



S.N. Nuclearelectrica S.A.

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

S.N. Nuclearelectrica S.A.

Financial situation as at June 30, 2022

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

	Note	June 30, 2022; (revised)	December 31, 2021 (audited)
Assets			
Non-current assets			
Tangible assets	4	5,820,614,822	5,853,337,904
Assets representing rights to use underlying assets under a leasing contract	5	1,044,568	1,180,392
Intangible assets	6	52,098,034	48,391,975
Financial assets valued at amortized cost	7	35,039,398	35,496,297
Financial investments in subsidiaries	8	199,438,505	172,438,508
Total non-current assets		6,108,235,327	6,110,845,076
Current assets			
Inventories	9	591,041,919	560,149,518
Trade receivables	10	237,480,369	220,487,430
Other assets valued at amortized cost	11	107,165,820	87,270,340
Bank deposits	12	1,394,820,500	1,328,973,000
Cash and cash equivalents	12	1,759,288,183	1,317,399,999
Total current assets		4,089,796,791	3,514,280,287
Total assets		10,198,032,118	9,625,125,363
Equity and liabilities			
Equity			
Share capital, of which:		3,211,941,683	3,211,941,683
<i>Subscribed and paid in share capital</i>		3,016,438,940	3,016,438,940
<i>Inflation adjustments to the share capital</i>		195,502,743	195,502,743
Share premiums		31,474,149	31,474,149
Reserve paid in advance		21,553,537	21,553,537
Revaluation reserve		423,056,072	451,742,500
Retained earnings		5,302,102,729	4,648,549,459
Total equity	13	8,990,128,170	8,365,261,328
Liabilities			
Long-term liabilities			
Long term loans	15	97,424,380	130,135,030
Debts from long-term leasing contracts	5	779,829	910,586
Provisions for risks and expenses	17	255,149,478	245,823,013
Deferred revenues		64,864,911	72,037,242
Deferred tax liability		96,561,465	102,278,835
Obligations concerning employee benefits		46,378,990	46,378,990
Total long-term liabilities		561,159,053	597,563,696
Current liabilities			
Trade payables and other liabilities	16	328,875,740	285,939,903
The current share of provisions for risks and expenses	17	73,123,770	69,541,135
Corporate tax due		77,362,189	48,781,242
Deferred revenues		77,084,361	89,647,495
Current portion of long-term loans	15	90,038,658	168,126,539
Debts from short-term leasing contracts	5	260,177	264,025
Total current liabilities		646,744,895	662,300,339
Total liabilities		1,207,903,948	1,259,864,035
Total equity and liabilities		10,198,032,118	9,625,125,363

S.N. Nuclearelectrica S.A.

Individual 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	3 months that ended on June 30, 2022 (not revised)	3 months that ended on June 30, 2021 (not revised)	6 months that ended on as of June 30, 2022 (revised)	6 months that ended on June 30, 2021 (revised)
Income					
Income from electricity sales	18	1,244,714,494	656,036,231	3,089,082,186	1,339,580,230
Electricity transmission income		5,034,132	2,899,678	9,190,035	6,356,333
Total income		1,249,748,626	658,935,909	3,098,272,221	1,345,936,563
Other revenues	19	23,217,966	19,132,059	42,062,711	36,600,336
Operating expenses					
Impairment and depreciation		(151,714,957)	(140,549,621)	(302,618,886)	(277,642,431)
Personnel expenses	20	(123,506,916)	(98,778,441)	(243,061,318)	(193,788,929)
Cost of purchased electricity		(244,756,703)	(99,284,238)	(252,870,464)	(123,120,275)
Repairs and maintenance		(28,055,384)	(30,962,502)	(42,680,899)	(46,062,495)
Electricity transmission expenses		(5,034,132)	(2,899,678)	(9,190,035)	(6,356,333)
Cost of spare parts		(11,994,536)	(8,109,959)	(15,527,628)	(10,763,954)
Cost of nuclear fuel		(28,065,169)	(31,765,768)	(72,021,838)	(70,934,035)
Expenses with additional tax		(126,633,872)	-	(585,810,573)	-
Other operating expenses	22	(104,051,067)	(93,270,800)	(211,272,679)	(198,720,330)
Total operating expenses		(823,812,736)	(505,621,007)	(1,735,054,320)	(927,388,782)
Operating result		449,153,856	172,446,961	1,405,280,612	455,148,117
Financial expenses		(8,527,636)	(6,774,547)	(14,939,308)	(22,483,986)
Financial revenues		40,123,962	16,544,063	65,232,183	31,811,462
Net financial result	23	31,596,326	9,769,516	50,292,875	9,327,476
Profit before income tax		480,750,182	182,216,477	1,455,573,487	464,475,593
Net income tax expense	24	(78,859,361)	(31,288,690)	(234,781,278)	(79,083,064)
Profit for the period		401,890,821	150,927,787	1,220,792,209	385,392,529

The Individual Financial Statements presented on page 1 to 46 were signed on August 10, 2022.

Cosmin Ghita
Chief Executive Officer

Dan Niculae-Faranga
Chief Financial Officer

S.N. Nuclearelectrica S.A.

Individual 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	3 months that ended on June 30, 2022 (not revised)	3 months that ended on as of June 30, 2021 (not revised)	6 months that ended on as of June 30, 2022 (revised)	6 months that ended on June 30, 2021 (revised)
Profit for the period		401,890,821	150,927,787	1,220,792,209	385,392,529
Other items of the comprehensive income					
Items that cannot be reclassified in profit or loss					
Result carried forward from other adjustments					19,781
Total other items of the comprehensive income		-	-	-	19,781
Total aggregate comprehensive earnings for the period		401,890,821	150,927,787	1,220,792,209	385,412,310
Earnings per share					
Basic earnings per share (RON/share)	14	1.33	0.50	4.05	1.28
Diluted earnings per share (RON/share)	14	1.33	0.50	4.05	1.28

S.N. Nuclearelectrica S.A.

