



S.N. Nuclearelectrica S.A.

Individual Interim Financial Statements as of and for the nine-month period ended on September 30, 2020

Prepared in accordance with
the Public Finances Minister's Order no. 2.844/2016 on the approval
of the accounting regulations compliant with the
International Financial Reporting Standards adopted by the
European Union, in virtue of the International Accounting Standard
34 – "Interim Financial Reporting"

S.N. Nuclearelectrica S.A.

Statement of Individual financial position at September 30, 2020

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

	Note	September 30, 2020 (unaudited)	December 31st, 2019 (audited)
Assets			
Non-current assets			
Tangible assets	4	5,796,864,397	6,056,697,319
Intangible assets		55,895,505	60,760,656
Financial assets	8	6,506,031	42,836,031
Financial investments	5	141,666,101	141,666,101
Total non-current assets		6,000,932,034	6,301,960,107
Current assets			
Inventories	6	424,640,707	405,167,792
Trade receivables and other receivables	7	223,489,838	220,284,169
Payments made in advance		17,799,315	31,416,822
Bank deposits	8	1,350,359,000	58,879,494
Cash and cash equivalents	8	633,118,095	1,793,145,389
Total current assets		2,649,406,955	2,508,893,666
Total assets		8,650,338,989	8,810,853,773
Equity and liabilities			
Equity			
Share capital, out of which:	9	3,210,641,253	3,210,641,253
<i>Subscribed and paid in share capital</i>		3,015,138,510	3,015,138,510
<i>Inflation adjustments to the share capital</i>		195,502,743	195,502,743
Share premiums	9	31,474,149	31,474,149
Reserve paid in advance	9	21,553,537	21,553,537
Revaluation reserve	9	206,364,129	227,996,066
Retained earnings	9	3,839,053,227	3,843,269,056
Total equity		7,309,086,295	7,334,934,061
Liabilities			
Long-term debts			
Long term borrowings	11	363,865,396	499,908,597
Provisions for risks and expenses	12	225,200,595	213,470,997
Deferred revenues		89,654,135	100,412,631
Deferred tax liability		78,711,348	80,743,008
Obligations regarding employees benefits		41,621,644	41,621,644
Total long term liabilities		799,053,118	936,156,877
Current liabilities			
Accounts payable and other liabilities	13	201,960,336	220,236,112
The current share of provisions for risks and expenses	12	66,381,971	65,442,649
Current tax liability		25,036,759	13,329,182
Deferred revenues		35,791,445	27,863,600
Current portion of long-term loans	11	213,029,065	212,891,292
Total current liabilities		542,199,576	539,762,835
Total liabilities		1,341,252,694	1,475,919,712
Total equities and liabilities		8,650,338,989	8,810,853,773

S.N. Nuclearelectrica S.A.

Individual statement on the profit or loss and other items of the comprehensive income for the 9-month period that ended on September 30, 2020

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

Note	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Incomes				
Sales of electricity	574,153,486	589,617,655	1,731,672,957	1,771,355,753
Proceeds from electric power transmission	2,840,711	3,073,837	9,988,653	8,877,647
Total revenues	576,994,197	592,691,492	1,741,661,610	1,780,233,400
Other income	17,203,540	8,966,804	35,520,874	29,984,766
Operational expenses				
Depreciation and amortization	(130,508,099)	(140,709,447)	(408,763,469)	(415,581,760)
Personnel expenses	(107,640,056)	(118,031,493)	(326,171,173)	(351,811,855)
Cost of traded electricity	(41,188,984)	(41,004,170)	(51,553,165)	(83,205,926)
Repairs and maintenance	(24,722,887)	(16,231,487)	(46,849,121)	(47,835,143)
Electricity transmission expenses	(2,840,711)	(3,073,837)	(9,988,653)	(8,877,647)
Cost with spare parts	(5,135,073)	(2,666,005)	(13,437,295)	(12,440,587)
Cost of nuclear fuel	(31,494,662)	(27,695,417)	(96,084,383)	(78,601,369)
Other operating expenses	(101,547,062)	(95,749,735)	(286,605,701)	(291,181,794)
Total operating expenses	(445,077,534)	(445,161,591)	(1,239,452,960)	(1,289,536,081)
Operating result	149,120,557	156,496,705	537,729,524	520,682,085
Financial expenses	(11,150,313)	(15,123,607)	(33,730,056)	(53,920,578)
Financial revenues	21,445,468	14,482,393	68,634,135	49,216,608
Net financial result	10,295,155	(641,214)	34,904,079	(4,703,970)
Profit before profit tax	159,415,358	155,855,491	572,633,603	515,978,115
Profit tax expenses, net	(24,948,550)	(30,571,152)	(94,944,348)	(100,032,477)
Profit for the period	134,466,808	125,284,339	477,689,255	415,945,638

The individual interim financial statements presented on page 1 to 30 were signed on November 09, 2020 by:

Cosmin Ghita
Chief Executive Officer

Paul Ichim
Chief Financial Officer

S.N. Nuclearelectrica S.A.

