



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

### **Consolidated Interim Financial Statements as of and for the 6-month period ended on June 30, 2022;**

Prepared in accordance with  
the Public Finances Minister's Order no. 2844/2016 on the approval  
of Accounting Regulations compliant with the  
International Financial Reporting Standards adopted by the  
European Union, based on the International Accounting Standard  
34 – "Interim Financial Reporting"

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

Statement of the Consolidated Financial Position as at June 30, 2022

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

	Note	June 30, 2022 (revised)	December 31, 2021 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	4	5,981,088,359	6,002,190,191
Assets representing rights to use underlying assets under a leasing contract	5	1,044,568	1,180,392
Intangible assets	6	52,126,986	48,406,709
Financial assets valued at amortized cost	7	35,039,398	35,496,297
<b>Total non-current assets</b>		<b>6,069,299,311</b>	<b>6,087,273,589</b>
<b>Current assets</b>			
Inventories	8	591,012,021	560,119,950
Trade receivables	9	237,477,684	220,486,125
Other assets valued at amortized cost	10	105,820,432	85,068,328
Bank deposits	11	1,394,820,500	1,328,973,000
Cash and cash equivalents	11	1,801,486,802	1,343,172,157
<b>Total current assets</b>		<b>4,130,617,439</b>	<b>3,537,819,560</b>
<b>Total assets</b>		<b>10,199,916,750</b>	<b>9,625,093,149</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital, of which:		3,211,941,683	3,211,941,683
<i>Subscribed and paid in share capital</i>		<i>3,016,438,940</i>	<i>3,016,438,940</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		21,553,548	21,553,548
Revaluation reserve		2,101,938,467	2,101,938,467
Retained earnings		3,621,423,017	2,997,775,072
<b>Total equity</b>	12	<b>8,988,330,864</b>	<b>8,364,682,919</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Long term loans	14	97,424,380	130,135,030
Debts from long-term leasing contracts	5	779,829	910,586
Provisions for risks and expenses	16	255,149,478	245,823,013
Deferred revenues		64,864,911	72,037,242
Deferred tax liability		96,561,465	102,278,834
Obligations concerning employee benefits		46,378,990	46,378,990
<b>Total long-term liabilities</b>		<b>561,159,053</b>	<b>597,563,695</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	15	332,513,872	286,476,663
The current share of provisions for risks and expenses	16	73,123,770	69,541,135
Corporate tax due		77,405,995	48,790,678
Deferred revenues		77,084,361	89,647,495
Current portion of long-term loans	14	90,038,658	168,126,539
Debts from short-term leasing contracts	5	260,177	264,025
<b>Total current liabilities</b>		<b>650,426,833</b>	<b>662,846,535</b>
<b>Total liabilities</b>		<b>1,211,585,886</b>	<b>1,260,410,230</b>
<b>Total equity and liabilities</b>		<b>10,199,916,750</b>	<b>9,625,093,149</b>

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

Consolidated statement on the profit or loss and other items of the comprehensive income for the 6-month period that ended on June 30, 2022

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

	Note	6-month period ended on June 30, 2022; (revised)	6-month period ended on June 30, 2021 (revised)
<b>Income</b>			
Income from electricity sales	17	3,089,076,285	1,339,580,131
Electricity transmission income		9,190,035	6,356,333
<b>Total income</b>		<b>3,098,266,320</b>	<b>1,345,936,464</b>
Other revenues	18	42,059,521	36,597,835
<b>Operating expenses</b>			
Impairment and depreciation		(302,618,931)	(277,642,431)
Personnel expenses	19	(245,026,488)	(193,788,929)
Cost of purchased electricity		(252,870,464)	(123,120,275)
Repairs and maintenance		(42,680,899)	(46,062,495)
Electricity transmission expenses		(9,190,035)	(6,356,333)
Cost of spare parts		(15,527,628)	(10,763,954)
Cost of nuclear fuel		(72,021,838)	(70,934,035)
Additional income tax expense	20	(585,810,573)	-
Other operating expenses	21	(210,701,723)	(198,720,331)
<b>Total operating expenses</b>		<b>(1,736,448,579)</b>	<b>(927,388,783)</b>
<b>Operating result</b>		<b>1,403,877,262</b>	<b>455,145,516</b>
Financial expenses		(14,953,074)	(22,484,244)
Financial revenues		65,486,926	31,773,355
<b>Financial result</b>	22	<b>50,533,852</b>	<b>9,289,111</b>
<b>Profit before income tax</b>		<b>1,454,411,114</b>	<b>464,434,627</b>
Net income tax expense	23	(234,837,802)	(79,083,200)
<b>Profit for the period</b>		<b>1,219,573,312</b>	<b>385,351,427</b>

The Consolidated Financial Statements presented on page 1 to 45 were signed on August 10, 2022.

**Cosmin Ghita**  
Chief Executive Officer

**Dan Niculae-Faranga**  
Chief Financial Officer

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

Consolidated statement on the profit or loss and other items of the comprehensive income for the 6-month period that ended on June 30, 2022

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

	<b>Note</b>	<b>6-month period ended on June 30, 2022; (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
<b>Profit for the period</b>		<b>1,219,573,312</b>	<b>385,351,427</b>
<b>Other items of the comprehensive income</b>			
<b>Items that will not be reclassified in the profit and loss account</b>			
Result carried forward from other adjustments			19,781
<b>Total other items of the comprehensive income</b>		-	<b>19,781</b>
<b>Total aggregate comprehensive earnings for the period</b>		<b>1,219,573,312</b>	<b>385,371,208</b>
<b>Earnings per share</b>			
Basic earnings per share (RON/share)	<b>13</b>	<b>4.04</b>	<b>1.28</b>
Diluted earnings per share (RON/share)	<b>13</b>	<b>4.04</b>	<b>1.28</b>

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

Consolidated Statement of Changes in Equity for the 6-month period ended on June 30, 2022

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

Note	Share capital	Inflation adjustments to the share capital	Share premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
	<b>3,016,438,940</b>	<b>195,502,743</b>	<b>31,474,149</b>	<b>21,553,548</b>	<b>2,101,938,467</b>	<b>2,997,775,072</b>	<b>8,364,682,919</b>
<b>Balance as at January 1, 2022 (audited)</b>							
<b>Comprehensive income</b>							
<i>Profit of the financial year</i>						<b>1,219,573,312</b>	<b>1,219,573,312</b>
<i>Other items of the comprehensive income</i>							
Actuarial earnings related benefit plans							
Other items of the comprehensive income							
Result carried forward from other adjustments							
<b>Total other items of the comprehensive income</b>	-	-	-	-	-	-	-
<b>Total comprehensive income for the financial year</b>	-	-	-	-	-	<b>1,219,573,312</b>	<b>1,219,573,312</b>
<b>Transactions with the shareholders, recognized only in equity</b>							
Distributed dividends						(595,925,367)	(595,925,367)
<b>Total transactions with the shareholders, recognized only in equity</b>	-	-	-	-	-	<b>(595,925,367)</b>	<b>(595,925,367)</b>
<b>Balance as at June 30, 2022 (revised)</b>	<b>3,016,438,940</b>	<b>195,502,743</b>	<b>31,474,149</b>	<b>21,553,548</b>	<b>2,101,938,467</b>	<b>3,621,423,017</b>	<b>8,988,330,864</b>

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

Consolidated Statement of Changes in Equity for the 6-month period ended on June 30, 2021

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

Note	Share capital	Inflation adjustments to the share capital	Share premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
	<b>3,016,438,940</b>	<b>195,502,743</b>	<b>31,474,149</b>	<b>21,553,548</b>	<b>1,820,339,902</b>	<b>2,434,020,626</b>	<b>7,519,329,908</b>
<b>Balance as at January 1, 2021 (audited)</b>							
<b>Comprehensive income</b>							
<i>Profit of the financial year</i>						<b>385,351,427</b>	<b>385,351,427</b>
<i>Other items of the comprehensive income</i>							
Actuarial earnings related benefit plans							
Other items of the comprehensive income							
Result carried forward from other adjustments						19,781	<b>19,781</b>
<b>Total other items of the comprehensive income</b>	-	-	-	-	-	<b>19,781</b>	<b>19,781</b>
<b>Total comprehensive income for the financial year</b>	<b>12</b>	-	-	-	-	385,371,208	385,371,208
<b>Transactions with the shareholders, recognized only in equity</b>							
Distributed dividends						(472,117,575)	<b>(472,117,575)</b>
<b>Total transactions with the shareholders, recognized only in equity</b>	<b>12</b>	-	-	-	-	<b>(472,117,575)</b>	<b>(472,117,575)</b>
<b>Balance as at June 30, 2021 (revised)</b>	<b>3,016,438,940</b>	<b>195,502,743</b>	<b>31,474,149</b>	<b>21,553,548</b>	<b>1,820,339,902</b>	<b>2,347,274,259</b>	<b>7,432,583,541</b>

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

Consolidated Cash Flow Statement for the 6-month period ended on June 30, 2022

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

	<b>6-month period that ended on June 30, 2022 (revised)</b>	<b>The period of 6 months that ended on June 30, 2021 (revised)</b>
<b>Cash flows from operating activities</b>		
Profit before income tax	1,454,411,114	464,434,627
<b>Adjustments for:</b>		
Impairment and depreciation	302,618,931	277,642,431
Impairment on trade receivables	(6,067)	(2,775)
Value adjustments on inventory	(709,818)	(320,162)
Provisions corresponding to operating liabilities, risks and expenses	22,927,938	9,372,323
Losses / (Earnings) from asset assignment	319,971	2,125,558
Net financial (revenues)	(53,050,868)	(9,333,640)
<b>Changes in:</b>		
(Increase) / Decrease in trade receivables	(16,983,412)	(12,596,108)
(Increase) / Decrease in other financial assets valued at amortized cost	(6,999,367)	(25,011,382)
(Increase) / Decrease in inventory	(28,918,383)	(47,629,364)
Variation of deferred income	(19,735,465)	(6,633,777)
(Decrease) in trade payables and other liabilities	(22,608,127)	(67,603,853)
<b>Cash flows generated from operating activities</b>	<b>1,631,266,447</b>	<b>584,443,879</b>
Corporate tax paid	(211,939,854)	(83,973,122)
Interest collected	43,872,670	18,650,500
Interest paid	(299,660)	(754,307)
<b>Net cash flow from operating activities</b>	<b>1,462,899,603</b>	<b>518,366,950</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(7,911,505)	(1,997,686)
Purchases of tangible assets	(222,136,397)	(141,273,356)
Other investments in financial assets (see Note 7)	975,000	(250,000)
Proceeds from sale of tangible assets	16,244	17,598
Decrease in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	(65,847,500)	389,098,000
<b>Net cash flow corresponding to investment activities</b>	<b>(294,904,158)</b>	<b>245,594,556</b>
<b>Cash flow corresponding to financing activities</b>		
Loan repayments	(116,080,281)	(112,213,318)
Dividend payments	(593,393,407)	(470,022,710)
Payments related to leasing contract debts, including interest	(207,112)	(107,946)
<b>Net cash flow corresponding to financing activities</b>	<b>(709,680,800)</b>	<b>(582,343,974)</b>
<b>Net increase in cash and cash equivalents</b>	<b>458,314,645</b>	<b>181,617,532</b>
<b>Cash and cash equivalents as of January 1st (see Note 11)</b>	<b>1,343,172,157</b>	<b>546,867,387</b>
<b>Cash and cash equivalents as at June 30 (see Note 11)</b>	<b>1,801,486,802</b>	<b>728,484,919</b>

## S.N. Nuclearelectrica S.A.

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

### 1. REPORTING ENTITY

#### a) General information about the group

These Interim Consolidated Financial Statements prepared on and for the 6-month period on June 30, 2022, comprise the Financial Statements of Societatea Nationala Nuclearelectrica S.A. ("Company" or "SNN") and its branches, hereinafter collectively referred to as "Group".