Individual 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
Balance as at January 1, 2022 (audited)		3,016,438,940	195,502,743	31,474,149	21,553,537	451,742,500	4,648,549,459	8,365,261,328
Comprehensive income								
<i>Profit of the financial year</i>							<i>1,220,792,209</i>	<i>1,220,792,209</i>
<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								
Total other items of the comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the financial year	13	-	-	-	-	-	1,220,792,209	1,220,792,209
Transactions with the shareholders, recognized only in equity								
Distributed dividends							(595,925,367)	(595,925,367)
Total transactions with the shareholders, recognized only in equity	13	-	-	-	-	-	(595,925,367)	(595,925,367)
Other equity modifications								
Transfer of the revaluation reserve to the result carried forward						(28,686,428)	28,686,428	-
Total other equity modifications						(28,686,428)	28,686,428	-
Balance as at June 30, 2022 (revised)		3,016,438,940	195,502,743	31,474,149	21,553,537	423,056,072	5,302,102,729	8,990,128,170

S.N. Nuclearelectrica S.A.

Individual 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
Balance as at January 1, 2021 (audited)		3,016,438,940	195,502,743	31,474,149	21,553,537	198,799,898	4,055,915,983	7,519,685,250
Comprehensive income								
<i>Profit of the financial year</i>							385,392,529	385,392,529
<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	19,781
Total other items of the comprehensive income		-	-	-	-	-	19,781	19,781
Total comprehensive income for the financial year	13	-	-	-	-	-	385,412,310	385,412,310
Transactions with the shareholders, recognized only in equity								
Distributed dividends							(472,117,575)	(472,117,575)
Total transactions with the shareholders, recognized only in equity	13	-	-	-	-	-	(472,117,575)	(472,117,575)
Other equity modifications								
Transfer of the revaluation reserve to the result carried forward						(14,242,713)	14,242,713	-
Total other equity modifications		-	-	-	-	(14,242,713)	14,242,713	-
Balance as at June 30, 2021 (revised)		3,016,438,940	195,502,743	31,474,149	21,553,537	184,557,185	3,983,453,431	7,432,979,985

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Situation of the treasury flows for the 6-month period ended on June 30, 2022

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

	6 months that ended on as of June 30, 2022 (revised)	6 months that ended on June 30, 2021 (revised)
Cash flows from operating activities		
Profit before income tax	1,455,573,487	464,475,593
Adjustments for:		
Impairment and depreciation	302,618,886	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)	(52,809,891)	(9,372,005)
Changes in:		
(Increase) / Decrease in trade receivables	(16,984,792)	(12,596,361)
(Increase) / Decrease in other financial assets valued at amortized cost	(6,142,743)	(26,167,915)
(Increase) / Decrease in inventory	(28,918,713)	(47,635,240)
Variation of deferred income	(19,735,465)	(6,633,777)
(Decrease) in trade payables and other liabilities	(22,135,858)	(67,753,475)
Cash flows generated from operating activities	1,633,996,935	583,134,196
Corporate tax paid	(211,917,700)	(83,972,986)
Interest collected	43,558,654	18,689,529
Interest paid	(299,660)	(754,306)
Collected dividends	60,935	-
Net cash flow from operating activities	1,465,399,164	517,096,433
Cash flows from investing activities		
Purchase of intangible assets	(7,894,584)	(1,997,685)
Purchases of tangible assets	(214,079,343)	(140,158,686)
Investments in branches (see Note 8)	(26,999,997)	(25,000,002)
Other investments in financial assets (see Note 7)	975,000	(250,000)
Proceeds from sale of tangible assets	16,244	17,598
(Increase)/Decrease in bank deposits and financial assets representing collateral bank deposits related to letters of bank guarantee	(65,847,500)	389,348,000
Net cash flow corresponding to investment activities	(313,830,180)	221,959,225
Cash flow corresponding to financing activities		
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)
Net cash flow corresponding to financing activities	(709,680,800)	(582,343,974)
Net increase in cash and cash equivalents	441,888,184	156,711,684
Cash and cash equivalents as of January 1st (see Note 12)	1,317,399,999	546,565,840
Cash and cash equivalents as at June 30 (see Note 12)	1,759,288,183	703,277,524

S.N. Nuclearelectrica S.A.

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

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

1. REPORTING ENTITY

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

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

The main activity of the Company 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).

The manufacturing of CANDU-type nuclear fuel bundles required for operating the two operational nuclear reactors located in the Cernavoda NPP Branch is done by the Company within the 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 subsidiary Energonuclear SA (for further details, see Note 8). 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.

Notes 1-28 are an integral part of these individual interim financial statements

S.N. Nuclearelectrica S.A.

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

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

1. REPORTING ENTITY (CONTINUED)

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.

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.

The **Romanian 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 18).

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.

S.N. Nuclearelectrica S.A.

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

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

2. BASIS OF PREPARATION**a) Declaration of Conformity**

The individual 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 2844/2016, the International Financial Reporting Standards represent the standards adopted in accordance with the procedure provided by the European Commission Regulation no. 1606/2002 of the European Parliament and of the Council dated July 19, 2002 regarding the application of the international accounting standards ("IFRS adopted by the European Union").

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

The Individual 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 Individual Interim Financial Situations have been authorized for issuance and signed on August 10, 2022 by the management of the Society.

b) Business Continuity

These Individual 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 the 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

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

These do not include the necessary information for a complete set of financial statements according to the IFRS, and must be read with the Individual Financial Statements drafted on the date and for the financial year ended on December 31, 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 Company from the latest Individual Financial Statements prepared on the date and for the financial year that ended on December 31, 2021.

d) Basis of Assessment

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

e) Functional and Presentation Currency

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

S.N. Nuclearelectrica S.A.

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

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

2. BASIS OF PREPARATION (CONTINUED)**f) Use of estimates and professional judgments**

The preparation of the Individual Interim Financial Statements according to the IFRS adopted by the European Union entails the use by the management of estimates, judgments and assumptions with impact on the application of accounting policies, as well as on the reported value of assets, liabilities, 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 Individual 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 Colective 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 Company's activity.

