

NUCLEARELECTRICA
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**SNN Investors Teleconference
Individual Interim Financial Statements
as at and for the period of nine months ended
on September 30, 2022
- 9M 2022 -**

Bucharest: November 11, 2022

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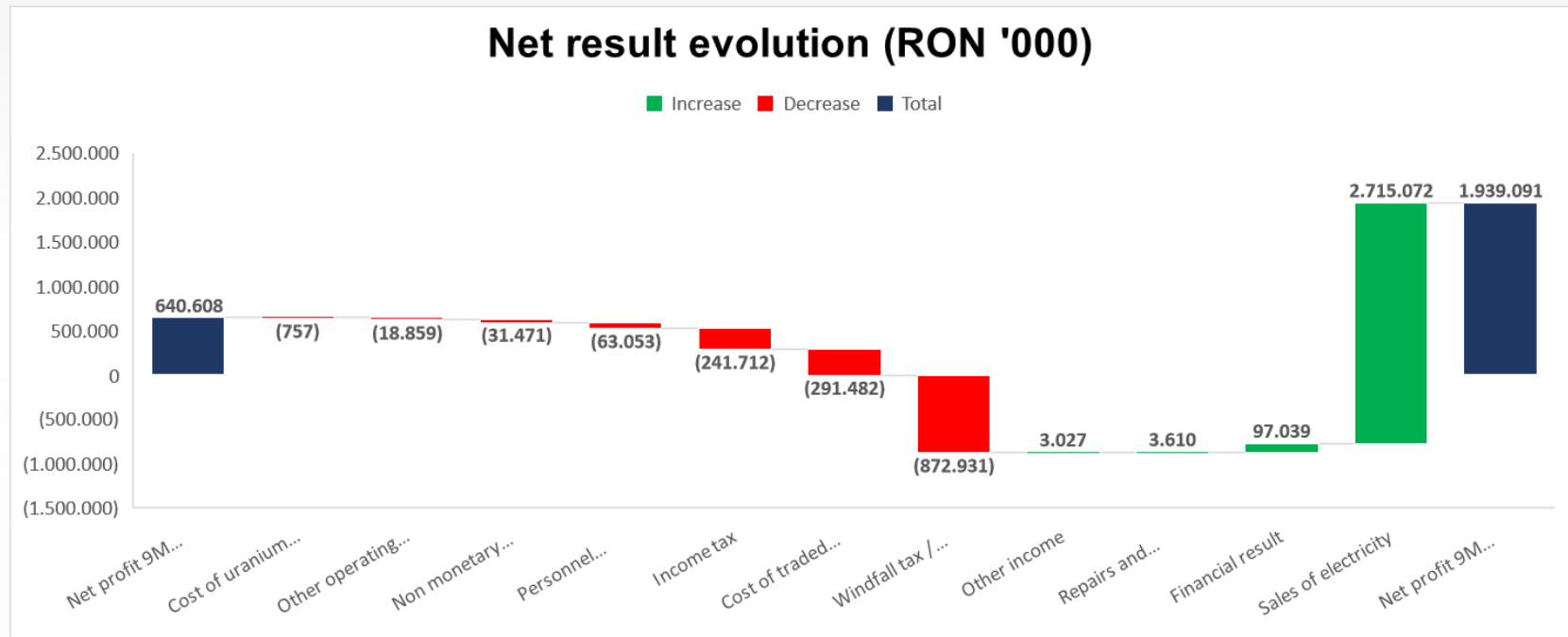
9M 2022 Financial results highlights

Indicator	Unit	9M 2022 (unaudited)	9M 2021 (unaudited)	Variation (%)	Q3 2022 (unaudited)	Q3 2021 (unaudited)	Variation (%)	Rectified Budget 9M 2022*	Variation (%)
		1	2	3 = (1-2)/2	4	5	6 = (4-5)/5	7	8 = (1-7)/7
Quantity of energy sold w/out PE (Mwh), out of which:	MWh	7.700.924	8.037.094	-4%	2.692.430	2.758.706	-2%	7.714.450	0%
Sales of electricity (including thermal energy)	RON '000	4.829.890	2.114.818	128%	1.740.808	775.563	124%	4.846.242	100%
Operating expenses	RON '000	2.261.473	1.014.376	123%	829.037	364.630	127%	1.094.192	107%
EBITDA	RON '000	2.649.061	1.172.055	126%	941.162	439.265	114%	1.353.443	96%
EBIT	RON '000	2.197.782	754.627	191%	792.502	299.479	165%	1.062.443	107%
Net profit		1.939.091	640.608	203%	718.298	255.215	181%	901.651	115%

Net profit: 1,939,091k RON (15% above Budget 9M 2022 and 103% above 9M 2021)

Financial Highlights

- Net result evolution (increased by 202.7%) -



The net profit benefited mainly of the high level of electricity prices, for similar quantity as previous comparative period, which had significant upward impacts on sale of electricity. However, SNN's profitability was partially offset by the windfall tax/contribution to the Energy Transition Fund (nil in 2021) and also by the correspondent increase in income tax. A negative impact on the profitability had also cost of traded electricity and personnel.

