

ECONOMIC DEPARTMENT
NO. 10,642/01.04.2021

ENDORSED,
CHIEF EXECUTIVE OFFICER
Aristotel Marius JUDE

TO,

SNGN ROMGAZ SA MEDIAS GENERAL MEETING OF SHAREHOLDERS

Information Note on the 2021 CONSOLIDATED Income and Expenditure Budget of Romgaz Group

The 2021 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 transfer of fixed assets to the Subsidiary starting with January 1, 2022 was provided in the budgets approved for 2021. Thus, the Subsidiary as well as the parent Company have elaborated their own income and expenditure budget taking into account the termination as of **January 1, 2022** of the specific assets lease from the parent company. This rests upon SNGN Romgaz SA GMS resolutions approving the transfer of assets to the Subsidiary, known as of this date, but such resolutions do not specify the effective transfer date and value. For synchronization 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.

Capital social: 385.422.400 lei

CIF: RO 14056826

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RO RNCB 0231 0195 2533 0001 - BCR Mediaș

RO12 BRDE 3305 V024 6190 3300 - BRD Mediaș



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The effect of the asset transfer is reflected in the parent company's budget as reduced income (from leases), while in the subsidiary's budget it is reflected in reduced expenses with paid lease and increased expenses with depreciation. It should be noted that the fixed assets owned by Romgaz, used for the underground storage activity and intended for transfer to the Subsidiary, were recorded as current assets such as assets held for transfer and therefore, these are not depreciated in the company's individual budget. When elaborating the consolidated budget, this depreciation is taken into account as, at Group level, these assets are considered fixed assets.

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

Tab. 1

| Item no. | S P E C I F I C A T I O N RON thousand | Romgaz 2021 draft budget | Subsidiary 2021 draft budget |
|--------------|---|--------------------------------|------------------------------------|
| 0 | 1 | 2 | 3 |
| 1 | TOTAL INCOME, including: | 4 348 808 | 322 203 |
| 1.1. | Operating income | 4 303 880 | 321 703 |
| 1.2. | Financial income | 44 928 | 500 |
| 2 | TOTAL EXPENSES | 3 205 428 | 287 100 |
| 2.1. | Operating expenses | 3 185 631 | 287 100 |
| A | Expenses for goods and services | 692 380 | 190 580 |
| B | Expenses for taxes, duties and similar payments | 743 620 | 11 921 |
| C | Personnel-related expenses | 861 454 | 75 763 |
| D | Other operating expenses | 888 176 | 8 835 |
| 2.2. | Financial expenses | 19 798 | |
| 3=1-2 | GROSS PROFIT | 1 143 380 | 35 103 |

II. Items to be consolidated between individual budgets to obtain 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 Îmagazinare 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/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 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.

Tab.2

| RON thousand | Romgaz Income | Romgaz Expenses | Subsidiary Income | Subsidiary Expenses | Total Income | Total Expenses |
|---|----------------|-----------------|-------------------|---------------------|----------------|----------------|
| Natural gas underground storage services | | 60 338 | 60 338 | | 60 338 | 60 338 |
| Asset lease | 103 440 | | | 103 440 | 103 440 | 103 440 |
| Natural gas delivered for technological consumption | 12 806 | | | 12 806 | 12 806 | 12 806 |
| Transport services | 3 000 | | | 3 000 | 3 000 | 3 000 |
| Other services (water, third-party expenses) | 443 | | | 443 | 443 | 443 |
| TOTAL | 119 690 | 60 338 | 60 338 | 119 690 | 180 027 | 180 027 |

Adjustments according to IFRS, added to the consolidated budget consist in offsetting dividends received from the Subsidiary and releasing to expenses the depreciation of fixed assets held by Romgaz and leased to the Subsidiary. In Romgaz individual budget these fixed assets are not depreciated as they represent current assets, as assets owned for transfer and which, according to IFRS, do not depreciate. However, as far as the Group is concerned, these assets represent fixed assets that generate depreciation. It should be noted that these adjustments reduce the gross profit of Romgaz Group.

