

NO. 11039/20.03.2020

**REPORT
on 2019 Financial Year Net Profit and other Amounts
Distribution Proposal**

Legal frame:

- *Government Ordinance No. 64/2001 on profit distribution as regards national companies and companies with full or majority state-owned capital, as well as autonomous regies, as subsequently amended and supplemented;*
- *Law 31/1990 on companies, as subsequently amended and supplemented;*
- *Law 227/2015 on the Fiscal Code as subsequently amended and supplemented;*
- *Order of the Ministry of Public Finances No. 2844/2016 on approving the Accounting Regulations compliant with the International Financial Reporting Standards.*

I.

The 2019 net profit (after profit tax deduction) according to the financial statements amounts to **RON 1,046,406,622.00**. The profit distribution proposal has been made considering the provisions of GD no.64/2001 on *profit distribution as regards national companies, national companies and companies with full or majority state-owned capital and autonomous regies, as subsequently amended and supplemented.*

The proposal regarding the profit distribution is shown in the table below:

I	Indicators	YEAR 2019 Value (RON)
0	1	2
A.	Gross result of financial year	1 224 268 884,00
B.	Current income tax	286 025 447,00
B.1	Specific activities tax	46 796,00

C.	Revenue from deferred income tax	118 163 586,00
C.1	Deferred income tax	9 953 6,00
D.	Net result of financial year [A.-B.+C.], (accounting profit after profit tax deduction), including:	1 046 406 622,00
a)	Legal reserve	.00
b)	Other reserves representing fiscal facilities provided by law (Law No.227/2015-Article 22)	12 247 662,00
c)	Coverage of losses in retained earnings from previous years accounting errors (in accordance with Article1, paragraph(1) ,c) of GO No.64/2001)	.00
c1)	Set up of own financing sources for co-financed projects from external loans (in accordance with Article 1, paragraph(1), c^1 of GO No.64/2001)	.00
d)	Other distributions as provided by special laws	.00
E.	Remaining net profit to be distributed (D-a-b-c-c1-d)	1 034 158 960,00
e)	Employees' participation to profit	31 524 733,00
f)	Dividends due to shareholders (approx. 50.27% of net profit to be distributed (E + e))	535 737 136,00
	-dividend/share	1,39
g)	Profit for setting up own financing sources (E-f)	498 421 824,00
	TOTAL DISTRIBUTIONS (b+f+g)	1 046 406 622,00

- RON 12,247,662.00 were allocated to reserves in accordance with Article 22 of Law NO. 227/2015 on the Fiscal Code, and represent the profit invested in technological equipment - machinery, work equipment and facilities, electronic computers and peripheral equipment, cash, control and billing devices, computer programs, manufactured and/or purchased. According to this article, the profit amount that benefitted from the profit tax exemption, less the amount related to the legal reserve, is distributed at the end of the financial year, prevalently for setting up reserves;
- Employees' participation to profit was established within the limit of the average monthly basic salary per employee for 2019, as follows:
- | | |
|---|------------------------------|
| Average number of personnel | 5,518 employees; |
| Average monthly basic salary in 2019 | RON 5,713.0723 /pers./month; |
| Employees' participation to profit fund | RON 31,524,733. |

→ The resulting dividend per share (rounded up to two decimal places) amounts to **RON 1.39/share**.

II.

In addition to the distribution of net result for 2019, retained earnings amounting to RON 167,000,713.98, representing the value of fixed asset depreciation and fixed assets and investment projects abandoned during the reporting year financed from the "expenditure quota required for development and modernization of natural gas production" source, in accordance with GD No. 168/1998, as subsequently amended and supplemented, is distributed as follows:

- a. The amount of **RON 84,792,928.00** as dividends, with a value of **RON 0.22 dividend/share**, representing approximately **50.77%** of the total value;
- b. The amount of **RON 82,207,785.98** for own financing sources.

Taking into account the above, we hereby submit the following for review and approval:

1. 2019 net profit distribution in accordance with the following proposal:

I	Indicators	YEAR 2019 Value (RON)
0	1	2
A.	Gross result of financial year	1 224 268 884,00
B.	Current income tax	286 025 447,00
B.1	Specific activities tax	46 796,00
C.	Revenue from deferred income tax	118 163 586,00
C.1	Deferred income tax	9 953 605,00
D.	Net result of financial year [A-B-B1+C-C.1], (accounting profit after profit tax deduction), including:	1 046 406 622,00
a)	Legal reserve	.00
b)	Other reserves representing fiscal facilities provided by law (Law No.227/2015-Article 22)	12 247 662,00
c)	Coverage of losses in retained earnings from previous years accounting errors (in accordance with Article1, paragraph(1),c) of GO No.64/2001)	.00

I	Indicators	YEAR 2019 Value (RON)
0	1	2
c1)	Set up of own financing sources for co-financed projects from external loans (in accordance with Article 1, paragraph(1), c^1 of GO No.64/2001)	.00
d)	Other distributions as provided by special laws	.00
E.	Remaining net profit to be distributed (D-a-b+c-c1-d)	1 034 158 960,00
e)	Employees' participation to profit	31 524 733,00
f)	Dividends due to shareholders (approx. 50.27% of net profit to be distributed (E + e))	535 737 136,00
	-dividend/share	1,39
g)	Profit for setting up own financing sources(E-f)	498 421 824,00
	TOTAL DISTRIBUTIONS (b+f+g)	1 046 406 622,00

2. The value of the dividend amounting to RON 1.39 /share relating to the 2019 net profit;
3. Employees' participation to profit in accordance with Government Ordinance No. 64/2001 in amount of RON 31,524,733;
4. The distribution of retained earnings representing the value of fixed asset depreciation and fixed assets and investment projects abandoned during the reporting year financed from the "expenditure quota required for development and modernization of natural gas production" source in accordance with GD No. 168/1998, as subsequently amended and supplemented, as follows:
 - a. the amount of RON 84,792,928.00 as dividends, representing approximately 50.77% of the total value, with RON 0.22 dividend/ share;
 - b. the amount of RON 82,207,785.98, for own financing sources;
5. The total value of dividend per share, as resulted from the above described, (items 2+4.a) amounts to RON 1.61.

Chief Executive Officer,
Constantin Adrian VOLINTIRU



Accounting Director,
Marius Leonte VEZA