Individual statement on the profit or loss and other items of the comprehensive income for the 9-month period that ended on September 30, 2020

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

Note	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Profit for the period	134,466,808	125,284,339	477,689,255	415,945,638
Comprehensive income				
Transfer of the revaluation reserve to the result carried forward, without deferred tax	7,171,760	7,349,088	21,631,937	(22,069,819)
Result carried forward from other adjustments	-	-	(5,115,626)	-
Total comprehensive income	7,171,760	7,349,088	16,516,311	(22,069,819)
Total comprehensive income for the period	141,638,568	132,633,427	494,205,566	438,015,457
Earnings per share				
Earnings per basic share (Ron/actiune)	10 0.45	0.42	1.58	1.38
Diluted earnings per share (Ron/actiune)	10 0.45	0.42	1.58	1.38

S.N. Nuclearelectrica S.A.

Individual Statement of Changes in Equity for the 9-month period ended on September 30, 2020

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

Note	Share capital	Capital-related 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	21,553,537	227,996,066	3,843,269,056	7,334,934,061
Comprehensive income	-	-	-	-	-	-
Profit for the period	-	-	-	-	477.689.255	477.689.255
<i>Comprehensive income</i>						
Transfer of the revaluation reserve to the result carried forward, without deferred tax	-	-	-	(21,631,937)	21.631.937	-
Result carried forward from other adjustments	-	-	-	-	(5,115,626)	(5,115,626)
Total comprehensive income for the period	-	-	-	(21,631,937)	494.205.566	472,573,629
Transactions with the shareholders, recognized only in equity						
Distributed dividends	-	-	-	-	(498,421,395)	(498,421,395)
Transactions with the shareholders, acknowledged only in equity	-	-	-	-	(498,421,395)	(498,421,395)
Balance on September 30, 2020 (unaudited)	3,210,641,253	31,474,149	21,553,537	206,364,129	3,839,053,227	7,039,086,295

S.N. Nuclearelectrica S.A.

Individual Statement of Changes in Equity for the 9-month period ended on September 30, 2019

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

	Note	Share capital	Capital-related premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
Balance as of January 1st, 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							
Profit for the period		-	-	-	-	415,945,638	415,945,638
<i>Comprehensive income</i>							
Transfer of the revaluation reserve to the result carried forward, without deferred tax		-	-	-	(22,069,819)	(22,069,819)	-
Total comprehensive income for the period		-	-	-	(22,069,819)	438,015,457	415,945,638
Transactions with the shareholders, recognized only in equity							
Distributed dividends		-	-	-	-	(378,914,311)	(378,914,311)
Transactions with the shareholders, acknowledged only in equity		-	-	-	-	(378,914,311)	(378,914,311)
Balance as of September 30, 2019 (unaudited)	9	3,210,641,253	31,474,149	21,553,537	235,337,713	3,717,155,287	7,216,161,939

S.N. Nuclearelectrica S.A.

Individual Cash Flow Statement for the nine-month period ended on September 30, 2020

