



S.N. Nuclearelectrica S.A.

Individual Interim Financial Statements as at and for the 6-month period ended 30 June 2023

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

S.N. Nuclearelectrica S.A.

Individual Interim Statement of Financial Position as at 30 June 2023

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	30 June 2023 (reviewed)	31 December 2022 (audited)
Assets			
Non-current assets			
Tangible assets	4	5,784,233,905	5,737,295,053
Assets representing rights to use underlying assets within a leasing contract	5	21,737,848	15,565,831
Intangible assets	6	51,144,511	50,773,837
Financial assets measured at amortized cost	7	277,345,676	41,262,942
Financial investments in subsidiaries	8	199,438,505	199,438,505
Investments in associated companies	9	14,943,000	4,943,000
Total fixed assets		6,348,843,445	6,049,279,168
Current assets			
Inventories	10	776,601,631	653,199,691
Trade receivables	11	425,566,473	438,539,974
Other financial assets measured at amortized cost	12	135,437,773	140,954,592
Bank deposits	13	1,410,544,688	1,829,796,500
Cash and cash equivalents	13	2,707,908,339	2,681,002,427
Total current assets		5,456,058,904	5,743,493,184
Total assets		11,804,902,349	11,792,772,352
Equity and liabilities			
Equity			
Share capital, of which:		3,211,941,683	3,211,941,683
<i>Share capital subscribed and paid</i>		3,016,438,940	3,016,438,940
<i>Inflation adjustments of the share capital</i>		195,502,743	195,502,743
Shares premium		31,474,149	31,474,149
Reserves paid in advance		21,553,537	21,553,537
Revaluation reserve		365,683,215	394,369,643
Retained earnings		6,910,417,677	6,876,165,858
Total equity		10,541,070,261	10,535,504,870
Liabilities			
Long-term liabilities			
Long-term loans	16	32,262,100	64,810,940
Liabilities under long-term leasing agreements	5	19,312,780	12,831,121
Provisions for risks and charges	19	186,710,587	174,504,703
Deferred income		58,968,947	63,611,498
Deferred tax liability		92,186,048	95,446,226
Liabilities for employee benefits	17	45,557,591	45,557,591
Total long-term liabilities		434,998,053	456,762,079
Current liabilities			
Trade and other payables	18	512,235,968	445,315,659
Liabilities under short-term leasing agreements	5	2,889,119	2,734,403
Current part of provisions for risks and charges	19	77,243,539	77,040,585
Corporate income tax due		88,498,429	52,801,797
Deferred income		81,867,204	157,087,526
Current part of the long-term loans	16	66,099,776	65,525,433
Total current liabilities		828,834,035	800,505,403
Total liabilities		1,263,832,088	1,257,267,482
Total equity and liabilities		11,804,902,349	11,792,772,352

S.N. Nuclearelectrica S.A.

Individual Interim Statement of Profit or Loss and Other Comprehensive Income for the 6-month period ended
30 June 2023

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Income					
Income from electricity sales	21	1,605,760,227	1,244,714,494	3,699,193,687	3,089,082,186
Electricity transmission income		8,687,592	5,034,132	15,694,446	9,190,035
Total income		1,614,447,819	1,249,748,626	3,714,888,133	3,098,272,221
Other income	22	45,505,622	23,217,966	64,758,601	42,062,711
Operating expenses					
Impairment and depreciation		(159,843,601)	(151,714,957)	(316,003,186)	(302,618,886)
Personnel costs	23	(142,825,865)	(123,506,916)	(282,595,556)	(243,061,318)
Electricity purchased cost		(11,835,605)	(244,756,703)	(14,079,120)	(252,870,464)
Repairs and maintenance		(25,801,687)	(28,055,384)	(40,556,726)	(42,680,899)
Electricity transmission cost		(8,687,592)	(5,034,132)	(15,694,446)	(9,190,035)
Expenses with spare parts		(10,434,206)	(11,994,536)	(13,059,885)	(15,527,628)
Costs of nuclear fuel		(34,569,326)	(28,065,169)	(79,365,675)	(72,021,838)
Expenses with additional tax	24	(620,848,761)	(126,633,872)	(1,461,690,999)	(585,810,573)
Other operating expenses	25	(133,936,667)	(104,051,067)	(245,457,011)	(211,272,679)
Operating expenses - Total		(1,148,783,310)	(823,812,736)	(2,468,502,604)	(1,735,054,320)
Operating result		511,170,131	449,153,856	1,311,144,130	1,405,280,612
Financial expenses		(7,603,319)	(8,527,636)	(13,253,303)	(14,939,308)
Financial income		109,420,445	40,123,962	222,801,322	65,232,183
Net financial result	26	101,817,126	31,596,326	209,548,019	50,292,875
Profit before corporate tax		612,987,257	480,750,182	1,520,692,149	1,455,573,487
Net income tax expense	20	(90,724,214)	(78,859,361)	(231,911,103)	(234,781,278)
Profit of the period		522,263,043	401,890,821	1,288,781,046	1,220,792,209

The Individual Interim Financial Statements presented from page 1 to 44 were approved on 9 August 2023.

Cosmin Ghita
Chief Executive Officer

Dan Niculae-Faranga
Chief Financial Officer

S.N. Nuclearelectrica S.A.

Individual Interim Statement of Profit or Loss and Other Comprehensive Income for the 6-month period ended 30 June 2023

(All amounts are expressed in RON, unless otherwise expressly provided for.)

		3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Profit of the period		522,263,043	401,890,821	1,288,781,046	1,220,792,209
Other items of the comprehensive income					
Items that cannot be reclassified to profit or loss					
Retained earnings from other adjustments					
Total other items of the comprehensive income		-	-	-	-
Total comprehensive income related to the period		522,263,043	401,890,821	1,288,781,046	1,220,792,209
Earnings per share					
Basic earnings per share (RON/share)	15	1.73	1.33	4.27	4.05
Diluted earnings per share (RON/share)	15	1.73	1.33	4.27	4.05

S.N. Nuclearelectrica S.A.

Individual Statement of Changes in Equity for the 6-month period ended 30 June 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	Share capital	Inflation adjustments of the share capital	Share premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2023 (audited)		3,016,438,940	195,502,743	31,474,149	21,553,537	394,369,643	6,876,165,858	10,535,504,870
Comprehensive income								
<i>Profit of the financial year</i>							<i>1,288,781,046</i>	<i>1,288,781,046</i>
Other items of the comprehensive income								
Actuarial gains related to the benefit plans								
Other items of the comprehensive income								
Retained earnings from other adjustments								
Total other items of the comprehensive income		-	-	-	-	-	-	-
Total comprehensive income related to the financial year	14	-	-	-	-	-	1,288,781,046	1,288,781,046
Transactions with shareholders, recognized only in equity								
Distributed dividends							(1,283,215,656)	(1,283,215,656)
Total transactions with shareholders, recognized only in equity	14	-	-	-	-	-	(1,283,215,656)	(1,283,215,656)
Other changes in equity								
Transfer of revaluation reserves into retained earnings due to amortization						(28,686,428)	28,686,428	-
Other changes in equity - total						(28,686,428)	28,686,428	-
Balance as at 30 June 2023 (reviewed)		3,016,438,940	195,502,743	31,474,149	21,553,537	365,683,215	6,910,417,677	10,541,070,261

S.N. Nuclearelectrica S.A.

Individual Statement of Changes in Equity for the 6-month period ended 30 June 2022

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	Note	Share capital	Inflation adjustments of the share capital	Share premiums	Reserve paid in advance	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 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>
Other items of the comprehensive income								
Actuarial gains related to the benefit plans								
Other items of the comprehensive income								
Retained earnings from other adjustments								
Total other items of the comprehensive income		-	-	-	-	-	-	-
Total comprehensive income related to the financial year	14	-	-	-	-	-	1,220,792,209	1,220,792,209
Transactions with shareholders, recognized only in equity								
Distributed dividends							(595,925,367)	(595,925,367)
Total transactions with shareholders, recognized only in equity	14	-	-	-	-	-	(595,925,367)	(595,925,367)
Other changes in equity								
Transfer of revaluation reserves into retained earnings due to amortization						(28,686,428)	28,686,428	-
Other changes in equity - total						(28,686,428)	28,686,428	-
Balance as at 30 June 2022 (reviewed)		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 Cash Flows for the 6-month period ended 30 June 2023

(All amounts are expressed in RON, unless otherwise expressly provided for.)

	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Cash flows from operating activities		
Profit before corporate tax	1,520,692,149	1,455,573,487
Adjustments for:		
Depreciation and impairment	316,003,186	302,618,886
Value adjustments of trade receivables	(745,483)	(6,067)
Value adjustments of inventories	(310,825)	(709,818)
Provisions related to liabilities, risks and operating expenses	12,408,838	22,927,938
Loss / (Gains) from the assignment of assets	2,704,522	319,971
Net financial (income)	(206,320,333)	(52,809,891)
Changes in:		
(Increase) / Decrease of trade receivables	13,717,449	(16,984,792)
(Increase) in other financial assets measured at amortized cost	(19,523,274)	(6,142,743)
(Increase)/decrease in inventories	(123,091,115)	(28,918,713)
Change in deferred income	(79,786,757)	(19,735,465)
(Decrease) in trade and other payables	(61,328,846)	(22,135,858)
Cash flows from operating activity	1,374,419,511	1,633,996,935
Corporate income tax paid	(199,474,649)	(211,917,700)
Interest received	224,991,927	43,558,654
Interest paid	(1,283,836)	(299,660)
Dividends received	-	60,935
Net cash related to the operating activity	1,398,652,953	1,465,399,164
Cash flows from investment activity		
Purchases of intangible assets	(8,527,031)	(7,894,584)
Purchases of tangible assets	(330,707,565)	(214,079,343)
Investments in subsidiaries (see Note 8)	-	(26,999,997)
Investments in related entities	(10,000,000)	-
Other investments in financial assets (see Note 7)	(226,565,562)	975,000
Proceeds from sale of tangible assets	644,650	16,244
(Increase) / Decrease in bank deposits and financial assets representing collateral bank deposits related to bank letters of guarantee	419,251,812	(65,847,500)
Net cash related to the investment activity	(155,903,697)	(313,830,180)
Cash flow related to financing activity		
Loans payments	(32,545,260)	(116,080,281)
Dividends payments	(1,180,927,155)	(593,393,407)
Payments related to liabilities from leasing agreements, including interest	(2,370,931)	(207,112)
Net cash related to the financing activity	(1,215,843,345)	(709,680,800)
Net increase of cash and cash equivalents	26,905,912	441,888,184
Cash and cash equivalents as at 1 January (see Note 13)	2,681,002,427	1,317,399,999
Cash and cash equivalents as at 30 June (see Note 13)	2,707,908,339	1,759,288,183

S.N. Nuclearelectrica S.A.

Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

1. REPORTING ENTITY

Societatea Națională Nuclearelectrica S.A. (“Company” or “SNN”) is a national joint-stock company, managed under single-tier system, having a head office and two branches without legal personality, Cernavodă NPP (Nuclear Power Plant) – headquartered in Constanța County, Cernavodă City, str. Medgidiei, nr. 2, registered with the Trade Register under number J13/3442/2007, respectively NFP Pitești (Nuclear Fuel Plant) – headquartered in Argeș County, Mioveni City, str. Câmpului, nr. 1, registered with the Trade Register under number J03/457/1998. The address of the registered office is Romania, Bucharest, Sector 1, Bd. Iancu de Hunedoara nr. 48, Crystal Tower building.

The main object of activity of the company is “Electricity generation” – NACE Code 3511 and is registered with the Trade Register under number J40/7403/1998, Unique Registration Code 10874881, tax attribute RO.

