

To: THE BOARD OF DIRECTORS

**From: Financial Director, Mrs. Adriana Frangu
Chief of Accounting Service, Mrs. Cecilia Popovici

Development Director, Mrs. Marieta Stasi
Chief of Shareholding - Communication Department, Mrs. Georgiana Dragomir**

Subject: Proposal to endorse the establishment of gross dividend per share related to 2021 financial year, of term and methods of paying dividends to shareholders

No.: 488/16.03.2022

I. Proposal regarding the value of the gross dividend per share

We submit for analysis and approval the proposal regarding the establishment of the gross dividend per share related to the financial year 2021, based on the financial statements issued according to the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards, related to the financial year ended on 31.12.2021, in the amount of 0.00725676 lei/share.

The proposal regarding gross dividend per share in the amount of **0.00725676 lei/share** results from the value of gross dividends proposed to be distributed from the net profit of 2021 in the amount of **4,226,555 lei** reported to a total number of **582,430,253 shares**.

The proposal for the distribution of the net profit related to the financial year 2021 was made taking into account:

- Accounting law no. 82/1991 republished, art. 19, para. (3), with further alterations and additions;
- Company law no. 31/1990, republished, with further alterations and additions;
- Law 227/2015 regarding Fiscal Code, with further alterations and additions;
- GO 64/2001 regarding the distribution of the profit to the national companies and commercial companies with integral or majority state capital, as well as to the autonomous companies, with further alterations and additions, approved with alterations by Law no. 769/2001;
- GEO 3/26.01.2022 to amend and supplement Government emergency Ordinance no. 118/2021 regarding the establishment of a compensation scheme for electricity and natural gas consumption for the cold season of 2021-2022, as well as to supplement Government Ordinance no. 27/1996 regarding granting facilities to persons residing or working near Apuseni Mountains and Danube Delta Biosphere Reserve;
- The budget of revenues and expenses for 2021 approved by the Shareholders General Ordinary Assembly decision no. 6/29.04.2021, amended by Shareholders General Ordinary Assembly' decision no. 9/30.08.2021;
- MPF Order no. 144/2005 regarding the approval of the Specifications for determining the amounts object of profit distribution according to GO no. 64/2001 regarding the distribution of profit to national companies and commercial companies with full or majority state capital, as well as to autonomous companies;
- MPF Order no. 418/2005 regarding some accounting specifications applicable to the economic agents.

We propose that the net profit for 2021 in the amount of 6,222,314 lei to be distributed to as follows:

a) Legal reserves: 414,239 lei

(art.1 paragraph 1 letter a) of GO no. 64/2001 and
art.183 paragraph 1 of Law no. 31/1990)

According to the provisions of Law 31/1990 regarding companies, republished, with further alterations and additions, art. 183 paragraph (1) "At least 5% of the company's profit shall be taken over each year for the constitution of the reserve fund, until it reaches at least one fifth of the share capital".

The legal reserve established before the distribution of the net profit for 2021 is of 5,636,650 lei (9.6% of the share capital).

Accounting profit before determining the profit tax = 8,284,780 lei.

Legal reserve 5% of gross profit = 8,284,780 lei x 5% = 414,239 lei.

b) Other reserves representing fiscal facilities provided by law: 1,111,902 lei

(art.1 paragraph 1 letter b) of GO no. 64/2001 and art.22 paragraph 1 of Law no. 227/2015)

According to art. 22 para. (1) of Law 227/2015 regarding Fiscal Code, with further alterations and additions, the profit invested in technological equipment, electronic computers and peripheral equipment, machines and household appliances, for control and billing, in computer programs, as well as for the right the use computer programs, produced and/or purchased, including according to financial leasing contracts, and put into operation, used for the purpose of carrying out the economic activity, is exempted from tax. The tangible assets for which the tax exemption is applied are those provided in subgroup 2.1, respectively in class 2.2.9 of the Catalog regarding the classification and normal operating times of fixed assets, approved by Government decision.

The profit invested in 2021 is 1,170,423 lei.