Financial Highlights - 9M 2022 Financial position -

RON '000	30.09.2022 (unaudited)	31.12.2021 (audited)	Variation (%)
	A	B	C = (A - B)/B
Total non-current assets	6.043.805	6.110.845	(1,1%)
Inventories	590.815	560.150	5,5%
Trade receivables	395.998	220.487	79,6%
Other financial assets at amortised cost	119.208	87.270	36,6%
Cash and cash equivalents (incl. deposits)	3.888.859	2.646.373	47,0%
Total current assets	4.994.881	3.514.280	42,1%
Total assets	11.038.687	9.625.125	14,7%
Share capital and premium	3.243.416	3.243.416	0,0%
Prepaid share reserve	21.554	21.554	0,0%
Revaluation reserve	408.713	451.743	(9,5%)
Retained earnings	6.034.744	4.648.549	29,8%
Total shareholder's equity	9.708.426	8.365.261	16,1%
Long term borrowings	87.102	130.135	(33,1%)
Long term lease liabilities	721	911	(20,8%)
Provisions for risks and expenses	258.950	245.823	5,3%
Other non-current liabilities	202.936	220.695	(8,0%)
Total non-current liabilities	549.710	597.564	(8,0%)
Accounts payable and other liabilities	638.571	424.369	50,5%
Current portion of provisions for risks and expenses	76.321	69.541	9,7%
Short term lease liabilities	259	264	(1,9%)
Current portion of long term borrowings	65.400	168.127	(61,1%)
Total current liabilities	780.550	662.300	17,9%
Total liabilities	1.330.260	1.259.864	5,6%
Total equity and liabilities	11.038.687	9.625.125	14,7%

The main variations of the financial position:

Fixed assets - the depreciation recorded during the period exceeds the additions of fixed assets, so that the net value decreases by 1.1%

Current assets - cash and cash equivalents and bank deposits increase by 1.2 billion RON

Long-term debts – the balance of long-term loans decreases, as the loans are repaid (2 loans fully repaid; EURATOM loan remaining to be repaid, due in 2024)

Current liabilities - their balance includes the solidarity contribution (windfall tax) due for September, paid in October

Equity - the increase in the result carried forward with the profit of the previous period

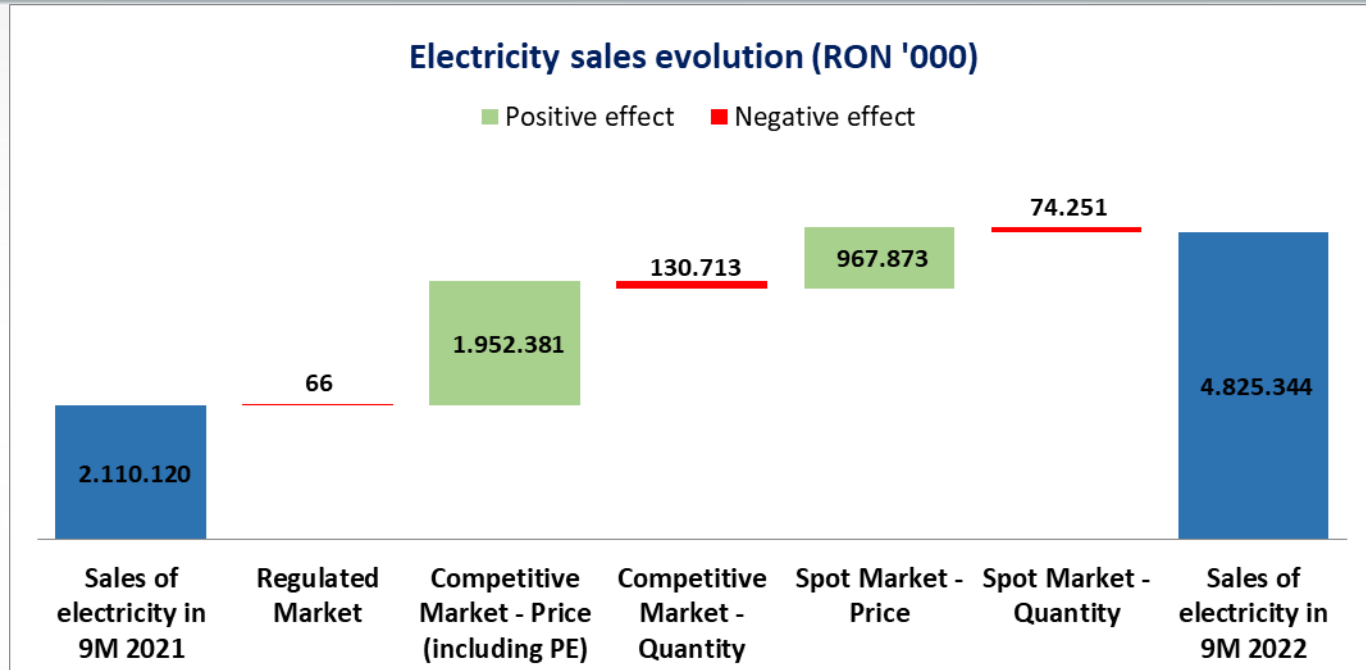
Financial Highlights - 9M 2022 Income statement -

