

No. 16424/April 24, 2023

ENDORSED:
Dan Dragoș DRĂGAN
Chairman of the Board of Directors

To:

THE GENERAL MEETING OF SHAREHOLDERS**REPORT**

**on the proposal to ratify/ approve the Natural Gas Sale Contract no. PET 5/2023 with
Societatea Electrocentrale București S.A.**

Requirement for obtaining GMS approval

Pursuant to the provisions of art. 52 par.(1) of GEO no.109/2011¹ “*The Board of Directors [...] convenes the general meeting of shareholders in order to approve any transaction that exceeds, in terms of amount, individually or in a series of concluded transactions, 10% of the net assets [...] or 10% of the revenue ... with the controlling shareholders or with a company controlled by such shareholders*”.

Transaction

Pursuant to the provisions of GEO no. 119/2022², natural gas producers are required to sell, during April 1, 2023 – March 31, 2024, certain natural gas quantities to certain customer categories at certain prices, as follows:

a) April 1, 2023-October 31, 2023:

- Natural gas quantity for household consumption;
- Natural gas quantity for storage purposes to meet the minimum stock obligation by suppliers to households, by suppliers to heat producers or by heat producers as direct client;
- Natural gas quantity required for technological consumption of network operators;

b) November 1, 2023-March 31, 2024:

- Total natural gas quantities for suppliers to households, to heat producers and for heat producers for consumption of households and of heat producers;
- Natural gas quantity for technological consumption of network operators.

Considering the quantities allocated by NTSO as sale obligation of Romgaz to S Electrocentrale București SA (ELCEN), which were communicated on April 17, 2023 by e-mail, containing „Summary of natural gas quantities determined by SNTGN Transgaz S.A. for April 1- October 31, 2023 and for November 1, 2023 - March 31, 2024”, the Natural Gas Sale Contract no. PET 5/2023

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

² GEO no.119 to amend and supplement GEO no. 27/2022 on measures applicable to end users on the natural gas and electricity market during April 1, 2022 – March 31, 2023, as well as to amend and supplement certain pieces of legislation in the energy field, as subsequently amended and supplemented.

was concluded for the sale of a gas quantity of 1,911,949.240 MWh, to be delivered during April 1 - October 23, 2023 at a price of RON 150/MWh, to which NTS entry tariff and VAT will be added.

The main features of the natural gas sale contract are as follows:

- ✓ Natural gas quantity: 1,911,949.240 MWh. For gas quantities not taken by the Buyer, the Buyer shall pay the Seller a compensatory amount equal to the equivalent value of natural gas not taken, calculated as follows: $Q_{\text{not taken}} \times P_{\text{of contract}}$;
- ✓ Delivery point: in VTP (Virtual Trading Point) of the NTS (National Gas Transmission System);
- ✓ price: RON 150/MWh, to which NTS entry tariff and VAT are added;
- ✓ contract amount: 290,864,837.88 lei, VAT excluded;
- ✓ payment methods:
 - when due; within maximum 30 days from the issue date of the invoice, the Buyer is required to submit a letter of bank guarantee covering the equivalent value of delivered natural gas (including VAT) which is to be delivered in any three consecutive months with the highest quantities being delivered during May 1 – October 31, 2023;
 - in advance, with at least 2 business days prior to the beginning of the delivery month.

The transaction itself does not exceed the limit provided in art. 52 par.(1) of GEO no.109/2011, namely 10% of company's revenue; however, considering the contracts previously concluded with S Electrocentrale București SA, the limit of 10% of the company's revenue is exceeded through a "series of concluded transactions".

Draft Resolution

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

"The Ordinary General Meeting of Shareholders ratifies/approves the Gas Sale Contract no. PET 5/2023 with Societatea Electrocentrale București S.A., pursuant to the provisions of art.52, par.(1) of GEO no. 109/2011."

**CHIEF EXECUTIVE OFFICER
Răzvan POPESCU**

**CHIEF FINANCIAL OFFICER
Gabriela TRÂNBIȚAȘ**

**Director of Energy Trade Department
Radu Costică MOLDOVAN**