two internal public audit missions;
- **public procurement**, in one internal public audit mission;
- **human resources**, in one internal public audit mission;
- **legal**, in one internal public audit mission;
- **company specific positions**, in two internal public audit missions;
- **other domains (health-spa, control and verification)**, in two internal public audit missions;

The internal public audit reports have been endorsed by the CEO and submitted to the Audit Committee.

For the audit activity performed in the year 2023, a report has been prepared and submitted to the hierarchical superior body (The Ministry of Energy).

By the performed activities the internal public audit contributes to adding value within the Company, by recommendations formulated under the performed audit missions. The quality of internal audit reports is one of the main objectives of internal public audit within S.N.G.N. Romgaz S.A., such representing the essence of internal public audit work, and reflect the professional capacity of internal auditors.

In 2023, a number of 46 recommendations were followed, with the following results:

- 33 implemented recommendations;
- 2 partially implemented recommendations (currently under implementation);

- 11 not implemented recommendations.

The Program for Quality Assurance and Enhancement was drawn up within the Internal Public Audit Office, and the latest update was made in December, 11, 2023. Pursuant to the provisions of item 2.3.7. of GO 1086/2013 a Program for Quality Assurance and Enhancement shall be prepared within the internal public audit structure, in all aspects of internal audit, to allow for a continuous control of its efficiency.

The Program for Quality Assurance and Enhancement of the internal public audit activity shall ensure that the internal public audit activity is performed in compliance with the rules, instructions and the Code on the Internal Auditor Ethical Behaviour, and to contribute to the enhancement of the activity of the internal public audit structure.

In 2023, the internal public audit structure did not encounter any case of recommendations formulated by audit reports not endorsed by the CEO and did not face any situation of constraints/particular problems.

Risk Management and Internal Control

Company Policies and Objectives on Risk Management

Risk Management is a process aiming to identify, assess, manage (including treatment) and setting up Risk Mitigation Measures Plan, periodical reviewing, monitoring and determining responsibilities.

One of the major concerns of the Company's management is raising awareness of the Company on the objectives and the necessity of direct involvement in the risk management process, as well as aligning with best practices in the filed by complying with the legislation in force, the standards and rules related to such process.

The main legislative acts underlying the Risk Management (RM) regulation are the following:

- 📄 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 entities;
- 📄 Ordinance of the Secretary General of the Government No. 600/2018 on approving the Code for Management Internal Control of Public Entities;
- 📄 Methodology for risk management, prepared by the General Secretariat of the Government;
- 📄 SR ISO 31000:2018 - Risk Management. Guidelines;
- 📄 BVB Corporate Governance Code;
- 📄 SNGN Romgaz S.A. Corporate Governance Code.

Taking into account that the risk management standard is unanimously accepted by the EU, and it is one of the most important standards of the Internal Management Control System (IMCS) within the risk management activity, the Company systematically reviews the risks related to its objectives and activities, prepares appropriate plans on risk treatment as regards limitation of potential consequences of such risks and determines the responsibilities in implementing such.

The main elements the risk management process depends on are the following:

- existence of objectives/activities set for each organisational unit;
- allocation of suitable resources to implement the risk management measures, with the aim of reducing the possibility of failure to achieve the objective or activity;
- use of information on risk management in decision-making (depending on the significant risks).

The benefits of the risk management process are enhancement of the Company's performance by identification of, analysing, assessing and managing all risks that may occur, with the aim of mitigating the consequences of negative risks or, as the case may be, enhancing the effects of positive risks.

To efficiently assess the identified risks, an organisational unit is operating at Company level, dedicated to risk management. Such organisational unit is responsible for preparing the main documents of risk management, as well as managing and developing the risk management system by:

- implementing the recommendations of the audit and control reports of the competent entities;
- continuous improvement of the information application developed within the Company, as a result of periodically performed analyses and the feedback from the heads of organisational units;
- permanent advising of the heads of organisational units and ensuring the support in identifying the risks and fulfilling the requirements;
- Enhancing the competence level of the Company's employees as regards the understanding and management of risks by actions of methodological guidance.

