



No. 40400/17.10.2023

To,
The General Meeting of Shareholders of S.N.G.N. Romgaz S.A.

ENDORSED
Chairman of the Board of Directors
Dan Dragoș Drăgan

REQUEST FOR APPROVAL

to extend the term of validity and to decrease the limit of the Loan Facility Agreement No. 201812070225 for issuing bank guarantee instruments concluded with Banca Comercială Română S.A.

Background

Since 2010, S.N.G.N. Romgaz S.A. (hereinafter referred to as “Romgaz” or “Company”) has annually concluded loan facility agreements for granting bank loans in the form of letters of bank guarantee with various banks.

For 2019, the Company concluded the loan facility agreement No. 201812070225/2018 with Banca Comercială Română on December 19, 2018 (hereinafter referred to as “BCR” or “Bank”), up to a limit of USD 100 million, which has been extended annually, having a current validity until December 10, 2023 with a loan facility limit of RON 630 million for the year 2023, pursuant to the approval obtained by OGMS Resolution no. 6/April 20, 2023.

Current Status

The non-binding loan facility granted by BCR pursuant to the agreement No. **201812070225/2018** was concluded on favourable terms for Romgaz, meaning that the Company did not incur costs with bank fees (non-usage, issuance, extension of validity, increase of the amount of the letters of bank guarantee etc.), and it was not required to submit a guarantee (collateral cash deposit or otherwise) for granting the facility for issuing the letters of bank guarantee.

Considering that:

1. In accordance with letter No. 34965 dated September 12, 2023 submitted by the Energy Trading Department, the estimated value of the letters of bank guarantee for contracts to be concluded during the 2023-2024 gas year amounts to RON 229,404,888.72, where the contracts cover the following subject-matters:
 - the sale of natural gas on double competitive markets. In accordance with the trading procedure, both the seller and the buyer have to provide letters of bank guarantee (performance guarantee and payment guarantee, respectively);
 - the natural gas transmission service at the entry into and exit from the national transmission system (“NTS”) or for balancing gas. The Company is required to issue payment guarantees or performance guarantees in favour of S.N.T.G.N. Transgaz S.A.;
 - natural gas distribution activity;
 - the transmission service under the transmission contracts concluded with Bulgartransgaz EAD and Trans Adriatic Pipeline AG;
2. The estimated value of bank guarantees for sale of electric power for the year 2024 amounts to RON 76,860,000, for the following:
 - sale of electric power following OPCOM bids on the centralized market of bilateral electricity contracts. The seller is required to issue a performance guarantee;
 - sale of electric power through the trading procedure on the Double Competitive Markets, Day Ahead Market and Intraday Market. It is mandatory to issue trading participation guarantees such as tender guarantees in favour of OPCOM and BRM;
 - electric power transmission service or for maintaining registration as Balance Responsible Party (“BRP”) in favour of C.N. Transelectrica S.A.
3. On February 3, 2023, S.N.G.N. Romgaz S.A. and Socar Trading Gas&Power SARL concluded an individual contract for natural gas delivery based on which a bank guarantee amounting to EUR 30,000,000 was issued, with a term of validity until May 31, 2024 (approx. RON 150,000,000 calculated at an estimated exchange rate of 1 EURO = 5 RON);
4. Based on the rent agreement concluded between Romgaz Black Sea and Floreasca Business Park S.R.L for the office space in 169A Calea Floreasca Bucharest there is an obligation to annually issue a bank guarantee, and for the year 2024 the estimated value amounts to EUR 102,000 (approx. RON 510,000 calculated at an estimated exchange rate of 1 EURO = 5 RON).

Note:

In order to benefit from the favourable conditions obtained through the loan facility agreement no. 201812070225 (as previously mentioned and without additional pecuniary obligations for Romgaz) concluded with Banca Comercială Română also for the rent payment guarantee for the building in which Romgaz Black Sea Limited carries out its activity, Romgaz obtained the right to extend the scope of the Loan, that is the possibility to issue guarantee instruments to cover the obligations of a third party entity, i.e. Romgaz Black Sea Ltd. subsidiary which acts through its Romanian branch, Romgaz Black Sea Ltd Nassau (Bahamas) Sucursala București.

