

**ECONOMIC DEPARTMENT****Accounting Department****No. 29 619/22.09.2020****APPROVED****CEO,  
Constantin Adrian VOLINTIRU****Deputy CEO,  
Daniel Corneliu PENA****To,****THE GENERAL MEETING OF SHAREHOLDERS OF S.N.G.N. ROMGAZ S.A.****Information Note on the 2020 CONSOLIDATED Income and Expenditure Budget of Romgaz Group**

The 2020 Income and Expenditure Rectified Consolidated Budget was prepared for Romgaz Group on the basis individual budgets of SNGN Romgaz SA Medias (hereinafter referred to as “the Company”) and SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (hereinafter referred to as “the Subsidiary”) adjusted for consolidation. By ANRE Resolution No. 151/22.01.2014 – the titleholder of Storage License no. 1942/22.01.2014 for operating the natural gas underground storage system was modified and it was transferred from SNGN Romgaz SA Medias to SNGN Romgaz SA- Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL.

Since taken over on April 1, 2018 the natural gas storage activity has been carried on within the Subsidiary.

**I. Main Indicators of the Individual Rectified Income and Expenditure Budgets**

The budgets approved for 2020 provided for the transfer of the fixed assets of the Subsidiary as of June 1, 2020, but considering that so far this transfer has not been performed for reasons independent of the Group, in the rectified budgets the deadline for January 1, 2021 was delayed. Therefore, both the Subsidiary and the parent company prepared their own rectified budget of income and expenditure bearing in mind the termination as of **January 1, 2021** of the lease of specific assets from the parent company. SNGN Romgaz SA GMS resolutions approving the

transfer of assets were taken into account, known as of this date, but such resolutions do not specify the effective transfer date nor the value of the transfer date. For synchronisation and consolidation purposes of the two budgets, the same termination date of the asset lease agreement has been applied in drafting the individual income and expenditure budget of the parent company.

The effect of the asset transfer delay is reflected in the parent company's approved budget as increased income (from leases), while the subsidiary's budget is reflected in the increased expenses with paid lease and reduced expenses with depreciation. We mention that the fixed assets used in the storage activity owned by Romgaz for transfer to the Subsidiary were recorded as current assets in the form of assets held for disposal and as a result they are not depreciated in the individual budget of the company. In drawing up the consolidated budget, this depreciation is taken into account because at Group level these assets act are of a fixed assets nature.

The Rectified Income and Expenditure Budget of the Subsidiary was endorsed by Depogaz Board of Directors by Resolution of the Board of Directors No. 11/28.08.2020, Article 2.

Please find below the indicators representing the income, expenses and profit included in the rectified income and expenditure budget of the two entities:

<i>RON thousand</i>			
Item No.	SPECIFICATION	Romgaz 2020 rectified budget proposal	Subsidiary 2020 rectified budget proposal
0	1	2	3
<b>1</b>	<b>TOTAL INCOME</b> , including:	<b>4 069 305</b>	<b>319 344</b>
1.1.	Operating income	4 010 764	318 643
.2.	Financial income	58 541	701
<b>2</b>	<b>TOTAL EXPENSES</b>	<b>2 792 028</b>	<b>285 451</b>
2.1.	Operating expenses	2 774 018	285 450
A	Expenses for goods and services	639 208	188 644
B	Expenses for taxes, duties and similar payments	595 775	12 363
C	Personnel-related expenses	817 433	76 692
D	Other operating expenses	721 602	7 751
2.2.	Financial expenses	18 009	0
<b>3</b>	<b>GROSS PROFIT</b>	<b>1 277 277</b>	<b>33 893</b>

## II. Individual Budget Items to be consolidated into the Group's Rectified Consolidated Income and Expenditure Budget

Bearing in mind that SNGN Romgaz SA Medias (parent company) is the sole shareholder of SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL and that the securities of the parent company are traded on a regulated market, it is necessary to consolidate the financial statements of the group and the income and expenditure budgets.

Consolidation at Group level has the role to inform about the indicators that do not include the amounts (income/expenditure) recorded between the parent company and the subsidiary, such transactions affecting the indicator levels.

