



**Current report in compliance with the financial calendar announced by Societatea Nationala Nuclearelectrica SA and the provisions of ASF Regulation no. 5/2018**

**Report date: 26.02.2020**

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

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

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

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

**Order number: J40/7403/1998**

**Subscribed and paid share capital: RON 3.015.138.510**

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

**To: Bucharest Stock Exchange  
Financial Supervisory Authority**

**Important event to be reported :**

**The Preliminary Unaudited Individual Financial Statements as at and for the financial year ended at 31 December 2019**

Societatea Nationala Nuclearelectrica S.A. (“SNN”) informs the public and investors on the availability of the Preliminary Unaudited Individual Financial Statements as at and for the financial year ended at 31 December 2019, starting with **February 26<sup>th</sup>, 2020**, as follows:

- At S.N. Nuclearelectrica S.A. Headquarters, 65 Polona Street, District 1, Bucharest;
- Electronically on the company’s website, in the “Investor Relations – 2019 Financial Results” section ([www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)).

**Main results**

<b>Indicator (thousand lei)*</b>	<b>2019 (unaudited)</b>	<b>2018 (audited)</b>	<b>Var %</b>
Operating revenues, out of which:	2.417.533	2.178.873	11,0%
<i>Sales of electricity **)</i>	2.365.564	2.116.992	11,7%
Operating expenses	(1.225.400)	(1.089.368)	12,5%
<b>EBITDA</b>	<b>1.192.133</b>	<b>1.089.505</b>	<b>9,4%</b>
Depreciation and amortization	(555.610)	(552.965)	0,5%
<b>EBIT</b>	<b>636.523</b>	<b>536.540</b>	<b>18,6%</b>
Net finance cost	1.850	36.083	(94,9%)
Income tax expense	(97.430)	(162.012)	(39,9%)
<b>Net profit</b>	<b>540.943</b>	<b>410.611</b>	<b>31,7%</b>

*\*) Extract from the preliminary unaudited individual financial statements as at and for the financial year ended at 31 December 2019*

*\*\*\*) Including the revenue from the sale of thermal energy, insignificant in total revenue*

Additional information may be obtained at : [investor.relations@nuclearelectrica.ro](mailto:investor.relations@nuclearelectrica.ro)

**Cosmin Ghita**  
CEO

**Societatea Nationala NUCLEARELECTRICA S.A.**  
65 Polona Street, District 1, 010494, Bucharest, Romania; Tel +4021 203 82 00, Fax +4021 316 94 00;  
Trade Registry number: J40/7403/1998, Sole registration code: 10874881,  
Paid and subscribed capital: 3.015.138.510 lei  
[office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro), [www.nuclearelectrica.ro](http://www.nuclearelectrica.ro)



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

### **Unaudited Preliminary Individual Financial Statements as at and for the year ended on December 31<sup>st</sup>, 2019**

Prepared in accordance with  
the Public Finances Minister's Order no. 2.844/2016 on the approval  
of the accounting regulations compliant with the  
International Financial Reporting Standards adopted by the  
European Union (IFRS-EU)

**S.N. Nuclearelectrica S.A.**Preliminary Individual Statement for financial position on December 31<sup>st</sup>, 2019*(All amounts are presented in RON, unless otherwise indicated)*

