



NUCLEARELECTRICA

QUARTERLY REPORT

**regarding the economic and financial activity of S.N. Nuclearelectrica S.A. according to the provisions of Art. 69 of Law No. 24/2017 on the issuers of financial instruments and market operations, republished on August 10, 2021, and Annex No. 13 to ASF Regulation No. 5/2018 on the issuers of financial instruments and market operations for the 3-month period ended on March 31, 2022
(First quarter of financial year 2022)**

Basis of the report:

Art. 69 of Law No. 24/2017 on the issuers of financial instruments and market operations, republished on August 10, 2021, and Annex No. 13 to ASF Regulation No. 5/2018 on the issuers of financial instruments and market operations for the 3-month period ended on March 31, 2022 (First quarter of financial year 2022)

Report date:

May 09, 2022

Issuer's name:

S.N. Nuclearelectrica S.A. ("SNN")

Registered office:

Bucharest, 65 Polona Street, District 1

Telephone/fax number:

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Web/Email:

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Sole Registration Code with the Trade Register Office:

10874881

Order number in the Trade Register:

J40/7403/1998

Subscribed and paid-up share capital:

RON 3,016,438,940

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange (www.bvb.ro) Premium Category

Main features of the issued securities:

301,643,894 shares, nominal value of 10 RON/share, dematerialized, nominative, ordinary, indivisible, with equal voting rights, freely tradable on Bucharest Stock Exchange under the SNN symbol starting with 04.11.2013.

Applicable accounting standards:

Individual Interim Financial Statements as of and for the 3-month period ended on March 31, 2022, prepared according to the Order of the Ministry of Public Finance No. 2844/2016 on the approval of Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS-UE"), based on the International Accounting Standard 34 - "Interim Financial Reporting" adopted by the European Union.

Reporting currency:

Romanian Leu (RON) – all the presented amounts are in RON, unless indicated otherwise.

Reported period:

First quarter of financial year 2022

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1. ECONOMIC AND FINANCIAL SITUATION

The information and the Individual Interim Financial Statements as of and for the 3-month period ended on March 31, 2022 presented in this report are not audited by the financial auditor of S.N. Nuclearelectrica S.A. - S.C. Mazars Romania S.R.L., and have been prepared in compliance with Order of the Ministry of Public Finance No. 2844/2016 on the approval of Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union ("IFRS-UE"), based on the International Accounting Standard 34 - "Interim Financial Reporting" adopted by the European Union.

The presented indicators are in lei (RON) unless otherwise stated.

a) Financial Position Statement as of March 31, 2022

Indicator [thousand RON]	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Non-current assets	6,022,777	6,110,845
Current assets	4,649,271	3,514,280
Total Assets	10,672,048	9,625,125
Equity	9,184,163	8,365,261
Total Liabilities, of which:	1,487,885	1,259,864
Long-term liabilities	558,353	597,564
Current liabilities	929,532	662,300
Total Equity and Liabilities	10,672,048	9,625,125

b) Profit and loss account and comprehensive income for the 3-month period ended on March 31, 2022

Indicator [thousand RON]	3-month period ended on March 31, 2022 (unaudited)	3-month period ended on March 31, 2021 (unaudited)
Operating revenues	1,867,368	636,793
Operating expenses	(911,241)	(394,226)
<i>of which the expense with the additional income tax</i>	<i>(459,177)</i>	-
Operating profit	956,127	242,567
Financial revenues	25,108	26,452
Financial expenses	(6,412)	(9,584)
Net financial (expenses)/revenues	18,696	16,868
Profit before income tax	974,823	259,435
Net income tax expense	(155,922)	(44,383)
Profit for the period	818,901	215,052
Other items of the comprehensive income	0	20
Comprehensive income	818,901	234,485
Basic earnings per share (RON/share)	2.71	0.78
Diluted earnings per share (RON/share)	2.71	0.78

