



QUARTERLY REPORT
ON THE
ECONOMIC-FINANCIAL
ACTIVITY OF ROMGAZ GROUP
ON MARCH 31, 2022
(JANUARY 1, 2022 – MARCH 31, 2022)

IDENTIFICATION DETAILS ON REPORT AND ISSUER

Report Basis	<i>Law no. 24/2017 on issuers of financial instruments and market operations (Article 69) and ASF Regulation no.5/2018 on issuers of financial instruments and market operations (Annex no.13), for the three-month period ended on March 31, 2022</i>
Report Date	May 13, 2022
Name of the Company	Societatea Națională de Gaze Naturale “ROMGAZ” SA
Headquarters	Mediaș, 551130, 4 Constantin I. Motas Square, Sibiu County
Telephone/Fax number	004 0374401020/004 0374474325
Web/E-mail	www.romgaz.ro / secretariat@romgaz.ro
Trade Registry No.	J32/392/2001
Fiscal Code	RO14056826
Legal Entity Identifier (LEI)	2549009R7KJ38D9RW354
Regulated market where company shares are traded	Bucharest Stock Exchange (shares) and London Stock Exchange (GDRs)
Subscribed and paid in share capital	RON 385,422,400
Shares main characteristics	385,422,400 shares each with a nominal value of RON 1 Nominative, ordinary, indivisible shares, issued dematerialised and free tradable since November 12, 2013 as SNG – for shares and SNGR – for GDRs

ROMGAZ GROUP¹ PERFORMANCES

In the first quarter (Q1) 2022, Romgaz Group recorded a **revenue** of **RON 3,925.8 million**, increased by 195.78%, namely RON 2,598.5 million, as compared to the revenue achieved in Q1 2021. Compared to Q4 2021, the revenue increased by 66.6%.

Net consolidated profit of **RON 979.6 million** was higher by 111.24%, namely by RON 515.9 million, compared to the same period of the previous year. Compared with Q4 2021, net profit increased by 29.13%.

Net consolidated earnings per share (**EPS**) was **RON 2.5**.

The achieved margins of the consolidated net profit (**24.95%**), consolidated EBIT (**28.97%**) and consolidated EBITDA (**31.24%**) decreased as compared to Q1 2021 (34.94%; 41.33% and 52.42% respectively) but remain at high levels. Decreases in the percentage rates of these indicators are generated by the windfall tax and petroleum royalty which increased from RON 201.0 million in Q1 2021 to RON 2,303.9 million in Q1 2022 (+1,046.2%). Compared to Q4 2021, these expenses were 14.77% higher.

¹ **Romgaz Group** consists of SNGN Romgaz SA (“The Company”/”Romgaz”) as parent company, Filiala de Îmagazinare Gaze Naturale Depogaz Ploiești SRL (“Depogaz”) the subsidiary 100% owned by Romgaz, and its associates SC Depomureș SA (40% of the share capital) and SC Agri LNG Project Company SRL (25% of the share capital).

On March 30, 2022, Romgaz signed a **credit facility agreement** in amount of **EUR 325 million** for the acquisition of all shares issued by ExxonMobil Exploration and Production Romania Limited which holds 50% of the rights and obligations under the Concession Agreement for the Exploration, Development and Production of XIX Neptun Deep Block.

Natural gas consumption estimated² at national level for Q1 2022 was about 44 TWh, approximately 11% lower than the consumption recorded in Q1 2021.

Natural gas production recorded in Q1 2022 was **1,307.2 million m³**, 0.33% lower than in Q1 2021.

The amount of **electricity produced** was **345.34 GWh** in Q1 2022, 70.87% higher than production in the similar period of last year (202.1 GWh).

Relevant Consolidated Financial Results

RON million

Q1 2021	Q4 2021	Q1 2022	ΔQ1/Q4 (%)	Main indicators	Q1 2021	Q1 2022	Δ Q1 (%)
1,327.2	2,356.4	3,925.8	66.60	Revenue	1,327.2	3,925.8	195.78
1,256.1	2,428.6	3,924.4	61.59	Income	1,256.1	3,924.4	212.44
693.5	1,620.9	2,755.0	69.97	Expenses	693.5	2,755.0	297.27
(0.2)	0.1	(0.1)	n/a	Share of profit of associates	(0.2)	(0.1)	-72.86
562.4	807.8	1,169.4	44.76	Gross profit	562.4	1,169.4	107.93
98.6	49.2	189.7	285.55	Profit tax	98.6	189.7	92.38
463.8	758.6	979.6	29.13	Net profit	463.8	979.6	111.24
548.6	787.8	1,137.5	44.39	EBIT	548.6	1,137.5	107.36
695.7	977.3	1,226.5	25.50	EBITDA	695.7	1,226.5	76.30
1.2	1.97	2.5	29.13	Earnings per share (EPS) (RON)	1.2	2.5	111.24
34.94	32.19	24.95	-22.49	Net profit ratio (% from Revenue)	34.94	24.95	-28.58
41.33	33.43	28.97	-13.33	EBIT ratio (% from Revenue)	41.33	28.97	-29.90
52.42	41.47	31.24	-24.67	EBITDA ratio (% from Revenue)	52.42	31.24	-40.40
6,126	5,863	5,843	-0.34	Number of employees at the end of the period	6,126	5,843	-4.62

Operational results

Q1 2021	Q4 2021	Q1 2022	ΔQ1/Q4 (%)	Main indicators	Q1 2021	Q1 2022	Δ Q1 (%)
1,311.5	1,322	1,307.2	-1.12	Gross production (million m ³)	1,311.5	1,307.2	-0.33
92.8	94.3	92.6	-1.80	Petroleum royalty (million m ³)	92.8	92.6	-0.22
6,351	5,027	5,369	6.80	Condensate production (tonnes)	6,351	5,369	-15.46
202.1	213.9	345.3	61.45	Electricity production (GWh)	202.1	345.3	70.87
1,289.9	663.3	1,026.4	-20.43	UGS withdrawal services (million m ³) invoiced	1,289.9	1,026.4	-20.43
2.4	192.1	78.8	3,183.33	UGS injection services (million m ³) invoiced	2.4	78.8	3,183.33

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

² Consumption is estimated as ANRE has not published, until the date hereof, the reports on the gas market for 2022.

Natural gas production recorded in Q1 2022 was influenced by:

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

The conditions underlying these results were:

- ✗ Gas imports for consumption were approximately 9.5 TWh, 7.33% higher than in the same period of the previous year;
- ✗ Withdrawals from Romgaz UGSs were 2.07 million MWh lower than in the similar period of 2021 (1.96 million MWh compared to 4.03 million MWh).

National gas consumption estimated for Q1 2022 was 44 TWh, approximately 11% lower than the consumption recorded in Q1 2021, out of which approximately 9.5 TWh was covered by import gas and the difference of 34.5 TWh by domestic gas. Romgaz contribution was 15.7 TWh, representing 35.72% from the national consumption and **45.53%** from the consumption covered from domestic gas.

ROMGAZ GROUP – BRIEF OVERVIEW

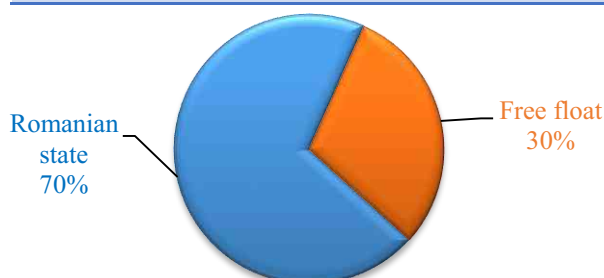
Activities performed by Romgaz Group are:

- ✎ exploration and production of natural gas;
- ✎ underground storage of natural gas;
- ✎ supply of natural gas;
- ✎ special well operations and services;
- ✎ technological transport and maintenance services;
- ✎ electricity production and supply;
- ✎ natural gas distribution.

