



**HALF - YEAR REPORT**

**OF**

**THE BOARD OF DIRECTORS**

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

**(“SNN”)**

**First semester of 2019**

**Report date: August 2019**

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## 1. BASIS OF REPORT

The half-year report of the Board of Directors for the period January 1 - June 30, 2019 is drafted in virtue of the provisions of art. 55 of Government Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies, as further amended and supplemented ("GEO no. 109/2011").

## 2. FINANCIAL STATEMENT ANALYSIS

The information and the Revised Simplified Individual Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2019 presented in this report are revised by the financial auditor of S.N. Nuclearelectrica S.A. and were drafted according to the Order of the Ministry of Public Finance no. 2844/2016 for approving the Accounting Regulations according to the International Financial Reporting Standards ("IFRS"), based on the International Accounting Standard 34 - "Interim financial reporting" passed by the European Union.

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

### 2.1. Financial position statement as of June 30, 2019

The financial position on June 30, 2019 is presented in **Annex 1**.

Indicator [thousand RON]	June 30, 2019 (reviewed)	December 31, 2018 (audited)	Variation
Non-current assets	6,489,986	6,671,436	(2.7%)
Current assets	2,160,627	2,194,769	(1.6%)
<b>Total assets</b>	<b>8,650,613</b>	<b>8,866,205</b>	<b>(2.4%)</b>
Long-term debts	1,027,182	1,122,870	(8.5%)
Current liabilities	532,553	564,204	(5.6%)
<b>Total liabilities</b>	<b>1,559,735</b>	<b>1,687,074</b>	<b>(7.5%)</b>
<b>Equity</b>	<b>7,090,878</b>	<b>7,179,131</b>	<b>(1.2%)</b>
<b>Total equities and liabilities</b>	<b>8,650,613</b>	<b>8,866,205</b>	<b>(2.4%)</b>

**Non-current assets** registered a slight drop of 2.7% compared to the level registered on December 31, 2018, especially due to the drop of the net value of the tangible assets by acknowledging the amortization for the first semester of 2019. The impact of the period's depreciation was partially compensated by the investments performed for Units 1 and 2 Cernavoda NPP.

**Current assets** recorded a slight decrease of 1.6% compared to December 31, 2018, mainly due to the decrease of cash liquidities (cash, cash equivalents and bank deposits) and commercial receivables and other receivables.

**Long-term debts** decreased by 8.5%, as compared to the values recorded on December 31, 2018. The decrease is mainly caused by the decrease of the long term portion of the external credits contracted from Societe Generale and EURATOM for building and starting up Unit 2 Cernavoda NPP, following

the reclassification of the outstanding installments in the short-term portion, gradually with the maturity of the credits.

**Current debts** decreased by 5.6% compared to the values registered on December 31, 2018, based on the decrease of the payable profit tax, partially compensated by the increase of the other current debt elements, mainly commercial debts and other debts and advance revenues.

## 2.2. Profit and loss account for the 6-month period that ended on June 30, 2019

During the period of 6 months that ended on June 30, 2019, SNN recorded a net profit of 290,661 thousand lei.

<b>Indicator</b> <b>[thousand RON]</b>	<b>6-month period</b> <b>ended on</b> <b>June 30, 2019</b> <b>(reviewed)</b>	<b>6-month period</b> <b>ended on</b> <b>June 30, 2018</b> <b>(reviewed)</b>	<b>Variation</b>
<b>Production (GWh)*</b>	4,919	4,969	(1.0%)
Operating income, out of which:	1,208,559	1,006,687	20.1%
<i>Income from electricity sales**</i>	<i>1,181,738</i>	<i>968,625</i>	<i>22.0%</i>
Operating expenses, minus impairment and depreciation	(569,502)	(519,334)	9.7%
<b>EBITDA</b>	<b>639,057</b>	<b>487,353</b>	<b>31.1%</b>
Impairment and depreciation	(274,872)	(272,099)	1.0%
<b>EBIT</b>	<b>364,185</b>	<b>215,254</b>	<b>69.2%</b>
Net financial result	(4,063)	14,936	n/a
Net corporate tax expense	(69,461)	(47,876)	45.1%
<b>Net profit</b>	<b>290,661</b>	<b>182,314</b>	<b>59.4%</b>

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

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

**The Operational profit** (EBITDA) increased by 31.1% as compared to the same period of the previous year, mainly following the increase of operational revenues by 20.1%, influenced by the increase by 22% of the revenues from the sale of electricity.

**The Operating income** increased by 20.1%, influenced by the 22.1% increase in the weighted average price of the electricity sold in the first half-year of 2019 as compared to the weighted average price in the first half-year of 2018, given the sale of a total quantity of electricity over the period January 1 - June 30, 2019 similar to the total quantity sold over the period January 1 - June 30, 2018 (only 1% decrease).

As compared to the same period of the previous year, the quantity of electricity sold on the competition market of bilateral contracts increased by 9%, and benefited from an increase of the average sale price on this market by 18% (price without Tg), while the electricity quantity sold on the spot market (PZU) decreased by 35%, whereas an average sale price on this market higher by 38% (price without Tg) was registered.

Also, in the six-months period that ended on June 30, 2019, the Company sold approximately 0.1% of the energy on the regulated market (the Company did not sell energy on the regulated market in the six-months period that ended on June 30, 2018), at regulated price. For the year 2019, in order to

comply with the provisions of the Government Emergency Ordinance no. 114/28.12.2018, ANRE issued Decision no. 326/2019, by which it established a quantity of energy to be sold by SNN on regulated contracts of 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sales obligations based on regulated contracts for SNN to be set at a maximum level of 65% of the amount of electricity delivered. Also, ANRE established by said Decision the regulated price that must be used in 2019, i.e. 188.33 RON/MWh, value which does not include the tariff for electric energy transmission service paid to Transelectrica S.A. for the introduction of electricity in the electricity transmission network.

**Operating expenses** increased by 9.7% over the period January 1 - June 30, 2019, as compared to the same period of the year of 2018. This evolution is mainly determined by the increase of the expenses with the purchased electricity and the slight increase of personnel expenses, partially compensated by the decrease of the repair and maintenance expenses.

**Net currency exchange differences** negatively influenced the net result, so in the first half-year of 2019, net financial expenses were recorded, while in the same period of the previous year net financial revenues were recorded. The main currencies to which there are exposures are EUR and CAD.

The increase of the **corporate tax expense** diminishes the positive influences of the other elements. This increase was caused by the increase of taxable profit calculated for the first half-year of 2019 compared to that calculated for the same period of the previous year.

The profit and loss account for the period of 6 months ended on June 30, 2019 is presented in **Annex 2**.

### **2.3. The execution of the Revenues and Expenses Budget as of June 30, 2019**

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

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

The execution of the Revenue and Expenses Budget on June 30, 2019 is presented in **Annex 3** to this report.

As per the analysis of the Budget of Revenues and Expenses execution as of June 30, 2019 (presented in **Annex 3**), a degree of accomplishment of the programmed operating revenues of 99.3% and a decrease of the operating expenses compared to the budgeted level of 12.5% results. The performance level of the total income is 98.9%, higher than the performance level of the total expenses of 87.1%.

## **3. OPERATIONAL ACTIVITIES**

### **3.1. Electricity production**

The gross production of electricity of the two operational units of CNE Cernavoda was 5,367,792 MWh in the first half-year of 2019 (of which 2,388,927 MWh in the second quarter of 2019); from this gross production, the own technological consumption of the Units during operation, and during the

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outages ensured from own production was 449 thousand MWh in the first half-year of 2019 (of which 212 thousand MWh in the second quarter of 2019).

Thus, the electricity produced and delivered in the National Energy System ("SEN") was 4,918,714 MWh in the first half-year of 2019, compared to the same period of 2018 (4,969,271 MWh), representing a 1% decrease; in the second quarter of 2019 the quantity of electricity that was produced and delivered in SEN was 2,177,190 MWh, a 3% decrease compared to the level recorded in the second quarter of 2018, of 2,255,289 MWh.

The net electricity production program approved by the Board of Directors for 2019 (February 2019 revision) considered a quantity of 10,228,403 MWh; out of this quantity, for the first half-year of 2019, the production program considered a quantity of 4,790,566 MWh, being implemented in a percentage of 102.7% and for the second quarter of 2019 it considered a quantity of 2,066,616 MWh, being implemented in a percentage of 105.4%.

The installed power usage factor, recorded by each operational unit within CNE Cernavoda during the second quarter of 2019, and cumulated since the start of the commercial usage (Unit 1 on December 2nd, 1996, Unit 2 on November 1st, 2007) until June 30, 2019 was the following:

Cernavoda NPP unit	Cumulated first quarter 2019	April 2019	May 2019	June 2019	Cumulated First semester 2019	Cumulated from the commercial exploitation
Unit 1	96.69%	96.47%	95.96%	94.46%	96.16%	90.66%
Unit 2	99.80%	99.53%	7.63%	73.96%	79.68%	93.94%

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

### **3.2. Electricity sales**

Within the activity of electricity trading, the Company is obligated to submit letters of bank guarantee to certain contractual partners, according to the provisions stipulated in the electricity sale-purchase contracts. Mainly, these refer to: the contract concluded with C.N. Transelectrica S.A. for electricity transportation (a letter of bank guarantee is not necessary given the status of good payer; the contract provides the situations where the security is mandatory); the agreement concluded with OPCOM S.A. for electricity trading on PZU (Next Day Market ) and PI (Intra-daily Market); regulated contracts, concluded with last resort providers, based on ANRE Decision no. 326/2019; contracts concluded on the PCCB – NC platform (centralized market of bilateral electricity contracts – the trading method according to which contracts are awarded by Continuous Negotiation); contracts concluded on the PCSU platform (centralized market for the universal service), plus tender procedure securities; the agreement for PE (balancing market) concluded with C.N. Transelectrica S.A. and the contract concluded with Ciga Energy S.A. for PE representation.

For the purpose of this activity, over the first half-year of 2019, 7 letters of bank guarantee were issued, out of which, for 3 letters of bank guarantee, collateral deposits were set up at the equivalent

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amount. The cumulated value thereof is of RON 27,889,284, out of which, for RON 20,012,775, collateral deposits have been set up. Over the period January 1 - June 30, 2019, a number of 24 collateral deposits were liquidated related to the letters of bank guarantee amounting to RON 36,967,531, issued in 2018. On June 30, 2019, there are in the balance 42 letters of bank guarantee amounting to RON 127,082,234, out of which, for 32 letters of bank guarantee, there are collateral deposits set up amounting to RON 100,621,998.

The quantities of electricity sold in the first half-year of 2019 and the corresponding incomes, separated by types of sale contracts, are presented in the table below:

**Electricity sales (quantities, prices and values) in the first half-year of 2019**

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the regulated market	6,100	0.1%	189.51	1,156,011
Sales on the free market (bilateral contracts and PZU sales), out of which:	5,091,397	99.6%	231.62	1,179,269,082
- Sales on PCCB - LE, PCCB - NC, PCSU, PC	4,400,917	86.1%	233.66	1,028,300,818
- OTC contracts and supply contracts	690,480	13.5%	218.64	150,968,264
- PZU sales	14,827	0.3%	165.28	2,450,621
PE positive imbalances <sup>*)</sup>				
<b>Total sales in the first half-year of 2019</b>	<b>5,112,324</b>	<b>100%</b>	<b>231.38</b>	<b>1,182,875,714</b>

<sup>\*)</sup> NB: RON 104,201 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 5,112,324 MWh, 2.9% more than the sales program, of 4,968,531 MWh (sized on the production estimate, without estimating unplanned outages) and 0.26% less than the electricity quantity sold in the same period of 2018.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (194 thousand MWh) is represented by the electricity purchased for the full coverage of the contractual obligations, an electricity quantity that was purchased 56% from the Centralized Markets, 36% from the spot market and the rest from PE.

The revenues obtained from the electricity market related to electricity deliveries in the first half-year of 2019 are 1,182,875,714 lei (out of which 104,201 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.16% higher than the budget revenues for the first semester of 2019, and 21.8% higher than the revenues in the same period of the previous year.

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

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in the first half-year of 2019, is of RON 231.62/MWh (including T<sub>g</sub>). For comparison, the weighted average price of all the transactions performed on the markets on which SNN operated in the first semester of 2019 (PCCB - LE, PCCB - NC, PCSU and PZU), calculated based on the values published by OPCOM in the monthly market reports, is 233.93 lei/MWh. In the first semester of 2018 the average weighted sale price, for the energy quantities sold (without PE) was 189.63 lei/MWh (including T<sub>g</sub>).

