



No. 3479/23.03.2021

NUCLEARELECTRICA

Approved,
Chairperson of the Board of Directors
Teodor Chirica

NOTE
of Information regarding

- (i) the completion of negotiation with Compania Națională a Uraniului S.A. (National Uranium Company S.A. - “CNU”) with regard to the takeover by Societatea Națională Nuclearelectrică S.A. (“SNN” - Nuclearelectrică National Company) of some assets within the uranium concentrate processing line of FELDIOARA Branch of CNU (the Transaction) and**
- (ii) the signing of the Contract for the sale and purchase of assets within the uranium concentrate processing line of the Feldioara Branch of Compania Națională a Uraniului S.A. no. 330/18.03.2021.**

The shareholders of SNN approved, on 25.04.2018, the “*Strategy for the diversification of the sources of supply of raw materials necessary for generating nuclear fuel*”, one of the measures listed being the identification of a solution for ensuring, at SNN level, the capacity of processing/refining the technical uranium concentrate (mainly in the form of U3O8), respectively the raw material from which to obtain UO2; with the approval of the Strategy, SNN also established as its goal to identify and quantify, through specific studies, the optimal solutions for the procurement of uranium octoxide, while taking into consideration its processing at Feldioara Factory, through the takeover of the technical uranium concentrate processing line by SNN from CNU, and the production, within SNN, of uranium dioxide, which is to be used by FCN Pitești Branch (of SNN) in the manufacturing of nuclear fuel.

Also, through the Resolution of the Extraordinary General Meeting of SNN Shareholders no. 4/30.03.2020, point 3, *the initiation of the procedures for purchasing the assets related to Feldioara Branch owned by CNU (Compania Națională a Uraniului SA), by direct negotiation, according to the provisions of Art. 24¹ of Government Emergency Ordinance (GEO) no. 88/1997 on the privatization of companies, approved by Law no. 44/1998, as subsequently amended and supplemented, was approved.*

In point 4 of the Resolution of the Extraordinary General Meeting of SNN Shareholders no. 4/30.03.2020, the following is provided: *Mandating the managers of Societatea Națională Nuclearelectrică SA for the implementation of the procedures required for purchasing the assets related to Feldioara Branch owned by Compania Națională a Uraniului SA, including for discussions and negotiations with the representatives of Compania Națională a Uraniului S.A., in order to prepare the necessary documentation and the purchasing offer.*

In view of purchasing assets related to the Feldioara Branch of CNU, SNN carried out a due diligence analysis, which was completed on 06.10.2020, and as a result of which were identified the assets of CNU Feldioara Branch that presented interest for SNN, which assets SNN intends to strategically incorporate in the structure of the company; thus, SNN would concentrate, inside the company, the entire manufacturing cycle of the CANDU (Canada Deuterium Uranium) type nuclear fuel, with the exception of the natural uranium (ore) extraction/mining activity.

NUCLEARELECTRICA S.A. National Company

No. 65, Polona Street, District 1, 010494, Bucharest, Romania; Tel. +4021 203 82 00, Fax: +4021 316 94 00; Trade Register registration number: J40/7403/1998, Sole Registration Number (C.U.I. / VAT No.): 10874881, vSubscribed and paid-up share capital: RON 3,015,138,510.

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Thus, on 12.11.2020, Decision no. 225 of the SNN Board of Directors was adopted, by which was approved the transmission of the purchasing offer to CNU and the mandating of the executive management of SNN to carry out negotiations with CNU and/or the Ministry of Economy, Energy and Business Environment (MEEMA), as appropriate, in view of purchasing assets of the Feldioara Branch of Compania Nationala a Uraniului S.A.

On 19.11.2020, SNN transmitted to CNU and MEEMA the Offer to Purchase Assets of the Feldioara Branch of Compania Nationala a Uraniului S.A. no. 13288/18.11.2020, pursuant to the provisions of Art. 24¹ of Government Emergency Ordinance no. 88 of December 23, 1997 on the privatization of companies, approved by Law no. 44/1998, as subsequently amended and supplemented. The Financial Offer to Purchase Fixed Assets of CNU – E Plant and related assets (land, buildings, special constructions, facilities, machinery and equipment) results from the Consolidated Report drawn up by Ernst & Young SRL (EY) Partnership - Radu and Associates SPRL.

The **Value of the Transaction**, as proposed through the offer of SNN, was obtained through the cost approach – the type of value presented in the Valuation Terms of Reference in accordance with International Valuation Standards (IVS) was estimated by taking into account the net replacement cost of the buildings, of special constructions and machinery, of facilities and equipment, to which is added the market value of the land, together with the market value of movable goods for which a secondary market was identified.

The estimated value of Assets involved in the flow sheet of E Plant is included in the range:
RON 34.81 million - RON 55.10 million, central value RON 41.14 million,
 or, if expressed in EUR,
EUR 7.28 million - EUR 11.53 million, central value EUR 8.61 million

Thus, considering the analysis performed, the value offered to CNU for the purchase of assets of CNU Feldioara Branch was worth RON 41.14 million (EUR 8.61 million).

