

Endorsed by Resolution no. 12 within the meeting of the Board of Directors of 06.03.2025 and submitted to be reviewed by OGSM of 09(10).04.2025

OIL TERMINAL SA Constanta
No. 406 of 04.03.2025

SUBSTANTIATION NOTE
regarding the approval by the Shareholders Ordinary General Meeting
of the Budget of Revenues and Expenses for 2025

The Budget of Revenues and Expenses for 2025 represents for OIL TERMINAL SA Constanta the primary instrument for planning both financial results and necessary funds, aiming to ensure internal financial balance (financing the terminal's operating activity, ensuring the liquidity necessary for carrying out investment, repair and maintenance works, paying obligations to employees, suppliers, the state budget, the social security and social protection budget, banks, shareholders and other third parties).

The substantiation of the Budget of revenues and expenses for 2025 and the estimates for the following 2 years (2026-2027) were based on the legislation regarding:

- Accounting Law no.82/1991, republished, with subsequent amendments and additions
- Law no.500/2002 on public finances, with subsequent amendments and additions
- Law no.31/1990 on commercial companies, with subsequent amendments and additions
- Law no.227/2015 on the Fiscal Code, with subsequent amendments and additions
- Law no.176/2018 on internships
- Petroleum Law no.238/2004 amended by Government Emergency Ordinance no.91/2023 regarding certain measures concerning the exercise of the state's public and private ownership rights, as well as the efficient administration of state properties, and for the amendment and completion of certain normative acts
- Operational Procedure regarding the elaboration of the budget of revenues and expenses, code PO-05.02/2020
- Government Ordinance no.26/2013 on strenghtening financial discipline at the level of certain economic operators where the state or territorial administrative units are sole or majority shareholders or directly or indirectly hold a majority stake
- Government Ordinance no.64/2001 on the distribution of profit at national companies, national and commercial companies with full or majority state capital, as well as at autonomous administrations, with subsequent amendments and additions
- Government Emergency Ordinance no. 4/2025 for amending and supplementing some normative acts
- Government Emergency Ordinance no. 156/2024 on certain fiscal-budgetary measures in the field of public expenses for the substantiation of the consolidated general budget for 2025, for amending and supplementing some normative acts, as well as for extending some deadlines, as follows:
 - *art.XXXIII in conjunction with the provisions of art.XXXIV regarding the salary objectives applicable to the substantiation and elaboration of the budget of revenues and expenses for 2025*
 - *art. LXIV regarding the construction tax at a rate of 1%*
- Government Emergency Ordinance no. 109/2011 on corporate governance with subsequent amendments and additions

- Order of the Ministry of Public Finance no. 3818/30.12.2019 on the approval of the format and structure of the budget of revenues and expenses of economic operators, its substantiation annexes, as well as the completion instructions, provided in annexes no. 1-6
- Order of the Ministry of Public Finance no. 3456/2018 regarding the amendment and approval of certain accounting regulations (application of the provisions of art. II)
- Order of the Ministry of Public Finance no. 2844/2016 for the approval of Accounting Regulations compliant with International Financial Reporting Standards, with subsequent amendments and additions

The Budget of revenues and expenses for 2025 was prepared considering:

- Diagnostic analysis regarding preliminary results of 2024
- Preliminary trial balance for 2024 prepared based on preliminary unaudited financial information from 18.02.2025 regarding total revenues and expenses
- Preparation and approval of the company's main activity plans: quantitative and value physical program, annual procurement plan, investment and equipment program, repair and maintenance plan, personal protective equipment plan, professional training plan for office and operational personnel
- The necessity of adapting the oil terminal's operating activity to the macroeconomic indicators established for 2025

The draft Budget of revenues and expenses for 2025 was subjected to the endorsement of the financial management control, in accordance with the Government Decision no. 1151/2021 for the approval of the Methodological Norms regarding the organization and exercise of the financial management control, and the consultation of the representative trade union organization within the company.