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

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

Tab.3

| Item No. | SPECIFICATION RON thousand | Romgaz 2021 Draft Budget | Subsidiary 2021 Draft Budget | Consolidations | Other adjustments acc. IFRS | Total 2021 Consolidated Budget |
|----------|---|--------------------------------|------------------------------------|----------------|--------------------------------|---|
| 0 | 1 | 2 | 3 | 4 | 5 | 5=2+3-4+5 |
| 1 | TOTAL INCOME | 4 348 808 | 322 203 | 180 027 | - 30 838 | 4 460 145 |
| 1.1. | Operating income | 4 303 880 | 321 703 | 180 027 | | 4 445 555 |
| 1.2. | Financial income | 44 928 | 500 | | - 30 838 | 14 590 |
| 2 | TOTAL EXPENSES | 3 205 428 | 287 100 | 180 027 | 97 560 | 3 410 061 |
| 2.1. | Operating expenses | 3 185 631 | 287 100 | 180 027 | 97 560 | 3 390 263 |
| A | Expenses for goods and services | 692 380 | 190 580 | 180 027 | | 702 934 |
| B | Expenses for taxes, duties and similar payments | 743 620 | 11 921 | | | 755 542 |
| C | Personnel - related expenses | 861 454 | 75 763 | | | 937 217 |
| D | Other operating expenses | 888 176 | 8 835 | | 97 560 | 994 572 |
| 2.2. | Financial expenses | 19 798 | | | | 19 798 |
| 3 | GROSS PROFIT | 1 143 380 | 35 103 | | - 128 398 | 1 050 084 |
| 4 | INVESTMENTS | 1 292 500 | 50 000 | | | 1 342 500 |

In the parent company's individual income and expenditure budget, the planned investment expenses of RON 1,292,500 thousand, are financed from own sources and from the National Investments Plan.

In the Subsidiary's income and expenditures budget (Annex 4), investments for 2021 are provided in amount of RON 50,000 thousand, the financing sources for investments are as follows: RON 7,087 thousand from depreciation, RON 12,312 thousand from current year profit and RON 30,601 thousand from previous years reserves.

Annexes:

Annex 1: 2021 Consolidated Income and Expenditure Budget;

Annex 2: 2021 Individual Income and Expenditure Budget of SNGN Romgaz Medias (as Annex 1, in accordance with OMFP 3818/ 2019);

Annex 3: 2021 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).

SNGN Romgaz SA Medias Group 2021 Consolidated Income and Expenditures Budget Draft was submitted for the attention of the Board of Directors in the meeting of March 30, 2021.

Taking into account the above mentioned, we hereby submit for the attention of SNGN Romgaz SA Medias Ordinary General Meeting of Shareholders the Group's 2021 Consolidated Income and Expenditure Budget.

**CHIEF FINANCIAL OFFICER,
Răzvan POPESCU**

**ACCOUNTING DEPARTMENT DIRECTOR,
Marius VEZA**

2021 INCOME AND EXPENDITURE BUDGET - CONSOLIDATED

RON thousand

| | | INDICATORS | Row No. | 2021 Proposals Romgaz Group |
|-----|----|---|---------|--------------------------------|
| 0 | 1 | 2 | 3 | 4 |
| I. | | TOTAL INCOME (Row1=Row2+Row5) | 1 | 4 460 145 |
| | 1 | Total operating income out of which: | 2 | 4 445 555 |
| | | a) subsidies, according to legal provisions in force | 3 | |
| | | b) transfers, according to legal provisions in force | 4 | |
| | 2 | Financial Income | 5 | 14 590 |
| II | | TOTAL EXPENSES (Row6=Row7+Row19) | 6 | 3 410 061 |
| | 1 | Operating expenses (row7=row8+row9+row10+row18), out of which: | 7 | 3 390 263 |
| | A. | expenses for goods and services | 8 | 702 934 |
| | B. | expenses for taxes, duties and similar payments | 9 | 755 542 |
| | C. | personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which: | 10 | 937 217 |
| | C0 | Wages and Salaries Expense (Row11=Row12+Row13) | 11 | 876 124 |
| | C1 | Salaries expense | 12 | 791 357 |
| | C2 | Bonus expense | 13 | 84 767 |
| | C3 | other personnel expense, out of which: | 14 | 5 386 |
| | | expenses with termination benefits | 15 | 3 479 |
| | C4 | expenses for the mandate contract and for other management and control bodies, committees and commissions | 16 | 6 419 |
| | C5 | expenses with contributions owed by the employer | 17 | 49 288 |
| | D. | other operating expenses | 18 | 994 572 |
| | 2 | Financial expenses | 19 | 19 798 |
| III | | GROSS RESULT (profit/loss) (Row20=Row1-Row6) | 20 | 1 050 084 |
| IX | | INVESTMENTS EXPENSES | 49 | 1 342 500 |

