

## **INDEPENDENT LIMITED ASSURANCE REPORT<sup>\*)</sup>**

**on the information included in the Current Reports prepared by the Company in accordance with the requirements of art. 82 of Law no. 24/2017, respectively art. 92<sup>3</sup> of Law no. 24/2017, with subsequent amendments and completions of Law no. 158/2020 and the ASF Regulation no. 5/2018 (former CNVM Regulation no. 1/2006)**

### **To the General Manager of Societatea Nationala Nuclearelectrica S.A.**

1. We were engaged by Societatea Nationala Nuclearelectrica S.A. (hereinafter referred to as “the Company”) to report on the information (hereinafter referred to as “Reported Transactions”) included in the Current Reports (hereinafter referred to as “Current Reports”) dated 10 July 2020 (order to the frame contract of the supply of natural uranium), 10 July 2020 (fixed - term deposit without extension), 14 July 2020 (fixed - term deposit without extension), 15 July 2020 (fixed - term deposit without extension), 17 July 2020 (contract for the supply of products and services for the interconnection of the IT networks), 24 July 2020 (fixed - term deposit without extension), 29 July 2020 (fixed - term deposit without extension), 30 July 2020 (fixed - term deposit without extension), 3 August 2020 (wholesale energy sale contract), 4 August 2020 (addendum to the subscription for the use/exploitation of water resources), 10 August 2020 (fixed - term deposit without extension), 14 August 2020 (fixed - term deposit without extension), 18 August 2020 (wholesale energy sale contract), 21 August 2020 (addendums to the EFET „European Federation of Energy Traders” wholesale energy sale frame contract), 25 August 2020 (addendum to the EFET wholesale energy sale frame contract), 3 September 2020 (wholesale energy sale contract), 9 September 2020 (wholesale energy sale contracts), 17 September 2020 (wholesale energy sale contracts), 22 September 2020 (fixed - term deposit without extension), 25 September 2020 (fixed - term deposit without extension), 6 October 2020 (addendums to the EFET wholesale energy sale frame contract), 13 October 2020 (wholesale energy sale contract), 14 October 2020 (fixed - term deposit without extension), 18 November 2020 (fixed - term deposit without extension), 27 November 2020 (fixed - term deposit without extension), 10 December 2020 (fixed - term deposit without extension), 22 December 2020 (fixed - term deposit without extension), 24 December 2020 (addendum to the EFET wholesale energy sale frame contract), 22 January 2021 (fixed - term deposit without extension), prepared by the Company in accordance with Law no. 24/2017 on Issuers of Financial Instruments and Market Operations (hereinafter referred to as “Law no. 24/2017”), respectively Law no. 24/2017 on Issuers of Financial Instruments and Market Operations, with subsequent amendments and completions of Law no. 158/2020 amending, supplementing and repealing some normative acts [...], (hereinafter referred to as “Law no. 24/2017, with subsequent

<sup>\*)</sup> This represents a non – official English translation of the original limited assurance report issued in Romanian language.

amendments and completions of Law no. 158/2020”) and the Regulation no. 5/2018 of Financial Supervisory Authority (hereinafter referred to as “ASF”) on Issuers of Financial Instruments and Market Operations (hereinafter referred to as “Regulation no. 5/2018”), in a form of an independent limited assurance conclusion that, based on our procedures performed, to confirm whether or not nothing has come to our attention that causes us to believe that the Reported Transactions included in the Current Reports are not, in all material respects, in conformity with art. 144, letter B, 4 paragraph of the Regulation no. 5/2018. The Current Reports mentioned above have been prepared by the management of the Company to report to ASF according to the requirements of art. 82 of Law no. 24/2017, respectively art. 92<sup>3</sup> of Law no. 24/2017, with subsequent amendments and completions of Law no. 158/2020 and of Regulation no. 5/2018.

## **Management's Responsibilities**

2. The management of the Company is responsible for the preparation and presentation of the Current Reports and Reported Transactions included in the above - mentioned Current Reports that are free from material misstatements, in accordance with art. 82 of Law no. 24/2017, respectively art. 92<sup>3</sup> of Law no. 24/2017, with subsequent amendments and completions of Law no. 158/2020 and the Regulation no. 5/2018 and for the information contained therein. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of these Current Reports and Reported Transactions included in the Current Reports, which are free from material misstatements, whether due to fraud or error. Also, this responsibility includes the compliance with the requirements of art. 82 of Law no. 24/2017, respectively art. 92<sup>3</sup> of Law no. 24/2017, with subsequent amendments and completions of Law no. 158/2020 and the Regulation no. 5/2018 and maintenance of adequate supporting documentation in relation to the Current Reports and Reported Transactions included in the Current Reports. The management of the Company is responsible for preventing and detecting fraud and for ensuring that the Company complies with the legislation and regulations in force. The management of the Company is responsible to ensure that personnel involved in preparation of the Current Reports and Reported Transactions included in the Current Reports is properly trained.