The substantiation of the draft Budget of revenues and expenses for 2025 and the estimates for the following 2 years (2026-2027) are presented as follows:

No.	Financial INDICATORS (thousands)	Budget of revenues and expenses 2025	2026 Estimate	2027 Estimate
I.	TOTAL REVENUES, of which:	464 010	465 320	469 890
1.1	Total operating revenues	462 810	464 120	468 690
1.2	Financial revenues	1 200	1 200	1 200
II.	TOTAL EXPENSES, of which:	438 010	439 320	443 890
2.1	Operating expenses, of which:	420 361	420 669	426 084
2.1.1	Expenses with goods and services	170 173	148 170	166 800
2.1.2	Expenses with taxes, fees and similar payments	33 034	33 239	33 529
2.1.3	Personnel expenses, of which:	181 866	188 867	193 792
	Salary-expenses, of which:	168 052	175 630	180 452
	Salaries expenses	135 855	140 337	144 548
	Bonuses	32 197	35 293	35 904
	Expenses related to the mandate contract and other management and control bodies, commissions and committees	5 896	5 202	5 202
	Employer's social security contributions	7 918	8 035	8 138
2.1.4	Other operating expenses	35 288	50 393	31 963
2.2	Financial expenses	17 649	18 651	17 806
III.	GROSS PROFIT	26 000	26 000	26 000
IV.	PROFIT TAX	3 706	4 728	4 748
V.	NET PROFIT	22 294	21 272	21 252

Revenue Substantiation for 2025 was determined considering:

> the preliminary trial balance for 2024 prepared based on preliminary unaudited financial information of 18.02.2025 regarding the level of the total revenues

> **the quantities of petroleum products** estimated to be handled in 2025, in accordance with the Physical Performance Program (quantity – 9,495,330 tons and value – 454,991 thousand lei) approved by the Board of Directors Decision no. 108/20.12.2024, elaborated according to requests received from clients for each product handled, to the analysis of the company's capability to perform the services/quantities estimated by clients, which represents the basis for establishing revenues from services provided, representing 98.1% of the company's total revenues.

> **the regulated tariffs approved by NAMR Order no. 343/2023**, applicable from 01.01.2024, based on the provisions of the Petroleum Agreement concluded between OIL TERMINAL and the National Agency for Mineral Resources, according to Government Decision no. 886/2002

> **the applicable unregulated tariffs**, approved by the internal procedure established in accordance with the provisions of **art. 18 paragraph 4.1** of the company's Articles of Incorporation

The service tariffs are evidenced in compliance with the provisions of the Order of the Minister of Public Finance no. 1826/2003 regarding certain measures related to the organization and control of management accounting, which allow for the development of an efficient and economical activity and the recovery of all costs by offering competitive tariffs.

The structure of total revenues (thousand lei) is as follows:

Budget Indicators	Row Annex no.2 Budget of revenues and expenses	2024 Budget of revenues and expenses approved	Preliminary 2024	2025 Budget of revenues and expenses	2025 / 2024 preliminary Budget of revenues and expenses (%)	2025 Budget of revenues and expenses / 2024 Budget of revenues
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						and expenses (%)
		a	b	c	d = c/b	e = c/a
Total revenues (Row2+22), of which:	1	439,680	477,582	464,010	▼ 97.2	▲ 105.5
1. Total operating revenues	2	438,430	475,876	462,810	▼ 97.3	▲ 105.6
Revenue from product sale	4	3,000	3,762	4,020	▲ 106.9	▲ 134.0
Revenue from services provided	5	431,500	467,701	454,991	▼ 97.3	▲ 105.4
Rental revenues	6	1,200	1,070	1,000	▼ 93.5	▼ 83.3
Revenue from utility resupply	7	1,680	1,457	1,449	▼ 99.5	▼ 86.3
Revenue from penalties	15	525	351	350	▼ 99.7	▼ 66.7
Other revenues	21	500	1,312	1,000	▼ 76.2	▲ 200.0
2. Financial revenues	22	1,250	1,706	1,200	▼ 70.3	▼ 96.0

Expense Substantiation for 2025 was determined considering:

> **estimated inflation rates and/or forecasted exchange rate evolution** according to the Macroeconomic Indicators Projection 2023-2028 issued by the National Commission for Strategy and Prognosis within the Autumn forecast 2024, whose evolution is estimated as follows:

