



Approved,
Board of Directors Chairman
Teodor Minodor Chirica

Note
on substantiating the rectification of the Revenue and Expenditure Budget
of S.N. "Nuclearelectrica" S.A. for year 2021

I. INTRODUCTION

The Revenue and Expenditure Budget ("REB") for the financial year 2021 of S.N. Nuclearelectrica S.A. ("SNN") was approved by AGOA Resolution no. 7 of 06.05.2021.

The REB rectification estimates a total revenue realization rate of 110.85% compared to the approved level and a total expenditure realization rate of 101.14%, below the revenue realization rate, so that the revenue realization rate is higher than the expenditure realization rate.

The present proposal for rectification is based on revenue and expenditure for the period January - July 2021 and estimated revenue and expenditure for the period August - December 2021 (7 months realized + 5 months estimated).

The need for rectification is determined by the following:

- increase in total budgeted revenue, as a result of developments in the first seven months of the year and those forecast for the period August-December 2021;
- increase in the budgeted profit target;
- changes in the structure of expenditure as a result of objective causes which could not be taken into account in the initial preparation of the REB.

In accordance with the provisions of Annex No 6 chap. II sect. 7 of the Ministry of Public Finance Order no. 3818/30.12.2019 on the approval of the format and structure of the income and expenditure budget, as well as its annexes ("OMFP no 3.818/2019"), *"the level of the economic and financial indicators set out in the Annexes 1 to 5 may be amended, with the approval of the Board of Directors, except for the indicators for which the provisions of art. 10, par. (2) of Government Ordinance no. 26/2013, approved with additions by Law no.47/2014, with subsequent amendments and additions"*.



The indicators set out in **Art. 10, par. (2)** of Government Ordinance no. 26/2013 on the strengthening of financial discipline at the level of certain economic operators in which the State or administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority stake ("GO no. 26/2013") **are:**

- a) *exceeding the maximum limits of the economic and financial indicators provided for in par. (1) item a), in compliance with the wage policy objectives established by the annual law of the state budget and the provisions of art. 9 par. (3) (i.e. salary expenses and number of staff at year-end);*
- b) *reduction of gross profit/increase of loss and/or dividends due to the state or local budget, if the provisions of par. (1) sect. b) are not complied with (i.e. the degree of realization of expenditure is below the degree of realization of revenue);*
- c) *reduced labor productivity;*
- d) *increase in total expenditure to RON 1,000 total revenue;*
- e) *exceeding the level of outstanding payments;*
- f) *in other situations required by law."*

According to **Art. 10 par. (4)** of GO no. 26/2013 *"the rectification of income and expenditure budgets provided for in paragraph (2) shall be approved, in accordance with art. 4 par. (1) – (3), until 31 October of the current year, with the exception of the situations referred to in paragraph 2(f), which shall be approved by the end of the current financial year"*.

The present proposal for rectification **requires changes in the salary expenses indicator**, the other economic and financial indicators mentioned above do not show any changes within the meaning of Article 10 par. (2), with their evolution being estimated as follows:

- a) the provisions of art. 9 par. (3) of GO no. 26/2013 are complied with, the labor productivity growth index being higher than the average gross monthly earnings growth index;
- b) the adjusted level of gross profit is 41.3% higher than the approved budgeted gross profit and the level of expenditure realization is lower than the level of revenue realization;
- c) the rectified level of labor productivity increased by 16.2%;
- d) the rectified level of total expenditure per RON 1,000 of revenue shows a decrease of 8.8%;
- e) the level of outstanding payments remained unchanged at 0;
- f) no other situations required by the legal provisions have been identified that require the rectification of the REB under the conditions provided for in GO 26/2013.

Consequently, the proposed rectification falls within the situations provided for in Art. 10 par. (2) of GO 26/2013, as a result of which the modification of the level of the salary expenses indicator, provided for in the annexes of the Revenue and Expenditure Budget for 2021, will be approved by resolution of the General Shareholders' Meeting.

The proposal to rectify the **salary expenses** indicator was made in compliance with the provisions of **Art. 48 par. (1) sect. (e) of Law no.15/2021 - State Budget Law for 2021, the normative act underlying this increase being Law no. 200 of 16 July 2021 for the ratification of the Agreement between the Government**

of Romania and the Government of the United States of America on cooperation in connection with the nuclear energy projects at Cernavodă and in the civil nuclear energy sector in Romania, signed in Bucharest on 9 December 2020 and in Upper Marlboro on 4 December 2020 ("Law no.200/2021") (see the background to Chapter C).

In addition, when drawing up this proposal for rectification, account was taken of compliance with the level of performance indicators in the management plan drawn up in accordance with legal provisions.

II. THE GROUNDS FOR THE PROPOSAL

The proposal for the amendment of the indicators in the annexes of the 2021 REB is presented in Annex 1, Annex 2 and Annex 4, prepared according to the format provided in OMFP no. 3.818/2019.

The rectified level of the main economic and financial indicators related to the 2021 REB, compared to the budgeted level, proposed in this note, is presented as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	thousands lei	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021		%	%
		a	b		c	d = c-a
Total income (Rd. 2+22), of which:	1	2,740,197	1,414,366	3,037,383	297,186	10.8%
1. Operating income	2	2,682,021	1,382,554	2,981,942	299,922	11.2%
2. Financial income	22	58,176	31,811	55,440	(2,736)	(4.7%)
Total expenses (Rd. 28+130), of which:	28	2,077,109	949,890	2,100,706	23,597	1.1%
1. Operating expenses, of which:	29	2,042,425	927,406	2,060,317	17,892	0.9%
A. Inventory and services expenses, of which:	30	755,546	366,711	735,304	(20,242)	-2.7%
A1. Inventory expenses	31	486,137	268,917	488,728	2,591	0.5%
A2. Expenses with services provided by third parties	39	118,387	52,087	111,807	(6,580)	(5.6%)
A3. Other expenses with third party services	45	151,022	45,707	134,770	(16,252)	(10.8%)
B. Expenses with taxes and duties	78	180,306	57,215	180,056	(250)	(0.1%)
C. Personnel expenses, of which:	85	471,283	199,745	485,637	14,354	3.0%
C0. Salary-related expenses (C1+C2)	86	429,252	182,241	439,256	10,004	2.3%
C1. Salary expenses	87	376,039	156,515	385,075	9,036	2.4%
C2. Bonuses	91	53,214	25,726	54,181	967	1.8%
C3. Other personnel expenses	99	-	-	-	-	0.0%
C4. Expenses related to the mandate contract	103	3,481	1,333	3,481	0	0.0%
C5. Expenses with contributions payable by the employer	112	38,550	16,171	42,899	4,350	11.3%
D. Other operating expenses	113	635,290	303,735	659,320	24,030	3.8%
2. Financial expenses	130	34,684	22,484	40,389	5,705	16.4%
Operating result (Rd.1-Rd.28)	x	639,596	455,148	921,626	282,030	44.1%
Financial result (Rd.22-Rd.130)	x	23,492	9,327	15,051	(8,440)	(35.9%)
Gross profit (Rd.1 -Rd.28)	138	663,087	464,476	936,677	273,590	41.3%
Corporate tax	141	100,658	79,083	145,370	44,713	44.4%
NET PROFIT (Rd.138 - Rd.141)	x	562,430	385,393	791,307	228,877	40.7%

The rationale for the indicators provided is presented below, on the analytical REB indicators included in Annex 2.