General Objectives of the Risk Management Activity are the following:

1. Setting the uniform general framework for performing the risk management specific activities (identification, analysis, and risk management);
2. Providing an instrument for risk management in a controlled and efficient manner;
3. Implementing a system with the role to maintain such risks to an acceptable level;

Within the analysed risk categories, we would like to mention the following: financial risks, market risks, risks related to labour protection, health and security, personnel risks, information system risks, risks related to regulation. Please note that all risks are analysed in terms of:

- Specific objective/activity the risks relates to;
- Causes of risk occurrence;
- Consequences due to risk materialization;
- Risk probability;
- Impact generated by risk materialization;
- Risk exposure;
- Risk response strategy;
- Recommended control (treatment) measures;
- Residual risks remaining after initial risk treatment.

Main Risk and Uncertainties

Exposure to Financial Risks

The Company is exposed to various **financial risks**: market risks (including foreign exchange risk, inflationary risk, interest rate risk), credit risk, liquidity risk. The risk management programme at Company level focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Company's financial performance, within certain limits. However, such approach does not prevent losses beyond such limits in case of significant variations in the market. The Company does not use derivative instruments to cover exposure to certain risks.

The Company is exposed to **foreign exchange risks** as a result of the exposure to different foreign currencies. The foreign exchange risk arises from future commercial transactions and recorded receivables and payables.

Financial assets exposing the Group to a potential credit risk are mainly trade receivables. The Group's policies provide for sales to customers 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 profiles of financial assets with financial debts.

The **commercial risks** the Company is exposed to are continuously evaluated under the risk management system. Currently, commercial risks are reduced to minimum, considering the accepted payment methods (mainly advance payment or payment when due, by secured payments by means of letter of bank guarantee), and that there is a gas demand to secure sales, and the sales prices exceed the production costs.

Operating Risks related to the Production of Hydrocarbon Reservoirs:

- ☞ Failure to fully meet the natural gas production schedule (partial achievement) due to factors reducing the production capacity such as:
 - Major defects occurred in the operation of dehydration facilities, compression facilities, collectors, where the remedy of such defects implies a long period of time;
 - High pressures in the National Transmission System (SNT), adversely affecting the production performances of production capacities;
 - Decrease of gas consumption in some subsystems within SNT, with adverse impact on deliveries of gas from reservoirs captive on such consumption directions;

- Reduction of production capacities utilisation as a result of adverse weather conditions (power blackouts, landslides - pipeline damage);
 - Failure to comply with the performance schedule of works related to putting into operation new production capacities (technological installation, collectors);
 - Lack of materials and spare parts for preventive and corrective maintenance works at the main productive objectives of the Company (wells, dehydration facilities, compression facilities, pipelines)
- 👉 Amendments to/new national or European laws financially impacting the cost efficiency of hydrocarbon reservoir production.

Investment Risks:

- 👉 Failure to achieve the Investment Program, physically and in terms of value, in case of unforeseen circumstances during performance;
- 👉 Defective or late performance of investment works, as a result of noncompliance with the provisions of the specifications books, the provisions of technical designs, and the performance schedules.

Risks related to Information Systems:

- 👉 Occurrence of events that may affect the information security (cyber-attacks, data leakage, malware intrusions, virus attacks, attack against romgaz.ro webpage, attacks against special application types).

Risks on Labour Health and Security:

- 👉 Epidemiologic risk - personnel getting sick from influenza and other viral respiratory infections.

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 environment protection;
- ✍ internal cost control, etc.

As such, the internal management control provides a reasonable but not absolute assurance on understanding, interpretation and implementation of specific regulations, and it is supported and consolidated by the company's internal control.

The internal management control system implemented in the company operates through different procedures, means, actions, provisions targeting every aspect of the Company's 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 performance of all management functions and it 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, Chief Financial Officer, heads of functional and operational compartments subordinated to the Chief Executive Officer, the Deputy Chief Executive Officer and 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.). It also reduces errors, risk of fraud, losses, inefficiency, and it assists in compliance with regulations, issuance of truthful reporting. In case IMCS was not implemented, risks would have been generated which may have threatened the very existence or the continuity of the organisation.

Main objectives of IMCS developed and implemented by Romgaz are:

- compliance with legal regulations, internal rules, 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 systems for collecting, storing, 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 the standards provided by SGG18 Order No. 600/2018.

The important development/improvement actions of the internal management control system performed during 2023 are mentioned below:

- in order to consolidate the knowledge on regulations in the field of IMCS, a methodological guiding on IMCS implementation was carried out in January 2023;
- 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;
- the action on annual inventory, centralization and management of sensitive positions within the Company for 2024 started in December 2023, and such action was approved by the CEO Decision No 1375/December 11, 2023;
- guidance for the employees of the headquarters and the branches in order to identify sensitive positions and to determine the risk exposure related to such positions.

