



DISCLAIMER: With a view to complying with the provisions of OG 26/2013, OMFP 3818/2019 and Law no. 421/2023, regarding the content and format of the income and expenditure budget templates, **the estimation of the indicators achieved for the year 2023** to which the budgeted level of the year 2024 is reported, **was carried out on the basis of the trial balance issued on January 10, 2024, the balance that represents a preliminary trial balance for the year 2023**. The preliminary unaudited annual financial results for the year 2023 are to be published on February 29, 2024, according to the financial calendar, and the final audited annual financial statements for the year 2023 are to be approved in the General Assembly meeting of SNN Shareholders from April 25, 2024, in accordance with the approved and published financial calendar.

**Approved,
Board of Directors Chairman
Teodor Minodor Chirica**

NOTE
**on the substantiation of the draft Income and Expenditure Budget
of S.N. “Nuclearelectrica” S.A. for the year of 2023**

The Draft 2024 Income and Expenditure Budget (“IEB”) of S.N. Nuclearelectrica S.A. (“SNN”) for the year 2024 was drawn up in accordance with the provisions of OG no. 26/2013 *regarding the strengthening of financial discipline at the level of some economic operators in which the state or administrative-territorial units are sole or majority shareholders or hold directly or indirectly a majority participation*, with subsequent amendments and additions, which regulate as follows:

- Art. 6 para. (1[^]1) *The economic operators provided for in art. 4 para. (1) lit. d), whose shares are admitted to trading on a regulated market and their subsidiaries, present to the General Assembly of shareholders according to the law, for approval, after prior consultation with the trade union organizations, the income and expenditure budget accompanied by supporting appendices, drawn up in in accordance with the legal provisions in force, within 60 days from the entry into force of the state budget law or from the date of approval of the local budgets of communes, cities, municipalities, sectors of the municipality of Bucharest, counties and the municipality of Bucharest, as applicable;*
- Art. 7 para. (1) *Annually, through the State Budget Law, wage policy objectives are established on the basis of which economic operators base the indicators from the income and expenditure budgets;*
- Art. 9 para. (1) *When substantiating their income and expenditure budgets, economic operators shall consider including, but without limitation to, the following:*
 - a) *observance of the policy of the Government and of the administrative and territorial units as to improvement of the economic and financial performances of economic operators;*
 - b) *observance of the waging policy objectives set out under the annual State Budget Law.*

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Substantiation of the Income and Expenditure Budget of SNN was made in compliance with the legal provisions contained in:

- Law no. 421/2023 of the State Budget for the year 2024;
- 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 in which they hold directly or indirectly a majority stake, as subsequently amended and supplemented;
- MoPF Order no. 3.818/2019 approving of the format and structure of the income and expenditure budget, as well as of its substantiating appendices;
- Government Emergency Ordinance no. 109/2011 on corporate governance, as subsequently and supplemented;
- Government Ordinance no. 64/2001 on the profit distribution at national enterprises, national companies and companies with full or majority State capital, as well as at self-governed administrations, as subsequently amended and supplemented;
- Law no. 74/2023 for the approval of the signing of the Support Agreement between the Romanian state and the National Society "Nuclearelectrica" - S.A. regarding the Cernavodă CNE Units 3 and 4 Project;
- Law no. 227/2015 regarding the fiscal code, with subsequent amendments and additions;
- The company's 2024 valid collective bargaining agreement ("CBA");
- other regulations and incidental laws, in force.

The draft budget of income and expenses for the year 2024 was subject to financial management control according to the provisions of GD no. 1151/2012 for the approval of the methodological rules regarding the way of organizing and exercising the activity of financial management control, the approval obtained is conditional on the subsequent fulfillment of the provisions of article 73, paragraph (2) of Law no. 421/2023 regarding the state budget for 2024.

The programs of measures to improve the gross result and reduce outstanding payments proposed by this budget project will be taken into account when establishing the performance indicators of the company's management in the case of new future mandate contracts. Currently, the management of the company has performance indicators established through mandate contracts concluded before the preparation of this budget, but even these already existing performance indicators measure, by their intrinsic nature, the application of improvement measures, and the level of the economic-financial indicators in the budget was determined taking into account the targets of the performance indicators of the management, as it appears from the administration plan, with the management component included, and from the existing mandate contracts.

In order to comply with the provisions of Government Ordinance no. 26/2013, OMFP 3818/2019 and Law no. 421/2023, regarding the content and format of the income and expenditure budget templates, **the estimation of the indicators achieved for the year 2023** to which the budgeted level of the year 2024 is reported, **was carried out on the basis of the verification balance issued on January 10, 2024, the balance that represents a preliminary trial balance for the year 2023**. The preliminary unaudited annual financial results for the year 2023 are to be published on February 29, 2024, according to the financial calendar, and the final audited annual financial statements for the year 2023 are to be approved in the General Assembly meeting of SNN Shareholders from April 25, 2024, in accordance with the approved and published financial calendar.

The draft income and expenditure budget for 2024 foresees a **gross profit of 1,509,762 thousand lei (-974,876 thousand lei (-39.2%) vs. 2023 rectified budget, respectively -1,337,353 thousand lei (-47%) vs. . preliminarily realized 2023) and a net profit of 1,272,002 thousand lei (-39.3% vs. 2023 rectified budget,**

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respectively -47.8% vs. preliminarily realized 2023). The results are obtained on account of total incomes of 4,661,677 thousand lei (-41.0% vs. rectified budget 2023, respectively -41.7% vs. preliminary realized 2023) and total expenses of 3,151,915 thousand lei (-41.9% vs. rectified budget 2023, respectively -38.8% vs. preliminarily realized 2023), as well as on account of the estimated profit tax in the amount of 237,760 thousand lei (-38.8% vs. rectified budget 2023, respectively -41.2% vs. preliminarily achieved in 2023).

The percentage comparisons presented below refer to the budgeted amounts for the year 2024 compared to the preliminary achieved values for the year 2023, being indicated in the form of "+/- x%", unless otherwise specified.

I. TOTAL INCOMES

Total incomes were estimated at **4,661,677 thousand lei** (-41.7%), of which operating income **4,434,259 thousand lei** (-41.5%) and financial income **227,418 thousand lei** (-44.9%).

1. Operating income (line 2) in the amount of **4,434,259 thousand lei** includes income from sold production in the amount of **4,324,045 thousand lei** (-41.8%) (line 3), of which income from the sale of products representing energy electrical and thermal are in the amount of **4,316,307 thousand lei** (-41.9%) (line 4).

1.1. Income from the sale of electricity – 4,310,286 thousand lei, at a scheduled quantity for sale of **10,453 GWh**, resulting in a weighted average selling price of **412.36 lei/MWh** (price without Tg).

The draft income and expenditure budget provides for the sale in 2024 of a total amount of electricity of **10,453 GWh**, at an average selling price of **416.10 lei/MWh** (taking into account the value of the positive imbalances estimated by value and the tariff transport Tg).

The premises of the budget construction for the incomes from the sale of electricity are the following:

a. Cernavodă NPP's electricity delivery programme

The amount of electricity forecast to be **delivered** was estimated based on the CNE forecast for the electricity **production program for the year 2024** no. CNE_SNN-23-04718/14.11.2023 at the level of **10,228 thousand MWh** and was approved by Decision CA of SNN dated 282/21.12.2023. To this is added a quantity estimated to be necessary to purchase for the optimization of the sales mix, especially during the stoppages (planned and unplanned). The production and delivery schedule was drawn up considering the operation of the nuclear units at a high capacity factor, similar to the levels of previous years over a multi-year period, a duration of the planned shutdown at Unit 1, of about 38 days, as well as unplanned shutdowns, at Units 1 and 2, based on historical data over a long period. In the nuclear industry, unplanned shutdowns are part of a normal operation of nuclear units, and prudent management requires budgeting a number of unplanned shutdown hours based on multi-year averages.

b. The electricity sales program by SNN

The incomes forecast was based on a **sales program of 10,453 thousand MWh** and on **the contracts already concluded** until the date of drawing up the IEB for the deliveries of electricity that will take place in 2024, as well as on price assumptions related to the average price on various OPCOM platforms, for the **remaining quantity to be contracted (57.2%** of the total quantity to be sold).

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Thus, from the combination of the data related to the quantities and certain prices related to the concluded sales transactions, with the assumptions related to the quantities remaining to be sold and the estimated prices, it results that the value of the preliminary electricity production to be sold/delivered in 2024 is **4,310,286 thousand lei** (without TG).

1.2. Income from the sale of thermal energy – 6,021 thousand lei

The incomes from the sale of thermal energy, with a reduced weight in total operating incomes, were estimated taking into account a quantity of delivered thermal energy of about 70.07 thousand Gcal, at the production and transport price of 85.93 lei/Gcal .

1.3. The income from royalties and rents (line. 6) were estimated at the amount of **5,957 thousand lei**, representing the incomes obtained from the rental of some lands and administrative spaces, as well as the rental of assets to the Uranium Concentrate Processing Factory - Feldioara S.R.L., a subsidiary of SNN.

1.4. Other income (line 7) in the amount of **1,781 thousand lei** are represented by various incomes, including incomes from the sale of green certificates and incomes from the sale of residual products.

1.5. Income from sale of goods (line 8) in the amount of **39,075 thousand lei** (+4.5%) represent the value of electricity transportation. The transport rate established by ANRE order no. 109/2023 is 3.82 lei/MWh (regulated rate) starting January 1, 2024. This type of income has a counterpart in the cost of goods sold, which is billed to SNN customers.

1.6. Income from the production of fixed assets (line 12) in the amount of **48,965 thousand lei** mainly represents the capitalized value of the costs related to the staff allocated to the Retechnology Unit 1 and Detrition Installation (CTRF) projects, projects developed according to the Investment Strategy of SNN related to period 1 July 2020 – July 1, 2025 and carried out through the CNE Cernavoda Branch.

1.7. Income related to the production cost in progress (line 13) – 7,798 thousand lei, estimated in accordance with the planned production of nuclear fuel bundles from FCN Pitesti.

1.8. Other operating income (line. 14) in the amount of **14,376 thousand lei** (-28.0%), mainly represents the income from subsidies for investments, representing loan repayments and interest payments made by the Romanian State to banks, on behalf of SNN, for the financing of Unit 1. These sums are taken over annually from incomes, according to the depreciation of the fixed assets financed from the respective subsidies. Also, within these incomes are estimated incomes from the sale of tangible assets, which are expected to be obtained following the valorization of some unused assets. The difference recorded in relation to the preliminary achieved values of the year 2023 is determined by the recording in the year 2023 of some incomes from penalties and compensations that are no longer found in the year 2024.

2. The financial income, in the amount of **227,418 thousand lei** (-42.8%), was estimated based on the forecast of the income from exchange rate differences, the interest that will be remunerated by the banks on the deposits in lei set up by the company, such as and interest related to financial investments, both in lei and in foreign currency.

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II. TOTAL EXPENSES

Total expenses in the amount of 3,151,915 thousand lei (-38.9%) include operating expenses of **3,111,106 thousand lei (-39.2%)** and financial expenses **40,809 thousand lei (+27.1%)**.

The substantiation of the expenses was made taking into account the estimated inflation indices and/or the evolution of the forecasted exchange rates according to the autumn 2023 forecast of the National Forecasting Commission, for those costs which by their nature have a relatively linear evolution, adjusted in accordance with their own expectations SNN regarding the evolution of the exchange rate.

