

No.17731/03.03.2025

Submitted for approval to EGMS meeting of April 09/10, 2025

REPORT**on the approval of the acquisition of a 51% interest in Petrostar SA****SUMMARY:**

- **On 1 October 2024, the Board of Administration of Petrostar S.A., a technological engineering, design and consulting company for the Romanian oil and gas extractive industry ("Petrostar"), convened the general meeting of the company's shareholders to approve the increase of its share capital by offering new shares for subscription with a subscription price of 79 lei/share. This capital increase failed to materialize.**
- **SNTGN Transgaz SA ("Transgaz" or the "Company") analysed the possibility of acquiring a stake in Petrostar, considering the complementarity of Transgaz' and Petrostar's fields of activity.**
- **In order to check the relevance and feasibility of the acquisition of a controlling stake in Petrostar, Transgaz contracted services for the evaluation of Petrostar's equity and services for the issuance of a fairness opinion on the proposed acquisition price.**
- **The fairness opinion confirms that the price of lei 4,520,143 (79 lei/share) for the acquisition of a 51% interest in the equity of Petrostar S.A. is appropriate and financially beneficial to Transgaz' shareholders.**
- **Transgaz sent a letter of intent to Petrostar to acquire a 51% interest in the share capital of Petrostar S.A. at a price of lei 4,520,143, subject to obtaining the corporate approvals in accordance with Transgaz' articles of incorporation.**
- **On 26 February 2025, a notice convening the General Meeting of Petrostar Shareholders on 4 April 2025 in order to approve the increase of the share capital by lei 4,520,143, by issuing 57,217 new shares in two stages was published in the Official Journal of Romania, part IV, no. 971.**
- **The two stages of Petrostar's share capital increase are as follows: a) the offering of the newly issued shares to the existing shareholders based on their pre-emptive rights and pro rata to their interest and b) the offering of the shares that were not subscribed at stage a) to Transgaz at a price of 79 lei/per share.**

PROPOSAL:

Pursuant to the provisions of Art. 15 para, letter 4 i) of the updated Articles of Incorporation of SNTGN Transgaz SA, we submit for the approval of the Extraordinary General Meeting of the Shareholders of SNTGN Transgaz SA:

- 1. The acquisition of a 51% interest in the share capital of Petrostar S.A. at a maximum price of lei 4,520,143. The subscription is subject to the acquisition of a 51% stake in the share capital of Petrostar S.A. through either of the two options:**
 - a) The full subscription by SNTGN Transgaz S.A. of the shares issued by Petrostar in order to increase the share capital by lei 4,520,143, respectively from the current value of lei 4,342,867 to lei 8,863,010, by issuing 57,217 new nominative shares, each with a nominal value of 79lei /share, the total number of the company's shares being maximum 112,190 shares; or**
 - b) The subscription by SNTGN Transgaz S.A. of the shares remaining unsubscribed and/or unpaid after the completion of the stage in which the newly issued shares are offered to the existing shareholders on the basis of the pre-emptive right and the purchase from the existing shareholders of Petrostar S.A. at a price of 79 lei/share, of a number of shares necessary to have a 51% interest in the share capital of Petrostar S.A. The purchase of shares from the existing shareholders of Petrostar will be carried out after the expiry of the period for the exercise of the pre-emptive right of the existing shareholders of Petrostar S.A. and after the expiry of the pre-emptive right conferred to the shareholders under the bylaws with respect to the purchase of any shares that another shareholder wishes to sell, based on the authenticated share transfer contracts subject to Transgaz' obtaining a 51% interest in the share capital of Petrostar S.A.**

- 2. The empowerment of the Director General or of his legal Alternate and of the Chief Financial Officer to carry out all the formalities necessary for the subscription, including the signing of the subscription application, as well as to negotiate and execute, if necessary, the authenticated share transfer contract(s).**

Report detailed content

1. Background and Transgaz' interest in the acquisition of Petrostar

On 1 October 2024, the Board of Administration of Petrostar S.A., a technological engineering, design and consulting company for the Romanian oil and gas extractive industry ("Petrostar"), convened the general meeting of the company's shareholders to approve the increase of its share capital by an amount of up to lei 4,342,867, by offering new shares for subscription.

It was thus proposed to double the company's share capital from lei 4,342,867 to a maximum of lei 8,685,734 by doubling the number of shares from 54,973 to 109,946, with a subscription price of 79 lei/share. The full acquisition of the 54,973 newly issued shares would have given a new shareholder 50% of Petrostar's share capital. The Petrostar General Shareholders' Meeting rejected the share capital increase requested under the convening notice of October 1, 2024.

