



May 12, 2020

ANNOUNCEMENT

S.N.G.N. ROMGAZ S.A. informs its shareholders and investors that in 2016 the Romanian Court of Accounts – Sibiu Court of Accounts investigated the company. Following the investigation, Sibiu Court of Accounts issued a decision establishing for SNGN Romgaz S.A. several measures in connection with alleged unconformities found in relation to the company's activity. In connection with the Court of Accounts' decision, SNGN ROMGAZ SA made use of all remedies at law.

According to Sibiu Court of Accounts Decision no. 26/2016, SNGN Romgaz S.A. is required to implement the following measures:

Item I.a) *“Allocation to the 2016 financial result of the equivalent value of certain cancellations representing costs with abandonment of some investment works at specific exploration wells for which producible reserves were not confirmed and which were incurred from the development quota, in compliance with the law;*

Item II.a) *“Identification of gas quantities delivered to the regulated market in excess to the quantity it was required to deliver in compliance with data communicated by DOPGN for every customer; establishment of the extent of the prejudice resulting from the difference between the regulated market and the free market gas price for the excess gas delivered on the regulated market, and the recovery of the prejudice”;*

Item II.b) *“Establishment of the extent of the prejudice representing the equivalent value of flight tickets settled unjustified for the employees benefiting from holiday and medical treatment vouchers in resorts located abroad, and the recovery of the prejudice in compliance with the law.”;*

Punctul II.c) *“Establishment of the extent of the prejudice created by unlawful payments relating to legal assistance contracts illegally concluded, and the recovery of the prejudice in compliance with the law”;*

Item II.d) *“Identification of all payment statements relating to investment works, where amounts representing the employer's direct expenses with social security, health insurance, unemployment, wage warranty fund, risk and accidents fund, disabled persons fund, holiday and allowance fund were wrongfully accepted to the “equipment” and “transportation” items of the cost estimate, calculation, establishment of the extent of prejudice, and the recovery of the prejudice in compliance with the law”;*

Item II.e) “*Identification of unjustified payments representing regular overtime pay, calculation, establishment of the extent of prejudice, and the recovery of the prejudice in compliance with the law*”;

In connection with the item above, we inform that:

- (i) **During the 2019 Follow-Up Control**, it was established that the measures were fully implemented:
- Item.I a – *additional dividend*, and
 - Item.II d – *unconformity in connection with recovery of transportation allowance for abroad holiday and treatment vouchers*, and that the other four measures provided in Court of Accounts Decision 26/2016 were partially implemented;
- (ii) **During the 2020 Follow-Up Control**, the Court established that the measures were fully implemented:
- Item.II a – *gas market unconformity*;
 - Item.II d – *unconformity regarding the wrongful payment of amounts representing the employer’s direct expenses with social security, health insurance, unemployment, wage warranty fund, risk and accidents fund, disabled persons fund, holiday and allowance fund as “equipment” and “transportation” items of the cost estimate*;
 - Item.II e – *unconformity representing unjustified payment of regular overtime pay*; it was also established that the measure provided at Item II c of the Decision is partially implemented because of ongoing legal proceedings. The implementation term was extended to 22.11.2020.

Chief Executive Officer
Constantin-Adrian VOLINTIRU

