



**QUARTERLY REPORT**

**THE BOARD OF DIRECTORS**

**S.N. NUCLEARELECTRICA S.A.**

**(“SNN”)**

**Fourth quarter of 2019**

**Report date: March 2020**

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## 1. BASIS OF REPORT

The quarterly report of the Board of Directors for the period January 1 - December 31, 2019 is elaborated in virtue of the provisions of art. 55 of the Government Emergency Ordinance no. 109/2011 regarding corporate governance of the public enterprises, as further amended and supplemented (“GEO no.109/2011”) and of the mandate contracts concluded by the Board of Directors with SNN.

## 2. FINANCIAL STATEMENT ANALYSIS

The information and individual financial statements on the date and for the financial year that ended on December 31st, 2019 presented in this report are audited by the financial auditor of S.N. Nuclearelectrica S.A. and were drafted according to the Order of the Ministry of Public Finances no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards (“IFRS”).

The submitted indicators are in lei (RON), unless otherwise stated.

### 2.1. Financial position statement as of December 31, 2019

The financial position as of December 31, 2019 is presented in **Annex 1**.

<b>Indicator [thousand RON]</b>	<b>December 31<sup>st</sup>, 2019 (audited)</b>	<b>December 31<sup>st</sup>, 2018 (audited)</b>	<b>Variation</b>
Non-current assets	6,301,960	6,671,436	(5.5%)
Current assets	2,508,894	2,194,769	14.3%
<b>Total assets</b>	<b>8,810,854</b>	<b>8,866,205</b>	<b>(0.6%)</b>
Long-term debts	936,157	1,122,870	(16.6%)
Current liabilities	539,763	564,204	(4.3%)
<b>Total liabilities</b>	<b>1,475,920</b>	<b>1,687,074</b>	<b>(12.5%)</b>
<b>Equity</b>	<b>7,334,934</b>	<b>7,179,131</b>	<b>2.2%</b>
<b>Total equities and liabilities</b>	<b>8,810,854</b>	<b>8,866,205</b>	<b>(0.6%)</b>

**Non-current assets** registered a slight drop of 5.5% compared to the level registered on December 31, 2018, especially due to the drop of the net value of the tangible assets by acknowledging the amortization for 2019. The impact of the period’s depreciation was partially compensated by the investments performed for Units 1 and 2 Cernavoda NPP. At the same time, the financial assets of the Company, representing collateral deposits related to letters of bank guarantee with maturities longer than 12 months, issued by the Company on behalf of clients, recorded a decrease as of December 31, 2019 compared to December 31, 2018, contributing to the decrease of fixed assets.

**Current assets** recorded an increase of 14.3% compared to December 31, 2018, on the background of increased monetary liquidities (cash, cash equivalents and bank deposits, including collateral deposits related to letters of bank guarantee with maturities shorter than 12 months, issued by the Company on behalf of clients), inventory, advance payments, commercial and other receivables.

**Long-term debts** decreased by 16.6%, as compared to the values recorded on December 31, 2018. The decrease is mainly caused by the decrease of the long term portion of the external credits contracted from Societe Generale and EURATOM for building and starting up unit 2 CNE Cernavoda, following the reclassification of the outstanding installments in the short-term portion, gradually with the maturity of the credits; partially offset by the updating of the provision corresponding to the litigation for salaries and benefits.

**Current debts** recorded a 4.3% decrease compared to the values recorded on December 31, 2018, based on the decrease of the payable profit tax, partially compensated by the increase of the other elements of current debts, mainly the increase of the current portion of the provisions for risks and expenses, following the partial classification of the provision for radioactive waste (including the intermediary storage facility for burnt fuel - DICA) short term, as they are managed, and the increase of the current portion of long-term loans.

## 2.2. Profit and loss account for the financial year ended on December 31, 2019

During the 12-month period ended on December 31, 2019, SNN recorded a net profit of 535,667 thousand RON.

<b>Indicator [thousand RON]</b>	<b>2019 (audited)</b>	<b>2018 (audited)</b>	<b>Variation</b>
<b>Production (GWh)*</b>	10,347	10,443	(0.9%)
Operating income, out of which:	2,417,433	2,178,873	10.9%
<i>Proceeds from the sale of electric power**</i>	2,365,564	2,116,992	11.7%
Operating expenses, minus impairment and depreciation	(1,232,455)	(1,089,368)	13.1%
<b>EBITDA</b>	<b>1,184,978</b>	<b>1,089,505</b>	<b>8.8%</b>
Impairment and depreciation	(555,553)	(552,965)	0.5%
<b>EBIT</b>	<b>629,425</b>	<b>536,540</b>	<b>17.3%</b>
Net financial result	1,850	36,083	(94.9%)
Net profit tax expenses	(95,608)	(162,012)	(41.0%)
<b>Net profit</b>	<b>535,667</b>	<b>410,611</b>	<b>30.5%</b>

\*Electricity produced and delivered by Cernavoda NPP in the National Energy System.

\*\*Including revenues from the sale of thermal energy, insignificant in the total revenues.

**The operational profit (EBITDA)** increased by 8.8% as compared to the same period of the previous year, mainly following the increase of operational revenues by 11%, influenced by the increase by 12% of the revenues from the sale of electricity.

The **operating income** increased by 11%, determined by the 12% increase in the weighted average price of the electricity sold in 2019, as compared to the weighted average price from the same period of 2018, considering the sale of a total quantity of electricity in 2019 similar to the total quantity sold in 2018 (only 0.2% decrease).

As compared to the same period of the previous year, the quantity of electricity sold on the competition market of bilateral contracts decreased by 9%, and benefited from an increase of the average sale price on this market by 14% (price without Tg), while the electricity quantity sold on the spot market (PZU

and PZI) decreased by 34%, considering an average sale price on this market higher by 19% (price without T<sub>g</sub>) was registered.

Also in 2019, the Company sold approximately 12.9% of energy on the regulated market (the Company did not sell energy on the regulated market in 2018), at a regulated price. Following Government Emergency Ordinance no. 114/28.12.2018, which amends and supplements Electricity and natural gas law no. 123/2012, ANRE issued Order no. 10/01.02.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers. According to ANRE Resolution no. 326/25.02.2019, the quantity assigned to SNN for 2019 for regulated contracts was 1,377 GWh. ANRE established a regulated price for SNN of RON 188.33 /MWh (without T<sub>g</sub>).

The **operating expenses** increased by 13% in 2019, compared to the same period of 2018. This evolution is mainly determined by the contribution paid by the Company to ANRE, according to the provisions of GEO 114/2018, the increase of the expenses with the purchased electricity and the slight increase of personnel expenses, partially compensated by the decrease of the repair and maintenance expenses.

The **net currency exchange differences** (net financial revenues) decreased by 94,9%, and negatively influenced the net result. The main currencies to which there are exposures are EUR and CAD.

The decrease of **net expenses with the profit tax** positively influenced the net result. This decrease was caused by a reduction in the actual profit taxation rate from 28% in 2018 to 15% in 2019.

The profit and loss account for the 12-month period ended on December 31, 2019 is presented in **Annex 2**.

### **2.3. Execution of the Revenues and Expenses Budget as of December 31, 2019**

The revenue and expenses budget ("BVC") of SNN for the year 2019 was approved by the Resolution of the General Assembly of Shareholders no. 6/20.05.2019. Resolution of the Board of Directors no. 205/29.11.2019 approved the rectified BVC of SNN for 2019.

The company is monitored regarding the compliance with the performance indicators, objectives and criteria, respectively the compliance with the salary payroll level, with the revenues and expenses level, the program to reduce the arrears and the outstanding receivables.

The BVC execution on December 31, 2019 is presented in **Annex 3** to this report.

As per the analysis of the Budget of Revenues and Expenses execution as of December 31, 2019 (presented in **Annex 3**), a degree of accomplishment of the programmed operating revenues of 101% and a reduction of the operating expenses compared to the budgeted level of 8%. The performance level of the total income is 100.9%, higher than the performance level of the total expenses of 91.9%.

The BVC execution on December 31, 2019 is presented in **Annex 3** to this report.

### 3. OPERATIONAL ACTIVITIES

#### 3.1. Production of electric and thermal energy

The gross production of electricity of the two operational units of Cernavoda NPP was 11,280,167 MWh over 2019 (of which 3,065,421 MWh in the 4<sup>th</sup> quarter of 2019); from this gross production, the own technological consumption of the Units during operation, and during the outages ensured from own production was of 933 thousand MWh over 2019 (of which 242 thousand MWh in the 4<sup>th</sup> quarter of 2019).

Thus, the electricity produced and delivered in the National Energy System (“SEN”) was 10,346,746 MWh over 2019, as compared to the same period of 2018 (10,443,078 MWh), representing a 0.9% decrease; in the 4<sup>th</sup> quarter of 2019, the quantity of electricity that was produced and delivered in SEN was of 2,822,984 MWh, a 0.7% increase, as compared to the level recorded in the 4<sup>th</sup> quarter of 2018 of 2,802,861 MWh.

The net electricity production program approved by the Board of Directors for 2019 (February 2019 revision) considered a quantity of 10,228,403 MWh; of this, implemented in a percentage of 101.2% and for the 4<sup>th</sup> quarter of 2019 it considered a quantity of 2,749,469 MWh, being implemented in a percentage of 102.7%.

The installed power usage factor, recorded by each operational unit within the Cernavoda NPP during the 4<sup>th</sup> quarter of 2019, and cumulated after the start of commercial usage (Unit 1 on December 2, 1996, Unit 2 on November 1, 2007) until December 31, 2019 was as follows:

Cernavoda NPP unit	Cumulated Jan. – Sept. 2019	October 2019	November 2019	December 2019	Cumulated 2019	Cumulated from the commercial exploitation
Unit 1	92.60%	94.37%	96.79%	101.60%	93.86%	90.68%
Unit 2	85.62%	99.30%	99.89%	100.01%	89.18%	94.13%

The lower value of the factor for using the installed capacity at Unit 2 CNE Cernavoda reflects the influence of the scheduled outage for an actual duration of 850.6 hours (approximately 35.4 days), registered as of May 3, 2019, 11:00, completed on June 7, 2019, 21:22. The unplanned extension of the scheduled outage of Unit 2 CNE Cernavoda lasted for 98.4 hours, and the initial planned moment of the re-synchronization was June 3, 2019, 19:00.

During September, an unplanned stoppage of Unit 1 of Cernavoda NPP occurred, lasting 160 hours, starting with September 18, 2019 at 5:30, in order to perform repair works to some leaks (minor leak of cooling agent) from the primary heat transfer system of the reactor.

#### 3.2. Electricity sales

Within the activity of electricity trading, the Company is obligated to submit letters of bank guarantee to certain contractual partners, according to the provisions stipulated in the electricity sale-purchase contracts. Mainly, these refer to: the contract concluded with C.N. Transelectrica S.A. for electricity transportation (a letter of bank guarantee is not currently necessary given the status of good payer of SNN, but the contract provides situations where the security is mandatory); the agreement concluded

with OPCOM S.A. for electricity trading on PZU (Next Day Market ) and PI (Intra-daily Market); regulated contracts, concluded with last resort providers, based on ANRE Decision no. 326/2019; contracts concluded on the PCCB – NC platform (centralized market of bilateral electricity contracts – the trading method according to which contracts are awarded by Continuous Negotiation); contracts concluded on the PCSU platform (centralized market for the universal service), plus tender procedure securities; the agreement for participating in the PE (balancing market) concluded with C.N. Transelectrica S.A. and the contract concluded with Ciga Energy S.A. for providing the representation service as the part in charge with balancing (PRE).

For the purpose of this activity, between October 1 and December 31, 2019, 14 letters of bank guarantee were issued, in value of 42,022,284 RON. During the same period, a letter of bank guarantee was liquidated in value of 1,603,008 RON, issued in 2019. On December 31, 2019, there are in the balance 52 letters of bank guarantee amounting to RON 164,952,097, out of which, for 29 letters of bank guarantee, there are collateral deposits set up amounting to RON 96,659,494.

The quantities of electricity sold during the year 2019 and the corresponding incomes, distributed on sale contract types are presented in the table below:

#### Electricity sales (quantities, prices and values) in 2019

Sales by types	Quantities in MWh	% of total sales	Average price [lei/MWh with Tg included]	Revenues from sales [lei]
Sales on the regulated market	1,376,963	12.9%	189.51	260,948,252
Sales on the competitive market (bilateral contracts and PZU and PI contracts), out of which:	9,245,123	86.8%	227.70	2,105,074,010
- Sales on PCCB - LE, PCCB - NC, PCSU, PC - OTC contracts and supply contracts	8,194,487	76.9%	228.01	1,868,444,207
- PZU and PI sales	1,050,636	9.9%	225.23	236,629,803
PE positive imbalances <sup>*)</sup>	30,137	0.3%	178.96	5,393,395
<b>Total sales in 2019</b>	<b>10,652,223</b>	<b>100%</b>	<b>222.62</b>	<b>2,371,415,657</b>

<sup>\*) NB: RON 198,067 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of NARE Order no. 51/2016, NARE Order no. 76/2017 and NARE Order no. 31/2018.</sup>

The electricity quantity sold based on contracts, on the spot market (PZU and PZI) and on PE is 10,652,223 MWh, 1.9% more than the sales program, of 10,453,499 MWh (sized on the production estimate, without estimating unplanned outages) and 0.2% less than the electricity quantity sold in the same period of 2018.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (305 thousand MWh) is represented by the electricity purchased for the full coverage of the contractual obligations, an electricity quantity that was purchased 51% from the spot market, 36% from the Centralized Markets, and the rest from PE.