A nuclear power plant can operate under conditions of full nuclear safety and operational excellence, only with the provision of the necessary financial resources for maintenance, operation and investment activities; thus, at the level of operational expenses of operation and maintenance, the philosophy of building the budget has a "bottom-up" approach, in the sense that the activities programmed at the level of detail are the ones that generate the annual and multi-annual needs. This is the way in which the company provides the resources necessary to achieve the above-mentioned goals, specific to the nuclear industry.

1. Operating expenses in the amount of 3,111,106 thousand lei (-39.2% vs. preliminarily realized 2023, -42.3% vs. rectified budgeted 2023) are made up of expenses with goods and services, expenses with taxes, fees and assimilated payments, personnel expenses and other operating expenses.

A. Expenditures for goods and services in the amount of **1,198,539 thousand lei (+47.8% vs. preliminarily realized 2023, +20.0% vs. rectified budget 2023)** include the expenses detailed below:



- thousand lei -

INDICATORS	Row no.	Provisions for the previous year 2023		2024	%	%	
		Approved according to BOD Resolution no. 232/27.10.2023	Preliminary / Achieved 2023				
		0	1				
		2	3	4	5=4/2	6=4/3	
A1	Inventory expenses	31	636,937	482,128	788,906	123.9%	163.6%
A2	Expenses with services provided by third parties	39	137,833	130,507	147,628	107.1%	113.1%
A3	Expenses with third party services	45	224,116	198,437	262,005	116.9%	132.0%
Total			998,886	811,072	1,198,539	120.0%	147.8%

A1 - expenses regarding stocks in the amount of 788,906 thousand lei (+63.6% vs. preliminarily realized 2023, +23.9% vs. rectified budgeted 2023), represents the consumption of raw materials and necessary materials, both for the current maintenance program with Power plant in operation, as well as for the maintenance program scheduled to be carried out during planned or unplanned shutdowns, respectively spare This a free translation from the Romanian version. In case of any differences between the Romanian and English version, the Romanian version prevails

parts, auxiliary materials, other consumables, inventory items and work protection equipment, energy, water and gas consumption, expenses with the goods (electricity purchased on the free market during shutdowns, the purchase of green certificates, the fee for the introduction of energy into the transport network which is paid to CN Transelectrica SA - zonal transport tariff Tg).

- thousand lei -

A1 - Inventory expenses		Row no.	Provisions for the previous year 2023		2024	%	%
			Approved				
			according to BOD Resolution no. 232/27.10.2023				
0		1	2	3	4	5=4/2	6=4/3
a)	expenses with raw materials	32	187,878	157,361	264,840	141.0%	168.3%
b)	expenses with consumables	33	92,330	90,045	112,400	121.7%	124.8%
c)	expenses regarding materials such as inventory items	36	4,484	3,691	6,745	150.4%	182.7%
d)	energy and water expenses	37	127,264	124,147	161,803	127.1%	130.3%
e)	commodity expenses	38	224,981	106,884	243,118	108.1%	227.5%
Total			636,937	482,128	788,906	123.9%	163.6%

a) Raw materials expenses in the amount of 264,840 thousand lei (+68.3% vs. preliminarily realized 2023, +41.0% vs. rectified budget 2023) represent the consumption of sinterable uranium powder, for the manufacture of nuclear fuel. The expenses foreseen for the year 2024 were determined mainly according to the physical production, the standard costs and according to the estimated costs of purchasing uranium powder, Zircaloy-4 products and other raw materials. The cost of the sinterable powder of U in UO₂ was calculated taking into account the existing uranium stock on 31.12.2023 and the cost of the U powder in UO₂ resulting from the processing of the technical concentrate of uranium purchased from Cameco Corporation and from Kazatomprom, the average consumption cost increasing by +33.2%. In the event that the price of the powder, which will be regulated/contracted, will show significant variations compared to the budget projection (increase/decrease), this budget position will have to be rectified.

The expenses with Zircaloy-4 products in the amount of 23,528 thousand lei (+4.7% vs. preliminarily achieved in 2023), were determined taking into account the estimated stock value on December 31, 2023 and the unit prices in foreign currency from the supply contracts in force.

Expenses with other raw materials in the amount of 2,100 thousand lei (51.6% vs. preliminarily achieved in 2023), whose increase is mainly determined by the increase in the purchase price of helium cylinders.

b) Expenditures for consumables in the amount of 112,400 thousand lei (+24.8% vs. preliminarily realized 2023, +21.7% vs. rectified budgeted 2023), consist of:

- expenses with spare parts (32,054 thousand lei), expenses generated mainly by the current maintenance, repair and replacement programs of the nuclear units and includes the consumption from the existing stock on December 31, 2023, as well as the purchases expected to be made during the year 2024 (this expense chapter does not include essential, vital and critical spare parts, elements that, having a period of use greater than 1 year, are recognized according to IAS 16 in fixed assets, for which depreciation is calculated);
- fuel expenses (3,375 thousand lei), an increase of 5% compared to the preliminary 2023, including fuel used, both for the operating needs of the Diesels of the two Units, as well as for the Start-up Thermal Power Plant, as well as car fuel consumption;
- expenses with other consumables (76,971 thousand lei), represents the consumption of materials for current maintenance and repairs, radiation protection and labor protection, administrative, materials of the type: technical and special gases, oils, chemicals, radiation protection materials and other consumables for the maintenance and operation of the plant, in accordance with the estimated needs for the year 2024;

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c) Expenses regarding materials of the nature of inventory items in the amount of 6,745 thousand lei (+82.7% vs. preliminarily achieved in 2023). The main expenses in this category represent expenses for supporting the activities of the maintenance and repair, radioprotection, administrative and physical protection departments, representing individual equipment needed for body protection, fire extinguishers, scaffolding, as well as the purchase of standards and regulations.

d) Expenditures regarding energy and water in the amount of 161,803 thousand lei (+30.3% vs. preliminarily realized 2023, +27.1% vs. rectified budgeted 2023), include technological water expenses, current water consumption and electricity for outdoor spaces. The main increase is the expenditure on technological water by 35.2%, represented in particular by the indexed estimate of cooling water costs from the Danube (estimated at an average rate of 45.34 lei/thousand cubic meters).

e) Expenditures on goods in the amount of 243,118 thousand lei (+127.5% vs. preliminarily realized 2023, +8.1% vs. rectified budgeted 2023). This category includes:

- **the counter value of electricity transport at the regulated tariff (TG)** paid to CN "Transelectrica" SA for the injection of electricity into the electricity transport network, which is also found in incomes from the sale of goods, at the same value, being invoiced and recovered from customers - 39,075 thousand lei, the applied tariff being 3.82 lei/MWh, starting with January 1, 2024, according to ANRE Order no. 109/2023;
- **expenses for electricity estimated to be purchased from the free market during the stoppages - 204,043 thousand lei**, especially for unplanned stoppages. This quantity is provided for the fulfillment of the obligations resulting from the electricity sales contracts concluded with the customers, considering the unavailable quantities caused by the shutdowns. The variation compared to the preliminary achieved level of 2023 comes from the inclusion of the amount of electricity that would be purchased to cover the production deficit during planned or unplanned shutdowns, to allow the sale of additional quantities in the band, to optimize the sales mix.

Savings can be made in execution in this expenditure chapter (as they were achieved in 2023), but only in the conditions where the number of hours of unplanned stoppage realized will be significantly lower than the number of hours of unplanned stoppage budgeted, and the cost of purchased energy will be lower than or at most equal to the budgeted level.

According to the recommendations formulated by the manufacturer and industry standards, for a CANDU 6 nuclear power plant, a number of around 150 hours of unplanned shutdowns are estimated annually for each unit. Prudential, SNN estimates for the year 2024 a number of hours of unplanned shutdowns of approximately 264 hours for the two nuclear reactors, however, depending on the effective operation of the plant, the number of hours of unplanned shutdown actually achieved may be higher or lower than the planned. Cost savings can be achieved in execution, which cannot be ignored or diminished when preparing the IEB; on the other hand, exceeding the number of unplanned shutdown hours, respectively the fluctuation of the purchase price of this energy requirement, may attract exceeding the budgeted expenses.

The level of expenses is influenced by the need to budget a quantity of energy to be purchased during planned and unplanned shutdowns, which determines a high level of "commodity expenses" at least at the budgeted level.

The expenses are substantiated in a prudent manner, but with the preservation of the high level of quality standards necessary for the operation and maintenance of nuclear power plants.

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The above-mentioned aspects led to the increase of the level foreseen for the expenses with the goods (chapter in which the electricity purchased for the planned and unplanned shutdowns is reflected) compared to the preliminarily achieved level in 2023.

A2 - expenses related to services performed by third parties in the amount of 147,628 thousand lei (+13.1% vs. preliminarily realized 2023, +7.1% vs. rectified budgeted 2023). The required estimated level of services is based on the specific operating requirements, as well as on ongoing contracts which are generally multi-year.

- thousand lei -

A2 - Other expenses with services provided by third parties		Row no.	Provisions for the previous year 2023		2024	%	%
			Approved	Preliminary / Achieved 2023			
			according to BOD Resolution no. 232/27.10.2023				
0	1	2	3	4	5=4/2	6=4/3	
a)	expenses with maintenance and repairs	40	122,307	115,039	131,535	107.5%	114.3%
b)	rent expenses	41	584	553	624	106.8%	112.8%
c)	insurance premiums	44	14,942	14,915	15,469	103.5%	103.7%
Total			137,833	130,507	147,628	107.1%	113.1%

a) Maintenance and repair expenses (131,535 thousand lei), which include both the services required for the current maintenance program with the Power Plant in operation for all the Power Plant systems (electrical, ventilation, mechanical systems, process parameters monitoring, equipment and installations from the fixed front, the sieve house and the pump house, of the power transformers, of the lifting installations, of the "STA" water treatment plant, etc.), as well as the repair and maintenance services of Unit 1 scheduled for the planned shutdown in May – June 2024 (those repair and maintenance services that do not represent an investment, but an expense).

The value proposed for this expense chapter is correlated with the maintenance and repair program, program included in the Annual Activity Plan. For the year 2024 in this chapter the value increased by approx. 14.3% compared to the preliminary result of 2023 as a result of several factors: conclusion of new contracts for maintenance and upkeep in the Central with tariffs according to current conditions (increase by approx. 6,900 thousand lei), indexation of tariffs according to contractual clauses;

b) Expenses regarding rents (624 thousand lei) include updated expenses regarding the rented areas for storing equipment and materials from CNE management in the Saligny area, rent for nitrogen and hydrogen storage tanks, rent for portable multigas detectors, rent for renting the LEA overhead power line #5606.

c) Expenses regarding insurance premiums (15,469 thousand lei) include the nuclear risk insurance of the Power Plant, liability insurance for management and administrative staff, insurance for travel abroad, insurance for work accidents and occupational diseases for SNN staff, as well as and other insurances. The budgeted level in the year 2024 represents the maximum level that can be achieved, under the conditions provided by these types of insurance, higher than the level achieved for the year 2023, the period in which the company benefited from the reimbursement of an insurance premium from the total value of the risk insurance nuclear.

