

No. 9615/ 06 March, 2023

To,

The GENERAL MEETING OF SHAREHOLDERS

**REPORT
on certain transactions concluded between
SNGN Romgaz SA and other Public Enterprises**

Pursuant to Article 52 par. (1) of Government Emergency Ordinance (GEO) No. 109/2011¹ “*The Board of Directors [...] convenes the General Meeting of Shareholders in order to approve any transaction, if its value, individually or in a series of concluded transactions, exceeds 10% of the net assets value [...] or exceeds 10% of the revenue ... with the controlling shareholders or with a company controlled by such shareholders*”.

Moreover, pursuant to Article 52 par. (3) of Government Emergency Ordinance (GEO) No. 109/2011 “*The Board of Directors [...] informs the shareholders, during the first General Meeting of Shareholders following the legal act, on any transaction concluded by the public enterprise with:*

- a) *the persons provided in paragraph (1) and (2), and the value of the transaction does not exceed the level established in paragraph (1);*
- b) *another public enterprise or with the public supervisory authority, if the transaction has a value, individually or in a series of transactions, of at least the equivalent in RON of EUR 100,000”.*

Public enterprise has the following meaning (Article 2 item 2 of GEO No109/2011):

- a) autonomous government-owned enterprises established by the state or a territorial administrative unit;
- b) national companies where the state or a territorial administrative unit is sole or majority shareholder or controls such companies;
- c) companies where one or more public enterprises provided at items a) and b) have a majority or a controlling stake.

Concluded transactions

1) Natural Gas Sales

Pursuant to the provisions of GEO No. 27/2022² and in accordance with certain resolutions of the company’s Board of Directors, Romgaz concluded with five public enterprises five natural gas sale contracts with individual values exceeding the equivalent in RON of EUR 100,000, and which do not fall within the scope of the provisions of Article 52 paragraph (1) of GEO

¹ GEO No. 109 of November 30, 2011 on corporate governance of public companies as subsequently amended and supplemented.

² GEO No. 27 of March 18, 2022 on measures applicable to final customers on the electricity and natural gas market during April 1, 2022 – March 31, 2023, and amending and supplementing certain legal acts in the field of energy, as subsequently amended and supplemented.

No.109/2011 and which, therefore, give rise to an obligation to inform the company's shareholders.

The five public enterprises are shown in the table below:

No.	Public Enterprise	Share of the Romanian State or of a Territorial Administrative Unit shareholder
1	UAT Primăria Municipiului Iași	100% - The Municipality of Iași
2	SC Thermoenergy Group SA	100% - The Municipality of Bacău
3	S Electrocentrale Constanța SA	100% - The Romanian State through the Ministry of Energy
4	SC Termo Ploiești SRL	100% - The Municipality of Ploiești through the Local Council of the Municipality of Ploiești
5	SC Termoficare Napoca SA	100% - The Municipality of Cluj

The main features of the gas sale contracts are the following:

Contracts No. 1FUI and No. 2FUI, concluded with UAT Primăria Municipiului Iași and SC Thermoenergy Group SA Bacău

- ✓ Term of contract: January – March 2023;
- ✓ Contracted volumes of natural gas are those allotted by ANRE (The Romania Regulatory Authority for Energy) by letters No. 207557/21.12.2022 and No.207498/21.12.2022, that is:
 - UAT Primăria Municipiului Iași 60,987 MWh;
 - SC Thermoenergy Group SA Bacău 203,350 MWh;
- ✓ Delivery point: at the exit of the distribution system, at the addresses of consumption points;
- ✓ Price: in accordance with GEO No. 27/2022, as subsequently amended and supplemented;
- ✓ Payment method: advance payment prior to start of delivery month, 100% contracted volume, with subsequent adjustment, depending on the recorded consumption;

Contract No. 5FUI, concluded with SC Termoficare Napoca SA

- ✓ Term of contract: February 2023 – January 2024;
- ✓ Contracted natural gas volumes are in accordance with client estimation, validated by the consumption history communicated by the distribution system operator;
- ✓ Delivery point: at the exit of the distribution system, at the addresses of consumption points;
- ✓ Price: in accordance with GEO No. 27/2022, as subsequently amended and supplemented;
- ✓ Payment method: advance payment, three monthly instalments, with subsequent adjustment, depending on the recorded consumption.

