



*Report date: 13.11.2017*

*Name of the issuing entity: Societatea Nationala NUCLEARELECTRICA S.A.*

*Registered office: 65, Polona street, District 1, Bucharest*

*Phone/fax number: 021-203.82.00 / 021 – 316.94.00*

*Sole Registration Code with the Trade Register Office: 10874881*

*Order number in the Trade Register: J40/7403/1998*

*Subscribed and paid share capital: RON 3.015.138.510 Lei*

*Regulated market on which the issued securities are traded: Bucharest Stock Exchange*

**To: Bucharest Stock Exchange**

**Financial Supervisory Authority**

**Ref: Current Report in compliance with the provisions of Law no. 24/2017 regarding issuers of financial instruments and market operations, and the Regulation No. 1/2006 of the Romanian National Securities Commission regarding the issuers and securities operations, as subsequently amended**

**Important event to be reported :**

**The Quarterly report regarding the economic-financial activity as at and for the period January 1<sup>st</sup>-September 30<sup>th</sup>, 2017**

Societatea Nationala Nuclearelectrica S.A. ("SNN") informs its shareholders and investors on the publication of the Quarterly Report regarding the economic-financial activity as at and for the period January 1<sup>st</sup>-September 30<sup>th</sup>, 2017, prepared in compliance with art. 67 of Law 24/2017 regarding the issuers of financial instruments and market operations and with CNVM Regulation no. 1/2006 regarding the issuers and security operations.

The Quarterly report comprises:

- The main activities of the company during the reporting period;
- The Individual Interim Condensed Unaudited Financial Statements as at and for the 9-month period ended on September 30<sup>th</sup>, 2017;
- The Quarterly Report of the Board of Directors on the administration activity for the period January 1<sup>st</sup>-September 30<sup>th</sup>, 2017.

**Societatea Nationala NUCLEARELECTRICA S.A.**

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Nr. ordine Registrul Comertului: J40/7403/1998, Cod unic de inregistrare: 10874881,

Capital social subscris si varsat: 3.015.138.510 Lei

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## I. The Financial results

In the 9-month period ended on September 30<sup>th</sup>, 2017, SNN registered a net profit of 225.285 thousand lei. The main results are presented below and are excerpted from the individual interim condensed unaudited financial statements as at and for the period ended on September 30<sup>th</sup>, 2017:

| Thousand Lei   | 9-month period<br>ended on<br>September 30 <sup>th</sup> ,<br>2017 (unaudited)<br>) | 9-month period<br>ended on<br>September 30 <sup>th</sup> ,<br>2017 (unaudited,<br>restated) | Variatio<br>n |
|--|---|---|---------------|
| Production (GWh)*                                      | 7.760   | 7.589   | 2,3%          |
| Operating revenues, out of which                       | 1.401.689   | 1.194.443   | 17,4%         |
| Revenues from electricity sale **                      | 1.366.427   | 1.157.741   | 18,0%         |
| Operating expenses, less depreciation and amortization | (754.588)   | (727.306)   | 3,8%          |
| EBITDA   | 647.101   | 467.137   | 38,5%         |
| Depreciation and amortization                          | (370.183)   | (359.948)   | 2,8%          |
| EBIT   | 276.918   | 107.189   | 158,3%        |
| (Expenses)/Net financial income                        | (3.861)   | 15.534  | n/a           |
| Net expense with the income tax                        | (47.772)  | (20.326)  | 135,0%        |
| Net profit   | 225.285   | 102.397   | 120,0%        |

\*Electricity produced and delivered by Cernavoda NPP into the grid

\*\*Including income from thermal energy sale, insignificant in the total income

The main factors that influenced the results obtained throughout January 1-September 30, 2017 as compared to the previous period of last year:

- **The 38,5% increase in EBITDA** compared to the same period of last year mainly as a result of 17,4% increase in operational income influenced by the 18% increase in electricity sales.
- **The increase in electricity produced, respectively sold**, due to a shorter planned outage of Cernavoda NPP Unit 2 in the second quarter of 2017 (26,5 days) compared to the duration of the planned outage of Unit 1 in the similar period of 2016 (51 days), of 2,3% which represented an increase of 3,7% of the sold electricity quantity.
- **Changes in the sale mix on the regulated and competitive market** following the reduction in energy sold on the regulated market during January 1-September 30, 2017 (56% lower compared to the same period of last year) in the context of the gradual liberalization of the electricity market. SNN sold 15% more energy on the competitive market at an weighted average price 9,5% higher than the price of electricity on the regulated market. Due to market stabilization and an increase in traders' appetite for safety, SNN sold 43% more energy on the competitive market of bilateral contracts and 26% more energy on the spot market (where the prices continued to stay significantly higher-57%), the important factors in directing the sale strategy being SNN's baseload production and the importance of concluding predictable contracts on longer time periods.
- **3,8% increase in operational expenses** during January 1-September 30, 2017 due to an increase in expenses with purchased energy in order to totally meet contractual obligations to deliver energy during the planned outage of Cernavoda NPP Unit 2.
- **2,8% increase in depreciation and amortization expenses** compared to the same period of last year, determined by the increase in amortization expenses relating to commissioning investments in the period subsequent to the 3rd quarter of 2016.

- **Net financial expenses determined by currency exchange differences**, mainly EUR, CAD and USD, which during January 1-September 30, 2017 negatively impacted the net result, unlike the same period of last year when net financial income was registered.

## II. Financial position on September 30, 2017

| Thousand Lei                                      | September 30, 2017<br>(unaudited) | December 31, 2016<br>(audited, restated) | Variation    |
|---|-----------------------------------|--|--------------|
| <b>Non-current assets</b>                         | <b>7.033.594</b>                  | <b>7.330.813</b>                         | <b>-4,1%</b> |
| <b>Current assets</b>                             | <b>2.235.379</b>                  | <b>2.014.607</b>                         | <b>11,0%</b> |
| <b>Total assets</b>                               | <b>9.268.973</b>                  | <b>9.345.420</b>                         | <b>-0,8%</b> |
| <b>Non-current liabilities</b>                    | <b>1.284.419</b>                  | <b>1.420.338</b>                         | <b>-9,6%</b> |
| <b>Current liabilities</b>                        | <b>495.990</b>                    | <b>450.313</b>                           | <b>10,1%</b> |
| <b>Total liabilities</b>                          | <b>1.780.409</b>                  | <b>1.870.651</b>                         | <b>-4,8%</b> |
| <b>Shareholders' equity</b>                       | <b>7.488.564</b>                  | <b>7.474.769</b>                         | <b>0,2%</b>  |
| <b>Total shareholders' equity and liabilities</b> | <b>9.268.973</b>                  | <b>9.345.420</b>                         | <b>-0,8%</b> |

**Non-current assets** registered a slight decrease compared to the level registered on December 31, 2016, mainly due to a decrease in the net value of the tangible assets by acknowledging the amortization relating to the period January 1-September 30, 2017. The impact of the amortization during this period was partially compensated by the achieved investments related to Cernavoda NPP Units 1 and 2.

**Current assets** registered an increase of 11% compared to December 31, 2016 mainly due to 17,4% increase in cash (cash, cash equivalents, bank deposits with maturity larger than 3 months), partially compensated by the 29% reduction in commercial receivables and other receivables, influenced by the contractual stipulations (payment in advance vs post-delivery payment).

**Non-current liabilities** decreased by 9,6% compared to the values registered on December 31, 2016. The decrease is determined by the reduction of the long-term portion of the credits contracted by the company from Societe Generale and EURATOM for the completion and commissioning of Cernavoda NPP Unit 2 following the reclassification of the maturity rates from the long-term portion into the short-term portion reported to credits maturity decrease. This reduction was partially compensated by the increase in long-term obligations regarding employees' benefits.

**Current liabilities** increased by 10,1% compared to the values registered on December 31, 2016. The increase is mainly determined by the increase in commercial debt and other debt by 15,7% following the debt increase regarding dividends to be paid due to distributing 110 million lei as supplementary dividends in compliance with art. II and III of EGO no. 29/2017, from "other reserves representing funds for own sources of financing", as per GMS resolution no. 8/28.09.2017, compensated by the decrease with 34,9% of other current liabilities. Simultaneously, short-term income in advance increased following the conclusion of electricity delivery contracts with payment in advance for electricity deliveries in subsequent periods, and also due to registering the due profit tax relating to the 3<sup>rd</sup> quarter of 2017. The 6,9% decrease in the current portion of the long-term borrowings partially counterbalanced the aforementioned increases.

### **III. Electricity production**

The gross electricity production of the 2 operational Cernavoda NPP units was 8.464.905 MWh during January 1-September 30, 2017 (out of which 2.945.266 MWh in the 3<sup>rd</sup> quarter of 2017). Out of this gross production, the technological consumption of the 2 units during operation, as well as during outages was 705 thousand MWh during January 1-September 30, 2017 (out of which 251 thousand MWh in the 3<sup>rd</sup> quarter of 2017).

Thus, the electricity produced and delivered into the National Energy System ("NES") was 7.760.368 MWh during January 1-September 30, 2017, compared to the similar period of last year (7.588.901 MWh), representing an increase of 2,26%. In the 3<sup>rd</sup> quarter of 2017, the quantity of electricity produced and delivered into the NES was 2.694.681 MWh, decreasing 3,25% compared to the quantity registered in the 3<sup>rd</sup> quarter of 2016 of 2.785.084 MWh.

The capacity factor, registered for each operational unit in the 3<sup>rd</sup> quarter of 2017, as well as cumulated since the commissioning of the 2 units (Unit 1-december 2<sup>nd</sup>, 1996 and Unit 2-November 1<sup>st</sup>, 2007), was as follows:

| <b>Cernavoda<br/>NPP Unit</b> | <b>Cumulated<br/>1<sup>st</sup> semester<br/>2017</b> | <b>July 2017</b> | <b>August<br/>2017</b> | <b>September<br/>2017</b> | <b>Cumulated<br/>2017</b> | <b>Cumulated since<br/>commissioning</b> |
|-------------------------------|---|------------------|------------------------|---------------------------|---------------------------|--|
| <b>Unit 1</b>                 | <b>96,16%</b>   | <b>97,03%</b>    | <b>96,40%</b>          | <b>97,51%</b>             | <b>96,43%</b>             | <b>90,59%</b>                            |
| <b>Unit 2</b>                 | <b>84,73%</b>   | <b>88,70%</b>    | <b>90,20%</b>          | <b>98,53%</b>             | <b>87,32%</b>             | <b>94,22%</b>                            |

The lower value of the capacity factor of Cernavoda NPP Unit 2 reflects the impact of the planned outage with an effective duration of 26,5 days (635,6 hours), initiated on May 6, 2017 and completed on June 2<sup>nd</sup>, 2017.

### **IV. Sale income and price evolution**

Electricity sales (quantities, prices and values) during January 1-September 30, 2017

| <b>Sales by type</b>  | <b>Quantities<br/>in MWh</b> | <b>%<br/>from<br/>total<br/>sales</b> | <b>Average price<br/>[lei/MWh<br/>with<br/>transportation<br/>fee included)</b> | <b>Sale income<br/>[lei]</b> |
|---|------------------------------|---------------------------------------|---|------------------------------|
| <b>Contracts on the regulated market</b>  | 529.174                      | 6,69%                                 | 160,32  | 84.837.025                   |
| <b>Sales on the competitive market<br/>(bilateral contracts and sales on Day-<br/>Ahead Market and Intra-day market),<br/>out of which:</b> | 7.355.497                    | 93,03%                                | 174,77  | 1.285.548.444                |
| <b>- Sales on contracts on PCCB - LE,<br/>PCCB - NC, PCSU and supply contracts</b>  | 5.474.603                    | 69,24%                                | 163,54  | 895.292.647                  |
| <b>- Sales on Day-Ahead Market and Intra-<br/>day Market</b>  | 1.880.894                    | 23,79%                                | 207,48  | 390.255.797                  |
| <b>Positive unbalances on the Balancing<br/>Market *)</b>   | 22.397                       | 0,28%                                 | 184,57  | 4.133.855                    |
| <b>Total sales during January 1-<br/>September 30, 2017</b>   | 7.907.068                    | 100%                                  | 173,83  | 1.374.519.324                |

\*) Note: 43.313 lei out of the presented value represents redistributed income resulted from system

*balancing based on ANRE Order 51/2016.*

**Income related to energy deliveries during January 1-September 30, 2017 is of 1.374.519.324 lei** (out of which 43.313 lei represents redistributed income resulted from system balancing based on ANRE Order 51/2016.), **10,56% higher** than the income budgeted for this period and respectively **16,52% higher** than the similar period of last year.

**The weighted average price** for the electricity sold (without the balancing market), resulted in the period January 1-September 30, 2017) is **173,80 lei/MWh** (including  $T_g$ ). In the same period of 2016, the weighted average price for the quantities sold (without the balancing market), was **155,05 lei/MWh** (including  $T_g$ ).

The quantities of energy sold by SNN on contracts concluded on the regulated market are in compliance with ANRE Decision 1960/14.12.2016. In the process of eliminating the regulated tariffs, compared to 2016, ANRE reduced the regulated quantities from **14,42%** (in compliance with ANRE Decision 2562/16.12.2015) to **5,85%** of the production programmed at Cernavoda NPP. The regulated quantities for SNN during January 1-September 30, 2017 represent **6,90%** of the programmed production of Cernavoda NPP for this period, compared to the same period of last year when the percentage was **16,43%**.

ANRE established for SNN through Decision 1960/14.12.2016 a **regulated price of 159,57 lei/MWh** (without  $T_g$ ), for 2017, **1,93% lower** than the regulated price established by ANRE through Decision 2562/16.12.2015 for 2016, respectively **162,71 lei/MWh** (without  $T_g$ ). Later on, through ANRE Decision 861/13.06.2017, applicable since July 1, 2017, the average regulated price was reduced by **1,65% from 159,57 lei/MWh down to 156,93 lei/MWh**, due to a decrease in the average cost of nuclear fuel throughout 2017, compared to the average nuclear fuel cost considered when establishing the average regulated price for 2017.

The **quantities of energy sold on the competitive market of bilateral contracts** represented during January 1-September 30, 2017, **69,24%** out of the total volume of the sold electricity. **The average price for the bilateral contracts** during January 1-September 30, 2017 was **163,54 lei/MWh** ( $T_g$  included), registering a decrease of **1%** compared to the average price during January 1-September 30, 2016, of **165,42 lei/MWh** ( $T_g$  included), given the fact that the transportation fee during January 1-September 30, 2016 was 2,70 lei/MWh higher.

**On the spot market**, during January 1-September 30, 2017, SNN sold a quantity of energy representing **23,79% of the total volume of sales** compared to **33,54% in the same period of 2016**. **The average price on the spot market achieved by SNN in this period was 207,48 lei/MWh (  $T_g$  included), compared to 134,32 lei/MWh (  $T_g$  included) in the same period of 2016.**

#### **V. The investment program on September 30, 2017**

**The total value of the investment program for 2017 is 231.593 thousand lei** (without the component allocated to the debt service payment related to the long-term borrowings), program approved by SNN GMS resolution 1/29.03.2017.

The situation of the investments execution (value and percentage) during January 1-September 30, 2017 is presented in the figure below:

| <b>Year</b> | <b>Investment program value<br/>[thousand lei]</b> | <b>Executed<br/>(01.01 - 30.09)<br/>[thousand lei]</b> | <b>Execution degree<br/>(01.01 - 30.09)<br/>(%)</b> | <b>Execution degree<br/>(01.01- 30.06)<br/>( %)</b> |
|-------------|--|--|---|---|
| <b>2017</b> | <b>231.593</b>                                     | <b>61.836</b>  | <b>26,7%</b>  | <b>21,0%</b>  |

As in the previous years, long-term investments (ongoing) have the largest weight within the investment program. This is due to the modernization/replacement/upgrading necessities, economic necessities-reduction in specific consumption, the improvement of certain parameters specific to related processes with positive impact on efficiency, or legal necessities-implementation of nuclear safety, environmental protection and labor security related improvements, representing requirements from the regulatory authorities (CNCAN and the Ministry of Environment).

**The investment program for 2017 was drafted from a value point of view, considering the ongoing contractual obligations, the estimations regarding investment objectives which will be carried out in the following year, including the amounts allocated to investment projects which imply the fulfilment of certain requirements outside of SNN's control (for example: preliminary approvals issued by regulatory authorities, legal deadlines related to the unfolding of procurement procedures including litigations, obtaining the necessary approvals from SNN corporate bodies etc), in order to allow the implementation of these projects within the approved budgets.**

**In analysing the value of the investment program, we must take into consideration the fact that it may differ from the degree of physical completion: thus, if the investment project was completed successfully, the degree of physical completion is of 100% but the degree of value completion may be subunitary, respectively lower than 100%, if the project was implemented at a cost lower than the budgeted amounts; these savings represent benefits for the company, because the same benefits of the project are obtained with less resources.**

The main investments are related to the operation of Units 1 and 2 and are acknowledged in the investment category only those expenses that fulfil the criteria of acknowledgement as asset; with the exception of the capitalized expenses, the annual and multi-annual preventive and corrective maintenance programs involve the allocation of the necessary funds which are to be found in the operation expenses of the period in which they appear (example: repairs and maintenance, spare parts, etc).

For any details please contact us at: [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro)

Cosmin Ghita

Director General



## QUARTERLY REPORT

**regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of Art. 67 from Law no. 24/2017 regarding issuers of financial instruments and market operations and Annex no. 30 to the CNMV Regulation no. 1/2006 regarding the issuers and securities operations for the 9 months period ended on 30 September 2017  
(3<sup>rd</sup> Quarter of the financial year 2017)**

The basis of the report:

Art. 67 from Law no. 24/2017 regarding issuers of financial instruments and market operations and Annex no. 30 to the CNMV Regulation no. 1/2006 for the 9 months period ended on 30 September 2017

(Third quarter of the financial year 2017)

10 November 2017

Date of report:

Name of the issuer:

**S.N. Nuclearelectrica S.A. ("SNN")**

Registered office:

Bucharest, 65 Polona Street, District 1

Phone/fax number:

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Sole Registration Code with the Trade Register Office:

10874881

Order number in the Trade Register:

J40/7403/1998

Subscribed and paid up share capital:

3.015.138.510 RON

The regulated market on which the issued securities are traded:

Bucharest Stock Exchange ([www.bvb.ro](http://www.bvb.ro))

Premium category

The main characteristics of the issued securities:

301.513.851 shares with nominal value of 10 RON/share, dematerialized, nominative, ordinary, indivisible, providing equal voting rights, freely tradable on Bucharest Stock Exchange under SNN symbol starting November 4, 2013

Applicable Accounting Standards:

International Financial Reporting Standards (IFRS) adopted by the European Union (EU) – IFRS - EU, International Accounting Standard 34 – “Interim Financial Reporting”, Condensed Unaudited Individual Interim Financial Statements

Reporting currency:

Romanian Leu (RON) – all amounts are in RON, unless stated otherwise

Reported period:

**Third quarter of 2017**

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## 1. ECONOMIC AND FINANCIAL STATEMENT

### a) Statement of financial position as at 30 September 2017

| Indicator<br>[thousands RON]        | 30 September 2017<br>(unaudited) | 31 December 2016<br>(audited, restated) |
|-------------------------------------|----------------------------------|---|
| Non-current assets                  | 7.033.594                        | 7.330.813                               |
| Current assets                      | 2.235.379                        | 2.014.607                               |
| <b>Total Assets</b>                 | <b>9.268.973</b>                 | <b>9.345.420</b>                        |
| Equity                              | 7.488.564                        | 7.474.769                               |
| Total liabilities, out of which:    | 1.780.409                        | 1.870.651                               |
| Non-current liabilities             | 1.284.419                        | 1.420.338                               |
| Current liabilities                 | 495.990                          | 450.313                                 |
| <b>Total Equity and Liabilities</b> | <b>9.268.973</b>                 | <b>9.345.420</b>                        |

### b) Statement of comprehensive income for the 9 months period ended on 30 September 2017

| Indicator<br>[thousands RON]                      | 3-months period<br>ended on<br>30 September 2017<br>(unaudited) | 3-months period<br>ended on<br>30 September 2016<br>(unaudited, restated) | 9-months period<br>ended on<br>30 September 2017<br>(unaudited) | 9-months period<br>ended on<br>30 September 2016<br>(unaudited, restated) |
|---|---|---|---|---|
| Operating revenues                                | 508.717   | 452.196   | 1.401.689   | 1.194.443   |
| Operating expenses                                | (379.094)   | (361.339)   | (1.124.771)   | (1.087.254)   |
| <b>Operating Profit</b>                           | <b>129.623</b>  | <b>90.857</b>   | <b>276.918</b>  | <b>107.189</b>  |
| Finance income                                    | 12.223  | 35.125  | 61.097  | 83.694  |
| Finance expense                                   | (27.566)  | (6.105)   | (64.958)  | (68.160)  |
| <b>Net finance income/(expense)</b>               | <b>(15.343)</b>   | <b>29.020</b>   | <b>(3.861)</b>  | <b>15.534</b>   |
| <b>Profit before income tax</b>                   | <b>114.280</b>  | <b>119.877</b>  | <b>273.057</b>  | <b>122.723</b>  |
| Net income tax expenses                           | (22.775)  | (19.216)  | (47.772)  | (20.326)  |
| <b>Profit for the period</b>                      | <b>91.505</b>   | <b>100.661</b>  | <b>225.285</b>  | <b>102.397</b>  |
| <b>Other elements of the comprehensive income</b> | <b>-</b>  | <b>-</b>  | <b>(1.990)</b>  | <b>(573)</b>  |
| <b>Total comprehensive income</b>                 | <b>91.505</b>   | <b>100.661</b>  | <b>223.295</b>  | <b>101.824</b>  |

## 2. SIGNIFICANT EVENTS

### 2.1 Significant events during the 3<sup>rd</sup> quarter of 2017

Other significant events during the nine months period ended on 30 September 2017, which were not already presented in the first semester of 2017, are as follows:

#### 2.1.1 Project Units 3 and 4 Cernavoda NPP

The main milestones of the continuation of the Project Units 3 and 4 Cernavoda NPP are the following:

- By the Extraordinary General Meeting of Shareholders of SNN no. 6/24.08.2017, the following were approved:
  - The negotiations shall continue on the Investment Documents under the same MoU conditions for a period of up to 6 months from the date of institutional and corporate approval, by applying all other provisions of the MoU including the possibility for either party to terminate the MoU without any indemnity, through a simple written notification to the other Party, if no agreement on the Investment Documents has been reached and to the extent that the delay was not caused by that Party.
  - The Board of Directors shall be authorized to establish the terms and conditions of the negotiations to be conducted with the Investor Selected by the SNN representatives within the Negotiating Commission for the implementation of the Project Units 3 and 4 Cernavoda NPP, in accordance with the Romanian Government Memorandum no. 20/2683/13.07.2017.
- By SNN Board of Directors Decision no. 133/24.08.2017 were approved the terms and conditions of the negotiations to be conducted with the Investor Selected by SNN representatives within the Negotiating Commission for the implementation of the Project Units 3 and 4 Cernavoda NPP mentioned in the Memorandum of the Government of Romania no. 20/2683/13.07.2017.

The negotiation process started on 13 September 2017, according to a schedule agreed between the Negotiating Commission and the CGN. Between 13 - 29 September 2017, negotiations took place on the Investor Agreement draft (IA) and on the relevant Annexes to the IA, identifying: (i) the clauses/sections on which the parties reached an agreement, (ii) the clauses/provisions requiring rephrasing (meaning that the deadlines have been set for the drafting of proposals by the consultants of both parties) and/or (iii) the divergent issues, as well as discussing the principles outlined in the list of issues escalated by the parties and identifying the flexible positions of the parties.

During October, the Negotiating Commission ("CN") analyzed the issues discussed in the CGN negotiation sessions of 13 - 29 September 2017 that deviated from the mandate originally received by the Government Memorandum dated on 13 July 2017, or about which clarifications are required in relation to the project strategy. The CN's proposals for amending/rendering flexible the negotiation mandate were endorsed by the SNN Board of Directors and by the Interministerial Commission.

#### 2.1.2 Litigation with the shareholder Fondul Proprietatea S.A.

Fondul Proprietatea S.A. filed a case with the Bucharest Tribunal in order to be established the absolute nullity of the AGEA Decision no. 8/06.10.2014 approving the increase of the share capital of SNN with cash contribution for the total amount of 239.172.630 RON by issuing 23.917.263 shares representing contribution of the Romanian State in nature as a result of obtaining the certificate of ownership of the land, the indivisible share of 239,05 square meters of Bd. Gheorghe Magheru no. 33 Bucharest and cash contribution representing the amount of the budget allocations for the period 2006 - 2009 for the building of Unit 2 of Cernavoda.

The action is the subject of file no. 40046/3/2014, and on 7 November 2017 a new court day took place, in which the court in which the court rejected the request issued by Fondul Proprietatea S.A. as unfounded.