A3 - expenses with other services performed by third parties, in the amount of 262,005 thousand lei (+32.0% vs. preliminarily realized 2023, +16.9% vs. rectified budget 2023) represent: expenses regarding commissions and fees, protocol expenses, advertising and publicity expenses, sponsorship expenses, expenses for the transport of goods and people, expenses for travel, posting, transfer, expenses for banking services, postal expenses and telecommunications fees, insurance services for the security and protection of objectives and personnel, services regarding the maintenance of computer technology, staff training services, radioactive waste management services, etc. And in the case of this category of expenses, the significant weight is held by those services that are generated by CNE Cernavoda, it being necessary to budget covering resources for the programmed activities. At the contractual level, the ongoing existence of multi-year service contracts adds certainty to the quantitative and value level of these service expenses.

- thousand lei -

A3 - Expenses with third party services	Row no.	Provisions for the previous year 2023		2024	%	%
		Approved				
		according to BOD Resolution no. 232/27.10.2023	Preliminary / Achieved 2023			
0	1	2	3	4	5=4/2	6=4/3
a) expenses with collaborators	46	-	-	-	0.0%	0.0%
b) expenses with commissions and fees	47	5,107	978	5,213	102.1%	533.3%
c) hospitality, promotion and advertising expenses	49	1,716	1,316	3,929	229.0%	298.6%
d) Sponsorship exp.	56	17,187	7,137	6,545	38.1%	91.7%
e) expenses with the transportation of goods and persons	61	7,441	7,755	10,790	145.0%	139.1%
f) expenses with travels, secondments, transfers	62	12,253	9,100	12,350	100.8%	135.7%
g) postal expenses and telecommunications taxes	66	503	435	439	87.3%	100.9%
h) expenses with banking and assimilated services	67	478	470	532	111.3%	113.1%
i) other expenses with services provided by third parties	68	29,380	27,706	43,495	148.0%	157.0%
j) other expenses	77	150,051	143,540	178,712	119.1%	124.5%
Total		224,116	198,437	262,005	116.9%	132.0%

- **Expenses regarding commissions and fees (line 47) – 5,213 thousand lei**, mainly represents expenses related to legal consultancy, in accordance with the estimates regarding the external legal consultancy required in 2024. The significant increase compared to the preliminary achieved value for 2023 is determined by the need for the budget some assistance/consulting services in connection with the major investment objectives, as well as the major strategic objectives from the Investment Strategy of SNN, related to the period July 1, 2020 - July 1, 2025 approved by the shareholders. The purchase of legal consulting services is justified by the fact that, both from the perspective of the estimated workload and from the perspective of the special legal expertise required, such services cannot be provided by the specialized legal staff employed within SNN. The acquisition of these services was approved by AGEA Decision no. 12/28.10.2021, for a period that also covers the year 2024.
- **Protocol, advertising and publicity expenses (line 49) are estimated at a value of 3,929 thousand lei**, as follows:
 - Protocol expenses (706 thousand lei) were sized below the level of deductibility provided in the Fiscal Code and in compliance with the maximum limits provided in Annex 2 of Ordinance no. 80/2001 regarding the establishment of expenditure norms for public administration authorities and public institutions;
 - Advertisement and advertising expenses (3,223 thousand lei) are aimed at increasing the degree of understanding and acceptance of nuclear energy domestically and internationally, maintaining a positive image for SNN, countering actions with a negative impact on the development of the national energy program, promoting the implementation projects by SNN;

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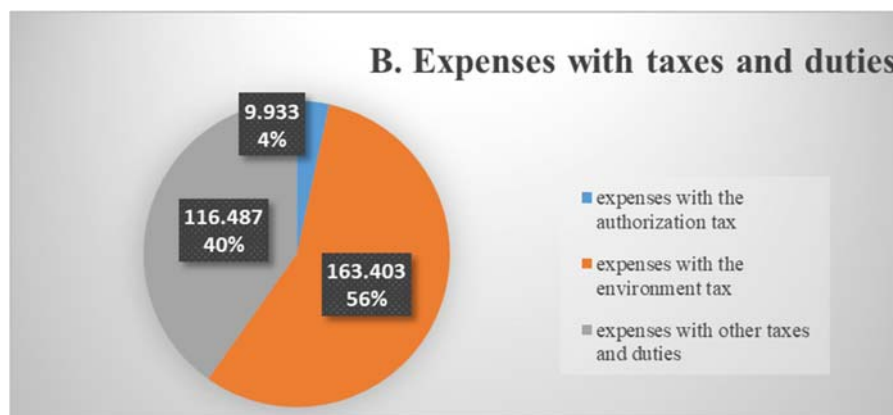
- Sponsorship expenses (line 56) - 6,545 thousand lei, are provided at a lower level than provided by the rectified budget of 2023, according to the level of deductibility provided in the Fiscal Code. These expenses are granted in compliance with the provisions of Law no. 32/1994 regarding sponsorship, with subsequent amendments and additions and with the express approval of the Board of Directors, the actions for which sponsorship is granted being presented for information in the AGM; the allocation of sponsorships between the fields of medical and health (40%), education, social and sports (40%) and for other actions and activities (20%) is in accordance with the provisions of GEO 2 /2015. When substantiating sponsorship expenses, the provisions of art. LX from GEO no. 115/2023.
- **Expenditures for the transport of goods and people (line 61) – 10,790 thousand lei**, representing expenses for passenger transport and goods transport services, increasing compared to the level of 2023, determined mainly by the conclusion of new contracts, at updated rates;
- **Travel, secondment, transfer expenses (line 62) – 12,350 thousand lei**, shows an increase of +35.7% compared to the preliminary value achieved in 2023, as a result of the need to travel to Korea for the personnel involved in the project of detritus (approx. 1,600 thousand lei), of the movement of the personnel from the Retechnology of Unit 1 for training in Canada (approx. 1,200 thousand lei), of the movements for training activities of the CNE staff in the country and abroad (approx. 4,100 thousand lei) and other trips for carrying out the activity, for participation in benchmarking, for assisting at various manufacturing stages (approx. 3,100 thousand lei);
- **Postal expenses and telecommunications fees (line 66) - 439 thousand lei**, includes the estimated expenses for telephone and internet services, estimated at a level similar to that achieved in 2023, in accordance with the required level of activity and in accordance with tariff changes regarding landline, mobile and data services;
- **Expenses with banking and similar services (line 67) estimated at 532 thousand lei**, including the estimated expenses for bank commissions, with an increase of 13.1% compared to the preliminary value achieved in 2023;
- **Other expenses with services performed by third parties (line 68) – 43,495 thousand lei**, of which:
 - a) **Insurance and security expenses (4,413 thousand lei)** include insurance and security services for objectives and personnel, increasing by +33.1% compared to the preliminary level achieved in 2023 as a result of the indexation of tariffs according to the contracts and the estimate the number of hours required in 2024;
 - b) **Expenses regarding the maintenance and operation of computing equipment (23,181 thousand lei)**, include the expenses for the maintenance of workstations, servers and HP equipment, database management systems, as well as for new IT equipment as a result of the expansion and modernizing the computer network. The increase estimated for the year 2024 compared to the year 2023 is mainly due to the needs of technical assistance services for Asset Suite (increase by 1,100 thousand lei), for the new Open Text document management system (increase by 800 thousand lei), for hardware maintenance and software (1,000 thousand lei);

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- c) **Professional training expenses in the amount of 15,761 thousand lei.** The level of these expenses is determined by the need to ensure the training of personnel, including management/coordination, operation, maintenance and technical personnel through experts from external specialized organizations, as well as the training of newly hired operating personnel according to the mandatory training program. The estimated increase for 2024 is mainly due to the start of the simulator training contract starting in October 2023;
- d) **Expenses with the revaluation of tangible and intangible assets (5 thousand lei)** necessary for the evaluation of dismantled assets;
- e) **Expenditure on the announcements regarding the auctions and other announcements (135 thousand lei)** increasing by 79.4% compared to the preliminary achieved for the year 2023, consisting of broadcast services through a regional radio station of the public information program, consultation announcements of the public during the environmental assessment stages for the projects of the CNE Cernavoda branch, according to the legal requirements for which a new contract was signed in 2023 with updated tariffs, as well as active sales announcements;
- **Other expenses (line 77) – 178,712 thousand lei,** which includes other operating services, such as radioactive and non-radioactive waste management and decontamination services, technical assistance, maintenance of the heating system, of the hydro circuit, cleaning services of technological and administrative spaces, maintenance of storage spaces, services provided by specialized nuclear organizations regarding the development of common programs.

These expenses are +24.1% higher than the preliminary achieved level in 2023, and +18.7% higher than the rectified budgeted level for 2023. The increase from this chapter is mainly due to additional requirements for services of professional consultancy in order to implement the investment projects that the company carries out, the review of the preliminary decommissioning plan, nuclear security analyzes and other activities scheduled for the year 2024

B. Expenses with taxes, duties and assimilated payments in the amount of 289,823 thousand lei (-89.8% vs. preliminarily realized 2023, -89.8% vs. rectified budgeted 2023) include expenses with authorization fee, environmental tax and other fees and taxes (including the ANRE fee and the tax calculated on the basis of Law no. 259/2021), according to the details below and the representation in the following chart.



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- thousand lei -

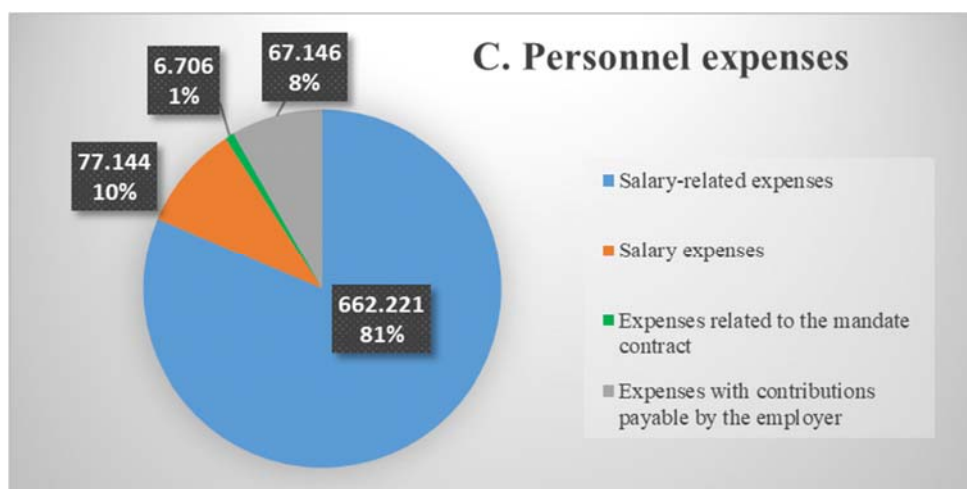
B - Expenses with taxes, duties and assimilated payments		Row no.	Provisions for the previous year 2023		2024	%	%
			Approved	Preliminary / Achieved 2023			
			according to BOD Resolution no. 232/27.10.2023				
0		1	2	3	4	5=4/2	6=4/3
a)	expenses with the tax for the activity of operating mineral resources	79	-	-	-	0.0%	0.0%
b)	expenses with the royalty for the concession of public assets and mineral resources	80	-	-	-	0.0%	0.0%
c)	expenses with the license tax	81	-	-	-	0.0%	0.0%
d)	expenses with the authorization tax	82	9,929	9,929	9,933	100.0%	100.0%
e)	expenses with the environment tax	83	103,649	103,366	163,403	157.6%	158.1%
f)	expenses with other taxes and duties	84	2,737,217	2,720,492	116,487	4.3%	4.3%
Total			2,850,795	2,833,787	289,823	10.2%	10.2%

