



NUCLEARELECTRICA

**ENDORSED BY,  
Board of Directors  
Chairman  
Teodor Chirica**

## **Note on the appointment of the financial auditor for the financial years 2023, 2024 and 2025**

Pursuant to the provisions of Article 7 of Order of the Minister of Public Finance (OMFP) No 2844/2016 on the approval of accounting regulations compliant with the International Financial Reporting Standards, *„the individual annual financial statements prepared by entities pursuant to IFRS-compliant accounting regulations shall be subject to statutory audit as provided for by the law” and “the consolidated annual financial statements prepared by entities acting as parent companies shall also be subject to statutory audit, as provided for by the law”*.

Article 47 (1) of Government Emergency Ordinance No 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented, states that *„the financial statements of public enterprises shall be subject to financial auditing” and, according to (1<sup>^</sup>1) „statutory auditors shall be appointed by the General Meeting of Shareholders [...] prior to the end of the financial year, for a minimum term of 3 years”*.

Furthermore, pursuant to Article 144 (B) of the Financial Supervisory Authority (FSA) Regulation No 5/2018, the financial auditor shall analyse the transactions reported under Article 108 of Law No 24/2017 *on the issuers of financial instruments and market operations*, republished on 10 August 2021.

According to the provisions of the loan agreement concluded between the company and EURATOM, the financial conditionalities imposed by the lender shall be subject to a verification report prepared by an internationally renowned independent financial auditor.

The administration contracts of the members of the Board of Directors and the mandate contracts of the managers with powers delegated by the Board of Directors states that the variable allowance of directors/managers shall be determined in accordance with the fulfilment of goals, namely depending on the fulfilment level of performance indicators as approved under the Administration/Management Plan. In order to guarantee a high degree of assurance regarding the calculation and the fulfilment level of performance indicators by the management, the company

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Paid and subscribed capital: 3.016.438.940 lei.

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is requesting the financial auditor to verify the said calculation and the fulfilment of the performance indicators and to issue a quarterly report to reflect such verification.

The company prepares individual and consolidated simplified interim financial statements as requested under Article 223, Chapter B (1) of FSA Regulation No 5/2018. The Regulation states that the financial auditor's report and full comments shall be part of the half-yearly reporting, provided the half-yearly financial statements in questions have been audited; if they have not been audited, the issuer shall make an express note thereof in the half-yearly report.

In order to guarantee a degree of assurance regarding the information comprised in the individual and consolidated interim financial statements, the company is requesting the financial auditor to issue a report on the limited review of financial statements, in accordance with the International Standard for Interim Financial Statements Review ISRE 2410 – „Review of interim financial statements prepared by the entity's independent auditor”.

Given the aforementioned legal provisions and the expiry of Agreement No RUEC 774/17.06.2020 concluded with Mazars Romania S.R.L., as an agreement of which subject-matter was the provision of financial audit and auditing services until 31 December 2022, it is required that a new agreement be concluded for a 3-year term, in respect of the following financial audit and auditing services:

- a) **Financial audit services in respect of the Individual Annual Financial Statements** prepared by S.N. Nuclearelectrica S.A. in accordance with the provisions of Order of the Minister of Public Finance No 2844/19.12.2016 on the approval of accounting regulations compliant with the International Financial Reporting Standards, for the financial years ended on 31 December 2023, 31 December 2024 and 31 December 2025;
- b) **Financial audit services in respect of the Consolidated Annual Financial Statements** prepared by S.N. Nuclearelectrica S.A. in accordance with the provisions of Order of the Minister of Public Finance No 2844/19.12.2016 on the approval of accounting regulations compliant with the International Financial Reporting Standards, for the financial years ended on 31 December 2023, 31 December 2024 and 31 December 2025;
- c) **Auditing services in respect of the XBRL labelling** (eXtensible Business Reporting Language) for the labelled elements of the Consolidated Annual Financial Statements included in the Annual Financial Report prepared in European Single Electronic Format, including review services concerning the correct transposition of the Annual Financial Report in Extensible Hypertext Markup Language (“XHTML”) format for the financial years ended on 31 December 2023, 31 December 2024 and 31 December 2025;
- d) **Review services** rendered in accordance with the International Standard for **Interim Financial Statements Review ISRE 2410** „Review of interim financial statements prepared by the entity's independent auditor”, for the **Individual Interim** Financial Statements (limited review) prepared in accordance with the International Accounting Standard 34 – „Interim financial reporting”, for the six-month period ended on 30 June

2024, 30 June 2025 and 30 June 2026;