The main activity of the Company consists in the electricity and heat generation by means of nuclear methods. The main place of business is within Cernavodă NPP Branch, where the Company owns and operates two functional nuclear reactors (Unit 1 and Unit 2). Those two operational nuclear reactors are based on CANDU technology (Canada Deuterium Uranium, of PHWR type).

The Company owns another two nuclear reactors at Cernavodă, which are in the early stage of construction (Unit 3 and Unit 4). The project on the Production Capacity Increase is planned to be completed by Energonuclear S.A. subsidiary (for more information see Note 8).

During 2020 - 2021, stages were completed in order to carry out this Project, with the sustained effort of the Company and the Romanian State. Under Decision of the Romania’s Prime Minister no. 281/14.07.2020 published in the Official Gazette of Romania, Part I, no. 618/14.VII.2020, the Strategic Coordination Committee for the Implementation of the Project of Units 3 and 4 within Cernavodă NPP was established. Also, in October 2020, US Exim Bank expressed, through a Memorandum of Understanding concluded with the Ministry of Energy, its interest in financing large investment projects in Romania, including nuclear ones, with a total value of USD 7 billion. In November 2021, Energonuclear S.A. subsidiary signed the first agreement with Candu Energy, member of SNC-Lavalin Group and the Design Authority of Units 3 and 4 and OEM Candu (the original manufacturer of CANDU technology).

By Decision no. 6/10.08.2022 of the Ordinary General Meeting of SNN Shareholders, a series of measures related to the continuation of the Project were adopted and approved:

- the Preliminary Investment Decision and the transition to Stage II - Preliminary Works were adopted,
- the initiation of the steps for awarding and concluding the agreements necessary for the completion of the Project, within the limits of powers provided for in the articles of incorporation of SNN and Energonuclear, and without exceeding the amount of EUR 185 million was approved,
- the financing of Energonuclear by SNN through a share capital increase and/or through the granting of associated loans, with a total value of 185 million Euros, calibrated to the Project's development requirements and necessary for the implementation of Stage II of the Units 3 and 4 Project Cernavodă NPP was approved.

On 31 March 2023, it was approved the Law no. 74 referring to the signing of the Support Agreement between the Romanian State and the Company regarding the Project of Units 3 and 4 CNE Cernavoda and on 9 June 2023 the Support Agreement was signed. The Company continues to carry out the activities necessary to complete the stages of the project.

Moreover, Company owns a **reactor (Unit 5)**, for which the Company’s shareholders had approved the change in the original destination since 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 International Atomic Energy Agency (“IAEA”) performed a benchmark assessment of the design requirements for the investment objective On-Site Emergency Control Center (“OSECC”) – Unit 5 and an assessment of the technical requirements relating to the rating of equipment for hazards/ external events (especially the seismic rating). Presentations submitted by the international experts of IAEA within the benchmarking brought to the forefront a new method/strategy of rating, namely the demonstration of the seismic margin by using the seismic experience as an alternative method for rating the critical systems in the Building of Facilities for Emergency Cases (“BFFEC”).

Notes from 1 to 30 are an integral part of such 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 prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

1. REPORTING ENTITY (CONTINUED)

In June 2020, CNCAN expressed its consent to use the seismic experience as an alternative method for demonstrating the seismic rating of the critical equipment, in which sense, in July 2020 the seismic rating guide was updated, as well as the list of systems/equipment rated from the seismic point of view for BFFEC. In the context of the above-mentioned data, a revised chart of the relaunching strategy was prepared. The revised chart for the implementation of the project comprises the completion of the construction and assembly works (purchase of seismically rated equipment and construction and assembly works) and the operationalization of the objective during 2024.

The manufacture of CANDU nuclear fuel bundles needed for the operation of the two functional nuclear reactors within Cernavodă NPP Branch, is carried out by the Company, within NFP Pitești Branch.

The Romanian energy sector is regulated by the Romanian Energy Regulatory Authority (“ANRE”), an independent public institution. Effective 1 January 2023, the Company is a seller under the Centralized Electricity Acquisition Mechanism (“MACEE”), set up under the Government Emergency Ordinance no. 153/2022, for the period 1 January 2023 – 31 March 2025. In the first 6 months of 2023, the Company participated both in the competitive segment and in the MACEE mechanism, and in 2022 it participated only in the competitive segment (for more information, see Note 21).

On June 30, 2023, the Company owns 100% of the subsidiaries Energonuclear, Fabrica de Prelucrare a Concentratelor de Uraniu – Feldioara and Nuclearelectrica Serv. It also owns 50% of the company RoPower S.A.

As at 30 June 2023, the Company’s shareholders are: The Romanian State by the Ministry of Energy, which held 248,850,476 shares, representing 82.4981% of the share capital and other natural persons shareholders and other natural persons and legal entities shareholders holding together 52,793,418 shares representing 17.5019% of the share capital.

Company’s shares were traded on Bucharest Stock Exchange of 4 November 2013, having the issuing symbol SNN.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

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

The Individual Interim Financial Statements as at and for the 6-month period ended on 30 June 2023 were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for approval of Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS”), as subsequently amended (“OMPF 2844/2016”). Within the meaning of OMPF no. 2844/2016, the International Financial Reporting Standards are those standards adopted according to the procedure provided for by the Regulation of the European Commission no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of the international accounting standards (“IFRS adopted by the European Union”).

These Individual Interim Financial Statements were drafted according to the going concern principle supposing that the Company will continue its activity, without any significant reduction, as well as in the foreseeable future.

The Interim Individual Financial Statements as of and for the 6 months period ended on 30 June 2023 were reviewed by the financial auditor of SNN - S.C. Mazars Romania S.R.L. These Individual Interim Financial Statements were authorized for issue and were approved on 9 August 2023 by the Company’s management.

b) Going concern

These Individual Interim Financial Statements were drafted according to the going concern principle supposing that the Company will continue its activity, without any significant reduction, as well as in the foreseeable future.

c) Presentation of the financial statements

Individual Interim Financial Statements are presented in compliance with the requirements of IAS 1 – “Presentation of the financial statements” and IAS 34 – „Interim financial reporting”. The Company adopted a presentation based on liquidity within the statement of the financial position and a presentation of the revenues and expenses depending on their nature within the statement of profit or loss account and of other items of the comprehensive income, considering that such presentation models provide credible information being more relevant than those presented according to different methods permitted by IAS 1.

They do not include all information needed for a complete set of financial statements in accordance with IFRS and should be read in conjunction with Individual Financial Statements drafted as at and for the financial year ended on 31 December 2022. Nevertheless, certain explanatory notes selected are included to explain the events and transactions which are significant for understanding the amendments arisen in the financial position and performance of the Company from the last Individual Financial Statements prepared as at and for the financial year ended on 31 December 2022.

d) Basis of assessment

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

e) Functional and presentation currency

The Company’s management considers that the functional currency, as defined in IAS 21 – “Effects of the foreign exchange rate variation”, is the Romanian leu (RON). Individual Interim Financial Statements are prepared and presented in RON, rounded to the nearest leu, the currency which the Company’s management chose as the presentation currency.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

2. THE BASES OF DRAFTING THE FINANCIAL STATEMENTS (CONTINUED)

f) Use of professional estimates and judgments

The preparation of the Individual Interim Financial Statements in accordance with IFRS adopted by the European Union involves the management use of some estimates, judgments and assumptions which affect the application of accounting policies, as well as the reported value of assets, liabilities, revenues and expenses. Judgments and assumptions related to such estimates are based on the historical experience as well as other factors considered to be reasonable in the context of such estimates. Results of such estimates form the basis of judgments relating to the carrying amounts of assets and liabilities which cannot be obtained from other information sources. Results obtained could be different from the estimates values. Judgments and assumptions underpinning them are revised on a regular basis. Revisions of the accounting estimates are recognized during the period in which the estimate was revised and in the future period if revision affects both the current period, and the future periods.

Significant judgments used by the management for applying the Company's accounting policies and the main sources of uncertainty relating to estimates were similar to those applied to the Individual Financial Statements as at and for the financial year ended on 31 December 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied in these Individual Interim Financial Statements are similar to those policies applied in the Individual Financial Statements of the Company as at and for the financial year ended on 31 December 2022.

Individual Interim Financial Statements are prepared based on the assumption that the Company will continue its activity in a foreseeable future. For assessing the applicability of such assumption, the Company's management examines the forecast regarding the future cash inflows.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

4. TANGIBLE ASSETS

	Lands	Nuclear plants	Plant, machinery and other assets	Non-current assets in progress	TOTAL
Cost					
Balance as at 1 January 2022 (audited)	36,975,047	4,645,307,994	1,196,053,357	1,123,153,126	7,001,489,524
Additions	-	-	23,542,835	471,336,664	494,879,499
Transfers	-	71,116,529	80,209,850	(151,326,379)	-
Heavy water additions	-	27,816,605	-	-	27,816,605
Transfer of inventories	-	-	-	(40,632,444)	(40,632,444)
Transfer from reclassified spare parts	-	-	27,324,482	(15,598,170)	11,726,312
Derecognition of inspections	-	(132,769,584)	-	-	(132,769,584)
Derecognition of heavy water	-	(1,217,175)	-	-	(1,217,175)
Disposals	-	(487,267)	(18,111,407)	-	(18,598,674)
Balance as at 31 December 2022 (audited)	36,975,047	4,609,767,102	1,309,019,117	1,386,932,797	7,342,694,063
Balance as at 1 January 2023 (audited)	36,975,047	4,609,767,102	1,309,019,117	1,386,932,797	7,342,694,063
Additions	-	-	87,983,530	296,962,357	384,945,887
Transfers	-	115,162,403	12,764,832	(127,927,235)	-
Heavy water additions	-	17,148,487	-	-	17,148,487
Transfer of inventories	-	-	-	516,684	516,684
Transfer from reclassified spare parts	-	-	14,990,858	(14,990,858)	0
Derecognition of inspections	-	(431,567)	-	-	(431,567)
Derecognition of heavy water	-	(463,338)	-	-	(463,338)
Disposals	-	(118,369,267)	(866,571)	-	(119,235,838)
Balance as at 30 June 2023 (reviewed)	36,975,047	4,622,813,821	1,423,891,766	1,541,493,745	7,625,174,378
Depreciation and impairment adjustments					
Balance as at 1 January 2022 (audited)	550,782	380,863,168	616,750,302	149,987,368	1,148,151,620
Depreciation expense	-	507,383,343	80,275,699	-	587,659,042
Accumulated depreciation of inspections	-	(119,247,275)	-	-	(119,247,275)
Accumulated depreciation of disposals	-	(1,454,046)	(14,770,722)	-	(16,224,768)
Impairment adjustments	-	-	8,912,944	(3,852,553)	5,060,391
Balance as at 31 December 2022 (audited)	550,782	767,545,190	691,168,223	146,134,815	1,605,399,010
Balance as at 1 January 2023 (audited)	550,782	767,545,190	691,168,223	146,134,815	1,605,399,010
Depreciation expense	-	257,043,424	45,437,341	-	302,480,765
Accumulated depreciation of inspections	-	(431,567)	-	-	(431,567)
Accumulated depreciation of disposals	-	(69,284,321)	(848,282)	-	(70,132,603)
Cumulative depreciation heavy water	-	(463,338)	-	-	(463,338)
Impairment adjustments	-	-	4,088,206	-	4,088,206
Balance as at 30 June 2023 (reviewed)	550,782	954,409,389	739,845,487	146,134,815	1,840,940,473
Net book value					
Balance as at 01 January 2022 (audited)	36,424,265	4,264,444,826	579,303,055	973,165,758	5,853,337,904
Balance as at 31 December 2022 (audited)	36,424,265	3,842,221,912	617,850,894	1,240,797,982	5,737,295,053
Balance as at 30 June 2023 (reviewed)	36,424,265	3,668,404,431	684,046,279	1,395,358,930	5,784,233,905

Notes from 1 to 30 are an integral part of such 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.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

TANGIBLE ASSETS (CONTINUED)

(i) Nuclear plants, machinery and other assets

In the first 6 months of 2023, the Company purchased 6.5 tons of heavy water from the National Administration of the State Reserves and Special Problems (“ANRSPS”), needed for Units 1 and 2 amounting to RON 17,148,487, and in 2022 it purchased 11.9 tons of heavy water amounting to RON 27,816,605.

