

ROMGAZ PRESS RELEASE

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ROMGAZ GROUP published the Board Of Directors' Report for 1ST Half Year 2023

The full version of the Board of Directors' Report for 1ST Half Year 2023, the Consolidated Condensed Interim Financial Statements (not audited) for the six-month and three-month periods ended June 30, 2023 and the Separate Condensed Interim Financial Statements (not audited) for the six-month period ended June 30, 2023, 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.

ROMGAZ¹ GROUP PERFORMANCE

Romgaz Group keeps high operational and financial performances in the first six months of 2023 (H1 2023).

National gas consumption recorded a decrease of roughly 12.4% for the first 6 months of 2023 as compared to the similar period of last year, while Romgaz deliveries decreased by 5.7%. Therefore, Romgaz *market share*² is **47.8%**, by 3.4% higher than the share held in the similar period of last year.

Natural gas production for the first half of 2023, was **2,383.3 million m³**, indicating a 5.2% production decline related to production recorded in H1 2022.

Romgaz *electricity production* reached **497.579 GWh**, lower by 47.08 GWh than the production recorded in the similar period of 2022 (-8.64%). This production placed Romgaz at a market share of 1.69%³.

Consolidated net profit per share (EPS) was RON 4.4.

Margins of the main profitability indicators for H1 2023: net consolidated profit (**34.42%**), consolidated EBIT (**59.19%**) and consolidated EBITDA (**64.52%**) increased significantly as compared to the first half of 2022 (23.02%; 26.19% and 29.12% respectively).

The increase is due to lower royalty expenses (RON 290.1 million in H1 2023 compared to RON 917.1 million in H1 2022) and due to lower expenses with the windfall tax from gas sales activities (RON 645.1 million in H1 2023, compared to RON 3,607.3 million in H1 2022) following GEO No.27/2022⁴. According to this Ordinance, natural gas quantities sold for 150 RON/MWh are exempted from payment of the windfall tax, and royalty is calculated and paid at this price and not at the reference price communicated monthly by the National Agency for Mineral Resources.

Summary of the Group's main indicators for H1 2023:

- *Total income* decreased by RON 2,478.9 million in H1 2023, recording a drop of 32.6% due to the following factors:
 - Decrease of revenue from natural gas sales (RON 4,283.68 million in H1 2023 as compared to RON 6,694.78 million in H1 2022); deliveries decreased by 5.5% than in H1 2022, an important effect in reducing the revenue from gas sales was triggered by the obligation imposed by GEO No.27/2022,

¹ Romgaz Group consists of S.N.G.N. Romgaz S.A. ("the Company"/"Romgaz") as parent company and its wholly owned subsidiaries, Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz") and Romgaz Black Sea Limited.

² Market share is calculated as a weight of Romgaz deliveries in the total national gas consumption.

³ Source: CNTEE Transelectrica SA

⁴ Emergency Ordinance No.27 of March 18, 2022 on measures applicable to end users from the electricity and gas market during April 1, 2022 - March 31, 2023, as well as for amending and supplementing some pieces of legislation in the energy sector, as subsequently amended and supplemented.

under which Romgaz had to sell most of production at a regulated price of 150 RON/MWh (86.16% of H1 2023 deliveries (21.22 TWh) were made at regulated price, compared to H1 2022, when only 4.23% of deliveries (1.10 TWh) were made at regulated price);

- Revenue from electricity sales also recorded a decrease (RON 200.40 million in H1 2023 as compared to RON 498.58 million in H1 2022). As of 2023, Romgaz had to sell almost all electricity produced at 450 RON/MWh, according to GEO No. 27/2022;
- Revenue from storage services increased by 59.84% (RON 287.29 million in H1 2023 as compared to RON 179.74 million in H1 2022), mainly due to increased capacities booked by clients for natural gas storage;
- *Total expenses* decreased in H1 2023 by 61.76% (-3,426.00 million), mainly due to the reduced windfall tax for natural gas (-2,962.16 million) and royalty expenses (-627.05 million);
- Increase of the *gross consolidated profit* by 46.10% as compared to H1 2022 was offset by the profit tax. The profit tax includes the solidarity contribution introduced at the end of 2022, the expense recorded with this contribution in H1 2023 was RON 970.92 million;
- *Net consolidated profit* of RON 1,685.64 million, by 2.34% lower, namely by RON 40.30 million, as compared to the similar period of last year;
- *Labour productivity* decreased as compared to the previous period, from RON 1,273.97 thousand revenue/employee in H1 2022 to RON 823.91 thousand revenue/employee in H1 2023 (-35.33%);
- *EPS of RON 4.4* is by 2.34% lower than recorded in H1 2022.

Operational results

H1 2023 gas production was influenced by:

- production decline specific for production of hydrocarbon reservoirs;
- well workover operations at wells with low productivity or inactive wells;
- ongoing rehabilitation projects of main mature gas fields;
- optimisation of gas field exploitation;
- investments to expand production infrastructure and to connect new wells to it.

National gas consumption estimated for H1 2023 was 55.6 TWh, approximately 12.4% lower than the consumption recorded in H1 2022, out of which about 8 TWh was import gas and the difference of 47.6 TWh is gas from domestic production, Romgaz deliveries being 26.6 TWh, representing 47.8% of the national consumption and 55.8% of the consumption covered with gas from domestic production.

Electricity production is shown in the table below and its trend was closely related to the energy demand, price trends on competitive markets and equipment maintenance and repair activities.

MWh

	2022	2023	Variation
1	2	3	4=(3-2)/2x100
Q1	345,337	323,037	-6.46%
Q2	199,323	174,542	-12.43%
H I	544,660	497,579	-8.64%

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. On August 1, 2022, Romgaz became sole shareholder of ROMGAZ BLACK SEA LIMITED (established ExxonMobil Exploration and Production Romania Limited), following the completion of the sale transaction, and the transfer of all issued shares (representing 100% of the share capital of) ExxonMobil Exploration and Production Romania Limited, which holds 50% of the acquired rights and obligations under the Petroleum Concession Agreement for the Deep Water Zone of XIX Neptun offshore block located in the Black Sea.

Further information

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