The effects of the Covid-19 pandemic on the financial position, financial performance and cash flows of the Company 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 Company'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 company has an important role at the national level, both in the energy stability of the country and in reaching the decarbonization targets.

S.N. Nuclearelectrica S.A.

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

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

2. BASIS OF PREPARATION (CONTINUED)**h) Impact and implications of the Ukraine conflict (continued)**

Analyzing the impact on the Company, 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 Company 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 company constantly monitors the evolution of the credit risk and makes adjustments 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 company, no deterioration of the depreciation indices was identified compared to the values obtained on 31.12.2021. Also, the Company does not hold assets or financial liabilities affected by international restrictions/sanctions in relation to the two states in conflict. No exposures of the Company 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 Company 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 Individual Financial Situations of the Company 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 Company'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 company 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 Company, concrete and effective cyber risk management policies are implemented. The war in Ukraine had no impact on the continuity of the Company's activity. The effects of the conflict on the financial position, financial performance and cash flows of the Company turn out to be 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 performance indicators.

S.N. Nuclearelectrica S.A.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these Individual Interim Financial Statements are the same as those applied in the individual financial statements of the Company as of and for the financial year ended on December 31, 2021

The individual interim financial statements are prepared on the assumption that the Company will continue its operations in the foreseeable future. To assess the applicability of this assumption, the senior management analyzes projections of future cash inflows.

S.N. Nuclearelectrica S.A.

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

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

	Land	Nuclear power plants	Machinery, equipment and other assets	Non-current assets in progress	TOTAL
Cost					
Balance as of January 1, 2021 (audited)	32,124,981	5,388,449,243	1,110,066,036	1,064,437,295	7,595,077,555
Additions	-	-	14,233,394	260,426,011	274,659,405
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)
Balance as of December 31, 2021 (audited)	36,975,047	4,645,307,994	1,196,053,357	1,123,153,126	7,001,489,524
Balance as of January 1, 2022 (audited)	36,975,047	4,645,307,994	1,196,053,357	1,123,153,126	7,001,489,524
Additions	-	27,617,084	4,147,414	259,399,619	291,164,117
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 inspections	-	(4,031,192)	-	-	(4,031,192)
Heavy water derecognition	-	(524,802)	-	-	(524,802)
Disposals	-	(487,267)	(16,154,505)	-	(16,641,772)
Balance as of June 30, 2022 (revised)	36,975,047	4,672,507,721	1,232,263,544	1,305,506,078	7,247,252,390
Balance as of January 1, 2021 (audited)	550,782	1,057,248,682	595,963,307	146,586,943	1,800,349,715
Depreciation charges	-	474,198,668	71,567,252	-	545,765,920
Accumulated amortization for inspections	-	(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
Balance as of December 31, 2021 (audited)	550,782	380,863,168	616,750,302	149,987,368	1,148,151,620
Balance as of January 1, 2022 (audited)	550,782	380,863,168	616,750,302	149,987,368	1,148,151,620
Depreciation charges	-	260,434,319	38,332,377	-	298,766,696
Cummulated depreciation of disposals	-	(4,792,859)	(13,825,671)	-	(18,618,530)
Impairment adjustments	-	-	2,183,701	(3,845,919)	(1,662,218)
Balance as of June 30, 2022 (revised)	550,782	636,504,628	643,440,709	146,141,449	1,426,637,568
Carrying amount					
Balance as of January 1, 2021 (audited)	31,574,199	4,331,200,560	514,102,729	917,850,351	5,794,727,840
Balance as of December 31, 2021 (audited)	36,424,265	4,264,444,826	579,303,055	973,165,758	5,853,337,904
Balance as of June 30, 2022 (revised)	36,424,265	4,036,003,093	588,822,835	1,159,364,629	5,820,614,822

Notes 1-28 are an integral part of these individual 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 Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2022

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

4. TANGIBLE ASSETS (CONTINUED)

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

In the first six months of 2022, the Company 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 1,159,364,629, includes the following items:

- Investment for increasing the production capacity with a net book value of RON 477,259,977 (December 31, 2021: 506,394,981 RON) ;
- Investments related to Units 1 and 2, amounting to a total of RON 682,104,652 (December 31, 2021: 389,188,837 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 478,958,544, 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 45,760,157 (December 31, 2021: 74,895,161 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 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 of December 31, 2013, the Company recognized a depreciation adjustment of 100% of the value of Unit 5, as there were no plans to resume the construction thereof as a nuclear unit. In March 2014, the shareholders of the Company approved the change of destination and use of Unit 5 for other activities of the Company, 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 Company 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

(iii) Impairment adjustments

As of June 30, 2022, the company recorded adjustment transfers for asset impairment in value of (1,662,218) RON, representing resurrections on revenues (December 31, 2021: 13,182,646 RON),

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

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

4. TANGIBLE ASSETS (CONTINUED)**(iv) 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.

(v) Significant estimates - valuation of lands and buildings

Information on the valuation of lands and buildings is presented in Note 4 (v) 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.

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Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on 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:

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

(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 22). The expense with the 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, respectively, the Company has no pledged or mortgaged assets.

(viii) Supplier Credit

On June 30, 2022, the Company has fixed assets purchased based on credit from suppliers (commercial credit) amounting to RON 84,114,639 (December 31, 2021: 31,022,440 RON),

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Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on 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 Company has adopted IFRS 16, which is why it recognized in the statement of financial position, assets and liabilities related to the restatement of the leases concluded acting as the lessee.

The 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)
Net book value	1,044,568	1,180,392
	June 30, 2022 (revised)	December 31, 2021 (audited)
Debts from leasing contracts		
Short-term	260.177	264,025
Long-Term	779.829	910,586
	1.040.006	1,174,611

(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	23	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 Individual Financial Statements prepared as of and for the financial year ended December 31, 2021.