As a result of an extensive self-assessment action regarding the IMCS implementation for 2023, the Internal Management Control System is partially compliant having 15 implemented standards and 1 partially implemented standard, namely Standard 16 Internal Audit.

During 2023, several system procedures have been drafted and implemented:

- Prevention of potential conflict of interest, code: 00PO-171;
- Early prevention of incompatibilities, code: 00PO-172;
- Pantouflage prevention and management, code: 00PO-173;
- Identification, analysis and management of corruption risks, code: 00PO-174;
- Integrity incidents evaluation, code: 00PO-175;
- Control of goods received free of charge with the occasion of protocol actions, code: 00PO-176;
- Reporting management and whistle-blower protection in the public interest, code: PS-17;

Romgaz is constantly preoccupied to implement and develop anticorruption and anti-bribery instruments. Amongst actions implemented in 2023 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), the following are mentioned:

- Self-assessment of the implementing progress of the 2016-2020 National Anticorruption Strategy for the year 2022 - „*The Narrative Report on the implementing progress of measures provided in SNA*” and Annex 3 to the GO 583/2016 on 2016-2020 National Anticorruption Strategy „*The Inventory of Institutional Transparency Measures and Corruption Prevention, as well as assessment indicators*” submitted to the Direction of Antifraud, Integrity and Inspection within the Ministry of Energy;
 - In June 2023, the Report No. 23509/15.06.2023 issued by the Ministry of Energy was received, following the verification mission on implementation of the National Anticorruption Strategy, and the S.N.G.N. Romgaz S.A. Integrity Plan was reviewed and updated. The Integrity Plan for the period August - December 2023, in accordance with the 2021-2025 NAS, was approved by Resolution 940/ August 16, 2023;
 - The Assessment of the measures implementation stage included in “S.N.G.N. Romgaz S.A. Integrity Plan for the period August - December 2023” found that the measures were achieved within the provided time-limits. Moreover, during August - December 2023, the measures provided in the approved Integrity Plan have been monthly monitored/assessed in terms of implementation stage;
 - In December 2023, the 2024 S.N.G.N. Romgaz S.A. Integrity Plan has been drawn up, in accordance with the 2021-2025 National Anticorruption Strategy, approved by Resolution No. 1406/December 12, 2023;

¹⁸ General Secretariat of the Government

- The Integrity Plans are published on the Company' website, under "Ethics and Integrity" <https://www.romgaz.ro/strategia-nationala-anticoruptie;>
- During June 06 - August 25, 2023 an internal public audit was performed on "2023 Assessment of the Corruption Prevention System". The general objectives of the audit mission were the following:
 - Reporting management and whistle-blower protection in the public interest, code: PS-17;
 - Declaration of assets;
 - Declaration of gifts;
 - Assessment of corruption risks;
 - Assessment of integrity incidents.

The internal public auditors have declared that all four preventive measures were implemented, and one single recommendation has been formulated on publishing on the Company's website the Annual Reports on the assessment of integrity incidents.

Integrated Management System

Following the external audit performed in 2003 by the company SRAC-CERT for evaluation of compliance with reference standards, SNGN Romgaz SA has maintained its certification for integrated management system (IMS) for quality, health, environment and occupational health.

IMS certification provides the organization a range of benefits such as improved general performance, through an efficient and integrated management of processes, resources and risks and enhanced reputation and access to new markets and business opportunities.

The Integrated Management System coordinates the continuous maintenance and improvement of IMS to ensure the conformity with the international reference standards.

Thus, in 2003, the following have been achieved in the Integrated management System:

- Maintenance of updated integrated management system through coordination and cooperation for the revision of the procedures and instructions as well as drafting of new documents;
- Determination of environment issues arising from SNGN Romgaz SA activities and of associated environment impact, in compliance with standard ISO 14001;
- Internal audit of IMS which evaluated the system efficiency and identified deficiencies and potential areas of improvement. The non-conformities have been recorded and recommendations have been made.
- Reporting of progress and results related to IMS performance in the analyses performed by the management;
- Provision of conformity evidence and support for the smooth conduct of the external audit for survey.

Corporate Social Responsibility (CSR)

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

Moreover, Romgaz is open to the initiatives of stakeholders on improvement of life quality and future development of the current and future generations and provides financial support/ total or partial sponsorship for some actions and initiatives in the following main fields: education, social, sport, health and environment.

