



CONFERENCE CALL

FOR THE DISCUSSION OF THE 9M/Q3 2021 RESULTS

of ROMGAZ Group

November 15, 2021

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Mr. Razvan POPESCU, CFO:

INTRODUCTION TO THE CONFERENCE CALL
for the discussion of the 9M/Q3 2021 Results – Nov 15, 2021

Good afternoon ladies and gentlemen,

Thank you for joining our conference call to discuss the results recorded by Romgaz Group in the first 9 Months / Q3 2021.

We released the Quarterly Report on Friday, and this includes the presentation of our economic performance and the IFRS Interim Consolidated Financial Statements.

Also, an overall presentation of the group is available on our website.

In the beginning we present some highlights regarding the gas market environment in the first 9 months of 2021 compared to the previous year:

- We estimate that total natural gas consumption in Romania marginally increased by 3% in the first 9 months, while in Q3 alone - gas consumption recorded a decrease of 14%, according to our assessments.
- Monthly Average of Wholesale Gas Prices on the Romanian Commodities Exchange (Spot & Forward Markets) recorded a bottom in October 2020, and afterwards followed a steep upward trend; these prices are considered as of the month of delivery.
- On the Central European Gas Hub, the average reference price followed a more accelerated increase in 2021: almost 3 times in the first 9 Months, and over 5 times in Q3 alone compared to the similar periods of 2020.
- Regarding the gas sector regulation, please be advised that prices of gas sold by domestic producers to households were capped at the maximum value of 68 RON/MWh until June 30, 2020.

Starting with July 1st 2020, gas prices have been fully liberalized both for producers and suppliers, with some restrictions enforced by the Gas Release Program through the regulator's Orders no 143 and 144 / 2020.

Accordingly, large gas producers have the obligation to offer 40% of the previous year gas production (less own and technological consumption) on the centralized markets, with a discount of at least 5% from the previous 60-days average price of the standardized products. The program is applicable until the end of 2022.

For the first 9 months of 2021, we can emphasise the following key operational and financial performance achieved by Romgaz Group:

- We succeeded to increase our Gas Production by 15.9% year-on-year, to 3.71 bcm. The good performance is mainly due to: works to optimize wells operation, continuous and extended rehabilitation programmes in main mature reservoirs, workover operations at low-flow or inactive wells, and completion of investments to develop the production infrastructure and connect new wells to this infrastructure.
- Our market share in total gas deliveries in Romania climbed to 45.8% according to our estimates, higher by 8% compared to the same period of 2020
- On the sales side, Traded Gas Volumes improved by over 26% to 3.76 bcm - close to the 2019 pre-pandemic level, and at the highest level recorded in the past years
- Consequently, “Total Revenues from gas sold (including resales)” were up by 26%, also due to an active commercial strategy and strong portfolio of clients
- “Revenues from Storage Services” declined by 30% on lower revenues from capacity reservation and injection activities in the period
- “Revenues from Electricity” increased by 27.5% year-on-year, based on the favourable gas value chain policy conducted by Romgaz, on the supportive electricity market demand and on pricing as well
- Overall, we recorded “Total Revenues” of 3.50 billion RON, up by almost 20% compared to 2020
- Regarding expenses, we can mention the negative impact of “Gas & UGS royalties” that increased significantly 2.6 times year-on-year – mainly as a result of high reference prices on CEGH; Also, the “Windfall profit tax” rose by 9% in the period on higher volumes sold
- We recorded a Net Profit of 1.16 billion RON in the first 9 months – which exceeded by almost 23% the level reported in the previous year
- We also maintained all profitability margins at strong levels: EBITDA margin at 51.7%, EBIT margin at 37.5% and Net profit margin at over 33%.

