

**SIMPLIFIED PROSPECTUS  
FOR THE SHARE CAPITAL INCREASE  
OF SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA SA**



**INTERMEDIARY  
SSIF SWISS CAPITAL SA**

**Approved by Financial Supervisory Authority Decision no. 976/13.08.2020**

*Approval of this public offer document shall not be deemed a guarantee and shall not be construed as an assessment by the FSA of the opportunity, advantages and disadvantages, rewards or risks involved in the transactions contemplated by underwriting in the public offer subject to approval. This approval shows that the prospectus observes the requirements of the laws and the relevant implementing rules.*

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## NOTE TO INVESTORS

This Simplified Prospectus ("**Prospectus**") comprises the information required with respect to the offer ("**Offer**") of shares for the purposes of share capital increase by contribution in kind and in cash, decided in the Board of Directors meeting of Societatea Națională Nuclearelectrică SA ("**SNN**", "**S.N. Nuclearelectrică SA**", "**Company**" or "**Issuer**") of 06.10.2014, pursuant to the delegation of the relevant duties concerning the initiation, carrying out and completion of the share capital increase procedure, by way of Resolutions no. 2 and 12 of the Extraordinary General Meeting of Shareholders ("**EGM**") of 04.01.2020 and 19.12.2019.

By way of this offer and the relevant pre-emption rights, existing shareholders as of record date, i.e. 13.03.2020 ("**Record Date**") are given the opportunity to subscribe the shares issued for the purposes of the share capital increase. The issuing of shares inures to the benefit of the Issuer's shareholders who are recorded as of Record Date, and the scope of information herein is in line with the requirements applicable to such issuances in accordance with Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

The issuer is Societatea Națională Nuclearelectrică S.A., having its registered office in Str. Polonă, nr. 65, Sector 1, București, Romania Trade Register no. J40/7403/1998, Single Registration Number RO10874881, main line of business: Electric power generation, transmission and distribution, NACE code 351, subscribed and paid-up share capital RON 3,015,138,510, divided into 301,513,851 registered shares in book-entry form, with a nominal value of RON 10 each.

The Issuer seeks to increase its share capital by contribution in kind and in cash **amounting to a maximum total of RON 1,380,150**, from RON 3,015,138,510 – the current share capital amount – to RON 3,016,518,660, **by issuing a maximum number of 138,015 new registered shares** in book-entry form, at a price of RON 10/share, i.e. the nominal value of the shares (premium excluded), of which:

(i) **113,857** New shares in the amount of RON **1,138.570**, accounting for the contribution in kind of the Romanian Government through the Ministry of Economy, Energy and the Business Environment, pursuant to acquiring the certificate of title series MO3 no. 6899 issued by the Ministry of Industry and Resources on 12.10.2001.

(ii) maximum **24,158** New shares in the amount of RON **241,580** to be offered to holders of pre-emption rights in exchange for the contribution in kind of the Romanian Government through the Ministry of Economy, Energy and the Business Environment, and other shareholders, namely the persons who qualify as shareholders as of Record Date, in order to maintain their shareholding quota in SNN as of Record Date.

Share capital increase by means of the value of the land property located at 23 Energiei St., Cernavodă, Constanța county. Pursuant to art. 215 of Law no. 31/1990 and art. 6(3) of Government Resolution (GR) no. 834/1991, a valuer was appointed and the valuation report was prepared by EVAIMOB OPTIMUS VALOREM SRL, a valuation company having its registered office in Bucharest, 9 Hrisovului St., building B3, Unit C, apt. 58, District 1, Trade Register no. J40/2468/2013, Single Registration Number (SRN) 31280032, a corporate member of the National Association of Romanian Certified Valuers (ANEVAR).

Shareholders in the Shareholder Register as of Record Date are entitled to underwrite and pay out shares at par value, taking into account their participation in the Company's share capital on Record Date. The subscription term is 31 calendar days from the date set forth in this Prospectus, a date that is subsequent to the Record Date and the publication date of the relevant Board of Directors Resolution in the Official Gazette ("**Subscription term**").

The subscription rate ("**Subscription rate**") will be **0.000457740**. The actual number of shares that each shareholder may subscribe is determined by multiplying the Subscription rate by the number of shares held, with any decimal number result truncated to the nearest integer. All shares left unsubscribed during the Subscription Term will be cancelled.

The information contained in this Prospectus was made available by the Issuer or by other sources indicated in the Prospectus.

The Issuer hereby undertakes full responsibility for the content herein and confirms that the information presented is true, fair and accurate. The Issuer hereby declares that all reasonable steps have been taken to ensure that the information in this Prospectus is accurate and shows no omissions which may significantly impair the content herein. This Prospectus, including financial information and annexes hereto, is prepared in accordance with the legal regulations in force.

Swiss Capital, as Intermediary ("**Intermediary**"), has taken all the reasonable steps to ensure that, in accordance with the documents and information made available by the Issuer, the information in this Prospectus is accurate and shows no omissions which may significantly impair the content herein. The Intermediary is in no way liable for the Issuer's future performance and prospects. The Intermediary undertakes no liability for the Issuer's future results and performance.

Nothing in this Prospectus will be construed as a recommendation to invest or as an opinion of the Intermediary with regard to the Issuer's financial position, nor as legal or tax advice. Each potential investor should make their individual assessment based on his own sources of information, in addition to the information in this Prospectus. The Issuer and the Intermediary advise potential investors to rely on their own consultants for legal, tax, commercial or financial matters.

The information on the Issuer's website, on any other website this Prospectus refers to or any other website that is directly or indirectly linked to the Issuer's website is not incorporated by way of referencing herein, so no decision to subscribe should be based on such information alone.

No other person is authorised by the Issuer or the Intermediary to provide other information or make other statements or assessments, except for those referred to in this Prospectus. Dissemination of such information, statements or assessments shall be treated as unauthorised by the Issuer or Intermediary, which shall in no way be accountable in this respect. Moreover, the Issuer's financial position, as well as the data and information in this Prospectus may be subject to change following approval of this Prospectus by the Financial Supervisory Authority ("**FSA**").

The information in this Prospectus will be deemed accurate only as of the date set forth on the cover page hereinabove. The Company's business and financial position may have changed as of that date.

This Prospectus will be available on the website of the Bucharest Stock Exchange ("**BSE**"), at [www.bvb.ro](http://www.bvb.ro), on the Issuer's website, at [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro), as well as on the Intermediary's website, at [www.swisscapital.ro](http://www.swisscapital.ro), while the printed version of the Prospectus will be made available upon request and free of charge at the Intermediary's registered office located at no. 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1, Bucharest, as well as the Issuer's registered office, during regular working hours. The following documents will be available at a minimum on the Issuer's website, the website of the Bucharest Stock Exchange and the Intermediary's website:

- The FSA Decision to approve the Prospectus;
- The Prospectus;
- The Subscription form;
- The Subscription cancellation form.

The valuation report prepared by Evaimob Optimus Valorem will be available on the Issuer's website, at [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro).

The Issuer and the Intermediary will in no way be held liable for subscriptions received hereunder, in the event of force majeure (meaning unforeseen events which cannot be prevented or, in any case, events beyond the control of the parties, including without limitation: war, riot, civil unrest, natural disasters, fire, floods, theft, strikes, amendments to the legal framework or other instances of business discontinuity).

**The Financial Supervisory Authority has approved this Prospectus by Decision no. 976/13.08.2020**

## FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include, without limitation, statements preceded or followed by or that include the terms "**may**", "**will**", "**would**", "**should**", "**expect**", "**intend**", "**estimate**", "**forecast**", "**anticipate**", "**project**", "**believe**", "**seek**", "**plan**", "**predict**", "**continue**", "**commit**", "**believe**", "**target**", "**aim**", "**could**" and other similar expressions or the negative forms thereof. Such forward-looking statements involve known and unknown, predictable and unpredictable risks, uncertainties and other important factors beyond the control of the Issuer, that could cause its actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements, which might eventually not materialise.

Moreover, this Prospectus includes forward-looking information that has been derived from third party sources. The forward-looking statements herein rely on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. These assumptions reflect the Issuer's best judgments based on currently known market conditions and other factors, some of which are discussed below. However, assumptions about future events may prove inaccurate. The Issuer warns all readers that the forward-looking statements contained herein are not guarantees of future performance, and that no assurance can be given to readers that such statements will materialise or that the forward-looking events and circumstances will actually occur. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the control of the Issuer, while the Issuer incurs the risk that future expectations, forecasts, projections and other forward-looking statements will not actually materialise. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in such forward-looking statements include the risks detailed in the "*Risk Factors*" Section as well as in other sections in this Prospectus. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

## 1 SPECIFIC PROSPECTUS SUMMARY

<b>Section A – Introduction and warnings</b>		
<b>A.1</b>	<p>Potential investors are hereby warned that:</p> <ul style="list-style-type: none"> <li>a) this summary should be read as an introduction to the Prospectus;</li> <li>b) any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor;</li> <li>c) the investor could lose all or part of the invested capital;</li> <li>d) civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</li> </ul> <p>Please find below an summary which should be read as an introduction to the Prospectus, which is not comprehensive and relies only on the detailed information contained in the Prospectus and the annexes hereto, and should be read in conjunction with such information. Investors should not base their decisions on reading this summary only.</p> <p>We advise you to read carefully the entire Prospectus, particularly the information regarding risks, as presented in the “<i>Risk factors</i>” Section, together with the other information in the Prospectus. Any decision to invest in shares should be based on the information presented in the entire Prospectus.</p>	
<b>A.2</b>	Securities name and International Securities Identification Number (ISIN)	<p>Registered shares issued by SN Nuclearelectrica SA</p> <p>ISIN of New shares: ROSNNEACNOR8</p>
<b>A.3</b>	Issuer’s identification data and contact details, including the Issuer’s Legal Entity Identifier (LEI);	<p>Issuer name: Societatea Națională Nuclearelectrica SA</p> <p>Trade Register no.: J 40/7403/1998</p> <p>Single Registration Number: RO10874881</p> <p>Registered office: Str. Polonă, nr. 65, Sector 1, București, cod postal 010494, Romania</p> <p>Telephone no.: +40 21 203 82 00</p> <p>Fax: +40 21 316 94 00</p> <p>Share capital: RON 3,015,138,510.00</p> <p>Website: www.nuclearelectrica.ro</p> <p>E-mail: office@nuclearelectrica.ro</p> <p>LEI: 254900YVPBL3EGW5A308</p>
<b>A.4</b>	Identification data and contact details of competent authority approving the prospectus	<p>Romanian Financial Supervisory Authority (“FSA”)</p> <p>Seat: Bucharest, 15 Splaiul Independenței, District 5, postal code 050092</p> <p>Telephone no.: 021.659.62.15</p> <p>Fax: 021.659.60.54</p>
<b>A.5</b>	Prospectus approval date	12/08/2020
<b>Section B – Information about the Issuer</b>		
Who is the securities issuer?		
<b>B.1</b>	Registered office and legal	The Issuer is a joint-stock company which has been

	form of incorporation, LEI, right to pursue business and country of establishment	established legally and operates validly, in accordance with the laws of Romania, having its registered office in Str. Polonă, nr. 65, Sector 1, București, cod postal 010494, Romania, Bucharest Municipal Court Trade Register no. J 40/7403/1998, Single Registration Number 10874881 LEI 254900YVPBL3EGW5A308
<b>B.2</b>	Main lines of business	According to the Company's Articles of Association, the Issuer's main line of business is Electric power generation, transmission and distribution (NACE code 3511)
<b>B.3</b>	Majority shareholders, including direct and indirect ownership or control	The Issuer's shareholding structure as of Record Date (13.03.2020) is set out in the Company's Board of Directors Resolution of 24.02.2020 as follows: -Ministry of Economy, Energy and the Business Environment (MEEMA) – 248,736,619 shares - 82.49 % - Fondul Proprietatea SA – 21,268,355 shares – 7.05% - Other shareholders – 31,508,877 – 10.45 Total - 301,513,851 shares Source: Central Depository
<b>B.4</b>	Identification data of the Issuer's key directors	The Issuer's <u>Board of Directors ("BoD")</u> comprises the following members: - Teodor Minodor Chirica – BoD Chairman (appointed as BoD member by Resolution no. 9/27.07.2020 of the Ordinary General Meeting of Shareholders, following completion of the selection process, pursuant to the provisions laid down in Government Emergency Ordinance (GEO) no. 109/2011; the new mandate will be valid until 28.09.2022, when the mandates of all 4 year term BoD members expire) - Iulian - Robert Tudorache – BoD member (on 09.07.2020, Mr. Tudorache resigned from his position as member of the SNN BoD, with effect as of 24 August 2020. The SNN BoD has acknowledged Mr. Tudorache resignation by decision no. 130/10.07.2020, advised by way of a SNN ad-hoc report issued on the same day) -Cristian Gentea – BoD member, -Elena Popescu - BoD member, -Mihai Daniel Anitei - BoD member, -Cosmin Ghita - BoD member, -Remus Vulpescu - BoD member,  <u>The Issuer's executive management</u> comprises: -Cosmin Ghita – Chief Executive Officer -Dan Laurentiu Tudor – Deputy Chief Executive Officer -Paul Ichim – Chief Financial Officer.

<b>B.5</b>	Identification data of the Issuer's statutory auditors	<p>Mazars Romania S.R.L. has been appointed as the Issuer's independent auditor:</p> <ul style="list-style-type: none"> <li>- by Resolution no. 3/11.07.2017 of the Ordinary General Meeting of Shareholders, for a 3 year term, i.e. the financial years 2017, 2018 and 2019.</li> <li>- by Resolution no. 7/12.06.2020, of the Ordinary General Meeting of Shareholders, for a 3 year term, i.e. the financial years 2020, 2021 and 2022.</li> </ul> <p>Mazars Romania S.R.L. having its registered office in Bucharest, GlobalWorth Campus, Building B, 5<sup>th</sup> floor, 4B and 2 – 4 Ing. George Constantinescu St, District 2, Bucharest, Trade Register no. J40/756/1995, single registration number 6970597, Audit company registered with the Public Electronic Registry under no. 699/29.01.2007, legally represented by Mr. Vasile Andrian, as Director.</p>
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**What are Issuer's key financial information?**

<b>B.6</b>	<p>Selected financial information</p> <p>Income statement of non-financial entities (equity securities)</p> <table> <tr> <th>Year</th><th>2019 [RON]</th><th>2018 [RON]</th><th>Interim data 30.06.2019 [RON]</th><th>Interim data 30.06.2018 [RON]</th></tr> <tr> <td>*Total income</td><td>2.484.666.698</td><td>2.273.767.963</td><td>1.243.252.293</td><td>1.053.331.334</td></tr> <tr> <td>*Profit, revenue after tax</td><td>629.415.443</td><td>536.529.156</td><td>364.182.359</td><td>215.250.760</td></tr> <tr> <td>*Net profit attributable to parent company shareholders}</td><td>535.563.109</td><td>410.565.969</td><td>290.619.141</td><td>182.306.191</td></tr> <tr> <td>#Year-on-year income growth rate</td><td>9%</td><td>n/a</td><td>18%</td><td>n/a</td></tr> <tr> <td>#Profitability ratio</td><td>26%</td><td>25%</td><td>31%</td><td>22%</td></tr> <tr> <td>#Net profit margin</td><td>23%</td><td>19%</td><td>24%</td><td>19%</td></tr> <tr> <td>#Earnings per share</td><td>1.7</td><td>1.36</td><td>0.96</td><td>0.60</td></tr> </table> <p>Balance sheet of non-financial entities (equity securities)</p> <table> <tr> <th></th><th>2019 [RON]</th><th>2018 [RON]</th><th>2017 [RON]</th><th>Interim data 30.06.2019</th></tr> </table>				Year	2019 [RON]	2018 [RON]	Interim data 30.06.2019 [RON]	Interim data 30.06.2018 [RON]	*Total income	2.484.666.698	2.273.767.963	1.243.252.293	1.053.331.334	*Profit, revenue after tax	629.415.443	536.529.156	364.182.359	215.250.760	*Net profit attributable to parent company shareholders}	535.563.109	410.565.969	290.619.141	182.306.191	#Year-on-year income growth rate	9%	n/a	18%	n/a	#Profitability ratio	26%	25%	31%	22%	#Net profit margin	23%	19%	24%	19%	#Earnings per share	1.7	1.36	0.96	0.60		2019 [RON]	2018 [RON]	2017 [RON]	Interim data 30.06.2019
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					[RON]
	*Total assets	8.810.771.555	8.866.264.158	9.244.473.776	8.650.536.882
	*Total equity	7.334.689.593	7.178.990.289	7.484.021.682	7.090.695.118
	#Net financial liabilities (long-term liabilities plus short-term liabilities less cash)	(1.139.581.222)	(745.552.392)	(646.157.434)	(742.494.057)
Cash flow statement of non-financial entities (equity securities)					
		2019 [RON]	2018 [RON]	Interim data 30.06.2019 [RON]	Interim data 30.06.2018 [RON]
	*Relevant net cash flows from operating activities and/or investing activities and/or financing activities	992.501.618	1.023.858.046	470.099.596	448.515.773
		(222.565.706)	(163.456.059)	(91.164.775)	(46.748.812)*
		(588.393.037)	(962.300.424)	(482.649.880)	(378.781.032)
*) As at 31 December 2018, the Company has restated bank deposits according to the maturities thereof either as “Deposits” or as “Cash and cash equivalents”.					
Issuer’s key specific risks					
<b>B.7</b>	A number of standalone or aggregate risks may have a negative impact on the Issuer’s operations. In this Prospectus, the Issuer has identified a number of risks which may have a significant negative impact on the Issuer’s operations and capabilities. The risk factors are listed hereinbelow and further detailed in the Prospectus: The risk specific to the issuer and its business sector: ✓ Macroeconomic risk; ✓ Market risk; ✓ Legislative/regulatory risk; ✓ Operational risk; ✓ Counterparty risk; ✓ Competition risk; ✓ Investment/Maintenance/Refurbishment risk ✓ Lack of skilled workers risk				
<b>Section C – Information on the securities</b>					
What are the main features of the securities?					
<b>C.1</b>	Type, class and ISIN	New shares will be registered shares, in book-entry form.			

		ISIN: ROSNNEACNOR8
<b>C.2</b>	Currency, nominal value per share, number of securities issued and maturities	(i) <b>113,857</b> 113,857 New shares in the amount of RON 1,138.570, accounting for the contribution in kind of the Romanian Government through the Ministry of Economy, Energy and the Business Environment, pursuant to acquiring the certificate of title series MO3 no. 6899 issued by the Ministry of Industry and Resources on 12.10.2001; (ii) maximum <b>24,158</b> New shares in the amount of RON <b>241,580</b> to be offered to holders of pre-emption rights, namely the persons who qualify as shareholders as of Record Date.
<b>C.3</b>	Rights attached	Please find below to main rights attached to the Existing shares as well as the main rights to be attached to the New shares. Thus, in accordance with the legal provisions in force and the Issuer's Articles of Association, each of the Company's shares will confer the following rights upon its holder: (i) The right to attend and vote in the Company's general meetings of shareholders; (ii) The right to elect and be elected in the Company's management bodies; (iii) The right to collect dividends, i.e. the right to participate in the Company's net profit distribution; (iv) Pre-emption rights; (v) The right to be allotted free shares in the event of share capital increases by means of internal resources; (vi) The right to information; (vii) The right to receive property upon Company liquidation or the right to receive a part of the Company's net worth upon Company liquidation; (viii) To right to take legal action against the resolutions of the general meetings of shareholders or the decisions of the board of directors, in the event of a delegation of authority; (ix) The right to squeeze out from the Company under certain conditions and circumstances provided by law.
<b>C.4</b>	The relative seniority of the securities in the issuer's capital structure in the event of insolvency	N/A
<b>C.5</b>	Potential limitations on the securities free transferability	New issues will be freely transferable, in accordance with the applicable Romanian regulations
<b>C.6</b>	Dividend and pay out policy	The Issuer is a majority state-owned National company. Consequently, profit will be distributed in accordance with the provisions laid down in Government Ordinance no. 64/2001 ("O.G. 64/2001") on profit distribution in national undertakings, national companies and companies

		<p>that are fully owned or majority owned by the state, including self-regulated state companies, as amended and supplemented. Thus, according to the provisions of GO no. 64/2001, minimum 50% of net profit after the distributions referred to in art. 1(1)(a) – (e) of GO no. 64/2001 will be further distributed. The applicable legal framework may be amended in the future in terms of the minimum dividend distribution rate.</p> <p>The provisions of GO no. 64/2001 set out a minimum mandatory dividend distribution rate. Consequently, as long as the provisions of GO no. 64/2001 remain unchanged, the issuer may propose a dividend distribution rate between 50% and 100% of distributable profit. The profit distribution rate to be paid out as dividends by the issuer will be approved by the General Meeting of Shareholders. The issuer will account for and pay out dividends against net profit only after the issuer's General Meeting of Shareholders approves the issuer's annual financial statements and profit distribution rate.</p>
Where will the securities be traded?		
<b>C.7</b>	Where applicable, information as to whether the securities are or will be the subject to an application for admission to trading on an MTF or a regulated market and the identity of all the markets where the securities are or are to be traded.	After the Offer procedure is completed, the Shares will be traded on the Spot Regulated Market operated by the Bucharest Stock Exchange.
Is there a guarantee attached to the securities? – N/A		
What are the key risks that are specific to the securities?		
<b>C.8</b>	<p>1. The capital market and liquidity – BSE operates a regulated market that is not highly liquid, so price volatility can be quite high; the market price of the shares may be influenced by this risk factor as well. The Issuer will also consider the future challenges, trends, events or uncertainty factors determined by the Covid-19 pandemic. According to PwC Romania's report <i>The Earnings Multipliers of the Bucharest Stock Exchange and the local M&amp;A market</i><sup>1</sup>, the market capitalization of the Bucharest Stock Exchange (BSE) has fallen by 34% (13 bn. EUR) since the beginning of the year, when news about the coronavirus pandemic first broke out. Thus, the current stock market correction exceeded the 23.4% growth rate reported last year (YoY data), when BSE reported its best figures since the financial crisis. In the short, medium and long run, the impact of the COVID 19 pandemic on national</p>	

<sup>1</sup> <https://www.pwc.ro/ro/Publicatii/Multiplii-de-evaluare-ai-BVB-si-ai-pietei-locale-de-MA.pdf>

	<p>and international stock markets is difficult to predict, but lower liquidity levels and lower stock prices are expected for most listed companies.</p> <p>2. The market price of the Company shares may be subject to fluctuations – In light of the most recent political and economic developments, stock exchanges worldwide have been subject to significant fluctuations which had an impact on the performance of the stocks of companies admitted to trading on the respective markets, not always as a result of the financial performance of listed companies. Such fluctuations may have a significant negative impact on the price of Company shares.</p> <p>3. Foreign exchange fluctuations may have an impact on the value of Shares and dividends for investors outside Romania.</p> <p>4. The sale of large volumes of shares may generate significant pressure on the market price of the Company's Shares.</p>	
<b>Section D – The Offer and admission to trading</b>		
Under which conditions and timetable can you invest in this security?		
<b><u>D.1</u></b>	Offer terms and conditions	<p>The Offer refers to a maximum number of 24,158 new shares, amounting to RON 241,580, which will be available for purchasing to the Company shareholders, i.e. the persons who hold the position of company shareholders as of Record Date (13.03.2020).</p> <p>The subscription term is 31 calendar days from the date set forth in this Prospectus („Subscription term”).</p> <p>The subscription rate (“Subscription rate”) will be 0.000457740. All shares left unsubscribed during the Subscription Term will be cancelled.</p>
Why is this Prospectus being produced?		
<b><u>D.2</u></b>	the use and estimated net amount of the proceeds	<p>The proceeds collected from the Share Capital Increase may be used to finance the Issuer's current operations.</p> <p>The total net proceeds collected by the Issuer after the Share Capital Increase, net of fees and taxes payable with respect to the Offer will amount to approximately 1.5 mn. RON (assuming that all the New Shares will be subscribed)</p>
<b><u>D.3</u></b>	The offer is subject to an underwriting agreement on a firm commitment basis (state any portion not covered)	<p>There is no underwriting agreement on a firm commitment basis.</p>
<b><u>D.4</u></b>	material conflict of interest pertaining to the offer or the admission to trading	<p>As of the date of this Prospectus, the Issuer was not aware of any conflict of interest that was relevant for the Offer.</p>

## II

<b>II-SECTION 1</b>	<b>PERSONS RESPONSIBLE, THIRD PARTY INFORMATION,</b>
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	<b>EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL</b>
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### **II-1.1 The Issuer**

Societatea Națională Nuclearelectrica SA, a joint-stock company incorporated under Romanian laws, having its registered office in Str. Polonă, nr. 65, Sector 1, București, cod postal 010494, Romania, telephone no. +40 212 03 82 00, fax +40 21 316 94 00, Bucharest Municipal Court Trade Register no. J 40/7403/1998, Single Registration Number 10874881, duly represented by Mr. Cosmin Ghita, as Chief Executive Officer, hereby declares that all reasonable steps have been taken to ensure that the information in this Prospectus is accurate and shows no omissions which may significantly impair the content herein. The Issuer hereby confirms that, to the best of its knowledge, the scope of information herein is in line with the requirements applicable to such issuances in accordance with Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, together with the information concerning the Issuer's business and new shares and that all the aforementioned information is truthful and accurate. The Issuer also confirms that the information presented herein is not misleading and that all the Issuer's opinions, forecasts and intentions as indicated in this Prospectus are presented in good faith, and are not misleading, and no omissions have been made which may significantly impair the content herein.

### **The Intermediary**

SSIF Swiss Capital SA, an investment company incorporated and operating under Romanian laws, having its registered office in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4th floor, District 1, postal code 010412, registered with the Trade Register under no. J40/4107/1996, Single Registration Number 8450590, registered with the FSA Register under no. PJR01SSIF/400054, duly represented by Mr. Bogdan Juravle, as General Manager, hereby declares that, to the best of its knowledge, the information contained in this prospectus increase is accurate and no omissions have been made which may significantly impair the content herein.

**II-1.2** The representatives of both the Issuer and the Intermediary hereby declare that, to the best of their knowledge, the information contained in this prospectus is accurate and no omissions have been made which may significantly impair the content herein.

**II-1.3** Where a statement or report, attributed to a person as an expert, is included in the securities note, provide details for that person. – N/A.

**II-1.4** Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information. - N/A. The information is made available by the Issuer.

**II-1.5** In accordance with the provisions laid down in art. 4 and art. 13, in conjunction with the provisions laid down in Annex and Annex 12 of Commission Delegated Regulation (EU)

2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (“**Delegated Regulation 2019/980**”), the Issuer hereby declares as follows:

- i. This simplified prospectus (“**Prospectus**”) has been approved by the Romanian Financial Supervisory Authority (“FSA”), the competent Romanian authority within the meaning Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (“**Regulation on the Prospectus**”);
- ii. FSA has approved the Prospectus solely in terms of its completeness, consistency and comprehensibility of information, as required by the Regulation on the Prospectus;
- iii. Such an approval will not be deemed an approval of the issuer who is the subject of this Prospectus
- iv. The Prospectus has been prepared as a simplified prospectus, under art. 14 of Regulation (EU) 2017/1129.

## II-SECTION 2

## STATUTORY AUDITORS

**II-2.1** *Names of the issuer’s auditors for the period covered by the historical financial information (together with their membership in a professional body).*

Mazars Romania S.R.L. was appointed the issuer’s independent auditor by Resolution no. 3/11.07.2017 of the General Meeting of Shareholders, for a 3 year term, i.e. the financial years 2017, 2018 and 2019.

Mazars Romania S.R.L. having its registered office in Bucharest, GlobalWorth Campus, Building B, 5th floor, 4B and 2 – 4 Ing. George Constantinescu St, District 2, Bucharest, Trade Register no. J40/756/1995, single registration number 6970597, Audit company registered with the Public Electronic Registry under no. 699/29.01.2007, legally represented by Mr. Vasile Andrian, as Director of Mazars Romania S.R.L. is a member of the following professional bodies: Romanian Chamber of Financial Auditors, Authority for the Public Supervision of Statutory Audits, Romanian Chamber of Tax Advisors, Romanian Association of Chartered and Certified Accountants, Romanian Association of Internal Auditors, Romanian Association of IT Audit and Compliance and the Romanian Banks Association.

For the auditing of 2017, 2018 and 2019 financial information, on 12 July 2017, the Issuer concluded an agreement with Mazars Romania S.R.L., whereby the auditor reviewed the issuer’s financial statements for the years 2017, 2018 and 2019, and partially reviewed the issuer’s financial information as of 30.06.2017, 30.06.2018 and 30.06.2019.