S.N. Nuclearelectrica S.A.

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

*(All amounts are presented in RON, unless otherwise indicated.)***6. INTANGIBLE ASSETS**

	Licenses and software	Power plant software and other intangible assets	Total
Cost			
Balance as of January 1, 2021 (audited)	237,987,346	55,289,481	293,276,827
Additions	6,503,316	-	6,503,316
Transfers to tangible assets	(4,769,053)	-	(4,769,053)
Transfer from tangible assets	3,142,607	-	3,142,607
Disposals	(741,573)	(1,029,938)	(1,771,511)
Balance as of December 31, 2021 (audited)	242,122,644	54,259,543	296,382,187
Balance as of January 1, 2022 (audited)	242,122,644	55,259,543	296,382,187
Additions	5,666,100	3,427,452	9,093,552
Disposals	-	-	-
Balance as of June 30, 2022 (revised)	247,788,744	57,686,995	305,475,739
Accumulated depreciation			
Balance as of January 1, 2021 (audited)	199,248,812	40,557,342	239,806,154
Depreciation charges	6,754,403	3,201,166	9,955,569
Depreciation of outputs	(741,573)	(1,029,938)	(1,771,511)
Balance as of December 31, 2021 (audited)	205,261,643	42,728,570	247,990,212
Balance as of January 1, 2022 (audited)	205,261,643	42,728,570	247,990,212
Depreciation charges	3,260,737	2,126,756	5,387,492
Depreciation of outputs	-	-	-
Balance as of June 30, 2022 (revised)	208,522,380	44,855,326	253,377,704
Carrying amount			
Balance as of January 1, 2021 (audited)	38,738,534	14,732,139	53,470,674
Balance as of December 31, 2021 (audited)	36,861,001	11,530,973	48,391,975
Balance as of June 30, 2022 (revised)	39,266,364	12,831,669	52,098,034

As of June 30, 2022, the intangible assets owned by the Company represent licenses and software products purchased, not generated internally. The company does not record 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 Company's Individual Financial Statements prepared as of and for the financial year ended December 31, 2021.

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Notes to the Individual Interim Financial Statements drafted on the date and for the 6-month period ended on 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 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.

	June 30, 2022	December 31, 2021
	(revised)	(audited)
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
Total	35,039,398	35,496,297

(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:

	June 30, 2022	December 31, 2021
	(revised)	(audited)
Balance as at January 1	29,680,203	-
Purchases	-	29,656,680
Maturities	-	-
Discount amortization	34.873	23,523
Balance at the end of the reporting period	29,715,076	29,680,203
Accumulated interest	18,291	510,063
Total state bonds	29,733,367	30,190,266

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

S.N. Nuclearelectrica S.A.

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

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

8. FINANCIAL INVESTMENTS IN SUBSIDIARIES

As of June 30, 2022, the situation of the investments in branches is as follows:

	<u>June 30, 2022</u> <u>(revised)</u>	<u>December 31, 2021</u> <u>(audited)</u>
Energonuclear S.A.	199,438,105	172,438,108
F.P.C.U Feldioara	200	200
Nuclearelectrica Serv	200	200
Total	<u>199,438,105</u>	<u>172,438,508</u>

Energonuclear S.A.

The registered office of the Energonuclear S.A. ("Energonuclear") branch is in Bucharest, District 2, Bd. Lacul Tei, No. 1 - 3, Lacul Tei Offices building, floor 8, and is registered with the Trade Register under No. J40/3999/25.03.2009, sole registration number 25344972, fiscal attribute RO. The main business of Energonuclear consists in "Engineering activities and related technical consultancy" – NACE Code 7112.

On June 30, 2022 and December 31, 2021, the Company owns 100% of the share capital of Energonuclear. The value of the interest as at June 30, 2022 is 199,438,105 RON (December 31, 2021: 172,438,108 RON),

By EGMS Resolution no. 4/11.07.2017, the shareholders of the Company approved the granting by the Company of a **loan convertible into shares** amounting to maximum RON 5,500,000 to the subsidiary Energonuclear S.A., in order to finance the maintenance and conservation activities for the site of Units 3 and 4 of Cernavoda NPP. Until December 31, 2021, Energonuclear accessed the entire approved value, of RON 5,500,000, for which it recorded an accrued interest of RON 272,005. The loan was converted into shares according to EGMS Resolution no. 5/30.06.2021, registered with the Trade Register by mention application no. 485731/10.09.2021. As of June 30, 2022, the company did not report loans granted to branch Energonuclear S.A.

In 2021, the share capital of the Energonuclear S.A. branch was increased twice, as follows: in virtue of EGMS Resolution no. 3/21.04.2021 by issuing new shares with the amount of RON 25,000,001.36, and in virtue of EGMS Resolution no. 5/30.06.2021 with the amount of RON 5,772,005.22, representing the conversion of the shareholder loan into shares.

In 2022, the share capital of branch Energonuclear S.A. was increased by 26,999,997.52 RON, in virtue of EGMS Resolution no. 7/05.05.2022 by issuing new shares.

Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L.

The registered office of branch Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L. ("F.P.C.U Feldioara") is in Brasov County, Feldioara, No. 1, Dumbravii Street, administrative building, ground floor, and is registered with the Trade Register under No. J8/2729/23.09.2021, sole registration number 44958790, fiscal attribute RO. The main activity of FPCU Feldioara is "Processing of nuclear fuel" - NACE code 2446.

As of June 30, 2022 and December 31, 2021, the Company owns 100% of the share capital of F.P.C.U Feldioara. The value of the interest as at June 30, 2022 and December 31, 2021 amounts to **RON 200**.

In 2021, the shareholders of the Company approved granting a loan of RON 2,300,000, in order to finance the activities and expenses of the branch upon incorporation, according to the provisions of the activity schedules and of the revenue and expense budgets for 2021 and 2022. As of December 31, 2021, the Company granted the entire amount of RON 2,300,000 and recorded an accrued interest of RON 3,938. As of June 30, 2022, the company recorded a principal of 2,300,000 RON and accumulated interest of 47,834 RON.