### **2.1.3 The litigation started by the Foundation Greenpeace CEE Romania and by the Association Bankwatch Romania against the Ministry of Environment, Waters and Forests, the Romanian Government and S.N. Nuclearelectrica S.A.**

The Greenpeace CEE Romania Foundation and the Bankwatch Romania Association formulated, in File no. 3793/2/2013, an appeal against the Ministry of Environment, Waters and Forests, the Government of Romania and SNN having as object the annulment of the decision to issue the Environmental Agreement and the Government Decision no. 737/2013 regarding the issuance of the Environmental Agreement for the project "Continuation of construction and completion works for Units 3 and 4 Cernavoda NPP".

The Bucharest Court of Appeal essentially rejected the applicants' request. Greenpeace CEE Romania Foundation and Bankwatch Romania Association have filed an appeal requesting the cancellation of the substantive decision and sending the case for re-trial, with the administration of the evidence with expertise.

By the Decision no. 2100/23.06.2016, the High Court of Cassation and Justice admitted the appeal, ordered the cancellation of the contested sentence and the referral of the case back to the same court for the administration of the evidence with the expertise and the determination of the effectiveness of the public consultation on the Environmental Agreement.

The Bucharest Court of Appeal accepted the reformulation of the objectives of the expertise proposed by SNN, appointed two judiciary experts and two specialists to carry out the expertise and set their fees, advised the applicants to pay such fees.

The claims made by the applicants for the exemption from payment of the fees were rejected. By Decision no. 2208/09.06.2017 the Bucharest Court of Appeal dismissed Greenpeace CEE Romania's appeal as unreasonable.

### **2.1.4 The litigation initiated by the Trade Union Cernavoda NPP and the employees of Cernavoda NPP branch**

The file no. 5802/118/2018 was filed with Constanta Tribunal, against SNN, regarding unpaid salary rights, representing the value of the professional risk increase (dangerous conditions), the plaintiff being the CNE Cernavoda Trade Union in the name of a number of 757 employees of the Cernavoda NPP Branch.

The Company considers these claims to be ungrounded and considers that all due wages have been paid to the employees, including the amounts of money that are the subject of this dispute.

### **2.1.5 Litigation filed by S.N. Nuclearelectrica S.A. against ArcelorMittal Galati S.A.**

The Galati Court rejected SNN's claim to oblige ArcelorMittal Galati S.A. to the payment of the amount of 8.645.467,52 RON as compensatory damages due to the termination of the Sale Agreement of electricity on the centralized market of bilateral electricity contracts (PCCB) no. 207 of February 22, 2013 before the expiration date of September 30, 2014.

SNN appealed against this judgment, and following the appeal, the Galati Court of Appeal ordered ArcelorMittal Galati S.A. to pay the entire amount as damage, also the court costs. The Galati Appeal Court's appeal can be appealed.

### **2.1.6 Changes in the company management**

By Decision no. 132/24.08.2017, SNN's Board of Directors appointed Mr. Cosmin Ghita as Chief Executive Officer of SNN for a period of 4 months starting on 2 September 2017, respectively a temporary mandate.

By Decision no. 5/24.08.2017 of the Ordinary General Meeting of Shareholders of SNN, it was approved the appointment of temporary members of SNN Board of Directors, for a period of 4 months starting on 27 August 2017.

On 30 September the members of the SNN Board of Directors are as follows:

| No. | First and Last Name                     | Date of appointment                   | Date of mandate expiry |
|-----|---|---------------------------------------|------------------------|
| 1.  | Iulian – Robert Tudorache <sup>*)</sup> | Decision of Meeting no. 5/24.08.2017  | 27.12.2017             |
| 2.  | Cristian Gentea                         | Decision of Meeting no. 5/24.08.2017  | 27.12.2017             |
| 3.  | Cristian – Romulus Anton                | Decision of Meeting no. 5/24.08.2017  | 27.12.2017             |
| 4.  | Sebastian Tcaciuc                       | Decision of Meeting no. 28/23.12.2013 | 23.12.2017             |
| 5.  | Cezarina Roxana Banica <sup>**) )</sup> | Decision of Meeting no. 5/24.08.2017  | 27.12.2017             |
| 6.  | Mirel – Alexandru Marcu                 | Decision of Meeting no. 5/24.08.2017  | 27.12.2017             |
| 7.  | Elena Popescu                           | Decision of Meeting no. 5/24.08.2017  | 27.12.2017             |

<sup>\*)</sup> Chairman of the Board of Directors of SNN for a period of 4 months, the period of the temporary mandate.

<sup>\*\*) )</sup> On 17 October 2017, the mandate of the temporary member of the Board of Directors of Mrs. Cezarina Roxana Banica ended with her resignation as a result of her appointment as Secretary General of the Government. By the Decision of the Board of Directors of SNN no. 167 / 27.10.2017 for the vacancy was appointed Mr. Ionut Dragos Banescu as temporary administrator.

The Decision no. 7/28.09.2017 of the Ordinary General Meeting of Shareholders of SNN approved the start of the selection procedure for the members of the Board of Directors of SNN in accordance with the provisions of GEO no. 109/2011 with subsequent modifications and completions, the selection procedure being carried out by the Ministry of Energy as a tutelary public authority.

### 2.1.7 Approving the distribution of additional dividends

The Decision no. 8/28.09.2017 of the Ordinary General Meeting of Shareholders of SNN approved the distribution of the amount of 110.000.000 RON representing additional dividends from other reserves and the retained earnings, based on the provisions of art. II and art. III of Government Emergency Ordinance no. 29/2017 for the amendment of Art. 1, paragraph (1) letter g) of the Government Ordinance no. 64/2001 on the distribution of profits to the national companies, national companies and commercial companies with full or majority state capital, as well as to the autonomous administrations and for the modification of art. 1 paragraphs (2) and (3) of Government Emergency Ordinance no. 109/2011 on Corporate Governance of Public Enterprises, to SNN shareholders, in proportion to their participation in the share capital.

### 2.1.8 The Refurbishment Project of Unit 1 Cernavoda NPP

By the Extraordinary General Meeting of Shareholders of SNN no. 9/28.09.2017 the start of Phase 1 of the "Strategy for the Refurbishment Project of Unit 1 Cernavoda NPP" was approved, according to the note presented to the shareholders for this paragraph on the agenda (AGEA agenda para. 3 of September 28, 2017).

### 2.1.9 DICA Investment Project (Intermediate Burned Fuel Storage Facility)

The Decision no. 9/28.09.2017 of the Extraordinary General Meeting of Shareholders approved the modification of the DICA investment project, documented by "Long-term development strategy of DICA in dry state and authorization in view of extending the life of Units 1 and 2 harmonized with CNCAN observations and the Ministry of Environment and Climate Change", revised, maintaining the approved value of the investment (AGEA agenda para. 2 of September 28, 2017).

### 2.1.10 Approval of a loan to the branch Energonuclear S.A.

By Decision no. 4/11.07.2017 of the Extraordinary General Meeting of Shareholders, it was approved the granting of a convertible loan in shares amounting to 4.000.000 RON to Energonuclear S.A. branch in order to finance the maintenance and conservation activities of the Units 3 and 4 Cernavoda NPP.

### 2.1.11 Amendment of the Articles of Incorporation of the Company

By Decision no. 6/24.08.2017 of the Extraordinary General Meeting of the Shareholders it was approved the modification of the Articles of Incorporation of SNN, as follows: eliminating the General Meeting of Shareholders attribution to approve the Management Plan (paragraph (2) of art. 13, it is eliminated the para.k)) and the deletion of the Board of Directors' attribution to prepare and submit to the General Meeting of Shareholders, for approval, the Management Plan, which includes the management strategy during the term of office (paragraph (3) of article 19, letter d)) is removed.

## 2.2 Important events subsequent to the date of 30 September 2017

### 2.2.1 Litigation filed by Sindicatul Liber Energetica Nucleara 90 Cernavoda and the employees of SNN on some salary rights

On behalf of the Constanta Tribunal, it was filed against SNN, the file no. 7036/118/2017, regarding unpaid salary rights, representing the value of the professional risk increase (dangerous conditions), the plaintiff being the Sindicatul Liber Energetica Nucleara 90 Cernavoda and the SNN employees.

The company considers these claims to be unfounded, all the wage rights due being paid to the employees, including the amounts of money that are the subject of this dispute.

## 3. FINANCIAL AND ECONOMIC INDICATORS

The SNN performances can be also found in the compliance with the main economic and financial indicators, such as:

| Indicator name                           | Calculation method                           | u.m. | Amount<br>30.09.2017 <sup>*)</sup> |
|--|--|------|------------------------------------|
| <b>1. The current liquidity ratio</b>    | Current assets/<br>Short-term debts          | x    | 4,51                               |
| <b>2. Gearing ratio</b>                  |  |      |                                    |
| 2.1. Gearing ratio (1)                   | Loan capital/<br>Shareholder capital x 100   | %    | 15,6%                              |
| 2.1. Gearing ratio (2)                   | Loan capital/<br>Invested capital x 100      | %    | 13,5%                              |
| <b>3. Receivables turnover</b>           | Customers average balance/<br>Turnover x 270 | days | 21                                 |
| <b>4. Non-current assets turnover *)</b> | Turnover/non-current assets                  | x    | 0,26                               |

<sup>\*)</sup> Based on the Unaudited Simplified Individual Interim Financial Statements on the date and for a nine months period ended on September 30, 2017.

#### **4. STATEMENTS AND SIGNATURES**

On the basis of the best available information, we confirm that the Unaudited Simplified Individual Interim Financial Statements prepared in accordance with the applicable accounting standards (International Accounting Standard 34 - Interim Financial Reporting) provides a true and accurate view of the financial position, financial performance and the cash flows for the 9-months period ended September 30, 2017 and that this report, made in accordance with the provisions of art. 67 of Law no. 24/2017 regarding the issuers of financial instruments and market operations and Annex no. 30 to CNVM Regulation no. 1/2006 on issuers and securities operations for the 9-months period ended September 30, 2017, contains accurate and consistent information on the development and performance of the company.

**Iulian Robert TUDORACHE**  
**Chairman of the Board of Directors**

**Cosmin GHITA**  
**Chief Executive Officer**

**Mihai DARIE**  
**Chief Financial Officer**

## **5. ANNEXES**

### **5.1 UNAUDITED SIMPLIFIED INDIVIDUAL INTERIM FINANCIAL STATEMENTS on the date and for the nine months period ended 30 September 2017**

The Simplified Individual Interim Financial Statements unaudited on the date and for the nine-month period ended September 30, 2017 drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards (IFRS - EU), based on International Accounting Standard 34 - "Interim Financial Reporting" are published on the S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)) page, Investor Relations section.

### **5.2 QUARTERLY REPORT of the Board of Directors on the administration activity for the period 1 January – 30 September 2017**

The Quarterly Report of the Board of Directors on the management activity for the period 1 January - 30 September 2017, drawn up in accordance with the provisions of Art. 67 of Law no. 24/2017 on issuers of financial instruments and market operations, is published on the S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)) page, Investor Relations section.



## **S.N. Nuclearelectrica S.A.**

### **Condensed Individual Interim Unaudited Financial Statements as at and for the nine months period ended on 30 September 2017**

Prepared in accordance with  
Ministry of Finance Order no. 2844/2016 for the approval of accounting regulations conforming to  
International Financial Reporting Standards, based on  
International Accounting Standard 34 – “*Interim Financial Reporting*”, adopted by the European Union



**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Financial Position as at 30 September 2017

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

|  | Note | 30 September 2017<br>(unaudited) | 31 December 2016<br>(audited, restated) |
|--|------|----------------------------------|---|
| <b>Assets</b>                                |      |                                  |   |
| <b>Non-current assets</b>                    |      |                                  |   |
| Property, plant and equipment                | 4    | 6.824.954.433                    | 7.108.486.979                           |
| Intangible assets                            |      | 66.949.975                       | 80.636.405                              |
| Financial instruments                        | 5    | 141.689.201                      | 141.689.201                             |
| <b>Total non-current assets</b>              |      | <b>7.033.593.609</b>             | <b>7.330.812.585</b>                    |
| <b>Current assets</b>                        |      |                                  |   |
| Inventories                                  | 6    | 333.704.356                      | 331.057.122                             |
| Trade and other receivables                  | 7    | 115.259.460                      | 162.063.302                             |
| Prepayments                                  |      | 14.646.734                       | 12.699.411                              |
| Bank deposits                                |      | 1.223.419.327                    | 1.245.073.268                           |
| Cash and cash equivalents                    | 8    | 548.349.423                      | 263.714.387                             |
| <b>Total current assets</b>                  |      | <b>2.235.379.300</b>             | <b>2.014.607.490</b>                    |
| <b>Total assets</b>                          |      | <b>9.268.972.909</b>             | <b>9.345.420.075</b>                    |
| <b>Equity and liabilities</b>                |      |                                  |   |
| <b>Equity</b>                                |      |                                  |   |
| Share capital, out of which:                 |      | 3.210.641.253                    | 3.210.641.253                           |
| <i>Subscribed and paid in share capital</i>  |      | <i>3.015.138.510</i>             | <i>3.015.138.510</i>                    |
| <i>Inflation adjustment to share capital</i> |      | <i>195.502.743</i>               | <i>195.502.743</i>                      |
| Share premium                                |      | 31.474.149                       | 31.474.149                              |
| Prepaid share reserve                        |      | 21.553.537                       | 21.553.537                              |
| Revaluation reserve                          |      | 245.513.993                      | 265.842.461                             |
| Retained earnings                            | 9    | 3.979.381.120                    | 3.945.257.743                           |
| <b>Total shareholder's equity</b>            |      | <b>7.488.564.052</b>             | <b>7.474.769.143</b>                    |
| <b>Liabilities</b>                           |      |                                  |   |
| <b>Non-current liabilities</b>               |      |                                  |   |
| Long term loans                              | 10   | 959.344.862                      | 1.087.961.815                           |
| Deferred income                              |      | 132.688.120                      | 143.446.616                             |
| Deferred tax liability                       |      | 152.832.853                      | 157.022.057                             |
| Employee's benefits                          | 11   | 39.553.412                       | 31.907.053                              |
| <b>Total non-current liabilities</b>         |      | <b>1.284.419.247</b>             | <b>1.420.337.541</b>                    |
| <b>Current liabilities</b>                   |      |                                  |   |
| Accounts payable and other liabilities       | 12   | 250.828.990                      | 216.770.484                             |
| Current tax liability                        |      | 23.762.881                       | 6.431.972                               |
| Deferred income                              |      | 15.659.631                       | 6.181.408                               |
| Current portion of long term loans           | 10   | 205.738.108                      | 220.929.527                             |
| <b>Total current liabilities</b>             |      | <b>495.989.610</b>               | <b>450.313.391</b>                      |
| <b>Total liabilities</b>                     |      | <b>1.780.408.857</b>             | <b>1.870.650.932</b>                    |
| <b>Total equity and liabilities</b>          |      | <b>9.268.972.909</b>             | <b>9.345.420.075</b>                    |

*The accompanying notes 1-19 are an integral part of these condensed individual interim financial statements.*  
*The above translation of the condensed interim individual financial statements of S.N. Nuclearelectrica S.A. is provided*  
*as a free translation from Romanian, which is the official and binding version.*

**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Profit and Loss for the nine months period ended at 30 September 2017

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

|                                      |           | Period of 3<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016<br>(unaudited,<br>restated) | Period of 9<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2016<br>(unaudited,<br>restated) |
|--------------------------------------|-----------|---|--|---|--|
| Note                                 |           |   |  |   |  |
| <b>Revenues</b>                      |           |   |  |   |  |
|                                      | <b>14</b> | 496.708.256   | 433.977.007  | 1.366.426.999   | 1.157.741.328  |
| Sales of electricity                 |           | 2.829.309   | 3.731.887  | 9.617.086   | 23.138.456   |
| Electricity transmission revenues    |           |   |  |   |  |
| <b>Total revenues</b>                |           | <b>499.537.565</b>  | <b>437.708.894</b>   | <b>1.376.044.085</b>  | <b>1.180.879.784</b>   |
| <b>Other income</b>                  |           |   |  |   |  |
|                                      |           | 9.178.805   | 14.487.504   | 25.644.905  | 13.563.144   |
| <b>Operating expenses</b>            |           |   |  |   |  |
| Depreciation and amortization        |           | (124.207.211)   | (121.543.989)  | (370.183.392)   | (359.948.779)  |
| Personnel expenses                   |           | (79.578.226)  | (75.089.837)   | (228.715.437)   | (217.372.478)  |
| Cost of traded electricity           |           | (26.340.603)  | (2.190.784)  | (47.046.859)  | (7.413.997)  |
| Repairs and maintenance              |           | (25.302.804)  | (19.933.681)   | (102.158.918)   | (100.934.141)  |
| Electricity transmission expenses    |           | (2.829.309)   | (3.731.887)  | (9.617.086)   | (23.138.456)   |
| Costs with spare parts               |           | (2.558.042)   | (2.697.007)  | (15.870.274)  | (19.503.101)   |
| Cost of uranium fuel                 |           | (34.132.463)  | (43.679.886)   | (91.597.936)  | (110.585.580)  |
| Other operating expenses             | <b>15</b> | (84.144.892)  | (92.472.615)   | (259.581.294)   | (248.357.779)  |
| <b>Total operating expenses</b>      |           | <b>(379.093.550)</b>  | <b>(361.339.686)</b>   | <b>(1.124.771.196)</b>  | <b>(1.087.254.311)</b>   |
| <b>Operating result</b>              |           |   |  |   |  |
|                                      |           | <b>129.622.820</b>  | <b>90.856.712</b>  | <b>276.917.794</b>  | <b>107.188.617</b>   |
| Finance cost                         |           | (27.565.607)  | (6.105.321)  | (64.958.489)  | (68.159.701)   |
| Finance income                       |           | 12.222.766  | 35.124.973   | 61.097.122  | 83.694.403   |
| <b>Net finance (expenses)/income</b> | <b>16</b> | <b>(15.342.841)</b>   | <b>29.019.652</b>  | <b>(3.861.367)</b>  | <b>15.534.702</b>  |
| <b>Profit before income tax</b>      |           |   |  |   |  |
|                                      |           | <b>114.279.979</b>  | <b>119.876.364</b>   | <b>273.056.427</b>  | <b>122.723.319</b>   |
| Net income tax expense               | <b>13</b> | (22.775.378)  | (19.215.531)   | (47.771.875)  | (20.326.491)   |
| <b>Profit for the period</b>         |           | <b>91.504.601</b>   | <b>100.660.833</b>   | <b>225.284.552</b>  | <b>102.396.828</b>   |

The condensed individual interim financial statements presented at page 1 to 21 were signed on 10 November 2017 by:

Cosmin Ghita  
Chief Executive Officer

Mihai Darie  
Chief Financial Officer

*The accompanying notes 1-19 are an integral part of these condensed individual interim financial statements.  
The above translation of the condensed interim individual financial statements of S.N. Nuclearelectrica S.A. is provided as a  
free translation from Romanian, which is the official and binding version.*

**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Comprehensive Income for the nine months period ended at 30 September 2017

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

|   |           | Period of 3<br>months ended<br>at 30<br>September<br>2017<br>(unaudited) | Period of 3<br>months ended<br>at 30<br>September<br>2016<br>(unaudited,<br>restated) | Period of 9<br>months ended<br>at 30<br>September<br>2017<br>(unaudited) | Period of 9<br>months ended<br>at 30<br>September<br>2016<br>(unaudited,<br>restated) |
|---|-----------|--|---|--|---|
|   | Note      |  |   |  |   |
| <b>Profit for the period</b>                      |           | <b>91.504.601</b>  | <b>100.660.833</b>  | <b>225.284.552</b>   | <b>102.396.828</b>  |
| <b>Other items of the comprehensive income</b>    |           |  |   |  |   |
| Actuarial (loss) for the determined benefit plans |           | -  | -   | (1.990.072)  | (572.459)   |
| <b>Other items of the comprehensive income</b>    |           | -  | -   | <b>(1.990.072)</b>   | <b>(572.459)</b>  |
| <b>Total comprehensive income for the period</b>  |           | <b>91.504.601</b>  | <b>100.660.833</b>  | <b>223.294.480</b>   | <b>101.824.369</b>  |
| <b>Earnings per share</b>                         |           |  |   |  |   |
| Basic earnings per share (RON/share )             | <b>16</b> | 0,30   | 0,33  | 0,75   | 0,36  |
| Diluted earnings per share (RON/share)            | <b>16</b> | 0,30   | 0,33  | 0,75   | 0,36  |

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**S.N. Nuclearelectrica S.A.**

Condensed Individual Statement of Changes in Equity for the nine months period ended 30 September 2017

*(All amounts are in RON, unless stated otherwise)*

|   | Note      | Share capital        | Share capital premium | Prepaid share reserve | Revaluation reserve | Retained earnings    | Total equity         |
|---|-----------|----------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|
| <b>Balance as at 1 January 2017 (audited)</b>           |           | <b>3.210.641.253</b> | <b>31.474.149</b>     | <b>21.553.537</b>     | <b>265.842.461</b>  | <b>3.977.101.856</b> | <b>7.506.613.256</b> |
| Correcting of accounting errors                         |           | -                    | -                     | -                     | -                   | (31.844.113)         | <b>(31.844.113)</b>  |
| <b>Balance as at 1 January 2017 (audited, restated)</b> |           | <b>3.210.641.253</b> | <b>31.474.149</b>     | <b>21.553.537</b>     | <b>265.842.461</b>  | <b>3.945.257.743</b> | <b>7.474.769.143</b> |
| <b>Comprehensive income for the period</b>              |           |                      |                       |                       |                     |                      |                      |
| <i>Profit for the period</i>                            |           | -                    | -                     | -                     | -                   | 225.284.552          | <b>225.284.552</b>   |
| <i>Other elements of comprehensive income</i>           |           | -                    | -                     | -                     | -                   | (1.990.072)          | <b>(1.990.072)</b>   |
| <b>Total comprehensive income for the period</b>        |           | -                    | -                     | -                     | -                   | <b>223.294.480</b>   | <b>223.294.480</b>   |
| Transfer of revaluation reserve to retained earnings    | <b>10</b> | -                    | -                     | -                     | (20.328.468)        | 20.328.468           | -                    |
| Distributed dividends                                   | <b>10</b> | -                    | -                     | -                     |                     | (209.499.571)        | <b>(209.499.571)</b> |
| <b>Balance as at 30 September 2017 (unaudited)</b>      |           | <b>3.210.641.253</b> | <b>31.474.149</b>     | <b>21.553.537</b>     | <b>245.513.993</b>  | <b>3.979.381.120</b> | <b>7.488.564.052</b> |

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**S.N. Nuclearelectrica S.A.****Condensed Individual Statement of Changes in Equity for the nine months period ended 30 September 2017***(All amounts are in RON, unless stated otherwise)*

|  | Note      | Share capital        | Share premium     | Prepaid share reserve | re-evaluation reserve | Retained earnings    | Total equity         |
|--|-----------|----------------------|-------------------|-----------------------|-----------------------|----------------------|----------------------|
| <b>Balance as at 1 January 2016 (audited)</b>                |           | <b>3.210.641.253</b> | <b>31.474.149</b> | <b>21.553.537</b>     | <b>293.329.577</b>    | <b>3.936.724.775</b> | <b>7.493.723.291</b> |
| Correcting of accounting errors                              |           | -                    | -                 | -                     | -                     | (36.133.136)         | <b>(36.133.136)</b>  |
| <b>Balance as at 1 January 2016 (audited, restated)</b>      |           | <b>3.210.641.253</b> | <b>31.474.149</b> | <b>21.553.537</b>     | <b>293.329.577</b>    | <b>3.900.591.639</b> | <b>7.457.590.155</b> |
| <b>Comprehensive income for the period</b>                   |           |                      |                   |                       |                       |                      |                      |
| <i>Profit for the period</i>                                 |           | -                    | -                 | -                     | -                     | 102.396.828          | <b>102.396.828</b>   |
| <i>Other elements of comprehensive income</i>                |           | -                    | -                 | -                     | -                     | (572.459)            | <b>(572.459)</b>     |
| <b>Total comprehensive income for the period</b>             |           | -                    | -                 | -                     | -                     | <b>101.824.369</b>   | <b>101.824.369</b>   |
| Transfer of revaluation reserve to retained earnings         | <b>10</b> | -                    | -                 | -                     | (20.655.473)          | 20.655.473           | -                    |
| Distributed dividends  | <b>10</b> | -                    | -                 | -                     | -                     | (99.499.571)         | <b>(99.499.571)</b>  |
| <b>Balance as at 30 September 2016 (unaudited, restated)</b> |           | <b>3.210.641.253</b> | <b>31.474.149</b> | <b>21.553.537</b>     | <b>272.674.104</b>    | <b>3.923.571.910</b> | <b>7.459.914.953</b> |

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**S.N. Nuclearelectrica S.A.****Condensed Individual Statement of Cash Flows for the nine months period ended 30 September 2017***(All amounts are in RON, unless stated otherwise)*

|  | <b>Period of<br/>9 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2016<br/>(unaudited, restated)</b> |
|--|--|--|
| <b>Cash flows from operating activities</b>                      |  |  |
| Profit before income tax   | <b>273.056.427</b>   | <b>122.723.319</b>   |
| <b>Adjustments for :</b>   |  |  |
| Depreciation and amortization                                    | 370.183.392  | 359.948.779  |
| Impairment loss on trade and other receivables                   | 4.910  | (2.116)  |
| Impairment loss on inventories                                   | (738.904)  | (1.226.910)  |
| Other provisions   | 14.885.871   | 7.692  |
| Gains from disposal of assets and impairment adjustments impact  | (17.912)   | (58.659)   |
| Net finance income/(expenses)                                    | 6.210.028  | (14.854.494)   |
| <b>Changes in:</b>   |  |  |
| Decrease in trade and other receivables                          | 45.446.120   | 44.827.730   |
| (Increase)/Decrease in inventories                               | (1.908.330)  | 6.811.666  |
| Variation in deferred income                                     | (1.280.273)  | (24.909.946)   |
| Variation in prepayments   | (1.947.323)  | (6.237.771)  |
| Decrease in accounts payable and other liabilities               | (83.474.379)   | (93.156.506)   |
| <b>Cash flows related to operating activities</b>                | <b>620.419.627</b>   | <b>393.872.784</b>   |
| Income tax paid  | (34.630.169)   | (20.678.197)   |
| Interest received  | 10.662.252   | 13.567.686   |
| Interest paid  | (4.953.661)  | (4.170.269)  |
| <b>Net cash flow related to operating activities</b>             | <b>591.498.049</b>   | <b>382.592.004</b>   |
| <b>Cash flows related to investing activities</b>                |  |  |
| Purchase of intangible assets                                    | (63.176)   | (7.148.529)  |
| Purchase of property, plant and equipment                        | (76.437.598)   | (70.696.848)   |
| Proceeds from disposal of non-current assets                     | 21.210   | 68.766   |
| Decrease/ (Increase) in bank deposits                            | 21.653.941   | (19.123.875)   |
| <b>Net cash flow related to investing activities</b>             | <b>(54.825.623)</b>  | <b>(96.900.486)</b>  |
| <b>Cash flow related to financing activities</b>                 |  |  |
| Payments of borrowings   | (153.405.401)  | (134.137.639)  |
| Payments of dividends  | (98.631.989)   | (98.679.803)   |
| <b>Net cash flow related to financing activities</b>             | <b>(252.037.390)</b>   | <b>(232.817.442)</b>   |
| <b>Net increase in cash and cash equivalents</b>                 | <b>284.635.036</b>   | <b>52.874.076</b>  |
| <b>Cash and cash equivalents as at 1 January (see Note 8)</b>    | <b>263.714.387</b>   | <b>257.376.819</b>   |
| <b>Cash and cash equivalents as at 30 September (see Note 8)</b> | <b>548.349.423</b>   | <b>310.250.895</b>   |

*The accompanying notes 1-19 are an integral part of these interim condensed financial statements*  
*The above translation of the condensed interim individual financial statements of S.N. Nuclearelectrica S.A. is provided as a free translation from Romanian, which is the official and binding version.*

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## **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. ("the Company" or "SNN") is a national joint stock company, administrated in unitary system, having a head office and two branches without legal personality: Cernavoda NPP subsidiary (Nuclear Power Plant) – having the office in Constanta district, Cernavoda town, Medgidiei Street, no. 2, registered at the Trade Register under the number J13/3442/2007 and, respectively, FCN Pitesti subsidiary (Nuclear Fuel Factory) – having the office in Arges district, Mioveni town, Campului Street, no. 1, registered at the Trade Register under the number J03/457/1998. The Company's head office is located in Bucharest, 65 Polona Street. The main activity of the company is the "Electric power production" – CAEN code 3511, registered at the Trade Register under the number J40/7403/1998, sole registration number 10874881, fiscal attribute RO.