The Issuer has started an open tender procurement procedure aimed at selecting the issuer’s financial auditor for the financial years 2020, 2021 and 2022; consequently, on 26.03.2020, the Issuer published a call for tenders and the relevant terms of in the National Electronic Public Procurement System (SEAP). Following completion of the tender process, Mazars Romania S.R.L. was declared a winner. By Resolution no. 7/12.06.2020 of the

General Meeting of Shareholders , Mazars Romania was appointed SNN's financial auditor for the financial years 2020, 2021 and 2022.

## **II-SECTION 3**

## **RISK FACTORS**

### *Risk factors specific to the Issuer and its business sector*

#### *Risk management process*

The issuer's risk management process is the responsibility of the chair of the Monitoring Commission, while considering the size, complexity and specific environment of the nuclear sector, the issuer's Risk Management Unit together with all the SNN risk officers and personnel will be responsible for the entire risk management process.

As part of its duties, the Management Internal Control Monitoring Commission will oversee the risk management process based on the Risk Management Reports issued by the Risk Monitoring System, while prioritising the significant risks which may have a negative impact on the issuer's objectives, by establishing the issuer's annual risk profile and risk tolerance, approved by the company's management. The Commission will also review "The SNN Internal control action plan for the company's significant risks" and submit the same for approval by the company's Chief Executive Officer.

#### *Current business and future strategy risk review*

The overall objective of Romania's energy strategy is "to meet current as well as medium and long term energy demands at a price that is as low as possible, in line with the requirements of a modern market economy and a civilised standard of living, while also observing, quality and safety requirements and the principles of sustainable growth"; consequently, the Company is focusing on three strategic directions: energy security, sustainable growth and competitiveness.

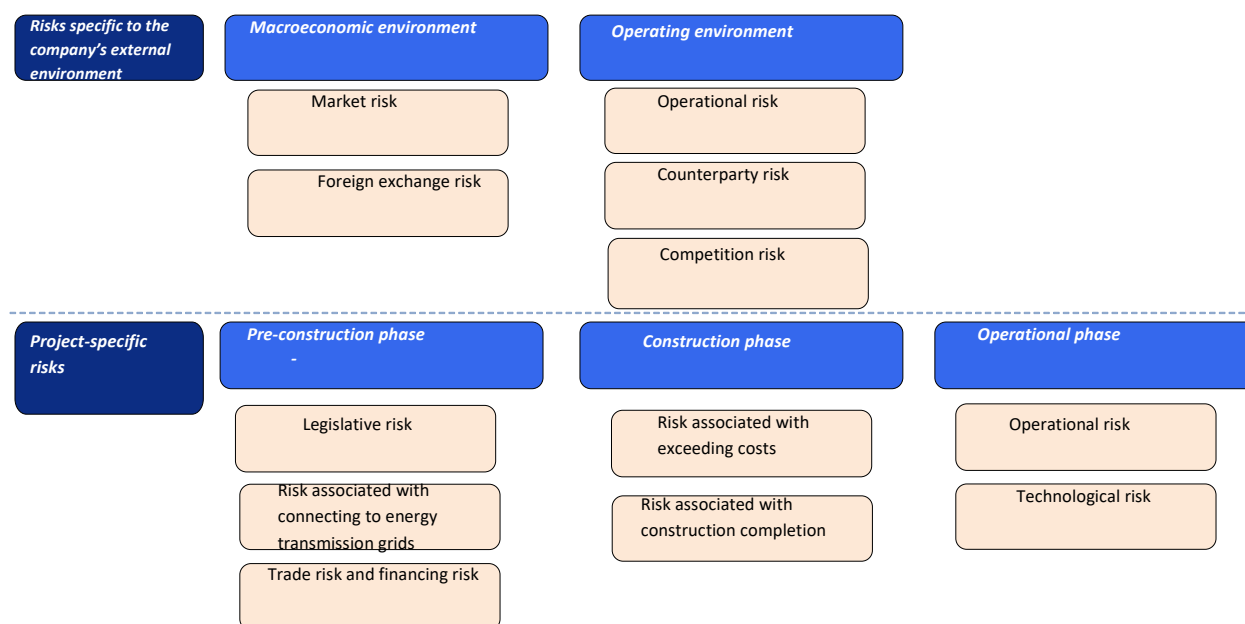
In consideration of its position as company of national importance, SNN, whose shares are listed in the Bucharest Stock Exchange, has developed its own business strategy ("The Strategy of Societatea Națională Nuclearelectrică S.A. for the period 2015 - 2025"), where the company's business, corporate governance and social corporate responsibility objectives are aimed at accomplishing the mission and targets set by the Ordinary General Meeting of Shareholders, as well as the role undertaken by the company in the Romanian society.

In its 2015-2025 Strategy, SNN has set out its key medium and long term strategies, mostly having in view the maintenance of nuclear safety, the company's continuous development and growth of shareholder profit, with risk assessments playing an important role in this context.

In the medium and long run, SNN's business will be influenced by both the developments on the energy market and the future investment projects of the Company: extending the life of Unit 1, participating in the development of Units 3 and 4, continuing the development of Dry Cask Storage project (DICA), raising the necessary funds for the implementation of a solution for the storage of spent nuclear fuel and the construction of a tritium removal facility (CTRF – Cernavodă Tritium Removal Facility).



In consideration of all the above mentioned, the company has reviewed the key risks to its business and objectives (namely, market risk and project risk). The figure below shows an overview of the company's main objectives, key strategy components and risks.



### Key risks specific to SNN

**Macroeconomic environment** The future profitability of the Company's operations and the feasibility of its projects depend on the market conditions prevalent in Romania and the other countries where the Company's business partners are based, particularly countries in the European Union. The key risk factors associated with the company's macroeconomic environment are classified into three main categories:

**Market risk** includes general market risks and the risks associated with the energy market in Romania. This risk takes into account macroeconomic performance, the developments on the energy market and the volatility of the same market, given the fluctuation of energy prices and the prices of raw materials and supplies, the reduced number of suppliers or business partners, the lack of long-term agreements, the impact of the Covid-19 pandemic on certain economic sectors, resulting in reduced energy consumption throughout Europe, and last but not least the resulting fall in energy prices. Market risk has a direct impact on the Company's overall performance.

**Legislative/regulatory risk** refers to potential changes in the Romanian and/or EU legal framework, with direct applicability and no transposition in the Romanian law. Such potential changes may include the charging of new taxes or the establishment of nuclear security standards and/or requirements by EU, local, central authorities and/or national nuclear energy regulators. Legislative risk may result in unforeseen increases in production costs, with a negative impact on profit margins.

Besides individual legislative risks resulting from changes in any single legal provision (regulation, directive, law, ordinance, etc.), the Company is also exposed to further legislative/regulatory risk considering the large number of national and/or international regulators and supervisors and/or professional associations which oversee the company's



business, given the distinct possibility that various regulations issued by different authorities may be inconsistent.

Foreign exchange risk is generated by the Company's current operations, given that some of them involve foreign exchange transactions. Such transactions include the reimbursement of the loans taken out for the financing of Unit 2 (loans denominated in EUR, USD and CAD), technical assistance and contributions for the decommissioning of two units.

Operating environment The Company's current operations are influenced by additional risk factors which have a major impact on current profitability. The main such risk categories include the following:

Operational risk refers to the risk of incurring losses as a result of inadequate internal processes, persons or systems or external events, including legal risk.

Operational risks are inherent to the Company's business, its ability to generate income and maintain its operating margin within competitive levels and are associated with the Company's market position, its ability to identify and review investment opportunities, its profit and loss, potential fines, penalties and sanctions or its inability to adequately establish or handle contractual obligations. These risks also depend on the Company's ability to provide energy according to the provisions of the agreements concluded on the regulated and the competitive energy markets, considering both the scheduled and the unscheduled shutdowns of Units 1 and 2.

Operational risks refer to equipment failures, human errors and malfunctioning processes which may eventually result in unscheduled shutdowns.

Similarly, prolonged and heavy droughts or other external events (such as heavy storms, prolonged and heavy droughts, failures of the Transelectrica energy transmission grid) may also have a major impact on the generation and/or distribution of energy.

Mitigating actions may include the conclusion of long-term agreements, with pre-defined clauses and specific provisions concerning liquidation and the awarding of damages, to reduce the fluctuations collection periods in order to generate cash flows for operating and investing activities. Other mitigating actions may include scheduled shutdowns during times when energy prices are low or Company's ability to conclude agreements to offset lost production due to unscheduled shutdowns.

Counterparty risk refers to business partners not acting in line with the terms and conditions set out in the relevant agreements, as a result of an intentional (refusal to pay) or unintentional (default) inability to settle their debts to SNN due to turnaround, bankruptcy or voluntary liquidation proceedings.

SNN has concluded agreements with business partners which are both buyers and sellers of energy, as well as providers of supplies, equipment and services that are necessary to SNN in the pursuit of its business.

Given the liberalisation of the energy market, SNN will seek to conclude predominantly long-term energy sales agreements for most of its output – a condition set by credit institutions for the purposes of ensuring the smooth collection of cash flows, particularly considering the additional financing required for the Company's future investments. Mitigating actions include a business partner selection process based on the latter's credit risk, on the markets where such risk reviews are permitted (PC-OTC), with the Company seeking to conclude agreements with creditworthy business partners only.

Competition risk should be reviewed in the context of the Day Ahead Market in Romania, considering price coupling with markets in the Czech Republic, Slovakia and Hungary, the Company being exposed to increased regional competition as a result of the future upgrades, refurbishments, expansions and constructions expected from the energy producers on the aforementioned markets. At the same time, renewable energy projects are very volatile in terms of output due to insufficient predictability of fuel (wind, solar) availability.

Investment/Maintenance/Refurbishment risk refers to the Company's funds, procurement and maintenance plans, studies and reviews, the structure and training of personnel and equipment/machinery providers.

Lack of skilled workers risk is associated with losing know-how as a result of retirement and employee turnover, the latter due to employees opting for better paid jobs outside the Company, but also with the lack of programs aimed at attracting skilled youth that are trained in operating and maintaining the Company's equipment as well as in other ancillary areas.

Risk factors specific to the securities - Capital market and liquidity.

BSE operates a regulated market that is not highly liquid, so price volatility can be quite high; the market price of the shares may be influenced by this risk factor as well. As of 11.03.2020, SSIF BRK Financial Group performs market making services on behalf of SNN, to increase liquidity and reduce the volatility of SNN share prices.

*1. The market price of the Company shares may be subject to fluctuations.*

In light of the most recent political and economic developments, stock exchanges worldwide have been subject to significant fluctuations which had an impact on the performance of the stocks of companies admitted to trading on the respective markets, not always as a result of the financial performance of listed companies. Such fluctuations may have a significant negative impact on the price of Company shares.

The market price of the Company's shares may fluctuate or fall suddenly for reasons including differences between the financial data reported by the Company and the forecasts made by experts, the ability to maintain key agreements, mergers, acquisitions and strategic partnerships involving the Company or the competitors thereof, fluctuations in the financial data reported by the Company and the Group, developments in the energy industry or the economy as a whole, the overall instability of international stock markets. The market price of the shares issued by SNN is currently in excess of the listing price (the public offering on the primary market) and the share's nominal value. For information on the development of the Issuer's share prices, go to the BSE website, [www.bvb.ro](http://www.bvb.ro) (stock symbol - SNN).

2. *Foreign exchange fluctuations may have an impact on the value of Shares and dividends for investors outside Romania.*

Foreign exchange fluctuations may have an impact on the gains of investors outside Romania trading in shares or collecting dividends, considering that Existing Shares are listed and traded in RON.

3. *The sale of large volumes of shares may have a significant negative impact on the market price of the Company's Shares.*

The sale of large volumes of shares in a short period of time may have a significant negative impact on the market price of the Company's Shares, leading to a loss of capitalization, with an adverse impact on the Company's creditworthiness.

4. *Shares traded on BSE are less liquid than shares traded on other significant exchanges.*

Shares traded on BSE are less liquid than shares traded on other significant exchanges in Europe, the USA or Asia. Considering that the Company's Shares are traded on the regulated BSE spot market, the holders of Company Shares may face problems when buying or selling Shares, particularly when large volumes are involved. Shares and other securities of companies listed on BSE have been subject to significant price fluctuations in the past. This may have a negative impact on the future market price and liquidity levels of shares listed on BSE, including the Company Shares.

5. *Corporate governance.*

The Issuer has adopted the corporate governance principles detailed in the BSE Corporate Governance Code. Nevertheless, effective corporate governance actions may be hindered by the manner in which the majority shareholder chooses to exercise its rights in particular with respect to the appointment of directors and the decision-making process, in conjunction with the constraints applicable to the manner in which the controlling shareholder is able to manage the state's public and private property. If, regardless of reasons, the Company should fail to observe the principles of corporate governance, this may have a negative impact on the price of the Shares.

<b>II-SECTION 4</b>	<b>INFORMATION ABOUT THE ISSUER</b>
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**II-4.1** The legal and commercial name of the issuer: Societatea Națională Nuclearelectrică SA

**II-4.2** The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

Legal form of incorporation	Joint-stock company
Trade Register no.	J 40/7403/1998
Single Registration Number	10874881
VAT symbol	RO
Trade Register registration date	27 July 1998

Duration	Unlimited
Registered office	Str. Polonă, nr. 65, Sector 1, București, cod postal 010494, Romania
Correspondence address	Str. Polonă, nr. 65, Sector 1, București, cod postal 010494, Romania
Telephone no.	+40 21 203 82 00
Fax	+40 21 316 94 00
Share capital	3,015,138,510 RON
Website	<a href="http://www.nuclearelectrica.ro">www.nuclearelectrica.ro</a>
E-mail	<a href="mailto:office@nuclearelectrica.ro">office@nuclearelectrica.ro</a>
Line of business	Electric power generation, transmission and distribution (NACE Code 351)
Main line of business	Production of electricity (NACE Code 3511)

The Issuer hereby declares that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

Pursuant to the provisions set forth in Law no. 15/1990 on the reorganisation of state-owned economic agents as self-regulated state entities and companies ("**Law no. 15/1990**"), the Government issued Government Resolution no. 1199/1990 concerning the establishment of the self-regulated entity Regia Autonomă de Electricitate "Renel" ("**RENEL**").

Subsequently, pursuant to Government Resolution no. 365/1998, RENEL was reorganised and the assets and liabilities thereof, except for the assets and liabilities attributable to the Group for Studies, Research and Engineering ("**GSCI**"), were shared between three newly-established entities, namely: Societatea Națională de Electricitate - S.A., Regia Autonomă pentru Activități Nucleare and Nuclearelectrica SA.

Following the reorganisation of RENEL, Societatea Națională Nuclearelectrica SA was established as joint-stock company pursuant to GR no. 365/1998, having as main line of business the production of electricity.

Societatea Națională Nuclearelectrica SA is a national company and is currently the only nuclear power plant in Romania. Societatea Națională Nuclearelectrica SA is also a producer of nuclear fuel, including the production of the nuclear fuel bundles which are used for the Company's own nuclear reactors.

<b>II-SECTION 5</b>	<b>BUSINESS OVERVIEW</b>
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### **II-5.1 (a) Principal activities**

According to the Company's statutes, the Company's main line of business is the Production of electricity – NACE Code 3511.

The Company is also authorised to carry out other ancillary business, supporting and supplementing the Company's core business, including Trade of electricity (NACE Code 3514), Distribution of electricity (NACE Code 3513), Water collection, treatment and supply (NACE Code 3600), and Manufacture of industrial gases (NACE Code 2011).

The Company is also involved in activities such as the Processing of nuclear fuel (NACE Code 24.46) for its CNE Cernavodă reactors as well as in Steam and air conditioning supply (NACE Code 3530) for the hot water required to provide heating to the Cernavodă area, an activity carried out pursuant to a specific licence.

Societatea Națională Nuclearelectrica SA currently owns two branches, namely CNE Cernavodă and FCN Pitești.

#### *CNE Cernavodă branch*

The history of nuclear energy in Romania began in 1960, but a firm decision regarding the construction of CNE Cernavodă was taken only in 1977, when an agreement of cooperation in the nuclear field was signed between the Governments of Romania and Canada. The construction of the first reactor started in 1980, followed by the other four reactors in 1982. After 1989, attention was focused on the completion of Unit 1, which was put into service in 1996. At present, CNE Cernavodă operates 2 reactors, Unit 2 being put into service in 2007. The reactors have a net installed capacity of 706.5 MW each, accounting together for almost 1/5 of Romania's electricity production. The nuclear reactors of the two units are CANDU 6 reactors designed in Canada by de Atomic Energy of Canada LTD. Reactors of this type are heavy water moderated and cooled and use natural uranium as fuel. CNE Cernavodă Reactor 1 will be refurbished between December 2026 and December 2028, for the purpose of extending its life.

#### *FCN Pitești branch*

The Nuclear Fuel Plant branch ("**FCN Pitești**") is located near the town of Mioveni, Argeș county, about 25 km from Pitești. Production of nuclear fuel for CANDU power plants started in the year 1980, through the commissioning of a pilot station as fuel production unit within the Nuclear Research Institute ("**ICN**") Pitești. The spin-off of the Nuclear Fuel Plant as separate entity took place in 1992. In 1994, FCN Pitești was authorized by AECL and Zircatec Precision Industries Inc. (Canada) as producer of CANDU 6 nuclear fuel. In the period 2004-2006, FCN Pitești, doubled its capacity in order be able to produce the fuel required for the operation of the two CNE Cernavodă units. FCN Pitești has an annual output of approximately 10,080 nuclear fuel bundles required for the operation of CNE Cernavodă.

The Company holds material equity participation in one single company, i.e. S.C. Energonuclear S.A., a company registered with the Trade Register under no. J40/3999/25.03.2009, Single Registration Number 25344972.

The Company holds immaterial equity participation, i.e. 0.29%, in the Romanian Commodities Exchange, a company registered with the Trade Register under no. J40/19450/1992, Single Registration Number RO 1562694.

#### *Short description of the Company's operations and core business*

SNN produces electricity and heat, its core business being the production of electricity. Revenue from the sale of heat accounts for an insignificant part of the Company's total revenue. SNN also produces CANDU nuclear fuel bundles required for the operation of CNE Cernavodă Units 1 and 2.

The total electricity output of the two CNE Cernavodă Units was 11,280,167 MWh in 2019; of the gross output, the own consumption of the 2 Units during operation and shutdown was 933 thousand MWh in 2019.

Pursuant to Government Emergency Ordinance no. 114/28.12.2018, amending and supplementing Law no. 123/2012 on electricity and heat, the National Regulatory

Authority for Energy (ANRE) issued Order no. 10/01.02.2019 to approve the Methodology concerning the establishment of the price for electricity sold by producers under regulated agreements as well as of the electricity volume allocated in connection with the regulated agreements concluded between producers and suppliers of last resort. According to ANRE Decision no. 326/25.02.2019, the electricity volume allocated to SNN in connection with regulated agreements in 2019 was 1,377 GWh. ANRE established for SNN a regulated price of 188.33 RON/MWh (w/o Tg transmission tariff included). In 2020, SNN will deliver 2,181.6 GWh on the regulated market, accounting for 21% of its scheduled production, at a weighted average price of 185.54 RON/MWh, w/o Tg transmission tariff included). 2020 is the last year when electricity quotas will be allocated for regulated agreements.

In 2019, the electricity sold on the competitive market of bilateral contracts accounted for 76.9% of the total electricity sold. The average price of bilateral contracts in 2019 was 228.01 RON/MWh (with Tg transmission tariff included), 13.6% up from 200.67 RON/MWh (with Tg transmission tariff included) in 2018, whereas Tg transmission tariffs were 1.05 RON/MWh between 1 July 2017 – 30 June 2018, according to ANRE Order no. 48/22.06.2017 and 1.18 RON/MWh between 1 July 2018 and 31 December 2019, according to ANRE Order no. 108/20.06.2018.

An electricity volume accounting for 9.9% of total sales was sold on the spot (PZU and PI) market in 2019 versus 14.9% in 2018. The average energy selling price for SNN on the spot (PZU and PI) market in 2019 was 225.23 RON/MWh (with Tg transmission tariff included) versus 189.46 RON/MWh (with Tg transmission tariff included) in 2018.

With a load factor of 91.4%, Romania's CNE Cernavodă nuclear reactors rank 1<sup>st</sup> in terms of capacity factor.

Due to the type of technology used, the volumes of energy produced and sold have not fluctuated significantly over time (approximately 2%), with fluctuations being influenced by the various length of annual scheduled shutdowns. Units 1 and 2 use approximately 11,000 nuclear fuel bundles per annum, each such bundle comprising approximately 19 kg of uranium. Fuel bundles are transferred from the Pitești to the CNE Cernavodă branch at a cost.

#### *Professional organizations where the Company is as member*

The Company is an active member of the World Association of Nuclear Operators (“**WANO**”), an international non-profit organization that provides technical support and encourages the operators of operational nuclear plants to meet the highest nuclear security standards. The WANO members operate about 440 nuclear units in more than 30 countries worldwide. The efforts of WANO continue to focus on long-term objectives to ensure that all worldwide operating plants meet and maintain the highest nuclear security standards.

Moreover, the Company is a member of CANDU Owners Inc (“**COG**”), as well as of the European Nuclear Installation Standard Systems (“**ENISS**”). COG is a private, non-profit organization, financed by its members. The members of COG include the owners / operators of CANDU/PHWR reactors worldwide, as well as Candu Energy Inc., the owner of the CANDU technology.

The Issuer is also an associate member of the Romanian Atomic Forum Association (ROMATOM), a private, non-profit, non-governmental Romanian legal entity.

#### *The strategy to continue the Cernavodă NPP Units 3 and 4 Project*

By Resolution no. 8/12.06.2020 of the Extraordinary General Meeting of Shareholders, the items below were included by the majority shareholder, i.e. the Ministry of Economy, Energy and the Business Environment, on the agenda of the Company's Extraordinary General Meeting of Shareholders:

1. **The cancellation** of the Strategy to continue the Cernavodă NPP Units 3 and 4 Project by organising an investor selection procedure (2018)
2. **The authorisation** of the SNN Board of Directors to initiate the proceedings/actions/measures required to stop negotiations with CGN and terminate the following documents (by mutual agreement between the parties, unilateral termination, etc.): (i) "Memorandum of Understanding concerning the development, construction, operation, and decommissioning of CNE Cernavodă Units 3 and 4 (MoU) and (ii) Preliminary Investor Agreement."
3. **The authorisation** of the SNN Board of Directors to initiate the actions required to review and establish the strategic options available to the Company for the construction of new nuclear power plants.

The strategy to continue the Cernavodă NPP Units 3 and 4 Project by organizing an investor selection investors was approved by the Extraordinary General Meeting of S.N. Nuclearelectrica S.A. of 22 August 2014.

The Strategy provided for the establishment of a joint-venture ("**JV**") within the meaning of art. 50 of Law no. 137/2002, between Societatea Națională Nuclearelectrica S.A. and a selected private investor, which should have received the amount invested by SNN in the Societatea EnergoNuclear S.A. subsidiary. The JV form of incorporation should have been the preliminary stage for the establishment of an IPP ("**Independent Power Producer**"), set up with a duration of 2 years, duration that could be amended by mutual agreement between the parties, in order to review, under current conditions, the feasibility of the project, the valuation of the assets, the decision-making process regarding the outsourcing of engineering, procurement and construction works, the receiving of permits and approvals to start the project, including the support measures to be offered under the project, according to the national and community legislation, and the final decision to investment in order to reach the implementation stage of the Project and subsequently the IPP stage.

Following the international investor selection process, China General Nuclear Power Corporation ("**CGN**") was appointed as investor selected for the development of the Cernavodă NPP Units 3 and 4 Project.

On 22.10.2015, the SNN General Meeting of Shareholders approved the signing of the Memorandum of Understanding concerning the development, construction, operation, and decommissioning of CNE Cernavodă Units 3 and 4 and the MoU was signed by the parties on 9.11.2015.

On 10.04.2019, the SNN General Meeting of Shareholders approved the preliminary investor agreements for the Units 3 and 4 Project and the agreements were signed by the parties on 2019.

In terms of future actions for the continuation of the Units 3 and 4 Project, in line with the requirements applicable to it as listed company and pursuant to the provisions laid down in Company's Articles of Association, SNN will advise its shareholders and ask for the approval thereof by vote on any such action, with the SNN statutory bodies acting in full transparency and compliance with their assigned duties.

**II.5.1. (b)** Any significant changes impacting the issuer's operations and principal activities since the end of the period covered by the latest published audited financial statements, including the following:

- (i) an indication of any significant new products and services that have been introduced; - N/A.
- (ii) the status of the development of new products or services to the extent that they have been publicly disclosed; - N/A.
- (iii) any material changes in the issuer's regulatory environment since the period covered by the latest published audited financial statements. – N/A.

## **Main markets**

### ***The Romanian energy market***

Romania holds a balanced portfolio of energy capacities, comprising nuclear energy, fossil fuel energy, water energy, plus other renewable energies.

Romania currently holds the largest electricity production sector in South-Eastern Europe. This leading position has been strengthened in recent years through the development of renewable energy, such as wind and photovoltaic power systems.

Romania has a very wide range of primary energy sources, both non-renewable and renewable, which gives the country some of the highest levels of energy independence in the European Union, together with other countries such as Denmark or Estonia. On the other hand, there are countries such as Cyprus, Malta and Luxembourg, which are totally dependent on outside energy supply.

One of the most significant contributors to Romania's increased energy independence was the commissioning of the Cernavodă NPP Reactor 2 in 2007; at that moment, Romania's energy independence was somewhere below 70%.

Primary energy production fell by 1.7%, in 2018 versus 2017, while energy imports went up by 4.2%, domestic consumption increased by 0.4% and final energy consumption rose by 1.5%. According to the National Statistics Institute, total energy sources remained relatively constant in 2018 and amounted to 43.2 million tonnes of oil equivalent (toe), the reduced primary energy production (-1.7%) being offset by increased energy resource imports (+4.2%).

Of the primary energy sources, coal has fallen most steeply, by 455 thousand toe (-8.5%), while oil and electricity went up by 269 thousand toe and 147 thousand toe, respectively.

In 2018, primary energy production reached 24.979 million toe, 438 thousand toes less than in 2017, due to lower usable coal, oil and natural gas production, but continued to account for a significant share of total energy resources, i.e. 57.8%.

The production of energy from renewable resources (water, wind and photovoltaic) went up by 8.6% (+178 thousand toe) year-on-year.

In 2019, S.N. Nuclearelectrica SA by its two CNE Cernavodă units generated 11,280.167 MWh (gross). Thus, 10,346,746 MWh of electricity were produced and delivered to the National Energy System ("NES") in 2019 versus 2018 (10,443,078 MWh), down 0.9% year-on-year. According to the 2019 data, CNE Cernavodă produced 19% of Romania's total electricity output, up 17.7% in 2018. Of the 10,346,746 MWh of electricity delivered to the National Energy System, 12.9% was delivered to the regulated market for captive users, in accordance with the decisions made by ANRE.

Pursuant to Government Emergency Ordinance no. 114/28.12.2018, amending and supplementing Law no. 123/2012 on electricity and heat, the National Regulatory Authority for Energy (ANRE) issued Order no. 10/01.02.2019 to approve the Methodology concerning the establishment of the price for electricity sold by producers under regulated agreements as well as of the volumes of electricity allocated in connection with the regulated agreements concluded between producers and suppliers of last resort. According to ANRE Decision no. 326/25.02.2019, the electricity volume allocated to SNN in connection with



regulated agreements in 2019 was 1,377 GWh. ANRE established for SNN a regulated price of 188.33 RON/MWh (w/o Tg transmission tariff included).

Pursuant to the Current Report published on 23 December 2019, S.N. Nuclearelectrica S.A. has advised its investors of Decision no. 2213/23.12.2019 of the National Regulatory Authority for Energy, whereby S.N. Nuclearelectrica S.A. is required to sell on the regulated market in the period 1 January 2020 – 30 June 2020 the amount of 1,086,596.545 MWh of electricity, accounting for 10.5% of the total scheduled production for 2020, at the regulated price of 188.47 RON/MWh. This regulated price is exclusive of the transmission tariff amounting to 1.30 RON/MWh (according to Order no. 218/11.12.2019 of the National Regulatory Authority for Energy). By Decision no. 2214/23.12.2019, the National Regulatory Authority for Energy has also advised SNN of the maximum electricity volumes to be sold under regulated agreements in the period 1 July 2020 – 31 December 2020. Consequently, the maximum such electricity volume for the period 1 July 2020 – 31 December 2020 is 1,095,026.028 MWh.

