



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 regarding the issuers of financial instruments and market operations, as republished and Appendix no. 13 to FSA Regulation no. 5/2018 regarding the issuers of financial instruments and market operations for the 9-month period ended on 30 September 2022 (Q3 of the financial year 2022)

Quarterly report according to:

Date of report:

Name of the issuer:

Headquarters:

Telephone/Fax number:

Web/Email:

Unique Registration Code with the Trade Register Office:

Registration number in the trade register:

Regulated market on which the issued securities are traded:

Share capital subscribed and paid up:

The main characteristics of securities issued by the issuer:

Applicable accounting standards:

Reporting currency:

Reporting period:

Art. 69 of Law no. 24/2017 regarding the issuers of financial instruments and market operations, as republished and Appendix no. 13 to FSA Regulation no. 5/2018 for the 9-month period ended on 30 September 2022 (Q3 of the financial year 2022)

9 November 2022

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

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10874881

J40/7403/1998

Bucharest Stock Exchange (www.bvb.ro), Premium category

RON 3,016,438,940

301,643,894 shares, each with the nominal value of RON 10/share, in dematerialized form, registered, ordinary, indivisible, with equal rights to vote, freely tradable with Bucharest Stock Exchange under SNN symbol of 4 November 2013.

Interim Financial Statements as at and for the 9-month period ended on 30 September 2022 prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Regulations compliant with the International Financial Reporting Standards ("IFRS") adopted by the European Union, based on International Accounting Standard 34 - "Interim Financial Reporting".

(Romanian Leu (RON) - all amounts are expressed in RON, unless otherwise expressly provided for.

Q3 of the financial year 2022

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1. ECONOMIC AND FINANCIAL SITUATION

Information and Individual Interim Financial Statements as at and for the 9-month period ended on 30 September 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 were prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS”) adopted by the European Union, according to the International Accounting Standard 34 – “Interim Financial Reporting”.

The ratios presented are in thousands of lei (RON), unless otherwise specified.

a) Statement of financial position as of September 30, 2022

Ratio [Thousand RON]	30 September 2022 (not audited)	31 December 2021 (audited)
Fixed assets	6,043,805	6,110,845
Current assets	4,994,881	3,514,280
Total assets	11,038,686	9,625,125
Equity	9,708,426	8,365,261
Total liabilities, of which:	1,330,260	1,259,864
Long-term liabilities	549,710	597,564
Short-term liabilities	780,550	662,300
Total equity and liabilities	11,038,686	9,625,125

b) The statement of profit or loss and of other items of the overall result for the 9-month period ended on 30 September 2022

Ratio [Thousand RON]	The 3-month period ended on 30 September 2022 (not audited)	The 3-month period ended on 30 September 2021 (not audited)	The 9-month period ended on 30 September 2022 (not audited)	The 9-month period ended on 30 September 2021 (not audited)
Operating income	1,770,200	803,894	4,910,535	2,186,432
Operating expenses	(977,698)	(504,416)	(2,712,752)	(1,431,805)
Operating profit	792,502	299,478	2,197,783	754,627
Financial income	72,482	13,789	137,714	45,600
Financial expenses	(8,441)	(5,821)	(23,380)	(28,305)
Net financial income/(expense)	64,041	7,968	114,334	17,295
Pre-tax profit	856,543	307,446	2,312,117	771,922
Net corporate income tax expenses	(138,245)	(52,231)	(373,026)	(131,314)
Profit of the period	718,298	255,215	1,939,091	640,608
Other elements of the overall result	0	21,559	0	21,579
Overall result	718,298	276,774	1,939,091	662,187
Earnings based on share (RON/share)	2.38	0.85	6.43	2.12
Diluted earnings per share (RON/share)	2.38	0.85	6.43	2.12

2. IMPORTANT EVENTS

2.1. Important events during Q3 2022

Other significant events during the 9-month period ended on 30 September 2022, which have not already been presented within the half-yearly report related to the 1st semester of the year 2022 are as follows:

Progress of the Refurbishment Project of Unit 1

During the 2nd stage of the Refurbishment Project of Unit 1, Nuclearelectrica and ROMATOM, together with Candu Energy Inc., a member of SNC-Lavalin Group, ANSALDO Nucleare and GE (General Electric) Steam Power, organized during the period 20-21 September 2022, the event “Cernavodă Unit 1-Refurbishment Suppliers’ Day”, for the purpose of gathering an important part of the national top industry, made up of companies specialized in equipment production and provision of services intended for the refurbishment of nuclear plants. The event pointed out the likelihood of developing partnerships and future cooperation for the successful completion of the Refurbishment Project of Unit 1 – Cernavodă Nuclear Plant.