The main activity of the Company is consisting of the electric and thermal energy generation by nuclear procedures. The main place of business is within Cernavoda NPP subsidiary, where the Company has two operating nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium reactor of PHWR type). The Company owns at Cernavoda other two nuclear reactors in the early stage of construction (Units 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by Energonuclear S.A subsidiary; currently, there is a new strategy to continue the project related to Units 3 and 4 approved by the Extraordinary General Meeting of Shareholders on 22 August 2014 (for more information see Note 5).

The Company also owns another reactor (Unit 5), for which the Company's shareholders have approved the change of the initial destination in March 2014, namely the use of Unit 5 for performing the activities connected to the operation of Units 1 and 2. The changing project of Unit 5 is in progress and it is estimated to be finalized during the year 2018. Unit 5 is integrally depreciated, because there is no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating of the two nuclear reactors located in the subsidiary Cernavoda NPP, is performed by the Company, within the subsidiary FCN Pitesti.

Starting with 4 November 2013, the Company's shares are traded on the Bucharest Stock Exchange, under the issuing symbol SNN.

As at 30 September 2017 the shareholders of the Company are: the Romanian State through the Ministry of Energy owning 248.736.619 shares, representing 82,4959% of the share capital, Fondul Proprietatea S.A. owning 27.408.381 shares, representing 9,0903% of the share capital and other shareholders which hold together 25,368,851 shares, representing 8,4138% of the share capital.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

The present condensed individual interim financial statements were prepared according to the Order of the Public Finances Ministry no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards ("IFRS") ("OMFP 2844/2016"). According to OMFP 2844/2016, the International Financial Reporting Standards represent the standards adopted according to the procedure stipulated by the Regulation of the European Committee no. 1.606/2002 of the European Parliament and of the Council, from 19 July 2002 regarding the application of the international accountancy standards.

These condensed individual interim financial statements have been prepared in accordance with IAS34 *Interim Financial Reporting*, as adopted by the European Union. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS and they must be read along with the Annual Individual Financial Situations issued at the date and for the financial year ended at 31 December 2016. However, certain explanatory notes are included to explain the events and transactions that are significant for understanding of the changes in the Company's financial position and performance since the last annual individual financial statements as at and for the year ended at 31 December 2016.

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The condensed individual interim financial statements as at and for the nine months period ended on 30 September 2017 are not audited, nor review by an independent auditor.

These condensed individual interim financial statements were authorized to be issued and signed on 10 November 2017 by the Company's management.

#### **b) Use of estimates and judgments**

The preparation of these condensed individual interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are reviewed and in any future periods affected.

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years are included in Note 5 (Continuity of the Energonuclear activity and of the project for the Units 3 and 4).

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the individual financial statements as at and for the year ended 31 December 2016.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed individual interim financial statements are the same as those applied in the Company's individual financial statements as at and for the year ended at 31 December 2016.

#### ***Correction of some accounting errors***

The Company has implemented the provisions of IFRIC 21 –Taxes for modifying the accounting principles, starting with the annual financial statements of the financial year 2014. Within their application, the Company has identified the tax for special constructions and the local taxes and fees. The Company has recognized the liability regarding these taxes and fees at the apparition moment of the activity that determines the payment, as it is defined in the relevant legislation. A liability regarding the taxes and fees is progressively estimated only if the activity that determines the payment appears during some period.

The company has considered that the liability recognition moment is determined by the existence in its patrimony and assets that are making the tax base and, consequently, the liability regarding the tax for special constructions and the local fees and taxes have been integrally recognized on 1 January, compared to the afferent expenses.

The company has reconsidered the date when the generating event connected to the fees and taxes covered by IFRIC 21 appears and has concluded that this date is 31 December of each year. This evaluation modification connected to the date when the generating event appears has been treated as an accounting error according to the provisions of IAS 8 – Accounting policies, changes of accounting provisions and correcting the errors.

The reconsideration of the accounting treatment afferent to the government taxes and fees that are covered by IFRIC 21, determines modification to the state budget, to the local taxes and fees, respectively to the deferred tax, recorded in the current period, the comparing financial statements being properly restated.

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**S.N. Nuclearelectrica S.A.**

Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

(All amounts are in RON, unless stated otherwise)

The effect of the accounting errors correction upon the Profit and loss account in the compared financial statements:

| <b>Profit of the period</b>                                      | <b>Period of 3 months<br/>ended on<br/>30 September 2016</b> | <b>Period of 9 months<br/>ended on<br/>30 September 2016</b> |
|--|--|--|
| <b>Value reported before the correction of accounting errors</b> | <b>102.381.972</b>   | <b>64.543.117</b>  |
| Cancellation local taxes fees                                    | -  | 43.015.638   |
| Resumption of Deffered tax                                       | (1.721.139)  | (5.161.927)  |
| <b>Restated value after the correction of accounting errors</b>  | <b>100.660.833</b>   | <b>102.396.828</b>   |

The effect of the accounting errors correction on the financial position from the comparative financial statements:

|  |                         |
|--|-------------------------|
| <b>Trade payables and other liabilities (see Note 12)</b>        | <b>31 December 2016</b> |
| <b>Value reported before the correction of accounting errors</b> | <b>178.860.825</b>      |
| Recognition of taxes for the year 2017 at 31.12.2016             | 37.909.659              |
| <b>Resteted value after the correction of accounting errors</b>  | <b>216.770.484</b>      |
| <b>Deferred tax liabilities</b>                                  | <b>31 December 2016</b> |
| <b>Value reported before the correction of accounting errors</b> | <b>163.087.603</b>      |
| Recognition of deferred tax assets at 31 December prior year     | (6.882.502)             |
| Current period deferred tax restatement                          | 6.882.502               |
| Recognition of deferred tax assets at 31.12.2016                 | (6.065.546)             |
| <b>Resteted value after the correction of accounting errors</b>  | <b>157.022.057</b>      |
| <b>Reported result</b>   | <b>31 December 2016</b> |
| <b>Value reported before the correction of accounting errors</b> | <b>3.977.101.856</b>    |
| Cancellation taxes for the year 2016 registered at 31.12.2015    | (43.015.638)            |
| Recognition of taxes for the year 2016 registered at 31.12.2015  | 43.015.638              |
| Recognition of taxes for the year 2017 at 31.12.2016             | (37.909.659)            |
| Recognition of deferred tax receivable at 31 December prior year | 6.882.502               |
| Resumption of deffered tax in the current period                 | (6.882.502)             |
| Recognition of deferred tax receivable at 31.12.2016             | 6.065.546               |
| <b>Resteted value after the correction of accounting errors</b>  | <b>3.945.257.743</b>    |

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**S.N. Nuclearelectrica S.A.**

Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

(All amounts are in RON, unless stated otherwise)

**4. PROPERTY, PLANT AND EQUIPMENT**

|   | Land              | Nuclear power plants | Machinery, equipment and other assets | Assets in course of construction | TOTAL                |
|---|-------------------|----------------------|---------------------------------------|----------------------------------|----------------------|
| <b>Cost</b>                                     |                   |                      |                                       |                                  |                      |
| <b>Balance at 1 January 2016 (audited)</b>      | <b>31.534.439</b> | <b>5.415.577.164</b> | <b>1.480.759.307</b>                  | <b>979.523.186</b>               | <b>7.907.394.096</b> |
| Additions                                       | -                 | -                    | 13.256.072                            | 93.305.636                       | 106.561.708          |
| Transfers                                       | -                 | 164.223.252          | 29.262.697                            | (193.485.949)                    | -                    |
| Inventory transfers                             | -                 | -                    | -                                     | 289.417                          | 289.417              |
| Transfer to intangible assets                   | -                 | -                    | -                                     | (13.717.629)                     | (13.717.629)         |
| Disposals                                       | -                 | -                    | (1.477.663)                           | (5.851.327)                      | (7.328.990)          |
| <b>Balance at 31 December 2016 (audited)</b>    | <b>31.534.439</b> | <b>5.579.800.416</b> | <b>1.521.800.413</b>                  | <b>860.063.334</b>               | <b>7.993.198.602</b> |
| <b>Balance at 1 January 2017 (audited)</b>      | <b>31.534.439</b> | <b>5.579.800.416</b> | <b>1.521.800.413</b>                  | <b>860.063.334</b>               | <b>7.993.198.602</b> |
| Additions                                       | -                 | -                    | 22.742.930                            | 50.326.863                       | 73.069.793           |
| Transfers                                       | -                 | 9.163.005            | 35.262.016                            | (44.425.021)                     | -                    |
| Inventory transfers                             | -                 | -                    | -                                     | (165.255)                        | (165.255)            |
| Transfer of spare parts                         | -                 | -                    | 9.357.308                             | (9.357.308)                      | -                    |
| Disposals                                       | -                 | -                    | (1.218.100)                           | -                                | (1.218.100)          |
| <b>Balance at 30 September 2017 (unaudited)</b> | <b>31.534.439</b> | <b>5.588.963.421</b> | <b>1.587.944.566</b>                  | <b>856.442.613</b>               | <b>8.064.885.039</b> |
| <b>Depreciation and impairment adjustment</b>   |                   |                      |                                       |                                  |                      |
| <b>Balance at 1 January 2016 (audited)</b>      | <b>311.030</b>    | <b>29.408.719</b>    | <b>255.579.053</b>                    | <b>147.539.743</b>               | <b>432.838.545</b>   |
| Depreciation charges                            | 51.838            | 346.011.604          | 113.783.192                           | -                                | 459.846.634          |
| Accumulated depreciation of disposals           | -                 | -                    | (1.463.222)                           | -                                | (1.463.222)          |
| Adjustments for fixed assets depreciation       | 187.914           | -                    | -                                     | (6.698.248)                      | (6.510.334)          |
| <b>Balance at 31 December 2016 (audited)</b>    | <b>550.782</b>    | <b>375.420.323</b>   | <b>367.899.023</b>                    | <b>140.841.495</b>               | <b>884.711.623</b>   |
| <b>Balance at 1 January 2017 (audited)</b>      | <b>550.782</b>    | <b>375.420.323</b>   | <b>367.899.023</b>                    | <b>140.841.495</b>               | <b>884.711.623</b>   |
| Depreciation charges                            | -                 | 268.270.314          | 88.474.383                            | -                                | 356.744.698          |
| Accumulated depreciation of disposals           | -                 | -                    | (1.214.802)                           | -                                | (1.214.802)          |
| Adjustments for fixed assets depreciation       | -                 | -                    | -                                     | (310.912)                        | (310.912)            |
| <b>Balance at 30 September 2017 (unaudited)</b> | <b>550.782</b>    | <b>643.690.637</b>   | <b>455.158.605</b>                    | <b>140.530.583</b>               | <b>1.239.930.607</b> |
| <b>Carrying amount</b>                          |                   |                      |                                       |                                  |                      |
| <b>Balance at 1 January 2016 (audited)</b>      | <b>31.223.410</b> | <b>5.386.168.445</b> | <b>1.225.180.254</b>                  | <b>831.983.443</b>               | <b>7.474.555.551</b> |
| <b>Balance at 31 December 2016 (audited)</b>    | <b>30.983.658</b> | <b>5.204.380.093</b> | <b>1.153.901.389</b>                  | <b>719.221.839</b>               | <b>7.108.486.979</b> |
| <b>Balance at 30 September 2017 (unaudited)</b> | <b>30.983.658</b> | <b>4.945.272.783</b> | <b>1.132.785.962</b>                  | <b>715.912.030</b>               | <b>6.824.954.433</b> |

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**S.N. Nuclearelectrica S.A.**

Notes to the Condensed Individual Interim Financial Statements as at and for the nine months period ended on 30 September 2017

*(All amounts are in RON, unless stated otherwise)*

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The machinery, equipment and other assets mainly include the heavy water used for Units 1 and 2, with a net carrying amount as at 30 September 2017 of 457.494.046 RON (31 December 2016: 456.034.348 RON) and administrative buildings with a net carrying amount value as at 30 September 2017 of 300.375.997 RON (31 December 2016: 315.465.551 RON).

As at 30 September 2017, the net carrying amount of Units 3 and 4, recognized as "Assets under construction", is of 273.960.000 RON (31 December 2016: 273.960.000 RON). Before 1991, Units 1, 2, 3, 4 and 5 were considered as a single project and therefore construction costs incurred were not allocated individually to each unit. Subsequently, the Company made the allocation of the construction costs to Nuclear Power Plant Units 3 and 4, as well as for Unit 5.

The carrying amount of the heavy water purchased specially for the Units 3 and 4 is of 158.511.960 RON (31 December 2016: 158.511.960 RON), representing approximately 75 tons. The asset is presented within the group "Assets in course of construction".

The main investments made by the Company during the nine months period ended on 30 September 2017 for the projects under construction related to Units 1 and 2 include:

- Construction of storage and loading areas for the used nuclear fuel (DICA) in amount of 15.378.300 RON (in 2016: 8.116.594 RON);
- Assembly of access gates into the water inlet chamber area amounting to 3.549.668 RON (in 2016: 4.296.668 RON);
- Refurbishment of the DCC emulator from the Full Scope Simulator structure in amount of 2.316.361 RON (in 2016: 261.965 RON).

The main investments commissioned during the nine months period ended at 30 September 2017 refer mainly to: improvement of the live steam system in amount of 3.620.344 RON, filtering systems upstream the water chambers for the Units 1 and 2 in amount of 4.539.920 RON, construction of storage and loading areas for the used nuclear fuel (DICA) in amount of 9.900.746 RON.

During the period 01 January - 30 September 2017, the Company purchased 11.909,52 kg of heavy water from the National Administration of the State Reserves and Special Problems ("ANRSPS"), necessary for the Units 1 and 2 operation in amounting to 21.993.395 RON (in the year 2016: 5.081,59 kg of heavy water were purchased in amounting to 9.621.247 RON).

As at 30 September 2017, the carrying amount of assets under construction which refers to Units 3 and 4 is in amount of 506.543.673 RON, including the heavy water value (31 December 2016: 507.024.049 RON). As at 30 September 2017, the remaining difference up to 715.912.030 RON (31 December 2016: 719.221.839 RON) represents assets under construction related to Units 1 and 2, such as: D2O detritiation installation in the amount of 63.230.074 RON, construction of loading and storage facilities for the used nuclear fuel (DICA) in the amount of 29.222.946 RON, improvement of nuclear security systems after Fukushima in amount of 12.936.829 RON, extension of Unit 1 lifetime compared to the designed lifetime in amount of 8.255.679 RON.

As at 30 September 2017, the company acquired on credit fixed assets from suppliers (commercial credit) in amount of 4.454.292 RON (31 December 2016: 9.115.482 RON).

The values presented at 1 January 2016 and 31 December 2016 related to the property, plant and equipment costs, respectively to the cumulated amortization related to the property, plant and equipment at the same dates have been corrected with the total value of 15.291.476 RON, out of which for the category "Lands" with the amount of 2.491.550 RON and for the category "Machinery, equipment and other assets" with the amount of 12.799.926 RON, in order to correlate the values presented in this note with the accounting data. These corrections did not have any impact upon the net carrying amount of the property, plant and equipment for any of the previously reported periods.

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#### *Decommissioning of nuclear power plants*

Unit 1 is designed to operate until 2026 and Unit 2 until 2037. The Company did not record provisions for decommissioning of these two units, as it is not responsible for the decommissioning. According to Government decision no. 1080/ 5 September 2007, the Nuclear Agency and Radioactive Waste (“ANDR”) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assumes the responsibility for the management of the entire decommissioning process at the end of the useful lives of the units, and also for the permanent storage of the resulting waste (see Note 15). The company’s expense regarding the contributions to ANDR for the nine months period ended 30 September 2017 is in amount of 70.691.686 RON (the 9 months period ended at 30 September 2016: 68.456.679 RON).

#### *Assets pledged as security*

As at 30 September 2017, respectively 31 December 2016 the Company has no pledged or mortgaged assets.

### **5. FINANCIAL INVESTMENTS**

The financial investments are mainly represented by the investment in Energonuclear S.A. (“Energonuclear”). As at 30 September 2017 and 31 December 2016, the company holds 100% from the share capital of Energonuclear S.A. The participation value at 30 September 2017 and 31 December 2016 is of 141.666.101 RON.

#### *Continuity of activity for Energonuclear S.A. and for the project of Units 3 and 4*

The uncertainties regarding Energonuclear’s capacity to continue its activity mentioned and explained in detail in the annual financial statements prepared on and for the financial year concluded on 31 December 2016 continue to exist as at 30 September 2017.

As at 31 January 2017, the negotiation committee has approved the negotiations continuing proposal upon the Investment Documents under the same conditions from MoU, the formalities for obtaining a mandate from the Inter-Ministerial Committee, Romanian Government, respectively the Company General Meeting of Shareholders being initiated regarding the continuation of negotiations.

On 23 February 2017 a meeting between the representatives of the Energy Ministry and of CGN took place regarding the need of assuming an activity calendar and for speeding the negotiations on the incorporation of the new Project Company (“JVCo”). At the request of CGN, in the absence of a new negotiation mandate, during 28 - 30 March 2017 and, respectively, 10 - 13 April 2017 unofficial technical discussions have taken place between the representatives of SNN and CGN.

On 6 March 2017, The Inter-Ministerial Committee has approved the proposal of the Negotiation Committee regarding the continuation of negotiations and the submission for approval to the Romanian Government of a memorandum in this respect. The continuation of negotiations can take place after the approval within the Company General Meeting of the Shareholders.

During March – July 2017 clarifications and analyzes have taken place in order to identify the options and define the parameters that can allot the possible engagements of the Romanian State reported to the requirements of CGN.

The Inter-Ministerial Committee for the Project Units 3 and 4 of Cernavoda NPP decided the endorsement of the continuation of negotiations upon the Investment Documents for a period up to 6 months from the institutional and corporative approval date, applying all the other provisions of MoU, including the possibility of any Party to terminate the MoU without any indemnization through a simple written notification to the other Party, in case an agreement has not been reached upon the Investment Documents and to the extent to which the delay has not been caused by the respective Party.

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Through a Government Memorandum, on 13 July 2017, the continuation negotiations was approved upon the Investment Documents regarding the development, construction, operation and decommissioning of the Units 3 and 4 of Cernavoda NPP with the Chinese company CGN.

As per the Resolution no. 114/20.07.2017 SNN Board of Directors endorsed and sent for approval to the SNN General Extraordinary Meeting of the Shareholders the continuation of negotiation upon the Investment documents under the same conditions from the MoU, for a period of 6 months from the institutional and corporate approval date, applying all the other provisions of MoU, including the possibility of any Party to terminate the MoU without any indemnization through a simple written notification to the other Party, in case an agreement has not been reached upon the Investment Documents and to the extent to which the delay has not been caused by the respective Party.

As per the Resolution of the General Extraordinary Meeting of the Shareholders of SNN no. 6/24.08.2017 the following were approved:

- The continuation of negotiations upon the Investment documents under the same conditions from the MoU, for a period of 6 months from the institutional and corporate approval date, applying all the other provisions of MoU, inclusive the possibility of any Party to terminate the MoU without any indemnization through a simple written notification to the other Party, in case an agreement has not been reached upon the Investment Documents and to the extent to which the delay has not been caused by the respective Party.
- The empowerment of the Board of Directors to establish the terms and conditions of the negotiations that will be carried out with the selected investor by the representatives of SNN within the Negotiation Commission for the development of the project for the Units 3 and 4 of Cernavoda NPP, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

Through the Resolution of the Board of Directors of SNN no. 133/24.08.2017 the terms and conditions of the negotiations that will be carried out with the selected investor by the representatives of SNN within the Negotiation Commission for the development of the project for the Units 3 and 4 of Cernavoda NPP were approved, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.

The negotiation process restarted on 13 September 2017, according to the calendar agreed between the Negotiation Commission and CGN. During 13 - 29 September 2017 negotiations have taken place upon the Investors Agreement project ("AI") and of the relevant appendixes to the AI, being identified: (i) the clauses/sections upon which the parties have reached an agreement, (ii) the clauses/provisions that have to be reformulated (for which editing terms for some proposals by both Parties' consultants have been established) and/or (iii) the aspects remained divergent, as well as the discussion of the principles mentioned in the list of aspects escalated by the parties and the identification of the flexible positions of the parties.

During October, the Negotiation Commission („CN”) has analysed the aspects discussed in the negotiation sessions with CGN from the period 13-29 September 2017 that deviate from the initial mandate received through the Government Memorandum from 13 July 2017 or for which there clarifications are necessary by comparison to the strategy regarding the project. The proposals of CN for the modification/flexibilization of the negotiation mandate have been endorsed by SNN Board of Directors and by the Inter-Ministerial Commission.

Considering the above mentioned aspects, as well as the stage of the negotiations with the selected investor for the development of the project for the Units 3 and 4 Cernavoda NPP, the management of the company is confident that the project developed by Energonuclear and that might be continued by the new project company, will continue in the future and there will be an increasing need for the energy that is going to be generated by Units 3 and 4. Thus, the company's management considers that the investment in Energonuclear S.A. is going to be recovered, according to the Strategy.