Pursuant to the Current Report published on 29 June 2020, S.N. Nuclearelectrica S.A. has advised its shareholders and investors of Decision no. 1077/29.06.2020 of the National Regulatory Authority for Energy, whereby S.N. Nuclearelectrica S.A. is required to sell on the regulated market in the period 1 July 2020 – 31 December 2020 a volume of 1,095,005.088 MWh of electricity, accounting for 10.5% of the total scheduled production for 2020, at the regulated price of 182,63 RON/MWh. This regulated price is exclusive of the transmission tariff amounting to 1.30 RON/MWh (according to Order no. 218/11.12.2019 of the National Regulatory Authority for Energy).

Bilateral contracts are concluded following auctions organised on the Romanian gas and electricity market operator (OPCOM) platforms, under conditions of full transparency. SNN attended the auctions organised in 2019 on PCCB-LE (centralised market for bilateral electricity contracts where contracts are traded by way of extended auctions), PCCB-NC (centralised market for bilateral electricity contracts with continuous negotiation), PCSU (centralised market for universal services) and PC-OTC (centralised market for bilateral electricity contracts with double continuous negotiation).

The average price reported by SNN on the centralised bilateral contracts market has significantly fluctuated in 2019, from a minimum of 222.09 RON/MWh in Q3 to a maximum of 241.11 RON/MWh in Q1. The prices for each month of 2019 were influenced by the share of energy produced from renewable resources (water), but to a lesser extent than by the weighted average prices calculated for all the transactions on the wholesale electricity market, due to the high share of medium term contracts in the SNN portfolio. The average price of contracts concluded on the OPCOM market sections which are deliverable in 2019 was 13.6% higher than the price reported in 2018, while the ROPEX\_FM index was 19.8% higher in 2019 versus 2018.

PZU is not SNN's primary market, since the electricity volumes sold there are quite low (34% lower in 2019 y-o-y). PZU is the market for trading in available electricity not yet subject to bilateral contracts concluded on the OPCOM platforms or the regulated market.

The electricity volume sold on the spot (PZU and PI) market by SNN accounted for approximately 9.9% of total sales in 2019 versus 14.9% in 2018 and 22.2% in 2017. The falling figures can be explained by the increasing electricity volume subject to contracts concluded on bilateral and regulated markets, as well as by the increasing selling price on the competitive market.

The weighted average price per annum on PZU in 2019 was 251.21 RON/MWh, while the median trading price per annum was 238.80 RON/MWh, i.e. 216.16 RON/MWh less than

in 2018.

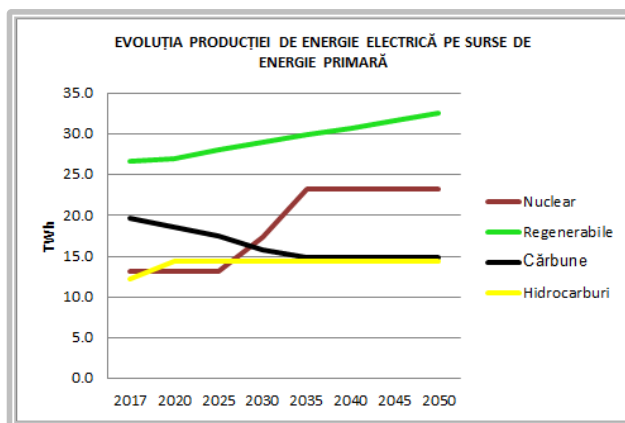
*Most significant recent trends with an impact on the company and the industry where the Company operates*

Short description:

- Sustainable electricity supply, with plant life extendable up to 60 years;
- Competitive electricity prices;
- Almost zero pollution under normal circumstances and almost neutral impact on greenhouse gas emissions;
- Small quantities of fuel for the production of large quantities of energy;
- Reduced radioactive waste by comparison with traditional plants;
- Significant set-up costs (investments), but low and predictable operating and maintenance costs.

The cost of producing nuclear energy is already competitive by comparison with other low-cost technologies, such as wind or carbon collection and storage. There are also additional benefits, as nuclear energy makes use of an established technology which provides consistent output. Although nuclear power plants require significant capital expenditure, cost per MWh is competitive considering the length of a nuclear power plant's life. Containment of capital expenditure is thus critical in the case of nuclear power plants.

According to Romania's Energy Strategy in the period 2019 – 2030, with an outlook on 2050, prepared by MEEMA, strategic investment objectives reflect an increase in nuclear energy production from 17.4 TWh in 2030 to 23.2 TWh in 2035. Renewable energy sources will account for 29 TWh, i.e. 37.6% of total primary energy sources in the energy mix of 2030. Coal will account for 15.8TWh, i.e. 20,6%, while hydrocarbons will account for approximately 14.5 TWh, i.e. an increase of 1,9%.



The Strategy also provides for 28% of energy production from the two new Cernavodă nuclear plants in 2035.

The increase in the Cernavodă nuclear capacity is a strategic decision. The project relies on the use of existing infrastructure as well as on Romania's significant heavy water supplies. This project will also further the development of Romanian expertise in the nuclear sector and sets up the premises for the completion of the full nuclear cycle in

Romania.

Units 3 and 4 Project in Cernavodă is the most significant potential project for Romania in the coming decades.

Source: Romania's Energy Strategy in the period 2019 – 2030, with an outlook on 2050.

### ***The structure of the Romanian electricity market***

The principles on which the Romanian electricity market is currently based are mainly regulated by Law no. 123/2012 on electricity and natural gas as further amended ("**Energy Law**") and detailed in the secondary legislation which includes government resolutions, decisions and orders issued by the National Regulatory Authority for Energy

(ANRE). The market principles refer, among others, to the free and regulated access for all participants on the electricity market, the transparency of the decision-making process with regard to electricity tariffs, prices and taxes, increased competitiveness on the domestic electricity market, active participation in the regional and internal energy market of the European Union, and development of cross- border trade.

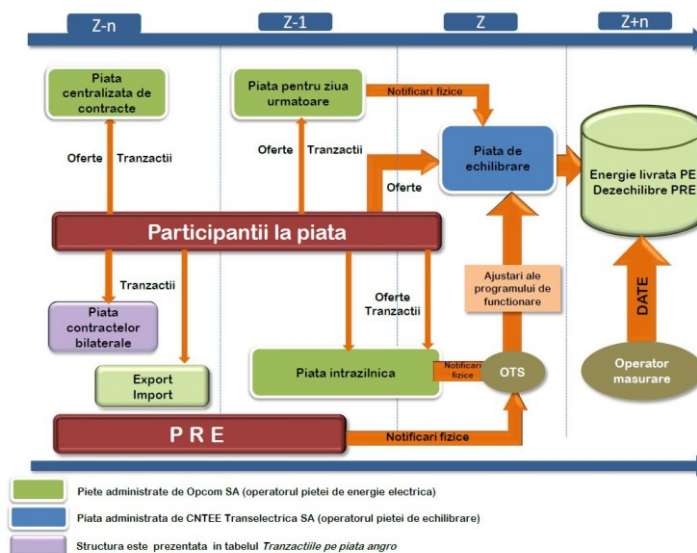
According to the Energy Law, the Romanian electricity market is divided into the regulated market and the competitive market, each with a wholesale and retail component.

**The regulated market** comprises all the business relations arising from or in connection with the buying and selling of electricity in regulated volumes and at regulated prices; transactions on this market are carried out pursuant to regulated contracts, mainly for the benefit of end consumers who are provided with electricity by certain suppliers of last resort, based on transactions between electricity producers and suppliers of last resort. Prices are established in accordance with the methodologies and decisions of the National Regulatory Authority for Energy (ANRE). Electricity producers who are required by ANRE to sell electricity pursuant to regulated contracts concluded with suppliers of last resort have been designated in accordance with the provisions of Order no. 10/2019 of the President of ANRE.

**The competitive market** comprises all the business relations arising from or in connection with the buying and selling of electricity pursuant to terms and conditions regarding prices and volumes established by direct negotiation or the balancing of demand and supply through intermediation.

### ***The wholesale electricity market***

The chart below shows the structure of the wholesale electricity market:



Source: ANRE

The Wholesale Electricity Market is the orderly market where electricity is purchased by suppliers/consumers from producers or other suppliers for re-sale or consumption purposes, as well as by power grid operators for their own consumption. Thus, the wholesale market is made up of all transactions among participants, except for transactions involving end consumers, which are the subject of the retail market. The size of the wholesale market is given by all participant transactions, and exceeds the electricity volumes actually transmitted from producers to consumers. Transactions also include electricity resales for rebalancing and financial purposes. Electricity producers and

consumers, suppliers and power grid operators are all given access to the wholesale electricity market.

In Romania, wholesale electricity transactions are performed by way of bilateral contracts concluded on the regulated market, i.e. the centralised market for bilateral electricity contracts where contracts are traded by way of extended auctions (“PCCB-LE”), the centralised market for bilateral electricity contracts with continuous negotiation (“PCCB-NC”), the intra-day market (“PI”), the day ahead market (“PZU”), the centralised market for bilateral electricity contracts with continuous negotiation (“PC-OTC”), the centralised market for universal services (“PCSU”) and the electricity market for large consumers (“PMC”). All these markets are operated by OPCOM, the entity which is also in charge of price transparency.

*The centralised market for bilateral electricity contracts where contracts are traded by way of extended auctions (“PCCB-LE”) ranks second in terms of electricity volumes traded in 2019, after PC-OTC, and first for SNN, after PCCB-NC.*

***The centralised market for bilateral electricity contracts with continuous negotiation (“PCCB-NC”)*** is open to all electricity producers, suppliers and power grid operators and applies higher standards than PCCB-LE in terms of volumes, loads and delivery terms. Trading volumes are lower than on PCCB-LE.

***The centralised market for universal services (“PCSU”)*** is the market where suppliers of last resort are able to buy the electricity required by end consumers benefiting from universal services at competitive market prices. This market is not mandatory for electricity producers.

***The regulated market*** is part of the wholesale electricity market and provides electricity to the residential and non-residential consumers who chose not to select their supplier, at regulated prices.

***The day ahead market (“PZU”)*** is part of the wholesale electricity market for firm electricity contracts deliverable on the next day.

***The intra-day market (“PI”)*** is part of the wholesale electricity market for firm electricity contracts concluded starting from the day before the delivery date, after transactions are completed on PZU, until one hour before delivery/consumption. The intra-day market is a tool for participants to rebalance their portfolios on an hourly basis, to strike a balance between bilateral contracts, consumption forecasts and technical production capabilities as close to delivery as possible. The excess or shortage of electricity can be balanced by buying or selling on intra-day market. Since solar and wind energy production is on the rise, demand and supply may be uneven. Consequently, OPCOM has developed an intra-day energy market aimed at resolving disbalances by allowing participants to trade energy each hour, until one hour before delivery. As of 19 November 2019, the Romanian intra-day electricity market is coupled to the other 20 participants in the SIDC – Single Intra-Day Coupling – European project (formerly known as XBID), a project that promotes pan-European and trans-regional intraday trading of electricity between Bulgaria, Hungary, Croatia, the Czech Republic, Poland, Slovenia, Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, Sweden, the Netherlands, Portugal and Spain.

***The balancing market***, providing for the differences between actual production and forecasted consumption. Participants take financial responsibility for any disbalances.

***The centralised market for technological system services*** where electricity producers deliver reserves and keep them available for trading by Transelectrica on the

technological system services market. Producers trading on this market are required to offer a minimum volume of electricity on the Balancing market, corresponding to the technological system services contracted.

**The centralised market for the allocation of international interconnection capacities** where import capacity is acquired by default auctions, separately for imports based on contracts up to one year and transactions on. Long-term interconnection capacities are allocated by the authorities of neighbouring countries, with remaining capacities allocated by default auctions on PZU. A selling/trading licence is required for electricity exports/imports to/from Romania. Participants must be enrolled in the Balancing market and participate in the auctions for the allocation of interconnection capacities.

### **The retail electricity market**

The chart below shows the structure of the retail electricity market:



Source: ANRE

The retail electricity market is the market segment where electricity is purchased for end user consumption, while transactions take place between suppliers and consumers of electricity.

### **Electricity contracts**

In the pursuit of its business, the Company enters industry-specific contracts for the purchase and sale of electricity on a regular basis.

The Company executes contracts for the sale of electricity, including:

- contracts for the regulated market executed with suppliers of last resort for the supply of electricity to regulated consumers;
- contracts for the sale and purchase of electricity on **PCCB-LE, PCCB-NC and PC-OTC**;
- standardised electricity contracts.

**Contracts for the regulated market** - for the sale of electricity on the wholesale market, the Company has entered into sale and purchase contracts with the suppliers designated by the National Regulatory Authority for Energy (ANRE) (suppliers of last resort); the purpose of the contracts is to provide regulated consumers with the hourly volumes of electricity established in accordance with the regulations issued by ANRE.

The terms and conditions of the contracts above have been established in accordance with

the master contract for the sale and purchase of electricity executed between electricity producers and the suppliers of last resort for electricity to regulated consumers, as approved by Order no. 43/2010 of the National Regulatory Authority for Energy (ANRE).

The Company is bound to apply regulated tariff rates with regard to all industry-specific regulated contracts, both for the sale of energy by SNN and for transmission services (electricity transmission to power grid fee), as approved by the National Regulatory Authority for Energy (ANRE) from time to time.

***Contracts for the sale and purchase of energy on PCCB and PCCB-NC*** - the Company has already executed contracts for the sale of a significant part of its electricity production on the competitive market; such contracts have been awarded pursuant to market-specific public open auctions organised by OPCOM. The contracts for the sale of energy on PCCB have been prepared by the Company, considering the guidelines in the template provided by OPCOM on the one hand, and the particular requirements and features of SNN as producer of electricity, on the other hand. The purchasers of electricity as determined in the PCCB auctions are companies licensed by the National Regulatory Authority for Energy (ANRE) as competitive suppliers, producers, distributors or transmitters of energy. Contract prices are established pursuant to the auction proceedings.

Some of the contracts are executed between the Company and electricity distributors for electricity required for consumption in their own power grids, in accordance with the specific regulations issued by the National Regulatory Authority for Energy (ANRE).

***Contracts for the purchase and sale of electricity on the spot market (PZU and PI)*** - The Company is allowed to perform transactions on the Day-Ahead Centralised Electricity Market pursuant to the agreement executed on 16.06.2008 with OPCOM. OPCOM's role on PZU is that of central counterparty, OPCOM acting as sole buyer of the energy sold by the Company. Settlements on PZU are made only by OPCOM, within 48 hours from delivery. As of 19.11.2014, PZU is coupled to the markets in the Czech Republic, Slovakia and Hungary through the price coupling mechanism, a project known as 4M MC. The rules applicable on PZU are included in the "*Internal Regulations of the day ahead electricity market, subject to the price coupling mechanism*", approved by Order no. 82/2014 of the President of the National Regulatory Authority for Energy, as amended and supplemented.

***Contracts for the provision of energy*** - the Company is currently a party to two such contracts. One contract was concluded with Transelectrica SA, whereby the Company sells and Transelectrica S.A. buys the electricity required for services in relation with the 400 kV Cernavodă electric system. The contract was executed in 2018 and is subject to renewal by addenda; renewal also involves the negotiation of the contract price. The current addendum in force expires on 31.12.2020. The other contract was executed with a consumer and expires at the end of 2020. The two consumers referred to above are provided with electricity directly from CNE Cernavodă, pursuant to Licence no. 5/03.12.1999, providing for the ancillary right of the producer to provide electricity to the end consumers directly from their production units.

As of 31 December 2019, SNN had contracts executed on the OPCOM markets (PCCB-LE, PCCB-NC and PC-OTC) for a volume of 4,526,224 MWh, accounting for 43.59% of the electricity production estimated to be delivered to power grids in 2020 (MWh – with estimated unscheduled shutdowns), at a weighted average price of RON 269.88 RON/MWh, ("Tg") transmission tariff included.

***Balancing market participation agreement and balancing responsibility agreement*** - the Company acts as participant on the balancing market, but is also as Balancing Responsible Entity, in accordance with the standard agreements executed with

Transelectrica S.A. on 08.10.2018, having as subject the sale and purchase of electricity between the parties as a result of SNN's dispatch of energy production according to actual consumption, or as a result of disbalances between the volumes of energy produced and sold by the Company, which have been offset by Transelectrica S.A. on the balancing market, in accordance with the legislation in force. While balancing responsibility is transferred to PRE Ciga Energy (as of 24.06.2016), the balancing responsibility agreement has been suspended.

***Agreement of participation on the Green Certificates Market*** - The Company is entitled to participate the Green Certificates Market, i.e. both on PCBCV – The Green Certificates Bilateral Market and PCSCV – The centralised anonymous spot Green Certificates Market, pursuant to the Agreement of participation on the Green Certificates Market ("PCV") executed on 11.12.2017 for an unlimited period of time, according to the provisions of Order no. 77/18.08.2017 of the National Regulatory Authority for Energy (ANRE), as further amended. The Agreement was signed between the Company as participant to PCV and OPCOM as operator of the green certificates market, in accordance with the primary and secondary legislation applicable to the Green certificates market.

Mention should be made that the mandatory requirement to purchase green certificates depends on the electricity volume supplied by the Company to end consumers. Considering that, for the time being, the Company has two contracts for the provision of electricity to end consumers for approximately 500 MWh per year, the number of green certificates which the Company must acquire is low.

No extraordinary events after the closing of the period under review by the latest audited and published financial statement have significantly influenced the information provided in this section.

#### ***Licences issued by the National Regulatory Authority for Energy (ANRE)***

In accordance with the Regulation concerning the granting of licenses and permits for the energy sector, approved by Government Resolution no. 540/2004, the distribution of electricity and the production of electricity and heat are subject to specific licenses issued by the National Regulatory Authority for Energy (ANRE). As of the date hereof, the Company holds the following licenses issued by ANRE:

- a) Licence no. 5/03.12.1999 for the production of electricity, granted by ANRE Decision no. 80/03.12.1999;
- b) Licence no. 244/26.03.2001 for the production of heat, granted by ANRE Decision no. 341/26.03.2001;
- c) Licence no. 962/21.10.2010 for the supply of electricity granted by ANRE Decision no. 2597/21.10.2010.

#### ***Permits for the nuclear sector issued by the National Commission for the Control of Nuclear Activities (CNCAN)***

In accordance with art. 8(1) and 24(1) of Law no. 111/1996, as amended and supplemented, on the safe operation, regulation, authorisation and oversight of nuclear activities, market operators should hold specific permits issued by The National Commission for the Control of Nuclear Activities (CNCAN), subject to specific authorisation procedures. The Company holds the following permits:

*CNE Cernavodă:*

- Permit no. SNN CNE Cernavodă U1 – 01/2013 for the pursuit of nuclear activities. The permit was issued for a period of 10 years, from 1 May 2013 to 30 April 2023;
- Permit no. SNN CNE Cernavodă U2 – 02/2013 for the pursuit of nuclear activities. The permit was issued for a period of 7 years, from 1 May 2013 to 30 October 2020;
- Permit no. SNN Constructie DICA 04/2018 for the construction of Module 10 and 11 of the Dry Cask for the Intermediate Storage of Spent Fuel. The permit is valid until 25 March 2021;
- Permit no. SNN DICA 05/2019 for the operation and maintenance of Modules 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 of the Dry Cask for the Intermediate Storage of Spent Fuel. The permit was issued on 03.08.2019 and is valid until 02.08.2021;
- Permit no. SNN CNE Cernavodă - 01/2019 for the quality management system implemented for software rollout, development, procurement, upgrading and updating in the nuclear sector. The permit was issued for a period of 2 years, from 01.05.2019 to 30.04.2021.

*FCN Pitești:*

- Permit no. 18-035 for the quality management system implemented for manufacturing in the nuclear sector, according to art. 24 of Law no. 111/1996. The permit was issued for a period of 2 years, from 18.09.2018 to 17.09.2020;
- 9 permits for the pursuit of nuclear activities:
- Permit LD/007/2020 for the holding of ionizing radiation sources, radiation equipment with ionizing radiation sources, ionizing radiation generators, nuclear plants for the processing and production of nuclear fuel, nuclear raw materials, nuclear fuel, radioactive waste, nuclear supplies as well as equipment and machinery pursuant to Government Resolution no. 916/2002. The permit is valid from 31.01.2020 until 30.01.2022;
- Permit LD/008/2020 for the use of closed ionising radiation sources, radiation equipment and ionizing radiation generators. The permit is valid from 31. 01.2020 until 30.01.2022;
- Permit LD/009/2020 for the handling of closed ionising radiation sources, radiation equipment with closed radiation sources and radiation waste. The permit is valid from 31.01.2020 until 30.01.2022;
- Permit LD/010/2020 for the processing of nuclear raw materials. The permit is valid from 31.01.2020 until 30.01.2022;
- Permit LD/011/2020 for the production of nuclear fuel. The permit is valid from 31.01.2020 until 30.01.2022;
- Permit LD/012/2020 for the temporary storage of nuclear raw materials, nuclear fuels and radioactive waste. The permit is valid from 31.01.2020 until 30.01.2022;
- Permit LD/013/2020 for the provision of nuclear raw materials, nuclear fuels, radioactive waste, nuclear supplies and dual-use supplies. The permit is valid from 31.01.2020 until 30.01.2022;
- Permit FCN Transport\_20/2018 for the transportation of radioactive materials. The permit is valid from 10.01.2019 until 09.01.2024;
- Permit AN/081/2017 for the holding of undisclosed information. The permit is valid from 31.03.2017 until 28.11.2021.
- By way of Designation Certificate no. FCN-ODD 06/2017, CNCAN renewed the designation of the radioprotection and dosimetry laboratory of FCN Pitești as Dosimetry Center. The permit is valid from 24.10.2017 until 23.10.2020.

Environment protection permits issued by the Ministry of Waters and Forests:

- Government Resolution 84 /2019 concerning the issuance of the environmental approval for Societatea Națională „Nuclearelectrica” S.A. – Sucursala „CNE Cernavodă - Unit 1 and Unit 2 of the Cernavodă Nuclear Power Plant”,



- Government Resolution 24 / 2019 concerning the issuance of the environmental approval for Societatea Națională „Nuclearelectrica” S.A. - Sucursala „Fabrica de Combustibil Nuclear” Pitești.

## ORGANIZATIONAL STRUCTURE

According to a comprehensive interpretation, the Romanian Government may be considered the majority shareholder of the Company, as SNN is part of the group of companies held by the State, subject to the provisions laid down in GEO no. 109/2011 on the corporate governance of public companies, as amended and supplemented; this relationship is not similar to affiliation, except for the common enforcement of legal provisions applicable to companies in the public sector and companies that are majority state-owned.

The Company is part of a group which also comprises Societatea Națională Nuclearelectrica SA and Energonuclear SA.

The Company currently owns two (2) branches incorporated in Romania, namely “CNE Cernavodă”, having its seat in Cernavodă, str. Medgidiei nr. 2, Trade Register no. J13/3442/11.10.2007, operating Units 1 and 2 of CNE Cernavodă and providing ancillary services and “FCN Pitești”, having its seat in Mioveni, str. Campului nr. 1, Trade Register no. JO3/457/24.08.1998.

As of 2014, SNN also holds 100% of EnergoNuclear SA, Trade Register no. J40/3999/25.03.2009, Single Registration Number 25344972, a company established to develop and implement the CNE Cernavodă Units 3 and 4 Project. The line of business pursued by Energonuclear SA is limited to pre-project works associated with CNE Cernavodă Units 3 and 4, NACE Code 7112 - Engineering activities and related technical consultancy.

## II-5.2 Investments

The Company’s strategic investment plan has been designed in response to the need for system modernisation/refurbishment, both for financial reasons (i.e. reduced consumption, improved processes, with a positive impact on Company efficiency) and legal and environmental considerations (the requirements to improve nuclear safety, environment protection and labour security, as mandatory instructions from competent regulatory authorities (The National Commission for the Control of Nuclear Activities (CNCAN) and the Ministry of Environment).

The table below shows other Company investments in progress. The figures below are estimates and may be adjusted subject to Company management decisions in the coming years.

Investment project	Project value		Project term	Sources of finance
	(mn. EUR)	(mn. Lei)		
Dry Cask for the Intermediate Storage of Spent Fuel (DICA)	180	858	2020-2047	Own sources
Upgrading and expanding the Physical Protection System	64	304	2020-2024	Own sources

D2O Tritium Removal Facility	190	910	2020-2026	Own sources / raised sources
Extending the life of Unit 1 by changing the reactor tubes and refurbishing core systems (pre-project studies)	130	623	2020-2022	Own sources
Enhancing the security of the CNE Cernavodă power system, by refurbishing transformers and providing back-up generators for two units	12	55	2020-2023	Own sources
<b>Total</b>	<b>658</b>	<b>3.145</b>	<b>-</b>	

According to Order no. 893/16.04.2020 of the Minister of Economy, Energy and the Business Environment concerning the preparation and adoption of an investment strategy for the next five years, the General Meeting of Shareholders of 12.06.2020 adopted the Investment Strategy of Societatea Națională Nuclearelectrică S.A. for the period 1 July 2020 – 1 July 2025.

The Strategy refers to investment projects to be pursued in the period 1 July 2020 – 1 July 2025, the upgrading of currently operated equipment, as well as the established terms, estimated costs and sources of finance for each project. Taking into account their strategy and stages of completion, the estimated value of all investment projects in the period 2020-2025 is RON 2.29 bn.

The company's investment strategy was prepared in accordance with Romania's Energy Strategy in the period 2019 – 2030, with an outlook on 2050 and the National Integrated Plan in the field of Energy and Climate Change (PNIESC) 2021-2030. Investment objectives are also in line with the Company shareholders' expectations, as set out in the relevant letter of expectations.

Key milestones of the Company's 2020 – 2025 Investment Strategy

**(A) Key investment objectives:**

(1) Unit 1 and Unit 2 major inspections and overhauls during scheduled shutdowns – total estimated cost: 737,342 thousand RON

(2) Production of Cobalt 60 at CNE Cernavodă – 70,400 thousand RON

(3) Extending the life of Unit 1 by changing the reactor tubes and refurbishing core systems (pre-project studies). – phase 1 project definition - total estimated cost: 250.000 thousand RON

(4) Dry Cask for the Intermediate Storage of Spent Fuel (DICA) – total estimated cost: 85.619 thousand RON

(5) Upgrading and expanding the Physical Protection System - total estimated cost: 87.014 thousand RON

(6) Development of Unit 5 - total estimated cost: 92.120 thousand RON

(7) D2O Tritium Removal Facility - total estimated cost: 812.000 thousand RON

(8) Projects designed for the upgrading, integration and security of information flows and the SNN IT (hardware and software) infrastructure - Digitalisation - total estimated cost: 218.711 thousand RON

## **(B) Key strategic objectives:**

(1) Unit 1 Refurbishment Project and

(2) Unit 3 and 4 Project. Overview: estimated final project values and projection execution prerequisites (e.g. state guarantees for loans, contracts for differences, prior approvals by the European Commission, etc).

One key investment for SNN is the refurbishment of CNE Cernavodă Unit 1, a project started in 2017, with the approval of project phase 1. Refurbishments are complex processes, involving dedicated budgets and teams, whereby key components of nuclear power plants are replaced for the purpose of extending the life of the plant by 30 years, while at the same time ensuring the appropriate level of nuclear security. The refurbishment process will take place in 3 stages, the last one being the actual shutdown of the plant for refurbishment purposes in the period December 2026 – December 2028. The estimated cost of the project is 1.5 bn. EUR, less than half the cost necessary for the construction of a new nuclear power plant. The actual cost will be determined after completion of the feasibility study in 2021.

Another key investment for CNE Cernavodă is the heavy water tritium removal facility, whose purpose is to maintain a low tritium level during the power plant's cycles, with a significant involvement in the refurbishment process, during the reactor shutdown. The project will have a significant impact in terms of improved personnel and environment safety.

The Dry Cask for the intermediate storage of spent fuel (“**DICA**”) is part of the Company's Waste management policy under the applicable laws. The storage unit is located within the premises of CNE Cernavodă, and waste is transported internally, thus allowing for the maintenance of an integrated protection system. The project will have several stages of completion, resulting, according to the current feasibility study, in the construction of 27 storage modules, of which the first 9 are MACSTOR 200 (Modular Air-Cooled STORAge) modules with a capacity of 12,000 bundles per module, while the rest will be MACSTOR 400 modules with a capacity of 24,000 bundles per module, allowing for the storage of spent fuel for a period of 50 years, according to the current DICA development strategy. As of the end of 2019, 10 modules have become operational, while modules 11 and 12 are currently work in progress.

