



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

### **Unaudited simplified Individual Interim Financial Statements as of and for the nine-month period ended on September 30, 2019**

Prepared in accordance with  
the Public Finances Minister's Order no. 2844/2016 on the approval  
of the accounting regulations compliant with the  
International Financial Reporting Standards adopted by the  
European Union (SIRF - EU), in virtue of the International Accounting Standard  
34 - "Interim Financial Reporting" adopted by the European Union

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

Simplified Individual financial position as of September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

	<b>Note</b>	<b>September 30, 2019 (unaudited)</b>	<b>December 31, 2018 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	<b>4</b>	6,138,282,188	6,364,461,135
Intangible assets		53,675,724	54,834,052
Financial assets	<b>8</b>	42,812,931	110,451,459
Financial investments	<b>5</b>	141,689,201	141,689,201
<b>Total non-current assets</b>		<b>6,376,460,044</b>	<b>6,671,435,847</b>
<b>Current assets</b>			
Inventories	<b>6</b>	394,768,269	368,742,400
Trade receivables and other receivables	<b>7</b>	195,487,986	183,694,590
Prepayments		31,487,881	10,201,321
Bank deposits	<b>8</b>	58,879,494	20,954,979
Cash and cash equivalents	<b>8</b>	1,680,031,121	1,611,175,766
<b>Total current assets</b>		<b>2,360,654,751</b>	<b>2,194,769,056</b>
<b>Total assets</b>		<b>8,737,114,795</b>	<b>8,866,204,903</b>
<b>Equity and liabilities</b>			
<b>Equity capital</b>			
Share capital, out of which:	<b>9</b>	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>		3,015,138,510	3,015,138,510
<i>Inflation adjustments to the share capital</i>		195,502,743	195,502,743
Share premiums	<b>9</b>	31,474,149	31,474,149
Reserve paid in advance	<b>9</b>	21,553,537	21,553,537
Revaluation reserve	<b>9</b>	235,337,713	257,407,532
Retained earnings	<b>9</b>	3,717,155,287	3,658,054,141
<b>Total own equity</b>		<b>7,216,161,939</b>	<b>7,179,130,612</b>
<b>Liabilities</b>			
<b>Long-term debts</b>			
Long term borrowings	<b>10</b>	571,860,662	683,967,469
Provisions for risks and expenses	<b>11</b>	165,586,686	182,883,283
Deferred revenues		103,998,797	114,757,293
Deferred tax liability		99,957,857	102,644,715
Obligations regarding employees benefits		38,617,348	38,617,348
<b>Total long term liabilities</b>		<b>980,021,350</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities	<b>12</b>	203,309,954	197,107,880
The current portion of provisions for risks and expenses	<b>11</b>	61,064,280	33,831,052
Current tax liability		29,972,197	98,958,158
Deferred revenues		32,827,085	30,913,233
Current portion of long-term loans	<b>10</b>	213,757,990	203,393,860
<b>Total current liabilities</b>		<b>540,931,506</b>	<b>564,204,183</b>
<b>Total liabilities</b>		<b>1,520,952,856</b>	<b>1,687,074,291</b>
<b>Total equities and liabilities</b>		<b>8,737,114,795</b>	<b>8,866,204,903</b>

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

Simplified Individual Profit and Loss Statement for the 9-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

	Note	3-month period that ended on September 30, 2019 (unaudited)	3-month period that ended on September 30, 2018 (unaudited)	9-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2018 (unaudited)
<b>Incomes</b>					
Sales of electricity	13	589,617,655	550,747,264	1,771,355,753	1,519,372,107
Sales from electricity transmission		3,073,837	3,151,585	8,877,647	8,369,107
<b>Total revenues</b>		<b>592,691,492</b>	<b>553,898,849</b>	<b>1,780,233,400</b>	<b>1,527,741,214</b>
Other income	14	8,966,804	13,707,296	29,984,766	46,552,390
<b>Operational expenses</b>					
Impairment and depreciation		(140,709,447)	(144,029,912)	(415,581,760)	(416,128,755)
Personnel expenses		(118,031,493)	(109,366,533)	(351,811,855)	(314,386,314)
Cost of traded electricity		(41,004,170)	(20,530,467)	(83,205,926)	(52,478,667)
Repairs and maintenance		(16,231,487)	(15,016,605)	(47,835,143)	(65,112,322)
Electricity transmission expenses		(3,073,837)	(3,151,585)	(8,877,647)	(8,369,107)
Cost with spare parts		(2,666,005)	(1,330,498)	(12,440,587)	(13,199,634)
Cost of nuclear fuel		(27,695,417)	(26,923,348)	(78,601,369)	(78,432,238)
Other operating expenses	15	(95,749,735)	(80,639,694)	(291,181,794)	(244,314,408)
<b>Total operating expenses</b>		<b>(445,161,591)</b>	<b>(400,988,642)</b>	<b>(1,289,536,081)</b>	<b>(1,192,421,445)</b>
<b>Operating result</b>		<b>156,496,705</b>	<b>166,617,503</b>	<b>520,682,085</b>	<b>381,872,159</b>
Financial expenses		(15,123,607)	(15,430,736)	(53,920,578)	(47,146,701)
Financial revenues		14,482,393	18,490,860	49,216,608	65,142,411
<b>Net financial result</b>	16	<b>(641,214)</b>	<b>3,060,124</b>	<b>(4,703,970)</b>	<b>17,995,710</b>
<b>Profit before income tax</b>		<b>155,855,491</b>	<b>169,677,627</b>	<b>515,978,115</b>	<b>399,867,869</b>
Net corporate tax expense	17	(30,571,152)	(30,995,833)	(100,032,477)	(78,871,669)
<b>Profit for the period</b>		<b>125,284,339</b>	<b>138,681,794</b>	<b>415,945,638</b>	<b>320,996,200</b>

The simplified individual interim financial statements presented on page 1 to 26 were signed on November 12, 2019 by:

**Cosmin Ghita**  
Chief Executive Officer

**Adrian Gabriel Dumitriu**  
Financial Manager

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

The Simplified Individual Statement of Comprehensive Income for the nine-month period ended on September 30, 2019  
(All amounts are presented in RON, unless otherwise indicated.)

	Note	3-month period ended on September 30, 2019 (unaudited)	3-month period ended on September 30, 2018 (unaudited)	9-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2018 (unaudited)
<b>Profit for the period</b>		<b>125,284,339</b>	<b>138,681,794</b>	<b>415,945,638</b>	<b>320,996,200</b>
<b>Other elements of the global result</b>		-	-	-	-
<b>Total global result for the period</b>		<b>125,284,339</b>	<b>138,681,794</b>	<b>415,945,638</b>	<b>320,996,200</b>
<b>Earnings per share</b>					
Basic earnings per share (RON/share)	<b>18</b>	<b>0.42</b>	<b>0.46</b>	<b>1.38</b>	<b>1.06</b>
Diluted earnings per share (RON/share)	<b>18</b>	<b>0.42</b>	<b>0.46</b>	<b>1.38</b>	<b>1.06</b>

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

Simplified Individual Statement of Changes in Equity for the nine-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

	Note	Share capital	Capital-related premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total own equity
<b>Balance as of January 1, 2019 (audited)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>257,407,532</b>	<b>3,658,054,141</b>	<b>7,179,130,612</b>
<b>Comprehensive income for the period</b>		-	-	-	-	-	-
<i>Profit for the period</i>		-	-	-	-	415,945,638	<b>415,945,638</b>
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>415,945,638</b>	<b>415,945,638</b>
Transfer of the revaluation reserve to the retained earnings	<b>9</b>	-	-	-	(22,069,819)	(22,069,819)	-
Dividends distributed	<b>9</b>	-	-	-	-	(378,914,311)	<b>(378,914,311)</b>
<b>Balance as of September 30, 2019 (unaudited)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>235,337,713</b>	<b>3,717,155,287</b>	<b>7,216,161,939</b>