Shareholder Structure

On March 31, 2022 SNGN Romgaz SA shareholders' structure was the following:

	Number of shares	%
Romanian State ³	269,823,080	70.0071
Free float–total, out of which:	115,599,320	29.9929
*legal persons	97,532,579	25.3054
*natural persons	18,066,741	4.6875
Total	385,422,400	100.0000



Company organization

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

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

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

³ The Romanian state acting through the *Ministry of Energy*

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

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

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

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

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

Company management

On March 31, 2022 Romgaz Board of Directors consisted of:

Item no.	Name	Position in the Board	Status ^{*)}	Professional Qualification	Institution of Employment
1	Drăgan Dan Dragoș	chairman	non-executive non-independent	Economist	Ministry of Energy
2	Jude Aristotel Marius	member	executive non-independent	Legal Adviser, MBA	SNGN Romgaz SA
3	Simescu Nicolae Bogdan	member	non-executive non-independent	Engineer	SNGN Romgaz SA
4	Batog Cezar	member	non-executive independent	Economist	Publicis Groupe Romania
5	Balazs Botond	member	non-executive non-independent	Legal Adviser	SNGN Romgaz SA
6	Sorici Gheorghe Silvian	member	non-executive independent	Economist	SC Sobis Solutions SRL

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

During January 1 – March 13, 2022, the Board of Directors consisted of:

Item no.	Name	Position in the Board	Status	Professional Qualification	Institution of Employment
1	Drăgan Dan Dragoș	chairman	non-executive non-independent	Economist	Ministry of Energy
2	Jude Aristotel Marius	member	executive non-independent	Legal Adviser, MBA	SNGN Romgaz SA
3	Simescu Nicolae Bogdan	member	non-executive non-independent	Engineer	SNGN Romgaz SA
4	Stan-Olteanu Manuela-Petronela	member	non-executive non-independent	Legal Adviser	Hidroelectrica SA
5	Niculescu Sergiu George	member	non-executive non-independent	Legal Adviser	Ministry of Energy
6	Balazs Botond	member	non-executive non-independent	Legal Adviser	SNGN Romgaz SA

7	Sorici Gheorghe Silvian	member	non-executive independent	Economist	SC Sobis Solutions SRL
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The Board members' CVs are available on the company's webpage www.romgaz.ro, at "Investors – Corporate Governance – Board of Directors".

Executive Management

Chief Executive Officer (CEO)

By Resolution No. 11 of February 12, 2021, the Board of Directors gathered on February 12, 2021, appointed Mr. **Aristotel Marius Jude** as SNGN Romgaz SA CEO for a 2-month interim mandate starting with February 13, 2021.

By Resolution No. 29 of April 7, 2021, the Board of Directors approved the extension of Mr. Aristotel Marius Jude's CEO mandate, for a 4-month period starting with April 13, 2021.

By Resolution No. 47 of June 30, 2021, the Board of Directors appointed Mr. Aristotel Marius Jude as CEO of Romgaz for an interim mandate of 4 months starting with August 14, 2021.

By Resolution No. 67 of November 2, 2021, the Board of Directors appointed Mr. Aristotel Marius Jude as CEO of Romgaz for a period of 4 months, starting with December 15, 2021 until April 15, 2022.

By Resolution No.17 of March 22, 2022, the Board of Directors appointed Mr. Aristotel Marius Jude as CEO of Romgaz for a period of 4 months, starting with April 16, 2022 until August 16, 2022.

Chief Financial Officer (CFO)

By Resolution No. 50 of December 9, 2020, the Board of Directors appointed Mr. **Razvan Popescu** as interim Chief Financial Officer for a period of 4 months as of December 14, 2020.

By Resolution No. 30 of April 7, 2021, the Board of Directors appointed Mr. Razvan Popescu as Chief Financial Officer for a period of 4 months as of April 14, 2021.

By Resolution No. 48 of June 30, 2021, the Board of Directors appointed Mr. Razvan Popescu as Chief Financial Officer for a 4-month interim mandate as of August 15, 2021.

By Resolution No. 68 of November 2, 2021, the Board of Directors appointed Mr. Răzvan Popescu as Chief Financial Officer for 4 months, starting with December 16, 2021 until April 16, 2022.

By Resolution No.18 of March 22, 2022, the Board of Directors appointed Mr. Răzvan Popescu, as Chief Financial Officer for 4 months, starting with April 17, 2022, until August 17, 2022.

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

Human Resources

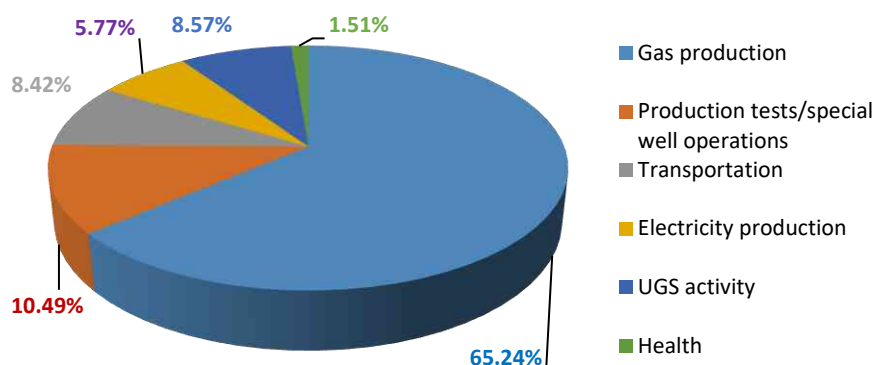
On March 31, 2022, Romgaz Group had 5,843 employees while SNGN Romgaz SA had 5,342 employees.

The table below shows the evolution of the employees' number for January 1, 2021 – March 31, 2022:

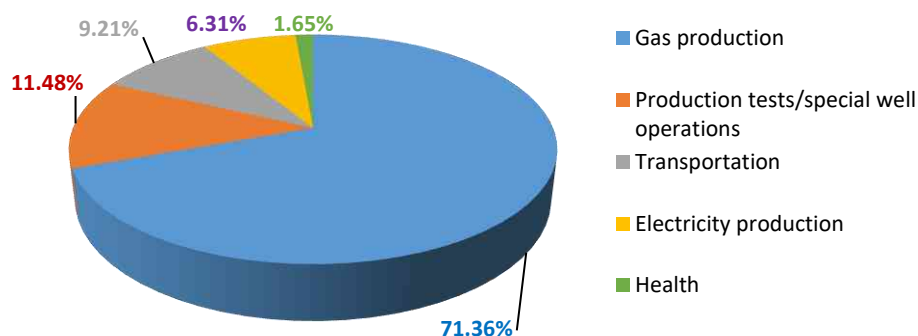
Description	2021 GROUP		March 31, 2022	
	Q1	Year	GROUP	Romgaz

Employees at the beginning of the period	6,188	6,188	5,863	5,363
Newly hired employees	59	179	73	64
Employees who terminated their labour relationship with the company	121	504	93	85
Employees at the end of the period	6,126	5,863	5,843	5,342