III. TOTAL REVENUES

The structure of total revenues is as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	%	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021			
		a	b		c	d = c-a
Total income (Rd. 2+22), of which:	1	2,740,197	1,414,366	3,037,383	297,186	10.8%
1. Operating income	2	2,682,021	1,382,554	2,981,942	299,922	11.2%
a) from production sold (EE + ET)	3	2,614,421	1,340,662	2,902,201	287,780	11.0%
b) from the sales of goods (Tg)	8	13,373	6,356	13,504	131	1.0%
c) from subsidies and transfers of exploitation related to the net turnover	9	-	-	-	-	0.0%
d) from production of non-current assets	12	27,743	6,994	26,019	(1,724)	(6.2%)
e) income related to work in progress	13	6,010	19,925	16,662	10,652	177.2%
f) other operating income	14	20,474	8,617	23,557	3,083	15.1%
2. Financial income	22	58,176	31,811	55,440	(2,736)	(4.7%)

The increase foreseen for total revenues is in the amount of RON 297,186 thousand (+10.8% compared to the approved REB 2021), determined by the **increase** by **RON 299,922 thousand** in operating revenues and the **decrease** by **RON 2,736 thousand** in financial revenues, according to the achievements from January to July 2021 and estimates for the last 5 months of the year.

1. Operating revenues – increase by RON 299,922 thousand (+11.2% compared to the approved 2021 REB)

1.1. Revenue from production sold (row 3) – increase by RON 287,780 thousand (+11.0% compared to the approved REB 2021), mainly due to:

- **increase** by **RON 283,497 thousand** in revenues from the sale of electricity on the competitive market and on the spot market (PZU+PI). The increase is driven both by an increase in the quantity sold and in the average selling price. Thus, the competitive market recorded an increase of RON 76,217 thousand as a result of the increase in the quantity sold by approximately 0.5% and the average selling price by approximately 2.9% compared to the initially budgeted values. The spot market (PZU+PI) recorded a significant increase in the amount of RON 207,280 thousand, determined by the increase of the average selling price by approximately 70.1% compared to the initially budgeted values;
- an increase by **RON 3,066 thousand** in the income obtained on the balancing market, as a result of the capitalizing on the positive imbalances recorded during the year;
- **increasing** revenues from the sale of thermal energy by **RON 430 thousand**;
- **an increase** by **RON 787 thousand** in other income from production sold, in royalties, rents, other services rendered and other income from production sold.

1.2. Revenues from the sale of commodities (row 8) - an increase by RON 131 thousand (+1.0% compared to the approved REB 2021), is determined by the increase in the quantity of energy delivered, by approximately 10,859 MWh compared to the amount initially budgeted. The



transportation fee set by ANRE order No. 214/2020 is RON 1.30 /MWh (regulated fee), starting with January 01, 2021, therefore estimated for the entire year of 2021 at this value. This type of revenues has a corresponding value in the cost of the sold commodities, invoiced to SNN clients.

1.3.Revenues from the production of fixed assets (row 12) - decrease by RON 1,724 thousand (- 6.2% compared to the approved REB 2021), represent the capitalized value of the costs regarding the personnel assigned to the projects for the Refurbishment of Unit 1 and the Tritium Removal Facility (CTRF), projects developed according to the SNN Investment Strategy for the period July 2020 - July 1, 2025 and carried out through the Cernavoda NPP Branch. The decrease is driven by the evolution of the number of staff during the year, with significant hires expected to occur in the second half of 2021, compared to the proposed approved/initial budget estimates, when these hires were considered to occur in the first six months of 2021.

1.4.Revenues related to the cost of the production in progress (row 13) - an increase by RON 10,652 thousand (+177.2% compared to the approved 2021 REB), as a result of the update in the estimates of the cost of production in progress at the end of 2021.

1.5.Other operating revenues (row 14) – increase by RON 3,083 thousand (+15.1% compared to the approved 2021 REB), determined by an increase of RON 4,177 thousand in income from fines and penalties, representing mainly compensation collected on the basis of final court decisions, an increase of RON 713 thousand in other operating income realized in the first 7 months of 2021 and a decrease of RON 1,807 thousand in income from the sale of tangible assets, due to delays in the sale of some of the company's tangible assets.

2. Financial revenues – decrease by RON 2,736 thousand (- 4.7% compared to the approved 2021 REB)

Financial revenues (row 22) - decrease by RON 2,736 thousand, due to the decrease by RON 8,630 thousand of positive exchange rate income, mainly related to investment loans, offset by the increase of interest income in the amount of RON 5,892 thousand and other financial revenues in the amount of RON 2 thousand.



IV. TOTAL EXPENSES

The structure of total expenses is as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	%	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021			
		a	b		c	d = c-a
thousands lei						
Total expenses (Rd. 28+130), of which:	28	2,077,109	949,890	2,100,706	23,597	1.1%
1. Operating expenses, of which:	29	2,042,425	927,406	2,060,317	17,892	0.9%
A. Inventory and services expenses, of which:	30	755,546	366,711	735,304	(20,242)	(2.7%)
A1. Inventory expenses	31	486,137	268,917	488,728	2,591	0.5%
A2. Expenses with services provided by third parties	39	118,387	52,087	111,807	(6,580)	(5.6%)
A3. Other expenses with third party services	45	151,022	45,707	134,770	(16,252)	(10.8%)
B. Expenses with taxes and duties	78	180,306	57,215	180,056	(250)	(0.1%)
C. Personnel expenses , of which:	85	471,283	199,745	485,637	14,354	3.0%
C0. Salary-related expenses (C1+C2)	86	429,252	182,241	439,256	10,004	2.3%
C1. Salary expenses	87	376,039	156,515	385,075	9,036	2.4%
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C3. Other personnel expenses	99	-	-	-	-	0.0%
C4. Expenses related to the mandate contract	103	3,481	1,333	3,481	0	0.0%
C5. Expenses with contributions payable by the employer	112	38,550	16,171	42,899	4,350	11.3%
D. Other operating expenses	113	635,290	303,735	659,320	24,030	3.8%
2. Financial expenses	130	34,684	22,484	40,389	5,705	16.4%
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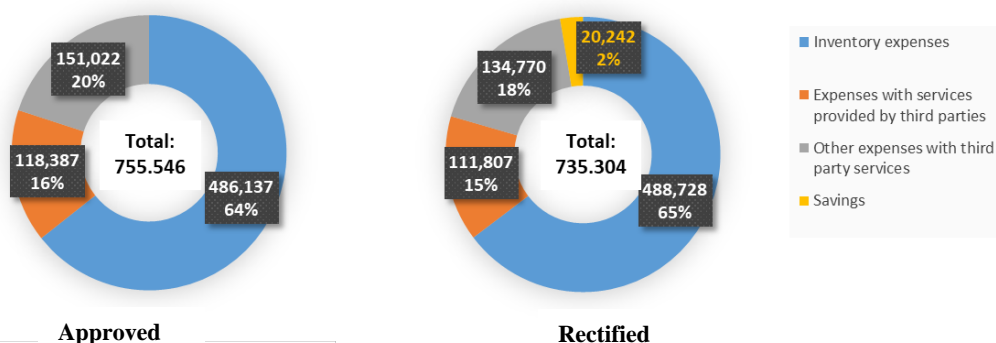
The increase foreseen for total expenses is in the amount of RON 23,597 thousand (+1.1% compared to the approved 2021 REB), determined by **an increase of RON 17,892 thousand** in operating expenses and **an increase of RON 5,705 thousand** in financial expenses, based on the achievements from January to July 2021 and estimates for the last 5 months of the year.