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

Simplified Individual Statement of Changes in Equity for the nine-month period ended on September 30, 2018

*(All amounts are presented in RON, unless otherwise indicated.)*

	<b>Note</b>	<b>Share capital</b>	<b>Capital- related premiums</b>	<b>Reserve paid in advance</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total own equity</b>
<b>Balance as of January 1, 2018 (audited, restated)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>236,534,798</b>	<b>3,983,913,022</b>	<b>7,484,116,759</b>
<b>Comprehensive income for the period</b>							
<i>Profit for the period (restated)</i>		-	-	-	-	320,996,200	<b>320,996,200</b>
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>320,996,200</b>	<b>320,996,200</b>
Transfer of the revaluation reserve to the retained earnings	<b>9</b>	-	-	-	(19,362,559)	19,362,559	-
Dividends distributed	<b>9</b>	-	-	-	-	(271,362,466)	<b>(271,362,466)</b>
<b>Balance on September 30, 2018 (unaudited)</b>		<b>3,210,641,253</b>	<b>31,474,149</b>	<b>21,553,537</b>	<b>217,172,239</b>	<b>4,052,909,314</b>	<b>7,533,750,492</b>

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

Simplified Individual Cash Flow Statement for the nine-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>9-month period ended on September 30, 2018 (unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>515,978,115</b>	<b>399,867,869</b>
<b>Adjustments for:</b>		
Impairment and depreciation	415,581,760	416,128,755
Impairment on trade and other receivables	(477,810)	(2,568,603)
Impairment on inventories	(1,045,778)	(2,557,609)
Provisions corresponding to operating liabilities and expenses	5,600,184	1,886,557
Proceeds from asset disposal	75,502	772,246
Net financial expenses/(revenues)	9,641,412	(19,754,215)
<b>Changes in:</b>		
(Increase) in trade receivables and other receivables	(10,969,836)	(5,434,100)
(Increase) in inventories	(24,980,091)	(8,669,852)
Variation of deferred income	(8,844,644)	4,095,814
Variation of deferred expense	(21,286,560)	(5,744,035)
Increase of trade liabilities and other liabilities	3,537,853	10,146,744
<b>Cash flows generated from operating activities</b>	<b>882,810,106</b>	<b>788,169,571</b>
Income tax paid	(171,705,296)	(74,466,298)
Interest received	40,294,498	24,241,422
Interest paid	(5,124,774)	(4,945,271)
<b>Net cash flow from operating activities</b>	<b>746,274,534</b>	<b>732,999,424</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(14,156,159)	(2,045,221)
Purchases of tangible assets	(173,762,781)	(118,860,810)
Proceeds from sale of tangible assets	100,764	266,373
Decrease in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	29,714,013	23,603,857
Purchases of financial assets	-	(5,032,931)
<b>Net cash flow used in investing activities</b>	<b>(158,104,163)</b>	<b>(102,068,732)</b>
<b>Cash flow from financing activities</b>		
Repayments of borrowings	(147,149,658)	(138,726,995)
Dividends	(372,165,358)	(268,997,379)
<b>Net cash flow from financing activities</b>	<b>(519,315,016)</b>	<b>(407,724,374)</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,855,355</b>	<b>223,206,318</b>
<b>Cash and cash equivalents as of January 1 (see Note 8)</b>	<b>1,611,175,766</b>	<b>1,713,349,815</b>
<b>Cash and cash equivalents on September 30 (see Note 8)</b>	<b>1,680,031,121</b>	<b>1,936,556,133</b>

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

Notes to the Unaudited Simplified Individual Interim Financial Statements drafted as of, and for the nine-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

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### **1. REPORTING ENTITY**

Societatea Nationala Nuclearelectrica S.A. (the “Company” or “SNN”) is a national joint-stock company, one-tier management system, having a head office and two branches without legal personality, CNE Cernavoda branch (Nuclear Power Plant) – with registered office in Constanta County, Cernavoda City, 2 Medgidiei Street, registered with the Trade Register under number J13/3442/2007, and FCN Pitesti branch (Nuclear Fuel Plant) - with registered office in Arges County, Mioveni City, 1 Campului Street, registered with the Trade Register under number J03/457/1998, respectively. The address of the registered office is Bucharest Municipality, District 1, 65 Polona Street.

The company's main activity is the "Electricity production" - NACE code 3511 and it is recorded in the Trade Register under number J40/7403/1998, fiscal code 10874881, fiscal attribute RO.

The Company's main activity consists in electricity and thermal energy production by nuclear processes. The main place of business is within the Branch Cernavoda NPP, where the Company owns and operates two operational nuclear reactors (Unit 1 and Unit 2). The two nuclear operational reactors are based on CANDU technology (Canada Deuterium Uranium type PHWR). Besides, at Cernavoda the Company owns two nuclear reactors in the early stages of construction (Unit 3 and Unit 4). The construction of Units 3 and 4 was planned to be completed by the Energonuclear S.A. subsidiary; at present, there is the revised form of the Strategy to continue Units 3 and 4 Project, endorsed by the Board of Directors of SNN and approved by the Extraordinary General Meeting of Shareholders by Decision no. 11 / 14.09.2018 (for more information, see Note 5).

The Company owns a reactor (Unit 5) for which the Company shareholders approved changing the initial destination in March 2014, namely, the use of Unit 5 for carrying out the activities related to the operation of Units 1 and 2. The project intended to change the initial destination of Unit 5 is currently being implemented and it is expected to be finalized during 2021. The unit 5 is fully depreciated, since there was no plan to continue its construction as a nuclear unit.

Manufacturing of nuclear fuel bundles CANDU type required for operating the two nuclear operational reactors located in the branch Cernavoda NPP is performed by the Company in the branch Pitesti NFF.

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. The electricity market in Romania was undergoing a process of gradual liberalization up to the end of 2017. Starting with 2018, the Company participated in the electricity market, only on the competitive segment, and starting with 2019, it participates both on the competitive segment, and on the regulated market segment, in which ANRE has set, by means of annual decisions, the quantities of electricity that need to be sold by the Company on the regulated market and the regulated price to be charged, respectively (for further information, see Note 13).

As of September 30, 2019 the Company's shareholders are: The Romanian State via the Ministry of Energy which holds 248,736,619 shares, representing 82.4959% of the share capital, Fondul Proprietatea S.A. holding 21,268,355 shares, representing 7.0539% of the share capital and other individuals and legal entities shareholders holding together 31,508,877 shares, representing 10.4502% of the share capital.

Since 4 November 2013, the shares of the Company have been traded on Bucharest Stock Exchange, under the issuing symbol SNN.



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

Notes to the Unaudited Simplified Individual Interim Financial Statements drafted as of, and for the nine-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

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**2. BASIS OF PREPARATION****a) Statement of compliance**

The simplified individual interim financial statements have been prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards ("IFRS"), as further amended and supplemented ("OMPF 2844/2016"). As per the OMPF 2844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1606/2002 of the European Parliament and of the Council dated on 19 July 2002 regarding the application of the international accounting standards.

These simplified individual interim financial statements were drafted according to IAS 34 *Interim financial reporting*, as passed by the European Union. These do not include the necessary information for a complete set of financial statements according to the IFRS, and must be read with the annual financial statements of the Company, drafted on December 31, 2018. Nevertheless, certain selected explanatory notes are included in order to explain the events and transactions that are significant for understanding the modifications occurred in the financial position and performance of the Company from the latest individual financial statements on the date and for the financial year that ended on December 31, 2018.