Notes 1-28 are an integral part of these individual interim financial statements

S.N. Nuclearelectrica S.A.

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

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

8. FINANCIAL INVESTMENTS IN SUBSIDIARIES

Nuclearelectrica Serv S.R.L.

The registered office of the Nuclearelectrica Serv branch is in Constanta County, Cernavoda, No. 21, Energiei Street, Hotel No. 2, Unit B, 1st floor, and is registered with the Trade Register under No. J13/4108/17.12.2021, Sole Registration Number 45374854, fiscal attribute RO. The main activity of Nuclearelectrica Serv is “Other human resources provision”– NACE code 7830.

As of June 30, 2022 and December 31, 2021, the Company owns 100% of the share capital of Nuclearelectrica Serv. The value of the interest as at June 30, 2022 and December 31, 2021 amounts to **RON 200**.

In the first 6 months of 2022, the shareholders of the Company approved granting a loan of RON 2,300,000, in order to finance the activities and expenses of the branch upon incorporation, according to the provisions of the activity schedules and of the revenue and expense budgets for 2021 and 2022. Until June 30, 2022, the branch accessed the amount of 600,000 RON, for which it incurred cumulated interest of 7,587 RON.

S.N. Nuclearelectrica S.A.

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

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

9. INVENTORIES

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

	June 30, 2022	December 31, 2021
	(revised)	(audited)
Spare parts	224,202,175	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	30,893,505	87,620,625
Adjustments for impairment of inventories	(51,106,856)	(51,816,674)
Total	591,041,919	560,149,518

(i) Inventory Valuation

Costs are valued at the weighted average cost (WAC) according to IAS 2. See Note 3 (k) 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 inventories.

(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 Company periodically analyzes the evolution of inventories, and sets up in due time impairment adjustments for the inventories considered as impaired. Consequently, for scrapped inventories, the Company has set up impairment adjustments, which it restated as revenues when it decommissioned them. 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 Company does not record pledged or mortgaged inventories.

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

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

10. TRADE RECEIVABLES

As of June 30, 2022 and December 31, 2021, trade receivables are as follows:

	June 30, 2022	December 31, 2021
	(revised)	(audited)
Trade receivables	250,293,358	233,309,455
Adjustments for impairment of trade receivables	(12,812,989)	(12,822,025)
Total	237,480,369	220,487,430

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 company.

The Company's exposure to credit risk and the adjustments for impairment of trade receivables are presented in Note 27.

On June 30, 2022, the "Trade receivables" and "Adjustments for impairment of trade receivables" positions include a net amount of RON 7,996,905 related to receivables from affiliated parties (December 31, 2021: 9,032,797 RON),

11. OTHER FINANCIAL ASSETS VALUED AT AMORTIZED COST

	June 30, 2022	December 31, 2021
	(revised)	(audited)
Other receivables	60,233,630	35,900,218
Impairment adjustments for other receivables	(596,559)	(596,559)
Taxes and duties	9,908,762	31,441,048
Payments made in advance	37,619,987	20,525,633
Total	107,165,820	87,270,340

On June 30, 2022, the "Other receivables" and "Adjustments for impairment of other receivables" positions include a net amount of RON 2,347,834 related to receivables from affiliated parties (December 31, 2021: RON 2,303,938), of which RON 2,347,834 represent the loans granted to the branches from the group, including capitalized interest.

On June 30, 2022 the "Duties and Taxes" position mainly represents the VAT to be recovered amounting to RON 8,163,158 (December 31, 2021: 29,345,270 RON),

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

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

12. CASH AND CASH EQUIVALENTS, BANK DEPOSITS

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

	June 30, 2022 (revised)	December 31, 2021 (audited)
Cash on hand	112,866	74,078
Current accounts in banks, in RON	123,057,907	218,255,673
Current accounts in banks, in foreign currency	97.750.489	2,507,785
Bank deposits shorter than 3 months	1,536,060,000	1,096,283,000
Other cash equivalents	2.306.921	279,463
Total cash and cash equivalents	1.759.288.183	1,317,399,999

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:

	June 30, 2022 (revised)	December 31, 2021 (audited)
Bank deposits	1.494.820.500	1,328,973,000

(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:

	June 30, 2022 (revised)	December 31, 2021 (audited)
Cash on hand	112,866	74,078
Current accounts in banks	220,808,396	220,763,458
Bank deposits with initial maturity shorter than 3 months	1,536,060,000	1,096,283,000
Other cash equivalents	2,306,921	279,463
	1,759,288,183	1,317,399,999

(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.

(iii) Restricted cash

Current accounts opened with banks are permanently available to the Company and are not restricted or encumbered.

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

As of June 30, 2022, the Company 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 Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2022

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

13. EQUITY**Share capital**

The Company was established by separation from the former Autonomous Electricity Administration ("RENEL"). The share capital represents the contribution of the State to the incorporation of Company on June 30, 1998 (restated with inflation up to December 31, 2003) plus subsequent increases.

According to the Articles of Incorporation, the authorized capital of the Company is of RON 3,016,518,660. The subscribed and paid-up share capital as at June 30, 2022 and December 31, 2021 is of 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 structure of the share capital appears as follows:

	June 30, 2022 (revised)	December 31, 2021 (audited)
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
Share capital (restated value)	3,211,941,683	3,211,941,683

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 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 13th, 2020 and of the Resolutions of the Extraordinary General Meeting no. 2/January 4th, 2019 and no. 12/December 19th, 2019, registered with the National Trade Register Office according to the amended Certificate no. 484154/ September 30th, 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 Company.

