

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

ENDORSED,

Chairman of the Board of Directors  
Dan Dragoş DRĂGAN

**Request for Approval of S.C. Depomures S.A. Share Capital Increase and Amendment of Articles of Incorporation in accordance with Shareholders' Subscription**

**1. Brief history**

S.C. Depomureş S.A. (Depomureş/the Company) was established on July 29, 2002 and operates since September 16, 2022 in accordance with the Company Law 31/1990 and the Articles of Incorporation of the Company.

Main business of Depomureş is **Support Activities for Petroleum and Natural Gas Production (NACE code 0910)**.

The share capital of the Company, subscribed and fully paid up, amounts to RON 300,000, being divided in 30,000 shares with a nominal value of RON 10 each.

The current structure of the shareholding is shown below:

Shareholder	Number of shares	Value (RON)	Weight (%)
ENGIE Group Participations S.A.	17,700	177,000	59.00
S.N.G.N. ROMGAZ S.A. (Romgaz)	12,000	120,000	40.00
MIF S.A.	150	1,500	0.50
FORAJ SONDE S.A.	150	1,500	0.50
<b>Total</b>	<b>30,000</b>	<b>300,000</b>	<b>100.00</b>

The Targu Mures Underground Gas Storage is a depleted gas field located in Central Romania, in the northern half of the Transylvanian Basin, south-east of Targu Mures, Mures County. The gas field was converted from production into storage in 1998, by using the production wells existing at that time.

The current working capacity of Targu Mures UGS is 300 million m<sup>3</sup>, with a maximum injection/withdrawal rate of approx. 2 million m<sup>3</sup>/day (decreasing trend due to technical limitations, i.e. technical limitations of gas compression at injection and lack of compression possibilities at withdrawal, in conjunction with increasing pressures in NTS).

The storage is currently operated through 18 injection/withdrawal wells grouped in 5 manifolds, an injection/withdrawal pipeline network (flowlines, gathering lines, main collectors), totalizing approx. 28 km, 1 TEG dehydration station with a designed capacity of 3.5 million m<sup>3</sup>/day, metering systems and other related equipment. Part of these assets, namely 14 of out of the 18 wells, are currently rented from Romgaz based on a long-term rental agreement. The gas compression services are also provided by Romgaz under an annual service agreement.

## **2. General presentation of the investments necessary for the development of Targu Mures USG and the need of financing by share capital increase**

In 2008, a feasibility study has been launched to analyze the development possibilities of the Targu Mures UGS, by considering three potential locations for the future central gas plant.

Considering the high capital costs that resulted from the feasibility study, the project has been structured in two phases. Consequently, the FEED baseline engineering study, launched in 2011 and completed in 2012, aimed to compare several technical solutions for a gradual increase of the working capacity of Targu Mures UGS up to 600 mil m<sup>3</sup>, and to select the best solution, taking into account the main technical, commercial and financial constraints.

The structure of the investments is as follows:

- **Phase 1:** increasing the daily injection/withdrawal flow rates to 3.5 million m<sup>3</sup>, and the working volume to 400 million m<sup>3</sup>, with the following main investment objectives:
  - New central gas plant (2 gas compression units designed for 3.5 million m<sup>3</sup>/day, with a reserve for an additional compression unit, a gas dehydration unit designed for 3.5 million m<sup>3</sup>/day, with a reserve for an additional dehydration column, bidirectional metering system for 5 million m<sup>3</sup>/day), other related facilities.
  - Gas collecting pipeline connecting the new central gas plant with the existing well groups, designed for a 100 bar pressure (system pressure estimated for Phase 2). In a first stage (Phase 1) this new pipeline allows the increase of the storage capacity by increasing the injection pressure up to 64 bar; no new wells would be required in this first stage.
  - Electrical substation for the new central gas plant and connection to the national power grid.
  - Modernization works at existing equipment to increase the system pressure from the existing 50 bar to 64 bar, to reduce pressure drop and maximize flow rates.
- **Phase 2:** increasing the injection/withdrawal daily flow rates to 5 million m<sup>3</sup>, and the working volume to 600 million m<sup>3</sup>, with the following main investment objectives: one (1) additional compression unit, one (1) additional dehydration column, seven (7) new wells and upgrading works to further increase the pressure of the system pressure up to 100 bar (replacement of pipelines, valves, etc.)

The partial detailed design for Phase 1 was completed in 2013, and the construction stage of Phase 1 was launched in 2015. The first investment objectives were completed and commissioned during 2016 - 2018 (upgrading works at existing installations to increase the operation pressure from 50 bar to 64 bar, new 100-bar gas collector pipeline of approx. 6 km, dehydration unit, connection of the storage to the 40-bar NTS pipelines, *Coroi I* and *Coroi II*).