The revenues obtained from the electricity market related to electricity deliveries in 2019 are RON 2,371,415,657 (out of which RON 198,067 account for redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018 ), 0.81% higher than the budget revenues for 2019, and 11.7% higher than the same period of the previous year.

According to the sales strategy, 9 contracts for purchase on the Centralized Markets were concluded between August 2018 and April 2019, for a constant power of 145 MWh, with delivery in May 2019, at an average price of 210.93 RON/MWh which partially covered the sale obligations assumed by the contracts whose average weighted price in May 2019 was 216.03 RON/MWh.

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in 2019, is of RON 227.70/MWh (including T<sub>g</sub>). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated in 2019 (PCCB - LE, PCCB - NC, PCSU, PZU and PI), calculated based on the values published by OPCOM in the monthly market reports, is 239.11 lei/MWh. In 2018 the average weighted sale price, for the energy quantities sold (without PE) was 198.99 lei/MWh (including T<sub>g</sub>).

Following Government Emergency Ordinance no. 114/28.12.2018, which amends and supplements Electricity and natural gas law no. 123/2012, ANRE issued Order no. 10/01.02.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers. According to ANRE Resolution no. 326/25.02.2019, the quantity assigned to SNN for 2019 for regulated contracts was 1,377 GWh. ANRE established a regulated price for SNN of RON 188.33 /MWh (without T<sub>g</sub>).

The sold electricity quantities on the competitive market (bilateral contracts) represented in 2019 a percentage rate of 76.9% out of the total volume of the sold energy. The average sale price on bilateral contracts in 2019 was 228.01 RON/MWh (with included T<sub>g</sub>), recording an increase of 13.6% as compared to the average price recorded in the same period of 2018, of 200.67 RON/MWh (with T<sub>g</sub> included); given the fact that the values of the electric power input transport fee in the T<sub>g</sub> network were the following: RON 1.05 /MWh for the period July 1, 2017 - June 30, 2018, according to ANRE Order no. 48/22.06.2017 and RON 1.18 /MWh for the period July 1, 2018 - December 31, 2019, according to ANRE Order no. 108/20.06.2018.

On the spot market (PZU and PI), in 2019, a quantity of electricity representing 9.9% of the total sales volume was sold, compared to the percentage share of 14.9% recorded over the same period of 2018. The average sale price of energy on the spot market (PZU and PI) performed by SNN in 2019 was 225.23 lei/MWh (with T<sub>g</sub> included), compared to 189.46 lei/MWh (with T<sub>g</sub> included) registered in 2018.

In 2019, SNN performed 206 energy sales contracts, as follows:

- 5 regulated contracts;
- 118 contracts concluded on PCCB - LE;
- 67 contracts concluded on PCCB-NC;
- 13 contracts concluded on PCSU;
- one transaction concluded on PC - OTC;
- 2 supply contracts for 2 end users.

No contracts were terminated, and no significant delays were notified compared to the due payment terms provided in the contracts in 2019. In all the cases in which there have been delays, the Company sent notifications and charged penalties according to the contractual provisions.



The quantities of energy sold in the fourth quarter of 2019 and the corresponding incomes, separated on types of sale contracts, are presented in the table below:

#### Electricity sales (quantities, prices and values) during the 4<sup>th</sup> quarter of 2019

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with T <sub>g</sub> included]	Revenues from sales [Ron]
Sales on the regulated market	818,423	28.9%	189.51	155,099,343
Sales on the competitive market (bilateral contracts and PZU and PI contracts), out of which:	2,000,918	70.8%	219.52	439,250,564
- Sales by PCCB - LE, PCCB – NC contracts and supply contracts	1,871,143	66.2%	220.80	413,150,965
- PZU and PI sales	129,775	4.6%	201.11	26,099,599
PE positive imbalances <sup>*)</sup>	8,386	0.3%	205.80	1,725,808
<b>Total sales in the 4<sup>th</sup> quarter of 2019</b>	<b>2,827,727</b>	<b>100%</b>	<b>210.80</b>	<b>596,075,715</b>

<sup>\*) NB: RON 46,249 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE order no. 76/2017 and ANRE order no. 31/2018.</sup>

The electricity quantity sold based on contracts, on the spot market (PZU and PI) and on PE is 2,827,727 MWh, 2% more than the sales program, of 2,773,040 MWh (sized on the production estimate, without estimating unplanned outages) and by 0.52% higher than the electricity quantity sold in the fourth quarter of 2018.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (5 thousand MWh) is represented by the electricity purchased for fully covered the contractual obligations, an electricity quantity that was purchased 88% on PE, and the rest from the spot market.

The revenues obtained from the electricity market related to electricity deliveries in the fourth quarter of 2019 are 596,075,715 lei (out of which 46,249 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.93% lower than the budget revenues for the fourth quarter of 2019, and 0.5% higher than the same period of the previous year.

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in Q4 2019, is of RON 219.52/MWh (including T<sub>g</sub>). In the fourth quarter of 2018 the average weighted sale price, for the energy quantities sold (without PE) was 212.87 lei/MWh (including T<sub>g</sub>).

The sold electricity quantities on the competitive market of bilateral contracts represented in the fourth quarter of 2019 a percentage rate of 66.2% out of the total volume of the sold energy. The average sale price on bilateral contracts in the fourth quarter of 2019 was 220.80 RON/MWh (with T<sub>g</sub> included), recording a 7% increase as compared to the average price registered over the fourth quarter of 2018, of 206.65 RON/MWh (T<sub>g</sub> included), given that T<sub>g</sub> starting with the 3rd quarter of 2018 was lower by 1.18 RON/MWh.

On the spot market (PZU and PI), during the fourth quarter of 2019, a quantity of electricity representing 4.6% of the total sales volume was sold, compared to the percentage share of 7.9% recorded in the fourth quarter of 2018. The energy average selling price on the spot market (PZU and PI) achieved by SNN in the fourth quarter of 2019 was 201.11 lei/MWh (with T<sub>g</sub> included), compared to 284.97 lei/MWh (with T<sub>g</sub> included) recorded during the same period of 2018.

In the fourth quarter of 2019, SNN implemented 88 energy sale contracts, as follows:

- 5 regulated contracts;
- 51 contracts concluded on PCCB - LE;
- 30 contracts concluded on PCCB - NC;
- 2 supply contracts for 2 end users.

### **3.3. Expenses in the energy market**

In 2019, the total value of the expenses on the electric power market, incurred by SNN, is of RON 97,718,975, out of which RON 19,270,060 represent expenses on the balancing market (PE), RON 12,208,626 represent T<sub>g</sub> (the regulated tariff paid to CN Transelectrica SA for the injection of the electric power produced by Cernavoda NPP in the electric power transport network), RON 13,681 represent the expenses consisting in the equivalent value of the green certificates required to be purchased for the supplied electric power, RON 756,566 represent the tariffs paid to OPCOM SA for the sale and purchase transactions carried out on the platforms managed by OPCOM S.A.

In 2019 the expenses with the purchase of electricity from the Centralized Markets were 23,040,840 lei – for 108,600 MWh, and those from the spot market (PZU and PI) were 41,849,289 lei – for 155,558 MWh. The expenses with electricity purchase (Centralized Markets and spot market) amounted to 64,890,129 lei (2018: RON 32,883,110), for the purpose of ensuring the full compliance with the electricity delivery contractual obligations during the planned outage (including the unplanned outage, following the extension of the planned outage) of Unit 2 CNE Cernavoda, and for the unplanned stoppage of Unit 1 CNE Cernavoda from September 2019; the purchased quantity of electricity was 264,158 MWh (2018: 150,740 MWh), at an average price of RON 245.65 /MWh (2018: RON 218.14/MWh).

The purchases associated to the unplanned extension of the planned outage of Unit 2 CNE Cernavoda on the spot market (PZU and PI) were in total value of RON 6,881,850, for a total quantity of 34,854 MWh, at an average price of 197.45 RON/MWh.

The PE expenses in 2019 were RON 19,270,060, and the purchased electricity quantity was 41,319 MWh (2018: RON 24,046,639, with the purchased quantity of electric power amounting to 82,313 MWh). This amount represents the equivalent value of the energy received from PE for compensating the negative unbalance, which occurred because of the differences between the energy quantities that were actually delivered and the quantities notified on the market according to the daily estimates for each hourly interval, and the value of the unbalance from notification, the penalties for the partial delivery of the balancing energy and redistributed costs resulted from the system balancing, based on ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

In the fourth half-year of 2019, the total value of the expenses on the electric power market, incurred by SNN, is of RON 4,667,163, out of which RON 879,039 represent expenses on the balancing market (PE), RON 3,330,979 represent T<sub>g</sub> (the regulated tariff paid to CN Transelectrica SA for the injection

of the electric power produced by Cernavoda NPP in the electric power transport network), RON 152,689 represent the tariffs paid to OPCOM SA for the sale and purchase transactions carried out on the platforms managed by OPCOM S.A.

In the 4<sup>th</sup> quarter of 2019 the expenses with the procurement of electricity on the spot market (PI) were 75,223 RON (225 MWh at an average price of 334.32 RON/MWh), in order to ensure the full compliance with the contractual obligations of delivering electricity during the power reductions at NPP Cernavoda.

The PE expenses in the fourth quarter of 2019 were 879,039 lei, and the purchased electricity quantity was 4,518 MWh (fourth quarter of 2018: RON 4,525,741, with the purchased quantity of electric power amounting to 9,160 MWh).

The expenses with purchases of electricity and negative imbalances were higher in the 4<sup>th</sup> quarter of 2019, compared to the 4<sup>th</sup> quarter of 2018, and neither quarter was affected by unscheduled stoppages.

### **3.4. Investment program as of December 31, 2019**

The total value of the investment program of SNN for 2019 is 256,548 thousand RON (without the component allocated to the payment of the debt service related to long-term loans), a program approved by Resolution no. 6/20.05.2019 of the Ordinary General Assembly of Shareholders of SNN, as part of the Revenues and Expenses Budget ("BVC") of SNN for 2019.

The comparative situation of the investment accomplishments (value and percentage) for 2019 compared to the same period of 2018 is presented in the table below:

<b>Year</b>	<b>Value of the investment program [thousand RON]</b>	<b>Performed (01.01 - 31.12) [thousand RON]</b>	<b>Achievement level (01.01 - 31.12) (%)</b>
2019	256,548	218,455	85.2%
2018	244,867	139,699	57.1%

As in the previous years, Nuclearelectrica S.A. structured its investment development program on objectives defined in relation to the needs of the production branches (Cernavoda NPP and Pitesti NFF), so as to achieve a high level of utilization of the production capacity (EAF Energy Availability Factor) in compliance with the nuclear safety norms and the long-term maintenance of the level of excellence in the operation of the plant. At the same time, the goal of the development program is to cover the necessity to upgrade/refurbish certain systems, for economic reasons (specific consumption reductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), and legal ones – the need to implement upgrades associated with nuclear security, environment protection and labor security, representing imperative requirements from the regulatory authorities in the field.

#### ***Analysis of the completion degree of the investment program on December 31, 2019***

The investment program of SNN for 2019 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made in the following year, including amounts allocated to investment projects for which the fulfillment of certain

requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values.

The largest investment programs planned to be finalized in 2019 were: acquisition of horizontal and vertical flow detector extraction equipment of the Hesar type, replacing the control part of an excitation system at Unit 2, modules DICA 10 and 11, as well as stage 1 of the modernization and extension of the Physical Protection System. In addition, the investment program included inspections and capital repairs carried out at Unit 2 during the planned shutdown, other investment projects required within NPP, NFF and the headquarters, as well as investment objectives with completion in the next years.

In 2019 we completed the investments for “Equipment for extracting HESIR horizontal and vertical flow detectors”, “DICA – Module 10” and “replacing the control section of the excitation system 2–41280–PL 1615 at Unit 2”.

Out of the investment projects provided in the investment program we mention:

- **“Planned outage of Unit 2 CNE Cernavoda (regular general inspections and capital repairs)”**: budgeted 79,628 thousand RON – the value degree of implementation as of December 31, 2019 is 99%.

- **“Burnt fuel intermediary storage”**: budgeted 12,925 thousand lei – the value achievement degree as of December 31, 2019, 98 is 98%. Module 10 was completed and received in July 2019, but for Module 11 the completion deadline was revised for March 2020.

- **“Modernization and expansion of the physical security system”**: budget 19,736 thousand lei – the achievement value degree on December 31, 2019 is 53%. Physical protection works priority 2, stage 1 of completing the physical protection system of Cernavoda NPP are in progress, and the completion of the works has been postponed for April 2020.

