

No. 37791 from November 5, 2021

To the Extraordinary General Meeting of Shareholders of S.N.G.N. Romgaz SA.

Request to extend the lease contracts of fixed assets concluded between S.N.G.N. Romgaz S.A. and Filiala de Inmagazinare Gaze Naturale DEPOGAZ Ploiesti S.R.L.

1. Brief history

In order to fulfil the obligation to comply with the European and national Law, by EGMS Resolution No. 10 of December 19, 2014, S.N.G.N. Romgaz S.A. chose as means of unbundling - the establishment of a subsidiary owned by Romgaz in 100%, having as object of activity the underground storage of natural gas, namely the entire activity carried out at that time by ROMGAZ Ploiesti Branch.

The Subsidiary was established in August 2015, under the Articles of Incorporation approved by ROMGAZ OGMS Resolution No. 2 of March 18, 2015 and it was registered at Trade Register Office Prahova under the name "*SNGN Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L.*"

Following the endeavours made by Romgaz at ANRE (the National Agency for Mineral Resources) the proposed legal and functional unbundling model was agreed. ANRE ascertained that the Subsidiary had the capacity to operate the storage activity and, by ANRE President's Decision No. 2588 of December 30, 2015, License No. 1942, was amended in order to change its holder, namely from S.N.G.N. Romgaz S.A. to S.N.G.N. Romgaz S.A. - Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L.

The transfer to Filiala Depogaz of the right to exploit the assets necessary to carry out the underground storage activity to Filiala Depogaz was materialized in the Lease Contract of fixed assets contained in the Annexes to the Licence No. 31655/April 1, 2021 and the Lease Contract of fixed assets No. 31657/April 1, 2021, both concluded for a period of 9 months (valid until December 31, 2021).

2. Current status

The General Meeting of Shareholders of S.N.G.N. Romgaz S.A. decided to increase the share capital of S.N.G.N. Romgaz S.A. - Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. through the contribution in kind of fixed assets that contribute to the underground storage activity, in accordance with the law.

Also, S.N.G.N. Romgaz S.A. Board of Directors was authorized to undertake and carry out all necessary steps and legal procedures required to complete the operation to increase the share capital of Filiala Depogaz.

In order to apply a fair tax treatment of the transaction on the transfer of assets to Filiala DEPOGAZ, in exchange for the transfer of the equity securities representing the capital of the recipient Company, S.N.G.N. Romgaz S.A. submitted to ANAF (the National Agency for Fiscal Administration) requests for the issuance of anticipated individual tax solution ("AITS") from the perspective of income tax and VAT.

On May 31, 2021, the Ministry of Finance submitted Romgaz:

- a) An original copy of the Order of the President of ANAF No. 661/April 22, 2021, on the approval of the request for the issuance of anticipated individual tax solution for S.N.G.N. Romgaz S.A. concerning the tax treatment from the perspective of **income tax**, in connection with the operation of transferring assets of the nature of fixed assets in the form of a contribution to the share capital of Filiala Depogaz, in exchange for the issuance of equity securities by the latter, accompanied by annexes.
- b) An original copy of the Order of the President of ANAF No. 661/April 22, 2021, on the approval of the request for the issuance of anticipated individual tax solution for S.N.G.N. Romgaz S.A. concerning the tax treatment from the perspective of **VAT**, in connection with the operation of transferring assets of the nature of fixed assets in the form of a contribution to the share capital of Filiala Depogaz, in exchange for the issuance of equity securities by the latter, accompanied by annexes.

According to AITS received from ANAF, issued on the basis of the information submitted by S.N.G.N. Romgaz S.A., it results that the operation of transferring assets is not-taxable from the income tax point of view, namely from VAT point of view. This tax treatment is valid in case the provisions of the Fiscal Code and Tax Procedure Code mentioned in the drafts are complied with.

As a result, even if the anticipated individual tax solution is based exclusively on the data declared under its own responsibility by S.N.G.N. Romgaz S.A. in the documentation submitted to ANAF and analysed by the latter, the issuing body specifies that the tax treatment is non-taxable only if the conditions of Article 32 of the Fiscal Code are met, namely ***"the transfer of assets is the operation whereby a company transfers, without being dissolved, all or one or more branches of its activity to another company"***.

In order to comply with these provisions, it is therefore necessary to transfer **the entire branch of activity** in exchange for the transfer of equity securities representing the share capital of the beneficiary company.

Given that there are certain fixed assets (such as, lands and buildings) that contribute to the storage activity, which are not registered in the Land Register ("LR"), the necessary formalities for land registration and clarification of the situation of each asset are currently being carried out.

Under these conditions, the transfer of assets shall be carried out immediately after completion of the above-mentioned formalities for land registration, as well as the completion of the assessment of all the assets that contribute to the storage activity, carried out by an authorised assessor.