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

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 2023, 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, of which:	26,589
• Expenses with sponsorships in medical and health fields - art. XIV letter a)	11,372
• Expenses with sponsorships in education and sport fields - art. XIV letter b) - total, out of which:	12,306
○ For sports clubs	5,298
• Sponsorship for other actions and activities - art. XIV letter c)	2,911

The detailed description of the projects of each sponsorship category provided in GEO No.2/2015 is included in the 2023 Annual Report on Social Responsibility and Patronage published on www.romgaz.ro at "Sustainability".

The projects carried out in 2023 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 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 2023 Sponsorship Policy and Sponsorship Guide published on the company's website at Sustainability. (<https://www.romgaz.ro/sponsorizari>).

Remuneration Policy and Criteria of the Executive and Non-Executive members of the Board of Directors and of Officers

Legal Framework

Remuneration policy and criteria of company executive and non-executive members of the Board of Directors and of mandate officers 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. 17/18 of December, 2023 (latest update of the Articles of Incorporation);
- SNGN Romgaz SA Remuneration Policy, endorsed by the Board of Directors under Resolution No. 20 of March 28, 2022 and approved by the OGMS under Resolution No. 3 of April 28, 2022;

According to *SNGN Romgaz SA Remuneration Policy* applicable in 2023, the remuneration of the Board members approved by the Ordinary General Meeting of Shareholders and of the officers approved by the Board of Directors, consists of:

- a) fixed allowance and
- b) variable component.

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, as shown above, and provided in the contract of mandate of each board member, as approved by the applicable GMS resolutions.

For the reference financial year, the fixed gross allowance was set by Romgaz shareholders under the Resolution No. 7 of September 13, 2022, for interim board members and under the Resolution No. 5 of March 14, 2023, for the Board of Directors members appointed for a 4-year mandate.

For the interim and for the final mandates, the non-executive board members received exclusively 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.

Variable Remuneration

The variable component of remuneration was not set and granted during the interim mandates, and the members of the board of Romgaz received exclusively a fixed monthly allowance.

The variable component of remuneration of the non-executive board members was approved, in amount of 12 fixed monthly allowances, after the board members were appointed for a 4-year mandate, the 2023 -2027 Governance Plan was approved by the Board of Directors under the Resolution No. 76 of August 1, 2023, and the financial and non-financial performance indicators were negotiated and approved by the General Meeting of Shareholders under the Resolution No. 12 of September 11, 2023.

According to the methodology set in the addendum to the contract of mandate of the board members, the annual variable remuneration is the product between the variable component of remuneration set in the addendum to the contract of mandate and the total degree of achievement of the performance indicators in the year when it is granted.

Depending on the total degree of achievement of the performance indicators (TDA) the variable component is granted as follows:

- $TDA \geq 100\%$, the variable component is fully granted;
- $50\% \leq TDA < 100\%$, the variable component is granted proportionally;
- $TDA < 50\%$, the board member could be revoked.

The indicators and the degree of achievement in 2023 are presented in chapter IX. *Performance of Mandate Contract*

Structure of the remuneration granted to executive board members, namely of the Deputy CEO

The Deputy CEO is also executive member of the Board of Directors, therefore he concluded a contract of mandate as executive member of the Board of Directors as well as a contract of mandate as officer. The Deputy CEO is entitled strictly to receive the remuneration based on the contract of mandate as officer.

Structure of the remuneration granted to officers

The fixed monthly remuneration was established in accordance with the applicable legal provisions, as shown above, and it was provided in the contract of mandate of each officer, approved by the resolutions of the Board of Directors.

According to the provisions of GEO No. 109/2011 on corporate governance of public enterprises, as amended, applied in the Remuneration Policy of S.N.G.N. Romgaz S.A., the fixed monthly allowance is 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.

For the financial year 2023 the fixed monthly allowance of the officers with mandate is set as follows: for the CEO and Deputy CEO, at a gross monthly allowance of 6 times 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, and for the Chief Financial Officer the fixed monthly remuneration was set to 5 times this average.

It corresponds to the limits set for the fixed monthly allowance approved by Romgaz shareholders under the Resolution No. 12 of September 11, 2023.

Variable Remuneration

The variable remuneration was not set and granted during the interim mandates, and the officers received exclusively a fixed monthly allowance.