5. The loan facility granted pursuant to the agreement **does not** provide a limit for issuing letters of bank guarantee for certain transactions, Romgaz having the possibility to request the issuance of all types of letters of bank guarantee (performance guarantee, payment guarantee, tender guarantee, return of advance payment guarantee) and for all types of contracts, including for those concluded/carried out by Company branches (farm land rental contract, space rental contracts, natural gas distribution service concession, etc.), taxation, etc.
6. Such loan facility is necessary to cover unforeseen events due to legislative instability with regard to trading obligations on the centralized market, quick changes on the trading markets which require participants to provide guarantees for all operations using different guarantee instruments, namely irrevocable stand-by letters of credit besides letters of bank guarantee;
7. The financial offer received from BCR, registered with Romgaz under No. 39772 on October 12, 2023, confirms that all conditions for granting the non-binding loan facility are maintained for the year 2024, without banking fees of any kind (non-usage, issuance, extension of validity, increase of the amount of the letters of bank guarantee etc.) and without requiring to submit a guarantee (collateral cash deposit or otherwise) within the RON 500 million limit, for issuance of letters of bank guarantee or irrevocable stand-by letters of credit.

We consider the following to be necessary:

- Decrease the credit facility limit by RON 130,000,000, from RON 630,000,000 to RON 500,000,000;
- Extension by 1 year, until December 10, 2024, of the loan facility agreement No. 201812070225 concluded with Banca Comercială Română S.A for issuing letters of bank guarantee up to a RON 500,000,000 limit, as the loan agreement does not provide for the provision or submission of a guarantee instrument by Romgaz (collateral cash deposit or otherwise).

Moreover:

1. Pursuant to Article 12 par. 4 item g) of Romgaz Articles of Incorporation, the Ordinary General Meeting of Shareholders has the power to approve bank loan agreements exceeding, individually or cumulatively, the equivalent in RON of EUR 100 million;
2. The RON 500 million limit, that is approx. EUR 100 million, of the facility agreement for which the extension is requested, together with the EUR 325 million bank loan (GMS Resolution No. 12/December 10, 2021) for the acquisition of ExxonMobil Exploration and

Production Romania Ltd. participating interest, exceed the EUR 100 million limit set up in the Articles of Incorporation at Article 12 par.4 item g).

Endorsement of S.N.G.N Romgaz S.A. Board of Directors

During the meeting of October 18, 2023, pursuant to Resolution No. 95, Romgaz Board of Directors endorsed the following:

- a) Decrease of the loan facility limit by RON 130 million, from RON 630 million to RON 500 million;
- b) Extension by 1 year of the loan facility agreement No. 201812070225 concluded with Banca Comercială Română S.A. for issuing guarantee instruments in the form of letters of bank guarantee and irrevocable stand-by letters of credit up to a limit of RON 500 million;
- c) Authorizing Mr. Răzvan Popescu, as Chief Executive Officer, and Mrs. Gabriela Trâmbițaș, as Chief Financial Officer, to sign the Addendum to the loan facility agreement No. 201812070225 for the year 2024;
- d) Authorizing the persons having type I and II signing rights in Banca Comercială Română to sign the requests for issuing and modifying guarantee instruments (letter of bank guarantee, stand-by letter of credit) under the facility granted by Banca Comercială Română S.A., as well as any other documents in connection with the loan agreement, irrespective of the form in which they are concluded, including but not limited to, addenda, requests for drawing/issuing/modifying.

Draft resolution submitted for the approval of S.N.G.N. Romgaz S.A. General Meeting of Shareholders

Considering the above mentioned, we hereby submit for the approval of S.N.G.N. Romgaz S.A. General Meeting of Shareholders the following:

Article 1

Decrease the loan facility limit by RON 130 million, that is from RON 630 million to RON 500 million.

Article 2

Extension by 1 year of the loan facility agreement No. 201812070225 concluded with Banca Comercială Română S.A. for issuing guarantee instruments in the form of letters of bank guarantee and irrevocable stand-by letters of credit up to a limit of RON 500 million.

Article 3

Authorizing Mr. Răzvan Popescu, as Chief Executive Officer and Mrs. Gabriela Trâmbițaș, as Chief Financial Officer, to sign the Addendum to the loan facility agreement No. 201812070225 for the year 2024.

Article 4

Authorizing the persons who have type I and II signing rights in Banca Comercială Română to sign the requests for issuing and modifying guarantee instruments under the facility granted by Banca Comercială Română S.A., as well as any other documents in connection with the loan agreement, irrespective of the form in which they are concluded, including but not limited to, addenda, requests for drawing/issuing/modifying.

Chief Executive Officer
Răzvan Popescu

Chief Financial Officer
Gabriela Trânbițaș

For Director of Finance
Marius Veza

Head of Legal Department
Monica Stafie

Prepared by
Head of Treasury Department
Ildiko David