- Licensing fee expenses mainly represent **CNCAN taxes and rates** regarding nuclear security, amounting to **9,900 thousand lei**.
- **Expenses with environmental tax - 163,403 thousand lei**, mainly represents the decommissioning fee of nuclear units and the final storage of radioactive waste, representing the company's contribution to the Decommissioning Plan by transferring to ANDR 2 EUR/MWh net product, according to the legislation in the field: for the permanent storage of radioactive waste - 1.4 EUR/MWh of net energy produced and delivered in the system and for the decommissioning of nuclear units - 0.6 EUR/MWh of net energy produced and delivered in the system. This tax is established in the foreign currency euro, while its counter value is paid in lei, so that the budgeted value for the year 2024 is considered to cover possible exchange rate differences. As a precaution, the expenditure was dimensioned at an increased level to respond to the intentions of updating the contributions.
- **Expenses with other fees and taxes of 116,487 thousand lei** - decrease by 2,604,005 thousand lei (-95.7%) vs. preliminarily realized 2023. In the context of the incomes estimated in this budget proposal, the average monthly sales prices calculated according to the methodology in annex no. 6 of GEO no. 27/2022, with subsequent amendments and additions, determines the reduction of the Contribution to the Energy Transition Fund to 0 lei (zero). The main fees and taxes provided are:
 - **Local taxes of 100,665 thousand lei**. In accordance with the change, during 2017, of the method of application of the Interpretation of Financial Reporting Standards "IFRIC 21" Taxes, according to the explanatory notes included in the financial statements, the tax related to buildings, land and cars due for the year 2025 is reflected in the execution of the year 2024, in the month of December, respectively the one due for the year 2024, was budgeted in the month of December 2023. When establishing the value of these taxes, an increase in the quotas approved by the Local Councils for the calculation of local taxes was estimated.
 - **Cautious estimation of a monitoring tariff AMEPIP** - Agency for the Monitoring and Evaluation of the Performance of Public Enterprises of **7,997 thousand lei**, in accordance with the provisions of Law no. 187/2023 for the amendment and completion of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, which provides in Chapter II art. 41 para. (4) "AMEPIP's own incomes come from fines and a monitoring fee of up to 0.1% of the total incomes established by the annual financial statements of public enterprises, approved for the previous year, established annually by order of the president of AMEPIP";

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- **The ANRE tax of 7,468 thousand lei** represents the contribution estimated to be paid in 2024 by the Company to ANRE. According to ANRE Order no. 140/2022, the monetary contribution related to the year 2024 is equal to 0.1% of the turnover achieved in the year 2023;
- **Other taxes in the amount of 357 thousand lei**, representing expenses related to non-deductible VAT, non-resident income tax and other road taxes.

C. Personnel expenses, in the amount of 813,217 thousand lei (+10.7% vs. preliminarily realized 2023, +4.7% vs. rectified budgeted 2023), include: salary expenses, bonuses, other personnel expenses, expenses related to the mandate contract and other management and control bodies, commissions and committees and expenses with insurance and social protection, special funds and other legal obligations. These expenses are detailed below and represented in the following graph.



- thousand lei -

INDICATORS	Row no.	Provisions for the previous year 2023			2024	%	%
		Approved		Preliminary / Achieved 2023			
		according to BOD Resolution no. 232/27.10.2023					
0	1	2	3	4	5=4/2	6=4/3	
C Personnel expenses	85	776,366	739,625	813,217	105%	110%	
C0 Salary-related expenses	86	699,231	675,643	739,365	106%	109%	
C1 Salary expenses	87	630,849	613,063	662,221	105%	108%	
C2 Bonuses	91	68,382	62,580	77,144	113%	123%	
C3 Other personnel expenses	99	1,993	1,993	-	0%	0%	
C4 Expenses related to the mandate contract and other management and inspection bodies, commissions and committees	103	4,562	5,792	6,706	147%	116%	
C5 Expenses with contributions payable by the employer	112	70,579	56,197	67,146	95%	119%	

The substantiation of personnel expenses for the year 2024 was carried out in accordance with the provisions of Ordinance 26/2013 regarding the strengthening of financial discipline at the level of economic operators in which the state or administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority stake, as follows:

- art. 9 para. (1) letter b: "When substantiating the income and expenditure budgets, economic operators take into account, but are not limited to, the following: [...]; b) compliance with the salary policy objectives established by the annual state budget law;"

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- art. 9 para. (3): "The increase in average monthly gross earnings per employee is 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 established by the annual state budget law."

I. Increase in salary expenses based on art. 73 paragraph (1) of Law no. 421/2023

According to art. 73 paragraph (1) of Law no. 421/2023 *of the state budget for the year 2024*, "For the year 2024, economic operators to whom the provisions of art. 9 para. (1) lit. b) and para. (3) from Government Ordinance no. 26/2013 *regarding the strengthening of financial discipline at the level of economic operators in which the state or administrative-territorial units are sole or majority shareholders or directly or indirectly hold a majority stake*, approved with additions by Law no. 47/2014, with the subsequent amendments and additions, **may provide, in the income and expenditure budget, the increase of salary expenses compared to the level programmed in the last income and expenditure budget approved according to the legal provisions, as follows:**

- a) with the amounts representing increases in salary expenses related to the average price growth index forecast for the year 2024;
- b) with the sums representing increases in the average gross earnings per employee due to the increase in the gross minimum basic salary per country guaranteed in payment for the year 2024 and other related salary expenses, only for the personnel that fall under the scope of these regulations;
- c) with the amounts representing increases in salary expenses, for the entire year 2024, due to the increase in the gross minimum basic salary per country guaranteed in payment and other related salary expenses, according to the provisions of Government Decision no. 900/2023 for the establishment of the gross minimum basic salary per country guaranteed in payment, with subsequent amendments, only for the personnel that fall under the scope of these regulations;
- d) with the amounts representing increases in salary expenses for the entire year 2024, due to the increase in the number of personnel during the year 2023 as a result of the diversification/expansion of the activity;
- e) with the amounts representing increases in salary expenses, related to their reinstatement, for the entire year 2024, determined as a result of the granting of salary increases in 2023."

Thus, for the year 2024, based on para. (1) the company foresees an increase in salary expenses by **4,134 thousand lei** compared to the level programmed in the last income and expenses budget approved according to the legal provisions, respectively compared to the salary expenses provided in the 2023 rectified income and expenses budget of **699,231 thousand lei**, as follows:

- **letter (a)** with the amounts representing increases in salary expenses related to the average price increase forecast for the year 2024 - the Company **does not** foresee increases for this provision;
- **letter (b)** with the sums representing increases in the average gross earnings per employee due to the increase in the minimum gross basic salary per country guaranteed in payment for the year 2024 and other expenses of a related salary nature, only for the personnel that fall under the scope of these regulations - the Company **does not** provide for increases for this provision;
- **letter (c)** with the amounts representing increases in salary expenses, for the entire year 2024, due to the increase in the gross minimum basic salary per country guaranteed in payment and other related salary expenses, according to the provisions of Government Decision no. 900/2023 for the establishment of the gross minimum basic salary per country guaranteed in payment, with subsequent

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amendments, only for the personnel who fall under the scope of these regulations - the Company **does not** foresee increases for this provision;

- **letter (d)** with the amounts representing increases in salary expenses for the entire year 2024, due to the increase in the number of personnel during the year 2023 as a result of the diversification/expansion of the activity - **4,134 thousand lei**;
- **letter (e)** with the amounts representing increases in salary expenses, related to their reinstatement, for the entire year 2024, determined as a result of the granting of salary increases in 2023 - the Company **does not** foresee increases for this provision;

II. The increase in salary expenses based on art. 73 paragraph (2) of Law no. 421/2023

According to art. 73 paragraph (2) of Law no. 421/2023 *of the state budget for 2024*, "In 2024, the economic operators provided for in para. (1) **can schedule an increase in salary expenses as a result of the increase in the number of personnel compared to the one achieved in 2023, in the case of the development of their activity, based on a memorandum initiated by the tutelary public authority under which they carry out their activity and approved by to the Government.**"

Thus, for the year 2024, the company foresees an increase in salary expenses by **36,000 thousand lei** compared to the level programmed in the last income and expenses budget approved according to the legal provisions, respectively compared to the salary expenses provided in the rectified income and expenses budget of the year 2023 of **699,231 thousand lei**, representing a salary increase determined by the increase of 346 people in the effective number of personnel compared to the one achieved in 2023, as a result of the development of the activity, **in compliance with the provisions of art. 73 para. (2).**

The need to increase the number of personnel

For Nuclearelectrica, the year 2024 is marked by a series of operational and strategic challenges, both for the operation of Cernavoda CNE Units 1 and 2 under conditions of maximum nuclear safety in 2024 but also in the future, as well as for the development of the investment program correlated with the Letter of expectations approved by the Ministry of Energy, the Administration Plan for the period 2023 - 2027 and with Romania's strategic objectives in the field of energy.

Among the challenges identified, the identification, selection and retention of personnel, their training as well as the high level of qualification required to carry out activities with an impact on nuclear security, represent permanent concerns for the Company. Equally, in addition to the qualitative factor of the staff, the Company must also address in an appropriate manner the quantitative factor related to the staff employed, i.e. the remuneration of the staff at a suitable level to ensure their long-term retention, according to the long-term training profile long and ultra-specialization.

In applying the provisions of art. 73 para. (2) from Law no. 421/2023 - State budget law for the year 2024, the personnel needs to cover the organizational chart of the company were considered, initiated starting with the year 2023 and will continue in the year 2024, **as a result of the diversification/expansion of the activity**, keeping account of:

- ✓ 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 regarding cooperation in connection with the nuclear energy projects at Cernavodă and in the civil nuclear energy sector in Romania, signed in Bucharest on December 9, 2020 and Upper Marlboro on December 4, 2020;

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- ✓ the provisions of art. 25 (1) letter e of Law no. 111/1996 regarding the safe conduct, regulation, authorization and control of nuclear activities, according to which SNN has the obligation to ensure and maintain adequate human and financial resources, in order to fulfill its the obligations provided for by this law, including regarding compliance with the conditions and requirements of the authorizations and norms in force, issued on the basis of this law;
- ✓ the provisions of art. 10 of the Norms regarding the authorization of nuclear installations (NSN-22), according to which the annual operating costs must take into account the need for investments for the maintenance and continuous improvement of nuclear safety, including through modernization and retechnology activities, as well as the need to ensure sufficient qualified personnel, who have the necessary competences and skills, for all activities important for nuclear security;
- ✓ the provisions of art. 12, 14, 15, 16 and 17 of the Fundamental Nuclear Safety Norms for Nuclear Installations (NSN-21) which contain obligations regarding the provision of human and financial resources for carrying out important activities for nuclear safety, including the attraction , the recruitment, selection, employment, development and retention of personnel for all functions important for nuclear security, including regarding competitive salaries, established at least at the average level provided by similar organizations in the nuclear industry in the European Union for equivalent functions and attributions;
- ✓ the provisions of art. 11 paragraph (4) and (5) of the Nuclear Safety Norms regarding supervision, maintenance, testing and inspections in operation for nuclear installations (NSN-16) with reference to the personnel that must be ensured within the unit to establish the standards and the technical specifications, so that the work done by third parties can be independently evaluated and verified;
- ✓ the provisions of art. 48 of the Norms regarding deterministic nuclear safety analyzes for nuclear installations (NSN-24), which regulate the necessary skills for carrying out, reviewing and updating deterministic nuclear safety analyses, these requiring sufficient competent personnel who understand the design bases and the authorization bases of the nuclear installation and to be qualified for the elaboration, realization, development, revision and updating of the respective analyzes and for their independent verification, both for the analysis of the project base and for the analysis of the conditions for expanding the design bases;
- ✓ the provisions of art. 14, art. 15, art. 16 and art. 17 of the Norms regarding nuclear security policy and independent assessment of nuclear security (NSN-20), which regulate the personnel with responsibilities for the independent assessment of nuclear security.

