

# ROMGAZ PRESS RELEASE

September 15, 2023

## ROMGAZ GROUP published Quarterly Report on the economic-financial activity of ROMGAZ group on September 30, 2023 (January 01, 2023 – September 30, 2023)

The full version of the Quarterly Report on the Economic-Financial Activity of ROMGAZ Group on September 30, 2023 (January - September 2023) and the Consolidated Condensed Interim Financial Statements for the Nine-Month and Three-Month Periods Ended September 30, 2023 (Unaudited), Prepared in Accordance with International Accounting Standard 34, are available on company's website [www.romgaz.ro](http://www.romgaz.ro) - Investors - Interim Reports and on Bucharest Stock Exchange website.

### ROMGAZ GROUP<sup>1</sup> PERFORMANCES

In the first nine months of 2023, ROMGAZ Group recorded a **revenue** of **RON 6,810.27 million**, a drop of 37.02% as compared to RON 10,812.55 million recorded in the first nine months of 2022.

**Net profit** of **RON 2,168.69 million** was lower by 3.09%, namely RON 69.12 million, as compared with the similar period of the previous year.

Consolidated net profit per share (**EPS**) was **RON 5.6**, by 3.09% lower than the one recorded in the first nine months of 2022.

For the reporting period, Romania's estimated natural gas consumption<sup>2</sup> was 69.25 TWh, approximately 11.7% lower than the consumption recorded in the similar period of 2022.

**ROMGAZ market share** estimated for the first 9 months of 2023 is 55%, by 3.6% higher than the market share recorded in the same period of the previous year.

**Natural gas production** for the first 9 months of 2023 was **3,515 million m<sup>3</sup>**, by 4.67% lower than production recorded in the similar period of last year, namely 172 million m<sup>3</sup>.

**Electricity produced** in the reporting period was **641.466 GWh**, 23.59% lower (-197.999 GWh) as compared to the same period of the previous year. This production places ROMGAZ at a 1.52% market share.

In Q3/2023 ROMGAZ produced 143.887 GWh, decreasing by 150.919 GWh, namely 51.19% less than in Q3/2022.

A brief overview of the Group's main indicators during the 9M period ended September 30, 2023:

- ✓ **Total revenue** for the reporting period is lower by RON 4,002.28 million, recording a drop of 37.02% due to the following factors:
  - decrease of revenues from natural gas sales (RON 5,912.94 million in the nine month period ended on September 30, 2023 as compared to RON 9,282.16 million in the similar period of 2022). The provisions of GEO No. 27/2022 had a significant impact on the decrease by 36.30% of revenues from natural gas sales, as these set the obligation for ROMGAZ to sell most part of the natural gas production at the regulated price of 150 RON/MWh;
  - electricity revenues dropped (RON 288.48 million for the 9M ended September 30, 2023 as compared to RON 1,008.73 million for the similar period of 2022). According to GEO No.27/2022, as of 2023, 90% of ROMGAZ electricity production is sold at 450 RON/MWh;
  - revenue from underground storage activities increased by 31.00% (RON 424.29 million for the 9M ended September 30, 2023, as compared to RON 323.88 million for the similar period of 2022), mainly due to the increase of capacities booked by clients for underground gas storage;

<sup>1</sup>Romgaz Group consists of SNGN Romgaz SA ("The Company"/"Romgaz") as parent company and the subsidiaries fully owned by SNGN Romgaz SA - Filiala de Îmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz") and Romgaz Black Sea Limited.

<sup>2</sup> Consumption is estimated as, at the date hereof, ANRE did not publish the report on the natural gas market for August-September 2023.



- ✓ Total expenses decreased in the 9M period ended September 30, 2023 by 62.47%, mainly due to the decrease of windfall tax on revenues from natural gas (RON -3,980.46 million) and royalty expenses (RON -1,066.91 million). The Group recorded in January-September 2022 expenses of RON 293.87 million with the windfall tax on electricity sales, which became subsequently a contribution to the energy transition fund. Taking into account that 90% electricity was sold at 450 RON/MWh, this contribution is insignificant for the reviewed period;
- ✓ Following electricity sales at 450 RON/MWh, GEO No.27/2022 enforced a mechanism by which, if the monthly value of CO<sub>2</sub> certificates for the electricity sold at such price, is higher than the contribution to the energy transition fund, electricity producers receive the difference between the two items. The Group recorded an income of RON 119.17 million from electricity sales at 450 RON/MWh. But until this date, the law does neither provide the reimbursement procedure nor the authority responsible for payment of such amounts;
- ✓ Increase of the consolidated gross profit by 51.62% as compared to the similar period of the previous year was offset by the profit tax. Profit tax includes the solidarity contribution introduced at the end of 2022, for the 9M period ended September 2023, the expense recorded with this contribution is RON 1,388.39 million;
- ✓ *Net profit* is **RON 2,168.69 million**, lower by RON 69.12 million (-3.09%) than the one recorded in the previous period due to the above mentioned reasons;
- ✓ *Labour productivity* decreased by 36.80%, as compared to the previous period, from RON 1,810.84 thousand revenue/employee in the first 9M/2022 to **RON 1,144.39 thousand revenue/employee** in the similar period of 2023 due to the above mentioned reasons;
- ✓ *EPS* is **RON 5.63**, 3.09% lower than in the first 9M/2022.

During the first 9 months of 2023, Romgaz produced 3,515 million m<sup>3</sup> natural gas, 172 million m<sup>3</sup> (- 4.67%) less than in the similar period of 2022.

Gas production for the first 9M of 2023 was influenced by:

- ✓ production decline specific for exploitation of hydrocarbon reservoirs;
- ✓ gas consumption dynamics in some subsystems of the National Gas Transmission Systems;
- ✓ execution of well workover operations in low productivity or inactive wells;
- ✓ continuous rehabilitation projects of the main mature gas reservoirs;
- ✓ production optimization of natural gas reservoirs;
- ✓ completion of investments for the development of production infrastructure and connection of new wells to this infrastructure.

*The volume of gas sold* by ROMGAZ in the reporting period, representing deliveries to customers, without CTE lernut consumption, decreased by 4.0% as compared with 9M/2022.

*The volume of electricity produced* 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

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.

## Further information

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**ROMGAZ**

The logo consists of the word "ROMGAZ" in a bold, blue, sans-serif font. To the right of the text is a decorative graphic of overlapping, semi-transparent green waves that flow from left to right across the bottom of the page.