- **“Improving the CNE Cernavoda response, respectively the nuclear security functions in case of events outside the design bases following the nuclear accident occurred at the Fukushima 1 nuclear plant, Japan”**: budget 31,270 thousand lei - achievement value degree as of December 31, 2019 is 56%. Within the objective of changing the destination of the existing constructions on the site of Unit 5, it was decided to terminate the contract for works and services, with the contract termination notice being served on August 30, 2019.

- **“Extending the life cycle of unit 1 by re-tubing the reactor and refurbishing the main systems (studies)”**: budget 3,665 thousand RON - the accomplishment degree value-wise as of December 31, 2019 is of 17%. In 2019 the following procedures were completed: the purchase procedure on assessing the state of the structures of systems and components of Unit 1 (Condition Assessment), and the contract was signed with the association between CANDU Energy and Ansaldo Nucleare on October 18, 2019, and the purchase procedure for “Integrated engineering services in relation to extending the lifecycle up to 245,000 EFPH”, and the contract was signed with CANDU Energy Inc. The contest for solutions on implementing the technical solution for replacing fuel channels, calandria tubes and feeders (ICCTCF) was completed, and the winner of the contest was Candu Energy. Also, at the end of 2019, the procurement procedure for “Engineering services for drafting a preliminary technical study and a Feasibility Study on Managing Radioactive Waste generated during the refurbishment of Unit 1, and

during the operation of the two units after refurbishing Unit 1” was in the final granting stage, and the contract will be signed in 2020.

- **“Fittings”**, representing procurements of goods and other investment expenses: budgeted at RON 70,999 thousand – the value degree of implementation as of December 31, 2019 is 75%.

In 2019, the need to include in the investment project for 2019 the following projects was identified:

- Shared project COG – JP 4597/4400 „Pressure Tube Integrated Material Surveillance Program” (PT-IMSP), with an implemented value in this period of RON 7,359 thousand;
- Project "Development of Seiru Warehouse" with an implemented value in this period of RON 2,098 thousand;
- Project “Implementation of the feeder program - replacement of the G13A feeder” with an implemented value of 1,721 thousand RON;
- Project “Design and execution of natural gas supply system” with an implemented value of 299 thousand RON;
- Project “Tennis court remedy and development work” with an implemented value of 189 thousand RON;
- Project "Replacement of corroded pipeline section in the area of Anghel Saligny - Cernavoda", with an implemented value in this period of RON 74 thousand;
- Project “Building of a lighting arrester at the light fuel tanks related to CTP”, with an implemented value of 0.5 thousand RON.

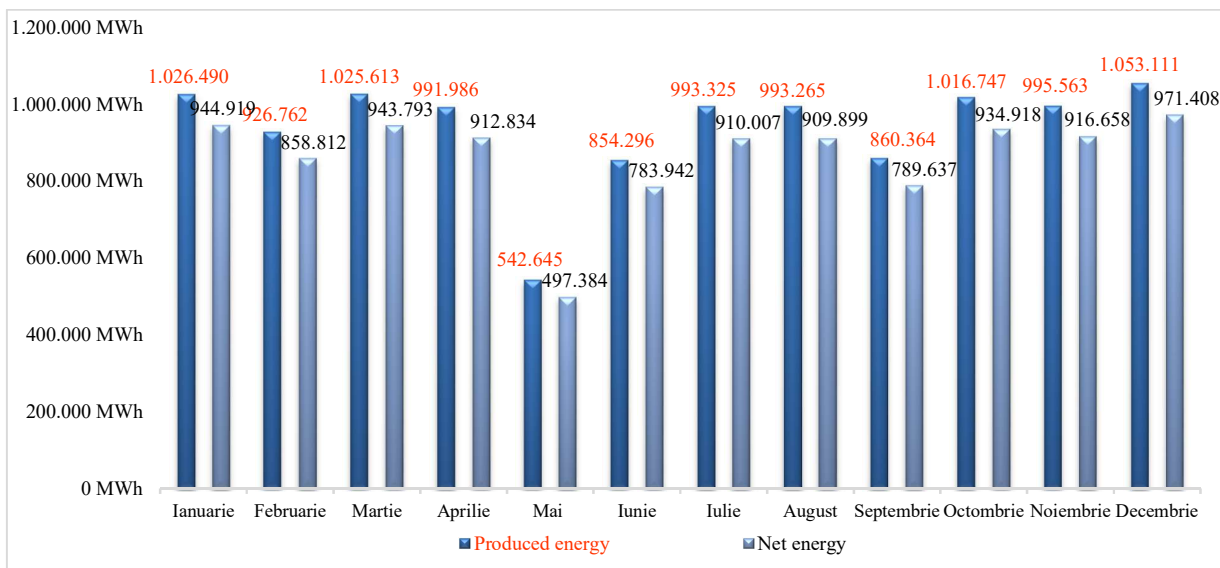
### **3.5. Activity of the Cernavoda NPP Branch**

The operation activity was conducted without events that might have impact an impact on nuclear safety, upon the own personnel, population and environment. The relationship with the regulators was conducted in compliance with the requirements and conditions in the operation licenses.

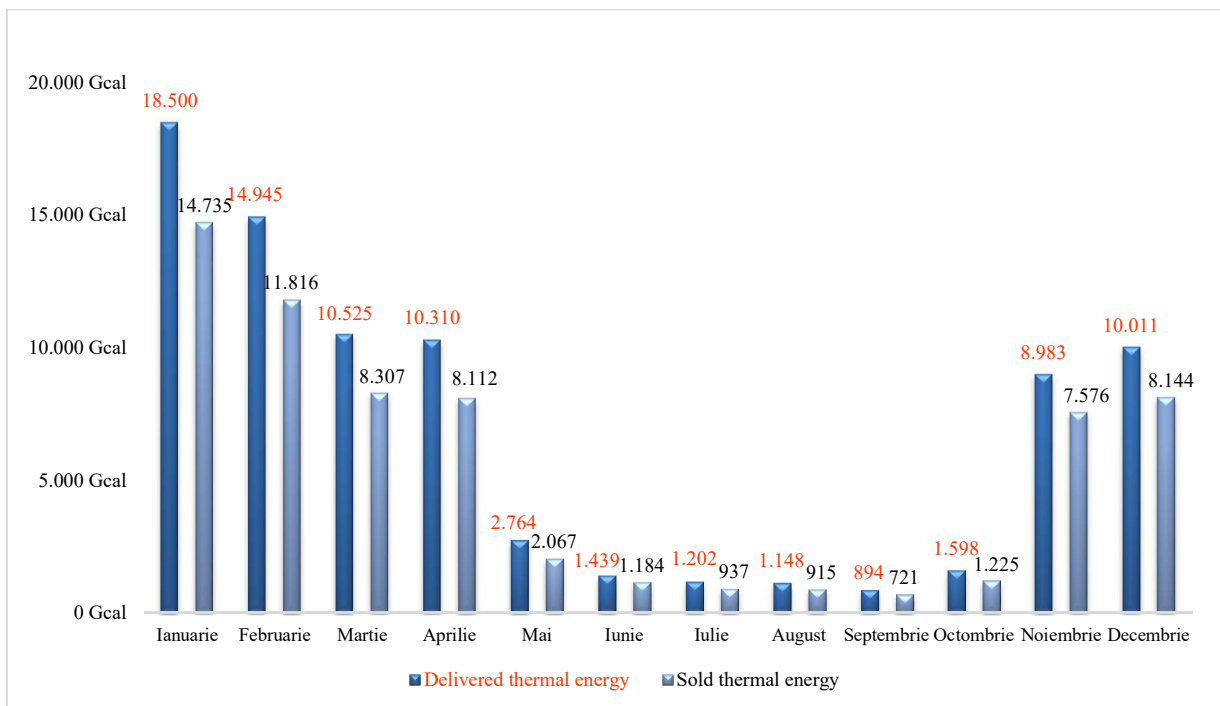
Over the 12-month period that ended on December 31, 2019, no operation event exceeding level 1 on the international scale of the nuclear events was registered, regarding the degrading of the in depth defense barriers, impact on the site or outside (INDICATOR 1).

The main indicators of the production activity are shown in the following graphics.

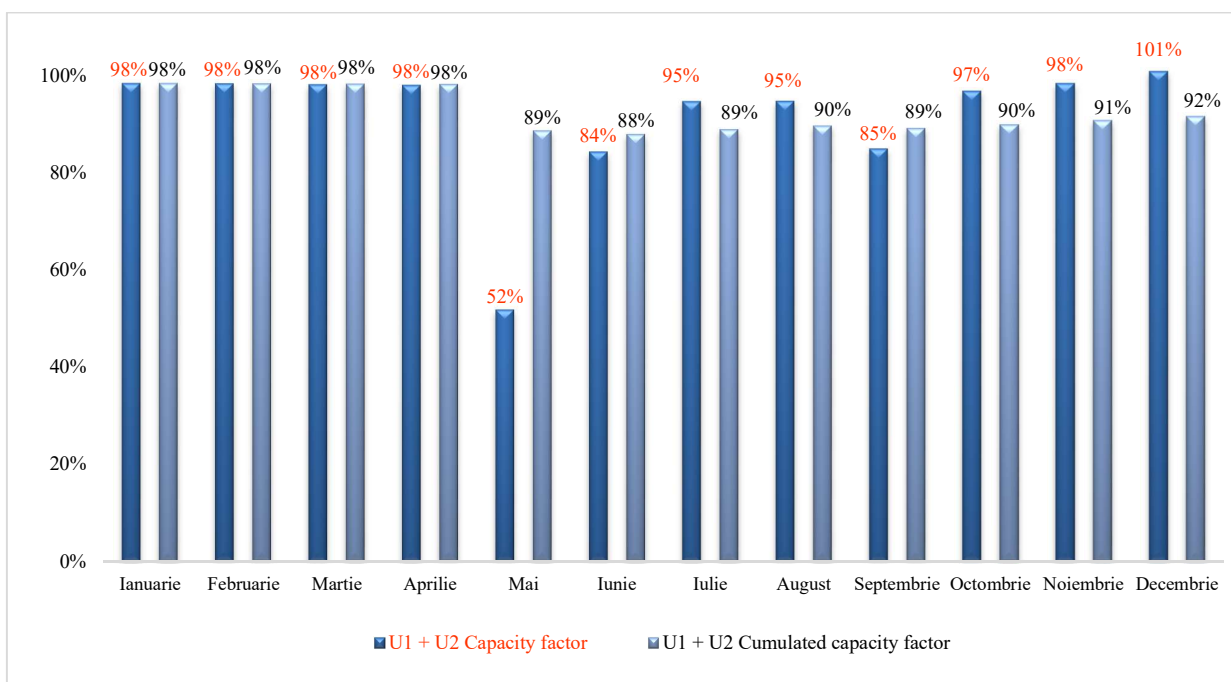
**Produced/net electrical energy U1+U2 (MWh)**  
**(Produced electrical energy: 11,280,167/Net electricity delivered: 10,374,211)**  
**(Own technological consumption cumulated for 2019: 8.08%)**



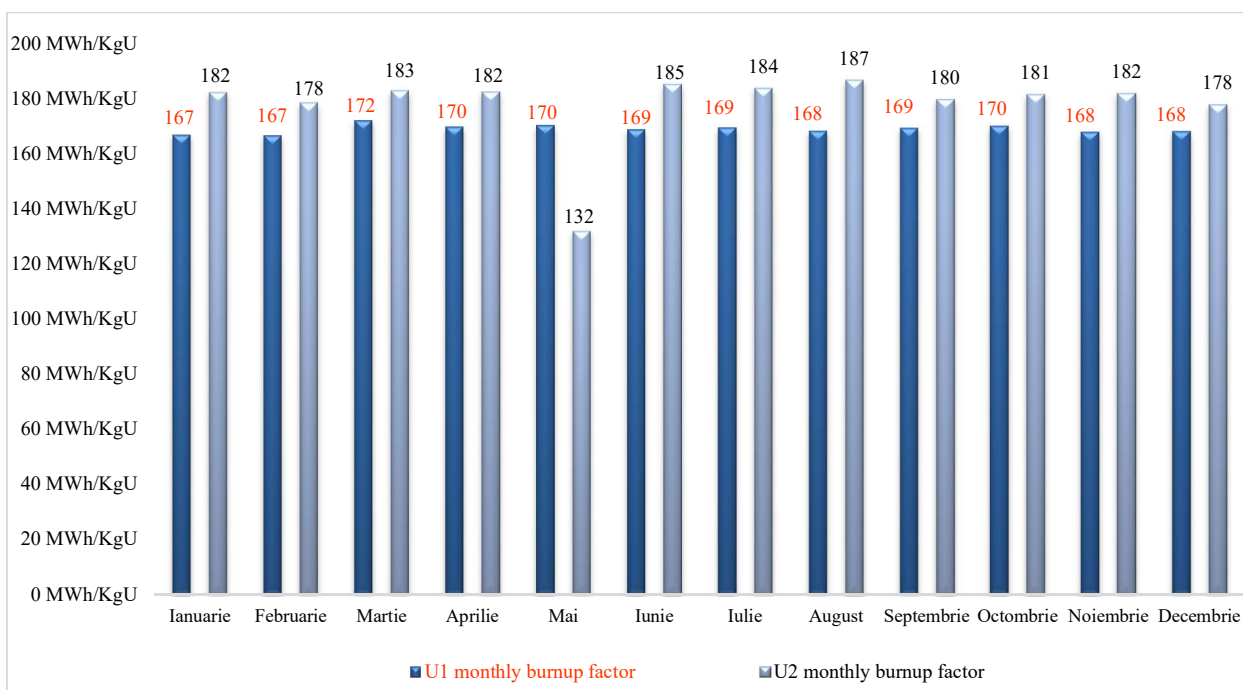
**Thermal energy delivered to the district heating/sold (Gcal)**  
**(Delivered thermal energy: 82,319/Sold thermal energy: 65,739)**



