

To: The General Meeting of Shareholders of S.N.G.N Romgaz S.A. Medias  
Ref: 2025 Individual Income and Expenditure Budget of S.N.G.N. Romgaz S.A.

ENDORSED,  
CHAIRMAN OF THE BOARD OF DIRECTORS  
Dan Dragoş DRĂGAN

**SUBSTANTIATION NOTE**  
**of the 2025 Individual Income and Expenditure Budget of**  
**S.N.G.N. Romgaz S.A.**

- I. **Substantiation** of the draft 2025 Income and Expenditure Budget and the 2026-2027 forecast were based on the legislation on:
- the implementation of International Financial Reporting Standards by companies having securities traded on a regulated market;
  - reinforcement of financial discipline and setting the salary expenses in the 2025 budget at the level of economic operators where the state or administrative territorial units are sole or majority shareholders or hold, directly or indirectly, a majority interest;
  - profit distribution by national companies and trading companies fully or majority state owned, as subsequently amended and supplemented;
  - implementation of fiscal provisions;
  - implementation of Government Emergency Ordinance No. 156/2024 as subsequently amended;
  - layout and structure of the income and expenditure budget, as well as its substantiation annexes.
- II. **Drafting assumptions** of the draft income and expenditure budget are those published by the National Commission for Strategy and Prognosis in "*The Projection of Main Macroeconomic Indicators for 2024-2028, the Autumn Forecast for 2024* " as follows:

Table 1

	2025	2026	2027
Increase of consumption prices - annual average (%)	4.4%	3.3%	3.0%
RON/EUR exchange rate - annual average	5.01	5.06	5.11
RON/USD exchange rate - annual average	4.70	4.73	4.78

III. **Outline and substantiation of indicators included in S.N.G.N. Romgaz S.A. 2025 Individual Income and Expenditure Budget draft**

**1.Substantiation of Income**

Substantiation of the main income categories in the income and expenditure budget is based on the forecasted evolution of gas demand and delivery price, gas and electricity production programs, tariffs for underground storage of own gas. Revenues of Iernut Power Plant Branch (SPEE Iernut) are generated from electricity production and delivery, as well as from other field specific services.

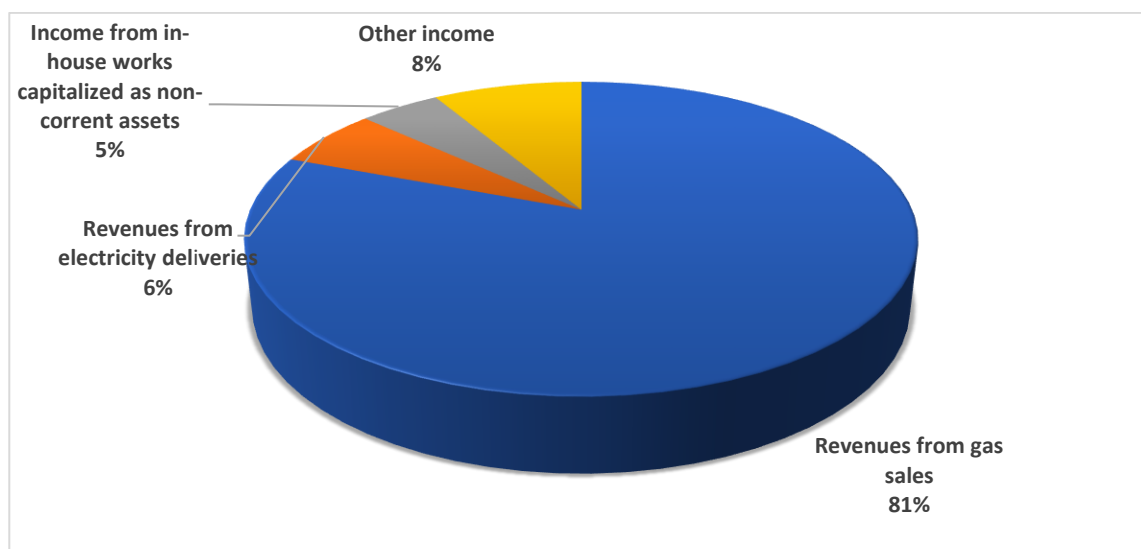
In addition to the main revenue categories, income is also recorded from other activities, namely from supply of services to third parties (gas transmission, dehydration and compression, rental of goods and assets, chemical analyses, sale of condensate, sale of goods, re-invoicing of gas transmission,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

**A. Operating Income**

Operating income is estimated to **RON 7,441,499 thousand**.