The variable component of remuneration of the officers was approved by Romgaz's Board of Directors under Resolution No. 87 of September 19, 2023, after the officers were appointed for a 4-year mandate, the 2023 -2027 Governance Plan was approved by the Board of Directors under Resolution No. 76 of August 1, 2023, and the financial and non-financial performance indicators were negotiated and approved, as follows:

- 24 fixed gross monthly allowance for the CEO and the Deputy CEO,
- 12 fixed gross monthly allowances, for the CFO.

The remuneration policy does not provide for a limit of the amount of the variable allowance for Romgaz Officers, and the limits were set by company shareholders under the Resolution No. 12 of September 11, 2023.

According to the methodology set in the addendum to the officers' contract of mandate, the annual variable remuneration is the product between the variable component of remuneration set in the addendum to the contract of mandate and the degree of achievement of the performance indicators in the year when it is granted.

Depending on the total degree of achievement of the performance indicators (TDA) the variable component is granted as follows:

- $TDA \geq 100\%$, the variable component is fully granted;
- $50\% \leq TDA < 100\%$, the variable component is granted proportionally;
- $TDA < 50\%$, the officer could be revoked.

The financial and non-financial performance indicators setting the variable remuneration of officers were approved under GMS Resolution No. 12 of September 11, 2023.

The indicators and the degree of achievement in 2023 is presented in the chapter IX. *Performance of Mandate Contract*.

Non-financial Statement

Romgaz prepares a *separate report* for 2023 financial year, that will be public on the company's website by the end of June 2024, according to the Order of the Ministry of Public Finance No. 2844/2016¹⁹ (chapter 7, item 42, paragraph (1)).

¹⁹ 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 Mandate Contracts

Mandate Contracts of Board Members

In 2023, 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 in accordance with GEO no. 109/2011 regarding corporate governance of public enterprises, Romgaz Board members' mandates were interim with an initial term of 4 months, extended by 2 months, and their activity was performed based on the mandate contract approved by Romgaz General Meeting of Shareholders.

After appointment of BoD members for a 4-year term mandate, namely after March 16, 2023, the basis of their activity is, besides the mandate contract, also the 2023-2027 Governance Plan approved by BoD Resolution no. 76 of August 1, 2023. The Governance Plan represents the working tool used by Romgaz BoD members to achieve performance indicators approved by the General Meeting of Shareholders and undertaken by signing an addendum to the mandate contract.

Main benchmarks contained in BoD members' mandate contracts during the reporting period are:

- **September 13, 2022** - by Resolution no. 7, the Ordinary General Shareholders Meeting elects interim BoD members and approves mandate contracts for a 4-month term starting with September 15, 2022;
- **January 12, 2023** - by Resolution no.1, the Ordinary General Shareholders Meeting approves the addendum to extend by 2 months the mandate contract term of interim BoD members;
- **March 14, 2023** - by Resolution no. 5, the Ordinary General Shareholders Meeting elects the BoD members and approves the mandate contract for a 4-year term starting with March 16, 2023;
- **September 11, 2023** - by Resolution no. 12, Romgaz shareholders approve financial and non-financial performance indicators, and the addendum to the BoD members' mandate contract for the establishment and award of variable component of remuneration, relating calculation method and payment method thereof.
- **November 27, 2023** - General Meeting of Shareholders approves the addendum having the scope of correcting the errors identified in Annex 1 to the Addendum approved by BoD Resolution no. 12 of September 11, 2023.

Mandate Contracts of Officers

During the reporting period, the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer performed their activity based on mandate contracts approved by Romgaz BoD.

Until May 16, 2023, Romgaz officers' mandates were interim, with a maximum term of 6-month per mandate, their activity being performed based on the approved mandate contract.

After the appointment of officers for a 4-year term mandate, the basis of their activity is, besides the mandate contract, also the 2023-2027 Governance Plan approved by BoD Resolution no. 76 of August 1, 2023. The management component of the plan was drafted by the officers in order to fulfil approved and undertaken financial and non-financial performance indicators.