In the aftermath of the Fukushima nuclear accident, another Company investment is aimed at enhancing nuclear security within CNE Cernavodă, through improved response time in the event of catastrophes (outside design bases).

In 2018, the shareholders of Nuclearelectrica approved the strategy for the diversification of the raw material mix by gradual transition from uranium dioxide to the procurement and processing of uranium octoxide in Feldioara, a processing facility owned by the National Uranium Company. In August 2019, the SNN General Meeting of Shareholders approved

the carrying out of a due diligence process for the potential acquisition of the processing facility in Feldioara. By supplementing the agenda of the SNN General Meeting of Shareholders of 30.03.2020, the Ministry of Economy, Energy and the Business Environment has submitted for approval the following items:

- Starting the acquisition process for the assets of the Feldioara Branch (owned by the National Uranium Company - Compania Națională a Uraniului SA) (Uranium Company)), by direct negotiation with the Uranium Company, in accordance with the provisions of art. 241 of GEO no. 88/1997 concerning the privatisation of companies, approved by Law no. 44/1998, as amended and supplemented.
- Authorising the management of Societatea Națională Nuclearelectrica SA to carry out the required procedures for the acquisition of the assets of the Feldioara Branch (owned by the National Uranium Company - Compania Națională a Uraniului SA), including talks and negotiations with the representatives of Compania Națională a Uraniului S.A., in order to prepare the necessary documents and the bid
- Starting procedures for the transfer of the license for the concession of mining activities in the Tulgheș – Grințieș area, Neamț county, as per the agreement signed by the National Agency for Mineral Resources and Compania Națională a Uraniului SA, pursuant to Government Resolution no. 277/2000 concerning the approval of licenses for the mining concession agreements concluded between National Agency for Mineral Resources and Compania Națională a Uraniului SA.

The items above were approved by the Extraordinary General Meeting of 30.03.2020

II-SECTION 6	TREND INFORMATION
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**II-6.1** A description of:

- (a) the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document;
- (b) any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document, or provide an appropriate negative statement;
- (c) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.

The energy sector in Romania is regulated by the National Regulatory Authority for energy ("ANRE"), a self-regulated public institution. Until the end of 2017, the Romanian energy market had undergone a process of gradual deregulation. In 2018, the Company participated only on the competitive market segment, while in 2019, the Company also participated on the regulated market segment, where ANRE established by way of annual decision the electricity volumes to be sold by the Company on the regulated market and the regulated price to be charged.

Pursuant to Government Emergency Ordinance no. 114/28.12.2018, amending and supplementing Law no. 123/2012 on electricity and heat, the National Regulatory Authority for Energy (ANRE) issued Order no. 10/01.02.2019 to approve the Methodology concerning the establishment of the price for electricity sold by producers under regulated agreements as well as of the volumes of electricity allocated in connection with the regulated agreements concluded between producers and suppliers of last resort. According to ANRE Decision no. 326/25.02.2019, the electricity volume allocated to SNN in connection with regulated agreements in 2019 was 1,377 GWh. ANRE established for SNN a regulated price of 189.51 RON/MWh (Tg transmission tariff included).

In 2019, the Issuer sold approximately 12.9% of the energy it produced on the competitive market (the Company sold no energy on the regulated market in 2018), at a regulated price. In 2019, the electricity volumes sold on the bilateral contracts competitive market accounted for 76.9% of the total electricity volume sold. The average selling price for bilateral contracts in 2019 was 228.01 RON/MWh (with Tg transmission tariff included). According to ANRE Order no. 108/20.06.2018, the electricity transmission to power grid tariff - Tg – was 1.18 RON/MWh. On the spot market (PZU and PI), an electricity volume accounting for 9.9% of total sales volumes was sold in 2019. The average selling price commanded by SNN on the spot market (PZU and PI) in 2019 was 225.23 RON/MWh (with Tg transmission tariff included).

According to Government Emergency Ordinance no. 114/2018 concerning the establishment of some measures in the field of public investments as well as of some fiscal and budget measures, the amendment and supplementation of some legal provisions and the extension of some time limits in 2019, the fee charged by ANRE equalled to 2% of the previous year's turnover (approximately 42.5 mn. RON).

<b>II-SECTION 7</b>	<b>PROFIT FORECASTS OR ESTIMATES</b>
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The Issuer chose not to include profit forecasts or estimates in this Prospectus.

<b>II- SECTION 8</b>	<b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT</b>
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### **II.8.1**

#### *Management and supervisory bodies*

According to the Issuer's Articles of Association, the corporate management bodies of the company are as follows: (i) the General Meeting of Shareholders and (ii) the Board of Directors. In addition, an Internal Audit Department operates within the Company, the Company also having concluded an agreement with a financial auditor.

#### *The Board of Directors*

The Company has a one-tier Board system, with a Board of Directors ("**BoD**") made up of 7 persons appointed by the Ordinary General Meeting for four years, with the possibility to be re-elected.

According to Resolution no. 12/28.09.2018 of the Ordinary General Meeting, new executive/non-executive directors were appointed, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public companies, as amended and supplemented, following a selection process carried out by SNN via Pluri Consultants România S.R.L., a recruitment company appointed by way of delegation of duties by the Ordinary General Meeting.

As at the date of this prospectus, the Company's Board of Directors has the following membership:

<b>First name and surname</b>	<b>Qualification</b>	<b>Professional experience (years)</b>	<b>Position</b>	<b>Appointment date</b>	<b>Appointment expiry date</b>	<b>Workplace address</b>
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First name and surname	Qualification	Professional experience (years)	Position	Appointment date	Appointment expiry date	Workplace address
Iulian - Robert Tudorache	Attorney at law	18 years	Chairman of the Board of Directors (non-executive member)	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	24.08.2020 (Mandate or Director appointment termination notice submitted (registered under no. 8369/09.07.2020) as of 24.08.2020)	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
Cristian Gentea	Engineering physicist	31 years	Non-executive Board member	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	28.09.2022	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
Elena Popescu	Nuclear engineer	35 years	Non-executive Board member	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	28.09.2022	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
Cristian Dima	Economist	27 years	Independent non-executive Board member	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	09.10.2019	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
				Employment contract terminated as of 09.10.2019, as per art. 13.1(k) of the Mandate Agreement.		
Mihai Daniel Anitei	Mechanical engineer	22 years	Independent non-executive Board member	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	28.09.2022	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
Cosmin Ghita	Economist	10 years	Executive Board member	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	28.09.2022	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
Remus Vulpescu	Legal advisor	25 years	Independent non-executive Board member	28.09.2018 (permanent mandate with a term of 4 years, according to Resolution no. 12/28.09.2018 of the Ordinary General Meeting of Shareholders)	28.09.2022	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București
Teodor Minodor Chirica	Engineer	51 years	Independent non-executive Board member	01.08.2020 (final mandate for the period remaining until expiry of all 4 year mandates, according to Resolution no. 9/27.07.2020 of the Ordinary General Meeting of Shareholders)	28.09.2022	Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București

Source: Issuer

On 19 December 2019, following Recommendation no. 14958/16.12.2019 of the Nomination and Remuneration Committee, and considering the candidate's professional experience and expertise, the SNN Board of Directors approved the appointment of Mr. Chirica Minodor Teodor as interim director until the next Ordinary General Meeting of Shareholders, in accordance with the provisions of art. 1372 of Law no. 31/1990. By resolution no. 1/30.01.2020 of the Ordinary General Meeting of Shareholders, the selection process for the vacant Board of Directors member position was started, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public companies, as amended and supplemented and the SNN Board of Directors was authorised to conduct the process. The Board of Directors also appointed Mr. Teodor Minodor Chirica as interim BoD member until the next Ordinary General Meeting of Shareholders, in accordance with the provisions of Law no. 31/1990 (the date of the next Ordinary General Meeting of Shareholders being 30.01.2020). During the Ordinary General Meeting of Shareholders of 30.01.2020, Mr. Teodor Minodor Chirica was appointed interim director for a term of 4 months, in accordance with the provisions of GEO no. 109/2011

By Resolution no. 6/28.05.2020 of the Ordinary General Meeting of Shareholders, the mandate awarded to Mr. Teodor Minodor Chirica, expiring on 30.05.2020, was extended by 2 months, as of 31.05.2020, in accordance with the provisions of art. 64<sup>1</sup>(3) and (5) of GEO no. 109/2011, as amended and supplemented, or until such time as a director appointed in accordance with the provisions of 109/2011, as amended and supplemented, accepted the mandate awarded to them, provided that the selection process had been completed by the date referred to hereinabove.

Following the selection process for one Board of Directors member, according to GEO no. 109/2011, Mr. Teodor Minodor Chirica was appointed BoD member for the period of time remaining until expiry of all 4-year terms, i.e. 28.09.2022.

Mr. Teodor Chirica, a BoD member was appointed Chairman of the Board of Directors. The Chairman of the Board is appointed for a period of time which cannot exceed the term of their mandate and may be discharged by the Board at any time.

*Information on other quasi permanent professional commitments and obligations for the members of the Company's Board of Directors*

Name	Company	Position	Period of time	Current position (Yes/No)
Iulian-Robert Tudorache	Ministry of Energy	Secretary of State	<b>January 2018</b> – June 2019	No
	Argeş Bar Association	Attorney at law	2015 – January 2017	No
	Ministry of Energy, Small and Medium Enterprises and the Business Environment	Personal advisor to the Minister	January 2015 – November 2015	No
	Argeş Bar Association	Attorney at law	2008 – 2015	No
Cristian Gentea	Self-Regulated National Undertaking for Nuclear Energy Technology	CEO	2017 – Present	Yes
	Self-Regulated National Undertaking for Nuclear	Deputy Director Nuclear Safety	June 2012 – September	No

Name	Company	Position	Period of time	Current position (Yes/No)
	Energy Technology – Nuclear Research Institute, Pitești		2017	
Elena Popescu	Ministry of Energy	Director General, Directorate General for Energy Policies	September 2013 – Present	Yes
	Ministry of Energy	Nuclear energy and European affairs advisor	February 2013 – September 2013	No
	Energionuclear S.A.	Chair of the Board of Directors	2013 – Present	Yes
	Romanian Permanent Representation to the European Union	Nuclear sector and international relations in the energy sector advisor	August 2007 – February 2012	No
	OPCOM S.A.	Chair of the Board of Directors	2015 – Present	Yes
	CEO	Member of the Supervisory Board	2016 – 2017	No
	CEH	Member of the Management Board	2015 – 2016	No
	CNU	Member of the Management Board	2015 – 2016	No
Remus Vulpescu	Romaero S.A.	CEO and BoD member	2016 – Present	Yes
	International Association for Energy Economics	BoD member	2017 – Present	Yes
	Cupru Min S.A. Abrud	BoD member	2016 – Present	Yes
	Fortus S.A. Iasi	Trustee (insolvency)	2015 – Present	Yes
	Turnaround Management Association (USA)	Member	2015 – Present	Yes
	INSOL Europe	Member	2015 – Present	Yes
Mihai Daniel Anitei	Azomures	General Director	June 2012 – Present	Yes
	Fertilizers Europe Agriculture Committee	Chairman	September 2012 – Present	Yes



Name	Company	Position	Period of time	Current position (Yes/No)
	Ameropa Grains	BoD member	2016 – Present	Yes
	Chimpex	BoD member	2016 – Present	Yes
	Oil Terminal	BoD member	2016 – Present	Yes
Teodor Minodor Chirica	S.N. Nuclearelectrica S.A.	Expert	October 2017 – December 2019	No
	S.C. EnergoNuclear S.A.	CEO	November 2013 – October 2017	No

According to the criteria set out in sub-paragraph A4 of the BSE Corporate Governance Code, as of 1 January 2016, the Board of Directors members who have contractual relationships with shareholders holding more than 10% of the Company's voting rights are the following: Iulian-Robert Tudorache (Secretary of State with the Ministry of Energy until June 2019), Elena Popescu (Director General, Ministry of Energy, Directorate General for Energy Policies), Cristian Gentea (CEO, Self-Regulated National Undertaking for Nuclear Energy Technology, an entity 100% owned by the Romanian state, the majority shareholder of SNN).

According to the statements of the members of the Issuer's administrative, management and supervisory bodies:

- (i) there are no family relations between the members of the administrative, management and supervisory bodies;
- (ii) no member of the administrative, management and supervisory bodies was convicted in relation to fraudulent offences for at least the previous five years;
- (iii) no member of the administrative, management and supervisory bodies acted in similar capacities in companies undergoing bankruptcies, receiverships or liquidations at least the previous five years;
- (iv) there is no official public incrimination and/or sanctions involving such persons by statutory or regulatory authorities (including designated professional bodies) and no person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

The companies where the above mentioned persons were members of the administrative, management and supervisory bodies in the previous 5 years are shown below:

### **II.8.2 Conflicts of interest**

The Issuer declares that there are no potential conflicts of interests between any duties to the issuer of the members of the administrative, management and supervisory bodies and their private interests and/or other duties.

The Company's Board of Directors members will decide only in the Company's best interest and will refrain from attending deliberations or decision-making processes which

generate conflicts of interest between their private interests and the interests of the Company.

Each Board of Directors member will make sure to avoid direct or indirect conflicts of interest with the Company and will refrain from deliberating and voting on matters which generate conflicts of interest, whenever such conflicts arise, in accordance with the legal provisions in force.

Board of Directors members will provide the SNN Board with information on any relations with shareholders directly or indirectly holding shares accounting for more than 5% of the Company's voting rights. This refers to any relations which may influence the member's position on any matters decided by the Board.

As of 30.06.2020, no Board of Directors members held any shares in SNN.

Details of any restrictions agreed by the persons referred to in item 8.1 on the disposal within a certain period of time of their holdings in the issuer's securities. – N/A

#### *The duties of the Board of Directors*

The meetings of the Board of Directors will take place whenever needed, but no less than once every three months. The Board of Directors usually meets at the offices of the Company, but Board of Directors meetings may also take place via means of distance communication that meet the technical requirements needed for the identification of the participants, their effective participation in the BoD meetings and the uninterrupted broadcasting of the proceedings (conference calls, videoconferences or other means of communication); BoD meetings are convened by the Chair or following a motivated request by two Board members or the CEO.

The meetings of the Board of Directors are presided over by the Chair or, in their absence, by any Board member, pursuant to an authorisation granted by the Chair. The Chair will also appoint a secretary from among the Company employees.

The Board of Directors will take valid decisions provided that at least half of its members are present, with the vote of the majority of the members who attend the meeting. Decisions regarding the appointment or dismissal of the BoD Chair will be taken with the vote of the majority of BoD members. In case of equal votes, the Chair will have the casting vote. Resolutions are adopted by open voting, except when secret voting is requested by two thirds of the BoD members.

In case of equal votes, the Chair will have the casting vote.

According to the Company's Statutes, the BoD will approve its own Regulations.

The Board of Directors is in charge of executing all the documents needed and used in order to pursue the company's line of business, except for the ones reserved by the law for the general meetings of shareholders.

The Board of Directors has the following duties that cannot be delegated to the Company's executive officers:

- establishing the Company's main business and development guidelines;

- establishing the Company's accounting policies and financial control system, as well as approving the Company's financial planning;
- appointing and dismissing the Company's executive officers and establishing their remuneration;
- supervising the discharge of duties by the Chief Executive Officers and the Executive Officers;
- preparing the annual report, organizing the general meeting of shareholders and implementing the resolutions thereof;
- submitting applications for insolvency, according to Law no. 85/2006 on insolvency proceedings;
- approving the change of the Company's line of business, except for the company's main line of business and business sector.

The Board of Directors also has the duties below:

- exercising control over the manner in which the Chief Executive Officer and the other Executive Officers are running the Company;
- approving the revenue and expense budget;
- approving the management plan prepared by the Chief Executive Officer and/or the other Executive Officers;
- reviewing whether the activity performed in the name and on behalf of the Company is according to the law, the Articles of Association and any relevant resolution of the General Meeting of Shareholders;
- delivering to the General Meeting of Shareholders an annual report regarding the management of the Company;
- representing the Company in its relationships with the Chief Executive Officer and the appointed Executive Officers;
- reviewing and approving the quarterly, half-yearly and annual financial statements of the Company;
- reviewing and approving the Chief Executive Officer Report and the Reports of the Executive Officers;
- recommending to the General Meeting of Shareholders the appointment and dismissal of the independent auditor, as well as the minimum term of the audit agreement;
- approving the mandates of the Chief Executive Officer and the appointed Executive Officers, thus establishing the manner in which the activity of the executive officers is organised;
- approving the persons authorised to negotiate the Collective Employment Agreement with the relevant unions and/or the representatives of the employees, as well as the mandate granted to them for negotiation purposes;
- approving the Company's Collective Employment Agreement;
- approving the Board of Directors' Regulations;
- approving the Company's business plans (production, research - development, technical engineering, investments, etc.);

- approving the Company's energy sales strategy;
- approving any transaction pursued by the Company with companies with close links whose value is at least 5% of the Company's net worth (according to the latest financial statements), based on the mandatory opinion of the Board's audit committee; any such transactions will be appropriately disclosed to the Company's shareholders and potential investors, to the extent classified as events subject to the Company's disclosure requirements;
- approving the conclusion any agreement/document giving rise to legal obligations for the Company (documents providing for acquisitions, disposals, exchanges or setting up the Company's non-current assets as security), which individually or jointly amount to no more than 20% of the Company's total non-current assets less receivables in any financial year, subject to the authorities set out in the Schedule to the Company's Articles of Association;
- approving the minimum one year lease of property, plant and equipment, which individually or jointly amount to no more than 20% of the Company's total non-current assets less receivables for any given counterparty on the date when the relevant legal instruments are concluded, as well as any joint ventures for a period of more than one year, which amount to no more than 20% of the Company's total non-current assets less receivables;
- approving the mandates of the representatives of Nuclearelectrica in the General Meeting of S.C. Energonuclear S.A., for all the decisions which are the duty of the General Meeting of the Shareholders of S.C. Energonuclear S.A., except for the ones for which a resolution of the Company's General Meeting is needed, according to the provisions of the Company's Articles of Association.

The Board of Directors also has duties regarding the approval of agreements, loans and various other transactions, subject to the authorities set out in the Schedule to the Company's Articles of Association. The Board of Directors may establish advisory committees, comprising at least 2 Board members in charge of carrying out investigations and preparing recommendations for the Board.

The Company's Board of Directors has a Nomination and Remuneration Committee, as well as an Audit Committee. The Board of Directors may decide on the establishment of other advisory committees.

Advisory committees will comprise at least two members of the Board of Directors and at least one member of each Advisory Committee must be an independent, non-executive director. The actual number of members in each Advisory Committee will be established by resolution of the Board of Directors. The Audit Committee and the Nomination and Remuneration Committee comprise non-executive directors only. At least one member of the Audit Committee must have experience in the implementation of accounting principles or financial audit.

The Nomination and Remuneration Committee will make proposals for the positions of member of the Board of Directors, Chief Executive Officer, Executive Officers and other management positions, will prepare and submit to the Board of Directors a selection process for the positions of member of the Board of Directors, Chief Executive Officer, Executive Officers and other management positions, and will also make proposals for the remuneration of the Chief Executive Officer, the Executive Officers and other management positions. The Audit Committee performs the duties assigned to it by way of the legal provisions that regulate the statutory audit of financial statements.

The Board of Directors will decide on the additional duties of the Nomination and Remuneration Committee and the Audit Committee, as well as on the duties of the other Advisory Committees established by it.

Following the proposal of the Advisory Committee chairs or members, the Board of Directors may approve the contracting of some permanent independent external experts - individuals or legal entities, who are specialised in the activities carried out by the Advisory Committees and may assist their members, while also establishing the remuneration thereof.

#### *The Company's Chief Executive Officer*

The Company is represented in its relations with third parties and before courts of law by its Chief Executive Officer, who acts within the Company's scope of business, in compliance with the authorities assigned to the Board of Directors or the General Meeting of Shareholders by law or the Company's Articles of Association. The Board of Directors may delegate one or more of its duties to the Company's Chief Executive Officer.

As of 04.02.2019, Mr. Cosmin Ghita has been appointed as the Company's Chief Executive Officer.

Workplace address: Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București

#### *Other Executive Officers*

*The Company's Deputy Chief Executive Officer* is Mr. Dan Laurentiu Tudor. By BoD Decision no. 3 of 04.02.2019, following the Recommendation of 22.01.2019 of the Company's Nomination and Remuneration Committee, Mr. Dan Laurentiu Tudor was appointed Deputy Chief Executive Officer of S.N. Nuclearelectrica S.A. for a 4 year term, starting 11.02.2019.

Mr. Dan Laurentiu Tudor has 35 years' experience in managing companies in the technological and energy sector and previously held the positions of Chief Executive Officer of ELCEN București and BoD member of Hidro Tarnita and Hidroelectrică.

Workplace address: Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București

*The General Manager of CNE Cernavodă:* from 01.09.2018 to the present, Mr. Dan Bigu has been the *General Manager* of CNE Cernavodă. Mr. Dan Bigu has 35 years' experience in the nuclear sector and previously held operating and management positions in CNE Cernavodă. His duties include the coordination of operating, technical, radioactive protection and nuclear safety activities, licensing and performance improvement, as well as control. In 2016 and 2019, CNE Cernavodă ranked among the first nuclear power plants in the world in terms of nuclear and operational safety, according to the World Association of Nuclear Operators.

Workplace address: Sucursala CNE Cernavodă, Cernavodă 905200 Str. Medgidiei nr. 2, Constanța

*The General Manager of FCN Pitești:* until 17.10.2019, Mr. Florin Ovidiu Gheba has been *General Manager* of FCN Pitești. From 17.10.2019 to 17.07.2020, Mr. Sorin Popescu held the same position, as per Decision no. 154/01.04.2020 of the Company's Chief Executive Officer.

Workplace address: Sucursala FCN Pitești, Str. Câmpului nr. 1, Mioveni, Argeș

*The Company's Chief Financial Officer:* until 31.03.2020, Mr. Adrian Dumitriu has been the Company's Chief Financial Officer, as per Decision no. 3/04.20.2019 of the Company's Board of Directors. Following Mr. Adrian Dumitriu's resignation, as per Nuclearelectrica's Board of Directors decision of 27.03.2020, following the recommendation of the Nomination and Remuneration Committee, Mr. Paul Ichim was appointed Chief Financial Officer as of 31.03.2020, for an interim term of 4 months, subject to 2 month extension, in accordance with art. 64<sup>2</sup>(1) of GEO no. 109/2011.

Following completion of the selection process for the Company's Chief Financial Officer, in the General Meeting of Shareholders of 23.07.2020, Mr. Paul Ichim was appointed Chief Financial Officer for a 4-year mandate, as of 01.08.2020.

Mr. Paul Ichim is a graduate of the Bucharest University of Economic Studies, the Finance, Banks, Insurance and Stock Exchange Department, and has 20 years' experience in the state and private financial and banking sectors.

Workplace address: Societatea Națională Nuclearelectrica SA, Strada Polonă nr. 65, sector 1, București

### *Advisory Committees*

In accordance with art. 140<sup>2</sup> of Law no. 31/1990 on companies, recast, as amended and supplemented ("**Law no. 31/1990**") and the provisions of art. 34 of GEO 109/2011 on the corporate governance of public companies, in conjunction with the provisions of article 19 of the updated Articles of Association of the Company, by resolution no. 7 of 26.04.2013 of the Board of Directors, the Nomination and Remuneration Committee was established. The Committee has the following current membership: Iulian-Robert Tudorache, Remus Vulpescu and a vacant position, following termination of Mr. Cristian Dima's mandate.

According to art. 34 of GEO no. 109/2011 on the corporate governance of public companies, by resolution no. 27 of 30.04.2014 of the Board of Directors, the Audit Committee was established. The Committee has the following current membership: Remus Vulpescu, Mihai Anitei, and a vacant position, following termination of Mr. Cristian Dima's mandate.

In accordance with art. 34 of GEO no. 109/2011 on the corporate governance of public companies, by resolution no. 27 26.08.2013 of the Board of Directors, the Advisory Committee for Strategy, Development and Large-Scale Investment Projects was established. The Committee has the following current membership: Elena Popescu, Cristian Gentea, Mihai Anitei, Cosmin Ghita and Iulian-Robert Tudorache.

According to art. 34 of GEO no. 109/2011 on the corporate governance of public companies, by resolution no. 27 of 26.08.2013 of the Board of Directors, the Advisory Committee for Nuclear Safety was established. The Committee has the following current membership: Elena Popescu, Cristian Gentea and Cosmin Ghita.

## **II-SECTION 9**

### **MAJOR SHAREHOLDERS**

The Issuer's major shareholders are the Romanian Government through the Ministry of Economy, Energy and the Business Environment, Fondul Proprietatea SA and other shareholders.

The Ministry of Economy, Energy and the Business Environment holds 248,736,619 shares with a nominal value of RON 10 each, amounting to a total of RON 2,487,366,190, i.e. 82.4959% of the Issuer's share capital.

As of 30.06.2020, Fondul Proprietatea S.A. holds 21,102,303 shares with a nominal value

of RON 10 each, amounting to a total of RON 211,023,020, i.e. 6.99% of the Issuer's share capital.

Other resident and non-resident individual and legal entity shareholders hold 31,674,930 shares with a nominal value of RON 10 each, amounting to a total of RON 316,749,300, i.e. 10.50% of the Issuer's share capital.

The Issuer hereby declares that, to the extent known to it as of Prospectus date, major shareholders have no different voting rights, since the shares issued by SNN confer equal voting rights to all the Company's shareholders.

The Issuer hereby declares that, to the extent known to it as of Prospectus date, it is controlled by its majority shareholder, the Romanian Government through the Ministry of Economy, Energy and the Business Environment, pursuant to the majority shareholding thereof.

The Issuer hereby declares that, to the extent known to it as of Prospectus date, no arrangements exist, the operation of which may at a subsequent date result in a change in control of the issuer.

<b>II-SECTION 10</b>	<b>RELATED PARTY TRANSACTIONS</b>
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Transactions with state-owned companies

The Issuer operates in a business environment dominated by companies held by the Romanian state through its government authorities and agencies, hereinafter jointly referred to as state-owned companies.

The Issuer performed transactions with other state-owned companies, including: electricity sales (Electrica Furnizare SA and OPCOM), purchases of electricity transmission services and transactions on the balancing market (CN Transelectrica SA), advance payments collected for electricity deliverable in the future (Electrica Furnizare SA), uranium purchases, water usage (Apele Române București, Apele Române Constanța) etc.

Mazars Romania S.R.L., the Company's financial auditor, reviewed the Company's transactions in the period 01.01.2020 – 30.06.2020 and issued a qualified independent audit report on the information included in the current reports prepared by the company, in accordance with the provisions of art. 82 of Law no. 24/2017 and FSA Regulation no. 5/2018.