The structure of 2025 operating income is shown in the chart below:

Chart 1



Operating income is detailed in the table below:

**Table 2**

		Preliminary 2024	Income and Expenditure Budget 2025	Ratios 2025/2024 - % -
		- RON thousand -	- RON thousand -	
1	Revenues from Romgaz gas sales delivered from own production	6,563,553	5,977,790	91.1
2	Revenues from joint ventures	24,790	32,525	131.2
3	Revenues from electricity deliveries	375,518	451,890	120.3
4	Income from in-house works capitalized as non-current assets	307,228	344,470	112.1
5	Other income (transmission, distribution, storage, rent, goods, changes in inventories)	723,764	634,825	87.7
6	<b>Total operating income</b>	<b>7,994,854</b>	<b>7,441,499</b>	<b>93.1</b>
7	Financial income	296,295	164,167	55.4
8	<b>Total revenue</b>	<b>8,291,148</b>	<b>7,605,666</b>	<b>91.7</b>

*Revenues from Romgaz gas delivered from own production* (excluding partnerships and gas for electricity generation) were determined based on gas quantities estimated to be delivered to customers in 2025 and on the average delivery price of gas from current production and withdrawn from UGSs. The decrease in revenues from gas sales is due to the decrease of quantities by 2.2% and of delivery prices by 6.9% compared to 2024 preliminary.

*Revenues from joint ventures* represent the value of natural gas delivered under joint ventures pro rata to Romgaz participating interest.

*Revenues from electricity deliveries* were determined based on the quantities of delivered electricity and on the estimated average delivery prices. The increase of revenues is due to the increase of delivery prices by 30% and the decrease of quantities by 7.4% compared to 2024 preliminary.

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

**B. Financial income** in amount of RON 164,167 thousand is mostly generated by dividends distributed by Depogaz and the interests granted by banks on the financial resources of the company.

## 2. Substantiation of expenditures

➤ **Operating expenses** are grouped in the following main chapters:

- A. Expenses with goods and services;
- B. Expenses with taxes, duties and similar payments;

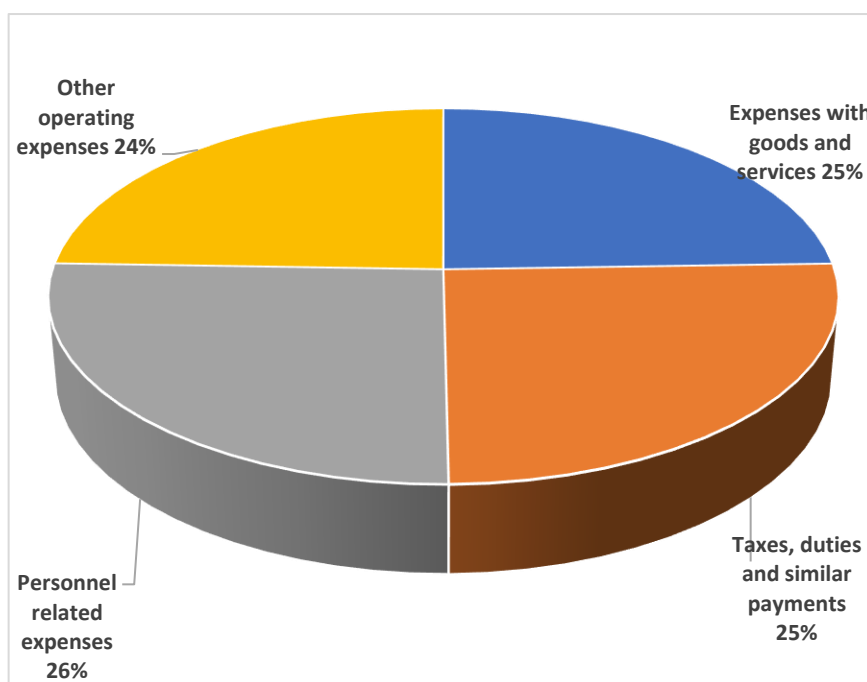
- C. Personnel related expenses;  
D. Other operating expenses.