Following the Government Emergency Ordinance no. 114 / 28.12.2018, amending and supplementing Electricity and natural gas law no. 123/2012, by establishing the supply of electricity under conditions regulated by ANRE for household clients, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022 and introducing as an additional obligation of manufacturers to deliver last-instance suppliers, between March 1<sup>st</sup>, 2019 and February 28<sup>th</sup>, 2022, the electricity that is necessary for ensuring the consumption of household consumers for which regulated fees are applied, ANRE issued Order no. 10 / February 01, 2019 for approving the Methodology for setting the prices for the electricity sold by the manufacturers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by the manufacturers with last-instance suppliers. ANRE sets for the manufacturers in the indicated period obligations to sell firm quantities of electricity based on regulated contracts. For 2019, the estimated quantity to be attributed to SNN for regulated contracts is 1,377 GWh (out of which 6.1 GWh for the period January 1 - June 30, 2019), and for the following years, the sale obligations based on the regulated contracts attributed to SNN shall be set to a maximum level of 65% of the delivered electricity quantity. Also, ANRE set by annual decision the regulated price that must be charged during the current year; the regulated price is set based on economically justified costs, i.e. cost plus profit margin, using a methodology approved by ANRE.

In the first half-year of 2019, the energy quantities sold based on contracts concluded on the regulated market were compliant with ANRE Decision no. 326/25.02.2019. ANRE established a regulated price for SNN of RON 188.33 /MWh (without T<sub>g</sub>).

The sold electricity quantities on the competitive market of bilateral contracts represented in the first half-year of 2019 a percentage rate of 86% out of the total volume of the sold energy. The average sale price on bilateral contracts in the first half-year of 2019 was RON 233.66 /MWh (with T<sub>g</sub>), recording an increase of 18.2% as compared to the average price recorded in the first half-year of 2018, of RON 197.68 /MWh (with T<sub>g</sub>); given the fact that the values of the electric power input transport fee in the T<sub>g</sub> network were the following: RON 1.05 /MWh for the period July 1, 2017 - June 30, 2018, according to ANRE Order no. 48/22.06.2017 and RON 1.18 /MWh for the period July 1, 2018 - June 30, 2019, according to ANRE Order no. 108/20.06.2018.

On the spot market (PZU), during the first half-year of 2019, a quantity of electricity representing 13.5% of the total sale volumes was sold, compared to the percentage share of 20.6% recorded in the same period of 2018. The energy average selling price on the spot market (PZU) achieved by SNN in the 1st half-year of 2019 was 218.64 lei/MWh (with T<sub>g</sub> included), compared to 158.73 lei/MWh (with T<sub>g</sub> included) recorded during the same period of 2018.

In the first semester of 2019, SNN implemented 195 energy sale contracts, as follows:

- 4 regulated contracts;
- 110 contracts concluded on PCCB - LE;
- 65 contracts concluded on PCCB - NC;

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- 13 contracts concluded on PCSU;
- one transaction concluded on PC - OTC;
- 2 supply contracts for 2 end users.

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

The quantities of energy sold in Q2 2019 and the corresponding incomes, separated on types of sale contracts, are presented in the table below:

#### Electricity sales (quantities, prices and values) during the second quarter of 2019

Sales by types	Quantities in MWh	% of total sales	Average price [Ron/MWh with Tg included]	Revenues from sales [Ron]
Sales on the regulated market	3,000	0.1%	189.51	568,530
Sales on the free market (bilateral contracts and PZU sales), out of which:	2,351,305	99.5%	219.17	515,340,627
- Sales on PCCB - LE, PCCB - NC, PCSU, PC - OTC contracts and supply contracts	1,927,959	81.6%	224.08	432,026,210
- PZU sales	423,346	17.9%	196.80	83,314,417
PE positive imbalances <sup>*)</sup>	9,100	0.4%	142.71	1,298,640
<b>Total sales in the second quarter of 2019</b>	<b>2,363,405</b>	<b>100%</b>	<b>218.84</b>	<b>517,207,798</b>

<sup>\*)</sup> NB: RON 86,453 of the value presented represents redistributed revenues resulted from the balancing of the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

The electricity quantity sold based on contracts, on the spot market (PZU) and on PE is 2,363,405 MWh, 5.7% more than the sales program, of 2,236,653 MWh (sized on the production estimate, without estimating unplanned outages) and by 0.13% higher than the electricity quantity sold in the second quarter of 2018.

The difference between the electricity sold by the Company and the electricity produced and delivered by CNE Cernavoda (186 thousand MWh) is represented by the electricity purchased for the full coverage of the contractual obligations, an electricity quantity that was purchased 58% from the Centralized Markets, 37% from the spot market and the rest from PE.

The revenues obtained from the electricity market related to electricity deliveries in the second quarter of 2019 are 517,207,798 lei (out of which 86,453 lei represents redistributed revenues resulted from balancing the system, based on the application of ANRE Order no. 76/2017 and ANRE Order no. 31/2018), 0.17% higher than the budget revenues for the second quarter of 2019, and 20.6% higher than the same period of the previous year.

The average weighted sale price, for the electricity quantities sold (without the regulated market and PE), resulted in the second quarter of 2019, is of RON 219.17/MWh (including Tg). In the second quarter of 2018 the average weighted sale price, for the energy quantities sold (without PE) was 181.84 lei/MWh (including Tg).

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The sold electricity quantities on the competitive market of bilateral contracts represented in the second quarter of 2019 a percentage rate of 81.6% out of the total volume of the sold energy. The average sale price on bilateral contracts in the second quarter of 2019 was 224.08 lei/MWh (with  $T_g$  included), registering an increase of 18% compared to the average price registered in the second quarter of 2018, of 189.77 lei/MWh ( $T_g$  included), given that  $T_g$  in the second quarter of 2018 was lower by 0.13 lei/MWh.

On the spot market (PZU), over the second quarter of 2019, a quantity of electricity representing 17.9% of the total sale volumes was sold, as compared to the percentage share of 24.4% recorded over the second quarter of 2018. The energy average selling price on the spot market (PZU) achieved by SNN in the second quarter of 2019 was 196.8 lei/MWh (with  $T_g$  included), compared to 157.48 lei/MWh (with  $T_g$  included) recorded during the same period of 2018 (PZU and PI).

In the second quarter of 2019, SNN implemented 125 energy sale contracts, as follows:

- 4 regulated contracts;
- 77 contracts concluded on PCCB - LE;
- 32 contracts concluded on PCCB - NC;
- 10 contracts concluded on PCSU;
- 2 supply contracts for 2 end users.

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

In the first half-year of 2019, the total value of the expenses on the electric power market, incurred by SNN, is of RON 48,632,644, out of which RON 7,014,594 represent expenses on the balancing market (PE), RON 5,803,810 represent  $T_g$  (the regulated tariff paid to CN Transelectrica SA for the injection of the electric power produced by Cernavoda NPP in the electric power transport network), RON 8,209 represent the expenses consisting in the equivalent value of the green certificates required to be purchased for the supplied electric power, RON 417,618 represent the tariffs paid to OPCOM SA for the sale and purchase transactions carried out on the platforms managed by OPCOM S.A.

In the first half-year of 2019 the expenses with the purchase of electricity from the Centralized Markets were 22,755,240 lei – for 107,880 MWh, and those from the spot market (PZU and PI) were 12,431,922 lei – for 68,755 MWh. The expenses with electricity purchase (Centralized Markets and spot market) amounted to 35,187,162 2017 lei (first half-year of 2018: 20,878,364 lei), for the purpose of ensuring the full compliance with the electricity delivery contractual obligations during the planned outage (including the unplanned outage, following the extension of the planned outage) of Unit 2 CNE Cernavoda; the purchased quantity of electricity was 176,635 MWh (first half-year of 2018: 110,415 MWh), at an average price of 199.21 lei/MWh (first half-year of 2018: RON 189.09/MWh).

The PE expenses in the first half-year of 2019 were 7,014,594 lei, and the purchased electricity quantity was 16,975 MWh (first half-year of 2018: RON 11,069,836, with the purchased quantity of electric power amounting to 45,666 MWh). This amount represents the equivalent value of the energy received from PE for compensating the negative unbalance, which occurred because of the differences between the energy quantities that were actually delivered and the quantities notified on the market according to the daily estimates for each hourly interval, and the value of the unbalance from notification, the penalties for the partial delivery of the balancing energy and redistributed costs resulted from the system balancing, based on ANRE Order no. 76/2017 and ANRE Order no. 31/2018.

In the second half-year of 2019, the total value of the expenses on the electric power market, incurred by SNN, is of RON 39,543,003, out of which RON 3,665,036 represent expenses on the balancing market (PE), RON 2,568,963 represent Tg (the regulated tariff paid to CN Transelectrica SA for the injection of the electric power produced by Cernavoda NPP in the electric power transport network), RON 4,104 represent the expenses consisting in the equivalent value of the green certificates required to be purchased for the supplied electric power, RON 212,456 represent the tariffs paid to OPCOM SA for the sale and purchase transactions carried out on the platforms managed by OPCOM S.A.

In the second quarter of 2019 the expenses with the purchase of electricity from the Centralized Markets were 22,755,240 lei – for 107,880 MWh, and those from the spot market (PZU and PI) were 12,431,922 lei – for 68,755 MWh. The expenses with electricity purchase (Centralized Markets and spot market) amounted to 35,187,162 lei (second quarter of 2018: 17,866,753 lei), for the purpose of ensuring the full compliance with the electricity delivery contractual obligations during the planned outage (including the unplanned outage, following the extension of the planned outage) of Unit 2 CNE Cernavoda; the purchased quantity of electricity was 176,635 MWh (second half-year of 2018: 97,219 MWh), at an average price of 199.21 lei/MWh (second quarter of 2018: RON 183.78/MWh).

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

The PE expenses in the second quarter of 2019 were 3,665,036 lei, and the purchased electricity quantity was 9,580 MWh (second quarter of 2018: RON 966,749, with the purchased quantity of electric power amounting to 7,766 MWh).

The expenses with purchases of electricity and negative imbalances were higher in the second quarter of 2019 than in the second quarter of 2018. The additional contracting during the planned outage, having the role of optimizing the portfolio of contracts and its extension led to the increase of the purchased electricity quantity, at a purchase price higher than the previous period.

### **3.4. The investment program on June 30, 2019**

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

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

<b>Year</b>	<b>Value of the investment program [thousand RON]</b>	<b>Performed (01.01 - 30.06) [thousand RON]</b>	<b>Achievement level (01.01 - 30.06) (%)</b>
2019	256,548	136,948	53.4%
2018	244,867	74,582	30.5%

As in the previous years, Nuclearelectrica S.A. structured its investment development program on objectives defined in relation to the needs of the production branches (Cernavoda NPP and Pitesti NFF), so as to achieve a high level of utilization of the production capacity (EAF Energy Availability

Factor) in compliance with the nuclear safety norms and the long-term maintenance of the level of excellence in the operation of the plant. At the same time, the goal of the development program is to cover the necessity to upgrade/refurbish certain systems, for economic reasons (specific consumption reductions, improvement of certain parameters related to served processes, with a positive impact on efficiency), and legal ones – the need to implement upgrades associated with nuclear security, environment protection and labor security, representing imperative requirements from the regulatory authorities in the field.

### ***Analysis of the completion degree of the investment program on June 30, 2019***

The investment program of SNN for 2019 annexed to BVC was value-sized by considering the ongoing contractual commitments, the estimates regarding the investment objectives to be made, including amounts allocated to investment projects for which the fulfillment of certain requirements outside the control of SNN is anticipated (e.g. prior approvals of regulation authorities, legal terms regarding the completion of public tender procedures, including appeals, obtaining the necessary approvals from SNN corporate bodies, etc.), in order to allow the implementation of these projects by fitting into the approved budget values. The budget engagement degree on June 30, 2019 is over 95%, and the remaining unengaged investment objectives are in various procurement procedure implementation stages. The budget engagement represents the sum of all the endeavors of the company in implementing investments, including already concluded contracts, an advanced progress in obtaining authorizations, approvals, etc., controlled by the company.

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

In the first half-year of 2019, the investment regarding “Equipment for extracting HESIR horizontal and vertical flow detectors” was completed, and for the investments regarding “Replacement of the control section of the excitation system 2–41280–PL 1615 at Unit 2” and “DICA – Module 10” the reception of the works is scheduled for the end of July 2019.

