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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

PREPARED IN ACCORDANCE WITH
THE ORDER OF THE MINISTRY OF PUBLIC FINANCE 2844/2016

CONTENTS: **PAGE:**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

	Note	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Revenue	3	9,001,878	13,359,653
Cost of commodities sold	5	(107,130)	(183,578)
Investment income	4	213,008	176,979
Other gains and losses	6	(17,748)	(9,441)
Net impairment gains/(losses) on trade receivables	16	(57,546)	(55,166)
Changes in inventory of finished goods and work in progress		(5,767)	(2,197)
Raw materials and consumables used	5	(109,441)	(118,037)
Depreciation, amortization and impairment expenses	7	(476,568)	(550,076)
Employee benefit expense	8	(914,054)	(846,001)
Taxes and duties	10 b)	(1,495,473)	(6,954,380)
Finance cost	9	(62,003)	(27,295)
Exploration expense	13	(84,640)	(59,714)
Share of profit of associates	24	4,873	2,350
Other expenses	10 a)	(944,191)	(658,916)
Other income	3	122,264	80,068
Profit before tax		**5,067,462**	**4,154,249**
Income tax expense	11	(2,255,353)	(1,607,537)
Profit for the year		**2,812,109**	**2,546,712**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on post-employment benefits	18 c)	(10,970)	15,839
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	1,755	(2,534)
Total items that will not be reclassified subsequently to profit or loss		**(9,215)**	**13,305**
Other comprehensive income for the year net of income tax		**(9,215)**	**13,305**
Total comprehensive income for the year		**2,802,894**	**2,560,017**
Basic and diluted earnings per share	17 b)	0.0073	0.0066

These financial statements were endorsed by the Board of Directors on March 22, 2024.

Răzvan Popescu
Chief Executive Officer

Gabriela Trânbițaș
Chief Financial Officer

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Note	December 31, 2023 '000 RON	December 31, 2022 '000 RON
ASSETS			
Non-current assets			
Property, plant and equipment	**12**	5,891,788	5,039,314
Intangible assets	**14 a)**	5,135,930	5,140,425
Investments in associates	**24**	33,410	28,537
Deferred tax asset	**11**	324,175	199,016
Right of use asset	**14 b)**	11,596	8,766
Other financial investments	**25**	5,616	5,616
Total non-current assets		**11,402,515**	**10,421,674**
Current assets			
Inventories	**15**	301,690	284,007
Trade and other receivables	**16 a)**	1,398,953	1,373,664
Contract costs		-	3
Other financial assets	**30**	2,505,463	99,597
Other assets	**16 b)**	321,799	265,232
Cash and cash equivalents	**27**	535,210	1,883,882
Total current assets		**5,063,115**	**3,906,385**
Total assets		**16,465,630**	**14,328,059**
EQUITY AND LIABILITIES			
Equity			
Share capital	**17 a)**	385,422	385,422
Reserves		4,971,109	3,579,274
Retained earnings		6,204,783	6,111,869
Total equity		**11,561,314**	**10,076,565**
Non-current liabilities			
Retirement benefit obligation	**18**	189,314	168,830
Deferred revenue	**19**	370,941	230,419
Lease liabilities		10,450	7,499
Borrowings	**28**	808,373	1,125,534
Provisions	**18**	373,536	210,838
Total non-current liabilities		**1,752,614**	**1,743,120**

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	Note	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Current liabilities			
Trade payables	**20**	146,111	110,006
Contract liabilities		153,723	263,340
Current tax liabilities	**11**	1,766,637	1,177,498
Deferred revenue	**19**	7	11
Provisions	**18**	121,732	321,489
Lease liabilities		2,579	2,181
Borrowings	**28**	323,349	321,581
Other liabilities	**20**	637,564	312,268
Total current liabilities		**3,151,702**	**2,508,374**
Total liabilities		**4,904,316**	**4,251,494**
Total equity and liabilities		**16,465,630**	**14,328,059**

These financial statements were endorsed by the Board of Directors on March 22, 2024.

Răzvan Popescu
Chief Executive Officer

Gabriela Trânbițaș
Chief Financial Officer

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

	Share capital	Legal reserve	Geological quota reserve**)	Development fund reserve	Reinvested profit reserve	Other reserves	Retained earnings ***)	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Balance as of January 1, 2023	**385,422**	**90,294**	**486,388**	**2,586,687**	**396,180**	**19,725**	**6,111,869**	**10,076,565**
Profit for the year	-	-	-	-	-	-	2,812,109	2,812,109
Other comprehensive income for the year	-	-	-	-	-	-	(9,215)	(9,215)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,802,894**	**2,802,894**
Allocation to dividends *)	-	-	-	-	-	-	(1,318,145)	(1,318,145)
Allocation to development fund reserve	-	-	-	1,315,735	-	-	(1,315,735)	-
Increase in reinvested profit reserves	-	-	-	-	76,100	-	(76,100)	-
Balance as of December 31, 2023	**385,422**	**90,294**	**486,388**	**3,902,422**	**472,280**	**19,725**	**6,204,783**	**11,561,314**
Balance as of January 1, 2022	**385,422**	**85,250**	**486,388**	**2,046,460**	**361,152**	**19,725**	**5,596,756**	**8,981,153**
Profit for the year	-	-	-	-	-	-	2,546,712	2,546,712
Other comprehensive income for the year	-	-	-	-	-	-	13,305	13,305
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,560,017**	**2,560,017**
Allocation to dividends *)	-	-	-	-	-	-	(1,464,605)	(1,464,605)
Increase in legal reserves	-	5,044	-	-	-	-	(5,044)	-
Allocation to development fund reserve	-	-	-	540,227	-	-	(540,227)	-
Increase in reinvested profit reserves	-	-	-	-	35,028	-	(35,028)	-
Balance as of December 31, 2022	**385,422**	**90,294**	**486,388**	**2,586,687**	**396,180**	**19,725**	**6,111,869**	**10,076,565**

*) In 2023 the Group's shareholders approved the allocation of dividends of RON 1,318,145 thousand (2022: RON 1,464,605 thousand), dividend per share being RON 3.42 (2022: RON 3.80).

**) The geological quota reserve was set up until 2004 in accordance with the provisions of Government Decision no. 168/1998 on the establishment of the expense quota for the development and modernization of oil and natural gas production, refining, transportation and oil distribution. The reserve cannot be distributed.

***) Retained earnings include the geological quota reserve set up after 2004 in accordance with the provisions of Government Decision no. 168/1998 on the establishment of the expense quota for the development and modernization of oil and natural gas production, refining, transportation and oil distribution. Following the Group's transition to IFRS, the reserve existing as of December 31, 2012 was transferred to retained earnings. This result is allocated based on the depreciation, respectively write-off of the assets financed using this source, based on decision of General Meeting of Shareholders. As of December 31, 2023 the geological quota reserve available for distribution is of RON 627,612 thousand (December 31, 2022: RON 714,512 thousand).

These financial statements were endorsed by the Board of Directors on March 22, 2024.

Răzvan Popescu
Chief Executive Officer

Gabriela Trânbițaș
Chief Financial Officer

STATEMENT OF CONSOLIDATED CASH FLOW

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Cash flows from operating activities		
Net profit	**2,812,109**	**2,546,712**
Adjustments for:		
Income tax expense (note 11)	2,255,353	1,607,537
Share of associates' result (note 24)	(4,873)	(2,350)
Interest expense (note 9)	43,838	5,627
Unwinding of decommissioning provision (note 9, note 18)	18,165	21,668
Interest revenue (note 4)	(213,008)	(176,979)
Net loss on disposal of non-current assets (note 6)	6,867	451
Change in decommissioning provision recognized in profit or loss, other than unwinding (note 10,18)	33,861	(75,652)
Change in other provisions (note 10,18)	(196,640)	111,564
Net impairment of exploration assets (note 7, note 13)	23,361	66,447
Exploration projects written off (note 13)	3	16
Net impairment of property, plant and equipment and intangibles (note 7)	59,537	74,726
Foreign exchange differences	7,382	(453)
Depreciation and amortization (note 7)	393,670	408,903
Amortization of contract costs	59	773
Net receivable write-offs and movement in allowances for trade receivables and other assets (note 16 c)	53,523	55,765
Net movement in write-down allowances for inventory (note 6, note 15)	5,647	5,438
Liabilities written off	(172)	(512)
Subsidies income (note 19)	(7)	(7)
Cash generated from operations before movements in working capital	**5,298,675**	**4,649,674**
Movements in working capital:		
(Increase)/Decrease in inventory	(22,571)	21,731
(Increase)/Decrease in trade and other receivables	(243,732)	(276,839)
Increase/(Decrease) in trade and other liabilities	330,817	(526,915)
Cash generated from operations	**5,363,189**	**3,867,651**
Interest paid	(43,183)	(5,040)
Income taxes paid	(1,781,868)	(410,976)
Net cash generated by operating activities	**3,538,138**	**3,451,635**

STATEMENT OF CONSOLIDATED CASH FLOW

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Cash flows from investing activities		
Bank deposits set up and acquisition of state bonds	(6,184,938)	(3,355,306)
Bank deposits and state bonds matured	3,790,236	3,669,504
Interest received	201,844	181,067
Proceeds from sale of non-current assets	1,684	1,033
Acquisition of non-current assets	(1,141,956)	(5,529,611)
Acquisition of exploration assets	(50,746)	(96,500)
Net cash (used in)/generated by investing activities	**(3,383,876)**	**(5,129,813)**
Cash flows from financing activities		
Borrowings received	-	1,606,475
Repayment of borrowings	(322,775)	(158,907)
Dividends paid	(1,317,745)	(1,463,984)
Repayment of lease liability	(2,955)	(1,936)
Grants received (note 19)	140,541	-
Net cash used in financing activities	**(1,502,934)**	**(18,352)**
Net increase/(decrease) in cash and cash equivalents	**(1,348,672)**	**(1,696,530)**
Cash and cash equivalents at the beginning of the year	**1,883,882**	**3,580,412**
Cash and cash equivalents at the end of the year	**535,210**	**1,883,882**

These financial statements were endorsed by the Board of Directors on March 22, 2024.

Răzvan Popescu
Chief Executive Officer

Gabriela Trânbițaș
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, and its fully owned subsidiaries S.N.G.N. ROMGAZ S.A. - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L. ("Depogaz") and Romgaz Black Sea Limited.

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

The Company's headquarter is in Mediaş, 4 Constantin I. Motaş 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 (note 17).

The Group has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensate 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 transmission system.
4. underground storage of natural gas provided by Depogaz;
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. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements ("financial statements") of the Group are prepared in accordance with Ministry of Finance Order 2844/2016, with subsequent amendments, to approve accounting regulations in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (MOF 2844/2016). MOF 2844/2016, with subsequent amendments, is in accordance with the IFRS adopted by the European Union.

For the purpose of the preparation of these financial statements, the functional currency of the Group is deemed to be the Romanian Leu (RON).

Basis of preparation

The financial statements are 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).

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 "Inventory" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance to the Group of the inputs to the fair value measurement, which are described as follows:

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

- level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- level 3 inputs are unobservable inputs for the asset or liability.

Basis for consolidation

Subsidiaries

The Group controls an entity when it has power over the investee, 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 Group obtains control over the subsidiary and ceases when it loses control of that subsidiary.