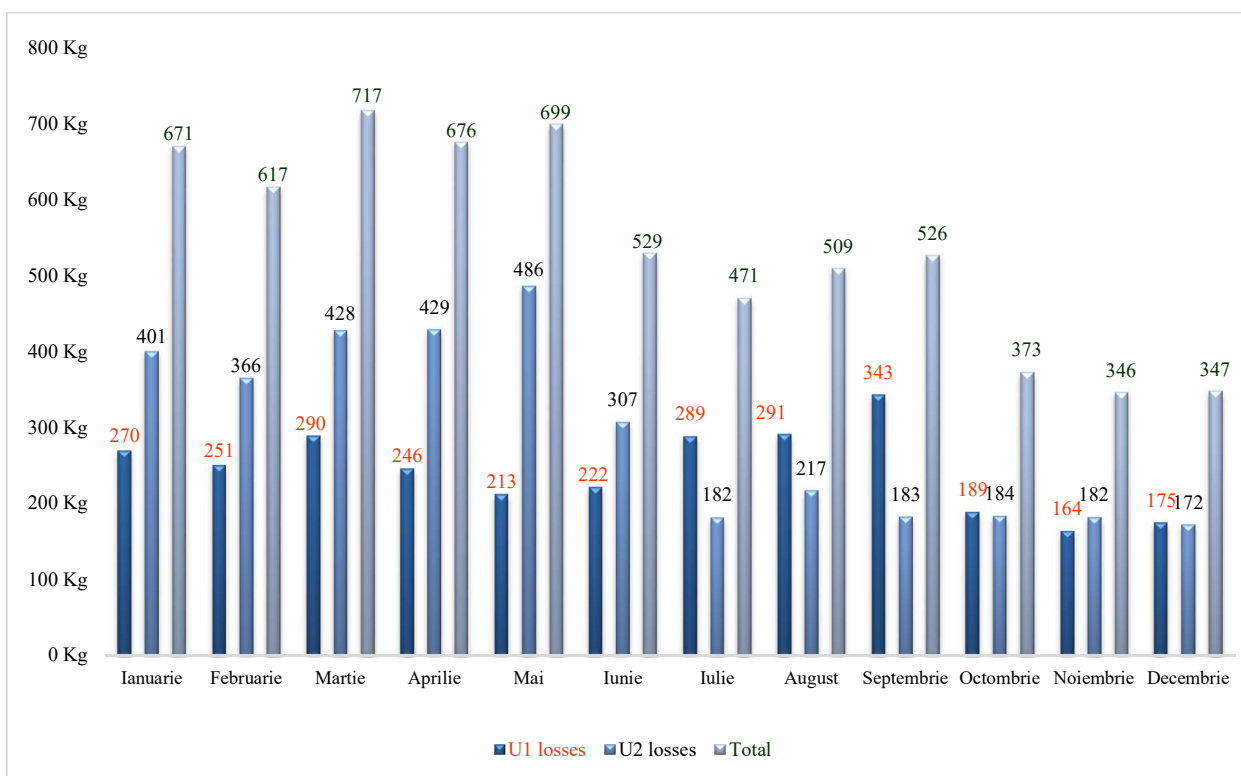
**Installed capacity factor U1 + U2 (%)**  
**(Cumulated 2019: 91.52%)**



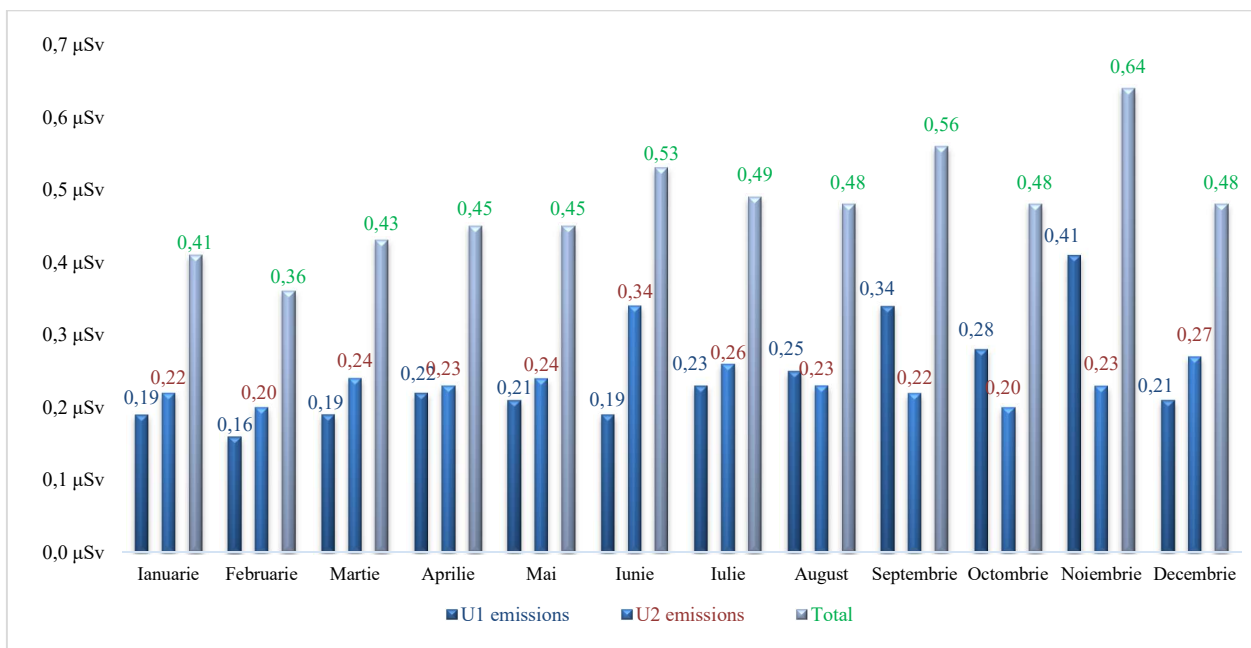
**Nuclear fuel burn up degree (MWh/KgU)**  
**(Cumulated 2019: 175/Provided in the project: min. 156)**



**Heavy water loss U1+U2 (Kg)**  
(Cumulated 2019: 6,479/Provided: max. 10,280)



**Volume of radioactive emissions in the environment U1+U2 (µSv)**  
(Total cumulated 2019: 5.76/Annual limit: 250)





### **3.6. Activity of the Pitesti NFF Branch**

In 2019 the FCN Pitesti branch manufactured, controlled and accepted 11,200 nuclear fuel bundles (2018: 11,209 nuclear fuel bundles), according to the manufacture plan, all of these complied with the specifications. Thus, in the 1st quarter of 2019 the company manufactured, inspected and accepted 3,142 nuclear fuel bundles (1st quarter of 2018: 2,938), in the second quarter 2,767 (second quarter of 2018: 2,903), and in the third quarter 2,412 (third quarter of 2018: 2,303), and in the fourth quarter 2,879 (fourth quarter of 2018: 3,065).

Over the period January 1 - December 31, 2019, FCN Pitesti branch delivered to CNE Cernavoda a quantity of 10,800 nuclear fuel bundles (2018: 10,800 bundles), and complied with the agreed delivery schedule: 2,160 nuclear fuel bundles delivered in the first quarter of 2019 (first quarter of 2018: 2,160), in the second quarter 3,600 (second quarter of 2018: 2,880), in the third quarter 2,160 (third quarter of 2018: 2,880) and respectively 2,880 in the fourth quarter (fourth quarter of 2018: 2,880).

In 2019, for the production of nuclear fuel, sintered uranium dioxide powder was consumed, at an average price of RON 417.13 /kg, from the existing stock on January 1, 2019, and from the purchases from CNU (National Company of Uranium) - Feldioara Branch and Cameco Marketing Inc. Canada.

## **4. OTHER SIGNIFICANT ASPECTS**

### **4.1. The Project for Units 3 and 4 Cernavoda NPP**

The main benchmarks for continuing the Project of Units 3 and 4 Cernavoda CNE in 2019 are the following:

- Over the period January 21<sup>st</sup> - 23<sup>rd</sup>, 2019, a meeting of the mixed work group Romania - China took place regarding IGA, and the following actions were identified: (1) the JVCO establishment as soon as possible to support the implementation of CfD in Romania, ongoing process; (2) the Romanian party to finalize the preparatory technical measures in view of submitting to the Romanian Parliament and to the European Commission the legislative amendments and updates associated with the adoption of the CfD mechanism; (3) SNN and CGN to resume negotiations on the Investors Agreement (“IA”) in preliminary form.
- In meeting of February 4, 2019, the SNN Board of Directors approved the revised mandate of the SNN Negotiating Committee to negotiate the IA and the Articles of Incorporation (“AI”) in a preliminary form to allow the establishment of JVCo by initial minimal cash contribution, calibrated to the development needs of the Project.
- Resolution no. 4/10.04.2019 of the Extraordinary General Assembly of Shareholders approved the Preliminary Investors’ Agreement regarding Units 3 and 4 of NPP Cernavoda between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO S.A. and S.N. Nuclearelectrica S.A.
- On May 8<sup>th</sup>, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.

- Resolution no. 9/July 29<sup>th</sup>, 2019 of the Extraordinary General Assembly of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines / due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda.
- At the end of 2019, CANDU Energy Inc. (the authority that designed the NPP of Cernavoda) drafted a report for assessing the manner in which the Project for Units 3 and 4 of NPP Cernavoda complies with the requirements of Nuclear Security Directive 87/2014/EURATOM. The assessment report concludes that the Project, with some additional improvements and in-depth analyses recommended by Candu Energy Inc., is capable of complying with the requirements of the Nuclear Security Directive.

#### **4.2. The litigation initiated by the Union of Cernavoda NPP and employees of the Cernavoda NPP Branch**

On the docket of the Constanta Court, a case was filed against SNN, no. 5802/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, and the plaintiff is the Union of Cernavoda NPP on behalf of 757 employees of the Cernavoda NPP Branch.

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court rejected the exception of the work authority on trial, invoked by SNN, as groundless, and approved the evidence with documents and accounting studies, and prorogated the technical study related to the classification in the radiological risk areas after SNN submitted the documents. An accounting inspection is in progress. The following hearing is on March 6, 2020.

#### **4.3. The litigation initiated by the Free Union Energetica Nucleara '90 and employees of the Cernavoda NPP Branch**

On the docket of the Constanta Court, a case was filed against SNN, no. 7036/118/2017, and its scope is unpaid salary rights, representing the equivalent value of the occupational risk (hazardous conditions) bonus, and the plaintiff is the Energetica Nucleara '90 on behalf of 291 employees of the Cernavoda NPP Branch.

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court approved the evidence with documents and accounting study, and prorogated the technical expertise related to the classification in the radiological risk areas after SNN submitted the documents. In order to conduct the technical expertise study, the court ordered the classification into risk categories to be performed by Mr. Toronto Laszlo with Citon. The next hearing is on March 6, 2020, when the court will set the fee and payment method.

#### **4.4. The litigation initiated by S.N. Nuclearelectrica S.A. against ArcelorMittal Galati S.A.**

The Court of Appeal of Galati approved the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by the Court of Law of Galati, Civil Section II in file no. 3490/121/2015, and fully changed the appealed judgment and, in the retrial stage, partially approved the case. Ordered defendant ArcelorMittal S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,575,245.78, as damage compensations. Rejected as groundless the appeal filed against the judgment of May 26, 2016 issued by the Court of Law of Galati in file no. 3490/121/2015. Ordered the

defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal, with the right to recourse. S.N. Nuclearelectrica S.A. notified ArcelorMittal Galati S.A. for the payment of RON 1,394,378.75 that is outstanding in order to fully comply with the payment obligation imposed by the Resolution of the Court of Appeal representing damage compensations and the equivalent value of trial expenses, which ArcelorMittal Galati S.A. paid by bank transfer on July 11, 2019. The decision is appealable.

#### **4.5. Litigation initiated by S.N. Nuclearelectrica S.A. against the foreclosure of its shares**

Civil Professional Firm of Legal Executors “Mazilu si Asociatii” sent us the attachment protocol drafted on November 25, 2019 on 67,071,301 shares owned by the Romanian State at S.N. Nuclearelectrica S.A. in foreclosure file no. 22/2014, creditors Micula Ioan and companies Multipack S.R.L. and Starmill S.R.L., for a receivable of 670,713,010.55 RON, debtor - the Romanian State, by the Ministry of Public Finance.