Main benchmarks contained in Romgaz Officers' mandate contracts during the reporting period are:

- **November 23, 2022** - by Resolution 78, Romgaz BoD appoints the CEO and the Deputy CEO for a 4-month mandate term;
- **December 20, 2022** - by Resolution 85, Romgaz BoD approves the mandate contracts of the CEO and the Deputy CEO, and appoints the CFO for a 4-month term mandate starting with December 20, 2022;
- **December 29, 2022** - by Resolution 90, Romgaz BoD approves the mandate contract of the CFO;
- **March 23, 2023** - Romgaz Board members approve the concluding of addenda to the mandate contracts of the CEO, Deputy CEO and CFO for the purpose of a 2-months extension;
- **May 15, 2023** - by Resolution 55, Romgaz BoD appoints CEO, Deputy CEO and CFO for a 4-year term mandate starting with May 16, 2023 and approves such mandate contracts;
- **May 16, 2023** - by Resolution 57, Romgaz BoD approves the addenda for terminating by mutual agreement the interim mandate contracts of Romgaz Officers starting with May 16, 2023;
- **September 19, 2023** - by Resolution 87, Romgaz BoD approves the conclusion of addenda to the officers' mandate contract for the establishment and award of variable component of remuneration, relating calculation method and payment method thereof.

- **December 19, 2023** - by Resolution 115, Romgaz BoD approves the conclusion of addenda to the officers' mandate contract for correcting financial and non-financial performance indicators approved by OGSM Resolution no. 12 of September 11, 2023.

Performance criteria and objectives established in the mandate contracts represent performance criteria and objectives for the activity of BoD members and officers.

Main objectives of Romgaz for 2023-2027 derived from Romgaz strategic development objectives are described in chapter **2.4 Strategic objectives, strategic options and secondary objectives** of this report.

Measures and actions to be followed in order to fulfil strategic objectives as established in the Governance Plan will be annually monitored through several performance indicators:

Item. No.	Performance indicators (KPI)	Objective
FINANCIAL INDICATORS		
1	Revenue	Reaching the target provided in the Budget
2	EBITDA margin	Undertaken minimum level
3	Operating expenses from RON 1,000 operating income	Maintain Budget level
4	Labour productivity (in value units)	Reaching the target provided in the Budget
5	CapEx	Reaching the minimum level provided in the Budget
6	Ratio between net debt and EBITDA	Lower than 4.5
7	Operating income margin	Reaching the target provided in the Budget
8	Dividend payout ratio	Minimum level provided by regulations applicable to Romgaz
NON-FINANCIAL INDICATORS		
9	Natural gas production decline	Maintaining the annual maximum decline
10	Emissions in the application area 1t	Reduction/maintenance of CO ₂ (tCO ₂ /MWh electricity output)
11	Fulfilment of gas supply obligation	100% of the contracted gas quantity
12	Market share	Higher than 40%
13	Average number of training hours per employee	Minimum 8
14	Number of safety trainings	100% of employees
15	Total frequency of recorded accidents	Maximum 0.8%
16	Score of client satisfaction	Minimum 75%
17	Rate of independent members in the BoD	Higher than 55%
18	Number of BoD meetings	Minimum 12/year
19	Attendance rate at BoD meetings	Minimum 90%
20	Number of Audit Committee meetings	Minimum 4/year
21	Rate of women in executive positions	Minimum 30%
22	Timely reporting of company's performance indicators, in compliance with financial calendar	Full compliance with reporting deadlines

23	Implementation of National Anti-Corruption System	Timely implementation of measures stipulated in Romgaz Integrity Plan
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For Romgaz officers, the financial and non-financial performance indicators resulting from the Governance Plan, undertaken in the mandate contract with the scope of meeting Romgaz objectives, are shown below:

Item No.	Performance indicators (KPI)	Objective
FINANCIAL INDICATORS		
1	Revenue	Reaching the target provided in the Budget
2	EBITDA margin	Undertaken minimum level
3	Operating expenses from RON 1,000 operating income	Maintain Budget level
4	Labour productivity (in value units)	Reaching the target provided in the Budget
5	CapEx	Reaching the minimum level provided in the Budget
6	Ratio between net debt and EBITDA	Lower than 4.5
7	Operating income margin	Reaching the target provided in the Budget
8	Dividend payout ratio	Minimum provided by regulations applicable to Romgaz
NON-FINANCIAL INDICATORS		
9	Natural gas production decline	Maintaining the annual maximum decline
10	Emissions in the application area 1t	Reduction/maintenance of CO ₂ (tCO ₂ /MWh electricity output)
11	Fulfilment of gas supply obligation	100% of the contracted gas quantity
12	Market share	Higher than 40%
13	Average number of training hours per employee	Minimum 8
14	Number of safety trainings	100% of employees
15	Total frequency of recorded accidents	Maximum 0.8%
16	Score of client satisfaction	Minimum 75%
17	Number of full time equivalent employees	Minimum 99% of average number of employees
18	Gender pay gap ratio	Lower or equal to zero
19	Timely reporting of company's performance indicators, in compliance with financial calendar	Full compliance with reporting deadlines

20	Implementation of National Anti-Corruption System	Timely implementation of measures stipulated in Romgaz Integrity Plan
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Below is a presentation of achievement degree of performance indicators for January-December 2023; the mandate contracts of executive and of non-executive BoD members and of officers do not provide interim targets, only annually target for the financial year.