Upon obtaining control of a newly acquired subsidiary, the Group assesses whether the acquisition constitutes an acquisition of a business or an acquisition of assets.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the investee. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the acquisition is not a business, it is accounted for as an acquisition of assets.

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.

Associated entities

An associate is a company over which the Group 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.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint ventures.

Joint operations

The Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

As joint operator, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

If the Group participates in, but does not have joint control of, a joint operation it accounts for its interest in the arrangement in accordance with the paragraphs above if it has rights to the assets, and obligations for the liabilities, relating to the joint operation.

If the Group participates in, but does not have joint control of, a joint operation, does not have rights to the assets, and obligations for the liabilities, relating to that joint operation, it accounts for its interest in the joint operation in accordance with the IFRSs applicable to that interest.

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 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 IAS 12 “Income taxes: International Tax Reform – Pillar Two Model” (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);
- 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 does not issue contracts in scope of IFRS 17, thus the financial statements are not impacted by this standard.

The adoption of these amendments, interpretations or improvements to existing standards has not led to changes in the Group's accounting policies. The Group management has reviewed the disclosures of accounting policies through the lens of IAS 1 Amendments and concluded no significant changes are required.

Standards and interpretations issued by IASB not yet endorsed by the EU

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

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable to annual periods beginning on or after 1 January 2025).

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.

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

At the date of issue of the financial statements, the following standards were adopted by the EU, but not yet effective:

- Amendments to IAS 1 “Presentation of Financial Statements” – Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date; Non-current Liabilities with Covenants (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IFRS 16 “Leases” – Lease liability in a sale and leaseback (applicable to annual periods beginning on or after 1 January 2024).

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.

Segment information

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, gas storage, electricity production and distribution, and other activities, 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 from domestic production or import, for resale; these activities are performed by the head office, Mediaș and Mureș branches and subsidiary Romgaz Black Sea Limited;
- storage activities, performed by subsidiary Depogaz;
- electricity production and distribution activities, performed by Iernut branch;
- other activities, such as technological transport, operations on wells and corporate activities.

Transactions between the companies within the Group are at current market prices. Unrealized profits are eliminated in the financial statements.

Gas and electricity deliveries between Group’s segments within the same company are accounted for at market prices or at regulated prices, as the case may be. All other transactions between Group’s segments within the same company are at cost.

Revenue recognition

a) Revenue from contracts with customers

The Group recognizes customer contracts when all of the following criteria are met:

- the parties to the contract have approved the contract and are committed to perform their respective obligations;
- the Group can identify each party’s rights regarding the goods or services to be transferred;
- the Group can identify the payment terms;
- the contract has commercial substance;
- it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods delivered or the services provided.

Revenue from contracts with customers is recognized when, or as the Group transfers the goods or services to the customer, respectively, the client obtains control over them.

Depending on the nature of the goods or services, revenues are recognized over time or at a point in time.

Revenue is recognized over time if:

- the customer receives and consumes simultaneously the benefits provided by obtaining the goods and services as the Group performs the obligation;
- the Group creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the Group's performance does not create an asset with an alternative use to the Group.

All other revenues that do not meet the above criteria are recognized at a point in time.

For revenue to be recognized over time, the Group assesses progress towards meeting the execution obligation, using output methods or input methods, depending on the nature of the good or service transferred to the client. Revenues are recognized only if the Group can reasonably assess the result of the execution obligation or, if it cannot be estimated, only at the level of the costs it is expected to recover from the customer.

Revenue from contracts with customers mainly relates to gas sales and related services, electricity supply and related services, storage services. Revenue from these contracts are recognized at a point in time on the basis of the actual quantities at the prices fixed in the contracts concluded.

Contracts concluded by the Group do not contain significant financing components.

b) Other revenue

Rental revenue for operating lease contracts where the Group operates as lessor is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is recognized periodically and proportionally as the respective income is generated, on accrual basis.

Dividends are recognized as income when the legal right to receive them is established.

Contract liabilities

Contract liabilities are an obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (ie. a receivable), before the Group transfers the good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

Exploration expenses

The costs of seismic exploration, geological, geophysical and other similar exploration activities are recognized as exploration expenses in the statement of comprehensive income in the period in which they arise.

Exploration expenses also include the carrying value of exploration assets that have not identified gas resources and have been written-off.

Foreign currencies

The functional currency is the currency of the primary economic environment in which the Group operates and is the currency in which the Group primarily generates and expends cash. The Group operates in Romania and it has the Romanian Leu (RON) as its functional currency.

In preparing the financial statements of the Group, transactions in currencies other than the functional currency (foreign currencies) are recorded at the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date.

Exchange differences are recognized in the statement of comprehensive income in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Employee benefits

Benefits granted upon retirement

In the normal course of business, the Group makes payments to the Romanian State on behalf of its employees at legal rates. All employees of the Group are members of the Romanian State pension plan. These costs are recognized in the statement of comprehensive income together with the related salary costs.

Based on the Collective Labor Agreements applicable within the Group, the Group is liable to pay to its employees at retirement a number of gross salaries, according to the years worked in the gas industry/electrical industry, work conditions etc. To this purpose, the Group recorded a provision for benefits upon retirement. This provision is updated annually and computed according to actuary methods based on estimates of the average salary, the average number of salaries payable upon retirement, on the estimate of the period when they shall be paid, and it is brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities). As the benefits are paid, the provision is reduced together with the reversal of the provision against income.

Gains or actuarial losses are recognized in other comprehensive income. These are changes in the present value of the defined benefit obligation as a result of statistical adjustments and changes in actuarial assumptions. Any other changes in the provision are recognized in the result of the year.

The Group does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

Employee participation to profit

The Group records in its financial statements a provision related to the fund for employee participation to profit in compliance with legislation in force.

Liabilities related to the fund for employee participation to profit are settled in less than a year and are measured at the amounts estimated to be paid at the time of settlement.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Greenhouse gas provisions

The Group recognizes a provision for the deficit between actual CO_2 emissions and certificates held, measured at the best estimate of expenditure required to settle the obligation.

CO_2 certificates bought during the year CO_2 emissions occurred that will be included in the Unique Registry of Greenhouse Gas Emissions are recorded as current assets at the amount paid. Until the date certificates are included in the Unique Registry, the Group records a current liability for this obligation at the amount paid when said certificates were bought. At the date the certificates are included in the Unique Registry, the asset and liability are derecognized.

Provisions for decommissioning of wells

Liabilities for decommissioning costs are recognized due to the Group's obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Group recorded a provision for decommissioning wells.

This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using the interest rate on long term treasury bonds. The rate and the estimated costs for decommissioning are updated annually.

The decommissioning provision is based on the economic life of the fields wells are located on, even if this is longer than the period of the related concession agreements, as it is considered the period may be extended.

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognized. The item of property, plant and equipment is subsequently depreciated as part of the asset.

The Group applies IFRIC 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities" related to changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

a. subject to b., changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

b. the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the statement of comprehensive income;

c. if the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt are recognized in the income statement in the period when they occur.

The periodical unwinding of the discount is recognized in the comprehensive income as a finance cost, as it occurs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current tax for the period is recognized as an expense in the statement of comprehensive income. Deferred tax for the period is recognized as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where it arises from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Property, plant and equipment

(1) Cost

(i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(ii) Gas cushion

This is a quantity of natural gas constituted as a reserve at the level of gas storages, physically recoverable, which ensures the optimum conditions necessary to maintain their technical-productive flow characteristics. The gas cushion is recorded as an item of property, plant and equipment in the Storage segment.

(iii) Development expenditure

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including the commissioning of wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the property, plant and equipment accounting policies.

(iv) Maintenance and repairs

The Group does not recognize within the assets' costs the current expenses and the accidental expenses for that asset. These costs are expensed in the period in which they are incurred.

The costs for current maintenance are mainly labor costs and consumables and also small inventory items. The purpose of these expenses is usually described as "repairs and maintenance" for property, plant and equipment.

The expenses with major activities, inspections and repairs comprise the replacement of the assets or other asset's parts, the inspection cost and major overhauls. These expenses are capitalized if an asset or part of an asset, which was separately depreciated, is replaced and is probable that they will bring future economic benefits for the Group. If part of a replaced asset was not considered as a separate component and, as a result, was not separately depreciated, the replacement value will be used to estimate the net book value of the asset which is replaced and is immediately written-off. The inspection costs associated with major overhauls are capitalized and depreciated over the period until next inspection.

The costs for major overhauls for wells are also capitalized and depreciated using the unit of production depreciation method.

All other costs with current repairs and usual maintenance are recognized directly in expenses.

(2) Depreciation

The depreciable amount of a tangible asset is the cost less the residual value of the asset. The residual value is the estimated value that the Group would currently obtain from the disposal of an asset, after deducting the estimated costs associated with the disposal if the asset would already have the age and condition expected at the end of its useful life.

For directly productive tangible assets (ie. wells), the Group applies the depreciation method based on the unit of production in order to reflect in the statement of comprehensive income, an expense proportionate with the production obtained from the total natural gas reserve certified at the beginning of the period. According to this method, the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

Assets representing gas cushion are not depreciated, as the residual value exceeds their cost.

For indirectly productive tangible assets and storage assets, depreciation is computed using the straight-line method over the estimated useful life of assets, as follows:

Asset	Years
Specific buildings and constructions	10 - 50
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 – 30

Land is not depreciated as it is considered to have an indefinite useful life.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items of tangible fixed assets that are disposed of are eliminated from the statement of financial position along with the corresponding accumulated depreciation and impairment. Any gain or loss resulting from such retirement or disposal is included in the result of the period.

For items of tangible fixed assets that are retired from use, but not yet written off by the reporting date, an impairment adjustment is recorded for the carrying value at the time of retirement.

(3) Impairment

Non-current assets must be recognized at the lower of the carrying amount and recoverable amount. If and only if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to be equal to its recoverable amount. Such a reduction represents an impairment loss that is recognized in the result of the period.

Thus, at the end of each reporting period, the Group assesses whether there is any indication of impairment of assets. If such indication is identified, the Group tests the assets to determine whether they are impaired.

The Group's assets are allocated to cash-generating units. The cash-generating unit is the smallest identifiable asset group that generates independent cash inflows to a large extent from cash inflows generated by other assets or asset groups. The Group considers each commercial field as a separate cash-generating unit.

All gas storages held by the Group are considered as part of a single cash-generating unit, as the tariffs are set by analyzing the storage activity as a whole, not every single storage.

In 2023, the Group conducted an impairment test in the Upstream segment (for onshore operations), as the conditions existing when the previous test was conducted changed; the assumptions are presented in note 12. The results of the impairment test are considered to be immaterial and were not recognized.

No impairment indicators were identified for the offshore operations of the Group.

Recoverable amount is the largest of the fair value of an asset or a cash-generating unit less costs associated with disposal and its value in use. Considering the nature of the Group's assets, it was not possible to determine the fair value of the cash-generating units, being determined only the value in use of the assets.

Exploration and appraisal assets

(1) Cost

Natural gas exploration (other than seismic, geological, geophysical and other similar activities), appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

Costs directly associated with an exploration well are initially capitalized as an asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, drilling costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is eliminated from the statement of financial position, by recording an impairment, until National Agency for Mineral Resources (Agenția Națională pentru Resurse Minerale – ANRM) approvals are obtained in order to be written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, an impairment is recorded for the assets, until the completion of the legal steps necessary for them to be written off. When proved reserves of natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment other than exploration assets.