In Q3 alone, results were significant - helped by our favourable commercial strategy and improved pricing in the market, so we can highlight the following performance:

- Natural gas production was higher by almost 25% to 1.19 bcm
- Volume of Gas Traded rose by 34% year-on-year, at the highest Q3 level recorded after our listing on the Bucharest Stock Exchange

- Total Revenues were up 72% year-on-year, mainly due to “Total Gas Revenues” which increased by 85% - and also helped by “Revenues from Electricity” generated by the old power plant
- Positively, we reported EBITDA almost double to 622 million RON, and Net Profit of 395 million RON – which is 2.8 times higher compared to 2020
- All profitability rates recorded an increase – so we can mention EBITDA margin of almost 50% and Net Profit margin - up to 31.7%
- All these significant results were achieved in spite of the negative impact from Royalties and Windfall Profit Tax that jointly were higher 3.5 times compared to 2020.

Regarding capex, we invested 349 million RON in the first 9 months, which accounted for 54% of the budgeted amount. We provided additional details in our Quarterly Report.

There are also highly important events that occurred or are planned in Q4 this year, and which are in the investors’ attention:

- In October, the Gov’t approved the extension of exploration programme for 8 blocks - by 6 years (2021-2027) - as negotiated with ANRM (the National Agency for Mineral Resources)
- We issued the new “SNGN Romgaz Strategy for 2021-2030” – which received green light from our shareholders on November 4.

The main strategic objectives are to: develop portfolio of resources – both onshore and offshore - focused on mitigating the climate changes effects, to produce electricity with low CO2 emissions, to use renewable energy sources, and digital transformation of the company. The Strategy is available on our website.

- In line with our strategic objective to strengthen our gas resources portfolio, we are in advanced stage to acquire 50% of the rights and obligations for petroleum exploration, development and production in XIX Neptun Deep Block - from Exxon Mobile E&P Romania Ltd. The transaction cost is planned to be partially financed through 325 million EUR bank loans.

Both an Extraordinary and an Ordinary General Meeting of Shareholders are called on December 9, to approve the acquisition and the related bank loans.

As we have previously announced, we expect to finalize the transaction in Q1 2022, after obtaining all required approvals and meeting all terms mentioned in the sale-purchase agreement.

With this, we would like to close our presentation and thank you for your attention!

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Q&A SESSION

Question from Irina Railean (BT Capital Partners, Romania): What would be a CAPEX guidance for the next 5 years that would meet the production evolution target mentioned in the recently published Strategy (excluding acquisitions)?

Answer from Razvan Popescu: The amount depends on and if our shareholders will approve the acquisition of the Neptun Deep Project. Also, CAPEX depends on how we will view the investment strategy in relation with the operator of the block, and in that case that will be OMV Petrom. I cannot give you an exact target right now, because it would include both the investment in Neptun Deep and also our investment in our own capabilities and development of the onshore part of the project.

Question from Iuliana Ciopraga (Wood & Company): Can you disclose how much have you sold forward for 2022E?

Answer from Radu Moldovan: At this date we have sold - except for the GRP, which is an obligation for each month - approximately 90% from the available gas quantities.

Question from Tamas Pletser (Erste Bank Investment, Hungary): What is current status of Iernut power plant project? When do you expect new Iernut plant to be operating?

Answer from Razvan Popescu: As you know, we have contracted a third party consultant to evaluate the works that have been done. A report has been issued and we have issued a press release on the Stock Exchange regarding that report and right now we are actively looking for the best solution to continue and finalize the project. Right now we are looking sometime at the end of next year to have the power plant finalized and operational.

Question from Irina Railean (BT Capital Partners, Romania): Given the recent spike in the natural gas prices, when might we expect a reversal in the impairment of gas production assets?

Answer from Gabriela Tranbitas: According to the IFRS, whenever there is a significant change in the assumptions considered in the previous impairment test, we have to re-perform the test. At this point, we are investigating into how long tem this spike is, and we will re-perform the impairment test by the end of the year.

Question from Iuliana Ciopraga (Wood & Company): Can you also disclose the average price for the volumes sold forward excluding GRP?

Answer from Radu Moldovan: We cannot provide a price, but we can mention that the price of gas sold on the market - on the Commodities Exchange - was equal and sometimes even higher than the price on CEGH. Also, prices of bilaterally-negotiated contracts are related to the gas prices on CEGH, the gas prices on the Romanian Commodities Market and the quotations for alternative fuels. And these prices are valid only for the date when the offer has been made.