(ii) Non-current assets in progress

As at 30 June 2023, the net carrying amount of assets in progress, of RON 1,395,358,930, included the following items:

- Investment relating to the increase in the production capacity with a net carrying amount of RON 469,227,511 (31 December 2022: RON 469,495,874);
- Investments related to units 1 and 2, in total amount of RON 926,131,418 (31 December 2022: RON 771,302,109), the most outstanding referring to:
 - ✓ Refurbishment of U1 in amount of RON 369,282,905 (31 December 2022: RON 270,871,781);
 - ✓ Tritium removal facility for D2O in amount of RON 91,776,474 (31 December 2022: RON 86,878,248);
 - ✓ Improving the reliability of the electric generator in amount of RON 98,614,087 (31 December 2022: RON 98,614,087);
 - ✓ Improving the nuclear security systems after Fukushima in amount of RON 38,779,092 (31 December 2022: RON 38,924,333);
 - ✓ Equipment and materials for investments in amount of RON 27,470,816 (31 December 2022: RON 27,361,693);
 - ✓ Building storage and loading premises for the nuclear fuel used (DICA) in amount of RON 27,382,216 (31 December 2022: RON 32,853,382).
 - ✓ Management of the extension of Fuel Channels in the amount of RON 7,470,756 (December 31, 2022: RON 8,777,822).

The gross investment value relating to the increase in the production capacity amounts to RON 470,926,078, of which the book value of Units 3 and 4, amounts to RON 273,960,000 (31 December 2022: RON 273,960,000), the remaining amount representing the heavy water especially purchased for Units 3 and 4, respectively approximately 75 tons, with a carrying amount as at 30 June 2023 of RON 159,253,825 (31 December 2022: 159,253,825), as well as equipment and other assets for Units 3 and 4 in amount of RON 37,712,254 (31 December 2022: RON 37,980,616). Prior to the year 1991, Units 1, 2, 3, 4 and 5 were considered as a single project and, consequently, the construction costs incurred were not allocated at the level of each unit. Subsequently, the Company performed the allocation of the construction costs for Units 3 and 4 of the nuclear plant, as well as for Unit 5.

As at 30 June 2023, the gross carrying amount of **Unit 5** amounted to RON 137 million (31 December 2022: RON 137 million). As at 31 December 2013 the Company recognized an impairment adjustment of 100% of the amount of Unit 5 since there were no plans to resume its construction as a nuclear unit. In March 2014, the Company’s shareholders approved the change in the destination and use of Unit 5 for other activities of the Company, which was a project in progress following which an asset would result with a different use compared to the initial use of Unit 5.

The main **investments commissioned** by the Company in the first 6 months of the year 2023 from the projects in progress related to Units 1 and 2 were represented by: the fitting of spare parts to the equipment that was in operation, in the amount of RON 142,529,445, the replacement of Unit 2 rotor in the amount of RON 95,764,321 and the increase of DICA value in the amount of RON 11,842,827.

(iii) Impairment adjustments

As at 30 June 2023 the Company accounted for movements in the impairment adjustments for assets in the amount of RON 4,088,206, representing expenses write-back (31 December 2022: RON 5,060,391).

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

4. TANGIBLE ASSETS (CONTINUED)

(iv) *Revaluation, depreciation method and lifetime*

Buildings and lands are recognized at their fair value, based on periodical assessments carried out by external independent valuers. The revaluation surplus included in the revaluation reserve is capitalized by the transfer into the result carried forward, upon deregistration of the asset or to the extent of its use. All other tangible assets are recognized at historical cost less amortization.

The last **revaluation** of lands and buildings was made on 31 December 2021 by the independent valuer (Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers - ANEVAR). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

The valuation report, related to the year 2021 for tangible assets of **lands** and **buildings** classes, prepared by the independent valuer Primoval S.R.L. is based on the Asset Valuation Standards, edition of 2022, valid as at 31 December 2021, drafted by the National Association of Authorized Romanian Valuers (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 – Types of value;
- Asset standards: SEV 300 – Machinery, equipment and plants (IVS 300) ; GEV 630 – Valuation of immovable assets;
- Specific use standards: SEV 430 – Valuations for financial reporting.

The estimate of fair value was made in compliance with the IFRS provisions and of the above-mentioned valuation standards. For the valuation of the administrative buildings the income method was used, with a capitalization rate between 7% - 9%, depending on the specific nature of the building. For the valuation of units 1 and 2 the depreciated replacement cost method was applied. For the valuation of lands, they opted for using the market approach, the direct comparison method.

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

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

See Note 3 (c) of the significant Accounting policies related to these Individual Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022 for the other relevant accounting policies for tangible assets.

(v) *Significance of estimates – valuation of lands and buildings*

Information relating to the valuation of lands and buildings is presented in Note (v) of the significant Accounting policies related to the Individual Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

4. TANGIBLE ASSETS (CONTINUED)

(v) *The value which would have been recognized if lands and buildings had been valued at cost, according to the provisions of IAS 16.77 (e)*

If lands and buildings had been measured at historical cost, the amounts would have been:

	<u>30 June 2023</u> <u>(reviewed)</u>	<u>31 December 2022</u> <u>(audited)</u>
Lands		
Cost	22,350,779	22,350,779
Accumulated depreciation		-
Net carrying amount	<u><u>22,350,779</u></u>	<u><u>22,350,779</u></u>
	<u>30 June 2023</u> <u>(reviewed)</u>	<u>31 December 2022</u> <u>(audited)</u>
Buildings		
Cost	7,107,481,277	7,056,923,302
Accumulated depreciation	(4,709,231,575)	(4,523,041,183)
Net carrying amount	<u><u>2,398,249,702</u></u>	<u><u>2,533,882,118</u></u>

(vi) Decommissioning of nuclear units

Unit 1 is designed to operate until 2026, and Unit 2 until 2037. Company did not account for any provision for decommissioning of those two units since it was not responsible for the decommissioning works. According to the Government Decision no. 1080/ 2007, Nuclear and Radioactive Waste Agency („ANDR”) is responsible for collecting the contributions paid by the Company during the remaining useful lifetime of units and accept any liability for the management of the decommissioning process at the end of the lifetime of those two units, as well as for the final storage of the nuclear waste at the end of the useful lifetime of those two units and for the permanent storage of the resulting residue (see Note 25). The cost of the Company’s contributions to ANDR in the first 6 months of 2023 amounts to RON 50,114,257 (30 June 2022: RON 50,614,291).

(vii) Pledged assets

As at 30 June 2023, respectively 31 December 2022, the Company had no pledged or mortgaged assets.

(viii) Supplier credit

As at 30 June 2023, the Company owned fixed assets purchased with credit from suppliers (trade credit) of RON 72,908,451 (31 December 2022: RON 46,767,931).

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(All amounts are expressed in RON, unless otherwise expressly provided for.)

5. ASSETS REPRESENTING RIGHTS TO USE UNDERLYING ASSETS WITHIN A LEASING CONTRACT

The Company adopted IFRS 16, and for this reason it recognized in the statement of financial position also assets and liabilities related to the restatement of lease agreements concluded in its capacity as lessee.

The Company concluded lease agreements for assets and liabilities and concession contracts for lands, for which it was estimated the initial value of the asset related to the right to use at a value equal to the debt discounted upon transaction, arising from such agreements, amounting to RON 23,490,026 (31 December 2022: RON 16,031,241).

(i) Amounts recognized in the Statement of financial position

Assets representing rights of use the underlying assets within a leasing contract	30 June 2023 (reviewed)	31 December 2022 (audited)
Lands	1,422,211	1,422,211
Office spaces	15,143,283	14,609,030
Concession of assets	6,924,531	-
Depreciation of assets representing rights to use	(1,752,178)	(465,410)
Net carrying amount	21,737,848	15,565,831
	30 June 2023 (reviewed)	31 December 2022 (audited)
Liabilities under leasing agreements		
Short-term	2,889,119	2,734,403
Long-term	19,312,780	12,831,121
	22,201,899	15,565,524

(ii) Amounts recognized in the Statement of Profit or Loss

	Note	30 June 2023 (reviewed)	31 December 2022 (audited)
Depreciation of assets representing rights to use		1,286,767	271,886
Interest expenses	26	898,232	32,097

(iii) Amounts recognized in the Statement of Cash Flows

	30 June 2023 (reviewed)	31 December 2022 (audited)
Total cash outflows related to leasing agreements	2,370,931	337,356

(iv) Recognition of leasing agreements

Information relating to the recognition of leasing contracts according to IFRS 16 are presented in Note 3 (e) of the significant Accounting policies related to the Individual Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

6. INTANGIBLE ASSETS

	Licenses and software	Software for the nuclear power plant and other intangible assets	Total
Cost			
Balance as at 1 January 2022 (audited)	242,122,644	54,259,543	296,382,187
Additions	11,401,870	3,626,905	15,028,775
Disposals	(17,909)	(380,168)	(398,077)
Balance as at 31 December 2022 (audited)	253,506,605	57,506,280	311,012,885
Balance as at 1 January 2023 (audited)	253,506,605	57,506,280	311,012,885
Additions	8,527,031	-	8,527,031
Disposals	-	(189,130)	(189,130)
Balance as at 30 June 2023 (reviewed)	262,033,637	57,317,150	319,350,787
Accumulated depreciation			
Balance as at 1 January 2022 (audited)	205,261,643	42,728,570	247,990,212
Depreciation expense	6,830,721	5,816,192	12,646,913
Disposals depreciation	(17,909)	(380,168)	(398,077)
Balance as at 31 December 2022 (audited)	212,074,455	48,164,594	260,239,048
Balance as at 1 January 2023 (audited)	212,074,455	48,164,594	260,239,048
Depreciation expense	4,271,560	3,884,797	8,156,357
Disposals depreciation	-	(189,130)	(189,130)
Balance as at 30 June 2023 (reviewed)	216,346,015	51,860,261	268,206,276
Net book value			
Balance as at 1 January 2022 (audited)	36,861,001	11,530,973	48,391,975
Balance as at 31 December 2022 (audited)	41,432,150	9,341,686	50,773,837
Balance as at 30 June 2023 (reviewed)	45,687,621	5,456,889	51,144,511

On June 30, 2023, the intangible assets owned by the Group represent licenses and purchased software products, as well as internally capitalized intangible assets. The Group does not book contractual commitments for development costs.

Accounting policies regarding intangible assets are presented in Note 3 (f) of the significant Accounting policies related to the Individual Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

As at 30 June 2023, the Company accounted for in position “Financial assets measured at amortized cost” its contributions as member of the European Mutual Association for Nuclear Insurance (“ELINI”), of the Romanian Commodities Exchange (“RCE”), of the Romanian Atomic Forum - Romatom (“ROMATOM”) and of HENRO Association, governmental bonds and bonds.

	30 June 2023	31 December 2022
	(reviewed)	(audited)
ELINI contribution	5,032,931	5,032,931
Romanian Commodities Exchange contribution	24,000	24,000
Romatom contribution	100	100
HENRO contribution	250,000	250,000
Government bonds (i)	29,804,358	30,260,661
Bonds (ii)	229,942,856	-
Loans granted to subsidiaries	12,291,431	5,695,250
Total	277,345,676	41,262,942

(i) Government bonds

As at 30 June 2023, and respectively 31 December 2022, the Company held governmental bonds issued by the Ministry of Public Finance, with their due date on 24 June 2026, a fixed annual interest rate of 3.25% p.a. and a tendering return of 3.51% p.a.