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**6. INVENTORIES**

As at 30 September 2017 and 31 December 2016 the inventories are as follows:

|                              | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|------------------------------|--|---|
| Spare parts                  | 142.038.519                                    | 130.820.218                                 |
| Supplies and other materials | 36.821.742                                     | 45.107.372                                  |
| Nuclear fuel                 | 113.635.762                                    | 102.355.393                                 |
| Uranium                      | 36.826.466                                     | 49.372.687                                  |
| Other inventories            | 4.381.867                                      | 3.401.452                                   |
| <b>TOTAL</b>                 | <b>333.704.356</b>                             | <b>331.057.122</b>                          |

**7. TRADE RECEIVABLES AND OTHER RECEIVABLES**

As at 30 September 2017 and 31 December 2016 the trade and other receivables are as follows:

|                             | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|-----------------------------|--|---|
| Trade receivables           | 106.116.927                                    | 137.740.298                                 |
| Trade receivables allowance | (12.851.654)                                   | (12.846.744)                                |
| Other receivables           | 12.492.320                                     | 13.079.870                                  |
| Other receivables allowance | (3.468.965)                                    | (3.468.965)                                 |
| Taxes and duties            | 12.970.832                                     | 27.558.843                                  |
| <b>Total</b>                | <b>115.259.460</b>                             | <b>162.063.302</b>                          |

As at 30 September 2017, the main trade receivables in balance are from: GEN-I d.o.o. – 15.556.126 RON (31 December 2016: 15.251.159 RON), E.ON Energie Romania S.A. – 12.840.764 RON (31 December 2016: 2.740.938 RON), Enel Energie S.A. – 8.019.384 RON (31 December 2016: 8.820.614 RON), Electrica Furnizare S.A. 7.446.423 (31 December 2016: 30.893.082 RON), Alpiq Romindustries S.R.L. – 7.289.507 RON (31 December 2016: 4.980.931 RON), Enel Energie Muntenia S.A. – 4.838.184 RON (31 December 2016: 10.677.949 RON).

**8. CASH AND CASH EQUIVALENTS**

As at 30 September 2017 and at 31 December 2016 the cash and cash equivalents are as follows:

|  | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|--|--|---|
| Cash at bank in RON                    | 532.993.359                                    | 262.257.016                                 |
| Cash at bank in foreign currency       | 15.356.064                                     | 1.457.371                                   |
| <b>Total cash and cash equivalents</b> | <b>548.349.423</b>                             | <b>263.714.387</b>                          |

**9. EQUITY*****Reported result***

The reported result represents the cumulated result of the company. The reported result is distributed based on the annual financial statements issued according to the Order of the Public Finances Ministry no. 2844/2016 for the approval of the Accounting Regulations according to the International Financial Reporting Standards.

During the nine months period ended at 30 September 2017, the company has declared dividends in amount of 209.499.571 RON (30 September 2016: 99.499.571 RON), out of which 99.499.571 RON distributed from the net profit of the financial year 2016, according to the GMS Resolution no. 2/24.04.2017 and 110.000.000 RON distributed

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based on the provisions of art. II and art. III from the Government Emergency Ordinance no. 29/2017, from « Other reserves representing financing sources », according to the GMS Resolution no. 8/28.09.2017. The gross dividends, not paid at 30 September 2017 are in amount of 110.060.660 RON (30 September 2016: 309.943 RON).

Consequent to the reconsideration of the governmental taxes and fees accounting treatment, according to IFRIC 21, detailed in Note 3, the reported result of the comparative period has been restated.

**10. BORROWINGS**

Reimbursements of loans during the nine months period ended at 30 September 2017 were at follows:

|                                     | Currency | Interest rate      | Carrying amount      | Year of maturity |
|-------------------------------------|----------|--------------------|----------------------|------------------|
| <b>Balance at 1 January 2017</b>    |          |                    | <b>1.345.420.230</b> |                  |
| New issues                          |          |                    |                      |                  |
| <b>Repayments, out of which:</b>    |          |                    | <b>(153.405.402)</b> |                  |
| Societe Generale - ALSTOM           | EUR      | EURIBOR 6M +0,45%  | (2.436.066)          | 2017             |
| Societe Generale - ANSALDO BC       | EUR      | EURIBOR 6M +0,45%  | (17.569.294)         | 2022             |
| Societe Generale - AECL BC          | CAD      | CDOR 6M +0,375%    | (33.181.752)         | 2022             |
| Societe Generale - NEXANS           | EUR      | EURIBOR 6M +0,45%  | (3.060.143)          | 2017             |
| Societe Generale - GENERAL ELECTRIC | USD      | LIBOR 6M + 0,07%   | (12.249.737)         | 2017             |
| EURATOM                             | EUR      | EURIBOR 6M + 0,08% | (84.908.410)         | 2024             |
| <b>Exchange rate differences</b>    |          |                    | <b>2.571.802</b>     |                  |
| <b>Balance at 30 September 2017</b> |          |                    | <b>1.194.586.631</b> |                  |

As at 30 September 2017 and 31 December 2016 the long term loans from credit institutions were as follows:

|   | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|---|--|---|
| Societe Generale - ALSTOM                               | -  | 2.420.553                                   |
| Societe Generale - ANSALDO BC                           | 176.803.948                                    | 192.031.669                                 |
| Societe Generale - AECL BC                              | 342.634.803                                    | 383.665.096                                 |
| Societe Generale - NEXANS                               | -  | 3.040.658                                   |
| Societe Generale - GENERAL ELECTRIC                     | -  | 12.710.203                                  |
| EURATOM   | 675.147.880                                    | 751.552.050                                 |
| <b>Total long term loans from credit institutions</b>   | <b>1.194.586.631</b>                           | <b>1.345.420.229</b>                        |
| <b>Less: current portion of the long term loans</b>     | <b>(210.586.871)</b>                           | <b>(228.197.074)</b>                        |
| <b>Less: balance of transaction costs (long term)</b>   | <b>(24.654.898)</b>                            | <b>(29.261.340)</b>                         |
| <b>Total long term loans, net of short term portion</b> | <b>959.344.862</b>                             | <b>1.087.961.815</b>                        |

As at 30 September 2017, the financial indicators related to the loan granted by EURATOM were fulfilled.

As at 30 September 2017 and 31 December 2016 the short term borrowings are as follows:

|  | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited)</b> |
|--|--|---|
| Current portion of the long term loans   | 210.586.871                                    | 228.197.074                                 |
| Interests related to the long term loans | 1.725.876                                      | 560.850                                     |
| Short – term transaction costs           | (6.574.639)                                    | (7.828.397)                                 |
| <b>Total short term loans</b>            | <b>205.738.108</b>                             | <b>220.929.527</b>                          |

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**11. OBLIGATIONS REGARDING THE EMPLOYEES BENEFITS**

As at 31 December 2016, the obligations regarding the employee's benefits in amount of 31.907.053 RON include the provision for the employees benefits granted by the company according to the Collective Employment Agreement („CCM”) of the company.

The in force CCM for the year 2017 provides the possibility of granting, starting with the approval date of the incomes and expenses date for the year 2017, to the company employees that are retiring from SNN and are cumulatively fulfilling the condition of having 15 years of experience in the electric or heating power field, out of which minimum the last 10 years of retirement from SNN, of a retirement help as a quota of 1200 kW electric power, granted in a single installment to the pension as a benefit whose amount is of 8.500 RON gross (value determined on actuarial bases); this benefit can be granted to the employees who are retiring from the SNN starting with 29 March 2017, date when the incomes and expenses budget of SNN for the year 2017 was approved, considering that the approval of including the amounts in the incomes and expenses budget was a condition for the benefit enforcement.

As at 30 June 2017, in order to update the provision afferent to the obligations regarding the benefits granted to the employees, the company has hired an actuarial expert in order to determine the existent conditions at 30 June 2017.

As at 30 September 2017, the obligations regarding the employees' benefits are in amount of 39.553.412 RON, containing both the provision for the employees' benefits granted by the company according to the in force CCM as they were valid at 31 December 2016, and the provision for the employees' benefits granted at retirement as help for the electric power value, starting with the date of 29 March 2017. The value of the obligations regarding the benefits granted to the employees as at 30 September 2017 is determined based on the report drafted by an actuarial expert as at 30 June 2017.

**12. TRADE AND OTHER PAYABLES**

As at 30 September 2017 and at 31 December 2016, the trade and other liabilities are as follows:

|   | <b>30 September 2017<br/>(unaudited)</b> | <b>31 December 2016<br/>(audited, restated)</b> |
|---|--|---|
| Property, plant and equipment suppliers | 4.454.292                                | 9.115.482                                       |
| Suppliers                               | 59.453.488                               | 96.439.435                                      |
| Payables to employees                   | 7.367.312                                | 15.102.120                                      |
| Payables to the State                   | 20.300.530                               | 61.064.864                                      |
| Gross dividend                          | 110.067.720                              | 295.306   |
| Other payables                          | 49.185.648                               | 34.753.277                                      |
| <b>Total</b>                            | <b>250.828.990</b>                       | <b>216.770.484</b>                              |

As at 30 September 2017, the main outstanding suppliers are: Apele Romane Bucuresti – 12.646.774 RON (31 December 2016: 11.792.224 RON), Elcomex I.E.A. S.A. – 4.970.273 RON (31 December 2016: 5.117.083 RON), General Concrete S.R.L. – 3.912.259 RON (31 December 2016: 3.400.806RON) and Mate – Fin S.R.L. – 3.534.161 RON (31 December 2016: 6.967.151 RON). As at 30 September 2017, the debt balance towards the supplier Cameco Inc. SUA is of 0 RON (31 December 2016: 17.967.417 RON).

The position „Payable dividends” includes the amount of 110.000.000 RON distributed according to art.II and art. III of the Government Emergency Ordinance no. 29/2017, from "Other reserves representing financing sources", according to the GMS Resolution no. 8/28.09.2017.

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### 13. INCOME TAX

The income tax recognized in the profit and loss account is as follows:

|                            | Period of<br>3 months ended at<br>30 September 2017<br>(unaudited) | Period of<br>3 months ended at<br>30 September 2016<br>(unaudited,<br>restated) | Period of<br>9 months ended at<br>30 September 2017<br>(unaudited) | Period of<br>9 months ended at<br>30 September 2016<br>(unaudited,<br>restated) |
|----------------------------|--|---|--|---|
| Current income tax expense | 23.762.881   | 19.941.658  | 51.961.078   | 21.891.356  |
| Deferred tax release       | (987.503)  | (726.126)   | (4.189.203)  | (1.564.864)   |
| <b>Total</b>               | <b>22.775.378</b>  | <b>19.215.532</b>   | <b>47.771.875</b>  | <b>20.326.492</b>   |

As a result of the reconsideration of the accounting treatment of the government fees and taxes, according to IFRIC 21, detailed in Note 3, "Costs with income tax" for the comparing period of the year 2016 has been properly modified, with the effect of the deferred profit tax.

### 14. SALES OF ELECTRICITY

(i) *Revenues from electricity sales*

|  | Period of 3<br>months ended at<br>30 September 2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2017 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited) |
|--|--|--|--|--|
| Sales of electricity on regulated market   | 18.003.177   | 55.277.282   | 84.161.249   | 196.289.780  |
| Sales of electricity on competitive market | 478.630.947  | 378.605.605  | 1.280.740.988  | 960.181.999  |
| Sales of thermal energy                    | 69.970   | 89.697   | 1.512.441  | 1.256.331  |
| Revenues from green certificates sales     | 4.161  | 4.423  | 12.320   | 13.218   |
| <b>Total</b>                               | <b>496.708.256</b>   | <b>433.977.007</b>   | <b>1.366.426.999</b>   | <b>1.157.741.328</b>   |

(ii) *Quantity of energy sold*

|   | Period of 3<br>months ended at<br>30 September<br>2017 (unaudited) | Period of 3<br>months ended at<br>30 September<br>2016 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2017 (unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited) |
|---|--|--|--|--|
| Quantity of energy sold on regulated market (MWh)   | 114.885  | 339.786  | 529.174  | 1.206.257  |
| Quantity of energy sold on competitive market (MWh) | 2.644.295  | 2.448.927  | 7.355.497  | 6.394.870  |
| <b>Total</b>  | <b>2.759.181</b>   | <b>2.788.713</b>   | <b>7.884.671</b>   | <b>7.601.127</b>   |

The Company is a participant to the balancing market, but also a Responsible Party for balancing according to the conventions concluded with the transmission and system operator Ciga Energy S.A. The presented quantity of energy sold does not include the quantity of energy related to the revenues from positive imbalances capitalized on the Balancing Market, in amount of 22.397 MWh for the nine months period ended at 30 September 2017 (20.488 MWh in the nine months period ended at 30 September 2016).

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The company produces thermal energy production by the exploitation of the energy capacities related to the units of electricity and thermal energy production consisting in two heat exchangers with a total heating power of 40Gcal/h and 46,51MW. The company delivers thermal energy to the local company of thermal energy distribution SC Utilitati Publice SA Cernavoda, as well as to some end consumers in Cernavoda municipality –economic agents, social-cultural institutions. The thermal energy sales in the period 1 January – 30 September 2017 are in amount of 1.512.441 RON (1 January - 30 September 2016: 1.256.331 RON).

The electricity sector in Romania is regulated by the National Agency for Electricity Sector Regulation (ANRE), an autonomous public institution. The electric power market in Romania is under a gradual liberalization process until the end of the year 2017. The company participates to the electric power market both on the competitive segment, and on the regulated one of the market. ANRE establishes, through annual resolutions, the quantities of electric power that must be sold by the company on the regulated market, respectively the regulated prices that must be practiced in the current year; the regulated prices are established based on the economically justified costs, respectively cost plus profit margin, by using a methodology approved by ANRE.

In the nine months period ended at 30 September 2017, the Company has sold approximately 6,69% of the electric power on the regulated market (15,83% in the nine months period ended at 30 September 2016). The total quantity of electric power sold in the nine months period ended at 30 September 2017 is of 7.907.068 MWh, compared to 7.621.615 MWh, sold in the nine months period ended at 30 September 2016. The average sale price of the electric power on the regulated market in the nine months period ended at 30 September 2017 is of: 159,57 RON/MWh (period 1 January – 30 June 2017), respectively 156,93 RON/MWh (period 1 July – 30 September 2017) compared to 162,71 RON/MWh in the nine months period ended at 30 September 2016, the net value of the tariff for the electric power transport service paid by Transelectrica S.A. for introducing the electric power in the electric power transport network.

The reduction of the regulated price for the electric power delivered and sold by the company based on regulated contracts according to the Resolution of ANRE no. 861/13.06.2017, 159,57 RON/MWh at 156,93 RON/MWh, is based on the reduction of the nuclear fuel average cost considered for the establishment of the regulated price, based on the resolution of ANRE no. 1960/14.12.2016.

In the period 1 January – 30 June 2017, for the electric power sales on the regulated market, to the regulated price is added the regulated tariff for the introduction of the electric power in the transport network (Tg), from 1,34 RON/MWh (reduced from 4,04 RON/MWh starting with month July 2016 through the Order of ANRE no. 27/22.06.2016). Starting with 1 July 2017, the regulated tariff for the introduction of the electric power in the transport network (Tg) was established at 1,05RON/MWh, through the Order of ANRE no. 48/22.06.2017.

**15. OTHER OPERATING EXPENSES**

|   | <b>Period of<br/>3 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>3 months ended at<br/>30 September 2016<br/>(unaudited,<br/>restated)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September<br/>2016 (unaudited,<br/>restated)</b> |
|---|--|--|--|--|
| Third parties services                  | 19.075.982   | 29.211.107   | 60.720.781   | 57.258.722   |
| Expenses with ANDR                      | 23.688.329   | 21.922.169   | 70.691.686   | 68.456.679   |
| Energy and water                        | 20.906.344   | 20.184.483   | 57.635.635   | 55.764.413   |
| Fuels, lubricants and other consumables | 6.637.320  | 7.056.713  | 23.956.781   | 28.594.176   |
| Insurance premiums                      | 3.591.686  | 1.884.518  | 8.892.371  | 8.856.741  |
| Transportation and telecommunication    | 1.622.043  | 1.559.647  | 4.558.498  | 4.688.361  |
| Other operating expenses                | 8.623.188  | 10.653.977   | 33.125.542   | 24.738.687   |
| <b>Total</b>                            | <b>84.144.892</b>  | <b>92.472.614</b>  | <b>259.581.294</b>   | <b>248.357.779</b>   |

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Starting with 2007, following the Government Decision no. 1080/ 5 September 2007 regarding the safe management of the radioactive waste and the decommissioning of the nuclear installations, the Company is required to make two types of contributions to the ANDR:

- Contribution for the decommissioning of each nuclear unit amounting to EUR/MWh 0,6 of electricity produced and injected in the system;
- Contribution for the permanent storage of radioactive waste of EUR/MWh 1,4 of electricity produced and injected in the system.

According to this legislative act, the annual contribution for decommissioning is paid over the projected useful life of both nuclear units, and the direct annual contribution for permanent storage is paid over the operational period of the nuclear units and consequently, ANDR assumes responsibility for managing the entire decommissioning process at the end of the useful life of the nuclear plants and the storage of resulting waste.

As at 30 June 2017, the modification of the accounting treatment of the government fees and taxes according to IFRIC 21, detailed in Note 3, has determined the elimination of the costs with fees and taxes covered by IFRIC 21. According to the previously applied accounting treatment, the costs afferent to these fees and taxes were recognized in the first quarter of each year, and consequent to the application of the accounting treatment modification, they will be recorded in the last quarter of each financial year.

**16. FINANCIAL INCOME AND EXPENSES**

|                                       | <b>Period of<br/>3 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>3 months ended at<br/>30 September 2016<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2017<br/>(unaudited)</b> | <b>Period of<br/>9 months ended at<br/>30 September 2016<br/>(unaudited)</b> |
|---------------------------------------|--|--|--|--|
| Interest income                       | 3.037.237  | 3.023.270  | 9.309.403  | 11.454.382   |
| Foreign exchange gains                | 9.185.511  | 32.100.610   | 51.784.617   | 72.227.362   |
| Dividend income                       | 18   | 1.093  | 3.102  | 12.659   |
| <b>Total financial income</b>         | <b>12.222.766</b>  | <b>35.124.973</b>  | <b>61.097.122</b>  | <b>83.694.403</b>  |
| Foreign exchange losses               | (23.484.126)   | (2.393.727)  | (52.979.601)   | (56.744.279)   |
| Interest expenses                     | (4.081.481)  | (3.711.594)  | (11.978.888)   | (11.415.422)   |
| <b>Total financial expenses</b>       | <b>(27.565.607)</b>  | <b>(6.105.321)</b>   | <b>(64.958.489)</b>  | <b>(68.159.701)</b>  |
| <b>Net financial income/(expense)</b> | <b>(15.342.841)</b>  | <b>29.019.652</b>  | <b>(3.861.367)</b>   | <b>15.534.702</b>  |

In June 2017, Energonuclear distributed dividends in amount of 2.011 RON afferent to the financial year 2016 (30 June 2016: 11.566 RON), that have been cashed in by the company in July 2017.

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**17. EARNINGS PER SHARE**

As at 30 September 2017 and 30 September 2016 the earnings per share are as follows:

**(i) Basic earnings per share**

|   | Period of 3<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited,<br>restated) |
|---|---|---|---|---|
| <b>Net profit for the period</b>                                    | <b>91.504.601</b>   | <b>100.660.833</b>  | <b>225.284.552</b>  | <b>102.396.828</b>  |
| Number of ordinary shares at the beginning of the period            | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| Number of ordinary shares issued during the period                  | -   | -   | -   | -   |
| Weighted average number of ordinary shares at the end of the period | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| <b>Basic earnings per share (RON/share)</b>                         | <b>0,30</b>   | <b>0,33</b>   | <b>0,75</b>   | <b>0,36</b>   |

**(ii) Diluted earnings per share**

|   | Period of 3<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 3<br>months ended at<br>30 September<br>2016<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2017<br>(unaudited) | Period of 9<br>months ended at<br>30 September<br>2016 (unaudited,<br>restated) |
|---|---|---|---|---|
| <b>Net profit for the period</b>  | <b>91.504.601</b>   | <b>100.660.833</b>  | <b>225.284.552</b>  | <b>102.396.828</b>  |
| Number of ordinary shares at the beginning of the period  | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| Number of ordinary shares issued during the period  | -   | -   | -   | -   |
| Number of ordinary shares at the end of the period (a)  | 301.513.851   | 301.513.851   | 301.513.851   | 281.782.756   |
| Number of ordinary shares related to the prepaid reserve (b)                                      | -   | -   | -   | -   |
| <b>Weighted average number of ordinary (diluted) shares at September 30<sup>th</sup>(a) + (b)</b> | <b>301.513.851</b>  | <b>301.513.851</b>  | <b>301.513.851</b>  | <b>281.782.756</b>  |
| <b>Diluted earnings per share (RON/share)</b>   | <b>0,30</b>   | <b>0,33</b>   | <b>0,75</b>   | <b>0,36</b>   |

**18. CONTINGENCIES AND COMMITMENTS****Ongoing litigations**

During the six months period ended at September 30<sup>th</sup> 2017, the Company was involved in a number of litigations arising in the normal course of the activity. The management of the Company regularly analyzes the ongoing litigations and, after consulting with its legal representatives and external lawyers, decides whether or not to create a provision or to disclose any litigation in the financial statements.

In the Company management opinion, there are no ongoing actions or claims that might have significant effects upon the financial result and upon the financial position of the Company that have not been presented in these Condensed Individual Interim Financial Statements.

*The above translation of the condensed interim individual financial statements of S.N. Nuclearelectrica S.A. is provided as a free translation from Romanian, which is the official and binding version.*

## **19. SUBSEQUENT EVENTS**

*Litigation between Sindicatul Liber Energetica Nucleara 90 Cernavoda and the SNN employee's regarding some salary rights*

At Constanta Court of Law, the file with no. 7036/118/2017 against SNN was recorded, having as object the unpaid salary rights, representing the value of the professional risk premium (dangerous conditions), claimant being Sindicatul Liber Energetica Nucleara 90 Cernavoda and the employees of SNN.

The company considers these claims as not founded, all the legal salary rights being paid to the employees, including the money amounts that represent the object of this litigation.

*Changes within the management of S.N. Nuclearelectrica S.A.*

As at 17 October 2017, the provisional member of Mrs. Cezarina Roxana Banica as member of the SNN Board of Directors has ceased by resigning, consequent to her designation as Government General Secretary, incompatible with the function of Board of Directors member within the national companies.

As per the Resolution of the Board of Directors of SNN no. 167/27.10.2017, Mr. Ionut Dragos Banescu was appointed as provisional Board member on the vacant position.

**Cosmin Ghita**

**Chief Executive Officer**

**Mihai Darie**

**Chief Financial Officer**

*The above translation of the condensed interim individual financial statements of S.N. Nuclearelectrica S.A. is provided as a free translation from Romanian, which is the official and binding version.*



**QUARTERLY REPORT**  
**OF THE BOARD OF DIRECTORS OF S.N. NUCLEARELECTRICA S.A. (“SNN”)**  
**for the period January 1<sup>st</sup> - September 30<sup>th</sup>, 2017**

**3<sup>rd</sup> Quarter 2017**

**Date of the report: November 2017**

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## 1. BASIS OF THE REPORT

The quarterly report of the Board of Directors for the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 is prepared based on the provisions of art. 67 of the Law 24/2017 for issuers of financial instruments and market operations.

## 2. ANALYSIS OF THE FINANCIAL STATEMENT

The information and Condensed Individual Interim Financial Statements as at and for the 9 months period ended on September 30, 2017 presented in this report are unaudited, nor reviewed by the financial auditor of SNN and were prepared according to OMFP no. 2844/19.12.2016 for the approval of the Accounting Regulations compliant with International Standards of Financial Reporting, based on the International Accounting Standard 34 “Interim Financial Reporting”.

The indicators submitted are in RON (lei), if not otherwise mentioned.

### 2.1. Financial position as at 30.09.2017

The financial position as at 30.09.2017 is presented in **Appendix 1**.

| Thousand RON                        | 30 September 2017<br>(unaudited) | 31 December 2016<br>(audited, restated) | Variation    |
|-------------------------------------|----------------------------------|---|--------------|
| Non-current assets                  | 7.033.594                        | 7.330.813                               | -4,1%        |
| Current assets                      | 2.235.379                        | 2.014.607                               | 11,0%        |
| <b>Total assets</b>                 | <b>9.268.973</b>                 | <b>9.345.420</b>                        | <b>-0,8%</b> |
| Non-current liabilities             | 1.284.419                        | 1.420.338                               | -9,6%        |
| Current liabilities                 | 495.990                          | 450.313                                 | 10,1%        |
| <b>Total liabilities</b>            | <b>1.780.409</b>                 | <b>1.870.651</b>                        | <b>-4,8%</b> |
| <b>Shareholder's equity</b>         | <b>7.488.564</b>                 | <b>7.474.769</b>                        | <b>0,2%</b>  |
| <b>Total equity and liabilities</b> | <b>9.268.973</b>                 | <b>9.345.420</b>                        | <b>-0,8%</b> |

The **non-current assets** recorded a slight decrease compared to the level recorded as at 31 December 2016, mainly due to the decrease in the net book value of tangible assets by acknowledging the amortization for the period January 1<sup>st</sup> - 30 September 2017. The impact of the amortization for the period was partially compensated by the investments performed for Units 1 and 2 Cernavoda NPP.

The **current assets** recorded an increase of 11% compared to 31 December 2016, mainly due to increase in cash (cash, cash equivalents and bank deposits with a due date exceeding three months) with 17,4%, partially compensated by the reduction by 29% of commercial receivables and other receivables, influenced especially by contractual provisions (payment in advance versus payment after the delivery of electricity).