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

- **“Planned outage of Unit 2 CNE Cernavoda (regular general inspections and capital repairs)”**: budgeted 79,628 thousand lei – the value degree of implementation as of June 30, 2019 is 69.6%. Although the planned outage of Unit 2 of CNE Cernavoda ended on June 7, 2019, the final value of the implementation degree is to be determined after the completion and acceptance of the inspection report.

- **“Burnt fuel intermediary storage (including SICA Unit 2)”**: budgeted 12,925 thousand lei – the value achievement degree as of June 30, 2019 is 43.8%. In the period January - June 2019, the necessary costs for the intermediary storage of the burnt fuel were delivered according to the contractual schedule. The assembly works for modules 10 and 11 of the type Macstor 200, as well as the procurement procedure for “Physical Protection Expansion Integration Services to Include Combustion Fuel Storage Modules 9, 10 and 11 DICA-CR 27853” are in progress. The completion of Module 10 is estimated for the end of July 2019.

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- **“Modernization and expansion of the physical security system”**: budget 19,736 thousand lei – the achievement value degree on June 30, 2019 is 15.5%. The priority 2 stage 1 physical-protection works for supplementing the physical-protection system of CNE Cernavoda are in progress.

- **“Improving the CNE Cernavoda response, respectively the nuclear security functions in case of events outside the design bases following the nuclear accident occurred at the Fukushima 1 nuclear plant, Japan”**: budget 31,270 thousands lei - achievement value degree as of June 30, 2019 is 38.9%. Within the objective of changing the destination of the existing constructions on the site of Unit 5, the technical and economic documentation for the design activities was completed, and addendum 5 to the contract was signed, after the completion of the project and the approval of the economic documentation by Cernavoda NPP.

- **“Extending the life cycle of unit 1 by re-tubing the reactor and refurbishing the main systems (studies)”**: budget 3,665 thousand RON - the achievement value degree as of June 30, 2019 is of 6.9%. The procurement procedure for the assessment of the state of the systems and components of the Unit 1 (Condition Assessment) is in the final phase, of verifying the DUAE support documents. It is estimated that the contract will be estimated until the end of August. The integrated engineering service procurement procedure in relation to the extension of the lifecycle to 245,000 EFPH is the stage of analyzing the technical offers and formulating clarifications. The procurement procedure for “Engineering services for drafting the Feasibility Study regarding the Administration of Radioactive Waste generated during the refurbishing of Unit 1 and during the operation after refurbishing” has been launched, and the deadline for submitting tenders is the end of August 2019. The procurement for “Technical and economic documentation regarding the solution for replacing the nuclear fuel channels, calandria tubes and feeders (ICCTCF) of the reactor of Unit 1 of CNE Cernavoda” is to be launched.

- **“Fittings”**, representing procurements of goods and other investment expenses: budgeted at RON 70,999 thousand – the value degree of implementation on June 30, 2019 is 58.8%.

During the first half-year of 2019, it was necessary to identify the inclusion in the investment project for 2019 the common project COG – JP 4597/4400 “Pressure Tube Integrated Material Surveillance Program” (PT-IMSP), with an implemented value in this period of RON 7,359 thousand.

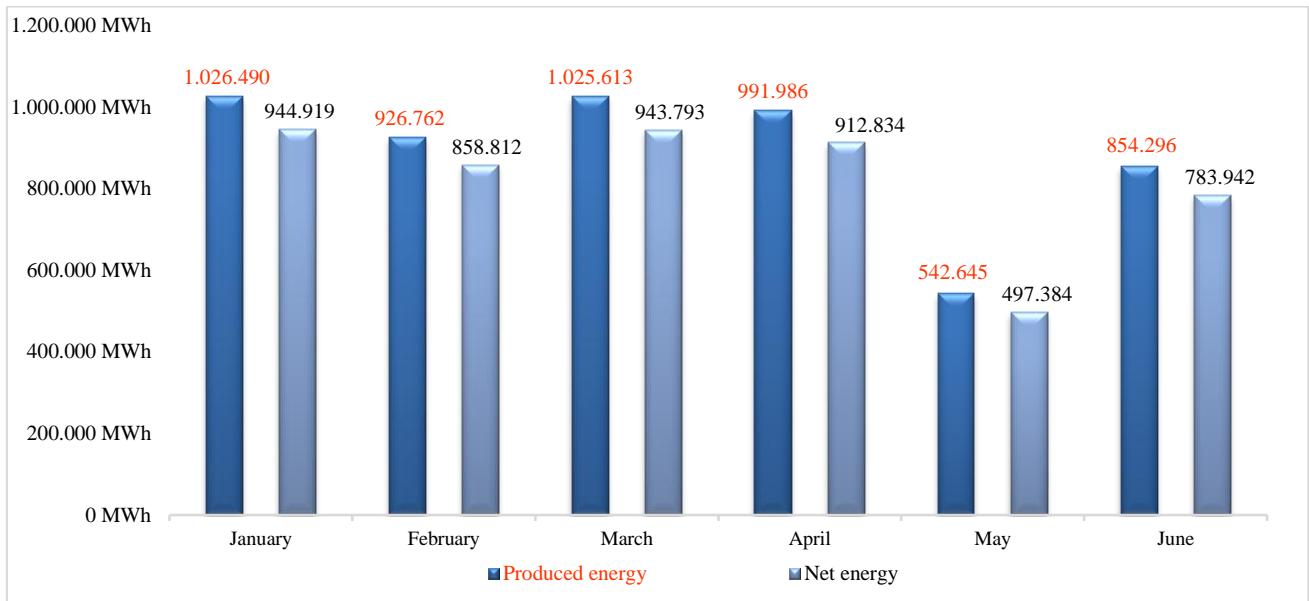
### 3.5. Activity of the Cernavoda NPP Branch

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

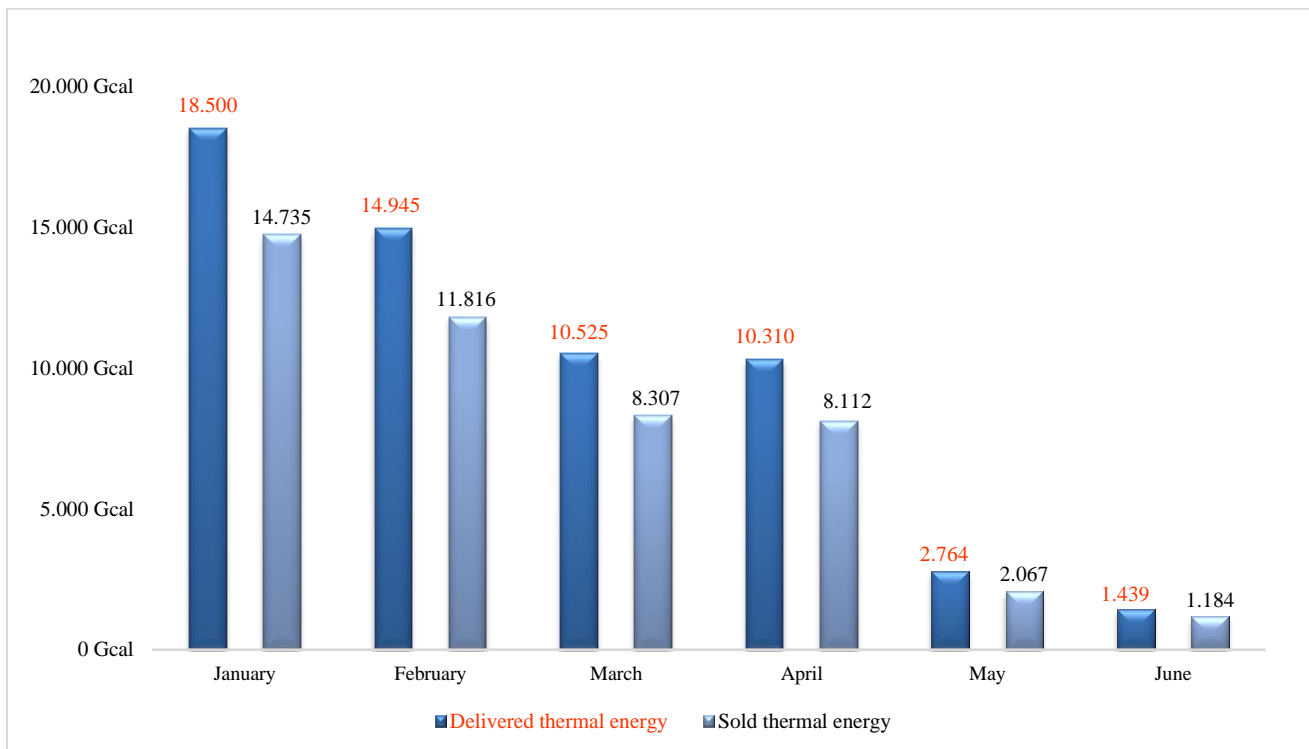
Over the 6-month period that ended on June 30, 2019, no operation event exceeding level 1 on the international scale of the nuclear events was registered, regarding the degrading of the in depth defense barriers, impact on the site or outside (INDICATOR 1).

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

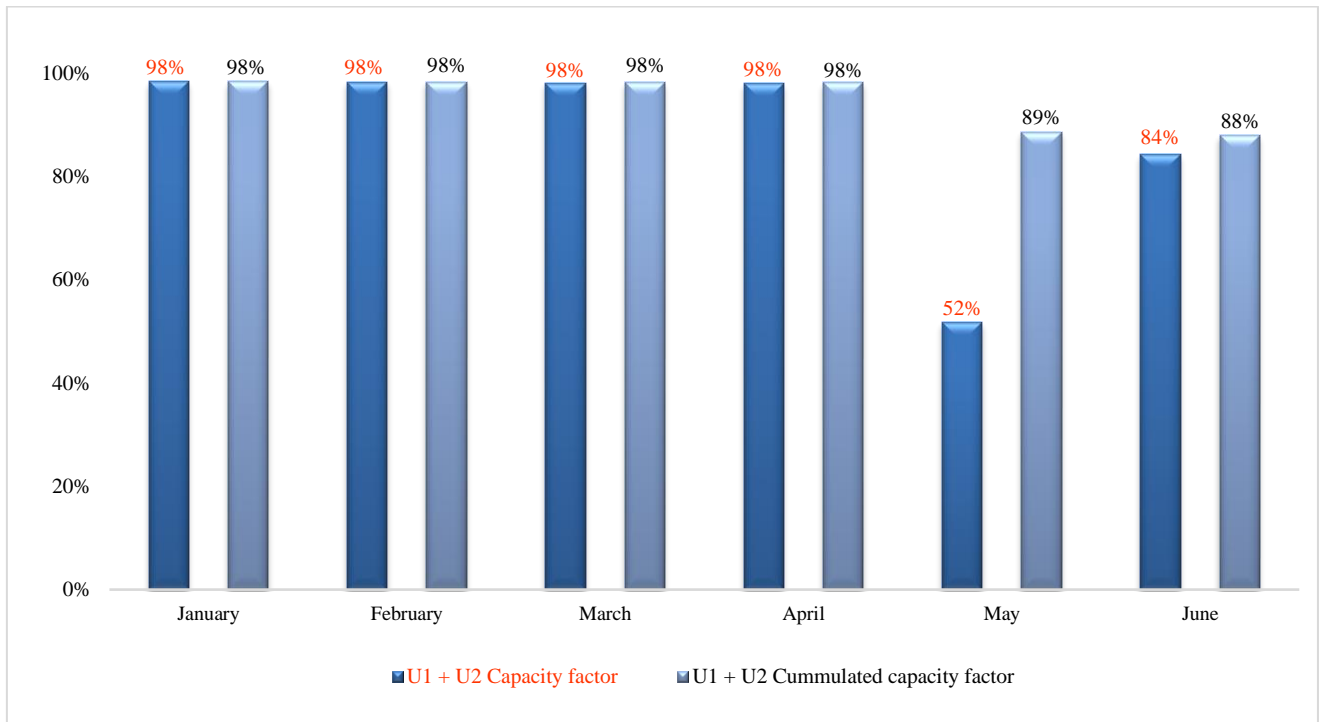
**Produced/net electrical energy U1 + U2 (MWh)**  
**(Produced electrical energy: 5,367,792/Net electricity delivered: 4,941,684)**  
**(Own technological consumption cumulated for 2019: 8,02%)**