**Table 3**

	Preliminary 2024 - RON thousand -	Proposal 2025 - RON thousand -	Ratio 2025/2024 %
A. Expenses with goods and services	933,642	1,152,164	123.4
B. Taxes, duties and similar payments	1,816,009	1,190,066	65.5
C. Personnel related expenses	1,084,389	1,208,752	111.5
D. Other operating expenses	779,677	1,151,054	147.6
<b>Total Operating Expenses</b>	<b>4,613,717</b>	<b>4,702,036</b>	<b>101.9</b>

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

**Chart 2**



#### **A. Expenses with Goods and Services**

For this expense category, in amount of RON 1,152,164 thousand we estimate a 23.4% increase as compared to the 2024 preliminary. As compared to 2024, the increase is mainly due to the following: escalation of expenses with transmission and distribution tariffs (most of these expenses are recovered from customers and their value is also reflected in the revenue), of expenses related to a new issue of bonds, payment of maintenance services for the new power plant and increase of expenses with consumables, spare parts for repair works and periodic revisions.

### ***B. Expenses with Taxes, Duties and Similar Payments***

These expenses include royalty calculated as percentage from the physical production of gas and condensate, windfall tax from gas sale, contribution to the energy transition fund, contributions due to ANRE, specific revenue tax, as well as land, building taxes, all permit taxes, environmental and other taxes and charges.

Expenses with taxes and duties represent 25% of total operating expenses, the most significant being expenses with petroleum royalties and windfall tax from gas sales.

Expenses with taxes and duties decreased due to the drop in quantity and value of royalty expenses and by the increase of the gas share sold according to GEO 27/2022 and GEO 6/2025, gas for which no windfall tax is payable.

### ***C. Personnel Related Expenses***

Personnel related expenses were estimated based on GEO 156/2024 as subsequently amended and supplemented, providing the coordinates for the government policy on salaries in order to substantiate expenses with salaries of economic operators falling under GO 26/2013.

Expenses with salaries of RON 1,123,267 thousand increased by 0.9% as compared to those budgeted for 2024 and are by 10.3% higher than the 2024 preliminary expenses.

Personnel related expenses are lower by 1.3% as compared to the expenses budgeted for 2024 and higher by 11.5% as compared to preliminary expenses for 2024.

### ***D. Other Operating Expenses***

This category records expenses higher by 47.6% than preliminary, as a result of increased expenses with fixed assets, of expenses with depreciation of fixed assets and expenses with adjustments and provisions.

- ***Financial expenses*** amount to RON 206,568 thousand, higher as compared to the previous year and include the estimation of expenses with unfavourable differences in the exchange rate, expenses with interests related to the issue of bonds and bank loans and estimations related to the unwinding of the decommissioning provision.

## **IV. 2025 Profit Distribution Proposal**

Profit distribution was made in the 2025 budget proposal 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. The profit distribution rate for dividends due to shareholders is 50% and the undistributed balance is allocated to own development sources.

V. Level of overdue receivables is estimated to RON 862,036 thousand for the end of 2025.

VI. Level of Arrears is estimated to RON 0 thousand.

VII. Investment Program

For 2025 S.N.G.N. ROMGAZ S.A. proposes to carry out an investment program with a total budget of **RON 5,414,432 thousand** consisting of:

- investment expenses in amount of **RON 5,088,782 thousand**, of which:
  - Romgaz investments in amount of RON 1,289,598 thousand;
  - financing of Romgaz Black Sea Limited in amount of RON 3,799,184 thousand;
- Credit reimbursement of **RON 325,650 thousand**.

