



S.N. Nuclearelectrica S.A.

Individual Interim Financial Statements as of and for the 6 months period ended on June 30, 2020

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, in virtue of the International Accounting Standard
34 – "Interim Financial Reporting"

S.N. Nuclearelectrica S.A.

Individual statement of financial position as at June 30, 2020

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

	Note	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Assets			
Non-current assets			
Tangible assets	4	5,843,295,862	6,056,697,319
Intangible assets	5	57,592,452	60,760,656
Financial assets		6,506,031	42,836,031
Financial investments	6	141,666,101	141,666,101
Total non-current assets		6,049,060,446	6,301,960,107
Current assets			
Inventories	7	382,649,919	405,167,792
Trade receivables and other receivables	8	163,450,660	220,284,169
Payments made in advance		55,561,951	31,416,822
Bank deposits	9	769,769,000	58,879,494
Cash and cash equivalents	9	1,087,718,980	1,793,145,389
Total current assets		2,459,150,510	2,508,893,666
Total assets		8,508,210,956	8,810,853,773
Equity and liabilities			
Equity			
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		213,535,889	227,996,066
Retained earnings		3,697,414,658	3,843,269,056
Total equity	10	7,174,619,486	7,334,934,061
Liabilities			
Long-term debts			
Long term borrowings	12	396,048,119	499,908,597
Provisions for risks and expenses	13	220,698,799	213,470,997
Deferred revenues		93,240,300	100,412,631
Deferred tax liability		80,800,751	80,743,008
Obligations regarding employees benefits		41,621,644	41,621,644
Total long-term liabilities		832,409,613	936,156,877
Current liabilities			
Accounts payable and other liabilities	14	177,003,311	220,236,112
The current share of provisions for risks and expenses	13	58,601,747	65,442,649
Current tax liability		21,331,511	13,329,182
Deferred revenues		31,825,262	27,863,600
Current portion of long-term loans	12	212,420,026	212,891,292
Total current liabilities		501,181,857	539,762,835
Total liabilities		1,333,591,470	1,475,919,712
Total equities and liabilities		8,508,210,956	8,810,853,773

S.N. Nuclearelectrica S.A.

Individual statement on the profit or loss and other the comprehensive income for the 6-month period that ended on June 30, 2020

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

	Note	3 months period ended on June 30, 2020 (unreviewed)	3 months period ended on June 30, 2019 (unreviewed)	6 months period ended on June 30, 2020 (reviewed)	6 months period ended on June 30, 2019 (reviewed)
Incomes					
Income from energy sales	15	531,983,362	516,302,109	1,157,519,471	1,181,738,098
Proceeds from electric power transmission		3,446,749	2,568,964	7,147,942	5,803,810
Total revenues		535,430,111	518,871,073	1,164,667,413	1,187,541,908
Other revenues	16	10,761,832	11,681,477	18,317,334	21,017,962
Operational expenses					
Depreciation and amortization		(140,642,675)	(138,480,117)	(278,255,370)	(274,872,313)
Personnel expenses	17	(105,260,062)	(118,348,313)	(218,531,117)	(233,780,362)
Cost of traded electricity		(8,349,149)	(36,640,275)	(10,364,181)	(42,201,756)
Repairs and maintenance		(9,762,546)	(21,830,278)	(22,126,234)	(31,603,656)
Electricity transmission expenses		(3,446,749)	(2,568,964)	(7,147,942)	(5,803,810)
Cost of spare parts		(5,748,783)	(6,078,907)	(8,302,222)	(9,774,582)
Cost of nuclear fuel		(33,239,248)	(22,683,004)	(64,589,721)	(50,905,952)
Other operating expenses	18	(93,699,488)	(105,958,539)	(185,058,639)	(195,432,059)
Total operating expenses		(400,148,700)	(452,588,397)	(794,375,426)	(844,374,490)
Operating result		146,043,243	77,964,153	388,609,321	364,185,380
Financial expenses		(12,995,664)	(7,012,346)	(22,579,743)	(38,796,971)
Financial revenues		20,736,178	20,428,268	47,188,667	34,734,215
Net financial result	19	7,740,514	13,415,922	24,608,924	(4,062,756)
Profit before profit tax		153,783,757	91,380,075	413,218,245	360,122,624
Net income tax expense	20	(25,613,252)	(20,004,197)	(69,995,798)	(69,461,325)
Profit for the period		128,170,505	71,375,878	343,222,447	290,661,299

The Interim Individual Financial Statements presented on page 1 to 35 were signed on August 10, 2020.

Cosmin Ghita
Chief Executive Officer

Paul Ichim
Chief Financial Officer

S.N. Nuclearelectrica S.A.

Individual statement on the profit or loss and other comprehensive income for the 6-month period that ended on June 30, 2020

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

	Note	3 months period ended on June 30, 2020 (unreviewed)	3 months period ended on June 30, 2019 (unreviewed)	6 months period ended on June 30, 2020 (reviewed)	6 months period ended on June 30, 2019 (reviewed)
Profit for the period		128,170,505	71,375,878	343,222,447	290,661,299
Comprehensive income					
Items that will not be reclassified in the profit and loss account					
Transfer of the revaluation reserve to the result carried forward, without deferred tax		7,181,218	7,355,449	14,460,177	14,720,731
Result carried forward from other adjustments		(5,115,626)	-	(5,115,626)	-
Total comprehensive income		2,065,592	7,355,449	9,344,551	14,720,731
Total comprehensive income for the period		130,236,097	78,731,327	352,566,998	305,382,030
Earnings per share					
Basic earnings per share (RON/share)	11	0.43	0.24	1.14	0.96
Diluted earnings per share (RON/share)	11	0.43	0.24	1.14	0.96

S.N. Nuclearelectrica S.A.

Individual statement of changes in equity for the 6-month period ended on June 30, 2020

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

	Share capital	Share premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
Balance as at January 1, 2020 (audited)	3,210,641,253	31,474,149	21,553,548	227,996,066	3,843,269,056	7,334,934,061
Comprehensive income						
<i>Period profit</i>	-	-	-	-	343,222,447	343,222,447
<i>Comprehensive income</i>						
Transfer of the revaluation reserve to the result carried forward, without deferred tax	-	-	-	(14,460,177)	14,460,177	-
Result carried forward from other adjustments	-	-	-	-	(5,115,626)	(5,115,626)
Total comprehensive income for the period	-	-	-	(14,460,177)	352,566,998	338,106,821
Transactions with the shareholders, recognized only in equity						
Distributed dividends	-	-	-	-	(498,421,396)	(498,421,396)
Transactions with the shareholders, acknowledged only in equity	-	-	-	-	(498,421,396)	(498,421,396)
Balance as of June 30, 2020 (reviewed)	3,210,641,253	31,474,149	21,553,548	213,535,889	3,697,414,658	7,174,619,486

S.N. Nuclearelectrica S.A.

Individual statement of changes in equity for the 6-month period ended on June 30, 2019

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

	Share capital	Share premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
Balance as of January 1, 2019 (audited)	3,210,641,253	31,474,149	21,553,537	257,407,532	3,658,054,141	7,179,130,612
Comprehensive income						
<i>Profit for the period</i>	-	-	-	-	290,661,299	290,661,299
<i>Comprehensive income</i>						
Transfer of the revaluation reserve to the result carried forward, without deferred tax	-	-	-	(14,720,731)	14,720,731	-
Total comprehensive income for the period	-	-	-	(14,720,731)	305,382,030	290,661,299
Transactions with the shareholders, recognized only in equity						
Distributed dividends	-	-	-	-	(378,914,310)	(378,914,310)
Transactions with the shareholders, acknowledged only in equity	-	-	-	-	(378,914,310)	(378,914,310)
Balance as of June 30, 2019 (reviewed)	3,210,641,253	31,474,149	21,553,537	242,686,801	3,584,521,861	7,090,877,601

S.N. Nuclearelectrica S.A.