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

	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Cash flows from operating activities		
Profit before profit tax	572,633,603	515,978,115
Adjustments for:		
Impairment and depreciation	408,763,469	415,581,760
Impairment on trade and other receivables	(6,486)	(477,810)
Impairment on inventories	(1,508,338)	(1,045,778)
Provisions corresponding to operating liabilities and expenses	7,591,857	5,600,184
(Earnings)/Losses from asset assignment	(1,111,180)	75,502
Net financial (income)/expense	(35,303,838)	9,641,412
Changes in:		
(Increase) in trade receivables and other receivables	1,685,996	(10,969,836)
(Increase) in inventories	(23,060,422)	(24,980,091)
Variation of deferred income	(2,830,651)	(8,844,644)
Variation of deferred expense	13,617,507	(21,286,560)
Increase of trade liabilities and other liabilities	(11,469,805)	3,537,853
Cash flows generated from operating activities	929,001,712	882,810,106
Corporate tax paid	(85,268,432)	(171,705,296)
Interest received	40,214,040	40,294,498
Interest paid	(3,864,405)	(5,124,774)
Net cash flow from operating activities	880,082,915	746,274,534
Cash flows from investing activities		
Purchase of intangible assets	(4,380,904)	(14,156,159)
Purchases of tangible assets	(140,795,673)	(173,762,781)
Proceeds from sale of tangible assets	1,111,180	100,764
(Increase)/ Decrease in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	(1,255,149,506)	29,714,013
Net cash flow used in investing activities	(1,399,214,903)	(158,104,163)
Cash flow from financing activities		
Repayments of borrowings	(142,588,358)	(147,149,658)
Dividends	(498,156,417)	(372,165,358)
Payments related to leasing contract debts, including interest IFRS 16	(150,531)	-
Net cash flow from financing activities	(640,895,306)	(519,315,016)
Net increase in cash and cash equivalents	(1,160,027,294)	68,855,355
Cash and cash equivalents as of January 1 (see Note 8)	1,793,145,389	1,611,175,766
Cash and cash equivalents on September 30 (see Note 8)	633,118,095	1,680,031,121

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 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 SA branch (for further details see Note 5). Resolution No. 8/June 12, 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) (section 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. On October 09, 2020 the Agreement between the Government of Romania and the Government of the United States of America was signed regarding the cooperation in connection with the nuclear-energy projects from Cernavoda and in the civil nuclear energy sector in Romania: The signing stage mainly aims, among others, the extension of Cernavoda NPP.

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.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

1. REPORTING ENTITY (CONTINUED)

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

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. 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 16).

As of September 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 16,896,856 shares, representing 5.6040% of the share capital and other individuals and legal entities shareholders holding together 35,880,376 shares, representing 11.9001% of the share capital.

Since November 4th, 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 9-month period that ended on September 30, 2020 have been prepared in accordance with the Order of the Ministry of Public Finance no. 2.844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards (“IFRS”), as further amended and supplemented (“OMPF 2.844/2016”). According to OMPF 2,844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1.606/2002 of the European Parliament and of the Council dated 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 the date and for the nine-month period that ended on September 30, 2020 were not audited and were not revised by an independent auditor. These Individual Interim Financial Statements were authorized for issue and signed on November 09, 2020 by the Company's management.

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.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 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.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 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 1st, 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 31st, 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	-	-	3,978,022	130,466,272	134,444,293
Transfers	-	24,388,175	10,769,371	(35,157,546)	-
Inventories transfers	-	-	-	(262,791)	(262,791)
Spare parts reclassified as fixed assets	-	-	13,844,527	(9,379,997)	4,464,530
Disposals	-	(1,292,912)	(326,862)	-	(1,619,774)
Balance on September 30, 2020 (unaudited)	32,181,659	5,361,381,063	1,100,591,523	1,031,125,084	7,525,279,329
Depreciation and impairment losses					
Balance as of January 1st, 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 31st, 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	-	334,301,513	58,073,133	-	392,374,646
Accumulated amortization for outputs	-	(1,292,912)	(697,344)	-	(1,990,256)
Adjustments for impairment of intangible assets	-	-	20,695,681	(13,554,716)	7,140,964
Balance on September 30, 2020 (unaudited)	550,782	1,004,886,381	577,502,495	146,141,449	1,729,081,107
Net accounting value					
Balance as of January 1st, 2019 (audited)	31,751,617	4,594,110,693	1,017,458,322	721,140,502	6,364,461,135
Balance as of December 31st, 2019 (audited)	31,630,877	4,666,408,021	572,895,440	785,762,980	6,056,697,319
Balance on September 30, 2020 (unaudited)	31,630,877	4,356,494,683	523,089,027	884,983,635	5,796,198,222

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 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:

	September 30 2020 (unaudited)	December 31st, 2019 (audited)
Tangible assets (land, buildings, other fixed assets)	5,796,198,222	6,056,697,319
Assets representing rights to use underlying assets under a leasing contract (IFRS 16)	666,175	-
Total	5,796,864,397	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 on the financial situation 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 September 30, 2020 is in value of RON 134,828, resulting in a net book value of RON 666,175. According to IFRS 16, for these contracts, the Company acknowledged during the period that ended on September 30, 2020 depreciation expenses amounting to RON 134,828 and interest expenses amounting to RON 19,591. The total cash receipts related to the contracts from the period that ended on September 30, 2020 were in value of 150,531 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 September 30, 2020 amounting to RON 246,334,039 (December 31, 2019: RON 258,982,893).