The **non-current liabilities** were reduced by 9.6% compared to the values registered on December 31<sup>st</sup>, 2016. The drop is determined by the decrease of the long-term portion of the external loans contracted with Societe Generale and Euratom for the execution and commissioning of Cernavoda NPP Unit 2, following the reclassification of due installments from the long-term portion to the short-term portion, as the credits' due date decreased; this reduction was partially compensated by the increase of the long-term obligations for employees' benefits. On March 31<sup>st</sup>, 2017 the provision for the benefits for employees' retirement was registered, consisting in the amount of a rate of 1200 kW/year of electricity after retirement, evaluated at lei 8,500 based on actuarial basis. The provision was updated on June 30<sup>th</sup>, 2017, according to the actuarial report drafted by an actuary expert employed by the Company, up to the amount of lei 8.8 million.

**Current liabilities** increased by 10.1% compared to the values registered on December 31<sup>st</sup>, 2016. The increase is determined mainly by the increase of commercial liabilities and other liabilities by 15.7%, following the increase of liabilities related to dividends to be paid, based on distributing the amount of lei 110 mil. as additional dividends based on the provisions of art. II and art. III of the Emergency Government Ordinance no. 29/2017, from « Other reserves representing financing sources », according to the GMS decision no. 8/28.09.2017, compensated by a drop by 34.9% of the other current liabilities. In the same time, income in advance for a short term have increased following the conclusion of contracts for the delivery of energy paid in advance, for subsequent delivery of energy, as well as for registering the income tax due for Q III 2017. The drop of the current portion of short-term loans by 6.9% partially counterbalanced the increases mentioned before.

## 2.2. Income statement for the period of nine months ended 30.09.2017

During the nine months period ended on 30.09.2017, SNN recorded a net profit of 225.285 thousand lei.

| Thousand RON   | The nine month<br>period ended on<br>30 September 2017<br>(unaudited) | The nine month<br>period ended on<br>30 September 2016<br>(unaudited, restated) | Variation     |
|--|---|---|---------------|
| <b>Quantity of electricity produced (GWh)</b>          | 7.760   | 7.589   | 2,3%          |
| Operating income, out of which:                        | 1.401.689   | 1.194.443   | 17,4%         |
| <i>Sales of electricity</i>                            | 1.366.427   | 1.157.741   | 18,0%         |
| Operating expenses, less depreciation and amortization | (754.588)   | (727.306)   | 3,8%          |
| <b>EBITDA</b>  | <b>647.101</b>  | <b>467.137</b>  | <b>38,5%</b>  |
| Depreciation and amortization                          | (370.183)   | (359.948)   | 2,8%          |
| <b>EBIT</b>  | <b>276.918</b>  | <b>107.189</b>  | <b>158,3%</b> |
| Net financial income/(expenses)                        | (3.861)   | 15.534  | n/a           |
| Income tax expense                                     | (47.772)  | (20.326)  | 135,0%        |
| <b>Net profit</b>                                      | <b>225.285</b>  | <b>102.397</b>  | <b>120,0%</b> |

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

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

**The operational profit (EBITDA)** increased by 38.5% compared to the same period of the previous year, mainly as a result of the increase of operating income by 17.4%, influenced by an increase by 18% of income from the sale of energy.

The evolution of **operating income** is explained by the following factors:

- ***Increase of the produced energy quantity, respectively sold.***

The planned outage of Cernavoda NPP Unit 1 during May – June 2016 was for a period of 51 days, being influenced by the additional works necessary only once during the initial life time of a Candu 6 type nuclear unit, while the planned outage of Cernavoda NPP Unit 2 during May – June 2017 had an effective period of 26.5 days, with a positive impact on the produced quantity of energy, which increased by 2,3%, respectively on the amount of sold energy, which increased by 3.7%, also considering the mix of sales during the period, respectively the sale of energy by covering the necessary energy during the period of planned outage by energy acquisition.

- ***Changing the mix of sales on the regulated and competitive market.***

During the period January 1<sup>st</sup> – September 30<sup>th</sup> 2017, on the regulated market the amount of energy sold decreased by 56% compared to the same period last year, which was an effect of the continuation of the gradual liberalization process of the energy market, based on the delivery schedule established for 2017 by ANRE. At the same time, an increase by

15% of the energy amount sold on the competitive market compared to the same period of last year was registered, the sales on this market being performed at an average weighted price increased by 9.5% compared to the selling price of energy on the regulated market, during the period January 1<sup>st</sup> – September 30<sup>th</sup> 2017. Compared to the same period of last year, the quantity of energy sold on the competitive market of the bilateral contracts increased by 43%, without significant differences in price, while the amount of energy sold on the spot market dropped by 26%, but the average selling price on this market was higher by 57% (price without Tg), the impact of this increase being significantly higher than the impact of the reduction of quantities sold on this market segment.

**The operating expenses** increased by 3.8% during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, compared to the same period of 2016. This evolution is determined mainly by the increase of costs for the acquired energy, representing the compensation of the negative unbalances registered during the period and energy acquisitions during Q II 2017 to ensure the full compliance of contractual obligations for energy delivery for the period of the planned outage of Cernavoda NPP Unit 2 and for the period of unplanned and scheduled outages of the two units of Cernavoda NPP. The costs for the negative unbalances were higher during the period January 1<sup>st</sup> – September 30<sup>th</sup> 2017 in comparison to the similar period of 2016, due to unplanned and scheduled outages of the two units Cernavoda NPP. Also, the increase of operating expenses is also explained by the increase of the energy quantity produced compared to the comparative period.

**Depreciation and amortization costs** registered an increase by 2.8% compared to the same period of last year, determined mainly by the increase of amortization costs for initiating certain investments during the period subsequent to Q III 2016.

**Exchange rate net differences** have negatively influenced the net result, so that during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 net financial costs were registered, while during the same period of last year, a net financial income was registered. The main currency compared to which there are exposures are EUR, CAD and USD.

The income and loss account for the period of 9 months ended on 30.09.2017 is presented in **Appendix 2**.

### **2.3. Execution of the Budget of revenues and expenses as at 30.09.2017**

The revenues and expenses budget (“BVC”) of SNN for 2017 was approved by the Resolution of the General Meeting of Shareholders no. 1/29.03.2017.

The company is monitored in terms of compliance with the performance indicators, objectives and criteria, the realized level of salary expenses compared to the budgeted amount, revenues and expenses levels, and also with the program for reducing arrears and outstanding receivables.

The execution of the BVC as at 30.09.2017 is presented in **Appendix 3** to the current report.

From the analysis of the execution of the Revenues and Expenses Budget as at 30.09.2017 (from **Appendix 3**), it results that budgeted operating revenues were achieved 110.3% and that the operating expenses were with 9.6% below the budgeted level. The realization of the total revenues was of 108.3%, above the realization of the total expenses of 90.2%.

### 3. OPERATIONAL ACTIVITIES

#### 3.1. Electricity production

The gross energy production of the two operational units of Cernavoda NPP was of 8,464,905 MWh during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 (of which 2,945,266 MWh during Q III); from this gross production, the technologic consumption of the Units during operation time, as well as during the outages ensured from its own production was of 705 thousand MWh during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 (of which 251 thousand MWh during Q III 2017).

Therefore, the energy produced and delivered in the National Energy System (“SEN”) was 7.760.368 MWh during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 compared to the similar period of 2016 (7.588.901 MWh), representing an increase by 2.26%; during Q III 2017 the quantity of energy produced and delivered in SEN was 2.694.681 MWh, dropping by 3.25% compared to the level registered during Q III 2016 of 2.785.084 MWh.

The net energy production program approved by the Board of Directors for the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 considered a quantity of 7,668,507 MWh, being accomplished in a proportion of 101.20%; from this, for Q III 2017, the production program targeted a quantity of 2.695.801 MWh and was achieved in a proportion of 99.96%..

The installed capacity factor, recorded by each operational unit of Cernavoda NPP during Q3 2017, as well as cumulatively since in service (Unit 1 on 2 December 1996 and Unit 2 on 1 November 2007) until 30 September 2017, was as follows:

| Cernavoda NPP Unit | Cumulated Sem. I 2017 | July 2017 | August 2017 | September 2017 | Cumulated 2017 | Cumulated since commercial operation |
|--------------------|-----------------------|-----------|-------------|----------------|----------------|--------------------------------------|
| Unit 1             | 96,16%                | 97,03%    | 96,40%      | 97,51%         | 96,43%         | 90,59%                               |
| Unit 2             | 84,73%                | 88,70%    | 90,20%      | 98,53%         | 87,32%         | 94,22%                               |

The smaller value of the annual capacity factor of U2 Cernavoda reflects the influence of planned outages with an effective period of 26.5 days (635.6 hours) registered starting May 6<sup>th</sup>, 2017 and which terminated on June 2<sup>nd</sup>, 2017.

Also, during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, the following unplanned and planned outages took place at Cernavoda NPP:

- At Unit 1 Cernavoda NPP three unplanned outages occurred with a total period of 34.7 hours and two scheduled outages with a total period of 88.7 hours; therefore, the total number of unplanned and planned outages during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 amount to 123.4 hours, of which 21.2 hours during Q I 2017 and 102.2 hours during Q II 2017;
- At Unit 2 Cernavoda NPP an unplanned outage occurred for a total period of 54.1 hours and a scheduled outages with a total period of 47 hours; therefore, the total number of unplanned and unplanned outages from the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 was of 101.1 hours, of which 101.1 hours during Q III 2017.

#### 3.2. Energy sales

During the energy transaction activities, the Company undertakes to submit letters of bank guarantee to contractual partners, according to the provisions from the sale-purchase contracts for energy. Mainly, these refer to: the contract concluded with Transelectrica S.A. for the transportation of energy (no letter of bank guarantee requested considering

the quality of reliable payer; the contract provides situations when the guarantee is mandatory); the convention concluded with OPCOM S.A. for the transaction of energy on DAM (Day Ahead Market) and PI (Inter-daily market); the contracts concluded on the platform PCCB – NC (Centralized Market of Bilateral Contracts of Energy – transaction method according to which contracts are attributed by Continuous Negotiation); contracts concluded on the PCSU platform (Centralized Market for the Universal Service), plus attendance guarantees for tenders; the convention for PE (Balancing Market) concluded with Transelectrica S.A. and the contract concluded with Ciga Energy S.A. for representation on PE.

For the purpose of this activity, during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 a number of 17 letters of bank guarantee was issued. The cumulated amount is lei 28,562,904 for which collateral deposits were created in an equivalent amount. During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, a number of 45 collateral deposits for the letters of bank guarantee was liquidated in the amount of lei 30,912,620, issued both in 2017, as well as during prior periods. On September 30<sup>th</sup>, 2017, there are 17 collateral deposits in the balance, created for the letters of bank guarantee valid on that date, in the amount of lei 46,467,002.

The amounts of energy sold during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 and the corresponding income, divided on types of sale contracts are presented in the table below:

#### **Energy sales (quantities, prices and values) for the period 1 January – 30 September 2017**

| <b>Sale type</b>   | <b>Quantities in MWh</b> | <b>% total sales</b> | <b>Average price (lei / MWh with TG included)</b> | <b>Revenues from sales (lei)</b> |
|--|--------------------------|----------------------|---|----------------------------------|
| Regulated contracts  | 529.174                  | 6,69%                | 160,32  | 84.837.025                       |
| Sales on the competitive market (bilateral contacts and PZU & PI sales), out of which: | 7.355.497                | 93,03%               | 174,77  | 1.285.548.444                    |
| - Contract sales (PCCB, PCCB -LE, PCCB - NC and delivery contracts)                    | 5.474.603                | 69,24%               | 163,54  | 895.292.647                      |
| - PZU & PI sales   | 1.880.894                | 23,79%               | 207,48  | 390.255.797                      |
| PRE positive imbalance and balancing electricity                                       | 22.397                   | 0,28%                | 184,57  | 4.133.855                        |
| <b>Total sales January – September 2017</b>  | <b>7.907.068</b>         | <b>100%</b>          | <b>173,83</b>                                     | <b>1.374.519.324</b>             |

<sup>\*)</sup> Note: lei 43,313 of the value presented represents redistributed income resulted from the system balancing, based on the application of the ANRE Order no. 51/2016.

The amount of energy sold based on contracts, on the spot market (DAM and PI) as well as on the PE is 7.907.068 MWh, by 1.3% over the sales program, of 7.808.541 MWh (dimensioned on the production estimate, less the estimate of unplanned outages) and by 3.7% higher than the quantity of energy sold during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017. The difference between the energy sold by the Company and the energy produced and delivered by Cernavoda NPP is represented by the energy acquired for fully covering the contractual obligations, energy quantity which was acquired in a proportion of 71% from the PE and the rest from DAM.

The income achieved on the energy market for the delivery of energy during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 is lei 1.374.519.324 (of which lei 43,313 representing redistributed income resulted from the system balancing, based on the application of the ANRE Order no. 51/2016), higher by 10.56% compared to the budgeted income for this period and respectively higher by 16.52% compared to the similar period from last year.

The average balanced sale price, for the sold amounts of energy (without PE), resulted during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, is of lei 173.80 /MWh (including T<sub>g</sub>). During the same period of 2016, the average weighted sale price, for the sold energy (without PE), was of lei 155.05 /MWh (including T<sub>g</sub>).

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, except for March and May, the average monthly sale prices achieved by SNN on DAM were in average higher than the sale prices from the bilateral contracts concluded on OPCOM and unfolded d by SNN. The average DAM price posted by OPCOM for January, February, March, April, June, July, August and September 2017 increased by 83%, 105%, 33,2%, 43,6%, 67,8%, 84,8% and respectively 24% compared to the same months of 2016, the prices performed by SNN on DAM following the market rising trend.

The SNN energy sales were performed, as during the prior period, based on regulated contracts, contracts concluded on the competitive market – attributed on PCCB - LE, PCCB - NC and PCSU platforms, plus a negotiated supply contract concluded with C.N.T.E.E. Transelectrica S.A. (station consumption 400kV Cernavoda), as well as by transactions on the spot market (PZU and PI).

For 2017, the amounts of energy sold by SNN based on contracts concluded on the regulated market are according to the ANRE decision no. 1960/14.12.2016. During the elimination process of the regulated fees, compared to 2016, ANRE reduced the regulated amounts from 14.42% (according to the ANRE decision no. 2562/16.12.2015) to 5.85% from the scheduled production of Cernavoda NPP; the regulated amounts attributed to SNN for the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 being of 6.90% from the scheduled production of Cernavoda NPP for this period, compared to the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016, when the percentage was 16.43%.

ANRE established for SNN by Decision no. 1960/14.12.2016 a regulated price of lei 159.57 /MWh (without T<sub>g</sub>), for 2017, smaller by 1.93% compared to the regulated price established by ANRE by Decision no. 2562/16.12.2015 for 2016, respectively lei 162.71 /MWh (without T<sub>g</sub>).

By Decision no. 861/13.06.2017, ANRE changed the Decision no. 1960/14.12.2016 regarding the approval of the amounts of energy sold based on regulated contracts and regulated prices for the energy delivered in 2017 by SNN, in the sense of reducing the average regulated price by 1.65%, from lei 159.57 /MWh to lei 156.93 /MWh, effective July 1<sup>st</sup>, 2017. The adjustment of the regulated average price of the energy for Q II 2017 was based on reducing the average cost of nuclear fuel during the course of 2017, compared to the average cost of nuclear fuel calculated when establishing the average regulated price for 2017.

During Q I 2017, for the sale of energy on the regulated market, to the regulated price is added the regulated fee for introducing the energy in the transportation network (T<sub>g</sub>), of lei 1.34 /MWh (decreased from lei 4.04 /MWh starting July 2016 by the Order of ANRE no. 27/22.06.2016). Starting July 1<sup>st</sup>, 2017, the regulated fee for introducing the energy in the transport network (T<sub>g</sub>) was established at lei 1.05 /MWh, by the Order of ANRE no. 48/22.06.2017.

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, on the basis of the regulated contracts an amount of 529,174 MWh (6.82% from the net production of energy) was delivered, while during the same period of 2016 the amount delivered on the regulated contracts was of 1.206.257 MWh (15,90% of the net production of energy).

The amounts of energy sold on the competitive market of bilateral contracts represented, during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 a percentage quota of 69.24% of the total volume of the sold energy. The average sale price on bilateral contracts during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 was of lei 163,54 lei/MWh (T<sub>g</sub> included), registering a drop by 1% compared to the average price registered during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016, of lei 165,42 /MWh (T<sub>g</sub> included), as T<sub>g</sub> during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016 was higher by lei 2.70 /MWh.

On the spot market, during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 an quantity of energy representing 23.79% of the total sale volume was sold, compared to a percentage rate of 33.54% registered during the same period of 2016. The average sale price of energy on the spot market achieved by SNN during this period was of lei 207.48 /MWh (T<sub>g</sub> included), compared to lei 134.32 /MWh (T<sub>g</sub> included) registered during the same period of 2016.

During January – September 30<sup>th</sup>, 2017, SNN concluded performed 210 energy sale contracts, as follows:

- 6 regulated contracts (with addendums for 2017);
- 144 contracts concluded on PCCB-LE;
- 53 contracts concluded on PCCB-NC;
- 6 contracts concluded on PCSU;
- 1 supply contract (with an addendum concluded for 2017).

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 a single contract concluded with PCCB - LE was terminated, following the lack of payment in due time of invoices for the energy delivered by the buyer. Receivables were recovered in a significant proportion by executing the letter of bank guarantee of good payment issued, according to the contract, in favor of SNN (fully for the delivered energy).

No significant delays have been reported compared to the deadlines stipulated in the contracts during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017.

The quantities of electricity sold in the third quarter of 2017 and the corresponding income, split on types of contracts are presented in the table below:

#### **Electricity sales (volumes, price and value) in the third quarter of 2017**

| <b>Sale type</b>   | <b>Quantities in MWh</b> | <b>% total sales</b> | <b>Price (lei / MWh with TG included)</b> | <b>Sales revenues (lei)</b> |
|--|--------------------------|----------------------|---|-----------------------------|
| Regulated contracts  | 114.885                  | 4,15%                | 157,76                                    | 18.123.806                  |
| Sales on the competitive market (bilateral contacts and PZU & PI sales), out of which: | 2.644.295                | 95,53%               | 181,46                                    | 479.825.507                 |
| - Contract sales (PCCB, PCCB-LE, PCCB-NC and delivery contracts)                       | 1.984.570                | 71,70%               | 166,58                                    | 330.597.769                 |
| - PZU & PI sales   | 659.725                  | 23,83%               | 226,20                                    | 149.227.738                 |
| PRE positive imbalance and balancing electricity                                       | 8.746                    | 0,32%                | 173,12                                    | 1.514.121                   |
| <b>Total sales Q III 2017</b>  | <b>2.767.926</b>         | <b>100%</b>          | <b>180,45</b>                             | <b>499.463.434</b>          |

<sup>\*)</sup> Note: lei 11,512 of the value represent redistributed income resulting from the system balancing, based on the application of the ANRE Order no. 51/2016.

The amount of energy sold based on contracts, on the spot market (PZU and PI) and on PE is of 2.767.926 MWh, by 0.8% over the sales program, of 2.745.144 MWh (dimensioned for the production estimate, less the estimate of unplanned outages) and by 1% smaller compared to the amount of energy sold during Q III 2016. The difference between the energy sold by the company and the energy produced and delivered by Cernavoda NPP is represented by the energy acquired for the full coverage of contractual obligations, the energy amount acquired in a proportion of 76% from the PE and the rest from DAM.

The income achieved on the energy market for the delivery of energy from Q III 2017 is of lei 499.463.434 (of which lei 11,512 representing redistributed income resulted from the system balancing, based on the application of the ANRE Order no. 51/2016), higher by 18.09% compared to the budgeted income for Q III 2017 and respectively higher by 14.13% compared to the results from the same period of last year.

The average weighted price for the electricity sold (except the Balancing market), resulted in the 3rd quarter of 2017, is of lei 180,47 /MWh (including TG). During the 3rd quarter of 2016, the average weighted sale price for sold quantities (except for PE) was of lei 156,72 /MWh for the electricity sold (except the Balancing market).

The regulated amounts of energy regulated by ANRE in the responsibility of SNN for Q III 2017 were of 4.26% from the scheduled production of Cernavoda NPP for this period, compared to Q III 2016, when the percentage was 12,62%.

During Q III 2017, on the regulated contracts an amount of 114.885 MWh was delivered (4,26% of the net production of energy), while during Q III 2016 the delivered amount on the regulated contracts was of 339.786 MWh (12,2% of the net production of energy).

The quantities of electricity sold on the competitive market of bilateral contracts represented 71,7% during the 3<sup>rd</sup> quarter of 2017 out of the total volume of the sold electricity. The average price for the bilateral contracts concluded on the 3<sup>rd</sup> quarter of 2017 was 166,58 lei/MWh (T<sub>G</sub> included), recording an increase of 2,2% compared to the average price recorded during the 3<sup>rd</sup> quarter of 2016, of 162,99 lei/MWh (T<sub>G</sub> included), while the T<sub>G</sub> during Q III of 2016 was higher by 0,29 lei/MWh.

On the spot market, during the 3<sup>rd</sup> quarter of 2017, a quantity of electricity representing 23,83% of the total sale volumes was sold, compared to the quota of 36,29% registered in the 3<sup>rd</sup> quarter of 2016. The average selling price on the spot market achieved by SNN during this period was of 226,2 lei/MWh (T<sub>G</sub> included), compared to 145,4 lei/MWh (T<sub>G</sub> included), registered during the same period of 2016.

During the 3<sup>rd</sup> quarter of 2017, SNN concluded 120 electricity sale contracts, as follows:

- 6 regulated contracts (with addendums concluded for 2017);
- 106 contracts concluded on PCCB-LE;
- 7 contracts concluded on PCCB-NC;
- 1 supply contract (with an addendum concluded for 2017).

### **3.3. Expenses on the electricity market**

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 the total value of the expenses on the electricity market of SNN is of lei 57,353,708, of which lei 9,617,086 represents T<sub>G</sub>, respectively the regulated fee paid to Transelectrica S.A. for the injection of energy produced by Cernavoda NPP in the energy transport system. The costs representing the counter value of the green certificates necessary to be acquired for the provided energy are in the amount of lei 13,203, and the fees paid to OPCOM S.A. for the sale-purchase transactions developed on the platforms managed by OPCOM S.A. are in the amount of lei 420,787.

The costs for the acquisition of energy on the spot market during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 were in the amount of lei 10,822,101 (period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016: lei 49,054), with the purpose of ensuring the full compliance of the contractual obligations for the delivery of energy during the planned outages of Unit 2 Cernavoda NPP and partially of the two unplanned outages of the two units at Cernavoda NPP, the amount of acquired energy being of 42.197 MWh (period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016: 374 MWh), at an average price of lei 256,47 /MWh (period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016: lei 131,34 /MWh).

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, the expenses on the Balancing Market amounted to lei 36.224.758 (period January 1<sup>st</sup> – September 30<sup>th</sup>, 2016: lei 7,364,943) . This amount represents the counter value of the electricity received from the Balancing Market to compensate the negative imbalances which occurred because of the differences between the electricity amounts actually delivered and the amounts notified on the market according as per the contractual obligations for each time frame, the amount of the unbalance from the notification and the additional cost from the system balancing, allotted to SNN based on applying the new redistribution methodology of additional costs/income from the system balancing, starting January 1<sup>st</sup>, 2017, established by the ANRE Order no. 51/21.09.2016. The costs for negative unbalances were significantly higher during the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 compared to the similar period of 2016, due to the unplanned and scheduled outages of the two units from Cernavoda NPP.



In the third quarter of 2017, the total amount of the expenditures on the electricity market of SNN is lei 29.439.326, of which lei 2.829.309 represent Tg, respectively the regulated fee paid to Transelectrica S.A. for the injection of energy produced by Cernavoda NPP in the national energy system. The fees paid to OPCOM S.A. for the sale-purchase transactions developed on the platforms managed by OCPOM amount to lei 160,781.

Costs for the acquisition of energy on the spot market from Q III 2017 were in the amount of lei 5,334,354 (Q III 2016: lei 23.187), the amount of energy acquired being of 17,837 MWh (Q III 2016: 210 MWh), at an average price of lei 299,06 /MWh (Q III 2016: lei 110,36 /MWh).

Costs on the Balanced Market from Q III 2017 were in the amount of lei 21,006,248 (Q III 2016: lei 2,167,597), being higher in comparison to the similar period of last year, due to the two outages from Unit 2 Cernavoda NPP (an unplanned outage and a scheduled one).

### **3.4. Investment program as at September 30<sup>th</sup>, 2017**

The total amount of the investment program of SNN for 2017 is of 231,593 thousand lei (without the component allotted to the payment of the debt service for the long term loans), approved through the GMS Decision no. 1/29.03.2017.

The comparative status of investments (value and percentage) for the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 comparative to the same period of 2016 is presented in the table below:

| <b>Year</b> | <b>Value of the investment program<br/>[thousand lei]</b> | <b>Achieved<br/>(01.01 - 30.09)<br/>[thousand lei]</b> | <b>Achievement degree<br/>(01.01 - 30.09)<br/>(%)</b> |
|-------------|---|--|---|
| 2017        | 231.593   | 61.836   | 26,7%   |
| 2016        | 255.394   | 98.959   | 38,7%   |

As in the previous years, the largest weight in the investments program represents long term investment (investments in progress). This is due to the modernization/replacement necessities of some systems, economical reasons - decrease in specific consumptions, improvement of certain parameters specific to related processes, with positive impact over efficiency or out of legal reasons – the necessity of implementing improvements related to nuclear security, environment protection representing imperative requirements from the authorities (e.g. CNCAN, Ministry of Environment).