Societatea Nationala Nuclearelectrica S.A. is a national joint-stock company, with a one-tier management system, having a Head Office and two branches without legal status, Cernavoda NPP (Nuclear Power Plant) – with the registered office in Constanta County, Cernavoda Town, 2 Medgidiei Street, registered with the Trade Register under number J13/3442/2007, and Pitesti NFP (Nuclear Fuel Plant) - with the registered office in Arges County, Mioveni Town, 1 Campului Street, registered with the Trade Register under number J03/457/1998, respectively. The registered office address is Romania, Municipality of Bucharest, 1<sup>st</sup> District, 65, Polona Street.

On June 30, 2022 the Company's shareholders are: The Romanian State, by the Ministry of Energy, holding 248,850,476 shares, representing 82.4981% of the share capital, and other shareholders, individuals and legal entities, holding together 52,793,418 shares, representing 17.5019% of the share capital.

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

The Company has as main scope of business "Electricity production" - NACE code 3511 and it is registered with the Trade Register under number J40/7403/1998, sole registration code 10874881, fiscal attribute RO.

As of June 30, 2022 and December 31, 2021, the branches of the Company are as follows:

Branch	Activity	Sole Registration Number	Sediul social	% interest as of June 30, 2022	% interest as of December 31, 2021
Energonuclear S.A.	"Engineering activities and related technical consultancy" - NACE code 7112	25344972	Bucharest, District 2, Bd. Lacul Tei, no. 1 - 3, Lacul Tei Offices building, 8th floor	100%	100%
Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.	"Processing of nuclear fuel" - NACE Code 2446.	44958790	Brasov County, Feldioara, Str. Dumbravii no. 1, Administrative building, ground floor	100%	100%
Nuclearelectrica Serv S.R.L.	"Other human resources provision" - NACE Code 7830	45374854	Constanta County, Cernavoda, Str. Energiei no. 21, Hotel no. 2, Unit B, 1st floor	100%	100%

#### Changes in the structure of the group in the first 6 months of 2022

In the first 6 months of 2022, no modifications in the structure of the group were recorded.

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

This is 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 Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

### **1. REPORTING ENTITY (CONTINUED)**

#### **a) General information about the group (continued)**

##### **Main activities of the group**

The main activity of the Group 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).

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

In Cernavoda, the Company owns two other 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. 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 Cernavoda NPP by the organization of an investor selection procedure" (2014) as well as the "Revised Strategy for the continuation of the project for Units 3 and 4 of Cernavoda NPP by the organization of an investor selection procedure" (2018) (section 2 of the EGMS agenda of June 12, 2020), (ii) Empowering the Board of Directors of SNN to initiate procedures/steps/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 Cernavoda NPP (MoU)" and "Investor Agreement in preliminary form", respectively (point 3 of the EGMS agenda of June 12, 2020) and (iii) Empowering the SNN Board of Directors to initiate the steps for the analysis and crystallization of the strategic options for the construction of new nuclear power generation capacities (point 4 of the EGMS agenda of June 12, 2020).

By Resolution of the Prime Minister of Romania No. 281/July 14, 2020, published in the Official Gazette of Romania, Part I, No. 618/July 14, 2020, the Strategic Coordination Committee for the Implementation of the Project for Cernavoda NPP Units 3 and 4 was set up. On October 9, 2020 the Agreement between the Government of Romania and the Government of the United States of America was signed on the cooperation related to the nuclear-energy projects in Cernavoda and in the civil nuclear energy sector in Romania. The agreement was recently ratified by the Parliament of Romania, by Law no. 200/2021. Also, in October 2020, US Exim Bank expressed, by a Memorandum of Understanding concluded with the Ministry of Energy, its interest in financing large investment projects in Romania, including nuclear ones, in total value of USD 7 billion.

By the Current Report issued on November 25, 2021, the shareholders are informed in relation to the advancement of the Project of Units 3 and 4, a project which is in its preparatory stage, and the Energonuclear S.A. branch signed the first contract with Candu Energy, a member of the SNC-Lavalin group and the Design Authority for Units 3 and 4 and OEM Candu (the original manufacturer of the CANDU technology).

Resolution no. 6/10.08.2022 of the Ordinary General Meeting of Shareholders of SNN approved the continuation of the Project of Units 3 and 4 of Cernavoda NPP, and respectively adopting the Preliminary Investment Resolution and the advancement to Stage II - Preliminary Stages, conditional on approving and concluding the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 of Cernavoda NPP. Initiating endeavors in order to grant and conclude the necessary contracts for completing the Project, under the conditions of the competence limits provided by the articles of incorporation of SNN and Energonuclear S.R.L. was also approved, within the limit of EUR 185 million.

Resolution no. 6/10.08.2022 of the Extraordinary General Meeting of Shareholders of SNN approved the funding by SNN of EnergoNuclear S.A. (EN), by the share capital increase of EN in cash by SNN and/or by granting loans related to SNN, with a total value of EUR 185 million, calibrated to the development requirements of the Project and necessary for the implementation of Stage II of the Project of Units 3 and 4 of Cernavodă NPP, subject to the approval and conclusion of the Support Agreement between the Romanian State and SNN in relation to the Project of Units 3 and 4 of Cernavodă NPP.

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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### **1. REPORTING ENTITY (CONTINUED)**

#### **a) General information about the group (continued)**

##### **Main activities of the group (continued)**

The Company also owns a **reactor (Unit 5)** for which the Company shareholders approved the change of the initial destination already 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 for the qualification of equipment to hazards (especially seismic qualification). The presentations held by international AIEA experts within the benchmarking highlighted a new qualification method/strategy, i.e., 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 expressed its agreement for using 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. The revised project implementation schedule provides the completion of construction and assembly works (procurement of seismically qualified equipment and construction-assembly works) and the operationalization of the objective during the year 2024.

By incorporating the **branch Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.**, the Company aims to ensure the stability, predictability and continuity of production, by controlling and managing risks within the fuel chain, by purchasing uranium oxide and processing it locally. Thus, the main objective of the subsidiary is to process uranium concentrates in order to obtain the sintering uranium dioxide powder necessary for the manufacture of CANDU type 6 nuclear fuels. The obtained synthesized uranium dioxide powder is exclusively intended for the technological flow of manufacturing the existing nuclear fuels at the FCN Pitesti branch.

**Nuclearelectrica Serv S.R.L. branch** will mainly take over the activity of collecting, segregating and characterizing radioactive waste, previously performed by external providers. Other services provided by this branch are: fire prevention, handling services in the warehouses of the Cernavoda NPP branch.

#### **b) Regulations in the energy sector**

The electricity sector is regulated by the National Energy Regulatory Authority (“ANRE”), an autonomous public institution. Starting with 2021 the Romanian electricity market has been liberalized, with the Company participating both in the first 6 months of 2022 and in 2021 only in the competitive segment (for further information, see Note 17).

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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

#### **a) Declaration of Conformity**

The consolidated interim financial statements for the 6-month period that ended on June 30, 2022 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 2,844/2016, 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”).

The accounting records of the branch is kept in RON, in compliance with the Romanian Accounting Regulations (RCR). These accounts have been restated to reflect the differences existent between RAR and IFRS accounts. Accordingly, the accounts according to RAR were adjusted, if necessary, in order to harmonize these financial statements, in all significant aspects, with the IFRS adopted by the European Union.

The Consolidated Interim Financial Statements on and for the 6-month period that ended on June 30, 2022 have been reviewed by the Financial Auditor of SNN – S.C. Mazars Romania S.R.L. These Consolidated Interim Financial Situations have been authorized for issuance and signed on August 10, 2022 by the management of the Society.

These Consolidated Interim Financial Statements were drafted based on the going concern principle, which assumes that the Group will continue doing business, without a significant reduction thereof, in the foreseeable future as well.

#### **b) Business Continuity**

These Consolidated Interim Financial Statements were drafted based on the going concern principle, which assumes that the Company will continue doing business, without a significant reduction thereof, in the foreseeable future as well.

From the analyses made on the implications of the Covid-19 pandemic and Ukrainian war on the activity of the Company, in the first 6 months of 2022, the management considers that the ongoing business thereof will not be affected (see Note 2 (g) and (h)).

#### **c) Presentation of the financial statements**

The consolidated interim financial statements are presented in compliance with the requirements of IAS 1 "Presentation of the financial statements" and IAS 34 "Interim financial reporting". The Group 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 Consolidated Financial Statements drafted on the date and for the financial year ended on December 31, 2021. 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 Group from the latest Consolidated Financial Statements prepared on the date and for the financial year that ended on December 31, 2021.

#### **d) Basis of Assessment**

The Consolidated 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.

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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**2. BASIS OF PREPARATION (CONTINUED)****e) Functional and Presentation Currency**

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

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

The preparation of the consolidated 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 assumptions associated with these estimates are based on historical experience, as well as other factors deemed reasonable in the context of these estimates. The results of these estimates form the basis of the judgments on the book values of assets and liabilities that cannot be obtained from other sources of information. The obtained results may be different from the value of the estimates. The judgments and underlying assumptions are reviewed on a regular basis. The reviews of accounting estimates are recognized in the period in which the estimates have been reviewed and in future periods, if the review affects both the current period and future periods.

The significant judgements used by the management for applying the accounting policies of the Company and the main sources of uncertainty regarding the estimates have been the same as applied to the Consolidated Financial Statements as of and for the financial year ended on December 31, 2021.

**g) Implications of the Covid-19 pandemic**

In the context imposed by the Covid-19 pandemic, professional activities were maintained by adopting continuity plans at the level of each SNN unit, which included the isolation of essential personnel to ensure the functioning of the production capacities within the Cernavoda NPP. Also in this context, in addition to health protection measures, medical filtering, Covid-19 testing and physical distancing, forms of remote work were adopted, initially by delegating the activity from home to employees, and later by introducing a new form of work - telecommuting, a situation that required the adaptation of the Collective Labour Agreement and the HR policies involved. Concrete and effective cyber risk management policies are also being implemented. The COVID-19 pandemic had no impact on the continuity of the Group's activity.

The effects of the Covid-19 pandemic on the financial position, financial performance and cash flows of the Group are insignificant. Similar to the results of the previous year, the Company obtained very good financial results, respecting and fulfilling its investment and production programs and key performance indicators.

**h) Impact and implications of the Ukraine conflict**

The geopolitical situation in Eastern Europe deteriorated starting on February 24, 2022, with the invasion of Ukraine by Russia, but the war in Ukraine did not have a significant direct or indirect impact on the Group's activities. The activity of operation, production, development of investment projects, but also the current activities are carried out normally.

The war in Ukraine, beyond the human drama, demonstrated the importance of a balanced energy mix in the EU and a resilient energy system when faced with extreme events. At the same time, it is a major alarm signal regarding energy policy at the EU level, the equitable inclusion of energy sources with a role in decarbonization to ensure long-term stability and accessibility of energy, without risking the energy security of the EU and its members. The cooperation of the member states in order to identify viable, concrete solutions is an extremely important immediate step.

In this context, nuclear energy becomes even more important in the European energy mix and in reducing energy dependence. Nuclear energy responds to the 3 current challenges: energy security, achieving decarbonization targets and maintaining an affordable cost for consumers.