Movement of financial assets representing governmental bonds:

	30 June 2023	31 December 2022
	(reviewed)	(audited)
Balance as at 1 January	29,751,132	29,680,203
Purchases	-	-
Maturity dates	-	-
Discount depreciation	35,469	70,929
Balance at the end of the reporting period	29,786,601	29,751,132
Accumulated interest	17,758	509,529
Government bonds - total	29,804,358	30,260,661

According to the issue prospectus, on 24 June 2023 the Company received the annual coupon in the amount of RON 975,000.

(ii) Bonds

On June 30, 2023, the Company holds 450 non-preferential unguaranteed senior bonds, issued by CEC Bank, with a maturity of five years (February 2028) and a fixed annual interest of 7.5% p.a.

Movement of financial assets representing bonds:

	30 June 2023	31 December 2022
	(reviewed)	(audited)
Balance at the beginning of the reporting period	-	-
Purchases	220,662,000	-
Maturity dates	-	-
Revaluation impact	2,691,000	-
Balance at the end of the reporting period	223,353,000	-
Accumulated interest	6,589,856	-
Total bonds	229,942,856	-

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

8. FINANCIAL INVESTMENTS IN SUBSIDIARIES

As at 30 June 2023 the statement of investments in subsidiaries was as follows:

	30 June 2023	31 December 2022
	(reviewed)	(audited)
Energonuclear S.A.	199,438,105	199,438,105
F.P.C.U Feldioara	200	200
Nuclearelectrica Serv	200	200
Total	199,438,505	199,438,505

Energonuclear S.A.

Energonuclear S.A. branch (“Energonuclear”) has its registered office located in Bucharest, sector 2, Bd. Lacul Tei, nr. 1 - 3, Lacul Tei Offices Building, 8th floor and is registered with the Trade register under number J40/3999/25.03.2009, with Unique Registration Code 25344972, tax attribute RO. The main activity of Energonuclear consists in “Engineering activities and related technical consultancy” - CAEN Code 7112.

As at 30 June 2023 and 31 December 2022, the Company holds 100% of the share capital of Energonuclear. The value of the shareholding, as at 30 June 2023, is RON 199,438,105 (31 December 2022: RON 199,438,105).

By Decision of the Extraordinary General Meeting of Shareholders no. 4/11.07.2017, the Company’s shareholders approved to grant **a loan convertible into shares** in amount of maximum RON 5,500,000 to Energonuclear S.A. branch for the purpose of financing the activities of maintenance and preservation of the site of Units 3 and 4 of Cernavodă NPP. Until 31 December 2021, Energonuclear had accessed the entire approved amount, namely RON 5,500,000, for which it had an accumulated interest rate of RON 272,005. The loan was converted into shares according to the Decision of the Extraordinary General Meeting of Shareholders no. 5/30.06.2021, registered with the Trade Register under application for amendments no. 485731/10.09.2021. As at 30 June 2023, the Company did not register any loans granted to the subsidiary Energonuclear S.A.

In 2021, the share capital of Energonuclear S.A. branch was increased two times, as follows: according to the Resolution of the Extraordinary General Meeting of Shareholders no. 3/21.04.2021 by issue of new shares amounting to RON 25,000,001.36, and according to the Resolution of the Extraordinary General Meeting of Shareholders no. 5/30.06.2021 in amount of RON 5,772,005.22, representing the conversion of the shareholding loan into shares.

In 2022, the share capital of Energonuclear S.A. branch was increased by the amount of RON 26,999,997.52, under Resolution of the Extraordinary General Meeting of Shareholders no. 7/05.05.2022 by issue of new shares. No changes were recorded in the first 6 months of 2023.

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

Fabrica de Prelucrare a Concentratelor de Uraniu - Feldioara S.R.L. Branch (“F.P.C.U Feldioara”) has its registered office located in Brasov County, Feldioara Locality, Str. Dumbrăvii nr. 1, the administrative building, ground floor and is registered with the Trade Register under number J8/2729/23.09.2021, with Unique Registration Code 44958790, tax attribute RO. The main activity of FPCU Feldioara consists in “Processing of nuclear fuel” – CAEN Code 2446.

As at 30 June 2023, and respectively 31 December 2022, the Company held 100% of the share capital of F.P.C.U Feldioara. The value of the shareholding, as at 30 June 2023, and respectively 31 December 2022, is **RON 200**.

In 2021, the Company’s shareholders approved the granting of a loan of RON 2,300,000, increase in 2022 up to RON 3,600,000, for the purpose of financing the activities and expenses of the branch upon its establishment, in compliance with the provisions of the activity programs and of the income and expenditure budget for the years 2021 and 2022. In 2023, a loan of RON 11,000,000 was approved by the shareholders of the Company for the purpose of financing the activities, in compliance with the provisions of the activity programs and of the income and expenditure budget for 2023. As at 30 June 2023, the Company had a principal of RON 4,600,000 (31 December 2022: RON 3,600,000) and an accrued interest of RON 301,542 (31 December 2022: RON 130,772).

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
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8. FINANCIAL INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Nuclearelectrica Serv S.R.L.

Nuclearelectrica Serv S.A. branch has its registered office located in Constanța County, Cernavodă Locality, Str. Energiei nr. 21, Hotel nr. 2, Building B, 1st floor and is registered with the Trade Register under number J13/4108/17.12.2021, with Unique Registration Code 45374854, tax attribute RO. The main activity of Nuclearelectrica Serv consists in “Repair of machinery” - CAEN Code 3312.

As at 30 June 2023, and respectively 31 December 2022, the Company held 100% of the share capital of Nuclearelectrica Serv. The value of the shareholding, as at 30 June 2023, and respectively 31 December 2022, is **RON 200**.

In 2022, the Company’s shareholders approved the granting of a loan in amount of RON 3,500,000, for the purpose of financing the activities and expenses of the branch upon its establishment, in compliance with the provisions of the activity programs and of the income and expenditure budget for 2022. In 2023, the amount of the loan was increased up to RON 18,600,000, for the purpose of financing the activities, in compliance with the provisions of the activity programs and of the income and expenditure budget for 2023. As at 30 June 2023, the subsidiary accessed the amount of RON 7,207,679 (31 December 2022: RON 1,920,000), for which it booked an accrued interest of RON 188,290 (31 December 2022: RON 44,478).

9. FINANCIAL INVESTMENTS IN RELATED ENTITIES

Ropower Nuclear S.A.

In September 2022, the special purpose vehicle Ropower Nuclear S.A. was established, owned in equal shares by the shareholders S.N. Nuclearelectrica S.A. and Nova Power&Gas S.R.L. Its registered office is located in Romania, Dâmbovița County, Doicești Locality, Strada Aleea Sinaia nr. 18, the Administrative Building, 1st floor, being registered with the Trade Register under number J15/1604/26.09.2022, Unique Registration Code 46901014, tax attribute RO. The main activity of the Company consists in the “Production of electricity” - CAEN Code 3511.

As at 30 June 2023, the Company held 50% of the share capital of Ropower Nuclear S.A., the shareholding value amounting to **RON 14,943,000** (31 December 2022, RON 4,943,000).

In 2023, the share capital of the affiliated entity Ropower Nuclear S.A. was increased based on EGMS Decision no. 7/27.06.2023 with the amount of RON 20,000,000 by issuing 20,000 new shares, out of which 10,000 new shares represent the cash contribution of SNN, and 10,000 shares the cash contribution of Nova Power & Gas SRL.

Ropower Nuclear S.A. Company is established to develop, raise financing, design, build and operate a facility for production of electricity from nuclear energy based on the small modular reactors in Doicești, County of Dâmbovița, based on the NuScale technology, consisting of 6 NuScale modules of 77 MWe each, totalling 462 MWe, as well as to operate a facility for production of electricity from solar energy, with a capacity of at least 80-100 MWe, in the commune of Șotânga, County of Dâmbovița.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

10. INVENTORIES

As at 30 June 2023 and 31 December 2022, inventories are as follows:

	30 June 2023	31 December 2022
	(reviewed)	(audited)
Spare parts	257,315,296	240,796,144
Other raw materials and materials	519,286,335	412,403,547
Total	776,601,631	653,199,691

(i) Valuation of inventories

Costs are valued at weighted average cost (WAC) according to IAS 2. See Note 3 (k) of the significant Accounting policies related to these Separate Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022 for the other relevant accounting policies for inventories.

(ii) Amounts recognized in the Income Statement

The value of inventories recognized as expenses in the first 6 months of the year 2023 is accounted for under the positions of Spare parts expenses and Cost of nuclear fuel from the Statement of profit or loss and of other elements of the comprehensive income, amounting to RON 92,425,560 (31 December 2022: RON 177,118,781).

The value of inventories recognized as expenses in the first 6 months of the year 2023 in accordance with the provisions of IAS 2.34, representing inventories scrapped, deteriorated, written off, amounts to RON 829,318 (31 December 2022: RON 1,042,623). The Company examines the evolution of inventories on a periodical basis, providing in time impairment adjustments for inventories deemed to be impaired. Therefore, for inventories scrapped the Company provided impairment adjustments, which it wrote back on revenue upon their writing off. The effect on the statement of profit or loss is insignificant.

The value of adjustments for impairment of inventories, as at 30 June 2023, amounted to RON 49,770,956 (31 December 2022: RON 50,081,781). In the first 6 months of the year 2023 no impairment adjustments were recorded (31 December 2022: RON 218,305) and impairment adjustments were written back on revenue, in amount of RON 310,825 (31 December 2022: RON 1,953,198).

In the first 6 months of the year 2023, no resettlements of inventories written off were accounted for.

(iii) Pledged inventories

As at 30 June 2023, the Company has no pledged or mortgaged inventories.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
(All amounts are expressed in RON, unless otherwise expressly provided for.)

11. TRADE RECEIVABLES

As at 30 June 2023 and 31 December 2022 trade receivables were presented as follows:

	30 June 2023 (reviewed)	31 December 2022 (audited)
Trade receivables	436,822,427	450,541,410
Impairment adjustments for trade receivables	(11,255,954)	(12,001,436)
Total	425,566,473	438,539,974

As at 30 June 2023, the main trade receivables in balance were towards: Operatorul Pietei de Energie Electrica si de Gaze Naturale OPCOM S.A. – RON 104,787,133 (31 December 2022: RON 1,049,663), Electrica Furnizare S.A. – RON 93,171,226 (31 December 2022: RON 40,721,750), Enel Energie Muntenia S.A. – RON 67,275,521 (31 December 2022: RON 43,660,872), Enel Energie S.A.: RON 37,449,302 (31 December 2022: RON 47,068,010), and Alro S.A. – RON 25,029,516 (31 December 2022: RON 10,645,053).

Sales made during the 6-month period ended on 30 June 2023 to the Company Operatorul Pietei de Energie Electrica si de Gaze Naturale „OPCOM” S.A. represented approximately 35.32% (30 June 2022: approximately 27.30%), to Electrica Furnizare S.A. represented approximately 13.04% (30 June 2022: approximately 12.89%), to Enel Energie Muntenia S.A. represented approximately 10.92% (30 June 2022: approximately 12.89%), to OMV PETROM S.A. represented approximately 6.18% (30 June 2022: approximately 3.36%), to ALRO S.A. represented approximately 6.11% (30 June 2022: approximately 0.62%), to Enel Energie S.A. represented approximately 6.08% (30 June 2022: approximately 13.84%) of the total sales of electricity of the Company.

The Company's exposure to credit risk and the adjustments for the impairment of trade receivables are presented in Note 28.