RON '000	9M ended 30.09.2022	9M ended 30.09.2021	Variation (%)	Budget 9M 2022*	Variation (%)	3M ended 30.09.2022	3M ended 30.09.2021
	1	2	3 = (1 - 2)/2	5	6 = (1 - 5)/5	1	2
Revenues							
Sales of electricity **	4.829.890	2.114.818	128,4%	2.411.931	100,2%	1.740.808	775.238
Electricity transmission revenues	15.847	9.843	61,0%	6.948	128,1%	6.657	3.487
Total revenues	4.845.737	2.124.661	128,1%	2.418.878	100,3%	1.747.465	778.725
Other income	64.797	61.771	4,9%	28.756	125,3%	22.734	25.170
Operating expenses							
Personnel expenses	379.605	316.552	19,9%	259.735	46,2%	136.544	122.763
Cost of traded electricity	475.233	183.751	158,6%	237.756	99,9%	222.363	60.631
Repairs and maintenance	63.023	70.441	(10,5%)	55.883	12,8%	20.342	24.378
Electricity transmission expenses	15.847	9.843	61,0%	6.948	128,1%	6.657	3.487
Costs with spare parts	19.185	15.378	24,8%	20.105	(4,6%)	3.658	4.614
Cost of uranium fuel	115.876	115.119	0,7%	78.230	48,1%	43.854	44.185
Windfall tax expenses for electricity producers	872.931	-	-	161.514	440,5%	287.120	-
Other operating expenses	319.772	303.293	5,4%	274.021	16,7%	108.500	104.573
Total operating expenses	2.261.473	1.014.376	122,9%	1.094.192	106,7%	829.037	364.630
EBITDA	2.649.061	1.172.055	126,0%	1.353.443	95,7%	941.162	439.265
Depreciation and amortisation	451.279	417.428	8,1%	291.000	55,1%	148.660	139.786
EBIT	2.197.782	754.627	191,2%	1.062.443	106,9%	792.502	299.479
Finance costs	23.380	28.305	(17,4%)	18.543	26,1%	8.441	5.821
Finance income	137.714	45.600	202,0%	30.570	350,5%	72.482	13.789
Income tax charge, net	373.026	131.314	184,1%	172.818	115,8%	138.245	52.231
Net profit	1.939.091	640.608	202,7%	901.651	115,1%	718.298	255.215

* Rectified Revenue and Expenditure Budget for 2022 was approved through GSM no. 10/19.10.2022.

** Including thermal energy.

Sales of electricity in 9M 2022 increased by 131.1% compared to 9M 2020



Electricity sales evolution from 9M 2021 to 9M 2022 was determined mainly by increase in weighted average selling price (w/out Tg) of 138,2%, for similar quantity of electricity sold (-4.1% in Q3'22 vs Q3'21):