2025 Investment Program budget was substantiated mostly based on projects aiming to increase the reserves and resources portfolio (onshore and offshore), to offset of the natural gas production decline and to generate electricity, by way of:

- financing granted by S.N.G.N. Romgaz S.A. to **Romgaz Black Sea Limited** for supporting current activities and development of Neptun Deep Block;
- keeping the current participating interest in Lukoil (12.2%);
- 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 and the construction of a Photovoltaic Park with an installed capacity of approx. 50 MW;
- modernising and retrofitting well intervention and special operations equipment and facilities, capitalizable well recompletion operations/reactivation, upgrading dehydration stations and compressor stations;
- acquisition of new equipment and high-performance facilities specific to the core business;
- acquisition of specific equipment to ensure technological transportation and maintenance of the core business and of gas fields road infrastructure.

VIII. 2026-2027 Indicator Forecast

2026-2027 forecast rests on those assumptions underlying the substantiation of the 2025 budget, the market demand and conditions and current legislation.

The provisions of GEO 6/2025 are applicable until March 2026, which determines for 2026-2027 an increase of both gas and electricity prices, but also an increase with taxes and duties (windfall tax, royalties). Commissioning of the new Iernut power plant determines an increase of revenue from electricity sales but also an increase of expenses generated by its production (operational

expenses including depreciation, tariffs, CO<sub>2</sub> certificates, green certificates, etc.). Also, in 2026-2027, there will be an increase of interest expenses generated by the issue of bonds, necessary to support the company's activity.

## IX. Summary of Main Indicators

Table 4

		Preliminary 2024 -RON thousand-	Budget Proposals 2025 - RON thousand -	Estimates 2026 - RON thousand -	Estimates 2027 - RON thousand -	Ratios 2026/ 2025 %	Ratios 2027/ 2026 %
1	Total revenue	8,291,148	7,605,666	9,664,579	9,730,983	127.1	100.7
2	Total expenses	4,712,518	4,908,603	7,617,053	8,097,373	155.2	106.3
3	Gross result	3,578,630	2,697,063	2,047,526	1,633,610	75.9	79.8
4	Income tax	402,695	345,746	279,563	228,923	80.9	81.9
5	NET profit	3,175,936	2,351,317	1,767,964	1,404,687	75.2	79.5

We would like to emphasize that the indicators forecasted for 2026 and 2027 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 2025 Income and Expenditure Budget Proposal and the 2026-2027 forecast during the meeting held on March 12, 2025.*

In accordance with Article 4 paragraph (1) item d) of Government Ordinance No. 26/2013, we hereby request the Ordinary General Meeting of Shareholders to approve S.N.G.N. Romgaz S.A. 2025 Individual Income and Expenditure Budget.

The General Framework of the Income and Expenditure Budget includes the following Annexes:

- Annex 1: 2025 Income and Expenditure Budget (including 2026-2027 estimates);
- Annex 2: Detailed information on the economic-financial indicators included in the income and expenditure budget and their quarterly distribution;
- Annex 3: Total income level of achievement;
- Annex 4: Investment program, equipment and financing sources;
- Annex 5: Measures to improve gross result and to reduce outstanding payments.

According to O.M.F.P. No. 3818/2019, only Annex 1 is public together with the column for 2025.

Information related to years 2026 - 2027 of Annex 1 and Annexes 2-5 are not public. These may be reviewed only by Romgaz shareholders at ROMGAZ headquarters in No. 4, Piata Constantin I. Motas, Sibiu County, Romania, until the date of the Ordinary General Meeting of Shareholders.

**CHIEF EXECUTIVE OFFICER,  
Răzvan POPESCU**

**CHIEF FINANCIAL OFFICER,  
Gabriela TRÂNBIȚAȘ**

**HEAD OF PREVENTIVE FINANCIAL CONTROL OFFICE,  
Anica Mariana SÂNPETREAN**

**HEAD OF LEGAL DEPARTMENT,  
Monica STAFIE**

**ACCOUNTING DEPARTMENT DIRECTOR,  
Marius Leonte VEZA**