Changes in the management of the company

Board of Directors

By the Current Report dated 27 September 2022, the Company informed shareholders and investors about the decision of the Board of Directors, as a result of the recommendation of the Nomination and Remuneration Committee, to appoint provisionally, starting with 29 September 2022 and until the date of the General Meeting of SNN Shareholders, two non-executive directors, on the vacancies within SNN Board of Directors. According to the provisions of article 137² of Law no. 31/1990, in case of vacancy of one or more positions of directors, unless the articles of incorporation provide otherwise, the Board of Directors proceeds with the appointment of provisional directors, until the gathering of the Ordinary General Meeting of Shareholders. Thus, the Board of Directors appointed Mrs. Vasilica Grajdan and Mr. Dumitru Remus Vulpescu as provisional directors.

Directors

By Current Report published on 10 August 2022, SNN informs about the appointment of Mr. Dan Niculaie-Faranga in the position of provisional Financial Director, with a 4-month term of office starting with 12 August 2022 until 12 December 2022, inclusive.

SNN Board of Directors approved in the meeting held on 10 August 2022, based on the recommendation of the Nomination and Remuneration Committee, the renewal of the office of Chief Executive Officer of Mr. Cosmin Ghita for a 4-year period starting with 12 February 2023 (the expiry date of this office is 11 February 2023).

By Current Report published on 1 September 2022, the Company informed shareholders and investors that starting with 1 September 2022, the position of Operations Deputy Chief Executive Officer would be held by Mr. Marian Serban. The position was held by Mr. Romeo Urjan until this date. The position would be held under an Individual Employment Agreement according to the organizational structure of SNN, directly reporting to the Chief Executive Officer of SNN.

Amendments of the legal framework for the additional income tax/solidarity contribution

For the period 1 January – 31 August 2022 the tax on additional income due according to GEO no. 118/2021, adopted by Law no. 259/2021, and the calculation method was established under the provisions of GEO no. 27/18.03.2022 (Appendix no. 6).

The provisions of GEO no. 119/01.09.2022 have been applied starting with 1 September 2022, for amending and supplementing GEO no. 27/18.03.2022. This ordinance changes the calculation method and to the period in which this contribution is due by electricity producers. Thus, pursuant to art. 4, art. 6 and art. 7 of Appendix no. 2 to the GEO no. 119/01.09.2022 for amending Appendix no. 6 to the GEO no. 27/18.03.2022, the value of the contribution is determined as the product between the difference between the monthly sales price and the reference price of RON 450 /MWh and the monthly quantity physically delivered, applicable for the period 1 September 2022 – 31 August 2023.

According to such provisions, during 1 January - 30 September 2022, Nuclearelectrica S.A. registered a tax on additional income/solidarity contribution amounting to RON 872,930,885.

The development of the first small modular reactor (SMR)

During the Economic Forum from Karpacz, Poland in September 2022, SN Nuclearelectrica SA and KGHM Polska Miedz SA signed a non-binding Memorandum of Understanding for the development of projects of small modular reactors (SMR). Cooperation aims at the exchange of experience and know-how, with a duration of 36 months, in technical, economic, legal, financial and organizational fields, for the development of projects of small modular reactors which will be developed in Romania and Poland. It supposes a complex approach of all activities of development of a SMR project, from the selection of the site until decommission, for the purpose of developing solid SMR projects which are safe and efficient from the cost point of view in Romania and Poland.

By Resolution no. 8/22.09.2022 of the Ordinary General Meeting of SNN Shareholders, the Strategy for implementation of NuScale Small Modular Reactors (SMR) Project was approved on Doicești site.

By Resolution no. 9/22.09.2022 of the Extraordinary General Meeting of SNN Shareholders, SNN participation in the establishment of a new company was approved, organized as a joint stock company, for the development of the project (“project company/undertaking”) and the authorization of SNN Chief Executive Officer to sign the Investment Agreement and the Articles of Association of the newly established company.

By Current Report dated 27 September 2022, the Company informed about the establishment, together with Nova Power & Gas S.R.L. of RoPower Nuclear S.A. company, the project company for the development of small modular reactors in Romania, on the site of the former coal power plant from Doicești, Dâmbovița County. RoPower Nuclear S.A., owned in equal parts by SC Nuclearelectrica S.A. and Nova Power & Gas S.R.L., shall take steps for the implementation of the first power plant NuScale VOYGR-6 (462 MWe) in Romania in this decade.