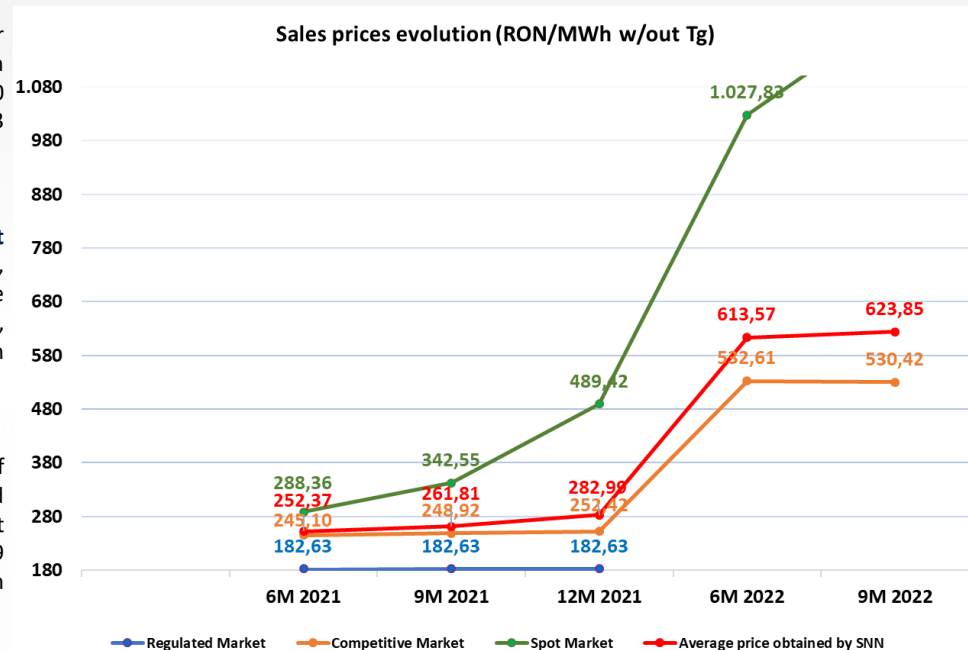
- **Competitive Market:** 113% increase in price, with 4% decrease in quantity sold;
- **Spot Market:** 256% increase in price, with 5,5% decrease in quantity sold;

Sales structure analysis 9M 2022 vs. 9M 2021

The sale structure of 9M 2022 is similar to 9M 2021, with minor variation on the regulated market, as a small quantity was sold in January 2021 (delivery in CET hours, the last delivery hour in 2020 being the first in January 2021 (361 MWh, regulated price of 182.63 RON/MWh (w/out Tg)).

The quantities of electricity sold on the **Competitive Market** represented, in 9M 2022, 86.1% of the total volume of electricity sold, compared to 86.0% recorded in the same period of 2021. The average selling price during this period was 530.42 RON/MWh (w/out Tg), recording a 113% increase compared to the average price recorded in the same period of 2021, of 248.92 RON/MWh (w/out Tg).

On the **Spot Market (PZU + PI)**, in 9M 2022, the quantities of electricity sold represented 13.5% of the total sales volume, compared to 13.7% in the same period of 2021. The average price on spot market, achieved by SNN in the first semester of 2022 was 1,218.59 RON/MWh (w/out Tg), compared to 342.55 RON/MWh (w/out Tg) in 9M 2021.



Sales structure of quantities sold

Quantities	9M 2022 Actual	9M 2022 Budgeted*	Variation actual vs. Budgeted [%]	9M 2021 Actual	Variation comparative periods [%]
Regulated Market			-	361	(100,00%)
Competitive Market	6.655.461	6.655.471	(0,00%)	6.930.338	(3,97%)
Spot Market	1.045.463	1.058.979	(1,28%)	1.106.395	(5,51%)
Total	7.700.924	7.714.450	(0,18%)	8.037.094	(4,18%)

* Rectified Budget approved by GMS no. 10/19.10.2022

OPEX

Cost structure (RON '000)	9M 2022 [1]	%	9M 2021 [2]	% 3=[1-2]/2	Budget 9M 2022* [4]	% 5=[1-4]/4
Windfall tax expenses for electricity producers / Contribution to the Energy Transition Fund	872.931	32,2%	0	0,0%	833.612	4,7%
Cost of traded electricity	475.233	17,5%	183.751	158,6%	527.463	(9,9%)
Depreciation and amortisation	451.279	16,6%	417.428	8,1%	458.365	(1,5%)
Personnel expenses	379.605	14,0%	316.552	19,9%	375.044	1,2%
Other operating expenses	176.203	6,5%	163.551	7,7%	235.562	(25,2%)
Cost of uranium fuel	115.876	4,3%	115.119	0,7%	105.473	9,9%
ANDR contribution	75.715	2,8%	76.558	(1,1%)	76.388	(0,9%)
Tehnological and non-tehnological water and energy	65.507	2,4%	61.345	6,8%	59.868	9,4%
Repairs and maintenance	63.023	2,3%	70.441	(10,5%)	69.213	(8,9%)
Cost with spare parts	19.185	0,7%	15.378	24,8%	20.236	(5,2%)
Electricity transmission expenses	15.847	0,6%	9.843	61,0%	15.833	0,1%
ANRE contribution	2.347	0,1%	1.839	27,6%	2.336	0,5%
Total	2.712.752	100%	1.431.805	89,5%	2.779.392	(2,4%)

* Rectified Budget approved by GMS no. 10/19.10.2022

❑ 9M 2022 OPEX higher with 89.5% compared to 9M 2021 on the basis of:

- **Windfall tax / Contribution to the Energy Transition Fund:** representing a tax on the additional income resulting from the difference between the average monthly selling price of electricity obtained by SNN and the threshold price of RON 450 /MWh, settled at 80%, for the period 1 November 2021 – 31 August 2022, in accordance with art. II of Law 259/29.10.2021 and calculated based on the methodology established by GEO no. 27/18.03.2022. Starting from September 1, 2022. GEO no. 27/2022 was amended and supplemented by GEO nr.119/2022, the calculation method being updated, tax was settled at 100% over the difference between selling price and 450 RON/MWh for 1 September 2022 – 31 August 2023;
- **Depreciation and amortisation:** recorded a significant increase of 8.1% due increased value of assets following the revaluation report @31.12.2022, acquisitions and commissioned new investments;
- **Personnel expenses:** increased by 19.9% as a result of increased number of employees (14.2% increase of the average no of employees) and also SNN's commitments, following the salary increase made in December 2021.
- **Cost of uranium fuel:** a slight increase of 0.7%, due to increase in the weighted average cost of fuel bundles, which comprises all cost components;
- **ANDR contribution** for decommissioning (0.6 EUR/MWh) and for permanent storage of radioactive waste (1.4 EUR/MWh), no notable variation;
- **Technological and non-technological water and energy:** 6.8% increase due to higher utility prices recorded in 9M 2022.
- **Cost of traded electricity:** recorded a significant increase of 158.6%, due to:
 - **Smaller purchases of electricity at a larger prices** in 9M 2022, compared to 9M 2021 (**increase of 209 mil. RON**), to cover contractual obligations during unplanned outage of U1 in 9M 2022. The total amount of electricity purchased in 9M 2022 was 268,298 MWh (9M 2021: 431,162 MWh), at an average price of 1,311.82 RON/MWh (9M 2021: 350.57 RON/MWh).
 - **Increase in expenses with imbalances of 82 mil. RON:** these expenses represent the equivalent of energy received from balancing market mainly due to differences in notified quantities vs. delivered. The total amount of electricity purchased in 9M 2022 was 51,000 MWh (9M 2021: 59,896 MWh), at an average price of 2,417.16 RON/MWh (9M 2021: 688.25 RON/MWh).
 - **Electricity transmission expenses:** recorded a significant increase of 61.0% due to the increase in the level the transmission tariff into the grid (from 1.30 RON/MWh in 9M 2021 to 1.49 RON/MWh in the first quarter of 2022 and 2.53 RON/MWh in the second quarter of 2022).
 - **ANRE contribution:** recorded a significant increase, of 27.6%, as a direct result of the turnover growth. The tax is calculated as 0.1% of the previous annual turnover, for both years.
 - **Cost with spare parts, repairs and maintenance:** recorded an overall increase, correlated with the repairs and maintenance program and with the needs in 2022.

CAPEX

Capital expenditure of SNN in 9M 2022:

- 422,3 mil. RON in 9M 2022 (in 9M 2021: 244 mil. RON) out of total investment program of 609,2 mil. RON.
- Target level of 40% for 9M 2022 has been exceeded

CAPEX Program [thousand RON]	Budget 2022 rectified*)	Degree of completion 30.09.2022		Budget 2021**)	Degree of completion 30.09.2021	
Ongoing investments	409.585	280.486	68,5%	251.362	138.769	55,2%
Investments made on tangible assets	100.694	70.019	69,5%	90.811	77.973	85,9%
Equipments	98.941	71.879	72,6%	91.687	27.279	29,8%
Total value of investment program	609.220	422.383	69,3%	433.860	244.022	56,2%
*) Approved through GSM no. 10/19.10.2022						
**) Approved through GSM no. 7/06.05.2021						

CAPEX

- Aspects related to main investments and long term strategic projects -

Unit 1 Refurbishment (*):

- By General Shareholders' Meeting Decision no. 9/28.09.2017, Phase I of "Refurbishment of Unit 1 NPP Cernavoda Project Strategy" was approved to start.
- In the last quarter of 2017, the Technical and Refurbishment Division was set up within SNN headquarters, responsible for the development of the project.
- As per the first stage of the project, logistical and reorganization activities as well as studies and analyses are in progress. The feasibility study is also part of the first stage and it is due to be completed by the end of this stage, namely 2021, and submitted for the approval of the GMS.
- By Extraordinary General Meeting Decision no. 4/23.02.2022, Shareholders of SNN approved the investment decision in the project for refurbishing 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.