(2) Impairment

At each reporting date, the Group's management reviews its exploration assets and establishes the necessity for recording in the financial statements an impairment loss in these situations:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

- substantive expenditure on further exploration for and evaluation of gas resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of gas resources in the specific area have not led to the discovery of commercially viable quantities of gas resources and the Group has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Elements similar to the above are also considered when determining impairment losses for producing assets.

Intangible assets

(1) Cost

Licenses for software, patents and other intangible assets are recognized at acquisition cost.

Intangible assets are not revalued.

(2) Amortization

Patents and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years.

Inventories

Inventories are recorded initially at cost of production, or acquisition cost, as the case may be. The cost of finished goods and production in progress includes materials, labour, expenses incurred in bringing the finished goods at the location and in the existent form, and related indirect production costs. Write down adjustments are booked against slow moving, damaged and obsolete inventory, when necessary.

At each reporting date, inventories are measured at the lower of cost and net realizable value. The net realizable value is estimated based on the selling price less any completion and selling expenses. The cost of inventories is assigned by using the weighted average cost formula.

Financial assets and liabilities

The Group's financial assets include cash and cash equivalents, trade receivables, other receivables, bank deposits and bonds with a maturity from acquisition date of over three months and other investments in equity instruments.

Financial liabilities include interest-bearing bank borrowings and overdrafts and trade and other payables.

For each item, the accounting policies on recognition and measurement are disclosed in this note.

Cash and cash equivalents include petty cash, cash in current bank accounts and short-term deposits with a maturity of less than three months from the date of acquisition.

The Group recognizes a financial asset or financial liability in the statement of financial position when and only when it becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets are classified at amortized cost or measured at fair value through profit or loss. The classification depends on the Group's business model for managing the financial assets and their contractual cash flows.

The Group does not have financial assets measured at fair value through other comprehensive income.

On initial recognition, financial assets and financial liabilities are measured at fair value plus or minus, in the case of assets measured at amortized cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Receivables resulting from contracts with customers represent the unconditional right of the Group to a consideration. The right to a consideration is unconditional if only the passage of time is required before payment of the consideration is due. These are measured at initial recognition at the transaction price.

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments plus or minus cumulative depreciation using the effective interest method for each difference between the initial amount and the amount at maturity and, for financial assets, adjusted for any loss allowance impairment.

Any difference between the initial amount and the amount at maturity is recognized in the statement of comprehensive income for the period of the borrowings using the effective interest method.

Financial instruments are classified as liabilities or equity in accordance with the nature of the contractual arrangement. Interest, dividends, gains and losses on a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are recorded directly in equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and discharge the obligation simultaneously.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each reporting period.

Except for trade receivables, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk associated with the financial instrument, has increased significantly since initial recognition. If, at the reporting date, the credit risk for a financial instrument has not increased significantly since the initial recognition, the Group measures the loss allowance for that financial instrument at a value equal to 12-month expected credit losses.

The loss allowance on trade receivables resulting from transactions that are subject to IFRS 15 is measured at an amount equal to lifetime expected credit losses. The Group considers the risk or probability of a default occurring, reflecting the possibility of a default to occur or not to occur, even if the possibility of a credit loss is very low.

The Group measures the expected credit losses of a financial instrument in a manner that reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The carrying amount of the financial asset, other than those at fair value through profit or loss, is reduced through the use of an allowance account.

De-recognition of financial assets and liabilities

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Reserves

Reserves include:

- legal reserves, which are used annually to transfer to reserves up to 5% of the statutory profit, but not more than 20% of the statutory share capital of the companies within the Group;
- development fund reserves, which represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g);
- reserves from reinvested profit, set up based on the Fiscal Code. The amount of profit that benefited from tax exemption under the fiscal legislation less the legal reserve, is distributed at the end of the year by setting up the reserve;
- geological quota reserve, non-distributable, set up until 2004. Geological quota reserve set up after 2004 is distributable and presented in retained earnings. Development quota set up after 2004 is allocated together with the profit allocation, as approved by the General Meeting of Shareholders, based on depreciation, respectively write-off of the assets financed using the development quota;
- other non-distributable reserves, set up from retained earnings representing translation differences recorded at transition to IFRS. These reserves are set up in accordance with MOF 2844/2016.

Grants

Grants are non-reimbursable financial resources given to the Group' companies with the condition of meeting certain criteria. In the category of grants are included grants related to assets and grants related to income.

Grants related to assets are government grants for whose primary condition is that the Group should purchase, construct, or otherwise acquire long-term assets.

Grants related to income are government grants other than those related to assets.

Grants are not recognized until there is reasonable assurance that:

(a) the Group will comply with the conditions attaching to it; and

(b) grants will be received.

Grants related to assets are presented in the statement of financial position as “Deferred revenue”, which is then recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants related to income are recognized in the statement of profit or loss under "Other income", as the related expenses are recorded. Until the time the expense occurs, the grant received is recognized as “Deferred revenue”.

If a government grant becomes receivable as compensation for expenses or losses incurred in a previous period, the Group recognizes such grant in the profit or loss of the period in which it becomes receivable.

Use of estimates

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the end of reporting date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates that the management has made in the process of applying the Group’s accounting policies, and that have the most significant effect on the amounts recognized in the financial statements.

Estimates related to grants related to income

Government Emergency Ordinance no. 27/2022 as subsequently amended (GEO 27) includes the obligation of the Group to sell at a regulated price of RON 450/MWh the electricity it produces. According to GEO 27, electricity producers must calculate a contribution to the Energy Transition Fund. If the value of the CO_2 certificates related to the energy sold at RON 450/MWh exceeds the contribution to the Energy Transition Fund, electricity producers are entitled to receive the excess. Until December 2023, the legislation did not provide for the mechanism to request these amounts from the Romanian State nor the competent authority for the settlement of such requests. As such, the right to receive the grant is not enforceable.

The government does not act as a shareholder or a client of the Group in this matter. As such, the relevant standard considered in the accounting of the grant is IAS 20.

By December 31, 2023 the Group should receive RON 167,743 thousand. Income recognized in previous financial statements released by the Group in 2023 was reversed by December 31, 2023. Until the amount becomes a receivable, the Group disclose the grant as a contingent asset.

Estimates related to impairment losses on trade receivables

At each period end, the Group evaluates the risks attached to current and overdue receivables and the probability of such risks to materialize. The Group’s receivables are generally due in maximum 30 days from the date of issue. Based on information available at period end and previous experience, the Group estimates the lifetime expected credit loss of receivables, both current and overdue, and records appropriate impairment losses (note 16).

Estimates related to the exploration expenditure on undeveloped fields

If field works prove that the geological structures are not exploitable from an economic point of view or that they do not have hydrocarbon resources available, an impairment is recorded. The impairment assessment is performed based on geological experts’ technical expertise (note 7).

Estimates related to developed proved reserves

The Group applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with the production obtained from the total natural gas reserve at the beginning of the period. According to this method, the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve at the beginning of the period. The gas reserves are updated annually according to internal assessments that are based on certifications of ANRM (note 7).

Estimates related to the decommissioning provision

Liabilities for decommissioning costs are recognized for the Group's obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

This provision is computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it is brought to present value using the interest rate on long term treasury bonds. The rate and estimated decommissioning costs are updated annually (note 18).

Estimates related to retirement benefit obligations

Under the Collective Labor Agreements applicable within the Group, the Group must pay its employees when they retire a multiplicator of the gross salary, depending on the seniority within the gas industry/electricity industry, working conditions etc. This provision is updated annually. It is calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and is brought to present value using a discount factor based on interest on investments with the highest degree of safety (government bonds) (note 18).

The Group does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

Contingencies

By their nature, contingencies end only when one or more uncertain future events occur or not. In order to determine the existence and the potential value of a contingent element, is required to exercise the professional judgment and the use of estimates regarding the outcome of future events (note 32).

Fair value of financial instruments

Management believes that the estimated fair values of financial instruments approximate their carrying amounts.

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

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Revenue from gas sold - own production	7,718,798	11,234,160
Revenue from gas sold – other arrangements	28,628	58,153
Revenue from gas acquired for resale	19,542	14,654
Revenue from storage services-capacity reservation	329,512	306,245
Revenue from storage services-withdrawal	79,907	44,910
Revenue from storage services-injection	142,772	118,172
Revenue from electricity	406,976	1,330,607
Revenue from services	202,826	173,137
Revenue from sale of goods	62,155	70,472
Other revenues from contracts	735	496
Total revenue from contracts with customers	**8,991,851**	**13,351,006**
Other revenues	10,027	8,647
Total revenue	**9,001,878**	**13,359,653**
Other operating income	122,264	80,068
Total revenue and other income	**9,124,142**	**13,439,721**

The decrease in revenue is generated by the application of GEO 27. In 2023, the Group sold 86.43% of gas at regulated prices, while in 2022 it sold 33.3% of gas under GEO 27. Over 90% of electricity in 2023 was sold under GEO 27 at a price of RON 450/MWh; no such obligation was in force in 2022.

Revenue from contracts with customers is recognized as or when the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of goods sold by the Group usually coincides with title passing to the customer and the customer taking physical possession.

Revenues from gas and electricity are recognized when the delivery has been made at the prices fixed in the contracts with customers.

Revenues from storage services are recognized when they are provided at the rates in force during the storage cycle. Usually, injection services are provided in the period April – October, and those for withdrawal in November – March. The capacity reservation services are being provided each month of the storage cycle, which begins on April 1 and ends on March 31 of the next year.

In measuring the revenue from gas, electricity and storage services, the Group uses output methods. According to these methods, revenues are recognized based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The Group recognizes the revenue in the amount it has the right to charge.

The Group does not disclose information about the remaining performance obligations, applying the practical expedient in IFRS 15, as contracts with customers are generally signed for periods of less than one year and the revenues are recognized at the amount which the Group has the right to charge.

4. INVESTMENT INCOME

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Interest income	213,008	176,979
Total	**213,008**	**176,979**

Interest income is derived from the Group's investments in bank deposits and government bonds.

5. COST OF COMMODITIES SOLD, RAW MATERIALS AND CONSUMABLES

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Consumables used	66,107	56,977
Technological consumption	37,899	56,750
Cost of gas acquired for resale, sold (note 3)	20,291	14,654
Cost of electricity imbalance	85,477	167,405
Cost of other goods sold	1,362	1,519
Other consumables	5,435	4,310
Total	**216,571**	**301,615**

6. OTHER GAINS AND LOSSES

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Forex gain	28,775	42,255
Forex loss	(38,055)	(45,208)
Net gain/(loss) on disposal of non-current assets	(6,867)	(451)
Net allowances for other receivables (note 16 c)	4,029	(599)
Net write down allowances for inventory (note 15)	(5,647)	(5,438)
Losses from trade receivables	(6)	-
Other gains and losses	23	-
Total	**(17,748)**	**(9,441)**

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSES

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Depreciation and amortization	393,670	408,903
out of which:		
- depreciation of property, plant and equipment	384,624	402,500
- amortization of intangible assets (note 14 a)	6,227	4,930
- amortization of right of use assets (note 14 b)	2,819	1,473
Net impairment of non-current assets	82,898	141,173
Total depreciation, amortization and impairment	**476,568**	**550,076**

8. EMPLOYEE BENEFIT EXPENSE

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Wages and salaries	939,278	876,340
Social security charges	33,230	30,115
Meal tickets	38,150	27,175
Other benefits according to collective labor contract	33,469	29,407
Private pension payments	11,253	11,177
Private health insurance	10,753	6,832
Total employee benefit costs	**1,066,133**	**981,046**
Less, capitalized employee benefit costs	(152,079)	(135,045)
Total employee benefit expense	**914,054**	**846,001**

9. FINANCE COSTS

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Interest expense *)	43,838	5,627
Unwinding of the decommissioning provision (note 18 a)	18,165	21,668
Total	**62,003**	**27,295**

*) The increase in interest expense is due to the loan taken to finance the acquisition of the shares of ExxonMobil Exploration and Production Romania Limited, currently Romgaz Black Sea Limited (note 28).

