

February, 28, 2023

PRESS RELEASE

PRELIMINARY CONSOLIDATED ANNUAL REPORT

(issued based on unaudited consolidated financial information prepared in compliance with the International Financial Reporting Standards) ON THE ECONOMIC AND FINANCIAL ACTIVITY OF SNGN "ROMGAZ" SA GROUP¹ for 2022

The full version of the **Preliminary Consolidated Annual Report (issued based on unaudited consolidated financial information prepared in compliance with the International Financial Reporting Standards) on the Economic and Financial Activity of S.N.G.N. "ROMGAZ" S.A. Group for 2022** is available on company's website www.romgaz.ro – Section [Investors](#) – [Annual Reports](#) and on Bucharest Stock Exchange.

OVERVIEW

S.N.G.N. ROMGAZ S.A. is a Romanian natural gas producer and supplier, the main business segments of the Group being: gas exploration, gas production and supply, underground gas storage and electricity production.

Relevant Consolidated Financial Results

(RON million, unless otherwise specified)

Q4 2021	Q3 2022	Q4 2022 p*	Δ Q4 (%)	Main indicators	2021	2022 p*	Δ '22/'21 (%)
2,356.4	3,316.5	2,567.6	8.96	Revenue	5,852.9	13,380.1	128.61
2,428.6	3,449.3	2,624.7	8.07	Income	6,156.5	13,678.6	122.18
1,620.9	2,838.2	2,148.6	32.55	Expenses	3,999.4	10,534.2	163.40
				Share of profit of associates			
0.1	1.40	0.7	840.00		0.1	2.4	2,664.71
807.8	612.5	476.9	-40.97	Gross result: profit/(loss)	2,157.3	3,146.7	45.86
49.2	100.6	170.2	245.85	Profit tax	242.3	602.2	148.56
758.6	511.9	306.7	-59.57	Net result: profit/(loss)	1,915.0	2,544.5	32.87
787.8	561.9	449.7	-42.92	EBIT	2,098.9	2,974.7	41.73
977.3	712.4	629.8	-35.56	EBITDA	2,784.6	3,524.8	26.58
				Earnings per share (EPS)			
1.97	1.33	0.80	-59.57	(RON)	4.97	6.60	32.87
				Net profit ratio (% from Revenue)			
32.19	15.43	11.94	-62.91		32.72	19.02	-41.88
				EBIT ratio (% from Revenue)			
33.43	16.94	17.51	-47.62		35.86	22.23	-38.00
				EBITDA ratio (% from Revenue)			
41.47	21.48	24.53	-40.85		47.58	26.34	-44.63
				Number of employees at the end of the period			
5,863	5,909	5,971	1.84		5,863	5,971	1.84

* p – preliminary

The figures above are rounded, therefore small differences may result upon reconciliation. The results shown in this report are not audited; final results may differ.

¹ Romgaz Group consists of SNGN Romgaz SA ("the Company"/"Romgaz") as parent company and the subsidiaries SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz") and Romgaz Black Sea Limited (former ExxonMobil Exploration and Production Romania Limited), both owned 100% by Romgaz.

Capital social: 385.422.400 lei

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Romgaz Group's preliminary performances for the year ended December 31, 2022 were influenced by the following factors:

- ✓ **Natural gas production** estimated for 2022 was **4,935.9 mil.m³**, by 92.60 mil.m³ lower than the production of the previous year (- 1.84%);
- ✓ **Preliminary revenue** for 2022: **RON 13.38 billion** (2021: RON 5.85 billion), higher by 128.61%, influenced by the following factors:
 - estimated revenue from **natural gas** sales for 2022 is RON 11.33 billion, increasing by 124.61% as compared to the previous year. Quantity of **natural gas** sold (including gas purchased for resale) is by 4.54% lower in 2022 as compared to 2021;
 - in 2022, **storage activities** recorded an increase by 80.51% of the revenue Group-wide, following 60.18% higher booking services (RON +115.06 million), by 249.53% higher injection services (RON +84.36 million) and by 28.29% higher withdrawal services (RON +9.90 million). As for Depogaz, revenue from these services increased by 51.85%;
 - revenue from **electricity** sales increased by 313.75% as compared to last year (RON +1.01 billion) against a 73.52% rise in production as compared to last year. The revenue is due to the high prices on centralised markets where the Group is active. However, the electricity generation and sale activity recorded a RON 49.95 million loss due to overtaxing income from this activity;
- ✓ Government Emergency Ordinance No.27 was issued in 2022, setting certain obligations with respect to gas deliveries and sale prices. According to this Ordinance, updated as subsequently amended and supplemented:
 - for the period April 2022 – March 2023, the price of gas sold to household suppliers is set at RON 150/MWh; the period was successively extended until March 31, 2025;
 - for the period April 2022 – August 2023, the price of gas sold to suppliers of heat producers or directly to heat producers, as the case may be, only for the gas quantity used for heat production in cogeneration plants and in power plants, for consumption of population, is set at RON 250/MWh; as of September 2022, for the period between September 2022 – March 2025 for this client category, the sale price is set at RON 150/MWh to ensure consumption for the periods: November 1, 2022 – March 31, 2023, November 1, 2023 – March 31, 2024 and November 1, 2024 – March 31, 2025;
 - quantities sold at the above mentioned prices were established in accordance with a procedure included in Emergency Ordinance 27/2022, namely quantities that were not contracted or quantities that were not dedicated to special purposes (e.g. technological consumption);
 - generally, Romgaz concludes natural gas sales contracts for the gas year (October – September); therefore quantities available to be sold under GEO 27/2022 until September 31, 2022 represented approximately 30% from the deliveries of the period; after October 1, 2022, 90% of the gas quantity delivered by Romgaz, was sold at RON 150/MWh;
 - for the entire year 2022, deliveries under GEO 27/2022 weighted 33.3% from the deliveries of the year; for the period covered by GEO 27/2022, 53.5% deliveries were made at a regulated price;
- ✓ **Petroleum royalty** expenses (including royalty for storage activities) increased by RON 923.04 million as compared to the previous year, namely by 123.17%, mainly as a result of an increased reference price considered for calculating royalty; royalty expenses decreased significantly in Q4 2022, as over 90% of the deliveries were sold at RON 150/MWh (subject to GEO 27/2022 the royalty price for these quantities is RON 150/MWh, and not the reference price). The figure below shows the evolution of the reference price as communicated by the National Agency for Mineral Resources ("NAMR") for the period 2020 – 2023;
- ✓ **Windfall tax** on the gas production sales increased in 2022 by RON 3.65 billion (289.81%) as compared to 2021; windfall tax decreased significantly in Q4 2022 due to delivering over 90% of the

sold quantities at RON 150 /MWh (according to GEO 27/2022, windfall tax does not apply to such quantities);

- ✓ A **new windfall tax** was introduced in 2022 for electricity producers, on **electricity sales/a contribution to the Energy Transition Fund**; the value of both taxes was RON 403.80 million. The Group expects the value of the windfall tax to be insignificant in 2023 following the obligation to sell electricity at RON 450 /MWh;
- ✓ As of 2022, a **solidarity contribution** was introduced for gas producers, as Council Regulation (EU) 2022/1854 of 6 October 2022 on an emergency intervention to address high energy prices was implemented in the Romanian legislation; the tax for 2022 is estimated at RON 995.65 million;
- ✓ The table below shows the petroleum royalty, the windfall tax and the solidarity contribution compared to revenues from sales of natural gas from the Group's production and from electricity sales:

Indicator		2021	2022 p
Revenue from sale of gas and electricity production	RON mil	5,034	12,643
Petroleum royalty from gas production	RON mil	740	1,658
Windfall tax on gas sales	RON mil	1,258	4,904
Windfall tax on electricity sales/contribution to the Energy Transition Fund	RON mil	-	404
Contribution to the Solidarity Fund	RON mil	-	996
% from revenue	%	39.69	62.98

- ✓ **Preliminary net profit** for 2022: **RON 2.54 billion** (2021: net profit RON 1.92 billion), increasing by 32.87%;
- ✓ In August 2022, Romgaz finalised the acquisition of ExxonMobil Exploration and Production Romania Limited shares (currently Romgaz Black Sea Limited) which holds 50% of the rights and obligations under the Petroleum Agreement for the eastern area, deep water zone of Neptun XIX offshore block in the Black Sea. The final acquisition price was RON 5,118.99 million, the acquisition was financed from Romgaz own sources and a bank loan of RON 1,606.5 million (EUR 325 million);
- ✓ Consolidated net profit ratio (19.02%), consolidated EBIT ratio (22.23%) and EBITDA ratio (26.34%) decreased as compared to 2021 (32.72%; 35.86% and 47.58% respectively) mainly due to overtaxing the Group's main activity segments.

ROMGAZ Press Office

About ROMGAZ

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.