

No.412/08.07.2024

Note on

Approval of the conclusion of a partnership agreement between Oil Terminal S.A. and Euronova Energies S.A. for the construction and subsequent operation of a bitumen terminal in the port platform section of Oil Terminal

Overview

The company Oil Terminal S.A. is a joint-stock company, established pursuant to Law no. 15/1990 on the reorganization of state economic units as autonomous administrations and commercial companies, on Government Decision no. 1200/1990 regarding the establishment of joint-stock companies in industry, subject to the provisions of Law no. 31/1990 on commercial companies and the provisions of Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, with the amendments and additions provided by Law no. 111/2016 and the Application Norms approved by Government Decision no.722/2016.

Oil Terminal S.A. is a Romanian legal entity based in Constanta having the legal form of a joint stock company. The company carries out its activity in accordance with the Romanian laws being registered at the Trade Register under number J13/512/1991.

Oil Terminal S.A. is a company listed on the BVB since January 30, 1998, being registered in category I under the symbol OIL and subject to all provisions of the capital market legislation with activities defined by Law no.238/2004 on oil. It has a subscribed and paid-up share capital amounting to 299,717,713.2 lei, to which corresponds a number of 2,997,177,132 shares with a nominal value of 0.10 lei/share, registered, indivisible, with equal voting rights, freely tradable on the Bucharest Stock Exchange under the symbol OIL.

Oil Terminal S.A. carries out activities defined by Law no.238/2004 on oil, being the holder of a concession agreement, approved by Government Decision no. 886/2002, signed with the National Agency for Mineral Resources Bucharest regarding the concession of the activity of exploitation of reservoirs, transportation pipelines of oil and oil products, pumping facilities and other related facilities and equipment

The company is managed in a unitary system by the Board of Directors (BoD) appointed by the Ordinary General Meeting of Shareholders.

Oil Terminal S.A. is engaged in the provision of services for the receipt, loading, unloading, storage, and conditioning of crude oil, petroleum products, petrochemical, and liquid chemical products for import, export, and transit. Its main services include:

- Receiving, storing, conditioning, and dispatching crude oil, fuel oil, petroleum products, petrochemical, and liquid chemical products for import, export, and transit;
- Performing tests and technical analyses in its own laboratories for the products handled;
- Performing tests and technical analyses in its own laboratories for third parties;
- Performing repairs and maintenance for its installations and equipment;
- Renting out its own properties;
- Wholesale trade of waste and scrap.

Oil Terminal S.A. has a storage capacity of about 1.5 million cubic meters being the largest operator via sea in the port of Constanta.

Oil Terminal S.A. has three platform sections (North, South, Port). Each platform section, depending on its specificity, is equipped with :

- Tanks with capacities ranging from 1,000 m³ to 50,000 m³, equipped with protective barriers, fixed or floating covers, automatic measuring installations, and fire extinguishing systems;
- Installations for loading and unloading petroleum, petrochemical, and liquid chemical products, consisting of railway ramps with a total length of approximately 30 km and a combined capacity of about 20,000 tons/24 hours;
- Diesel loading installations in tank trucks equipped with volumetric metering installations;
- Transport pipelines with diameters between 100 mm and 1,000 mm for transferring within storage sections, linking storage sites, and connecting storage sites with maritime berths where oil tankers are operated;
- Pump houses capable of achieving flow rates between 100 and 2,500 m³/h;
- Fire extinguishing installations composed of pipelines reaching each tank, pump houses, fire extinguishing materials specific to each product, and a fire brigade equipped with fire engines;
- A thermal power plant for supplying technological steam;
- RENAR-accredited laboratories equipped with apparatus for conducting specific physical-chemical tests;
- Installations for capturing and treating wastewater;
- Installations for maneuvering railway tank cars at unloading ramps, an operation performed with own locomotives and personnel, accredited and authorized by the Romanian Railway Authority.