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



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



ROMGAZ on the Stock Exchange

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

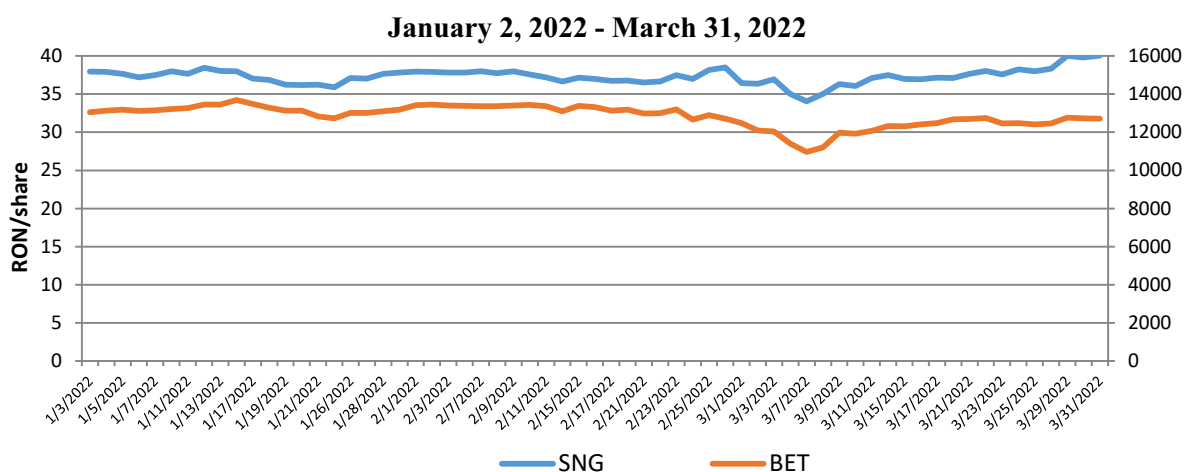
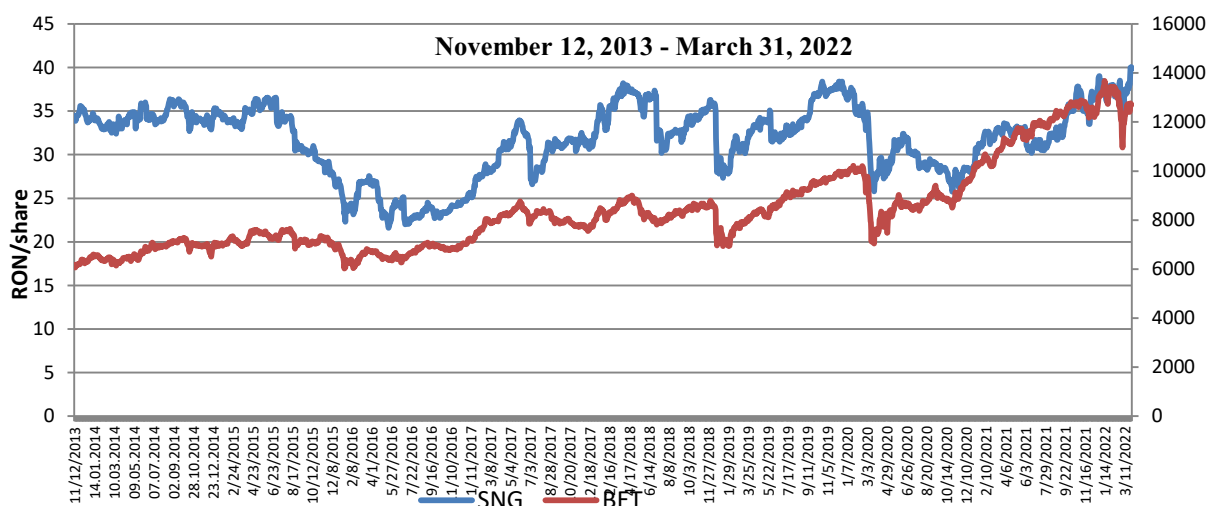
Romgaz is considered an attractive company for investors in terms of dividend distribution to shareholders, company stability and future development perspectives, also reflected by the evolution of Romgaz securities prices during the analysed period.

Since the listing day up to present, Romgaz has been considered an attractive company for investors and holds a significant position in the top of local issuers, being included in BVB trading indices by the end of Q1 2022, as follows:

- Second place by market capitalization in the top of Premium BVB issuers. With a market capitalization of RON 15,436.16 million, EUR 3,120.56 million, on March 31, 2022, Romgaz is the second largest listed company in Romania, being preceded by OMV Petrom with a capitalization of RON 26,622.73 million (EUR 5,382.02 million);

- Seventh place by the total amount of transactions in Q1 2022 in the top of Premium BVB issuers, with RON 203.21 million;
- Weight of 8.71 % and 8.64% in BET index (top 15 issuers) and BET-XT (top 25 issuers) respectively, 29.10% in BET-NG index (energy and utilities) and 8.71% in BET-TR index (BET Total Return).

Performance of Romgaz shares compared to BET index between listing and March 31, 2022, and in Q1, 2022 is shown below:



In Q1 2022, Romgaz shares and GDRs trading prices recorded an oscillating trend sometimes similar to that of other securities traded on Bucharest Stock Exchange. The main factors which influenced the quotation of Romgaz securities on the two stock exchanges were: the evolution of Bucharest Stock Exchange indices further to the conflict in Ukraine, the information on completion of transaction concerning the acquisition of shares issued by ExxonMobil Exploration and Production Romania Limited (EMEPRL) and the distribution of 2021 dividends.

Thus, the main decreases in the prices of shares and GDRs occurred on: January 25, 2022 – in the context of decreases on the external markets in the beginning of the week, as a result of the concerns about inflation and growing tension between Ukraine and Russia⁴ and March 07, 2022 – when Bucharest Stock Exchange reached the minimum of the year, the BET-TR index

⁴ Source: Ziarul Financiar, January 25, 2022

recorded a decrease of 16% from the beginning of the year, further to the intensification of war in Ukraine which led to a series of unprecedented sanctions imposed to Russian Federation⁵. On March 07, 2022, Romgaz shares and GDRs recorded the lowest values of the period, namely RON 34.05/share and USD 7.15/GDR (the equivalent of RON 32.69/GDR).

The positive trend of Romgaz securities prices was influenced both by the favourable evolution of Bucharest Stock Exchange indices during some of the periods of Q1, 2022, as well as mainly by the information sent by the company to the capital market on the completion of the transaction concerning the acquisition of EMEPRL shares and distribution of 2021 dividends at a 10% yield⁶. Increase of Romgaz securities prices following March 07, 2022 resulted in a maximum value of the period recorded on the last day of Q1 2022, March 31, 2022, both for Romgaz share and for Romgaz GDR: RON 40.05 /share and USD 8.80/GDR (the equivalent of RON 39.17/GDR). The increase of 5.5% in share prices during this period was similar to the increase in GRD prices (+3.5%), also considering the evolution of USD-RON exchange rate in Q1 2022 (1.7%).

⁵ Source: Ziarul Financiar March 24, 2022

⁶ Source: Ziarul financiar March 29, 2022

PHYSICAL INDICATORS

The table below shows the gas volumes (million m³) that were produced, delivered, injected/withdrawn into/from UGSs during January-March 2022 in comparison with the similar period of 2021 and 2020:

No.	Specifications	Q1 2020	Q1 2021	Q1 2022	Indices (%)
0	1	2	3	4	5=4/3x100
1.	Gross gas production	1,362.3	1,311.5	1,307.2	99.7
2.	Technological consumption	19.8	19.0	19.8	104.2
3.	Net internal gas production (1.-2.)	1,342.5	1,292.5	1,287.4	99.6
4.	Internal gas volumes injected into UGS	0.0	0.0	0.0	-
5.	Internal gas volumes withdrawn from UGS	150.8	377.7	183.9	48.7
6.	Difference from conversion to Gross Calorific Value	0.0	0.2	0.1	50.0
7.	Volumes supplied from internal production (3.-4.+5.-6.)	1,493.3	1,670.1	1,471.3	88.1
8.	Gas supplied to CTE Iernut and Cojocna from Romgaz's gas	74.9	55.0	103.3	187.8
9.	Gas supplied from internal production to the market (7.-8.)	1,418.4	1,615.0	1,367.9	84.7
10.	Gas from partnerships (Amromco 50%)	26.8	13.7	5.6	40.9
11.	Purchased internal gas volumes (including imbalances and commodity gas)	0.0	20.4	0.7	3.4
12.	Sold internal gas volumes (9.+10.+11.)	1,445.2	1,649.2	1,374.3	83.3
13.	Supplied internal gas volumes (8.+12.)	1,520.1	1,704.1	1,477.5	86.7
14.	Supplied import gas volumes	0.0	0.0	0.0	-
15.	Gas supplied to Iernut and Cojocna from other sources (including imbalances)	2.3	8.0	0.0	0.0
16.	Total gas supplies (13.+14.+15.)	1,522.4	1,712.1	1,477.5	86.3
*	Invoiced UGS withdrawal services	895.4	1,289.9	1,026.4	79.6
*	Invoiced UGS injection services *)	40.7	2.4	78.8	3,283.3

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

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

INVESTMENTS

Romgaz Group scheduled for the first 3 months of 2022 investments of *RON 662.16 million* and made investments of *RON 108.42 million*, by 83.63% namely *RON 553.74 million* less than scheduled.

On March 31, 2022, the Company carried out investments of *RON 108.08 million*, namely 1.89% from the Annual Investment Program that amounts to *RON 5,720 million*.