The two separate budgets are cumulated for consolidation (income and expenditures), while the intra-group transactions are excluded, namely the transactions between the parent company and the subsidiary and the adjustments according to IFRS are added.

The following table shows the elements (income/expenditures) excluded by consolidation from the group's income and expenditure budget.

*RON thousand*

<b>Indicators</b>	<b>Romgaz Income</b>	<b>Romgaz Expenses</b>	<b>Subsidiary Income</b>	<b>Subsidiary Expenses</b>	<b>Total Income</b>	<b>Total Expenses</b>
Natural gas underground storage services	0	65 874	65 874	0	65 874	65 874
Asset lease	104 116	0	0	104 116	104 116	104 116
Natural gas delivered for technological consumption	14 506	0	0	14 506	14 506	14 506
Transport services	2 806	0	0	2 806	2 806	2 806
Other services (water, third-party expenses)	39	0	0	39	39	39
<b>TOTAL</b>	<b>121 468</b>	<b>65 874</b>	<b>65 874</b>	<b>121 468</b>	<b>187 341</b>	<b>187 341</b>

**The adjustments according to IFRS** which are added to the consolidated budget consist in the annulment of dividends received from the Subsidiary and re-establishment of expenses of depreciation of fixed assets owned by Romgaz leased to the Subsidiary. On the individual budget of Romgaz these fixed assets are not depreciated as they are current assets in the form of assets held for disposal and which according to IFRS are not depreciated. From the Group's point of view, these assets represent fixed assets that generate depreciation. We mention that these adjustments diminish the gross result of Romgaz Group.

### **III. Consolidated Income and expenditures budget of SNGN Romgaz SA Mediaș Group**

After excluding the transactions between parent company and the Subsidiary and the addition of the other consolidation adjustments, the main indicators in the group rectified consolidated income and expenditure budget are as shown in the table below:

*RON thousand*

<b>Item no.</b>	<b>SPECIFICATION</b>	<b>Romgaz 2020 Rectified Budget Proposal</b>	<b>Subsidiary 2020 Rectified Budget Proposal</b>	<b>Consolidations</b>	<b>Other adjustments in accordance with IFRS</b>	<b>Total 2020 rectified consolidated budget</b>
0	1	2	3	4	5	5=2+3-4+5
<b>1</b>	<b>TOTAL INCOME, including</b>	<b>4 069 305</b>	<b>319 344</b>	<b>187 341</b>	<b>- 21 115</b>	<b>4 180 193</b>
1.1.	Operating income	4 010 764	318 643	187 341	4	4 142 069
1.2.	Financial income	58 541	701		- 21 118	38 124
<b>2</b>	<b>TOTAL EXPENSES, including</b>	<b>2 792 028</b>	<b>285 451</b>	<b>187 341</b>	<b>65 456</b>	<b>2 955 594</b>
2.1.	Operating expenses	2 774 018	285 450	187 341	65 454	2 937 581
A	Expenses for goods and services	639 208	188 644	187 341	101	640 612
B	Expenses for taxes, duties and similar payments	595 775	12 363	0	0	608 139
C	Personnel – related expenses	817 433	76 692	0	0	894 125
D	Other operating expenses	721 602	7 750	0	65 352	794 705
2.2.	Financial expenses	18 009	0	0	2	18 012
<b>3</b>	<b>GROSS PROFIT</b>	<b>1 277 277</b>	<b>33 893</b>	<b>0</b>	<b>- 86 571</b>	<b>1 224 599</b>
<b>4</b>	<b>Investments</b>	<b>853 000</b>	<b>42 168</b>	<b>0</b>	<b>0</b>	<b>895 168</b>

In the parent company's Income and Expenditure Budget, the expenses related to planned investments amount RON 853, 000 thousand, financed from own sources.

The Subsidiary's Income and Expenditure Budget, Annex 4, provides for investment expenses in amount of RON 42,168 thousand and the financing sources are as follows, from:

- depreciation RON 5,925 thousand;
- current profit RON 18,033 thousand;
- previous profit RON 18,210 thousand;

The Proposal of 2020 Rectified Consolidated Income and Expenditure Budget of SNGN Romgaz SA Mediaș Group has been submitted for the attention of the Board of Directors during the meeting on September 18, 2020.