	Note	December 31 <sup>st</sup> , 2019 (unaudited)	December 31 <sup>st</sup> , 2018 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	4	6,056,155,884	6,364,461,135
Intangible assets		60,760,656	54,834,052
Financial assets	5	42,836,031	110,474,559
Financial investments	6	141,666,101	141,666,101
<b>Total non-current assets</b>		<b>6,301,418,672</b>	<b>6,671,435,847</b>
<b>Current assets</b>			
Inventories	7	405,854,757	368,742,400
Trade receivables and other receivables		217,328,609	183,694,590
Payments made in advance		31,690,735	10,201,321
Bank deposits	8	58,879,494	20,954,979
Cash and cash equivalents	8	1,793,400,092	1,611,175,766
<b>Total current assets</b>		<b>2,507,153,687</b>	<b>2,194,769,056</b>
<b>Total assets</b>		<b>8,808,572,359</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		227,996,066	257,407,532
Retained earnings		3,848,544,370	3,658,054,141
<b>Total equity</b>	9	<b>7,340,209,375</b>	<b>7,179,130,612</b>
<b>Liabilities</b>			
<b>Long-term debts</b>			
Long term loans		499,908,597	683,967,469
Provisions for risks and expenses	10	213,470,997	182,883,283
Deferred revenues		100,412,631	114,757,293
Deferred tax liability		81,704,350	102,644,715
Obligations regarding employees benefits		41,621,644	38,617,348
<b>Total long term liabilities</b>		<b>937,118,219</b>	<b>1,122,870,108</b>
<b>Current liabilities</b>			
Accounts payable and other liabilities		216,852,097	197,107,880
The current share of provisions for risks and expenses	10	59,442,649	33,831,052
Current tax liability		14,189,125	98,958,158
Deferred revenues		27,869,602	30,913,233
Current portion of long-term loans		212,891,292	203,393,860
<b>Total current liabilities</b>		<b>531,244,765</b>	<b>564,204,183</b>
<b>Total liabilities</b>		<b>1,468,362,984</b>	<b>1,687,074,291</b>
<b>Total equities and liabilities</b>		<b>8,808,572,359</b>	<b>8,866,204,903</b>

This a free translation from the Romanian version.

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**S.N. Nuclearelectrica S.A.**Preliminary Individual Financial Statement of the profit or loss for the year ended on December 31<sup>st</sup>, 2019*(All amounts are presented in RON, unless otherwise indicated)*

	<b>Note</b>	<b>2019</b> <b>(unaudited)</b>	<b>2018</b> <b>(audited)</b>
<b>Revenues</b>			
Sales of electricity	<b>11</b>	2,365,563,574	2,166,991,679
Proceeds from electric power transmission		12,208,626	11,676,332
<b>Total revenues</b>		<b>2,377,772,200</b>	<b>2,128,668,011</b>
Other revenues		39,761,106	50,205,424
<b>Operational expenses</b>			
Depreciation and amortization	<b>4</b>	(555,609,729)	(552,964,849)
Personnel expenses		(425,621,878)	(388,847,183)
Cost of traded electricity		(84,160,189)	(56,929,750)
Repairs and maintenance		(63,471,464)	(81,425,822)
Electricity transmission expenses		(12,208,626)	(11,676,332)
Cost of spare parts		(16,311,832)	(15,768,637)
Cost of nuclear fuel		(106,241,196)	(101,991,877)
Other operating expenses	<b>12</b>	(517,386,031)	(432,728,895)
<b>Total operating expenses</b>		<b>(1,781,010,945)</b>	<b>(1,642,333,345)</b>
<b>Operating profit</b>		<b>636,522,361</b>	<b>536,540,090</b>
Financial expenses		(65,486,790)	(58,855,609)
Financial revenues		67,336,735	94,938,793
<b>Net financial result</b>	<b>13</b>	<b>1,849,945</b>	<b>36,083,184</b>
<b>Profit before income tax</b>		<b>638,372,306</b>	<b>572,623,274</b>
Net profit tax expenses		(97,429,729)	(162,012,059)
<b>Net profit</b>		<b>540,942,577</b>	<b>410,611,215</b>

The Unaudited Preliminary Individual Financial Statements presented on page 1 to 12 have been signed on February 24th, 2020 by:

**Cosmin Ghita**  
Chief Executive Officer

**Adrian Gabriel Dumitriu**  
Chief Financial Officer

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**S.N. Nuclearelectrica S.A.**Preliminary Individual Financial Statement of the comprehensive income for the year ended on December 31<sup>st</sup>, 2019*(All amounts are presented in RON, unless otherwise indicated)*

Note	2019 (unaudited)	2018 (audited)
<b>Profit of the financial year</b>	<b>540,942,577</b>	<b>410,611,215</b>
<b>Other elements of the global result</b>		
Revenue from revaluation of buildings and land, net	35,013,650	55,471,628
Deferred tax related to the revaluation reserve	(5,602,184)	(8,875,461)
Actuarial (loss) on defined benefits plan	(625,400)	(5,393,764)
<b>Other elements of the global result</b>	<b>569,728,643</b>	<b>41,202,404</b>
<b>Total comprehensive income for the financial year</b>	<b>540,942,577</b>	<b>451,813,619</b>
<b>Earnings per share</b>		
Basic earnings per share (RON/share)	<b>1.79</b>	<b>1.36</b>
Diluted earnings per share (RON/share)	<b>1.79</b>	<b>1.36</b>