The group has an important role at the national level, both in the energy stability of the country and in reaching the decarbonization targets.

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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### **2. BASIS OF PREPARATION (CONTINUED)**

#### **h) Impact and implications of the Ukraine conflict**

Analyzing the impact on the Group, it is concluded that it does not have a direct exposure related to Russia or Ukraine, does not hold direct or indirect investments in commercial companies of these countries, the supply chains for the raw material being maintained this year with companies from Kazakhstan and, respectively, Romania. Also, the Group has no exposure to businesses, companies or banks that are currently affected by international sanctions.

The indirect impact on the half-yearly financial statements is aligned with the global and regional effects of the conflict in Ukraine; electricity sales prices, national policies to reduce the effects of the war in Ukraine and the evolution of the consumer price index are the most notable influences deriving from this conflict situation.

#### **Other general aspects regarding the Company's activity in the context of the war**

##### **(i) Depreciation of financial instruments and other financial risks**

The group constantly monitors the evolution of the credit risk and adjusts for the depreciation of financial assets based on the history of the depreciation of this risk, in accordance with the provisions of IFRS 9. According to the risk analyses carried out at the level of the group, no deterioration of the depreciation indices was identified compared to the values obtained on 31.12.2021. Also, the group does not hold assets or financial liabilities affected by international restrictions/sanctions in relation to the two states in conflict. No exposures of the group to liquidity risk or market risk (in particular currency exchange risk) generated by transactions with commercial companies from the two states were identified.

##### **(ii) Depreciation of non-financial assets**

Considering the fact that the group does not own or exploit assets located on the territory of Ukraine or Russia, risks regarding physical damage, restricted access or impairment indices of the recoverable value have not been identified

##### **(iii) Loss of control, joint control or the ability to exercise significant influence**

The companies included in the scope of consolidation of S.N. Nuclearelectrica S.A. are commercial companies from Romania, which carry out their activity only on the territory of Romania and are 100% owned by S.N. Nuclearelectrica S.A. Therefore, on June 30, 2022, no circumstances were identified that could significantly limit or lead to the loss of the parent company's ability to exercise its rights or provisions regarding governance over these subsidiaries.

##### **(iv) Other assets, liabilities, income and expenses**

In addition to the information mentioned in the previous paragraphs, the conflict in Ukraine did not involve any other specific use of judgments, estimates or assumptions to determine the value of assets or liabilities, income and expenses for the period (compared to those mentioned in Note 2f) of the Accounting Policies related to the Consolidated Financial Situations of the group on the date and for the financial exercise ended on December 31, 2021.

The direct or indirect impact of the war in Ukraine on the group's activity cannot be quantified in terms of value, in the context where the current evolution of inflation, as well as that predicted for the following periods, are the result of factors that are difficult to predict. From the point of view of qualitative analysis, the group monitors the macroeconomic evolution and continuously evaluates the factors of uncertainty and the potential financial impact of the conflict in Ukraine, in order to identify the necessary measures to be implemented, following that the investors are informed accordingly.

Within the group, concrete and effective cyber risk management policies are implemented. The war in Ukraine had no impact on the continuity of the group's activity. The effects of the conflict on the financial position, financial performance and cash flows of the group turn out to be insignificant. Similar to the results of the previous year, the group obtained very good financial results, respecting and fulfilling its investment and production programs and performance indicators.

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these Simplified Consolidated Interim Financial Statements are the same as those applied in the Consolidated Financial Statements prepared on the date and for the financial year that ended on December 31, 2021.

The Consolidated Interim Financial Statements were prepared on the assumption that the Group will continue to operate in the foreseeable future. To assess the applicability of this assumption, the senior management analyses projections of future cash inflows.

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

	<b>Land</b>	<b>Nuclear power plants</b>	<b>Machinery, equipment and other assets</b>	<b>Non-current assets in progress</b>	<b>Total</b>
<b>Cost</b>					
<b>Balance as of January 1, 2021 (audited)</b>	<b>32,124,981</b>	<b>5,388,449,243</b>	<b>1,445,669,648</b>	<b>1,218,862,614</b>	<b>8,085,106,486</b>
Additions	-	-	14,263,669	263,482,135	277,745,804
Heavy water inputs	-	10,924,629	-	-	10,924,629
Transfers	-	119,682,584	56,015,488	(175,698,072)	-
Transfers in inventories	-	-	(471,772)	-	(471,772)
Inventory transfer	-	-	-	(6,064,409)	(6,064,409)
Transfer from spare parts reclassified	-	-	16,804,893	(16,804,893)	-
Transfer to intangible assets	-	-	-	(3,142,607)	(3,142,607)
Transfer from intangible assets	-	-	4,769,053	-	4,769,053
Reassessment increases by reserves	4,320,651	278,682,405	52,233,330	-	335,236,386
Reassessment increases by profit and loss	529,415	-	3,652,921	-	4,182,336
Replenishing	-	-	458,288	-	458,288
Derecognition of inspections	-	(72,856,959)	-	-	(72,856,959)
Heavy water derecognition	-	(1,181,401)	-	-	(1,181,401)
Accumulated depreciation cancellation	-	(1,078,392,507)	(55,538,572)	-	(1,133,931,079)
Disposals	-	-	(6,169,702)	(199)	(6,169,901)
<b>Balance as of December 31, 2021 (audited)</b>	<b>36,975,047</b>	<b>4,645,307,994</b>	<b>1,531,687,244</b>	<b>1,280,634,569</b>	<b>7,494,604,854</b>
<b>Balance as of January 1, 2022 (audited)</b>	<b>36,975,047</b>	<b>4,645,307,994</b>	<b>1,531,687,244</b>	<b>1,280,634,569</b>	<b>7,494,604,854</b>
Additions	-	27,617,084	4,290,011	270,889,689	302,796,784
Transfers	-	4,625,904	30,507,110	(35,133,014)	-
Inventory transfer	-	-	-	(30,325,294)	(30,325,294)
Transfer from spare parts reclassified	-	-	17,710,168	(11,588,359)	6,121,809
Derecognition of U2 inspections	-	(4,031,192)	-	-	(4,031,192)
Heavy water derecognition	-	(524,802)	-	-	(524,802)
Disposals	-	(487,267)	(16,154,505)	-	(16,641,772)
<b>Balance as of June 30, 2022 (revised)</b>	<b>36,975,047</b>	<b>4,672,507,721</b>	<b>1,568,040,028</b>	<b>1,474,477,591</b>	<b>7,752,000,387</b>
<b>Balance as of January 1, 2021 (audited)</b>	<b>550,782</b>	<b>1,057,248,682</b>	<b>931,568,583</b>	<b>155,243,437</b>	<b>2,144,611,484</b>
Depreciation charges	-	474,198,668	71,568,525	-	545,767,193
Cumulative depreciation of U1 and U2 inspections derecognized	-	(71,010,274)	-	-	(71,010,274)
Offset of accumulated disposals	-	(1,181,401)	(5,023,907)	-	(6,205,308)
Accumulated depreciation cancellation	-	(1,078,392,507)	(55,538,572)	-	(1,133,931,079)
Impairment adjustments	-	-	9,782,221	3,400,425	13,182,646
<b>Balance as of December 31, 2021 (audited)</b>	<b>550,782</b>	<b>380,863,168</b>	<b>952,356,851</b>	<b>158,643,862</b>	<b>1,492,414,663</b>
<b>Balance as of January 1, 2022 (audited)</b>	<b>550,782</b>	<b>380,863,168</b>	<b>952,356,851</b>	<b>158,643,862</b>	<b>1,492,414,663</b>
Depreciation charges	-	260,434,319	38,343,794	-	298,778,113
Accumulated amortization for outputs	-	(4,792,859)	(13,825,671)	-	(18,618,530)
Adjustments for impairment of intangible assets	-	-	2,183,701	(3,845,919)	(1,662,218)
<b>Balance as of June 30, 2022 (revised)</b>	<b>550,782</b>	<b>636,504,628</b>	<b>979,058,675</b>	<b>154,797,943</b>	<b>1,770,912,028</b>
<b>Carrying amount</b>					
<b>Balance as of January 1, 2021 (audited)</b>	<b>31,574,199</b>	<b>4,331,200,561</b>	<b>514,101,064</b>	<b>1,063,619,177</b>	<b>5,940,495,002</b>
<b>Balance as of December 31, 2021 (audited)</b>	<b>36,424,265</b>	<b>4,264,444,826</b>	<b>579,330,393</b>	<b>1,121,990,707</b>	<b>6,002,190,191</b>
<b>Balance as of June 30, 2022 (revised)</b>	<b>36,424,265</b>	<b>4,036,003,093</b>	<b>588,981,353</b>	<b>1,319,679,648</b>	<b>5,981,088,359</b>

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

## S.N. Nuclearelectrica S.A.

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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### 4. TANGIBLE ASSETS (CONTINUED)

#### (i) Nuclear Plants, Machinery, Equipment and Other Assets

In the first six months of 2022, the Group purchased 12 tons of heavy water from the National Administration of State Reserves and Special Issues ("ANRSPS"), required for Units 1 and 2 amounting to RON 27,614,084 (December 31, 2021: 5 tons of water in value of 10,924,629 RON).

#### (ii) Non-current assets in progress

On March 30, 2022, the net book value of the assets in progress, amounting to RON 1,319,679,648, includes the following items:

- Investment for increasing the production capacity with a net book value of RON 634,201,373 (December 31, 2021: 655,502,487 RON);
- Investments related to Units 1 and 2, amounting to a total of RON 685,478,275 (December 31, 2021: 466,488,220 RON), and the most representative ones are:
  - ✓ Refurbishment of U1 amounting to 205,811,948 RON (December 31, 2021: 135,689,797 RON);
  - ✓ D2O tritium removal facility amounting to RON 81,054,974 (December 31, 2021: 75,821,481 RON);
  - ✓ Improving the reliability of the power generator in value of 98,614,087 RON (December 31, 2021 : 0 RON);
  - ✓ Equipment and materials for investments amounting to RON 51,826,088 (December 31, 2021: 48,092,603 RON);
  - ✓ Improvement of nuclear security systems following the Fukushima event, amounting to RON 40,032,023 (December 31, 2021: 37,456,941 RON);
  - ✓ Construction of storage and loading facilities for spent nuclear fuel (DICA) amounting to RON 30,605,573 (December 31, 2021: 31,210,232 RON).

The gross value of the investment for the increase of the production capacity amounts to RON 635,893,629, of which the book value of Units 3 and 4 is RON 273,960,000 (December 31, 2021: RON 273,960,000), while the rest represents heavy water especially purchased for Units 3 and 4, i.e., approx. 75 tons, whose accounting value on June 30, 2022 is RON 159,238,387 (December 31, 2021: RON 159,238,387), as well as equipment and other assets for Units 3 and 4, amounting to RON 202,695,242 (December 31, 2021: 223,996,355 RON). Before 1991, Units 1, 2, 3, 4 and 5 were considered as a single project and, therefore, the construction costs incurred were not allocated at the level of each individual unit. Subsequently, the parent Company allocated the costs for the construction of Units 3 and 4 of the nuclear power plant, as well as for Unit 5.

As of June 30, 2022 the gross book value for **Unit 5** is RON 137 million (December 31, 2021: RON 137 million). As at December 31<sup>st</sup>, 2013, the Group recognized a depreciation adjustment of 100% of Unit 5 since, there were no plans to resume the construction thereof as a nuclear unit. In March 2014, the shareholders of the parent Company approved the change of destination and use of Unit 5 for other activities of the Group, project under implementation, following which an asset with a different use than the initial projected use of Unit 5 will result.