SNN is the critical infrastructure, a strategic objective of national interest, whose continuous and safe operation from the point of view of the National Energy System and nuclear security is vital for the national economy, environment and population, being the only producer of electricity from nuclear sources, ensuring approx. 20% of the national electricity demand. The use of nuclear installations for the production of electricity requires strict compliance with the legislation in the field of nuclear safety, including the rules issued by the National Commission for the Control of Nuclear Activities (CNCAN).

The addition of personnel is also motivated by the provision of adequate human resources **to support notable expansions of activity, respectively those related to the Company's major development projects:**

- ✓ Refurbishment of Unit no. 1 at CNE Cernavoda and the development of the detritus installation;
- ✓ Construction of Units no. 3 and no. 4 from CNE Cernavoda 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 regarding cooperation in connection with the nuclear energy projects at Cernavoda and in the civil nuclear energy sector in Romania;
- ✓ Complying with the requests of CNCAN made through address no. 3882/2021, registered with SNN under no. 9353/2021, which requests the addition of the personnel scheme of the CNE Cernavoda Branch, in accordance with the provisions of art. 25 of Law no. 111/1996, with the provisions of art.

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11, art. 14, art. 15 and art. 16 of NSN 21, rev 1, with the provisions of art. 15 of NSN 05, as well as with the provisions of art. 29 and art. 30 of NSN 07.

In April 2023, SNN issued the **Excellence Plan - Strategic Directions 2023-2033** in order to define the principles of excellence and long-term strategic directions by introducing a methodology of continuous improvement (optimization) and sustainability. As a result of the issuance of this document, **in 2023, SNN supplemented the number of positions provided for in the organizational structure (organizational chart) of the company up to 2,762 positions**, according to the organizational structure (organizational chart) approved by CA Decision no. 223/27.10.2023. Actions were started to cover new positions, but on 01.01.2024 not all the necessary recruitments were completed. Thus, we have the following ongoing situation:

- **65 contests in different stages of development**, for some with signed and accepted employment offers (engaging documents) in 2023 with the date of starting the activity and registering the CIM in the employee record register starting with January 2024, respectively February 2024, these conditions being influenced by the notice periods of the candidates selected to fill the positions,
- **31 interns with employment prospects** if, at the end of the internship period, they will be evaluated as suitable for employment,
- **50 job offers carried out by an external recruitment company** that helps us identify personnel with higher education that correspond to the niche profiles required in the operation and maintenance of the nuclear installation under nuclear security conditions.

In addition to the Excellence Plan, SNN issued and submitted to CNCAN, according to the requirements of the rules, the list of personnel who occupy positions with an impact on nuclear security, for which SNN must ensure theoretical and practical training through a rigorous program. Thus, for **106 positions, we propose to ensure the occupation of the positions with which the organizational chart was supplemented and to create a buffer interval of positions** imperatively necessary to ensure the transfer of critical knowledge with an impact on nuclear security. In this situation, it is necessary to hire personnel to ensure the transition from experienced personnel who meet the legal retirement conditions by reducing the standard retirement age in the immediate period and the near future. We specify that **the analyzed personnel occupy positions with an impact on nuclear safety** for which we have CNCAN regulations that require that the personnel employed in these positions, in general production personnel (operation, maintenance and repair of nuclear installations) and engineering personnel have a rigorous training program which corresponds to the specifics of the position and through which to acquire the mandatory internal qualifications in order to carry out the activity. The minimum period required to complete the training and transfer of knowledge is 4 years in the case of technical engineering and maintenance personnel and a minimum of 5-7 years for licensed personnel in the operating area (5 years for the position of Principal Nuclear Operator, Control Room and 7 years for the position of Shift Chief Dispatcher).

In order to carry out the investment projects efficiently, especially the projects of units 3 and 4, it is necessary to prepare the operating personnel in advance, which requires their recruitment starting from 2024, considering the fact that the time of recruitment, training, internal qualification and authorization CNCAN varies from 2 years (for support functions) to 7 years (for the training of a Shift Leader Dispatcher). In the case of personnel for Operation, Maintenance, Technical, and other operating functions, a period of 4 years of training and internal qualification is required. In this sense, in the Operation Plan Cernavoda - 4 CANDU units and Doicesti - 6 SMRs of 77MW Nuscale, we have planned the personnel requirements for the next 8 years, starting from 2024 when it is necessary to recruit **99 new employees for the departments of Operation, MID, Planning and Technical**.

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Based on these, the need to maintain and develop a group structure that meets the needs of:

- ✓ Centralization, uniformity and efficiency of business processes, ensuring the resources necessary for optimal administrative functioning and in accordance with legal requirements and nuclear safety norms, in the context of the diversification of the company's activity;
- ✓ The need for continuous improvement of the organization's performance, which involves the analysis of various factors that can have an impact on the way activities are carried out and which, directly or indirectly, can generate changes both in the performance of activities and in the structure of the organization;
- ✓ The need for development in relation to the implications of the company in the international and strategic business relations of SNN;
- ✓ Timely monitoring and ensuring compliance with the status of some works and/or activities in progress in the specialized departments.

Also, there is the need for compliance to ensure the activities provided by the following normative acts issued by CNCAN which contain a series of additional provisions, for alignment with the international standards in the nuclear field (e.g. norms NSN-24, NSN-26 - Norms regarding the interfaces between the security nuclear, radiological security, physical protection, protection against cyber threats and control of nuclear guarantees, published in the Official Gazette of Romania, Part I no. 989/09.12.2021; NSN-07, NSN-16, NSN-21, NSN-27 - The rules regarding 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 guide regarding analyzes that use time-related assumptions relevant for the management of the aging of nuclear installations, published in the Official Gazette, Part I no. 223/19.03.2020).

The constraints of the labor market, the phenomenon of migration with an emphasis on the generation of young specialists, as well as the rigorous internal procedural framework based on compliance with all the nuclear security regulations in force have delayed the full implementation of the recruitment plan scheduled for the year 2023. Consequently, the recruitment period was extended in the year 2024, which determined the achievement of an effective number of personnel at the end of 2023 of 2,352 people, compared to the preliminary number of 2,675 people according to the last approved budget for 2023. For the year 2024, we forecast an effective number of personnel of 2,696 people, respectively an increase of 14.6% compared to the actual number of personnel at the end of 2023.

The company foresees an increase in salary expenses for the 346 employees of approximately 36 million RON, taking into account the estimate of the individual salary expenses necessary to attract staff according to the qualification level required for the positions to be filled in 2024, as well as taking into account the realistic phasing of the recruitment process throughout 2024.

III. Compliance with the provisions of art. 73 paragraph (3) – (15) of Law no. 421/2023

Art. 73 paragraph (3) – (15) of Law no. 421/2023 of the state budget for 2024, provides the following:

(3) The occurrence of events with an impact on the increase in salary expenses generates for the economic operators the disposition of measures for inclusion in the salary expenses established according to paragraph (1) and (2).

The company will monitor the execution of the income and expenses budget and the events with an impact on the increase in salary expenses in order to arrange measures for inclusion in the salary expenses established according to paragraph (1) and (2).

(4) The economic operators provided for in para. (1) schedule in the 2024 income and expenditure budget the salary expenses, provided that the provisions of ch. III, section 2 Measures regarding the economic-financial discipline of economic operators from Law no. 296/2023 regarding some fiscal-budgetary measures to ensure Romania's long-term financial sustainability, with subsequent amendments and additions.

The company applies the provisions of art. LXXVI from Law no. 296/2023, which provides for the exemption of SNN from the application of the fiscal-budgetary measures from ch. III, section 2 Measures related to economic-financial discipline of economic operators.

(5) The expenses provided for in para. (1) and (2) will be highlighted separately in the substantiating appendices of the income and expenditure budget.

The company clearly highlights the expenses provided for in paragraphs (1) and (2) in the substantiating appendices of the income and expenses budget.

(6) Economic operators who in 2023 made a profit and do not register outstanding payments on December 31, 2023 can schedule in 2024 the increase of salary expenses within the limits of the amounts provided in paragraph (1) and (2), on the condition that in 2024 they schedule the improvement of the gross result compared to the one achieved on December 31, 2023 and that they do not schedule overdue payments in 2024.

(7) As an exception to the provisions of para. (6), economic operators who in 2024 plan a reduction of the gross result compared to the one achieved on December 31, 2023 can increase the expenses of a salary nature within the limits of the amounts provided for in paragraph. (1) and (2), in thoroughly justified cases, based on a financial analysis.

Regarding paragraph (6) and (7) above:

SN Nuclearelectrica SA provides in IEB 2024 a gross profit of 1.5 billion RON, resulting from the provision of total incomes of 4.6 billion RON and total expenses of 3.1 billion RON.

For the year 2023, according to preliminary results, the company's gross profit is 2.8 billion RON, as a result of obtaining total incomes of 7.9 billion RON and a level of total expenses of 5.1 billion RON.

Therefore, the company foresees a reduction of the gross result compared to the preliminary one achieved on December 31, 2023 by 1.3 billion RON/ -47%, as a result of the decrease in incomes by 3.3 billion RON/ -42% and the decrease in expenses by 2.0 billion RON/ -39%.

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Below we present the financial analysis and the thoroughly justified reasons for arguing the need to increase the salary expenditure within the limits of the amounts provided in paragraph. (1) and (2) of art. 73 of Law 421/2023:

The total incomes of the company scheduled for the year 2024 of 4.5 billion RON are made up of 93% of incomes from the sale of electricity. Electricity production remains constant at approximately 10 TWh.

In 2024, the programmed level of incomes from the sale of electricity is 4.3 billion RON, reduced by 3.1 billion RON, from the 7.4 billion RON preliminary level achieved in 2023.

As a peculiarity of the year 2024, through MACEE SNN has the obligation to sell to OPCOM up to 80% of the electricity production at the regulated price of 450 RON/MWh. By comparison, in 2023, SNN had the obligation to sell through MACEE to OPCOM approximately 45% of the electricity production at the same regulated price of 450 RON/MWh.

Also, the possible turbulences in the electricity market expected for the next period as a result of the observation of some unfavorable factors, such as the reduction of electricity consumption in Romania, the macroeconomic uncertainties at the national, regional and European level, the challenges of the microeconomic environment that it faces various players in the market, all of which are outside SNN's control, can lead to a decrease in the price of electricity.

All these factors influenced the dimensioning of the incomes from the sale of electricity scheduled for 2024.

The total expenses programmed in the IEB 2024 of 3.1 billion RON are reduced by 39% compared to the preliminarily achieved level in 2023.

The decrease in the average selling price of electricity for the year 2024 leads to a level of expenditure with the contribution to the energy transition fund of 0 RON, compared to the expenditure with the contribution to the energy transition fund made in 2023, of 2.7 billion RON.

Thus, eliminating the influence of the contribution to the energy transition fund from the level of total expenses made in 2023, SNN made expenses of 2.4 billion RON ("adjusted total expenses 2023"). In 2024, the expenditure with the contribution to the energy transition fund was reduced to 0, so comparing the total adjusted expenditure in 2023 with the forecasted level for 2024, there is an increase of 0.6 billion RON/ 25%.

