No.60668/25.09.2026

To: **The General Meeting of Shareholders of S.N.G.N. ROMGAZ S.A.**

Ref: **Rectified 2026 Income and Expenditure Budget of S.N.G.N. Romgaz S.A.**

ENDORSED,
CHAIRMAN
OF THE BOARD OF DIRECTORS
Marius Gabriel NUȚ

SUBSTANTIATION NOTE
on the Rectified 2026 Income and Expenditure Budget of
S.N.G.N. Romgaz S.A.

I. Brief History

The Income and Expenditure Budget (I&E Budget) of Societatea Națională de Gaze Naturale Romgaz S.A. (hereinafter refered to as ROMGAZ or Company) for 2026 was approved by the Ordinary General Meeting of Shareholders on May 29, 2026 under OGMS Resolution No. 3, Article 1.

ROMGAZ has analysed the possibility to develope its business in the chemical industry, by acquiring the assets, employees and contracts contributing to the production activity of S.C. AZOMUREȘ S.A. (hereinafter refered to as "Azomureș").

During the OGMS dated July 6, 2026, under Resolution No. 4, Article 1, the Transfer of Business Agreement concluded between ROMGAZ, as buyer, and Azomureș, as seller, was approved. The transaction is part of ROMGAZ strategy of integration on the natural gas value chain by using gas in industrial processes with added value.

In September 2026, the formalities related to the acquisition of Azomureș production activity were finalized.

Once these formalities were completed, Romgaz entered a new stage, focused on integrating the acquired activities and preparing the necessary steps to resume Azomureș production activities. Given the period during which operations were suspended, resuming production requires completing certain preliminary technical steps, including assessing the condition of the facilities conducting the necessary inspections and tests, performing the maintenance and repairs where necessary, and verifying the safety systems, with a view to a phased and safe restart.

1. Current Situation

Following the acquisition of Azomureș activity, ROMGAZ indicators approved in 2026 income and expenditure budget are no longer up to date. As such, ROMGAZ initiated the budget rectification process in order to update the budgeted indicators to reflect, as accurate as possible, the future activity of the Company.

The budget rectification falls under the provisions of Government Ordinance No. 26/2013 on strengthening the financial discipline at the level of certain economic operators in which the state or the administrative-territorial units are the sole or majority shareholders or directly or indirectly hold a majority stake (GO No. 26/2013), Article 10), paragraph (2), letters a), c), d) because, as a result of acquiring Azomureș activity, the expenses with salaries and the number of employees at the end of the year increase, labour productivity decreases and the level of total expenditures to RON 1,000 total revenue increases.

This rectified 2026 individual income and expenditure budget proposal is based on **the following premises and conditions:**

I. **Substantiation** of the rectified 2026 income and expenditure budget proposal and 2027-2028 estimations were based on the legislation on:

- strengthening financial discipline and setting the expenses with salaries in 2026 budget at the level of economic operators in which the state is sole or majority shareholder;
- profit distribution at national enterprises, national companies and state-owned or majority state-owned companies,as subsequently amended and supplemented;
- enforcement of fiscal provisions;
- the format and structure of the income and expenditure budget as well as of its substantiation annexes.

II. **Assuptions for drawing** up the income and expenditure budget proposal are those communicated by the National Commission for Strategy and Prognosis in the "Projection of the Main Macroeconomic Indicators for 2026-2029" – 2026 Spring Edition, as folows:

Table 1

	2026	2027	2028
Increase of consumption prices – annual average (%)	7.9%	3.8%	3.0%
RON/EUR exchange rate – annual average	5.18	5.24	5.3
RON/USD exchange rate – annual average	4.45	4.50	4.55

III. **Outline and substantiation of indicators included in ROMGAZ rectified 2026 income and expenditure budget proposal**

1. **Substantiation of Income**

Substantiation of the main income categories in the rectified income and expenditure budget is based on the forecasted evolution of natural gas delivery price and demand, natural gas and electricity production programs. The income of Sucursala de Producție Energie Electrică Iernut (SPEE Iernut) is generated from electricity production and delivery as well as from other field specific services.

Besides the main income categories, income is also recorded from other activities, namely from the supply of services to third parties (gas dehydration and compression, rental of goods, chemical analyses, sale of condensate, sale of goods, re-invoicing of gas transmission, distribution and storage services to customers).