Percentage change compared to same period of last year, %

	2023	2024	2025	2026	2027	2028
Consumer Price Index						
- Year end	6.6	5.0	3.8	2.9	2.7	2.5
- Annual average	10.4	5.6	4.4	3.3	3.0	3.0
Average exchange rate – ron/euro	4.95	4.975	5.01	5.06	5.11	5.16

> **applicable technical standards;**

> **the impact of utility contracts tariffs for 2025 (water, gas, electricity);**

> **programs** regarding the modernization and development of the terminal's infrastructure according to the investment program, design, maintenance of existing infrastructure, procurement of consumables, fuels and spare parts;

> **programs for providing various services** (security and surveillance, professional training, consultancy, etc)

> **applicable normative acts for legislated costs** (social security contribution, petroleum royalty considering the rate of 11.5% provided by art.49 letter (b) of Petroleum Law no.238/2004 amended by Government Emergency Ordinance no.91/2023 regarding certain measures concerning the exercise of the state's public and private ownership rights, as well as the efficient administration of state properties, and for the amendment and completion of certain normative acts, protocol and sponsorship expenses, the value of meal vouchers granted to employees, etc.);

> **expenses with taxes and fees** (environmental taxes, taxes and fees owed to the local budget, supplementary tax for specific activity sectors – ICAS, monitoring fee by the Agency for Monitoring and Evaluation of Performance of Public Enterprises approved by the order of the President of the Agency for Monitoring and Evaluation of Performance of Public Enterprises no.277/11.06.2024, communicated to our company by notice no.3979/13.06.2024 and no.4305/21.06.2024, calculated according to the provisions of art. 1 of Order no.277/2024, representing 0.1% of the total revenues established by the financial statements approved for the financial year of 2024, the new construction tax at a rate of 1% established according to the provisions of art.LXIV, point 16 of GEO no.156/2024)

> **expenses with the amortization of tangible and intangible assets** resulting from the commissioning of investment assets from previous year;

> **expenses regarding adjustments and impairments for value loss and provisions** established in compliance with the provisions of Law no. 227/2015 on Fiscal Code, including: provisions regarding employee

profit sharing in the previous year's profit, provisions related to mandate contracts, provisions related to personnel rights granted upon retirement, stock value depreciation, etc.)

> **expenses related to rights granted according to the provisions of the applicable Collective Labor Agreement** (birth, marriage, death benefits, oil industry bonus, women's day bonus, Easter and Christmas bonuses, employees' children bonus, reimbursement of rest vouchers and related transport, other provisions)

> **expenses related to mandate contracts** (non-executive directors and directors with mandate contracts) established in compliance with the provisions of GEO no. 109/2011, with subsequent amendments and additions)

> **financial expenses**, which include interest owed by the company related to bank loans for investments contracted in the previous period; expenses from exchange rate differences, other financial expenses

The substantiation of personnel expenses was determined according to the following legal provisions:

- *Government Ordinance no.26/2013 on strenghtening financial discipline at the level of certain economic operators where the state or territorial administrative units are sole or majority shareholders or directly or indirectly hold a majority stake*
- *Government Emergency Ordinance no. 4/2025 for amending and supplementing some normative acts*
- *Government Emergency Ordinance no. 156/2024 on certain fiscal-budgetary measures in the field of public expenses for the substantiation of the consolidated general budget for 2025, for amending and supplementing some normative acts, as well as for extending some deadlines, as follows:*
 - *Law no.227/2015 on the Fiscal Code, with subsequent amendments and additions*
 - *Labor Code*
 - *The applicable Collective Labor Agreement of the company*

By derogation from the provisions of art. 7 paragraph (1) and art. 9 paragraph (3) of *Government Ordinance no. 26/2013, approved with additions by Law no. 47/2014, with subsequent amendments and additions*, the salary objectives applicable to the substantiation and elaboration of the budgets of revenues and expenses for 2025 are established by GEO no. 156/2024, supplemented with the amendments of GEO no. 4/2025.

