

ECONOMIC DEPARTMENT
NO. 9174/06.03.2020**ENDORSED**
CHIEF EXECUTIVE OFFICER
Constantin Adrian VOLINTIRU**To: SNGN ROMGAZ SA MEDIAS GENERAL MEETING OF SHAREHOLDERS****Information Note on the 2020 CONSOLIDATED Income and Expenditure Budget of Romgaz Group**

The 2020 Income and Expenditure Budget was prepared for Romgaz Group by taking into consideration the change of the titleholder of Storage License no. 1942/22.01.2014 for operating the natural gas underground storage system, issued under ANRE (Romanian Energy Regulatory Authority) Resolution no. 151/22.01.2014. The titleholder changed from SNGN Romgaz SA Mediaș (hereinafter referred to as “the Company”) to **SNGN Romgaz SA- Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL** (hereinafter referred to as “the Subsidiary”).

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

Under these circumstances, it is necessary to consolidate the income and expenditure budget of the group, that is the individual budget of SNGN Romgaz SA Mediaș and the budget of SNGN Romgaz SA- Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL.

I. Main Indicators of the Individual Income and Expenditure Budgets (of each entity)

The Subsidiary prepared its own income and expenditure budget taking into account that the lease agreement of specific assets of the parent company terminated on April 1, 2020. Taken into account were the SNGN Romgaz SA GMS resolutions approving the transfer of assets, known as of this date, but such resolutions do not specify the effective 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 is reflected in the parent company’s budget as reduced income (from leases) and reduced expenses with asset depreciation, while the subsidiary’s budget no longer records rent expenses but records expenses with depreciation.

Please find below the indicators representing the income, expenses and profit included in the income and expenditure budgets of the two entities.

RON thousand

Item no.	SPECIFICATION	Romgaz 2020 draft budget	Subsidiary 2020 draft budget
0	1	2	3
1	TOTAL INCOME, including:	5 408 177	319 107
1.1.	Operating income	5 365 898	318 606
1.2.	Financial income	42 279	501
2	TOTAL EXPENSES	3 743 958	262 802
2.1.	Operating expenses	3 710 056	262 802
A	Expenses for goods and services	775 323	132 269
B	Expenses for taxes, duties and similar payments	978 753	12 363
C	Personnel-related expenses	878 206	77 428
D	Other operating expenses	1 077 773	40 742
2.2.	Financial expenses	33 903	
3	GROSS PROFIT	1 664 219	56 305

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

Taking into account that SNGN Romgaz SA Mediaș (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.

Consolidation at group level has the role to inform about the indicators that do not include the amounts (income/expenses) 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.

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

RON thousand

Indicators	Romgaz Income	Romgaz Expenses	Subsidiary Income	Subsidiary Expenses	Total Income	Total Expenses
Natural gas underground storage services		67 090	67 090		67 090	67 090
Asset lease	26 719			26 719	26 719	26 719
Natural gas delivered for technological consumption	16 680			16 680	16 680	16 680
Electricity						
Transport services	3 000			3 000	3 000	3 000
Maintenance and repair services						
Other services (water, third-party expenses)	415			415	415	415
Total	46 814	67 090	67 090	46 814	113 904	113 904

III. Consolidated Income and Expenditure Budget of SNGN Romgaz SA Mediaș Group

After excluding the transactions between the parent company and the subsidiary, the main indicators in the group's consolidated income and expenditure budget are as shown in the table below:

RON thousand

Item No.	SPECIFICATION	Romgaz 2020 Draft Budget	Subsidiary 2020 Draft Budget	Consolidations	Total 2020 Consolidated Budget
0	1	2	3	4	5=2+3-4
1	TOTAL INCOME, including:	5 408 177	319 107	113 904	5 613 380
1.1.	Operating income	5 365 898	318 606	113 904	5 570 600
1.2.	Financial income	42 279	501		42 780
2	TOTAL EXPENSES, including:	3 743 958	262 802	113 904	3 892 856
2.1.	Operating expenses	3 710 056	262 802	113 904	3 858 954
A	Expenses for goods and services	775 323	132 269	113 904	793 687
B	Expenses for taxes, duties and similar payments	978 753	12 363		991 116
C	Personnel – related expenses	878 206	77 428		955 635
D	Other operating expenses	1 077 773	40 742		1 118 515
2.2.	Financial expenses	33 903			33 903
3=1-2	GROSS PROFIT	1 664 219	56 305		1 720 524
4	INVESTMENTS	1 140 000	60 174		1 200 174

The Subsidiary's Income and Expenditure Budget, Annex 4, provides for investment expenses in amount of RON 60,174 thousand and the financing sources are as follows, from:

- depreciation RON 48,055 thousand;
- profit RON 12,119 thousand;

Taking into account the above described, we hereby submit for the attention of the Ordinary General Meeting of Shareholders of SNGN Romgaz SA Medias the Group's 2020 Consolidated Income and Expenditure Budget.

Annexes:

Annex 1: 2020 Consolidated Income and Expenditure Budget;

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

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

**Endorsed,
CHIEF EXECUTIVE OFFICER
Constantin Adrian VOLINTIRU**



**ACCOUNTING DEPARTMENT DIRECTOR
Marius Leonte VEZA**

A handwritten signature in blue ink, which appears to be "M. Veza", is written below the name of the Accounting Department Director.

2020 INCOME AND EXPENDITURE BUDGET - CONSOLIDATED

RON thousand

		INDICATORS	Row No.	2020 Proposals Romgaz Group
0	1	2	3	4
I.		TOTAL INCOME (Row1=Row2+Row5)	1	5 613 380
	1	Total operating income out of which:	2	5 570 600
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	Financial income	5	42 780
II		TOTAL EXPENSES (Row6=Row7+Row19)	6	3 892 856
	1	Operating expenses (row7=row8+row9+row10+row18),out of which:	7	3 858 954
	A.	expenses for goods and services	8	793 687
	B.	expenses for taxes, duties and similar payments	9	991 116
	C.	personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:	10	955 634
	C0	Wages and Salaries Expense (Row11=Row12+Row13)	11	898 111
	C1	Salaries expense	12	808 916
	C2	Bonus expense	13	89 195
	C3	other personnel expense, out of which:	14	4 114
		expenses with termination benefits	15	2 906
	C4	expenses for the mandate contract and for other management and control bodies, committees and commissions	16	5 107
	C5	expenses with contributions owed by the employer	17	48 301
	D.	other operating expenses	18	1 118 516
	2	Financial expenses	19	33 903
III		GROSS RESULT (profit/loss) (Row20=Row1-Row6)	20	1 720 524
IX		INVESTMENTS EXPENSES	49	1 200 174

CEO

Constantin Adrian VOLUNTIRU

ACCOUNTING DEPARTMENT DIRECTOR,

Marius VEZA

2020 INCOME AND EXPENDITURE BUDGET - INDIVIDUAL

RON thousand

		INDICATORS	Row No.	2020 Proposals
0	1	2	3	4
I.		TOTAL INCOME (Row1=Row2+Row5)	1	5 408 177
	1	Total operating income out of which:	2	5 365 898
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	Financial income	5	42 279
II		TOTAL EXPENSES (Row6=Row7+Row19)	6	3 743 958
	1	Operating expenses (row7=row8+row9+row10+row18), out of which:	7	3 710 056
		A. expenses for goods and services	8	775 323
		B. expenses for taxes, duties and similar payments	9	978 753
		C. personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:	10	878 206
	C0	Wages and Salaries Expense (Row11=Row12+Row13)	11	826 093
	C1	Salaries expense	12	745 027
	C2	Bonus expense	13	81 066
	C3	other personnel expense, out of which:	14	4 114
		expenses with termination benefits	15	2 906
	C4	expenses for the mandate contract and for other management and control bodies, committees and commissions	16	2 749
	C5	expenses with contributions owed by the employer	17	45 250
		D. other operating expenses	18	1 077 773
	2	Financial expenses	19	33 903
III		GROSS RESULT (profit/loss) (Row20=Row1-Row6)	20	1 664 219
IV		CURRENT PROFIT TAX	21	251 645
		DEFERRED PROFIT TAX	22	9 925
		INCOME FROM DEFERRED PROFIT TAX	23	37 180
		ACTIVITY SPECIFIC TAX	24	48
		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	1 439 782
	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	1 439 782