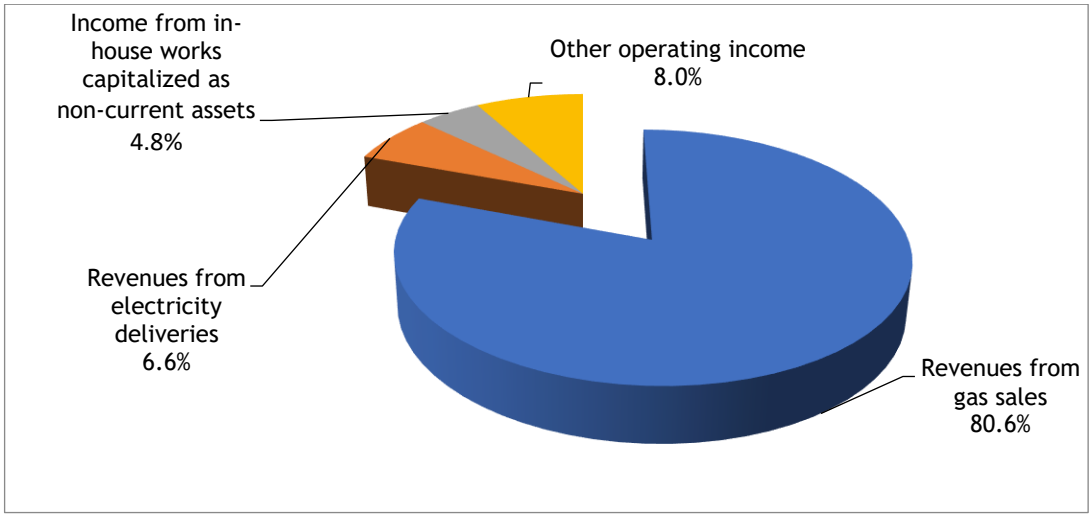
Total income in amount of RON 7,742,264 thousand are lower by 7.3% compared to 2025 and 2.2% higher than in the approved budget for 2026.

➢ **Operating Income**

The operating income is estimated to RON 7,411,916 thousand, 7.6% lower compared to the income achieved in 2025 and 0.02% lower compared to the income in the approved budget for 2026.

The graphical representation below shows the structure of the operating income for 2026:

Graph 1



Operating Income is detailed in the table below:

Table 2

		Results 2025	Approved 2026 I&E Budget	Rectified 2026 I&E Budget	Ratio 2026/ 2025	Ratio Rectified 2026 I&E Budget/ Approved 2026 I&E Budget
		- RON thousand -	- RON thousand -	- RON thousand -	- % -	- % -
1	Revenue from Romgaz gas sales delivered from own production	6,570,138	5,965,220	5,947,747	90.5	99.7
2	Revenue from joint ventures	21,377	30,907	26,592	124.4	86.0
3	Revenue from electricity deliveries	382,633	503,082	486,750	127.2	96.8
4	Income from in-house works capitalized as non-current assets	316,882	341,242	354,247	111.8	103.8
5	Other income (transmission, distribution, storage re-invoicing; subsidiary rent; goods; changes in inventories; fines and penalties; other income))	728,447	573,279	596,579	81.9	104.1
6	**Total operating income**	**8,019,477**	**7,413,730**	**7,411,916**	**92.4**	**99.98**
7	Financial income	**336,678**	**161,245**	**330,348**	**98.1**	**204.9**
8	**Total income**	**8,356,155**	**7,574,975**	**7,742,264**	**92.7**	**102.2**

Revenue from Romgaz gas delivered from own production (excluding partnerships and gas for electricity generation) were based on the gas quantities estimated to be delivered to customers in 2026 and on the average delivery price of gas from current production and gas withdrawn from UGSs. The decrease in revenue from gas sale is caused by the decrease by 5.9% of quantities and by 3.8% of delivery prices compared to 2025 results and by 0.03% compared to the approved budget because of the decrease in delivered quantities.

Revenue from joint ventures represent the value of natural gas delivered under joint ventures and are pro rata to Romgaz participating interest.

Revenue from electricity deliveries were based on the quantities of delivered electricity and on the estimated average delivery prices. The increase in revenue compared to 2025 results is determined by the 7,1% incrase in quantities and the 18.8% increase in delivery prices. The decrease in revenue from electricity compared to the approved budget is determined by the 6% decrease in energy quantities delivered to third parties.

Income from in-house works capitalized as non-current assets represents the value of capitalizabile works performed in-house.