Payroll expenses for 2025 are set at a total amount of 168,052 thousand lei for a forecasted number of 1,060 employees at year-end. Payroll expenses were determined taking into account the following legal provisions:

- maintenance of salary-related rights in effect as of November 30, 2024, for the employees number achieved at the end of 2025, namely 1,060 employees (Government Emergency Ordinance no. 4/2025, art. XXXIV, para. 1);
- maintaining in 2025 the level of meal vouchers in effect as of 31.12.2024, granted in accordance with legal provisions (Government Emergency Ordinance no. 4/2025, art. XXXIV, para. 1, letter b);
- maintaining the level of premiums, bonuses, and other salary-related rights in effect in 2024, granted in accordance with legal provisions, for economic operators that have no accounting losses from previous years and do not plan losses in 2025, excepting amounts representing employee profit sharing and social expenses provided for in art. 25 of Law no. 227/2015, as amended and supplemented (Government Emergency Ordinance no. 4/2025, art. XXXIV, para. 1, letter d);
- increase in payroll expenses beyond the limit provided in para. (1), with amounts representing increases in payroll expenses related to the average price increase index forecasted for 2025, provided that a positive gross result is projected for 2025 (Government Emergency Ordinance no. 4/2025, para. 1²).

We mention the following:

- The company has had no accounting losses from previous years.
- Preliminary gross profit on 31.12.2024 = 23,645 thousand lei.
- Budgeted gross profit for 2025 = 26,000 thousand lei.

- amounts representing increases in payroll expenses related to the average price increase index projected for 2025, provided in para. (12), will be granted starting with the month following the approval of the budget of revenues and expenses or the amended budget of revenues and expenses and cannot exceed the monthly level of this index (Government Emergency Ordinance no. 4/2025, para. 1³).

>**the employee number forecasted at the year end** is of **1.060 employees**, at the same level as the employee number on 31.12.2024.

>**the average employee number** forecasted for 2025 is **1,035 employees** and was set in accordance with the calculation method imposed by the National Institute of Statistics, being influenced by the number of paid employees whose individual labor contracts are suspended during the reference period.

Based on these assumptions, the following economic and financial indicators regarding total expenses resulted:

Budget Indicators (thousand lei)	2024 Budget of revenues and expenses approved	2024 preliminary	2025 Budget of revenues and expenses	2025 Budget of revenues and expenses vs. 2024 preliminary	2025 Budget of revenues and expenses/ 2024 Budget of revenues and expenses
	a	b	c	d=c/b*100	e=c/a*100
Total expenses, of which :	417,930	453,937	438,010	▼ 96.5	▲ 104.8
1. Operating expenses, of which :	405,163	441,639	420,361	▼ 95.2	▲ 103.8
A.Goods and services expenses, of which:	175,336	211,232	168,988	▼ 80.0	▼ 96.4
A1.Expenses regarding inventories	28,150	28,336	26,450	▼ 93.3	▼ 94.0
A2.Expenses regarding services provided	109,981	148,631	106,040	▼ 71.3	▼ 96.4
A3.Expenses with other serviced provided by third parties	37,205	34,265	36,498	▲ 106.5	▼ 98.1
B.Expenses with taxes and fees	30,425	29,855	33,034	▲ 110.6	▲ 108.6
C.Personnel expenses, of which :	168,624	167,567	181,866	▲ 108.5	▲ 107.9
C0.Payroll expenses (C1+C2)	155,735	155,186	168,052	▲ 108.3	▲ 107.9
C1.Salaries expenses	127,565	127,514	135,855	▲ 106.5	▲ 106.5
C2.Bonuses (social expenses and nebenefits)	28,170	27,672	32,197	▲ 116.4	▲ 114.3
C3.Other personnel expenses	0	0	0	0	0
C4.Expenses with mandate contracts	5,202	5,202	5,896	▲ 113.3	▲ 113.3
C5.Expenses with employer's contribution	7,687	7,179	7,918	▲ 110.3	▲ 103.0
D.Other operating expenses	30,778	32,985	35,288	▲ 107.0	▲ 114.7
2.Financial expenses	12,767	12,298	18,834	▲ 153.1	▲ 147.5

>**substantiation of remuneration for members of the Board of Directors and directors with mandate contracts**

The total expenses related to mandate contracts for the company's managers and directors with mandate contracts for 2025 are set at a total amount of 5,896 thousand lei. In accordance with the provisions of the mandate contracts in force, the appointed non-executive managers and directors with mandate contracts benefit from a remuneration that includes the gross monthly fixed allowance (also referred to as fixed component) and the variable component.