S.N. Nuclearelectrica S.A submitted at the court law of District 5 Bucharest File no. 28932/300/2019 - appeal against the foreclosure, and asked for the final cancellation of the attachment protocol of November 25, 2019 on 67,071,301 shares with a nominal value of 10 RON/share. The file is in administrative procedure at the court of law.

On December 13, 2019, the Ministry of Public Finance communicated by letter no. 32509 to “Mazilu si Asociatii” Professional Firm of Legal Executors that it had fully paid the amount by payment order no. 33383 / 13.12.2019 and asked for the termination of the foreclosure.

“Mazilu si Asociatii” Professional Firm of Legal Executors asked the Ministry of Public Finance, by Summons of December 23, 2019, to pay the amount of 5,260,959.6 RON representing a receivable difference consisting of the accumulated interest and execution expenses, an amount which the Ministry of Public Finance paid by payment order no. 1/06.01.2020.

Consequently, S.N.Nuclearelectrica S.A will formulate clarifications and will ask the court of law, in virtue of art. 649 from the Civil Procedure Code to cancel the foreclosure in file no. 28932/300/2019 at the court of law of District 5 Bucharest. The file is under regularization procedure and a resolution term has not been announced.

#### **4.6. Litigation initiated by S.N. Nuclearelectrica S.A. against the Energy Regulation National Authority “ANRE”**

S.N. Nuclearelectrica S.A. initiated the action of suspending ANRE Order 216/11.12.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers and for setting maximum electricity quantities that may be imposed as sale obligations based on regulated contracts - File no. 7222/2/2019. The court approved the SNN application and ordered the suspension of the execution of ANRE Order no. 216/11.12.2019 until the merits court issues its judgment. Judgment no. 132/02.03.2020 is legally enforceable and appealable.

S.N. Nuclearelectrica S.A. initiated the action of cancelling ANRE Order 216/11.12.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance

suppliers and for setting maximum electricity quantities that may be imposed as sale obligations based on regulated contracts - File no. 97/2/2020. No term was granted.

#### **4.7. Amendment of the Articles of Incorporation of the Company**

By Resolution no. 2/04.01.2019 of the Extraordinary General Assembly of Shareholders, the amendment of the Articles of Incorporation of SNN, according to the report submitted to the shareholders for this item of the agenda (item 2 of the EGMS agenda of January 4, 2019), was approved. The amendment is as follows: adding par. (7) to art. 8 which is specifying that the Board of Directors is authorized, for a period of three years, to increase the share capital by issuing new shares in exchange for the contributions of the shareholders up to an authorized capital value of RON 3,015,427,983.

By Resolution no. 12/19.12.2019 of the Extraordinary General Assembly of Shareholders, the amendment of the Articles of Incorporation of SNN, according to the report submitted to the shareholders for this item on the agenda (item 2 (iii) of the EGMS agenda of December 19, 2019), was approved. The amendment aims at: amending par. (7) of art. 8 which is specifying that the Board of Directors is authorized, for a period of three years, to increase the share capital by issuing new shares in exchange for the contributions of the shareholders up to an authorized capital value of RON 3,016,518,660.

By Resolution no. 2/30.01.2020 of the Extraordinary General Assembly of Shareholders, the amendment of the Articles of Incorporation of SNN, according to the report submitted to the shareholders for this item on the agenda (item 2 of the EGMS agenda of January 30, 2020), was approved. The amendment is as follows: adding par. (4) of art. 5 referring to the introduction of new NACE codes, corresponding to new secondary activities.

#### **4.8. Activities approved for the increase of the share capital**

Resolution no. 2/04.01.2019 of the Extraordinary General Assembly of Shareholders approved the following activities for the increase of share capital:

1. The appointment by the Trade Registry Office attached to the Bucharest Court of Law of an authorized assessor to appraise the land located on 23 Energiei Street, Cernavoda, Constanta County, in order to increase the share capital of S.N. Nuclearelectrica S.A., as per the note forwarded to the shareholders with regard to this item of the agenda (item 3 of EGMS agenda from January 4, 2019);
2. Conferral of power to the Board of Directors for S.N. Nuclearelectrica S.A. share capital increase up to a maximum value of authorized registered capital of RON 3,015,427,983, according to the note forwarded to the shareholders in relation to this item of the agenda (item 4 of EGMS agenda from January 4, 2019).

Resolution no. 12/19.12.2019 of the Extraordinary General Assembly of Shareholders approved the following activities for the increase of the share capital:

1. Increasing the competence value limit delegated by the shareholders of S.N. Nuclearelectrica S.A. to the Board of Directors, by EGMS Resolution no. 2/04.01.2019 (section 4 of the EGMS agenda of January 4, 2019), for increasing the share capital of S.N. Nuclearelectrica S.A. with the equivalent value of the land of 34,170 sq m, located at no. 23, Energiei Street, Cernavoda, Constanta County, from the initial value approved by EGMS Resolution no. 2/04.01.2019, of 3,015,427,983 lei, up to the maximum

value of 3,016,518,660 lei, according to the note presented to the shareholders for this topic on the agenda (section 2 (i) of the EGMS agenda of December 19, 2019);

2. Modifying the maximum value limit of the authorized share capital proposed by the shareholders of S.N. Nuclearelectrica S.A., according to EGMS resolution no. 2/04.01.2019 (section 4 of the EGMS agenda of January 4, 2019), up to which the Board of Directors is authorized to 2/04.01.2019, from the initial value of 3,015,427,983 lei, to the maximum value of 3,016,518,660 lei, according to the note presented to the shareholders for this topic on the agenda (section 2 (ii) of the EGMS agenda of December 19, 2019).

By the Current Report published on February 24, 2020, S.N. Nuclearelectrica S.A. informed its shareholders and investors on approving the increase of the share capital of SNN by the Board of Directors, with an in-kind and cash contribution in total maximum value of 1,380,150 lei, from the current value of 3,015,138,510 lei to the value of 3,016,518,660 lei, by issuing a maximum number of 138,015 new dematerialized registered shares, at a price of 10 lei/share, equal to the nominal value (without the first issue).

#### **4.9. Appraisal mission lead by the World Association of Nuclear Operators “WANO”**

By the Current Report published on January 30, 2019, S.N. Nuclearelectrica S.A. is notifying the shareholders and investors on the appraisal mission lead by the World Association of Nuclear Operators “WANO” between November 5 – 12, 2018. This appraisal carried out at the request of S.N. Nuclearelectrica S.A., by a team of 25 international experts sent by nuclear power plants from all over the world, concluded that the level of nuclear security at Cernavoda NPP is high.

#### **4.10. Changes in the management of the Company - Managers**

By Resolutions no. 2/04.02.2019 and no. 3/04.02.2019, SNN Board of Directors has approved the appointment of the Chief Executive Officer, Deputy Executive Officer and Chief Financial Officer for a period of 4 years, starting on February 11, 2019, as follows: Mr. Cosmin Ghita – as Chief Executive Officer; Mr. Dan Laurentiu Tudor – as Deputy Executive Officer and Mr. Adrian Gabriel Dumitriu – as Chief Financial Officer.

By the Current Report published on January 16, 2020, S.N. Nuclearelectrica S.A. informs its shareholders and investors regarding the resignation of Mr. Adrian Gabriel Dumitriu from the position of Chief Financial Officer within S.N. Nuclearelectrica S.A., as of March 31, 2020.

#### **4.11. Approval of regulated prices and quantities for the period March 1, 2019 – December 31, 2019**

By the Current Report published on February 27, 2019, S.N. Nuclearelectrica S.A. informs the shareholders and the investors about the Decision of the National Energy Regulatory Authority no. 326/25.02.2019, according to which S.N. Nuclearelectrica S.A. has the obligation to sell 1,377,328,968 MWh on the regulated market between March 1, 2019 - December 31, 2019 (March - April 2019, and July - December 2019, respectively), representing 13.4% of the total production schedules for 2019 at the regulated price of RON 188.33/MWh. This regulated price does not include the electricity transmission fee, in the amount of RON 1.18/MWh (according to the Order of the National Regulatory Authority for Energy No. 108/20.06.2018).

#### **4.12. Signing the Memorandum of SNN – NuScale Power**

On March 19, 2019 a Memorandum of Agreement was signed with NuScale Power for an exchange of technical and economic information on the innovative nuclear technology developed by NuScale Power: nuclear power plant based on light water modular reactors to provide electricity, heat, desalination. This technology is the first and only technology subject to a certification assessment by the Nuclear Regulatory Commission of the United States, globally. The purpose of this Memorandum is to evaluate the development, authorization and construction of small modular reactors as a potential long-term solution for Romania.

#### **4.13. Approving the distribution of the net profit of financial year 2018**

By Resolution no. 5/23.04.2019 of the Ordinary General Assembly of Shareholders of SNN the distribution of the net profit for the financial year 2018 by destinations was approved, the total value of gross dividends in value of RON 378,914,310, the value of the gross dividend per share in value of RON 1.25670615, the dividend payment date, namely the date of June 28, 2019 and the payment methods, according to the report submitted to the shareholders for this item of the agenda (item 5 of EGMS agenda from April 23, 2019).

#### **4.14. Planned outage of Unit 2 NPP Cernavoda**

Starting from May 3, 2019 at 11:00, Unit 2 CNE Cernavoda entered the planned outage program and the synchronization with the National Energy System was made on June 7, 2019 at 22:00.

During the period of planned outage made once every two years, more than 9,000 activities of the following programs were carried out:

- Preventive and corrective maintenance program;
- Inspection program;
- The mandatory testing program during the period of planned outages, according to the requirements of the National Committee for Nuclear Activities Control which can be made only with the plant stopped;
- Program for implementation of the project modifications by certain systems/equipment/components.

All the objectives of the planned outage were achieved under safety conditions for the staff of the plant, for the public and the environment, according to the procedures approved used by CNE Cernavoda Branch.

#### **4.15. The launch of the campaign “We grow with you!”**

With the Press Release published on August 30, 2019, S.N. Nuclearelectrica announced the launch of the campaign “We grow with you!”, a campaign of involvement in the local community of Constanta county, dedicated to improving education and living conditions, as well as access to quality medical services.

The actions of involvement in the local community target 3 major development areas derived from the actual needs of various social categories:

1. Equipping the Physics and Chemistry laboratories of 11 educational institutions in Constanta county (Cernavoda, Fetesti, Medgidia, Constanta) with modern equipment, amounting to approximately RON 3,000 thousand.
2. Equipping the Cernavoda City Hospital with modern medical equipment amounting to RON 995 thousand.
3. Furnishing playgrounds/relaxation areas, and the modernization of the streets in the City of Cernavoda in partnership with the Cernavoda City Hall amounting to RON 852 thousand.

#### **4.16. Signing the Memorandum of SNN – FALCON Consortium**

On October 3, 2019, the Memorandum of Understanding was signed with the FALCON Consortium (Ansaldo Nucleare, ENEA and ICN), regarding the cooperation for the development of the 4th Generation reactor, ALFRED.

The goal of this Memorandum is to set a cooperation framework between the two parties regarding the pre-project works and the research and development activities which are to be implemented in order to develop the ALFRED project.

#### **4.17. Changes in the management of the Company – Board of Directors**

By the Current Report published on October 10, 2019, S.N. Nuclearelectrica S.A. informs the shareholders and investors that starting with October 9, 2019, the mandate contract concluded with Mr. Cristian Dima has ceased, due to the failure to obtain the CNCAN approval.

Resolution no. 1/30.01.2020 of the Ordinary General Meeting of Shareholders of SNN approved the following activities for selecting a member in the Board of Directors:

1. Approving the initiation of the procedure of selecting a member in the Board of Directors of S.N. Nuclearelectrica S.A., according to the provisions of GEO no. 109/2011 on the corporate governance of public entities, as further amended and supplemented (section 2 of the OGMS of January 30, 2020).
2. Approving the mandating of the Board of Directors of S.N. Nuclearelectrica S.A. for the implementation of the procedure for selecting a member in the Board of Directors (section 3 of the OGMS agenda of January 30, 2020).
3. Appointing Mr. Teodor Minodor Chirica as a provisional member of the Board of Directors of S.N. Nuclearelectrica S.A., with a mandate duration of 4 months (section 4 of the OGMS agenda of January 30, 2020).

#### **4.18. Approval of the long-term strategy for the development of DICA**

Resolution no. 10/25.10.2019 of the Ordinary General Meeting of Shareholders of SNN approved the Long-term strategy for the development of the Intermediary Dry Spent Fuel Storage Facility ("DICA") and authorized in perspective the extension of the lifetime of Units 1 and 2 harmonized with the observations of CNCAN and those of the Ministry of Environment.