The main **investments commissioned** by the Group in the first 6 months of 2022, from the projects in progress, related to Units 1 and 2 are represented by: assembling the spare parts on the operated equipment in value of 118,058,499 RON, replacing the data storage system in value of 11,211,100 RON and a value increase for DICA 12 and 13 of 8,782,600 RON



## S.N. Nuclearelectrica S.A.

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

### 4. TANGIBLE ASSETS (CONTINUED)

#### (iii) Revaluation, depreciation method and life span

Buildings and lands are recognized at fair value, based on periodic valuations made by independent external valuers. The revaluation surplus included in the revaluation reserve is capitalized by transfer to retained earnings, when the asset is written off, or as it is used. All the other tangible assets are recognized at the historical cost less the depreciation.

The last **revaluation** of lands and buildings was done, as of December 31, 2021 by the independent valuer (Primoval SRL, member of the National Association of Romanian Authorized Valuers - ANEVAR). Prior to this revaluation, the lands and buildings were revaluated on December 31, 2018.

The valuation report for 2021 for tangible assets, classes **lands** and **buildings** drafted by independent valuator Primoval S.R.L. is based on the asset valuation standards, edition 2022, valid as of 31.12.2021, drafted by the National Association of Authorized Valuers of Romania (ANEVAR):

- General standards: SEV 100 – General framework (IVS General framework) ; SEV 101 – Valuation reference terms (IVS 101); SEV 102 – Implementation (IVS 102); SEV 103 – Reporting (IVS 103); SEV 104 – Value types;
- Asset standards: SEV 300 – Machinery, equipment and installations (IVS 300) ; GEV 630 – Valuation of movable assets;
- Standards for specific uses: SEV 430 – Valuations for financial reporting.

The fair value was estimated by complying with the provisions of IFRS and of the aforementioned valuation standards. In order to value administrative buildings, the revenue method was used, with a capitalization rate between 7% and 9%, depending on the specificity of the building. In order to value units 1 and 2, the impaired replacement cost method was used. In order to value lands, we used the market approach, direct comparison method.

**Depreciation** is calculated using the straight-line method for allocation of the revalued cost or value of the assets, net of their residual values, over their estimated useful lifetime, as follows:

Asset	Number of years
Nuclear Power Plant – Units 1 and 2	30
Heavy water (Loads for Units 1 and 2)	30
Buildings	45 – 50
Inspections and overhauls	2
Other facilities, equipment and machinery	3 - 20

See Note 3 (c) of the Significant Accounting Policies related to the Company's Individual Financial Statements prepared as of and for the financial year ended December 31, 2021 for other accounting policies relevant to tangible assets.

#### (iv) Significant estimates - valuation of lands and buildings

Information on the valuation of the lands and buildings is presented in Note 4 (v) of the Significant Accounting Policies related to the Group's Consolidated Financial Statements prepared as of and for the financial year ended December 31, 2021 for other accounting policies relevant to tangible assets.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

**4. TANGIBLE ASSETS (CONTINUED)**

(v) *Book Value that Would Have Been Recognized if the Lands and Buildings Had Been Valued at Cost, According to the Provisions of IAS 16.77 (e)*

If lands and buildings had been valued at the historical cost, the values would have been:

	<u>June 30, 2022</u> <u>(revised)</u>	<u>December 31, 2021</u> <u>(audited)</u>
<b>Land</b>		
Cost	22,350,779	22,350,779
Accumulated depreciation		-
<b>Net book value</b>	<u><u>22,350,779</u></u>	<u><u>22,350,779</u></u>
	<u>June 30, 2022</u> <u>(revised)</u>	<u>December 31, 2021</u> <u>(audited)</u>
<b>Buildings</b>		
Cost	7,105,960,284	7,069,432,468
Accumulated depreciation	(4,223,751,881)	(4,036,137,494)
<b>Net book value</b>	<u><u>2,882,208,404</u></u>	<u><u>3,033,294,975</u></u>

(vi) *Decommissioning of nuclear units*

Unit 1 is designed to operate until 2026, and Unit 2 until 2037. The Company has not recorded a provision for the decommissioning of the two units, as it is not responsible for the decommissioning works. According to HG [Government Decision] No. 1080/2007, the Nuclear and Radioactive Waste Agency ("ANDR") is responsible for collecting the contributions paid by the Company for the remaining useful lifetime of these units, and undertakes the responsibility for the management of the decommissioning process at the end of the useful lifetime of the two units, as well as for the permanent storage of the nuclear waste at the end of the useful lifetime of the two units and for the permanent storage of resulting residues (see Note 21). The expense with the parent Company's contributions to ANDR in the first 6 months of 2022 amounts to RON 50,614,291 (June 30, 2021: 50,947,102 RON).

(vii) *Assets pledged as security*

As at June 30, 2022, and December 31, 2021, the Group has no pledged or mortgaged assets.

(viii) *Supplier Credit*

On June 30, 2022, the Group has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 86,564,460 (December 31, 2021: RON 31,038,770).

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

Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

## 5. ASSETS REPRESENTING RIGHTS TO USE UNDERLYING ASSETS UNDER A LEASING CONTRACT

The Group adopted IFRS 16, which is why it recognized in the financial position statement assets and liabilities related to the restatement of the leases concluded as a lessee.

The parent Company has concluded asset lease and land concession contracts, for which the initial value of the asset has been estimated related to the right of use at an amount equal to the debt updated at the time of the transaction derived from these contracts, of RON 1,406,574 (December 31, 2021: RON 1,406,574).

### (i) Amounts recognized in the financial position Statement

Assets representing rights to use underlying assets under a leasing contract	June 30, 2022 (revised)	December 31, 2021 (audited)
Land	1,406,574	1,406,574
Depreciation of assets representing rights of use	(362,006)	(226,181)
<b>Net book value</b>	<b>1,044,568</b>	<b>1,180,392</b>
	<b>June 30, 2022 (revised)</b>	<b>December 31, 2021 (audited)</b>
<b>Debts from leasing contracts</b>		
Short-term	260,177	264,025
Long-Term	779,829	910,586
	<b>1,040,006</b>	<b>1,174,611</b>

### (ii) Amounts Recognized in the Profit or Loss Statement

	Note	June 30 2022 (revised)	December 31, 2021 (audited)
Depreciation of assets representing rights of use		135,824	163,480
Interest expenses	22	22,316	25,848

### (iii) Amounts acknowledged in the Cash Flow Statement

	June 30 2022 (revised)	December 31, 2021 (audited)
Total cash outputs related to leasing contracts	207,112	224,795

### (iv) Recognition of leasing contracts

Information on the recognition of leasing contracts according to IFRS 16 is presented in Note 3 (e) of the Significant Accounting Policies related to the Company's Consolidated Financial Statements prepared as of and for the financial year ended December 31, 2021.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

**6. INTANGIBLE ASSETS**

	<b>Expenses de incorporation</b>	<b>Licenses and software</b>	<b>Power plant software and other intangible assets</b>	<b>Total</b>
<b>Cost</b>				
<b>Balance as of January 1, 2021 (audited)</b>	-	<b>238,295,077</b>	<b>55,286,357</b>	<b>293,581,434</b>
Additions	257	6,518,096	-	6,518,353
Transfers to tangible assets	-	(4,769,053)	-	(4,769,053)
Transfer form tangible assets	-	3,142,607	-	3,142,607
Disposals	-	(741,573)	(1,029,938)	(1,771,511)
<b>Balance as of December 31, 2021 (audited)</b>	<b>257</b>	<b>242,445,153</b>	<b>54,256,420</b>	<b>296,701,830</b>
<b>Balance as of January 1, 2022 (audited)</b>	<b>257</b>	<b>242,445,153</b>	<b>54,256,420</b>	<b>296,701,830</b>
Additions	-	5,683,020	3,427,452	9,110,472
Transfers to tangible assets	-	-	-	-
Transfer form tangible assets	-	-	-	-
Disposals	-	-	-	-
<b>Balance as of June 30, 2022 (revised)</b>	<b>257</b>	<b>248,128,173</b>	<b>57,683,872</b>	<b>305,812,303</b>
<b>Accumulated depreciation</b>				
<b>Balance as of January 1, 2021 (audited)</b>	-	<b>199,386,367</b>	<b>40,723,865</b>	<b>240,110,232</b>
Depreciation charges	10	6,755,224	3,201,166	9,956,400
Depreciation of outputs	-	(741,573)	(1,029,938)	(1,771,511)
<b>Balance as of December 31, 2021 (audited)</b>	<b>10</b>	<b>205,400,019</b>	<b>42,895,093</b>	<b>248,295,121</b>
<b>Balance as of January 1, 2022 (audited)</b>	<b>10</b>	<b>205,400,019</b>	<b>42,895,093</b>	<b>248,295,121</b>
Depreciation charges	20	3,263,419	2,126,756	5,390,195
Depreciation of outputs	-	-	-	-
<b>Balance as of June 30, 2022 (revised)</b>	<b>30</b>	<b>208,663,438</b>	<b>45,021,848</b>	<b>253,685,317</b>
<b>Carrying amount</b>				
<b>Balance as of January 1, 2021 (audited)</b>	-	<b>38,908,710</b>	<b>14,562,492</b>	<b>53,471,202</b>
<b>Balance as of December 31, 2021 (audited)</b>	<b>247</b>	<b>37,045,135</b>	<b>11,361,327</b>	<b>48,406,709</b>
<b>Balance as of June 30, 2022 (revised)</b>	<b>227</b>	<b>39,464,736</b>	<b>12,662,024</b>	<b>52,126,986</b>

As of June 30, 2022, the intangible assets owned by the Group represent licenses and software products purchased, not generated internally. The group does not register contractual commitments for development costs.

The accounting policies on intangible assets are presented in Note 3 (f) of the Significant Accounting Policies related to the parent Company's Consolidated Financial Statements prepared as of and for the financial year ended December 31, 2021.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

**7. FINANCIAL ASSETS VALUATED AT THE AMORTIZED COST**

As of June 30, 2022, the parent Company records under the position “Financial assets valued at amortized cost” its contributions as a member of the European Mutual Association of European Liability Insurance for Nuclear Industry (“ELINI”), the Romanian Commodities Exchange (“BRM”) and the Romanian Atomic Forum - Romatom (“ROMATOM”), and state bonds.

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>(revised)</b>	<b>(audited)</b>
ELINI contribution	5,032,931	5,032,931
Romanian Commodities Exchange Contribution	23,000	23,000
Romatom Contribution	100	100
HENRO Contribution	250,000	250,000
State bonds (i)	29,733,367	30,190,266
<b>Total</b>	<b>35,039,398</b>	<b>35,496,297</b>

**(i) State bonds**

As of June 30, 2022, and December 31, 2021, respectively, the Company has state bonds issued by the Ministry of Finance, due on June 24, 2026, a fixed annual interest of 3.25 % per annum and an adjudication yield of 3,51 % per annum.