Expenses related to non-executive managers with mandate contracts (of which the fixed component is 1,389 thousand lei and the variable component is 1,389 thousand lei) were established taking into account the following legal provisions:

- Government Emergency Ordinance no. 109/2011 on corporate governance, as amended and supplemented, art. 37 para. (1), para. (2) and para. (4)
- Law no. 187/2023 amending and supplementing Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, art. VIII, para. (1) and (2) in conjunction with art. IX para. (1) and (2)
- mandate contracts of non-executive directors, provisions of art. 2 letter g), art. 14 and art. 15
- New Civil Code provisions of art. 6 para. (1) and (6)
- Government Decision no. 722/2016 provisions of art. 25 para. (1)
- Shareholders General Meeting's Resolution no. 12 of 27.04.2023 by which the non-executive managers of the company were appointed for a 4-year term, from 28.04.2023 to 27.04.2027.

We mention that, for 2025, the expenses with mandate holders also include compensatory remuneration (in the amount of 694 thousand lei) taking into account the provisions of art. III of Government Emergency Ordinance no. 4/2025 amending art. LXXI of Law no. 296/2023.

Expenses related to directors with mandate contracts (of which the fixed component is 1,212 thousand lei and the variable component is 1,212 thousand lei) were established taking into account the following legal provisions:

- Government Emergency Ordinance no. 109/2011 on corporate governance, as amended and supplemented, art. 37 para. (3) and para. (4), in conjunction with art. 38 para. (1), para. (2), para. (3)
- Law no. 31/1990, art. 153 index 18, para. (2)
- Board of Directors Resolution no. 72/19.06.2023 regarding the appointment of the company's General Director and the establishment of the monthly gross fixed allowance, as well as Resolution no. 73/19.06.2023 regarding the appointment of the Financial Director and the gross monthly fixed allowance; establishing the term of the mandate at 4 years, from 20.06.2023 to 20.06.2027;
- Shareholders General Meeting Resolution no. 13/28.08.2023, (art. 5) by which the establishment of remuneration limits for directors with mandate contracts assimilated to executive managers was approved.

According to art. 38 para. (1) of Government Emergency Ordinance no. 109/2011, approved with amendments and supplements by Law no. 111/2016, the remuneration of directors is established by the board of directors and cannot exceed the level of remuneration established for executive members of the board of directors.

In addition, by Resolutions no. 117 and no. 118/01.09.2023, the Board of Directors approved the variable component of the remuneration of directors with mandate contracts in the amount of 12 gross monthly fixed allowances for each year of mandate, granted under the conditions of the law, within the limits of the budget of revenues and expenses approved in accordance with the legal provisions in force applicable, provided that the approved key performance indicators are met.

The gross result estimated for 2025 is 26,000 thousand lei.

The profit tax was calculated taking into account:

- the influence of provisions for risks and expenses and provisions for the depreciation of current assets;
- the influence of the expense with employee profit sharing for 2024 and the rights related to the mandate contract to be paid in the following year after the approval of the audited annual financial statements;
- sponsorship expenses granted in the amount of 323 thousand lei, established below the legal limit provided in Law no. 227/2015 - Fiscal Code art. 25 (4) letter i).
- other non-deductible expenses stipulated by the Fiscal Code in force.

The profit distribution was determined taking into account the provisions of Government Ordinance no. 64/2001 regarding the profit distribution to national companies, national and commercial companies with full or majority state capital, as well as to autonomous administrations, as amended and supplemented.

The proposal for the distribution of net profit in the amount of 22,294 thousand lei for 2025 (after the establishment of the provision for employee profit sharing) was made in accordance with the provisions of Government Ordinance no. 64/2001 regarding the profit distribution to national companies, national and commercial companies with full or majority state capital, as well as to autonomous administrations, approved with amendments by Law no. 769/2001.

