



**FORECASTING POLICY
OF SOCIETATEA NATIONALA NUCLEARELECTRICA S.A.**



NUCLEARELECTRICA

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1. Preamble

Forecasts/estimates are the foundation of financial governance and strategic planning in Societatea Nationala Nuclearelectrica S.A. SNN Forecasting and planning enable the company to anticipate market developments, allocate resources efficiently, and ensure resilience in an ever-changing business environment.

By providing insights into the future, forecasting supports informed decision-making, risk management and compliance with the expectations of the stakeholders and regulatory authorities. This policy ensures that the forecasting/estimation activities are standardized, transparent and aligned with SNN's objectives.

2. Policy Statement

SNN has committed to maintain a forecasting process that ensures transparency, accuracy, consistency and the availability of information about the company's expected evolution. Forecasts shall be underpinned by realistic assumptions, supported by reliable data, and shall be prepared in compliance with the principle of prudence and the applicable reporting standards.

3. Purpose of the Forecasting Policy

The purpose of this policy is to put in place a formal framework for the Company to prepare, review and approve forecasts/estimates within SNN. By applying the Forecasting Policy, SNN aims to ensure:

- the consistency and accuracy of its financial and operational projections;
- sound and credible information to support decision-making and performance monitoring.

The frequency, time horizon and content of the forecasts prepared by SNN are detailed in this policy.

The Forecasting Policy is based on:

- estimates of potential future courses of action, based on analyses of the current context, budgetary variables, investment projects' development, and the sector and energy market regulations;
- the estimates and working variables used at corporate governance level and in processes, when SNN assesses its short-, medium- and long-term performance.

4. Policy Principles

4.1. Applicability

The Forecasting Policy applies to all SNN sub-units and employees the work of whom involves any planning, budgeting and forecasting processes. This policy covers:

- Quarterly forecasts and reports;
- The annual income and expenditure budget and the related reports;
- The medium- and long-term strategic, investment and operational plans;
- Any other forward-looking financial or operational estimates prepared for internal or

external reporting purposes.

SNN subsidiaries, in accordance with the provisions of the SNN Corporate Governance Code, ensure that their own policies are harmonized with those of SNN and that they include the reporting obligations for consolidation at SNN Group level, using – including for forecasts/estimates – common planning practices, reports and documents.

4.2. Planning Framework

Forecasting activities are structured along two lines:

- **Strategic Planning:** gives the long-term perspective, and is aligned with the directions of the supervising public authority, namely the Management Plan, and with the investment projects;
- **Operational Planning:** is the outlook for the near-term time horizon, ensures the operational alignment with the overall objectives, and is translated into short- and medium-term plans, including into the annual budgets and quarterly forecasts.

4.3. Elements of Forecasting Processes

Forecasts/estimates and budgets are based on a set of assumptions with high consistency and reasonableness, at the highest level available at the time the forecast is prepared, including, but not limited to:

- Available production capacity (as conditioned by the periodic maintenance and/or refurbishment operations). The operational assumptions used by SNN – as proposed by the management of the branches and validated by the SNN's management – are part of the information published in the budget, at a level of detail sufficient to ensure a general understanding of the main factors influencing the budget, but disclosing sensitive information;
- The price of raw material/nuclear fuel (uranium);
- The demand for energy/domestic consumption of electricity;
- The electricity prices (domestic, external, broken down by trading markets) and the related tariffs;
- The demand for, and the prices of, the products purchased by SNN to conduct its business activity;
- The public social wage policies;
- The exchange rate developments;
- The macroeconomic variables (GDP, CPI, inflation, etc.);
- The legislative amendments or regulatory changes (including, but not limited to, tax rates and sector-specific taxes).

These assumptions are reviewed periodically to reflect any market developments and regulatory changes.

4.3.1. Budgeting Process

The annual budget is the main financial planning tool of S.N. “Nuclearelectrica” S.A. and reflects the objectives set out in the Administration Plan. It includes forecast revenues, operating expenses (OPEX) and the Investment Programme (CAPEX). Given the scale and strategic importance of the investment projects deployed by S.N. “Nuclearelectrica” S.A., investment planning is a key element of the financial forecasting process, and is linked with the company's 2025–2030 Investment Strategy. The activity of S.N. “Nuclearelectrica” S.A. is carried out in accordance with the

Government Emergency Ordinance No. 109/2011 on corporate governance and the financial discipline legislation (Government Emergency Ordinance No. 26/2013).

The draft budget is approved by the Executive Management and is then submitted to the Board of Directors for approval. In accordance with the legislation applicable to State-owned enterprises, S.N. "Nuclearelectrica" S.A. is required to submit its Draft Budget for approval to the General Meeting of Shareholders within the statutory time period since publication of the State Budget Law in the Official Gazette.

Once approved by the GMS, the budget is made available to investors and the public on the website of S.N. "Nuclearelectrica" S.A.

