

Subject to analysis and endorsement in the BoD meeting dated _____ and approval in the O.G.M.S. meeting dated _____

ENDORSED
The Board of Directors,
Pursuant to Decision no.
_____ dated _____

Chairman
The Board of Directors,
Gheorghe Cristian- Florin

To:
The Ordinary General Meeting of Shareholders

NOTE:
on the allocation of net profit related to the financial year 2021 and of certain amount from the retained earnings and other reserves

As per art.117² of *Companies Law no.31/1990*, republished, and of the Art.15, Para (3), Letter h) of the Articles of Incorporation, the Ordinary General Meeting of Shareholders approves the allocation of profit and sets the gross dividend.

The proposal of the allocation of the net profit related to the financial year 2021 and of some amounts of the retained earnings and other reserves was made considering the followings:

- **The Government Ordinance no. 64/2001** on the allocation of profit to the national companies and commercial enterprises majority or completely state-owned enterprises, with subsequent amendments;
- **The Order of the Ministry of Public Finances no. 144/2005** on the approval of the Clarifications for the determination of the amounts subject to allocation of profit as per GO no.64/2001;
- **The Emergency Ordinance no. 29/2017** for the amendment of Art. 1 Para (1) Letter g) of the Government Ordinance no.64/2001 on the allocation of profit to the national companies majority or completely state-owned, as well as to the autonomous administrations and for the amendment of Art. 1 Para (2) and (3) of the Government Emergency Ordinance no.109/2011 on corporate governance of public enterprises.
- **Emergency Ordinance no. 3/2022** for the amendment and completion of the Emergency Government Ordinance no.118/2021 on the settlement of a compensation scheme for the electric power and natural gas consumption for the cold season 2021-2022, as well as for the completion of the Government Ordinance no. 27/1996 on granting facilities to the persons who are domiciled or work in various localities from the Apuseni Mountains and the Biosphere Reservation "Danube Delta"
- **Law no.227/2015** on the Fiscal Code;
- **The Dividends Policy of Conpet S.A.**

Net profit of the year 2021, reported based on the audited annual financial statements registered by Conpet at the date of December 31st, 2021 is in amount of 51,928,770 RON.

As per Art. 1, Para (1), Letter e) of the Government Ordinance no.64/2001 “*the national enterprises, the national companies and trade companies fully or majority State-owned, as well as autonomous administrations that were engaged and established by the revenues 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 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 the expenditure of the financial year for which are being proposed, as provision.

The provision constituted for premiums representing personnel share of profit related to 2021 is in amount of 5,518,383 RON.

Consequently, considering the provisions of Art.1 of the *Government Ordinance no.64/2001*, the profit that is to be distributed is in amount of 57,447,153 RON and is made up of the accounting profit remaining after the deduction of corporate tax in amount of 51,928,770 RON, reinstated with the provision related to employees share of profit in amount of 5,518,383 RON.

The company has not distributed, along 2021, dividends out of the quarterly profit, based on the interim financial statements.

Consequently, the proposal with regards to the distribution of the net profit of the year 2021, reinstated with the provision for the employees share of profit,, as well as of some amounts from the retained earnings and other reserves, on the destinations provided by the *Government Ordinance no.64/2001* is the following:

A. Distribution of Net Profit related to 2021 Financial Year

Crt.No.	Elements	Amount (RON)	Provisions of GD no. 64/2001
1	The net profit of the financial year 2021, reported based on the audited annual financial statements	51,928,770	
2	The employees share of profit within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the economic operator reported in the corresponding year	5,518,383	
3	Total distributions (1+2):	57,447,153	
of	Other distributions stipulated by law - payment exemption of the reinvested profit tax (account 1068), Art.22 of Law no.227/2015 on the fiscal code	1,484,680	Art. 1, Para (1), Letter b)
b	The employees share of profit within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the economic operator reported in the corresponding year	5,518,383	Art. 1, Para (1), Letter e)

c	Dividends due to shareholders	50,444,090	Art. 1 , Para (1), Letter f)
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Clarifications on the distributed amounts:

- The employees share of profit is in amount of 5,518,383 RON and represents 9.61% of the remaining accounting profit after the deduction of the corporate tax, reinstated with employees share of profit, as per Art.1, Para (1), Letter e) and Para (2) of the *Government Ordinance no.64/2001*;
- other reserves representing fiscal facilities provided by law, in amount of 1,484,680 RON, namely 2.86% of the net profit of the year 2021, represent the amount of the reinvested profit wherefrom the exemption from payment of the corporate tax during 2021, as per Art.22 of Law no.227/2015 on the Fiscal Code;
- the difference of 50,444,090 RON, respectively 97.14% of the net profit of the year 2021 is proposed to be distributed as dividends due to the shareholders as per Art. 1, Para. (1), Letter. f) and Para (2) of the *Government Ordinance no .64/2001*.

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

Gross dividend/share

Given:

- the dividends due to shareholders, as per the profit distribution draft related to 2021 are in amount of 50,444,090 RON;
- the dividends are distributed to the shareholders proportional to the share of profit to the share capital, and
- the company's share capital registered at 31.12.2021 is of 28,569,842 RON, divided into 8,657,528 ordinary shares, nominative, indivisible with a nominal value of 3.3 RON,

resulting a value of the gross dividend of 5.82661587 RON/share.