The distribution of the net profit for 2025, in the amount of 24,614 thousand lei, restated with the value of the provision established for employee profit sharing fund, was distributed as follows:

a) Legal reserves = 1,416 thousand lei, representing 5% of the accounting profit before determining the profit tax, according to the provisions of art. 1 para. (1) of Government Ordinance no. 64/2001.

b) Other reserves representing tax facilities provided by law = 0 thousand lei.

c) Coverage of accounting losses from previous years = not applicable;

c') Establishment of own financing sources for projects co-financed from external loans = not applicable;

d) Other distributions provided by law = not applicable;

e) Employee profit sharing = 2,320 thousand lei. Considering the level of distributable profit remaining after deducting the amounts distributed to letters a)-d), the substantiation of these expenses was made in a percentage of 10% according to the provisions of art. 1 para. 1 letter e) of Government Ordinance no. 64/2001.

According to the Ministry of Public Finance Order no. 418/06.04.2005 regarding certain accounting clarifications applicable to economic operators, employee profit sharing is reflected in accounting by establishing a provision for risks and expenses at the level of the gross amounts due to employees.

f) Dividends due to shareholders = 11,599 thousand lei were determined by applying the 50% rate to the net profit restored with the value of the provision established for employee profit sharing fund after deducting the legal reserves. According to the provisions of Government Ordinance no. 64/2001 art. 1 para. (1), letter f), commercial companies with majority state capital submit for approval to the Shareholders General Meeting "minimum 50% of the payments to the state or local budget, in the case of autonomous administrations, or dividends, in the case of national companies, national and commercial companies with full or majority state capital".

g) Own financing source = 9,279 thousand lei is established according to the provisions of art. 1 para. 1 letter g) of Government Ordinance no. 64/2001, respectively, the profit not distributed to the destinations provided in letters a)-f) is distributed to other reserves and for the company constitutes its own financing source.

Investment Financial Effort Planning for 2025

The source for financing investment expenses estimated for 2025 increases by 37.2% compared to the preliminary level for 2024, from 76,973 thousand lei to **105,718 thousand lei**, and includes:

1. Own sources in the amount of **42,081 thousand lei**, which include depreciation (**32,050 thousand lei**, with the following structure: depreciation related to tangible and intangible assets - 28,392 thousand lei and depreciation of right-of-use assets - 3,658 thousand lei), the amounts distributed from the net profit of 2024 for financing investments established according to Government Ordinance no. 64/2001 in the amount of **5,964 thousand lei** and the surplus achieved from revaluation reserves in the amount of **4,067 thousand lei**. By OGSM Resolution no. 9/12.08.2024, the completion of the own investment financing source in the period 2024-2026 with the amount of 12,067 thousand lei was approved, in the following structure: 4,000 thousand lei for 2024, 4,067 thousand lei for 2025 and 4,000 thousand lei for 2026.

2. Budget allocations – Not applicable.

3. Internal bank loans in the amount of **63,637 thousand lei**, representing amounts planned to be used during 2025 from the credit contracts concluded in 2024 for three investment objectives: 12,621 thousand lei for financing the investment objective "Construction of 30P tank with a capacity of 10,000 cubic meters" located in the Port Storage Area; 20,000 thousand lei for financing the investment objective "Modernization of T26 tank" in the South Storage Area; 31,016 thousand lei for financing the investment objective "Modernization of T29 tank" in the South Storage Area.

4. Other sources - Not applicable.

Investment expenses for 2025 are in the amount of **105,718 thousand lei**, constituted at the level of the investment financing source for 2025, and include the amounts intended for the development and modernization of the company's infrastructure and the amounts necessary for repaying the installments on the loans taken by the company for financing investment works not covered from own sources.

After deducting the **installments to be repaid** related to contracted investment loans, which for 2025 are in the total amount of **15,382 thousand lei**, the investment expenses are in the total amount of **90,336 thousand lei**, with the following destinations: investments in progress - 70,113 thousand lei, new investments - 10,595 thousand lei, modernizations - 4,628 thousand lei, equipment (other tangible assets procurements) - 5,000 thousand lei.

In accordance with the provisions of Government Ordinance no. 26/2013 on strengthening financial discipline at the level of certain economic operators where the state or territorial administrative units are sole or majority shareholders or directly or indirectly hold a majority stake, in case of underachievement of approved investment financing sources, the related commitments are reconsidered and all legal steps are taken so that the provision of services, works and goods to be performed at the level of the recalculated financing sources.