- e) **Review services** rendered in accordance with the International Standard for **Interim Financial Statements Review ISRE 2410** „Review of interim financial statements prepared by the entity’s independent auditor”, for the **Consolidated Interim** Financial Statements (limited review) prepared in accordance with the International Accounting Standard 34 – „Interim financial reporting”, for the six-month period ended on 30 June 2024, 30 June 2025 and 30 June 2026;
- f) **Analysis and verification services for the SNN transactions reported in Current Reports** prepared in accordance with the provisions of Article 108 of Law No 24/2017 on the issuers of financial instruments and market operations, republished, and of FSA Regulation No 5/2018, as subsequently amended and supplemented, under the International Standards on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information („ISAE 3000”), for semester II of 2023, semesters I and II of 2024 and 2025 and semester I of 2026;
- g) **Services on agreed-upon procedures** to verify the degree of fulfilment of the financial conditionalities provided for in the loan agreement concluded between SNN and the European Atomic Energy Community („EURATOM”) according to the International Standards on Related Services Applicable to Assignments on Agreed-Upon Procedures („ISRS 4400”), for semester II of 2023 and semester I of 2024;
- h) **Services on agreed-upon procedures to verify the degree of fulfilment and the calculation of performance indicators**, as derived from the administration/mandate contracts of directors and managers with powers delegated by the Board of Directors, for quarter IV of 2023 aggregate, quarterly for years 2024 and 2025, as well as for quarters I, II and III of 2026, in compliance with the International Standards on Related Services Applicable to Assignments on Agreed-Upon Procedures („ISRS 4400”), in respect of the administration/mandate contracts of directors and managers with powers delegated by the Board of Directors which are in effect upon the conclusion of the audit agreement, but also for the subsequent administration/mandate contracts concluded during the term of the audit agreement, as applicable. Depending on the actual provisions of the administration/mandate contracts to be concluded with the SNN directors/managers, the frequency of verifications concerned with the degree of fulfilment and with the calculation of the overall performance level may differ; is so, such situation shall be reflected in the contractual relationship.

The Procurement Initiation Documents („PID”) were completed on 5 January 2023; however, as a result of several amendments and additions derived from objective factual circumstances, but also as a result of amendments to the applicable legal framework, including legal framework regarding sectoral procurement, and given the need for market consultation, the award procedure for the service contract „Financial audit and auditing services” was initiated, through the publication of the participation announcement in SEAP, on 23 September 2023, with only one bidder submitting an offer, namely PKF FINCONTA S.R.L. Currently, clarifications have been

requested regarding the supporting documents submitted by the bidder regarding the demonstration of the fulfillment of the qualification requirements, the bidder's response and the Procedure Award Report, to be approved by ANAP, in accordance with the provisions of Emergency Ordinance no. 98/14.12.2017 regarding the ex ante control function of the process of awarding public procurement contracts/framework agreements, sectoral framework contracts/agreements and works concession and service concession contracts..

Having regard to:

- Resolution No 60/19.01.2024, whereby the Audit Advisory Committee endorsed the proposal that the company PKF FINCONTA S.R.L. should act as financial auditor for the financial years 2023, 2024 and 2025 and should render the aforementioned services, as included in the Service Contract „Financial audit and auditing services”;
- the provisions of Article 20 (3) (h) of SNN’s Articles of Incorporation, according to which SNN’s Board of Directors has the duty to „present the General Meeting with proposals to appoint and dismiss the financial auditor and with proposals on the minimum term of the audit agreement”;
- the provisions of Article 13 (2) (d) of SNN’s Articles of Incorporation, according to which the General Meeting of Shareholders has the duty to “appoint and dismiss the financial auditor and to set the minimum term of the financial audit agreement”;
- the provisions of Government Emergency Ordinance No 109/2011 *on corporate governance of public enterprises* (“OUG 109/2011”), as subsequently amended and supplemented, which, under its Article 47 (1<sup>^</sup>) states that „*statutory auditors shall be appointed by the General Meeting of Shareholders [...] prior to the end of the financial year, for a minimum term of 3 years*”.

we are hereby requesting the General Meeting of Shareholders to nominate the company PKF FINCONTA S.R.L. as the financial auditor of SN Nuclearelectrica SA for a 3-year term, namely for the financial years 2023, 2024 and 2025, to render the aforementioned services as stated in the Service Contract “Financial audit and auditing services ”, and to agree to a remuneration of the financial auditor in the amount of RON 3,000,000 (without VAT) for the services referred to above relating to the term of the contract.

**Cosmin Ghita**  
**Chief Executive Officer**