



To: THE BOARD OF DIRECTORS
ORDINARY GENERAL MEETING OF SHAREHOLDERS

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

Subject: The distribution of net profit for the financial year 2022

No.: 580/13.03.2023

Proposal for the distribution of the net profit related to 2022 financial year

The proposal for the distribution of the net profit related to the 2022 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;
- Memorandum on "Mandating State representatives in the General Meeting of Shareholders/Board of Directors, as the case may be, in national companies, national companies and companies with full or majority state capital, as well as in autonomous regions, with a view to taking the necessary measures for the distribution of at least 90% of the net profit for 2022 in the form of dividends/remittances to the state budget", approved at the Government meeting of 01. 03.2023, communicated by the Ministry of Energy - Directorate for Administration of Energy Holdings with address no. 220567/10.03.2023;
- The budget of revenues and expenses for 2022 approved by the Shareholders General Ordinary Assembly decision no.3/23.02.2022, amended by Shareholders General Ordinary Assembly' decision no. 9/30.08.2021;
- 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 the provisions of OG no.64 /2001 on the distribution of profits of national companies, national companies and companies with wholly or majority state capital, as well as autonomous companies, approved with amendments by Law no. 769/2001, in conjunction with the provisions of the Memorandum on "Mandating State representatives in the General Meeting of Shareholders/Board of Directors, as the case may be, of national companies, national companies and companies with full or majority state capital, as well as autonomous companies, with a view to taking the necessary measures for the distribution of a minimum of 90% of the net profit for 2022 in the form of dividends/payouts to the state budget", approved at the Government meeting of 01. 03.2023, communicated by the Ministry of Energy - Directorate for Administration of Energy Holdings with address no. 220567/10.03.2023, we propose to distribute the net profit for the year 2022 in the amount of 12,663,447 lei (reincorporated with the amount of the provision set up for the employee profit-sharing fund as of 31 December 2022) to the following destinations:

a) Legal reserves:

721.916 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 2022 is of 6,050,889 lei (10,3% of the share capital).

Accounting profit before determining the profit tax = 14,438,327 lei.

Legal reserve 5% of gross profit = 14,438,327 lei x 5 % = 721,916 lei.

b) Other reserves representing fiscal facilities provided by law: 1,349,295 lei

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

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 2022 is 1,420,311 lei.

Profit exempted from tax distributed to reserves: 1,420,311 lei x 5% = 71,016 lei.

1,420,311 lei – 71,016 lei = 1,349,295 lei.

c) Coverage of accounting losses from previous years Not applicable

c¹) 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: 1,059,224 lei

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

In accordance with OG no. 64/2001 on the distribution of profits in national companies, national companies and companies with wholly or majority state capital, as well as in autonomous companies, approved with amendments by Law no. 769/2001, with subsequent amendments and additions, Oil Terminal SA may grant profit-sharing to employees up to 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 financial year in question, because it has committed itself and has established through its income and expenditure budget the obligation of profit-sharing.

Given that the level of the maximum employee profit-sharing fund, the calculation of which took into account the average monthly basic salary earned, is higher than the level of the 10% share of the net profit remaining after deduction of the amounts distributed, the employee profit-sharing fund is RON 1,059,224.

(12,663,447 lei net profit - (721,916 lei legal reserve + 1,349,295 lei other reserves representing tax benefits)) x 10 % = 1,059,224 lei

In accordance with MFP Order No 418/06.04.2005 concerning certain accounting specifications applicable to economic agents, employees' profit-sharing is reflected in the accounts by setting up a provision for risks and charges at the level of the gross amounts due to employees.

As a result, the company has recorded the amount of RON 1,059,224 in the account "Other provisions for risks and charges".