#### ***Analysis of the level of completion of the investment program as at 30 September 2017***

The investment program of SNN for 2017 attached to the BVC was dimensioned in value considering the ongoing contractual engagements, estimates related to the investment objectives to be performed in the next year, including the amounts allotted to certain investment projects for which is anticipated the need for compliance with certain requirements outside the SNN control (e.g.: prior notices from regulating authorities, legal terms related to the termination of the public acquisition procedures including claims, obtaining the necessary approvals from the corporate authorities from SNN etc.), to allow the implementing of such projects in the approved budget amounts.

In the analysis of the value degree, the fact that it may be different from the physical performance degree must be considered; therefore, if an investment project was finished successfully, the physical performance degree is 100% but the value „performance” degree may be sub-unitary, respectively under 100%, if the project was implemented to a cost lower than the budgeted amounts; these savings represent benefits for the company, because the same result is obtained with lesser resources.

Among the investment projects provided in the investment program we mention:

- **„Intermediate storage of spent fuel (including SICA Unit 2)”**: budgeted lei 23,743 thousand – the value degree of achievement on September 30<sup>th</sup>, 2017 is 65,79%; in April 2017 the acceptance and commissioning of Module 8 DICA, type MACSTOR 200 was performed; during Q I 2017 preparation works for the following modules took place, as well as investments in the design services for the extension of the location of the Intermediate storage of spent fuel and the replacement of the modules type MACSTOR 200 with modules type MACSTOR 400. On September 30<sup>th</sup>, 2017 the building works for Module 9, type MACSTOR 200 are going to be finished, as well as the preparation of the foundation rock and concrete casting to complete Module 10.
- **„Improvement of the Cernavoda NPP response, respectively of the nuclear safety functions in case of events outside design basis following the nuclear accident occurred at the Fukushima 1 nuclear plant, Japan”**: budgeted 41.079 thousand lei – within the objective for changing the destination of the buildings existent on the location of Unit 5, the activities for the approval of the technical project are ongoing, activities delayed from the contractual schedule because the designing documentation sent by the contractor did not totally comply with the requirements of the Cernavoda NPP, being necessary to reiterate the certification process, by extending the notice in this regard, respectively the implementation. Therefore, on September 30<sup>th</sup>, 2017 the value performances are reduced, in the amount of 1.154 thousand lei.
- **„Upgrade and extension of the Physical protection system”**: budgeted 16.150 thousand lei – in March 2017 the industrial security certificate (ORNIS) was obtained. Up to September 30<sup>th</sup>, 2017 the technical project according to the contractual graphic was drafted and approved and the performance details are ongoing to be drafted/approved, the value performance amounting to 1.698 thousand lei.
- **„Replacing the control part of the excitation system 2-41220-PL 1615 from Unit 2 due to reliability issues”**: budgeted 11.738 thousand lei – this investment represents an initiated project to be effectively finished during the planned outage of Unit 2 Cernavoda NPP in 2019. During Q III 2017 the activity related to the Design Change Package was performed, and for a part of the designing packages, the contracting company requested the displacement of the contractual terms during Q IV 2017. On September 30<sup>th</sup>, 2017 the value performances are in the amount of 1.299 thousand lei.
- **„Extension of the life span of Unit 1 by re-tubing the reactor and refurbishing the main systems (studies)”**: budgeted 4.000 thousand lei – some reports established in the contractual provisions were delivered, and other deliverables register delays in the drafting process of acquisition documents. On September 30<sup>th</sup>, 2017 the value performances are in the amount of 1.137 thousand lei.
- **„Increasing safety in the operation of the evacuation system of power from Cernavoda NPP, by refurbishing the power evacuation transformers and ensuring a spare trafo for two units”**: budgeted 8.284 thousand lei – investment shall be postponed for 2018.
- **„Overhaul of HARPER II sintering oven”**: budgeted 501 thousand lei – project finished on June 30<sup>th</sup>, 2017, with a savings of 19,23%; therefore, the value performance degree is 81,67%, while the physical performance degree is 100%, the project being implemented.
- **„Overhaul Feintool Feintool GKP-F 25/40 press”**: budgeted 951 thousand lei – in May 2017 was signed the acquisition contract, for an amount under the budgeted amount and shall be received in October 2017. Therefore during Q II 2017 the design will be finished in a 100% proportion, making a save from the initially budgeted amount.
- **„Overhaul for the R53 rotating press”**: budgeted 935 thousand lei – the procurement documentation was completed. It is estimated that the contract will be signed and that the works will be completed in Q 4 2017.
- **„SNN’s contribution within the company type IPP for the completion of Units 3 and 4”**: estimated for 8.920 thousand lei (the equivalent of 2.000 thousand euro), according to the EGMS of SNN no. 7/22.08.2014 to approve the Strategy for the continuation of the Project Cernavoda NPP Units 3 and 4. The prior essential conditions is represented by the approval of the EGMS for the Investment Documents with the Selected Investor – process unfolded by the Negotiation Commission and coordinated by the Inter-ministry Commission for the Project Units 3 and 4, so that this contribution shall be performed after the incorporation of the project company.

- **„Capitalization of ELINI (European Liability Insurance for Nuclear Industry)”**: estimated at 5.352 thousand lei (the equivalent of 1.200 thousand euro), representing the company’s contribution as new member of the Mutual European Association for Civil Liability for Nuclear Damage („ELINI”), with the purpose to benefit from the association’s advantages; the approval to adhere to ELINI must be provided by the EGMS of SNN and is estimated to be effectively performed in 2018.
- **„Consolidation of Magheru head office”**: estimated for 2.100 thousand lei. During the course of 2016, the land book for the two undivided units was opened (floor 5 and 6) and the land of SNN in surface of 239,05 sqm was registered; the effective investment was not initiated until the end of Q III 2017, due to the fact that the majority owner (Transelectrica S.A.) did not yet initiate the consolidation operations.

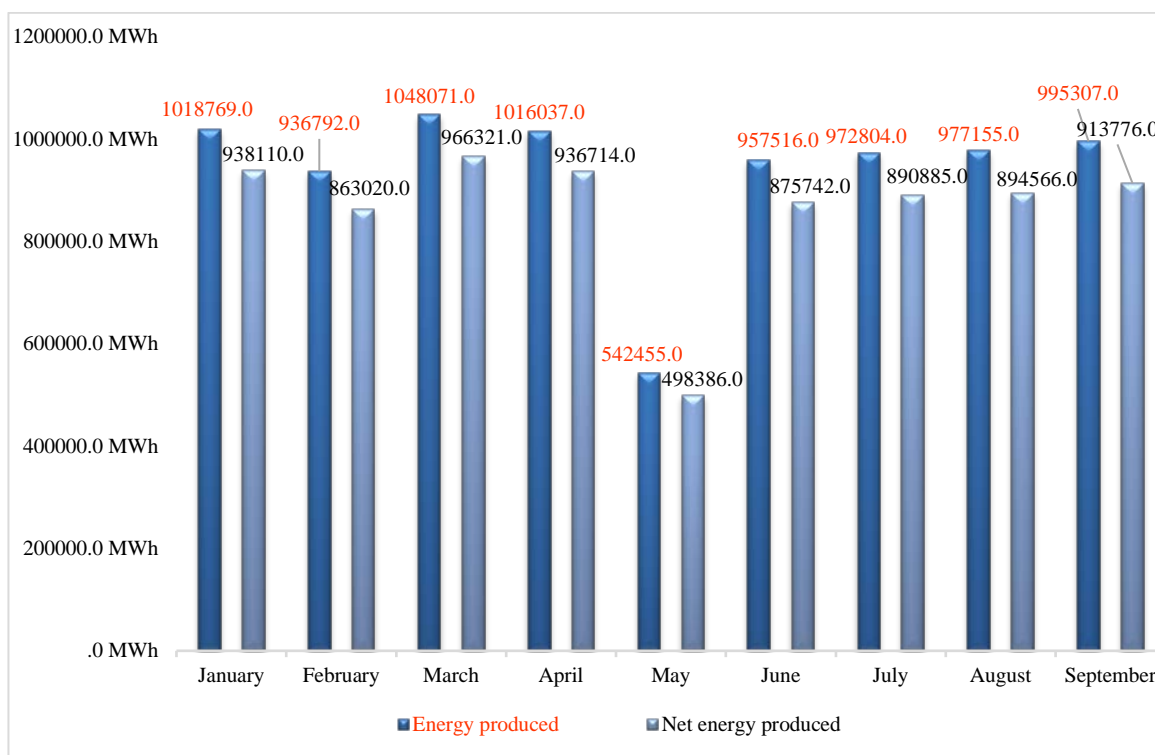
### 3.5 Cernavoda NPP Branch

The operation activity was developed without events having an impact on the nuclear security, on its own personnel, population or the environment. The relation with the regulating authorities was developed by complying with the requirements and conditions from the operating authorities.

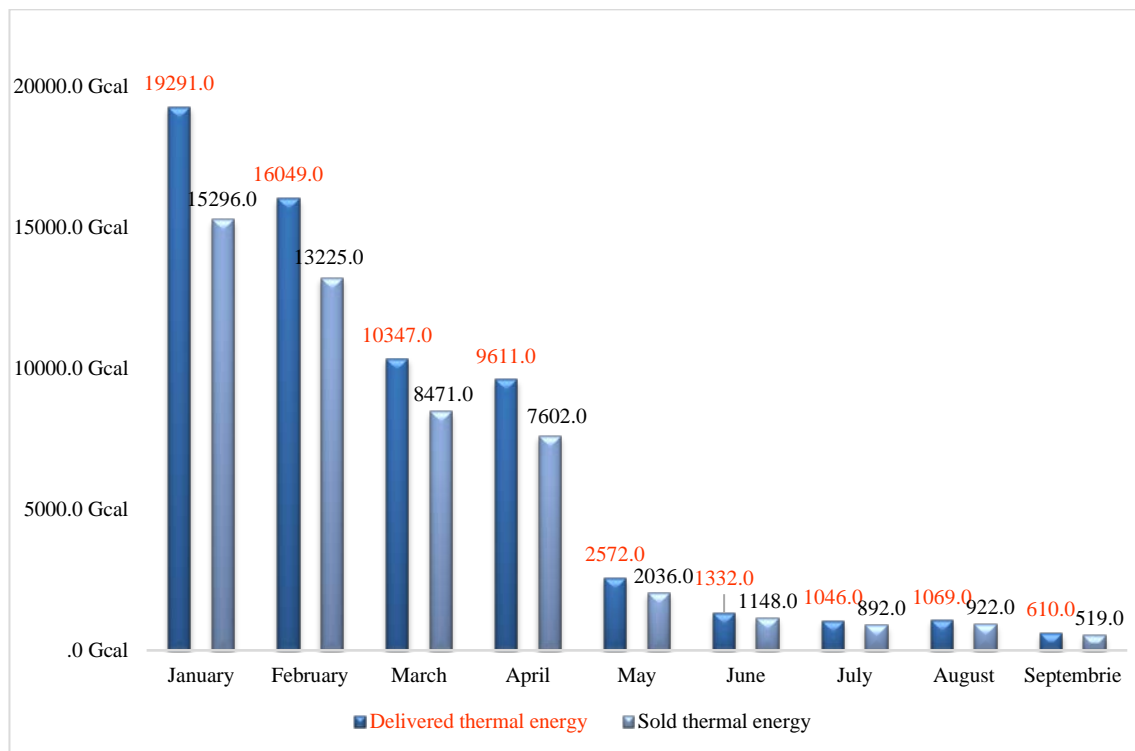
During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 there were no operation events to exceed the level 1 on the international scale of nuclear events, regarding the degradation of the in-depth defense barriers , impact on or off-site (INDICATOR 1).

The main indicators of the production activity are listed in the graphics to follow.

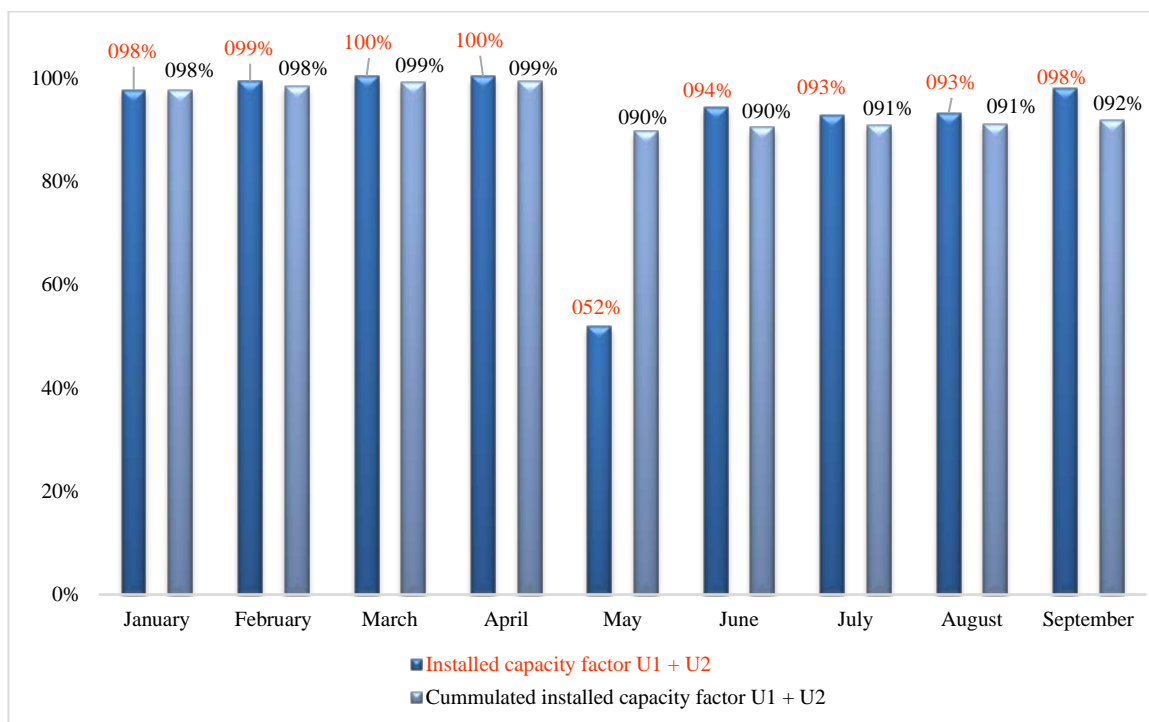
**Produced/net energy U1 + U2 (MWh)**  
**(Produced energy: 8.464.905 / Net delivered energy: 7.777.520)**  
**(Own technological consumption cumulated in Q III 2017: 8,11%)**



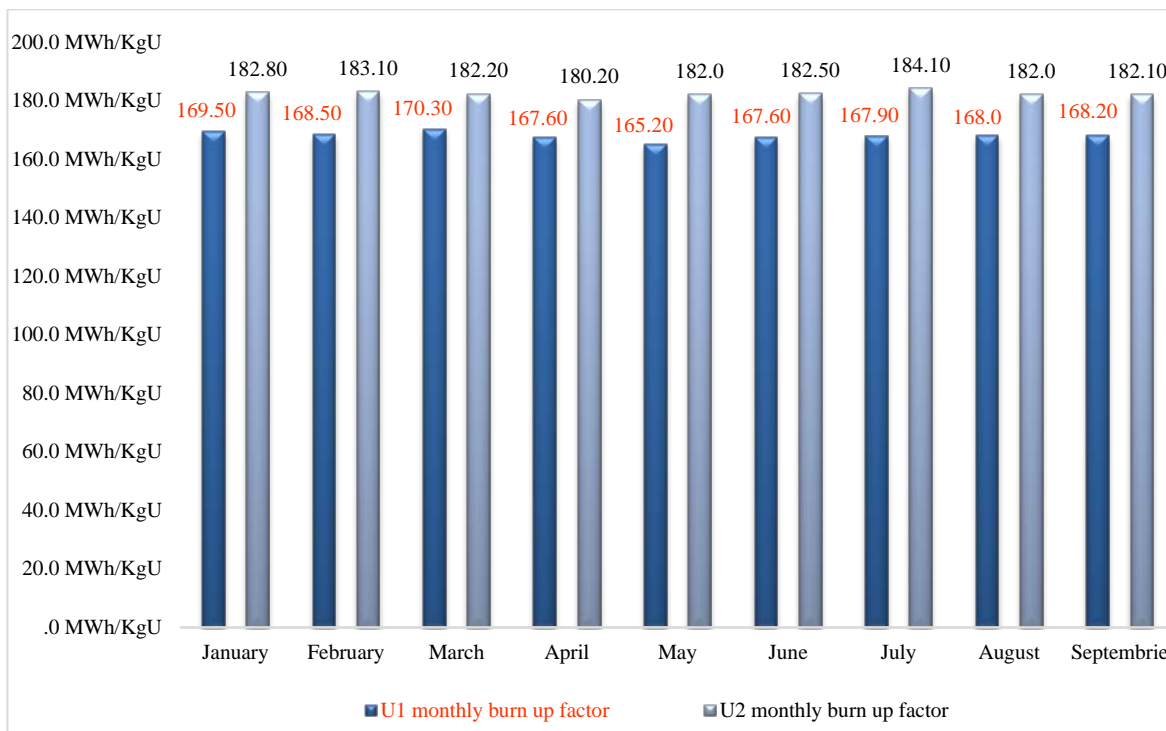
**Thermal energy delivered for district heating/sold (Gcal)**  
(Thermal energy delivered: 61.926 / Sold thermal energy: 50.109)



**Installed capacity factor U1 + U2 (%)**  
(Cumulated for Q III 2017: 91,88%)



**Fuel burn up factor (MWh/KgU)**  
(Cumulated Q III 2017: 175,1 / Provided project: min. 156,00)

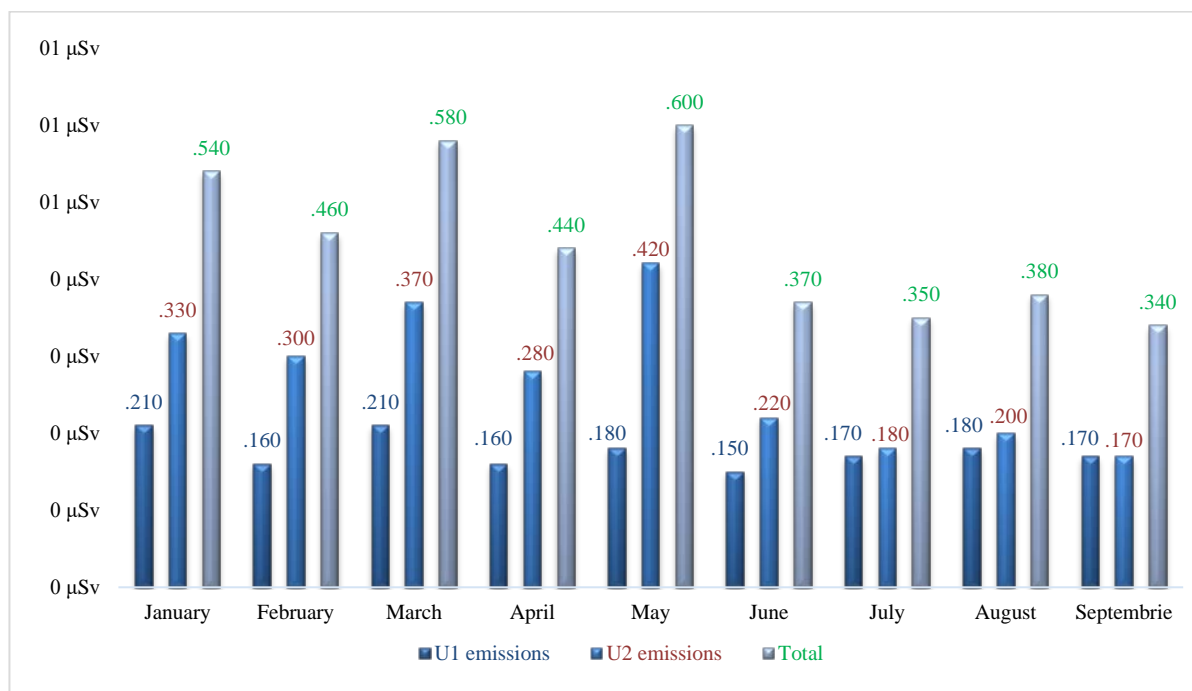


**Heavy water loss U1+U2 (Kg)**  
(Cumulated Q III 2017: 2.595 / Provided: max. annual 6.800/unit)



*The above translation of the quarterly report for the 3rd quarter 2017 of S.N. Nuclearelectrica S.A. is provided as a free translation from Romanian, which is the official and binding version.*

**Volume of radioactive emission in the environment U1+U2 (μSv)**  
**(Total cumulated for Q III 2017: 4,02 / Annual limit: 8,50)**



### 3.6 FCN Pitesti Branch

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, the FCN Pitesti Branch manufactured, controlled and accepted a number of 8,617 nuclear fuel bundles, according to the manufacturing plan, all according to specifications, the production of nuclear fuel bundles being higher by 15% compared to the same period of 2016 when a number of 7,500 bundle was manufactured, controlled and accepted. Therefore, during Q I of 2017 3,106 nuclear fuel bundles were manufactured, controlled and accepted (Q I of 2016: 2.012), during Q II of 2017, 2,954 bundles (Q II of 2016: 2.935), and during Q III of 2017, 2,557 bundles (Q III of 2016: 2.553).

During the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017, the FCN Pitesti Branch delivered to Cernavoda FCN the amount of 7,920 bundles of nuclear fuel (January 1<sup>st</sup> – September 30<sup>th</sup>, 2016: 7,200 bundles), by complying with the delivery graphic agreed upon: 2,160 nuclear nuclear fuel bundles delivered in Q I of 2017 (Q I of 2016: 2.160), 2,880 bundles in Q II of 2017 (Q II of 2016: 2.880) and respectively 2,880 bundles in Q III of 2017 (Q III of 2016: 2.160).

During Q III of 2017 Uranium dioxide sintering powder, at an average price of lei 349,76 /kg, acquired from the provider Cameco Inc. was consumed, from acquisition performed during 2017. The last contract for the acquisition of Uranium dioxide sintering powder was concluded with Cameco Inc. in June 2017 for a quantity of 120 tons at a price equivalent in lei of the price in USD of lei 337.35 /kg U2 in UO2.

## **4. OTHER SIGNIFICANT ASPECTS**

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

The main milestones of the Cernavoda NPP Units 3 and 4 Project developed in Q III of 2017 are the following:

- As per the Government Memorandum, on July 13<sup>th</sup>, 2017, the continuation of negotiations on the Investment Documents related to the development, building, operation and decommissioning of Units 3 and 4 of Cernavoda NPP with the Chinese company CGN was approved.
- As per the Decision of the BoD of SNN no. 114/20.07.2017, the continuation of negotiations on the Investment Documents under the same conditions of the MoU, for a period of up to 6 months from the date of the institutional and corporate approval, by applying all the other provisions of the MoU, including the possibility of each party to terminate the MoU without any compensation by a simple written notice to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was not caused by the respective Party, was endorsed and subjected to the approval of SNN Extraordinary General Meeting of Shareholders.
- As per the Decision of the SNN EGMS no. 6/24.08.2017 the following were approved:
  - The continuation of negotiations on the Investment Documents under the same conditions of the MoU, for a period up to 6 months from the date of the institutional and corporate approval, by applying all the other provisions of the MoU, including the possibility of any party to terminate MoU without any compensation through a simple written notice to the other Party, in case an agreement wasn't reached on the Investment Documents and as the delay was caused by the respective Party.
  - The empowerment of the BoD to establish the terms and conditions for the negotiations to be developed with the Investor Selected by the SNN representatives within the Negotiation Commission for the development of the Project Cernavoda NPP Units 3 and 4, according to the Memorandum of the Romanian Government no. 20/2683/13.07.2017.
- As per the Decision of the BoD of SNN no. 133/24.08.2017 the terms and conditions of the negotiations to be developed with the Investor Selected by the SNN representatives within the Negotiation Commission for the development of the Project Units 3 and 4 Cernavoda NPP mentioned in the Memorandum of the Romanian Government no. 20/2683/13.07.2017 were approved.

The negotiation process was re-initiated on September 13<sup>th</sup>, 2017, according to the calendar agreed upon between the Negotiation Commission and CGN. During the period September 13 – 29<sup>th</sup>, 2017 a series of negotiations on the project for Investors' Agreement ("AI") and its relevant annexes AI took place which lead to the identification of: (i) the clauses/sections on which the parties agreed upon, (ii) the clauses/provisions which need reformulation (sense in which drafting terms were established for certain proposals by advisors of both parties) and/or (iii) aspects under divergence, as well as the discussion of principles listed in aspects escalated by the parties and identification of the flexible positions from the parties.

During October, the Negotiation Commission („CN”) analyzed the aspects discussed during the negotiation sessions with CGN during the period September 13 – 29<sup>th</sup>, 2017 which deviate from the initial mandate received through the Government Memorandum from July 13<sup>th</sup>, 2017 or related to which clarification was necessary related to the strategy for the project. The CN proposals for the change /flexibilization of the negotiation mandate were approved by the SNN BoD and the Inter-ministry Commission.