10. OTHER EXPENSES. TAXES AND DUTIES

a) Other Expenses

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Energy and water expenses	104,340	106,122
Expenses for capacity booking and gas transmission services	171,197	158,591
(Net gain)/Net loss from provisions movement (note 18)	(162,779)	35,912
Other operating expenses *)	831,433	358,291
Total	**944,191**	**658,916**

*) In 2023 Romgaz resumed the works on the new Iernut power plant with the former contractor. Disputes between Romgaz and the contractor were settled through a transaction agreement approved by Romgaz' shareholders. The agreement stipulates the reimbursement by Romgaz of the performance guarantee executed in 2021 when the former works contract was terminated. The amount paid by Romgaz was of RON 114,628 thousand and is included in other operating expenses.

Other operating expenses also include the cost of CO_2 certificates acquired during the year (RON 470,926 thousand; 2022 RON 169,638 thousand). In 2023, the Group acquired the CO_2 certificates related to the year. The certificates related to 2022 were also acquired in 2023; the cost of the 2022 certificates was offset against the provision released to income.

b) Taxes and duties

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Royalties *)	600,514	1,640,082
Windfall tax (gas) *)	889,799	4,903,849
Energy transition fund/windfall tax (electricity) **)	(1,546)	403,801
Other taxes and duties	6,706	6,648
Total	**1,495,473**	**6,954,380**

*) According to GEO 27, gas sold at regulated prices is not subject to windfall tax. Royalties paid on this gas are calculated at the level of the regulated price, instead of the reference price communicated by ANRM. As quantities of gas sold under GEO 27 were significantly higher in 2023 (note 3), the cost of royalties and windfall tax paid on gas decreased. In October 2023 royalty rates were increased by approximately 20%; Romgaz calculated the royalties at the new rates.

**) In 2022 GEO 27 introduced a windfall tax on electricity later replaced by a contribution to the Energy Transition Fund. Electricity sold at RON 450/MWh is not subject to the contribution. As over 90% of electricity was sold at this price in 2023, the contribution decreased compared to 2022. The negative level of the expense is determined by the recomputation of the windfall tax related to 2022 based on actual CO_2 certificates costs, which were acquired in 2023; in 2022 the windfall tax was calculated based on an estimate of the CO_2 certificates cost.

11. INCOME TAX

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Current tax expense (note 11 a)	691,386	536,586
Deferred income tax (income)/expense (note 11 a)	(123,404)	68,161
Solidarity contribution (note 11 b)	1,687,371	1,002,790
Income tax expense	**2,255,353**	**1,607,537**

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Current income tax liability	79,718	174,708
Solidarity contribution (note 11 b)	1,686,919	1,002,790
Current tax liability	**1,766,637**	**1,177,498**

a) Current and deferred income tax

The tax rate used for the reconciliations below for the year ended December 31, 2023, respectively year ended December 31, 2022 is 16% payable by corporate entities in Romania on taxable profits.

The total charge for the period can be reconciled to the accounting profit as follows:

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Accounting profit before tax (after solidarity contribution)	**3,380,091**	**3,151,459**
(Profit)/loss of activities not subject to income tax	-	8,157
Accounting profit subject to income tax	**3,380,091**	**3,159,616**
Income tax expense calculated at 16%	540,815	505,538
Effect of income exempt of taxation	(61,627)	(74,508)
Effect of expenses that are not deductible in determining taxable profit	340,975	202,939
Effect of current income tax reduction, due to tax facilities	(95,187)	(66,319)
Effect of tax incentive for reinvested profit	(12,176)	(5,631)
Effect of legal reserves	-	(807)
Effect of the benefit from tax credits, used to reduce current tax expense	21,098	23,304
Effect of deferred tax relating to the origination and reversal of temporary differences	(116,537)	49,716
Effect of the benefit from tax credits, used to reduce deferred tax expense	(49,486)	(29,485)
Effect of income tax expense related to previous years	107	
Income tax expense	**567,982**	**604,747**

Components of deferred tax (asset)/liability:

	December 31, 2023		December 31, 2022	
	Cumulative temporary differences	Deferred tax (asset)/ liability	Cumulative temporary differences	Deferred tax (asset)/ liability
	'000 RON	'000 RON	'000 RON	'000 RON
Provisions	(684,582)	(109,533)	(473,030)	(75,685)
Property, plant and equipment	27,357	4,377	(109,338)	(17,494)
Exploration assets *)	(513,724)	(82,196)	(527,951)	(84,472)
Financial investments	(182)	(29)	(977)	(156)
Inventory	(40,730)	(6,517)	(34,956)	(5,593)
Trade receivables and other receivables	(97,576)	(15,612)	(97,576)	(15,612)
Right of use asset	277	44	328	52
Deferred revenue	10,461	1,674	28	4
Lease liability	(315)	(50)	(374)	(60)
Tax losses **)	(727,084)	(116,333)		
Total	**(2,026,098)**	**(324,175)**	**(1,243,846)**	**(199,016)**
Change, out of which:		**125,159**		**(70,629)**
- in current year's result		123,404		(68,161)
- in other comprehensive income		1,755		(2,534)
- acquisition of ExxonMobil Exploration and Production Romania Limited		-		66

*) According to the Fiscal Code applicable in Romania, expenses related to location, exploration, development or any preparatory activity for the exploitation of natural resources, which, according to the applicable accounting regulations, are recorded directly in the result, are recovered in equal rates for a period of 5 years, starting with the month in which the expenses are incurred. Also, for fixed assets specific to the exploration and production of gas resources, the carrying tax value of fixed assets written-off is deducted using the tax depreciation method used before their write-off for the remaining period. All of these costs are treated as assets only from a tax point of view and generate a deferred tax asset.

**) The tax losses generating a deferred tax asset relate to Romgaz Black Sea Limited. The Group estimates there will be sufficient taxable profits in the future against which the tax losses will be used.

b) Solidarity contribution

In 2022, a solidarity contribution was introduced in Romania as a result of Council Regulation (EU) 2022/1854 on an emergency intervention to address high energy prices. The temporary solidarity contribution is calculated in the fiscal years 2022 and 2023 at a rate of 60% of taxable profits, as determined under national tax rules, which are above a 20% increase of the average of the taxable profits of the four fiscal years starting on or after 1 January 2018. The contribution for 2023 is of RON 1,686,919 thousand. The tax is due for payment in June, 2024.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage assets	Tangible exploration assets	Capital work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2023	**119,196**	**949,367**	**7,181,828**	**1,178,993**	**123,135**	**1,736,107**	**336,494**	**2,095,471**	**13,720,591**
Additions *)	-	10	110,100	-	12	11,195	50,747	1,188,569	1,360,633
Transfers	2,795	48,070	505,052	73,616	18,667	73,875	(6,249)	(715,826)	-
Disposals	-	(2,015)	(278,028)	(19,597)	(12,605)	(15,507)	(40,831)	(27,373)	(395,956)
As of December 31, 2023	**121,991**	**995,432**	**7,518,952**	**1,233,012**	**129,209**	**1,805,670**	**340,161**	**2,540,841**	**14,685,268**
Accumulated depreciation									
As of January 1, 2023	**-**	**415,923**	**4,890,092**	**823,173**	**94,969**	**810,595**	**-**	**-**	**7,034,752**
Charge **)	-	26,140	291,231	68,037	9,044	18,135	-	-	412,587
Disposals	-	(1,208)	(100,061)	(19,517)	(12,523)	(12,895)	-	-	(146,204)
As of December 31, 2023	**-**	**440,855**	**5,081,262**	**871,693**	**91,490**	**815,835**	**-**	**-**	**7,301,135**
Impairment									
As of January 1, 2023	**8,255**	**61,827**	**651,677**	**86,546**	**1,202**	**367,890**	**161,509**	**307,619**	**1,646,525**
Charge	-	28,700	91,029	1,783	503	730	25,311	57,296	205,352
Transfers	-	-	38,882	1,252	-	-	-	(40,134)	-
Release	-	(712)	(269,895)	(78)	(83)	(2,867)	(42,146)	(43,751)	(359,532)
As of December 31, 2023	**8,255**	**89,815**	**511,693**	**89,503**	**1,622**	**365,753**	**144,674**	**281,030**	**1,492,345**
Carrying value									
As of January 1, 2023	**110,941**	**471,617**	**1,640,059**	**269,274**	**26,964**	**557,622**	**174,985**	**1,787,852**	**5,039,314**
As of December 31, 2023	**113,736**	**464,762**	**1,925,997**	**271,816**	**36,097**	**624,082**	**195,487**	**2,259,811**	**5,891,788**

*) Additions of capital work in progress include RON 535,408 thousand related to the development of the offshore Neptun Deep block.

**) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to RON 27,963 thousand.

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage assets	Tangible exploration assets	Capital work in progress	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Cost									
As of January 1, 2022	**118,012**	**939,504**	**7,146,399**	**1,148,535**	**124,027**	**1,745,093**	**335,940**	**1,973,717**	**13,531,227**
Additions	227	2,381	1,175	-	66	99	96,504	423,703	524,155
Transfers	1,147	8,328	252,661	50,447	4,214	4,599	(24,311)	(297,085)	-
Disposals	(190)	(846)	(218,407)	(19,989)	(5,172)	(13,684)	(71,639)	(4,864)	(334,791)
As of December 31, 2022	**119,196**	**949,367**	**7,181,828**	**1,178,993**	**123,135**	**1,736,107**	**336,494**	**2,095,471**	**13,720,591**
Accumulated depreciation									
As of January 1, 2022	**-**	**388,597**	**4,652,369**	**773,022**	**92,043**	**749,708**	**-**	**-**	**6,655,739**
Charge *)	-	27,574	262,236	69,841	8,004	60,887	-	-	428,542
Disposals	-	(248)	(24,513)	(19,690)	(5,078)	-	-	-	(49,529)
As of December 31, 2022	**-**	**415,923**	**4,890,092**	**823,173**	**94,969**	**810,595**	**-**	**-**	**7,034,752**
Impairment									
As of January 1, 2022	**8,255**	**59,530**	**649,714**	**82,908**	**1,211**	**367,328**	**161,085**	**304,760**	**1,634,791**
Charge	-	2,910	50,668	3,040	91	566	66,466	79,558	203,299
Transfers	-	4	43,787	956	-	-	-	(44,747)	-
Release	-	(617)	(92,492)	(358)	(100)	(4)	(66,042)	(31,952)	(191,565)
As of December 31, 2022	**8,255**	**61,827**	**651,677**	**86,546**	**1,202**	**367,890**	**161,509**	**307,619**	**1,646,525**
Carrying value									
As of January 1, 2022	**109,757**	**491,377**	**1,844,316**	**292,605**	**30,773**	**628,057**	**174,855**	**1,668,957**	**5,240,697**
As of December 31, 2022	**110,941**	**471,617**	**1,640,059**	**269,274**	**26,964**	**557,622**	**174,985**	**1,787,852**	**5,039,314**

**) The amounts include depreciation of tangible assets used in the production of other fixed assets, capitalized in their cost, amounting to RON 26,047 thousand.*

Impairment of property, plant and equipment

Note 2 contains information on the conditions under which impairment losses for individual assets are recognized.