1. **Operating expenses** – increase by RON 17,892 thousand (+0.9% compared to the approved 2021 REB)

Chapter A. Expenses with goods and services (row 30)

A. Inventory and services expenses (approved vs rectified) - thousand RON



The structure of expenditure on goods and services is as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	%	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021		d = c-a	e = d/a
		a	b		c	d = c-a
A. Inventory and services expenses, of which:	30	755,546	366,711	735,304	(20,242)	(2.7%)
A1. Inventory expenses	31	486,137	268,917	488,728	2,591	0.5%
A2. Expenses with services provided by third parties	39	118,387	52,087	111,807	(6,580)	(5.6%)
A3. Other expenses with third party services	45	151,022	45,707	134,770	(16,252)	(10.8%)

The decrease by **RON 20,242 thousand** (-2.7% compared to the approved 2021 REB) **in expenditure on goods and services is due to the following:**

1.1. Inventory expenses (row 31) - an increase by RON 2,591 thousand, mainly due to the following causes:

1.1.1. Expenses with raw materials (row 32) and expenses with consumables (row 33) - cumulative decrease by RON 11,583 thousand, mainly determined by adjusting the value of uranium consumption by applying an average consumption price lower than the one used in the approved budget, by approximately 0.1%. The estimated price was calculated based on the average price of uranium in stock on 31.07.2021 and the expected deliveries of uranium for the period August - December 2021, i.e. 50 tonnes to be purchased from Cameco Marketing INC. Other causes for the reduction were the failure to complete all planned maintenance and repair activities, the saving of the protective feeding position as an effect of the daily value increase granted after the initial budget approval.

1.1.2. Expenses regarding materials such as inventory items (row 36) - increase by RON 142 thousand, resulting from the increase in the technical department's inventory needs;



- 1.1.3. Energy and water expenses (row 37) - decrease by RON 3,275 thousand, mainly due to the reduction of technological water expenses, in services for the use of water from the Danube as cooling water, savings obtained on expenses with the thermal purifier in the period March - July 2021;
- 1.1.4. Commodity expenses (row 38) - increase by RON 17,307 thousand:
- 1.1.4.1. the increase by RON 131 thousand is due to the increase in the quantity of energy delivered, by approximately 10,859 MWh compared to the amount initially budgeted. The transportation fee set by ANRE order No. 214/2020 is RON 1.30 /MWh (regulated fee), starting with January 01, 2021, therefore estimated for the entire year of 2021 at this value. The increase in this category of expenditure is offset by the corresponding increase in income from the transmission of electricity shown under Income from the sale of goods (row 8). The transmission fee is collected from customers and paid to Transelectrica;
- 1.1.4.2. increase in the estimate of energy purchased from PZU, PI and PCCB by RON 17,176 thousand as a result of updating the quantities of energy required to be purchased during the period of unplanned and planned outages in 2021 based on the cumulative results obtained at the end of July and the re-estimate of expenditure for the last five months of 2021.
- 1.2. Expenses with third party services (row 39) - a decrease by RON 6,580 thousand,** mainly due to the following causes:
- 1.2.1. Expenses on maintenance and repairs (row 40) - decrease by RON 6,225 thousand mainly due to non-completion or partial completion of programmed activities, caused by delays and bottlenecks in the procurement process and their non-programming for the remaining period of this year (investigation services, power evaluation transformer testing, repairs);
- 1.2.2. Rent expenses (row 41) - increase by RON 227 thousand;
- 1.2.3. Expenses with insurance premiums (row 44) - decrease by RON 582 thousand determined by the earnings recorded in the period January-July 2021 and estimates for the period August-December 2021.
- 1.3. Expenses with third party services (row 45) a decrease by RON 16,252 thousand,** mainly due to the following causes:
- 1.3.1. Hospitality, promotion and advertising expenses (row 49) - decrease by RON 66 thousand following the earnings recorded in the period January-July 2021 and estimates for the period August-December 2021. The rectified level of these expenses is below the level of deductibility provided for in the Fiscal Code.
- 1.3.2. Expenses with travels, secondments, transfers (row 62) - decrease by RON 1,064 thousand, due to the reduction of travel activities under pandemic conditions;
- 1.3.3. Insurance and security expenses (row 69) - decrease by RON 254 thousand as a result of savings made in the first seven months and the re-estimation of the needs for the next period;

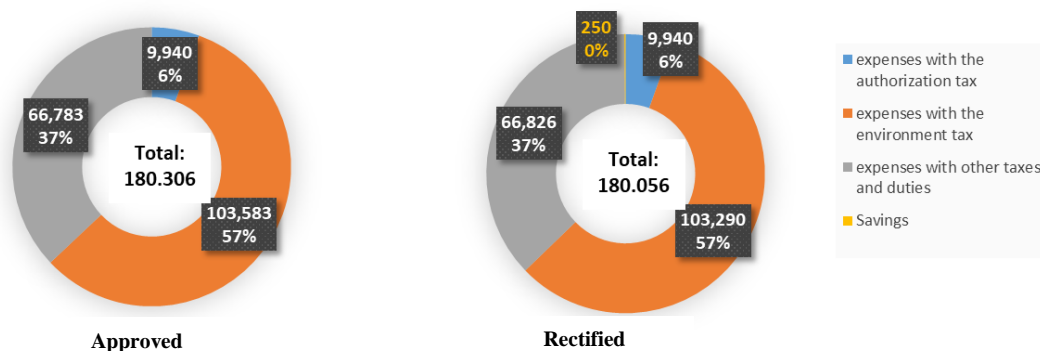


- 1.3.4. Expenses on maintenance and operation of computing equipment (row 70) - decrease by RON 2,339 thousand as a result of savings made in the first 7 months and the re-estimation of the needs for the next period for printing services, technical support services for ABB Suite, technical support services for SIVECO licenses, maintenance and repair services for IT equipment.
- 1.3.5. Other expenses with services provided by third parties (row 77) decreases by RON 12,866 thousand as a result of the savings achieved in the first 7 months of 2021 and the update of the estimates for the period August-December 2021 - these expenses are mainly represented by expenses for radioactive and non-radioactive waste management and decontamination services, technical assistance, maintenance of the heating system, water circuit, cleaning services for technological and administrative spaces, maintenance of storage spaces, services provided by nuclear specialist organizations for the development of joint programs.