Therefore, as a consequence, we hereby propose the approval of the extension of the Lease Contracts of fixed assets No. 31655/April 1, 2021 and No. 31657/April 1, 2021, by 1 year, as of January 1, 2022, by concluding Addenda (the draft Addenda of the two lease contracts are annexed to this report).

We specify that, on the date when the procedure for increasing the share capital of S.N.G.N. Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. is being

implemented (if the increase of the share capital of S.N.G.N. Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. is performed before December 31, 2022) the above mentioned contracts shall terminate.

The tariffs for the fixed assets lease to S.N.G.N. Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. provided to the Patrimony Office by the Economic Department, for the Addenda to the two Lease Contracts, are shown in the table below:

Item No.	Contract	Previous Tariff (VAT not included)	New Tariff (VAT not included)
1.	<i>Lease Contract of fixes assets included in the Annexes to the License No. 1942/2014</i>	RON/month 6,574,315	RON/month 6,574,315
2.	<i>Lease Contract of fixes assets not included in the Annexes to the License No. 1942/2014</i>	RON/month 2,032,598	RON/month 2,036,632

The Addenda to the two lease contracts (hereto annexed) enter into force on January 1, 2022, subject to their approval by the Extraordinary General Meeting of Shareholders of S.N.G.N. Romgaz S.A. and they will be valid for one year, namely until December 31, 2022.

3. Draft Resolution

Bearing in mind that:

- The information provided above regarding the lease of assets necessary for the development of the underground storage activity by S.N.G.N. Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L.
- The provisions of Article 12, item "o" of S.N.G.N. Romgaz S.A Articles of Incorporation mentioning that "the conclusion of lease contracts with a duration exceeding 1 (one) year, referring to tangible assets having individual or cumulative value, with respect to the same co-contractor or persons involved or acting in a concerted manner, exceeds 20% of the total tangible asset value, less receivables, as of the signing date of the legal act, lies within the competence of the Extraordinary General Meeting of Shareholders".
- The required procedures useful for the implementation of EGMS Resolution No. 1/January 15, 2020 regarding the increase of the share capital of the Subsidiary through the contribution in kind are currently being carried out and completed;
- S.N.G.N. Romgaz S.A. Board of Directors endorsed the conclusion of Addenda to the Lease Contracts Nr. 31655/April 1, 2021 and No. 31657/April 1, 2021, for a period of one year, as of January 1, 2022.

We hereby propose the approval of the following draft resolution:

The extension of Lease Contracts of fixed assets No. 31655/April 1, 2021 and No. 31657/April 1, 2021 concluded between S.N.G.N. Romgaz S.A. and S.N.G.N. Romgaz S.A. - Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. for a period of 1 year, as of January 1, 2022.

Note:

We specify that, on the date when the procedure for increasing the share capital of S.N.G.N. Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. is being implemented (if the increase of the share capital of S.N.G.N. Romgaz S.A. – Filiala de Inmagazinare Gaze Naturale Depogaz Ploiesti S.R.L. is performed before December 31, 2022) the above mentioned contracts shall terminate.

We hereby annexe:

- ANNEXE 1 – Draft of Addendum to the lease contract of fixed assets included in the Annexes to the License No. 1942.2014 (No. 31655/April 1,2021);
- ANNEXE 2 – Draft of Addendum to the lease contract of fixed assets included in the Annexes to the License No. 1942/2014 (No. 31657/April 1, 2021)

Chief Executive Officer
Aristotel Marius JUDE

Chief Financial Officer
Răzvan POPESCU

Director of Accounting Department
Marius VEZA

Director of Legal Department
Endre IOO

Head of Patrimony Office
Victor Cristian MARIAN

Registry No.:
Contract No./Addendum no.:
Registry date
According to S.N.G.N. ROMGAZ S.A. Mediaș Sole Registry of Contracts

**Addendum No. 1 to the fixed assets lease included in the Annexes to the License No.
31657/April 1, 2021
-DRAFT-**

I. CONTRACTING PARTIES

1.1. The National Gas Company „Romgaz” S.A., with headquarters in Medias, P-ta C.I. Motas, No. 4, Sibiu county, registered at Sibiu Trade Registry under no. J32/392/2001 Unique Registration Number RO 14056826, bank account no. RO08 RNCB 0231 0195 2533 0001 opened at BCR Mediaș, phone 0374-401020, fax 0269-846901, legally represented by Mr. Aristotel Marius JUDE, Chief Executive Officer, as lessor (owner) and,

1.2. **Societatea Națională de Gaze Naturale „Romgaz” S.A. - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L.** with headquarters in Str. G. Cantacuzino, no. 184, Ploiești, Prahova County – România, registered at the Trade Registry Office under Prahova Court of Law with No. J32/392/2001, J29/1181/2015, Unique Registration Number: 34915261, bank account no. RO36 BTRL RON CRT 0317066401 opened at Banca Transilvania Ploiesti, legally represented by Mr. Vasile Cârstea, General Director as lessee (tenant)