NO.	PROVIDER/ SUPPLIER/ CONTRACTOR	COMMENCE- MENT DATE	SUBJECT MATTER	TOTAL PRICE
1	Compania Națională pentru Controlul Cazanelor, Instalațiilor de Ridicat și Recipientelor sub Presiune S.A.	14.01.2020	Examination of the equipment and machinery of SNN - Sucursala CNE Cernavodă, subject to Annex no. 2 and 3 of Law no. 64/2008.	No VAT, for a period of 48 months (RON): 758,194

2	Regia Autonomă Tehnologii pentru Energia Nucleară - Sucursala Institutul de Cercetări Nucleare Pitești (RATEN - ICN)	20.01.2020	Use and access rights for connection to the public natural gas grid, according to art. 113 of Law no. 123/2012.	EUR/year: 16,392
3	Societatea de Distribuție a Energiei Electrice Muntenia Nord S.A.	22.01.2020	Sale of wholesale of energy in the period 01.07.2020 - 31.12.2020.	Total price, with TG transmission tariff included, no VAT (RON): 6,095,460
4	Societatea de Distribuție a Energiei Electrice Muntenia Nord S.A.	05.02.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021.	Total price, with TG transmission tariff included, no VAT: 11,869,800
5	Compania Națională Administratia Canalelor Navigabile S.A.	14.02.2020	Water transit in CDMN Reach I via waterworks for Danube water to CNE Cernavodă basin, period 01.03.2020 - 31.12.2020.	Addendum price (RON): 887,811 Aggregate price (RON): 1,757,288
			Transit and evacuation to sea waters of cooling waters discharged by CNE Cernavodă in CDMN Reach I, period 01.03.2020 - 31.12.2020.	Addendum price (RON): 94,712
6	Societatea de Distribuție a Energiei Electrice Transilvania Nord S.A.	14.02.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021.	Total price, with TG transmission tariff included, no VAT (RON): 11,683,212
7	Electrica Furnizare S.A.	17.02.2020	Sale of wholesale of energy in the period 01.07.2020 - 31.12.2020.	Current price, with TG transmission tariff included (RON): 11,788,973



8	Regia Autonomă Tehnologii pentru Energia Nucleară - Sucursala Institutul de Cercetări Nucleare Pitești (RATEN - ICN)	20.02.2020	Treatment of radioactive waters from the production activities of FCN Pitești, chemical lab tests and water treatment following DLR treatment.	Price increase from 1,606,636 RON to 1,675,977 RON: 69,341
9	Compania Națională a Uraniului S.A.	05.03.2020	58,169,61 kg of natural uranium in the form of UO <sub>2</sub> sinterable powder.	Total price (RON): 27,921,413
10	CNTEE Transelectrica S.A.	06.03.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021.	Total price, with TG transmission tariff included, no VAT (RON): 23,214,000
11	Electrica Furnizare S.A.	12.03.2020	Sale of wholesale of energy in the period 01.07.2020 - 31.12.2020.	Current price, with TG transmission tariff included (RON): 11,660,880
		13.03.2020	Sale of wholesale of energy in the period 01.07.2020 - 31.12.2020.	Current price, with TG transmission tariff included (RON): 11,660,880
12	Electrica Furnizare S.A.	13.03.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021.	Total price, with TG transmission tariff included (RON): 11,519,400
		13.03.2020	Sale of wholesale of energy in the period 01.07.2020 - 31.12.2020.	Total price, with TG transmission tariff included (RON): 23,233,420
13	Electrica Furnizare S.A.	13.03.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021.	Current price, with TG transmission tariff included (RON): 23,047,560
14	Compania Națională a Uraniului S.A.	18.03.2020	Processing of non-compliant nuclear materials containing natural uranium originating from FCN Pitești, to recover uranium in the form of UO <sub>2</sub> sinterable powder.	Total price (RON): 1,796,700

15	Regia Autonomă Tehnologii pentru Energia Nucleară - Sucursala Centrul de Inginerie Tehnologica Obiective Nucleare (RATEN - CITON)	01.04.2020	Monitoring of nuclear works in CNE Cernavodă.	Total price (RON): 2,033,000
16	Electrica Furnizare S.A.	23.04.2020	Sale of wholesale of energy in the period 01.05.2020 - 31.12.2021.	Current price, with TG transmission tariff included (RON): 35,863,130
		23.04.2020	Sale of wholesale of energy in the period 01.05.2020 - 31.12.2021.	Current price, with TG transmission tariff included (RON): 35,863,130
		23.04.2020	Sale of wholesale of energy in the period 01.05.2020 - 31.12.2021.	Current price, with TG transmission tariff included (RON): 35,937,799
17	Administratia Națională Apele Române - Administratia Bazinala de Apa Dobrogea Litoral	04.05.2020	Increase of annual subscription for the year 2020 (Subject matter: receipt of waste waters from Unit 1 and Unit 2, in 2020).	Total price (RON): 360,965
18	Societatea Complexul Energetic Oltenia S.A.	12.05.2020	Purchase of wholesale of energy in the period 01.10.2020 - 31.12.2020.	Current price, with TG transmission tariff included (RON): 2,777,818
19	S.P.E.E.H. Hidroelectrica S.A.	22.05.2020	Purchase of wholesale of energy in the period 01.07.2020 - 31.07.2020.	Current price, with TG transmission tariff included (RON): 885,360
		25.05.2020	Purchase of wholesale of energy in the period 01.07.2020 - 31.07.2020.	Current price, with TG transmission tariff included (RON): 885,360

20	S.P.E.E.H. Hidroelectrica S.A.	27.05.2020	Purchase of wholesale of energy in the period 01.07.2020 - 31.07.2020.	Current price, with TG transmission tariff included (RON): 4,324,500
21	Electrica Furnizare S.A.	16.06.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021.	Current price, with TG transmission tariff included (RON): 11,048,550
				Current price, with TG transmission tariff included (RON): 11,048,550
				Current price, with TG transmission tariff included (RON): 11,081,400
				Aggregate price as of beginning of the year, with TG transmission tariff included (RON): 245,944,591
				Current price, with TG transmission tariff included (RON): 10,388,456
				Aggregate price as of beginning of the year, with TG transmission tariff included (RON): 256,333,047
22	Institutul National de Cercetare - Dezvoltare pentru tehnologii Criogenice si Izotopice (ICSI Rm. Valcea)- Kinetrics Nuclear Romania	17.06.2020	Consultancy, engineering, supervision and monitoring of contractor in the implementation stage of the Tritium Removal Facility Project.	Price of ICSI Rm. Valcea agreement in total price (EUR): 4,369,029
23	Electrica Furnizare S.A.	02.07.2020	Sale of wholesale of energy in the period 01.07.2020 - 31.12.2020.	Current price, with TG transmission tariff included (RON): 117,598,416
				Aggregate price as of beginning of the year, with TG transmission tariff included (RON): 373,931,463

24	Compania Națională a Uraniului	07.07.2020	Trading 39,246.098 kg natural uranium in the form of UO2 sinterable powder at the price of 599.51 RON.	23,528,428.21 RON
			Price regulation pursuant to ESA (EURATOM SUPPLY AGENCY) consent	7,023,842.90 RON accounting for 70,584.292 kg of uranium ore in the form of UO2 at the price of 99.51 RON (different from the price of 500 RON reported by order no. 636/04.07.2019 as accepted by ESA); Reporting was done taking into account the final quantity purchased. The order referred to a quantity of 70,000 +/- 5%.
			Price regulation pursuant to ESA (EURATOM SUPPLY AGENCY) consent	- 6,951,850.09 RON accounting for 58.169,61 kg of uranium ore in the form of UO2 at the price of 119,51 Lei (RON (different from the price of 480 RON reported by order no. 286/05.03.2020 as accepted by ESA)
25	Regia Autonomă RASIROM	15.07.2020	Products and services for the interconnection of IT networks in SNN for more effective operations and data security	Total price (RON): 2.300.994,70
26	Societatea Electrica Furnizare S.A.	31.07.2020	Sale of wholesale of energy in the period 01.01.2021 - 31.12.2021	Total price (RON): 10.774.800,00
27	Administratia Națională „Apele Române” – Administratia Bazinala de Apa Dobrogea Litoral	31.07.2020	Addendum no. 4 to Subscription for the use/processing of water resources no. 66/2019 (RUEC No. 427/14.05.2019)	Total price (RON): 230.184,96

In the same period, the Company set up the deposits below with CEC Bank S.A. – București and Eximbank S.A. – București, subject to disclosure requirements under art. 82 of Law no. 24/2017:

Eximbank S.A. – București

NO.	CURRENT REPORT DATE	COMMENCEMENT DATE	AMOUNT [RON]	INTEREST RATE / year	MATURITY
3	07.02.2020	06.02.2020	62,760,000	3.05%	09.06.2020
5	25.02.2020	24.02.2020	51,280,000	2.85%	24.06.2020
8	10.04.2020	09.04.2020	31,133,000	2.60%	09.07.2020
9	14.04.2020	13.04.2020	36,341,000	2.65%	13.07.2020
10	29.04.2020	28.04.2020	30,000,000	2.71%	28.07.2020
11	06.05.2020	06.05.2020	207,490,000	2.71%	06.08.2020
14	10.06.2020	09.06.2020	63,420,000	2.70%	09.12.2020
16	19.06.2020	18.06.2020	75,729,000	2.10%	22.06.2020
20	25.06.2020	24.06.2020	51,771,000	2.75%	24.06.2021
21	14.07.2020	13.07.2020	64,000,000	2.72%	13.07.2021
22	30.07.2020	28.07.2020	30,206,000	2.70%	28.07.2021

CEC Bank S.A. – București

NO.	CURRENT REPORT DATE	COMMENCEMENT DATE	AMOUNT [RON]	INTEREST RATE / year	MATURITY
1	21.01.2020	20.01.2020	40,000,000	3.13%	18.05.2020
2	20.01.2020	17.01.2020	35,000,000	3.15%	18.05.2020
4	21.02.2020	19.02.2020	30,000,000	3.00%	19.06.2020
6	11.03.2020	11.03.2020	18,179,000	2.80%	22.06.2020
7	19.03.2020	19.03.2020	50,521,000	3.20%	21.07.2020
12	19.05.2020	18.05.2020	75,778,000	2.85%	18.09.2020
13	26.05.2020	25.05.2020	40,396,000	2.85%	25.09.2020
15	16.06.2020	15.06.2020	50,000,000	2.85%	15.06.2021
17	19.06.2020	18.06.2020	73,096,000	2.00%	22.06.2020
18	22.06.2020	19.06.2020	30,298,000	2.00%	22.06.2020
19	23.06.2020	22.06.2020	60,000,000	2.85%	22.06.2021
20	10.07.2020	09.07.2020	31,337,000	2.80%	09.07.2021
21	15.07.2020	14.07.2020	35,254,000	2.80%	14.07.2021
22	24.07.2020	21.07.2020	51,071,000	2.70%	21.01.2021
23	29.07.2020	27.07.2020	82,693,000	2.50%	27.11.2020

**II-SECTION 11**

**FINANCIAL INFORMATION CONCERNING THE  
ISSUER'S ASSETS AND LIABILITIES, FINANCIAL  
POSITION AND PROFITS AND LOSSES**

**II-11.1 Financial information**

The Issuer's financial statements for the year ended 31 December 2018 and 31 December 2019, respectively, were prepared in accordance with Order no. 2.844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards adopted by the European Union (IFRS - EU). The standards are referred to in (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of 19.07.2002 on the application of international accounting standards.

The Issuer's financial statements as of 31 December 2018 and 31 December 2019 are consolidated and include the financial statements of the Issuer and of Energonuclear SA.

The most recent audited consolidated financial statements are those prepared as of 31 December 2019, while the most recent revised interim consolidated financial statements are those prepared as of 30 June 2019.

*Summary of the Issuer's consolidated statement of financial position*

The information below is included in the Group's consolidated financial statements, prepared in accordance with Order no. 2.844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards adopted by the European Union (IFRS - EU) as of 31 December 2019 (comparative data: 31 December 2018).

	<b>31 December 2019 (audited)</b>	<b>31 December 2018 (audited)</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6.201.492.171	6.507.789.378
Intangible assets	60.761.185	54.834.581
Financial assets	42.836.031	110.474.559
<b>Total non-current assets</b>	<b>6.305.089.387</b>	<b>6.673.098.518</b>
<b>Current assets</b>		
Inventory	405.156.231	368.741.789
Trade receivables and other receivables	216.728.004	181.308.809
Prepaid expenses	31.416.822	10.201.321
Bank deposits	58.879.494	20.954.979
Cash and cash equivalents	1.793.501.617	1.611.958.742
<b>Total current assets</b>	<b>2.505.682.168</b>	<b>2.193.165.640</b>
<b>Total assets</b>	<b>8.810.771.555</b>	<b>8.866.264.158</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	3.210.641.253	3.210.641.253
Share premium	31.474.149	31.474.149
Prepaid reserve	21.553.537	21.553.537
Revaluation reserve	1.820.339.902	1.820.339.902
Retained earnings	2.250.680.741	2.094.981.448
<b>Total equity</b>	<b>7.334.689.593</b>	<b>7.178.990.289</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Long-term borrowings	499.908.597	683.967.469
Provisions for risks and charges	213.470.997	182.883.283
Deferred income	100.412.631	114.757.293
Deferred tax liability	80.743.008	102.644.715
Employee 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>		
Trade payables and other payables	220.398.362	197.307.458
Current provisions for risks and charges	65.442.649	33.831.052
Corporate tax payable	13.329.182	98.958.158
Deferred income	27.863.600	30.913.233
Current long-term borrowings	212.891.292	203.393.860
<b>Total current liabilities</b>	<b>539.925.085</b>	<b>564.403.761</b>
<b>Total liabilities</b>	<b>1.476.081.962</b>	<b>1.687.273.869</b>
<b>Total equity and liabilities</b>	<b>8.810.771.555</b>	<b>8.866.264.158</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

*Summary of the Issuer's consolidated statement of comprehensive income*

Consolidated financial statements IFRS-EU 2019 (comparative data 2018):

	<b>2019 (audited)</b>	<b>2018 (audited)</b>
<b>Revenue</b>		
Revenue from the sale of electricity	2.365.555.997	2.116.984.201
Revenue from electricity transmission	12.208.626	11.676.332
<b>Total revenue</b>	<b>2.377.764.623</b>	<b>2.128.660.533</b>
Other revenue	39.658.214	50.201.968
<b>Operating expenses</b>		
Impairment and depreciation/amortisation	(555.552.520)	(552.964.849)
Payroll	(425.597.378)	(388.847.183)
Cost of electricity purchased	(84.160.189)	(56.929.750)
Repairs and maintenance	(63.139.508)	(81.425.822)
Electricity transmission cost	(12.208.626)	(11.676.332)
Spare parts	(16.311.993)	(15.768.637)
Nuclear fuel	(106.122.681)	(101.991.877)
Other operating expenses	(524.914.499)	(432.728.895)
<b>Total operating expenses</b>	<b>(1.788.007.394)</b>	<b>(1.642.333.345)</b>
<b>Operating profit</b>	<b>629.415.443</b>	<b>536.529.156</b>
Financial expenses	(65.487.330)	(58.856.550)
Financial revenue	67.243.861	94.905.462
<b>Net financial profit/loss</b>	<b>1.756.531</b>	<b>36.048.912</b>
<b>Profit before tax</b>	<b>631.171.974</b>	<b>572.578.068</b>
Corporate tax expense, net	(95.608.865)	(162.012.099)
<b>Profit in the period</b>	<b>535.563.109</b>	<b>410.565.969</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

#### Assets

	<b>Financial year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	(Audited) (RON)	
<b>Non-current assets</b>		
Property, plant & equipment	6.201.492.171	6.507.789.378
Intangible assets	60.761.185	54.834.581
Financial assets	42.836.031	110.474.559
<b>Total non-current assets</b>	<b>6.305.089.387</b>	<b>6.673.098.518</b>
<b>Current assets</b>		
Inventory	405.156.231	368.741.789
Trade receivables and other receivables	216.728.004	181.308.809
Pre-paid expenses	31.416.822	10.201.321
Bank deposits	58.879.494	20.954.979
Cash and cash equivalents	1.793.501.617	1.611.958.742
<b>Total current assets</b>	<b>2.505.682.168</b>	<b>2.193.165.640</b>
<b>Total assets</b>	<b>8.810.771.555</b>	<b>8.866.264.158</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

#### Equity

	<b>Financial year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	(Audited) (RON)	
Share capital	3.210.641.253	3.210.641.253
Share premium	31.474.149	31.474.149
Prepaid reserve	21.553.537	21.553.537
Revaluation reserve	1.820.339.902	1.820.339.902
Retained earnings	2.250.680.741	2.094.981.448
<b>Total equity attributable to the Company's shareholders</b>	<b>7.334.689.593</b>	<b>7.178.990.289</b>
<b>Total equity</b>	<b>7.334.689.593</b>	<b>7.178.990.289</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

#### Liabilities

	<b>2019</b>	<b>2018</b>
<b>Liabilities</b>		



<b>Long-term liabilities</b>		
Long-term borrowings	499.908.597	683.967.469
Provisions for risks and charges	213.470.997	182.883.283
Deferred income	100.412.631	114.757.293
Deferred tax liability	80.743.008	102.644.715
Employee 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>		
Trade payables and other payables	220.398.362	197.307.458
Current provisions for risks and charges	65.442.649	33.831.052
Corporate tax payable	13.329.182	98.958.158
Deferred income	27.863.600	30.913.233
Current long-term borrowings	212.891.292	203.393.860
<b>Total current liabilities</b>	<b>539.925.085</b>	<b>564.403.761</b>
<b>Total liabilities</b>	<b>1.476.081.962</b>	<b>1.687.273.869</b>
<b>Total equity and liabilities</b>	<b>8.810.771.555</b>	<b>8.866.264.158</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

#### Total equity and liabilities

	Financial year ended 31 December	
	2019	2018
	(Audited)	
	(RON)	
Total equity and liabilities	8.810.771.555	8.866.264.158

Source: Consolidated financial statements for the financial year ended 31 December 2019

#### Revenue

	Financial year ended 31 December	
	2019	2018
	(Audited)	
	(RON)	
Revenue from the sale of electricity	2.365.555.997	2.116.984.201
Revenue from electricity transmission	12.208.626	11.676.332
Other revenue	2.377.764.623	2.128.660.533
Other revenue	39.658.214	50.201.968

Source: Consolidated financial statements for the financial year ended 31 December 2019

#### Operating expenses

Financial year ended 31 December	
2019	2018

		(Audited) (RON)
Impairment and depreciation/amortisation	(555.552.520)	(552.964.849)
Payroll	(425.597.378)	(388.847.183)
Cost of electricity purchased	(84.160.189)	(56.929.750)
Repairs and maintenance	(63.139.508)	(81.425.822)
Electricity transmission cost	(12.208.626)	(11.676.332)
Spare parts	(16.311.993)	(15.768.637)
Nuclear fuel	(106.122.681)	(101.991.877)
Other operating expenses	(524.914.499)	(432.728.895)
<b>Total operating expenses</b>	<b>(1.788.007.394)</b>	<b>(1.642.333.345)</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

*Operating profit*

	Financial year ended 31 December	
	2019	2018
		(Audited) (RON)
Operating profit	<b>629.415.443</b>	<b>536.529.156</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

*Net financial expenses*

	Financial year ended 31 December	
	2019	2018
		(Audited) (Lei)
Financial expenses	(65.487.330)	(58.856.550)
Financial revenue	67.243.861	94.905.462
<b>Net financial profit/loss</b>	<b>1.756.531</b>	<b>36.048.912</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

*Profit in the year*

	Financial year ended 31 December	
	2019	2018
		(Audited) (Lei)
Profit before corporate tax	<b>631.171.974</b>	<b>572.578.068</b>
Corporate tax, net	(95.608.865)	(162.012.099)
<b>Profit in the year</b>	<b>535.563.109</b>	<b>410.565.969</b>

Source: Consolidated financial statements for the financial year ended 31 December 2019

*Profit distributable*

	<b>Financial year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
		<i>(Audited)</i>
		<i>(RON)</i>
To Company shareholders	<b>535.563.109</b>	<b>410.565.969</b>

*Source: Consolidated financial statements for the financial year ended 31 December 2019*

*Summary of the Issuer's consolidated cash flow statement*

	<b>Financial year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
		<i>(Audited)</i>
		<i>(RON)</i>
Cash flows from operating activities	<b>992.501.618</b>	<b>1.023.858.046</b>
Cash flows from investment activities	<b>(222.565.706)</b>	<b>(163.456.059)</b>
Net cash flows from financing activities	<b>(588.393.037)</b>	<b>(962.300.424)</b>
<b>Net (decrease)/increase of cash and cash equivalents</b>	<b>181.542.875</b>	<b>(101.875.337)</b>
Cash and cash equivalents as of 1 January	<b>1.611.958.742</b>	<b>1.713.834.079</b>
Cash and cash equivalents as of year-end	<b>1.793.501.617</b>	<b>1.611.958.742</b>

*Source: Consolidated financial statements for the financial year ended 31 December 2019*

**II-11.2.**

*The opinion of Mazars Romania S.R.L., the Issuer's independent auditor, on the Issuer's consolidated financial statements for the year ended 31 December 2019*

- *The basis for the auditor's qualified opinion:* "As of 31 December 2019, the Group has accounted for property, plant and equipment in progress with a carrying amount of 273,960,000 RON (273.960,000 RON as of 31 December 2018), mainly comprising items for Units 3 and 4 of the Cernavodă nuclear power plant. Before 1991, Units 1, 2, 3, 4 and 5 were deemed a single project, so construction costs were not allocated to each unit separately. Subsequently, the Group allocated the construction costs for Units 3 and 4 separately. We were unable to receive adequate and sufficient audit evidence concerning the appropriateness of the allocation, which has an impact on the valuation of the underlying assets. The aforementioned constraints also have an impact on the deferred tax liabilities allocated to Units 3 and 4 as of 31 December 2019, which amounted to 43,524,186 RON (43,524,186 RON as of 31 December 2018). Consequently, we were unable to determine whether adjustments to property, plant and equipment, deferred tax liabilities and retained earnings as of 31 December 2019 were needed, including adjustments to impairment and depreciation/amortisation, corporate tax and net profit for the financial year ended on the same date."

- *Qualified opinion:* "It is our opinion that, with the exception of the potential impact referred to in sub-paragraph 3 below, the attached consolidated financial statements show, in every significant aspect, a true picture of the Group's consolidated financial position as of 31 December 2019, as well as of the Group's consolidated financial performance and

consolidated cash flows for the year ended on the same date, in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards (“OMFP 2844/2016”) and the accounting policies detailed in the notes to the consolidated financial statements.”

- *Highlights:* “Without further reservations, we would like to draw the attention on Note 2 e) to the consolidated financial statements, detailing the pursuit of activities by Energonuclear S.A. and Unit 3 and 4 Project on a going concern basis. The total estimated recoverable amount of the Cernavodă Units 3 and 4 Project, including all the individual items capitalised by the Group was determined by the Issuer’s management based on certain assumptions, judgments and estimates regarding future events, that are considered reasonable given the current circumstances and other factors, in the event that current talks between the Group and the selector investor are successfully concluded. In the event that any assumption, judgment or estimate regarding future events proves irrelevant, the outcome would be a material impact on the Group’s net assets, liabilities and consolidated financial position in the current or future financial year which cannot be reasonably determined on the date of these consolidated financial statements.”

*The opinion of Mazars Romania S.R.L., the Issuer’s independent auditor, on the Issuer’s consolidated financial statements for the 6 month period ended 30 June 2019*

- *The basis for the auditor’s qualified opinion:* “As of 30 June 2019, the Group has accounted for property, plant and equipment in progress with a carrying amount of 273,960,000 RON (273.960,000 RON as of 31 December 2018), mainly comprising items for Units 3 and 4 of the Cernavodă nuclear power plant. Before 1991, Units 1, 2, 3, 4 and 5 were deemed a single project, so construction costs were not allocated to each unit separately. Subsequently, the Group allocated the construction costs for Units 3 and 4 separately. We were unable to receive adequate and sufficient audit evidence concerning the appropriateness of the allocation, which has an impact on the valuation of the underlying assets. The aforementioned constraints also have an impact on the deferred tax liabilities allocated to Units 3 and 4 as of 30 June 2019, which amounted to 43,524,186 RON (43,524,186 RON as of 31 December 2018). Consequently, we were unable to determine whether adjustments to property, plant and equipment, deferred tax liabilities and retained earnings as of 30 June 2019 were needed, including adjustments to impairment and depreciation/amortisation, corporate tax and net profit for the period ended on the same date.”

- *Qualified opinion:* “Based on our review, with the exception of the matters referred to in sub-paragraph 5 above, there is no reason for us to believe that the attached simplified interim financial statements of S.N. Nuclearelectrica S.A. as of 30 June 2019 have not been prepared, in every significant aspect, in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards, as further amended.”

- *Highlights:* “Without further reservations, we would like to draw the attention on Note 19 to the consolidated financial statements, detailing the pursuit of activities by Energonuclear S.A. and Unit 3 and 4 Project on a going concern basis. The total estimated recoverable amount of the Cernavodă Units 3 and 4 Project, including all the individual items capitalised by the Group was determined by the Issuer’s management based on certain assumptions, judgments and estimates regarding future events, that are considered reasonable given the current circumstances and other factors, in the event that current talks

between the Group and the selector investor are successfully concluded. In the event that any assumption, judgment or estimate regarding future events proves irrelevant, the outcome would be a material impact on the Group's net assets, liabilities and consolidated financial position in the current or future financial year which cannot be reasonably determined on the date of these simplified financial statements."

*The opinion of Mazars Romania S.R.L., the Issuer's independent auditor, on the Issuer's consolidated financial statements for the year ended 31 December 2018*

- *The basis for the auditor's qualified opinion:* "As of 31 December 2018, the Group has accounted for property, plant and equipment in progress with a carrying amount of 273,960,000 RON (273,960,000 RON as of 31 December 2017), mainly comprising items for Units 3 and 4 of the Cernavodă nuclear power plant. Before 1991, Units 1, 2, 3, 4 and 5 were deemed a single project, so construction costs were not allocated to each unit separately. Subsequently, the Group allocated the construction costs for Units 3 and 4 separately. We were unable to receive adequate and sufficient audit evidence concerning the appropriateness of the allocation, which has an impact on the valuation of the underlying assets. The aforementioned constraints also have an impact on the deferred tax liabilities allocated to Units 3 and 4 as of 31 December 2018, which amounted to 43,524,186 RON (43,524,186 RON as of 31 December 2017). Consequently, we were unable to determine whether adjustments to property, plant and equipment, deferred tax liabilities and retained earnings as of 31 December 2018 were needed, including adjustments to impairment and depreciation/amortisation, corporate tax and net profit for the financial year ended on the same date."

- *Qualified opinion:* "It is our opinion that, with the exception of the potential impact referred to in sub-paragraph 3 below, the attached consolidated financial statements show, in every significant aspect, a true picture of the Group's consolidated financial position as of 31 December 2018, as well as of the Group's consolidated financial performance and consolidated cash flows for the year ended on the same date, in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards ("OMFP 2844/2016") and the accounting policies detailed in the notes to the consolidated financial statements."

- *Highlights:* "Without further reservations, we would like to draw the attention on Note 22 to the consolidated financial statements, detailing the pursuit of activities by Energonuclear S.A. and Unit 3 and 4 Project on a going concern basis. The total estimated recoverable amount of the Cernavodă Units 3 and 4 Project, including all the individual items capitalised by the Group was determined by the Issuer's management based on certain assumptions, judgments and estimates regarding future events, that are considered reasonable given the current circumstances and other factors, in the event that current talks between the Group and the selector investor are successfully concluded. In the event that any assumption, judgment or estimate regarding future events proves irrelevant, the outcome would be a material impact on the Group's net assets, liabilities and consolidated financial position in the current or future financial year which cannot be reasonably determined on the date of these consolidated financial statements."

*The opinion of Mazars Romania S.R.L., the Issuer's independent auditor, on the Issuer's consolidated financial statements for the 6 month period ended 30 June 2018*

- *The basis for the auditor's qualified opinion:* "As of 30 June 2018, the Group has accounted for property, plant and equipment in progress with a carrying amount of 273,960,000 RON (273,960,000 RON as of 31 December 2017), mainly comprising items for Units 3 and 4 of the Cernavodă nuclear power plant. Before 1991, Units 1, 2, 3, 4 and 5 were deemed a single project, so construction costs were not allocated to each unit separately. Subsequently, the Group allocated the construction costs for Units 3 and 4 separately. We were unable to receive adequate and sufficient audit evidence concerning the appropriateness of the allocation, which has an impact on the valuation of the underlying assets. The aforementioned constraints also have an impact on the deferred tax liabilities allocated to Units 3 and 4 as of 30 June 2018, which amounted to 43,524,186 RON (43,524,186 RON as of 31 December 2017). Consequently, we were unable to determine whether adjustments to property, plant and equipment, deferred tax liabilities and retained earnings as of 30 June 2018 were needed, including adjustments to impairment and depreciation/amortisation, corporate tax and net profit for the period ended on the same date."

- *Qualified opinion:* "Based on our review, with the exception of the matters referred to in sub-paragraph 5 above, there is no reason for us to believe that the attached simplified interim financial statements of S.N. Nuclearelectrica S.A. as of 30 June 2018 have not been prepared, in every significant aspect, in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards, as further amended."

- *Highlights:* "Without further reservations, we would like to draw the attention on Note 19 to the consolidated financial statements, detailing the pursuit of activities by Energonuclear S.A. and Unit 3 and 4 Project on a going concern basis. The total estimated recoverable amount of the Cernavodă Units 3 and 4 Project, including all the individual items capitalised by the Group was determined by the Issuer's management based on certain assumptions, judgments and estimates regarding future events, that are considered reasonable given the current circumstances and other factors, in the event that current talks between the Group and the selector investor are successfully concluded. In the event that any assumption, judgment or estimate regarding future events proves irrelevant, the outcome would be a material impact on the Group's net assets, liabilities and consolidated financial position in the current or future financial year which cannot be reasonably determined on the date of these interim financial statements."

#### *Interim financial information and other information*

The Company prepared simplified interim consolidated financial statements for the 6 month period ended 30 June 2019, in accordance with International Accounting Standard 34 adopted by the EU. These financial statements were reviewed by the independent auditor.