The Simplified Individual Interim Financial Statements on the date and for the nine-month period that ended on September 30, 2019 are not audited and were not revised by an independent auditor.

These Unaudited Simplified Individual Interim Financial Statements were authorized for issue and signed on November 12, 2019 by the Company's management.

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

Preparing these Unaudited Simplified Individual Interim Financial Statements means that the managers use reasoning, estimates and hypotheses that affect the application of accounting policies, and the acknowledged value of the assets, debts, revenues and expenses. Actual results may differ from the estimated values.

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

Information about assumptions that have a significant risk of resulting in a material adjustment within the next financial years is included in Note 5 (key assumptions relating to the continuance of the Project for Units 3 and 4).

The significant reasoning used by the managers for applying the accounting policies of the Company and the main uncertainty sources regarding the estimates was the same as the one applied for the Individual Financial Statements on and for the financial year that ended on December 31, 2018.

**c) Presentation items**

As of December 31, 2018, the Company reconsidered the presentation of cash, cash equivalents and bank deposits items in the statement of financial position as follows:

- the "Bank deposits" position represents the collateral deposits related to bank guarantee letters issued by banks on behalf of the Company in favor of clients, with a maturity of between 3 and 12 months;

*The notes on pages 1 - 20 are an integral part of these Simplified Individual Interim Financial Statements.*

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

Notes to the Unaudited Simplified Individual Interim Financial Statements drafted as of, and for the nine-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)*

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- "Cash and cash equivalents" includes, besides cash and other cash equivalents, collateral bank deposits related to maturity letters of guarantee up to 3 months, as well as common bank deposits without commitments, which can be accessed by the Company without restrictions and without significant losses as a result of their liquidation, irrespective of their maturity.

Consequently, for the consistent reflection of comparative amounts, the financial position items as of September 30, 2018 were reallocated in compliance with the rationale presented, with impact on the comparative values presented in the Cash Flow Statement as of September 30, 2019, as follows:

<b>Cash Flow Statement Items</b>	<b>September 30, 2018 (revised)</b>	<b>Reallocations</b>	<b>September 30, 2018 (revised, reallocated)</b>
Decrease in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	372,951,357	(349,347,500)	23,603,857
<b>Net increase in cash and cash equivalents</b>	<b>372,951,357</b>	<b>(349,347,500)</b>	<b>23,603,857</b>

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these unaudited simplified individual interim financial statements are the same as those applied in the individual financial statements of the company on the date and for the financial year that ended on December 31, 2018.

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

Notes to the Unaudited Simplified Individual Interim Financial Statements drafted as of, and for the nine-month period ended on September 30, 2019

*(All amounts are presented in RON, unless otherwise indicated.)***4. TANGIBLE ASSETS**

	<u>Land</u>	<u>Nuclear power plants</u>	<u>Machinery, equipment and other assets</u>	<u>Non-current assets in progress</u>	<u>TOTAL</u>
<b>Cost</b>					
<b>Balance as of January 1, 2018 (audited, restated)</b>	<b>31,534,439</b>	<b>5,698,230,344</b>	<b>1,611,461,143</b>	<b>851,807,266</b>	<b>8,193,033,192</b>
Additions	-	-	13,818,163	115,752,495	129,570,658
Revaluation of buildings and land	767,960	20,172,017	35,259,740	-	56,199,716
Offset of accumulated depreciation upon revaluation	-	(1,059,894,917)	(60,605,906)	-	(1,120,500,824)
Transfers	-	71,734,118	24,051,133	(95,785,251)	-
Transfer to inventories	-	-	-	(1,800,278)	(1,800,278)
Transfer to intangible assets	-	-	-	(7,852,267)	(7,852,267)
Derecognition of UI inspections	-	(52,473,435)	-	-	(52,473,435)
Disposals	-	-	(2,241,701)	(1,257,641)	(3,499,343)
<b>Balance as of December 31, 2018 (audited)</b>	<b>32,302,399</b>	<b>4,677,768,128</b>	<b>1,621,742,571</b>	<b>860,864,324</b>	<b>7,192,677,421</b>
<b>Balance as of January 1, 2019 (audited)</b>	<b>32,302,399</b>	<b>4,677,768,128</b>	<b>1,621,742,571</b>	<b>860,864,324</b>	<b>7,192,677,421</b>
Additions	-	-	23,255,418	153,500,532	176,755,950
Transfers	-	-	81,380,706	(81,380,706)	-
Transfer to inventories	(120,740)	-	(2,159,074)	322,647	(1,957,167)
Transfer to intangible assets	-	-	-	(2,175,510)	(2,175,510)
Disposals	-	-	(3,111,047)	-	(3,111,047)
<b>Balance as of September 30, 2019 (unaudited)</b>	<b>32,181,659</b>	<b>4,677,768,128</b>	<b>1,721,108,575</b>	<b>931,131,289</b>	<b>7,362,189,649</b>
<b>Depreciation and impairment losses</b>					
<b>Balance as of January 1, 2018 (audited, restated)</b>	<b>550,782</b>	<b>781,264,650</b>	<b>546,513,811</b>	<b>140,629,875</b>	<b>1,468,959,117</b>
Depreciation charges	-	414,761,137	110,140,683	-	524,901,820
Offset of accumulated depreciation upon revaluation	-	(1,059,894,917)	(60,605,906)	-	(1,120,500,824)
Derecognition of accumulated depreciation for UI inspection	-	(52,473,435)	-	-	(52,473,435)
Accumulated depreciation of disposals	-	-	(1,841,771)	-	(1,841,771)
Impairment adjustments	-	-	10,077,433	(906,054)	9,171,379
<b>Balance as of December 31, 2018 (audited)</b>	<b>550,782</b>	<b>83,657,435</b>	<b>604,284,249</b>	<b>139,723,821</b>	<b>828,216,287</b>
<b>Balance as of January 1, 2019 (audited)</b>	<b>550,782</b>	<b>83,657,435</b>	<b>604,284,249</b>	<b>139,723,821</b>	<b>828,216,287</b>
Depreciation charges	-	310,199,520	83,585,437	-	393,784,957
Offset of accumulated disposals	-	-	(2,613,328)	-	(2,613,328)
Derecognition of the accumulated amortization of transfers into inventory	-	-	(48,181)	-	(48,181)
Adjustments for impairment of intangible assets	-	-	3,971,409	596,317	4,567,726
<b>Balance as of September 30, 2019 (unaudited)</b>	<b>550,782</b>	<b>393,856,955</b>	<b>689,179,586</b>	<b>140,320,139</b>	<b>1,223,907,461</b>
<b>Carrying amount</b>					
<b>Balance as of January 1, 2018 (audited, restated)</b>	<b>30,983,657</b>	<b>4,916,965,694</b>	<b>1,064,947,332</b>	<b>711,177,391</b>	<b>6,724,074,075</b>
<b>Balance as of December 31, 2018 (audited)</b>	<b>31,751,617</b>	<b>4,594,110,692</b>	<b>1,017,458,323</b>	<b>721,140,503</b>	<b>6,364,461,135</b>
<b>Balance as of September 30, 2019 (unaudited)</b>	<b>31,630,877</b>	<b>4,283,911,172</b>	<b>1,031,928,989</b>	<b>790,811,149</b>	<b>6,138,282,188</b>

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The position "Machinery, equipment and other assets" mainly include the heavy water used for the operation of Units 1 and 2, with a net carrying amount as of September 30, 2019 amounting to RON 424,752,188 (December 31, 2018: RON 432,488,488) and administrative buildings with a net carrying amount as of December 30, 2019 amounting to RON 263,295,701 (December 31, 2018: RON 277,883,541).