Contract No PET31/2022 concluded with SC Termo Ploiești SRL

- ✓ The 275,714.972 MWh natural gas volume was allotted by TSO (SNTGN Transgaz SA) in accordance with GEO No. 27/2022, and it is firm and fixed. For the natural gas volumes not taken, the Buyer shall pay to the Seller a compensatory amount equal to the equivalent value of natural gas not taken, calculated as follows: $Q_{\text{not taken}} \times P_{\text{contractual}}$;
- ✓ Delivery point: VTP (Virtual Trading Point) of NTS;
- ✓ Price: in accordance with GEO No. 27/2022, as subsequently amended and supplemented;
 - Payment methods: when due, not later than 30 days of invoice issuance date, with a Bank Guarantee Letter (BGL) provided by the Buyer with a value covering the equivalent

value of delivered natural gas volumes (VAT included), to be delivered in any three consecutive months with the highest volumes in November 1, 2022 – March 31, 2023 delivery period;

- In advance, at least two working days before the start of the delivery month.

Gas Sale Contracts No. VG75/2022 and VG1/2023 (supplemented by addendum no.1/2023 and addendum no. 2/2023) concluded with S Electrocentrale Constanța SA

- ✓ Maximum gas volumes, namely: 30,675 MWh as regards Contract No. VG75/2022, and 105,486 MWh as regards Contract No. VG1/2023;
- ✓ Delivery Point: VTP (Virtual Trading Point) of NTS;
- ✓ Sale price of natural gas is in accordance with Romgaz Natural Gas Trading Policy, and the invoicing price is in accordance with the provisions of GEO No. 27/2022³, as subsequently amended and supplemented;
- ✓ Payment method: – in advance.

2) Supply of Natural Gas Underground Storage Services

For April 1st, 2022 - March 31st, 2023 storage cycle, Romgaz concluded with SNGN Romgaz SA – Filiala de Inmagazinare Gaze Naturale Depogaz SRL (Natural Gas Underground Subsidiary) the following contracts:

- ✓ Contract No. 991/2022, for gas quantities in stock at the end of 2021-2022 storage cycle;
- ✓ Contract No. 958/2022, for 2022-2023 storage cycle.

Following Romgaz gas withdrawal operations from underground storages, storage capacity became available. In order to reduce capacity-booking costs that generate costs for the entire storage cycle, Romgaz transferred capacity to other UGS users, the latter becoming responsible for payment of transferred capacity.

To this extent, Addendum No. 2/November 1st, 2022 to Contract No. 991/2022 for natural gas storage was concluded. Its value reduces the Contract value by RON 857,989.52 (VAT not included).

The Addendum was concluded following the transfer of storage capacity as follows:

- 6,000 MWh to GAZ EST SA (Transfer Protocol No. 43450/November 09, 2022);
- 51,506 MWh to ENGIE ROMÂNIA SA (Transfer Protocol No. 47338/December 06, 2022).

Romgaz transferred in storages, to S Electrocentrale Bucuresti SA, on January 11, 2023, 239,452 MWh for which Protocol No. 673/January 11, 2023 was drawn up.

For this transaction, Natural Gas Storage Contract No. 991/2022 was supplemented by:

- ✓ Addendum No. 3/2023, the value of which reduces the Contract value by RON 833,292.36 (VAT not included).

Underground Gas Storage Contract No. 958/2022 was supplemented by:

- ✓ Addendum No. 7/2022 which does not have an impact on the contract value. The Addendum highlights the capacity booked in storages as a result of the completion of Addendum No. 6/2022 by which Addendum No. 5/2022 was cancelled;
- ✓ Addendum No. 8/2023 the value of which increases the Contract value by RON 15,522.04 (VAT not included);
- ✓ Addendum No. 9/2023 the value of which increases the Contract value by RON 174,333.60 (VAT not included).

³ OUG No.27 of March 18, 2022 on measures applicable to final customers on the electricity and natural gas market during the period April 1, 2022 – March 31, 2023, and amending and supplementing certain legal acts in the field of energy, as subsequently amended and supplemented

Addenda No. 8 and 9/2023 were concluded following a transfer to Romgaz of a natural gas volume of 28,671.71 MWh together with the booked capacity relating to such volume pursuant to the provisions of GEO No. 27/2022.

3) Supply of Natural Gas Transmission Services

According to transmission capacity booking calendar at NTS entry/exit points for 2022-2023 gas year, Romgaz Network User booked the annual transmission capacity at optimum cost. Additionally, to secure transmission capacity for gas deliveries to the company's portfolio of clients, Romgaz NU books quarterly, monthly and daily transmission capacity.