As at 30 June 2023, the position “Trade Receivables” includes a net amount of RON 211,207,451 related to receivables from related parties (31 December 2022: RON 165,075,227).

12. OTHER FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	30 June 2023 (reviewed)	31 December 2022 (audited)
Other receivables	94,906,326	120,242,180
Impairment adjustments for other receivables	(583,180)	(583,180)
Taxes and duties	5,317,956	300,947
Advance payments	35,796,671	20,994,645
Total	135,437,773	140,954,592

As at 30 June 2023, the position “Other Receivables” includes a net amount of RON 21,183,181 related to receivables from related parties (31 December 2022: RON 5,695,250), of which RON 12,292,181 represent loans granted to subsidiaries in the group, including capitalized interest.

As at 30 June 2023, the heading “Pre-Payments” includes the amount of RON 5,354,444 related to payments made in advance to related parties (31 December 2022: RON 429,334).

As at 30 June 2023 the position of “Taxes and duties” represented mainly recoverable VAT in amount of RON 4,493,899 RON (31 December 2022: RON 300,947).

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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Notes to the Individual Interim Financial Statements prepared as at and for the 6-month period ended 30 June 2023
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13. CASH AND CASH EQUIVALENTS, BANK DEPOSITS

As at 30 June 2023 and 31 December 2022, the **cash and cash equivalents** were as follows:

	30 June 2023 (reviewed)	31 December 2022 (audited)
Cash on hand	86,758	81,936
Cash at bank in RON	230,950,698	259,300,485
Cash at bank in foreign currencies	19,786,541	25,057,497
Bank deposits less than 3 months	2,454,529,000	2,396,122,000
Other cash equivalents	2,555,342	440,509
Cash and cash equivalents - Total	2,707,908,339	2,681,002,427

As at 30 June 2023 and 31 December 2022, **bank deposits** having their original maturity of more than 3 months and less than one year were as follows:

	30 June 2023 (reviewed)	31 December 2022 (audited)
Bank deposits	1,410,544,688	1,829,796,500

(i) Reconciliation with the Statement of cash flows

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

	30 June 2023 (reviewed)	31 December 2022 (audited)
Cash on hand	86,758	81,936
Cash at bank	250,737,239	284,357,982
Bank deposits having their original due date less than 3 months	2,454,529,000	2,396,122,000
Other cash equivalents	2,555,342	440,509
	2,707,908,339	2,681,002,427

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if their due date is of 3 months or less from their set up. See Note 3 (m) of the significant Accounting policies related to these Separate Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022 for the other relevant accounting policies regarding the cash and cash equivalents.

(iii) Restricted cash

Current accounts opened with banks are permanently at the disposal of the Company and are not restricted or encumbered.

Bank deposits are permanently at the disposal of the Company and are not restricted or encumbered.

As at 30 June 2023, the Company held bank guarantee letters under certain credit facilities, without any collateral deposits, in amount of RON 135,152,688 (31 December 2022: RON 124,714,365).

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14. EQUITY**Share capital**

The Company was established by spin-off from the former Autonomous Electricity Administration (“RENEL”). Share capital represents the State contribution to the Company’s establishment as at 30 June 1998 (restated with inflation until 31 December 2003), plus subsequent increases.

According to the articles of association, the authorized share capital of the Company amounts to RON 3,016,518,660. Subscribed and paid-up share capital as at 30 June 2023 and respectively, 31 December 2022 amounted to RON 3,016,438,940, under the authorized capital.

As at 30 June 2023 and 31 December 2022, share capital included the effects of restatements registered also in the previous years according to the application of IAS 29 “Financial reporting in hyperinflationary economies”.

The structure of share capital is presented as follows:

	30 June 2023	31 December 2022
	(reviewed)	(audited)
Share capital subscribed and paid (nominal value)	3,016,438,940	3,016,438,940
Restatement differences according to IAS 29	195,502,743	195,502,743
Share capital (restated value)	3,211,941,683	3,211,941,683

As at 30 June 2023 and, respectively, 31 December 2022, the statutory share capital value subscribed and paid in full amounted to RON 3,016,438,940, made up of 301,643,894 ordinary shares, each with a nominal value of RON 10.

The last increase in the share capital was made in the year 2020 by subscription of a number of 130,043 new shares, in amount of RON 1,300,430, representing the contribution in kind of the Romanian State, represented by the Ministry of Energy and in cash representing the contribution of the Company’s shareholders. The increase in the share capital was made based on the Proportioned offer Prospectus related to the increase of the share capital, approved by Decision of AFS no. 976/13.08.2020 and by Decisions of the Extraordinary General Meeting of Shareholders no. 2/04.01.2019 and no. 12/19.12.2019, registered with the National Trade Register Office according to the Certificate of Amendments no. 484154/30.09.2020.

Holders of ordinary shares are entitled to receive dividends, as they are declared at certain timeframes, and the right to vote for one share within the General Meetings of Shareholders of the Company.

As at 30 June 2023 and 31 December 2022, shareholding structure was presented as follows:

Shareholders	Number of shares	% of the	Number of shares	% of the
	30 June 2023	share capital	31 December 2022	share capital
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 to Bucharest Stock Exchange, by an initial public offer and by the shareholder Fondul Proprietatea S.A. exercising the right of preference. The amount received of RON 312,478,099 was made up of the increase of the share capital in amount of RON 281,003,950 and an issue premium in amount of RON 31,474,149.

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14. EQUITY (CONTINUED)**Reserves paid in advance**

Reserve paid in advance amounted to RON 21,553,537 as at 30 June 2023 and 31 December 2022 and represented sites of public utility from Cernavodă NPP (RON 5,439,321) and budget allowances related to the period 2007 - 2011 for building the Training and Recreation Center for Young People and Children in Cernavodă (RON 16,114,216).

Statutory Reserves

According to legal requirements, the Company sets up statutory reserves of 5% of the gross profit statutorily registered, up to 20% of the share capital. The value of statutory reserve as at 30 June 2023 amounted to RON 414,757,698 (31 December 2022: RON 414,757,698).

Statutory reserves cannot be distributed to shareholders. The value of statutory reserves was included in the financial position statement, under line "Result carried forward".

Revaluation reserves, net of deferred tax

As at 30 June 2023, the revaluation reserve amounts to RON 365,683,215 (31 December 2022: RON 394,369,643), net of deferred tax related to the revaluation reserve. The last revaluation of lands, buildings and constructions was made on 31 December 2021 by the independent valuer Primoval S.R.L., a member of the National Association of Authorized Romanian Valuers ("ANEVAR"). Prior to such revaluation, lands and buildings were revalued as at 31 December 2018.

In the first 6 months of the year 2023, the Company recognized a decrease in the revaluation reserve in amount of RON 28,686,428 as a result of its transfer into retained earnings (2022: RON 57,372,857).

Retained earnings

Retained earnings represent the accumulated result of the Company. Retained earnings are distributed based on the annual financial statements prepared in compliance with the Order of the Minister of Public Finance no. 2844/2016 for approval of Accounting Regulations compliant with the International Financial Reporting Standards.

Movements in retained earnings

	30 June 2023	31 December 2022
	(reviewed)	(audited)
Balance at the beginning of the reporting period	6,876,165,858	4,648,549,459
Net profit of period	1,288,781,046	2,764,423,452
Actuarial (losses) related to the defined benefit plans	-	1,745,457
Retained earnings from other adjustments	-	-
Transfer of revaluation reserves into retained earnings due to amortization	28,686,428	57,372,857
Dividends	(1,283,215,656)	(595,925,367)
Balance at the end of the reporting period	6,910,417,677	6,876,165,858

Dividends

During the 6-month period ended on 30 June 2023, the Company declared dividends in amount of RON 1,283,215,656 (31 December 2022: RON 595,925,367). Net dividends unpaid as at 30 June 2023 amounted to RON 1,407,232 (31 December 2022: RON 748,270).

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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15. EARNINGS PER SHARE

As at 30 June 2023 and 30 June 2022, the earnings per share were:

(i) Earnings based on share

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Net profit of the financial year	522,263,043	401,890,821	1,288,781,046	1,220,792,209
Number of ordinary shares at the beginning of the financial year	301,643,894	301,643,894	301,643,894	301,643,894
Number of ordinary shares issued during the financial year	-	-	-	-
Weighted average number of ordinary shares at the end of the financial year	301,643,894	301,643,894	301,643,894	301,643,894
Earnings based on share (RON/share)	1.73	1.33	4.27	4.05

(ii) Diluted earnings per share

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Net profit of the financial year	522,263,043	401,890,821	1,288,781,046	1,220,792,209
Number of ordinary shares at the beginning of the financial year	301,643,894	301,643,894	301,643,894	301,643,894
Number of ordinary shares issued during the financial year	-	-	-	-
Weighted average number of ordinary shares (diluted) as at 30 June	301,643,894	301,643,894	301,643,894	301,643,894
Diluted earnings per share (RON/share)	1.73	1.33	4.27	4.05

The diluted earnings per share is equal to the basic result per share, since the Company did not register potential ordinary shares.

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16. LOANS

The loans situation recorded by the Company as at 30 June 2023, respectively 31 December 2022 were as following:

	30 June 2023 (reviewed)	< 1 year	> 1 year	31 December 2022 (audited)	< 1 year	> 1 year
Bank loans	97,778,980	65,516,880	32,262,100	130,116,620	65,305,680	64,810,940
Interest	582,896	582,896	-	219,753	219,753	-
Total	98,361,876	66,099,776	32,262,100	130,336,373	65,525,433	64,810,940

Bank loans

The loans repayments during the financial period ended as at 30 June 2023 were:

	Currency	Interest rate	Value	Final maturity year
Balance as at 1 January 2023 (audited)			130,116,620	
New drawings			-	
EURATOM reimbursement	EUR	EURIBOR 6M + 0.08%	(32,545,260)	2024
Foreign exchange differences			207,620	
Balance as at 30 June 2023 (reviewed)			97,778,980	

(i) Long-term loans

As at 30 June 2023 and 31 December 2022, the **long-term** loans from the credit institutions were as follows:

	30 June 2023 (reviewed)	31 December 2022 (audited)
EURATOM	97,778,980	130,116,620
Less: current part of the long-term loans	(65,516,880)	(65,305,680)
Total long-term loans net of the short-term portion	32,262,100	64,810,940

(ii) Short-term loans

As at 30 June 2023 and 31 December 2022, the **short-term** loans were as follows:

	30 June 2023 (reviewed)	31 December 2022 (audited)
Current part of the long-term loans	65,516,880	65,305,680
Long-term loans interest	582,896	219,753
Commitment fees and short-term insurance	-	-
Short-term loans - Total	66,099,776	65,525,433

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17. LIABILITIES FOR EMPLOYEE BENEFITS

As at 30 June 2023 and 31 December 2022, the liabilities for employee benefits were as follows:

	30 June 2023 (reviewed)	31 December 2022 (audited)
Retirement benefits	25,011,151	25,011,151
Anniversary bonuses	11,878,616	11,878,616
Decease benefits	894,429	894,429
Retirement benefits in electricity	7,773,395	7,773,395
Total	45,557,591	45,557,591

As at 30 June 2023 and 31 December 2022, the Company has the following obligations:

- to pay the retiring employees the retirement pension which varies between 2 and 3 base pays, depending on the number of years of service in the field of electricity, heat and nuclear energy;
- to pay the employees anniversary bonuses depending on the number of years of service in the field of electricity, heat and nuclear energy;
- to pay an aid to the employee's family, in case of their decease;
- to pay the retiring employees an energy benefit, representing the equivalent of the electricity quota of 1,200 kWh/year. The criterion for granting this benefit is 15 years of service in the energy field, of which at least the last 10 years with the Company. This benefit is granted starting from 1 April 2017.

