

No. 21.542/20.03.2021

Submitted for approval in the OGMS meeting of 27 April 2021

## REPORT

### on the proposal for the distribution of the 2020 financial year net profit

## SUMMARY

The net profit was distributed according to *Government Ordinance no. 64 of 30 August 2001 on the distribution of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations* in terms of applying the 50,01707% share to profit distribution as dividends. The distribution share foreseen in the revenue and expense budget of SNTGN Transgaz SA per 2020 approved by GOMS Resolution 2/04.03.2020 was of 50%.

## PROPOSAL

**According to Art. 15.3 (f) of the updated Articles of Incorporation of SNTGN TRANSGAZ SA, we submit for endorsement:**

**1. the distribution of the net profit as follows:**

- |                                                         |                   |
|---------------------------------------------------------|-------------------|
| - dividends due to the shareholders                     | lei 95.839.090,16 |
| - profit for the establishment of own financing sources | lei 79.161.673,84 |

**2. employee participation to profit according to Art.141 of the applicable Collective Labour Contract concluded by SNTGN TRANSGAZ SA, amounting to lei 16.612.000.**

The net profit to be distributed according to the financial statements and to the "Statement of comprehensive income" after the deduction of the income tax amounts to **lei 175.000.764**.

The proposal for the distribution of the net profit related to 2020 is according to *Government Ordinance no 64/2001 on the distribution of profit in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations*, as subsequently amended and supplemented, and to the specifications approved by *Order of the MPF 144/2005 on the approval of the Specifications for the determination of the amounts subject to profit distribution according to GO no 64/2001 on the distribution of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations, as amended and approved by Law 769/2001*, as subsequently amended and supplemented

The net profit was allocated as dividends according to the 50.01707% share. The distribution share foreseen in the revenue and expense budget for 2020 approved by OGMS Resolution 2/04.03.2020 is of 50%.

The calculations for the net profit amounts distributed are indicated in the Annex to this report on which we make the following clarifications:

- ↳ no amounts were distributed to the legal reserves as they are presently established under 20% of the share capital, according to Art. 183 (1) and (2) of Law 31/1990, as subsequently amended and supplemented;
- ↳ the employees` participation to the profit was determined within the limits of the average monthly base salary per employee in 2020, according to the average number of employees in the financial year ended;
- ↳ dividends due to shareholders were determined according to OMPF 144/2005, by applying 50,01707% to the net profit after its reunification with the amount of the costs representing employees` participation to the profit, affecting the gross profit before taxation;
- ↳ the retained earnings, for establishing own financing sources, were determined as the difference between net profit to be allocated and the profit proposed to be allocated according to GO no 64/2001.

The proposal regarding profit distribution according to GO no 64/2001 is presented in the table below:

<i>Indicators</i>	<i>Amount</i>		<i>Increase</i>
	<i>REB approved</i>	<i>Achieved</i>	<i>%</i>
0	1	2	$3=2/1 \times 100$
<b>A. Gross result of the year</b>	129.609.000,00	209.178.080,00	161,39%
<b>B. Current income tax, of which:</b>	26.432.000,00	47.360.116,00	179,18%
<b>C. Deferred income tax</b>	5.281.000,00	13.182.800,00	249,63%
<b>D. Net result of the year (A-B), of which allocated as follows:</b>	108.458.000,00	175.000.764,00	161,35%
a) legal reserves		-	
b) other reserves representing fiscal facilities provided by the law		-	
c) the covering of the accounting losses from the previous years			
c <sup>1</sup> ) the establishment of own financing sources for projects co-financed from external loans		-	
d) other allocations provided by special laws		-	
<b>E. net profit remained (D+c)</b>	108.458.000,00	175.000.764,00	161,35%
e) employees` participation to the profit	18.017.000,00	16.612.000,00	92,20%
f) dividends due to the shareholders	63.237.000,00	95.839.090,16	151,56%
g) profit for establishing own financing sources	45.221.000,00	79.161.673,84	175,06%
<b>TOTAL allocations</b>	<b>108.458.000,00</b>	<b>175.000.764,00</b>	<b>161,35%</b>

**Chairman of the Board of Administration**

**LĂPUȘAN REMUS GABRIEL**

**Calculation of the amounts allocated from the profit for 2020 according to GO no 64/2001, as subsequently amended and supplemented and to the specifications approved by OMPF 144/2005**

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<b>A. Net PROFIT to be allocated (from account 121)</b>	<b>175.000.764</b>
<b>a) legal reserves (Art.183 (1) and (2) of Law 31/1990</b>	<b>0</b>
- share capital	117.738.440
- 20% share	23.547.688
- existing reserve fund	23.547.688
- reserve fund to be established (admitted amount)	0
<b>b) Other reserves representing fiscal facilities provided by the law (not applicable)</b>	
<b>c) The covering of the accounting losses from the previous years</b>	0
<b>c<sup>1</sup>) The establishing of own financing sources for projects co-financed from external loans</b>	
(not applicable – the company has other funds)	
<b>d) Other allocations provided by special laws (not applicable)</b>	
<b>B) NET PROFIT REMAINED A– (a+b-c+c<sup>1</sup>+d)</b>	<b>175.000.764</b>
<b>e) employees` participation to the profit</b>	<b>16.612.000</b>
<b>f) gross dividends due to the shareholders</b> (minimum 50% of the profit remained after the deduction of the amounts foreseen at letters a, b, c, c <sup>1</sup> and d corrected with the employees` participation in the profit)	<b>95.839.090</b>
<b>g) retained earnings for establishing own financing sources (point B – point f)</b>	<b>79.161.674</b>
<b>C) TOTAL profit allocated (a+b+f+g)</b>	<b>175.000.764</b>
<b>D) AMOUNTS</b> representing employees` participation to the profit, retained from the gross profit before taxation.	
-participation in the profit within the limit of 10% of the net profit remaining to be allocated (point B)	<b>16.612.000</b>
-average number of employees	4.153
-average monthly base salary achieved in 2020	4.000
-fund of employees' participation in the profit, admitted	16.612.000