**Annexes:**

Annex 1: 2020 Rectified Consolidated Income and Expenditure Budget;

Annex 2: 2020 Rectified individual Income and Expenditure Budget of SNGN Romgaz SA Mediaș (as annex 1, in accordance with OMFP 3818/2019);

Annex 3: 2020 Rectified Income and Expenditure Budget of SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (as Annex 1, in accordance with OMFP 3818/2019).

**Proposals:**

Taking into account:

- the information described above on the proposal to rectify the 2020 consolidated income and expenditure budget of Romgaz Group;
- information note on the 2020 rectified consolidated income and expenditure budget of Romgaz Group to the attention of the General Meeting of Shareholders

we hereby submit to the attention of the General Meeting of Shareholders the following draft of resolution:

***The General Meeting of Shareholders takes note of the 2020 Rectified Consolidated Income and Expenditure Budget of Romgaz Group.***

**ACCOUNTING DEPARTMENT DIRECTOR,  
Marius VEZA**

**RECTIFIED INCOME AND EXPENDITURE BUDGET - CONSOLIDATED FOR 2020  
 SNGN ROMGAZ SA MEDIAS**

RON thousand

		INDICATORS	Row No.	2020 rectified Budget- Consolidated Proposal
0	1	2	3	4
I.		<b>TOTAL INCOME (Row1=Row2+Row5)</b>	1	<b>4 180 193</b>
	1	<b>Total operating income out of which:</b>	2	<b>4 142 069</b>
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	<b>Financial income</b>	5	<b>38 124</b>
II		<b>TOTAL EXPENSES (Row6=Row7+Row19)</b>	6	<b>2 955 594</b>
	1	<b>Operating expenses (row7=row8+row9+row10+row18),out of which:</b>	7	<b>2 937 581</b>
	A.	<b>expenses for goods and services</b>	8	<b>640 612</b>
	B.	<b>expenses for taxes, duties and similar payments</b>	9	<b>608 139</b>
	C.	<b>personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:</b>	10	<b>894 125</b>
	C0	<b>Wages and Salaries Expense (Row11=Row12+Row13)</b>	11	<b>841 460</b>
	C1	<b>Salaries expense</b>	12	<b>759 593</b>
	C2	<b>Bonus expense</b>	13	<b>81 868</b>
	C3	<b>other personnel expense, out of which:</b>	14	<b>1 540</b>
		expenses with termination benefits	15	
	C4	<b>expenses for the mandate contract and for other management and control bodies, committees and commissions</b>	16	<b>4 845</b>
	C5	<b>expenses with contributions owed by the employer</b>	17	<b>46 279</b>
	D.	<b>other operating expenses</b>	18	<b>794 706</b>
	2	<b>Financial expenses</b>	19	<b>18 012</b>
III		<b>GROSS RESULT (profit/loss) (Row20=Row1-Row6)</b>	20	<b>1 224 599</b>
IX		<b>INVESTMENTS EXPENSES</b>	49	<b>895 168</b>