CHIEF EXECUTIVE OFFICER,

ARISTOTEL MARIUS JUDE

CHIEF FINANCIAL OFFICER,

RAZVAN POPESCU

ACCOUNTING DEPARTMENT
DIRECTOR,
MARIUS VEZA

2021 INCOME AND EXPENDITURE BUDGET - INDIVIDUAL

RON thousand

| | | INDICATORS | Row No. | 2021 Proposals |
|-----|----|---|---------|----------------|
| 0 | 1 | 2 | 3 | 4 |
| I. | | TOTAL INCOME (Row1=Row2+Row5) | 1 | 4 348 808 |
| | 1 | Total operating income out of which: | 2 | 4 303 880 |
| | | a) subsidies, according to legal provisions in force | 3 | |
| | | b) transfers, according to legal provisions in force | 4 | |
| | 2 | Financial income | 5 | 44 928 |
| II | | TOTAL EXPENSES (Row6=Row7+Row19) | 6 | 3 205 428 |
| | 1 | Operating expenses (row7=row8+row9+row10+row18),out of which: | 7 | 3 185 631 |
| | A. | expenses for goods and services | 8 | 692 380 |
| | B. | expenses for taxes, duties and similar payments | 9 | 743 620 |
| | C. | personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which: | 10 | 861 454 |
| | C0 | Wages and Salaries Expense (Row11=Row12+Row13) | 11 | 806 597 |
| | C1 | Salaries expense | 12 | 729 067 |
| | C2 | Bonus expense | 13 | 77 529 |
| | C3 | other personnel expense, out of which: | 14 | 5 386 |
| | | expenses with termination benefits | 15 | 3 479 |
| | C4 | expenses for the mandate contract and for other management and control bodies, committees and commissions | 16 | 3 766 |
| | C5 | expenses with contributions owed by the employer | 17 | 45 705 |
| | D. | other operating expenses | 18 | 888 176 |
| | 2 | Financial expenses | 19 | 19 798 |
| III | | GROSS RESULT (profit/loss) (Row20=Row1-Row6) | 20 | 1 143 380 |
| IV | | CURRENT PROFIT TAX | 21 | 200 408 |
| | | DEFERRED PROFIT TAX | 22 | |
| | | INCOME FROM DEFERRED PROFIT TAX | 23 | 23 142 |
| | | 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 | 966 066 |
| | 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 | 966 066 |

| | | INDICATORS | Row No. | 2021 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 | 34 796 |
| | 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 | 500 431 |
| | a) | - dividends to the state budget | 35 | 350 302 |
| | b) | - dividends to the local budget | 36 | |
| | c) | - dividends to other shareholders | 37 | 150 129 |
| | 9 | Profit not allocated to rows 33-34 is allocated to other reserves and represents the company's equity finance | 38 | 465 635 |
| 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 | 1 292 500 |
| | 1 | Allocations from the budget, out of which: | 47 | |
| | | budget allocations related to payments of previous years commitments | 48 | |
| IX | | INVESTMENTS EXPENSES | 49 | 1 292 500 |
| X | | SUPPORTING DATA | | |
| | 1 | Forecasted number of employees at the end of the year | 50 | 5 718 |
| | 2 | Total average number of employees | 51 | 5 702 |
| | 3 | Average monthly income per employee (RON/ person) determined on basis of salary-related expenses | 52 | 11 030 |
| | 4 | Average monthly income per employee (RON/ person) determined on basis of salary expenses recalculated under the Annual Law of the State Budget | 53 | 10 498 |
| | 5 | Labour productivity in financial units per total average number of employees (thousand RON/person) (Row2/Row51) | 54 | 755 |
| | 6 | Labour productivity in financial units per total average number of employees recalculated under the Annual Law of the State Budget | 55 | 755 |
| | 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 | 737 |
| | 9 | Outstanding payments | 58 | |
| | 10 | Overdue accounts receivables | 59 | 1 289 942 |