Other income include the income obtained from re-invoicing of transmission, distribution, storage services, rental of fixed assets, sale of goods, changes in inventories, fines and penalties and other income.

- **Financial Income**

Financial income in amount of RON 330,348 thousand is 1.9% lower than in 2025 and 104.9% higher than the income in the approved 2026 budget and is mainly generated by interests granted by banks on the financial resources of the Company, exchange rate differences and dividends distributed by companies in which ROMGAZ holds participations.

2. Substantiation of Expenditures

Total expenses are in amount of RON 5,503,776 thousand, 15.8% higher than those incurred in 2025 and 2.5% higher than in the approved budget for 2026.

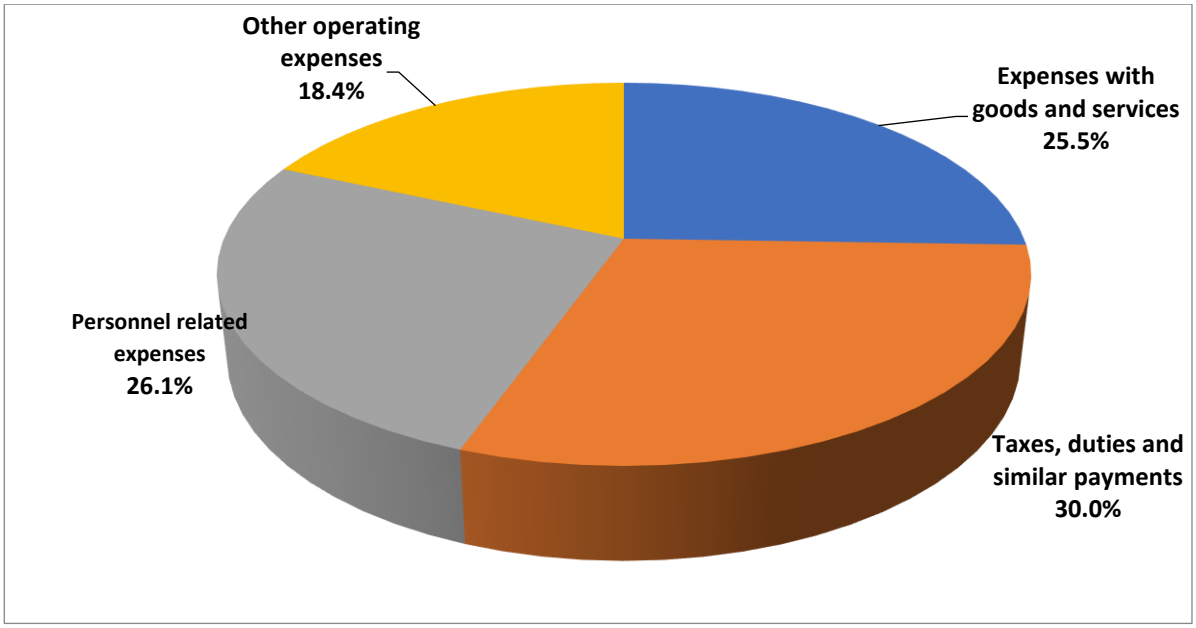
- ***Operating Expenses*** are grouped into the following main chapters:
  - **A.** Expenses with goods and services;
  - **B.** Expenses with taxes, duties and similar payments;
  - **C.** Personnel related expenses;
  - **D.** Other operating expenses.

Table 3

	Results 2025 - RON thousand -	Approved 2026 I&E Budget - RON thousand -	Rectified 2026 I&E Budget - RON thousand -	Ratio 2026/ 2025 - % -	Ratio Rectified 2026 I&E Budget/Approved 2026 I&E Budget - % -
A. Expenses with goods and services	930,073	1,165,534	1,279,399	137.6	109.8
B. Taxes, duties and similar payments	1,349,341	1,478,626	1,503,115	111.4	101.7
C. Personnel related expenses	1,144,074	1,248,646	1,310,706	114.6	105.0
D. Other operating expenses	1,041,991	1,151,923	922,087	88.5	80.0
Total Operating Expenses	**4,465,478**	**5,044,729**	**5,015,307**	**112.3**	**99.4**

Below is a graphic representation of operating expenses divided on the 4 chapters:

Graph 2



A. Expenses with Goods and Services

For this expense category, it is estimated to record a 37.6% increase as compared to the result of 2025 and 9.8% increase compared to the budget approved for 2026. The raise is mainly generated by the increase of expenses with goods as compared to 2025 (electricity purchased which is found also at revenue after its sale), expenses with fuel, consumables, spare partes required for repair works, periodic revision works and other expenses with third parties (gas dehydration services Amromco, reservoir optimisation, etc.).

