

BOARD OF DIRECTORS' REPORT

1ST HALF YEAR 2024

IDENTIFICATION DETAILS ON REPORT AND ISSUER

Report based on	<i>Law No. 24/2017 on issuers of financial instruments and market operations (Article 67) and ASF Regulation (Financial Supervisory Authority) no.5/2018 on issuers of financial instruments and market operations (Annex No.14) for the six-month period ended on June 30, 2024 (H1 of financial year 2024)</i> <i>GEO No.109 of November 30, 2011 on corporate governance of public enterprises, as subsequently amended and supplemented - art.55 para (1)</i>
Report Date	August 14, 2024
Company Name	Societatea Națională de Gaze Naturale "ROMGAZ" SA
Headquarters	Mediaș, Piața Constantin I. Motaș, nr.4, 551130, Sibiu
Telephone/fax number	0040 374 401020 / 0040 269 846901
Web/E-mail	www.romgaz.ro / secretariat@romgaz.ro
Registration No. with the Trade Register Office	J32/392/2001
Fiscal Code	RO14056826
Legal Entity Identifier (LEI)	2549009R7KJ38D9RW354
Regulated market where the company's shares are traded	Bucharest Stock Exchange (shares) and London Stock Exchange (GDRs)
Subscribed and paid in share capital	RON 3,854,224,000
Shares main characteristics	3,854,224,000 shares, each with a nominal value of RON 1 nominative, ordinary, indivisible shares, issued dematerialised and free tradable since November 12, 2013 as SNG - for shares and SNGR - for GDRs

Romgaz¹ Group Performances

Romgaz Group keeps high operational and financial performances in the first six months of 2024 (H1 2024).

National gas consumption recorded an increase of roughly 1% for the first 6 months of 2024 as compared to the similar period of last year, while Romgaz deliveries decreased by 4.6%. Therefore, Romgaz *market share*² is 45.31%, by 2.5% lower than the share held in the similar period of last year.

Natural gas production for the first half of 2024, was **2,486.9 million m³**, indicating a 4.34% production increase related to the production recorded in H1 2023.

Romgaz *electricity production* reached **450.769 GWh**, lower by 46.810 GWh than the production recorded in the similar period of 2023 (-9.41%). With this production Romgaz holds a market share of 1.68%³.

Net consolidated profit recorded by Romgaz Group in H1 2024 was RON 1,837.21 million, 8.99% higher as compared to H1 2023, namely RON 151.57 million. Compared to Q2 2023, net profit decreased by 17.29% and compared to Q1 2024 it decreased by 52.47%.

Consolidated net profit per share (EPS) was RON 0.48.

¹ Romgaz Group consists of S.N.G.N. Romgaz S.A. ("the Company"/"Romgaz") as parent company and its wholly owned subsidiaries, Filiala de Îmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz") and Romgaz Black Sea Limited.

² Market share is calculated as a weight of Romgaz deliveries in the total national gas consumption.

³ Source: CNTEE Transelectrica SA

Margins of the main profitability indicators for H1 2024: net consolidated profit (47.15%), consolidated EBIT (53.30%) and consolidated EBITDA (60.50%) continue to keep at high levels (H1 2023: 34.42%; 59.19% and 64.79% respectively).

Relevant financial results (consolidated)

RON million

Q2 2023**)	Q1 2024**)	Q2 2024	Δ Q2 (%)	Main Indicators	H1 2023**)	H1 2024	Δ H1 (%)
1,988.3	2,273.0	1,623.9	-18.33	Revenue	4,897.3	3,896.9	-20.43
2,198.3	2,419.3	1,796.4	-18.28	Income	5,229.1	4,215.7	-19.38
979.1	934.3	1,115.7	13.95	Expenses	2,224.9	2,050.0	-7.86
1.1	2.0	1.4	27.27	Share of associates' result	1.6	3.4	112.50
1,220.3	1,486.9	682.1	-44.10	Gross Profit	3,005.7	2,169.0	-27.84
504.6	241.6	90.2	-82.12	Profit Tax	1,320.1	331.8	-74.87
715.6	1,245.3	591.9	-17.29	Net Profit	1,685.6	1,837.2	8.99
1,156.2	1,444.7	632.4	-45.30	EBIT	2,898.6	2,077.1	-28.34
1,284.3	1,587.6	770.3	-40.02	EBITDA	3,173.2	2,357.8	-25.70
0.19	0.32	0.15	-17.29	Earnings per share*) (RON)	0.44	0.48	8.99
35.99	54.79	36.45	1.26	Net Profit Rate (% from Revenue)	34.42	47.15	36.97
58.15	63.56	38.94	-33.03	EBIT ratio (% from Revenue)	59.19	53.30	-9.94
64.59	69.84	47.43	-26.57	EBITDA ratio (% from Revenue)	64.79	60.50	-6.62
5,944	5,973	5,948	1.00	Number of employees at the end of the period	5,944	5,948	1.00

The figures above are rounded. Therefore, small differences may result upon reconciliation.