In the first 9 months of 2019, the Company purchased 7.8 tons of heavy water from the National Administration of State Reserves and Special Issues ("ANRSPS") required for Units 1 and 2, amounting to RON 15,649,064 (in 2018, 5.3 tons were purchased, amounting to RON 10,339,066).

As of September 30, 2019, the net carrying amount of the assets under construction related to Units 3 and 4 amounts to RON 505,969,809 (December 31, 2018: RON 506,035,734), out of which the accounting value of Units 3 and 4 is RON 273,960,000 (December 31, 2018: RON 273,960,000), the rest representing heavy water purchased for Units 3 and 4, namely approx. 75 tons, whose accounting value as of September 30, 2019 is RON 159,238,387 (December 31, 2018: RON 159,238,387), and equipment and other assets for Units 3 and 4, amounting to RON 74,463,678. Before 1991 the nuclear Units 1, 2, 3, 4 and 5 were considered as a single project and therefore the construction costs incurred had not been allocated per unit. Subsequently, the Company allocated the costs for the construction of Units 3 and 4 of the nuclear power plant and for Unit 5.

On December 31, 2013 the Group recognized a depreciation adjustment of 100% of the Unit 5 since there were no plans to resume its construction. As of December 30, 2019 the gross accounting value for Unit 5 is RON 137 million (December 31, 2018: 137 million RON). In March 2014, the Company shareholders approved the change of destination and use of Unit 5 for other activities of the Company, project under implementation the result of which will be an asset with a different use than the initial use of Unit 5.

As of September 30, 2019, the difference remaining to RON 790,811,150 of net "Assets in progress" (December 31, 2018: RON 721,140,502) represents non-current assets in progress, related to Units 1 and 2, such as: D2O detritiation installation amounting to RON 63,238,682, construction of facilities for storage and loading of the spent nuclear fuel (DICA) amounting to RON 22,328,539, improvement of nuclear security systems after Fukushima amounting to RON 33,319,036.

**The main investments made** by the Company over the nine-month period ended on September 30, 2019 for projects in progress related to Units 1 and 2 include:

- Annual inspections conducted during the planned outage of Unit 2, amounting to RON 73,556,024 (December 31, 2018: RON 66,015,629 at Unit 1);
- Improving the Nuclear security systems following the Fukushima event amounting to RON 13,828,168 (December 31, 2018: RON 8,732,940);
- Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to RON 8,016,019 (December 31, 2018: RON 8,772,512);
- Modernization of the physical protection system in value of 4,630,967 RON (December 31, 2018: 4,724,696 RON).

The **main investments commissioned** by the Company in the nine-month period that ended on September 30, 2019 from the projects in progress related to Units 1 and 2 are represented by: performance of annual inspections conducted during the planned outage of Unit 2 amounting to RON 51,454,227, assembling spare parts on the operated equipment in value of RON 11,266,283, assembling a spectrometer in order to determine the metallic impurities in uranium in value of RON 862,088 and capital repairs on U1 compressors in value of RON 1,797,291.

In the nine-month period that ended on September 30, 2019, the AGA Resolution no. 5/23.04.2019 approved the sale of asset "Single persons residence". Thus, from the "Machinery, equipment and other assets" position and from the

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“Lands” position, the amounts related to this asset were transferred to assets, namely RON 2,159,074 and RON 120,740, which are reflected in the “Inventory transfer” line. The amounts comprise the building, the related land, the central heating network connection installation, parking fittings, sports land, green areas, located at address: No. 14, Salciei Street, Cernavoda, Constanta county.

As of September 30, 2019, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 13,309,671 (December 31, 2018: RON 14,722,450).

### *Decommissioning of nuclear units*

The nuclear power Unit 1 is scheduled to operate until 2026, and Unit 2 until 2037. The Company has not recorded a provision for the decommissioning of the two units because it is not responsible for the decommissioning works. According to Government Decision no. 1080/2007, the Nuclear Agency and Radioactive Waste (“ANDR”) is responsible for collecting the contributions paid by the Company for the remaining useful life of these units and assume the responsibility for the management of the entire decommissioning process at the end of the useful life of the two units, as well as for the permanent storage of the resulting waste (refer to Note 15). The expenses on the contributions of the Company to ANDR for the nine-month period ended on September 30, 2019 amounts to RON 73,049,012 (the 9-month period ended on September 30, 2018: RON 72,759,961).

### *Assets pledged as security*

As of September 30, 2019, and as of December 31, 2018, respectively, the Company has no pledged or mortgaged assets.

## **5. FINANCIAL INVESTMENTS**

### *Financial investments - Business continuity for Energonuclear S.A. and the Project of Units 3 and 4*

Financial investments are mainly represented by the investment in Energonuclear S.A. (“Energonuclear”). Company with headquarters in Bucharest, District 2, 5-7 Vasile Lascar Street, 3<sup>rd</sup> floor and registered with the Trade Registry under the number J40/3999/25.03.2009, having sole registration number 25344972, tax attribute RO. The main business of Energonuclear consists in “Engineering activities and technical consultancy related to it” – NACE Code 7112.

As of September 30, 2019 and December 31, 2018, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of participation as of September 30, 2019 and December 31, 2018 amounts to RON 141,666,101.

By the Decision of the Prime Minister no. 318 of December 18, 2018, the Working Group was established for the negotiation of the Intergovernmental Agreement between Romania and the People's Republic of China on the cooperation for the implementation of the Units 3 and 4 Cernavoda NPP Project (“IGA”).

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.

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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);
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

Regarding the activity of Energonuclear S.A.:

- With the EGMS Resolution of SNN no. 4/11.07.2017, the shareholders of SNN approved the granting by SNN of a loan convertible in shares amounting to maximum RON 4,000,000 to the Energonuclear S.A. ("EN") branch, in order to finance the maintenance and conservation activities for the site of Units 3 and 4 of Cernavoda NPP; until 30.09.2019, Energonuclear requested an installment of RON 3,500,000 to be granted from the maximum amount, for which SNN registered an interest of RON 101,662, capitalized.

Considering the aforementioned aspects, as well as the stage of the negotiations with the Selected Investor for the development of the Project of Units 3 and 4 of Cernavoda NPP, the Company's management is confident that the project developed by Energonuclear and which will be continued by the new project company, will continue in the future and there will be a demand in the future for the electricity to be produced by Units 3 and 4. Thus, the Company's management considers that the investment in Energonuclear S.A. will be recovered, in line with the Strategy.

## **6. INVENTORIES**

As of September 30, 2019 and December 31, 2018, the inventories are as follows:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Spare parts	145,692,994	141,293,048
Consumables and other materials	39,234,526	40,636,148
Nuclear fuel	158,615,605	134,039,382
Uranium	37,281,850	38,490,987

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Other inventories	13,943,294	14,282,835
<b>Total</b>	<b>394,768,269</b>	<b>368,742,400</b>

**7. TRADE RECEIVABLES AND OTHER RECEIVABLES**

As of September 30, 2019 and December 31, 2018, the trade receivables and other receivables are as follows:

	<b>September 30, 2019</b> <b>(unaudited)</b>	<b>December 31, 2018</b> <b>(audited)</b>
Trade receivables	172,586,005	168,524,274
Adjustments for impairment of trade receivables	(10,496,547)	(10,858,933)
Other receivables	23,679,142	23,029,979
Adjustments for impairment of other receivables	(3,074,604)	(3,190,028)
Taxes and duties	12,793,990	6,189,298
<b>Total</b>	<b>195,487,986</b>	<b>183,694,590</b>

As of December 30, 2019, the significant trade receivables in balance are from: Electrica Furnizare S.A. – RON 32,670,611 (December 31, 2018: RON 21,322,519), E.ON Energie Romania S.A. – RON 18,682,272 (December 31, 2018: RON 11,176,963), GEN-I Trgovanje in Prodaja Elektricne Energije – RON 13,567,633 (December 31, 2018: RON 18,411,098), CEZ Vanzare S.A. – RON 7,270,041 (December 31, 2018: RON 3,260,654).