Chapter B. Taxes and duties

B. Expenses with taxes and duties (approved vs rectified) - thousand RON



The structure of expenditure on taxes and duties is as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	%	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021		d = c-a	e = d/a
		a	b		c	d = c-a
B. Expenses with taxes and duties	78	180,306	57,215	180,056	(250)	(0.1%)
a) expenses with the tax for the activity of operating mineral resources	79	-	-	-	-	-
b) expenses with the royalty for the concession of public assets and mineral resources	80	-	-	-	-	-
c) expenses with the license tax	81	-	-	-	-	-
d) expenses with the authorization tax	82	9,940	4,966	9,940	0	0.0%
e) expenses with the environment tax	83	103,583	50,969	103,290	(293)	(0.3%)
f) expenses with other taxes and duties	84	66,783	1,280	66,826	42	0.1%

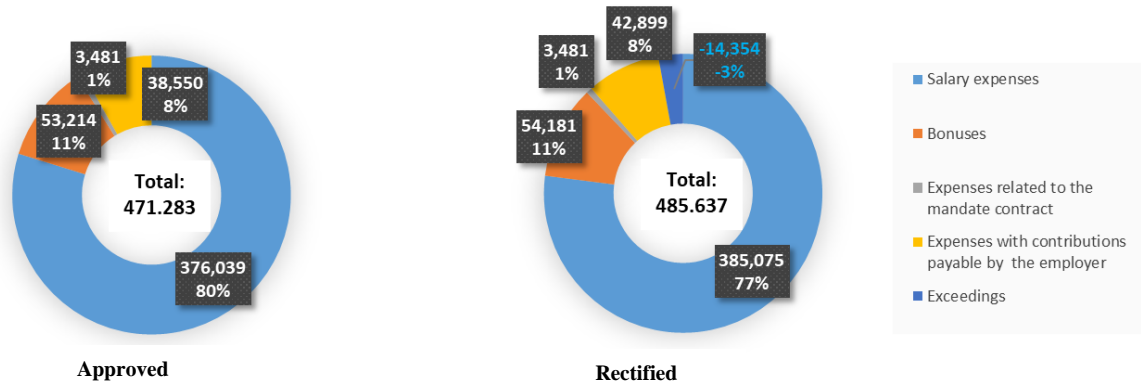
The decrease by **RON 250 thousand** (-0.1% compared to the approved 2021 REB) in the expenditure on taxes and fees is caused by:

- Expenses with the environment tax (row 83) - decrease by RON 293 thousand.** This expenditure is mainly represented by the cost of contributions to ANDR for the permanent storage of radioactive waste (EUR 1.4/MWh net energy produced and delivered to the system) and for the decommissioning of nuclear units (EUR 0.6 /MWh net energy produced and delivered to the system). The decrease is determined as a result of the re-estimation of decommissioning costs taking into account the revision of the production plan as well as fluctuations in the EUR exchange rate.
- Expenses on other taxes and duties (row 84) - increase by RON 42 thousand,** arisen from the earnings of the first seven months of 2021 in local taxes.



Chapter C. Personnel expenses

C. Personnel expenses (approved vs rectified) - thousand RON



The structure of personnel expenses is as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	%	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021		d = c-a	e = d/a
		a	b		c	d = c-a
C. Personnel expenses , of which:	85	471,283	199,745	485,637	14,354	3.0%
C0. Salary-related expenses (C1+C2)	86	429,252	182,241	439,256	10,004	2.3%
C1. Salary expenses	87	376,039	156,515	385,075	9,036	2.4%
C2. Bonuses	91	53,214	25,726	54,181	967	1.8%
C3. Other personnel expenses	99	-	-	-	-	-
C4. Expenses related to the mandate contract	103	3,481	1,333	3,481	0	0.0%
C5. Expenses with contributions payable by the employer	112	38,550	16,171	42,899	4,350	11.3%

The increase by RON 14,354 thousand (+3.0% compared to the approved 2021 OAB) in personnel expenses took into account the following aspects:

According to the AGOA Resolution no.7/06.05.2021, the Income and Expenditure Budget of SN Nuclearelectrica SA was approved, hereinafter referred to as the "approved REB", with chapter C reading "Personnel expenses" amounting to RON 471,283 thousand including: expenses with salaries, bonuses, other personnel expenses, expenses related to the mandate contract and other management and control bodies, commissions and committees, and expenses with social security and social protection, special funds and other legal obligations.

As of 31.12.2020 a total of 2,011 people were employed in SNN compared to the total number of posts approved by the organizational structure of SNN of 2,394 positions.

The situation was mainly due to the uncertainty in the perception of employees on the legislative changes regarding public pensions, thus a significant number of people, 209 employees retired at the age limit, with



a reduction of the standard age, following the use of work periods in special and/or special working conditions, mainly in the second half of 2020, with retirees also around the age of 55, as well as the fact that it was not possible to replace retired staff in a short time, taking into account the restrictions of the state of alert, instituted throughout the country, following the SARS CoV 2 pandemic, and the level of specialization of jobs in accordance with the requirements imposed for the safe operation of the nuclear power generation plant.

The average number of staff in 2020 also recorded a downward trend, especially in the second half of the year, due both to retirements by reducing the standard age of employees working under special and/or special working conditions, but also due to the effects of the SARS CoV 2 pandemic, which resulted in a significant number of sick leave days for employees in quarantine or isolation due to Covid 19.

In these circumstances, the result of the economic-financial indicators in the 2020 REB, which concern personnel expenses "Chapter C", has been influenced in the values achieved as at 31.12.2020 by the above-mentioned indicators, and the replenishment of the staff scheme is carried out in 2021, **plus the staff needs as a result of the diversification/expansion of the activity provided for by normative acts**, namely:

- the provisions of Law no. 200/16.07.2021 for the ratification of the Agreement between the Government of Romania and the Government of the United States of America on cooperation in connection with the nuclear energy projects at Cernavodă and in the civil nuclear energy sector in Romania, signed in Bucharest on 9 December 2020 and in Upper Marlboro on 4 December 2020;
- Article 25(1)(e) of Law 111/1996 on the safe conduct, regulation, licensing and control of nuclear activities, according to which SNN is obliged to ensure and maintain adequate human and financial resources to fulfil its obligations under this law, including compliance with the conditions and requirements of the licenses and standards in force issued under this law.
- the provisions of Article 10 of the Nuclear Installation Licensing Regulations (NSN-22), according to which annual operating costs must take into account the need to invest in the maintenance and continuous improvement of nuclear safety, including modernization and upgrading activities, and the need to ensure sufficient qualified staff with the necessary skills and qualifications for all activities important to nuclear safety;
- the provisions of Articles 12, 14, 15, 16 and 17 of the Basic Safety Standards for Nuclear Installations (NSN-21) which contain obligations relating to the provision of human and financial resources for the performance of activities important to nuclear safety, including the attraction, recruitment, selection, hiring, development and retention of staff for all functions important to nuclear safety, including competitive salaries set at least at the average level provided by similar organizations in the nuclear industry in the European Union for equivalent positions and duties;
- the provisions of Article 6 of the Nuclear Safety Standards for Training, Qualification and Licensing of Personnel of Organizations Operating Nuclear Installations (NSN-23), which detail the activities performed by personnel on positions important to nuclear safety;



- the provisions of Article 11(4) and (5) of the Nuclear Safety Standards for Supervision, Maintenance, Testing and In-Service Inspections for Nuclear Installations (NSN-16) with reference to the personnel to be provided within the establishment to establish technical standards and specifications in order to independently assess and verify work carried out by third parties;
- the provisions of Article 48 of the Standards for Deterministic Nuclear Safety Analysis for Nuclear Installations (NSN-24), which regulates the capabilities required for conducting, reviewing and updating deterministic nuclear safety analyses, requiring sufficient competent personnel who understand the design basis and licensing basis of the nuclear installation and who are qualified to prepare, perform, develop, review and update such analyses and to independently verify them, both for design basis analyses and for analysis of design basis extension conditions;
- the provisions of Articles 28, 29 and 30 of the Nuclear Safety Standards for the Preparation of Response to Transients, Accidents and Emergency Situations at Nuclear Power Plants (NSN-07), which regulate the personnel responsible for responding to transients, accidents and emergency situations, both in terms of personnel available for shifts and personnel required to work in emergency control centers;
- the provisions of Article 13 of the Nuclear Safety Standards for Recording, Reporting, Analysis of Events and Use of Operating Experience for Nuclear Installations (NSN-18), which regulates the requirements for sufficient competent personnel to support these activities;
- the provisions of Articles 14, 15, 16 and 17 of the Rules on Nuclear Safety Policy and Independent Nuclear Safety Assessment (NSN-20), which regulate personnel with responsibilities for independent nuclear safety assessment.

SNN is a critical infrastructure, a strategic objective of national interest, whose continuous and safe operation in terms of the National Energy System and nuclear safety is vital for the national economy, environment and population, being the only producer of electricity from nuclear sources, providing 20% of the national electricity needs, with the percentage increasing, during the emergency, up to 30%. The use of nuclear facilities for the production of electricity requires strict compliance with nuclear safety legislation, including the rules issued by the National Commission for the Control of Nuclear Activities, abbreviated CNCAN.

The personnel expenses for the year 2021 were based on the actual figures for 2020, in accordance with the provisions of Ordinance 26/2013 on strengthening financial discipline at the level of certain economic operators in which the State or administrative-territorial units are the sole or majority shareholders or directly or indirectly hold a majority stake, in conjunction with Article 9 (1) letter b of the same normative act, according to which: "When substantiating revenue and expenses budgets, economic operators shall take into account, but not be limited to, the following: [...]; b) compliance with the wage policy objectives established by the annual state budget law;" and with Art. 9 (3) of the same normative act, according to which "(3) The increase in average gross monthly earnings per employee shall be



determined as a percentage of the labor productivity growth index calculated in value or physical units, as the case may be. The maximum percentage limit of the increase in average gross earnings per employee is set by the annual state budget law."

According to the provisions of art. 48 (1) (e) of Law no. 15/2021 - State Budget Law for 2021, according to which: (1) For the year 2021, the economic operators to which the provisions of art. 9 par. (1) b) and par. (3) of Government Ordinance no. 26/2013 on strengthening financial discipline at the level of certain economic operators in which the State or administrative-territorial units are the sole or majority shareholders or directly or indirectly hold a majority stake, approved with additions by Law no. 47/2014, with subsequent amendments and additions, may provide, in the income and expenditure budget, for an increase in salary expenses compared to the level programmed in the last revenues and expenses budget approved in accordance with the legal provisions, as follows: [...] e) by the amounts representing increases in salary expenses relating to **the increase in the number of staff in 2021 as a result of the diversification/expansion of activity provided for by legislative acts.**

In the substantiation of expenditure for 2021, the increase in the number of staff in 2021 was not included as a result of the diversification/expansion of the activity provided for by normative acts, namely Law no. 200 /16.07.2021 for the ratification of the Agreement between the Government of Romania and the Government of the United States of America on Cooperation for the Cernavoda Nuclear Power Projects and Civil Nuclear Power Sector in Romania, signed in Bucharest on 9 December 2020 and in Upper Marlboro on 4 December 2020, in conjunction with the legislation in the field of nuclear safety, presented above, which corresponds to the provisions of Article 48(1) letter e of Law no. 15/2021.

In 2021, SNN had to increase the number of posts foreseen in the organizational structure of the company from 2,394 positions, approved in 2020, to 2,509 positions, approved by CNCAN by letter no. 2805/09.06.2021, registered at SNN under no. 6995/10.06.2021, in accordance with the provisions of art.18 (3) of the Basic Nuclear Safety Standards for Nuclear Installations (NSN21) "The licensee must obtain CNCAN approval for organizational changes prior to their implementation".

Thus, an increase of RON 10,004 thousand was foreseen for the indicator "Salary expenses" for the year 2021, compared to the amount foreseen in the REB approved for the year 2021, corresponding to an effective number of 115 new employees, and an average annual number of 75 new employees respectively, in order to support the activities within the company's major projects of diversification and expansion of activity, reflected in the organizational structure of SNN, approved in accordance with the provisions of the Articles of Association and art. 18 paragraph 3 of the Fundamental Nuclear Safety Standards for Nuclear Installations NSN21, approved by CNCAN Order no. 86 of 30 March 2020, published in the Official Gazette, Part I, no. 597 of 8 July 2020.

Thus, an increase in the indicator "Salary expenses" was foreseen in the amount of RON 10,004 thousand, for an effective number of 101 newly employed persons for the U1 Rehabilitation.



The increase complies with Article 48 par. (1) (e) and par. (4) of the State Budget Law - Law no.15/2021:

- compliance with Article 48(1)(e): the regulatory act underlying the increase in the number of staff in 2021 as a result of the diversification/expansion of the activity is represented by **Law no. 200 of 16 July 2021 for the ratification of the Agreement between the Government of Romania and the Government of the United States of America on cooperation in connection with the nuclear energy projects at Cernavodă and in the civil nuclear energy sector in Romania**, signed in Bucharest on 9 December 2020 and in Upper Marlboro on 4 December 2020 ("Law no. 200/2021") **and by** the legislation in the field of nuclear safety, presented above;
- compliance with Article 48 par. (4): the average gross monthly earnings growth index **does not exceed** the labor productivity growth index calculated in value units. Additionally, SNN in 2021 does not schedule losses and/or outstanding payments.