Individual cash flow for the 6-month period ended on June 30, 2020

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

	6 months period ended on June 30, 2020 (reviewed)	6 months period ended on June 30, 2019 (reviewed)
Cash flows from operating activities		
Profit before profit tax	413,218,245	360,122,624
Adjustments for:		
Impairment and depreciation	278,255,370	274,872,313
Impairment on trade and other receivables	(5,509)	(1,287,664)
Impairment on inventories	(603,881)	(622,878)
Provisions corresponding to operating liabilities, risks and expenses	(3,096,360)	6,471,408
(Earnings) from asset assignment	(3,837)	(49,206)
Net financial (revenues)/expenses	(24,841,320)	3,417,564
Changes in:		
Decrease in trade receivables and other receivables	57,184,153	21,150,840
Decrease/(Increase) of inventory	18,025,909	(9,331,744)
Variation of deferred income	(3,210,669)	3,016,155
Variation of deferred expense	(24,145,129)	(58,889,284)
(Decrease) of trade liabilities and other liabilities	(42,517,912)	(3,429,523)
Cash flows generated from operating activities	668,259,060	595,440,605
Corporate tax paid	(61,935,726)	(151,270,197)
Interest received	31,218,422	30,560,746
Interest paid	(3,341,369)	(4,619,794)
Net cash flow from operating activities	634,200,387	470,111,360
Cash flows from investing activities		
Purchase of intangible assets	(3,159,636)	(10,892,449)
Purchases of tangible assets	(58,529,910)	(105,508,159)
Proceeds from sale of tangible assets	3,837	49,206
(Increase)/Decrease in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	(674,559,506)	25,751,509
Net cash flow used in investing activities	(736,245,215)	(90,599,893)
Cash flow from financing activities		
Repayments of borrowings	(108,188,432)	(107,281,971)
Dividends	(495,070,879)	(375,367,909)
Payments related to leasing contract debts, including interest	(122,270)	-
Net cash flow from financing activities	(603,381,581)	(482,649,880)
Net increase in cash and cash equivalents	(705,426,409)	(103,138,413)
Cash and cash equivalents as at 1 January (see Note 9)	1,793,145,389	1,611,175,766
Cash and cash equivalents as at June 30 (see Note 9)	1,087,718,980	1,508,037,353

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

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 (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 (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 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 project for the increase of the Production Capacity is planned to be completed by the Energonuclear S.A. subsidiary (for further details see Note 6). Resolution no. 8/12.06.2020 of the Extraordinary General Meeting of Shareholders ("EGMS") approved the following: (i) Repealing of the "Strategy for the continuation of the project for Units 3 and 4 of CNE Cernavoda by organizing an investor selection procedure" (2014) as well as the "Revised Strategy for the continuation of the project for Units 3 and 4 of CNE Cernavoda by organizing an investor selection procedure" (2018) (item 2 of the EGMS agenda of June 12, 2020), (ii) Mandating the Board of Directors of SNN to initiate procedures/emdeavors/actions concerning the termination of negotiations with CGN, as well as the cessation of legal effects (by the agreement of the parties, termination, etc.) of the following documents: "Memorandum of Understanding on the development, construction, operation and decommissioning of Units 3 and 4 of CNE Cernavoda (MoU)" and "Investor Agreement in preliminary form", respectively (item 3 of the EGMS agenda of June 12, 2020) and (iii) Mandating the SNN Board of Directors to initiate endeavors for the analysis and crystallization of strategic options for the construction of new nuclear power generation capacities (item 4 of the EGMS agenda of June 12, 2020). By Resolution of the Prime Minister of Romania no. 281/14.07.2020, published in the Official Gazette of Romania, Part I, No. 618/14.VII.2020, the Strategic Coordination Committee for the Implementation of the Project for CNE Cernavoda Units 3 and 4 was created.

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. At the beginning of 2020, the Atomic Energy International Agency (AIEA) conducted a benchmark assessment of the design requirements for the investment objective Location Emergency Control Center (CCUA) - Unit 5 and an assessment of the technical requirements regarding the qualification of equipment to hazards (especially seismic qualification). The presentations by international AIEA experts within the benchmarking indicated a new qualification method/strategy, namely proving the seismic margin by using seismic experience as an alternative method for the qualification of critical systems in the Emergency Situations Facilities Building (CFSU). In June 2020, CNCAN agreed to use the seismic experience as an alternative method for demonstrating the seismic qualification of critical equipment, and in July 2020 the seismic qualification guide and the list of seismically qualified systems/equipment for the CFSU were updated. In the context of the aforementioned considerations, a revised timetable for the relaunch strategy was drawn up, indicating the completion of this objective in June 2022.

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.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

1. REPORTING ENTITY (CONTINUED)

The electricity sector is regulated by the National Energy Regulatory Authority ("ANRE"), an autonomous public institution. Starting with March 2019, the Company participated both on the competitive segment, and on the regulated market segment, in which ANRE has set, by means of annual / half-year 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 15).

On June 30, 2020 the Company's shareholders are: The Romanian State by the Ministry of Economy, Energy and Business Environment, which holds 248,736,619 shares, representing 82.4959% of the share capital, Fondul Proprietatea S.A. holding 21,102,302 shares, representing 6.9988% of the share capital and other individuals and legal entities shareholders holding together 31,674,930 shares, representing 10.5053% of the share capital.

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

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

The Individual Interim Financial Statements for the 6-month period that ended on June 30, 2020 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"). According to 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 July 19, 2002 regarding the application of the international accounting standards ("IFRS adopted by the European Union").

These Individual Interim Financial Statements were drafted based on the going concern principle, which assumes the fact that the Company will continue its activities in the foreseeable future.

The Individual Interim Financial Statements on and for the 6-month period that ended on June 30, 2020 have been reviewed by the Financial Auditor of SNN – S.C. Mazars Romania S.R.L. These Individual Interim Financial Statements have been authorized for issuance and signed on August 10, 2020 by the management of the Society.

b) Presentation of the financial statements

Individual Interim Financial Statements are presented in accordance with the requirements of IAS 1 – "Presentation of Financial Statements" and IAS 34 – "Interim Financial Reporting". The Company adopted a presentation based on liquidity within the consolidated statement of financial position and a presentation of the expenses according to the nature thereof within the consolidated statement of profit or loss and other items of the comprehensive income, considering the fact that these presentation methods provide information that is more relevant than the one that would have been presented based on other methods allowed by IAS 1.

These do not include the necessary information for a complete set of financial statements according to the IFRS, and must be read with the Individual Financial Statements drafted on the date and for the financial year ended on December 31, 2019. 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 prepared on the date and for the financial year that ended on December 31, 2019.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

2. BASIS OF PREPARATION (CONTINUED)

c) Basis of assessment

The Individual Interim Financial Statements are drafted based on the fair value agreement for financial assets and liabilities at fair value by the profit and loss account. Other financial assets and liabilities, as well as non-financial assets and liabilities, are presented at amortized cost, revalued value or historical cost.

d) Functional and presentation currency

The management of the Company considers that the functional currency, as defined by IAS 21 – "Effects of the variation of foreign exchange rates", is the Romanian leu (RON). The Individual Interim Financial Statements are prepared and presented in RON, rounded to the nearest RON, the currency that the Company's management has chosen as the currency of reference.

e) Use of estimates and judgments

The preparation of the individual interim financial statements according to IFRS adopted by the European Union involves the use by the managers of estimates, judgments and hypotheses that affect the application of accounting policies, and the reported value of assets, debts, revenues and expenses. The judgments and hypotheses associated with these estimates are based on historical experience and other factors deemed as reasonable in the context of these estimates. The results of these estimates form the basis of the judgments regarding the accounting values of the assets and debts that cannot be obtained from other information sources. The obtained results may be different from the value of the estimates.

The statements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are acknowledged in the period in which the estimate is revised, if the revision only affects that period or in the period in which the estimate is revised and in future periods if the estimates affect both the current period and future periods.

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 drafted on and for the financial year that ended on December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these 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, 2019.

The Individual Interim Financial Statements are prepared on the assumption that the Company will continue its operations in the foreseeable future. To assess the applicability of this assumption, the senior management analyzes projections of future cash inflows.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

