



No.

**Chairman of the Board of Directors
Laurentiu Nicolae Cazan**

NOTE

on informing the Extraordinary General Meeting of Shareholders of Societatea Nationala Nuclearelectrica S.A. about the decision of SNN's Board of Directors to approve: (i) The accommodation strategy for the PMT/TMO staff involved in the implementation of the Refurbishment Project of the Cernavoda NPP Unit 1, (ii) the investment decision according to the results of the analysis carried out in the Strategy

I. Brief presentation of the context of the request

The "Refurbishment of Cernavoda NPP Unit 1" Project is a national strategic investment, essential for maintaining Romania's energy security, with Unit 1 providing approximately 10% of the national electricity production. The CANDU 6 reactor, in operation since 1996, has exceeded 210,000 operating hours, and technical assessments confirm the ageing of critical components (feeder corrosion, pressure tube deformation); these findings have required the launch of the refurbishment program.

The objective of the project is to extend the operational lifetime of Unit 1 by another 30 years, through a complex programme of technical interventions: the retubing of the reactor (replacement of the fuel channels, calandria tubes and feeders), the upgrading of nuclear safety systems, the upgrading of control systems and auxiliary infrastructure, in accordance with IAEA, CNCAN and CSA standards.

Refurbishment is the optimal solution from both an economic perspective and an implementation-time perspective, compared with the construction of a new nuclear unit.

The project is currently in Phase 2, a stage in which the need for PMT and TMO staff increases significantly, generating a shortfall in accommodation capacity. In this context, SNN has drawn up the Accommodation Strategy, technically and economically justified, which identifies the optimal solution for providing the housing units required for the specialized staff involved in the implementation of the project.

II. Need and opportunity of the request, conclusions

In the context of implementing the Refurbishment Project of Cernavoda NPP Unit 1, SNN is facing a critical stage in which contractual obligations, the dynamics of staff mobilization and the limitations of the existing infrastructure converge towards the need to adopt an

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accommodation strategy for PMT/TMO staff. These obligations are explicitly established under the EPC contract as well as the Final Technical Proposal and the Meeting Minutes – Day 6 of negotiation, which set out SNN’s responsibility to provide accommodation units, utilities, maintenance, security and transport for the staff mobilized in the project.

The internal analysis carried out within SNN, based on the consortium schedule updated as at 13 April 2026, highlights an accelerated and continuous increase in the accommodation needs in Phases 2 and 3 of the project, driven by the phased mobilization of PMT and TMO staff. The accommodation capacity currently allocated to the project on the NPP campus is 66 units, of which 56 are already occupied, and it only covers demand until October 2026. Starting from November 2026, the forecast demand will significantly exceed the available capacity, generating a structural deficit that will deepen as the project advances.

According to the updated estimates, the mobilization peak will be reached in the period December 2027 – January 2028, when the total accommodation requirement will reach 262 units. At the same time, a stable core of approximately 100 units is required over a period of about 36 months (June 2027 – April 2030) for staff with a permanent presence in the project.

The local offer in Cernavoda is insufficient to cover this need, both in terms of capacity and in terms of the requirements and standards agreed under the MoU for specialized staff, and the construction of new facilities is not feasible within the available time frame, given the duration of permitting and execution, as well as the overlap with the project’s infrastructure works. Under these conditions, the risks associated with failing to provide accommodation are significant and can directly affect the implementation of the project, as they may lead to delays in the execution schedule, contractual penalties, the demobilization of international staff and disruption of operational continuity.

Based on these elements, SNN has developed a strategy that includes a detailed technical and economic analysis, within which three strategic options for covering the accommodation needs were evaluated:

- Full acquisition – involves purchasing all the required units. It offers stability and full control, but involves high initial costs and reduced flexibility during periods of demand fluctuation.
- Full rental – offers maximum flexibility and allows rapid adjustment of the number of units depending on staff mobilization. However, it is the most expensive option in the long term.
- The hybrid model (purchase + rental) – combines the purchase of a stable core of approximately 100 units and the rental of approximately 96 units, required on an ongoing basis for the duration of the project, with flexible rentals to cover demand peaks.

The results of the analysis indicate that the hybrid model, which involves purchasing a stable core of approximately 100 units and covering the remaining requirement of 96 units through rentals during peak periods, is the optimal solution for SNN.

This approach provides an appropriate balance between the stability required for the implementation of the project and the flexibility imposed by the dynamics of PMT and TMO staff mobilization. The hybrid model allows effective control over costs, avoiding both the rigidity and financial exposure associated with full acquisition and the high costs and volatility specific to long-term rentals. At the same time, the solution ensures the ability to adapt quickly to variations in demand, without compromising operational continuity or contractual compliance.