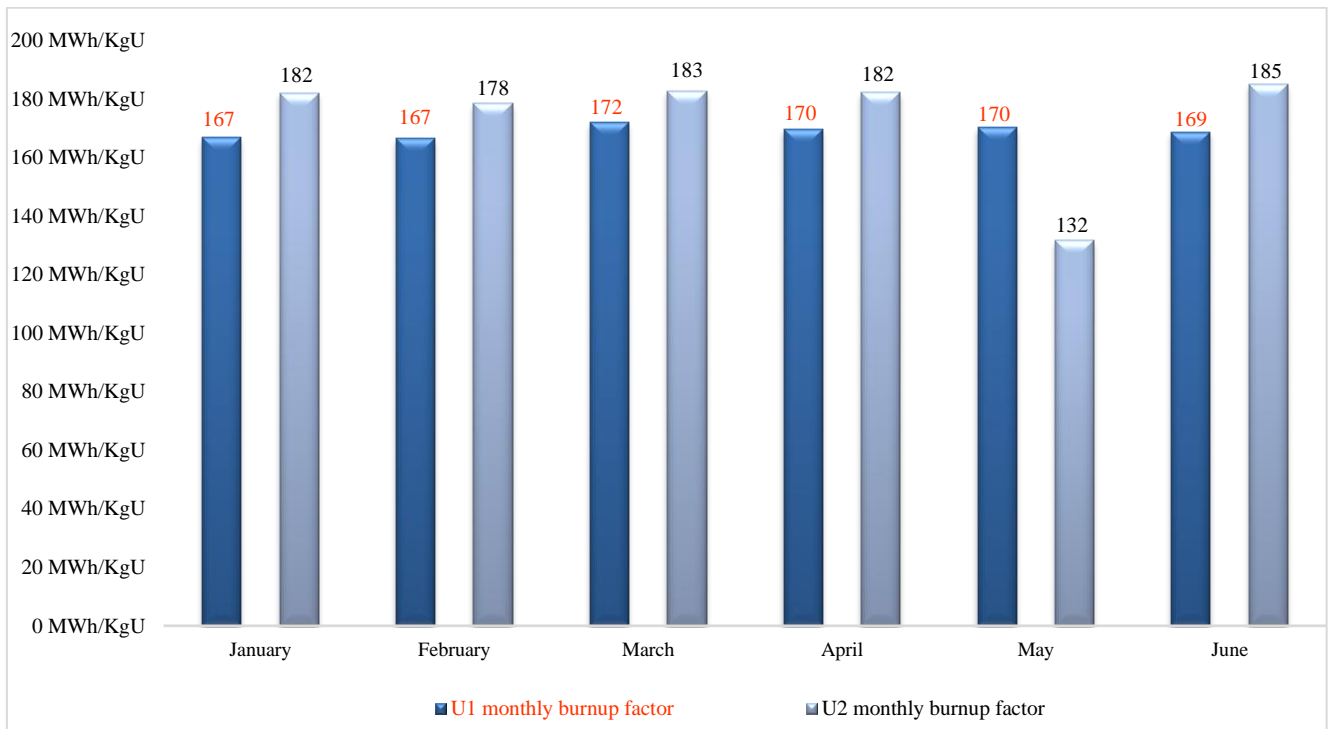
**Thermal energy delivered to the district heating/sold (Gcal)**  
**(Delivered thermal energy: 58,483/Sold thermal energy: 46,221)**



**Installed capacity factor U1 + U2 (%)**  
(Cumulated 2019: 87.92%)



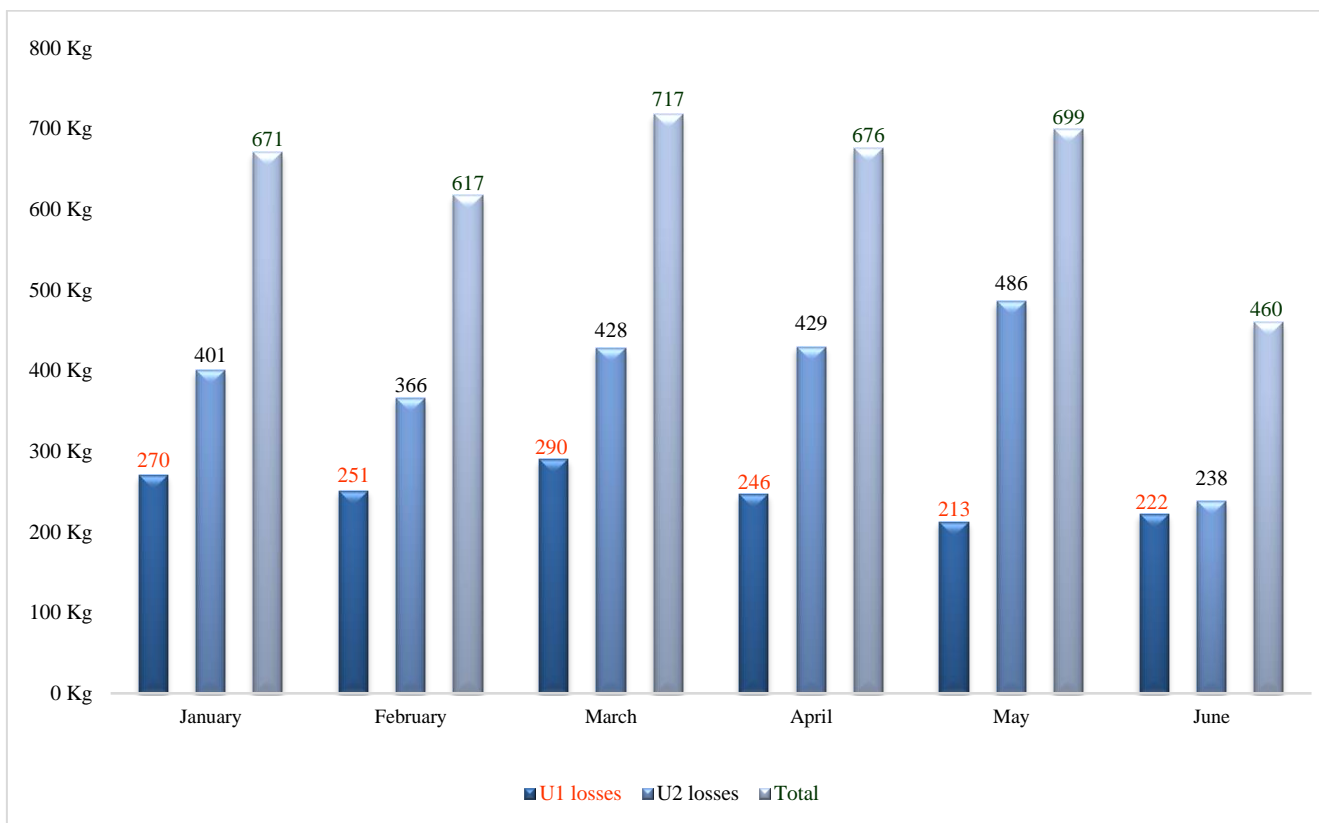
**Nuclear fuel burn up degree (MWh/KgU)**  
(Cumulated 2019: 174/Provided in the project: min. 156)



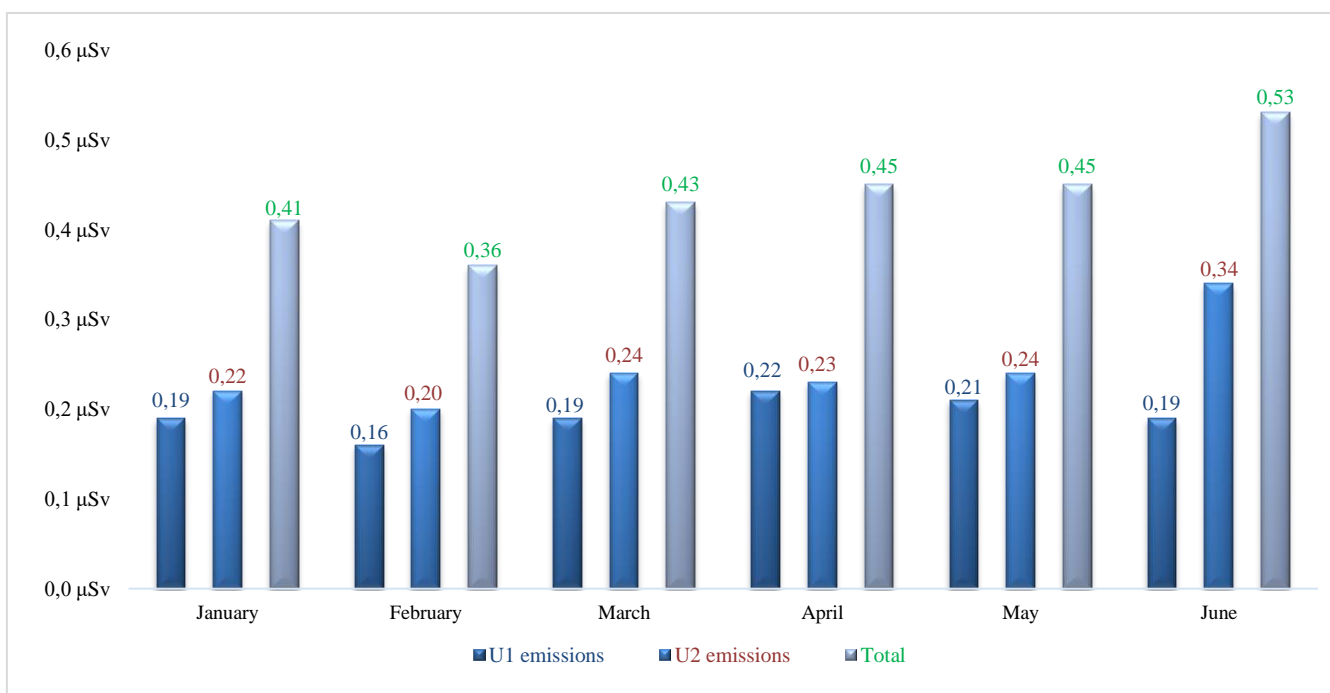
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**Heavy water loss U1+U2 (Kg)**  
(Cumulated 2019: 3,839/Provided: max. 10,280)



**Volume of radioactive emissions in the environment U1+U2 (μSv)**  
(Total cumulated 2019: 2.63/Annual limit: 250)



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

In the first half-year of 2019, the Pitesti NFF Branch manufactured, controlled and accepted 5,909 nuclear fuel bundles, according to the manufacture plan, all of them within the specifications, and the production of nuclear fuel bundles increased by 1% compared to the same period of 2018, when 5,841 bundles were manufactured, inspected and accepted.

In the period January 1 - June 30, 2019, the Pitesti NFF branch delivered to Cernavoda NPP a quantity of 5,760 nuclear fuel bundles (first half-year of 2018: 5,040 bundles), and complied with the agreed delivery schedule.

In the first half-year of 2019, for the production of nuclear fuel, sintered uranium dioxide powder was consumed, at an average price of RON 392.68 /kg, from the existing stock on January 1, 2019, and from the purchases from CNU (National Company of Uranium) - Feldioara Branch and Cameco Canada.

## **4. OTHER SIGNIFICANT ASPECTS**

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

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

- In the period January 21 - 23, 2019, a meeting of the mixed work group Romania - China took place regarding IGA, and the following actions were identified: (1) the JVCO establishment as soon as possible to support the implementation of CfD in Romania, ongoing process; (2) the Romanian party to finalize the preparatory technical measures in view of submitting to the Romanian Parliament and to the European Commission the legislative amendments and updates associated with the adoption of the CfD mechanism; (3) SNN and CGN to resume negotiations on the Investors Agreement ("IA") in preliminary form.
- In meeting of February 4, 2019, the SNN Board of Directors approved the revised mandate of the SNN Negotiating Committee to negotiate the IA and the Articles of Incorporation ("AI") in a preliminary form to allow the establishment of JVCo by initial minimal cash contribution, calibrated to the development needs of the Project.
- On March 15, 2019, the discussions regarding the IA in preliminary form, and the AI of JVCo were finalized.
- By Resolution no. 4/10.04.2019 of the Extraordinary General Assembly of Shareholders, the following activities regarding Units 3 and 4 Cernavoda NPP were approved:
  1. Approval of the Preliminary Form of the Investors Agreement regarding Units 3 and 4 Cernavoda NPP concluded between China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment (RO) CO.S.A. and S.N. Nuclearelectrica S.A. (item 2 of EGMS agenda from April 10, 2019);
  2. Approval of the authorization of the Chairman of the Board of Directors of S.N. Nuclearelectrica S.A. to sign the Preliminary Form of the Investors Agreement (item 1 above), in the name and on behalf of the Company (item 3 of EGMS agenda from April 10, 2019);

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3. Approval of the authorization of the Board of Directors of S.N. Nuclearelectrica S.A. to initiate and carry out the necessary steps to finalize the Articles of Incorporation of the project company, in accordance with the provisions set in the Preliminary Form of the Investors Agreement (item 1 above); the mandate thus granted to the Board of Directors of SNN may be assigned to the executive management, and the final form of the Articles of Incorporation of the project company will be submitted for the approval of the Extraordinary General Meeting of Shareholders of SNN (item 5 of EGMS agenda from April 10, 2019).