CEO,  
 Constantin Adrian VOLINTIRU

ACCOUNTING DEPARTMENT  
 DIRECTOR,  
 Marius VEZA

Deputy CEO,  
 DANIEL CORNELIU PENA

RECTIFIED INDIVIDUAL INCOME AND EXPENDITURE BUDGET FOR 2020  
SNGN ROMGAZ SA MEDIAS

RON thousand

		INDICATORS	Row No.	2020 rectified Individual Budget Proposal
0	1	2	3	4
I.		<b>TOTAL INCOME (Row1=Row2+Row5)</b>	1	4 069 305
	1	Total operating income out of which:	2	4 010 764
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	Financial income	5	58 541
II.		<b>TOTAL EXPENSES (Row6=Row7+Row19)</b>	6	2 792 028
	1	Operating expenses (row7=row8+row9+row10+row18),out of which:	7	2 774 018
		A. expenses for goods and services	8	639 208
		B. expenses for taxes, duties and similar payments	9	595 775
		C. personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:	10	817 433
		C0 Wages and Salaries Expense (Row11=Row12+Row13)	11	770 164
		C1 Salaries expense	12	695 504
		C2 Bonus expense	13	74 660
		C3 other personnel expense, out of which:	14	1 540
		expenses with termination benefits	15	
		C4 expenses for the mandate contract and for other management and control bodies, committees and commissions	16	2 500
		C5 expenses with contributions owed by the employer	17	43 228
		D. other operating expenses	18	721 602
	2	Financial expenses	19	18 009
III.		<b>GROSS RESULT (profit/loss) (Row20=Row1-Row6)</b>	20	1 277 277
IV.		<b>CURRENT PROFIT TAX</b>	21	187 823
		<b>DEFERRED PROFIT TAX</b>	22	24 165
		<b>INCOME FROM DEFERRED PROFIT TAX</b>	23	
		<b>ACTIVITY SPECIFIC TAX</b>	24	47
		<b>OTHER TAXES NOT REPRESENTED IN THE ABOVE ELEMENTS</b>	25	
V.		<b>NET PROFIT/LOSS of the reporting period (Row 26=Row20-Row21-Row22+Row23-Row24-Row25), out of which:</b>	26	1 065 241
	1	Legal Reserves	27	
	2	Other reserves representing fiscal facilities provided by law	28	
	3	Coverage of accounting loss from previous years	29	
	4	Establishing equity finance for projects co-financed from foreign loans, and establishing sources for reimbursement of installments, payment of interest rates, charges and other costs related to such loans	30	
	5	Other distributions provided by law	31	
	6	Accounting profit after deduction of the amounts provided at Rows 27, 28, 29, 30, 31 ( Row 32= Row26-(Row27 to Row31)>= 0)	32	1 065 241

		INDICATORS	Row No.	2020 rectified Individual Budget Proposal
0	1	2	3	4
	7	Profit share payable to employees within the limit of 10% of the net profit, but not more than one monthly average base salary paid by the economic operator during the reference financial year	33	34 304
	8	Minimum 50% payments to the state budget or local budget in case of autonomous companies, or as dividends paid to shareholders in case of national companies and companies fully or majority state-owned, out of which:	34	549 772
	a)	- dividends to the state budget	35	384 841
	b)	- dividends to the local budget	36	
	c)	- dividends to other shareholders	37	164 932
	9	Profit not allocated to rows 33-34 is allocated to other reserves and represents the company's equity finance	38	515 469
VI		INCOME FROM EUROPEAN FUNDS	39	
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, out of which:	40	
	a)	expenses for materials	41	
	b)	Salaries expense	42	
	c)	expenses for services	43	
	d)	expenses for promotion and advertising	44	
	e)	other expenses	45	
VIII		INVESTMENT FINANCING SOURCES, out of which:	46	853 000
	1	Allocations from the budget, out of which:	47	
		budget allocations related to payments of previous years commitments	48	
IX		INVESTMENTS EXPENSES	49	853 000
X		SUPPORTING DATA		
	1	Forecasted number of employees at the end of the year	50	5 900
	2	Total average number of employees	51	5 661
	3	Average monthly income per employee (RON/ person) determined on basis of salary-related expenses	52	10 569
	4	Average monthly income per employee (RON/ person) determined on basis of salary expenses recalculated under the Annual Law of the State Budget	53	9 122
	5	Labour productivity in financial units per total average number of employees (thousand RON/person) (Row2/Row51)	54	708
	6	Labour productivity in financial units per total average number of employees recalculated under the Annual Law of the State Budget	55	708
	7	Labour productivity in physical units per total average number of employees (thousand cm/person)	56	
	8	Total expenses related to RON 1 000 total income (Row 57=(Row6/Row1)x1000)	57	686
	9	Outstanding payments	58	
	10	Overdue accounts receivables	59	1 265 490

CEO,

Constantin Adrian VOLINTIRU

ACCOUNTING DEPARTMENT  
DIRECTOR,

Marius VEZA

Deputy CEO,

DANIEL CORNELIU PENA



RECTIFIED INCOME AND EXPENDITURE BUDGET FOR 2020- of SNGN Romgaz- Filiala de Inmagazinare Gaze naturale  
 Depogaz Ploiesti SRL