The related Project investments made between 2008 and 2018 were financed from own sources (annual profits distributed by the shareholders as a source of investment financing, bank loans).

Due to its strategic importance at European level, in 2013, the development project of Targu Mures UGS was declared a Project of Common Interest (PCI) under EU Regulation 347/2013, being kept on all subsequent lists, including the 5<sup>th</sup> PCI list adopted on November 2021.

In 2023, Depomures succeeded to obtain an EU grant from the CEF Energy Mechanism for completing Phase 1 of the development project, with the main investment objective of building its own compression station to serve the UGS for gas injection into/ withdrawal from the underground storage for delivery into the NTS.

The funding rate is as high as 50% of eligible costs, while the total CEF grant is capped to MEUR 12.77 (the Grant Agreement was signed on March 26, 2024).

The updated business plan, approved by Depomures Board of Directors on June 19, 2024, focuses on the completion of Phase 1 of the development, having as main investment objective the gas compression station (2 units), which would allow Depomures to independently carry out its operational storage activities, as well as to obtain an increase in storage capacity to 400 million m<sup>3</sup>, and an increase of daily injection/extraction capacity up to 3.5 million m<sup>3</sup>, respectively.

The outcomes of the proposed Investment are:

- Eliminating the main bottlenecks upstream and downstream the UGS, which are currently affecting the daily flows;
- Increasing the delivery pressure of gas from the UGS to the NTS by 250% (from a current 12-14 bar up to 35 bar)
- Increasing the working capacity by 33% (+100 million m<sup>3</sup>);
- Increasing the daily injection/withdrawal capacity by 75% (+1.5 million m<sup>3</sup>/day);

- Improving the energy efficiency and lowering methane emissions due to the Best Available Technologies employed in the technical solution envisaged in the Project.

The outputs of the proposed Investment are the following:

- Two (2) gas compression units, electrically powered;
- Bidirectional gas metering system;
- Gas plant inlet manifold, station inlet KO drum, filter coalescers, gas plant utilities;
- Fire and gas protection system;
- Electrical substation for the new gas compression station and connection to the national power grid.

### 3. Depomureş Share Capital Increase

In accordance with the preliminary structure of financing determined by the business plan, one of the financing sources is the shareholders' cash contribution to the share capital amounting to RON 45 million.

In accordance with Article 216 paragraphs 1 and 2 of Company Law 31/1990, and Article 15.1 of the Company Articles of Incorporation, respectively, the share capital increase by issuance of new shares grants a preferential subscription right to the shareholders, pro rata to the held shares.

By offering for subscription the newly issued shares to the existing shareholders in the first place, it is intended to increase the **Company**<sup>1</sup> share capital, without changing its structure, by maintaining the percentage of ownership of the share capital.

The preferential right shall only be exercised within the period set by the General Meeting of Shareholders Decision or the Board of Directors Resolution, as the case may be, and shall not be less than one month from the date of publishing the Decision/Resolution in the Official Gazette of Romania. A share capital increase without granting preferential rights to the existing shareholders is under the penalty of nullity<sup>2</sup>.

In case it is decided to participate in Depomures share capital increase, Romgaz owning 40% of Depomures share capital, is entitled to subscribe 1,800,000 shares with a nominal value of RON 10, with a total value amounting to RON 18,000,000. That amount is provided in the 2024 Romgaz Rectified Investment Plan.

In accordance with the provisions of Article 220, paragraph 1 of Company Law 31/1990, and Article 17.1 of the Articles of Incorporation, respectively, shares issued against a contribution in cash or in kind shall be paid on the date of subscription in the amount of at least 30% of their nominal value. The underwriters shall be responsible for the payment in full of the shares subscribed in the period set by the Decision of the General Meeting of Shareholders<sup>3</sup>, or the Board of Directors Resolution, and the period shall not exceed 3 years from the date of publishing such in the Official Gazette of Romania, part IV.

In accordance with Article 113 item f<sup>4</sup> of Company Law 31/1990 in conjunction with the provisions of Article 22.1 of the Company's Articles of Incorporation, the Extraordinary General Meeting of Shareholders has the competence to decide on the share capital increase of the Company.

Therefore, the Board of Directors of Depomureş (the Company) has convened the Extraordinary General Meeting of Shareholders (EGMS) for **August, 26, 2024, 13.00 hours**, pursuant to the provisions of Article 117 paragraphs 1 and 2<sup>5</sup> of Company Law 31/1990, and Article 20 of the Company's Articles of Incorporation, with the following agenda:

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<sup>1</sup> Article 216 paragraphs 1 - 3 of Company Law 31/1990 "Shares issued for share capital increase shall be offered for subscription to the existing shareholders in the first place, pro rata to their held shares."