		INDICATORS	Row No.	2020 Proposals
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	32 407
	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	736 095
	a)	- dividends to the state budget	35	515 266
	b)	- dividends to the local budget	36	
	c)	- dividends to other shareholders	37	220 828
	9	Profit not allocated to rows 33-34 is allocated to other reserves and represents the company's equity finance	38	703 687
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	
VII		INVESTMENT FINANCING SOURCES, out of which:	46	1 140 000
	1	Allocations from the budget, out of which:	47	
		budget allocations related to payments of previous years commitments	48	
IX		INVESTMENTS EXPENSES	49	1 140 000
X		SUPPORTING DATA		
	1	Forecasted number of employees at the end of the year	50	5 946
	2	Total average number of employees	51	5 885
	3	Average monthly income per employee (RON/ person) determined on basis of salary-related expenses	52	10 829
	4	Average monthly income per employee (RON/ person) determined on basis of salary expenses recalculated under the Annual Law of the State Budget	53	9 437
	5	Labour productivity in financial units per total average number of employees (thousand RON/person) (Row2/Row51)	54	912
	6	Labour productivity in financial units per total average number of employees recalculated under the Annual Law of the State Budget	55	912
	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	692
	9	Outstanding payments	58	
	10	Overdue accounts receivables	59	1 149 002

CEO

Constantin Adrian MOLINTIRU

ACCOUNTING DEPARTMENT DIRECTOR,

Marius VEZA

2020 INCOME AND EXPENDITURE BUDGET - 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	319 107
	1	Total operating income out of which:	2	318 606
		a) subsidies, according to legal provisions in force	3	
		b) transfers, according to legal provisions in force	4	
	2	Financial income	5	501
II		TOTAL EXPENSES (Row6=Row7+Row19)	6	262 802
	1	Operating expenses (row7=row8+row9+row10+row18),out of which:	7	262 802
		A. expenses for goods and services	8	132 269
		B. expenses for taxes, duties and similar payments	9	12 363
		C. personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which:	10	77 428
		C0 Wages and Salaries Expense (Row11=Row12+Row13)	11	72 019
		C1 Salaries expense	12	63 889
		C2 Bonus expense	13	8 130
		C3 other personnel expense, out of which:	14	
		expenses with termination benefits	15	
		C4 expenses for the mandate contract and for other management and control bodies, committees and commissions	16	2 358
		C5 expenses with contributions owed by the employer	17	3 051
		D. other operating expenses	18	40 742
	2	Financial expenses	19	
III		GROSS RESULT (profit/loss) (Row20=Row1-Row6)	20	56 305
IV		CURRENT PROFIT TAX	21	11 304
		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	45 001
	1	Legal Reserves	27	2 815
	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	42 186
	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	
				3 000

		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	22 593
	a)	- dividends to the state budget	35	
	b)	- dividends to the local budget	36	
	c)	- dividends to other shareholders	37	22 593
	9	Profit not allocated to rows 33-34 is allocated to other reserves and represents the company's equity finance	38	19 593
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	60 174
	1	Allocations from the budget, out of which:	47	
		budget allocations related to payments of previous years commitments	48	
IX		INVESTMENTS EXPENSES	49	60 174
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	10 367
	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	824
	9	Outstanding payments	58	
	10	Overdue accounts receivables	59	1 300

CEO

ECONOMIC DIRECTOR,

Ing. VASILE CARSTEA

ec. VIORICA IONESCU