Profit exempted from tax distributed to reserves 1,170,423 lei x 5% = 58,521 lei.

1,170,423 lei - 58,521 lei = 1,111,902 lei.

c) Coverage of accounting losses from previous years Not applicable

c¹) Establishing own financing sources for projects co-financed from external loans Not applicable

d) Other distributions provided by law Not applicable

e) Employees' participation in profit: 469,618 lei

(art.1 paragraph 1 letter e) of GO no. 64/2001)

According to GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to the autonomous companies, approved with alterations by Law no. 769/2001, with further alterations and additions, Oil Terminal SA company may grant the employees' participation in the profit within the limit of 10% of the net profit, but not more than the level of an average monthly basic salary achieved at the level of the economic agent in the reference financial year, because it has committed and established by the budget of revenues and expenses the obligation to participate in profit.

Considering that the level of the maximum fund for employees participation in profit, whose calculation took into account the average monthly basic salary achieved, is higher than the share level of 10% of the net profit remaining after deducting the distributed amounts, the fund of employee participation in profit is 469,618 lei.

$[(6,222,314 \text{ lei net profit} - [(414,239 \text{ lei legal reserve} + 1,111,902 \text{ other reserves representing fiscal facilities)})] \times 10\% = 469,618 \text{ lei}$

According to the MPF Order no. 418/06.04.2005 regarding some accounting specifications applicable to the economic agents, the employees' participation in the profit is reflected in the accounting by establishing a provision for risks and expenses at the level of the gross amounts due to the employees.

As a result, the company recorded the amount of 469,618 lei in the account "Other provisions for risks and expenses".

Following the registration of the provision for risks and expenses in the total amount of 469,618 lei, the gross profit becomes 7,815,162 lei (8,284,780 lei - 469,618 lei), the profit tax in the amount of 2,062,466 lei remains unchanged, because the provision is fiscally non-deductible, and the remaining net profit is of 5,752,696 lei.

f) Dividends due to shareholders: 4,226,555 lei

(art.1. para. (1) letter f) of GO no.64 / 2001 amended by art. IV para. (1) of GEO 3/26.01.2022

According to the provisions of art.1 paragraph (1) letter f) of GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to autonomous companies, approved with alterations by Law no. 769/2001, with further alterations and additions, *“at least 50% payments to the state or local budget are distributed, regarding autonomous companies, or dividends, regarding national companies and commercial companies with full or majority state capital”*.

According to the provisions of art. IV para. (1) of GEO 3/26.01.2022 *“Notwithstanding the provisions of art. 1 para. (1) letter f) of Government Ordinance no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to autonomous companies, published in the Official Gazette of Romania, Part I, no. 536 of 1 September 2001, approved with alterations by Law no. 769/2001, with further alterations and additions, for the financial year of 2021, to companies with integral or majority state capital, as well as to autonomous companies established by the state, the accounting profit remained after profit tax deduction is distributed in amount of minimum 90% as instalments to state budget for autonomous companies or as dividends for companies with integral or majority state capital, according to law.*

(2) In duly justified cases, the Government may approve by decision the distribution to state budget, as instalments to state budget for autonomous companies or as dividends for companies with integral of majority state capital, of a share less than 90% of the accounting profit remained after profit tax deduction, but not less than 50% of it”.

Considering the provisions of article (1) par. (1) lit. f) of GO no. 64/2001, amended by art. IV para. (1) of GEO 3/26.01.2022 the company proposes dividends representing 90% of the net profit remaining after the distribution of the legal reserve according to Law no. 31/1990 and other reserves representing fiscal facilities according to Law no. 227/2015, as follows:

$[(6,222,314 \text{ lei net profit} - [(414,239 \text{ lei legal reserve} + 1,111,902 \text{ other reserves representing fiscal facilities})] \times 90\% = 4,226,555 \text{ lei.}$

g) Other reserves that constitute own financing source:

0 lei

(art. 1 paragraph (1) letter g) of GO no. 64/2001)

According to the provisions of art.1 paragraph (1) letter f) of GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to autonomous companies, approved with alterations by Law no. 769/2001, with further alterations and additions *“the profit undistributed as provided by letter a)-f) is distributed to other reserves, represents own financing source and can be redistributed as dividends or instalments to state or local budget as regards autonomous companies”*.