	Land	Nuclear power plants	Machinery, equipment and other assets	Assets in progress	Total
Cost					
Balance as of January 1, 2019 (audited)	32,302,399	4,677,768,128	1,621,742,571	860,864,324	7,192,677,421
Additions	-	-	24,819,413	194,842,745	219,662,158
Transfers	-	74,616,462	21,485,075	(96,101,537)	-
Transfer to intangible assets	-	-	-	(2,400,260)	(2,400,260)
Transfer in assets held for sale	(120,740)	-	(2,110,893)	-	(2,231,633)
Transfer from inventories	-	-	(48,181)	5,158,567	5,110,386
Spare parts reclassified as fixed assets	-	-	42,735,091	(11,864,683)	30,870,408
Derecognition of Unit 2 inspections	-	(46,771,637)	-	-	(46,771,637)
Derecognition of the drainage investments	-	-	-	(5,040,010)	(5,040,010)
Reclassification of heavy water	-	632,672,849	(632,672,849)	-	-
Disposals	-	-	(3,623,763)	-	(3,623,763)
Balance as of December 31, 2019 (audited)	32,181,659	5,338,285,801	1,072,326,466	945,459,145	7,388,253,071
Balance as at January 1, 2020 (audited)	32,181,659	5,338,285,801	1,072,326,466	945,459,145	7,388,253,071
Additions	-	-	2,455,361	55,471,643	57,927,003
Transfers	-	24,388,175	9,561,762	(33,949,937)	-
Inventories transfers	-	-	-	(241,380)	(241,380)
Spare parts reclassified as fixed assets	-	-	4,398,735	(4,608,316)	(209,581)
Disposals	-	(810,902)	(157,937)	-	(968,839)
Balance as of June 30, 2020 (reviewed)	32,181,659	5,361,863,073	1,088,584,387	962,131,156	7,444,760,275
Depreciation and impairment losses					
Balance as of January 1, 2019 (audited)	550,782	83,657,435	604,284,249	139,723,821	828,216,287
Depreciation charges	-	419,408,749	106,586,058	-	525,994,807
Accumulated amortization for Unit 2 inspections	-	(46,771,637)	-	-	(46,771,637)
Accumulated amortization for outputs	-	-	(3,237,033)	-	(3,237,033)
Derecognition of the accumulated amortization of transfers into inventory	-	-	(48,181)	-	(48,181)
Reclassification of heavy water	-	215,583,234	(215,583,234)	-	-
Adjustments for impairment of intangible assets	-	-	7,429,167	19,972,344	27,401,511
Balance as of December 31, 2019 (audited)	550,782	671,877,780	499,431,025	159,969,165	1,331,555,752
Balance as at January 1, 2020 (audited)	550,782	671,877,780	499,431,025	159,969,165	1,331,555,752
Depreciation charges	-	227,714,156	38,460,458	-	266,174,614
Accumulated amortization for outputs	-	(810,902)	(221,346)	-	(1,032,248)
Adjustments for impairment of intangible assets	-	-	18,982,767	(13,505,355)	5,477,412
Balance as of June 30, 2020 (reviewed)	550,782	898,781,033	556,652,905	146,190,811	1,602,175,530
Net accounting value					
Balance as of January 1, 2019 (audited)	31,751,617	4,594,110,693	1,017,458,322	721,140,502	6,364,461,135
Balance as of December 31, 2019 (audited)	31,630,877	4,666,408,021	572,895,440	785,762,980	6,056,697,319
Balance as of June 30, 2020 (reviewed)	31,630,877	4,463,082,040	531,931,482	815,940,345	5,842,584,744

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

4. TANGIBLE ASSETS (CONTINUED)

The balance sheet position "Tangible assets" is composed as follows:

	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Tangible assets (land, buildings, other fixed assets)	5,842,584,744	6,056,697,319
Assets representing rights to use underlying assets under a leasing contract (IFRS 16)	711,118	-
Total	5,843,295,862	6,056,697,319

Assets representing rights to use underlying assets under a leasing contract (IFRS 16)

As of January 1, 2020 the Company adopted IFRS 16, which is why it acknowledged in the statement of financial position assets and liabilities related to the reformulation of leases concluded as a lessee.

The Company has concluded asset lease and land concession contracts, for which it has estimated the initial value of the asset related to the right of use at an amount equal to the debt updated at the time of the transaction resulting from these contracts, of 801,003 RON.

The cumulated depreciation of these assets until June 30, 2020 is in value of RON 89,885, resulting in a net book value of RON 711,118. According to IFRS 16, for these contracts, the Company acknowledged during the period that ended on June 30, 2020 depreciation expenses amounting to RON 89,885 and interest expenses amounting to RON 17,128. The total cash receipts related to the contracts from the period that ended on June 30, 2020 were in value of 122,270 RON.

Nuclear plants, machinery, equipment and other assets

During 2019, the Company reclassified the "heavy water" asset from the "Machinery, equipment and other assets" category into the "Nuclear power plants" category, as a result of considering this asset as part thereof. The transferred value as of 31.12.2019 was 632,672,849 RON, and the cumulated amortization in value of 215,583,234 RON.

The position "Machinery, equipment and other assets" mainly includes administrative buildings with a net carrying amount as of June 30, 2020 amounting to RON 250,551,793 (December 31, 2019: RON 258,982,893).

Non-current assets in progress

On June 30, 2020, the net book value of the assets in progress, amounting to RON 815,940,345, includes the following items:

- Investment for increasing the production capacity with a net accounting value of 506,766,299 RON (December 31, 2019: RON 507,128,812).
- Investments related to units 1 and 2, in total amount of RON 309,174,047, the most representative ones being:
 - D2O tritium removal installation worth RON 63,408,194 (December 31, 2019: RON 63,238,682).
 - Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to RON 21,129,594 (December 31, 2019: RON 25,402,167).
 - Improving the Nuclear security systems following the Fukushima event amounting to RON 34,943,132 (December 31, 2019: RON 34,941,782).
 - Equipment and materials for ongoing investments amounting to RON 46,444,197 (December 31, 2019: RON 47,683,884).
 - Modernization of the physical protection system in value of 18,335,532 RON (December 31, 2019: RON 16,766,486).

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

4. TANGIBLE ASSETS (CONTINUED)**Non-current assets in progress (continued)**

The value of the investment for increasing the production capacity is 508,464,866 RON, out of which the accounting value of the two reactors is 273,960,000 RON (December 31, 2019: RON 273,960,000), the rest representing heavy water purchased for this investment, namely approx. 75 tons, whose accounting value on June 30, 2020 is RON 159,238,387 (December 31, 2019: RON 159,238,387), and equipment and other assets in value of RON 75,266,479 (December 31, 2019: RON 75,628,992).

As of June 30, 2020, the gross book value of Unit 5 is approximately RON 137 million (December 31, 2019: approximately RON 137 million). On December 31, 2013 the Company recognized a depreciation adjustment of 100% of the Unit 5 since there were no plans to resume its construction. 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.

The main investments made by the Company in the 6-month period that ended on June 30, 2020, from ongoing projects related to Units 1 and 2 is represented by the replacement of the control section of the excitation system of Unit 2, in value of 24,388,175 RON.

On June 30, 2020, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 19,997,153 (December 31, 2019: RON 16,166,790).

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 (see Note 18). The Company's expenditure related to the contributions to ANDR for the six-month period ended on June 30, 2020 amounts to 48,609,254 RON (June 30, 2019: RON 48,709,675).

Assets pledged as security

As at June 30, 2020, and December 31, 2019, respectively, the Company has no pledged or mortgaged assets.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

*(All amounts are presented in RON, unless otherwise indicated.)***5. INTANGIBLE ASSETS**

	Licenses and software	Power plant software and other intangible assets	Total
Cost			
Balance as of January 1, 2019 (audited)	212,316,615	49,197,724	261,514,339
Additions	25,440,407	46,949	25,487,356
Transfers and reallocations	3,547,314	(3,547,314)	-
Transfers	(9,854,482)	9,854,482	-
Transfer form tangible assets	2,400,260	-	2,400,260
Disposals	(636,739)	(56,376)	(693,115)
Balance as of December 31, 2019 (audited)	233,213,373	55,495,466	288,708,839
Balance as at January 1, 2020 (audited)	233,213,373	55,495,466	288,708,839
Additions	3,159,636	-	3,159,636
Disposals	(38,594)	-	(38,594)
Balance as of June 30, 2020 (reviewed)	236,334,416	55,495,466	291,829,881
Accumulated amortization			
Balance as of January 1, 2019 (audited)	177,766,138	28,914,150	206,680,287
Depreciation charges	15,827,403	6,133,608	21,961,011
Depreciation of outputs	(636,739)	(56,376)	(693,115)
Balance as of December 31, 2019 (audited)	192,956,802	34,991,382	227,948,183
Balance as at January 1, 2020 (audited)	192,956,802	34,991,382	227,948,183
Depreciation charges	3,435,561	2,892,280	6,327,840
Depreciation of outputs	(38,594)	-	(38,594)
Balance as of June 30, 2020 (reviewed)	196,353,769	37,883,662	234,237,430
Carrying amount			
Balance as of January 1, 2019 (audited)	34,550,447	20,283,574	54,834,052
Balance as of December 31, 2019 (audited)	40,256,571	20,504,084	60,760,656
Balance as of June 30, 2020 (reviewed)	39,980,647	17,611,804	57,592,452

As of June 30, 2020, the intangible assets owned by the Company represent licenses and software products purchased, not generated internally. The company does not register contractual commitments for development costs.

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

6. FINANCIAL INVESTMENTS

On June 30, 2020, the Company records in the position of "Financial investments" the investment held in the subsidiary Energonuclear S.A. ("Energonuclear"). Company with headquarters in Bucharest, District 2, 5-7, Vasile Lascar Street, 3rd floor and registered with the Trade Registry under the number J40/3999/25.03.2009, having sole registration number 25344972, fiscal attribute RO. The main business of Energonuclear consists in "Engineering activities and technical consultancy related to it" – NACE Code 7112.

On June 30, 2020 and December 31, 2019, the Company owns 100% of the share capital of Energonuclear. The value of the interest as at June 30, 2020 and December 31, 2019 amounts to RON 141,666,101.