Question from Tamas Pletser (Erste Bank Investment, Hungary): What is your opinion on the dividend payment, if you succeed to buy Exxon's stake?

Answer from Razvan Popescu: As you know, the dividend distribution is regulated by the law, we have to issue a dividend of minimum 50%. This only depends on our shareholders, they will decide if the dividend will be 50% or more up to 90%.

Question from Irina Railean (BT Capital Partners, Romania): What is the amount Romgaz should further invest to develop Neptun Deep until the first gas (besides the acquisition of the 50% in Neptun)?

Answer from Razvan Popescu: Right now we cannot give an exact number until our shareholders will approve the actual acquisition. We cannot make any kind of remark regarding CAPEX. These remarks would be made and could be made after the SGM in December 9th, when our shareholders will approve the Exxon acquisition.

Question from Iuliana Ciopraga (Wood & Company): How much have you sold on bilateral contracts for 2022E?

Answer from Radu Moldovan: Around 44% from the contracted quantities are sold under bilateral contracts. And from these, around 85% are contracts with heating companies.

Question from Oleg Galbur (Raiffeisen Bank International): How do you explain the decrease of Earnings before Tax in the Upstream Segment in 3Q 2021 vs. 2Q 2021, which happens in an environment of more favorable gas prices on the Centralized market?

Answer from Gabriela Tranbitas: We had higher royalties and windfall profit tax. This would be the main explanation for the lower results.

Question from Irina Railean (BT Capital Partners, Romania): What is your view on the long-term gas prices? For how many quarters can we see such high levels of gas prices?

Answer from Radu Moldovan: The prices on both markets - CEGH and BRM - are now a little bit tempered, at least for the present time. But, considering the transactions concluded until September and with delivery in Q4 and in the next year, the delivery prices will grow significantly in the Q4 2021 and in Q1 2022.

Question from Iuliana Ciopraga (Wood & Company): Assuming you buy Neptun Deep, given high CAPEX, do you plan to ask for an exemption on the rule to distribute minimum 50% as dividends?

Answer from Razvan Popescu: This exemption will depend on how the gas market will evolve in the coming years and will depend also on the management and how they will view the CAPEX. It is a solution and it is also a possibility, but we will probably do that after the 9th of December.

Question from Oleg Galbur (Raiffeisen Bank International): What is the Board of Directors' view on the 2021 dividends, would you see room for paying higher dividend per share?

Answer from Razvan Popescu: The distribution of dividends is regulated by law, and is 50% of the Net Profit. We will probably abide by this regulation from the information that we have at this point of time.

Question from Cristian Petre (NN Pensii, Romania): When do you expect more parameters related to Neptun to be issued - are they included in the December 2021 Shareholders' Meetings – like reserves, capex etc ?

Answer from Razvan Popescu: They are included in the December Shareholders Meeting and after, only after the shareholders will have their say on the proposal, we can give more information to the market - as CAPEX and other questions you have.

Question from Oleg Galbur (Raiffeisen Bank International): What was your average realized price of gas (in the Upstream segment) in 3Q 2021 and how does it compare with the realized price in 2Q 2021?

Answer from Radu Moldovan: It is important to highlight that more than 50% of the gas traded on the Commodities Exchange in the first 9M is from contracts concluded in 2020 under the prices conditions that existed in 2020. And 90% of the gas sold under bilateral contracts is delivered under the contracts concluded in 2020. I cannot give you a price, but I can say that it is around 25% higher than the average realized price in the previous quarter.

Question from Daniela Mandru (Swiss Capital, Romania): Please help us with figuring out the realized gas price in Q4 2021. According to my computation, it should be about two times higher compared to the realized price in the Q3 of the year. It should be around 168 RON/MWh. How far am I from the actual price? Am I too optimistic? I am saying that in the last quarter I am seeing the price at over 150 RON/MWh- on average, on all markets.

Answer from Radu Moldovan: Do you mean Q4 of the year or Q3?