Net profit to be distributed = $[(6,222,314 \text{ lei net profit} - [(414,239 \text{ lei legal reserve} + 1,111,902 \text{ other reserves representing fiscal facilities} + 469,618 \text{ lei employees' participation in profit} + 4,226,555 \text{ lei dividends})] = 0 \text{ lei.}$

-own financing source = 0 lei

II. Method of calculating payment dividends

The net value of the dividends to be paid and the related dividend tax will be established using the following calculation method: the gross dividend for each shareholder will be determined by multiplying the number of shares held, at the registration date, by the respective shareholder, with the value of the gross dividend related to a share; the resulting amount will be rounded up/down to two decimal places. The dividend tax will be calculated by applying the relevant tax rate to the gross value of the dividends already rounded up/down to two decimal places. The net dividend to be paid will represent the difference between the gross dividend rounded up/down to two decimal places and the related dividend tax, rounded according to the legal provisions.

The payment of dividends will be made only to the shareholders registered in the Register of Shareholders (kept by Depozitarul Central), on the registration date established by the Shareholders General Assembly.

III. Proposal regarding the term of dividends payment

We propose the payment of dividends to the company's shareholders to be made according to the provisions of Government Ordinance no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, approved with alterations by Law no. 769/2001, with further alterations and additions, corroborated with the provisions of Regulation no. 5/2018 issued by the Financial Supervisory Authority.

According to the provisions of art. 1 par. (3) of Government Ordinance no. 64/2001 regarding the distribution of profit to national companies and commercial companies with full or majority state capital, with further alterations

and additions "national companies and companies in which the state or a territorial administrative unit is sole, majority or in control shareholder, **have the obligation to transfer dividends due to the shareholders within 60 days from the term provided by law for the submission of the annual financial statements**".

The term for submitting the annual financial statements provided by the Accounting Law no. 82/1991, art. 36 para. (1) letter a) regarding Oil Terminal is of 150 days from the end of the financial year, respectively 30.05.2021.

The date of dividends payment will be established according to the provisions of art. 178 paragraph (2) of the Financial Supervisory Authority Regulation no. 5/2018: "**Regarding dividends, the shareholders general assembly establishes the payment date on a working day that is no later than 15 working days after the registration date, but not later than 6 months from the date of the shareholders general assembly for dividends establishment**".

Considering the above provisions, **we propose that the date of dividends payment is 07.06.2022.**

Dividends are paid to shareholders in proportion to the share of paid-in share capital.

The shareholders entitled to receive dividends distributed from the net profit achieved in the financial year of 2021 are those registered in the Register of Shareholders on the registration date.

IV. Proposal regarding dividends payment method

Considering the modifications brought to the dividend payment procedure by the Financial Supervisory Authority Regulation no. 5/2018, **the payment of dividends will be made in RON on the payment date established by the Shareholders General Assembly.**

Shareholders General Assembly will be required to mandate the Board of Directors to appoint the paying agent according to the requirements of the regulatory framework, thus amended, applicable to the payment of dividends. Details regarding the payment methods, the paying agent and the supporting documents will be communicated to shareholders before the payment date by a press release and will be presented to the Bucharest Stock Exchange and the Financial Supervisory Authority by a current report. The press release will be published on the OIL TERMINAL website (www.oil-terminal.com) in the "Investor Relations" section.

According to art. 111 para. (2) letter a) of Companies Law no. 31/1990, republished, with further alterations and additions and to art. 12 para. (3) letter a) of the Constitutive Act, the **Shareholders Ordinary General Assembly approves the profit distribution and establishes the gross dividend.**

The Board of Directors will propose to the Shareholders General Assembly the approval of the gross dividend per share for the 2021 financial year, of term and of methods of paying dividends to shareholders.

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