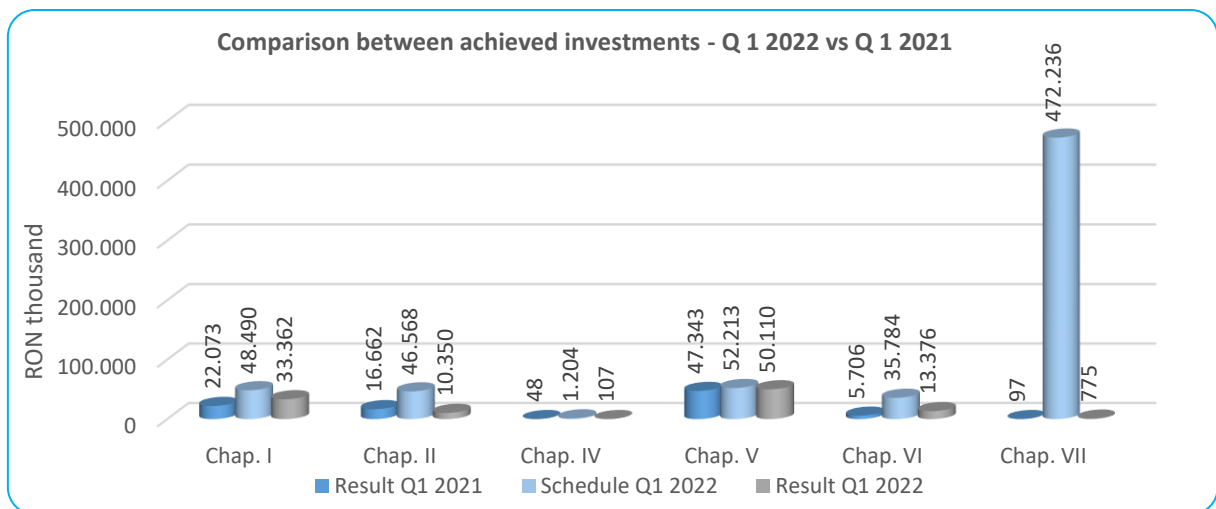
Compared to the similar period of 2021, the investments increased by 17.57%, *RON 108.08 million* in Q1 2022 as compared to *RON 91.93 million* in Q1 2021.

The table below shows the investments made in the first 3 months of 2022 split into main investment chapters, compared to the investments made and scheduled in the similar period of 2021:

RON thousand

Investment Chapter	Result Q1 2021	Schedule Q1 2022	Result Q1 2022	Q1 2022/ Q1 2021	R 2022/ S 2022
1	2	3	4	5=4/2x100	6=4/3x100
I. Geological exploration works for the discovery of new gas reserves	22,073	48,490	33,362	151.14%	68.80%

Investment Chapter	Result Q1 2021	Schedule Q1 2022	Result Q1 2022	Q1 2022/ Q1 2021	R 2022/ S 2022
1	2	3	4	5=4/2x100	6=4/3x100
II. Exploitation drilling works, streaming in production new wells, infrastructure, utilities and electricity generation	16,662	46,568	10,350	62.12%	22.23%
III. Supporting underground gas storage capacities	-	-	-	-	-
IV. Environmental protection works	48	1,204	107	222.92%	8.89%
V. Revamping and retrofitting of existing installations and pieces of equipment	47,343	52,213	50,110	105.84%	95.97%
VI. Independent equipment and installation	5,706	35,784	13,376	234.42%	37.38%
VII. Expenses related to studies and designs	97	472,236	775	798.97%	0.16%
TOTAL	91,929	656,495	108,080	117.57%	16.46%



The investments made in the first three months of 2022 were lower than scheduled due to rescheduling the advance payment for Neptun Deep investment, namely acquisition by Romgaz of all shares, representing 100% of ExxonMobil Exploration and Production Romania Limited („EMEPRL”), holding 50% rights and obligations in the Deepwater Zone of XIX Neptun offshore Block, Black Sea. The advance payment, representing RON 470 million, was scheduled for February 2022, but its payment was conditioned on signing the contract between Romgaz and ExxonMobil, that took place in Q2 2022.

Investments achieved in Q1, 2022:

- drilling works for 3 wells were finalised (total of 10,200 m out of which 4,069 m drilled in 2022, for which production tests are to be carried out), while drilling was seized for one well;
- works for surface facilities were finalised to stream in production 4 wells, works in progress for surface facilities for 6 wells;
- well intervention works performed at 46 wells (recompletions, reactivation and repairs) – 25 wells Medias Branch and 21 wells Târgu Mureş Branch;
- the following were purchased: discharge facility for manifold 10 ¾” Simoneşti – Cristur Compressor Station (Chedea area), reservoir water discharge system for Filitelnic Compressor Station, electrical compressors, semitrailer, mobile laboratory, mechanical jar, drill pipes IF 2 7/8, digital tachographs, three-phase discharge facility, gas metering and separation 700 bar, infrared spectrometer, plastic tanks, priming pump, video-conference equipment, full solution for migration, upgrade and improvement of storage

infrastructure and data protection of Exchange and SharePoint systems, security equipment (Firewall), Server Manager licences.

The value of fixed assets in place in Q1 2022 was *RON 153.95 million*.

For 2022, **Depogaz Subsidiary** has an approved investment program of RON 70.000 thousand.

For the first three months of 2022, the Subsidiary had an approved investment plan of RON 5,665 thousand and achieved RON 341.38 thousand, representing 6.03% of scheduled investments:

Item No.	Specifications	Scheduled Q1 2022	Result Q1 2022
1.	Exploration works for the discovery of new gas reserves	0	0
2.	Operation of fields and UGSs, infrastructure and facilities on the field and in storages	2,000	37.62
3.	Underground gas storage activities	50	172.94
4.	Environment improvement and protection works	0	0
5.	Revamping and retrofitting of existing facilities and equipment, surface facilities, utilities	2,750	2.12
6.	Independent equipment and installations	631	125.00
7.	Expenses related to consultancy, studies and projects, soft, licenses and patents, etc.	234	3.70
TOTAL		5,665	341.38

Investment objectives achieved in Q1 2022 are:

- surveillance and security system - RON 34.95 thousand;
- compensations and land purchase – RON 172.94 thousand;
- well drilling Bilciurești – RON 2.67 thousand, representing fees paid for obtaining permits;
- multifunctional calibrator with HART console – RON 35.00 thousand;
- automatic calibration systems pressure transducers, manometer – RON 90.00 thousand;
- modernisation of 12 wells at Sarmasel – RON 2.12 thousand, representing fees for issuing urban planning certificates and expenses related to land purchase;
- DOCLIB software – RON 3.70 thousand.

ECONOMIC-FINANCIAL INDICATORS

Interim Statement of the Consolidated Financial Position

The table below shows the summary of the interim consolidated financial result on March 31, 2022 compared to December 31, 2021:

INDICATOR	December 31, 2021 (RON thousand)	March 31, 2022 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	5,240,697	5,250,361	0.18
Other intangible assets	16,133	15,789	-2.13
Investments in associates	26,187	26,130	-0.22
Deferred tax assets	269,645	212,693	-21.12
Other financial assets	5,616	5,616	0.00
Right of use asset	7,128	7,295	2.34
Total non-current assets	5,565,406	5,517,884	-0.85
<i>Current assets</i>			
Inventories	305,241	228,352	-25.19
Trade and other receivables	1,352,345	2,124,605	57.11
Contract costs	483	464	-3.93
Other financial assets	417,923	2,659,273	536.31
Other assets	67,962	118,717	74.68
Current tax receivables	3,201	402	-87.44
Cash and cash equivalents	3,580,412	2,196,573	-38.65
Total current assets	5,727,567	7,328,386	27.95
TOTAL ASSETS	11,292,973	12,846,270	13.75
EQUITY AND LIABILITIES			
<i>Equity</i>			
Issued capital	385,422	385,422	0.00
Reserves	2,998,975	2,998,975	0.00
Retained earnings	5,596,756	6,576,377	17.50
Total equity	8,981,153	9,960,774	10.91
<i>Non-current liabilities</i>			
Retirement benefit obligation	156,420	152,062	-2.79
Deferred revenue	230,438	230,433	0.00
Provisions	412,846	414,271	0.35
Lease liability	7,211	7,201	-0.14
Total non-current liabilities	806,915	803,967	-0.37
<i>Current liabilities</i>			
Trade payables and other liabilities	71,317	61,726	-13.45
Contract liabilities	204,384	338,073	65.41
Current tax liabilities	52,299	182,293	248.56
Deferred revenue	49	9	-81.63
Lease liability	810	855	5.56
Provisions	237,144	236,270	-0.37
Other liabilities	938,902	1,262,303	34.44
Total current liabilities	1,504,905	2,081,529	38.32
Total liabilities	2,311,820	2,885,496	24.81
TOTAL EQUITY AND LIABILITIES	11,292,973	12,846,270	13.75

NON-CURRENT ASSETS

Total non-current assets decreased by 0.85% namely by RON 47.52 million, from RON 5,565.41 million on December 31, 2021 to RON 5,517.88 million on March 31, 2022. The drop is caused by the decrease of deferred tax asset generated by a write-off of receivables from insolvent clients and from clients in bankruptcy.