B. Distribution of retained earnings

Crt.No	Destination	Amount (RON)
1.1	The retained earnings representing surplus achieved out of revaluation reserves	2,571,643
1.2.	The retained earnings representing actuarial loss from discount of benefits granted upon retirement	2,975,348
1.3.	Retained earnings coming from the adoption for the first time of IAS 29 - earning achieved	1,175,672
1.4	Other elements of the equities - retained earnings	408,156
1	Total retained earnings, distributed for:	7,130,819
a	Dividends due to shareholders	7,130,819

Clarifications on the distributed amounts:

- As per the provisions of Art.III of GEO no.29/2017, starting with the approval of the financial statements of the year 2016, at the trade companies entirely and majority state-owned, the

retained earnings existing in the balance at the date of December 31 of each year may be distributed as dividends.

Gross dividend/share

Given:

- the dividends due to shareholders, as per the retained earnings distribution draft are in amount of 7,130,819 RON;
- the dividends are distributed to the shareholders proportional with the share of profit to the share capital, and
- the company's share capital registered at 31.12.2021 is of 28,569,842 RON, divided into 8,657,528 ordinary shares, nominative, indivisible with a nominal value of 3.3 RON,

resulting a value of the gross dividend of **0.82365532 RON/share**.

C. Distribution of other reserves

Crt.No	Destination	Amount (RON)
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1	Other reserves representing prescribed dividends, unclaimed within three years from the maturity date	5,482,940
1	Total retained earnings, distributed for:	5,482,940
a	Dividends due to shareholders	5,482,940

Clarifications on the distributed amounts:

- By the meetings dated 04.08.2021 and 09.11.2021, the Ordinary General Meeting of Shareholders took note of the *Information Note no. 21208/25.06.2021 on the fulfillment of the prescription term of the shareholders to additional dividends, unclaimed up to 31.01.2021 and the Information Note no. 32345/22.09.2021 on the prescription of the shareholders right to the dividends related to 2017, unclaimed up to 28.06.2021*. The amounts representing the distributions to the shareholders, as dividends and unclaimed, after the ascertainment by GMS of the fulfillment of the prescription term of the shareholders for the request of dividends due and unclaimed, have been registered in the accounts for other reserves.

Gross dividend/share

Given:

- the dividends due to shareholders, as per the profit distribution draft related to 2021 are in amount of 5,482,940 RON;
- the dividends are distributed to the shareholders proportionally with the share of profit to the share capital, and
- the company's share capital registered at 31.12.2021 2021 is of 28,569,842 RON, divided into 8,657,528 ordinary shares, nominative, indivisible with a nominal value of 3.3 RON,

resulting a value of the gross dividend of **0.63331473 RON/share**.

Common Provisions

The dividends are due to the shareholders who will be holding shares at the registration date approved by the Ordinary General Meeting of Shareholders called for the date of **28/29.04.2022**.

The provisions of Art. 87 Para (1) of Law no. 24/2017 on issuers of financial

instruments and market operations regarding the capital market show *“By derogation from the provisions of Law no.31/1990, date when takes place the identification of the shareholders who are to benefit from dividends or other rights and who bear the effects of the decisions of the general meeting of shareholders shall be established by the latter. This date will be at least 10 working days subsequent to the date of the general meeting of shareholders.*

We propose the approval of the date of **May 25th, 2022 as registration date**, namely the identification of the shareholders who bear the effects of the decisions of the ordinary general meeting of shareholders.

Date of Dividends Payment

The date of dividends payment will be the limit date permitted by the law, 15 working days at the most subsequent to the registration date established 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 liable for the payment of dividends due to the shareholders within 60 days from the legal term related to submission of the financial statements, and
- the term for the submission of the annual financial statements, as per the Order of the Ministry of Public Finances no. 85/2022 is of....” 150 days from the completion of the financial year...”

We hereby propose the settlement by the OGMS **of the date of initiation of dividends payment as June 16th, 2022.**

The net value of dividends will be calculated as follows:

- the gross value of the dividends related to each shareholder will be calculated by multiplying the number of shares held at the registration date by the amount of the gross dividend per share, the resulted amount being rounded up or down to two decimals;
- the tax on dividend will be calculated and retained pursuant to the provisions of the Fiscal Code;
- the net payment value of dividends will be represented by the difference between the gross value and the related tax.

Dividends Payment Methods

The payment of dividends will be performed in RON exclusively to the shareholders registered in the Shareholders Registry (held by “Depozitarul Central” S.A.) at the registration date set by the General Meeting of Shareholders, and the dividends payment method will be acknowledged to the shareholders prior to the date of initiation of payment.

The expenses occasioned by the payment of dividends are being borne by the Shareholders.

Considering the above, we hereby propose to you the followings:

- *the distribution of the net profit, reunited with the provision for employees' share of profit, at the date of December 31st, 2020 amounting to 57,447,153 RON, on the destinations provided at item A;*
- *distribution as dividends of the retained earnings in amount of 7,130,819 RON;*
- *distribution as dividends of the amount of 5,482,940 RON from other reserves;*
- *settlement of the total gross dividend of 7.28358592 RON;*

- settlement of the date of May 25th, 2022 as registration date
- settlement of the date of June 16th, 2022 for the initiation of dividends payment.

**DIRECTOR GENERAL
ENG. TUDORA DORIN**

**Economic Director,
Econ. Sanda Toader**

Head of Accounting Department
Econ. Roxana Dăuș

Endorsed,
Head of Legal Service,
Legal Adviser Cornel Bănică