According to the rectified 2021 REB, the growth rates of average gross monthly earnings per employee and labour productivity, calculated by comparing the planned level of 2021 (rectified 2021 REB) to the achieved level of 2020, as provided for in art. 48 par. (8) of Law no. 15/2021, are:

	Achieved 2020	Rectification proposals of current year 2021	Var abs	Var %
No. of employees estimated at the end of the year	2,011	2,509	498	25%
Average number of employees	2,028	2,103	75	4%
Average monthly earnings per employee (RON/person) calculated based on salary expenses, recalculated according to OG No. 26/2013 and the annual state budget law	15,611	16,039	429	3%
Labor productivity in value units per total average personnel, recalculated according to the annual state budget law	1,233	1,418	185	15%

The additional staff is motivated by ensuring adequate human resources **to support significant extensions of activity, namely those related to major development projects of the company:**

- Refurbishment of unit no. 1 of the Cernavoda NPP and development of the waste disposal plant, according to the Decision of the SNN Board of Directors no. 21/24.02.2021 which approved the increase in the organizational structure of SNN by 101 positions;
- The construction of Units 3 and 4 of the Cernavoda NPP in accordance with the provisions of Law no.200/16.07.2021 for the ratification of the Agreement between the Government of Romania and the Government of the United States of America on cooperation in connection with the nuclear energy projects at Cernavodă and in the civil nuclear energy sector in Romania.

In addition, there is the need for compliance to ensure the activities provided for by the following regulatory acts issued by CNCAN at the end of 2019 and in 2020, which contain a number of additional provisions to align with international standards in the nuclear field (e.g. regulations NSN-24, NSN-26 - Regulations on the interfaces between nuclear safety, radiation safety, physical protection, protection against cyber threats and nuclear safeguards, published in the Official Gazette of Romania, Part I no.989/09.12.2021;

NSN-07, NSN-16, NSN-21, NSN-27 – Regulations on the use of standards for the assessment and continuous improvement of nuclear safety for nuclear power plants, published in the Official Gazette of Romania, Part I no. 546/25.06.2020; GSN-10 – Nuclear Safety Guidance on analyses using time-related assumptions relevant to the ageing management of nuclear installations, published in the Official Gazette, Part I no. 223/19.03.2020).

Their implementation requires additional competent staff resources, i.e. an increase in the number of staff, as a result of the diversification/expansion of the activity foreseen by normative acts.

Constraints in the labor market, as well as the migration phenomenon with a focus on the younger generation of specialists, and the rigorous and bureaucratic internal procedural framework have delayed the hiring of new employees in the planned period. Urgent actions have been taken to increase the operability of the recruitment and selection process both by updating the internal procedures involved, mass recruitment and by using specialized recruitment services, thus a large part of the volume of recruitment expected to be carried out in the first months of the year has been brought forward to the middle and last part of 2021, which led to a change in the average number of staff at the end of the year to 2103 persons, compared to the number of staff in the approved 2021 REB (2198 people), although the number of staff at the end of the year is expected to increase to 2509 people, i.e. by 2% compared to the REB approved for 2021.

In view of the above considerations it is preliminary to rectify Chapter C. “**Personnel expenses**” of the REB, the amount of **RON 485,637 thousand**, with the following structure:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	%	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021		d = c-a	e = d/a
		a	b			
C. Personnel expenses , of which:	85	471,283	199,745	485,637	14,354	3.0%
C0. Salary-related expenses (C1+C2)	86	429,252	182,241	439,256	10,004	2.3%
C1. Salary expenses	87	376,039	156,515	385,075	9,036	2.4%
C2. Bonuses	91	53,214	25,726	54,181	967	1.8%
C3. Other personnel expenses	99	-	-	-	-	-
C4. Expenses related to the mandate contract	103	3,481	1,333	3,481	0	0.0%
C5. Expenses with contributions payable by the employer	112	38,550	16,171	42,899	4,350	11.3%

C0) Salary expenses in the amount of **RON 439,256 thousand** (+2.3% vs. budgeted 2021) are composed of salary expenses (C1 - RON 385,075 thousand) and bonuses (C2 - RON 54,181 thousand), detailed as follows:

C1) Salary expenses amounting to **RON 385,075 thousand** (+2.4% vs. budgeted 2021), following the additional increase in the number of staff at the end of 2021, taking into account the provisions of Art. 48 (1) (e) of Law no. 15/2021 - State Budget Law for 2021, according to which: (1) *For the year 2021, the economic operators to which the provisions of art. 9 par. (1) b) and par. (3) of*



Government Ordinance no. 26/2013 on strengthening financial discipline at the level of certain economic operators in which the State or administrative-territorial units are the sole or majority shareholders or directly or indirectly hold a majority stake, approved with additions by Law no. 47/2014, with subsequent amendments and additions, may provide, in the income and expenditure budget, for an increase in salary expenses compared to the level programmed in the last revenues and expenses budget approved in accordance with the legal provisions, as follows: [...] e) by the amounts representing increases in expenditure of a salary nature relating to the increase in the number of staff in 2021 as a result of the diversification/expansion of activity provided for by legislative acts. (Law no. 200/2021).

Compliance of SNN with the provisions of art. 48 (1)(e) of Law no. 15/2021 - State Budget Law for 2021 was also confirmed by CNCAN response no. 1681/06.04.2021 to SNN request no. 3761/30.03.2021.

This increase is reflected in the basic salary expenses (row 88), the expenses with bonuses, premiums and other bonifications related to the basic salary (according to the CCM) (row 89) and within other bonifications (according to CCM) (row 90), in accordance with the provisions of the Collective Labor Agreement applicable to SNN.

Thus, the budget level requested for 2021 ensures the necessary expenditure on salaries for existing staff, staff expected to be hired by the end of the year, in compliance with the provisions of the applicable Collective Labor Agreement.

Last but not least, the classification of the production units within SNN is known to be at the highest level of nuclear excellence, with the nuclear power plant at Cernavoda NPP being the only one outside North America to obtain the classification of nuclear excellence in terms of nuclear safety (INPO1).

The perpetuation of the excellent results mentioned above may be jeopardized by the loss of personnel and implicitly of expertise, which reappeared this year in particular among the CNCAN-licensed personnel operating the production units at Cernavoda NPP (5 control room operators and DST employees left for a nuclear power generation unit in the United Arab Emirates), following the increasing trend of the migration phenomenon recorded at national level. SNN is currently adopting mitigation measures, mainly by supplementing the attraction and training of a reserve of licensed personnel (35 new positions) in order to avoid the situation of lack of essential personnel necessary for the safe operation of the production capacities and consequently the loss of the license to operate the nuclear power plant.

