



**APPROVED,
Board of Directors
Tudorache Iulian Robert
Chairman**

NOTE

regarding the approval of the proposal for the distribution of the net profit for the financial year 2019, the value of the gross dividend per share, the date of payment of the dividends and the payment methods

- Material related to paragraph 6 of OGAS / 27.04.2020 -

1. General aspects /competence

In accordance with the applicable legal provisions in force, the Board of Directors proposes the distribution of the net profit for the financial year 2019, including the dividend proposal along with the approval of the annual financial statements.

Art. 111, par. (2) a) of Law no. 31/1990 republished as amended and supplemented, stipulates that the Ordinary General Assembly of Shareholders is bound *to discuss, approve or modify the annual financial statements, based on the reports by the Board of Directors, censors or the financial auditors, and to set the dividend to discuss, approve or modify the annual financial statements, based on the reports presented by the Board of Directors, the managers, and the supervisory board, the censors or, as the case may be, the financial auditor, and to set the dividend.* At the same time, according to the provisions of art. 13 par. (2), b) of the Articles of Incorporation of Nuclearelectrica National Company, the Ordinary General Assembly of Shareholders "*approves and fixes the dividends*".

The legal basis is represented by:

- Law no. 31/1990, republished, as further amended and supplemented ("Law no. 31/1990");
- Law no. 24/2017 on the issuers of financial instruments and market operations ("Law no. 24/2017");

- Law No. 227/2015 on the Civil Code, as further amended and supplemented (“the Fiscal Code”);
- Government Ordinance no. 64/2001 regarding the distribution of profit at national entities, national companies and commercial companies with full or majority state capital, and at autonomous administrations, as amended and supplemented (G.O. no. 64/2001);
- Regulation no. 5/2018 regarding the issuers of financial instruments and market operations, issued by the Financial Supervision Authority (Regulation no. 5/2018).

The Ordinary General Assembly of Shareholders has the competence to approve the proposal for the distribution of the net profit and the dividend.

2. Presentation

2.1. Distribution of the net profit corresponding to the financial year 2019

The proposal for the distribution of the net profit of the financial year 2019 according to the destination was made in accordance with the provisions of O.G. no. 64/2001, as amended and supplemented. Thus, the net profit for the financial year 2019 will be distributed to the following destinations:

Indicator (financial year 2019) *)	Amount (RON)
Net result of the financial year (A)	535,667,264
+ Provision regarding the employee participation to the profit (deducted from accounting profit) (B)	18,700,000
Net profit to be distributed for the financial year (A+B), distributed as follows:	554,367,264
a) legal reserves	31,563,785
b) other reserves representing tax facilities provided by law	5,682,083
c) covering accounting losses from previous years, except for accounting losses arising from the application of IAS 29	-
d) setting up own funding sources for projects co-financed from external loans, as well as setting up the necessary sources for repayment of capital instalment, interest payments, commissions and other costs related to external borrowing	-
e) other distributions required by law	-
Profit remaining to be distributed after deducting the above amounts (a-e), of which it is distributed as follows:	517,121,396
f) employees’ participation to the profit	18,700,000
g) dividends due to shareholders	498,421,396
h) other reserves (own financing resources)	0
Profit remained undistributed	-

*) Note - the amounts are rounded to the nearest integer

Regarding the amounts proposed to be distributed, we make the following clarifications:

- The amounts allocated to **the legal reserve** shall be determined under the provisions of art. 183 of Law no. 31/1990 according to which *"at least 5% from the company profit*

shall be taken every year for the formation of the reserve fund, until it reaches at least one fifth of the share capital". The amount allocated to the legal reserve was taken in the end of the financial year, representing the mandatory allocation amounting to RON 31,563,785;