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

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 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 has as main scope of business 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 main activity of the Company consists in electricity and thermal energy production by nuclear processes. The main place of business is within the Branch CNE Cernavoda, 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). CANDU nuclear bundles are produced by the Company at FCN Pitesti branch.

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

### **2. BASIS OF PREPARATION**

#### **a) Declaration of conformity**

The Preliminary Unaudited Individual Financial Statements have been prepared based on the Public Finance Minister's Order no. 2.844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards ("IFRS"), as further amended ("OMPF 2.844/2016"). As per the OMPF 2.844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and of the Council dated on 19 July 2002 regarding the application of the international accounting standards.

**These Unaudited Preliminary Individual Financial Statements have been drawn-up prior to the completion of all internal review and analysis procedures, as well as prior to the completion of the independent audit and, as such, may be subjected to changes; at the same time, these statements do not include the information required for a complete set of financial statements, as defined by IFRS.**

**The Financial Statements shown here include only a Preliminary individual Statement of Financial Position, a Preliminary Individual Statement of Financial Performance, a Preliminary Individual Statement of Comprehensive Income and Explanatory Notes to the Unaudited Preliminary Individual Financial Statements drawn up for the financial year ended on December 31<sup>st</sup>, 2019.**

The Unaudited Preliminary Individual Financial Statements as of and for the financial year ended on December 31<sup>st</sup>, 2019 have not been audited nor reviewed by an independent auditor.

These Unaudited Preliminary Individual Financial Statements have been authorized for issue and signed on February 24<sup>th</sup>, 2020 by the management of the Company.

*Notes on pages 1-14 are an integral part of these Unaudited Preliminary Individual Financial Statements*

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## S.N. Nuclearelectrica S.A.

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2019

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

### b) Use of estimates and professional judgments

Preparing these Unaudited Preliminary Individual 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these Unaudited Preliminary Individual Financial Statements are the same as those applied in the Individual Financial Statements on the date and for the financial year that ended on December 31<sup>st</sup>, 2018.

### 4. TANGIBLE ASSETS

In accordance with the accounting policies in force applied by the Company, the land, buildings and constructions are stated at fair value.

Revaluations are made with sufficient regularity, in order to ensure that the book value does not significantly differ from what would have been determined using the fair value at the end of the reporting period; thus, the tangible assets highlighted at fair value were revalued on December 31<sup>st</sup>, 2018 by an independent appraiser (Primoval S.R.L., member of the National Association of Romanian Authorized Valuers - ANEVAR). Prior to this revaluation, the lands and constructions were revalued on December 31<sup>st</sup>, 2015, the special constructions were revalued on December 31<sup>st</sup>, 2013, the administrative buildings on December 31<sup>st</sup>, 2002, and the lands on December 31<sup>st</sup>, 2009.

### 5. FINANCIAL ASSETS

On December 31<sup>st</sup>, 2019, in the position of "Financial Assets", the Company records the letters of bank guarantee guaranteed by collateral deposit, the maturity whereof is more than 12 months, the contribution as a member in: The European Mutual Insurance Association for Civil Liability for Nuclear Damage ("ELINI"), the Romanian Commodity Exchange and the Romanian Atomic Forum - Romatom.

	<b>December 31<sup>st</sup>, 2019</b>	<b>December 31<sup>st</sup>, 2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Bank deposits due within 12 months*)	37,780,000	105,418,528
ELINI contribution	5,032,931	5,032,931
Contribution to the Romanian Commodity Exchange**)	23,000	23,000
Romatom contribution**)	100	100
<b>Total</b>	<b>42,836,031</b>	<b>110,474,559</b>

\*) The letters of bank guarantee with collateral deposit are set up in favour of OPCOM, Transelectrica and CIGA Energy.