I. Performance Indicators of Non-Executive BoD Members

a) Financial Indicators

Item no.	Indicator	Objective	Weight	Degree of achievement	Weight in degree of fulfilment
1	Revenue	Budget	4%	1.02	4.07%
2	EBITDA margin	Minimum 41%	2%	1.91	3.83%
3	Operating expenses from RON 1,000 operating income	Maintain Budget level	3%	1.13	3.38%
4	Labour productivity (in value units)	Budget	2%	1.06	2.12%
5	CAPEX	Minimum 70% Budget	3%	0.80	2.40%
6	Ratio between net debt and EBITDA	<4.5	2%	2.07	4.15%
7	Operating income margin	Budget	2%	1.3	2.61%
8	Dividend payout ratio	Minimum provided by the applicable regulations	2%	1.02	2.03%
Degree of achievement of financial indicators			20%		24.58%

b) Non-Financial Indicators

Item no.	Indicator	Objective	Weight	Degree of achievement	Weight in degree of fulfilment
1	Natural gas production decline	Maintaining the annual decline of maximum 2.5% as compared to 2022	2%	0.99	1.98%
2	Emissions in the application area 1t	Reduction/maintenance of CO ₂ emissions directly generated by electricity generation plant	3%	1.01	3.03%
3	Fulfilment of gas supply obligation	100% of the contracted gas quantity	3%	1.00	3.00%
4	Customer satisfaction score	minimum 75%	10%	1.33	13.30%
5	Market share	Higher than 40%	2%	1.60	3.20%
6	Average number of training hours per employee	minimum 8	3%	1.81	5.43%
7	Number of safety trainings	100% of the employees	3%	1.00	3.00%
8	Total frequency of recorded accidents	maximum 0.8%	4%	1.71	6.84%

Item no.	Indicator	Objective	Weight	Degree of achievement	Weight in degree of fulfilment
9	Rate of independent members in the Board of Directors	Higher than 55%	5%	0.93	4.65%
10	Number of BOD meetings	minimum 12	7%	4.33	30.31%
11	Attendance rate at BOD meetings	minimum 90%	6%	1.08	6.48%
12	Number of Audit Committee meetings	minimum 4 per year	6%	3.25	19.50%
13	Rate of women in executive positions	minimum 30%	8%	1.11	8.88%
14	Timely reporting of company performance indicators	full compliance with reporting deadlines	9%	1.00	9.00%
15	Implementation of the National Anti-Corruption System	timely implementation	9%	1.00	9.00%
Degree of achievement of non-financial indicators			80%		127.60%
DEGREE OF ACHIEVEMENT OF PERFORMANCE INDICATORS FOR NON-EXECUTIVE BoD MEMBERS			100%		152.18%

II. Performance Indicators for Executive BoD Members and Officers

a) Financial Indicators

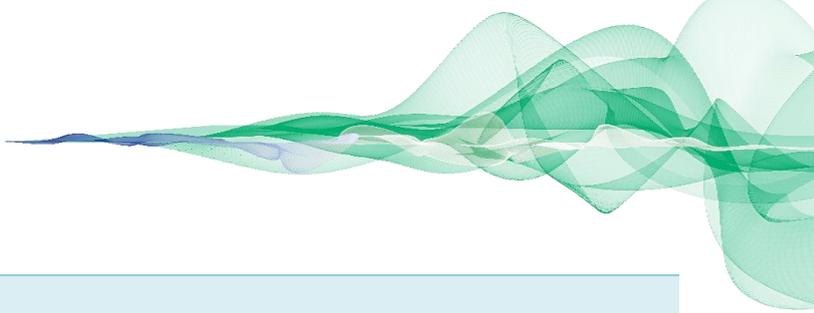
Item no.	Indicator	Objective	Weight	Degree of achievement	Weight in degree of fulfilment
1	Revenue	Budget	10%	1.02	10.17%
2	EBITDA margin	minim 41%	5%	1.91	9.57%
3	Operating expenses from RON 1,000 operating income	Maintain Budget level	7.5%	1.13	8.46%
4	Labour productivity (in value units)	Budget	5%	1.06	5.29%
5	CAPEX	minimum 70% Budget	7.5%	0.80	6.00%
6	Ratio between net debt and EBITDA	<4.5	5%	2.07	10.36%
7	Operating income margin	Budget	5%	1.30	6.51%
8	Dividend payout ratio	Minimum provided by the applicable regulations	5%	1.02	5.08%
Degree of achievement of financial indicators			50%		61.46%