Transfer of financial assets representing state bonds:

	<b>June 30, 2022;</b>	<b>December 31, 2021</b>
	<b>(revised)</b>	<b>(audited)</b>
<b>Balance as at January 1</b>	<b>29,680,203</b>	<b>-</b>
Purchases	-	29,656,680
Maturities	-	-
Discount amortization	34,873	23,523
<b>Balance at the end of the reporting period</b>	<b>29,715,076</b>	<b>29,680,203</b>
<b>Accumulated interest</b>	<b>18,291</b>	<b>510,063</b>
<b>Total state bonds</b>	<b>29,733,367</b>	<b>30,190,266</b>

According to the issuance report, on June 24, 2022, the Company collected the annual coupon of 975,000 RON.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

**8. INVENTORIES**

On June 30, 2022 and December 31, 2021, the inventory is as follows:

	<b>June 30, 2022; (revised)</b>	<b>December 31, 2021 (audited)</b>
Spare parts	224,207,387	201,210,391
Consumables and other materials	96,736,320	66,917,843
Nuclear fuel	237,484,213	212,411,753
Uranium	52,832,562	43,805,580
Other inventories	30,858,395	87,591,057
Adjustments for impairment of inventories	(51,106,856)	(51,816,674)
<b>Total</b>	<b>591,012,021</b>	<b>560,119,950</b>

**(i) Inventory Valuation**

Costs are valued at the weighted average cost (WAC) according to IAS 2. See Note 3 (j) of the Significant Accounting Policies related to the Group's Consolidated Financial Statements prepared as of and for the financial year ended December 31, 2021 for other accounting policies relevant to the inventory.

**(ii) Amounts recognized in the profit or loss account Statement**

The value of inventory recognized as expenses in the first 6 months of 2022 can be found in the positions "Expenses with spare parts" and "Cost of nuclear fuel" in the Profit and Loss Statement and other items of the comprehensive income, and amounts to RON 87.549.466 RON (December 31, 2021: RON 171.929.082).

The value of inventories recognized as expenses in the first 6 months of 2022 according to the provisions of IAS 2.34, representing scrapped, damaged, derecognized inventories, amounts to RON 0 (December 31, 2021: RON 334,530). The Group periodically analyzes the evolution of inventories, constituting in time depreciation adjustments for inventories considered to be depreciated. As a result, for discarded inventories, the Group set up impairment adjustments, which it resumed on revenues upon the write-off thereof. The effect on the profit or loss statement being insignificant.

The value of impairment adjustments for inventories as of June 30, 2022 amounts to RON 51,106,856 (December 31, 2021: 51,816,674 RON). In the first 6 months of 2022, impairment adjustments have been set up amounting to RON 0 (December 31, 2021: RON 1,248,616) and have been restated as impairment adjustments amounting to RON 709,818 (December 31, 2021: RON 1,266,562).

In the first 6 months of 2022, no restatements of written off inventories have been recorded.

**(iii) Pledged Inventories**

As of June 30, 2022, the Group does not have pledged or mortgaged inventories.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

**9. TRADE RECEIVABLES**

On June 30, 2022 and December 31, 2021, the trade receivables and other receivables are as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>(revised)</b>	<b>(audited)</b>
Trade receivables	250,290,673	233,308,150
Adjustments for impairment of trade receivables	(12,812,989)	(12,822,025)
<b>Total</b>	<b>237,477,684</b>	<b>220,486,125</b>

As at June 30, 2022, the significant trade receivables in balance are towards: Enel Energie S.A. – 45,573,898 RON (December 31, 2021 – 19,137,596 RON), Enel Energie Muntenia S.A – 42,274,879 RON (December 31, 2021 – 14,846,219 RON) and Electrica Furnizare S.A – 32,433,457 RON (December 31, 2021 – 40,923,394 RON).

Sales made during the 6-month period ended June 30, 2022 to the Company of the Electricity and Natural Gas Market Operator "OPCOM" S.A. accounted for approximately 27.30% (June 30, 2021 : approximately 19.18%), to Enel Energie S.A. represented approximately 13.84% (June 30, 2021: approximately 3.86%), to Enel Energie Muntenia S.A. represented approximately 12.89% (June 30, 2021: approximately 5.22%), to Electrica Furnizare S.A. represented approximately 9.34% (June 30, 2021: approximately 18.38%) and to E.ON Energie Romania S.A. represented approximately 6.22% (June 30, 2021: approximately 8.63%), of the total sales of electricity of the Group.

The Group's exposure to credit risk and the adjustments for impairment of trade receivables are presented in Note 25.

On June 30, 2022, the "Trade receivables" and "Adjustments for impairment of trade receivables" positions include a net amount of RON 7,993,704 related to receivables from affiliated parties (December 31, 2021: 9,031,438 RON).

**10. OTHER FINANCIAL ASSETS VALUED AT AMORTIZED COST**

	<b>June 30, 2022;</b>	<b>December 31, 2021</b>
	<b>(revised)</b>	<b>(audited)</b>
Other receivables	58,214,868	33,660,668
Impairment adjustments for other receivables	(596,559)	(596,559)
Taxes and duties	10,577,925	31,478,586
Payments made in advance	37,624,198	20,525,633
<b>Total</b>	<b>105,820,432</b>	<b>85,068,328</b>

On June 30, 2022 the "Duties and Taxes" position mainly represents the VAT to be recovered amounting to RON 8,869,174 (December 31, 2021: 29,382,624 RON).

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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

On June 30, 2022 and December 31, 2021, the **cash and cash equivalents** are as follows:

	<b>June 30, 2022; (revised)</b>	<b>December 31, 2021 (audited)</b>
Cash on hand	118,431	79,356
Current accounts in banks, in RON	124,527,762	220,420,871
Current accounts in banks, in foreign currency	97,802,508	2,526,265
Bank deposits shorter than 3 months	1,576,731,655	1,119,866,202
Other cash equivalents	2,306,446	279,463
<b>Total cash and cash equivalents</b>	<b>1,801,486,802</b>	<b>1,343,172,157</b>

As of June 30, 2022 and December 31, 2021, the **bank deposits** with initial maturities longer than 3 months and shorter than a year are as follows:

	<b>June 30, 2022; (revised)</b>	<b>December 31, 2021 (audited)</b>
Bank deposits	<b>1,394,820,500</b>	<b>1,328,973,000</b>

**(i) Reconciliation with the Cash Flow Statement**

The above items are reconciled with the value of cash presented in the Cash Flow Statement at the end of the financial year, as follows:

	<b>June 30, 2022; (revised)</b>	<b>December 31, 2021 (audited)</b>
Cash on hand	118,431	79,356
Current accounts in banks	222,330,270	222,947,136
Bank deposits with initial maturity shorter than 3 months	1,576,731,655	1,119,866,202
Other cash equivalents	2,306,446	279,463
	<b>1,801,486,802</b>	<b>1,343,172,157</b>

**(ii) Classification as Cash Equivalents**

Term deposits are presented as cash equivalents if they have a maturity of 3 months or less from the date of incorporation. See Note 3 (m) for the other accounting policies of the Group on cash and cash equivalents.

**(iii) Restricted cash**

Current accounts opened in banks are permanently available to the Group and are not restricted or encumbered.

Bank deposits are permanently available to the Group and are not restricted or encumbered.

As of June 30, 2022, the Group holds letters of bank guarantee based on credit facilities, without collateral deposits, amounting to RON 91,272,419 (December 31, 2021: RON 91,453,350).



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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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## 12. EQUITY

### Share capital

The parent-Company was established by separation from the former Autonomous Electricity Administration ("RENEL"). The share capital represents the contribution of the Romanian State to the incorporation of the Company on June 30<sup>th</sup>, 1998 (restated for inflation up to December 31<sup>st</sup>, 2003) plus subsequent additions.

According to the Articles of Incorporation, the authorized capital of the Company is of RON 3,016,518,660. The subscribed and paid share capital as at June 30, 2022 is RON 3,016,438,940, under the authorized capital.

As at June 30, 2022 and December 31, 2021, the share capital includes the effect of reassessments registered in the previous years required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The reconciliation of the share capital is as follows:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>(revised)</b>	<b>(audited)</b>
Subscribed and paid-in share capital (nominal value)	3,016,438,940	3,016,438,940
Differences related to the restatement according to IAS 29	195,502,743	195,502,743
<b>Share capital (restated value)</b>	<b>3,211,941,683</b>	<b>3,211,941,683</b>

As at June 30, 2022 and December 31, 2021, the value of the statutory subscribed and paid-off share capital amounts to RON 3,016,438,940, consisting of 301,643,894 ordinary shares having the nominal value of 10 RON each.

The last share capital increase took place in 2020 by subscribing a number of 130,043 new shares, in the amount of RON 1,300,430, representing the in-kind contribution of the Romanian State, represented by the Ministry of Energy and in cash of the shareholders of the parent Company. The share capital increase was made based on the Proportional Offer Prospectus related to the share capital increase, approved by the ASF Decision no. 976/August 13<sup>th</sup>, 2020 and of the Resolutions of the Extraordinary General Meeting no. 2/January 4<sup>th</sup>, 2019 and no. 12/December 19<sup>th</sup>, 2019, registered with the National Trade Register Office according to the amended Certificate no. 484154/ September 30<sup>th</sup>, 2020.

Holders of ordinary shares are entitled to receive dividends, as such are declared at certain periods of time, and are entitled to vote on one share during the General Meetings of the Shareholders of the parent Company.

The shareholding structure on June 30, 2022 and December 31, 2021 is as follows:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of the</b>	<b>Number of shares</b>	<b>% of the</b>
	<b>June 30, 2022</b>	<b>share</b>	<b>December 31, 2021</b>	<b>share</b>
		<b>capital</b>		<b>capital</b>
The Romanian State - Ministry of Energy	248,850,476	82.4981%	248,850,476	82.4981%
Other shareholders	52,793,418	17.5019%	52,793,418	17.5019%
<b>Total</b>	<b>301,643,894</b>	<b>100%</b>	<b>301,643,894</b>	<b>100%</b>

### Share premiums

In November 2013, the Group issued 28,100,395 ordinary shares at Bucharest Stock Exchange, through an initial public offer and through the exercise of the preemptive right by the shareholder Fondul Proprietatea S.A. The collected amount of RON 312,478,099 was formed by the increase of the share capital of RON 281,003,950 and a share premium of RON 31,474,149.

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

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

The prepaid reserves amount to RON 21,553,548 as at June 30, 2022 and December 31, 2021 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 Group 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, 2022 is RON 255,427,163 (December 31, 2021: RON 255,427,163).

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".

**Revaluation reserves**

As at June 30, 2022 the revaluation reserve amounts to RON 2,101,938,467 (December 31, 2021: RON 2,101,938,467), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions took place on December 31, 2021 by an independent valuer, Primoval SRL, member of the National Association of Certified Assessors in Romania ("ANEVAR").

**Retained earnings**

The retained earnings are the cumulated earnings of the Group. The retained earnings are distributed based on the annual financial statements prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards.