- **Other reserves (RON 5,682,083) representing tax facilities provided by law** are allocated based on art. 22, par. (1) of Law no. 227/2015 regarding the Fiscal Code as amended and supplemented; they relate to exempted profit tax related to the profit invested in technological equipment - machinery, tools and working equipment as stipulated in subgroup 2.1 in the Catalogue on classification and the normal useful life of fixed assets used for business purposes (only new equipment), as well as in electronic computers and peripheral equipment, software and other electronic equipment as provided in class 2.2.9 of the Catalogue. The amount allocated to reserves is the amount of the profit invested in this equipment, net of legal reserve (5%);
- **The amounts proposed to be distributed in the form of “employee participation to profit”** are in accordance with the provisions of art. 1, par. (1), e) of G.O. 64/2001 within the limit of 10% of the net profit, but no more than the level of an average monthly basic salary per employee in 2019 and taking into account the average number of employees in 2019. Thus, the maximum amount representing 10% of the net profit, but not more than the average monthly salary per employee in 2019 would have been RON 21,633,370; the proposal for the distribution of the profit includes the amount of RON 18,700,000, in order to comply with the budgeted amounts for 2019 within the approved income and expenditure budget. The profit sharing obligation has been established by the income and expenditure budget approved for 2019 so that the provisions of art. 1 par. (1), e) of G.O. 64/2001;
- **The proposed gross dividends (RON 498,421,396)** were calculated as the difference between the net profit of the financial year (RON 535,667,264) and the amounts deducted as a legal reserve (RON 31,563,785) and the reserves accounting for fiscal facilities (RON 5,682,083) resulting in a 100% distribution. For the year 2019, under the approved revenue and expenditure budget, the Company distributes as dividends at least 90% of the net profit.
- Under the above-mentioned conditions, there is no profit to be assigned to other destinations.

2.2. Value of the gross dividend per share

The dividends to be assigned to the shareholders are in the amount provided in the proposal for the distribution of the net profit, namely the amount of **RON 498,421,396**.

The number of shares for the subscribed and paid-up share capital is **301,513,851** at the moment. Thus, **the gross dividend per share proposed is RON 1.65306302/share**.

The dividend tax is to be withheld and transferred by SNN in accordance with the provisions of the Fiscal Code.

2.3. Start date of dividend payment

Payment terms of dividends in accordance with the applicable legal provisions are:

- Pursuant to the provisions of art. 67 par. (2) of Law no. 31/1990 the dividends are distributed to the shareholders *"within the term set by the general meeting of the shareholders or, as the case may be, by special laws, but not later than 6 months from the date of approval of the annual financial statement for the financial year ended"*;
- Art. 28, par. (4) of the Articles of Incorporation of SNN stipulates that *"the dividends are paid to shareholders by the company under the terms of the law"*;
- The provisions of art. 1 par. (3) of G.O. no. 64/2001 establish that, notwithstanding Law no. 31/1990: national companies have the obligation to pay the dividends due to the shareholders within 60 days from the deadline stipulated by the law for submitting the annual financial statements.

Thus, from the corroboration of the deadlines stipulated in the normative acts and the above-mentioned SNN Articles of Incorporation, it results that the payment term for the dividends by SNN is 60 days from the deadline stipulated by the law for submitting the annual financial statements. Given that the latter deadline is April 30, 2020, **we propose that dividends be paid starting June 25, 2020.**

2.4. Dividend payment method

The dividends will be paid to the shareholders of SNN through Depozitarul Central SA and a paying agent specialized in the provision of this service, according to art. 86, par. (5) in Law no. 24/2017 and art. 177 (1) of ASF Regulation no. 5/2018.

No fees are charged to shareholders for the payment of dividends, irrespective of the payment method, and they are borne by SNN.

The identification data of the chosen paying agent, the detailed payment modalities, the specific forms and the necessary documents required to the shareholders for the payment will be brought to the attention of the shareholders before the date of the payment commencement by means of a press release and a current report sent to Bucharest Stock Exchange and to the Financial Supervisory Authority. The information will also be posted on the SNN website at www.nuclearelectrica.ro, the Investor Relations section.

2.5. Registration date

The registration date must be at least 10 business days after the General Meeting of Shareholders date (April 27, 2020). Thus, **the proposed registration date is June 16, 2020.**

2.6. Right to cash in dividends

Only shareholders who are registered with S.C. Depozitarul Central S.A. at the time of registration are entitled to receive a dividend.

3. Proposals

In view of the foregoing, we are requesting the Ordinary General Assembly of Shareholders the following:

- a) Approval of the proposal for the distribution of net profit for the financial year 2019;**
- b) Approval of the gross dividend per share at the amount of RON 1.65306302/share;**
- c) Approval of the registration date: June 16, 2020;**
- d) Approval of the dividend payment start date: June 25, 2020;**
- e) Approval of the payment method according to this note.**

**Cosmin Ghita
Chief Executive Officer**

**Adrian Dumitriu
Chief Financial Officer**