The summary of investment expenses for 2025-2027, as well as their method of financing, is shown below:

	INDICATORS	Value (thousand lei)		
		2025	2026	2027
I	INVESTMENT FINANCING SOURCES, of which:	105 718	79 960	39 793
1	Own sources, of which:	42 081	62 785	39 793
	- depreciation, of which:	32 050	49 506	30 965
	<i>expenses with tangible and intangible assets depreciation</i>	28 392	45 972	27 875
	<i>expenses with right-of-use assets depreciation</i>	3 658	3 534	3 090
	- profit	5 964	9 279	8 828
	Surplus from revaluation reserves	4 067	4 000	
2	Budget allocations	0	0	0
3	Bank loans, of which:	63 637	17 175	0
4	Other sources, of which:	0	0	0
II	INVESTMENT EXPENSES, of which:	105 718	79 960	39 793
1	Investments in progress	70 113	33 825	0
2	New investments	10 595	8 064	0
3	Modernizations	4 628	14 279	15.564
4	Equipment (other tangible assets procurements)	5 000	2 000	1 000
5	Reimbursements of installments related to investments loans	15 382	21 792	23 229

Justification of economic and financial indicators that significantly change compared to the previous year

- ✓ Increase in cost of debt by 6,211 thousand lei (54.4%). These expenses include interests related to loans contracted to finance projects included in the Investment Program carried out by the company.
- ✓ Increase in expenses with other taxes and fees by 3,179 thousand lei (10.6%), mainly as a result of the introduction of the construction tax at a rate of 1%, estimated at 3,266 thousand lei, established in accordance with the provisions of art. LXIV, point 16 of Government Emergency Ordinance no. 156/2024.

- ✓ Increase in payroll expenses by 8.3% (+ 12,866 thousand lei) as a result of the application of salary provisions applicable to the substantiation and elaboration of the budget of revenues and expenses for 2025, established by Government Emergency Ordinance no. 156/2024, supplemented with amendments from Government Emergency Ordinance no. 4/2025.
- ✓ Increase of expenses with tangible and intangible assets depreciation by 4,665 thousand lei (19.7%), mainly as a result of the commissioning during 2024 of investment objectives with a preliminary value of 77 million lei.

Considering the above-mentioned, the budgetary projection that **we present for approval to the Shareholders Ordinary General Meeting, in accordance with art. 12 para. (3) letter f) of the company's Articles of Incorporation**, includes the following indicators for 2025:

Total revenues	464,010	thousand lei
Total expenses	438,010	thousand lei
Gross profit	26,000	thousand lei
Payroll expenses	168,052	thousand lei
Forecasted number of employees at the year end	1,060	pers.
Average number of employees	1,035	pers.
Average monthly earnings per employee (lei/person) determined based on payroll expenses	13,531	lei/pers.
Labor productivity in value units	447	thousand lei/pers.
Investment financing source	105,718	thousand lei
Investments expenses	105,718	thousand lei

In accordance with the provisions of the Ministry of Public Finance Order no. 3818/2019 regarding the approval of the format and structure of the budget of revenues and expenses of economic operators, its substantiation annexes, as well as the completion instructions, provided in annex no. 6, I. General framework regarding the budget of revenues and expenses, annex no. 1 is attached to this Substantiation Note, which includes only the column related to the budgetary proposal for 2025.