Non-current assets in progress

On September 30, 2020, the net book value of the assets in progress, amounting to RON 884,983,635, includes the following items:

- Investment for increasing the production capacity with a net accounting value of 506,690,143 RON (December 31, 2019: RON 507,128,812).
- Investments related to units 1 and 2, in total amount of RON 378,293,492, out of which the most representative ones are:
 - Annual inspections conducted during the planned outage of Unit 1, amounting to RON 84,817,039;
 - D2O tritium removal installation worth RON 63,437,131 (December 31, 2019: RON 63,238,682).
 - Modernization of U1 of 30,030,842 RON (December 31, 2019: 1,077,113 RON) ;
 - 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 46,017,500 (December 31, 2019: RON 47,683,884).
 - Modernization of the physical protection system in value of 19,181,424 RON (December 31, 2019: RON 16,766,486).

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 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 508,388,710 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 as of September 30, 2020 is RON 159,238,387 (December 31, 2019: RON 159,238,387), and equipment and other assets in value of RON 75,190,323 (December 31, 2019: RON 75,628,992).

As of September 30, 2020, the gross book value of Unit 5 is approximately RON 137 million (December 31, 2019: approximately RON 137 million). On December 31st, 2013 the Group 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 9 month period that ended on September 30, 2020, out of the projects in progress related to Units 1 and 2:

- Replacing the control section of the excitation system of Unit 2 amounting to RON 24,388,175 and
- mounting spare parts on the operated equipment, of 21,854,464 RON .

As of September 30, 2020, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 41,602,006 (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 16). The Company's contribution to ANDR during the period of 9 months that ended on September 30, 2020 amounts to RON 73,105,623 (September 30, 2019: 73,049,012 RON).

Assets pledged as security

As of September 30, 2020, and as of December 31, 2019, respectively, the Company has no pledged or mortgaged assets.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

5. FINANCIAL INVESTMENTS

On September 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.

As of September 30, 2020 and December 31, 2019, the Company owns 100% of the share capital of Energonuclear. The value of participation as of September 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 branch, in order to finance its activities until at least July 13, 2021. Until 30 September 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 208,037. On September 30, 2020 the shareholder loan was not converted into shares.

6. INVENTORIES

As of September 30, 2020 and December 31, 2019, the inventories are as follows:

	September 30, 2020	December 31st, 2019
	(unaudited)	(audited)
Spare parts	140,524,895	135,934,179
Consumables and other materials	47,131,480	48,185,789
Nuclear fuel	180,856,635	158,829,051
Uranium	40,366,018	55,554,976
Other inventories*)	15,761,679	6,663,797
Total	424,640,707	405,167,792

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

On September 30, 2020 the Company registers adjustments for depreciation of inventory in the amount of 51,569,015 RON (December 31, 2019: RON 52,788,117).

In the first 9 months of 2020 the Company recorded expenses on inventory depreciation adjustments in the amount of RON 48,519 and resumed revenue adjustments of inventory depreciation in the amount of 1,556,857 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 profit and loss account and other elements of the comprehensive income. As of September 30, 2020 the Company does not register inventory pledged as collateral for debts.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

7. TRADE RECEIVABLES AND OTHER RECEIVABLES

As of September 30, 2020 and December 31, 2019, the trade receivables and other receivables are as follows:

	September 30, 2020 (unaudited)	December 31st, 2019 (audited)
Trade receivables	179,470,697	180,490,398
Adjustments for impairment of trade receivables	(10,103,030)	(10,496,161)
Other receivables	27,684,185	24,414,556
Adjustments for impairment of other receivables	(596,559)	(3,074,604)
Taxes and duties	27,034,545	28,949,980
Total	223,489,838	220,284,169

As of September 30, 2020, the significant trade receivables in balance are from: Electrica Furnizare S.A, – 48,684,413 RON (December 31, 2019 – 29,966,395 RON), Enel Energie Muntenia S.A. – 24,477,443 RON (December 31, 2019 – 9,743,785 RON), E.ON Energie Romania S.A. – 13,601,038 RON (December 31, 2019 – 19,567,382 RON), Enel Energie S.A. – 18,335,131 RON (December 31, 2019 – 12,740,951 RON), CEZ Vanzare S.A. – 13,637,631 RON (December 31, 2019 – 13,561,964 RON) and GEN-I d.o.o. – 10,182,413 RON (December 31, 2019 – 14,020,156 RON).

