

No. 37466/November 4, 2021

To: S.N.G.N. ROMGAZ S.A. Ordinary General Meeting of Shareholders

Report: regarding the extension of Gas Sales Contract no. VG32/2020 concluded with SC Electrocentrale Constanța SA, by means of signing Addendum no.1/2021

SC Electrocentrale Constanța S.A. is a heat and warm water producer securing the population consumption in Constanța municipality and of economic agents connected to the centralized heat and warm water supply system of Constanța municipality.

Constanța Court of Law - Section II Civil Matters, by means of Civil Sentence no. 1291 of September 17, 2019 *“Establishes the applicability of Law 85/2014 Art. 77, par. (1) in relation to SNGN Romgaz S.A. Medias as indispensable creditor and, by correlation, the quality of captive consumer of the debtor SC Electrocentrale Constanța S.A.”.*

As such, it *“Orders the defendant [E.N. SNGN Romgaz SA] not to modify, to interrupt or to temporarily refuse the natural gas supply to the debtor SC Electrocentrale Constanța SA”.* Law 85/2014¹, Art. 77² establishes for the creditor, in this case SNGN Romgaz S.A., the obligation not to interrupt gas supply services in case the debtor is declared captive consumer.

Contractual relationship between SNGN Romgaz SA (Romgaz) and SC Electrocentrale Constanța SA (ELCEN Constanța) regarding natural gas supply has been conducted starting with July 1, 2020 based on Gas Sales Contract no. VG 32/2020 valid from July 1, 2020 until October 1, 2021.

On August 12, 2021, ELCEN Constanța sent to Romgaz quotation request no. 5537 whereby it requested „the signing of a natural gas sale-purchase contract for 2021-2022 gas year”, respectively for October 1, 2021-October 1, 2022.

¹ Law 85 of June 25, 2014 on insolvency prevention and insolvency procedures.

² „Art.77. (1) Any supplier of services - electricity, natural gas, water, telecommunication or other alike - is not entitled during the observation period and the reorganisation period to modify, refuse or to temporarily interrupt these services towards a debtor or its assets, in case such debtor is a captive consumer, as specified by the law.

(2) For the services rendered according to paragraph (1), the debtor has the obligation to pay the equivalent value thereof, being entitled to a payment term of 90 days. In case the contracts concluded by the debtor with the providers of the services specified at par. (1) provide a payment term shorter than 90 days, it shall be modified accordingly on the date of insolvency procedure opening.

(3) Noncompliance with contractual obligations on utility supply, in case of maintaining the contract according to this law, gives rise to the liability to cover prejudice suffered by the debtor's assets and to imposing a judicial fine between lei 10,000 and lei 30,000 for every breach of obligation, provided that the utility supplier was previously notified about the opening of the procedure, according to Art. 42, par. (3). Lack of remedy to the breach of obligations or not enforcing the obligation to resume the supply of utilities within maximum 10 calendar days from the receipt of notification from the liquidator or official receiver represents in itself a new breach and shall be sanctioned with a new fine.

(4) By means of exception from the provisions of par. (2), in case the debtor does not pay the debts born after the opening of the insolvency procedure relating to supplied services, within the term stipulated at par. (2), the utility supplier is entitled to stop the supply of services.

(5) Supply of services shall be resumed after making the payment of debts born after the opening of the insolvency procedure”.

Having in mind that ELCEN Constanța had outstanding debts towards Romgaz, we have communicated in letter no. 26706 of August 26, 2021 that, prior to us making a quotation in response to the request letter no. 5537/August 12, 2021, it first has to honor its payment obligation for the outstanding debt born after the opening of the insolvency procedure.

On September 20, 2021, by means of letter no. 6360, ELCEN Constanța requested „*the signing of a natural gas supply-purchase contract for the 2021-2022 gas year*” and to draft and send an agreement draft for the repayment of outstanding debt made after the opening of insolvency procedure.

In letter no. 31370 of September 22, 2021 Romgaz sent to ELCEN a natural gas supply quotation, the debt repayment agreement draft and Addendum no. 1/2021 to the Gas Sales Contract no. VG32/2020.

As such, on September 30, 2021 Romgaz and ELCEN Constanța concluded and signed Debt Repayment Agreement no. 6628 and Addendum no. 1/2021 to the Gas Sales Contract no. VG 32/2020 in amount of lei 217,559,584, excluding VAT.

Resolution Draft filed for the approval of S.N.G.N. ROMGAZ S.A. Ordinary General Meeting of Shareholders

In view of all of the above, we submit for approval the following resolution draft:

The Ordinary General Meeting of Shareholder takes note of the report regarding the extension of Gas Sales Contract no. VG 32/2020 concluded with SC Electrocentrale Constanța SA, by means of signing Addendum no. 1/2021.

CHIEF EXECUTIVE OFFICER,

Aristotel Marius JUDE

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