

August 13, 2021

## PRESS RELEASE

## BOARD OF DIRECTORS' REPORT, 1ST HALF YEAR 2021

*The full version of the **Board of Directors' Report for 1<sup>ST</sup> Half Year 2021 and the Consolidated Condensed Interim Financial Statements for the Six-Month and Three-Month Periods Ended June 30, 2021 (Unaudited), Prepared in Accordance with International Accounting Standard 34,** are available on company's website [www.romgaz.ro](http://www.romgaz.ro) – Section Investors – Interim Reports.*

ROMGAZ GROUP<sup>1</sup> PERFORMANCES

Romgaz Group keeps high operational and financial performances in the first six months of 2021.

National gas consumption recorded an approximately 8% increase for the first 6 months of 2021 as compared to the similar period of last year, while Romgaz deliveries increased by 23.7%. Therefore, Romgaz has a 53% *market share* in terms of deliveries from internal production, by 8.6% higher than the share held in the similar period of 2020.

*Natural gas production* for first half of 2021, was 2,519.2 million cm, by 12.2% (273.5 million cm) higher than the production achieved in the similar period of last year.

Romgaz *electricity production* reached 203.08 GW, lower by 92.15 GWh than the production in the similar period of 2020 (-31.21%). This production placed Romgaz at a market share of 0.67%<sup>2</sup>

*Consolidated net profit per share (EPS)* was RON 2.0.

*Margins of high profitability indicators* for H1 2021: net consolidated profit (33.8%), consolidated EBIT (38.9%) and consolidated EBITDA (52.7%) are slightly decreasing as compared to the first half of 2020 (36.5% , 42.0% and 55.3% respectively) but maintain a high rate.

Summary of the Group's main indicators for HI 2021:

- ✓ *Total income* is by RON 24.8 million higher, recording a 1.11% rise while total expenses increased by 5.05%;

<sup>1</sup> **Romgaz Group** consists of S.N.G.N. Romgaz S.A. ("the Company"/"Romgaz") as parent company, Filiala de Imagazinare Gaze Naturale Depogaz Ploiesti SRL ("Depogaz"), which is the subsidiary owned 100% by Romgaz, and its associates S.C. Depomures S.A. (40% of the share capital) and S.C. Agri LNG Project Company SRL (25% of the share capital)

<sup>2</sup> Source: CNTEE Transelectrica SA

- ✓ *Net consolidated profit* of RON 761.6 million, by 4.90% lower, RON 39.2 million respectively, as compared to the similar period of the previous year. The following significant factors influenced the result of H1 2021:
  - Romgaz won in court a litigation against ANAF (National Agency for Fiscal Administration) requesting annulment of a fiscal inspection report related to an investigation performed during December 2016 – April 2017, which led to an income of RON 28.02 million from offsetting the impairment set up for such receivable;
  - Increase of greenhouse gas emission certificates price had a net negative impact on H1 2021 result of RON 70.8 million;
  - Following deregulation of prices in the gas sector windfall tax decreased by RON 61.09 million as compared to H1 2020;
  - Increase of petroleum royalty expenses by RON 78.2 million in H1 2021 as compared to the previous period;
  - Decrease of revenues from storage activities by RON 27.1 million due to booking lower storage capacities in 2021-2022 storage cycle than in the previous storage cycle. In H1 2021 Depogaz clients withdrew from storages 1,420.7 million cm (H1 2020: 923.9 million cm), but injected only 559 million cm (H1 2020: 571 million cm), resulting in a decrease of 861,7 million cm gas in storages (H1 2020: 352.9 million cm);
- ✓ *Labour productivity* increased as compared to the previous period, from RON 353.31 thousand revenue/employee in H1 2020 to 370.92 thousand revenue/employee in H1 2021 (+5%);
- ✓ *EPS* of RON 2.0 is by 5.9% lower than recorded in H1 2020.

2,519.2 million cm is Romgaz production in H1 2021, by 273.4 million cm (12.2%) more than in the similar period of last year.

H1 2021 production was supported by:

- ✓ optimisation of gas field exploitation;
- ✓ ongoing rehabilitation projects of main mature gas fields;
- ✓ well workover operations that resulted in reactivation of several wells with significant flow rates;
- ✓ investments to stream in production new wells resulted from exploration drilling.

## **ROMGAZ PRESS OFFICE**

### **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.*