	<b>30 June 2019</b>	<b>31 December 2018</b>
	<i>(Revised) (RON)</i>	<i>(Audited) (RON)</i>
Non-current assets		
Property, plant and equipment	6.371.615.316	6.507.789.378
Intangible assets	56.302.153	54.834.581

Financial assets	62.291.386	110.451.459
Financial investments	23.100	23.100
<b>Total non-current assets</b>	<b>6.492.231.955</b>	<b>6.673.098.518</b>
Current assets		
Inventory	380.844.525	368.741.789
Trade receivables and other receivables	158.762.571	181.308.809
Pre-paid expenses	69.090.605	10.201.321
Bank deposits	41.363.543	20.954.979
Cash and cash equivalents	1.508.243.683	1.611.958.742
<b>Total current assets</b>	<b>2.158.304.927</b>	<b>2.193.165.640</b>
<b>Total assets</b>	<b>8.650.536.882</b>	<b>8.866.264.158</b>
Equity and liabilities		
Equity		
Share capital	3.210.641.253	3.210.641.253
Share premium	31.474.149	31.474.149
Pre-paid reserve	21.553.537	21.553.537
Revaluation reserve	1.820.339.902	1.820.339.902
Retained earnings	2.006.686.277	2.094.981.448
<b>Total equity attributable to the Company's shareholders</b>	<b>7.090.695.118</b>	<b>7.178.990.289</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>7.090.695.118</b>	<b>7.178.990.289</b>
Liabilities		
Long-term liabilities		
Long-term borrowings	597.621.593	683.967.469
Provisions for risks and charges	182.537.293	182.883.283
Long-term deferred income	107.584.962	114.757.293
Deferred tax liability	100.820.535	102.644.715
Employee benefits	38.617.348	38.617.348
<b>Total long-term liabilities</b>	<b>1.027.181.731</b>	<b>1.122.870.108</b>
Current liabilities		
Trade payables and other payables	218.627.854	197.307.458
Current provisions for risks and charges	44.465.419	33.831.052
Corporate tax payable	18.973.465	98.958.158
Short-term deferred income	41.101.719	30.913.233
Current long-term borrowings	209.491.576	203.393.860
<b>Total current liabilities</b>	<b>532.660.033</b>	<b>564.403.761</b>
<b>Total liabilities</b>	<b>1.559.841.764</b>	<b>1.687.273.869</b>

<b>Total equity and liabilities</b>	<b>8.650.536.882</b>	<b>8.866.264.158</b>
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Source: Consolidated financial statements IFRS-EU for the 6 month period ended 30 June 2019

	<b>6 month period ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<i>(Revised)</i>	<i>(Revised, restated)</i>
	<i>(RON)</i>	
<b>Revenue</b>		
Revenue from the sale of electricity	1.181.737.208	968.622.676
Revenue from electricity transmission	5.803.810	5.217.522
<b>Total revenue</b>	<b>1.187.541.018</b>	<b>973.840.198</b>
Other revenue	21.015.830	32.843.365
<b>Operating expenses</b>		
Impairment and depreciation/amortisation	(274.872.313)	(272.098.843)
Payroll	(233.780.362)	(205.019.781)
Cost of electricity purchased	(42.201.756)	(31.948.200)
Repairs and maintenance	(31.603.656)	(50.095.717)
Electricity transmission cost	(5.803.810)	(5.217.522)
Spare parts	(9.774.582)	(11.869.136)
Nuclear fuel	(50.905.952)	(51.508.890)
Other operating expenses	(195.432.058)	(163.674.714)
<b>Total operating expenses</b>	<b>(844.374.489)</b>	<b>(791.432.803)</b>
<b>Operating profit</b>	<b>364.182.359</b>	<b>215.250.760</b>
Financial expenses	(38.797.222)	(31.716.495)
Financial revenue	34.695.445	46.647.771
<b>Net financial (expenses)/revenue</b>	<b>(4.101.777)</b>	<b>14.931.276</b>
<b>Profit before corporate tax</b>	<b>360.080.582</b>	<b>230.186.036</b>
Corporate tax, net	(69.461.441)	(47.875.845)
<b>Profit in the period</b>	<b>290.619.141</b>	<b>182.306.191</b>
Profit distributable		
To the Company shareholders	<b>290.619.141</b>	<b>182.306.191</b>
To non-controlling interest	-	-



<b>Profit in the period</b>	<b>290.619.141</b>	<b>182.306.191</b>
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*Source: Consolidated financial statements IFRS-EU for the 6 month period ended 30 June 2019*

For the period January 2018 to the date hereof, the Company prepared comprehensive annual and half-yearly financial statements as follows:

*For the year 2019:*

- Interim Simplified Separate Financial Statements for the 6 month period ended 30 June 2019, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) pursuant to International Accounting Statement 34 – “Interim financial reporting”, accompanied by the independent auditor’s report
- Interim Simplified Consolidated Financial Statements for the 6 month period ended 30 June 2019, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) pursuant to International Accounting Statement 34 – “Interim financial reporting”, accompanied by the independent auditor’s report
- Audited Separate Financial Statements for the year ended 31 December 2019, prepared in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards, accompanied by the independent auditor’s report
- Audited Consolidated Financial Statements for the year ended 31 December 2019, prepared in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards, accompanied by the independent auditor’s report

*For the year 2018*

- Interim Simplified Separate Financial Statements for the 6 month period ended 30 June 2018, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) pursuant to International Accounting Statement 34 – “Interim financial reporting”, accompanied by the independent auditor’s report
- Interim Simplified Consolidated Financial Statements for the 6 month period ended 30 June 2018, prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) pursuant to International Accounting Statement 34 – “Interim financial reporting”, accompanied by the independent auditor’s report
- Separate Financial Statements for the year ended 31 December 2018, prepared in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards, accompanied by the independent auditor’s report
- Audited Consolidated Financial Statements for the year ended 31 December 2018, prepared in accordance with Order no. 2844/2016 of the Minister of Public Finance to approve Accounting Regulations in line with the International Financial Reporting Standards, accompanied by the independent auditor’s report

### **Dividend distribution policy**

The Issuer is a majority state-owned National company. Consequently, profit will be distributed in accordance with the provisions laid down in Government Ordinance no. 64/2001 (“GO 64/2001”) on profit distribution in national undertakings, national

companies and companies that are fully owned or majority owned by the state, including self-regulated state companies, as amended and supplemented. Thus, according to the provisions of GO no. 64/2001, 50% of net profit after the distributions referred to in art. 1(1)(a) – (e) of GO no. 64/2001 will be further distributed. The applicable legal framework may be amended in the future in terms of the minimum dividend distribution rate.

The provisions of GO no. 64/2001 set out a minimum mandatory dividend distribution rate. Consequently, as long as the provisions of GO no. 64/2001 remain unchanged, the issuer may propose a dividend distribution rate between 50% and 100% of distributable profit. The profit distribution rate to be paid out as dividends by the issuer will be approved by the General Meeting of Shareholders.

The issuer will account for and pay out dividends against net profit only after the issuer's General Meeting of Shareholders approves the issuer's annual financial statements and profit distribution rate.

### **II-11.3 Legal and arbitration proceedings**

The Issuer hereby declares that it was not involved in litigation proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or Group's financial position or profitability, except for those detailed below.

As of the date of this Prospectus, the Issuer was involved in a number litigation proceedings, either as plaintiff or as defendant, including litigation proceedings estimated at more than EUR 1,000,000 or equivalent, litigation proceedings whose value has not been yet determined or whose subject matter cannot be expressed in monetary terms, but is related to the Issuer's specific business.

As of the date above, the Company was involved in a total of 24 litigation proceedings which meet the aforementioned criteria, of which: 3 litigation proceedings where the Company acts as defendant and 21 litigation proceedings where the Company acts as plaintiff.

*Litigation proceedings where the Company acts as plaintiff:*

#### **1. Case file no.: 9089/101/2013**

Court: Mehedinti County Court

SNN's capacity: Creditor

Opposing party: Regia Autonomă Activitati Nucleare

Subject matter: Insolvency - claims 7,828,405.48 RON

Stage: Court of first instance

Hearing on 10/8 /2020 to continue liquidation proceedings, namely asset sales and receivables collection

#### **2. Case file no.: 1794/118/2016**

Court: Constanța County Court

SNN's capacity: party to civil proceedings

Opposing party: Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor Davy Security SRL defendant in the civil proceedings, represented by trustee

Subject matter: loss 3,471,463 EUR - criminal proceedings

Stage: Court of first instance

Details: Corruption (Law no. 78/2000) art. 13(2) of Law no. 78/2000 in conjunction with art. 297(1) of Criminal Code, art. 301 Criminal Code

Ruling: Acknowledgement of 06.08.2020: "Pursuant to art. 100(4) Criminal Procedure Code, dismisses the application filed by the defendant Olteanu Mădălina, by appointed attorney, concerning the carrying out of a comprehensive technical, financial and economic examination, since such examination would have been irrelevant considering the subject matter of the case. Subject to appeal. Ruled in the public hearing of this day, 06.08.2020"

### **3. Case file no.: 3490/121/2015\***

Court: Galati Court of Appeal

SNN's capacity: Claimant

Opposing party: ArcelorMittal Galati SA

Subject matter: Claims amounting to 8,575,245.78 accounting for differences in the amount of energy made available and other related costs

Stage: Appeal

Details: Court of first instance: Dismisses the application concerning the payment by the defendant of damages arising from Agreement no. 207/22.02.2013 as unfounded. Subject to appeal. Appeal: Admits the appeal filed by the claimant Nuclearelectrica SA against Civil Judgment no. 278/20.12.2016 ruled by Galati County Court – 2<sup>nd</sup> Civil Section with regard to Case File no. 3490/121/2015. Overturns the entire sentence subject to appeal and submits the case to retrial: Admits the appeal in part. Requests the defendant ArcelorMittal Galati SA to pay the claimant Nuclearelectrica SA the amount of 8,645,467.52 RON as compensation for losses caused.

Dismissed the appeal filed against the Acknowledgement of 26.05.2016 passed by the same court as unfounded. Requests the defendant to pay the claimant 142,132.97 RON as legal expenses for the court of first instance and the appeal. Ruling 227/ 27.09.2017

Recourse: Admits the recourse filed by the defendant S.C. Arcelormittal Galați S.A. against Civil judgment no. 227/A of 27 September 2017 ruled by the Galați Court of Appeal – 1<sup>st</sup> Civil Section, overturns the same and submits the case for retrial by the same court of first instance. Final.

Retrial court of first instance: Civil judgment no. 102/A Admits the appeal filed by the claimant SN Nuclearelectrica SA București against Civil Judgment no. 278/20.12.2016 ruled by Galati County Court – 2<sup>nd</sup> Civil Section with regard to Case File no. 3490/121/2015. Overturns the entire sentence subject to appeal and admits the appeal in part. Requests the defendant ArcelorMittal Galati SA to pay the claimant Nuclearelectrica SA the amount of 8,575,245.78 RON as damages.

Retrial appeal: Dismisses the appeal filed against the Acknowledgment of 26.05.2016 passed by the Galați Municipal Court with regard to Case File no. 3490/121/2015. Requires the defendant to pay the plaintiff the amount of 142,132.97 RON as legal expenses for the retrial court of first instance and the appeal. Subject to recourse filed with the Galați Court of Appeal, within 30 days from communication. Ruled this day 26.06.2019 and made available to the parties at the court's records office. No recourse filed yet, no time limit determined, no ruling communicated.

Document: Ruling no. 102/2019 26.06.2019

### **4. Case file no.: 6471/2/2018**

Court: Bucharest Court of Appeal

SNN's capacity: plaintiff

Opposing party: Court of Auditors

Subject matter: cancellation of measure set out in paragraph 1 of the Report - Energonuclear Loan Agreement

Stage: Court of first instance

Details: Court of first instance: Admits the application. Cancels in part Report no. 29.31.07.2018, i.e. paragraph 1, and Decision no. 5.08.06.2018, i.e. the measure set out in paragraph I.4 to remove the infringement referred to in paragraph 4. Requires the defendant to pay legal expenses. Subject to recourse within 15 days from communication. Ruling 1229/2019 29.03.2019. No recourse filed yet, no time limit determined, no ruling communicated.

**5. Case file no.: 6472/2/2018**

Court: Bucharest Court of Appeal

SNN's capacity: plaintiff

Opposing party: Court of Auditors

Subject matter: cancellation of measure set out in paragraph 4 of Report - Uranium

Stage: Court of first instance

Details: Court of first instance: Admits the application. Cancels in part Report no. 29.31.07.2018, i.e. paragraph 4 and Decision no. 5.08.06.2018, i.e. the measure set out in paragraph I.4 to remove the infringement referred to in paragraph 4. Requires the defendant to pay legal expenses. Subject to recourse within 15 days from communication. Ruling 1230/2019 29.03.2019. No recourse filed yet, no time limit determined, no ruling communicated.

**6. Case file no.: 6479/2/2018**

Court: High Court of Justice

SNN's capacity: plaintiff

Opposing party: Court of Auditors

Subject matter: cancellation of measure set out in paragraph 5 of the Report - ROEL xerox

Stage: recourse

Details: Court of first instance: Admits the application in part. Summary: Admits the application in part. Cancels in part Report no. 29.31.07.2018, i.e. paragraph 4 and Decision no. 5.08.06.2018 both issued by C.C.R. as defendant, only with regard to the matter concerning the determination of the loss caused by the use of the relevant equipment at the offices of the Ministry of Economy and Energy, only starting with the beginning of the meetings of the Commission for the Negotiation of the Cernavodă Units 3 and 4 Project (measure set out in paragraph II.3 of Decision no. 5/08.06.2018, with regard to which the administrative dispute filed has been dismissed by way of paragraph 5 of Acknowledgment no. 29/31.07.2018). dismisses the rest of the application. Subject to recourse within 15 days from communication. Document: Ruling 1730/2019 14.05.2019. Recourses filed by: SNN S.A. (on 02.07.2020) and the Court of Auditors (on 10.07.2020 and 14.07.2020). No hearing date established by the High Court of Justice.

**7. Case file no.: 6481/2/2018**

Court: High Court of Justice

SNN's capacity: plaintiff

Opposing party: Court of Auditors

Subject matter: cancellation of measure set out in paragraph 3 of the Report - budget explanatory memorandum

Stage: Recourse

Details: Court of first instance: Dismisses the application as unfounded. Subject to recourse within 15 days from communication; the recourse will be filed with the Bucharest Court of Appeal. Ruled on 05.06.2019 and made available to the parties at the court's records office.

Document: Ruling 1939/05.06.2019. Recourse filed by SNN S.A. (on 06.03.2020). No hearing date established by the High Court of Justice.

Recourse: hearing to be established

**8. Case file no.: 6487/2/2018**

Court: High Court of Justice  
SNN's capacity: plaintiff  
Opposing party: Court of Auditors  
Subject matter: cancellation of measure set out in paragraph 2 of the Report – no share capital increase  
Stage: Recourse  
Details: Court of first instance: Dismisses the application as unfounded. Subject to recourse within 15 days from communication, the recourse will be filed with the Bucharest Court of Appeal. Ruled on 05.06.2019 and made available to the parties at the court's records office.  
Document: Ruling 1940/2019 05.06.2019 Recourse filed by SNN S.A. (on 10.03.2020)  
Hearing: 05/04/2022

**9. Case file no.: 5308/2/2019**

Court: High Court of Justice  
SNN's capacity: plaintiff  
Opposing party: Court of Auditors  
Subject matter: Litigation proceedings with the Court of Accounts L94/1992  
Stage: recourse  
Details: Court of first instance: Admits the exception on grounds of inadmissibility. Dismisses the application as inadmissible. Subject to recourse within 15 days from communication. Recourse will be filed with the Bucharest Court of Appeal, subject to the sanction of nullity. Ruled and made available to the parties at the court's records office.  
Document: Ruling 191/16.03.2020 Recourse filed by SNN S.A. (on 05.05.2020)  
Hearing: 05/11/2022

**10. Case file no.: 7222/2/2019**

Court: High Court of Justice  
SNN's capacity: plaintiff  
Opposing party: National Regulatory Authority for Energy  
Subject matter: Suspension of the enforcement of an administrative instrument – Order no. 216/11.12.2019  
Stage: Recourse  
Details: Admits the motion filed by the plaintiff SN NUCLEAR ELECTRICA SA against the defendant the Regulatory Authority for Energy. Rules the suspension of the enforcement of ANRE Order no. 216/11.12.2019 issued by the defendant until such time as the court of first instance rules on the matter. Subject to recourse within 5 days from communication; the recourse will be filed with the Bucharest Court of Appeal, 9<sup>th</sup> Administrative and Tax Disputes Section. Ruled this day, 02.03.2019, and made available to the parties at the court's records office. Recourse filed by ANRE (on 16.03.2020).  
Hearing: 11/04/2022

**11. Case file no.: 97/2/2020**

Court: Bucharest Court of Appeal  
SNN's capacity: plaintiff  
Opposing party: National Regulatory Authority for Energy  
Subject matter: annulment of an administrative instrument – Order no. 216/11.12.2019, obligation to sell regulated energy volumes at a regulated price  
Stage: Court of first instance  
Ruling: Dismisses the motion to annul Decisions no. 2213/23.12.2019 and no. 2214/23.12.2019 and Memo no. 110703/23.12.2019. Dismisses the rest of the application as supplemented by the additional application, as unfounded Subject to recourse within 15

days from communication. No recourse filed yet, no time limit determined, no ruling communicated.

**12. Case file no.: 7086/2/2019**

Court: Bucharest Court of Appeal

SNN's capacity: plaintiff

Opposing party: Court of Auditors

Subject matter: Litigation proceedings. Annulment of Follow up Report no. 10697/13.09.2019 on the implementation of the measures ordered by Decision no. 5/08.06.2018

Stage: Court of first instance

Hearing: 09/08/2020

**13. Case file no.: 1506/118/2020**

Court: Constanța County Court

SNN's capacity: plaintiff

Opposing party: U.A.T. Comuna Seimeni, Romanian state through the Ministry of Public Finance, the Ministry of Economy, Energy and the Business Environment, the Government of Romania

Subject matter: motion to acknowledge the inexistence of an ownership right pertaining to UAT Comuna Seimeni over the 300,000 sq.m. land plot situated outside the built-up area, in the neighbourhood of the hot water discharge pipe from CNE to the Danube River – Valea Seimeni Hydro Plant and the existence of a right of free use, easement and final and free possession of the land by SNN.

Stage: Court of first instance

Hearing: 10/23/2020

**14. Case file no.: 4946/2/2015**

Court: High Court of Justice

SNN's capacity: plaintiff

Opposing party: Court of Auditors

Subject matter: litigation proceedings Court of Auditors

Stage: Recourse

Details: Court of first instance: Admits the application. Summary: Dismisses the inadmissibility of the motion for the partial annulment of Audit Report no. 4371/10.07.2015. Admits the application. Annuls in part Report no. 59/17.07.2015 issued by the defendant regarding sub-paragraph 5, Decision no. 16/11.05.2015 issued by the defendant regarding sub-paragraph II.7, as well as sub-paragraph 3.3.1 of Audit Report no. 4371/10.04.2015 issued by the defendant. Admits the motion to intervene in ancillary proceedings. Subject to recourse within 15 days from communication. Ruled under art. 396(2) of the Civil Procedure Code. Document: Ruling 68/2020 28.02.2020 Recourse filed by the Court of Auditors (on 19.05.2020 and 20.05.2020)

Hearing: 11/18/2021

**15. Case file no.: 5462/2/2019**

Court: Bucharest Court of Appeal

SNN's capacity: plaintiff

Opposing party: ANAF (DGRFPB and DGAMC)

Subject matter: motion for the annulment of administrative and fiscal instrument no. 117/25.03.2019 concerning the Decision to impose additional tax obligations in the amount of 7,961,458 RON

Stage: Court of first instance

Hearing: 9/18/2020

**16. Case file no.: 2659/2/2020**

Court: Bucharest Court of Appeal  
SNN's capacity: plaintiff  
Opposing party: National Regulatory Authority for Energy  
Subject matter: motion for the annulment of administrative instrument Order no. 12/30.03.2016  
Stage: Court of first instance  
Hearing to be established.

**17. Case file no.: 3083/3/2020**

Court: Bucharest Municipal Court  
SNN's capacity: plaintiff  
Opposing party: Compania Națională de Transport a Energiei Electrice Transelectrica  
Subject matter: Claims amounting to RON 1,290,533.156 for negative disbalances on the balancing market in the period 16 August 2018 interval 19 - 17 August 2018 interval 20, discounted with the inflation rate for the period between 27.09.2018 and the effective payment date, plus penalty interest in the amount of RON 182,251.94 for the period between 27.09.2018 and the effective payment date, as of the date when the invoice issued by Ciga Energy is paid  
Stage: Court of first instance  
Hearing: 10/16/2020

**18. Case file no.: 3570/2/2020**

Court: Bucharest Court of Appeal  
SNN's capacity: plaintiff  
Opposing party: National Regulatory Authority for Energy  
Subject matter: Motion to suspend enforcement and annul an administrative instrument Order no. 88/12.06.2020 and subsequent instruments (decision, memo)  
Stage: Court of first instance  
Hearing to be established.

**19. Case file no.: 1663/118/2020**

Court: Constanța County Court  
SNN's capacity: plaintiff  
Opposing party: Romanian state through the Ministry of Public Finance, Administrația Națională Apele Române, Administrația Bazinală de Apă Dobrogea Litoral  
Subject matter: motion to acknowledge the right of free use, easement and final and free possession by SNN of the Valea Cișmelei land-water stream occupied by the storm water discharge pipe from the CNE platform  
Stage: Court of first instance  
Hearing: 9/30/2020

**20. Case file no.: 2446/3/2020**

Court: Bucharest Municipal Court  
SNN's capacity: plaintiff  
Opposing party: U.A.T. Comuna Seimeni  
Subject matter: motion to suspend enforcement and annul a 2019 decision to impose additional obligations for a 30 ha land plot occupied by the hot water discharge pipe from CNE to the Danube River – Valea Seimeni Hydro Plant  
Stage: Court of first instance  
Hearing: 10/06/2020

**21. Case file no.: 9596/3/2020**

Court: Bucharest Municipal Court

SNN's capacity: plaintiff  
Opposing party: U.A.T. Comuna Seimeni  
Subject matter: motion to a 2020 decision to impose additional obligations for a 30 land plot occupied by the hot water discharge pipe from CNE to the Danube River – Valea Seimeni Hydro Plant  
Stage: Court of first instance  
Hearing: 9/30/2020

*Litigation proceedings where the Company acts as defendant:*

**1. Case file no.: 3793/2/2013\***

Court: High Court of Justice  
SNN's capacity: defendant  
Opposing party: Greenpeace CEE Romania  
Subject matter: Annulment of decision to issue an environmental permit for the U3-4 Project  
Stage: Recourse (finalised)  
Details: Court of first instance: Admits the exception on grounds of lack of object for the 2<sup>nd</sup> claim filed in the initial application (annulment of the environmental permit for the project "Continuation of construction and finishing works for U 3 and 4). Dismisses the 2<sup>nd</sup> claim in the initial application concerning the annulment of the environmental permit for the project "Continuation of construction and finishing works for CNE Cernavodă Units 3 and 4", on grounds of lack of object. Dismisses the rest of the application as supplemented by the additional application, as unfounded. Ruling 1436/09.05.2014  
Recurs: Ruling no. 2100 of 23 June 2016. Admits the recourse filed by Greenpeace Cee Romania and Bankwatch Romania against judgment no. 1436 of 9 May 2014 of the Bucharest Court of Appeal - 8<sup>th</sup> Administrative and Tax Disputes Section. Overturns the judgment subject to dispute and submits the case for retrial by the same court. Final. Ruled in the public hearing of this day, 23 June 2016.  
First court of instance retrial (Bucharest Court of Appeal): dismisses the application as unfounded. Subject to recourse within 15 days from communication of Ruling 2208/9.06.2017. Recourse filed by Green Peace CEE Romania (on 19.03.2018 and 28.03.2018).  
Recourse retrial (High Court of Justice): Dismisses the exception on grounds of nullity of the recourse. Dismisses the recourse filed by Bankwatch Romania and Greenpeace CEE Romania against Judgment no. 2208 of 9 June 2017, ruled by the Bucharest Court of Appeal - Administrative and Tax Disputes Section, as unfounded. Final. Ruled in the public hearing of this day, 1 July 2020 Ruling 3056/2020 01.07.2020

**2. Case file no.: 5802/118/2017**

Court: Constanța County Court  
SNN's capacity: defendant  
Opposing party: CNE union on behalf of 757 members  
Subject matter: monetary entitlements for working in dangerous conditions, in a workplace exposed to radioactive risk, acc. to CNCAN Order no. 40/1990 and GO no. 655/1990  
Stage: Court of first instance  
Details: Summary: missing expert report. Document: Acknowledgment no. 10.01.2020  
Hearing: 8/14/2020

**3. Case file no.: 7036/118/2017**

Court: Constanța County Court  
SNN's capacity: defendant



Opposing party: SLEN union on behalf of 291 members and in its own name  
Subject matter: monetary entitlements for working in dangerous conditions, in a workplace exposed to radioactive risk, acc. to CNCAN Order no. 40/1990 and GO no. 655/1990  
Stage: Court of first instance  
Details: Continuation. Summary: establishment of partial expert fee. Document: Acknowledgment no. 06.03.2020  
Hearing: 8/14/2020

**4. Case file no.: 34778/3/2018**

Court: Bucharest Municipal Court/Bucharest Court of Appeal/Bucharest Municipal Court  
SNN's capacity: defendant  
Opposing party: Dima Tatiana  
Subject matter: Motion for annulment of General Meeting resolution  
Stage: Court of first instance retrial  
Details: Court of first instance: Dismisses the application. Summary: Admits the exception on grounds of lack of legal standing for the plaintiff. Dismisses the primary claim as filed by a person with no legal standing. Dismisses the motion to intervene in ancillary proceedings as unfounded. Dismisses the motion to suspend enforcement of General Meeting Resolution no. 12/28.09.2018, as unfounded. Subject to appeal within 30 days from communication with respect to the primary claim. Subject to appeal within 5 days from ruling with regard to the motion to suspend enforcement of General Meeting Resolution no. 12/28.09.2018. Appeals will be filed with the Bucharest Municipal Court, 6<sup>th</sup> Civil Section. Ruled in the public hearing of this day, 31.10.2019. Document: Ruling 3150/31.10.2019, no appeal filed, final.

**5. Case file no.: 7966/118/2019**

Court: Constanța County Court  
SNN's capacity: defendant  
Opposing party: U.A.T. Comuna Seimeni  
Subject matter: claims – tax according to 2019 decision to impose additional obligations for a 30 ha land plot occupied by the hot water discharge pipe from CNE to the Danube River – Valea Seimeni Hydro Plant  
Stage: Court of first instance  
Details: Admits the exception on grounds of inadmissibility of the application, exception invoked by default. Dismisses the application as inadmissible. Subject to recourse within 15 days from communication. Remedies will be sought with the Constanța County Court. Ruled under art. 402, 2<sup>nd</sup> sentence of the Civil Procedure Code, this day, 3.07.2020. Time limit for recourse filing not expired (ruling communicated on 13.07.2020).  
Document: Ruling 821/2020 03.07.2020

**II.11.4 Significant changes in financial or commercial position**

In the period between 31 December 2019 and the date of this Prospectus, no significant events took place with a negative impact on the Issuer's financial position, its financial information and cash flows.

**II.11.5 Pro forma financial information – N/A**

**II.11.6 Dividend policy**

*Dividend distribution policy in the last 3 years*

In 2019, proposals for net profit distributions are in line with the provisions laid down in Government Ordinance no. 64/2001 on profit distribution in national undertakings,

national companies and companies that are fully owned or majority owned by the state, including self-regulated state companies, as amended and supplemented.

By Resolution no. 5/27.04.2020 of the Ordinary General Meeting of shareholders, SNN approved the proposal for the distribution of the company's net profit in 2019 to various beneficiaries, the company's total gross dividends amounting to 1,653,063.02 RON, the dividend date, namely 25.06.2020, and the dividend payout method, as indicated in the Note to the Company Shareholders.

The amounts proposed to be distributed for the "employee profit sharing plan" are within 10% of the Company's net profit, but no more than a monthly median base salary in 2019, considering the average number of employees in 2019. The 2019 net profit includes a provision for the employee profit-sharing plan amounting to 18,700,000 RON (which is deducted from the Company's accounting profit).

The amounts distributed to the Company's legal reserve are determined pursuant to the provisions laid down in art. 183 of Law no. 31/1990 which stipulates that "at least 5% of the company's annual profit will be set up as legal reserve, up to minimum one fifth of the company's share capital". At the end of the financial year, the company's legal reserve amounted to 31,563,785 RON.