Through the very particularity of the nuclear industry and the uniqueness of its scope of business, Cernavoda NPP does not have the capacity to regenerate the losses of critical personnel at the current pace, considering that, for example, the preparation of an authorized CNCAN specialist takes 5 years for the position of Main Nuclear Operator - Control Room (ONPCC) or even 7 years for the Chief Shift Dispatcher (DST) or a main engineer specializing in the sensitive fields of NPP operation.



It is necessary to counteract the ageing of the labor force with early employment programs and the training of specialized personnel, thus internship, dual school, apprenticeship and scholarship programs are underway at both university and vocational school level.

SNN is the only operator of nuclear power plants in Romania, which causes a high degree of difficulty in finding substitutes in key positions, given the existence of competition in other similar projects that developed in other countries. Even if the number of these key positions is not high, they are vital in terms of the necessary expertise and quality of work. Succession, mentoring and rotation programs are established to ensure specialist training and knowledge transfer.

The duration of training for the various specialists is high, and for the retention for a long period of time it is necessary to provide benefits and to develop a clear career path that should include advancements / promotions. Without these, the demotivation of the personnel is imminent.

C2) Bonuses in the amount of **RON 54,181 thousand** (+1.8% vs. approved 2021 budget)

This subchapter provided the following expenses:

- social expenses (row 92) amounting to RON 13,163 thousand, estimated at the limit of a 5% quota applied to the value of personnel salary expenses, within the limit of the deductibility of these expenses according to Law 227/2015 *on the Fiscal Code*.
- meal vouchers (row 95) - RON 838 thousand; according to the Collective Employment Contract, SNN grants employees meal vouchers at the maximum value stipulated by law. For 2021, according to the legal provisions of the Joint Order of the Ministries of Finance and Labor no. 450/258 of 2021, the maximum value of a meal voucher is RON 20.01 /voucher, with the prospect of an increase from October 2021 to RON 20.08 lei/voucher according to a draft normative act currently being debated by the government;
- holiday vouchers (row 96), in the amount of RON 5,188 thousand, in compliance with the legal provisions and the Collective Labor Agreement in force;
- expenses related to the participation of the employees in the profit obtained by the Company in the previous year (row 97) - RON 21,326 thousand, unchanged amount compared to the approved 2021 REB, granted in compliance with legal provisions;
- expenses on in kind advantages granted to employees (electricity and thermal energy, rents for company-provided apartments) (row 98) - budgeted in the amount of RON 13,666 thousand, compared to the amount approved by 2021 REB of RON 13,945, due to the delay of planned staff recruitment.

C3) Other personnel expenses - this subchapter provides for compensatory payments related to personnel redundancies, expenses with salary rights applicable based on court rulings and salary expenses related to restructuring, privatization, receivers, other commissions and committees. In 2021 no amounts are provided for this chapter.



C4) Expenses related to the mandate contract and other management and control bodies, commissions and committees remain in the amount of RON 3,481 thousand approved by 2021 REB, the reasons for rectifying Chapter C of the REB do not change these expenses.

C5) Expenses with contributions payable by the employer amounting to **RON 42,899 thousand** (+11.3% vs. approved 2021 budget).

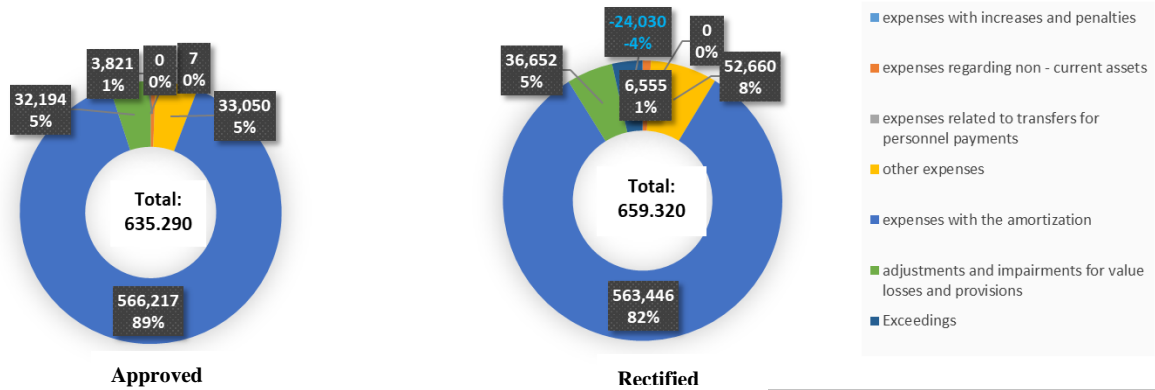
This subchapter provides expenses on:

- the mandatory work contribution;
- the social insurance contribution due by the employer for the employees who work under special and difficult working conditions;
- the contribution for people with disabilities not engaged in work;
- the contribution of the unit to the voluntary pension funds;
- the cost of the medical insurance policy or medical subscription, in accordance with the provisions of the Collective Labor Agreement, settled within the deductibility limit specified by the Fiscal Code of the equivalent of 400 euros per year per employee, an expense that was not included in the substantiation underlying the approval of the REB for 2021



Chapter D. Other operational expenses

D. Other operating expenses (approved vs rectified) - thousand RON



The structure of other operating expenses is as follows:

Indicators	rd. A2 BVC	Provisions for the current year 2021		Rectification proposals of current year 2021	thousands lei	
		Approved according to OGMS Resolution no. 7/06.05.2021	Achieved 30.06.2021		%	%
		a	b		d = c-a	e = d/a
D. Other operating expenses	113	635,290	303,735	659,320	24,030	3.8%
a) expenses with increases and penalties	114	7	3	7	-	0.0%
b) expenses regarding non-current assets	117	3,821	2,143	6,555	2,734	71.5%
c) expenses related to transfers for personnel payments	118	-	-	-	-	-
d) other expenses	119	33,050	11,234	52,660	19,610	59.3%
e) expenses with the amortization of tangible and intangible assets	120	566,217	275,529	563,446	(2,771)	(0.5%)
f) adjustments and impairments for value losses and provisions (Rd.123-Rd.126), of which:	121	32,194	14,825	36,652	4,457	13.8%

The increase in other operating expenses by RON 24,030 thousand (+3.8% compared to the approved 2021 REB) is mainly determined by:

1. Expenses regarding assets (row 117) - increase by RON 2,734 thousand due to the recording of derecognitions for asset replacements (feeders and other assets) under IAS 16;
2. Expenses with the amortization of tangible and intangible assets (row 120) - decrease by RON 2.771 thousand following the earnings recorded in the period January-July 2021 and estimates for the period August-December 2021.