CHIEF EXECUTIVE OFFICER,

ARISTOTEL MARIUS JUDE

CHIEF FINANCIAL OFFICER,

RAZVAN POPESCU

ACCOUNTING DEPARTMENT
DIRECTOR,
MARIUS VEZA

RECTIFIED INCOME AND EXPENDITURE BUDGET FOR 2021- of SNGN Romgaz- Filiala de Inmagazinare
 Gaze naturale Depogaz Ploiesti SRL

RON thousand

| | | INDICATORS | Row No. | 2021 Proposals |
|-----|---|---|---------|----------------|
| 0 | 1 | 2 | 3 | 5 |
| I. | | TOTAL INCOME (Row1=Row2+Row5) | 1 | 322,203 |
| | 1 | Total operating income out of which: | 2 | 321,703 |
| | | a) subsidies, according to legal provisions in force | 3 | |
| | | b) transfers, according to legal provisions in force | 4 | |
| | 2 | Financial income | 5 | 500 |
| II | | TOTAL EXPENSES (Row6=Row7+Row19) | 6 | 287,100 |
| | 1 | Operating expenses (row7=row8+row9+row10+row18), out of which: | 7 | 287,100 |
| | | A. expenses for goods and services | 8 | 190,580 |
| | | B. expenses for taxes, duties and similar payments | 9 | 11,921 |
| | | C. personnel-related expenses (Row10=Row11+Row14+Row16+Row17), out of which: | 10 | 75,763 |
| | | C0 Wages and Salaries Expense (Row11=Row12+Row13) | 11 | 69,527 |
| | | C1 Salaries expense | 12 | 62,290 |
| | | C2 Bonus expense | 13 | 7,237 |
| | | 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 | 2,653 |
| | | C5 expenses with contributions owed by the employer | 17 | 3,583 |
| | | D. other operating expenses | 18 | 8,835 |
| | 2 | Financial expenses | 19 | |
| III | | GROSS RESULT (profit/loss) (Row20=Row1-Row6) | 20 | 35,103 |
| IV | | CURRENT PROFIT TAX | 21 | 5,825 |
| | | 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 | 29,278 |
| | 1 | Legal Reserves | 27 | 1,758 |
| | 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 | 27,523 |
| | 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 | 2,900 |
| | 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 | 15,212 |

| | | INDICATORS | Row No. | 2021 Proposals |
|------|----|--|---------|----------------|
| 0 | 1 | 2 | 3 | 5 |
| | a) | - dividends to the state budget | 35 | |
| | b) | - dividends to the local budget | 36 | |
| | c) | - dividends to other shareholders | 37 | 15,212 |
| | 9 | Profit not allocated to rows 33-34 is allocated to other reserves and represents the company's equity finance | 38 | 12,312 |
| 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 | 50,000 |
| | 1 | Allocations from the budget, out of which: | 47 | |
| | | budget allocations related to payments of previous years commitments | 48 | |
| IX | | INVESTMENTS EXPENSES | 49 | 50,000 |
| X | | SUPPORTING DATA | | |
| | 1 | Forecasted number of employees at the end of the year | 50 | 530 |
| | 2 | Total average number of employees | 51 | 515 |
| | 3 | Average monthly income per employee (RON/ person) determined on basis of salary-related expenses | 52 | 10,448 |
| | 4 | Average monthly income per employee (RON/ person) determined on basis of salary expenses recalculated under the Annual Law of the State Budget | 53 | 10,242 |
| | 5 | Labour productivity in financial units per total average number of employees (thousand RON/person) (Row2/Row51) | 54 | 623 |
| | 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 | 891 |
| | 9 | Outstanding payments | 58 | 0 |
| | 10 | Overdue accounts receivables | 59 | 1 300 |

CEO

ing. VASILE CARSTEA

ECONOMIC DIRECTOR,

ec. VIORICA IONESCU