**Movements of the retained earnings**

	<b>June 30, 2022</b> <b>(revised)</b>	<b>December 31, 2021</b> <b>(audited)</b>
<b>Balance as at January 1, 2022</b>	<b>2,997,775,072</b>	<b>2,434,020,626</b>
<b>Net profit of the period</b>	<b>1,219,573,312</b>	<b>1,036,038,559</b>
Actuarial (loss) on defined benefits plan	-	471,723
Result carried forward from other adjustments	-	(638,261)
Dividends	(595,925,367)	(472,117,575)
<b>Balance at the end of the reporting period</b>	<b>3,621,423,017</b>	<b>2,997,775,072</b>

**Dividends**

In the six-month period ended on June 30, 2022, the parent company declared dividends amounting to RON 595,925,367 (December 31, 2021: 472,117,575 RON). Net dividends unpaid by the parent company as at June 30, 2022 amounted to RON 1,111,702 (December 31, 2021: 848,118 RON), The Energonuclear S.A. branch declared and paid dividends in the first 6 months of 2022 of 60,935 RON (December 31, 2021: 0 (zero) RON),

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

**13. EARNINGS PER SHARE**

As of June 30, 2022 and June 30, 2021, the result per share is:

**(i) Basic earnings per share**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
<b>Net profit in the period</b>	<b>1,219,573,312</b>	<b>385,351,427</b>
Number of ordinary shares at the beginning of the period	301,643,894	301,643,894
Number of ordinary shares issued during the period	-	-
<b>Weighted-average number of ordinary shares at the end of the period</b>	<b>301,643,894</b>	<b>301,643,894</b>
<b>Basic earnings per share (RON/share)</b>	<b>4.04</b>	<b>1.28</b>

**(ii) Diluted earnings per share**

	<b>6-month period ended on June 30, 2022; (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
<b>Net profit in the period</b>	<b>1,219,573,312</b>	<b>385,351,427</b>
Number of ordinary shares at the beginning of the period	301,643,894	301,643,894
Number of ordinary shares issued during the period	-	-
<b>Weighted-average number of ordinary shares (diluted) on June 30</b>	<b>301,643,894</b>	<b>301,643,894</b>
<b>Diluted earnings per share (RON/share)</b>	<b>4.04</b>	<b>1.28</b>

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

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**14. LOANS**

The situation of the loans held by the Group on June 30, 2022, respectively December 31, 2021, is as follows:

	<b>June 30, 2022</b> (revised)	< 1 year	> 1 year	<b>December 31, 2021</b> (audited)	< 1 year	> 1 year
Bank loans	<b>187,430,660</b>	90,006,280	97,424,380	<b>298,191,838</b>	168,056,808	130,135,030
Interest	<b>32,378</b>	32,378	-	<b>69,731</b>	69,731	
<b>Total</b>	<b>187,463,038</b>	<b>90,038,658</b>	<b>97,424,380</b>	<b>298,261,569</b>	168,126,539	130,135,030

**Bank loans**

Loan repayments during the financial year ended on June 30, 2022 were:

	<b>Currency</b>	<b>Interest rate</b>	<b>Value</b>	<b>Year of final maturity</b>
<b>Balance as of January 1, 2022 (audited)</b>			<b>298,191,838</b>	
New draws				
<b>Repayments, of which</b>			<b>(116,080,281)</b>	
Societe Generale – ANSALDO BC	EUR	EURIBOR 6M + 0.7%	(19,002,453)	2022
Societe Generale – AECL BC	CAD	CDOR 6M + 0.375%	(39,683,048)	2022
EURATOM	EUR	EURIBOR 6M + 0.08%	(57,394,780)	2024
<b>Exchange rate differences</b>			<b>2,031,784</b>	
<b>Commitment fees</b>			<b>3,287,319</b>	
<b>Balance as of June 30, 2022 (revised)</b>			<b>187,430,660</b>	

**(i) Long term loans**

As at June 30, 2022 and December 31, 2021, the **long-term** loans from credit institutions are as follows:

	<b>June 30, 2022</b> (revised)	<b>December 31, 2021</b> (audited)
Societe Generale - ANSALDO BC	-	19,022,060
Societe Generale - AECL BC	-	37,526,147
EURATOM	187,430,660	244,930,950
<b>Total loans</b>	<b>187,430,660</b>	<b>301,479,156</b>
Less: current part of long-term loans	(90,006,280)	(171,344,126)
Less: balance of commitment and insurance fees (long-term)	-	-
<b>Total long-term loans, net of the short-term part</b>	<b>97,424,380</b>	<b>130,135,030</b>

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

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This is a free translation from the Romanian version.

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

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

**14. LOANS (CONTINUED)****(ii) Short-term loans**

As at June 30, 2022 and December 31, 2021, the **short-term** loans are as follows:

	<b>June 30, 2022</b> <b>(revised)</b>	<b>December 31, 2021</b> <b>(audited)</b>
Current portion of long-term loans	90,006,280	171,344,126
Interests related to the long-term loans	32,378	69,731
Short-term commitment and insurance fees	-	(3,287,319)
<b>Total short-term loans</b>	<b>90,038,658</b>	<b>168,126,539</b>

**15. TRADE PAYABLES AND OTHER LIABILITIES**

On June 30, 2022 and December 31, 2021, trading and other liabilities are as follows:

	<b>June 30, 2022</b> <b>(revised)</b>	<b>December 31, 2021</b> <b>(audited)</b>
Providers of non-current assets	86,564,460	31,038,770
Suppliers	162,735,696	92,480,910
Obligations concerning employee benefits	33,293,956	27,849,006
Payables to the State	32,870,967	107,091,244
Payable dividends	3,227,737	863,842
Other liabilities	13,821,056	27,152,891
<b>Total</b>	<b>332,513,872</b>	<b>286,476,663</b>

On June 30, 2022, the main balance suppliers, from the "Non-current assets suppliers" and "Suppliers" positions, are: Candu Energy Inc. – 42,114,765 RON (December 31, 2021: 11,842,682 RON), Korea Hydro and Nuclear Power – 29,782,227 RON (December 31, 2021: 0 RON), General Electric Global Services GmbH – 22,608,747 RON (December 31, 2021: 2,255,783 RON) and BWXT Canada – 20,028,043 RON (December 31, 2021: RON 0).

On June 30, 2022, the "Accounts payable and other liabilities" position includes the amount of RON 29,211,572 (December 31, 2021: RON 25,110,349) related to liabilities to affiliated parties, of which, under the "Suppliers" and "Non-current assets suppliers" positions, the amount of RON 8,434,493 (December 31, 2021: RON 8,554,307) and under the "Payables to the State" position, the amount of RON 8,434,493 (December 31<sup>st</sup>, 2021: RON 8,554,307), representing the contribution to ANDR, for the decommissioning of nuclear facilities and the permanent storage of radioactive waste.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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**16. PROVISIONS FOR RISKS AND EXPENSES**

On June 30, 2022 and December 31, 2021, respectively, the Group recognized the following provisions, included under the position "Provisions for risks and expense" and the position "Current share of provisions for risks and expenses":

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>(revised)</b>	<b>(audited)</b>
Obligations regarding the Interim Spent Fuel Storage Facility (DICA)	72,192,321	70,278,140
Obligations regarding the low and medium radioactive and non-radioactive waste	119,434,679	115,383,486
Provision for disputes related to salary bonuses	117,325,359	109,608,912
Employees' participation in the profit	19,156,059	20,000,000
Other provisions for risks and expenses	164,830	93,610
<b>Total</b>	<b>328,273,248</b>	<b>315,364,148</b>

On June 30, 2022, the provisions in the total amount of RON 328,273,248 represent long-term and short-term liabilities, as follows:

	<b>Current part</b>	<b>Long-term</b>
	<b>(&lt; 1 year)</b>	<b>portion</b>
		<b>(&gt; 1 year)</b>
Obligations regarding the Interim Spent Fuel Storage Facility (DICA)	31,116,320	41,076,001
Obligations regarding the low and medium radioactive and non-radioactive waste	22,686,561	96,748,118
Provision for disputes related to salary bonuses	-	117,325,359
Employees' participation in the profit	19,156,059	-
Other provisions for risks and expenses	164,830	-
<b>Total</b>	<b>73,123,770</b>	<b>255,149,478</b>

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

See Note 3 (r) of the Significant Accounting Policies related to the parent Company's Consolidated Financial Statements prepared as of and for the financial year ended December 31, 2021 for the accounting policies relevant to provisions.

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**17. REVENUES FROM THE SALE OF ELECTRICITY****(i) Revenues from electricity sales**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Sales of electricity on the regulated market	-	65,878
Sales of electricity on the free market	3,084,721,805	1,335,009,542
Sales of thermal energy	4,338,468	4,489,754
Revenues from the sale of green certificates	16,012	14,957
<b>Total</b>	<b>3,089,076,285</b>	<b>1,339,580,131</b>

**(ii) Quantity of energy sold<sup>\*)</sup>**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Quantity of electricity sold on the regulated market (MWh)	-	361
Quantity of electricity sold on the free market (MWh)	5,008,483	5,278,025
<b>Total</b>	<b>5,008,483</b>	<b>5,278,386</b>

<sup>\*)</sup>The quantity of electricity sold presented does not include the quantity of electricity corresponding to the income from positive unbalances valued on the Balancing Market, amounting 15,475 MWh for the 6-month period ended on June 30, 2022 (13,824 MWh for the 6-month period that ended on June 30, 2021).

Starting with 2021, ANRE no longer established delivery obligations for manufacturers on the regulated market. The contracts concluded on the regulated market for the second half of 2020 have delivery in CET hours; the last delivery time in 2020 being the first in January 2021 (361 MWh, regulated price amounting to RON 182.63/MWh (without T<sub>g</sub>)).

On the free market, the Group sold 99.69% of all the electricity sold in the first half-year of 2022 (first half-year of 2021: 99,73 MWh), at an average sale price of 613,57RON/MWh (first half-year of 2021: 252.94 RON/MWh), value net of T<sub>g</sub>.

The Group 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 11.06.2023 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 3,400,000, valid until 26.10.2022.

The Group 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 Group 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 energy in the first half-year of 2022 are RON 4,338,468 (June 30, 2021: 4,489,754 RON).

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**18. OTHER INCOME**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Income from investment subsidies	7,177,641	7,176,743
Revenues from penalties and compensation	989,518	749,991
Other revenues	33,892,362	28,671,101
<b>Total</b>	<b>42,059,521</b>	<b>36,597,835</b>

**19. PERSONNEL EXPENSES**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Wages and salaries	224,640,282	177,617,798
Expenditure on social security and assimilated costs	20,386,206	16,171,131
<b>Total</b>	<b>245,026,488</b>	<b>193,788,929</b>

**20. EXPENSES WITH THE TAX ON ADDITIONAL REVENUES**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Additional income tax expense	585,810,573	-
<b>Total</b>	<b>585,810,573</b>	<b>-</b>

As of June 30, 2022, the Group owes tax on additional revenues obtained in the analyzed period in value of 585,810,573 RON (June 30, 2021: RON 0). The additional tax, results from the difference between the average monthly sale price of electricity and the price of 450 RON/MWh, according to Art. II par. (1) o Law No. 259/2021 for the approval of OUG No. 118/2021, as further amended and supplemented. The tax rate applied to the additional income obtained is 80 %. The calculation method is set by GEO No. 27/2022 (Annex 6) and is applied, according to art. 4 of GEO no. 27/2022 in period November 1, 2021 - June 30, 2022, namely for the 6-month reporting period concluded on June 30, 2022.



