

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of SNGN ROMGAZ S.A.

### **Report on the Audit of the separate financial statements**

#### **Opinion**

We have audited the separate financial statements of SNGN ROMGAZ S.A (the Company) with official head office in Medias, Piata Constantin I. Motas nr. 4, cod 551130, Sibiu county, Romania, identified by sole fiscal registration number RO 14056826, which comprise the statement of financial position as at December 31, 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Separate Financial Statements” section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the separate financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

### Description of each key audit matter and our procedures performed to address the matter

Key audit matter	How our audit addressed the key audit matter
<p><b>Estimation of gas reserves used in the calculation of depreciation and amortisation</b> The Company’s disclosures about estimation of gas reserves are included in Note 2 (sections “Exploration and Appraisal Assets” and respectively “Use of estimates” ) to the separate financial statements.</p>	
<p>Estimation of the gas reserves is a focus area in our audit because it has a significant impact on the separate financial statements, as the reserves are the basis for unit of production depreciation and amortization for the assets in the Upstream segment.</p> <p>The estimation of gas reserves requires the Company’s management and engineers to make significant judgement and assumptions and therefore it was considered to be a key audit matter.</p>	<p>We assessed the management’s estimation process in the determination of gas reserves. Specifically, our work included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>➤ We performed a detailed understanding of the Company’s internal process and related documentation flow and key controls associated with the gas reserves estimation process;</li> <li>➤ We analysed the certification process for technical and commercial specialists who are responsible for gas reserves estimation; we also assessed the competence, capabilities and objectivity of management specialists;</li> <li>➤ We tested whether significant increases or reductions in gas reserves were made in the period in which the new information became available and if the adjustments were made in compliance with the standards of the National Agency for Mineral Resources (“ANRM”);</li> <li>➤ We compared, on a sample basis, the gas reserves with the assumptions used in accounting for depreciation and amortization for the core assets in the Upstream segment.</li> </ul> <p>We also assessed whether the Company’s disclosures in the separate financial statements about calculation of depreciation, and amortization are adequate.</p>

### Estimation of decommissioning provisions

The Company's disclosures about decommissioning obligations are included in Note 2 ("Use of estimates") and Note 18 ("Provisions") to the separate financial statements.

The Company's core activities regularly lead to obligations related to dismantling and removal of equipment and installations, asset retirement and soil remediation activities.

The decommissioning provision is significant to our audit because of its magnitude (carrying value of RON 405,58 million at 31 December 2023) and because management makes estimates and judgments in determining the respective provision.

The key estimates and assumptions relate to the envisaged future dismantling costs, forecasted inflation rates and discount rates to determine the present value of the obligations.

Our work in respect of management's estimation of decommissioning provisions included, but was not limited to, the following procedures:

- We performed a detailed understanding of the Company's estimation process and the related documentation flow and assessed the design and implementation of the controls within the process;
- We compared the current estimates of decommissioning costs with the actual costs incurred in previous periods;
- We reviewed the timing of works to be performed for surface and subsurface decommissioning for wells;
- We inspected supporting evidence for any material revisions in cost estimates during the year;
- We involved our valuation specialists to assist us in performing analysis of discount rates and inflation rates;
- We tested the mathematical accuracy of management's decommissioning provision calculations;
- We assessed the competence, capabilities and objectivity of management specialists.

We also assessed the adequacy of the Company's disclosures in the separate financial statements relating to decommissioning obligations.

### Other information

The other information comprises the Annual Report, which includes the Directors' Consolidated Report and the Corporate Governance Statement, the Report on Payments to Governments, and the Remuneration Report but does not include the separate financial statements and our auditors' report thereon. We obtained the Annual Report, the Report on Payments to Governments and the Remuneration Report prior to the date of our auditor's report, and we expect to obtain the Sustainability report, as part of a separate report, after the date of our auditor's report. Management is responsible for the other information.

Our audit opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of our auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the separate financial statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate independence threats or safeguards applied to reduce these threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

## **Report on Other Legal and Regulatory Requirements**

### **Reporting on Information Other than the separate financial statements and Our Auditors' Report Thereon**

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Consolidated Directors' Report and Remuneration Report, we have read these reports and report that:

- a) in the Consolidated Directors' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2023;
- b) the Consolidated Directors' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 points 15 - 19 and 26-28;
- c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the separate financial statements as at December 31, 2023, we have not identified information included in the Consolidated Directors' Report that contains a material misstatement of fact.
- d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

## **Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council**

### **Appointment and Approval of Auditor**

We were appointed as auditors of the Company by the General Meeting of Shareholders on 06 October 2021 to audit the separate financial statements for the financial years ended December 31, 2021, 2022 and 2023. Total uninterrupted engagement period, including renewals (extension of the period for which we were originally appointed) and previous reappointments as auditors, has lasted for six years, covering the years ended December 31, 2018 till December 31, 2023.

### **Consistency with Additional Report to the Audit Committee**

Our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the date on which we issued this report.

### **Provision of Non-audit Services**

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

We did not provide the Company and the entities controlled by it other services than those of statutory audit and other services associated with the audit services presented in the separate financial statements.

## **Report on the compliance of the electronic format of the separate financial statements, with the requirements of the ESEF Regulation**

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of SNGN ROMGAZ S.A (the Company) for the year ended December 31, 2023, with the requirements of the Commission Delegated Regulation (EU) 2018 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).

These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended December 31, 2023 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements, should be presented in XHTML format.

## **Responsibilities of the Management and Those Charged with Governance**

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the separate financial statements in XHTML format and for ensuring consistency between the electronic format of the separate financial statements (XHTML) and the audited separate financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the separate financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation. Those charged with governance are responsible for overseeing the financial reporting process for the preparation of separate financial statements, including the application of the ESEF Regulation.

## **Auditor's Responsibility**

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation. We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the separate financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

## **Our Independence and Quality Management**

We apply International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, which requires that we design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

## Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the separate financial statements of the Company, including the preparation of the separate financial statements of the Company in XHTML format;
- tested the validity of the applied XHTML format;
- checked whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

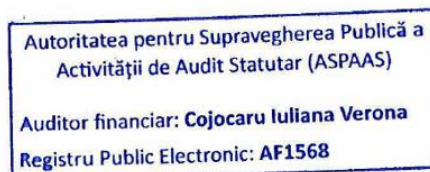
## Opinion on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, our opinion is that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

On behalf of  
**Ernst & Young Assurance Services SRL**  
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Registered in the electronic Public Register under No. FA77



Name of the Auditor/ Partner: Verona Cojocaru  
Registered in the electronic Public Register under No. AF1568



Bucharest, Romania  
22 March 2024