Other reserves accounting for tax incentives under the law (5,682,083 RON) are set up pursuant to art. 22(1) of Law no. 227/2015 on the Taxation Code, as amended and supplemented; the reserves refer to corporate tax exemptions, accounting for profit reinvested in IT equipment, computers and peripherals, machinery and cash registers, invoices and ledgers, as well as in software developed and/or acquired, as indicated in item 2.1 and 2.2.9, respectively, of the "Classification and general useful life of fixed assets". The amount of the reserve equals the amount of profit reinvested in the aforementioned equipment less the legal reserve (5%).

The proposal for gross dividends (498,421,396 RON) was determined as the difference between net profit in the financial year (535,667,264 RON) and the amounts deducted as legal reserve (31,563,785 RON) plus the reserves accounting for tax incentives (5,682,083 RON), accounting for a profit distribution of 96.38%.

95.95% of the 2018 net profit was distributed as dividends, while 93.07% of the 2017 net profit was distributed as dividends, in line with the provisions laid down in art. 1(1)(f) of GO no. 64/2001, as amended and supplemented.

By Resolution no. 13/10.12.2018, the SNN Ordinary General Meeting of Shareholders approved the distribution of the amount of 485,437,300.11 RON as additional dividends to shareholders, according to their equity participation, from other reserves and retained earnings, pursuant to art. II and art. III of Government Emergency Ordinance no. 29/2017 amending art. 1(1)(g) of Government emergency Ordinance no. 64/2001 on profit distribution in national undertakings, national companies and companies that are fully owned or majority owned by the state, including self-regulated state companies, and amending art. 1(2) and (3) of GEO no. 109/2011 on the corporate governance of public companies, as amended and supplemented.

Dividends owed and paid out in the last 3 years were as follows:

Item [RON]	2019 <sup>*)</sup>	2018	2017
<b>Restated net profit<sup>**) (a)</sup></b>	-	-	<b>306.542.912</b>
Impact of accounting error correction (b)	-	-	(2.666.644)
<b>Net profit (c) = (a) + (b)</b>	<b>535.667.264</b>	<b>410.611.215</b>	<b>303.876.268</b>
Legal reserve distributions (d)	(31.563.785)	(28.631.164)	(17.845.334)
Other reserves accounting for tax incentives under the law (e)	(5.682.083)	(3.065.741)	(7.721.372)
<b>Net profit distributed as dividends (f) = (c) + (d) + (e)</b>	<b>498.421.396</b>	<b>378.914.310</b>	<b>278.309.562</b>
Employee profit-sharing plan (g)	(18.700.000)	(16.000.000)	(13.265.000)
<b>Net profit - dividend base (h) = (f) – (g)</b>	<b>517.121.396</b>	<b>394.914.310</b>	<b>291.574.562</b>
<b>Proposed dividends (i)</b>	<b>498.421.396</b>	<b>378.914.310</b>	<b>271.362.466</b>
Dividends distributed	498.421.396	378.914.310	271.362.466
Additional dividends distributed <sup>***)</sup>	-	-	485.437.300
Dividends paid by 31.12.2019	-	378.696.423	756.418.732
<b>Profit distribution rate (%) = (i)/(h)</b>	<b>96,38%</b>	<b>95,95%</b>	<b>93,07%</b>
<b>Profit distribution rate<sup>2</sup> (%) = (i)/(f)</b>	<b>100,00%</b>	<b>100,00%</b>	<b>97,50%</b>

<sup>\*)</sup> For the year 2019, the items above refer to the profit distribution proposal made by the Board of Directors, as submitted to approval by the SNN Ordinary General Meeting of Shareholders. The proposed amount for the “employee profit-sharing plan” was 18,700,000 RON, in line with the budget established for 2019, as approved by Resolution no. of 6/20.05.2019 the SNN Ordinary General Meeting of Shareholders.

<sup>\*\*)</sup> Pursuant to an accounting error correction, as detailed in the Audited Separate Financial Statements for the years ended 31 December 2017 and 31 December 2018.

<sup>\*\*\*)</sup> 2017: By Resolution no. 13/10.12.2018, the SNN Ordinary General Meeting of Shareholders approved the distribution of the amount of 485,437,300.11 RON as additional dividends to shareholders, according to their equity participation, from other reserves and retained earnings, pursuant to art. II and art. III of Government Emergency Ordinance no. 29/2017 amending art. 1.(1)(g) of Government emergency Ordinance no. 64/2001 on profit distribution in national undertakings, national companies and companies that are fully owned or majority owned by the state, including self-regulated state companies, and amending art. 1(2) and (3) of GEO no. 109/2011 on the corporate governance of public companies, as amended and supplemented.

Year	Gross dividend/share [RON/share]	Dividend record date	Ex-dividend date
2019	1,65306302	16.06.2020	25.06.2020
2018	1,25670615	12.06.2019	28.06.2019
2017	0,9	08.06.2018	28.06.2018

Source: Resolutions of the General Meetings of Shareholders.

**II-SECTION 12****ADDITIONAL INFORMATION****2.12.1 Share capital**

The current share capital of the Company amounts to RON 3,015,138,510, divided into 301,513,851 shares, each with a nominal value of 10 RON.

As of the date of this Prospectus, the Company held no convertible securities, exchangeable securities or securities with warrants.

As of the date of this Prospectus, the Company held no Treasury shares. The Issuer may acquire its own Treasury shares subject to the specific terms and conditions applicable pursuant to the Law on companies and Commission Regulation (EC) No 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments.

The Issuer is not aware of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital. Furthermore, the Issuer is not aware of any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option.

**II. SECTION 13****REGULATORY DISCLOSURES**

*II. 13.1.* A summary of the information disclosed under Regulation (EU) No 596/2014 over the last 12 months which is relevant as at the date of the prospectus.

There were no disclosures under Regulation (EU) No 596/2014 over the last 12 months.

**II. SECTION 14****MATERIAL CONTRACTS****II.14.1 Material contracts concluded in the reference period (01-01-2018 – 17.03.2020)**

In the reference period (August 2018 – August 2020), SNN concluded the following contracts, other than contracts entered into in the ordinary course of business:

**Convertible loan stock granted to Energonuclear S.A.**

By Resolution no. 4/11.07.2017 of the SNN Extraordinary General Meeting, the shareholders of SNN approved the granting of a convertible loan stock of maximum 4,000,000 RON to Energonuclear S.A. ("EN") to finance the maintenance and preservation of Units 3 and 4 of CNE Cernavodă.

The loan agreement was signed by SNN and EN on 13.10.2017.

By Resolution no. 4/30.03.2020 of the SNN Extraordinary General Meeting, the shareholders of SNN approved the increase by 1,500,000 RON, i.e. to a maximum total amount of 5,500,000 RON, of the convertible loan stock granted to Energonuclear, for the purpose of proving finance until 31 December 2020 the earliest. By 30 June 2020, Energonuclear had drawn 4,000,000 RON from the maximum amount of the loan, resulting in a capitalised interest of 184,788 RON for SNN.

## Sponsorship agreement

In the reference period, SNN concluded a number of sponsorship agreements, in accordance with the amounts approved in the Revenue Budget: the agreements were aimed at providing support to humanitarian and charity initiatives with a significant impact in the local community. Sponsorships are granted subject to SNN's CSR policy, which is available on the SNN website, and are published each year in the Regular Reporting section of the Company's annual reports, in accordance with Resolution no. 8/6.10.2014 of the Extraordinary General Meeting of Shareholders and Order no. 704/2014.

In the reference period, the material contracts were as follows:

- The provision of modern equipment, lab kits and digital education systems for the physics and chemistry labs of 11 education institutions in the Constanța county (Cernavodă, Fetesti, Medgidia, and Constanța), to facilitate the acquisition of practical knowledge in a welcoming environment; approximative value: 3 mn. RON.
- The provision of modern medical equipment for the Cernavodă Town Hospital, to facilitate the provision of high quality medical services for the inhabitants of the town of Cernavodă; the equipment provided included a mammograph, a vital functions monitor, electrocardiograph, defibrillator, etc.; value: 995,000 RON.
- The provision of equipment for playgrounds and resting areas and the modernisation of streets in the town of Cernavodă, in cooperation with the town city hall, to create a safe, clean and friendly environment for the inhabitants of the town and their children: value: 851,868 RON.
- The provision of partial funding for the acquisition of a surgical unit for the Coltea Hospital and other equipment; value: 2 mn. RON.
- The provision of partial funding for the extension of the existing Neo-Natal Intensive Care Unit of the M.S. Curie Emergency Hospital; value: 1,840,000 RON.

## THIRD PARTY INFORMATION, EXPERTS' REPORTS AND MATERIAL INTERESTS

The Intermediary hereby declares that it has no interest in the Issuer's share capital increase, except for interests relating to the best execution of the investment services agreement concluded with the Issuer.

The Issuer hereby declares that it has no interest in the share capital increase except for interests arising from the successful completion of the share capital increase procedure.

The Prospectus does not include experts' statements or reports. Third party information has been accurately reproduced and that as far as the issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## II. SECTION 15

## DOCUMENTS AVAILABLE

This Prospectus will be available on the website of the Bucharest Stock Exchange ("**BSE**"), at [www.bvb.ro](http://www.bvb.ro), the Issuer's website, at [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro), as well as the Intermediary's website, at [www.swisscapital.ro](http://www.swisscapital.ro), while the printed Prospectus will be available free of charge, upon request, during Intermediary's regular working hours, at the Intermediary's offices at 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1, Bucharest, as well as at the Issuer's offices. The documents below will also be available at a

minimum on the Issuer's website, the website of the Bucharest Stock Exchange and the Intermediary's website:

- the FSA Decision to approve the Prospectus
- the Prospectus;
- the Subscription form;
- the Subscription cancellation form.

The land valuation report prepared by Evaimob Optimus Valorem will be available on the Issuer's website, at [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro).

### III

<b>III. SECTION 1</b>	<b>PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL</b>
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For information on the persons responsible, see page 17 of this Prospectus.

<b>III. SECTION 2</b>	<b>RISK FACTORS</b>
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For information on the persons responsible, see page 16-25 of this Prospectus.

<b>III. SECTION 3</b>	<b>KEY INFORMATION</b>
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#### **III.3.1 The interests of the individuals and legal entities involved in the issuance**

The Issuer hereby declares that it has no interest in the share capital increase except for interests arising from the share capital increase.

The Intermediary hereby declares that it has no interest and there is no conflict of interest which may have a significant influence on the Issuer's share capital increase, except for interests relating to the execution of the investment services agreement concluded with the Issuer.

#### **III.3.2 The reasons for the offer and the use of the proceeds**

The Board of Directors Resolution of 24.02.2020 approved the company's share capital increase by contribution in kind and in cash amounting to a maximum of 1,380,150 RON, from the current amount of 3,015,138.510 RON to 3,016,518,660 RON, through the issuance of a maximum number of 138,015 new registered shares in book-entry form, at a price of RON 10/share, i.e. the nominal value of the shares (premium excluded), of which:

- 113,857** New shares in the amount of RON **1,138.570**, accounting for the contribution in kind of the Romanian Government through the Ministry of Economy, Energy and the Business Environment, pursuant to acquiring the certificate of title series MO3 no. 6899 issued by the Ministry of Industry and Resources on 12.10.2001.
- maximum **24,158** New shares in the amount of RON **241,580** to be offered to holders of pre-emption rights in exchange for the contribution in kind of the Romanian Government through the Ministry of Economy, Energy and the Business Environment, and other shareholders, namely the persons who qualify as shareholders as of Record Date, in order to maintain their shareholding quota in SNN as of Record Date.

The Board of Directors Resolution was notified to the market by way of the Current Report of 24.02.2020, published in the Official Gazette of Romania no. 1255 of 02.04.2020

### **III.3.3 Working capital statement**

The Issuer declares that, in its opinion, the working capital is sufficient for the Issuer's present requirements.

### **III.3.4 Capitalisation and indebtedness**

At the end of 2019, according to the financial statements prepared under IFRS - EU, the Company's equity amounted to 7,334,689,593 RON, while net current liabilities amounted to 539,925,085 RON, of which interest-bearing liabilities (current long-term liabilities) amounted to 212,891,292 RON. At the end of 2019, liabilities accounted for approximately 17% of the Company's total assets.

As of 30.06.2019, according to the financial statements prepared under IFRS - EU, the Company's equity amounted to 7,090,695,118 RON, while net liabilities amounted to 532,660,033 RON, of which interest-bearing liabilities (current long-term liabilities) amounted to 209,491,576 RON. As of the same date, liabilities accounted for approximately 18% of the Company's total assets.

<b>III. SECTION 4</b>	<b>DETAILS OF THE OFFER/ADMISSION TO TRADING</b>
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**III.4.1** A description of the type, class and amount of the securities being offered and/or admitted to trading, including the international security identification number ("ISIN").

The New Shares will be issued for subscription by the shareholders at the price of 10 RON/share, taking into account their participation in the Company's share capital on Record Date.

The same as the Existing shares, the shares to be issued in the Share Capital Increase will be non-divisible shares of the same class, i.e. ordinary shares, conferring to their holders the same rights as Existing Shares.

All the shares of the Issuer are governed by the law on companies and the rules and regulations currently applicable to the capital market. The Issuer's shares have been traded on BSE, the Premium category, as of 04.11.2013, ISIN : ROSNNEACNOR8.

The Central Depositary headquartered at 34-36 Carol I Blvd., 3<sup>rd</sup>, 8<sup>th</sup> and 9<sup>th</sup> floor, district 2, postal code 020922, Bucharest is in charge of keeping record of the Company's shares.

The Issuer's shares are registered shares in book-entry form issued in RON, conferring equal rights and obligations on their holders, as per the provisions of the laws on companies, the regulations applicable on the capital market and the Issuer's Articles of Association. The shares subscribed in the share Capital Increase will be recorded in book-entry form and records will be kept by the Central Depositary.

**III.4.2** The currency of the shares issue. – Shares will be issued in Romanian LEI.

**III.4.3** In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the shares have been or will be created and/or issued.

The shares issue, namely the Share Capital Increase, is based on the Board of Directors Resolution of 24.02.2020, published in the Official Gazette part IV, no. 1255 of 02.04.2020

**III.4.4** Description of any restrictions on the transferability of the shares. – N/A



**III.4.5** A warning that the tax legislation of the investor's Member State and of the issuer's country of incorporation may have an impact on the income received from the securities.

Investors are warned that tax legislation of the investor's Member State and of the issuer's country of incorporation may have an impact on the income received from the securities.

Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.

According to the legal provisions in force in Romania as of Prospectus date, dividend tax is 5% and is withheld by the Company. The Company will determine, withhold and pay dividend income tax when dividends are paid out to the Company.

According to the legal provisions in force in Romania, capital gains earned by individuals or legal entities from the sale of shares are subject to a 10% tax.

In the case of non-resident (individual or legal entity) shareholders, tax on capital gains may be reduced or eliminated taking into account the non-resident shareholder's country of residence and the provisions of the agreement for the avoidance of double taxation (if any) concluded between Romania and the non-resident shareholder's country of residence.

To benefit from the provisions laid down in the relevant agreement for the avoidance of double taxation, the party concerned should take out a certificate of residence for tax purposes issued by the tax authorities in the relevant country of residence which is valid for the financial year when taxable income was earned.

The information above is based in the legal provisions in force in Romania as of Prospectus date and is not meant as legal advice or exhaustive presentation of the tax issues arising from the acquisition, holding or sale of the shares issued by the Company.

The Company advises potential investors to consult with their legal, tax and financial advisors with regard to the applicable tax regulations, including the enforcement of agreements for the avoidance of double taxation and the potential amendments to tax laws, before deciding on the opportunity to invest in the New Shares issued by the Company.

**III.4.6** If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including the legal entity identifier ("LEI") where the offeror has legal personality. – N/A

**III.4.7** A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights

The main rights attached to the Existing shares which will also be attached to the New Shares are listed below. Thus, in accordance with the legal provisions in force and the Company's Articles of Association, each of the Company's shares will confer the following rights on their holder:

- (i) *The right to participate and vote in the Company's general meetings of shareholders:* Any shareholder may participate in the Company's general meetings of shareholders, each subscribed and paid-up share conferring the right to one vote, the right to elect and be elected in the company's management bodies, the right to participate in the company's dividend distribution and the right to make claims to the Company's estate in liquidation. Voting rights may be exercised only to the extent that shareholders observe the provisions set out in the applicable specific laws, and only provided that voting rights have not been suspended by the company's Board of Directors. Shareholders may participate and vote in the general meetings by proxy. Shareholders



may be represented by persons other than shareholders, except for Board members, officers or other company employees. The meeting's calling notice will indicate how and when to submit relevant powers of attorney. When in respect of certain company operations, there are shareholders who, either in person or as representatives of another person, have interests that are contrary to the interests of the company, such shareholders should abstain from participating in discussions relating to those operations, or shall otherwise be held liable for damage caused to the company, provided that their votes were needed to obtain a majority. Voting rights may not be assigned, and any agreement whereby shareholders undertake to exercise voting rights in accordance with the instructions or recommendations of the company or representatives shall be deemed null and void.

(ii) *The right to elect and be elected in the company's management bodies;*

(iii) *The right to dividends and the right to participate in the distribution of the Company's net profit:* The General Meeting of Shareholders is the Company's main corporate governance body which decides on the Company's business as well as on its economic and financial policy. The General Meeting of Shareholders will convene at least once a year, no later than 5 months from the closing of the financial year. The General Meeting of Shareholders will decide on the distribution of net profit as dividends, if appropriate. In the event of negative net worth, the Company's equity should be rounded or truncated before profit distributions or allocations are possible. When deciding on the distribution of dividends, the General Meeting of Shareholders will also establish a date at least 10 business days after the General Meeting of Shareholders date for the identification of the shareholders who will collect dividends. Dividends will be paid out on the date established by the General Meeting of Shareholders, no later than 6 months after the date of the General Meeting of Shareholders.

(iv) *Pre-emption rights* are rights exclusively associated with share capital increase procedures, where shareholders have the right to purchase first the new shares issued, taking into account their participation in the Company's share capital, while also protecting their share of ownership in the Company's share capital from dilution. Pre-emption rights are conferred to all shareholders in the Shareholder Register, regardless of their participation in the issuer's Extraordinary General Meeting or the vote given with respect to the share capital increase. The resolution of the extraordinary general meeting will be submitted to the trade register office by the company's board of directors, for the purposes of amendments to the information in the register and publication of amended information in the Official Gazette of Romania, Part IV. The shares issued for the company's share capital increase will be offered to existing shareholders according to the number of existing shares held as of record date. Any unsubscribed shares will be cancelled, and the share capital increase will be validated within the limits of the amount effectively paid-up pursuant to valid subscriptions. Pre-emption rights will be exercised within the term established by the General Meeting. The term will not be shorter than a month and will be subsequent to the record date and the publication of the relevant general meeting resolution in the Official Gazette of Romania, Part IV. The term will be indicated in the Prospectus of the offer, in accordance with the Capital market law. The number of pre-emption rights is equal to the number of shares registered in the Shareholder Register as of Record Date. The Extraordinary General Meeting's resolution concerning the share capital increase will include information on the number of pre-emption rights required to purchase one new share, the price of the new shares subscribed by exercising pre-emption rights, the subscription term and the price for which the public may subscribe new shares following exercise of pre-emption rights, if applicable. Shareholders are also entitled to pre-emption rights when the company issues convertible bonds.

- (v) *The right to be allotted free shares in the event of a share capital increase based on internal resources*
- (vi) *The right to information*, whereby shareholders may request to consult the registers showing the deliberations of the General Meetings of Shareholders and of the Board of Directors, when the latter is authorised to carry out duties assigned by the General Meeting of Shareholders, the financial statements, as well as the documents and instruments in support of the items on the agendas of the General Meetings of Shareholders;
- (vii) *The right to the proceeds resulting from the company's liquidation or the right to a part of the Company's net worth upon liquidation;*
- (viii) *The right to take legal action against the resolutions of the general meetings of shareholders or the decisions of the Board of Directors adopted following authorisation by the General Meeting of Shareholders;*
- (ix) *The right to squeeze out from the Company under certain circumstances and conditions provided by law.* According to the applicable legislation in force, the shareholders who did not vote in favour of a resolution made by the general meeting of shareholders are entitled to squeeze out from the company, only provided that the resolution's subject matter refers to:
- changes in the company's main line of business;
  - relocation of the company's office abroad;
  - changes in the company's legal form of incorporation;
  - the company's merger or spin-off.

**III.4.8** Statement on the existence of any national legislation on takeovers applicable to the issuer which may frustrate such takeovers, if any. – N/A

**III.4.9** Indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated. – N/A

III. SECTION 5	TERMS AND CONDITIONS OF THE OFFER
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#### *Characteristics of the Offer*

The Offer refers to the sale of a number of ordinary, registered, non-divisible shares in book-entry form that are freely negotiable.

#### *Number of New Shares*

- A maximum number of **24,158 New Shares** issued for the holders of Pre-emption rights, with the exception of the Romanian state represented by the Ministry of Economy, Energy and the Business Environment, which will be allotted a number of 113,857 shares accounting for contribution in kind pursuant to acquiring the certificate of title series MO3 no. 6899 issued by the Ministry of Industry and Resources on 12.10.2001;

#### *Nominal value of New Shares*

10 RON/share

<i>Price of the Offer</i>	10 RON/share
<i>Value of the Offer</i>	Maximum 241,580 RON
<i>Term of the Offer</i>	The Offer will be deemed launched on the Business Day immediately following the date when the Prospectus is published. The Offer term is 31 calendar days, from 17.08.2020 to 16.09.2020 for existing shareholder exercising their Pre-emption rights;
<i>Conditions for subscriptions in the Offer</i>	All the shareholders listed in the Shareholder Register maintained by the Central Depository on Record Date will be allowed to subscribe in the Offer, taking into account their participation in the Company's share capital on Record Date;
<i>Subscription process</i>	<p>New shares may be subscribed by the holders of Pre-emption rights as follows:</p> <ul style="list-style-type: none"> <li>- In the case of holders of Pre-emption rights whose Rights are registered with Section I as of subscription date, subscriptions will be performed exclusively through the Intermediary of the Offer, SSIF Swiss Capital SA, by filling out the subscription form, subject to the submission of all the documents required for subscription validation purposes, as listed below.</li> <li>- In the case of holders of Pre-emption rights whose Rights are registered with Section II as of subscription date (through a Participant), subscriptions will be performed exclusively through the respective Participant (Intermediary).</li> <li>- In the case of holders of Pre-emption rights whose Rights are registered with Section III as of subscription date (participant own accounts), subscriptions will be performed exclusively through the respective participant (Intermediary).</li> </ul> <p>The Subscription form will be available in the websites <a href="http://www.swisscapital.ro">www.swisscapital.ro</a> and <a href="http://www.nuclearelectrica.ro">www.nuclearelectrica.ro</a>, as well as at the offices of the Intermediary in București, Bulevardul Dacia nr. 20, Cladirea Romana Offices, Et. 4, Sector 1, Romania. Payment of shares will be made by bank transfer to the <b>account RO91BRDE450SV10313224500 opened with BRD – Groupe Societe Generale</b>. Each underwriter will be entitled to subscribe New Shares taking into account their participation in the Company's share capital on Record Date, also considering the Subscription Rate of 0.000457740 New Shares for an existing share held; existing shareholders may find out the number of shares they are entitled to subscribe at the offices of the</p>

Intermediary. During the Term of the Offer, subscriptions will be received between 09:00 a.m. and 04:00 p.m. on each Business Day, except for the last day of the Subscription Term, when subscriptions will be received only until 12:00 p.m. No subscriptions will be accepted after expiry of the aforementioned time limit.

Bank fees associated with the subscriptions will be paid by the underwriters.

Subscription forms will be accompanied by evidence of payment for the shares subscribed.

*Payment of subscribed shares*

Shares will be paid for on subscription date by bank transfer to the relevant Omnibus Account.

*Subscription rate*

The subscription rate is **0.000457740**.

*Guarantee*

There is no commitment on the part of the Intermediary or any other entity to subscribe any part of the Offer which is not subscribed.

*Shareholder Register*

The Shareholder Register is kept by Depozitarul Central SA, headquartered at no. 34-36 Carol I Blvd., 3<sup>rd</sup>, 8<sup>th</sup> and 9<sup>th</sup> floor, district 2, postal code 020922, Bucharest.

*Withdrawal of subscriptions*

Subscriptions in the Offer are irrevocable. Provided that the prospectus is subject to amendments, subscriptions may be withdrawn within 2 (two) business days from the date when the relevant amendment is published. Holders of Pre-emption rights may withdraw their subscriptions by filling out a Subscription Cancellation Form with the Issuer or the Intermediary, when appropriate.

**III.5.1** Conditions, offer statistics, expected timetable and action required to apply for the offer

During the Subscription Term, the shareholders listed in the Shareholder Register as of Record Date, i.e. **13.03.2020**, will have the right to subscribe and pay for the Company's new shares, taking into account their participation in the Company's share capital on Record Date.

The Company's shareholders will exercise their Pre-Emption rights within one month from the date referred to in the Prospectus, subsequent to the Record Date and the publication of the relevant general meeting resolution in the Official Gazette of Romania, Part IV; shareholders will be entitled to subscribe a certain number of shares taking into account the number of shares held as of Record Date.

Subscriptions will be made at the price of 10 RON/share, at the nominal value of the shares, premium excluded. The number of Pre-emption rights granted to each shareholder will be established taking into account the number of SNN shares held as of Record Date.

The Subscription Rate, i.e. the number of Pre-emption rights required for the subscription of one New Share is **0.000457740**. Thus, each shareholder existing as of Record Date will be entitled to subscribe **0.000457740** New Shares for each Existing Share.

The actual number of shares that each shareholder may subscribe is determined by multiplying the Subscription rate (**0.000457740**) by the number of shares held, with any decimal number result truncated to the nearest integer.

### **III.5.2 Allotment**

#### *Plan of share allotment*

Each shareholder existing as of Record Date, i.e. 13.03.2020, will be able to subscribe shares taking into account their participation in the Company's share capital on Record Date, while remaining shares will be cancelled. Each underwriter will be allotted the relevant number of subscribed shares, provided that subscriptions are validated in accordance with the provisions herein.

Following completion of the Offer and before the Share Capital increase is registered with the Central Depository, each underwriter may find out information on the number of shares allotted to them from the Intermediary of the Offer.

Dealings in subscribed and allotted shares may take place after completion of the Issuer's share capital increase procedure and the registration of the shares with the Central Depository.

**III.5.2.1** Process for notifying applicants of the amount allotted and an indication whether dealing may begin before notification is made.

At the end of the Subscription Term, the Board of Directors will acknowledge by way of decision the outcomes of the Share Capital Increase, taking into account the exercise of Pre-emption rights during the subscription Term, and the number of shares cancelled, if any.

Dealings in New Shares may take place after the share capital increase is registered with the Central Depository.

The outcomes of the Offer will be notified to the FSA and BSE within no more than 5 (five) business days from the end of the Subscription Term.

**III.5.2.2** To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer. The Issuer is not aware of the intention of any shareholder or member of the issuer's management, supervisory or administrative bodies to subscribe in the offer or of the intention of any other person to subscribe for more than five per cent of the offer.

### **III.5.3 Pricing**

The price for the exercise of pre-emption rights/the subscription price was established by Board of Directors Decision of 24.02.2020, published in the Official Gazette no. 1255 of 04.02.2020

### **III.5.4 Underwriting**

The Subscription Term will start on 17.08.2020, i.e. the Business Day immediately following the date when the Prospectus is published on the websites of the Issuer, the Bucharest Stock Exchange and the Intermediary and will continue for thirty one (31)

calendar days until 16.09.2020

**i. The subscription of New Shares by the holders of pre-emption rights who, at the time of subscription, were holding pre-emption rights registered with section 1 of the Central Depositary** will take place exclusively through the Intermediary, i.e. SSIF Swiss Capital SA, having its registered office in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4th floor, District 1, postal code 010412, registered with the Trade Register under no. J40/4107/1996, Single Registration Number 8450590, FSA authorisation no. 2674/2003, registered with the FSA Register under no. PJRo1SSIF/400054, e-mail [info@swisscapital.ro](mailto:info@swisscapital.ro)

Consequently, holders of pre-emption rights may exercise such rights to subscribe in the Offer by filling out the Subscription Form and submitting it together with the documents required for subscription validation as follows:

- (i) At the Intermediary's offices, i.e. 20 Dacia Blvd., postal code 010412, district 1, Bucharest, Romania, telephone no. 021.408.42.00, working hours: 09:00 a.m. – 04:00 p.m. on each Business Day, except for the last day of the Subscription Term, when subscriptions will be received only until 12:00 p.m. of the last day of the Subscription Term, 16.09.2020 (included)
- (ii) By post, with acknowledgement of receipt/courier service, within the 31 days of the Subscription Term, at the Intermediary's offices, at the address: Bulevardul Dacia, nr. 20 cod postal 010412, Sector 1, București, Romania. The Intermediary will only consider the Subscription Forms received at its offices until 12:00 p.m. of the last day of the Subscription Term, 16.09.2020 (included).