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**21. OTHER OPERATIONAL EXPENSES**

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Other expenses with services provided by third parties	46,680,372	39,999,166
Expenses with ANDR	50,614,291	50,947,102
Energy and water expenses	41,991,664	39,530,839
Expenses with fuel and other consumables	31,743,380	27,392,961
Expenses with the ANRE contribution	1,552,673	1,225,915
Expenses with insurance premiums	5,531,205	5,817,497
Transport and telecommunication expenses	4,366,303	3,403,084
Expenses related to provisions and impairments, net	12,271,298	14,153,658
Other operating expenses	15,950,537	16,250,109
<b>Total</b>	<b>210,701,723</b>	<b>198,720,331</b>

**Expenses with ANDR**

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

- contribution for the decommissioning of each nuclear unit amounting to 0,6 EUR/MWh of 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 the ANRE contribution**

The ANRE contribution for 2022 is calculated based on ANRE Order No. 143/2021, representing 0.1 % of the turnover achieved for 2021, from the activities carried out under the licenses held. As of June 30, 2022, it amounts to RON 1,552,673 (June 30, 2021: 1,225,915 RON). For 2021, the contribution was calculated based on ANRE Order No. 223/December 9, 2020, representing 0.1 % of the turnover achieved for 2020, 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, 2021: 4,950,000 RON),

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**22. FINANCIAL INCOME AND EXPENSES**

	<b>6-month period ended on June 30, 2022; (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Interest income	58,108,635	26,601,964
Income from exchange rate differences	7,343,418	5,171,391
Financial revenues from the amortization of differences related to state bonds	34,873	-
<b>Total financial revenues</b>	<b>65,486,926</b>	<b>31,773,355</b>
Expenses from exchange rate differences	(10,617,410)	(17,673,176)
Interest-related expenses	(4,335,664)	(4,811,068)
<b>Total financial expenses</b>	<b>(14,953,074)</b>	<b>(22,484,244)</b>
<b>Net financial revenues</b>	<b>50,533,852</b>	<b>9,289,111</b>

**23. INCOME TAX**

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

	<b>6-month period ended on June 30, 2022; (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Current income tax expense	240,555,171	80,507,664
Deferred tax release, net	(5,717,369)	(1,424,464)
<b>Total</b>	<b>234,837,802</b>	<b>79,083,200</b>

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

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

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

The Group performed significant transactions with other companies owned or controlled by the state including: sales of electricity (OPCOM SA), purchase of electricity transportation and balancing services (C.N. Transelectrica S.A.); purchasing natural uranium as UO2 sintering powder (Compania Nationala a Uraniului S.A.) and the payment of the contribution for the management of the decommissioning process of the two units and the final storage of nuclear waste at the end of the useful lifetime of the two units, as well as for the permanent storage of the resulting residues (Nuclear and Radioactive Waste Agency).

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

	Sales in the period of		Receivables as at	
	June 30, 2022	June 30, 2021	June 30, 2022	December 31,
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	843,693,619	256,912,655	3,901,701	1,038,664
Distributie Energie Electrica Romania S.A. *)	42,844,052			2,377,268
C.N. Transelectrica S.A.	21,535,400	11,579,752	18,259	2,360,979
Utilitati Publice S.A. Cernavoda	4,311,865	4,581,076	3,633,919	4,293,192
Compania Nationala a Uraniului S.A			6,984,740	6,984,740
Autonomous Administration of Technologies for Nuclear Energy - CITON	21,993	1,975	-	-
Autonomous Administration of Technologies for Nuclear Energy - ICN	2,101	1,219	-	-
<b>Total</b>	<b>912,409,031</b>	<b>273,076,677</b>	<b>14,538,619</b>	<b>17,054,843</b>

\*) As of January 1, 2021, Societatea de Distributie a Energiei Electrice Transilvania Nord changed its name into Distributie Energie Electrica Romania S.A. and it also absorbed Societatea de Distributie a Energiei Electrice Transilvania Sud and Societatea de Distributie a Energiei Electrice Muntenia Nord.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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**24. TRANSACTIONS WITH RELATED-PARTIES (CONTINUED)****i) Transactions with state-owned companies (continued)**

	Purchases in the period of		Payables as at	
	6 months that ended on		June 30, 2022	December 31, 2021
	June 30, 2022	June 30, 2021	June 30, 2022	December 31, 2021
	(revised)	(revised)	(revised)	(audited)
Romanian Electricity and Gas Market Operator (OPCOM S.A.)	230,736,064	113,501,026	3,347,168	1,270,024
Compania Nationala a Uraniului S.A.	40,976,073	6,822,021	8,904,141	733,670
Romanian Waters Bucharest	29,943,591	29,602,880	9,308,062	12,744,720
Nuclear and Radioactive Waste Agency	50,614,291	50,947,102	8,430,229	8,554,307
C.N. Transelectrica S.A	9,226,152	6,507,382	1,431,454	1,470,551
National Commission for Nuclear Activities Control	9,163,398	9,015,400	-	-
Autonomous Administration of Technologies for Nuclear Energy - Administratia Bazinala de Apa	6,465,949	3,278,032	2,732,817	2,974,967
Dobrogea Litoral National Energy Regulatory Authority	5,391,892	5,310,505	630,240	3,045,001
Raja S,A	1,552,673	1,225,915	736,365	-
Autonomous Administration of Technologies for Nuclear Energy - Compania Nationala Administratia Canalelor Navigabile S.A.	1,381,578	1,387,704	3,310	562,972
Institute of Energy Studies and Design - Design and Consultancy	1,806,241	771,415	949,204	1,588,295
State Inspection for the Control of Boilers, Pressure Vessels and Lifting Installations	539,502	1,909,779	159,349	202,559
Commune Administration Public Utilities	193,804	115,588	111,463	52,524
Compania Nationala pentru Controlul Cazanelor, Instalatiilor de Ridicat si Recipientelor sub Presiune S.A.	105,058	50,900	8,750	10,170
Utilitati Publice S.A. Cernavoda	103,662	145,473	18,071	20,215
Dobrogea Meteorological Center	54,794	116,934	16,084	18,392
The National Institute of Hydrology and Water Management	50,586	57,926	890	16,349
Rasirom S,A,	49,318	56,509	14,249	24,358
	23,00	27,500	5,474	10,037
	-	152,427	-	-
<b>Total</b>	<b>388,377,624</b>	<b>231,002,417</b>	<b>36,807,320</b>	<b>33,299,112</b>

Debt balances to related parties on June 30, 2022 and December 31, 2021, respectively, as shown above, do not include advances received from clients, related parties.

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

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Notes to the Consolidated Interim Financial Statements drafted on the date and for the 6-month period ended as of June 30, 2022

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

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

The group's management consists of:

- The members of the Board of Directors who have concluded mandate contracts with the Group;
- The managers of the Group with mandate contracts;
- Other managers within the Group who have concluded the consolidated employment 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 Group, 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.

	<b>6-month period ended on June 30, 2022 (revised)</b>	<b>6-month period ended on June 30, 2021 (revised)</b>
Remuneration of the management of the Group (gross amounts)	11,028,283	5,380,244
<b>Total</b>	<b>11,028,283</b>	<b>5,380,244</b>

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

Credit risk is the risk of recording loss or failing to realize the estimated profits, as a result of the non-fulfillment of the financial obligations by the counterparty. The Group is exposed to the credit risk as a result of the investments made in other companies, current accounts and bank deposits and receivables.

Sale of electricity to customers is done both 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 at June 30, 2022, the Group is exposed to a concentrated credit risk, considering the fact that approximately 48% of the trade receivables are towards Enel Energie SA, Enel Energie Muntenia SA and Electrica Furnizare S.A (see Note 9). 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).

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

	Net value	
	June 30, 2022 (revised)	December 31, 2021 (audited)
<b>Financial assets</b>		
Trade receivables	237,477,684	220,486,125
Bank deposits	1,394,820,500	1,328,973,000
Cash and cash equivalents	1,801,486,802	1,343,172,157
Other assets valued at amortized cost	105,820,432	85,068,328
State bonds	29,733,367	30,190,266
	<b>3,569,338,785</b>	<b>3,007,889,876</b>

The ageing of **trade receivables** on the reporting date was:

	Value gross June 30 2022 (revised)	Value adjustments as at June 30 2022 (revised)	Value gross December 31 2021 (audited)	Value adjustments as at December 31, 2021 (audited)
Not past due	233,943,591	-	217,460,806	-
Past due 1-30 days	266,613	-	1,071,652	-
Past due 31-90 days	2,129,014	-	564,447	-
Past due 91-180 days	1,138,465	-	288,433	-
Past due 181-270 days	-	-	1,100,787	-
Past due 271-365 days	-	-	-	-
Past due more than one year	12,812,989	(12,812,989)	12,822,025	(12,822,025)
<b>Total</b>	<b>250,290,673</b>	<b>(12,812,989)</b>	<b>233,308,150</b>	<b>(12,822,025)</b>

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

The evolution of **adjustments for trade receivables impairment** appears as follows:

	<b>June 30, 2022; (revised)</b>	<b>December 31, 2021 (audited)</b>
<b>Balance as at January 1</b>	<b>(12,822,025)</b>	<b>(10,101,875)</b>
Recognized impairment adjustments, net of resumptions	9,035	2,720,150
<b>Balance at the end of the period</b>	<b>(12,812,989)</b>	<b>(12,822,025)</b>

The ageing of **other receivables**, including recoverable VAT on the reporting date was:

	<b>Gross value June 30 2022 (revised)</b>	<b>Value adjustments as at June 30 2022 (revised)</b>	<b>Gross value December 31 2021 (audited)</b>	<b>Value adjustments as at December 31, 2021 (audited)</b>
Not past due	104,866,242	-	85,004,949	-
Past due 1-30 days	46,524	-	184	-
Past due 31-90 days	857,997	-	63,195	-
Past due 91-180 days	24,846	-	-	-
Past due 181-270 days	24,822	-	-	-
Past due 271-365 days	-	-	-	-
Past due more than one year	596,559	(596,559)	596,559	(596,559)
<b>Total</b>	<b>106,416,990</b>	<b>(596,559)</b>	<b>85,664,888</b>	<b>(596,559)</b>

**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, 2022 and December 31, 2021, 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 field in which the company operates, corroborated with the specific nature of the financed investments and of the structure of the guarantees, including a government guarantee, as well as the floating interest rates, the management of the Group estimates that the fair value of the loans is approximately equal to the carrying amount thereof. The carrying amount of loans is the amortized cost. Based on these considerations, loans have been classified Level 2.

Notes on pages 1-28 are an integral part of these Consolidated Interim Financial Statements.

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**25. FINANCIAL RISK MANAGEMENT (CONTINUED)****b. Capital management (continued)****Fair value of financial instruments (continued)**

	Carrying amount	Fair value	Level
<b>June 30, 2022 (revised)</b>			
<b>Financial assets</b>			
Financial assets valued at amortized cost	35,039,398	35,039,398	2
Trade receivables	237,477,684	237,477,684	2
Other assets valued at amortized cost	105,820,432	105,820,432	2
Cash and cash equivalents	1,801,486,802	1,701,486,802	2
Bank deposits	1,394,820,500	1,494,820,500	2
	<b>3,574,644,816</b>	<b>3,574,644,816</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>December 31, 2021 (audited)</b>			
<b>Financial assets</b>			
Financial assets valued at amortized cost	35,496,297	35,496,297	2
Trade receivables	220,486,125	220,486,125	2
Other assets valued at amortized cost	85,068,328	85,068,328	2
Cash and cash equivalents	1,343,172,157	1,343,172,157	2
Bank deposits	1,328,973,000	1,328,973,000	2
	<b>3,013,195,907</b>	<b>3,013,195,907</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>June 30, 2022 (revised)</b>			
<b>Long-term financial liabilities</b>			
Long term loans	97,424,380	97,424,380	2
Debts from long-term leasing contracts	779,829	779,829	2
Deferred revenues	64,864,911	64,864,911	2
	<b>163,069,120</b>	<b>163,069,120</b>	
<b>Short-term financial liabilities</b>			
Trade payables and other liabilities	332,513,872	332,513,872	2
Debts from short-term leasing contracts	260,177	260,177	2
Current portion of long-term loans	90,038,658	90,038,658	2
Deferred revenues	77,084,361	77,084,361	2
	<b>499,897,068</b>	<b>499,897,068</b>	

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**25. FINANCIAL RISK MANAGEMENT (CONTINUED)****b. Capital management (continued)****Fair value of financial instruments (continued)**

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level</u>
<b>December 31, 2021 (audited)</b>			
<b>Long-term financial liabilities</b>			
Long term loans	130,135,030	130,135,030	2
Debts from long-term leasing contracts	910,586	910,586	2
Deferred revenues	72,037,242	72,037,242	2
	<u><b>203,082,858</b></u>	<u><b>203,082,858</b></u>	
<b>Short-term financial liabilities</b>			
Trade payables and other liabilities	286,476,663	286,476,663	2
Debts from short-term leasing contracts	264,025	264,025	2
Current portion of long-term loans	168,126,539	168,126,539	2
Deferred revenues	89,647,495	89,647,495	2
	<u><b>544,514,722</b></u>	<u><b>544,514,722</b></u>	

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**26. 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 law. In certain situations, the tax authorities may treat certain aspects differently, proceeding to the calculation of additional taxes and duties and of the related interests and default penalties. In Romania, the fiscal year remains open for fiscal verification 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**

By memorandum No. 10136/30.08.2021, the Romanian Court of Accounts announced that in the period 06.09.2021-17.12.2021 it will inspect the statement, evolution and manner of managing the public and private patrimony of the state, and the legality of the revenues and expenses.