The following **macroeconomic and Company-specific assumptions** were considered for application of IAS 19 "Employee Benefits" as at 31 December 2022 and 31 December 2021.

Measurement date	31 December 2022	31 December 2021
Number of employees	2,344	2,205
Salary increase rate	<p>The management of the Company estimated an increase in line with the annual increase rate of consumer prices communicated by the National Prognosis Committee for 2022-2026. The weighted average rate of salary increases is 5.7% p.a.</p> <p>The inflation rate was estimated based on the statistics issued by INSSE and the BRD forecast of August 2022, as follows: 13.9% in 2022, 7.5% in 2023, 4.9% in 2024, 3.0% in 2025 and 2.5% p.a. in years 2026-2031, and will follow a downward trend in the following years. The average weighted inflation rate is 3.7% p.a.</p>	<p>The management of the Company estimated an increase in line with the annual increase rate of consumer prices communicated by the National Prognosis Committee for The weighted average rate of salary increases is 2.8% p.a.</p> <p>The inflation rate was estimated based on the 2021-2025 Autumn Forecast issued by the National Strategy and Prognosis Committee, as follows: 4.7% in 2022, 3.4% in 2023, 2.7% in 2024 and 2.5% p.a. in years 2025-2031, and will follow a downward trend in the following years.</p>
Raise rate in kWh price	The kWh price as updated on 31 December 2022 was RON 1.2961. For years 2023-2030, the estimates provided by the Company and a similar trend for the following years were used. The weighted average rate of the kW price rise is 0.8% p.a.	The kWh price as updated on 31 December 2021 was RON 0.7567. For years 2022-2030, the estimates provided by the Company and a similar trend for the following years were used.
Weighted average discounting rate	7.8%	4.9%
Mortality tables	2018 Mortality Table of the Romanian population issued by the National Institute of Statistics.	2018 Mortality Table of the Romanian population issued by the National Institute of Statistics.
Gross average salary	10,895	9,337

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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17. LIABILITIES FOR EMPLOYEE BENEFITS (CONTINUED)

The above assumptions were taken into considering:

- bond yields on the active market at the end of December 2022. The residual times to maturity available were 1-10 years and 13-14 years. For the other time periods, the discount rate was estimated using the Smith-Wilson extrapolation method;
- estimated long-term inflation rate of 2.0% p.a.;
- estimated long-term real yield on governmental bonds of 1.45% p.a.;
- liquidity premium for Romania of 0%;
- weighted average discounting rate of 7.8%.

Sensitivity analysis

The significant actuarial assumptions considered for calculation of the employee benefit liability are: discounting rate, salary increase and retirement age.

Assumptions	Retirement benefits	Aids for employee decease	Anniversary bonuses	Retirement benefits in electricity	Total liabilities with defined benefits
PVDBO as at 31 December 2022 (RON)	25,011,151	894,429	11,878,616	7,773,395	45,557,591
Discounting rate +1%	23,771,840	840,859	11,204,837	6,825,570	42,643,105
Discounting rate -1%	26,379,315	954,298	12,627,262	8,926,409	48,887,284
Salary increase rate/kW price +1%	26,501,421	963,695	12,739,570	9,016,634	49,221,320
Salary increase rate/kW price -1%	23,648,485	832,279	11,100,479	6,747,378	42,328,622
Increase in longevity by 1 year	25,117,367	812,688	11,917,866	7,960,759	45,808,679

In the sensitivity analysis above, the updated amount of the benefit liability was calculated using the projected unit credit method, according to the provisions of IAS 19, at the end of the reporting period, which is the same as that applied for calculation of the benefit liabilities recognized in the statement of the financial position.

18. TRADE AND OTHER PAYABLES

As at 30 June 2023 and 31 December 2022, trade and other payables were as follows:

	<u>30 June 2023</u> <u>(reviewed)</u>	<u>31 December 2022</u> <u>(audited)</u>
Suppliers of non-current assets	72,908,451	46,767,931
Suppliers	186,502,953	110,396,300
Liabilities for employee benefits	20,401,009	37,461,202
Liabilities to the state	204,831,911	239,212,576
Payable dividends	18,343,300	763,805
Other liabilities	9,248,344	10,713,845
Total	<u>512,235,968</u>	<u>445,315,659</u>

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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18. TRADE AND OTHER PAYABLES (CONTINUED)

As at 30 June 2023, the main suppliers in the balance, under “Suppliers for non-current assets” and “Suppliers”, were: Candu Energy INC. – RON 52,534,886 (31 December 2022: RON 26,956,168), General Electric Global Services GMBH Baden, Romania Branch – RON 33,936,867 (31 December 2022: RON 23,264,335), GE Global Parts & Products GMBH – RON 29,314,161 (31 December 2022: RON 4,204,809), BWXT CANADA LTD RON 12,426,464 (31 December 2022: RON 1,000,427), Apele Romane Bucuresti – RON 11,657,397 (31 December 2022: RON 12,302,495).

As at 30 June 2023, position “Trade Payables and other liabilities” include the amount of RON 31,695,722 (31 December 2022: RON 38,176,357) related to liabilities to related parties, of which, under the headings "Suppliers" and "Suppliers of non-current assets", RON 23,300,075 (31 December 2022: RON 30,113,114), and under the heading "Liabilities to the state" the amount of RON 176,395,012 representing the Energy Transition Fund Contribution estimate for June 2023 and the amount of RON 8,395,647 (December 31, 2022: RON 8,063,243), representing the contribution to ANDR for decommissioning of the nuclear units and permanent storage of radioactive waste.

19. PROVISIONS FOR RISKS AND CHARGES

As at 30 June 2023, respectively 31 December 2022, the Company recognized the following provisions, included under position of “Provisions for risks and charges” and under position of “Current part of provisions for risks and charges”:

	30 June 2023 (reviewed)	31 December 2022 (audited)
Liabilities relating to the Intermediate Dry Storage Spent Fuel Facility (DICA)	70,589,676	70,294,835
Liabilities relating to other low and medium level radioactive and non-radioactive waste	66,255,320	64,737,442
Provision for litigations related to salary bonus	95,207,234	89,288,704
Employee participation in profit	31,735,426	27,000,000
Other provisions for risks and charges	166,470	224,307
Total	263,954,126	251,545,288

As at 30 June 2023, provisions in a total amount of RON 263,954,126 represented short and long-terms liabilities, as follows:

	Short-term portion (< 1 year)	Long-term portion (> 1 year)
Liabilities relating to the Intermediate Dry Storage Spent Fuel Facility (DICA)	31,969,458	38,620,218
Liabilities relating to other low and medium level radioactive and non-radioactive waste	13,372,185	52,883,135
Provision for litigations related to salary bonus	-	95,207,234
Employee participation in profit	31,735,426	-
Other provisions for risks and charges	166,470	-
Total	77,243,539	186,710,587

See Note 3 (s) of the significant Accounting policies related to these Individual Financial Statements of the Company prepared as at and for the financial year ended on 31 December 2022 for the relevant accounting policies for provisions.

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20. CORPORATE INCOME TAX

Corporate income tax recognized in the statement of profit or loss and other comprehensive income is presented as follows:

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Expense with current corporate tax	90,581,843	79,439,903	235,171,281	240,498,647
Net (Income)/Expenditure from deferred tax	142,371	(580,542)	(3,260,178)	(5,717,369)
Total	90,724,214	78,859,361	231,911,103	234,781,278

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

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Sales of energy via MACEE	393,135,660	-	948,593,160	-
Sales of energy on the free market	1,211,352,744	1,243,702,951	2,746,374,991	3,084,726,913
Sales of thermal energy	1,264,217	1,004,493	4,208,475	4,338,468
Income from the sale of green certificates	7,606	7,050	17,061	16,805
Total	1,605,760,227	1,244,714,494	3,699,193,687	3,089,082,186

(ii) Quantity of electricity sold*)

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Quantity of electricity sold via MACEE (MWh)	873,635	-	2,107,985	-
Quantity of sold electricity on the free market (MWh)	1,294,481	2,218,669	2,832,703	5,008,494
Total	2,168,116	2,218,669	4,940,688	5,008,494

*) The disclosed quantity of electricity sold does not include the quantity of electricity related to the revenues from positive imbalances capitalized on the Balancing Market, of 17,084 MWh for the 6-month period ended on 30 June 2023 (15,476 MWh during the 6-month period ended on 30 June 2022).

Effective 1 January 2023, the Company is a seller under the Centralized Electricity Acquisition Mechanism ("MACEE"), set up under the Government Emergency Ordinance no. 153/2022, for the period 1 January 2023 – 31 March 2025. OPCOM S.A., as sole purchaser, according to Article 2 and Article 3(2) of the Government Emergency Ordinance no. 153/2022, buys electricity from producers at the price of 450 RON/MWh and sells it to buyers at the same price. In the first 6 months of 2023, the Company sold via MACEE a quantity of 2,107,985 MWh at the price of 450 RON/MWh (with Tg included), and of 447.47 RON/MWh (without Tg), which accounts for 42.52% of the total electricity sold during the period.

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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(All amounts are expressed in RON, unless otherwise expressly provided for.)

21. INCOME FROM ELECTRICITY SALES (CONTINUED)

On the free market, in first half of 2023, the Company delivered 57.14% of the energy sold (first half of 2022: 99.69%). The average sale price of electricity sold by the Company on this market in first half of 2023 was 969.91 RON/MWh (first half of 2022: 613.57 RON/MWh), amount net of Tg.

The Company is a participant in the Balancing Market according to the balancing market participation agreement concluded with C.N. Transelectrica S.A. and set up a Guarantee in amount of RON 50,000, valid until 11 June 2024 and is a member of PRE Ciga Energy SA, according to the agreement concluded with Ciga Energy S.A. for the provision of the representation service as a party responsible for balancing.

The Company carries out the activity of generation of heat energy by operation of the energy facilities related to the electricity and heat energy production units in two heat exchangers with a total heat power of 40 Gcal/h and 46.51 MW. The Company delivers heat energy to the heat energy local distribution company S.C. Utilitati Publice S.A. Cernavodă, as well as to certain end consumers in Cernavodă Locality– economic operators, social and cultural institutions. The sales of heat in first half of 2023 amount to RON 4,208,475 (first half of 2022: RON 4,338,468).

22. OTHER INCOME

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Income from investments subsidies	3,585,466	3,588,664	7,175,407	7,177,641
Income from operating subsidies	(126,349)	-	-	-
Income from penalties and damages	1,152,962	226,346	2,194,550	989,518
Other income	40,893,543	19,402,956	55,388,644	33,895,552
Total	45,505,622	23,217,966	64,758,601	42,062,711

23. PERSONNEL COSTS

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Salaries and wages	127,866,422	112,574,591	254,758,842	222,735,958
Costs of social and other contributions	14,959,443	10,932,325	27,836,714	20,325,360
Total personnel costs	142,825,865	123,506,916	282,595,556	243,061,318

Notes from 1 to 30 are an integral part of such Individual Interim Financial Statements.

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24. ADDITIONAL INCOME TAX EXPENSES / CONTRIBUTION TO THE ENERGY TRANSITION FUND

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Additional income tax expenses/ Contribution to the Energy Transition Fund	620,848,761	126,633,872	1,461,690,999	585,810,573
Total	620,848,761	126,633,872	1,461,690,999	585,810,573

In the first 6 months of 2023, the Company booked contribution to the Energy Transition Fund, of RON 1,461,690,999 (30 June 2022: RON 585,810,573, under the heading additional income tax). As at 30 June 2023, the payable balance of the to the Energy Transition Fund amounts to RON 176,395,012 (31 December 2022: RON 73,261,115).

