

**To: THE BOARD OF DIRECTORS**

**From: Financial Director, Adriana Frangu  
Chief of Accounting Service, Cecilia Popovici**

**Subject: Approval of net profit distribution related to 2020 financial year**

**No. 439/15.03.2021**

According to art. 111 para. (2) letter. a) of the Companies Law no. 31/1990, republished, with further alterations and additions and of art. 12 paragraph (3) letter. a) of the Constitutive Act, **Shareholders General Ordinary Assembly approves the distribution of the profit and fixes the gross dividend.**

**Proposal for the distribution of the net profit related to 2020 financial year**

The proposal for the distribution of the net profit related to the 2020 financial year was made taking into account:

- Accounting law no. 82/1991 republished, art. 19, para. (3), with further alterations and additions;
- Company law no. 31/1990, republished, with further alterations and additions;
- Law 227/2015 regarding Fiscal Code, with further alterations and additions;
- GO 64/2001 regarding the distribution of the profit to the national companies and commercial companies with integral or majority state capital, as well as to the autonomous companies, with further alterations and additions, approved with alterations by Law no. 769/2001;
- The budget of revenues and expenses for 2020 approved by the Shareholders General Ordinary Assembly decision no. 1/05.03.2020.
- MPF Order no. 144/2005 regarding the approval of the Specifications for determining the amounts object of profit distribution according to GO no. 64/2001 regarding the distribution of profit to national companies and commercial companies with full or majority state capital, as well as to autonomous companies;
- MPF Order no. 418/2005 regarding some accounting specifications applicable to the economic agents.

According to GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to autonomous companies, approved with alterations by Law no. 769/2001, **we propose the distribution of the net profit for 2020 in the amount of 4,027,237 lei** (reunified with the value of the provision established for the employees' profit participation fund, on December 31, 2020) **to the followings:**

**a) Legal reserves: 283,358 lei**

(art.1 paragraph 1 letter a) of GO no. 64/2001 and art.183 paragraph 1 of Law no. 31/1990)

According to the provisions of Law 31/1990 regarding companies, republished, with further alterations and additions, art. 183 paragraph (1) "At least 5% of the company's profit shall be taken over each year for the constitution of the reserve fund, until it reaches at least one fifth of the share capital".

The legal reserve established before the distribution of the net profit for 2020 is of 5,353,292 lei (9.2% of the share capital).

Accounting profit before determining the profit tax = 5,667,155 lei.

Legal reserve 5% of gross profit = 5,667,155 lei x 5% = 283,358 lei.

**b) Other reserves representing fiscal facilities provided by law: 526,339 lei**

(art.1 paragraph 1 letter b) of GO no. 64/2001 and art.22 paragraph 1 of Law no. 227/2015)

According to art. 22 para. (1) of Law 227/2015 regarding Fiscal Code, with further alterations and additions, the profit invested in technological equipment, electronic computers and peripheral equipment, machines and household appliances, for control and billing, in computer programs, as well as for the right the use computer

programs, produced and/or purchased, including according to financial leasing contracts, and put into operation, used for the purpose of carrying out the economic activity, is exempted from tax. The tangible assets for which the tax exemption is applied are those provided in subgroup 2.1, respectively in class 2.2.9 of the Catalog regarding the classification and normal operating times of fixed assets, approved by Government decision.

The profit invested in 2020 is 554,041 lei.

Profit exempted from tax distributed to reserves  $554,041 \text{ lei} \times 5\% = 27,702 \text{ lei}$ .

$554,041 \text{ lei} - 27,702 \text{ lei} = 526,339 \text{ lei}$ .

**c) Coverage of accounting losses from previous years** **Not applicable**

**c<sup>1</sup>) Establishing own financing sources for projects co-financed from external loans** **Not applicable**

**d) Other distributions provided by law** **Not applicable**

**e) Employees' participation in profit:** **321,754 lei**  
(art.1 paragraph 1 letter e) of GO no. 64/2001)

According to GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to the autonomous companies, approved with alterations by Law no. 769/2001, with further alterations and additions, Oil Terminal SA company may grant the employees' participation in the profit within the limit of 10% of the net profit, but not more than the level of an average monthly basic salary achieved at the level of the economic agent in the reference financial year, because it has committed and established by the budget of revenues and expenses the obligation to participate in profit.

Considering that the level of the maximum fund for employees participation in profit, whose calculation took into account the average monthly basic salary achieved, is higher than the share level of 10% of the net profit remaining after deducting the distributed amounts, the fund of employee participation in profit is 321,754 lei.