On 17.12.2021, the inspection report "Inspection of the statement, evolution and management of the public and private patrimony of the state, and the legality of the revenues and expenses" was concluded, registered by the company under no. 14343/17.12.2021. Based on the inspection report, CCR issued Resolution no. 1/20.01.2022 whereby it established 5 measures with implementation deadline August 31, 2022. Against this Resolution and measure no. 1, the parent company submitted Appeal no. 1683/10.02.2022. By the Appeal, the company requests the cancellation of the breach and measure no. 1 regarding the "Non-compliance with the legal provisions regarding the recovery of the compensations established by the court of law for which payments were made of RON 142,699". The appeal is being analyzed by CCR. Regarding the other measures, an internal analysis was ordered, which is in progress.

In period 13.07.2022 – 19.07.2022, there was a follow-up mission of the Court of Accounts of Romania, in order to check the implementation of the measures ordered by Resolution no. 1 / 20.01.2022. Due the collective effort of the teams involved in the resolution of the measures ordered by the Court of Accounts, SNN managed to successfully complete the process of closing most of the measures ordered by CCR, although the implementation deadline was 31.08.2022. 2 measures, which were beyond the control of SNN, remained open, and are to be resolved.

According to the half-year activity plan for January - June 2022, the Antifraud, Integrity and Inspection Division within the Ministry of Energy conducted an inspection at SNN in the first week of June, for the purpose of checking the manner of employing / promoting personnel; concluding and implementing consultancy contracts; the manner of carrying out procurement activities; a comparative analysis of the economic and financial results; any other aspects that were relevant for the inspection. The official result of the inspection has not been communicated to the representatives of the parent company. However, the inspection team did not identify suspicions of legislation breaches or major inconsistencies.

**(iii) Insurance policies**

As at June 30, 2022, the following operational insurance policies are in force:

- Property insurance policy for material damages, all risks, including mechanical and electrical destruction (for Units 1 and 2 at Cernavoda NPP and FCN Pitesti). The indemnity limit is USD 1,560 million per total year for all damages.
- Third party liability insurance for nuclear damages. The compensation limit is DST 300 million (for CNE Cernavoda Units 1 and 2).

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

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

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**26. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)****(iv) Environmental issues**

The Group recorded no liability as at June 30, 2022 and December 31, 2021 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 21). 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, 2022 are not significant.

Nevertheless, the enforcement of environmental regulations in Romania is evolving and the application thereof by the government authorities is continuously being reconsidered. The Group periodically assesses the obligations incumbent thereupon under the environmental regulations. The established obligations are immediately acknowledged. Potential liabilities, which might arise as a result of the amendment in the existing regulations, civil litigations or the law, cannot be estimated, but could be significant. In the current enforcement climate under existing legislation, the Group's management believes that there are no significant liabilities for environmental damage.

**(v) Ongoing litigations**

During 2022, the Group was involved in a number of legal proceedings arising during its normal course of business. The management periodically analyzes the ongoing litigations and, after consulting with the legal advisers or lawyers thereof, decides on the necessity to create provisions for the amounts involved or to present them in the financial statements.

In the opinion of the Group'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 Group that has not been presented in these Financial Statements.

**(vi) Commitments**

On June 30, 2022, the total amount of commitments is fully reflected under the position "*Trading and other liabilities*", representing capital and operating expenses.

**(vii) Guarantees**

The trading of electricity produced on the platforms operated by OPCOM, assumes that for some transactions, the Company provides letters of bank guarantee for participation in certain markets such as PZU (Day After Market) and PI (Intra-Day Market), tender procedures (PCSU – Centralized Market for Universal Service, PC-OTC - Centralized market with the continuous double negotiation of bilateral electricity contracts) or in favor of clients (PCCB-NC - Centralized Market for Bilateral Contracts with Continuous Negotiation, PCCB-LE - Centralized Market for Bilateral Contracts through Extended Tender Procedures, PCCB-Le-flex LE - Centralized market of bilateral contracts by extended tender procedures and using products that ensure trading flexibility and PCSU - Centralized Market for Universal Service).

As of June 30, 2022, the total value of letters of bank guarantee issued in favor of clients for contracts concluded on PCCB-NC, PCCB-LE and PC-OTC amounts to RON 5.9 million, and in favor of OPCOM for the participation to DAM and IM amounts to RON 70.38 million.

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

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### **26. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)**

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

Moreover, as of June 30, 2022 the parent Company has established letters of bank guarantee issued in favor of Transelectrica S.A. and Ciga Energy S.A. amounting to RON 5.70 million, with the role of ensuring the liquidity on the Balancing Market, through the establishment by each 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 Balancing concluded between the Company as license holder and Transelectrica S.A. and Ciga Energy S.A., respectively. For all these letters of bank guarantee, the Company established collateral deposits with the banks issuing the letters of guarantee.

On June 30, 2022 the parent Company has established a Treasury deposit in the amount of RON 1,436,176, standing for the liens according to the decision made by ANAF - General Directorate against tax fraud.

As of June 30, 2022, the parent company set up in favor of the Romanian Commodities Exchange a security for participating in a tender procedure of 9.2 million RON.

As at June 30, 2022, the value of the bank guarantee letters issued by clients in favor of the parent Company for the contracts concluded on PCCB-NC, PCCB-LE and PC-OTC is in amount of RON 850,98 million. These guarantees cover the risk of unfulfilling the contractual obligations assumed by the clients through the energy sale contracts.

### **27. Miscellaneous**

#### **(i) Details of the Group**

The Group is part of a group of companies controlled by the Romanian State represented by the Ministry of Energy.

#### **(ii) Investments in associates**

The Group holds participating interests in Bursa Romana de Marfuri S.A.: having the registered office in Bucharest, 50-52 Buzesti Street; number of shares owned as at June 30, 2022: 23 shares, nominal value of share capital owned: 23.000 RON, representing 0,29% of the number of issued shares.

The Group is insured by the Mutual European Association of Civil Liability Insurance for Nuclear Damage ("ELINI"), registered office in Belgium, 1140 Brussels, Jules Bordet Street no.166. The initial contribution to the security fund paid by the Group is 1,082,700 EUR, and 5,032,931 RON, respectively.

The Company is a founding member of the Romanian Atomic Forum - ROMATOM, Romanian legal entity of private law, independent union nationally representative, without patrimonial or gain purpose, nongovernmental, non-profit, apolitical, consisting of associate or supporting members, with registered office in Bucharest, 5-7 Vasile Lascar street, 1st floor. In the General Assembly of Shareholders, each founding member and each associate member are entitled to a deliberative vote number, calculated according to the turnover related to activities performed in the nuclear field in the previous year, by value tranches, as follows: between EUR 0 and EUR 500,000 turnover - 1 vote; between EUR 500,000 and EUR 3 million turnover - 2 votes; between EUR 3 million and EUR 10 million turnover - 3 votes; EUR 10 million turnover - 4 votes. The company meets the criteria for entitlement to 4 votes. The equivalent cash contribution made by the Company as a founding member is 100 RON.

The Group is a founding member of the Association of Electricity Producers – HENRO, a Romanian private-law legal entity, without patrimonial or lucrative purpose, independent and non-governmental, set up from associated or supporting members, registered office in Bucharest, Constantin Nacu Street no.3, room 4, district 2. The group contributed to the initial patrimony with 250,000 RON.

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### **28. SUBSEQUENT EVENTS**

#### **The approval of the Complementary Delegated Act whereby nuclear energy and natural gas are included in the EU Taxonomy was approved by the European Parliament**

On July 6, 2022, the Complementary Delegated Act whereby nuclear energy and natural gas are included in the EU Taxonomy was approved by the European Parliament. It will become effective as of January 1, 2023.

#### **Advancement of the Project for the refurbishment of Unit 1**

By the current report published on 21.07.2022, the Company announces the advancement of the Project for the refurbishment of Unit 1, by signing the first contract with Candu Energy, a member of the SNC-Lavalin group and the design authority for Unit 1 and OEM (original equipment manufacture) for the CANDU technology.

Within the contract, Candu Energy will provide engineering services for drafting the technical documentation for procuring long-cycle components for manufacturing the reactor, within the process called "reactor re-tubing" (replacing fuel channels, calandria tubes and feeders - ICCTCF). Candu Energy will also provide engineering services for assessing the state of the set of specialized tools to be used for replacing the components of the reactor and drafting the documentation for procuring the components that require replacement/modification.

#### **Changes in the management of the Company – the Board of Directors**

Resolution no. 6/10.08.2022 of the Ordinary General Meeting of Shareholders of SNN approved the requests for renewing the mandates of three members of the Board of Directors of SNN, as of 29.09.2022, and the following members were appointed for a 4-year mandate: Mr. Minodor Teodor Chirica (non-executive director), Mr. Cosmin Ghita (executive director) and Mrs. Elena Popescu (non-executive director).

By Resolution no. 6/10.08.2022 of the Ordinary General Meeting of Shareholders of SNN, Mr. Serban Constantin Valeca was revoked from the position of a member of Board of Directors.

Also by Resolution No. 6/10.08.2022 of the Ordinary General Meeting of Shareholders of SNN approved the approved the extension of the term of the mandate of Mr. George Sergiu Niculescu, which ceases on 28.08.2022, for 2 months, as of 29.08.2022, according to the provisions of art. 641, par. (3) and par. (5) of GEO no. 109/2011, as further amended and supplemented or until the mandate is accepted by another director appointed according to the provisions of GEO no. 109/2011, if the selection is completed before the aforementioned term.

#### **Establishment of a new working unit**

Resolution no. 7/10.08.2022 of the Extraordinary General Meeting of Shareholders of SNN approved the incorporation of a business unit of the Company in Doicesti Commune, No. 12, Colonie Street, Casa de Cultura, ground floor, room 1, Dambovita County, in order to start the preliminary stages for analyzing the building of the first small modular reactor (SMR) in Romania at the location of the former thermal power station of Doicesti, Dambovita County. Within the business unit of SN Nuclearelectrica SA, a project implementation Informational Center will operate, as well as an office that will serve for future actions that will be part of engineering and design survey, technical analyses of the site, licensing and authorization activities, etc.

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

**Dan Niculae-Faranga**  
**Chief Financial Officer**