In the first half of 2022, the Company registered additional income tax. The additional income was established and calculated based on art. II paragraph (1) of Law no. 259/2021 for the approval of Government Emergency Ordinance no. 118/2021, as it was in force on June 30, 2022, and resulted from the difference between the average monthly selling price of electricity and the price of 450 RON/MWh, to which a tax rate of 80% was applied, for the quantity of monthly energy physically delivered from own production. The calculation method was established by Government Emergency Ordinance no. 27/2022 (Appendix 6) and applied, according to art. 4 of the Government Emergency Ordinance no. 27/2022, for the period 1 November 2021 - 31 August 2022.

According to Government Emergency Ordinance no. 119/01.09.2022 for the amendment and supplementation of Government Emergency Ordinance no. 27/2022, starting with 1 September 2022, for the period 1 September 2022 - 31 August 2023, electricity producers must pay a contribution to the Energy Transition Fund, which replaced the additional income tax. The calculation method is provided for in Appendix 6 and is determined as a difference between the monthly sale price and the reference price (450 RON/MWh) multiplied by the monthly quantity physically delivered, therefore in a 100% share.

Starting with 16 December 2022, Law no. 357/2022 approving the Government Emergency Ordinance no. 119/01.09.2022, which set forth a number of amendments to the provisions of the Government Emergency Ordinance no. 119/2022 on the contribution to the Energy Transition Fund, came into effect. The application period has been extended until 31 March 2025, and the calculation methodology was amended so that the amount of the contribution would be further determined as the product between the difference between the monthly sale price and the amount of 450 RON/MWh and the monthly quantity physically delivered from own production. During the application of Law no. 357/2022, only expenses with imbalances are deducted from the calculation base for determining the monthly sales price (until the entry into force of Law no. 357/2022, respectively in the first half of 2022, other types of expenses were also deducted from the calculation base expenses, for example expenses with purchased electricity).

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25. OTHER OPERATING EXPENSES

	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Other third parties services costs	27,615,568	23,363,905	53,679,627	47,289,329
ANDR costs	25,130,170	25,307,060	50,114,257	50,614,291
Expenses with energy and water	22,838,687	18,271,457	49,046,654	41,991,664
Expenses with fuel and other consumables	17,961,746	18,245,502	33,235,457	31,711,774
Expenses related to ANRE contribution	1,620,559	782,988	3,190,885	1,552,673
Expenses with insurance premiums	2,664,718	2,213,980	6,684,185	5,531,205
Expenses with the transport and telecommunications	4,308,136	2,513,903	7,261,149	4,364,824
Net expenses related to provisions and value adjustments	1,333,500	4,178,824	5,894,086	12,271,298
Other operating expenses	30,463,583	9,173,448	36,350,711	15,945,621
Total	133,936,667	104,051,067	245,457,011	211,272,679

ANDR costs

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

- contribution for decommissioning each nuclear unit in amount of EUR 0.6/MWh net electricity produced and delivered in the system;
- contribution for the permanent storage of radioactive waste of EUR 1.4/MWh of net electricity produced and delivered in the system.

According to this legislative act, the annual contribution for decommissioning is paid during the designed lifetime of nuclear units, and the direct annual contribution for the final storage is paid during the operating period of nuclear units, and, therefore, ANDR is held responsible for the management of the entire decommissioning process, at the end of the useful lifetime of nuclear plants and storage of the resulting waste.

Expenses related to ANRE contribution

ANRE contribution for the year 2023 is calculated according to the Order ANRE no. 140/2022, representing 0.1% of the turnover realized in 2022, from activities carried out under the licenses held. As at 30 June 2023, it amounts to RON 3,190,885 (30 June 2022: RON 1,552,673). For 2022, the contribution was calculated according to the Order of ANRE no. 143/2021, representing 0.1% of the turnover realized in 2021, from activities carried out under the licenses held.

Other operating expenses

Position of "Other operating expenses" includes expenses related to operating license paid to CNCAN Bucharest, in amount of RON 4,950,000 (30 June 2022: RON 4,950,000).

26. FINANCIAL INCOME AND EXPENSES

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	3-month period ended 30 June 2023 (not reviewed)	3-month period ended 30 June 2022 (not reviewed)	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Interest income	97,724,257	35,375,583	200,435,062	57,794,619
Income from exchange rate differences	7,507,977	4,669,612	15,740,935	7,341,756
Dividend income	-	60,935	-	60,935
Financial income regarding the amortization of governmental bonds differences	17,833	17,832	35,469	34,873
Other financial income	4,170,377		6,589,856	
Financial income - Total	109,420,445	40,123,962	222,801,322	65,232,183
Expenses from exchange rate differences	(5,639,878)	(6,414,106)	(9,978,924)	(10,603,644)
Interest expense	(1,963,440)	(2,113,530)	(3,274,379)	(4,335,664)
Financial expenses - Total	(7,603,319)	(8,527,636)	(13,253,303)	(14,939,308)
Net financial income	101,817,126	31,596,326	209,548,019	50,292,875

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27. RELATED PARTY TRANSACTIONS**i) Transactions with State-owned companies**

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

The Company has made significant transactions with other State-owned or controlled companies, including: sales of electricity (OPCOM S.A.); purchase of electricity transmission and balancing services (C.N. Transelectrica S.A.); and payment of contribution for the management of the decommissioning process of the two units and for the final storage of nuclear waste at the end of the useful life of the two units, as well as for the permanent storage of the resulting residues (Nuclear and Radioactive Waste Agency).

In the pursuit of its business, the Company identified the following transactions and balances with its main related parties:

	Sales - 6-month period ended		Receivables as at	
	30 June 2023	30 June 2022	30 June 2023	31 December 2022
the Romanian Electricity and Gas Market Operator (OPCOM S.A.)	1,313,436,918	843,693,619	105,106,136	1,478,997
Electrica Furnizare S.A.	485,760,048	288,651,886	93,171,226	40,721,750
Hidroelectrică S.A.	177,377,306	-	-	39,042,000
Utilitati Publice S.A. NPP Branch	5,241,155	4,311,865	5,420,659	5,724,145
FPCU Feldioara S.R.L	2,126,935	43,896	8,729,378	3,730,772
C.N. Transelectrica S.A.	118,820	21,535,400	225	26,367,201
Distributie Energie Electrica Romania	59,000	42,844,052	-	52,166,030
Energonuclear S.A.	14,627	69,384	3,145	2,405
Nuclearelectrica SERV S.R.L	-	9,465	7,389,889	1,966,512
Compania Nationala a Uraniului S.A.	-	-	6,564,572	6,564,582
Romanian Energy Regulatory Authority	-	-	3,179,534	-
Autonomous Authority for Nuclear Activities	-	-	7,825,814	-
Total	1,984,134,809	1,201,159,568	237,390,577	177,764,393

The balance of receivables as at 30 June 2023 and 31 December 2022, as presented above, does not include advance paid to suppliers or accrued expenses with related parties.

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27. RELATED PARTY TRANSACTIONS (CONTINUED)**i) Transactions with State-owned companies (continued)**

	Purchases - 6-month period ended		Liabilities as at	
	30 June 2023 (reviewed)	30 June 2022 (reviewed)	30 June 2023 (reviewed)	31 December 2022 (audited)
Nuclear and Radioactive Waste Agency	50,114,257	50,614,291	8,395,647	8,063,243
Apele Romane Bucharest	35,590,452	29,943,591	11,657,397	12,302,495
FPCU Feldioara SRL	24,568,475	-	4,097,898	-
C.N. Transelectrica S.A	15,699,861	9,226,152	5,882,519	5,610,805
National Commission for Nuclear Activities Control	14,063,650	9,163,398	-	-
Nuclearelectrica Serv SRL	11,156,902	638,925	4,647,140	597,566
Operatorul Pietei de Energie Electrica si de Gaze Naturale din Romania (OPCOM S.A.)	8,496,479	230,736,064	576,827	1,068,264
Regia Autonoma Tehnologii pentru Energia Nucleara - ICN	7,576,206	6,465,949	1,842,401	2,771,157
Dobrogea Seaside Water Basin Administration	5,934,932	5,391,892	994,089	3,215,249
Romanian Energy Regulatory Authority	3,191,510	1,552,673	735,522	735,522
Raja S.A	2,166,546	1,381,578	442,383	754,733
Regia Autonoma Tehnologii pentru Energia Nucleara - CITON	1,175,906	1,806,241	219,163	1,153,794
Compania Nationala a Uraniului S.A.	874,567	40,976,073	-	1,417,293
Hidroelectricra S.A.	(41,513)	65,752	46,317,176	78,762
Total	180,568,230	387,962,578	85,808,163	37,768,885

The balances of intercompany payables as at 30 June 2023, respectively 31 December 2022, as presented above, do not include advance payments received from related customers.

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27. RELATED PARTY TRANSACTIONS (CONTINUED)**ii) Company's management remuneration**

The Company's management consists of:

- the members of the Board of Directors, who have mandate contracts concluded with the Company;
- executives with mandate contract in the Company;
- other executives of the Company who signed individual employment agreements, under the terms laid down in the collective bargaining agreements, as applicable.

Members of the Board of Directors, who have mandate contracts concluded with the Company, and the remuneration of whom is approved by the General Meeting of Shareholders. Executives with mandate contracts are remunerated based on the contractual provisions, within the general limits approved by the General Meeting of Shareholders.

	6-month period ended 30 June 2023 (reviewed)	6-month period ended 30 June 2022 (reviewed)
Company's management remuneration (gross amounts)	8,156,509	9,929,402
Total	8,156,509	9,929,402

28. FINANCIAL RISK MANAGEMENT**a. Financial risk factors****Credit Risk**

Credit risk is the risk of incurring losses or not realizing the estimated profits due to the counterparty not fulfilling their financial obligations. The Company is exposed to credit risk as a result of investments made in other companies, current accounts and bank deposits and receivables.

The sale of electricity was made to customers on the competitive market, based on the framework established by ANRE and OPCOM market rules. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to credit risk.

As at 30 June 2023, the Company is exposed to a concentrated credit risk, considering that approximately 45.93% of its trade receivables are against Enel Energie SA, Enel Energie Muntenia SA and Electrica Furnizare S.A (see Note 11). Counterparty risk is limited considering the guarantees obtained from clients in the form of letters of bank guarantee.

Cash and bank deposits are placed with different financial institutions (banks), with the aim of reducing the counterparty risk, by limiting the exposure to a single financial institution.

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

The maximum credit risk exposure on the reporting date was:

	Net amount	
	30 June 2023 (reviewed)	31 December 2022 (audited)
Financial assets		
Trade receivables	425,566,473	438,539,974
Bank deposits	1,410,544,688	1,829,796,500
Cash and cash equivalents	2,707,908,339	2,681,002,427
Other financial assets	135,437,773	140,954,592
Government bonds	29,804,358	30,260,661
Bonds	229,942,856	-
	4,939,204,487	5,120,554,154

Trade receivables ageing analysis at the reporting date was as follows:

	Gross value 30 June 2023 (reviewed)	Impairment as at 30 June 2023 (reviewed)	Gross value 31 December 2022 (audited)	Impairment as at 31 December 2022 (audited)
Not yet due	384,503,185	-	435,105,134	-
Overdue between 1-30 days	37,307,443	-	34,571	-
Overdue between 31-90 days	2,238,370	-	161,834	-
Overdue between 91-180 days	1,517,476	-	203,537	-
Overdue between 181-270 days	-	-	2,273,571	-
Overdue between 271-365 days	-	-	761,327	-
More than one year	11,255,954	(11,255,954)	12,001,436	(12,001,436)
Total	436,822,427	(11,255,954)	450,541,411	(12,001,436)

Other receivables ageing analysis, including the recoverable VAT, on the reporting date is as follows:

	Gross value 30 June 2023 (reviewed)	Impairment as at 30 June 2023 (reviewed)	Gross value 31 December 2022 (audited)	Impairment as at 31 December 2022 (audited)
Not yet due	135,437,773	-	139,070,849	-
Overdue between 1-30 days	-	-	-	-
Overdue between 31-90 days	-	-	-	-
Overdue between 91-180 days	-	-	-	-
Overdue between 181-270 days	-	-	-	-
Overdue between 271-365 days	-	-	-	-
More than one year	583,180	(583,180)	3,050,103	(3,050,103)
Total	136,020,953	(583,180)	142,120,951	(3,050,103)

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

The developments in **adjustment for impairment of trade receivables** are as follows:

	<u>30 June 2023</u> <u>(reviewed)</u>	<u>31 December</u> <u>2022 (audited)</u>
Balance at the beginning of the year	(12,001,436)	(12,822,025)
Impairment recognised/reversed during the period	745,483	820,589
Balance at the end of the year	<u>(11,255,954)</u>	<u>(12,001,436)</u>

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

Fair value is the amount for which the financial instrument could be exchanged in regular arm's length transactions between interested and knowledgeable, other than those determined by liquidation or forced sale. Fair values are obtained from quoted market prices or cash flow models, as applicable. As at 30 June 2023, respectively 31 December 2022, the management consider that the fair values of cash and cash equivalents, trade and other receivables, trade payables, as well as other short-term liabilities approximate their carrying amount.