Increase of the Production Capacity Project (*):

- By Decision of the Prime Minister of Romania no. 281/14.07.2020, was established the Strategic Coordination Committee for the Implementation of Cernavoda NPP Units 3 and 4 Project.
- By Decision of the Prime Minister of Romania no. 20/2021, was changed the component of the Strategic Coordination Committee for the Implementation of Cernavoda NPP Units 3 and 4 Project.
- By Decision no. 3/05.04.2021 of the OGMS was approved the "Strategy for the continuation of Cernavoda NPP Units 3 and 4 Project".
- In November 2021 was signed the first contract with Candu Energy, a member of the SNC-Lavalin group and the Design Authority of Units 3&4 and OEM of CANDU technology. Within the contract, Candu Energy will offer engineering services for the elaboration and updating of some documentations necessary to restart the CANDU Units 3&4 Project (among which updating the licensing basis documents, updating the Safety Design Guides, updating the list of safety related design changes etc.);
- By Extraordinary General Meeting Decision no. 7/10.08.2022, SNN's shareholders approved the continuations of Cernavoda NPP Units 3 and 4 Project, and adopted the Preliminary Investment Resolution and the advancement to Stage II – Preliminary Stages. SNN's shareholders also approved to finance Energonuclear subsidiary with 185 mil Euro, in form of either a share capital increase or as a loan.

Small Modular Reactors

(*) In July 2021, Romania has ratified the Agreement between the Romanian Government and the USA Government on cooperation in connection with the nuclear power projects in Cernavoda and Romanian civil nuclear energy sector.

Affirmation of Fitch rating of SNN BBB-

On 10th October, credit rating agency Fitch affirmed the rating of SNN BBB-, negative outlook, obtained in 2021

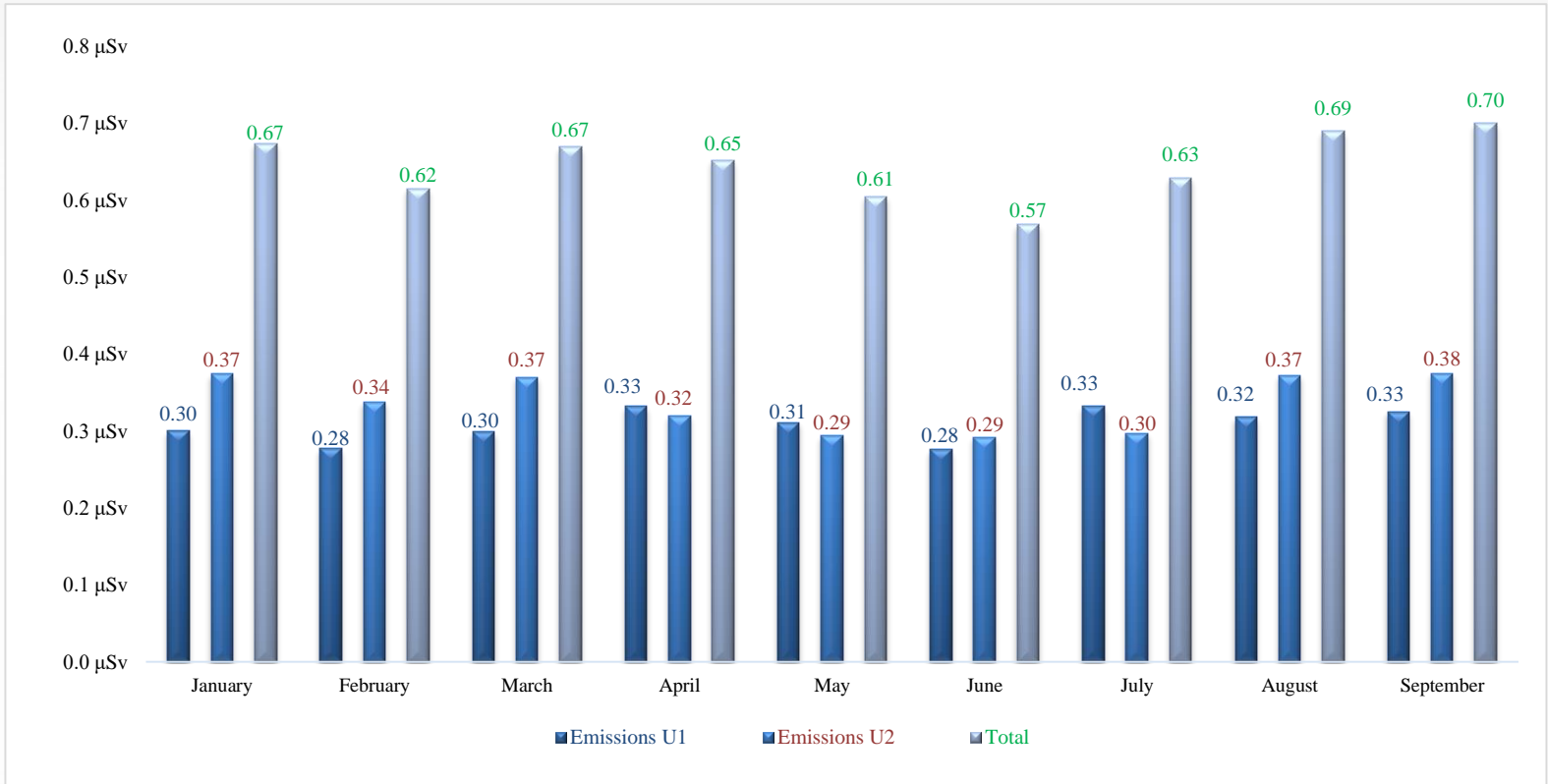
The BBB- rating reflects the strong market position of SNN as sole nuclear electricity producer, with a market share of 20% and a solid business profile.

