

**To:** BOARD OF DIRECTORS

**From:** Financial Director, Ms. Adriana Frangu  
Head of Financial Dept., Ms. Daniela Moldoveanu

**Subject:** Approval for contracting a long-term investment loan

**No.** 944/27.05.2025

### Description of the current situation

The Budget of Revenues and Expenses for the year 2025, including annex no. 4 "Investment, Equipment, and Financing Sources Program," was approved by the Board of Directors through Decision no. 12/06.03.2025, and approved by the Ordinary General Shareholders Meeting Resolution no. 2/09.04.2025. Consequently, the investment expenditure level was approved at 105,718 thousand lei, corresponding to the approved amount for the investment financing source.

Considering the provisions of the Memorandum approved in the Government meeting of 27.03.2025, with the subject: *"Mandating state representatives in the General Meeting of Shareholders/Board of Directors, as appropriate, in national companies, and companies with full or majority state capital, as well as in autonomous administrations, to take the necessary measures for the distribution of a minimum share of 90% of the net profit achieved in 2024 as dividends/payments to the state budget"*, communicated by letter no. 220715/01.04.2025, by the Ministry of Energy - General Directorate for Energy Policies, State Equity Management Department, through Decision no. 54/15.04.2025, the Board of Directors approved the distribution of the net profit for 2024 in accordance with the memorandum's provisions, specifically, by increasing the dividends due to shareholders from 7,455 thousand lei to 13,419 thousand lei, due to the decrease in the investment financing source from 5,964 thousand lei to zero thousand lei. The General Meeting of Shareholders subsequently approved this through Resolution no. 12/28.04.2025.

By Decision no. 61/12.05.2025, the Board of Directors approved the update of the investment financing source level, previously approved by the Ordinary General Shareholders Meeting Resolution no. 2/09.04.2025, as follows:

- reduction of the own financing source by the amount of 5,964 thousand lei, considering the provisions of the Memorandum approved in the Government meeting of 27.03.2025
- increase of the own financing source by the amount of 466 thousand lei, representing other reserves consisting of tax facilities (reinvested profit) recorded in Q1 2025, resulting from the application of the provisions of Art. 22 para. (1) of Law 227/2015 on the Fiscal Code, in conjunction with Art. 1, subgroup 2.2. "Measuring, control, and regulation devices and installations" of Order no. 4636/2022 concerning assets used in production and processing activities and assets representing re-technologization for which the reinvested profit tax exemption applies, pursuant to Art. 22 of Law no. 227/2015 on the Fiscal Code

- increase of the own financing source by the amount of 6,000 thousand lei, representing surplus achieved from revaluation reserves approved by the Ordinary General Shareholders Meeting Resolution no. 10/28.04.2025.

As a result of this update, the investment financing source as of the current date increases from 105,718 thousand lei to 106,220 thousand lei. Investment expenses will subsequently be made at the level of the source approved by Decision no. 61/12.05.2025.

### **The necessity of contracting an investment loan**

In previous years, the company's own investment financing source was ensured by depreciation and a share of the previous year's net profit, specifically, other reserves constituting an own financing source—in accordance with the provisions of Art. 1 para. (1) letter g) of Government Ordinance no. 64/2001 regarding profit distribution at national companies, national corporations, and commercial companies with full or majority state capital, as well as at autonomous administrations, with subsequent amendments and additions.

By letter no. 220715/01.04.2025 the Ministry of Energy - General Directorate for Energy Policies, State Equity Management Department, requested the company, when distributing the 2024 profit, to take into account the provisions of the Memorandum approved by the Government in the meeting of 27.03.2025, concerning the distribution of a minimum share of 90% of the 2024 profit as dividends due to shareholders.

*Considering the application of the Memorandum's provisions for the year 2024, the own financing source for investments from the 2024 net profit was 0 (zero) lei.*

In the CTE (Technical-Economic Council) meeting of 27.05.2025, a favorable opinion was issued for initiating the necessary steps to carry out the modernization works of Tank 27 UAN, considering the critical nature of the required works. These steps include drafting the technical project, requesting approval for contracting a bank loan to finance the works, and conducting the procurement procedure to select the contractor for the investment works.

To supplement the investment financing source and ensure the necessary liquidity for carrying out the modernization works on this fixed asset, the company proposes to contract a long-term loan amounting to 15,000,000 lei, to be utilized during the 2025-2026 period. The estimated value of the investment is derived from the cost estimate prepared by the relevant departments, based on similar projects previously completed and taking into account the technical works to be performed.

We state that, as of the current date, the company has ongoing domestic bank loans for investments in the total amount of 63,637 thousand lei and has no overdue installments or interest payments to the financing banking institutions.