Impairment of assets in the Upstream segment

Based on the current market conditions (decrease in prices, higher royalty rates), the Group considered there are changes in the assumptions used in the previous impairment test on upstream assets.

Based on its assessment, the Group considered each commercial field a separate cash-generating unit. The infrastructure common to several gas fields (e.g., compression stations, drying stations) was allocated to each field according to the quantities processed for each field served.

The impairment test took into account the economic life of the fields, according to the latest studies approved by the National Agency of Mineral Resources or submitted for approval, but no later than 2043, this being the limit year of the concession agreements, according to the legislation in force.

Following the impairment test, no additional impairment was recorded and there was no decrease of previously recognized impairment losses.

In the impairment test the following assumptions were used:

- Weighted average cost of capital: 12.75%;
- The inflation rate for the years 2024-2026 was the one reported by the National Commission for Strategy and Prognosis in the 2023-2027 forecast. For the 2028-2043 period a constant inflation rate of 2.6% was used;
- Average estimated price for the period was RON 156.99/MWh.

13. EXPLORATION AND APPRAISAL FOR NATURAL GAS RESOURCES

The following financial information represents the amounts included within the Group's totals relating to activity associated with the exploration for and appraisal of natural gas resources. All such activities are recorded within the Upstream segment.

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Exploration assets written off	3	16
Seismic, geological, geophysical studies	84,637	59,698
Total exploration expense	**84,640**	**59,714**
Net movement in exploration assets' impairment (net income)/net loss	23,361	66,447
Net cash used in exploration investing activities	(50,746)	(96,500)

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Exploration assets (note 12)	195,487	174,985
Liabilities	(13,342)	(13,218)
Net assets	**182,145**	**161,767**

14. INTANGIBLE ASSETS. RIGHT OF USE ASSETS

a) Intangible assets

	2023	2022
	'000 RON	'000 RON
Cost		
As of January 1	**5,245,101**	**169,595**
Additions	1,733	5,129,199
Disposals	(7,150)	(53,693)
As of December 31	**5,239,684**	**5,245,101**
Accumulated amortization		
As of January 1	**104,676**	**153,462**
Charge	6,227	4,930
Disposals	(7,149)	(53,716)
As of December 31	**103,754**	**104,676**
Carrying value		
As of January 1	**5,140,425**	**16,133**
As of December 31	**5,135,930**	**5,140,425**

Of RON 5,135,930 thousand, RON 5,105,563 thousand represent mineral rights from the ExxonMobil Exploration and Production Romania Limited (currently Romgaz Black Sea Limited) acquisition in 2022.

b) Right of use assets

	2023	2022
	'000 RON	'000 RON
Cost		
As of January 1	**12,671**	**9,649**
Effects of rent index updates	1,346	406
New contracts	4,303	2,705
Terminated contracts	-	(89)
As of December 31	**18,320**	**12,671**
Accumulated amortization		
As of January 1	**3,905**	**2,521**
Charge	2,819	1,473
Terminated contracts	-	(89)
As of December 31	**6,724**	**3,905**
Carrying value		
As of January 1	**8,766**	**7,128**
As of December 31	**11,596**	**8,766**

15. INVENTORIES

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Spare parts and materials	261,552	216,314
Finished goods (gas)	90,594	129,190
Other inventories	699	706
Inventories at third parties	16,695	-
Write-down allowance for spare parts and materials	(67,755)	(62,187)
Write-down allowance for other inventories	(95)	(16)
Total	**301,690**	**284,007**

16. ACCOUNTS RECEIVABLE

a) Trade and other receivables

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Trade receivables	1,645,124	1,492,403
Allowances for expected credit losses (note 16 c)	(740,085)	(724,386)
Accrued receivables	493,914	605,647
Total	**1,398,953**	**1,373,664**

Trade receivables from gas deliveries are generally due within 30 days of invoice issue. These must be guaranteed by customers through bank letters of guarantee. If customers do not provide such a guarantee, they must ensure that natural gas is paid in advance.

Trade receivables from the sale of electricity are generally due within 7 days of the date of invoice delivery. These must be guaranteed by customers through bank letters of guarantee. If customers do not provide such a guarantee, they must ensure that electricity is paid in advance.

Trade receivables from storage services are due within 15 days of invoice issue. Customers must provide a 5% guarantee for the services value.

b) Other assets

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Advances paid to suppliers	10	1,053
Joint operation receivables	7,974	10,550
Other receivables	21,251	37,377
Allowance for expected credit losses other receivables (note 16 c)	(169)	(172)
Other debtors	46,846	58,543
Allowance for expected credit losses for other debtors (note 16 c)	(46,029)	(50,055)
Prepayments	14,374	10,297
VAT not yet due	7,945	5,764
CO_2 certificates acquired	208,618	
Other taxes receivable	60,979	191,875
Total	**321,799**	**265,232**

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

	2023	2022
	'000 RON	'000 RON
At January 1	**774,613**	**981,497**
Charge in the allowance for other receivables (note 6)	204	1,831
Charge in the allowance for trade receivables	109,200	124,247
Write-off against trade receivables *)	(41,847)	(262,649)
Release in the allowance for other receivables (note 6)	(4,233)	(1,232)
Release in the allowance for trade receivables	(51,654)	(69,081)
At December 31	**786,283**	**774,613**

*) In 2023, the Group wrote-off receivables of RON 41,847 thousand representing receivables from clients undergoing bankruptcy procedures. The write-off had no impact on the 2023 results, as those receivables were already impaired.

As of December 31, 2023, the Group recorded allowances for expected credit losses, of which Interagro RON 41,808 thousand (December 31, 2022: RON 68,141 thousand), CET Iasi of RON 10,882 thousand (December 31, 2022: RON 46,271 thousand), Electrocentrale Galati with RON 168,620 thousand (December 31, 2022: RON 168,620 thousand), Liberty Galați with RON 113,665 thousand (December 31, 2022: RON 85,261 thousand), Electrocentrale Bucuresti with RON 242,687 thousand (December 31, 2022: RON 243,547 thousand), G-ON EUROGAZ of RON 14,848 thousand (December 31, 2022: RON 14,848 thousand), Electrocentrale Constanta of RON 38,027 thousand (December 31, 2022: RON 38,027 thousand) and Termo Ploiești of RON 72,857 thousand (December 31, 2022: RON 0 thousand) due to existing financial conditions of these clients as well as ongoing litigating cases related to these receivables or exceeding payment terms.

d) Credit risk exposure for trade and other receivables

December 31, 2023	**Gross carrying amount**	**Expected credit loss rate**	**Lifetime expected credit losses**
	'000 RON	**%**	**'000 RON**
Current receivables, including accrued receivables	1,364,139	0.00	14
less than 30 days overdue	61,389	47.15	28,944
30 to 90 days overdue	54,139	97.52	52,795
90 to 360 days overdue	26,003	96.00	24,964
over 360 days overdue	633,368	100.00	633,368
Total trade receivables	**2,139,038**		**740,085**

December 31, 2022	**Gross carrying amount**	**Expected credit loss rate**	**Lifetime expected credit losses**
	'000 RON	**%**	**'000 RON**
Current receivables, including accrued receivables	1,362,641	0.00	13
less than 30 days overdue	16,280	34.36	5,593
30 to 90 days overdue	32,496	99.54	32,348
90 to 360 days overdue	73,501	99.73	73,300
over 360 days overdue	613,132	100.00	613,132
Total trade receivables	**2,098,050**		**724,386**

17. SHARE CAPITAL. EARNINGS PER SHARE

a) Share capital

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
385,422,400 fully paid ordinary shares	385,422	385,422
Total	**385,422**	**385,422**

The shareholding structure as at December 31, 2023 is as follows:

	No. of shares	Value '000 RON	Percentage (%)
The Romanian State through the Ministry of Energy	269,823,080	269,823	70.01
Legal persons	95,343,630	95,344	24.73
Physical persons	20,255,690	20,256	5.25
Total	**385,422,400**	**385,422**	**100**

All shares are ordinary and were subscribed and fully paid as at December 31, 2023. All shares carry equal voting rights and have a nominal value of RON 1/share (December 31, 2022: RON 1/share).

In December 2023 the Extraordinary General Meeting of Shareholders approved Romgaz' share capital increase through the incorporation of reserves of RON 3,468,802 thousand by issuing 3,468,801,600 shares with a nominal value of RON 1/share, each shareholder registered on the Registration Date being entitled to 9 free shares for each share held. The increase was registered in January 2024 at the Trade Register.

b) Earnings per share

	Year ended December 31, 2023	Year ended December 31, 2022
Profit for the year attributable to ordinary shareholders (RON thousand)	2,812,109	2,546,712
Number of shares outstanding during the year	385,422,400	385,422,400
Earnings per share (RON thousand)	**0.0073**	**0.0066**

18. PROVISIONS

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Decommissioning provision (note 18 a)	373,536	210,838
Retirement benefit obligation (note 18 c)	189,314	168,830
Total long term provisions	**562,850**	**379,668**
Decommissioning provision (note 18 a)	32,049	25,652
Litigation provision (note 18 b)	18,839	6,620
Other provisions *) (note 18 b)	70,844	289,217
Total short term provisions	**121,732**	**321,489**
Total provisions	**684,582**	**701,157**

*) On December 31, 2023, other provisions of RON 70,844 thousand include the provision for employee's participation to profit of RON 46,274 thousand (December 31, 2022: RON 41,479 thousand), the provision for taxes of RON 6,514 thousand (December 31, 2022: RON 10,207 thousand), the provision for CO_2 certificates of 0 thousand (December 31, 2022: RON 228,126) and a provision of RON 6,101 thousand for the variable remuneration of the board of directors

and officers with a mandate contract to which they will be entitled if they meet the key performance indicators approved by shareholders (December 31, 2022: RON 1,067 thousand). In 2023 the Group acquired the CO2 certificates for the year, thus no provision is required at December 31, 2023.

a) Decommissioning provision

Decommissioning provision movement	2023 '000 RON	2022 '000 RON
At January 1	**236,490**	**437,638**
Additional provision recorded against non-current assets	118,118	1,273
Unwinding effect (note 9)	18,165	21,668
Recorded in profit or loss	33,861	(75,652)
Decrease recorded against non-current assets	(1,049)	(148,437)
At December 31	**405,585**	**236,490**

The Group makes full provision for the future costs of decommissioning natural gas and storage wells on a discounted basis upon installation. The provision for the costs of decommissioning these wells at the end of their economic lives has been estimated using existing technology, at current prices or future assumptions, depending on the expected timing of the activity, and discounted using a rate of 6.23% (year ended December 31, 2022: 8.19%). While the provision is based on the best estimate of future costs and the economic lives of the wells, there is uncertainty regarding both the amount and timing of these costs.

The increase with 1 percentage point of the discount rate would decrease the decommissioning provision with RON 62,650 thousand. The decrease with 1 percentage point of the discount rate would increase the decommissioning provision with RON 81,201 thousand.