- On May 8, 2019, SN Nuclearelectrica SA and China General Nuclear Power Corporation and CGN Central and Eastern Europe Investment signed the Preliminary Form of the Investors Agreement regarding the continuation of the Units 3 and 4 Cernavoda NPP Project.
- Resolution no. 9/29.07.2019 of the Extraordinary General Assembly of Shareholders approved the endorsement of the SNN Board of Directors to approve the modification of the deadlines/due dates provided in the preliminary form of the Investors' Agreement related to the Project for Units 3 and 4 of CNE Cernavoda.

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

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

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court rejected the exception of the work authority on trial, invoked by SNN, as groundless, and approved the evidence with documents and accounting studies, and prorogated the technical study related to the classification in the radiological risk areas after SNN submitted the documents. The following hearing is on September 27, 2019.

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

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

The company deems these claims as groundless, as all due salary rights were paid to the employees, including the amounts of money that are subject to this litigation. The court approved the evidence with documents and accounting study, and prorogated the technical expertise related to the classification in the radiological risk areas after SNN submitted the documents. The following hearing is on September 27, 2019.

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

The Court of Appeal of Galati approved the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by the Court of Law of Galati, Civil Section II in file no. 3490/121/2015, and fully changed the appealed judgment and, in the retrial stage, partially approved the case. Ordered defendant ArcelorMittal S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,575,245.78, as damage compensations. Rejected as groundless the appeal filed against the judgment of May 26, 2016 issued by the Court of Law of Galati in file no. 3490/121/2015. Ordered the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal, with the right to recourse. S.N. Nuclearelectrica S.A. notified ArcelorMittal Galati S.A. for the payment of RON 1,394,378.75 that is outstanding in order to fully comply with the payment obligation imposed by the Resolution of the Court of Appeal representing damage compensations and the equivalent value of trial expenses, which ArcelorMittal Galati S.A. paid by bank transfer on July 11, 2019.

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

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

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

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

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

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

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

#### **4.8. Changes in the management of the Company**

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

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

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

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

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

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

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

#### **4.12. Planned outage of Unit 2 CNE Cernavoda**

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

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

- Preventive and corrective maintenance program;
- Inspection program;

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

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

#### 4.13. Major litigations

The situation of the major litigations (in amount of over 500 thousand lei) and of the monetary unevaluated ones in progress on June 30, 2019 is presented in **Annex 4**.

#### 4.14. Other information

The half-yearly report of the Board of Directors for the first semester of 2019 is accompanied by the Revised Simplified Individual Interim Financial Statements on the date and for the period of 6 months that ended on June 30, 2019; these financial statements are published on the website of S.N. Nuclearelectrica S.A. ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)), section Relations with Investors.

### 4. MAIN ECONOMIC FINANCIAL INDICATORS ON 30.06.2019

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

Indicator name	Calculation method	M.U.	Value 30.06.2019 <sup>*)</sup>
<b>1. The current liquidity indicator</b>	Current assets/ Current debts	x	4.06
<b>2. Indebtedness degree indicator</b>			
2.1. Indebtedness degree indicator (1)	Borrowed capital/ Equity x 100	%	8.4%
2.1. Indebtedness degree indicator (2)	Borrowed capital/ Engaged capital x 100	%	7.8%
<b>3. Turnover speed, for client debit items</b>	Average customer balance/ Turnover x 180	days	21
<b>4. Asset turnover speed<sup>**) </sup></b>	Turnover/ Non-current assets	x	0.37

<sup>\*)</sup> Based on the Revised Simplified Individual Interim Financial Statements on the date and for the 6 month period ended on June 30, 2019.

<sup>\*\*)</sup>  The asset turnover speed is calculated by updating the quarterly turnover (360 days/180 days).

## 5. ACHIEVEMENT DEGREE OF THE KEY PERFORMANCE INDICATORS

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

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

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

<sup>\*\*)</sup> *Also occupies the position of General Manager of SNN.*

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

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

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

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

The calculation of the total achievement percentage of the key performance indicators for the first quarter of 2019 and the second quarter of 2019 is annexed to this report.

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

Thus, the indicators of the key performance indicators were achieved 95% for the first quarter of 2019 (so over the 75% threshold) and 100% for the second quarter of 2019 in total, for each member of the Board of Directors:

<b>Mandate contract</b>	<b>Achievement level First quarter of 2019</b>	<b>Achievement level Second quarter of 2019 (cummulated)</b>
Board of Directors	95%	100%

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

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

**Annex 1 - Financial position statement as of June 30, 2019**

	<b>June 30, 2019</b> <b>(reviewed)</b>	<b>December 31, 2018</b> <b>(audited)</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	6,227,703,592	6,364,461,135
Intangible assets	56,301,624	54,834,052
Financial investments	141,689,201	141,689,201
Financial assets	64,291,386	110,451,459
<b>Total non-current assets</b>	<b>6,489,985,803</b>	<b>6,671,435,847</b>
<b>Current assets</b>		
Inventories	380,856,096	368,742,400
Trade receivables and other receivables	161,279,378	183,694,590
Prepayments	69,090,605	10,201,321
Bank deposits	41,363,543	20,954,979
Cash and cash equivalents	1,508,037,353	1,611,175,766
<b>Total current assets</b>	<b>2,160,626,975</b>	<b>2,194,769,056</b>
<b>Total assets</b>	<b>8,650,612,778</b>	<b>8,866,204,903</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital, out of which:	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>	<i>3,015,138,510</i>	<i>3,015,138,510</i>
<i>Inflation adjustments to the share capital</i>	<i>195,502,743</i>	<i>195,502,743</i>
Share premiums	31,474,149	31,474,149
Reserve paid in advance	21,553,537	21,553,537
Revaluation reserve	242,686,801	257,407,532
Retained earnings	3,584,521,861	3,658,054,141
<b>Total own equity</b>	<b>7,090,877,601</b>	<b>7,179,130,612</b>
<b>Liabilities</b>		
<b>Long-term debts</b>		
Long term loans	597,621,593	683,967,469
Provisions for risks and expenses	182,537,293	182,883,283
Deferred revenues	107,584,962	114,757,293
Deferred tax liability	100,820,536	102,644,715
Obligations regarding employees benefits	38,617,348	38,617,348
<b>Total long term liabilities</b>	<b>1,027,181,732</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>		
Accounts payable and other liabilities	218,521,266	197,107,880
The current share of provisions for risks and expenses	44,465,419	33,831,052
Current tax liability	18,973,465	98,958,158
Deferred revenues	41,101,719	30,913,233
Current share of the long-term borrowings	209,491,576	203,393,860
<b>Total current liabilities</b>	<b>532,553,445</b>	<b>564,204,183</b>
<b>Total liabilities</b>	<b>1,559,735,177</b>	<b>1,687,074,291</b>
<b>Total equities and liabilities</b>	<b>8,650,612,778</b>	<b>8,866,204,903</b>

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**Annex 2 - Profit and loss account for the 6-month period ended on June 30, 2019**

	<b>3-month period that ended on June 30, 2019 (unreviewed)</b>	<b>3-month period ended on June 30, 2018 (unreviewed)</b>	<b>6-month period ended on June 30, 2019 (reviewed)</b>	<b>6-month period ended on June 30, 2018 (reviewed)</b>
<b>Incomes</b>				
Sales of electricity	516,302,109	427,379,354	1,181,738,098	968,624,843
Proceeds from electric power transmission	2,568,964	2,367,945	5,803,810	5,217,522
<b>Total revenues</b>	<b>518,871,073</b>	<b>429,747,299</b>	<b>1,187,541,908</b>	<b>973,842,365</b>
Other income	11,681,477	7,753,906	21,017,962	32,845,094
<b>Operational expenses</b>				
Impairment and depreciation	(138,480,117)	(136,595,688)	(274,872,313)	(272,098,843)
Personnel expenses	(118,348,313)	(118,793,029)	(233,780,362)	(205,019,781)
Cost of traded electricity	(36,640,275)	(10,833,501)	(42,201,756)	(31,948,200)
Repairs and maintenance	(21,830,278)	(36,720,040)	(31,603,656)	(50,095,717)
Electricity transmission expenses	(2,568,964)	(2,367,945)	(5,803,810)	(5,217,522)
Cost of spare parts	(6,078,907)	(9,157,678)	(9,774,582)	(11,869,136)
Cost of nuclear fuel	(22,683,004)	(24,037,226)	(50,905,952)	(51,508,890)
Other operating expenses	(105,958,539)	(83,973,512)	(195,432,059)	(163,674,714)
<b>Total operating expenses</b>	<b>(452,588,397)</b>	<b>(422,478,619)</b>	<b>(844,374,490)</b>	<b>(791,432,803)</b>
<b>Operating profit</b>	<b>77,964,153</b>	<b>15,022,586</b>	<b>364,185,380</b>	<b>215,254,656</b>
Financial expenses	(7,012,346)	(26,387,361)	(38,796,971)	(31,715,965)
Financial revenues	20,428,268	21,383,582	34,734,215	46,651,551
<b>Net financial revenues (expenses)</b>	<b>13,415,922</b>	<b>(5,003,779)</b>	<b>(4,062,756)</b>	<b>14,935,586</b>
<b>Profit before income tax</b>	<b>91,380,075</b>	<b>10,018,807</b>	<b>360,122,624</b>	<b>230,190,242</b>
Net income tax expense	(20,004,197)	(4,702,678)	(69,461,325)	(47,875,836)
<b>Profit for the period</b>	<b>71,375,878</b>	<b>5,316,129</b>	<b>290,661,299</b>	<b>182,314,406</b>

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**Annex 3 - The execution of the Revenues and Expenses Budget as of June 30, 2019**

								thousand RON
		Indicators	Row no.	Budget Second quarter of 2019 (approved by AGOA Resolution no. 6/20.05.2019)	Achieved second quarter of 2019	% Achieved vs. Approved [Col. 5/Col. 4]	Variation (abs.) [Col. 5 - Col. 4]	Variation (abs.) [Col. 7/Col. 4]
1		2	3	4	5	6	7	8
I.		<b>TOTAL REVENUES</b> (Row 2 + Row 5 + Row 6)	1	1,257,122	1,243,343	98.9%	(13,779)	(1.1%)
	1.	<b>Total operating income, out of which:</b>	2	1,217,032	1,208,609	99.3%	(8,423)	(0.7%)
		c <sub>1</sub> Subsidies, in compliance with the legal provisions in force	3	-	-	-	-	-
		c <sub>2</sub> Transfers, in compliance with the legal provisions in force	4	-	-	-	-	-
	2.	<b>Financial revenues</b>	5	40,900	34,734	86.6%	(5,356)	(13.4%)
	3.	<b>Extraordinary revenues</b>	6	-	-	-	-	-
II.		<b>TOTAL EXPENSES</b> (Row 8 + Row 20 + Row 21)	7	1,014,426	883,221	87.1%	(131,205)	(12.9%)
	1.	<b>Operating expenses</b> (Row 9 + Row 10 + Row 11 + Row 19)	8	964,817	844,424	87.5%	(120,393)	(12.5%)
	A.	<b>Expenses with goods and services</b>	9	361,469	238,710	66.0%	(122,760)	(34.0%)
	B.	<b>Expenses with taxes, duties and similar payments</b>	10	75,168	74,987	99.8%	(181)	(0.2%)
	C.	<b>Personnel expenses</b> (Row 12 + Row 15 + Row 17 + Row 18)	11	240,472	238,627	99.2%	(1,845)	(0.8%)
	C <sub>0</sub>	<b>Salaries expenses (Row 13 + Row 14)</b>	12	218,214	216,372	99.2%	(1,842)	(0.8%)
	C <sub>1</sub>	<b>Salary expenses</b>	13	188,219	187,092	99.4%	(1,127)	(0.6%)
	C <sub>2</sub>	<b>Bonuses</b>	14	29,995	29,279	97.6%	(715)	(2.4%)
	C <sub>3</sub>	<b>Other personnel expenses, out of which:</b>	15	-	-	-	-	-
		a) Expenses with compensations for early release of personnel	16	-	-	-	-	-
	C <sub>4</sub>	<b>Expenses related to the mandate contract and other control authorities, commissions and committees</b>	17	3,095	3,092	99.9%	(3)	(0.1%)
	C <sub>5</sub>	<b>Expenses related to social protection, special funds and other legal obligations</b>	18	19,163	19,163	100.0%	0	-
	D.	<b>Other operational expenses</b>	19	287,707	292,100	101.5%	4,393	1.5%
	2.	<b>Financial costs</b>	20	49,609	38,797	78.2%	(10,812)	(21.8%)
	3.	<b>Extraordinary expenses</b>	21	-	-	-	-	-
III.		<b>GROSS RESULT (profit/loss)</b> (Row 1 – Row 7)	22	242,697	360,123	148.4%	117,426	48.4%
IV.		<b>CORPORATE TAX</b>	23	51,619	69,461	134.6%	17,843	34.6%
V.		<b>PROFIT AFTER CORPORATE TAX</b>	24	191,078	290,661	152.1%	99,583	52.1%

