

Submitted for analysis and endorsement in the BoA meeting dated_____and approval in the OGMS meeting dated_____

CONPET S.A.

ENDORSED,
The Board of Administration,
by Decision no_____dated_____

Chairman
of the Board of Administration,
Gheorghe Cristian – Florin

To,
The Ordinary General Meeting of Shareholders

NOTE

on the distribution of the net profit related to the financial year 2019 and of certain amounts out of the reported result

As per Art. 117^{^2} of Law no.31/1990 on the companies, republished and Art.15, para (3), letter (h) of the Articles of Incorporation, the Ordinary General Meeting of Shareholders approves the distribution of the profit and sets the gross dividend.

The proposal of distribution of the net profit related to the financial year 2019 and certain amounts out of the retained earnings has been achieved considering:

- *The Government Ordinance no.64/2001 on the profit distribution to national enterprises, national companies and trade companies fully or majority State-owned companies, subsequent amendments;*
- *Order of the Ministry of Public Finances no.144/2005 on the approval of the Clarifications for determination of the amounts subject to profit distribution as per GD no.64/2001;*
- *Law no.227/2015 with regards to the fiscal Code;*

The accounting profit registered by CONPET at December 31, 2019 for which is being proposed the distribution, is of 65,317,598 RON, higher than the net accounting profit in amount of 6,440,879 RON representing the employees share of profit.

At Art. 1, Para (1), Letter e) of the Government Ordinance no.64/2001 is being provided that *“the national enterprises, the national companies and trade companies fully or majority State-owned companies, as well as autonomous administrations that were engaged and established, by the income and expenditure budgets the share of profit obligation, following the services of their employees in relation thereto, may grant these rights within the limit of 10% of the net profit, but no more than the level of an average monthly gross salary achieved at the level of the economic agent, in the reference financial year”.*

As per item 126 of the *Accounting Regulations compliant with the International Financial Reporting Standards*, approved by Order of the Ministry of Public Finances no.2844/2016, the amounts representing the employees share of profit are being recognized in 2019 expenditure, as provision.

Throughout 2019 have not been distributed dividends on quarterly basis, based of the interim financial statements.

Therefore, the proposal with regards to the distribution of the net profit of the year 2019, reintegrated with the provisions for the employees share of profit, as well as of various amounts from the retained earnings, on the destinations provided by the Government Ordinance no.64/2001 is the following:

A. The distribution of the net profit related to the financial year 2019

Crt. no.	Item	Amount (RON)	GO provisions 64/2001
a	Net profit of the year 2019	58,876,719	
b	Employees share of profit - provision	6,440,879	
A	The net profit, reintegrated with the provision related to employees share of profit (a+b), distributed for:	65,317,598	
c	Other reserves representing fiscal facilities provided by law - reinvested profit (account 1068)	1,119,275	art. 1, para. (1), letter b)
d	Employees share of profit	6,440,879	art. 1, para. (1), letter e)
e	Dividends due to shareholders	57,757,444	art. 1, para. (1), letter f)

Mentioning on the distributed amounts:

- the employees share of profit amounts to 6,440,879 RON, namely 9.86% of the net profit, reintegrated with the provisions related to employees share of profit. The amount representing the employees share of profit was established considering the dispositions of Art.1, Para (1), Letter e) of the Government Ordinance no.64/2001.
- other reserves representing fiscal facilities provided by law, in amount of 1.119.275 RON, namely 1.71% of the net profit reintegrated with the provision for the employees share of profit, stand for the amount of the reinvested profit for which it was granted corporate tax exemption during 2019, as per art.22 of Law no. 227/2015 on the Fiscal Code.
- the difference of 57,757,444 RON, namely 88.43% of the net profit, reintegrated with the provision for the employees share of profit, is being proposed to be distributed as dividends due to the shareholders.

Amounts to legal reserves have not been distributed as they are being currently established within the limit of the quota of 20% of the share capital, as per the provisions of Art.183, Para (1) and (2) of Law no.31/1990 on enterprises subsequent amendments and completions.

Gross dividend/share

Considering that:

- the dividends due to shareholders, as per the 2019 profit distribution proposal amount to 57,757,444 RON;
- the dividends are being distributed to the shareholders proportionally with the stake in the share capital, and

- at 31.12.2019 the company's share capital is of 28,569,842 RON, divided in 8,657,528 ordinary, nominative, indivisible shares, with a nominal value of 3.3 RON,

results a value of the gross dividend of 6.67135515 RON/share.