\*\*\*) The BRM and Romatom contributions were transferred on December 31<sup>st</sup>, 2018 from the position of "Financial investments" to the position of "Financial assets".

Notes on pages 1-14 are an integral part of these Unaudited Preliminary Individual Financial Statements

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

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2019

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

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### **6. FINANCIAL INVESTMENTS**

On December 31<sup>st</sup>, 2019, the Company records in the position of "Financial investments" the investment held in the subsidiary Energonuclear SA.

*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 its headquarters in Bucharest, 2<sup>nd</sup> District, 5 – 7 Vasile Lascar Street, 3<sup>rd</sup> floor and registered with the Trade Register under number J40/3999/March 25<sup>th</sup>, 2009, having the sole registration code 25344972, fiscal attribute RO. The main business of Energonuclear consists in "Engineering activities and technical consultancy related to it" – NACE Code 7112.

On December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018, the Company owns 100% of the share capital of EnergoNuclear S.A. The value of participation as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 amounts to RON 141,666,101.

By the Decision of the Prime Minister no. 318 of December 18<sup>th</sup>, 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").

Over the period January 21<sup>st</sup> - 23<sup>rd</sup>, 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.

During the meeting held on February 4<sup>th</sup>, 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<sup>th</sup>, 2019, the discussions regarding the IA in preliminary form, and the AI of JVCo were finalized.

On May 8<sup>th</sup>, 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/July 29<sup>th</sup>, 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.:

- By the EGMS Resolution of SNN no. 4/July 11<sup>th</sup>, 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 December 31<sup>st</sup>, 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 129,787, capitalized.

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

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2019

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

The management of the company deems realistic the increase of the production capacity, based on the following premises:

- UE undertakes to implement, by the year of 2050, a neutral economy CO<sub>2</sub> emission-wise;
- Nuclear power is a key contributor to the reduction of the CO<sub>2</sub> emissions. Without the nuclear component, the programme of reduction of the CO<sub>2</sub> emissions cannot be implemented;
- Romania must implement a programme of support of the new electric power generating capacities without CO<sub>2</sub> emissions for the period 2021-2030;
- The nuclear industry is in an advanced stage of identification of technical solutions providing the flexibility of the electric power production, having thus a potential to compensate for the volatility of the renewable sources;
- Romania deems the energetic independence a competitive advantage that needs to be developed;
- Romania is a country with economic development potential, with an ascending trend of electricity consumption;
- The financial markets are characterized by a deficit of financial investments, inducing a low level of the interests, a situation that favors the launch of major investment projects

**7. INVENTORIES**

On December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 the items of inventories are as follows:

	<b>December 31<sup>st</sup>, 2019</b>	<b>December 31<sup>st</sup>, 2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Spare parts	136,634,632	141,293,048
Consumables and other materials	50,417,391	40,636,148
Nuclear fuel	158,815,593	134,039,382
Uranium	55,554,976	38,490,987
Other inventories	4,432,165	14,282,835
<b>Total</b>	<b>405,854,757</b>	<b>368,742,400</b>

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

On December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018, the cash and cash equivalents are as follows:

	<b>December 31<sup>st</sup>, 2019</b>	<b>December 31<sup>st</sup>, 2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Cash and cash equivalents in RON	1,767,389,458	1,606,936,087
Cash and cash equivalents in foreign currencies	26,010,634	4,239,679
<b>Total cash and cash equivalents</b>	<b>1,793,400,092</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 1,604,778,300 (December 31<sup>st</sup>, 2019: RON 1,438,730,983), as well as the amount of RON 840,891 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31<sup>st</sup>, 2018: RON 2,945,617).

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

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2019

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

On December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018, all bank deposits presented in the "Bank Deposits" position are in RON, representing collateral bank deposits related to letters of bank guarantee with the initial maturity between 3 months and one year:

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

On December 31<sup>st</sup>, 2019, the Company holds letters of guarantee issued by different banks at the request of the Company in favor of third parties, with a total value of RON 96,659,494 (December 31<sup>st</sup>, 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<sup>st</sup>, 2018: RON 0) related to letters of bank guarantee with maturity of less than 3 months, RON 58,879,494 under the "Bank deposits" position (December 31<sup>st</sup>, 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<sup>st</sup>, 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.