#### **4.19. Notification regarding the procurement by S.N. Nuclearelectrica S.A. of the uranium octoxide processing line from Compania Nationala a Uraniului S.A. – Feldioara Branch**

By Resolution no. 10/25.10.2019 of the General Assembly of Shareholders, S.N. Nuclearelectrica S.A. informed its shareholders and investors with regard to the formulation and transmission to the Ministry

of Energy (representative of the sole shareholder of the National Uranium Company S.A. (CNU), the Romanian State) of a non-binding offer for a potential takeover, by S.N. Nuclearelectrica S.A., as purchaser, of the uranium octoxide processing line from the National Uranium Company S.A. – Feldioara Branch.

#### **4.20. Appointing Mr. Cosmin Ghita, as Governor within World Association of Nuclear Operators “WANO”**

By the Current Report published on November 5, 2019, S.N. Nuclearelectrica S.A. informs its shareholders and investors that as of January 1, 2020, Mr. Cosmin Ghita, the Chief Executive Officer of S.N. Nuclearelectrica S.A., will hold the position of Governor within WANO.

#### **4.21. Approval of regulated prices and quantities for the period January 1, 2020 – June 30, 2020**

By the Current Report published on December 23, 2019, S.N. Nuclearelectrica S.A. informs the shareholders and the investors about the Decision of the National Energy Regulatory Authority no. 2213/23.12.2019, according to which S.N. Nuclearelectrica S.A. has the obligation to sell 2020 MWh on the regulated market in period January 1, 2020 - June 30, 2020 a quantity of 1.086.596,545 MWh, representing 10.5% of the total production quantity scheduled for 2020 at the regulated price of 188.47 RON/MWh. This regulated price does not include the electricity transmission fee, in the amount of RON 1.30 / MWh (according to the Order of the National Regulatory Authority for Energy No. 218 / 11.12.2019). Also, the National Energy Regulation Authority informed SNN by Resolution no. 2214/23.12.2019 on the maximum quantities of electricity that may be imposed as sale obligations based on regulated contracts between July 1, 2020 and December 31, 2020. Thus, the maximum electricity quantity related to period July 1, 2020 - December 31, 2020 is 1,095,026,028 MWh.

#### **4.22. Major litigations**

The situation of the major litigations (in amount of over 500,000 RON) and of the monetary unevaluated ones in progress on 31.12.2019 is presented in **Annex 4**.

#### **4.23. Other information**

The quarterly report of the Board of Directors for January 1 - December 31, 2019 is accompanied by the Audited Individual Financial Statements on the date and for the financial year ended on December 31, 2019; these financial statements are published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), section Investor Relations.



**5. MAIN ECONOMIC AND FINANCIAL INDICATORS AS OF 31.12.2019**

SNN performances are reflected in the accomplishment of the main economic financial indicators, as follows:

Indicator name	Calculation method	M.U.	Value 31.12.2019 <sup>*)</sup>
<b>1. The current liquidity indicator</b>	Current assets/ Current debts	x	4.65
<b>2. Debt ratio indicator</b>			
2.1. Debt ratio indicator (1)	Borrowed capital/ Equity x 100	%	6.8%
2.1. Debt ratio indicator (2)	Borrowed capital/ Employed capital x 100	%	6.4%
<b>3. Turnover speed, for client debit items</b>	Average accounts receivables/ Turnover x 360	days	25
<b>4. Assets turnover ratio <sup>*)</sup></b>	Turnover/ Non-current assets	x	0.38

<sup>\*)</sup> Based on the Audited Individual Financial Statements on the date and for the financial year ended on 31.12.2019.

## 6. ACHIEVEMENT DEGREE OF THE KEY PERFORMANCE INDICATORS

By Resolution no. 12/28.09.2018 of the Ordinary General Meeting of the Shareholders of SNN, the structure of the Board of Directors of SNN was approved, for a 4-year term, starting with September 28, 2018, as follows:

<b>Item no.</b>	<b>Name and surname</b>	<b>Date of mandate expiry</b>
1.	Iulian – Robert Tudorache <sup>*)</sup>	28.09.2022
2.	Cosmin Ghita <sup>**)</sup>	28.09.2022
3.	Dumitru Remus Vulpescu	28.09.2022
4.	Cristian Gentea	28.09.2022
5.	Elena Popescu	28.09.2022
6.	Cristian Dima <sup>***)</sup>	28.09.2022
7.	Mihai Daniel Anitei	28.09.2022

<sup>\*)</sup> Chairman of the Board of Directors of SNN, in virtue of the Resolution of the Board of Directors no. 165/02.10.2018.

<sup>\*\*)</sup> Also occupies the position of Chief Executive Officer of SNN.

<sup>\*\*\*)</sup> Mandate contract concluded starting with October 9, 2019, to the failure to obtain the CNCAN approval.

By the Resolution of the Board of Directors no. 187/29.10.2018, the administration component of the Administration Plan was approved. By the Resolution of the Board of Directors no. 33/07.03.2019, the management component of the Administration Plan and the overall Administration Plan were approved.

By Resolution no. 3/10.04.2019 of the Ordinary General Meeting of Shareholders of SNN no. 3/10.04.2019, the following were approved:

- the financial and non-financial performance indicators that will form the annex to the contract of mandate of non-executive directors;
- the equivalent value corresponding to the annual variable component of the remuneration of non-executive directors of the company, amounting to 12 monthly fixed allowances;
- the form of the addendum to be concluded to the contract of mandate of the company's non-executive directors.

The mandate contracts and the addendums to the mandate contracts signed by SNN with the members of the Board of Directors provide their key performance indicators, and the quarterly and annual targets for 2019-2022. According to the provisions of the mandate contracts (section 5 of Annex 3 to the mandate contracts), the total achievement percentage of the key performance indicators is calculated for each quarter.

The calculation of the total achievement percentage of the key performance indicators for the 4th quarter of 2019 is annexed to this report.

The achievement degree of the key performance indicators is determined by the total achievement percentage of the key performance indicators, in relation to the achievements to the weights of each short, medium and long term indicator. The achievement degree of the key performance indicators is limited to the 100% threshold, even if the achievements exceed the targets proposed by the mandate contract.

Thus, the indicators of the key performance indicators were achieved 100% for the 4<sup>th</sup> quarter of 2019 cumulated (so over the 75% threshold) for each member of the Board of Directors:

<b>Mandate contract</b>	<b>Achievement level Quarter IV 2019 (cumulated)</b>
Board of Directors	100%

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

**Approved,**  
**Adrian Gabriel Dumitriu,**  
**Chief Financial Officer**

**Anexa 1 – Financial position statement as of December 31, 2019**

	<b>December 31<sup>st</sup>, 2019</b>	<b>December 31<sup>st</sup>, 2018</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	6,056,697,319	6,364,461,135
Intangible assets	60,760,656	54,834,052
Financial investments	141,666,101	141,666,101
Financial assets	42,836,031	110,474,559
<b>Total non-current assets</b>	<b>6,301,960,107</b>	<b>6,671,435,847</b>
<b>Current assets</b>		
Inventories	405,167,792	368,742,400
Trade receivables and other receivables	220,284,169	183,694,590
Payments made in advance	31,416,822	10,201,321
Bank deposits	58,879,494	20,954,979
Cash and cash equivalents	1,793,145,389	1,611,175,766
<b>Total current assets</b>	<b>2,508,893,666</b>	<b>2,194,769,056</b>
<b>Total assets</b>	<b>8,810,853,773</b>	<b>8,866,204,903</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital, out of which:	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>	<i>3,015,138,510</i>	<i>3,015,138,510</i>
<i>Inflation adjustments to the share capital</i>	<i>195,502,743</i>	<i>195,502,743</i>
Share premiums	31,474,149	31,474,149
Reserve paid in advance	21,553,537	21,553,537
Revaluation reserve	227,996,066	257,407,532
Retained earnings	3,843,269,056	3,658,054,141
<b>Total equity</b>	<b>7,334,934,061</b>	<b>7,179,130,612</b>
<b>Liabilities</b>		
<b>Long-term debts</b>		
Long term loans	499,908,597	683,967,469
Provisions for risks and expenses	213,470,997	182,883,283
Deferred revenues	100,412,631	114,757,293
Deferred tax liability	80,743,008	102,644,715
Obligations regarding employees benefits	41,621,644	38,617,348
<b>Total long term liabilities</b>	<b>936,156,877</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>		
Accounts payable and other liabilities	220,236,112	197,107,880
The current share of provisions for risks and expenses	65,442,649	33,831,052
Current tax liability	13,329,182	98,958,158
Deferred revenues	27,863,600	30,913,233
Current portion of long-term loans	212,891,292	203,393,860
<b>Total current liabilities</b>	<b>539,762,835</b>	<b>564,204,183</b>
<b>Total liabilities</b>	<b>1,475,919,712</b>	<b>1,687,074,291</b>
<b>Total equities and liabilities</b>	<b>8,810,853,773</b>	<b>8,866,204,903</b>

**Anexa 2 – Profit and Loss Account for the 12-month period ended on December 31, 2019**

	<b>3-month period ended on December 31, 2019 (audited)</b>	<b>3-months period that ended on December 31, 2018 (audited)</b>	<b>12-month period ended on December 31, 2019 (audited)</b>	<b>12-month period ended on December 31, 2018 (audited)</b>
<b>Revenues</b>				
Sales of electricity	594,207,821	597,619,572	2,365,563,574	2,116,991,679
Proceeds from electric power transmission	3,330,979	3,307,225	12,208,626	11,676,332
<b>Total revenues</b>	<b>597,538,800</b>	<b>600,926,797</b>	<b>2,377,772,200</b>	<b>2,128,668,011</b>
Other revenues	9,676,186	3,653,034	39,660,952	50,205,424
<b>Operational expenses</b>				
Impairment and depreciation	(139,970,760)	(136,836,094)	(555,552,520)	(552,964,849)
Personnel expenses	(73,785,523)	(74,460,869)	(425,597,378)	(388,847,183)
Cost of traded electricity	(954,263)	(4,451,083)	(84,160,189)	(56,929,750)
Repairs and maintenance	(15,304,365)	(16,313,500)	(63,139,508)	(81,425,822)
Electricity transmission expenses	(3,330,979)	(3,307,225)	(12,208,626)	(11,676,332)
Cost of spare parts	(3,871,406)	(2,569,003)	(16,311,993)	(15,768,637)
Cost of nuclear fuel	(27,521,312)	(23,559,639)	(106,122,681)	(101,991,877)
Other operating expenses	(233,732,700)	(188,414,487)	(524,914,494)	(432,728,895)
<b>Total operating expenses</b>	<b>(498,471,308)</b>	<b>(449,911,900)</b>	<b>(1,788,007,389)</b>	<b>(1,642,333,345)</b>
<b>Operating profit</b>	<b>108,743,678</b>	<b>154,667,931</b>	<b>629,425,763</b>	<b>536,540,090</b>
Financial expenses	(11,566,212)	(11,708,908)	(65,486,790)	(58,855,609)
Financial revenues	18,120,127	29,796,382	67,336,735	94,938,793
<b>Net financial revenues</b>	<b>6,553,915</b>	<b>18,087,474</b>	<b>1,849,945</b>	<b>36,083,184</b>
<b>Profit before profit tax</b>	<b>115,297,593</b>	<b>172,755,405</b>	<b>631,275,708</b>	<b>572,623,274</b>
Net profit tax expenses	4,424,033	(83,140,390)	(95,608,444)	(162,012,059)
<b>Profit for the period</b>	<b>119,721,626</b>	<b>89,615,015</b>	<b>535,667,264</b>	<b>410,611,215</b>