B. The distribution of the retained earnings representing surplus achieved from revaluation reserves

Crt. no.	Item	Amount (RON)	GO provisions no.64/2001
B	The retained earnings representing surplus achieved from revaluation reserves, distributed for:	4,399,439	
a	Coverage of the retained earnings representing actuarial loss from the update of the benefits granted upon retirement	983,674	art. 1, para. (1), letter c)
b	Retained earnings arising from the correction of accounting errors	117,625	art. 1, para. (1), letter c)
c	Dividends due to shareholders	3,298,140	art. 1, para. (1), letter f)

Gross dividend/share

Considering that:

- the dividends due to the shareholders, as per the proposal of distribution of the retained earnings representing surplus achieved from revaluation reserves amount to 3,298,140 RON;
- the dividends are being distributed to the shareholders proportionally with the stake in the share capital, and
- at 31.12.2019 the company's share capital is of 28,569,842 RON, divided in 8,657,528 ordinary, nominative, indivisible shares, with a nominal value of 3.3 RON,

results a value of the gross dividend of 0.38095632 RON/share.

Common Provisions

The dividends are due to the shareholders holding shares at the registration date approved by the Ordinary General Meeting of Shareholders convened for the date of **29/30.04.2020**.

The provisions of art. 86 Para (1) of Law no. 24/2017 regarding the issuers of financial instruments and market operations related to the capital market show that "By derogation from the provisions of Law no.31/1990, the date when takes place the identification of the shareholders who are to benefit from dividends or other rights and who fall under the effects of the ordinary general meeting of shareholders shall be established by the latter. This date shall be at least 10 working days ulterior to the date of the general meeting of shareholders."

We hereby propose the approval of the date of **June 11, 2020** as **registration date**, namely of identification of the shareholders falling under the effects of the ordinary general meeting of shareholders.

Dividends Payment Date

The dividends payment date will be the limit date permitted by the law, no more than 15 working days ulterior to the registration date settled by the General Meeting of Shareholders (Art.178 of ASF Regulation no.5/2018).

Considering that:

- the company, as per the provisions of Art.1 Para (3) of GO no.64/2001, is bound to pay the dividends due to the shareholders within **60 days** from the legal term of submission of the annual financial statement, and
- the term for the submission of the annual financial statements, as per the Order of the Ministry of Public Finances no.10/2019 is of..." 150 days from the completion of the financial year..."

We hereby propose the settlement, by the OGMS, **of the date of dividends initiation payment date as June 25,2020.**

The net value of dividends will be calculated as follows:

- The dividends gross value related to each shareholder will be calculated by multiplying the number of shares held at the registration date by the value of the gross dividend per share, the resulting amount being rounded plus or minus at two decimals;
- the tax on dividends will be calculated and retained as per the provisions of the fiscal Code;
- the dividends net payment value shall be represented by the difference between the gross amount and the related tax.

The Dividends Payment Method

The payment of dividends shall be performed in RON only to the shareholders registered at the Shareholders Registry (held by "Depozitarul Central" S.A) at the registration date established by the General Meeting of Shareholder, and the payment manner will be acknowledged to the shareholders prior to the date of initiation of payment.

The expenses occasioned by payment of dividends are borne by the shareholders.

Considering the above-mentioned, we hereby submit for approval:

- **the distribution of net profit related to the financial year 2019 in amount of 65,317,598 RON;**
- **the distribution of the retained earnings representing surplus achieved from revaluation reserves in amount of 4,399,439 RON;**
- **the settlement of the gross dividend of:**
 - **6.67135515 RON/share** from the amounts distributed from 2019 year's profit (item A in this note);
 - **0.38095632 RON/share** from the amounts distributed from the retained earnings (item B in this note);
- **the settlement of the dividends payment initiation on June 25,2020.**

**Director General,
PhD Eng. Timur-Vasile Chiş**

**Economic Director,
Econ. Sanda Toader**

Head of Accounting Department,
Econ. Roxana Dăuş

Endorsed,
Head of Legal Department,
Legal Adviser Cornel Bănică