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

Shareholders	Number of shares June 30, 2022	% of the share capital	Number of shares December 31, 2021	% of the share capital
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%
Total	301,643,894	100%	301,643,894	100%

Share premiums

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

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

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

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

The prepaid reserves amount to RON 21,553,537 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 Company sets up legal reserves in the amount of 5% of the gross registered profit up to the level of 20% of the share capital. The amount of the legal reserve as of June 30, 2022 is RON 255,132,853 (December 31, 2021: 255,132,853 RON),

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 423,056,072 (December 31, 2021: RON 451,742,500), 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").

In the first 6 months of 2022, the Company recognized a decrease of the revaluation reserve amounting to RON 34,150,510 following the transfer thereof into retained earnings (2021: 34,114,242 RON),

Retained earnings

The retained earnings are the cumulated earnings of the Company. The retained earnings are distributed based on the annual financial statements prepared in accordance with the 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

	June 30, 2022; (revised)	December 31, 2021 (audited)
Balance as at January 1, 2021	4,648,549,459	4,055,915,983
Net profit of the period	1,220,792,209	1,036,261,626
Actuarial (loss) on defined benefits plan	-	471,723
Result carried forward from other adjustments	-	(638,261)
Transfer of the revaluation reserve to the result carried forward	28,686,428	28,655,963
Dividends	(595,925,367)	(472,117,575)
Balance at the end of the reporting period	5,302,102,729	4,648,549,459

Dividends

In the six-month period ended on June 30, 2022, the Group declared dividends amounting to RON 595,925,367 (December 31, 2021: 472,117,575 RON). Unpaid net dividends as at June 30, 2022 amounted to RON 1,111,702 (December 31, 2021: 848,118 RON),

Notes 1-28 are an integral part of these individual interim financial statements

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

*(All amounts are presented in RON, unless otherwise indicated.)***14. EARNINGS PER SHARE**

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

(i) Basic earnings per share

	3-month period that ended on June 30, 2022 (not revised)	3-month period that ended on June 30, 2021 (not revised)	6 months that ended on June 30, 2022 (revised)	6-month period that ended on June 30, 2021 (revised)
Net profit in the period	401,890,821	150,927,787	1,220,792,209	385,392,529
Number of ordinary shares at the beginning of the period	301,643,894	301,643,894	301,643,894	301,643,894
Number of ordinary shares issued during the period	-	-	-	-
Weighted-average number of ordinary shares at the end of the period	301,643,894	301,643,894	301,643,894	301,643,894
Basic earnings per share (RON/share)	1.33	0.50	4.05	1.28

(ii) Diluted earnings per share

	3 months that ended on June 30 2022 (not revised)	3 months that ended on as of June 30, 2021 (not revised)	6 months that ended on as of June 30, 2022 (revised)	6 months concluded as of June 30, 2021 (revised)
Net profit in the period	401,890,821	150,927,787	1,220,792,209	385,392,529
Number of ordinary shares at the beginning of the period	301,643,894	301,643,894	301,643,894	301,643,894
Number of ordinary shares issued during the period	-	-	-	-
Weighted-average number of ordinary shares (diluted) on June 30	301,643,894	301,643,894	301,643,894	301,643,894
Diluted earnings per share (RON/share)	1.33	0.50	4.05	1.28

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

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

*(All amounts are presented in RON, unless otherwise indicated.)***15. LOANS**

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

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

Bank loans

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

	Currency	Interest rate	Value	Year of final maturity
Balance as of January 1, 2022 (audited)			298,191,838	
New draws				
Repayments, of which			(116,080,281)	
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
Exchange rate differences			2,031,784	
Commitment fees			3,287,319	
Balance as of June 30, 2022 (revised)			187,430,660	

(i) Long term loansAs at June 30, 2022 and December 31, 2021, the **long-term** loans from credit institutions are as follows:

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

Notes 1-28 are an integral part of these individual interim financial statements

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

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

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

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

	June 30, 2022 (revised)	December 31, 2021 (audited)
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)
Total short-term loans	90,038,658	168,126,539

16. TRADE PAYABLES AND OTHER LIABILITIES

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

	June 30, 2022 (revised)	December 31, 2021 (audited)
Providers of non-current assets	84,114,639	31,022,440
Suppliers	162,753,504	92,429,200
Obligations concerning employee benefits	32,996,762	27,659,866
Payables to the State	32,408,423	106,820,417
Payable dividends	3,227,737	863,842
Other liabilities	13,374,675	27,144,138
Total	328,875,740	285,939,903

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 37,641,801 (December 31, 2021: RON 33,664,656) related to liabilities to affiliated parties, of which, under the "Suppliers" and "Non-current assets suppliers" positions, the amount of RON 29,211,572 (December 31, 2021: RON 25,110,349) and under the "Payables to the State" position, the amount of RON 8,434,493 (December 31st, 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 Individual Interim Financial Statements drafted on the date and for the 6-month period ended on June 30, 2022

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

17. PROVISIONS FOR RISKS AND EXPENSES

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

	June 30, 2022	December 31, 2021
	(revised)	(audited)
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
Total	328,273,248	315,364,148

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

	Current	Long-term
	portion	portion
	(< 1 year)	(> 1 year)
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	-
Total	73,123,770	255,149,478

"Salary increase litigation provision" position represents the forecast of the effects of litigations initiated by Trade Unions against the 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 (s) 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 the accounting policies relevant to provisions.

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18. INCOME FROM ELECTRICITY SALES**(i) Revenues from electricity sales**

	3-month months ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6-month period ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Sales of electricity on the regulated market	-	-	-	65,878
Sales of electricity on the free market	1,243,702,951	654,785,622	3,084,726,913	1,335,009,542
Sales of thermal energy	1,004,493	1,244,210	4,338,468	4,489,754
Revenues from the sale of green certificates	7,050	6,399	16,805	15,056
Total	1,244,714,494	656,036,231	3,089,082,186	1,339,580,230

(ii) Quantity of energy sold^{*)}

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6-month period that ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Quantity of electricity sold on the regulated market (MWh)	-	-	-	361
Quantity of electricity sold on the free market (MWh)	2,218,669	2,542,239	5,008,494	5,278,027
Total	2,218,669	2,542,239	5,008,494	5,278,388

^{*)} 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 15,476 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_g)).