This intention to increase the share capital of Petrostar has generated the interest of SNTGN Transgaz SA representatives in the context of the complementarity of Transgaz' and Petrostar's fields of activity, the potential group synergies and the existing collaboration between the two companies represented by the design services provided by Petrostar to Transgaz over the years.

Transgaz initiated an analysis process regarding a potential acquisition of a majority stake in Petrostar and has contracted services for the valuation of Petrostar's equity and for the issuance of a fairness opinion on the proposed Transaction price.

The fairness opinion issued by an ANEVAR member appraiser confirms that the price of lei 4,520,143 (79 lei/share) for the acquisition of a 51% interest in the equity of Petrostar S.A. is appropriate and financially beneficial to Transgaz' shareholders.

Transgaz submitted a letter of intent to Petrostar regarding the acquisition of a 51% interest in Petrostar S.A. at a price of lei 4,520,143, subject to obtaining corporate approvals in accordance with Transgaz' articles of incorporation.

On 26 February 2025, a notice convening the General Meeting of Petrostar Shareholders on 4 April 2025 in order to approve the increase of the share capital by lei 4,520,143, by issuing 57,217 new shares was published in the Official Journal of Romania, part IV, no. 971. Full acquisition of the 57,217 newly issued shares would give a new shareholder 51% interest in Petrostar's share capital.

2. Petrostar Presentation

Please find below a brief presentation of Petrostar.

2.1. The Field of activity

Petrostar S.A. is the leading research, technological engineering and design company for the extractive oil and gas industry in Romania. The company was established in 1949 as the sole design institute of the Ministry of Petroleum and covers the entire activity in this field in Romania. Until the early 1990s, Petrostar was the sole consultant for the Romanian hydrocarbon producing industry. Since 1991, the company has been reorganized as a joint-stock company with full private equity.

Petrostar offers clients a full spectrum of engineering services, from conceptual design, procurement, management of the construction of objectives to the maintenance and operation of oil and gas field objectives, as well as drilling and construction works for water supply, cathodic protection, ground reinforcement and groundwater quality monitoring.

The main areas of activity are:

- feasibility studies for the exploitation of newly discovered and existing offshore and onshore oil and gas fields in the country and abroad;
- feasibility studies and full designs for underground storage of natural gas in depleted gas fields;
- complete studies and projects for drilling wells up to 10,000 m deep, offshore and onshore in the country and abroad;
- specifications, technical and commercial offers for design and execution activities;
- process and detail engineering for primary, secondary and tertiary exploitation in the field of oil and gas fields, including all the specialties that contribute to the construction of the objectives in the oil fields such as: electrical, mechanical, construction, automation, SCADA, corrosion protection, water supply, installations: water-channel, gas distribution, water distribution, etc.
- complete engineering studies and projects for transmission and storage systems in the fields of crude oil, gas, oil products, water;
- topographic, hydrogeological, hydrotechnical, hydro geotechnical and geotechnical studies and documentations;
- project development management and project execution management in oil, gas and related works;
- documentation for procurement activities, package.
- Drilling and construction works for water supply, cathodic protection, ground reinforcement and groundwater quality monitoring.

Petrostar was a subcontractor for various projects carried out by Transgaz, among which: a) *Upgrading of Silistea compressor station (existing) - as part of the investment - strengthening of the Romanian transmission system between Onești- Isaccea and reverse flow at Isaccea – phase 2*, b) *Onesti compressor station - as part of the investment – NTS developments in the North-Eastern part of Romania in order to improve the natural gas supply to the area and to ensure the transmission capacities to the Republic of Moldova* and c) *Gheraești compressor station - as part of the investment – NTS developments in the North-Eastern part of Romania in order to improve the natural gas supply to the area and to ensure the transmission capacities to the Republic of Moldova*. The contractors for the above-mentioned projects were INSPET S.A. and IRIGC Gas Repair and Installation Enterprise and Construcții Impex SRL.

2. Management and employees

The executive management is ensured by Stoica Gheorghe Doru, in his capacity as General Manager and Daniel Rucăreanu in his capacity as Design Director.

At the date of the evaluation, the company had 124 employees, of which 8 part-time (2 hours), 5 part-time (4 hours) and 1 part-time (6 hours).

3. Evaluation and Fairness Opinion

The scope of the evaluation report requested by Transgaz was the analysis of the market value of 100% of Petrostar's equity and of a 51% interest therein.

The Petrostar's evaluation and fairness opinion confirm that **the price of lei 4,520,143 (79 lei/share) for the acquisition of a 51% interest in the equity of Petrostar S.A. is appropriate and financially beneficial to Transgaz shareholders.**

Please find attached for your reference:

Annex 1 Fairness opinion - *will not be made public*

PETRU ION VĂDUVA
CHAIRMAN OF THE BOARD OF ADMINISTRATION