**8. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND FINANCIAL ASSETS**

As of September 30, 2019 and December 31<sup>st</sup>, 2018, the cash and cash equivalents are as follows:

	<b>September 30, 2019</b> <b>(unaudited)</b>	<b>December 31, 2018</b> <b>(audited)</b>
Cash and cash equivalents in RON	1,674,973,977	1,606,936,087
Cash and cash equivalents in foreign currencies	5,057,144	4,239,679
<b>Total cash and cash equivalents</b>	<b>1,680,031,121</b>	<b>1,611,175,766</b>

The "Cash and cash equivalents" position also includes bank deposits with an initial maturity of less than one year, amounting to RON 1,573,542,308 (December 31, 2018: RON 1,438,730,983), as well as the amount of RON 2,388,603 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31, 2018: RON 2,945,617).

As of September 30, 2019 and December 31, 2018, all bank deposits presented under the "Bank deposits" position are in RON.

	<b>September 30, 2019</b> <b>(unaudited)</b>	<b>December 31, 2018</b> <b>(audited)</b>
Bank deposits	<b>58,879,494</b>	<b>20,954,979</b>

As of September 30, 2019, the Company is in possession of letters of guarantee issued by different banks at the request of the Company in favor of third parties, for a total value of RON 96,659,494 (December 31, 2018: RON 126,373,507), for which a cash collateral in the form of collateral deposits was established, divided as follows: RON 0 in the "Cash and cash equivalents" position (December 31, 2018: RON 0) related to letters of bank guarantee with maturity of less

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than 3 months, RON 58,879,494 under the "Bank deposits" position (December 31, 2018: RON 20,954,979) related to letters of bank guarantee with a maturity of up to one year and RON 37,780,000 under the "Financial assets" position for letters of bank guarantee with a maturity of over one year (December 31, 2018: RON 105,418,528). These letters of bank guarantee are related to the Company's participation on the electricity market, mostly representing the Company's sales of electricity.

As of September 30, 2019 and December 31, 2018 the "Financial assets" position included the previously mentioned collateral deposits, as well as the amount of RON 5,032,931 representing the Company's contribution as new member of the European Liability Insurance for the Nuclear Industry ("ELINI").

## 9. EQUITY

### Share capital

The Company was established through separation from the former RENEL. The share capital represents the State's contribution to the Company's constitution on 30 June 1998 (restated for inflation up to 31 December 2003) plus subsequent contributions.

According to the articles of incorporation, the authorized capital of the Company is 3.016.200.000 RON. The subscribed share capital paid on September 30, 2019 is RON 3,015,138,510.

As of September 30, 2019 and December 31, 2018, the share capital includes the effect of reassessments registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The reconciliation of the share capital is as follows:

	<b>September 30, 2019</b> <b>(unaudited)</b>	<b>December 31, 2018</b> <b>(audited)</b>
Subscribed and paid statutory share capital	3,015,138,510	3,015,138,510
Differences related to the restatement according to IAS 29	195,502,743	195,502,743
<b>Share capital (restated value)</b>	<b>3,210,641,253</b>	<b>3,210,641,253</b>

As of September 30, 2019 and December 31, 2018, the value of the statutory subscribed and paid-off share capital amounts to RON 3,015,138,510, consisting of 301,513,851 ordinary shares having the nominal value of RON 10 each.

The holders of ordinary shares have the right to receive dividends, as such are declared at certain times, and the right to one vote for each share held within the Company's General Meeting of Shareholders.

The shareholding structure as of September 30, 2019 and December 31, 2018 is as follows:

<b>Shareholders</b>	<b>Number of shares September 30, 2019</b>	<b>% of the share capital</b>	<b>Number of shares December 31, 2018</b>	<b>% of the share capital</b>
The Romanian State by the Ministry of Energy	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,268,355	7.0539%	27,408,381	9.0903%
Other investors	31,508,877	10.4502%	25,368,851	8.4138%
<b>Total</b>	<b>301,513,851</b>	<b>100%</b>	<b>301,513,851</b>	<b>100%</b>

### Share premiums

In November 2013, the Company issued 28,100,395 ordinary shares on the Bucharest Stock Exchange through an initial public offering and the exercise of preemptive right by the shareholder Fondul Proprietatea S.A. The amount

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collected – amounting to RON 312,478,099 - was made up of the share capital increase of RON 281,003,950 and an issue/share premium of RON 31,474,149.

### Prepaid reserve

The prepaid reserves amount to RON 21,553,537 as of September 30, 2019 (December 31, 2018: RON 21,553,537) and represent public utility objectives at CNE Cernavoda, amounting to RON 5,439,321 as of September 30, 2019 (December 31, 2018: RON 5,439,321) and received budgetary allocations related to the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda, unfinished investment, amounting to RON 16,114,216 as of September 30, 2019 (December 31, 2018: RON 16,114,216).

### Revaluation reserves

As of September 30, 2019 the revaluation reserve amounts to RON 235,337,713 (December 31, 2018: RON 257,407,532), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions was carried out on December 31, 2018 by an independent valuer, Primoval S.R.L., member of the National Association of Certified Assessors in Romania ("ANEVAR").

Over the 9-month period ended on September 30, 2019, the Company recognized a decrease of the revaluation reserve amounting to RON 26,273,593 following its transfer into the reported result (9 months ended on September 30, 2018: RON 19,362,559).

### Retained earnings

The retained earnings are the cumulated earnings of the Company. The retained earnings are distributed based on the annual financial statements prepared in accordance with the Public Finance Minister's Order no. 2844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards.

Over the nine-month period ended on September 30, 2019, the Company declared dividends amounting to RON 378,914,311 (September 31, 2018: RON 756,799,766). Unpaid net dividends as of December 30, 2019 amounted to RON 705,339 (December 31, 2018: RON 684,121).

### Legal reserves

As of September 30, 2019, the amount of the legal reserve is RON 122,593,972 (December 31, 2018: RON 122,593,972) and it is presented cumulatively under the "Retained earnings" position.

## 10. BORROWINGS

The loan reimbursements in the six-month period ended on September 30, 2019 were as follows:

	Currency	Interest rate	Value	Year of final maturity
<b>Balance as of January 1, 2019 (audited)</b>			<b>909,860,972</b>	
New issues				
<b>Reimbursements, out of which</b>				
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.45%	(18,255,505)	2022
Societe Generale – AECL BC	CAD	CDOR 6M + 0.375%	(34,351,986)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(88,290,540)	2024
<b>Exchange rate differences</b>			<b>32,919,541</b>	

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<b>Balance as of September 30, 2019 (unaudited)</b>	<b>801,882,483</b>
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**(i) Long term borrowings**

As of September 30, 2019 and December 31, 2018, the long-term loans from credit institutions are as follows:

	<b>September 30, 2019 (unaudited)</b>	<b>December 31, 2018 (audited)</b>
Societe Generale - ANSALDO BC	109,588,384	125,506,545
Societe Generale - AECL BC	215,283,659	228,883,938
EURATOM	477,010,440	555,470,490
<b>Total long-term loans</b>	<b>801,882,483</b>	<b>909,860,973</b>
Less: Current portion of long-term loans	(218,516,202)	(209,456,905)
Less: Balance of commitment and insurance fees (long term)	(11,505,619)	(16,436,599)
<b>Total long-term loans net of the short-term portion</b>	<b>571,860,662</b>	<b>683,967,469</b>

**(ii) Short-term borrowings**

As of September 30, 2019 and December 31, 2018, the short-term borrowings appear as follows:

	<b>September 30, 2019 (unaudited)</b>	<b>December 31, 2018 (audited)</b>
Current portion of long-term loans	218,516,202	209,456,905
Interests related to the long-term borrowings	1,816,427	511,595
Short-term transaction costs	(6,574,639)	(6,574,460)
<b>Total short-term loans</b>	<b>213,757,990</b>	<b>203,393,860</b>

**11. PROVISIONS FOR RISKS AND EXPENSES**

As of September 30, 2019 and December 31, 2018, respectively, the Company recognized the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	<b>September 30, 2019 (unaudited)</b>	<b>December 31, 2018 (audited)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	64,474,732	60,633,302
Obligations regarding the low and medium radioactive and non-radioactive waste	104,428,828	97,648,239
Provision for litigations with nuclear risk increment	39,047,406	34,937,153
Employees' participation to the profit	18,700,000	16,000,000

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Provisions for litigations	-	7,495,641
<b>Total</b>	<b>226,650,966</b>	<b>216,714,335</b>

As of September 30, 2019, the provisions in the total amount of RON 226,650,966 represent long-term and short-term liabilities, as follows:

	<b>Long-term share (&gt; 1 year)</b>	<b>Current share (&lt; 1 year)</b>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	32,593,749	31,880,983
Obligations regarding the low and medium radioactive and non-radioactive waste	93,945,531	10,483,297
Provision for litigations with nuclear risk increment	39,047,406	-
Employees' participation to the profit	-	18,700,000
<b>Total</b>	<b>165,586,686</b>	<b>61,064,280</b>

The "Employees' participation to the profit" position represents the commitment of the Company towards its employees in relation to providing the amounts related to the participation of the employees to the profit of the Company for the year of 2019, as a result of achieving the result set forth by the budget on 30.09.2019, based on the Income and Expenditure Budget approved by OGMS Resolution no. 6/20.05.2019.

**12. TRADING AND OTHER LIABILITIES**

As of September 30, 2019 and December 31, 2018, trading and other liabilities are as follows:

	<b>September 30, 2019 (unaudited)</b>	<b>December 31, 2018 (audited)</b>
Non-current assets suppliers	13,309,671	14,722,450
Trade payables	87,244,753	60,462,083
Liabilities towards the employees	77,771,582	24,440,168
Payables to the State	18,710,874	89,292,102
Dividends payables	786,526	4,278,146
Other payables	5,486,548	3,912,931
<b>Total</b>	<b>203,309,954</b>	<b>197,107,880</b>

As of December 30, 2019, the main suppliers in balance are: Apele Romane Bucuresti – RON 12,629,859 (December 31, 2018: RON 11,951,605), CANDU Energy – RON 10,646,621 (December 31, 2018: RON 548,822), CIGA Energy S.A. –RON 9,019,759 (December 31, 2018: RON 2,725,636), and General Concrete S.R.L. – RON 5,859,546 (December 31, 2018: RON 5,160,292).

The "Liabilities towards the employee" position includes the amount of RON 68,085,088, representing the commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by OGSM Resolution no. 6/20.05.2019, related to salaries, bonuses, contributions and other allowances and prize-awarding fund, which will be granted by the end of 2019, under the form of bonuses, but which are related to the 9-month period ended on September 30, 2019.

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**13. REVENUES FROM ELECTRICITY SALES***(i) Revenues from electricity sales*

	<b>3-month period that ended on September 30, 2019 (unaudited)</b>	<b>3-month period that ended on September 30, 2018 (unaudited)</b>	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>9-month period ended on September 30, 2018 (unaudited)</b>
Sales of electricity on regulated market	104,041,019	-	105,189,832	-
Sales of electricity on free market	485,349,372	550,504,536	1,661,272,463	1,516,172,136
Sales of thermal energy	221,046	232,331	4,873,635	3,186,170
Revenues from green certificates	6,218	10,397	19,823	13,801
<b>Total</b>	<b>589,617,655</b>	<b>550,747,264</b>	<b>1,771,355,753</b>	<b>1,519,372,107</b>

*(ii) The amount of energy sold*

	<b>3-month period that ended on September 30, 2019 (unaudited)</b>	<b>3-month period that ended on September 30, 2018 (unaudited)</b>	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>The 9-month period ended on September 30, 2018 (unaudited)</b>
Quantity of electricity sold on regulated market (MWh)	552,440	-	558,540	-
Quantity of electricity sold on free market (MWh)	2,152,809	2,731,491	7,244,206	7,837,801
<b>Total</b>	<b>2,705,249</b>	<b>2,731,491</b>	<b>7,802,746</b>	<b>7,837,801</b>

The Company is a participant in the balancing market, but also a Responsible Party in the balancing, according to the conventions concluded with Ciga Energy S.A. The quantity of energy sold presented does not include the quantity of energy corresponding to the income from positive unbalances valued on the Balancing Market, amounting to 21,750 MWh for the 9-month period ended on September 30, 2019 (25,215 MWh for the nine-month period ended on September 30, 2018).

The Company is developing the activity of producing thermal energy by exploiting the energetic capacities corresponding to the units for producing electrical and thermal energy consisting in two heat switches with a full thermal power of 40 Gcal/h and 46.51 MW. The Company delivers thermal energy to the local thermal energy distribution company SC Utilitati Publice SA Cernavoda, as well as to other final consumers in the locality Cernavoda – business entities, social-cultural institutions. The sales of thermal power over the period January 1 - September 30, 2019 amount to RON 4,873,635 (January 1 - September 30, 2018: RON 3,186,170).

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. In 2018 ANRE no longer set for manufacturers delivery obligations under regulated contracts, by abrogating Order no. 83/2013 on the methodology of setting prices for the electricity sold by the manufacturers based on regulated contracts and electricity quantities from the regulated contracts concluded by the manufacturers with last-instance suppliers, after completing the schedule for gradually removing regulated fees. 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, 2019 and February 28, 2022 and introducing as an additional obligation of manufacturers to deliver last-instance suppliers, between March 1, 2019 and February 28, 2022, the electricity that is necessary for ensuring the consumption of household consumers for which regulated fees are applied, ANRE issued Order no. 10/01.02.2019 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.

*The notes on pages 1 - 20 are an integral part of these Simplified Individual Interim Financial Statements.*

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ANRE sets for the manufacturers in the indicated period obligations to sell firm quantities of electricity based on regulated contracts. For 2019, the quantity to be attributed to SNN for regulated contracts is 1,377 GWh (out of which 558.54 GWh for the period January 1 - September 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.

Over the 9-months period that ended on September 30, 2019, the Company sold approximately 7.4% of the energy on the regulated market (the Company did not sell energy on the regulated market in the 9-months period that ended on September 30, 2018). The total quantity of electric power sold over the 9-month period ended on September 30, 2019 is of 7,824,496 MWh, as compared to 7,863,016 MWh, sold over the nine-month period ended on September 30, 2018. The sale price of the electricity on the regulated market in the 9-month period ended on September 30, 2019 is 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.