The increase of 0.6 billion RON is justified by the following increases, for which detailed justification is presented in the chapters of this note:

- expenditure on the purchase of electricity +134 million RON
- expenditure on the consumption of nuclear fuel and materials +107 million RON
- personnel expenses +74 million RON
- expenses for works, repairs, professional training, technical assistance and other expenses executed by third parties + 80 million RON
- expenses with fees and taxes +60 million RON
- expenditure on technological water +38 million RON
- expenses with adjustments for depreciation and provisions, including related DICA +38 million RON
- depreciation expense +32 million RON
- expenses with stocks and spare parts +27 million RON
- other expenses +9 million RON

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Therefore, an increase in the expenses specific to the exploitation of Units 1 and 2 of the Cernavoda NPP can be observed.

As a general trend, the company's expenses have increased as a result of the increased level of inflation, as well as to support the company's effort to fulfill its strategic objectives.

As regards personnel expenses, for which an increase of 74 million RON / +10% is forecast, this is composed of:

- the increase of salary expenses by 64 million RON compared to the forecasted level achieved in 2023, respectively by 40 million RON compared to the level programmed in the 2023 budget, as a result of the reintegration of salary expenses as a result of the increase in the number of employees in 2023 and the salary increases granted in 2023 and the increase in the number of employees compared to the level achieved in 2024 by 346 people.
- the increase of other personnel expenses, including contributions owed by employers by 10 million RON.

The causes and necessity of increasing the number of employees in 2024 are thoroughly justified above.

The economic-financial impact caused by a possible personnel crisis is impossible to quantify, but it is expected to create major difficulties in the operation of Cernavoda CNE Units 1 and 2, difficulties in implementing the medium and long-term investment plan, and implicitly difficulties financial.

From all the above, the increase in salary expenses by RON 64 million, based on the reintegration of this expense and the need to increase the number of personnel in 2024 compared to the level achieved in 2023, has an impact on the company's profit of only 4%. In the absence of the possibility of using this fund to complete the necessary human resources for which it is imperative that the company starts ultra-specialized long-term professional training, the financial performance of the company may fall below the level currently forecast in IEB 2024.

(8) Economic operators who recorded losses and/or overdue payments on December 31, 2023 can schedule in 2024 an increase in salary expenses compared to the level programmed in the last budget of incomes and expenses approved according to the legal provisions with the amounts provided in paragraph . (1) and (2), provided that the losses realized on December 31, 2023 are reduced by at least double the amounts programmed for the increase in salary expenses, respectively the increase in gross profit compared to the one realized on December 31, 2023, as the case may be, as well as with the condition of reducing the outstanding payments by at least 20% compared to the level achieved on December 31, 2023, as the case may be.

The company recorded no losses and/or outstanding payments on December 31, 2023.

(9) The economic operators who on December 31, 2023 registered a profit and plan losses for the year 2024, as well as those who do not foresee the reduction of losses and outstanding payments according to the provisions of para. (8) cannot provide for an increase in salary expenses, with the exception of the amounts provided for in para. (1) lit. b).

The company registered a profit on December 31, 2023 and does not plan losses for 2024.

(10) In 2024, for economic operators who recorded losses and/or overdue payments on December 31, 2023, the increase in the gross minimum basic salary per country guaranteed in payment does not influence the increase in the basic salary above the level of the gross minimum basic salary .

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The company recorded no losses and/or outstanding payments on December 31, 2023.

(11) Economic operators can increase the average gross monthly earnings per employee within the limits of the amounts provided in paragraph (1) and (2), provided that its growth index does not exceed the labor productivity growth index calculated in value or physical units, as the case may be.

(12) To determine the average gross monthly earnings per employee, provided for in paragraph (11), in order to establish its growth index, the following expenses are not taken into account:

- a) the sums representing increases in the average gross earnings per employee due to the increase in the gross minimum basic salary per country guaranteed in payment for the year 2024 and other related salary expenses, only for the staff that fall under the scope of these regulations;
- b) the amounts representing increases in salary expenses for the entire year 2024, due to the increase in the gross minimum basic salary per country guaranteed in payment, and other related salary expenses, according to the provisions of Government Decision no. 900/2023, with subsequent amendments, only for the personnel who fall under the scope of these regulations.

(13) For the determination of labor productivity, provided for in para. (11), in order to establish its growth index, operating income is adjusted as follows:

- a) the total operating income is reduced by the operating income obtained as a result of some conjunctural situations or activities and which are no longer found either in the previous year or in the current year;
- b) the operating income of the previous year, determined on the basis of the prices/tariffs established by normative/administrative acts, for the comparability of labor productivity, will be recalculated using the prices used to determine the operating income of the current year, if there is a decrease of prices/tariffs.

(14) The growth index of the average gross monthly earnings per employee recalculated according to the provisions of para. (12) and the labor productivity growth index recalculated according to the provisions of para. (13) is determined by reporting the programmed level of 2024 to the achieved level of 2023.

Regarding paragraph (11) - (14):

The company programs in the income and expenditure budget an index of evolution of the average gross monthly earnings per employee calculated in compliance with the above provisions of 0% (zero).

The labor productivity evolution index by reporting the level programmed in 2024 compared to the level achieved in 2023 is -46%.

(15) The economic operators provided for in para. (1) may fill, according to the existing procedures at their level, the vacant positions during the year 2024.

The company will comply with the provision of paragraph (15) during the year 2024.

Taking into account the considerations stated above, it is preliminary for chapter C. "Personnel expenses" of IEB 2024, the amount of 813,217 thousand lei, with the following structure:

- thousand lei -

INDICATORS	Row no.	Provisions for the previous year 2023		2024	%	%	
		Approved					
		according to BOD Resolution no. 232/27.10.2023	Preliminary / Achieved 2023				
0	1	2	3	4	5=4/2	6=4/3	
C	Personnel expenses	85	776,366	739,625	813,217	105%	110%
C0	Salary-related expenses	86	699,231	675,643	739,365	106%	109%
C1	Salary expenses	87	630,849	613,063	662,221	105%	108%
C2	Bonuses	91	68,382	62,580	77,144	113%	123%
C3	Other personnel expenses	99	1,993	1,993	-	0%	0%
C4	Expenses related to the mandate contract and other management and inspection bodies, commissions and committees	103	4,562	5,792	6,706	147%	116%
C5	Expenses with contributions payable by the employer	112	70,579	56,197	67,146	95%	119%

C0) Salary expenses in the amount of 739,365 thousand lei (+10.3% vs. preliminarily realized 2023, +5.7% vs. rectified budgeted 2023) are composed of salary expenses (C1 – 662,221 thousand lei) and bonuses (C2 – 77,144 thousand lei), detailed as follows:

- thousand lei -

INDICATORS	Row no.	Provisions for the previous year 2023		2024	%	%	
		Approved					
		according to BOD Resolution no. 232/27.10.2023	Preliminary / Achieved 2023				
0	1	2	3	4	5=4/2	6=4/3	
C0	Salary-related expenses (Row 86 = Row 87 + Row 91)	86	699,231	675,643	739,365	105.7%	109.4%
C1	Salary expenses (Row 87 = Row 88 + Row 89 + Row 90), of which:	87	630,849	613,063	662,221	105.0%	108.0%
	a) base salaries	88	420,574	415,018	578,474	137.5%	139.4%
	b) bonuses, premiums and other extra payments related to the base salary (according to CCM)	89	193,389	160,376	82,300	42.6%	51.3%
	c) other extra payments (according to CCM)	90	16,886	37,669	1,446	8.6%	3.8%
C2	Bonuses Row 91 = Row 92 + Row 95 + Row 96 + Row 97 + Row 98), of which:	91	68,382	62,580	77,144	112.8%	123.3%
	a) social expenses provided under art. 25 of Law no. 227/2015 on the fiscal code*), as further amended and supplemented, out of which:	92	14,500	13,036	14,523	100.2%	111.4%
	- nursery coupons according to Law 193/2006, as further amended;	93	-	-	-	0.0%	0.0%
	- vouchers for social expenses according to Law 193/2006, as further amended;	94	-	-	-	0.0%	0.0%
	b) meal coupons;	95	1,646	1,274	2,182	132.6%	171.3%
	c) vacation vouchers;	96	6,772	6,659	9,155	135.2%	137.5%
	d) expenses with the employees' participation in the profit obtained in the previous year	97	25,187	25,170	31,000	123.1%	123.2%
	e) other expenses according to CCM.	98	20,278	16,441	20,284	100.0%	123.4%

C1) Salary expenses in the amount of 662,221 thousand lei (+8.9% vs. preliminary realized 2023, +5.0% vs. rectified budgeted 2023)

The main elements taken into account when calculating salary expenses are the following:

- ✓ the level of expenditure with wages required for the existing staff at the beginning of the year, taking into account the staff remuneration according to the CCM SNN in force, necessary to respond mainly to the need to retain qualified and highly qualified staff;
- ✓ the level of salary expenses required for the additional personnel required to be employed in 2024 to maintain the high degree of expertise and qualification, especially within the nuclear power plant and to ensure the necessary expertise for the new developments and investments required for the nuclear power plant, requirements detailed in this note;

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Thus, the budgeted level requested for the year 2024 ensures the necessary expenses with salaries for the existing staff, the staff expected to be employed until the end of the year, in compliance with the provisions of the applicable CCM.

C2) Bonuses in the amount of 77,144 thousand lei (+23.3% vs. preliminarily realized 2023, +12.8% vs. rectified budgeted 2023)

The following expenses were provided for in this sub-chapter:

- **social expenses (line 92) in the amount of 14,523 thousand lei**, being estimated at the limit of a 5% quota applied to the value of expenses with staff salaries, within the limit of deductibility of these expenses according to Law no. 227/2015 *regarding the Fiscal Code*.
- **meal vouchers (line 95) – 2,182 thousand lei**; according to the Collective Labor Agreement, SNN grants employees meal vouchers at the maximum value provided by law. Pursuant to the provisions of Law no. 165/2018 regarding the granting of value tickets, with subsequent amendments and additions, the maximum value of a meal ticket is 40.00 lei;
- **holiday vouchers (line 96), in the amount of 9,155 thousand lei**, in compliance with the legal provisions. In the current CCM, the possibility of granting vacation vouchers is provided, depending on the financial possibilities of the company;
- **the expense regarding the participation of employees in the profit** obtained by the Company in the previous year (line 97) - **31,000 thousand lei**, within the limit of the level approved in the IEB for the year 2023, in compliance with the legal provisions;
- **expenses with advantages in kind granted to employees** (electricity and thermal energy, rents of service apartments) (line 98) - budgeted in the amount of **20,284 thousand lei**.

C3) Other staff expenses - this sub-chapter provides for expenses with compensatory payments related to staff layoffs, expenses with salary rights due based on court decisions and salary expenses related to restructuring, privatization, special administrator, other commissions and committees. In 2024, no amounts are foreseen for this chapter.