The Port Platform Section of Oil Terminal S.A., is located in Pier 4 of the Port of Constanta, berths 69-79. It has in operation 7 operational berths of which 6 berths have a depth of 12.80 m and a length of 325 meters (berths 69-76), and berth 79 has a depth of 17.50 m and a length of 393 meters, allowing the operation of ships with a capacity of up to 150,000 tdw.

The Company intends to take advantage of all opportunities to meet customer requirements, to improve the economic situation and the business climate in its field of activity. Thus, Oil Terminal ensures and undertakes the most appropriate actions in order to fulfill all its socio-economic responsibilities to the highest level under the law, in such a way that its activities and results serve the best interests of the company's customers, employees and shareholders, as well as the interests of other stakeholders in the smooth functioning of the company.

The entire activity of the company is subordinated to the major purpose, as specified in the company's Articles of Incorporation, namely, the maximization of operating income by:

- Conducting profitable activities;
- Generating revenue and profit by providing services to clients related to the import, export, and transit of crude oil, petroleum products, petrochemical products, and liquid chemicals;
- Developing efficient, effective, and economical management.

Based on the Development Strategy and the 2023-2027 Administration Plan, which includes the direction of diversifying the product portfolio to include bitumen, as well as considering the increasing market demand for this product for road construction, the company has analyzed and initiated the necessary steps to identify a partnership for developing such a project.

Currently, there is only one provider of bitumen handling and storage services operating within the Port of Constanta.

We consider it opportune to get involved in a new project with a partner able to commercialize internally and/or externally the respective product, who understand the distribution market for this product, has know how in the field and ensures a constant flow of goods over a significant period of time.

This bitumen terminal will be located in the port platform section, on the current platform previously associated with the former Castrol depot. Within the Port of Constanta, Oil Terminal holds a lease agreement with the Constanta Maritime Ports Administration for the platform located at berth 69, valid until the year 2040.

Thus, within the Port Platform Section, the company has identified a concrete platform area of 4,028 square meters where the following fixed assets, owned by our company, are located:

- Above-ground tanks – 6 tanks with a total storage capacity of 2,150 cubic meters
- Pump house with associated pumps – 1 pump house
- Covered underground concrete culvert linking the pump house to berth 69
- Administrative building

Considering the excellent positioning of this platform with connections to all transport routes (maritime, railway, and road), we believe a bitumen terminal can be built to provide the following operations:

1. Delivery of bitumen by unloading from maritime vessels into storage tanks.
2. Storage with heating facilities or temperature maintenance of the product within a range of 130-170 degrees Celsius.
3. Transfer of bitumen from the main storage tank to intermediate tanks for loading into transportation vehicles.
4. Loading of bitumen into railway wagons, trucks, and river barges.

The construction will include the following facilities:

1. Vessel unloading installation for a single ship with a single coupling station.
2. Pumping system to transfer bitumen from the ship to the storage tank, and from the storage tank to transportation vehicles (tank trucks, railway tank).
3. Specific heating system for bitumen storage and handling.
4. New above-ground tank with a capacity of 6,000 cubic meters equipped with radar-based individual measurement system.
5. Collector in the existing railway ramp at the Port's depot for loading/unloading railway wagons.
6. Truck loading platform equipped with loading arms.

OIL TERMINAL S.A. will provide the following:

1. Utilities (water connection, electric power connection at the required capacity, natural gas connection, technical sewage);
2. Security services with video monitoring;
3. Services for connecting ships/tank trucks/railway wagons with specialized personnel;
4. Railway maneuvering services with specialized personnel and own wagon towing equipment;
5. Fire prevention and firefighting services;
6. Dynamic weighing system for railway wagons, weighing installation for tank trucks, access to berth with minimum draft of 12.5 meters and length of 300 meters, located in the immediate vicinity of the storage area;
7. Own operating permits and licenses.