*) Earnings per share (EPS) was calculated to the current number of 3,854,224,000 shares for all periods presented

**) Information related to previous periods were changed following a revised presentation of financial statements. Income from works performed by the Group and capitalized as non-current assets were offset by costs incurred for carrying out such investments. Currently, income from works performed by the Group and capitalized as non-current assets are shown in a separate row in the statement of comprehensive income and expenses include such costs. The result of previous periods is not affected by this change in presentation (see Note 2 from the Condensed consolidated interim statement of comprehensive income on June 30, 2024).

Summary of the Group's main indicators for H1 2024:

- Natural gas production for H1 2024 increased by 4.3% as compared to the similar period of 2023;
- Total income decreased by RON 1,013.4 million in H1 2024, recording a drop of 19.38% due to the following factors:
 - Decrease of revenue from natural gas sales (RON 3,250.23 million in H1 2024 as compared to RON 4,283.68 million in H1 2023), mainly due to a drop in prices. Gas quantities delivered in H1 2024 were by 4.2% lower than in H1 2023. Compared to Q1 2024, Q2 recorded lower gas deliveries by 14.29% while revenue from gas sales were lower by 31.11%. As of April 1, 2024 gas prices sold under Government Emergency Ordinance No.27/2022 dropped by 20%, from 150 RON/MWh to 120 RON/MWh. Of the total delivered quantity, deliveries made under GEO No. 27/2022 represent 65.11%;
 - Revenue from electricity sales also recorded a decrease (RON 180.27 million in H1 2024 as compared to RON 200.40 million in H1 2023) caused by low sale prices. According to GEO No. 27/2022 sale prices decreased by 11.1%, from 450 RON/MWh to 400 RON/MWh;
 - Revenue from storage services decreased by 3.7% (RON 276.65 million in H1 2024 as compared to RON 287.29 million in H1 2023), mainly following a decrease of income from capacity booking and of income from injection services. In 2024-2025 storage cycle (started on April 1, 2024) the storage tariff decreased by 1.74%.
- Total expenses decreased in H1 2024 by 7.86% (RON -174.9 million), mainly due to the reduced windfall tax for natural gas (RON - 256.86 million);

- *Net consolidated profit* of RON 1,837.21 million, by 8.99% higher, namely by RON 151.57 million, as compared to the similar period of last year, a significant positive influence was the elimination of the solidarity contribution (RON 970.92 million for the first half of 2023) starting with 2024.

Operational results

Q2 2023	Q1 2024	Q2 2024	Δ Q2 (%)	Main Indicators	H1 2023	H1 2024	Δ H1 (%)
1,146.6	1,291.0	1,195.9	4.3	Gas production (million m3)	2,383.3	2,486.9	4.3
5,322	7,440.0	9,028.0	69.6	Condensate production (tons)	10,939.0	16,468.4	50.5
174.5	263.8	186.9	7.1	Electricity production (GWh)	497.6	450.7	-9.4
42.4	947.7	35.9	-15.3	Invoiced UGS withdrawal services (million m3)	1,157.3	983.6	-15.0
814.3	41.1	779.6	-4.3	Invoiced UGS injection services (million m3)	859.7	820.7	-4.5

Note: the information is not consolidated, namely it contains transactions between Romgaz and Depogaz.

H1 2024 gas production was influenced by:

- well workover operations at wells with low productivity or inactive wells;
- ongoing rehabilitation projects of main mature gas fields;
- optimisation of gas field exploitation;
- investments to expand production infrastructure and to connect new wells to it;
- production decline specific for production of hydrocarbon reservoirs.

National gas consumption estimated for H1 2024 was 56 TWh, approximately 1% higher than the consumption recorded in H1 2023, out of which about 9.3 TWh was import gas and the difference of 46.7 TWh is gas from domestic production, Romgaz deliveries being 25.4 TWh, representing 45.3% of the national consumption and 54.3% of the consumption covered with gas from domestic production.

Electricity production is shown in the table below and its trend was closely related to the energy demand, price trends on competitive markets and equipment maintenance and repair activities.

MWh

	2023	2024	Variation
1	2	3	$4=(3-2)/2 \times 100$
Q1	323,037	263,832	-18.33
Q2	174,542	186,937	7.1
H1	497,579	450,769	-9.41

The full version of the Board of Directors' Report for 1st Half Year 2024, the Condensed Consolidated Interim Financial Statements for the six-month and three-month periods ended June 30, 2024 (unaudited) and the Condensed Separate Interim Financial Statements for the six-month period ended June 30, 2024 (unaudited), prepared in accordance with International Accounting Standard 34 as adopted by the European Union, are available on company's website www.romgaz.ro - Section Investors - Interim Reports and on Bucharest Stock Exchange website, at the link bellow.