**14. OTHER INCOMES**

	<b>3-month period ended on September 30, 2019</b>	<b>3-month period ended on September 30, 2018</b>	<b>9-month period ended on September 30, 2019</b>	<b>9-month period ended on September 30, 2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Income from investment subsidies	3,590,074	3,593,811	10,772,665	10,782,379
Revenues from penalties and compensation	1,413,263	2,805,675	1,814,197	18,793,170
Income from reversal of provisions and value adjustments, net	-	4,488,234	-	6,127,112
Other income	3,963,467	2,819,576	17,397,904	10,849,729
<b>Total</b>	<b>8,966,804</b>	<b>13,707,296</b>	<b>29,984,766</b>	<b>46,552,390</b>

**15. OTHER OPERATIONAL COSTS**

	<b>3-month period ended on September 30, 2019</b>	<b>3-month period ended on September 30, 2018</b>	<b>9-month period ended on September 30, 2019</b>	<b>9-month period ended on September 30, 2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Other expenses with services provided by third parties	21,700,597	15,221,815	54,761,194	55,545,762
Expenses with ANDR	24,339,337	24,234,731	73,049,012	72,759,961
Energy and water expenses	20,683,691	20,406,999	58,021,222	57,557,720
Expenses with ANRE contribution	10,626,347	474,979	31,876,042	1,424,937
Fuel and other consumables expenses	8,916,401	7,223,253	32,575,407	23,265,484
Costs of insurance premiums	3,704,397	3,498,162	8,989,236	8,900,559
Transport and telecommunication expenses	2,257,043	1,730,747	6,098,136	4,985,363
Expenses related to provisions and impairments	(5,969,558)	-	4,495,688	-
Other operating expenses	9,491,480	7,849,008	21,315,857	19,874,622
<b>Total</b>	<b>95,749,735</b>	<b>80,639,694</b>	<b>291,181,794</b>	<b>244,314,408</b>

The notes on pages 1 - 20 are an integral part of these Simplified Individual Interim Financial Statements.

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**Expenses with ANDR**

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

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

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

**Expenses with ANRE contribution**

The contribution to ANRE based on the Government Emergency Ordinance no. 114/2018 according to which the Company pays 2% of the turnover achieved from the activities carried out under the licenses held, amounting to RON 31,876,042 (September 30, 2018: RON 1,424,937). For the year 2018, the contribution was paid based on ANRE Order no. 126/2017, which set a percentage of 0.1% of the turnover achieved from the activities carried out under the licenses held.

**Other operating expenses**

The position "Other operating expenses" includes the expenses related to the operating authorizations paid to CNCAN Bucharest amounting to RON 7,434,723 (September 30, 2018: RON 7,455,187).

**16. FINANCIAL INCOMES AND EXPENSES**

	<b>3-month period ended on September 30, 2019 (unaudited)</b>	<b>3-month period ended on September 30, 2018 (unaudited)</b>	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>9-month period ended on September 30, 2018 (unaudited)</b>
Interest income	12,631,458	12,696,243	40,640,174	29,414,521
Foreign exchange gains	1,850,935	5,793,424	8,576,434	35,726,697
Dividends income	-	1,193	-	1,193
<b>Total financial revenues</b>	<b>14,482,393</b>	<b>18,490,860</b>	<b>49,216,608</b>	<b>65,142,411</b>
Foreign exchange losses	(11,569,463)	(11,566,974)	(42,559,992)	(35,520,492)
Interest related expenses	(3,554,144)	(3,863,762)	(11,360,586)	(11,626,209)
<b>Total financial expenses</b>	<b>(15,123,607)</b>	<b>(15,430,736)</b>	<b>(53,920,578)</b>	<b>(47,146,701)</b>
<b>Net financial (expenses)/revenues</b>	<b>(641,214)</b>	<b>3,060,124</b>	<b>(4,703,970)</b>	<b>17,995,710</b>

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**17. INCOME TAX**

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

	<b>3-month period ended on September 30, 2019 (unaudited)</b>	<b>3-month period ended on September 30, 2018 (unaudited)</b>	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>The 9-month months ended on September 30, 2018 (unaudited)</b>
Current income tax expense	31,433,831	33,448,484	102,719,335	81,744,988
Revenue from deferred tax, net	(862,679)	(2,452,651)	(2,686,858)	(2,873,319)
<b>Total</b>	<b>30,571,152</b>	<b>30,995,833</b>	<b>100,032,477</b>	<b>78,871,669</b>

**18. EARNINGS PER SHARE**

As of September 30, 2019 and September 30, 2018, the earning per share is:

*(i) Basic earnings per share*

	<b>3-month months ended on September 30, 2019 (unaudited)</b>	<b>3-month months ended on September 30, 2018 (unaudited)</b>	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>9-month period ended on September 30, 2018 (unaudited)</b>
<b>Net profit in the period</b>	<b>125,284,339</b>	<b>138,681,794</b>	<b>415,945,638</b>	<b>320,996,200</b>
Number of ordinary shares at the beginning of the period	301,513,851	301,513,851	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-	-	-
<b>Weighted-average number of ordinary shares at the end of the period</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>
<b>Basic earnings per share (RON/share)</b>	<b>0.42</b>	<b>0.46</b>	<b>1.38</b>	<b>1.06</b>

*(ii) Diluted earnings per share*

	<b>3-month period ended on September 30, 2019 (unaudited)</b>	<b>3-month period ended on September 30, 2018 (unaudited)</b>	<b>9-month period ended on September 30, 2019 (unaudited)</b>	<b>9-month period ended on September 30, 2018 (unaudited)</b>
<b>Net profit in the period</b>	<b>125,284,339</b>	<b>138,681,794</b>	<b>415,945,638</b>	<b>320,996,200</b>
Number of ordinary shares at the beginning of the period (a)	301,513,851	301,513,851	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-	-	-
Number of ordinary shares at the end of the period (a)	301,513,851	301,513,851	301,513,851	301,513,851
Number of shares corresponding to the prepaid share reserve (b) (see Note 9)	-	-	-	-

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<b>Weighted-average number of ordinary shares (diluted) as of September 30 (a) + (b)</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>	<b>301,513,851</b>
<b>Diluted earnings per share (RON/share)</b>	<b>0.42</b>	<b>0.46</b>	<b>1.38</b>	<b>1.06</b>

**19. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS***(i) Taxation*

The Romanian taxation system is in a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of tax legislation. In some cases, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities together with late payment interest and penalties. In Romania tax periods remain open for tax for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated, and they are not aware of any circumstances which may give rise to a potential material liability in this respect.

On February 29, 2016, the National Agency for Fiscal Administration - the General Directorate against Fiscal Fraud completed the control initiated on September 9, 2015, which had the purpose of checking the commercial transactions carried out by the Company in the period 2011 - 2015 with companies Eco Petroleum S.A. and Oil Prod S.R.L. The control authority proceeded to calculate the Company's tax liabilities jointly due to the state budget in relation to the payment of the excise duties on diesel (by attracting the joint liability) and ruled the imposition of precautionary measures for the amount of RON 1,436,176, representing a percentage of 100% of the equivalent amount of the calculated tax liabilities, amount that is seized at the Treasury.

Upon the request of the General Directorate against fiscal fraud the Company was subjected to a partial tax audit by the National Agency for Fiscal Administration (ANAF) aiming the VAT and excises (diesel, biodiesel and electricity) for the period 2011 - 2012; the tax audit was initiated on March 17, 2016 and completed on March 16, 2017. According to the preliminary tax audit report no. 292/15.03.2017 ANAF established additional payment obligations representing the VAT in amount of 273.425 RON, to which accessories are added. The company lodged partial objections to the preliminary inspection report,

On November 17, 2017, the Company received from ANAF - DGAMC Decision no. 112/15.11.2017 in response to the appeal filed by the Company, whereby the former ruled the annulment, in part, of the Taxation Decision regarding the main tax liabilities related to the differences of the bases of taxation established during the tax inspection for the amount of RON 194,051, representing additional VAT, with the competent tax inspection authorities subsequently proceeding to a new check of the same period and the same type of tax taking into account the legal provisions applicable in the case in question.

Based on the Tax Audit Notice no. F-MC 16/11.01.2018 a control team visited the Company's registered office in order to re-check the VAT for the period 01.01.2011-31.12.2012. The re-verification action ended with the fiscal inspection process F-MC 60/04.04.2018 and the decision regarding the modification of the tax base no. F-MC 117/04.04.2018, through which no value added tax obligations have been established.