On the free market, in the first half-year of 2022, the Company delivered 99.69% of the electricity sold (first half-year of 2021: 99.73%). The average sale price of electricity sold by the Company on this market in the first half-year of 2022 was of 613.57 RON/MWh (first half-year of 2021: 252.94 RON/MWh), value net of T_g.

The Company is a participant in the balancing market, according to the convention of participation in the balancing market concluded with C.N. Transelectrica S.A. and set up a Security in the amount of RON 50,000, valid until 11.06.2023 and is a member of PRE Ciga Energy SA, in virtue of the contract concluded with Ciga Energy S.A. for the provision 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 October 26, 2022.

The Company performs the activity of producing thermal energy by exploiting the energy capacities corresponding to the units for producing electrical and thermal energy consisting in two heat exchangers with a full thermal power of 40 Gcal/h and 46.51 MW. The Company delivers thermal energy to the local thermal energy distribution company SC Utilitati Publice SA Cernavoda, as well as to other final consumers in the locality Cernavoda – economic operators, 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).

Notes 1-28 are an integral part of these individual interim financial statements

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

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

19. OTHER INCOME

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6 months that ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Income from investment subsidies	3,588,664	3,588,372	7,177,641	7,176,743
Revenues from penalties and compensation	226,346	565,063	989,518	749,991
Other revenues	19,402,956	14,978,624	33,895,552	28,673,602
Total	23,217,966	19,132,059	42,062,711	36,600,336

20. PERSONNEL EXPENSES

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6-month period ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Wages and salaries	112,574,591	89,949,066	222,735,958	177,617,798
Expenditure on social security and assimilated costs	10,932,325	8,829,375	20,325,360	16,171,131
Total personnel expenses	123,506,916	98,778,441	243,061,318	193,788,929

21. EXPENSES WITH THE TAX ON ADDITIONAL REVENUES

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6 months that ended on June 30, 2022; (revised)	6 months that ended on June 30, 2021 (revised)
Additional income tax expense	126,633,872	-	585,810,573	-
Total	126,633,872	-	585,810,573	-

As of June 30, 2022, the Company 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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(All amounts are presented in RON, unless otherwise indicated.)

22. OTHER OPERATIONAL EXPENSES

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6-month period ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Other expenses with services provided by third parties	23,363,905	18,532,221	47,289,329	39,999,166
Expenses with ANDR	25,307,060	25,554,836	50,614,291	50,947,102
Energy and water expenses	18,271,457	17,838,438	41,991,664	39,530,839
Expenses with fuel and other consumables	18,245,502	15,257,507	31,711,774	27,392,961
Expenses with the ANRE contribution	782,988	612,958	1,552,673	1,225,915
Expenses with insurance premiums	2,213,980	2,256,421	5,531,205	5,817,497
Transport and telecommunication expenses	2,513,903	1,446,420	4,364,824	3,403,084
Expenses related to provisions and impairments, net	4,178,824	5,367,388	12,271,298	14,153,658
Other operating expenses	9,173,448	6,404,611	15,945,621	16,250,108
Total	104,051,067	93,270,800	211,272,679	198,720,330

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

23. FINANCIAL INCOME AND EXPENSES

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6-month period that ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Interest income	35,375,583	13,142,492	57,794,619	26,640,993
Income from exchange rate differences	4,669,612	3,401,571	7,341,756	5,170,469
Dividends income	60,935	-	60,935	-
Financial revenues from the amortization of differences related to state bonds	17,832	-	34,873	-
Total financial revenues	40,123,962	16,544,063	65,232,183	31,811,462
Expenses from exchange rate differences	(6,414,106)	(4,359,103)	(10,603,644)	(17,672,919)
Interest-related expenses	(2,113,530)	(2,415,444)	(4,335,664)	(4,811,067)
Total financial expenses	(8,527,636)	(6,774,547)	(14,939,308)	(22,483,986)
Net financial revenues	31,596,326	9,769,516	50,292,875	9,327,476

24. INCOME TAX

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

	3-month period ended on June 30, 2022 (not revised)	3-month period ended on June 30, 2021 (not revised)	6-month period ended on June 30, 2022 (revised)	6-month period ended on June 30, 2021 (revised)
Current income tax expense	79,439,903	30,585,134	240,498,647	80,507,528
(Income)/Expense from deferred tax, net	(580,542)	703,556	(5,717,369)	(1,424,464)
Total	78,859,361	31,288,690	234,781,278	79,083,064

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

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

The company 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).

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25. TRANSACTIONS WITH RELATED-PARTIES (CONTINUED)

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

	Sales in the period of		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
Energonuclear S.A.	69,384	42,555	2,201	1,358
Nuclearelectrica SERV S.R.L	9,465	-	601,685	-
FPCU Feldioara S.R.L	43,896	-	2,347,834	2,303,938
Autonomous Administration of Technologies for Nuclear Energy - CITON	21,993	1,975	-	-
Autonomous Administration of Technologies for Nuclear Energy - ICN	2,101	1,219	-	-
Total	912,531,776	273,119,232	17,490,340	19,360,140

*) 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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*(All amounts are presented in RON, unless otherwise indicated.)***25. TRANSACTIONS WITH RELATED-PARTIES (CONTINUED)****i) Transactions with state-owned companies (continued)**