- 3. Expenses on adjustments and impairments for value losses and provisions (row 121) - net increase by RON 4,457 thousand, explained as follows:**
- a decrease by RON 611 thousand in the expenses related to the provisions set up for the litigation opened by the trade unions regarding the nuclear risk indemnity, as a result of the re-estimates for the whole year;
 - decrease by RON 3,700 thousand in the net effect of adjustments and provisions, due to the effects of updating the provisions for the Intermediate Burnt Fuel Repository ("IFCD"), radioactive and non-radioactive waste;
 - decrease by RON 652 thousand of the net effect related to impairment adjustments recognized for current assets;
 - increase in other provisions by RON 506 thousand, as a result of re-estimates for the whole year 2021.
- 4. Other operating expenses (row 119) - increase by RON 19,610 thousand mainly due to:**
- an increase by approximately **RON 19,498 thousand** in the expenditure on the balancing market (BM). This represents the counter value of the energy received from the Balancing Market for the compensation of the negative imbalances which occurred because of the differences between the quantities of actual delivered energy and quantities notified on the market as per the daily prognosis for each hour frame, mainly caused by unplanned shutdowns during 2021;
 - estimated increases in other operating expenses, totaling **RON 112 thousand**.
- 2. Financial expenses** – increase by RON 5,705 thousand (+16.4% compared to the approved 2021 REB)

Financial expenses (row 130) - increase by RON 5.70 thousand, as a result of the achievements recorded in the period January - July 2021, as well as the estimated impact of the evolution of exchange rates for the period August - December 2021.



V. GROSS RESULT

The gross result obtained after the rectification process is **RON 936,677 thousand**, higher by RON 273,590 thousand (+41.3% compared to the approved 2021 REB).

The proposal to rectify the revenue and expenditure budget for 2021 **provides for**, similarly to the approved 2021 REB, **the distribution of 70%** of the distributable accounting profit to the shareholders, in compliance with the provisions of GEO No. 64/2001, above the minimum level of 50% established by this ordinance.

The gross profit level is determined by the cumulative operating profit and the budgeted financial result. **The operating profit** is estimated at **RON 921,626 thousand** (+44.3% compared to the approved 2021 REB), and the **financial result** is estimated at **RON 15,051 thousand** (-35.9 compared to the approved 2021 REB), decreasing compared to the initial budgeted level, due to the expected level of interest rates and money market conditions in 2021.

The main factors with significant impact in determining the operating profit in the sense of influencing operating revenues are the estimated sales prices for electricity, and in the sense of influencing the operating expenses, they are estimated at a level sufficient to achieve the activity of the Company, under conditions of ensuring nuclear safety and maintaining a certain level of the amount of electricity available to comply with the electricity sale contracts. Also, the expense level is influenced by the necessity of budgeting a quantity of energy to be purchased in the period of planned and unplanned outages, which causes a high level of “commodity expenses” at least to the budgeted level, prudentially.

Another important determining factor is the provision of a level of expenses that allows for all scheduled repair and maintenance activities for the budgeted year, in accordance with the internal estimates due to the experience and expertise of the personnel qualified to carry out such repair and maintenance plans, and in accordance with applicable regulations and compliance requirements. At the same time, the budgeting exercise considers the needs related to the basic activity, which is carried out in order to support it and without which the proper development of the activity is hindered.

VI. CORPORATE TAX

Corporate tax (row 141) - an increase of RON 44,713 thousand (+44.4% compared to the approved 2021 REB), as a result of the increase in the estimated current profit for 2021.

The income tax expenses in the amount of RON 145,370 thousand (+44.4% compared to the approved 2021 REB) were determined in accordance with the provisions of the Tax Code. The estimates of non-deductible tax expenses and the non-taxable revenues in the calculation of the income tax for the year 2021 were made considering the achievements of 2020.

Non-deductible expenses in the amount of RON 155,453 thousand (-1.9% compared to the approved 2021 REB) mainly include the amounts representing the surplus from revaluation under reserves, the amount of spare parts scrap, the amount of the provision for the intermediate storage of the burnt fuel, the amount of the provision for radioactive and non-radioactive waste, the value of the provision for the employee benefits, the value of the sponsorships, and the amount of the employees’ participation in the profit.



Non-taxable income in the amount of RON 90,092 thousand (no change compared to the approved REB 2021), mainly comprises income from provisioning.

VII. INVESTMENT PROGRAM, FITTINGS AND FINANCING SOURCES (ANNEXES NO. 4 AND 4.1)

The **approved** budgeted level of the investment program for 2021 is **RON 652 million**, of which:

- **RON 434 million in investments and fittings;**
- **RON 218 million** in debts servicing of the company's external loans.

The **rectified** level proposed in this note is **RON 605 million (decrease by RON 47 million)**, of which:

- **RON 357 million in investments and endowments (RON -77 million);** As of 30.06.2021, the degree of investment achievement, compared to the initially approved budgeted level, is 42%. By reaching the proposed rectified level, the investment implementation rate would reach 82%.
- **RON 248 million (+ RON 30 million)** in repayments of external loans.

The total investment program implementation rate (investment implementation rate plus loan repayments) will, according to the adjusted level, reach 93%, with an investment implementation rate excluding debt service of 82%.

Details of the investment program are given in Annex 4 attached. **Investment expenses (row II)** were reduced to the amount of the revised investment programs for 2021, by **RON 47,192 thousand**, as follows:

- **Ongoing investments (row A) - reduction by RON 38,847 thousand;**
- **New investments (row B) - reduction by RON 660 thousand;**
- **Investments made at the tangible assets (row C) - reduction by RON 4,055 thousand;**
- **Fittings (row D) - reduction by RON 33,524 thousand**
- **Reimbursements of instalments related to investment credits (row E) - increase by RON 29,894 thousand**, due to the evolution of the exchange rate of the currencies in which the company's loans are denominated.

VIII. CONCLUSION

The proposals for the rectification of the indicators in the annexes of the 2021 REB lead to **an estimated gross profit higher by RON 273,590 thousand, i.e. an increase of 41.3% compared to the budgeted level, as well as to a degree of achievement of total revenue of 110.85% and total expenditure of 101.14% compared to the approved level.**

The proposed rectification falls within the situations provided for in Art. 10 par. (2) of GO no. 26/2013, as a result of which the modification in the level of the economic and financial indicators provided for in the Revenue and Expenditure Budget for 2021 must be approved by the Resolution of the General Meeting of Shareholders, based on the provisions of OMFP no. 3 818/2019.



IX. PROPOSALS

In view of the above, we submit to the approval of the General Meeting of Shareholders the proposal to amend the Revenue and Expenditure Budget for 2021 on the basis of OMFP no. 3 818/2019.

Chief Executive Officer

Cosmin Ghita

Deputy Chief Executive Officer

Dan Laurentiu Tudor

Chief Financial Officer

Paul Ichim

Annexes:

- Revenue and Expenditure Budget rectified for 2021 and estimates for 2022 and 2023 (Annex No. 1);
- Details of the economic-financial indicators provided in the Rectified Revenue and Expenditure Budget and their distribution by quarters (Annex No. 2);
- Total revenue achievement degree (Annex No. 3);
- Rectified investment schedule (Annex No. 4);
- List of the “Fittings” position rectified for 2021 (Annex No. 4.1);
- Measures for improving the gross result and reducing outstanding payments (Annex No. 5).