CURRENT ASSETS

Current assets increased by RON 1,600.82 million (27.95%) on March 31, 2022, following the increase of other financial assets and of cash and cash equivalents by 21.45% (+RON 857.51 million) and increase of trade receivables by 57.11% as compared to the end of 2021 (+RON 772.60 million).

Inventories

Inventories decreased by 25.19% at the end of Q1 2022 as compared to 2021 further to the decrease of gas stocks in storages due to the seasonal character of activities.

Trade and other receivables

Trade receivables increased as compared to December 31, 2021 by 57.11%, mainly due to higher gas deliveries in Q1 2022 as compared to Q4 2021. Generally, the Group's receivables are due within 30 days, but as regards insolvent clients, ruled by the courts as "captive", the payment term is 90 days from the invoice date; therefore, as regards these clients, debt receivables on March 31, 2022 include the equivalent value of gas delivered during Q1 2022.

Cash and cash equivalents. Other financial assets

Cash and cash equivalents and other financial assets (bank deposits and purchased state bonds) were on March 31, 2022 of RON 4,855.85 million, as compared to RON 3,998.34 million at the end of 2021 (+RON 857.51 million). The increase was triggered by collections in Q1.

EQUITY

Group's equity increased by 10.91% due to the profit achieved in Q1 2022. GMS approved distribution of profit in April 2022, allocating for dividends RON 1,464.61 million.

NON-CURRENT LIABILITIES

Non-current liabilities recorded on March 31, 2022 an insignificant drop of 0.37% as compared to December 31, 2021.

CURRENT LIABILITIES

Current liabilities increased by RON 576.62 million, from RON 1,504.91 million recorded on December 31, 2021, to RON 2,081.53 million, recorded on March 31, 2022. The main influences are detailed below.

Contract liabilities

These liabilities are advance payments from clients on March 31, 2022 for deliveries to be performed in 2022. The increase of 65.41% is due to a higher gas sales price compared to the last year.

Current tax liabilities

In Q1 2022 the Group did not pay the income tax for 2021, the due date is June 25, 2022. Therefore, the increase of current tax liabilities comes from the current income tax for Q1 2022.

Other liabilities

Other liabilities recorded an increase of 34.44% (+ RON 323.40 million) as compared to the end of 2021 mainly due to recording a 82.06% (RON +298.71 million) higher windfall tax and higher royalties expenses by RON 59.00 million (+14.74%).

Interim Statement of Consolidated Comprehensive Income

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

Description	Q 1 2021 (RON thousand)	Q 1 2022 (RON thousand)	Variance (RON thousand)	Variance (%)
1	2	3	4=3-2	5=4/2x100
Revenue	1,327,248	3,925,789	2,598,541	195.78
Cost of commodities sold	(27,825)	(8,914)	(18,911)	-67.96
Investment income	13,814	31,866	18,052	130.68
Other gains and losses	(442)	(2,659)	2,217	501.58
Net impairment gains/(losses) on trade receivables	31,559	12,036	(19,523)	-61.86
Changes in inventories	(95,324)	(51,710)	(43,614)	-45.75
Raw materials and consumables used	(19,548)	(24,814)	5,266	26.94
Depreciation, amortization and net impairment expenses	(147,158)	(89,043)	(58,115)	-39.49
Employee benefit expense	(159,058)	(157,993)	(1,065)	-0.67
Finance costs	(4,139)	(5,452)	1,313	31.72
Exploration expense	(348)	(1,032)	684	196.55
Share of associates' result	(210)	(57)	(153)	-72.86
Other expenses	(366,042)	(2,475,832)	2,109,790	576.38
Other income	9,856	17,181	7,325	74.32
Profit before tax	562,383	1,169,366	606,983	107.93
Income tax expense	(98,628)	(189,745)	91,117	92.38
Net Profit	463,755	979,621	515,866	111.24

Revenue

On March 31, 2022 the Group's revenue recorded an increase of 195.78% (RON 2,598.54 million) as compared to the similar period of the previous year.

The increase of revenue resides in the increase by 201.14% (+ RON 2,301.25 million) of consolidated revenues from gas sales and from the increase by 284.60% (+ RON 278.87 million) of revenues from electricity sales.

Quantitatively, the gas volumes sold in Q1 2022 were lower by 16.7% than in Q1 2021. For the reporting period, electricity production was higher by 70.86%.

Consolidated revenues from storage activities dropped by 11.01% in Q1 2022 as compared to Q1 2021 (-RON 8.73 million). We mention that, consolidated storage revenues include revenues from services invoiced by Romgaz for gas volumes sold from storages; unconsolidated storage revenues dropped by 12.29% as compared to 2021 (-RON 10.86 million).

Cost of commodities sold

In Q1 2022 cost of commodities sold decreased by 67.96% as compared to the similar period of 2021, mainly as a result of lower gas volumes purchased for resale.

Net losses from trade receivables

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

For the three months period ended on March 31, 2022, the Group recorded a net gain from impairment of receivables of RON 12.0 million, representing impairment adjustments previously recorded for VAT related to write-off of receivables due to the impossibility to collect outstanding amounts from insolvent clients or clients in bankruptcy.

Changes in inventories

The negative change in inventory is generated because Romgaz did not inject gas in storages in Q1 2022, it has only withdrawn gas. The decrease of the negative change of inventory in Q1 2022 as compared to Q1 2021 is due to lower gas withdrawals by 51.3% against the quantities withdrawn in the same period of 2021.

Depreciation, amortization and net impairment

Expenses with depreciation, amortization and net impairment decreased by 39.49% following lower depreciation expenses by 19.5% and by recording a net gain from impairment of fixed assets of RON 10.87 million, as compared to a net impairment loss of RON 23.64 million in Q1 2021.

Other expenses

Other expenses increased by 576.38% as compared to Q1 2021. The increase of RON 2,109.79 million resides mainly due to the increase of expenses with the windfall tax and royalty expenses. Royalty expenses increased by RON 374.28 million (+432.96%) as compared to Q1 2021 and windfall tax increased in Q1 2022 by RON 1,728.61 million (+1,508.97% as compared to Q1 2021).

The table below shows the breakdown of the interim consolidated comprehensive income by activity segments for January-March 2022 compared to January-March 2021:

Structure of indicators by activity segments – March 2022

**RON thousand **

Description	TOTAL, out of which:	Gas production and delivery	Underground gas storage	Electricity	Other activities	Consolidati on adjustments
1	2	3	4	5	6	7
Revenue	3,925,789	3,590,265	77,472	355,013	94,422	(191,383)
Cost of commodities sold	(8,914)	(3,779)	-	(4,958)	(177)	-
Investment income	31,866	70	171	5	31,625	(5)
Other gains or losses	(2,659)	260,346	(1)	(15)	(262,989)	-
Net (losses)/gains from impairment of trade receivables	12,036	13,397	-	(346)	(1,015)	-
Changes in inventory	(51,710)	(52,014)	-	(21)	325	-
Raw materials and consumables used	(24,814)	(17,338)	(7,432)	(44,396)	(4,338)	48,690
Net depreciation and amortization	(89,043)	(63,891)	(3,083)	(1,105)	(6,539)	(14,425)
Employee benefit expenses	(157,993)	(91,284)	(14,675)	(9,426)	(42,608)	-

Description	TOTAL, out of which:	Gas production and delivery	Underground gas storage	Electricity	Other activities	Consolidati on adjustments
1	2	3	4	5	6	7
Finance costs	(5,452)	(4,873)	(464)	-	(120)	5
Exploration expense	(1,032)	(1,032)	-	-	-	-
Share of associates' result	(57)	-	-	-	(57)	-
Other expenses	(2,475,832)	(2,479,302)	(33,949)	(93,644)	(11,745)	142,808
Other income	17,181	16,121	1	58	1,117	(116)
Profit before tax	1,169,366	1,166,686	18,040	201,165	(202,099)	(14,426)
Income tax expense	(189,745)	-	(2,971)	-	(186,774)	-
Profit for the period	979,621	1,166,686	15,069	201,165	(388,873)	(14,426)