B. Expenses with Taxes, Duties and Similar Payments

These include: expenses with royalties calculated as percentage from the physical production and condensate; windfall tax from gas sales; construction tax, contributions to ANRE; solidarity contribution on income from oil trading introduced in 2026 (condensate produced and traded by the Company is a kind of oil); specific revenue tax; tax on land, buildings, all permit taxes, environmental and other taxes and duties.

Expenses with taxes and duties represent 30% of total operating expenses, the most significant being expenses on petroleum royalties and windfall tax from gas sales.

The rise of expenses with taxes and duties is generated by the increase in value of expenses with royalties and by the increase as compared to 2025 of the gas percentage sold on the free market from 19.2% to 26.3%, windfall tax is paid for such gas.

C. Personnel Related Expenses

Personnel related expenses were estimated based on GEO 89/2025 as subsequently amended and supplemented and on the memorandum approved by the Romanian Government under GEO 89/2025, which provides the coordinates of the government policy related to salaries in order to substantiate expenses related to salaries of economic operators to which GO 26/2023 applies.

Personnel related expenses of RON 1,310,706 thousand are by 14.6% higher than the expenses incurred in 2025 and by 5% compared to the budget approved for 2026.

Expenses with salaries of RON 1,224,304 thousand increased by 14.2% compared to the expenses incurred in 2025 and by 5.3% compared to the budget approved for 2026.

D. Other Operating Expenses

This category records expenses lower by 11.5% than those incurred in 2025 and by 20% compared to the budget approved for 2026, as a result of adjustments and impairment estimated to be performed in 2026. We estimate an increase of expenses than those incurred in 2025 with fixed assets written off, of expenses with depreciation of fixed assets and of other operating expenses as well as the decrease of expenses with adjustments and provisions.

- ***Finance costs*** amount to RON 488,469 thousand, higher by 69% as compared to the previous year and by 51.4% as compared to the budget approved for 2026 and include the estimation of expenses with unfavourable differences in the exchange rate, expenses with interest related to the notes issue and bank loans and estimations related to the unwinding of the well decommissioning provision.

3. 2026 Profit Distribution Proposal

In the 2026 budget proposal, profit distribution was made in compliance with the provisions of *GO 64/2001 on profit distribution at fully or majority state owned national companies and trade companies*, as subsequently amended and supplemented. Profit distribution percentage for 2026 of dividends due to shareholders is 50% from the profit to be distributed; the difference not allotted to dividends and reserves set up according to law is allocated to own development sources.

4. Overdue Payments.

On December 31, 2025 the Company recorded overdue debts in amount of RON 82 thousand. These were paid until the rectified 2026 income and expenditure budget was prepared, therefore it is not required to present a financial reorganisation, restructuring and recovery plan under GO 26/2013.

On August 30, 2026 the Company did not record overdue debts, fulfilling the conditions provided by GEO 89/2025 Art. XXXVI paragraphs (3) and (4) for the Romanian Government to approve filling

vacant positions existing at the end of 2025 and to employ personnel for the development of activities.

Level of overdue payments estimated for the end of 2026 is RON 0 (zero) thousand.

5. **Level of overdue receivables** estimated for the end of 2026 is RON 514,514 thousand.

6. Investment Program

For 2026, S.N.G.N. ROMGAZ S.A. proposes to carry out an investment program with a total budget of RON 6,102,619 thousand consisting of:

-investment expenses in amount of RON 5,763,925 thousand, of which:

- Romgaz investments of RON 1,534,531 thousand;
- financing Romgaz Black Sea Limited in amount of RON 4,229,394 thousand;

- loan repayments in amount of RON 338,694 thousand.

