

NO. 2220/17.01.2023

**ENDORSED,
CHAIRMAN of the BOARD OF DIRECTORS,
Dan Dragoș DRĂGAN**

TO,**The GENERAL MEETING OF SHAREHOLDERS of S.N.G.N. ROMGAZ S.A. MEDIAS**

**Information Note on the 2023 CONSOLIDATED Income and Expenditure Budget
of Romgaz Group**

The 2023 Consolidated Income and Expenditure Budget was prepared for Romgaz Group on the basis of individual budgets of SNGN Romgaz SA Mediaș (hereinafter referred to as the Company/Parent Company) and of the two subsidiaries: SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (hereinafter referred to as - Depogaz/the Subsidiary) and Romgaz Black Sea Limited (hereinafter referred to as - Romgaz Black Sea Limited), adjusted for consolidation.

By ANRE Decision no. 151/22.01.2014, the title holder of Storage License no. 1942/22.01.2014 for operating the natural underground storage system changed, being transferred from SNGN Romgaz SA Mediaș to SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL. As of April 1, 2018, the natural gas storage activity has been carried out within Depogaz.

On August 1, 2022 the transaction to acquire all shares issued by ExxonMobil Exploration and Production Romania Limited („EMEPRL”) was completed. Following this acquisition, Romgaz became sole shareholder of EMEPRL, currently Romgaz Black Sea Limited, holding 50% of the acquired rights and obligations under Petroleum Agreement for the deep water zone of XIX Neptun block in the Black Sea.

Therefore, as of August 1, 2022 SNGN Romgaz SA includes this subsidiary's Income and Expenditures Budget in the consolidated Income and Expenditures Budget.

I. Main Indicators of the Individual Income and Expenditures Budgets (for each entity).

The budgets approved for 2023 provided for the transfer of fixed assets to the Subsidiary as of January 01, 2024. Therefore, both Depogaz and the Parent Company prepared their own income and expenditure budget having in mind the

termination as of **January 1, 2024** of the lease of specific assets from the parent company.

In 2024, the effect of the asset transfer is reflected in the decrease of income in the parent company (from leases), while as for the subsidiary it is reflected in the decreased expenses with paid lease and increased expenses with depreciation. We mention that, the fixed assets used in the storage activity owned by Romgaz, for transfer to the Subsidiary, were recorded as current assets as assets held for disposal and as a result they are not depreciated in the individual budget of the parent company. In drawing up of the consolidated budget, this depreciation is taken into account because at Group level these assets are of a fixed assets nature.

As of August 1, 2022 Romgaz finances the operating activity and the investments of Romgaz Black Sea Limited. In this respect, Romgaz grants loans to Romgaz Black Sea Limited, with their reimbursement after production starts and income is recorded from gas sales. The interest rate for these loans is estimated to 10%/year in 2023 (ROBOR 12M+1.74%).

Please find below the indicators representing the income, expenses and profit included in the income and expenditure budget of the three entities:

Table 1

Item No.	SPECIFICATION RON thousand	Romgaz 2023 proposal	Depogaz 2023 proposal	Romgaz Black Sea Limited 2023 proposal
0	1	2	3	4
1	TOTAL INCOME, including:	10 408 85	527 929	-
1.1.	Operating income	10 324 398	526 579	-
1.2.	Financial income	84 087	1 350	-
2	TOTAL EXPENSES	7 826 527	469 690	91 064
2.1.	Operating expenses	7 603 029	469 690	50 969
A	Expenses for goods and services	964 019	341 194	30 022
B	Expenses for taxes, duties and similar payments	4 181 777	18 402	1 144
C	Personnel-related expenses	1 066 619	93 086	9 155
D	Other operating expenses	1 390 613	17 007	10 648
2.2.	Financial expenses	223 499	-	40 095
3	GROSS PROFIT	2 581 958	58 239	- 91 064

II Individual Budget Items to be consolidated into the Group's Consolidated Income and Expenditure Budget

Bearing in mind that S.N.G.N. Romgaz S.A. Medias is the sole shareholder of Depogaz and Romgaz Black Sea Limited, and that the securities of the parent

company are traded on a regulated market, it is necessary to consolidate the income and expenditure budgets.

Consolidation at Group level has the role to inform about the indicators that do not include transactions (income/expenses) recorded between the parent company and the subsidiaries, such transactions affecting the indicator levels.

The separate budgets are cumulated for consolidation (income and expenses), while the intra-group transactions are excluded, namely the transactions between the parent company and the subsidiaries and the consolidation adjustments are added.

The following table shows the elements (income/expenses) excluded by consolidation from the group's income and expenditure budget:

Table 2

RON thousand	Romgaz Income	Romgaz Expenses	Depogaz and Romgaz Black Sea Limited Income	Depogaz and Romgaz Black Sea Limited Expenses	Total Income	Total Expenses
Natural gas underground storage services		102 300	102 300		102 300	102 300
Asset lease	103 483			103 483	103 483	103 483
Natural gas delivered for technological consumption	83 524			83 524	83 524	83 524
Transport services	4 000			4 000	4 000	4 000
Other services (water, third-party expenses)	98			98	98	98
Interest	39 846			39 846	39 846	39 846
TOTAL	230 952	102 300	102 300	230 952	333 251	333 251

RON thousand	Loans granted by Romgaz	Loans received by Romgaz Black Sea	For operating activity financing	For investments financing
Investments	937 144	937 144	61 068	876 077

The adjustments according to IFRS which are added to the consolidated budget consist in the annulment of dividends received from Depogaz and re-establishment of expenses with depreciation of fixed assets owned by Romgaz leased to Depogaz. In Romgaz accounting, these fixed assets represent current assets in the form of assets held for disposal and which, according to IFRS are not depreciated. From the Group's point of view, these assets represent fixed assets that generate

depreciation. We mention that these adjustments affect gross result of Romgaz Group.