As part of the evaluation, both the total investment costs and the actual economic value consumed by the project were analysed, using an approach based on asset depreciation over the entire duration of the project. The estimated values for each option were substantiated on the basis of commercial offers received from potential tenderers on the competitive market, non-binding offers used to make an analysis that showed the significant economic advantage of the hybrid model, which combines the stability provided by owning the assets with the flexibility needed during periods of intense mobilization.

The financial evaluation, carried out on the basis of the actual cost consumed by the project (depreciation over the duration of the project), shows that purchasing is significantly more advantageous than rental: EUR 306/unit/month (purchase) compared to EUR 1,200/unit/month (rental), which represents a reduction of 74.5%.

At the same time, the analysis of exit scenarios, including conservative ones (0% increase), indicates that the unamortized value of the assets, combined with the potential for real estate increase in the Constanta region, allows full recovery of the investment and, in plausible scenarios of real-estate market increase (3–5%/year), even the achievement of a net gain at the end of the project. Thus, the hybrid model not only optimizes costs during implementation, but also creates long-term value for SNN, by developing a portfolio of assets that can be reused in the company's future projects.

In addition, the operational characteristics of PMT/TMO staff, which involve continuous on-site presence, monthly or quarterly fluctuations, permanent availability during critical periods of the project and compliance with minimum comfort and safety requirements, require the adoption of an accommodation solution that ensures both the stability needed by the staff and the flexibility essential for managing mobilization peaks. The areas identified as feasible for purchase or rental, such as the city of Constanta, Mamaia, Navodari, Fetesti and other adjacent peri-urban areas, allow the geographical grouping of housing units, the optimization of transport routes and the reduction of operational costs, thus helping to maintain a coherent and efficient logistical flow throughout the duration of the project.

In relation to the context presented, the Accommodation Strategy is the necessary instrument for:

- complying with the contractual obligations undertaken by SNN under the EPC contract;
- ensuring operational continuity and the pace of project implementation;
- avoiding contractual, financial and operational risks;
- optimizing the actual costs of the project;
- creating a portfolio of reusable assets for SNN's future projects (Refurbishment of U2, Units 3 and 4);
- maintaining a stable, predictable and flexible logistical framework, adapted to the dynamics of staff mobilization.

Consequently, the proposed Strategy constitutes the technical-economic and operational basis required to ensure the logistical framework for the implementation of the Refurbishment Project of Unit 1 and represents a necessary and timely measure for fulfilling the objectives undertaken by SNN, in line with the 2023–2027 Administration Plan and the 2025–2030 Investment Strategy.

The Accommodation Strategy was cleared by the Technical-Economic and Scientific Committee No. E-DT-AVIZ-CTES-08152-05-06-26 with CTES clearance No. 19/05.06.2026.

III. Competence to endorse/approve the legal/statutory basis of the request, including supporting articles in SNN corporate documents

By reference to:

- The provisions of the Articles of Association of SNN, updated version, which stipulate in Article 20(1):“The Board of Directors also has the following duties: p) approves the conclusion of any contract/document that triggers legal obligations for the Company (deeds of acquisition, alienation, exchange or pledge of assets within the category of fixed assets of the Company), whose value does not exceed, individually or cumulatively, during a financial year, 20% of the total fixed assets of the Company less the receivables, according to the competence limits provided for in the Appendix to this Articles of Association;
- The fact that in accordance with the provisions of SNN SS-00-05 Procedure - Preparation, Approval and Monitoring of the Programme of Investments, Facilities and Financing Sources - the project qualifies as an investment project, for the purposes of the definition provided in the Procedure.
- Correlated with the limits of powers laid down in Appendix 1 to the Articles of Association, point 2, which stipulate that investment decisions with a value greater than or equal to EUR 3,000,000 and lower than EUR 50,000,000 shall be approved by the Board of Directors of SNN, with the shareholders of the company being informed of this decision;
- The total investment amount, according to the Accommodation Strategy, is EUR 11,550,000 + VAT, of which: EUR 11,000,000 + VAT representing the investment value and a 5% operational implementation reserve, for 100 accommodation units;
- For information, the estimated value allocated to the project is EUR 1,155,000 + VAT, of which EUR 1,100,000 + VAT representing the investment value and a 5% operational implementation reserve, for 100 accommodation units;

This Note is intended to inform the Extraordinary General Meeting of Shareholders about the decision to approve the Accommodation Strategy for PMT/TMO staff involved in the implementation of the Refurbishment Project of Cernavoda NPP Unit 1, as well as the investment decision.

4. Proposals submitted for approval by SNN EGMS

Considering the above, as well as in relation to the powers conferred by law and by the Articles of Association of Societatea Nationala Nuclearelectrica S.A., we kindly ask the Extraordinary General Meeting of Shareholders of SNN to take note of the decision of the Board of Directors regarding the approval of the Accommodation Strategy for PMT/TMO staff for the Refurbishment Project of Unit 1, presented in detail in Appendix No. 1 to this Note, and of the Investment Decision according to the results of the analysis carried out in the Strategy.

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