By SNN EGMS Resolution no. 4/30.03.2020, the shareholders of SNN approved the increase by 1,500,000 RON, namely a maximum total value of 5,500,000 RON, of the amount of the Shareholder Loan Contract, convertible into shares, to the Energonuclear subsidiary, in order to finance its activities until at least December 31, 2020. Until 30 June 2020, Energonuclear requested the granting of instalments amounting to 4,000,000 RON out of the maximum amount, for which SNN recorded a capitalized interest of RON 184,788. On June 30, 2020 the shareholder loan was not converted into shares.

7. INVENTORIES

On June 30, 2020 and December 31, 2019, the inventory is as follows:

	June 30, 2020	December 31, 2019
	(reviewed)	(audited)
Spare parts	138,207,481	135,934,179
Consumables and other materials	48,587,655	48,185,789
Nuclear fuel	146,138,775	158,829,051
Uranium	41,151,497	55,554,976
Other inventories ⁾	8,564,511	6,663,797
Total	382,649,919	405,167,792

⁾ Category "Other inventory" includes the assets held for sale, in value of 2,231,633 RON.

On June 30, 2020 the Company registers adjustments for depreciation of inventory in the amount of 52,473,474 RON (December 31, 2019: RON 52,788,117). In the first 6 months of 2020 the Company recorded expenses on inventory depreciation adjustments in the amount of RON 337,757 and resumed revenue adjustments of inventory depreciation in the amount of 652,400 RON. Raw materials, spare parts and other inventory are recognized on expenses when consumed. The value of inventory recognized as the expenditure of the period can be found under the headings "Expenses with spare parts" and "Cost of nuclear fuel" in the statement on the profit or loss and other comprehensive income. As of June 30, 2020 the Company does not register inventory pledged as collateral for debts.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

On June 30, 2020 and December 31, 2019, the trade receivables and other receivables are as follows:

	June 30, 2020	December 31, 2019
	(reviewed)	(audited)
Trade receivables	134,424,793	180,490,398
Adjustments for impairment of trade receivables	(10,104,000)	(10,496,161)
Other receivables	23,919,387	24,414,556
Adjustments for impairment of other receivables	(596,559)	(3,074,604)
Taxes and duties	15,807,039	28,949,980
Total	163,450,660	220,284,169

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

8. TRADE RECEIVABLES AND OTHER RECEIVABLES (CONTINUED)

As at June 30, 2020, the significant trade receivables in balance are towards: Electrica Furnizare S.A. – 35,823,606 RON (December 31, 2019 – 29,966,395 RON), Enel Energie Muntenia S.A. – 15,245,193 RON (December 31, 2019 – 9,743,785 RON), E.ON Energie Romania S.A. – 12,697,458 RON (December 31, 2019 – 19,567,382 RON), Enel Energie S.A. – 12,154,126 RON (December 31, 2019 – 12,740,951 RON), CEZ Vanzare S.A. – 11,756,719 RON (December 31, 2019 – 13,561,964 RON) and GEN-I d.o.o. – 8,103,413 RON (December 31, 2019 – 14,020,156 RON).

Sales made during the 6-month period ended June 30, 2020 to the Company of the Electricity and Natural Gas Market Operator "OPCOM" S.A. accounted for about 28.46% (June 30, 2019: approximately 8.38%), to Electrica Furnizare S.A. approximately 14.56% (June 30, 2019: approximately 16.68%), to Enel Energie Muntenia S.A. approximately 7.82% (June 30, 2019 : approximately 13.68%), to E.ON Energie Romania S.A. approximately 7.57% (June 30, 2019: approximately 7.07%) and to CEZ Vanzare S.A. approximately 7.31% (June 30, 2019: approximately 2.32%) out of the total electricity sales of the Company.

The Company's exposure to credit risk and the adjustments for impairment of trade receivables and other receivables are presented in Note 22.

On June 30, 2020, the "Trade receivables" and "Adjustments for impairment of trade receivables" positions include a net amount of RON 9,740,271 related to receivables from affiliated parties (December 31, 2019: RON 1,286,285). On June 30, 2020, the "Other receivables" and "Adjustments for impairment of other receivables" positions include a net amount of RON 4,184,788 related to receivables from affiliated parties (December 31, 2019: RON 3,629,787), of which RON 4,184,788 represent the loan granted to the Energonuclear S.A. subsidiary, including capitalized interest.

On June 30, 2020 the "Duties and Taxes" position mainly represents the VAT to be recovered amounting to RON 12,645,134 (December 31, 2019: RON 26,287,786).

9. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND FINANCIAL ASSETS

On June 30, 2020 and December 31, 2019, the cash and cash equivalents are as follows:

	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Cash and cash equivalents in RON	1,082,367,882	1,767,134,755
Cash and cash equivalents in foreign currencies	5,351,098	26,010,634
Total cash and cash equivalents	1,087,718,980	1,793,145,389

The "Cash and cash equivalents" position also includes bank deposits n value of 1,013,310,000 RON (December 31, 2019: RON 1,604,778,300), as well as the amount of RON 2,243,136 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31, 2019: RON 840,891).

On June 30, 2020 and December 31, 2019, all bank deposits presented under the "Bank deposits" positions are in RON.

	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Bank deposits	769,769,000	58,879,494
Total bank deposits	769,769,000	58,879,494

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

9. CASH AND CASH EQUIVALENTS, BANK DEPOSITS AND FINANCIAL ASSETS (CONTINUED)

On 30 June 2020, the Company has a bank guarantee letter issued by the bank, at the request of the Company, amounting to RON 1,450,000 (December 31, 2019: RON 96,659,494), for which a cash collateral in the form of collateral deposits was established, divided as follows: 0 RON in the position "Bank deposits" (December 31, 2019: RON 58,879,494) related to letters of bank guarantee with a maturity of up to one year and RON 1,450,000 under the "Financial assets" position for letters of bank guarantee with a maturity of over one year (December 31, 2019: RON 37,780,000). These letters of bank guarantee are related to the Company's participation on the electricity market, mostly representing its sales of electricity.

10. 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 establishment of the Company on June 30, 1998 (restated with inflation up to December 31, 2003) plus subsequent increases.

According to the articles of incorporation, the authorized capital of the Company is RON 3,016,200,000. The subscribed and paid share capital as at June 30, 2020 is RON 3,015,138,510, under the authorized capital.

As at June 30, 2020 and December 31, 2019, 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:

	June 30, 2020	December 31, 2019
	(reviewed)	(audited)
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
Share capital (restated value)	3,210,641,253	3,210,641,253

As at June 30, 2020 and December 31, 2019, 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.

The shareholding structure on June 30, 2020 and December 31, 2019 is as follows:

Shareholders	Number of shares	% of the	Number of shares	% of the
	June 30, 2020	share	December 31, 2019	share
		capital		capital
Romanian State - Ministry of Economy, Energy and Business Environment*)	248,736,619	82.4959%	248,736,619	82.4959%
Fondul Proprietatea S.A.	21,102,302	6.9988%	21,268,355	7.0539%
Other shareholders	31,674,930	10.5053%	31,508,877	10.4502%
Total	301,513,851	100%	301,513,851	100%

*) Starting with February 11, 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. 68/06.11.2019.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

10. EQUITY (CONTINUED)**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 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 at June 30, 2020 and December 31, 2019 and represent objectives of public utility at CNE Cernavoda (RON 5,439,321), and budgetary allocations for the period 2007 - 2011 for the construction of the Training and Recreation Center for Youth and Children in Cernavoda (RON 16,114,216).

Legal reserves

According to the legal requirements, the Company sets up legal reserves in the amount of 5% of the gross registered profit up to the level of 20% of the share capital. The amount of the legal reserve as of June 30, 2020 is RON 154,157,757 (December 31, 2019: RON 154,157,757).

Legal reserves cannot be distributed to the shareholders. The value of the legal reserves was included in the statement of financial status, among the "Retained earnings".

Deferred tax net revaluation reserves

As of June 30, 2020, the deferred net tax revaluation reserve is RON 213,535,889 (December 31, 2019: RON 227,996,066). The last revaluation of lands, buildings and constructions took place on December 31, 2018 by an independent valuer, Primoval SRL, member of the National Association of Certified Assessors in Romania ("ANEVAR").

In the first 6 months of 2020, the Company admitted to a decrease of the revaluation reserve amounting to RON 14,460,177 due to the carry forward of this sum to the retained earnings (2019: RON 29,411,466).

Carried forward result and dividends

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.

In the six-month period ended on June 30, 2020, the Company declared dividends amounting to RON 498,421,396 (December 31, 2019: RON 378,914,311). Unpaid net dividends as at June 30, 2020 amounted to RON 1,052,881 (December 31, 2019: RON 655,353).