Subscription forms will be accompanied by evidence of payment for the shares subscribed. In order to exercise their Pre-emption rights, shareholders will fill out their Subscription Forms and submit them with the following documents attached:

<b>A. Resident individuals underwriting in their own name:</b>	<ul style="list-style-type: none"><li>- Identity card/bulletin (original and copy);</li><li>- Account statement</li></ul>
<b>B. Resident individuals underwriting on behalf of other individuals:</b>	<ul style="list-style-type: none"><li>- Identity card/bulletin (original and copy) of the representative and Identity card/bulletin (copy) of the individual on whose behalf the representative acts;</li><li>- Authenticated power of attorney (original or certified copy);</li><li>- Account statement</li></ul>
<b>C. Incompetent resident individuals or resident individuals subject to guardianship/curatorship:</b>	<ul style="list-style-type: none"><li>- Identity card/bulletin (original and copy) of the resident individual underwriting on behalf of an incompetent individual and Identity card/bulletin (copy) of the incompetent individual;</li><li>- Passport (original and copy) and /or residence permit (original and copy) of the individual underwriting on behalf of an incompetent individual – only in the case of foreign citizens;</li><li>- The legal document establishing guardianship/curatorship, as appropriate;</li><li>- Account statement</li></ul>
<b>D. Non-resident individuals</b>	<ul style="list-style-type: none"><li>- Passport or identity card/bulletin of the individual issued by an EEA Member State</li></ul>

<b>underwriting in their own name:</b>	(original and copy); - Account statement
<b>E. Non-resident individuals underwriting through resident authorised representatives:</b>	<ul style="list-style-type: none"> <li>- Passport or identity card/bulletin of the individual issued by an EEA Member State (original and copy);</li> <li>- Identity card/bulletin (original and copy) of the authorised representative;</li> <li>- Authenticated power of attorney (with apostille, if necessary) (original or certified copy)</li> <li>- Certified translation into Romanian or English of the authenticated power of attorney authorising the representative to conclude legal instruments for and on behalf of the non-resident individual;</li> <li>- Account statement</li> </ul>
<b>F. Resident legal entities underwriting in their own name:</b>	<ul style="list-style-type: none"> <li>- Certificate of registration issued by the Trade Register (copy);</li> <li>- Updated Articles of Association/statutes (true copy certified by the legal representative of the legal entity);</li> <li>- Certificate of incumbency (original), issued by the trade register no more than 30 business days before the subscription date, specifying the company's legal representatives;</li> <li>- Original proxy/power of attorney authorising the persons who sign the Subscription Form, issued in the form indicated in the company's Articles of Association or evidence that the person is acting as legal representative of the legal entity underwriting the shares and is authorised to act individually (when the company is represented by two or more persons signing the Subscription Form, evidence will be presented for all such persons) (original power of attorney and any documents certified as true copies by the legal representative of the legal entity);</li> <li>- Identity card/bulletin (original and copy) of the person underwriting on behalf of the legal entity;</li> <li>- Account statement</li> </ul>
<b>G. Non-resident legal entities underwriting in their own name:</b>	<ul style="list-style-type: none"> <li>- Certificate of registration or incorporation issued by the trade register or another equivalent institution in the jurisdiction of incorporation, if any (copy);</li> <li>- Updated Articles of Association/statutes (true copy certified by the legal representative of the non-resident legal entity);</li> <li>- Certificate of incumbency/certificate on the legal entity's current position or other equivalent documents issued by the trade register or another equivalent institution in the jurisdiction of incorporation, or, if no institution is authorised to issue such</li> </ul>

certificate, any other document evidencing that the individuals act as legal representatives of the entity (original), issued no more than 30 business days before the subscription date (original); such corporate document belonging to a non-resident legal entity will clearly show whether the entity's legal representatives are entitled to act individually or jointly;

- When subscriptions are made by a person other than the legal representative(s) of the non-resident legal entity, the proxy/power of attorney signed by the legal representative of the non-resident legal entity, authorising the relevant person to subscribe shares on behalf of the non-resident legal entity (original and copy);
- Identity card/bulletin of the person underwriting as legal or authorised representative of the non-resident legal entity: passport, identity card (for EU/EEA citizens) (copy);

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**H. Non-resident legal entities underwriting through a resident legal entity:**

- Certificate of registration or incorporation issued by the trade register or another equivalent institution in the jurisdiction of incorporation, if any (copy);
- Updated Articles of Association/statutes (true copy certified by the legal representatives of the legal entity);
- Certificate of incumbency/certificate on the legal entity's current position or other equivalent documents issued by the trade register or another equivalent institution in the jurisdiction of incorporation, or, if no institution is authorised to issue such certificate, any other document evidencing that the individuals act as legal representatives of the entity (original), issued no more than 30 business days before the subscription date (original); such corporate document belonging to a non-resident legal entity will clearly show whether the entity's legal representatives are entitled to act individually or jointly;
- Certificate of registration of the legal entity representative issued by the trade register (copy);
- Updated Articles of Association/statutes of the legal entity representative (true copy certified by the legal representatives of the legal entity);
- Certificate of incumbency (original), for the resident legal entity representative issued by the trade register no more than 30 business days before the subscription date;
- Identity card/bulletin (original and copy) of the legal representative of the resident legal entity underwriting on behalf of the non-



	<ul style="list-style-type: none"> <li>resident legal entity;</li> <li>- Power of attorney signed by the legal representative(s) of the non-resident legal entity authorising the resident legal entity to underwrite in the Offer;</li> <li>- Account statement</li> </ul>
<b>I. International Financial Institutions (IFI):</b>	<ul style="list-style-type: none"> <li>- Articles of Association/Statutes or a copy of the Romanian law whereby Romania accepted or acknowledged the IFI's Articles of Association;</li> <li>- Power of Attorney/mandate authorising the person signing the Subscription Form on behalf of the IFI (original or authenticated copy);</li> <li>- Identity card/bulletin of the person signing the Subscription Form on behalf of the IFI (copy);</li> <li>- Account statement</li> </ul>
<b>J. Resident/non-resident individuals represented by an asset management company through a portfolio management agreement. Documents for the asset management company:</b>	<ul style="list-style-type: none"> <li>- Identity card/bulletin of the resident individuals (copy);</li> <li>- Passport, identity card (for EU/EEA citizens) (copy) for non-resident individuals;</li> <li>- Power of attorney (original and copy);</li> <li>- Certificate of registration issued by the trade register (copy);</li> <li>- Updated Articles of Association/statutes (true copy certified by the legal representatives of the legal entity);</li> <li>- Certificate of incumbency (original) issued by the trade register no more than 30 business days before the subscription date);</li> <li>- Original proxy/power of attorney authorising the persons who sign the Subscription Form, issued in the form indicated in the company's Articles of Association or evidence that the person is acting as legal representative of the legal entity underwriting the shares and is authorised to act individually (when the company is represented by two or more persons signing the Subscription Form, evidence will be presented for all such persons) (original power of attorney and any documents certified as true copies by the legal representative of the legal entity);</li> <li>- Identity card/bulletin of the person signing the Subscription Form on behalf of the legal entity (copy);</li> <li>- Account statement</li> </ul>
<b>K. Entities managed by other resident/non-resident legal entities (e.g. investment funds, pension funds)</b>	<ul style="list-style-type: none"> <li>- The documents below will be submitted by the legal entity managing the entity underwriting the shares and will be accompanied by the authorisation granted to the entity by the competent supervisory authority;</li> <li>- Certificate of registration issued by the trade register (copy);</li> </ul>

- Updated Articles of Association/statutes (true copy certified by the legal representatives of the legal entity);
- Certificate of incumbency (original) issued by the trade register no more than 30 business days before the subscription date);
- Original proxy/power of attorney authorising the persons who sign the Subscription Form, issued in the form indicated in the company's Articles of Association or evidence that the person is acting as legal representative of the legal entity underwriting the shares and is authorised to act individually (when the company is represented by two or more persons signing the Subscription Form, evidence will be presented for all such persons) (original power of attorney and any documents certified as true copies by the legal representative of the legal entity);
- Identity card/bulletin of the person signing the Subscription Form on behalf of the legal entity (copy.
- Account statement

Only the Subscription Forms registered at the Intermediary's office no later than the last day of the Subscription Term (included) will be considered. After expiry of the time limit, no subscriptions by the shareholders will be accepted. Subscription Forms will be accompanied by evidence of payment of the amount accounting for the product of the number of shares subscribed and the subscription price. Payment of shares will be made by bank transfer to the Omnibus Account. Investors will receive no interest on their amounts.

Each underwriter in the Offer will be entitled to underwrite taking into account their participation in the Company's share capital and may find out the number of shares they are entitled to subscribe at the offices of the Intermediary.

Regardless of the manner of subscription, underwriting in the Offer hereunder means unconditional acceptance of the terms and conditions of the Offer and the Prospectus as a whole, investors confirming that they have received, read, understood and accepted the terms and conditions in this Prospectus and have subscribed thereunder.

The Intermediary will review the subscription forms received at its offices, as well as the accompanying documentation, and will validate the same in accordance with the terms and conditions herein. The Subscription Form is available at the Intermediary's offices as well as on the websites [www.swisscapital.ro](http://www.swisscapital.ro) and [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)

Payment of shares will be made to the Account **RO91BRDE450SV10313224500** opened by the Issuer **with BRD – Groupe Societe Generale SA**. Bank fees associated with the subscriptions will be paid by the underwriters. Subscriptions will be deemed valid when the Omnibus Account is credited with the relevant amounts for subscription purposes, no later than 12:00 p.m. on the last day of the Offer.

When the amounts transferred by the shareholders to the Omnibus Account are lower than the amounts required for the subscription of the number of shares specified in the Subscription Forms, investors will be allotted a number of shares corresponding to the amounts actually paid.

When the amounts deposited are higher than the amounts required for the subscription of the number of shares requested, Subscription Forms will be validated for the number of shares specified in the Subscription Forms, while the amounts remaining will be refunded within maximum 5 Business Days from the closing of the Subscription Term, to the bank account indicated by the shareholders in their Subscription Forms.

Each payment order will correspond to one subscription, while the joining of several payment orders for one subscription is not possible. The subscription price for the shares is exclusive of bank fees or other applicable fees. Investors should take into consideration bank transfer fees and the time required for the processing thereof.

The Intermediary will not be held liable if, for reasons beyond its control, the Omnibus Account is not actually credited with the amounts required for subscription by the end of the last Business Day of the Subscription Term.

When registering subscription forms, consideration for the shares subscribed should be fully paid, meaning that the corresponding amounts should be deposited with the Omnibus Account.

**ii. The subscription of new shares by the holders of Pre-emption rights who have a valid investment services agreement signed with a participant, including the Intermediary, and who, at the time of subscription, were holding pre-emption rights registered with section 2 and 3 of the Central Depository**

In this case, subscriptions will be made in accordance with the provisions laid down in the brokerage agreement, with no need to submit the identification documents listed above, except when changes occurred since the latest data update. Subscriptions will be made following an instruction placed in accordance with the valid investment services/custody agreement signed with the Participant/Intermediary, via any means of communication provided for in the relevant agreement. The Shareholders concerned are not required to fill out Subscription Forms.

The Intermediary or Participant will accept the subscriptions in accordance with the provisions of this Prospectus and the internal regulations applicable to the receipt, validation and execution of the instructions received, as well as to the settlement of instructions by the Central Depository system.

The Intermediary or Participant concerned will be fully responsible for the validation of subscriptions as well as for the existence of sufficient funds at the time of the settlement. Following validation of the subscriptions, the Intermediary (S.S.I.F. Swiss Capital S.A. or the Participant, as appropriate) will place the subscription instruction with the Arena post-trading Central Depository system. Instructions are placed for valid subscriptions, and funds are settled through the settlement system operated by the Central Depository, during daily settlement session.

Subscriptions for new shares will not be validated unless the subscription procedure set out herein is observed. Non-validated subscriptions for new shares will be cancelled, while investors will be notified under the conditions set out in the investment services/custody agreement signed with the Participant or the Intermediary.

The Intermediary or Participant concerned will be fully responsible for the existence of sufficient funds for settlement purposes. The new shares subscribed will be paid for in accordance with the procedures specified by the Participant/intermediary.

Subscriptions of new shares will observe the regulations and procedures of the Central Depository, subject to the conditions set out herein, as well as the procedures of the Participant.

The new shares subscribed by Investors holding pre-emption rights registered with section 2 of the Central Depository, as well as subscriptions made through SSIF Swiss Capital S.A. as Intermediary and other authorised intermediaries acting as participants in the Offer will be paid for in accordance with the regulations of the Central Depository, since settlement is performed by the Central Depository. Thus, the amounts corresponding to the subscriptions made through SSIF Swiss Capital S.A. and other intermediaries authorised by the FSA will be transferred by investors in accordance with the procedures specified by the relevant intermediary.

All the documents submitted by shareholders in connection with their subscriptions of Shares will be prepared in the English or the Romanian language or will be accompanied by an authenticated translation into the English or the Romanian language.

The completed and signed Subscription Form as well as the documents referred to above will be submitted by hand, courier service or registered post with acknowledgment of receipt, at the Intermediary offices in Bucureşti, Bulevardul Dacia, nr. 20, cod postal 010412, Sector 1, Romania, in a sealed envelope reading "*for the share capital increase of S.N. NUCLEARELECTRICA SA*".

If opting for delivery by registered post or courier service, shareholders should be aware of the fact that documents should reach the Intermediary's offices no later than 12:00 p.m. on the last day of the Subscription Term. No subscriptions will be accepted after that date.

Following expiry of the Subscription term, the Company's Board of Directors will convene to review the relevant subscriptions and payments and will acknowledge the outcomes of the Offer.

Thus, after expiry of the Subscription Term and after the Board of Directors issues the report concerning the outcomes of the Offer, the Company will register the share capital increase with the Trade Register. Then, the Trade Register issues the Certificate of records which will be submitted to the FSA, who, in its turn will issue the securities registration certificate; subsequently, the new shareholders and shares will be registered with the Central Depository.

Within 5 Business Days from the closing of the Subscription Term, the Intermediary will prepare and submit a notice to the Bucharest Stock Exchange and the Financial Supervisory Authority concerning the outcomes of the Offer. The notice will be published on the Bucharest Stock Exchange website ([www.bvb.ro](http://www.bvb.ro)).

After the closing of the subscription term, the Issuer will act with due care and diligence for the purpose of registering the company's new share capital with the Trade Register.

The settlement process relating to the share capital increase will take place in accordance with the procedures of the Central Depository applicable to the processing of corporate events.

In the case of the shareholders who subscribed shares on the basis of their pre-emption rights registered with Section 2 of the Central Depository as of the time of the subscription, settlement of subscriptions will take place in accordance with the regulations of the Central Depository applicable to the processing of corporate events.

In the case of the investors who subscribed shares through SSIF Swiss Capital S.A., on the basis of their pre-emption rights registered with Section 1 of the Central Depository as of the time of the subscription, the Central Depository will be provided with a summary statement of all the valid subscriptions no later than 06:00 p.m. on the last day of the subscription term.

Based on the subscriptions performed through the Central Depository system,

corresponding to the pre-emption rights registered with section 2 of the Central Depository as of subscription date and the subscriptions performed through SSIF Swiss Capital S.A., corresponding to the pre-emption rights registered with section 1 of the Central Depository as of subscription date, the outcome of the subscriptions will be registered on the Business Day following the closing of the subscription term, by transforming the exercised pre-emption rights into allotment rights.

**III.5.4.1** Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place. – N/A

**III.5.4.2** Name and address of any paying agents and depository agents in each country. – N/A

**III.5.4.3** Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under best 'efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission. – N/A

**III.5.4.4** When the underwriting agreement has been or will be reached. – N/A

<b>III. SECTION 6</b>	<b>ADMISSION TO TRADING AND DEALING ARRANGEMENTS</b>
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After confirmation by the FSA of the closing of the Offer, the Issuer, with the Intermediary's support, will take all the necessary steps to complete the Share Capital Increase procedure by registering the share capital increase with the Central Depository and ensuring that the shares are traded on the regulated market operated by the Bucharest Stock Exchange.

After expiry of the Subscription Term and after the Board of Directors issues the report concerning the outcomes of the Offer, the Company will register the share capital increase with the Trade Register. Then, the Trade Register issues the Certificate of records which will be submitted to the FSA, who, in its turn will issue the securities registration certificate; subsequently, the new shareholders and shares will be registered with the Central Depository.

The shares issued by the time when this Prospectus was prepared have been traded on the regulated market operated by BSE, the premium category, stock symbol SNN, as of 04.11.2013. After the subscription process, the new shares will be traded on the same market, in accordance with the relevant legal provisions.

Admission to trading of the subscription rights attached to the new shares is not currently sought.

Admission to trading of the newly created securities on a market other than the market where the shares issued by SNN are currently traded (BSE) is not currently sought.

There are no entities which have given a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates.

<b>III. SECTION 7</b>	<b>SELLING SECURITIES HOLDERS</b>
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Each shareholder existing as of Record Date, i.e. 13.03.2020, will be able to subscribe

shares taking into account their participation in the Company's share capital on Record Date.

### **III. SECTION 8**

### **EXPENSE OF THE OFFER**

The total fees and commission payable by the Issuer in relation to the Share Capital Increase is not expected to exceed 62 thousand RON, including the fees charged by capital market institutions, the Intermediary and other expenses associated with the Offer (publication, notary authentication, translations, and others).

The proceeds derived by the Issuer from the Share Capital Increase may be used to finance the Issuer's current operations.

Investors will not be charged by the Issuer with fees, commissions or other expenses associated with the share Capital Increase.

Bank fees associated with the subscriptions made by the shareholders will be entirely paid by them.

However, investors should consider the fact that the price of the shares subscribed should be paid net of any bank fees and commissions. Investors should take into consideration bank transfer fees and the time required for the processing thereof.

### **III. SECTION 9**

### **DILUTION**

The Offer will take place taking into account the Pre-emption Rights of the Issuer's shareholders registered in the Issuer's shareholder Register as of Record Date. Thus, if all the shareholders holding pre-emption rights who are registered in the shareholder Register as of Record Date will exercise their Pre-emption rights, no equity participation of any shareholder would be diluted.

If no shareholder subscribes in the Offer, the participation of shareholders in the Issuer's share capital will be diluted as follows:

- (i) The Romanian state represented by the Ministry of Economy, Energy and the Business Environment will increase its holding to 248,850,476 shares, accounting for 82.5336% versus 82.4959% as of Prospectus Date;
- (ii) Other shareholders will reduce their participation in the Issuer's share capital from 17.5041% to 17.4664%.

### **III. SECTION 10**

### **ADDITIONAL INFORMATION**

The Issuer declares that the Prospectus does not include statements or reports from experts or third parties.

The Issuer declares that the information from financial statements has been accurately reproduced and that as far as the issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer recommends that shareholders should read this Prospectus only in conjunction with the company's financial statements which will be made available to the shareholders as of the date when the Prospectus is approved.

Both the Issuer represented by Mr. Cosmin Ghita – CEO and the Intermediary represented by Mr. Olimpiu Blajut – Deputy General Manager undertake responsibility for the

information in this Prospectus and confirm that the information is accurate and shows no omissions which may significantly impair the content herein.

## AVAILABILITY OF DOCUMENTS

This Prospectus will be available on the website of the Bucharest Stock Exchange, at [www.bvb.ro](http://www.bvb.ro), on the Issuer's website, at [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro), as well as on the Intermediary's website, at [www.swisscapital.ro](http://www.swisscapital.ro), while the printed version of the Prospectus will be made available upon request and free of charge at the Intermediary's registered office located at no. 20 Dacia Blvd., Romana Offices Building, 4<sup>th</sup> floor, District 1, Bucharest, as well as the Issuer's registered office located at no. 65 Polonă St., district 1, Bucharest, during regular working hours. The following documents will be available at a minimum on the Issuer's website, the website of the Bucharest Stock Exchange and the Intermediary's website:

- The FSA Decision to approve the Prospectus;
- The Prospectus;
- The Subscription form;
- The Subscription cancellation form.

The valuation report prepared by Evaimob Optimus Valorem will be available on the Issuer's website, at [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro).

## IV. DEFINITIONS

In this Prospectus, unless otherwise provided for to the contrary, the following terms shall have the following meanings both in the singular and the plural:

<b>Articles of Association</b>	the Articles of Association of S.N. Nuclearelectrica SA, as amended and supplemented
<b>Majority shareholder</b>	the Ministry of Energy, small and Medium Enterprises and the Business Environment, holding 82.4959% of the Company's share capital
<b>Existing shares</b>	the shares of S.N. Nuclearelectrica SA that are already issued, subscribed and paid up as of Prospectus date, namely 301,513,851 shares, with a nominal value of 10 RON/share
<b>New shares</b>	the shares issued by S.N. Nuclearelectrica SA as of Prospectus authorisation date, as part of the Share Capital Increase, pursuant to Board of Directors Resolution of 24.02.2020
<b>AECL</b>	Atomic Energy of Canada Limited
<b>GM</b>	General Meeting of Shareholders
<b>EGM</b>	Extraordinary General Meeting of Shareholders
<b>OGM</b>	Ordinary General Meeting of Shareholders
<b>Second Energy Package</b>	EU Directives 2003/54/EC and 2009/72/EC of the European Parliament and of the Council
<b>ANRE</b>	National Authority for Energy Regulation
<b>FSA</b>	Financial Supervisory Authority
<b>ECB</b>	European Central Bank

<b>NBR</b>	National Bank of Romania
<b>BSE</b>	Bucharest Stock Exchange/Bursa de Valori București SA
<b>BoD</b>	Board of Directors
<b>CAD</b>	the currency of Canada
<b>NACE</b>	Statistical classification of economic activities in the European Community
<b>Nuclearelectrica CEA</b>	Collective Employment Agreement no. 240/24.06.2015
<b>IEC</b>	standard individual employment contract
<b>CNCAN</b>	National Commission for the Control of Nuclear Activities
<b>CGN</b>	China General Nuclear Power Corporation
<b>Omnibus Account</b>	the Account designated for collecting the amounts paid for subscriptions in the Offer, namely account <b>IBAN RO91BRDE450SV10313224500 opened with BRD – Groupe Societe Generale SA</b>
<b>Brokerage agreement</b>	the agreement concluded between the Issuer and the Intermediary for the purposes of this Offer
<b>Record Date</b>	13.03.2020. The shareholders registered in the Shareholder Register on this date have the right to subscribe in the Offer
<b>Pre-emption right</b>	negotiable securities granting their holders priority in subscribing shares in the share capital increase, taking into account their participation in the share capital as of subscription date, for a determined period of time
<b>DICA</b>	Dry Cask for the Intermediate Storage of Spent Fuel
<b>Issuer, Company, Societatea Națională Nuclearelectrica SA, SNN,</b>	
<b>S.N. Nuclearelectrica SA</b>	having its registered office in Str. Polonă, nr. 65, Sector 1, București, Romania Trade Register no. J40/7403/1998, Single Registration Number RO10874881, main line of business: Electric power generation, transmission and distribution, NACE code 351, subscribed and paid-up share capital RON 3,015,138,510, divided into 301,513,851 registered shares in book-entry form, with a nominal value of RON 10 each
<b>EUR</b>	the official currency of the EU Member States that adopted it as their official currency in accordance with EU laws
<b>IMF</b>	International Monetary Fund
<b>Subscription Cancellation Form</b>	the form filled out by shareholders in the Offer to cancel their subscriptions, whose template is attached hereto
<b>Subscription form</b>	the form filled out by shareholders in the Offer to subscribe shares, whose template is attached hereto



<b>Group</b>	the group consisting of Societatea Națională Nuclearelectrica SA and Energonuclear SA
<b>GSCI</b>	Group for Studies, Research and Engineering
<b>GR</b>	Government Resolution
<b>GR 365/1998</b>	Government Resolution no. 365 of 2 July 1998 concerning the establishment of Compania Națională de Electricitate S.A., Societatea Națională Nuclearelectrica S.A. and Regia Autonomă pentru Activități Nucleare by the reorganisation of Regia Autonomă de Electricitate RENEL
<b>IAS</b>	International Accounting Standards
<b>ICN</b>	Nuclear Research Institute
<b>IFRS</b>	International Financial Reporting Standards
<b>IFRS EU</b>	International Financial Reporting Standards, as approved by the EU
<b>Intermediary</b>	SSIF Swiss Capital SA, an investment company incorporated and operating under Romanian laws, having its registered office in Bucharest, 20 Dacia Blvd., Romana Offices Building, 4th floor, District 1, postal code 010412, registered with the Trade Register under no. J40/4107/1996, Single Registration Number 8450590, registered with the FSA Register under no. PJRo1SSIF/400054
<b>IPP</b>	Independent Power Producer
<b>JV</b>	the joint venture between Societatea Națională Nuclearelectrica SA and a private investor
<b>Law on energy</b>	Law no. 123/2012 on electricity and heat, as further amended
<b>Law no. 15/1990</b>	Law no. 15/1990 on the reorganisation of state-owned economic agents as self-regulated state entities and companies
<b>Law 24/2017</b>	Law no. 24/2017 on issuers of financial instruments and market operations
<b>Law on companies</b>	Law no. 31/1990 on companies, as amended and supplemented
<b>Share Capital Increase</b>	the share capital increase decided in the BoD of 24.02.2020, involving the issuance of a maximum number of 138,015 new registered shares in book-entry form, at a price of RON 10/share, i.e. the nominal value of the shares (premium excluded)
<b>CVM</b>	Co-operation and Verification Mechanism
<b>MEEMA</b>	Ministry of Economy, Energy and the Business Environment
<b>Offer</b>	this offer for share capital increase

<b>OPCOM</b>	Energy market operator in Romania
<b>GEO</b>	Government Emergency Ordinance
<b>PCCB – LE</b>	Centralised market for bilateral electricity contracts where contracts are traded by way of extended auctions
<b>PCCB – NC</b>	Centralised market for bilateral electricity contracts with continuous negotiation
<b>PC – OTC</b>	Centralised over the counter market for bilateral electricity contracts with double continuous negotiation
<b>PCSU</b>	Centralised market for universal services
<b>PCV</b>	Green Certificates Market
<b>Subscription Term</b>	from 17.08.2020 to 16.09.2020
<b>GDP</b>	Gross Domestic Product
<b>PMC</b>	Electricity market for large consumers
<b>Prospectus</b>	this Prospectus prepared in accordance with art. 26a of (EC) Regulation no. 809/2004
<b>Subscription Rate</b>	0.000457740, so that each existing shareholder as of Record Date may subscribe 0.000457740 New shares for each new share held
<b>RENEL</b>	Regia Autonomă de Electricitate
<b>Shareholder Register</b>	the records of the Issuer's shareholders maintained by Depozitarul Central SA, in accordance with the applicable legal provisions
<b>Regulation no. 5/2018</b>	FSA Regulation no. 5/2018 on issuers of financial instruments and market operations, as amended and supplemented
<b>Regulation no. 980/2019</b>	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004
<b>RON or lei</b>	the official currency of Romania
<b>SEAP</b>	Sistemul Electronic de Achizitii Publice (Electronic Public Procurement System)
<b>NES</b>	National Energy System
<b>Audited Consolidated Financial Statements</b>	the Company's Audited Consolidated Financial Statements for the years ended 31 December 2014 si 2013

**Revised Interim Consolidated Financial Statements** the Company's Revised Interim Consolidated Financial Statements for the 6-month periods ended 30 June 2015 and 30 June 2014

**EU** European Union

**USD** the official currency of the United States of America

**Business day** any day (except for Saturdays, Sundays or other statutory holidays in Romania) when Depozitarul Central SA performs current operations and commercial banks make payments in RON in Romania

**WANO** World Association of Nuclear Operators

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**Issuer**

**S N Nuclearelectrica SA**

**by**

**Cosmin Ghita**

**Chief Executive Officer**

**Intermediary**

**SSIF Swiss Capital SA**

**by**

**Olimpiu BLAJUT**

**Deputy General Manager**