

Nr. 17661/20.03.2020

Submitted for approval in the OGMS meeting of 27 April 2020

REPORT

on the proposal for the distribution of the 2019 financial year net profit

SUMMARY

The net profit was distributed according to *Government Ordinance 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 50.02608% to profit as dividends. The distribution share foreseen in the revenue and expense budget of SNTGN Transgaz SA per 2019 approved by GOMS Resolution 3/16.05.2019 was of 50%.

PROPOSAL

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

1. the distribution of the net profit as follows:

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|---|---------------------------|
| - dividends to the shareholders | lei 182.141.366,68 |
| - profit for the establishment of own financing sources | lei 166.117.649,32 |

2. employee participation to profit according to Art.141 of the applicable Collective Labour Contract concluded by SNTGN TRANSGAZ SA, in amount of 15.833.774 lei.

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 348.259.016**.

The proposal for the distribution of the net profit for 2019 is according to *Government Ordinance 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 further 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 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 76 /2001*, as further amended and supplemented

Net profit was allocated as dividends according to the 50.02608% share. The distribution share foreseen in the revenue and expense budget for 2018 approved by OGMS Resolution 3/16.05.2019 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 constituted under 20% of the share capital, according to Art. 183 (1) and (2) of Law 31/1990, as further amended and supplemented;
- ↳ the employees participation in the profit was determined within the limits of the average monthly base salary per employee in 2019, according to the number of employees in the financial year ended;
- ↳ dividends due to shareholders were determined according to OMPF 144/2005, by applying 50,02608% to the net profit after its reunification with the amount of the costs representing employee 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 64/2001.

The proposal regarding profit distribution according to GO 64/2001 is presented in the table below:

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<i>Indicators</i>	<i>Amount</i>		<i>Increase</i>
	<i>REB approved</i>	<i>Achieved</i>	<i>%</i>
0	1	2	3=2/1x100
A. Gross result of the year	150.457.000,00	419.101.580,00	278,55%
B. Current income tax, of which:	30.815.000,00	86.675.856,00	281,28%
C. Deferred income tax	5.281.000,00	15.833.292,00	299,82%
D. Net result of the year (A-B), of which allocated as follows:	124.924.000,00	348.259.016,00	278,78%
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 ¹) the establishment of own financing sources for projects co-financed from external loans		-	
d) other allocations provided by special laws		-	
E. net profit remained (D+c)	124.924.000,00	348.259.016,00	278,78%
e) employees participation to the profit	14.490.000,00	15.833.774,00	109,27%
f) dividends due to the shareholders	69.707.000,00	182.141.366,68	261,30%
g) profit for establishing own financing sources	55.217.000,00	166.117.649,32	300,85%
TOTAL allocations	124.924.000,00	348.259.016,00	278,78%

Chairman of the Board of Administration

LĂPUȘAN REMUS GABRIEL

Calculation of the amounts allocated from the profit for 2019 according to GO 64/2001, as further amended and supplemented and to the specifications approved by OMPF 144/2005

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A. Net PROFIT to be allocated (from account 121)	348.259.016
a) legal reserves (Art.183 (1) and (2) of Law 31/1990	0
- 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) Other reserves representing fiscal facilities provided by the law (not applicable)	
c) The covering of the accounting losses from the previous years	
c¹) The establishing of own financing sources for projects co-financed from external loans	
(not applicable – the company has other funds)	
d) Other allocations provided by special laws (not applicable)	
B) NET PROFIT REMAINED A– (a+b-c+c¹+d)	348.259.016
e) employees participation in the profit	15.833.774
f) gross dividends due to the shareholders (minimum 50% of the profit remained after the deduction of the amounts foreseen at letters a, b, c, c ¹ and d corrected with the employees participation in the profit)	182.141.367
g) retained earnings for establishing own financing sources (point B – point f)	166.117.649
C) TOTAL profit allocated (a+b+f+g)	348.259.016
D) AMOUNTS representing employees participation in 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)	15.833.774
-average number of staff	4.246
-average monthly base salary achieved in 2019	3.729
-fund of participation of the employees in the profit, admitted	15.833.774