The increase with 1 percentage point of the inflation rate would increase the decommissioning provision with RON 83,103 thousand. The decrease with 1 percentage point of the inflation rate would decrease the decommissioning provision with RON 64,871 thousand.

b) Other provisions

	Litigation provision '000 RON	Other provisions '000 RON	Total '000 RON
At January 1, 2023	**6,620**	**289,217**	**295,837**
Additional provision in the period	18,762	161,459	180,221
Provisions used in the period	(4,025)	(374,327)	(378,352)
Unused amounts during the period, reversed	(2,518)	(5,505)	(8,023)
At December 31, 2023	**18,839**	**70,844**	**89,683**

	Litigation provision '000 RON	Other provisions '000 RON	Total '000 RON
At January 1, 2022	**3,554**	**208,798**	**212,352**
Additional provision in period	4,124	321,531	325,655
Obligation acquired	-	170	170
Provisions used in the period	(948)	(216,370)	(217,318)
Unused amounts during the period, reversed	(110)	(24,912)	(25,022)
At December 31, 2022	**6,620**	**289,217**	**295,837**

The movement in other provisions refers mainly to the CO_2 certificates.

c) Retirement benefit obligation

Movement of the retirement benefit obligation	2023	2022
	'000 RON	'000 RON
At 1 January	**168,830**	**156,420**
Interest cost	13,139	7,600
Cost of current service	10,899	9,677
Payments during the year	(14,524)	(10,697)
Actuarial (gain)/loss for the period	10,970	(15,839)
Cost of past service	-	21,669
At December 31	**189,314**	**168,830**

Except for actuarial gains/losses, all movements in the retirement benefit obligation are recognized in the result of the period.

In determining the retirement benefit obligation, the following significant assumptions were used:

- No layoffs or restructurings are planned;
- Average discount rate: 5.9% (2022: 8.1%);
- Average inflation rate: 4.8% in 2024; 3.5% in 2025; 3.0% in 2026; 2.5% in 2027-2031 period, following a decreasing trend in the next years (2022: 16.3% in 2022; 11.2% in 2023; 6.1% in 2024; 3.6% in 2025; 2.5% in the 2026-2031 period, following a decreasing trend in the next years).

Sensitivity analysis

The discount rate has a significant effect on the obligation. Isolated change in assumptions with 1 percentage point would have the following effect on the obligation:

	Increase of 1% in assumptions	Decrease of 1% in assumptions
	'000 RON	'000 RON
Average discount rate	(16,567)	19,064
Salaries' growth rate	18,863	(16,698)

Maturity analysis of payment cash flows

	Benefit payments
	'000 RON
Up to 1 year	17,360
1-2 years	8,502
2-5 years	48,710
5-10 years	134,612
Over 10 years	543,259

19. DEFERRED REVENUE

	December 31, 2023	December 31, 2022
	'000 RON	'000 RON
Amounts collected from NIP (note 19 a)	276,519	230,169
Amounts collected from CINEA (note 19 b)	94,191	-
Other deferred revenue	134	145
Other amounts received as subsidies	97	105
Total long term deferred revenue	**370,941**	**230,419**

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Other amounts received as subsidies	7	7
Other deferred revenue	-	4
Total short term deferred revenue	**7**	**11**
Total deferred revenue	**370,948**	**230,430**

a) National Investment Plan ("NIP")

In Government Decision no. 1096/2013 approving the mechanism for free allocation of greenhouse gas emission allowances to electricity producers for the period 2013-2020, Annex no. 3 "National Investment Plan", Romgaz is included with the investment "Combined Gas Turbine Cycle".

For this investment, in 2017 Romgaz signed a financing agreement with the Ministry of Energy, whereby the Ministry of Energy undertakes to grant a non-reimbursable financing of RON 320,912 thousand, representing a maximum of 25% of the total value of eligible expenditure of the investment. By December 31, 2023 the Group collected RON 276,519 thousand. Amounts received under this contract will be transferred to income based on the depreciation rate of the investment.

As per Government Decision no. 1118/November 16, 2023 the completion and commissioning period of investments financed from the National Investment Plan was extended until December 31, 2024 and the reimbursement period until June 30, 2025.

b) Projects of Common Interest

In 2023, Depogaz signed a financing agreement with the European Climate, Infrastructure and Environment Executive Agency ("CINEA") to increase the daily withdrawal capacity of the Bilciurești storage facility. The financing agreement is for EUR 37,962 thousand, of which Depogaz received the amount of RON 94,192 thousand as an advance.

20. TRADE AND OTHER CURRENT LIABILITIES

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Accruals	62,983	37,067
Trade payables	50,926	38,725
Payables to fixed assets suppliers	32,202	34,214
Total trade payables	**146,111**	**110,006**
Payables related to employees	41,004	61,735
Royalties	174,773	146,965
Contribution to Energy Transition Fund	38	11,931
Joint operation payables	126,057	18,043
Social security taxes	33,334	37,756
Other current liabilities *)	219,173	12,174
VAT	9,616	20,612
Dividends payable	1,453	1,225
Windfall tax	29,420	-
Other taxes	2,696	1,827
Total other liabilities	**637,564**	**312,268**
Total trade and other liabilities	**783,675**	**422,274**

*) Other current liabilities include the Group's obligation to include the CO_2 certificates acquired in 2023 for the year's emissions in the Unique Registry of Greenhouse Gas Emissions (note 16 b).

21. FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk, interest rate risk), credit risk, liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance within certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The Group does not use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to currency risk as a result of exposure to various currencies. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Group is mainly exposed to currency risk generated by EUR against RON as a result of the interest-bearing loan described in note 28.

As of December 31, 2023, the official exchange rate was RON 4.9746 to EUR 1 (December 31, 2022: RON 4.9474 to EUR 1).

	EUR	GBP	USD	RON	
December 31, 2023	**1 EUR = 4.9746**	**1 GBP = 5.7225**	**1 USD = 4.4958**	**1 RON**	**Total**
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Financial assets					
Cash and cash equivalents	6,822	1	6	528,381	535,210
Other financial assets	94,418	-	-	2,390,284	2,484,702
Trade and other receivables	-	-	-	905,039	905,039
Total financial assets	**101,240**	**1**	**6**	**3,823,704**	**3,924,951**
Financial liabilities					
Trade payables and other payables	(31)	(43)	(8)	(83,046)	(83,128)
Lease liability	(7,952)	-	-	(5,077)	(13,029)
Borrowings	(1,131,722)	-	-	-	(1,131,722)
Total financial liabilities	**(1,139,705)**	**(43)**	**(8)**	**(88,123)**	**(1,227,879)**
Net	**(1,038,465)**	**(42)**	**(2)**	**3,735,581**	**2,697,072**

December 31, 2022	EUR 1 EUR = 4.9474 '000 RON	GBP 1 GBP = 5.5878 '000 RON	USD 1 USD = 4.6346 '000 RON	RON 1 RON '000 RON	Total '000 RON
Financial assets					
Cash and cash equivalents	77,764	3	8	1,806,107	1,883,882
Other financial assets	-	-	-	90,000	90,000
Trade and other receivables	-	-	-	768,017	768,017
Total financial assets	**77,764**	**3**	**8**	**2,664,124**	**2,741,899**
Financial liabilities					
Trade payables and other payables	(18)	-	(25)	(72,896)	(72,939)
Lease liability	(5,157)	-	-	(4,523)	(9,680)
Borrowings	(1,447,115)	-	-	-	(1,447,115)
Total financial liabilities	**(1,452,290)**	**-**	**(25)**	**(77,419)**	**(1,529,734)**
Net	**(1,374,526)**	**3**	**(17)**	**2,586,705**	**1,212,165**

The Group is mainly exposed to currency risk generated by EUR against RON. The table below details the sensitivity of the Group to a 5% increase/decrease in the EUR exchange rate against the RON. The 5% rate is the rate used in internal reports to management on foreign currency risk and represents management's assessment of reasonable changes in the exchange rate. Sensitivity analysis includes only monetary items denominated in foreign currency in the balance sheet and considers the transfer at the end of the period to a modified rate of 5%.

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
RON weakening - loss	(51,923)	(68,726)
RON strengthening - gain	51,923	68,726

(ii) Inflation risk

The official annual inflation rate in Romania for 2023 was 10.4% as provided by the National Institute of Statistics. The cumulative inflation rate for the last 3 years was under 100%. This factor, among others, led to the conclusion that Romania is not a hyperinflationary economy.

(iii) Interest rate risk

The Group is exposed to interest rate risk, due to retirement benefit obligations, decommissioning provision and interest-bearing loans. The Group's sensitivity to changes in the discount rate is detailed in note 18.

An increase of 1% in the interest rate on the borrowings would lead to an increase of the interest expense in 2024 of RON 10,269 thousand.

Bank deposits and treasury bills bear a fixed interest rate.

(b) Credit risk

Financial assets, which potentially subject the Group to credit risk, consist principally of trade receivables. The Group has policies in place to ensure that sales are made to customers with low credit risk. Also, sales have to be secured either through advance payments, either through bank letters of guarantee. The carrying amount of accounts receivable, net of loss allowances, represents the maximum amount exposed to credit risk. The Group has a concentration of credit risk in respect of its top three clients, which amounts to 47.99% of net trade receivable balance at December 31, 2023 (its top three clients: 86.60% as of December 31, 2022).

Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the loss allowance already recorded.

(c) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend policy, issue new shares or sell assets to reduce debt.

The Group's policy is to only resort to borrowing if investment needs cannot be financed internally.

The Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches of the financial covenants of interest-bearing loans in the current period.

(d) Fair value estimation

Carrying amount of financial assets and liabilities is assumed to approximate their fair values.

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, other financial assets, trade and other payables, interest-bearing borrowings. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Group's maximum exposure to credit risk for existing receivables.

e) Maturity analysis for financial assets and financial liabilities at amortized cost

The table below shows financial assets and financial liabilities of the Group on contractual maturities. The amounts represent non-discounted future cash flows generated by financial assets and financial liabilities.

December 31, 2023	Due in less than a month	Due in 1-3 months	Due in 3 months to 1 year	Due in 1-5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	904,306	733	-	-	-	905,039
Bank deposits	401,521	1,268,562	814,619	-	-	2,484,702
Total	**1,305,827**	**1,269,295**	**814,619**	**-**	**-**	**3,389,741**
Trade payables	(78,328)	(4,798)	(2)	-	-	(83,128)
Borrowings	-	(92,343)	(272,306)	(853,610)	-	(1,218,259)
Lease liabilities	(246)	(797)	(1,536)	(5,854)	(4,596)	(13,029)
Total	**(78,574)**	**(97,938)**	**(273,844)**	**(859,464)**	**(4,596)**	**(1,314,416)**
Net	**1,227,253**	**1,171,357**	**540,775**	**(859,464)**	**(4,596)**	**2,075,325**

December 31, 2022	Due in less than a month	Due in 1-3 months	Due in 3 months to 1 year	Due in 1-5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	589,135	116,864	62,018	-	-	768,017
Bank deposits	5,000	10,000	75,000	-	-	90,000
Total	**594,135**	**126,864**	**137,018**	**-**	**-**	**858,017**
Trade payables	(60,735)	(12,204)	-	-	-	(72,939)
Borrowings	-	(84,892)	(253,397)	(1,152,132)	-	(1,490,421)
Lease liabilities	(170)	(476)	(1,534)	(3,371)	(4,129)	(9,680)
Total	**(60,905)**	**(97,572)**	**(254,931)**	**(1,155,503)**	**(4,129)**	**(1,573,040)**
Net	**533,230**	**29,292**	**(117,913)**	**(1,155,503)**	**(4,129)**	**(715,023)**

f) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Group's management, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and current cash flows and by matching the maturity profiles of financial assets and liabilities.