II. SCOPE OF THE ADDENDUM

2.1 The Parties mutually agree to amend the Lease Contract for the fixed assets that are included in the Annexes of License No. 31657/April 1, 2021 as follows :

a) Amending Art. 4.1. to extend as of January 1, 2022 by 1 year the validity of Lease Contract no. 31655/April 1, 2021, having the following content:

„4.1. The Contract enters into force on its signing date provided that SNGN ROMGAZ SA Extrordinary General Meeting of Shareholders approves it, and it shall be valid for 21 months, until December 31, 2022, respectively.”

b) Amending Art. 5.1, having the following content:

„5.1. The Contract Price for the use of Relevant Assets mentioned in Annex A is RON 6,574,315/month, plus VAT.”

c) Article 10.3 shall be introduced in the Lease Contract, having the following content:

10.3 „The Contract shall terminate on the share capital increase implementation date (in case SNGN ROMGAZ S.A. – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești S.R.L. share capital increase is made before December 31, 2022)”

2.3. The other provisions of the Fixed Assets Lease Contract No. 31655/April 1, 2021, including Annex A- the list of relevant assets shall remain unaltered.

III. This Addendum is concluded in 2 original copies, one copy for each party.

Lessor (Owner)
S.N.G.N. ROMGAZ S.A.

CHIEF EXECUTIVE OFFICER
Aristotel Marius JUDE

CHIEF FINANCIAL OFFICER
Răzvan POPESCU

LEGAL DEPARTMENT DIRECTOR
Endre IOO

PATRIMONY OFFICE
Victor Cristian MARIAN

Lessee(tenant)
S.N.G.N. ROMGAZ S.A. -
Filiala de Înmagazinare Gaze Naturale
DEPOGAZ Ploiești S.R.L.

GENERAL DIRECTOR
Vasile CÂRSTEA

ECONOMIC DIRECTOR
Viorica Mariana IONESCU

LEGAL OFFICE
Adrian Iancu AVRAM

MECHANICAL OFFICE
Marius PELLARINI

Registry No.:

Contract No./Addendum no.:

Registry date

According to S.N.G.N. ROMGAZ S.A. Mediaș Sole Registry of Contracts

**Addendum No. 1 to the fixed assets lease not included in the Annexes to the License No.
31657/01.04.2021**

-DRAFT-

I. CONTRACTING PARTIES

1.1. The National Gas Company „Romgaz” S.A., with headquarters in Medias, P-ta C.I. Motas, No. 4, Sibiu county, registered at Sibiu Trade Registry under no. J32/392/2001 Unique Registration Number RO 14056826, bank account no. RO08 RNCB 0231 0195 2533 0001 opened at BCR Mediaș, phone 0374-401020, fax 0269-846901, legally represented by Mr. Aristotel Marius JUDE, Chief Executive Officer, as lessor (owner) and,

1.2. **Societatea Națională de Gaze Naturale „Romgaz” S.A. - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L.** with headquarters in Str. G. Cantacuzino, no. 184, Ploiești, Prahova County – România, registered at the Trade Registry Office under Prahova Court of Law with No. J32/392/2001, J29/1181/2015, Unique Registration Number: 34915261, bank account no. RO36 BTRL RON CRT 0317066401 opened at Banca Transilvania Ploiesti, legally represented by Mr. Vasile Cârstea, General Director as lessee (tenant)

II. SCOPE OF THE ADDENDUM

2.1 The Parties mutually agree to amend the Lease Contract for the fixed assets that are not included in the Annexes of License No. 31657/April 1, 2021 as follows :

a) Amending Art. 4.1. to extend as of January 1, 2022 by 1 year the validity of Lease Contract no. 31657/April 1, 2021, having the following content:

„4.1. The Contract enters into force on its signing date provided that SNGN ROMGAZ SA Extrordinary General Meeting of Shareholders approves it, and it shall be valid for 21 months, until December 31, 2022, respectively.”

b) Amending Art. 5.1, having the following content:

„5.1. The Contract Price for the use of fixed assets mentioned in Annex A is RON 2,036,632/month, plus VAT.”

c) Article 10.3 shall be introduced in the Lease Contract, having the following content:

10.3 „The Contract shall terminate on the share capital increase implementation date (in case SNGN ROMGAZ S.A. – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești S.R.L. share capital increase is made before December 31, 2022)”

2.3. The other provisions of the Fixed Assets Lease Contract No. 31657/April 1, 2021, including Annex A shall remain unaltered.

III. This Addendum is concluded in 2 original copies, one copy for each party.

Lessor (Owner)
S.N.G.N. ROMGAZ S.A.

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