For the development of this project, the company went through the following stages:

1. It has posted with the BVB(Bucharest Stock Exchange) and FSA the Current Report No. 526/15.09.2023 expressing its intention to form a partnership and requesting submission of intentions by 20.10.2023. The announcement was also posted on the company's website on 18.09.2023 and published in the Financial newspaper on 19.09.2023.
2. By current report 578/23.10.2023 the list of those who have submitted intentions was presented:
 - Takida Terminal S.R.L.;
 - Euronova Energies S.A.;
 - Frial S.A.;
 - OMV Petrom S.A.;
 - Trafigura Pte Ltd;
 - Vitaro Energy S.R.L.
3. Presentation meetings and field visits were organized with all those who submitted their intentions
4. The company formulated 6 Responses to requests for clarifications received following the meetings.
5. The CNAPM Constanta was asked for its opinion on how to implement such a project. The reply was sent to all those who were asked for an offer
6. IPTANA has been asked for views on the building restrictions of the area. The response has been circulated to all those who have been asked for an offer
7. By Current Report No. 619/20.11.2023 it was informed that a call for tenders was launched with a deadline for submission of bids 20.12.2023. The Request for Tender mentioned the minimum required elements to be submitted from technical, financial, commercial point of view as well as the method of allocation of scores
8. By current Reports no. 620/21.11.2023 and no. 630/27.11.2023 it was communicated that the list was completed with 2 more participants: SOCAR PETROLEUM and TAMAL TRADING&LOGISTIC
9. By current report no. 690/21.12.2023 the list of tenderers was announced
 - Socar Petroleum S.A.
 - Takida Terminal S.R.L.;
 - Frial S.A.;
 - OMV Petrom S.A.;
 - Vitaro Energy S.R.L.;
 - Trafigura Pte Ltd;
 - Euronova Energies S.A.
10. In the period 10.01- 29.01.2024, 4 intermediate bid evaluation meetings were held. Clarifications were requested and received from the bidders. 4 minutes of the intermediate evaluation meetings were drawn up and sent to the Board of Directors.
11. The Board of Directors authorized the Tender Evaluation Committee, appointed by the General Director's Decision, to finalize the evaluation of bids and determine the winning bid for the purpose of convening a General Shareholders' Meeting.
12. On 12.02.2024, the Evaluation Committee prepared the Procedure Report, which includes the description of the evaluation stages, allocated scores, and the final ranking. This Report was forwarded to the Board of Directors for review.

13. In its meeting held on 23.02.2024, the Board of Directors endorsed the Procedural Report and convened the EGSM meeting for 28(29).03.2024 requesting the approval to start negotiations with the first ranked bidder in order to establish a partnership for the construction of a bitumen terminal and to mandate the administrative and executive management to negotiate the legal conditions and to formulate the final proposal on the way to realize the partnership, which will be submitted for approval to a subsequent EGSM.

Euronova Energies S.A. submitted the first-ranked offer with the following main elements:

- Duration of agreement 10 years
- Guaranteed traffic 100000 to/year
- Pay in advance the value of the investment or pay in stages according to the progress of the works.
- Financing is considered down payment for services. It recovers the investment in installments of the handling costs, (propose 15% of the monthly service bill). The repayment period will be determined according to the value of the investment
- Proposed tank capacity: 6000 To (1 x 6000)
- 2 car charging points (2x100 To/h)
- 6-8 charging points for the railway ramp. The charging system will be equipped with a condensate/vapor recovery and an automatic charging stop system.

Under the partnership, Oil Terminal will be the owner and operator of the constructed terminal. The costs of the technical project (U.C. documentation, permits, required agreements, D.T.A.C., Technical Design + Specifications + Economic Documentation + Plan Map with execution details) are the exclusive responsibility of the partner, without reimbursement by Oil Terminal.