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**Annex 4 – Major litigations in progress on June 30, 2019 (over 500 thousand RON), including the non-monetary evaluated ones**

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
<b>SNN Executive</b>								
1.	2183/115/2010	Civil Court of Law Caras - Severin	Creditor	S.C. CET Energoterm Resita S.A.	Insolvency Bankruptcy Receivable 580,974.21 lei	Merits	Sentence no. 59/2019 ordered the closure of the insolvency procedure.	-
2.	9089/101/2013	Civil Court of Law Mehedinti	Creditor	Autonomous Administration for Nuclear Activities (RAAN)	Insolvency. Winding-up bankruptcy. Claim 7,828,405.48 lei	Merits	Procedure in progress. In virtue of art. 107 par. 1 let. c of Law no. 85/2006. Orders the start of the procedure for the bankruptcy of the debtor. In virtue of art. 107 par. 2 of Law no. 85/2006. Appoints as a temporary legal liquidator Euro Insol SPRL.	26.09.2019
3.	7238/120/2012	Civil Court of Law Dambovit	Creditor	S.C. Eco Energy S.R.L.	Bankruptcy Claim 2.464.059,64 lei	Merits	The closure of the insolvency procedure was ordered by Resolution no. 68 of 04.03.2019 and the notification of the Trade Register Office attached to the Dambovit Tribunal for the mention of deregistration.  Admits the proposal of the legal liquidator Aurora Insolvency I.P.U.R.L., on the proposal of closure of the simplified insolvency procedure against the debtor S.C. Eco Energy S.R.L. In virtue of art. 131 of the Insolvency Law. 85/2006, closes the simplified insolvency procedure against the debtor S.C. Eco Energy S.R.L., the creditors being: D.G.R.F.P. Ploiesti by the County Administration of Public Finances Dambovit, A.N.R.E., OET Obedineni Energinii Targovtsi OOD – Bucharest Branch, The National Company for Electricity Transmission „Transelectrica” S.A., Nuclearelectrica S.A., S.C. Enel Distributie Banat S.A. and Transenergo Com S.A. Orders the deregistration of the company Eco Energy S.R.L. from the Trade Register. In virtue of art. 136 of Law no. 85/2006, releases the legal liquidator Aurora Insolvency I.P.U.R.L. of any duties and responsibilities regarding the procedure, de debtor and his estate, creditors, holders of securities. In virtue of art. 4 par. (4) of Law no. 85/2006, orders the payment to the legal liquidator Aurora Insolvency I.P.U.R.L. from the special liquidation fund managed by U.N.P.I.R., of the amount of RON 4,000, representing the fee, of the amount of RON 396.85, representing procedural expenses and of the amount of RON 571.20, representing the costs	Settled.

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

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							of archiving and storing the documents of the debtor company. In virtue of art. 135 of Law no. 85/2006, orders the notification of this judgement to D.G.R.F.P. Ploiesti – County Administration of Public Finances and the Trade Register Office attached to the Dambovita Tribunal for the mention of deregistration. With appeal within 7 days from the intimation. Passed in a public session today, March 4, 2019.	
4.	873/1259/2008	Civil Court of Law Arges	Creditor	Termoficare 2000 S.A.	Insolvency Bankruptcy. Claim 2.713.986,71 lei	Merits	Procedure in progress.	17.09.2019
5.	18770/3/2007	Civil Court of Law Bucharest	Creditor	S.C. Con - Dem S.A.	Insolvency Bankruptcy. Claim 2,446,227.08 lei. The receivable approved in the payment program is RON 2.079,293.02 (85% of the receivable accepted in the table).	Merits	Procedure in progress.	18.09.2019
6.	3793/2/2013	Administrative Court of Appeal High Court of Cassation and Justice	Appellee	Greenpeace CEE Romania	Cancellation of the resolution of the environmental agreement and of the environment agreement related to the Project Units 3 and 4.	Second appeal	<p>Merits</p> <p>Admits the exception of lack of object of the second head of the initial petition (cancellation of the environment agreement regarding the project "Continuation of the construction works and completion of Units 3 and 4"). Rejects head II of the initial petition filed in relation to the cancellation of the environment agreement for the project "Continuation of construction and completion works of Units 3 and 4 Cernavoda NPP", as devoid of object. Overrules the rest of the petition, as it was completed by the additional petition, as ungrounded.</p> <p>Second appeal</p> <p>The Decision No. 2100 dated June 23rd 2016. Accepts the second appeal filed by the Greenpeace CEE Romania Foundation and the Bankwatch Romania Association against the decision no. 1436 from May 9th, 2014 of the Bucharest Court of Appeal – Section 8th administrative and fiscal department. Reverses the appealed sentence and sends the cause back to the retrial towards the same Court. Final, today, June 23rd, 2016.</p>	25.03.2020

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>Retrial merits (CAB) Rejects the summons as ungrounded. With appeal within 15 days from the intimation. Decision no. 2208/2017.</p> <p>Retrial recourse (ICCJ)</p>	
7.	11661/3/2014	Bucharest Court of Appeal Bucharest Court of Law – Retrial	Appellee	S.C. Fondul Proprietatea S.A.	Finding the absolute nullity of EGMS Resolution no. 1/11.03.2014.	Appeal Retrial merits	<p>On the merits (TB) Rejected the request of Fondul Proprietatea accepting the exception of the lack of interest reported to the object of the request.</p> <p>Appeal CAB Admits the appeal of Fondul Proprietatea, cancels the sentence appealed and sends the case for retrial at the same Court. Final.</p> <p>Substance retrial (TB) The court ruled the suspension of the case due to the fact that the Bucharest Court of Law and Craiova Court of Appeal asked the Court of Justice of the European Union for some clarifications regarding the possibility of the existence of state aid in relation to the projects that are the scope of EGMS Resolution no. 1/11.03.2014.</p> <p>In the public session of 19.01.2019, the court takes note of the waiver of judgment. With appeal within 30 days from the intimation.</p> <p>The request of appeal is submitted to the Bucharest Court of Law - 6<sup>th</sup> Civil Department.</p> <p>Document: Resolution 142/19.01.2018.</p>	The judgement was waived.
8.	1794/118/2016	Criminal Court of Law Constanta	Civil party	Bucur Ionel Negulici Elena Olteanu Madalina Encica Ionel Nicola Laurentiu Daramus Victor SC Davy Security S.R.L. as a civil	Prejudice EUR 3,471,463.	Merits	<p>Merits In order to continue the judicial investigation. Discussing the evidence.</p>	18.09.2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
				liability party by a legal administrator.				
9.	38724/3/2014	Bucharest Law Court Section II - administrative division	Third party under seizure	The Romanian State by the Ministry of Public Finance.	Appeal to the enforcement and cancelling all the foreclosure decisions from the foreclosure file 22/2014 creditors Multipack S.R.L., European Food S.A., Starmil S.R.L., Micula Ioan.	Merits	Merits In virtue of art. 413, par. 1, point 1 NCPC suspends the trial until the final resolution of case no. 15755/3/2014. With appeal throughout the suspension.	Suspended.
10.	3490/121/2015	Civil Court of Law Galati Court of Appeal Galati ICCF	Plaintiff	S.C. ArcelorMittal Galati S.A.	Claims RON 8,575,245,78 difference amount energy sale made redundant and other associated expenses.	Merits	Merits Rejects the action to oblige the defendant to pay damages deriving from contract no. 207/22.02.2013 as ungrounded.  Appeal Approves the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court of Law - Civil Section II in Case File no. 3490/121/2015. Fully changes the appealed judgment and, in retrial. Partially admits the action. Orders the defendant ArcelorMittal Galati S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,645,467.52, as damage compensations. Rejects as ungrounded the appeal filed against the resolution of May 26, 2016 of the same court. Orders the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal. Resolution no. 227/27.09.2017.  Second appeal  Upholding the appeal - Upholding the appeal - with motion to quash - Orders retrial.  Details of the solution Admits the appeal of the appellant-defendant S.C. ArcelorMittal Galati S.A. against civil judgment no. 227/A of September 27, 2017 issued by Galati Court of Law - Civil Section I, which it	