Following the recording of the provision for risks and charges in the total amount of 1,059,224 lei, the gross profit becomes 13,379,103 lei (14,438,327 lei - 1,059,224 lei), the income tax in the amount of 1,774,880 lei remains unchanged, since the provision set up is non-deductible for tax purposes, and the remaining net profit is 11,604,223 lei.

f) Dividends due to shareholders: 9,533,012 lei

(art.1. para. (1) lit. f) of OG nr.64/2001 and

Memorandum approved in the Government meeting of 01.03.2023)

In accordance with Article 1 paragraph (1) letter f) of the Government Order no. 64/2001 on the distribution of profits of national companies, national companies and companies with full or majority state capital, as well as autonomous companies, approved with amendments by Law no. 769/2001, with subsequent amendments and additions, shall be distributed "at least 50% of the payments to the state or local budget, in the case of autonomous companies, or dividends, in the case of national companies and companies with full or majority state capital", in conjunction with the provisions of the Memorandum approved in the Government meeting of 01.03. 2023 on "Mandating the State representatives in the General Meeting of Shareholders/Board of Directors, as the case may be, in national companies, national companies and companies with full or majority state capital, as well as in autonomous companies, in order to take the necessary measures for the distribution of a minimum of 90% of the net profit for 2022 in the form of dividends/payments to the state budget",

communicated by the Ministry of Energy - Directorate for the Administration of Energy Holdings with address no. 220567/10.03.2023, the Company proposes dividends representing 90% of the net profit remaining after distribution of the legal reserve under Law 31/1990 and other reserves representing tax facilities under Law 227/2015, as follows:

[(12,663,447 lei net profit - [(721,916 lei legal reserve + 1,349,295 other reserves representing tax facilities)]]
x 90% = 9,533,012 lei.

g) Other reserves that constitute own financing source:

0 lei

(art.1 para.(1) letter g) of OG no. 64/2001)

In accordance with the provisions of Article (1)(1)(g) of the General Order No 64/2001 on the distribution of profits of national companies, national companies and companies with wholly or majority state capital, as well as autonomous companies, approved with amendments by Law No. 769/2001, with subsequent amendments and additions, "the profit not allocated to the destinations provided for in letters a) - f) shall be allocated to other reserves and shall constitute its own source of financing, and may subsequently be redistributed in the form of dividends or payments to the state or local budget in the case of autonomous companies".

Net profit to be distributed = [(12,663,447 lei net profit - [(721,916 lei legal reserve + 1,349,295 lei other reserves representing tax facilities + 1,059,224 lei employee profit-sharing + 9,533,012 lei dividends)] = 0 lei.

-own source of financing = 0 lei

Considering the presented aspects, **please approve that the net profit for the year 2022, amounting to 12,663,447 lei, be distributed as follows:**

No.	Element	Amount (lei)	Legal basis
1	Gross profit for 2021	13,379,103	
2	Profit tax for 2021	1,774,880	
3	Net profit for 2021	11,604,223	
4	Employees participation in profit - provision	1,059,295	
5	Gross profit, reunified with the provision for employees participation in profit (1+4)	14,438,327	
6	Net profit, reunified with the provision for employees participation in profit (3+4), distributed for :	12,663,447	
6.1	Legal reserve 5% of gross profit	721,916	art.183 para.(1) Law no.31/1990 art.1 para.(1) letter a) GO no.64/2001
6.2	Other reserves representing fiscal facilities	1,349,295	art.22 para.(1) Law no.227/2015 art.1 para.(1) letter b) GO no.64/2001
6.3	Employees participation in profit 10%	1,059,224	art.1 para.(1) letter e) GO no.64/2001
6.4	Dividends 90%	9,533,012	art.1 para.(1) letter g) GO no.64/2001 Memorandum approved in the government meeting of 01.03.2023
6.5	Own financing source	0	art.1 para.(1) letter g) GO no.64/2001

The Board of Directors submits to Shareholders General Assembly the approval of the net profit distribution for the 2022 financial year.

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

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Sorin – Viorel Ciutoreanu

Financial Director,
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Chief of Legal Litigations Office,
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