Considering the company's sector, added to the specific nature of the investments that are subject to financing and the structure of the collaterals, that include a government guarantee, as well as due to the floating nature of the interest rate, the Company's management estimate that the fair value of loans is approximately equal to their carrying amount. The carrying amount of loans is the amortized cost. Based on these considerations, the loans were classified at Level 2.

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Leve</u> <u>1</u>
30 June 2023 (reviewed)			
Financial assets			
Financial assets measured at amortized cost	277,345,676	277,345,676	2
Trade receivables	425,566,473	425,566,473	2
Other financial assets measured at amortized cost	135,437,773	135,437,773	2
Cash and cash equivalents	2,707,908,339	2,707,908,339	2
Bank deposits	1,410,544,688	1,410,544,688	2
	<u>4,956,802,949</u>	<u>4,956,802,949</u>	

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

	Carrying amount	Fair value	Level
31 December 2022 (audited)			
Financial assets			
Financial assets measured at amortized cost	41,262,942	41,262,942	2
Trade receivables	438,539,974	438,539,974	2
Other financial assets measured at amortized cost	140,954,592	140,954,592	2
Cash and cash equivalents	2,681,002,427	2,681,002,427	2
Bank deposits	1,829,796,500	1,829,796,500	2
	5,131,556,435	5,131,556,435	
	Carrying amount	Fair value	Level
30 June 2023 (reviewed)			
Long-term financial liabilities			
Long-term loans	32,262,100	32,262,100	2
Liabilities under long-term financial leasing agreements	19,312,780	19,312,780	2
Deferred income	58,968,947	58,968,947	2
	110,543,827	110,543,827	
Short-term financial liabilities			
Trade and other payables	512,235,968	512,235,968	2
Liabilities under short-term financial leasing agreements	2,889,119	2,889,119	2
Current part of the long-term loans	66,099,776	66,099,776	2
Deferred income	81,867,204	81,867,204	2
	663,092,067	663,092,067	

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

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level</u>
31 December 2022 (audited)			
Long-term financial liabilities			
Long-term loans	64,810,940	64,810,940	2
Liabilities under long-term financial leasing agreements	12,831,121	12,831,121	2
Deferred income	63,611,498	63,611,498	2
	<u>141,253,559</u>	<u>141,253,559</u>	
Short-term financial liabilities			
Trade and other payables	445,315,659	445,315,659	2
Liabilities under short-term financial leasing agreements	2,734,403	2,734,403	2
Current part of the long-term loans	65,525,433	65,525,433	2
Deferred income	157,087,526	157,087,526	2
	<u>670,663,021</u>	<u>670,663,021</u>	

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

The taxation system in Romania is undergoing a stage of consolidation and harmonization with the European laws. Nevertheless, there are no different interpretations of the tax laws. In certain cases, tax authorities may deal with certain issues differently, proceeding to the calculation of some taxes and additional duties and of the related default interest and delay penalties. In Romania, the financial year remains open for tax verification for a 5-year period. The Company's management considers that the tax liabilities include din such financial statements are adequate and it is not aware of certain circumstances likely to determine possible significant liabilities in this respect.

(ii) Other controls

In accordance with the Half-Yearly Activity Plan for the period January – June 2022, Antifraud, Integrity and Inspection Directorate within the Ministry of Energy, performed an inspection within SNN in the first week of June, for the purpose of checking the manner of employment / promotion of staff, conclusion and performance of consultancy agreements, the manner in which the purchase activity was carried on; the comparative analysis of the economic and financial results, any other relevant issues for such inspection. The official result of the inspection has not been communicated yet to the Company's representatives. Nevertheless, there were no doubts about breach of laws or important findings of the inspection team.

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29. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)

As at 21 November 2022, an ANAF - DGAF team appeared to "Check calculation of the contribution to the Energy Transition Fund". The inspection concluded with the Report dated 21 November 2023 which documented that:
"Along with the amendments and supplements to the Government Emergency Ordinance no. 119/2022, it is noted that changes were also made to the expenses considered in calculation of the net monthly revenue, as follows:

The monthly expenses include cost of: - acquiring electricity for transactions with physical delivery, including on the balancing market, and the cost of the CO2 allowances. The actual production costs for obtaining one MWh of electricity are not included.

Taking into account the above, the company should proceed to rectifying the Declaration 100 for September 2022, by declaring and paying to the State budget the difference of RON 2,392,280."

We point out that the Company implemented this recommendation.

Next, ANAF - DGAF, in the period 09.05.2023 - 15.06.2023, carried out an anti-fraud control regarding the application of the provisions in the field of energy of the aforementioned normative acts in the period 01.04.2022 - 31.03.2023. Following the control, by comparing the amounts calculated and declared by SNN and those calculated by the control team, a payment difference to the Contribution to the Energy Transition Fund of RON 18,041,598 was recorded in protocol no. 1186/15.06.2023, a protocol which does not represent a tax debt title. This difference was generated by the interpretation of the moment of application of the calculation methodology established by Law 357/2022.

SNN did not pay this amount and expressed its point of view to the Ministry of Finance, ANAF - DGAF by letter no. 7204/22.06.2023, which explains the fact that Law no. 357/2022 takes effect starting with the date of publication, i.e. 16.12.2022. In legislative matters, without other special provisions in the contents of Law no. 357/2022, this produces effects in the future and not before the publication date, as it was interpreted by the control bodies. Until the date of preparation and presentation of the Financial Statements, SNN has not received an answer regarding those reported.

(iii) Insurance policies

As at 30 June 2023, the following operational insurance policies were valid:

- The property insurance policy for material damages, all risks, including mechanical and electrical destruction (for Units 1 and 2 Cernavodă NPP and NFP Pitești). The compensation limit is in amount of USD 1,560 million for the entire year for all damages.
- Civil liability policy to third parties for nuclear damages. The compensation limit amounts to DST 300 million (for Units 1 and 2 of Cernavodă NPP).
- The third-party/professional liability insurance policy for SNN's directors and executives. The compensation limit is EUR 27 million.

(iv) Environmental aspects

The Company did not register any liabilities as at 30 June 2023 and 31 December 2022 for any anticipated costs regarding the environmental issues, including legal and consultancy fees, land surveys, design and application of the rehabilitation plans. The liability for decommission of nuclear plants was taken over by ANDR (see Note 25). Management considers that the plant fully complies with the Romanian and international environmental standards and it is estimated that any additional costs related to the observance of environmental laws as at 30 June 2023 are not significant.

Nevertheless, the enforcement of the environmental regulations in Romania is progressing and their application by governmental authorities is continuously changing. The Company assesses the obligations incumbent on it pursuant to the environmental regulations on a periodical basis. Obligations determined are immediately recognized. Potential liabilities, likely to arise as a result of the amendments of the existing regulations, civil or legislation litigations, cannot be estimated, however, they could be significant. In the context of the applicable laws, the management considers that there are no significant liabilities for damages caused to environment.

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(All amounts are expressed in RON, unless otherwise expressly provided for.)

29. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)

(v) Litigations in progress

In the first half of 2023, the Company was involved in a number of legal proceedings pertaining to its normal course of business. The management examines the situation of litigations in progress on a regular basis, and following consultation with its legal advisors or lawyers, decides the need for setting up certain provisions for the amounts involved or their presentation in the financial statements.

In the Company's management opinion, at present there are no legal proceedings or claims likely to have any significant impact on the financial result and financial position of the Company, which was not presented in such financial statements.

(vi) Commitments

As at 30 June 2023, the Company committed itself to bear operational and investment expenses in compliance with the agreements in progress for current investments and operations, normal during the performance of the basic activity. As at 30 June 2023, the total value of commitments was fully reflected in position of "Trade and other payables".

(vii) Other contingent liabilities

The company continuously evaluates the possibility of occurrence and the impact of possible contingent liabilities. On the date of the present individual interim financial statements, the representatives of the Romanian State publicly announced the intention to identify and implement fiscal-budgetary measures, but without announcing the transposition of the intention into normative acts at a certain date. At this moment, the Company cannot reasonably estimate the possibility of implementing such measures applicable to the Company in normative acts.

(vii) Guarantees

Trade of electricity produced on the platforms managed by OPCOM, supposes that for certain transactions, the Company should provide bank guarantee letters for participation in certain markets such as DAM (Day-Ahead Market) and IDM (Intra-Day Market), bids (PCSU – Centralized Market for Universal Service, PC-OTC – Centralized Market with double continuous negotiation of bilateral electricity agreements) or in favour of the clients (CMBC-CN – Centralized Market of Bilateral Agreements with Continuous Negotiation, CMBC-LE – Centralized Market of Bilateral Agreements by Wide Bid, CMBC-Le-flex LE – Centralized Market of Bilateral Agreements by Wide Bid and the use of products ensuring flexibility of trading and PCSU – Centralized Market for Universal Service).

As at 30 June 2023, the total amount of the letters of bank guarantee issued in favour of OPCOM, for participation in DAM and IDM, amounts to RON 130.1 million.

Moreover, as at 30 June 2023, the Company issued up letters of bank guarantee in favour of Transelectrica S.A. (of RON 50,000), for the purpose of ensuring the liquidity on the Balancing Market, by each Party Responsible for Balancing setting up a financial guarantee in favour of Transelectrica S.A., on account of the Agreement of Party Responsible for Balancing concluded between the Company as a license holder, and Transelectrica S.A. For all such bank guarantee letters, the Company set up collateral deposits with banks issuing guarantee letters. The Company also holds a letter of bank guarantee of RON 3.668 million in favour of Transelectrica, for provision of the transmission service.

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29. CONTINGENCIES, COMMITMENTS AND OPERATIONAL RISKS (CONTINUED)

(vii) Warranties (continued)

As at 30 June 2023, the Company had in balance a Treasury deposit in amount of RON 1,436,176, representing the guarantee related to the precautionary measures according to NAFA (National Agency for Fiscal Administration) Decision – General Directorate for Fiscal Antifraud.

As at 30 June 2023, the total value of the bank guarantee letters issued by clients in favour of the Company for the agreements concluded on CMBC-CN, CMBC-LE and CM-OTC amounted to RON 528.27 million. Such guarantees cover the risk for non-performance of the contractual obligations assumed by clients under the electricity sales agreements.

30. SUBSEQUENT EVENTS

The company has not identified events subsequent to 30 June 2023 that could have a significant impact and are of a nature of being presented in the individual financial statements.

Cosmin Ghita
Chief Executive Officer

Dan Niculaie - Faranga
Chief Financial Officer