	Purchases in the period of 6 months that ended on		Payables as at	
	June 30, 2022 (revised)	June 30, 2021 (revised)	June 30, 2022 (revised)	December 31, 2021 (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 - CITON	1,381,578	1,387,704	3,310	562,972
Compania Nationala Administratia Canalelor Navigabile S.A.	1,806,241	771,415	949,204	1,588,295
Institute of Energy Studies and Design - Design and Consultancy	539,502	1,909,779	159,349	202,559
State Inspection for the Control of Boilers, Pressure Vessels and Lifting Installations	193,804	115,588	111,463	52,524
Commune Administration Public Utilities	105,058	50,900	8,750	10,170
Compania Nationala pentru Controlul Cazanelor, Instalatiilor de Ridicat si Recipientelor sub Presiune S.A.	103,662	145,473	18,071	20,215
Utilitati Publice S.A. Cernavoda	54,794	116,934	16,084	18,392
Dobrogea Meteorological Center	50,586	57,926	890	16,349
The National Institute of Hydrology and Water Management	49,318	56,509	14,249	24,358
Rasirom S,A,	23,00	27,500	5,474	10,037
	-	152,427	-	-
Total	388,377,624	231,002,417	36,807,320	33,299,112

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 1-28 are an integral part of these individual interim financial statements

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

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

The Company's Management is composed of:

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

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

	6 months that ended on June 30, 2022 (revised)	6 months that ended on June 30, 2021 (revised)
Remuneration of the management of the Company (gross amounts)	9,929,402	5,327,792
Total	9,929,402	5,327,792

26. 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 company 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 company 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 10). 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).

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*(All amounts are presented in RON, unless otherwise indicated.)***26. FINANCIAL RISK MANAGEMENT (CONTINUED)****a. Financial risk factors (continued)****Credit risk (continued)**

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

	Net value	
	June 30, 2022 (revised)	December 31, 2021 (audited)
Financial assets		
Trade receivables	237,480,369	220,487,430
Bank deposits	1,394,820,500	1,328,973,000
Cash and cash equivalents	1,759,288,183	1,317,399,999
Other financial assets	107,165,820	87,270,340
State bonds	29,733,367	30,190,266
	3,528,488,239	2,984,321,035

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

	Gross value June 30 2022 (revised)	Value adjustments as at June 30 2022 (revised)	Gross value December 31 2021 (audited)	Value adjustments as at December 31, 2021 (audited)
Not past due	233,946,277	-	217,462,110	-
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)
Total	250,293,358	(12,812,989)	233,309,454	(12,822,025)

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

	Gross value June 30 2022 (revised)	Value adjustments as at June 30 2022 (revised)	Gross value December 31, 2021 (audited)	Value adjustments as at December 31, 2021 (audited)
Not past due	107,117,000	-	87,270,340	-
Past due 1-30 days	35,140	-	-	-
Past due 31-90 days	41,115	-	-	-
Past due 91-180 days	9,563	-	-	-
Past due 181-270 days	-	-	-	-
Past due 271-365 days	-	-	-	-
Past due more than one year	596,559	(596,559)	596,559	(596,559)
Total	107,762,378	(596,559)	87,866,899	(596,559)

Notes 1-28 are an integral part of these individual interim financial statements

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

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

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

	<u>June 30, 2022</u> <u>(revised)</u>	<u>December 31, 2021</u> <u>(audited)</u>
Balance at the beginning of the year	(12,822,025)	(10,101,875)
Recognized impairment adjustments, net of resurreptions	9,035	2,720,150
Balance at the end of the year	(12,812,989)	(12,822,025)

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 Company 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.

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level</u>
June 30, 2022 (revised)			
Financial assets			
Financial assets valued at amortized cost	35,039,398	35,039,398	2
Trade receivables	237,480,369	237,480,369	2
Other assets valued at amortized cost	107,165,820	107,165,820	2
Cash and cash equivalents	1,759,288,183	1,659,288,183	2
Bank deposits	1,394,820,500	1,494,820,500	2
	<u>3,533,794,270</u>	<u>3,533,794,270</u>	

Notes 1-28 are an integral part of these individual interim financial statements

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

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*(All amounts are presented in RON, unless otherwise indicated.)***26. FINANCIAL RISK MANAGEMENT (CONTINUED)****b. Capital management (continued)****Fair value of financial instruments (continued)**

	Carrying amount	Fair value	Level
December 31, 2021 (audited)			
Financial assets			
Financial assets valued at amortized cost	35,496,297	35,496,297	2
Trade receivables	220,487,430	220,487,430	2
Other assets valued at amortized cost	87,270,340	87,270,340	2
Cash and cash equivalents	1,317,399,999	1,317,399,999	2
Bank deposits	1,328,973,000	1,328,973,000	2
	2,989,627,066	2,989,627,066	
	Carrying amount	Fair value	Level
June 30, 2022 (revised)			
Long-term financial liabilities			
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
	163,069,120	163,069,120	
Short-term financial liabilities			
Trade payables and other liabilities	328,875,740	328,875,740	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
	496,258,936	496,258,936	

Notes 1-28 are an integral part of these individual interim financial statements

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*(All amounts are presented in RON, unless otherwise indicated.)***26. FINANCIAL RISK MANAGEMENT (CONTINUED)****b. Capital management (continued)****Fair value of financial instruments (continued)**

	Carrying amount	Fair value	Level
December 31, 2021 (audited)			
Long-term financial liabilities			
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
	203,082,858	203,082,858	
Short-term financial liabilities			
Trade payables and other liabilities	285,939,903	285,939,903	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
	543,977,962	543,977,962	

Notes 1-28 are an integral part of these individual interim financial statements

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27. 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 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 – 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 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).

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

The Company 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 22). 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 Company periodically evaluates its obligations under 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 Company 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 Company's management, there are no current legal actions or claims, which might have significant effects on the financial earnings and the financial position of the Company that has not been presented in these financial statements.

(vi) Commitments

As of June 30, 2022, the Company undertakes to bear operating and investment expenses according to the on-going contracts for investments and current and normal operations in the course of its core business. As of June 30, 2022, the total value of commitments is fully reflected under the position "Trade payables and other liabilities".

(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.

Moreover, as of June 30, 2022 the 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.

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

27. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)

(vii) Guarantees (continued)

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

As of June 30, 2022, the 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 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.

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, that will be replaced at the Unit 1 Refurbishment, 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.

S.N. Nuclearelectrica S.A.

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

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

28. SUBSEQUENT EVENTS (CONTINUED)

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