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

11. EARNINGS PER SHARE

As of June 30, 2020 and June 30, 2019, the result per share is:

(i) Basic earnings per share

	3 months period ended on June 30, 2020 (unreviewed)	3 months period ended on June 30, 2019 (unreviewed)	6 months period ended on June 30, 2020 (reviewed)	6 months period ended on June 30, 2019 (reviewed)
Net profit in the period	128,170,505	71,375,878	343,222,447	290,661,299
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	-	-	-	-
Weighted-average number of ordinary shares at the end of the period	301,513,851	301,513,851	301,513,851	301,513,851
Basic earnings per share (RON/share)	0.43	0.24	1.14	0.96

(ii) Diluted earnings per share

	3 months period ended on June 30, 2020 (unreviewed)	3 months period ended on June 30, 2019 (unreviewed)	6 months period ended on June 30, 2020 (reviewed)	6 months period ended on June 30, 2019 (reviewed)
Net profit in the period	128,170,505	71,375,878	343,222,447	290,661,299
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	-	-	-	-
Weighted-average number of ordinary shares (diluted) on June 30	301,513,851	301,513,851	301,513,851	301,513,851
Diluted earnings per share (RON/share)	0.43	0.24	1.14	0.96

The diluted earnings per share is equal to the basic earnings per share, since the Company has not recorded any potential ordinary shares.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

12. BORROWINGS

The situation of the loans held by the Company on June 30, 2020 is as follows:

	June 30, 2020 (reviewed)	< 1 year	> 1 year	December 31, 2019 (audited)	< 1 year	> 1 year
Bank loans	607,467,838	211,972,336	395,495,502	712,424,017	212,515,420	499,908,597
Interest	286,567	286,567	-	375,872	375,872	-
Other loans (lease liabilities – IFRS 16) (Note 4)	713,740	161,123	552,617	-	-	-
Total	608,468,145	212,420,026	396,048,119	712,799,889	212,891,292	499,908,597

Bank loans

The loan reimbursements in the six-month period ended on June 30, 2020 were as follows:

	Currency	Interest rate	Value	Year of final maturity
Balance as at January 1, 2020 (audited)			712,424,017	
New issues				
Reimbursements, out of which			(108,902,172)	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.7%	(18,616,486)	2022
Societe Generale – AECL BC	CAD	CDOR 6M + 0.375%	(34,566,146)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(55,719,540)	2024
Exchange rate differences			658,673	
Commitment fees			3,287,320	
Balance as of June 30, 2020 (reviewed)			607,467,838	

(i) Long term loans

As at June 30, 2020 and December 31, 2019, the **long-term** loans from credit institutions are as follows:

	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Societe Generale - ANSALDO BC	74,461,329	91,865,702
Societe Generale - AECL BC	137,949,897	178,660,043
EURATOM	408,205,890	458,334,870
Total long-term loans	620,617,116	728,860,615
Minus: Current portion of long-term loans	(218,546,975)	(219,090,059)
Less: Balance of commitment and insurance fees (long term)	(6,574,639)	(9,861,959)
Total long-term loans net of the short-term portion	395,495,502	499,908,597

On June 30, 2020, the financial indicators related to the loan granted by EURATOM were met.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

12. BORROWINGS (CONTINUED)**Bank loans (continued)****(ii) Short-term borrowings**

As at June 30, 2020 and December 31, 2019, the **short-term** loans are as follows:

	<u>June 30, 2020</u> <u>(reviewed)</u>	<u>December 31, 2019</u> <u>(audited)</u>
Current portion of long-term loans	218,546,975	219,090,059
Interests related to the long-term borrowings	286,567	375,872
Short-term transaction costs	(6,574,639)	(6,574,639)
Total short-term loans	<u>212,258,903</u>	<u>212,891,292</u>

13. PROVISIONS FOR RISKS AND EXPENSES

On June 30, 2020 and December 31, 2019, 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":

	<u>June 30, 2020</u> <u>(reviewed)</u>	<u>December 31, 2019</u> <u>(audited)</u>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	69,221,389	69,361,429
Obligations regarding the low and medium radioactive and non-radioactive waste	95,116,753	97,050,892
Provision for litigations with nuclear risk increment	96,744,003	87,801,325
Employees' participation to the profit	18,218,401	18,700,000
Provisions for litigations	-	6,000,000
Total	<u>279,300,546</u>	<u>278,913,646</u>

On June 30, 2020, the provisions in the total amount of RON 279,300,546 represent long-term and short-term liabilities, as follows:

	<u>Long-term</u> <u>share</u> <u>(< 1 year)</u>	<u>Current</u> <u>share</u> <u>(< 1 year)</u>
Obligations regarding the Intermediary Used Fuel Storage (DICA)	43,010,097	26,211,292
Obligations regarding the low and medium radioactive and non-radioactive waste	80,944,699	14,172,054
Provision for litigations with nuclear risk increment	96,744,003	-
Employees' participation to the profit	-	18,218,401
Total	<u>220,698,799</u>	<u>58,601,747</u>

The position "Participation of employees in profit" includes the amount of 13.6 mil. RON as a preliminary commitment of the Company towards its employees in relation to providing the amounts related to the participation of the employees to the profit of 2020, following the implementation of the budgeted results as of June 30, 2020, based on the Revenue and expense budget, approved by OGMS Resolution no. 3/05.03.2020.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

14. TRADING AND OTHER LIABILITIES

On June 30, 2020 and December 31, 2019, trading and other liabilities are as follows:

	June 30, 2020	December 31, 2019
	(reviewed)	(audited)
Non-current assets suppliers	19,997,153	16,086,321
Trade payables	80,531,793	82,971,731
Obligations regarding employees benefits	34,642,387	20,531,067
Payables to the State	30,465,285	93,595,144
Dividends payables	4,378,377	668,882
Other payables	6,988,316	6,382,967
Total	177,003,311	220,236,112

On June 30, 2020, the main balance suppliers, from the "Non-current assets suppliers" and "Suppliers" positions, are: Candu Energy Inc. – 14,876,521 RON (December 31, 2019 – 7,927,602 RON), Apele Romane Bucuresti – 11,277,428 RON (December 31, 2019 – 11,923,228 RON), Compania Nationala a Uraniului S.A. – 8,358,373 RON (December 31, 2019 – 195,757 RON), Nuclear Risk Insurers Ltd. – 7,909,853 RON (December 31, 2019 – 0 RON), Elcomex I.E.A. S.A. – 4,964,692 RON (December 31, 2019 – 9,720,914 RON), General Concrete S.R.L. – 4,371,268 RON (December 31, 2019 – 3,575,409 RON).

On June 30, 2020, the "Accounts payable and other liabilities" position includes the amount of RON 34,516,240 (December 31, 2019: RON 31,671,319) related to liabilities to affiliated parties, of which, under the "Suppliers" and "Non-current assets suppliers" positions, the amount of RON 26,359,530 (December 31, 2019: RON 22,793,340) and under the position "Payables to the State" the amount of RON 8,138,445 (December 31, 2019: RON 8,868,052), representing the contribution to ANDR, for the decommissioning of nuclear facilities and the permanent storage of radioactive waste.

The "Employee Benefit Obligations" position includes the amount of 11.5 mil. RON, representing a preliminary commitment related to granting the amounts to be distributed according to the revenue and expenditure budget approved by OGMS Resolution no. 3/05.03.2020, related to salaries, bonuses, contributions and other allowances and prize-awarding fund, which will be granted by the end of 2020, under the form of bonuses, but which are related to the 3-month period ended on March 31, 2020.

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

	3-month period	3-month period	6-month period	6-month period
	ended on	ended on	ended on	ended on
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(unreviewed)	(unreviewed)	(reviewed)	(reviewed)
Sales of electricity on regulated market	72,586,553	564,990	204,817,174	1,148,813
Sales of electricity on free market	458,420,400	514,073,844	948,934,255	1,175,923,091
Sales of thermal energy	970,454	1,657,313	3,754,425	4,652,589
Revenues from green certificates	5,955	5,962	13,617	13,605
Total	531,983,362	516,302,109	1,157,519,471	1,181,738,098

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

15. REVENUES FROM ELECTRICITY SALES (CONTINUED)**(ii) The amount of energy sold**

	3-month period ended on June 30, 2020 (unreviewed)	3-month period ended on June 30, 2019 (unreviewed)	6-month period ended on June 30, 2020 (reviewed)	6-month period ended on June 30, 2019 (reviewed)
Quantity of electricity sold on regulated market (MWh)	385,135	3,000	1,086,736	6,100
Quantity of electricity sold on free market (MWh)	2,301,582	2,351,305	4,444,507	5,091,397
Total	2,686,717	2,354,305	5,531,243	5,097,497

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 June 22, 2021 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, 2020.

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. Thermal energy sales in the first half of 2020 are in the amount of RON 3,754,425 (June 30, 2019: RON 4,652,589).

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 18,228 MWh for the 6-month period ended on June 30, 2020 (14,827 MWh for the 6-month period that ended on June 30, 2019).