## Anexa 3 – Execution of the Revenues and Expenses Budget as of December 31, 2019

thousand RON

		Indicators	Row no.	BVC 2019 (approved by AGOA Resolution no. 6/20.05.2019)	BVC 2019 (approved by BoD Resolution no. 205/29.11.2019)	Performed 2019	Performed vs. Approved initial [Col. 6/Col. 4]	Performed vs. Approved rectified [Col. 6/Col. 5]
1		2	3	4	5	6	7	8
<b>I.</b>		<b>TOTAL REVENUES (Row 2 + Row 5 + Row 6)</b>	1	2,463,671	2,463,512	2,484,912	100,9%	100,9%
	<b>1.</b>	<b>Total operating income, out of which:</b>	2	2,383,491	2,398,094	2,417,575	101.4%	100.8%
		c <sub>1</sub> Subsidies, in compliance with the legal provisions in force	3	-	-	-	-	-
		c <sub>2</sub> Transfers, in compliance with the legal provisions in force	4	-	-	-	-	-
	<b>2.</b>	<b>Financial revenues</b>	5	80,180	65,419	67,337	84.0%	102.9%
	<b>3.</b>	<b>Extraordinary revenues</b>	6	-	-	-	-	-
<b>II.</b>		<b>TOTAL EXPENSES (Row 8 + Row 20 + Row 21)</b>	7	2,016,510	1,912,592	1,853,636	91.9%	96.9%
	<b>1.</b>	<b>Operating expenses (Row 9 + Row 10 + Row 11 + Row 19)</b>	8	1,937,920	1,847,278	1,788,149	92.3%	96.8%
		<b>A. Expenses with goods and services</b>	9	629,825	535,335	512,887	81.4%	95.8%
		<b>B. Expenses with taxes, duties and similar payments</b>	10	206,992	212,090	207,545	100.3%	97.9%
		<b>C. Personnel expenses (Row 12 + Row 15 + Row 17 + Row 18)</b>	11	451,679	449,897	428,265	94.8%	95.2%
		<b>C<sub>0</sub> Salaries expenses (Row 13 + Row 14)</b>	12	408,475	408,426	393,594	96.4%	96.4%
		<b>C<sub>1</sub> Salary expenses</b>	13	360,358	360,358	360,362	100.0%	100.0%
		<b>C<sub>2</sub> Bonuses</b>	14	48,117	48,068	33,231	69.1%	69.1%
		<b>C<sub>3</sub> Other personnel expenses, out of which:</b>	15	0	0	0	-	-
		a) Expenses with compensations for early release of personnel	16	-	-	-	-	-
		<b>C<sub>4</sub> Expenses related to the mandate contract and other control authorities, commissions and committees</b>	17	6,515	4,783	2,749	42.2%	57.5%
		<b>C<sub>5</sub> Expenses related to social protection, special funds and other legal obligations</b>	18	36,689	36,689	31,923	87.0%	87.0%
		<b>D. Other operational expenses</b>	19	649,424	649,955	639,452	98.5%	98.4%
	<b>2.</b>	<b>Financial expenses</b>	20	78,590	65,314	65,487	83.3%	100.3%
	<b>3.</b>	<b>Extraordinary expenses</b>	21	-	-	-	-	-
<b>III.</b>		<b>GROSS RESULT (profit/loss) (Row 1 – Row 7)</b>	22	447,161	550,920	631,276	141.2%	114.6%
<b>IV.</b>		<b>CORPORATE TAX</b>	23	97,120	116,498	95,608	98.4%	82.1%
<b>V.</b>		<b>PROFIT AFTER CORPORATE TAX</b>	24	350,041	434,423	535,667	153.0%	123.3%

**Anexa 4 – List of major litigations in progress on December 31, 2019 (over 500 thousand RON), including those that were not monetarily assessed**

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
<b>SNN Executive</b>								
1.	9089/101/2013	Civil Court of Law Mehedinti	Creditor	Autonomous Administration for Nuclear Activities (RAAN)	Insolvency. Winding-up bankruptcy. Claim RON 7,828,405.48	Merits	Procedure in progress. In virtue of art. 107 par. 1 let. c of Law no. 85/2006. Orders the start of the procedure for the bankruptcy of the debtor. In virtue of art. 107 par. 2 of Law no. 85/2006. Appoints as a temporary legal liquidator Euro Insol SPRL.	26.03.2020
2.	873/1259/2008	Civil Court of Law Arges	Creditor	Termoficare 2000 S.A.	Insolvency Bankruptcy. Claim RON 2.713.986,71	Merits	Procedure in progress.	23.06.2020
3.	3793/2/2013	Administrative Court of Appeal High Court of Cassation and Justice	Appellee	Greenpeace CEE Romania	Cancellation of the resolution of the environmental agreement and of the environment agreement related to the Project Units 3 and 4.	Second appeal	Merits Admits the exception of lack of object of the second head of the initial petition (cancellation of the environment agreement regarding the project "Continuation of the construction works and completion of Units 3 and 4"). Rejects head II of the initial petition filed in relation to the cancellation of the environment agreement for the project "Continuation of construction and completion works of Units 3 and 4 Cernavoda NPP", as devoid of object. Overrules the rest of the petition, as it was completed by the additional petition, as ungrounded.  Second appeal The Decision No. 2100 dated June 23rd, 2016. Accepts the second appeal filed by the Greenpeace CEE Romania Foundation and the Bankwatch Romania Association against the decision no. 1436 from May 9th, 2014 of the Bucharest Court of Appeal – Section 8th administrative and fiscal department. Reverses the appealed sentence and sends the cause back to the retrial towards the same Court. Final, today, June 23rd, 2016. Retrial merits (CAB) Rejects the summons as ungrounded. With appeal within 15 days from the intimation. Decision no. 2208/2017.	25.03.2020

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							Retrial recourse (ICCJ)	
4.	1794/118/2016	Criminal Court of Law Constanta	Civil party	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor SC Davy Security S.R.L. as a civil liability party by a legal administrator.	Prejudice EUR 3,471,463.	Merits	Merits In order to continue the judicial investigation.	18.03.2020
5.	3490/121/2015*	Civil Court of Law Galati Court of Appeal Galati ICCJ	Plaintiff	S.C. ArcelorMittal Galati S.A.	Claims RON 8,575,245,78 difference amount energy sale made redundant and other associated expenses.	Second appeal	Merits Rejects the action to oblige the defendant to pay damages deriving from contract no. 207/22.02.2013 as ungrounded.  Appeal Approves the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court of Law - Civil Section II in Case File no. 3490/121/2015. Fully changes the appealed judgment and, in retrial. Partially admits the action. Orders the defendant ArcelorMittal Galati S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,645,467.52, as damage compensations. Rejects as ungrounded the appeal filed against the resolution of May 26,2016 of the same court. Orders the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal. Judgment no. 227/27.09.2017.  Second appeal	The hearing is next.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>Admits the appeal of the appellant-defendant S.C. ArcelorMittal Galati S.A. against civil judgment no. 227/A of September 27, 2017 issued by Galati Court of Law - Civil Section I, which it annuls remanding the case for retrial to the same court. Final.</p> <p>Retrial appeal Civil judgment no. 102/A approves the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court of Law - Civil Section II in Case File no. 3490/121/2015. Fully changes the appealed judgment and, in retrial, partially approves the case. Orders the defendant ArcelorMittal Galati S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,575,245.78, as damage compensations. Rejected as groundless the appeal filed against the judgment of 26.05.2016 issued by the Court of Law of Galati in file no. 3490/121/2015. Orders the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal. With the right to appeal, which is to be submitted to the Galati Court of Appeal, within 30 days after the issuance. Pronounced today, 26.06.2019, by making the solution available to the parties by the registry of the Court. Judgment no. 102/26.06.2019.</p> <p>Retrial recourse</p>	
6.	4946/2/2015	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts Intervener General Concrete	Measure annulment GENERAL CONCRETE	Merits	<p>Merits Admits the request. Partially cancels resolution no. 59/17.07.2015 issued by the defendant, regarding point 5, resolution no. 16/11.05.2015 issued by the defendant, regarding the measure ordered under section II.7 of the resolution, and section 3.3.1 of the Inspection Report No. 4371/ 10.04.2015 issued by the respondent. Admits the request of accessory intervention. With appeal within 15 days from intimation. Judgment no. 68/28.02.2020.</p>	Settled on the merits.
7.	45494/3/2015**	Bucharest Law Court Civil party	Plaintiff asked to pay a security	Managers S.N. Nuclearelectric a S.A. and GMS members.	Prejudice RON 708,407. Execution of measure disposed by CC through the 2012 report regarding D&O policies.	Merits	<p>Merits Rejects the exception of the invoked procedure quality by the defendants Grama Mioara, Popescu Lucia -Ioana, Chiriac Cristiana and Serbanescu Cristian Ovidiu. Admits the prescription exception. Dismisses the request, stating as prescribed the right to action.</p>	The hearing is next.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
		Court of Appeal					<p>Dismisses the application of calling in warranty as left without object. Compels the plaintiff to pay the following trial expenses: RON 8,226.53 towards the defendant Grama Mioara, RON 7,873.53 towards the defendant Popescu Lucia - Ioana and RON 7,925.79 towards the defendant Chiriac Cristiana. With appeal within 30 de days from the intimation. Judgment no.7583/29.11.2016.</p> <p>Appeal</p> <p>Approves the appeal. Partially cancels the appealed judgment regarding the approval of the exception of prescription of the amount of 6,465 EUR paid on 01.03.2011, of the amount of 3,397 EUR paid on 02.05.2011, of the amount of 39,250 EUR paid on 07.06.2011 and the accessories of these amounts and regarding the granting of trial expenses. Sends the case for retrial to the same court in these limits. Maintains the appealed judgement undecided. With second appeal within 30 days from communication. Pronounced in public session today, 15.12.2017.</p> <p>Second appeal</p> <p>Approves the appeals formulated by defendants Budulan Pompiliu and Teodor Minodor Chirica, Chiriac Cristiana, Grama Mioara, Popescu Lucia Ioana, Serbanescu Cristian - Ovidiu against civil judgment no. 2250 of December 15, 2017 issued by the Bucharest Court of Appeal - Civil Section V, which it cancels and sends the case for retrial to the same court. Final.</p> <p>Retrial merits</p> <p>Dismisses the appeal as reasonless. Obligates the appellant to pay trial expenses to the appellees as follows: for Chirica Minodor Teodor the amount of 22,519 lei, for Budulan Pompiliu the amount of 7,469 lei, for Chiriac Cristina the amount of 21,634 lei, for Grama Mioara the amount of 21,634 lei, for Serbanescu Cristian the amount of 6,354 lei and for Popescu Lucia the amount of 6,805 lei. With the right to appeal. Judgment no. 2215/20.12.2019.</p> <p>Second appeal</p>	
8.	409/2/2016	Bucharest Court of Appeal	Civil Party	Tudor Ion Criminal group	Tax evasion offenses, bribery, corrupt practices	Merits	Procedure in progress.	10.04.2020

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
				House of insolvency Banat liquidator CET Energoterm Resita.	RON 580,974.21.			
9.	41419/3/2016	Civil Court of Law Bucharest S II	Plaintiff-Defendant	Energosecurent S.R.L.	SNN claims: RON 330,074.32 Claims Energosecurent: RON 2,206,539.80	Merits	Merits Management of the evidence with accounting expertise.	10.03.2020
10.	5802/118/2017	Labor Constanta Court	Defendant	CNE Union for 757 employees.	Monetary rights hazardous conditions bonus.	Merits	Merits Pending accounting expertise.	06.03.2020
11.	7036/118/2017	Labor Constanta Court	Defendant	SLEN union for 132 employees 159 plaintiffs on their own behalf.	Monetary rights hazardous conditions bonus.	Merits	Merits Evidence administration.	06.03.2020
12.	26294/3/2018	Civil Bucharest Court of Law Bucharest Court of Appeal	Plaintiff	Davi Comfire	Estimated damage RON 1,915,490 + Legal interest and trial expenses.	Merits	Merits Dismisses the application as groundless. Dismisses the application requiring the defendant to pay the trial expenses, as groundless. Compels the plaintiff to pay to the defendant the amount of RON 7,000, as trial expenses, representing the lawyer's fee. With appeal within 30 days from the intimation. Judgment no. 1060/22.04.2019. Appeal	The hearing is next.
13.	6471/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts	Measure annulment point 1 of the Authentication - Energonuclear loan.	Merits	Merits Admits the action. Partially cancels Resolution no.29/31.07.2018, respectively point.1, and Decision no.5/08.06.2018, respectively the	Settled on the merits.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							measure ordered at point.I.4 to remove the deviation described in point 4. Compels the defendant to pay the trial expenses. With appeal within 15 days from the intimation. Judgment no. 1229/29.03.2019.	
14.	6472/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts	Measure annulment point 4 of the Authentication – Uranium.	Merits	Merits Admits the action. Partially cancels Resolution no.29/31.07.2018, respectively point.4, and Decision no.5/08.06.2018, respectively the measure ordered at point.I.8 to remove the deviation described in point 10. Compels the payment of trial expenses. With appeal within 15 days from the intimation. Judgment no. 1230/29.03.2019.	Settled on the merits.
15.	6479/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts	Measure annulment point 5 in the Decision - ROEL Xerox.	Merits	Merits Partially admits the action. Partially cancels Authentication no. 29/31.07.2018 and judgment no. 5/08.06.2018, both issued by defendant C.C.R. only regarding the establishment of the damage related to the use of the respective equipment at the Ministry of Economy / Energy, only starting with the start date of the activities of the Negotiation commission for the Project of units 3 and 4 of Cernavoda (an order issued under section II.3 of judgment no. 5/08.06.2018, regarding which the administrative appeal was rejected by section 5 of Authentication no. 29/31.07.2018). Rejects the rest of the case. With appeal within 15 days from intimation. Judgment no. 1730/14.05.2019.	Settled on the merits.
16.	6481/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts	Measure annulment point 3 of the Authentication - BVC substantiation.	Merits	Merits Dismisses the action as groundless. With appeal within 15 days from intimation. Judgment no. 05.06.2019.	Settled on the merits.
17.	6487/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts	Measure annulment point 2 of the Authentication - Non-increase of the share capital.	Merits	Merits Dismisses the action as groundless. With appeal within 15 days from intimation. Judgment dated 05.06.2019.	Settled on the merits.
18.	34778/3/2018	Labor - Bucharest Court of Law CAB	Defendant	Dima Tatiana	Action for cancelling the GMS Resolution.	Merits	Merits Approves the exception of not stamping the application, invoked ex officio. Cancels the application as unstamped. With appeal within 5 days of the ruling. Pronounced in public session today, 14.11.2018. Judgment no. 3437/14.11.2018.	Finally resolved by non-appeal.

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(All amounts are expressed in RON, unless otherwise specified.)