The key drivers of the rating were

- Strong business profile
- Sufficient liquidity
- Estimated financial profile
- Impact of Refurbishment of Unit 1 over the review period
- Estimated capital expenditure
- Windfall tax assumptions
- Shareholders' structure

The negative outlook reflects the sovereign rating of Romania, as SNN's rating is constraint by this rating, due to the links between the company and the government, its majority shareholder.

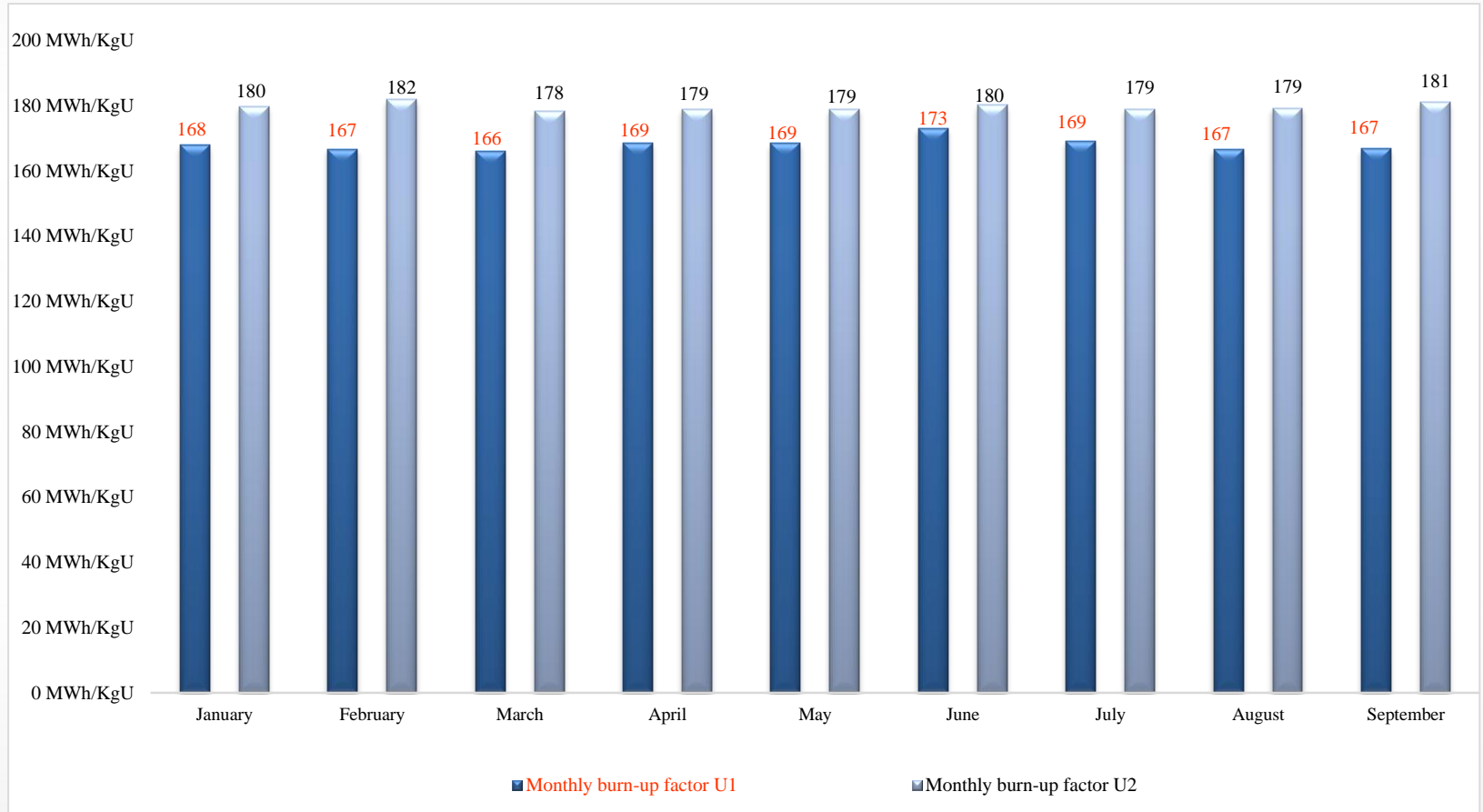
Radioactive emissions U1+U2 (μSv)