To this extent, the table below shows a summary of concluded transactions:

Contract (No./date)	Scope of contract	Contract Term	Contracted Transmission Capacity (MWh)	Price, VAT not included (RON)
100T/2022	Quarterly services for natural gas transmission at NTS entry point	Jan.01, 2023 Apr.01, 2023	1,451,700	3,193,740.00
101T/2022	Quarterly services for natural gas transmission at NTS exit point	Jan.01, 2023 Apr.01, 2023	22,230	109,371.60
241L/2022	Monthly services for natural gas transmission at NTS entry point	Dec.01,2022 Jan.01,2023	232,500	683,550.00
242L/Nov. 23, 2022	Monthly services for natural gas transmission at NTS exit point	Dec.01,2022 Jan.01,2023	11,470	70,999.30
332L/Dec. 21, 2022	Monthly services for natural gas transmission at NTS exit point	Jan.01,2023 Feb.01,2023	4,061	29,523.47
427L/Jan. 18, 2023	Monthly services for natural gas transmission at NTS exit point	Feb.01,2023 March01,2023	162,736	826,698.88
40Z/Jan. 27, 2023	Daily services for natural gas transmission at NTS exit point	Feb.01,2023 Oct.01,2023	4,802.56	43,415.14

Depending on the daily natural gas demand and with the scope of optimizing costs relating to capacity booking in connection with transmission services, Romgaz has taken transmission capacity from other NTS users.

As such, in accordance with NTS Network Code approved by Romanian Regulatory Authority for Energy Order No. 16/2013, Romgaz concluded with SNTGN Transgaz SA the following addenda to:

❖ Contract No.138L/2022

Addendum	Scope of Contract	Contract Term	Transmission Capacity – MWh			Price, VAT not included (RON)	
			transferred	received	returned		
1	Monthly services for natural gas transmission at NTS entry point	Nov.01,2022 Dec.01,2022		3,000		5,730	
2				4,800		9,168	
3				700		1,337	
4					700	0	
5					2,000		3,820
6					2,900		5,539
7					3,100		5,921

Addendum	Scope of Contract	Contract Term	Transmission Capacity – MWh			Price, VAT not included (RON)
			transferred	received	returned	
8				2,700		5,157
9					2,700	0
10				2,000		3,820
11				1,500		1,786.50
12					1,500	0

❖ Contract No.100T/2022

Addendum	Scope of Contract	Contract Term	Transmission Capacity – MWh			Price, VAT not included (RON)
			transferred	received	returned	
1	Quarterly services for natural gas transmission at NTS entry point	Jan.01,2023 Apr.01,2023		5,000		11,000
2				550		1,210
3				650		1,430
4				600		1,320
5				550		1,210
6				500		1,100
7				450		990
8				600		1,320
9						600

❖ Contract No.76/2022

Addendum	Scope of Contract	Contract Term	Transmission Capacity – MWh			Price, VAT not included (RON)
			transferred	received	returned	
1	Annual services for natural gas transmission at NTS exit point	Oct.01,2022		0.0001		0.00030
2		Oct.01,2023		0.00026		0.00077
3				24		70.80

❖ Contract No.427L/2023

Addendum	Scope of Contract	Contract Term	Transmission Capacity – MWh			Price, VAT not included (RON)
			transferred	received	returned	
1	Monthly services for natural gas transmission at NTS exit point	Feb.01,2023		20		101.60
2		March		20		101.60
3		01,2023		520		2,641.60
4				126		640.08

Transmission contracts are framework contracts and have the following features:

- ✓ Scope of contract is the supply of natural gas transmission services, which represents the entirety of operations and activities performed by TSO for or in connection with transmission capacity booking at entry/exit points of NTS and for transmission through NTS of natural gas quantities expressed in energy units, to NTS entry/exit points;
- ✓ Contract term;
- ✓ Transmission schedule;
- ✓ Applicable rates: according to Order No.75/May18, 2022;
- ✓ Payment: no later than 15 calendar days from the invoice date.

Draft Resolution

Article 1. The Ordinary General Meeting of Shareholders takes note of the Report on certain transactions concluded by SNGN Romgaz SA with other public enterprises.

Chairman of the Board of Directors

Dan Dragoş DRĂGAN

CEO,

Răzvan POPESCU

CFO,

Gabriela TRÂNBIŢAŞ

Director of Energy Trading Department,

Radu Costică MOLDOVAN