Following Government Emergency Ordinance no. 114/28.12.2018, which amends and supplements Electricity and natural gas law no. 123/2012, ANRE issued Order no. 216/11.12.2019 for approving the Methodology for setting prices for the electricity sold by producers based on regulated contracts and the quantities of electricity from the regulated contracts concluded by producers with last-instance suppliers. According to ANRE Resolution no. 2213/23.12.2019, the quantity assigned to SNN for the first semester of 2020 for regulated contracts was 1,087 GWh, out of which 701.4 GWh for Q1 2020 and 385.6 GWh for Q2 2020. For the first half - year of 2020, ANRE established a regulated price for SNN of 188.47 RON/MWh (without Tg). During the first half - year of 2020, the Company sold 19.6% of its energy on the regulated market (first half - year of 2019: 0.1%), at a regulated price.

On the competitive market, in the first half - year of 2020, the Company delivered 80.1% of the energy sold (first half - year of 2019: 99.6%). The average sale price of electricity sold by the Company on this market in the first half - year of 2020 was of 213.51 RON/MWh (first half-year of 2019: 230.96 RON/MWh) value, which does not include Tg.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

*(All amounts are presented in RON, unless otherwise indicated.)***16. OTHER INCOMES**

	3-month period ended on June 30, 2020 (unreviewed)	3-month period ended on June 30, 2019 (unreviewed)	6-month period ended on June 30, 2020 (reviewed)	6-month period ended on June 30, 2019 (reviewed)
Income from investment subsidies	3,590,019	3,590,013	7,179,586	7,182,591
Revenues from penalties and compensation	140,364	247,189	245,815	400,934
Revenues from the reverse of provisions, net	3,499,742	(869,520)	3,499,742	-
Other income	3,531,707	8,713,795	7,392,191	13,434,437
Total	10,761,832	11,681,477	18,317,334	21,017,962

17. PERSONNEL EXPENSES

	3-month period ended on June 30, 2020 (unreviewed)	3-month period ended on June 30, 2019 (unreviewed)	6-month period ended on June 30, 2020 (reviewed)	6-month period ended on June 30, 2019 (reviewed)
Wages and salaries	96,137,173	109,958,389	201,696,315	218,531,873
Expenditure on social security and assimilated costs	9,122,889	8,389,924	16,834,802	15,248,489
Total expenses on employees	105,260,062	118,348,313	218,531,117	233,780,362

Based on the Revenue and Expenditure Budget approved by OGMS Resolution No. 3/05.03.2020, as of June 30, 2020, staff costs include the amount of 11.5 million RON, representing a preliminary commitment related to granting the amounts to be distributed related to salaries, bonuses, contributions and other allowances and prize-awarding fund, which will be granted by the end of 2020, under the form of bonuses, but which are related to the 3-month period ended on March 31, 2020, and the amount of 13.6 million RON a preliminary commitment of the Company towards its employees in relation to providing the amounts related to the participation of the employees to the profit of 2020, as a result of achieving the budgeted result as of June 30, 2020.

18. OTHER OPERATING EXPENSES

	3-month period ended on June 30, 2020 (unreviewed)	3-month period ended on June 30, 2019 (unreviewed)	6-month period ended on June 30, 2020 (reviewed)	6-month period ended on June 30, 2019 (reviewed)
Other expenses with services provided by third parties	20,545,225	19,271,880	38,560,359	33,060,597
Expenses on ANDR	24,382,215	24,327,179	48,609,254	48,709,675
Energy and water expenses	18,382,106	17,524,050	39,026,657	37,337,531
Fuel and other consumables expenses	13,455,630	12,532,120	22,428,534	23,659,006
Expenses on the ANRE contribution	1,026,803	10,624,848	2,053,607	21,249,695
Costs of insurance premiums	1,709,379	1,743,984	5,424,376	5,284,839
Transport and telecommunication expenses	1,326,784	2,121,985	3,300,653	3,841,093
Expenses related to provisions and impairments, net	(4,132,037)	10,465,246	-	10,465,246
Other operating expenses	17,003,383	7,347,247	25,655,199	11,824,377
Total	93,699,488	105,958,539	185,058,639	195,432,059

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

18. OTHER OPERATING EXPENSES (CONTINUED)**Expenses with ANDR**

Starting with 2007, following the Government Decision no. 1080/05.09.2007 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.

Expenses with ANRE contribution

The contribution to ANRE calculated based on ANRE Order no. 1/2020, whereby the Company pays 0.1% of the turnover achieved during 2019 from the activities carried out under the licenses held, amounting to RON 2,053,607 (June 30, 2019: RON 21,249,695). For the year 2019, the contribution was paid based on ANRE Order no. 114/2018, which set a percentage of 2% 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 4,950,000 (June 30, 2019: RON 4,959,723).

19. FINANCIAL REVENUES AND EXPENSES

	3-month period ended on June 30, 2020 (unreviewed)	3-month period ended on June 30, 2019 (unreviewed)	6-month period ended on June 30, 2020 (reviewed)	6-month period ended on June 30, 2019 (reviewed)
Interest income	16,349,135	14,417,549	31,566,471	28,008,716
Foreign exchange gains	4,385,274	6,010,719	15,620,427	6,725,499
Income from dividends	1,769	-	1,769	-
Total financial revenues	20,736,178	20,428,268	47,188,667	34,734,215
Foreign exchange losses	9,795,479	3,164,803	(16,042,584)	(30,990,529)
Interest related expenses	(3,200,185)	(3,847,543)	(6,537,159)	(7,806,442)
Total financial expenses	(12,995,664)	(7,012,346)	(22,579,743)	(38,796,971)
Net financial income/(expense)	7,740,514	13,415,922	24,608,924	(4,062,756)

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

20. INCOME TAX

The profit tax acknowledged in the case of profit or loss and other comprehensive income is presented as follows:

	3-month period ended on June 30, 2020 (unreviewed)	3-month period ended on June 30, 2019 (unreviewed)	6-month period ended on June 30, 2020 (reviewed)	6-month period ended on June 30, 2019 (reviewed)
Current corporate tax expense	23,500,462	20,435,099	69,938,055	71,285,504
(Income)/Expense from deferred tax, net	2,112,790	(430,902)	57,743	(1,824,179)
Total	25,613,252	20,004,197	69,995,798	69,461,325

21. TRANSACTIONS WITH RELATED-PARTIES**i) Transactions with state-owned companies**

The company operates in an economic environment dominated by companies owned or controlled by the Romanian state through its governmental authorities and agencies, collectively referred to as state-owned companies.

The Company has carried out significant transactions with other state owned or controlled companies including: sales of electricity (OPCOM S.A., Societatea de Distribuție a Energiei Electrice Muntenia Nord S.A.); purchases of electricity (S.P.E.E.H. Hidroelectrică S.A.); purchases of electricity transportation and balancing services (C.N. Transelectrica S.A.); purchases of natural uranium as UO₂ sintering powder (Compania Națională a Uraniului S.A.); purchases of services of processing non-compliant nuclear materials from FCN Pitesti branch, in order to recover uranium as sintering UO₂ powder (Compania Națională a Uraniului S.A.); purchases of radioactive wastewater treatment services, for the water originated from the production activities (Autonomous Administration of Technologies for Nuclear Energy - Institute for Nuclear Research Pitesti) and the payment of the contribution for the management of the decommissioning process of the two units and for the final storage of nuclear waste at the end of the life cycle of the two units, as well as for the permanent storage of the resulting residues (Nuclear and Radioactive Waste Agency).

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

21. TRANSACTIONS WITH RELATED-PARTIES (CONTINUED)

During its activity, the Company identified the following transactions and balances with the main related parties:

	Sales in the period of 6 months that ended on		Receivables as at	
	June 30, 2020 (reviewed)	June 30, 2019 (reviewed)	June 30, 2020 (reviewed)	December 31, 019 (audited)
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	329,459,420	151,004,515	917,668	610,066
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	31,426,468	-	6,158,681	-
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	6,398,810	30,732,242	1,253,982	-
Utilitati Publice S.A. Cernavoda	3,760,887	4,707,853	1,996,460	1,248,170
C.N. Transelectrica S.A.	71,240	20,492,757	12,038	15,103
Energonuclear S.A.	57,886	46,228	4,185,338	3,630,903
Autonomous Administration of Technologies for Nuclear Energy - CITON	26,962	168	6,951	-
Compania Nationala Administratia Canalelor Navigabile S.A.	2,957	2,774	536	1,415
S.P.E.E.H. Hidroelectrica S.A.	2,457	-	-	-
National Institute for Research and Development for Cryogenic and Isotopic Technologies	336	-	-	-
Autonomous Administration of Technologies for Nuclear Energy - ICN	252	3,319	-	-
Compania Nationala a Uraniului S.A.	168	-	28,935,648	22,679,314
The National Energy Regulatory Authority ^{*)}	-	-	2,053,607	-
National Commission for Nuclear Activities Control	-	-	580	240
Total	371,207,843	206,989,856	45,521,490	28,185,212