$[(4,027,237 \text{ lei net profit} - [(283,358 \text{ lei legal reserve} + 526,339 \text{ other reserves representing fiscal facilities})] \times 10\% = 321,754 \text{ lei}$

According to the MPF Order no. 418/06.04.2005 regarding some accounting specifications applicable to the economic agents, the employees' participation in the profit is reflected in the accounting by establishing a provision for risks and expenses at the level of the gross amounts due to the employees.

As a result, the company recorded the amount of 321,754 lei in the account "Other provisions for risks and expenses".

Following the registration of the provision for risks and expenses in the total amount of 321,754 lei, the gross profit becomes 5,345,401 lei ( $5,667,155 \text{ lei} - 321,754 \text{ lei}$ ), the profit tax in the amount of 1,639,918 lei remains unchanged, because the provision is fiscally non-deductible, and the remaining net profit is of 3,705,483 lei.

**f) Dividends due to shareholders:** **1,608,770 lei**  
(art.1. para. (1) letter f) of GO no.64 / 2001

According to the provisions of art.1 paragraph (1) letter f) of GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to autonomous companies, approved with alterations by Law no. 769/2001, with further alterations and additions, *"at least 50% payments to the state or local budget are distributed, regarding autonomous companies, or dividends, regarding national companies and commercial companies with full or majority state capital"*.

Considering the provisions of article (1) par. (1) lit. f) of GO no. 64/2001, the company proposes dividends representing 50% of the net profit remaining after the distribution of the legal reserve according to Law no. 31/1990 and other reserves representing fiscal facilities according to Law no. 227/2015, as follows:

$[(4,027,237 \text{ lei net profit} - [(283,358 \text{ lei legal reserve} + 526,339 \text{ other reserves representing fiscal facilities})] \times 50\% = 1,608,770 \text{ lei}$ .

**g) Other reserves that constitute own financing source:** **1,287,016 lei**

(art. 1 paragraph (1) letter g) of GO no. 64/2001

According to the provisions of Art. (1) paragraph (1) letter g) of GO no. 64/2001 regarding the distribution of the profit to national companies and commercial companies with integral or majority state capital, as well as to autonomous companies, approved with alterations by Law no. 769/2001, with further alterations and additions, *"the profit not distributed to destinations provided in letters a) - f) is distributed to other reserves and constitutes own financing source, being able to be later redistributed in the form of dividends or payments to the state budget or locally in the case of autonomous companies"*.

Net profit remaining to be distributed = [(4,027,237 net profit - (283,358 lei legal reserve + 526,339 other reserves representing fiscal facilities + 321,754 lei employees' participation in profit + 1,608,770 lei dividends)] = 1,287,016 lei.

-own financing source = 1,287,016 lei

Considering the presented aspects, **please approve that the net profit for 2020, in the amount of 4,027,237 lei, to be distributed as follows:**

No.	Element	Amount (lei)	Legal basis
1	<b>Gross profit for 2020</b>	<b>5,345,401</b>	
2	<b>Profit tax for 2020</b>	<b>1,639,918</b>	
3	<b>Net profit for 2020</b>	<b>3,705,483</b>	
4	<b>Employees participation in profit – provision</b>	<b>321,754</b>	
5	<b>Net profit, reunified with the provision for employees participation in profit (3+4), distributed for :</b>	<b>4,027,237</b>	
5.1	<b>Legal reserve 5%</b>	<b>283,358</b>	art.183 para.(1) Law no.31/1990 art.1 para.(1) letter a) GO no.64/2001
5.2	<b>Other reserves representing fiscal facilities</b>	<b>526,339</b>	art.22 para.(1) Law no.227/2015 art.1 para.(1) letter b) GO no.64/2001
5.3	<b>Employees participation in profit 10%</b>	<b>321,754</b>	art.1 para.(1) letter e) GO no.64/2001
5.4	<b>Dividends 50%</b>	<b>1,608,770</b>	art.1 para.(1) letter f) GO no.64/2001
5.5	<b>Own financing source</b>	<b>1,287,016</b>	art.1 para.(1) letter g) GO no.64/2001

**The Board of Directors will propose to the Shareholders General Assembly the approval of the net profit distribution for the 2020 financial year.**

General Director,  
Sorin – Viorel Ciutoreanu

Financial Director,  
Adriana Frangu

Chief of Legal Litigations Office,  
Mihaela – Emilia Ignat

Chief of Accounting Service,  
Cecilia Popovici