RON thousand

		INDICATORS	Row No.	2020 Proposals
0	1	2	3	5
I.		TOTAL INCOME (Row1=Row2+Row5)	1	319.344
	1	Total operating income out of which:	2	318.643
	a)	subsidies, according to legal provisions in force	3	
	b)	transfers, according to legal provisions in force	4	
	2	Financial income	5	701
II		TOTAL EXPENSES (Row6=Row7+Row19)	6	285.451
	1	Operating expenses (row7=row8+row9+row10+row18),out of which:	7	285.450
	A.	expenses for goods and services	8	188.644
	B.	expenses for taxes, duties and similar payments	9	12.363
	C.	personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:	10	76.692
	C0	Wages and Salaries Expense (Row11=Row12+Row13)	11	71.296
	C1	Salaries expense	12	64.089
	C2	Bonus expense	13	7.208
	C3	other personnel expense, out of which:	14	0
		expenses with termination benefits	15	
	C4	expenses for the mandate contract and for other management and control bodies, committees and commissions	16	2.345
	C5	expenses with contributions owed by the employer	17	3.051
	D.	other operating expenses	18	7.751
	2	Financial expenses	19	
III		GROSS RESULT (profit/loss) (Row20=Row1-Row6)	20	33.893
IV		CURRENT PROFIT TAX	21	5.478
		DEFERRED PROFIT TAX	22	
		INCOME FROM DEFERRED PROFIT TAX	23	
		ACTIVITY SPECIFIC TAX	24	
		OTHER TAXES NOT REPRESENTED IN THE ABOVE ELEMENTS	25	
V		NET PROFIT/LOSS of the reporting period (Row 26=Row20-Row21-Row22+Row23-Row24-Row25), out of which:	26	28.414
	1	Legal Reserves	27	1.695
	2	Other reserves representing fiscal facilities provided by law	28	
	3	Coverage of accounting loss from previous years	29	
	4	Establishing equity finance for projects co-financed from foreign loans, and establishing sources for reimbursement of installments, payment of interest rates, charges and other costs related to such loans	30	
	5	Other distributions provided by law	31	
	6	Accounting profit after deduction of the amounts provided at Rows 27, 28, 29, 30, 31 ( Row 32= Row26-(Row27 to Row31)>= 0)	32	26.719
	7	Profit share payable to employees within the limit of 10% of the net profit, but not more than one monthly average base salary paid by the economic operator during the reference financial year	33	2.480

		INDICATORS	Row No.	2020 Proposals
0	1	2	3	5
	8	Minimim 50% payments to the state budget or local budget in case of autonomous companies, or as dividends paid to shareholders in case of national companies and companies fully or majority state-owned, out of which:	34	
	a)	- dividends to the state budget	35	
	b)	- dividends to the local budget	36	
	c)	- dividends to other shareholders	37	14.600
	9	Profit not allocated to rows 33-34 is allocated to other reserves and represents the company's equity finance	38	12.120
VI		INCOME FROM EUROPEAN FUNDS	39	
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, out of which:	40	
	a)	expenses for materials	41	
	b)	Salaries expense	42	
	c)	expenses for services	43	
	d)	expenses for promotion and advertising	44	
	e)	other expenses	45	
VIII		INVESTMENT FINANCING SOURCES, out of which:	46	42.168
	1	Allocations from the budget, out of which:	47	
		budget allocations related to payments of previous years commitments	48	
IX		INVESTMENTS EXPENSES	49	42.168
X		SUPPORTING DATA		
	1	Forecasted number of employees at the end of the year	50	530
	2	Total average number of employees	51	530
	3	Average monthly income per employee (RON/ person) determined on basis of salary-related expenses	52	10.399
	4	Average monthly income per employee (RON/ person) determined on basis of salary expenses recalculated under the Annual Law of the State Budget	53	
	5	Labour productivity in financial units per total average number of employees (thousand RON/person) (Row2/Row51)	54	601
	6	Labour productivity in financial units per total average number of employees recalculated under the Annual Law of the State Budget	55	
	7	Labour productivity in physical units per total average number of employees (thousand cm/person)	56	
	8	Total expenses related to RON 1 000 total income ( Row 57= (Row6/Row1)x1000)	57	894
	9	Outstanding payments	58	
	10	Overdue accounts receivables	59	1.300

CEO,

ECONOMIC DIRECTOR,

ing. VASILE CARSTEA

ec. VIORICA IONESCU