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>annuls remanding the case for retrial to the same court. Final.</p> <p>Appeal</p> <p>Civil judgment no. 102/A approves the appeal filed by plaintiff S.N. Nuclearelectrica S.A. against civil judgment no. 278/20.12.2016 issued by Galati Court of Law - Civil Section II in Case File no. 3490/121/2015. Fully changes the appealed judgment and, in retrial, partially approves the case. Orders the defendant ArcelorMittal Galati S.A. to pay to the plaintiff S.N. Nuclearelectrica S.A. the amount of RON 8,575,245.78, as damage compensations. Rejected as groundless the appeal filed against the judgment of May 26, 2016 issued by the Court of Law of Galati in file no. 3490/121/2015. Orders the defendant to pay to the plaintiff the amount of RON 142,132.97, trial expenses - merits and appeal.</p> <p>With the right to appeal, which is to be submitted to the Galati Court of Appeal, within 30 days after the issuance. Pronounced today, 26.06.2019, by making the solution available to the parties by the registry of the Court.</p> <p>Resolution no. 102/26.06.2019.</p>	
11.	4959/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment TRIPS	Merits	<p>Merits</p> <p>Admits the request. Partially cancels resolution no. 59/17.07.2015 issued by the defendant, regarding point 3. Partially cancels the Decision no. 16/11.05.2015 issued by the defendant regarding the measures ruled at point 5 and the measure no. I3. Partially cancels the Control Report no. 4371/10.04.2015 issued by the defendant regarding point 3.1.5. Forces the defendant to pay RON 4,550 trial expenses to the plaintiff.</p> <p>Second appeal</p> <p>Rejects the second appeal formulated by the appellant-defendant Court of Auditors of Romania against the judgment no. 2015 of June 10, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section in file no. 4959/2/2015, as ungrounded. Final. Pronounced in open session today, April 17, 2019.</p>	Settled. Final.
12.	4906/2/2015	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	Court of Auditors	Measure annulment PURCHASES	Merits	<p>Merits</p> <p>According to art. 413 par. 1 point 1 from the Civil Procedure Code, it suspends the trial of the case until the final settlement of file</p>	Settled. Final.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							<p>no.62136/299/2015 of Bucharest Court of Law District 1. With appeal throughout the duration of the suspension. Resolution - Suspension 18.01.2016. Dismisses the action as groundless. With appeal within 15 days from intimation. Pronounced today, 10.10.2016. Dismisses the action as groundless. With appeal within 15 days from intimation. Pronounced in public session today, 10.10.2016.</p> <p>Resolution no. 2961/2016.</p> <p>Second appeal</p> <p>Rejects the second appeal formulated by the appellant - claimant S.N. Nuclearelectrica S.A. against the civil judgment no. 2961 of October 10, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in open session today, May 24, 2019.</p>	
13.	4912/2/2015	Administrative Bucharest Court of Appeal ICCF	Plaintiff	Court of Auditors	Measure annulment POLICIES D&O	Merits	<p>Merits</p> <p>Admits the request. Overrules the inadmissibility solution of the partial annulment petition of the control report no.4371/10.07.2015. Admits the action. Partially annuls Resolution no.59/17.07.2015, issued by the defendant regarding pt.10, Decision no. 16/11.05.2015 issued by the defendant regarding the measure disposed at pt.II.12 from the resolution, as well as pt. 3.1.10 from Control Report no.4371/10.04.2015 issued by the defendant. With appeal within 15 days from intimation. Decision no.173/26.01.2016.</p> <p>Second appeal</p> <p>Rejects the second appeal formulated by the defendant Court of Auditors of Romania against the judgment no. 173 of January 26, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in public session today, February 20, 2019.</p>	Settled. Final.
14.	4946/2/2015	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors Intervener General Concrete	Measure annulment GENERAL CONCRETE	Merits	<p>Merits</p> <p>In relation to the absence of the expertise report, delays the case and reissues a letter to the expert under the sanction of applying a judiciary fine according to art. 187 of the Civil Procedure Code for not submitting the report in due time. Resolution 09.06.2017.</p>	03.10.2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
15.	4958/2/2015	Administrative Bucharest Court of Appeal ICCF	Plaintiff	Court of Auditors	Measure annulment NON-RESIDENTS	Merits	<p>Merits</p> <p>Partially cancels resolution no. 59/17.07.2015, namely regarding the rejection of point VI from Appeal no. 6420/28.05.2015 and, consequently, cancels the measure taken under point II.8 from Resolution no. 16/11.05.2015 for removing the non-compliance presented under point 3 from the same resolution, as well as pt. 3.1.3 from Inspection Report no. 4371/10.04.2005. With appeal within 15 days from intimation. Pronounced on March 10th, 2016.</p> <p>Second appeal</p> <p>Rejects the appeal formulated by the defendant Court of Auditors of Romania against the judgment no. 793 of March 10, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in public session today, May 15, 2019.</p>	Settled. Final.
16.	4964/2/2015	Administrative Bucharest Court of Appeal ICCF	Plaintiff	Court of Auditors	Measure annulment JUDGMENTS	Merits	<p>Merits</p> <p>Admits the exception of inadmissibility of the application end relating to cancellation of point 3.1.7 from Control Report No. 4371/ 10.04.2015 invoked by the defendant. Dismisses as inadmissible the request for annulment of section 3.1.7 from Control Report No. 4371/10.04.2015. Dismisses as groundless the redundant actions. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Decision no.373/09.02.2016.</p> <p>Second appeal</p> <p>Rejects the second appeal formulated by the claimant S.N. Nuclearelectrica S.A. against the civil judgment no. 373 of February 9, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII, as ungrounded. Final. Pronounced in public session today, May 14, 2019.</p>	Settled. Final.
17.	45494/3/2015	Bucharest Law Court Civil Section VI Court of Appeal	Plaintiff asked to pay a security	Managers S.N. Nuclearelectrica S.A. and GMS members.	Prejudice 708,407 lei. Execution of measure disposed by CC through the 2012 report regarding D&O	Merits	<p>Merits</p> <p>Rejects the exception of the invoked procedure quality by the defendants Grama Mioara, Popescu Lucia -Ioana, Chiriac Cristiana and Serbanescu Cristian Ovidiu. Admits the prescription exception.</p>	In the retrial stage.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
					policies.		<p>Dismisses the request, stating as prescribed the right to action. Dismisses the application of calling in warranty as left without object. Compels the plaintiff to pay the following trial expenses: 8,226.53 lei towards the defendant Grama Mioara, 7,873.53 lei towards the defendant Popescu Lucia - Ioana and 7,925.79 lei towards the defendant Chiriac Cristiana. With appeal within 30 de days from the intimation. Resolution no.7583/29.11.2016.</p> <p>Appeal</p> <p>Approves the appeal. Partially cancels the appealed judgment regarding the approval of the exception of prescription of the amount of 6,465 EUR paid on 01.03.2011, of the amount of 3,397 EUR paid on 02.05.2011, of the amount of 39,250 EUR paid on 07.06.2011 and the accessories of these amounts and regarding the granting of trial expenses. Sends the case for retrial to the same court in these limits. Maintains the appealed judgement undecided. With second appeal within 30 days from communication. The appeal shall be lodged with the Bucharest Court of Appeal. Pronounced in public session today, 15.12.2017.</p> <p>Second appeal</p> <p>Approves the appeals formulated by defendants Budulan Pompiliu and Teodor Minodor Chirica, Chiriac Cristiana, Grama Mioara, Popescu Lucia Ioana, Serbanescu Cristian - Ovidiu against civil judgment no. 2250 of December 15, 2017 issued by the Bucharest Court of Appeal - Civil Section V, which it cancels and sends the case for retrial to the same court. Final.</p>	
18.	1367/2/2016	Administrative Bucharest Court of Appeal ICCJ	Plaintiff	National Agency for Fiscal Administration	Administrative act cancellation - Resolution no. 25/29.01.2016.	Merits	<p>Merits</p> <p>Dismisses the action as groundless. With appeal within 15 days from intimation. Resolution no. 2656/21.09.2016.</p> <p>Second appeal:</p> <p>Admits the second appeal formulated by the plaintiff S.N. Nuclearelectrica S.A. against the civil judgment no. 2656 of September 21, 2016 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII. Cancels the appealed ruling and, in retrial, admits the request of the plaintiff Societatea Nationala Nuclearelectrica S.A. Cancels Decision no. 25/29.01.2016 issued by the National Agency for Fiscal Administration – DGSC on the settlement of the plaintiff's appeal. Compels the defendant to the settlement on the merits of the appeal against the Notice of assessment no. F-MC 2261/08.10.2015 on the</p>	Settled. Final.

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

Half - year report of the Board of Directors for January 1 - June 30, 2019

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

Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							additional fiscal obligations to be paid set by the fiscal inspection for legal persons issued by the Directorate general for the administration of large taxpayers. Compels the defendant to pay the amount of RON 50 to the plaintiff as trial expenses. Final. Pronounced in open session today, March 01, 2019.	
19.	409/2/2016	Bucharest Court of Appeal	Civil Party	Tudor Ion Criminal group House of insolvency Banat liquidator CET Energo term Resita.	Tax evasion offenses, bribery, corrupt practices RON 580,974.21.	Merits	Procedure in progress.	20.08.2019
20.	6874/3/2016	Court of Law Bucharest	Defendant	Nuclear and Radioactive Waste Agency (ANDR)	Claims 131,080.08 Euros contributions according to HG [Government Decision] no. 1080/2007 for 2010 - 2012. Contributions for 2013-2015 for the energy difference produced and the delivered one in SEN. Penalties 2010 - 2015 until the actual payment.	Merits	Merits Rejects the exception of the prescription of the material right to action as ungrounded. Rejects the summons as ungrounded. With appeal within 30 days from the intimation. Appeal Dismisses the appeal as reasonless. With appeal within 30 days from the intimation. Resolution no. 2006/21.11.2017. Second appeal Dismisses, as reasonless, the second appeal of the plaintiff Nuclear Agency and for Radioactive Waste (ANDR) against the civil decision no. 2006/A of November 21, 2017, pronounced by the Bucharest Court of Appeal – Section VI Civil. Final.	Settled. Final.
21.	41419/3/2016	Civil Court of Law Bucharest S II	Appellant-Defendant	Energoc Securent S.R.L.	SNN claims: RON 330,074.32 Claims Energoc Securent: RON 2,206,539.80	Merits	Merits Management of the evidence with accounting expertise.	03.09.2019
22.	5802/118/2017	Labor Constanta Court	Defendant	CNE Union for 757 employees	Monetary rights hazardous conditions bonus.	Merits	Merits Pending accounting expertise.	27.09.2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
23.	7036/118/2017	Labor Constanta Court	Defendant	SLEN union for 132 employees 159 plaintiffs on their own behalf	Monetary rights hazardous conditions bonus.	Merits	Merits Pending accounting expertise.	27.09.2019
24.	10032/3/2018	Civil Bucharest Court, Civil Section VII Sema CAB	Plaintiff	KDF Energy	Appeal against the measure of the judicial administrator against the measure of rejection as ungrounded of the demand for the payment of the current receivable of RON 561,600.	Merits	Merits Approves the appeal. Finds the receivable of creditor S.N. Nuclearelectrica S.A. in the amount of RON 561,600, representing a termination damage for the electricity sale-purchase contract on PCCB-LE no. 908 / 11.10.2016, as a current receivable, the payment of which shall be made under the conditions of art. 75 par. 3 and 102 par. 6 of Law no. 85/2014. With appeal within 7 days from the intimation. The appeal application is to be submitted to Bucharest Court of Law. Resolution no. 4452/10.07.2018.  Appeal Approves the appeals. Changes the appealed sentence, i.e. dismisses the appeal as reasonless. Final. Passed in a public session.  Document: Resolution no. 592/04.04.2019.	Settled. Final.
25.	26294/3/2018	Civil Bucharest Court of Law	Plaintiff	Davi Comfire	Estimated damage RON 1,915,490 + Legal interest and trial expenses.	Merits	Merits Dismisses the application as groundless. Dismisses the application requiring the defendant to pay the trial expenses, as groundless. Compels the plaintiff to pay to the defendant the amount of RON 7,000, as trial expenses, representing the lawyer's fee. With appeal within 30 days from the intimation. The request of appeal will be submitted to the Bucharest Court of Law, 6th Civil Department, under sanction of annulment. Pronounced today, April 22, 2019 by making the solution available to the parties by the registry of the Court.  Document: Resolution no. 1060/22.04.2019.	Settled. Merits.
26.	6471/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 1 of the Authentication - Energonuclear loan.	Merits	Merits Admits the action. Partially cancels Resolution no.29/31.07.2018, respectively point.1, and Decision no.5/08.06.2018, respectively the	Settled. Merits.

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							measure ordered at point.I.4 to remove the deviation described in point 4. Compels the defendant to pay the trial expenses. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Pronounced today, 29.03.2019, by making the solution available to the parties by the registry of the Court. Document: Resolution no. 1229/29.03.2019.	
27.	6472/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 4 of the Authentication – Uranium.	Merits	Merits Admits the action. Partially cancels Resolution no.29/31.07.2018, respectively point.4, and Decision no.5/08.06.2018, respectively the measure ordered at point.I.8 to remove the deviation described in point 10. Compels the payment of trial expenses. With appeal within 15 days from the intimation. The appeal shall be lodged with the Bucharest Court of Appeal. Pronounced today, 29.03.2019, by making the solution available to the parties by the registry of the Court. Resolution no. 1230/29.03.2019.	Settled. Merits.
28.	6479/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 5 in the Decision - ROEL Xerox.	Merits	Merits Partially admits the petition. Solution in brief: partially approves the case. Partially cancels Authentication no. 29 / July 31, 2018 and judgment no. 5 / June 08, 2018, both issued by defendant C.C.R. only regarding the establishment of the damage related to the use of the respective equipment at the Ministry of Economy / Energy, only starting with the start date of the activities of the Negotiation commission for the Project of units 3 and 4 of Cernavoda (an order issued under section II.3 of judgment no. 5 / June 08, 2018, regarding which the administrative appeal was rejected by section 5 of Authentication no. 29/31.07.2018). Rejects the rest of the case. With appeal within 15 days from intimation. The appeal is submitted to C.A.B.-Sa-VIII-a C.A.F. The issuance is made by notifying the solution to the parties by the registry of the court, according to art. 396 par. 2 of the Civil Procedure Code. Resolution no. 1730/14.05.2019.	Settled. Merits.
29.	6481/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 3 of the Authentication - BVC substantiation.	Merits	Merits Dismisses the action as groundless. With appeal within 15 days from intimation; the appeal shall be submitted to the Bucharest	Settled. Merits.