^{*)} The outstanding debt on June 30, 2020 related to the National Energy Regulatory Authority represents the contribution paid in advance for the period 01.07.2020 – 31.12.2020, based on Order no. 1/2020.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

*(All amounts are presented in RON, unless otherwise indicated.)***21. TRANSACTIONS WITH RELATED-PARTIES (CONTINUED)****i) Transactions with state-owned companies (continued)**

	Purchases in the period of 6 months that ended on		Payables as at	
	June 30, 2020 (reviewed)	June 30, 2019 (reviewed)	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Nuclear and Radioactive Waste Agency	48,609,254	48,709,674	8,138,455	8,868,052
Romanian Waters Bucharest	29,397,934	28,343,376	11,277,428	11,923,228
Compania Nationala a Uraniului S.A.	11,344,789	7,667,566	8,358,373	195,757
National Commission for Nuclear Activities Control	9,180,998	9,015,126	-	-
C.N. Transelectrica S.A.	7,266,390	5,886,803	2,657,753	2,673,283
Administratia Bazinala de Apa Dobrogea Litoral	5,687,588	4,889,699	1,980,560	3,165,422
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	5,197,629	12,849,540	456,379	12,420
Compania Nationala Administratia Canalelor Navigabile S.A.	2,596,329	2,891,916	948,608	1,034,812
Autonomous Administration of Technologies for Nuclear Energy - ICN	2,576,133	3,198,958	579,351	2,022,158
The National Energy Regulatory Authority ^{*)}	2,056,107	21,253,695	-	-
Raja S.A.	1,312,529	1,306,387	1,198	578,783
Autonomous Administration of Technologies for Nuclear Energy - CITON	206,794	12,200	14,042	821,141
State Inspection for the Control of Boilers, Pressure Vessels and Lifting Installations	84,330	68,043	6,120	180
Dobrogea Meteorological Center	58,932	54,642	18,533	23,769
Utilitati Publice S.A. Cernavoda	57,238	323,632	3,542	83,771
The National Institute of Hydrology and Water Management	27,500	27,500	10,908	10,908
Compania Nationala pentru Controlul Cazanelor, Instalatiilor de Ridicat si Recipientelor sub Presiune S.A.	22,228	4,400	9,744	1,737
National Institute for Research and Development for Cryogenic and Isotopic Technologies	1,261	78,864	-	36,890
National Administration of States Reserves and Special Matters	-	15,564,733	-	-
Autonomous Administration for Nuclear Activities	-	-	9,926	9,926
Total	125,683,962	162,146,753	34,470,909	31,462,238

^{*)} Purchases in period 01.01.2020 to 30.06.2020 related to the National Energy Regulatory Authority represent the contribution for this period, based on Order no. 1/2020.

Debt balances to related parties on June 30, 2020 and December 31, 2019, respectively, as shown above, do not include advances received from clients, related parties.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

21. TRANSACTIONS WITH RELATED-PARTIES (CONTINUED)**ii) Compensation to senior management of the Company**

The Company's Management is composed of:

- The members of the Board of Directors who have concluded mandate contracts with the Company;
- the managers of the Company with mandate contracts within the Company;
- other managers within the Company who have concluded individual labor agreements, under the conditions provided in the collective labor agreements, as applicable.

The members of the Board of Directors have concluded administration contracts with the Company, their remuneration being approved by the General Meeting of Shareholders. The managers with mandate contracts are remunerated based on the contractual provisions within the general limits approved by General Meeting of Shareholders.

	6 months period that ended on June 30, 2020 (reviewed)	6 months period that ended on June 30, 2019 (reviewed)
Remuneration of the management of the Company (gross amounts)	4,688,429	3,906,471
Total	4,688,429	3,906,471

22. FINANCIAL RISK MANAGEMENT**a. Financial risk factors****Credit risk**

Credit risk is the risk of financial loss that the Company may incur if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises mainly from Company's trade receivables and financial investments.

Financial assets, which may subject the Company to credit risk are mainly trade receivables, cash and cash equivalents and bank deposits. Sale of electricity to customers is done on the competitive market, based on the framework established by ANRE and in compliance with the OPCOM market rules. The carrying amount of accounts receivables, net of impairment adjustment represents the maximum amount exposed to credit risk.

As of June 30, 2020 the Company is exposed to average credit risk, given the distribution of sales to several third parties, out of which approximately 47% (June 30, 2019: 60%) of the net commercial receivables are against Electrica Furnizare S.A., Enel Energie Muntenia S.A. and E.ON Energie Romania S.A. (see Note 8). The counterparty risk is limited considering the guarantees obtained from clients as bank guarantee letters.

Cash and bank deposits are placed in different financial institutions (banks), in order to reduce the counterparty risk by limiting the exposure (which would be higher if cash and deposits were placed in a single financial institution).

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)**a. Financial risk factors (continued)****Credit risk (continued)**

The maximum exposure to the credit risk on the reporting date was:

	Net value	
	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Financial assets		
Trade receivables	163,450,660	220,284,169
Bank deposits	769,769,000	58,879,494
Cash and cash equivalents	1,087,718,980	1,793,145,389
Other receivables, net	55,561,951	31,416,822
Total financial assets	2,076,500,591	2,103,725,874

The aging of **trade receivables** on the reporting date is:

	Value gross June 30, 2020 (reviewed)	Adjustments for depreciation June 30, 2020 (reviewed)	Value gross December 31, 2019 (audited)	Adjustments for depreciation December 31, 2019 (audited)
Not past due	123,222,703	-	169,522,876	-
Past due 1 - 30 days	247,981	-	445,870	-
Past due 31 - 90 days	832,570	-	24,792	-
Past due 91 - 180 days	16,041	-	-	-
Past due 181 - 270 days	1,498	-	-	-
Past due 271 - 365 days	-	-	698	-
Past due more than one year	10,104,000	(10,104,000)	10,496,161	(10,496,161)
Total	134,424,793	(10,104,000)	180,490,397	(10,496,161)

The evolution of adjustments for trade receivables impairment is as follows:

	June 30, 2020 (reviewed)	December 31, 2019 (audited)
Balance as at January 1	(10,496,161)	(10,858,933)
Depreciation adjustments reversed, net	392,161	362,772
Balance at the end of the period	(10,104,000)	(10,496,161)

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)**a. Financial risk factors (continued)****Credit risk (continued)**

The aging of **other receivables**, including recoverable VAT on the reporting date is:

	Value gross June 30, 2020 (reviewed)	Adjustments for depreciation June 30, 2020 (reviewed)	Value gross December 31, 2019 (audited)	Adjustments for December 31, 2019 (audited)
Not past due	39,071,778	-	50,286,478	-
Past due 1-30 days	-	-	400	-
Past due 31-90 days	-	-	1,193	-
Past due 91-180 days	-	-	1,861	-
Past due 181-270 days	-	-	-	-
Past due 271-365 days	58,089	-	-	-
Past due more than one year	596,559	(596,559)	3,074,604	(3,074,604)
Total	39,726,426	(596,559)	53,364,536	(3,074,604)

b. Capital management**Fair value of financial instruments**

Fair value is the amount for which the financial instrument may be exchanged in usual transactions conducted under objective conditions between willing parties knowingly, other than those determined by the liquidation or forced sale. Fair values are obtained from quoted market prices or discounted cash flow models as appropriate. As at June 30, 2020 and December 31, 2019, respectively, the management considers that the fair values of cash and cash equivalents, trade receivables and other receivables, trade payables as well as other short-term liabilities approximates their carrying amounts.

Given the business field in which the Company operates, corroborated with the specific nature of the financed investments and of the structure of the guarantees which include a government guarantee, as well as the variable interest rates, the Company's management estimates that the fair value of the loans is approximately equal to their carrying amount. The carrying amount of loans is the amortized cost. Based on these considerations, loans have been classified Level 2.