On 01.03.2021, CNU sent a notice to SNN by which it submitted both a counter-offer, and a number of proposals for the amendment of certain contractual clauses in the assets sale and purchase contract proposal transmitted by SNN together with the Offer no. 13288/18.11.2020. The counter-offer of CNU, for the list of assets mentioned in SNN’s Offer no. 13288/18.11.2020, was worth RON 50 million.

This proposal is drawn up on the basis of CNU’s own Valuation Report drafted by the JUDICIAL TECHNICAL EXPERT AZAMFIREI GABRIELA-CAMELIA, by “AZAMFIREI GRABIELA - EXPERT APPRAISAL OFFICE” and SCA NECEA AND ASSOCIATES, which report evaluates the assets within the transaction at the following values, which are slightly different from those in the report drawn up by the SNN - E&Y consultant:

	Lower end of the range	<i>Median value</i>	Upper end of the range
SNN			
EUR million	7.28	8.61	11.53
RON million	34.81	41.14	55.1

CNU			
EUR million	8,287,012	10,009,027	13,328,219
RON million		50	

Following the Valuation Report of CNU and the submission of the counter-offer, the representatives of the two companies had two sessions of negotiation (on 03.03.2021 and 09.03.2021), both in order to settle the differences of opinion regarding certain contractual clauses, and to set the final value of the Transaction.

As a result of the two negotiation sessions, CNU accepted to reduce its price claims for the sale of assets within the transaction from RON 50 million to RON 45 million (value marginally higher than the initial offer of RON 41.4 million, transmitted by SNN) and both parties came to an agreement with regard to the proposals for the amendment of the contractual clauses subject to negotiation.

We mention that the value of RON 45 million falls within the limits of the law and is in compliance with the legal provisions, namely *the transfer price should not be lower than the value recommended by the appraiser in the report* (Art. 24¹ par. (1) letter c) of GEO no. 88/1997).

On 15.03.2021, through the Decision of SNN Board of Directors no. 53/15.03.2021, the Board of Directors of SNN approved the result of the negotiations and mandated the executive management of SNN to sign the contract for the sale and purchase of assets within the uranium concentrate processing line of the Feldioara Branch of Compania Nationala a Uraniului S.A. in the form approved through the Decision of SNN Board of Directors no. 54/17.03.2021. Thus, on 18.03.2021, the Contract for the sale and purchase of assets within the uranium concentrate processing line of the Feldioara Branch of Compania Nationala a Uraniului S.A. no.330/18.03.2021 was concluded.

The transaction is structured into two stages/moments: Signature Date and Completion Date. Between these two stages, the “preconditions” must be fulfilled, i.e. a number of conditions (mostly incumbent on CNU) on which the completion of the Transaction on the Completion Date depends. As of the Signature Date, the general terms and conditions of the Transaction were agreed, and the preconditions on which the completion of the Transaction depends were established, the intention being to complete the Transaction on the Completion Date, by signing the assets sale and purchase contract in authentic form, on the basis of the terms and conditions established on the Signature Date.

With regard to the **Preconditions** to be considered for the completion of the Transaction, we mention the following:

1. Transmission to the competent authorities (National Commission for the Control of Nuclear Activities, National Agency for Environmental Protection, Competition Council of the Supreme Council of National Defense) of some requests/notifications, and issue by the latter, if applicable, of authorizations/approvals/opinions.
2. Undertaking by the Ministry of Energy of the obligation to (a) compensate the Buyer (SNN) for damages suffered following the imposition of certain responsibilities on the Buyer (SNN), due to the pollution of the environment through its past activities, and (b) grant to the Buyer (SNN) guarantees for damages caused to it through the fact that it is required to fulfill some obligation, including toward third parties, or to incur a loss as a result of acts, facts and operations whose cause existed on the Completion Date.
3. Completion by the seller, by the Completion Date, of the measures taken in order to clarify the legal status and register in the Land Register of Real Estate (Immovable Property) included in the Transaction.

4. Drafting by the Seller, by the Completion Date, of an environmental balance sheet in accordance with the applicable legal provisions and with the requirements of the environmental authority, as appropriate, which should be satisfactory for the Buyer.
5. As of the Completion Date, there are no legal impediments preventing the carrying out of the Transaction, nor have there occurred any adverse elements which, according to the reasonable estimation of the Buyer, would render the Transaction too costly (onerous) for the buyer.
6. The seller's obligations with regard to any kind of fees and taxes concerning the assets subject to the future Transaction should have been paid up-to-date by the Completion Date.
7. Absence of encumbrances of any kind on the assets or (if applicable) obtaining the express consent of the creditors, for assets encumbered by liens.
8. Preparation by the Seller, together with the Buyer, of the Operation-Exploitation and Maintenance Regulation, in accordance with the applicable legal provisions and with the requirements of Olt Water Basin Administration.

Considering the above, the Board of Directors informs the General Meeting of Shareholders about the following:

- (i) the completion of negotiations with CNU regarding the takeover by SNN of assets within the uranium concentrate processing line of Feldioara Branch of CNU;
- (ii) the signing of the Contract for the sale and purchase of assets within the uranium concentrate processing line of the Feldioara Branch of Compania Nationala a Uraniului S.A. no. 330/18.03.2021.

Chief Executive Officer
Cosmin ghita

Deputy General Manager
Dan Laurentiu Tudor

Chief Financial Officer
Paul Ichim

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