22. RELATED PARTY TRANSACTIONS AND BALANCES

(i) Sales of goods and services

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Romgaz's associates	13,233	14,621
Total	**13,233**	**14,621**

The Group is controlled by the Ministry of Energy, on behalf of the Romanian State (note 17 a). As such, all companies over which the Ministry of Energy has control or significant influence are considered related parties of the Group. No other ministry or agency of the Romanian State has control or significant influence over the Group, therefore companies over which the Romanian State has control or significant influence through organizations other than the Ministry of Energy are not considered related parties of the Group.

The table below shows the transactions of the Group with companies over which the Ministry of Energy has control or significant influence:

	Year ended Dec 31, 2023 '000 RON	Year ended Dec 31, 2022 '000 RON
Companies controlled by the Ministry of Energy		
Electrocentrale Constanța SA	120,651	111,684
Electrocentrale București SA	1,156,358	1,582,639
Companies significantly influenced by the Ministry of Energy		
OMV Petrom SA	96,148	493,146
Engie România SA	2,084,527	2,702,642
E.On Energie România SA	2,441,073	1,955,551
Total	**5,898,757**	**6,845,662**

23. INFORMATION REGARDING THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The remuneration of executives and directors

The Group has no contractual obligations on pensions to former executives and directors of the Group.

During the years ended December 31, 2023 and December 31, 2022, no loans and advances were granted to executives and directors of the Group, except for work related travel advances, and they do not owe any amounts to the Group from such advances.

	Year ended Dec 31, 2023 '000 RON	Year ended Dec 31, 2022 '000 RON
Salaries paid to executives (gross)	31,726	24,794
of which, bonuses and variable component (gross)	1,926	2,516
Remuneration paid to directors (gross)	3,808	3,350
of which, variable component (gross)	530	745

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Salaries payable to executives	816	754
Salaries payable to directors	288	154

In addition to the above, on December 31, 2023 the Group recorded a provision for bonuses for executives and directors of RON 6,101 thousand (December 31, 2022: RON 1,067 thousand).

24. INVESTMENT IN ASSOCIATES

The Company's investments in associates are accounted using the equity method. The shares are not quoted on the stock exchange. No dividends were received in the years ended December 31, 2023, respectively, December 31, 2022.

The Company's investment in Agri LNG Project Company is not material. The investment is fully impaired.

Name of associate	Main activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)	
			December 31, 2023	December 31, 2022
SC Depomures SA Tg.Mures	Storage of natural gas	Romania	40	40
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25

Name of associate	Gross carrying value as of December 31, 2023	Impairment as of December 31, 2023	Carrying value as of December 31, 2023	Gross carrying value as of December 31, 2022	Impairment as of December 31, 2022	Carrying value as of December 31, 2022
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
SC Depomures SA Tg.Mures	33,410	-	33,410	28,537	-	28,537
SC Agri LNG Project Company SRL	182	(182)	-	977	(977)	-
Total	**33,592**	**(182)**	**33,410**	**29,514**	**(977)**	**28,537**

Summarized financial information for significant investments in associates (Depomureș)

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Non-current assets	62,616	65,560
Current assets, out of which:	31,598	19,378
- Cash and cash equivalents	26,443	15,940
Non-current liabilities, out of which:	2,170	5,601
- Long term financial liabilities	2,170	5,601
Current liabilities, out of which:	5,237	4,802
- Short term financial liabilities	3,431	3,431

	Year ended December 31, 2023 '000 RON	Year ended December 31, 2022 '000 RON
Revenue	48,243	43,200
Interest income	1,107	486
Amortization and depreciation	(3,826)	(3,919)
Interest expense	(309)	(447)
Income tax expense	(2,114)	(1,087)
Net profit from continued operations	12,183	5,875

Reconciliation of net book value for the significant investments in associates

	2023 '000 RON	2022 '000 RON
January 1	**28,537**	**26,187**
Interest in the total comprehensive income of significant investments in associates	4,873	2,350
December 31	**33,410**	**28,537**

25. OTHER FINANCIAL INVESTMENTS

Other financial investments are reclassified at fair value through profit or loss.

Except for the investment in Patria Bank, which is classified as level 1 instrument in the fair value hierarchy, all other investments are included in level 3 category, according to IFRS 13.

Company	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%) December 31, 2023	Proportion of ownership interest and voting power held (%) December 31, 2022
Electrocentrale București S.A.	Electricity and thermal power producer	Romania	2.49	2.49
Patria Bank S.A.	Other activities – financial intermediations	Romania	0.02	0.02
Mi Petrogas Services S.A.	Services related to oil and natural gas extraction, excluding prospections	Romania	10	10
Lukoil association	Petroleum exploration operations	Romania	12.2	12.2
Electricity Producers Association-HENRO	Non-governmental, non-profit, independent association	Romania	33.33	33.33

Company	Fair value as of December 31, 2023	Fair value as of December 31, 2022
	'000 RON	'000 RON
Electrocentrale București S.A.*)	-	-
Patria Bank S.A.**)	79	79
Mi Petrogas Services S.A.	60	60
Lukoil association	5,227	5,227
Electricity Producers Association-HENRO	250	250
Total	**5,616**	**5,616**

*) The fair value of the investment in Electrocentrale Bucuresti was reduced to zero after entering into insolvency. The investment in Electrocentrale Bucuresti is not quoted. The company concluded the restructuring plan in February 2023, however its current financial position does not justify a modification of its value. These financial statements do not include any adjustments related to this event.

**) In 2016, the Company's shareholders decided to withdraw Romgaz from the bank's shareholders, as a result of the merger process in which Patria Bank was involved. In 2021, the approval of the National Bank of Romania was obtained for the partial redemption of the shares that the Company holds in Patria Bank. The shares of Patria Bank S.A. are listed, but following the merger process, the price at which the redemption of the shares held by the shareholders who requested the withdrawal from the shareholding was set to a fixed value. Thus, the investment is measured at this redemption value.

26. SEGMENT INFORMATION

a) Segment assets and liabilities

December 31, 2023	Upstream	Storage	Electricity	Other	Consolidation adjustments	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Property, plant and equipment	3,499,264	242,138	1,243,110	469,220	438,056	5,891,788
Intangible assets	5,121,850	852	21	13,207	-	5,135,930
Investments in associates	-	-	-	33,410	-	33,410
Other financial investments	-	-	-	5,616	-	5,616
Deferred tax asset	129,357	1,293	-	193,525	-	324,175
Other financial assets	1	161,114	-	2,344,348	-	2,505,463
Inventories	271,804	7,938	3,520	18,428	-	301,690
Other assets	73,313	1,897	210,557	585,742	(549,710)	321,799
Trade and other receivables	1,284,648	76,061	42,486	10,303	(14,545)	1,398,953
Cash and cash equivalents	30,602	11,884	47,877	444,847	-	535,210
Right of use asset	524	277	915	9,859	21	11,596
Assets held for disposal	3,861	682,477	-	1,493	(687,831)	-
Net investments in leasing	-	-	-	315	(315)	-
Total assets	**10,415,224**	**1,185,931**	**1,548,486**	**4,130,313**	**(814,324)**	**16,465,630**

December 31, 2023	Upstream	Storage	Electricity	Other	Consolidation adjustments	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Retirement benefit obligation	-	11,593	-	177,721	-	189,314
Contract liabilities	153,717	-	-	6	-	153,723
Provisions	394,522	46,733	3,354	50,659	-	495,268
Trade payables	50,297	20,396	69,861	20,102	(14,545)	146,111
Current tax liabilities	1,686,919	3,920	-	75,798	-	1,766,637
Deferred revenue	237	94,192	276,519	-	-	370,948
Borrowings	17,620	-	-	1,131,721	(17,619)	1,131,722
Lease liability	555	316	1,180	11,293	(315)	13,029
Other liabilities	902,113	17,503	213,616	36,421	(532,089)	637,564
Total liabilities	**3,205,980**	**194,653**	**564,530**	**1,503,721**	**(564,568)**	**4,904,316**

December 31, 2022	Upstream	Storage	Electricity	Other	Consolidation adjustments	Total
	'000 RON	'000 RON	'000 RON	'000 RON		'000 RON
Property, plant and equipment	2,641,773	825,378	1,184,636	591,036	(203,509)	5,039,314
Other intangible assets	5,122,643	918	-	16,864	-	5,140,425
Investments in associates	-	-	-	28,537	-	28,537
Other financial investments	-	-	-	5,616	-	5,616
Deferred tax asset	428	1,357	-	197,231	-	199,016
Other financial assets	1	91,116	-	8,480	-	99,597
Inventories	256,982	9,472	2,695	14,858	-	284,007
Other assets	165,085	4,562	41,371	54,214	-	265,232
Trade and other receivables	1,268,528	59,380	54,110	11,525	(19,879)	1,373,664
Contract costs	3	-	-	-	-	3
Cash and cash equivalents	21,307	14,567	516	1,847,492	-	1,883,882
Right of use asset	1,643	328	-	6,786	9	8,766
Assets held for disposal	-	677,634	-	-	(677,634)	-
Net investments in leasing	-	-	-	374	(374)	-
Total assets	**9,478,393**	**1,684,712**	**1,283,328**	**2,783,013**	**(901,387)**	**14,328,059**
Retirement benefit obligation	-	9,896	-	158,934	-	168,830
Contract liabilities	263,340	-	-	-	-	263,340
Provisions	234,697	32,388	230,691	34,551	-	532,327
Trade payables	62,564	42,581	4,621	20,119	(19,879)	110,006
Current tax liabilities	1,002,790	5,625	-	169,083	-	1,177,498
Deferred revenue	258	-	230,169	3	-	230,430
Borrowings	-	-	-	1,447,115	-	1,447,115
Lease liability	1,573	374	-	8,107	(374)	9,680
Other liabilities	216,806	14,265	18,049	63,148	-	312,268
Total liabilities	**1,782,028**	**105,129**	**483,530**	**1,901,060**	**(20,253)**	**4,251,494**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

b) Segment revenues, results and other segment information

Year ended December 31, 2023	**Upstream**	**Storage**	**Electricity**	**Other**	**Adjustment and eliminations**	**Total**
	'000 RON	**'000 RON**	**'000 RON**	**'000 RON**	**'000 RON**	**'000 RON**
Revenue	8,398,731	550,278	588,609	464,701	(1,000,441)	9,001,878
Less: revenue between segments	(332,511)	(33,342)	(181,722)	(452,866)	1,000,441	-
Third party revenue	8,066,220	516,936	406,887	11,835	-	9,001,878
Interest income	1,192	7,648	95	221,716	(17,643)	213,008
Interest expense	(946)	-	-	(43,181)	944	(43,183)
Share of profit of associates	-	-	-	4,873	-	4,873
Depreciation and amortization	(318,171)	(13,750)	(2,927)	(28,939)	(29,883)	(393,670)
Impairment losses recognized during the period in profit or loss	(174,448)	-	(15,861)	(14,692)	(351)	(205,352)
Impairment losses reversed during the period in profit or loss	119,257	496	-	616	2,085	122,454
Segment result before tax profit/(loss)	**5,043,246**	**172,461**	**(326,152)**	**274,181**	**(96,274)**	**5,067,462**