III. Consolidated Income and Expenditure Budget of S.N.G.N. Romgaz S.A. Medias Group

After excluding the transactions between the parent company and the subsidiaries, and adding the other consolidation adjustments, the main indicators in the Group`s consolidated income and expenditure budget are shown in the table below:

Table 3

<i>Item No.</i>	SPECIFICATION RON thousand	Romgaz 2023 Budget Proposal	Depogaz 2023 Budget Proposal	Romgaz Black Sea Limited 2023 Budget Proposal	Consolidations	Adjustments acc. to IFRS	Total 2023 Consolidated Income and Expenditure Budget
0	1	2	3	4	5(-)	6(+)	7=2+3+4-5+6
1	TOTAL INCOME , out of which:	10 408 485	527 929	-	333 251	- 43 818	10 559 344
1.1.	Operating income	10 324 398	526 579	-	293 406	-	10 557 571
1.2.	Financial income	84 087	1 350	-	39 846	- 43 818	1 773
2	TOTAL EXPENSES , out of which:	7 826 527	469 690	91 064	333 251	97 920	8 151 949
2.1.	Operating expenses	7 603 029	469 690	50 969	293 406	97 920	7 928 202
A	Expenses for goods and services	964 019	341 194	30 022	293 406	-	1 041 830
B	Expenses with taxes, duties and similar payments	4 181 777	18 402	1 144	-	-	4 201 323
C	Personnel-related expenses	1 066 619	93 086	9 155	-	-	1 168 860
D	Other operating expenses	1 390 613	17 007	10 648	-	97 920	1 516 189
2.2.	Financial expenses	223 499		40 095	39 846	-	223 748
3=1-2	GROSS PROFIT	2 581 958	58 239	- 91 064		- 141 738	2 407 395
4	INVESTMENTS	2 298 900	72 500	736 199	937 144	-	2 170 455

In the parent company`s Individual Income and Expenditure Budget, the expenses related to planned investments amount to RON 2,298,900 thousand (including credit reimbursements), financed from own sources, credits for investments and the National Investment Program.

Depogaz Income and Expenditure Budget provides for 2023 investments in the amount of RON 72,500 thousand and the financing sources are as follows:

- from depreciation RON 13,808 thousand,
- from current profit RON 21,569 thousand,

- from previous profit RON 37,123 thousand.

Romgaz Black Sea Limited Income and Expenditure Budget provides for 2023 investments in the amount of RON 736,199 thousand, and the investments financing sources are loans granted by the parent company.

The Group's consolidated income and expenditure budget shall be submitted for information to SNGN Romgaz SA Medias Ordinary General Meeting of Shareholders, simplified (only Annex 1 of 2023 Consolidated Income and Expenditure Budget).

Annexes:

Annex 1: Income and Expenditure Budget - consolidated for 2023;

The proposal for 2023 Consolidated Income and Expenditure Budget of S.N.G.N. Romgaz S.A. Medias Group was submitted to the attention of the Board of Directors during the meeting of January 16, 2023.

Taking into account the above mentioned, we hereby submit to the attention of the Ordinary General Meeting of Shareholders of S.N.G.N. Romgaz S.A. the 2023 Consolidated Income and Expenditure Budget of S.N.G.N. Romgaz S.A. Medias Group.

**CHIEF EXECUTIVE OFFICER
Răzvan POPESCU**

**CHIEF FINANCIAL OFFICER
Gabriela TRÂNBIȚAȘ**

**ACCOUNTING DEPARTMENT DIRECTOR
Marius VEZA**

2023 INCOME AND EXPENDITURE BUDGET - CONSOLIDATED

RON thousand

		INDICATORS	Row No.	2023 Proposals Romgaz Group
0	1	2	3	4
I.		TOTAL INCOME (Row1=Row2+Row5)	1	10 559 344
	1	Total operating income out of which:	2	10 557 571
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	Financial income	5	1 773
II		TOTAL EXPENSES (Row6=Row7+Row19)	6	8 151 949
	1	Operating expenses (row7=row8+row9+row10+row18),out of which:	7	7 928 202
		A. expenses for goods and services	8	1 041 830
		B. expenses for taxes, duties and similar payments	9	4 201 323
		C. personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:	10	1 168 860
		C0 Wages and Salaries Expense (Row11=Row12+Row13)	11	1 087 403
		C1 Salaries expense	12	975 399
		C2 Bonus expense	13	112 004
		C3 other personnel expense, out of which:	14	1 623
		expenses with termination benefits	15	
		C4 expenses for the mandate contract and for other management and control bodies, committees and commissions	16	18 563
		C5 expenses with contributions owed by the employer	17	61 271
		D. other operating expenses	18	1 516 189
	2	Financial expenses	19	223 748
III		GROSS RESULT (profit/loss) (Row20=Row1-Row6)	20	2 407 395
IX		INVESTMENTS EXPENSES	49	2 170 455

CHIEF EXECUTIVE OFFICER,

RAZVAN POPESCU

CHIEF FINANCIAL OFFICER,

GABRIELA TRANBITAS

ACCOUNTING DEPARTMENT
DIRECTOR,
MARIUS VEZA