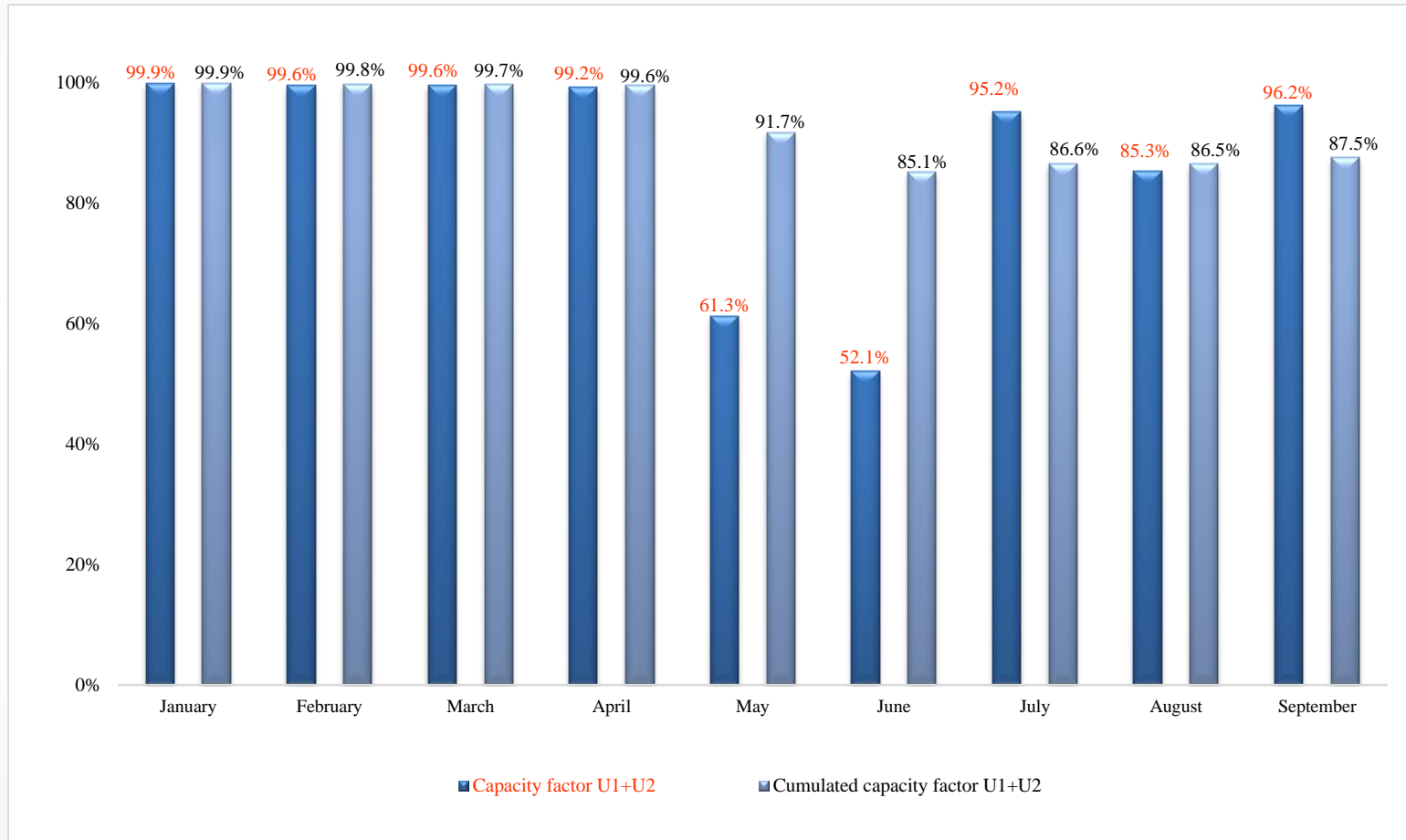
Total 9M 2022:	Anual limit:
5.80	250

CNCAN authorized limit = 100 $\mu\text{Sv}/\text{year}/\text{unit}$ + 50 $\mu\text{Sv}/\text{year}$ DICA
Legal limit for population (as per Radioprotection Norm NSR01) = 1,000 $\mu\text{Sv}/\text{year}$

Nuclear fuel burn up factor (MWh/KgU) (Cumulated 9M 2022: 173.6/Project estimated: min. 156)



CANDU Technology Unit performance U1 + U2 (%) Capacity Factor (Cumulated 9M 2022: 87.51%)



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Thank you!