C4) Expenses related to the mandate contract and other management and control bodies, commissions and committees in the amount of 6,706 thousand lei

- thousand lei -

INDICATORS	Row no.	Provisions for the previous year 2023		2024	%	%
		Approved				
		according to BOD Resolution no. 232/27.10.2023	Preliminary / Achieved 2023			
0	1	2	3	4	5=4/2	6=4/3
C4 Expenses related to the mandate contract and other management and inspection bodies, commissions and committees (Row 103 = Row 104 + Row 107 + Row 110 + Row 111), of which:	103	4,562	5,792	6,706	147.0%	115.8%
a) for managers/management	104	2,723	3,654	4,339	159.4%	118.8%
-fixed component	105	1,243	1,248	1,257	101.2%	100.8%
-variable component	106	1,480	2,406	3,082	208.3%	128.1%
b) for the Board of Directors / Supervision Board, of which:	107	1,839	2,138	2,366	128.7%	110.7%
-fixed component	108	1,291	1,127	1,291	100.0%	114.5%
-variable component	109	548	1,011	1,076	196.3%	106.4%
c) for auditors	110	-	-	-	0.0%	0.0%
d) for other commissions and committees created according to the law	111	-	-	-	0.0%	0.0%

When establishing the level of expenses related to the mandate contracts, the following provisions of the mandate contracts concluded by the company with the members of the Board of Directors and the executive directors were taken into account.

A. Mandate contracts concluded with directors (line 104) – 4,339 thousand lei

For the year 2024, expenses related to the mandate contracts concluded by the Company with the general director and financial director were foreseen in the total amount of 4,339 thousand lei.

At the beginning of 2024, the executive management has the following structure:

Position	Appointment documents	Long term contracts (4 years)
Chief Executive Officer (CEO)	BoD Decision no. 154/10.08.2022	12.02.2023 – 12.02.2027
Chief Financial Officer (CFO)	BoD Decision no 103/03.05.2023	03.05.2023 – 03.05.2027

Thus, for the year 2024, fixed and variable allowances were provided for directors with mandate contracts, as follows:

a) the fixed component of directors with a mandate contract (line 105) – 1,257 thousand lei

We mention that the gross monthly fixed allowances for directors, stipulated in the mandate contracts signed by the Company with them, are established in compliance with the provisions of art. 38 of GEO no. 109/2011, applicable on the date of conclusion of the mandate contracts, respectively:

- paragraph (1): "The directors' remuneration is established by the board of directors and cannot exceed the level of remuneration established for the executive members of the board of directors." It is the only form of remuneration for directors who also fulfill the capacity of administrators.";
- paragraph (2): "The directors' remuneration consists of a fixed monthly allowance and a variable allowance [...]".

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According to the provisions of Art. IX paragraph 2 of Law no. 187/2023 amending and supplementing the provisions of GEO no. 109/2011 regarding the corporate governance of public enterprises, according to which: "(2) The mandate contracts of the members of the board of directors and directors, including the provisional administrators and provisional directors, respectively of the members of the supervisory board and the directorate remain subject to the legislation in force at the date of their conclusion, the provisions of art. VII applying accordingly."

Therefore, the gross fixed allowance will be paid for a number of 2 directors for all 12 months of the year 2024, at the level of 1,257 thousand lei as follows:

Position	Period	Gross fixed component / month	Gross fixed component / year
Chief Executive Officer (CEO)	01.01.2024 – 31.12.2024	53,778	12 months x 53,778 lei= 645,336 lei
Chief Financial Officer (CFO)	01.01.2024 – 31.12.2024	51,000	12 months x 51,000 lei= 612,000 lei
TOTAL			1,257,336 lei

b) the variable component of directors with a mandate contract (line 106) – 3,082 thousand lei

The variable component provided by the mandate contracts of the directors is conditioned by the fulfillment of the performance indicators established by the mandate contracts and approved by the Decision of the Board of Directors no. 121/25.05.2023. For these indicators, annual targets were established for all 4 years of the mandate. These targets are correlated with the management plan of the Board of Directors, which includes the management component approved by the same CA decision no. 121/25.05.2023, according to the provisions of art. 30 paragraph (1) of GEO no. 109/2011 and the provisions of art. 36 paragraph (1) of GEO 109/2011.

The variable component of the remuneration of directors with a mandate contract in the amount of 3,082,140 lei, is granted conditional on the cumulative fulfillment of the key performance indicators stipulated in the mandate contract concluded by the company with the executive directors.

When determining the level of the variable component, the provisions of the mandate contracts were taken into account, by which a gross annual variable component was established for each director as follows:

Chief Executive Officer (CEO)

When determining the level of the variable allowance, the provisions of the mandate contracts were taken into account, which established a gross annual variable component of the remuneration of 2.5 times the fixed gross annual allowance, respectively $2.5 \times 645,336 \text{ lei} = 1,613,340 \text{ lei}$.

Chief Financial Officer (CFO)

When determining the level of the variable allowance, the provisions of the mandate contracts were taken into account, which set a gross annual variable component of the remuneration of 2.4 times the fixed annual gross allowance, respectively $2.4 \times 612,000 \text{ lei} = 1,468,800 \text{ lei}$.

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B. Contracts of mandate concluded with Board of Directors/administrators (line 107) – 2,366 thousand lei

For the year 2024, expenses related to the administration contracts concluded by the Company with the members of the Board of Directors appointed by AGOA Decision no. 6 of 10.08.2022 and AGOA Decision no. 1 of 15.02.2023, as well as related to the vacant position, the total amount being 2,366 thousand lei.

At the beginning of 2024, the Board of Directors has the following structure:

Position	Appointment documents	Long term contracts (4 years)
5 x members with a 4-year mandate contract *)	OGMS Resolution no. 6/10.08.2022 OGMS Resolution no 1/15.02.2023	29.09.2022 – 29.09.2026 15.02.2023 – 15.02.2027
1 x vacant position		01.01.2024 – 31.12.2024

*) of which an executive administrator, who also holds the position of General Director (for the executive administrator, the only remuneration granted is that of general director, in accordance with the provisions of art. 38 paragraph (1) of GEO 109/2011

Thus, for the year 2024, fixed and variable allowances were provided for administrators with mandate contracts, as follows:

- a) **the fixed component of the mandate contracts concluded with the administrators (line 108) – 1,291 thousand lei**, calculated as follows: 1,290,672 lei = 17,926 lei x 6 non-executive administrators x 12 months - the gross fixed allowance for 6 non-executive administrators, for the whole year 2024.

According to the contractual provisions, the fixed monthly allowance is paid to administrators with a mandate contract on the last working day of the month for which it is due, regardless of the number of meetings in that month.

- b) **the variable component of the mandate contracts concluded with the administrators (line 109) – 1,076 thousand lei**, it was determined for the 5 members of the Board of Directors, existing on the date of drawing up the IEB 2024, as follows: 1,075,560 lei = 17,926 lei x 5 administrators x 12 months.

The value of the variable component for the vacant position within the Board of Directors was recorded at Rd. 124 of Annex 2 "Provisions in connection with the mandate contract", because these positions are not, at the time of the drafting of IEB 2024, the subject of GEO 109/2011. The value of the variable component for these vacant positions is 215 thousand lei and was determined as follows: 215,112 lei = 17,926 x 12 months x 1 vacancy.

The estimates for the years 2025 and 2026 from Annex 1, for the entire chapter *C4 Expenses related to the mandate contract and other management and control bodies, commissions and committees* are determined taking into account the fixed and variable allowances established by the mandate contracts, in full for 12 months from each year, respectively 6,921 thousand lei.

C5) Expenses with contributions owed by the employer in the amount of 67,146 thousand lei.

This sub-chapter provides for expenses regarding:

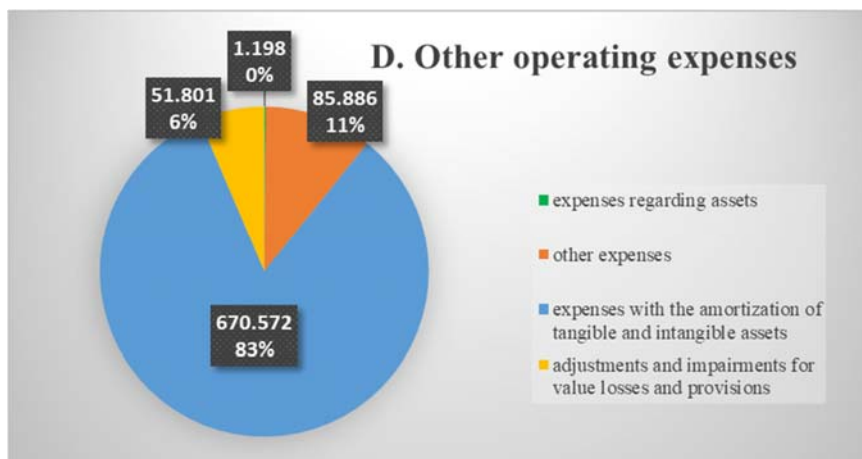
- ✓ insurance contribution for work;
- ✓ the social insurance contribution owed by the employer for employees who carry out their activity in special and special working conditions;

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- ✓ the contribution for disabled persons not employed;
- ✓ the unit's contribution to optional pension funds;
- ✓ the monthly allowance for telecommuting days granted in accordance with the provisions of the Fiscal Code;
- ✓ the value of the medical insurance policy or medical subscription, according to the provisions of the CCM, settled within the limit of deductibility specified by the Fiscal Code of the equivalent of 400 euros per year per employee.

Thus, as a result of the application of the legal provisions, the expenses with the contributions owed by the employer are foreseen at the level of 67,146 thousand lei, respectively 19.5% higher than the preliminary achieved level of the year 2023.

D. Other operating expenses, in the amount of 809,527 thousand lei (+9.6% vs. preliminarily realized 2023, +5.1% vs. rectified budgeted 2023) include: expenses regarding fixed assets, expenses with depreciation of tangible and intangible assets, adjustments and depreciations for loss of value and provisions (the provision for the costs of intermediate storage of burnt fuel, the provision for radioactive and non-radioactive waste, the provision for pensions, the provision for the participation of employees in profit) and other expenses (annual contributions to governmental and non-governmental organizations, the counter value of electricity for the equilibrium market, etc.).



- thousand lei -

D - Other operating expenses	Row no.	Provisions for the previous year 2023			2024	%	%
		Approved		Preliminary / Achieved 2023			
		according to BOD Resolution no. 232/27.10.2023					
0	1	2	3	4	5=4/2	6=4/3	
a) expenses with increases and penalties	114	56	39	70	0.0%	0.0%	
b) expenses regarding assets	117	19,233	7,227	1,198	0.0%	0.0%	
c) expenses related to transfers for personnel payments	118	-	-	-	0.0%	0.0%	
d) other expenses	119	72,678	60,607	85,886	118.2%	141.7%	
e) expenses with the amortization of tangible and intangible assets	120	641,205	637,713	670,572	104.6%	105.2%	
f) adjustments and impairments for value losses and provisions	121	36,888	32,962	51,801	140.4%	157.2%	
Total		770,060	738,547	809,527	105.1%	109.6%	

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The significant weight in this category of expenses is represented by **expenses regarding the amortization of tangible and intangible assets (line 120 - 670,572 thousand lei**, respectively a weight of 83%). This category of expenses registers a forecasted increase of +5.2% considering the estimated level of the depreciation expense which is also correlated with the investments made in previous years with commissioning during the year 2023, as well as estimates for 2024.

Chapter D also includes a series of other expenses of a non-monetary nature, especially with provisions and adjustments and depreciations for value losses (both constitutions and resumptions), so that their evolution is influenced by the necessity of their constitution or resumption in order to comply financial reporting standards.

Expenses regarding immobilized assets (line 117) in the amount of 1,198 thousand lei, represent expenses regarding the transferred assets resulting from the derecognition of the replacements made within the investment program that will be completed in 2024.