In order to ensure compliance with the approved indicators, S.N. "Nuclearelectrica" S.A. monitors its budget execution on a monthly basis. The company's financial forecasts, as included in the annual budget, which also covers the following 2 years, are not guarantees of future performance, as the actual results may vary depending on macroeconomic factors, the energy market volatility or changes in the regulatory framework.

4.4. Forecasting/Planning Processes

A. Medium- and Long-Term Plans: The Administration Plan, which is prepared for a maximum 4-year and is reviewed at least at the lapse of this time period. Its purpose is to ensure strategic alignment with the expectations of the majority shareholder, as set out in the Letter of Expectations.

The resulting overarching framework objectives then enter the internal corporate governance process.

B. Annual Budget: This is prepared in accordance with the financial framework and is then submitted for approval to the Board of Directors and the Annual General Meeting of Shareholders.

In SNN, the IEB input data come from major areas of activity and converge into financial estimates corroborated with the investment strategy and the financing structure: operation, maintenance, development, investments, human resources, risk management, and corporate governance, and are centralized and analysed in the financial process in order to ensure profitability, cost effectiveness, stability and an optimal CAPEX/OPEX balance.

C. Quarterly Forecasts: updated forecasts for the current financial year, prepared on a quarterly basis in order to monitor performance and to trigger the necessary corrective actions.

5. Procedures

- **Calendar:** the Management Internal Control System Monitoring Committee (MICS-MC), consisting of the n-1 management level and steered by the Chief Executive Officer, as Chair, advises of the commencement of the specific (department-level) objective setting process, in line with the company's overarching framework objectives, as set out in the Administration Plan. The budgeting and forecasting cycles are determined by the State budget legislation, the wage policy, etc., and the regulations of the Bucharest Stock Exchange;
- **Forecasts/Estimates:** shall be prepared using approved systems and formats in order to ensure data traceability, consistency and integrity;
- **Review and Approval:** the forecasts go through a multi-level review process, including validation by the sub-units (branches), the HQ divisions and the functions in charge of the draft Income and Expenditure Budget Preventive Control, as well as by MICS-MC, for cascaded objectives

6. Roles and Responsibilities

At S.N. Nuclearelectrica S.A. level, the decision-making structure follows a clear and efficient hierarchy, in order to ensure sound corporate governance, transparency and performance for the company, all of which are essential elements in implementing a robust investment strategy:

- The **General Meeting of Shareholders (GMS)** is the ultimate decision-making body in which the company's strategic directions are validated, including approval of the long-term investment plans. The GMS ensures that the shareholders' interests are aligned with the company's development objectives, thereby guaranteeing the legitimacy and sustainability of the major investment decisions.
- The **Board of Directors (BoD)** is responsible for developing and overseeing implementation of the policies required to attain objectives, including the investment objectives. The BoD reviews the investment opportunities, assesses the related risks, and approves the initiatives proposed by the executive management, within the limits of the mandate granted to it by the GMS. In order to streamline decision-making process, the BoD has delegated operational management to the Chief Executive Officer and the Chief Financial Officer.
- The **Executive Management** are responsible for implementing the approved investment strategy, and for providing the coordination and monitoring of the ongoing projects. They manage the allocated resources, track the performance indicators and report on progress periodically to the BoD and the GMS, thereby contributing to efficient and transparent governance of the investment process.

As to the forecasts prepared by the Company, SNN's management bodies act as follows:

- **The Ordinary General Meeting of Shareholders:** approves the annual budget after it had been approved by the Board of Directors;
- **The Board of Directors:** approves the annual budget, and prepare and revise the medium- and long-term plans;
- **The Executive Management (Executive Officers):** ensure that efficient planning and forecasting processes are in place to leverage the assumptions and generate information to substantiate management decisions, with a view to achieving the company's objectives;
- **The function providing Preventive Control over the draft Income and Expenditure Budget:** ensures compliance with the specific regulations.
- **The Sub-Units (Branches) and Subsidiaries:** provide timely, accurate and complete data to inform the forecasts/estimates and budgets.

7. Disclaimer

The forecasts and estimates of S.N. Nuclearelectrica S.A. do not and cannot, by definition, stand for guarantees of short-, medium- or long-term future performance, as the company's actual results and/or financial achievements may differ significantly from the forecasts and estimates, since such forecasts and estimates are based on the situation at a given point in time, while subsequent developments depend on a number of micro and macro factors which involve risk and uncertainty and may therefore differ radically from the initial forecasts/estimates.

Consequently, S.N. Nuclearelectrica S.A. will publicly communicate such forecasts and estimates, in accordance with its statutory reporting obligations, with the disclaimer that no forecast and/or estimate can be regarded as a certain piece of data. The financial information included in budget estimates, or other types of information, are part of a dynamic updating, review and change process, based on a range of working circumstances.