14. In the period 01.03.2024- 02.04.2024, the Evaluation Committee analyzed and formulated answers to each of the 5 appeals filed in the procedure.
15. By EGSM Decision no. 3 of 28.03.2024, the Company's shareholders approved the starting negotiations with Euronova Energies in order to establish a partnership for the construction of a bitumen terminal and the mandate of the administrative and executive management to negotiate the legal terms and conditions and to formulate the final proposal on the manner of realization of the partnership, which will be submitted for approval to a subsequent EGSM.
16. By BoD Decision no. 43/03.04.2024, the team from OIL TERMINAL S.A. was established in order to negotiate the legal conditions and to formulate the final proposal on the way to realize the partnership with Euronova Energies S.A., according to the provisions of the EGSM Decision no. 03/28.03.2024
17. In the period 03.04.2024- 05.07.2024, meetings were held between the negotiating team from the Company and Euronova Energies representatives in order to negotiate the legal conditions and formulate the final proposal on the way to realize the partnership.

In the analysis of the practical ways of realizing the partnership between Oil Terminal and Euronova Energies, it was taken into account that the Bitumen Terminal will become and will remain the exclusive property of Oil Terminal SA, which will be its operator and the one who will obtain all the necessary agreements, permits, approvals, permits and authorizations for the construction of the terminal, respectively for obtaining the operating permit in a manner that will allow Euronova Energies to use the terminal exclusively in accordance with the Service Contract that will be signed concurrently with the works ~~contract~~ for the construction of the Project.

Thus, on the basis of the above mentioned Decision, the parties negotiated the conditions for the establishment of the partnership agreement aiming at the collaboration of the Partners and the assumption of mutual rights and obligations, in order to realize the Project / Investment in the Port of Oil Terminal SA warehouse.

The main elements of the agreement are:

- a. **Form of Collaboration: Partnership Agreement**, according to which Oil Terminal will be the owner and operator of the built bitumen terminal and Euronova Energies will be the exclusive user of the bitumen terminal, based on an exclusive right of use.
- b. **The object of the Agreement:** the realization of the Project / Investment in the Port depot of Oil Terminal SA, in order to ensure the premises for the construction and commissioning of the bitumen terminal, its operation by Oil Terminal and its exclusive operation / use by Euronova Energies SA, for a period of 10 years, for a guaranteed turnover of 80,000 tons/year, on the basis of a Service Contract to be concluded on the date of signing the works contract for the construction of the terminal.
- c. **Duration of the Agreement:** the Agreement shall enter into force on the date of its signature by the Partners and shall remain in force for the duration necessary for the authorization, construction and commissioning of the bitumen terminal by Oil Terminal and its exclusive use by Euronova Energies in accordance with the Service Contract, i.e. until the date of the closing of the advance(s) to Euronova Energies through the compensation mechanism and the full recovery of the advances paid by it for the realization of the Investment.
- d. **Financial aspects:**
 - i. Euronova Energies will bear the full investment costs of the terminal construction works, granted in the form of advances on future services, according to the progress of the construction works, until the commissioning of the Project.
 - ii. The costs of the technical project (U.C. Documentation, required approvals, agreements, D.T.A.C., Technical Project + Specifications + Economic Documentation + Plan Map with execution details) are the exclusive responsibility of Euronova Energies, without being reimbursed by Oil Terminal.
 - iii. compensation mechanism: the compensation mechanism is the way in which the Euronova Energies client will fully recover the amounts paid in advance to cover the costs of the investment in the Project (Investment Value).

Euronova Energies will recover in full the amounts paid as an advance on future services to cover the costs of the investment to build the bitumen terminal. The invoices for services issued by Oil Terminal during the operation of the Project and the performance of the Service Contract representing handling services (loading/unloading of cargo), storage/utilization of storage capacity, utilities, facility utilization fee will be paid by Euronova as follows:

 - Payment by payment order to the Oil Terminal account of a percentage determined as follows: (100% minus the compensation percentage (not less than 15%))
 - Offset the advances paid by Euronova Energies for the Project, as well as the amounts invoiced to it for utilities and the tariff for the use of the installation with the offered compensation percentage (not less than 15%)
 - iv. The calculation of the handling (loading/unloading) and storage/utilization of bitumen storage capacity is as follows: Direct costs (materials, water, electricity, gas, sewerage, other third-party services, repairs, maintenance, personnel costs (of which: wage costs,

contributions, other costs), depreciation, other costs) + Indirect costs (general administration costs, general departmental costs) + Profit share.