Year ended December 31, 2022	**Upstream**	**Storage**	**Electricity**	**Other**	**Adjustment and eliminations**	**Total**
	'000 RON	**'000 RON**	**'000 RON**	**'000 RON**	**'000 RON**	**'000 RON**
Revenue	12,355,984	475,989	1,646,783	438,097	(1,557,200)	13,359,653
Less: revenue between segments	(759,166)	(52,028)	(317,706)	(428,300)	1,557,200	-
Third party revenue	11,596,818	423,961	1,329,077	9,797	-	13,359,653
Interest income	609	2,547	40	174,172	(389)	176,979
Interest expense	(46)	-	-	(5,038)	44	(5,040)
Share of profit of associates	-	-	-	2,350	-	2,350
Depreciation and amortization	(291,744)	(12,329)	(3,893)	(26,171)	(74,766)	(408,903)
Impairment losses recognized during the period in profit or loss	(195,815)	-	(6,380)	(89)	(1,015)	(203,299)
Impairment losses reversed during the period in profit or loss	61,221	-	114	791	-	62,126
Segment result before tax profit/(loss)	**4,229,534**	**115,767**	**(49,952)**	**(53,235)**	**(87,865)**	**4,154,249**

In the year ended December 31, 2023, the Group's three largest clients each individually represents more than 10% of revenue, sales to these clients being of RON 2,489,605 thousand, RON 2,174,567 thousand, RON 979,005 thousand, (in the year ended December 31, 2022 the Group's three largest customers represented individually, over 10% of revenue, sales to these clients being of RON 2,564,071 thousand, RON 2,064,087 thousand, RON 1,783,998 thousand), together totaling 62.69% of total revenue (year ended December 31, 2022: 48.00%). Of the total revenue generated by those three clients, 5.75% are shown in the "Storage" segment and 93.33% in the "Upstream" segment (year ended December 31, 2022: 3.54% in the "Storage" segment, 91.73% in the "Upstream" segment).

27. CASH AND CASH EQUIVALENTS

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Current bank accounts *)	147,009	122,559
Petty cash	47	50
Term deposits	386,248	1,759,683
Restricted cash **)	1,901	1,584
Amounts under settlement	5	6
Total	**535,210**	**1,883,882**

*) Current bank accounts include overnight deposits.

**) At December 31, 2023 restricted cash refers to bank accounts used only for dividend payments to shareholders, according to stock market regulations.

28. INTEREST BEARING BORROWINGS

	Interest rate	Maturity	December 31, 2023 '000 RON	December 31, 2022 '000 RON
EUR 325,000 thousand bank borrowing	EURIBOR 3M + 0.05% p.a.	June 30, 2027	1,131,722	1,447,115
Total			**1,131,722**	**1,447,115**

In March 2022, Romgaz signed a EUR 325 million financing deal with Raiffeisen Bank S.A. to finance part of the purchase price of the shares of ExxonMobil Exploration and Production Romania Limited (now Romgaz Black Sea Limited) that holds 50% of the rights and obligations for the Neptun Deep block.

In June 2022, an addendum to the facility contract was signed between Romgaz acting as borrower and Raiffeisen Bank S.A. and Banca Comerciala Romana S.A. as lenders.

The facility's final maturity is in five years from utilization. There are no borrowing costs other than interest. The loan is repayable in quarterly installments. The loan is not secured.

In December 2023, Depogaz signed an investment credit contract for RON 250 million with Banca Transilvania SA to finance the investment for the increase of the daily withdrawal capacity of the Bilciureşti storage facility. The facility can be used until June 19, 2027 and must be repaid by August 06, 2037. The loan is repayable in quarterly installments, after the end of the grace period on June 19, 2027. The loan is secured by Depogaz' cash held at Banca Transilvania. The loan was not drawn by December 31, 2023.

The fair value of the loans approximates their carrying value as they carry a variable rate of interest.

29. OTHER FINANCIAL ASSETS

Other financial assets represent deposits with a maturity of over 3 months, from acquisition date. The Group did not identify any risk of loss for these assets, therefore it did not record any impairment.

	December 31, 2023 '000 RON	December 31, 2022 '000 RON
Bank deposits	2,484,702	90,000
Accrued interest receivable on bank deposits	20,761	9,597
Total other financial assets	**2,505,463**	**99,597**

30. COMMITMENTS UNDERTAKEN

	December 31, 2023	December 31, 2022
	'000 RON	'000 RON
Endorsements and collaterals granted	273,425	312,689
Total	**273,425**	**312,689**

In 2023, 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 500,000 thousand. On December 31, 2023 are still available for use RON 229,515 thousand.

As of December 31, 2023, the Group's contractual commitments for the acquisition of non-current assets are of RON 3,779,428 thousand (December 31, 2022: RON 396,551 thousand).

31. COMMITMENTS RECEIVED

	December 31, 2023	December 31, 2022
	'000 RON	'000 RON
Endorsements and collaterals received	2,598,882	2,127,764
Total	**2,598,882**	**2,127,764**

Endorsements and collateral received represent letters of guarantee and other performance guarantees received from the Group's clients.

32. CONTINGENCIES

(a) *Litigations*

The Group is subject to several legal actions arisen in the normal course of business. The management of the Group considers that they will have no material adverse effect on the results and the financial position of the Group.

On December 28, 2011, 27 former and current employees of Romgaz were notified by DIICOT regarding an investigation related to sale contracts signed with one of the Company's clients for allegedly unauthorized discounts granted to this client during the period 2005-2010. DIICOT mentioned that this may have resulted in a loss of USD 92,000 thousand for the Company. On that sum, an additional burden to the state budget consists of income tax in amount of USD 15,000 thousand and VAT in amount of USD 19,000 thousand. The internal analysis carried out by the Company's specialized departments concluded that the agreement was in compliance with the legal provisions and all discounts were granted based on Orders issued by the Ministry of Economy and Finance and decisions of the General Shareholders' Board and Board of Directors. The management of the Company believes the investigation will not have a negative impact on the financial statements, to justify the registration of an adjustment. The Company is fully cooperating with DIICOT in providing all information necessary. On March 18 2014, Romgaz received an address from DIICOT, by which the investigators ordered an accounting expertise, indicating the objectives of the expertise.

Romgaz was notified that, as injured party, it may submit comments relating to objectives of the expertise (additions/changes), and may appoint an additional expert to participate in the expertise.

Thus, Romgaz proceeded to identify and appoint an expert with accounting and financial expertise that can participate to the expertise. After the report was completed, the parties could submit objections by November 2, 2015.

On March 16, 2016, DIICOT – Central Structure informed the persons involved in the cause about the start of legal actions against them. At the request of investigators, the Company announced that in case of a prejudice being established during the investigation, the Company will join the case as civil party.

In November 2016, DIICOT informed the Company the prejudice established in amount of RON 282,630 thousand. Following this request, Romgaz announced that will join the case as a civil party for the amount of RON 282,630 thousand to recover this amount from the respective client and any other person that may be found guilty for causing the prejudice.

In June 2017, DIICOT issued a press release announcing the referral to court of several persons involved in the case. In January 2018, the High Court of Cassation and Justice ruled that the indictment prepared by DIICOT was not legal. The Court issued a decision in December, 2022 stating there is no offence and the civil complaint filed by Romgaz was left unresolved. Romgaz appealed the decision. A final decision was not yet issued by the court.

(b) *Taxation*

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties. In Romania, tax periods remain open for fiscal verification for 5 years. The Group's management considers that the tax liabilities included in these financial statements are fairly stated.

(c) *Environmental contingencies*

Environmental regulations are developing in Romania and the Group has not recorded any liability at December 31, 2023 for any anticipated costs, including legal and consulting fees, impact studies, the design and implementation of remediation plans related to environmental matters, except the amount of RON 405,585 thousand (December 31, 2022: RON 236,490 thousand), representing the decommissioning liability.

(d) *Contingencies related to grants related to income*

Government Emergency Ordinance no. 27/2022 as subsequently amended (GEO 27) includes the obligation of the Group to sell at a regulated price of RON 450/MWh the electricity it produces. According to GEO 27, electricity producers must calculate a contribution to the Energy Transition Fund. If the value of the CO_2 certificates related to the energy sold at RON 450/MWh exceeds the contribution to the Energy Transition Fund, electricity producers are entitled to receive the excess. Until December 2023, the legislation did not provide for the mechanism to request these amounts from the Romanian State nor the competent authority for the settlement of such requests. As such, the right to receive the grant is not enforceable.

By December 31, 2023 the Group should receive RON 167,743 thousand.

33. JOINT ARRANGEMENTS

a) Joint arrangement with Amromco

In January 2002, Romgaz signed a petroleum agreement with Amromco for rehabilitation operations in order to achieve additional production in 11 blocks, namely: Bibești, Strâmba, Finta, Fierbinți-Târg, Frasin-Brazi, Zătreni, Boldu, Roșioru, Gura-Șuții, Balta-Albă and Vlădeni. For the base production, Romgaz holds a share of 100% and for the additional production, Romgaz owns a share of 50% and Amromco Energy SRL - 50%. As the agreement was signed to execute rehabilitation operations to obtain additional production, the mandatory work program is in accordance with the studies approved by ANRM. Accordingly, the annual work program, which includes both works provided in the studies and other works necessary and proposed by the partners, is approved annually by the Board of the joint arrangement before the start of each year. The duration of the joint arrangement is in line with the time frame of each individual concession agreement of the 11 perimeters stated above, which differs for each block.

b) Joint arrangement with OMV Petrom SA

In August 2022, the Group became a party to a joint arrangement with OMV Petrom SA (operator) for the offshore block Neptun Deepwater in the Black Sea, through the acquisition of ExxonMobil Exploration and Production Romania Limited, currently Romgaz Black Sea Limited. The joint arrangement is classified as joint operation. Each party to the joint agreement has a 50% interest in the concession agreement for the Neptun Deepwater block. Marketing and sales of hydrocarbons are not part of the joint arrangement.

All the rights and interests in and under the joint arrangement, all joint property and any hydrocarbons produced from the Neptun Deepwater block is owned by each party in accordance with its participating interest.

As a general rule, all decisions of the operating committee require unanimity.

34. AUDITOR'S FEES

The fee charged by the Group's statutory auditor, S.C. Ernst & Young Assurance Services S.R.L. for the statutory audit of the 2023 annual financial statements is RON 452 thousand.

The fees charged for other assurance services in 2023 are RON 219 thousand.

35. EVENTS AFTER THE BALANCE SHEET DATE

In December 2023 the Extraordinary General Meeting of Shareholders approved Romgaz' share capital increase through the incorporation of reserves of RON 3,468,802 thousand by issuing 3,468,801,600 shares with a nominal value of RON 1/share, each shareholder registered on the Registration Date being entitled to 9 free shares for each share held. The increase was registered in January 2024 at the Trade Register. The share capital increased to RON 3,854,224 thousand. The Extraordinary General Meeting of Shareholders approved the date of May 30, 2024 as the date of distribution of the free shares. As such, earnings per share were not restated to reflect the increase in the number of shares. Following the date of distribution, earnings per share will be ten times lower (2023: RON 0.0007 thousand/share; 2022: 0.0007 thousand/share).

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were endorsed by the Board of Directors on March 22, 2024.

Răzvan Popescu	**Gabriela Trânbițaș**
Chief Executive Officer	Chief Financial Officer