### **4.2. Litigation with the shareholder Fondul Proprietatea S.A.**

Fondul Proprietatea S.A. has registered at Bucharest Court of Law the request for annulment of the EGMS Decision no. 8/6.10.2014 which approved the increase of the share capital of SNN with in kind contribution in the total maximum

amount of 239.172.630 lei, by issuing a maximum number of 23.917.263 shares representing equity in kind of the Romanian state, following the certification for the property right on the land, undivided quota of 239,05 sqm from Bd.Gheorghe Magheru no. 33 Bucharest and in cash contribution representing the amount of budgetary allowances for the period 2006-2009 for Unit 2 from Cernavoda.

The case is the object of file no. 40046/3/2014, on November 7, 2017 a new trial date was held on this, the court of law rejected the request of Fondul Proprietatea S.A, as ungrounded.

#### **4.3. The litigation initiated by Greenpeace CEE Romania Foundation and Bankwatch Romania Association against the Ministry of Environment, Waters and Forests, the Government of Romania and SN Nuclearelectrica SA**

The Greenpeace CEE Romania Foundation and Bankwatch Romania Association filled a summoning to court in the file no. 3793/2/2013 against the Ministry of Environment, Waters and Forests, the Government of Romania and SN Nuclearelectrica SA with the subject of annulling the decision to issue the Environment Agreement and GD 737/2013 regarding the issuance of the Environment Agreement for the project “The continuation of the construction and completion works on Cernavoda NPP Units 3 and 4”.

The Bucharest Court of Appeal rejected the claim, on the merits of the case. Greenpeace CEE Romania Foundation and Bankwatch Romania Association filed an appeal, requesting the cassation of the initial ruling and the retrial of the case, by administering an experts’ examination.

By Decision no. 2100/23 June 2016, the High Court of Cassation and Justice accepted the appeal, ruled the cassation of the decision appealed and sent the case for retrial at the same court of law for managing the proof by expertise and establishing the efficacy of the public advice related to the Environment approval.

The Bucharest Court of Appeal accepted the re-drafting of the expertise objective proposed by SNN, appointed two legal experts and two specialists following to perform the expertise and established their fees, notifying the claimant to pay them.

The requests drafted by the claimants in the sense of exemption from paying the fees, were rejected. By the Decision no. 2208/09.06.2017 the Bucharest Court of Appeal rejected the request of Greenpeace CEE Romania for the summons as being ungrounded.

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

The file no. 5802/118/2017 was registered with Constanta Court of Appeal, on the subject of unpaid salary rights, representing the value of the professional risk indemnity for dangerous conditions, with Cernavoda NPP Union as plaintiff in the name of 757 employees of Cernavoda NPP.

The company considers that the claims are ungrounded and that all the due salary rights were paid to the employees, including the amounts that represent the object of the above mentioned litigation.

#### **4.5 The litigation initiated by SN Nuclearelectrica SA against ArcelorMittal Galati SA.**

Galati Court of Law rejected the claim of SNN to oblige ArcelorMittal Galati S.A. to pay the amount of lei 8,645,467.52 as compensatory damages following the termination of the sale-purchase contract for energy on the centralized market of bilateral contracts of energy (PCCB) no. 207 from February 22<sup>nd</sup>, 2013 before the expiration date, respectively on September 30<sup>th</sup>, 2014.



SNN submitted an appeal against this sentence, and following the appeal, the Galati Court of Appeal ruled the obligation of ArcelorMittal Galati S.A. to pay the entire amount as prejudice, plus court costs. The decision of the Galati Court of Appeal may be brought to action by appeal.

#### **4.6. Changes in the Company's management**

By Decision no. 132/24.08.2017, the BoD of SNN appointed Mr. Cosmin Ghita in the position of CEO of SNN, for a period of 4 months, starting September 2<sup>nd</sup>, 2017, respectively a provisional mandate.

By the Decision no. 5/24.08.2017 of the GMS of SNN the appointment of provisional members of the BoD of SNN, for a period of 4 months, starting August 27<sup>th</sup>, 2017 was approved.

On September 30<sup>th</sup>, 2017 the members of the BoD of SNN are as follows:

| <b>No.</b> | <b>Name and Surname</b>                 | <b>Appointment date</b>        | <b>Mandate expiration date</b> |
|------------|---|--------------------------------|--------------------------------|
| 1.         | Iulian – Robert Tudorache <sup>*)</sup> | GMS Decision no. 5/24.08.2017  | 27.12.2017                     |
| 2.         | Cristian Gentea                         | GMS Decision no. 5/24.08.2017  | 27.12.2017                     |
| 3.         | Cristian – Romulus Anton                | GMS Decision no. 5/24.08.2017  | 27.12.2017                     |
| 4.         | Sebastian Tcaciuc                       | GMS Decision no. 28/23.12.2013 | 23.12.2017                     |
| 5.         | Cezarina Roxana Banica <sup>**) </sup>  | GMS Decision no. 5/24.08.2017  | 27.12.2017                     |
| 6.         | Mirel – Alexandru Marcu                 | GMS Decision no. 5/24.08.2017  | 27.12.2017                     |
| 7.         | Elena Popescu                           | GMS Decision no. 5/24.08.2017  | 27.12.2017                     |

<sup>\*)</sup> The President of the BoD of SNN for a period of 4 months, period for the provisional mandate.

<sup>\*\*)</sup>  On October 17<sup>th</sup>, 2017 the mandate of provisional member of the BoD of Mrs. Cezarina Roxana Banica, was terminated by her resignation, following his appointment in the position of General Secretary of the Government. By the decision of the BoD of SNN no. 167/27.10.2017 Mr. Ionut Dragos Banescu was appointed on the vacant position as provisional administrator.

By the Decision no. 7/28.09.2017 of the OGMS of SNN the initiation of the selection procedure of the members of the SNN BoD according to the provisions of the EGO no. 109/2011 with subsequent amendments and additions was approved, the selection procedure following to be developed by the Ministry of Energy as public custody authority.

#### **4.7. The approval of the distribution of additional dividends**

By decision no. 8/28.09.2017 of the SNN OGMS the distribution of lei 110,000,000 representing additional dividends from other reserves and reported result was approved, based on the provisions of art. II and art. III of the EGO no. 29/2017 for amending the art 1. paragraph (1) letter g) of the Government Ordinance no. 64/2001 regarding the distribution of profit for national companies, national authorities and companies with full or majority state capital, as well as for autonomous administrations and for the amendment of art. 1 paragraph (2) and (3) of the EGO no. 109/2011 regarding corporate governance of public companies, to the SNN shareholders, proportionally with their participation to the share capital.

#### **4.8. Refurbishment Project for Cernavoda NPP Unit 1**

As per the Decision of the EGMS of SNN no. 9/28.09.2017 the initiation of Phase 1 of the „Strategy for the Refurbishment project of Unit 1 Cernavoda NPP” was approved, according to the note submitted for the shareholders for this point on the agenda (point 3 of the GEMS agenda from September 28<sup>th</sup>, 2017).

#### 4.9. DICA (Intermediate Spent Fuel Storage) investment project

By decision no. 9/28.09.2017 of the EGMS the change of the DICA investment project was approved, documented by the „Long term development of DICA strategy in dry stage and certification for the perspective of extending the life period for Units 1 and 2 absorbed with the CNCAN observations and the Ministry of Environment and Climate Changes”, reviewed, by mentioning the approved amount of the investment (point 2 on the EGMS agenda from September 28<sup>th</sup>, 2017).

#### 4.10. Approval of a loan for Energonuclear S.A. branch

By the decision no. 4/11.07.2017 of the EGMS the provisioning of a loan convertible in shares in the amount of lei 4,000,000 to the branch Energonuclear S.A. was approved in order to finance the maintenance and preservation activities for the site of Units 3 and 4 Cernavoda NPP.

#### 4.11. Update of the Company's Articles of Incorporation

By decision no. 6/24.08.2017 of the EGMS the amendment of the SNN Articles of Incorporation was approved, as follows: the elimination of the attribution of the EGMS to approve the Management Plan (par. (2) of art. 13, eliminating letter k)) and elimination of the attribution of the BoD to draft and submit to the GMS, for approval, the Management Plan, including the management strategy during the mandate (par.(3) of art. 19, eliminating letter d)).

#### 4.12. Major litigations

The situation of major litigations (amounting over lei 500 thousand) and for those not evaluated monetary at September 30<sup>th</sup>, 2017 is submitted in **Annex 4**.

#### 4.13. Other information

The quarterly report of the BoD for the period January 1<sup>st</sup> – September 30<sup>th</sup>, 2017 is accompanied by the Unaudited Condensed Individual Interim Financial Statements on the date and for the period of 9 months concluded at September 30<sup>th</sup>, 2017; these financial statements being published in the webpage of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), section Relations with investors.

### 5. MAIN ECONOMIC FINANCIAL INDICATORS ON 30.09.2017

The performance of the company is reflected in the accomplishment of the economic financial indicators, as follows:

| Indicator *)                              | Formula  | M.U. | Result on 30.09.2017 |
|---|--|------|----------------------|
| <b>1. The current liquidity ratio</b>     | Current assets / Current liabilities               | x    | 4,51                 |
| <b>2. The indebtedness ratio</b>          |  |      |                      |
| 2.1. The indebtedness indicator (1)       | Long term liabilities / shareholder's Equity x 100 | %    | 15,6%                |
| 2.1. The indebtedness indicator (2)       | Long term liabilities/ Capital employed x 100      | %    | 13,5%                |
| <b>3. Receivables turnover ratio</b>      | Average accounts receivable/ turnover x 180        | days | 21                   |
| <b>4. Non-current assets turnover **)</b> | Turnover/ Non-current assets                       | x    | 0,26                 |

\*) Based on the condensed unaudited individual interim financial statements on and for the period of 9 months concluded on September 30<sup>th</sup>, 2017.

## **6. DEGREE OF ACCOMPLISHMENT OF THE PERFORMANCE INDICATORS**

The changes occurred during the period January - September 2017 in the company's management, respectively changes in the structure of the BoD, have determined changes on the reporting obligations included in the management contracts concluded by the company with the members of the BoD.

The management contracts concluded by the company with the members of the BoD whose mandate expired on April 25<sup>th</sup>, 2017 provided the awarding of a variable compensation, based on the performance indicators, as well as the following obligations for reporting, according to art. 7.19 and art 7.21 of the management contracts:

- To submit quarterly reports within the GMS on the management activity including also information related to the performance of the mandate contracts of managers, details related to operational activities, Company's financial performances and Company's accounting reports;
- To draft quarterly reports consisting in, but without a limitation to, the compliance degree with performance criteria, considering the weight of each indicator and its variation towards the targeted level established, reports that will be forwarded for the approval of the Company's GMS, following that the payment of the first subcomponent of the variable component, as mentioned at art. 18 of the management contracts, is made only if the quarterly reports are approved.

The performance indicators of the members of the BoD whose mandate expired on April 25<sup>th</sup>, 2017 are presented in the quarterly report of the BoD for Q I 2017.

The management contracts concluded by the company with the members of the BoD starting April 26<sup>th</sup>, 2017 (provisional mandates) do not provide the awarding of a variable compensation and the follow-up and reporting of the performance indicators of the members of the BoD, nor the obligation to submit and have the approval for a quarterly report.

**Board of Directors,  
Iulian Robert Tudorache  
President**

**Appendix 1 – Financial position as at 30.09.2017**

|  | <b>30 September 2017</b><br><b>(unaudited)</b> | <b>31 December 2016</b><br><b>(audited, restated)</b> |
|--|--|---|
| <b>Assets</b>                                |  |   |
| <b>Non-current assets</b>                    |  |   |
| Property, plant and equipment                | 6.824.954.433                                  | 7.108.486.979   |
| Intangible assets                            | 66.949.975                                     | 80.636.405  |
| Financial instruments                        | 141.689.201                                    | 141.689.201   |
| <b>Total non-current assets</b>              | <b>7.033.593.609</b>                           | <b>7.330.812.585</b>                                  |
| <b>Current assets</b>                        |  |   |
| Inventories                                  | 333.704.356                                    | 331.057.122   |
| Trade and other receivables                  | 115.259.460                                    | 162.063.302   |
| Prepayments                                  | 14.646.734                                     | 12.699.411  |
| Bank deposits                                | 1.223.419.327                                  | 1.245.073.268   |
| Cash and cash equivalents                    | 548.349.423                                    | 263.714.387   |
| <b>Total current assets</b>                  | <b>2.235.379.300</b>                           | <b>2.014.607.490</b>                                  |
| <b>Total assets</b>                          | <b>9.268.972.909</b>                           | <b>9.345.420.075</b>                                  |
| <b>Equity and liabilities</b>                |  |   |
| <b>Equity</b>                                |  |   |
| Share capital, out of which:                 | 3.210.641.253                                  | 3.210.641.253   |
| <i>Subscribed and paid in share capital</i>  | <i>3.015.138.510</i>                           | <i>3.015.138.510</i>                                  |
| <i>Inflation adjustment to share capital</i> | <i>195.502.743</i>                             | <i>195.502.743</i>                                    |
| Share premium                                | 31.474.149                                     | 31.474.149  |
| Prepaid share reserve                        | 21.553.537                                     | 21.553.537  |
| Revaluation reserve                          | 245.513.993                                    | 265.842.461   |
| Retained earnings                            | 3.979.381.120                                  | 3.945.257.743   |
| <b>Total shareholder's equity</b>            | <b>7.488.564.052</b>                           | <b>7.474.769.143</b>                                  |
| <b>Liabilities</b>                           |  |   |
| <b>Non-current liabilities</b>               |  |   |
| Long term borrowings                         | 959.344.862                                    | 1.087.961.815   |
| Deferred income                              | 132.688.120                                    | 143.446.616   |
| Deferred tax liability                       | 152.832.853                                    | 157.022.057   |
| Employee's benefits                          | 39.553.412                                     | 31.907.053  |
| <b>Total non-current liabilities</b>         | <b>1.284.419.247</b>                           | <b>1.420.337.541</b>                                  |
| <b>Current liabilities</b>                   |  |   |
| Accounts payable and other liabilities       | 250.828.990                                    | 216.770.484   |
| Current tax liability                        | 23.762.881                                     | 6.431.972   |
| Deferred income                              | 15.659.631                                     | 6.181.408   |
| Current portion of long term borrowings      | 205.738.108                                    | 220.929.527   |
| <b>Total current liabilities</b>             | <b>495.989.610</b>                             | <b>450.313.391</b>                                    |
| <b>Total liabilities</b>                     | <b>1.780.408.857</b>                           | <b>1.870.650.932</b>                                  |
| <b>Total equity and liabilities</b>          | <b>9.268.972.909</b>                           | <b>9.345.420.075</b>                                  |

**Appendix 2 – Profit and loss account for the period of 9 months concluded on September 30<sup>th</sup>, 2017**

|                                      | <b>3 months<br/>period ended on 30<br/>September 2017<br/>(unaudited)</b> | <b>3 months period<br/>ended on 30<br/>September 2016<br/>(unaudited, restated)</b> | <b>9 months<br/>period ended on 30<br/>September 2017<br/>(unaudited)</b> | <b>9 months period<br/>ended on 30<br/>September 2016<br/>(unaudited,<br/>restated)</b> |
|--------------------------------------|---|---|---|---|
| <b>Revenues</b>                      |   |   |   |   |
| Sales of electricity                 | 496.708.256   | 433.977.007   | 1.366.426.999   | 1.157.741.328   |
| Electricity transmission revenues    | 2.829.309   | 3.731.887   | 9.617.086   | 23.138.456  |
| <b>Total revenues</b>                | <b>499.537.565</b>  | <b>437.708.894</b>  | <b>1.376.044.085</b>  | <b>1.180.879.784</b>  |
| Other income                         | 9.178.805   | 14.487.504  | 25.644.905  | 13.563.144  |
| <b>Operating expenses</b>            |   |   |   |   |
| Depreciation and amortization        | (124.207.211)   | (121.543.989)   | (370.183.392)   | (359.948.779)   |
| Personnel expenses                   | (79.578.226)  | (75.089.837)  | (228.715.437)   | (217.372.478)   |
| Cost of traded electricity           | (26.340.603)  | (2.190.784)   | (47.046.859)  | (7.413.997)   |
| Repairs and maintenance              | (25.302.804)  | (19.933.681)  | (102.158.918)   | (100.934.141)   |
| Electricity transmission expenses    | (2.829.309)   | (3.731.887)   | (9.617.086)   | (23.138.456)  |
| Costs with spare parts               | (2.558.042)   | (2.697.007)   | (15.870.274)  | (19.503.101)  |
| Cost of uranium fuel                 | (34.132.463)  | (43.679.886)  | (91.597.936)  | (110.585.580)   |
| Other operating expenses             | (84.144.892)  | (92.472.615)  | (259.581.294)   | (248.357.779)   |
| <b>Total operating expenses</b>      | <b>(379.093.550)</b>  | <b>(361.339.686)</b>  | <b>(1.124.771.196)</b>  | <b>(1.087.254.311)</b>  |
| <b>Operating result</b>              | <b>129.622.820</b>  | <b>90.856.712</b>   | <b>276.917.794</b>  | <b>107.188.617</b>  |
| Finance cost                         | (27.565.607)  | (6.105.321)   | (64.958.489)  | (68.159.701)  |
| Finance income                       | 12.222.766  | 35.124.973  | 61.097.122  | 83.694.403  |
| <b>Net finance income (expenses)</b> | <b>(15.342.841)</b>   | <b>29.019.652</b>   | <b>(3.861.367)</b>  | <b>15.534.702</b>   |
| <b>Profit before income tax</b>      | <b>114.279.979</b>  | <b>119.876.364</b>  | <b>273.056.427</b>  | <b>122.723.319</b>  |
| Net income tax expenses              | (22.775.378)  | (19.215.531)  | (47.771.875)  | (20.326.491)  |
| <b>Profit for the period</b>         | <b>91.504.601</b>   | <b>100.660.833</b>  | <b>225.284.552</b>  | <b>102.396.828</b>  |

## Appendix 3 – Execution of Budget of revenues and expenses as at 30.09.2017

|            |      |   |  |  | thousand lei                     |  |          |
|------------|------|---|--|--|----------------------------------|--|----------|
| INDICATORS |      |   | No.  | Budgeted Q III<br>cumulated 2017 –<br>approved by the OGMS<br>Decision no. 1/ 29.03.2017 | Achieved Q III<br>cumulated 2017 | %<br>Achieved vs.<br>Approved<br>[Col. 5/Col. 4] |          |
| 1          |      |   | 3  | 4  | 5                                | 6  |          |
| I.         |      | TOTAL REVENUES (Rd.2 + Rd.5 + Rd.6)               |  | 1  | 1.351.014                        | 1.462.786  | 108,3%   |
|            | 1.   | Total operating revenues of which:                |  | 2  | 1.271.144                        | 1.401.689  | 110,3%   |
|            |      | c <sub>1</sub>                                    | Subsidies, according to current legal provisions   | 3  | -                                | -  | -        |
|            |      | c <sub>2</sub>                                    | Transfers, according to current legal provisions   | 4  | -                                | -  | -        |
|            | 2.   | Financial revenues                                |  | 5  | 79.870                           | 61.097   | 76,5%    |
|            | 3.   | Extraordinary revenues                            |  | 6  | -                                | -  | -        |
| II.        |      | TOTAL EXPENSES (Rd.8 + Rd.20 + Rd.21)             |  | 7  | 1.319.253                        | 1.189.730  | 90,2%    |
|            | 1.   | Operating expenses (Rd.9 + Rd.10 + Rd.11 + Rd.19) |  | 8  | 1.244.863                        | 1.124.771  | 90,4%    |
|            |      | A.  | Expenses for goods and services  | 9  | 466.652                          | 390.295  | 83,6%    |
|            |      | B.  | Expenses with taxes, duties and similar payments   | 10   | 122.172                          | 78.986   | 64,7%    |
|            |      | C.  | Personnel costs (Rd.12 + Rd.15 + Rd.17 + Rd.18)  | 11   | 239.110                          | 232.793  | 97,4%    |
|            |      | C <sub>0</sub>                                    | Personnel expenses (Rd.13 + Rd.14)   | 12   | 181.844                          | 175.627  | 96,6%    |
|            |      | C <sub>1</sub>                                    | Salaries   | 13   | 164.871                          | 159.946  | 97,0%    |
|            |      | C <sub>2</sub>                                    | Bonuses  | 14   | 16.973                           | 15.681   | 92,4%    |
|            |      | C <sub>3</sub>                                    | Other personnel expenses, of which:  | 15   | 777                              | 850  | 109,4%   |
|            |      |   | a) Expenses with compensation payments for personnel layoff  | 16   | -                                | -  | -        |
|            |      | C <sub>4</sub>                                    | Expenses related to the mandate contract and other management and control entities, commissions and committees | 17   | 2.880                            | 2.772  | 96,3%    |
|            |      | C <sub>5</sub>                                    | Social security expenses, special funds and other legal obligations  | 18   | 53.609                           | 53.544   | 99,9%    |
|            | D.   | Other operating costs                             | 19   | 416.929  | 422.697                          | 101,4%   |          |
|            | 2.   | Finance expenses                                  |  | 20   | 74.390                           | 64.958   | 87,3%    |
|            | 3.   | Extraordinary expenses                            |  | 21   | -                                | -  | -        |
|            | III. |   | GROSS RESULT (profit/loss) (Rd.1 – Rd.7)   |  | 22                               | 31.760   | 273.056  |
| IV.        |      | INCOME TAX  |  | 23   | 11.782                           | 47.772   | 405,5%   |
| V.         |      | APROFIT AFTER INCOME TAX (Rd.22 – Rd.23)          |  | 24   | 19.978                           | 225.285  | 1.127,7% |

\*) Note: See the information at item 2.3.

