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PRESS RELEASE

ROMGAZ GROUP published the Quarterly Report regarding the economic-financial activity on September 30, 2020 (January 01, 2020 – September 30, 2020)

The full version of the Quarterly Report on the Economic-Financial Activity of Romgaz Group on September 30, 2020 (January - September 2020) and the Consolidated Condensed Interim Financial Statements for the Nine-Month and Three-Month Periods Ended September 30, 2020, Prepared in Accordance with International Accounting Standard 34, are available on company's website www.romgaz.ro – Section Investor Relations – Interim Reports.

ROMGAZ GROUP¹ PERFORMANCE

In the first 9 months of 2020, Romgaz Group recorded **a revenue** of RON 2,918.4 million, a decrease by 23.01%, namely RON 872.4 million, as compared with the revenue achieved in the first 9 months of 2019.

Net profit of RON 941.9 million was lower by 20.52%, respectively RON 243.2 million, as compared to the similar period of the previous year.

Net consolidated profit per share (EPS) was RON 2.4.

The achieved margins of the consolidated net profit (32.28%), consolidated EBIT (36.71%) and consolidated EBITDA (51.64%) are relatively similar with those recorded in the 9 months period ended on September 30, 2019 (31.3%; 36.0% and 51.7% respectively) and confirms that the Group continues to maintain a profitability even if the revenue recorded a decrease.

Romania's estimated natural gas consumption² for the reporting period was of 87.5 TWh, approximately by 3.0% higher than the consumption recorded in the similar period of 2019.

Natural gas production recorded a volume of 3,197.8 million m³, lower by 19% (namely 751.8 million m³) than the production recorded in the same period of the previous year.

Electricity production in the first 9 months of 2020 was 617.87 GWh, by 111.5% (+325.76 GWh) higher than in the similar period of 2019.

In Q3, Romgaz produced 322.63 GWh, by 167.78% more than in the first 9 months of 2019. With this production, Romgaz has a 2.43% market share.

¹ **Romgaz Group** consists of S.N.G.N. Romgaz S.A. („The Company”/„Romgaz”) as parent company, Filiala de Îmagazinare Gaze Naturale Depogaz Ploiești SRL („Depogaz”), a subsidiary 100% owned by Romgaz, and its associates SC Depomureș SA (40% of the share capital) and SC Agri LNG Project Company SRL (25% of the share capital).

² The consumption is estimated as NARE did not publish until the date hereof the reports on the natural gas market for Q3 2020.

Relevant financial results (consolidated)

RON million

T3 2019	T2 2020	T3 2020	Δ T3 (%)	Main indicators	9 M 2019	9 M 2020	Δ 9 M (%)
916.1	763.1	725.0	-20.86	Revenue	3,790.9	2,918.4	-23.01
1,014.6	819.8	771.3	-23.98	Income	3,927.1	3,004.7	-23.49
770.1	556.7	607.7	-21.09	Expenses	2,532.4	1,898.0	-25.05
0.2	(0.4)	0.3	50.00	Share of profit of associates	1.4	0.2	-85.31
244.7	262.8	163.8	-33.06	Gross profit	1,396.0	1,106.9	-20.71
35.5	33.9	22.7	-36.06	Profit tax	210.9	164.9	-21.81
209.2	228.9	141.1	-32.55	Net profit	1,185.1	941.9	-20.52
238.5	251.1	150.8	-36.77	EBIT	1,365.9	1,071.2	-21.57
467.5	389.5	315.5	-32.51	EBITDA	1,960.4	1,507.0	-23.13
0.5	0.6	0.37	-26.78	Earnings per share (EPS) (RON)	3.1	2.4	-20.52
22.8	30.00	19.46	-14.64	Net profit rate (% from Revenue)	31.3	32.3	3.24
26.0	32.91	20.80	-20.00	EBIT ratio (% from Revenue)	36.0	36.7	1.87
51.0	51.05	43.52	-14.67	EBITDA ratio (% from Revenue)	51.7	51.6	-0.15
6,214	6,208	6,201	-0.21	Number of employees at the end of the period	6,214	6,201	-0.21

*)EPS is calculated on the basis of S.N.G.N. ROMGAZ S.A. consolidated results.

The figures in the table above are rounded, therefore small differences might result upon reconciliation.

Note 1: Revenues and Expenses do not include in-house works capitalized as non-current assets.