Substantiation of the 2026 Investment Program Budget was mostly based on the projects aiming to increase the (onshore and offshore) reserves and resources portfolio, offset the natural decline of the gas production, electricity generation, acquiring assets, employees and contracts that contribute to Azomures production activity, phased restart of facilities as well as compliance with environmental requirements, by:

- financing granted by Romgaz to **Romgaz Black Sea Limited** to support the current activity and the development of Neptun Deep Block;
- projects aiming at restarting production facilities acquired by transferring Azomures activities, compliance with environmental requirements, rehabilitate industrial buildings and modernise existing facilities;
- continuing geological research works by drilling new exploration wells;
- developing the electricity production potential by: continuing and finalising the Combined Cycle Gas Turbine Power Plant – Iernut;
- modernising and retrofitting of well intervention and special operations equipment and facilities, capitalizable well recompletion operations/reactivation, upgrading of dehydration stations and compressor stations;
- procurement of new equipment and high-performance facilities specific to the core business;
- procurement of specific equipment to ensure technological transportation and maintenance of the core business.

7. 2027-2028 Indicator Forecast

The 2027-2028 forecast rests on those assumptions underlying the substantiation of the 2026 budget (the market demand and conditions and current legislation), operation of the new Iernut power-plant and phased restart of Azomures activities.

The provisions of GEO 12/2026 are applicable until March 2027 which determines in 2027-2028 an increase in the price of both gas and electricity, but also an increase in expenses with taxes and duties (windfall tax, royalties). Commissioning of Iernut power plant determines an increase in

revenues from electricity sales but also an increase in expenses generated by its production (operational expenses including depreciation, tariffs, CO_2 certificates, green certificates, etc.).

The rectified budget was substantiated by taking into account as reference point the phased restart of Azomures branch production facilities starting with Q2 2027. The budget for 2027-2028 will reflect an increase of both income and expenses generated by the production of chemical fertilisers. In 2027 the structure of revenue on activities is 70.8% gas, 15.3% electricity and 13.9% chemical fertilisers and in 2028 it will change to 62.3% gas, 12.6% electricity and 25.1% chemical fertilisers.

8. Summary of Main Indicators

Table 4

No.	Indicators	Results 2025	Approved 2026 I&E Budget	Rectified 2026 I&E Budget	Estimates 2027	Estimates 2028	Ratio %	Ratio %	Ratio %	Ratio %
0	**1**	**2**	**3**	**4**	**5**	**6**	**7=4/2**	**8=4/3**	**9=5/4**	**10=6/5**
1	Total revenue	8,356,155	7,574,975	7,742,264	11,142,389	12,679,120	92.7	102.2	143.9	113.8
2	Total expenses	4,754,458	5,367,457	5,503,776	9,787,781	11,172,462	115.8	102.5	177.8	114.1
3	**Gross result**	**3,601,697**	**2,207,518**	**2,238,488**	**1,354,608**	**1,506,658**	**62.2**	**101.4**	**60.5**	**111.2**
4	Profit tax	463,381	329,737	307,191	204,044	234,267	66.3	93.2	66.4	114.8
5	**Net profit**	**3,138,316**	**1,877,781**	**1,931,298**	**1,150,564**	**1,272,391**	**61.5**	**102.9**	**59.6**	**110.6**

We state that the indicators forecasted for 2027 and 2028 are indicative only and are not the final indicators of the company's performance for the respective years; they are going to be updated in accordance with the effective law when preparing the income and expenditure budgets for each of the respective years.

ROMGAZ Board of Directors endorsed the proposal of the rectified Income and Expenditure Budget for 2026 and the 2027-2028 Forecast during the meeting held on September 25, 2026.

In accordance with Article 4 paragraph (1) item d) of Government Ordinance No. 26/2013, we hereby submit for approval of the Ordinary General Meeting of Shareholders the rectified Income and Expenditure Budget for 2026.

General Framework of the rectified Income and Expenditure Budget includes the following annexes:

-Annex 1: Rectified 2026 Income and Expenditure Budget (including 2027-2028 forecast);

-Annex 2: Detailed information on the economic-financial indicators included in the rectified income and expenditure budget and their quarterly distribution;

-Annex 3: Total revenue level of achievement;

-Annex 4: Investment program, equipment and financing sources;

-Annex 5: Measures to improve gross result and to reduce overdue payments.

According to the Order of the Minister of Public Finances No. 3818/2019, only Annex 1 with the column for 2026 is public. Therefore, the information related to 2027-2028 from Annex 1 and

Annexes 2-5 are not made public. We would like to mention that only ROMGAZ shareholders may review these annexes at ROMGAZ headquarters in Medias, Piața Constantin I. Motaș 4, Sibiu, Romania, until the date of the Ordinary General Meeting of Shareholders.

Annexes:

- Annex 1: Rectified 2026 Income and Expenditure Budget

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