### **Expected changes**

During the meeting of the Technical-Economic Commission (CTE) on 27.05.2025, the proposal to modernize tank 27 within the Port Storage Area—with a capacity of 10,000 cubic meters, intended for storing liquid urea (UAN)—was analyzed. A favorable opinion was issued, as per Minutes no. 1485/27.05.2025, based on the following considerations:

- the advanced state of physical wear (corrosion) of the bottom plates and the fixed roof, according to notes prepared by the SMSU (Health, Safety, Environment) Department and measurement sheets from the Process Control Systems and Installations Service, which highlighted the need for repair and modernization works.
- the necessity of carrying out modernization works, including: complete replacement of the tank's roof and bottom; application of an anti-corrosive coating on the tank's interior; replacement of stairs and access walkways; removal of existing thermal insulation and application of an adequate protective coating.

The modernization of this UAN tank will lead to:

- increased operational safety
- improvement of the logistics chain for the distribution of this product in agriculture

We mention that tank 27 in the Port Storage Area is the only storage capacity for the UAN product, and many Romanian farmers depend on the deliveries of this product through Oil Terminal.

### **Regarding the external financing source (investment loan)**

The financing for the modernization of this investment objective will be secured from external sources, specifically by concluding a long-term investment loan contract in lei, excluding VAT.

The selection of the bank will be carried out in accordance with the internal procurement regulations and will consider the following aspects:

- Loan amount : maximum 15,000,000 lei
- Loan term : 10 years (long-term loan)
- Drawdown period : maximum 12 months from contract signing
- Grace period : equal to the loan drawdown period
- Loan repayment : 108 monthly installments starting from the month following the expiration of the grace period
- Costs: fees (origination, administration), interest, installments, insurance policies for the pledged assets
- Guarantees: • Movable mortgage on the borrower's bank accounts  
• Imovable mortgage on the investment object, namely tank R 27P, capacity 10,000 cubic meters, inventory no. 11222777, owned by the company Oil Terminal.

- Other conditions: the mortgaged assets will be evaluated by an independent evaluator approved by the bank, with the evaluation costs borne by the lending bank

As of the current date, the total estimated cost for this loan is 21,736,200.00 lei, broken down as follows:

- Loan 15,000,000.00 lei
- Estimated interest: 6,736,200.00 lei calculated based on a ROBOR of 7.26% (valid on 19.05.2025 according to the bnro.ro website) and an interest margin of 0.98% (as per the last loan contracted in 2024)

This cost may decrease or increase depending on ROBOR fluctuations and the interest rate that will be obtained following the procurement procedure to select the bank that will grant the loan.

*Considering the provisions of art.12, para.(4), letter n) of the company's Articles of Incorporation, stating that "The Extraordinary General Meeting of Shareholders shall be convened whenever a resolution is necessary...concerning the contracting of bank loans, in accordance with the competencies outlined in the annex to the company's Articles of Incorporation"*

*Considering the need to contract an investment loan and the expected changes resulting from the modernization of this fixed asset,*

**We kindly request your endorsement for the following:**

- **contracting a long-term investment loan with a maximum value of 15,000,000 lei (excluding VAT)**
- **empowering the General Director, Financial Director, Development Director, Head of the Procurement Department, and the Head of the Legal and Litigation Office, or their duly appointed substitutes, to represent the company in its relations with the bank and public notary, and to sign, on behalf of and for the company, the loan agreement, the real security agreement over movable and immovable property, any additional act thereto, as well as any other documents necessary in carrying out the contractual relationship with the bank for the granted loan.**

For the signing of these contracts, we request that **the empowering the General Director, Financial Director, Development Director, Head of the Procurement Department, and the Head of the Legal and Litigation Office, or their duly appointed substitutes, to represent the company in its relations with the bank and public notary, and to sign, on behalf of and for the company, the loan agreement, the real security agreement over movable and immovable property, any additional act thereto, as well as any other documents necessary in carrying out the contractual relationship with the bank for the granted loan** to be explicitly mentioned in both the Board of Directors' decision and the Extraordinary General Shareholders Meeting resolution.

The conditions for contracting the loan will be established based on the procurement procedure conducted in accordance with the provisions of the Internal Procurement Regulations.

After the Board of Directors approval for the contracting of the long-term investment loan in lei, the proposal will be submitted for approval to the Extraordinary General Shareholders Meeting, following which the bank selection procedure will be initiated according to the Internal Procurement Regulations.

We specify that the signing of the loan agreements, real security agreements over movable and immovable property, any additional act thereto, as well as any other necessary documents, will take place after the Extraordinary General Shareholders Meeting approves the contracting of the loan.

General Director,  
Sorin Ciutoreanu

Financial Director,  
Adriana Frangu

Development Director,  
Marieta Stași

Head of Financial Dept.,  
Daniela Moldoveanu

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Carmen Borșuc