## Our Responsibilities

3. Our responsibility is to examine the Reported Transactions disclosed by the Company in the Current Reports and report in the form of an independent limited assurance conclusion on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (“ISAE”) 3000 regarding assurance engagements other than audits or review of historical financial information. This standard requires that we comply with ethical requirements, including independence requirements and plan and perform our procedures in such a way as to obtain a meaningful level of assurance about whether the Reported Transactions included in the Current Reports are, in all material respects, in conformity with art. 144, letter B, 4 paragraph of the Regulation no. 5/2018, as the basis for our limited independent assurance conclusion.
4. The procedures selected depend on our understanding of the Current Reports and Reported Transactions included in Current Reports and other circumstances of the engagement, and on our considerations on areas where material misstatements are likely to arise. In developing our understanding of the Current Reports and Reported Transactions included in the Current Reports we considered Company’s internal controls relevant to the preparation and presentation of the Company’s Current Reports and Reported Transactions in accordance with the requirements of art. 82 of Law no. 24/2017, respectively art. 92<sup>3</sup> of Law no. 24/2017, with subsequent amendments and completions of Law no. 158/2020 and the Regulation no. 5/2018 in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Company’s internal control over the preparation and presentation of the Current Reports and for concluding the Reported Transactions.
5. Limited assurance is narrower than absolute or reasonable assurance. The procedures for obtaining evidence for a limited assurance engagement are more limited than for a reasonable assurance engagement, and therefore lower level of assurance is obtained than in the case of a reasonable assurance engagement.
6. As part of this engagement, we have not performed any audit, review procedures or verification of the Current Reports and of Reported Transactions included in the Current Reports in accordance with the International Standards of Audit or with the International Standards on Review Engagements and nor on the sources from which the Current Reports and Reported Transactions were extracted.

## Criteria

7. Regarding the Company's electricity sales reported in the Current Reports dated 3 August 2020 (contract – no. 1009), 18 August 2020 (contract – no. 1100) and 3 September 2020 (contract – no. 1207), were considered the results of the bidding sessions organized by Opcom S.A., for the electricity sales offers of the Company on PCCB - NC "Centralized market of bilateral electricity contracts - the way of trading according to which contracts are awarded through continuous negotiation". The contracts were concluded based on the confirmations received from Opcom S.A. to conclude transactions.
8. Regarding the Company's electricity sales reported in the Current Reports dated 21 August 2020 (addendums to the EFET frame contract – no. 34950 and 34951), 25 August 2020 (addendum to the EFET frame contract – no. 35174), 6 October 2020 (addendums to the EFET frame contract – no. 35212 and 35221) and 24 December 2020 (addendum to the EFET frame contract – no. 36976), were assigned through transactions concluded on PC - OTC "Centralized market with continuous double negotiation of bilateral electricity contracts". The addendums to the EFET frame contract were drawn up based on confirmations received from Opcom S.A. regarding the conclusion of transactions.
9. Regarding the Company's electricity sales reported in the Current Reports dated 9 September 2020 (contract – no. 1247, 1248, 1249, 1250, 1251 and 1252), 17 September 2020 (contract – no. 1299, 1300 and 1301) and 13 October 2020 (contract – no. 1410), were awarded through transactions concluded by tender on PCCB - LE - FLEX "Centralized market of bilateral electricity contracts and specific documentation for the mode of trading PCCB - LE - FLEX". The contracts were concluded based on confirmations from Opcom S.A. to conclude transactions.
10. Regarding the bank deposits concluded with the Export - Import Bank of Romania - Exim Bank S.A - Bucharest and reported in the Current Reports on 14 July 2020, 30 July 2020, 10 August 2020, 14 August 2020, 10 December 2020 and 22 December 2020, the centralized results of tenders received by the Company from several banking institutions were considered.
11. Regarding bank deposits concluded with CEC BANK S.A - Bucharest and reported in the Current Reports on 10 July 2020, 15 July 2020, 24 July 2020, 29 July 2020, 22 September 2020, 25 September 2020, 14 October 2020, 18 November 2020, 27 November 2020 and 22

January 2021, the centralized results of tenders received by the Company from several banking institutions were considered.

12. The transaction concluded with RASIROM Autonomous Direction - reported in the Current Report on 17 July 2020, with no. act 878, which was concluded in the form of the sectoral service contract no. RUEC 878/15.07.2020 regarding on the provision of products and services for the interconnection of the IT networks within the Company in order to streamline data security, based on Law no. 99/2016 regarding sectoral acquisitions, the SEAP Procedure Report no. 6908/05.06.2020 was considered.
13. Our conclusion has been formed based on, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified conclusion.

#### **Basis for qualified conclusion**

14. The company does not have alternative offers existing on the market for all services and products included in the legal acts concluded with National Company of Uranium S.A. and the Romanian Water National Administration - Dobrogea Seaside Water Administration, presented in the Current Reports dated 10 July 2020 (order to a framework contract for the supply of natural uranium) and 4 August 2020 (addendum to the use / exploitation of water resources - no. act 1021).