On June 18, 2019, the Romanian Court of Accounts, based on Delegation no. IV/40.420/18.06.2016, initiated the "verification of the implementation of the measures ordered by Resolutions no. 14/15.06.2012 and no. 16/11.05.2015".

This action was completed by the «Follow-up report on the implementation of the measures ordered by Resolution no. 14/15.06.2012 (taken over by Resolution no. 14/15.04.2013)», registered with SNN under no. 7506/24.06.2019. The summary of this Report states that out of the 10 measures ordered by the aforementioned Resolution, 8 measures were implemented, and the 2 remaining ones, which were partially performed, are pending resolution in various courts.

Regarding Resolution no. 16/11.05.2015, the "Follow-up report on the implementation of the measures ordered by Resolution no. 16/11.05.2015", was drafted, registered with SNN under no. 7787/01.07.2019. The summary of the Report shows that SNN implemented 11 measures out of the 13 ordered by the aforementioned Resolution. For the



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two measures that were partially ordered, SNN submitted objections with CCR under no. SNN 8302/12.07.2019. This endeavor is ongoing.

During the period 04-13.09.2019, the Romanian Court of Accounts proceeded with the "Verification of the implementation of the measures ordered by Decision no. 5/08.06.2018". The verification action was concluded with "Follow-up Report" no. 10697/13.09.2019. From the summary of the aspects resulting following the action of verification of the implementation of the measures ordered by Decision no. 5/08.06.2019, a total number of 14 measures resulted: 3 measures were canceled, 2 measures were fulfilled and a number of 9 measures were implemented in part, of which 5 measures were granted an extension of the implementation term, by Decision no. 5/2/14.10.2019. Against the Follow-up Report, SNN filed objections registered with SNN under no. 11266/09.26.2019.

***(ii) Other check-ups***

During the period 10.01.2018-04.05.2018, the Romanian Court of Accounts carried out a control on the topic "Control regarding the situation, evolution and manner of administration of the public and private patrimony of the state, as well as the legality of the income earned and the expenses incurred", finalized by the Control Report no. 5.445/04.05.2018 and issued the Decision no. 5/08.06.2018. The Company filed a complaint against this decision as a result of which the Commission for the settlement of the appeals issued the Decision no. 29 / 31.07.2018. Currently, the Company is in litigation with the Court of Accounts on the measures ordered by the aforementioned decision.

During the period 27.03.2018-24.08.2018 the Prime Minister's Control Body carried out a control with the following objectives: verification of compliance with the legal provisions regarding the organization and functioning of the entity, of the managerial activity regarding the operation of Cernavoda Nuclear Power Plant units 1 and 2, verification of compliance with corporate governance rules, verification of compliance with legal provisions regarding the award, execution and performance of contracts, verification of compliance with legal provisions regarding the income set and earned, and regarding the engagement and incurring of expenses, the status of the litigations pending before the courts of law. This control was finalized with the Inspection report no.127 / 04.01.2019 to which the Company formulated a point of view with Letter no. 1465 / 02.05.2019.

On the basis of the FMC Tax Inspection Notice 163 / 23.07.2018, on 23.08.2018, a control team came to the Company's headquarters to audit the income tax for the period 2012-2017, the tax on the income earned by non-resident persons in Romania, the income from dividends received in Romania by non-residents and the income from royalties obtained in Romania by non-residents for the period 2015-2017, VAT for the period 2013-2017, tax on interest income obtained in Romania by non-resident persons for the period 2015-2017. We mention that at the date of this tax inspection, it is ongoing.

***(iii) Insurance policies***

As of September 30, 2019, the following operational insurance policies are in force:

- Property insurance policy for material damages, all risks, including mechanical and electrical destruction (for CNE Cernavoda Units 1 and 2 and FCN Pitesti). The compensation limit is subject to a maximum of USD 1.560 million per year for all losses.
- Third party liability insurance for nuclear damages. The compensation limit is DST 300 million (for CNE Cernavoda Units 1 and 2).
- Civil / professional liability insurance policy for SNN directors and officers ("D&O") for a liability limit (insured amount of EUR 33).

***(iv) Environmental issues***

The Company recorded no liability as of September 30, 2019 and December 31, 2018 for any anticipated costs relating to environmental issues, including legal and consulting fees, site studies, the design and implementation of remediation plans. The responsibility for decommissioning of nuclear installations was taken over by ANDR (see Notes 4 and 15).

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The management considers that the nuclear plant fully complies with the Romanian and international environmental standards and estimates that additional costs associated with environmental compliance as of September 30, 2019 are not significant.

However, enforcement of environmental regulations in Romania is evolving and their application by the government authorities is continuously being reconsidered. The Group periodically assesses its obligations under environmental regulations. The established obligations are acknowledged immediately. Potential liabilities, which might arise because of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be significant. In the current enforcement climate under existing legislation, the Group's management believes that there are no significant liabilities for environmental damage.

### ***(v) Ongoing litigations***

Over the first 9 months of 2019, the Company was involved in a number of legal proceedings arising during its normal course of business. The management of the Group regularly analyses the ongoing litigation and, after consulting with its legal advisers and lawyers, decides whether to create a provision for the amounts involved or to present them in the financial statements.

In the opinion of the Company's management, there are no current legal actions or claims, which might have significant effects on the financial earnings and the financial position of the Company that has not been presented in these financial statements.

### ***(vi) Commitments***

As of December 30, 2019, the total amount of commitments is fully reflected under the position "*Trading and other liabilities*", representing capital and operating expenses.

### ***(vii) Guarantees***

Trading of electricity produced on platforms operated by OPCOM, assume that for some transactions the Company must provide letters of guarantee for participation in certain markets such as DAM (Day After Market) and IM (Intra-day Market), auctions (PCSU—Centralized Market for Universal Service) or in favor of clients (PCCB-NC - Centralized Market for Bilateral Contracts with Continuous Negotiation, PCCB-LE - Centralized Market for Bilateral Contracts through Extended Auctions and PCSU - Centralized Market for Universal Service).

As of September 30, 2019, the total value of letters of bank guarantee issued in favor of customers for contracts concluded on PCCB-NC, PCCB-LE and PCSU amounts to RON 38.87 million, and in favor of clients for contracts concluded on the regulated markets in value of RON 20.01, and in favor of OPCOM for the participation to DAM and IM amounted to RON 36.28 million.

Moreover, as of September 30, 2019 the Company has established letters of guarantee issued in favor of Transelectrica S.A. and Ciga Energy S.A. amounting to RON 1.5 million, with the role of ensuring the liquidity on the Balancing Market, through the establishment by each of Party Responsible for Balancing of a financial guarantee in favor of Transelectrica S.A. and Ciga Energy S.A., respectively, on the account of the Convention of the Party Responsible for the Balancing concluded between the Company as license holder and Transelectrica S.A. and Ciga Energy S.A., respectively.

For all these letters of guarantee, the Company established collateral deposits at banks issuing the letters of guarantee.

As of September 30, 2019 the Company has established a Treasury deposit in the amount of RON 1,436,176, standing for the liens according to the decision made by ANAF - General Directorate against tax fraud.

As of September 30, 2019, the value of the bank guarantee letters issued by clients in favor of the Company for the

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contracts concluded on PCCB-NC, PCCB-LE and PCSU is in amount of RON 229,10 million. These guarantees cover the risk of unfulfilling the contractual obligations assumed by the clients through the energy sale contracts.

**20. SUBSEQUENT EVENTS**

No elements such as subsequent events were identified.

**Cosmin Ghita**  
**Chief Executive Officer**

**Adrian Gabriel Dumitriu**  
**Financial Manager**