Other operating expenses (line 119) within chapter D in the amount of **85,886 thousand lei**, mainly represents the counter value of the daily imbalances estimated for 2024 in a prudent manner at the level of 72,000 thousand lei, taking into account the level achieved in 2023, as well as fees regarding the Company's affiliation to specialized organizations, especially in the nuclear industry.

Adjustments and depreciations for loss of value and provisions (line 121), in the amount of 51,801 thousand lei, is determined by netting the expenses with adjustments, depreciations and provisions of 100,633 thousand lei and the income from the resumption of adjustments, depreciations and provisions of 48,832 thousands of lei.

The estimated expenses at the level of 90,633 thousand lei mainly include:

- provision for the costs of managing low and medium radioactive and non-radioactive waste (5,542 thousand lei);
- provision for the costs of intermediate storage of fuel burned in DICA modules – DICA Modules 18 and 19 (14,854 thousand lei);
- depreciation adjustments for immovable assets representing the depreciation of DICA modules 14 and 15 as a result of the transfer of burned fuel 12,884 thousand lei;
- provision for disputes opened by trade unions regarding a salary increase (14,000 thousand lei);
- provision for the participation of employees in the profit related to the year 2024 (48,000 thousand lei), estimated according to the legal provisions;
- provision for pensions and other obligations (4,000 thousand lei);
- provisions related to the mandate contract (215 thousand lei). For more details see Chapter C4 above;
- adjustments for depreciation of current assets and losses from receivables (639 thousand lei).

The incomes obtained from the cancellation or resumption of adjustments, depreciations and provisions, in a total amount of 48,832 thousand lei, mainly include:

- the cancellation of the provision regarding low and medium radioactive and non-radioactive waste (1,415 thousand lei) according to their management;
- cancellation of the provision established for the costs of the intermediate storage of spent fuel - DICA Modules 14 and 15 (12,884 thousand lei), as they are filled with bundles of spent nuclear fuel in 2024;
- cancellation of depreciation adjustments for fixed and current assets (3,343 thousand lei);
- cancellation of the provision regarding the participation of employees in the profit of 2023 (31,000 thousand lei).

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The provision regarding the participation of employees in the profit related to the year 2024 is calculated at the maximum level allowed by law, respectively "no more than the level of an average monthly basic salary made at the level of the economic operator in the reference financial year".

The estimated provision for pensions and other obligations in the amount of 4,000 thousand lei includes the estimated provision for employee benefits granted upon retirement in the form of a quota of 1,200 kWh/year of electricity, in accordance with the provisions of the CCM SNN valid for the period 01.10.2023 - 30.09.2025 . The amount of the update will be based on the actuarial report made by the actuary employed by SNN, as well as the provision related to the other benefits granted to employees according to CCM SNN/2022.

The effective settlement of the retirement benefits for the electricity quota will be made from the social expenditure fund.

2. In the substantiation of the **financial expenses (line 130)** in the amount of **40,809 thousand lei** (+27.1% vs. preliminarily achieved 2023, +56.3% vs. rectified budget 2023) the expenses with interests and commissions were taken into account due in 2024, exchange rate differences related to external loans contracted for the construction and commissioning of Unit 2 at CNE Cernavoda, as well as other financial expenses. The expenses with exchange rate differences can only be estimated, but their level in execution is influenced by the impact of realized and unrealized negative exchange rate differences, not controlled by the Company.

III. GROSS RESULT

For the year 2024, based on the forecasted incomes and expenses, there is a **gross profit of 1,509,762 thousand lei**, lower by -39.2% than the rectified budgeted one for the year 2023, the decrease being significantly influenced by the decrease in incomes obtained from the sale of estimated electricity for 2024.

The proposal for the Income and Expenditure Budget for the year 2024 provides for the distribution of a percentage of 50% of the distributable accounting profit to the shareholders, in compliance with the provisions of the O.U.G. no. 64/2001, which provides for a minimum of 50%, as well as in compliance with the provisions of Law no. 74/2023 for the approval of the signing of the Support Agreement between the Romanian state and the National Society "Nuclearelectrica" - S.A. regarding the Cernavodă CNE Units 3 and 4 Project.

The level of the gross profit is determined by the cumulation of the operating profit and the budgeted financial result. **The operating profit** is estimated at the level of **1,323,153 thousand lei** (-37.8% vs. rectified budget 2023), and **the financial result** is estimated at the level of **186,609 thousand lei** (-47.9% vs. rectified budget 2023).

The main factors with a significant impact in determining the operating profit, in the sense of influencing the operating income, are the estimated sales prices for electricity, and in the sense of influencing the operating expenses, the legislative schemes applicable to SNN have a significant impact; the other expenses are estimated at a sufficient level necessary to carry out the Company's activity, under conditions of ensuring nuclear safety and maintaining a certain level of the amount of electricity available for honoring electricity sales contracts. Also, the level of expenses is also influenced by the need to budget a quantity of energy to be purchased during unplanned shutdowns, which determines a high level of expenses regarding goods, at least at a budgeted, prudent level.

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Another important determining factor is ensuring a level of expenses that allows the development of all the activities related to the repairs and maintenance scheduled for the budget year, in accordance with the internal estimates as a result of the experience and expertise of the personnel qualified to carry out such repair and maintenance plans, as well as in accordance with the regulations in force and compliance requests. At the same time, the budget exercise takes into account the needs adjacent to the basic activity, which are carried out in order to support it and without which the proper development of the activity is difficult.

IV. PROFIT TAX

Profit tax expenses (237,760 thousand lei) were determined according to the provisions of the Fiscal Code. The estimation of non-deductible fiscal expenses and non-taxable income for the calculation of the profit tax for the year 2024 was carried out considering the preliminary achievements of the year 2023.

The non-deductible expenses (58,190 thousand lei) include, mainly, the value of scrapping some spare parts, the value of the provision for the intermediate storage of burnt fuel, the value of the provision for radioactive and non-radioactive waste, the value of the provision for employee benefits, the value of sponsorships, as well as the value of the provision for employee participation in profit.

The non-taxable income (39,740 thousand lei) mainly includes income from the resumption of provisions.

V. FINANCING SOURCES OF INVESTMENTS for the year 2024, in the amount of 1,666,452 thousand lei, are represented by own sources and deferred depreciation in the amount of 1,562,960 thousand lei, external bank loans in the amount of 100,000 thousand lei, the rest representing funds European funds for the ISAC project, included in the investment program detailed in Annex 4.

Consequently, starting with the second half of the year, the Company will be able to benefit from attracted sources for the co-financing of these investment projects. The amounts financed in this way will constitute the source of financing for the investment program, which will be determined and included in the investment program at the time when they can be sized reasonably, which will determine the revision of the budget for the year 2024.

VI. EXPENDITURES FOR INVESTMENTS in the year 2024, in the amount of **1,599,362 thousand lei**, to which is added the amount of **65,500 thousand lei** representing the repayment of installments related to the loans contracted for the realization and commissioning of Unit 2, due in 2024, **resulting in an investment program a total of 1,664,862 thousand lei**, were dimensioned according to the investment objectives necessary to be achieved and foreseen in the strategic programs of the Company, being structured as follows:

- the amount of 244,490 thousand lei representing the investment program of SNN Central Headquarters;
- the amount of 1,344,598 thousand lei representing the counter value of the investment program of CNE Cernavoda;
- the amount of 10,275 thousand lei representing the counter value of the investment program at the FCN Pitesti branch.

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From the 1,599,362 thousand lei investments foreseen in IEB 2024, among the main investments, we can mention:

Name of investment	Amount (thousand lei)
Extension of the service lifetime of Unit 1 by retubing the reactor and retrofitting the main system	848,138
Contribution to the share capital of RoPower Nuclear	225,000
Planned Outage Unit 1	125,212
D2O Tritium removal installation – CTRF	126,497
U5 Fit-out	85,008
Intermediate Dry Storage Spent Fuel Facility (DICA)	16,752

Depending on the way the investments are carried out, it will be possible to reallocate between the various investment projects, with the inclusion of the total approved investment expenses and, respectively, the existing financing sources. Also, during the year, new needs may appear for investment expenses, unforeseen that will be able to be financed within the limits of the existing sources of financing.

The car proposed to be purchased in 2024, according to Annex 4.1 "Equipment", complies with the provisions of Schedule no. 84/28.01.2020 for the approval of the number of cars needed to carry out specific activities by SN Nuclearelectrica S.A. The car fleet existing on 31.12.2023 as well as the proposed increase (1 car) according to IEB 2024 complies with the provisions of HG Decision no. 84/28.01.2020. We mention that the car is intended to be purchased within the Program regarding the reduction of greenhouse gas emissions in transport by promoting non-polluting road transport vehicles from an energy point of view, financed from the Environmental Fund, thus complying with the provisions of GEO no. 115/2023.

The investment program is detailed in Annex 4 of the Income and Expenditure Budget for the year 2024, with the details of the endowments in Annex 4.1.

VII. Other supporting data regarding the 2024 Income and Expenditure Budget

For the year 2024, through this proposal of the Income and Expenditure Budget, no overdue payments were foreseen, and the level of outstanding debts was reduced compared to the level achieved in 2023.

Through the Decision of the Board of Administration no. 121/25.05.2013 the Administration Plan of SNN for the period 2023-2027 was approved in its entirety; it contains both the administration component and the management component. The income and expenditure budget for the year 2024 is correlated with the Administration Plan.

The estimates of the indicators for the years 2025 and 2026 are made based on the information that the Company currently has; these detailed indicators to be detailed and substantiated through the annual budgets of 2025 and 2026, respectively.

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The detailing of the causes that reduce the effects of the measures to improve the gross result and reduce the outstanding payments, presented in point II in Annex 5, as required by the provisions of OMFP 3818/2019, is presented above, as part of the financial analysis prepared for compliance the provisions of para. (7) from art. 73 to Law 421/2023 – see the justification of chapter C.

SNN provides for a financing of S.C. Energonuclear S.A., a 100% owned subsidiary, the project company for the Project of Units 3 and 4 by granting a loan of up to 400 million lei, a loan convertible into a contribution to the share capital.

SNN provides for a financing of S.C. RoPower Nuclear S.A., a company in which SNN holds a 50% stake, the project company for the Small Modular Reactors Project ("SMR"), through a contribution to the share capital of up to RON 225 million and a loan convertible into contribution to the share capital of up to 535 million RON.

These financings will be granted by SNN in installments, with obtaining the necessary corporate opinions and approvals.

The foundations of the Income and Expenditure Budget for the year 2024 were approved by the Management Financial Control, obtaining the approval conditional on the subsequent fulfillment of the provisions of article 73, paragraph (2) of Law no. 421/2023 regarding the state budget for the year 2024. Also, the present draft of the Income and Expenditure Budget for the year 2024 is submitted for approval after the prior consultation of the trade union organizations.

**Chief Executive Officer,
Cosmin Ghita**

**Chief Financial Officer,
Dan Niculaie-Faranga**

Appendixes:

- Income and Expenditure Budget for year 2024 and estimates for years 2025 and 2026 (Appendix no. 1);
- Details of the economic and financial indicators provided for in the Income and Expenditure Budget and their distribution by quarters (Appendix no. 2);
- Degree of achievement of total income (Appendix no. 3);
- Investment Programme (Appendix no. 4);
- List of item „Facilities” for year 2024 (Appendix no. 4.1);
- Measures for improving the gross result and reducing outstanding payments (Appendix no. 5).

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