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

Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							Court of Appeal. Pronounced today, June 05, 2019, by making the solution available to the parties by the registry of the Court.  Judgment of June 05, 2019.	
30.	6487/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Measure annulment point 2 of the Authentication - Non-increase of the share capital.	Merits	Merits Dismisses the action as groundless. With appeal within 15 days from intimation; the appeal shall be submitted to the Bucharest Court of Appeal. Pronounced today, June 05, 2019, by making the solution available to the parties by the registry of the Court.  Judgment of June 05, 2019.	Solution provided in the merits stage.
31.	6676/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 4 of the Court Decision – Uranium.	Merits	Merits  Admits the exception of non-admissibility. Rejects the petition for the suspension of the enforcement of point 4 of Decision no. 29/July 31 <sup>st</sup> , 2018 of the Court of Auditors, as inadmissible. Admits the petition of suspension of the enforcement of the measures ordered in point 1.8 of Decision no. 5/June 8 <sup>th</sup> , 2018. In virtue of art. 15 in Law no. 554/2004 orders the suspension of the enforcement of the measures ordered in point 1.8 of Decision no. 5/2018, until the final settlement of the action in annulment contemplated by file no. 6472/2/2018 registered pending with Bucharest Court of Appeal. It compels the defendant to the payment, in favor of the plaintiff, of the legal charges representing the judicial stamp duty, amounting to RON 20. Subject to appeal within 5 days of communication, the appeal petition being filed at Bucharest Court of Appeal. Resolution no. 3975/October 8 <sup>th</sup> , 2018.  Second appeal	09.10.2019
32.	6753/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 5 from the Authentication - ROEL.	Merits	Merits Overrules as inadmissible the petition of suspension of the performance of point 5 of Decision no. 29/July 31 <sup>st</sup> , 2018 passed by the Challenge Settlement Board within the Court of Auditors of Romania. Overrules as unsubstantiated the petition of suspension of the enforcement of point II.13 from Resolution no. 5/June 08, 2018 issued by the Court of Accounts of Romania - Department IV. With right to appeal within 5 days of communication. The application to	24.10.2019

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
							exercise the appeal is submitted to C.A.B. Judgment no. 4169/17.10.2018.  Second appeal	
33.	6969/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 1 - Energonuclear loan.	Merits	Merits Rejects the suspension application. Solution in brief: rejects the suspension application as groundless. With appeal. Passed in a public session. Document: Resolution no. 4815/23.11.2018.  Second appeal	25.09.2019
34.	7061/2/2018	Administrative Bucharest Court of Appeal	Plaintiff	Court of Auditors	Suspension of measure point 3 from the BVC Authentication.	Merits	Merits Rejects the application as groundless. With the right to appeal within 5 days of the notification, which is to be submitted to the Bucharest Court of Appeal. Pronounced today, 23.11.2018, by making the solution available to the parties by the registry of the Court.  Second appeal : Rejects the second appeal formulated by the appellant-defendant Societatea Nationala Nuclearelectrica SA against the judgment no. 4845 of November 23, 2018 of the Bucharest Court of Appeal - Administrative and Fiscal Section VIII in file no. 7061/2/2018, as ungrounded. Final. Pronounced in open session today, March 6, 2019.	Settled. Final
35.	34778/3/2018	Labor - Bucharest Court of Law CAB	Defendant	Dima Tatiana	Action for cancelling the GMS Resolution.	Merits	Merits Approves the exception of not stamping the application, invoked ex officio. Cancels the application as unstamped. With appeal within 5 days of the ruling. The appeal application shall be submitted with the Bucharest Court of Law - Civil Section VI. Pronounced in public session today, 14.11.2018. Document: Resolution no. 3437/14.11.2018.  Appeal Approves the appeal. Cancels the appealed decision. Sends the file to the trial court, for retrial. Final. Pronounced in public session today, 26.03.2019.  Merits retrial	Term be set for retrial: 22.08.2019.

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
36.	34088/3/2018	Civil Bucharest Court of Law	Defendant	Termogaz Company S.A.	Claims 575,391.88 lei - equivalent value of performed and unsettled works. Youth Center Social Program.	Merits	Merits	04.09.2019
37.	35693/299/2018	Civil Court of Law District 1 Civil Section I	Third party under seizure – SNN Debtor claimant AAAS Appellee The Ministry of Public Finance.	Ionita St. Barsoianu Theodora in foreclosure case no. 959/2010 BEJ Draganescu, Ionescu Crafcenco infringed parties FNI.	Seizure validation for RON 2,089,042.69.	Merits	Merits Rejects the exception of the operating authority; ruled as groundless. Rejects the exception of the lack of passive procedural quality as groundless. Rejects the application for validating the seizure, as groundless. Subject to appeal within 15 days of communication, the appeal petition being filed at the Court of Law of District 1, Bucharest. Pronounced in public session today, 19.06.2019.  Resolution no. 3733/19.06.2019.	Settled. Merits.
38.	35159/299/2018	Civil – Bucharest District 1 Court Section I Civil	Third party under seizure – SNN Debtor claimant the Ministry of Public Finances Appellee ASF, AAAS, ATPMB.	Ionita Stefan – enforcement file 959/2010 BEJ Draganescu, Ionescu, Crafcenco	Appeal against enforcement RON 2,089,042.69.	Merits	Merits Admits the request. Orders the suspension of the enforcement procedure in the enforcement file no. 959/2010 by BEJA Draganescu, Ionescu and Crafcenco regarding the claimant the Ministry of Public Finances. Sets the term for the judgement of the enforcement appeal for 24.04.2018, with the summons of the parties, in public hearing. With appeal regarding the suspension of the enforcement within 15 days of communication. Pronounced in public session today, 20.03.2019.  Final authentication: 20.03.2019.  Second appeal	September 06, 2019
39.	35162/299/2018	Civil – Bucharest District 1 Court Section II Civil	Third party under seizure –	Ionita Stefan – enforcement file 959/2010 BEJ Draganescu, Ionescu,	Appeal against enforcement RON 2,089,042.69.	Merits	Merits Rejects the exception of the lack of passive procedural quality of the third party under seizure as groundless. Rejects the appeal against the enforcement as groundless. With appeal within 15 days	Settled. Merits.

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
			SNN Debtor Claimant AAAS Appellee Ionita Stefan.	Crafcento			from intimation.  Resolution no. 1611/21.03.2019.	
40.	7413/299/2019	Civil – Bucharest District 1 Court Section II Civil	Third party under seizure SNN Claimant AAAS Appellee Repair Plant Targu Jiu	Repair Plant Targu Jiu – enforcement file 233M/2010 of BEJ AD REM	Appeal against enforcement RON 3,895,186.86	Merits	Merits Pursuant to art. 155/1 Civil Procedure Code. 1865 suspends the trial of the case. With appeal throughout the duration of the suspension.  Resolution - Suspension: 23.05.2019  Re-included on the dockets:	29.08.2019
<b>Cernavoda NPP Branch</b>								
1.	3338/118/2016	Civil/ Court of Appeal of Constanta	Appellee defendant	Employee group Sarman Costel, Dinu Sorin s.a.	Monetary rights radiological risk bonus.	Appeal	Merits Rejects the civil case formulated by Sarman Constantin, Dinu Sorin Stefan, Mitea Ionut Antonel, Cornateanu George, Manole Constantin, Matei Nicusor, Deciu Georgian, Tompe Augustin, Zafir Bogdan, Mirsu Adrian, Anghel Ene Paul, and others against defendant S.N. Nuclearelectrica S.A., as groundless. With the right to appeal within 10 days after the notification of this Resolution. Resolution no. 2776/13.12.2017. Appeal	17.09.2019
2.	2853/118/2018	Labor/ Constanta Court	Defendant	Employee group Mihaila Alexandru, Munteanu Nicu and others	Monetary rights radiological risk bonus.	Merits	Merits Rejects the summons as ungrounded. With appeal within 10 days from the intimation. The appeal is to be submitted to the Constanta Court. Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, 04.03.2019.  Resolution no. 574/March 04, 2019.  Appeal	October 01, 2019

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Half - year report of the Board of Directors for January 1 - June 30, 2019

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Item no.	File number	Litigation nature/ Court	SNN title	Opposing party	Value	Stage	Description	Lawsuit stage Term
3.	4133/118/2017	Labor / Constanta Court of Law	Defendant	Employee group Catranguu Rica, Bejenaru Alexandru and others	Monetary rights radiological risk bonus.	Merits	Merits	25.09.2019
4.	3/118/2019	Civil/ Constanta Court	Plaintiff	Cernavoda City Hall	Claim of land in area of 1,393.62 sq m, in extension of Campus 1.	Merits	<p>Merits</p> <p>Approves the material non-competence exception, invoked ex officio. Rejects the material competence for the resolution of the case in favor of the Court of Law of Medgidia, Constanta County, the court to which the case is returned. Without appeal. Pronounced by making the solution available to the parties through the mediation of the registry of the Court today, June 14, 2019.</p> <p>Judgment no. 1576/14.06.2019.</p>	-
5.	3990/118/2018	Civil / Constanta Court of Law	Plaintiff	CNE S.A.	The obligation to demolish the building erected on the land owned by SNN in area of 579 sq m.	Merits	Merits	12.09.2019

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**Annex 5 – The accomplishment degree of the key performance indicators as at 31.03.2019 – Board of Directors**

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter I 2019	Realised Quarter I 2019	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
<b>Governance indicators</b>									
1	Monitoring the performance of the executive management	12,00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10,00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8,00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5,00%	5,00%	Progress report	Accomplished	Accomplished	100%	10%
<b>Operational indicators</b>									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2,00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10,00%	2,00%	2,00%	Annex no. 4 BVC	10,00%	6,60%	66%	9%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7,00%	1,00%	1,00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	98%	100%	9%
4	EHS - Annual collective dose	2,00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level.	0,02	100%	2%
5	EHS - Effluents in the environment	2,00%	-	-	MSv/CNE (ALARA quarterly report)	250	1,2	100%	2%
6	EHS - Maximum allowable dose	-	0,50%	0,50%	Msv/man (ALARA annual report)	20	2,75	100%	1%
<b>Financial indicators</b>									
1	Gross profit	7,00%	1,00%	1,00%	Form "Profit and Loss Account"	30.000.000 lei	268.742.549 lei	100%	9%
2	Average price/MWh on the competitive market	8,00%	1,00%	1,00%	Price published by OPCOM	90% * ROPEX_FM 31.12.N-1 (90% * 232,13 lei/MWh = 208,92 lei/MWh)	242,29 lei/MWh	100%	10%
3	Fitting in the total budgeted operating expenses	9,00%	1,00%	1,00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
<b>The weighted average degree of accomplishment of the key indicators</b>									<b>95%</b>

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**Annex 6 – The accomplishment degree of the key performance indicators as at 30.06.2019 – Board of Directors**

Nr. Crt.	Objective/Performance indicators				Verification tool	Target Quarter II 2019	Realised Quarter II 2019	Accomplishment degree capped to 100%	Limity capped (%)
	Indicator	Weighting in the variable component of the short - term indicators	Weighting in the variable component of the medium - term indicators	Weighting in the variable component of the long - term indicators					
0	1	2	3	4	5	6	7	8	9
<b>Governance indicators</b>									
1	Monitoring the performance of the executive management	12,00%	-	-	Quarterly report of SNN directors	Accomplished	Accomplished	100%	12%
2	Monitoring of risk management	10,00%	-	-	Quarterly risk management report	Accomplished	Accomplished	100%	10%
3	Monitoring transparency in communication	8,00%	-	-	Regular publication of corporate governance information	Accomplished	Accomplished	100%	8%
4	Implementation of the company's strategy	-	5,00%	5,00%	Progress report	Accomplished	Accomplished	100%	10%
<b>Operational indicators</b>									
1	No operating events that exceeded Level 1 on the International Nuclear Event Scale	2,00%	-	-	INE Scale according to IEAE.org website	Accomplished	Accomplished	100%	2%
2	Degree of achievement of investment budget	10,00%	2,00%	2,00%	Annex no. 4 BVC	20,00%	53,38%	100%	14%
3	Obtaining an utilization coefficient of installed power capacity of minimum	7,00%	1,00%	1,00%	Realised production (MWh)/Maximum theoretical production (MWh)	80%	88%	100%	9%
4	EHS - Annual collective dose	2,00%	-	-	Total dose, average per unit, man Sv (ALARA quarterly report)	Annual indicator level.	0,15	100%	2%
5	EHS - Effluents in the environment	2,00%	-	-	MSv/CNE (ALARA quarterly report)	250	2,63	100%	2%
6	EHS - Maximum allowable dose	-	0,50%	0,50%	Msv/man (ALARA annual report)	20	6,19	100%	1%
<b>Financial indicators</b>									
1	Gross profit	7,00%	1,00%	1,00%	Form "Profit and Loss Account"	40.000.000 lei	360.122.624 lei	100%	9%
2	Average price/MWh on the competitive market	8,00%	1,00%	1,00%	Price published by OPCOM	90% * ROPEX_FM 31.12.N-1 (90% * 232,13 lei/MWh = 208,92 lei/MWh)	231,62 lei/MWh	100%	10%
3	Fitting in the total budgeted operating expenses	9,00%	1,00%	1,00%	Annex no. 1 BVC	Accomplished	Accomplished	100%	11%
<b>The weighted average degree of accomplishment of the key indicators</b>									<b>100%</b>

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