June 30, 2020 (reviewed)	Carrying amount	Fair value	Level
Financial assets			
Financial assets	6,506,031	6,506,031	2
Net trade receivables	163,450,660	163,450,660	2
Cash and cash equivalents	1,087,718,980	1,087,718,980	2
Bank deposits	769,769,000	769,769,000	2
Net other receivables	55,561,951	55,561,951	2
Total financial assets	2,083,006,622	2,083,006,622	

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

*(All amounts are presented in RON, unless otherwise indicated.)***22. FINANCIAL RISK MANAGEMENT (CONTINUED)****b. Capital management (continued)****Fair value of financial instruments (continued)**

December 31, 2019 (audited)	Carrying amount	Fair value	Level
Financial assets			
Financial assets	42,836,031	42,836,031	2
Net trade receivables	220,284,169	220,284,169	2
Cash and cash equivalents	1,793,145,389	1,793,145,389	2
Bank deposits	58,879,494	58,879,494	2
Net other receivables	31,416,822	31,416,822	2
Total financial assets	2,146,561,905	2,146,561,905	
June 30, 2020 (reviewed)			
Long-term financial liabilities			
Long-term financial borrowings	396,048,119	396,048,119	2
Provisions for risks and expenses	220,698,799	220,698,799	2
Long-term financial debts	616,746,918	616,746,918	
Short-term financial liabilities			
Suppliers, including suppliers of non-current assets	177,003,311	177,003,311	2
The current share of provisions for risks and expenses	58,601,747	58,601,747	2
Current share of long-term loans	212,420,026	212,420,026	2
Employee benefits and other payables	31,825,262	31,825,262	2
Total short-term financial debts	479,850,346	479,850,346	
December 31, 2019 (audited)			
Long-term financial liabilities			
Long-term financial borrowings	499,908,597	499,908,597	2
Provisions for risks and expenses	213,470,997	213,470,997	2
Long-term financial debts	713,379,594	713,379,594	
Short-term financial liabilities			
Suppliers, including suppliers of non-current assets	220,236,112	220,236,112	2
The current share of provisions for risks and expenses	65,442,649	65,442,649	2
Current portion of long-term loans	212,891,292	212,891,292	2
Employee benefits and other payables	27,863,600	27,863,600	2
Total short-term financial debts	526,433,653	526,433,653	

Notes 1 - 24 are an integral part of these Individual Interim Financial Statements.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

23. 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.

(ii) Other check-ups

On the basis of the FMC Tax Inspection Notice no. 163/23.07.2018, on August 23, 2018, a control team came to the Company's headquarters to audit the corporate 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. The tax inspection ended by RIF no. FMC 27 /18.02.2020, registered with SNN under no. 2621/21.02.2020, and by the taxation decision on the main tax liabilities related to the different taxation bases established within the tax inspection no. FMC 111 /18.02.2020, debts were established in the amount of RON 2,453,799. For the accessories related to these debts, SNN submitted a Request for the cancellation of the accessories to the National Agency for Fiscal Administration, registered with SNN under no. 3164/03.03.2020 and with the National Agency for Fiscal Administration under no. 11264/03.03.2020, by which it requested their cancellation according to art. 27 of Government Ordinance o. 6/2019 on the establishment of tax facilities. As a result, ANAF issued the Decision no. 559/06.03.2020 for the cancellation of the accessories.

(iii) Insurance policies

As at June 30, 2020, 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 managers ("D&O") for a liability limit (insured amount of EUR 30 million).

(iv) Environmental issues

The Company recorded no liability as at June 30, 2020 and December 31, 2019 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 Note 18). 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 on June 30, 2020 are not significant.

However, enforcement of environmental regulations in Romania is evolving and their application by the government authorities is continuously being reconsidered. The Company periodically evaluates 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 Company's management believes that there are no significant liabilities for environmental damage.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

23. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)

(v) Ongoing litigations

During 2020, the Company was involved in a number of legal proceedings arising during its normal course of business. The management of the Company 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

On June 30, 2020, 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 at June 30, 2020, 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 79.12 million, and in favor of clients for contracts concluded on the regulated markets in value of 20.01 million RON, and in favor of OPCOM for the participation to DAM and IM amounted to RON 37.28 million.

Moreover, on June 30, 2020 the Company has established letters of guarantee issued in favor of Transelectrica S.A. and Ciga Energy S.A. amounting to RON 3.96 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 bank guarantee letters, the Company either set up collateral deposits or entered into credit agreements on the issuance of bank guarantee letters with the banks that issued the guarantee letters.

On June 30, 2020 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 at June 30, 2020, the value of the bank guarantee letters issued by clients in favor of the Company for the contracts concluded on PCCB-NC, PCCB-LE and PCSU is in amount of RON 286,32 million. These guarantees cover the risk of unfulfilling the contractual obligations assumed by the clients through the energy sale contracts.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

24. SUBSEQUENT EVENTS**Share Capital Increase**

By the Current Report published on February 24, 2020, S.N. Nuclearelectrica S.A. informed its shareholders and investors on approving the increase of the share capital of SNN by the Board of Directors, with an in-kind and cash contribution in total maximum value of 1,380,150 RON, from the current value of 3,015,138,510 RON to the value of 3,016,518,660 RON, by issuing a maximum number of 138,015 new dematerialized registered shares, at a price of 10 lei/share, equal to the nominal value (without the first issue). For this purpose, on April 2, 2020, the Company published in Official Gazette no. 1,255, part IV, Board of Directors Resolution no. 28/24.02.2020. At the time of the drafting of these Individual Interim Financial Statements, the process of increasing the share capital is ongoing. Resolution of the Board of Directors no. 161/30.07.2020 approved the Proportional Offer Prospectus.

Changes in the management of the Company - Managers

By the Current Report published on July 23, 2020, SNN informed its shareholders and investors of the Resolution of the Board of Directors no. 158/23.07.2020 approving the appointment of Mr. Paul Ichim as Chief Financial Officer of SNN with a mandate for a period of 4 years as of August 1, 2020, following the completion of the selection procedure, organized in accordance with the provisions of Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, as further amended and supplemented.

Changes in the management of the Company - Board of Directors

By the Current Report published on July 10, 2020, SNN informed its shareholders and investors that the members of the Board of Directors of SNN have taken note, by Resolution no. 130/10.07.2020, of the resignation request of Mr. Iulian Robert Tudorache pertaining to his position of member of the Board of Directors of SNN, as of August 24, 2020.

By the Current Report published on July 23, 2020, SNN informed its shareholders and investors that at the meeting of the Board of Directors of 23.07.2020, the appointment of Mr. Teodor Minodor Chirica as Chairman of the Board of Directors of SNN was approved as of July 23, 2020 until the expiry of his mandate (Resolution of the Board of Directors no. 131/23.07.2020).

Resolution no. 9/27.07.2020 of the Ordinary General Meeting of Shareholders ("OGMS") approved the election of Mr. Teodor Minodor Chirica as a member of the Board of Directors of the SNN, with a term of office until September 28, 2022, the date on which the term of office of the directors in office ends (items 3.2 and 4 of the OGMS agenda of July 27, 2020).

Planned outage of Unit 1 CNE Cernavoda

As of June 20, 2020 at 11:00 am, Unit 1 CNE Cernavoda has entered the planned outage program.

During the scheduled shutdown, carried out every two years, activities will be carried out from the following programs: preventive and corrective maintenance program; the inspection program; the mandatory testing program during scheduled shutdowns, according to the requirements of the National Commission for Nuclear Activity Inspection, which can be carried out only with the power plant shut down and the program of implementing project changes on certain systems / equipment / components.

The works shall be performed under safety conditions for the staff of the plant, for the public and the environment, according to the procedures approved used by CNE Cernavoda Branch and by complying with all the protection measures against COVID 19.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2020

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

24. SUBSEQUENT EVENTS (CONTINUED)

Effects of COVID19

After the end of the 2019 financial year, a global virus epidemic (COVID19) broke out with rapid spread and potentially severe effects on infected people. The spread of the virus began by affecting China's population and economy in January 2020, and in February and March it became significant in other parts of the world, including Europe. Following these developments, the World Health Organization declared the existence of a "pandemic" on March 11, 2020. In this context, many states, including Romania, have taken measures to limit the spread of the virus and to prevent the population from getting sick (e.g. the cancellation of public events, the closure of borders, the restriction / closure of certain activities, recommending isolation or the reduction of social interactions, etc.), measures with a significant potential impact on certain sectors of activity. All these measures are expected to have as an effect the slowing down of the global economy.

At the time of the drafting these Individual Interim Financial Statements it is not known for how long the current uncertainty situation will be prolonged and what will be the final effect on the economic situation of companies in Romania and other affected countries. Accordingly, taking into account the information available at the time of the drafting of these Individual Interim Financial Statements, the Management of the Company cannot assess the financial impact or the duration of the effects of this pandemic. This event does not adjust the figures in these Individual Interim Financial Statements.

The Company is currently pursuing the exact observance of the measures established by the authorities and is taking measures to prevent the extension of the effects of the pandemic. Since March 2020, at SNN level there is an internal plan to protect all categories of personnel and to ensure the continuity of safe operation and production, in accordance with international standards in the nuclear industry and national provisions in this field.

Based on our internal analysis of the potential impact on the activity of our Company, taking into account the information currently available, we expect this crisis to affect the Company's activity in 2020, but without a significant impact on the Company's financial position. SNN informs that the basic processes are carried out in normal parameters, additional actions and measures being developed and implemented in coordination with all the competent institutions of the Romanian State.

Cosmin Ghita
Chief Executive Officer

Paul Ichim
Chief Financial Officer