Structure of indicators by activity segments – March 2021

**RON thousand **

Description	TOTAL, out of which:	Gas production and delivery	Underground gas storage	Electricity	Other activities	Consolidatio n adjustments
1	2	3	4	5	6	7
Revenue	1,327,248	1,231,836	88,316	62,048	93,256	(148,208)
Cost of commodities sold	(27,825)	(24,241)	-	(3,524)	(60)	-
Investment income	13,814	36	166	2	13,616	(6)
Other gains or losses	(442)	(736)	(6)	20	280	-
Net (losses)/gains from impairment of trade receivables	31,559	31,945	-	(395)	9	-
Changes in inventory	(95,324)	(95,644)	-	3	317	-
Raw materials and consumables used	(19,548)	(10,756)	(6,142)	(946)	(3,953)	2,249
Net depreciation and amortization	(147,158)	(121,483)	(2,039)	(1,802)	(6,141)	(15,693)
Employee benefit expenses	(159,058)	(96,576)	(14,957)	(10,520)	(37,005)	-
Finance costs	(4,139)	(3,673)	(345)	-	(127)	6
Exploration expense	(348)	(348)	-	-	-	-
Share of associates' result	(210)	-	-	-	(210)	-
Other expenses	(366,042)	(364,471)	(33,470)	(105,489)	(8,688)	146,076
Other income	9,856	5,169	4	4,502	298	(117)
Profit before tax	562,383	551,058	31,527	(56,101)	51,592	(15,693)
Income tax expense	(98,628)	-	(5,132)	-	(93,496)	-
Profit for the period	463,755	551,058	26,395	(56,101)	(41,904)	(15,693)

Consolidated Statement of Cash Flows

Cash flows recorded during January – March 2022 compared to the similar period of 2021 are shown below:

INDICATOR	Q1 2021 (RON thousand)	Q1 2022 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
Cash flow from operating activities			
Net profit for the year	463,755	979,621	111.24
<i>Adjustments for:</i>			
Income tax expense	98,628	189,745	92.38
Share of associates' result	210	57	-72.86
Interest expense	127	121	-4.72
Unwinding of decommissioning provision	4,012	5,331	32.88
Interest revenue	(13,814)	(31,866)	130.68
Loss on disposal of non-current assets	(397)	(101)	-74.56
Change in decommissioning provision recognized in the result of the period, other than unwinding	(744)	(911)	22.45
Change in other provisions	66,854	(5,413)	n/a
Impairment of exploration assets	(313)	4,810	n/a
Exploration projects written-off	12	16	33.33
Net impairment of non-current assets	23,948	(15,682)	n/a
Depreciation and amortization	123,523	99,915	-19.11
Amortization of contract costs	417	312	-25.18
Loss on financial investments at fair value through profit or loss	7	-	n/a
Loss/(Gain) on trade receivables and other receivables	(30,668)	(11,055)	-63.95
Impairment of inventories	(144)	1,653	n/a
Income from subsidies	(2)	(2)	0.00
Cash generated from operational activities before movements in working capital	735,411	1,216,551	65.42
Movements in working capital			
(Increase)/Decrease in inventories	102,565	75,340	-26.54
(Increase)/Decrease in trade and other receivables	(158,556)	(812,253)	412.28
Increase/(Decrease) in trade and other liabilities	(41,025)	447,536	n/a
Cash generated by operational activities	638,395	927,174	45.24
Income tax paid	(59,832)	-	n/a
Net cash generated by operational activities	578,563	927,174	60.25
Cash flows from investing activities			
Investments in other entities	(250)	-	n/a
Bank deposits set up and acquisition of state bonds	(1,358,306)	(2,633,306)	93.87
Bank deposits and state bonds matured	778,094	393,698	-49.40
Interest received	10,137	30,084	196.77
Proceeds from sale of non-current assets	466	136	-70.82
Acquisition of non-current assets	(65,538)	(68,191)	4.05
Acquisition of exploration assets	(21,883)	(32,902)	50.35
Net cash used in investing activities	(657,280)	(2,310,481)	251.52
Cash flows from financing activities			
Dividends paid	(201)	(40)	-80.10
Repayment of lease liability	(429)	(492)	14.69
Net cash used in financing activities	(630)	(532)	-15.56
Increase/(decrease) in net cash and cash equivalents	(79,347)	(1,383,839)	1,644.03

INDICATOR	Q1 2021 (RON thousand)	Q1 2022 (RON thousand)	Variance (%)
1	2	3	4=(3-2)/2x100
Net cash and cash equivalents at the beginning of the period	416,913	3,580,412	758.79
Cash and cash equivalents on March 31	337,566	2,196,573	550.71

Indicators

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

Indicators	Calculation formula	M.U.	Q1 2021	Q1 2022
1	2	3	4	5
Working Capital (WC)	$C_{lt}-A_f = E+L_{nc} + Pr+S_i-A_f$	RON million	3,194	5,247
Working Capital Requirements (WCR)	$(A_c-L+Pp)-(L_{crt}-C_{rst}+I_{df})$	RON million	2,856	3,050
Net Cash Flow	$WC-WCR = L-C_{rst}$	RON million	338	2,197
Economic Rate of Return	$P_g/C_{lt} \times 100$	%	6.21	10.86
Return on Equity	$P_n/C_{lt} \times 100$	%	5.62	9.83
Return on Sales	$P_g/R \times 100$	%	42.37	29.79
Return on Assets	$P_n/A \times 100$	%	4.75	7.63
EBIT	$P_g+Ex_i-I_r$	RON million	549	1,138
EBITDA	$EBIT+Am$	RON million	696	1,227
ROCE	$EBIT/C_{emp} \times 100$	%	6.06	10.57
Asset Solvency	$E/L \times 100$	%	84.45	77.54
Current Liquidity	A_{crt}/L_{crt}	-	5.48	3.52
Gearing Ratio	$Lc/E \times 100$	%	0.00	0.00
Accounts Receivables Turnover	$Aar/R \times 90$	-	46.55	39.86
Property, Plant and Equipment Turnover	R/PPE	-	0.23	0.71

where:

C_{lt}	long-term capital;	I_{df}	deferred income
A_f	non-current assets;	P_g	gross profit;
E	equity;	P_n	net profit;
L_{nc}	non-current liabilities;	R	revenue;
Pr	provisions;	A	total assets;
S_i	investment subsidies;	Ex_i	interest expense;
A_c	current assets;	I_r	interest income;
L	liquidity position;	Am	depreciation, amortization and impairment;
Pp	Prepayments;	C_{emp}	capital employed (total assets–current liabilities);
L_{crt}	current liabilities;	A_{crt}	current assets+prepayments;
C_{rst}	short-term credit;	L	total liabilities;
Lc	Loan capital;	Aar	Average Accounts Receivables.

Please find attached the Simplified Interim Consolidated Financial Statements for the period ended March 31, 2022, prepared in compliance with the International Accounting Standard 34 and not audited by the financial auditor.

SIGNATURES

CHAIRMAN OF THE BOARD OF DIRECTORS,	
<i>Dan Dragoș DRĂGAN</i>	
.....	
CHIEF EXECUTIVE OFFICER,	CHIEF FINANCIAL OFFICER,
<i>Aristotel Marius JUDE</i>	<i>Răzvan POPESCU</i>
.....

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

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022
(UNAUDITED)**

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

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CONDENSED STATEMENT OF CONSOLIDATED INTERIM COMPREHENSIVE INCOME

	Note	Three months ended March 31, 2022	Three months ended March 31, 2021
		'000 RON	'000 RON
Revenue	3	3,925,789	1,327,248
Cost of commodities sold	4	(8,914)	(27,825)
Investment income		31,866	13,814
Other gains and losses	5	(2,659)	(442)
Impairment (losses)/gains on trade receivables	10 c)	12,036	31,559
Changes in inventory of finished goods and work in progress		(51,710)	(95,324)
Raw materials and consumables used	4	(24,814)	(19,548)
Depreciation, amortization and impairment expenses	6	(89,043)	(147,158)
Employee benefit expense	8	(157,993)	(159,058)
Finance cost		(5,452)	(4,139)
Exploration expense		(1,032)	(348)
Share of profit/(loss) of associates		(57)	(210)
Other expenses	9	(2,475,832)	(366,042)
Other income	3	17,181	9,856
Profit before tax		1,169,366	562,383
Income tax expense	7	(189,745)	(98,628)
Profit for the period		979,621	463,755
Total comprehensive income for the period		979,621	463,755
Basic and diluted earnings per share		0.0025	0.0012

These financial statements were approved by the Board of Directors on May 12, 2022.