**9. EQUITY****Share capital**

The Company was established through separation from the former Autonomous Electricity Administration ("RENEL"). The share capital represents the State's contribution to the Company's constitution on 30 June 1998 (restated with inflation up to December 31<sup>st</sup>, 2003) plus subsequent increases.

As at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 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>December 31<sup>st</sup>, 2019</b>	<b>December 31<sup>st</sup>, 2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Subscribed and paid in share capital (nominal value)	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 at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 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 10 RON each.

The holders of ordinary shares are entitled to receive dividends, as they are reported from time to time, and one vote per share at the General Meetings of Shareholders.

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

Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2019

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

The shareholding structure on December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 is as follows:

<b>Shareholders</b>	<b>Number of shares December 31<sup>st</sup>, 2019</b>	<b>% of the share capital</b>	<b>Number of shares December 31<sup>st</sup>, 2018</b>	<b>% of the share capital</b>
The Romanian State - Ministry of Energy*)	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,268,355	7.0539%	21,268,355	7.0539%
Other shareholders	31,508,877	10.4502%	31,508,877	10.4502%
<b>Total</b>	<b>301,513,851</b>	<b>100%</b>	<b>301,513,851</b>	<b>100%</b>

\*) Starting with February 11<sup>th</sup>, 2020, the shares held by the Romanian State via the Ministry of Energy are transferred to the Romanian State via the Ministry of Economy, Energy and Business Environment, as a result of the implementation of the provisions of the Government Emergency Ordinance no. 68/ November 6<sup>th</sup>, 2019.

**Reserve paid in advance**

The prepaid reserve amounts to RON 21,553,537 as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 and represent objectives of public utility at Cernavodă NPP branch (RON 5,439,321 as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018), budgetary allocations for the period 2007-2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavodă (RON 16,114,216 as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018).

**Revaluation reserve**

As at December 31<sup>st</sup>, 2019 the revaluation reserve amounts to RON 227,996,066 (December 31<sup>st</sup>, 2018: RON 257,407,532), net of deferred tax related to the revaluation reserve.

The Company admitted to a decrease of the revaluation reserve amounting to RON 29,411,466 due to the carry forward of this sum to the retained earnings.

**Retained earnings**

During the financial year ended on December 31<sup>st</sup>, 2019, the Company declared dividends in the amount of RON 378,914,310 distributed from the net profit of the financial year of 2018, according to the Resolution of the Ordinary General Meeting of the Shareholders no. 5/April 23<sup>rd</sup>, 2019 (December 31<sup>st</sup>, 2018: RON 756,799,766, of which RON 271,362,466 distributed from the net profit of the financial year of 2017, according to the Resolution of the Ordinary General Meeting of the Shareholders no. 5/April 25<sup>th</sup>, 2018 and RON 485,437,300 according to the Resolution of the General Meeting of the Shareholders no. 13/December 10<sup>th</sup>, 2018, distributed according to the provisions of art. II and Art. III of Government Emergency Ordinance no. 29/2017, from "Other reserves representing funds for own financing sources"). Unpaid net dividends as at December 31<sup>st</sup>, 2019 amounted to RON 655,353 (December 31<sup>st</sup>, 2018: RON 684,121).

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

**10. PROVISIONS FOR RISKS AND EXPENSES**

On December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018, respectively, the Company confirmed the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	<u>December 31<sup>st</sup>, 2019</u>	<u>December 31<sup>st</sup>, 2018</u>
	<u>(unaudited)</u>	<u>(audited)</u>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	69,361,429	60,633,302
Obligations regarding the low and medium radioactive and non-radioactive waste	97,050,892	97,648,239
Salary increase litigation provision	87,801,325	34,937,153
Employees' participation to the profit	18,700,000	16,000,000
Provisions for litigations	-	7,495,641
<b>Total</b>	<b><u>272,913,646</u></b>	<b><u>216,714,335</u></b>

On December 31<sup>st</sup>, 2019, the provisions in the total amount of RON 272,913,646 represent long-term and short-term liabilities, as follows:

	<u>Long-term share</u>	<u>Current share</u>
	<u>(&gt; 1 year)</u>	<u>(&lt; 1 year)</u>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	37,942,402	31,419,027
Obligations regarding the low and medium radioactive and non-radioactive waste	87,727,270	9,323,622
Salary increase litigation provision	87,801,325	-
Employees' participation to the profit	-	18,700,000
Provisions for litigations	-	-
<b>Total</b>	<b><u>213,470,996</u></b>	<b><u>59,273,031</u></b>

"Salary increase litigation provision" position represents the forecast of the effects of litigations initiated by Unions against the Company, CNE Cernavoda Union and Sindicatul Liber Energetica Nucleara '90 Union, with regard to the allowance for nuclear risk, as a salary increase.

**11. REVENUES FROM ELECTRICITY SALES**

	<u>2019</u>	<u>2018</u>
	<u>(unaudited)</u>	<u>(audited)</u>
<b>Revenues from electricity sales</b>		
Sales of electricity on regulated market	259,323,436	-
Sales of electricity on free market	2,099,883,595	2,112,000,139
Sales of thermal energy	6,329,627	4,970,369
Revenues from green certificates	26,916	21,171
<b>Total</b>	<b><u>2,365,563,574</u></b>	<b><u>2,116,991,679</u></b>
<b>The amount of energy sold</b>		
Quantity of electricity sold on regulated market (MWh)	1,376,963	-
Quantity of electricity sold on free market (MWh)	9,245,123	10,642,623
<b>Total</b>	<b><u>10,622,086</u></b>	<b><u>10,642,623</u></b>

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

The Company is a participant in the balancing market, according to the convention of participation in the balancing market concluded with C.N. Transelectrica S.A. and set up a security in the amount of RON 50,000, valid until May 25<sup>th</sup>, 2020 and is a member of PRE Ciga Energy SA, in virtue of the contract concluded with Ciga Energy S.A. of supply of the representation service as party in charge of balancing (PRE), in reference to which it set up securities amounting to RON 1,450,000, valid until November 27<sup>th</sup>, 2020.

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 30,137 MWh for the fiscal year ended on December 31<sup>st</sup>, 2019 (33,556 MWh for the year ended on December 31<sup>st</sup>, 2018).

**12. OTHER OPERATING EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Expenses with third parties services	88,765,344	80,872,954
Expenses with ANDR	98,249,692	97,237,719
Energy and water expenses	79,490,421	78,040,404
Fuel and other consumables expenses	41,657,189	32,351,528
Expenses on the ANRE contribution	42,501,390	-
Costs of insurance premiums	12,701,686	12,433,430
Transport and telecommunication expenses	8,754,541	6,616,390
Tax on buildings expenses	55,838,095	55,772,410
Expenses related to provisions and impairments, net	49,123,571	38,064,930
Other operating expenses	40,304,102	31,339,130
<b>Total</b>	<b>517,386,031</b>	<b>432,728,895</b>

**Expenses with ANDR**

Starting with 2007, following the Government Decision no. 1080/September 5<sup>th</sup>, 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 net electricity generated and delivered in the system;
- contribution for the permanent storage of radioactive waste of 1,4 EUR/MWh of net 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.

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Explanatory Notes to the Unaudited Preliminary Individual Financial Statements prepared for the year ended on December 31<sup>st</sup>, 2019

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**13. FINANCIAL INCOMES AND EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Interest income	54,618,436	45,165,435
Foreign exchange gains	12,717,011	49,772,165
Dividends income	1,288	1,193
<b>Total financial revenues</b>	<b>67,336,735</b>	<b>94,938,793</b>
Foreign exchange losses	(49,088,767)	(42,194,580)
Interest related expenses	(16,398,023)	(16,661,029)
<b>Total financial expenses</b>	<b>(65,486,790)</b>	<b>(58,855,609)</b>
<b>Net financial income</b>	<b>1,849,945</b>	<b>36,083,184</b>

**14. SUBSEQUENT EVENTS**

Until the date of preparation of these preliminary financial statements, no significant subsequent events have occurred.

**Cosmin Ghita**  
Chief Executive Officer

**Adrian Gabriel Dumitriu**  
Chief Financial Officer

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