2. SIGNIFICANT EVENTS

2.1 Significant Events in the First Quarter of Financial Year 2022

Reelecting Mr. Cosmin Ghita, the Chief Executive Officer of SNN, in the position of Governor in the Governing Board within the World Association of Nuclear Operators “WANO”

With the Current Report published on January 25, 2022, S.N. Nuclearelectrica S.A. informs its shareholders and investors on the reelection of Mr. Cosmin Ghita, the Chief Executive Officer of SN Nuclearelectrica SA, on the position of Governor in the Governing Board of World Association of Nuclear Operators (WANO) for another 2-year mandate, until December 31, 2023. Mr. Cosmin Ghita was initially elected for the position of Governor in the Governing Board of WANO, globally, as of January 1, 2020, the first Romanian who holds this position on an international level, in the nuclear industry.

Changes in the management of the Company - Managers

By the Current Report published on 01.02.2022, the Company informed the shareholders and investors that as of 01.02.2022, the mandate contract of Mr. Dan Laurentiu Tudor, as Deputy Chief Executive Officer, is terminated with the agreement of the parties.

According to the organizational structure of the Company, approved by a Resolution of the Board of Directors, the position of Deputy Chief Executive Officer with a Mandate Contract shall be reorganized in the position of Corporate Service Deputy Chief Executive Officer, with an individual employment contract, and shall be transferred from the direct coordination of the Board of Directors to the direct coordination of the Chief Executive Officer of the Company. The position of Commercial and Development Deputy Chief Executive Officer and the position of Operations Deputy Chief Executive Officer were also created, both with individual employment contract, in the direct coordination of the Chief Executive Officer of the Company.

As of 01.02.2022, the three positions are occupied according to the legal provisions and the provisions of the Collective Employment Contract within the Company, by SNN personnel. The position of Corporate Service Deputy Chief Executive Officer shall be occupied by Mrs. Laura Constantin, previously the Manager of the SNN Legal Division, and involves the coordination of the procurement, legal, human resources, communication and compliance processes. The position of Commercial and Development Deputy Chief Executive Officer shall be occupied by Mrs. Melania Amuza, previously the Manager of the SNN Investment Division, and shall involve the coordination of the investment processes, electricity transactions and mining licenses, and the position of Operations Deputy Chief Executive Officer shall be occupied by Mr. Romeo Urjan, previously the manager of the Operations Division, and shall involve the coordination of the activities of operation, production, nuclear safety independent evaluation, fuel, security, management systems and process analysis.

By the Current Report published on February 11, 2022, the Company informed the shareholders and investors about the resolution of the Board of Directors dated February 10, 2022, on appointing Mr. Dan Niculaie-Faranga as interim Chief Financial Officer, with a term of office of 4 months, from February 11 2022 to June 10, 2022, with the possibility of extending it, for solid reasons, up to maximum 6 months, in virtue of Art. 64² of GEO 109/2011, as further amended and supplemented.

Adopting by the European Commission of the Complementary Delegated Act whereby nuclear energy and natural gas are included in the EU Taxonomy

On February 2, 2022, the European Commission notified the adoption of the Complementary Delegated Act, thus including nuclear energy and natural gas in the scope of the EU Taxonomy regarding Sustainable Financing. Thus, the document confirms the significant role of these two energy sources in ensuring the energy security of the states and in reaching the decarbonization targets.

Thus, by the Delegated Act, the major investment projects in the nuclear field, such as the refurbishment of nuclear units, building new capabilities and developing innovating technologies, are deemed as sustainable in order to contribute to the energy transition of the member states.

It also acknowledges the right of each EU state to choose its own national energy mix, in relation to the existing resources, expertise and capabilities. The EU Taxonomy aims to guide private investment to the sources that are needed to accelerate the energy transition and achieve climate neutrality.