2.2. Important events subsequent to 30 September 2022

Changes in the management of the Company - Board of Directors

By Decision of the Ordinary General Meeting of Shareholders no. 10/19.10.2022, the following were approved: appointment of three provisional members of the Board of Directors of SNN, for a period of 4 months, in accordance with the provisions of Article 64¹, par. (3) and (5) of the Government Emergency Ordinance no. 109/2011, the form of the mandate contract to be signed, as well as the remuneration of the provisional members. As provisional members of the Board of Directors of SNN, Mrs. Grajdan Vasilica, Mr. Dumitru Remus Vulpescu and Mr. Niculescu George Sergiu were appointed.

The development of the first small modular reactor (SMR)

By Current Report dated 27 October 2022, the Company informed that on 27 October 2022, USA Trade and Development Agency (USTDA) paid a grant in amount of 14 million dollars to RoPower Nuclear S.A., the project company for the development of small modular reactors. The grant would be used for the preliminary engineering and design study (FEED) to advance the project of development of the first SMR nuclear plant in Romania.

The approval of the Electricity Production Sales Strategy for the following 4 years pursuant to the provisions of Emergency Ordinance no. 27/2022, as subsequently amended and supplemented

By Resolution no. 10/19.10.2022 of the Ordinary General Meeting of Shareholders of SNN, it was approved the Electricity Production Sales Strategy for the following 4 years pursuant to the provisions of Emergency Ordinance no. 27/2022, as subsequently amended and supplemented.

3. ECONOMIC AND FINANCIAL RATIOS

SNN performances are found as well, in the fulfilment of the main economic and financial ratios, as follows:

Name of ratio	The calculation method	M.U.	Value 30.09.2022 ^{*)}
1. Ratio of current liquidity	Current assets/ Current liabilities	x	6.40
2. Debt ratio indicator			
2.1. Debt ratio indicator (1)	Borrowed capital/ x 100 Equity	%	0.9%
2.1. Debt ratio indicator (2)	Borrowed capital/ employed x 100 Capital	%	0.9%
3. D Accounts receivables turnover rate	Average customer balance/ Turnover x 270	days	17
4. Fixed assets turnover ratio ^{**)}	Turnover/ Fixed assets	x	1.07

^{*)} According to the Individual Interim Financial Statements as of and for the 9-month period ended on 30 September 2022.

Fixed assets turnover ratio ^{**)} is calculated by review of the half-yearly turnover (360 days/270 days).

4. STATEMENTS AND SIGNATURES

Based on the best available information, we confirm that Individual Interim Financial Statements as of and for the 9-month period ended on 30 September 2022 prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS”) adopted by the European Union, based on International Accounting Standard 34 - "Interim Financial Reporting”, provide a fair and true image regarding financial position, financial performance and cash flows for the 9-month period ended on 30 September 2022 and that such report, prepared in accordance with the provisions of art. 69 of Law no. 24/2017 regarding issuers of financial instruments and market operations, republished, and Appendix no. 13 to FSA Regulation no. 5/2018 regarding issuers of financial instruments and market operations for the 9-month period ended on 30 September 2022, included fair and true information in relation to the company development and performance.

Teodor Minodor Chirica,
Chairman of the Board of Directors

Approved,
Dan Niculaie-Faranga,
Financial Director

5. APPENDICES

5.1 INDIVIDUAL INTERIM FINANCIAL STATEMENTS as of and for the 9-month period ended on 30 September 2022

Interim Financial Statements as at and for the 9-month period ended on 30 September 2022 prepared in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of Accounting Regulations compliant with the International Financial Reporting Standards (“IFRS”) adopted by the European Union, based on International Accounting Standard 34 - "Interim Financial Reporting" are published on the internet page of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), Relations with investors section.

5.2 QUARTERLY REPORT of the Board of Directors regarding the management activity for the period 1 January - 30 September 2022

The quarterly report of the Board of Directors regarding the management activity for the period 1 January - 30 September 2022 drawn up based on the provisions of art. 69 of Law no. 24/2017 regarding the issuers of financial instruments and market operations, republished, and the Mandate Contracts concluded by the Board of Directors with SNN, is published on the internet page of S.N. Nuclearelectrica S.A. (www.nuclearelectrica.ro), Relations with investors section.