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>Appeal</p> <p>Approves the appeal. Cancels the appealed decision. Sends the file to the trial court, for retrial. Final. Pronounced in public session today, 26.03.2019.</p> <p>Merits retrial</p> <p>Approves the exception for the absence of the lawsuit status of the plaintiff, invoked by the defendant. Rejects the main application as introduced by a person without lawsuit status. Rejects the accessory intervention application in favor of the plaintiff, as groundless. Rejects the suspension application for the execution of OGMS resolution no. 12/28.09.2018 as without scope. With appeal in 30 days after the notification regarding the main application. With appeal in 5 days after issuance regarding the application for the suspension of the OGMS resolution no. 12/28.09.2018. Judgment no. 3150/31.10.2019.</p>	
19.	34088/3/2018	Civil Bucharest Court of Law	Defendant	Termogaz Company S.A.	Claims RON 575,391.88 - equivalent value of performed and unsettled works. Youth Center Social Program.	Second appeal	<p>Merits</p> <p>Admits the exception of the material law prescription to the action invoked by the respondent. Dismisses the writ of summons formulated by the claimant S.C. Termogaz Company S.A. through the judicial administrator, Heral Consult IPURL, against the defendant S.N. Nuclearelectrica S.A., as prescribed. With appeal within 30 de days from the intimation. Judgment no. 2454/11.09.2019.</p> <p>Second appeal</p>	05.03.2020
20.	35693/299/2018	Civil County District 1 Civil Section I Bucharest Law Court	Third party under seizure – SNN Debtor claimant AAAS Appellee The Ministry of Public Finance.	Ionita St. Barsoianu Theodora in foreclosure case no. 959/2010 BEJ Draganescu, Ionescu Crafcenco infringed parties FNI.	Seizure validation for RON 2,089,042.69.	Merits	<p>Merits</p> <p>Rejects the exception of the operating authority; ruled as groundless. Rejects the exception of the lack of passive procedural quality as groundless. Rejects the application for validating the seizure, as groundless. Subject to appeal within 15 days of communication, the appeal petition being filed at the Court of Law of District 1, Bucharest. Judgment no. 3733/19.06.2019.</p> <p>Second appeal</p>	Settled. Merits.
21.	35162/299/2018	Civil – Bucharest	Third party under	Ionita Stefan – enforcement file 959/2010	Appeal against enforcement RON 2,089,042.69.	Merits	<p>Merits</p> <p>Rejects the exception of the lack of passive procedural quality of the third party under seizure as groundless. Rejects the appeal against the</p>	The hearing is next.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
		District 1 Court Section II Civil	seizure – SNN Debtor Claimant AAAS Appellee Ionita Stefan.	BEJ Draganescu, Ionescu, Crafcento			enforcement as groundless. With appeal within 15 days from intimation. Judgment no. 1611/21.03.2019. Second appeal Approves the appeal. Approves the exception of the absence of the mandatory passive lawsuit framework, invoked ex officio. Cancels the judgment and sends the case for retrial to the same court. Final. Pronounced in public session today, 14.01.2020. Document: Judgment no. 7/14.01.2020. Retrial merits	
22.	7413/299/2019	Civil – Bucharest District 1 Court Section II Civil	Third party under seizure SNN Claimant AAAS Appellee Repair Plant Targu Jiu.	Repair Plant Targu Jiu – enforcement file 233M/2010 of Bej Ad Rem.	Appeal against enforcement RON 3,895,186.86	Merits	Merits Rejects the appeal against the enforcement as groundless. Rejects the application for the cancellation of the foreclosure, as groundless. With appeal within 15 days from the intimation. Judgment no. 6723/17.10.2019.	Settled on the merits.
23.	6632/3/2019	Labor Bucharest Court of Law CMAS Section VIII	Defendant	Botea Ceciliu Lucian	Labor disputes - appeal against dismissal decision	Merits	Merits Cancels dismissal resolution no. 41/08.02.2019 issued by the defendant. Cancels dismissal resolution no. 46/13.02.2019 issued by the defendant. Resumes the parties in the previous situation by reintegrating the plaintiff in the position held before the dismissal. Obligates the defendant to pay to the plaintiff a compensation equal to the indexed salary rights, increased and updated with the other rights the plaintiff would have benefitted from in the absence of the dismissal measure, from the dismissal date to the actual reintegration. Orders the defendant to pay to the plaintiff the amount of RON 4,744.80 as trial expenses. Provisionally enforceable. With appeal within 10 days from the intimation. Pronounced by making the solution available to the parties by the record office of the Court today, 15.11.2019.	Settled on the merits.
24.	5308/2/2019	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts.	Cancellation of the findings from the follow- up report no .7787/01.07.2019	Merits	Merits	11.03.2020

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
					regarding measures II.7 and II.9 of Resolution no. 16/11.05.2015.			
25.	7086/2/2019	Administrative Bucharest Court of Appeal	Plaintiff	Court of Accounts.	Cancellation of the findings from the follow-up report no. 10697/13.09.2019 regarding measures I.5 and II.11 of Resolution no. 5/08.06.2018.	Merits	Merits	The hearing is next.
26.	31481/3/2019	Civil Bucharest Law Court	Plaintiff	Lulache Daniela, Darie Mihai, Bucur Ionel, Alexe Alexandru, Dragan Ioana, Popescu Dan, Radu Carmen, Sandulescu Alexandru, Stanescu Nicolae, Tcaciuc Sebastian	Finding of the absolute nullity of the addendums to the mandate and administration contracts return of the collected amounts plus the legal interest and the inflation rate.	Merits	Merits	06.03.2020
27.	32600/3/2019	Civil Bucharest Law Court	Plaintiff	Ministry of Economy, Energy and Business Environment.	2,217,600 lei plus interest and inflation index - damage representing the difference between the variable indemnification collected by the BoD members and the managers for 2015-2017.	Merits	Merits	The hearing is next.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
28.	6572/109/2019	Labor Arges Tribunal	Defendant	Gheba Florin Ovidiu.	Appeal to Resolution no. 344/17.10.2019.	Merits	Merits	11.03.2020
29.	5462/2/2019	Administrative Bucharest Court of Appeal	Plaintiff	General Regional Directorate of Public Finance Bucharest General Directorate for the Administration of Large Taxpayers.	Annulment of fiscal documents.	Merits	Merits	The hearing is next.
30.	28932/302/2019	Civil District 5 Court of Law.	Claimant.	Multipack, Starmill, Micula, Romanian State by the Ministry of Finance.		Merits	Merits	The hearing is next.
31.	7222/2/2019	Administrative Bucharest Court of Appeal.	Plaintiff.	NARE (National Energy Regulatory Authority)	Suspension of administrative order no. 216/11.12.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last- instance suppliers and for	Merits	Merits The court approved the SNN application and ordered the suspension of the execution of ANRE Order no. 216/11.12.2019 until the merits court issues its judgment. Judgment no. 132/02.03.2020 is legally enforceable and appealable.	Settled on the merits.



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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
					setting maximum electricity quantities that may be imposed as sale obligations based on regulated contracts.			
32.	97/2/2020	Civil Bucharest Court of Law.	Plaintiff.	NARE (National Energy Regulatory Authority).	Cancellation of administrative order no.216/11.12.2019.	Merits	Merits	The hearing is next.
33.	3083/3/2020	Civil Bucharest Court of Law.	Plaintiff.	National Electricity Transportation Company Transelectrica.	1,472,785 lei	Merits	Merits	The hearing Term.
34.	2929/3/2020	Administrative Bucharest Court of Law.	Respondent.	General Concrete Cernavoda.	Cancellation of the public procurement ascertaining document no. 2865/15.10.2019.	Merits	Merits Approves the exception of the functional non-competence of the Administrative and Fiscal section II of the Bucharest Court of Law. Transfers the case for resolution to the Bucharest Court of Law - Civil Section. Without appeal. Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, 28.02.2020. Document: final order (disinvestment) 28.02.2020.	The hearing is next.
<b>Cernavoda NPP Branch</b>								
1.	3338/118/2016	Civil/ Court of Appeal of Constanta	Appellee defendant.	Employee group Sarman Costel, Dinu Sorin s.a.	Monetary rights radiological risk bonus.	Appeal	Merits Rejects the civil case formulated by Sarman Constantin, Dinu Sorin Stefan, Mitea Ionut Antonel, Cornateanu George, Manole Constantin, Matei Nicusor, Deciu Georgian, Tompe Augustin, Zafir Bogdan, Mirsu Adrian, Anghel Ene Paul, and others against defendant S.N. Nuclearelectrica S.A., as groundless. With the right to appeal within 10 days after the notification of this Judgment. Judgment no. 2776/13.12.2017. Appeal	31.03.2020
2.	2853/118/2018	Labor/ Constanta Court	Respondent.	Employee group Mihaila Alexandru,	Monetary rights radiological risk bonus.	Merits	Merits Rejects the summons as ungrounded. With appeal within 10 days from the intimation. The appeal is to be submitted to the Constanta Court.	Final settlement.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
				Munteanu Nicu and others			Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, 04.03.2019. Judgment no. 574/04.03.2019.  Appeal Dismisses the appeal as groundless. Final. Judgment no. 446/11.12.2019.	
3.	4133/118/2017	Labor / Constanta Court of Law	Respondent.	Employee group Catrangu Rica, Bejenaru Alexandru and others	Monetary rights radiological risk bonus.	Merits	Merits Rejects the civil action as groundless. With the right to appeal within 30 days after the notification of this Judgment. Judgment no. 3233/18.12.2019.	Settled on the merits.
4.	3/118/2019	Civil/ Court of Law. Medgidia	Plaintiff.	Cernavoda City Hall.	Claim of land in area of 1,393.62 sq m, in extension of Campus 1.	Merits	Merits Approves the material non-competence exception, invoked ex officio. Rejects the material competence for the resolution of the case in favor of the Court of Law of Medgidia, Constanta County, the court to which the case is returned. Without appeal. Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, June 14, 2019.  Judgment no. 1576/14.06.2019.	04.03.2020
5.	3990/118/2018	Civil / Constanta Court of Law	Plaintiff.	CNE S.A.	The obligation to demolish the building erected on the land owned by SNN in area of 579 sq m.	Merits	Merits Approves the action formulated by plaintiff Nuclearelectrica S.A. against NPP S.A. Cernavoda. Obligates the defendant CNE S.A. Cernavoda to demolish the building Administrative Premises for offices and archive located on the land that belongs to the plaintiff, at No. 2, Medgidiei Street, registered in the land book under no. 100480 - C226. Obligates the defendant CNE S.A. Cernavoda to pay to the plaintiff the amount of 1,020 RON representing trial expenses (20 RON judiciary stamp tax and 1,000 RON expert fee). With the right to appeal within 30 days after the communication, and the appeal is to be	Settled on the merits.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							submitted to the Court of Law of Constanta. Judgment no. 1993/19.12.2019.	
6.	2221/118/2019	Civil / Constanta Court of Law	Plaintiff.	Sorex S.A.	Action on the claim/return of cranes or their equivalent value - Euro 114,000.	Merits	Merits	14.05.2020

## Anexa 5 – The accomplishment degree of the key performance indicators as of 31.12.2019 – Board of Directors

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter IV 2019	Realised Quarter IV 2019	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
<b>Governance indicators</b>									
1	Monitoring the performance of the executive management	12,00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10,00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8,00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5,00%	5,00%	Progress report	Accomplished	Accomplished	100%	10%
<b>Operational indicators</b>									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2,00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10,00%	2,00%	2,00%	Annex no. 4 BVC	60,00%	85,20%	100%	14%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7,00%	1,00%	1,00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	92%	100%	9%
4	EHS - Annual collective dose	2,00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level. (0,35 man/Sv)	0,22	100%	2%
5	EHS - Effluents in the environment	2,00%	-	-	MSv/CNE (ALARA quarterly report)	250	5,77	100%	2%
6	EHS - Maximum allowable dose	-	0,50%	0,50%	Msv/man (ALARA annual report)	20	7,23	100%	1%
<b>Financial indicators</b>									
1	Gross profit	7,00%	1,00%	1,00%	Form "Profit and Loss Account"	100.000.000 lei	631.275.708 lei	100%	9%
2	Average price/MWh on the competitive market	8,00%	1,00%	1,00%	Price published by OPCOM	90% * ROPEX_FM 31.12.N-1 (90% * 232,13 lei/MWh = 208,92 lei/MWh)	227,7 lei/MWh	100%	10%
3	Fitting in the total budgeted operating expenses	9,00%	1,00%	1,00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
<b>The weighted average degree of accomplishment of the key indicators</b>									<b>100%</b>

Note 1: Values "Target Quarter IV 2019": according to Annex no. 3.2. to Mandate Contracts no. 54, 55, 56, 57, 58, 59/28.09.2018.

Note 2: - N = Current year.  
- M = Micro.

Note 3: The short - term variable component granted based on quarterly indicators shall be adjusted depending on the cumulative achievements at the end of each financial year.  
For calendar quarters not fully covered by the contract of mandate, the variable component shall be granted proportionally, in relation to the period covered by the contract of mandate.