Sales made during the 9-month period ended September 30, 2020 to the Company of the Electricity and Natural Gas Market Operator "OPCOM" S.A. accounted for about 21.78% (September 30, 2019: approximately 0.44%), to Electrica Furnizare S.A. approximately 16.77% (September 30, 2019: approximately 20.06%), to Enel Energie Muntenia S.A. approximately 9.29% (September 30, 2019 : approximately 6.82%), to E.ON Energie Romania S.A. approximately 7.10% (September 30, 2019: approximately 11.47%) and to CEZ Vanzare S.A. approximately 6.96% (September 30, 2019: approximately 4.46%) out of the total electricity sales of the Company.

On September 30, 2020 the position "Duties and Taxes" mainly represents the VAT to be recovered amounting to RON 24,375,053 (December 31, 2019: RON 26,287,786).

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

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

As of September 30, 2020 and December 31, 2019, the cash and cash equivalents are as follows:

	September 30, 2020	December 31st, 2019
	(unaudited)	(audited)
Cash and cash equivalents in RON	628,166,558	1,767,134,755
Cash and cash equivalents in foreign currencies	4,951,537	26,010,634
Total cash and cash equivalents	633,118,095	1,793,145,389

The "Cash and cash equivalents" position also includes bank deposits, with a maturity shorter than 3 months, in value of 527,245 RON (December 31, 2019: RON 1,604,778,300), as well as the amount of RON 2,159,290 representing letters of credit issued in favor of providers of equipment, spare parts, services and technical support (December 31, 2019: RON 840,891).

As of September 30, 2020 and December 31, 2019, all bank deposits presented under the "Bank deposits" position are in RON.

	September 30, 2020	December 31st, 2019
	(unaudited)	(audited)
Bank deposits	1,350,359,000	58,879,494
Total bank deposits	1,350,359,000	58,879,494

On September 30, 2020, the Company has a single letter of bank guarantee issued for a value of 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 set up for the Company's participation on the electricity market, mostly representing its sales of electricity.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

9. EQUITY

Share capital

The Company was established through separation from the former Autonomous Electricity Administration ("RENEL"). The share capital represents the State's contribution to the establishment of the Company on June 30st, 1998 (restated with inflation up to December 31st, 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 September 30, 2020 is RON 3,015,138,510, under the authorized capital.

As of September 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:

	September 30, 2020	December 31st, 2019
	(unaudited)	(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 of September 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 RON 10 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 as of September 30, 2020 and December 31, 2019 is as follows:

Shareholders	Number of shares	% of the	Number of shares	% of the
	September 30, 2020	share	December 31st, 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.	16,896,856	5.6040%	21,268,355	7.0539%
Other shareholders	35,880,376	11,9001%	31,508,877	10.4502%
Total	301,513,851	100%	301,513,851	100%

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

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.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

9. EQUITY (CONTINUED)**Prepaid reserve**

The prepaid reserves amount to RON 21,553,537 as at September 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 September 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 September 30, 2020, the deferred net tax revaluation reserve is RON 206,364,129 (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 9 months of 2020, the Company admitted to a decrease of the revaluation reserve amounting to RON 21,631,937 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. 2.844/2016 regarding the approval of the accounting regulations compliant with the International Financial Reporting Standards.

Over the nine-month period ended on September 30, 2020, the Company declared dividends amounting to RON 498,421,396 (December 31, 2019: RON 378,914,311). Unpaid net dividends as of December 30, 2020 amounted to RON 934,305 (December 31, 2019: RON 655,353).

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

10. EARNINGS PER SHARE

As of September 30, 2020 and September 30, 2019, the earning per share is:

(i) Basic earnings per share

	3-month months ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Net profit in the period	134,466,808	125,284,339	477,689,255	415,945,638
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)	0.45	0.42	1.58	1.38

(ii) Diluted earnings per share

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Net profit in the period	134,466,808	125,284,339	477,689,255	415,945,638
Number of ordinary shares at the beginning of the period (a)	301,513,851	301,513,851	301,513,851	301,513,851
Number of ordinary shares issued during the period	-	-	-	-
Number of ordinary shares at the end of the period (a)	301,513,851	301,513,851	301,513,851	301,513,851
Number of shares corresponding to the prepaid share reserve (b) (see Note 9)	-	-	-	-
Weighted-average number of ordinary shares (diluted) as of September 30 (a) + (b)	301,513,851	301,513,851	301,513,851	301,513,851
Diluted earnings per share (RON/share)	0.45	0.42	1.58	1.38