Question from Daniela Mandru (Swiss Capital, Romania): The 4th Quarter. For Q3 I can compute it by myself according to your data – the realised price was 88 RON/MWh - it is simply computed from your data you provided. In Q4 this year, based on what we see on the GRP on the centralized markets, according to my estimates, the price should go at around 168 RON/MW. My question is: Am I too optimistic, am I good with these estimates, given the data that you already have? Because the quarter is almost closed. I am referring to the last quarter of the year.

Answer from Radu Moldovan: You have worked well.

Question from Daniela Mandru (Swiss Capital, Romania): Regarding the Neptun Deep project, given the amount that you are preparing to pay for the 50% participation in this project - can you disclose us the estimated value of the project, the value estimated by Romgaz, given that you are ready to pay 1 billion USD for 50% participation in the project, what is the net present value of this project according to your estimate?

Answer from Razvan Popescu: Romgaz has done some estimates, these estimates will be presented to the SGM on the 9th of December and afterwards, with our partner OMV Petrom, if, of course, our shareholders will accept, we can give you these estimates. But, until then, we cannot disclose any kind of estimates to the market.

Question from Daniela Mandru (Swiss Capital, Romania): My guess is that the value of the project, the net present value of the project, should be close to 3 billion USD. Am I close to your estimates? 2.5 - 3 million USD

Answer from Razvan Popescu: You are close to our estimates, but this is the value of the entire project. It is around this figure, I think your estimates are close to our figure.

Question from Daniel Busuioc (individual investor): Can you tell us why Romgaz no longer makes public or informs BVB about the value of the big contracts concluded with the company's clients?

Answer from Radu Moldovan: We would like to inform you that law no.24/2017 has been amended, modified last year - with respect to significant transaction and affiliates, and this no longer obliges our company to make public such data. And those who still meet the conditions are going to be public.

Question from Daniel Busuioc (individual investor): When do you expect Iernut Power Plant to be put into use?

Answer from Razvan Popescu: We already answered to that question - so we expect Iernut power plant to be finalized and put into production by the end of next year.

Question from Daniel Busuioc (individual investor): How much gas do you expect to extract by 2022?

Answer from Radu Moldovan: Production for 2022 is estimated to be almost equal to the production for 2021.

Question from Cristian Petre (NN Pensii, Romania): Just a follow-up on Neptun approval Shareholders Meeting: I am looking on the website and there is no available information. How can we consult, how can we see this information? I am representing a shareholder.

Answer from Razvan Popescu: The information can and will be consulted at the Romgaz headquarters where you can also view the share purchase agreement and all other classified documents. Please be advised that all documents are classified and they can only be viewed by the Romgaz shareholders by doing a request at our headquarter. So, the documents will not be public on the website.

Question from Daniela Mandru (Swiss Capital, Romania): Please help me a little bit with these taxes because now everything is changing. So, what is the level of the reference price for computing the windfall tax – is it 68 RON/MWh or 47.5 RON/MWh – up to a price of 85 RON/MWh?

Answer from Radu Moldovan: With respect to your question, the reference price is 47.5 RON/MWh.

Question from Daniela Mandru (Swiss Capital, Romania): And the royalties are computed based on the CEGH price, correct?

Answer from Radu Moldovan: Yes, you are right.

Question from Iuliana Ciopraga (Wood & Company): Royalties are computed taking into account the larger of CEGH and realized price - or just CEGH?

Answer from Radu Moldovan: Taking into account only the price from CEGH.

Question from Cristian Petre (NN Pensii, Romania): Can you develop how are the discussions going at the EU level regarding inclusion of energy produced by natural gas burning in the taxonomy as a transition fuel - and what is your stance here? Thank you.

Answer from Razvan Popescu: Romgaz views and will view gas as being a transition fuel, but this is not for us to decide. So this type of taxonomy that you are talking about - all the producers have already payed the CO2 certifficates, they also payed the windfall tax, but it's up to the Government to decide if an extra tax will be or will not be imposed, and it's up to the European Union to view gas as a transition fuel or not.

Romgaz will only abide to the rules and what the decisions will be. But we do not know and we do not have any extra information to issue at this time. Thank you!

Thank you very much for your questions!

If you need further information, please contact our IR team. On behalf of ROMGAZ team, thank you for attending today's conference call!

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