The preferential right shall only be exercised within the period set by the General Meeting of Shareholders or the Board of Directors /Directorate, respectively, under the provisions of Article 220<sup>1</sup> paragraph (4), except otherwise provided by the Articles of Incorporation. In all cases, the period given to exercise the preferential rights shall not be less than one month from the date of publishing the Decision of General Meeting of Shareholders/ the Board of Directors/Directorate Resolution, respectively, in the Official Gazette of Romania, part IV. After expiry of such period, the shares may be offered for subscription to the public."

Any share capital increase not complying with this article is voidable."

Article 15.1 of Depomures Articles of Incorporation "Shares issued for share capital increase shall be offered for subscription to the existing shareholders in the first place, pro rata to their held shares. The preferential right shall only be exercised within the period set by the General Meeting of Shareholders or the Board of Directors, as the case may be. In all cases, the period given to exercise the preferential rights shall not be less than one month from the date of publishing the General Meeting of Shareholders Decision/ the Board of Director Resolution in the Official Gazette of Romania, part IV."

<sup>2</sup> Article 216 paragraph 4 of Law 31/1990 "Any share capital increase not complying with this article is voidable."

<sup>3</sup> The proposal of Depomureş Board of Directors is payment in full on the date of subscribing shares

<sup>4</sup> Article 113 L 31/1990 in conjunction with Article 22.1 of Depomureş Articles of Incorporation "The Extraordinary General Meeting of Shareholders meets whenever necessary to decide on (...)  
f) share capital increase."

<sup>5</sup> Article 113 L 31/1990 in conjunction with Article 22.1 of Depomureş Articles of Incorporation

"(1) the General meeting shall be convened by the Board of Directors/Directorate whenever necessary.

(2) the time limit of the meeting shall not be less than 30 days of publishing the convening notice in the Official Gazette of Romania, Part IV."

- 1) Approval of Depomures S.A. share capital increase by RON 45,000,000, contribution in cash, by issuance of 4,500,000 new registered shares, numbered from 30,001 to 4,530,000, with a nominal value of RON 10 for each share, where the issuing price amounts to RON 10/share.

The newly issued shares will be offered for subscription to the existing shareholders of the Company, pro rata to their held shares, as follows:

- **ENGIE Group Participations S.A.**, which owns 59 % of the Company share capital, has the right to subscribe 2,655,000 shares with a nominal value of RON 10, amounting to a total value of RON 26,550,000, contribution in cash.
  - **S.N.G.N. ROMGAZ S.A.**, which owns 40 % of the Company share capital, has the right to subscribe 1,800,000 shares, with a nominal value of RON 10 lei amounting to a total value of RON 18,000,000, contribution in cash.
  - **MIF S.A.**, which owns 0,5 % of the Company share capital, has the right to subscribe 22,500 shares, with a nominal value of RON 10, amounting to a total value of RON 225,000, contribution in cash.
  - **FORAJ SONDE S.A.**, which owns 0,5 % of the Company share capital, has the right to subscribe 22,500 shares, with a nominal value of RON 10, amounting to a total value of RON 225,000, contribution in cash.
- 2) Approval of a 30 days' period from the date of publishing the Decision of the Extraordinary General Meeting of Shareholders on share capital increase in the Official Gazette of Romania, Part IV, for the existing shareholders of the Company to exercise their preferential right to subscribe the newly issued shares in accordance with item 1.
- 3) Approval of the payment in full, on the subscription date, of the price of shares subscribed under the share capital increase. The subscription shall be validated when the amount of money related to the subscribed shares is credited to the Company bank account.
- 4) Approval to annul the newly issued shares not subscribed, and the share capital to be increased within the limits of the amounts actually subscribed and paid to the Company bank account.
- 5) Approval to authorize the Company's Board of Directors to approve and perform the implementing operations related to the share capital increase, as approved by the Extraordinary General Meeting of Shareholders, that is (i) to approve the final value by which the share capital is going to be increased and the distribution of shares to the shareholders depending on the amounts subscribed and paid by the shareholders, (ii) to annul the newly issued shares not subscribed, (iii) to approve the updated Company Articles of Incorporation, (iv) to approve conclusion of any acts or performance of formalities necessary to implement and register the share capital increase with the competent authorities and institutions.
- 6) Approval to authorize the Chairperson of the Board of Directors to (i) sign the adopted decisions of the Extraordinary General Meeting of Shareholders, (ii) sign all documents to be approved by the Board of Directors regarding the implementation of share capital increase, (iii) sign the updated Company's Articles of Incorporation, (iv) to perform the formalities and legal procedures necessary for including a related mention in and registration with the Office of Trade Register of the decisions to be adopted and the share capital increase operation, (v) to authorize Company employees or third parties to perform some of the above mentioned activities/operations.