Aristotel Marius Jude
 Chief Executive Officer

Răzvan Popescu
 Chief Financial Officer

CONDENSED STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION

<u>Note</u>	<u>March 31, 2022</u> <u>'000 RON</u>	<u>December 31, 2021</u> <u>'000 RON</u>
ASSETS		
Non-current assets		
Property, plant and equipment	5,250,361	5,240,697
Other intangible assets	15,789	16,133
Investments in associates	26,130	26,187
Deferred tax asset	212,693	269,645
Other financial assets	5,616	5,616
Right of use assets	7,295	7,128
Total non-current assets	5,517,884	5,565,406
Current assets		
Inventories	228,352	305,241
Trade and other receivables	10 a) 2,124,605	1,352,345
Contract costs	464	483
Other financial assets	2,659,273	417,923
Other assets	10 b) 118,717	67,962
Current tax receivable	402	3,201
Cash and cash equivalents	2,196,573	3,580,412
Total current assets	7,328,386	5,727,567
Total assets	12,846,270	11,292,973
EQUITY AND LIABILITIES		
Equity		
Share capital	385,422	385,422
Reserves	2,998,975	2,998,975
Retained earnings	6,576,377	5,596,756
Total equity	9,960,774	8,981,153
Non-current liabilities		
Retirement benefit obligation	11 152,062	156,420
Deferred revenue	230,433	230,438
Lease liability	7,201	7,211
Provisions	11 414,271	412,846
Total non-current liabilities	803,967	806,915

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

CONDENSED STATEMENT OF CONSOLIDATED INTERIM FINANCIAL POSITION

	<u>Note</u>	<u>March 31, 2022</u> <u>'000 RON</u>	<u>December 31, 2021</u> <u>'000 RON</u>
Current liabilities			
Trade payables		61,726	71,317
Contract liabilities		338,073	204,384
Current tax liabilities		182,293	52,299
Deferred revenue		9	49
Provisions	11	236,270	237,144
Lease liability		855	810
Other liabilities		1,262,303	938,902
Total current liabilities		2,081,529	1,504,905
Total liabilities		2,885,496	2,311,820
Total equity and liabilities		12,846,270	11,292,973

These financial statements were approved by the Board of Directors on May 12, 2022.

Aristotel Marius Jude
 Chief Executive Officer

Răzvan Popescu
 Chief Financial Officer

CONDENSED STATEMENT OF CONSOLIDATED INTERIM CHANGES IN EQUITY

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2022	385,422	85,250	2,913,725	5,596,756	8,981,153
Total comprehensive income for the period	-	-	-	979,621	979,621
Balance as of March 31, 2022	385,422	85,250	2,913,725	6,576,377	9,960,774
Balance as of January 1, 2021	385,422	83,537	2,168,372	5,149,919	7,787,250
Decrease in reserves approved by Depogaz' sole shareholder	-	(200)	-	200	-
Total comprehensive income for the period	-	-	-	463,755	463,755
Balance as of March 31, 2021	385,422	83,337	2,168,372	5,613,874	8,251,005

These financial statements were approved by the Board of Directors on May 12, 2022.

Aristotel Marius Jude
 Chief Executive Officer

Răzvan Popescu
 Chief Financial Officer

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

CONDENSED STATEMENT OF CONSOLIDATED INTERIM CASH FLOW

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Cash flows from operating activities		
Net profit	979,621	463,755
Adjustments for:		
Income tax expense (note 7)	189,745	98,628
Share of associates' result	57	210
Interest expense	121	127
Unwinding of decommissioning provision	5,331	4,012
Interest revenue	(31,866)	(13,814)
Net (gain)/loss on disposal of non-current assets (note 5)	(101)	(397)
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 9)	(911)	(744)
Change in other provisions (note 9)	(5,413)	66,854
Net impairment of exploration assets (note 6)	4,810	(313)
Exploration projects written off	16	12
Net impairment of property, plant and equipment and intangibles (note 6)	(15,682)	23,948
Depreciation and amortization (note 6)	99,915	123,523
Amortization of contract costs	312	417
Change in investments at fair value through profit and loss (note 5)	-	7
Net receivable write-offs and movement in allowances for trade receivables and other assets (note 10)	(11,055)	(30,668)
Net movement in write-down allowances for inventory (note 5)	1,653	(144)
Subsidies income	(2)	(2)
	1,216,551	735,411
Movements in working capital:		
(Increase)/Decrease in inventory	75,340	102,565
(Increase)/Decrease in trade and other receivables	(812,253)	(158,556)
Increase/(Decrease) in trade and other liabilities	447,536	(41,025)
Cash generated from operations	927,174	638,395
Income taxes paid	-	(59,832)
Net cash generated by operating activities	927,174	578,563

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

CONDENSED STATEMENT OF CONSOLIDATED INTERIM CASH FLOW

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Cash flows from investing activities		
Investment in other entities	-	(250)
Bank deposits set up and state bonds acquired	(2,633,306)	(1,358,306)
Bank deposits and state bonds matured	393,698	778,094
Interest received	30,084	10,137
Proceeds from sale of non-current assets	136	466
Acquisition of non-current assets	(68,191)	(65,538)
Acquisition of exploration assets	(32,902)	(21,883)
Net cash used in investing activities	(2,310,481)	(657,280)
Cash flows from financing activities		
Dividends paid	(40)	(201)
Repayment of lease liability	(492)	(429)
Net cash used in financing activities	(532)	(630)
Net increase/(decrease) in cash and cash equivalents	(1,383,839)	(79,347)
Cash and cash equivalents at the beginning of the period	3,580,412	416,913
Cash and cash equivalents at the end of the period	2,196,573	337,566

These financial statements were approved by the Board of Directors on May 12, 2022.

Aristotel Marius Jude
 Chief Executive Officer

Răzvan Popescu
 Chief Financial Officer

NOTES**1. BACKGROUND AND GENERAL BUSINESS*****Information regarding S.N.G.N. Romgaz S.A. Group (the "Group")***

The Group is formed of S.N.G.N. Romgaz S.A. ("the Company"/"Romgaz"), as parent company, its fully owned subsidiary S.N.G.N. ROMGAZ S.A. - Filiala de Îmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L. ("Depogaz") and its associates – S.C. Depomures S.A. (40% of the share capital) and S.C. Agri LNG Project Company S.R.L. (25% of the share capital).

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

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

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

The Group has as main activity:

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

2. SIGNIFICANT ACCOUNTING POLICIES***Statement of compliance***

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

Basis of preparation

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

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

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

Basis for consolidation***Subsidiaries***

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

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

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

NOTES*Associated entities*

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

Standards and interpretations valid for the current period

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

- Amendments to IFRS 3 Business Combinations (effective for annual periods beginning on or after January 1, 2022);
- Amendments to IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after January 1, 2022);
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective for annual periods beginning on or after January 1, 2022);
- Annual Improvements 2018-2020 (effective for annual periods beginning on or after January 1, 2022).

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

Standards and interpretations issued by IASB adopted by the EU, but not effective

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

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after January 1, 2023).
- IFRS 17 Insurance Contracts including Amendments to IFRS 17 (effective for annual periods beginning on or after January 1, 2023).

The Group did not adopt these standards and amendments before their effective dates. The Group does not expect these amendments to have a material impact on the financial statements.

Standards and interpretations issued by IASB but not yet adopted by the EU

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

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IFRS 17 "Insurance Contracts": initial application of IFRS 17 and IFRS 9 - comparative information (applicable to annual periods beginning on or after January 1, 2023).

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

Seasonality and cyclicity

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

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

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being extracted during the period October-April.