Approval of the investment decision in the project for the Refurbishment of Unit 1 of Cernavoda NPP

Resolution No. 4/February 23, 2022 of the Extraordinary General Meeting of Shareholders of SNN approved the investment decision in the project for the Refurbishment of Unit 1 of Cernavoda NPP. The version approved by the SNN shareholders included project amendments which provide, in addition to Scenario 1, an increase in the nuclear safety margins of the plant and take into account the new trends in increasing the robustness in terms of nuclear safety. The current cost for the implementation of Scenario 2 Enhanced Safety is of about 1.85 billion Euros, without taking into account the financing costs and the inflation rate update on the date when the refurbishment contract of Unit 1 of Cernavoda NPP is going to be signed.

With the approval of the investment decision, SNN goes into the second phase of the project, namely ensuring the financial resources for the implementation of the Project for the Refurbishment of U1, preparing the performance of the activities that have been identified and defined for the refurbishment in Phase 1 and obtaining all the necessary approvals and authorizations for the implementation of this project.

Adoption of GEO no. 27/18.03.2022 - modification and completion of some normative acts in the energy field

On October 29, 2021, the Romanian Parliament adopted Law no. 259, approving GEO no. 118/2021, which establishes that the additional income generated by electricity producers resulting from the difference between the average monthly selling price of electricity and the price of 450 lei/MWh is taxed at 80%, according to art. II paragraph (1) of Law no. 259/2021. The calculation method is established by GEO no. 27/2022 (Annex 6) and applies, according to art. 4 of GEO no. 27/2022 between November 1, 2021 - March 31, 2022.

According to these provisions, Nuclearelectrica S.A. registered between January 1 and March 31, 2022 an additional income tax in the amount of RON 459,176,701.

Armed conflict between Russia and Ukraine

In February 2022, an armed conflict broke out between Russia and Ukraine, which affected the economies of the two countries and resulted, among others, in a significant flow of refugees from Ukraine to neighboring countries (including Romania), and several sanctions imposed by the international community on Russia and some Russian-origin companies. The medium-term and long-term of this conflict and of the sanctions imposed on Russia cannot be currently anticipated with sufficient accuracy. Considering that the Company does not have activities which do not significantly depend on the area under conflict or affected by the sanctions (especially Russia, Ukraine, Belarus), or regarding procurements or sales, we believe that the ability of the Company to continue its activities in the foreseeable future will not be significantly affected.

Changes in the management of the Company - Board of Directors

With the Current Report dated March 9, 2022, the Company informs the shareholders and investors about the decision of the Board of Directors dated March 9, 2022, following the recommendation of the Nomination and Remuneration Committee, to appoint, on a temporary basis, as of March 9, 2022 and until the date of the General Meeting of Shareholders of SNN, two non-executive directors, on the vacancies within the Board of Directors of SNN.

According to the provisions of Art. 1372 of Law No. 31/1990, in the event of a vacancy in one or several director positions, unless the Articles of Incorporation stipulate otherwise, the Board of Directors proceeds to the appointment of provisional directors, until the Ordinary General Meeting of Shareholders is held. Thus, the Board of Directors appointed Mr. Serban Constantin Valeca and Mr. George Sergiu Niculescu as provisional directors.

By Resolution No. 5/April 28, 2022 of the Ordinary General Meeting of Shareholders of SNN, the following have been approved:

- the election of two provisional members of the Board of Directors, Mr. Serban Constantin Valeca and Mr. George Sergiu Niculescu, as of April 28, 2022, for a 4-month mandate, in accordance with Art. 64¹, par. (3) and par. (5) of OUG No. 109/2011, as further amended and supplemented, as member of the Board of Directors of SNN;
- the gross monthly fixed allowance for the provisional members of the Board of Directors at the level of RON 15.057, equal to that of the most recent director in office selected according to OUG No. 109/2011, as well as of a variable component determined identically to that of the directors in office, at the level of the short-term component, granted on a pro rata basis in relation to the period of the provisional mandate;
- the form of the contract of mandate to be concluded with the provisional members of the Board of Directors.

