

**ECONOMIC DEPARTMENT**  
**Accounting Department**  
**No. 9262/19.03.2021**

**APPROVED**  
**CEO,**  
**Aristotel Marius JUDE**

**To,**  
**THE GENERAL MEETING OF SHAREHOLDERS OF S.N.G.N. ROMGAZ S.A.**

**REPORT**  
**on 2020 Financial Year Net Profit and other Amounts**  
**Distribution Approval**

**Legal frame:**

- *Government Ordinance No. 64/2001 on profit distribution as regards national companies and companies with full or majority state-owned capital, as well as autonomous regies, as subsequently amended and supplemented;*
- *Law 31/1990 on companies, as subsequently amended and supplemented;*
- *Law 227/2015 on the Fiscal Code as subsequently amended and supplemented;*
- *Order of the Ministry of Public Finances No. 2844/2016 on approving the Accounting Regulations compliant with the International Financial Reporting Standards.*

**I.**

The 2020 net profit (after profit tax deduction) according to the financial statements amounts to **RON 1,278,884,672.59**. The profit distribution proposal has been made considering the provisions of GD no.64/2001 on *profit distribution as regards national companies, national companies and companies with full or majority state-owned capital and autonomous regies, as subsequently amended and supplemented.*

The proposal regarding the profit distribution is shown in the table below:

I	Indicators	YEAR 2020 Value (RON)
0	1	2
<b>A.</b>	<b>Gross result of financial year</b>	<b>1,448,817,667.74</b>
B.	Current income tax	210,173,830.71
B.1	Specific activities tax	46,796.00
C.	Revenue from deferred income tax	52,370,338.61
C.1	Deferred income tax	12,082,707.05
<b>D.</b>	<b>Net result of financial year [A.-B.+C.], (accounting profit after profit tax deduction), including:</b>	<b>1,278,884,672.59</b>
a)	Legal reserve	0.00
b)	Other reserves representing fiscal facilities provided by law (Law No.227/2015-Article 22)	59,409,397.67
c)	Coverage of losses in retained earnings from previous years accounting errors (in accordance with Article1, paragraph(1) ,c) of GO No.64/2001)	
c1)	Set up of own financing sources for co-financed projects from external loans (in accordance with Article 1, paragraph(1), c^1 of GO No.64/2001)	
d)	Other distributions as provided by special laws	
<b>E.</b>	<b>Remaining net profit to be distributed (D-a-b-c-c1-d)</b>	<b>1,219,475,274.92</b>
e)	Employees' participation to profit	33,848,029.00
f)	Dividends due to shareholders (approx. 50.27% of net profit to be distributed (E + e))	628,238,512.00
	-dividend/share	<b>1.63</b>
g)	Profit for setting up own financing sources (E-f)	591,236,762.92
	<b>TOTAL DISTRIBUTIONS (b+f+g)</b>	<b>1,278,884,672.59</b>

- RON 59,409,397.67 were allocated to reserves in accordance with Article 22 of Law NO. 227/2015 on the Fiscal Code, and represent the profit invested in technological equipment - machinery, work equipment and facilities, electronic computers and peripheral equipment, cash, control and billing devices, computer programs, manufactured and/or purchased. According to this article, the profit amount that benefitted from the profit tax exemption, less the amount related to the legal reserve, is distributed at the end of the financial year, prevalently for setting up reserves;
- Employees' participation to profit was established within the limit of the average monthly basic salary per employee for 2019, as follows:
 

Average number of personnel	5,531 employees;
Average monthly basic salary in 2020	RON 6,119.69 /pers./month;
Employees' participation to profit fund	<b>RON 33,848,029.</b>
- The resulting dividend per share (rounded up to two decimal places) amounts to **RON 1.63/share.**

## II.

In addition to the distribution of net result for 2020, retained earnings amounting to RON 120,659,058.64, representing the value of fixed asset depreciation and fixed assets and investment projects abandoned during the reporting year financed from the “expenditure quota required for development and modernization of natural gas production” source, in accordance with GD No. 168/1998, as subsequently amended and supplemented, is distributed as follows:

- a. The amount of RON 61,667,584.00 as dividends, with a value of RON 0.16 dividend/share, representing approximately 51.11% of the total value;
- b. The amount of RON 58,991,474.64 for own financing sources.

Taking into account the above, we hereby submit the following for review and approval:

### 1. 2020 net profit distribution in accordance with the following proposal:

I	Indicators	YEAR 2020 Value (RON)
0	1	2
<b>A.</b>	<b>Gross result of financial year</b>	<b>1,448,817,667.74</b>
B.	Current income tax	210,173,830.71
B.1	Specific activities tax	46,796.00
C.	Revenue from deferred income tax	52,370,338.61
C.1	Deferred income tax	12,082,707.05
<b>D.</b>	<b>Net result of financial year [A.-B.+C.],</b> (accounting profit after profit tax deduction), including:	<b>1,278,884,672.59</b>
a)	Legal reserve	0.00
b)	Other reserves representing fiscal facilities provided by law (Law No.227/2015-Article 22)	59,409,397.67
c)	Coverage of losses in retained earnings from previous years accounting errors (in accordance with Article1, paragraph(1) ,c) of GO No.64/2001)	
c1)	Set up of own financing sources for co-financed projects from external loans (in accordance with Article 1, paragraph(1), c^1 of GO No.64/2001)	
d)	Other distributions as provided by special laws	
<b>E.</b>	<b>Remaining net profit to be distributed (D-a-b-c-c1-d)</b>	<b>1,219,475,274.92</b>
e)	Employees' participation to profit	33,848,029.00
f)	Dividends due to shareholders (approx. 50.27% of net profit to be distributed (E + e))	628,238,512.00
	-dividend/share	<b>1.63</b>
g)	Profit for setting up own financing sources (E-f)	591,236,762.92
	<b>TOTAL DISTRIBUTIONS (b+f+g)</b>	<b>1,278,884,672.59</b>

2. The value of the dividend amounting to RON 1.63 /share relating to the 2020 net profit;
3. Employees' participation to profit in accordance with Government Ordinance No. 64/2001 in amount of RON 33,848,029;
4. The distribution of retained earnings representing the value of fixed asset depreciation and fixed assets and investment projects abandoned during the reporting year financed from the "expenditure quota required for development and modernization of natural gas production" source in accordance with GD No. 168/1998, as subsequently amended and supplemented, as follows:
  - a. the amount of RON 61,667,584.00 as dividends, with a value of RON 0.16 dividend/share, representing approximately 51.11% of the total value;
  - b. the amount of RON 58,991,474.64, for own financing sources;
5. The total value of dividend per share, as resulted from the above described, (items 2+4.a) amounts to RON 1.79.

**Chief Financial Officer,  
Razvan POPESCU**

**Accounting Department Director,  
Marius Leonte VEZA**

**Legal Department Director,  
Endre IOO**

