

ROMGAZ GROUP published 2023 Annual Report

The full version of **2023 Annual Report** is available on company's website www.romgaz.ro - Section Investors - Annual Reports.

The Annual Report includes the Consolidated Board of Directors' Report for year 2023, the Independent Auditor's Reports on the consolidated financial statements and the separate financial statements for the year ended on December 31, 2023, the Consolidated Financial Statements and the Separate Financial Statements for the year ended on December 31, 2023, prepared in accordance with the Order of the Ministry of Public Finance 2844/2016, the Company's Management Statements on the Annual Financial Statements of the Group and the Annual Financial Statements of the Company for the year ended on December 31, 2023 and on the Consolidated Board of Directors' Report for year 2023.

ROMGAZ GROUP¹ in Figures

Romgaz Group recorded in 2023 a **revenue** of RON 9,001.87 million, down by 32.62%, namely RON 4,357.77 million, as compared to 2022 revenue (RON 13,359.65 million).

Net profit of RON 2,812.10 million, higher by RON 265.39 million than the net profit recorded in 2022 (+10.42%).

Romgaz Group performances for the year ended December 31, 2023, were mainly influenced by the following factors:

- ✓ **Total revenue** is lower in 2023 by RON 4,295.4 million, recording a drop of 31.45% due to the following factors:
 - decrease of revenues from natural gas sales (RON 7,766.97 million in 2023 as compared to RON 11,306.97 million in the previous year); the obligation enforced by GEO No. 27/2022 had a significant impact that led to the drop of 31.31% of revenues from gas sales, therefore Romgaz sold most of production at the regulated price of RON 150/MWh (86.43% of deliveries);
 - electricity revenues also dropped (RON 406.98 million in 2023 as compared to RON 1,330.61 million in the previous year). According to GEO No.27/2022, as of 2023, Romgaz sold almost all electricity production at RON 450/MWh;
 - revenue from underground storage activities increased by 17.66% (RON 552.19 million in 2023, as compared to RON 469.33 million in 2022), mainly due to the increase of capacities booked by clients for underground gas storage;
- ✓ **Total expenses** decreased by 54.77% as compared to last year, mainly due to the decrease of windfall tax on revenues from natural gas (RON -4,014.05 million) and royalty expenses (RON -1,039.56 million). The Group recorded in January-December 2022 expenses of RON 403.80 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;

¹ Romgaz Group consists of SNGN Romgaz SA ("the Company"/"Romgaz") as parent company and the subsidiaries SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz") and Romgaz Black Sea Limited (former ExxonMobil Exploration and Production Romania Limited), both owned 100% by Romgaz.

- ✓ **Increase of the consolidated gross profit** by 21.98% 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 2022-2023. In 2023, the expense recorded with this contribution is RON 1,687.37 million, an increase by RON 684.58 million as compared to the previous year.

Achieved **net consolidated profit margins** (31.24%), consolidated **EBIT** (54.41%) and **EBITDA** (59.70%) strengthened as compared to 2022 (19.06%; 29.81% and 33.93% respectively). The increase is due to lower royalty expenses (RON 600.52 million in 2023 as compared to RON 1,640.08 million in 2022) and to lower expense with the windfall tax from gas sales (RON 889.80 million in 2023 as compared to RON 4,903.85 million in 2022), as a result of enforcing provisions of GEO No. 27/2022. According to this ordinance, natural gas quantities sold at RON 150/MWh are exempted from payment of 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.

Net profit per share rose by 10.42% as compared to the previous year, reaching RON 7.30.

Investments made by Romgaz Group in 2023 amounted to RON 1,214.15 million.

As regards quantities, Romgaz Group **natural gas sales** (including gas acquired for resale) decreased in 2023 by 4.57%.

Natural gas consumption in Romania for 2023 recorded a decrease of roughly 6.52%, from 109.50 TWh to 102.45 TWh, according to company's estimations and ANRE² reports.

Natural gas production reached in 2023, a volume of 4,788.5 million m³, namely a 3.00% decline related to 2022 production.

According to estimates, this production ensured Romgaz a **market share** of approx. 50% of deliveries in the total consumption of Romania, increasing by 1% as compared to 2022.

In 2023, Romgaz **electricity production** was 962.6 GW, by 13.32% lower as compared to the production of 2022. This evolution is strongly related to the energy demand, the evolution of prices on competitive markets, fuel quantity allocated for electricity generation. According to preliminary data published by Transelectrica, Romgaz **market share** is 1.72%.

Relevant Consolidated Financial Results

(RON million, if not stated otherwise)

Q4 2022	Q3 2023	Q4 2023	Δ Q4 (%)	Main indicators	2022	2023	Δ '23/'22 (%)
2,547.1	1,913.0	2,191.6	-13.96	Revenue	13,359.7	9,001.9	-32.62
2,604.3	2,065.7	2,171.4	-16.62	Income	13,658.1	9,362.7	-31.45
1,120.5	1,025.3	1,153.3	2.93	Expenses	9,506.2	4,300.1	-54.77
0.7	1.7	1.6	128.57	Share of profit of associates	2.4	4.9	104.17
1,484.5	1,042.1	1,019.6	-31.32	Gross profit	4,154.2	5,067.5	21.98
1,175.6	559.0	376.2	-68.00	Income tax expense	1,607.5	2,255.4	40.30
308.9	483.1	643.4	108.29	Net profit	2,546.7	2,812.1	10.42
1,457.2	1,007.7	991.4	-31.97	EBIT	3,982.3	4,897.6	22.98
1,637.3	1,114.9	1,099.7	-32.83	EBITDA	4,532.4	5,374.2	18.57
0.80	1.3	1.7	108.29	Earnings per share EPS (RON)	6.6	7.3	10.61
12.13	25.25	29.36	142.04	Net profit ratio (% from Revenue)	19.06	31.24	63.90
57.21	52.68	45.23	-20.94	EBIT Ratio (% from Revenue)	29.81	54.41	82.52
64.28	58.28	50.18	-21.94	EBITDA Ratio (% from Revenue)	33.93	59.70	75.95
5,971	5,951	5,980	0.15	Number of employees at the end of the period	5,971	5,980	0.15

Figures in the above table are rounded; therefore, small differences may result upon reconciliation.

² Consumption and market share is estimated as, at the date hereof, ANRE did not publish the report on the natural gas market for December 2023.

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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