The Company does not have evidence regarding alternative offers on the market for the above - mentioned contracts because:

- i. Transaction concluded with National Uranium Company S.A. - reported in the Current Report from 10 July 2020, was concluded in the form of an Order for the Framework Contract for the supply of natural uranium in the form of UO<sub>2</sub> no. 914/19.07.2018 regarding supply of natural uranium in the form of UO<sub>2</sub>, as an exception from applying the Law no. 99/2016 regarding the sectoral acquisitions, based on art. 39. This law is not applicable to: (a) contracts having as their object the purchase of water, if they are assigned by a contracting entity carrying out one or both activities related to drinking water provided for in art. 7 paragraph (1), and (b) contracts assigned by contracting entities that carry out activities of the nature provided for in art. 5 paragraph (1), art. 6 paragraph (1) or art. 11, in order to supply energy or supply fuels for energy production. The company has existing alternative offers on the market, respectively from the company Cameco Marketing Inc.,

but according to art. 2 of Law no. 193/2018 for the regulation of the principles regarding the assurance of the national strategy of Romania regarding the maintenance of the integrated nuclear cycle, by ensuring the raw material for the manufacture of nuclear fuel necessary for the operation of the units from the Cernavoda Nuclear Power Plant, the National Uranium Company S.A. has an exclusive right to supply nuclear fuel, respectively uranium dioxide powder, on the territory of Romania and only if the National Uranium Company S.A. cannot fully provide the amount of fuel necessary for the operation of CNE Cernavoda, the operator of Units 1 and 2 of CNE Cernavoda (S.N. Nuclearelectrica S.A.) has the right to purchase nuclear fuel through a competitive procedure. In this regard, in order to cover the difference of raw material that cannot be ensured by the National Uranium Company S.A., the Company has concluded a Framework Contract with the company Cameco Marketing Inc., a contract that runs in parallel with the Framework Contract no. 914/19.07.2018. During the reference period, the second semester of 2020, the Company launched an order for natural uranium in the form of sinterable UO<sub>2</sub> powder to Cameco Marketing Inc.

- ii. Transaction concluded with Romanian Waters National Administration - Dobrogea Seaside Water Administration - reported in the Current Report from 4 August 2020, no. 1021, was concluded in the form of Addendum no. 4 to the Subscription no. 66/2019 (RUEC no. 427/14.05.2019) for the use / exploitation of water resources - receiving waste water in the resource, from the Nuclear Power Plant Unit 1 and Unit 2, in 2020, as an exception from applying the Law no. 99/2016 regarding the sectoral acquisitions, based on art. 38, by virtue of exclusive right which benefits the aforementioned entity, according to national normative acts (Government Emergency Ordinance no. 107/2002 regarding the establishment of the Romanian Waters National Administration, art. 3, paragraph (3): “The Romanian Waters National Administration is the sole operator for natural or arranged surface water resources, regardless of the owner for any title of the surface, and for groundwater resources, regardless of their nature and related installations, purpose for which allocates the right to use water resources with their natural potentials, in accordance with the law, except for those expressly provided in the specific regulations in force”). This law is not applicable to sectoral service contracts awarded to an entity which is itself a contracting entity or an association of contracting entities based of an exclusive right which they enjoy for providing of those services according to the law or other regulatory acts which are published, to the extent that they are compatible with the TFUE. The prices charged by the Romanian Waters National Administration - Dobrogea Seaside Water Administration are regulated by Government Decision no. 1202/2010 on updating the amount of specific contributions for water resources management. Also, by Law no.

122/2020 amending and supplementing the Water Law no. 107/1996, the following provision was introduced (art. 81 paragraph 4): “Specific contributions for water resources management, tariffs and penalties for exceeding the concentrations related to the economic mechanism are indexed annually by the annual indicative application to consumer prices. The new amounts are notified to the users within the subscription for the use / exploitation of water resources, being immediately applicable”.

Consequently, we were not in the position to express a conclusion that the prices established in these contracts, correlated with the rights and obligations assumed by the parties, for which the Company does not have evidence of alternative offers on the market, are in line with other offers from the market.

## **Qualified conclusion**

15. Based on the procedures performed, except for the possible effects of the above mentioned aspects from the paragraph “*Basis for qualified conclusion*”, if any, nothing has come to our attention that causes us to believe that the Reported Transactions included in the Current Reports are not, in all material respects, in accordance with provisions of the art. 144, letter B, 4 paragraph from the Regulation no. 5/2018.

## **Other matters**

16. This report is made solely for the scope described in the first paragraph and is addressed to the Company's General Manager. We do not accept or assume responsibility for any other purposes or to any other party to whose knowledge this report may come to. This engagement was performed in order to report to the Company's General Manager those aspects that should be disclosed in a limited assurance independent report and for no other purposes. To the fullest extent permitted by the law, we do not accept and assume responsibility to anyone other than the Company's General Manager for our engagement, for this report or for the conclusion we have formed. This report refers only to the above-mentioned elements and does not refer in any way to other Company's reports.

Mazars Romania S.R.L.

Date: 26.01.2021

Bucharest, Romania