Comparative information

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

3. REVENUE AND OTHER INCOME

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Revenue from gas sold - domestic production	3,436,260	1,108,737
Revenue from gas sold – other arrangements	5,594	10,257
Revenue from gas acquired for resale	3,528	25,134
Revenue from storage services-capacity reservation	62,653	58,928
Revenue from storage services-extraction	19,021	19,982
Revenue from storage services-injection	6,353	384
Revenue from electricity	320,953	42,082
Revenue from services	52,115	51,718
Revenue from sale of goods	17,133	8,079
Other revenues from contracts	59	80
Total revenue from contracts with customers	3,923,669	1,325,381
Other revenues	2,120	1,867
Total revenue	3,925,789	1,327,248
Other operating income	17,181	9,856
Total revenue and other income	3,942,970	1,337,104

4. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Consumables used	11,982	10,979
Technological consumption	11,396	5,849
Cost of gas acquired for resale	3,528	24,232
Cost of electricity imbalance	4,958	3,524
Cost of other goods sold	428	69
Other consumables	1,436	2,720
Total	33,728	47,373

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5. OTHER GAINS AND LOSSES

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Forex gain	1,156	4
Forex loss	(1,282)	(89)
Net loss on disposal of non-current assets	101	397
Net allowance for other receivables (note 10 c)	(981)	(891)
Net write down allowances for inventory	(1,653)	144
Net gain/(loss) on financial assets at fair value through profit or loss	-	(7)
Total	(2,659)	(442)

6. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Depreciation	99,915	123,523
out of which:		
- depreciation of property, plant and equipment	98,511	122,381
- depreciation of right of use assets	239	231
- amortization of intangible assets	1,165	911
Net impairment of non-current assets	(10,872)	23,635
Total depreciation, amortization and impairment	89,043	147,158

7. INCOME TAX

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Current tax expense	132,793	83,281
Deferred income tax (income)/expense	56,952	15,347
Income tax expense	189,745	98,628

8. EMPLOYEE BENEFIT EXPENSE

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Wages and salaries	164,084	167,018
Social security charges	5,969	6,089
Meal tickets	6,511	6,885
Other benefits according to collective labor contract	2,804	2,182
Private pension payments	2,779	2,901
Private health insurance	1,695	1,755
Total employee benefit costs	183,842	186,830
Less, capitalized employee benefit costs	(25,849)	(27,772)
Total employee benefit expense	157,993	159,058

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Energy and water expenses	8,896	5,711
Expenses for capacity booking and gas transmission services	51,732	49,171
Expenses with other taxes and duties *)	2,305,649	202,637
(Net gain)/Net loss from provisions movement	(6,324)	66,110
Other operating expenses	115,879	42,413
Total	2,475,832	366,042

*) In the three-month period ended March 31, 2022, the major taxes and duties included in the amount of RON 2,305,649 thousand (three-month period ended March 31, 2021: RON 202,637 thousand) are:

- RON 1,843,162 thousand represent windfall tax resulting from the deregulation of prices in the natural gas sector according to Government Ordinance no. 7/2013 with the subsequent amendments for the implementation of the windfall tax following the deregulation of prices in the natural gas sector (three-month period ended March 31, 2021: RON 114,556 thousand);
- RON 460,725 thousand represent royalty on gas production, storage activity and other activities (three-month period ended March 31, 2021: RON 86,447 thousand).

10. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	March 31, 2022	December 31, 2021
	'000 RON	'000 RON
Trade receivables	1,906,611	1,757,243
Allowances for expected credit losses for trade and other receivables (note 10 c)	(650,970)	(924,030)
Accrued receivables	875,185	526,971
Allowances for expected credit losses on accrued receivables (note 10 c)	(6,221)	(7,839)
Total	2,124,605	1,352,345

b) Other assets

	March 31, 2022	December 31, 2021
	'000 RON	'000 RON
Advances paid to suppliers	3,631	109
Joint operation receivables	10,243	8,201
Other receivables	42,329	47,941
Allowance for expected credit losses for other receivables (note 10 c)	(187)	(186)
Other debtors	91,270	49,932
Allowance for expected credit losses for other debtors (note 10 c)	(50,422)	(49,442)
Prepayments	20,710	5,606
VAT not yet due	1,137	5,795
Other taxes receivable	6	6
Total	118,717	67,962

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

	2022	2021
	'000 RON	'000 RON
At January 1	981,497	1,359,855
Charge in the allowance for receivables (note 5, note 10 b)	999	996
Charge in the allowance for trade receivables (note 10 a)	7,957	7,752
Write-off against trade receivables*) (note 10 a)	(262,642)	-
Release in the allowance for receivables (note 5, note 10 b)	(18)	(105)
Release in the allowance for trade receivables (note 10 a)	(19,993)	(39,311)
At March 31	707,800	1,329,187

*) The allowance write-off was recorded against trade receivables that can no longer be recovered from customers through insolvency proceedings or as a result of their bankruptcy. The effect on the Group's result is 0.

11. PROVISIONS

	March 31, 2022	December 31, 2021
	'000 RON	'000 RON
Decommissioning provision	414,271	412,846
Retirement benefit obligation	152,062	156,420
Total long term provisions	566,333	569,266
Decommissioning provision	24,972	24,792
Litigation provision	6,791	3,554
Other provisions *)	204,507	208,798
Total short term provisions	236,270	237,144
Total provisions	802,603	806,410

*) Other provisions include the provision for CO2 certificates of RON 144,184 thousand (December 31, 2021: RON 154,904 thousand).

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
	'000 RON	'000 RON
Romgaz's associates	1,200	1,231
Total	1,200	1,231

Transactions with other companies controlled by the Romanian State are not considered transactions with related parties, for financial statements purposes.

(ii) Trade receivables

	March 31, 2022	December 31, 2021
	'000 RON	'000 RON
Romgaz's associates	964	-
Total	964	-

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

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

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

Specifically, the Group is organized in the following segments:

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

b) Segment assets and liabilities

March 31, 2022	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Total assets	5,156,741	912,237	1,234,426	5,707,432	(164,566)	12,846,270
Total liabilities	1,960,485	82,923	389,337	473,675	(20,924)	2,885,496

December 31, 2021	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Total assets	4,410,940	898,909	1,199,155	4,931,025	(147,056)	11,292,973
Total liabilities	1,481,139	84,661	399,643	364,216	(17,839)	2,311,820

c) Segment revenues, results and other segment information

Three months ended March 31, 2022	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Revenue	3,590,265	77,472	355,013	94,422	(191,383)	3,925,789
Less: revenue between segments	(48,701)	(15,285)	(34,252)	(93,145)	191,383	-
Third party revenue	3,541,564	62,187	320,761	1,277	-	3,925,789
Segment profit/(loss) before tax	1,166,686	18,040	201,165	(202,099)	(14,426)	1,169,366

The accompanying notes form an integral part of these financial statements.
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Three months ended March 31, 2021	Upstream '000 RON	Storage '000 RON	Electricity '000 RON	Other '000 RON	Adjustments and eliminations '000 RON	Total '000 RON
Revenue	1,231,836	88,316	62,048	93,256	(148,208)	1,327,248
Less: revenue between segments	(15,090)	(20,342)	(20,112)	(92,664)	148,208	-
Third party revenue	1,216,746	67,974	41,936	592	-	1,327,248
Segment profit/(loss) before tax	551,058	31,527	(56,101)	51,592	(15,693)	562,383

14. COMMITMENTS UNDERTAKEN

In 2021, Romgaz signed an addendum to the credit agreement with BCR SA representing a facility for issuing letters of guarantee, and opening letters of credit for a maximum amount of RON 350,000 thousand. On March 31, 2022 are still available for use USD 236,447 thousand.

In the first quarter of 2022, Romgaz signed a credit facility agreement with Raiffeisen Bank SA for the amount of EUR 325 million for the partial financing of the acquisition of all shares issued by ExxonMobil Exploration and Production Romania Limited, a company that owns 50% of the acquired rights and obligations through the Concession Agreement for oil exploration, development and exploitation in the perimeter XIX Neptune Deep Water Zone. Until March 31, 2022, Romgaz did not withdraw any amount from the facility, which can be used within three months from signing the facility contract. The loan will be repaid in equal quarterly instalments over a period of five years from the date of drawdown.

As of March 31, 2022, the Group's contractual commitments for the acquisition of non-current assets are of RON 202,843 thousand (December 31, 2021: RON 267,246 thousand).

15. EVENTS AFTER THE BALANCE SHEET DATE*a) Allocation of dividends*

In April 2022, the Company's shareholders approved the allocation to dividends of RON 1,464,605 thousand.

b) Acquisition of shares issued by ExxonMobil Exploration and Production Romania Limited

In May 2022, Romgaz signed the contract for the acquisition of all shares issued by ExxonMobil Exploration and Production Romania Limited.

The agreed price of this transaction is USD 1.06 billion, of which an advance of USD 106 million was paid. The purchase price can be adjusted under certain circumstances, according to the provisions of the acquisition contract.

In order for Romgaz to become shareholder of the company, certain conditions precedent must be met, according to the contractual clauses.

16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on May 12, 2022.

Aristotel Marius Jude
Chief Executive Officer

Răzvan Popescu
Chief Financial Officer