2.2 Significant Events After the Date of March 31, 2022

Launch of the Social Responsibility Platform “Nucleu de bine”

With the Current Report dated April 21, 2022, the Company informs the launch of the social responsibility platform "Nucleu de bine", which follows the company's strategic directions and vision to build a sustainable future for the next generation, both through the production of clean energy at standards of excellence, as well as through the social and economic impact it has in Romania. The "Nucleu de Bine" platform will incorporate both the social responsibility initiatives carried out by the company, and the projects that the company will select to sponsor, within the selection of "Nucleu de bine" projects.

Approving the Distribution of the Net Profit of the Financial Year 2021

With Resolution No. 5/April 28, 2022 of the Ordinary General Meeting of Shareholders ("OGMS"), the distribution of the net profit for the financial year 2021 per destinations, the total value of gross dividends amounting to RON 595,925,367, the value of the gross dividend per share amounting to RON 1.97559234, the dividend payment date, i.e. June 24, 2022 and the payment methods, have been approved, according to the note submitted to the shareholders for this point of the agenda (point 5 of the OGMS agenda of April 28, 2022).

3. ECONOMIC AND FINANCIAL INDICATORS

SNN performances are reflected in the accomplishment of the main economic financial indicators, as follows:

Indicator name	Calculation method	M.U.	Value March 31, 2022 ^{*)}
1. The current liquidity indicator	Current assets/ Short-term debts	x	5.00
2. Debt ratio indicator			
2.1. Indebtedness degree indicator (1)	Borrowed capital/ Equity x 100	%	1.0%
2.1. Debt ratio indicator (2)	Borrowed capital/ Engaged capital x 100	%	1.0%
3. Turnover speed, for client debit items	Average accounts receivables/ Turnover x 90	days	16
4. Asset turnover speed^{**)}	Turnover/ Non-current assets	x	1.23

^{*)} Based on the Individual Interim Financial Statements as of and for the 3-month period ended on March 31, 2022.

^{**)} The asset turnover speed is calculated by extrapolating the quarterly turnover (360 days/90 days).

4. STATEMENTS AND SIGNATURES

Based on the best available information, we confirm that the Individual Interim Financial Statements as of and for the 3-month period ended on March 31, 2022, prepared according to the Order of the Minister of Public Finance No. 2844/2016 on the approval of Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union (“IFRS-UE”), based on the International Accounting Standard 34 – “Interim financial reporting” adopted by the European Union, provide an accurate and real image regarding the financial position, the financial performance and the cash flows for the 3-month period ended on March 31, 2022 and that this report, drafted according to the provisions of Art. 69 of Law No. 24/2017 on the issuers of financial instruments and market operations, republished on August 10, 2021, and Annex No. 13 to ASF Regulation No. 5/2018 on the issuers of financial instruments and market operations for the 3-month period ended on March 31, 2022, comprises accurate and real information regarding the development and performance of the Company.

Teodor Minodor Chirica,
Chairman of the Board of Directors

Approved,
Dan Niculaie-Faranga,
Chief Financial Officer

5. ANNEXES

5.1 INDIVIDUAL INTERIM FINANCIAL STATEMENTS as of and for the 3-Month Period Ended on March 31, 2022

The Individual Interim Financial Statements as of and for the 3-month period ended on March 31, 2022, prepared according to the Order of the Ministry of Public Finance No. 2844/2016 on the approval of Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union (“IFRS-UE”), based on the International Accounting Standard 34 - “Interim Financial Reporting” adopted by the European Union, are published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), section Investor Relations.

5.2 QUARTERLY REPORT of the Board of Directors on the Administration Activity for the Period January 1 - March 31, 2022

The Quarterly Report of the Board of Directors on the administration activity for the period January 1 - March 31, 2022 drafted according to the provisions of Art. 69 of Law No. 24/2017 on the issuers of financial instruments and market operations, republished on August 10, 2021, and of the Mandate Contracts concluded by the Board of Directors with SNN, is published on the website of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), section Investor Relations.