



To: **EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF ROMPETROL  
RAFINARE S.A.**

**INFORMATION MATERIAL REGARDING THE RATIFICATION OF THE CONCLUSION OF THE  
CONTRACT FOR THE SALE OF ENERGY PRODUCTS BETWEEN ROMPETROL RAFINARE S.A.  
AND ROMPETROL DOWNSTREAM S.R.L.**

**Dear Rompetrol Rafinare Shareholders,**

We submit for your ratification the conclusion of the Product Sales Contract no. 1/03.01.2025 ("*the Contract*") between Rompetrol Rafinare S.A. as the Seller and Rompetrol Downstream S.R.L. as the Buyer

**I. Essential elements**

**Whereas:**

- (i) the reality of the long-term contractual relationships between Rompetrol Rafinare S.A., as Seller of petroleum products resulting from oil refining, production which represents its main economic activity, and the Buyer - affiliated company Rompetrol Downstream S.R.L. (owned share of 99.9%), as distributor on the Romanian market of petroleum products (fuels and combustibles) manufactured by Rompetrol Rafinare S.A., a relationship built on the basis of annual contracts carried out until 2019 and on the basis of Sales Contract no. RR 2/22.11.2019 carried out during the period 2020 - 2024,**
- (ii) as well as the need to efficiently manage the risks for the Company arising from the application of tax legislation on transfer pricing,**
- (iii) the termination on 31 December 2024 of the Products Sales Contract no. RR 2/22.11.2019 carried out by the Company during 2020 - 2024,**

**for the period 2025 – 2029, Contract No. 1/03.01.2025 was concluded, which entered into force on 01.01.2025, having as its object the sale of petroleum products, fuels, for the purpose of distribution on the Romanian market, maintaining flexibility in determining the quantities of petroleum products, fuels, that will be delivered annually to the Buyer, as well as the correlation of market prices by simple notification of the modification of the price formula by the seller and respectively the quarterly/annual adjustment of the transfer price for all product sales made in a financial year in accordance with the methodology established by the Advance Pricing Agreement approved by ANAF or with**



**the level of profitability of the buyer established to be in accordance with the market value principle according to the legislation on transfer pricing. For the period 2025-2029, the Contract is estimated to have a value of 8,327,078,034 USD, compared to an estimated average annual quantity of 2,356,742 tons.**

**Seller:** ROMPETROL RAFINARE S.A.**Object Contract submitted for ratification****Buyer:**

ROMPETROL DOWNSTREAM S.R.L.

Petroleum products sale – fuels, combustibles

**Price. Invoicing method**

Considering the Transfer Pricing Policies of KMG International Group, the Operational Procedure regarding the Transfer Pricing Policy of KMG International Group, the fact that for the period 2020-2024 the terms, conditions and methodology for determining the transfer price for this transaction, respectively the purchase of fuels by Rompetrol Downstream S.R.L. from Rompetrol Rafinare S.A. for resale on the Romanian market, was established by the Advance Pricing Agreement approved by Order of the Head of ANAF (the contract concluded between the parties for the period 2020-2024 being an integral part of this agreement) as well as the fact that for the period 2025-2029 the issuance of a new Advance Pricing Agreement was requested, the following methodology will be used to establish the transfer prices for the sale of petroleum products by Rompetrol Rafinare S.A. to the affiliated Buyer Rompetrol Downstream S.R.L.:

- 1. The price of the delivered products is determined for each delivery according to a price formula, provided in the annex to the Contract, to which are added any taxes, duties and any other payments to special funds (excise duties, VAT, etc.) applicable according to the law.**

**The price formula is established, as before, by reference to the relevant international public quotations** for each individual product. The price formula includes an element of profitability for the Buyer from the resale of the products on the market (premium/discount) which is set at a level that ensures the Buyer a profitability comparable to that of independent distributors for the purpose of applying the transfer pricing legislation (comparable distributors).

Also, in the context of the volatility of prices specific to petroleum products, the price formula will be updated regularly, during the budgeting process, taking into account the expected evolution of international quotations and a premium/discount that will lead to an estimated profitability at the level of the last measurement of the profitability of comparable independent distributors. Also, the price formula may be updated



occasionally, in specific situations, such as changing quality standards/specifications for products, adding a new type of product to the product list, etc. as well as in situations where the evolution of market prices determines financial results significantly different from those considered at the last update. The price formula is updated by simple notification of the Buyer by the Seller, without the need to formalize it in additional documents within 30 days from the date on which the Seller became aware of the existence of the situation requiring the update, according to a model presented in the annex to the contracts.

**Price formula**

**Gasoline:** Average of 4 average quotations published prior to the delivery date, published in "Platt's European Marketscan" under the heading "Cargoes FOB Med Italy" at the position "PREM.UNL. 10ppm plus prem as follows:

EURO PLUS GASOLINE: + 55.43 usd/ton

EFIX GASOLINE 95: + 64.43 usd/ton

RON 98 GASOLINE: + 122.43 usd/ton

EFIX S GASOLINE 98: + 124.43 usd/ton

**DIESEL FUEL:** Average of 4 average quotations published prior to the delivery date, published in "Platt's European Marketscan" under the heading "Cargoes FOB Med Italy" at the position "ULSD 10ppm" plus premium, as follows:

DIESEL EURO 5: + 98.81 usd/ton

EFIX DIESEL 51: + 106.81 usd/ton

DIESEL 55: + 123.81 usd/ton

EFIX S DIESEL 55: + 131.81 usd/ton

**CALOR**

ROMPETROL CALOR ECONOMIC 3:  $(0.50 * \text{GASOIL } 0.1\%) + (0.50 * \text{FUEL OIL } 1\%) + 60$  usd/ton

ROMPETROL CALOR EXTRA 1: average of the average FOB Med Cargo quotations published in Platts European Marketscan for ULSD 10ppm + 20 usd/ton

Payment term: 30 calendar days from delivery

- 2. Additionally**, in order to effectively manage the risks arising, for both the Seller and the Buyer, from the application of tax legislation on transfer pricing, **the price due for all product deliveries made in a financial year (the transfer price) will be modified retroactively, through a quarterly/annual price correction**, not individualized by type of product, at the level at which the financial indicator selected to document compliance with the market value principle in the performance of this Contract (sales profitability rate - RRV - for Buyers) aligns with the profitability level approved by the Advance Pricing Agreement (APA), or as the case may be, at the level of the median value of the financial indicators for comparable distributors identified in the comparability studies prepared by the



Company that are part of the transfer pricing file that must be prepared annually by the Company.

The modification of transfer prices will be made by the deadline for submitting the annual financial statements or the deadline for submitting the quarterly/annual profit tax returns, as the case may be, by issuing a corrective invoice by the Seller to each of the Buyers.

## II. **Conclusions**

Considering the above, namely the need to update the existing contractual framework, in order to better respond to the requirements of the updated legislation and recommendations in the field of transfer pricing, **we submit for your ratification**

**the conclusion by the Company (as Seller) of the contract, containing the elements defined above, with Rompetrol Downstream S.R.L (as Buyer), a Contract that entered into force from January 1, 2025, the date on which the legal effects of Contract no. RR 2/22.11.2019 ceased.**

**GENERAL MANAGER  
FLORIAN-DANIEL POP**

**FINANCIAL MANAGER  
ALEXANDRU STAVARACHE**