General Director,
Sorin CIUTUREANU

Financial Director,
Adriana Frangu

Chief of Financial-Budget Dept.,
Daniela Moldoveanu

Chief of Legal-Litigation Dept.,
Carmen Borşuc

BUDGET OF REVENUES AND EXPENSES FOR 2025

mii lei

		INDICATORS	No. rd.	Proposals current year 2025
0	1	2	3	4
I.		TOTAL REVENUES (Rd.1=R.2+R.5)	1	464 010
	1	Total revenues from operating, from which:	2	462 810
		a) subventions, acc. to legal provisions in force	3	
		b) transfers, acc. to legal provisions in force	4	
	2	Financial revenues	5	1 200
II		TOTAL EXPENSES (Rd.6=Rd.7+Rd.19)	6	438 010
	1	Operating expenses, (Rd.7=Rd.8+Rd.9+Rd.10+Rd.18) from which:	7	419 176
		A. expenses on goods and services	8	168 988
		B. expenses on taxes, fees and assimilated instalments	9	33 034
		C. staff expenses, (Rd.10=Rd.11+Rd.14+Rd.16+Rd.17) from which:	10	181 866
		C0 Salary expenses(Rd.11=Rd.12+Rd.13)	11	168 052
		C1 Salaries expenses	12	135 855
		C2 bonuses	13	32 197
		C3 other staff expenses, from which:	14	0
		expenses on compensations related to redundancies	15	
		C4 Exepenses related to mandate contract and other management and control bodies, committees	16	5 896
		C5 Expenses on contributions due by employer	17	7 918
		D. other operating expenses	18	35 288
	2	Financial expenses	19	18 834
III		GROSS RESULT (profit/loss) (Rd.20= Rd.1-rd.6)	20	26 000
IV	1	TAX ON CURRET PROFIT	21	3 706
	2	TAX ON DEFERRED PROFIT	22	
	3	REVENUES FROM TAX ON DEFERRED PROFIT	23	
	4	TAX REGARDING SOME ACTIVITIES	24	
	5	OTHER TAX NON-SUBMITTED IN ELEMENTS ABOVE	25	
V		NET PROFIT/LOSS OF REPORTING PERIOD (Rd.26=Rd.20-Rd.21-Rd.22+Rd.23-Rd.24-Rd.25), from which:	26	22 294
	1	Legal reserves	27	1 416
	2	Other reserves representing fiscal facilities provided by law	28	
	3	Cover of accounting losses from previous years	29	
	4	Establishment of own financing sources for projects co-financed from external loans and establishment of sources required for reimbursement of capital ratios, payment of interests, commissions and other costs related to these loans	30	
	5	Other distributions provided by law	31	
	6	Accounting profit remaining after deduction of amounts from R. 27, 28, 29, 30, 31 (Rd.32= Rd.26-(Rd.27 la Rd.31)>=0	32	20 878

		INDICATORS	No. rd.	Proposals current year 2025
0	1	2	3	4
	7	Employees participation in profit within 10% of net profit, but not exceeding the monthly average basic salary achieved at the level of the economic operator in the reference financial year	33	2 320
	8	Minimum 50% instalments in state or local budget for autonomous companies, or dividends due to shareholders, for national companies and companies with full or majority state capital, from which:	34	11 599
	a)	- dividends due to state budget	35	10 179
	b)	- dividends due to local budget	36	
	c)	- dividends due to other shareholders	37	1 420
	9	Profit undistributed to destinations provided in R.33 - R.34 are distributed to other reserves and constitute own financing source	38	9 279
VI		REVENUES FROM EUROPEAN FUNDS	39	
VII		ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, from which:	40	
	a)	material expenses	41	
	b)	salaries expenses	42	
	c)	expenses regarding services supplies	43	
	d)	advertising and publicity expenses	44	
	e)	other expenses	45	
VIII		INVESTMENT FINANCING SOURCES, from which:	46	105 718
	1	Budget allowances	47	
		budget allowances related to the payment of previous years undertakings	48	
IX		EXPENSES FOR INVESTMENTS	49	105 718
X		SUBSTANTIATION DATA		
	1	No. of employees forecasted at the end of the year	50	1 060
	2	Total average employees no.	51	1 035
	3	Monthly average earning per employee (lei/person) determined based on salary expenses *)	52	12 984
	4	Monthly average earning per employee (lei/person) determined based on salary expenses, recalculated acc. to annual law of state budget **)	53	12 984
	5	Labor productivity in value units per total average staff (thousand lei/person) (Rd.2/Rd.51)	54	447
	6	Labor productivity in value units per total average staff recalculated acc. to annual law of state budget	55	447
	7	Labor productivity in physical units per total average staff (quantity final products/ person)	56	
	8	Total expenses at 1000 lei total revenues (R.57=(Rd.6/Rd.1)x1000)	57	944
	9	Overdue payments	58	0
	10	Overdue receivables	59	4 200

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VIOREL SORIN CIUTUREANU

Financial Director,
ADRIANA FRANGU

HEAD OF FINANCIAL SERVICES - BUDGET,
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