b) Non-Financial Indicators

Item no.	Indicator	Objective	Weight	Degree of achievement	Weight in degree of fulfilment
1	Natural gas production decline	Maintaining the annual decline of maximum 2.5% as compared to 2022	5%	0.99	4.95%
2	Emissions in the application area 1t	Reduction/maintenance of CO ₂ emissions directly generated by electricity generation plant	3%	1.01	3.03%
3	Fulfilment of gas supply obligation	100% of the contracted gas quantity	4.0%	1.00	4.00%
4	Customer satisfaction score	minimum 75%	10%	1.33	13.30%
5	Market share	Higher than 40%	4.0%	1.60	6.40%
6	Average number of training hours per employee	minimum 8	3%	1.81	5.43%
7	Number of safety trainings	100% of the employees	3%	1.00	3.00%
8	Total frequency of recorded accidents	maximum 0.8%	3%	1.71	5.13%
9	Number of full time equivalent employees	Minimum 99% of average number of employees	3%	1.01	3.03%
10	Gender pay gap ratio	Lower or equal to zero	3%	1.00	3.00%
11	Timely reporting of company's performance indicators	Full compliance with reporting deadlines	4%	1.00	4.00%
12	Implementation of National Anti-Corruption System	Timely implementation	5%	1.00	5.00%
Degree of achievement of financial indicators			50%		60.27%
DEGREE OF ACHIEVEMENT OF PERFORMANCE INDICATORS FOR NON-EXECUTIVE BoD MEMBERS AND OFFICERS			100%		121.73%

Attached hereto are:

- Table regarding the conformity with the Corporate Governance Code of Bucharest Stock Exchange;
- Consolidated Financial Statements for the year ending on December 31, 2023, drafted in accordance with the Order of Public Finance Minister no. 2844/2016 accompanied by the Independent Auditor's Report on the consolidated financial statements audit;
- Individual Financial Statements for the year ending on December 31, 2023, drafted in accordance with the Order of Public Finance Minister no. 2844/2016 accompanied by the Independent Auditor's Report on the individual financial statements audit.



SIGNATURES

CHAIRMAN OF THE BOARD OF DIRECTORS,

Dan Dragos DRAGAN

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CEO,
Razvan POPESCU

Deputy CEO,
Aristotel Marius JUDE

CFO,
Gabriela TRANBITAS

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Table on compliance with BVB Code of Corporate Governance

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
A.1	All companies should have in place a set of Internal Rules of the Board of Directors that provides terms of reference / 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		
A.5	Any BoD member's other rather 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, directly or indirectly, holds 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		

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
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. The company should have a policy/guidelines on the BoD evaluation, containing the purpose, criteria and frequency of the evaluation process.	x		
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		
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 comprise 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		
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		

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
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		
B.5	The Audit Committee shall review conflicts of interests in connection with the company's related party transactions and affiliates and the affiliated parties.		x partial	<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 risk management system	x		
B.7	The Audit Committee shall monitor the application of statutory and generally accepted standards of internal auditing. The Audit Committee shall receive and evaluate the audit team's 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 initiated by the committee.	x		

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
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 represent 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		
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 Director General. 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		

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
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		
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, half-year 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		
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		

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
D.1.7	Corporate presentations (e.g. presentations for investors, presentations on quarterly results, etc.), financial statements (quarterly, half-year, annual), audit reports and annual reports.	x		
D.2	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. The principles of the policy on annual distribution of dividends to shareholders shall be published on the company's website.	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	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the BoD. Accredited journalists may also attend the GMS, unless the Chairperson of the Board decides otherwise.	x		

BVB CCG Provisions		Compliance	Non-compliance/ Partial compliance	Reason for non-compliance/ Explanation on compliance
1		2	3	4
D.8	The quarterly and half-year 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 the 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