In the scenario where all Depomureş shareholders exercise their preferential rights, the ownership and share capital structure following the share capital increase will be as follows:

Shareholders	Number of shares	Value (RON)	Weight (%)
ENGIE Group Participations S.A.	2,672,700	26,727,000	59.00
S.N.G.N. ROMGAZ S.A. (Romgaz)	1,812,000	18,120,000	40.00
MIF S.A.	22,650	226,500	0.50
FORAJ SONDE S.A.	22,650	226,500	0.50
<b>Total</b>	<b>4,530,000</b>	<b>45,300,000</b>	<b>100.00</b>

In case the increase of Depomureş share capital is approved, the following Articles of *Chapter III - Share Capital. Company Shares and Shareholders* of the Articles of Incorporation will be amended depending on the number of shareholders exercising their preferential rights:

Article 8

8.1 The subscribed and fully paid-up share capital amounts to RON 300,000 and is represented by 30,000 nominative shares, numbered from 1 to 30,000, each share having a nominal value of RON 10.  
(...)

Article 10

10.1 The shareholders owning the subscribed and fully paid-up share capital are shown in the table below:

Shareholder	Number of shares	Numbered from (...) to (...)	Weight in the share capital
ENGIE Group Participations S.A. with headquarters in 1, Place Samuel de Champlain, 92400 Courbevoie, France	17,700	1-15,000 27,001-29,700	59%
S.N.G.N. Romgaz S.A. with headquarters in Mediaș, Piața C.I. Motaș no. 4, 551130, registered with the Register of Commerce under J32/392/2001, TIN RO 14056826	12,000	15,001-27,000	40%
S.C. MIF S.A. with headquarters in the village of Sângeorgiu de Mureș, Str. Râțul Morii, no.1357, county of Mureș, registered with the Register of Commerce under J32/744/1991, TIN RO 1262913	150	29,701-29,850	0.5%
S.C. FORAJ SONDE S.A. with headquarters in the village of Ernei, no. 630, county of Mureș, registered with the Register of Commerce under J26/349/1995, TIN RO 4727746	150	29,851-30,000	0.5%

Taking into account that:

- Article 12 paragraph 6 item d) of S.N.G.N. ROMGAZ S.A. Articles of Incorporation provides that „the Extraordinary General Meeting of Shareholders meets whenever necessary to decide on the followings: (...) d) incorporation of companies, as well as conclusion or **amendment of articles of incorporation of the companies where the Company has the quality of associate.**”;
- Depomures Articles of Incorporation shall be updated by the corresponding amendments of Articles 8 and 10 above only after Depomureș share capital increase is approved, and the preferential right is exercised, pro-rata to the number of owned shares, and shares are subscribed by the shareholders in the EGMS - Depomures of August 26, 2024, respectively,

The Board of Directors of S.N.G.N. ROMGAZ S.A. has endorsed the increase of Depomureș share capital, the exercise of the preferential right by Romgaz, as well as the amendment of the two above mentioned Articles of the Depomures Articles of Incorporation, and has convened the EGMS of S.N.G.N. Romgaz S.A. with the following agenda:

Item 1

Approval of S.C. Depomureș S.A. share capital increase by RON 45,000,000, contribution in cash, by issuance of 4,500,000 new registered shares, numbered from 30,001 to 4,530,000, with a nominal value of RON 10 for each share, where the issuing price amounts to RON 10/share.

Item 2

Approval to amend Articles 8 and 10 of the Articles of Incorporation of S.C. Depomureș S.A. in accordance with the shareholders' subscription following the Company's share capital increase.

Based on the above mentioned, we propose to the EGMS of S.N.G.N. ROMGAZ S.A. the following DRAFT DECISION:

**Article 1.** The Extraordinary General Meeting of Shareholders of S.N.G.N. ROMGAZ S.A. agrees with S.C. Depomureș S.A. share capital increase by RON 45,000,000, contribution in cash, by issuance of 4,500,000 new registered shares, numbered from 30,001 to 4,530,000, with a nominal value of RON 10 for each share, where the issuing price amounts to RON 10/share. The newly issued shares will be offered for subscription to the existing shareholders of the Company, pro rata to their owned shares.

**Article 2.** The Extraordinary General Meeting of Shareholders of S.N.G.N. ROMGAZ S.A. agrees with the amendment of Articles 8 and 10 of the Articles of Incorporation of S.C. Depomureş S.A. in accordance with the shareholders' subscription following the Company's share capital increase.

Chief Executive Officer  
Răzvan POPESCU

Deputy Chief Executive Officer  
Aristotel Marius JUDE

Chief Financial Officer  
Gabriela TRÂNBÎŢAŞ

Endorsed:

Head of Legal Department  
Monica STAFIE

Director of Strategy, International Relations, European Funds  
Gabriela Elena MAREŞ

Head of Strategic Projects Identification and International Relations  
Irina SUCIU

Head of Incorporated Joint Ventures  
Simona ROTAR