- v. The utilities will be billed separately through autonomous metering of the bitumen terminal, their costs not being reflected in the tariffs.
- vi. Euronova Energies will guarantee the financial resources necessary for the realization of the investment through a Letter of Bank Guarantee issued by a bank accepted by Oil Terminal, the value of which will represent the value of the construction works of the bitumen terminal resulting from the procedure of the contractor's acquisition

e. Technical aspects:

- i. Oil Terminal is responsible for obtaining the necessary construction authorizations, the procedure for procuring the contractor and the execution of the contract. Euronova Energies will appoint a representative to supervise the works
- ii. Oil Terminal is exclusively responsible for obtaining the demolition authorization and carrying out the demolition works. These works will be carried out after obtaining the building permit. After elaboration and approval of the project in the Technical Evaluation Committee (CTE) it will be decided whether to demolish all the assets on the allocated land or to keep some of them for inclusion in the project.
- iii. Euronova Energies is exclusively in charge of the elaboration of the technical project (U.C. Documentation, required authorizations, agreements, D.T.A.C., Technical Project + Specifications + Economic Documentation + Plan Map with execution details). In case the project will not be approved by the Technical-Economic Commission of Oil Terminal, the construction will not be started, the partnership will be terminated and the parties will have no claims against each other

f. Commercial aspects: the parties will enter into a service contract for the operation of the bitumen terminal under the following conditions:

- i. The service contract will be signed on the date of signature of the works contract for the construction of the bitumen terminal.
- ii. The object of the contract will consist in the provision of the services necessary for the exclusive operation/use of the terminal by Euronova Energies SA, for a period of 10 years, for a guaranteed throughput of 80,000 tons/year
- iii. The supply contract may be extended for the period necessary to compensate the advances granted for the construction of the bitumen terminal if the compensation is not finalized in 10 years.

Thus, for the EGSM meeting of 12(13).08.2024 we request the following from the shareholders:

- 1. Approval of the conclusion of a partnership agreement between Oil Terminal S.A. and Euronova Energies S.A. for the purpose of construction and subsequent exclusive operation of a bitumen terminal in the Port platform section of the company.**
- 2. Authorizing the General Director, the Financial Director, the Development Director, the Commercial Director, the Head of the Litigation Legal Office or the substitutes of**

the persons authorized to represent the company in relations with Euronova Energies S.A., with the notary public and to sign on behalf of and for the Company the Partnership Agreement, the additional documents to it, as well as any other documents necessary for the implementation of the contractual relationship with Euronova Energies S.A.

- 3. Approval of the conclusion of a Service Contract between Oil Terminal S.A. and Euronova Energies concerning the exclusive operation of the bitumen terminal.**
- 4. Authorizing the General Director, the Financial Director, the Commercial Director, the Head of the Quality Department, the Head of the Commercial Marketing Department, the Head of the Litigation Legal Office or the substitutes of the persons authorized to represent the company in the commercial relations with Euronova Energies, and, if applicable, with the notary public and to sign on behalf of and for the Company the Service Contract, the additional documents to these, as well as any other documents necessary for the performance of the contractual relationship.**

General Director
Sorin Ciutoreanu

Financial Director
Adriana Frangu

Development Director
Marieta Stasi

Commercial Director
Gabriel Daraban

Head of Legal Litigation
Carmen Borşuc

Head of the Commercial Marketing Department
Doriana Porumbel

Head of Shareholder Communication Office
Georgiana Dragomir