**Appendix 4 – SNN current major litigations at 30.09.2017 (over 500 thousand lei) including those which cannot be monetary valued**

| No.                    | File number    | Court of Law   | SNN position | Opponent  | Value  | Current process stage | Previous process stages   | Process stage term Hearing |
|------------------------|----------------|--|--------------|---|--|-----------------------|---|----------------------------|
| <b>SNN Head Office</b> |                |  |              |   |  |                       |   |                            |
| 1.                     | 3868/118/2012  | Constanta Court of Law                                   | Creditor     | PROCONEX UNIVERSAL S.R.L.   | Bankruptcy, individual proceedings receivables accepted, 3.369.886,85 lei                                      | On the merits         | ongoing procedure   | 08.01.2018                 |
| 2.                     | 2183/115/2010  | Caras-Severin Court of Law                               | Creditor     | Cet Energoterm Resita S.A.  | Insolvency file – bankruptcy procedure 580.974,21 lei  | On the merits         | ongoing procedure   | 09.11.2017                 |
| 3.                     | 48031/299/2010 | Sector 1 criminal Court of Law Court of Appeal Bucharest | Civil party  | Defendants: Rotaru Ioan, Ispas Gheorghe, Irinie Traian, TESS Conex S.A. civil responsible party | Corruption – abuse in office SNN is a civil party in the trial with a prejudice estimated for 13.493.080,3 lei | Appeal                | <p><i>On the Merits of the case</i><br/>Convicts the defendants to prison and payment of the prejudice</p> <p><i>Appeal</i><br/>Accepts in part the proof requested by the defendants. Approves the re-hearing of witnesses, as well as hearing new witnesses. Approves for the parties the proof with documents submitted to the file. Prorogues the decision regarding the performance of certain special expertise for the following term.<br/>Rejects, as not useful, the other trials requested by the parties as well as the requests for issuing letters to S.N. Nuclearelectrica S.A, Tess Conex S.A. and the Romanian Government in order to obtain documents/regulations. Prorogues the decision related to the request for apprehension of the Constitutional Court to solve the constitutional challenge of art of the provision of art. 297 par.1 letter c) Criminal code and art. 13 ind. 2 of the Law no. 78/2000, for the following trial term.</p> | 17.11.2017                 |

|    |                   |   |                         |                           |  |                  |  |                                       |
|----|-------------------|---|-------------------------|---------------------------|--|------------------|--|---------------------------------------|
| 4. | 9089/101/<br>2013 | Mehedinti<br>Court of Law   | Creditor                | RAAN                      | Insolvency. Receivable under<br>reorganization 5.450.135,91 lei<br>Liquidating bankruptcy.<br>Receivable 7.828.405,48 lei  | On the merits    | Ongoing procedure.<br>Based on art. 107 par. 1 letter C Law no. 85/2006.<br>Rules the beginning of the procedure for the debtor<br>bankruptcy. Based on art. 107 par. 2 Law no.<br>85/2006. Appoints a temporary legal liquidator Euro<br>Insol SPRL.  | 07.12.2017                            |
| 5. | 7238/120/<br>2012 | Dambovita<br>Court of<br>Law  | Creditor                | S.C. Eco Energy           | Bankruptcy<br>Receivable lei<br>2,464,059.64   | On the merits    | Ongoing procedure<br>Receivable registered in the final table. Follow-up<br>receivable to be recovered from the company<br>Edland S.R.L.   | 27.11.2017                            |
| 6. | 873/1259/<br>2008 | Arges Court<br>of Law   | Creditor                | Termoficare<br>2000 SA    | Insolvency Bankruptcy.<br>Receivable 2.713.986,71 lei  | On the merits    | Ongoing procedure  | 20.02.2018                            |
| 7. | 18770/3/2007      | Bucharest<br>Court of Law   | Creditor                | S.C. Con - Dem<br>S.A.    | Insolvency Bankruptcy.<br>Receivable 2.446.227,08 lei.<br>Receivable accepted in the<br>payment program<br>2.079.293,02 lei<br>(85% of the receivable<br>accepted in the table). | On the merits    | Ongoing procedure  | 31.01.2018                            |
| 8. | 3793/2/2013       | Administrative<br>Court of Appeal<br>High Court of<br>Cassation and Justice | Respondent in<br>appeal | Greenpeace CEE<br>Romania | Cancellation of decision to<br>issue the envi"lei"ment<br>agreement and envi"lei"ment<br>agreement for the Project Units<br>3 and 4.   | Second<br>appeal | <i>On the merits</i><br>Accepts the exception of the lack of object of the<br>count II initially drafted (cancellation of the<br>envi"lei"ment agreement regarding the project<br>„continuing the building works and finishing for<br>Units 3 and 4).<br>Rejects count II initially drafted regarding the<br>cancellation of the envi"lei"ment agreement related to<br>project „Continuing the building works and<br>termination for Units 3 and 4 to Cernavoda NPP”, as<br>with lack of object. Rejects the request otherwise, as<br>filled-in by additional request, as ungrounded.<br><br><i>Second appeal</i><br>Decision no. 2100 from June 23 <sup>rd</sup> , 2016. Accepts the<br>second appeal drafted by Fundatia Greenpeace CEE<br>Romania and the Association Bankwatch Romania<br>against the decision no. 1436 from May 9 <sup>th</sup> , 2014 of<br>the Bucharest Court of Appeal – section VIII of<br>administrative and fiscal court. Cassation of decision<br>appealed and sends the case for retrial at the same<br>court of law. Final today, June 23 <sup>rd</sup> 2016.<br><br><i>Retrial merits (CAB)</i><br>Rejects the summons, as ungrounded. With a right of | The court will<br>establish the term. |



|     |              |   |                       |   |  |                       |   |            |
|-----|--------------|---|-----------------------|---|--|-----------------------|---|------------|
|     |              |   |                       |   |  |                       | appeal within 15 days from the communication.<br>Decision no. 2208/2017.  |            |
| 9.  | 11661/3/2014 | Bucharest<br>Appeal<br>Court<br><br>Bucharest<br>Court of<br>Law<br><br>Retrial | Intimate              | Fondul<br>Proprietatea<br>S.A.                    | Absolute nullity<br>notice of the<br>Resolution AGEA<br>S.N.N. no.<br>1/11.03.2014   | Appeal<br><br>Retrial | <p><i>On the merits (TB)</i><br/>rejected the request of Fondul Proprietatea<br/>admitting the exception of the lack of<br/>interest reported to the request's object.</p> <p><i>Appeal CAB:</i> admits the FP appeal, cancels<br/>the appealed sentence and sends the cause to<br/>trial at the same court. Final</p> <p><i>Retrial merits (TB):</i><br/>The court ruled the suspension of the cause<br/>in relation to the fact that the Bucharest<br/>Court of Law and Craiova Court of<br/>Appeal<br/>requested to the European Union Court of<br/>Justice details regarding the<br/>possibility of existing a state aid which is the<br/>object of the EGMS of S.N.N. Decision no.<br/>1/11.03.2014.</p> | Suspended  |
| 10. | 40046/3/2014 | Bucharest Court of<br>Law   | Defendant             | S.C. Fondul<br>Proprietatea S.A.                  | Stating the absolute invalidity<br>of the GEMS Decision no.<br>8/6.10.2014 increase of share<br>capital with input in cash by<br>issuing shares.<br>Mentioning the court decision<br>at the Trade Registry and<br>cancellation of mentions from<br>the Trade Registry based on<br>the cancelled GEMS Decision. | On the merits         | <p><i>On the merits</i><br/>Had yet to rule on</p>  | 07.11.2017 |
| 11. | 416/2/2014   | Court of Appeal<br>Bucharest  | Claimant<br>Plaintiff | The National<br>Energy<br>Regulatory<br>Authority | Cancellation of<br>administrative deed.<br>Decision 3609/2013<br>regarding the tariff<br>approval regulated  | On the merits         | <p><i>On the merits</i><br/>On 14.10.2014 was rejected the request as<br/>ungrounded. Decision no. 2723/ 14.10.2014.</p>  | 27.02.2018 |

|     |               |  |                       |   |  |               |   |   |
|-----|---------------|--|-----------------------|---|--|---------------|---|---|
| 12. | 1794/118/2016 | Constanta Court of law                                 | Civil party           | Bucur Ionel<br>Negulici Elena<br>Olteanu Madalina<br>Encica Ionel<br>Nicola Laurentiu<br>Daramus Victor<br>Davy Security SRL<br>civil responsible party | prejudice 3.471.463 euro   | On the merits | <i>On the merits</i><br>In order to continue the legal research by hearing the defendants. Discussing proof.  | 31.12.2017                                  |
| 13. | 38724/3/2014  | Bucharest Court of Law Section II administrative court | Third party garnishee | Romanian State through the Ministry of Public Finances  | Claim in performing and cancellation of all foreclosure documents from the file 22/2014 creditors Multipack SRL, European Food SA, Starmil SRL, Micula Ioan    | On the merits | <i>On the merits</i><br>Based on art. 413 par. 1 point 1 NCPC suspends trial up to the final resolution of the file no. 15755/3/2014. Right of appeal during the entire suspension.   | The court will set the term.                |
| 14. | 13275/3/2015  | Bucharest Court of Law<br>Bucharest Court of Appeal    | Respondent            | Hidroelectrica S.A.   | Action in claims:<br><b>40.812.717 lei</b> representing the difference in counter value for buying energy insurance contact and energy sale and legal interest | On the merits | <i>On the merits</i><br>The court accepts the statute of limitation of the material right in action invoked by SNN. Rejects the action as being prescribed. With a right of appeal in 30 days from the communication. Decision no. 6860/07.12.2015<br><br><i>Appeal :</i><br>Rejects the appeal as ungrounded with appeal within 30 days from the communication, to be submitted at the Bucharest Court of Appeal   |   |
| 15. | 4960/2/2015   | Administrative Court of Appeal<br>Bucharest ICCJ       | Claimant              | Court of Auditors   | Action for suspending the performance, measure regarding D&O INSURANCE POLICIES  | On the merits | <i>On the merits</i><br>The court accepts the request in part. and suspends the performance of point II.12 of the decision device no. 16/11.05.2015 issued by the Romanian Court of Auditors – Department IV up to the final resolution of the merits action registered in the file no. 4912/2/2015. Enforceable. Rejects as unacceptable the suspension request of performing point 10 of the conclusion no. 59/17.07.2015 and of point 3.1.10 of the Control report no. 4371/10.04.2015 issued by the Romanian Court of Auditors.<br><br><i>Second appeal</i> | Next hearing shall be allotted subsequently |

|     |               |  |          |                                |   |               |   |   |
|-----|---------------|--|----------|--------------------------------|---|---------------|---|---|
| 16. | 4961/2/2015   | Bucharest Court of Appeal section VIII administrative and fiscal department              | Claimant | Court Auditors of              | Action to suspend the enforcement measure regarding TOURISTIC SERVICES                                    | On the merits | <p><i>On the merits</i></p> <p>Accepts the exception of inadmissibility of the count regarding the suspension of performance of point 3.1.5 of the Control report no. 4371/10.04.2015 and, as a consequence, rejects as unacceptable this end of count. Rejects, in rest, the request to suspend the performance as ungrounded. With a right of appeal in 5 days since the communication. Decision no. 2660/20.10.2015.</p>   | Next hearing shall be allotted subsequently |
| 17. | 3490/121/2015 | Civil Court Galati   | Claimant | S.C. ArcelorMittal Galati S.A. | Claims 8.575.245,78 lei difference in counter value for energy sale redundant and other associated costs. | On the merits | <p><i>Second appeal</i></p> <p><i>On the merits</i></p> <p>Rejects the actions for obliging the defendant to pay as compensatory damages deriving from the contract no. 207/22.02.2013 as ungrounded.</p> <p><i>Appeal</i></p> <p>Accepts the appeal stated by the claimant S.N. Nuclearelectrica S.A. against the civil decision no. 278/20.12.2016 ruled by Galati Court of Law - Section II-a civil in the File no. 3490/121/2015. Changes in whole the decision appealed and, in retrial. Accepts in part the action. Obliges the defendant ArcelorMittal Galati S.A. to pay the claimant S.N. Nuclearelectrica S.A. the amount of 8.645.467,52 lei, as prejudice. Rejects as ungrounded the appeal against the conclusion from 26.05.2016 of the same court of law. Obliges the defendant to pay the claimant the amount of 142.132,97 lei, trial costs on the merits and appeal. Decision no. 227/27.09.2017.</p> | Next hearing shall be allotted subsequently |
| 18. | 4968/2/2015   | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court Auditors of              | Action for suspending the enforcement measure regarding fees for LEGAL ADVISERS                           | On the merits | <p><i>On the merits</i></p> <p>The court accepts the request in part. Rules the suspension of the partial performance of the Decision no. 16/2015, and namely of the measure ruled at point II. 11, as well as the Conclusion no. 59/2015- point 9, up to the final resolution of the action in cancelling point II.11 of the Decision no. 16/2015 and point 9 of the Conclusion no. 59/2015. Rejects the suspension request of the control report no. 4371/2015- point 3.1.9- as unacceptable.</p>   | Next hearing shall be allotted subsequently |

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| 19. | 4969/2/2015 | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court Auditors of | Action for suspending the enforcement measure regarding MICROSOFT licenses                                | On the merits | <p><i>On the merits</i></p> <p>Rejects the suspension request of point 3.1.11 of the control report no. 4371/10.04.2015 issued by the Romanian Court of Auditors as unacceptable. Accepts in part the request for suspension. Suspends the performance of point 11 of the conclusion no. 59/17.07.2015 and of point II.13 of Decision no. 16/11.05.2015 issued by the Romanian Court of Auditors up to the final resolution of the merits action. enforceable.</p> <p><i>Second appeal CC</i></p> | Next hearing shall be allotted subsequently |
| 20. | 4970/2/2015 | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court Auditors of | Action for suspending the enforcement measure regarding income tax on non-residents                       | On the merits | <p><i>On the merits</i></p> <p>The court accepts the request in part. Rules the suspension of the partial performance of the Decision no. 16/11.05.2015 in regards to point II.8, respectively the conclusion no. 59/17.07.2015 in regards to point 6, up to the final resolution of the action under cancellation. Rejects as unacceptable the suspension request of point 3.1.3 of the Control report no. 4371-10.04.2015.</p> <p><i>Second appeal CC</i></p>                                   | Next hearing shall be allotted subsequently |
| 21. | 4971/2/2015 | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court of Auditors | Action for suspending the enforcement measure regarding measure for contract performance GENERAL CONCRETE | On the merits | <p><i>On the merits</i></p> <p>The court of law rejected the suspension request of the Decision no. 16/11.05.2015 and Conclusion no. 59/17.07.2015.</p>   | Next hearing shall be allotted subsequently |
| 22. | 4959/2/2015 | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court of Auditors | Action for annulment of the measure regarding TOURISTIC SERVICES  | On the merits | <p><i>On the merits</i></p> <p>The court accepts the request. Cancels in part the Conclusion no. 59/17.07.2015 issued by the defendant, in regards to point 3. Cancels in part the Decision no. 16/11.05.2015 issued by the defendant, in regards to measures ruled at point 5 and Measure no. I 3. Cancels in part the Control Report no. 4371/10.04.2015 issued by the defendant in regards to point 3.1.5. Obliges the respondent to pay lei 4550 trial expenses to the claimant.</p>          | Next hearing shall be allotted subsequently |

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| 23. | 4902/2/2015<br>connected with<br>4907/2/2015<br>premiums | Bucharest Court<br>of Appeal<br>section<br>administrative<br>Superior Court<br>of Cassation and<br>Justice | Claimant | Court of<br>Auditors | Action to annul the<br>measure regarding<br>FEES AND BONUSES                                 | On the merits | <p><i>On the merits</i></p> <p>The court accepts the main request and the one related, in regards to points 1 and 2. Cancels in part the conclusion no. 59/17.07.2015 and the decision no. 16/11.05.2015, in regards to point 9 and point 8 of the conclusion, respectively measures from point II.11 and II.10 of the decision. Rejects as unacceptable point 3 of both requests, regarding the partial annulment of the Control Report no. 4371/10.04.2015, with a right of appeal within 15 days from the communication. The appeal shall be submitted to CAB – section VIII. final. Decision 3419/17.12.2015.</p>                                      | Next hearing shall be allotted subsequently |
| 24. | 4906/2/2015  | Bucharest Court<br>of Appeal<br>section<br>administrative<br>Superior Court of<br>Cassation and<br>Justice | Claimant | Court of<br>Auditors | Action to annul the<br>measure regarding<br>Incompliance of public<br>acquisition procedures | On the merits | <p><i>On the merits</i></p> <p>Based on art. 413 par. 1 point 1 Civil procedure code suspends the trial of the hereby case until the final resolution of the file no. 62136/299/2015 of the Bucharest Sector 1 Court of Law. With a right of appeal during the entire period of suspension. conclusion - suspension 18.01.2016<br/>Rejects the action as ungrounded. With a right of appeal in 15 days from the communication. Ruled today, 10.10.2016.<br/>Rejects the action as ungrounded. With a right of appeal in 15 days from the communication. Ruled in the public meeting of today, 10.10.2016. Decision no. 2961/2016.</p> <p><i>Appeal</i></p> | Next hearing shall be allotted subsequently |

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| 25. | 4912/2/2015 | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court Auditors of                            | Action to annul the measure regarding D&O POLICIES                                      | On the merits | <p><i>On the merits</i></p> <p>The court accepts the request. Rejects the exception of unacceptability of the partial annulment request of the Control report no. 4371/10.07.20155. Accepts the case. Cancels, in part, the conclusion no. 59/17.07.20155, issued by the defendant regarding point 10, Decision no. 16/11.05.2015 issued by the defendant regarding the measure ruled at point II.12 of the decision device, as well as point 3.1.10 of the Control report no. 4371/10.04.2015 issued by the respondent. with a right of appeal within 15 days from the communication. Decision 173/ 26.01.2016.</p>   | Next hearing shall be allotted subsequently |
| 26. | 4946/2/2015 | Administrative Bucharest Court of Appeal   | Claimant | Court Auditors intervention General Concrete | Action to annul the measure regarding the contract concluded with GENERAL CONCRETE S.A. | On the merits | <p><i>Second appeal</i></p> <p><i>On the merits</i></p> <p>Compared to the lack of expertise report, postpones causes and returns with the letter to the expert under the sanction of applying a legal fine according to art. 187 civil procedure code for not submitting the report in the term established. conclusion 09.06.2017.</p>   | 02.02.2018                                  |
| 27. | 4958/2/2015 | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant | Court of Auditors                            | Cancelling measure for NON-RESIDENTS  | On the merits | <p><i>On the merits</i></p> <p>Accepts the action. Cancels in part the conclusion no. 59/17.07.2015, respectively in regards to rejecting point. VI from the claim no. 6420/28.05.2015, and as a consequence, cancels the measure taken at point II.8 from the decision no. 16/11.05.2015 for removing the breach at point 3 from the same decision, as well as point 3.1.3 of the control report no. 4371/10.04.2005. With a right of appeal in 15 days from the communication, the request for appeal following to be submitted at the Bucharest Court of Appeal - Section VIII- administrative and fiscal court. Rules March 10<sup>th</sup>, 2016.</p> <p><i>Second appeal</i></p> | Next hearing shall be allotted subsequently |

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| 28. | 4964/2/2015  | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant           | Court Auditors of                                  | Action to annul the measure regarding COURT DECISIONS   | On the merits | <p><i>On the merits</i></p> <p>The court accepts the exception of unacceptability of the request regarding the cancellation of point 3.1.7 of the Control Report no. 4371/10.04.2015 invoked by the respondent. Rejects as unacceptable the request regarding the cancellation of point 3.1.7 of the Control Report no. 4371/10.04.2015. rejects as ungrounded the connected actions. With a right of appeal within 15 days from the communication. Decision 373/ 09.02.2016. SNN filed for appeal.</p> <p><i>Second appeal</i></p>   | Next hearing shall be allotted subsequently |
| 29. | 4965/2/2015  | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant           | Court Auditors of                                  | Action to annul the measure regarding MICROSOFT licenses  | On the merits | <p><i>On the merits</i></p> <p>The court accepts the request, in regards to points 1 and 2. Cancels in part the conclusion no. 59/17.07.2015 and the decision no. 16/11.05.2015, in regards to point 11 of the conclusion, respectively the measure from point II.13 of the decision. Rejects as unacceptable the point 3, regarding the partial cancellation of the Control Report no. 4371/10.04.2015. With a right of appeal within 15 days from the communication. The appeal shall be filed to CAB – section VIII Decision 236/ 28.01.2016.</p>  | Next hearing shall be allotted subsequently |
| 30. | 45494/3/2015 | Bucharest Court of Law section VI Civil  | Claimant impleaded | S.N. Nuclearelectrica S.A. manager and GMS members | Prejudice <b>708.407 lei</b> enforcing the measure ruled by the Court of Auditors by the control report from 2012 regarding D&O type insurance policies | On the merits | <p><i>On the merits</i></p> <p>Rejects the lack of passive procedure invoked by de defendants Grama Mioara, Popescu Lucia -Ioana, Chiriac Cristiana and Serbanescu Cristian Ovidiu. Accepts the exception of prescription. Rejects the request, stating as prescribed the right to action. Rejects the guarantee request as without an object. Obliges the claimant to pay the following trial costs: 8.226,53 lei to the defendant Grama Mioara, 7.873,53 lei to the defendant Popescu Lucia - Ioana and 7.925,79 lei to the defendant Chiriac Cristiana. With a right of appeal within 30 days from the communication. Decision n o. 7583/29.11.2016.</p> | Next hearing shall be allotted subsequently |

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| 31. | 1367/2/2016  | Bucharest Court of Appeal section administrative Superior Court of Cassation and Justice | Claimant    | ANAF Energoterm Resita  | Cancellation of the Decision no. 25/29.01.2016   | On the merits | <p><i>On the merits</i></p> <p>Rejects the action as ungrounded. With a right of appeal within 15 days from the communication. Decision no. 2656/ 21.09.2016.</p> <p><i>Second appeal</i></p>  | Next hearing shall be allotted subsequently |
| 32. | 409/2/2016   | Bucharest Court of Appeal  | Civil party | Tudor Ion Criminal organization Insolvency company Banat liquidator for CET Energoterm Resita | Tax evasion, counterfeiting, bribery   | On the merits | On going   | 24.11.2017                                  |
| 33. | 6874/3/2016* | Bucharest Court of Law   | Claimant    | Nuclear and Radioactive Agency (ANDR)   | Claims EUR 131.080,08 representing contributions according to the G.D. 1080/2007 for 2010-2012 contributions 2013- 2015 for the difference of energy produced and the one delivered in SEN penalties 2010-2015 until the effective payment | On the merits | <p><i>On the merits</i></p> <p>Rejects the exception of statute of limitation as ungrounded. Rejects the summons as being ungrounded. With a right of appeal within 30 days from the communication;</p> <p><i>Appeal</i></p> <p>Had yet to rule</p>  | 21.11.2017                                  |
| 34. | 9230/3/2016  | TB S a II-a  | Defendant   | Greenpeace CEE Romania  | Public interest information communication Support Letter Project Unit 3 and 4  | On the merits | <p>SNN filed an accessory intervention request in the interest of the respondent- Ministry of Energy</p> <p><i>On the merits</i></p> <p>Rejects the request as ungrounded. Accepts the intervention accessory request in favor of the defendant. With a right of appeal in 15 days from the communication. Decision no. 6924/05.12.2016.</p> | Undrafted decision                          |



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| 35. | 1704/3/2017   | Criminal<br>Bucharest Court<br>of Law<br>2 <sup>nd</sup> section | Claimant                | Civitas P.S.G.<br>SRL                                | Litigation public<br>acquisitions.  | On the merits | <p><i>On the merits</i></p> <p>Rejects the exception of inadmissibility of the count, invoked by the defendant claimant. Accepts the exception of lack of interest of the request, invoked by the claimant - defendant. Rejects the request of the claimant – defendant as with lack of interest. Rejects the re-conventional request. Rejects the defendant – claimant request to sanction the claimant - defendant. Accepts the return request drafted by the defendant - claimant CIVITAS P.S.G. S.R.L. Rules the return to the defendant - claimant CIVITAS P.S.G. S.R.L. the amount of 4.797,6 lei paid as stamp duty. With a right of appeal within 10 days from the communication. Decision no. 3878/20.06.2017.</p> <p>Appeal</p> | Next hearing shall be allotted subsequently |
| 36. | 41419/3/2016  | Civil Bucharest<br>Court of Law<br>2 <sup>nd</sup> section       | Claimant –<br>defendant | Energio Securent<br>S.R.L                            | Claims SNN: 330.074,32<br>lei<br>Claims Energio Securent:<br>2.206.539,80 lei | On the merits | <p><i>On the merits</i></p> <p>Proof administration with accounting expertise.</p>  | 12.12.2017                                  |
| 37. | 5802/118/2017 | Labor<br>Constanta Court<br>of law                               | Defendant               | Cernavoda NPP<br>Union                               | Moneys<br>Bonus for hazardous<br>conditions                                   | On the merits |   | 16.11.2017                                  |
| 38. | 7036/118/2017 | Labor<br>Constanta Court<br>of law                               | Defendant               | Free union<br>Energetica<br>Nucleara 90<br>Cernavoda | Moneys<br>Bonus for hazardous<br>conditions                                   | On the merits |   | Next hearing shall be allotted subsequently |

| Nr.                  | File no.       | Court of law                        | SNN's Capacity | Opposing party | Object/value  | Current procedural stage | Previous procedural stages   | Procedural stage Hearing                    |
|----------------------|----------------|-------------------------------------|----------------|----------------|---------------|--------------------------|--|---|
| <b>Cernavoda NPP</b> |                |                                     |                |                |               |                          |  |   |
| 1.                   | 10673/118/2010 | Civil/<br>Constanta court<br>of Law | Respondent     | Sava<br>Marian | Compensations | Appeal                   | <p><i>On the merits</i></p> <p>Rejects as ungrounded the exceptions of inadmissibility of action, lack of active procedure quality and lack of passive procedure quality, invoked by the defendant S.N. Nuclearelectrica S.A. accepts the exception of delay of the request regarding the change in the passive procedure frame. Rejects as drafted late the request of the claimant drafted regarding the change of the passive procedure frame. States without the object the exception of the lack of procedure capacity of use of the Local Board Cernavoda. Rejects as ungrounded the summons drafted by the claimant Sava Marian in contradiction with the defendant S.N. Nuclearelectrica S.A. Rejects as without an object the summons guarantee formulated by the defendant S.N. Nuclearelectrica S.A. in contradiction with impleader the Town Cernavoda through Mayor and the Mayor of Cernavoda. Obliges the claimant Sava Marian to pay the amount of 27.003,33 lei to de defendant S.N. Nuclearelectrica S.A., as trial costs (stamp duty, stamp, expert fee). With a right of appeal in 15 days from the communication. Civil decision no. 603/14.03.2016. Appeal.</p> <p><i>The appeal</i></p> <p>Was accepted in part, by civil decision no. 196/22.03.2017, cancels in part the appealed decision in regards to the delay exception of the request related to the change in the passive procedure frame. Rejects as ungrounded the exception of delay of the request related to the change in the passive procedure frame and retrial of the summons drafted in contradiction with the defendants Cernavoda Local Council and the town of Cernavoda rules: The rejection of exception of lack of procedure incapacity of use of the Cernavoda Local Council as ungrounded. Rejects the request for summons drafted in contradiction with the defendants Cernavoda Local Council and Cernavoda as ungrounded. Maintains the rest of the provisions of the appealed decision civil statement no. 196/22.03.2017. Final. With a right of appeal within 15 days from the communication. Decision no. 196/22.03.2017.</p> | Next hearing shall be allotted subsequently |

**S.N. Nuclearelectrica S.A.**

Quarterly Report of the Board of Directors for the period 1 January – 30 September 2017

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

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| 2. | 14951/118/2011<br>(suspended based<br>on art. 36 of the<br>Law no 85/2006) | Civil/<br>Medgidia Court<br>of Law | Claimant | S.C. Car<br>Construct SRL | Clearing the land,<br>property of SNN SA –<br>concrete platform<br>occupied by SC CAR<br>CONSTRUCT based on<br>the sale-purchase<br>agreement concluded<br>with S.C.<br>CONSTRUCTII<br>NUCLEARELECTRICE<br>S.A | On the merits | According to art. 36 of the Law no. 85/2006<br>(insolvency law) the case trial was suspended. | Suspended |
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