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

11. BORROWINGS

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

	September 30, 2020 (unaudited)	< 1 year	> 1 year	December 31st, 2019 (audited)	< 1 year	> 1 year
Bank loans	575,034,913	211,700,709	363,334,205	712,424,017	212,515,420	499,908,597
Interest	1,187,873	1,187,873	-	375,872	375,872	-
Other loans (lease liabilities – IFRS 16) (Note 4)	671,673	140,483	531,190	-	-	-
Total	576,894,460	213,029,065	363,865,395	712,799,889	212,891,292	499,908,597

Bank loans

The loan reimbursements in the 9-month period ended on September 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			(143,260,032)	
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%	(90,077,400)	2024
Exchange rate differences			939,949	
Commitment fees			4,930,980	
Balance on September 30, 2020 (unaudited)			575,034,914	

(i) Long term borrowings

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

	September 30, 2020 (unaudited)	December 31st, 2019 (audited)
Societe Generale - ANSALDO BC	74,884,204	91,865,702
Societe Generale - AECL BC	135,707,769	178,660,043
EURATOM	375,948,560	458,334,870
Total long-term loans	586,540,533	728,860,615
Minus: Current portion of long-term loans	(218,275,348)	(219,090,059)
Less: Balance of commitment and insurance fees (long term)	(4,930,980)	(9,861,959)
Total long-term loans net of the short-term portion	363,334,205	499,908,597

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

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

11. LOANS (CONTINUED)**Bank loans (continued)****(ii) Short-term borrowings**

As of September 30, 2020 and December 31, 2019, the **short-term** borrowings appear as follows:

	September 30, 2020	December 31st, 2019
	(unaudited)	(audited)
Current portion of long-term loans	218,275,348	219,090,059
Interests related to the long-term borrowings	1,187,873	375,872
Short-term transaction costs	(6,574,639)	(6,574,639)
Total short-term loans	212,888,582	212,891,292

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

12. PROVISIONS FOR RISKS AND EXPENSES

As of September 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":

	September 30, 2020	December 31st, 2019
	(unaudited)	(audited)
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	279,300,546	278,913,646

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

	Current share	Long-term share
	(< 1 year)	(> 1 year)
Obligations regarding the Intermediary Used Fuel Storage (DICA)	26,403,293	43,394,966
Obligations regarding the low and medium radioactive and non-radioactive waste	16,456,175	80,834,548
Provision for litigations with nuclear risk increment	-	100,971,081
Employees' participation to the profit	23,522,503	-
Total	66,381,971	225,200,595

The position "Participation of employees in profit" includes the amount of 13.7 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 September 30, 2020, based on the Revenue and expense budget, approved by OGMS Resolution no. 3/05.03.2020.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

13. TRADING AND OTHER LIABILITIES

As of September 30, 2020, and December 31, 2019, trading and other liabilities are as follows:

	September 30, 2020	December 31st, 2019
	(unaudited)	(audited)
Non-current assets suppliers	41,602,006	16,086,321
Trade payables	96,070,116	82,971,731
Liabilities towards the employees	26,402,187	20,531,067
Payables to the State	24,359,079	93,595,144
Dividends payables	1,007,823	668,882
Other payables	12,519,125	6,382,967
Total	201,960,336	220,236,112

On September 30, 2020, the main providers in the balance, from the "Non-current assets suppliers" and "Suppliers" positions, are: General Electric Global Services GMBH – 21,809,115 RON (December 31, 2019 – 0 RON), Cameco Marketing INC – 14,872,400 RON (December 31, 2019: 0 RON); Apele Romane Bucuresti – 12,786,935 RON (December 31, 2019 – 11,923,228 RON), Elcomex I.E.A. S.A. – 5,752,907 RON (December 31, 2019 – 9,720,914 RON), General Concrete S.R.L. – 5,943,872 RON (December 31, 2019 – 3,575,409 RON).

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/ March 05, 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.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

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

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Sales of electricity on regulated market	72,107,523	104,041,019	276,924,697	105,189,832
Sales of electricity on free market	501,812,657	485,349,372	1,450,746,912	1,661,272,463
Sales of thermal energy	226,700	221,046	3,981,125	4,873,635
Revenues from green certificates	6,606	6,218	20,223	19,823
Total	574,153,486	589,617,655	1,731,672,957	1,771,355,753

(ii) The amount of energy sold

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	The 9-month period ended on September 30, 2019 (unaudited)
Quantity of electricity sold on regulated market (MWh)	394,822	552,440	1,481,558	558,540
Quantity of electricity sold on free market (MWh)	1,963,594	2,152,809	6,408,101	7,244,206
Total	2,358,416	2,705,249	7,889,659	7,802,746

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. The sales of thermal power over the period January 1 - September 30, 2020 amount to RON 3,981,125 (January 1 - September 30, 2019: 4,873,635 RON),

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 25,625 MWh for the 9-month period ended on September 30, 2020 (21,750 MWh for the 9-month period that ended on September 30, 2019).

