

November 12, 2021

PRESS RELEASE

**Quarterly Report on the Economic-Financial Activity of Romgaz Group
on September 30, 2021
(January 01, 2021 – September 30, 2021)**

The full version of the **Quarterly Report on the Economic-Financial Activity of Romgaz Group on September 30, 2021 (January - September 2021)** and the **Consolidated Condensed Interim Financial Statements for the Nine-Month and Three-Month Periods Ended September 30, 2020 (Unaudited)**, Prepared in Accordance with International Accounting Standard 34, are available on company's website www.romgaz.ro – Section [Investors](#) – [Interim Reports](#) and on Bucharest Stock Exchange website.

ROMGAZ GROUP¹ PERFORMANCE

In the first nine months of 2021, Romgaz Group recorded a **revenue** of **RON 3,496.5 million**, an increase by 19.8%, namely RON 578.1 million, as compared with the revenue achieved in the first 9 months of 2020. In the 3rd quarter (Q3) of 2021, the consolidated revenue increased by 71.9% compared with Q3 2020.

Net profit of **RON 1,156.4 million** was higher by 22.7%, namely RON 214.4 million, as compared with the similar period of the previous year.

Consolidated net profit per share (**EPS**) was **RON 3.0**, 22.7% higher than the one recorded in the first nine months of 2020.

Achieved margins of consolidated net profit (**33.07%**), consolidated EBIT (**37.50%**) and consolidated EBITDA (**51.69%**) are relatively similar with those recorded in the nine month period ended on September 30, 2020 (32.28%; 36.71% and 52.74% respectively) and maintain Group's profitability.

For the reporting period, Romania's estimated natural gas consumption² was 90.32 TWh, approximately 3.2% higher than the consumption recorded in the similar period of 2020.

Thus, Romgaz market share estimated for the first nine months of 2021, is 45.8%, 8% higher than the market share recorded in the same period of the previous year.

Natural gas production in the first 9 months of 2021 was **3,706.4 million m³**, higher by 15.9%, namely 508.7 million m³, than in the similar period of 2020.

Electricity produced in the first 9 months of 2021 was **426.071 GWh**, 31.04% lower (-191.795 GWh) than in the same period of the previous year.

In Q3, Romgaz produced 222.989 GWh, 99.644 GWh lower, namely 30.88%, than in the first 9 months of 2020. With this production, Romgaz has a 1.7% market share.

A brief overview of the Group's main indicators during the nine-month period ended on September 30, 2021:

- ✓ Consolidated *gross result* for the reporting period is higher by 21.92% as compared with the similar period of the previous year (RON +242.6 million) due to the following influential factors:
 - Consolidated revenue recorded an increase of 19.81% (RON 578.1 million) compared with the similar period of 2020;

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

² Consumption is estimated as, at the date hereof, ANRE did not publish the report on the natural gas market for August and September 2021.

- Revenues from natural gas sales increased by 25.64% (RON +609.2 million), with a sold quantity higher by 26.4%. Revenues from sales of gas purchased for resale increased by 2,379.4%, namely RON 291.8 million, considering that the cost of gas purchased for resale increased by RON 158.8 million;
 - Revenues from electricity increased by 27.5%;
 - consolidated revenue from underground storage activity recorded a decrease by 30.07%; the unconsolidated revenue from underground storage activity decreased by approximately 7% as compared with the previous period;
 - in Q3 2021 the performance bond related to the works contract for development of CTE Iernut by building a new 430 MW power plant with, combined cycle gas turbine concluded between S.N.G.N. Romgaz S.A. and the Duro Felguera S.A. and Romelectro S.A. consortium was executed, generating an income of RON 114.6 million;
 - Romgaz received a final settlement in a litigation against ANAF (National Agency for Fiscal Administration) for cancelling a fiscal inspection report related to an inspection carried out between December 2016 – April 2017, which led to the recognition of an income of RON 28.02 million from offsetting the impairment set up for such receivables;
 - Royalty expenses increased by RON 214.2 million (+161.35%), mainly as a result of the increase of the reference price used in the calculation of this tax but also as a result of the increase of production, while expenses with the windfall tax are higher by RON 29.0 million (+8.64%);
 - The increase of the price of greenhouse gas emission certificates had a net negative impact of RON 105.8 million on the results of the period;
- ✓ *Net profit* is **RON 1,156.4 million**, higher by RON 214.5 million than the one recorded in the previous period due to the above mentioned reasons (+22.7%);
 - ✓ *Labour productivity* increased by 25.54%, as compared to the previous period, from RON 470.64 thousand revenue/employee in the first 9 months of 2020 to **RON 590.83 thousand** revenue/employee in the similar period of 2021;
 - ✓ *EPS* is **RON 3.0**, 22.70% higher than in the first 9 months of 2020;
 - ✓ In Q3 2021 an amount of RON 94.1 million was received representing financing from the National Investment Plan for the construction of the new power plant in Iernut.

During the first 9 months of 2021, *Romgaz produced* 3,706 million m³ of natural gas, 508 million m³ (+15.9%) more than in the same period of the previous year.

The level of gas production recorded in the first 9 months of 2021 was influenced by:

- ✓ Implementation of actions to optimize exploitation of natural gas reservoirs;
- ✓ Continuation and extension of rehabilitation projects of the main mature gas reservoirs;
- ✓ Execution of well workover operations in low productivity or inactive wells;
- ✓ Completion of investments in the development of production infrastructure and connection of new wells to this infrastructure.

The volume of gas sold by Romgaz in the first 9 months of 2021, representing deliveries to customers, without CET Iernut consumption, recorded an estimated increase of 26.4% as compared with the similar period of the previous year.

The volume of produced electricity as indicated in the table below is in close connection with the energy demand, the evolution of prices on competitive markets and the quantity of natural gas allocated to the production of electricity and the efficiency of said activity.

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About ROMGAZ

S.N.G.N. Romgaz S.A. is the largest natural gas producer and the main supplier in Romania. The company is listed on Bucharest Stock Exchange and GDRs are traded on London Stock Exchange. The majority shareholder is the Romanian State owning a 70% stake. The company has a vast experience in the field of gas exploration and production, with a history that began in 1909 and spans more than 100 years. Romgaz undertakes geological exploration with the aim of discovering new gas reserves, produces methane by exploiting the reservoirs included in the company's portfolio and stores natural gas in underground storages; it performs well interventions, workover and special operations, and ensures technological transportation professional services. In 2013, Romgaz extended its scope of work by taking over Iernut thermoelectric power plant, becoming electricity producer and supplier.