A brief overview of the Group's main indicators during the period ended on September 30, 2020 is:

- *Total income* is lower by RON 922.4 million, recording a decrease by 23.5% while total expenses decreased by 25.1%.
- Consolidated *Gross result* for the reporting period is lower by 20.71% as compared to the similar period of the previous year (RON -289.1 million) due to the following influential factors:
 - consolidated revenue decreased by 23.0% (RON 872.4 million) as compared to the similar period of 2019 following a decrease of revenues from gas sales (-28.35%; RON -940.0 million); from a quantitative perspective, the deliveries are lower by 17.86 % but higher by 2.82% than Q2 2020. Revenue from electricity increased by 36.1% and storage revenues increased by 25.88% at a consolidated level. Please note that the consolidated storage revenue include revenue generated by services invoiced by Romgaz; unconsolidated storage revenue increased by 2.6% as compared to the period between January 2019 and September 2019;
 - Expenses decreased by 25.1% (RON -634.4 million) following a reduction of royalty-related expenses (RON -140.9 million), of windfall tax (RON -220.9 million), of cost of gas purchased from import for resale (RON -74.4 million) and of depreciation and amortization expenses (RON -71.2% million);
 - The Group recorded a provision of RON 26.1 million following the economic financial inspection carried out by ANAF (National Agency of Fiscal Administration) on

compliance with the provisions of GEO No. 114/2018, Article 43 referring to distribution in the form of dividends of 35% of the reserves existing on December 31, 2018. ANAF considers that the dividend paid to Romanian state as a majority shareholder should have been higher by RON 24.3 million; delayed payment penalties will be added to this amount. The Company challenged in the Court the report issued by ANAF, but it estimates that ANAF shall sanction the Company for this amount before the settlement of the litigation.

During the reviewed period, the Group did not record additional depreciation related to non-current assets following the depreciation tests. The Group monitors the evolution of gas market in order to identify the indicators of additional depreciation of its assets. Even though the revenue recorded in 2020 decreased, the Group considers that in medium and long term the assumptions used in the depreciation test carried out at the end of 2019 are still relevant. In the event of market change, the Group will perform a new depreciation test to establish if additional depreciation adjustments are required in addition to the already existing ones. As of September 30, 2020, the Group recorded only depreciation related to specific assets;

- *Net profit* is RON 941.9 million, by RON 243.2 million lower than in the previous period for the reasons indicated above (-20.5%);
- *Labour productivity* decreased as compared to the previous period from RON 610.05 thousand revenue/employee in the first 9 months of 2019 to RON 470.64 thousand revenue/employee in the similar period of 2020;
- *EPS* is RON 2.4, by 20.52% lower than in the first 9 months 2019.

Operational results

T3 2019	T2 2020	T3 2020	Δ T3 (%)	Main Indicators	9 M 2019	9 M 2020	Δ 9 M (%)
1,249.8	883.5	952.0	-23.8	Gas Produced (million m ³)	3,950	3,198	-19.0
90	59	64	-28.2	Petroleum Royalty (million m ³)	283	220	-22.3
3,679	4,748	5,349	44.7	Condensate Production (tons)	12,952	16,594	28.1
120.4	36.31	322.63	167.9	Electricity produced (GWh)	292.11	617.87	111.5
0.0	28.5	0.3	-	Invoiced UGS gas withdrawal services (million m ³)	924.7	924.2	-0.1
1,226.8	530.0	444.5	-63.8	Invoiced UGS gas injection services (million m ³)	2,274.4	1,015.5	-55.4

Note: the information is not consolidated, transactions between Romgaz and Depogaz are included.

During the first 9 months of 2020, *Romgaz produced* 3,198 million m³ natural gas, by 752 million m³ (-19%) less than the volume produced during the same period of the previous year.

The level of gas production recorded for the first 9 months of 2020 was influenced by:

- ✓ Overlap of commercial, economic, medical and regulatory factors resulting in a decrease of gas demand in Q2 and Q3;
- ✓ Continuous rehabilitation projects on the most important mature gas reservoirs;

- ✓ Implementation of well workover operations
- ✓ completion of investments in the development of production infrastructure and connection of new wells to this infrastructure.

The volume of gas sold by Romgaz in the first 9 months of 2020, representing deliveries to customers, CET lernut consumption and technological consumption, recorded an estimated decrease of 18.4% as compared to the similar period of the previous year.

The volume of *produced electricity* as indicated in the table below is in close connection with energy demand, evolution of prices on the competitive markets, evolution of investment works performed at the new CTE lernut, works restricting in 2019 the operation of power units belonging to the old power plant.

MWh			
	2019	2020	Variation
1	2	3	4=3/2x100
Q1	170,894	258,923	151.51%
Q2	773	36,310	4,697.28%
Q3	120,443	322,633	267.87%
9 months	292,110	617,866	211.52%

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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 the lernut thermoelectric power plant, and thus it also became an electric power supplier.