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

14. REVENUES FROM ELECTRICITY SALES (CONTINUED)

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 Q1 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 RON 188.47 /MWh (without Tg).

For the 2nd half-year of 2020, ANRE issued Order 88/12.06.2020 for approving the Methodology for setting regulated fees and prices applied by last-instance providers to end clients for period July 1 - December 31, 2020 [...]. According to ANRE Resolution no. 1077/29.06.2020, the quantity assigned to SNN for the second half-year of 2020 for regulated contracts was 1,095 GWh, out of which 394.9 GWh for Q3 2020 and 700.1 GWh for Q4 2020. For the first half-year of 2020, ANRE established a regulated price for SNN of RON 182.63 /MWh (without Tg). According to ANRE decision 326/2019, the quantity of electricity assigned to SNN for 2019 under regulated contracts is 1,377 GWh (out of which 558.54 GWh for January 1 – September 30, 2019), at a regulated price of 188.33 RON/MWh (without Tg).

Over the nine-month period ended on September 30th, 2020, the Company sold 18.7% of its energy on the regulated market (over the 9-month period ended on September 30th, 2019: 7.1%), at a regulated price.

On the competition market, between January 1 and September 30, 2020, the Company delivered 81% of its sold energy (January 1 - September 30, 2019: 92.6%), The average sale price of electricity sold by the Company on this market in period January 1 - September 30, 2020 was of 226.39 RON/MWh (period January 1 - September 30, 2019: 229.32 RON/MWh) value, which does not include Tg.

15. OTHER INCOMES

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Income from investment subsidies	3,590,020	3,590,074	10,769,606	10,772,665
Revenues from penalties and compensation	86,800	1,413,263	332,615	1,814,197
Income from reversal of provisions and value adjustments, net	(3,499,742)	-	-	-
Other income	17,026,462	3,963,467	24,418,653	17,397,904
Total	17,203,540	8,966,804	35,520,874	29,984,766

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

16. OTHER OPERATIONAL COSTS

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Other expenses with services provided by third parties	21,431,990	21,700,597	59,992,349	54,761,194
Expenses with ANDR	24,496,369	24,339,337	73,105,623	73,049,012
Energy and water expenses	19,034,799	20,683,691	58,061,456	58,021,222
Expenses with ANRE contribution	5,994,282	10,626,347	8,047,889	31,876,042
Fuel and other consumables expenses	15,369,872	8,916,401	37,798,406	32,575,407
Costs of insurance premiums	3,553,117	3,704,397	8,977,493	8,989,236
Transport and telecommunication expenses	1,908,872	2,257,043	5,209,525	6,098,136
Expenses related to provisions and impairments	2,135,711	(5,969,558)	2,135,711	4,495,688
Other operating expenses	7,622,050	9,491,480	33,277,249	21,315,857
Total	101,547,062	95,749,735	286,605,701	291,181,794

Expenses with ANDR

Starting with 2007, following the Government Decision no. 1080/September 5th, 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 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 8,047,889 (September 30, 2019: 31,876,042 RON), 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 7,451,794 (September 30, 2019: 7,434,723 RON),

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

17. FINANCIAL REVENUES AND EXPENSES

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	9-month period ended on September 30, 2019 (unaudited)
Interest income	13,535,816	12,631,458	45,102,287	40,640,174
Foreign exchange gains	7,907,303	1,850,935	23,527,730	8,576,434
Income from dividends	1,995	-	3,764	-
Other financial revenues	354	-	354	-
Total financial revenues	21,445,468	14,482,393	68,634,135	49,216,608
Foreign exchange losses	(8,080,086)	(11,569,463)	(24,122,670)	(42,559,992)
Interest related expenses	(3,070,227)	(3,554,144)	(9,607,386)	(11,360,586)
Total financial expenses	(11,150,313)	(15,123,607)	(33,730,056)	(53,920,578)
Net financial (expenses)/revenues	10,295,155	(641,214)	34,904,079	(4,703,970)

18. INCOME TAX

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

	3-month period ended on September 30, 2020 (unaudited)	3-month period ended on September 30, 2019 (unaudited)	9-month period ended on September 30, 2020 (unaudited)	The 9-month months ended on September 30, 2019 (unaudited)
Current income tax expense	27,037,954	31,433,831	96,976,009	102,719,335
Revenue from deferred tax, net	(2,089,404)	(862,679)	(2,031,661)	(2,686,858)
Total	24,948,550	30,571,152	94,944,348	100,032,477

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

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

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

(ii) Other check-ups

On the basis of the FMC Tax Inspection Notice 163 / July 23rd, 2018, on August 23rd, 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 /February 18th, 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 /February 18, 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/March 3rd, 2020 and with the National Agency for Fiscal Administration under no. 11264/March 3rd, 2020, by which it requested their cancellation according to art. 27 of Government Ordinance No. 6/2019 on the establishment of tax facilities. Consequently, ANAF issued a decision for the annulment of the accessory payment obligations no. 559/06.03.2020.

(iii) Insurance policies

As of September 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 of September 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 16). The management considers that the nuclear plant fully complies with the Romanian and international environmental standards and estimates that additional costs associated with environmental compliance as of September 30, 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 Group's management believes that there are no significant liabilities for environmental damage.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

19. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)**(v) Ongoing litigations**

Over the first 9 months of 2020, the Company was involved in a number of legal proceedings arising during its normal course of business. The management of the Group regularly analyses the ongoing litigation sand, after consulting with its legal advisers and lawyers, decides whether to create a provision for the amounts involved or to present them in the financial statements.

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

(vi) Commitments

As of December 30, 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 of September 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 202.23 million, and in favor of clients for contracts concluded on the regulated markets in value of RON 20.01 million RON, in favor of FUI in value of 19.99 million RON, and in favor of OPCOM for the participation to DAM and IM amounted to RON 37.28 million.

Moreover, as of September 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.

As of September 30, 2020 the Company has established a Treasury deposit in the amount of RON 1.4 million, standing for the liens according to the decision made by ANAF - General Directorate against tax fraud.

As of September 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 307,8 million. These guarantees cover the risk of unfulfilling the contractual obligations assumed by the clients through the energy sale contracts.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

20. SUBSEQUENT EVENTS**Share Capital Increase**

By the current report published on September 23, 2020, SNN informed its shareholders and investors that on September 22, 2020, the Board of Directors acknowledged and validated the subscriptions made within the share capital increase procedure. This procedure was carried out according to ASF decision no. 976/13.08.2020. The value of the share capital of SNN that will result following this operation will be of RON 3,016,438,940, fully subscribed and paid by the company's shareholders, corresponding to a number of 301,643,894 registered, dematerialized shares, each with a nominal value of 10 RON.

On the date on which these Interim Individual Financial Statements were drafted, the process of increasing the share capital is in progress, and SNN obtained the necessary certifications for approving and registering this capital increase from the Trade Register National Office ("ONRC"), the Financial Supervision Authority ("ASF") and the central Register.

Changes in the management of the Company - Managers

By the current report published on October 19, 2020, SNN informed its shareholders and investors regarding the termination of the individual employment contract of Mr. Dan Bigu, the Manager of the Cernavoda NPP Branch, by meeting the standard cumulative age conditions and the minimum contribution level for retirement. Following the completion of the internal selection procedure, this position will be taken over by Mr. Valentin Nae as of October 19, 2020.

Agreement between the Romanian Government and the USA Government

By the current report published on October 9, 2020, SNN informed its shareholders and investors regarding the signing of the Agreement between the Government of Romania and the Government of the United States of America was signed regarding the cooperation in connection with the nuclear-energy projects from Cernavoda and in the civil nuclear energy sector in Romania, on October 9, 2020, in Washington DC. In relation to the investment projects implemented by SNN, the stage of authorizing this agreement mainly refers to the extension of the capacity of the NPP Cernavoda and the Project for Modernizing Unit 1 of NPP Cernavoda.

Also, the USA Government expressed its interest to find financing institutions that would support the global funding of the projects by complying with the policies, procedures and the decision independence of these institutions, and this financial component was included in the Inter-Government Agreement. According to the national and European legislation, the Inter-Government Agreement draft is to be sent to the European Commission according to the provisions of the Euratom Treaty.

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements drafted on the date and for the 9-month period ended on September 30, 2020

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

20. SUBSEQUENT EVENTS(CONTINUED)**Effects of COFID19**

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 Situations 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

Notes 1-20 are an integral part of these individual interim financial statements

This a free translation from the Romanian version.

In case of any differences between the Romanian and English version, the Romanian version prevails.